GrandVision

GrandVision Half Year 2020

FINANCIAL REPORT

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Interim report

Highlights

- Revenue declined by 26.4% at constant exchange rates in HY20 (HY19: +7.3%) as a result of store closures related to the coronavirus pandemic. Comparable revenue declined by 29.1% in HY20
- HY20 adj. EBITA was -€24 million in HY20 (HY19: €237 million) and -€65 million in 2Q20, driven by negative operating leverage, particularly in April and May
- During the month of June, more than 90% of GrandVision's store network gradually reopened, leading to strong recovery of revenue and a positive adjusted EBITA
- GrandVision booked a non-cash goodwill impairment charge of €75 million, related to our businesses in the US, Italy, Colombia and Peru, which was triggered by the severe impact of the COVID-19 pandemic on our business performance in these markets, and an additional €35 million impairment charge mainly related to customer data bases
- HY20 adj. EPS was - €0.70 (HY19: €0.29)
- GrandVision's net debt position as of 30 June 2020 was €755 million, compared to €753 million at year-end 2019
- Our store base decreased to 7,271 stores from 7,320 at the end of March 2020 driven by store closures in the ordinary course of business, while store openings were temporarily delayed due to the COVID-19 pandemic.

Key figures

in millions of EUR (unless stated otherwise)	HY20	HY19	Change vs. prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	1,453	1,995	-27.2%	-26.4%	-28.7%	2.3%
Comparable growth (%)	-29.1%	3.8%				
Adjusted EBITA	- 24	237	-110.0%	-110.3%	-111.2%	1.0%
Adjusted EBITA margin (%)	-1.6%	11.9%	-1348bps			
Net result	- 212	74	-386.8%			
Net result attributable to equity holders	- 212	66	-422.2%			
Adjusted earnings per share, basic (in €)	- 0.70	0.29	-339.8%			
Earnings per share, basic (in €)	- 0.84	0.26	-422.2%			
System wide sales	1,591	2,178	-27.0%			
Number of stores (#)	7,271	7,265				

Management comments

Stephan Borchert, GrandVision's CEO said: "Prior to the COVID-19 pandemic, our financial performance was in line with our expectations. In the second quarter, we saw the full impact of the COVID-19 pandemic on our business performance resulting in a loss for the quarter and the half year due to the steep revenue decline at the peak of the corona crisis in April and May. I am very proud of all our teams worldwide for how they have managed to protect our customers, our staff in stores and for how they have continued to focus on the priorities and measures we set to navigate through this crisis and to protect the value of our company.

Given the initial uncertainty on duration and severity of the COVID-19 pandemic, we feel confident with our current business recovery in June with more than 90% of the own store base reopened, resulting in a positive EBITA for the month of June and a net debt position of €755 million at the end of June.

Our swift recovery clearly demonstrates the resilience of our business, the structural drivers of our industry and the strength of our local brands. However, shopping patterns are evolving at a much faster pace than ever before. We will continue to invest in our strategic initiatives around omni-channel capabilities and product value chain upgrades in order to successfully address these changes and to best fulfil our customers' demands.

To date, I am particularly pleased with our banner related e-commerce business development with growth of more than 200% in the first half of the year.

As we enter the second half of this year, we will remain focused on our two main priorities of protecting the safety and wellbeing of our employees and customers as well as of returning to best possible business performance under the current conditions. At the same time, we are continuing to support EssilorLuxottica in obtaining regulatory approval for the proposed acquisition HAL's stake in our company."

Status of transaction with EssilorLuxottica

On 18 July 2020, GrandVision announced that it was informed by EssilorLuxottica that it had initiated summary proceedings before the District Court in Rotterdam, demanding that GrandVision provides to EssilorLuxottica additional information in relation to GrandVision's actions to mitigate the impact of COVID-19 on its business. GrandVision strongly disagrees with EssilorLuxottica's demands and has full confidence that these claims will be rejected in court. GrandVision also received notice from EssilorLuxottica claiming that GrandVision, in relation to the aforementioned COVID-19 actions, is in material breach of its obligations under the Support Agreement concluded in connection with the envisaged sale by HAL Optical Investments B.V. of its 76.72% ownership interest in GrandVision to EssilorLuxottica. GrandVision strongly disagrees with these claims and has responded accordingly.

On 30 July 2020, GrandVision announced that it had initiated arbitration proceedings against EssilorLuxottica in connection with the material breach notice EssilorLuxottica has sent to GrandVision. GrandVision has initiated these arbitration proceedings to obtain confirmation that GrandVision is not in material breach of the Support Agreement. GrandVision also wants to ensure that EssilorLuxottica complies with its obligations under the Support Agreement, in particular regarding merger clearance processes.

GrandVision continues to support EssilorLuxottica with the shared objective to obtain regulatory approval for the closure of the acquisition by EssilorLuxottica of HAL's 76.72% interest in GrandVision within 12 to 24 months from the announcement date of 31 July 2019.

Group financial review

in millions of EUR	HY20	HY19
Revenue	1,453	1,995
Cost of sales and direct related expenses	- 431	- 547
Gross profit	1,022	1,448
Selling and marketing costs	- 838	- 996
General and administrative costs	- 379	- 294
Share of result of associates	- 1	- 0
Operating result	- 196	158
Financial income	1	2
Financial costs	- 33	- 28
Net financial result	- 32	- 26
Result before tax	- 229	132
Income tax	17	- 59
Result for the period	**- 212**	**74**
Attributable to:		
Equity holders	- 212	66
Non-controlling interests	1	8
	- 212	74

Revenue

Revenue decreased by 26.4% at constant exchange rates to €1,453 million in HY20 (€1,995 million in HY19) or 27.2% at reported rates driven by the effect of lower store traffic and store closings and related COVID-19 measures around the world, particularly in April and May and to a lesser extent in June. Following a revenue decline in April and May of approximately 80% and 55%, respectively, the revenue reduction in June improved significantly to only 16%. Comparable growth during the period was -29.1%.

Gross Profit

Gross profit decreased from € 1,448 million in HY19 to € 1,022 million in HY20. The gross margin decreased to 70.3%, compared to 72.6% in the previous year, mainly due to changes in product mix related to a higher share of contact lenses and sunglasses, higher online sales, and a lower fixed cost absorption of warehouses. Following the re-opening of our store network and the recovery of revenue, the gross margin returned to its previous levels at the end of the second quarter, particularly in those markets that have shown a strong recovery.

Adjusted EBITDA

The lack of operating leverage, especially during the months of April and May, led to a significant reduction of profitability. As a result, adjusted EBITA (i.e. EBITA before non-recurring items) decreased from €237 million in HY19 to -€24 million in HY20. At the same time, we were able to manage our costs through our previously announced COVID-19 contingency plans including the temporary reduction of non-essential overhead costs, while making use of temporary unemployment schemes. In 2Q20, adjusted EBITA decreased from €129 million in 2Q19 to -€65 million.

Following the gradual reopening of our store network in May and June and the introduction of measures to reduce the impact of the store closings on our profitability, we achieved a turnaround in June with a positive adjusted EBITA.

Operating Result

The operating result decreased from €158 million in HY19 to -€196 million in HY20, driven by lower EBITA related to COVID-19, higher amortization and impairments and higher non-recurring items.

in millions of EUR	HY20	HY19
Adjusted EBITA	**- 24**	**237**
Non-recurring items	- 44	- 10
EBITA	**- 68**	**227**
Amortization and impairments	- 129	- 69
Operating result	**- 196**	**158**

Non-recurring items of -€44 million in HY20 (-€10 million in HY19) were mainly related to expenses in connection with the announced acquisition of HAL's interest in GrandVision by EssilorLuxottica, impairments of fixed assets and restructuring costs.

Amortization and impairments were -€129 million in HY20 including the goodwill impairment charges of €75 million related to our businesses in the US, Italy, Colombia and Peru. These goodwill impairments were triggered by the severe impact of the COVID-19 pandemic on our business performance in these markets.

In addition to this, amortization and impairments in HY20 also includes impairments of €35 million mainly related to the customer data bases in the UK, the US and Italy, following the historically lower performance of the stores in these chains, compared to the expectations at their acquisitions. The majority of the customer database impairment relates to the Tesco Opticians customer database.

Financial result

The financial result increased to -€32 million in HY20 compared from -€26 million in HY19 mainly reflecting non-operational FX loss due to the high volatility of currencies.

Income tax

Income tax decreased from -€59 million in HY19 to a tax gain of €17 million in HY20, reflecting the reported loss. The estimated weighted average effective income tax rate was -7.4% in HY20, compared to 44.3% in HY19. The change is mainly resulting from losses in multiple countries following the COVID-19 pandemic and the connected goodwill impairments.

Net result for the period

Net result for the period decreased to -€212 million in HY20 (€74 million in HY19), reflecting the weak operating performance in April and May caused by COVID-19 related store closures as well as related goodwill impairments. Net result attributable to equity holders was -€212 million in HY20 (€66 million in HY19).

(Adjusted) Earnings per share

Adjusted earnings per share, which excludes non-recurring items, was -€0.70 in HY20 (€0.29 in HY19). Earnings per share was -€0.84 in HY20 (€0.26 in HY19).

The weighted average number of shares outstanding was 253,678,502 in HY20. On a fully diluted basis, adjusted EPS was also -€0.70 in HY20 (€0.29 in HY19), and EPS was -€0.83 in HY20 (€0.26 in HY19).

Segment review

G4

in millions of EUR (unless stated otherwise)	HY20	HY19	Change vs. prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	849	1,131	-24.9%	-25.0%	-26.0%	1.0%
Comparable growth (%)	-26.8%	3.2%				
Adjusted EBITA	21	180	-88.4%	-88.4%	-89.2%	0.8%
Adjusted EBITA margin (%)	2.5%	15.9%	-1343bps			
Number of stores (#)	3,430	3,408				

Revenue

Revenue in the G4 segment decreased by 25.0% at constant exchange rates to €849 million in HY20. Comparable revenue declined by 26.8%, driven by the adverse impact of store closures and lower traffic on revenue, particularly in April and May.

In the **Benelux**, stores remained partially open throughout March and April, and returned to full opening in early May. During the lockdown period, the revenue reduction of our store network was partially offset by e-commerce sales through our banner websites and our pure play e-commerce businesses such as Zonnebrillen.com and Sightful. In June, our Dutch business returned to growth.

In **France**, our business was severely impacted by mandatory store closures between mid-March and mid-May. In order to continue serving customers, our Générale d'Optique and GrandOptical chains extended their e-commerce offerings to also include prescription glasses.

Our businesses in **Germany** and **Austria** were the least impacted within the segment as Apollo and Robin Look stores in Germany and Pearle stores in Austria remained partially open during the peak of the COVID-19 crisis. Following the full re-opening of the store network in early May, the business unit returned to growth during in June.

In the **United Kingdom**, our VisionExpress business was the most impacted as COVID-19 related store closures and traffic reductions continued into June.

Adjusted EBITA

Adjusted EBITA decreased by 88.4% at constant exchange rates to €21 million in HY20, reflecting the negative operating leverage as a result of the revenue reduction. Following the reopening of our store network, adjusted EBITA was positive in June.

Other Europe

in millions of EUR (unless stated otherwise)	HY20	HY19	Change vs. prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	456	611	-25.4%	-24.9%	-30.4%	5.5%
Comparable growth (%)	-29.7%	2.8%				
Adjusted EBITA	- 7	71	-110.5%	-109.7%	-110.9%	1.2%
Adjusted EBITA margin (%)	-1.6%	11.6%	-1328bps			
Number of stores (#)	2,119	2,054				

Revenue

Revenue in the Other Europe segment decreased by 24.9% at constant exchange rates to €456 million in HY20. Comparable revenue declined by 29.7%, driven by the negative impact of COVID-19 related store closures.

Within the segment, the business units in Northern Europe were least affected by the COVID-19 pandemic, while markets in Southern Europe such as Italy, Portugal and Spain were most impacted. In June, several countries, including Denmark, Switzerland and Norway returned to growth.

Adjusted EBITA

Adjusted EBITA decreased from €71 million in HY19 to -€7 million in HY20, reflecting the negative operating leverage as a result of the revenue reduction.

Americas & Asia

in millions of EUR (unless stated otherwise)	HY20	HY19	Change vs. prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	148	253	-41.7%	-36.6%	-36.6%	0.0%
Comparable growth (%)	-37.3%	8.7%				
Adjusted EBITA	- 23	10	-331.2%	-343.3%	-343.3%	0.0%
Adjusted EBITA margin (%)	-15.3%	3.9%	-1913bps			
Number of stores (#)	1,722	1,803				

Revenue

The America & Asia segment was most impacted by the COVID-19 pandemic. Revenue in the segment decreased by 36.6% at constant exchange rates to €148 million in HY20 and comparable revenue declined by 37.3%. Within the segment, only Turkey returned to more normalized revenue and levels in June, whereas Latin American markets remained in lockdown.

Adjusted EBITA

Adjusted EBITA decreased from €10 million in HY19 to -€23 million in HY20, reflecting the negative operating leverage as a result of the revenue reduction. Following the reopening of the store network in June, our Turkish business almost returned to its previous EBITA level.

Liquidity and debt

in millions of EUR (unless stated otherwise)	HY20	HY19	change versus prior year
Free cash flow	7	107	- 100
Capital expenditure	53	78	- 25
- Store capital expenditure	31	48	- 16
- Non-store capital expenditure	21	30	- 8
Acquisitions	3	115	- 111
Net debt	755	867	
Net debt leverage (times)	2.2	1.5	

In HY20, free cash flow (defined based on IFRS 16, as cash flow from operating activities minus capital expenditure minus net repayment of lease liabilities and receivables) decreased from €107 million in HY19 to €7 million, mainly driven by the impact of the revenue decline.

Total capital expenditure decreased from €78 million in HY19 to €53 million in HY20, representing 4.9% of revenue for the last 12 months. Non-store capital expenditure decreased from €30 million in HY19 to €21 million in HY20 mainly due to a lower level of investments in digital platforms in the previous year. Store capital expenditure decreased to €31 million in HY20 (€48 million in HY19) as many planned store openings and refurbishments were postponed during the COVID-19 related store network closures in April and May. At the same time, GrandVision made significant investments into additional eye measurement equipment to ensure full compliance with COVID-19 related health and safety protocols, thereby enabling its stores to resume operations. Following the re-opening of GrandVision's store network throughout June, investments in store openings and refurbishments were resumed. GrandVision continues to expect a normal capex level of approximately 4-6% of sales for the full year 2020.

Net debt was €755 million at the end of June 2020, compared to €753 million at year-end 2019, and €867 million at the end of June 2019. Given the weak operating performance, particularly in April and May, the net debt leverage ratio increased from 1.5x at the end of June 2019 and 1.2x at year-end 2019 to 2.2x at the end of June 2020.

As announced on 22 June 2020, GrandVision obtained an Additional Liquidity Facility of €400 million, which will be available in the event that the RCF is fully drawn. The term is one year with an additional year available at GrandVision's discretion. In addition, and as a result of the active dialogue with its relationship banks, GrandVision has reached an agreement to amend the RCF, obtaining relief from the financial covenant tests in 2020. The next financial covenant test will be performed on amended terms at the end of Q1 2021, with an additional test on amended terms at the end of each quarter in 2021. The new covenants provide the banking group with sufficient comfort while at the same time giving GrandVision operational and financial flexibility in case of unexpected COVID-19 setbacks.

Statement by the Management Board

In accordance with the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht), section 5:25d, paragraph 2 sub c, we confirm that, to the best of our knowledge:

- the condensed interim consolidated financial statements for the six months ended 30 June 2020 have been prepared in accordance with IAS 34 (Interim Financial Reporting) as adopted by the European Union and give a true and fair view of the assets, liabilities, financial position and profit or loss of GrandVision N.V. and its subsidiaries; and
- the interim report for the six months ended 30 June 2020 gives a fair review of the information required pursuant to section 5:25d, subsections 8 and 9 of the Dutch Financial Markets Supervision Act.

Schiphol, 5 August 2020

The Management Board

Stephan Borchert, CEO

Willem Eelman, CFO

Financial Calendar 2020

30 October 2020 Third Quarter 2020 Trading Update

Condensed Interim Consolidated Financial Statements

Interim Consolidated Income Statement

in thousands of EUR	Notes	Six months ended 30 June 2020	Six months ended 30 June 2019
Revenue	5	1,452,547	1,995,248
Cost of sales and direct related costs		- 430,738	- 547,048
Gross profit		1,021,809	1,448,200
Selling and marketing costs		- 838,044	- 996,200
General and administrative costs		- 379,372	- 293,573
Share of result of Associates and Joint Ventures		- 814	- 355
Operating result		- 196,421	158,072
Financial income		966	2,412
Financial costs		- 33,122	- 28,074
Net financial result		- 32,156	- 25,662
Result before tax		- 228,577	132,410
Income tax	8	16,897	- 58,596
Result for the period		**- 211,680**	**73,814**
Attributable to:			
Equity holders		- 212,186	65,864
Non-controlling interests		506	7,950
		- 211,680	73,814
Earnings per share, basic (in EUR per share)		- 0.84	0.26
Earnings per share, diluted (in EUR per share)		- 0.83	0.26

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Interim Consolidated Statement of Comprehensive Income

in thousands of EUR	Six months ended 30 June 2020	Six months ended 30 June 2019
Result for the period	- 211,680	73,814
Other comprehensive income:		
Items that will not be reclassified to Income Statement		
Remeasurement of post-employment benefit obligations	4,810	- 16,659
Income tax relating to this item	- 912	4,548
	3,898	- 12,111
Items that may be subsequently reclassified to Income Statement		
Currency translation differences	- 41,455	6,363
Share of Other Comprehensive Income of Associates and Joint Ventures	- 14	10
Cash flow hedges	2,736	- 8,403
Income tax	- 619	2,103
	- 39,352	73
Other comprehensive loss (net of tax)	- 35,454	- 12,038
Total comprehensive income for the period (net of tax):	**- 247,134**	**61,776**
Attributable to:		
Equity holders	- 245,176	55,028
Non-controlling interests	- 1,958	6,748
	- 247,134	61,776

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Interim Consolidated Balance Sheet

in thousands of EUR	Notes	30 June 2020	31 December 2019
ASSETS			
Property, plant and equipment		478,055	532,690
Right-of-use assets	9	1,336,562	1,442,954
Goodwill	10	1,057,231	1,146,028
Other intangible assets	11	358,397	415,121
Deferred income tax assets		76,459	61,822
Investments in Associates and Joint Ventures		782	1,012
Non-current receivables		82,699	83,544
Non-current assets		3,390,185	3,683,171
Inventories		382,816	356,259
Trade and other receivables		249,458	275,618
Other current assets		45,671	32,605
Current income tax receivables		31,256	31,759
Derivatives		2,989	1,581
Cash and cash equivalents	12	342,524	162,899
Current assets		1,054,714	860,721
Total assets		**4,444,899**	**4,543,892**
EQUITY AND LIABILITIES			
Share capital	13	5,089	5,089
Share premium		73,024	72,580
Treasury shares		- 14,343	- 16,235
Other reserves		- 200,612	- 167,622
Retained earnings		1,070,898	1,283,340
Equity attributable to equity holders		934,056	1,177,152
Non-controlling interests		79,120	87,109
Total equity		1,013,176	1,264,261
Borrowings		860,164	385,817
Lease liabilities	9	952,087	1,037,293
Deferred income tax liabilities		32,263	42,969
Post-employment benefits		133,619	136,112
Provisions		20,345	18,193
Derivatives		8,905	7,935
Other non-current liabilities		18,646	21,637
Contract liabilities		6,446	8,641
Non-current liabilities		2,032,475	1,658,597
Borrowings		227,368	517,330
Lease liabilities	9	404,665	373,278
Current income tax liabilities		35,375	40,705
Provisions		30,286	24,034
Derivatives		3,643	6,106
Trade and other payables		603,569	569,628
Contract liabilities		94,342	89,953
Current liabilities		1,399,248	1,621,034
Total liabilities		3,431,723	3,279,631
Total equity and liabilities		**4,444,899**	**4,543,892**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Interim Consolidated Statement of Changes in Shareholders' Equity

		Attributable to the equity holders							
in thousands of EUR	Notes	Share capital	Share premium	Treasury shares	Other reserves	Retained earnings	Total	Non-controlling interest	Total equity
At 1 January 2020		**5,089**	**72,580**	**- 16,235**	**- 167,622**	**1,283,340**	**1,177,152**	**87,109**	**1,264,261**
Result for the period		-	-	-		- 212,186	- 212,186	506	- 211,680
Cash flow hedge reserve		-	-	-	1,906	-	1,906	211	2,117
Remeasurement of post-employment benefit obligations		-	-	-	3,316	-	3,316	582	3,898
Cumulative currency translation reserve		-	-	-	- 38,212	-	- 38,212	- 3,257	- 41,469
Total comprehensive income		-	-	-	- 32,990	- 212,186	- 245,176	- 1,958	- 247,134
Share-based payments	13	-	444	1,892	-	- 256	2,080	-	2,080
Dividends		-				-	-	- 6,031	- 6,031
Total transactions with equity holders		-	444	1,892	-	- 256	2,080	- 6,031	- 3,951
At 30 June 2020		**5,089**	**73,024**	**- 14,343**	**- 200,612**	**1,070,898**	**934,056**	**79,120**	**1,013,176**
At 1 January 2019		**5,089**	**69,455**	**- 14,068**	**- 157,048**	**1,191,425**	**1,094,853**	**89,110**	**1,183,963**
Result for the period		-	-	-		65,864	65,864	7,950	73,814
Cash flow hedge reserve		-	-	-	- 6,253	-	- 6,253	- 47	- 6,300
Remeasurement of post-employment benefit obligations		-	-	-	- 10,778	-	- 10,778	- 1,333	- 12,111
Cumulative currency translation reserve		-	-	-	6,195	-	6,195	178	6,373
Total comprehensive income		-	-	-	- 10,836	65,864	55,028	6,748	61,776
Purchase of treasury shares	13	-	-	- 3,814	-	-	- 3,814	-	- 3,814
Share-based payments	13	-	- 363	1,598	-	43	1,278	-	1,278
Dividends		-	-	-	-	- 83,743	- 83,743	- 13,077	- 96,820
Total transactions with equity holders		-	- 363	- 2,216	-	- 83,700	- 86,279	- 13,077	- 99,356
At 30 June 2019		**5,089**	**69,092**	**- 16,284**	**- 167,884**	**1,173,589**	**1,063,602**	**82,781**	**1,146,383**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Interim Consolidated Cash Flow Statement

in thousands of EUR	Notes	Six months ended 30 June 2020	Six months ended 30 June 2019
Cash flows from operating activities			
Cash generated from operations		214,961	444,715
Tax paid		- 17,575	- 69,941
Net cash from operating activities		**197,386**	**374,774**
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired		- 3,344	- 114,962
Purchase of property, plant and equipment		- 35,146	- 52,278
Proceeds from sales of property, plant and equipment		1,657	2,188
Purchase of intangible assets	11	- 17,606	- 25,223
Proceeds from sales of intangible assets		149	1,030
Investments in associates and joint ventures		- 599	- 321
Change in other non-current receivables and lease prepayments		- 1,492	- 282
Net cash used in investing activities		**- 56,381**	**- 189,848**
Cash flows from financing activities			
Proceeds from borrowings		600,524	157,153
Repayments of borrowings		- 404,525	- 61,985
Repayments of lease liabilities		- 145,093	- 198,870
Receipts from finance subleases		7,450	8,551
Purchase of treasury shares		-	- 3,814
Interest swap payments		- 1,745	- 1,514
Dividends paid to shareholders		-	- 83,743
Dividends paid to non-controlling interest		- 2,294	- 13,077
Interest received		763	2,260
Interest paid		- 7,394	- 9,286
Net cash used in financing activities		**47,686**	**- 204,325**
Increase/(decrease) in cash and cash equivalents		**188,691**	**- 19,399**
Movement in cash and cash equivalents			
Cash and cash equivalents at beginning of the period		134,241	71,619
Increase/(decrease) in cash and cash equivalents		188,692	- 19,399
Exchange losses on cash and cash equivalents		- 122	- 2,333
Cash and cash equivalents at end of the period	12	**322,811**	**49,887**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Notes to the Condensed Interim Consolidated Financial Statements

1. General Information

GrandVision N.V. ('the Company') is a public limited liability company and is incorporated and domiciled in Haarlemmermeer, the Netherlands. GrandVision N.V. is listed on the Euronext Amsterdam stock exchange. The Company's Chamber of Commerce registration number is 50338269. The address of its registered office is as follows: The Base, Evert van de Beekstraat 1-80, Tower C, 6th floor, 1118 CL Schiphol, the Netherlands.

At 30 June 2020, 76.72% of the issued shares are owned by HAL Optical Investments B.V. and 22.98% by institutional and retail investors, with the remaining shares held by GrandVision's Management Board (0.03%) and in treasury (0.27%). HAL Optical Investments B.V. is indirectly controlled by HAL Holding N.V. All HAL Holding N.V. shares are held by HAL Trust. HAL Trust is listed on the Euronext Amsterdam stock exchange. On 31 July 2019 it was announced that EssilorLuxottica had agreed to acquire the 76.62% interest in GrandVision held by HAL Optical Investments B.V. GrandVision continues to support EssilorLuxottica with the shared objective to obtain regulatory approval for the closure of this acquisition within 12 to 24 months from the announcement date.

GrandVision N.V. and its subsidiaries (together, referred to as 'the Group') comprise a number of optical retail chains operated under different retail banners. As of 30 June 2020, the Group, including its associates and joint ventures, operated 7,271 (31 December 2019: 7,406) optical retail stores (including franchise stores). At 30 June 2020 the number of average full-time equivalents within the Group (excluding associates and joint ventures) was 33,681 (31 December 2019: 34,143).

The information in these condensed interim consolidated financial statements is unaudited.

2. Basis of Preparation

2.1. Statement of Compliance

These condensed interim financial statements for the six months ended 30 June 2020 have been prepared in accordance with IAS 34 *Interim financial reporting* as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union. The condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 31 December 2019, which have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) as adopted by the European Union.

2.2. Basis of Measurement

These condensed interim financial statements have been prepared under the historical cost convention except for derivatives, share-based payment plans, contingent considerations, certain non-current assets and post-employment benefits.

Preparing these condensed interim financial statements in accordance with IFRS means that management is required to make assessments, estimates and assumptions that influence the application of regulations and the amounts reported for assets, equity, liabilities, commitments, income and expenses.

The estimates and assumptions serve as the basis for assessing the value of recognized assets and liabilities whose amounts cannot currently be determined from other sources. The Group makes estimations and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results.

The estimates made and the related assumptions are based on historical experience and various other factors, including expectations of future events that are believed to be reasonable under the given circumstances. Estimates and underlying assumptions are subject to constant assessment. Changes in estimates and assumptions are recognized in the period in which the estimates are revised.

Assessments and estimates, made by management under IFRS that have a significant impact on the condensed interim consolidated financial statements, carry the risk of a possible material inaccuracy. In preparing these condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2019, except for the COVID-19 pandemic impact (see below). The principles of valuation and determination of results have been applied consistently by the Group companies during the periods presented in these condensed interim consolidated financial statements.

Implications of COVID-19 on the Group

The global spread of the COVID-19 pandemic has led to a significant number of temporary store closures in many markets, restrictions with regards to openings hours and the performance of essential in-store services in many other regions as well as a significant reduction in traffic due to consumer uncertainty.

In compliance with governmental measures and health authority recommendations around the world, as of March 2020, many of GrandVision's stores were fully closed or only partially open but impacted by various degrees of sales limitations and a significant reduction in traffic. As the situation continued to develop rapidly, GrandVision faced a negative revenue impact of -27.2% against the previous year in the first half year of 2020. By the end of June, the majority of the countries of the Group have started to relax COVID-19 measures, allowing stores to re-open and operate under the 1.5-2 meter social distancing, by for example equipping stores with dividers in order to conduct eye tests at the required distance, and providing staff with protective equipment. This has led to the majority of GrandVision's stores being reopened and returned to full operation again by June 2020, particularly most of the markets in Europe. In Latin America, where countries have been impacted by COVID-19 a few weeks after Europe and North America, stores in most markets remain either closed or are operating with limited opening hours. The ramp-up of the stores across Latin America is also expected to lag behind other markets. GrandVision has developed and continuously monitors contingency (ramp-up) plans to preserve the value of the Group's business. The ramp-up scenarios take into consideration the potential severity and length of the COVID-19 pandemic in different markets. GrandVision has agreed on rent reductions with landlords, please refer to Leases for more details.

GrandVision has been actively engaged with its relationship banks and has secured additional funding. Please refer to Financial Risk Management for more details. GrandVision management believes that the long-term commitment of €1,200 million under the Revolving Credit Facility (RCF), and the additional Liquidity Facility (RLF) commitment of €400 million will be sufficient in the event of a prolonged COVID-19 crisis. As of 30 June 2020, 28% of the RCF and 100% of the RLF were available. With the debt markets stabilizing, the interest on Commercial Paper returning to its normal level, and taking into account the available commitments, management believes that GrandVision is in a sound position from a financing point of view (see Financial Risk Management for more details).

Therefore, whilst uncertain, management does not believe, however, that the impact of the COVID-19 pandemic would have a material adverse effect on the Group's financial condition or liquidity.

2.3. Foreign Currency

The condensed interim financial statements are presented in euros (€), this being GrandVision's presentation currency. Amounts are shown in thousands of euros unless otherwise stated.

2.4. Significant Accounting Policies

The principal accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those applied when preparing the annual financial statements for the year ended 31 December 2019, except for an amendment to IFRS 16 and a new significant accounting policy for the government grants, and will be applied when preparing the annual financial statements for the current financial year. The policies have been consistently applied to all the periods presented, except for the (early) adoption of new and amended standards as set out below.

2.5. Changes in Accounting Policy and Disclosures

2.5.1. New and Amended Standards and Interpretations Adopted by the Group

A number of new or amended standards and interpretations became applicable for the current reporting period and the Group had to change its accounting policies as a result of adopting the following standards, where applicable:

- **Amendments to IFRS 3 *Business Combinations***
- **Amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors***
- **Amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 7 *Financial Instruments: Disclosures***
- **Amendments to References to the Conceptual Framework in IFRS**
- **Amendments to IFRS 16 *Leases***

No other new or amended standards and interpretations had significant impact on the Group's interim consolidated financial statements.

Amendments to IFRS 3 *Business Combinations*

The amendments to IFRS 3 on the definition of a business were issued in 2018 and are effective for accounting periods beginning on or after 1 January 2020. The amendments clarify whether an acquired set of activities and assets is a business or not, which is a key consideration in determining whether a transaction is accounted for as a business combination or an asset acquisition. As from 2020, the Group will apply these amendments. These amendments did not have a significant impact on the condensed interim financial statements of the Group.

Amendments to IAS 1 and IAS 8: Definition of "Material"

The amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* on the definition of "Material" were issued in 2018 and are effective for accounting periods beginning on or after 1 January 2020. The amendments were issued to align the definition of 'material' across the IFRS standards and to clarify certain aspects of the definition. As from 2020, the Group will apply these amendments. These amendments did not have a significant impact on the condensed interim financial statements of the Group.

Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform

The amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform were issued in 2019 and are effective for accounting periods beginning on or after 1 January 2020. Many interest rate benchmarks such as LIBOR (the London Inter-Bank Offered Rate) are in the process of being replaced. There will be financial reporting implications to this reform, with some effects arising even before a particular interest rate benchmark has been replaced (pre-replacement issues).The amendments provides relief from certain hedge accounting requirements in order to avoid unnecessary discontinuation of existing hedge relationships during the period of uncertainty over interest rate benchmark reform. These amendments did not have a significant impact on the condensed interim financial statements of the Group.

Amendments to References to the Conceptual Framework in IFRS

Amendments to References to the Conceptual Framework in IFRS were issued in 2018 and are effective for accounting periods beginning on or after 1 January 2020. The amendments were issued to align various standards to reflect the issue of the revised Conceptual Framework for Financial Reporting. In addition, the amendments clarify that the definitions of asset and liability applied in certain standards have not been revised, with the new definitions included in the new conceptual framework. These amendments did not have a significant impact on the condensed interim financial statements of the Group.

Amendments to IFRS 16 *Leases*: COVID-19-Related Rent Concessions

The amendments to IFRS 16 - COVID-19-Related Rent Concessions were issued in 2020 and are effective for accounting periods beginning on or after 1 June 2020. The endorsement of these amendments by the EU is not yet finalised at the date at which these financial statements were authorised for issue. Due to the spread of the COVID-19 pandemic, many lessors have provided rent concessions to their lessees. As a practical expedient, a lessee may elect not to treat COVID-19- related rent concession as a lease modification. A lessee that makes this election shall account for certain changes in lease payments originally due on or before 30 June 2021, and resulting from the COVID-19-related rent concession, the same way it would account for the change applying this Standard if the change were not a lease modification. The Group has elected to adopt these changes early and as issued by the IASB, due to the significant amount of the rent reductions related to the reporting period. The Group applied the practical expedient to all the rent concessions which meet the criteria for the reporting periods starting 1 January 2020. The impact of the amendment and new accounting policies are disclosed in Leases.

2.5.2. New Standards, Amendments and Interpretations Issued but Not Effective for the Reported Period and Not Adopted Early

There are no new standards and amendments to standards and interpretations applicable to the Group effective for annual periods beginning on or after 1 January 2021.

3. Financial Risk Management

Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. There are no externally imposed capital requirements, except for certain limitations following the announced acquisition of GrandVision shares by EssilorLuxottica, which is conditional upon GrandVision's net debt remaining below €993 million.

The Group monitors capital based on leverage ratio (defined as net debt/EBITDA - covenants). Management believes the current capital structure, operational cash flows, and profitability of the Group will safeguard the Group's ability to continue as a going concern. GrandVision aims to maintain a maximum leverage ratio of 2.0 (net debt/EBITDA - covenants) excluding the impact of any borrowings associated with, and any EBITDA amounts attributable to, major acquisitions. At the outset of the COVID-19 pandemic, the Group temporarily shifted focus from monitoring capital based on the leverage ratio to securing the availability of financing to support the changing circumstances, including applying for government support in various countries.

Net debt consists of the Group's borrowings, derivatives and cash and cash equivalents, excluding lease liabilities. EBITDA used for monitoring financial covenants is calculated as adjusted EBITDA less depreciation of right-of-use assets and net financial result on lease liabilities and receivables ("EBITDA - covenants").

At the end of June 2020, GrandVision's net debt position was €754,566 (2019: €752,708), with a leverage ratio of 2.17 (2019: 1.2). In 2019, GrandVision renewed its Revolving Credit Facility (RCF) of €1,200 million until 2024. At 30 June 2020, a total of €860 million was drawn under the RCF (72% of the €1,200 million commitment) with the remaining debt obtained through the Commercial Paper market of €204 million, and other short-term facilities.

On June 19th GrandVision entered into an additional Liquidity Facility (RLF) of €400 million. This RLF of €400 million, which is provided by five of GrandVision's relationship banks, will be available in the event that the RCF is fully drawn. The term is one year with an additional year available at GrandVision's discretion.

In addition, and as a result of the active dialogue with its relationship banks, GrandVision has reached an agreement to amend its existing 2019–2024 €1,200 million Revolving Credit Facility (RCF), obtaining a relief from the financial covenant tests in 2020. The next financial covenant test will be performed at amended terms at the end of Q1 2021, and thereafter on amended terms at the end of each quarter in 2021. The new covenants provide the banking group with sufficient comfort while at the same time giving GrandVision operational and financial flexibility in case of unexpected COVID-19 setbacks. Both facilities, RCF and RLF, share the same financial covenants. An overview of the covenants is as follows:

Date	Covenants
30 June 2020	Covenant holiday
31 December 2020	Covenant holiday
31 March 2021	EBITDA - covenants of Q1 2021 above zero
30 June 2021	EBITDA - covenants of HY 2021 above €100 million and leverage ratio of 3.25x calculated as Net Debt to 4x 3 months preceding end Q2 2021 EBITDA - covenants
30 September 2021	leverage ratio of 3.25x calculated as Net Debt to 2x 6 months preceding end Q3 2021 EBITDA - covenants
31 December 2021	leverage ratio of 3.25x calculated as Net Debt to 2x 6 months preceding end Q4 2021 EBITDA – covenants

As of 2022, the financial covenants will revert to those defined in the RCF agreement covenant testing schedule.

On top of the above financial covenants, GrandVision will be providing a Liquidity Forecast to both bank groups on a monthly basis. Moreover, for as long as any loan is outstanding under the Additional Liquidity Facility, GrandVision shall ensure that the forecasted Liquidity (being the sum of Cash & Cash Equivalents and the undrawn available amounts under both the RCF and RLF) will be above €150 million at all times during each relevant 13-week forecast period.

4. Seasonality of Operations

Due to the geographical presence of our operations and accordingly different seasons within the periods, the seasonality in the individual countries varies throughout the Group. This results in minimal impact from seasonality on Revenue and EBITA on Group level.

5. Segment Information

An operating segment is defined as a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's chief operating decision maker ('CODM') to make decisions about resources to be allocated to the segment, assess its performance and for which discrete financial information is available. The CEO and CFO (the Management Board) forms the CODM. Operating segments are reported in a manner consistent with the internal reporting provided to the CODM. These operating segments were defined based on geographic markets in line with their maturity, operating characteristics, scale and market presence. The operating segments' operating result is reviewed regularly by the Management Board – together, the CODM – which makes decisions as to the resources to be allocated to the segments and assesses their performance, based on discrete financial information available. All geographic segments are involved in the optical retail industry, and there are no other significant product lines or sources of revenue for the Group.

There has been no aggregation of operating segments into reportable segments.

The Group's reportable segments are defined as follows:

- **G4**, consisting of the Netherlands & Belgium, the United Kingdom & Ireland, France & Luxembourg and Germany & Austria
- **Other Europe**, consisting of Bulgaria, Cyprus, the Czech Republic, Denmark, Estonia, Finland, Greece, Hungary, Italy, Norway, Poland, Portugal, Slovakia, Spain, Sweden and Switzerland
- **Americas & Asia**, consisting of Argentina, Brazil, Chile, China, Colombia, India, Mexico, Peru, Russia, Turkey, the United States and Uruguay

The most important measures assessed by the CODM and used to make decisions about resources to be allocated are total net revenue and, following the implementation of IFRS 16 in 2019 – adjusted EBITA. Measures of assets and liabilities by segment are not reported to the CODM.

The following table presents total net revenue and adjusted EBITA for the operating segments for the six months ended 30 June 2020 and 2019, respectively. The adjusted EBITA is defined as EBITA excluding non-recurring items. Non-recurring items are defined as significant items that are not included in the performance of the segments based on their exceptional nature. For 2020 these items are mainly related to expenses related to the announced acquisition of GrandVision shares by EssilorLuxottica, impairments of fixed assets, and restructuring costs. For 2019 these items are related to restructuring costs, and costs related to acquisitions and to prior year. A reconciliation from adjusted EBITA to earnings before taxes is presented within each table below. Other reconciling items represent corporate costs that are not allocated to a specific segment.

in thousands of EUR	G4	Other Europe	Americas & Asia	Other reconciling items	Total
Six months ended 30 June 2020					
Total net revenue	848,919	455,739	147,889	-	1,452,547
Adjusted EBITA	20,826	- 7,495	- 22,594	- 14,391	**- 23,654**
Non-recurring items					- 44,097
Amortization and impairments					- 128,670
Operating income/loss					**- 196,421**
Non-operating items:					
Net financial result					- 32,156
Earnings before tax					**- 228,577**
Six months ended 30 June 2019					
Total net revenue	1,131,059	610,693	253,496	-	1,995,248
Adjusted EBITA	179,595	71,098	9,771	- 23,946	**236,518**
Non-recurring items					- 9,811
Amortization and impairments					- 68,635
Operating income/loss					**158,072**
Non-operating items:					
Net financial result					- 25,662
Earnings before tax					**132,410**

Set out below is the disaggregation of the Group's revenue from contracts with customers per reportable segment for the six months ended 30 June 2020 and 2019, respectively. Franchise revenues include sales to franchisees and franchise royalties and contributions.

in thousands of EUR	G4	Other Europe	Americas & Asia	Total
Six months ended 30 June 2020				
Revenue from contracts with customers				
Own store sales	759,453	448,282	143,395	1,351,130
Franchisee revenues	87,834	5,178	1,051	94,063
Other merchandise revenues	37	60	2,787	2,884
	847,324	453,520	147,233	1,448,077
Revenue from other sources				
Other revenues	1,595	2,219	656	4,470
	848,919	455,739	147,889	**1,452,547**
Six months ended 30 June 2019				
Revenue from contracts with customers				
Own store sales	1,012,936	599,526	244,011	1,856,473
Franchisee revenues	116,201	7,809	2,550	126,560
Other merchandise revenues	764	7	5,913	6,684
	1,129,901	607,342	252,474	1,989,717
Revenue from other sources				
Other revenues	1,158	3,351	1,022	5,531
	1,131,059	610,693	253,496	**1,995,248**

6. Cost of Sales, Directly Related Costs and Other Operating expenses

The following costs have been included in the operating result:

in thousands of EUR	Notes	30 June 2020	30 June 2019
Direct materials		354,340	468,618
Employee costs		578,496	683,966
Occupancy costs		48,389	88,992
Marketing & publicity costs		73,497	101,057
Depreciation and impairments		256,254	249,511
Amortization and impairments		128,671	68,635
Distribution costs		41,617	38,767
Other costs		166,890	137,275
		1,648,154	1,836,821

In 2020, the decrease in most costs included in the operating result is due to temporary store closures and cost savings following the pandemic. Employee costs are partially offset against the government grants received mainly in G4 and Other Europe segments, please refer to Government Grants. The decrease in occupancy costs is due to savings in variable- and fixed rent costs, and rent discounts agreed with the landlords, in connection with the COVID-19 pandemic, for more information refer to Leases. The increase in amortization and impairments relates mainly to the impairments of the customer databases and goodwill following lower performance of stores in certain chains compared to the expectations at their acquisition dates, for more information refer to Goodwill and Other Intangible Assets.

7. Government Grants

Accounting policy

Government grants comprise amounts received by the Group from governments as reimbursement for costs incurred. Most of the government grants (to be) received directly by the Group related to compensation for employee costs incurred during the first 6 months of 2020. Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to them, and that the grants will be received. Government grants are recognised in the Interim Consolidated Income Statement as a reduction of the employee expenses over the periods in which the Group recognises the employee expenses.

In the first 6 months of 2020, the amount recognised as a reduction of employee expenses in the Interim Consolidated Income Statement for government grants can be specified by function as follows:

in thousands of EUR	30 June 2020
Cost of sales and direct related costs	967
Selling and marketing costs	45,266
General and administrative costs	3,418
	49,651

The largest subsidies received by the Group relate to G4 and Other Europe countries to compensate for the employee costs incurred, and were provided, amongst others, under condition that employee staff contracts should not be terminated as a result of lower profitability due to the COVID-19 pandemic.

An amount of €8,819 mainly in G4 countries was recognised in other current assets for government grants, which relate to the employee costs incurred during the first 6 month of 2020 and will be received after June 2020.

An amount of €13,713 was recognised in trade and other payables for amounts already received by the Group. GrandVision has made a business decision, also in light of its performance being better than expected at the beginning of the pandemic, to repay most of this to relevant authorities.

8. Income Tax

Income tax expense in the condensed interim consolidated financial statements is recognized based on management's estimate of the weighted average annual income tax rate expected for the full financial year. The estimated weighted average annual effective income tax rate used for the six months ended 30 June 2020 is -7.4% (for the six months ended 30 June 2019 it was 44.3%). The change is mainly resulting from losses in multiple countries following the COVID-19 pandemic and goodwill impairments.

9. Leases

Accounting policy

Accounting policy applied until 31 December 2019

The lease liability is remeasured when there is a change in future lease payments arising, for example, from renegotiations of the lease contract, a change in an index. A corresponding adjustment is made to the carrying amount of the right-of-use asset, and excess over the carrying amount of the asset, if any, being recognised in the consolidated Income statement within occupancy costs.

Accounting policy applied from 1 January 2020

The lease liability is remeasured when there is a change in future lease payments arising, for example, from renegotiations of the lease contract or a change in an index, unless it is a COVID-19 related rent reduction. If the change is not a COVID-19 related rent reduction, a corresponding adjustment is made to the carrying amount of the right-of-use asset, and excess over the carrying amount of the asset, if any, being recognised in the Interim Consolidated Income statement within occupancy costs.

A COVID-19 rent reduction shall meet all of the following criteria: the change in lease payments does not result in a higher consideration; only lease payments in 2020 and not later than 30 June 2021 are reduced; and there is not a substantial change to other terms and conditions of the lease. GrandVision assesses whether there is a substantial change following the COVID-19 pandemic. To be considered substantial, at least one of the following criteria is met: (a) there is a change of the scope of the lease; (b) a change in the total outstanding lease payments is larger than 10%; (c) the contract is extended by a number of the months equal to the rent-free period provided by the landlord due to the pandemic.

GrandVision elected to apply the practical expedient to all the rent concessions, which meet these criteria and treated a COVID-19 rent reduction as a negative variable lease payment. The amount of this rent reduction is recognised in the Interim Consolidated Income Statement as a part of occupancy costs.

The movements in the Right-of-use Assets are as follows:

in thousands of EUR	Notes	Buildings	Other	Total
At 1 January 2020				
Cost		1,778,412	12,117	1,790,529
Accumulated depreciation and impairment		- 343,649	- 3,926	- 347,575
Carrying amount		1,434,763	8,191	1,442,954
Movements				
Acquisitions		324	-	324
Additions		23,474	1,900	25,374
Reassessment/modification		96,410	607	97,017
Disposal		- 728	- 30	- 758
Depreciation charge		- 175,883	- 2,422	- 178,305
Impairment		- 20,891	-	- 20,891
Exchange differences		- 28,940	- 213	- 29,153
At 30 June 2020		**1,328,529**	**8,033**	**1,336,562**
Cost		1,835,135	13,149	1,848,284
Accumulated depreciation and impairment		- 506,606	- 5,116	- 511,722
Carrying amount		1,328,529	8,033	1,336,562

in thousands of EUR	Notes	Buildings	Other	Total
At 1 January 2019				
Cost		1,385,118	8,430	1,393,548
Accumulated depreciation and impairment		-	-	-
Carrying amount		1,385,118	8,430	1,393,548
Movements				
Acquisitions		6,721	23	6,744
Additions		89,018	1,594	90,612
Reassessment/modification		53,843	-133	53,710
Disposal		- 62	- 21	- 83
Depreciation charge		-168,370	-2,548	- 170,918
Impairment		-873	-	- 873
Exchange differences		3,028	-19	3,009
At 30 June 2019		**1,368,423**	**7,326**	**1,375,749**
Cost		1,525,012	9,639	1,534,651
Accumulated depreciation and impairment		- 156,589	- 2,313	- 158,902
Carrying amount		1,368,423	7,326	1,375,749

The other right-of-use assets mainly relate to Vehicles.

In 2020, following the performance review on the store chains level, an impairment assessment was performed for the chains with historically low performance. In addition to this, when a decision was made to close a lower performing store, the impairment assessment of the right-of-use asset is performed on that store level. The impairment loss in 2020 represents the write-down of the Right-of-use assets mainly in the Americas & Asia segments following restructuring and in relation to the lower performing stores. This was recognized in the consolidated Income Statement within general and administrative costs.

The movements in the lease liabilities are as follows:

in thousands of EUR	Notes	Six months ended 30 June 2020	Six months ended 30 June 2019
At 1 January			
Non-current		1,037,293	1,001,505
Current		373,278	362,019
		1,410,571	1,363,524
Movements			
Acquisitions		324	6,295
Additions		25,196	92,156
Reassessment/modification		102,282	57,672
Payments		- 145,093	- 198,870
Rent reductions		- 23,436	-
Accrued interest		13,414	15,394
Exchange differences		- 26,506	4,837
At 30 June		**1,356,752**	**1,341,008**
Non-current		952,087	972,971
Current		404,665	368,037
		1,356,752	1,341,008

The movements in the finance lease receivables are as follows:

in thousands of EUR	Notes	Six months ended 30 June 2020	Six months ended 30 June 2019
At 1 January			
Non-current		48,090	47,636
Current		16,080	17,257
		64,170	64,893
Movements			
Additions		2,157	2,201
Reassessment/modification		5,344	1,294
Receipts		- 7,450	- 8,551
Rent reductions		- 820	-
Accrued interest		203	359
Exchange differences		- 51	21
At 30 June		**63,553**	**60,217**
Non-current		47,556	44,363
Current		15,997	15,854
		63,553	60,217

The movement Rent reductions relates to reductions of lease payments, due on or before end of reporting period, that were agreed following the pandemic. The full impact of these rent reductions is recognised in the Interim Consolidated Income Statement as a part of the occupancy costs in the reporting period, instead of spreading this amount over the duration of the lease term.

10. Goodwill

Movements in goodwill are as follow:

in thousands of EUR	Notes	Six months ended 30 June 2020	Six months ended 30 June 2019
At 1 January		1,146,028	1,084,908
Acquisitions		2,284	72,278
Impairment		- 74,785	- 50,668
Exchange differences		- 16,296	3,810
At 30 June		1,057,231	1,110,328
Cost		1,276,640	1,257,294
Accumulated impairment		- 219,409	- 146,966
Carrying amount		1,057,231	1,110,328

In 2020 purchase price allocation for McOptic acquired during 2019, was finalised.

In 2019, the acquisitions mainly relate to Charlie Temple and Óptica2000.

Goodwill impairment test

During the reporting period there were triggering events for impairment in the following seven CGUs: United Kingdom & Ireland (G4 segment); Switzerland, Italy (Other Europe segment); United States, Chile & Uruguay, Colombia, and Peru (Americas & Asia segment), following the developments of the COVID-19 outbreak. The Group completed the goodwill impairment tests for these CGUs. See the results below:

- The carrying amount of the CGU Italy has been reduced to its recoverable amount of €207,987 through recognition of an impairment loss against goodwill of €17,379.
- The carrying amount of the CGU United States has been reduced to its recoverable amount of €13,857 ($15,538) through recognition of an impairment loss against goodwill of €39,318 ($43,345).
- The carrying amount of the CGU Colombia has been reduced to its recoverable amount of €19,516 (COP 82,278 million) through recognition of an impairment loss against goodwill of €8,923 (COP36,113 million).
- The carrying amount of the CGU Peru has been reduced to its recoverable amount of €18,537 (PEN 73,205) through recognition of an impairment loss against goodwill of €9,165.

Total impairment charge on goodwill of €74,785 is included in the general and administrative costs in the Interim Consolidated Income Statement.

The key assumptions applied are further described below.

Significant Accounting Estimates and Judgments

Due to the temporary store closures in most of the countries of the Group following to the pandemic outbreak, it is presumed that there is a triggering event for the CGUs, where the headroom per CGU identified during the 2019 Annual impairment test is limited and/or sensitive to a reasonable change of assumptions. If the headroom is not considered limited and/or sensitive to the reasonable changes of assumptions, a further analysis of the impact of the pandemic on the market and expected recovery of the operations in the region, as well as extent and duration of the local government assistance to support the business, are considered to decide about the triggering event.

The recoverable amount of all CGUs was determined based on their value-in-use, except for CGUs Colombia and Peru, for the latter it is their fair value less costs of disposal, consistent with the 2019 Annual impairment test.

The recoverable amount for the value-in-use is calculated using the expected cash flow approach to reflect the uncertainties of the pandemic. This approach is based on five scenarios developed for this purpose, including two V-shaped rebounds with recovery of the business to the pre-pandemic level ('recovery point') in year 1 and year 2 (Scenarios A and B, respectively); U-shaped recovery in year 3 (Scenario C); and two L-shaped scenarios, in which the optical market in the country goes into longer recession and stays below the pre-pandemic trend (Scenario D and E). The probabilities of each scenario per CGU are in the table below.

CGU	Scenario A	Scenario B	Scenario C	Scenario D	Scenario E
United Kingdom & Ireland, Switzerland, Italy	5%	50%	25%	15%	5%
US	5%	30%	50%	10%	5%
Chile & Uruguay, Colombia, and Peru	5%	5%	25%	35%	30%

The discounted cash flow projections in each scenario of the value-in-use model cover a period of five years and include the effects of restructuring plans and benefits of the government assistance, as committed at the end of the reporting period. The EBITA and revenue growth rates in the remaining part of 2020 are based on latest ramp-up plans as approved by the management in June 2020. The revenue growth rate and EBITA after recovery point are based on the financial plans as approved by management at the end of 2019 with a respective postponement of the Group strategy and adjusted for the COVID-19 impact as follows: (a) all the scenarios include costs for the COVID-19 preventive measures in the stores at 0.85 % of sales in year 1; (b) for the L-shaped scenarios potential negative impact of a change in the future customer behaviour and preferences, as well as additional COVID-19 related costs are added to the projections of the U-shaped scenario. Cash flows beyond the five-year period were extrapolated using an estimated growth rate of nil. The discount rates used are pre-tax and reflect the country-specific risks relating to the optical retail industry. The assumptions below reflect the ranges for all the scenarios per relevant CGU (value-in-use).

Key assumptions used to determine the recoverable amount (value-in-use):

2020	Revenue growth rate (average to 2019 as a base)	EBITA percentage (average)	Discount rate (pre-tax)
CGU United Kingdom & Ireland	4.2% -5.2%	2.8% - 8.0%	7.3%
CGU Italy	3.2% - 3.9%	5.1% - 8.3%	10.3%
CGU Switzerland	4.5% - 4.7%	10.2% - 12.7%	6.4%
CGU US	5.4% - 6.1%	-6.0% - 1.8%	6.9%
CGU Chile & Uruguay	5.3% - 6.4%	9.4% - 13.6%	11.4%

For emerging markets of Colombia and Peru a sales multiple is used to determine fair value less cost of disposal. The Group applies a multiple to the average sales of the last three full calendar years. The sales multiple is based on recent market transactions and peers of the Group, considering risk factors of the CGU, for which the fair value less costs of disposal is calculated. Following implementation of IFRS 16, right-of-use assets are included in the carrying amount of the CGUs Colombia and Peru, as well as the sales multiples are adjusted to offset the impact of IFRS 16 on the headroom. Uncertainty around the impact of the pandemic is reflected by a reduction of the sales multiple of 1.0 for Colombia, and 0.9 for Peru (2019 Annual test: pre-IFRS 16 multiple 1.2 for both CGU's).

Sensitivity

For the recoverable amount under expected cash flow approach, the most sensitive assumptions relate to the probabilities ('weights') of each scenario and a discount rate. A reasonably possible change to these assumptions would not result in a material impairment of goodwill, where the value-in-use method is used, as this method (where applied) indicated sufficient headroom, except for CGUs Italy and US.

An increase of the weight of the most pessimistic scenario by 5 pp and decrease of the most optimistic scenario by 5 pp. results in an additional impairment loss of €3,614 for CGU Italy and €3,037 for CGU US. A decrease of the weight of the most pessimistic scenario by 5 pp and an increase of the most optimistic scenario by 5 pp. results in a lower impairment loss of €3,614 for CGU Italy and €3,037 for CGU US.

An increase of the discount rate by 10% results in a higher impairment loss by €16,018 for Italy and €2,979 for US. A decrease in the discount rate by 10% results in no impairment of CGU Italy, and a €3,656 lower impairment in CGU US.

In the fair value less costs of disposal method based on the sales multiple, the sales multiple and the adjusted average sales used are the sensitive key assumptions. A 10% reduction/(increase) of the sales multiple used in the Group impairment test would result in an additional/(lower) impairment of €2,094 million in Colombia and €2,040 in Peru.

11. Other Intangible Assets

Movements in Other Intangible Assets are as follow:

in thousands of EUR	Notes	Customer databases	Trademarks	Software	Other	Total
At 1 January 2020						
Cost		194,806	317,408	312,721	100,353	925,288
Accumulated depreciation and impairment		- 64,480	- 200,723	- 205,661	- 39,303	- 510,167
Carrying amount		130,326	116,685	107,060	61,050	415,121
Movements						
Acquisitions		-	-	-	996	996
Additions		91	1	17,299	215	17,606
Disposals		-	-	- 227	-	- 227
Amortization charge		- 9,360	- 5,736	- 16,051	- 4,518	- 35,665
Impairment		- 30,094	-	- 334	- 4,177	- 34,605
Reclassification		-	-	143	-	143
Exchange differences		- 1,412	- 1,937	- 1,427	- 196	- 4,972
At 30 June 2020		**89,551**	**109,013**	**106,463**	**53,370**	**358,397**
Cost		190,715	309,728	322,565	99,159	922,167
Accumulated amortization and impairment		- 101,164	- 200,715	- 216,102	- 45,789	- 563,770
Carrying amount		89,551	109,013	106,463	53,370	358,397
at 1 January 2019						
Cost		173,057	291,547	261,011	44,575	770,190
Accumulated depreciation and impairment		- 44,476	- 187,404	- 157,730	- 30,257	- 419,867
Carrying amount		128,581	104,143	103,281	14,318	350,323
Movements						
Acquisitions		12,998	13,015	682	43,211	69,906
Additions		272	-	24,943	8	25,223
Disposals		-	-	- 52	- 104	- 156
Amortization charge		- 9,137	- 5,323	- 16,639	- 3,507	- 34,606
Impairment		-	-	- 132	-	- 132
Reclassification		- 5	- 20	321	21	317
Exchange differences		939	973	455	- 276	2,091
At 30 June 2019		**133,648**	**112,788**	**112,859**	**53,671**	**412,966**
Cost		187,441	306,687	288,089	87,419	869,636
Accumulated amortization and impairment		- 53,793	- 193,899	- 175,230	- 33,748	- 456,670
Carrying amount		133,648	112,788	112,859	53,671	412,966

Customer databases and Other

In 2019, the increase mainly related to acquisitions of Óptica2000 and Charlie Temple.

In 2020, the Customer Databases and Other intangible assets related to Tesco (UK, part of G4 segment), ForEyes (US, part of Americas & Asia segment), and the Randazzo acquisition (Italy, part of Other Europe segment) were (partially) impaired following the historically lower performance of the stores in these chains, compared to the expectations at their acquisitions. The majority of the customer database impairment relates to the Tesco customer database.

Impairment Test of Tesco customer database

The customer database relating to Tesco stores acquired in 2017 in the UK is amortised over 14 years. It has a carrying amount of €25,595 as the end of reporting period, after impairment of €20,842. The recoverable amount for the impairment test purposes was determined based on a fair value less costs of disposal model. The model includes discounted cash inflows based on future revenue from customers 'acquired' as part of the transfer of the Tesco Opticians database, together with the costs incurred in meeting that demand. The projections cover a twelve-year period (remaining useful life of the customer database). Key assumptions used are as follows: (a) expected revenue growth of 2%; (b) a churn rate.

Sensitivity
The most sensitive key assumption in the impairment test of the Tesco customer database relates to growth rate. A reduction of the expected revenue growth to 1%, with all other factors used in calculating the fair value less costs of disposal remaining unchanged, would lead to an additional impairment of €3,1 million.

12. Cash and Cash Equivalents

Cash and cash equivalents can be specified as follows:

in thousands of EUR	30 June 2020	31 December 2019
Cash at bank and in hand	332,625	145,343
Short-term bank deposits and marketable securities	9,899	17,556
	342,524	162,899

For the purposes of the Interim Consolidated Cash Flow Statement, cash and cash equivalents comprise the following:

in thousands of EUR	30 June 2020	31 December 2019
Cash and bank balances	342,524	162,899
Bank overdrafts	- 19,713	- 28,658
	322,811	134,241

In the Interim Consolidated Balance Sheet, bank overdrafts are included in borrowings as part of current liabilities. Bank overdrafts include drawings on the uncommitted bilateral overdraft and money market facilities.

13. Share Capital

The movements in the number of shares outstanding and share capital can be specified as follows:

in thousands of EUR	Number of shares outstanding	Share capital (in thousands of EUR)	Share premium (in thousands of EUR)	Treasury shares (in thousands of EUR)	Total (in thousands of EUR)
At 1 January 2020	253,654,978	5,089	72,580	- 16,235	61,434
Share-based payments	94,619	-	444	1,892	2,336
At 30 June 2020	**253,749,597**	**5,089**	**73,024**	**- 14,343**	**63,770**
At 1 January 2019	253,767,648	5,089	69,455	- 14,068	60,476
Share-based payments	79,881	-	- 363	1,598	1,235
Purchase of treasury shares	- 195,000	-		- 3,814	- 3,814
At 30 June 2019	**253,652,529**	**5,089**	**69,092**	**- 16,284**	**57,897**

In the first 6 months of 2020, the share-based payment plan movements within share capital of €2,336 relate to the periodic expenses and settlements of the share-based payment plans (2019: €1,235).

GrandVision provided 94,619 shares related to the share-based payment plans following vesting in the first 6 months of 2020 (in first 6 months of 2019: 79,881 shares). The number of shares held in treasury at 30 June 2020 were 694,243 (2019: 791,311 shares).

During 2020 GrandVision did not purchase shares to be held in treasury related to the share-based payment plans (2019: purchased 195,000, impact of €3,814).

GrandVision has decided not to schedule any dividend distribution proposal for the agenda of the Annual General Meeting of 30 June 2020. This means that the amount of €88,779, or €0.35 per share, remains undistributed profit until decided otherwise.

14. Contingencies

There are no significant changes in contingent liabilities at the end of 30 June 2020, compared to 31 December 2019 as disclosed in the Group's annual financial statements as at 31 December 2019.

15. Related Parties

During the first 6 months of 2020, GrandVision acquired goods from Safilo (a group company of HAL Holding N.V.) for an amount of €27,317 (during first 6 months of 2019: €36,736).

Other positions with Related Parties are as follows:

in thousands of EUR	30 June 2020	31 December 2019
Trade receivables:		
Safilo	1,428	4,165
	1,428	4,165
Trade payables:		
Safilo	5,532	7,097
HAL Investments B.V	1,891	1,886
Other HAL subsidiaries	50	259
	7,473	9,242

Subsequent events

On 18 July 2020, GrandVision announced that it was informed by EssilorLuxottica that it had initiated summary proceedings before the District Court in Rotterdam, demanding that GrandVision provides to EssilorLuxottica additional information in relation to GrandVision's actions to mitigate the impact of COVID-19 on its business. GrandVision strongly disagrees with EssilorLuxottica's demands and has full confidence that these claims will be rejected in court. GrandVision also received notice from EssilorLuxottica claiming that GrandVision, in relation to the aforementioned COVID-19 actions, is in material breach of its obligations under the Support Agreement concluded in connection with the envisaged sale by HAL Optical Investments B.V. of its 76.72% ownership interest in GrandVision to EssilorLuxottica. GrandVision strongly disagrees with these claims and has responded accordingly.

On 30 July 2020, GrandVision announced that it had initiated arbitration proceedings against EssilorLuxottica in connection with the material breach notice EssilorLuxottica has sent to GrandVision. GrandVision has initiated these arbitration proceedings to obtain confirmation that GrandVision is not in material breach of the Support Agreement. GrandVision also wants to ensure that EssilorLuxottica complies with its obligations under the Support Agreement, in particular regarding merger clearance processes.