

Informazione Regolamentata n. 0742-27-2024	Data/Ora Inizio Diffusione 14 Novembre 2024 17:33:46	Euronext Milan
--	---	----------------

Societa' : GEOX
Identificativo Informazione : 198205
Regolamentata
Utenza - Referente : GEOXN04 - -
Tipologia : REGEM
Data/Ora Ricezione : 14 Novembre 2024 17:33:46
Data/Ora Inizio Diffusione : 14 Novembre 2024 17:33:46
Oggetto : FIRST NINE MONTHS 2024 RESULTS

Testo del comunicato

Vedi allegato



PRESS RELEASE – FIRST NINE MONTHS 2024 RESULTS

GEOX REPORTS FIRST NINE MONTHS 2024 RESULTS:

- **SALES AT EURO 525.5 MILLION DOWN BY 9.7% AT CURRENT EXCHANGE RATES (9.0% AT CONSTANT EXCHANGE RATES) COMPARED TO THE SAME PERIOD OF THE PREVIOUS YEAR.**
- **DIRECT SALES ARE POSITIVE, DRIVEN BY THE STRONG PERFORMANCE OF BOTH DOS DIGITAL CHANNEL (COMPARABLE SALES +11.4% VS 9M23) AND DOS B&M CHANNEL (COMPARABLE SALES +2.0% VS 9M23).**
- **WHOLESALE CHANNEL REPORTED AN OVERALL CONTRACTION OF 15.4% FOR THE FIRST NINE MONTHS (14.5% AT CONSTANT EXCHANGE RATES) IN LINE WITH THE PREVIOUS QUARTERS TREND.**
- **WORKING CAPITAL IS IN LINE WITH SEASONAL DYNAMICS, STANDS AT EURO 163.5 MILLION (EURO 176.8 MILLION AS OF SEPTEMBER 30, 2023) AND REPRESENTS 24.7% OF SALES OVER THE LAST 12 MONTHS (23.6% AT SEPTEMBER 30, 2023).**
- **THE NET FINANCIAL POSITION (PRE-IFRS 16) AS OF SEPTEMBER 30, 2024 STOOD AT EURO -145.8 MILLION (EURO -129.0 MILLION AS OF SEPTEMBER 30, 2023), WITH A NEGATIVE VALUE OF HEDGING INSTRUMENTS AMOUNTING TO EURO 7.4 MILLION.**
- **GEOX RE-SHAPES ITS DISTRIBUTION MODEL IN THE UNITED STATES AND CHINA.**

Biadene di Montebelluna, November 14, 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 the consolidated sales figures and net financial position for the first nine months of 2024.

The Chief Executive Officer Enrico Mistrion commented: “The results of the third quarter of the 2024 confirm the trend observed in the first half, with comparable sales in the direct channel, both physical and digital, showing healthy performance, while sales in the Multi-brand channel remain under pressure.

Sales in the direct channel consolidate the results achieved in the previous months, delivering strong like-for-like (LFL) performance in the third quarter as well.

On the other hand, performance in the Multi-brand channel remains consistent with the trends seen in previous sales campaigns, reflecting complex market conditions that continue to challenge operators in our core markets.

Overall, in the first nine months of 2024 total sales decreased by 9.7% compared to the same period of previous year. This decline was influenced by a negative foreign exchange impact of Euro 4.8 million and by a negative “perimeter effect” of Euro 16.2 million, largely due to the closure of direct and franchised stores, mostly completed in 2023.

In line with the network optimization initiatives already undertaken, management has launched a further revision of its distribution model to better address current and future market needs. In this context, the Group initiated procedures

GEOX

R E S P I R A

in order to close direct operations in China and in the United States with the aim of replacing the current distribution models with more effective, locally adapted solutions.

It must be emphasized that, in recent years, operations in these markets have not been profitable, and their contribution to Group sales has been marginal. Nevertheless, Geox remains committed to reasserting its position in these markets through the establishment of new strategic partnerships."

GROUP OPERATING PERFORMANCE: SALES

Consolidated sales for the first nine months of 2024 amounted to Euro 525.5 million, decreasing by 9.7% compared to the previous year (-9.0% at constant exchange rates). Such decline is primarily due to the negative performance of the Wholesale channel and Franchising, only partially offset by the positive trend of the Direct Digital channel.

Sales by Distribution Channel

(Thousands of Euro)	9 Months 2024	%	9 Months 2023	%	% Change
Wholesale	274,583	52.3%	324,377	55.7%	(15.4%)
Franchising	38,118	7.3%	48,667	8.4%	(21.7%)
DOS* - B&M	164,941	31.4%	172,180	29.6%	(4.2%)
DOS* - Digital	47,810	9.1%	36,733	6.3%	30.2%
Geox Shops	250,869	47.7%	257,580	44.3%	(2.6%)
Total Sales	525,452	100.0%	581,957	100.0%	(9.7%)

* Directly Operated Store

Wholesales represent 52.3% of the Group's sales (55.7% in the first nine months of 2023) and amount to Euro 274.6 million, down from Euro 324.4 million in September 2023 (-15.4% at current exchange rates, -14.5% at constant exchange rates). This result is primarily driven by the negative performance of the SS24 and FW24 collections, both showing a significant decline compared to the corresponding collections in the previous year, as well as by a reduced number of active customers.

Franchising channel sales, accounting for 7.3% of the Group's sales, amount to Euro 38.1 million, showing a decline of 21.7% compared to the first nine months of 2023. The performance was impacted by the reduction in the number of stores (negative "perimeter effect" of Euro 5.0 million) and negative comparable sales (LFL) of 1.1%. The number of franchised stores decreased from 282 in September 2023 to 248 in September 2024.

Sales from directly operated stores (DOS), both B&M and Digital, accounting for approximately 40.5% of the Group's sales, amounted to Euro 212.8 million, delivering a slight increase from Euro 208.9 million in the first nine months of 2023.

Specifically, sales from DOS B&M registered a decline of 4.2% (3.5% at constant exchange rates), with comparable sales (LFL) increasing by 2.0% compared to the first nine months of 2023 and a negative perimeter effect of Euro 11.2 million, mainly attributable to store closures carried out during 2023.

We consider this performance to be remarkable, finally supported by weather conditions aligned with our commercial offerings, yet achieved within a persistently challenging market environment.

B&M DOS decreased from 261 in September 2023 to 247 in September 2024.

GEOX

RESPIRA

Sales generated through DOS digital channels (own website and directly managed spaces on third-party marketplaces) showed a positive performance with an increase of 30.2% compared to the first nine months of 2023. This result was driven by excellent comparable sales LFL (+11.4%) and an expansion of the reference perimeter due to the opening of new marketplaces.

Sales by region

(Thousands of Euro)	9 Months 2024	%	9 Months 2023	%	% Change
Italy	143,686	27.3%	158,864	27.3%	(9.6%)
Europe (*)	238,818	45.5%	246,937	42.4%	(3.3%)
North America	19,282	3.7%	21,274	3.7%	(9.4%)
Other countries	123,666	23.5%	154,882	26.6%	(20.2%)
Total Sales	525,452	100.0%	581,957	100.0%	(9.7%)

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

The sales mix by geography shows a greater concentration in European countries at the expense of the area "Other countries" which includes, among others, Russia and Middle-East countries.

Specifically, sales from the domestic market represent 27.3% of the Group's total sales, amounting to Euro 143.7 million and showing a decrease of 9.6% compared to Euro 158.9 million in the first nine months of 2023. This reduction is mainly due to the weak performance of the Wholesale channel (-18.5%) and the Franchised store network (-20.1%), only slightly offset by the positive performance of the Direct Digital store network (+13.6%).

Sales generated in European markets account for 45.5% of the Group's (42.4% in the first nine months of 2023), and amount to Euro 238.8 million, compared to Euro 246.9 million in 2023, showing a decrease of 3.3%.

Positive results are reported in the UK and Benelux area and flat results in France. However, overall performance in the area is still affected by negative results in the DACH region (Germany, Austria, and Switzerland) in physical channels (both Direct and Wholesale), only partially offset by good performances in direct digital channels.

Direct stores in Europe reported comparable sales growth by +8.9%, driven by positive performances in both physical and digital channels, delivering +6.1% and +17.1% respectively.

North America area reports sales of Euro 19.3 million, down by 9.4% (-8.5% at constant exchange rates) compared to the first nine months of 2023. This decline is seen across all major sales channels, except for the direct digital channel in Canada, which shows positive performance at +10.2%.

The "Other Countries" area reports a sales decrease by 20.2% compared to the first nine months of 2023 (-17.4% at constant exchange rates), with negative performance across all distribution channels. In particular, the most significant negative performances were seen in Russia, South-East, and the Middle East areas, influenced by deteriorated macroeconomic conditions and ongoing tensions due to current conflicts.

GEOX

RESPIRA

Sales by product category

(Thousands of Euro)	9 Months 2024	%	9 Months 2023	%	% Change
Footwear	476,697	90.7%	526,376	90.4%	(9.4%)
Apparel	48,755	9.3%	55,581	9.6%	(12.3%)
Total Sales	525,452	100.0%	581,957	100.0%	(9.7%)

Footwear represents 90.7% of consolidated sales, amounting to Euro 476.7 million, decreasing by 9.4% (-8.8% at constant exchange rates) compared to the first nine months of 2023. Apparel accounted for 9.3% for a total consideration of Euro 48.8 million decreasing by 12.3% (-10.6% at constant exchange rates) compared to Euro 55.6 million in the first nine months of 2023.

Mono-brand store network – Geox shops

The total number of “Geox Shops” was 618 of which 247 DOS at September 30, 2024. During the first nine months of 2024, 21 new Geox Shops were opened and 58 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.

	09-30-2024		12-31-2023		9 Months 2024		
	Geox Shops	of which DOS	Geox Shops	of which DOS	Perimeter Change	Openings	Closings
Italy	172	107	174	107	(2)	4	(6)
Europe (*)	155	86	173	88	(18)	2	(20)
North America	11	11	11	11	-	-	-
Other countries (**)	280	43	297	49	(17)	15	(32)
Total	618	247	655	255	(37)	21	(58)

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

(**) Includes Under License Agreement Shops (123 as of September 30 2024, 120 as of December 31 2023). Sales from these shops are not included in the franchising channel.



THE GROUP'S BALANCE SHEET AND FINANCIAL POSITION

Net financial position at the end of September stood at to Euro -145.8 million (before IFRS 16 and after the fair value of hedging contracts), compared to Euro -129.0 million at September 30, 2023.

Hedging contracts fair value is negative and amounts to Euro -7.4 million at September 30, 2024. (positive by Euro 10.1 million at September 30, 2023).

This results in net debt to banks amounting to Euro -138.4 million in line with Euro -139.1 million accounted at September 30, 2023.

Inventory amounts to Euro 220.4 million, reducing by Euro 38.6 million from September 30, 2023 (Euro 259.0 million). Average DOI deliver a slightly improved trend.

Trade receivables, mainly related to wholesale customers, amount to Euro 129.9 million, showing a reduction of Euro 20.9 million in respect to September 30, 2023 (Euro 150.8 million). DSO in line with seasonal trend and same period of previous years.

Trade payables amount to Euro 186.8 million, reporting a reduction of Euro 46.2 million compared to September 30, 2023 (Euro 233.0 million). DPO in line with seasonal trend and same period of previous year.

Totally, operating working capital amounts to Euro 163.5 million, decreasing by approximately Euro 13.2 million compared to September 2023. This reduction is the consequence of the decreased business volumes in the period coupled with a more efficient inventory management.

Overall, the working capital level is consistent with the seasonal dynamics of the business and results in a 24.7% incidence on sales over the last 12 months, in line with the same period of previous year (23.6% at the end of September 2023).

CHINA AND USA

With the aim of enhancing efficiency and better meeting the Group's distribution needs, the Management has decided to cease direct operations in the USA and China. One-off costs related to this operation are currently being defined and will be recorded in the 2024 fiscal year.

These markets, which over time have contributed only marginally and without profitability to the Group's results, will continue to be served through partnership that will be established with important and reputable local partners.

In particular:

- **United States**

S&A DISTRIBUTION INC, subsidiary of the Group which has handled the GEOX business in the country, will cease its operations by the end of 2024. The subsidiary generated total sales of Euro 9.6 million with an operating loss (EBIT) of Euro 1.5 million in 2023¹.

- **China**

GEOX TRADING SHANGHAI LIMITED, subsidiary of the Group which has handled the GEOX business in the country through a network that included 12 mono-brand stores (as of June 30, 2024), will cease its operations by the end of 2024. The subsidiary generated total sales of Euro 13.8 million with an operating loss (EBIT) of Euro 2.4 million in 2023¹.

We would like to highlight that a partnership agreement is currently being finalized with a relevant international player in the Chinese market.

¹ Management data in terms of contribution to the consolidated financial statements



INTERNATIONAL AND MACROECONOMIC UPDATE

The international macroeconomic context remains characterized by high uncertainty, which continues to significantly influence key variables in our target market and the consumer goods market in general.

Analyzing the domestic footwear market, consumer spending has declined for the fifth consecutive quarter compared to the previous year. Similarly, Italian exports of footwear products have seen double-digit declines in both value and volume over the past 12 months (source: Assocalzaturifici).

The international tension generated by the Russo-Ukrainian conflict and the Israeli-Palestinian conflict remains extremely high. The ongoing severe instability results in humanitarian and social repercussions, significantly impacting the living conditions of the populations in these countries, as well as their internal economic activities and commercial exchanges in these areas.

In the countries involved in these conflicts, Geox's business is primarily conducted through third parties, Wholesale, and Franchising channels, and can be considered not material in Ukraine, Israel, and Palestine. Regarding Russia, sales in the area have contracted compared to the previous year, totaling approximately Euro 47 million in the first nine months (about 8.9% of consolidated sales).

OUTLOOK

In analyzing forecasts for the current year, it remains crucial to deeply examine and consider the main variables that define the macroeconomic context, the sector dynamics of the market in which Geox operates, and the evolution of the international geopolitical situation in the coming months.

The measures implemented by central banks to stimulate major economies, while contributing positively to easing inflationary pressures, have struggled in the short term to impact market dynamics and consumer behavior. Consequently, both the recently concluded period and forecasts for the remainder of the year are still significantly affected by these conditions.

As previously highlighted, the results for the first nine of 2024, despite being supported by encouraging like-for-like (LFL) sales in direct-operated stores (DOS), both physical and digital, remain significantly impacted by the difficulties of the Wholesale segment.

Given the context, the company reiterates sales forecast for the full year 2024 to decrease by mid-single digits compared to 2023, with operating margins increasing by 50 basis points (for the full year).

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

GEOX

RESPIRA

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

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

INVESTOR RELATIONS

Luca Amadini: tel. +39 0423 282476; cell. +39 349 930 2858; investor.relations@geox.com

UFFICIO STAMPA

Juan Carlos Venti: tel: +39 0423 281914; cell. +39 335 47 0641; juancarlos.venti@geox.com

GEOX GROUP

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 6 more recent patent applications.

DISCLAIMER

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
