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Chairman's message to Shareholders

Dear Shareholders,

2021 results, while still impacted by the pandemic, show significant improvement over 2020. Revenues are growing at double-digit rates, the marginality of sales is making strong progress, operating costs are further reduced and the financial position is improving.

These are the first important results of the initiatives undertaken with the new Strategic Plan aimed at making our business model more efficient, more flexible and more in line with the evolution of the market.

Over the last two years, Geox has completed a significant revision of its distribution structure, which has enabled it to exit unprofitable and non-strategic activities and to accelerate investments in the most important activities with higher added value.

Along these lines, we have increased advertising investments, also through important television campaigns in the main reference markets, accelerated the digital transformation of the business and given a further boost to the projects undertaken to make our activities increasingly sustainable.

These actions have already enabled us to reach important results: the total Group's online revenues have been growing strongly and continuously and now represent one third of Geox's total turnover, the products we have advertised have reached particularly high sell-through rates, also enabling us to acquire new customers.

Moreover, at the beginning of 2022, an important survey published by Il Corriere della Sera recognized us as the company in the fashion sector in Italy that pays the most attention to the climate; an acknowledgement that further confirms what we are doing in terms of sustainability and people's wellbeing, which have always been distinctive values of Geox.

We are increasingly convinced that the path we have embarked on, together with the historical values of our Brand, will allow us to become more and more relevant for consumers and to significantly improve the level of service and the profitability profile of the Group".

Mario Moretti Polegato



History

It was almost 32 years ago when Mario Moretti Polegato, founder and chairman of Geox, came up with the revolutionary idea of piercing the rubber soles of his shoes, allowing his feet to breathe during a trip under the hot sun of Reno, in Nevada. So, why not create a product that's as flexible and strong as a normal rubber sole, at the same time as guaranteeing extraordinary performance in terms of breathability and water resistance?

When he got back to Italy, Moretti Polegato decided to develop his idea in a small footwear company belonging to his family, creating a new technology for rubber soles: that's how the first "shoe that breathes" was born, which he immediately patented.

After pitching his invention to well-established footwear companies without success, and, having passed a market test with a range of kids' shoes, Moretti Polegato began manufacturing his Geox shoes independently. He improved and perfected the initial patent and went on to extend the range of products to include not just children's shoes, but men's and women's too.

That's how everyday design encountered avant-garde technology, a project whose very name symbolises its close link with nature and real life. In fact, the word Geox is made up of Geo - the Greek for "earth" - and X, the symbol for the most advanced technology, developed in Italian laboratories and covered by numerous patents at international level. This name conveys all the commitment and energy of our drive and know-how, our care and attention, using research to support quality and everyday elegance.

"BREATHES" stands for innovation, research and continuous experimentation: a philosophy that unites creativity and performance, style and technology, respect for the environment and for people.



STRATEGIC VISION

- GEOX IS A PREMIUM LIFESTYLE BRAND WITH ITALIAN DNA, IN THE FOOTWEAR AND APPAREL SECTOR.
- A BRAND THAT CONVEYS QUALITY, CERTAINLY ATTENTIVE TO FASHION TRENDS, YET DETACHED FROM ITS RULES AND CODES
- A STRONGLY CONTEMPORARY BRAND THAT APPEALS TO PEOPLE OF ALL GENDERS, AGES, STYLES AND BACKGROUNDS
- A BRAND WITH A STRONGLY RECOGNISABLE FAMILY FEELING IN ITS PRODUCTS AND ITS COMMUNICATION
- A BRAND THAT FOLLOWS ITS PURPOSE IN THE WORLD, STAYING TRUE TO ITS VALUES IN DAILY ACTIVITIES
- A BRAND THAT HAS THE EARTH (GEO) AND TECHNOLOGY (X) IN ITS NAME, AND IS THEREFORE DRIVEN BY A MINDSET BASED ON RESPECT AND ATTENTION FOR ENVIRONMENT, SOCIETY AND PEOPLE

Geox's purpose

**To improve people's well-being
on the move in their daily lives**



**GEOX WAS BORN IN ITALY,
INSPIRED BY AN IDEA THAT
HAS LED THE COMPANY TO
BECOME ONE OF THE WORLD'S
LEADING SHOE MANUFACTURERS,
DEVELOPING TECHNOLOGY
AND MODERN PRODUCTS
AIMED AT IMPROVING PEOPLE'S
WELL-BEING. FOLLOWING
THIS INSPIRATION, GEOX HAS
EMBARKED ON A PATH TOWARDS
SUSTAINABLE INNOVATION,
WHICH TODAY REPRESENTS ONE
OF THE FUNDAMENTAL VALUES OF
THE COMPANY'S PHILOSOPHY**

*Mario Moretti Polegato
Presidente Geox S.p.A.*

Geox positioning strategic



WHY

OUR ROLE IN THE WORLD

We improve people's well-being on the move.

We believe that in comfort and in style you go one step further.



HOW

THE GEOX MODE

We design beautiful innovations to wear.

We are Italian in our DNA: inventors with a sense of style.



WHAT

OUR RESULT

Well-being that everyone can enjoy.

For millions of people, for every family in the world.

Geox's distinctive feature

Geox is a unique contemporary footwear and outerwear company. With a competitive positioning based on solid assets.



STRONG BRAND AWARENESS

Brand awareness and premium ambition



UNIQUE TECHNOLOGY

61 Patents and 5 most recent patent applications dal box
Italian DNA eliminare scalabilità



ITALIAN DNA

In-house product development,
scalability, high quality

WIDE AND ESTABLISHED FOOTPRINT

Around 10,000 points of sale
(wholesale and retail) in more
than 100 countries



PEOPLE

Dedicated and experienced teams



SUSTAINABILITY MINDSET

Family brand with responsible
approach in all categories
of product



A high-visibility brand

Geox is a brand with a very high level of recognition, the result of effective marketing campaigns on all channels, traditional and digital, with increasing investments aimed at well-profiled customer personas and planned on the most relevant media for each target.



TV commercial



Out of Home



Print



Digital



In Store

INNOVATION FIRST: DEVELOPING
TECHNOLOGY THAT BREATHES IS THE
MISSION OF GEOX

GEOX WAS BORN FROM AN INNOVATIVE IDEA
THAT AIMS TO GUARANTEE QUALITY AND
WELLBEING. THE "SHOE THAT BREATHES" IS
A PERCEPTION, AN IDEA, A PROMISE THAT
SINCE ITS FIRST INTUITION HAS BECOME THE
CARDINAL PRINCIPLE OF GEOX'S MISSION,
AIMED AT WELL-BEING AND ABSOLUTE
COMFORT.

THE EXTRAORDINARY SUCCESS OF GEOX
FOOTWEAR AND CLOTHING IS DUE TO A
TECHNOLOGY PROTECTED BY NO LESS THAN
61 PATENTS AND 5 MORE RECENT PATENT
APPLICATIONS.

THE COMPANY CONSTANTLY INVESTS IN
RESEARCH IN ORDER TO CONTINUALLY
IMPROVE EXISTING PRODUCTS AND
LAUNCH NEW SOLUTIONS THAT COMBINE
BREATHABILITY AND WATER RESISTANCE.

The original shoe that breathes

The first of GEOX's patents solves the problem of lack of breathability in rubber (or other synthetic material) soles. The sole is perforated and contains a special membrane made of a microporous material that is vapour-permeable and watertight, allowing the feet to breathe but preventing water from entering. The membrane's micropores, smaller than a drop of water but larger than a molecule of water vapour, prevent water from entering the sole while allowing sweat to escape, keeping the foot dry thanks to perfect breathability.



Naturally breathable leather becomes waterproof

Leather has a porous structure: this is its main advantage, the ability of the foot to breathe, but also its main disadvantage, the tendency to absorb water and humidity.

The leather sole patent has developed an innovative technology that makes leather soles waterproof without affecting their natural breathability properties.



Aerantis™: Dynamic Breathing System

Aerantis™ is a shoe that combines several Geox technologies: Net Breathing System™ breaks down barriers with the outside world, thanks to the large perforated and breathable surface of the sole; Ventilation System is the engine that maximises air circulation inside the shoe; Inner Breathing System allows breathability around the entire foot. It promotes the greatest possible air circulation and makes the footwear functional and comfortable in every situation.



Spherica™: all-round comfort

The sole with Zero Shock-System features very soft spherical elements that act as shock-absorbing cushions in all phases of walking.



Amphibiox™: durable waterproofing and maximum breathability

Geox Amphibiox™ gives not only the sole but also the upper superior and long-lasting performance in terms of waterproofing and breathability, facilitating the body's natural thermoregulation and combining optimal characteristics of comfort and lightness in all weather conditions.



Nebula™: a revolutionary concept of breathability

Nebula™ evolves the concept of traditional breathability through the use of a set of technologies that create an ideal microclimate, allowing effective thermoregulation and keeping the foot dry in every direction.

Nebula™ offers high performance in terms of breathability, lightness and comfort.

In Nebula™, the special inner lining with cavities creates a free space between the foot and the upper, through which heat can escape upwards, while the sole follows the natural support points of the foot to ensure cushioning and flexibility even in the most dynamic situations.



Clothing that Breathes™

Geox's patented construction solution uses the physical principle of convection, whereby warm air tends to expand upwards.

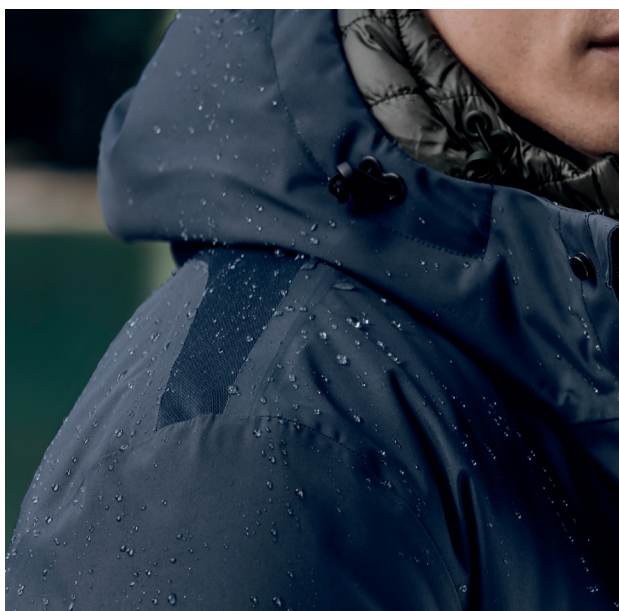
In Geox garments, the warm, moist air generated by the evaporation of sweat escapes from the breathing tape, which extends from one shoulder to the other, through a three-dimensional spacer and a special breathable, waterproof membrane, which, inserted inside, has the dual function of letting air through and preventing water from entering.



Amphibiox™: waterproofing and breathability

Special waterproof and windproof fabrics and functional design, with heat-taped seams, guarantee excellent performance in terms of waterproofness (tested using the Rain Tower EN14360 test method) and protection. In addition, in the AMPHIBIOX™ outer garments, the warm and humid air generated by the evaporation of sweat flows through a functionalised three-dimensional cavity and a special breathable and waterproof membrane adhered to the main fabric which, inserted inside, has the dual function of allowing air to pass through but not allowing rain to penetrate.

Two ventilation strips, one on the top of the head with a membrane and one on the inside of the collar, allow hot and humid air to escape, thus ensuring effective breathability.



Any Weather Condition

Any Weather Condition is the new eco-friendly technology that allows garments to be made in a variety of styles and fabrics with a breathable, windproof and waterproof inner lining that keeps you dry and cool in all weather conditions.

Excess hot and humid air escapes through a ventilation strip on the shoulders fitted with a membrane, allowing effective breathability.



Aerantis™: Dynamic Breathing System

Aerantis™ is an innovative, state-of-the-art technology that dynamically counteracts overheating of the body, acting only where and when necessary and allowing you to maintain your ideal body temperature at all times of the day.

In the areas of greatest heat exchange, a 3D fabric with gaps is positioned to create a free space between the body and the garment, favouring the dissipation of hot and humid air both upwards and crosswise. Underneath the 3D fabric, a revolutionary thermo-adaptive wadding is combined with a polymer with micro-notches on the surface that makes it sensitive to temperature variations, allowing tailor-made thermoregulation.

Two ventilation strips, one on the top of the head with a membrane and one on the inside of the collar, allow hot and humid air to escape, thus ensuring effective breathability.



Geox worldwide

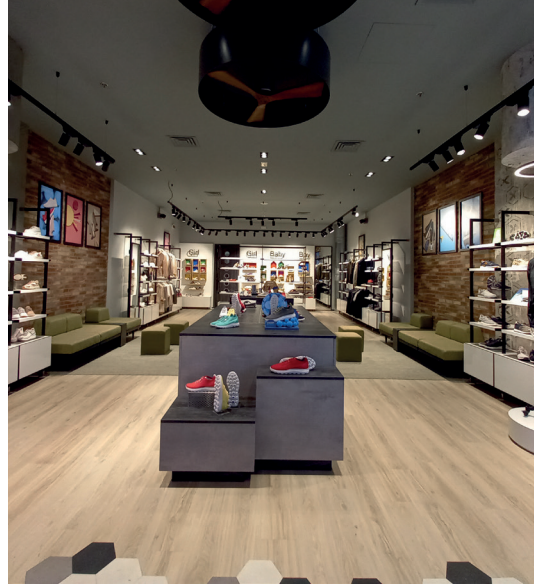
The Group implements a diversified distribution strategy across its individual markets, in order to ensure brand promotion is coherent for end consumers. In 2021, Geox was present in more than 9,000 wholesale selling points and 768 mono-brand stores in 60 countries.

768 Geox Shops

200 Italy
210 Europe*
20 North America
338 Other Countries

*Europa includes: Austria, Benelux, France, Germany, Great Britain, Iberian Peninsula, Scandinavia and Switzerland.





Group profile



2021
Sales
Euro **609**
million

NET SALES BY REGION

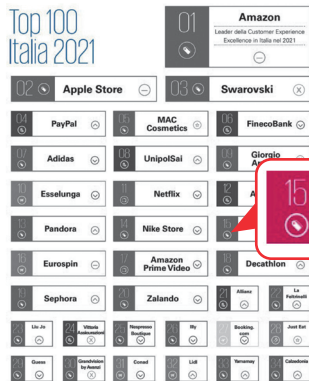
Italy **25%**
Europe **46%**
North America **4%**
Rest of the World **25%**

NET SALES BY CHANNEL

Wholesale **50%**
Dos **43%**
Franchising **7%**



Some significant awards



CUSTOMER CENTRICITY

Geox Included In Top 15 Companies For “Customer Experience Excellence”.



SHOPPING EXPERIENCE

For the 2nd year in a row Geox has been awarded by Ipsos and Largo Consumo as best footwear brand in Italy by the consumers.



E-COMMERCE

Geox awarded as one of the top 500 e-commerce website, ranking top 15 in the shoes industry.



E-COMMERCE

Geox included in top 150 brands in Europe for multichannel capabilities.



ENVIRONMENT

Geox awarded as the company having the strongest focus on climate (in terms of CO₂ emissions reduction) in the Italian fashion industry (6th in the total ranking) according to a survey made by Statista and Corriere della Sera.



SUSTAINABILITY

Geox included in the list of 150 companies "Sustainability Leader" after an in-depth analysis on 1,500 companies based on 35 KPIS disclosed in non financial statement (ESG).



SUSTAINABILITY

Geox awarded among the best 200 companies in Italy in terms of sustainability commitment according to a survey made by Istituto Tedesco Qualità e Finanza (ITQF) based on pure social listening.



PACKAGING

Geox S.p.A. awarded by CONAI for the best project on sustainability for e-commerce packaging in relation to deliveries' sustainability.



DIRECTORS' REPORT

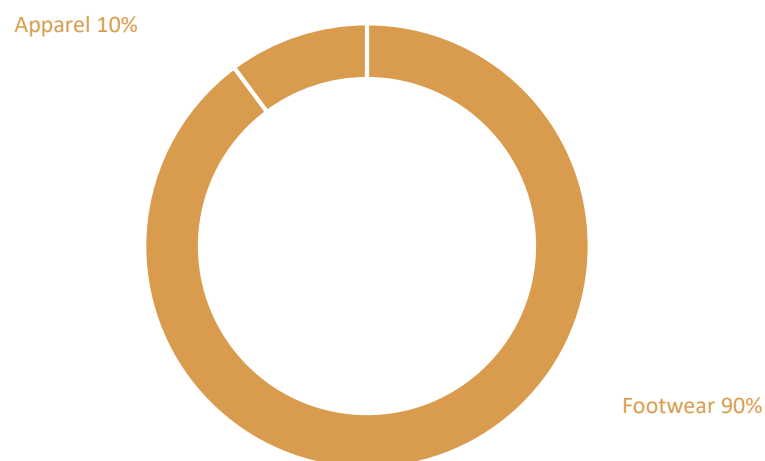
Profile

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 61 different patents and by 5 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, 2021).



Research and Development

The applied research carried out by Geox in 2021 was directed to the identification of innovative solutions for improving products and manufacturing processes, through the study of the active breathing element of shoe soles, the development of new products for footwear and apparel and certification of the materials used.

This experimentation has allowed Geox to develop footwear and apparel that combine comfort and well-being with a greater ability to breathe, to be waterproof and to be highly resistant.

In particular, "+ Grip" has been developed, a further technological innovation for AMPHIBIOXTM products, relating to a sole in which the rubber material and the characteristic tread design have been studied and combine to achieve optimal grip on several surfaces, including on wet surfaces.

The continuous innovation process has also allowed the study and development of new projects, based on the amplification of the concepts of comfort and well-being.

Specifically, in 2021 work began on the study of an "Upper Casual" shoe with sole construction technology that allows increased cushioning, combined with high breathability.

A formal shoe with an "ultra comfort" sole was then developed with TPU/PU bi-material moulding technology, in which a soft PU insert extends over the entire width and length of the sole, as well as over the tread part of the forefoot, until it reaches the side edges of the sole. This technology amplifies the feeling of comfort and cushioning, even in a shoe with an elegant shape and style.

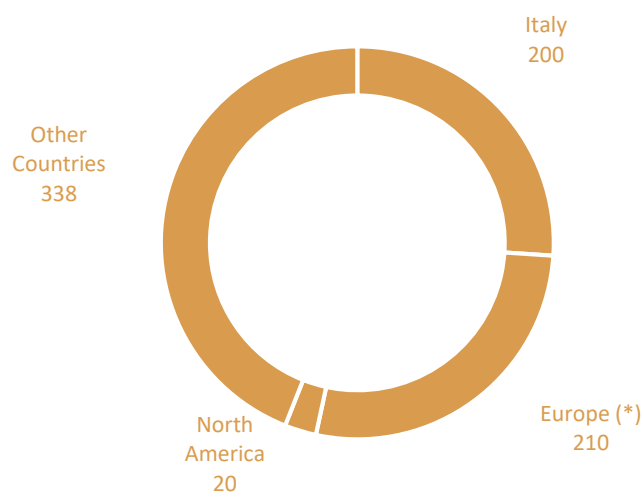
In apparel, "Any Weather Condition", the new eco-friendly technology that allows garments to be made in the most varied styles and fabrics, making them high-performance thanks to a breathable, windproof and waterproof inner lining that keeps you dry and cool in all weather conditions, has been developed. Excess hot and humid air escapes through a ventilation strip on the shoulders fitted with a membrane, allowing effective breathability.

Geox innovation is protected by 61 patents and 5 recent patent applications.

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 December 31, 2021, the overall number of "Geox Shops" came to 768, of which 350 operated directly, 304 in franchising and 114 under license agreement.



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 and, till at the end of June 2021, at the group's production plant in Vranje, Serbia.

All stages of the production process are under the strict control and coordination of the Geox organisation.

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.

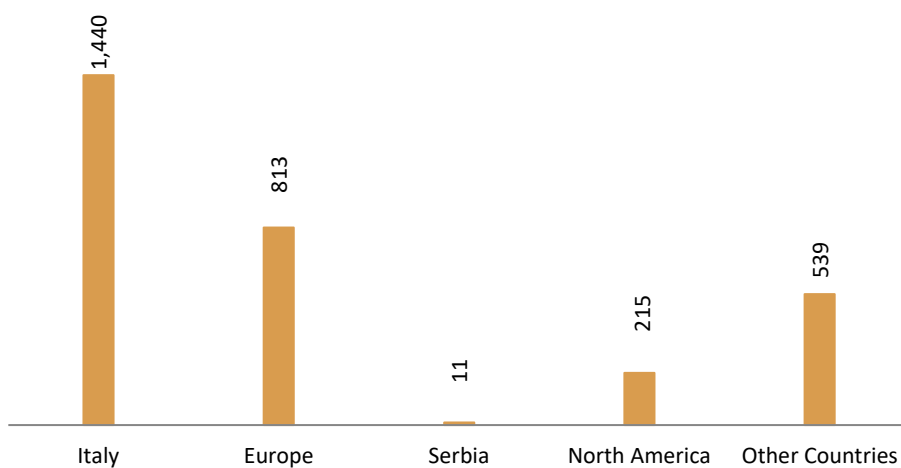
Human Resources

At December 31, 2021 the Group had 3,018 employees, showing a decrease of 1,440 employees compared with 4,458 employees at 31 December 2020.

As of December 31, 2021 the employees were splitted as follows:

Level	31-12-2021	31-12-2020
Managers	42	48
Middle Managers and office staff	869	912
Shop Employees	2,104	2,192
Factory Workers	3	1,306
Total	3,018	4,458

The graph shows the employees of the Group at 31 December 2021, 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, provides historical financial data and highlights, investor presentations, quarterly publications, official communications and real time trading information on Geox shares.

Geox on the Stock Exchange

Geox S.p.A. has been listed on the Italian Stock Exchange since December 1, 2004. The following table summarizes the main share prices and stock market values for the last 3 years:

Share price and stock market information	2021	2020	2019
Earnings per share [Euro]	(0.24)	(0.50)	(0.10)
Equity per share [Euro]	0.48	0.65	1.17
Dividend per share [Euro]	-	-	-
Pay-out ratio [%]	-	-	-
Dividend yield (at 12.31)	-	-	-
Year-end price [Euro]	1.07	0.79	1.18
MTA high [Euro]	1.34	1.19	1.93
MTA low [Euro]	0.76	0.47	1.15
Price per share/EPS	(4.39)	(1.57)	(12.29)
Price per share/Equity per share	2.23	1.22	1.01
Stock market capitalization [thousands of Euro]	277,352	204,774	305,865
Number of shares making up the share capital	259,207,331	259,207,331	259,207,331

Control of the Company

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 Montebelluna (TV), 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).

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	11,288	14,886,556
from 5.001 to 10.000 shares	922	7,068,355
10.001 shares and over	806	243,767,654
Lack of information on disposal of individual positions previously reported		(6,515,234)
Total	13,016	259,207,331

(*) As reported by Computershare S.p.A. on December 31, 2021.

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 December 31, 2021.

Company officers

Board of Directors

Name	Position and independent status (where applicable)
Mario Moretti Polegato ⁽¹⁾	Chairman and Executive Director
Enrico Moretti Polegato ⁽¹⁾	Vice Chairman and Executive Director
Livio Libralesso ⁽¹⁾	CEO and Executive Director (*)
Claudia Baggio	Director
Lara Livolsi ⁽³⁾	Independent Director
Alessandro Antonio Giusti ^{(2) (3)}	Director
Francesca Meneghel ^{(2) (4)}	Independent Director
Ernesto Albanese ⁽²⁾	Independent Director
Alessandra Pavolini ⁽³⁾	Independent Director

⁽¹⁾ Member of the Executives Committee

⁽²⁾ Member of the Audit, Risk and Sustainability Committee

⁽³⁾ Member of the Nomination and Compensation Committee

⁽⁴⁾ 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 January 16, 2020.

Board of Statutory Auditors

Name	Position
Sonia Ferrero	Chairman
Francesco Gianni	Statutory Auditor
Fabrizio Colombo	Statutory Auditor
Fabio Antonio Vittore Caravati	Alternate Auditor
Giulia Massari	Alternate Auditor

Independent Auditors

Deloitte & Touche S.p.A.

Report on corporate governance and ownership structure

Corporate Governance

The Geox Group has implemented the Code of Conduct for Italian Listed Companies published in March 2006 and updated in January 2020 (Corporate Governance Code), with suitable amendments and adjustments considering the characteristics of the Group.

In accordance with the regulatory requirements, every year we prepare a "Report on Corporate Governance and Ownership Structure", as per Art. 123-bis of the TUF, which contains a general description of the system of corporate governance adopted by the Group. It also contains information on the ownership structure and implementation of the Code of Conduct with an explanation of the main governance practices applied and the characteristics of the risk management and internal control systems involved in the process of financial reporting. Also explained here are the mechanisms that govern the functioning of the Shareholders' Meeting and the composition and functioning of the board of directors and board of statutory auditors and their sub-committees. The Report on Corporate Governance and the Ownership Structure is available in the Governance section of the Company's website: www.geox.biz.

The following is a summary of the main aspects relating to this directors' report.

Main characteristics of the risk management and internal control systems

The internal control system and the company risk management are processes designed by the Board of Directors, management and others in the corporate structure; they consist of a set of rules, procedures and organizational structures designed to identify, measure, manage and monitor the main risks; they ensure that the management of the business is in line with the corporate objectives, and they help protecting the business wealth, the efficiency and effectiveness of the business processes, the reliability, accuracy and promptness of the financial reporting, the compliance with laws and rules as well as with the article of associations and internal procedures.

In compliance with Law n. 262/2005, the Group has therefore put in place procedures aimed to increase the transparency of the company disclosure and to make more effective the internal control system and in particular the controls related to the financial reporting.

In line with this definition, the system for managing the existing risks in relation to Geox's process of financial reporting forms part of the Group's wider system of internal control and Group Risk management.

As part of its supervision and coordination of subsidiaries, Geox S.p.A. establishes the general principles according to which the internal control system is meant to function for the entire Group. Each subsidiary adopts these principles in line with local regulations and applies them to organizational structures and operating procedures that are suitable for their specific context. Geox has introduced tools for supervising and assessing the internal control system, allocating specific responsibilities to certain players who have been clearly identified.

The CEO and the Financial Reporting Manager, in accordance with the principles of operation of the Internal Control System and Risk Management for the financial reporting process, identify the main risks therein levied annually in a prudent and careful way (so-called *scoping activities*). The identifying risks process passes through the identification of the group companies and operating flows subject to material errors or fraud, with reference to the economic variables included in the financial statements of Geox S.p.A. and/or the consolidated financial statement. Companies and significant processes in relation to the financial reporting process are identified through quantitative and qualitative analysis. The identification of risks is operated through a classification based on the main sources of risk identified by the Executive Director in charge of supervising the Internal Control System and Risk Management. Control activities are policies and procedures that ensure the proper implementation of management responses to risk. The control activities are implemented throughout the organization, at every hierarchical and functional level. The assessment of control procedures is made by parsing the appropriate design of the control activities and their effective and efficient implementation of the course of time. In relation to the financial reporting process, control activities are evaluated in two semi-annual sessions followed, where appropriate, as many phases of follow-up if some critical issues are identified.

In summary, the main players of the Internal Control System and Risk Management as it relates to the process of financial reporting are as follows:

- The Financial Reporting Manager ex Art. 154-bis of the TUF, who has the responsibility for defining and evaluating specific procedures designed to monitor the risks involved in the process of preparing accounting documents;
- The Internal Auditing Department, which remains independent and objective in an advisory role concerning the methods of verifying the adequacy and effective application of the control procedures defined by the Financial Reporting Manager. Moreover, as part of a wider activity that involves evaluating the entire company's Internal Control System and Risk Management, the Internal Auditing Department also has to bring to the attention of the Audit and Risk Committee and of the Financial Reporting Manager any circumstances that might affect the financial reporting process;
- The Director in charge of supervising the Internal Control System and Risk Management, as the main promoter of initiatives designed to evaluate and manage corporate risks;
- The Audit and Risk Committee, which analyses the results of audits on the Internal Control System and Risk Management and reports periodically to the Board of Directors on any action that needs to be taken;
- The Supervisory Body as per D.Lgs 231/01, which intervenes as part of its duties to look out for the corporate crimes envisaged in D.Lgs 231/01, identifying risk scenarios and personally verifying compliance with the control procedures. The Supervisory Body also monitors compliance with and application of the Group's Code of Ethics.

It's to be noted that on February 25, 2021 Board of Directors approved the guidelines related the Internal Control System and Risk Management contained in Corporate Governance Code. More in detail, the Board approved the Guidelines on the Internal Control and Risk Management System.

The Group adopted some time ago its own model of organization, management and control as per D.Lgs 231/01, steadily updated to include the new crimes, most recently on April 17, 2018. In particular, financial reporting is protected by a series of controls that are carried out during the various corporate processes that lead to the formation of the figures shown in the financial statements. These control activities apply not only to the areas that are closely linked to the business (sales, purchases, inventory, etc.), but also to those areas that provide support in the processing of accounting entries (closing the accounts, IT systems management, etc.). These control procedures are defined by the Financial Reporting Manager. He also checks periodically that they are being applied properly. The outcome of the assessments made by the Financial Reporting Manager is reported in the certification that he provides in accordance with paras. 5 and 5-bis of art. 154-bis of the TUF.

In compliance with (Italian) Legislative Decree no. 254/2016, the Group has prepared a separate report containing non-financial information. This report, published on the Group's website (www.geox.biz), identifies the topics that are considered to be of material importance for reporting purposes. These topics were defined by considering both the point of view of the company's own organisation (through workshops and interviews conducted internally), and the results of benchmarking activities carried out with reference to the Group's main competitors in the fashion industry, as well as studies linked to the world of sustainability. As further confirmation of Geox's focus on sustainability issues, in 2019, the Group decided to join the Fashion Pact. This pact is a global coalition of companies in the fashion and textile industry (ready-to-wear, sport, lifestyle and luxury), including their suppliers and distributors, all committed to a common core of key environmental goals in three areas: stopping global warming, restoring biodiversity and protecting the oceans.

Please refer to the aforementioned report for all aspects regarding the information required by the decree, relating to environmental and social matters, aspects linked to employees, the respect of human rights, anti-corruption, diversity in the Board of Directors and other sustainability issues.

The Board of Directors of Geox S.p.A. also approved the "Global Compliance Program", a document addressed to the Group's foreign companies. This is a governance tool aimed at strengthening the Company's ethical and professional commitment and preventing offences from being committed abroad (such as offences against the public administration, fraudulent accounting, money laundering, offences committed in violation of workplace health and safety regulations, environmental crimes), which may otherwise lead to criminal liability for the company and subsequent reputation risks.

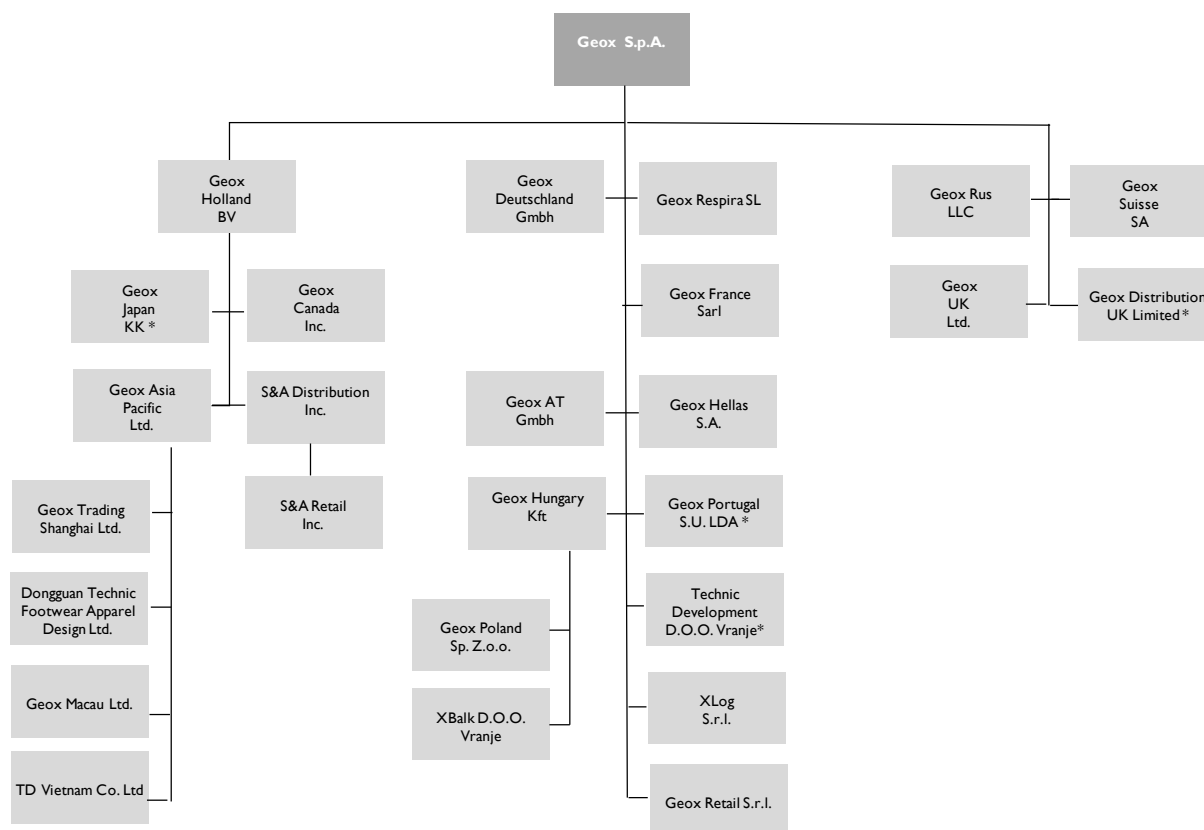
The Global Compliance Program was drawn up in accordance with the main and most authoritative international regulations in this field (i.e. the main international conventions on combating corruption, UK Bribery Act 2010, Good Practice Guidance on Internal Controls, Ethics and Compliance 2010, etc.), also taking into account the Group's current organisational structure and the specific reference legislation applicable in the legal systems in which the Group's companies operate.

Moreover, in line with the previously described control measures, Geox S.p.A. has successfully completed the process for obtaining ISO 37001 certification as regards measures to combat active and passive corruption.

Lastly, it should be noted that, in compliance with (Italian) Law no. 179/2017 regarding "Provisions to protect individuals who report offences or irregularities of which they become aware as part of their public or private work" (the so-called "Whistle-blowing Law"), the Company has implemented a suitable global Whistle-blowing system that is integrated at group level. The aim of this system is to verify and promptly manage any unlawful conduct and/or violations regarding suspicious behaviour and breaches of the Company's Code of Ethics.

The internal whistle-blowing process has been structured with a dedicated channel, run by a third-party specialist, which includes an online platform and a multilingual helpline able to ensure that the whistle-blower remains anonymous.

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.

Principal risks and uncertainties to which Geox S.p.A. and the Group are exposed

Business risks

In terms of business risks, the Group is exposed to:

- Risks related to the Covid-19 pandemic: the spread of the coronavirus is a complex and unprecedented global emergency in the modern world, with health, social, political, economic and geopolitical implications. Geox's team, set up to face the emergency, supported the Group's management in defining a strategy aimed mainly at safeguarding the health of its employees and consumers as well as protecting the business and the group liquidity;
- the impact of the macroeconomic, political and social environment, in terms of changes in the purchasing power of consumers, their level of confidence and their propensity to consume. The Group's ability to develop its business also depends to the extent on the economic situation of the various countries in which it operates. Although the group operates in a significant number of countries around the world, the possible deterioration of economic, social and political conditions in one or more markets in which it operates may have a negative impact on sales and financial results of the Group. The introduction by national or supranational bodies of restrictions on the movement of people between different countries, as a consequence, for example, of international crises or pandemics, can have an impact on revenues, especially in relation to certain geographical areas in which Geox operates;
- changes in national and international regulations: the Group operates in a complex international environment and is subject, in the various jurisdictions in which it operates, to rules and regulations which are constantly monitored, especially for all matters relating to the health and safety of workers, environmental protection, rules around manufacturing of products and their composition, consumer protection, the protection of intellectual and industrial property rights, competition rules, fiscal and customs rules, and, in general, all relevant regulatory provisions.
- changes in customers' tastes and preferences as well as different habits in different geographical areas in which the Group operates;
- the image, perception and recognition of the Geox brand by its consumers but also by different uncertainty about management's ability to define and implement successfully its business, marketing and distribution strategy. Over the last year, the ongoing pandemic and digitalisation process have driven management to review its business model across all markets, with a view to making it more streamlined, more efficient and better suited to the current operating conditions. This new business model has an omnichannel approach in terms of both distribution and operations, with the physical channel developing its role as a service hub at the same time as ensuring that contractual rent conditions are in line with the current scenario. The main measures that have been approved by management are a rationalisation plan which will see Geox, on one hand, closing smaller and less profitable stores, and, on the other one, opening some larger stores in more strategic locations and restyling of stores with the highest potential. These measures will also be accompanied by further investments and a process of digital transformation and growth for the Group, focusing on omnichannel services to boost sales in the physical network;
- risks related to availability of raw materials and finished products: the Group's products are produced in the Far East, the Mediterranean Basin and at the plant it owns in Serbia. Overall, the effects of the Covid-19 pandemic are still being felt, but the system as a whole is currently operational, albeit in a context that is still characterised by a certain degree of instability, especially in terms of shipping. It cannot be excluded that there could be some tension on the supply side that could have a negative impact on the financial results of the Group. The Group is constantly monitoring this continuously evolving situation, striking a careful balance between the need to reduce purchases, where possible, in order to mitigate risk and the need to take account of the social impact of suddenly pulling out of said production sources;
- uncertainty about the ability to attract, retain and motivate qualified resources;
- policies implemented by competitors and the possible entry of new players into the market.

Cyber risks

2021 witnessed an increase in cyber attacks, at the same time as the ICT structure being put under pressure due to employees' need for greater flexibility as a result of the Covid-19 pandemic. Geox Group is carefully monitoring the increasing cases of cyber attacks and is fully aware of the growing level of danger that such attacks pose to business continuity.

These circumstances led the Group to define an action plan aimed at preventing and defending against potential attacks on the one hand and strengthening the measures to combat this phenomenon and restore normal operations on the other.

The Group therefore defined a governance structure which involves:

- a Security Committee that meets at least once a month with the aim of monitoring emerging cyber risks and checking the progress of the improvement measures defined on a case-by-case basis;
- the introduction of a CISO (Chief Information Security Officer) role;
- a series of monitoring measures being launched regarding infrastructure and networks, such as the SOC (Security Operations Centre) and NOC (Network Operations Centre), active 24/7;
- the constant monitoring of equipment (servers and personal computers) using End Point Detection and Response (EDR) tools;
- a threat intelligence service being defined for the monitoring of the internet and dark web;
- a specific training plan for staff with reference also to the above-mentioned risks (e.g. simulation of email phishing attacks);
- a framework aimed at assessing and classifying ICT suppliers prioritised by level of criticality of the supply of goods and/or provision of services.

Risks linked to climate change

The Group's activities are affected by exogenous variables, such as macroeconomic variables linked to the countries in which Geox Group operates (for example, in terms of production or simply also sales).

In this context, specific social and environmental issues are included, and this will increasingly be the case going forward (e.g. focus on environmentally friendly products).

Geox Group therefore monitors how the external context evolves in order to identify any potential new risks that are directly and/or indirectly linked to climate change, as well as proactively managing their possible impacts wherever possible; the Group also monitors all legislative, regulatory aspects etc. linked to climate change.

Furthermore, the Group pays the utmost attention to:

- its own activities and the activities of third parties collaborating with the Group that could be characterised by a significant socio-environmental risk profile;
- its stakeholders' behaviour (e.g. consumers);
- consumers' increasing awareness of and attention to factors that are directly and/or indirectly linked to climate change and the impact that the products they choose might have with regard to environmental, social and environmental aspects;
- the aforementioned evolution trends, adapting and/or implementing mitigation measures on an ongoing and timely basis.

Geox Group has also renewed its strategic commitment and responsibility in terms of handling the developments and challenges of today and tomorrow in the best way possible, by signing up to the Fashion Pact and taking part in the round tables and projects linked to this initiative; by being a Fashion Pact signatory, Geox intends to remain at the forefront of activities to provide protection in important areas, such as climate change, biodiversity and the oceans and further, more specific areas such as the transition to a low-emission model.

Financial risk

The Geox Group constantly monitors the financial risks to which it is exposed in order to evaluate in advance any possible negative impacts and to undertake appropriate corrective action to mitigate or correct such risks. The Group is exposed to a variety of financial risks: credit risk, interest rate risk, exchange rate risk and liquidity risk.

These risks are managed and coordinated at Parent Company level on the basis of hedging policies that also entail the use of derivatives to minimize the effects of exchange rate fluctuations (especially in the U.S. dollar).

Credit risk

The Geox Group tends to minimize the risk of insolvency on the part of its customers by adopting credit policies designed to concentrate sales on reliable and creditworthy customers. In particular, the credit management procedures implemented by the Group, which involve the use of contracts with major credit insurance companies, the evaluation of available information on customer solvency, the use of credit limits for each customer and strict control over compliance with the terms of payment, make it possible to reduce credit concentration and the related risk.

Credit exposure is also spread over a large number of counterparties and customers.

Risks connected to fluctuations in interest rates

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.

In this context, given expectations of stability in the dynamics of interest rates and the medium/short-term nature of the debt, the Group did not deem it necessary to implement general policies to hedge the risk of interest rate fluctuations but rather entered into two Interest Rate Swap (IRS) transactions to hedge the medium-long term loan, for a total amount of Euro 67.5 million, the Group has signed two Interest Rate Swap (IRS) agreements to hedge its only medium/long-term loan, with the specific aim of removing the original floor to zero on the entire notional amount, in relation to the Euribor included in the variable rate.

Risks connected to fluctuations in exchange rates

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 Group initially calculates the amount of exchange risk 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 the sale of the foreign currency. The Group is of the opinion that its policies for handling and limiting this type of risk are adequate. However, it cannot exclude the possibility that sudden fluctuations in exchange rates could have consequences on the results of the Geox Group.

Liquidity risk

This risk can arise when a company is unable to obtain the financial resources it needs to support its operational activities in a timely manner and at reasonable economic conditions. The cash flows, funding requirements and liquidity of the Geox Group are constantly monitored at central level under the control of the Group treasury in order to ensure effective and efficient management of financial resources.

It should be noted that Covid-19 emergency caused in 2020, for the entire sector in which the Company operates, a significant one-off cash absorption, which was added to the normal seasonality of the business. In contrast, during 2021, part of this abnormal effect on working capital was reabsorbed.

Directors do not believe that the effects of the aforementioned events are such as to undermine the Group's ability to fulfil its payment commitments, taking into consideration the lines of credit that are currently available but have not yet been used, as well as the new financing obtained from banks during 2020.

Economic results

Economic results summary

2021 results were deeply affected by the Covid-19 pandemic, the main results are outlined below:

- Net sales of Euro 608.9 million, with an increase of 13.8% compared to Euro 534.9 million in 2020;
- EBIT of Euro -44.9 million, compared to Euro -123.7 million of 2020;
- Net income of Euro -62.1 million, compared to Euro -128.2 million in 2020.

In the following table a comparison is made between the consolidated income statement for 2021 and 2020:

(Thousands of Euro)	2021	%	2020 Restated (*)	%
Net sales	608,915	100.0%	534,897	100.0%
Cost of sales	(324,653)	(53.3%)	(302,523)	(56.6%)
Gross profit	284,262	46.7%	232,374	43.4%
Selling and distribution costs	(37,659)	(6.2%)	(41,395)	(7.7%)
General and administrative expenses	(262,691)	(43.1%)	(278,102)	(52.0%)
Advertising and promotion	(29,195)	(4.8%)	(23,049)	(4.3%)
Restructuring charges	351	0.1%	(1,134)	(0.2%)
Net asset impairment	-	0.0%	(12,436)	(2.3%)
EBIT	(44,932)	(7.4%)	(123,742)	(23.1%)
Net financial expenses	(8,336)	(1.4%)	(8,112)	(1.5%)
PBT	(53,268)	(8.7%)	(131,854)	(24.7%)
Income tax	(6,419)	(1.1%)	4,307	0.8%
Net result from continuing operations	(59,687)	(9.8%)	(127,547)	(23.8%)
Net result from discontinued operations	(2,460)	(0.4%)	(658)	(0.1%)
Net result	(62,147)	(10.2%)	(128,205)	(24.0%)
EBITDA	30,803	5.1%	(15,184)	(2.8%)
EBITDA excl. IFRS 16	(22,909)	(3.8%)	(83,194)	(15.6%)

(*) The shutting down of the production facility in Serbia in mid-2021 qualifies as "Discontinued Operations" under IFRS 5. As a result, revenues and income and costs and expenses were reclassified under "Net result from discontinued operations" in the 2021 and, for comparative purposes, 2020 income statements. This resulted in a restatement of the 2020 income statement (as detailed in the final schedules of the release).

EBITDA: is the EBIT plus depreciation, amortization and can be directly calculated from the financial statements as integrated by the notes .

EBITDA and EBITDA adjusted are not defined under IFRS accounting standards applied in the European Union and therefore their definition should be attentively assessed and analyzed by investors. Those measures are included in this report in order to improve the level of transparency for the financial community. Management considers that adjusted measures help evaluating Group's operating performance and help the comparison with companies operating in the same sector. Those indicators aim to give a supplementary view of results excluding the impact of unusual, not recurring and not operating items.

Disclaimer

This Report, and in particular the section entitled "Outlook for operation and significant subsequent events", contains forward-looking statements. These statements are based on the Group's current expectations and projections about future events and, by their nature, are subject to inherent risks and uncertainties. They relate to events and depend on circumstances that may or may not occur or exist in the future, and, as such, undue reliance should not be placed on them. Actual results may differ materially from those expressed in such statements as a result of a variety of factors, including: volatility and deterioration of capital and financial markets, changes in commodity prices, changes in general economic conditions, economic growth and other changes in business conditions, changes in government regulation (in each case, in Italy or abroad), and many other factors, most of which are outside of the Group's control.

GROUP PERFORMANCE – REVENUES

Consolidated revenues for 2021 stood at € 608.9 million, up 13.8% on the previous year (+14.4% at constant forex). The increase was mainly driven by the good trend shown by the wholesale channel and the gradual improvement in store performance, which was underpinned by the re-openings that took place starting from the end of the second quarter.

Revenues by distribution channel

(Thousands of Euro)	2021	%	2020	%	Var. %
Wholesale	306,256	50.3%	258,330	48.3%	18.6%
Franchising	43,137	7.1%	43,106	8.1%	0.1%
DOS*	259,522	42.6%	233,461	43.6%	11.2%
Geox Shops	302,659	49.7%	276,567	51.7%	9.4%
Net sales	608,915	100.0%	534,897	100.0%	13.8%

* Directly Operated Store

Revenues from multi-brand stores, accounting for 50.3% of Group revenues (48.3% in 2020), came in at € 306.3 million (+18.6% at current forex, +19.5% at constant forex), compared with € 258.3 million in 2020. The trend benefited from the strong performance of stock replenishment for SS21, a positive order book for the FW21 collection, a positive timing effect on shipments (as requested by partners at the beginning of the year), increased sales of stock from previous seasons and an improvement in commercial conditions. These effects more than offset the weak initial order book for the SS21 collection – which had been filled in the previous year at the height of the first lockdown – and therefore led to the overall good performance for the period.

Revenues from the franchising channel, accounting for 7.1% of Group revenues, amounted to € 43.1 million, virtually in line with 2020. The trend for the period benefited from the gradual re-opening of stores, whose positive performance combined with a favourable timing effect on shipments made it possible to cancel out the negative effects deriving from the reduction in the store network (approximately -€ 7 million or -15%). Indeed, the total number of franchised stores decreased from 322 stores in December 2020 to 304 in December 2021.

Revenues from Directly Operated Stores (DOS), accounting for 42.6% of Group revenues, stood at € 259.5 million, compared to € 233.5 million in 2020 (+11.2% at current forex, +11.3% at constant forex). Comparable sales (LFL) at year-end stood at +23%, partially thanks to a lower percentage of stores temporarily closed during the year (14% on average) as compared to 2020 (approximately 23%). As already mentioned, the rationalisation of the store network must also be taken into consideration (around 15%), with a net reduction of 60 DOS.

The Group's direct online business continued to perform well (+18% compared to 2020 and +73% compared to 2019).

Revenues by region

(Thousands of Euro)	2021	%	2020	%	Var. %
Italy	153,801	25.3%	124,923	23.4%	23.1%
Europe (*)	278,283	45.7%	250,293	46.8%	11.2%
North America	26,827	4.4%	24,772	4.6%	8.3%
Other countries	150,004	24.6%	134,909	25.2%	11.2%
Net sales	608,915	100.0%	534,897	100.0%	13.8%

(*) Europe includes: Austria, Benelux, France, Germany, Great Britain, Iberian Peninsula, Scandinavia, Switzerland.

Revenues generated in Italy, accounting for 25.3% of Group revenues (23.4% in 2020), stood at € 153.8 million (+23.1%) compared to € 124.9 in 2020. Italy's performance benefited from a lower percentage of stores closed due to lockdown compared to 2020. Growth was led by the wholesale channel (+47%) and the DOS channel (+19.1%). The franchising channel show a downtrend (-11.8%) and was most impacted by the ongoing rationalisation process (-15 outlets compared to December 2020, i.e. 17% of the network).

Revenues generated in Europe, accounting for 45.7% of Group revenues (46.8% in 2020), totalled € 278.3 million, compared to € 250.3 million in 2020, showing an increase of 11.2% mainly driven, as was the case with Italy, by the good performance of the wholesale channel (+19.3%).

Direct stores in Europe posted a positive performance thanks to the uptrend of comparable sales (+14.3%) and despite the effects deriving from both the ongoing rationalisation process (-25 DOS, i.e. 18% of the network) and the lockdown-driven closure of many stores in the first half. The trend proved slightly negative for franchising revenues (down 4.4%), as they too were impacted by the ongoing rationalization process and lockdown in the first half of the year.

North America posted revenues of € 26.8 million, up 8.3% (+7.6% at constant forex) over 2020 despite the sharp reduction in the store network (4 net closures, i.e. 17% of the network) and closures due to lockdown in Canada, which continued until 30 June. The trend of the wholesale channel (+16.2%) and of the direct online channel (+20.1%) was particularly strong.

Other countries posted an increase in turnover of +11.2% over 2020 (+13.5% at constant forex).

In the Asia Pacific area in particular, turnover fell by 8.5%, primarily as a result of the reorganisation in Japan, which resulted in the branch being closed and the business being transferred to a distributor.

China showed a revenue growth (+11%), with comparable sales from direct operated stores increasing by 11%.

Revenues in Eastern Europe grew by 17.7%, driven by the performance in Russia (up 23%). Directly Operated Stores throughout the region showed a 32% increase in comparable sales (Russia +41%); growth in the wholesale and franchising channels also proved positive, showing a double-digit increase.

Revenues by product category

Footwear revenues accounted for 89.8% of consolidated revenues, standing at € 547 million, up 14.6% (+15.0% at constant forex) compared to 2020. Apparel accounted for about 10% of consolidated revenues, standing at € 62 million (+7.8% at current forex, +9.3% at constant forex).

(Thousands of Euro)	2021	%	2020	%	Var. %
Footwear	546,917	89.8%	477,379	89.2%	14.6%
Apparel	61,998	10.2%	57,518	10.8%	7.8%
Net sales	608,915	100.0%	534,897	100.0%	13.8%

Mono-brand store network - Geox shops

As at 31 December 2021, 'Geox Shops' totalled 768, of which 350 DOS. During 2021, 33 new Geox Shops were opened and 132 were closed, in line with the store network optimization planned in more mature markets and the expansion in countries where the Group's presence is still limited but developing well.

	12-31-2021		12-31-2020		2021		
	Geox Shops	of which DOS	Geox Shops	of which DOS	Net Openings	Openings	Closings
Italy	200	128	226	139	(26)	4	(30)
Europe (*)	210	117	246	142	(36)	2	(38)
North America	20	20	24	24	(4)	0	(4)
Other countries (**)	338	85	371	105	(33)	27	(60)
Total	768	350	867	410	(99)	33	(132)

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

(**) Includes Under License Agreement Shops (114 as of December 31 2021, 135 as of December 31 2020). Sales from these shops are not included in the franchising channel.

GROUP PERFORMANCE: OTHER INCOME STATEMENT ITEMS

While showing a significant improvement compared to 2020, the results for the period were still affected by the pandemic that led to the temporary closure of many stores, especially in the first part of the year. Against such a backdrop, the Group achieved a significant improvement in gross margins while acting resolutely in terms of cost effectiveness, with a cost reduction of approximately 13 million compared to 2020 (-70 million compared to 2019).

Cost of sales and gross profit

The cost of sales came in at 53.3% of revenues, compared with 56.6% in 2020, resulting in a gross margin of 46.7% (43.4% in 2020).

The strong improvement in margin was driven mainly by the improved performance of the business, which did not require extraordinary write-downs as was the case in 2020 (about € 18 million), and by the sharp reduction in average discounts in the DOS channel. These factors more than offset the unfavourable channel mix due to the reduction in direct channel sales caused by the rationalisation process carried out and temporary closures.

Operating costs

Total operating costs (general and administrative expenses, selling and distribution costs and advertising costs) stood at € 329.5 million compared to € 342.5 million in 2020, with savings in the region of € 13 million (about -4%).

In particular:

- Sales and distribution costs stood at € 37.7 million (€ 41.4 million in 2020), showing a decrease despite the strong increase in turnover, mainly due to a back-to-normal situation in credit risk as a result of good business performance.
- General and administrative expenses stood at € 262.7 million, compared to € 278.1 million in 2020, down by approximately € 15 million. The decrease compared with last year benefited primarily from lower costs in Directly Operated Stores (DOS) of around € 21 million, due to the store network reduction over the past few quarters. This item also reflects around € 26 million (around € 27 million in 2020) relating to extraordinary positive items, including (i) government supports (€ 11.5 million compared to € 3.7 million in 2020) granted for the impact suffered by the business in the various countries following the pandemic, (ii) reliance on welfare support provisions (€ 7.2 million compared to € 17 million in 2020) and (ii) renegotiation of lease payments (€ 6.8 million compared to € 6.4 million in 2020).
- Advertising and promotion costs totalled € 29.2 million, showing an increase compared to the previous period (€ 23.0 million). The increase was chiefly due to greater marketing endeavours launched in the period, in line with the Business Plan.

Restructuring charges

The rationalisation initiatives undertaken by the Group mainly in the last two years, have required significant measures to be adopted in many regions. It should be noted that in 2021, restructuring expenses and income show a positive balance of € 0.4 million (compared to costs of € 1.1 million in 2020). This net effect originates from the almost perfect offsetting of the costs incurred for the rationalisation of the distribution network and the positive effects arising from the write-off of past debts as part of the reorganisation procedures completed in Canada and the USA.

Net asset impairment

Financial year 2020 was strongly affected by the global outbreak of COVID-19, which resulted in a net impairment of € 12.4 million, referring to 95 stores that were fully or partially impaired. These write-downs proved adequate with respect to both the stores closed in 2021 and future forecasts for existing stores. As a result, no additional book value adjustments were required in financial year 2021.

Operating income (EBIT)

Operating income, after net impairments of fixed assets and restructuring costs, totalled € -44.9 million, compared to -€ 123.7 million in 2020.

Taxes for the period

Income taxes for 2021 totalled € 6.4 million, compared to +4.3 million in 2020. Earnings results in both financial years did not have a corresponding monetary outlay, as these account for changes in deferred tax assets reflected in the financial statements, primarily due to temporary differences in provisions.

It should also be noted that the tax amount has been affected by the prudent choice not to make a provision for deferred tax assets to the extent of € 19.5 million, referring to the tax losses generated during 2021 (€ 25.1 million in 2020) in relation to which, as at the reporting date, there is not reasonable certainty that sufficient taxable income will be generated over the next three or four financial years to recover them, in addition to the value of deferred tax assets already reflected in the financial statements.

Such a prudent approach is in line with the recent ESMA recommendation issued in light of the extreme volatility of forecasts during the current pandemic. As a result, gaining more insights into the likely end of the health emergency is considered to be the best option.

Net result from discontinued operations

The shutting down of the production facility in Serbia in mid-2021 qualifies as "Discontinued Operations" under IFRS 5. As a result, revenues and income and costs and expenses were all reclassified under this specific item in the 2021 and, for comparative purposes, 2020 income statements, totalling € 2,460 thousand and € 658 thousand respectively.

IFRS 16 effects on 2021 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 the year and those that exclude the accounting effects deriving from the application of IFRS 16 is presented below:

(Thousands of Euro)	2021 Reported	IFRS 16 impact	2021 excl. IFRS 16	%	2020 Restated excl. IFRS 16	%
Net sales	608,915	-	608,915	100.0%	534,897	100.0%
Cost of sales	(324,653)	-	(324,653)	(53.3%)	(302,523)	(56.6%)
Gross profit	284,262	-	284,262	46.7%	232,374	43.4%
Selling and distribution costs	(37,659)	(1,245)	(38,904)	(6.4%)	(42,760)	(8.0%)
General and administrative expenses	(262,691)	(4,381)	(267,072)	(43.9%)	(278,386)	(52.0%)
Advertising and promotion	(29,195)	(347)	(29,542)	(4.9%)	(23,276)	(4.4%)
Restructuring charges	351	(6,261)	(5,910)	(1.0%)	(1,134)	(0.2%)
Net asset impairment	-	-	-	0.0%	(3,197)	
EBIT	(44,932)	(12,234)	(57,166)	(9.4%)	(116,379)	(21.8%)
Net interest	(8,336)	3,561	(4,775)	(0.8%)	(3,667)	(0.7%)
PBT	(53,268)	(8,673)	(61,941)	(10.2%)	(120,046)	(22.4%)
Income tax	(6,419)	-	(6,419)	(1.1%)	4,307	0.8%
Net result from continuing operations	(59,687)	(8,673)	(68,360)	(11.2%)	(115,739)	(21.6%)
Net result from discontinued operations	(2,460)	-	(2,460)	(0.4%)	(658)	(0.1%)
Net result	(62,147)	(8,673)	(70,820)	(11.6%)	(116,397)	(19.1%)
EBITDA adjusted	30,803	(53,712)	(22,909)	(3.8%)	(83,194)	(15.6%)

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

- elimination of depreciation for Euro 48,946 thousand and restore of write-downs of fixed assets made in previous years, for the portion relating to Right-of-use assets, for Euro 7,468 thousand;
- higher rent and lease costs for Euro 53,712 thousand;
- lower write-downs of fixed assets, for the portion relating to Right-of-use assets, for Euro 9,239 thousand;
- lower financial charges relating to financial lease liabilities for Euro 3,561 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)	Dec. 31, 2021	Dec. 31, 2020
Intangible assets	31,853	35,834
Property, plant and equipment	35,873	50,413
Right-of-use assets	203,674	241,808
Other non-current assets - net	36,567	47,686
Total non-current assets	307,967	375,741
Net operating working capital	112,435	177,528
Other current assets (liabilities), net	(10,219)	(8,462)
Net invested capital	410,183	544,807
Equity	124,582	167,208
Provisions for severance indemnities, liabilities and charges	8,908	9,849
Net financial position	276,693	367,750
Net invested capital	410,183	544,807

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

(Thousands of Euro)	Dec. 31, 2021	Dec. 31, 2020
Inventories	240,320	267,964
Accounts receivable	68,927	87,718
Trade payables	(196,812)	(178,154)
Net operating working capital	112,435	177,528
% of sales for the last 12 months	18.5%	33.2%
Taxes payable	(10,079)	(13,057)
Other non-financial current assets	31,025	35,093
Other non-financial current liabilities	(31,165)	(30,498)
Other current assets (liabilities), net	(10,219)	(8,462)

Net working capital stood at approximately Euro 112 million, down from Euro 178 million in December 2020. This reduction was mainly due to the reduction in inventory (approximately Euro -28 million compared to 2020) resulting from both the disposal of unsold inventory from previous seasons and the reduction in purchases for current seasons. In addition, the upturn in business also experienced by our customers enabled amounts collected to perform well, with a reduction in trade receivables reflected in the financial statements. As a result, the ratio of operating net working capital to revenues improved significantly and fell to 18.5% from 33.2% in 2020.

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

(Thousands of Euro)	Dec. 31, 2021	Dec. 31, 2020
Cash and cash equivalents	45,655	83,130
Current financial assets - excluding derivatives	2,831	2,971
Bank borrowings and current portion of long-term loans	(48,954)	(61,969)
Current financial liabilities - excluding derivatives	(25)	(116)
Net financial position - current portion	(493)	24,016
Non-current financial assets	26	24
Long-term loans	(82,389)	(113,832)
Net financial position - non-current portion	(82,363)	(113,808)
Net financial position - prior to fair value adjustment of derivatives and IFRS 16 impact	(82,856)	(89,792)
Lease liabilities	(212,374)	(267,907)
Net financial position - prior to fair value adjustment of derivatives	(295,230)	(357,699)
Fair value adjustment of derivatives	18,537	(10,051)
Net financial position	(276,693)	(367,750)

The combined effect of rationalisation actions undertaken and the positive trend of sales in the direct channel at the time of re-opening, made it possible to improve the net financial position, which at the end of December, despite the extraordinary situation, stood (before IFRS 16 and after the fair value of derivative contracts) at Euro -64.3 million (Euro -99.8 million at December 2020). The net financial position before fair value of derivative contracts stood at Euro -82.9 million (Euro -89.8 million at December 2020), with cash generation of approximately Euro 7 million mainly concentrated in the second half of the year following the gradual re-opening of stores and outlets.

The Group suggested suspending payment of some rents while stores were temporarily closed and then began to pay rent in proportion to sales performance following their re-opening, until an agreement with the various landlords was eventually reached.

This approach is coherent with the ongoing talks being held with the various landlords, aimed at renegotiating the contractual agreements in place, bringing 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. Discussions with property owners proceeded well and, as at 31 December, the Group already executed a significant number of agreements, with the few remaining ones being well underway. The past due portion of suspended or partially paid rent as at 31 December 2021 decreased to approximately Euro 4.1 million from approximately Euro 14 million as at 31 December 2020.

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 December 31, 2021 and those excluding accounting effects deriving from the application of IFRS 16 is presented below:

(Thousands of Euro)	Dec. 31, 2021	IFRS 16 impact	Dec. 31, 2021 excl. IFRS 16	Dec. 31, 2020 excl. IFRS 16
Intangible assets	31,853	461	32,314	36,236
Property, plant and equipment	35,873	799	36,672	50,413
Right-of-use assets	203,674	(203,674)	-	-
Other non-current assets - net	36,567	-	36,567	47,096
Total non-current assets	307,967	(202,414)	105,553	133,745
Net operating working capital	112,435	(4,110)	108,325	163,809
Other current assets (liabilities), net	(10,219)	-	(10,219)	(9,059)
Net invested capital	410,183	(206,524)	203,659	288,495
Equity	124,582	5,850	130,432	180,610
Provisions for severance indemnities, liabilities and charges	8,908	-	8,908	8,042
Net financial position	276,693	(212,374)	64,319	99,843
Net invested capital	410,183	(206,524)	203,659	288,495

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

- elimination of Non-current assets for Euro 202,414 thousand, mainly related to Right-of-use assets;
- reverse of the reclassification related overdue lease payables to Financial lease liabilities for an amount of Euro 4,110 thousand;
- elimination of Financial lease liabilities for an amount of Euro 212,374 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 consolidated cash flow statement and investments of the period

The following table gives a reclassified consolidated cash flow statement:

(Thousands of Euro)	2021	2020
Net result	(62,147)	(128,205)
Depreciation, amortization and impairment	77,677	110,793
Other non-cash items	(19,449)	26,317
	(3,919)	8,905
Change in net working capital	81,087	(29,825)
Change in other assets/liabilities	2,635	(5,677)
Cash flow from operations	79,803	(26,597)
Capital expenditure	(18,989)	(18,212)
Disposals	6,505	183
Net capital expenditure	(12,484)	(18,029)
Free cash flow	67,319	(44,626)
Increase in right-of-use assets	(4,015)	(18,317)
Change in net financial position	63,304	(62,943)
Initial net financial position - prior to fair value adjustment of derivatives	(357,699)	(296,020)
Change in net financial position	63,304	(62,943)
Translation differences	(835)	1,264
Final net financial position - prior to fair value adjustment of derivatives	(295,230)	(357,699)
Fair value adjustment of derivatives	18,537	(10,051)
Final net financial position	(276,693)	(367,750)

During 2020, Covid-19 emergency has led the entire sector to face a significant one-off absorption of cash, in addition to the normal seasonality of the business. In particular, the temporary closure of stores and the slowdown in receiving payments from wholesale and franchising clients led to a temporary negative cash flow during the second quarter of 2020. This was caused by the abnormal increase in working capital as a result of the lack of takings from stores, unsold stock and unpaid receivables.

On the contrary, during 2021, part of this abnormal effect on working capital was reabsorbed.

Consolidated capital expenditure is analyzed in the following table:

(Thousands of Euro)	2021	2020
Trademarks and patents	396	578
Opening and restructuring of Geox Shop	4,494	7,747
Production plant	-	110
Industrial plant and equipment	2,631	2,334
Logistic	1,347	560
Information technology	8,713	5,958
Offices furniture, warehouse and fittings	1,408	925
Total cash capex	18,989	18,212
Right-of-Use	4,015	20,123
Total capex	23,004	38,335

IFRS 16 effects on Reclassified consolidated cash flow statement

In order to provide a clearer representation of the changes in the Group's net financial position and to improve the level of transparency for the financial community, the reconciliation table between the values of the consolidated cash flow statement for 2021 and those that exclude the accounting effects deriving from the application of IFRS 16 is presented below:

(Thousands of Euro)	2021	IFRS 16 impact	2021 excluding IFRS 16	2020 excluding IFRS 16
Net result	(62,147)	(8,673)	(70,820)	(116,397)
Depreciation, amortization and impairment	77,677	(41,478)	36,199	35,420
Other non-cash items	(19,449)	-	(19,449)	26,317
Totale non-cash items	58,228	(41,478)	16,750	61,737
Change in net working capital	81,087	(9,608)	71,479	(16,106)
Change in other current assets/liabilities	2,635	-	2,635	(5,080)
Cash flow from operations	79,803	(59,759)	20,044	(75,846)
Capital expenditure	(18,989)	-	(18,989)	(18,212)
Disposals	6,505	-	6,505	183
Net capital expenditure	(12,484)	-	(12,484)	(18,029)
Free cash flow	67,319	(59,759)	7,560	(93,875)
Increase in right-of-use assets	(4,015)	4,015	-	-
Change in net financial position	63,304	(55,744)	7,560	(93,875)
Initial net financial position - prior to fair value adjustment of derivatives	(357,699)	267,907	(89,792)	5,364
Change in net financial position	63,304	(55,744)	7,560	(93,875)
Translation differences	(835)	211	(624)	(1,281)
Final net financial position - prior to fair value adjustment of derivatives	(295,230)	212,374	(82,856)	(89,792)
Fair value adjustment of derivatives	18,537	-	18,537	(10,051)
Final net financial position	(276,693)	212,374	(64,319)	(99,843)

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 December 31, 2021, 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 2019-2021 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 16, 2019, approved a medium-long term incentive plan involving the free issue of up to a maximum of five million ordinary Company shares (2019-2021 Stock Grant Plan), 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, 2021. Shares being assigned will also depend on and be proportional to the achievement of performance results based on the accumulated consolidated net income reported in Geox Group's 2019-2021 Strategic Business Plan.

The Plan states that these shares, at the discretion of the Board of Directors and in accordance with applicable legal provisions, may come (a) from a free share capital increase pursuant to article 2349, paragraph I, of the (Italian) Civil Code, to be made by using a profit reserve that is non-distributable for the purpose of said share capital increase and/or (b) from shares that may have been purchased on the market and/or held by the Company in another form, subject to an ordinary Shareholders' Meeting authorizing the purchase and making treasury shares available pursuant to articles 2357 et seq. of the (Italian) Civil Code.

In order to put the resolutions passed by Shareholders' Meeting into effect, the Board of Directors of Geox S.p.A., resolved to implement the 2019-2021 Stock Grant Plan, with 3,996,250 rights initially being attributed to 107 beneficiaries. At the date of this report a number of 2,205,132 rights are in circulation which, given the performances, will not be exercisable by beneficiaries.

For further details please refer to the Remuneration Report.

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.

Pursuant to the Plan, the shares to be assigned can be found in the same manner described in the previous plan. 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 by 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 December 31, 2021, a number of 6,811,609 rights are in circulation.

Transactions 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 34 of the Consolidated Financial Statements.

Outlook for operation

In formulating forecasts for the full year, certain positive factors (listed below) related to the current business trend must be taken into account, while emphasizing however that these factors have not yet been affected by the possible consequences of today's developments in the crisis in Ukraine:

- 1) The DOS channel is showing to date (week 7) comparable sales (LFL) evolving positively (approximately +44% over 2021 and slightly below 2019 levels) with a non-negligible reduction in markdowns (approximately 6 points) compared to both 2021 and 2019. Indeed, in the absence of new restrictions the entire first half of the year will benefit from an easy comparison with the first half of 2021, which was particularly affected by lockdowns and the ensuing closure of a high percentage of stores, especially in Europe. In contrast, second-half performance will compare on a more consistent basis (again assuming no lockdowns are required), as the entire network was virtually operational in the second half of 2021.
- 2) With regard to the wholesale channel, following the outstanding close of the initial order intake for the SS22 season (approximately +25%), the initial order book for the FW22 season is also showing the same increasing trend, reaching the budget and going to reach 2019 levels. It should be noted that in order to balance the increase in raw material and shipping costs the Group revised upwards its price list for both the SS22 collection (approximately +4% on average) and the FW22 collection (approximately +8% on average).
- 3) The situation regarding transportation still remains challenging both in terms of the timing of shipments and their cost. Geox is constantly in touch with its partners in the multi-brand channel to agree on methods and timing of delivery for the SS22 collection. This will cause some impact in terms of cancellations, commercial conditions and greater reliance on air travel, especially in the first half of the year. The Group believes, as do most market operators, that the situation may gradually improve during the second half of the year.

On the basis of these elements and the forecasts for the coming quarters, the management confirms that the fundamental lines of the Plan are respected and the current sales performance of the direct stores together with the excellent performance recorded in the Spring-Summer and Fall-Winter sales campaigns, which are now substantially concluded, would lead to the objectives of double-digit growth in annual revenues (forecast by the Plan to be above €700 million), with gross margins improving by approximately 100/150 basis points compared to 2021 levels. The increase in margins and profitability will be mainly concentrated in the second half of the year, thanks both to a higher revenue base (typical seasonality of the business) and to the expected easing of the critical issues currently present in the supply chain.

In this context, today's events, with the worsening of the crisis in Ukraine, lead to an increase in the risk and volatility of these forecasts on future performance because the actions and sanctions that will be applied by the international community as a reaction to these serious events are not yet known. In particular, today it is not yet possible to predict and quantify any possible impact on the business of our sector, currency trends, energy costs and inflation. Therefore, these forecasts on future trends, which by their very nature are already subject to great uncertainty, require even greater caution today.

Biadene di Montebelluna, February 24, 2022

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

CONSOLIDATED FINANCIAL STATEMENTS AND EXPLANATORY NOTES



Consolidated income statement

(Thousands of Euro)	Notes	2021	of which related party	2020 Restated (*)	of which related party
Net sales	3-34	608,915	898	534,897	626
Cost of sales	34	(324,653)	529	(302,523)	134
Gross profit		284,262		232,374	
Selling and distribution costs		(37,659)		(41,395)	
General and administrative expenses	4-34	(262,691)	97	(278,102)	12
Advertising and promotion	34	(29,195)	(149)	(23,049)	(145)
Restructuring charges	8	351		(1,134)	
Net asset impairment	6	-		(12,436)	
EBIT	3	(44,932)		(123,742)	
Net financial expenses	9-34	(8,336)	(1,364)	(8,112)	(579)
PBT		(53,268)		(131,854)	
Income tax	10-34	(6,419)	(5)	4,307	(81)
Net result from continuing operations		(59,687)		(127,547)	
Net result from discontinued operations	11-34	(2,460)	1,155	(658)	695
Net result		(62,147)		(128,205)	
Earnings per share [Euro]	12	(0.24)		(0.50)	
Diluted earnings per share [Euro]	12	(0.24)		(0.50)	

Consolidated statement of comprehensive income

(Thousands of Euro)	2021	of which related party	2020 Restated (*)	of which related party
Net income	(62,147)		(128,205)	
Other comprehensive income that will not be reclassified subsequently to profit or loss:				
- Net gain (loss) on actuarial defined-benefit plans	25	-	44	-
Other comprehensive income that may be reclassified subsequently to profit or loss:				
- Net gain (loss) on Cash Flow Hedge, net of tax	18,396	-	(6,058)	-
- Currency translation	(880)	-	(1,271)	-
Net comprehensive income	(44,606)		(135,490)	

(*) The shutting down of the production facility in Serbia in mid-2021 qualifies as "Discontinued Operations" under IFRS 5. As a result, revenues and income and costs and expenses were reclassified under "Net result from discontinued operations" in the 2021 and, for comparative purposes, 2020 income statements. This resulted in a restatement of the 2020 income statement (as detailed in the final schedules of the release).

Consolidated statement of financial position

(Thousands of Euro)	Notes	Dec. 31, 2021	of which related party	Dec. 31, 2020	of which related party
ASSETS:					
Intangible assets	13	31,853		35,834	
Property, plant and equipment	14	35,873		50,413	
Right-of-use assets	15	203,674		241,808	
Deferred tax assets	16	30,374		42,579	
Non-current financial assets	21	26		24	
Non-current lease assets	27	343		508	
Other non-current assets	17	7,754		7,935	
Total non-current assets		309,897		379,101	
Inventories	18	240,320		267,964	
Accounts receivable	19-34	68,927	907	87,718	1,068
Other non-financial current assets	20-34	31,025	67	35,093	175
Current financial assets	21-33	22,413		4,127	
Cash and cash equivalents	22	45,655		83,130	
Current assets		408,340		478,032	
Total assets		718,237		857,133	
LIABILITIES AND EQUITY:					
Share capital	23	25,921		25,921	
Reserves	23	160,808		269,492	
Net income	23	(62,147)		(128,205)	
Equity		124,582		167,208	
Employee severance indemnities	24	2,411		2,834	
Provisions for liabilities and charges	25	6,497		7,015	
Long-term loans	26	82,389		113,832	
Non-current lease liabilities	27-34	166,082	54,096	202,861	57,525
Other long-term payables	28	1,561		2,828	
Total non-current liabilities		258,940		329,370	
Trade payables	29-34	196,812	64	178,154	744
Other non-financial current liabilities	30	31,165		30,498	
Taxes payable	31	10,079		13,057	
Current financial liabilities	21-33	1,070		11,323	
Current lease liabilities	27-34	46,635	4,949	65,554	5,143
Bank borrowings and current portion of long-term loans	26	48,954		61,969	
Current liabilities		334,715		360,555	
Total liabilities and equity		718,237		857,133	

Consolidated statement of cash flow

(Thousands of Euro)	Notes	2021	2020
CASH FLOW FROM OPERATING ACTIVITIES:			
Net result		(62,147)	(128,205)
Adjustments to reconcile net income to net cash provided (used) by operating activities:			
Depreciation and amortization and impairment	5-6	77,677	110,793
Other non-cash items		(19,449)	26,317
		58,228	137,110
Change in assets/liabilities:			
Accounts receivable		14,096	23,656
Other assets		2,222	(5,902)
Inventories		42,374	(5,461)
Accounts payable		24,617	(48,020)
Other liabilities		5,358	(2,793)
Taxes payable		(4,945)	3,018
		83,722	(35,502)
Operating cash flow		79,803	(26,597)
CASH FLOW USED IN INVESTING ACTIVITIES:			
Capital expenditure on intangible assets	13	(7,467)	(6,793)
Capital expenditure on property, plant and equipment	14	(11,372)	(10,971)
Capital expenditure on right-of-use assets		(150)	(448)
		(18,989)	(18,212)
Disposals		6,505	183
(Increase) decrease in financial assets		382	(2,227)
Cash flow used in investing activities		(12,102)	(20,256)
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES:			
Increase (decrease) in short-term bank borrowings, net		(1,861)	(3,486)
Lease liabilities repayment	27	(61,292)	(48,611)
Loans:			
- Proceeds		16,669	157,240
- Repayments		(59,549)	(22,207)
Cash flow used in financing activities		(106,033)	82,936
Increase (decrease) in cash and cash equivalents		(38,332)	36,083
Cash and cash equivalents, beginning of the period	22	83,130	48,449
Effect of translation differences on cash and cash equivalents		857	(1,402)
Cash and cash equivalents, end of the period	22	45,655	83,130

Consolidated statement of changes in equity

(Thousands of Euro)	Share capital	Legal reserve	Share premium reserve	Translation reserve	Cash flow hedge reserve	Stock Option reserve	Retained earnings	Net income	Group equity
Balance at December 31, 2019	25,921	5,184	37,678	(2,267)	(582)	-	261,523	(24,759)	302,698
Allocation of 2019 result	-	-	-	-	-	-	(24,759)	24,759	-
Net comprehensive result	-	-	-	(1,271)	(6,058)	-	44	(128,205)	(135,490)
Balance at December 31, 2020	25,921	5,184	37,678	(3,538)	(6,640)	-	236,808	(128,205)	167,208
Allocation of 2020 result	-	-	-	-	-	-	(128,205)	128,205	-
Stock option movements	-	-	-	-	-	1,980	-	-	1,980
Net comprehensive result	-	-	-	(880)	18,396	-	25	(62,147)	(44,606)
Balance at December 31, 2021	25,921	5,184	37,678	(4,418)	11,756	1,980	108,628	(62,147)	124,582

Explanatory notes

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

The Geox Group coordinates the third-party suppliers 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. is a joint-stock company incorporated in Italy and controlled by Lir S.r.l..

2. Accounting policies

Form and contents of the consolidated financial statements

These explanatory notes have been prepared by the Board of Directors on the basis of the accounting records updated to December 31, 2021. They are accompanied by the directors' report on operations, which provides information on the results of the Geox Group. The consolidated financial statements have been drawn up in compliance with the International Financial Reporting Standards adopted by the European Union (IFRS, which include IAS). The accounting principles and policies used in the preparation of the consolidated financial statements are the same as last year, with the exception of those indicated below.

To facilitate comparison with the previous year, the accounting schedules provide comparative figures with December 31, 2020 for balance sheet accounts and for the year 2020 in the case of the income statement. Following IFRS 5 accounting standard and with reference to the closure of the production plant in Serbia qualified as "Discontinued Operations", 2020 Income statement has been appropriately restated. Therefore, in accordance with IFRS 5, the contribution to the consolidated financial statement of the subsidiary was presented under the item "Net result from discontinued operations" (please see Note 11). No restatement was made in statement of financial position as of December 31, 2021 and December 31, 2020 as the aforementioned transaction was completed within December 31, 2021.

The reporting currency is the Euro and all figures have been rounded up or down to the nearest thousand Euro.

COVID-19 impacts

As explained in Director's Report, 2021, although significantly improved compared to 2020, was still significantly impacted by the the Covid-19 pandemic which, especially in the first part of the year, led to frequent suspensions of non-essential commercial activities in many countries, resulting in the temporary closure of shops operated by the Group and its customers.

The containment of the loss achieved in 2021 was possible thanks to both the positive trend in revenues and the increase in gross margins driven by the incisive and continuous cost-saving action, also obtained thanks to the one-off support received in some European countries.

Since the reopening of the shops, there has been a progressive and significant improvement in the performance of the network, which has been fully operational since the end of June 2021, with only a few interruptions in some countries at the end of the year due to the resumption of contagions. Particularly comforting was the evolution of digital revenues and markets on which the Group continues to focus its investments.

In all the areas where the Group operates, there are currently no new lockdowns and therefore the entire Geox distribution network is currently operational.

Despite this, the health situation is, in fact, holding back the recovery of tourist flows and the mobility of people around the world, with significant effects on shop performance.

In this context, the Directors have implemented the necessary actions to protect the Group's employees and its financial position, have carried out incisive cost-cutting measures and have accelerated the definition of a business model that is leaner, more efficient and more responsive to the new market context.

It should also be noted that the financial effects generated by the significant one-off cash absorption, which in the spring of 2020 was added to the normal seasonality of the business, caused by the Covid emergency and common to the entire sector in which the Group operates, are gradually receding. In particular, the temporary suspension of shop operations and the slowdown in collections from multi-brand and franchised customers, caused, particularly in the second quarter of 2020, a significant absorption of financial resources due by the increase in working capital caused by the lack of takings from stores (managed by different customers), unsold stock and unpaid receivables.

The Directors formalized their forecasts on the evolution of the business in the 2022-2024 Strategic Business Plan (hereinafter the "Business Plan"), which was approved by the Board of Directors on 1 December 2021. The Business Plan, the main assumptions of which are described in note 6 and are still considered valid, has been considered as a reference to support the assessments relating to these consolidated financial statements.

With reference to this situation, as described in more detail in the Directors' Report, the Directors do not believe that the Group has any issues regarding its ability to fulfil its commitments in the foreseeable future, and especially over the next 12 months; this belief is based on the forecasts made in the Business plan, on the lines of credit currently available and not yet used and on the loans received from the banking system during 2020.

On this basis, and also considering the Group's sound balance sheet, the Directors have concluded that, despite the difficult economic and financial context, there is no significant uncertainty regarding its ability to continue operating as a going concern.

Scope of consolidation

The consolidated financial statements at December 31, 2021 include the figures, on a line-by-line basis, of all the Italian and foreign companies 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 December 31, 2021".

Format of financial statements

The Group presents an income statement using a classification based on the "cost of sales" method, as this is believed to provide information that is more relevant. The format selected 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 (Note 34).

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 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. If the Group's direct or indirect investment is less than 100%, minority interests are calculated and shown separately;
- if purchase cost 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 their 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 applied since January 1, 2021

On March 31, 2021, the IASB published an amendment entitled '*Covid-19-Related Rent Concessions beyond June 30, 2021 (Amendment to IFRS 16)*' containing an extension by one year of the same amendment published in 2020. This document stated that lessees are entitled to record Covid-19-related rent reductions without having to analyse the contracts to assess whether the definition of 'lease modification', as stated by the IFRS 16, is respected. Lessees who exercise this right may therefore record the effects of the rent reductions directly in the income statement as at the date when the reduction takes effect. The 2021 amendment, only applicable for the companies that applied the same amendment in 2020, was applicable to financial statements starting from April 1st, 2021, early adoption is allowed. Over the course of 2020, the Group negotiated with the main landlords with whom it holds operating leases, these negotiations were concluded between 2020 year-end and 2021. Rent savings recorded directly in the income statement amount to Euro 7,034 thousand in 2021 and 6,783 thousand in 2020.

Given the reform of interbank interest rates (such as the IBOR), the IASB published the "Interest Rate Benchmark Reform—Phase 2" document on August 27, 2020 containing the following amendments:

- IFRS 9 Financial Instruments;
- IAS 39 Financial Instruments: Recognition and Measurement;
- IFRS 7 Financial Instruments: Disclosures;
- IFRS 4 Insurance Contracts; and
- IFRS 16 Leases.

All changes will enter into force on January 1st, 2022. 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 to be approved by the European Union

- Amendments to IAS 1 "*Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*" issued on January 23, 2020.
- On February 12, 2021 IASB issued 2 amendments "*Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2*" and "*Definition of Accounting Estimates – Amendments to IAS 8*".

- On May 7, 2021 IASB issued the amendment “*Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*”.
- On December 9, 2021 IASB issued the amendment “*Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information*”.

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 used, as published by the Italian Exchange Office (U.I.C.), are as follows:

Currency	Average for 12-31-2021	As at 12-31-2021	Average for 12-31-2020	As at 12-31-2020
US Dollar	1.1835	1.1326	1.1413	1.2271
Swiss Franc	1.0814	1.0331	1.0703	1.0802
British Pound	0.8600	0.8403	0.8892	0.8990
Canadian Dollar	1.4835	1.4393	1.5294	1.5633
Japanese Yen	129.8575	130.3800	121.7755	126.4900
Chinese Yuan	7.6340	7.1947	7.8708	8.0225
Czech Koruna	25.6468	24.8580	26.4555	26.2420
Russian Ruble	87.2321	85.3004	82.6454	91.4671
Polish Zloty	4.5640	4.5969	4.4432	4.5597
Hungarian Forint	358.4635	369.1900	351.2043	363.8900
Macau Pataca	9.4748	9.0983	9.1172	9.7996
Serbian Dinar	117.5512	117.6165	117.6154	117.4097
Vietnam Dong	27,149.9167	25,819.0000	26,515.2500	28,331.0000
Indonesian Rupiah	16,928.5075	16,100.4200	16,619.7767	17,240.7600
Turkish Lira	10.4670	15.2335	8.0436	9.1131
Indian Rupia	87.4861	84.2292	84.5795	89.6605

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 the Covid-19 pandemic. So it cannot be exclude 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, the pandemic is classed as an external impairment indicator, due to its intensity and unpredictability; impairment tests were therefore updated, assessing the performance of the various CGUs based on Strategic Business Plan, as described in note 6.

The items in the financial statements that are principally affected by these situations of uncertainty are: asset impairment, deferred tax assets, the provisions for returns, the provision for obsolete and slow-moving inventory, the provision for bad and doubtful accounts and lease liabilities (and the related Right-of-Use assets).

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.

Asset Impairment

The Group has set up provisions against the possibility that the carrying amounts of tangible and intangible assets may not be recoverable from them by use. The directors are required to make a significant subjective 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 6.

Deferred tax assets

Deferred tax assets are booked on all carry-forward tax losses to the extent that it is probable that there will be adequate taxable income in the future to absorb them. The directors are required to make a significant subjective assessment to determine the amount of deferred tax assets that should be recognized. 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 16.

Provision for returns

The Group has provided for the possibility that products already sold may 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 for returns 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 29.

Provision for obsolete and slow-moving inventory

The Group has set up provisions 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. 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 18.

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 19.

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 amortisation 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. 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 analysed 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 15 with regard to Right-of-use assets and note 27 with regard to lease assets/liabilities.

Accounting policies

The financial statements are prepared on a historical cost basis, amended as required for the valuation of certain financial instruments. They are also prepared on a going-concern basis, as already explained in "Covid-19 impacts" paragraph and in Directors' Report as regards financial issues.

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, as required by IAS 36.

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.

Intangible assets with an indefinite useful life are not amortized; instead, they are subjected to impairment testing.

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.

Similarly, 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.

Key money includes:

- 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 is initially recognized by capitalizing 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, or more frequently if there is evidence of a loss in value, to verify whether its value has been impaired. The elements that satisfy the definition of "assets acquired in a business combination" are only accounted for separately if their fair value can be established with a reasonable degree of reliability.

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 in accordance with IAS 36, 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	2-4-5 years

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

Assets acquired under finance leases are shown in the consolidated financial statements at their nominal value at the start of the contract, at the same time recognizing the financial liability owed to leasing companies. These assets are depreciated using the depreciation schedules normally applied to similar types of fixed assets.

Leased assets

Upon signing a contract, the Group assess 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 recognise and measure all leasing contracts, with certain exceptions referring to short-term leases and the leasing of assets of modest value. The Group recognises liabilities relative to payments for leasing and assets for the right to use the assets referred to by the contract.

- *Right-of-use assets*
The Group recognises right-of-use assets as at the leasing start date (i.e. the date when the underlying asset becomes available for use). Right-of-use assets are valued at cost, net of accumulated amortisation and losses in value, and are adjusted for any revaluations of lease liabilities. Right-of-use assets are amortised 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.
- *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 incremental borrowing 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 applies the exemption for recording short-term leases and leases for assets of modest value.

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, consolidation differences and intangible assets with an indefinite useful life have 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.

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 presented in the financial statements as described in the following paragraphs:

- other non-current financial assets comprise investments in unconsolidated companies, held-to-maturity securities, non-current loans and receivables and other non-current available-for-sale financial assets; Current financial assets include trade receivables, receivables from financing activities, current securities, and other current financial assets (which include derivative financial instruments stated at fair value as assets), as well as cash and cash equivalents;
- 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, which includes asset-backed financing, and other financial liabilities (which include derivative financial instruments stated at fair value as liabilities), trade payables and other payables.

Non-current financial assets other than investments, as well as current financial assets and financial liabilities, are accounted for in accordance with IFRS 9.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value depending on the business model of the company for the management of financial assets and the contractual terms that give rise to cash flows of the 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 selling the financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely 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).

Despite the foregoing, the Group may make the following irrevocable designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if the financial asset is not held for trading and it is not a contingent consideration recognized by an acquirer in a business combination;
- the Group may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

During the current year, the Group did not designate any debt instrument that satisfies the amortized cost or FVTOCI criteria to be measured 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 treatment applies:

- 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 accruals 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 (also in virtue of the recent changes in the Italian regulations on pensions) are recognized on an accruals basis; at the same time, they also give rise to the recognition of a liability at face value.

Share-based payments

Some group employees receive part of their compensation in the form of share-based payments. Employees therefore provide services in exchange for shares ("equity-based transactions").

The cost of equity-based transactions with employees is measured on the basis of the fair value at the grant date. The fair value is determined by an independent appraiser using an appropriate valuation method. Further details are provided in note 32.

The cost of the equity-based transactions and the corresponding increase in equity is accounted for from the time that the conditions for the attainment of the objectives and/or provision of the service are met, and ends on the date when the employees concerned have fully accrued the right to receive the compensation (the "maturity date").

The accumulated costs recorded for such transactions at the end of each accounting period up to the maturity date are compared with a best estimate of the number of equity securities that will effectively reach maturity at the end of the maturity period. The gain or loss posted to the income statement reflects the change in the accumulated cost recorded at the beginning and end of the accounting period.

No costs are booked for rights that do not reach full maturity, except in the case of rights whose granting is linked to market conditions. These are treated as if they had matured independently of the underlying market conditions, as long as all the other conditions are met.

If the initial conditions are changed, at the very least a cost has to be indicated, assuming that the conditions have remained the same. Moreover, a cost is recorded for each change implying an increase in the total fair value of the payment plan, or in any case when the change is favorable to the employees. This cost is measured taking into account the date on which the change takes place.

If rights are cancelled, they are treated as though they had reached maturity on the date of cancellation and any unrecorded costs relating to these rights are recognized immediately. However, if a cancelled right is replaced by a new right and the latter is recognized as a replacement on the date it is granted, the cancelled right and the new right are treated as though they were a change in the original right, as explained in the previous paragraph.

The dilutive effect of any vested options not yet exercised is reflected in the calculation of the dilution of earnings per share (see note 12).

Provisions 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.

Revenue 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 relates 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 e-commerce 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 postdelivery 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.

Rental income

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

Royalties

Royalties are accounted for on an accruals basis in accordance with the substance of the contractual agreements.

Costs and expenses

Costs and expenses are accounted for on an accruals 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.

Deferred tax assets are recorded to the extent that, according to future plans, there is likely to be sufficient taxable income to cover deductible temporary differences.

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.

3. Segment reporting

For management purposes, the Group runs and controls its business according to the type of products being supplied, and for disclosure purposes these consist of two operating segments: footwear and apparel.

The directors monitor the results of these two business units separately so that they can make decisions regarding the allocation of resources and check the return on investment. The yield of each segment is evaluated on the basis of the operating result, which is allocated to the various operating segments as follows:

- Net sales, cost of sales, direct selling costs and advertising are input directly to the segment concerned as they are clearly identifiable;
- General and administrative costs, including non-industrial depreciation and amortization, are input to the segment concerned to the extent that they are directly attributable. When such costs are common to various segments, they are allocated in proportion to their respective percentage of total cost of sales;
- The Group's financial activities (including financing costs and revenues) and income taxes are handled at Group level and not allocated to the individual segments;
- There are no problems of transfer pricing between segments as they are totally independent from each other.

The following table provides information on the Group's business segments:

		2021	%	2020 Restated	%
Footwear	Net sales	546,917		477,379	
	EBIT	(38,476)	(7.03%)	(106,554)	(22.32%)
Apparel	Net sales	61,998		57,518	
	EBIT	(6,456)	(10.41%)	(17,188)	(29.9%)
Net sales		608,915		534,897	
EBIT		(44,932)	(7.38%)	(123,742)	(23.13%)

Segment assets and liabilities are all managed at Group level, so they are not shown separately by segment. The only exception to this rule is the value of inventories, which amount to Euro 212,122 thousand for footwear (Euro 239,238 thousand in 2020) and Euro 28,198 thousand for apparel (Euro 28,726 thousand in 2020).

The following table provides Net sales on the Group's geographical segments:

(Thousands of Euro)	2021	%	2020	%	Var. %
Italy	153,801	25.3%	124,923	23.4%	23.1%
Europe (*)	278,283	45.7%	250,293	46.8%	11.2%
North America	26,827	4.4%	24,772	4.6%	8.3%
Other countries	150,004	24.6%	134,909	25.2%	11.2%
Net sales	608,915	100.0%	534,897	100.0%	13.8%

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

4. General and administrative expenses

General and administrative expenses are analyzed in the following table:

	2021	2020 Restated	Change
Wages and salaries	92,705	84,860	7,845
Rental expenses	6,233	10,976	(4,743)
Other costs	175,455	188,050	(12,595)
Rental income	(1,236)	(2,353)	1,117
Other income	(10,466)	(3,431)	(7,035)
Total	262,691	278,102	(15,411)

Rental and lease expenses, equal to Euro 6,233 thousand, relate to the shops, offices and industrial property leased by the Group. The reduction compared to the same period of last year is mainly due to the decrease in shop network.

It's to be noted that, starting from January 1st, 2019, only leases excluded from the application of IFRS 16 are accounted for in this item. During 2020, the Group began an important process to negotiate with the main landlords of the properties for which it has operating leases in place; these negotiations have been completed between the end of 2020 and over the course of 2021. The ensuing economic benefits, recorded under the 'Rent payable and building expenses' item as decreases to rental payments, in line with the provisions of the amendment to the IFRS 16 accounting standard "*Covid-19-Related Rent Concessions (Amendment to IFRS 16)*", amounted to Euro 7,034 thousand (Euro 6,783 thousand in 2020).

With regard to the subsidiary Geox Retail S.r.l., it should also be noted that the Group benefited from a tax credit on rent instalments pursuant Italian Decree Law no. 34 of May 19, 2020, as converted with amendments by Italian law no. 77 of 17 July 2020, equal to a total of Euro 1,907 thousand (Euro 624 thousand in 2020); the subsidiary Geox Canada Inc. also received a government grant towards the rent costs incurred, for Euro 1,152 thousand (Euro 319 thousand in 2020).

Moreover in 2021 the item refers to service charges for an amount of Euro 6,510 thousand, variable rents for an amount of Euro 3,912 thousand, short term leases for Euro 4,087 thousand and lease contracts for which the underlying asset is classed as a "low-value assets" for an amount of Euro 1,817 thousand.

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

Other costs mainly include: depreciation and amortization, services and consulting, sample costs, utilities, insurance, maintenance and bank charges.

Other income mainly includes sales of miscellaneous goods and insurance compensation and government grants obtained in the various countries where the Group operates, to support the business following the Pandemic (Euro 7,527 thousand).

Research and the ongoing conception and implementation of innovative solutions is a significant factor in the Group's strategies because, as already explained in the directors' report on operations, product innovation is fundamental to maintain and strengthen the Group's competitive advantage.

Research and development is a complex corporate process, which ranges from the study of technical solutions involving materials that are able to breathe while remaining waterproof, to the concession of new patents and the development of new product lines.

This process can be broken down into the following stages:

- pure research, which consists of verifying the performance of the materials used in Geox footwear and apparel. This activity's vocation is to create new patents and to implement solutions that use particular materials to make products that can breathe and at the same time remain waterproof;
- applied research, which consists of creating the collections, passing through the various phases of design, prototyping and modeling.

Research and development makes use of dedicated personnel, who transmit the results of their work to all those (designers, product managers, production technicians, etc.) who take part in the definition, industrialization and production of the Group's products.

R&D costs are all written off to income during the period and amounted in total to Euro 11,273 thousand (in 2020 Euro 10,375 thousand).

The fees due to the directors for 2021 amount to Euro 2,838 thousand (Euro 2,601 in 2020) and those to executives with strategic responsibilities amount to Euro 2,694 thousand (Euro 2,470 in 2020). These amounts, in Euro, include the fees due for performing the same functions in Geox S.p.A. and in other companies included in the scope of consolidation.

The fees due to statutory auditors for 2021 amount to Euro 175 thousand (Euro 175 thousand also in 2020).

In 2021 the number of rights that give right to the assignment of no. 1 free issue share of the Company, for each right assigned, to Board of Directors members and Executive with Strategic responsibilities is equal to 3,052,327.

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

The following table shows all of the depreciation and amortization charges included in the consolidated income statement:

	2021	2020 Restated	Change
Industrial depreciation	3,720	4,113	(393)
Non-industrial depreciation and amortization	72,015	92,009	(19,994)
Total	75,735	96,122	(20,387)

Amortization and depreciation amount to Euro 75,735 thousand, showing a decrease of Euro 20,387 thousand compared to 2020, mainly related to Right of Use assets, whose depreciation amounted to Euro 48,946 thousand in 2021 compared to Euro 66,134 thousand in 2020.

Payroll costs from continuing operations amounted to Euro 113,974 thousand (in 2020 Euro 103,047 thousand). The increase in payroll costs compared to the previous year is mainly due to lesser use of forms of government aids implemented by the governments to address the exceptional circumstances of Pandemic, partially offset by the reduction of employees, following the restructuring of some subsidiaries and the rationalization of the store network managed directly by the Group (60 net closures in 2021).

6. Net write-downs of fixed assets (*Impairment test*)

As explained in detail in the Directors' report, although to a lesser extent than 2020, performance in 2021 was affected by the Covid-19 pandemic. As has been extensively described, this event has had a significant impact on the Group's business and will continue to do so over the coming months.

In accordance with regulators' guidelines, when drawing up the report as at December 31, 2021, Directors therefore carried out an impairment test in order to analyse the recoverable value of Group's assets. Please note that the impairment test was carried out based on the cash flows deriving from the forecasts contained in the "Business plan 2022-2024", prepared and approved by the Board of Directors on December 1st, 2021 and also used for the purposes of the assessment relating to the 2021 financial statements.

This Business Plan marks an important moment of discontinuity for the Group and represents the second stage in a five-year strategic pathway started at the beginning of 2020 by the new Chief Executive Officer. It aims at establishing a new, more digital and more efficient Geox more focused on customer and distribution centrality in the most relevant countries for the Group.

The Group's transformation process consisted of two stages: the first "Focus on the Core" (2020-2021) strongly rationalised and deeply transformed the business model to fully integrate the physical and digital channels and create greater coherence with consumers' purchasing choices; the second "Bigger and Better" (2022-2024) which, by leveraging the initiatives in place, seeks to increase the importance of the brand's values, the consumer audience and the Group's profitability.

Between 2020 and 2021 the Group undertook significant rationalisation of unprofitable activities (including the closure of 20% of the stores), established a more streamlined organisational structure, included new managerial figures in the most important areas of the business and accelerated the most important investments for future growth (digital infrastructure, staff training and sustainability).

In parallel to these actions, the Group started a program to relaunch the brand relevance supported by an increase in investment in advertising and in all the activities needed to establish a product portfolio and a distribution structure which are more targeted and focused on Geox' core customers.

Starting from these solid foundations, over the next three years, Geox will seek to increase its market share in core markets (Italy, France, Spain and Germany) where it is excellently positioned, and to speed up growth in those countries (Russia above all) which are already growing strongly. In order to achieve these results, Geox will be able to benefit from the gradual and ongoing digitalisation of its business and a product offer more targeted at current consumers (kids and adults) but also with product offers aimed at those customer segments identified as targets by our new communication strategy. Geox' purpose is to improve people's wellbeing on the move because in comfort and style people can go one step further.

The Plan strategy leads to defining the following Group objectives which are considered by the Directors to be still valid at the date of approval of the draft financial statements for 2021:

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.
Digital revenues represent the Group's main growth driver and will reach around 30% of total turnover (from 17% in 2019) in line with market trends. This growth, which will offset the decrease in turnover as a consequence of the planned rationalisation of physical stores, will be made possible by important IT investments and by the growth in the digital perimeter. More limited growth is forecast for the online channels of multi-brand customers where qualitative and profitability guidelines will prevail;
2. Operating costs: The significant rationalisation undertaken between 2020 and 2021 will enable an important increase in the efficiency of the business model. It is forecast that operating costs (general and administrative expenses and distribution and sale costs) will account for 40.7% of turnover in 2024 with a fall of around 6 percentage points compared to 2019 (46.6% of turnover);
3. Ebit margin: It is expected that EBIT may reach a level of around 5-6% of turnover in 2024 (operational breakeven in 2019). This improvement will essentially derive from the aforementioned cost-efficiency and from an increase in gross margin (+100 basis points compared to 2019). This will make it possible also to finance the higher investment in marketing activities (forecast to increase by around 200 basis points compared to 2019);
4. Investments: The 2022-2024 plan forecasts total investments of around Euro 70/80 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;
5. Net financial position (before IFRS 16 and before fair value of hedging derivatives) is expected at the end of the plan, in 2024, to be around Euro -20/-30 million (from around Euro -100 million expected at the end of 2021), with cash flow generated to the tune of Euro 70 million mainly from economics.

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.

As part of the Business Plan, the shop network is expected to remain substantially stable (2021-2024), but with further optimisation 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 the shops existing at the reporting date, a gradual recovery in sales is expected for 2022 compared to 2019, linked to a first half still impacted by a sharp drop in traffic and a recovery expected with the Fall/Winter Season. The growth forecast for the period 2022-2024 foresees an average CAGR of 2% in relation to the 2019 figures.

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 the 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 6.23% and 8.77%).

The Directors therefore proceeded to write down, in whole or in part, assets relating to 63 shops (CGUs), compared to the 95 shops written down as at December 31, 2020.

The performance of this test did not result in the need to make a net impairment loss in addition to the amount already provided in 2020. The total impairment provision allocated as an adjustment to fixed assets amounted to Euro 8,415 thousand, while it amounted to Euro 20,380 thousand as of December 31, 2020. The reduction compared to the previous year is mainly attributable to the closure of certain points of sale managed directly by the Group (60 net closures in 2021) also following the restructuring of certain subsidiaries.

Next phase of the impairment test was carried out by the Directors at a higher level in order to assess the recoverability of the Group's net invested capital, including goodwill amounting to Euro 1,138 thousand.

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 and 2026, and projecting a growth rate ("g" rate) of 1.71%.

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 7.61%.

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, as required by IAS 36, 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 12.47%, ii) a "g" growth rate used in the terminal value of less than 0; and iii) a reduction in Gross Operating Profit (EBITDA pre IFRS 16) in the explicit period of approximately 30%.

7. Personnel

The average number of employees is shown below:

	2021	2020 Restated	Change
Managers	44	47	(3)
Middle managers and office staff	893	943	(50)
Shop employees	2,105	2,479	(374)
Factory workers	718	1,254	(536)
Total	3,760	4,723	(963)

The average number of employees for 2021 amounted to 3,760 unit, showing a reduction of 963 unit compare to 2020 mainly due to the restructuring of some subsidiaries and the rationalization of the store network managed directly by the Group (60 net closures in 2021).

8. Restructuring charges

The rationalisation initiatives undertaken by the Group mainly in the last two years, have required significant measures to be adopted in many regions. It should be noted that in 2021, restructuring expenses and income show a positive balance of € 0.4 million (compared to costs of € 1.1 million in 2020). This net effect originates from the almost perfect offsetting of the costs incurred for the rationalisation of the distribution network and the positive effects arising from the write-off of past debts as part of the reorganisation procedures completed in Canada and the USA.

9. Net financial expenses

This item is made up as follows:

	2021	2020 Restated	Change
Interest income	1,853	2,563	(710)
Interest expense	(10,448)	(10,607)	159
Exchange differences	259	(68)	327
Total	(8,336)	(8,112)	(224)

Interest income is made up as follows:

	2021	2020 Restated	Change
Interest from banks	37	33	4
Interest from customers	27	-	27
Other interest income	1,789	2,530	(741)
Total	1,853	2,563	(710)

Other interest income mainly consists of the effect of accounting for financial derivatives as explained in note 33.

Interest expense is made up as follows:

	2021	2020 Restated	Change
Bank interest and charges	43	120	(77)
Interest on loans	1,485	1,012	473
Interest on leases	3,611	4,209	(598)
Other interest expense	2,548	2,972	(424)
Financial discounts and allowances	2,761	2,294	467
Total	10,448	10,607	(159)

The increase in "Interest on loans" is mainly due to the increase in the average debts towards banks.

Interest on leases relate to the application of the new accounting standard IFRS 16. The weighted average of the interest borrowing rate of the year is 1.50%.

Other interest expense mainly consists of the effect of accounting for financial derivatives as explained in note 33.

Financial discounts and allowances relate to the discounts granted to customers who pay in advance, as per practice in various European markets.

Exchange differences are made up as follows:

	2021	2020 Restated	Variazione
Exchange gains	21,033	32,045	(11,012)
Exchange losses	(20,774)	(32,113)	11,339
Totale	259	(68)	327

10. Income taxes

Income taxes for 2021 totalled Euro 6,419 thousand, compared to +4,307 thousand in 2020. Earnings results in both financial years did not have a corresponding monetary outlay, as these account for changes in deferred tax assets reflected in the financial statements, primarily due to temporary differences in provisions.

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):

	2021	%	2020 Restated	%
PBT	(53,268)	100.0%	(131,854)	100.0%
Theoretical income taxes (*)	(12,784)	24.0%	(31,645)	24.0%
Effective income taxes	6,419	n.a.	(4,307)	n.a.
Difference due to:	19,203	n.a.	27,338	n.a.
1) different tax rates applicable in other countries	293	n.a.	353	n.a.
2) permanent differences:				
i) IRAP and other local taxes	329	n.a.	33	n.a.
ii) writedowns of deferred tax asset	19,504	n.a.	25,083	n.a.
iii) previous years' taxes and other taxes	(923)	n.a.	1,869	n.a.
Total difference	19,203	n.a.	27,338	n.a.

It should also be noted that the tax amount has been affected by the prudent choice not to make a provision for deferred tax assets to the extent of Euro 19.5 million, referring to the tax losses generated during 2021 (Euro 25.1 million in 2020) in relation to which, as at the reporting date, there is not reasonable certainty that sufficient taxable income will be generated over the next three or four financial years to recover them, in addition to the value of deferred tax assets already reflected in the financial statements.

The management's assessment as to the likelihood of deferred taxes being recovered through future taxable income is based on the Business plan scenario. These scenarios were necessary given the extremely volatile nature of any forecasts made at the moment. In light of the above, the preferred option is to wait until there is a clearer picture of when the health emergency may be over.

11. Net result from discontinued operations

The shutting down of the production facility in Serbia in mid-2021 qualifies as "Discontinued Operations" under IFRS 5. As a result, revenues and income and costs and expenses were all reclassified under this specific item in the 2021 and, for comparative purposes, 2020 income statements, totalling € 2,460 thousand and € 658 thousand respectively.

The following table shows the breakdown of this item to the net result 2021, compared with 2020:

	2021	of which related parties	2020	of which related parties
Net sales from discontinued operations	-		-	
Cost of sales	(198)	1,155	(551)	695
Gross profit from discontinued operations	(198)		(551)	
General and administrative expenses	(173)		(227)	
EBIT from discontinued operations	(371)		(778)	
Net financial expenses	(90)		(17)	
PBT from discontinued operations	(461)		(795)	
Income tax	(1,999)		137	
Net result from discontinued operations	(2,460)		(658)	

With regard to the cash flows related to the closure of the production plant, we point out, in particular, the disinvestment flow related to the sale of the building and production machinery for a total amount of approximately Eur 6.5 million.

It should be noted that the State Aid Control Commission of the Republic of Serbia, with a resolution dated August 5, 2021, and pursuant to the Law on State Aid Control, initiated an ex-post control procedure in relation to the disbursement of state aid by the Ministry of Economy and the City of Vranje in favour of the Geox Group, for the implementation of the investment project of the production site located in the city of Vranje. The state aid was disbursed on the basis of the Funds Disbursement Resolution of October 1st, 2012, formalised with a Funds Disbursement Agreement for Direct Investments of October 8, 2012 signed between the Serbian Ministry of Finance and Economy and Geox.

On November 1st, 2021, the State Aid Control Commission issued a resolution stating that the state aid, which the Ministry of Economy and the City of Vranje disbursed to the Group, for the implementation of the investment project, was disbursed in contravention of the Law on State Aid Control. For this reason, at the beginning of 2022, the Ministry of Economy of the Republic of Serbia initiated legal proceedings against the Serbian subsidiary TDV d.o.o. in liquidation aimed at ascertaining this violation and the consequent repayment of part of the funds granted at the time. The amount of the claim amounts to a countervalue of approximately Euro 3.5 million.

The Group, with the support of its legal advisors appointed to follow the litigation, believes, although aware of the existence of elements of uncertainty and chance inherent in any litigation, that its position is supported by valid legal reasons, having fully complied with the Agreement for the disbursement of funds for direct investments signed between the parties, and that therefore the Commission's allegations are unfounded and consequently what is claimed and requested in court by the Serbian Ministry of the Economy.

For this reason, no provisions are included in the 2021 budget on the basis of any negative effects arising from the above litigation.

12. 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:

	2021	2020
Earning/(Loss) per share (Euro)	(0.24)	(0.50)
Diluted earning/(loss) per share (Euro)	(0.24)	(0.50)
Weighted average number of shares outstanding:		
- basic	255,211,081	255,211,081
- diluted	255,211,081	255,211,081

13. Intangible assets

Intangible assets are made up as follows:

	Balance at Dec. 31, 2021	Balance at Dec. 31, 2020	Change
Industrial patents and intellectual property rights	14,800	12,714	2,086
Trademarks, concessions and licenses	298	361	(63)
Key money	14,050	17,634	(3,584)
Assets in process of formation and payments on account	1,567	3,640	(2,073)
Other intangible assets	-	347	(347)
Goodwill	1,138	1,138	-
Total	31,853	35,834	(3,981)

The following table shows the changes in intangible assets during 2021:

	12-31-20	Purchases and capital.	Transl. Differen- ces	Amort./ write- down	Dispo- sals	Other Changes	12-31-21
<i><u>Intangible assets with finite useful life:</u></i>							
Industrial patents and intellectual property rights	12,714	6,394	5	(7,378)	(17)	3,082	14,800
Trademarks, concessions and licenses	361	43	-	(106)	-	-	298
Key money	17,634	20	30	(3,601)	(33)	-	14,050
Other intangible assets	347	-	-	(347)	-	-	-
Assets in process of formation and payments on account	3,640	1,010	(1)	-	-	(3,082)	1,567
<i><u>Intangible assets with an indefinite useful life:</u></i>							
Goodwill	1,138	-	-	-	-	-	1,138
Total intangible assets	35,834	7,467	34	(11,432)	(50)	0	31,853

Investments during the period mainly concern:

- personalization of the IT system and software utilization licenses for a total of Euro 6,042 thousand, cost incurred for registration, extension and protection of patents in various parts of the world for Euro 352 thousand;
- assets in process of formation paid for the further implementations and customizing of the new IT system.

14. Property, plant and equipment

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

	Balance at Dec. 31, 2021	Balance at Dec. 31, 2020	Changes
Land and buildings	-	7,903	(7,903)
Plant and machinery	3,191	5,967	(2,776)
Industrial and commercial equipment	2,746	2,634	112
Leasehold improvements	18,881	22,038	(3,157)
Construction in progress and payments on account	549	373	176
Total	35,873	50,413	(14,540)

The following table shows the changes in property, plant and equipment during 2021:

	12-31-20	Purchases and capital.	Translation Differences	Amort./ write- down	Disposals	Other Changes	12-31-21
Land and buildings	7,903	5	(10)	(835)	(7,067)	4	-
Plant and machinery	5,967	724	(3)	(2,107)	(1,390)	-	3,191
Industrial and commercial equipment	2,634	2,739	5	(2,615)	(13)	(4)	2,746
Other assets	11,498	3,726	123	(4,822)	(157)	138	10,506
Leasehold improvements	22,038	3,639	189	(6,920)	(294)	229	18,881
Construction in progress and payments on account	373	539	7	-	(3)	(367)	549
Total	50,413	11,372	311	(17,299)	(8,924)	-	35,873

Investments during the period mainly concern:

- 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 relate to industrial buildings and offices for Euro 1,306 thousand and to premises fitted out as Geox Shop for Euro 2,333 thousand;
- Construction 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 the parent company's headquarters.

Other assets are made up as follows:

	Balance at Dec. 31, 2021	Balance at Dec. 31, 2020	Change
Electronic machines	3,490	2,318	1,172
Furniture and fittings	6,579	8,594	(2,015)
Motor vehicles and internal transport	437	586	(149)
Total	10,506	11,498	(992)

15. Right-of-use assets

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

	Saldo al 31-12-2021	Saldo al 31-12-2020	Variazione
Right-of-use - Apartments	491	510	(19)
Right-of-use - Building	202,242	240,333	(38,091)
Right-of-use - Cars and Trucks	941	965	(24)
Total Right-of-use	203,674	241,808	(38,134)

The following table shows the changes in Right-of-use assets during 2021:

	12-31-20	Net increases	Translation differences	Amort./write- down	Other movements	12-31-21
Right-of-use assets	241,808	4,015	1,250	(48,946)	5,547	203,674

The increases refers to new lease contracts signed over the course of the year, mainly for Geox Shops, or renegotiations of existing contracts.

The Right-of-Use item also includes Euro 150 thousand referring to sums paid to obtain the availability of leased properties to be used as Geox Shops, by taking over existing contracts or having the lessees withdraw from their contracts in order to be able to enter into new agreements with the landlords.

Other movements refer to positive effects arising from the reverse of impairment funds as part of the reorganisation procedures completed in Canada and the USA.

16. Deferred taxes

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 Dec. 31, 2021	Balance at Dec. 31, 2020	Change
Carry-forward tax losses	5,178	4,212	966
Depreciation and amortization and impairment	6,189	7,976	(1,787)
Evaluation derivatives	-	2,096	(2,096)
Provision for obsolescence and slow-moving inventory and returns	12,948	19,209	(6,261)
Provision for agents' severance indemnities	526	525	1
Other	9,459	8,763	696
Deferred tax assets	34,300	42,781	(8,481)
Depreciation and amortization	(179)	(178)	(1)
Evaluation derivatives	(3,713)	-	(3,713)
Other	(34)	(24)	(10)
Deferred tax liabilities	(3,926)	(202)	(3,724)
Total deferred taxes	30,374	42,579	(12,205)

Prepaid tax assets, net of deferred tax liabilities, were analysed 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 Business plan as described in note 10.

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 Business 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 3,713 thousand (tax assets amounting to Euro 2,096 thousand in 2020).

Deferred tax assets included in "Other" are mainly related to the provision for bad and doubtful accounts (note 19) and provisions for liabilities and charges (note 30).

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

17. Other non-current assets

Other non-current assets are made up as follows:

	Balance at Dec. 31, 2021	Balance at Dec. 31, 2020	Change
Accounts receivable from others in 1 to 5 years	6,696	6,726	(30)
Accounts receivable from others in more than 5 years	1,058	1,209	(151)
Total	7,754	7,935	(181)

Non-current assets mainly relate to guarantee deposits for utilities and shop leases and accounts receivable, payable more than 1 year.

18. Inventories

The following table shows the breakdown of inventories:

	Balance at Dec. 31, 2021	Balance at Dec. 31, 2020	Change
Raw materials	6,620	13,413	(6,793)
Work in process and semi-finished products	-	1,682	(1,682)
Finished products and goods for resale	233,482	252,792	(19,310)
Furniture and fittings	218	77	141
Total	240,320	267,964	(27,644)

Inventories of finished products 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 decreased by Euro 19,310 thousand compared to the previous year. The temporary suspension of shop activities at the start of the Spring/Summer 2020 season caused an abnormal increase in unsold stock at the end of 2020. For this reason, the Group had to carefully re-evaluate the strategy for the introduction of products into the distribution network, in order to reduce purchases for future seasons (Fall/Winter 2020 and Spring/Summer 2021), based on the availability of product in stock, trying to use it in subsequent sales periods. The reduction in the stock of finished products is also consistent with the reduction in the shops' needs following the rationalisation of the network.

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, which is considered adequate for a prudent valuation of finished products from previous collections and raw materials that are no longer used.

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

Balance at January 1	39,649
Provisions	25,955
Translation differences	484
Utilizations	(39,035)
Balance at December 31	27,053

The write-down mainly reflects the adjustment to market value based on statistical forecasts of discounted sales of products from previous collections. The significant inventory write-down made in the year, mainly linked to the 2020 collections, is the result of the excess stock caused by stores being closed during the lockdown.

19. Accounts receivable

Accounts receivable are made up as follows:

	Balance at Dec. 31, 2021	Balance at Dec. 31, 2020	Change
Gross value	95,771	108,827	(13,056)
Provision for bad and doubtful accounts	(26,844)	(21,109)	(5,735)
Net value	68,927	87,718	(18,791)

Accounts receivable amounted to Euro 95,771 thousand at December 31, 2021, showing a decrease of Euro 13,056 thousand compared to December 31, 2020. This reduction benefited from the collection, during 2021, of a series of customer positions that the Group had rescheduled, following lockdown periods, as support to some of its customers.

It's to be noted that this item was influenced by non-recourse factoring transactions, amounted to Euro 12,120 thousand at year end (Euro 12,394 at December 31, 2020).

The following is an ageing analysis of accounts receivable:

	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 December 31, 2021	59,352	12,579	2,430	21,410	95,771
Gross value of trade receivables at December 31, 2020	58,819	15,765	7,716	26,527	108,827

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 December 31, 2021 represents a prudent estimate of the current collection risk.

Changes in the provision during the year are as follows:

Balance at January 1	21,109
Provisions	2,647
Translation differences	30
Reclass. from risk fund	4,411
Utilizations	(1,353)
Balance at December 31	26,844

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 by the due date.

The increase in the provision for bad and doubtful accounts reflects the changing market conditions due to the health emergency and its effects on the financial solvency of some clients.

20. Other non-financial current assets

This item is made up as follows:

	Balance at Dec. 31, 2021	Balance at Dec. 31, 2020	Change
Tax credits	3,815	4,590	(775)
VAT recoverable	10,922	14,476	(3,554)
Advances to vendors	2,617	2,034	583
Other receivables	9,423	9,509	(86)
Accrued income and prepaid expenses	4,248	4,484	(236)
Total	31,025	35,093	(4,068)

Other receivables include:

- Euro 2,567 thousand due from a credit insurance representing the value of claims assigned for which reimbursement has not yet been received;
- Euro 3,415 thousand related to grants received by French, German and Austrian administration in order to support the subsidiary during the pandemic situation;
- Euro 621 thousands due from factoring companies (arising from non-recourse factoring transactions).

Prepaid expenses mainly include prepayments for rentals and maintenances.

21. Financial assets and liabilities

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

The following table shows the breakdown of this item:

	Balance at Dec. 31, 2021	Balance at Dec. 31, 2020	Change
Term bank deposits	26	24	2
Total non current financial assets	26	24	2
Fair value derivative contracts	19,582	1,156	18,426
Other current financial assets	2,831	2,971	(140)
Total current financial assets	22,413	4,127	18,286
Fair value derivative contracts	(1,045)	(11,207)	10,162
Other current financial liabilities	(25)	(116)	91
Total current financial liabilities	(1,070)	(11,323)	10,253

The term bank deposits of Euro 26 thousand include amounts lodged to guarantee rent contracts on foreign shops.

As regards the mark-to-market derivative contracts, see the comments in note 33.

22. Cash and cash equivalents

The amount of Euro 45,655 thousand relates to short term deposits for Euro 1,062 thousand, a current account in Euro for Euro 34,671 thousand, a current account in British Pound for Euro 2,281 thousand, a current account in US Dollars for Euro 1,759 thousand, a current account in Canadian Dollars for Euro 1,538 thousand, a current account in Swiss Franc for Euro 1,408 thousand other currencies for the rest. The term deposits relate to investments of surplus cash remunerated at a rate linked to Euribor. The cash on the current account in US Dollars is used to pay suppliers in the Far East when their invoices fall due; it has a yield substantially in line with the reference rate.

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

23. 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.

Other reserves

This item is made up as follows:

	Balance at Dec. 31, 2021	Balance at Dec. 31, 2020	Change
Legal reserve	5,184	5,184	-
Share premium reserve	37,678	37,678	-
Translation reserve	(4,418)	(3,538)	(880)
Reserve for cash flow hedges	11,756	(6,640)	18,396
Reserve for stock grant	1,980	-	1,980
Retained earnings	108,628	236,808	(128,180)
Total	160,808	269,492	(108,684)

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 11,756 thousand, originated as a result of valuing the financial instruments defined as cash flow hedges at December 31, 2021. Fair value valuation of cash flow hedges is stated net of the tax effect as explained in greater detail in note 33. This reserve is not distributable. Amounts are shown net of tax, where applicable.

The reduction in item Retained earnings refers to the 2020 loss carried forward.

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 2021	Equity 12-31-2021	Net income for the period 2020	Equity 12-31-2020
Parent company's equity and net income	(64,824)	119,623	(138,281)	164,071
Differences between the carrying value of the investments in subsidiaries and the Group share of their equity	11,575	15,371	57,276	62,728
Group share of affiliates' results	(11,662)	(11,662)	(55,419)	(55,419)
Effect of the reorganization in 2001	-	-	-	-
Elimination of intragroup transactions on inventories	5,690	(5,673)	2,142	(11,140)
Elimination of intragroup dividends and investments write-off	(2,855)	-	-	-
Other adjustments	(71)	6,923	6,077	6,968
Group equity and net income	(62,147)	124,582	(128,205)	167,208

24. Employee severance indemnities

Employee severance indemnities at December 31, 2021 amount to Euro 2,411 thousand, as shown in the following table:

Balance at December 31, 2020	2,834
Reversal of 0.50% withholding	(225)
Reversal of 17% flat-rate tax	(7)
Payments to supplementary pension schemes	(1,149)
Advances granted to employees	(188)
Provision for the period	3,941
Payments to supplementary pension schemes run by INPS net of amounts paid to leavers	(2,729)
Change as a result of actuarial calculations	(62)
Translation differences	(4)
Balance at December 31, 2021	2,411

Changes in the provision for severance indemnities during 2021 show a utilization of Euro 1,149 thousand for payments to supplementary pension funds and one of Euro 2,729 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.

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

The actuarial valuation of the severance indemnities 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 severance indemnity that will probably have to be paid by the Company when the employee leaves due to dismissal, resignation, disability, death and retirement, as well as if an advance is requested;
- discounting the probable payments to the date of the valuation.

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: 2.00%
- discount rate (index Iboxx Corporate AA con duration 10+): 0.87%
- rate of severance indemnities increase: 2.7%
- inflation rate: 1.6%

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:

Changes in assumptions

+1% employee turnover rate	(36)
-1% employee turnover rate	41
+1/4% inflation rate	50
-1/4% inflation rate	(49)
+1/4% discount rate	(74)
-1/4% discount rate	78

25. Provisions for liabilities and charges

This item is made up as follows:

	Balance at Dec. 31, 20	Utilization	Provisions	Transl. dif.	Actuarial adj.	Balance at Dec. 31, 21
Provision for agents' severance indemnities	5,145	(197)	80	(2)	(34)	4,992
Other	1,870	(498)	106	3	-	1,505
Total	7,015	(695)	186	1	(34)	6,497

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 119 thousand.

“Other” reflects mainly an estimate of the risks involved in outstanding disputes.

26. Long-term loans, Bank borrowings and current portion of long-term loans

This item is made up as follows:

	Balance at Dec. 31, 2021	Balance at Dec. 31, 2020	Change
Bank loans	82,076	-	10,439
Other loans	123	639	(516)
Total	82,389	113,832	(31,443)
Cash advances	857	2,504	(1,647)
Loans	42,763	59,404	(16,641)
Advances against orders	5,000	-	5,000
Total bank borrowings short term	48,620	61,908	(13,288)
Other providers of funds	334	61	273
Other providers of funds	48,954	61,969	(13,015)

Overall Financial debts decreased by Euro 44,458 thousand (of which Euro 31,443 thousand long-term and 13,015 thousand current) compared to December 31, 2020.

The Group provided adequate lines of credit available thanks to the fact that, since the beginning of the emergency, it has implemented a strategy to cover its financing needs. The aim of this strategy is to ensure that the sources of financing remain as coherent as possible with funding requirements, in order to have the right balance between short-term lines of credit to deal with normal business seasonality, medium-term financing to manage the temporary one-off absorption of cash caused by the Covid-19 emergency and long-term financing to also support the investments required to develop a truly omnichannel business model that perfectly integrates physical and digital stores.

It's to be noted that on July 30, 2020 the Group completed its already solid financial structure to support its business and investments over the next three years, by signing a loan agreement for a total of Euro 90 million, obtained thanks to its solid track record in terms of balance sheet and financial indicators. Pursuant to the provisions of Italian Decree Law no. 23 of 8 April 2020, SACE (export credit insurance company) promptly issued a so-called "Italy guarantee", through the simplified procedure, for 90% of the amount granted by the banks, following an in-depth investigation. This loan will mainly be used to cover personnel costs and investments, as well as working capital dynamics for production facilities and business activities in Italy. The loan has a maximum duration of 6 years, with a 24-month grace period and quarterly repayments.

That loan is subject to financial covenants (to be calculate before IFRS 16 effects), to be tested on a half-yearly basis in June and December, with reference to the consolidated financial statements. That financial covenants are: net financial position, indebtedness ratio (net financial position/Equity) and the ratio between net financial position and EBITDA. The value of financial covenants are different over the duration of the contract and can be healed by Equity cure operations. As regards results before IFRS 16 effects:

- net financial position must be less than Euro 180 million over the course of 2021;
- indebtedness ratio must be less than 1.15 as at December 2021, less than 1.00 in 2022 and less than 0.75 in 2023;
- the ratio between net financial position and EBITDA must be less than 3.25 as at June 2022 (only for information purposes), 3.00 as at December 2022, less than 2.75 in 2023 and less than 2.5 in 2024.

As at 31 December 2021, the covenants were respected: the net financial position, as defined in the contract, was Euro 82,856 thousand and the debt ratio was 0.64.

Based on the forecasts included in the Business Plan, it's considered that these financial indicators will also be respected in the coming testing periods.

Other outstanding loans are not subject to financial covenants.

It should be noted that the Group has not had to resort to suspending loan repayments.

27. 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 Dec. 31, 2021	Balance at Dec. 31, 2020	Change
Long term lease assets – third parties	343	508	(165)
Total long term lease assets	343	508	(165)
Long term lease liabilities - third parties	111,986	145,336	(33,350)
Long term lease liabilities - related parties	54,096	57,525	(3,429)
Total long term lease liabilities	166,082	202,861	(36,779)
Short term lease liabilities - third parties	41,686	60,411	(18,725)
Short term lease liabilities - related parties	4,949	5,143	(194)
Total short term lease liabilities	46,635	65,554	(18,919)
Total net lease liabilities	212,374	267,907	(55,698)

The following table shows the changes lease liabilities during 2021:

	12-31-20	Net increases	Translation Differences	Payments	12-31-21
Total Lease liabilities	268,415	4,015	1,579	(61,292)	212,717

It should be noted that the Group has made a suspension of rent payments for stores during the time they were closed and the partial payment of rent when they were reopened, based on sales performance. This approach is in line with the ongoing talks being held with the various landlords, aimed at renegotiating the contractual agreements in place, bringing 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. As of today, these closed talks with landlords have undoubtedly proven to be challenging, but the Group has already signed a number of agreements and many others are in an advanced phase of negotiation. The Group is also convinced that the right thing is to terminate the relative agreement if solutions cannot be found that reflect current market values. At December 31, 2021, unpaid rent amounted to Euro 4.1 million.

The weighted average of the interest borrowing rate of the year is 1.50%.

28. Other long-term payables

This item is made up as follows:

	Balance at Dec. 31, 2021	Balance at Dec. 31, 2020	Change
Guarantee deposits	392	169	223
Accrued expenses and deferred income	1,169	2,659	(1,490)
Total	1,561	2,828	(1,267)

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

Accrued expenses and deferred income mainly relate to revenue and grants pertaining to future years.

29. Trade payables

The item is made as follows:

	Balance at Dec. 31, 2021	Balance at Dec. 31, 2020	Change
Accounts payable	160,666	134,928	25,738
Provision for returns	36,146	43,226	(7,080)
Total	196,812	178,154	18,658

Accounts payable at December 31, 2021 amount to Euro 160,666 thousand, showing an increase of Euro 25,738 thousand if compared with December 31, 2020. This increase is mainly due to the higher purchases of finished products for the Spring/Summer 22 season, compared to the purchases for the corresponding season of the previous year, in which unsold products from previous seasons were put back into collection due to the Pandemic.

All amounts are due within the next 12 months. Terms and conditions of the above financial liabilities:

- Trade payables are normally settled within 30-120 days and do not generate interest;
- 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 2021 are as follows:

Balance at January 1	43,226
Provisions	34,305
Translation differences	405
Utilizations	(41,790)
Balance at December 31	36,146

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.

The decrease in the provision for returns and credit notes compared to 31 December 2020 is mainly due to the forecast of fewer returns from the franchised shops network following the significant reduction in the number of shops compared to the previous year (18 net closures).

30. Other non-financial current liabilities

This item is made up as follows:

	Balance at Dec. 31, 2021	Balance at Dec. 31, 2020	Change
Social security institutions	4,018	4,629	(611)
Employees	16,254	10,500	5,754
Provisions for liabilities and charges	806	7,124	(6,318)
Other payables	7,971	6,049	1,922
Accrued expenses and deferred income	2,116	2,196	(80)
Total	31,165	30,498	667

The amounts due to social security institutions mainly relate to pension contributions for 2021, paid in 2022.

The amounts due to employees include payroll, bonuses and accrued vacation not yet taken as of December 31, 2021.

The provisions for liabilities and charges mainly include the estimated costs related to the rationalization and optimization plan of the distribution network, as well as the estimated restoration costs. It should be noted that, during 2021, an amount of Euro 4,411 thousand was reclassified to the provision for bad debts following the termination of relations with certain franchisees.

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

31. Taxes payable

This item is made up as follows:

	Balance at Dec. 31, 2021	Balance at Dec. 31, 2020	Change
Withholding taxes	3,232	2,726	506
VAT payable and other taxes	6,847	10,331	(3,484)
Total	10,079	13,057	(2,978)

32. 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 two medium-long term incentive plans are in place. Please refer to the Directors' Report for the details of these plans.

33. 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 31 December 2021, the Group's indebtedness to the banking system amounts to Euro 130.7 million and is mainly floating rate.

In this context, given expectations of stability in the dynamics of interest rates and the medium/short-term nature of the debt, the Group did not deem it necessary to implement general policies to hedge the risk of interest rate fluctuations but rather entered into two Interest Rate Swap (IRS) transactions to hedge the medium-long term loan, for a total amount of Euro 67.5 million, the Group has signed two Interest Rate Swap (IRS) agreements to hedge its only medium/long-term loan, with the specific aim of removing the original floor to zero on the entire notional amount, in relation to the 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 that are not hedged would have resulted in a higher (lower) annual financial burden, gross of tax, of approximately Euro 799 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, EUR/RUB, EUR/PLN in relation to sales in the British, Swiss, Russian and Polish 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.

The Board of Directors believes that the risk management policies adopted by the Geox Group are appropriate.

Group companies may find themselves with trade receivables or payables denominated in a currency different from the money of account of the company itself. In addition, it may be convenient from an economic point of

view, for companies to obtain finance or use funds in a currency different from the money of account. 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 from the company's money of account.

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 of revenues, costs and the result in Euro.

The assets and liabilities of consolidated companies whose money of account 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 in 2021 in the nature or structure of exposure to currency risk or in the Group's hedging policies.

The Group's financial statements as at December 31, 2021, could be materially affected by fluctuations in the exchange rates, mainly referred to the US dollar. The impact on the Group's result at December 31, 2021 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 362 thousand, while in case of a favorable change of 10% in exchange rates the impact would have been approximately Euro 320 thousand.

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.

It's to be noted that Covid-19 emergency has led the entire sector to face a significant one-off absorption of cash, in addition to the normal seasonality of the business. In particular, the temporary closure of stores and the slowdown in receiving payments from wholesale and franchising clients led to a temporary negative cash flow during the second quarter. This was caused by the abnormal increase in working capital as a result of the lack of takings from stores, unsold stock and unpaid receivables. In 2021, on the contrary, part of this abnormal effect on working capital was reabsorbed.

With reference to the situation described above and the direct impacts on the assessment of liquidity risk, the Directors do not believe that the effects of the aforementioned events are such as to undermine the Group's ability to fulfil its payment commitments, taking into consideration the lines of credit that are currently available but have not yet been used, as well as the new financing obtained from banks during 2020.

On this basis, the Company's Management has concluded that, despite the difficult economic and financial context, there is no uncertainty regarding the ability to continue operating as a going concern.

Fair value and related hierarchy

As at December 31, 2021 financial instruments are as follows:

	Notional value on 12-31-21	Fair value on 12-31-21 (debit)	Fair value on 12-31-21 (credit)	Notional value on 12-31-20	Fair value on 12-31-20 (debit)	Fair value on 12-31-20 (credit)
FX Forward buy agreements to hedge exch. rate risk	92,916	4,074	(165)	143,559	20	(5,975)
FX Forward sell agreements to hedge exch. rate risk	86,985	44	(816)	95,862	1,136	(260)
FX Currency Option agreem. to hedge exch. rate risk	295,780	15,464	-	138,538	-	(4,310)
Interest Rate Swap	67,500	-	(64)	67,500	-	(662)
Total financial assets/(liabilities)	543,181	19,582	(1,045)	445,459	1,156	(11,207)

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 December 31, 2021 are classified on Level 2. In 2021 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 December 31, 2021:

- 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 mentioned above agrees with the amount shown in the balance sheet. 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 December 31, 2021:

- Short-term interest rates on the currencies in question as quoted on www.euribor.org and 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 December 31, 2021, the Group held only an Interest Rate Swap (IRS), used to alter the profile of original interest rate risk exposure from variable rate to fixed rate. On set dates, this IRS exchanges interest flows with the counterparties, calculated on the basis of a reference notional value, at the agreed fixed and variable rates.

34. Related-party transactions

Pursuant to IAS 24, the Group's related parties are companies and people who are unable 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 Group has dealings with the ultimate parent company (LIR S.r.l.) and with third parties that are directly or indirectly linked by common interests to the majority shareholder. The commercial relations with these parties are based on the utmost transparency and normal market conditions.

The main effects on profit and loss of the transactions with these parties for 2021 and 2020 are summarized below:

	Total 2021	Parent company	Affiliated company	Other related parties	Total of which related parties	Effect on Total (%)
Net sales	608,915	-	898	-	898	0.1%
Cost of sales	(324,653)	-	529	-	529	(0.2%)
General and administrative expenses	(262,691)	76	22	(1)	97	(0.0%)
Advertising and promotion	(29,195)	(149)	-	-	(149)	0.5%
Net financial expenses	(8,336)	(42)	(1,322)	-	(1,364)	16.4%
Taxes	(6,419)	(5)	-	-	(5)	0.1%
Net result from discontinued operations	(2,460)	-	1,155	-	1,155	(47.0%)

	Total 2020 Restated	Parent company	Affiliated company	Other related parties	Total of which related parties	Effect on Total (%)
Net sales	534,897	-	626	-	626	0.12%
Cost of sales	(303,074)	-	134	-	134	(0.04%)
General and administrative expenses	(278,102)	38	(26)	-	12	0.00%
Advertising and promotion	(23,049)	(145)	-	-	(145)	0.63%
Net financial expenses	(8,112)	(47)	(532)	-	(579)	7.14%
Taxes	4,307	(81)	-	-	(81)	(1.88%)
Net result from discontinued operations	(658)	-	695	-	695	(105.6%)

The main effects on financial statement of the transactions with these parties at December 31, 2021 and at December 31, 2020 are summarized below:

	Balance at Dec. 31, 21	Parent company	Affiliated company	Other related parties	Total of which related parties	Effect of Total (%)
Accounts receivable	68,927	52	855	-	907	1.32%
Other non-financial current assets	31,025	67	-	-	67	0.22%
Non-current lease liabilities	166,082	1,545	52,551	-	54,096	32.57%
Trade payables	196,812	39	24	1	64	0.03%
Current lease liabilities	46,635	353	4,596	-	4,949	10.61%

	Balance at Dec. 31, 20	Parent company	Affiliated company	Other related parties	Total of which related parties	Effect of Total (%)
Accounts receivable	87,718	50	1,018	-	1,068	1.22%
Other non-financial current assets	35,093	175	-	-	175	0.50%
Non-current lease liabilities	202,861	1,848	55,677	-	57,525	28.36%
Trade payables	178,154	582	162	-	744	0.42%
Current lease liabilities	65,555	350	4,793	-	5,143	7.85%

35. Commitments and contingent liabilities

The future rental payments under lease contracts, excluded from the application of IFRS 16, as of December 31, are as follows:

12-31-2021

Within 1 year	7,717
Within 1-5 years	12,899
Beyond 5 years	2,131
Total	22,747

36. Information provided pursuant to Italian Law no. 124/2017

In relation to the requirements imposed by Italian Law no. 124/2017, it should be noted that, during 2021 and with reference to its Italian companies, the Group received Euro 4,276 thousand, broken down as follows:

- Euro 1,625 thousand relating to the tax credit on rents for non-housing properties and business leases under Article 4, paragraph 2 bis, of Decree-Law No 73 of 25 May 2021, converted, with amendments, into Law No 106 of 23 July 2021 (extension of the measure under Article 28 of Decree-Law No 34 of 19 May 2020);
- Euro 947 thousand relating to the textile, fashion and accessories tax credit referred to in Article 48 bis of Decree-Law No 34 of 19 May 2020, converted, with amendments, by Law No 77 of 17 July 2020;
- Euro 797 thousand relating to the New Skills Fund referred to in article 88, paragraph 1, of decree-law no. 34 of 19 May 2020, converted, with amendments, by law no. 77 of 17 July 2020;
- Euro 282 thousand relating to the tax credit on lease payments for non-housing properties and business leases referred to in Article 28 of Decree-Law No 34 of 19 May 2020, converted, with amendments, into Law No 77 of 17 July 2020;
- Euro 230 thousand relating to the tax credit for investments in new capital goods pursuant to Article 1, paragraphs 1054-1055, of Law no. 178/2020;
- Euro 97 thousand from the Italian electricity services provider (GSE S.p.A.) relating to tariff incentives for photovoltaic systems;
- Euro 90 thousand relating to the tax credit for investments in research, development and technological innovation referred to in Article 1, paragraphs 198-209, of Law no. 160/2019;
- Euro 66 thousand relating to the tax credit for investments in new capital goods pursuant to Article 1, paragraphs 1056-1057, of Law no.178/2020;
- Euro 66 thousand relating to the tax credit for sanitisation and the purchase of protective equipment pursuant to article 125 of Decree-Law no. 34 of 19 May 2020, converted, with amendments, into Law no. 77 of 17 July 2020;
- Euro 17 thousand relating to the tax credit for sanitation and the purchase of protective equipment referred to in Article 32 of Decree-Law No 73 of 25 May 2021, converted, with amendments, by Law No 106 of 23 July 2021;
- Euro 48 thousand from Fondimpresa relating to the Human Resources Development Plan year 2018;
- Euro 11 thousand relating to the tax credit for investments in new capital goods pursuant to Article 1, paragraph 188 of Law no.160/2019.

It is hereby specified that these benefits have been recorded based on the cash accounting principle, meaning that the aforementioned amounts include subsidies, grants, paid positions and any other kind of economic benefits that were cashed in during 2021, without considering the period to which they refer.

With regard to compliance with the aforementioned requirements, in relation to any other grants received that may fall within the defined categories, please also refer to the dedicated national Register, which is available to the public.

37. Significant subsequent events after December 31, 2021

The strong geo-political tensions concerning Russia, Belarus and Ukraine may lead to international, humanitarian and social crisis situations of significant dimensions with consequent strong negative impacts on the populations of these countries. This context strongly raises the concrete risk of international sanctions being used as a deterrent for some of the countries involved and, as a result, could have a significant impact on their trade and domestic economic activity. At present, the size and extent of the sanctions have not been made public by the international community and, as a result, it is not possible to reliably estimate any impact on business. However, it is reasonable to expect that the events currently underway, which are extraordinary in nature and extent, will have direct and indirect repercussions on economic activity, the potential effects of which on: i) supply chains, in particular with reference to the supply and prices of raw materials and energy, ii) the development of demand on international markets and iii) trends in inflation and interest rates cannot be predicted.

With reference to the above, it should be noted that in 2021 the Group developed a turnover of approximately Euro 51 million in Russia and Euro 5 million in Ukraine (turnover in Belarus is negligible). In particular, the Group operates in the Russian market with its own subsidiary that distributes products both to independent, multi-brand and franchising customers, and through its own network of 29 direct shops that at 31 December 2021 are mainly located in the cities of Moscow and St. Petersburg. In Ukraine, on the other hand, distribution is handled by Geox S.p.A. through an external distributor.

With regard to the main economic and financial figures, with reference to the 2021 financial statements, of the Group's business in Russia, the following should be noted:

- Operating income (EBIT) was approximately Euro 5.8 million, of which Euro 2.7 million related to the subsidiary's financial statements;
- Net invested capital, all of which relates to the branch, is approximately Euro 10.5 million (not including user fees of Euro 5 million), of which Euro 2 million in non-current assets and Euro 8.5 million in net working capital. Net working capital is made up as follows: Euro 9.9 million in inventories, Euro 4.0 million in trade receivables and Euro -5.4 million in trade payables (of which Euro -3.8 million to the parent company Geox S.p.A.).

It should be noted that the Group has long implemented a prudent risk management policy to safeguard business results and investments made in the country (see Note 33). In particular, it should be noted that an exchange rate risk policy is in place to protect the Parent Company's industrial margin. In this context, however, the worsening of the crisis in Ukraine increases the risk and volatility of forecasts on future performance, and it is not possible to foresee and quantify every possible impact on the business of our sector, currency trends, energy costs and inflation.

As mentioned, Russia, Ukraine and Belarus accounted for only 9% of the Group's sales in 2021 and therefore it is believed that the uncertainties arising from the situation described above do not change the going concern assumptions adopted for the preparation of these financial statements. In particular, the Group believes that it will realise the parent company's industrial margin for the Spring/Summer 2022 collection in these areas, and the order backlog for the Fall/Winter 2022 collection will continue to grow at double-digit rates, even assuming that the portion attributable to these countries were to be completely eliminated. Based on the considerations already described, at present, the value of the Group's assets, net of the non-current assets of the Russian subsidiary, is deemed recoverable. This assessment is supported by some sensitivity analyses carried out on the impairment tests based on the absence of operations in the countries mentioned above.

As mentioned above, the situation is constantly evolving and requires constant monitoring of events in order to promptly identify any issues that could impact the local business and implement any appropriate mitigation actions.

Finally, with regard to the Covid-19 pandemic, the following should be noted: as of today, all the Group's shops are operational, despite a scenario still characterised by restrictions that, in fact, are limiting people's mobility and still heavily impacting tourist flows.

The Group's supply areas are the Far East and the Mediterranean basin. Overall, the effects of the COVID 19 pandemic are still present, but the system as a whole is currently operational, albeit in a context characterised by a certain instability due to the spread of the new variants in the Far East. The transport situation also continues to present critical elements, although they are improving. On the one hand, all economic operators are experiencing a lengthening of ship transport times due to a reduction in the frequency of departures and an increase in stops in order to optimise space. On the other hand, there are fewer opportunities to make up production delays by air transport due to the limited number of cargo and passenger flights. These factors

have led and continue to lead to a substantial increase in freight and airfreight costs, especially to the Americas. On the other hand, we are seeing a slight improvement in freight costs to Europe, compared to peaks at the end of 2021.

Biadene, Montebelluna, February 24, 2022

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

Attachment 1

Biadene, Montebelluna, February 24, 2022

ATTESTATION

OF THE INDIVIDUAL AND 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 2021.

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 December 31, 2021 and for the year 2021;
- 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.

Livio Libralesso
CEO

Massimo Nai
Financial Reporting Manager

Attachment 2

Pursuant to Art. 149-duodecies of the Issuers' Regulations:

Type of services	Entity that provided the services	Beneficiary	Fees 2021 (Euro/000)	Fees 2020 (Euro/000)
Auditing	Auditors of the Parent Company	Parent company	160	158
Attestation services	Auditors of the Parent Company	Parent company	-	-
Tax advisory services	Same network as the Parent Company's auditors	Parent company	-	-
Other services	Auditors of the Parent Company	Parent company	13	-
Total Parent Company			173	158
Auditing	i) Auditors of the Parent Company	Subsidiaries	22	22
	ii) Same network as the Parent Company's auditors	Subsidiaries	104	146
Attestation services	i) Auditors of the Parent Company	Subsidiaries	-	-
	ii) Same network as the Parent Company's auditors	Subsidiaries	-	-
Tax advisory services	i) Auditors of the Parent Company	Subsidiaries	-	-
	ii) Same network as the Parent Company's auditors	Subsidiaries	-	-
Other services	i) Auditors of the Parent Company	Subsidiaries	-	-
	ii) Same network as the Parent Company's auditors	Subsidiaries	-	-
Total Subsidiaries			126	168
Total			299	326

Attachment 3

LIST OF COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021

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	100.00%		100.00%
- Geox Respira SL	Barcelona, Spain	Dec. 31	EUR	1,500,000	100.00%		100.00%
- Geox Suisse SA	Lugano, Switzerland	Dec. 31	CHF	200,000	100.00%		100.00%
- Geox UK Ltd	London, U.K.	Dec. 31	GBP	1,050,000	100.00%		100.00%
- Geox Japan K.K.	Tokyo, Japan	Dec. 31	JPY	100,000,000		100.00%	100.00%
- Geox Canada Inc.	Mississauga, Canada	Dec. 31	CAD	100		100.00%	100.00%
- S&A Distribution Inc.	New York, Usa	Dec. 31	USD	1		100.00%	100.00%
- Geox Holland B.V.	Breda, Netherlands	Dec. 31	EUR	20,100	100.00%		100.00%
- Geox Retail S.r.l.	Biadene di Montebelluna (TV), Italy	Dec. 31	EUR	100,000	100.00%		100.00%
- Geox Hungary Kft	Budapest, Hungary	Dec. 31	HUF	10,000,000	99.00%	1.00%	100.00%
- Geox Hellas S.A.	Athens, Greece	Dec. 31	EUR	220,000	100.00%		100.00%
- Geox France Sarl	Sallanches, France	Dec. 31	EUR	15,000,000	100.00%		100.00%
- S&A Retail Inc.	New York, Usa	Dec. 31	USD	200		100.00%	100.00%
- Geox Asia Pacific Ltd	Hong Kong, China	Dec. 31	USD	1,282		100.00%	100.00%
- XLog S.r.l.	Signoressa di Trevignano (TV), Italy	Dec. 31	EUR	110,000	100.00%		100.00%
- Geox Rus LLC	Moscow, Russia	Dec. 31	RUB	60,000,000	100.00%		100.00%
- Geox AT GmbH	Wien, Austria	Dec. 31	EUR	35,000	100.00%		100.00%
- Geox Poland Sp. Z.o.o.	Warszawa, Poland	Dec. 31	PLN	5,000		100.00%	100.00%
- Geox Portugal S.U. LDA	Lisbon, Portugal	Dec. 31	EUR	300,000	100.00%		100.00%
- Technic Development D.O.O. Vranje	Vranje, Serbia	Dec. 31	RSD	802,468,425	100.00%		100.00%
- Geox Macau Ltd	Macau, China	Dec. 31	MOP	5,000,000		100.00%	100.00%
- Geox Trading Shangai Ltd	Shanghai, China	Dec. 31	CNY	101,577,316		100.00%	100.00%
- Dongguan Technic Footwear Apparel Design Ltd	Dongguan, China	Dec. 31	CNY	3,795,840		100.00%	100.00%
- Technic Development Vietnam Company Ltd	Ho Chi Minh City, Vietnam	Dec. 31	VND	3,403,499,500		100.00%	100.00%
- Geox Distribution UK Ltd	London, U.K.	Dec. 31	GBP	100,000	100.00%		100.00%
- XBalk D.O.O. Vranje	Vranje, Serbia	Dec. 31	RSD	1,200,000		100.00%	100.00%

**INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014**

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

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Geox S.p.A. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Geox S.p.A. (the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Conjunctural situation and its effects on impairment tests

Description of the key audit matter

As noted in the paragraph “Covid-19 impacts” of the Explanatory Notes, the persistence of the Covid-19 pandemic affected the Group's performance even in 2021, especially in the first part of the year, in which the frequent suspension of non-essential commercial activities in many countries have led to the temporary closure of the stores managed by the Group and its customers. The progress of the vaccination campaigns has allowed the progressive relaxation of the restrictions, functional to the recovery of the full operation of the Group's distribution network in the second half, with limited interruptions in some countries only at the end of the year for the recovery of the infections, and encouraged the progressive improvement of the results.

In view of the positive evolution of the contingent situation, during 2021, even in a context of uncertainty linked to the virus's resurgence in the winter period, the Directors formalized their forecasts of business evolution in the 2022-2024 Strategic Business Plan (hereinafter “Strategic Business Plan”). Which was approved by the Board of Directors on December 1, 2021, as indicated in Note 6 of the Explanatory Notes.

With regard to the conflict between Russia and Ukraine, the Directors indicate in the paragraph “Significant subsequent events after December 31, 2021” that they consider this event “*non-adjusting*”. In the same paragraph they describe, for information purposes, the results of sensitivity analysis carried out with reference to *the impairment test*, highlighting the underlying predictive uncertainties of these analysis.

In view of the significance of the effects of Covid-19 on the Group's business, the subjectivity of the estimates relating to the determination of cash flows of the cash generating units (CGU) to be verified and the key variables of the impairment test model, as well as the multiplicity and unpredictability of the factors that can influence the performance of the market in which the Group operates in the current context, we have considered the impairment test a key audit matter of the Group's consolidated Financial Statement Audit.

Audit procedures performed

As part of our audit we have, among others, carried out the following procedures, also with the support of experts:

- discussion with management in order to obtain information elements deemed useful in the circumstances regarding the structure of the impairment tests and of the Strategic Business Plan elaborated;
- reasonableness analysis of the main assumptions adopted by the Directors for the elaboration of the Strategic Business Plan, including financial provision sources and cash flow forecasts, also by external data analysis, such as forecasts of the future trend of macroeconomic and sector data;

- examination of the methods used by the management for determining the value of use of the CGU and analysis of the methods and assumptions used by the management for the development of impairment tests;
- understanding of the relevant controls carried out by the management of the Group in the impairment tests preparation process;
- assessment of the reasonableness of discount rates (WACC) and long-term growth rates (g-rates), by appropriate identification and observation of external sources usually used in practice and relevant data relating to the main comparables;
- verification of the mathematical accuracy of the model used for the determination value in use of the CGU;
- verification of the correct determination of the carrying amount of invested capital related to the CGU;
- verification of the sensitivity analysis prepared by the management.

Finally, we examined the adequacy of the information provided by the Group on impairment tests in Note 6 and, with reference to the potential future impact of tensions between Russia and Ukraine, in paragraph “Significant subsequent events after December 31, 2021”, and its compliance with the requirements of the applicable accounting standards.

Evaluation of inventories related to previous collections

Description of the key audit matter

As disclosed in *Note 17. Inventories*, the net value of inventories at the end of the year amounted to Euro 240,320 thousand. Inventories are accounted for net of a provision of Euro 27,053 thousand, considered appropriate by the Directors for the purposes of a prudent valuation of finished products from previous collections and raw materials no longer used. The provision has been accounted for in order to reflect the expected realizable value of inventories, on the basis of the Group estimates determined on the quantity of goods sold at a discount in the past, on the possibility of relocation of some products in the 2022 regular collections and on potential sales of such products through directly operated outlets.

In consideration of the materiality of the amount of inventories recorded in the financial statements, together with the relevance of the discretionary component inherent in the estimative nature of the provision, we deem that the valuation of the recoverable value of the inventories from previous collections and the related process of determining the provision is a key area for the audit of the Group’s consolidated financial statements.

Audit procedures performed

Our audit procedures included, among others, the following:

- understanding of the relevant procedures and controls adopted by the Management for the purpose of identifying and determining the correct assessment of the recoverable value of the inventories from previous collections;

- analysis of the reasonableness of the methods and assumptions used by the Management to identify the recoverable value of the inventories from previous collections;
- check of the completeness and accuracy of the database used by the Management for the calculation of the inventory write-down provision and check of its mathematical accuracy;
- comparison between the estimate of the inventory write-down provision recorded in the previous period with respect to what was subsequently observed and analysis of the nature of any difference, also in order to corroborate the effectiveness of the management estimate processes, even taking into account the peculiarities of the conjunctural situation;
- comparative analysis, in a historical series, for each collection and consequent independent development of estimates on the assessment of the recoverable value of inventories by analyzing the sales prices applied by the Group.

Finally, we have examined the completeness and the compliance of the information disclosed in the notes to the financial statements compared to the requirements of the applicable accounting standards.

Evaluation of the refund liability

Description of the key audit matter

As disclosed in Note 29. Accounts Payables, the Group accounted for a refund liability for Euro 36,146 thousand on the basis of the potential returns and credit notes to be issued arising from the trade agreements signed with customers, in particular with the franchising ones. For the estimate of the provision, the Group has made certain assumptions based on the quantity of goods returned in the past and their estimated realizable value. The analysis also took into consideration the changed reference context in which the Group's customers operate as a result of the Covid-19 pandemic.

In consideration of the materiality of the amount and the discretionary component present in the estimate of the refund liability, we deem that the valuation of this item is a key area for the audit of the Group's consolidated financial statements.

Audit procedures performed

Our audit procedures included, among others, the following:

- understanding of the relevant procedures and controls adopted by the Management for the purpose of identifying and determining the correct valuation of the refund liability;
- check of the completeness and accuracy of the database used by the Management for the calculation of the refund liability and check of its mathematical accuracy;

- analysis, on a sample basis, of the commercial agreements in place in order to ascertain that the relative terms and conditions have been correctly considered by the Management to determine the refund liability;
- comparison between the estimate of the refund liability in the previous period compared to what was subsequently finalized and analysis of the nature of any difference, also in order to corroborate the effectiveness of the Management estimate processes, even taking into account the peculiarities of the conjunctural situation;
- analysis of the sales trend after year-end in order to obtain an indication of the adequacy of the estimates made by the Management.

Finally, we have examined the completeness and the compliance of the information disclosed in the notes to the financial statements compared to the requirements of the applicable accounting standards.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Geox S.p.A. has appointed us on May 6, 2013 as auditors of the Company for the years from December 31, 2013 to December 31, 2021.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815**

The Directors of Geox S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the “Delegated Regulation”) to the consolidated financial statements, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements have been prepared in XHTML format and have been marked up, in all material respects, in accordance with the provisions of the Delegated Regulation.

Opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Geox S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and the ownership structure of Geox Group as at December 31, 2021, including their consistency with the related consolidated financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and the ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98, with the consolidated financial statements of Geox Group as at December 31, 2021 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and some specific information contained in the report on corporate governance and the ownership structure are consistent with the consolidated financial statements of Geox Group as at December 31, 2021 and is prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

Statement pursuant to art. 4 of the Consob Regulation for the implementation of Legislative Decree 30 December 2016, no. 254

The Directors of Geox S.p.A. are responsible for the preparation of the non-financial statement pursuant to Legislative Decree 30 December 2016, no. 254.

We verified the approval by the Directors of the non-financial statement.

Pursuant to art. 3, paragraph 10 of Legislative Decree 30 December 2016, no. 254, this statement is subject of a separate attestation issued by other auditor.

DELOITTE & TOUCHE S.p.A.

Signed by
Alessandro Boaro
Partner

Udine, Italy
March 22, 2022

As disclosed by the Directors, the accompanying consolidated financial statements of Geox S.p.A. constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

Company's data and information for Shareholders

Registered office

Via Feltrina Centro, 16
31044 Biadene di Montebelluna (TV)

Legal data

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

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Documents for shareholders

www.geox.biz
(investor relations section)



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