GEOX RESPIRA

PRESS RELEASE

GEOX S.P.A. SHAREHOLDERS' MEETING 2020

- **FINANCIAL STATEMENTS AT 31 DECEMBER 2019 APPROVED**
- **SECTIONS I AND II OF THE REMUNERATION REPORT, PURSUANT TO ART. 123-TER OF THE TUF, APPROVED**
- **RESOLUTION PASSED TO REDUCE THE NUMBER OF MEMBERS OF THE BOARD OF DIRECTORS FROM TEN TO NINE**
- **AUTHORISATION WITHDRAWN TO PURCHASE AND MAKE TREASURY SHARES AVAILABLE**

Biadene di Montebelluna, 22 April 2020 – The Ordinary Shareholders' Meeting of Geox S.p.A., a leading brand in classic and casual footwear, listed on the Milan Stock Exchange (GEO.MI), was held today, via means of telecommunication in accordance with Art. 106 of Italian Decree Law no. 18/2020 (the so-called "Cure Italy" decree).

Please find below the resolutions passed by the Shareholders' Meeting held today:

FINANCIAL STATEMENTS OF GEOX GROUP AND THE PARENT COMPANY GEOX S.P.A.

The Shareholders' Meeting examined the Financial Statements of Geox Group and approved the Financial Statements of the Parent Company Geox S.p.A.

In 2019, Geox Group reported the following results:

- Net sales: € 805.9 million (€ 827.2 million in 2018)
- Adjusted EBIT[1] : - € 3.0 million (€ 15.2 million in 2018)
- Net result: - € 24.8 million (- € 5.3 million 2018)
- Net Financial Position (before IFRS 16): + € 6.6 million (+ € 2.3 million in 2018)

With regard to the parent company, revenues were equal to Euro 548.5 million, compared to Euro 582.7 million in 2018. In 2019, a loss of Euro 33.6 million was recorded, Euro 25 million of which refers to the write-down of equity investments of a number of foreign subsidiaries. In 2018, the Company recorded a loss of Euro 6.9 million.

Shareholders' equity at 31 December 2019 amounted to Euro 308.5 million compared to Euro 355.5 million at the end of 2018, with a positive net financial position of Euro 17.9 million, excluding the effects of IFRS 16 (Euro 31.1 million at 31 December 2018).

The Shareholders' Meeting approved the proposal to write off the loss recorded in 2019 by using the extraordinary reserve.

REMUNERATION REPORT

The Shareholders' Meeting approved the Remuneration Report pursuant to Art. 123-ter, paragraphs 3-ter and 6, of Italian Legislative Decree no. 58/98 and subsequent amendments.

REDUCTION IN THE NUMBER OF DIRECTORS FROM TEN TO NINE, PURSUANT TO ART. 17 OF THE COMPANY'S ARTICLES OF ASSOCIATION

The Shareholders' Meeting approved the proposal to reduce the number of directors from ten to nine, pursuant to Art. 17 of the Articles of Association.

[1] Excludes IFRS 16 impact and non-recurring restructuring costs.

AUTHORISATION TO PURCHASE AND MAKE TREASURY SHARES AVAILABLE, PURSUANT TO ARTICLES 2357 AND 2357-TER OF THE ITALIAN CIVIL CODE

The Shareholders' Meeting decided not to grant authorisation for a new plan to purchase and make treasury shares available. This vote is in line with the desire to proceed in this direction, as described by the Chief Executive Officer, on behalf of the entire Board of Directors, as part of the discussion held during the Shareholders' Meeting. The aim of this approach is to safeguard the possibility of accessing the financing provided for by the so-called "Liquidity Decree" (Italian Decree Law no. 23/2020), which came into force on 9 April (after the meeting agenda had been defined for the notice of call for the Shareholders' Meeting, published on 23 March 2020).

The provisions contained in this Decree (Art.1, paragraph 2, point i) expressly state that "*the company that benefits from the guarantee, as well as all other companies based in Italy belonging to the same Group as said company, shall undertake not to approve [...] the buy-back of shares during 2020*".

The Shareholders' Meeting agreed with and accepted this proposal and passed the relative resolution accordingly.

The Company hereby declares that, as of today, it holds 3,996,250 treasury shares and that it has not made any purchases during 2020.

following Board of Directors' Press Release

BOARD OF DIRECTORS OF GEOX S.P.A.

- **REFINANCING OF A COMPANY WELFARE PLAN FOCUSING ON PEOPLE, FAMILIES AND SAFETY**
- **NET FINANCIAL POSITION ASSESSED**

Biadene di Montebelluna, 22 April 2020 – Today, after the Shareholders' Meeting came to a close, a meeting of the Board of Directors of Geox S.p.A. was held.

Mario Moretti Polegato, Chairman and Founder of Geox, commented, "As the Group's main investor, I would like to express my full support for the strategy described by the management and for the work being done. It is important to remember that many things have changed throughout Geox's history, and continue to do so. I'm referring in particular to the markets, strategies and consumers. Remaining faithful to its history, Geox is taking on this new path with determination, confidence and clarity of mind. The current health emergency requires the necessary patience to get through this unusual time; I remain convinced that, with everyone's support, we'll get through this phase and I'm positive about the medium-term prospects for our sector and for Geox."

The Board of Directors of Geox S.p.A. has:

- approved the fact that the Chief Executive Officer and executives with strategic responsibilities would renounce all variable fees for 2020. This renouncement is part of a broader plan involving the company's entire management team. The company is attempting to mitigate the impacts of the temporary store closures through an important plan to reduce costs. In particular, it is making use of state support to protect workers, as provided for by various laws in Italy and abroad.
  In this context, the company's managers, right from the start of the emergency and especially after the decision to resort to the "cassa integrazione" (an Italian fund to supplement earnings), decided, on a weekly basis, to reduce their fixed pay by 20% and to donate at least one day of unused holiday until business resumes. In addition, there is also the optional decision, also for management, to renounce all variable fees for 2020. These savings will go towards setting up a fund that will be used to refinance the company's existing **Welfare Plan** which, given the expected results, would not otherwise be operational, also managing to increase it and focus it on health, safety and families (in particular: children, parents, grandparents, babysitters, assistance, mortgage payment, purchase of computers and school materials), as well as extending it to store staff. At such a difficult time, this is a sign of solidarity and care for co-workers in Italy. The Welfare Plan has been discussed with trade unions and complies with legal provisions;
- discussed and confirmed, in line with the information presented during the Shareholders' Meeting, that it would not purchase any treasury shares during 2020;
- assessed the performance of the net financial position given the continuing temporary closure of stores. This was still in line with the figure in mid-April 2019. The industry, however, is characterised by significant seasonality, meaning that cash is normally absorbed during the first and third quarters, after paying suppliers for finished products, and is then generated during the second and fourth quarters, after receiving payments from clients and sales in mono-brand stores. The COVID-19 emergency will lead to a significant one-off absorption of cash, in addition to the aforementioned seasonality effect. In particular, the temporary closure of stores and the slowdown in receiving payments from wholesale and franchising clients is leading the entire sector to face a temporary negative cash flow during the second quarter. This is caused by the abnormal increase in working capital as a result of the lack of takings from stores, unsold stock and unpaid receivables.
  The Group has shareholders' equity of Euro 305 million and closed 2019 with a positive net financial position of approximately Euro 6 million (before IFRS 16), thanks to the strong optimisation of working capital which had recorded its best performance of recent years, representing 22.7% of sales. In this context, the Company has significant lines of credit available and is also actively negotiating for them to be increased further and extended, with the aim of adjusting their composition in terms of duration (short, medium and long term), to reflect the new requirements brought about by this situation. The objective is to efficiently manage the payment of receivables (generally insured), while safeguarding relationships with clients, and to manage the excess, unsold stock from 2020 in a profitable way over an 18-24 month period, by including new and ongoing models in future collections and selling the remainder through the network of outlets and promotional channels, thereby avoiding significant impacts on margin performance and brand reputation.

Please also be reminded that a Board of Directors meeting will be held on 7 May to approve sales figures from the first quarter of 2020. Following this Board of Directors meeting, the normal conference call will be held with the financial community.

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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.

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