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<i>Testo del comunicato</i>
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Vedi allegato.

PRESS RELEASE – 9M 2022 SALES

**THE STRATEGIC PHASE “BIGGER & BETTER” OF THE BUSINESS PLAN AIMED AT REVAMPING THE BRAND THROUGH A NEW STRATEGIC MARKETING PROJECT AND A NEW OMNICHANNEL BUSINESS MODEL BASED ON THE CENTRALITY OF CUSTOMERS AND DISTRIBUTION IS CONTINUING TO DELIVER THE EXPECTED RESULTS DESPITE A VERY COMPLEX MACRO-ECONOMIC AND GEO-POLITICAL SCENARIO:**

- **IN THE NINE MONTHS 2022, SALES AT EURO 569.1 MILLION (+23% VS 9M21). IN THE THIRD QUARTER COMPARABLE SALES GENERATED BY DIRECTLY-OPERATED STORES (PHYSICAL AND ONLINE) ARE GROWING +7% ON 3Q21 AND +5% ON 3Q19 WITH A SIGNIFICANT IMPROVEMENT IN MARKDOWNS.**
- **AT THE END OF SEPTEMBER 2022, NET FINANCIAL POSITION (BEFORE IFRS 16) AT EUR -44.6 MILLION (EUR -95.5 MILLION AT THE END OF SEPTEMBER 2021). WORKING CAPITAL UNDER CONTROL AT EURO 123 MILLION (EURO 157 MILLION AT THE END OF SEPTEMBER 2021) ACCOUNTING FOR 17.2% OF REVENUES.**
- **CONCLUDED WITH A DOUBLE-DIGIT GROWTH THE INITIAL ORDER COLLECTION FOR THE €23 IN THE WHOLESALE CHANNEL**
- **NEW GEOX FLAGSHIP OPENING IN CORSO VITTORIO EMANUELE IN MILAN**

**Biadene di Montebelluna, November 9, 2022** – Geox S.p.A., one of the leading brands worldwide in the classic and casual footwear market listed on the Milan Stock Exchange (GEO.MI), examined today consolidated sales figures and net financial position for the nine months of 2022.

Mario Moretti Polegato, President and founder of Geox, commented: "Nine-month sales, despite a particularly complex context, show a significant improvement compared to last year.

At the end of September, the Group's sales increased by 23% with a double-digit growth that affected all distribution channels and all main geographies. This evidence testifies to the effectiveness of the initiatives envisaged in the 2022-2024 "Bigger & Better" growth phase of the Strategic Plan focused on the relaunch of the brand, the renewed focus on multi-brand distribution and the productivity of both direct and franchised mono-brand shops.

The Group, thanks also to the significant resources freed up with the profound rationalisation of non-profitable activities carried out in 2020-2021, has intensified its investments in the most crucial sectors for the business, such as marketing, digital and product innovation. Right now we are present with a major TV advertising campaign in the main

countries and in the following days we will inaugurate our new flagship in Milan on one of the busiest commercial areas in the world, Corso Vittorio Emanuele.

The net financial position and working capital also remain under control, thanks to both the careful management of exchange and interest rate hedges and the tight control of inventories.

2022, despite an extremely uncertain macro-economic and geo-political context due to the international situation, inflation, energy costs and the possible resurgence of Covid-19, is therefore expected to be a year of strong improvement in both turnover and the Group's main profitability indicators.

The conclusion of the sales campaign of the SS23 collection for the multi-brand channel shows double-digit growth and reinforces our confidence in the continuation of the growth path undertaken.

The complexities of the scenario in any case oblige us to continue to adopt a prudent approach with strong cost control, also thanks to further optimisations, in order to generate the resources to invest in the implementation of the Strategic Plan."

### **SALES PERFORMANCE IN THE NINE MONTHS OF 2022**

Consolidated sales amounted to Euro 569.1 million in the nine months of 2022, up 22.8% compared to the previous year (+19.7% at constant exchange rates), thanks to the good performance of all the distribution channels. Positive trend also for the third quarter that reported revenues for Euro 229 million (+15% vs 3Q21).

#### Sales by distribution channel

(Thousands of Euro)	9 Months 2022	%	9 Months 2021	%	Var. %
<b>Wholesale</b>	<b>299,832</b>	<b>52.7%</b>	<b>250,911</b>	<b>54.1%</b>	<b>19.5%</b>
Franchising	48,289	8.5%	35,397	7.6%	36.4%
DOS*	220,979	38.8%	177,146	38.2%	24.7%
<b>Geox Shops</b>	<b>269,268</b>	<b>47.3%</b>	<b>212,543</b>	<b>45.9%</b>	<b>26.7%</b>
<b>Net sales</b>	<b>569,100</b>	<b>100.0%</b>	<b>463,454</b>	<b>100.0%</b>	<b>22.8%</b>

\* Directly Operated Store

Revenues from wholesale, which accounted for 53% of Group revenues (54.1% in 9M 2021), amounted to Euro 299.8 million (+19.5% at current exchange rates, +16.4% at constant exchange rates) compared to Euro 250.9 million in 9M 2021. The trend benefited from a positive order intake for the SS22 and FW22 collections and a good trend in seasonal re-orders.

Revenues from the franchising channel, equal to 8% of Group revenues, amounted to Euro 48.3 million, +36.4% compared to the nine months of 2021. The trend for the period benefited from the gradual reopening of shops, whose positive performance was combined with a favourable timing effect on shipments. Total franchised shops decreased from 302 shops in September 2021 to 294 in September 2022.

Revenues from directly operated shops (DOS), which account for 39% of the Group's revenues, amounted to Euro 221.0 million compared to Euro 177.1 million for the nine months of 2021 (+24.7% at current exchange rates, +21.6% at constant exchange rates). Comparable sales (LFL) at the end of the period amounted to +27% due to both the full reopening of shops from the second half of 2021 (in the first nine months of 2021, approximately 19% of direct shops had been temporarily closed due to the restrictions resulting from the pandemic) and the gradual release of the initiatives envisaged in the Strategic Plan. In particular, physical shops reported comparable sales up about 39% compared to the first nine months of 2021, while the online channel showed a decline of about 11% in line with the

stabilisation of performance after the lockdowns. However, the growth of the online channel remains particularly high (around +56%) compared to 2019.

It should be noted that in April, the increase in Covid-19 infections in Asia led to the temporary closure of 19 direct shops in Shanghai for about two months.

Finally, as regards the distribution perimeter, the number of DOS decreased from 359 shops in September 2021 to 318 in September 2022 (350 at the end of 2021). This reduction substantially defined the overall change in channel revenue, which, despite comparable sales (LFL) up +27%, closed the reporting period at +25%.

Sales by region

(Thousands of Euro)	9 Months 2022	%	9 Months 2021	%	Var. %
Italy	149,823	26.3%	111,834	24.1%	34.0%
Europe (*)	260,581	45.8%	212,782	45.9%	22.5%
North America	23,243	4.1%	19,090	4.1%	21.8%
Other countries	135,453	23.8%	119,748	25.8%	13.1%
<b>Net sales</b>	<b>569,100</b>	<b>100.0%</b>	<b>463,454</b>	<b>100.0%</b>	<b>22.8%</b>

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

Revenues generated in Italy, which accounted for 26.3% of Group revenues (24.1% in the nine months of 2021), amounted to Euro 149.8 million (+34.0%) compared to Euro 111.8 million in the nine months of 2021. Growth was driven by direct shops (+36%) and the franchising channel (+46%), which were also favoured by the gradual reopening of the distribution network. The wholesale channel also performed well (+28%).

Revenues generated in Europe, which accounted for 45.8% of the Group's revenues (45.9% in the nine months of 2021), amounted to Euro 260.6 million, compared to Euro 212.8 million in 2021, recording an increase of 22.5%, mainly due, as in Italy, to the good performance of the retail channel. Direct shops in Europe reported comparable sales growth of +26%. The performance of franchising (+49%) was also positive.

North America reported a turnover of Euro 23.2 million, +21.8% (+10.2% at constant exchange rates) compared to the nine months of 2021; the trend of direct shops was positive (+32%), while the wholesale channel (+8%) was affected by the cancellation of some orders as a result of critical issues that emerged in the supply chain (production delays and/or delivery delays).

Other countries reported sales growth of +13.1% compared to the first nine months of 2021 (+5.2% at constant exchange rates). In the Asia Pacific region in particular, sales were stable mainly as a result of the reorganisation in Japan, which led to the closure of the subsidiary and the transfer of the business to a distributor. China was also down (-12%), penalised by the lockdown during the second quarter.

In Eastern Europe, on the other hand, revenues in the area grew by +16.2%. Directly operated shops in the entire area reported comparable sales up +18%; growth in the wholesale and franchising channel was also positive.

# GEOX RESPIRA

## Sales by product

(Thousands of Euro)	9 Months 2022	%	9 Months 2021	%	Var. %
Footwear	517,551	90.9%	423,701	91.4%	22.2%
Apparel	51,549	9.1%	39,753	8.6%	29.7%
<b>Net sales</b>	<b>569,100</b>	<b>100.0%</b>	<b>463,454</b>	<b>100.0%</b>	<b>22.8%</b>

Footwear accounted for 91% of consolidated sales, amounting to Euro 517.6 million, up 22.2% (+19.1% at constant exchange rates) compared to the nine months of 2021. Apparel accounted for 9% of consolidated revenues at Euro 51.5 million, compared to Euro 39.8 million for the nine months of 2021 (+29.7% at current exchange rates, +26.5% at constant exchange rates).

## Mono-brand store network – Geox shops

As at 30 September 2022, the total number of "Geox Shops" was 716 of which 318 DOS. During the nine months of 2022, 20 new Geox Shops were opened and 72 were closed, in line with the planned optimisation of shops in the more mature markets and an expansion in countries where the Group's presence is still limited but developing positively.

	09-30-2022		12-31-2021		9 Months 2022		
	Geox Shops	of which DOS	Geox Shops	of which DOS	Net Openings	Openings	Closings
Italy	187	115	200	128	(13)	2	(15)
Europe (*)	200	111	210	117	(10)	5	(15)
North America	18	18	20	20	(2)	0	(2)
Other countries (**)	311	74	338	85	(27)	13	(40)
<b>Total</b>	<b>716</b>	<b>318</b>	<b>768</b>	<b>350</b>	<b>(52)</b>	<b>20</b>	<b>(72)</b>

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

(\*\*) Includes Under License Agreement Shops (104 as of September 30 2022, 114 as of December 31 2021). Sales from these shops are not included in the franchising channel.

## **THE GROUP'S BALANCE SHEET AND FINANCIAL POSITION**

The combination of the rationalisation actions undertaken, the positive trend in sales in the direct channel at the time of reopenings, and the hedging of derivatives carried out on exchange rate and interest rate risk, made it possible to keep the net financial position under control, which at the end of September stood (before IFRS 16 and after the fair value of derivative contracts) at Euro -44.6 million (Euro -64.3 million at December 2021 and Euro -95.5 million at

September 2021). Bank net debt alone amounted to Euro -114.2 million (Euro -82.9 million in December 2021 and Euro -109.1 million in September 2021). In particular, in the third quarter, in addition to the cash absorption required by the usual seasonality of the business in the quarter, Geox made approximately Euro 16 million in advance payments to its suppliers, which will therefore be reabsorbed by the end of the year.

Finally, it should be noted that the Group has in fact completed the renegotiation, due to Covid-19, of rents with real estate properties and only a few agreements remain to be closed at an advanced stage. The overdue portion of rents suspended or partially paid as at 30 September 2022 fell to Euro 0.8 million (from about Euro 4.1 million at the end of December 2021 and from about Euro 14 million as at 31 December 2020).

Net working capital stood at approximately Euro 123 million compared to Euro 157 million as of September 2021. Inventory increased by approximately Euro 18 million and receivables by approximately Euro 15 million, with growth less than proportional to the increase in turnover. The reduction is therefore mainly due to the fact that the inventory of previous seasons has been substantially disposed of and the current inventories refer mainly to the current and future seasons and therefore with a greater incidence of trade payables.

The ratio of net operating working capital on sales improved to 17.2% (18.5% at the end of December 2021 and 27.6% at the end of September 2021).

However, the environment still remains uncertain and, as a result, the Group will continue its initiatives to protect cash flow and contain operating costs.

## **SIGNIFICANT SUBSEQUENT EVENTS**

### **INTERNATIONAL TENSIONS AND UPDATE ON THE IMPACT OF COVID-19 ON STORE OPERATING STATUS AND ON PROCUREMENT OF RAW MATERIAL AND FINISHED PRODUCTS.**

The geo-political tensions concerning Russia and Ukraine are creating situations of severe international, humanitarian and social crisis with strong negative impacts first of all on the population, but also on their internal economic activity and trade in the area. These serious and extraordinary events, in terms of their nature and extent, have been added to those of Covid-19, causing repercussions at a global level on: i) supply chains with particular reference to the supply and prices of raw materials and energy; ii) the development of demand in international markets; iii) the trend of inflation rates with consequent restrictive monetary policies on interest rates; iv) the strengthening of the dollar due to risk aversion and the increase in rates.

Geox reported sales of approximately Euro 56 million in this area in 2021 (Euro 51 million in Russia and Euro 5 million in Ukraine). In both countries the business is mainly developed through third parties, wholesale and franchising (100% in Ukraine and 70% in Russia). In light of these serious events, the Group has already suspended any new direct investments in Russia in recent months, withdrawn its European management, reduced orders from third parties compatibly with existing business relations, and is managing the situation in the short term so as to be prepared to mitigate the impact of any future decisions concerning its presence in Russia.

As at 30 September 2022, revenues from the area (Russia and Ukraine) were substantially in line with what was forecast in the Plan and amounted to about Euro 53 million, accounting for about 9% of consolidated revenues. The Russian subsidiary's invested capital is mainly composed of net working capital with a fast realisation cycle and represented approx. 7% of the Group invested capital as at September 2022. These figures include the incremental effects of the significant revaluation of the ruble against the euro, which at September recorded an average annual exchange rate (EUR/RUBLE) of 76 against 88 in 2021. It is estimated, with information to date, that at year-end, they could be in line with expectations and therefore without significant impacts.

The Group has no suppliers or production facilities in the area. The Company is part of the Golden Links project promoted by Banca Intesa and Caritas Italiana, and actively cooperates with the Civil Defence and the Ukrainian Embassy in Italy to provide basic necessities, such as clothing and footwear, to the local population and refugees in Italy.

In relation to the progress of the Covid-19 pandemic, it should be noted that to date all Group shops are operational despite the still unstable scenario.

The difficult health situation in the Far East has in fact prolonged the critical situation in the Group's supply chain. Overall, the production system is currently operational, albeit in a context characterised by a certain instability. On the one hand, all economic operators have experienced a lengthening of ship transport times due to reduced

frequency of departures and increased stops in order to optimise space. On the other hand, there are fewer opportunities to catch up on production delays with air transport due to the limited number of cargo and passenger flights.

However, the last few weeks have seen a general improvement in conditions, with in particular a decrease in sea freight costs, which are however still above 2019 levels.

#### **FIRE AT A THIRD-PARTY WAREHOUSE HANDLING PART OF OUR CLOTHING INVENTORY**

At the end of September, a fire broke out at a third-party warehouse located in Levada (province of Treviso). This logistics operator is responsible for a substantial part of Geox apparel (excluding e-commerce). Fortunately, no people were harmed and, thanks to the prompt intervention of the fire department, the fire was limited to a small part of the building, however the fumes affected about half of the warehouse.

Unfortunately, a significant number of garments were destroyed or contaminated by the fumes and for these garments there was no possibility for recovery or new production. This mainly affects the remaining part of the Fall/Winter 2022 collection that has not yet been delivered to customers and directly owned stores, and to a lesser extent, garments from previous seasons.

We have finally been able to estimate, with certain reliability, the extent of the damage on FY22. To date, our best estimate is that about 25% of orders for the wholesale and franchising channels and 30% of orders for our direct stores will not be shipped. Therefore, in financial year 2022 it is estimated that about Euro 12 million of lost sales and Euro 6 million in lower margins will be recorded in the fourth quarter.

However, it should be noted that the Company has more than sufficient insurance coverage in case of such events.

For the part covered by orders, the company is insured at “sell in” price (also including orders from its own retail companies) while for the part not covered by orders, mainly relating to previous collections, the products are insured at cost value. All direct costs relating to the management of the claim or linked to the same will also be reimbursed, as well as any indirect costs on a flat-rate basis. The insurance companies and the company are still quantifying the total amount.

The company therefore assumes that this event will not impact the economic result of the year; the negative impacts coming from the lower sales to third parties, the lower comparable sales of single-brand stores and lower margins will be offset by a single item, presumably stated under “other charges and income”. The correct and best disclosure to be provided in the financial statements is currently under discussion with the auditing firm.

On the other hand, from a financial point of view, an advance in the order of 25% of the insurance reimbursement is certainly expected to be collected by December, while the residual part of the insurance claim could slip to the beginning of 2023 with a possible consequent effect on the net financial position as at 31 December 2022.

Warehouse operations for the receipt, quality control, ironing and shipment of garments not involved in the fire have not been impacted, since located in a part of the building not affected by the event. So delivery activities for garments not involved by the event are regularly going on. Work is underway to restore the part of the building that was affected by the fire and fumes in order to restore full storage capacity.

#### **BUSINESS OUTLOOK**

When formulating the full-year forecast, we have to take into account the subsequent events occurred in 4Q (described above) and the following trends:

- 1) 3Q22 performance has been positive (+15% vs 3Q21) and above expectations.
- 2) DOS channel is showing to date (week 44) positively evolving comparable sales (LFL) (around +21% on 2021 and in line with 2019) with a significant reduction in discounts (around 3 points on 2021 and 7 points on 2019) despite a soft start in 4Q mainly due to late receivings and unusual weather conditions.
- 3) 4Q22 trend is expected weaker (target is to be flat vs 4Q21) compared to the previous quarters' performance for these main reasons:
  - We expect for apparel Euro 12 million of lower sales and Euro 6 million of lower gross margin as a consequence of the fire described in the previous paragraph; on the other hand it is estimated that this event will be more totally offset in the income statement by the insurance reimbursement to be classified under other income.

# GEOX

## RESPIRA

- The overall impact of delays on deliveries can be estimated in 4Q22 at approximately Euro 10 million of lower revenues and Euro 8 million of lower gross margin (Euro 5 million linked to lower revenues and Euro 3 million linked to the increase in air transport costs).
  - The Group is pushing on re-orders and there is room to recover part of the cancellations given the good momentum of the brand also supported by the actual advertising campaign.
- 4) The Group's management is also continuing to take and reinforce all necessary actions, through tight cost control, to mitigate the impacts of lower-than-expected gross margin growth due to critical issues arising from the geo-political situation, the supply chain and inflationary pressure.

Based on all that, the management **reiterates** the previous guidelines for the FY22:

- Total revenues: expected a double-digit growth, with FY22 revenues > Euro 700 million; for the wholesale channel in particular expected a +15% yearly growth (and therefore close to the absolute values of FY19)
- Gross margin: expected at least a flat trend vs FY21 with a full recovery in 2H22 of the gap (-60 bps) reported in 1H22 vs 1H21

We finally underline these other items: 1) the initial order collection for the SS23 season was also concluded in October with a double-digit growth in orders. Selling prices for SS23 were increased high single digit and so a margin expansion is expected for this collection 2) the critical issues that impacted the supply chain for most of the year (including port congestion and increased use of air freight in order to meet delivery times agreed with some counterparties) have been gradually improving in recent weeks.

This outlook finally is based on the assumption of: 1) a continuation of the careful discount management implemented to date in DOS 2) a gradual and further improvement of the situation in the supply chain 3) no material change in consumer spending habits.

However, these forecasts of future performance are, by their nature, subject to considerable uncertainty given the current pandemic and geo-political environment and the inflationary environment.

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**DECLARATION BY THE MANAGER RESPONSIBLE FOR THE PREPARATION OF COMPANY ACCOUNTING DOCUMENTS**

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The manager responsible for the preparation of the company's financial documents, Dott. Massimo Nai, hereby declares, in accordance with paragraph 2, article 154 bis of the "Testo Unico della Finanza" (*Italian Consolidated Law on Financial Intermediation*), that, based on his knowledge, the accounting information contained in this document corresponds to the results documented in the books, accounting and other records of the company.

**FOR MORE INFORMATION**

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**GEOX GROUP**

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Geox Group operates in the classic and casual footwear sector for men, women and children, with a medium/high price level, and in the apparel sector. The success of Geox is due to the constant focus on the application of innovative solutions and technologies on the product that guarantee both impermeability and breathability.

Geox is one of the leading brands in the "International Branded Casual Footwear Market". Geox technology is protected by 61 different patents and by 5 more recent patent applications.

**DISCLAIMER**

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This document includes forward-looking statements, relative to future events and income and financial operating results of Geox Group. These forecasts, by their nature, include an element of risk and uncertainty, since they depend on the outcome of future events and developments. The actual results may differ even quite significantly from those stated due to a multiplicity of factors.

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