

PRESS RELEASE – FIRST NINE MONTHS 2023 RESULTS

## **GEOX REPORTS FIRST NINE MONTHS 2023 RESULTS:**

- **SALES REACHED EURO 582 MILLION, UP +2.3% AT CURRENT EXCHANGE RATES (+4.1% AT CONSTANT EXCHANGE RATES) COMPARED TO THE FIRST NINE MONTHS OF 2022. THIS RESULT WAS DUE TO THE GOOD PERFORMANCE OF SALES IN THE MULTI-BRAND CHANNEL, WHICH REGISTERED +8.2% (+10.2% AT CONSTANT EXCHANGE RATES). THIS, COMBINED WITH THE POSITIVE PERFORMANCE OF OUR STORES' COMPARABLE SALES, ALLOWED TO OFFSET BOTH THE OPTIMIZATION OF THE PERIMETER OF THE STORES AND THE DIFFICULTIES RESULTING FROM THE UNUSUAL WEATHER CONDITIONS THAT OCCURRED IN BOTH MAY AND SEPTEMBER.**
- **WORKING CAPITAL IS IN LINE WITH SEASONAL DYNAMICS AND STANDS AT EURO 177 MILLION (COMPARED TO EURO 123 MILLION AS OF SEPT. 30, 2022). THE INCIDENCE OF NET WORKING CAPITAL ON SALES FOR THE LAST TWELVE MONTHS ACCOUNTS FOR 23.6%.**
- **NET FINANCIAL POSITION (PRE-IFRS16) STANDS AT EURO -129 MILLION AS A RESULT OF NET BANK DEBT OF EURO 139.1 MILLION AND A POSITIVE FAIR VALUE OF HEDGING INSTRUMENTS OF EURO 10.1 MILLION (EURO -114.2 MILLION AND EURO 69.6 MILLION AS OF SEPTEMBER 30, 2022, RESPECTIVELY).**
- **IN COHERENCE WITH "BIGGER AND BETTER" BUSINESS PLAN, A MAJOR STRATEGIC MARKETING INITIATIVE WAS UNVEILED. IN SEPTEMBER THE OSCAR-WINNING ACTRESS PENELOPE CRUZ WAS NAMED GLOBAL BRAND AMBASSADOR OF GEOX.**

**Biadene di Montebelluna, November, 9 2023** – 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 consolidated sales figures and net financial position for the nine months of 2023.

Mario Moretti Polegato commented: The year 2023 looks like a year of stabilization and moderate growth after the strong increases recorded in the previous two years. Sales realized in the first nine months, delivered indeed an increase of +2.3% at current exchange rates, (+4.1% at constant exchange rates) compared to the previous year. This result gains more value considering that it was achieved in a complex macroeconomic situation characterized by strong geopolitical tensions, high interest and inflation rates that induce strong concerns and cautious consumption.

However, the positive performance, driven by the Multi-brand channel in combination with slightly positive comparable sales and backed by on time deliveries, was partially mitigated by the effects of perimeter rationalization and a slowdown in sales performance observed in May and September due to decidedly abnormal weather conditions at these times, which are crucial for the start of seasonal sales in our stores and Multi-brand channel reorders.

The Group continued to invest in the most strategically important areas of the business, including marketing, digital, and product innovation, thanks in part to the significant resources freed up by the thorough rationalization of unprofitable activities and the cost base that now reached completion.

In this regard, Penelope Cruz was named as Geox's first Global Brand Ambassador in September and she was introduced to the world press. This collaboration project, which will also give rise to a product capsule for the upcoming spring-summer collection, reflects and emphasizes the distinctive traits that unite the Oscar-winning actress and our Brand by placing even greater emphasis on style, comfort and quality, which have always been Geox's founding values.

We believe that the strong double-digit rebound recorded in our comparable sales in October and in these first weeks of November is related to the strategic evolution toward the new lifestyle Brand positioning which aims to raise Geox's profile and relevance in order to further its objective of expanding into the women's market.

Despite being impacted by the third quarter's seasonality dynamics, net financial position and working capital are still under control because of strict inventory control, rigorous management of both interest rate and currency hedges.

In any event, the scenario's complexity forces us to continue taking a cautious approach that is centered on strict cost management and seeking for additional improvements in order to provide the resources required for the Strategic Plan's implementation."

## **GROUP OPERATING PERFORMANCE: SALES**

Consolidated sales for the first nine months of 2023 amounted to Euro 582 million, +2.3% compared to the previous year (+4.1% at constant exchange rates), mainly thanks to the good performance of the Multibrand channel only partially mitigated by the negative performance of the DOS channel. Third quarter results were substantially in line with the previous year with sales reaching Euro 228.4 million (+4.1% at constant exchange rates).

### Sales by Distribution Channel

| (Thousands of Euro) | 9 Months 2023  |               | 9 Months 2022  |               | Var. %        |
|---------------------|----------------|---------------|----------------|---------------|---------------|
|                     |                | %             |                | %             |               |
| <b>Wholesale</b>    | <b>324,377</b> | <b>55.7%</b>  | <b>299,832</b> | <b>52.7%</b>  | <b>8.2%</b>   |
| Franchising         | 48,667         | 8.4%          | 48,289         | 8.5%          | 0.8%          |
| DOS*                | 208,913        | 35.9%         | 220,979        | 38.8%         | (5.5%)        |
| <b>Geox Shops</b>   | <b>257,580</b> | <b>44.3%</b>  | <b>269,268</b> | <b>47.3%</b>  | <b>(4.3%)</b> |
| <b>Total sales</b>  | <b>581,957</b> | <b>100.0%</b> | <b>569,100</b> | <b>100.0%</b> | <b>2.3%</b>   |

\* Directly Operated Store

Wholesales, which accounted for 55.7% of Group sales (52.7% in 9M 2022), amounted to Euro 324.4 million (8.2% at current exchange rates, +10.2% at constant exchange rates), compared to Euro 299.8 million in September 2022. The trend benefited from a positive order collection for the SS23 and FW23.

Franchising channel sales, equal to 8.4% of Group sales, amounted to Euro 48.7 million, +0.8% compared to the first nine months of 2022. The performance for the period was affected by a reduction in the number of stores compared to September 2022 and on the other hand benefited, as with the Multibrand channel, from a favorable timing effect on shipments. The total number of franchised shops decreased from 294 shops in September 2022 to 282 in September 2023.

Directly-operated stores (DOS) sales, which account for 35.9% of Group sales, amounted to Euro 208.9 million compared to Euro 221 million in 9M 2022 (-5.5% at current exchange rates, -3.6% at constant exchange rates). Comparable sales (LFL) at the end of the period amounted to +1.6%. In particular, physical shops reported comparable sales growth of about 2.7% compared to 9M 2022, while the online channel showed a decline of -3%. However, the growth of the direct online channel remains particularly high (about +50.2%) compared to 2019. Finally, as regards the distribution perimeter, the number of DOS decreased from 318 shops in September 2022 to 261 in September 2023 (315 at the end of 2022). This reduction substantially defined the overall change in the channel's revenue, which despite slightly positive comparable sales (LFL) +1.6%, ended the reporting period with a reduction compared to 2022.

### Sales by region

| (Thousands of Euro) | 9 Months 2023  |               | 9 Months 2022  |               | Var. %      |
|---------------------|----------------|---------------|----------------|---------------|-------------|
|                     |                | %             |                | %             |             |
| Italy               | 158,864        | 27.3%         | 149,823        | 26.3%         | 6.0%        |
| Europe (*)          | 246,937        | 42.4%         | 260,581        | 45.8%         | (5.2%)      |
| North America       | 21,274         | 3.7%          | 23,243         | 4.1%          | (8.5%)      |
| Other countries     | 154,882        | 26.6%         | 135,453        | 23.8%         | 14.3%       |
| <b>Total sales</b>  | <b>581,957</b> | <b>100.0%</b> | <b>569,100</b> | <b>100.0%</b> | <b>2.3%</b> |

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

Sales generated in Italy, which represents 27.3% of the Group's sales (26.3% in 9M 2022), amounted to Euro 158.9 million, up 6% compared to Euro 149.8 million in 9M 2022. Growth was driven mainly by the wholesale channel (+22%), but partly mitigated by the negative performance of the Franchising channel (-4.6%) and the direct store network (-2%).

Sales generated in Europe, equal to 42.4% of Group sales (45.8% in the first nine months of 2022), amounted to Euro 246.9 million, compared to Euro 260.6 million in the first nine months of 2022, recording a decrease of -5.2% mainly driven by the negative performance achieved in the German market and specifically in the Multibrand channel. DOS in Europe reported comparable sales up +1.8%. The performance of the Franchising channel (+1%) was also slightly positive.

North America reported sales of Euro 21.3 million, down -8.5% (-3.8% at constant exchange rates) compared to 9M 2022; the positive results of the Multibrand channel (+4.4% compared to nine months 2022) were more than offset by the lower result achieved by the direct store network (-16.8% compared to nine months 2022) mainly due to a lower number of stores.

Other Countries reported sales growth of +14.3% compared to 9M 2022 (+22.3% at constant exchange rates). Particularly in the Asia Pacific region, sales were positive thanks to the good performance achieved by both the Multibrand channel (+12.4% compared to the nine months 2022) and the direct store network (+9% compared to nine months of 2022). Positive performance was also reported in the "Other Countries" area (+15.1% compared to nine months of 2022) also thanks to the signing of important new distribution agreements aimed at expanding the sales network.

# GEOX RESPIRA

## Sales by product category

| (Thousands of Euro) | 9 Months 2023  |               | 9 Months 2022  |               | Var. %      |
|---------------------|----------------|---------------|----------------|---------------|-------------|
|                     |                | %             |                | %             |             |
| Footwear            | 526,376        | 90.4%         | 517,551        | 90.9%         | 1.7%        |
| Apparel             | 55,581         | 9.6%          | 51,549         | 9.1%          | 7.8%        |
| <b>Total sales</b>  | <b>581,957</b> | <b>100.0%</b> | <b>569,100</b> | <b>100.0%</b> | <b>2.3%</b> |

Footwear accounted for 90.4% of consolidated sales, amounting to Euro 526.4 million, up +1.7% (+3.4% at constant exchange rates) compared to 9M 2022. Apparel accounted for 9.6% of consolidated sales, amounting to Euro 55.6 million compared to Euro 51.5 million in 9M 2022 (+7.8% at current exchange rates and +11.6% at constant exchange rates).

## Mono-brand store network – Geox shops

As at 30 September 2023 the total number of “Geox Shops” was 656 of which 261 DOS. During the first nine months of 2023, 30 new Geox Shops were opened and 91 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.

|                      | 09-30-2023 |              | 12-31-2022 |              | 9 Months 2023 |           |             |
|----------------------|------------|--------------|------------|--------------|---------------|-----------|-------------|
|                      | Geox Shops | of which DOS | Geox Shops | of which DOS | Net Openings  | Openings  | Closings    |
| Italy                | 176        | 109          | 189        | 116          | (13)          | 1         | (14)        |
| Europe (*)           | 175        | 91           | 197        | 110          | (22)          | 9         | (31)        |
| North America        | 11         | 11           | 17         | 17           | (6)           | -         | (6)         |
| Other countries (**) | 294        | 50           | 314        | 72           | (20)          | 20        | (40)        |
| <b>Total</b>         | <b>656</b> | <b>261</b>   | <b>717</b> | <b>315</b>   | <b>(61)</b>   | <b>30</b> | <b>(91)</b> |

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

(\*\*) Includes Under License Agreement Shops (113 as of September 30 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 and the hedges 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 (pre-IFRS 16 and after the fair value of derivative contracts) at Euro -129 million (Euro -49.8 million as of December 2022 and Euro -44.6 million as of September 2022). Net debt to banks stood at Euro -139.1 million (Euro -75.7 million as of December 2022 and Euro -114.2 million as of September 2022) well correlated to the trend of the Net Working Capital cycle. Net Working Capital amounts to approximately Euro 177 million up from Euro 123 million at September 2022. Inventories amount to approximately Euro 259 million in line with the previous year and mainly referred to finished goods related to the current and future seasons (SS24).

Trade receivables amount to approximately Euro 151 million (Euro 145 million as of September 2022) and reflect the increase in sales with a slight improvement in average collection days.

The increase in Net Working Capital is therefore exclusively related to the significant reduction in trade payables (approximately Euro 50 million) due to the improved efficiency of the supply chain, that enabled the receiving of finished products earlier than in the previous year, with the consequent anticipation of payment deadlines. This made it possible to provide an excellent level of service to the market and to reduce cancellations due to late delivery.

The incidence of Operating Net Working Capital on sales thus reflects the seasonality and timing dynamics described above. Because of this, the ratio of Net Working Capital to sales for the past 12 months is 23.6% (10.5% at the end of December 2022 and 17.2% at the end of September 2022 respectively).

## **INTERNATIONAL AND MACROECONOMIC UPDATE**

Recently, the serious international tension brought about by Russia's invasion of Ukraine has been further exacerbated by the new outbreak of the Israeli-Palestinian conflict. The persistence and worsening of this unstable situation leads to serious humanitarian and social repercussions with strong impacts, first of all for the living conditions of the populations of these countries, but also for their domestic economic activity and trade in these areas.

The described scenario has a relevant negative impact also on: i) demand development in international markets; ii) inflation rate trends with consequent restrictive monetary policies on interest rates; iii) currency volatility with partial weakening of the dollar and strong weakening of the ruble; iv) higher uncertainty and a heavy impact on consumers' confidence as a consequence.

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, the Group, in light of these events, suspended, shortly after the outbreak of the conflict, any new direct investment, withdrew European management, and is managing the situation in the short term so as to be prepared to mitigate the impacts of any future decisions regarding its presence in the country.

As of September 30, 2023, revenues from this area are substantially in line with the Business Plan at approximately Euro 67 million (about 11% of consolidated sales).

## **OUTLOOK**

While making full year forecasts, the events after the close of the 9 months just described and some factors related to current business performance must be taken into account:

- 1) Improved supply chain reliability led to a significantly different distribution of sales in the WHS and Franchising channels than in the previous year. In particular, this time shift was reflected in an advance in shipments made in the first quarter and was then reabsorbed in the second quarter. Likewise, the advance recorded for the benefit of the third quarter will be equally rebalanced in the fourth quarter;
- 2) Initial order intake for FW23 showed "low double digit" growth. However, it is assumed that in-season re-orders in the fourth quarter may be lower than last year because they have been affected in August, September, and early October by extremely warm temperatures that actually delayed the start of the fall-winter season. Overall, the channel could stand at "low to mid single digit" growth for the year;
- 3) It is assumed that the Franchising and DOS channels show in the fourth quarter the same dynamics experienced in the first nine months of the year, with positive "low to mid single digit" comparable sales (LFL) and thus not able to fully offset the negative perimeter effect related to the completion of the rationalization of the direct sales network;
- 4) Group management is continuing to take and strengthen all necessary actions, through tight cost control.

Based on these assumptions, management expects following trend for the rest of the year:

- 1) Revenues growing "low to mid single digit" at constant exchange rates (substantially FLAT at current exchange rates);
- 2) Regarding gross margins, it is believed that this can further uplift in respect to the previous full year guidance and thus reach an improvement by about +250 / +300 bps over the full year, thanks to policies aimed at containing discounts and to the efficiency of the supply chain cost structure.

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

- 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 the first nine months of 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.

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**ANDREA MALDI APPOINTED NEW GEOX GROUP CFO**

The Geox Group strengthens its management team with the addition of Dr. Andrea Maldì who, as of 4 December 2023, is appointed as Chief Financial Officer with responsibilities extended to information systems and indirect purchases.

In his new role, Dr. Maldì will report directly to CEO Livio Libralesso and will assume the title of Executive with Strategic Responsibilities.

Andrea Maldì, a graduate in Economics and Business at State University of Milan, Chartered Accountant registered at the Order of Milan, has a consolidated experience in the area of administration, finance and control as well as in extraordinary M&A transactions, having held CFO roles in leading Italian and international companies operating in the financial, industrial and service sectors.

He has recently held the role of CFO and Executive responsible for the preparation of accounting and corporate documents at Fiera Milano S.p.A.

He was Group CFO of Borsa Italiana S.p.A. where he was also an executive member of the Board of Directors. During that period, he was as well an executive director of several companies in the Borsa Italiana Group including MTS S.p.A., Elite S.p.A., Monte Titoli S.p.A. and Cassa di Compensazione e Garanzia S.p.A.

From 2009 to 2014 he was CFO for General Electric's Corporate and Energy businesses in Italy, also serving as legal representative for the Italian branch (GE Inc.).

Previously, after starting his professional career at PricewaterhouseCoopers S.p.A., he worked, with roles of increasing responsibility, in leading companies operating in human capital development, such as Kelly services S.p.A. and Adecco Group Italy S.p.A., assuming the position of Director of Finance and Control.

To the best of the Company's knowledge, at the time of his appointment, Dr. Maldì does not appear to hold either directly or indirectly any shares in Geox S.p.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 64 different patents and by 4 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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