EssilorLuxottica

EssilorLuxottica's fourth-quarter and full-year 2021 results

Accelerating in the fourth quarter, above margin guidance
Targeting 19-20% margin in 2026

***EssilorLuxottica including GrandVision** (year-on-year change at constant currency[1]):*

- **Reported Group revenue[1] up 20% in FY versus 2019 and 40% versus 2020**
- **Comparable revenue[1,3] up 11% in Q4 and 7.4% in FY versus 2019**
- **Best quarter of the year with all regions exceeding pre-pandemic revenue[1,3]**
- **Double-digit growth[1,3] in North and Latin America versus 2019, sunglasses accelerating**
- **E-commerce revenue[4] crossing Euro 1.5 billion in FY, +62%[1,3] versus 2019 in both Q4 and FY**
- **Adjusted[2] operating profit *pro forma*[4] as a percentage of revenue at 16.1% in FY**
- **Free cash flow[6] at Euro 2.8 billion**
- **Dividend proposed at Euro 2.51 per share, in cash or shares**

***Long-Term Outlook** (at constant currency[1]):*

- **Annual revenue growth 2022-26 at mid-single digit**
- **Adjusted[2] operating profit as a percentage of revenue at 19-20% in 2026**

Charenton-le-Pont, France (March 11, 2022 - 7:00 am) – The Board of Directors of EssilorLuxottica met on March 10, 2022 to approve the consolidated financial statements for the year ended December 31, 2021. These financial statements were audited by the Statutory Auditors whose certification report is in the process of being issued.

Francesco Milleri and Paul du Saillant, CEO and Deputy CEO of EssilorLuxottica, said: "*Our thoughts go out to all those affected by the tragedy unfolding in Ukraine. At this difficult time, the safety of our people remains our priority and we are providing all the support possible to our affected teams in the region.*

Looking at our financial results, 2021 has been an extraordinary year for EssilorLuxottica. In the face of a continuously challenging environment, we managed to grow our sales and profits beyond pre-pandemic levels, meeting our guidance on sales and exceeding it on operating margin. In 2022, we continue to move full speed ahead, thanks to the trust of our customers and partners, and the commitment of our teams, now including our 39,000 GrandVision employees as part of our family. Our innovations and brands, like Stellest, Ray-Ban Stories and Transitions XTRActive, as well as still top-performer Oakley, are paving the way for a new generation of life-changing products, while launching entirely new categories that will benefit the whole industry.

As we build EssilorLuxottica at the heart of our industry, we continue to grow as a socially conscious company. Sustainability remains front and center as we reach carbon neutrality in our two historic home countries Italy and France and work towards the next set of milestones. The future we're building is a future for everyone – the talent, technology and tenacity we have in this moment is very powerful and we will do great things with it."

Operational & Financial highlights

Because of the acquisition of GrandVision, the Company's performance in 2021 includes GrandVision's results only of the second half of the year therefore affecting the comparability versus prior periods. Accordingly, management deemed relevant to present the performance of the Company on a *pro forma*[4] basis as well as excluding GrandVision contribution (see tables below).
Highlights and comments for the fourth quarter and full year 2021 are provided versus the same periods of 2019. The comparison with the performance of 2020 is presented in the excerpt from the Management Report attached to this press release, which also includes measures directly stemming from the IFRS consolidated financial statements, i.e. Group revenue of Euro 19,820 million and an operating profit of Euro 2,326 million.

Pro forma[4] Adjusted[2] Statement of Profit or Loss, 2021

Euro millions	EssilorLuxottica ex-GrandVision	GrandVision*	Eliminations & *PF* adj.	EssilorLuxottica *pro forma*
Revenue	**17,851**	3,902	(256)	**21,498**
Gross Profit	**10,866**	2,817	(55)	**13,628**
% of revenue	***60.9%***	*72.2%*		***63.4%***
Operating Profit	**3,027**	476	(33)	**3,471**
% of revenue	***17.0%***	*12.2%*		***16.1%***
Group Net Profit	**2,060**	283	(23)	**2,319**
% of revenue	***11.5%***	*7.2%*		***10.8%***

** Presented excluding the contribution of the businesses disposed / to be disposed according to the remedies agreed with antitrust authorities in the context of the GV Combination.*

Adjusted[2] Statement of Profit or Loss, excluding GrandVision

Euro millions	2021	2019*	Change at constant exchange rates[1]	Change at current exchange rates
Revenue	**17,851**	17,390	+8.0%	+2.7%
Gross Profit	**10,866**	10,675	+7.7%	+1.8%
% of revenue	***60.9%***	*61.4%*		
Operating Profit	**3,027**	2,812	+16.9%	+7.6%
% of revenue	***17.0%***	*16.2%*		
Group Net Profit	**2,060**	1,938	+16.1%	+6.3%
% of revenue	***11.5%***	*11.1%*		

** Some reclassifications between cost of sales and operating expenses have been realized to ensure consistency with the current period presentation. Those reclassifications do not affect the operating profit presented for the twelve-month period ended on December 31, 2019.*

EssilorLuxottica

Euro millions	2021	2019	Change at constant exchange rates[1]	Change at current exchange rates
Professional Solutions	10,399	10,460	4.9%	-0.6%
Direct to Consumer	11,099	10,521	9.8%	5.5%
EssilorLuxottica COMPARABLE[3] REVENUE	**21,498**	**20,981**	**7.4%**	**2.5%**

Euro millions	Q4 2021	Q4 2019	Change at constant exchange rates[1]	Change at current exchange rates
Professional Solutions	2,678	2,625	6.8%	2.0%
Direct to Consumer	2,901	2,600	15.2%	11.6%
EssilorLuxottica COMPARABLE[3] REVENUE	**5,579**	**5,226**	**11.0%**	**6.8%**

Euro millions	2021	2019*	Change at constant exchange rates[1]	Change at current exchange rates
North America	9,868	9,220	12.7%	7.0%
EMEA	7,953	7,828	3.7%	1.6%
Asia-Pacific	2,542	2,616	-1.6%	-2.8%
Latin America	1,136	1,317	10.4%	-13.8%
EssilorLuxottica COMPARABLE[3] REVENUE	**21,498**	**20,981**	**7.4%**	**2.5%**

* The geographical breakdown of revenue for 2019 has been aligned to the geographical areas identified for 2021 disclosure.

Euro millions	Q4 2021	Q4 2019*	Change at constant exchange rates[1]	Change at current exchange rates
North America	2,528	2,285	13.9%	10.6%
EMEA	1,987	1,885	8.2%	5.4%
Asia-Pacific	706	691	1.4%	2.1%
Latin America	359	364	25.1%	-1.3%
EssilorLuxottica COMPARABLE[3] REVENUE	**5,579**	**5,226**	**11.0%**	**6.8%**

* The geographical breakdown of revenue for 2019 has been aligned to the geographical areas identified for 2021 disclosure.

The fourth quarter represented the culmination of the Company's extraordinary recovery in 2021, where each quarter beat the previous one in terms of comparable[3] revenue growth. Rising COVID-19 vaccination levels, the underlying favorable macro-economic environment and the Company's focus on the smooth execution of its value proposition in both channels underpinned the rampant growth trajectory. A slight headwind from the Omicron variant in December did not alter the positive results.

In the fourth quarter, total comparable[3] revenue amounted to Euro 5,579 million, up 11.0% versus the fourth quarter of 2019 at constant exchange rates[1], with all regions exceeding pre-pandemic levels.

North and Latin America led the way, growing by 13.9% and 25.1% respectively. The US, the Company's biggest market, once again registered strong results and Brazil accelerated nicely into the double-digit territory. EMEA, which now represents 37% of total revenue due to the consolidation of GrandVision, advanced by 8.2% with the UK and Italy at the forefront, while France deteriorated slightly in the second half of the year, with the footfall still below normal levels. Asia-Pacific crossed into positive territory with sales increasing by 1.4%, thanks to the recovery of Australia lifting COVID-19-related restrictions and a solid Mainland China.

The acquisition of GrandVision aligned the weight of the two divisions of the Company with both now representing roughly 50% of revenue. During the fourth quarter, the Direct to Consumer grew by 15.2% at constant exchange rates[1], its best quarter of the year, outpacing Professional Solutions, which progressed steadily at 6.8%.

Thanks to GrandVision, the optical category gained additional importance and now represents approximately 75% of the Group's revenue. It continued on its sound growth journey with a visible acceleration in sales of prescription lenses compared to the first half of the year. The sun category had a very strong quarter outpacing the growth of the optical category for the first time since the beginning of the COVID-19 crisis.

Brands were at the heart of the Group's performance with strong results in value-added lenses, Crizal, Transitions, Eyezen and Varilux as well as Stellest growing progressively in its key market of China. In the frames business, Oakley, Ray-Ban and the luxury licensed brands proved to be the key to success.

The e-commerce channel expanded by 62% at constant exchange rates[1], slightly exceeding the Euro 1,500 million threshold in the full year and representing 7% of the Company's total revenue. All the main platforms – Ray-Ban.com, Oakley.com, SunglassHut.com and EyeBuyDirect.com – drove the performance.

During 2021, EssilorLuxottica continued to bring new innovations to the market, with ground-breaking products such as Ray-Ban Stories, along with cutting-edge vision correction and protection solutions.
Among key newness in optical, the Stellest lenses, rolled out to France and Italy, stood out as an excellent solution for slowing the progression of myopia in children. The launch of Transitions XTRActive new generation and polarized lenses and Vision-S 700, the state-of-the-art immersive refraction station, showed further strength in the Company's innovation pipeline.

The Company was able to translate the revenue growth into substantial margin expansion, leveraging on its vertically integrated business model and deploying effective cost control measures especially on the selling and general and administrative side. In the second part of the year, the Company released some important investments focused on the digitalization of the business, growing the awareness of its flagship brands as well as supporting its new initiatives, such as Ray-Ban Stories.

Excluding GrandVision, the Group posted an adjusted[2] operating profit of Euro 3,027 million in the full year, representing 17.5% of revenue at constant exchange rates[1] compared to 16.2% in 2019, an increase of approximately 130 basis points – above the guidance, based on a revenue growth in line with the targets.
On a *pro forma*[4] basis, as if the GrandVision acquisition had occurred on January 1, 2021, the Group's adjusted[2] operating profit amounted to Euro 3,471 million in the full year, representing 16.1% of revenue.

Excluding GrandVision, the Group adjusted[2] net profit significantly increased by 16.1% at constant exchange rates[1] compared to 2019 (+6.3% at current exchange rates). On a *pro forma*[4] basis, the Group adjusted[2] net profit amounted to Euro 2,319 million in the full year, accounting for 10.8% of revenue.

EssilorLuxottica

EssilorLuxottica recorded strong cash generation, with the consolidated free cash flow[6] reaching Euro 2.8 billion in the full year (including the contribution of GrandVision in the second half of the year).

The Company ended the year with Euro 3.3 billion in cash and cash equivalents and a net debt[7] of Euro 9.7 billion (including lease liabilities) compared to a net debt[7] of Euro 3.0 billion at the end of 2020. In addition, the Company has undrawn committed credit facilities of Euro 2.8 billion as of December 31, 2021.

Long-Term Outlook

The Company confirms its target of mid-single-digit annual revenue growth from 2022 to 2026 (at constant exchange rates[1]) and expects to achieve an adjusted[2] operating profit as a percentage of revenue in the range of 19-20% at the end of the period.

Dividend

The Board of Directors will recommend that shareholders, at the Annual Meeting to be held on May 25, 2022, approve the payment of a dividend of Euro 2.51 per share. Shareholders will be offered the option of receiving their dividend in cash or in newly issued shares (scrip dividend). The ex-date will be May 30, 2022 and the dividend will be paid – or the shares issued – as from June 21, 2022.

Buyback

At present the Company holds 2.9 million of its own shares, having bought 1.5 million shares as part of the buy-back program launched on February 1, 2022 and terminating on February 8, 2022.

Mission & Sustainability

As we continue our integration journey, EssilorLuxottica is also working on harmonizing, consolidating and better coordinating all its philanthropic and advocacy actions globally. This will help us achieve better focus, alignment and maximize our social impact as we progress towards achieving the ambition of eliminating poor vision in a generation.

In 2021, EssilorLuxottica continued to pursue its Mission to help people “see more and be more”. The year was marked by the Company’s announcement on July 30, 2021 of its comprehensive CSR program “Eyes on the Planet”, founded on five key pillars: carbon, circularity, world sight, ethics and inclusion.
While working on its goal to reach carbon neutrality in its direct operations (Scope 1 and 2 emissions) worldwide by 2025 and in Europe by 2023, the Company was able to achieve this target in France and Italy already in 2021. The main drivers have been responsible energy consumption, its constant monitoring and the investment in renewable energy – with a focus on self-production. Following the deployment of the last two photovoltaic systems in Agordo and Sedico (Italy) manufacturing sites, the Company more than quadrupled the quota of self-generated clean energy in Italy between 2015 and 2021. The carbon emission reduction plan also includes purchasing renewable energy or Energy Attribute Certificates (EAC) for electricity consumption. In 2021, 75% and 95% of the electricity used by EssilorLuxottica’s sites in France and Italy, respectively, came from renewable energy providers with EAC. The residual emissions of the Company’s activities in Italy and France are compensated by two

reforestation projects in Agordo (Italy) and in the rural Le'an region (China), where the Company is present. These projects have positive impacts by fostering biodiversity and socio-economic development.

Circularity plays a key role in the Group's commitment to transform the business. Within the "Eyes on Circularity" scope, a bright example is the minority interest in Mazzucchelli acquired by the Company in 2021 for the joint production of more sustainable acetate, thus benefitting the entire industry. EssilorLuxottica and Mazzucchelli have developed the first comparative Life Cycle Assessment (LCA) on bio-acetate according to ISO 14040/14044, which demonstrated the lower environmental impact of the bio-acetate produced by Mazzucchelli compared to standard acetate.
To tackle waste, the Company adopted the 4Rs approach, which includes researching, reducing the volume of materials in manufacturing and distribution processes, reusing and recycling raw materials and packaging.
Moreover, the Group joined forces with ESSEC Business School, L'Oréal, and Bouygues to launch the first international chair on circular economy, the 'Global Circular Economy Chair'. The Chair will focus, among other things, on launching experimental collaborative projects and on producing fundamental research to accelerate the transition to a circular economy.

Pursuing its Mission and the initiatives within the scope of the pillar "Eyes on World Sight", EssilorLuxottica constantly works to raise awareness on the importance of vision correction and protection. World Sight Day, on October 14, 2021, was a catalyst for this kind of initiatives, including announcing a partnership with Automobile Club of Italy (ACI) leveraging the global partnership, announced in July 2021, between EssilorLuxottica and FIA to rally around the recent United Nations call to ensure good vision for all road users.
In China, EssilorLuxottica continues to be a long-term strategic player focused on addressing the specific needs of the population. The commitment to improve Chinese children's vision health and the focus on sustainable development allowed the Company to receive three awards: the "2021 Responsible Brand" from China's Public Welfare Festival, the "2021 Excellent CSR Project" from the Century Business Herald and the "2022 Chief Responsibility Officer" from the Global Responsibility Summit.
Constantly driven by innovation, in November 2021, the Group attended the 4th China International Import Expo fair and further proved its commitment to the fight against myopia. The Company launched two products, MiSight and Diffusion Optics Technology (in collaboration with Cooper Companies and SightGlass Vision), which prevent and control myopia in children and youth. EssilorLuxottica also launched a new pair of Special Lenses, Essilor Exceptio, for people with ultra-high myopia or hyperopia. These products followed the launch of the breakthrough product Stellest lens in 2020, a new generation of spectacle lens slowing myopia progression. The Company also presented the Essilor automatic refraction biometer (ARK SW9000), among the latest advancements in its instrument segment.

While advocating for good vision, the Group is pursuing the ambition to eliminate uncorrected poor vision by 2050, thanks to its inclusive business (i.e., 2.5 New Vision Generation) and its philanthropic partners (i.e., OneSight, Essilor Vision Foundation and Vision for Life). The initiatives in this area led to 50 million people in developing communities to receive access to vision care and created more than 7 million wearers during the year, of which 19 million and over 2 million in the fourth quarter respectively. In 2021, OneSight successfully opened 18 vision centres, 6 in the fourth quarter. Moreover, the training initiatives allowed for over 1,600 new vision care entrepreneurs to be trained in 2021, almost 600 during the fourth quarter. Since 2013, the Company has created access for 475 million people in underserved communities, trained more than 19,000 primary vision care entrepreneurs and created approximately 47 million wearers for the industry.

With regards to employee engagement, the remarkable results of the Boost 2021 international Employee Shareholding Plan, with widened coverage, showed the employees' trust and sense of belonging to the Company and their endorsement of its Mission. Indeed, around 54,000 eligible employees subscribed

EssilorLuxottica

in 78 countries, with a subscription rate above 65%, showing steady growth versus previous years. As a result, approximately 67,000 of the Group's employees in 85 countries hold a financial stake in the Company. Furthermore, around 20,000 employee shareholders are members of Valoptec, the independent employee shareholder association that supports EssilorLuxottica's values and contributes to its governance.

EssilorLuxottica, as a global leader in the eyecare and eyewear industry is working to re-define the learning experience for the industry. Leonardo is the new Group's innovative learning platform open to employees, clients, store managers, staff and anyone from the vision care industry. Various contents are available in over 15 languages curated by experts from both the Company and the industry. Leonardo tailors the learning experience based on each user's interests and needs. For this reason, it is in constant update.

Conference call

A conference call in English will be held today at 10:30 am CEST.
The meeting will be available live and may also be heard later at:
https://streamstudio.world-television.com/1217-2090-31737/en

Forthcoming investor events

- April 22, 2022: Q1 2022 Revenue
- May 25, 2022: Annual Shareholders Meeting
- July 29, 2022: H1 2022 Results
- September 14, 2022: Capital Market Day – Click here to register
- October 21, 2022: Q3 2022 Revenue

Notes

1 Constant exchange rates: figures at constant exchange rates have been calculated using the average exchange rates in effect for the corresponding period in the relevant comparative year.

2 Adjusted measures or figures: adjusted from the expenses or income related to the combination of Essilor and Luxottica (the “EL Combination”), the acquisition of GrandVision (the “GV Acquisition” or "GV Combination") and other transactions that are unusual, infrequent or unrelated to the normal course of business as the impact of these events might affect the understanding of the Group’s performance.

3 Comparable (revenue): comparable revenue includes, for all periods presented, the contribution of GrandVision’s revenue to EssilorLuxottica as if the combination between EssilorLuxottica and GrandVision (the “GV Acquisition” or "GV Combination"), as well as the disposals of businesses required by antitrust authorities in the context of the GV Acquisition, had occurred on January 1, 2019. Comparable revenue has been prepared for illustrative purpose only with the aim to provide comparable information.

4 *Pro forma*: *pro forma* information as presented in the Unaudited *Pro Forma* Consolidated Financial Information. The Unaudited *Pro Forma* Consolidated Financial Information has been prepared for illustrative purpose only as if the acquisition of GrandVision had occurred on January 1, 2021. That information does not take into account the results of operations and financial condition that EssilorLuxottica would have achieved if the acquisition of GrandVision had actually been realized on January 1, 2021; there can be no assurance that the assumptions used to prepare the Unaudited *Pro Forma* Consolidated Financial Information are accurate in all respects or that the result disclosed in the Unaudited *Pro Forma* Consolidated Financial Information are indicative of the future performance of EssilorLuxottica. As a result, EssilorLuxottica's performance in the future may differ materially from that presented in the Unaudited *Pro Forma* Consolidated Financial Information. For a reconciliation between adjusted *pro forma* measures and their most comparable measures reported in the IFRS consolidated financial statements, please refer to the reconciliation table provided in Appendix 3.

5 Comparable-store sales: reflect, for comparison purposes, the change in sales from one period to another by taking into account in the more recent period only those stores already open during the comparable prior period. For each geographic area, the calculation applies the average exchange rate of the prior period to both periods.

6 Free Cash Flow: *Net cash flow provided by operating activities* less the sum of *Purchase of property, plant and equipment and intangible assets* and *Cash payments for the principal portion of lease liabilities* according to the IFRS consolidated statement of cash flow.

7 Net debt: sum of *Current* and *Non-current borrowings*, *Current* and *Non-current lease liabilities*, minus *Short-term investments*, *Cash and cash equivalents,* the *Interest Rate Swap measured at fair value* and *Foreign exchange derivatives at fair value* as disclosed in the IFRS consolidated financial statements.

EssilorLuxottica

DISCLAIMER

This press release contains forward-looking statements that reflect EssilorLuxottica's current views with respect to future events and financial and operational performance. These forward-looking statements are based on EssilorLuxottica's beliefs, assumptions and expectations regarding future events and trends that affect EssilorLuxottica's future performance, taking into account all information currently available to EssilorLuxottica, and are not guarantees of future performance. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future, and EssilorLuxottica cannot guarantee the accuracy and completeness of forward-looking statements. A number of important factors, not all of which are known to EssilorLuxottica or are within EssilorLuxottica's control, could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement as a result of risks and uncertainties facing EssilorLuxottica. Any forward- looking statements are made only as of the date of this press release, and EssilorLuxottica assumes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or for any other reason.

Contacts

Giorgio Iannella
Head of Investor Relations
E ir@essilorluxottica.com

Marco Catalani
Head of Corporate Communications
E media@essilorluxottica.com

Excerpt from 2021 Management Report

Table of contents

As table totals are based on unrounded figures, there may be discrepancies between these totals and the sum of their rounded component.

Significant events of the year

Strong recovery in 2021

The fourth quarter represented the culmination of the Company's extraordinary recovery in 2021, where each quarter beat the previous one in terms of comparable[3] revenue growth. Rising COVID-19 vaccination levels, the underlying favorable macro-economic environment and the Company's focus on a smooth execution of its value proposition in both channels underpinned the rampant growth trajectory. A slight headwind from the Omicron variant in December did not alter the positive results.

During 2021, EssilorLuxottica continued to bring new innovations to the market, with ground-breaking products such as Ray-Ban Stories, along with cutting-edge vision correction and protection solutions.

Among key newness in optical, the Stellest lenses, rolled out to France and Italy, stood out as an excellent solution for slowing the progression of myopia in children. The launch of Transitions XTRActive new generation and polarized lenses and Vision-S 700, the state-of-the-art immersive refraction station, showed further strength in the Company's innovation pipeline.

The Company was able to translate the revenue growth into substantial margin expansion, leveraging on its vertically integrated business model and deploying effective cost control measures especially on the selling and general and administrative side. In the second part of the year, the Company released some important investments focused on the digitalization of the business, growing the awareness of its flagship brands as well as supporting its new initiatives, such as Ray-Ban Stories.

Detailed information on the Company performance in 2021 is provided in the dedicated paragraphs.

Acquisition of GrandVision

Rationale for the acquisition

GrandVision N.V. ("GrandVision") is a leading global optical retailer with more than 7,200 stores worldwide (with a strong presence in Europe) and a growing online presence. GrandVision offers customers expert eyecare services along with a large selection of unique and stylish prescription eyeglasses, sunglasses, contact lenses and eyecare products.

The combination of EssilorLuxottica and GrandVision ("GV Combination" or "GV Acquisition") will serve as a catalyst to unlock the underlying growth potential of the eyewear and eyecare industry. The activities of both companies are highly complementary. Further complementing EssilorLuxottica's scope of activities, while maintaining its open business model, the transaction also brings under the same roof GrandVision's 125 years of experience and success in putting the customer at the center of its business. Additionally, it gives EssilorLuxottica an opportunity to strengthen its direct-to-consumer business, benefiting from GrandVision's technologies, competencies and human capital that have made it a success.

Expanding its retail operations, while maintaining strong wholesale distribution, EssilorLuxottica increases its capacity to drive consumer engagement more effectively, to raise the standard of in-store experience, resulting in more regular eye exams, up-to-date prescriptions and an increased availability of multiple tailored vision care products to meet all of their vision and style needs.

At the same time, GrandVision benefits from EssilorLuxottica's outstanding product innovation, manufacturing and commercialization, integrated IT system, brand portfolio, state-of-the-art supply chain, talent development and digital tools and expertise to foster a closer and increasingly omnichannel relationship with GrandVision's more than 150 million consumers around the world.

EssilorLuxottica and GrandVision share common values and are both committed to delivering superior eyecare and eyewear to more people globally. The companies share a deep and century-long interest in doing business in a way that benefits all stakeholders, including customers, employees, shareholders, business partners, suppliers, and the communities in which they are present.

Antitrust approvals

In 2019 and 2020, the proposed acquisition of GrandVision by EssilorLuxottica announced on July 31, 2019 (the "Proposed Acquisition") was unconditionally cleared by antitrust authorities in the United States, Russia, Colombia, Mexico and Brazil. In the first semester of 2021, the Proposed Acquisition was cleared by the remaining antitrust authorities:

- on March 23, 2021, the European Commission granted its final approval subject to the divestment of optical retail businesses in Belgium (35 stores from the “GrandOptical” chain, without the banner), the Netherlands (142 stores from the “EyeWish” chain, including the banner) and Italy (174 stores from the “VistaSì” chain, including the banner, and the "GrandVision by" chain, without the banner);
- on April 9, 2021, the Chilean market regulator FNE (Fiscalía Nacional Económica) cleared the Proposed Acquisition following the commitment to divest GrandVision’s Chilean operations under the banner Rotter Y Krauss; and
- on June 10, 2021, the Turkish Competition Authority (TCA) gave its clearance after EssilorLuxottica made certain behavioural commitments with regards to the conduct of its business in Turkey.

With the conditional approval of the Turkish Competition Authority, all regulatory approvals for closing of the Proposed Acquisition were obtained.

Divestment agreed with the European Commission

On December 17, 2021, EssilorLuxottica, GrandVision and Vision Group, one of the largest distribution networks for Italian opticians and a retail player under the VisionOttica banner, announced that they entered into an agreement for Vision Group to acquire the VistaSì chain in Italy, including the brand and all the 99 stores, and 75 GrandVision stores in the country.

On December 23, 2021, EssilorLuxottica, GrandVision and the Optic Retail International Group BENE, a member of MPG Austria (“ORIG/MPG”), announced that they entered into an agreement for ORIG/MPG to acquire 142 EyeWish stores in the Netherlands and 35 GrandOptical stores in Belgium.

Both transactions followed the commitments agreed upon with the European Commission on March 23, 2021 in the context of the acquisition of GrandVision. Moreover, both agreements also provide for transitional agreements to support the business continuity of the divested perimeters following the implementation of the corresponding transaction.

Completion of those transactions is subject to the approval of the European Commission, as part of the commitments’ procedure. Both transactions are expected to close in the first semester of 2022 (see paragraph *Subsequent events*).

Closing of the transaction and subsequent steps

On July 1, 2021, EssilorLuxottica completed its acquisition of a 76.72% ownership interest in GrandVision from Hal Optical Investments B.V. ("HAL"), a wholly-owned subsidiary of HAL Holding, pursuant to the block trade agreement entered into with HAL on July 30, 2019 (the "BTA").

As a result of the completion of the transaction contemplated by the BTA, EssilorLuxottica acquired “predominant control” (*overwegende zeggenschap*) over GrandVision and was under an obligation to launch a mandatory public offer for all outstanding shares in GrandVision, in accordance with the applicable Dutch public offer rules.

On September 7 and 20, 2021, EssilorLuxottica acquired, respectively, 16,902,305 and 8,431,388 GrandVision ordinary shares from multiple shareholders represented each time by a single broker. Those shares were acquired at the same price paid by EssilorLuxottica under the BTA, i.e. €28.42 per share paid in cash (€720 million in total).

On October 7, 2021, EssilorLuxottica and GrandVision jointly announced the launch of the recommended mandatory public offer to all holders of GrandVision's ordinary shares at an offer price of €28.42 per share in cash (the "Offer"). The Offer was unanimously supported and recommended by GrandVision's Boards.

The Offer acceptance period began on October 8, 2021 and ended on December 3, 2021. During the acceptance period, 33,225,412 GrandVision's ordinary shares have been tendered under the Offer, representing an interest of approximately 13.06% in GrandVision's share capital and an aggregate value of approximately €944 million (settled in cash on December 8, 2021).

A post-acceptance period was launched on December 7, 2021 ending on December 20, 2021. During the post-acceptance period, 268,744 GrandVision's ordinary shares have been tendered under the Offer, representing an interest of approximately 0.11% of the issued share capital of GrandVision and an aggregate value of approximately €8 million (settled in cash on December 23, 2021).

At the end of the Offer EssilorLuxottica directly held 254,031,577 ordinary shares of GrandVision, representing 99.84% of GrandVision's share capital, 99.89% of the issued and outstanding shares of GrandVision.

Having acquired more than 95% of the issued and outstanding shares of GrandVision, EssilorLuxottica announced its intention to delist GrandVision's shares from Euronext Amsterdam as well as to initiate a compulsory procedure to buy-out the holders of GrandVision's shares that have not tendered their shares under the Offer. In such procedure, initiated on December 22, 2021, any remaining minority shareholders of GrandVision is offered the Offer price, i.e. €28.42 per share.

Euronext approved the delisting of GrandVision's shares from Euronext Amsterdam, which took place on January 10, 2022 (last trading day on January 7, 2022).

Change in management and in the composition of the Board of Directors

During EssilorLuxottica’s Annual Shareholders' Meeting that took place on May 21, 2021, shareholders approved all the names of the proposed directors who sit on the new Board of Directors of the Company, including: Mr. Leonardo Del Vecchio, Mr. Francesco Milleri, Mr. Paul du Saillant, Mr. Romolo Bardin, Mr. Jean-Luc Biamonti, Ms. Marie Christine Coisne-Roquette, Ms. Juliette Favre, Mr. José Gonzalo, Ms. Swati Piramal, Ms. Cristina Scocchia, Ms. Nathalie von Siemens and Mr. Andrea Zappia.

On May 21, 2021, during its first meeting, the Board of Directors appointed Mr. Leonardo Del Vecchio as Chairman of the Board of Directors, Mr. Francesco Milleri as CEO and Mr. Paul du Saillant as Deputy CEO of EssilorLuxottica. In the same meeting, the Board of Directors has been informed of the appointment of Mr. Stefano Grassi as the CFO of the Company.

Joint venture with CooperCompanies for the acquisition of SightGlass Vision

On February 3, 2021, EssilorLuxottica and CooperCompanies announced they entered into an agreement to create a 50/50 joint venture for the acquisition of SightGlass Vision, a US based life sciences company focused on developing innovative spectacle lenses to reduce the progression of myopia in children.

EssilorLuxottica and CooperCompanies will leverage their shared expertise and global leadership in myopia management to accelerate the commercialization of SightGlass Vision spectacle lenses. Through this partnership, they will further strengthen innovation opportunities and go-to-market capabilities to grow the myopia control category. SightGlass Vision's technology will complement both companies' existing solutions, including Essilor's Stellest lens and CooperVision's MiSight and Orthokeratology contact lenses.

The joint venture will acquire SightGlass Vision from CooperCompanies, and the closing of the acquisition and creation of the joint venture is subject to regulatory approvals and other customary closing conditions. CooperCompanies previously held a minority ownership interest in SightGlass Vision and completed its acquisition of SightGlass Vision in January 2021.

Employee shareholding reaching a record high

On February 4, 2021, EssilorLuxottica announced the results of its 2020 international employee share ownership campaign ("Boost 2020"), increasing its employee shareholding to a record high of 44% at Company level.

On December 22, 2021, EssilorLuxottica announced the results from the Boost 2021 plan: close to 54,000 eligible employees subscribed in 78 countries, with a very high subscription rate above 65% compared to 62% in 2020. Coverage for this session of the Boost yearly campaign was extended to welcome employee shareholders from five more countries, and new subscribers are now taking part from Bangladesh, Benin, Latvia, Morocco and Ukraine.

As a result, at the end of 2021, nearly 67,000 of the Group's employees in 85 countries were holding a financial stake in the Company, a steady rise up from approximatively 63,000 in 2020 and 56,000 in 2019. In addition, more than 11,000 employee retirees were also shareholders showing their engagement and confidence in the Company. Also on the rise, approximately 20,000 employee shareholders were members of Valoptec, the independent employee shareholder association that supports EssilorLuxottica's values as well as contributes to its governance.

These results illustrate both EssilorLuxottica employees' desire to contribute to the Company's long-term development and value creation and their dedication to the Company's mission to help people "see more and be more".

Agreement to acquire Walman in the US

On March 25, 2021, EssilorLuxottica announced it has entered into an agreement to acquire US based lab network Walman. Walman, which has been a leading partner to vision care practices around the country for more than 100 years, will draw on EssilorLuxottica's focus on product and service innovation to create growth opportunities for the Company.

The US is the largest optical market in the world but there are still significant opportunities. Both the progressive lens and anti-reflective categories as well as developing solutions like Myopia management require resources to grow in this competitive industry. EssilorLuxottica's investment in Walman will allow customers to leverage these existing and future opportunities to grow the market.

Walman has a network of 35 facilities across the US, including prescription lens-finishing labs and hubs for optical instruments and other vision care products. As part of EssilorLuxottica, Walman will continue to serve the market under the Walman brand, delivering the same customer intimacy, service and solutions their customers have come to expect.

EssilorLuxottica closed the acquisition on March 1, 2022 (see paragraph *Subsequent events*).

Dividend distribution

The Annual Shareholdings' Meeting of EssilorLuxottica held on May 21, 2021 approved the distribution of a total dividend of €2.23 per ordinary share for the year 2020, corresponding to a final dividend amounting to €1.08 per shares, considering the interim dividend for the year 2020 already paid on December 28, 2020.

The Annual Shareholders' Meeting decided to grant to the shareholders the option to receive their final dividend in newly issued shares at a price of €124.70 per share (so-called scrip dividend). This price corresponds to 90% of the average of the opening prices quoted on Euronext Paris over the twenty trading days preceding the date of the Annual Shareholders' Meeting less the final dividend to be distributed for the financial year ended on December 31, 2020, this total being rounded up to the next euro cent.

The period to opt for payment of the dividend in newly issued shares was open from June 1, 2021, up to, and including, June 14, 2021. At the end of that period, 310,329,574 dividend rights were exercised in favor of the payment of the 2020 final dividend in shares. Accordingly, on June 21, 2021, 2,687,685 new EssilorLuxottica's shares were issued, delivered and admitted to trading on Euronext Paris. Those new share confer the same rights as the existing shares and carry current dividend rights conferring the right to any distribution paid out as from the date of their issuance.

The total cash dividend paid to the shareholders who did not opt for the scrip dividend amounted to €138 million and was paid on the same date, June 21, 2021.

EssilorLuxottica and the FIA reinforce their commitment to promote good vision for safer roads

On July 5, 2021, EssilorLuxottica and the *Fédération Internationale de l'Automobile* (FIA) announced the renewal of their partnership to raise awareness of the importance of regular eye checks for all road users and, more broadly, to promote good vision for safer roads. Together, EssilorLuxottica and the FIA will roll out a comprehensive plan mobilising public and private stakeholders, and leveraging both innovation and their global reach.

In August 2020, the United Nations General Assembly (UNGA) adopted Resolution A/RES/74/299, proclaiming 2021-2030 as a new "Decade of Action for Road Safety", with the objective of halving the number of road victims by 2030. To achieve this goal, the United Nations (UN) issued a set of recommendations, including a call for countries to implement appropriate, effective and evidence-based legislation on risk factors related to distracted or impaired driving. Adopting measures to ensure good vision for all road users is part of these recommendations. The UN also encouraged Member States to take measures to promote road safety knowledge and awareness among the population through education, training and advertising campaigns, especially among youth, and to share good road safety practice.

EssilorLuxottica is also partnering with national authorities and stakeholders to achieve such results.

EssilorLuxottica challenges the decision of the French Competition Authority against Luxottica

On July 22, 2021, EssilorLuxottica acknowledged that the French Competition Authority (FCA) issued a decision against several eyewear industry players, including Luxottica.

The Authority imposed to Luxottica a €125 million sanction for the group's conduct which took place between 2005 and 2014 in the optical frames and sunglasses sector in France. That decision closed an investigation initiated in 2005 which was considered insufficient by the FCA in 2017.

On September 10, 2021, the Company appealed the decision.

On December 14, 2021, €125 million were transferred to the French Authorities pending the decision on appeal.

EssilorLuxottica firmly believes it has always conducted business according to the highest standard of compliance, always supporting customers, partners as well as the entire market. As such, the Company strongly disagrees with the Authority's decision, considers the sanction groundless and it is confident that it will successfully demonstrate that the decision is wrong both from a factual and a legal perspective.

Share buyback program

On August 31, 2021, with a view to implementing its share buyback program, EssilorLuxottica announced that a mandate had been granted to an investment services provider for the purchase of up to 2,000,000 EssilorLuxottica shares, depending on market conditions, over a period starting from August 31, 2021 up until October 29, 2021.

The shares so acquired are intended to be awarded or transferred to employees and corporate directors of EssilorLuxottica and affiliated companies, especially in the context of profit-sharing plans, bonus and performance share awards, stock option plans, and employee share ownership plan.

EssilorLuxottica launched this share buyback program in accordance to the 10th resolution approved by the Annual General Meeting of May 21, 2021.

New employee representatives appointed to the Board of Directors

On July 30, 2021, EssilorLuxottica announced that two new Board of Directors members, Ms Margot Bard and Mr Sébastien Brown, both employees of Essilor International in France, were chosen by the Group's Works Council to represent the employees at the Company's Board of Directors. Their appointment became effective on September 22, 2021 for a period of three years.

Consolidated revenue

EssilorLuxottica revenue including GrandVision *versus* 2020 and 2019

As a result of the acquisition of GrandVision described in the paragraph *Significant events of the year* (herein after referred as the "GV Acquisition" or "GV Combination"), GrandVision's revenue has been consolidated into EssilorLuxottica since July 1, 2021, i.e. for the second half of the year only.

Compared to 2020

€ millions	**2021**	**2020**	**Change at constant exchange rates[1]**	**Change at current exchange rates**
EssilorLuxottica ex-GrandVision	17,851	14,429	26.2%	23.7%
GrandVision	2,062	—	n.a.	n.a.
Eliminations*	(94)	—	n.a.	n.a.
EssilorLuxottica REVENUE	**19,820**	**14,429**	**39.8%**	**37.4%**

* Intercompany transactions between EssilorLuxottica and GrandVision.

€ millions	**Q4 2021**	**Q4 2020**	**Change at constant exchange rates[1]**	**Change at current exchange rates**
EssilorLuxottica ex-GrandVision	4,623	4,113	8.7%	12.4%
GrandVision	995	—	n.a.	n.a.
Eliminations*	(39)	—	n.a.	n.a.
EssilorLuxottica REVENUE	**5,579**	**4,113**	**31.9%**	**35.6%**

* Intercompany transactions between EssilorLuxottica and GrandVision.

2020 performance was affected by the COVID-19 pandemic, consequently the Company's net sales performance in 2021 is also presented compared to 2019.

Compared to 2019

€ millions	**2021**	**2019**	**Change at constant exchange rates[1]**	**Change at current exchange rates**
EssilorLuxottica ex-GrandVision	17,851	17,390	8.0%	2.7%
GrandVision	2,062	—	n.a.	n.a.
Eliminations*	(94)	—	n.a.	n.a.
EssilorLuxottica REVENUE	**19,820**	**17,390**	**19.7%**	**14.0%**

* Intercompany transactions between EssilorLuxottica and GrandVision.

€ millions	**Q4 2021**	**Q4 2019**	**Change at constant exchange rates[1]**	**Change at current exchange rates**
EssilorLuxottica ex-GrandVision	4,623	4,304	11.8%	7.4%
GrandVision	995	—	n.a.	n.a.
Eliminations*	(39)	—	n.a.	n.a.
EssilorLuxottica REVENUE	**5,579**	**4,304**	**34.7%**	**29.6%**

* Intercompany transactions between EssilorLuxottica and GrandVision.

EssilorLuxottica comparable[3] revenue including GrandVision *versus* 2020 and 2019

To fully appreciate the performance of the Company resulting from the GV Acquisition, comparable[3] revenue has been prepared for illustrative purpose only. Comparable[3] revenue includes, for all periods presented, the contribution of GrandVision's revenue to EssilorLuxottica as if the combination between EssilorLuxottica and GrandVision, as well as the disposals of businesses required by antitrust authorities in the context of the GV Acquisition, had occurred on January 1, 2019.

As mentioned in the previous paragraph, 2020 performance was affected by the COVID-19 pandemic. Consequently, the Company's net sales performance in 2021 is also presented compared to 2019.

Revenue by operating segment

Following EssilorLuxottica's Annual Shareholders' Meeting held on May 21, 2021, the appointed Chief Executive Officer (CEO) decided to review the Group's performance from a different perspective. Moving away from the former operating segment view, which was linked to the legacy of Essilor and Luxottica, the new view considers the Group as a vertically integrated player whose performance is assessed based on its approach to the market (*distribution channel approach*). On one side is the supply of products and services to all third-party professionals of the eyecare industry, and on the other side, the business with a direct relationship with the end consumer.

This new approach has led to the following two new operating segments:

- **Professional Solutions** ("PS"): representing the wholesale business of the Group, i.e. the supply of the Group's products and services to all the professionals of the eyecare industry (distributors, opticians, independents, third-party e-commerce platforms, etc.); and
- **Direct to Consumer** ("DTC"): representing the retail business of the Group, i.e. the supply of the Group's products and services directly to the end consumer either through the network of physical stores operated by the Group (brick and mortar) or the online channel (e-commerce).

This change has been retrospectively accounted for as of January 1, 2021 and all prior period segment information has been restated to conform to the new presentation.

Compared to 2020

€ millions	**2021**	**2020**	**Change at constant exchange rates[1]**	**Change at current exchange rates**
Professional Solutions	10,399	8,475	25.1%	22.7%
Direct to Consumer	11,099	9,079	24.2%	22.2%
EssilorLuxottica COMPARABLE[3] REVENUE	**21,498**	**17,555**	**24.6%**	**22.5%**

€ millions	**Q4 2021**	**Q4 2020**	**Change at constant exchange rates[1]**	**Change at current exchange rates**
Professional Solutions	2,678	2,453	6.2%	9.2%
Direct to Consumer	2,901	2,565	9.9%	13.1%
EssilorLuxottica COMPARABLE[3] REVENUE	**5,579**	**5,018**	**8.1%**	**11.2%**

Compared to 2019

€ millions	2021	2019	Change at constant exchange rates[1]	Change at current exchange rates
Professional Solutions	10,399	10,460	4.9%	-0.6%
Direct to Consumer	11,099	10,521	9.8%	5.5%
EssilorLuxottica COMPARABLE[3] REVENUE	**21,498**	**20,981**	**7.4%**	**2.5%**

€ millions	Q4 2021	Q4 2019	Change at constant exchange rates[1]	Change at current exchange rates
Professional Solutions	2,678	2,625	6.8%	2.0%
Direct to Consumer	2,901	2,600	15.2%	11.6%
EssilorLuxottica COMPARABLE[3] REVENUE	**5,579**	**5,226**	**11.0%**	**6.8%**

Fourth-quarter revenue by operating segment

Professional Solutions

The Professional Solutions division includes the supply of products and services to third-party eyecare professionals, which represents the Company's wholesale business. In the fourth quarter of the year the division's comparable[3] revenue reached €2,678 million, up 6.8% at constant exchange rates[1] compared with the same period of 2019 (+2.0% at current exchange rates).

Performance in all regions was positive at constant exchange rates[1]. North America progressed nicely building on the expansion of key accounts and continuing to exploit the benefits of the EssilorLuxottica 360 initiative. EMEA consolidated its growth trajectory supported by the positive results in the key markets of Italy and the UK as well as Scandinavia and Eastern Europe. Asia-Pacific accelerated thanks to a solid performance in Mainland China and India growing double digits at constant exchange rates[1]. Improved business conditions in Latin America led to a pronounced rebound in the region with sales up double digits at constant exchange rates[1]. EssilorLuxottica's flagship brands underpinned the solid growth of the quarter. Varilux, Eyezen, Crizal and Transitions all posted positive results while Stellest built up a strong momentum in its key market of China. Oakley, Ray-Ban and the luxury brands drove the performance in the frames business.

Direct to Consumer

The Direct to Consumer division includes the sale of products and services directly to end consumers, which represents the Company's retail business, comprised of brick-and-mortar stores and e-commerce platforms. In the fourth quarter the division posted comparable[3] revenue of €2,901 million, up 15.2% at constant exchange rates[1] compared with the same period of 2019 (+11.6% at current exchange rates).

The acceleration in the fourth quarter was led by North America, which was the best performing business for the Group in the period. Comparable[3] revenue in both EMEA and Latin America expanded at double digits at constant exchange rates[1], and the Asia-Pacific region recovered nicely, driven by the key markets of Australia and New Zealand.

Brick-and-mortar comparable-store sales[5] were positive in the mid-single digit, supported by North America up 9%, Latin America and EMEA growing double-digit and single-digit respectively, and Asia-Pacific turning positive in the quarter. The optical and sun categories both contributed to the overall performance, with the main banners – LensCrafters, Target, OPSM and Sunglass Hut – growing from high-single to double digits.

E-commerce revenue grew in excess of 60% at constant exchange rates[1] in the quarter, over 7% of the Company's total turnover, meaningfully accelerating compared to the third quarter. All the main platforms drove the performance, with SunglassHut.com more than doubling, Oakley.com and EyeBuyDirect.com doubling and Ray-Ban.com expanding by more than two thirds.

Full year revenue by operating segment

Professional Solutions

The Professional Solutions division posted comparable[3] revenue of €10,399 million, up 4.9% at constant exchange rates[1] versus 2019 (-0.6% at current exchange rates), accounting for 48% of the Company's total turnover.

All regions experienced an acceleration from the first to the second half of the year as the health crisis started to improve on the back of rising vaccination levels. North America grew high-single digit at constant exchange rates[1] and was the growth driver together with Latin America, which consistently stepped up its performance. EMEA and Asia-Pacific grew at a slightly lower pace in the low-single-digit territory. The main brands continued to perform nicely both on lenses, with Crizal, Transitions, Eyezen, Stellest, and frames, led by Oakley and the luxury brands. The optical category progressed steadily, while sun rebounded in the second half of the year.

Direct to Consumer

The Direct to Consumer division posted comparable[3] revenue of €11,099 million, up 9.8% at constant exchange rates[1] versus 2019 (+5.5% at current exchange rates), accounting for 52% of the Company's total turnover. After a soft start to the year, negatively impacted by COVID-19 related restrictions, the division experienced a strong recovery, growing double digits at constant exchange rates[1] starting from the second quarter and accelerating further in the fourth quarter.

North America represented the largest and fastest growing region, while the pace in both EMEA and Latin America mirrored the progressive easing in local restrictions. Asia-Pacific was the only region not exceeding pre-pandemic levels in the year, despite Australia expanding mid-single digit at constant exchange rates[1].

Brick-and-mortar comparable-store sales[5] were positive in the low-single digit on a full year basis, with mid-single digit expansion in the second semester more than compensating a slightly negative first half. Pent-up demand and excellent in-store execution drove the performance of the optical business particularly starting from the second quarter, while the sun category accelerated over the second semester.

The e-commerce channel expanded in excess of 60% at constant exchange rates[1], exceeding the €1,500 million threshold in the full year and representing 7% of the Company's total revenue.

Revenue by geographical area

EssilorLuxottica's geographical areas are **North America**, **EMEA** (i.e. Europe, including Turkey and Russia, together with Middle East and Africa), **Asia-Pacific** and **Latin America**.

Compared to 2020

€ millions	**2021**	**2020***	**Change at constant exchange rates[1]**	**Change at current exchange rates**
North America	9,868	7,959	27.8%	24.0%
EMEA	7,953	6,588	21.2%	20.7%
Asia-Pacific	2,542	2,156	16.7%	17.9%
Latin America	1,136	852	40.8%	33.2%
EssilorLuxottica COMPARABLE[3] REVENUE	**21,498**	**17,555**	**24.6%**	**22.5%**

* The geographical breakdown of revenue for 2020 has been aligned to the geographical areas identified for 2021 disclosure.

€ millions	**Q4 2021**	**Q4 2020***	**Change at constant exchange rates[1]**	**Change at current exchange rates**
North America	2,528	2,229	8.1%	13.4%
EMEA	1,987	1,815	8.6%	9.5%
Asia-Pacific	706	666	2.1%	5.9%
Latin America	359	308	18.4%	16.5%
EssilorLuxottica COMPARABLE[3] REVENUE	**5,579**	**5,018**	**8.1%**	**11.2%**

* The geographical breakdown of revenue for 2020 has been aligned to the geographical areas identified for 2021 disclosure.

Compared to 2019

€ millions	**2021**	**2019***	**Change at constant exchange rates[1]**	**Change at current exchange rates**
North America	9,868	9,220	12.7%	7.0%
EMEA	7,953	7,828	3.7%	1.6%
Asia-Pacific	2,542	2,616	-1.6%	-2.8%
Latin America	1,136	1,317	10.4%	-13.8%
EssilorLuxottica COMPARABLE[3] REVENUE	**21,498**	**20,981**	**7.4%**	**2.5%**

* The geographical breakdown of revenue for 2019 has been aligned to the geographical areas identified for 2021 disclosure.

€ millions	**Q4 2021**	**Q4 2019***	**Change at constant exchange rates[1]**	**Change at current exchange rates**
North America	2,528	2,285	13.9%	10.6%
EMEA	1,987	1,885	8.2%	5.4%
Asia-Pacific	706	691	1.4%	2.1%
Latin America	359	364	25.1%	-1.3%
EssilorLuxottica COMPARABLE[3] REVENUE	**5,579**	**5,226**	**11.0%**	**6.8%**

* The geographical breakdown of revenue for 2019 has been aligned to the geographical areas identified for 2021 disclosure.

Fourth-quarter revenue by geographical area

North America

North America posted comparable[3] revenue of €2,528 million, up 13.9% at constant exchange rates[1] versus the fourth quarter of 2019 (+10.6% at current exchange rates), in line with the third quarter performance.

The Professional Solutions division grew steadily in the quarter, driven by the expansion of the key accounts as well as the solid performance of the independent ECPs channel, also supported by the EssilorLuxottica 360 program. Third-party e-commerce gave the division a significant boost thanks to the growth of its largest hosts. The performance of the lens business was driven by the main premium brands, led by Crizal and Transitions. The frames business was up double digits with Oakley, Ray-Ban and the luxury brands outperforming.

Revenue of the brick-and-mortar retail stores continued to be strong, with comparable-store sales[5] increasing by 9% versus the fourth quarter of 2019, driven by a favorable mix on lenses and frames. On the optical side, LensCrafters and Target progressed at high-single digit, while Sunglass Hut continued to outperform with comparable-store sales[5] up in the mid-teens. The e-commerce business increased by approximately 75% with SunglassHut.com being the best performer closely followed by EyeBuyDirect.com, Oakley.com and Ray-Ban.com. EyeMed's revenue continued to grow at record rates, with total membership topping 65 million lives.

EMEA

EMEA recorded comparable[3] revenue of €1,987 million, up 8.2% at constant exchange rates[1] versus the fourth quarter of 2019 (+5.4% at current exchange rates), consistent with the third quarter performance.

The Professional Solutions division consolidated the mid-single digit growth pace started in the second quarter, supported by key markets such as Italy and the UK, as well as Scandinavia and Eastern Europe. The optical category grew solidly, driven by flagship lens brands, and with independent ECPs and key accounts emerging as best performing channels. The roll-out of Stellest lenses in the region successfully continued. Sunglasses further consolidated the healthy recovery started at the end of the second quarter, with Oakley and luxury brands driving the performance.

Brick-and-mortar comparable[3] revenue grew nicely, close to double digits versus the fourth quarter of 2019. Sunglass Hut perfomance was positive in the period, materially improving in October and November, with all countries growing except for France, while temporarily weakening in December, affected by the introduction of new restrictions. In Italy, Salmoiraghi & Viganò strongly accelerated compared with the third quarter, with comparable-store sales[5] up in the mid-teens. GrandVision's business in the UK continued to grow double digits at constant exchange rates[1], and banners in both Germany and Northern Europe progressed nicely. In Benelux results in all chains exceeded the pre-pandemic levels. On the other hand, GrandVision's performance in France remained in the negative territory, affected by still weak traffic during the quarter. Brick-and-mortar results in the region were also mildly helped by the Ukrainian banner Optical House, consolidated since January 2020. E-commerce revenue consistently rose double digits, with Ray-Ban.com, Oakley.com and SunglassHut.com being the best performing platforms.

Asia-Pacific

Comparable[3] revenue in Asia-Pacific amounted to €706 million, up 1.4% at constant exchange rates[1] versus the fourth quarter of 2019 (+2.1% at current exchange rates), showing a material improvement compared with the previous quarter thanks to the lift of COVID-19 related restrictions, particularly in Australia.

The Professional Solutions division consolidated the growth trajectories started in the third quarter. Mainland China confirmed once again its relevance, driving the overall results in the region, led by premium branded lenses – Eyezen, Crizal, Varilux and Transitions. Myopia management solutions continued to show robust performances, with Stellest lenses supported by a dedicated marketing campaign and widening media coverage. Local brand Bolon expanded nicely, mainly driven by optical products. As for other markets in the region, India confirmed its double-digit growth at constant exchange rates[1], while the performance in both Japan and Korea stabilized. Southern Asia remained in the negative territory, although improving versus the previous quarters.

Performance of the brick-and-mortar business materially improved compared with the third quarter, namely in Australia where comparable-store sales[5] at both OPSM and Sunglass Hut turned double-digit positive in November and December. In Mainland China, where the overall retail proposition is progressively evolving, results remained weak, while South-East Asia and Hong Kong continued to suffer from soft tourism flows.

Latin America

Latin American rebounded strongly and became the best performing region posting comparable[3] revenues of €359 million, up 25.1% at constant exchange rates[1] versus the fourth quarter of 2019 (-1.3% at current exchange rates) on the back of improved business conditions as the COVID-19 emergency paused in the quarter.

In the Professional Solutions division, Brazil accelerated its growth reaching double-digit rates at constant exchange rates[1], also reaping the benefits of the recently launched EssilorLuxottica 360 initiative. The lens business performed on track with a strong recovery on the frames side pushed by the optical category and a favorable mix towards luxury brands. Ray-Ban and Oakley also grew nicely in the double-digit territory. Mexico continued to perform well in both lenses and frames.

Revenues of the brick-and-mortar stores kept progressing and remained double digits at constant exchange rates[1] compared to 2019. The Brazilian Direct to Consumer business continued to show double-digit sales growth, with the Oakley stores contributing nicely. The performance of Sunglass Hut in the whole region was especially strong, with comparable-store sales[5] above 20%. GMO continued its growth journey from the third quarter with double-digit comparable-store sales[5] thanks to a strong Chile combined with a solid performance in the rest of the countries. The GrandVision network posted solid results on a comparable-store sales[5] basis, only partially impacted by soft trends in the sunglass category.

Full year revenue by geographical area

North America

North America posted comparable[3] revenue of €9,868 million, up 12.7% at constant exchange rates[1] versus 2019 (+7.0% at current exchange rates), accounting for 46% of the Company's total turnover.

Flawless execution coupled with a buoyant macro-economic environment delivered consistent double-digit growth starting from the second quarter. Optical continued its sound trajectory while the sun category experienced a distinct come back.

In Professional Solutions, results were driven by key accounts, independents as well as third-party e-commerce. The sport channel also kept performing well as a testimony of Oakley prevailing as a consistent contributor to the overall growth.

The brick and mortar network posted double-digit growth versus 2019 with record comparable-store sales[5] in Sunglass Hut and LensCrafters. E-commerce expanded by more than 75% versus 2019.

EMEA

EMEA recorded comparable[3] revenue of €7,953 million, up 3.7% at constant exchange rates[1] versus 2019 (+1.6% at current exchange rates), accounting for 37% of the Company's total turnover. After a soft start to the year, the region benefited from improving health conditions during the second semester.

The Professional Solutions division slightly exceeded pre-pandemic levels in the full year, growing mid-single digit starting from the second quarter onwards. Italy, Scandinavia and Eastern Europe and Turkey were the best performing areas at constant exchange rates[1] in the year.

Brick-and-mortar comparable-store sales[5] were slightly negative on an annual basis, following a remarkable recovery during the second semester driven by the optical category. The sun business was heavily affected by restrictions in key countries as well as subdued tourism, with more encouraging trends emerging only toward the end of the third quarter. E-commerce revenue consistently rose double digits in the year.

Asia-Pacific

Comparable[3] revenue in Asia-Pacific amounted to €2,542 million, down 1.6% at constant exchange rates[1] versus 2019 (-2.8% at current exchange rates), accounting for 12% of the Company's total turnover. The region was the only one not exceeding the pre-pandemic levels on a full year basis, being heavily affected by COVID-19 related restrictions during the second and third quarters.

The Professional Solutions division grew low-single digit at constant exchange rates[1] in the year, experiencing a nice growth trajectory throughout all quarters except for the second one, which was softened by restrictions in the Indian market. China drove the overall divisional results, representing the largest and fastest growing country in the region.

The brick-and-mortar business dragged down the overall regional performance, remaining in negative territory during the entire 2021. Australia and New Zealand stood out, growing mid-single digit at constant exchange rates[1] in the year, and only partially counterbalancing softer trends in other countries.

Latin America

Latin America posted comparable[3] revenue of €1,136 million, up 10.4% at constant exchange rates[1] versus 2019 (-13.8% at current exchange rates), accounting for 5% of the Company's total turnover.

During the second half of the year, Latin America recovered strongly delivering double-digit sales growth thanks to a more upbeat business environment as the health crisis was easing. The two divisions grew at a fairly similar pace consistently accelerating from the second quarter onwards. Brazil as the largest market in the region kept gaining momentum and turned out to be the best performer in the region.

Statement of profit or loss and Alternative Performance Measures

EssilorLuxottica condensed consolidated statement of profit or loss

€ millions	**2021**	**2020***	**Change**
Revenue	19,820	14,429	37.4%
Cost of sales	(7,589)	(6,242)	21.6%
GROSS PROFIT	**12,231**	**8,187**	**49.4%**
% of revenue	*61.7%*	*56.7%*	
Total operating expenses	**(9,905)**	**(7,735)**	**28.1%**
OPERATING PROFIT	**2,326**	**452**	**414.8%**
% of revenue	*11.7%*	*3.1%*	
PROFIT BEFORE TAXES	**2,200**	**313**	**603.9%**
% of revenue	*11.1%*	*2.2%*	
Income taxes	(587)	(164)	257.9%
Effective tax rate	*26.7%*	*52.4%*	
NET PROFIT	**1,613**	**149**	**985.4%**
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	**1,463**	**85**	**1630.8%**

* Some reclassifications have been realized to ensure consistency with the current period presentation. Those reclassifications do not affect the *Operating profit* presented for the twelve-month period ended on December 31, 2020.

As a consequence of the combination between EssilorLuxottica and GrandVision (occurred on July 1, 2021), the Company's performance shown for 2021 includes GrandVision's results of the second half of the year as well as all the effects resulting from the combination accounting. The comparability of the financial information presented for 2021 and 2020 is therefore affected. Moreover, COVID-19 pandemic had a significant negative impact on the Company's results in 2020, while 2021 showed a solid return to growth.

- *Revenue* increased by 37.4% compared to 2020, however the comparison with 2020 is not relevant considering the effects of the COVID-19 pandemic and the consolidation of GrandVision's revenue in the second semester of 2021 (amounting to approximately €2.1 billion); accordingly, the Group's net sales performance is commented versus 2019 as well as on a comparable[3] basis in the paragraph *Consolidated revenue* above.

- *Cost of sales* increased as a direct consequence of the rebound of the business activities and the consolidation of GrandVision (contributing for approximately €0.6 billion, of which €36 million related to the non-recurring reversal of the fair value step-up on inventories recognized in the context of the GV Combination). Moreover, in 2021, significant restructuring costs were accrued, mainly linked to reorganization projects aiming at rationalizing the lenses laboratories footprint as well as at increasing the Group's operational and organizational efficiency (see comments in the paragraph *Adjusted measures*).

- *Operating expenses* are still materially affected by the depreciation and amortization resulting from the recognition of tangible and intangible assets following the purchase price allocation related to the EL Combination (approximately €720 million in 2021 versus approximately €740 million recorded in 2020). GrandVision contributed to the Group performance for approximately €1.3 billion, including €93 million related to the amortization of new intangible assets recognized as part of the GV Combination.

- *Net profit* significantly increased to €1,613 million from €149 million reported in 2020, reflecting the solid return to growth after the severe contraction of the Company's activities caused by the COVID-19 pandemic in 2020.

EssilorLuxottica Alternative Performance Measures (APM)

Due to the structure of 2021 consolidated statement of profit or loss (which integrates GrandVision's contribution starting from July 1, 2021) management deemed relevant to present EssilorLuxottica Alternative Performance Measures under the three views described below.

Views	Content
1. EssilorLuxottica - View 12m+6m	Statement of profit or loss directly stemming from IFRS consolidated financial statements, therefore reflecting the contribution of GrandVision for 6 months only
2. EssilorLuxottica - View excluding GrandVision	Statement of profit or loss directly stemming from IFRS consolidated financial statements where the contribution of GrandVision has been excluded
3. EssilorLuxottica - View *pro forma*	Statement of profit or loss *pro forma*[4], therefore reflecting the contribution of GrandVision for 12 months as if the GV Acquisition had occurred on January 1, 2021

1. EssilorLuxottica - View 12m+6m

Reconciliation with adjusted[2] measures

€ millions	**EssilorLuxottica 2021**	**Adjustments related to PPA impacts**	**Other non-GAAP adjustments**	**EssilorLuxottica 2021 Adjusted[2]**
Revenue	19,820	—	—	19,820
Cost of sales	(7,589)	38	53	(7,499)
GROSS PROFIT	**12,231**	**38**	**53**	**12,321**
% of revenue	*61.7%*			*62.2%*
Total operating expenses	**(9,905)**	**737**	**126**	**(9,042)**
OPERATING PROFIT	**2,326**	**775**	**178**	**3,279**
% of revenue	*11.7%*			*16.5%*
Cost of net debt	(111)	(0)	—	(112)
Other financial income/(expenses)*	(15)	—	—	(15)
PROFIT BEFORE TAXES	**2,200**	**774**	**178**	**3,152**
% of revenue	*11.1%*			*15.9%*
Income taxes	(587)	(149)	(58)	(794)
NET PROFIT	**1,613**	**625**	**120**	**2,358**
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	**1,463**	**625**	**118**	**2,206**

* Including *Share of profit of associates.*

Adjusted measures

In this document, management presented certain performance indicators that are not envisioned by the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and endorsed by the European Union. Such measures are not meant to be considered in isolation or as a substitute for items appearing in EssilorLuxottica consolidated financial statements prepared in accordance with IFRS. Rather, these non-IFRS measures should be used as a supplement to IFRS results to assist the reader in better understanding the operating performance of the Company and should be read in conjunction with EssilorLuxottica consolidated financial statements. Such measures are not defined terms under IFRS and their definitions should be carefully reviewed and understood by investors.

The combination of Essilor and Luxottica (the “EL Combination”), the acquisition of GrandVision (the “GV Acquisition” or "GV Combination") as well as events that are unusual, infrequent or unrelated to normal operations have a significant impact on the consolidated results. Accordingly, in order to provide additional comparative information on the results for the period under review compared to previous periods, to reflect EssilorLuxottica actual economic performance and enable it to be monitored and benchmarked against competitors, some measures have been adjusted (“adjusted measures”). In particular, management adjusted the following measures: *Cost of sales*, *Gross profit, Operating expenses, Operating profit, Profit before taxes* and *Net profit.* Such adjusted measures are ultimately reconciled to their most comparable measures reported in the consolidated statement of profit or loss.

In continuity with 2019 and 2020, in 2021 adjusted measures exclude: (i) the incremental impacts of the purchase price allocations related to the EL Combination and the GV Acquisition ("Adjustments related to PPA impacts"); and (ii) other adjustments related to transactions that are unusual, infrequent or unrelated to normal operations, as the impact of these events might affect the understanding of the Group’s performance ("Other non-GAAP adjustments"). These Other non-GAAP adjustments are described below.

- Non-recurring *Cost of sales* for €53 million of which (i) approximately €50 million mainly related to restructuring and reorganization projects aiming at rationalizing the lenses laboratories footprint and the distribution network to increase the Group’s operational and organizational efficiency, and (ii) €2 million corresponding to the expenses related to share-based plans granted in the context of the EL Combination to employees working for operations activities (Luxottica’s restricted shares plan (LTI), vested in March 2021, and other Essilor’s plans).
- Non-recurring *Selling* expenses for €70 million associated with:
  - impairment losses and write-off for approximately €51 million, of which €38 million resulting from the decision to progressively converge toward a common IT platform for Direct to Consumer business of the Group;
  - restructuring projects in EMEA and North America as well as selling costs related to the rationalization of the distribution activities in France, for approximately €18 million in total; and
  - expenses related to share-based payments for about €1 million.
- Non-recurring *Advertising and marketing* expenses for approximately €2 million.
- Non-recurring *General and administrative expenses* for €114 million associated with the following impacts:
  - severances for approximately €11 million, mainly related to key management personnel;
  - costs associated with restructuring projects for approximately €28 million, including impairment losses for approximately €11 million;

- a positive effect of €8 million resulting from the release of a contingent liability (recognised in the context of the EL Combination) related to a litigation involving a subsidiary of the Group;
- expenses related to share-based payments for about €5 million linked to share-based plans granted in the context of the EL Combination (Luxottica's restricted shares plan (LTI) vested in March 2021 and other Essilor's plans);
- non-recurring expenses related to M&A projects for €52 million mainly linked to the transaction costs incurred in connection with the acquisition of GrandVision and the acquisition of Walman; and
- other one-off costs incurred by the Group of which (i) approximately €10 million as net negative impact related to significant claims and litigations, (ii) approximately €13 million of other one-off costs linked to integration streams and (iii) approximately €3 million of other non-recurring costs.

• *Other income/(expenses)* are adjusted for a net positive effect of €61 million mainly associated with:
  - the positive effect recorded following the recovery, in the first months of 2021, of misappropriated funds from the EMTC fraud for approximately €62 million;
  - the positive effect resulting from changes in consolidation scope and other non-recurring income, for an aggregate amount of €6 million; and
  - a negative effect of approximately €7 million resulting from the valuation of the business to be disposed according to the remedies agreed with the European Commission in the context of the acquisition of GrandVision.

• *Income taxes* are adjusted for an amount of €(58) million corresponding mainly to the tax effects of the above-mentioned adjustments.

2. EssilorLuxottica - View excluding GrandVision

Due to the structure of 2021 consolidated statement of profit or loss (which integrates GrandVision's contribution starting from July 1, 2021) management deemed relevant to also present and comment the performance of the Company in 2021 excluding GrandVision contribution.

€ millions	**EssilorLuxottica 2021 Adjusted[2]**	**Elimination of GrandVision[2] H2 2021**	**Reversal of intercompany eliminations**	**EssilorLuxottica ex-GV 2021 Adjusted[2]**
Revenue	19,820	(2,062)	94	17,851
Cost of sales	(7,499)	573	(59)	(6,985)
GROSS PROFIT	**12,321**	**(1,490)**	**35**	**10,866**
% of revenue	*62.2%*	*72.2%*		*60.9%*
Total operating expenses	**(9,042)**	**1,205**	**(2)**	**(7,839)**
OPERATING PROFIT	**3,279**	**(284)**	**33**	**3,027**
% of revenue	*16.5%*	*13.8%*		*17.0%*
Cost of net debt	(112)	11	—	(101)
Other financial income/(expenses)*	(15)	14	—	(1)
PROFIT BEFORE TAXES	**3,152**	**(260)**	**33**	**2,925**
% of revenue	*15.9%*	*12.6%*		*16.4%*
Income taxes	(794)	74	(9)	(729)
Effective tax rate	*25.2%*	*28.5%*	*27.6%*	*24.9%*
NET PROFIT	**2,358**	**(185)**	**24**	**2,196**
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	**2,206**	**(170)**	**24**	**2,060**

* Including *Share of profit of associates.*

The following paragraphs focus on the performance of the Company excluding GrandVision's contribution, unless otherwise stated.

Adjusted[2] consolidated statement of profit or loss

€ millions	**EssilorLuxottica ex-GV 2021 Adjusted[2]**	**EssilorLuxottica 2020* Adjusted[2]**	**Change at constant exchange rates[1]**	**Change at current exchange rates**
Revenue	17,851	14,429	26.2%	23.7%
Cost of sales	(6,985)	(6,151)	15.4%	13.6%
GROSS PROFIT	**10,866**	**8,277**	**34.2%**	**31.3%**
% of revenue	*60.9%*	*57.4%*		
Research and development	(321)	(294)	10.5%	9.2%
Selling	(4,331)	(3,822)	15.4%	13.3%
Royalties	(174)	(134)	32.7%	30.2%
Advertising and marketing	(1,318)	(1,062)	26.2%	24.1%
General and administrative	(1,700)	(1,577)	9.3%	7.8%
Other income/(expenses)	5	(14)	108.3%	137.4%
Total operating expenses	**(7,839)**	**(6,903)**	**15.6%**	**13.6%**
OPERATING PROFIT	**3,027**	**1,374**	**127.8%**	**120.3%**
% of revenue	*17.0%*	*9.5%*		
Cost of net debt	(101)	(125)	-18.9%	-19.5%
Other financial income/(expenses)	(5)	(22)	-60.0%	-77.0%
Share of profits of associates	4	1	228.9%	229.6%
PROFIT BEFORE TAXES	**2,925**	**1,229**	**146.2%**	**138.1%**
% of revenue	*16.4%*	*8.5%*		
Income taxes	(729)	(360)	109.2%	102.3%
Effective tax rate	*24.9%*	*29.3%*		
NET PROFIT	**2,196**	**868**	**161.5%**	**152.9%**
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	**2,060**	**788**	**170.7%**	**161.3%**

* Some reclassifications have been realized to ensure consistency with the current period presentation. Those reclassifications do not affect the *Operating profit* presented for the twelve-month period ended on December 31, 2020.

The COVID-19 pandemic had significant negative impacts on EssilorLuxottica's 2020 results affecting business activities and revenues reported in all geographies and business segments, in particular in the first semester of the year.

The financial information presented for the two years (2021 and 2020) is therefore not comparable. Consequently, 2021 performance is commented *versus* 2019.

€ millions	EssilorLuxottica ex-GV 2021 Adjusted[2]	EssilorLuxottica 2019* Adjusted[2]	Change at constant exchange rates[1]	Change at current exchange rates
Revenue	17,851	17,390	8.0%	2.7%
Cost of sales	(6,985)	(6,715)	8.7%	4.0%
GROSS PROFIT	**10,866**	**10,675**	**7.7%**	**1.8%**
% of revenue	*60.9%*	*61.4%*		
Research and development	(321)	(296)	10.3%	8.3%
Selling	(4,331)	(4,438)	2.3%	-2.4%
Royalties	(174)	(168)	9.5%	4.0%
Advertising and marketing	(1,318)	(1,240)	11.0%	6.3%
General and administrative	(1,700)	(1,712)	3.7%	-0.7%
Other income/(expenses)	5	(8)	91.4%	163.7%
Total operating expenses	**(7,839)**	**(7,862)**	**4.3%**	**-0.3%**
OPERATING PROFIT	**3,027**	**2,812**	**16.9%**	**7.6%**
% of revenue	*17.0%*	*16.2%*		
Cost of net debt	(101)	(115)	-11.0%	-12.4%
Other financial income/(expenses)	(5)	(24)	-49.0%	-78.8%
Share of profits of associates	4	(2)	279.0%	270.3%
PROFIT BEFORE TAXES	**2,925**	**2,672**	**18.9%**	**9.5%**
% of revenue	*16.4%*	*15.4%*		
Income taxes	(729)	(618)	28.1%	17.9%
Effective tax rate	*24.9%*	*23.1%*		
NET PROFIT	**2,196**	**2,054**	**16.2%**	**6.9%**
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	**2,060**	**1,938**	**16.1%**	**6.3%**

* Some reclassifications have been realized to ensure consistency with the current period presentation. Those reclassifications do not affect the *Operating profit* presented for the twelve-month period ended on December 31, 2019.

Revenue for the year totaled €17,851 million, an increase of 8.0% at constant exchange rates[1] (+2.7% at current exchange rates).

Adjusted[2] *Gross profit:* +7.7% at constant exchange rates[1] (+1.8% at current exchange rates)

Adjusted[2] *Gross profit* in 2021 ended at €10,866 million, representing 60.9% of revenue versus 61.4% in 2019. The gross margin was mostly affected by an adverse exchange rates impact and the increase in logistic costs as a consequence of the fares increase due to the COVID-19 pandemic, largely offset by favourable price/mix effect.

Adjusted[2] *Operating expenses:* +4.3% at constant exchange rates[1] (-0.3% at current exchange rates)

Adjusted[2] *Operating expenses* amounted to €7,839 million, translating to 43.9% of revenue, representing an increase of 4.3% at constant exchange rates[1] (flat at current exchange rates) versus 2019. Excluding the exchange rates impact, the Group still benefited from a good cost control of *General and administrative* expenses that fuelled marketing investments to support the online business strong performance.

The main variances related to *Operating expenses* refer to:

- *Selling* expenses amounting to €4,331 million, a decrease of €108 million compared to 2019, mainly driven by labour and occupancy cost reduction.
- *Advertising and marketing* expenses amounting to €1,318 million, increasing of approximately 11.0%, on a constant exchange rates[1] basis, due to the investments in the online business and in the initiatives aimed at enhancing brand awareness (for Varilux, Stellest, Transitions and other proprietary brands) and supporting the launch of the new Ray-Ban Stories.
- *General and administrative* expenses amounting to €1,700 million, a decrease of €12 million compared to 2019, due to exchange rates impact, savings on discretionary spending and simplification of the organization structure.

Adjusted[2] *Operating profit:* +16.9% at constant exchange rates[1] (+7.6% at current exchange rates)

The Group posted an adjusted[2] *Operating profit* of €3,027 million, representing 17.5% of revenue at constant exchange rates[1] compared to 16.2% in 2019, an increase of approximately 130 basis points.

Adjusted[2] *Cost of net debt, Other financial income / (expenses)* and *Share of profits of associates*

The adjusted[2] *Cost of net debt* decreased to €101 million in 2021 due to lower interests on lease liabilities.

Adjusted[2] *Income taxes*

EssilorLuxottica reported adjusted[2] *Income taxes* of €729 million, reflecting an adjusted[2] tax rate of 24.9% for the full year 2021 compared to an adjusted[2] tax rate of 23.1% in 2019. The main reason for the tax rate increase is the expiration, during the course of 2019, of the Italian Patent Box.

Adjusted[2] *Net profit attributable to owners of the parent:* significantly increased by +16.1% at constant exchange rates[1] (+6.3% at current exchange rates)

3. EssilorLuxottica - View *pro forma*[4]

To fully appreciate the performance of the Company resulting from the acquisition of GrandVision, 2021 *pro forma*[4] information has been prepared as if the GV Acquisition had occurred on January 1, 2021, therefore incorporating the contribution of GrandVision for the whole year (12 months).

Pro forma[4] information has been prepared for illustrative purpose only.

€ millions	**EssilorLuxottica ex-GV 2021 Adjusted[2]**	**GrandVision 2021* Adjusted[2]**	**Eliminations and other *pro forma* adjustments**	**EssilorLuxottica *pro forma*[4] 2021 Adjusted[2]**
Revenue	17,851	3,902	(256)	21,498
Cost of sales	(6,985)	(1,085)	201	(7,869)
GROSS PROFIT	**10,866**	**2,817**	**(55)**	**13,628**
% of revenue	*60.9%*	*72.2%*		*63.4%*
Total operating expenses	**(7,839)**	**(2,341)**	**22**	**(10,157)**
OPERATING PROFIT	**3,027**	**476**	**(33)**	**3,471**
% of revenue	*17.0%*	*12.2%*		*16.1%*
Cost of net debt	(101)	(27)	0	(128)
Other financial income/(expenses) **	(1)	(15)	—	(16)
PROFIT BEFORE TAXES	**2,925**	**434**	**(32)**	**3,327**
% of revenue	*16.4%*	*11.1%*		*15.5%*
Income taxes	(729)	(120)	9	(840)
Effective tax rate	*24.9%*			*25.2%*
NET PROFIT	**2,196**	**314**	**(23)**	**2,487**
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	**2,060**	**283**	**(23)**	**2,319**

* Presented excluding the contribution of the businesses disposed / to be disposed according to the remedies agreed with antitrust authorities in the context of the GV Combination.

** Including *Share of profit of associates.*

Statement of financial position, net debt, cash flows and other non-GAAP measures

EssilorLuxottica reclassified consolidated statement of financial position

The reclassified consolidated statement of financial position aggregates the amount of assets and liabilities from the consolidated statement of financial position in accordance with functional criteria which considers the Group conventionally divided into the three fundamental areas focusing on resources investments, operations and financing.

€ millions	December 31, 2021	December 31, 2020
Goodwill	29,412	22,658
Intangible assets	12,289	10,031
Property, plant and equipment	4,211	3,348
Right-of-use assets	2,930	1,753
Investments in associates	91	17
Other non-current assets	718	374
Fixed Assets	**49,651**	**38,181**
Trade working capital	**2,582**	**2,131**
Employees benefits and provisions	**(1,126)**	**(924)**
Tax receivables/(payables)	(504)	(336)
Deferred tax assets/(liabilities)	(1,956)	(1,470)
Tax assets/(liabilities)	**(2,460)**	**(1,805)**
Other operating assets/(liabilities)	**(3,020)**	**(1,809)**
Assets / (liabilities) held for sale	**69**	**—**
NET INVESTED CAPITAL	**45,695**	**35,774**
EQUITY	**35,997**	**32,798**
NET DEBT	**9,698**	**2,975**

Following the acquisition of GrandVision, EssilorLuxottica's statement of financial position as of December 31, 2021 incorporates GrandVision's acquired assets and assumed liabilities measured at their provisional fair value on the acquisition date (July 1, 2021) and their subsequent movements.

Fixed assets amount to €49,651 million and increased by €11,471 million compared to December 31, 2020. The main categories contributing to this increase are mentioned below.

i. *Goodwill*: goodwill increased by €6,754 million, of which €5,404 million arising from the acquisition of GrandVision (provisional accounting) and €1,337 million due to foreign currency fluctuations.

ii. *Intangible assets*: intangible assets increased by €2,258 million as a result of GrandVision joining the scope of consolidation (€ 2,733 million were recognized at of the acquisition date according to the provisional evaluation performed by EssilorLuxottica management), the impact of exchange rate fluctuations (€382 million) as well as additions of the period (for €250 million). These increases were partially offset by the amortization and impairment of the period (€1,128 million).

iii. *Property, plant and equipment* and *Right-of-use assets*: the overall increase of the period amounts to €2,040 million, mainly coming from the consolidation of GrandVision's assets (€455 million and €1,200 million respectively as of July 1, 2021), capital expenditure of the period (€883 million) as well as the recognition of new *Right-of use assets* in connection with lease contracts signed in 2021 (€458 million), counterbalanced by the depreciation and impairment of the period for €1,333 million.

Trade working capital (i.e. the sum of inventories, trade receivables and trade payables) increased by €450 million compared to December 31, 2020, following, on one side the integration of GrandVision's trade working capital, while on the other side to the rebound of the business activities as well as the effects of foreign currency fluctuations.

The movement in *Deferred tax assets / (liabilities)* compared to the balance as of December 31, 2020 is also mainly due to the recognition of deferred tax liabilities on the assets recognize in the context of the GV Acquisition.

Assets / (liabilities) held for sale amount to €69 million, being the net assets value of the business to be disposed according to the remedies agreed with the European Commission in the context of the acquisition of GrandVision.

Equity increased mainly as a result of foreign currency fluctuations (approximately €1,871 million) and for the net result of the period (€1,613 million); its balance was also affected by the dividend distribution of the period that led to a decrease of €237 million, of which €138 million paid to EssilorLuxottica's shareholders who did not opt for the scrip dividend (see paragraph *Significant events of the year*) and €100 million distributed to minorities shareholders of the Group's subsidiaries. Share-based payments also affected the final balance (€136 million increase) as well as the net sale/(net purchase) of treasury shares (€302 million decrease).

Net debt increased by €6,723 million compared to December 31, 2020 as illustrated in the dedicated paragraph.

Other non-GAAP measures

Other non-GAAP measures such as Net debt, Free Cash Flow, EBITDA and the ratio Net debt to EBITDA are also included in this document in order to:

- improve transparency for investors;
- assist investors in their assessment of the Group’s operating performance and its ability to refinance its debt as it matures and incur additional indebtedness to invest in new business opportunities;
- assist investors in their assessment of the Group’s cost of debt;
- ensure that these measures are fully understood in light of how the Group evaluates its operating results and leverage;
- properly define the metrics used and confirm their calculation; and
- share these measures with all investors at the same time.

Those other non-GAAP measures are not meant to be considered in isolation or as a substitute for items appearing in EssilorLuxottica’s consolidated financial statements prepared in accordance with IFRS. Rather, these other non-GAAP measures should be used as a supplement to IFRS results to assist the reader in better understanding the operating performance of the Group. Moreover, investors should be aware that the Group's method of calculating those non-GAAP measures may differ from that used by other companies.

The following table provides a reconciliation of those non-GAAP measures to the most directly comparable IFRS financial measures.

€ millions	2021	2020	2019
Net cash flow provided by operating activities [a]	4,545	2,953	3,299
Purchase of property, plant and equipment and intangible assets [a]	(1,030)	(650)	(903)
Cash payments for the principal portion of lease liabilities [a]	(722)	(461)	(571)
FREE CASH FLOW	**2,792**	**1,842**	**1,825**
Operating profit [b]	2,432	452	1,678
Depreciation, amortization and impairment [c]	2,796	2,155	2,148
EBITDA	**5,228**	**2,607**	**3,826**
NET DEBT [d]	**9,698**	**2,975**	**4,046**
NET DEBT/EBITDA LTM [e]	**1.9**	**1.1**	**1.1**

(a) As presented in the consolidated statement of cash flows.
(b) As presented in the consolidated statement of profit or loss, except for 2021 where *pro forma*[4] information is shown.
(c) As presented in the consolidated statement of cash flows, except for 2021 where *pro forma*[4] information is shown.
(d) Net debt is presented in Note 22 – *Financial debt, including lease liabilities* of the Notes to the consolidated financial statements. Its components are also reported in the *Net debt* paragraph below.
(e) EBITDA LTM = Last Twelve Months.

Net debt

Group *Net debt (excluding Lease liabilities)* amounted to €6,630 million at the end of December 2021, increasing by €5,593 million compared to the position at the end of December 2020.

€ millions	December 31, 2021	December 31, 2020
Non-current borrowings	8,913	9,324
Current borrowings	1,036	633
TOTAL LIABILITIES	**9,950**	**9,957**
Short-term investments	—	(200)
Cash and cash equivalents	(3,293)	(8,683)
TOTAL ASSET	**(3,293)**	**(8,883)**
Interest Rate Swap measured at fair value	(21)	(36)
Foreign exchange derivatives at fair value	(4)	—
NET DEBT EXCLUDING LEASE LIABILITIES	**6,630**	**1,038**
Lease liabilities (current and non-current)	3,068	1,938
NET DEBT	**9,698**	**2,975**

The increase in *Net debt (excluding Lease liabilities)* is almost entirely due to the use of cash and cash equivalents as well as short-term investments in the context of the GV Acquisition. As mentioned in the paragraph *Significant events of the year*, on July 1, 2021, approximately €5.5 billion of the cash available at the end of December 2020 was used to acquired 76.72% of the issued ordinary shares of GrandVision. Subsequent transactions in GrandVision shares were completed during the course of the second semester of the year leading to an additional cash out of approximately €1.7 billion.

The increase in Lease liabilities is mainly due to the consolidation of GrandVision's liabilities (€1,166 million as of July 1, 2021).

Reclassified consolidated statement of cash flows

The reclassified consolidated statement of cash flows reconciles the EBITDA to the net cash flow generated by the Group highlighting the cash flow derived from its operations (*Free Cash Flow*).

As consequence of the combination between EssilorLuxottica and GrandVision (occurred on July 1, 2021), the Company's performance shown for 2021 includes GrandVision's results of the second half of the year.

The sound performance of the Group in 2021 led to a strong cash generation, higher than in the pre-pandemic context; the *Free Cash Flow* generated by the Group increased to €2,792 million from €1,842 million and €1,825 million generated in 2020 and 2019 respectively. The contribution of GrandVision to the free cash flow generation in 2021 amounted to €162 million.

€ millions	**2021**	**2020**	**2019**
EBITDA	**4,787**	**2,607**	**3,826**
Changes in trade working capital [(a)]	(197)	432	(82)
Capital expenditure	(1,030)	(650)	(903)
Lease payments (excluding interests) [(b)]	(722)	(461)	(571)
Other cash flow from operations	(46)	(86)	(445)
FREE CASH FLOW	**2,792**	**1,842**	**1,825**
Dividends paid	(242)	(561)	(959)
Acquisitions net of cash acquired	(7,078)	(133)	(370)
Other changes in equity	(350)	(217)	(596)
Other changes in financial and non-financial assets	49	302	(421)
Changes in borrowings (excluding FX)	(726)	2,737	3,506
NET CASH FLOW	**(5,555)**	**3,970**	**2,985**

(a) *Trade working capital* comprises inventories, trade receivables and trade payables.

(b) *Cash payments for the principal portion of lease liabilities* as presented in the consolidated statement of cash flows.

Capital expenditure cash-out amounted to €1,030 million, representing approx. 5% of the Group's revenue.

The line *Acquisition net of cash acquired* represents the net cash-out related to business combinations completed during the year and, to a less extent, price supplements and/or deferred payments on acquisitions completed in prior years. In 2021, the amount was almost entirely related to the acquisition of GrandVision (described in the paragraph *Significant events of the year*) net of GrandVision's cash and cash equivalents acquired on July 1, 2021.

The line *Other changes in equity* includes, among the others, the effects of transactions with non-controlling interest (€68 million in 2021, €94 million in 2020 and €628 million in 2019 when the cash-out related to the final phases of the Mandatory Tender Offer over Luxottica's shares occurred) as well as the cash-out related to the share buyback program (€335 million in 2021, €159 million in 2020) compensated by the cash in related to share capital increases.

The flows reported in *Other changes in financial and non-financial assets* in 2021 mainly refers to €75 million investment in Mazzucchelli 1842 SpA (associate) as well as €100 million financial investments in other non-consolidated companies, counterbalanced by the re-investment of a short-term cash deposit in cash equivalent instruments (€200 million).

Finally, the line *Changes in borrowings (excluding FX)* was manly affected by the reimbursement of a €500 million bond due in April 2021.

Acquisitions and partnerships

On July 1, 2021, EssilorLuxottica completed its acquisition of a 76.72% ownership interest in GrandVision from Hal Optical Investments B.V. ("HAL"), a wholly-owned subsidiary of HAL Holding, pursuant to the block trade agreement entered into with HAL on July 30, 2019 (see details in the paragraph *Acquisition of GrandVision*). Subsequent transactions in GrandVision's shares followed in the course of the second semester of the year (as of December 31, 2021 EssilorLuxottica directly held 99.84% of GrandVision's share capital, 99.89% of the issued and outstanding shares of GrandVision).

In addition, during the course of the year, EssilorLuxottica continued to purse its M&A strategy in selected businesses and geographies.

Investments made in 2021 and planned for 2022

€ millions	2021	2020	2019
Property, plant and equipment and intangible assets *(gross of disposals)*	1,030	650	903
Depreciation, amortization and impairment	2,461	2,155	2,148
Financial investments net of cash acquired	7,078	133	370
Purchase / (sale) of treasury shares	317	159	0

Capital expenditure

In 2021, EssilorLuxottica cash-out related to capital expenditures amounted to €1,030 million (5.2% on revenue) and increased approximately by €130 million compared to 2019, due to strong investments in the retail business (including GrandVision's investments of the second semester of the year) and operations (mostly related to new production and distribution plants).

Financial investments

Financial investments net of cash acquired amounted to €7,078 million in 2021 compared to €133 million in 2020. These amounts represent the net cash-out related to business combinations completed during the year and, to a less extent, price supplements and/or deferred payments on acquisitions completed in prior years. In 2021, the amount was almost entirely related to the acquisition of GrandVision (described in the paragraph *Significant events of the year*) net of GrandVision's cash and cash equivalents acquired on July 1, 2021. In 2020 the amount included the net cash-out related to the acquisition of Optical House, the leader in the optical market in Ukraine, Premier Ophthalmic Services LLC in US and Miraflex SAS in Colombia.

Moreover, in 2021, the Company acquired 2 million EssilorLuxottica shares in the context of the share buyback program announced on August 31, 2021 (see paragraph *Significant events of the year*) for an average price per share of €166.72 and a total cash-out amounting to €335 million (including bank and other fees). The shares acquired are intended to be awarded or transferred to employees and corporate directors of EssilorLuxottica and its subsidiaries, especially in the context of profit-sharing plans, bonus and performance share awards, stock option plans, and employee share ownership plan.

Main future investments

In 2022, the Group will re-start investing strongly in the evolution of its retail network (enlarged by the acquisition of GrandVision), its manufacturing capacities, IT and technology platforms to facilitate the integration.

Subsequent events

New member of EssilorLuxottica's Board of Directors

On January 20, 2022, EssilorLuxottica's Board of Directors appointed Virginie Mercier Pitre as a new Director. This followed her recent nomination as the new President of Valoptec Association, the independent Association of EssilorLuxottica's employee shareholders. Her nomination to the Board of Directors will be submitted to the shareholders vote for ratification at the next EssilorLuxottica Annual General Meeting on 25 May 2022. Upon joining the Board of Directors, Mrs. Mercier Pitre will also be part of its CSR Committee.

Mrs. Mercier Pitre replaces on the Board of Directors Juliette Favre, who was President of Valoptec Association from 2015 to 2021 and served three terms on the Valoptec Board, which is the maximum allowed by the Association bylaws.

Share buyback program

On February 1, 2022, EssilorLuxottica announced the launch of a share buyback program reflecting the Group's confidence in its value creation and long-term prospects.

With a view to implementing this share buyback program, EssilorLuxottica granted a mandate to an investment services provider for the purchase of up to 1,500,000 EssilorLuxottica shares, depending on market conditions, over a period starting from February 1, 2022, up until March 31, 2022.

1,500,000 EssilorLuxottica's shares have been acquired from February 1 to February 8, 2022 at an average price of €174.14 per share.

The shares so acquired are intended to be awarded or transferred to employees and corporate directors of EssilorLuxottica and affiliated companies, especially in the context of profit-sharing plans, bonus and performance share awards, stock option plans, and employee share ownership plan.

EssilorLuxottica launched this share buyback program in accordance to the 10th resolution approved by the Annual General Meeting of 21 May 2021.

EssilorLuxottica closes acquisition of Walman

On March 1, 2022, EssilorLuxottica announced the closing of its acquisition of US based lab network Walman Optical, a leading lab partner to vision care practices around the country. First announced in March 2021, the acquisition will draw on EssilorLuxottica's focus on product and service innovation to create growth opportunities for Walman Optical.

European divestment

On March 2, 2022, EssilorLuxottica, GrandVision and Vision Group, one of the largest distribution networks for Italian opticians and a retail player under the VisionOttica banner, announced that the companies have completed the transaction for Vision Group to acquire the VistaSì chain in Italy, including the brand and all the 99 stores, and 75 GrandVision stores in the country.

This follows the commitments agreed upon with the European Commission on March 23, 2021, as part of the acquisition of GrandVision by EssilorLuxottica. EssilorLuxottica, GrandVision and Vision Group confirmed that European Commission has approved the transaction.

Notes

1 Constant exchange rates: figures at constant exchange rates have been calculated using the average exchange rates in effect for the corresponding period in the relevant comparative year.

2 Adjusted measures or figures: adjusted from the expenses or income related to the combination of Essilor and Luxottica (the "EL Combination"), the acquisition of GrandVision (the "GV Acquisition" or "GV Combination") and other transactions that are unusual, infrequent or unrelated to the normal course of business as the impact of these events might affect the understanding of the Group's performance.

3 Comparable (revenue): comparable revenue includes, for all periods presented, the contribution of GrandVision's revenue to EssilorLuxottica as if the combination between EssilorLuxottica and GrandVision (the "GV Acquisition" or "GV Combination"), as well as the disposals of businesses required by antitrust authorities in the context of the GV Acquisition, had occurred on January 1, 2019. Comparable revenue has been prepared for illustrative purpose only with the aim to provide comparable information.

4 *Pro forma*: *pro forma* information as presented in the Unaudited *Pro Forma* Consolidated Financial Information. The Unaudited *Pro Forma* Consolidated Financial Information has been prepared for illustrative purpose only as if the acquisition of GrandVision had occurred on January 1, 2021. That information does not take into account the results of operations and financial condition that EssilorLuxottica would have achieved if the acquisition of GrandVision had actually been realized on January 1, 2021; there can be no assurance that the assumptions used to prepare the Unaudited *Pro Forma* Consolidated Financial Information are accurate in all respects or that the result disclosed in the Unaudited *Pro Forma* Consolidated Financial Information are indicative of the future performance of EssilorLuxottica. As a result, EssilorLuxottica's performance in the future may differ materially from that presented in the Unaudited *Pro Forma* Consolidated Financial Information. For a reconciliation between adjusted *pro forma* measures and their most comparable measures reported in the IFRS consolidated financial statements, please refer to the reconciliation table provided in Appendix 3.

5 Comparable-store sales: reflect, for comparison purposes, the change in sales from one period to another by taking into account in the more recent period only those stores already open during the comparable prior period. For each geographic area, the calculation applies the average exchange rate of the prior period to both periods.

Appendix 1 - Comparable revenue

Comparable[3] revenue includes the contribution of GrandVision's revenue to EssilorLuxottica as if the combination between EssilorLuxottica and GrandVision (the "GV Acquisition" or "GV Combination"), as well as the disposals of businesses required by antitrust authorities in the context of the GV Acquisition, had occurred at the beginning of the year. Comparable[3] revenue has been prepared for illustrative purpose.

By operating segment

€ millions	**Professional Solutions**	**Direct to Consumer**	**2021**
Comparable revenue 1Q	2,439	2,407	4,846
Comparable revenue 2Q	2,705	2,903	5,607
Comparable revenue 1H (Jun YTD)	**5,144**	**5,310**	**10,453**
Comparable revenue 3Q	2,577	2,888	5,465
Comparable revenue Sep YTD	**7,720**	**8,198**	**15,918**
Comparable revenue 4Q	2,678	2,901	5,579
Comparable revenue 2H	**5,255**	**5,790**	**11,044**
Comparable revenue Dec YTD	**10,399**	**11,099**	**21,498**

By geographical area

€ millions	**North America**	**EMEA**	**Asia-Pacific**	**Latin America**	**2021**
Comparable revenue 1Q	2,216	1,755	639	236	4,846
Comparable revenue 2Q	2,627	2,110	620	251	5,607
Comparable revenue 1H (Jun YTD)	**4,843**	**3,864**	**1,258**	**487**	**10,453**
Comparable revenue 3Q	2,497	2,101	577	289	5,465
Comparable revenue Sep YTD	**7,340**	**5,966**	**1,836**	**776**	**15,918**
Comparable revenue 4Q	2,528	1,987	706	359	5,579
Comparable revenue 2H	**5,025**	**4,088**	**1,283**	**648**	**11,044**
Comparable revenue Dec YTD	**9,868**	**7,953**	**2,542**	**1,136**	**21,498**

Appendix 2 - Excerpts from Consolidated Financial Statements

Consolidated statement of profit or loss

€ millions	**2021**	**2020** [(a)]
Revenue	19,820	14,429
Cost of sales	(7,589)	(6,242)
GROSS PROFIT	**12,231**	**8,187**
Research and development	(579)	(552)
Selling	(5,700)	(4,182)
Royalties	(174)	(134)
Advertising and marketing	(1,534)	(1,156)
General and administrative	(1,982)	(1,711)
Other income/(expenses)	64	0
Total operating expenses	**(9,905)**	**(7,735)**
OPERATING PROFIT	**2,326**	**452**
Cost of net debt	(111)	(119)
Other financial income/(expenses)	(19)	(22)
Share of profits of associates	3	1
PROFIT BEFORE TAXES	**2,200**	**313**
Income taxes	(587)	(164)
NET PROFIT	**1,613**	**149**
of which attributable to:		
• owners of the parent	1,463	85
• non-controlling interests	150	64
Weighted average number of shares outstanding:		
• basic	438,815,944	435,868,811
• diluted	445,467,194	439,003,665
Earnings per share (EPS) for net profit attributable to owners of the parent (*in euro*):		
• basic	3.33	0.19
• diluted	3.28	0.19

(a) Some reclassifications have been realized to ensure consistency with the current period presentation. Those reclassifications do not affect the *Operating profit* presented for the twelve-month period ended on December 31, 2020.

Consolidated statement of financial position

Assets

€ millions	December 31, 2021	December 31, 2020
Goodwill	29,412	22,658
Intangible assets	12,289	10,031
Property, plant and equipment	4,211	3,348
Right-of-use assets	2,930	1,753
Investments in associates	91	17
Other non-current assets	718	374
Deferred tax assets	498	418
TOTAL NON-CURRENT ASSETS	**50,149**	**38,598**
Inventories	2,445	1,930
Trade receivables	2,355	2,066
Tax receivables	301	195
Other current assets	804	847
Cash and cash equivalents	3,293	8,683
TOTAL CURRENT ASSETS	**9,198**	**13,720**
Assets held for sale	82	—
TOTAL ASSETS	**59,428**	**52,318**

Consolidated statement of financial position

Equity and liabilities

€ millions	December 31, 2021	December 31, 2020
Share capital	80	79
Share premium reserve	22,381	22,012
Treasury shares reserve	(231)	(201)
Other reserves	11,494	10,294
Net profit attributable to owners of the parent	1,463	85
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	**35,186**	**32,268**
Equity attributable to non-controlling interests	811	530
TOTAL EQUITY	**35,997**	**32,798**
Non-current borrowings	8,913	9,324
Non-current lease liabilities	2,230	1,411
Employee benefits	537	484
Non-current provisions	222	170
Other non-current liabilities	143	73
Deferred tax liabilities	2,454	1,887
TOTAL NON-CURRENT LIABILITIES	**14,500**	**13,349**
Current borrowings	1,036	633
Current lease liabilities	837	527
Trade payables	2,218	1,864
Tax payables	805	530
Current provisions	367	271
Other current liabilities	3,655	2,346
TOTAL CURRENT LIABILITIES	**8,919**	**6,171**
Liabilities held for sale	13	—
TOTAL EQUITY AND LIABILITIES	**59,428**	**52,318**

Consolidated statement of cash flows

€ millions	2021	2020
NET PROFIT	**1,613**	**149**
Depreciation, amortization and impairment	2,461	2,155
(Gains)/losses from disposal of assets	2	6
Expense arising from share-based payments	160	156
Income taxes	587	164
Finance result, net	130	140
Other non-cash items	(31)	(22)
Changes in provisions	38	63
Changes in trade working capital	(197)	432
Changes in other operating receivables and payables	526	178
Taxes paid, net	(618)	(356)
Interest paid, net	(125)	(112)
NET CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES	**4,545**	**2,953**
Purchase of property, plant and equipment and intangible assets	(1,030)	(650)
Disposal of property, plant and equipment and intangible assets	16	8
Acquisitions of businesses, net of cash acquired	(7,078)	(133)
Changes in other non-financial assets	(64)	8
Changes in other financial assets	97	287
NET CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES	**(8,060)**	**(480)**
Share capital increase	34	36
(Purchase)/sale of treasury shares	(317)	(159)
Dividends paid:		
• to the owners of the parent	(138)	(503)
• to non-controlling interests	(105)	(59)
Transactions with non-controlling interests	(67)	(94)
Cash payments for principal portion of lease liabilities	(722)	(461)
Issuance of bonds, private placements and other long-term debts	57	2,981
Repayment of bonds, private placements and other long-term debts	(800)	—
Changes in other current and non-current borrowings	18	(244)
NET CASH FLOWS PROVIDED BY/(USED IN) FINANCING ACTIVITIES	**(2,040)**	**1,498**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(5,555)**	**3,970**
Cash and cash equivalents at the beginning of the financial year	8,683	4,836
Effects of exchange rate changes on cash and cash equivalents	166	(123)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	**3,293**	**8,683**

Appendix 3 - *Pro forma* information

The Unaudited *Pro Forma* Consolidated Financial Information has been prepared for illustrative purpose only as if the acquisition of GrandVision had occurred on January 1, 2021. That information does not take into account the results of operations and financial condition that EssilorLuxottica would have achieved if the acquisition of GrandVision had actually been realized on January 1, 2021; there can be no assurance that the assumptions used to prepare the Unaudited *Pro Forma* Consolidated Financial Information are accurate in all respects or that the result disclosed in the Unaudited *Pro Forma* Consolidated Financial Information are indicative of the future performance of EssilorLuxottica. As a result, EssilorLuxottica's performance in the future may differ materially from that presented in the Unaudited *Pro Forma* Consolidated Financial Information.

The reconciliation between adjusted[2] *pro forma* measures and their most comparable measures reported in the IFRS consolidated financial statements is presented below.

€ millions	**EssilorLuxottica 2021**	**GrandVision H1 2021**	**Eliminations***	**Other *pro forma* adjustments**	**EssilorLuxottica *pro forma*[4] 2021**	**Adjustments related to PPA impacts**	**Other non-GAAP adjustments**	**EssilorLuxottica *pro forma*[4] 2021 Adjusted[2]**
Revenue	19,820	1,891	(214)	—	21,498	—	—	21,498
Cost of sales	(7,589)	(529)	158	—	(7,960)	38	53	(7,869)
GROSS PROFIT	**12,231**	**1,363**	**(55)**	**—**	**13,538**	**38**	**53**	**13,628**
% of revenue	*61.7%*	*72.0%*			*63.0%*			*63.4%*
Total operating expenses	**(9,905)**	**(1,074)**	**50**	**(177)**	**(11,106)**	**819**	**130**	**(10,157)**
OPERATING PROFIT	**2,326**	**289**	**(6)**	**(177)**	**2,432**	**856**	**182**	**3,471**
% of revenue	*11.7%*	*15.3%*			*11.3%*			*16.1%*
Cost of net debt	(111)	(16)	0	—	(127)	0	—	(128)
Other financial income/(expenses) **	(15)	2	(3)	—	(17)	—	—	(16)
PROFIT BEFORE TAXES	**2,200**	**274**	**(8)**	**(177)**	**2,289**	**856**	**182**	**3,327**
% of revenue	*11.1%*	*14.5%*			*10.6%*			*15.5%*
Income taxes	(587)	(43)	1	21	(608)	(170)	(62)	(840)
NET PROFIT	**1,613**	**231**	**(7)**	**(156)**	**1,680**	**686**	**121**	**2,487**
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	**1,463**	**215**	**(7)**	**(153)**	**1,518**	**682**	**119**	**2,319**

* Elimination of the contribution of the businesses disposed / to be disposed according to the remedies agreed with antitrust authorities in the context of the GV Combination as well as of the effects of intercompany transactions between EssilorLuxottica and GrandVision.

** Including *Share of profit of associates*.