

**REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE
SHAREHOLDERS' MEETING CALLED FOR THE APPROVAL OF THE
FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022**

(Article 153 of the Italian Legislative Decree no. 58 of 24 February 1998, "TUF")

Dear Shareholders:

1. Introduction

This Report covers the activities performed by the Board of Statutory Auditors of Geox S.p.A. ("Geox" or the "Company") during the financial year ended on 31 December 2022, pursuant to applicable law.

The Board of Statutory Auditors was appointed by the Shareholders' Meeting of 14 April 2022, until the Shareholders' Meeting to approve the Financial Statements as at 31 December 2024, based on the lists presented respectively by (i) the majority shareholder Lir S.r.l. - holder of 71.1004% of the subscribed and paid-up share capital - and (ii) a group of asset management companies - who collectively represent 1.3676% of the subscribed and paid-up share capital of Geox S.p.A. The auditors selected from the majority list are Fabrizio Colombo and Gabriella Covino; Sonia Ferrero was appointed from the minority list, and was appointed as Chair. The appointed alternate auditors are Francesca Salvi (majority list) and Filippo Antonio Vittore Caravati (minority list).

In accordance with Legislative Decree TUF and No. 39/2010, the independent audit was entrusted to KPMG S.p.A. by the Shareholders' Meeting of 22 April 2021 for the 2022-2030 term.

2. Supervisory activity

During the financial year 2022, the Board of Statutory Auditors carried out the supervisory activity provided by law (and, specifically, by Article 149 of the TUF), by the Rules of Conduct for Boards of Statutory Auditors of Listed Companies issued by the National Board of Chartered Accountants and Auditors, by CONSOB recommendations on corporate supervision and board of statutory auditors activities (specifically, notice No. DAC/RM 97001574 of 20 February 1997 and notice No. DEM 1025564 of 6 April 2001, as subsequently supplemented with notice No. DEM/3021582 of 4 April 2003 and notice No. DEM/6031329 of 7 April 2006)

and by the provisions contained in the Corporate Governance Code (January 2020 edition) to which the Company adhered on 25 February 2021 undertaking all the necessary compliance activities.

2.1. During the financial year ending on 31 December 2022, the Board of Statutory Auditors monitored compliance with the law and Articles of Association in force as well as compliance with principles of sound management.

To such purpose, the Board of Statutory Auditors used the information flows generated by the Company, which are considered suitable to ensure that the Statutory Auditors can check the compliance of the organisational structure, internal procedures, corporate documents and management bodies' resolutions with legal provisions, Articles of Association, and applicable regulations.

In 2022, the Board of Statutory Auditors held a total of sixteen meetings to carry out its checks, sometimes jointly with the Audit, Risk, and Sustainability Committee, and received information from the heads of the various corporate departments. Regarding the administrative and accounting system and its suitability to correctly represent the management facts, in addition to obtaining necessary information from the corporate departments, the Board of Statutory Auditors gathered information through regular meetings with the legal independent auditing firm.

In addition, the Board of Statutory Auditors:

- attended the only Shareholders' Meeting;
- attended the Board of Directors' meetings (seven in total in 2022), during which it was informed on the business carried out and on the main economic, asset and financial transactions carried out by the Company and the Group. In accordance with the information so obtained by the Board of Statutory Auditors, the resolutions and the transactions subsequently carried out are compliant with the law and the Articles of Association and do not show any conflicts of interest with the Company, are not manifestly imprudent, hazardous, atypical, or unusual, nor are they in breach of resolutions adopted by Shareholders' Meeting or such as to jeopardise the integrity of the company's assets;
- attended all the meetings of the Audit, Risk, and Sustainability Committee (ten in 2022);
- attended the meetings of the Appointment and Remuneration Committee (five in 2022);

- attended the meetings of the Executive Committee (thirteen in 2022);
- regularly met the Manager in Charge of Corporate Financial Reporting (the “Manager in Charge”);
- regularly met the firm in charge of the legal independent audit of the financial statements and consolidated financial statements, KPMG S.p.A.

Regarding the decision-making process of the Board of Directors, the Board of Statutory Auditors monitored the compliance with the law and the Articles of Association of the management transactions carried out by the Directors and checked that the resolutions adopted were not contrary to the interests of the Company.

Regarding this, the Board of Statutory Auditors acquired information and monitored, to the extent of their remit, the compliance with the principles of sound management and the adequacy of the administrative structure of the Company to ensure observance of the principles.

The Board of Statutory Auditors believes that the principles of sound management have been complied with and, in accordance with the information acquired, that the management decisions were inspired to the principle of correct information and reasonableness.

2.2. The Board of Statutory Auditors acquired from the Directors, including by taking part in the meetings of the Board of Directors and the Executive Committee, periodical information on general performance and its likely development, as well as on the most significant transactions carried out by the Company, considering their value or characteristics, including through subsidiaries.

Among the significant events of the year, the Board informs Shareholders that at the end of September 2022 there was a fire in a third-party warehouse in Levada (TV), Italy.

The third-party logistical operator in question managed a significant portion of the Geox brand clothing range, excluding e-commerce. No-one was physically harmed in the incident and the fire was confined to a limited part of the facility, but the smoke affected around half of the warehouse. The damaged or ruined garments were mainly items in the Autumn/Winter 2022 collection that had not yet been shipped.

The Company is insured with adequate liability limits against such events and a deal was reached with the insurance company by December 2022. As a result, the fire had no impact on the economic performance for the year even if there was an impact on some items in the income

statement. The Directors have provided full information in the explanatory notes to the financial statements.

As regards the Company's financial structure to serve the business and investments over the three years of the Strategic Plan, the Board notes that on 30 July 2020 a loan agreement was signed for €90 million, granted on the basis of the solid track-record of the Company's economic and financial indicators. The loan has a maximum term of six years with a 24-month grace period and repayment in quarterly instalments. Repayment began in 2022 with the payment of the first two instalments, for a total value of €11,250 thousand.

The agreement requires compliance with certain financial parameters, which, as of 31 December 2022, had been fulfilled.

The other outstanding loans are not subject to financial covenants.

2.3. The Board of Statutory Auditors did not find any atypical and/or unusual transaction with the Group companies, with third parties or related parties, and this was confirmed by the indications of the Board of Directors, the auditing firm, and the head of the Internal Audit Department.

The Management Report prepared by the Directors contains adequate information on the intracompany transactions and on related-party transactions, which are all fair, in the interest of the Company and regulated at market conditions. The financial impact of the related-party transactions is shown in Note 39 to the Company's financial statements and Note 38 to the consolidated financial statements. Their impact on financial flows is reported directly in the cash flow statement.

With reference to these transactions, the Board of Statutory Auditors considers that the information that the Directors provided in their Management Report and the Explanatory Notes to the financial statements is adequate.

2.4. With reference to these transactions, the Board of Statutory Auditors considers that the information that the Directors provided in their Management Report and the explanatory notes to the financial statements is adequate.

2.5. During the financial year ending on 31 December 2022, the Board of Statutory Auditors issued the following favourable opinions:

- on the assessment of the existence of independence requirements, as set out in the Corporate Governance Code and in the TUF, for independent directors;
- on the appointment of Massimo Nai as the Manager in Charge of Corporate Financial Reporting (confirmed in the role following the renewal of the management bodies);
- on the criteria for the allocation of the variable component of the remuneration of directors holding special office;
- on the approval of the annual activity plan prepared by the head of the Internal Audit function, pursuant to Article 6, Recommendation No. 33, letter (c) of the Corporate Governance Code;
- the assessment of the correct use of accounting standards and their uniformity for the purposes of preparing the consolidated financial statements, carried out by the Control and Risk Committee, pursuant to Article 6, Recommendation No. 35, letter (a), of the Corporate Governance Code, in agreement with the Manager in Charge of Corporate Financial Reporting.

The Board of Statutory Auditors acknowledges that, before the draft financial statements were approved, the Directors approved the results of the impairment test and verified that they complied with the requirements of the IAS 36. In relation to the results of the impairment activities, see also the subsequent section 3, “Financial Statements”.

The Board of Statutory Auditors also verified the correct implementation of the criteria and procedures adopted by the Board of Directors to assess the independence of their members based on the criteria provided by law and by the Corporate Governance Code.

The Board of Statutory Auditors has also provided for the self-assessment of the independence of its members, the results of which confirmed the existence of the conditions required by law and by the Corporate Governance Code; it also attested to the fact that no statutory auditor had interests, on their own account or for third parties, in any operation of the Company during the 2022 financial year.

With reference to the 2022 financial year, the Board of Statutory Auditors also proceeded to carry out the self-assessment process on the composition and report on the functioning of the collective body, the outcome of which has been reported to the Board of Directors.

The members of the Board of Statutory Auditors have complied with the collection of assignments provided for in Article 144-*terdecies* of the Issuers’ Regulations.

2.6. During financial year 2022, no complaints under Article 2408 of the Italian Civil Code have been received nor any other complaint filed by third parties.

2.7. The Board of Statutory Auditors verified that the Company has adopted an internal audit and risk management system, also with reference to the Group, which aims to allow identifying, measuring, managing, and monitoring the Company's main risks.

To oversee the adequacy of the Company's internal control system, the Board coordinated its work with the Audit, Risk, and Sustainability Committee, the Managing Director, with the head of the Internal Audit Department and with the Supervisory Body.

The Board of Statutory Auditors monitored the activities related to Regulation (EU) 2016/679 on the protection of personal data (GDPR) and reviewed the periodic reports of the relevant manager.

Furthermore, in exercising its functions of Internal Control and Audit Committee, in addition to implementing a continuous information flow with the Audit, Risk, and Sustainability Committee, the Board of Statutory Auditors held regular meetings with the auditing firm, and acknowledged the certification made by the same regarding the absence of significant shortfalls in the internal control system.

The Board of Statutory Auditors confirmed that the last version of the Company's Code of Ethics was approved by the Board of Directors on 23 February 2018.

The Board of Statutory Auditors also notes that the Company has a policy regarding diversity for corporate bodies, which was approved in 2017, and that in February 2022 a policy was also adopted aimed at promoting gender equality in treatment and opportunity within the corporate organisation, known as the "Diversity-as Uniqueness and Inclusion" policy.

The Board of Statutory Auditors examined the 2022 annual report of the Supervisory Board and has no observations regarding it. The Statutory Auditors also report that there has been a constant exchange of information with the Supervisory Body and that two joint meetings were held in 2022.

The Board of Statutory Auditors participated at the meetings of the Appointment and Remuneration Committee, acquiring information that is useful to perform the supervisory activities for which it is responsible.

The Board of Statutory Auditors also declared that the Audit, Risk, and Sustainability Committee operated in compliance with the provisions of the Corporate Governance Code. The collaboration with the Audit, Risk, and Sustainability Committee was satisfactory and effective and, among other things, made it possible to co-ordinate their respective activities and carry out a joint evaluation and an effective co-ordination of the overall internal audit and risk management system.

The Board of Statutory Auditors examined the annual report of the Internal Audit Department on the work undertaken during 2022 and the audit reports.

The Statutory Auditors carried out the verifications for which it is responsible regarding the process of preparing the half-year financial report and the annual financial statements and evaluated, including through regular meetings with the auditing firm, the adequacy of the accounting principles and their consistency for the purposes of the half-year financial report and the annual financial statements.

Considering the supervisory activity carried out, and having regard to the evaluations on the adequacy, effectiveness and actual functioning of the internal control system made by the Audit, Risk, and Sustainability Committee and by the Board of Directors, the Board of Statutory Auditors holds that, to the extent of its remit, this system is overall adequate.

2.8. The Board of Statutory Auditors oversaw the adequacy of the directives from the Company to its subsidiaries in accordance with Article 114, paragraph 2 of the TUF, and the correct flow of information between the Company and the subsidiaries and holds that the Company can comply with the communication obligations under the law. The information flow towards the central external auditor, comprising the various levels of the corporate control chain, which has been operating over the entire financial year and which is necessary for the control of the annual and periodic accounts, has been considered effective. With reference to the provisions under article 36 of CONSOB Resolution no. 16191 of 29 October 2007, on the basis of the information collected and the work undertaken by the Internal Audit Department, the accounting/information system of the significant subsidiaries established and governed by the laws of non-European Union member states was considered adequate, as well as satisfying the other conditions required by the aforementioned article 36 of CONSOB Resolution no. 16191 of 29 October 2007.

Pursuant to Article 151, paragraphs 1 and 2 of the TUF, the Board of Statutory Auditors also confirms having met the Sole Statutory Auditor of the Italian subsidiaries. As a result of these meetings, no issues have emerged that need be reported.

Furthermore, the Board of Directors of the Company has a Global Compliance Program, last updated on 09 November 2022, aimed at companies external to the Group. It is a governance tool aimed at reinforcing the ethics and professionalism of the Company and to prevent commissions of crimes abroad (such as, for example, offences against the public administration, fraudulent accounting, money laundering, offences contrary to occupational safety laws, environmental offences) that could lead to criminal corporate liability and the ensuing reputational damage risks. The Global Compliance Program was drawn up considering applicable law and considering the Group's corporate structure and the specific applicable legislation in the various legal systems in which the Geox Group companies operate.

In addition, in line with the control systems described previously, the Company has obtained ISO 37001 certification on policies to fight corruption and bribery.

The Board of Statutory Auditors also reports that, in compliance with Law 179/2017 setting out "Provisions to protect people who report crimes or irregularities that they become aware of under a public or private employment relationship" (the so-called "Whistleblowing Act"), the Company has implemented a suitable global whistleblowing system which is integrated at Group level, with the aim of promptly ascertaining and handling any illegal conduct and/or violations regarding suspicious conduct which does not conform to what is established by the Company's Code of Ethics.

2.9. As mentioned, the Company has agreed to abide by the Corporate Governance Code issued by the corporate governance committee for listed companies of Borsa Italiana S.p.A., as resulting from the Corporate Governance and Ownership Structure Report for financial year 2022, approved by the Board of Directors on 09 March 2022 and made available on the Company website. This Report was drafted in accordance with the instructions of the Market Regulations organised and managed by Borsa Italiana S.p.A.

The Report in question describes in detail the governance system adopted by the Company. This system complies with the rules of the governance model required by the above-mentioned Corporate Governance Code and the principles indicated therein are effectively and correctly applied.

In particular, the Board of Statutory Auditors acknowledges verifying the evolution of governance also in the light of the considerations contained in the Corporate Governance Report regarding the recommendations contained in the letter of the Chair of the Corporate Governance Committee of 25 January 2023 and, in this context, it has positively assessed the attention paid by the Company to the topics covered by these recommendations, such as the focus on reporting prior to Board meetings, the participation of managers in Board meetings and the identification of criteria for assessing significant relationships that may affect the independence of directors.

The Corporate Governance and Ownership Structure Report for financial year 2022 reports the conclusions reached by the Directors regarding the confirmation of the adequacy and effectiveness of the organisational, administrative, and accounting structure of the Company and of the main subsidiaries.

During the oversight activity, no omissions, inappropriate conduct, or irregularities have emerged such as to require reporting to the relevant external control and surveillance bodies or to deserve being reported herein.

2.10. The Directors also prepared the Report on the Remuneration Policy and remuneration paid, approved by the Board of Directors on 09 March 2023. In the Report, the Directors also described the principles adopted to determine the remuneration of the members of the management or control bodies and of the managers with strategic responsibilities. Furthermore, the report contains a table showing the remuneration paid to the members of the management and control bodies and the other managers with strategic responsibilities, as well as the schedule concerning the information on the interests in the Company that they hold.

2.11. The Board of Statutory Auditors oversaw the Company's administrative and accounting system and its reliability in correctly representing the facts reported therein, by obtaining information from the Manager in Charge of Corporate Financial Reporting and the heads of the relevant departments, examining the documents prepared by the Company and analysing the work made by the statutory auditing firm.

Specifically, the Board of Statutory Auditors has ascertained that the Manager in Charge of Corporate Financial Reporting has issued the certification that the documents in the financial statements provide a truthful and correct representation of the asset, economic and financial situation of the Company and of the investee companies included in the scope of the

consolidation. Based on the information acquired, the statements made by the Manager in Charge of the Accounting are complete.

Considering the supervisory activity carried out, and having regard to the evaluations on the adequacy, effectiveness and effective functioning of the organisational, administrative, and accounting structure made by the Board of Directors, the Board of Statutory Auditors holds that, to the extent of its remit, the system is overall adequate and reliable as to the representation of the events occurred during the management.

2.12. During the financial year ending on 31 December 2022, the Board of Statutory Auditors regularly met the auditing firm, KPMG S.p.A., to exchange data and information that are relevant under Article 150, paragraph 3 of the TUF.

During these meetings, the auditing firm did not communicate any fact or anomaly that is sufficiently relevant to be reported in this report.

2.13. The oversight activities on the audit in accordance with Article 19 of Legislative Decree No. 39 of 27 January 2010 was made by the Board of Statutory Auditors within the above meetings with the auditing firm, which presented the quarterly controls made and the relevant results as well as the auditing strategy and any relevant issue encountered in performing its activity. No critical matters have emerged from these meetings such as to affect the individual financial statements of the Company or the consolidated financial statements.

The Board of Statutory Auditors also evaluated the work plan prepared by KPMG S.p.A. and has found it adequate having regard to the characteristics and size of the Group and has overseen the effectiveness of the process of statutory audit and found that the same has been carried out in compliance with the statutory auditing plan and with the International Standard Audit.

The reports of the company KPMG S.p.A. on the financial statements and the consolidated financial statements were issued on 29 March 2023 pursuant Articles 14 and 16 of Legislative Decree No. 39 of 27 January 2010.

As regards the statements and certifications, the auditing firm:

- issued a statement that Geox's financial statements (included consolidated) provide a truthful and correct representation of the equity and financial situation of Geox and of the Group as of 31 December 2022, of the operating result and cash flows for the financial year ended on that date, in compliance with the International Financial Reporting

Standards adopted by the European Union, as well as the provisions issued pursuant to Article 9 of Legislative Decree No. 38/2005;

- issued a statement of consistency pursuant to which the management reports accompanying the financial statements and the consolidated financial statements as of 31 December 2022, as well as some specific information contained in the Report on Corporate Governance and Ownership Structure referred to in Article 123-*bis*, paragraph 4 of the TUF, for which the Company's directors are responsible, are drafted in compliance with the law; and
- stated that, based on the knowledge and understanding of the company's business and related background information acquired during the audit, no remark needs to be made regarding possible significant errors in the management reports.

The report also includes the key aspects of the audit, in relation to which, however, no separate opinion is provided, since the same are dealt with in the audit and in the overall assessment conducted in relation to the financial statements.

The key aspects of the audit are the following: (i) Recoverability of the value of non-current assets related to stores (impairment testing), (ii) Valuation of inventories, and (iii) Valuation of trade payables.

The audit report expresses an opinion on whether Directors' use of the going concern assumption is appropriate, based on audit evidence gathered up to the date of the report.

The Board of Statutory Auditors notes that Article 154-*ter*, paragraph 1.1, of the TUF (effective as of 1 February 2022), requires the directors to oversee the application of the provisions of Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 ("ESEF Regulation"). Paragraph 1.2 of aforementioned Article 154-*ter* (also effective as of 1 February 2022) also provided that the independent auditors, in their audit report pursuant to Article 14 of Legislative Decree No. 39/2010, express an opinion on the compliance of the draft financial statements and the consolidated financial statements, including the annual financial report, with the provisions of the ESEF Regulation.

The Board of Statutory Auditors supervised the application of the provisions of the ESEF Regulation by the Directors and confirms that the auditing company, in its report pursuant to Article 14 of Legislative Decree No. 39/2010, expressed an opinion on the conformity of the

draft financial statements and the consolidated financial statements, included in the annual financial report, with the provisions of the ESEF Regulation.

On 29 March 2023, the independent auditors also presented the additional report envisaged to the Board of Statutory Auditors, in its capacity as Internal Control and Audit Committee, the additional report required by Article 11 of Regulation (EU) No. 537/2014, which shows that no significant shortfalls in the internal control system concerning the financial reporting process deserve to be brought to the attention of those responsible for the corporate governance. The Board of Statutory Auditors will inform the Board of Directors of the Company regarding the outcome of the statutory audit, transmitting the additional report for this purpose, together with any observations, under Article 19 of Legislative Decree No. 39/2010. As regards the previous financial year, the Board of Statutory Auditors informed the Board of Directors on the outcome of the statutory audit, as required by law.

As an attachment to the additional report referred to in the previous paragraph, the auditing firm presented to the Board of Statutory Auditors its declaration of independence, as required by Article 6 of (EU) Regulation no. 537/2014, which shows that no critical issue exists which might affect their independence. Finally, the Board of Statutory Auditors took note of the transparency report prepared by the auditing firm and published on its website pursuant to Article 18 of Legislative Decree No. 39/2010.

2.14. During the year ended on 31 December 2022, the Company conferred a single non-audit task to KPMG S.p.A. (regarding the ESEF tagging of the 2021 financial statements), for the amount of €8,000.

Considering the declaration of independence issued by KPMG S.p.A., and the negligible amount of the non-audit task and the fact that no tasks were assigned to companies belonging to its network by the Company and the Group companies, we do not believe that there are any critical issues regarding the independence of KPMG S.p.A.

The Statutory Auditor also declared that no non-audit services prohibited under Article 5, section 1 of Regulation (EU) 537/2014 were provided.

2.15. Legislative Decree No. 254/2016, which implemented the EU Directive on non-financial and diversity information, requires large public interest entities (PIEs) to report specific non-financial information and applies to financial statements relating to financial years starting on 1 January 2017. This information concerns environmental and social issues,

employee-related issues, respect for human rights, anti-corruption, diversity on the Board of Directors and other aspects concerning sustainability and climate change.

The Board of Statutory Auditors also pointed out that the responsibility for ensuring that the report is drafted and published in compliance with the provisions of the law rests with the Directors.

The auditing body must supervise compliance with the provisions of Legislative Decree No. 254/2016; as part of this task, the Board of Statutory Auditors monitored the functioning of an adequate organisational, administrative, reporting and control system set up by the Company to allow for the correct and complete representation of non-financial reporting. For this purpose, the Board met with the Sustainability Manager and external consultants, supervised by the former, who form part of the working group tasked with preparing the consolidated non-financial statement. The job involves acquiring information on the Company-commissioned materiality analysis to define the areas of non-financial disclosure relevant to the Geox Group, on the involvement of subsidiaries and on the procedures and operating tools used for the collection of data/information and its subsequent analysis, control and consolidation.

The Board of Directors of the Company approved the Consolidated Non-Financial Statement on 09 March 2023.

The Board of Statutory Auditors pointed out that the Board of Directors tasked the auditing firm KPMG S.p.A. with the auditing of non-financial information. The task assigned pursuant to Article 3, paragraph 10 of Legislative Decree No. 254/2016 relates to the limited assurance engagement concerning the consolidated non-financial statements of the Geox Group. The Board of Statutory Auditors met with the representatives of the auditing firm and read the report on the consolidated non-financial statement issued on 29 March 2023 pursuant to Article 3, paragraph 10 of Legislative Decree No. 254/2016 and Article 5 of CONSOB Regulation No. 20267.

Since the activity carried out by KPMG Italia S.p.A. involves a limited review of the Non-Financial Statement, the opinion is provided in negative form of expression. More specifically, in its report, KPMG S.p.A. stated that, based on the work carried out, no aspects emerged that indicate that the non-financial statement of the Geox Group for the year ended on 31 December 2022 was not drafted, in all material respects, in compliance with the requirements of Articles 3 and 4 of Legislative Decree No. 254/2016 and with the Global Reporting Initiative Standards.

The conclusions of KPMG S.p.A. regarding the Geox Group's consolidated non-financial statement do not extend to the information in the "The European Taxonomy" paragraph therein, required by Article 8 of Regulation (EU) No. 852 of 18 June 2020.

3. Financial Statements

The Board of Statutory Auditors examined the draft financial statements as of 31 December 2022 and reviewed the consolidated financial statements on the same date. The Board of Statutory Auditors brings attention to the following disclosures.

With reference to the disclosure of Geox's business in Russia, the conflict caused by Russia's invasion of Ukraine has created a serious, ongoing international crisis. This, on top of the Covid-19 situation, has in 2022 caused global repercussions on: i) supply chains with particular reference to the supply and cost of raw materials and energy; ii) the development of demand in international markets; iii) inflation rate trends and consequent restrictive monetary policies on interest rates; iv) the strengthening of the dollar due to risk aversion, the contrary trend of the American economy and the increase in interest rates.

In both countries, Geox's business was mainly managed through third parties, wholesale and franchising (100% in Ukraine and 70% in Russia). In light of these events, shortly after the start of the conflict the Group suspended all investments in Russia, withdrew its European management personnel, and continues to manage 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 at 31 December 2022, Group revenues pertaining to this area were consistent with the Plan, standing at approximately €74 million (around 10% of consolidated turnover), with the increase compared to the previous year mainly due to the strong appreciation of the Ruble against the Euro.

As the main assumptions of the 2022-2024 Strategic Plan, approved on 1 December 2021, were still considered to represent an up-to-date reference to support the assessments related to the financial statements you are called upon to approve, the Directors paid particular attention to impairment testing.

This activity included verifying the possibility of recovering the capital invested in reference to each store managed directly by the Group in Italy (Direct Operated Stores, DOS).

Subsequently the impairment test was also carried out on the carrying value of investments, considering the cash flows by market arising from the Strategic Plan 2022-2024 itself. The impairment test did not reveal any need to adjust the value of the investments.

In consideration of the forecasts in the Strategic Plan 2022-2024, the extreme volatility of the forecasts and the pre-existing amount of deferred tax assets, the Directors decided not to proceed with further allocations.

The Directors, in consideration of the forecasts contained in the Strategic Plan 2022-2024, the current lines of credit that are available and unused, as well as of the bank loans obtained during 2020, believe that there are no problems regarding the Company and the Group's ability to meet their obligations in the foreseeable future and, in particular, over the next twelve months. On these bases, as well as given the capital which the Company can call on, the Directors assessed that, despite the difficult economic and financial context, there are no significant uncertainties over the presumption of business continuity.

The Board of Statutory Auditors verified that the provisions of law concerning the preparation of the management report have been complied with and has no specific remarks in relation thereto.

The financial statements as of 31 December 2022, prepared by the Directors pursuant to law, and duly submitted to the Board of Statutory Auditors (together with the Management Report and the Explanatory Notes) show losses for the financial year equal to 12,233 thousand Euros.

4. Conclusions

Also considering the results of the activity performed by the auditing firm, insofar as falling within its remit, the Board of Statutory Auditors has not found any reason that would prevent the approval of the financial statements as of 31 December 2022, as drafted and approved by the Board of Directors in the meeting of 09 March 2023, or the approval of the proposed carrying forward of the loss for the year by the Board of Directors.

Milan, 29 March 2023

THE BOARD OF STATUTORY AUDITORS

Sonia Ferrero (Chair)

Fabrizio Colombo (Standing Auditor)

Gabriella Covino (Standing Auditor)

The English version of this report is not the official version and has been translated into English solely for the convenience of international readers. In the event of discrepancies, the original Italian text shall prevail.