

GEOX

FY23 Financial Results

March 1st 2024

GEOX



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Today's presenters



Andrea Maldi
CFO



Luca Amadini
IR Manager

Agenda



1. Executive summary

2. Market Update

3. Business Review

4. Financial review

Executive Summary

Business Overview

Substantially stable performance in a very complex market environment with gross margin improvement driving increase in EBIT.

Financial Results FY2023

NET SALES amount to €719.6 m (-2.2% vs LY or +0.3% Organic c.Fx) mainly affected by strong perimeter reduction;
GROSS MARGIN at 50.7% increasing by 320 bps vs FY22;
EBIT raises to €15.6m or 2.2% as % of Net Sales (€4.3m or 0.6% in FY22);
NFP (ante IFRS16) amounts to -€93.1m vs -€49.8m at Dec '22 (Net Bank debt -€90.1m vs -€75.7m at Dec'22 – Fair Value of Hedging instruments -€3m vs €25.9m at Dec'22);
NET WORKING CAPITAL amounts to €116.7m or 16.2% as % of Net Sales (€77.1m or 10.5% at December 22).

Current Trading

DOS (W8) LFL YTD: +9.4% vs 2023

Guidance FY2024

2024 Macroeconomics and market scenario drive our expectations to prudence;
FY24E Sales: Flat / FY24E Gross Margin : (~ 50 BPS FY)

AGM

Shareholders' Meeting called for April 19th, 2024

Agenda



1. Executive summary

2. Market Update

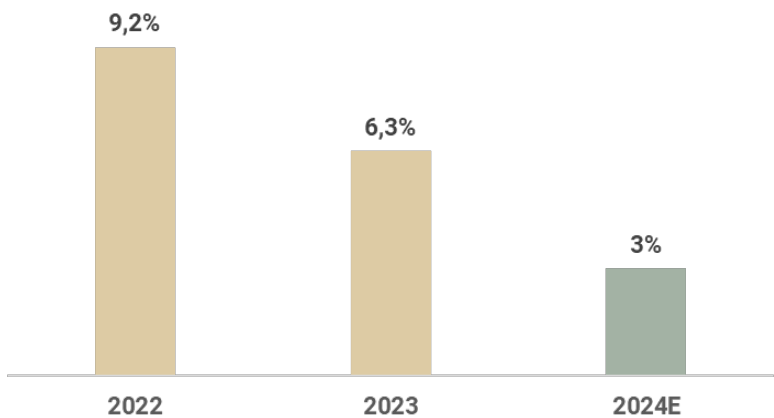
3. Business Review

4. Financial review

Market and Industry Update

Families' purchasing power decreased over the year, influenced by high inflation and declining family confidence.

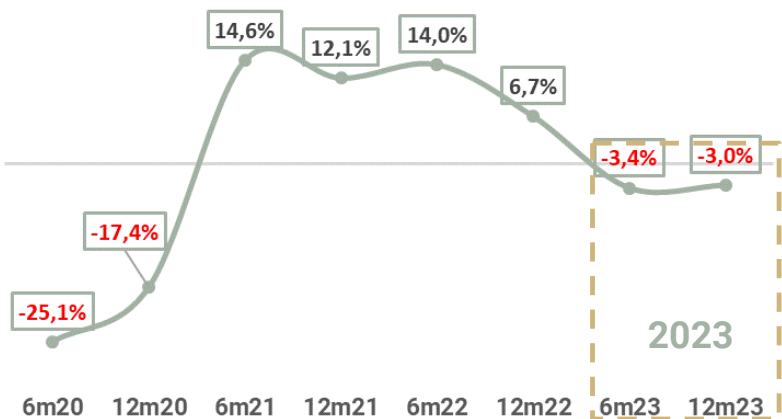
Inflation rate Area Euro



Source: European Economic Forecast (Feb-24) –EU Commission

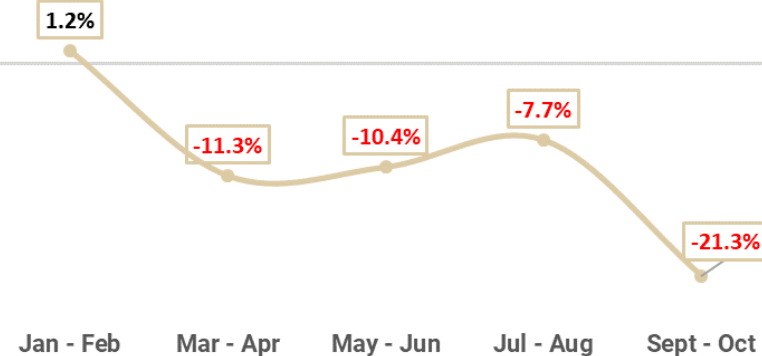
High inflation and interest rate environment experienced in recent years deeply influenced families' spending power.

Quantity of Shoes purchased in Italy (t vs t-1)



Source: ASSOCALZATURIFICI

2023 Shoe export by bimester (t vs t-1)



Source: ASSOCALZATURIFICI

Agenda



1. Executive summary

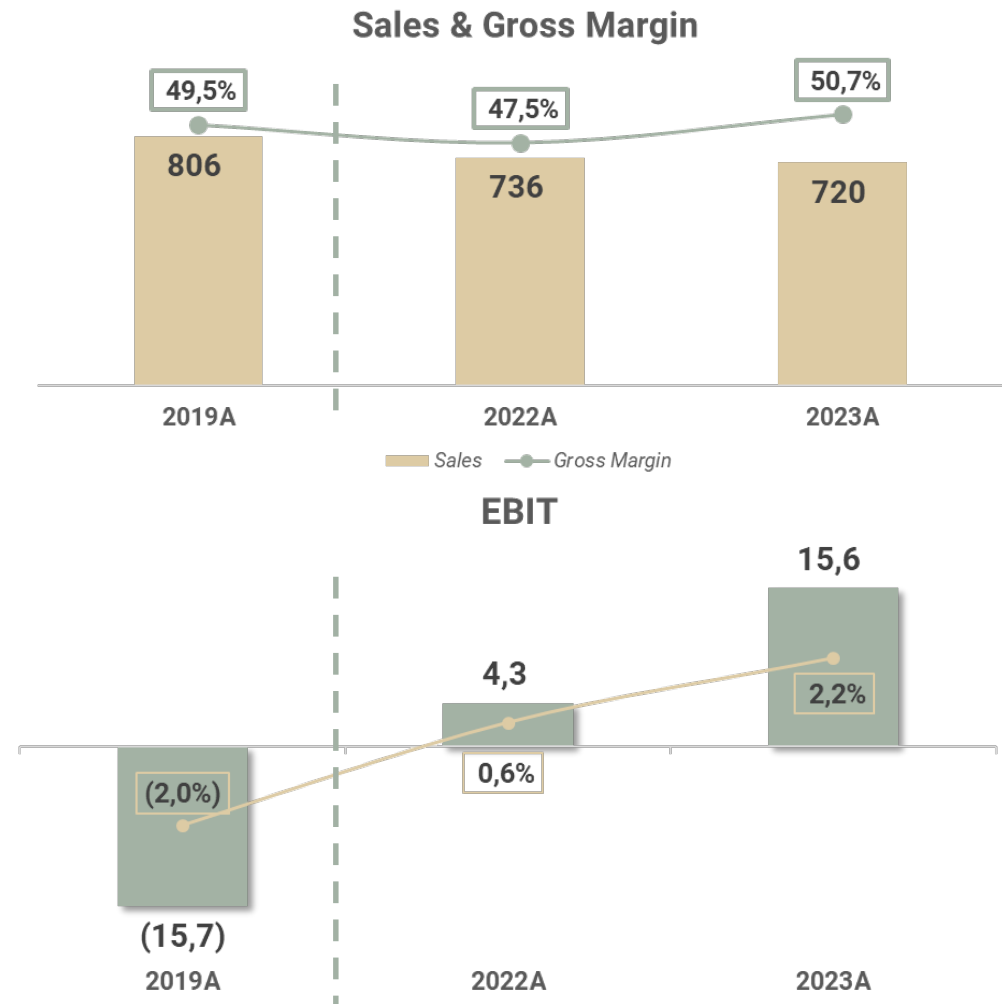
2. Market Update

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Net sales and Margins

Impressive last years positive EBIT progression



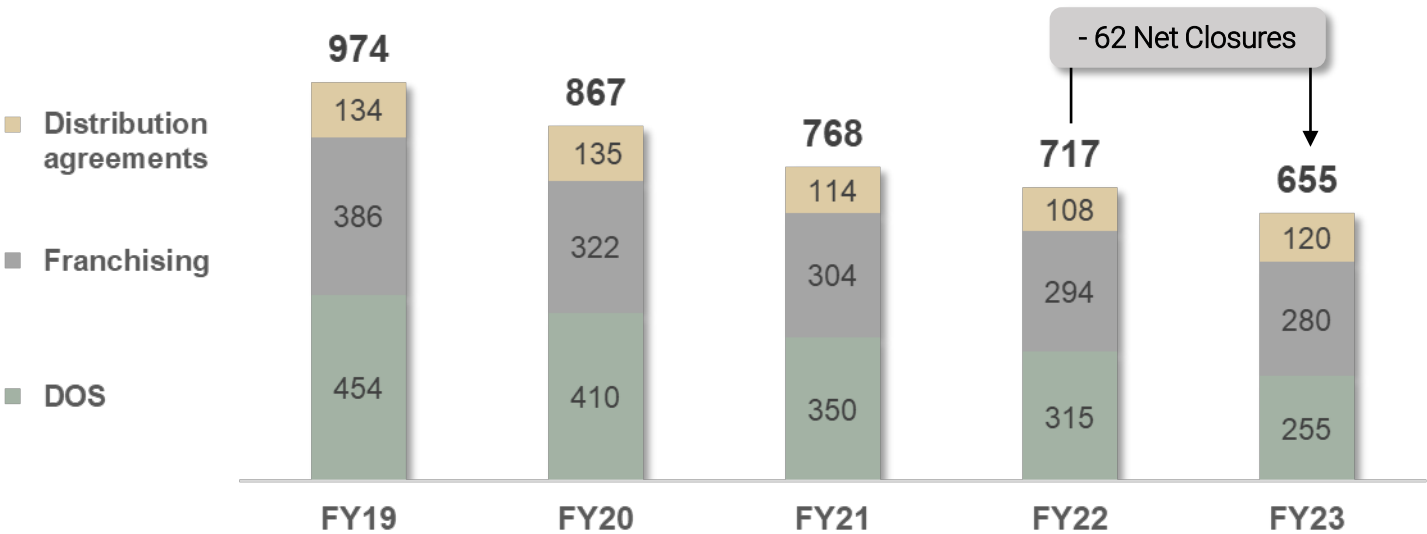
Net sales are strongly influenced by negative currency impact by €18 million.

Almost complete rationalization of the DOS and Franchising network resulted in overperforming gross margin despite a significant perimeter negative effect by approximately €18.7 million.

Gross margin improvement and cost rationalization drive impressive EBIT increase

B&M Distribution network

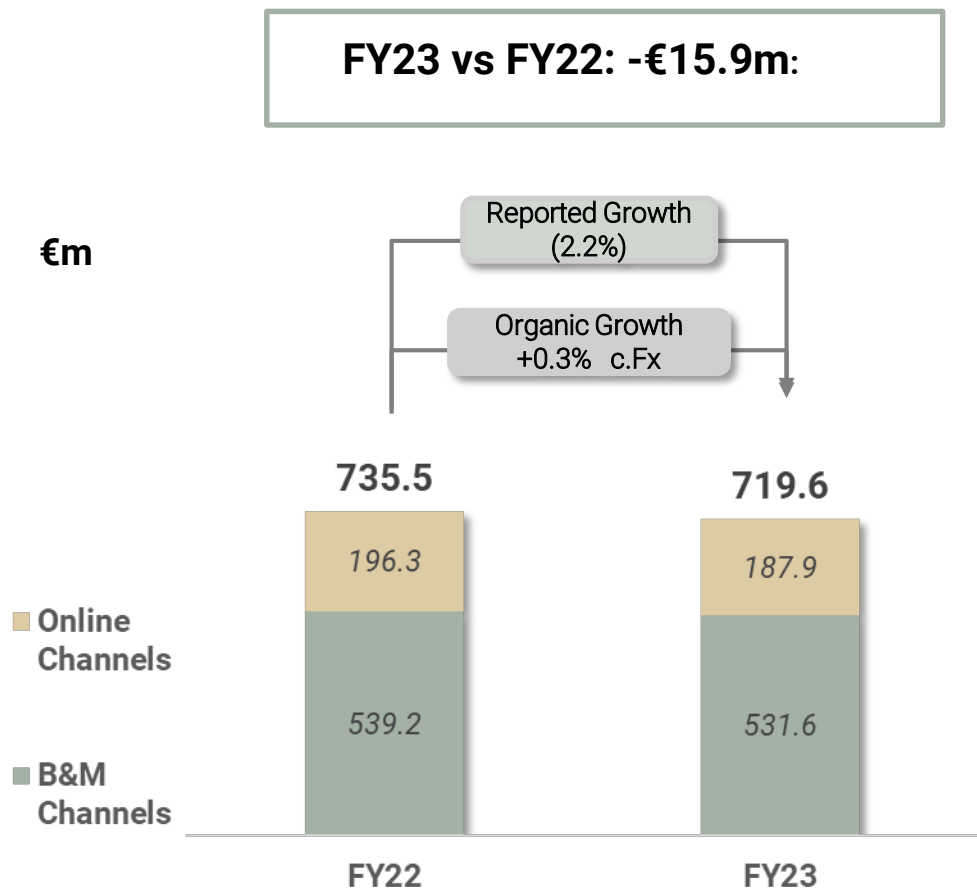
Rationalization of the Retail network almost completed significantly contributes to margins improvement



- Footprint at 31 Dec.'23 results smaller by 62 doors in respect to 31 Dec.'22 due to:**
- #60 DOS net closures caused a negative perimeter effect of -€17 million.
 - The positive B&M LFL +3.7% (€5.4m) only partially offsets the negative perimeter effect.
 - New #12 doors opened under Distribution agreements signed mainly in new strategic regions
 - #14 Franchise net closures result in negative €1.7 million perimeter effect

Net sales – B&M vs Online channels

WHS B&M and DOS Online deliver positive performance

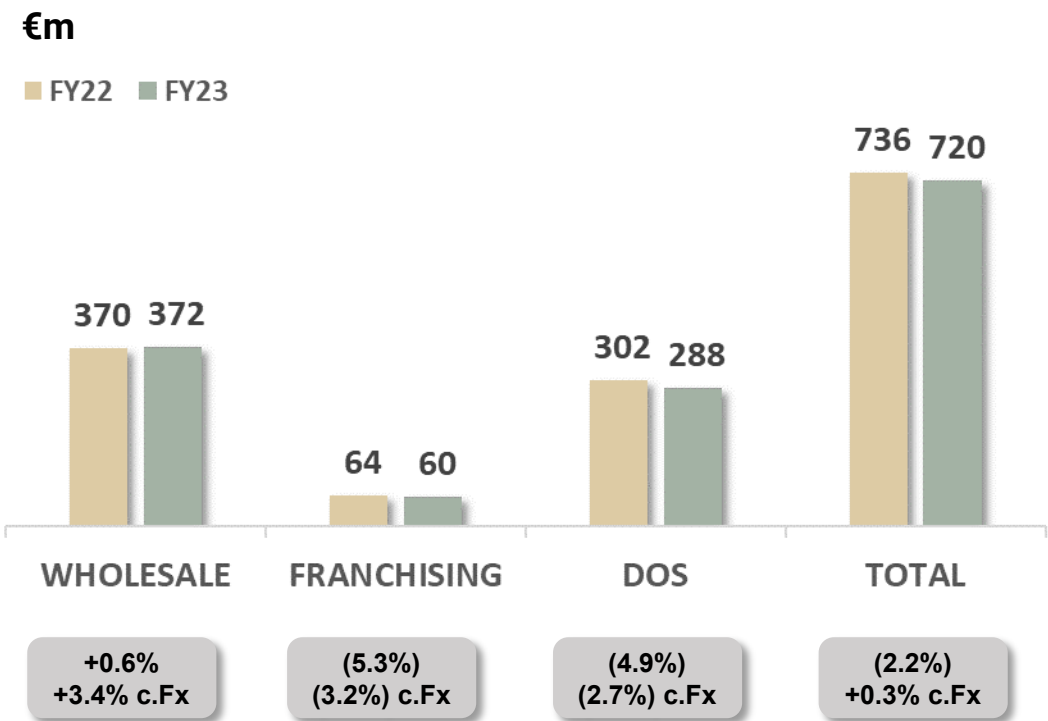


	FY23 vs FY22	as % of Sales
Sales	-2.2%	100.0%
B&M Channels	-1.4%	73.9%
Wholesale B&M	5.7%	32.7%
Franchising	-5.3%	8.4%
DOS B&M	-6.7%	32.8%
Online Channels	-4.3%	26.1%
Wholesale Online	-7.1%	19.0%
DOS Online	4.2%	7.1%

- **B&M Channels:** Positive WHS B&M performance more than offset by perimeter reduction of DOS and Franchising
- **Online Channels:**
 - Following a poor performance in the first quarter, Online DOS was able to recover thanks to extremely positive growth throughout the rest of the year.
 - WHS's negative performance reflects the weakness of the main European players in the market.

Net sales by channel

Wholesale channel's showed slightly positive performance



NET SALES BREAKDOWN

WHOLESALE 52% | FRANCHISING 8% | DOS 40%

WHOLESALE: +0.6% YoY

Low single digit increase mainly driven by:

- Positive SS23 and FW23 initial order intake delivered on time,
- Lower in-season reorders as consequence of the un-favorable weather condition in May and September '23

FRANCHISING: (5.3%) YoY

- Sales affected by negative perimeter (-€1.7 million) and LFL performance

DOS: (4.9%) YoY

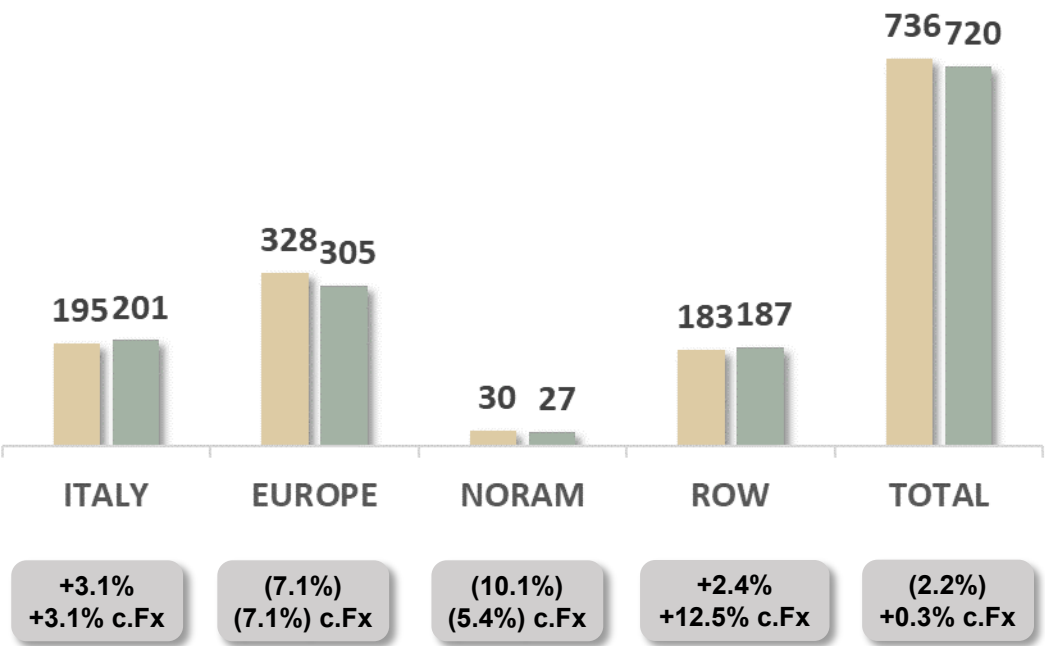
- Brick & Mortar: negative by 6.7% vs LY driven by negative perimeter effect (-60 DOS vs FY22) only partially offset by positive LFL performance (+3.7%)
- ONLINE: positive by 4.2% thanks to the extremely positive performance in Q423 (+25.3% vs LY)

Net sales by region

European countries led the negative performance

€m

FY22 FY23



NET SALES BREAKDOWN

ITALY 28% | EUROPE 42% | NORAM 4% | ROW 26%

ITALY: +3.1% YoY

- Wholesale: double digit positive.
- Franchising and DOS performance are mainly affected by negative perimeter effect.

EUROPE: (7.1%) YoY

- Wholesale: negative DD substantially driven by online players' lower in-season re-orders and DACH area weak performance.
- Franchising and DOS also driven by negative perimeter effect only partially offset by positive L4L.

NORAM: (10.1%) YoY

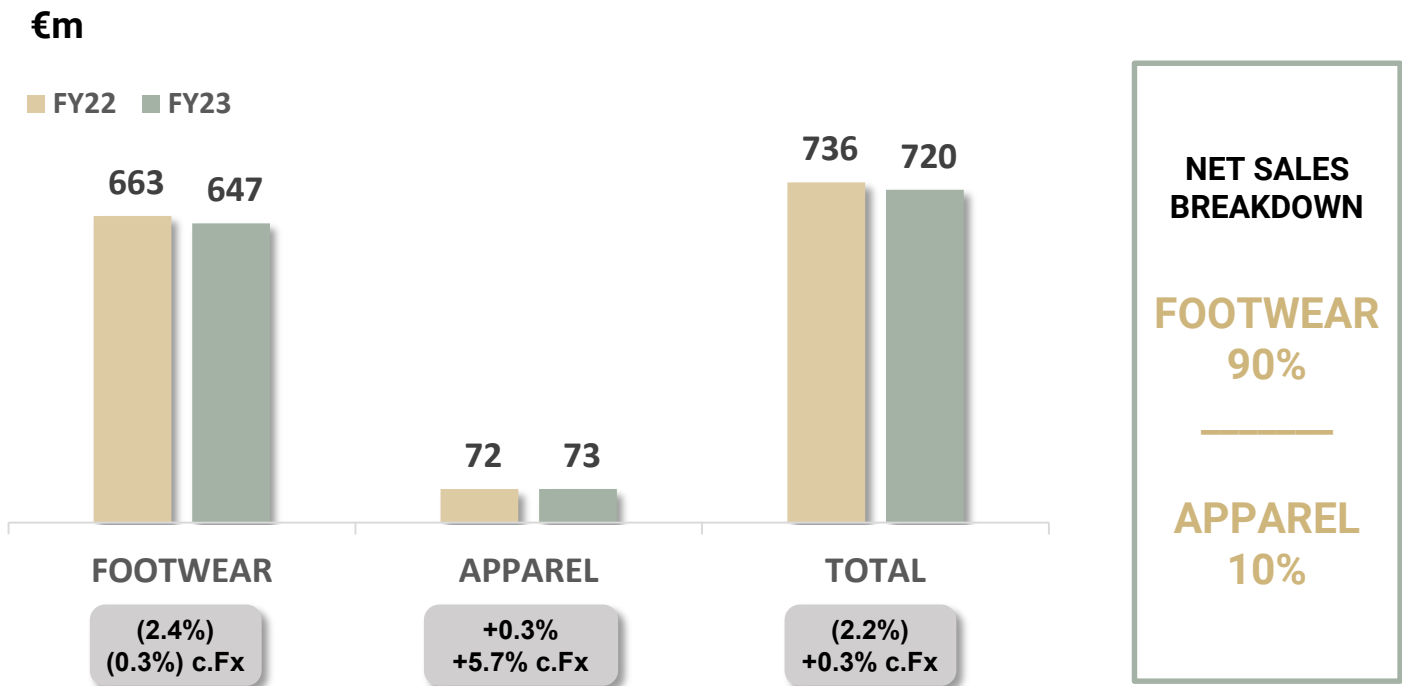
- Wholesale low single digit positive.
- DOS LFL high single digit positive.
- Perimeter eff. is negative due to the completion of the rationalization in Canada.

ROW: +2.4% YoY

- APAC: substantially flat
- MEA regions delivered strong positive performance thanks to new doors opened together with local distributors

Net sales by product

Apparel delivers slightly positive performance thanks to products availability



- Apparel outperformed FY22 by 0.3% (+5.7% c.Fx). This relates to a good performance, which is additionally influenced by a favourable comparative base, characterized by RTW products being scarce as a result of the September 22 fire event.

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Financials - Income statement

Profit and Loss

€m	2023	as % of sales	2022	as % of sales
Sales	719.6	100.0%	735.5	100.0%
Cost of sales	(355.0)	(49.3%)	(386.3)	(52.5%)
Gross profit	364.6	50.7%	349.2	47.5%
Selling and distribution costs	(36.2)	(5.0%)	(39.0)	(5.3%)
A&P	(32.8)	(4.6%)	(30.4)	(4.1%)
G&A	(286.5)	(39.8%)	(289.0)	(39.3%)
Other income	6.5	0.9%	13.4	1.8%
Operating costs	(349.0)	(48.5%)	(345.0)	(46.9%)
EBIT	15.6	2.2%	4.3	0.6%
Net financial expenses	(21.4)	(3.0%)	(12.7)	(1.7%)
PBT	(5.8)	(0.8%)	(8.4)	(1.1%)
Income tax	(0.6)	(0.1%)	(4.6)	(0.6%)
Net result	(6.5)	(0.9%)	(13.0)	(1.8%)
EBITDA	89.0	12.4%	79.4	10.8%
EBITDA excl. IFRS 16	37.0	5.1%	26.6	3.6%

Gross Margin increased by 320bps

- Gross profit as % of sales increase was mainly driven by supply chain efficiencies that led to significantly lower Inbound cost of finish products.

Operating costs incidence increased by 160bps driven by:

- Selling and distribution costs primarily refer to sales force and other sales-related costs (outbound transportation), which decrease as sales volume declines.
- A&P slightly increase (-50bps) mainly driven by higher cost related to strategic marketing initiatives;
- G&A decreases primarily due to lower personnel and DOS-related costs, which are linked to perimeter reduction.
- Other income FY22 includes insurance reimbursement for a total amount of €5.8m

- EBIT amounts to €15.6m (+4.3m in FY22).
- EBITDA amounts to €89m (€79.4m in FY22).
- EBITDA ante IFRS amounts to €37m (€26.6m in FY22).

Net financial expenses increased by €8.7m mainly driven by

- Higher cost of debt due to increased interest rate coupled with higher level of average indebtedness. (€4.7m).
- Higher negative exchange rate differences on RUB (€5.1m).
- Partially offset by lower hedging cost of approx. €1.1m

Financials – Balance sheet

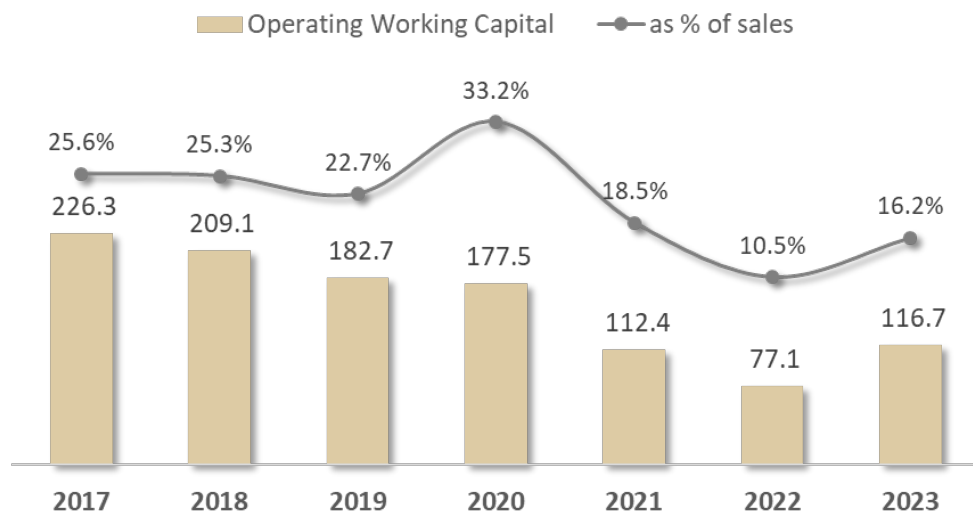


Balance sheet

€m	31 Dec 2023	31 Dec 2022
Intangible assets	30.4	34.2
Property, plant and equipment	31.3	34.5
Right-of-use assets	235.5	224.3
Other non-current assets - net	36.4	34.6
Total Non-Current assets	333.6	327.6
Net operating working capital	116.7	77.1
Other current assets (liabilities), net	(15.9)	(6.6)
Net Invested Capital	434.4	398.1
Equity	90.6	108.2
Provisions for severance indemnities, liabilities and charges	6.7	7.7
Lease liabilities	243.9	232.3
Net Debt (Cash)	93.1	49.8
Net Financial Position	337.1	282.2
Net Invested Capital	434.4	398.1

Financials – Working capital & Bank Net Debt

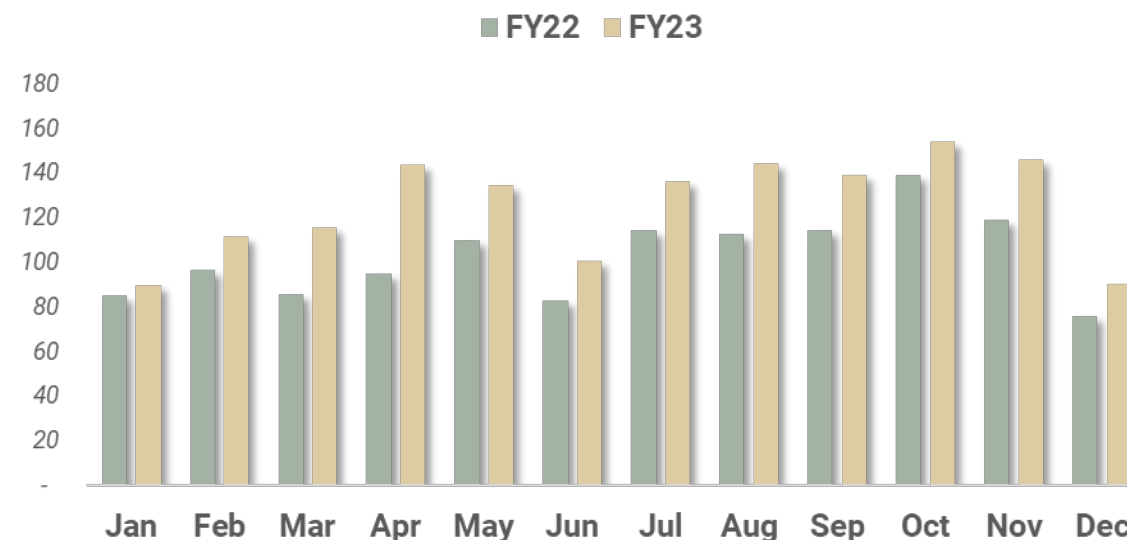
Operating Working Capital



	31 Dec 21	31 Dec 22	31 Dec 23	Δ vs Dec22
Operating Working capital	112.4	77.1	116.7	39.6
Inventories	240.3	290.2	276.0	(14.2)
Trade Receivables	68.9	84.0	72.1	(11.9)
Trade Payables	(196.8)	(297.1)	(231.4)	65.7
as % of LTM Net sales	18.5%	10.5%	16.2%	
- yearly average				

* Net debt ante IFRS16, excluding derivatives accounting

Bank Net Debt*



- **Bank Net Debt*** as of 31 Dec'23 amounts to €90.1 million, (+€14.4m vs Dec22).
- The fair value of derivatives amounted to 3 million euro negative resulting in NFP ante IFRS16 equals to -€93.1m.
- The cash absorption is mainly driven by:
 - Net working capital dynamics, get back to a healthy 16.2% of sales, in line with best benchmarks in the market
 - Higher paid financial interest by €5.1 million

Financials – Cash flow

Cash Flow - IFRS 16

€m	31 Dec 2023	31 Dec 2022
Net result	(6.5)	(13.0)
Depreciation, amortization and impairment	73.4	75.2
Other non-cash items	8.6	(14.7)
Cash flow from economics	75.6	47.4
Change in net working capital	(35.3)	41.4
Change in other assets/liabilities	13.8	(4.8)
Cash flow from operations	54.1	83.9
Capital expenditure	(18.7)	(25.2)
Net capital expenditure	(18.7)	(25.2)
Free cash flow	35.4	58.7
Increase in right-of-use assets	(62.0)	(72.1)
Change in net financial position	(26.6)	(13.4)
Initial net financial position - prior to fair value adjustment of derivatives	(308.0)	(295.2)
Change in net financial position	(26.6)	(13.3)
Translation differences	0.6	0.5
Final net financial position - prior to fair value adjustment of derivatives	(334.0)	(308.0)
Fair value adjustment of derivatives	(3.0)	25.9
Final Net financial position	(337.1)	(282.2)

Cash Flow - ante IFRS 16

€m	2023	IFRS16 impact	excl. IFRS16 2023	excl. IFRS16 2022
Net result	(6.5)	1.7	(4.7)	(10.9)
Depreciation, amortization and impairment	73.4	(49.5)	23.9	23.9
Other non-cash items	8.6	-	8.6	(14.7)
Cash flow from economics	75.6	(47.7)	27.8	(1.7)
Change in net working capital	(35.3)	-	(35.3)	38.0
Change in other assets/liabilities	13.8	-	13.8	(4.8)
Cash flow from operations	54.1	(47.7)	6.3	31.5
Capital expenditure	(18.7)	(1.2)	(19.9)	(25.2)
Net capital expenditure	(18.7)	(1.2)	(19.9)	(25.2)
Free cash flow	35.4	(48.9)	(13.5)	6.2
Increase in right-of-use assets	(62.0)	62.0	-	-
Change in net financial position	(26.6)	13.1	(13.5)	6.2
Initial net financial position - prior to fair value adjustment of derivatives	(308.0)	232.3	(75.7)	(82.9)
Change in net financial position	(26.6)	13.1	(13.5)	6.3
Translation differences	0.6	(1.4)	(0.8)	0.9
Final net financial position - prior to fair value adjustment of derivatives	(334.0)	243.9	(90.1)	(75.7)
Fair value adjustment of derivatives	(3.0)	-	(3.0)	25.9
Final Net financial position	(337.1)	243.9	(93.1)	(49.8)

Outlook



**PLEASE WOULD YOU CONSIDER VERY HIGH
FORECAST UNCERTAINTY DUE TO GEO-POLITICAL
SITUATION AND VARYING INFLATIONARY
ENVIRONMENT**

Considering the followings:

- DOS (week 8, 2024): LFL YTD positive high-single digit vs 2023
- Franchising and DOS channels are assumed to deliver positive LFL with no further heavy rationalization actions

And provided that:

- No Supply chain/transportation reliability deterioration
- No further impact on consumer spending from the current macroeconomic scenario.
- No further deterioration in the geo-political situation.
- No further material de-valuation currency exchange rates in the markets relevant to the group.

FY24 TARGET

- FY24E Sales flat
- FY24E Gross Margin : (~ 50 BPS FY)

Annexes

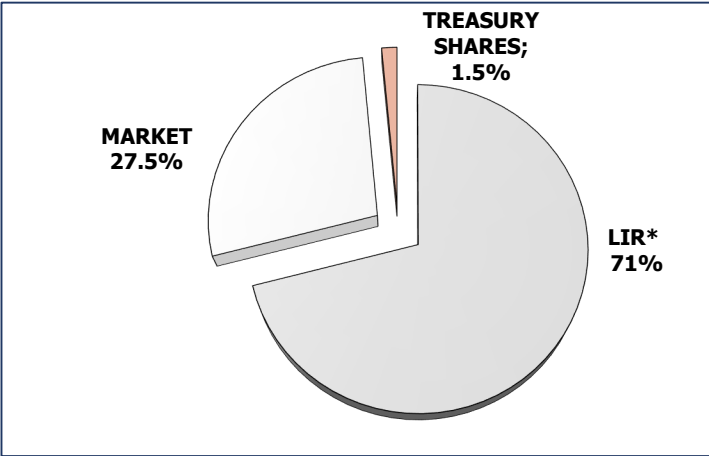
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Governance and Contacts



SHAREHOLDERS



*MORETTI POLEGATO'S FAMILY

BOARD OF DIRECTORS

CHAIRMAN	MARIO MORETTI POLEGATO
CEO	LIVIO LIBRALESSO
DEPUTY CHAIRMAN	ENRICO MORETTI POLEGATO
DIRECTOR	CLAUDIA BAGGIO
DIRECTOR	ALESSANDRO GIUSTI
DIRECTOR	LARA LIVOLSI
INDIPENDENT DIRECTOR	SILVIA RACHELA
INDIPENDENT DIRECTOR	FRANCESCA MENEGHEL
INDIPENDENT DIRECTOR	SILVIA ZAMPERONI

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FINANCIAL CALENDAR

APRIL 19, 2024 ANNUAL SHAREHOLDERS' MEETING

MAY 14, 2024: 3M24 SALES

JULY 31, 2024: 1H24 RESULTS

NOVEMBER 14, 2024 9M24 SALES