EssilorLuxottica

FY 2022 Results

Year of records in sales, operating and net profit

All regions and segments contributing

Progressing on all social and sustainability initiatives

- **Group's sales at Euro 24.5 billion in FY 2022, up 13.9% vs 2021 in comparable[3] terms**
- **Adjusted[2] operating margin at 16.8% in FY 2022, up 70bps vs *pro forma*[4] FY 2021**
- **Group's comparable-store sales[5] up 7.7% in FY 2022, ex-GrandVision outperformed at +9.3%**
- **Investment in capex and M&A to strengthen the business model**
- **Free cash flow[6] at Euro 2.26 billion in FY 2022**
- **Dividend proposed at Euro 3.23 per share, up 29% vs FY 2021**
- **Comparable revenue[3] up 9.4% in Q4 2022, +3.9% at constant exchange rates[1]**
- **Appointment of Jean-Luc Biamonti as lead director**

Charenton-le-Pont, France (February 23, 2023 - 7:00 am) – The Board of Directors of EssilorLuxottica met on February 22, 2023 to approve the consolidated financial statements for the year ended December 31, 2022. These financial statements were audited by the Statutory Auditors whose audit report is in the process of being issued.

Francesco Milleri, Chairman and CEO, and Paul du Saillant, Deputy CEO at EssilorLuxottica commented:

"From record sales of 24.5 billion to groundbreaking product innovations, EssilorLuxottica delivered on the promise of a strong, unified company in 2022. Our late Chairman, Leonardo Del Vecchio, would have been proud to see the new heights we reached in every geography and the growing bonds between our people and customers. It is with these deep connections in mind that our thoughts today go to our employees and partners in Turkey, and all those impacted by the devastating earthquakes in Turkey and Syria.

In 2022, we strengthened our open, collaborative business model, while completing important acquisitions such as Walman in North America and Shamir in Israel, and continuing to invest in quality eyecare and eyewear for the benefit of the entire market. At the same time, we continued to showcase our unique innovation capability, through new sustainable collections and the ongoing deployment of new lens products and categories.

In the face of ongoing macroeconomic uncertainties, we remained focused on our strategic levers: the vertical integration of our business, the embedding of big data in any corporate decision, our global footprint, and the deployment of our sustainability program Eyes on the Planet. In 2022, we also confirmed our long-term commitment to our mission by launching the largest vision care foundation in the world. All these key factors, combined with our nearly 200,000 talented employees, will enable us to achieve continued growth in the years ahead."

Financial & Operational Highlights

Due to the structure of 2021 consolidated statement of profit or loss, which includes GrandVision's results and the effects resulting from the combination accounting only for the second semester of the year, management deemed relevant to comment the Group's performance of the year 2022 versus the *pro forma*[4] information of the year 2021. Moreover, consistently with the past financial communication and in order to allow a proper comparison with the long-term outlook, the Group is presenting adjusted[2] measures in addition to the ones directly stemming from the IFRS consolidated financial statements.

P&L KEY ADJUSTED[2] DATA *Euro millions*	**FY 2022 Adjusted [2]**	**FY 2021 Adjusted [2] *Pro forma* [4]**	**Change at constant exchange rates[1]**	**Change at current exchange rates**
Revenue	24,494	21,498	+7.5%	+13.9%
Gross Profit	15,606	13,628	+8.3%	+14.5%
% of revenue	*63.7%*	*63.4%*		
Operating Profit	4,115	3,471	+10.9%	+18.5%
% of revenue	*16.8%*	*16.1%*		
Group Net Profit	2,860	2,319	+15.4%	+23.3%
% of revenue	*11.7%*	*10.8%*		

P&L KEY DATA *Euro millions*	**FY 2022**	**FY 2021***	**Change at constant exchange rates[1]**	**Change at current exchange rates**
Revenue	24,494	19,820	+16.6%	+23.6%
Gross Profit	15,583	12,231	+20.5%	+27.4%
Operating Profit	3,157	2,307	+26.5%	+36.8%
Group Net Profit	2,152	1,448	+37.2%	+48.6%
EPS basic (Euro)	4.87	3.30		
EPS diluted (Euro)	4.83	3.25		

* The comparative period has been restated to reflect the finalization of the purchase price allocation ("PPA") related to the acquisition of GrandVision, which was accounted for on a provisional basis in EssilorLuxottica consolidated financial statements as of and for the year ended December 31, 2021.

EssilorLuxottica

Group revenue by segment and region

Euro millions	FY 2022	FY 2021[3]	Change at constant exchange rates[1]	Change at current exchange rates
Professional Solutions	11,770	10,399	+6.3%	+13.2%
Direct to Consumer	12,724	11,099	+8.6%	+14.6%
TOTAL REVENUE	**24,494**	**21,498**	**+7.5%**	**+13.9%**

Euro millions	Q4 2022	Q4 2021[3]	Change at constant exchange rates[1]	Change at current exchange rates
Professional Solutions	2,905	2,678	+2.8%	+8.5%
Direct to Consumer	3,201	2,901	+4.9%	+10.3%
TOTAL REVENUE	**6,106**	**5,579**	**+3.9%**	**+9.4%**

Euro millions	FY 2022	FY 2021[3]	Change at constant exchange rates[1]	Change at current exchange rates
North America	11,492	9,868	+4.0%	+16.5%
EMEA	8,749	7,953	+11.2%	+10.0%
Asia-Pacific	2,842	2,542	+7.2%	+11.8%
Latin America	1,410	1,136	+13.1%	+24.2%
TOTAL REVENUE	**24,494**	**21,498**	**+7.5%**	**+13.9%**

Euro millions	Q4 2022	Q4 2021[3]	Change at constant exchange rates[1]	Change at current exchange rates
North America	2,892	2,528	+2.7%	+14.4%
EMEA	2,086	1,987	+6.2%	+5.0%
Asia-Pacific	731	706	+3.1%	+3.5%
Latin America	398	359	+0.6%	+10.6%
TOTAL REVENUE	**6,106**	**5,579**	**+3.9%**	**+9.4%**

In 2022 EssilorLuxottica delivered another year of revenue growth and margin expansion, thanks to the effective execution of its strategic vision and integration journey, on track with its long-term financial roadmap (summarized by the 2022-26 targets), as outlined by the management at the Capital Market Day, last year in September in Milan. In line with its calling to be the industry's leading innovator, 2022 has also been a year rich of novelties on its key categories: from the latest evolution coatings of Crizal and Shamir and the successful third-year clinical trial of Stellest to the first Ray-Ban Wayfarer sustainable collection and the new license agreements with Brunello Cucinelli, Ferrari and Swarovski on top of the record 15-year renewal of Armani. The recent launch of the new generation Varilux XR Series powered by artificial intelligence also made for a bold start into 2023.

The fourth quarter of last year grew in revenue by 3.9% at constant exchange rates[1], still a sound pace even though the slowest of the year, mostly due to the challenging comparison base with the best quarter of 2021, when comparable[3] revenue rose 11.0% vs Q4 2019 at constant exchange rates[1]. The full year closed at Euro 24,494 million revenue, up 7.5% at constant exchange rates[1] versus *pro forma*[4] 2021. In the light of the macro headwinds of the period, such a solid performance proves once again that the global reach, the open model and the progressing integration of the Group are all paying off.

EMEA was the best performing region in the fourth quarter, up 6.2% in revenue at constant exchange rates[1] thanks to the sound pace of France, Italy, Spain, the UK and Scandinavia. In North America revenue was up 2.7% at constant exchange rates[1] against the tough fourth quarter of 2021 when revenue rose +13.9% versus 2019, with Professional Solutions sustained by the lens business and a solid price-mix and Direct to Consumer growing despite a challenging comparison base. Revenue in Asia-Pacific and Latin America advanced by 3.1% and 0.6% at constant exchange rates[1], at a lower pace due to the negative impact of the COVID-19 policy in Mainland China and just flattish business trend in Brazil.

As for the operating segments, in the fourth quarter Direct to Consumer led the Group's top line growth, with revenue up 4.9% at constant exchange rates[1]. The retail brick-and-mortar comparable-store sales[5] rose approximately 4%, slowing down versus Q3 mostly due to a challenging comparison base. Professional Solutions rose 2.8% at constant exchange rates[1] mainly driven by the solid performance of EMEA and an acceleration in North America.
E-commerce decelerated in the last quarter of the year, up only 1% mostly due to a tough comparison base. Overall, the online business represented 7% of the Group's turnover in the full year.

As for the Group's profitability, the adjusted[2] gross profit amounted to Euro 15,606 million in the full year, reaching 63.7% of revenue, 30 basis points higher than *pro forma*[4] FY 2021 (or 40 basis points at constant exchange rates[1]), that is a remarkable performance given the impact of inflation on the input costs, namely labor, energy, freight and raw materials.
The adjusted[2] operating profit reached Euro 4,115 million in the full year, representing 16.8% of revenue, compared to 16.1% in *pro forma*[4] FY 2021, a margin expansion of 70 basis points (or 60 basis points at constant exchange rates[1]), despite the material increase of the labor cost, due to the inflationary pressure on wages globally.
The adjusted[2] Group net profit amounted to Euro 2,860 million in the full year, increasing by 15.4% at constant exchange rates[1] compared to *pro forma*[4] FY 2021, accounting this year for 11.7% of revenue.
The operating profit and the Group net profit directly stemming from the IFRS consolidated financial statements amounted to Euro 3,157 million and Euro 2,152 million respectively in the full year.
The consolidated free cash flow[6] amounted to Euro 2,256 million in the full year.

The Company ended the year with Euro 1.96 billion in cash and cash equivalents and a net debt[7] of Euro 10.25 billion (including Euro 3.18 billion lease liabilities) compared to a net debt[7] of Euro 9.70 billion at the end of December 2021.

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Storecount on December 31, 2022

	North America	EMEA	Asia-Pacific	Latin America	Corporate Stores	Franchising & Other	Total Storecount
Sunglass Hut	1,682	621	297	415	3,015	189	3,204
LensCrafters	1,012		81		1,093	5	1,098
Apollo Optik		680			680	220	900
Vision Express		664			664	160	824
Target Optical	562				562		562
MasVision		72		468	540	9	549
Pearle		497			497	223	720
GMO				421	421		421
Générale d'Optique		386			386	294	680
OPSM			371		371	28	399
Atasun		295			295	31	326
Oakley	184	12	73	20	289	81	370
Ray-Ban	32	47	131	41	251		251
Salmoiraghi & Viganò		249			249	28	277
Synoptik		248			248		248
GrandOptical		233			233	78	311
Optical House		221			221		221
GrandVision		205		12	217		217
Mujosh			138		138	401	539
Pearle Vision	110				110	462	572
MultiOpticas		106			106	112	218
Aojo			93		93	227	320
Bolon			50		50	157	207
Óticas Carol				24	24	1,428	1,452
All Others	252	1,508	132	738	2,630	171	2,801
Total EssilorLuxottica	**3,834**	**6,044**	**1,366**	**2,139**	**13,383**	**4,304**	**17,687**

Long-Term Outlook

The Company confirms its target of mid-single-digit annual revenue growth from 2022 to 2026 at constant exchange rates[1] (based on 2021 *pro forma*[4] revenue) and expects to achieve an adjusted[2] operating profit as a percentage of revenue in the range of 19-20% at the end of that period.

Dividend

The Board of Directors will recommend that shareholders, at the Annual Meeting to be held on May 17, 2023, approve the payment of a dividend of Euro 3.23 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 22, 2023 and the dividend will be paid – or the shares issued – as from June 13, 2023.

Buyback

At end of 2022, the Company holds 2,360,650 of its own shares (0.5% of the share capital), having bought 2,987,123 shares as part of the buy-back programs launched throughout 2022.

Employee Shareholding

The total number of the Group’s active employee shareholders, distributed in 85 countries, is currently 72,000, from 67,000 in 2021 and 63,000 in 2020. The “Boost 2022” international shareholding plan reached a subscription rate of 65%, with 58,000 eligible employees subscribing shares.
This reflects the team's confidence in the Company's strategy and performance. Employee Shareholding is a cornerstone of EssilorLuxottica’s culture, aligning employees’ interests with those of the Group and other shareholders.

Lead Director

The Board of Directors decided to appoint Jean-Luc Biamonti as lead director, following the announcement made on June 28, 2022 to examine the benefits of making such an appointment among the independent directors.

Mission

In 2022 EssilorLuxottica, in line with its ambition to help eliminate uncorrected poor vision, established the OneSight EssilorLuxottica Foundation, the largest foundation in the world driving inclusive vision care access. Thanks to the support of the Foundation and its partners, including governments, NGOs, like-minded private sector organizations and Group employees, this year 110 million people gained access to sustainable access to vision care, nearly 10.5 million wearers were created in developing communities, 10 new vision centers were opened and over 3,000 access points were created – bringing vision care to developing communities where it did not exist before.

EssilorLuxottica continued to be recognized globally for the positive impact it makes. In China, the Company also received the 2021 Responsible Brand award, the 2021 Excellent CSR Project, 2022 Chief Responsibility Officer and 2022 Outstanding Community Service of Public Health awards.
In Singapore, EssilorLuxottica was awarded the 'Champion of Good' award for the third year running. Of the 112 corporations in Singapore recognized this year, EssilorLuxottica was the only one from the vision care space, showcasing our position as leader in the industry.
Our excellence in social impact innovation with our Eye Rafiki training program in Africa was also recognized, having been awarded the 'Brandon Hall Group Gold Award'.

In the fourth quarter, the Group celebrated World Sight Day through a global awareness campaign, 'The Right to See', and a series of activations providing more than 400,000 adults and children with vision care services. Planned free vision screenings and clinics were held all over the world in North America, Europe, Africa, India, Greater China, South-East Asia and Australia, to provide access to eye care and glasses to those in need.

Since 2013, EssilorLuxottica has created sustainable access to vision care for over 585 million people in underserved communities, established more than 22,800 primary vision care access points and created 58 million wearers for the industry. The Group has organized or supported vision care projects for underserved communities in 114 countries to date.

Building on this momentum, the Foundation will continue to scale up and accelerate global action, supporting the United Nations' 'Vision for Everyone' resolution that is aimed at providing eye care services for the globe's population by 2030. To realize those goals, the Foundation will prioritize creating sustainable access points, innovating for affordable solutions, funding subsidized and free services, advocacy and awareness, driving engagement, and creating partnerships to enable like-minded non-profits and governments to expand access to vision care.

Sustainability

In 2022, EssilorLuxottica took key steps to further embed sustainability across all stages of the value chain, thus making it an integral part of the Company's culture. Significant progress was made in the five key areas of carbon, circularity, world sight, inclusion and ethics (i.e., pillars of the Eyes on the Planet program).

<u>Eyes on Carbon</u>: The Company is on track to reach carbon neutrality across its direct operations (Scope 1 & 2 emissions) by 2025, starting in Europe by 2023, with Italy and France already carbon neutral at the end of 2021. In 2022, the Group continued to invest in self-produced renewable energy and formalized a renewable energy purchasing roadmap. Important initiatives encompass also low-carbon supply chain, including the introduction of specific environmental criteria in the selection of global forwarders and local carriers. The Company also introduced "New building guidelines", which

complement the obtainment of the LEED certificate for new manufacturing and distribution buildings and the respect of environmental standards in the design or renovation of Group stores.

Eyes on Circularity: The acceleration in the 4Rs ("Research-Reduce-Reuse-Recycle") initiatives led to further invest in innovative materials, fight fossil-based contents, limit and manage waste as well as maximize recycling and upcycling, while focusing on circularity of materials and products. The Group launched innovative collections with recycled and bio-based materials for various brands while making bold moves to increase recycling rates, with the aim of generating lower emissions and reducing landfill waste. As a result, EssilorLuxottica is the first eyewear company to receive the ISCC Plus certification for circular economy for its in-house nylon recycling process set up in its Agordo plant in Italy. The Company also continued to pursue its sustainable innovation strategy in packaging, with the acquisition of Giorgio Fedon & Figli S.p.A. in 2022.

Eyes on World Sight: Good vision is a basic human right, improving every aspect of an individual’s life, and it contributes to the sustainable development of local communities and economies. The launch of the OneSight EssilorLuxottica Foundation marked a new chapter in the Company’s journey to accelerate its mission and bring vision care to those in need. To address its responsibility toward vision and society, EssilorLuxottica also continued to deploy corporate citizenship initiatives aimed at preserving cultural heritage and making art accessible to the wider public in innovative ways, from the use of its broadcasting capabilities as an “open-air” museum, to creating tactile exhibits in partnership with renowned museums.

Eyes on Inclusion: In 2022, EssilorLuxottica created a dedicated global function to formalize the Group's strategy, commitments, and goals in the areas of Diversity, Equity and Inclusion. Many initiatives were launched in different regions to promote open dialogue among employees and foster an inclusive work environment, with education and learning being key enablers of an inclusive workplace. Through the ongoing deployment of the Leonardo online learning platform, the Company continued to set the foundations of the Group’s learning inclusive culture. In 2022, Leonardo reached over 188,000 employees and nearly 302,000 eyecare professionals and sales associates worldwide.

Eyes on Ethics: In 2022, the Group created an integrated responsible sourcing program, aimed at ensuring suppliers acknowledge and respect the Code of Ethics and the Company’s supplier charter, as well as evaluating suppliers' environmental and social performance and engaging suppliers on initiatives that will have a positive impact on people and the environment.

Moreover, further confirming sustainability as a key performance lever, a CSR criterion is included in the annual variable compensation package of Executive Corporate Officers and of more than 15,000 employees and is linked to the efforts pursued through the Eyes on the Planet sustainability program.

Clear priorities have been defined for 2023, from the continuous deployment of global and local initiatives of each “Eyes on” pillar to the engagement of the Company’s partners and suppliers in its sustainability journey and the active involvement of the Group’s retail banners.

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Conference Call

A conference call in English will be held today at 10:30 am CET.
The meeting will be available live and may also be heard later at:
https://streamstudio.world-television.com/1217-2090-34882/en

Forthcoming Investor Events

- April 20, 2023: Q1 2023 Revenue
- May 17, 2023: Annual Shareholders' Meeting
- July 26, 2023: Q2 2023 Revenue and H1 2023 Results

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Notes

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

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 the combination of Essilor and Luxottica (the "EL Combination"), the acquisition of GrandVision (the "GV Acquisition"), other strategic and material acquisitions, 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. A description of those other transactions that are unusual, infrequent or unrelated to the normal course of business is provided in the half-year and year-end disclosure (see dedicated paragraph Adjusted measures).

3 Comparable (revenue): comparable revenue includes, for 2021, the contribution of GrandVision's revenue to EssilorLuxottica as if the combination between EssilorLuxottica and GrandVision (the "GV Acquisition"), as well as the disposals of businesses required by antitrust authorities in the context of the GV Acquisition, had occurred on January 1, 2021. Comparable revenue has been prepared for illustrative purpose only with the aim to provide meaningful comparable information. No adjustments are made to 2022 revenue.

4 *Pro forma*: *pro forma* information as presented in the Restated Unaudited *Pro Forma* Consolidated Financial Information. The Restated 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 Restated Unaudited *Pro Forma* Consolidated Financial Information are accurate in all respects or that the result disclosed in the Restated 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 Restated 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 of the attached Excerpt from 2022 Management Report.

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.

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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.

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About EssilorLuxottica

EssilorLuxottica is a global leader in the design, manufacture and distribution of ophthalmic lenses, frames and sunglasses. Formed in 2018, its mission is to help people around the world to see more and be more by addressing their evolving vision needs and personal style aspirations. The Company brings together the complementary expertise of two industry pioneers, one in advanced lens technology and the other in the craftsmanship of iconic eyewear, to set new industry standards for vision care and the consumer experience around it. Influential eyewear brands including Ray-Ban and Oakley, lens technology brands including Varilux and Transitions, and world-class retail brands including Sunglass Hut, LensCrafters, Salmoiraghi & Viganò and GrandVision are part of the EssilorLuxottica family. EssilorLuxottica has approximately 190,000 employees. In 2022, the Company generated consolidated revenue of Euro 24.5 billion. The EssilorLuxottica share trades on the Euronext Paris market and is included in the Euro Stoxx 50 and CAC 40 indices. Codes and symbols: ISIN: FR0000121667; Reuters: ESLX.PA; Bloomberg: EL:FP. For more information, please visit www.essilorluxottica.com.

Excerpt from
2022 Management Report

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Significant events of the year

Tribute to Leonardo Del Vecchio, and appointment of new Chairman

On June 28, 2022, EssilorLuxottica's Board of Directors met and paid homage to Chairman, Leonardo Del Vecchio, who passed away peacefully on June 27, 2022. He will forever be remembered for his values, robust leadership, passion, exceptional character as well as his dedication toward the company and its employees.

During the meeting, the Board of Directors appointed Francesco Milleri as its new Chairman for the remaining duration of his mandate. Francesco Milleri will also carry on assuming his term of office as Chief Executive Officer of EssilorLuxottica.

The Board further confirmed Paul du Saillant as Deputy Chief Executive Officer of EssilorLuxottica.

New members 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 nomination as the new President of Valoptec Association, the independent Association of EssilorLuxottica's employee shareholders. Her nomination to the Board of Directors was ratified at the EssilorLuxottica Annual Shareholders' Meeting held on May 25, 2022. Upon joining the Board of Directors, Mrs. Mercier Pitre became a member of its Corporate Social Responsibility (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.

On June 28, 2022, the Board co-opted Mario Notari as a new Director. Mario Notari is full Professor of Company and Business Law at Università Bocconi in Milan and member of the PhD Board in Business Law at Università Bocconi. He is also founder and partner of "ZNR notai", public notaries and lawyers in Milan. He was Director of Luxottica Group S.p.A. from 2015 to 2018 and is a Director of Delfin S.à.r.l..

Mario Notari will be considered as a non-independent director on the Board of EssilorLuxottica. His appointment will be submitted to shareholders' vote at the next Annual Shareholders' Meeting of the Company.

Share buyback programs

On February 1, 2022, EssilorLuxottica announced the launch of a share buyback program. 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 included. 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. EssilorLuxottica launched this share buyback program in accordance to the 10th resolution approved by the Annual Shareholders' Meeting of May 21, 2021.

On June 17, 2022, EssilorLuxottica announced the launch of a second share buyback program. With a view to implementing this share buyback program, EssilorLuxottica granted a mandate to an investment services provider for the purchase of up to 2,500,000 EssilorLuxottica shares, depending on market conditions, over a period starting from June 17, 2022, up until August 31, 2022 included. 938,409 EssilorLuxottica shares were purchased for an average price of €139.14 per share. EssilorLuxottica launched this second share buyback program in accordance to the 14th resolution approved by the Annual Shareholders' Meeting of May 25, 2022.

Finally, on September 23, 2022, EssilorLuxottica announced the launch of a third share buyback program. 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 September 23, 2022, up until March 31, 2023 included. As of December 31, 2022, 548,714 EssilorLuxottica shares were purchased for an average price of €139.30 per share. EssilorLuxottica launched this third share buyback program in accordance to the 14th resolution approved by the Annual Shareholders' Meeting of May 25, 2022.

The launch of these share buyback programs reflects the Group's confidence in its value creation and long-term prospects. 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 closes the 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 had 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.

On April 4, 2022, EssilorLuxottica, GrandVision and the Optic Retail International Group BENE, a member of MPG Austria ("ORIG/MPG"), announced that the companies had completed the transaction for ORIG/MPG to acquire 142 EyeWish stores in the Netherlands and 35 GrandOptical stores in Belgium.

Both transactions follow the commitments agreed upon with the European Commission on March 23, 2021, as part of the acquisition of GrandVision by EssilorLuxottica. All the parties confirmed that the European Commission approved the transactions.

SightGlass Vision joint venture

On March 17, 2022, EssilorLuxottica and CooperCompanies announced the finalization of their joint venture agreement for SightGlass Vision. This collaboration of two global vision care leaders accelerates the commercialization of novel spectacle lens technologies to expand the myopia management category.

SightGlass Vision's Diffusion Optics Technology™ incorporates thousands of micro-dots into the lens that softly scatter light to reduce contrast on the retina, which is intended to reduce myopia progression in children.

Fedon acquisition

On April 11, 2022, Luxottica Group S.p.A. ("Luxottica"), a company subject to the management and coordination of EssilorLuxottica S.A., announced that it had entered into a preliminary sale and purchase agreement for the acquisition of a total of 1,727,141 shares of the company Giorgio Fedon & Figli S.p.A. ("Fedon"), listed on Euronext Growth Milan, the market organized and managed by Borsa Italiana S.p.A., representing 90.9% of the share capital of Fedon.

The agreement was entered into with the relevant shareholders of Fedon (i.e. CL & GP S.r.l., Piergiorgio Fedon, Sylt S.r.l., Italo Fedon, Laura Corte Metto, Francesca Fedon, Roberto Fedon, Flora Fedon and Rossella Fedon), as well as other non-relevant shareholders (hereinafter collectively the "Sellers").

The transaction represents a step forward in EssilorLuxottica's vertical integration strategy, aimed at achieving the highest quality standards along the entire value chain and optimizing the service for the benefit of all industry players. Thanks to cutting-edge technologies and dedicated innovations, the acquisition will allow to better fit the eyewear and spectacles with the cases and packaging to ensure maximum protection and integrity of the product, for the benefit of the final consumer. Furthermore, EssilorLuxottica will also leverage on Fedon to pursue its sustainability strategy, investing in the recyclability and circularity of the packaging materials produced by the company.

The purchase price agreed and to be paid on the closing date to the Sellers, in proportion to the respective shareholdings, is equal to €17.03 for each share and therefore to an aggregate of €29.4 million. The agreed price includes a premium of 135% over the last official price of Fedon's shares recorded on April 8, 2022 (last trading day preceding the date of entry into the agreement) as well as a premium of 114% over the weighted average of the official price of Fedon's shares in the 12 months preceding the date of April 8, 2022.

Completion of the sale and purchase was subject to the fulfilment of certain conditions precedent, as customary in transactions of this kind. On May 31, 2022, the transaction was completed: as of that date, legal conditions arose for Luxottica to have the obligation to launch a mandatory tender offer ("MTO") on all the outstanding ordinary shares of Fedon, at the same price of €17.03 per share. The MTO process was completed during the month of July, during which all the outstanding ordinary shares were acquired, and Fedon's shares delisted from July 20, 2022.

Completion of statutory buy-out of GrandVision shareholders

On April 14, 2022, EssilorLuxottica and GrandVision announced the completion of the statutory buy-out procedure, initiated on December 22, 2021, aimed at acquiring 100% of the issued share capital of GrandVision. Any remaining minority shareholders of GrandVision were offered the offer price, i.e. €28.42 per share, plus financial interests as per the applicable regulations.

EssilorLuxottica currently holds 100% of GrandVision's issued shares which were already delisted from Euronext Amsterdam on January 10, 2022 (last trading day on January 7, 2022).

Acceleration in Mission activities with the launch of a unified foundation

On May 25, 2022, EssilorLuxottica announced the launch of the OneSight EssilorLuxottica Foundation marking a new chapter in the Group’s journey to achieve its unique Mission to help everyone in the world “see more and be more”. This comes as a major pillar in EssilorLuxottica’s sustainability strategy and supports its commitment to advocate for good vision as a basic human right.

The OneSight EssilorLuxottica Foundation unites many of the Group’s global advocacy and philanthropic actions and will play a leading role in the fight against poor vision. By raising awareness on the importance of good vision and supporting the creation of sustainable vision care through philanthropic grants, the OneSight EssilorLuxottica Foundation will work with like-minded partners to help realize the United Nations’ resolution, “Vision for All”, and help eliminate uncorrected poor vision in a generation.

This new step in the integration of the Mission related activities is a strong sign of EssilorLuxottica’s commitment to improve access to good vision to underserved communities. The Foundation will provide a platform that truly represents and harnesses the power and commitment of EssilorLuxottica, its employees and its partners, to make progress in this space.

The OneSight EssilorLuxottica Foundation unites the following organizations: Vision for Life, Essilor Vision Foundations in North America, India, Southeast Asia and China, Fondazione Salmoiraghi & Viganò in Italy as well as the Company’s long term global partners OneSight and the Vision Impact Institute.

Dividend distribution

The Annual Shareholdings' Meeting of EssilorLuxottica held on May 25, 2022 approved the distribution of a dividend of €2.51 per ordinary share for the year 2021.

The Annual Shareholders' Meeting decided to grant to the shareholders the option to receive their dividend in newly issued shares at a price of €135.60 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 dividend to be distributed for the financial year ended on December 31, 2021, 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, 2022, up to, and including, June 15, 2022. At the end of that period, 258,731,714 dividend rights were exercised in favor of the payment of the 2021 dividend in shares. Accordingly, on June 21, 2022, 4,789,194 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 €454 million and was paid on the same date, June 21, 2022.

Agreement for the first joint Smart Eyewear Lab with Politecnico di Milano

On July 19, 2022, EssilorLuxottica and Politecnico di Milano announced the creation of the first ever joint research center aimed at designing the smart glasses of the future, EssilorLuxottica Smart Eyewear Lab.

The project involves an investment worth over €50 million, and will encompass industrial research and experimental development of devices underlying a new generation of wearables which are capable of autonomous network connection. It is a pioneering and tangible project that will enable the development of technologies and services by means of a widely used interface such as eyewear.

The EssilorLuxottica Smart Eyewear Lab will initially last five years and will employ when fully operational over 100 among researchers and scientists working closely together in a dedicated space within the Innovation District, which the Politecnico di Milano is currently developing in the Parco dei Gasometri, located in the Bovisa area in Milan.

EssilorLuxottica and the Politecnico di Milano also aim to jointly create an ad hoc curriculum fostering the development of increasingly specific skills in the wearable and smart eyewear field and virtuously feeding the new Lab’s research activities.

Release of three-year clinical trial results of Essilor Stellest lens

On September 7, 2022, EssilorLuxottica announced to have released, on the day before, the much-anticipated three-year clinical trial results of its breakthrough innovation Essilor Stellest lens, for the first time at the International Myopia Conference (IMC) 2022 in Rotterdam, Netherlands. The results show that the Essilor Stellest lenses continue to exhibit strong efficacy in slowing myopia progression and axial elongation in the third year of the clinical trial.

The clinical trial was conducted at the Eye Hospital of Wenzhou Medical University in Wenzhou, China, where 151 children from the first two years of the study were switched to spectacle lenses with highly aspherical lenslets (HAL) while a new set of 56 children were recruited and wore single vision lenses. Key highlights from the clinical trial include:

- Essilor Stellest lenses saved more than one diopter of myopia on average over three years, demonstrating conclusive evidence that they remain effective in slowing down myopia progression in children in the third year.
- The results confirmed the significant positive impact of wearing time on myopia control efficacy. Children who wore Essilor Stellest lenses full time (≥ 12h/day, everyday) saw a marked increase in myopia control efficacy.
- Aside from being effective in younger children, the results confirm that the Essilor Stellest lenses are also effective in slowing myopia progression and axial elongation in older children.

Updates on licensed brands

On September 14, 2022, EssilorLuxottica and the Armani Group announced the renewal of their licensing agreement for the development, production and worldwide distribution of eyewear under the Giorgio Armani, Giorgio Armani Privé, Emporio Armani, EA7 Emporio Armani and A|X Armani Exchange brands. The existing agreement, which took effect on January 1, 2013, and expired on December 31, 2022, has been renewed for 15 years, effective January 1, 2023.

On November 21, 2022, Brunello Cucinelli Casa di Moda and EssilorLuxottica signed, at Casa Cucinelli in Milan, an exclusive ten-year license agreement for the design, manufacture and distribution of eyewear under the “Brunello Cucinelli” brand. The new agreement came into effect on January 1, 2023 and will run until December 31, 2032. The first collection will be introduced to the market in the first quarter of 2024. This agreement represents an extension of the ongoing collaboration between the two companies started in 2021, which included the launch of a capsule collection signed by Brunello Cucinelli and Oliver Peoples, an EssilorLuxottica’s exclusive brand.

On December 6, 2022, Swarovski and EssilorLuxottica announced that they have signed an exclusive license agreement for the design, manufacture and worldwide distribution of Swarovski Eyewear. The agreement will be effective until December 31, 2028, with an automatic renewal option of an additional five years. The first collection under the agreement will be available on the market from September 2023.

On December 15, 2022, EssilorLuxottica announced the renewal and expansion of its partnership with Ferrari S.p.A., a wholly-owned Italian subsidiary of Ferrari N.V., that began in 2016. Under the new multi-year agreement, signed by the two companies and effective from 1 January 2023, EssilorLuxottica will continue to design, produce and market eyewear products featuring the Scuderia Ferrari and Ray-Ban brands. The licensing activities also extend to the first collection of monobrand eyewear featuring the Prancing Horse trademark. EssilorLuxottica’s sponsorship is also expanding under the new agreement: the Ray-Ban logo, in addition to remaining on the Formula 1 single-seaters, will appear for the first time on the cars and apparel of the official drivers in Competizioni GT, competing in the World Endurance Championship with the Le Mans Hypercar and in a Gran Turismo championship with GT3 cars.

EssilorLuxottica challenges the decision of the French Competition Authority

On November 8, 2022, EssilorLuxottica acknowledged the decision concerning its subsidiary Essilor International published on the same day by the French competition authority (FCA). The FCA decision itself is dated October 6, 2022.

Related to an investigation opened in 2014, a €81 million penalty is imposed on Essilor International (out of which €15 million is to be borne jointly by its parent company EssilorLuxottica) for discrimination of online players and protection of brick & mortar retailers, in connection with the distribution of certain specific prescription lenses.

EssilorLuxottica firmly believes in its practices legality and in the relevancy of distributing specific segments of prescription products under conditions that enable to ensure that consumers can get the best vision correction that is required by their individual vision needs.

The Company also restates that its practices were fully compliant with the competitive and regulatory contexts of the concerned period, and that they benefited not only its customers and partners but also the whole industry.

EssilorLuxottica has appealed the decision of the FCA on November 23, 2022 and remains confident that it will successfully demonstrate that the decision is ungrounded.

Russia-Ukraine conflict

In February 2022, EssilorLuxottica’s immediate reaction to Russia-Ukraine conflict was to protect its employees and their families in Ukraine ensuring the payments of salaries and bonuses and providing logistics support and accommodations for those crossing the border.

Moreover, due to the uncertainties and significant disruptions, EssilorLuxottica decided to temporarily restrict its operations in Russia while continuing to provide essential medical vision care services.

The magnitude of the financial impact resulting from the Russia-Ukraine conflict remains not material on the total Group consolidated assets and liabilities as well as on the statement of profit or loss for the year ended December 31, 2022, where the Group's operations represented approximately 1% of the 2022 consolidated revenue.

The Group continue to operate in Ukraine through its retail chains, while in Russia the portfolio of products and services offered both in the retail and wholesale business has been restricted, as announced by the Company in March 2022. Moreover, the cash balances available in Russia are not significant and are used to ensure the continuity of the residual operating activity.

The Company is monitoring the evolution of the conflict and its macroeconomics impacts so as to adapt its response accordingly.

Consolidated revenue

EssilorLuxottica revenue

As a result of the acquisition of GrandVision (herein after referred as the "GV Acquisition"), GrandVision's revenue has been consolidated into EssilorLuxottica since July 1, 2021, i.e. for the second half of 2021 only. The comparability of the financial information presented for 2022 and 2021 is therefore affected.

€ millions	2022	2021	Change at constant exchange rates[1]	Change at current exchange rates
REVENUE	**24,494**	**19,820**	**16.6%**	**23.6%**

€ millions	Q4 2022	Q4 2021	Change at constant exchange rates[1]	Change at current exchange rates
REVENUE	**6,106**	**5,579**	**3.9%**	**9.4%**

EssilorLuxottica comparable[3] revenue

To fully appreciate the performance of the Company resulting from the GV Acquisition, comparable[3] revenue has been prepared for illustrative purposes only and with the aim to provide meaningful comparative information. Comparable[3] revenue includes, for 2021, the contribution of GrandVision's revenue to EssilorLuxottica as if the acquisition of GrandVision by EssilorLuxottica, as well as the disposals of businesses required by antitrust authorities in the context of the GV Acquisition, had occurred on January 1, 2021.

Revenue by operating segment

EssilorLuxottica is a vertically integrated player supplying eyecare and eyewear products and services to third party professionals as well as through a retail brick-and-mortar network and e-commerce websites.

The Group's operating segments are:

– the **Professional Solutions** ("PS"): representing the wholesale business of the Group, i.e. the supply of the Group's products and services to independent opticians, distributors, third-party e-commerce platforms and large retail chains in the eyecare and eyewear industry; and

– the **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).

€ millions	2022	2021*	Change at constant exchange rates[1]	Change at current exchange rates
Professional Solutions	11,770	10,399	6.3%	13.2%
Direct to Consumer	12,724	11,099	8.6%	14.6%
REVENUE	**24,494**	**21,498**	**7.5%**	**13.9%**

* Comparable[3] revenue.

€ millions	Q4 2022	Q4 2021*	Change at constant exchange rates[1]	Change at current exchange rates
Professional Solutions	2,905	2,678	2.8%	8.5%
Direct to Consumer	3,201	2,901	4.9%	10.3%
REVENUE	**6,106**	**5,579**	**3.9%**	**9.4%**

* Comparable[3] revenue.

Fourth-quarter revenue by operating segment

Professional Solutions

In the fourth quarter of the year the Professional Solutions division posted revenue of €2,905 million, up 2.8% at constant exchange rates[1] compared to the same period in 2021 (+8.5% at current exchange rates).

All the regions supported the segment revenue growth, with the only exception of Latin America. North America accelerated to mid-single-digit growth at constant exchange rates[1], thanks to recovering independent ECPs and the continuing support of the partnership programs. EMEA carried forward its growth trajectory at mid-single-digit pace, mostly driven by France, Italy, and Spain. Following the strong acceleration of the previous quarter, the Asia-Pacific growth trajectory softened during the fourth quarter, landing at low-single digit as Mainland China was impacted by new COVID-19 outbreaks; however, the demand for Stellest continued to be sound. All the other key markets in the region were growing, in India, Japan, South Korea and South-East Asia. Latin America turned negative on tough comparison, especially related to the key market of Brazil, also jeopardized by political instability.

Licensed brands posted an outstanding year of growth at double digits thanks to the strength of our luxury brand portfolio contributing to the growth of all regions and segments, with Prada, Burberry and Chanel as the fastest growing.

Direct to Consumer

In the fourth quarter the Direct to Consumer division posted revenue of €3,201 million, up 4.9% at constant exchange rates[1] compared to the same period of 2021 (+10.3% at current exchange rates).

The segment expanded at a sound pace in every region, with brick-and-mortar comparable-store sales[5] rising approximately 4%, with former GrandVision banners progressing faster, at around 6%. E-commerce grew low-single digit on top of a growth in excess of 60% in fourth quarter 2021 versus 2019 at constant exchange rates[1].

In terms of comparable-store sales[5] by region, North America was flattish due to the weakening performance of Sunglass Hut, which closed slightly negative, while the optical business was recovering, with all the banners ramping up throughout the quarter. EMEA was up high-single digit, with Sunglass Hut still fast growing paired with optical banners growing at approximately 5%. Asia-Pacific was up mid-single digit, with sun continuing to grow fast and optical turning negative dragged by Mainland China. Latin America increased mid-single digit, sustained by Sunglass Hut and all main optical banners.

Licensed brands were the best performing also in Direct to Consumer, with luxury still outperforming, led by Prada, Burberry and Versace.

Full-year revenue by operating segment

Professional Solutions

The segment representing the wholesale business posted comparable[3] revenue of €11,770 million, up 6.3% at constant exchange rates[1] versus 2021 (+13.2% at current exchange rates), confirming the solidity of the business during the year and leading the division to account for 48% of the Group's total revenue.

The full-year performance of all the regions has been positive, with Latin America outperforming in the double-digit territory. North America posted mid-single-digit growth proving its resilience, despite softer trends with independent ECPs offset by a solid performance of key accounts. Both EMEA and Asia-Pacific performed at high-single digit. The former consolidated its growth in all main product categories and the latter benefited from the positive performance of all its countries but Mainland China, affected by COVID-19 restrictions and surging cases. The lens category supported the business and the myopia management portfolio, led by Stellest's sales more than doubling, maintained its momentum. In Latin America, all the main countries performed positively thanks to the supporting demand for both lenses and frames.

Direct to Consumer

The Direct to Consumer division posted comparable[3] revenue of €12,724 million, up 8.6% at constant exchange rates[1] compared to 2021 (+14.6% at current exchange rates), accounting for 52% of the Group's total turnover. After a solid growth in 2021 versus 2019, 2022 continued its positive trajectory.

Brick-and-mortar comparable-store sales[5] posted approximately 8% on a full year basis, with around 10% expansion in the first semester and around 5% in the second semester, despite the gradually tougher comparison base of the prior year. EMEA posted mid-teens growth, being the engine of the growth for the year, followed by Latin America up double digits and Asia-Pacific up high-single digit, while North America was flat on a challenging comparison base. Also helped by the recovering global tourism, the sun business outpaced the optical driven by a positive trend in all the regions, especially in EMEA and Asia-Pacific. The e-commerce channel was up 3.3% at constant exchange rates[1], after growing in the excess of 60% in 2021 versus 2019, overall representing 7% of the Company's total revenue, with SunglassHut.com and EyeBuyDirect.com outpacing the rest of the business.

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**.

€ millions	**2022**	**2021***	**Change at constant exchange rates[1]**	**Change at current exchange rates**
North America	11,492	9,868	4.0%	16.5%
EMEA	8,749	7,953	11.2%	10.0%
Asia-Pacific	2,842	2,542	7.2%	11.8%
Latin America	1,410	1,136	13.1%	24.2%
REVENUE	**24,494**	**21,498**	**7.5%**	**13.9%**

* Comparable[3] revenue.

€ millions	**Q4 2022**	**Q4 2021***	**Change at constant exchange rates[1]**	**Change at current exchange rates**
North America	2,892	2,528	2.7%	14.4%
EMEA	2,086	1,987	6.2%	5.0%
Asia-Pacific	731	706	3.1%	3.5%
Latin America	398	359	0.6%	10.6%
REVENUE	**6,106**	**5,579**	**3.9%**	**9.4%**

* Comparable[3] revenue.

Fourth-quarter revenue by geographical area

North America

North America posted revenue of € 2,892 million, up 2.7% compared to the fourth quarter of 2021 at constant exchange rates[1] (+14.4% at current exchange rates), slightly decelerating from the previous quarter on a slowing Direct to Consumer division.

Professional Solutions was up mid-single digit at constant exchange rates[1]. Both lenses and frames were growing, with lenses in further acceleration compared to the previous quarter, thanks to the continued success of the branded product portfolio. The contact lens category kept up its positive performance started from the beginning of the year. Key accounts continued to be the main growth driver in the quarter, but the independent channel also progressively recovered thanks to the positive contribution of the partnership programs and alliances keen on value-added lens solutions and top-end frame brands. The consolidation of Walman had a positive impact on the overall growth of the segment.

The Direct to Consumer business grew at low-single digit at constant exchange rates[1] on a particularly tough comparison base (+21% in the fourth quarter of 2021 versus 2019 at constant exchange rates[1]) with brick-and-mortar leading the performance. Comparable-store sales[5] in LensCrafters visibly accelerated during the month of December thanks to an effective marketing campaign engaging insured customers, while delivering a flat performance in the quarter as a whole. Traffic continued to be somewhat challenged, while the conversion of in-store eye exams picked up progressively and price-mix remained favorable. Target Optical also showed a nice acceleration in the quarter, up mid-single digit in comparable-stores sales[5]. Sunglass Hut turned negative struggling with a record comparison base in the fourth quarter of last year, up around 16% versus 2019. E-commerce decelerated, vis-à-vis the strong growth of the prior year compared to 2019. EyeMed continued to post solid growth in the fourth quarter.

EMEA

EMEA recorded revenue of € 2,086 million, up 6.2% compared to the fourth quarter of 2021 at constant exchange rates[1] (+5.0% at current exchange rates), benefiting from positive results in both segments and with brick-and-mortar business representing the key growth driver.

Professional Solutions continued to expand, growing in the mid-single-digit area at constant exchange rates[1]. Both lenses and frames contributed to the quarterly results, with sunglasses driving the growth. Among the key markets, France, Italy and Spain kept on a solid growth trajectory, Germany was back to growth and the UK was only flattish. In terms of channels, key accounts stood out with a high-single-digit growth in the quarter.

The Direct to Consumer segment grew high-single digit, with sun continuing to be the fastest growing business. Sunglass Hut performance remained buoyant, with comparable-store sales[5] increasing by around 40% driven by luxury brands. The optical banners nicely accelerated, driven by former GrandVision's networks, namely in France (with Générale d'Optique and GrandOptical), the UK (Vision Express), Italy, Spain and Eastern Europe, as the integration journey gains traction. Salmoiraghi & Viganò kept slightly positive in comparable-store sales[5] in Italy, despite the tough comparison basis. The e-commerce business grew high-single digit.

Asia-Pacific

Asia-Pacific posted revenue of € 731 million, up 3.1% compared to the fourth quarter of 2021 at constant exchange rates[1] (+3.5% at current exchange rates). The performance progressively deteriorated during the quarter dampened by the negative performance in Mainland China, due to the severe COVID-19 wave hitting the country.

Professional Solutions was up low-single digit at constant exchange rates[1], despite China turning negative following the surge of new COVID-19 cases. Notwithstanding, Stellest in China closed the quarter at the robust pace of +80%. During the course of the quarter, it was also introduced to the Australian market, soliciting vivid interest among ECPs. All the other main countries of the region delivered solid growth, led by India and South-East Asia expanding at double digits and Japan and South Korea at mid-to-high-single digit.

The Direct to Consumer business was up mid-single digit at constant exchange rates[1], thanks to a vibrant sun business offsetting softer results on the optical side. Comparable-store sales[5] in optical were down mid-single digit. Traffic in the Chinese retail stores found themselves under pressure following the dramatic rise of COVID infections, while OPSM in Australia was confronted with a challenging comparison base last year (up double digits versus 2019). Strong in-store execution drove the excellent performance at Sunglass Hut and Oakley in Australia, growing comparable-store sales[5] by approximately 20% and 40% respectively. Sunglass Hut continued to show its strength also in South-East Asia.

Latin America

Latin America posted revenue of € 398 million, up 0.6% compared to the fourth quarter of 2021 at constant exchange rates[1] (+10.6% at current exchange rates) on a tough comparison base up around 25% versus 2019, with the positive results of brick-and-mortar stores offsetting the negative performance of the wholesale segment.

Professional Solutions declined in revenue mid-single digit at constant exchange rates[1]. Brazil turned negative, mainly due to a challenging comparison base while Mexico, Argentina and Colombia continued to grow in the period, on top of the strong performance posted last year.

Direct to Consumer progressed at double digits at constant exchange rates[1] in both brick-and-mortar and e-commerce. On the brick-and-mortar side results were driven by the former GrandVision's banners that delivered a double-digit growth in the region. Comparable-store sales[5] at GMO returned positive in the quarter and Sunglass Hut grew mid-single digit driven by both Brazil and Mexico.

Full-year revenue by geographical area

North America

North America posted comparable[3] revenue of € 11,492 million, up 4.0% compared to 2021 at constant exchange rates[1] (+16.5% at current exchange rates), normalizing its growth profile after the extraordinary rebound of 2021, when revenue grew double digits compared to pre-pandemic levels.

Professional Solutions was up mid-single digit at constant exchange rates[1]. Both lenses and frames delivered solid growth, the latter despite a record comparison base in the previous year. The success of the top of the range product suite led to a favourable price mix throughout the year. Contacts lenses closed the year with a double-digit growth. Key accounts and in-program independent ECPs were the growth engines of 2022.

The Direct to Consumer division grew mid-single digit at constant exchange rates[1] led by sun banners. The performance of LensCrafters and Target recovered in the fourth quarter thanks to a successful insurance marketing campaign, after a challenging mid of the year. The return of international tourism and the demand for luxury frames fueled the growth at Sunglass Hut. The banner was also one of the top performers online together with EyeBuyDirect.com. EyeMed's consistently strong sales growth contributed to the positive results.

EMEA

EMEA posted comparable[3] revenue of € 8,749 million, up 11.2% compared to 2021 at constant exchange rates[1] (+10.0% at current exchange rates). Performance in the region remained solid throughout the entire year, with all countries closing into positive territory, the only exception being Russia which turned negative in the second semester.

Professional Solutions increased high-single digit at constant exchange rates[1]. Both volumes and price-mix progressed nicely throughout the year, with sun frames, ophthalmic and contact lenses representing the key growth engines from a product category perspective. In terms of channels, key accounts led the growth up double digits in the year.

The Direct to Consumer segment drove the results in the region, growing double digits at constant exchange rates[1], and was the business contributing the most to the overall Company's revenue expansion during the year. Sunglass Hut stood out as one of the best performing banners in the region and the optical business was supported by the sound results of the former GrandVision's networks as well as Salmoiraghi & Viganò.

Asia-Pacific

Asia-Pacific posted comparable[3] revenue of € 2,842 million, up 7.2% compared to 2021 at constant exchange rates[1] (+11.8% at current exchange rates), with Mainland China diluting the otherwise excellent performance of the region.

Professional Solutions was up high-single digit at constant exchange rates[1]. All countries recorded strong growth except Mainland China, where the performance was strongly influenced by the COVID-19 circumstances present at different times during the year. However, despite the volatile environment, the demand for myopia management solutions in the country did not fade and Stellest recorded exponential growth more than doubling sales from the prior year.

The Direct to Consumer division grew mid-single digit at constant exchange rates[1] driven by Australia, with a solid performance in OPSM and a record year for Sunglass Hut growing comparable-store sales[5] by more than one third. The Chinese retail business remained negative throughout the entire year impacted by COVID-19 constraints.

Latin America

Latin America posted comparable[3] revenue of € 1,410 million, up 13.1% compared to 2021 at constant exchange rates[1] (+24.2% at current exchange rates).

All countries closed 2022 in the positive territory at constant exchange rates[1], and both Professional Solutions and Direct to Consumer grew double digits. Brazil, the largest country in the region, expanded high-single digit in the year, with both segments positively contributing.

The region posted the strongest performance of the Group in Direct to Consumer. Sunglass Hut stood out among the best performing banners, the former GrandVision's network posted sound results in all countries, while performance at GMO softened during the second semester.

Statement of profit or loss and Alternative Performance Measures

EssilorLuxottica consolidated statement of profit or loss

€ millions	**2022**	**2021***	**Change**
Revenue	24,494	19,820	23.6%
Cost of sales	(8,910)	(7,589)	17.4%
GROSS PROFIT	**15,583**	**12,231**	**27.4%**
% of revenue	*63.6%*	*61.7%*	
Total operating expenses	**(12,427)**	**(9,924)**	**25.2%**
OPERATING PROFIT	**3,157**	**2,307**	**36.8%**
% of revenue	*12.9%*	*11.6%*	
PROFIT BEFORE TAXES	**3,032**	**2,181**	**39.0%**
% of revenue	*12.4%*	*11.0%*	
Income taxes	(751)	(582)	28.9%
Effective tax rate	*24.8%*	*26.7%*	
NET PROFIT	**2,281**	**1,598**	**42.7%**
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	**2,152**	**1,448**	**48.6%**

* 2021 information has been restated to reflect the finalization of the purchase price allocation (“PPA”) related to the acquisition of GrandVision, which was accounted for on a provisional basis in EssilorLuxottica consolidated financial statements as of and for the year ended December 31, 2021.

The table above shows the performance of EssilorLuxottica activities in 2022 and 2021. However, since the acquisition of GrandVision by EssilorLuxottica occurred on July 1, 2021, the Company’s performance shown for 2021 includes GrandVision’s results of the second half of the year only. The comparability of the financial information presented is therefore affected.

- *Revenue* increased by 23.6% compared to 2021, however the comparison with 2021 is not entirely relevant since the Company started consolidating GrandVision's revenue only from July 1, 2021; accordingly the Group's net sales performance has been commented on a comparable[3] basis in the paragraph *Consolidated revenue* above.
- *Cost of sales* increased as a direct consequence of the consolidation of GrandVision, showing a +17.4% variation compared to 2021.
- *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 €752 million in 2022 versus approximately €720 million recorded in 2021). GrandVision contributed to the Group operating expenses for approximately €2.8 billion, including €225 million related to the amortization of new intangible assets recognized as part of the GV Acquisition.
- *Net profit* significantly increased to €2,281 million from €1,598 million reported in 2021, as a consequence of the growth achieved by the Group in the year as well as of the contribution of GrandVision business.

EssilorLuxottica Alternative Performance Measures (APM)

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 Group 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"), other strategic and material acquisitions, 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 year under review compared to previous years, 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 reconciled to their most comparable measures reported in the consolidated statements of profit or loss for the twelve-month periods ended December 31, 2022.

In continuity with previous years, in 2022 adjusted measures exclude: (i) the incremental impacts of the purchase price allocations related to the strategic and material acquisitions completed by the Group ("*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*").

€ millions	**2022**	**Adjustments related to PPA impacts**	**Other non-GAAP adjustments**	**2022 Adjusted[2]**
Revenue	24,494	—	—	24,494
Cost of sales	(8,910)	13	9	(8,888)
GROSS PROFIT	**15,583**	**13**	**9**	**15,606**
% of revenue	*63.6%*			*63.7%*
Total operating expenses	**(12,427)**	**880**	**55**	**(11,491)**
OPERATING PROFIT	**3,157**	**893**	**65**	**4,115**
% of revenue	*12.9%*			*16.8%*
Cost of net debt and other*	(125)	(0)	(2)	(129)
PROFIT BEFORE TAXES	**3,032**	**891**	**63**	**3,986**
% of revenue	*12.4%*			*16.3%*
Income taxes	(751)	(199)	(28)	(978)
NET PROFIT	**2,281**	**692**	**35**	**3,007**
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	**2,152**	**681**	**27**	**2,860**

* Including *Other financial income/(expenses)* and *Share of profit of associates.*

The Other non-GAAP adjustments are described below.

- Non-recurring *Cost of sales* for €9 million related to restructuring and reorganization projects aiming at rationalizing the lenses laboratories footprint to increase the Group’s operational and organizational efficiency; the non-recurring costs mainly refer to severance, accelerated depreciation and write-off.
- Non-recurring *Selling* expenses for €24 million associated with restructuring projects mainly in EMEA and US.
- Non-recurring *Advertising and marketing* expenses for €24 million, mainly associated with impairment losses on intangible assets.
- Non-recurring *General and administrative* expenses for €70 million, mainly associated with the following impacts:
  - severance for approximately €6 million, mainly related to key management personnel;
  - non-recurring expenses related to M&A projects for €11 million, incurred in connection with the significant business combinations completed in 2022;
  - restructuring and reorganization projects, targeting the Group's operations in EMEA, US and Asia-Pacific, for approximately €34 million; those non-recurring costs mainly refer to severance and write-off; and
  - other one-off costs incurred by the Group, of which approximately €10 million as net negative impact related to significant claims and litigations.
- *Other income/(expenses)* are adjusted for a positive effect of €62 million mainly associated with: (i) the completion of the acquisition of GrandVision for approximately €10 million (of which €8 million resulting from the sale of the European businesses the Group disposed in the year in accordance with the remedies agreed with the European Commission); (ii) the income of approximately €41 million resulting from the remeasurement of the Group's previously held equity interest in an US-based company consolidated by the Group in 2022; and (iii) other income resulting from Group's M&A activities for approximately €8 million.
- *Income taxes* are adjusted for an amount of €(28) million corresponding to the tax effects of the above-mentioned adjustments.

Adjusted[2] consolidated statement of profit or loss

Due to the structure of 2021 consolidated statement of profit or loss, which does not include GrandVision's results of the first semester of the year, management deemed relevant to comment the Group's performance of 2022 *versus* the *pro forma*[4] information of 2021. 2021 *pro forma*[4] information has been prepared for illustrative purposes only and with the aim to provide meaningful comparative information.

€ millions	**2022 Adjusted [2]**	**2021 Adjusted [2] *Pro forma* [4]**	**Change at constant exchange rates[1]**	**Change at current exchange rates**
Revenue	24,494	21,498	7.5%	13.9%
Cost of sales	(8,888)	(7,869)	6.2%	12.9%
GROSS PROFIT	**15,606**	**13,628**	**8.3%**	**14.5%**
% of revenue	*63.7%*	*63.4%*		
Research and development	(343)	(321)	2.3%	7.0%
Selling	(7,190)	(6,105)	11.9%	17.8%
Royalties	(219)	(174)	19.6%	25.6%
Advertising and marketing	(1,692)	(1,560)	2.3%	8.4%
General and administrative	(2,045)	(2,000)	-2.9%	2.2%
Other income/(expenses)	(3)	3	>100%	>100%
Total operating expenses	**(11,491)**	**(10,157)**	**7.4%**	**13.1%**
OPERATING PROFIT	**4,115**	**3,471**	**10.9%**	**18.5%**
% of revenue	*16.8%*	*16.1%*		
Cost of net debt and other *	(129)	(144)	-23.8%	-10.5%
PROFIT BEFORE TAXES	**3,986**	**3,327**	**12.4%**	**19.8%**
% of revenue	*16.3%*	*15.5%*		
Income taxes	(978)	(840)	9.4%	16.6%
Effective tax rate	*24.5%*	*25.2%*		
NET PROFIT	**3,007**	**2,487**	**13.5%**	**20.9%**
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	**2,860**	**2,319**	**15.4%**	**23.3%**

* Including *Other financial income/(expenses)* and *Share of profit of associates.*

Revenue for the year totalled €24,494 million, an increase of 7.5% at constant exchange rates[1] (+13,9% at current exchange rates).

Adjusted[2] *Gross profit:* +8.3% at constant exchange rates[1] (+14.5% at current exchange rates)

Adjusted[2] Gross profit in 2022 ended at €15,606 million, representing 63.7% of revenue versus 63.4% in 2021. Despite the challenging current scenario driven by inflationary trends, the Group posted a margin expansion thanks to its capability of managing price-mix, its high manufacturing efficiency and the progressive harmonization of supply chain.

Adjusted[2] *Operating expenses:* +7.4% at constant exchange rates[1] (+13.1% at current exchange rates)

Adjusted[2] *Operating expenses* amounted to €11,491 million for the full year 2022, translating to 46.9% of revenue (47.2% in 2021). The Group benefited from a tight control of the discretionary expenses that partially offset the increase in selling expenses.

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

- *Selling* expenses amounting to €7,190 million, an increase of 11.9% at constant exchange rates[1]. The main driver of the cost increase is related to the higher cost of labor in the Group business units, in particular in the retail Brick&Mortar division. In addition the Group faced material inflationary trends on logistic and rent costs.
- *Advertising and marketing* expenses amounting to €1,692 million, increased of approximately 2% on a constant exchange rates[1] basis due to specific investments in the Group's house brands as well as to the contractually agreed advertising activities to support the Group's licensed brands which over performed compared to 2021.
- *General and administrative* expenses amounting to €2,045 million, a decrease of 2.9% at constant exchange rates[1] compared to 2021, thanks to savings on discretionary spending and simplification of the organization structure partially offset by increased investments in the Group IT infrastructure and the effect of inflationary trends on labor costs.

Adjusted[2] *Operating profit:* +10.9% at constant exchange rates[1] (+18.5% at current exchange rates)

The Group posted an adjusted[2] *Operating profit* of €4,115, representing 16.8% of revenue compared to 16.1% in of 2021 (16.7% at constant exchange rates[1], an improvement of approximately 60 basis points compared to 2021).

Adjusted[2] *Cost of net debt and other*

The adjusted[2] *Cost of net debt and other* decreased to €129 million in 2022 due to a more efficient financing structure.

Adjusted[2] *Income taxes*

EssilorLuxottica reported adjusted[2] *Income taxes* of €978 million, reflecting an adjusted[2] tax rate of 24.5% for the full year 2022, lower than the adjusted[2] tax rate in 2021 (25.2%).

Adjusted[2] *Net profit attributable to owners of the parent:* significantly increased by +13.5% at constant exchange rates[1] (+20.9% at current exchange rates)

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, 2022	Restated [(a)] December 31, 2021
Goodwill	30,734	29,104
Intangible assets	12,122	12,599
Property, plant and equipment	4,747	4,211
Right-of-use assets	3,010	2,930
Investments in associates	83	91
Other non-current assets	817	718
Fixed Assets	**51,512**	**49,653**
Trade working capital	**3,189**	**2,582**
Employees benefits and provisions	**(1,016)**	**(1,152)**
Tax receivables/(payables)	(451)	(509)
Deferred tax assets/(liabilities)	(1,970)	(2,049)
Tax assets/(liabilities)	**(2,421)**	**(2,558)**
Other operating assets/(liabilities)	**(2,871)**	**(3,020)**
Assets / (liabilities) held for sale	**—**	**69**
NET INVESTED CAPITAL	**48,392**	**45,573**
EQUITY	**38,147**	**35,875**
NET DEBT	**10,246**	**9,698**

(a) The comparative period has been restated to reflect the finalization of the purchase price allocation (“PPA”) related to the acquisition of GrandVision, which was accounted for on a provisional basis in EssilorLuxottica consolidated financial statements as of and for the year ended December 31, 2021.

Fixed assets amount to €51,512 million and increased by €1,859 million compared to December 31, 2021. The main categories contributing to the variation of the year are mentioned below.

i. *Goodwill*: goodwill increased by approximately €1,629 million, of which €697 million arising from the business combinations completed in the year (the key transactions are described in the paragraph *Significant events of the year*) and approximately €932 million due to foreign currency fluctuations.

ii. *Intangible assets*: the overall decrease of the year, amounting to €477 million, results from the combined effects of new intangible assets recognized following the business combinations occurred in the year (€304 million), capital expenditure (€289 million) and foreign currency fluctuations (€262 million), counterbalanced by the amortization and impairment of the year (€1,328 million).

iii. *Property, plant and equipment* and *Right-of-use assets*: the overall increase of the year amounts to approximately €615 million mainly coming from capital expenditure of the year (€1,116 million) as well as the recognition of new *Right-of use assets* in connection with lease contracts signed or renewed in 2022 (€961 million), counterbalanced by the depreciation and impairment of the year amounting to €1,642 million.

Trade working capital (i.e. the sum of inventories, trade receivables and trade payables) increased by €607 million compared to December 31, 2021, following, on one side, the growth trend experienced in the Professional Solutions segment and, on the other, the effects of foreign currency fluctuations.

Assets / (liabilities) held for sale, amounting to €69 million as of December 31, 2021, were derecognized as a result of the divestment of the European businesses disposed in the year 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 €1,091 million) and for the net result attributable to owners of the parent (€2,152 million); its balance was also affected by the dividend distribution of the year that led to a decrease of €595 million, of which €454 million paid to EssilorLuxottica's shareholders who did not opt for the *scrip* dividend (see paragraph *Significant events of the year*) and €140 million distributed to minorities shareholders of the Group's subsidiaries. Share-based payments also affected the final balance (€189 million increase) as well as the net sale/(net purchase) of treasury shares (€439 million decrease). Finally, the transactions involving non-controlling interests (such as the acquisitions of additional non-controlling interests in consolidated companies, see paragraph *Acquisitions and partnerships*) generated an overall decrease in equity amounting to €494 million.

Net debt increased by €547 million compared to December 31, 2021 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	**2022**	**2021***
Net cash flow provided by operating activities [(a)]	4,783	4,545
Purchase of property, plant and equipment and intangible assets [(a)]	(1,572)	(1,030)
Cash payments for the principal portion of lease liabilities [(a)]	(955)	(722)
FREE CASH FLOW	**2,256**	**2,792**
Operating profit [(b)]	3,157	2,394
Depreciation, amortization and impairment [(c)]	2,970	2,834
EBITDA	**6,127**	**5,228**
NET DEBT [(d)]	**10,246**	**9,698**
NET DEBT / EBITDA LTM [(e)]	**1.7**	**1.9**

* 2021 information has been restated to reflect the finalization of the purchase price allocation ("PPA") related to the acquisition of GrandVision, which was accounted for on a provisional basis in EssilorLuxottica consolidated financial statements as of and for the year ended December 31, 2021.

(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 restated *pro forma*[4] information is shown.
(c) As presented in the consolidated statement of cash flows, except for 2021 where restated *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 €7,063 million at the end of December 2022, increasing by €433 million compared to the position at the end of December 2021.

€ millions	December 31, 2022	December 31, 2021
Non-current borrowings	7,858	8,913
Current borrowings	1,164	1,036
TOTAL LIABILITIES	**9,022**	**9,950**
Short-term investments	—	—
Cash and cash equivalents	(1,960)	(3,293)
TOTAL ASSET	**(1,960)**	**(3,293)**
Interest Rate Swap measured at fair value	2	(21)
Foreign exchange derivatives at fair value	(1)	(4)
NET DEBT EXCLUDING LEASE LIABILITIES	**7,063**	**6,630**
Lease liabilities (current and non-current)	3,182	3,068
NET DEBT	**10,246**	**9,698**

Non-current borrowings decreased compared to December 31, 2021 due to the reclassification to current borrowings of the €1 billion Eurobond due in May 2023, while the overall decrease in total financial liabilities (€928 million) is mainly linked to the repayment of a USD200 million US private placement (nominal value) matured on January 5, 2022, the repayment of a USD300 million Eurodollar bond (nominal value) matured on June 30, 2022 and the repayment of €416 million GrandVision commercial papers.

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 acquisition of GrandVision by EssilorLuxottica (occurred on July 1, 2021), the Company's performance shown for 2021 includes GrandVision's results of the second half of the year only.

€ millions	2022	2021
EBITDA	**6,127**	**4,787**
Changes in trade working capital (a)	(251)	(197)
Capital expenditure	(1,572)	(1,030)
Lease payments (excluding interests) (b)	(955)	(722)
Other cash flow from operations	(1,093)	(46)
FREE CASH FLOW	**2,256**	**2,792**
Dividends paid	(595)	(242)
Acquisitions net of cash acquired	(965)	(7,078)
Other changes in equity	(1,068)	(350)
Other changes in financial and non-financial assets	(83)	49
Changes in borrowings (excluding FX)	(962)	(726)
NET CASH FLOW	**(1,417)**	**(5,555)**

(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 €1,572 million, representing approx. 6% 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 2022, the amount was mainly related to the acquisitions described in the paragraph *Significant events of the year*, while in 2021, that amount was almost entirely related to the acquisition of GrandVision 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 (€674 million in 2022, €67 million in 2021) as well as the cash-out related to the share buyback programs (approximately €470 million in 2022, €335 million in 2021) compensated by the cash-in related to share capital increases.

The flows reported in *Other changes in financial and non-financial assets* in 2022 include the proceed from the sale of the European businesses the Group divested in accordance with the remedies agreed with the European Commission in the context of the GV Acquisition, entirely counterbalanced by the cash-out related to some financial investments in non-consolidated companies. In 2021 those flows mainly referred to the €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 movements described in the *Net debt* paragraph.

Acquisitions and partnerships

During 2022, EssilorLuxottica continued to pursue its M&A strategy in selected businesses and geographies. Among others, key transactions include the following.

On August 1, 2022, EssilorLuxottica completed the acquisition of the remaining 50% interest in Shamir Optical, to further leverage the Shamir brand as well as enhance R&D and commercial capabilities.

On May 31, 2022, Luxottica announced the completion of the purchase of a 90.9% shareholding in the share capital of Giorgio Fedon & Figli S.p.A. As a result, a mandatory tender offer on the outstanding listed shares was launched and then successfully completed in July, when the Fedon stock was delisted. The transaction represents a step forward in EssilorLuxottica's vertical integration strategy and will allow to achieve a better fit between eyewear and packaging.

On April 14, 2022, EssilorLuxottica announced the completion of the statutory buy-out procedure aimed at acquiring 100% of the issued share capital of GrandVision.

On March 17, 2022, EssilorLuxottica announced the finalization of the joint venture agreement with CooperCompanies for the acquisition of SightGlass Vision and on March 1, 2022, the closing of the acquisition of the U.S. based lab network Walman Optical.

Investments made in 2022 and planned for 2023

€ millions	2022	2021	2020
Property, plant and equipment and intangible assets *(gross of disposals)*	1,572	1,030	650
Depreciation, amortization and impairment	2,970	2,480	2,155
Financial investments net of cash acquired	965	7,078	133
Purchase / (sale) of treasury shares	431	317	159

Capital expenditure

In 2022, EssilorLuxottica cash-out related to capital expenditures amounted to €1,572 million (6.4% on revenue) and increased approximately by half a billion compared to 2021, due to strong investments in the retail business (including GrandVision's investments), IT infrastructure and operations (mostly related to new production and distribution plants).

Financial investments

Financial investments net of cash acquired amounted to €965 million in 2022 compared to €7,078 million in 2021. 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 2022, the amount was mainly related to the transactions described in the previous paragraph (i.e. acquisition of Walman, SightGlass Vision and Fedon, amongst the other); whereas in 2021, the amount was almost entirely related to the acquisition of GrandVision net of GrandVision's cash and cash equivalents acquired on July 1, 2021.

Moreover, in 2022 the Company acquired nearly 3 million EssilorLuxottica shares in the context of the share buyback programs launched during the course of the year (see paragraph *Significant events of the year*) for an average price per share of €156.74 and a total cash-out amounting to €470 million (including bank and other fees). A similar program was launched in 2021, when the Company acquired 2 million EssilorLuxottica shares 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 2023, the Group will continue investing strongly in the renewal of its retail network, its manufacturing capacities (completion of the new sites), IT and technology platforms to complete the integration.

Subsequent events

Lead Director

On February 22, 2023, the Board of Directors decided to appoint Mr. Jean-Luc Biamonti as lead director, following the announcement made on June 28, 2022 to examine the benefits of making such an appointment among the independent directors.

EssilorLuxottica renews license agreement for Target Optical

On February 22, 2023, EssilorLuxottica announced that it has renewed its licensing agreement with Target Corporation (Target), a Minneapolis-based retailer serving guests at nearly 2,000 stores across the U.S. and at Target.com, for the operation and management of Target Optical within Target stores. The multi-year agreement became effective on February 12, 2023.

Recent trends and outlook

Recent trends

Some of the trends that emerged during 2022 are expected to persist and impact the global economy as well as the Company's performance in 2023.

The progressive exit from the COVID-19 crisis, thanks to the rising vaccination levels, is not expected to be derailed by new potential outbreaks of variants in 2023, while differences might remain among the regions in terms of number of cases and healthcare policies.

Inflation surged in 2022, following supply-chain disruptions from COVID-19 lockdowns as well as the Russia-Ukraine conflict, and forced central banks to tighten their monetary policies, putting an end to a long period of monetary easing. These macro-economic dynamics are expected to persist in 2023.

A devastating earthquake hit Turkey and Syria on February 6, 2023. EssilorLuxottica, that operates in Turkey through its retail network and wholesale subsidiaries, is providing direct support to its impacted colleagues on the ground. The Company is also assessing the best way to support the wider population. Overall sales in the country represent approximately 1% of consolidated revenue in 2022.

Outlook

The Company confirms its target of mid-single-digit annual revenue growth from 2022 to 2026 at constant exchange rates[1] (based on 2021 *pro forma*[4] revenue) and expects to achieve an adjusted[2] operating profit as a percentage of revenue in the range of 19-20% by the end of that period.

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 the combination of Essilor and Luxottica (the "EL Combination"), the acquisition of GrandVision (the "GV Acquisition"), other strategic and material acquisitions, 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. A description of those other transactions that are unusual, infrequent or unrelated to the normal course of business is provided in the half-year and year-end disclosure (see dedicated paragraph *Adjusted measures*).

3 Comparable (revenue): comparable revenue includes, for 2021, the contribution of GrandVision's revenue to EssilorLuxottica as if the combination between EssilorLuxottica and GrandVision (the "GV Acquisition"), as well as the disposals of businesses required by antitrust authorities in the context of the GV Acquisition, had occurred on January 1, 2021. Comparable revenue has been prepared for illustrative purpose only with the aim to provide meaningful comparable information. No adjustments are made to 2022 revenue.

4 *Pro forma*: *pro forma* information as presented in the Restated Unaudited *Pro Forma* Consolidated Financial Information. The Restated 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 Restated Unaudited *Pro Forma* Consolidated Financial Information are accurate in all respects or that the result disclosed in the Restated 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 Restated 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.

Appendix 1 - Excerpts from the Consolidated Financial Statements

Consolidated statement of profit or loss

€ millions	**2022**	**Restated [(a)] 2021**
Revenue	24,494	19,820
Cost of sales	(8,910)	(7,589)
GROSS PROFIT	**15,583**	**12,231**
Research and development	(600)	(579)
Selling	(7,741)	(5,719)
Royalties	(219)	(174)
Advertising and marketing	(1,811)	(1,534)
General and administrative	(2,116)	(1,982)
Other income/(expenses)	61	64
Total operating expenses	**(12,427)**	**(9,924)**
OPERATING PROFIT	**3,157**	**2,307**
Cost of net debt	(131)	(111)
Other financial income/(expenses)	(0)	(19)
Share of profits of associates	6	3
PROFIT BEFORE TAXES	**3,032**	**2,181**
Income taxes	(751)	(582)
NET PROFIT	**2,281**	**1,598**
of which attributable to:		
• owners of the parent	2,152	1,448
• non-controlling interests	128	150
Weighted average number of shares outstanding:		
• basic	442,049,822	438,815,944
• diluted	445,659,252	445,467,194
Earnings per share (EPS) for net profit attributable to owners of the parent (*in euro*):		
• basic	4.87	3.30
• diluted	4.83	3.25

(a) The comparative period has been restated to reflect the finalization of the purchase price allocation ("PPA") related to the acquisition of GrandVision, which was accounted for on a provisional basis in EssilorLuxottica consolidated financial statements as of and for the year ended December 31, 2021.

Consolidated statement of financial position

Assets

€ millions	December 31, 2022	Restated [a] December 31, 2021
Goodwill	30,734	29,104
Intangible assets	12,122	12,599
Property, plant and equipment	4,747	4,211
Right-of-use assets	3,010	2,930
Investments in associates	83	91
Other non-current assets	817	718
Deferred tax assets	408	487
TOTAL NON-CURRENT ASSETS	**51,920**	**50,140**
Inventories	2,789	2,445
Trade receivables	2,697	2,355
Tax receivables	259	296
Other current assets	936	804
Cash and cash equivalents	1,960	3,293
TOTAL CURRENT ASSETS	**8,641**	**9,193**
Assets held for sale	—	82
TOTAL ASSETS	**60,561**	**59,415**

(a) The comparative period has been restated to reflect the finalization of the purchase price allocation (“PPA”) related to the acquisition of GrandVision, which was accounted for on a provisional basis in EssilorLuxottica consolidated financial statements as of and for the year ended December 31, 2021.

Consolidated statement of financial position

Equity and liabilities

€ millions	December 31, 2022	Restated [a] December 31, 2021
Share capital	81	80
Share premium reserve	23,066	22,381
Treasury shares reserve	(360)	(231)
Other reserves	12,516	11,387
Net profit attributable to owners of the parent	2,152	1,448
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	**37,455**	**35,064**
Equity attributable to non-controlling interests	692	811
TOTAL EQUITY	**38,147**	**35,875**
Non-current borrowings	7,858	8,913
Non-current lease liabilities	2,336	2,230
Employee benefits	431	537
Non-current provisions	302	243
Other non-current liabilities	221	143
Deferred tax liabilities	2,377	2,536
TOTAL NON-CURRENT LIABILITIES	**13,525**	**14,602**
Current borrowings	1,164	1,036
Current lease liabilities	846	837
Trade payables	2,297	2,218
Tax payables	711	805
Current provisions	283	373
Other current liabilities	3,587	3,655
TOTAL CURRENT LIABILITIES	**8,888**	**8,925**
Liabilities held for sale	—	13
TOTAL EQUITY AND LIABILITIES	**60,561**	**59,415**

(a) The comparative period has been restated to reflect the finalization of the purchase price allocation (“PPA”) related to the acquisition of GrandVision, which was accounted for on a provisional basis in EssilorLuxottica consolidated financial statements as of and for the year ended December 31, 2021.

Consolidated statement of cash flows

€ millions	2022	Restated [(a)] 2021
NET PROFIT	**2,281**	**1,598**
Depreciation, amortization and impairment	2,970	2,480
(Gains)/losses from disposal of assets	2	2
Expense arising from share-based payments	191	160
Income taxes	751	582
Finance result, net	131	130
Other non-cash items	(72)	(31)
Changes in provisions	(51)	38
Changes in trade working capital	(251)	(197)
Changes in other operating receivables and payables	(105)	526
Taxes paid, net	(940)	(618)
Interest paid, net	(125)	(125)
NET CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES	**4,783**	**4,545**
Purchase of property, plant and equipment and intangible assets	(1,572)	(1,030)
Disposal of property, plant and equipment and intangible assets	17	16
Acquisitions of businesses, net of cash acquired	(965)	(7,078)
Changes in other non-financial assets	83	(64)
Changes in other financial assets	(184)	97
NET CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES	**(2,619)**	**(8,060)**
Share capital increase	37	34
(Purchase)/sale of treasury shares	(431)	(317)
Dividends paid:		
• to the owners of the parent	(454)	(138)
• to non-controlling interests	(140)	(105)
Transactions with non-controlling interests	(674)	(67)
Cash payments for principal portion of lease liabilities	(955)	(722)
Issuance of bonds, private placements and other long-term debts	-	57
Repayment of bonds, private placements and other long-term debts	(455)	(800)
Changes in other current and non-current borrowings	(507)	18
NET CASH FLOWS PROVIDED BY/(USED IN) FINANCING ACTIVITIES	**(3,580)**	**(2,040)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(1,417)**	**(5,555)**
Cash and cash equivalents at the beginning of the financial year	3,293	8,683
Effects of exchange rate changes on cash and cash equivalents	83	166
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	**1,960**	**3,293**

(a) The comparative period has been restated to reflect the finalization of the purchase price allocation ("PPA") related to the acquisition of GrandVision, which was accounted for on a provisional basis in EssilorLuxottica consolidated financial statements as of and for the year ended December 31, 2021.

Appendix 2 - Comparable revenue 2021

Comparable[3] revenue includes the contribution of GrandVision's revenue to EssilorLuxottica as if the acquisition of GrandVision by EssilorLuxottica (the "GV Acquisition"), 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. All the changes reported below are *versus* 2019.

By operating segment

€ millions	Professional Solutions	Change at constant[1] FX	Change at current FX	Direct to Consumer	Change at constant[1] FX	Change at current FX	2021	Change at constant[1] FX	Change at current FX
Comparable revenue 1Q	2,439	0.3 %	(5.2)%	2,407	1.3 %	(3.0)%	4,846	0.8 %	(4.1)%
Comparable revenue 2Q	2,705	5.2 %	(0.9)%	2,903	11.4 %	6.4 %	5,607	8.3 %	2.8 %
Comparable revenue 1H	**5,144**	**2.8 %**	**(3.0)%**	**5,310**	**6.6 %**	**1.9 %**	**10,453**	**4.7 %**	**(0.5)%**
Comparable revenue 3Q	2,577	7.4 %	1.8 %	2,888	11.0 %	6.5 %	5,465	9.3 %	4.2 %
Comparable revenue 4Q	2,678	6.8 %	2.0 %	2,901	15.2 %	11.6 %	5,579	11.0 %	6.8 %
Comparable revenue 2H	**5,255**	**7.1 %**	**1.9 %**	**5,790**	**13.0 %**	**9.0 %**	**11,044**	**10.1 %**	**5.5 %**
Comparable revenue Dec YTD	**10,399**	**4.9 %**	**(0.6)%**	**11,099**	**9.8 %**	**5.5 %**	**21,498**	**7.4 %**	**2.5 %**

By geographical area

€ millions	North America	Change at constant[1] FX	Change at current FX	EMEA	Change at constant[1] FX	Change at current FX	Asia-Pacific	Change at constant[1] FX	Change at current FX	Latin America	Change at constant[1] FX	Change at current FX	2021
Comparable revenue 1Q	2,216	6.2 %	0.4 %	1,755	(5.9)%	(7.8)%	639	2.4 %	0.7 %	236	0.1 %	(23.6)%	4,846
Comparable revenue 2Q	2,627	16.2 %	8.9 %	2,110	3.8 %	1.8 %	620	(3.7)%	(6.0)%	251	3.1 %	(19.9)%	5,607
Comparable revenue 1H	**4,843**	**11.4 %**	**4.8 %**	**3,864**	**(0.9)%**	**(2.8)%**	**1,258**	**(0.7)%**	**(2.7)%**	**487**	**1.6 %**	**(21.8)%**	**10,453**
Comparable revenue 3Q	2,497	14.0 %	7.9 %	2,101	8.7 %	6.8 %	577	(6.9)%	(8.6)%	289	10.9 %	(12.4)%	5,465
Comparable revenue 4Q	2,528	13.9 %	10.6 %	1,987	8.2 %	5.4 %	706	1.4 %	2.1 %	359	25.1 %	(1.3)%	5,579
Comparable revenue 2H	**5,025**	**13.9 %**	**9.2 %**	**4,088**	**8.5 %**	**6.1 %**	**1,283**	**(2.5)%**	**(3.0)%**	**648**	**18.3 %**	**(6.6)%**	**11,044**
Comparable revenue Dec YTD	**9,868**	**12.7 %**	**7.0 %**	**7,953**	**3.7 %**	**1.6 %**	**2,542**	**(1.6)%**	**(2.8)%**	**1,136**	**10.4 %**	**(13.8)%**	**21,498**

Appendix 3 - Restated pro forma information

The Restated 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 Restated Unaudited *Pro Forma* Consolidated Financial Information are accurate in all respects or that the result disclosed in the Restated 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 Restated 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 1H 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	**(9,924)**	**(1,074)**	**50**	**(196)**	**(11,144)**	**857**	**130**	**(10,157)**
OPERATING PROFIT	**2,307**	**289**	**(6)**	**(196)**	**2,394**	**895**	**182**	**3,471**
% of revenue	*11.6%*	*15.3%*			*11.1%*			*16.1%*
Cost of net debt and other ***	(126)	(15)	(3)	—	(144)	(0)	—	(144)
PROFIT BEFORE TAXES	**2,181**	**274**	**(8)**	**(196)**	**2,250**	**894**	**182**	**3,327**
% of revenue	*11.0%*	*14.5%*			*10.5%*			*15.5%*
Income taxes	(582)	(43)	1	26	(599)	(179)	(62)	(840)
NET PROFIT	**1,598**	**231**	**(7)**	**(170)**	**1,652**	**715**	**121**	**2,487**
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	**1,448**	**215**	**(7)**	**(166)**	**1,489**	**711**	**119**	**2,319**

* Restated to reflect the finalization of the purchase price allocation ("PPA") related to the acquisition of GrandVision.

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

*** Including *Other financial income/(expenses)* and *Share of profit of associates.*