

PRESS RELEASE – Q1 2021 SALES

- **SALES OF EURO 148.4 MILLION (-18.9% AT CURRENT FOREX, -17.4% AT CONSTANT FOREX). PERFORMANCE IN THE FIRST QUARTER WAS AFFECTED BY A NUMBER OF TEMPORARY FACTORS, MAKING THE TREND RELATIVELY INSIGNIFICANT: 1) A HIGH PERCENTAGE OF STORES WERE CLOSED DUE TO THE VARIOUS LOCKDOWNS; 2) A NUMBER OF DELIVERIES WERE POSTPONED UNTIL APRIL, AS REQUESTED BY THE WHOLESALE CHANNEL.**
- **SOLID GROWTH IS CONTINUING IN MARKETS NO LONGER BEING AFFECTED BY TEMPORARY CLOSURES: RUSSIA +48%, CHINA +54%.**
- **EVEN STRONGER GROWTH RECORDED IN THE DIRECT E-COMMERCE CHANNEL (+85% COMPARED WITH Q1 2020).**
- **VERY POSITIVE PERFORMANCE IS THEREFORE EXPECTED FOR THE SECOND QUARTER COMPARED WITH THE PREVIOUS YEAR, THANKS TO THE COMPLETION OF DELIVERIES AND THE GRADUAL REOPENING OF DIRECTLY OPERATED STORES. THIS TREND LEADS US TO EXPECT ALMOST DOUBLE-DIGIT GROWTH AT THE END OF THE JUNE.**
- **THE NET FINANCIAL POSITION AT 31 MARCH 2021 (BEFORE IFRS 16) STOOD AT EURO -109.8 MILLION (EURO -99.8 MILLION AT 31 DECEMBER 2020).**

**Biadene di Montebelluna, 13 May 2021** – Geox S.p.A., a leading brand in classic and casual footwear, listed on the Milan Stock Exchange (GEO.MI), today examined its sales figures and net financial position for the first quarter of the year.

The Company commented: “Sales performance in the first quarter of the year was affected by a number of temporary factors, making the trend relatively insignificant in relation to our expectations for the forthcoming quarters.

In fact, during the first three months of the year, over one third of our stores were temporarily closed due to lockdowns, with a particularly significant suspension of activities in the main markets (Italy, France, Germany and the UK in particular); during the first quarter of 2020, these markets were only partially affected by the restrictions caused by the pandemic. This situation not only affected sales generated by directly operated stores, but also had an impact on the performance of our wholesale partners, who asked for a postponement of deliveries until the second quarter.

Over the last few weeks, sales are greatly improving thanks to the completion of deliveries to the wholesale channel and the gradual reopening of stores throughout the network, supported by the vaccination campaign being rolled out. We therefore expect to record a sound, almost double-digit growth in sales already by the end of June.

Results over the last few months have also highlighted how channels and markets no longer being affected by pandemic-induced restrictions are now consolidating their growth.

China and Russia, both high-potential markets in which the Group is investing, recorded growth of almost +50% compared with the first quarter of 2020.

The e-commerce channel (+85%) achieved record quarterly turnover during the first three months of the year, now accounting for over 30% of total direct sales in this temporary situation.

The Group is also investing in activities aimed at defining a more streamlined and more efficient business model that is more in line with the new market context, accelerating the rationalisation of the distribution network and the digital transformation process with an increasingly customer-centric and fully omnichannel approach.

As well as improving the Group's prospective profitability profile, these measures will also free up the resources necessary to make further investments in digital transformation, marketing, research and sustainability. These have always been the Group's core values.

Over the last few weeks, we have received further confirmation that we are on the right track: Spherica, the main innovative project from the SS21 collection, is recording excellent sales performance, thanks also to the support provided by TV advertising campaigns in the main markets; following social listening activities and analysis into the level of non-financial disclosure<sup>[1]</sup>, a number of important external agencies have named GEOX as one of Italy's most exemplary companies with regard to ESG issues.

Despite the ongoing uncertainties, we are therefore confident and convinced that the actions being taken, our strong international brand recognition and GEOX's core values will allow us to return to sustainable growth and profitability once the pandemic is over."

### **GROUP PERFORMANCE: SALES FIGURES**

Consolidated sales in the first quarter of 2021 amounted to Euro 148.4 million, down 18.9% compared with the first quarter of 2020 (-17.4% at constant forex). However, this performance is not very significant as it has been affected by a number of temporary factors (a high percentage of stores were temporarily closed due to the lockdowns and there was a shift in the timing of deliveries to the wholesale channel to the second quarter), creating an inconsistent basis of comparison with the first quarter of 2020. The drop in sales caused by the ongoing rationalisation of the store network also had an effect on Q1 2021 results (-115 stores compared with the first quarter of 2020); the aim of this rationalisation process is to improve the Group's prospective profitability.

#### Sales by distribution channel

(Thousands of Euro)	I Quarter 2021		I Quarter 2020		Var. %
		%		%	
<b>Wholesale</b>	<b>91,925</b>	<b>62.0%</b>	<b>102,868</b>	<b>56.2%</b>	<b>(10.6%)</b>
Franchising	10,471	7.1%	13,207	7.2%	(20.7%)
DOS*	45,955	31.0%	66,807	36.5%	(31.2%)
<b>Geox Shops</b>	<b>56,426</b>	<b>38.0%</b>	<b>80,014</b>	<b>43.8%</b>	<b>(29.5%)</b>
<b>Net sales</b>	<b>148,351</b>	<b>100.0%</b>	<b>182,882</b>	<b>100.0%</b>	<b>(18.9%)</b>

\* Directly Operated Store

Sales generated by wholesale stores, representing 62.0% of Group revenues (56.2% in the first quarter of 2020), amounted to Euro 91.9 million (-10.6% at current forex, 8.6% at constant forex), compared with Euro 102.9 million in the first quarter of 2020. This trend is due to the persistently high percentage of wholesale stores that have been temporarily closed due to the pandemic. This situation led us to work closely with our clients to reduce purchases and initial orders for the SS21 collection, as well as postponing delivery advances to the second quarter. With the

<sup>[1]</sup> La Repubblica newspaper's Business and Finance section together with the ITQF Istituto Tedesco Qualità e Finanza and Il Sole 24ore newspaper in collaboration with Statista

deliveries made at the beginning of the second quarter, sales generated by the wholesale channel have grown by approximately 9% compared with the first four months of 2020.

Sales in the franchising channel, accounting for 7.1% of Group revenues, amounted to Euro 10.5 million, reporting a decline of 20.7% (-19.6% at constant forex), compared with Euro 13.2 million in the first quarter of 2020. Q1 2021 performance was affected by the temporary closures and by the reduction in the store network (around Euro -2.4 million in terms of turnover), down from 362 stores in March 2020 to 310 in March 2021.

Sales generated by directly operated stores (DOS), representing 31.0% of Group revenues, amounted to Euro 46.0 million, compared with Euro 66.8 million in the first quarter of 2020 (-31.2% at current forex, -30.3% at constant forex). Like-for-like sales performance of -15% was recorded at the end of Q1 2021, reflecting the high percentage of stores that were temporarily closed during the quarter (around 34% on average compared with 15% in the first quarter of 2020) and the reduction in footfall caused by the restrictions on people's mobility. Q1 2021 sales were also significantly affected by the rationalisation of the store network (approximately Euro -5 million in terms of sales), down from 454 DOS in March 2020 to 393 at the end of March 2021.

Since stores have gradually begun to reopen, performance is progressively recovering. To date, with around 28% of stores still temporarily closed, LFL sales since the beginning of the year (week 18) amount to +3% compared with 2020, thanks to the triple-digit growth recorded over recent weeks. For the sake of providing exhaustive information, please note that this trend benefits from a favourable basis of comparison (in fact, the most serious phase of last year's lockdown was in April and May 2020, when over 60% of stores were temporarily closed).

The Group's direct e-commerce channel continues to record significant growth (+85% compared with the first quarter of 2020) and reached a new record at the end of March in terms of quarterly turnover, equal to over 30% of total direct sales. All the main KPIs are improving, such as the conversion rate, average purchase prices and the percentage level of returns.

Sales by region

(Thousands of Euro)	I Quarter 2021		I Quarter 2020		Var. %
		%		%	
Italy	29,932	20.2%	42,909	23.5%	(30.2%)
Europe (*)	70,080	47.2%	87,585	47.9%	(20.0%)
North America	4,621	3.1%	8,989	4.9%	(48.6%)
Other countries	43,718	29.5%	43,399	23.7%	0.7%
<b>Net sales</b>	<b>148,351</b>	<b>100.0%</b>	<b>182,882</b>	<b>100.0%</b>	<b>(18.9%)</b>

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

Sales generated in Italy, representing 20.2% of Group revenues (23.5% in the first quarter of 2020), amounted to Euro 29.9 million, compared with Euro 42.9 million in the first quarter of 2020. Performance in Italy has been more seriously affected by the impacts of Covid-19 (around 40% of stores were temporarily closed during the period). Q1 2021 performance was also affected by the rationalisation of the store network over the last 12 months (50 net closures, equal to 20% of the network).

In this context, all channels have been affected by the pandemic emergency. In particular, directly operated stores were particularly hard hit by the effects of temporary closures during the first quarter, also in consideration of the further restrictions in place for shopping centres at weekends, which led to an average of over 70% of the distribution network being closed every Saturday and Sunday. With regard to performance in the wholesale and franchising channels, on the other hand, the drop in sales was mainly down to the factors already described. To date, all stores

are now open Monday to Friday, while 77 stores remain closed at weekends (57% of the total). Performance of the e-commerce channel was particularly impressive, recording +55% at the end of March.

Sales generated in Europe, representing 47.2% of Group revenues (47.9% in the first quarter of 2020), amounted to Euro 70.1 million, compared to Euro 87.6 million at the end of March 2020, recording a decline of 20%, mainly due, as was the case for Italy, to the effects of the spread of the pandemic, which led to stores being temporarily closed (an average of over 50% of stores were closed during the period). To date, 75 directly operated stores are still closed (55 in France and 20 in Germany), equal to 54% of the total. In France, stores are expected to reopen on 19 May, while there is still no official date for the end of the lockdown in Germany. Annual performance was also affected by the rationalisation of the store network since March 2020 (35 net closures, equal to 13% of the network).

Like-for-like sales in directly operated stores closed the quarter down by approximately 17%.

The direct e-commerce channel for the European market also recorded an excellent trend: +98%. With regard to the wholesale channel, performance was in line with the Group figure, while the reduction in the store network had a greater effect on the franchising channel than in other countries.

North America recorded a turnover of Euro 4.6 million (3.1% of revenues), down 48.6% (-45.9% at constant forex). In addition to the temporary closures (44% of the network during the quarter), Q1 2021 performance was also affected by the restructuring process (NoI) completed in Canada at the start of the year, leading to 10 stores being closed and the remaining 22 stores being kept on with significant reductions in the respective rents. To date, 10 stores are still closed due to the pandemic and these are expected to reopen on 20 May. During Q1 2021, LFL sales performance for directly operated stores was down by approximately 18%.

The e-commerce channel recorded +88% growth.

A turnover of Euro 43.7 million was recorded in the Rest of the World (29.5% of turnover vs. 23.7% in the first quarter of 2020), up 0.7% compared with Q1 2020 (+7.7% at constant forex).

In China, Hong Kong and Macau, the entire network was operational during the first quarter and remains so today. China recorded particularly impressive performance (+54% in terms of overall turnover and +77% in terms of LFL sales generated by directly operated stores).

With regard to Eastern Europe, excellent performance continued to be recorded in Russia (+48% vs. Q1 2020 and +21% compared with the first quarter of 2019); sales generated in Russia accounted for 11% of the Group total at the end of March (6% in the first quarter of 2020).

Directly operated stores in the entire area (Eastern Europe) recorded a +29% increase in LFL sales, with the e-commerce channel recording +109%. The entire distribution network is currently operational also in Eastern Europe. The wholesale channel also recorded positive performance (+6.5%).

#### Sales by product category

Footwear sales represented 91% of consolidated sales, amounting to Euro 135.1 million, down 16.9% (-15.6% at constant forex) compared with the first quarter of 2020. Apparel sales represented 9% of consolidated sales, amounting to Euro 13.3 million (-34.5% at current forex, -32.0% at constant forex), and were more seriously penalised by the lockdowns and seasonal factors.

(Thousands of Euro)	I Quarter 2021		I Quarter 2020		Var. %
		%		%	
Footwear	135,099	91.1%	162,636	88.9%	(16.9%)
Apparel	13,252	8.9%	20,246	11.1%	(34.5%)
<b>Net sales</b>	<b>148,351</b>	<b>100.0%</b>	<b>182,882</b>	<b>100.0%</b>	<b>(18.9%)</b>

Mono-brand store network – Geox shops

As of 31 March 2021, there was a total of 835 “Geox Shops”, of which 393 DOS. During Q1 2021, 6 new Geox Shops were opened and 38 were closed, in line with the store network optimisation planned in more mature markets and the expansion in countries where the Group’s presence is still limited but developing well.

	03-31-2021		12-31-2020		1° Q 2021		
	Geox Shops	of which DOS	Geox Shops	of which DOS	Net Openings	Openings	Closings
Italy	214	133	226	139	(12)	0	(12)
Europe (*)	229	134	246	142	(17)	0	(17)
North America	23	23	24	24	(1)	0	(1)
Other countries (**)	369	103	371	105	(2)	6	(8)
<b>Total</b>	<b>835</b>	<b>393</b>	<b>867</b>	<b>410</b>	<b>(32)</b>	<b>6</b>	<b>(38)</b>

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

(\*\*) Includes Under License Agreement Shops (132 as of March 31, 2021, 135 as of December 31, 2020). Sales from these shops are not included in the franchising channel.

**THE GROUP'S BALANCE SHEET AND FINANCIAL POSITION**

The net financial position at the end of March 2021 (before IFRS 16 and after fair value adjustment of derivatives<sup>1</sup>) amounted to Euro -109.8 million (Euro -99.8 million as of 31 December 2020 and Euro -35.6 million as of March 2020); this was affected by both the reduction in takings from stores as a result of the prolonged suspension of operations (especially for outlets, mainly located in shopping centres) and the payments from wholesale and franchising clients who had in turn been affected by the lockdowns.

The Group proposed to suspend the payment of some rents while stores were temporarily closed and then began to pay rent in proportion to sales performance following their reopening, until reaching an agreement with the various landlords.

This approach is coherent with the ongoing talks being held with the various landlords, aimed at renegotiating the contractual agreements in place, in an attempt to bring them more in line with the changes to the economic scenario; this involves introducing variable rents based on the level of turnover, at least while there is reduced footfall caused by the restrictive measures and the strong reduction in tourist numbers. These closed talks with landlords are continuing from one quarter to the next, and the Group has already signed a significant number of agreements and others are in an advanced phase of negotiation; however, the Group is also convinced that the right course of action is to terminate the relative agreement if solutions cannot be found that reflect current market values.

As of 31 March 2021, the overdue part of the rental payments that were suspended or only partially paid amounted to approximately Euro 14 million.

As of 30 April, the net financial position (before IFRS16 and before fair value adjustment of derivatives) amounted to Euro -125.0 million, as a result of the normal seasonality of the business and the temporary store closures.

<sup>1</sup> The position (before IFRS 16 and before fair value adjustment of derivatives) was equal to Euro -115.6 million.

Net operating working capital as a percentage of revenues was equal to 36.6% (28.6% as of March 2020). This variation is exclusively due to the reduction in turnover, given that working capital amounted to Euro 183.1 million, down compared with the Euro 208.3 million recorded at the end of March 2020. This reduction in working capital was possible thanks to extremely well-disciplined credit management being implemented (-21%), payment deadlines with end-product suppliers being redefined and purchases being reduced after reusing goods acquired for the SS20 collection for part of FW20 and then for part of SS21. In particular, the Group reduced purchases for the FW20 collection by approximately Euro 40 million and by Euro 60 million for SS21.

Given the current context, the Group will continue with its initiatives to protect the company's cash flow and to reduce operating costs.

### **SIGNIFICANT SUBSEQUENT EVENTS**

- **UPDATE ON STORE OPERATIONS - COVID-19**

The third wave of Covid-19 forced governments in many countries to reintroduce measures to restrict people's mobility and, in some cases, even real lockdowns, in order to contain the rise in infections. Today, these measures are still in place in a number of European countries and in Canada.

As a result of these measures, 86 directly operated stores (DOS) are temporarily closed at the moment (55 in France, 20 in Germany and 11 in Canada), equal to 22% of the entire DOS network. In addition, there are 77 DOS located inside shopping centres in Italy, which have been ordered by the government to close every weekend. Including these stores, temporary closures are currently affecting a total of 42% of the network of directly operated stores every Saturday and Sunday.

As a result of these government measures, 37 franchises are also temporarily closed at the moment (including 30 in France), equal to 12% of the network. In addition, there are another 33 franchises inside shopping centres, mainly in Italy (26), which must remain closed at weekends. Including these stores, the share of the franchised store network that is temporarily closed at weekends rises to 22%.

Based on the provisions currently in place, stores in France should reopen on 19 May, in Canada on 20 May and, in Italy, restrictions will probably be reviewed again in the last ten days of May. In Germany, on the other hand, no official date has yet been defined for the end of the lockdown.

In the areas where the Group operates in the Asia-Pacific region, there are currently no lockdowns and almost all of the Geox network is operational.

### **BUSINESS OUTLOOK**

As described above, the first quarter of the year does not provide a reliable indication of the trend expected over the coming quarters.

Since mid-March, we have been witnessing a gradual improvement in performance:

- LFL sales in directly operated stores are xx thanks to the progressive reopening of stores, a more favourable basis of comparison and the ongoing growth of the e-commerce channel. To date (week 18), LFL sales are positive (+3%) compared with last year (+165% only in the second quarter to date).
- Thanks to the deliveries made at the start of the second quarter, sales in the wholesale channel were also up +9% at the end of April compared with the first four months of 2020. Initial order collection for the FW21 collection is now closed and recorded positive results compared with the previous year.
- With the pandemic-induced health crisis beginning to ease and the vaccination campaigns speeding up, stores are gradually reopening. By the end of May, almost all of the Group's direct store network is expected to be operational again.

This combination of factors leads us to expect almost double-digit growth in turnover for the first six months of the year, compared with the first six months of 2020. Assuming that there are no further lockdowns in the second half of the year, a further consolidation of this positive trend can be expected as the year goes on, allowing for a double-digit growth in annual sales.

With regard to liquidity, we believe that the net financial position reached its peak at the end of April; in fact, the gradual reopening of stores and outlets should allow for a reduction in stock and greater collections from counterparties. In particular, over the course of the year, cash flows will be able to benefit from the sale of certain products from the 2020 collections which, despite being paid for, have actually never been presented to or seen by customers due to store closures. These dynamics will be further strengthened by the continuation of the cost reduction measures implemented by management over the last quarters, including the store rent review in particular and other important initiatives aimed at structurally improving the Group's profitability profile.

**DECLARATION BY THE MANAGER RESPONSIBLE FOR THE PREPARATION OF COMPANY ACCOUNTING DOCUMENTS**

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The manager responsible for the preparation of the company's financial documents, Dott. Massimo Nai, hereby declares, in accordance with paragraph 2, article 154 bis of the "Testo Unico della Finanza" (*Italian Consolidated Law on Financial Intermediation*), that, based on his knowledge, the accounting information contained in this document corresponds to the results documented in the books, accounting and other records of the company.

**FOR MORE INFORMATION**

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**GEOX GROUP**

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Geox Group operates in the classic and casual footwear sector for men, women and children, with a medium/high price level, and in the apparel sector. The success of Geox is due to the constant focus on the application of innovative solutions and technologies on the product that guarantee both impermeability and breathability.

Geox is one of the leading brands in the "International Branded Casual Footwear Market". Geox technology is protected by 55 different patents and by 11 more recent patent applications.

**DISCLAIMER**

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This document includes forward-looking statements, relative to future events and income and financial operating results of Geox Group. These forecasts, by their nature, include an element of risk and uncertainty, since they depend on the outcome of future events and developments. The actual results may differ even quite significantly from those stated due to a multiplicity of factors.

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