PRESS RELEASE - FIRST HALF 2020 RESULTS[1]

SALES AT EURO 243.6 MILLION (-39.0%), DUE TO THE TEMPORARY STORE CLOSURES CAUSED BY THE COVID-19 EMERGENCY.

THE NETWORK OF DIRECTLY OPERATED STORES (DOS) IS CURRENTLY FULLY OPERATIONAL. PERFORMANCE IS GRADUALLY RECOVERING, WITH SALES IN DIRECTLY OPERATED STORES RETURNING TO GROWTH IN AUGUST THANKS TO THE START OF THE SUMMER SALES.

THE E-COMMERCE CHANNEL CONTINUES TO RECORD STRONG GROWTH: +40% SINCE THE BEGINNING OF THE YEAR (+59% IN THE SECOND QUARTER ALONE), ALSO THANKS TO THE ACQUISITION OF NEW CUSTOMERS.

AS AT 30 JUNE, THE DIGITAL CHANNEL (DIRECT AND INDIRECT) REPRESENTED AROUND ONE QUARTER OF THE GROUP'S TOTAL REVENUES, WITH GOOD LEVELS OF PROFITABILITY.

THE DIGITAL TRANSFORMATION OF THE BUSINESS MODEL IS GATHERING SPEED, AIMED AT PERFECTLY INTEGRATING BOTH PHYSICAL AND DIGITAL CHANNELS WITH AN INCREASINGLY OMNICHANNEL APPROACH.

ADJUSTED EBIT[2] AMOUNTED TO EURO – 70.6 MILLION, REFLECTING THE FACT THAT SALES PRACTICALLY HALTED IN THE SECOND QUARTER DUE TO THE LOCKDOWN AND INCLUDING AN EXTRAORDINARY INVENTORY WRITE-DOWN (15 MILLION).

SIGNIFICANT COST REDUCTION (-15% COMPARED WITH THE PREVIOUS YEAR).

THE GROUP'S BALANCE SHEET AND FINANCIAL POSITION IS SOLID AND, THANKS TO THE ACTIONS TAKEN, IT HAS BEEN ABLE TO KEEP ITS LEVEL OF DEBT UNDER CLOSE CONTROL DESPITE THE EFFECTS OF THE PANDEMIC. THE NET FINANCIAL POSITION AT 30 JUNE 2020 (PRE IFRS 16) AMOUNTS TO EURO - 88.8 MILLION (EURO - 30.8 MILLION AT 30 JUNE 2019). CASH WAS GENERATED IN JULY AND AUGUST THANKS TO THE SUMMER SALES PERFORMING WELL AND PAYMENTS BEING SUCCESSFULLY COLLECTED FROM CLIENTS.

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[1] For a comprehensive overview of the context caused by the COVID-19 pandemic, please refer to the press release published on 30 July regarding the preliminary sales figures for the first half of 2020.
[2] Before the restructuring expenses and impairment for Euro 13.3 million.

Biadene di Montebelluna, 17 September 2020 – Geox S.p.A., a leading brand in classic and casual footwear, listed on the Milan Stock Exchange (GEO.MI), today approved its consolidated results at 30 June 2020.

Mario Moretti Polegato, Chairman and founder of Geox, commented: “The COVID-19 pandemic has had, and continues to have, significant health, economic and social repercussions on a global scale.
Right from the start of the emergency, Geox has faced these exceptional circumstances, first and foremost, by safeguarding the health of its people and by adopting all the necessary measures to protect them.
P&L results in the first half of this extremely abnormal year were substantially affected by the temporary global lockdown and changes in consumer behaviour, which will increasingly define the foreseeable future.
For this very reason, Geox immediately created an international team both to manage the present situation and to define actions and plans aimed at best facing and anticipating the upcoming challenges.
Despite the strict cost cutting measures implemented during the period (-15%), figures at the end of June, with regard to P&L, have been affected by the drop in turnover (-39%) caused by the temporary closure of both Geox stores and our partners’ stores across the world for most of the second quarter; with regard to the balance sheet, the Group has confirmed its solid position, thanks to careful financial management and close control over working capital.
Since our stores reopened, we are seeing a gradual and continuous improvement in network performance, with figures finally returning to growth in August in the main European markets thanks to the summer sales.
The direct e-commerce channel remained fully operational throughout the first half of the year, recording +40% growth during the period and particularly positive performance in the second quarter (+59%). Solid growth is also continuing in this quarter, thanks also to the acquisition of new customers and the significant increase in sales for the children's range (+100% since the start of the year).
Geox’s online sales, included those made through the ‘e-tailers’ distributing our products, now account for one quarter of the Group's turnover, with good levels of profitability. These results confirm the strategic plan launched two years ago, when we in-sourced our e-commerce channel and then went on to make continuous and significant investments in IT and logistics to ensure constant improvement to the service offered to customers. Today, this performance is driving us to speed up along this path, in line with the ongoing changes in consumer behaviour, with the aim of building a more streamlined business model, based on the integration of physical and digital channels.
Along these lines, we recently announced an organisational review in North America, and we are also continuing to make significant investments in this direction. Our directly operated stores in Europe are perfectly integrated and we are now rolling out omnichannel services, such as the ‘endless aisle’, ‘click & collect’, ‘reserve in-store’ and ‘return in-store’, also in North America and, even more importantly, in the network of franchised stores.
Our goal is to define digitally driven customer service that is able to guarantee increasingly high-quality services and experiences, at the same time as allowing us to rationalise stores that do not share this new strategic importance and/or do not offer rent terms and conditions that are in line with the new scenario.
We are convinced that this approach, combined with our brand’s historical values, such as sustainability and people’s well-being (more relevant now than ever), will allow us to best meet the new needs and consumption habits of our increasingly selective customer base, at the same time as significantly improving the Group’s profitability profile.”

GEOX
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GROUP PERFORMANCE: SALES FIGURES

Consolidated sales in the first half of 2020 amounted to Euro 243.6 million, down 39.0% compared with the previous year (-39.0% at constant forex), affected by the spread of the Covid-19 pandemic.

Sales by distribution channel

(Thousands of Euro)	I half 2020	%	I half 2019	%	Var. %
Wholesale	**121,442**	**49.8%**	**185,765**	**46.5%**	**(34.6%)**
Franchising	17,818	7.3%	37,898	9.5%	(53.0%)
DOS*	104,358	42.8%	175,779	44.0%	(40.6%)
Geox Shops	**122,176**	**50.2%**	**213,677**	**53.5%**	**(42.8%)**
Net sales	**243,618**	**100.0%**	**399,442**	**100.0%**	**(39.0%)**

Sales generated by wholesale stores, representing 49.8% of Group revenues (46.5% in the first half of 2019), amounted to Euro 121.4 million (-34.6% at current forex, -34.7% at constant forex), compared with Euro 185.8 million in the first half of 2019. The trend during the first half of the year was fully down to the temporary closure of wholesale stores for approximately two months, which led our clients to: extend the sell-out period for the spring collection; postpone deliveries for the FW20 collection; request cancellations of part of the orders scheduled during the period of closure; drastically reduce stock replenishment for the SS20 collection. The Group also recorded fewer sales of stock from previous seasons.

Sales in the franchising channel, accounting for 7.3% of Group revenues, amounted to Euro 17.8 million, reporting a decline of 53.0% (-52.9% at constant forex), compared with Euro 37.9 million in the first half of 2019. Performance in the first half of the year was affected by the temporary closures (an average of 35% of franchised stores were temporarily closed during the period), by a negative timing effect regarding early deliveries of items from the FW20 collection (corresponding to around Euro 5 million), and by the reduction in the store network (around Euro 4 million, or 13%), down from 406 stores in June 2019 to 354 in June 2020.

Sales generated by directly operated stores (DOS), representing 42.8% of Group revenues, amounted to Euro 104.4 million, compared with Euro 175.8 million in the first half of 2019 (-40.6% at current forex, -40.7% at constant forex). Like-for-like sales at the end of June 2020 were equal to -41%, substantially in line with the overall trend for this channel (considering that there were no significant changes to the store network); this figure reflects the high percentage of stores that were temporarily closed during the first six months of the year (around 35%). As of today, all the Group's stores are operational again.
Since the stores reopened, performance is gradually recovering and returned to growth in August (thanks to the summer sales in the main European markets). To date (week 37), like-for-like sales in directly operated stores amount to -33%.

The Group's direct e-commerce channel continues to record significant growth: +40% compared with the end of June 2019 (+21% in the first quarter and +59% in the second quarter). Particularly positive performance was recorded in April (+102%) and May (+167%), coinciding with the most severe phase of the lockdown; performance in June, on the other hand, albeit still positive (+12%), was affected by the reopening of stores absorbing some of the sales. Performance in July and August was also very good.

Sales by region

(Thousands of Euro)	I half 2020	%	I half 2019	%	Var. %
Italy	59,932	24.6%	116,221	29.1%	(48.4%)
Europe (*)	113,796	46.7%	174,846	43.8%	(34.9%)
North America	11,768	4.8%	22,053	5.5%	(46.6%)
Other countries	58,122	23.9%	86,322	21.6%	(32.7%)
Net sales	**243,618**	**100.0%**	**399,442**	**100.0%**	**(39.0%)**

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

Sales generated in Italy, representing 24.6% of Group revenues (29% in the first half of 2019), amounted to Euro 59.9 million, compared with Euro 116.2 million in 2019. Performance in Italy was more seriously affected by the Covid-19 emergency than in other European countries, as this was the first country in the area where the epidemic began to spread and is also the country where the Group has the highest number of stores (150 DOS and 108 franchises).
In this context, all channels have been affected by the emergency. Directly operated stores, which had recorded a positive start to the year, were affected by the temporary closures, recording a drop in sales for the first six months of the year in line with the Group figure. On average, approximately 41% of the DOS network was temporarily closed during the first half of the year. With regard to performance in the wholesale and franchising channels, on the other hand, the drop in sales was mainly down to the factors already described. In Italy, performance of the e-commerce channel was particularly impressive, recording +83% at the end of June 2020 (+33% at the end of March).

Sales generated in Europe, representing 46.7% of Group revenues (43.8% in the first half of 2019), amounted to Euro 113.8 million, compared to Euro 174.8 million in the first half of 2019, recording a decline of 34.9%, mainly due, as was the case for Italy, to the effects of the spread of the epidemic, which led to stores being temporarily closed from the second half of March.
After the year got off to a positive start (approximately +5%), sales generated by directly operated stores recorded a decline of around 37% for the first six months of 2020. On average, approximately 32% of the DOS network was temporarily closed during the first half of the year.
The direct e-commerce channel for the European market also recorded the same excellent trend (+35% at the end of June and +26% at the end of March). Lastly, with regard to the wholesale and franchising channels, performance has been negative but slightly better than on the Italian market, benefiting from the fact that deliveries to counterparties were brought forward (especially in Germany and Austria), which at least partly avoided the suspension of deliveries experienced in mid-March.

North America recorded a turnover of Euro 11.8 million, down 46.6% (-47.1% at constant forex). The period of closure was longer in the USA and Canada, starting from mid-March and lasting until mid-June. As of today, the entire network is now operational, with the exception of the store in New York, as mentioned above.
During the first half of the year, sales generated by directly operated stores were down by around 55% due to the lockdown, which caused 46% of the DOS network to close during the period.
Thanks to excellent performance in the second quarter, the e-commerce channel recorded 31% growth at the end of June (+6% at the end of March). The wholesale channel recorded a 22% drop in sales, performing better than the Group figure thanks to a favourable basis for comparison.

A 32.7% reduction in turnover was recorded in the Rest of the World compared with the first half of 2019 (-32.4% at constant forex), with a particularly different trend between the Asia Pacific area and Eastern Europe.

In China, Hong Kong and Macau, there was a particularly significant reduction in turnover (over 40%) due to the restrictions on people's mobility and the closure of stores at the end of January/start of February. Stores were reopened at the beginning of March, but with a strong reduction in footfall. From the beginning of April until mid-May, stores in Japan were temporarily closed, again following the containment measures imposed by the government to reduce the spread of the pandemic. Overall, sales generated by directly operated stores recorded around a 40% drop at the end of the first half of the year, with an average reduction in footfall of 55%. The situation in Hong Kong remains challenging, while signs of recovery can be seen in China, where LFL sales for directly operated stores increased from -50% in the first quarter to around -10% in the second quarter, thanks also to positive performance in June (+4%). While negative performance had been recorded by the direct e-commerce channel in the Asia Pacific area at the end of March (around -30%), this figure increased by 13% at the end of June thanks to excellent results in the second quarter.

With regard to Eastern Europe, a 28.6% decline in sales was recorded in this area during the first six months of the year. All directly operated stores temporarily closed towards the end of March, and then gradually reopened in June. Sales generated by directly operated stores stood at around -36%, a figure that was nonetheless better than the percentage of stores that were closed during the period (approximately 39%), reflecting the Group's good performance in this area. The e-commerce channel recorded very good performance (+132% compared with June 2019).

Sales by product category

(Thousands of Euro)	**I half 2020**	**%**	**I half 2019**	**%**	**Var. %**
Footwear	220,510	90.5%	364,251	91.2%	(39.5%)
Apparel	23,108	9.5%	35,191	8.8%	(34.3%)
Net sales	**243,618**	**100.0%**	**399,442**	**100.0%**	**(39.0%)**

Footwear sales represented 90.5% of consolidated sales, amounting to Euro 220.5 million, down 39.5% compared with the first half of 2019 (-39.5% at constant forex). Apparel sales represented 9.5% of consolidated sales, amounting to Euro 23.1 million compared with Euro 35.2 million in the first half of 2019 (-34.3% at current forex, -34.0% at constant forex).

Mono-brand store network - Geox shops

As of 30 June 2020, there was a total of 936 "Geox Shops", of which 450 DOS. During the first half of 2020, 13 new Geox Shops were opened and 51 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.

	30-06-2020		31-12-2019		1H 2020		
	Geox Shops	of which DOS	Geox Shops	of which DOS	Openings Net	Openings	Closures
Italy	258	150	272	148	(14)	-	(14)
Europe (*)	263	156	270	159	(7)	2	(9)
North America	32	32	37	37	(5)	-	(5)
Other Countries (**)	383	112	395	110	(12)	11	(23)
Total	**936**	**450**	**974**	**454**	**(38)**	**13**	**(51)**

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

(**) Includes existing stores in countries operating through licence agreement (equal to 132 stores at 30 June 2020 and 134 stores at 31 December 2019). Sales generated by the franchising channel do not include the stores in these countries.

Cost of sales and gross margin

The cost of sales was equal to 59.0% of sales, compared with the 49.1% recorded in the first half of 2019, producing a gross margin of 41.0% (50.9% in the first half of 2019).

Margin performance was particularly affected by an extraordinary inventory write-down equal to Euro 15.1 million, mainly linked to the SS20 collection, as a result of the excess stock caused by stores being closed during the lockdown. Net of this write-down, the margin would have been equal to 47.2%, down by approximately 370 basis points compared with 30 June 2019; this reduction is mainly due to three factors: (i) the lower contribution made by sales generated by the DOS channel following a long period of inactivity after the onset of COVID-19; (ii) the fact that stores were closed during the full-price period, meaning that the summer sales had a greater weighting during the first six months of the year and the average discount was therefore higher, despite a reduction in promotions compared with the same period in the previous year; (iii) a number of inefficiencies at Geox's production plant in Serbia, which came to light after production was halted in the second quarter due to COVID-19.

Operating expenses and EBIT

Total operating expenses (general and administrative costs, sales and distribution costs and advertising) amounted to Euro 170.5 million in the first half of the year compared with Euro 200.6 million in the first half of 2019, with a saving of approximately Euro 30 million (-15%).

In particular:
- Sales and distribution costs amounted to Euro 22.2 million, down slightly compared with last year (Euro 22.4 million in the first half of 2019). This result was achieved thanks to savings (6.1 million) deriving from the lower business volumes in the period, compensating for some non-standard provisions, equal to Euro 5.6 million, linked to credit exposure vis-à-vis a number of counterparties facing difficulties after their business was halted due to COVID-19;

- General and administrative expenses amounted to Euro 138.1 million, compared with Euro 165.1 million in the first half of 2019, down by approximately Euro 27 million. The reduction compared with last year is mainly down to the following factors:

(i) lower costs for directly operated stores (DOS) for Euro 14.1 million, thanks to the use of social 'safety nets' for staff (approximately Euro 7.3 million), more efficient working hours (Euro 3.6 million) and the renegotiation of a number of rental payments (Euro 3.2 million), only referring to contracts not falling within the scope of application of IFRS 16. With regard to rent renegotiations, it should be noted that the Group has not recorded further savings of Euro 1.4 million, relating to concessions signed by 30 June 2020 for contracts that fall within the scope of application of IFRS 16. These savings relating to the first half of the year, which amount to a total of Euro 4 million to date, will be accounted for in the second half of the year[3];

(ii) lower structural costs for Euro 7.0 million, of which Euro 5.8 million deriving from the use of social 'safety nets' for staff and Euro 1.2 million referring to the measures taken by the Group to improve efficiency;

(iii) lower transport costs for Euro 2.6 million as a result of less business activity during the period.

Advertising and promotion expenses amounted to Euro 10.2 million, down compared with the Euro 13.0 million recorded in the same period of the previous year. This reduction is substantially due to the fewer marketing initiatives during the period, as a result of the lockdown.

EBIT, before the net write-downs of fixed assets and restructuring costs (adjusted EBIT), amounted to Euro -70.6 million compared with Euro 2.8 million in the first half of 2019, mainly due to the effects of the reduction in sales.

Net write-downs of fixed assets[4]

As described above, the first half of the year was severely affected by the global spread of Covid-19, which represents an external impairment indicator due to its intensity and unpredictability. The result of the impairment test led to a net write-down equal to Euro 13.1 million, referring to 169 stores which have either been fully or partially written down.

Taxes and tax rate

Income taxes for the first half of 2020 are equal to Euro +6.0 million, compared with Euro -2.9 million in the first half of 2019.

It should be noted that the tax amount has been affected by the prudent choice not to make a provision for deferred tax assets equal to approximately Euro 15.2 million (Euro 2.5 million in the first half of 2019), while the new 2021-2023 business plan is being defined; these deferred tax assets refer to the tax losses generated in the first half of 2020 in relation to which, as at the date of this report, there is not reasonable certainty that sufficient taxable income will be generated in the future to recover them.

THE GROUP'S BALANCE SHEET AND FINANCIAL POSITION

The rationalisation measures taken, together with better than expected sales performance in directly operated stores, have allowed the Group to keep its net financial position under control, despite the exceptional circumstances; at 30 June 2020 (before IFRS 16), this amounted to Euro -88.8 million (Euro -30.8 million at 30 June 2019). It should be noted that the Group has made all payments to its supply chain on time and has not had to resort to suspending loan

[3] On 28 May 2020, the IASB published an amendment entitled 'Covid-19-Related Rent Concessions (Amendment to IFRS 16)'. This document states 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. Despite being applicable to financial statements starting from 1 June 2020, without prejudice to companies also being able to apply this to financial statements starting from 1 January 2020, **this amendment has still not been approved by the European Union** and has therefore not been applied by the Group as at 30 June 2020.
As at 30 June 2020, the Group was still negotiating with the main landlords with whom it holds operating leases. The rent reductions that have already been agreed upon to date or that will apply upon completion of the negotiations, **will be recorded in the second half of the year after the EU approves** the aforementioned amendment, applying the practical expedient. The rent payments that have not been recorded due to this principle not being applied are worth Euro 1.4 million (rent contracts already signed), while Euro 2.6 million refer to renegotiations that were completed but not yet signed with the landlords as at 30 June 2020.

[4] For further details, please refer to the explanatory notes in the half-yearly financial report at 30 June 2020.

repayments. The only exception to this was the suspension of rent payments for stores during the time they were closed (April and the first half of May) and the partial payment of rent during the second half of May and June after 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 course of action is to terminate the relative agreement if solutions cannot be found that reflect current market values. At 30 June 2020, unpaid rent amounted to Euro 12 million, referring exclusively to the second quarter (i.e. during the most severe phase of the lockdown).

The Group has 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.

Net operating working capital as a percentage of sales was equal to 34.3%, compared with 29.0% in the same period last year. This variation is mainly due to the reduction in turnover, given that working capital amounted to Euro 223.2 million, down compared with the Euro 235.5 million recorded in the first half of 2019.

The 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.

During the first half of the year, investments were made for a total of Euro 9.3 million, compared with Euro 12.5 million in the first half of 2019, mainly linked to the store restyling programme (Euro 4.9 million), aimed at improving performance, and IT investments (Euro 2.4 million).

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

Measures aimed at protecting the company's cash flow

The Group promptly implemented a significant and thorough plan to reduce future financial requirements.

These measures are designed to:

- postpone non-essential investments, such as store revamps or new openings. Overall, the investments initially planned for 2020, amounting to Euro 40 million, will be reduced by approximately Euro 15 million (-40%). Investments in digital infrastructure and the omnichannel approach, on the other hand, have been confirmed, as these are instrumental to the evolution of Geox's business model, with the aim of perfectly integrating physical and digital stores as well as the warehouses for the various channels;
- limit the increase in working capital. In this regard, Geox is working closely with its suppliers to reduce purchases for the upcoming autumn-winter collection by approximately Euro 40 million (-21%), compared with both initial forecasts and the previous year;
- offer clients a package of support measures and strengthen the partnership, aimed at encouraging the payment of receivables as well as defending and protecting the backlog of orders to be delivered for the spring-summer and autumn-winter collections. Generally speaking, receivables are nonetheless insured;
- carefully assess the strategy to release products to the distribution network, in order to reduce future purchases on the basis of the availability of products from the current season, given that the latter has effectively not been presented to the market; these products may be partly considered as a transition to

move towards the next autumn-winter collection (for which purchases have already been significantly reduced) and partly re-proposed as part of the 2021 spring-summer collection;

- renew the vendor financing programmes in place, aimed at extending payment terms with suppliers.

Measures aimed at reducing operating costs

Geox's management team believes that it is fundamentally important to react to these changing market conditions by implementing extremely decisive and appropriate measures to mitigate the negative effects of this scenario on the year's results. In particular, the Group is:

- obtaining and renegotiating substantial rent reductions for stores in the areas affected by the temporary closures and, subsequently, by the considerable drop in footfall;
- working towards making HR costs flexible in relation to the opening hours and turnover of each store. In particular, it is accessing the various forms of government aid and the measures to protect workers which were either already in place in the various countries or have been implemented by the various governments to address the current exceptional circumstances, such as the "cassa integrazione" *(fund to supplement earnings)* in Italy and the other measures provided for by foreign legal systems;
- postponing non-essential investments until a more favourable moment in time, including investments in advertising aimed at increasing in-store footfall;
- further analysing the profitability of the store network to assess additional rationalisation measures;
- carrying out an in-depth assessment into its geographical presence and the relationship between revenue performance and structural costs in the various areas, in order to be able to make all the appropriate decisions necessary to boost the Group's profitability profile;
- implementing all other strict cost control measures necessary to achieve significant rationalisation in order to free up resources for the most significant investments, while preparing to adjust the intensity of reorganisation processes based on the close monitoring of the situation as it evolves.

BUSINESS OUTLOOK

With regard to full-year performance estimates, the current situation and the uncertainties about how long the pandemic will last mean that it is extremely complex to make any kind of forecast. In particular, the effects of Covid-19 are once again being strongly felt in a number of countries, with measures to restrict people's mobility being reintroduced. Israel is the first country to opt for a new lockdown, while the situation also remains difficult in North America and India; in the east, Hungary has once again closed its borders and central Europe and the Balkans are recording high numbers of cases. France, Spain, Austria and Germany are also gradually introducing additional protective measures, such as the obligation to wear a mask in public. In this context, it is clear that the drop in in-store footfall and the reduction in tourism flows in Europe's major capitals are likely to continue, to a certain extent, until at least the end of the year.
To date (week 37), the third quarter is recording improved like-for-like sales performance compared with the previous quarters, equal to -13%, thanks especially to the boost given by the summer sales. In fact, since they reopened, performance in directly operated stores (DOS) has recorded a gradually improving trend, returning to growth in August. Positive results were also recorded in the first week of September, thanks to the good performance of the 'back to school' and 'back to work' ranges. However, the aforementioned events unfortunately penalised performance in the second week of September, which was characterised by worsening footfall, a return to negative LFL and stores starting to stock the winter collection, thereby reducing the promotional effects of the summer sales.
Despite this scenario, the second half of the year is nonetheless expected to perform better than the first, as long as there are no other sweeping lockdowns, with gross margins improving thanks to the contribution of full-price sales from the winter collection.

It should also be noted that the industry saw order collection for the autumn-winter season close early due to the lockdown, with the orders collected being subsequently reviewed in close collaboration with clients, in order to minimise the risk of cancellations. This has led the Group to reduce its purchases by 21% for the second half of the year, as already disclosed. This measure will help to keep working capital under control and to manage debt, although it will also inevitably affect sales to clients, making it all the more important to focus on in-season opportunities for stock replenishment, promotions before the official sales and selling stock from previous seasons. These opportunities were not present in the first half of the year due to the lockdown.

<u>SIGNIFICANT SUBSEQUENT EVENTS</u>

30 July 2020 - New loan agreement with SACE guarantee

On 30 July 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, agreed on a club-deal basis, has a maximum duration of 6 years, with a 24-month grace period and quarterly repayments.

9 September 2020 - Reorganisation in North America

On 9 September 2020, the Group announced a reorganisation plan for North America, aimed at defining a more streamlined and efficient business model. As of today, the need to accelerate in this direction has been made all the more urgent by the effects of Covid-19. The aim is to launch a business model as soon as possible that can meet the requirements of the “new normal”, with a view to implementing an exclusively omnichannel approach to distribution and operations; this model shall also redefine all points of contact and customer service from an economic, financial and strategic point of view. In fact, eight months after the start of the pandemic, in-store footfall in North America is still less than half that of previous levels, due to the lack of tourists in internationally oriented cities such as New York, Toronto and Vancouver, and given the specific structure of the distribution network in these countries, characterised by large shopping centres that have been particularly badly affected by restrictions on access and on people’s mobility. In this context, current rents, based on pre-COVID contracts, do not reflect the requirements of this new scenario and ongoing closed negotiations in these areas are only leading to short-term rent reductions.

Geox Group believes that the physical store network will continue to play a key strategic role in terms of enhancing the Brand's image, boosting recognition among end consumers and developing a profitable business guided by the needs and experience of the customers themselves. Stores will no longer simply represent the end point of the sale process, with customers completing their purchases at the cash desk; they will instead become real showrooms, developing their role in carefully selected local hubs, acting as a catalyst for a range of services and allowing customers to experience Geox products, at the same time as being perfectly integrated with the digital channel.

With this strategic approach in mind, the Group therefore intends to speed up its review of the distribution network in Canada, focusing on the direct e-commerce channel (+70% in 2019 and +104% in the first half of 2020), on the wholesale channel and on a selected number of directly operated stores (DOS), which are able to take on the strategic importance described above, thanks to their healthy business/financial position.

The actions taken in each country are described below.

- CANADA

On 08/09/2020, Geox Canada Inc., the company controlled indirectly by Geox S.p.A. that oversees the Group's distribution activity in Canada, opted for a business reorganisation process, as provided for by Canadian legislation (BIA, §50(1)), known as *‘Notice of Intention to make a proposal’ (‘NoI’)*. The NoI procedure is expected to be completed in a relatively short amount of time and, in any case, within six months.

This initiative is aimed at accelerating and strengthening the negotiation and rationalization process already launched over recent months, favouring the termination of rent contracts that are no longer deemed profitable and strategic and for which renegotiations have not produced the expected results. This approach confirms the Group's firm commitment to terminate contracts should reasonable solutions not be reached given the current context.

Geox is present in Canada with around 30 DOS and, in 2019, it generated total sales of approximately Euro 32.7 million in the area, with an operating loss (EBIT) of Euro 4.6 million. In the first half of 2020, following the pandemic, revenues amounted to Euro 7.2 million (down 54% compared with the first half of 2019), with an operating loss (EBIT) of Euro - 4.5 million[5]. The plan is to return to break-even in the medium term, by focusing on fewer stores with high levels of turnover and footfall, with a network that is perfectly integrated with the e-commerce channel. The final number of stores in the network will depend on the new negotiations with the store landlords, although there will be more than the seven closures already announced.

- USA

With regard to the US market, the Group has already considerably reduced its direct retail presence, given the difficulty in negotiating new contractual conditions for store rents with the relative landlords, in order to reflect today's difficult operating conditions (footfall has dropped by over 50% compared with last year). As a result, Geox currently has one directly operated store in Florida. However, the Group has not ruled out the possibility of reviewing its network of physical stores in the country again and may also expand should location opportunities arise that are deemed to be strategic and economically consistent with the new scenario. The directly managed e-commerce channel, on the other hand, remains fully operational, as does the wholesale channel.

In 2019, the Group generated a total turnover of Euro 13.5 million in the USA, recording an operating loss (EBIT) of Euro - 5.5 million. In the first half of 2020, revenues amounted to Euro 4.5 million (down 29% compared with the first half of 2019), with an operating loss (EBIT) of Euro - 2.8 million[5]. The plan is to return to break-even in the medium term.

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[5] Management figures provided as input to the consolidated financial statements, not audited

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

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

FOR MORE INFORMATION

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GEOX GROUP

Geox Group operates in the classic and casual footwear sector for men, women and children, with a medium/high price level, and in the apparel sector. The success of Geox is due to the constant focus on the application of innovative solutions and technologies on the product that guarantee both impermeability and breathability.
Geox is one of the leading brands in the "International Branded Casual Footwear Market". Geox technology is protected by 40 different patents and by 25 more recent patent applications.

DISCLAIMER

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

ANNEXES

- Consolidated income statement
- Reclassified Consolidated balance sheet
- Reclassified Consolidated cash flow statement

2020 and 2019 results are reported under IAS/IFRS. Fiscal year 2019 results have been audited, while the first half 2020 and the first half 2019 have not been fully audited. Consolidated balance sheet and cash flow statement are reclassified with statements normally used by management and investors to assess the Group's results. The afore-mentioned reclassified financial statements do not meet the presentation standards set down by the IFRS and thus are not to be considered a replacement. However, since their contents are the same, they can be easily reconciled with those envisaged by the International Accounting Standards.

CONSOLIDATED INCOME STATEMENT

(Thousands of Euro)	I half 2020	%	I half 2019	%	2019	%
Net sales	**243,618**	**100.0%**	**399,442**	**100.0%**	**805,858**	**100.0%**
Cost of sales	(143,789)	(59.0%)	(196,114)	(49.1%)	(407,030)	(50.5%)
Gross profit	**99,829**	**41.0%**	**203,328**	**50.9%**	**398,828**	**49.5%**
Selling and distribution costs	(22,170)	(9.1%)	(22,428)	(5.6%)	(44,181)	(5.5%)
General and administrative expenses	(138,103)	(56.7%)	(165,137)	(41.3%)	(331,581)	(41.1%)
Advertising and promotion	(10,198)	(4.2%)	(12,987)	(3.3%)	(26,177)	(3.2%)
Operating result	**(70,642)**	**(29.0%)**	**2,776**	**0.7%**	**(3,111)**	**(0.4%)**
Restructuring charges	(151)	(0.1%)	-	0.0%	(3,245)	(0.4%)
Net asset impairment	(13,142)	(5.4%)	-	0.0%	(9,367)	(1.2%)
EBIT	**(83,935)**	**(34.5%)**	**2,776**	**0.7%**	**(15,723)**	**(2.0%)**
Net financial expenses	(4,032)	(1.7%)	(4,901)	(1.2%)	(8,607)	(1.1%)
PBT	**(87,967)**	**(36.1%)**	**(2,125)**	**(0.5%)**	**(24,330)**	**(3.0%)**
Income tax	6,027	2.5%	(2,858)	(0.7%)	(429)	(0.1%)
Net result	**(81,940)**	**(33.6%)**	**(4,983)**	**(1.2%)**	**(24,759)**	**(3.1%)**
EBITDA	**(20,616)**	**(8.5%)**	**54,031**	**13.5%**	**96,252**	**11.9%**
EBITDA excl. IFRS 16	**(54,370)**	**(22.3%)**	**18,669**	**4.7%**	**25,222**	**3.1%**

EBITDA reconciliation:

EBIT	(83,935)	2,776	(15,723)
D&A tangible and intangible assets	16,524	17,081	33,844
Impairment (no IFRS 16)	1,926	-	9,367
D&A Right-of-use	33,653	34,174	68,764
Impairment Right-of-use	11,216	-	-
EBITDA	**(20,616)**	**54,031**	**96,252**
Rent under IFRS 16	(33,754)	(35,362)	(71,030)
EBITDA excl. IFRS 16	**(54,370)**	**18,669**	**25,222**

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

RECLASSIFIED CONSOLIDATED BALANCE SHEET

(Thousands of Euro)	June 30, 2020	Dec. 31, 2019	June 30, 2019
Intangible assets	38,565	44,131	47,156
Property, plant and equipment	57,281	61,231	64,227
Right-of-use assets	255,919	298,685	312,976
Other non-current assets - net	45,953	40,774	36,410
Total non-current assets	**397,718**	**444,821**	**460,769**
Net operating working capital	**223,243**	**182,721**	**235,450**
Other current assets (liabilities), net	**(16,251)**	**(21,899)**	**(16,753)**
Net invested capital	**604,710**	**605,643**	**679,466**
Equity	**224,042**	**302,698**	**326,596**
Provisions for severance indemnities, liabilities and charges	**7,834**	**8,114**	**8,429**
Net financial position	88,808	(6,553)	30,783
Lease liabilities	284,026	301,384	313,658
Total net financial position	**372,834**	**294,831**	**344,441**
Net invested capital	**604,710**	**605,643**	**679,466**

OPERATING WORKING CAPITAL AND OTHER CURRENT ASSETS (LIABILITIES)

(Thousands of Euro)	June 30, 2020	Dec. 31, 2019	June 30, 2019
Inventories	286,507	284,589	292,408
Accounts receivable	117,596	122,178	148,582
Trade payables	(180,860)	(224,046)	(205,540)
Net operating working capital	**223,243**	**182,721**	**235,450**
% of sales for the last 12 months	***34.3%***	***22.7%***	***29.0%***
Taxes payable	(10,702)	(10,502)	(9,538)
Other non-financial current assets	27,938	23,458	28,468
Other non-financial current liabilities	(33,487)	(34,855)	(35,683)
Other current assets (liabilities), net	**(16,251)**	**(21,899)**	**(16,753)**

GEOX
RESPIRA

RECLASSIFIED CONSOLIDATED CASH FLOW STATEMENT

(Thousands of Euro)	I half 2020	I half 2019	2019
Net result	**(81,940)**	**(4,983)**	**(24,759)**
Depreciation, amortization and impairment	63,320	51,255	111,975
Other non-cash items	19,399	3,980	2,001
	779	**50,252**	**89,217**
Change in net working capital	(68,639)	(22,149)	31,115
Change in other current assets/liabilities	(1,855)	(1,213)	284
Cash flow from operations	**(69,715)**	**26,890**	**120,616**
Capital expenditure	(9,325)	(12,517)	(33,383)
Disposals	221	311	1,204
Net capital expenditure	**(9,104)**	**(12,206)**	**(32,179)**
Free cash flow	**(78,819)**	**14,684**	**88,437**
Increase in right-of-use assets	**(4,878)**	**(20,263)**	**(39,751)**
Treasury shares	**0**	**(685)**	**(5,051)**
Dividends	**0**	**(6,480)**	**(6,480)**
Change in net financial position	**(83,697)**	**(12,744)**	**37,155**
Initial net financial position - prior to fair value adjustment of derivatives	**(296,020)**	**(332,742)**	**(332,742)**
Change in net financial position	(83,697)	(12,744)	37,155
Translation differences	965	295	(433)
Final net financial position - prior to fair value adjustment of derivatives	**(378,752)**	**(345,191)**	**(296,020)**
Fair value adjustment of derivatives	5,918	750	1,189
Final net financial position	**(372,834)**	**(344,441)**	**(294,831)**

CAPEX

(Thousands of Euro)	I half 2020	I half 2019	2019
Trademarks and patents	159	140	615
Opening and restructuring of Geox Shop	4,880	8,561	17,513
Production plant	51	190	377
Industrial plant and equipment	1,047	1,235	2,933
Logistic	430	195	2,262
Information technology	2,371	1,564	8,156
Offices furniture, warehouse and fittings	387	632	1,527
Total cash capex	**9,325**	**12,517**	**33,383**
Right-of-Use	4,878	20,263	39,751
Total capex	**14,203**	**32,780**	**73,134**