

**INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014**

**To the Shareholders of
Geox S.p.A.**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Geox S.p.A. (the Company), which comprise the statement of financial position as at December 31, 2017, and the statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Evaluation of inventories related to previous collections

Description of the key audit matter

As disclosed in *Note 17. Inventories*, the net value of inventories at the end of the year amounted to Euro 198,668 thousand. Inventories are recorded net of a provision of Euro 12,231 thousand, considered appropriate by the Directors for the purposes of a prudent valuation of finished products from previous collections and raw materials no longer used. The provision has been accounted for in order to reflect the expected realizable value of inventories, on the basis of the quantity of goods sold at a discount in the past and of potential sales of such products through directly operated outlets.

In consideration of the materiality of the amount of inventories recorded in the financial statements, together with the relevance of the discretionary component inherent in the estimative nature of the provision, we deem that the valuation of the recoverable value of the inventories from previous collections and the related process of determining the provision is a key area for the audit of the Company's financial statements.

Audit procedures performed

Our audit procedures included, among others, the following:

- preliminary understanding of the relevant procedures and controls adopted by the Management for the purpose of identifying and determining the correct assessment of the recoverable value of the inventories from previous collections;
- analysis of the reasonableness of the methods and assumptions used by the Management to identify the recoverable value of the inventories from previous collections;
- check of the completeness and accuracy of the data base used by the Management for the calculation of the inventory write-down provision and check of its mathematical accuracy;
- comparison between the estimate of the inventory write-down provision recorded in the previous period with respect to what was subsequently observed and analysis of the nature of any deviations, also in order to corroborate the effectiveness of the management estimate processes;
- comparative analysis, in a historical series, for each collection and consequent independent development of estimates on the assessment of the recoverable value of inventories by analyzing the sales prices applied by the Company.

Finally, we have examined the completeness and compliance of the information disclosed in the notes to the financial statements compared to the requirements of the applicable accounting standards.

Evaluation of the provision for returns and credit notes to be issued

Description of the key audit matter

As disclosed in *Note 18. Accounts receivable*, the amount of trade receivables is adjusted for Euro 64,765 thousand as a result of the provision for returns and credit notes to be issued estimated on the basis of the potential returns and credit notes arising from the trade agreements signed with customers, in particular with the franchising ones. For the estimate of the provision, the Company has made certain assumptions based on the quantity of goods returned in the past and their estimated realizable value.

In relation to the materiality of the amounts and the discretionary component present in the estimate of the provision for returns and credit notes to be issued, we deem that the valuation of this item is a key area for the audit of the Company's financial statements.

Audit procedures performed

Our audit procedures included, among others, the following:

- preliminary understanding of the relevant procedures and controls adopted by the Management for the purpose of identifying and determining the correct valuation of the provision for returns and credit notes to be issued;

- check of the completeness and accuracy of the database used by the Management for the calculation of the provision for returns and credit notes to be issued and check of its mathematical accuracy;
- analysis of the commercial agreements in place in order to ascertain that the relative terms and conditions have been correctly considered by the Management to determine the returns fund and credit notes to be issued;
- comparison between the estimate of the provision for returns and credit notes to be issued in the previous period compared to what was subsequently finalized and analysis of the nature of any deviations, also in order to corroborate the effectiveness of the Management estimate processes;
- analysis of the sales after year-end in order to obtain an indication of the adequacy of the estimates made by the Management.

Finally, we have examined the completeness and compliance of the information disclosed in the notes to the financial statements compared to the requirements of the applicable accounting standards.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or for the termination of the operations or have no realistic alternative to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Geox S.p.A. has appointed us on May 6, 2013 as auditors of the Company for the years from December 31, 2013 to December 31, 2021.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14, paragraph 2 (e), of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Geox S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and ownership structure of Geox S.p.A. as at December 31, 2017, including their consistency with the related financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 with the financial statements of Geox S.p.A. as at December 31, 2017 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and information contained in the report on corporate governance and ownership structure are consistent with the financial statements of Geox S.p.A. as at December 31, 2017 are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Giorgio Moretto
Partner

Treviso, Italy
March 23, 2018

This report has been translated into the English language solely for the convenience of international readers.