GEOX

2019 HALF-YEAR FINANCIAL REPORT

CONTENTS

Geox S.p.A.
Registered Offices in Italy - Via Feltrina Centro 16, Biadene di Montebelluna (Treviso)
Share Capital - Euro 25,920,733.1 fully paid
Tax Code and Treviso Companies Register No. 03348440268

DIRECTORS' REPORT **5**

Profile **6**

The distribution system **7**

The production system **8**

Human resources **9**

Shareholders **10**
Financial communication 10
Control of the Company 10
Shares held by directors and statutory auditors 10

Company Officers **11**

Group Structure **12**

The Group's economic performance **13**
Economic result summary 13
Sales 14
Cost of sales and gross profit 17
Operating expenses and EBIT 17
EBITDA 17
Taxes and tax rate 17

The Group's financial performance **18**

Treasury shares and equity interests in parent companies **21**

Stock Plan **21**

Transactions between Related Parties **21**

Outlook for operation and significant subsequent events **22**

CONSOLIDATED FINANCIAL STATEMENTS AND EXPLANATORY NOTES **23**


ANNO DOMINI MDCXII PONTIFICATVS

DIRECTORS' REPORT

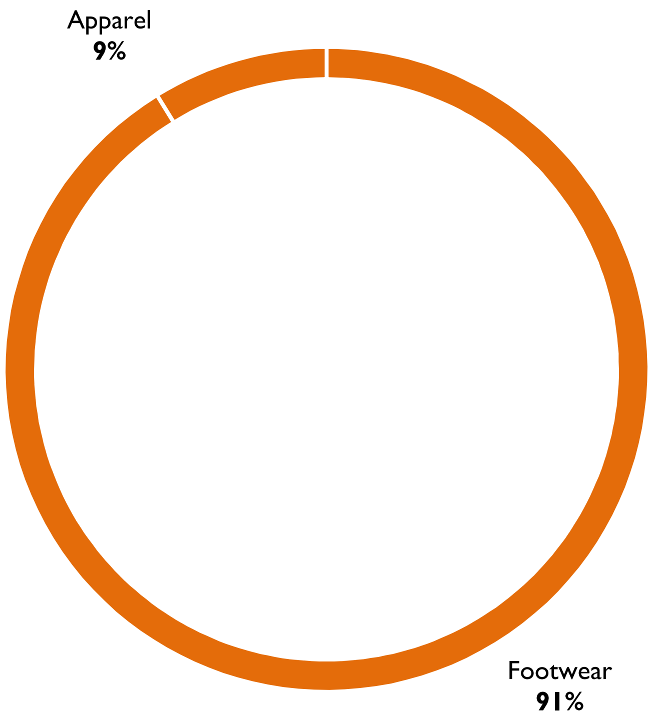
Profile

The Geox Group creates, produces, promotes and distributes Geox-brand footwear and apparel, the main feature of which is the use of innovative and technological solutions that can guarantee the ability to breathe and remain waterproof at the same time.

The extraordinary success that Geox has achieved is due to the technological characteristics of its shoes and apparel. Thanks to a technology that has been protected by 38 different patents and by 24 more recent patent applications, "Geox" products ensure technical characteristics that improve foot and body comfort in a way that consumers are able to appreciate immediately.

Geox's innovation stems essentially from the creation and development of special outsoles: thanks to a special membrane that is permeable to vapour but impermeable to water, rubber outsoles are able to breathe and leather outsoles remain waterproof. In the apparel sector the innovation increases the expulsion of body's internal humidity thanks to hollow spaces and aerators.

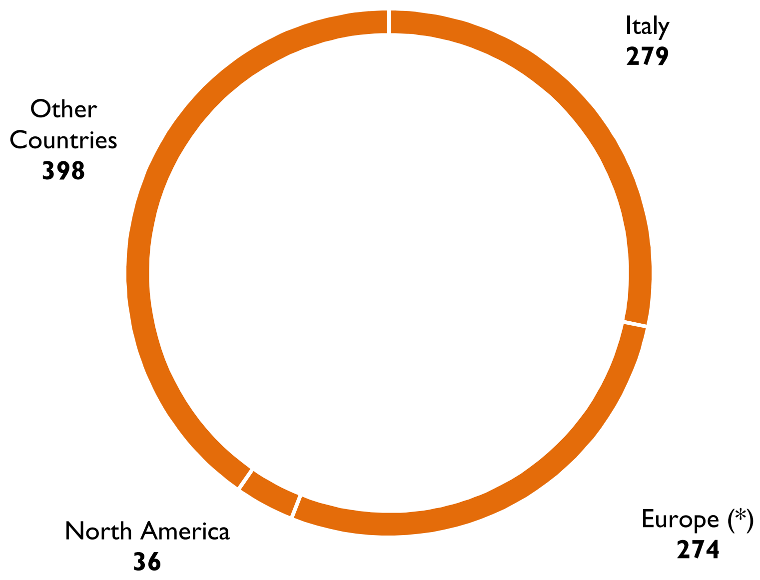
Geox is market leader in Italy in its own segment and is one of the leading brands world-wide in the "International Fashion-Lifestyle Casual Footwear Market" (source: Shoe Intelligence, 2018).



The distribution system

Geox distributes its products through over 10,000 multi-brand selling points and also through a Geox shops network (Franchising and DOS – directly operated stores).

As of June 30, 2019, the overall number of "Geox Shops" came to 987, of which 539 franchising and 448 operated directly.



Geox Shops

(*) Europe includes: Austria, Benelux, France, Germany, UK, Iberia, Scandinavia, Switzerland.

The production system

Geox's production system is organized so as to ensure the attainment of three strategic objectives:

- maintaining high quality standards;
- continuously improving flexibility and time to market;
- increasing productivity and reducing costs.

Production is completed by selected partners mainly in the Far East and at the group's production plant in Vranje, Serbia, in an area where there is a high level of shoe manufacturing expertise.
This production plant currently covers approximately 8% of the Group’s requirements.
All stages of the production process are under the strict control and coordination of the Geox organisation.

Great care is taken by the Group in selecting third-party producers, taking into account their technical skills, quality standards and ability to handle the production volumes which are assigned by the agreed deadlines.

All of the output from these manufacturing locations is consolidated at the Group's distribution centers in Italy for Europe, Moscow for Russia, New Jersey for the North America, Tokyo for Japan, Shanghai for China and Hong Kong for the rest of Asia.

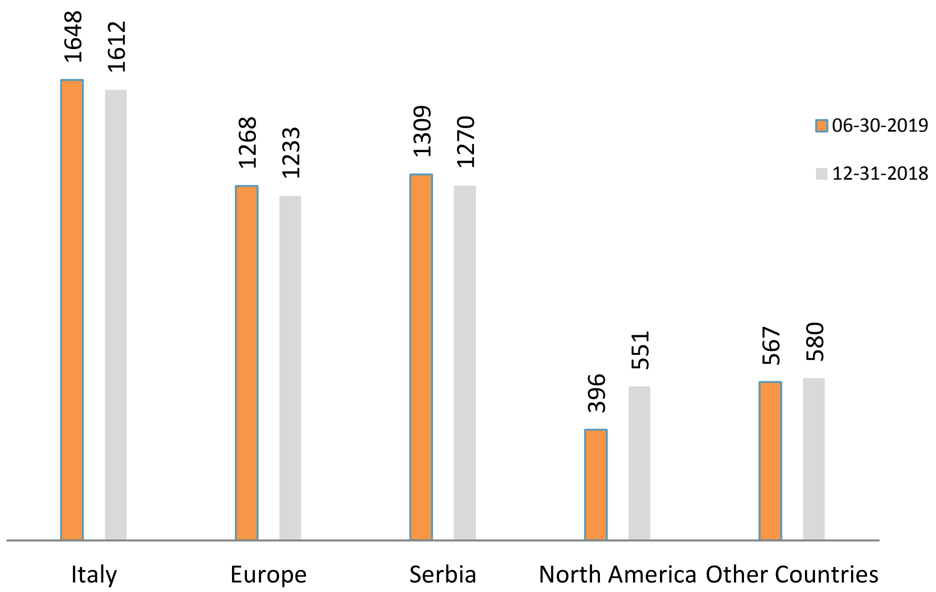
Human resources

At June 30, 2019 the Group had 5,188 employees, showing a decrease of 58 employees compared with 5,246 employees at 31 December 2018.

As of June 30, 2019 the employees were splitted as follows:

Level	**June 2019**	**Dec. 2018**
Managers	43	42
Middle Managers and Office Staff	1,031	1,043
Shop Employees	2,706	2,780
Factory Workers	1,408	1,381
Total	**5,188**	**5,246**

The graph shows the employees of the Group, broken down by geographic area:



Shareholders

Financial communication

Geox maintains a constant dialogue with individual shareholders, institutional investors and financial analysts through its Investor Relations function, which actively provides information to the market to consolidate and enhance confidence and level of understanding of the Group and its businesses.

The Investor Relations section, at www.geox.biz, provides historical financial data and highlights, investor presentations, quarterly publications, official communications and real time trading information on Geox shares.

Control of the Company

LIR S.r.l. holds a controlling interest in the share capital of Geox S.p.A. with a shareholding of 71.10%. LIR S.r.l., is an investment holding company that belongs entirely to Mario Moretti Polegato and Enrico Moretti Polegato (who respectively own 85% and 15% of the share capital).

The shareholder structure of Geox S.p.A. based on the number of shares held is as follows:

Shareholder structure (*)	**Number of shareholders**	**Number of shares**
from 1 to 5.000 shares	10,846	14,300,050
from 5.001 to 10.000 shares	883	6,777,120
10.001 shares and over	746	236,122,426
Lack of information on disposal of individual positions previously reported		2,007,735
Total	**12,475**	**259,207,331**

(*) As reported by Computershare S.p.A. on June, 29 2019.

Shares held by directors and statutory auditors

As mentioned previously, the directors Mr. Mario Moretti Polegato and Mr. Enrico Moretti Polegato directly hold the entire share capital of LIR S.r.l., the Parent Company of Geox S.p.A..

Directors, statutory auditors and executives with strategic responsibilities have submitted declarations that they hold no shares of the Company as of June 30, 2019.

Company Officers

Board of Directors

Name	Position and independent status (where applicable)
Mario Moretti Polegato (1)	Chairman and Executive Director
Enrico Moretti Polegato (1)	Vice Chairman and Executive Director
Matteo Carlo Maria Mascazzini (1)	CEO and Executive Director (*)
Claudia Baggio	Director
Lara Livolsi (3)	Independent Director
Alessandro Antonio Giusti (2) (3)	Director
Francesca Meneghel (2) (4)	Independent Director
Ernesto Albanese (2)	Independent Director
Livio Libralesso	Director
Alessandra Pavolini (3)	Independent Director

(1) Member of the Executives Committee
(2) Member of the Audit, Risk and Sustainability Committee
(3) Member of the Nomination and Compensation Committee
(4) *Lead Independent Director*

(*) Powers and responsibilities for ordinary and extraordinary administration, within the limits indicated by law and the Articles of Association, in compliance with the powers of the Shareholders' Meeting, the Board of Directors and the Executive Committee, in accordance with the Board of Directors' resolution of April 16, 2019.

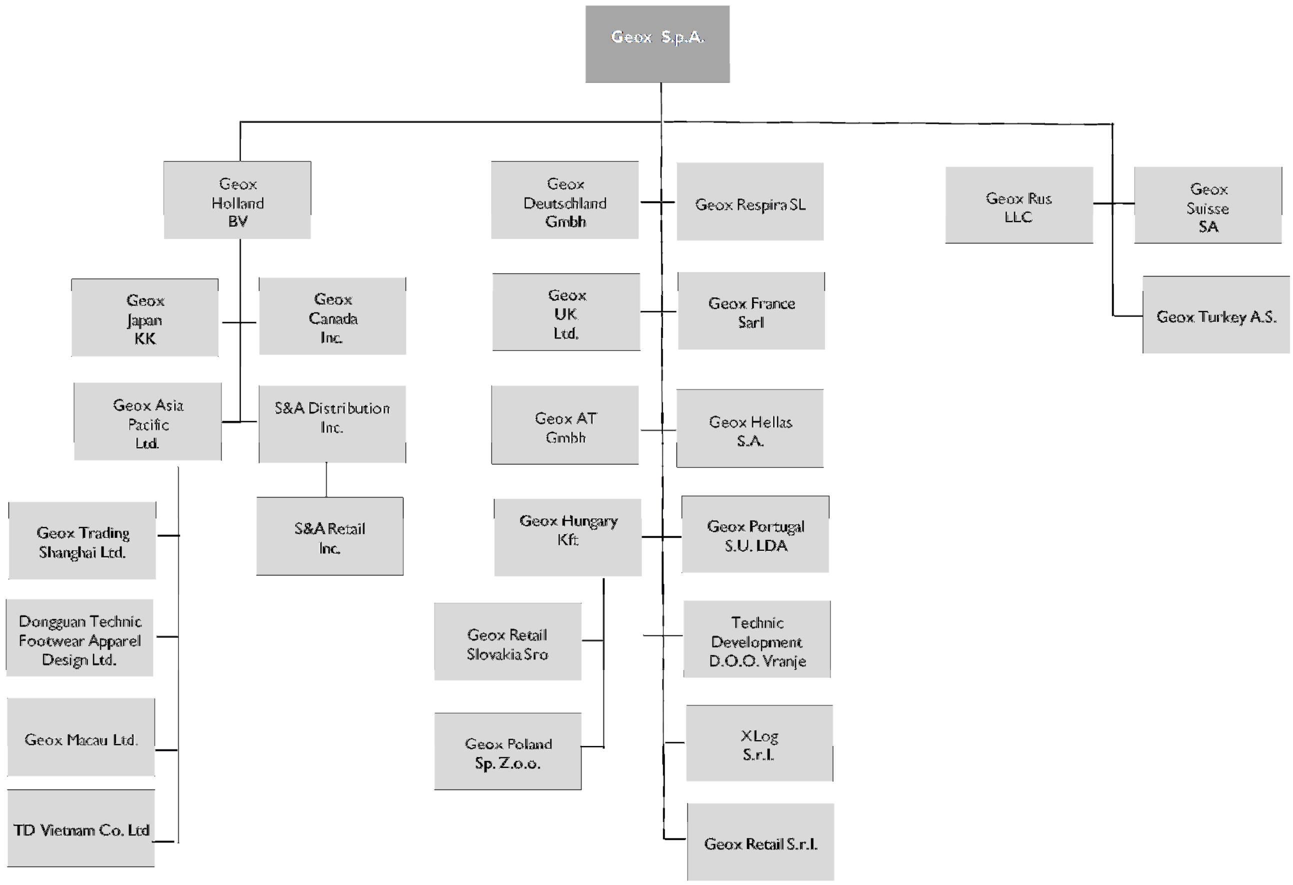
Board of Statutory Auditors

Name	Position
Sonia Ferrero	Chairman
Francesco Gianni	Statutory Auditor
Fabrizio Colombo	Statutory Auditor
Filippo Antonio Vittore Caravati	Alternate Auditor
Giulia Massari	Alternate Auditor

Independent Auditors

Deloitte & Touche S.p.A.

Group Structure



The structure of the Group controlled by Geox S.p.A., which acts as an operating holding company, is split into 3 macro-groups:

- **Non-EU trading companies**. Their role is to monitor and develop the business in the various markets. They operate on the basis of licensing or distribution agreements stipulated with the Parent Company.

- **EU companies**. At the beginning their role was to provide commercial customer services and coordinate the sales network in favor of the Parent Company which distributes the products directly on a wholesale basis. Then, they started to manage the Group's own shops in the various countries belonging to the European Union.

- **European trading companies**. They are responsible for developing and overseeing their area in order to provide a better customer service, increasing the presence of the Group through localized direct sales force and investments in showrooms closer to the market. The trading companies in Switzerland, Russia and Turkey also have the need of purchasing a product immediately marketable in the territory, having already complied with the customs.

The Group's economic performance

Economic result summary

The IFRS 16 reporting standard came into force on January 1, 2019. The new standard provides a new definition of a lease and introduces criteria based on the control (*right of use*) of an asset in order to distinguish between lease contracts and service provision contracts, identifying the following determining factors: identification of the asset, the right to replace the asset, the right to obtain substantially all economic benefits from using the asset and, lastly, the right to direct the use of the asset underlying the contract.
The standard establishes a single model for the recognition and measurement of lease contracts for the lessee, which states that leased assets, including those under operating leases, must be recognised under assets with a corresponding entry under financial payables. The figures in this report and the relative comments exclude the effects of applying this standard in order to allow for a correct comparison with the previous year.

The main results are outlined below:

- Net sales of euro 399.4 million, with a decrease of 3.5% compared to euro 414,1 million of 1H18;
- EBITDA of euro 54.0 million, euro 18.7 million excluding the effects of IFRS 16, with a 4.7% margin (6.1% in 1H18);
- EBIT of euro 2.8 million, euro 1.6 million excluding the effects of IFRS 16, compared to euro 8.8 million of 1H18, with a 0.4% margin (2.1% in 1H18);
- Net result of euro -5 million, euro -3.9 million excluding the effects of IFRS 16, compared to euro +1.5 million in 1H18.

In the following table a comparison is made between the consolidated income statement for 1H19 and 1H18:

(Thousands of Euro)	**I Half 2019**	**IFRS 16 impact**	**I Half 2019 excluding IFRS 16**	**%**	**I Half 2018**	**%**
Net sales	**399,442**	**-**	**399,442**	**100.0%**	**414,081**	**100.0%**
Cost of sales	(196,114)	-	(196,114)	(49.1%)	(205,226)	(49.6%)
Gross profit	**203,328**	**-**	**203,328**	**50.9%**	**208,855**	**50.4%**
Selling and distribution costs	(22,428)	(30)	(22,458)	(5.6%)	(23,570)	(5.7%)
General and administrative expenses	(165,137)	(1,158)	(166,295)	(41.6%)	(161,589)	(39.0%)
Advertising and promotion	(12,987)	-	(12,987)	(3.3%)	(12,786)	(3.1%)
Operating result	**2,776**	**(1,188)**	**1,588**	**0.4%**	**10,910**	**2.6%**
Restructuring charges	-	-	-	0.0%	(2,098)	(0.5%)
EBIT	**2,776**	**(1,188)**	**1,588**	**0.4%**	**8,812**	**2.1%**
Net interest	(4,901)	2,575	(2,326)	(0.6%)	(2,445)	(0.6%)
PBT	**(2,125)**	**1,387**	**(738)**	**(0.2%)**	**6,367**	**1.5%**
Income tax	(2,858)	(333)	(3,191)	(0.8%)	(4,848)	(1.2%)
Net result	**(4,983)**	**1,054**	**(3,929)**		**1,519**	**0.4%**
EBITDA	**54,031**	**(35,362)**	**18,669**	**4.7%**	**25,240**	**6.1%**

EBITDA: is the EBIT plus depreciation, amortization and can be directly calculated from the financial statements as integrated by the notes.

Sales

Consolidated sales in the first half of 2019 amounted to Euro 399.4 million, down 3.5% compared with the previous year (-3.6% at constant forex). Results for the first half of the year were mainly affected by performance in the second quarter (characterized by unusual weather conditions in April and May) and by the lower number of franchised stores, which reduced by approximately 10% over the last year.

Sales by distribution channel

(Thousands of Euro)	I half 2019	%	I half 2018	%	Var. %
Wholesale	**185,765**	**46.5%**	**191,166**	**46.2%**	**(2.8%)**
Franchising	37,898	9.5%	48,549	11.7%	(21.9%)
DOS*	175,779	44.0%	174,366	42.1%	0.8%
Geox Shops	**213,677**	**53.5%**	**222,915**	**53.8%**	**(4.1%)**
Net Sales	**399,442**	**100.0%**	**414,081**	**100.0%**	**(3.5%)**

(*) Directly Operated Store.

Sales generated by wholesale stores, representing 46.5% of Group revenues (46.2% in the first half of 2018), amounted to Euro 185.8 million (-2.8% at current forex, -2.7% at constant forex). Performance was mainly affected by the rationalization over the last quarters, aimed at supporting the Group's margin performance and image, in line with the Strategic Business Plan. The positive performance of stock replenishment during the season and higher sales of goods from previous seasons (linked to the increase in inventories at the end of 2018), nonetheless allowed for improved performance compared with the indications given by initial order collection for the SS19 season (-9.1%).

Sales generated by directly operated stores (DOS), representing 44.0% of Group sales, increased slightly to Euro 175.8 million (+0.8% at current forex, +0.5% at constant forex), due to slightly negative like-for-like sales performance (-2.2%) being more than compensated for by a positive network effect. The like-for-like sales trend was strongly affected by performance in April and May, characterized by highly unusual weather conditions in the Group’s main markets, which offset the positive performance recorded in the first quarter (+3.4%). Despite a positive trend returning in June, this was not enough to make up for the negative performance of the previous two months. The direct e-commerce channel, on the other hand, continued to grow (+26% compared with the first half of 2018).

Sales in the franchising channel, which account for 9.5% of Group revenues, amounted to Euro 37.9 million, reporting a decline of 21.9% (-21.8% at constant forex). Performance in the franchising channel was mainly affected by three factors: the reduction in the number of stores (48 closures and conversions over the last 12 months, equal to approximately 10% of the network at June 2018), like-for-like sales performance that was weaker than the performance reported by directly-operated stores, and a different timing in deliveries, which will be partially recovered in the second half of the year.

Sales by region

(Thousands of Euro)	I half 2019	%	I half 2018	%	Var. %
Italy	116,221	29.1%	124,331	30.0%	(6.5%)
Europe (*)	174,846	43.8%	179,907	43.4%	(2.8%)
North America	22,053	5.5%	24,132	5.8%	(8.6%)
Other Countries	86,322	21.6%	85,711	20.7%	0.7%
Net Sales	**399,442**	**100.0%**	**414,081**	**100.0%**	**(3.5%)**

(*) Europe includes: Austria, Benelux, France, Germany, Great Britain, Iberian Peninsula, Scandinavia, Switzerland.

Sales generated in Italy, representing 29.1% of Group revenues (30.0% in the first half of 2018), amounted to Euro 116.2 million, compared with Euro 124.3 million in the first half of 2018 (-6.5%). This trend is mainly due to the performance in the wholesale and franchising channels, which were affected by the rationalisation and distribution optimisation process, as described previously. Like-for-like sales generated by directly operated stores were down slightly, in line with the overall Group figure. With regard to the network, there were seven net closures during the first half of the year.

Sales generated in Europe, representing 43.8% of Group revenues (43.4% in the first half of 2018), amounted to Euro 174.8 million, compared to Euro 179.9 million in the first half of 2018, recording a decline of 2.8%, mainly due to the effects of the rationalisation of the wholesale and franchising channel, as was the case in Italy. The like-for-like sales trend for directly operated stores remained substantially stable. During the first six months of the year, the total distribution network was reduced by 11 stores.

North America recorded a turnover equal to Euro 22.1 million, reporting a decline of 8.6% (-10.0% at constant forex), mainly due to the negative performance of the wholesale channel, which has been subject of a careful review and selection process for partners, with a focus on players more in line with the Group's planned strategy to improve brand perception. Like-for-like sales performance for directly operated stores was negative and slightly below the Group's overall performance. The network was reduced by one store compared with the end of last year.
In June 2019, the direct e-commerce channel was successfully insourced. The e-commerce channel is also showing strong growth in North America (+36% compared with the end of the first half of 2018).

A 0.7% increase in sales was recorded in the Rest of the World compared with the first half of 2018 (+1.0% at constant forex), with double-digit growth in sales for directly operated stores and the wholesale channel in Eastern Europe. The Asia Pacific area reported a slight increase in sales in the wholesale channel, with a mid-single digit decline in sales being recorded by directly operated stores, also due to the protests in Hong Kong and the reorganisation of the direct e-commerce channel in China.

Sales by product category

(Thousands of Euro)	I half 2019	%	I half 2018	%	Var. %
Footwear	364,251	91.2%	376,723	91.0%	(3.3%)
Apparel	35,191	8.8%	37,358	9.0%	(5.8%)
Net Sales	**399,442**	**100.0%**	**414,081**	**100.0%**	**(3.5%)**

Footwear sales represented 91.2% of consolidated sales, amounting to Euro 364.3 million, down 3.3% (-3.4% at constant forex) compared with the first half of 2018. Apparel sales represented 8.8% of consolidated sales, amounting to Euro 35.2 million, compared with Euro 37.4 million in the first half of 2018 (-5.8% at current forex, -5.6% at constant forex). The performance of apparel in directly operated stores was particularly positive (+18% in the first half of the year).

Mono-brand store network - Geox shops

As of June 30, 2019, there was a total of 987 “Geox Shops”, of which 448 DOS. During the first half of 2019, 28 new Geox Shops were opened and 56 were closed, in line with the store network optimization planned in more mature markets and the expansion in countries where the Group’s presence is still limited but developing well.

	06-30-2019		12-31-2018		I half 2019		
	Geox Shops	**of which DOS**	**Geox Shops**	**of which DOS**	**Net Openings**	**Openings**	**Closings**
Italy	279	149	286	143	(7)	1	(8)
Europe (*)	274	156	285	154	(11)	4	(15)
North America	36	36	37	37	(1)	-	(1)
Other Countries (**)	398	107	407	110	(9)	23	(32)
Totale	**987**	**448**	**1,015**	**444**	**(28)**	**28**	**(56)**

(*) Europe include: Austria, Benelux, France, Germany, UK, Iberia, Scandinavia, Switzerland.

(**) Includes Under Licence Agreements (133 as of June 30 2019 and 138 as of December 31). Sales from these shops are not included in the franchising channel.

Cost of sales and gross profit

The cost of sales was equal to 49.1% of sales, compared with the 49.6% recorded in the first half of 2018, producing a gross margin of 50.9% (50.4% in the first half of 2018).

The improvement in gross margin is mainly due to the specific actions taken to improve supply chain efficiency and the greater weighting of sales generated by DOS, which are characterised by a higher gross margin, the positive effects of which were partially offset by the increase in promotional sales during the first six months of the year.

Operating expenses and EBIT

Sales and distribution expenses were equal to 5.6% of sales, recording a decrease in both percentage and absolute value terms compared with the same period in the previous year (5.7% in the first half of 2018).

General and administrative costs amounted to Euro 166.3 million, compared with Euro 161.6 million in the first half of 2018, equal to 41.6% of sales (39.0% in the first half of 2018). This increase is mainly due to higher logistics costs and the higher number of DOS compared with the same period of the previous year. Including the effects of the IFRS 16 reporting standard, general and administrative costs amounted to Euro 165.1 million in the first half of 2019.

Advertising and promotion expenses amounted to Euro 13.0 million, up slightly compared to the Euro 12.8 million recorded in the same period of the previous year. This increase is linked to the fact that more marketing initiatives were implemented to support sales and the brand's image.

EBIT amounted to Euro 1.6 million compared with Euro 8.8 million in the first half of 2018, mainly due to the effects of the reduction in sales.

Including the effects of the IFRS 16 reporting standard, EBIT amounted to Euro 2.8 million in the first half of 2019.

EBITDA

EBITDA, excluding the effects of the IFRS 16, amounted to Euro 18.7 million (4.7% of sales), compared with Euro 25.2 million in the first half of 2018 (equal to 6.1% of sales).

Including the effects of the IFRS 16 reporting standard, EBITDA amounted to Euro 54.0 million in the first half of 2019.

Taxes and tax rate

Income taxes for the first half of 2019 are equal to Euro 3.2 million, compared with Euro 4.8 million in the same period of the previous year. It should be noted that the tax amount has been penalised by approximately Euro 2.5 million for the non-recognition of deferred tax assets relating to certain foreign subsidiaries.

The Group's financial performance

The following table summarizes the reclassified consolidated balance sheet:

(Thousands of Euro)	June 30, 2019	IFRS 16 impact	June 30, 2019 excluding IFRS 16	December 31, 2018	June 30, 2018
Intangible assets	47,156	-	47,156	50,161	47,941
Property, plant and equipment	377,203	(312,976)	64,227	65,826	60,014
Other non-current assets - net	36,410	1,521	37,931	39,085	36,963
Total non-current assets	**460,769**	**(311,455)**	**149,314**	**155,072**	**144,918**
Net operating working capital	**235,450**	**-**	**235,450**	**209,115**	**252,623**
Other current assets (liabilities), net	**(16,753)**	**(1,149)**	**(17,902)**	**(17,665)**	**(22,822)**
Net invested capital	**679,466**	**(312,604)**	**366,862**	**346,522**	**374,719**
Equity	326,596	1,054	327,650	340,760	347,604
Provisions for severance indemnities, liabilities and charges	8,429	-	8,429	8,054	7,438
Net financial position	344,441	(313,658)	30,783	(2,292)	19,677
Net invested capital	**679,466**	**(312,604)**	**366,862**	**346,522**	**374,719**

The following table shows the mix and changes in net operating working capital and other current assets (liabilities):

(Thousands of Euro)	June 30, 2019	Dec. 31, 2018	June 30, 2018 (*)
Inventories	292,408	312,052	303,972
Accounts receivable	148,582	133,090	182,290
Accounts payable	(205,540)	(236,027)	(233,639)
Net operating working capital	**235,450**	**209,115**	252,623
% of sales for the last 12 months	***29.0%***	***25.3%***	***29.8%***
Taxes payable	(9,538)	(8,723)	(10,069)
Other non-financial current assets	28,468	30,637	26,240
Other non-financial current liabilities	(35,683)	(39,579)	(38,993)
Other current assets (liabilities), net	**(16,753)**	**(17,665)**	**(22,822)**

(*) Breakdown of Net Working Capital was reclassified in order to include the impacts of the new accounting principle IFRS 15 and maintain the comparability with 2018 figures.

Net operating working capital as a percentage of revenues was equal to 29%, compared to 29.8% in the same period of the previous year. This change is mainly due to the reduction in trade receivables, linked to turnover performance.

The following table gives a reclassified consolidated cash flow statement:

(Thousands of Euro)	I half 2019	IFRS 16 impact	I half 2019 excluding IFRS 16	I half 2018	2018
Net result	**(4,983)**	**1,054**	**(3,929)**	**1,519**	**(5,291)**
Depreciation, amortization and impairment	51,255	(34,174)	17,081	16,428	32,984
Other non-cash items	3,980	333	4,313	1,742	1,449
	50,252	**(32,788)**	**17,464**	**19,689**	**29,142**
Change in net working capital	(22,149)	-	(22,149)	(31,274)	7,061
Change in other current assets/liabilities	(1,213)	420	(793)	3,820	(5,018)
Cash flow from operations	**26,890**	**(32,368)**	**(5,478)**	**(7,765)**	**31,185**
Capital expenditure	(12,517)	-	(12,517)	(12,213)	(37,358)
Disposals	311	-	311	350	458
Net capital expenditure	**(12,206)**	**-**	**(12,206)**	**(11,863)**	**(36,900)**
Free cash flow	**14,684**	**(32,368)**	**(17,684)**	**(19,628)**	**(5,715)**
Treasury shares	(685)	-	(685)	-	-
Dividends	(6,480)	-	(6,480)	(15,552)	(15,552)
Change in net financial position	**7,519**	**(32,368)**	**(24,849)**	**(35,180)**	**(21,267)**
Initial net financial position - prior to fair value adjustment of derivatives	**(6,810)**	**-**	**(6,810)**	**15,148**	**15,148**
IFRS 16 First time adoption - effect on financial debt (1/1/19)	(325,932)	325,932	-	-	-
Initial net financial position - prior to fair value adjustment of derivatives	**(332,742)**	**325,932**	**(6,810)**	**15,148**	**15,148**
Change in net financial position	7,519	(32,368)	(24,849)	(35,180)	(21,267)
Translation differences	295	(169)	126	(418)	(691)
Effect increase in Right of Use	(20,263)	20,263	-	-	-
Final net financial position - prior to fair value adjustment of derivatives	**(345,191)**	**313,658**	**(31,533)**	**(20,450)**	**(6,810)**
Fair value adjustment of derivatives	750	-	750	773	9,102
Final net financial position	**(344,441)**	**313,658**	**(30,783)**	**(19,677)**	**2,292**

Consolidated capital expenditure is analyzed in the following table:

(Thousands of Euro)	I half 2019	I half 2018	2018
Trademarks and patents	140	223	656
Opening and restructuring of Geox Shop	8,561	7,849	21,162
Production plant	190	330	494
Industrial plant and equipment	1,235	1,292	2,788
Logistic	195	435	2,321
Information technology	1,564	1,730	6,769
Others	632	354	3,168
Total cash capex	**12,517**	**12,213**	**37,358**
Right of Use	20,263	-	**-**
Total capex	**32,780**	**12,213**	**37,358**

The following table gives a breakdown of the net financial position:

(Thousands of Euro)	June 30, 2019	Dec. 31, 2018	June 30, 2018
Cash and cash equivalents	28,686	40,972	28,217
Current financial assets - excluding derivatives	1,442	1,119	487
Bank borrowings and current portion of long-term loans	(53,874)	(48,268)	(46,545)
Current financial liabilities - excluding derivatives	(57)	(16)	(69)
Net financial position - current portion	**(23,803)**	**(6,193)**	**(17,910)**
Non-current financial assets	24	22	22
Long-term loans	(7,754)	(639)	(2,562)
Net financial position - non-current portion	**(7,730)**	**(617)**	**(2,540)**
Net financial position - prior to fair value adjustment of derivatives	**(31,533)**	**(6,810)**	**(20,450)**
Fair value adjustment of derivatives	750	9,102	773
Financial lease liability	(313,658)	-	-
Net financial position	**(344,441)**	**2,292**	**(19,677)**

Treasury shares and equity interests in parent companies

Geox S.p.A. launched a programme, starting from June 5, 2019, to buy back up to a maximum of 3,996,250 ordinary shares (equal to 1.54% of the current share capital), in accordance with the resolution passed by the Shareholders' Meeting on April 16, 2019, pursuant to articles 2357 and 2357-ter of the (Italian) civil code.
The purpose of the programme is to buy back Geox shares to be used for the 2019-2021 Stock Grant Plan, approved by the Shareholders' Meeting on April 16, 2019.
The buy-back programme started on June 5, 2019 and will end no later than December 18, 2019.
Further to the buy-back transactions above, as at June 30, 2019, the treasury shares held by the Company amount to 525,436 corresponding to 0.20% of the total number of ordinary shares.

Stock Plan

The extraordinary Shareholders' Meeting, on April 16, 2019, revoked the resolution to increase the share capital against payment, aimed at implementing the so-called "stock plan", passed by the Shareholders' Meeting on December 18, 2008 ("2008 Share Capital Increase"). The same Shareholders' Meeting approved the proposal for a free, divisible share capital increase pursuant to article 2349, paragraph I, of the (Italian) Civil Code ("Share Capital Increase") for the purpose of backing one or more stock grant plans, including the 2019-2021 Stock Grant Plan, through the use of a dedicated profit reserve (approved by the Ordinary Shareholders' Meeting) for a maximum nominal amount of Euro 1,200,000, corresponding to a maximum number of 12,000,000 ordinary Company shares, each with a nominal value of Euro 0.10, to be issued in several tranches under the terms and conditions stated by the aforementioned Plan, with subsequent amendment of article 7 of the Articles of Association.

The Shareholders' Meeting approved a medium-long term incentive plan involving the free issue of up to a maximum of five million ordinary Company shares (2019-2021 Stock Grant Plan), to the benefit of the Chief Executive Officer, Corporate General Manager, Executives with strategic responsibilities and other senior managers and employees who are considered key resources for Geox or other Group Companies. The Plan has a three-year vesting period and, as a result, the shares may be assigned from the date the Shareholders' Meeting approves the financial statements for the year ending December 31, 2021. Shares being assigned will also depend on and be proportional to the achievement of performance results based on the accumulated consolidated net income reported in Geox Group's 2019-2021 Strategic Business Plan.
The Plan states that these shares, at the discretion of the Board of Directors and in accordance with applicable legal provisions, may come (a) from a free share capital increase pursuant to article 2349, paragraph I, of the (Italian) Civil Code, to be made by using a profit reserve that is non-distributable for the purpose of said share capital increase and/or (b) from shares that may have been purchased on the market and/or held by the Company in another form, subject to an ordinary Shareholders' Meeting authorizing the purchase and making treasury shares available pursuant to articles 2357 et seq. of the (Italian) Civil Code.

By implementing this Plan, the Company intends to promote and pursue the following objectives:
(i) involve and provide an incentive to beneficiaries whose work is considered to be of fundamental importance for the achievement of the Group's objectives;
(ii) increase beneficiaries' loyalty by providing an incentive to remain within the Group;
(iii) attract new, highly-qualified professionals;
(iv) share and align beneficiaries' interests with those of the Company and the shareholders over the medium-long term, recognizing the contribution made by the management team to increasing the Company's value.

In order to put the resolutions passed by Shareholders' Meeting into effect, the Board of Directors of Geox S.p.A., during the same meeting, resolved to implement the 2019-2021 Stock Grant Plan, with 3,996,250 rights initially being attributed to 107 beneficiaries. At the date of this report a number of 3,861,096 rights are in circulation.

Transactions between Related Parties

During the period, there were no transactions with related parties which can be qualified as unusual or atypical. Any related party transactions formed part of the normal business activities of companies in the Group. Such transactions are concluded at standard market terms for the nature of goods and/or services offered.

Information on transactions with related parties is provided in Note 30 of the Consolidated Financial Statements.

Outlook for operation and significant subsequent events

With regard to full-year performance, please find below the main factors to be taken into consideration:

1. The prudent and selective approach and rationalisation of the wholesale channel, aimed at supporting the Group's solidity and image, have also characterised initial order collection for the 2019 autumn/winter season. Management believes that annual sales in the wholesale channel will show a low to mid-single digit decline compared with 2018 figures. These expectations shall nonetheless be defined by the actual performance of additional restocking orders during the season, which are gradually assuming an increasingly significant role in terms of final sales figures.
2. The optimisation of the network of franchised stores, managed by third parties, shall continue in the second half of the year, albeit with less intensity than in the previous two quarters. Full-year sales in the franchising channel are therefore expected to fall as a result of the network effect (-10%) and like-for-like sales performance. The effect of different delivery timings, on the other hand, would be reabsorbed, meaning that this trend is expected to improve compared with the first half of the year.
3. A number of new directly operated stores (DOS) will be opened (especially in China), a limited and lower number of franchised stores will be converted into DOS and certain non-performing DOS will be closed. Overall, these initiatives would lead to a slight increase in the size of the network (low-mid single digit) compared to 2018. The ongoing restyling plan will continue, aimed at improving performance, with the introduction of new window displays, new assortment strategies and new policies for in-store visuals. After a slightly negative first half, the like-for-like sales trend is expected to improve in the second half, thanks also to the increasing impact of the Retail Excellence programmes that are currently underway. These expectations must nonetheless grapple with the overall performance of key retail dynamics in the group’s main markets (footfall, propensity to make purchases, the rate of promotional sales, etc.), giving forecasts a high level of volatility.
4. Total number of mono-brand stores (DOS and franchising) is expected to remain substantially stable compared to the end of June 2019, so confirming the perimeter effects seen in the first half of 2019.
5. The direct e-commerce channel is expected to continue to grow at a strong pace and will also benefit from a number of advanced CRM tools that have been launched.
6. IT projects and investments will also continue, in line with the Strategic Business Plan, in order to support the business and guarantee a truly omnichannel operating model.
7. The initiatives to further increase productivity, ensure a lean organization and boost operating efficiency, which were successfully implemented in 2018, will continue also in 2019.

Based on the above estimates and assumptions, management would therefore like to stress that 2019 is to be considered a year of transition, characterized by network optimization in the wholesale and franchising channels and by the implementation of projects to improve the business model, in accordance with the new strategic business plan. Total sales at the end of the year will therefore substantially depend on this rationalization process and on like-for-like sales performance for directly-operated and franchised stores. As a result, and considering the high level of volatility in the industry, it is assumed that a certain degree of prudence is necessary for annual sales forecasts compared with 2018.

The actual incidence of promotional sales in the second half of the year will also contribute to defining the improvements in industrial margin achieved to date; depending on the extent to which markdowns are applied in the second half of the year compared with the first half, the expected improvement in gross margin may therefore be confirmed.

Biadene di Montebelluna, July 30, 2019

for the Board of Directors
The Chairman
Mr. Mario Moretti Polegato

CONSOLIDATED FINANCIAL STATEMENTS AND EXPLANATORY NOTES


GEOX
DRAGON
FORMULA-E TEAM
PENSKE
EV-3

Consolidated income statement

(Thousands of Euro)	Notes	I half 2019	of which related party	I half 2018	of which related party	2018	of which related party
Net sales	3-30	**399,442**	**178**	**414,081**	**138**	**827,220**	**275**
Cost of sales	30	(196,114)	28	(205,226)	25	(413,456)	50
Gross profit		**203,328**		**208,855**		**413,764**	
Selling and distribution costs		(22,428)	-	(23,570)	-	(46,416)	-
General and administrative expenses	4-30	(165,137)	7	(161,589)	(3,090)	(325,489)	(6,156)
Advertising and promotion	30	(12,987)	(83)	(12,786)	(84)	(26,652)	(156)
Restructuring charges	7	-	-	(2,098)	-	(9,847)	-
EBIT	3	**2,776**		**8,812**		**5,360**	
Net interest	8-30	(4,901)	(257)	(2,445)	-	(4,792)	-
PBT		**(2,125)**		**6,367**		**568**	
Income tax	9	(2,858)	-	(4,848)	-	(5,859)	-
Net result		**(4,983)**		**1,519**		**(5,291)**	
Earnings per share [Euro]	10	(0.02)		0.01		(0.02)	
Diluted earnings per share [Euro]	10	(0.02)		0.01		(0.02)	

Consolidated statement of comprehensive income

(Thousands of Euro)	I half 2019	of which related party	I half 2018	of which related party	2018	of which related party
Net income	**(4,983)**		**1,519**		**(5,291)**	
Other comprehensive income that will not be reclassified subsequently to profit or loss:						
- Net gain (loss) on actuarial defined-benefit plans	(201)	-	(6)	-	103	-
Other comprehensive income that may be reclassified subsequently to profit or loss:						
- Net gain (loss) on Cash Flow Hedge, net of tax	(2,094)	-	13,432	-	13,863	-
- Currency translation	279	-	(1,272)	-	(1,846)	-
Net comprehensive income	**(6,999)**		**13,673**		**6,829**	

Consolidated statement of financial position

(Thousands of Euro)	Notes	June 30, 2019	of which related party	Dec. 31, 2018	of which related party	June 30, 2018 (*)	of which related party
ASSETS:							
Intangible assets	11	47,156		50,161		47,941	
Property, plant and equipment	12	377,203		65,826		60,014	
Deferred tax assets	13	31,355		32,517		30,834	
Non-current financial assets	18	24		22		22	
Other non-current assets	14	9,238		11,651		12,814	
Total non-current assets		**464,976**		**160,177**		**151,625**	
Inventories	15	292,408		312,052		303,972	
Accounts receivable	16-30	148,582	238	133,090	237	182,290	195
Other non-financial current assets	17-30	28,468	1,892	30,637	1,902	26,240	1,901
Current financial assets	18	4,523		10,907		3,972	
Cash and cash equivalents	19	28,686		40,972		28,217	
Current assets		**502,667**		**527,658**		**544,691**	
Total assets		**967,643**		**687,835**		**696,316**	
LIABILITIES AND EQUITY:							
Share capital	20	25,921		25,921		25,921	
Reserves	20	305,658		320,130		320,164	
Net income	20	(4,983)		(5,291)		1,519	
Equity		**326,596**		**340,760**		**347,604**	
Employee severance indemnities	21	2,772		2,557		2,669	
Provisions for liabilities and charges	22	5,657		5,497		4,769	
Long-term financial liabilities	23-30	259,593	23,967	639		2,562	
Other long-term payables	24	4,183		5,083		6,685	
Total non-current liabilities		**272,205**		**13,776**		**16,685**	
Accounts payable	25-30	205,540	121	236,027	1,477	233,639	149
Other non-financial current liabilities	26	35,683		39,579		38,993	
Taxes payable	27	9,538		8,723		10,069	
Current financial liabilities	18-30	64,207	5,667	702		2,781	
Bank borrowings and current portion of long-term loans	28	53,874		48,268		46,545	
Current liabilities		**368,842**		**333,299**		**332,027**	
Total liabilities and equity		**967,643**		**687,835**		**696,316**	

(*) The comparative information has been reclassified as a result of the application of IFRS 15.

Consolidated statement of cash flow

(Thousands of Euro)	Notes	I half 2019	I half 2018	2018
CASH FLOW FROM OPERATING ACTIVITIES:				
Net result	20	**(4,983)**	**1,519**	**(5,291)**
Adjustments to reconcile net income to net cash provided (used) by operating activities:				
Depreciation and amortization and impairment	5	51,255	16,428	32,984
Other non-cash items		3,980	1,742	1,449
		55,235	**18,170**	**34,433**
Change in assets/liabilities:				
Accounts receivable		(15,437)	(21,531)	27,785
Other assets		(2,970)	489	(2,394)
Inventories		21,572	(21,690)	(37,498)
Accounts payable		(28,284)	11,947	16,774
Other liabilities		935	2,154	(2,563)
Taxes payable		822	1,177	(61)
		(23,362)	**(27,454)**	**2,043**
Operating cash flow		**26,890**	**(7,765)**	**31,185**
CASH FLOW USED IN INVESTING ACTIVITIES:				
Capital expenditure on intangible assets	11	(3,087)	(2,671)	(11,026)
Capital expenditure on property, plant and equipment	12	(9,430)	(9,542)	(26,332)
		(12,517)	**(12,213)**	**(37,358)**
Disposals		311	350	458
(Increase) decrease in financial assets		(323)	(66)	(701)
Cash flow used in investing activities		**(12,529)**	**(11,929)**	**(37,601)**
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES:				
Increase (decrease) in short-term bank borrowings, net		(4,378)	(537)	(2,387)
Repayment of lease liabilities		(32,368)		
Loans:				
- Proceeds		40,988	15,000	24,154
- Repayments		(24,017)	(26,500)	(34,266)
Treasury shares		(685)		
Dividends		(6,480)	(15,552)	(15,552)
Cash flow used in financing activities		**(26,940)**	**(27,589)**	**(28,051)**
Increase (decrease) in cash and cash equivalents		**(12,579)**	**(47,283)**	**(34,467)**
Cash and cash equivalents, beginning of the period	19	**40,972**	**75,616**	**75,616**
Effect of translation differences on cash and cash equivalents		293	(116)	(177)
Cash and cash equivalents, end of the period	19	**28,686**	**28,217**	**40,972**
Supplementary information to the cash flow statement:				
- Interest paid during the period		4,474	2,136	3,964
- Interest received during the period		599	1,083	2,594
- Taxes paid during the period		1,707	1,862	5,267

Consolidated statement of changes in equity

(Thousands of Euro)	Share capital	Legal reserve	Share premium reserve	Translation reserve	Cash flow hedge reserve	Retained earnings	Net income	Group equity
Balance at December 31, 2017	**25,921**	**5,184**	**37,678**	**(1,164)**	**(11,845)**	**278,326**	**15,383**	**349,483**
IFRS 9 First time adoption	-	-	-	-	(401)	401	-	-
Allocation of 2017 result	-	-	-	-	-	15,383	(15,383)	-
Distribution of dividends	-	-	-	-	-	(15,552)	-	(15,552)
Net comprehensive result	-	-	-	(1,846)	13,863	103	(5,291)	6,829
Balance at December 31, 2018	**25,921**	**5,184**	**37,678**	**(3,010)**	**1,617**	**278,661**	**(5,291)**	**340,760**
Allocation of 2018 result	-	-	-	-	-	(5,291)	5,291	-
Distribution of dividends	-	-	-	-	-	(6,480)	-	(6,480)
Treasury shares	-	-	-	-	-	(685)	-	(685)
Net comprehensive result	-	-	-	279	(2,094)	(201)	(4,983)	(6,999)
Balance at June 30, 2019	**25,921**	**5,184**	**37,678**	**(2,731)**	**(477)**	**266,004**	**(4,983)**	**326,596**

(Thousands of Euro)	Share capital	Legal reserve	Share premium reserve	Translation reserve	Cash flow hedge reserve	Retained earnings	Net income	Group equity
Balance at December 31, 2017	**25,921**	**5,184**	**37,678**	**(1,164)**	**(11,845)**	**278,326**	**15,383**	**349,483**
IFRS 9 First time adoption	-	-	-	-	(401)	401	-	-
Allocation of 2017 result	-	-	-	-	-	15,383	(15,383)	-
Distribution of dividends	-	-	-	-	-	(15,552)	-	(15,552)
Net comprehensive result	-	-	-	(1,272)	13,432	(6)	1,519	13,673
Balance at June 30, 2018	**25,921**	**5,184**	**37,678**	**(2,436)**	**1,186**	**278,552**	**1,519**	**347,604**

Explanatory notes

1. Information about the Company: the Group's business activity

The Geox Group coordinates the third-party suppliers production and sells Geox-brand footwear and apparel to retailers and end-consumers. It also grants distribution rights and/or use of the brand name to third parties in markets where the Group has chosen not to have a direct presence. Licensees handle production and marketing in accordance with licensing agreements and pay Geox royalties.

Geox S.p.A. is a joint-stock company incorporated in Italy and controlled by Lir S.r.l.

2. Accounting policies

Form and contents of the consolidated financial statements

These explanatory notes have been prepared by the Board of Directors on the basis of the accounting records updated to June 30, 2019. They are accompanied by the directors' report on operations, which provides information on the results of the Geox Group. The consolidated financial statements have been drawn up in compliance with the International Financial Reporting Standards adopted by the European Union.

To facilitate comparison with the previous periods, the accounting schedules provide comparative figures: at June 30, 2018 and 1H2018, in the case of the income statement.

The reporting currency is the Euro and all figures have been rounded up or down to the nearest thousand Euro.

Scope of consolidation

The consolidated financial statements at June 30, 2019 include the figures, on a line-by-line basis, of all the Italian and foreign companies in which the Parent Company holds a majority of the shares or quotas, directly or indirectly.
The companies taken into consideration for consolidation purposes are listed in the attached schedule entitled “List of companies consolidated at June 30, 2019”.

Format of financial statements

The Group presents an income statement using a classification based on the “cost of sales” method, as this is believed to provide information that is more relevant. The format selected is that used for managing the business and for management reporting purposes and is consistent with international practice in the footwear and apparel sector.

For the Statement of financial position, a format has been selected to present current and non-current assets and liabilities.

The Statement of cash flow is presented using the indirect method.

In connection with the requirements of the Consob Resolution No. 15519 of July 27, 2006 as to the format of the financial statements, specific supplementary column has been added for related party transactions so as not to compromise an overall reading of the statements (Note 30).

Consolidation principles

The financial statements of the subsidiaries included in the scope of consolidation are consolidated on a line-by-line basis, which involves combining all of the items shown in their financial statements regardless of the Group's percentage interest.

If the companies included in the scope of consolidation are subject to different regulations, the most suitable reporting formats have been adopted to ensure maximum clarity, truth and fairness. The financial statements of foreign subsidiaries are reclassified where necessary to bring them into line with Group accounting policies. They are also adjusted to ensure compliance with IFRS.

In particular, for the subsidiaries included in the scope of consolidation:

- the book value of equity investments included in the scope of consolidation is eliminated against the equity of the companies concerned according to the full consolidation method. If the Group's direct or indirect investment is less than 100%, minority interests are calculated and shown separately;
- if purchase cost exceeds the net book value of the related shareholders' equity at the time of acquisition, the difference is allocated to specific assets of the companies acquired, with reference to the their fair value at the acquisition date and amortized on a straight-line basis having regard to the useful life of the investment. If appropriate, any amounts which are not allocated are recorded as goodwill. In this case, the amounts are not amortized but subjected to impairment testing at least once a year, or whenever considered necessary;
- if the book value exceeds the purchase cost, the difference is credited to the income statement.

The following are also eliminated:

- receivables and payables, costs and revenues and profits and losses resulting from intragroup transactions, taking into account the related tax effects;
- the effects of extraordinary transactions involving Group companies (mergers, capital contributions, etc).

Accounting standards

The Consolidated Financial Statements have been prepared on the historical cost basis except for the measurement of certain financial instruments (i.e. derivatives measured at fair value), as required by IFRS 9, and on a going-concern basis. The accounting principles are the same used for the preparation of the consolidated financial statements as of the year ended December 31, 2018, to which refer for a detailed description, except as set out below.

Accounting standards, amendments and interpretations applied since January 1, 2019

On January 13th, 2016, the IASB published ***IFRS 16 – Leases*** to replace IAS 17 – *Leases*, and the interpretations IFRIC 4 - *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases—Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The new standard provides a new definition of a lease and introduces criteria based on the control (right of use) of an asset in order to distinguish between lease contracts and service provision contracts, identifying the following determining factors: identification of the asset, the right to replace the asset, the right to obtain substantially all economic benefits from using the asset and, lastly, the right to direct the use of the asset underlying the contract.
The standard establishes a single model for the recognition and measurement of lease contracts for the lessee, which states that leased assets, including those under operating leases, must be recognised under assets with a corresponding entry under financial payables. On the contrary, the standard does not include significant changes for lessors.

The standard came into force on January 1st, 2019.

Geox chose to apply this standard retrospectively. However, it has recorded the accumulated effect of applying the standard on shareholders' equity at January 1, 2019, in accordance with IFRS 16, paragraphs C7-C13. In particular, in relation to lease contracts that were previously classified as operating leases, Geox will record:

- a financial liability, equal to the current value of future residual payments at the transition date, discounted using the incremental borrowing rate applicable at the transition date for each contract;
- a right-to-use equal to the value of the financial liability at the transition date, net of any accrued income and prepaid expenses and accrued expenses and deferred income referring to the lease and recorded in the balance sheet at the closing date of these financial statements.

The adoption of IFRS 16 at the date of transition, January 1st, 2019, impact rights of use for Euro 327 million and financial liabilities for Euro 326 million.
The value of the rights of use has been increased by the balance of accrued income and prepaid expenses at December 31st, 2018 and decreased by the balance of accrued expenses and deferred income at December 31st, 2018.

When applying IFRS 16, Geox used the exemption permitted by paragraph 5(a) of IFRS 16 in relation to short-term leases for the contracts with a duration of less than one year.

Likewise, the Company used the exemption permitted by IFRS 16:5(b) with regard to lease contracts for which the underlying asset is classed as a "low-value asset". Contracts to which this exemption has been applied mainly fall under the following categories:

- Computers, telephones and tablets;
- Printers;
- Other electronic devices.

For these contracts, the introduction of IFRS 16 did not lead to the financial liability for the lease or the relative right of use being recorded, but rather the rental payments were recorded in the income statement, on a linear basis, for the duration of the respective contracts.

In order to help readers understand the impacts of the initial application of this accounting standard, the following table provides a comparison between the future commitments relating to lease contracts and the impact of adopting IFRS 16 at January 1, 2019:

Euro million	**January 1, 2019**
Non cancellable commitments as of December 31, 2018	**282**
Commitments for renewal	95
Short term lease	(5)
Non-lease components included in non-cancellable commitments	(28)
Financial liability (not discounted) as of January 1, 2019	**344**
Effect of discounting	(18)
Financial liability under IFRS 16 as of January 1, 2019	**326**

On October 12, 2017 the IASB published an amendment to ***IFRS 9 - Prepayment Features with Negative Compensation***. The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the "SPPI" condition (Solely Payments of Principal and Interest), the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. There were no significant effects from the adoption of this amendment.

On June 7, 2017 the IASB published the interpretation *"**Uncertainty over Income Tax Treatments (IFRIC Interpretation 23)**"*. The interpretation sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The interpretation requires an entity to determine whether uncertain tax positions are assessed (separately or as a group) and assesses whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings: if yes, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings. If no, the entity should reflect the effect of uncertainty in determining its accounting tax position. There were no significant effects from the adoption of this amendment.

On December 12, the IASB published the document ***"Annual Improvements to IFRSs 2015-2017 Cycle"*** integrates existing standards as part of their annual improvement process. There were no significant effects from the adoption of this document.

On February 7, 2018 the IASB published the document "***Plant Amendment, Curtailment or Settlement (Amendments to IAS 19)"***. There were no significant effects from the adoption of this amendment.

On October 12, 2017 lo IASB the IASB published the document ***"Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)"***. There were no significant effects from the adoption of this amendment.

Accounting standards, amendments and interpretations not yet approved by European Union

- ***IFRS 17 – Insurance Contracts***;
- Document ***"Definition of a Business (Amendments to IFRS 3)"***;
- Document ***"Definition of Material (Amendments to IAS 1 and IAS 8)"***;
- Amendment to ***IFRS 10 e IAS 28 Sales or Contribution of Assets between an Investor and its Associate or Joint Venture***.

Translation of foreign currency financial statements into Euro

The financial statements of foreign companies denominated in currencies other than the Euro are translated as follows:

- income statement items are translated at the average exchange rate for the period, whereas the closing rate is used for balance sheet items, except for net income and equity;
- equity items are translated at the historical exchange rate.

The difference between the equity translated at historical rates and the assets and liabilities translated at closing rates is recorded as a "Translation reserve" under "Reserves" as a part of consolidated equity".

The exchange rates used, as published by the Italian Exchange Office (U.I.C.), are as follows:

Currency	Average for 30-06-2019	As at 30-06-2019	Average for 31-12-2018	As at 31-12-2018	Average for 30-06-2018	As at 30-06-2018
US Dollar	1.1298	1.1380	1.1815	1.1450	1.2108	1.1658
Swiss Franc	1.1294	1.1105	1.1549	1.1269	1.1697	1.1569
British Pound	0.8736	0.8966	0.8848	0.8945	0.8797	0.8861
Canadian Dollar	1.5067	1.4893	1.5302	1.5605	1.5464	1.5442
Japanese Yen	124.2933	122.6000	130.4096	125.8500	131.6107	129.0400
Chinese Yuan	7.6670	7.8185	7.8074	7.8751	7.7100	7.7170
Czech Koruna	25.6838	25.4470	25.6432	25.7240	25.4973	26.0200
Russian Ruble	73.7215	71.5975	74.0551	79.7153	71.9802	73.1582
Polish Zloty	4.2920	4.2496	4.2606	4.3014	4.2200	4.3732
Hungarian Forint	320.3916	323.3900	318.8245	320.9800	314.0910	329.7700
Macau Pataca	9.1263	9.1532	9.5379	9.2365	9.7749	9.4212
Serbian Dinar	118.0611	117.9570	118.2368	118.3109	118.2478	118.5188
Vietnam Dong	26,269.3333	26,527.0000	27,189.2046	26,547.0000	27,565.5303	26,746.0000
Indian Rupiah	79.1182	78.5240	80.7277	79.7298	79.5123	79.8130
Indonesian Rupiah	16,035.9017	16,083.3500	16,801.7267	16,500.0000	16,671.7396	16,654.0400
Turkish Lira	6.3543	6.5655	5.6986	6.0588	4.9551	5.3385

Estimates and assumptions

Drawing up financial statements and notes in compliance with IFRS requires management to make estimates and assumptions that can affect the value of the assets and liabilities in the balance sheet, including disclosures on contingent assets and liabilities at the balance sheet date. The estimates and assumptions used are based on experience and other relevant factors. So it cannot be excluded that the results over the coming months may differ from what has been forecasted, and this in turn could lead to adjustments that obviously cannot be estimated or foreseen as of today. Estimates and assumptions are revised periodically and the effects of each variation made to them are reflected in the income statement for the period when the estimate is revised.

The items in the financial statements that are principally affected by these situations of uncertainty are: deferred tax assets, pension funds and other post-employment benefits, the provisions for obsolescence and slow-moving inventory and returns, provision for bad and doubtful accounts, asset impairment and lease liabilities (and assets for right of use).

The following is a summary of the critical valuation processes and key assumptions used by management in the process of applying the accounting standards with regard to the future and which could have significant effects on the values shown in the financial statements.

Deferred tax assets

Deferred tax assets are booked on all carry-forward tax losses to the extent that it is probable that there will be adequate taxable income in the future to absorb them. The directors are required to make a significant subjective assessment to determine the amount of deferred tax assets that should be recognized. They have to assess the timing and amount of future taxable income and develop a tax planning strategy for the coming years. The book value of the tax losses that have been recognized is shown in note 13.

Pension funds and other post-employment benefits

The cost of defined-benefit pension plans and other post-employment benefits (healthcare) is determined by means of actuarial valuations. Actuarial valuations involve making assumptions about discount rates, the expected return on investment, future pay rises, mortality rates and the future increase in pensions. Because of the long-term nature of these plans, such estimates are subject to a high degree of uncertainty. Further details are provided in note 21.

Provision for returns

The Group has provided for the possibility that products already sold may be returned by customers. To this end, the Group has made certain assumptions based on the quantity of goods returned in the past and their estimated realizable value. Further details are provided in note 25.

Provision for obsolete and slow-moving inventory

The Group has set up provisions for products in inventory that may have to be sold at a discount, which means that they will have to be adjusted to their estimated realizable value. For this purpose, the Group has developed assumptions regarding the quantity of goods sold at a discount in the past and the possibility of selling them through the Group's own outlets. Further details are provided in note 15.

Provision for bad and doubtful accounts

The provision for bad and doubtful accounts is calculated on the basis of a specific analysis of items in dispute and of those balances which, even if not in dispute, show signs of delayed collection. Furthermore, the provision includes the receivable evaluation according to the lifetime expected loss model. Evaluating the overall amount of trade receivables that are likely to be paid requires the use of estimates regarding the probability of collecting such items, as well as the write-down percentages applied for not in dispute positions, so it is an assessment that is subject to uncertainties. Further details are provided in note 16.

Asset Impairment

The Group has set up provisions against the possibility that the carrying amounts of tangible and intangible assets may not be recoverable from them by use. The directors are required to make a significant subjective assessment to determine the amount of asset impairment that should be recognized. They estimate the possible loss of value of assets in relation to future economic performance closely linked to them.

Lease liabilities and assets for right of use

The Group recognises the asset for the right of use and the liability for the lease. The asset for the right of use is initially valued at cost, and then subsequently at cost net of accumulated depreciation and impairment losses, and adjusted to reflect the revaluation of the lease liability.
The Group values the lease liability at the present value of the payments due for unpaid leases at the effective date. The lease liability is subsequently increased by the interest accrued on this liability and decreased by the payments due for the lease made and is revalued in the event of a change in the future payments due for the lease deriving from a change in the index or rate, in the event of a change in the amount that the Group expects to pay as a guarantee on the residual value or when the Group changes its valuation with reference to the exercise or otherwise of a purchase, extension or cancellation option.
The Group has estimated the lease term of certain contracts in which it acts as a lessee and which provide for renewal options. The Group's assessment of whether or not there is a reasonable certainty of exercising the option influences the estimate of the lease term, significantly impacting the amount of the lease liabilities and assets for the right of use recognized.

Potential liabilities

The Group is subject to legal and tax litigations arising from the ordinary course of the business in the countries where it operates.
Based on the information currently available, the Group believes that the provisions recognized as liabilities are sufficient to correctly represent the Consolidated Financial Statements.

3. Segment reporting

For management purposes, the Group runs and controls its business according to the type of products being supplied, and for disclosure purposes these consist of two operating segments: footwear and apparel.

The directors monitor the results of these two business units separately so that they can make decisions regarding the allocation of resources and check the return on investment. The yield of each segment is evaluated on the basis of the operating result, which is allocated to the various operating segments as follows:

- Net sales, cost of sales, direct selling costs and advertising are input directly to the segment concerned as they are clearly identifiable;
- General and administrative costs, including non-industrial depreciation and amortization, are input to the segment concerned to the extent that they are directly attributable. When such costs are common to various segments, they are allocated in proportion to their respective percentage of total cost of sales;
- The Group's financial activities (including financing costs and revenues) and income taxes are handled at Group level and not allocated to the individual segments;
- There are no problems of transfer pricing between segments as they are totally independent from each other.

The following table provides information on the Group’s business segments:

(Thousands of Euro)		**I half 2019**	**%**	**I half 2019**	**%**
Footwear	Net sales	364,251		376,723	
	EBIT	6,010	1.6%	9,767	2.6%
Apparel	Net sales	35,191		37,358	
	EBIT	(3,234)	(9.2%)	(955)	(2.6%)
Total	**Net sales**	**399,442**		**414,081**	
	EBIT	**2,776**	**0.7%**	**8,812**	**2.1%**

The following table provides Net sales on the Group’s geographical segments:

(Thousands of Euro)	**I half 2019**	**%**	**I half 2018**	**%**	**Var. %**
Italy	116,221	29.1%	124,331	30.0%	(6.5%)
Europe (*)	174,846	43.8%	179,907	43.4%	(2.8%)
North America	22,053	5.5%	24,132	5.8%	(8.6%)
Other Countries	86,322	21.6%	85,711	20.7%	0.7%
Net Sales	**399,442**	**100.0%**	**414,081**	**100.0%**	**(3.5%)**

(*) Europe includes: Austria, Benelux, France, Germany, Great Britain, Iberian Peninsula, Scandinavia, Switzerland.

4. General and administrative expenses

General and administrative expenses are analyzed in the following table:

	I half 2019	I half 2018	Change
Wages and salaries	59,091	58,642	449
Rental expenses	10,847	44,940	(34,093)
Other costs	98,032	60,850	37,182
Rental income	(1,682)	(1,921)	239
Other income	(1,151)	(922)	(229)
Total	**165,137**	**161,589**	**3,548**

Rental and lease expenses, related to the shops, offices and industrial property leased by the Group, equal to Euro 10,847 Thousands, recorded a significant decrease compared to the same period last year. Starting from January 1, 2019, in fact, in the lease expenses are recorded only those excluded from the application of the IFRS 16 accounting principle.

Rental income relates to the Geox Shops owned by the Group and leased to third parties under franchising agreements.

Other costs mainly include: depreciation and amortization, services and consulting, sample costs, utilities, insurance, maintenance and bank charges.

Other income mainly includes sales of miscellaneous goods and insurance compensation.

Research and the ongoing conception and implementation of innovative solutions is a significant factor in the Group's strategies because, as already explained in the directors' report on operations, product innovation is fundamental to maintain and strengthen the Group's competitive advantage.
Research and development is a complex corporate process, which ranges from the study of technical solutions involving materials that are able to breathe while remaining waterproof, to the concession of new patents and the development of new product lines. This process can be broken down into the following stages:

- pure research, which consists of verifying the performance of the materials used in Geox footwear and apparel. This activity's vocation is to create new patents and to implement solutions that use particular materials to make products that can breathe and at the same time remain waterproof;

- applied research, which consists of creating the collections, passing through the various phases of design, prototyping and modeling.

Research and development makes use of dedicated personnel, who transmit the results of their work to all those (designers, product managers, production technicians, etc.) who take part in the definition, industrialization and production of the Group's products.

5. Depreciation, amortization and payroll costs included in the consolidated income statement

The following table shows all of the depreciation and amortization charges included in the consolidated income statement:

	I half 2019	I half 2018	Change
Industrial depreciation and asset impairment	3,185	3,168	17
Non-industrial depreciation, amortization and asset impairment	48,070	13,260	34,810
Total	**51,255**	**16,428**	**34,827**

Depreciation and amortization increased if compared to 1H18, from Euro 16,428 thousand to Euro 51,255 thousand. This increase is due for Euro 34,174 thousand to the new IFRS 16 Accounting Standard.

Payroll costs amounted to Euro 74,805 thousand (Euro 75,306 thousand in 1H18).

6. Personnel

The average number of employees is shown below:

	I half 2019	I half 2018	Change
Managers	44	44	-
Middle managers and Office staff	1,039	1,055	(16)
Shop employees	2,602	2,711	(109)
Factory workers	1,388	1,407	(19)
Total	**5,073**	**5,217**	**(144)**

The average number of employees for 1H2019 amounted to 5,073, decreased of 144 units compared to 1H2018. The change is mainly due to the shop employees, in line with the project to optimize the network of mono-brand stores and the greater use of temporary staff.

7. Restructuring charges

During the first half 2018 special items amount to 2.1 million and relate mainly to the organizational review of staff resources and the optimization of the shop network.

8. Net financial expenses

This item is made up as follows:

	I half 2019	I half 2018	Change
Interest income	2,860	2,593	267
Interest expense	(7,569)	(5,366)	(2,203)
Exchange differences	(192)	328	(520)
Total	**(4,901)**	**(2,445)**	**(2,456)**

Interest income is made up as follows:

	I half 2019	I half 2018	Change
Interest from banks	22	20	2
Interest from customers	90	158	(68)
Other interest income	2,748	2,415	333
Total	**2,860**	**2,593**	**267**

Other interest income mainly consists of the effect of accounting for financial derivatives.

Interest expense is made up as follows:

	I half 2019	I half 2018	Change
Bank interest and charges	102	208	(106)
Interest on loans	141	108	33
Other interest expense	5,506	3,354	2,152
Financial discounts and allowances	1,820	1,696	124
Total	**7,569**	**5,366**	**2,203**

Other interest expense mainly consists of the effect of accounting for financial derivatives as explained in note 29 and, for the 1H2019, the effect of the new accounting standard IFRS 16.

Financial discounts and allowances relate to the discounts granted to customers who pay in advance, as per practice in various European markets.

Exchange differences are made up as follows:

	I half 2019	I half 2018	Change
Exchange gains	13,602	28,884	(15,282)
Exchange losses	(13,794)	(28,556)	14,762
Total	**(192)**	**328**	**(520)**

9. Income taxes

Income taxes for first half of 2019 were equal to Euro 2.9 million, compared to Euro 4.9 million of the same period of 2018.

The following table shows reconciliation between the Group's effective tax burden and its theoretical tax charge, based on the current tax rate in force during the period in Italy (the country of Geox S.p.A., the Parent Company):

	I half 2019	%	I half 2018	%
PBT	(2,125)	100.0%	6,367	100.0%
Theoretical income taxes (*)	(510)	24.0%	1,528	24.0%
Effective income taxes	2,858	(134.5%)	4,848	76.1%
Difference due to:	**3,368**	**(158.5%)**	**3,320**	**52.1%**
1) different tax rates applicable in other countries	259	(12.2%)	(120)	(1.9%)
2) permanent differences:				
i) IRAP and other local taxes	490	(23.1%)	566	8.9%
ii) other	2,619	(123.2%)	2,874	45.1%
Total difference	**3,368**	**(158.5%)**	**3,320**	**52.1%**

(*) Theoretical income taxes based on the tax rates applicable to Geox S.p.A.

It should be noted that the tax amount has been penalized by approximately Euro 2.5 million (Euro 2.7 in 1H18) for the non-recognition of deferred tax assets relating to certain foreign subsidiaries.

10. Earnings per share

EPS is calculated by dividing the net income for the period attributable to the ordinary shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by dividing the net income for the period attributable to the Parent Company's shareholders by the weighted average number of shares outstanding during the period, taking into account the effects of all potentially dilutive ordinary shares (for example, vested options under a stock option plan that have not yet been exercised).

The following table shows the result and the number of ordinary shares used to calculate basic and diluted EPS in accordance with IAS 33:

	I half 2019	I half 2018	2018
Earning per share (Euro)	(0.02)	0.01	(0.02)
Diluted earnings per share (Euro)	(0.02)	0.01	(0.02)
Weighted average number of shares outstanding:			
- basic	259,181,486	259,207,331	259,207,331
- diluted	259,181,486	259,207,331	259,207,331

11. Intangible assets

Intangible assets are made up as follows:

	Balance at June 30, 2019	Balance at Dec. 31, 2018	Change
Industrial patents and intellectual property rights	12,573	13,484	(911)
Trademarks, concessions and licenses	469	520	(51)
Key money	31,134	31,950	(816)
Assets in process of formation and payments on account	870	1,888	(1,018)
Other intangible assets	972	1,181	(209)
Goodwill	1,138	1,138	-
Total	**47,156**	**50,161**	**(3,005)**

The following table shows the changes in intangible assets during 1H2019:

	12-31-2018	Purchases and capital.	Translation Differences	Amort./ write-down	Disposals	Other Changes	06-30-2019
Intangible assets with finite useful life:							
Industrial patents and intellectual property rights	13,484	1,183	-	(3,518)	(6)	1,430	12,573
Trademarks, concessions and licenses	520	9	-	(60)	-	-	469
Key money	31,950	1,298	15	(2,257)	(1)	129	31,134
Assets in process of formation and payments on account	1,888	597	2	-	-	(1,617)	870
Other intangible assets	1,181	-	-	(209)	-	-	972
Intangible assets with an indefinite useful life:							
Goodwill	1,138	-	-	-	-	-	1,138
Total intangible assets	**50,161**	**3,087**	**17**	**(6,044)**	**(7)**	**(58)**	**47,156**

Investments during the period mainly concern:

- personalization of the IT system and software utilization licenses;
- cost incurred for registration, extension and protection of patents in various parts of the world;
- key money costs for the amounts paid to access leased properties by taking over existing contracts or persuading tenants to terminate their contracts so that new ones could be signed with the landlords. The premises were then fitted out as Geox shops;
- assets in process of formation. Such amounts include the sums paid for the further implementations and customizing of the new IT system.

Each shop is considered a CGU and, other than those flagship stores, which, despite being open for more than two years showed negative results in terms of operating margin, it was decided to assess the recoverability of the carrying value. This assessment was based on expected results and took into consideration the weighted average cost of capital (WACC) for the Group's main market areas. If the value in use of a CGU is lower than its book value, its assets are written down accordingly.

12. Property, plant and equipment

Details of property, plant and equipment are shown in the following table:

	Balance at June 30, 2019	Balance at Dec. 31, 2018	Changes
Land and buildings	9,217	9,618	(401)
Plant and machinery	7,703	8,607	(904)
Industrial and commercial equipment	3,200	3,527	(327)
Other assets	15,164	14,757	407
Leasehold improvements	28,050	28,387	(337)
Right of use	312,976	-	312,976
Construction in progress and payments on account	893	930	(37)
Total	**377,203**	**65,826**	**311,377**

The following table shows the changes in property, plant and equipment during 1H2019:

	12-31-2018	Purchases and capital.	Translation Differences	Amort./ write-down	Disposals	Other Changes	06-30-2019
Land and buildings	9,618	23	29	(453)	-	-	9,217
Plant and machinery	8,607	244	13	(1,127)	(34)	-	7,703
Industrial and commercial equipment	3,527	1,270	3	(1,599)	(1)	-	3,200
Other assets	14,757	3,466	76	(3,197)	(109)	171	15,164
Leasehold improvements	28,387	3,539	132	(4,661)	(160)	813	28,050
Construction in progress and payments on account	930	888	1	**-**	-	(926)	893
	65,826	**9,430**	**254**	**(11,037)**	**(304)**	**58**	**64,227**
Right of use	-	20,263	(227)	(34,174)	-	327,114	312,976
Total property, plant and equipment	**65,826**	**29,693**	**27**	**(45,211)**	**(304)**	**327,172**	**377,203**

Investments during the period mainly concern:

- The purchase of industrial equipment (mainly molds for shoe soles) by the parent company Geox S.p.A. and its productive subsidiary in Serbia;
- Geox shop fittings and hardware, office and showroom fittings;
- leasehold improvements. These additions relate to industrial buildings and offices and to premises fitted out as Geox Shop;
- construction in progress of Euro 888 thousand. This amount mainly includes amounts paid for the restyling of the shops not yet completed as of June 30th, as well as amounts paid for works at the industrial sites that will be completed in the second half of the year.

Each shop is considered a CGU and, other than those flagship stores, which, despite being open for more than two years showed negative results in terms of operating margin, it was decided to assess the recoverability of the carrying value. This assessment was based on expected results and took into consideration the weighted average cost of capital (WACC) for the Group’s main market areas. If the value in use of a CGU is lower than its book value, its assets are written down accordingly.

Other assets are made up as follows:

	Balance at June 30, 2019	**Balance at Dec. 31, 2018**	**Change**
Electronic machines	2,425	2,610	(185)
Furniture and fittings	12,444	11,970	474
Motor vehicles and internal transport	295	177	118
Total	**15,164**	**14,757**	**407**

13. Deferred taxes

The following table analyses the change in deferred tax assets and the nature of the items and temporary differences that gave rise to them. The Group has offset the deferred tax assets and liabilities as the law permits the compensation of fiscal assets with fiscal liabilities.

	Balance at June 30, 2019	**Balance at Dec. 31, 2018**	**Change**
Carry-forward tax losses	1,620	176	1,444
Depreciation and amortization and impairment	5,501	5,899	(398)
Evaluation derivates	63	-	63
Provision for obsolescence and slow-moving inventory and returns	16,905	18,888	(1,983)
Provision for agents' severance indemnities	558	552	6
Other	6,956	7,640	(684)
Deferred tax assets	**31,603**	**33,155**	**(1,552)**
Depreciation and amortization	(174)	(173)	(1)
Evaluation derivates	-	(401)	401
Other	(74)	(64)	(10)
Deferred tax liabilities	**(248)**	**(638)**	**390**
Total deferred taxes	**31,355**	**32,517**	**(1,162)**

The deferred tax assets on carry-forward tax losses at June 30, 2019 amount to Euro 1,620 thousand. This amount has been subjected to a strict evaluation by the directors in order to book it only if future taxable profit are likely to occur, against which such losses can be utilized.

Derivatives that are defined as cash flow hedges and valued on a mark-to-market basis booked directly to equity require all related taxes also to be booked directly to equity and not to the income statement.

Deferred tax assets included in "Other" are mainly related to the provision for bad and doubtful accounts and provisions for liabilities and charges.

Deferred tax assets have been calculated at the tax rates applied in the various countries concerned.

14. Other non-current assets

Other non-current assets are made up as follows:

	Balance at June 30, 2019	Balance at Dec. 31, 2018	Change
Accounts receivable from others in 1 to 5 years	6,275	8,921	(2,646)
Accounts receivable from others in more than 5 years	2,963	2,730	233
Total	**9,238**	**11,651**	**(2,413)**

Accounts receivable from others relate principally guarantee deposits for utilities and shop leases and accounts receivable, payable from 1 to 5 years. The portion of accrued income and prepaid expenses, for the non-current portion, consisting mainly of rents for future periods at the end of 2018, has been reclassified to rights of use with the application of IFRS 16.

15. Inventories

The following table shows the breakdown of inventories:

	Balance at June 30,2019	Balance at Dec. 31, 2018	Change
Raw materials	9,333	10,685	(1,352)
Work in process and semi-finished products	675	914	(239)
Finished products and goods for resale	281,709	299,728	(18,019)
Furniture and fittings	691	725	(34)
Total	**292,408**	**312,052**	**(19,644)**

Inventories of finished products include goods in transit acquired from countries in the Far East.

Furniture and fittings relate to furnishings that will be used or sold to franchisees for opening new Geox Shops. The book value of inventories is not significantly different from their current cost at the end of the period.

Inventories are shown net of the provision for obsolete and slow-moving inventory, which is considered adequate for a prudent valuation of finished products from previous collections and raw materials that are no longer used.

The provision for obsolete and slow-moving inventory is analyzed below:

Balance at January 1	**23,627**
Provisions	21,259
Translation differences	103
Utilizations	(23,274)
Balance at June 30	**21,715**

The write-down mainly reflects the adjustment to market value based on statistical forecasts of discounted sales of products from previous collections.

16. Accounts receivable

Accounts receivable are made up as follows:

	Balance at June 30, 2019	**Balance at Dec. 31, 2018**	**Change**
Gross value	161,868	145,328	16,540
Provision for bad and doubtful accounts	(13,286)	(12,238)	(1,048)
Net value	**148,582**	**133,090**	**15,492**

Accounts receivable amounted to Euro 161.9 million as at June 30, 2019.

The following is an ageing analysis of accounts receivable:

	Not yet due	**Past due 0 - 90 days**	**Past due 91 - 180 days**	**Past due over 180 days**	**Total**
Gross value of trade receivables at June 30, 2019	108,204	26,105	12,772	14,787	**161,868**
Gross value of trade receivables at December 31, 2018	92,620	28,329	12,014	12,365	**145,328**

As regards the sales made to individual customers, there are no situations of particular concentration as all are well under the threshold of 10% of total revenues. The book value of trade receivables coincides with their fair value.

The Group continues to maintain tight control over credit. This management practice ensures that the investment in working capital is limited.

Accounts receivable are adjusted to their estimated realizable value by means of a provision for bad and doubtful accounts based on a review of individual outstanding balances. The provision at June 30, 2019 represents a prudent estimate of the current collection risk. Changes in the provision during the year are as follows:

Balance at January 1	**12,238**
Provisions	1,683
Translation differences	32
Utilizations	(667)
Balance at June 30	**13,286**

The risk of customer insolvency is significantly mitigated as specific contracts with leading credit insurance companies cover credit risk on most of the turnover. The clauses provide that, initially, the insurance is configured solely as a request to accept the credit risk up to previously agreed credit limits. The insurance does become operating only after a formal communication of non-payment by the due date. The increase of the fund is relative to the prudent assessment of the risk on the portion of receivables not covered by insurance.

17. Other non-financial current assets

This item is made up as follows:

	Balance at June 30, 2019	**Balance at Dec. 31, 2018**	**Change**
Tax credits	4,722	4,505	217
VAT recoverable	3,261	4,278	(1,017)
Advances to vendors	1,960	1,565	395
Other receivables	11,522	11,971	(449)
Accrued income and prepaid expenses	7,003	8,318	(1,315)
Total	**28,468**	**30,637**	**(2,169)**

As at June 30, 2019 the Group has a tax credit for an amount of Euro 1,891 thousand towards the ultimate Parent Company LIR S.r.l..

Other receivables include mainly credits from factoring companies and credit insurance representing the value of claims assigned for which reimbursement has not yet been received;

Prepaid expenses mainly include prepayments for rent and for maintenances.

18. Financial assets and liabilities

The book value of the financial assets and liabilities shown below coincides with their fair value.

The following table shows the breakdown of this item:

	Balance at June 30, 2019	**Balance at Dec. 31, 2018**	**Change**
Term bank deposits	24	22	2
Total non current financial assets	**24**	**22**	**2**
Fair value derivative contracts	3,081	9,788	(6,707)
Loans granted by Geox	1,442	1,119	323
Total current financial assets	**4,523**	**10,907**	**(6,384)**
Fair value derivative contracts	(2,331)	(686)	(1,645)
Right of use	(61,819)	-	(61,819)
Other current financial liabilities	(57)	(16)	(41)
Total current financial liabilities	**(64,207)**	**(702)**	**(63,505)**

As regards the mark-to-market derivative contracts, see the comments in note 29.

19. Cash and cash equivalents

The amount of Euro 28,686 thousand relates to availabilities of current account in the various currencies in which the Group operates.

The book value of the financial assets and liabilities shown below coincides with their fair value.

20. Equity

Share capital

The share capital of Euro 25,921 thousand is fully paid and is made up of 259,207,331 shares with a par value of Euro 0.10 each.

Other reserves

This item is made up as follows:

	Balance at June 30, 2019	Balance at Dec. 31, 2018	Change
Legal reserve	5,184	5,184	-
Share premium reserve	37,678	37,678	-
Translation reserve	(2,731)	(3,010)	279
Reserve for cash flow hedges	(477)	1,617	(2,094)
Retained earnings	266,004	278,661	(12,657)
Total	**305,658**	**320,130**	**(14,472)**

The legal reserve amounts to Euro 5,184 thousand. This reserve is not distributable.

The reserve for cash flow hedges, for Euro (477) thousand, originated as a result of valuing the financial instruments defined as cash flow hedges at June 30, 2019. Fair value valuation of cash flow hedges is stated net of the tax effect as explained in greater detail in note 29. This reserve is not distributable.

Amounts are shown net of tax, where applicable.

21. Employee severance indemnities

Employee severance indemnities at June 30, 2019 amount to Euro 2,772 thousand, as shown in the following table:

Balance at December 31, 2018	**2,557**
Reversal of 0.50% withholding	(130)
Reversal of flat-rate tax	(3)
Payments to supplementary pension schemes	(515)
Advances granted to employees	(102)
Provision for the period	1,978
Payments to supplementary pension schemes run by INPS net of amounts paid to leavers	(1,225)
Change as a result of actuarial calculations	206
Translation differences	6
Balance at June 30, 2019	**2,772**

Changes in the provision for severance indemnities during 1H2019 show a utilization of Euro 515 thousand for payments to supplementary pension funds and one of Euro 1,225 thousand for payments to supplementary pension schemes run by INPS. This is because, based on the legislative changes introduced by Law 296/06, with effect from June 30, 2007, severance indemnities accruing after January 1, 2007 have to be paid by companies (with more than 50 employees) to a special treasury fund set up by INPS or, if the employee prefers, to a supplementary pension fund that complies with D.Lgs 252/05.

Instead, companies book a short-term payable which is then cancelled when the amount is paid over to INPS.

The actuarial valuation of the severance indemnities is carried out on the basis of the Projected Unit Credit Method in accordance with IAS 19. This method involves measurements that reflect the average present value of the pension obligations that have accrued on the basis of the period of service that each employee has worked up to the time that the valuation is carried out, without extrapolating the employee's pay according to the legislative amendments introduced by the recent Pension Reform.

The various stages of the calculation can be summarized as follows:

- for each employee on the books at the date of the valuation, an extrapolation of the severance indemnity already accrued up to the time that it will probably be paid;
- for each employee, a calculation of the severance indemnity that will probably have to be paid by the Company when the employee leaves due to dismissal, resignation, disability, death and retirement, as well as if an advance is requested;
- discounting the probable payments to the date of the valuation.

The actuarial model used for the valuation of the provision for severance indemnities is based on various assumptions, some demographic, others economic and financial. The main assumptions used in the model are as follows:

- mortality rates: RG48 life expectancy table
- disability rates: INPS tables split by age and gender
- employee turnover rate: 2.00%
- discount rate: 0.98%
- rate of severance indemnities increase: 2.625%
- inflation rate: 1.50%

The following table shows the effect that there would be on the obligation for the defined benefit obligation as a result of changes of significant actuarial assumptions at the end of the period:

Changes in assumptions	
+1% employee turnover rate	(40)
-1% employee turnover rate	46
+1/4% inflation rate	56
-1/4% inflation rate	(55)
+1/4% discount rate	(84)
-1/4% discount rate	89

22. Provisions for liabilities and charges

This item is made up as follows:

	Balance at Dec. 31, 2018	**Provisions**	**Translation differences**	**Actuarial adjustment**	**Balance at June 30, 2019**
Provision for agents' severance indemnities	4,659	199	(1)	(38)	4,819
Other	838	-	-	-	838
Total	**5,497**	**199**	**(1)**	**(38)**	**5,657**

The “provision for agents’ severance indemnities” is provided for on the basis of legislative rules and collective agreements that regulate situations in which agency mandates may be terminated. Provisions represent the best estimate of the amount that the business would have to pay to settle the obligation or transfer it to third parties at the balance sheet date.

“Other” reflects mainly an estimate of the risks involved in outstanding disputes.

23. Long-term financial liabilities

Long-term financial liabilities amount to Euro 259,593 thousand compared to Euro 639 thousand at December 31, 2018. This increase is mainly due to the application of IFRS 16.

24. Other long-term payables

This item is made up as follows:

	Balance at June 30, 2019	**Balance at Dec. 31, 2018**	**Change**
Guarantee deposits	659	568	91
Accrued expenses and deferred income	3,524	4,515	(991)
Total	**4,183**	**5,083**	**(900)**

The guarantee deposits refer to amounts received from third parties to guarantee business lease contracts (for Geox Shops).

Accrued expenses and deferred income relate to shop lease contracts and the amount due beyond 12 months of the grant received by Republic of Serbia for the construction and start-up of the factory in Vranje, for an amount of Euro 3,303 thousand.

25. Trade payables

This item is made up as follows:

	Balance at June 30, 2019	**Balance at Dec. 31, 2018**	**Change**
Accounts payable	166,625	194,670	(28,045)
Provision for returns	38,915	41,357	(2,442)
Total	**205,540**	**236,027**	**(30,487)**

Accounts payable at June 30, 2019 amount to Euro 166,625 thousand, with an decrease of Euro 28,045 thousand if compared with December 31, 2018. All amounts are due within the next 12 months.

Terms and conditions of the above financial liabilities:

- Trade payables are normally settled within 30-120 days and do not generate interest;

- The terms and conditions applied to related parties are the same as those applied to third parties.

The book value of accounts payable coincides with their fair value.

Changes in the refund liabilities during 1H2019 are as follows:

Balance at January 1	**41,357**
Provisions	36,804
Translation differences	194
Utilizations	(39,440)
Balance at June 30	**38,915**

The provision for returns has been estimated based on the potential returns and credit notes arising from the trade agreements signed with customers, in particular with franchising ones.
The reduction in the provision booked as at June 30, 2019, compared to 2018, is mainly due to the planned optimization of the franchising stores.

26. Other non-financial current liabilities

This item is made up as follows:

	Balance at June 30, 2019	**Balance at Dec. 31, 2018**	**Change**
Social security institutions	3,536	4,813	(1,277)
Employees	17,059	12,398	4,661
Provisions for liabilities and charges	6,635	8,290	(1,655)
Other payables	5,854	6,570	(716)
Accrued expenses and deferred income	2,599	7,508	(4,909)
Total	**35,683**	**39,579**	**(3,896)**

The amounts due to social security institutions mainly relate to pension contributions of 1H19 paid in the second half.
The amounts due to employees include payroll, bonuses and accrued vacation not yet taken as of June 30, 2019.

The provisions for liabilities and charges mainly include the estimated costs related to the rationalization and optimization plan of the distribution network.

Other payables are mainly advances received from customers and the short term part of the guarantee deposits received from third parties.

Accrued expenses and deferred income decrease for the portion referring to shop lease payments compared to December 31, 2018. This because of the adoption of IFRS 16.

27. Taxes payable

This item is made up as follows:

	Balance at June 30, 2019	Balance at Dec. 31, 2018	Change
Witholding taxes	3,727	3,856	(129)
VAT payable	4,744	3,743	1,001
Income taxes for the period	1,067	1,124	(57)
Total	**9,538**	**8,723**	**815**

28. Bank borrowings and current portion of long-term loans

This item is made up as follows:

	Balance at June 30, 2019	Balance at Dec. 31, 2018	Change
Bank borrowings			
Cash advances	6,706	10,957	(4,251)
Advances against orders	26,491	19,167	7,324
Loans	20,000	18,000	2,000
Other providers of funds			
Loans	677	144	533
Total	**53,874**	**48,268**	**5,606**

The item “loans” includes the portion due within 12 months (Euro 15.5 million) of the long term loans, and the revolving credit lines for a total amount of Euro 11 million, at floating rate.

Some of the loans are subjected to financial covenants. The covenants were respected at the date of this report.

29. Risk management: objectives and criteria

Credit risk

Geox Group policy is to insure its trade receivables, thereby minimizing the risk of bad debts due to non-payment and/or significant payment delays on the part of customers. The policy of insuring against credit risk is applied to the main part of the Geox Group's accounts receivable from third parties.

The maximum risk involved in the Group's financial assets, which include cash and cash equivalents, derivative and other financial assets, is the book value of these assets in the event of counterparty insolvency.

Interest rate risk

Indebtedness to the banking system exposes the Group to the risk of interest rate fluctuations. Floating rate loans, in particular, run the risk of cash flow variations. At 30 June 2019, the Group's indebtedness to the banking system is entirely floating rate. This floating rate debt is based on loans and technical forms related to working capital and is therefore self-liquidating (orders, invoices, bills); in other words, it is short term and linked to the Group's normal business activity with frequent extinctions and re-openings during the course of the year according to seasonal nature of the sector's financial cycle.
In this context, given expectations of lower interest rates and the short-term nature of the debt, the Group did not deem it necessary to implement general policies to hedge the risk of interest rate fluctuations.

Exchange risk

The Geox Group also carries on its activity in countries outside the Euro-zone, which means that exchange rate fluctuations are an important factor to be taken into consideration.

The principal exchange rates to which the Group is exposed are the following:

- EUR/USD, in relation to purchases of finished product in U.S. dollars, made by Geox S.p.A., typically in the Far East, where the U.S. dollar is the reference currency for trade;
- EUR/GBP, EUR/CHF, EUR/RUB, EUR/PLN in relation to sales in the British, Swiss, Russian and Polish territories;
- USD/CAD, in relation to sales in Canadian dollars made by the subsidiary of the Group in the U.S. to Canada.

The Group initially calculates the amount of exchange risk, from trading transactions forecast for the coming 12 months, that is involved in the budget for the coming period. It then gradually hedges this risk during the process of order acquisition to the extent that the orders match the forecasts. These hedges take the form of specific forward contracts and options for the purchase and sale of the foreign currency. Group policy is not to arrange derivative transactions for speculative purposes.

The Board of Directors believes that the risk management policies adopted by the Geox Group are appropriate.

Group companies may find themselves with trade receivables or payables denominated in a currency different from the money of account of the company itself. In addition, it may be convenient from an economic point of view, for companies to obtain finance or use funds in a currency different from the money of account.
Changes in exchange rates may result in exchange gains or losses arising from these situations. It is the Group’s policy to hedge fully, whenever possible, the exposure resulting from receivables, payables and securities denominated in foreign currencies different from the company’s money of account.

Some of the Group’s subsidiaries are located in countries which are not members of the European monetary union. As the Group’s reference currency is the Euro, the income statements of those entities are converted into Euro using the average exchange rate for the period, and while revenues and margins are unchanged in local currency, changes in exchange rates may lead to effects on the converted balances of revenues, costs and the result in Euro.

The assets and liabilities of consolidated companies whose money of account is different from the Euro may acquire converted values in Euro which differ based on the fluctuation in exchange rates. The effects of these changes are recognized directly in the item Cumulative Translation Adjustments reserve, included in Other Comprehensive income.

There have been no substantial changes in first half 2019 in the nature or structure of exposure to currency risk or in the Group’s hedging policies.

Liquidity risk

The sector in which the Group operates is very seasonal in nature. The year can be split into two collections (Spring/Summer and Fall/Winter), which more or less coincide with the first and second half. On the one hand, purchases and production are concentrated in the three months prior to the half-year in question, leading to an increase in inventory and, subsequently, the absorption of cash. On the other the wholesale and franchising sales are concentrated in the first three months of the half-year in question, transforming inventory into receivables. The same period sees the completion of payment of accounts payable. Receipts from customers and end consumers, on the other hand, are collected before the end of the half-year in question. These situations bring about very strong seasonal trends, also in the Group's financial cycle, which leads to peaks of absorption of financial resources in December to February and in June to August.

The Group manages liquidity risk by maintaining tight control over the various components of working capital, especially inventory and accounts receivable. The Group's credit risk hedging policies guarantee short-term collection of all accounts receivable, even those from customers in financial difficulty, eliminating almost entirely the risk of insolvency. In addition, the finished products remained in stores at the end of the season are then disposed of in a planned way in the outlets owned by the Group and through promotional sales to third parties.

The Group also has bank lines of credit in line with the strong balance sheet and which are also roomy compared to seasonal phenomena described above.

Fair value and related hierarchy

As at June 30, 2019 financial instruments are as follows:

	Notional value on 06-30-2019	Fair value on 06-30-2019 in EUR/thousand (debit)	Fair value on 06-30-2019 in EUR/thousand (credit)
FX Forward buy agreements to hedge exch. rate risk	146,799	2,370	(430)
FX Forward sell agreements to hedge exch. rate risk	119,751	711	(1,183)
FX Currency Option agreem. to hedge exch. rate risk	186,513	-	(718)
Total financial assets/(liabilities)	**453,063**	**3,081**	**(2,331)**

IFRS 7 requires financial instruments recognized in the statement of financial position at fair value to be classified on the basis of a hierarchy that reflects the significance of the inputs used in determining fair value.

The following levels are used in this hierarchy:

- Level 1 – quoted prices in active markets for the assets or liabilities being measured;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) on the market;
- Level 3 – inputs that are not based on observable market data.

All the financial assets and liabilities measured at fair value at June 30, 2019 are classified on Level 2. In first half 2019 there were no transfers from Level 1 to Level 2 or to Level 3 or vice versa.

The Group holds the following derivatives to cover exchange rate fluctuations at June 30, 2019:

- FX forward exchange agreements to hedge future purchases and sales of foreign currency;
- FX Currency Option agreements for future purchases and sales of foreign currency.

These agreements hedge future purchases and sales planned for the Fall/Winter 2019 and Spring/Summer 2020 seasons.

The fair value mentioned above agrees with the amount shown in the balance sheet. The fair value measurement of the derivatives being analyzed was carried out by means of independent valuation models on the basis of the following market data posted on June 30, 2019:

- Short-term interest rates on the currencies in question as quoted on www.euribor.org and www.bba.org.uk;
- The spot exchange rates taken directly from the European Central Bank's website and the relative volatility posted by Bloomberg.

30. Related-party transactions

Pursuant to IAS 24, the Group's related parties are companies and people who are able to exercise control or significant influence and associated companies. Finally, are considered related parties the members of the Board of Directors, the Statutory Auditors and Executives with strategic roles of the Group and their families.

The Group has dealings with the ultimate parent company (LIR S.r.l.) and with third parties that are directly or indirectly linked by common interests to the majority shareholder. The commercial relations with these parties are based on the utmost transparency and normal market conditions.

The main effects on profit and loss of the transactions with these parties for first half 2019 and 2018 are summarized below:

	Total I half 2019	**Parent company**	**Affiliated company**	**Total related parties**	**Effect on Total (%)**
Net sales	**399,442**	-	178	**178**	**0.04%**
Cost of sales	**(196,114)**	-	28	**28**	**(0.01%)**
G&A	**(165,137)**	28	(21)	**7**	**0.00%**
A&P	**(12,987)**	(82)	(1)	**(83)**	**0.64%**
Net interest	**(4,901)**	(19)	(238)	**(257)**	**5.24%**

	Total I half 2018	**Parent company**	**Affiliated company**	**Other related parties**	**Total related parties**	**Effect on Total (%)**
Net sales	**414,081**	-	138	-	**138**	**0.03%**
Cost of sales	**(205,226)**	-	25	-	**25**	**(0.01%)**
G&A	**(161,589)**	(145)	(2,941)	(4)	**(3,090)**	**1.91%**
Net interest	**(12,786)**	(82)	(2)	-	**(84)**	**0.66%**

The main effects on financial statement of the transactions with these parties at June 30, 2019 and at December 31, 2018 are summarized below:

	Balance at June 30, 2019	Parent company	Affiliated company	Total of which related parties	Effect on Total (%)
Accounts receivable	**148,582**	30	208	**238**	**0.16%**
Other non-financial current assets	**28,468**	1,892	-	**1,892**	**6.65%**
Long-term financial liabilities	**259,593**	1,608	22,359	**23,967**	**9.23%**
Accounts payable	**205,540**	92	29	**121**	**0.06%**
Short-term financial liabilities	**64,207**	309	5,358	**5,667**	**8.83%**

	Balance at Dec. 31, 2018	Parent company	Affiliated company	Total of which related parties	Effect on Total (%)
Accounts receivable	**133,090**	52	185	**237**	**0.18%**
Other non-financial current assets	**30,637**	1,902	-	**1,902**	**6.21%**
Accounts payable	**236,027**	155	1,322	**1,477**	**0.63%**

31. Significant subsequent events after June 30, 2019

None.

***

Biadene di Montebelluna, July 30, 2019

For the Board of Directors
The Chairman
Mr. Mario Moretti Polegato

Attachment 1

Biadene di Montebelluna, July 30, 2019

ATTESTATION

OF THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH ART-154-BIS, PARAS. 5 AND 5-BIS OF LEGISLATIVE DECREE 58 OF FEBRUARY 24, 1998 "THE FINANCIAL INTERMEDIATION CODE".

The undersigned Matteo Carlo Maria Mascazzini, Chief Executive Officer of Geox S.p.A. and Livio Libralesso, Financial Reporting Manager of Geox S.p.A., attest, bearing in mind the provisions of art. 154-bis, paras. 3 and 4 of Legislative Decree 58 of February 24, 1998:

- the adequacy in relation to the characteristics of the enterprise and
- the effective application,

of the administrative and accounting procedures for preparing the consolidated financial statements during first half 2019.

They also confirm that the consolidated financial statements:

a) agree with the books of account and accounting entries;

b) are prepared in accordance with the International Financial Reporting Standards adopted by the European Union, as well as the provisions issued to implement art. 9 of Legislative Decree 38/2005, and to the best of their knowledge, they are able to give a true and fair view of the assets and liabilities, results and financial position of the Issuer and of the other enterprises included in the consolidation;

c) provide a fair and correct representation of the financial conditions, results of operations and cash flows of the Company as of June 30, 2019;

d) Director's report includes a reliable operating and financial review of the Company as well as a description of the main risks and uncertainties to which it is exposed.

Matteo Carlo Maria Mascazzini	Livio Libralesso
CEO	Financial Reporting Manager

Attachment 2

LIST OF COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS AS AT JUNE 30, 2019

Name	Location	Year end	% held Directly	% held Indirectly	% held Total
- Geox S.p.A.	Biadene di Montebelluna (TV), Italy	Dec. 31			
- Geox Deutschland Gmbh	Munich, Germany	Dec. 31	100%		100%
- Geox Respira SL	Barcelona, Spain	Dec. 31	100%		100%
- Geox Suisse SA	Lugano, Switzerland	Dec. 31	100%		100%
- Geox UK Ltd	London, U.K.	Dec. 31	100%		100%
- Geox Japan K.K.	Tokyo, Japan	Dec. 31		100%	100%
- Geox Canada Inc.	Mississauga, Canada	Dec. 31		100%	100%
- S&A Distribution Inc.	New York, Usa	Dec. 31		100%	100%
- Geox Holland B.V.	Breda, Netherlands	Dec. 31	100%		100%
- Geox Retail S.r.l.	Biadene di Montebelluna (TV), Italy	Dec. 31	100%		100%
- Geox Hungary Kft	Budapest, Hungary	Dec. 31	99,00%	1,00%	100%
- Geox Hellas S.A.	Athens, Greece	Dec. 31	100%		100%
- Geox Retail Slovakia Sro	Prievidza, Slovak Rep.	Dec. 31		100%	100%
- Geox France Sarl	Sallanches, France	Dec. 31	100%		100%
- S&A Retail Inc.	New York, Usa	Dec. 31		100%	100%
- Geox Asia Pacific Ltd	Hong Kong, China	Dec. 31		100%	100%
- XLog S.r.l.	Signoressa di Trevignano (TV), Italy	Dec. 31	100%		100%
- Geox Rus LLC	Moscow, Russian	Dec. 31	100%		100%
- Geox AT Gmbh	Wien, Austria	Dec. 31	100%		100%
- Geox Poland Sp. Z.o.o.	Warszawa, Poland	Dec. 31		100%	100%
- Geox Portugal S.U. LDA	Lisbon, Portugal	Dec. 31	100%		100%
- Technic Development D.O.O. Vranje	Vranje, Serbia	Dec. 31	100%		100%
- Geox Macau Ltd	Macau, China	Dec. 31		100%	100%
- Geox Trading Shangai Ltd	Shanghai, China	Dec. 31		100%	100%
- Dongguan Technic Footwear Apparel Design Ltd	Dongguan, China	Dec. 31		100%	100%
- Geox Turkey A.Ş.	Istanbul, Turkey	Dec. 31	100%		100%
- Technic Development Vietnam Company Ltd	Ho Chi Minh City, Vietnam	Dec. 31		100%	100%

Company’s data and information for Shareholders

Registered office
Via Feltrina Centro, 16
31044 Biadene di Montebelluna (TV)

Legal data
Share Capital: Euro 25,920,733.1 i.v.
Economic and Administrative Database no. 265360
Treviso Commercial Register and Taxpayer’s Code no. 03348440268

Investor Relations

Simone Maggi
ir@geox.com
ph. +39 0423 282476

Livio Libralesso
General Manager – Corporate – CFO

Documents for shareholders

www.geox.biz
(investor relations section)

Deloitte & Touche S.p.A.
Via Fratelli Bandiera, 3
31100 Treviso
Italia

Tel: +39 0422 587.5
Fax: +39 0422 587812
www.deloitte.it

REPORT ON REVIEW OF THE HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Introduction

We have reviewed the half-yearly condensed consolidated financial statements of Geox S.p.A. and subsidiaries (Geox Group), which comprise the consolidated statement of financial position as of June 30, 2019 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Directors are responsible for the preparation of the half-yearly condensed consolidated financial statements in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on the half-yearly condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the criteria recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the half-yearly financial statements under Resolution n° 10867 of July 31, 1997. A review of half-yearly condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-yearly condensed consolidated financial statements of Geox Group as at June 30, 2019 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by
Giorgio Moretto
Partner

Treviso, Italy
August 1, 2019

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