



2023 HALF-YEAR  
FINANCIAL REPORT

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**Geox S.p.A.**

Registered Offices in Italy - Via Feltrina Centro 16, Biadene di Montebelluna (Treviso)

Share Capital - Euro 25,920,733.1 fully paid

Tax Code and Treviso Companies Register No. 03348440268

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# DIRECTORS' REPORT

## Profile

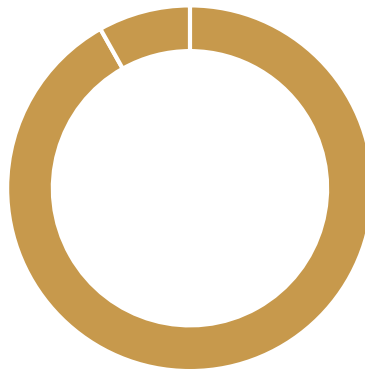
The Geox Group creates, produces, promotes and distributes Geox-brand footwear and apparel, the main feature of which is the use of innovative and technological solutions that can guarantee the ability to breathe and remain waterproof at the same time.

The extraordinary success that Geox has achieved is due to the technological characteristics of its shoes and apparel. Thanks to a technology that has been protected by 64 different patents and by 4 more recent patent applications, "Geox" products ensure technical characteristics that improve foot and body comfort in a way that consumers are able to appreciate immediately.

Geox's innovation stems essentially from the creation and development of special outsoles: thanks to a special membrane that is permeable to vapour but impermeable to water, rubber outsoles are able to breathe and leather outsoles remain waterproof. In the apparel sector the innovation increases the expulsion of body's internal humidity thanks to hollow spaces and aerators.

Geox is market leader in Italy in its own segment and is one of the leading brands world-wide in the "International Branded Casual Footwear Market" (source: Shoe Intelligence, 2022).

Apparel 8%

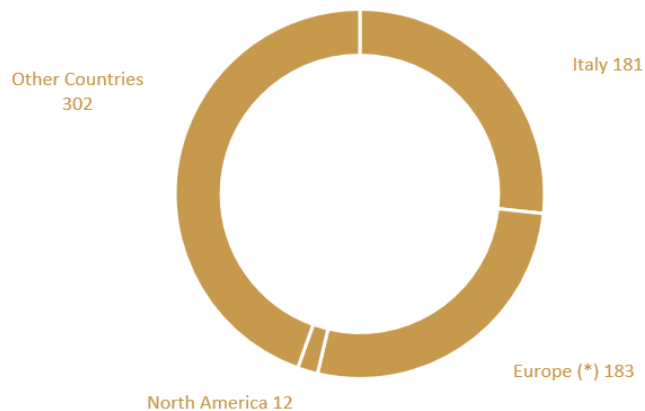


Footwear 92%

## The distribution system

Geox distributes its products through about 9,000 multi-brand selling points and also through a Geox shops network (Franchising and DOS – directly operated stores).

As of 30 June 2023, the overall number of "Geox Shops" came to 678, of which 277 operated directly, 288 in franchising and 113 under license agreement.



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### Geox Shops

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

## **The production system**

Geox's production system is organized so as to ensure the attainment of three strategic objectives:

- maintaining high quality standards;
- continuously improving flexibility and time to market;
- increasing productivity and reducing costs.

Production is completed by selected partners mainly in the Far East. All stages of the production process are under the strict control and coordination of the Geox organization.

Great care is taken by the Group in selecting third-party producers, taking into account their technical skills, quality standards and ability to handle the production volumes which are assigned by the agreed deadlines.

All of the output from these manufacturing locations is consolidated at the Group's distribution centers in Italy for Europe, Moscow for Russia, New Jersey for the North America, Ontario for Canada, Shanghai for China and Hong Kong for the rest of Asia.



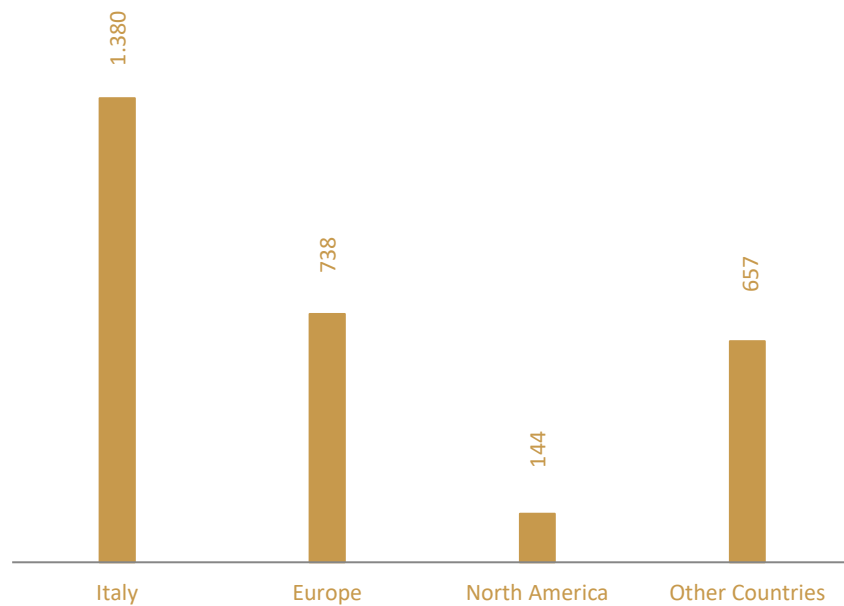
## Human Resources

At June 30, 2023 the Group had 2,919 employees, showing a decrease of 72 employees compared with 2,991 employees at 31 December 2022.

As of June 30, 2023, the employees were splitted as follows:

Level	30-06-2023	31-12-2022
Managers	45	43
Middle Managers and office staff	868	853
Shop Employees	2,005	2,094
Factory Workers	1	1
<b>Total</b>	<b>2,919</b>	<b>2,991</b>

The graph shows the employees of the Group at 30 June 2023, broken down by geographic area:



## Shareholders

### Financial communication

Geox maintains a constant dialogue with individual shareholders, institutional investors and financial analysts through its Investor Relations function, which actively provides information to the market to consolidate and enhance confidence and level of understanding of the Group and its businesses.

The Investor Relations section, at [www.geox.biz](http://www.geox.biz), provides historical financial data and highlights, investor presentations, quarterly publications, official communications and real time trading information on Geox shares.

### Control of the Company

Geox S.p.A. is a joint-stock company incorporated and domiciled in Italy with registered office in Via Feltrina Centro 16, Biadene di Montebelluna (TV), Italy. It is specified that the Company has no secondary offices.

LIR S.r.l. holds a controlling interest in the share capital of Geox S.p.A. with a shareholding of 71.10%. LIR S.r.l., with registered offices in Treviso, Italy, is an investment holding company that belongs entirely to Mario Moretti Polegato and Enrico Moretti Polegato (who respectively own 85% and 15% of the share capital).

Geox S.p.A. is not subject to management and coordination activities exercised by another person or entity for the reasons illustrated in the Directors' Report to which reference should be made.

The shareholder structure of Geox S.p.A. based on the number of shares held is as follows:

Shareholder structure (*)	Number of shareholders	Number of shares
from 1 to 5,000 shares	11,294	14,894,659
from 5,001 to 10,000 shares	928	7,117,161
10,001 shares and over	854	246,536,079
Lack of information on disposal of individual positions previously reported		(9,340,568)
<b>Total</b>	<b>13,076</b>	<b>259,207,331</b>

(\*) As reported by Computershare S.p.A. on June 30, 2023

### Shares held by directors and statutory auditors

As mentioned previously, the directors Mr. Mario Moretti Polegato and Mr. Enrico Moretti Polegato directly hold the entire share capital of LIR S.r.l., the Parent Company of Geox S.p.A..

Directors, statutory auditors and executives with strategic responsibilities have submitted declarations that they hold 54,847 shares of the Company as of June 30, 2023.

## Company officers

### Board of Directors

Name	Position and independent status (where applicable)
Mario Moretti Polegato <sup>(1)</sup>	Chairman and Executive Director
Enrico Moretti Polegato <sup>(1)</sup>	Vice Chairman and Executive Director
Livio Libralesso <sup>(1)</sup>	CEO and Executive Director (*)
Claudia Baggio	Director
Lara Livolsi <sup>(3)</sup>	Director
Alessandro Antonio Giusti <sup>(2)</sup>	Director
Francesca Meneghel <sup>(2)</sup> <sup>(4)</sup>	Independent Director
Silvia Zamperoni <sup>(3)</sup>	Independent Director
Silvia Rachela <sup>(2)</sup> <sup>(3)</sup>	Independent Director

<sup>(1)</sup> Member of the Executives Committee

<sup>(2)</sup> Member of the Audit, Risk and Sustainability Committee

<sup>(3)</sup> Member of the Nomination and Compensation Committee

<sup>(4)</sup> Lead Independent Director

(\*) Powers and responsibilities for ordinary and extraordinary administration, within the limits indicated by law and the Articles of Association, in compliance with the powers of the Shareholders' Meeting, the Board of Directors and the Executive Committee, in accordance with the Board of Directors' resolution of April 14, 2022.

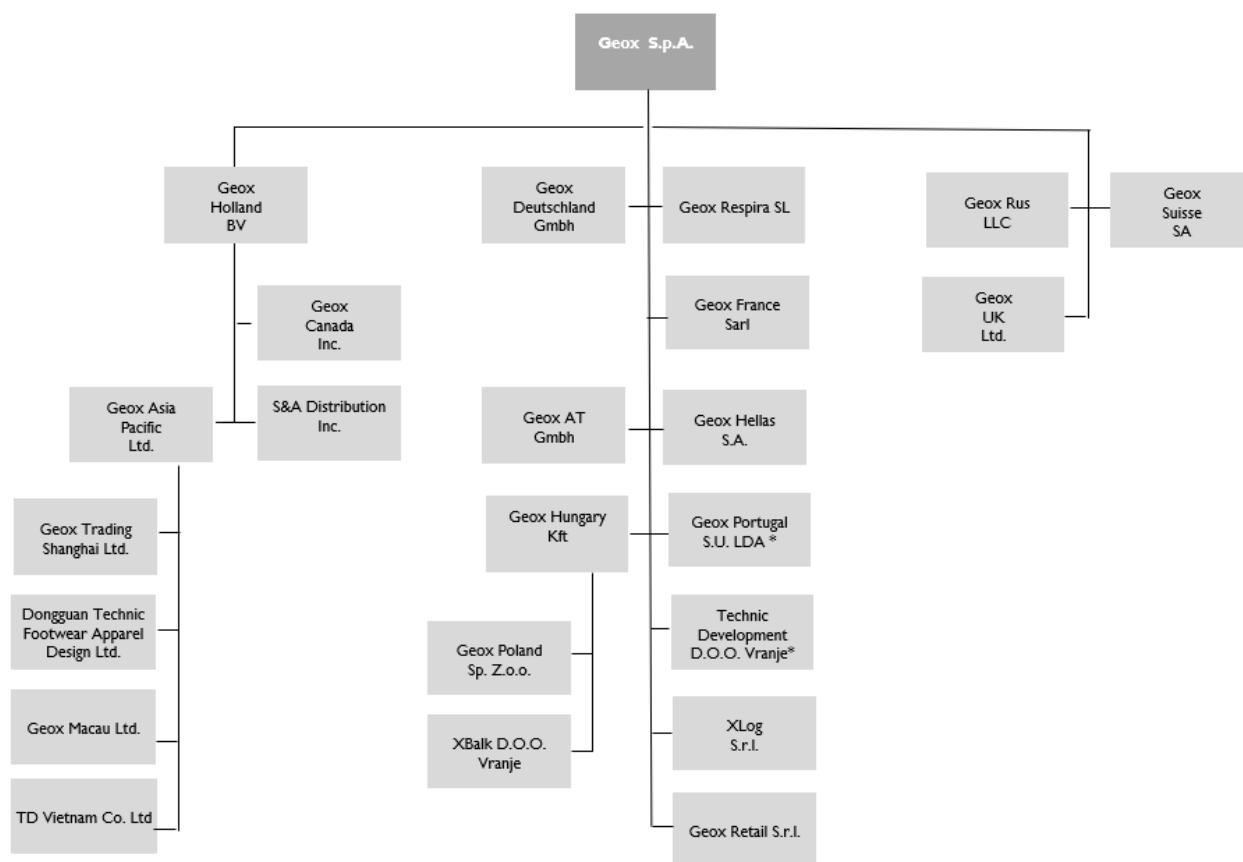
### Board of Statutory Auditors

Name	Position
Sonia Ferrero	Chairman
Gabriella Covino	Statutory Auditor
Fabrizio Colombo	Statutory Auditor
Fabio Antonio Vittore Caravati	Alternate Auditor
Francesca Salvi	Alternate Auditor

### Independent Auditors

KPMG S.p.A.

## Group Structure



\* Company under liquidation process

The structure of the Group, controlled by Geox S.p.A., which acts as an operating holding company, is split into 3 macro-groups:

- **Non-EU trading companies.** Their role is to monitor and develop the business in the various markets. They operate on the basis of licensing or distribution agreements stipulated with the Parent Company.
- **EU companies.** At the beginning their role was to provide commercial customer services and coordinate the sales network in favor of the Parent Company which distributes the products directly on a wholesale basis. Then, they started to manage the Group's own shops in the various countries belonging to the European Union.
- **European trading companies.** They are responsible for developing and overseeing their area in order to provide a better customer service, increasing the presence of the Group through localized direct sales force and investments in showrooms closer to the market. The trading companies in Switzerland, Russia and UK, also have the need of purchasing a product immediately marketable in the territory, having already complied with the customs.

## Alternative performance measures

In order to better assess its performance, Geox Group makes use of some alternative performance measures which are not identified as accounting measures under IFRS. Management believes that these measures are useful in assessing the Group's operating performance and comparing it to that of companies operating in the same sector, and are intended to provide a supplementary view of results. These alternative performance measures are derived exclusively from historical financial data of the Group and are not to be considered as substitutes for IFRS measures.

The definitions of the alternative performance measures adopted in this document are provided below:

- **Revenues at constant exchange rates:** they are represented by the translation of revenues in foreign currencies other than the euro at the same exchange rate as the current year, also for previous year's values.
- **Like for like (LFL):** it represents the revenue trend for the current year at a constant perimeter compared to the previous year.
- **EBITDA:** it is Operating profit before Amortization and Depreciation and write-downs of tangible/intangible assets and Right-of-use assets.
- **Net working capital:** it is Inventories, plus Accounts Receivables net of Trade Payables.
- **Invested Capital:** it is the total amount of Non-current assets, Current assets excluding financial assets (Other current financial assets and Cash and cash equivalents), net of Non-current liabilities, Current liabilities, excluding financial liabilities (Current and non-current interest-bearing loans & borrowings, Other current and non-current financial liabilities, and Current and non-current lease liabilities).
- **IFRS 16 Impact:** it identifies the accounting effects of the application of IFRS 16 on the Group's financial statements by extrapolating the impact of the various items related to Lease Assets and Lease Financial Liabilities.

## Economic results

### Economic results summary

Below the summary results of Geox Group:

- Sales at Euro 353.6 million, with an increase of 3.8% compared to Euro 340.6 million of the first half 2022;
- EBIT at Euro 3.6 million compared to Euro -11.0 million of the first half 2022;
- Net result at Euro -9.6 million compared to Euro -19.6 million of the first half 2022.

The consolidated income statement is shown below:

(Thousands of Euro)	I half 2023	%	I half 2022	%	2022	%
<b>Sales</b>	<b>353,603</b>	<b>100.0%</b>	<b>340,589</b>	<b>100.0%</b>	<b>735,517</b>	<b>100.0%</b>
Cost of sales	(173,272)	(49.0%)	(179,355)	(52.7%)	(386,287)	(52.5%)
<b>Gross profit</b>	<b>180,331</b>	<b>51.0%</b>	<b>161,234</b>	<b>47.3%</b>	<b>349,230</b>	<b>47.5%</b>
Selling and distribution costs	(18,616)	(5.3%)	(18,526)	(5.4%)	(38,998)	(5.3%)
General and administrative expenses	(140,929)	(39.9%)	(138,484)	(40.7%)	(275,610)	(37.5%)
Advertising and promotion costs	(17,160)	(4.9%)	(15,232)	(4.5%)	(30,358)	(4.1%)
<b>EBIT</b>	<b>3,626</b>	<b>1.0%</b>	<b>(11,008)</b>	<b>(3.2%)</b>	<b>4,264</b>	<b>0.6%</b>
Net financial expenses	(13,264)	(3.8%)	(4,359)	(1.3%)	(12,660)	(1.7%)
<b>PBT</b>	<b>(9,638)</b>	<b>(2.7%)</b>	<b>(15,367)</b>	<b>(4.5%)</b>	<b>(8,396)</b>	<b>(1.1%)</b>
Income tax	(5)	(0.0%)	(4,278)	(1.3%)	(4,625)	(0.6%)
<b>Net result</b>	<b>(9,643)</b>	<b>(2.7%)</b>	<b>(19,645)</b>	<b>(5.8%)</b>	<b>(13,021)</b>	<b>(1.8%)</b>
<b>EBITDA</b>	<b>40,207</b>	<b>11.4%</b>	<b>25,466</b>	<b>7.5%</b>	<b>79,428</b>	<b>10.8%</b>
<b>EBITDA excl. IFRS 16</b>	<b>13,926</b>	<b>3.9%</b>	<b>(249)</b>	<b>(0.1%)</b>	<b>26,550</b>	<b>3.6%</b>

## Sales

Consolidated sales for the first half of 2023 amounted to Euro 353.6 million, up 3.8% compared to the previous year (+4.1% at constant exchange rates), mainly due to the good performance of the wholesale channel (+10.4%). It should be noted, however, that the performance in the first half of the year was negatively affected by a month of May that proved to be weak due to unusual weather conditions that, in fact, blocked in-season restocking by the wholesale and franchising channels and slowed down sales in direct shops. In particular, the unusually rainy weather delayed purchases of sandals and other rope products, which are typically summer products.

### Sales by Distribution Channel

(Thousands of Euro)	I half 2023	%	I half 2022	%	Var. %
<b>Wholesale</b>	<b>185,772</b>	<b>52.5%</b>	<b>168,257</b>	<b>49.4%</b>	<b>10.4%</b>
Franchising	27,608	7.8%	28,947	8.5%	(4.6%)
DOS*	140,223	39.7%	143,385	42.1%	(2.2%)
<b>Geox Shops</b>	<b>167,831</b>	<b>47.5%</b>	<b>172,332</b>	<b>50.6%</b>	<b>(2.6%)</b>
<b>Total sales</b>	<b>353,603</b>	<b>100.0%</b>	<b>340,589</b>	<b>100.0%</b>	<b>3.8%</b>

\* Directly Operated Store

Wholesales, which accounted for 52.5% of Group sales (49.4% in IH 2022), amounted to Euro 185.8 million (+10.4% at current exchange rates, +10.6% at constant exchange rates) compared to Euro 168.3 million in June 2022. The trend benefited from a positive (+17% approx.) order collection for the SS23. It should be noted that the strong improvement in transport and supply chain conditions made it possible to anticipate part of the shipments for this season as early as the end of 2022.

Franchising channel sales, equal to 7.8% of Group sales, amounted to Euro 27.6 million, -4.6% compared to the first half of 2022. For this channel, the slightly positive performance (+0.7%) of comparable sales was more than absorbed by the postponement effect of previous seasons and the negative perimeter effect.

The total number of franchised shops decreased from 301 shops in June 2022 to 288 in June 2023.

Directly-operated stores (DOS) sales, which account for 39.7% of Group sales, amounted to Euro 140.2 million compared to Euro 143.4 million in IH 2022 (-2.2% at current exchange rates, -1.7% at constant exchange rates). Comparable sales (LFL) at the end of the period amounted to +2.9%. In particular, physical shops reported comparable sales growth of about 4.7% compared to IH 2022 (+5.5% to date), while the online channel showed a decline of -4.9% (-4.8% to date). However, the growth of the direct online channel remains particularly high (about +47.8% to date) compared to 2019.

Finally, as regards the distribution perimeter, the number of DOS decreased from 337 shops in June 2022 to 277 in June 2023 (315 at the end of 2022). This reduction substantially defined the overall change in the channel's revenue, which despite growing comparable sales (LFL) closed the reporting period at approximately -2.2%.

### Sales by region

(Thousands of Euro)	I half 2023	%	I half 2022	%	Var. %
Italy	98,788	27.9%	92,648	27.2%	6.6%
Europe (*)	148,958	42.1%	157,796	46.3%	(5.6%)
North America	13,554	3.8%	13,506	4.0%	0.4%
Other countries	92,303	26.1%	76,639	22.5%	20.4%
<b>Total sales</b>	<b>353,603</b>	<b>100.0%</b>	<b>340,589</b>	<b>100.0%</b>	<b>3.8%</b>

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

Sales generated in Italy, which represents 27.9% of the Group's sales (27.2% in IH 2022), amounted to Euro 98.8 million (+6.6%) compared to Euro 92.6 million in IH 2022. Growth was led by the wholesale channel (+25.8%), which accounts for approximately 36% of market revenues, a performance favoured by a positive (+23%) SS23 order collection. The franchising channel (-12.5%) was negatively affected by both the perimeter effect and the timing effect of shipments at the turn of the year. The direct shops channel (+0.4%), thanks to a slightly positive trend in comparable sales, managed to offset the negative perimeter effect of closures (-7 shops in the half year).

Sales generated in Europe, equal to 42.1% of Group sales (46.3% in the first half of 2022), amounted to Euro 149 million, compared to Euro 157.8 million in the first half of 2022, recording a decrease of 5.6%, mainly due to the performance of the wholesale channel (-4.3%), which accounts for approximately 56% of market revenues, and which was impacted by lower in-season reorders compared to the first half of 2022.

The franchising channel (-19.5%) was negatively impacted, as in Italy, by the perimeter and shipment timing effect. The positive trend in comparable sales (+3.3%) did not compensate for the effects described above.

DOS in Europe reported a negative performance (-5.3%) explained by the drop in the online channel (-10.8%) and the perimeter reduction. These effects were not offset by the higher sales of comparable physical shops (+5.8%).

North America reported sales of Euro 13.6 million, +0.4% (+3.3% at constant exchange rates) compared to the first half of 2022; the wholesale channel (+21.2%), which accounts for approximately 46% of market revenues, led the growth. The trend of DOS (-12.3%) was affected by the perimeter reduction, which was not offset by the performance of comparable sales in the physical channel (+8.4%) and online (+19.6%).

Other Countries reported sales growth of +20.4% compared to IH 2022 (+20.6% at constant exchange rates). In the Asia Pacific region in particular, sales increased by 50.1%, mainly driven by the wholesale channel (+73.1%).

### Sales by product category

Footwear accounted for approximately 91.8% of consolidated sales, amounting to Euro 324.8 million, up +5.4% (+5.6% at constant exchange rates) compared to IH 2022. Apparel accounted for about 8.2% of consolidated sales, amounting to Euro 28.8 million (-11.1% at current exchange rates and -11.0% at constant exchange rates). Sales were adversely affected by the lack of product following the fire in September last year, which was reimbursed by the insurance company.

(Thousands of Euro)	I half 2023	%	I half 2022	%	Var. %
Footwear	324,771	91.8%	308,139	90.5%	5.4%
Apparel	28,832	8.2%	32,450	9.5%	(11.1%)
<b>Total sales</b>	<b>353,603</b>	<b>100.0%</b>	<b>340,589</b>	<b>100.0%</b>	<b>3.8%</b>

### Mono-brand store network – Geox shops

As at 30 June 2023 the total number of “Geox Shops” was 678 of which 277 DOS. During the first half of 2023, 18 new Geox Shops were opened and 57 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.

	06-30-2023		12-31-2022		I half 2023		
	Geox Shops	of which DOS	Geox Shops	of which DOS	Net Openings	Openings	Closings
Italy	181	109	189	116	(8)	1	(9)
Europe (*)	183	99	197	110	(14)	6	(20)
North America	12	12	17	17	(5)	-	(5)
Other countries (**)	302	57	314	72	(12)	11	(23)
<b>Total</b>	<b>678</b>	<b>277</b>	<b>717</b>	<b>315</b>	<b>(39)</b>	<b>18</b>	<b>(57)</b>

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

(\*\*) Includes Under License Agreement Shops (113 as of June 30 2023, 108 as of December 31 2022). Sales from these shops are not included in the franchising channel.



## **Group operating performance: other income statement items**

The results of the first half show a significant improvement compared to IH 2022. In particular, the positive trend in sales (+3.8%), combined with the improvement in gross margins (+370 bps vs. first half of 2022), made it possible to achieve a positive operating result (EBIT) of Euro 3.6 million compared to approximately Euro -11 million in the first half of 2022.

### **COGS and gross margin**

The cost of sales amounted to 49% of sales compared to 52.7% in IH 2022, resulting in a gross margin of 51% (47.3% in IH 2022).

The margin improvement stems mainly from the pre-announced stabilization of supply chain conditions, with in particular, an easing of pressure on raw material and transportation costs compared to the first half of 2022.

It is also important to note the reduction in average discounts in direct stores (approximately -1.9% compared to the first half of 2022).

### **Operating expenses**

Total operating expenses (general and administrative expenses, selling and distribution costs, and advertising) in the first half amounted to Euro 177.0 million (accounting for 50% of sales) compared to Euro 172 million in the first half of 2022 (accounting for 50.6% of sales).

In details:

- Selling and distribution costs amounted to Euro 18.6 million (Euro 18.5 million in the first half of 2022), accounting for 5.3% of sales (5.4% the incidence in the first half of 2022).

- General and administrative expenses (net of other revenues) amounted to Euro 140.9 million with an incidence of 39.9% compared to Euro 138.4 million in the first half of 2022 (40.7% incidence in the first half of 2022).

- Advertising and promotion costs amounted to Euro 17.2 million with an incidence of 4.9% of sales, up from Euro 15.2 million in the corresponding period of the previous year (4.5% incidence in the first half of 2022). The increase is substantially related to the increased marketing initiatives undertaken in the period in line with the Strategic Plan.

### **EBITDA and EBIT**

EBITDA increased to Euro 40.2 million (11.4% of sales) compared to Euro 25.5 million in the first half of 2022 (7.5%). The EBITDA before IFRS 16 amounts to Euro 13.9 million (compared to Euro -0.2 million in the first half of 2022).

EBIT back to a positive figure at Euro 3.6 million (compared to Euro -11.0 million in the first half of 2022).

### **Financial income and expenses**

Net financial expenses amount to Euro 13.3 million, representing an increase compared to the first half of 2022 (Euro 4.4 million). This increase mainly refers to:

- Higher cost of debt, for approximately Euro 2.7 million, due to an increase in market interest rates during the period and a higher average level of indebtedness of about Euro 22 million compared to the first half of 2022, driven by the increase in working capital;
- Negative exchange rate differences of approximately Euro 5.9 million incurred by the subsidiary Geox RUS, related to the EUR/RUB exchange rate, that can no longer be mitigated with hedging operations.

### **Income taxes**

Income taxes for the first half of 2023 are closed to Euro 0 million, compared to Euro 4.3 million in the first half of 2022.

### IFRS 16 effects on first half 2023 Profit and Loss

In order to give a clearer representation of the Group's performance and to improve the level of transparency for the financial community, the reconciliation table between the economic values for 2023 and those that exclude the accounting effects deriving from the application of IFRS 16 is presented below:

(Thousands of Euro)	I half 2023 Reported	IFRS 16 impact	I half 2023 excl. IFRS 16	%	I half 2022 excl. IFRS 16	%
<b>Sales</b>	<b>353,603</b>	-	<b>353,603</b>	<b>100.0%</b>	<b>340,589</b>	<b>100.0%</b>
Cost of sales	(173,272)	-	(173,272)	(49.0%)	(179,355)	(52.7%)
<b>Gross profit</b>	<b>180,331</b>	-	<b>180,331</b>	<b>51.0%</b>	<b>161,234</b>	<b>47.3%</b>
Selling and distribution costs	(18,616)	(642)	(19,258)	(5.4%)	(19,102)	(5.6%)
General and administrative expenses	(140,929)	(1,203)	(142,132)	(40.2%)	(139,426)	(40.9%)
Advertising and promotion costs	(17,160)	(133)	(17,293)	(4.9%)	(15,360)	(4.5%)
<b>EBIT</b>	<b>3,626</b>	<b>(1,978)</b>	<b>1,648</b>	<b>0.5%</b>	<b>(12,654)</b>	<b>(3.7%)</b>
Net interest	(13,264)	1,993	(11,271)	(3.2%)	(2,543)	(0.7%)
<b>PBT</b>	<b>(9,638)</b>	<b>15</b>	<b>(9,623)</b>	<b>(2.7%)</b>	<b>(15,197)</b>	<b>(4.5%)</b>
Income tax	(5)	-	(5)	(0.0%)	(4,278)	(1.3%)
<b>Net result</b>	<b>(9,643)</b>	<b>15</b>	<b>(9,628)</b>	<b>(2.7%)</b>	<b>(19,475)</b>	<b>(5.7%)</b>
<b>EBITDA adjusted</b>	<b>40,207</b>	<b>(26,281)</b>	<b>13,926</b>	<b>3.9%</b>	<b>(249)</b>	<b>(0.1%)</b>

The item 'IFRS 16 Impact' includes the following effects:

- elimination of depreciation and write-downs for Euro 24,303 thousand, relating to Right-of-use assets;
- higher rent and lease costs for Euro 26,281 thousand;
- lower financial charges relating to financial lease liabilities for Euro 1,993 thousand.

It is emphasized that the economic statements set out above, which exclude the impacts deriving from the IFRS 16 application, are not to be considered as a substitute for those defined by the IFRS accounting standards adopted by the European Union and therefore their presentation must be carefully evaluated by the reader of this Financial Report.

## The Group's financial performance

### *The Group's financial performance*

The following table summarizes the reclassified consolidated balance sheet:

(Thousands of Euro)	June 30, 2023	Dec. 31, 2022	June 30, 2022
Intangible assets	30,582	34,190	30,971
Property, plant and equipment	32,461	34,477	36,545
Right-of-use assets	243,562	224,273	210,956
Other non-current assets - net	35,959	34,631	28,136
<b>Total non-current assets</b>	<b>342,564</b>	<b>327,571</b>	<b>306,608</b>
<b>Net operating working capital</b>	<b>113,185</b>	<b>77,102</b>	<b>94,303</b>
<b>Other current assets (liabilities), net</b>	<b>(16,819)</b>	<b>(6,601)</b>	<b>(17,198)</b>
<b>Net invested capital</b>	<b>438,930</b>	<b>398,072</b>	<b>383,713</b>
Equity	91,926	108,210	126,868
Provisions for severance indemnities, liabilities and charges	7,565	7,701	8,144
Net financial position	339,439	282,161	248,701
<b>Net invested capital</b>	<b>438,930</b>	<b>398,072</b>	<b>383,713</b>

The following table shows the mix and changes in net operating working capital and other current assets (liabilities):

(Thousands of Euro)	June 30, 2023	Dec. 31, 2022	June 30, 2022
Inventories	305,004	290,165	262,203
Accounts receivable	76,957	83,998	88,157
Trade payables	(268,776)	(297,061)	(256,057)
<b>Net operating working capital</b>	<b>113,185</b>	<b>77,102</b>	<b>94,303</b>
<b>% of sales for the last 12 months</b>	<b>15.1%</b>	<b>10.5%</b>	<b>13.8%</b>
Taxes payable	(15,650)	(9,732)	(7,685)
Other non-financial current assets	28,667	32,021	22,209
Other non-financial current liabilities	(29,836)	(28,890)	(31,722)
<b>Other current assets (liabilities), net</b>	<b>(16,819)</b>	<b>(6,601)</b>	<b>(17,198)</b>

The net working capital is now approximately Euro 113 million, showing an increase of around Euro 36 million compared to Euro 77 million in December 2022. The inventory has increased by approximately Euro 15 million compared to December 2022.

The trade receivables have decreased both compared to December 2022 (by Euro 7 million) and June 2022 (by Euro 11.2 million), thanks to early shipments that allowed for higher cash collection during the semester.

Lastly, the trade payables have decreased by Euro 28 million compared to December 2022. This is a result of improved supply chain efficiency and production dynamics, which led to timely deliveries (ahead of the previous season) of merchandise destined for sale. This alignment, combined with consistent DPO has resulted in a reduction of outstanding debts compared to December 2022.

The incidence of net working capital on sales for the last twelve months stands at a healthy 15.1%. This incidence, among the best in our industry, is, however, higher than the 10% recorded in December 2022. In the first half of 2023, we have observed a return to normal. 2023 represents a period of significant discontinuity in working capital and cash flows due to two factors.

Firstly, the Group, with FW22, ended the reuse of the excess unsold inventory that had reduced purchases in recent seasons and is now coping with the increase in orders exclusively by purchasing new product.

Secondly, supply chain problems experienced in 2022 resulted in a shift of more payments to the first half of the year of approximately Euro 18 million resulting from delivery delays of the previous season, while the newfound reliability of the supply chain in 2023 resulted in an advance in Spring/Summer payment due dates against duly on time deliveries of about Euro 50 million.

Overall, therefore, the first half of the year recorded higher payments to suppliers, compared to the same period of the previous year, of about Euro 68 million.

The incidence, now at normalized level is expected to be in 15%-18% range by the end of the year, which is better than the assumptions of the business plan (21%-23%).

The following table gives a breakdown of the net financial position:

(Thousands of Euro)	June 30, 2023	Dec. 31, 2022	June 30, 2022
Cash and cash equivalents	47,215	24,303	26,531
Current financial assets - excluding derivatives	3,913	4,043	3,225
Current financial liabilities - excluding derivatives	(82,821)	(47,465)	(44,474)
<b>Net financial position - current portion</b>	<b>(31,693)</b>	<b>(19,119)</b>	<b>(14,718)</b>
Non-current financial assets	27	27	26
Long-term loans	(68,842)	(56,622)	(67,978)
<b>Net financial position - non-current portion</b>	<b>(68,815)</b>	<b>(56,595)</b>	<b>(67,952)</b>
<b>Net financial position - prior to fair value adjustment of derivatives and IFRS 16 impact</b>	<b>(100,508)</b>	<b>(75,714)</b>	<b>(82,670)</b>
Lease liabilities	(249,894)	(232,324)	(217,671)
<b>Net financial position - prior to fair value adjustment of derivatives</b>	<b>(350,402)</b>	<b>(308,038)</b>	<b>(300,341)</b>
Fair value adjustment of derivatives	10,963	25,877	51,640
<b>Net financial position</b>	<b>(339,439)</b>	<b>(282,161)</b>	<b>(248,701)</b>

As of 30 June 2023, the net financial position (pre-IFRS 16 and after the fair value of derivative contracts) amounts to Euro -89.5 million, compared to Euro -49.8 million at December 2022. The net debt to banks stands at Euro -100.5 million (compared to Euro -75.7 million in December 2022). The fair value of existing hedging transactions as of June 30, 2023 is therefore positive at Euro 11 million. Net financial position swing is closely correlated to the trend of working capital.

The following is a reconciliation between the Parent Company's equity and net income for the period and the Group's equity and net income for the period:

Description	Net income for the period June 30, 2023	Equity 06-30-2023	Net income for the period 2022	Equity 12-31-2022
<b>Parent company's equity and net income</b>	<b>6,361</b>	<b>105,579</b>	<b>(12,233)</b>	<b>104,910</b>
Differences between the carrying value of the investments in subsidiaries and the Group share of their equity	(95)	32,243	168,314	163,718
Group share of affiliates' results	(10,688)	(10,688)	(122,770)	(122,770)
Elimination of intragroup transactions on inventories	(3,889)	(11,717)	(3,142)	(8,504)
Elimination of intragroup dividends and investments write-off	(1,693)	-	(2,026)	-
Other adjustments	361	(23,491)	(41,164)	(29,144)
<b>Group equity and net income</b>	<b>(9,643)</b>	<b>91,926</b>	<b>(13,021)</b>	<b>108,210</b>

## IFRS 16 effects on Group's financial performance

In order to give a clearer representation of the Group's financial performance and to improve the level of transparency for the financial community, the reconciliation table between the balance sheet amounts as of June 30, 2023 and those excluding accounting effects deriving from the application of IFRS 16 is presented below:

(Thousands of Euro)	June 30, 2023	IFRS 16 impact	June 30, 2023 excluding IFRS 16	December 31, 2022 excluding IFRS 16	June 30, 2022 excluding IFRS 16
Intangible assets	30,582	1,762	32,344	34,546	31,379
Property, plant and equipment	32,461	861	33,322	35,430	37,591
Right-of-use assets	243,562	(243,562)	-	-	-
Other non-current assets - net	35,959	-	35,959	34,631	28,136
<b>Total non-current assets</b>	<b>342,564</b>	<b>(240,939)</b>	<b>101,625</b>	<b>104,607</b>	<b>97,106</b>
<b>Net operating working capital</b>	<b>113,185</b>	<b>-</b>	<b>113,185</b>	<b>76,374</b>	<b>92,376</b>
<b>Other current assets (liabilities), net</b>	<b>(16,819)</b>	<b>-</b>	<b>(16,819)</b>	<b>(6,601)</b>	<b>(17,198)</b>
<b>Net invested capital</b>	<b>438,930</b>	<b>(240,939)</b>	<b>197,991</b>	<b>174,380</b>	<b>172,284</b>
Equity	91,926	8,955	100,881	116,842	133,110
Provisions for severance indemnities, liabilities and charges	7,565	-	7,565	7,701	8,144
Net financial position	339,439	(249,894)	89,545	49,837	31,030
<b>Net invested capital</b>	<b>438,930</b>	<b>(240,939)</b>	<b>197,991</b>	<b>174,380</b>	<b>172,284</b>

The item 'IFRS 16 Impact' mainly includes the following effects:

- elimination of Non-current assets for Euro 243,562 thousand, mainly related to Right-of-use;
- elimination of Financial lease liabilities for an amount of Euro 249,894 thousand.

It is emphasized that the balance sheets set out above, which exclude the impacts deriving from the application of IFRS 16, are not to be considered as a substitute for those defined by the IFRS accounting standards adopted by the European Union and therefore their presentation must be carefully evaluated by the reader of this Financial Report.

### Reclassified cash flow statement and investments of the period

The following table gives a reclassified consolidated cash flow statement:

(Thousands of Euro)	I half 2023	I half 2022	2022
<b>Net result</b>	<b>(9,643)</b>	<b>(19,645)</b>	<b>(13,021)</b>
Depreciation, amortization and impairment	36,581	36,474	75,164
Other non-cash items	2,595	(20,127)	(14,744)
<b>Cash flow from economics</b>	<b>29,533</b>	<b>(3,298)</b>	<b>47,399</b>
Change in net working capital	(35,140)	37,522	41,381
Change in other assets/liabilities	14,798	2,472	(4,837)
<b>Cash flow from operations</b>	<b>9,191</b>	<b>36,696</b>	<b>83,943</b>
Capital expenditure	(8,276)	(11,473)	(25,237)
Disposals	-	45	45
<b>Net capital expenditure</b>	<b>(8,276)</b>	<b>(11,428)</b>	<b>(25,192)</b>
<b>Free cash flow</b>	<b>915</b>	<b>25,268</b>	<b>58,751</b>
Increase in right-of-use assets	(43,584)	(28,265)	(72,087)
<b>Change in net financial position</b>	<b>(42,669)</b>	<b>(2,997)</b>	<b>(13,336)</b>
<b>Initial net financial position - prior to fair value adjustment of derivatives</b>	<b>(308,038)</b>	<b>(295,230)</b>	<b>(295,230)</b>
Change in net financial position	(42,669)	(2,997)	(13,336)
Translation differences	305	(2,114)	528
<b>Final net financial position - prior to fair value adjustment of derivatives</b>	<b>(350,402)</b>	<b>(300,341)</b>	<b>(308,038)</b>
Fair value adjustment of derivatives	10,963	51,640	25,877
<b>Final net financial position</b>	<b>(339,439)</b>	<b>(248,701)</b>	<b>(282,161)</b>

Consolidated capital expenditure is analyzed in the following table:

(Thousands of Euro)	I half 2023	I half 2022	2022
Trademarks and patents	156	176	382
Opening and restructuring of Geox Shop	4,133	3,989	8,539
Industrial plant and equipment	1,270	1,881	3,510
Logistic	171	1,238	2,729
Information technology	2,170	3,921	9,151
Offices furniture, warehouse and fittings	376	268	926
<b>Total cash capex</b>	<b>8,276</b>	<b>11,473</b>	<b>25,237</b>
Right-of-Use	43,646	28,667	72,616
<b>Total capex</b>	<b>51,922</b>	<b>40,140</b>	<b>97,853</b>

## IFRS 16 effects on Reclassified cash flow statement

In order to provide a clearer representation of the changes in the Group's net financial position in the first half of the year and to improve the level of transparency for the financial community, the reconciliation table between the values of the consolidated cash flow statement for the first half and those that exclude the accounting effects deriving from the application of IFRS 16 is presented below:

(Thousands of Euro)	I half 2023	IFRS 16 impact	I half 2023 excluding IFRS 16	I half 2022 excluding IFRS 16
<b>Net result</b>	<b>(9,643)</b>	<b>15</b>	<b>(9,628)</b>	<b>(19,475)</b>
Depreciation, amortization and impairment	36,581	(24,303)	12,278	12,405
Other non-cash items	2,595	-	2,595	(20,127)
<b>Cash flow from economics</b>	<b>29,533</b>	<b>(24,288)</b>	<b>5,245</b>	<b>(27,197)</b>
Change in net working capital	(35,140)	-	(35,140)	35,339
Change in other current assets/liabilities	14,798	-	14,798	2,472
<b>Cash flow from operations</b>	<b>9,191</b>	<b>(24,288)</b>	<b>(15,097)</b>	<b>10,614</b>
Capital expenditure	(8,276)	-	(8,276)	(11,473)
Disposals	-	-	-	45
<b>Net capital expenditure</b>	<b>(8,276)</b>	<b>-</b>	<b>(8,276)</b>	<b>(11,428)</b>
<b>Free cash flow</b>	<b>915</b>	<b>(24,288)</b>	<b>(23,373)</b>	<b>(814)</b>
Increase in right-of-use assets	(43,584)	43,584	-	-
<b>Change in net financial position</b>	<b>(42,669)</b>	<b>19,296</b>	<b>(23,373)</b>	<b>(814)</b>
<b>Initial net financial position - prior to fair value adjustment of derivatives</b>	<b>(308,038)</b>	<b>232,324</b>	<b>(75,714)</b>	<b>(82,856)</b>
Change in net financial position	(42,669)	19,296	(23,373)	(814)
Translation differences	305	(1,726)	(1,421)	1,000
<b>Final net financial position - prior to fair value adjustment of derivatives</b>	<b>(350,402)</b>	<b>249,894</b>	<b>(100,508)</b>	<b>(82,670)</b>
Fair value adjustment of derivatives	10,963	-	10,963	51,640
<b>Final net financial position</b>	<b>(339,439)</b>	<b>249,894</b>	<b>(89,545)</b>	<b>(31,030)</b>

The item 'IFRS 16 impact' includes the effects described above on the income statement items (mainly reversal of depreciation relating to Right-of-use assets and consideration of lease costs) and on the balance sheet and financial position (mainly reversal of Right-of-use assets and financial lease liabilities).

It is emphasized that the above statements, which exclude the impacts deriving from the application of IFRS 16, are not to be considered as a substitute for those defined by the IFRS accounting standards adopted by the European Union and therefore their presentation must be carefully evaluated by the reader of this Financial Report.



## **Treasury shares and equity interests in parent companies**

As at June 30, 2023, the treasury shares held by the Company amount to 3,996,250 corresponding to 1.54% of the total number of ordinary shares, according to the resolution passed by the Shareholders' Meeting on April 16, 2019, which launched a buy-back program of Geox shares to be used for the Stock Grant Plan.

The buy-back program started on June 5, 2019 and ended on November 20, 2019.

## **Stock Plan**

The extraordinary Shareholders' Meeting, on April 22, 2021, approved a new medium-long term incentive plan, Stock Grant & Cash-Based 2021-2023, involving the free issue of up to a maximum of 7,696,626 ordinary Company shares, as well as a monetary component for a maximum amount of Euro 1,320,000 gross, in the event of overachievement of some targets, to the benefit of the Chief Executive Officer, Executives with strategic responsibilities and other senior managers and employees who are considered key resources for Geox or other Group Companies. The Plan has a three-year vesting period and, as a result, the shares may be assigned from the date the Shareholders' Meeting approves the financial statements for the year ending December 31, 2023. The assignment of Equity Shares component is subject to the compliance with permanence condition (permanence at the date of approval by the Board of Directors of the Company of the draft consolidated financial statements closed on December 31, 2023), to the achievement of some profitability targets linked to EBIT in 2022, to the EBITDA target in 2023 and to some financial targets of the Group in 2023. The disbursement of the Cash Quota is also subject to the achievement of the overachievement target.

Through the adoption of the Plan, the Company intends to promote and pursue the following objectives: to involve and incentivize the beneficiaries whose activities are considered of fundamental importance for the achievement of the Group's objectives; promote the loyalty of beneficiaries, encouraging their stay within the Group; sharing and aligning the interests of the beneficiaries with those of the Company and of the shareholders in the medium to long term, acknowledging the management's contribution to the increase in the Company's value. The Board of Directors of Geox S.p.A. resolved to implement the 2021-2023 Equity (Stock Grant) & Cash-Based Plan, with a first assignment cycle of no. 7,671,892 rights in favor of 99 beneficiaries. As of June 30, 2023, a number of 6,484,709 rights are in circulation.

## Transaction between Related Parties

During the period, there were no transactions with related parties which can be qualified as unusual or atypical. Any related party transactions formed part of the normal business activities of companies in the Group. Such transactions are concluded at standard market terms for the nature of goods and/or services offered.

Information on transactions with related parties is provided in Note 37 of the Consolidated Financial Statements.

## Outlook for operation

The current international and geo-political environment still characterized by uncertainty and volatility, albeit with some positive signs, must be kept in mind when making forecasts for the entire year. The weakening dollar and falling energy prices are leading to an improvement in transportation and supply costs. In addition, there has been a general and important stabilization of supply chain conditions since the last quarter of 2022, with in particular, an easing of pressure on raw material costs and more reliable shipping times. This trend is continuing during 2023, with strong progress toward full supply chain reliability. On the other hand, the inflationary environment of rising interest rates still remains persistent, which certainly contributed, along with the abnormal weather conditions, to a cautious attitude of consumers and shopkeepers regarding purchases in April and May. A recession in the second half of the year or early 2024 has also not yet been ruled out.

This context imposes attention on forecasts that are based on the following evidence and assumptions:

- 1) DOS channel is showing to date (week 29) positively comparable sales (LFL) (about +3.6% vs 2022 and +3.5% vs 2019) with also a reduction in the incidence of discounts (by almost 2% vs 2022). It is assumed that the DOS channel may experience better dynamics for the second half of the year than those experienced in the first part of the year.
- 2) Wholesale channel concluded the initial FW23 order intake recording growth compared to the levels experienced in the previous year. It is assumed that in-season reorders and advances on upcoming collections can achieve performance in line with previous years. Therefore, as of today, based on these elements and the fact that the fourth quarter of 2022 represents a strong comparable base it is assumed that channel growth in the second half of the year will be slightly positive bringing growth for the full year in a range of +4% / +6%.
- 3) Management continues to careful control over variable and structure costs still taking into consideration the critical issues arising from the geo-political situation and inflationary pressure.

Based on the assumptions above, management confirms the guidelines communicated in the previous market communication.

Here below the detailed forecast:

- 1) Sales slightly positive in the second half of the year. Total sales are thus expected to grow overall around +4% / +6% compared to 2022.
- 2) Gross Margin improved thanks to the good performance of discounts and transportation costs, by about +130 / +150 bps in the second half of the year, and then by about +220 / +240 bps over the full year.

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) improving supply chain reliability trend will continue as well as reducing transportation costs compared with the past fiscal year;
- 4) 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 half 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.

Biadene di Montebelluna, July 27, 2023

For the Board of Directors  
The Chairman  
Mr. Mario Moretti Polegato

# CONSOLIDATED FINANCIAL STATEMENTS AND EXPLANATORY NOTES







## Income statement

(Thousands of Euro)	Notes	I half 2023	of which related party (note 37)	I half 2022	of which related party (note 37)	2022	of which related party (note 37)
<b>Sales</b>	4	<b>353,603</b>	548	<b>340,589</b>	552	<b>735,517</b>	1,000
Cost of sales	5	(173,272)	13	(179,355)	18	(386,287)	28
<b>Gross profit</b>	5	<b>180,331</b>		<b>161,234</b>		<b>349,230</b>	
Selling and distribution costs	6	(18,616)		(18,526)		(38,998)	-
General and administrative expenses	7	(144,045)	(28)	(140,787)	8	(288,974)	(64)
Other revenues	8	3,116	46	<b>2,303</b>	40	<b>13,364</b>	93
Advertising and promotion costs	6	(17,160)	(70)	(15,232)	(82)	(30,358)	(159)
<b>EBIT</b>		<b>3,626</b>		<b>(11,008)</b>		<b>4,264</b>	
Financial income	12	2,101		1,827		2,709	-
Financial expenses	12	(15,365)	(820)	(6,186)	(666)	(15,369)	(1,307)
<b>PBT</b>		<b>(9,638)</b>		<b>(15,367)</b>		<b>(8,396)</b>	
Income tax	13	(5)	-	(4,278)	-	(4,625)	-
<b>Net result</b>		<b>(9,643)</b>		<b>(19,645)</b>		<b>(13,021)</b>	
Earning/(Loss) per share (Euro)	14	(0.04)		(0.08)		(0.05)	
Diluted earning/(loss) per share (Euro)	14	(0.04)		(0.07)		(0.05)	

## Statement of other comprehensive income

(Thousands of Euro)	Notes	I half 2023	of which related party	I half 2022	of which related party	2022	of which related party
<b>Net income</b>	25	<b>(9,643)</b>		<b>(19,645)</b>		<b>(13,021)</b>	
<b>Other comprehensive income that will not be reclassified subsequently to profit or loss:</b>							
Net gain (loss) on actuarial defined-benefit plans		77	-	333	-	373	-
<b>Other comprehensive income that may be reclassified subsequently to profit or loss:</b>							
Net gain (loss) on Cash Flow Hedge		(6,536)	-	21,808	-	(6,072)	-
Tax effects on items that may be later reclassified to profit or loss		1,568		(5,234)		1,457	
Currency translation		(978)	-	4,061	-	(1,033)	-
<b>Net comprehensive income</b>		<b>(15,512)</b>		<b>1,323</b>		<b>(18,296)</b>	

Please note that the comparative information is restated to reflect the new classifications of financial statements items.

## Statement of financial position

(Thousands of Euro)	Notes	June 30, 2023	of which related party (note 37)	Dec. 31, 2022	of which related party (note 37)	June 30, 2022	of which related party (note 37)
<b>ASSETS:</b>							
Intangible assets	15	30,582		34,190		30,971	
Property, plant and equipment	16	32,461		34,477		36,545	
Right-of-use assets	17	243,562		224,273		210,956	
Deferred tax assets	18	30,731		29,222		21,937	
Non-current financial assets	23	27		27		26	
Non-current lease assets	29	694		176		260	
Other non-current assets	19	6,351		6,588		7,985	
<b>Total non-current assets</b>		<b>344,408</b>		<b>328,953</b>		<b>308,680</b>	
Inventories	20	305,004		290,165		262,203	
Accounts receivable	21	76,957	604	83,998	573	88,157	604
Other non-financial current assets	22	28,667	1	32,021	2	22,209	1
Current financial assets	23-36	15,374		30,945		56,121	
Cash and cash equivalents	24	47,215		24,303		26,531	
<b>Current assets</b>		<b>473,217</b>		<b>461,432</b>		<b>455,221</b>	
<b>Total assets</b>		<b>817,625</b>		<b>790,385</b>		<b>763,901</b>	
<b>LIABILITIES AND EQUITY:</b>							
Share capital	25	25,921		25,921		25,921	
Reserves	25	75,648		95,310		120,592	
Net income	25	(9,643)		(13,021)		(19,645)	
<b>Equity</b>		<b>91,926</b>		<b>108,210</b>		<b>126,868</b>	
Employee severance indemnities	26	1,724		1,875		1,909	
Provisions for liabilities and charges long-term	27	5,841		5,826		6,235	
Long-term loans	28	68,842		56,622		67,978	
Non-current lease liabilities	29	209,269	65,585	189,549	50,770	172,281	53,127
Other long-term payables	30	1,123		1,179		1,786	
<b>Total non-current liabilities</b>		<b>286,799</b>		<b>255,051</b>		<b>250,189</b>	
Trade payables	31	268,776	4,173	297,061	101	256,057	589
Other non-financial current liabilities short-term	32	27,122		26,535		30,979	
Provisions for liabilities and charges	33	2,714		2,355		743	
Taxes payable	34	15,650		9,732		7,685	
Current financial liabilities	28-36	83,319		48,490		45,730	
Current lease liabilities	29	41,319	5,129	42,951	5,000	45,650	4,947
<b>Current liabilities</b>		<b>438,900</b>		<b>427,124</b>		<b>386,844</b>	
<b>Total liabilities and equity</b>		<b>817,625</b>		<b>790,385</b>		<b>763,901</b>	

Please note that the comparative information is restated to reflect the new classifications of financial statements items.

## Statement of cash flows

(Thousands of Euro)	Notes	I half 2023	I half 2022	2022
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>				
<b>Net result</b>	25	<b>(9,643)</b>	<b>(19,645)</b>	<b>(13,021)</b>
<b>Adjustments to reconcile net income to net cash generate (absorbed) by operating activities:</b>				
Depreciation and amortization and impairment	9-10	36,581	36,474	75,164
Income tax	13	5	4,278	4,625
Net financial expenses	12	13,264	4,359	12,660
Share-based payment transactions settled with equity instruments	25	(772)	973	1,924
Other non-cash items		(9,827)	(29,570)	(33,794)
Employee benefits	26	(75)	(167)	(159)
		<b>39,176</b>	<b>16,347</b>	<b>60,420</b>
<b>Change in assets/liabilities:</b>				
Accounts receivable	21	5,184	(10,671)	(10,700)
Other assets	19-22	5,237	4,344	(2,533)
Inventories	20	(10,730)	(10,858)	(56,742)
Accounts payable	31	(29,594)	59,051	108,823
Other liabilities	30-32	15,243	1,100	4,905
Taxes paid		(560)	(92)	(672)
Interests paid		(6,404)	(3,669)	(8,251)
Interests received		1,282	789	1,714
		<b>(20,342)</b>	<b>39,994</b>	<b>36,544</b>
<b>Net cash flow generated (absorbed) by operating activities</b>		<b>9,191</b>	<b>36,696</b>	<b>83,943</b>
<b>CASH FLOW USED IN INVESTING ACTIVITIES:</b>				
Capital expenditure on intangible assets	15	(2,337)	(4,022)	(9,987)
Capital expenditure on property, plant and equipment	16	(5,039)	(7,451)	(15,250)
Initial direct costs for rights of use		(900)	-	-
		<b>(8,276)</b>	<b>(11,473)</b>	<b>(25,237)</b>
Disposals	15-16	-	45	45
(Increase) decrease in financial assets	23	(372)	(281)	(1,062)
<b>Net cash flow generated (absorbed) by investing activities</b>		<b>(8,648)</b>	<b>(11,709)</b>	<b>(26,254)</b>
<b>CASH FLOW FROM (USED IN) FINANCING ACTIVITIES:</b>				
Increase (decrease) in short-term bank borrowings, net	28	(3,585)	1,996	3,901
Lease liabilities repayment	29	(24,764)	(26,001)	(52,020)
Loans:				
- Proceeds	28	65,652	-	17,000
- Repayments	28	(14,480)	(21,040)	(48,180)
<b>Net cash flow generated (absorbed) by financing activities</b>		<b>22,823</b>	<b>(45,045)</b>	<b>(79,299)</b>
<b>Increase (decrease) in cash and cash equivalents</b>		<b>23,366</b>	<b>(20,058)</b>	<b>(21,610)</b>
<b>Cash and cash equivalents, beginning of the period</b>	24	<b>24,303</b>	<b>45,655</b>	<b>45,655</b>
Effect of translation differences on cash and cash equivalents		(454)	934	258
<b>Cash and cash equivalents, end of the period</b>	24	<b>47,215</b>	<b>26,531</b>	<b>24,303</b>

Please note that the comparative information is restated to reflect the new classifications of financial statements items.



## Statement of changes in equity

(Thousands of Euro)	Notes	Share capital	Legal reserve	Share premium reserve	Translation reserve	Cash flow hedge reserve	Stock Option reserve	Treasury shares reserve	Retained earnings	Net income	Group equity
<b>Balance at December 31, 2021</b>	<b>25</b>	<b>25,921</b>	<b>5,184</b>	<b>37,678</b>	<b>(4,418)</b>	<b>11,756</b>	<b>1,980</b>	<b>(5,051)</b>	<b>113,679</b>	<b>(62,147)</b>	<b>124,582</b>
Allocation of result		-	-	-	-	-	-	-	(62,147)	62,147	-
Share-based payment transactions settled with equity instruments		-	-	-	-	-	1,924	-	-	-	1,924
Other Items of the Comprehensive Income Statement		-	-	-	(1,033)	(4,615)	-	-	373	-	(5,275)
Net result		-	-	-	-	-	-	-	-	(13,021)	(13,021)
<b>Balance at December 31, 2022</b>	<b>25</b>	<b>25,921</b>	<b>5,184</b>	<b>37,678</b>	<b>(5,451)</b>	<b>7,141</b>	<b>3,904</b>	<b>(5,051)</b>	<b>51,905</b>	<b>(13,021)</b>	<b>108,210</b>
Allocation of result		-	-	-	-	-	-	-	(13,021)	13,021	-
Share-based payment transactions settled with equity instruments		-	-	-	-	-	(772)	-	-	-	(772)
Other Items of the Comprehensive Income Statement		-	-	-	(978)	(4,968)	-	-	77	-	(5,869)
Net result		-	-	-	-	-	-	-	-	(9,643)	(9,643)
<b>Balance at June 30, 2023</b>		<b>25,921</b>	<b>5,184</b>	<b>37,678</b>	<b>(6,429)</b>	<b>2,173</b>	<b>3,132</b>	<b>(5,051)</b>	<b>38,961</b>	<b>(9,643)</b>	<b>91,926</b>

(Thousands of Euro)	Notes	Share capital	Legal reserve	Share premium reserve	Translation reserve	Cash flow hedge reserve	Stock Option reserve	Treasury shares reserve	Retained earnings	Net income	Group equity
<b>Balance at December 31, 2021</b>	<b>25</b>	<b>25,921</b>	<b>5,184</b>	<b>37,678</b>	<b>(4,418)</b>	<b>11,756</b>	<b>1,980</b>	<b>(5,051)</b>	<b>113,679</b>	<b>(62,147)</b>	<b>124,582</b>
Allocation of result		-	-	-	-	-	-	-	(62,147)	62,147	-
Share-based payment transactions settled with equity instruments		-	-	-	-	-	963	-	-	-	963
Other Items of the Comprehensive Income Statement		-	-	-	4,061	16,574	-	-	333	-	20,968
Net result		-	-	-	-	-	-	-	-	(19,645)	(19,645)
<b>Balance at June 30, 2022</b>		<b>25,921</b>	<b>5,184</b>	<b>37,678</b>	<b>(357)</b>	<b>28,330</b>	<b>2,943</b>	<b>(5,051)</b>	<b>51,865</b>	<b>(19,645)</b>	<b>126,868</b>

Please note that the comparative information is restated to reflect the new classifications of financial statements items.

## **Explanatory notes**

### **1. Information about the Company: the Group's business activity**

The Geox Group develops, schedules and coordinates production and sells Geox-brand footwear and apparel to retailers and end-consumers. It also grants distribution rights and/or use of the brand name to third parties in markets where the Group has chosen not to have a direct presence. Licensees handle production and marketing in accordance with licensing agreements and pay Geox royalties.

Geox S.p.A., the parent company, is a joint-stock company incorporated and domiciled in Italy and is controlled by LIR S.r.l. Geox S.p.A. is a joint-stock company incorporated and domiciled in Italy with registered office at Via Feltrina Centro 16, Biadene di Montebelluna (TV), Italy.

Geox S.p.A. is controlled, with a share of 71.10%, by Lir S.r.l., which has its registered office in Treviso, Italy, and is an investment holding company that belongs entirely to Mario Moretti Polegato and Enrico Moretti Polegato (who respectively own 85% and 15% of the share capital).

Geox S.p.A. is not subject to management and coordination activities exercised by another person or entity for the reasons illustrated in the Directors' Report to which reference should be made.

### **2. Accounting policies**

#### **Form and contents of the consolidated financial statements**

The consolidated financial statements have been prepared by the Board of Directors on the basis of the accounting records updated to June 30, 2023. The consolidated financial statements have been drawn up in compliance with the International Financial Reporting Standards adopted by the European Union (IFRS) in force at the date of preparation, as well as on the basis of the measures issued in compliance with article 9 of Legislative Decree 38/2005 (Consob Resolutions No. 15519 and 15520 of 27 July 2006). Unless otherwise indicated, the accounting standards described below have been applied consistently for all periods included in these consolidated financial statements.

To facilitate comparison with the previous year, the accounting schedules provide comparative figures with December 31, 2022 for balance sheet accounts and for the first half of 2022 in the case of the income statement. It should be noted that the comparative information is restated to reflect the new classifications of balance sheet items.

The financial statements are presented in Euro and all values are rounded to the nearest thousand.

#### **International and macroeconomic update**

Russia's invasion of Ukraine continues to create strong international, humanitarian and social crisis situations with strong negative impacts first of all on the living conditions of the people of these countries, but also on their domestic economic activity and trade in the area. These serious and extraordinary events have caused global repercussions. The supply chain has regained efficiency and stability but some major effects remain 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.

In both countries Geox's business is mainly developed through third parties, wholesale and franchising (100% in Ukraine and 70% in Russia). In light of these events, the Group suspended, shortly after the outbreak of the conflict, any new direct investment in Russia, 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 Russia.

As of June 30, 2023, revenues from the area (Russia and Ukraine) are substantially in line with the Business Plan at approximately Euro 37 million (about 10% of consolidated sales). The invested capital of the Russian subsidiary is mainly composed by net working capital that has a weight, as of June 2023, of about 6% of the Group total.

Likewise, the situation of receivables from customers operating in the region is constantly monitored and has a low residual balance of Euro 7.9 million. Non-current assets in Russia, which mainly refer to directly operated stores, amount

to Euro 6.0 million (of which Euro 4.3 million in Right-of-use). The value of inventories in Russia amounted to Euro 17.2 million. Overall, net invested capital in Russia amounts to Euro 27.8 million, equivalent to approximately 6% of the Group total, at 30 June 2023 exchange rates.

The Group has no suppliers or production facilities in the area. The Company was part of the Golden Links project promoted by Banca Intesa and Caritas Italiana and actively cooperated with Protezione Civile, a number of humanitarian associations, the Embassy of Ukraine in Italy, and the Consulate of Ukraine in Venice to supply basic necessities, such as clothing and footwear, to the people on the ground and refugees in Italy.

## **Scope of consolidation**

The consolidated financial statements as at June 30, 2023 include the figures, on a line-by-line basis, of all the Italian and foreign subsidiaries in which the Parent Company holds a majority of the shares or quotas, directly or indirectly.

The companies taken into consideration for consolidation purposes are listed in the attached schedule entitled "List of companies consolidated at June 30, 2023".

## **Format of financial statements**

The Group presents its income statement by classifying costs by function, a reclassification deemed most representative of the business sector in which the Group. The format chosen is that used for managing the business and for management reporting purposes and is consistent with international practice in the footwear and apparel sector.

For the Statement of financial position, a format has been selected to present current and non-current assets and liabilities.

The Statement of cash flow is presented using the indirect method.

In connection with the requirements of the Consob Resolution No. 15519 of July 27, 2006 as to the format of the financial statements, specific supplementary column has been added for related party transactions so as not to compromise an overall reading of the statements (Nota 37).

## **Consolidation principles**

The financial statements of the subsidiaries included in the scope of consolidation are consolidated on a line-by-line basis, which involves combining all of the items shown in their financial statements regardless of the Group's percentage interest.

If the companies included in the scope of consolidation are subject to different local regulations, the most suitable reporting formats have been adopted to ensure maximum clarity, truth and fairness. The financial statements of foreign subsidiaries are reclassified where necessary to bring them into line with Group accounting policies. They are also adjusted to ensure compliance with IFRS.

In particular, for the subsidiaries included in the scope of consolidation:

- the book value of equity investments included in the scope of consolidation is eliminated against the equity of the companies concerned according to the full consolidation method. There is no direct or indirect investment that is less than 100%, therefore minority interests are not shown.
- if the amount transferred exceeds the net book value of the related shareholders' equity at the time of acquisition, the difference is allocated to specific assets of the companies acquired, with reference to the fair value at the acquisition date and amortized on a straight-line basis having regard to the useful life of the investment. If appropriate, any amounts which are not allocated are recorded as goodwill. In this case, the amounts are not amortized but subjected to impairment testing at least once a year, or whenever considered necessary;
- if the book value exceeds the purchase cost, the difference is credited to the income statement.

The following are also eliminated:

- receivables and payables, costs and revenues and profits and losses resulting from intragroup transactions, taking into account the related tax effects;
- the effects of extraordinary transactions involving Group companies (mergers, capital contributions, etc).

### Accounting standards, amendments and interpretations applicable since January 1, 2023

The following is a list of IFRS accounting standards, amendments and interpretations that became effective on January 1, 2023, the adoption of which had no impact on the Group's financial statements.

Title	Issued Date	Effective Date	Endorsment Date	EU regulation and date of publication
IFRS 17 – Insurance contracts (including amendments published on 25 June 2020)	May 2017 June 2020	1 January 2023	19 November 2021	(UE) 2021/2036 23 November 2021
Definition of accounting estimates (Amendments to IAS 8)	February 2021	1 January 2023	2 March 2022	(UE) 2022/357 3 March 2022
Disclosure of Accounting policies (Amendments to IAS 1 and IFRS Practice Statement 2)	February 2021	1 January 2023	2 March 2022	(UE) 2022/357 3 March 2022
Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12 Income taxes)	May 2021	1 January 2023	11 August 2022	(UE) 2022/1392 12 August 2022
Initial Application of IFRS 17 and IFRS 9— Comparative Information (Amendment to IFRS 17)	December 2021	1 January 2023	8 September 2022	(UE) 2022/1491 9 September 2022
International Tax Reform— Pillar Two Model Rules (Amendments to IAS 12)	May 2023	23 May 2023	TBD	TBD

### Accounting standards, amendments and interpretations not yet mandatorily applicable and not early adopted by the Group:

Title	Issue Date	Effective date of IASB document	Approval date by EU
Classification of liabilities as current or non-current (Amendments to IAS 1) and Non current liabilities with covenants (Amendments to IAS 1)	January 2020 July 2020 October 2022	1 January 2024	TBD
Lease liability in a sale and leaseback (Amendments to IFRS 16)	September 2022	1 January 2024	TBD
Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)	May 2023	1 January 2024	TBD

The directors are not expecting the adoption of these amendments to have a significant impact on the Group's financial statements.

**Accounting standards, amendments and interpretations not yet endorsed by the European Union**

As of the date of this document, the competent authorities of the European Union have not yet concluded the endorsement process necessary for the adoption of the amendments and principles described:

<b>Title</b>	<b>Issue Date</b>	<b>Effective date of IASB document</b>	<b>Approval date by EU</b>
<b>Standards</b>			
IFRS 14 Regulatory deferral accounts	January 2014	1 January 2016	Postponed pending the conclusion of the IASB project on “rate-regulated activities”.
<b>Amendments</b>			
Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28)	September 2014	Deferred until the completion of the IASB project on the equity method	Postponed pending the conclusion of IASB project on the equity method

## Translation of foreign currency financial statements into Euro

The financial statements of foreign companies denominated in currencies other than the Euro are translated as follows:

- income statement items are translated at the average exchange rate for the period, whereas the closing rate is used for balance sheet items, except for net income and equity;
- equity items are translated at the historical exchange rate.

The difference between the equity translated at historical rates and the assets and liabilities translated at closing rates is recorded as a "Translation reserve" under "Reserves" as a part of consolidated equity.

The exchange rates applied represent the rates available published by the Italian Bank, with the exception of the Russian Ruble exchange rate, which the ECB has decided to suspend publishing as from March 1st, 2022. As of that date, the Group considered the exchange rate published by WMR (World Market Reuters) in London.

Currency	Average 30-06-2023	As at 30-06-2023	Average 12-31-2022	As at 12-31-2022	Average 30-06-2022	As at 30-06-2022
US Dollar	1.0811	1.0866	1.0539	1.0666	1.0940	1.0387
Swiss Franc	0.9856	0.9788	1.0052	0.9847	1.0320	0.9960
British Pound	0.8766	0.8583	0.8526	0.8869	0.8422	0.8582
Canadian Dollar	1.4569	1.4415	1.3703	1.4440	1.3905	1.3425
Japanese Yen	145.7527	157.1600	138.0051	140.6600	134.2987	141.5400
Chinese Yuan	7.4898	7.8983	7.0801	7.3582	7.0827	6.9624
Czech Koruna	23.6801	23.7420	24.5603	24.1160	24.6364	24.7390
Russian Ruble	83.6989	97.6446	73.3537	77.9094	84.0201	57.2385
Polish Zloty	4.6259	4.4388	4.6845	4.6808	4.6329	4.6904
Hungarian Forint	380.7114	371.9300	390.9439	400.8700	374.7123	397.0400
Macau Pataca	8.7289	8.7712	8.4990	8.5658	8.8175	8.3938
Serbian Dinar	117.3002	117.1796	117.4202	117.3246	117.5347	116.8255
Vietnam Dong	25,434.3333	25,618.0000	24,642.1667	25,183.0000	25,068.0000	24,170.0000
Indonesian Rupiah	88.8775	16,384.5400	15,633.5917	16,519.8200	15,803.6700	15,552.0000
Turkish Lira	21.5444	28.3193	17.3849	19.9649	16.2330	17.3220
Indian Rupia	88.8775	89.2065	82.7145	88.1710	83.3249	82.1130

## Estimates and assumptions

Drawing up financial statements and notes in compliance with IFRS requires directors to make estimates and assumptions that can affect the value of the assets and liabilities in the balance sheet, including disclosures on contingent assets and liabilities at the balance sheet date. The estimates and assumptions used are based on experience and other relevant factors.

It's to be noted that forecasts are by their nature subject to significant factors of uncertainty, especially in the current economic situation characterized by geo-political tensions concerning Russia and Ukraine. So, it cannot be excluded that the results over the coming months may differ from what has been forecasted, and this in turn could lead to adjustments that obviously cannot be estimated or foreseen as of today.

Estimates and assumptions are revised periodically and the effects of each variation made to them are reflected in the income statement for the period when the estimate is revised. In particular, with regard to asset values, impairment tests were updated, based on the financial projections for the period 2023-2027, approved on 2 February 2023 by the Board of Directors, which confirm the main objectives and strategies defined in the 2022-2024 Strategic Plan, as better described in Note 10.

The items in the financial statements that are principally affected by these situations of uncertainty are: intangible assets, property, plant and equipment, right-of-use assets, deferred tax assets, the refund liabilities, the provision for obsolete and slow-moving inventory, the provision for bad and doubtful accounts and lease liabilities. The following is a summary of the critical valuation processes and key assumptions used by management in the process of applying the accounting standards with regard to the future and which could have significant effects on the values shown in the financial statements.

#### *Impairment of intangible assets, property, plant and equipment and right-of-use assets (Impairment Test)*

The Group has recognized impairment losses against the possibility that the carrying amounts of intangible assets, property, plant and equipment and right-of-use assets may not be recoverable from them by use. The Directors are required to make a significant assessment to determine the amount of asset impairment that should be recognized. They estimate the possible loss of value of assets in relation to future economic performance closely linked to them. Further details and the main Directors' assumptions related impairment test are provided in note 10.

#### *Deferred tax assets*

Deferred tax assets are recognized for temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding amounts recognized for tax purposes, as well as for tax loss carry-forwards considered recoverable.

The Directors are required to make a significant assessment to determine the amount of recoverable deferred tax assets to the extent that it is probable that there will be adequate future taxable profits against which such losses can be utilized. They have to assess the timing and amount of future taxable income and develop a tax planning strategy for the coming years. The book value of the tax losses that have been recognized is shown in note 18.

#### *Refund liabilities*

The Group has valued the possibility that products already sold can be returned by customers. To this end, the Group has made certain assumptions based on the quantity of goods returned in the past and their estimated realizable value. The Group took into account the changed economic scenario and made a provision which reflects the assumptions relating to the performance of its customers until the end of the season and therefore of the expected returns. Further details are provided in note 31.

#### *Inventories - provision for obsolete and slow-moving inventory*

The Group has recognized write-downs for products in inventory that may have to be sold at a discount, which means that they will have to be adjusted to their estimated realizable value, lower than the recorded cost.

For this purpose, the Group has developed assumptions regarding the quantity of goods sold at a discount in the past and the possibility of selling them through the Group's own outlets. In particular, the Group reflected in the inventory write-down provision its assumptions regarding the disposal of previous collections inventories and the surplus estimation relating to the current season collections, considering the current scenario of uncertainty. Further details are provided in note 20.

#### *Provision for bad and doubtful accounts*

The provision for bad and doubtful accounts is calculated on the basis of a specific analysis of items in dispute and of those balances which, even if not in dispute, show signs of delayed collection. Furthermore, the provision includes the receivable evaluation according to the lifetime expected loss model. Evaluating the overall amount of trade receivables that are likely to be paid requires the use of estimates regarding the probability of collecting such items, as well as the write-down percentages applied for not in dispute positions, so it is an assessment that is subject to uncertainties. In particular, Directors took into account the current uncertainty scenario and made a bad debt provision consistent with the situation of the accounts receivable that are partly subject to insurance. Further details are provided in note 21.

#### *Lease liabilities and Right-of-use assets*

The Group records right-of-use assets and lease liabilities. Right-of-use assets are initially valued at cost, and then at cost net of amortization and accumulated losses due to reductions in value and are adjusted in order to reflect revaluations of lease liabilities.

The Group values lease liabilities at the current value of the payments due for lease contracts and not yet paid as at the effective date, discounting them using the incremental borrowing rate defined taking into account the term of the leases, the currency in which they are denominated, the characteristics of the economic environment in which the lease was entered into and the credit adjustment. Lease liabilities are then subsequently increased by the interest that accrues on them and are reduced by the payments made for the leasing. Lease liabilities are also revalued if future payments due for the leasing are altered, due to a change to the index or rate, if there is a change to the amount that the Group believes it will have to pay as a guarantee on the residual value or if the Group alters its valuation with reference to the option to purchase the asset, or to extend or terminate the lease contract.

The Group has estimated the duration of leasing for contracts for which it acts as lessee and that provide for a renewal option. The Group's assessment as to whether or not it is reasonably certain that the option will be exercised affects the estimate of the duration of the leasing, thereby significantly impacting the amount of the lease liabilities and of the right-of-use assets recorded.

The Group has analyzed all lease contracts, defining the lease term for each by combining the "non-cancellable" period with the effects of any extension or early termination clauses that are expected to be exercised with reasonable certainty. More specifically, with regard to real estate, this valuation took into account the specific facts and circumstances for each asset. With regard to other categories of assets, mainly company cars and equipment, the Group generally did not deem it likely for extension or early termination clauses to be exercised, considering the approach normally taken by the Group.

Further details are provided in note 17 with regard to Right-of-use assets and note 29 with regard to lease assets/liabilities.

## Accounting policies

The financial statements are prepared on a historical cost basis, with the exception of derivative instruments measured at fair value, and on the going concern assumption.

The main accounting policies are outlined below:

### Intangible assets

Intangible assets with a finite useful life are recorded at purchase or production cost, including directly-related charges, and amortized systematically over their residual useful lives.

The residual value and useful life of intangible assets are reviewed at least at the end of each reporting period and if, regardless of the amortization already recorded, an impairment loss occurs, the intangible asset is written down accordingly. If the reason for the impairment loss ceases to apply in subsequent years, its value is reinstated.

Amortization is applied systematically over the useful life of the assets based on the period that they are expected to be of use to the Group. The residual value of intangible assets at the end of their useful life is assumed to be zero, unless there is a commitment on the part of third parties to purchase the asset at the end of their useful life or there is an active market for them. As regards the item key money, it is pointed out that in France the protection provided to the tenant by the local law, supported by the market practice, allows the recognition of a recovering value of each trading position, even at the end of the contract. This led the Directors to estimate a residual value of the key money paid at the end of each lease.

The directors review the estimated useful life of intangible assets at the end of each period.

The following table summarizes the useful life (in years) of the various intangible assets:

Trademarks	10 years
Geox patents	10 years
Other patents and intellectual property rights	3-5 years
Key money	Period of the rental contract
Other intangible assets	Period of the rental contract



Trademarks include the costs incurred to protect and disseminate them.

Geox patents include the costs incurred to register, protect and extend new technological solutions in various parts of the world. The other patents and intellectual property rights mainly relate to the costs of implementing and customizing software programs which are amortized in 3-5 years, taking into account their expected future use.

The item key money, which arose before IFRS16 came into force, include:

- amounts paid to acquire businesses (shops) that are managed directly or leased to third parties under franchising agreements;
- amounts paid to access leased property by taking over existing contracts or persuading tenants to terminate their contracts so that new ones can be signed with the landlords. The premises were then fitted out as Geox shops.

Goodwill represents the excess cost of acquisition compared with the fair value of the net assets of the company recently acquired. Goodwill is not amortized; instead, it is subjected to impairment testing at least once a year, and anyway, whenever there is evidence of a loss in value, in order to identify any loss in value of the asset.

## Property, plant and equipment

Property, plant and equipment are booked at their purchase or construction cost, which includes the price paid for the asset (net of any discounts and allowances) and any directly-related purchasing and start-up costs. Property, plant and equipment are shown at cost, net of accumulated depreciation and write-downs/write backs.

The residual value of the assets, together with their estimated useful life, is reviewed at least once a year at the end of each accounting period and written down if it is found to be impaired, regardless of the amount of depreciation already charged. The value is reinstated in subsequent years if the reasons for the write-down no longer apply.

Routine maintenance costs are charged in full to the income statement, whereas improvement expenditure is allocated to the assets concerned and depreciated over their residual useful life.

The following table shows the useful life in years related to the depreciation rates applied:

Building	20-30 years
Plant and machinery	3-8 years
Photovoltaic plant	11 years
Industrial and commercial equipment	2-4 years
Moulds	2 years
Office furniture	8 years
Electronic machines	3-5 years
Motor vehicles	4 years
Internal transport and trucks	5 years
Leasehold improvements	Period of contract *
Shop equipment	Lower of contract period and 8 years
Shop fittings	4 years
Concept stores	2-5 years

\* Depreciated over the lower of the useful life of the improvements and the residual duration of the lease.

## Right-of-use assets

Upon signing a contract, the Group assesses whether it is, or contains, a leasing agreement. In other words, if the contract grants the right to use a given asset for a period of time in exchange for a fee.

### *The Group as lessee*

The Group applies a single model to recognize and measure all leasing contracts, with certain exceptions referring to short-term leases and the leasing of assets of modest value. The Group recognizes liabilities relating to payments for leasing and assets for the right to use the assets referred to by the contract.

- *Right-of-use assets*

The Group recognizes right-of-use assets as at the effective date of the lease. Right-of-use assets are valued at cost, net of accumulated amortization and losses in value, and are adjusted for any revaluations of lease liabilities. Right-of-use assets are amortized using constant rates starting from the effective date of the lease and until the end of the useful life of the right-of-use asset.

Right-of-use assets are subject to impairment test.

- *Lease liabilities*

As at the effective date of the lease contract, the Group records the relative lease liabilities, measuring them as the current value of the payments due for the leasing and that have not yet been paid as at said date. Payments due include fixed payments (including fixed payments in terms of substance) net of any leasing incentives to be received, variable leasing payments that depend on an index or rate and amounts that are expected to be due as a guarantee on the residual value. Leasing payments also include the price to exercise the purchase option, if there is reasonable certainty that the Group will exercise said option, and the penalty payments for termination of the lease contract, if the duration of the lease takes into account the Group exercising the option to terminate the lease in question.

Variable leasing payments that do not depend on an index or rate are recorded as costs during the period in which the event or condition arises that generates the payment.

When calculating the current value of payments due, the Group uses the marginal financing rate as at the start date. After the effective date, the lease liability amount is increased to take into account the interest accruing on said lease liabilities and is reduced to take into account any payments made.

Furthermore, the book value of lease liabilities is recalculated if any changes are made to the lease agreements or if the contractual terms and conditions are reviewed to alter payments; this is also recalculated if there are any changes to the valuation of the option to purchase the underlying asset or to future payments deriving from an alteration to the index or rate used to calculate said payments.

- *Short-term leases and leases for assets of modest value*

The Group has decided not to recognize right-of-use assets and lease liabilities related to low-value assets and short-term leases. The Group recognizes the related lease payments as an expense over the lease term.

## **Impairment of property, plant and equipment and intangible assets**

The book value of the Geox Group's property, plant and equipment and intangible assets is reviewed whenever there is internal or external evidence that the value of such assets, or group of assets (defined as a Cash Generating Unit or CGU), may be impaired. Goodwill has to be subjected to impairment testing at least once a year.

Impairment tests are performed by comparing the book value of the asset or of the CGU with its realizable value, represented by its fair value (net of any disposal costs) or, if greater, the present value of the net cash flows that the asset or CGU is expected to generate.

If the book value of the asset is greater than its recoverable value, this asset is consequently impaired in order to align it to its recoverable value through use.

Each unit, to which the specific values of assets are allocated (tangible and intangible), represents the lowest level at which the Group monitors such assets. The Group's terms and conditions for reinstating the value of an asset that has previously been written down are those established by IAS 36. Write backs of goodwill are not possible under any circumstances.

## **Financial instruments**

Financial instruments held by the Group are included in the following financial statements items:

- non-current financial assets comprise non-current loans and receivables;
- current financial assets include trade receivables, financial receivables and current securities and derivative financial instruments with a positive fair value;
- cash and cash equivalents include cash at banks, units in liquidity funds and other money market securities that are readily convertible into cash and are subject to an insignificant risk of changes in value;
- financial liabilities refer to debts, financial instruments with a negative fair value, trade payables and other payables.

Financial assets are measured at amortized cost or fair value, based on the Company's business model under which they are managed and on the characteristics of the contractual flows of these financial assets.

Specifically:

- Debt instruments held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortized cost;
- Debt instruments held within a business model whose objective is achieved by both collecting contractual cash flows and by selling them and which have cash flows represented solely by payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);
- All the other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

When the financial assets do not have a fixed term, they are measured at acquisition cost. Receivables with maturities of over one year which bear no interest or an interest rate significantly lower than market rates are discounted using market rates.

Assessments are made regularly as to whether there is any objective evidence that a financial asset or group of assets may be impaired. If any such evidence exists, an impairment loss is included in the income statement for the period.

Accounts receivable are initially recognized at their fair value and then presented net of the provision for bad debt determined in accordance with the impairment model introduced by IFRS 9 (expected losses model). The accrual for the doubtful debts found is charged to the income statement.

Receivables subject to impairment are written off when it's confirmed that they are not recoverable.

Receivables sold to the factor without recourse (pro-soluto) have been removed from the Balance Sheet as the relative contract transfers ownership of the receivables, together with all cash flows generated by said receivable and all related risks and benefits, to the factor.

Except for derivative instruments, financial liabilities are measured at amortized cost using the effective interest method.

Financial assets and liabilities hedged by derivative instruments are measured in accordance with hedge accounting principles applicable to fair value hedges: gains and losses arising from remeasurement at fair value, due to changes in relevant hedged risk, are recognized in the income statement and are offset by the effective portion of the loss or gain arising from remeasurement at fair value of the hedging instrument.

## **Derivative financial instruments**

All derivative financial instruments are measured in accordance with IFRS 9 at fair value.

Derivative financial instruments are used for hedging purposes, in order to reduce currency, interest rate and market price risks. In accordance with IFRS 9, derivative financial instruments qualify for hedge accounting only when at the inception of the hedge there is formal designation and documentation of the hedging relationship and the hedge relationship is effective on the basis of the "economic relationship" between the hedged item and the hedge instrument. When derivative financial instruments qualify for hedge accounting, the following accounting treatments apply:

- Fair value hedge – Where a derivative financial instrument is designated as a hedge of the exposure to changes in fair value of a recognized asset or liability that is attributable to a particular risk and could affect the income statement, the gain or loss from remeasuring the hedging instrument at fair value is recognized in the income statement. The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is recognized in the income statement.
- Cash flow hedge – Where a derivative financial instrument is designated as a hedge of the exposure to variability in future cash flows of a recognized asset or liability or a highly probable forecasted transaction and could affect income statement, the effective portion of any gain or loss on the derivative financial instrument is recognized directly in equity. The cumulative gain or loss is removed from equity and recognized in the income statement at the same time as the economic effect arising from the hedged item affects income. The gain or loss associated with a hedge or part of a hedge that has become ineffective is recognized in the income statement immediately. When a hedging instrument or hedge relationship is terminated but the hedged transaction is still expected to

occur, the cumulative gain or loss realized to the point of termination remains in equity and is recognized in the income statement at the same time as the underlying transaction occurs. If the hedged transaction is no longer probable, the cumulative unrealized gain or loss held in equity is recognized in the income statement immediately.

If hedge accounting cannot be applied, the gains or losses from the fair value measurement of derivative financial instruments are recognized immediately in the income statement.

## **Inventories**

Inventories of finished products are measured at the lower of purchase or production cost and their estimated net realizable or replacement value. For raw materials, purchase cost is calculated at the weighted average cost for the period.

For finished products and goods, purchase or production cost is calculated at the weighted average cost for the period, including directly-related purchasing costs and a reasonable proportion of production overheads. Obsolete and slow-moving goods are written down according to the likelihood of them being used or sold.

## **Employee benefits**

Benefits paid to employees under defined-benefit plans on termination of employment (employee severance indemnities) are recognized over the period that the right to such benefits accrues. The liability arising under defined-benefit plans, net of any assets servicing the plan, is determined using actuarial assumptions and recorded on an accrual basis in line with the work performed to earn the benefits.

The liability is assessed by independent actuaries.

The amount reflects not only the liabilities accrued up to the balance sheet date, but also future pay rises and related statistical trends.

The benefits guaranteed to employees through defined-contribution plans are recognized on an accrual basis; at the same time, they also give rise to the recognition of a liability at face value.

## **Share-based payments**

The fair value at grant date of the incentives granted to employees in the form of share-based payments, that are equity settled, is usually included in expenses with a corresponding increase in equity over the period during which the employees earn the incentives rights. The amount recognized as an expense is adjusted to reflect the actual number of incentives for which the conditions of continued employment and non-market performance are met, so that the final amount recognized as an expense, is based on the number of incentives that fulfil these conditions at the vesting date. In case the incentives granted as share-based payments whose conditions are not to be considered to maturity, the fair value at the grant date of the share-based payment is measured to reflect such conditions. With reference to the non-vesting conditions, any difference between amounts at the grant date and the actual amounts will have no impact on the Consolidated Financial Statements.

The fair value of the amount payable to employees related to share appreciation rights, settled in cash, is recognized as an expense with a corresponding increase in liabilities over the period during which the employees unconditionally become entitled to receive the payment. The liability is measured at year-end and the settlement date based on the fair value of the share appreciation rights.

Any changes in the fair value of the liability are recognized in profit or loss for the year.

## **Provision for liabilities and charges**

Provisions for liabilities and charges are recognized when there is an effective obligation (legal or implicit) deriving from a past event, providing there will probably be an outlay of resources to settle the obligation and the amount of the obligation can be reliably estimated.

Provisions represent the best estimate of the amount that the business would have to pay to settle the obligation or transfer it to third parties at the balance sheet date. Provisions are determined by discounting the expected future cash flows, if the effect of discounting is significant.

## Revenues and income

The Geox Group creates, produces, promotes and distributes Geox-brand footwear and apparel, the main feature of which is the use of innovative and technological solutions that can guarantee the ability to breathe and remain waterproof at the same time. The Group's revenues include:

- sales of goods to customers operating through mono-brand stores (franchising stores) or multi-brand stores (wholesalers);
- sales of goods directly through Geox shops or e-commerce channel;
- rental income related to the Geox Shops owned by the Group and leased to third parties under franchising agreements;
- royalties.

### *Sale of goods - Wholesale and Franchising*

Revenue from the sale of goods is recognized when control of the asset is transferred to the buyer, i.e. when the asset is delivered to the customer in accordance with contractual provisions and the customer acquires the ability to direct the use of and obtain substantially all of the benefits from the asset. If the sales contract includes retrospective volume-related discounts, the Group estimates the relevant impact and treat it as variable consideration. Group estimates the impact of potential returns from customers. This impact is accounted for as variable consideration, recognizing a liability for returns and the corresponding asset in the statement of financial position. This estimate is based on the Group's right of return policies and practices along with historical data on returns. The Group includes in the transaction price the variable considerations estimated (discounts and returns) only to the extent that it is highly probable that a significant reversal in the amount of recognized revenue will not occur in the future.

### *Sale of goods - Retail*

Retail revenue is recognized upon receipt of the goods by the customer at the retail location. The relevant consideration is usually received at the time of the delivery. Any advance payments or deposits from customers are not recognized as revenue until the product is delivered. Concerning sales through the ecommerce channel, the moment in which the customer obtains control of the asset is identified based on the specific terms and conditions applied by the on-line sales platforms used by the Group. In some countries, the Group allows customers to return the products for a certain period of time after the purchase: therefore, it estimates the relevant impact by accounting for it as variable consideration, recognizing the relevant assets and liabilities (see Sale of goods - Wholesale and Franchising).

The estimate is based on the historical trend in returns, accounts for the time elapsed from the purchase date, and is regularly reviewed. The Group includes in the transaction price the variable considerations estimated only to the extent that it is highly probable that a significant reversal in the amount of recognized revenue will not occur in the future. There are no post-delivery obligations other than product warranties, if required by local law; these warranties do not represent a separate performance obligation.

### *Loyalty programs*

The companies of the Retail division offer their customers discount programs or similar loyalty programs with a term of 12 months or greater. Customers who present a valid loyalty card receive a fixed percentage discount off the retail prices for a specified range of products and/or services. Revenue under these arrangements is recognized upon receipt of the products or services by the customer at the retail location.

### *Royalties*

The Group licenses the rights to use trademarks and/or patents to third parties and recognizes royalty revenues based on the characteristics of the contracts entered into with customers.

### *Rental income*

Rental income relates to the Geox Shops owned by the Group and leased to third parties under franchising agreements; rental income is recognized on an accrual basis.

## Government Grants

Government grants are recognized in the financial statements when there is reasonable assurance of the Group's compliance with the conditions for receiving such grants and that the grants will be received. Government grants are recognized as income over the periods necessary to match them with the related costs which they are intended to offset.

## **Income tax**

### *Current income taxes*

Current income taxes for the period are calculated on the basis of taxable income in accordance with the tax rules in force in the various countries.

Geox S.p.A. joined, as parent company, a new domestic tax consolidation for three years (2014-2016), then renewed twice for other three years, with the two Italian subsidiaries Geox Retail S.r.l. and XLOG S.r.l..

### *Deferred taxes*

Deferred tax assets and liabilities are recognized on temporary differences between the amounts shown in the balance sheet and their equivalent value for fiscal purposes. Deferred tax assets are also recognized on the tax losses carried forward by Group companies when they are likely to be absorbed by future taxable income earned by the same companies.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply in the various countries in which the Geox Group operates in the tax periods when the temporary differences reverse or expire.

The book value of deferred tax assets is reviewed at each balance sheet date and if necessary reduced to the extent that future taxable income is no longer likely to be sufficient to recover all or part of the assets. These write-downs are reversed if the reasons for them no longer apply. Income taxes on the amounts booked directly to equity are also charged directly to equity rather than to the income statement.

## **Earnings per share (EPS)**

Basic EPS is calculated by dividing the net income attributable to the Parent Company's shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by dividing the net income attributable to the Parent Company's shareholders by the weighted average number of shares outstanding, taking into account the effects of all potentially dilutive ordinary shares (e.g. employee stock option plans).

## **Potential liabilities**

The Group is subject to legal and tax litigations arising from the ordinary course of the business in the countries where it operates. Based on the information currently available, the Group believes that the provisions recognized as liabilities are sufficient to correctly represent the Consolidated Financial Statements.

We hereby inform that the parent company, Geox S.p.A., underwent an audit by the Guardia di Finanza, Economic and Financial Police Unit of Venice for the tax years 2016-2017-2018-2019-2020 in order to check compliance with the provisions of tax regulations for the purposes of VAT, income tax and other taxes.

The audit was concluded on June 27, 2022 with the notification of the relevant tax audit report (PVC). Faced with the findings contained in this document, the Company, as is its practice, reserved the right to provide the necessary clarifications within the envisaged timeframe, also through the filing of appropriate briefs. To this end, the Company, supported by its tax advisors, believes that Geox S.p.A.'s actions are correct and that the position taken by the Guardia di Finanza in formulating the aforesaid findings is unfounded in fact and in law.

On March 17, 2023, the notice of assessment was served in relation to the year 2016 with reference to the IRES relief only, while on March 24, 2023, the notice of verification with acceptance was served, again in relation to the year 2016, with reference to the IRAP and VAT reliefs. As part of the verification with acceptance, penalties were not applied on the main relief for VAT purposes.

### 3. Segment reporting

For the purposes of IFRS 8 "Operating segment," the activity carried out by the Group can be identified in a single operating segment referring to the Geox business.

### 4. Sales

Consolidated sales for the first half of 2023 stood at Euro 353,603 thousand, up +3.8% compared to the previous year (+4.1% at constant forex) due mainly to the good performance of the multi-brand channel (+10.4%).

Sales by product category are shown in the following table:

	I half 2023	I half 2022	Change
Footwear	324,771	308,139	16,632
Apparel	28,832	32,450	(3,618)
<b>Total sales</b>	<b>353,603</b>	<b>340,589</b>	<b>13,014</b>

Sales by region are shown in the following table:

	I half 2023	I half 2022	Change
Italy	98,788	92,648	6,140
Europe (*)	148,958	157,796	(8,838)
North America	13,554	13,506	48
Other Countries	92,303	76,639	15,664
<b>Total sales</b>	<b>353,603</b>	<b>340,589</b>	<b>13,014</b>

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

As regards the sales made to individual customers, there are no situations of particular concentration as all are well under the threshold of 10% of total revenues.

Revenues from royalties amounted Euro 673 thousand, compared to Euro 677 thousand in the first half of 2022.

### 5. Cost of sales and gross margin

Cost of sales was 49% of sales compared to 52.7% in the first half of 2022, resulting in a gross margin of 51% (47.3% in the first half of 2022).

The margin improvement stems mainly from the pre-announced stabilization of supply chain conditions, with in particular, an easing of pressure on raw material and transportation costs compared to the first half of 2022. It is also important to note the reduction in average discounts in direct stores (approximately -1.9% compared to the first half of 2022).

## 6. Selling and distribution costs and advertising and promotion costs

Selling and distribution costs amounted to Euro 18.6 million (Euro 18.5 million in the first half of 2022) with an incidence of 5.3% of sales (5.4% incidence in the first half of 2022). These costs mainly include the costs of the sales force, credit management costs, such as the cost of credit insurance, and transport on sales.

Advertising and promotion costs amounted to Euro 17.2 million with an incidence of 4.9% on sales, up from Euro 15.2 million in the corresponding period of the previous year (4.5% incidence in the first half of 2022). The increase is substantially related to the increased marketing initiatives undertaken in the period in line with the Strategic Plan.

## 7. General and administrative expenses

General and administrative expenses are analyzed in the following table;

	I half 2023	I half 2022	Change
Wages and salaries	48,297	50,869	(2,572)
Rental and service charges	6,225	5,112	1,113
Services and consulting	19,388	16,972	2,416
Non-industrial depreciation	34,434	34,572	(138)
Other costs	35,701	33,262	2,439
<b>Total</b>	<b>144,045</b>	<b>140,787</b>	<b>3,258</b>

Wages and salaries went from Euro 50,869 thousand to Euro 48,297 thousand, a decrease of Euro 2,572 thousand. The change compared to the previous year is mainly attributable to the reduction in the number of employees in force, following the closure of some sales outlets managed directly by the Group.

Rental and service charges include costs related to short-term, variable rent contracts on turnover and those related to lease agreements for which the underlying asset is a low-value asset. Rental and service charges relating to shops, offices and industrial property leased by the Group, increased by Euro 1,113 thousand in the first half of 2023. It should be noted that this item mainly includes: service charges for Euro 3,289 thousand, variable rents on turnover for Euro 1,331 thousand, short-term contracts for Euro 922 thousand, and contracts related to low-value assets for Euro 634 thousand.

The item services and consulting, amounting to Euro 19,388 thousand, includes mainly logistics and warehousing services, outsourcing services, and information systems.

Non-industrial depreciation, amounting to Euro 34,434 thousand and substantially in line with previous year, includes mainly the depreciation of Right-of-use assets, shops furniture, and software and hardware related to information systems.

Other costs, amounting to Euro 35,701 thousand, include mainly: other miscellaneous costs, sample development costs, maintenance, company officers' compensation, utilities, insurance, and bank fees.

## 8. Other revenues

The following table details other revenues:

	I half 2023	I half 2022	Change
Rental income	698	647	51
Insurance compensation	268	81	187
Government grants	1,055	669	386
Other	1,095	906	189
<b>Total</b>	<b>3,116</b>	<b>2,303</b>	<b>813</b>



Rental income relates to the Geox Shops owned by the Group and leased to third parties under franchising agreements.

Insurance compensation, amounting to Euro 268 thousand, slightly increased by Euro 187 thousand compared to previous year.

Government grants, amounting to Euro 1,055 thousand, mainly refer to a grant, amounting to Euro 370 thousand, for investments in research, development and technological innovation, in connection with the 2022 projects pursuant to Article 1, paragraphs 198-209, of Law No. 160/2019 and grants to support the increase in energy expenses, amounting to Euro 343 thousand.

The item Other includes mainly sales of miscellaneous goods.

## 9. Depreciation, amortization and payroll costs included in the consolidated income statement

The following table includes the total value of depreciation and amortization for the year, shown in the movements in fixed assets shown in Notes 15, 16 and 17, net of provisions and releases of impairment funds:

	I half 2023	I half 2022	Change
Industrial depreciation	2,147	1,902	245
Non-industrial depreciation and amortization	34,434	34,572	(138)
<b>Total</b>	<b>36,581</b>	<b>36,474</b>	<b>107</b>

Industrial depreciation increased from Euro 1,902 thousand to Euro 2,147 thousand and refers mainly to molds for shoes soles.

Non-industrial depreciation and amortization went from Euro 34,572 thousand to Euro 34,434 thousand and refer mainly to Right-of-use assets, shops furniture, and software and hardware related to information systems.

Payroll costs amounted to Euro 57,672 thousand (Euro 61,235 thousand in the first half of 2022). The change from the previous year is mainly attributable to the reduction in the number of employees in force, following the closure of a number of points of sale managed directly by the Group.

## 10. Impairment test

The following describes the approach followed and the assumptions adopted in carrying out the impairment test designed to verify the recoverability of the Group's assets. Recoverable value is based on value in use determined on the basis of projections of estimated future cash flows.

On Feb. 2, 2023, the Board of Directors approved the financial projections for the period 2023-2027, which confirm the main objectives and strategies defined in the Strategic Plan 2022-2024 prepared and approved by the Board of Directors on Dec. 1, 2021.

These financial projections were prepared from the approved Group budget for 2023 and considering for the period 2024-2027 the ongoing implementation of the Group's Strategic Plan confirming its long-term objectives in terms of volumes and margins.

In estimating growth over the Plan period, the Group took into account both its own internal expectations and indications obtained from independent external sources.

The Strategic Plan envisaged the following assumption which are considered by the Directors to be still valid at the date of approval of this draft 2023 half-year financial report:

1. Sales: the Group expects to achieve turnover of over Euro 800 million in 2024, with an annual average growth rate of 11% (CAGR slightly up on 2019). The quality of turnover and digital investments will be the drivers for the evolution of the business.

2. EBIT margin: it is expected that EBIT may reach a level of around 5-6% of turnover in 2024. This improvement will come mainly from the significant rationalization actions carried out between 2020 and 2021 and from an increase in gross margins (+100 basis points compared to 2019), which will make it possible also to finance the higher investment in marketing activities.
3. Investments: the Plan forecasts annual investments for around Euro 25/30 million mainly related to IT projects (35% of the total), to improving the network of stores, and to projects for integrated logistics and a shared warehouses for all sales channels.

The test envisaged a first phase in which the recoverability of the invested capital in each store managed directly by the Group (DOS) was verified. At that stage for each of the cash-generating units (CGUs) identified by the Group, the recoverable value is based on the value in use, calculated using estimated future cash flows.

Regarding the assets of the stores analyzed, total assets of Euro 193 million (of which Right-of-use assets for Euro 161 million) were tested, as of June 30, 2023. This methodology is consistent with what was done last year.

As part of the Strategic Plan, the shop network is expected to remain substantially stable, but with further optimization of directly operated shops in Italy and Europe, which will be more than offset by new openings of non-operated franchise shops, especially in Eastern Europe.

For each store, the forecast period is in line with the expected duration of the relative lease agreement, making the necessary projections to cover the years following said forecast time frames. In order to calculate the current value, future cash flows obtained in this way have been discounted using a WACC as at the reference date of the test, taking into consideration the specific characteristics and risks of each area in which the Group operates, between 7.6% and 24.0% (24% refers to the Russian market, while the highest value excluding Russia is 9.6% for Italy).

The Directors therefore proceeded to write down, in whole or in part, assets relating to 51 shops (CGUs), compared to the 70 shops written down as at December 31, 2022.

The total impairment provision allocated as an adjustment to fixed assets amounted to Euro 3,997 thousand, while it was Euro 5,927 thousand as of December 31, 2022. The reduction from the previous year is mainly attributable to the closure of stores operated directly by the Group that had been written down at the end of 2022 for which in 2023 the provision set aside was utilized. With reference to the outcomes of the impairment test, it should be noted that the amount of impairments made as of June 30, 2023, compared to the year 2022 is also significantly affected by the gradual process of depreciation of the tested assets (notes 15, 16 and 17). In fact, it should be recalled how the Group continues to depreciate the assets subject to impairment and at the same time proceeds to release the impairment fund, thus not adjusting, as a result of the impairment, the value on which to calculate depreciation.

Changes in the impairment fund for the different categories of fixed assets is shown below:

	Intangible assets	Property, plant and equipment	Right-of-use assets	Total
<b>Impairment fund as at 31-12-2022</b>	<b>(1,103)</b>	<b>(2,055)</b>	<b>(2,769)</b>	<b>(5,927)</b>
Releases	30	536	505	1,071
Utilization for stores closed	23	748	37	808
Translation differences and other movements	40	18	(7)	51
<b>Change in impairment fund</b>	<b>93</b>	<b>1,302</b>	<b>535</b>	<b>1,930</b>
<b>Impairment fund as at 30-06-2023</b>	<b>(1,010)</b>	<b>(753)</b>	<b>(2,234)</b>	<b>(3,997)</b>

The next stage of the test was carried out by the directors at the time of approval of the financial statements as of December 31, 2022, and involved testing the recoverability of the Group's net invested capital, including goodwill amounting to Euro 1,138 thousand. As of June 30, 2023, the directors have not identified trigger events such that the test needs to be updated again.

An asset-side approach was instead used to check the recoverable value of the Group's goodwill and net invested capital, comparing the value in use of each cash generating unit with the relative carrying amount.

For the purposes of the impairment test, a five-year time period was taken into consideration, hypothesizing that the trend recorded in 2024 shall continue into 2025-2027, and projecting a growth rate ("g" rate) of 2.2%.

The discount rate is calculated using the weighted average cost of capital (“WACC”), i.e. by weighting the expected rate of return on invested capital, net of funding costs, for a sample of companies operating in the same sector. The calculation took into account the changed economic scenario compared with the previous year, as well as the consequent implications in terms of interest rates. The WACC was calculated as being equal to 10.7%. This is a weighted WACC based on the different countries in which the Group operates.

As a result, the impairment test shows a positive coverage, sufficient to support the Group's net invested capital and goodwill and, therefore, no further write-downs are necessary compared to those already accounted for in previous years with reference to the impairment test on shops.

The Group also completed the usual sensitivity analyses in order to highlight any effects that a reasonable change in the basic assumptions (WACC and growth rates) would have on the “value in use”. The sensitivity analysis carried out on “intermediate” scenario shows that, in order to make the “value in use” equal to the value of net invested capital (break-even hypothesis), the following parameters would need to change, considered individually and if nothing else changes: i) a WACC increase to 18.7%, ii) a “g” growth rate used in the terminal value of less than 0; and iii) a reduction in Gross Operating Profit (EBITDA) in the explicit period of approximately 32%.

The second stage of the impairment test will be carried out again by the directors when approving the financial statements as of December 31, 2023.

## 11. Personnel

The average number of employees is shown below:

	06-30-2023	12-31-2022	Change
Managers	44	43	1
Middle managers and office staff	858	858	-
Shop employees	2,019	2,065	(46)
Factory workers	1	1	-
<b>Total</b>	<b>2,922</b>	<b>2,967</b>	<b>(45)</b>

The average number of employees for the first half of 2023 amounted to 2,992, showing a reduction of 45 compared to 2022, mainly attributable to the closures of some stores operated directly by the Group.

## 12. Financial income and Financial expenses

This item is made up as follows:

	I half 2023	I half 2022	Change
Financial income	2,101	1,827	274
Financial expenses	(15,365)	(6,186)	(9,179)
<b>Total</b>	<b>(13,264)</b>	<b>(4,359)</b>	<b>(8,905)</b>

Financial income is made up as follows:

	I half 2023	I half 2022	Change
Interest from banks	915	55	860
Interest from customers	10	64	(54)
Other interest income	1,176	1,078	98
Gains on exchange rate differences	-	630	(630)
<b>Total</b>	<b>2,101</b>	<b>1,827</b>	<b>274</b>

Other interest income mainly includes the time value effect referring to derivative financial instruments mentioned in note 36.

Financial expenses are made up as follows:

	I half 2023	I half 2022	Change
Bank interest and charges	369	46	323
Interest on loans	2,761	610	2,151
Interest on leases	2,115	1,842	273
Other interest expense	2,644	2,032	612
Financial discounts and allowances	1,544	1,656	(112)
Losses on exchange rate differences	5,932	-	5,932
<b>Total</b>	<b>15,365</b>	<b>6,186</b>	<b>9,179</b>

Interest on loans increases by Euro 2,151 thousand, compared to previous period, as a result of the increase in the average borrowing rates compared to previous period.

Other interest expense mainly includes the time value effect referring to derivative financial instruments mentioned in Note 36.

Interest on leases relate to the application of the accounting standard IFRS 16. The weighted average of the interest borrowing rate (IBR) of the year is 1.75%.

Losses on exchange rate differences amount to Euro 5.9 million and relate mainly to the EUR/RUB exchange rate, which can no longer be mitigated by hedging transactions.

### 13. Income tax

Income taxes amount to Euro 5 thousand, compared to Euro 4,278 thousand in the first half 2022.

	I half 2023	I half 2022	Change
Current taxes	(251)	(622)	371
Deferred taxes	246	(3,656)	3,902
<b>Total</b>	<b>(5)</b>	<b>(4,278)</b>	<b>4,273</b>

The following table shows reconciliation between the Group's effective tax burden and its theoretical tax charge, based on the current tax rate in force during the period in Italy (the country of Geox S.p.A., the Parent Company):

	I half 2023	%	I half 2022	%
PBT	(9,638)	100.0%	(15,367)	100.0%
Theoretical income taxes (*)	(2,313)	24.0%	(3,688)	24.0%
Effective income taxes	5	(0.1%)	4,278	(27.8%)
<b>Difference due to:</b>	<b>2,318</b>	<b>(24.1%)</b>	<b>7,966</b>	<b>(51.8%)</b>
1) different tax rates applicable in other countries	261	(2.7%)	98	(0.6%)
2) permanent differences:				
i) IRAP and other local taxes	801	(8.3%)	350	(2.3%)
ii) writedowns of deferred tax asset	2,026	(21.0%)	7,407	(48.2%)
iii) previous years' taxes and other taxes	(770)	8.0%	111	(0.7%)
<b>Total difference</b>	<b>2,318</b>	<b>(24.1%)</b>	<b>7,966</b>	<b>(51.8%)</b>

(\*) Theoretical income taxes based on the tax rates applicable to Geox S.p.A.

#### 14. Earnings per share

EPS is calculated by dividing the net income for the period attributable to the ordinary shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by dividing the net income for the period attributable to the Parent Company's shareholders by the weighted average number of shares outstanding during the period, taking into account the effects of all potentially dilutive ordinary shares (for example, vested options under a stock option plan that have not yet been exercised).

The following table shows the result and the number of ordinary shares used to calculate basic and diluted EPS in accordance with IAS 33:

	I half 2023	I half 2022
Earning/(Loss) per share (Euro)	(0.04)	(0.08)
Diluted earning/(loss) per share (Euro)	(0.04)	(0.07)
Weighted average number of shares outstanding:		
- basic	255,211,081	255,211,081
- diluted	261,695,790	261,974,640

## 15. Intangible assets

Intangible assets are made up as follows:

	Balance at June 30, 2023	Balance at Dec. 31, 2022	Change
Industrial patents and intellectual property rights	14,172	15,068	(896)
Trademarks, concessions and licenses	234	251	(17)
Key money	13,377	14,575	(1,198)
Assets in progress and payments on account	1,661	3,158	(1,497)
Goodwill	1,138	1,138	-
<b>Total</b>	<b>30,582</b>	<b>34,190</b>	<b>(3,608)</b>

The following table shows the changes in intangible assets during the first half of 2023:

	Industrial patents and intellectual property rights	Trademarks, concessions and licenses	Key money	Assets in progress and payments on account	Goodwill	Total
Historical value at 12-31-2022	112,686	115,728	66,738	3,158	1,789	300,099
Accumulated depreciation at 12-31-2022	(97,618)	(115,477)	(51,060)	-	(651)	(264,806)
Impairment fund at 12-31-2022	-	-	(1,103)	-	-	(1,103)
<b>Net book value at 12-31-2022</b>	<b>15,068</b>	<b>251</b>	<b>14,575</b>	<b>3,158</b>	<b>1,138</b>	<b>34,190</b>
Additions	1,441	16	-	880	-	2,337
Disposals	(620)	-	(2,035)	-	-	(2,655)
Translation differences and other movements	1,639	-	(54)	(2,377)	-	(792)
<b>Change in historical value</b>	<b>2,460</b>	<b>16</b>	<b>(2,089)</b>	<b>(1,497)</b>	<b>-</b>	<b>(1,110)</b>
Amortization	(3,979)	(33)	(1,272)	-	-	(5,284)
Decreases	620	-	2,014	-	-	2,634
Translation differences and other movements	3	-	56	-	-	59
<b>Change in amortization fund</b>	<b>(3,356)</b>	<b>(33)</b>	<b>798</b>	<b>-</b>	<b>-</b>	<b>(2,591)</b>
Releases	-	-	30	-	-	30
Utilization for stores closed	-	-	23	-	-	23
Translation differences and other movements	-	-	40	-	-	40
<b>Change in impairment fund</b>	<b>-</b>	<b>-</b>	<b>93</b>	<b>-</b>	<b>-</b>	<b>93</b>
<b>Total change in the period</b>	<b>(896)</b>	<b>(17)</b>	<b>(1,198)</b>	<b>(1,497)</b>	<b>-</b>	<b>(3,608)</b>
Historical value at 06-30-2023	115,146	115,744	64,649	1,661	1,789	298,989
Accumulated depreciation at 06-30-2023	(100,974)	(115,510)	(50,262)	-	(651)	(267,397)
Impairment fund at 06-30-2023	-	-	(1,010)	-	-	(1,010)
<b>Net book value at 06-30-2023</b>	<b>14,172</b>	<b>234</b>	<b>13,377</b>	<b>1,661</b>	<b>1,138</b>	<b>30,582</b>

Investments during the period mainly concern:

- personalization of the IT system and software utilization licenses for a total of Euro 1,301 thousand, costs incurred for registration, extension and protection of patents in various parts of the world for Euro 140 thousand;
- assets in progress relating to further implementations and customizing of the new IT system.

Movements in the impairment fund are the result of the impairment test on non-current assets relating to the stores, as further described in Note 10.

## 16. Property, plant and equipment

Details of property, plant and equipment are shown in the following table:

	Balance at June 30, 2023	Balance at Dec. 31, 2022	Changes
Plant and machinery	3,002	3,312	(310)
Industrial and commercial equipment	3,031	3,439	(408)
Other assets	8,415	9,008	(593)
Leasehold improvements	17,440	17,606	(166)
Assets in progress and payments on account	573	1,112	(539)
<b>Total</b>	<b>32,461</b>	<b>34,477</b>	<b>(2,016)</b>

The following table shows the changes in property, plant and equipment during the first half of 2023:

	Plant and machinery	Industrial and commercial equipment	Other assets	Leasehold improvements	Assets in progress and payments on account	Total
Historical value at 12-31-2022	25,385	34,488	57,385	80,623	1,112	198,993
Accumulated depreciation at 12-31-2022	(22,073)	(31,024)	(47,732)	(61,632)	-	(162,461)
Impairment fund at 12-31-2022	-	(25)	(645)	(1,385)	-	(2,055)
<b>Net book value at 12-31-2022</b>	<b>3,312</b>	<b>3,439</b>	<b>9,008</b>	<b>17,606</b>	<b>1,112</b>	<b>34,477</b>
Additions	69	1,088	1,172	2,162	548	5,039
Disposals	(55)	(1,468)	(3,004)	(5,296)	-	(9,823)
Translation differences and other movements	215	(5)	90	326	(1,087)	(461)
<b>Change in historical value</b>	<b>229</b>	<b>(385)</b>	<b>(1,742)</b>	<b>(2,808)</b>	<b>(539)</b>	<b>(5,245)</b>
Amortization	(588)	(1,500)	(2,171)	(3,122)	-	(7,381)
Decreases	49	1,461	2,742	4,662	-	8,914
Translation differences and other movements	-	5	187	202	-	394
<b>Change in amortization fund</b>	<b>(539)</b>	<b>(34)</b>	<b>758</b>	<b>1,742</b>	<b>-</b>	<b>1,927</b>
Releases	-	4	170	362	-	536
Utilization for stores closed	-	6	212	530	-	748
Translation differences and other movements	-	1	9	8	-	18
<b>Change in impairment fund</b>	<b>-</b>	<b>11</b>	<b>391</b>	<b>900</b>	<b>-</b>	<b>1,302</b>
<b>Total change in the period</b>	<b>(310)</b>	<b>(408)</b>	<b>(593)</b>	<b>(166)</b>	<b>(539)</b>	<b>(2,016)</b>
Historical value at 06-30-2023	25,614	34,103	55,643	77,815	573	193,748
Accumulated depreciation at 06-30-2023	(22,612)	(31,058)	(46,974)	(59,890)	-	(160,534)
Impairment fund at 06-30-2023	-	(14)	(254)	(485)	-	(753)
<b>Net book value at 06-30-2023</b>	<b>3,002</b>	<b>3,031</b>	<b>8,415</b>	<b>17,440</b>	<b>573</b>	<b>32,461</b>

Investments mainly concern:

- the purchase of machinery for Euro 69 thousand;
- the purchase of industrial equipment (mainly molds for shoe soles) by the parent company Geox S.p.A.;
- Geox shop, office and head office fittings and hardware;
- leasehold improvements relating to industrial buildings and offices and to premises fitted out as Geox Shop;
- asset in progress item mainly includes the sums paid to purchase furnishings for stores that will be converted into Geox Shops and to the amounts paid for work being carried out at various commercial offices.

Movements in the impairment fund are the result of the impairment test on non-current assets relating to the stores, as further described in Note 10.



The item “Other assets” is made up as follows:

	Balance at June 30, 2023	Balance at Dec. 31, 2022	Change
Electronic machines	2,690	2,812	(122)
Furniture and fittings	5,415	5,810	(395)
Motor vehicles and internal transport	310	386	(76)
<b>Total</b>	<b>8,415</b>	<b>9,008</b>	<b>(593)</b>

## 17. Right-of-use assets

Right-of-use assets are made up as follows:

	Balance at June 30, 2023	Balance at Dec. 31, 2022	Change
Right-of-use - Apartments	635	395	240
Right-of-use - Building	242,088	223,187	18,901
Right-of-use - Cars and Trucks	839	691	148
<b>Total Right-of-use</b>	<b>243,562</b>	<b>224,273</b>	<b>19,289</b>

The following table shows the changes in property, plant and equipment during the first half of 2023:

	Right-of-use - Apartments	Right-of-use - Building	Right-of-use - Cars and Trucks	Total
Historical value at 12-31-2022	1,187	397,777	2,159	401,123
Accumulated depreciation at 12-31-2022	(792)	(171,821)	(1,468)	(174,081)
Impairment fund at 12-31-2022	-	(2,769)	-	(2,769)
<b>Net book value at 12-31-2022</b>	<b>395</b>	<b>223,187</b>	<b>691</b>	<b>224,273</b>
Additions	372	43,740	434	44,546
Disposals	-	(17,797)	(381)	(18,178)
Translation differences and other movements	-	(815)	-	(815)
<b>Change in historical value</b>	<b>372</b>	<b>25,128</b>	<b>53</b>	<b>25,553</b>
Amortization	(132)	(24,569)	(286)	(24,987)
Decreases	-	17,760	381	18,141
Translation differences and other movements	-	47	-	47
<b>Change in amortization fund</b>	<b>(132)</b>	<b>(6,762)</b>	<b>95</b>	<b>(6,799)</b>
Releases	-	505	-	505
Utilization for stores closed	-	37	-	37
Translation differences and other movements	-	(7)	-	(7)
<b>Change in impairment fund</b>	<b>-</b>	<b>535</b>	<b>-</b>	<b>535</b>
<b>Total change in the period</b>	<b>240</b>	<b>18,901</b>	<b>148</b>	<b>19,289</b>
Historical value at 06-30-2023	1,559	422,905	2,212	426,676
Accumulated depreciation at 06-30-2023	(924)	(178,583)	(1,373)	(180,880)
Impairment fund at 06-30-2023	-	(2,234)	-	(2,234)
<b>Net book value at 06-30-2023</b>	<b>635</b>	<b>242,088</b>	<b>839</b>	<b>243,562</b>

The increases refer to new lease contracts signed over the course of the first half of 2023, mainly for Geox Shops, or renegotiations of existing contracts.

Movements in the impairment fund are the result of the impairment test on non current assets relating to the stores, as further described in Note 10.

## 18. Deferred tax

The following table analyses the change in deferred tax assets and the nature of the items and temporary differences that gave rise to them. The Group has offset the deferred tax assets and liabilities as the law permits the compensation of fiscal assets with fiscal liabilities.

	Balance at June 30, 2023	Balance at Dec. 31, 2022	Change
Carry-forward tax losses	6,452	5,348	1,104
Depreciation and amortization and impairment	5,071	5,244	(173)
Provision for obsolescence and slow-moving inventory and returns	13,390	13,611	(221)
Provision for agents' severance indemnities	472	470	2
Other	6,413	7,172	(759)
<b>Deferred tax assets</b>	<b>31,798</b>	<b>31,845</b>	<b>(47)</b>
Evaluation derivatives	(688)	(2,256)	1,568
Other	(379)	(367)	(12)
<b>Deferred tax liabilities</b>	<b>(1,067)</b>	<b>(2,623)</b>	<b>1,556</b>
<b>Total deferred taxes</b>	<b>30,731</b>	<b>29,222</b>	<b>1,509</b>

Deferred tax assets, net of deferred tax liabilities, were analyzed and written down, to the extent that sufficient future taxable income is not expected to be available to allow for them to be partially or fully used. In order to calculate projections of future taxable income, considered for the purposes of recovering the prepaid tax assets of Group companies, reference was made to the aforementioned Strategic Plan as described in note 10 and 13.

The deferred tax assets on carry-forward tax losses mainly relate to the tax loss generated during 2019 by the parent company Geox S.p.A. as part of the domestic tax consolidation with the Italian subsidiaries Geox Retail S.r.l. and Xlog S.r.l. which is considered recoverable in the time frame covered by the aforementioned Strategic Plan.

Derivatives that are defined as cash flow hedges and valued on a mark-to-market basis booked directly to equity require all related taxes also to be booked directly to equity and not to the income statement. The deferred tax liabilities booked directly to equity amount to Euro 688 thousand (tax liabilities amounting to Euro 2.256 thousand as of December 31, 2022):

Deferred tax assets included in "Other" are mainly related to the provision for bad and doubtful accounts and provisions for liabilities and charges.

Deferred tax assets have been calculated at the tax rates applied in the various countries concerned.

## 19. Other non-current assets

Other non-current assets are made up as follows:

	Balance at June 30, 2023	Balance at Dec. 31, 2022	Change
Accounts receivable from others in 1 to 5 years	4,402	4,418	(16)
Accounts receivable from others in more than 5 years	1,949	2,170	(221)
<b>Total</b>	<b>6,351</b>	<b>6,588</b>	<b>(237)</b>

Non-current assets mainly relate to guarantee deposits for utilities and shop leases.

## 20. Inventories

The following table shows the breakdown of inventories:

	Balance at June 30, 2023	Balance at Dec. 31, 2022	Change
Raw materials	6,205	4,926	1,279
Finished products and goods for resale	298,511	284,902	13,609
Furniture and fittings	288	337	(49)
<b>Total</b>	<b>305,004</b>	<b>290,165</b>	<b>14,839</b>

Inventories of finished products also include goods in transit acquired from countries in the Far East and the costs related to the expected returns on sales.

The value of finished product inventories increases by Euro 13,609 thousand compared to previous year. This increase mainly relates to the purchase of finished goods from the current and future seasons.

Furniture and fittings relate to furnishings that will be used or sold to franchisees for opening new Geox Shops.

The book value of inventories is not significantly different from their current cost at the end of the period.

Inventories are shown net of the provision for obsolete and slow-moving inventory, deemed appropriate for the measurement at estimated realizable value of finished products from previous collections and raw materials no longer used.

The provision for obsolete and slow-moving inventory is analyzed below:

<b>Balance at January 1</b>	<b>32,341</b>
Provisions	4,525
Translation differences	(414)
Utilizations	(13,920)
<b>Balance at June 30</b>	<b>22,532</b>

The write-down mainly reflects the adjustment to the market value of inventories based on the sales forecasts illustrated above.

The significant utilization in the first half of 2023 was mainly due to the disposal of goods compromised as a result of the fire developed in September 2022 in a third-party warehouse located in Levada (TV).

## 21. Accounts receivable

Accounts receivable are made up as follows:

	Balance at June 30, 2023	Balance at Dec. 31, 2022	Change
Gross value	95,838	103,070	(7,232)
Provision for bad and doubtful accounts	(18,881)	(19,072)	191
<b>Net value</b>	<b>76,957</b>	<b>83,998</b>	<b>(7,041)</b>

The net value of accounts receivables amounted to Euro 76,957 thousand as of June 30, 2023, a decrease of Euro 7,041 thousand compared to December 31, 2022.

It should be noted that the performance of this item, during 2023, is influenced by non-recourse factoring transactions, which as of the closing date amounted to Euro 22,926 thousand (Euro 21,056 thousand as of December 2022).

The following is an ageing analysis of accounts receivable, as of June 30, 2023:

	Not yet due	Past due 0 - 90 days	Past due 91 - 180 days	Past due over 180 days	Total
Gross value of trade receivables at June 30, 2023	61,425	15,929	2,938	15,546	<b>95,838</b>
Gross value of trade receivables at December 31, 2022	71,714	11,893	4,016	15,447	<b>103,070</b>

As regards the sales made to individual customers, there are no situations of particular concentration as all are well under the threshold of 10% of total revenues.

The book value of trade receivables coincides with their fair value.

The Group continues to maintain tight control over credit. This management practice ensures that the investment in working capital is limited. Accounts receivable are adjusted to their estimated realizable value by means of a provision for bad and doubtful accounts based on a review of individual outstanding balances. The provision at June 30, 2023 represents a prudent estimate of the current collection risk.

Changes in the provision during the year are as follows:

<b>Balance at January 1</b>	<b>19,072</b>
Provisions	342
Translation differences	(9)
Utilizations	(524)
<b>Balance at June 30</b>	<b>18,881</b>

The risk of customer insolvency is significantly mitigated as specific contracts with leading credit insurance companies cover credit risk on most of the turnover. The clauses provide that, initially, the insurance is configured solely as a request to accept the credit risk up to previously agreed credit limits. The insurance does become operating only after a formal communication of non-payment within the stipulated time.

## 22. Other non-financial current assets

This item is made up as follows:

	<b>Balance at June 30, 2023</b>	<b>Balance at Dec. 31, 2022</b>	<b>Change</b>
Tax credits	3,228	2,333	895
VAT recoverable	13,836	5,930	7,906
Advances to vendors	3,897	3,690	207
Other receivables	3,476	16,524	(13,048)
Accrued income and prepaid expenses	4,230	3,544	686
<b>Total</b>	<b>28,667</b>	<b>32,021</b>	<b>(3,354)</b>

The decrease is mainly due to the collection of the insurance indemnity related to the fire of the third-party warehouse, which handled a substantial part of Geox-branded apparel, for Euro 12,500 thousand, which occurred in early 2023.

Accrued income and prepaid expenses mainly include prepaid expenses for rentals and miscellaneous maintenance.

## 23. Financial assets

The book value of the financial assets shown below coincides with their fair value.

The following table shows the breakdown of this item:

	Balance at June 30, 2023	Balance at Dec. 31, 2022	Change
Term bank deposits	27	27	-
<b>Total non-current financial assets</b>	<b>27</b>	<b>27</b>	<b>-</b>
Fair value derivative contracts	11,461	26,902	(15,441)
Other current financial assets	3,913	4,043	(130)
<b>Total current financial assets</b>	<b>15,374</b>	<b>30,945</b>	<b>(15,571)</b>

The term bank deposits of Euro 27 thousand include amounts lodged to guarantee rent contracts on foreign shops.

As regards the mark-to-market derivative contracts, see the comments in note 36.

The item "Other current financial assets" amounting to Euro 3,913 thousand includes mainly, sums deposited as guarantee for the purpose of the e-commerce business.

## 24. Cash and cash equivalent

The amount of Euro 47,215 thousand relates to short term deposits for Euro 2,833 thousand, to current account in Euro for Euro 30,000 thousand, in British Pound for Euro 2,351 thousand, in US Dollar for Euro 4,347 thousand, in Ruble for Euro 1,892 thousand, in Swiss Franc for Euro 503 thousand, in Chinese Yuan for Euro 1,146 thousand, other currencies for the rest. The term deposits relate to remunerated cash investments.

Current account balances in Euro refer to collections from customers on month-end due dates and the disbursement of a new loan that occurred close to the end of the six-month period.

Current account balances in U.S. dollars are related to maturing payments of supplies from the Far East.

The book value of the financial assets and liabilities shown below coincides with their fair value.

## 25. Equity

### Share capital

The share capital of Euro 25,921 thousand is fully paid and is made up of 259,207,331 shares with a par value of Euro 0.10 each. As at June 30, 2023, the treasury shares held by the Company amount to 3,996,250 corresponding to 1.54% of the share capital.

### Other reserves

This item is made up as follows:

	Balance at June 30, 2023	Balance at Dec. 31, 2022	Change
Legal reserve	5,184	5,184	-
Share premium reserve	37,678	37,678	-
Translation reserve	(6,429)	(5,451)	(978)
Reserve for cash flow hedges	2,173	7,141	(4,968)
Reserve for stock options	3,132	3,904	(772)
Reserve for treasury shares	(5,051)	(5,051)	-
Retained earnings	38,961	51,905	(12,944)
<b>Total</b>	<b>75,648</b>	<b>95,310</b>	<b>(19,662)</b>

The legal reserve amounts to Euro 5,184 thousand. This reserve is not distributable.

The share premium reserve was set up mainly in 2004 as a result of the public offering of shares which increased the share capital by Euro 850 thousand, then this reserve was increased following the exercise of the stock option plans reserved for management.

The reserve for cash flow hedges, for Euro 2,173 thousand, originated as a result of valuing the financial instruments defined as cash flow hedges at 30 June 2023. Fair value valuation of cash flow hedges is stated net of the tax effect as explained in greater detail in note 36. This reserve is not distributable.

The stock grant reserve, amounting to Euro 3,132 thousand is measured at each period end date based on the fair value of incentives recognized in equity-settled share-based payments. The impact of this change in the period is recognized in the income statement with a corresponding movement in the equity reserve over the period during which employees earn the right to the incentives.

Reserve for treasury shares, for Euro 5,051 thousand, originated during 2019 in execution of a program to purchase treasury shares to service the Stock Grant Plans.

The reduction in item Retained earnings refers to the 2022 loss carried forward.

Amounts are shown net of tax, where applicable.



## 26. Employee benefits

Employee benefits at 30 June 2023 amount to Euro 1,724 thousand as shown below:

<b>Balance at December 31, 2022</b>	<b>1,875</b>
Increase for acquisition	40
Reversal of 0.50% withholding	(128)
Reversal of 17% flat-rate tax	(3)
Payments to supplementary pension schemes	(572)
Advances granted to employees	(89)
Provision for the period	1,741
Payments to supplementary pension schemes run by INPS net of amounts paid to leavers	(1,059)
Change as a result of actuarial calculations	(81)
<b>Balance at June 30, 2023</b>	<b>1,724</b>

Changes in the item, during the first half of 2023, show a utilization of Euro 572 thousand for payments to supplementary pension funds and one of Euro 1,059 thousand for net payments to supplementary pension schemes run by INPS. This is because, based on the legislative changes introduced by Law 296/06, with effect from June 30, 2007, severance indemnities accruing after January 1, 2007 have to be paid by companies (with more than 50 employees) to a special treasury fund set up by INPS or, if the employee prefers, to a supplementary pension fund that complies with D.Lgs 252/05.

Companies book a short-term payable which is then cancelled when the amount is paid over to INPS.

The actuarial valuation is carried out on the basis of the Projected Unit Credit Method in accordance with IAS 19. This method involves measurements that reflect the average present value of the pension obligations that have accrued on the basis of the period of service that each employee has worked up to the time that the valuation is carried out, without extrapolating the employee's pay according to the legislative amendments introduced by the recent Pension Reform.

The various stages of the calculation can be summarized as follows:

- for each employee on the books at the date of the valuation, an extrapolation of the severance indemnity already accrued up to the time that it will probably be paid;
- for each employee, a calculation of the expected future payments of severance indemnity by the Company when the employee leaves due to dismissal, resignation, disability, death and retirement, as well as if an advance is requested;
- discounting, to the valuation date, of each expected future payment.

The actuarial model used for the valuation of the provision for severance indemnities is based on various assumptions, some demographic, others economic and financial. The main assumptions used in the model are as follows:

- mortality rates: RG48 life expectancy table
- disability rates: INPS tables split by age and gender
- employee turnover rate: 2.0%
- discount rate (index Iboxx Corporate AA con duration 10+): 3.61%
- rate of severance indemnities increase: 3.225%
- inflation rate: 2.30%

The following table shows the effect that there would be on the obligation for the defined benefit obligation as a result of changes of significant actuarial assumptions at the year-end:

<b>Changes in assumptions</b>	
+1% employee turnover rate	14
-1% employee turnover rate	(15)
+1/4% inflation rate	31
-1/4% inflation rate	(30)
+1/4% discount rate	(45)
-1/4% discount rate	47

## 27. Provisions for liabilities and charges long term

This item is made up as follows:

	<b>Balance at Dec. 31, 22</b>	<b>Utiliza- tion</b>	<b>Provi- sions</b>	<b>Trans. Diff.</b>	<b>Actuarial adj</b>	<b>Balance at June 30, 23</b>
Provision for agents' severance indemnities	4,210	(46)	66	87	(4)	4,313
Other	1,616	(153)	61	4	-	1,528
<b>Total</b>	<b>5,826</b>	<b>(199)</b>	<b>127</b>	<b>91</b>	<b>(4)</b>	<b>5,841</b>

The “provision for agents’ severance indemnities” is provided for on the basis of legislative rules and collective agreements that regulate situations in which agency mandates may be terminated. Provisions represent the best estimate of the amount that the business would have to pay to settle the obligation or transfer it to third parties at the balance sheet date. The cumulative effect of the actuarial valuation carried out in accordance with IAS 37 amounts to Euro 581 thousand.

“Other” reflects mainly an estimate of the risks involved in outstanding disputes, as well as the estimated restoration costs.

## 28. Current and non current financial liabilities

This item is made up as follows:

	<b>Balance at June 30, 2023</b>	<b>Balance at Dec. 31, 2022</b>	<b>Change</b>
Bank loans	68,781	56,561	12,220
Other loans	61	61	-
<b>Total</b>	<b>68,842</b>	<b>56,622</b>	<b>12,220</b>

Non-current financial liabilities amount to Euro 68,842 thousand compared to Euro 56,662 thousand at December 31, 2022 and are all due within 5 years.

The net increase of euro 12,220 thousand is mainly explained by two new loans obtained during the six-month period (for Euro 23,481 thousand) and repayments of existing loans for the difference.

Current financial liabilities is made up as follows:

	Balance at June 30, 2023	Balance at Dec. 31, 2022	Change
Cash advances	233	4,389	(4,156)
Loans	48,880	25,520	23,360
Advances against orders	32,800	17,000	15,800
Other current loans	84	251	(167)
Fair value derivative contracts	498	1,025	(527)
Other current financial liabilities	824	305	519
<b>Total</b>	<b>83,319</b>	<b>48,490</b>	<b>34,829</b>

Current financial liabilities amount to Euro 83,319 thousand compared to Euro 48,490 thousand as of 31 December 2023.

The item Loans includes the portion due within 12 months of medium-to long-term loans, as well as the revolving type credit line for a total amount of Euro 20.0 million at a variable rate.

Other current loans, for Euro 84 thousand, include the portion due within 12 months of a loan stipulated with the company IBM Italia Servizi Finanziari S.r.l. for the purchase of hardware and software systems.

Regarding the item "Fair value derivative contracts," refer Note 36.

The Group has equipped itself with adequate committed credit lines and has implemented a strategy for covering its financing needs aimed at achieving maximum consistency between sources and financing needs so as to have the right balance between short-term credit lines, to be placed at the service of the ordinary seasonality of the business, and medium- to long-term credit lines to support the investments required to develop a truly omnichannel business model that perfectly integrates physical and digital stores.

The Group has three loan agreements in place for a total remaining amount of Euro 97.5 million maturing within the next 3 years, assisted by SACE guarantees "Italy Guarantee" and "Supportitalia" on 90% of the amount. These loans are mainly intended to support personnel costs and investments, as well as working capital dynamics for production plants and business activities located in Italy.

Some contracts are subject to financial covenants (to be calculated before IFRS 16), measured on a semi-annual basis in June and December, with reference to the Group's consolidated figures. These parameters are the Debt Ratio (Net Financial Position/Equity) and the ratio of Net Financial Position to EBITDA. The values vary over the term of the contract and can also be possibly healed by Equity Cure transactions. As of June 30, 2023, the covenants were met. Based on the forecasts available as of the date of this report, it is believed that these financial indicators will also be met in the upcoming testing periods.

The net financial position as defined by the new ESMA Guidelines of 4 March 2021 (Consob Warning notice no. 5/21 to the Consob Communication DEM/6064293 of 28 July 2006) is detailed below:

(Thousands of Euro)	June 30, 2023	Dec. 31, 2022
A. Cash	47,215	24,303
B. Cash equivalents	-	-
C. Other current financial assets	15,374	30,945
<b>D. Liquidity (A + B + C)</b>	<b>62,589</b>	<b>55,248</b>
E. Current financial debt	(75,758)	(65,921)
F. Current portion of non-current financial debt	(48,880)	(25,520)
<b>G. Current financial indebtedness (E + F)</b>	<b>(124,638)</b>	<b>(91,441)</b>
<b>H. Net current financial indebtedness (G + D)</b>	<b>(62,049)</b>	<b>(36,193)</b>
I. Non-current financial debt	(277,329)	(245,907)
J. Debt instruments	-	-
K. Non-current trade and other payables	(61)	(61)
<b>L. Non-current financial indebtedness (I + J + K)</b>	<b>(277,390)</b>	<b>(245,968)</b>
<b>M. Total financial indebtedness (H + L)</b>	<b>(339,439)</b>	<b>(282,161)</b>

It should be noted that the non current financial debt is shown net of non-current financial assets.

## 29. Lease assets and lease liabilities

The item refers to the present value of the payments due for rents following the application of IFRS 16 Accounting Standard.

The item is made as follows:

	Balance at June 30, 2023	Balance at Dec. 31, 2022	Change
Non-current lease assets – third parties	694	176	518
<b>Total lease assets</b>	<b>694</b>	<b>176</b>	<b>518</b>
Non-current lease liabilities - third parties	143,684	138,779	4,905
Non-current lease liabilities - related parties	65,585	50,770	14,815
<b>Total non-current lease liabilities</b>	<b>209,269</b>	<b>189,549</b>	<b>19,720</b>
Current lease liabilities - third parties	36,190	37,951	(1,761)
Current lease liabilities - related parties	5,129	5,000	129
<b>Total current lease liabilities</b>	<b>41,319</b>	<b>42,951</b>	<b>(1,632)</b>
<b>Total lease liabilities</b>	<b>250,588</b>	<b>232,500</b>	<b>18,088</b>
<b>Total net lease liabilities</b>	<b>249,894</b>	<b>232,324</b>	<b>17,570</b>

Non-current lease liabilities amount to Euro 209,269 thousand, of which Euro 121,280 thousand are due within 5 years, and Euro 87,989 thousand beyond 5 years.

The following table shows the changes lease liabilities during the first half of 2023:

	12/31/2022	Net increases	Transl. Diff	Payments	06/30/2023
<b>Total Lease liabilities</b>	232,500	43,584	(732)	(24,764)	<b>250,588</b>

The weighted average of the interest borrowing rate (IBR) is 1.75%.

### 30. Other long-term payables

This item is made up as follows:

	Balance at June 30, 2023	Balance at Dec. 31, 2022	Change
Guarantee deposits	227	308	(81)
Accrued expenses and deferred income	896	871	25
<b>Total</b>	<b>1,123</b>	<b>1,179</b>	<b>(56)</b>

The guarantee deposits refer to amounts received from third parties to guarantee business lease contracts (for Geox Shops).

### 31. Trade payables

The item is made up as follows:

	Balance at June 30, 2023	Balance at Dec. 31, 2022	Change
Accounts payable	239,559	269,454	(29,895)
Provision for returns	29,217	27,607	1,610
<b>Total</b>	<b>268,776</b>	<b>297,061</b>	<b>(28,285)</b>

Accounts payable at June 30, 2023 amount to Euro 239,559 thousand, showing a decrease of Euro 29,895 thousand if compared with December 31, 2022. This decrease is mainly attributable to the different timing of purchases of finished products for the Fall/Winter 23 season, compared to purchases for the corresponding season of the previous year

These are liabilities due within the next 12 months. The terms and conditions of the liabilities listed above are as follows:

- trade payables are normally settled within 30-150 days and do not generate interests;
- the terms and conditions applied to related parties are the same as those applied to third parties.

The book value of accounts payable coincides with their fair value.

Changes in the refund liabilities during the first half of 2023 are as follows:

<b>Balance at January 1</b>	<b>27,607</b>
Provisions	25,835
Translation differences	(456)
Utilizations	(23,769)
<b>Balance at June 30</b>	<b>29,217</b>

The provision for returns has been estimated based on the potential returns and credit notes arising from the trade agreements signed with customers, in particular with franchising ones.

### 32. Other non-financial current liabilities

This item is made up as follows:

	Balance at June 30, 2023	Balance at Dec. 31, 2022	Change
Social security institutions	2,835	3,940	(1,105)
Employees	16,142	16,111	31
Other payables	6,442	5,088	1,354
Accrued expenses and deferred income	1,703	1,396	307
<b>Total</b>	<b>27,122</b>	<b>26,535</b>	<b>587</b>

The amounts due to social security institutions mainly relate to pension contributions for the first half of 2023, paid in the second half of 2023.

The amounts due to employees include payroll, bonuses and accrued vacation not yet taken as of June 30, 2023.

Other payables are mainly advances received from customers and the short-term part of the guarantee deposits received from third parties.

### 33. Provision for liabilities and charges short

Provision for liabilities and charges short term, amounting to Euro 2,714 thousand (Euro 2,355 thousand in 2022) include, mainly, an estimate of the risks involved in outstanding disputes, as well as the estimated restoration costs.

### 34. Taxes payable

This item is made up as follows:

	Balance at June 30, 2023	Balance at Dec. 31, 2022	Change
Withholding taxes	1,966	3,154	(1,188)
VAT payable and other taxes	13,684	6,578	7,106
<b>Total</b>	<b>15,650</b>	<b>9,732</b>	<b>5,918</b>

### 35. Share-based payments

In accordance with IFRS 2, the adoption of a stock option/stock grant plan requires that the fair value of the options at the grant date is recognized as a cost. This cost is charged to the income statement over the vesting period, and a specific equity reserve is booked. The fair value of these options has been determined by an independent expert using the binomial method.

At the date of this report a medium-long term incentive plans is in place, which has been approved by the extraordinary Shareholders' Meeting, on April 22, 2021 involving the free issue of up to a maximum of 7,696,626 ordinary Company shares, as well as a monetary component for a maximum amount of Euro 1,320,000 gross, in the event of overachievement of some targets, to the benefit of the Chief Executive Officer, Executives with strategic responsibilities and other senior managers and employees who are considered key resources for Geox or other Group Companies.

The Plan has a three-year vesting period and, as a result, the shares may be assigned from the date the Shareholders' Meeting approves the financial statements for the year ending December 31, 2023. The assignment of Equity Shares component is subject to the compliance with permanence condition (permanence at the date of approval by the Board of Directors of the Company of the draft consolidated financial statements closed on December 31, 2023), to the achievement of some profitability targets linked to EBIT in 2022, to the EBITDA target in 2023 and to some financial targets of the Group in 2023. The disbursement of the Cash Quota is also subject to the achievement of the overachievement target. The Board of Directors of Geox S.p.A. resolved to implement the Equity (Stock Grant) & Cash based Plan 2021-2023 with a first cycle of assignment of a number of 7,671,892 rights in favor of 99 beneficiaries.

As of June 30, 2023, a number of 6,484,709 rights are in circulation.

### 36. Risk management: objectives and criteria

#### Credit risk

Geox Group policy is to insure its trade receivables, thereby minimizing the risk of bad debts due to non-payment and/or significant payment delays on the part of customers. The policy of insuring against credit risk is applied to the main part of the Geox Group's accounts receivable from third parties.

The maximum risk involved in the Group's financial assets, which include cash and cash equivalents, derivative and other financial assets, is the book value of these assets in the event of counterparty insolvency.

#### Interest rate risk

Indebtedness to the banking system exposes the Group to the risk of interest rate fluctuations. Floating rate loans, in particular, run the risk of cash flow variations. At June 30, 2023, the Group's indebtedness to the banking system amounts to Euro 150.7 million and is mainly floating rate.

The Group decided to implement specific policies to hedge the risk of interest rate fluctuations on medium/long-term loans. It therefore entered into three Interest Rate Swap (IRS) transactions for a total of Euro 65.6 million, also with the specific objective of being able to remove, on part of the notional amount, the initial floor condition at zero in relation to Euribor included in the variable rate.

In terms of sensitivity analysis, we would emphasize that a positive (negative) variation of 50 b.p. in the level of interest rates applicable to short-term variable-rate financial liabilities would have resulted in a higher (lower) annual financial burden, gross of tax, of approximately Euro 475 thousand (527 thousand).

#### Exchange risk

The Geox Group also carries on its activity in countries outside the Euro-zone, which means that exchange rate fluctuations are an important factor to be taken into consideration.

The principal exchange rates to which the Group is exposed are the following:

- EUR/USD, in relation to purchases of finished product in U.S. dollars, made by Geox S.p.A., typically in the Far East, where the U.S. dollar is the reference currency for trade;
- EUR/GBP, EUR/CHF in relation to sales in the British and Swiss territories.



The Group initially calculates the amount of exchange risk, from trading transactions forecast for the coming 12 months, that is involved in the budget for the coming period. It then gradually hedges this risk during the process of order acquisition to the extent that the orders match the forecasts. These hedges take the form of specific forward contracts and options for the purchase and sale of the foreign currency. Group policy is not to arrange derivative transactions for speculative purposes.

With regard to the Russian market, where transactions between the parent Geox S.p.A. and the Russian subsidiary are exposed, it should be noted that, starting from the second half of 2022, particularly starting from the Fall/Winter 22 sales season, commercial transactions for the sale of finished products were settled in the Euro currency due to the impossibility of hedging the RUB currency. Therefore, to date, the transactional exchange rate risk between the Euro and the Ruble for the Group is mainly present in the financial statements of the Russian company that purchases finished products in the EUR currency.

Group companies may find themselves with trade receivables or payables denominated in currencies other than the functional currency of the entity holding them.

In addition, it may be convenient from an economic point of view, for companies to obtain finance or use funds in a currency different than the functional currency. Changes in exchange rates may result in exchange gains or losses arising from these situations. It is the Group's policy to hedge fully, whenever possible, the exposure resulting from receivables, payables and securities denominated in foreign currencies different than the functional currency.

Some of the Group's subsidiaries are located in countries which are not members of the European monetary union. As the Group's reference currency is the Euro, the income statements of those entities are converted into Euro using the average exchange rate for the period, and while revenues and margins are unchanged in local currency, changes in exchange rates may lead to effects on the converted balances in Euro.

The assets and liabilities of consolidated companies whose functional currency is different from the Euro may acquire converted values in Euro which differ based on the fluctuation in exchange rates. The effects of these changes are recognized directly in the item Cumulative Translation Adjustments reserve, included in Other Comprehensive income.

There have been no substantial changes during the first half of 2023 in the nature or structure of exposure to currency risk or in the Group's hedging policies, with the exception of what has already been described for the Ruble.

The Group's financial statements could be materially affected by fluctuations in the exchange rates, mainly referred to the US dollar and Ruble. The impact on the Group's result at June 30, 2023, resulting from a hypothetical, unfavorable and instantaneous change of 10% in the exchange rates of the leading foreign currencies with the Euro would have been approximately Euro 9 million, while in case of a favorable change of 10% in exchange rates the impact would have been approximately Euro 7,5 million, almost all of which relating to RUB because, as previously mentioned, it is not possible to hedge exchange rate risk. Receivables, payables and future trade flows whose hedging transactions have been analyzed were not considered in this analysis. It is reasonable to assume that changes in exchange rates will produce the opposite effect, of an equal or greater amount, on the underlying transactions that have been hedged.

## **Liquidity risk**

The sector in which the Group operates is very seasonal in nature. The year can be split into two collections (Spring/Summer and Fall/Winter), which more or less coincide with the first and second half. On the one hand, purchases and production are concentrated in the three months prior to the half-year in question, leading to an increase in inventory and, subsequently, the absorption of cash. On the other hand, the wholesale and franchising sales are concentrated in the first three months of the half-year in question, transforming inventory into receivables. The same period sees the completion of payment of accounts payable. Receipts from customers and end consumers, on the other hand, are collected before the end of the half-year in question.

These situations bring about very strong seasonal trends, also in the Group's financial cycle, which leads to peaks of absorption of financial resources in January to April and in July to October.

The Group manages liquidity risk by maintaining tight control over the various components of working capital, especially inventory and accounts receivable. The Group's credit risk hedging policies guarantee short-term collection of all accounts receivable, even those from customers in financial difficulty, eliminating almost entirely the risk of insolvency. In addition, the finished products remained in stores at the end of the season are then disposed of in a planned way in the outlets owned by the Group and through promotional sales to third parties. The Group also has bank lines of credit in line with the strong balance sheet and which are also roomy compared to seasonal phenomena described above.

The Directors, in view of current business performance, forecasts in the Strategic Plan, current available and unused lines,

and financing obtained from the banking system, do not believe that the Group is unable to meet its payment commitments.

## Fair value and related hierarchy

As at June 30, 2023, financial instruments are as follows:

	Notional value on 06-30-23	Fair value on 06-30-23 (debit)	Fair value on 06-30-23 (credit)	Notional value on 12-31-22	Fair value on 12-31-22 (debit)	Fair value on 12-31-22 (credit)
FX Forward buy agreements to hedge exch. rate risk	-	-	-	37,305	2,588	(673)
FX Forward sell agreements to hedge exch. rate risk	94,597	547	(498)	69,231	1,849	(352)
FX Currency Option agreem. to hedge exch. rate risk	239,278	8,747	-	285,955	19,711	-
Target Forward FX Trans. to hedge exch.rate risk	65,625	2,167	-	59,063	2,754	-
<b>Total Cash flow hedge</b>	<b>399,500</b>	<b>11,461</b>	<b>(498)</b>	<b>451,554</b>	<b>26,902</b>	<b>(1,025)</b>

IFRS 7 requires financial instruments recognized in the statement of financial position at fair value to be classified on the basis of a hierarchy that reflects the significance of the inputs used in determining fair value.

The following levels are used in this hierarchy:

- Level 1 – quoted prices in active markets for the assets or liabilities being measured;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) on the market;
- Level 3 – inputs that are not based on observable market data.

All the financial assets and liabilities measured at fair value at June 30, 2023 are classified on Level 2. During the first half of 2023 there were no transfers from Level 1 to Level 2 or to Level 3 or vice versa.

The Group holds the following derivatives to cover exchange rate fluctuations at June 30, 2023:

- FX forward exchange agreements to hedge future purchases and sales of foreign currency;
- FX Currency Option agreements for future purchases and sales of foreign currency

These agreements hedge future purchases and sales planned for the upcoming seasons.

The fair value measurement of the derivatives being analyzed was carried out by means of independent valuation models on the basis of the following market data posted on June 30, 2023:

- Short-term interest rates on the currencies in question as quoted on [www.euribor.org](http://www.euribor.org) and [www.bba.org.uk](http://www.bba.org.uk);
- The spot exchange rates taken directly from the European Central Bank's website and the relative volatility posted by Bloomberg.

With regard to derivative financial instruments to hedge the interest rate risk, at June 30, 2023 the Group held three Interest Rate Swap (IRS), used to alter the profile of original interest rate risk exposure from variable rate to fixed rate. On set dates, such IRS exchange interest flows with the counterparties, calculated on the basis of a reference notional value, at the agreed fixed and variable rates.

## Potential risks related to climate change

The Geox Group is aware of the relevance of climate-related issues and their relative impacts and, in this perspective, monitors them in relation to the type of its business (e.g. transition risks) and the sector in which it operates, which includes among its main risks, as well as emerging ones, those relating to so-called 'climate change' and, in particular:

- physical risks that could cause extreme natural events with potential impacts related to supply chains, production facilities and stores with possible business interruptions and financial losses;
- risks related to supply chain vulnerability caused by the above-mentioned physical risks and which could lead to possible disruptions in supply chains, affecting the availability and cost of raw materials, transport and distribution.

The Geox Group has carried out analyses of the risk profiles considered relevant - including risks with potential ESG impacts - aware of the evolution and recommendations (e.g. Task Force on Climate-related Financial Disclosures, TCFD) to which the aforesaid analyses must tend.

As set out in the Consolidated Non-Financial Statement, the product initiatives (e.g. linked to ongoing research and development activities), process initiatives (e.g. linked to the evolution of packaging, energy consumption, the supply chain, etc.) and the awards obtained by the Group, in addition to the initiatives towards personnel and other stakeholders, demonstrate the Group's attention and positioning - in a context of extreme sensitivity - with respect to emerging needs and the consequent risks, including regulatory risks, of a climatic-environmental nature.

### 37. Related-party transactions

Pursuant to IAS 24, the Group's related parties are companies and people who are able to exercise control or significant influence and associated companies. Finally, are considered related parties the members of the Board of Directors, the Statutory Auditors and Executives with strategic roles of the Group and their families.

The Regulation governing related party transactions is available on the website [www.geox.biz](http://www.geox.biz) Governance section.

The Group has dealings with the ultimate parent company (LIR S.r.l.), with affiliated companies (mainly Diadora S.p.A. for the portion related to revenues on royalties and Domicapital S.r.l. for the portion related to leases on capital properties) and other related parties. Commercial relations with these parties are based on the utmost transparency and on market terms and conditions. The economic transactions held with related parties are summarized in the following tables:

	I half 2023	Parent company	Affiliated company	Other related parties	Total of which related parties	Effect on Total (%)
Sales	353,603	-	548	-	548	0.15%
Cost of sales	(173,272)	-	13	-	13	(0.01%)
General and administrative expenses	(144,045)	(2)	(26)	-	(28)	0.02%
Other revenues	3,116	24	22	-	46	1.48%
Advertising and promotion costs	(17,160)	(70)	-	-	(70)	0.41%
Financial expenses	(15,365)	(16)	(804)	-	(820)	5.34%

	I half 2022	Parent company	Affiliated company	Other related parties	Total of which related parties	Effect on Total (%)
Sales	340,589	-	552	-	552	0.16%
Cost of sales	(179,355)	-	18	-	18	(0.01%)
General and administrative expenses	(140,787)	(1)	9	-	8	(0.01%)
Other revenues	2,303	18	22	-	40	1.74%
Advertising and promotion costs	(15,232)	(82)	-	-	(82)	0.54%
Financial revenues	(4,359)	(20)	(646)	-	(666)	15.28%

The main effects on financial statement of the transactions with these parties at June 30, 2023 and at December 31, 2022 are summarized below:

	Balance at June 30, 2023	Parent company	Affiliated company	Other related parties	Total of which related parties	Effect on Total (%)
Accounts receivable	76,957	24	580	-	604	0.78%
Other non-financial current assets	28,667	1	-	-	1	0.00%
Non-current lease liabilities	209,269	1,073	64,512	-	65,585	31.34%
Accounts payable	268,776	291	3,882	-	4,173	1.55%
Current lease liabilities	41,319	339	4,790	-	5,129	12.41%

	Balance at Dec. 31, 2022	Parent company	Affiliated company	Other related parties	Total of which related parties	Effect on Total (%)
Accounts receivable	83,998	57	516	-	573	0.68%
Other non-financial current assets	32,021	2	-	-	2	0.01%
Non-current lease liabilities	189,549	1,244	49,526	-	50,770	26.78%
Accounts payable	297,061	39	61	1	101	0.03%
Current lease liabilities	42,951	336	4,664	-	5,000	11.64%

### 38. Commitments and contingent liabilities

The future rental payments under lease contracts, excluded from the application of IFRS 16, as of June 30, 2023 are as follows:

	06-30-2023
Within 1 year	6,729
Within 1-5 years	11,186
Beyond 5 years	2,909
<b>Total</b>	<b>20,824</b>

The Group has decided not to recognize right-of-use assets and lease liabilities related to low-value assets and short-term leases. The Group recognizes the related lease payments as an expense over the lease term.

### **39. Significant subsequent events after June 30, 2023**

No significant events occurred after June 30, 2023.

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Biadene di Montebelluna, July 27, 2023

For the Board of Directors  
The Chairman  
Mr. Mario Moretti Polegato

## Attachment I

Biadene di Montebelluna, July 27, 2023

### ATTESTATION

#### **OF THE CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH ART- 154-BIS, PARAS. 5 AND 5-BIS OF LEGISLATIVE DECREE 58 OF FEBRUARY 24, 1998 "THE FINANCIAL INTERMEDIATION CODE".**

The undersigned Livio Libralesso, Chief Executive Officer of Geox S.p.A. and Massimo Nai, Financial Reporting Manager of Geox S.p.A., attest, bearing in mind the provisions of art. 154-bis, paras. 3 and 4 of Legislative Decree 58 of February 24, 1998:

- the adequacy in relation to the characteristics of the enterprise and
- the effective application

of the administrative and accounting procedures for preparing the consolidated financial statements during the first half of 2023.

They also confirm that the consolidated financial statements:

- a) agree with the books of account and accounting entries;
- b) are prepared in accordance with the International Financial Reporting Standards adopted by the European Union, as well as the provisions issued to implement art. 9 of Legislative Decree 38/2005 and to the best of their knowledge, they are able to give a true and fair view of the assets and liabilities, results and financial position of the Issuer and of the other enterprises included in the consolidation;
- c) provide a fair and correct representation of the financial conditions, results of operations and cash flows of the Company as of June 30, 2023;
- d) Director's report includes a reliable operating and financial review of the Company as well as a description of the main risks and uncertainties to which it is exposed.

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Livio Libralesso  
CEO

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Massimo Nai  
Financial Reporting Manager

## Attachment 2

### LIST OF COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS AS AT JUNE 30, 2023

Name	Location	Year end	Currency	Share capital	% held		Total
					Directly	Indirectly	
- Geox S.p.A.	Biadene di Montebelluna (TV), Italy	Dec. 31	EUR	25.920.733			
- Geox Deutschland GmbH	Munich, Germany	Dec. 31	EUR	500.000	100%		100.00%
- Geox Respira SL	Barcelona, Spain	Dec. 31	EUR	1.500.000	100%		100.00%
- Geox Suisse SA	Lugano, Switzerland	Dec. 31	CHF	200.000	100%		100.00%
- Geox UK Ltd	London, U.K.	Dec. 31	GBP	1.050.000	100%		100.00%
- Geox Canada Inc.	Mississauga, Canada	Dec. 31	CAD	23.500.100		100%	100.00%
- S&A Distribution Inc.	New York, Usa	Dec. 31	USD	1		100%	100.00%
- Geox Holland B.V.	Breda, Netherlands	Dec. 31	EUR	20.100	100%		100.00%
- Geox Retail S.r.l.	Biadene di Montebelluna (TV), Italy	Dec. 31	EUR	100.000	100%		100.00%
- Geox Hungary Kft	Budapest, Hungary	Dec. 31	HUF	10.000.000	99%	1%	100.00%
- Geox Hellas S.A.	Athens, Greece	Dec. 31	EUR	220.000	100%		100.00%
- Geox France Sarl	Sallanches, France	Dec. 31	EUR	15.000.000	100%		100.00%
- S&A Retail Inc.	New York, Usa	Dec. 31	USD	200		100%	100.00%
- Geox Asia Pacific Ltd	Hong Kong, China	Dec. 31	USD	127.400		100%	100.00%
- XLog S.r.l.	Signoressa di Trevignano (TV), Italy	Dec. 31	EUR	110.000	100%		100.00%
- Geox Rus LLC	Moscow, Russia	Dec. 31	RUB	60.000.000	100%		100.00%
- Geox AT GmbH	Wien, Austria	Dec. 31	EUR	35.000	100%		100.00%
- Geox Poland Sp. Z.o.o.	Warszawa, Poland	Dec. 31	PLN	5.000		100%	100.00%
- Geox Portugal S.U. LDA	Lisbon, Portugal	Dec. 31	EUR	300.000	100%		100.00%
- Technic Development D.O.O. Vranje	Vranje, Serbia	Dec. 31	RSD	802.468.425	100%		100.00%
- Geox Macau Ltd	Macau, China	Dec. 31	MOP	5.000.000		100%	100.00%
- Geox Trading Shanghai Ltd	Shanghai, China	Dec. 31	CNY	122.285.716		100%	100.00%
- Dongguan Technic Footwear Apparel Design Ltd	Dongguan, China	Dec. 31	CNY	3.795.840		100%	100.00%
- Technic Development Vietnam Company Ltd	Ho Chi Minh City, Vietnam	Dec. 31	VND	3.403.499.500		100%	100.00%
- XBalk D.O.O. Vranje	Vranje, Serbia	Dec. 31	RSD	1.200.000		100%	100.00%

## **Company's data and information for Shareholders**

### **Registered office**

Geox S.p.A. – Joint Stock Company  
Via Feltrina Centro, 16  
31044 Biadene di Montebelluna (TV) - Italy

### **Legal data**

Via Feltrina Centro, 16  
31044 Biadene di Montebelluna (TV) - Italy  
Share Capital: Euro 25,920,733.1 i.v.  
Economic and Administrative Database no. 265360  
Treviso Commercial Register and Taxpayer's Code no. 03348440268

### **Investor Relations**

investor.relations@geox.com  
tel. +39 0423 282476

### **Documents for shareholders**

[www.geox.biz](http://www.geox.biz)  
(Investor Relations Sections)

## **Disclaimer**

*This English version of the consolidated financial statements of Geox Group constitutes a non-official version which has not been prepared in accordance with the provisions of the Commission Delegated Regulation (EU) 2019/815. The official version of the financial statements, which was prepared in accordance with the aforementioned Regulation, has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.*





KPMG S.p.A.  
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(Translation from the Italian original which remains the definitive version)

## Report on review of condensed interim consolidated financial statements

*To the Shareholders of  
Geox S.p.A.*

### Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of the Geox Group comprising the income statement, statement of other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and notes thereto, as at and for the six months ended 30 June 2023. The parent's directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

### Scope of Review

We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed interim consolidated financial statements.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the Geox Group as at and for the six months ended 30 June 2023 have not been prepared, in all material respects, in accordance with the International



**Geox Group**

*Report on review of condensed interim consolidated financial statements*

*30 June 2023*

Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Treviso, 3 August 2023

KPMG S.p.A.

(signed on the original)

Francesco Masetto  
Director of Audit