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Oggetto : 2023 PRELIMINARY RESULTS (SALES AND  
NET FINANCIAL POSITION)

*Testo del comunicato*

Vedi allegato



PRESS RELEASE - 2023 PRELIMINARY RESULTS<sup>1</sup> (SALES AND NET FINANCIAL POSITION)

**THE EXTREMELY COMPLEX MACROECONOMIC ENVIRONMENT COUPLED WITH THE UNUSUAL WEATHER EVENTS IN MAY AND SEPTEMBER MAKE 2023 A YEAR OF STABILIZATION AFTER THE STRONG GROWTH OF THE PREVIOUS TWO YEARS**

- **PRELIMINARY SALES OF EURO 720 MILLION SHOW A SLIGHT DECLINE BY 2.2% AT CURRENT EXCHANGE RATES (+0.3% AT CONSTANT EXCHANGE RATES) VS FY2022. THE SLIGHT DECREASE IS MAINLY RELATED TO THE PLANNED OPTIMIZATION OF THE DOS NETWORK, AIMED AT INCREASING PROFITABILITY, TOGETHER WITH THE ADVERSE WEATHER CONDITIONS THAT INDUCED UNSOLD INVENTORIES AND A CONSEQUENT SHARP REDUCTION IN REORDERS IN THE MULTIBRAND CHANNEL, BOTH IN SPRING AND FALL.**
- **ACTUALLY, DOS LFL AND THE ONLINE CHANNEL SALES GREW BY 3.7%, WHILE THE MULTIBRAND CHANNEL GREW BY 0.6%. THIS GROWTH WAS ACHIEVED THANKS TO AN OUTSTANDING FOURTH QUARTER IN WHICH DOS LFL AND ONLINE SALES INCREASED BY 6.4% AND 25.9%, RESPECTIVELY. UP 8% IN SALES SO FAR IN JANUARY, MAINTAINING THIS TREND (WEEK 4).**
- **NET FINANCIAL POSITION (PRE-IFRS16) STANDS AT EURO -93.1 MILLION (EURO -49.8 MILLION AT DECEMBER 31, 2022) AS A RESULT OF NET BANK DEBT OF EURO 90.1 MILLION AND A NEGATIVE FAIR VALUE OF HEDGING INSTRUMENTS OF EURO -3 MILLION (EURO -75.7 MILLION AND EURO 25.9 MILLION AS OF DECEMBER 31, 2022, RESPECTIVELY).**

**MANAGEMENT HAS CONTINUED TO EXECUTE THE "BIGGER AND BETTER" STRATEGIC PLAN, WITH A PARTICULAR FOCUS ON COST RATIONALIZATION AND BRAND SUPPORT, DESPITE THE CHALLENGES THAT HAVE SLOWED DOWN THE MARKET.**

**NONETHELESS, THE MACROECONOMIC ENVIRONMENT REMAINS COMPLEX AND UNCERTAIN, AND THE MARKET, PARTICULARLY THE MULTI-BRAND CHANNEL, CONTINUES TO EXHIBIT EXTREME CAUTION. BASED ON INFORMATION AVAILABLE TO DATE, MANAGEMENT EXPECTS FY2024 REVENUES TO BE BROADLY IN LINE WITH FY2023, WITH A SLIGHT FURTHER IMPROVEMENT IN INDUSTRIAL MARGINS COMPARED TO THE FY2023 GUIDANCE**

**MANAGEMENT IS WORKING ON THE NEW 2024-2027 BUSINESS PLAN, WHICH WILL BE PRESENTED LATER THIS YEAR.**

<sup>1</sup> Preliminary and unaudited figures. The complete 2023 draft financial statements shall be submitted for the approval of the Board of Directors on March 13.

# GEOX

## RESPIRA

**Biadene di Montebelluna, February, 1 2024** – Geox S.p.A., leading brand in classic and casual footwear listed on the Euronext Milan (GEO.MI) market managed by Borsa Italiana, examines today preliminary consolidated sales figures, net financial position and examined the 2024 outlook.

The Company commented: “Following the significant increases of the previous two years, 2023 appears to be a year of stabilization. Preliminary revenues are down by 2.2% vs the previous year when measured at current exchange rates, while revenues measured at constant exchange rates are up by 0.3%.

The substantial stability in comparison to the previous year was achieved in a complex macroeconomic environment characterized by strong geopolitical tensions, high interest rates, and inflation, all of which induced strong consumer uncertainty and, as a result, significant prudence in consumption.

Specifically, the preliminary results show that the Multibrand channel performed well, as did LFL sales by DOS. Nonetheless, sales were impacted by the effects of the rationalization of the perimeter of the direct sales network, as well as the negative performance delivered in May and September, months marked by a particularly anomalous weather condition, and representing crucial moments for the start of seasonal sales in our stores and for the in-season reorders from the Multibrand channel.

Notwithstanding the above, the Group has continued to invest in the most strategic areas of the business, such as marketing, digital, and product innovation, also thanks to an ongoing and thorough rationalization process of both unprofitable activities and cost base.

The ongoing complexity and uncertainty that have affected the industry in any case leads us to maintain a cautious approach, focusing on growth in the most profitable markets.

In this regard, the company is engaged in defining the new strategic plan 2024-2027, which will be presented during the 2024 fiscal year”.

### **GROUP OPERATING PERFORMANCE: SALES**

Preliminary consolidated sales in 2023 amounted to Euro 720 million, slightly declining by 2.2% compared to the previous year (+0.3% at constant exchange rates), mainly driven by negative DOS performance only partially offset by Multibrand channel. Fourth quarter results were below previous year, same quarter, with sales reaching Euro 138 million (-17.3% at current exchange rates).

#### Sales by Distribution Channel

| (Thousands of Euro) | 2023           | %             | 2022           | %             | Var. %        |
|---------------------|----------------|---------------|----------------|---------------|---------------|
| <b>Wholesale</b>    | <b>371,830</b> | <b>51.7%</b>  | <b>369,507</b> | <b>50.2%</b>  | <b>0.6%</b>   |
| Franchising         | 60,217         | 8.4%          | 63,583         | 8.7%          | (5.3%)        |
| DOS*                | 287,524        | 40.0%         | 302,427        | 41.1%         | (4.9%)        |
| <b>Geox Shops</b>   | <b>347,741</b> | <b>48.3%</b>  | <b>366,010</b> | <b>49.8%</b>  | <b>(5.0%)</b> |
| <b>Net sales</b>    | <b>719,571</b> | <b>100.0%</b> | <b>735,517</b> | <b>100.0%</b> | <b>(2.2%)</b> |

\* Directly Operated Store

# GEOX

## RESPIRA

Wholesales, which accounted for 51.7% of Group sales (50.2% in 2022), amounted to Euro 371.8 million (+0.6% at current exchange rates, +3.4% at constant exchange rates), compared to Euro 369.5 million in 2022.

Franchising channel sales, equal to 8.4% of Group sales, amounted to Euro 60.2 million, showing a 5.3% decrease in respect to 2022. The performance for the year, while benefiting as the Multibrand channel by consistently efficient and timely shipments, was negatively affected by the reduction in the number of stores compared to 2022. In fact, the total number of franchised stores decreased from 294 stores as of December 2022 to 280 stores as of December 2023.

Directly-operated stores (DOS) sales, which account for 40% of Group sales, amount to Euro 287.5 million compared to Euro 302.4 million in 2022 (-4.9% at current exchange rates, -2.7% at constant exchange rates). Comparable sales (LFL) at the end of the period increased by +3.7%. In particular, this performance reflects positive results in physical shops as well as in online channel delivering comparable sales growth of about 3.7% both.

Finally, in terms of distribution perimeter, the number of DOS decreased from 315 at December 2022 to 255 at December 2023.

This reduction significantly defined the overall change in channel revenue, which, despite slightly higher comparable sales, ended the reporting period with a total Euro 14.9 million decrease compared to 2022.

### Sales by region

| (Thousands of Euro) | 2023           | %             | 2022           | %             | Var. %        |
|---------------------|----------------|---------------|----------------|---------------|---------------|
| Italy               | 200,760        | 27.9%         | 194,754        | 26.5%         | 3.1%          |
| Europe (*)          | 304,632        | 42.3%         | 327,901        | 44.6%         | (7.1%)        |
| North America       | 27,199         | 3.8%          | 30,271         | 4.1%          | (10.1%)       |
| Other countries     | 186,980        | 26.0%         | 182,591        | 24.8%         | 2.4%          |
| <b>Net sales</b>    | <b>719,571</b> | <b>100.0%</b> | <b>735,517</b> | <b>100.0%</b> | <b>(2.2%)</b> |

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

Sales generated in Italy, which represents 27.9% of the Group's sales (26.5% in 2022), amount to Euro 200.8 million, up 3.1% compared to Euro 194.8 million in 2022. Growth was driven mainly by the wholesale channel (+17.2%), but partly mitigated by the negative performance of the Franchising channel (-9.7%) and the direct store network (-2%).

Sales generated in Europe, equal to 42.3% of Group sales (44.6% in 2022), amount to Euro 304.6 million, compared to Euro 327.9 million in 2022, recording a decrease of -7.1% mainly driven by the negative performance achieved in the German market and specifically in the Multibrand channel.

DOS in Europe reported comparable sales up by +5.5%. Franchising channel (+1.6%) was also slightly positive in terms of LFL performance.

North America reported sales of Euro 27.2 million, down by -10.1% (-5.4% at constant exchange rates) compared to 2022; the positive results of the Multibrand channel (+2.9% compared to 2022) were more than offset by the lower result achieved by the direct store network (-17.8% compared to 2022) mainly due to a lower number of stores.

Other Countries reported sales growth of +2.4% compared to 2022 (+12.5% at constant exchange rates) mainly driven by the good performance achieved by both the Multibrand channel (+8.6% compared to 2022) and the Franchising network (+6.4% compared to 2022). Positive performance was delivered in the MEA region, particularly due to the signing of significant new distribution agreements aimed at expanding the sales network

# GEOX

## RESPIRA

### Sales by product category

| (Thousands of Euro) | 2023           | %             | 2022           | %             | Var. %        |
|---------------------|----------------|---------------|----------------|---------------|---------------|
| Footwear            | 646,879        | 89.9%         | 663,066        | 90.1%         | (2.4%)        |
| Apparel             | 72,692         | 10.1%         | 72,451         | 9.9%          | 0.3%          |
| <b>Net sales</b>    | <b>719,571</b> | <b>100.0%</b> | <b>735,517</b> | <b>100.0%</b> | <b>(2.2%)</b> |

Footwear accounted for 90% of consolidated sales, amounting to Euro 646.9 million, down by -2.4% (-0.3% at constant exchange rates) compared to 2022. Apparel accounted for 10% of consolidated sales, amounting to Euro 72.7 million compared to Euro 72.5 million in 2022 (+0.3% at current exchange rates and +5.7% at constant exchange rates).

### Mono-brand store network – Geox shops

As at 31 December 2023 the total number of “Geox Shops” was 655 of which 255 DOS. During 2023, 41 new Geox Shops were opened and 103 were closed, in line with the planned optimization of shops in the more mature markets and an expansion in countries where the Group’s presence is still limited but developing positively.

|                      | 12-31-2023 |              | 12-31-2022 |              | 2023         |           |              |
|----------------------|------------|--------------|------------|--------------|--------------|-----------|--------------|
|                      | Geox Shops | of which DOS | Geox Shops | of which DOS | Net Openings | Openings  | Closings     |
| Italy                | 174        | 107          | 189        | 116          | (15)         | 1         | (16)         |
| Europe (*)           | 173        | 88           | 197        | 110          | (24)         | 10        | (34)         |
| North America        | 11         | 11           | 17         | 17           | (6)          | -         | (6)          |
| Other countries (**) | 297        | 49           | 314        | 72           | (17)         | 30        | (47)         |
| <b>Total</b>         | <b>655</b> | <b>255</b>   | <b>717</b> | <b>315</b>   | <b>(62)</b>  | <b>41</b> | <b>(103)</b> |

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

(\*\*) Includes Under License Agreement Shops (120 as of December 31 2023, 108 as of December 31 2022). Sales from these shops are not included in the franchising channel.

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

The rationalization actions undertaken, as well as the derivative hedges carried out on exchange rate and interest rate risk, enabled the net financial position to be kept under control, which in its preliminary version at the end of the year stood (before IFRS 16 and after the fair value of derivative contracts) at Euro -93.1 million (Euro -49.8 million as of December 2022). Net debt to banks stands at Euro -90.1 million (Euro -75.7 million as of December 2022), reflecting the net working capital cycle.

Net Working Capital increasing from December 31, 2022 mainly driven by the efficiency of the supply chain and the resulting rebalance of the liability cycle.

Thus, Net Working Capital is expected to account for between 16-18% of sales for the year (10.5% at the end of December 2022) in line with market best practice.



## **INTERNATIONAL AND MACROECONOMIC UPDATE**

Recently, the international tension generated by the invasion of Ukraine has been further exacerbated by the outbreak of the Israeli-Palestinian conflict. The persistence and worsening of this unstable situation courses strong social and humanitarian impacts, first of all for the living conditions of the populations of these countries, but also on their domestic economic activity and on trade in these areas.

This escalation, combined with the involvement of new players, is having a direct impact on the security and cost of goods transfers along traditional international trade routes, particularly in the 'Red Sea area.

We believe that the scenario described above may lead to significant negative effects on: i) the development of demand in international markets; ii) trends in inflation rates with subsequent restrictive monetary policies on interest rates; iii) volatility of reference currencies (dollar and ruble); iv) increased uncertainty, which has an impact on consumption; v) increased transportation costs; vi) increased energy costs (gas and oil).

In the countries involved in such conflicts Geox's business is mainly developed through third parties, wholesale and franchising and it may be considered not material in Ukraine, Israel and Palestine. With regards of Russia, preliminary sales are substantially in line with the forecast at approximately Euro 72 million (about 9.9% of consolidated sales).



## **OUTLOOK**

Today, Geox's Board of Directors reviewed the preliminary guidelines related to the outlook for 2024. Several factors must be considered when formulating these forecasts that condition and may further condition the Group's performance.

The ongoing uncertainty, variability, and complexities of the international macroeconomic environment have a significant impact on the Group's business development outlook for 2024. These elements have a significant impact on our consumers' behavior and may thus be reflected in performance.

Management is completely focused on executing the Group's strategy in accordance with its medium- and long-term objectives, and is always prepared to seize new and potential opportunities in our target markets.

In particular, the activities of rationalization, consolidation, and expansion of the sales network will continue to play an important role in the process of creating value through the enhancement of the Group's assets.

Cost management, on the other hand, will always be vigilant and focused on improving margin levels, with special attention given to potential increases in transportation and energy costs, for which Management will be prepared to evaluate specific actions aimed at mitigating the potential increase.

The framework thus defined is summarized in a conservative approach that defines the forecast for FY2024 substantially in line with FY2023.

The above annual forecast is also based on the following assumptions about the future performance of the fiscal year:

- 1) consumers' behaviour allows the continuation of the careful discount management implemented so far in direct stores;
- 2) no changes in consumers' habits compared to current ones;
- 3) the complex geo-political situation in the markets relevant to the Group does not lead to significant deterioration from what was observed in 2023 and/or impacts of further significant devaluation of their currencies against the Euro.

These performance forecasts are however, due to their nature, subject to significant uncertainties in terms of the geo-political and cost inflation environment.

## **OTHER RESOLUTIONS: LIVIO LIBRALESSO OMNICHANNEL GENERAL MANAGER**

The Board of Directors has appointed today Mr. Livio Libralesso as Omnichannel General Manager, with responsibility for the Group's business in omni-channel and customer-centric perspective which is of fundamental strategic importance.

Livio Libralesso born in 1965 is the CEO of the Geox Group since 16 January 2020. Prior to joining Geox in 2001, he was an auditor at one of the leading companies in the industry and held management positions in listed multinational companies such as Safilo and Benetton.

Livio Libralesso is an Auditor registered with the Registry of Auditors maintained by the Ministry of Economy and Finance and holds a degree in Economics and Business from the University of Venice. The complete curriculum vitae of Livio Libralesso is available on the Company's website at [www.geox.biz](http://www.geox.biz).

Livio Libralesso does not hold any Geox share as at today.

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# GEOX

R E S P I R A

## **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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Numero di Pagine: 9