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GEOX

PRESS RELEASE - 2022 PRELIMINARY RESULTS[1] (SALES AND NET FINANCIAL POSITION)

THE IMPLEMENTATION OF THE BUSINESS PLAN STRATEGIES, THE INVESTMENTS ON THE EVOLUTION OF THE BUSINESS MODEL AND THE RETURN OF FULL SUPPLY CHAIN RELIABILITY DELIVER RESULTS AHEAD OF EXPECTATIONS:

- **PRELIMINARY SALES OF EURO 735.5 MILLION (+21% ON 2021), WITH A DOUBLE-DIGIT GROWTH ACROSS ALL CHANNELS AND ALL THE MAIN REGIONS**

- **NET FINANCIAL POSITION AT DECEMBER 31, 2022 (PRE-IFRS 16) OF EURO -49.8 MILLION (EURO -64.3 MILLION AT DECEMBER 31, 2021), THANKS TO STRONG WORKING CAPITAL CONTROL**

- **THESE EXCELLENT SALES FIGURES LEAD TO ESTIMATE A RETURN TO A POSITIVE OPERATING PROFIT (EBIT) ALREADY IN 2022**

INITIAL INDICATIONS FOR 2023 ALSO CONFIRM THE POSITIVE TREND:

- **MULTI-BRAND CHANNEL REPORTS DOUBLE-DIGIT GROWTH OF INITIAL ORDERS FOR THE SS23 COLLECTION, WITH A SIMILAR PERFORMANCE CONFIRMED ALSO FOR THE FW23 COLLECTION (STILL ONGOING)**

- **COMPARABLE SALES FOR DIRECTLY-OPERATED STORES (DOS) GROW DOUBLE-DIGIT IN THE FIRST 4 WEEKS, WITH MARKDOWNS REDUCING FURTHER**

THESE RESULTS CONFIRM THE BUSINESS PLAN FORECASTS FOR BOTH 2023 AND 2024, WITH AN IMPROVEMENT FOR SALES AND PROFITABILITY

Biadene di Montebelluna, February 2, 2023 – Geox S.p.A., a leading brand in classic and casual footwear, listed on the Milan Stock Exchange (GEO.MI), today reviewed the 2022 preliminary results (sales and net financial position) and approved the 2023 budget guidelines.

Mario Moretti Polegato, Chairman and founder of Geox, stated: "The 2022 preliminary results, despite the challenging environment, highlight a significant improvement on the previous year and are ahead of expectations.

[1] Preliminary and unaudited figures. The complete 2022 draft financial statements shall be submitted for the approval of the Board of Directors on March 9.

Group sales in the year were up 21%, with double-digit growth on all distribution channels and across all the main regions. These results reflect strongly on the "Bigger & Better" 2022-2024 growth phase initiatives of the Strategic Plan, targeting the brand's relaunch, strong investments on product and style, a renewed focus on multi-brand distribution, on digital and on the productivity of both the direct and franchised mono-brand stores.
The crucial restructuring of unprofitable operations in 2020-2021 has allowed us to fundamentally streamline our cost base and step up investments in more strategic operations. This should enable us to return to a positive operating profit (EBIT) already in 2022, thereby putting the pandemic difficulties behind us and laying the foundations for the Group's future development. This achievement was all the more significant as delivered within a more challenging environment than expected. This also shows that the relevance of our brand is growing as well as the excellent appreciation of the products by customers in Italy and internationally.
These difficulties in fact forced us to establish even greater efficiencies so as to free up the funding necessary to develop the business model and sales growth. The particular focus on a strict working capital control has allowed us to also improve the net financial position.
2023 has begun well and confirms our expectations for both sales and earnings growth.
Directly-operated store sales to-date are up on the previous year. The SS23 collection sales on the multi-brand channel report double-digit growth and the FW23 collection campaign (still ongoing) is seeing similarly strong sales.
All this reflects strongly on the strategic decisions undertaken and engender even more confidence in achieving the growth and earnings objectives set out in the Business Plan for both 2023 and 2024".

GROUP OPERATING PERFORMANCE: PRELIMINARY SALES

2022 preliminary consolidated sales totalled Euro 735.5 million, up 20.8% on the previous year (+17.8% at constant forex), thanks to the strong performance across all the main distribution channels. Q4 also reported a strong performance, with sales of Euro 166 million (growth of 14% on Q4 2021), thanks to the full return of supply chain reliability, allowing us to fully satisfy customer product delivery demand.

Sales by Distribution channel

(Thousands of Euro)	2022	%	2021	%	Var. %
Wholesale	**369,507**	**50.2%**	**306,256**	**50.3%**	**20.7%**
Franchising	63,583	8.6%	43,137	7.1%	47.4%
DOS*	302,427	41.1%	259,522	42.6%	16.5%
Geox Shops	**366,010**	**49.8%**	**302,659**	**49.7%**	**20.9%**
Net sales	**735,517**	**100.0%**	**608,915**	**100.0%**	**20.8%**

* Directly Operated Store

Multi-brand store sales, accounting for 50.2% of Group sales (50.3% in 2021), amounted to Euro 369.5 (+20.7% at current forex, +17.5% at constant forex), compared to Euro 306.3 million in 2021. This result benefited from buoyant SS22 and FW22 collection orders and a number of early shipment requests from customers, allowing us to significantly improve transport conditions and the supply chain in the final part of the year and significant in-season restocking.

Franchising channel sales, accounting for 9% of the Group total, amounted to Euro 63.6 million (+47.4% on 2021). The performance benefited from the gradual reopening of stores, together with the favourable timing of shipments. Total franchising sales points decreased from 304 stores in December 2021 to 294 stores in December 2022.

Directly-operated store (DOS) sales accounted for 41% of the Group total, amounting to Euro 302.4 million, compared to Euro 259.5 million in 2021 (+16.5% at current forex and +13.8% at constant forex). Comparable sales (LFL) were up 18%, thanks both to the re-opening of all stores in the second half of 2021 (in 2021 approx. 14% of direct stores were temporarily closed due to pandemic restrictions) and the gradual roll-out of the Strategic Plan initiatives. Physical stores in particular reported an increase in comparable sales of approx. 27% on 2021, while the online channel saw a decline of approx. -13% (as a result of the stabilisation of performances following the lockdowns). Direct online channel growth was however particularly strong (approx. +63%) over 2019.
The uptick in COVID-19 infections in April in Asia resulted in a temporary closure for approx. two months of 19 directly-operated stores in Shanghai.
Finally, in terms of the distribution scope, the number of DOS decreased from 350 stores in December 2021 to 315 in December 2022. This reduction was the main cause of the overall trend in channel sales, which despite an increase in comparable sales (LFL) of 18%, reported in the period a performance at +16.5%.

Sales by region

(Thousands of Euro)	2022	%	2021	%	Var. %
Italy	194,754	26.5%	153,801	25.3%	26.6%
Europe (*)	327,901	44.6%	278,283	45.7%	17.8%
North America	30,271	4.1%	26,827	4.4%	12.8%
Other countries	182,591	24.8%	150,004	24.6%	21.7%
Net sales	**735,517**	**100.0%**	**608.915**	**100.0%**	**20.8%**

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

Sales generated in Italy, representing 26.5% of Group revenues (25.3% in 2021), amounted to Euro 194.8 million (+26.6%), compared to Euro 153.8 million in 2021. Sales were driven by the directly-operated stores (+23%) and the franchising channel (+79%) and were supported also by the gradual reopening of the distribution network. The wholesale channel also returned an excellent performance (+21%).

Sales generated in Europe, accounting for 44.6% of Group revenues (45.7% in 2021), totalled Euro 327.9 million, compared to Euro 278.3 million in 2021, up 17.8% and mainly due to (as in Italy) the strong retail channel performance.
Stores in Europe report comparable sales growth of 19%. The franchising performance (+50.7%) was also strong.

North America returned sales of Euro 30.3 million, +12.8% (+3.0% at constant forex) on 2021. The direct stores performed well (+20%), while the wholesale channel (+2%) was impacted by the cancellation of a number of orders due to the supply chain difficulties (production and/or shipment delays).

The Other Countries reported revenue growth of 21.7% on 2021 (12.6% at constant forex).
Specifically, Asia/Pacific sales were up 6%, thanks to the strong Q4 performance (+23%) which largely offset the impacts from the reorganisation in Japan, resulting in the branch's closure and the transfer of the business to a distributor.
Eastern European sales however were up 25.8%. Direct stores for the entire area reported an increase in comparable sales of +15%. The wholesale and franchising channels also delivered growth.

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Sales by Product Category

(Thousands of Euro)	2022	%	2021	%	Var. %
Footwear	663,066	90.1%	546,917	89.8%	21.2%
Apparel	72,451	9.9%	61,998	10.2%	16.9%
Net sales	**735,517**	**100.0%**	**608,915**	**100.0%**	**20.8%**

Footwear sales of Euro 663.1 million accounted for 90% of consolidated sales, up 21.2% (+18.4% at constant forex) on 2021. Apparel accounted for 10% of consolidated sales, totalling Euro 72.5 million, compared to Euro 62.0 million in 2021 (+16.9% at current forex, +12.4% at constant forex).

Mono-brand store network - Geox shops

At December 31, 2022, the total number of "Geox Shops" was 717 (of which 315 DOS) 38 new Geox Shops were opened in 2022, with the closure of 89, as per the planned optimisation of stores on the more mature markets and an expansion in those countries where the Group's presence is still limited although developing strongly.

	12-31-2022		12-31-2021		2022		
	Geox Shops	of which DOS	Geox Shops	of which DOS	Net Openings	Openings	Closings
Italy	189	116	200	128	(11)	5	(16)
Europe (*)	197	110	210	117	(13)	8	(21)
North America	17	17	20	20	(3)	0	(3)
Other countries (**)	314	72	338	85	(24)	25	(49)
Total	**717**	**315**	**768**	**350**	**(51)**	**38**	**(89)**

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

(**) Includes Under License Agreement Shops (108 as of December 31 2022, 114 as of December 31 2021). Sales from these shops are not included in the franchising channel.

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GROUP BALANCE SHEET AND FINANCIAL POSITION

The combination of streamlining measures, the strong sales performance, working capital control and the hedges on forex and interest rate risk have kept the net financial position under control, which (pre-IFRS 16 and applying the fair value of derivative contracts) was Euro -49.8 million (Euro -64.3 million in December 2021). The net bank debt was Euro -75.7 million (Euro -82.9 million at December 2021). The fair value of hedges in place at December 31 was a positive Euro 25.9 million.

This good performance of financial dynamics is due to both improved cash flows from economics and those generated by net working capital. Net working capital is expected to decrease further from both the Euro 112 million in December 2021 and 94 million in June 2022 with the percentage of revenues falling toward 11 percent.
The reduction in working capital is mainly due to the fact that inventory from previous seasons has been substantially disposed of and current inventories refer mainly to the current and future seasons and thus with a higher incidence of accounts payable (about Euro 100 million more). Positive cash flows have thus made it possible to fully finance capital expenditures of about 25 million, reduce bank debt by about 7 million, and finance the strong growth in revenues amounting to more than 120 million.

SIGNIFICANT AND/OR SUBSEQUENT EVENTS

INTERNATIONAL TENSIONS AND UPDATE ON COVID-19 IMPACT ON STORE OPERATIONS AND THE SUPPLY OF RAW MATERIAL AND FINISHED PRODUCTS

The geo-political tensions involving Russia and Ukraine have prompted a major international humanitarian and social crisis, with significant impacts primarily for the populations of these countries, but also for internal economic activities and commercial trade in the area. These extraordinary events in terms of their nature and extent, added to those stemming from COVID-19, have had global repercussions in 2022 on: i) supply chains, particularly with regard to raw material and energy supply and prices; ii) international market demand levels; iii) inflation and the consequent restrictive interest rate policies; iv) the strengthening of the dollar as a haven from risk, the divergent performance of the US economy and rising interest rates.
Geox mainly operates through third parties in both countries, wholesale and franchising (100% in Ukraine and 70% in Russia). In view of these events, the Group suspended new direct investment in Russia shortly after the outbreak of the conflict, withdrawing European management and is managing the short-term situation so as to be prepared to mitigate the impacts from any future decisions regarding its presence in Russia.
Sales in the area in 2022 (Russia and Ukraine) were substantially in line with the Plan at approx. Euro 74 million (approx. 10% of consolidated sales).

The Group does not have suppliers or production plant in the area. The company is involved in Banca Intesa's and Caritas Italiana's Golden Links project and supports Civil Protection, a number of humanitarian associations and the Ukrainian Ambassador in Italy for the supply of basic necessities such as clothing and footwear to people on the ground and refugees in Italy.

In terms of the COVID-19 pandemic, all Group stores are currently operational despite the still unstable situation and especially in the Far East.

The difficult public health situation in the Far East in the first half of 2022 was in fact the cause of the major criticalities affecting the Group's supply chain for most of the year. On the one hand, all economic operators have experienced a lengthening of sea freight transportation times due to the reduced frequency in departures and increased stops in order to optimise space. On the other hand, there have been less opportunities to recover production delays through air shipments due to the limited number of cargo and passenger flights.
Conditions in the final part of the year improved significantly and across the board. In particular, sea freight costs and delivery times decreased. This improvement has continued into 2023, with significant development in terms of full supply chain reliability.

FULL RESOLUTION OF THE ISSUES STEMMING FROM THE FIRE IN SEPTEMBER 2022

In late September, a fire broke out at a third-party warehouse located in Levada (TV). This logistics operator handled a substantial portion of Geox brand apparel, except for e-commerce. No personal injuries were reported and the fire was confined to a small part of the building. The smoke however affected about half of the warehouse.
Items destroyed or contaminated by the fumes could not be recovered or put back into production. These mainly concerned the final part of the Fall/Winter 2022 collection that had not yet been shipped to customers and directly-owned stores, and to a lesser extent prior season items.
The best estimate of the effect on FY 2022 is that approx. 25% of orders to wholesale and franchising channels and 30% of orders for our directly-operated stores have not been shipped. In FY 2022, it is estimated that approx. 12 million sales and **6 million in margins** were lost in the fourth quarter.
The Company is insured with adequate coverage against such events and an agreement has already been drawn up with the Insurance Company for compensation at sales value (including orders from its own retail companies) for the amount of destroyed products subject to unfulfilled orders and at cost value for those not subject to orders, relating mainly to prior seasons. In addition, all direct costs related to the handling of the claim or related claims were reimbursed, as well as indirect costs on a lump-sum basis.
As a result, there was no impact on the operating result for the year, while there were effects on certain income statement items. The impacts in terms of reduced sales to third parties, the lower comparable sales of the mono-brand stores and the resulting reduced industrial margin were offset by a single net positive amount of approx. 6 million included in a line presented separately in the financial statements.
From a financial viewpoint, we highlight the collection by December of an advance of 30% of the insurance compensation, while the balance is expected by the first quarter of 2023.
Product receipts and shipments for the new Spring/Summer 2023 collection are proceeding as expected.

OUTLOOK

The Geox Board of Directors' meeting held today reviewed and approved the 2023 budget, which confirms the Strategic Plan objectives in terms of both sales and key earnings indicator growth.

These forecasts are based on the following results and assumptions:

1) The DOS channel currently (week 4) indicates higher comparable sales (LFL) (approx. +12% on 2022 and +4% on 2019), with a continuing decrease in discounts (approx. 2 points on 2022)
2) The multi-brand channel, following the strong orders received for SS23 (double-digit growth), also reports robust FW23 orders (still ongoing and currently at double-digit growth).
3) The transport situation, after a highly challenging 2022, saw significant improvements from year-end both in terms of costs and delivery times (now close to pre-pandemic levels). In particular, the better sea freight situation should significantly cut the use of air transport. The Group in 2022 - in order to overcome supply chain difficulties and port congestion - relied on air transport to a significant and extraordinary extent, with a negative impact of approx. Euro 17 million on the cost of sales.
4) Group management continues to closely control costs in view of the difficulties arising from the geo-political situation and inflation.

On the basis of that outlined above, management therefore **confirms** the guidelines of the Strategic Plan to 2024. In greater detail, the 2023 forecasts include:

1) Sales increase of +6%/+8% on 2022.

2) Gross margin improvement of approx. +100/+130 bps on 2022

The above annual forecasts are also based on the following future performance assumptions:

1) consumers' behaviour allow the continuation of the careful discount management implemented so far in monobrand stores;
2) no relevant change in consumer spending as a result of a softening of inflation and an impact of the recession limited to the first half of the year;
3) continuation of the trend of improving supply chain reliability and reduced transportation costs compared to the past fiscal year;

4) the difficult geopolitical situation in some markets relevant to the Group does not lead to significant deterioration from what was recorded in 2022 in those areas and/or significant impacts of 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.

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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

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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 5 more recent patent applications.

DISCLAIMER