

CHAPTER 2

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The chapters "Legal Disclosures" (pp. 202–205) and "Additional Disclosures on the EU Taxonomy" (pp. 286–288) are also part of the Combined Management Report.

BUSINESS ACTIVITIES AND GROUP STRUCTURE

Leading global fashion and lifestyle company with premium positioning

Portfolio strategy with two unique brands – BOSS and HUGO

Strong global footprint with ~8,000 points of sale and >70 digital markets

Business activities

HUGO BOSS AT A GLANCE



4.2

Sales (EUR billion)



~19,000

Employees¹



131

Countries

¹ Full-time equivalents (FTE).

HUGO BOSS, headquartered in Metzingen (Germany), is a leading **global fashion and lifestyle company** in the premium segment, offering a comprehensive range of high-quality women's and men's apparel, shoes, and accessories. The Company pursues a portfolio strategy, with the HUGO BOSS platform currently consisting of two globally renowned brands – **BOSS** and **HUGO**. Both brands are clearly distinguished by individual characteristics. At the same time, they share equally high standards in terms of quality, innovation, and sustainability, while ensuring that consumers are perfectly dressed 24/7 and for every occasion. Our **"CLAIM 5" growth strategy** is closely linked to our vision of being the leading premium tech-driven fashion platform worldwide and our ambition of becoming one of the top 100 global brands. Key to the successful execution of "CLAIM 5" is the passion and commitment of our around 19,000 employees worldwide (2022: around 17,000). In fiscal year 2023, HUGO BOSS generated record sales of EUR 4.2 billion (2022: EUR 3.7 billion), thus surpassing the EUR 4 billion threshold for the first time in the Company's history. > **Group Strategy**

PORTFOLIO STRATEGY OF HUGO BOSS



With **BOSS**, we are addressing consumers who lead a self-determined life, show a clear attitude, and pursue ambitions with determination, embodying the motto – **"Be your own BOSS."** As a 24/7 lifestyle brand, BOSS offers the perfect outfit for every occasion – from the office and formal occasions to leisure and sport. In this context, the brand covers all wearing occasions, operating four clearly distinguishable brand lines. The largest brand line, BOSS Black, focuses on the brand's modern tailoring offering as well as smart casualwear. At the same time, BOSS Camel serves an even more exclusive product assortment by focusing on the brand's high-end tailoring heritage. Casualwear products are largely offered under the BOSS Orange brand line, while BOSS Green puts a strong emphasis on athleisurewear, dressing consumers for an active lifestyle. Further strengthening its casualwear offering, which BOSS has gradually expanded in recent years, remains a key focus area, primarily intended to attract new, younger customers. At the same time, BOSS is committed to continue dominating formalwear by driving innovation in this segment and offering a superior price-value proposition.

HUGO targets consumers who consider their way of dressing as an expression of their individual personality – clearly representing the motto **"HUGO your way."** HUGO focuses on a broad range of both commercial and contemporary products, reflecting the brand's authentic and unconventional style while ensuring customers a stylish appearance in every situation. In this context, HUGO introduced its new HUGO BLUE brand line, which is putting a strong emphasis on seizing business opportunities in denimwear, with the first products being launched in early 2024. At the same time, the existing product range will be available under HUGO RED from now on, placing a strong focus on street tailoring. > Group Strategy, "Product is Key"

In addition to a broad range of best-selling products and our **seasonal BOSS and HUGO collections**, inspiring capsule collections and high-impact collaborations with well-known brands and personalities increase the relevance of BOSS and HUGO. By doing so, we aim to appeal primarily to a younger audience, above all millennials with BOSS and the Gen Z at HUGO, which is of particular relevance for the premium apparel industry. To drive brand heat, boost brand awareness, and activate fans around the globe, we are pursuing two clearly distinguished **marketing strategies**, with a strong focus on social media. In this context, we are putting a particular emphasis on both global star-studded campaigns as well as exciting brand events.

> Group Strategy, "Boost Brands," "Product is Key"

Design and development of our brands' collections is mainly carried out at the Group's headquarter in Metzingen (Germany), while the development centers in Coldrerio (Switzerland) and Morrovalle (Italy) are responsible for specific product groups. In addition, we have granted **licenses** for the development and distribution of products including fragrances, eyewear, watches, children's fashion, as well as newly introduced lifestyle categories such as equestrian and cycling. To increase speed-to-market capabilities and shorten the product development process, products at HUGO BOSS are meanwhile predominantly developed digitally.

> **Product Development and Innovation**

In fiscal year 2023, HUGO BOSS produced 17% of its total sourcing volume at its own facilities (2022: 14%). Our five **own production sites** are all located in Europe, with Izmir (Turkey) accounting for the vast majority of it. As part of "CLAIM 5," already in 2022, we significantly expanded our capacities at this site by further strengthening the production of casualwear. In 2023, 83% of the global sourcing volume was sourced from **external contract suppliers** or procured as **merchandise** (2022: 86%). Partner operations are mainly located in Asia and Europe. > **Sourcing and Production**











Digitalization represents a key enabler for implementing our Company's vision of being the leading premium tech-driven fashion platform worldwide. In order to exploit the full potential in the digital sphere, within our strategic claim "Lead in Digital" we anchored a strong commitment to further driving the **digitalization of our business activities** along the entire value chain. This includes all relevant areas from digital trend detection and product creation to AI-enabled pricing, digital showrooms, and innovative experiences in the metaverse. The **HUGO BOSS Digital Campus** is thereby at the heart of our digital activities, aiming at further expanding our digital analytics capabilities, strengthening our global online activities, and driving meaningful insights and efficiencies along our value chain. With regards to the latter, 2023 saw the launch of our important Digital TWIN initiative, a tech-driven business operations platform, which is intended to further increase the flexibility and transparency of our supply chain. > **Group Strategy, "Lead in Digital," "Organize for Growth"**

At HUGO BOSS, we are committed to protecting our planet and ensuring a livable future for the generations to come. Consequently, we attribute high importance to **sustainability**, a cause that is essential to our Company's corporate responsibility and ongoing business activities. Our sustainability strategy aims at making a vital contribution to a planet free of waste and pollution. At the same time, we aim at maintaining the high quality and durability of our products, while ensuring that they are produced with social and environmental responsibility at all times. Our **ambitious sustainability targets** thus represent an integral part of our business and are firmly anchored in our "CLAIM 5" strategy. With our clear commitment to sustainability, we put consumers and their high expectations with regard to sustainability at the core of all business activities. > **Sustainability**

The product offering of BOSS and HUGO is distributed across a total of **131 countries** (2022: 132 countries). Our distribution activities are split into **three sales regions**. EMEA, which includes Europe, the Middle East, and Africa, represents by far the largest region in terms of sales with a share of 61% in 2023 (2022: 63%). The Americas and Asia/Pacific account for 23% and 14% of Group sales (2022: 22% and 13%), respectively, while the remaining 2% are generated within our licensing business (2022: 3%). > **Earnings Development, Sales and Earnings Development of the Business Segments**

To fully leverage brand power across all points of sale, we continue to optimize our distribution structure as part of "CLAIM 5." In this context, we particularly strive at fully leveraging our high-quality channel mix to ensure a **seamless brand experience across all consumer touchpoints**. The distribution of BOSS and HUGO thus ranges from brick-and-mortar retail and brick-and-mortar wholesale to the digital channel.

HUGO BOSS OMNICHANNEL DISTRIBUTION

| Brick-and-mortar retail | Brick-and-mortar wholesale | Digital |  EXPLORE ONLINE |
|--|---|---|---|
|  Freestanding stores Self-operated full-price stores in prime locations |  Multi-brand points of sale General selling space in multi-brand stores |  Online store hugoboss.com Digital flagship store with separate brand environments for BOSS and HUGO | |
|  Shop-in-shops Self-operated full-price shops on retail space of partners |  Shop-in-shops BOSS and HUGO shops operated by partners |  Partnerships with online retailers Own distribution on multi-brand platforms via the concession model | |
|  Factory outlets Sale of prior season's merchandise in specialist stores in high-traffic peripheral zones |  Franchise business Full-price BOSS and HUGO stores operated by partners |  Online distribution via partners Online distribution of BOSS and HUGO by partners | |

In 2023, our **brick-and-mortar retail business** accounted for 54% of Group sales (2022: 55%). At year-end, we operated **489 freestanding retail stores** globally (2022: 470). In order to exploit the full potential of our brick-and-mortar retail business, we aim to further improve the productivity of our existing store network, which currently stands at 12,400 EUR per sq m, while also selectively expanding it across key markets. The former also includes the rollout of our latest store concepts for BOSS and HUGO, which are aimed at further enhancing the customer experience. In addition, we are running factory outlets as well as self-managed shop-in-shops in department stores as part of the concession model. In total, we operated **1,418 own brick-and-mortar points of sale** at year-end (2022: 1,316), with a variety of omnichannel services closely linking brick-and-mortar retail with our own online business.

Our **brick-and-mortar wholesale business** accounted for 25% of Group sales in the past fiscal year (2022: 25%). While department stores and specialist retailers sell BOSS and HUGO products either in separate shop-in-shops or in a multi-brand environment, franchise partners operate freestanding stores independently, primarily in emerging markets not served by our own retail business. As part of "CLAIM 5," further strengthening our global franchise business remains a focus area also going forward. In total, our wholesale business includes **around 6,400 brick-and-mortar points of sale**, including around 350 freestanding stores managed by franchise partners (2022: around 6,100 brick-and-mortar points of sale including around 300 franchise stores). Overall, including our own freestanding retail stores, shop-in-shops, and outlets, consumers can thus experience and purchase BOSS and HUGO products at around 7,800 brick-and-mortar points of sale globally (2022: around 7,400).

In line with our strategic claim "Lead in Digital," we are also striving to continuously improve the online journey at all **digital touchpoints** – from our own online flagship hugoboss.com, to our online concession business, as well as digital wholesale. Having continued our double-digit growth trajectory also in the past fiscal year, our digital business has strongly outgrown the overall digital market, enabling further market share gains for BOSS and HUGO. Overall, the share of total digital sales consequently increased to 19% of Group sales in 2023 (2022: 18%). Also going forward, HUGO BOSS aims to drive superior growth in this channel, thus targeting an increase in its digital sales to a level of more than 20% of Group sales by 2025. Our own online flagship hugoboss.com plays a key role in this context. In this regard, we made further strong progress in enhancing the digital experience at this important touchpoint during the course of 2023. As of today, customers from **73 markets** can shop BOSS and HUGO products via hugoboss.com (2022: 70 markets). In addition, we successfully relaunched our hugoboss.com app in early 2023, thus further strengthening the mobile shopping experience. > **Group Strategy, "Drive Omnichannel," > Earnings Development**

Group structure

All key management functions are based at our headquarters in Metzingen (Germany). The Group is managed by its **parent company** HUGO BOSS AG, which – as a German stock corporation – has a dual management and control structure. Consequently, the Managing Board is responsible for managing the Group and successfully executing the Group strategy. The activities of the Managing Board are monitored by the Supervisory Board, which is also on hand to advise the Managing Board. In addition to HUGO BOSS AG, the Group is made up of **64 consolidated subsidiaries** that bear responsibility for their local business activities. This includes 41 subsidiaries that are organized as distribution companies as well as four production companies. > **Notes to the Consolidated Financial Statements, Basis of Consolidation**

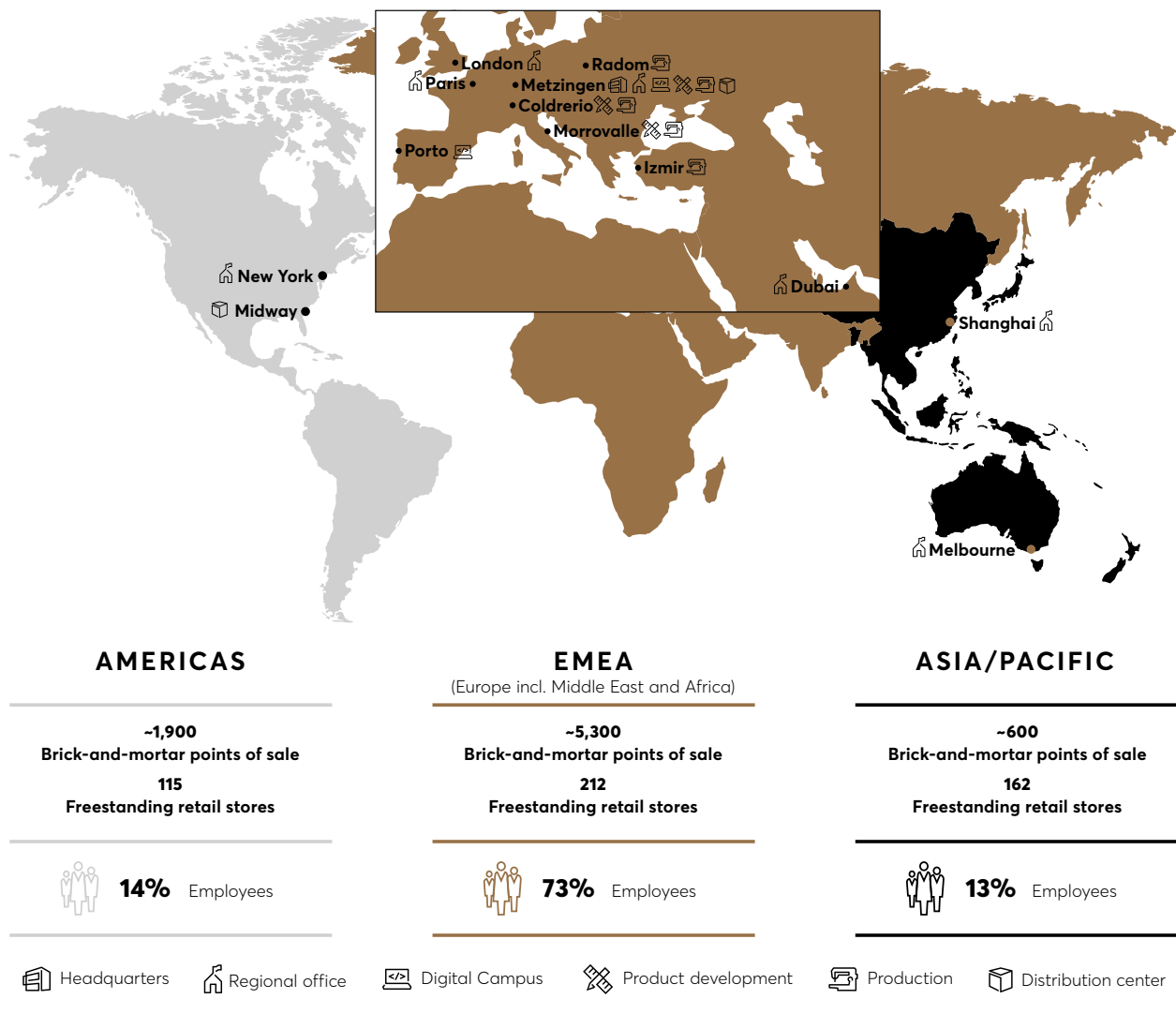
HUGO BOSS is **structured by region**, with our business segments being EMEA, the Americas, Asia/Pacific, and the license business.

HUGO BOSS GROUP STRUCTURE

| | Managing Board | | | |
|------------------------------|--|------|----------------------------|--------------|
| Central departments | Brand Management/Business Units | | Human Resources | |
| | Business Operations | | Internal Audit | |
| | Business Planning & Analysis/ Risk Management | | Investor Relations | |
| | Construction & Procurement | | IT | |
| | Corporate Communications | | Legal/Compliance | |
| | Design/Creative Management | | Logistics | |
| | Finance/Tax | | Marketing | |
| | Group Strategy | | Omnichannel | |
| | Operating segments | EMEA | Americas | Asia/Pacific |
| Hubs (Individual markets) | Northern Europe | | China | |
| | Central/ Eastern Europe | | | |
| | Western Europe | | Southeast Asia/ Pacific | |
| | Emerging Markets | | | |

The functions established in the **central departments** of HUGO BOSS AG cover all relevant parts of the value chain, particularly the design and creative management, product development, production, sourcing, and distribution of our collections to the respective markets. Our "CLAIM 5" strategy is designed and successfully executed on a market-level in order to ensure strong customer focus and respond dynamically to market-specific developments. The individual markets are grouped into **hubs**, with local management reporting directly to the Chief Sales Officer (CSO). In doing this, we ensure close alignment between individual markets and central functions as well as short decision-making processes. In addition, certain functions are pooled in the hubs and in the central departments across countries to make the most effective use of specialist skills and to generate cost benefits.

KEY LOCATIONS/GLOBAL MARKET PRESENCE



GROUP STRATEGY

Vision to be the leading premium tech-driven fashion platform worldwide

Driving relevance for BOSS and HUGO with the ambition of becoming one of the top 100 global brands

Mid-term financial ambition raised following successful execution of "CLAIM 5" strategy

At HUGO BOSS, we see considerable **business opportunities** in today's rapidly changing world and are committed to fully exploiting these opportunities in the coming years. With our two unique brands, BOSS and HUGO, and their broad range of premium apparel, shoes, and accessories, we are well positioned to benefit in particular from a globally growing middle and upper class. In this context, we are especially focusing on younger consumers, such as **millennials and Gen Z**. The latter is particularly relevant for the premium apparel industry, as it is estimated to make up the largest consumer group within the sector by 2030. To meet the high demands of these consumer groups, we strive to **further increase the relevance of both BOSS and HUGO** in the coming years, based on appealing brand initiatives, products with superior price-value proposition, and a seamless consumer experience across all touchpoints. In this context, we aim to fully exploit the great potential of digitalization, making our value chain even more efficient and flexible, while consistently focusing on driving sustainability.

"CLAIM 5" growth strategy

Against this backdrop, we introduced our **"CLAIM 5" growth strategy** in August 2021, outlining our **2025 financial ambition**. At the very heart of "CLAIM 5" is our aim to substantially increase brand relevance, drive superior top-line growth, and thus strongly increase market shares of BOSS and HUGO.

VISION

BECOME THE
LEADING
PREMIUM
TECH-DRIVEN
FASHION
PLATFORM
WORLDWIDE

MISSION

WE LOVE
FASHION,
WE CHANGE
FASHION

AMBITION

BECOME
ONE OF THE
TOP 100
GLOBAL
BRANDS

"CLAIM 5" is closely linked to our vision and ambition of being the **leading premium tech-driven fashion platform worldwide** and becoming one of the **top 100 global brands**. In this context, we are putting consumers at the center of all our activities, as we aim to turn them into true fans of BOSS and HUGO and retain their loyalty. Our strategy is based on **five strategic claims**: "Boost Brands," "Product is Key," "Lead in Digital," "Drive Omnichannel," and "Organize for Growth." It also includes a strong commitment to sustainability, together with a rigorous executional road map, and a firm commitment on empowering people and teams.

> Employees and Teams

GROWTH STRATEGY "CLAIM 5"



Since the introduction of "CLAIM 5," we have achieved significant **progress across all five strategic priorities**. Driven by the powerful and rigorous strategy execution and supported by our bold branding refresh initiated in early 2022, momentum for both BOSS and HUGO has since accelerated sharply. In doing so, both brands made significant progress in increasing brand relevance and strongly expanded market shares worldwide. In this context, after having surpassed the EUR 3 billion threshold for the first time in 2022, Group sales already exceeded our initial mid-term financial ambition of EUR 4 billion in fiscal year 2023, thus two years ahead of plan. Consequently, at its Capital Markets Day in June 2023, HUGO BOSS provided an **update on its "CLAIM 5" growth strategy** and **raised its mid-term top- and bottom-line ambition**. HUGO BOSS is now aiming for sales of EUR 5 billion and an EBIT margin of at least 12%.

„With 'CLAIM 5,' we have introduced the right strategy at the right time. Thanks to the dedication and passion of our teams, we delivered exceptional results and exceeded our initial mid-term financial ambition of EUR 4 billion already in 2023, two years ahead of plan," **says Daniel Grieder, CEO of HUGO BOSS.** "And we have everything it takes to continue our success story. By rigorously executing 'CLAIM 5,' we have every confidence of delivering superior top- and bottom-line improvements also in the years to come."

To maintain our strong momentum and deliver on our updated mid-term financial ambition, the **rigorous execution of our "CLAIM 5" strategy** will take center stage also going forward. At the same time, we will continue to invest into our business. In this context, we are committed to making further progress along our five strategic claims, leverage global growth opportunities, and drive noticeable top- and bottom-line improvements also in the years to come. > **Group Strategy, 2025 Financial Ambition**

CLAIM 1 – Boost Brands

To significantly increase the relevance and perception of our brands, we comprehensively renewed the brand images of BOSS and HUGO in 2022 – from logos, to product and marketing, up to new design concepts for our physical and digital consumer touchpoints. Since the successful **branding refresh**, both brands present themselves significantly bolder, younger, and more emotional than ever before. Going forward, we will build on the robust brand momentum of BOSS and HUGO to further **anchor our position in the consumers' minds** and drive brand power in the coming years.

To further increase brand relevance, particularly among the younger audience, HUGO BOSS will continue to pursue and develop its two-brand strategy. This will continue to be supported by **two clearly distinguishable marketing strategies** for BOSS and HUGO aimed at activating consumers across all touchpoints and maximizing consumer impact. As part of "CLAIM 5," we will therefore continue our successful digital-first marketing strategy, supported by star-studded campaigns, inspiring collaborations, and unique brand events. To realize this, **marketing investments** will remain at a level between 7% and 8% of Group sales until 2025. This is aimed at further increasing the brand value of BOSS and HUGO in the years to come. Fully in line with this range, in fiscal year 2023 our marketing investments amounted to 7.8% of Group sales, and thus broadly at the prior-year level (2022: 7.9%). > **Combined Non-Financial Statement, Brand Power**

Following up on the comprehensive branding refresh in 2022, the launch of our brands' latest **global marketing campaigns** represented a particular highlight in 2023. To further engage with BOSS and HUGO fans worldwide, the 360° campaigns continued to significantly drive momentum, attracting new and younger consumers while also strongly engaging our existing customer base. The **BOSS campaigns** for Spring/Summer and Fall/Winter 2023 – embodying the striking slogan "BOSSes aren't born. They're made." – once again featured a star-studded diverse cast, including top models Naomi Campbell and Gigi Hadid, NFL superstar Patrick Mahomes, as well as our BOSS brand ambassadors, runner Alica Schmidt, tennis champion Matteo Berrettini, and TikTok superstar Khaby Lame. The simultaneous **HUGO campaigns** – reinforcing the brand's mantra "HUGO your way" – focused on stars of the Gen Z, with brand ambassador and TikTok creator Bella Poarch headlining as the face of the campaigns.

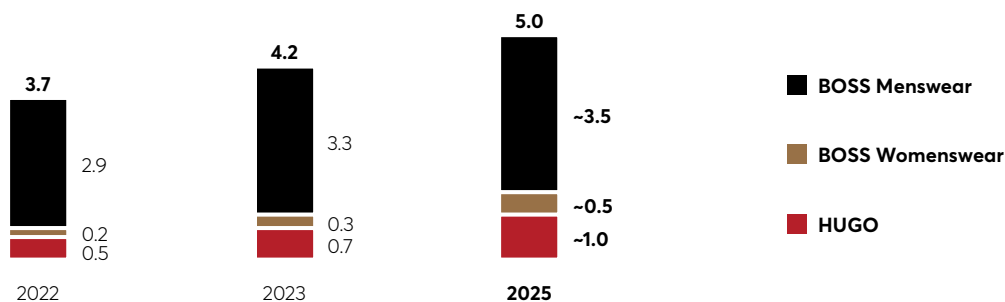
To further drive brand heat and engage with consumers all over the world, both BOSS and HUGO regularly host exciting **brand events**. In 2023, these included highly successful see-now-buy-now fashion shows for BOSS in Miami and at Milan Fashion Week as well as popular sporting events in areas such as skiing, motor sports, and tennis. In March 2023, fully in line with our strategic claim "Lead in Digital," BOSS presented selected pieces from the Spring/Summer 2023 collection virtually at Metaverse Fashion Week. HUGO, on the other hand, celebrated London Fashion Week with the launch of its HUGO x Bella Poarch capsule collection while also hosting the live music event series "HUGO Nights" in Shanghai, among other places. On top of that, **various collaborations** with inspiring personalities and brands spurred momentum throughout 2023.

Altogether, our numerous brand initiatives in 2023 once again resulted in a **global buzz on social media and beyond** as well as a strong outperformance compared to key competitors. This became particularly evident on TikTok, where both our brands strongly outgrew key competitors in terms of reach, while BOSS also continued to outperform key peers in terms of follower growth on Instagram. Overall, this enabled us to further increase our **brand value** in 2023, bringing us one important step closer to our ambition of becoming one of the top 100 global brands. > **Combined Non-Financial Statement, Brand Power**

CLAIM 2 – Product is Key

Our products are at the very heart of all our business activities. As part of "CLAIM 5," we will keep investing to maintain our **superior price-value proposition**. Ensuring premium quality, a high level of innovation and sustainability, and guaranteeing clear distinguishing features is intended to further strengthen the positioning of BOSS and HUGO in the premium and affordable luxury segment of the global apparel market. In this context, we will continue to put strong emphasis on further enhancing both brands' **24/7 lifestyle images**, ensuring that our customers are perfectly dressed for every occasion – from the office and formal occasions to leisure and sport.

GROWTH AMBITION BY BRAND¹ (IN EUR BILLION)



¹ As presented at our Capital Markets Day in June 2023.

By unlocking the full potential of BOSS and HUGO, we are targeting strong growth across all our brands. At **BOSS**, we aim at further strengthening our premium positioning in both menswear and womenswear, with a particular focus on millennials. To live up to this target and further strengthen our 24/7 lifestyle promise, at **BOSS Menswear**, we will continue to fully exploit the potential of the brand lines BOSS Black, BOSS Orange, BOSS Green, as well as of the exclusive BOSS Camel line introduced in late 2022. With the latter being well received across several key markets in 2023, we plan to expand the BOSS Camel product offering in 2024 and beyond, thus further strengthening our affordable luxury positioning. In 2023, building on the success within BOSS Menswear, the Camel line was also introduced to **Womenswear** while also having reintroduced the Orange line. Products ranging from high-end tailoring to smart casual and active lifestyles will therefore be part of both BOSS Menswear and BOSS Womenswear from now on. At **HUGO**, we aim at attracting particularly the Gen Z and young-minded consumers. Consequently, HUGO focuses on a broad range of both commercial and contemporary products, reflecting the brand's authentic and unconventional style while ensuring customers a stylish appearance in every situation. In this context, we

will explicitly seize opportunities in denimwear with the launch of the HUGO BLUE brand line in early 2024. At the same time, the existing product range will be available under HUGO RED from now on, placing a strong emphasis on street tailoring.

To further increase the brand relevance of BOSS and HUGO, the launch of various **capsule collections** and **high-impact collaborations** plays a key role along with both brands' **main collections**. In 2023, BOSS developed and launched several capsule collections with brand ambassadors such as Naomi Campbell as well as strong partners including Porsche, Samsonite, and the American football league NFL. HUGO, on the other hand, teamed up with audio lifestyle company Urbanista and brand ambassador Bella Poarch, among others. On top of that, both brands aim to leverage the full potential of new and existing **hero products**, such as the innovative BOSS Performance Suit, the iconic BOSS Statement Sweater, or the trendy HUGO Outerwear Jacket. > **Product Development and Innovation**

In terms of wearing occasions, and fully in line with both brands' 24/7 lifestyle images, we are committed to leveraging our growth potential across all brands and all wearing occasions. In this context, we continue to **exploit the full potential of casualwear** to be among the forerunners of the trend towards a more casual lifestyle. Already today, our casualwear business accounts for around 50% of Group sales. In addition to offering a wide range of casualwear styles, the ongoing expansion in this segment also focuses on continuing to blur the lines between casualwear and formalwear. As these two occasions have become increasingly interlinked, HUGO BOSS has been able to **seamlessly close the gap between tailoring and sportswear**. At the same time, we will further strengthen our formalwear business, as tailoring remains firmly anchored in our Company's DNA. Through a modern interpretation, innovative product solutions, and the continuing trend towards a more casual lifestyle, **formalwear continues to offer enormous potential** for both our brands. Accounting for around 25% of Group sales, our brands' formalwear offerings comprise a broad variety of sharp business outfits, elegant evening wear, and innovative casual-tailoring combinations. The latter also includes our BOSS performance offering, which combines formalwear outfits with a particularly high level of comfort ranging from super-stretchable to machine-washable styles. We thus remain fully committed to being a leader in the upper premium segment of the global formalwear market also in the years to come. Our 24/7 product range is rounded off by a **comprehensive range of shoes and accessories** as well as other items such as bodywear and hosiery, also contributing around 25% to Group sales.

CLAIM 3 – Lead in Digital

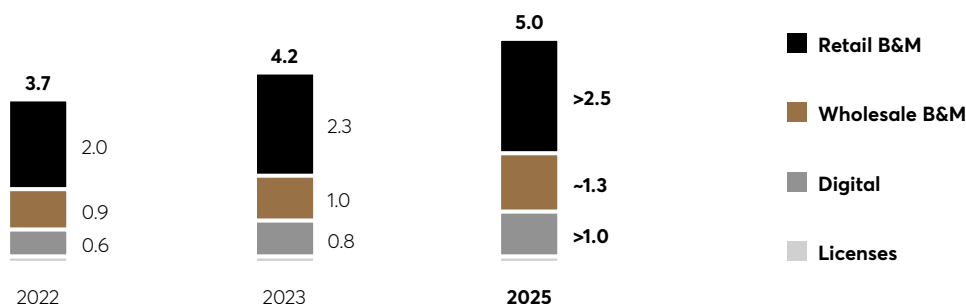
Digitalization is an important enabler to deliver on our vision of being the leading premium tech-driven fashion platform worldwide. An essential part of our Group strategy is therefore our clear commitment to further driving **digitalization along the entire value chain**. Since the introduction of "CLAIM 5," we achieved strong progress in digitalizing important business activities – from digital trend detection and product creation to AI-enabled pricing, digital showrooms, and innovative experiences in the metaverse. In particular, the ongoing digitalization of our product development is of high strategic importance. As part of "Lead in Digital," we have set ourselves the goal of developing more than 90% of our products digitally by 2025 (2023: around 65%). Overall, and compared to 2019, HUGO BOSS plans to step up its **investment in digitalization** by more than EUR 150 million by 2025, with a significant increase already recorded in the past two fiscal years. > **Report on Economic Position, Earnings Development**

The **HUGO BOSS Digital Campus**, launched in 2021 and physically inaugurated in Porto (Portugal) last year, is at the heart of our digital journey. It significantly expands our Company's digital analytics capabilities, first and foremost aimed at taking the consumer experience to new levels through the systematic use of data. Serving as an innovative and creative data hub, the Digital Campus puts strong emphasis on strengthening our global online business while driving meaningful insights and efficiencies along the entire value chain. Following the successful implementation of the **global relaunch of hugoboss.com** in 2022, in the past fiscal year, the Campus drove the integration of key digital features such as interactive shoppable videos and virtual try-ons, as well as the successful relaunch of the hugoboss.com app. Building on these successes, the Campus will continue to work on numerous digital initiatives, all aimed at continuously improving traffic and conversion rates in our global online business. In this context, HUGO BOSS also aims to make the best-possible use of the many **advantages offered by AI**. Among other things, this should enable us to link digital and physical retail even more closely in the future, to provide consumers with a seamless, best-in-class omnichannel experience.

CLAIM 4 – Drive Omnichannel

Since the introduction of "CLAIM 5" in 2021, we have made substantial progress in translating our regained brand power into the various customer touchpoints, thus providing consumers with a best-in-class omnichannel experience. Going forward, HUGO BOSS will continue to fully leverage its high-quality channel mix on a global scale, while continuing to ensure a **seamless brand experience across all consumer touchpoints**.

GROWTH AMBITION BY CHANNEL¹ (IN EUR BILLION)



¹ As presented at our Capital Markets Day in June 2023.

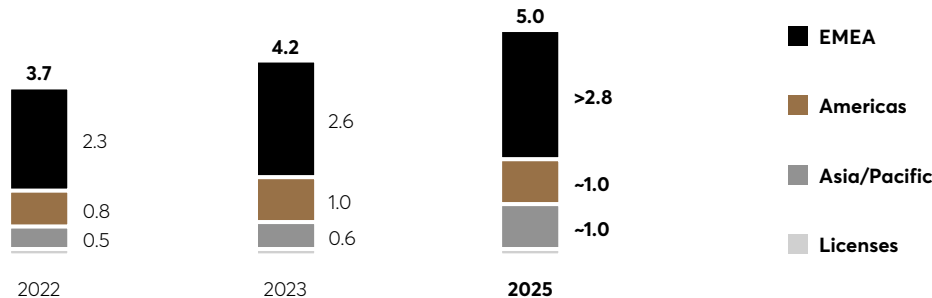
With **brick-and-mortar retail** contributing more than 50% of Group sales also going forward, this channel is, and will remain, by far our largest in terms of revenues. In this context, we aim to further **improve store productivity** by at least 3% per annum to a level of more than EUR 13,000 per sq m by 2025 (2023: EUR 12,400 per sq m). This will be supported by cumulative **investments in our brick-and-mortar retail business** of up to EUR 600 million between 2021 and 2025, to further optimize, modernize, and selectively expand our global retail footprint. In this regard, the ongoing **rollout of our latest BOSS and HUGO store concepts**, which aim to be significantly more emotional, appealing, digital, and productive than the previous ones, remains key to developing our stores into true points of experience. Overall, as of December 31, 2023, around 200 BOSS and HUGO freestanding stores worldwide have been refreshed or equipped with the latest store concepts,

including key halo stores in London, Dubai, and Guangzhou. By 2025, we intend to **grow our freestanding store network** to around 500 points of sale, with a clear focus on driving expansion across Asia/Pacific. To surprise and connect with our BOSS and HUGO fans, we are also taking over exciting locations with engaging **pop-ups and hospitality concepts** around the globe, such as the BOSS Bar at our store on London's Regent Street or AURA Skypool in Dubai.

At the same time, **brick-and-mortar wholesale** is expected to continue contributing around 25% of Group sales. Since the introduction of "CLAIM 5," we have made important progress in **fostering our position** in brick-and-mortar wholesale, having noticeably increased visibility and market presence of both our brands at key European and U.S. department stores. Going forward, with a particular focus on our most important business partners, we aim to fully leverage all BOSS and HUGO brand lines to deliver a true 24/7 brand experience and drive **further market share gains** in wholesale. As part of our omnichannel strategy, and to take our business in emerging markets to the next level, we will also further **strengthen our global franchise business** by increasing the total number of freestanding franchise stores from currently around 350 to 500 over the coming years. On top of that, we continue to exploit the great potential of digitalization also in brick-and-mortar wholesale. For example, our **virtual showrooms** offer a seamless and expedited sales process, while simultaneously fostering sustainability and efficiency within wholesale.

Digital revenues are expected to continue their double-digit growth trajectory also in the years to come. Accordingly, the share of our digital business is targeted to increase to a level of more than 20% of Group sales by 2025. Above all, we aim to continuously **improve the digital journey** and drive further market share gains – from our own online flagship hugoboss.com, to our online concession business as well as digital wholesale. In 2023, we further enhanced the digital experience to support growing both traffic and conversion, which enabled our brands to drive further market share gains in the digital sphere. In this regard, the strongly enhanced e commerce experience offered at hugoboss.com as well as the successful **relaunch of our hugoboss.com app** both played an important role. Going forward, further optimizing and geographically expanding our global digital footprint will remain key to successfully continue our growth trajectory.

For its **license business**, which among others includes fragrances, eyewear, and watches, HUGO BOSS sees revenue potential of up to EUR 200 million as part of "CLAIM 5." We see considerable growth opportunities, with both existing and new product groups, and have set ourselves the target of successively exploiting this potential in the coming years. In 2023, BOSS extended its 24/7 lifestyle offering by selectively expanding its product offering into iconic lifestyle areas such as equestrian or cycling.

GROWTH AMBITION BY REGION¹ (IN EUR BILLION)

¹ As presented at our Capital Markets Day in June 2023.

Besides further growing across all consumer touchpoints, as part of "CLAIM 5," it is our clear ambition to continue **driving broad-based growth and gaining market shares across all geographies**. In the **EMEA** region, key markets such as Germany, the UK, and France, as well as important growth markets such as the Middle East, are all set to contribute to further revenue improvements. Growth will be supported by further enhancing and upgrading our distribution network, accelerating our franchise business, and capitalizing on business opportunities across brand lines. In the **Americas**, we will continue to push our 24/7 brand image particularly in the important U.S. market, where we recorded exceptionally strong momentum over the past two years. On top of that, HUGO BOSS aims to further expand visibility in U.S. department stores, rolling out digital marketplaces, and strengthening its store network in Latin America. For **Asia/Pacific**, the region's revenue share is expected to grow to around 20% as part of "CLAIM 5." In this context, HUGO BOSS will continue to unleash the brands' full potential in both China and Southeast Asia & Pacific. To secure our affordable luxury position across the region, we will further strengthen our distribution footprint, which also includes boosting digital and social commerce with key partners. [> Report on Economic Position, Earnings Development](#)

CLAIM 5 – Organize for Growth

In order to ensure long-term success for HUGO BOSS, as part of our claim "Organize for Growth," we aim to transform our entire organization into a **platform of speed and growth**. Since the introduction of "CLAIM 5," we have successfully converted our operating model to a platform approach and implemented a streamlined, brand-led organizational setup, ensuring rigorous strategy execution at a global level. On top of that, we have set the path for further growth by expanding and enhancing our headquarters in Metzingen, Germany. Between 2021 and 2025, we are allocating a total investment of more than EUR 100 million in upgrading our headquarters, which also includes a new office building to be completed by 2025. In addition, to foster growth and further drive efficiencies going forward, HUGO BOSS will step up investments into its supply chain. In 2023, we launched our important Digital TWIN initiative, aimed at enabling smart decision-making through a tech-driven business operations platform while being a key enabler to meeting consumer demand even better in the future. Intended to further increase the flexibility and transparency of our supply chain, the **Digital TWIN** is set to positively contribute to our Company's future growth, profitability, and sustainability ambitions.

At the same time, we are continuing our nearshoring initiatives to better align our regional sourcing and production activities with our sales markets, particularly in EMEA and the Americas. This also includes our commitment to further **expanding our own production** in the coming years. The strengthening of our production site in Izmir (Turkey), which is by far our largest factory, plays a key role in this. Already in 2022, we have taken an important step by opening an additional plant in Izmir dedicated to the production of casualwear. On top of that, to support long-term growth, we aim to **expand our global logistics capacities** by around 40% by 2025. This also includes the strategic expansion of one of our key logistics hubs near our headquarters in Metzingen initiated in late 2023. This multiyear project aims to significantly increase both shipping as well as storage capacity while also focusing on the further digitalization and automation of key processes. Our strategic initiatives will enable us to react even faster and more flexibly in the future, meeting consumer demand in the best-possible way. > **Product Development and Innovation**, > **Sourcing and Production**

Sustainable Throughout

Sustainability continues to be at the heart of "CLAIM 5" – a cause that is essential to our corporate responsibility and ongoing business activities. We will therefore further intensify our efforts in this important area, focusing primarily on making an imminent **contribution to a planet free of waste and pollution**. As part of our sustainability strategy, we will, among other things, strongly increase our circularity initiatives, drive digitization and data analytics, leverage nature-positive materials, fight microplastic, and keep pushing towards zero emissions. Further details on our **sustainability strategy** and key sustainability targets can be found in the chapters "Sustainability" as well as "Combined Non-financial Statement" of this Annual Report.

> **Sustainability**, > **Combined Non-financial Statement**

"Our 'CLAIM 5' strategy provides us with a strong foundation for the sustainable, long-term success of HUGO BOSS," **says Daniel Grieder**. "Thanks to our powerful organizational setup, our unwavering commitment to sustainability, and our highly motivated and passionate teams worldwide, we are confident in continuing our growth trajectory also in the coming years."

2025 Financial Ambition

Driven by the powerful and rigorous strategy execution, HUGO BOSS **raised its mid-term top- and bottom-line ambition** in June 2023, two years after its introduction. After having exceeded our previous mid-term sales target of EUR 4 billion already in fiscal year 2023, HUGO BOSS aims to generate **revenues** of around EUR 5 billion by 2025. This represents a strong CAGR of 10% compared to the base year 2019, thus well above the anticipated industry growth. At the same time, since providing the "CLAIM 5" update, the macroeconomic and geopolitical uncertainties have increased noticeably. Against this backdrop, HUGO BOSS might reach its sales ambition with a slight delay.

Our top-line target is coupled with the ambition of achieving noticeable improvements in **EBIT margin**. The latter is targeted to increase to a level of at least 12% by 2025. Besides an increased focus on achieving additional **efficiency improvements**, this also reflects the Company's **gross margin** projection, which is anticipated to range between 62% and 64% until 2025. Gross margins are expected to particularly benefit from the ongoing strong brand momentum of BOSS and HUGO as well as additional efficiency gains to be realized in operations. Overall, this will more than compensate for further investments into our products, brands, digital capabilities, logistics, and distribution networks as part of "CLAIM 5."

In light of the anticipated improvements in sales and profitability, HUGO BOSS has the ambition to generate a cumulative **free cash flow** (including the effects of IFRS 16) of around EUR 2.5 billion between 2021 and 2025. This is aimed to be supported by strict management of **trade net working capital**, which is expected to improve to a level of 16% to 18% of Group sales as part of "CLAIM 5." In particular, HUGO BOSS strives to further optimize its inventory position, aiming to bringing inventories down to a level of below 20% of Group sales by 2025. At the same time, **capital expenditure** is targeted to range between 6% to 7% of Group sales in both 2024 and 2025.

The majority of expected cumulated free cash flow will either be reinvested in the Company or distributed to shareholders through regular dividend payments. On the latter, the **payout ratio** is expected to remain between 30% and 50% of net income attributable to shareholders by 2025. In line with our vision of being the leading premium tech-driven fashion platform worldwide, we continue to consider **strategic investments** in the areas of product and brand, sales, and digital expertise. In this context, HUGO BOSS successfully entered into a long-term strategic partnership with Swiss innovator HeiQ already in 2022. In addition, we announced our investment into a climate-first venture capital fund based in Luxembourg in late 2023, aimed at supporting start-up companies in the development of innovative solutions and technologies in the area of sustainability. Finally, in the event of excess liquidity, we also consider **special dividends** and **share buybacks** as viable alternatives to return cash to our shareholders. > [Sustainability](#)

2025 FINANCIAL AMBITION

| | Results 2022 | Results 2023 | Initial 2025 ambition ¹ | 2025 ambition ² |
|--|-----------------------------|-----------------------------|------------------------------------|----------------------------|
| Group sales | EUR 3.7 billion | EUR 4.2 billion | EUR 4 billion | EUR 5 billion ³ |
| Sales CAGR (2019–2025) | Increase by 31% | Increase by 15% | 6% | 10% |
| Gross margin | 61.8% | 61.5% | 60%–62% | 62%–64% |
| EBIT margin | 9.2% | 9.8% | ~12% | ≥12% |
| Cumulative free cash flow (2021–2025) | EUR 726 million (2021–2022) | EUR 821 million (2021–2023) | ~EUR 2 billion | ~EUR 2.5 billion |

¹ Initial targets as provided in August 2021.

² Targets as provided in June 2023.

³ As macroeconomic and geopolitical uncertainties have increased noticeably since providing the "CLAIM 5" update, HUGO BOSS might reach its sales ambition with a slight delay.

To deliver on our mid-term financial ambition, the **rigorous execution of "CLAIM 5" will continue to take center stage**. Against the backdrop of our regained brand momentum and taking into account the strong progress we have made along our various strategic initiatives, we have created a solid foundation for sustainable and profitable growth in the years to come. Therefore, even though our industry continues to face increased macroeconomic and geopolitical uncertainties, HUGO BOSS remains confident to continue gaining market share, achieving robust earnings improvements and generating strong free cash flow to ensure sustainable **value creation** for shareholders until 2025 and beyond.

Our **targets for fiscal year 2024** are presented in the Outlook section. [> Outlook](#)

GROUP MANAGEMENT

Sustainable increase in enterprise value as guiding principle of HUGO BOSS

Sales and EBIT as key performance indicators for maximizing free cash flow

Group planning, reporting, and investment controlling form core elements of Group management

Key performance indicators

HUGO BOSS aims at **sustainably increasing its enterprise value**. The Group's internal management system is intended to support the Managing Board and the management of the respective business units in aligning all business activities with this objective. In order to increase its enterprise value, the Group focuses on **maximizing free cash flow over the long term**. By consistently generating positive free cash flow, the Group is confident of safeguarding the liquidity of HUGO BOSS at all times while, at the same time, facilitating the long-term growth of the business.

DEFINITION FREE CASH FLOW

| | |
|---|-------------------------------------|
| | Cash flow from operating activities |
| + | Cash flow from investing activities |
| = | Free cash flow |

Increasing **sales** and **operating profit (EBIT)** is key to improving free cash flow over the long term. In addition, a strict management of **trade net working capital** and a value-oriented **capital expenditure** approach support the development of free cash flow. HUGO BOSS has therefore identified four key performance indicators for increasing free cash flow. Unchanged to previous years, these comprise sales, EBIT, trade net working capital, and capital expenditure. The 2024 guidance for these key performance indicators and the underlying assumptions are presented in the "Outlook" section of this Annual Report. [> Outlook](#)

FOUR KEY PERFORMANCE INDICATORS



While fiscal year 2023 was characterized overall by ongoing **high levels of geopolitical and macroeconomic uncertainty**, HUGO BOSS continued its strong momentum, recording robust top- and bottom-line improvements. This development was once again driven by the successful execution of our **"CLAIM 5" growth strategy** introduced in 2021. At its Capital Markets Day in June 2023, HUGO BOSS consequently provided an update of "CLAIM 5" thereby raising its mid-term financial ambition. Further details on the financial development of HUGO BOSS in fiscal year 2023 can be found in the chapters "Earnings Development," "Net Assets," and "Financial Position" of this Annual Report. > [Group Strategy](#), > [Earnings Development](#)

DEVELOPMENT OF KEY PERFORMANCE INDICATORS (IN EUR MILLION)

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|--|-------|-------|-------|-------|-------|
| Group sales | 4,197 | 3,651 | 2,786 | 1,946 | 2,884 |
| Operating result (EBIT) | 410 | 335 | 228 | (236) | 344 |
| Trade net working capital as a percentage of sales | 20.8% | 15.0% | 17.2% | 28.7% | 20.1% |
| Capital expenditure | 298 | 192 | 104 | 80 | 192 |

"CLAIM 5" aims to strongly accelerate the relevance of BOSS and HUGO and drive superior **top-line growth**. In doing so, the Company is committed to continuing its market-share-winning trajectory also in the years to come. At the same time, our strategy is intended to further ensure a sustainable increase in profitability as well as strong free cash flow generation. All initiatives aimed at driving sales growth are therefore also measured by their potential to sustainably grow **operating profit (EBIT)**. In this context, and as part of "CLAIM 5," we aim to realize further efficiency gains, in particular in brick-and-mortar retail, to compensate for further investments into our business. > [Group Strategy](#)

DEFINITION EBIT

| |
|----------------------------------|
| Earnings before taxes |
| – Financial result |
| = Operating profit (EBIT) |

For HUGO BOSS, **trade net working capital** is the most important performance indicator for managing the efficient deployment of capital.

DEFINITION TRADE NET WORKING CAPITAL

| |
|------------------------------------|
| Inventories |
| + Trade receivables |
| – Trade payables |
| = Trade net working capital |

Management of **inventories** as well as **trade receivables** is the main responsibility of our subsidiaries and the respective operating central departments. The latter are also responsible for managing **trade payables**. These three balance sheet items are primarily managed by reference to the days of inventories outstanding, days of sales outstanding, and days of payables outstanding. Besides this, there is a specific approval process for the purchase of inventories for our retail business in order to constantly optimize inventory levels. This process takes into account sales quotas as well as expected sales growth and markdown levels.

The senior management of HUGO BOSS is jointly and directly responsible for driving profitable growth. As a result, the **short-term incentive program (STI)** of managers at all four management levels below the Managing Board is linked to the achievement of specific sales and EBIT targets. The ratio of trade net working capital to sales is the third component of the STI. The compensation scheme for management at the two levels below the Managing Board also includes a **long-term incentive program (LTI)**, whose design matches that for the Managing Board. The LTI includes both financial targets and non-financial ESG (environment, social, governance) targets. The latter is related to employee satisfaction as well as our Company's performance in the area of sustainability. Consequently, the LTI is intended to ensure that senior management of HUGO BOSS pursues a sustainable business policy that is aligned to the interests of the Company. > [Employee and Teams](#), > [Sustainability](#)

Investment activity is primarily focused on our own retail network, the digitalization of our business model, as well as the expansion of our global logistic capacities. As part of our strategic claim "**Drive Omnichannel**," we are pushing ahead with the further optimization and modernization of our global store network, with the vast majority of our own stores being refreshed by the end of 2025. In line with our claim "**Lead in Digital**," digital investments are pushed along the entire value chain – from digital trend detection and product creation to digital showrooms, the continuous enhancement of our own online business, to our general IT infrastructure. Going forward, as part of our claim "**Organize for Growth**," HUGO BOSS also aims to step up investments into its global logistic capacities. This also includes the strategic expansion of one of our key logistic hubs near our headquarters in Metzingen initiated in late 2023. A specific approval process exists for material investment projects. Apart from qualitative analyses, e.g., with respect to potential store locations, this also includes an analysis of each project's net present value. > [Financial Position](#), [Capital Expenditure](#), > [Group Strategy](#)

In light of the anticipated top- and bottom-line improvements, HUGO BOSS is confident of generating strong **free cash flow** in the future. This is to be supported by improved management of trade net working capital and the efficient use of capital expenditure. The majority of expected accumulated free cash flow will either be reinvested into the Company or distributed to shareholders via regular dividend payments. In doing so, HUGO BOSS is pursuing a **profit-based dividend policy** aimed at allowing shareholders to participate appropriately in the Group's earnings development. The Company's payout ratio until 2025 is projected to be in a range of between 30% and 50% of net income attributable to shareholders (2023: 36%). In line with our vision of being the leading premium tech-driven fashion platform worldwide, we are also considering **strategic investments**. In addition, in the event of excess liquidity, we also consider special dividends and share buybacks as viable alternatives to return cash to our shareholders. We analyze our balance sheet structure at least once a year to determine its efficiency and ability to support future growth and to simultaneously provide sufficient safety in the event that the Company's business performance falls short of expectations.

> [Financial Position](#), [Capital Structure and Financing](#)

HUGO BOSS is **structured by region**, with our business segments being EMEA, the Americas, Asia/Pacific, and the license business. Within the three regions, individual markets are grouped into hubs, with local management reporting directly to the Chief Sales Officer (CSO), while the global license business is part of the Chief Executive Officer (CEO) resort. In doing so, we ensure close alignment between individual markets and central functions as well as short decision-making processes. In fiscal year 2023, all segments contributed to the robust increase in sales and EBIT. > **Business Activities and Group Structure**, > **Earnings Development, Sales and Earnings Development of the Business Segments**

Core elements of the Group's internal management system

The Group's planning, management, and monitoring activities focus on optimizing the key performance indicators described above. The **core elements of our internal management system** are Group planning, Group-wide, IT-enabled financial reporting, and investment controlling.

Group planning at HUGO BOSS generally refers to a rolling multiyear period and is prepared as part of the annual, Group-wide budget process, taking into account the current business situation and the underlying "CLAIM 5" strategy. Based on targets set by the Managing Board, our Group's subsidiaries prepare sales, earnings, and investment budgets as well as forecasts for trade net working capital for their respective markets or divisions. Based on this, our product development and sourcing units derive mid-term capacity planning. The Business Planning & Analysis division, which reports into the CFO/COO, reviews these plans for plausibility and aggregates them to form the overall Group planning. The latter is updated on a regular basis, taking into account the actual business performance as well as any opportunities and risks.

Additionally, HUGO BOSS regularly conducts **liquidity** assessments, based on the expected cash flow development for any given year. This aims to identify financial risks at an early stage and to take appropriate measures concerning financing and investment requirements. > **Financial Position**

On a monthly basis, the Managing Board and management of Group subsidiaries are informed about the operational business performance through standardized, IT-enabled reports of varying detail, supplemented by ad hoc analyses. Actual data compiled by our **Group-wide, IT-based reporting system** is compared against budget data on a monthly basis. Any deviations are analyzed and planned countermeasures are discussed. In addition, developments with a significant impact on the Group's net assets, financial position, and results of operations are immediately reported to the Managing Board.

The Company is particularly focused on **monitoring early indicators** suitable for obtaining an indication of future business performance. In this context, the sales performance in our own retail business, the wholesale order intake, and the performance of our replenishment business are analyzed on a weekly basis. In addition, benchmarking against relevant competitors is performed at regular intervals. The continuous monitoring of early indicators is intended to enable us to identify deviations from the budget at an early stage and take appropriate countermeasures.

The Group's **investment controlling** appraises planned investment projects with respect to their contribution to our Company's overall profitability targets. This ensures that projects are only launched in case of an expected positive contribution to enhancing the Group's economic profile. In addition, subsequent analyses are conducted at regular intervals to verify the profitability of projects that have already been realized. Appropriate countermeasures are taken in the event of any negative deviations from the initial profitability targets.

In light of heightened levels of geopolitical and macroeconomic uncertainty, in 2023 there was a **particular close dialog** between the Managing Board, Business Planning & Analysis, the management of our central divisions, and our Group's subsidiaries. Corporate planning was regularly reviewed and updated throughout the year. In doing so, both the various negative macroeconomic factors and their potential business implications as well as the stronger than initially anticipated top- and bottom-line performance were regularly taken into account. In light of our robust business performance, we raised our initial **full-year 2023 sales and earnings forecast** as published in March 2023 twice during the course of fiscal year 2023, and successfully achieved our twice-revised sales and earnings targets. > **Report on Economic Position, Comparison of Actual and Forecast Business Performance**

COMPARISON OF ACTUAL AND FORECAST DEVELOPMENT OF KEY PERFORMANCE INDICATORS

| | Results 2022 | Initial forecast 2023 ¹ | Results 2023 |
|---|-------------------|--|------------------------------------|
| Group sales | EUR 3,651 million | Increase at a mid-single-digit percentage rate | Increase by 15% to EUR 4.2 billion |
| Operating result (EBIT) | EUR 335 million | EUR 350 million to EUR 375 million | Increase by 22% to EUR 410 million |
| Trade net working capital as a percentage of sales | 15.0% | ~17% | Increase by 580 bp to 20.8% |
| Capital expenditure | EUR 192 million | EUR 200 million to EUR 250 million | Increase by 55% to EUR 298 million |

¹ As published on March 9, 2023. The outlook was updated twice over the course of the year. Further details can be found in the chapter "Comparison of Actual and Forecast Business Performance" of this Annual Report.

EMPLOYEES AND TEAMS

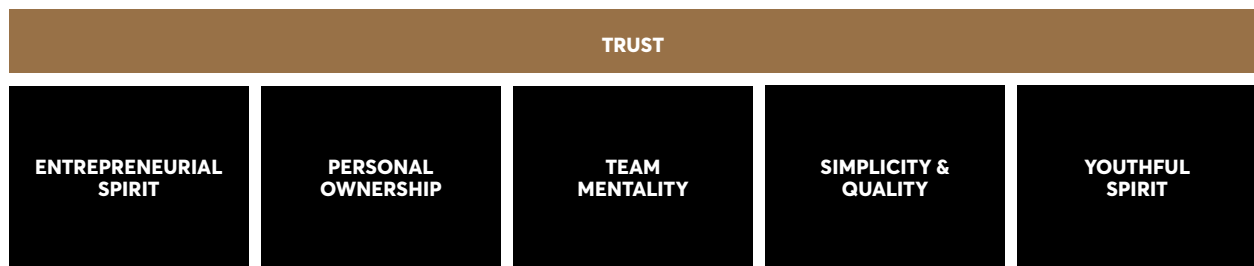
HUGO BOSS as an attractive global employer of around 19,000 employees

HR management focused on attracting, retaining, and developing talents

Positioning as one of the best employers in the fashion industry

At HUGO BOSS, we firmly believe that the passion and dedication of our employees are vital for the successful execution of our "CLAIM 5" growth strategy. A strong commitment to empowering people and teams is therefore firmly anchored in "CLAIM 5," guided by our HUGO BOSS values **entrepreneurial spirit, personal ownership, team mentality, simplicity & quality, and youthful spirit**. Our values serve as the foundation for day-to-day cooperation. They foster a spirit of mutual trust, thereby promoting creativity as well as fast and rigorous execution. The aim is to create an environment that enables all employees to develop their individual talents and thus directly contribute to the success of "CLAIM 5." On top of that, HUGO BOSS strives to maintain its positioning as one of the most attractive employers in the fashion industry. This, in turn, should enable us to attract the best talents in the sector. > [Group Strategy](#)

HUGO BOSS VALUES



As an international company, **diversity, equity, and inclusion (DE&I)** is a fundamental element of our corporate culture. At HUGO BOSS, all employees are guaranteed a discrimination-free working environment with equal opportunities and an inclusive work culture. At the same time, DE&I is at the heart of our journey to make a positive impact on our industry, as reflected by our Company's bold mission statement "We Love Fashion. We Change Fashion." Organizationally, the important topic of DE&I is firmly anchored in the Global Employee Experience department as part of Global Human Resources, with the **Global DE&I team** focusing on further raising awareness of DE&I throughout the Company. In addition, a **diversity task force** of employees with multiple backgrounds and from various locations and functional areas supports the execution of defined measures and promotes selected topics within the Company. To amplify awareness of our inclusive workplace, we launched the **MIX & MATCH** initiative in 2023, bundling numerous internal and external measures aimed at promoting and fostering a culture where differences are celebrated. 2023 also saw the implementation of additional **employee training** on diversity and inclusion, such as "anti-discrimination

and anti-harassment," "unconscious bias," and "inclusion in action." We are convinced that intensifying our DE&I activities has a positive impact on employee satisfaction while also considering it as a relevant factor by potential applicants. > **Combined Non-Financial Statement, Employee Matters**

Attracting talents

HUGO BOSS aims at further strengthening its position as a top employer in the global fashion industry. This is intended to enable us to continue attracting the best talents for HUGO BOSS. In general, the global **employer branding campaign "That's my HUGO BOSS"** builds a core element of our recruitment activities, aimed at drawing the attention of talents around the world to the broad range of activities and diverse personalities at HUGO BOSS. On top of that, the Company also runs dedicated employer branding campaigns to further attract specialists in key areas such as IT and Digital, paying off directly on the Company's vision to become the leading premium tech-driven fashion platform worldwide. Our **global recruitment strategy** centers around the HUGO BOSS Careers website, offering several digital features like a chatbot and tailored job recommendations for a first-class digital experience. Furthermore, talents are recruited by means of directly approaching qualified candidates via **business-focused social networks**. In this context, HUGO BOSS launched its **corporate influencer program "Creators Club"** in 2023, as part of which a select group of HUGO BOSS employees from various locations regularly share diverse and authentic perspectives on life and work at HUGO BOSS, thus aiming to further increasing employer attractiveness. On top of that, we regularly present ourselves to potential applicants at career fairs.

To attract **young talents**, we offer school graduates, students, and young professionals a variety of different programs, including a diverse range of **apprenticeships** as well as a broad selection of **dual study programs**. In 2023, there were a total of 82 apprentices and dual students at HUGO BOSS AG (2022: 94 apprentices and dual students), with 36 new apprentices and dual students having started their professional education during the year (2022: 33 new apprentices and dual students). The professional education we offer young talents is tailored to our business-specific needs and is continuously aligned with our strategic priorities. In particular, we have expanded our selection of apprenticeships in the important area of digital in recent years, including offerings such as Digital Commerce Management and IT Specialist education. At the same time, we also expanded our range of dual study programs in 2023 to include Global Commerce Management, Business Fashion Management, and Data Science & AI. **Internships** and the **"HUGO BOSS CareerLunch"** offer further opportunities to get young talents interested in working at HUGO BOSS during their studies. The latter aims to bring us together with top talents in an informal setting and thus attract potential applicants to HUGO BOSS through internal Company insights.

At HUGO BOSS, we seek to constantly improve our external reputation and awareness among potential applicants. Consequently, we conduct **active reputation management** on relevant rating platforms and social networks. Target group-specific and product-related campaigns are intended to evoke interest and enthusiasm for our Company. Various awards are proof positive for our successful HR work while, at the same time, serving to increase awareness among potential applicants. In the **"Working in Fashion 2023"** study conducted by the German industry magazine TextilWirtschaft, we once again took third place, thus maintaining our strong ranking. Within the study, HUGO BOSS was ranked first in terms of the Company's future potential and second in the categories of salary levels, opportunities for promotion and training, and attractive products. Furthermore, within the global study **"World's Best Employers 2023"** by Forbes

and Statista, HUGO BOSS improved its ranking significantly in 2023 and, for the first time, made it into the top 200 globally. In addition, based on an independent study in collaboration with Statista and the Financial Times, HUGO BOSS was able to maintain its strong midfield-position among the **Top 50 Diversity Leaders** in Europe in 2023.

Retaining and developing employees

Our employees are crucial to the success of HUGO BOSS. In addition to attracting new talents, we therefore place a strong emphasis on **retaining talents and supporting them in their individual development**. Besides a fair and market-oriented compensation as well as attractive benefits offered to our employees, HUGO BOSS attaches particular importance to a common and supportive leadership mindset within the Company as well as various opportunities for individual development.

HUGO BOSS regards **fair pay** as an essential aspect of our personnel work and aims to strengthen the loyalty of our employees to the Company by means of a fair, transparent, and competitive compensation structure. Based on a regular assessment of all jobs in Germany as well as international key positions, the vast majority of our employees are remunerated based on job-specific salary bands. These are based on **external salary benchmarks**, covering several sectors, and are intended to further increase transparency. Over the past few years, HUGO BOSS carried out an assessment of almost all positions worldwide to establish a uniform compensation system based on Group-wide salary bands. This is intended to ensure that our global compensation system is fair, competitive, and independent of gender or other diversity characteristics. In 2023, the HUGO BOSS Managing Board further strengthened its commitment to fair pay by signing a global Fair Pay Commitment, which was made available to all employees on the Company-wide intranet. Overall, we regard fair remuneration as a key factor to further increase both employee satisfaction and our attractiveness as an employer.

Our **compensation system** includes fixed and variable salary components, bonuses above the collective bargaining scale, non-cash compensation, and other benefits. It complies with industry and collective bargaining agreements and incorporates national and regional benchmarks. At HUGO BOSS AG, there are also works agreements that govern compensation components such as the employee performance bonus. In addition to their basic salary, non-tariff employees receive a 13th monthly salary installment and a short-term incentive (STI) linked to annual Company targets. The compensation scheme at the two levels below the Managing Board also includes a long-term incentive program (LTI) that extends over several years and matches the targets of the Managing Board. [> Compensation Report](#)

In order to offer our employees an additional benefit, HUGO BOSS successfully launched its **employee share investment program (SHIP)** in 2023. This gives employees across more than 20 countries the opportunity to acquire a certain number of HUGO BOSS shares at regular intervals and at favorable conditions, and thus participate directly in the Company's success. The program was very well received by our employees in its first year, resulting in an overall participation rate of around 20%, with the rate at HUGO BOSS AG even exceeding 40%. HUGO BOSS aims to expand the SHIP to additional Company locations going forward, thus increasing the number of eligible employees.

Aimed at further increasing employer attractiveness and creating an enjoyable, best-in-class workplace experience for our more than 3,000 employees at the Metzingen (Germany) campus, HUGO BOSS continues to invest into further **upgrading and expanding its headquarters**, with overall investments exceeding EUR 100 million. This includes the construction of a new office building with 350 additional workstations by 2025 as well as the reopening of the completely renovated **employee restaurant and barista bar** in 2023. To offer a more modern and welcoming experience, we also redesigned our campus' visitor and employee entrance area with new green areas, and a lounge-like foyer and reception.

We are convinced that a balanced personal and professional life fosters a productive and motivated workforce. Consequently, we offer our employees a wide range of options to **strengthen work-life balance**. Numerous initiatives for flexible working enable most of our employees at the Metzingen campus to work in an agile and cross-functional manner, also with the support of flexible and modern office concepts. Our **hybrid working model "Threedom of Work"** applies to commercial and administrative staff in Germany and provides for three days of attendance at the Metzingen site, whereas employees are free to choose their work location on the other two days. While similar models have already been established in other Group companies, the conventional **mobile working concept** is available to almost all our administrative employees worldwide. In addition, trust-based working hours, individual part-time arrangements, as well as newly established job-sharing and co-leadership models complement our offerings and are intended to contribute to both increased employee retention and satisfaction. In addition, HUGO BOSS promotes the work-life balance in the form of numerous **family-friendly offers**, which are described in more detail in the section "Combined Non-Financial Statement." > **Combined Non-Financial Statement, Employee Matters**

We also attach great importance to promoting the **health and performance** of our employees, including numerous activities to improve physical and mental health. Employees in Germany, Switzerland, and Turkey, for example, can use the Company's own **fitness centers** free of charge and participate in a wide range of different on-site and digital sport and coaching courses. A **balanced nutritional concept** in our HUGO BOSS restaurants is intended to improve the personal well-being of our employees. At the central distribution centers in Germany and for production employees in Metzingen, **health measures** also include movement breaks, massages, and back training courses.

Development offerings at HUGO BOSS include a strong focus on **leadership mentality**, as we are convinced that it has a significant impact on our Company's performance and commitment of employees and teams, thus strongly contributing to achieving the targets set out in "CLAIM 5." Regular workshops aim to firmly anchor the leadership mindset within our Company, supporting a common understanding of leadership at HUGO BOSS. In addition, we consider a good leadership culture to be a key enabler in sustainably increasing employee satisfaction. Our concept of **leadership mindset** envisions that leaders should act as enablers, providing their employees with a framework for their daily work, offering them support, and, at the same time, encouraging them to regularly surpass themselves. In addition, leaders at HUGO BOSS are expected to connect people and teams and to strengthen the team spirit and sense of togetherness.

In addition to vertical promotions, HUGO BOSS generally considers internal job changes across departments and divisions as crucial for promoting talents and long-term employee retention. As part of this commitment, HUGO BOSS enhanced the digital employee experience with the relaunch of our **internal career platform "GLOBAL JOBS"** in 2023. With a fresh look and feel and digital features, such as a chatbot, the platform redefines internal jobs searches, while underlining our dedication to technological advancement. The digital **employee recommendation program "HUGO BOSS Spotted,"** which was updated and extended in 2023, provides a transparent recommendation process to support the appropriate filling of vacancies by internal talents. To further boost the motivation, commitment, and qualification of employees, we also offer a wide range of **training and development opportunities**. This includes the Employee Development Program (EDP), the Leadership Development Program (LDP), the High Potential Program (HIPOSS), as well as the **Experienced Leaders Collection (ELC)** introduced in 2023. All material opportunities for individual development are described in detail in the "Combined Non-Financial Statement" within this Annual Report.

➤ **Combined Non-Financial Statement, Employee Matters**

In order to improve employee retention in the long term, we are striving to strengthen the **identification of our employees with HUGO BOSS and its goals**. A variety of internal communication measures is intended to contribute to this, aimed at strengthening the exchange both among employees as well as between employees and senior management. In addition to regular Managing Board updates, this also includes the opportunity to enter into direct exchange with the Managing Board as part of internal events. Beyond that, Company- and brand-specific news is also communicated in real time to employees in 36 countries via our global **employee app "My HUGO BOSS"** (2022: 36 countries). The app also offers our employees various digital conveniences, such as quick access to emails, digital business cards, or our internal career platform. To further increase community engagement within our organization, the app also features a social video wall. In addition, we launched our new **global intranet "ONE"** in 2023, serving as an additional communication platform for all employees worldwide. Important and centralized news about HUGO BOSS and our brands, enriched with live streams and videos, but also external content, such as industry news, are made available to employees via this channel.

77% EMPLOYEE SATISFACTION

HUGO BOSS determines the satisfaction and the needs of its employees as part of an **employee survey** conducted annually in cooperation with Great Place to Work Germany. The findings provide our Company with important impetus for the further development of its personnel work and corporate culture. The results of the annual employee survey also represent an important component of the compensation within the long-term incentive program (LTI). With a Group-wide participation rate of 77%, **overall employee satisfaction** amounted to 77% in 2023 (2022: participation rate of 70% and overall satisfaction of 78%). We have set ourselves the goal of maintaining a strong level of at least 75% of overall satisfaction also in the years to come. ➤ **Combined Non-Financial Statement, Employee Matters**

Employee figures

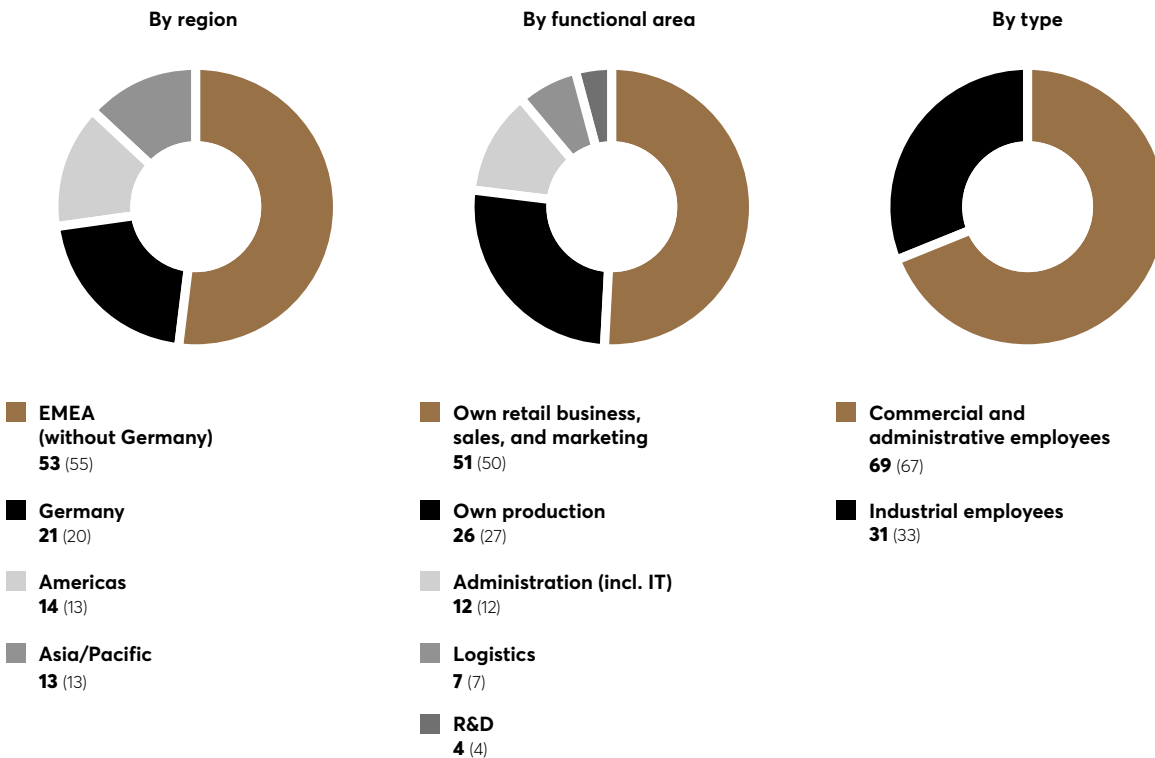
NUMBER OF EMPLOYEES¹ AS OF DECEMBER 31



¹ Full-time equivalent (FTE) excluding apprentices, interns, and temporary workers.

At the end of fiscal year 2023, on a full-time equivalent basis, 18,738 **employees** worked for HUGO BOSS (2022: 16,930). The increase compared to the prior year is in line with our strategic pillar "Organize for Growth," aimed at ensuring the ongoing successful execution of "CLAIM 5." It primarily reflects the further strengthening of our global retail business, key headquarters functions such as Omnichannel and IT, as well as our production and logistics teams. The **average age** of our global workforce was 36 years, thus unchanged to the prior year (2022: 36 years).

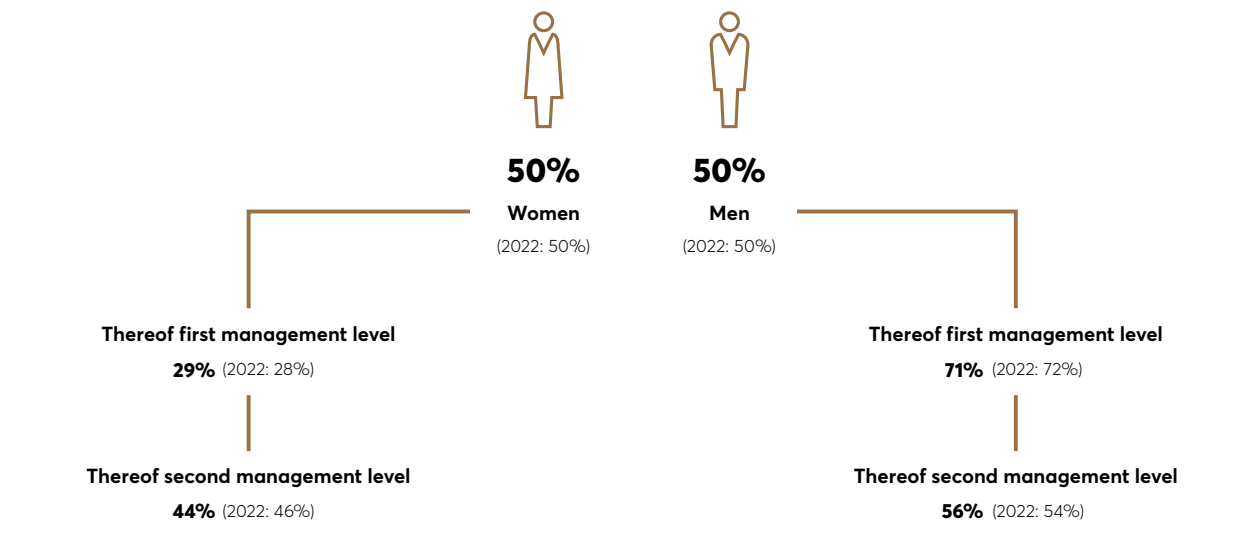
EMPLOYEES AS OF DECEMBER 31 (IN %)



2023 (2022)

Our **global positioning** is also reflected in our workforce. In 2023, around 80% of our employees were based outside of Germany (2022: 80%). Within Germany, employees from almost 100 different nations worked for HUGO BOSS (2022: 93 nations). While 12,920 employees (2022: 11,384) worked in the **commercial sector** at the end of 2023, 5,818 employees (2022: 5,545) were assigned to **industrial activities**.

EMPLOYEES IN MANAGEMENT



With a share of 59%, **women** continued to make up the majority of the workforce at HUGO BOSS (2022: 60%) at year-end. Across all **management** levels, 50% of positions were held by women at the end of 2023, thus remaining unchanged to the prior year (2022: 50%). The Managing Board has set the target of achieving a **proportion of women** of at least 40% in the first management level below the Managing Board and at least 50% in the second management level by 2025. As of December 31, 2023, the proportion of women at the first management level below the Managing Board was 29%, while it was 44% at the second management level below the Managing Board. Both proportions were hence broadly in line with the prior-year level (December 31, 2022: 28% and 46%, respectively). > **Corporate Governance and Corporate Governance Statement**

PRODUCT DEVELOPMENT AND INNOVATION

Digitalization of product development of high strategic relevance

Focus on innovative materials in terms of performance and sustainability

Capsule collections and collabs to drive excitement among BOSS and HUGO

At HUGO BOSS, we put strong efforts on developing collections and products that meet the highest customer demands in terms of design and quality, as well as innovation and sustainability. These requirements are firmly embedded in our strategic claim **"Product is Key,"** which puts consumers and our products at the center of everything we do. As part of our "CLAIM 5" strategy, we aim to further optimize **the price-value proposition** to guarantee **highest quality**, a superior degree of **innovation and sustainability**, and features that enable our brands to clearly distinguish themselves from the competition. The potential of digitalization is to be fully exploited throughout the entire product development process. Inspiring capsule collections and high-impact collaborations with well-known brands and personalities are also intended to spur the relevance of BOSS and HUGO while driving excitement among both brands. > **Group Strategy, "Product is Key"**

The design and product development process at HUGO BOSS involves the transformation of a creative idea into a commercial product. The work is carried out at our **three development centers** in Metzingen (Germany), Coldrerio (Switzerland), and Morrovalle (Italy). While the majority of our collections are developed at the Group headquarters in **Metzingen**, the **Coldrerio** site is mainly responsible for the development of the product categories shirts, knitwear, shoes and accessories, as well as bodywear and hosiery. In **Morrovalle**, we develop high-quality shoes and leather accessories.

Product development process

PRODUCT DEVELOPMENT PROCESS AT HUGO BOSS



The product development process starts with a **creative idea**, constantly considering customer expectations. Our collections are centered around brand strategy, brand values, as well as global mega and fashion trends. To ensure a holistic brand message, collection and brand communication are closely aligned right from the start of the development process. The transformation of the creative idea and designs into specific collections also takes into account sell-through rates of previous collections as well as feedback gathered from wholesale partners and consumers alike. In the **conventional product development process**, the second step sees our design teams' creative ideas tailored in the pattern design phase. Technical product development then turns the models into prototypes and tests their suitability for the industrial production process. In conventional product development, the prototyping is followed by the **manufacture of sample collections** to ensure that the products meet our high standards in terms of quality and fit. Once production has been completed, the collections are ready to be sold via the respective distribution channels. While historically all the more relevant, the conventional product development process has become less important in recent years, as we have been able to successfully drive digitalization in this area.

>90% DIGITALLY DEVELOPED PRODUCTS BY 2025

The **digitalization of product development** is of high strategic importance to HUGO BOSS. In line with our strategic claim "Lead in Digital," we have set ourselves the goal of developing more than 90% of our products digitally by 2025. Thanks to further important progress made in the evolution of immersive 3D simulations and the expansion of digital development to additional product groups over the past few years, we were able to further increase the **proportion of digitally developed products** to around 65% in fiscal year 2023 (2022: around 55%). Already today, we are able to run the entire product development process digitally. One prime example in this regard will be our capsule collection **Aston Martin x BOSS** as part of the exclusive BOSS Camel brand line. Set to launch in the second half of 2024, it will be developed digitally – from first sketches and the selection of materials to the distribution of the styles via our digital channels. Overall, **digital workflows** allow us to operate more flexibly throughout the entire value chain, shorten lead times, and consequently adapt more effectively and quickly to changes in consumer trends and customer demand. In addition, the digitally developed styles are also used in distribution – for example, when selling our collections to wholesalers via digital showrooms or via "virtual try-on" to our end-customers on hugoboss.com. At the same time, we are convinced that the ongoing digitalization of our product development process will also contribute positively to our **sustainability ambitions**, as it allows for predicting trends more accurately, better anticipating customer preferences, and further reducing the need for physical samples, thus minimizing waste and reducing our CO₂ emissions. > [Sustainability](#)

In order to remain at the forefront of rapidly evolving technologies in digital product development, HUGO BOSS continuously invests in strengthening the expertise of its employees. Already today, thanks to our strong expertise in the field of digital product development, dedicated **trainings for further increasing 3D competence** are conducted in-house, fostering a true digital mindset with an end-to-end understanding of all relevant digital processes. To further expand knowledge with regards to 3D design, additional trainings were introduced in 2023 while the Company also hosted internal events to strengthen the knowledge exchange among employees. On top of that, we further strengthened our expertise and innovation capabilities by setting up a dedicated 3D design team, implementing innovative software solutions while adapting knowledge from the gaming world, among other things.

Key areas of product innovation

As part of our "CLAIM 5" growth strategy, we are committed to unlocking the full potential of BOSS and HUGO by perfectly dressing our customers 24/7 and for every occasion. **Driving casualization** along our collections and further optimizing **wearing comfort** through the increased use of innovative materials are of particular importance and thus a key area of production innovation at HUGO BOSS. With BOSS, we continue to drive innovation, particularly with our **athleisurewear** offering as part of **BOSS Green**. In 2023, putting strong emphasis on dressing consumers for an active lifestyle, we launched selected functional capsule collections, for example in tennis with brand ambassador Matteo Berrettini, while also introducing a new highly functional collection with runner Alica Schmidt as part of BOSS Womenswear. To further elevate the wearing comfort within our **BOSS formalwear** assortment, already in 2022 we introduced the BOSS Performance product range, which combines formalwear outfits with sportswear elements, thereby perfectly matching the needs of our customers. It ranges from super-stretchable and machine-washable styles to lightweight and wrinkle-free products that can be easily carried in hand luggage. In 2023, we further expanded the performance product range to BOSS Womenswear, while, at the same time, further implementing performance functionalities into our existing product range as part of BOSS Menswear, making use of the experience gained in prior years. This includes, for example, tech-linen or tech-flannel suits, made of performance stretch material thus offering increased levels of comfort. On top of that, we expanded our product portfolio by introducing **HUGO BLUE** in early 2024, a new line under the HUGO brand. With a clear focus on denimwear, HUGO BLUE is particularly dedicated to leveraging the full potential of the HUGO brand, with jersey, knitwear, outerwear pieces, and accessories completing the offering. > [Group Strategy, "Product is Key"](#)

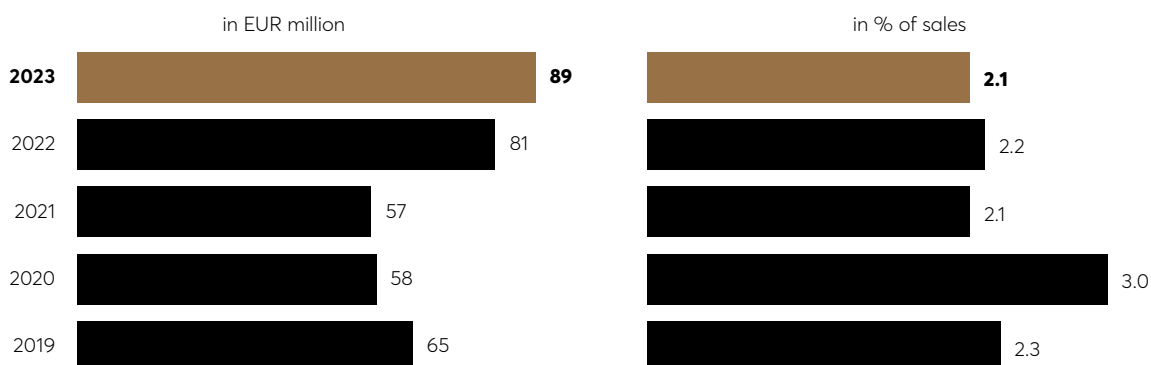
We are fully committed to living up to growing customer expectations in terms of **sustainability**. To this end, we increasingly rely on innovative, sustainable materials, and manufacturing techniques in the development of our collections. As part of our **long-term strategic partnership with HeiQ AeoniQ**, we are focusing on the joint development and production of a sustainable, circular, and recyclable cellulose yarn with the aim of replacing environmentally harmful polyester and nylon. In this context, we successfully launched the first two BOSS polo shirts made of almost 90% AeoniQ together with BOSS brand ambassador Matteo Berrettini in the first half of 2023, which were recognized with the **2023 ISPO Award** for setting new standards in the field of more sustainable performance apparel. Later that year, three additional outerwear styles crafted in AeoniQ fabric formed a limited-edition capsule collection, which was made available with the BOSS Milan Fashion Show in September. On top of that, as part of our **"BETTER BOSS" initiative**, which unites our circularity ambitions and our goal of creating 60% of our products from lower-impact materials by 2025, we launched a fully circular capsule collection in late 2023, made from recycled textiles and thus extending the product lifetime. A particular highlight within this was three all-gender pieces crafted exclusively from recycled wool. Also at HUGO, we strive to maximize our positive impact as part of our sustainability ambitions, particularly within our **"WE ACT" product range**. This covers products made from at least 60% more sustainable raw materials such as regenerative cotton. Going forward, leveraging such initiatives is set to support our goal of enabling 80% of BOSS and HUGO products to become circular by 2030. The latter is also firmly anchored in our sustainability strategy, which contains a strong commitment to "Increase Circularity." > [Sustainability](#)

The four main collections of BOSS and HUGO are designed to offer customers both a broad range of core products as well as a variety of seasonal and particularly fashion-conscious styles. Besides these main collections, we team up with other well-known brands and personalities to create **inspiring capsule collections** and **high-impact collaborations**. In doing so, we want to constantly increase the relevance of BOSS and HUGO and excite consumers all over the globe. In 2023, BOSS launched several capsules together with its brand ambassadors, as well as with strong partners including Porsche, Samsonite, and the American football league NFL. Fiscal year 2023 also saw the development of a dedicated BOSS Womenswear capsule with British supermodel Naomi Campbell, which will be launched in early 2024 and comprises styles from versatile outerwear to cozy sweatshirts. HUGO, on the other hand, teamed up with audio lifestyle company Urbanista and brand ambassador and TikTok superstar Bella Poarch, among others. Exceptional collaborations like these will continue to play a key role in attracting new and younger consumers and fully unlocking the great potential of both brands in the future. > **Group Strategy, "Product is Key"**

Key R&D figures

The **research and product development (R&D) departments** of HUGO BOSS are staffed primarily by fashion and 3D designers, tailors, shoe and clothing technicians, and engineers. As of December 31, 2023, the number of employees in this area totaled 751 (2022: 656).

RESEARCH AND PRODUCT DEVELOPMENT EXPENSES



In line with our strategic claims "Product is Key" and "Organize for Growth," our R&D expenses grew 11% to EUR 89 million in 2023, with the majority of the increase mainly resulting from an increase in personnel expenses. At 71%, personnel expenses continued to account for the majority of **R&D expenses** last fiscal year (2022: 71%). The remainder is primarily composed of other department expenses. In 2023, R&D costs were again mostly recognized as expenses at the time they were incurred. In addition, production-related development expenses are included in the cost of conversion of inventories. No development expenses were recognized as internally generated intangible assets due to the predominantly short product life cycles.

SOURCING AND PRODUCTION

Strategic focus on increasing efficiency, flexibility, and speed-to-market

Tech-driven business operations platform to support growth and traceability

Step up of investments in global logistics network

Platform for speed and growth

As part of our "CLAIM 5" strategy, we strive to generate significant growth across all brands, regions, and consumer touchpoints. An efficient and robust operational infrastructure forms the basis for achieving our medium-term financial targets. The strategic claim **"Organize for Growth"** thus aims to further optimize and flexibilizing our sourcing and production activities in order to create a strong and robust platform for growth and speed-to-market.

The sourcing and production of high-quality products is a crucial factor for meeting high customer expectations on design, functionality, comfort, and longevity at all times. In addition to ensuring these quality characteristics, we are constantly striving for best-in-class solutions to further **increase the resilience, efficiency, and flexibility** of our global sourcing and production activities. In this context, a key element is the further **digitalization along the entire value chain**, as we aim to respond even faster to changing market trends and thus meeting customer demand.

Therefore, we are pushing ahead with implementing our important **Digital TWIN**, a smart and tech-driven business operations platform aimed at strongly enhancing real-time data utilization. By creating a digital copy of our supply chain and using artificial intelligence, we aim at further improving demand planning and better aligning our various planning activities. This, in turn, is intended to provide the most accurate procurement of products and fabrics, both in terms of timing and quantity. Along with efficient logistics planning and a smart inventory allocation, we want to ensure that customer demand is met even more effectively, while at the same time benefiting from lower cost and higher full-price sell-through. At the same time, increased transparency will enable us to establish end-to-end product traceability, which is also fully in line with our sustainability ambitions.

In 2023, our **cross-functional project team** made substantial progress in advancing several of our TWIN's key project initiatives. In particular, we made significant initial advances in key processes, such as further increasing transparency in our global procurement processes, refined our target operating models, and identified various new technology solutions. Building on the success of first pilot implementations, 2024 will see the global rollout of our TWIN's key traceability features. In addition, we will start with the implementation of a new product life-cycle model as well as state-of-the-art planning solutions.

Sourcing volumes and regional split

In terms of value, 17% of the total **sourcing and production volume** in 2023 was produced at our own production facilities (2022: 14%), with the increase compared to the prior year reflecting the full utilization of our fourth production facility in Izmir (Turkey), dedicated towards casualwear, which commenced operations in late 2022. At the same time, 83% comprises products sourced from independent contract suppliers or sourced as merchandise (2022: 86%).

REGIONAL SPLIT OF SOURCING AND PRODUCTION VOLUME (IN %)



2023 (2022)

HUGO BOSS attaches great importance to a **regionally balanced strategic sourcing mix** in order to minimize risks such as local or regional capacity shortfalls as far as possible. In 2023, 52% of our merchandise was sourced in **EMEA**, representing a noticeable increase compared to last year (2022: 46%). In line with our strategic ambition of further promoting "nearshoring," we have set ourselves the goal of aligning our regional sourcing activities closer with our sales markets, aimed at ensuring shorter lead times and increasing speed-to-market capabilities. In this context, we aim to keep the share of our sourcing activities in EMEA at a level of around 50% also in the years to come. With a share of 26% of our global sourcing and production volume (2022: 23%), **Turkey** not only accounts for about half of our European sourcing activity, but also represents by far for the largest sourcing market for HUGO BOSS. Our own production in Izmir meanwhile accounts for 15% of the global sourcing and production volume in 2023 (2022: 12%). Besides Turkey, **Portugal**, and **Italy** also represent relevant sourcing markets within EMEA.

At 46%, the **Asian** share of our global sourcing and production volume noticeably decreased in 2023 (2022: 51%), fully in line with our medium-term ambition, which aims to bring this share down to a level of around 40%. Within Asia, **Vietnam** and **China** represent 13% and 10% of our global sourcing and production volume. Hence, while both markets were among the most important sourcing markets also last year, their share of sourcing volume has come down meaningfully as compared to the prior-year period (2022: 15% and 17%).

To benefit from the proximity to the important U.S. market, we are committed to also strengthening our sourcing footprint in the **Americas**. While the latter currently stands at 2% (2022: 3%), it is our ambition to increase the share towards a level of around 10% in the years to come. In this context, we are in the process of identifying and onboarding new suppliers, mainly located in markets of **Latin America** such as **Peru** or **Mexico**, with initial progress made during 2023.

Own production as a competitive advantage

As part of "CLAIM 5," we significantly expanded our own production capacity in recent years. In addition to greater **independence from external factors**, this allows us to react more quickly and flexibly to any changes in customer demand and to fully leverage in-season replenishment opportunities. In addition, it enables us to gain important expertise in the further development of production technologies and quality standards. Our five **own production facilities** are located in Izmir (Turkey), Metzingen (Germany), Radom (Poland), Morrovalle (Italy), and Coldrerio (Switzerland).

Our **largest own production site in Izmir**, extended with a fourth factory in 2022, plays a key role in this. Initially focused on the manufacturing of formalwear, the Izmir site meanwhile dedicates around 20% of its production volume to casualwear, covering product categories such as trousers, jackets, and jersey. Already today, Izmir thus accounts for more than 5% of our global casualwear sourcing, enabling us to react even more flexibly to changes in consumer demand also in this important segment. In 2023, we also started manufacturing products from our exclusive BOSS Camel brand line in Izmir, ensuring excellent product quality with a luxury look and feel by fully leveraging our long-standing tailoring heritage and highly sophisticated craftsmanship skills.

The production site in **Metzingen** mainly produces products for BOSS Camel, including tailored BOSS "Made to Measure" suits, along with prototypes and sample styles. Business shoes and sneakers are the main focus of production in **Radom** and **Morrovalle**, while BOSS "Made to Measure" shirts are produced in **Coldrerio**.

Network of experienced and specialist suppliers

In order to ensure excellent processing quality and high product availability, HUGO BOSS works together with an extensive **network of experienced and specialist suppliers**. In fiscal year 2023, we continued to expand our global network of finished goods suppliers to fully serve the strong customer demand spurred by the successful execution of "CLAIM 5." Consequently, we sourced **finished goods** from a total of 205 external tier-1 suppliers (2022: 184) using 267 production facilities (2022: 233). In addition, we procured **raw materials** from 371 external tier-1 suppliers (2022: 328) using 397 production facilities (2022: 360).

HUGO BOSS strives to establish and maintain **long-term strategic partnerships** with its suppliers, with the average duration of our relationship with strategic suppliers exceeding ten years. In this context, we see ourselves as a strong partner, supporting suppliers in the further development and professionalization of processes and workflows. Alongside economic criteria, we attach great importance to the **careful selection of suppliers**, in which environmental and social aspects play an essential role. The cooperation is based on respect for human rights, compliance with applicable working standards, and occupational health and safety. The **HUGO BOSS Supplier Code of Conduct** forms the basis for all supplier relationships and provides an important framework for the structuring of business activities. We constantly review compliance with the Code of Conduct in the form of regular environmental and social audits in the production facilities and support our suppliers with training on relevant topics. For instance, we offer training programs aimed at assisting strategic partners in enhancing the digital skills of their workforce. At the same time, we are strongly involved in the further development of international standards and play an active role in external collaborations to shape more sustainable textile supply chains. > **Combined Non-Financial Statement, Respect for Human Rights**

Expansion of own logistics infrastructure

The storage of inventories is centered on selected sites, which in most cases are directly operated by HUGO BOSS. Our distribution centers for hanging goods, flat-packed goods, and the Company's global online business, all located in proximity to the headquarters in Metzingen, form the core of our **Group-wide logistics network**. The latter is supplemented by selected local or regional warehouses, including our own warehouse in Savannah (USA) and those operated by third parties, for example in China or the UK.

To further support the successful execution of our "CLAIM 5" growth strategy, in 2023, HUGO BOSS began stepping up **investments into its logistics network**. In this context, we aim to increase our unit capacity from currently around 65 million to around 90 million in the medium term. In particular, we are significantly **expanding our distribution center for flat-packed goods close to our headquarters in Metzingen**, responding to the increased global customer demand for BOSS and HUGO. As part of this multiyear project, we are investing more than EUR 100 million, with a strong focus on the further digitalization and automatization of processes, and the implementation of state-of-the-art robotics solutions. Scheduled for completion by 2026, the expansion is aimed at increasing our warehouse's shipping and storage capacity by around 75%.

SUSTAINABILITY

Sustainability as an integral part of HUGO BOSS business activities

New sustainability strategy based on five key pillars

Renewed inclusion in the Dow Jones Sustainability Index World and Europe

HUGO BOSS considers its diverse sustainability initiatives along the entire value chain as both a crucial corporate responsibility and a prerequisite to inspire customers and thus further strengthen its position as a leading global premium fashion platform. With our constantly evolving business model, we are equally committed to **protecting our environment, living up to social and societal expectations, and practicing responsible corporate governance**. In doing so, our numerous environmental, social, and governance (ESG) activities aim to generate added value for our Company, employees, shareholders, customers, business partners, and society, ensuring long-term success for HUGO BOSS.

Sustainability strategy

OUR SUSTAINABILITY STRATEGY



HUGO BOSS regards sustainability as an important element of its "CLAIM 5" strategy and thus as an integral part of our business activities. Consequently, being **"Sustainable Throughout"** is firmly embedded in our daily business activities. In line with our bold commitment to strongly support creating **a planet free of waste and pollution**, we developed our **new Sustainability Strategy in 2023**, focusing on **five key pillars** and their corresponding targets: increase circularity, drive digitization and data analytics, leverage nature-positive materials, fight microplastic, and push zero emissions. By embracing these pillars, we are paving the way towards a better and more sustainable future.

Increase circularity

HUGO BOSS puts strong emphasis on developing products of highest quality that embody timeless design. As part of our strategic focus on increasing circularity, we aim to extend the longevity of our products, close material loops, and prioritize the use of recycled and renewable materials. By fostering the development of circular products, we are committed to conserving resources and further reducing waste. In this context, we have set ourselves the ambitious target of having **80% circular products by 2030** (2023: 17%). Our brands' CIRCULAR styles adhere to three key principles: being **recyclable**, being made with **renewable or recycled raw materials**, and being **designed for longevity**.

To achieve this goal, we have launched various initiatives, including expanding our products' recycling potential. On top of that, we are also exploring circular business models such as repair and resale. To ensure consistency and adherence to circular principles, we have developed a dedicated **Circular Product Policy**, setting the criteria for circularity in our design and development processes. We are also providing training for our employees in circular design and product development, with a focus on the shared creative potential of our Design and Product Development departments. In particular, we have introduced a mandatory digital Circularity training program, covering the use of recycled and renewable materials as well as making circular design choices. > **Combined Non-Financial Statement, Environmental Matters**

Drive digitization and data analytics

In line with our vision of becoming the leading premium tech-driven fashion platform worldwide, we are fully committed to embracing digital innovation and exploiting our many digital opportunities. In order to "Lead in Digital," we are digitalizing our business activities across the entire value chain and harnessing the power of data. We are convinced that the ongoing digitalization of our value chain will also contribute positively to our sustainability ambitions. As part of this, we have set ourselves the target to **develop over 90% of our products digitally by 2025** (2023: around 65%).

HUGO BOSS is fully committed to digital design and product development, bringing prototypes to life through immersive 3D simulations, and captivating its customers through cutting-edge interactive product presentations. Having transformed all relevant physical development steps into digital processes, we have already made significant strides in **reducing the need for physical samples** in recent years. Going forward, we aim to exploit the full potential of advanced data analytics by gathering insights that drive our decision-making processes and empower us to further optimize our use of materials in production. By accurately forecasting trends and anticipating customer preferences, we aim to **minimize waste and reduce our CO₂ emissions**. Being at the heart of our digital journey, our Digital Campus will leverage our Company's data end to end to make meaningful, data-driven decisions, while also exploiting the many advantages offered by AI. > **Product Development and Innovation**

Leverage nature-positive materials

We recognize that our Company and its two brands BOSS and HUGO are highly connected to functioning ecosystems, from the materials used for our products to our impact on the environment. Going forward, therefore, we want to leverage the immense **potential of regenerative farming** by putting strong emphasis on sourcing materials that not only reduce our industry's environmental footprint but also contribute to biodiversity preservation. While traditional agriculture has an adverse impact on soil health, the climate, and biodiversity, we firmly believe that it can be transformed into a powerful nature-based solution. To foster regenerative farming practices, we are closely collaborating with our partners and suppliers, pioneering resilient systems for the future. Our goal is to embrace nature-positive materials, **sourcing 100% of our natural materials in alignment with regenerative farming principles or through closed-loop recycling by 2030**. Closed-loop recycling also involves utilizing recycled pre- or post-consumer textile waste, thus further reducing our impact on the environment.

To reach this ambitious target, among other things, we are **collaborating with Raddis Cotton**, a non-governmental organization dedicated to regenerative agriculture and the empowerment of female farmers. As part of this, BOSS launched a limited capsule collection for Spring/Summer 2023, including t-shirts, sweatshirts, and tracksuit bottoms made entirely from cotton grown regeneratively in South India. While we plan to continue this collaboration in 2024, we also intend to establish similar partnerships in the future. At the same time, we are also encouraging our suppliers to do so as well.

Fight microplastic

The intensive use of synthetic fibers, such as polyester and nylon, is one of the main causes of microplastics, contributing to environmental pollution and potential harm to ecosystems. In particular when washing clothes, both in the production process and in the use phase, microplastics are released into the water. To reduce the amount of microplastics ending up in the oceans, we aim to completely **phase out polyester and nylon in our products by 2030**, by constantly exploring and leveraging true alternatives to synthetic fibers.

Achieving this ambitious target depends, to a large extent, on the widespread availability of alternative raw materials. Taking this into account, already in 2022, we entered into a **long-term strategic partnership with Swiss innovator HeiQ** to jointly develop and scale AeoniQ, the world's first sustainable, circular, closed-loop cellulose yarn. It is aimed at substituting oil-based yarns, such as polyester and nylon, while also binding carbon from the atmosphere during growth. In 2023, BOSS successfully launched its first two polo shirts made of almost 90% AeoniQ, while also showcasing three respective outerwear styles at its Fall/Winter 2023 fashion event in Milan. Going forward, we will continue to grow this partnership by gradually increasing the use of AeoniQ yarn in our brands' collections. > **Product Development and Innovation**

Push zero emissions

At HUGO BOSS, we have set ourselves ambitious targets to reduce our CO₂ emissions and thus contribute to climate protection. In particular, together with other companies in the fashion industry, we are committed to reach **net zero CO₂ emissions by 2050**. As part of this commitment, we are pursuing the goal of effectively reducing our CO₂ emissions along the entire value chain (Scope 1, Scope 2, and Scope 3) by at least 50% by 2030 (base year: 2019), and thus without additional offsetting.

To achieve these goals, we are implementing numerous measures and initiatives both at our own sites and in the supply chain. Among other things, we are fostering regenerative farming to significantly reduce emissions in the procurement of raw materials. Additionally, we are **collaborating closely with our suppliers** to reduce energy consumption in production and are committed to limiting the use of airfreight throughout the supply chain. To **further reduce CO₂ emissions at our own production sites**, we keep investing primarily in energy-efficient technologies, the modernization and renewal of technical equipment, and increasing the share of renewable energies. > **Combined Non-Financial Statement, Environmental Matters**







A solid ESG core

Our Sustainability Strategy and the corresponding five strategic pillars are built on a strong ESG fundament, which is deeply embedded in our Company and guides us in all of our business activities. We actively participate in numerous initiatives aimed at creating a greener planet while fostering social and governance cohesion. In addition to measures taken to protect the environment and ecosystems, we therefore consider **sustainable production processes** to be crucial. Consequently, HUGO BOSS puts strong emphasis on ensuring the safety and well-being of its own employees and those in the value chain. Above all, this includes attaching the upmost importance to compliance with international human and labor rights and fair pay practices. At the same time, HUGO BOSS is convinced that **good and responsible corporate governance** is a key factor for long-term business success. > **Combined Non-Financial Statement, Respect for Human Rights**

ESG ratings and rankings

Our strong commitment to sustainability is regularly acknowledged and rewarded by various well-known ESG ratings and rankings. This reinforces our dedication to responsible business practices and our ongoing efforts to have a positive impact on the environment and society. With our approach of following **transparent reporting and sustainable business practices**, we remain committed to continuing to lead the way in our industry, in line with our bold mission statement "We Love Fashion, We Change Fashion."

KEY ESG RATINGS AND RANKINGS

| | Elaboration | Score |
|--|--|-------------|
|  <p>Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA</p> | With 87 points in the 2023 Corporate Sustainability Assessment (CSA), HUGO BOSS was included in the Dow Jones Sustainability Index (DJSI) World for the 7th consecutive year, taking second place in the industry. | 87 |
|  <p>CDP DISCLOSURE INSIGHT ACTION</p> | In 2023, HUGO BOSS was rewarded with a B by CDP for its overall climate action, scoring an A for the climate targets and Scope 1 & 2 emissions. | B |
|  <p>MSCI ESG RATINGS AA</p> | HUGO BOSS achieved an AA score in the 2023 MSCI assessment, revealing over-industry average practices regarding product carbon footprint, raw material sourcing, and governance. | AA |
|  <p>ISS ESG</p> | ISS ESG assessed the HUGO BOSS' overall ESG performance with C+ (Prime), therefore exceeding the sector specific threshold. | C+ |
|  <p>SUSTAINALYTICS</p> | In 2024, HUGO BOSS was assessed with a score of 13.0, signifying that the Company is exposed to a low ESG risk and applies good management practices. | 13.0 |
|  <p>Bloomberg</p> | HUGO BOSS was rewarded with a 6.24 (Leading) ESG score, accompanied by a high transparency disclosure. | 6.24 |

Due to our continuous efforts in the area of sustainability and our ongoing high level of transparency, HUGO BOSS has been included in the renowned **Dow Jones Sustainability Index (DJSI) World** for the seventh consecutive time. In addition, we also achieved inclusion in the DJSI Europe for the fourth time in a row. In the associated Corporate Sustainability Assessment (CSA), we once again secured a strong second place in the global textiles, apparel & luxury goods industry. We excelled in various key areas, such as Human Rights, Waste Management, Customer Relationship Management, Data Protection, and Innovation Management, achieving "best in class" scores in these criteria. In 2023, we received further external recognition by being awarded with the **Golden Planet Award** for our active implementation of important sustainability measures. In addition, HUGO BOSS received the **ESG Transparency Award**, honoring our transparent and comprehensive reporting on sustainability matters.

Investment in sustainability

HUGO BOSS is also increasing its dedication to sustainability by **investing in Collateral Good Ventures Fashion I**, a venture capital fund focused on promoting sustainability in the fashion industry and along the textile value chain. The fund will use HUGO BOSS' contribution to support startups and companies developing innovative solutions in areas such as raw material upcycling, microfiber prevention, and repair and care solutions. HUGO BOSS will contribute around 10% of the fund's total target volume of EUR 100 million.

COMBINED NON-FINANCIAL STATEMENT

Statement summarizes material disclosures on non-financial aspects

Eight topics identified as material within the meaning of Section 289c (3) of the German Commercial Code (HGB)

Definition of reported performance indicators is oriented towards GRI Standards

About this combined non-financial statement

Under Sections 315b and 315c HGB ["Handelsgesetzbuch": German Commercial Code] in conjunction with Sections 289b to 289e HGB, the Company hereby publishes this combined non-financial statement for HUGO BOSS AG and the HUGO BOSS Group. It substantively summarizes the material disclosures for our Company regarding the five required aspects of **environmental matters, employee matters, social matters, respect for human rights**, and **anti-corruption and bribery matters**, as well as regarding the **EU Taxonomy**. In preparation of the statement, HUGO BOSS oriented itself toward the Global Reporting Initiative (GRI) Standards, particularly for the definition of the reported performance indicators.

As part of the reporting process, HUGO BOSS has analyzed whether risks exist that are associated with its own business activities, its business relationships, as well as its products or services, and that very likely have or could have serious adverse impacts on the aspects listed above. HUGO BOSS has **not identified such risks**.

Unless otherwise noted, the disclosures made in this statement reflect equally the **perspective of HUGO BOSS AG and that of the Group**. Any references to information outside the combined non-financial statement – with the exception of references to the chapter "Business Activities and Group Structure" as part of the combined management report – are information going beyond the mandatory disclosures under the German Commercial Code and do not form part of the statement. The combined non-financial statement was subject to a voluntary review with limited assurance according to ISAE 3000 (Revised). > **Limited Assurance Report of the Independent Practitioner Regarding the Combined Non-financial Statement**

Description of the business model

HUGO BOSS is one of the leading fashion and lifestyle companies in the premium segment of the global apparel market. Our **business model** is described in detail in the chapter "Business Activities and Group Structure" of this Annual Report. > **Business Activities and Group Structure**

Derivation of material topics

The basis used for selecting the topics presented in this statement is a **materiality analysis** conducted by HUGO BOSS in 2019, which encompassed, in particular, a materiality review according to Section 289c (3) HGB. It has been analyzed to what extent the topics are of particular relevance for understanding the Company's development, performance, position, and the impact of its activity on the five required aspects. In 2023, HUGO BOSS reviewed its materiality analysis, confirming its continued validity.

OVERVIEW OF MATERIAL TOPICS, TARGETS, AND 2023 PERFORMANCE OF HUGO BOSS GROUP

| Aspects | Material topics ¹ | Targets | 2023 performance |
|-------------------------------------|---|---|--|
| Environmental matters | Climate action in production | Reaching net zero climate-damaging emissions by 2050; Effectively reducing CO ₂ emissions along the entire value chain by at least 50% by 2030 (base year: 2019) | (1)% vs. prior year ² ; +42% vs. base year ² |
| | Circularity | Enabling 80% of our apparel products to become circular by 2030 | 17% circular apparel products |
| Employee matters | Employer attractiveness | Further enhancing employer attractiveness | 77% employee satisfaction |
| Social matters | Brand power | Becoming one of the top 100 global brands | Substantial increase in brand value |
| | Data protection | Ruling out any contraventions of applicable data protection laws as far as possible | No such violations in the sense of cases established by authorities or courts |
| Respect for human rights | Human rights and labor standards in production | Complying with statutory and internal Company requirements on both human rights and labor standards | 86% of sourcing volume sourced from finished goods suppliers with one of the two highest attainable social compliance performance levels |
| | Occupational safety in production | Guaranteeing occupational safety at all times | |
| Anti-corruption and bribery matters | Avoidance of corruption and anti-competitive behavior | Preventing legal violations such as corruption, bribery, and antitrust violations | No such violations in the sense of cases established by authorities or courts |

¹ The aspects "Climate action in production," "Human rights and labor standards in production," and "Occupational safety in production" relate to both the production activities of HUGO BOSS itself and the production activities of independent suppliers.

² Not subject to the voluntary review with limited assurance according to ISAE 3000 (Revised).

Organizational structure and responsibilities

At HUGO BOSS, sustainability is firmly anchored in its "CLAIM 5" growth strategy. The overall responsibility for the sustainable development of the Group lies with the **Managing Board**. Strategic responsibility is assigned to the Group Strategy and Corporate Development division, which reports directly to the Chief Executive Officer (CEO). Operational responsibility along the supply chain lies with Business Operations, while Investor Relations is responsible for sustainability reporting. Both divisions report to the Chief Financial Officer (CFO)/ Chief Operations Officer (COO). He is also responsible for the central **Sustainability Committee**, which consists of representatives of the main business areas involved in sustainability topics and drives relevant decision-making processes in the area of sustainability. > **Managing Board**

Code of Conduct

HUGO BOSS has summarized Group-wide principles of conduct in its **Code of Conduct** and in more detailed Group policies, thus creating the basis for ensuring the legality of all employee activities. The focus is on regulations governing conduct in compliance with competition law, the avoidance of conflicts of interest, the appropriate handling of company information, data protection, fair working conditions and respectful treatment, as well as anti-corruption. Employees are continuously familiarized with the regulations of the publicly-available Code of Conduct and the Group policies. Likewise, our **Supplier Code of Conduct** forms the basis for all supplier relationships and provides an important framework for the structuring of business activities. We constantly review compliance with the Supplier Code of Conduct in the form of regular audits in the production facilities and support our suppliers with training on relevant topics.

Corporate Sustainability Reporting Directive

In fiscal year 2023, HUGO BOSS dealt intensively with the **Corporate Sustainability Reporting Directive (CSRD)** that will apply from fiscal year 2024 onwards. In this context, important steps were taken as part of a cross-divisional project to comply with the associated comprehensive future reporting requirements. In particular, HUGO BOSS is in the process of conducting a **double materiality assessment** intended to be finalized in early 2024. It aims to identify the environmental, social, and governance (ESG) topics that are material to HUGO BOSS, especially in connection with the **European Sustainability Reporting Standards (ESRS)** applicable from 2024 onwards. In its Sustainability Statement for fiscal year 2024, HUGO BOSS will report in detail on all topics assessed as material.

Environmental matters

Climate action in production

In the global textile and apparel industry, CO₂ emissions mainly occur in the cultivation and production of textile fibers and during energy-intensive processing stages, such as dyeing, washing, or bleaching. HUGO BOSS is conscious of its shared responsibility to **protect the environment and the climate**. The implementation and development of environmentally and climate-friendly processes at our suppliers is as important to us as the implementation of corresponding measures at our own production sites.

Internal guidelines and standards on climate action issues in the supply chain are defined by the central **Group Strategy and Corporate Development** division and implemented in close cooperation with the **Sustainable Supply Chain Management** department. In addition, the central **Environmental Management** team coordinates appropriate measures at the Company's own production sites in close alignment with the local management teams. The Managing Board, in person of the CFO/COO, is regularly informed about the progress made toward achieving the Group's climate protection targets, particularly within the Sustainability Committee. In addition, the Group Strategy and Corporate Development division reports directly to the CEO.

Targets

As a signatory to the Fashion Industry Charter for Climate Action under the auspices of the United Nations Framework Convention on Climate Change (UNFCCC), HUGO BOSS, together with other companies in the fashion industry, is striving for **net zero climate-damaging emissions** by 2050. As part of our commitment to this target, our sustainability strategy places great emphasis on significantly reducing emissions not only in our own area of responsibility but also along the entire value chain. As a first important milestone, we are pursuing the target of effectively reducing our CO₂ emissions along the entire value chain by at least 50% by 2030 (base year: 2019), and thus without additional offsetting. The scope 1, scope 2 and scope 3 emission categories included in this target are presented in the table below.

Measures

We are committed to global climate protection with numerous measures and initiatives at our own sites and in the supply chain. In order to define suitable measures, HUGO BOSS is actively collaborating with other signatories to the **Fashion Industry Charter for Climate Action**. In fiscal year 2023, we focused, among other things, on collaborating with other signatories in joint working groups addressing crucial topics such as "decarbonization," "lowering carbon manufacturing," and "policy engagement."

In line with the UNFCCC, we also work together with our suppliers to sustainably reduce environmental impacts along the supply chain. In this context, **compliance with legal environmental requirements** is an integral part of all supplier contracts. In addition, our **Environmental Policy** published on our corporate website describes a variety of environmental protection principles, both for our own production sites and those of our suppliers. It reflects our activities and objectives pursued within the framework of the Fashion Industry Charter for Climate Action. Our **Supplier Code of Conduct** also contains comprehensive guidelines for compliance with environmental protection requirements. In addition, HUGO BOSS sets binding sustainability criteria for its suppliers with regard to the use and processing of textile fibers and materials for its more sustainable product offering in the publicly available **WE CARE commitment**.

As part of regular **environmental audits** conducted by external auditors, we monitor, among other things, our suppliers' energy consumption and CO₂ emissions. In the event that violations of environmental requirements are identified, we work together with the respective supplier to develop action plans, the implementation of which is reviewed in follow-up audits. We also carry out relevant **training sessions** to inform our suppliers regularly about environmental and climate protection measures and to work towards the establishment of standardized energy and environmental management systems. This also includes trainings towards good carbon accounting practices. In order to increase the transparency and measurability of the environmental impacts of our partners, in cooperation with the Fashion Industry Charter for Climate Action and selected signatories, in 2021 we developed an online **"Climate Action Training for the Fashion Industry."** The training provides garment, textile, and footwear manufacturers with basic knowledge of climate change, the environmental impact of the fashion industry, energy efficiency, and renewable energy, as well as practical expertise on carbon accounting.

To further intensify its measures to achieve net zero by 2050, HUGO BOSS has developed a **decarbonization roadmap**. In this context, in 2023, we conducted a greenhouse gas (GHG) assessment to identify potential additional measures to sustainably reduce greenhouse gas emissions in our upstream value chain. Going forward, we aim at further intensifying the collaboration with our suppliers to effectively reduce emissions in our supply chain, focusing on suppliers with the highest emissions, particularly those with high energy demands.

In order to reduce the emissions and other environmental impacts associated with the cultivation and processing of natural materials, and fully in line with our Sustainability Strategy, we want to **"leverage nature positive materials"** by exploiting the potential of **regenerative farming**. Going forward, this means putting an even stronger emphasis on sourcing materials that not only reduce our industry's environmental footprint but also contribute to biodiversity preservation. Our goal is to source 100% of natural materials in alignment with regenerative farming principles or through closed-loop recycling by 2030, thus also contributing to climate protection. This also includes cotton, which is by far the most used material at HUGO BOSS. > [Sustainability](#)

The climate impact of our own production activities is relatively low compared with that of external suppliers, as in particular the upstream stages of the value chain involve CO₂-intensive processes. Nevertheless, the reduction of energy consumption and CO₂ emissions at our own production sites plays an important role for achieving our targets. We continue to develop our **Environmental Management** in line with the international standards ISO 14001 (environmental management) and ISO 50001 (energy management). Our own production site in Izmir (Turkey) – by far the largest of our own production sites globally – has already been certified in accordance with both standards since 2014.

To **further reduce CO₂ emissions at our own production sites**, we are investing primarily in energy-efficient technologies, the modernization and renewal of technical equipment, and increasing the share of renewable energies. For example, HUGO BOSS has been obtaining its energy from renewable sources at all its own facilities since 2020. In this context, in 2023, we commissioned new photovoltaic systems at our production sites in Izmir (Turkey), Morrovalle (Italy), Coldrerio (Switzerland), and Radom (Poland), while we also continued investing in LED lighting. The knowledge gained as part of our own environmental management will help us make further progress in reducing the environmental and climate impact in the supply chain together with our suppliers in the coming years.

Performance indicators

Our **scope 1 and market-based scope 2 emissions** in fiscal year 2023 amounted to 30,063t, which is broadly in line with the prior-year level (2022: 29,921t), but 7% below the base year (2019: 32,064t). This development mainly reflects a reduction in Group-wide energy consumption and an increase in the share of green electricity compared to the base year. The **scope 3 emissions**, which were not subject to the voluntary review with limited assurance according to ISAE 3000 (Revised), amounted to 1,056,845t in 2023, representing a 1% decrease compared to the prior year (2022: 1,063,612t), and an increase of 44% compared to the base year (2019: 731,576t). The latter primarily reflects the strong business performance of HUGO BOSS in recent fiscal years, as the large majority of our CO₂ emissions are generated in the cultivation and production of textile fibers and during energy-intensive processing stages. The scope 3 emission categories included herein are presented in the table below. In fiscal year 2023, our total **CO₂ emissions** calculated according to the Greenhouse Gas Protocol (GHG Protocol) thus amounted to 1,086,908t, representing a 1% decrease compared

to the prior year (2022: 1,093,533t) and a 42% increase compared to the base year (2019: 763,640t). The scope 3 emissions included in the total CO₂ emissions were not subject to the voluntary review with limited assurance according to ISAE 3000 (Revised).

TOTAL DIRECT, INDIRECT AND OTHER GREENHOUSE GAS EMISSIONS (IN T CO₂e)¹

| Scope 1 ² | 2023 | 2022 | Base year: 2019 ³ |
|---|------------------|------------------|------------------------------|
| Own vehicles | 3,915 | 3,068 | 3,094 |
| Direct energy consumption | 7,523 | 8,033 | 9,029 |
| Total Scope 1 | 11,438 | 11,101 | 12,123 |
| Scope 2 (market-based) ⁴ | | | |
| Indirect energy consumption | 18,625 | 18,820 | 19,941 |
| Total Scope 2 | 18,625 | 18,820 | 19,941 |
| Scope 3 ⁵ | | | |
| 3.1 Purchased goods and services | 939,898 | 931,590 | 645,516 |
| 3.3 Fuel- and energy-related activities | 8,059 | 7,555 | 8,138 |
| 3.4 Upstream transportation and distribution | 67,878 | 86,698 | 38,868 |
| 3.5 Waste generated in operations | 2,278 | 1,972 | 708 |
| 3.6 Business travel | 7,042 | 4,092 | 7,012 |
| 3.7 Employee commuting | 5,026 | 4,594 | 9,387 |
| 3.8 Upstream leased assets | 3,167 | 3,821 | 5,809 |
| 3.12 End-of-life treatment of sold products | 23,497 | 23,290 | 16,138 |
| Total Scope 3 | 1,056,845 | 1,063,612 | 731,576 |
| Total greenhouse gas emissions⁶ | 1,086,908 | 1,093,533 | 763,640 |

¹ Greenhouse gas emissions are calculated based on the GHG Protocol. Due to improvement of data quality and corresponding corrections during the year, prior-year figures have been adjusted retrospectively.

² Scope 1 emissions: direct emissions from owned or controlled sources.

³ 2019 data is not part of the auditing scope.

⁴ Scope 2 emissions: indirect emissions from the generation of purchased energy. Scope 2 emissions are calculated according to the market-based approach using specific supplier emission factors for certified green electricity. For conventional electricity, specific country emission factors are used. Location-based scope 2 emissions amounted to 38,758t in 2023 (2022: 38,793t).

⁵ Scope 3 emissions are not subject to the voluntary review with limited assurance according to ISAE 3000 (Revised). Scope 3 emissions calculation is based on both supplier-based and average-data methods. For "purchased goods and services," emissions are calculated as follows: Raw material production emissions (Tier 4 and Tier 3 Suppliers) include those from the conversion of raw materials into yarns. Manufacturing emissions (Tier 2 and Tier 1 Suppliers) encompass processes converting yarns into fabrics and finished goods. "Fuel- and energy-related activities" relate to emissions from the production of purchased fuels and energy not covered in Scope 1 or Scope 2. "Upstream transportation and distribution" emissions are calculated using primary data per each shipping mode to our warehouses and from the warehouses to our retail stores and our wholesale partners. "Waste generated in operations" comprises waste generated at HUGO BOSS, disposed by third-party providers. "Business travel" emissions are derived from flight data based on comprehensive tracking, while "employee commuting" emissions are estimated using average-data methods and national statistics. "Upstream leased assets" emissions include emissions of leased retail spaces. Emissions in connection with "end-of-life treatment of sold products" are calculated using the IMPACT 2022+ LCIA method, as primary data is not available.

⁶ The scope 3 emissions included in the total greenhouse gas emissions are not subject to the voluntary review with limited assurance according to ISAE 3000 (Revised).

Circularity

In light of the comprehensive environmental impact of the global textile and apparel industry, HUGO BOSS considers itself responsible for making a positive contribution to **protecting ecosystems and preserving valuable resources**. We have therefore firmly anchored the topic of circularity in our sustainability strategy. In this context, the design of our BOSS and HUGO products, which is fundamentally geared towards durability, becomes even more important.

Due to its strategic importance to HUGO BOSS, the topic of circularity is managed by the central **Group Strategy and Corporate Development** division, which, among other things, defines and coordinates the future direction and objectives. Operational responsibility lies primarily with the **design, product, and sales managers**, who define and implement corresponding product-related measures. In addition, **topic-specific task forces** systematically drive the exchange of experience in the area of circularity. Within the framework of the Sustainability Committee, the Managing Board, in person of the CFO/COO, is regularly informed on the progress in achieving the Company's circularity targets. There is also a direct reporting line from Group Strategy and Corporate Development to the CEO.

Targets

HUGO BOSS is increasingly working on establishing a consistent circular business model. In this context, we have set ourselves the target of enabling **80% of our apparel products to become circular** (measured by production volume, number of apparel products) by 2030.

Measures

Already in the phase of design and production, we set ourselves the goal of further **extending the durability of our products**, increasingly **closing material loops**, and promoting the **use of high-quality, recyclable materials**. The use of renewable and recycled raw materials is key in this regard. For example, we are targeting a steady increase in the proportion of recycled fibers in our products. Beyond this, the durability of our products is to be further improved not only by means of a timeless design, but also via the use of particularly resistant materials and corresponding processing steps. In this context, already in 2022 HUGO BOSS entered into a partnership with Swiss innovator **HeiQ AeoniQ**. Together, we are developing and producing a cellulosic filament yarn, which is intended to be recyclable, and thus a more sustainable substitute for synthetic fibers. In fiscal year 2023, BOSS successfully launched its first two polo shirts based on this technology, replacing almost 90% of the product's polyester. In contrast to synthetic fibers, no environmentally harmful microplastics are produced when washing products based entirely on AeoniQ yarn. Consequently, exploring and leveraging alternatives to synthetic fibers also contributes to our strong commitment to **"fight microplastic,"** which is firmly anchored in our sustainability strategy. > [Sustainability](#)

The know-how of our employees, especially in the areas of design, product development, and sourcing, is of particular importance in the development and production of circular products. For this reason, **trainings** represent an important measure to continuously expand knowledge about circular materials and designs and to ensure the application of circular design principles in main work steps. In fiscal year 2023, HUGO BOSS introduced a virtual **circularity training** course, accessible via the Group-wide "HUGO BOSS University" platform, covering topics such as the use of recycled and renewable materials as well as circular design

choices with regard to product recyclability. This training is mandatory for relevant departments working on the design and production of our circular products. HUGO BOSS also updated its internal **Circular Product Policy** in 2023 and conducted respective internal trainings on the new content. The policy is based on existing and expanded industry standards and includes important criteria to ensure circularity at the stage of design and development. Its key elements are published on our corporate website. > group.hugoboss.com

In addition to developing and manufacturing circular products, HUGO BOSS is also putting a strong focus on establishing **circular business models**. In this context, already today we offer a **Repair & Rewear service** in selected own stores in Germany in order to extend the lifetime of products that have previously been sold. In addition, we are operating the **online resale platform "Pre-Loved"** in France, where customers can return and purchase used BOSS and HUGO products. > [EU Taxonomy](#)

Performance indicators

While parts of our BOSS and HUGO collections were developed and manufactured directly on the basis of the Circular Product Policy for the first time in 2022, the **proportion of circular apparel products** in both brands' collections grew to a total of 17% in 2023. We aim for significantly increasing this share in the coming years.

Employee matters

Employer attractiveness

Our employees, their know-how, and their commitment is crucial for achieving our strategic and financial targets. Increasing complexity and a fast-moving competitive environment lead to growing demand for skilled employees and executives. For this reason, it is all the more important for HUGO BOSS to further strengthen its position in international competition for the most qualified employees. To increase our attractiveness as an employer, we therefore not only focus on a fair and value-based corporate culture, but also on actively promoting **diversity, equity, and inclusion (DE&I)** within the Company, **opportunities for individual development**, and a variety of offers to make it easier to **combine professional and private life**.

The **Global Human Resources (HR)** division is responsible for personnel strategy and Group-wide personnel management. Human Resources reports directly to the Chief Executive Officer (CEO) and remains in close contact with the executives of the central departments, as well as the HR departments and executives of the Group companies. The Managing Board is kept regularly informed about the progress of personnel work and is involved in all major decisions.

Targets

Further **enhancing our attractiveness as an employer** is a key target of HR work at HUGO BOSS. This is intended to further strengthen our position in international competition for highly qualified employees and to increase motivation, commitment, and loyalty among our almost 19,000 employees.

Measures

For HUGO BOSS, in addition to promoting diversity in the workforce, the systematic training and development of its employees, as well as supporting work-life balance are among the top strategic priorities in HR management. > **Employees and Teams**

As an international company, diversity, equity, and inclusion (DE&I) is a fundamental element of our corporate culture. All employees are to be guaranteed a discrimination-free working environment with equal opportunities and inclusive work culture. Organizationally, the important topic of DE&I is firmly anchored in the Global Employee Experience department as part of Global Human Resources, with the **Global DE&I team** focusing on further raising awareness of DE&I throughout the Company and also externally. Centrally initiated measures are driven forward by a **diversity task force**. A **policy and commitment against discrimination and harassment** are emphasizing our Group-wide efforts towards a discrimination- and harassment-free working environment. To further promote DE&I across the organization and strengthen it within our corporate culture, in 2023 HUGO BOSS defined a comprehensive DE&I ambition. As part of the execution of its DE&I ambition, HUGO BOSS launched the **MIX & MATCH** initiative, bundling numerous internal and external measures aimed at promoting a culture where differences are celebrated and inclusivity thrives.

HUGO BOSS offers its employees a wide range of individual development opportunities. Structured HR development programs for professionals and managers shall enable the promotion of employees according to their competencies, expand their knowledge, and strengthen their skills, for example with regard to a management career. In addition to the existing **Employee Development Program (EDP)**, **Leadership Development Program (LDP)**, and **High Potential Program (HIPOSS)**, we launched the **Experienced Leaders Collection (ELC)** in 2023. The ELC provides experienced leaders with a comprehensive learning and training collection, supporting a common understanding of leadership at HUGO BOSS. Our employees also have access to a broad selection of face-to-face and guided online live trainings as well as e-learning courses on social, professional, and management skills via the Group-wide **"HUGO BOSS University"** and **"HUGO BOSS eLIBRARY"** platforms. At our own production and logistics sites, face-to-face training sessions and workplace briefings form an integral part of the induction process for industrial staff.

The annual **"Performance & Development Dialog" (PDD)** provides process and system support in creating individual development opportunities. An online tool collects data relating to performance assessment, potential evaluation, and development planning of our employees and is designed to ensure the greatest possible objectivity, also through the display of multi-dimensional feedback. The aim of the PDD is to increase transparency, particularly with regard to possible **cross-divisional and international development paths** within the Group, to get the best out of employees, and retain talent in the Company for as long as possible. In addition to preparing and conducting the annual performance review, the tool also supports in conducting mid-year reviews and collecting other structured feedback from managers and colleagues.

To increase our attractiveness as an employer, we also support our employees in combining professional and private life. A **variety of flexible working models**, such as individual part-time arrangements, trust-based working hours, or working from home, are designed to further increase their motivation and commitment. Working models such as job sharing and co-leadership complete the offering. The majority of our employees already benefit from flexible working hours and possible part-time arrangements. For example, employees in our own production facility in Izmir (Turkey) are also able to reduce accrued overtime hours or take advantage of other part-time arrangements. **Working from home** is available to almost all administrative staff at HUGO BOSS. In particular, we offer administrative employees in Germany the **hybrid work concept "Threedom of Work,"** which provides for three days of attendance at our headquarters in Metzingen, while employees are free to choose their place of work on the other two days. Similar models have also been established at selected international locations.

At HUGO BOSS, we are also committed to strengthening family friendliness as part of the Germany-wide cooperation **"Success Factor Family."** Already today, we are offering a broad variety of family-friendly options to our employees. For example, young families at the Metzingen site have access to places in the local day care center and **holiday care** programs. In addition, we opened our own **day care center** at our headquarters in Metzingen in early 2023, offering space for around 50 toddlers. Employees in the U.S. and Canada have free access to an **Employee Assistance Program (EAP)**, which offers independent advice on matters such as childcare and caring for family members. In addition, most of our employees in the U.S. have the choice of spending part of their gross personal income for external care and support services through **flexible spending accounts (FSAs)**.

The employer attractiveness of HUGO BOSS was again recognized several times in 2023. In the **"Working in Fashion 2023"** study conducted by the German industry magazine TextilWirtschaft, HUGO BOSS again secured a strong third place. As part of this, we took first place in the category "future potential of the company," and second place in the categories "salary levels," "opportunities for promotion and training," and "attractive products." In addition, we maintained our strong midfield position among the **Top 50 Diversity Leaders** in 2023 – based on an independent Europe-wide ranking by Statista and the Financial Times. In the global study **"World's Best Employers 2023"** by Forbes and Statista, HUGO BOSS improved its ranking significantly in 2023 and for the first time made it into the top 200 globally.

Performance indicators

We assess the satisfaction and the needs of our employees as part of an employee survey conducted annually in cooperation with Great Place to Work Germany. The findings provide us with important impetus for the further development of our HR work and corporate culture. In addition, the results of the annual employee survey in terms of the so called "Trust Index" represent an important component of the long-term incentive program (LTI) as part of Managing Board compensation. With a Group-wide participation rate of 77%, **overall satisfaction** amounted to 77% in 2023 (2022: participation rate of 70%; overall satisfaction of 78%). Going forward, we aim at maintaining a strong level of at least 75% overall satisfaction. At HUGO BOSS AG, overall satisfaction increased to 87% in 2023 (2022: 86%), with employees particularly appreciating the just and open corporate culture and also stating that they were proud to work at HUGO BOSS. > **Compensation Report**

Social matters

Brand power

The **power of our brands BOSS and HUGO** is an essential prerequisite for the long-term success of our Company. Particularly in times of intense competition and constantly increasing customer expectations, further strengthening our brands is becoming increasingly important. As part of our "CLAIM 5" growth strategy, we aim at sustainably increasing brand power, with the goal of further elevating the perception and relevance of BOSS and HUGO in the coming years, especially among younger target groups. The increase in brand power is to be achieved primarily through the execution of strategic initiatives aimed at driving brand heat, brand health, and brand value. > [Group Strategy](#)

At HUGO BOSS, brand power is systematically measured and evaluated by the central **Group Strategy and Corporate Development** division. The Managing Board is kept regularly informed of the progress made and results of the work.

Targets

Strengthening our brands is firmly anchored in our "CLAIM 5" strategy. We are pursuing the ambition of becoming **one of the top 100 global brands** (based on Interbrand's Best Global Brands ranking) and have therefore set ourselves the goal of significantly increasing the power of both our brands, BOSS and HUGO, in the coming years.

Measures

As part of "**CLAIM 5**," we are closely aligning all strategic initiatives with our customers and their needs. As part of our strategic claim "Boost Brands," we continue to build on the strong brand momentum following the comprehensive refresh of the global **brand images** of BOSS and HUGO in 2022. In the past fiscal year, various important **marketing initiatives**, above all our successful 360° BOSS and HUGO brand campaigns, again featuring star-studded diverse casts, continued to significantly boost awareness and engagement, in particular on social media. Exciting brand events further fueled brand relevance globally in 2023. In addition, as part of our strategic claim "Product is Key," we made further progress in enhancing both brands' **24/7 lifestyle images**, thus aiming at perfectly dressing our customers for every occasion. In this context, also going forward, we remain committed to fully leveraging the BOSS Black, BOSS Orange, BOSS Green, and the exclusive BOSS Camel brand line within BOSS Menswear. Building on these successes, in 2023, we also launched the Orange and Camel lines at BOSS Womenswear, while strengthening our denimwear offering with the launch of HUGO BLUE set for early 2024. At the same time, offering a **seamless brand experience** across all consumer touchpoints continues to play an important role aimed at further strengthening brand power at the point of sale. Thus, as part of our claim "Drive Omnichannel," we made considerable progress in 2023 in linking our digital and physical consumer touchpoints even more closely and turning them into true points of experience. In this regard, we continued to roll out the latest **BOSS and HUGO store concepts**, which are designed to strongly improve the shopping experience and are already implemented at more than 140 freestanding stores worldwide. In addition, further improving the **e-commerce experience** offered at hugoboss.com, as well as the successful relaunch of our hugoboss.com app in early 2023 both played an important role in further enhancing the omnichannel experience, thus also driving brand power. > [Group Strategy](#)

At HUGO BOSS, **brand power is measured** as part of a systematic assessment in which both short-and medium-term trends in brand heat and brand health are captured and analyzed, along with the long-term development of brand value. In order to assess **brand heat** and **brand health**, we continuously record the scope and tonality of the interactions of BOSS and HUGO on social media and relevant search engines. In addition, we regularly conduct corresponding surveys among relevant target groups. The evaluation of **brand value** development is primarily based on a performance analysis of BOSS and HUGO compared to its competitors, taking into account not only the impact of the brand on the customer, but also factors such as the financial outlook. In realizing our ambition of becoming one of the top 100 global brands, we work closely with the global brand consulting agency Interbrand, focusing on the development of the Best Global Brands ranking.

In addition to the instruments for measuring brand power, the Company's internal **customer experience management (CEM)** represents another important element in determining and improving customer satisfaction. This involves continuously recording direct customer feedback on the shopping experience and BOSS and HUGO products. The feedback is continuously aggregated, evaluated, and made available to the relevant decision makers at the Company on a daily basis.

Performance indicators

When evaluating the data obtained by means of the CEM, the **net promoter score (NPS)** forms the most important KPI. It measures the likelihood with which a customer will recommend BOSS and HUGO to others and thus provides important insights into brand health. In 2023, HUGO BOSS achieved a further robust improvement of the NPS, increasing 4 percentage points year-on-year to a level of 66% (2022: 62%).

In addition, in 2023 HUGO BOSS also made further important progress in its **positioning in the annual Interbrand ranking**, achieving a substantial increase in the combined brand value of BOSS and HUGO. This demonstrates the ongoing success of our various strategic initiatives executed to increase brand power, particularly in terms of brand value.

Data protection

The aim of data protection is to guarantee the **individual's right to self-determination in terms of information**. Due to the strong focus of further digitalizing our business model, the importance of data protection is steadily growing for HUGO BOSS. Customer data, in particular data from our own online business and the customer loyalty program, is highly relevant for the future success of HUGO BOSS. Equally important is the proper handling of employees', business partners', and shareholders' data. Any breach of data protection laws represents an increased compliance risk. HUGO BOSS aims to counter this risk using a system that complies with data protection laws and through appropriate technical and organizational measures. > **Risk Report, Organizational Risks**

The central **Data Protection Officer** is responsible for the monitoring of data protection compliance. The Company has also assigned responsible staff in the international Group companies. A centrally operated **data protection unit**, together with data protection coordinators from key departments and in close cooperation with the Data Protection Officer, is responsible for ensuring that personal data is processed in a legally compliant way. The **work focuses** on the continuous assistance for departments in data protection issues, early identification of risks, remediation of weaknesses, and employee education. Any contraventions must be reported to the Data Protection Officer. The Managing Board is kept updated on the progress of the work on an ad hoc basis and, going forward, by means of annual data protection reports.

Targets

HUGO BOSS aims to rule out any **contraventions** of applicable data protection laws as far as possible.

Measures

Employees of HUGO BOSS are educated about data protection issues by means of general and activity-related **training courses** as well as regular documentation of digital confidentiality obligations. Therefore, all employees, handling personal data of EU data subjects, are required to complete the **comprehensive e-learning program on data protection**. This is intended to continuously increase awareness of the handling of personal data, particularly in light of the provisions of the EU General Data Protection Regulation. Since 2023, this training must be completed in a two-year rather than a three-year cycle. In addition, we have an internal **data protection policy** as well as other data protection guidelines in place, in particular to guarantee the comprehensive rights of affected persons. The guidelines are regularly reviewed to ensure they are up to date in terms of the applicable data protection provisions, and constantly further developed. Furthermore, we implemented additional **software** in 2023 to continuously monitor the dynamic environment of international legal requirements for data protection and cyber security and to further minimize the risk of non-compliance with data protection regulations..

All internal **processes and systems** for processing personal data are measured on an ongoing basis and further developed to ensure that they comply with the legal data protection guidelines. The improvements aim at preventing data misuse and theft. There are extensive data protection provisions for the Company's online presence and mobile apps. We have implemented **contingency plans** to initiate countermeasures in case legal violations are discovered.

Performance indicators

In fiscal year 2023, as in the prior year, the Company was **not aware of any violations** in the sense of data protection infringements established by authorities or courts.

Respect for human rights

Under "Respect for Human Rights," HUGO BOSS addresses two key topics relating to the social impact in the supply chain (including its own production): **human rights and labor standards** along with **occupational safety**. In the following, the topics are covered together, as they are both part of our Supply Chain Sustainability program and are therefore closely interconnected.

Respect for human rights and compliance with applicable labor standards in the global supply chain are **integral components of our corporate culture**. A significant portion of our sourcing volume is made up by finished goods produced by independent suppliers in economically less-developed regions. HUGO BOSS is aware of its **shared responsibility** for the workers along its supply chain. A commitment by the Managing Board to safeguard and respect human rights can be accessed on our corporate website. > group.hugoboss.com

Respect for human rights is the joint responsibility of the departments **Compliance & Human Rights**, **Sustainable Supply Chain Management**, and the central **Human Resources** division, and is managed in close exchange with the operational sourcing units. The results of the work are regularly reported to the Managing Board. In addition, the topic of human rights is integrated into our Company's **risk management** with clearly defined processes and responsibilities. Responsibility for occupational safety in our own production is organized on a decentralized basis. The responsible employees at the respective sites report regularly and on an ad hoc basis to the **management of the respective Group companies**, which maintains a close dialog with the Managing Board.

In the event of indications of violations of human rights or labor standards, our own employees as well as employees on the supplier side have recourse to a defined complaints mechanism through which they can reach out directly to the responsible contact person at HUGO BOSS, or an independent external **ombudsperson**. In addition, the HUGO BOSS **"Speak up Channel"** offers both our own employees and workers along our supply chain the opportunity to report misconduct and criminal offenses confidentially and anonymously. In the event of violations, the central Compliance & Human Rights department is responsible for clarifying, imposing sanctions, and taking action. As part of the compliance reporting process, it reports regularly to the Managing Board and the Audit Committee of the Supervisory Board.

Targets

HUGO BOSS aims to comply with statutory and internal Company requirements on both **human rights and labor standards**, both in its own production and that of its suppliers, while at the same time guarantee **occupational safety** throughout its value chain at all times.

Measures

We attach great importance to the **careful selection of our partners**, cooperation based on a spirit of mutual trust, as well as the establishment and maintenance of long-term strategic relationships. In this context, the creation of a common understanding and helping to develop competencies to manage social issues in the supply chain play an important role. We require our suppliers to adhere to our **Supplier Code of Conduct**, which is the framework for compliance and improvement of human rights and social standards in the supply chain. It forms an integral part of contractual agreements. As part of the Supplier Code of Conduct, HUGO BOSS also demands compliance with human rights along the entire supply chain. Consequently, our suppliers are obliged to pass on the corresponding requirements to their upstream suppliers and partners and to monitor compliance in an appropriate manner. In countries where the national statutory requirements fall short, the Code sets a minimum standard. The Code is based on internationally acknowledged standards such as the Core Conventions of the International Labor Organization (ILO) and includes, among other things, rules on compliance with national laws, working time restrictions, humane and safe working conditions, the prohibition of child labor, forced labor, and discrimination, and the payment of appropriate wages. The Code was updated in 2023, with the update to be rolled out in early 2024. It is available in 30 languages on our corporate website. The **HUGO BOSS Code of Conduct** applies accordingly to our own employees. In addition, the publicly accessible **HUGO BOSS Human Rights Policy** is mandatory for all our own employees as well as our partners, respecting core labor standards, including the United Nations' Universal Declaration of Human Rights (UDHR), the UN Guiding Principles (UNGPs) on Business and Human Rights, the ILO's Core Labor Conventions, and the ten principles of the UN Global Compact. In addition, our **Anti-Discrimination and Anti-Harassment Commitment** and the **Anti-Discrimination and Anti-Harassment Policy** reinforce our dedication to fostering an inclusive, respectful, and ethical conduct, emphasizing respect for human rights.

Since 2023, the **German Act on Corporate Due Diligence Obligations in Supply Chains** (Lieferkettensorgfaltspflichtengesetz, "LkSG") requires companies to conduct human rights and environmental due diligence in their supply chains and fulfill corresponding reporting obligations in a separate report. Also for HUGO BOSS, this means meeting the respective due diligence obligations for our own business activities, the actions of our contractual partners, and the actions of other indirect suppliers. To ensure monitoring and compliance with human rights and environmental due diligence obligations in supply chains, as well as compliance with the LkSG, HUGO BOSS initiated important measures already in 2022 and continued working on them in fiscal year 2023. The Company conducted an in-depth **human rights risk analysis**, among other things, as part of which both our own operations and all direct suppliers were assessed accordingly, while also including a large number of indirect suppliers. For this purpose, the existing self-assessment for checking the social standards specified by HUGO BOSS for suppliers was updated and supplemented with content on the LkSG. The self-assessment is used to identify and prioritize potential risks in the respective corporate divisions and on the supplier side. Based on this risk analysis, HUGO BOSS will derive additional **preventive and remedial measures** and implement them accordingly. In this context, the risk-based focus is placed on suppliers with a high or very high human rights risk according to the self-assessment. Due to the update of the self-assessments based on the LkSG requirements, the results of the assessments can be compared with those of previous years only to a limited extent.

To further develop industry standards, we **closely cooperate** with other companies and organizations. For example, we are involved in the **"Living Wages" initiative** by the Partnership for Sustainable Textiles. For HUGO BOSS, the underlying principles of fair compensation include the regulated payment of wages, performance-based compensation of hours actually worked, the right to collective bargaining and the prevention of unequal payment. In addition, HUGO BOSS has been a member of the **"International Accord for Health and Safety in the Textile and Garment Industry"** since 2021, the successor organization of the Bangladesh Accord, of which our Company had already been a member since 2016. The International Accord is an independent, legally binding agreement between companies and trade unions working together to promote higher health and safety standards, support employee rights, and increase transparency in the global apparel industry.

As a responsible employer, we also attach great importance to the occupational safety of our employees. This is especially reflected in the high standards of occupational safety at our own production sites. As part of **health and safety inspections and risk assessments**, potential risks are identified and assessed at an early stage so that appropriate solutions can be developed. In addition, **face-to-face training courses** and **workplace trainings** form an integral part of the onboarding process of industrial staff at our own production sites. Our publicly available **Health & Safety Commitment** emphasizes the importance of this topic for our Company. > group.hugoboss.com

HUGO BOSS regularly conducts **audits** to verify compliance with the social standards set out in the Supplier Code of Conduct and the regulations on occupational safety. In this context, reference was made to the new risk analysis in accordance with the LkSG for the first time in 2023. Based on new requirements of the LkSG, HUGO BOSS defined new criteria for supplier selection, focusing specifically on a risk-based approach to conduct audits. HUGO BOSS has implemented a **Supply Chain Sustainability (SCS) program** to systematically address all types of sustainability risks stemming from suppliers. The SCS program consists of the three modules social compliance management, environmental management, and governance, all of which are in alignment with our Supplier Code of Conduct. HUGO BOSS uses the **Social Compliance Management module** to check the extent to which the standards set out in its Supplier Code of Conduct are being complied with. As part of this module, the Company conducts regular social audits, requests self-assessment for review from suppliers, or accepts selected certificates in accordance with social compliance standards such as those of the Fair Labour Association (FLA). Social audits are carried out especially for finished goods suppliers. When conducting audits in its supply chain, the Company also uses external auditors. If infringements of the social standards are identified, HUGO BOSS works jointly with the respective supplier to develop **action plans**, the implementation of which is reviewed in follow-up audits. If no sufficient improvement can be shown during the implementation of these corrective measures, as a last resort, and following repeated reviews, HUGO BOSS will ultimately terminate the supplier relationship. In order to prevent violations of social standards, we attach great importance to the further development of our suppliers' social compliance management systems. For example, we conduct **social compliance trainings** at our finished goods suppliers and support them in implementing the social standards. This training is mandatory for every supplier entering into a contractual relationship with HUGO BOSS. Our own employees are also to be further sensitized of social compliance matters through regular **training sessions**. Both training measures are conducted predominantly online, while on-site training sessions are usually only held on an ad-hoc basis.

Performance indicators

In 2023, and unchanged to the prior year, own production was carried out at five production sites in five European countries. In addition, HUGO BOSS had an active business relationship with 267 external finished goods production facilities in 35 countries (2022: 233 production facilities in 29 countries). The increase compared to the previous year primarily reflects the further diversification of the supplier portfolio as part of the successful execution of the "CLAIM 5" strategy. During the reporting period, 58 **audits** were conducted in 55 existing finished goods production facilities, including the Company's own production facilities (2022: 97 audits at 87 finished goods production facilities) whereas the decline in comparison to the previous year is related to a simultaneous increase in the number of audits at fabrics and trimmings suppliers. The validity period of the audits on which this reporting is based extends from January 2021 to December 2023. During this period, a total of 191 audits were carried out at 175 finished goods production facilities. Non-compliances identified via audits in existing finished goods production facilities in 2023 mainly related to the areas of social compliance management and working hours. The 56 existing finished goods production facilities that did not have a valid social audit carried out a **self-assessment**. Two **certificates** issued in accordance with the FLA standard were accepted in the reporting period. > **Sourcing and Production**

By 2025, HUGO BOSS has set itself the target of sourcing all of its goods from finished goods suppliers (including its own production sites) with one of the **two highest attainable social compliance performance levels ("good" or "satisfying")**, verified by an audit, self-assessment, or certificate of an external social compliance standard. In 2023, the corresponding share was 86% (2022: 97%). The performance indicator for 2023 is only partially comparable with that of the previous year, as HUGO BOSS refined the definition in 2023 to make the different components of its suppliers' social performance more explicit and transparent. Since fiscal year 2023, HUGO BOSS also no longer conducts Remote Risk Assessments (RRA) and has thus excluded them from the calculation. Due to the higher number of self-assessments of our suppliers carried out year-on-year, their results are reflected to a larger extent than it was possible in the previous year.

The Company has also set itself the goal of sourcing 80% of its goods from finished goods suppliers (including its own production sites) with the **highest attainable social compliance performance level ("good")** by 2025, verified by audit, SAQ, or certificate of an external social compliance standard. In 2023, the corresponding share was 62% (2022: 52%), also relating to the population presented above.

Anti-corruption and bribery matters

Avoidance of corruption and anti-competitive behavior

Ethically correct and lawful conduct includes the prevention of corruption and anti-competitive behavior. HUGO BOSS expects all employees to act lawfully in day-to-day business operations. For HUGO BOSS, **corporate compliance** is a key responsibility of the Managing Board and includes measures to ensure adherence to legal and official regulations, as well as internal guidelines and codes. These include anti-corruption, anti-bribery, and antitrust regulations.

The central **Compliance Department** at HUGO BOSS reports to the Chief Compliance Officer, who reports directly to the CFO/COO. The department is primarily responsible for supporting the monitoring of effective compliance management. Together with the compliance officers in the Group companies, the department ensures the implementation and continuous further development of the compliance program. The Audit Committee of the Supervisory Board is regularly informed about the activities of the Compliance department.

Targets

Compliance management at HUGO BOSS aims at **Group-wide legally compliant behavior**. The aim is to prevent legal violations such as corruption, bribery, and antitrust violations, which may result not only in reputational and financial risk but may also lead to personal consequences under criminal and labor law.

Measures

Our employees are required to comply with the Group-wide **Code of Conduct** and supplementary specific **compliance rules**, such as an antitrust law and a capital market guideline. Both the publicly accessible Code of Conduct and the internal guidelines are regularly reviewed, with their content updated, particularly in response to changes in legal requirements. In fiscal year 2023, the focus was on further expanding the content on the compliance management system, reflecting the outcome of recently conducted relevance and risk analyses. In addition, Group companies are subject to regular **risk analyses** and detailed **audits** where applicable. Any infringements are reported to the Managing Board and the Supervisory Board.

A Group-wide **e-learning program** to be regularly completed by all employees with computer access is designed to raise awareness of compliance rules. Against the backdrop of increasing regulatory requirements, the program was further developed in 2023 and implemented in additional languages, with the rollout of this update scheduled for 2024. Employees in positions where compliance is of particular relevance are trained by means of both **online and physical trainings** on specific topics that are of relevance to them, such as antitrust law. HUGO BOSS does not tolerate any deliberate misconduct or serious compliance infringements.

At HUGO BOSS, employees, suppliers, and trading partners can access the **"Speak up Channel,"** offering a secure channel to report misconduct and criminal offenses in the Company confidentially and anonymously. In addition, the aforementioned stakeholders can notify an external **ombudsperson** in confidence if there are any indications of fraud, infringements of antitrust law, or other compliance violations. If desired, this can also be done anonymously.

Performance indicators

In 2023, **no violations** in the sense of legal violations due to corruption, bribery, or antitrust cases established by authorities or courts were identified in the Company (2022: no violations). Already in 2020, the Danish Competition Authority identified an antitrust violation concerning an alleged disclosure of information with regard to prices and quantities of HUGO BOSS to local trading partners. However, HUGO BOSS took a contrary view on this and accordingly filed a complaint with the relevant appeals board, which was rejected by three votes to two in court in 2021. In order to continue to safeguard all its rights, and in light of the close decision of the appeals board, HUGO BOSS is currently asserting its rights at the Danish Maritime and Commercial High Court. The written preliminary proceedings have started in 2022 and the court heard experts to assess the facts in 2023. While an oral hearing is expected to take place in the first half of 2024, a final decision in this case is not expected before the end of 2024. No fine has been imposed so far.

EU taxonomy

The European Green Deal presented by the European Commission in 2019 contains the goal of reducing net greenhouse gas emissions in the European Union to zero by 2050. A central component of this is the EU taxonomy, a **classification system for defining "environmentally sustainable" economic activities**. The aim is to classify economic activities across the EU in terms of their contribution to six defined environmental objectives on the basis of defined requirements, in order to steer capital flows toward sustainable investments: (1) "Climate change mitigation," (2) "Climate change adaptation," (3) "Sustainable use and protection of water and marine resources," (4) "Transition to a circular economy," (5) "Pollution prevention and control," and (6) "Protection and restoration of biodiversity and ecosystems."

HUGO BOSS conducted a comprehensive analysis revealing that, for fiscal year 2023, **no financially material taxonomy-eligible or taxonomy-aligned sales, CapEx, or OpEx** are to be reported for our Company, first and foremost as our primary economic activities are not yet covered by the EU taxonomy. The following section contains the mandatory reporting in connection with the EU taxonomy.

Reporting on “environmentally sustainable” economic activities

The EU taxonomy requires companies to report on their taxonomy-aligned, i.e., environmentally sustainable, economic activities according to EU criteria, as part of the non-financial statement. The **reporting requirements for fiscal year 2023** have been extended from the previous two climate-related objectives (1) and (2) to the remaining four environmental objectives (3) to (6). In this context, the corresponding shares of sales, capital expenditure (CapEx), and operating expenses (OpEx) related to taxonomy-eligible economic activities now have to be disclosed for all six objectives. At the same time, the corresponding shares related to taxonomy-aligned economic activities still only need to be reported for objectives (1) and (2).

Taxonomy-eligible economic activities are those that comply with the respective activity description according to the EU taxonomy, irrespective of the fulfilment of the technical screening criteria. Economic activities are **taxonomy-aligned** if they make a significant contribution to the respective environmental objective (compliance with the technical screening criteria), do no significant harm (“DNSH”) to the other environmental objectives, and comply with the minimum safeguards outlined by the EU taxonomy. The following disclosures are based on the **current interpretation** of the EU taxonomy, which was considered dynamic at the time this non-financial statement was prepared.

The delegated acts published to date in connection with the EU taxonomy on the six environmental objectives still only cover a limited number of sectors and economic activities. For the primary economic activities of **companies in the global apparel market**, and thus also of HUGO BOSS, the delegated acts currently only cover a very limited number of potentially relevant economic activities in connection with the objective (4) “Transition to a circular economy,” including the sale of second-hand goods or repair and refurbishment services. While these economic activities still only have a minor economic role for HUGO BOSS today, **our primary economic activities** are by definition not taxonomy-eligible.

However, among the economic activities listed in the delegated acts for the six environmental objectives, there are also those that, although not revenue-generating, are generally relevant for HUGO BOSS as they concern our **basic infrastructure** such as real estate, or facilities for our own energy generation. Overall, the activities relevant to HUGO BOSS were identified as part of a cross-divisional project to implement the requirements of the EU taxonomy. In particular, a shortlist of activities relevant to HUGO BOSS was drawn up on the basis of the comprehensive lists of activities in the respective annexes to the delegated acts.

In light of the extension of the reporting requirements to the environmental objectives (3) to (6) and the resulting multitude of potentially eligible economic activities, HUGO BOSS has further refined the **principle of materiality** applied in the context of reporting on the EU taxonomy compared to the previous year. Accordingly, an economic activity is determined taxonomy-eligible for HUGO BOSS if the corresponding KPI value at economic activity level is at least 0.5% of the total sales denominator or total CapEx denominator, respectively.

Taxonomy-eligible and taxonomy-aligned sales

The core business of HUGO BOSS is not covered by the current EU taxonomy criteria for the six environmental objectives. However, objective (4) "Transition to a circular economy," for which taxonomy criteria were introduced in 2023, includes some economic activities that apply to some smaller business activities of HUGO BOSS. As laid out in the chapter "Environmental Matters" of this combined non-financial statement, HUGO BOSS offers a Repair & Rewear service in selected own stores in Germany, while operating an online resale platform in France. However, as the sales generated by these two activities in 2023 are below the defined materiality threshold, the Company reports the shares of **taxonomy-eligible and taxonomy-aligned sales** in fiscal year 2023 as 0%, as in the previous year. Irrespective of this, HUGO BOSS is striving to significantly expand its activities in the area of circularity going forward, thus having firmly anchored a clear commitment to "Increase Circularity" in its sustainability strategy. > **Combined Non-Financial Statement, Environmental Matters, > Sustainability**

Taxonomy-eligible and taxonomy-aligned capital expenditure (CapEx)

For fiscal year 2023, no economic activities were identified whose respective CapEx amounts exceed the defined materiality threshold.

For example, the **construction of a new office building** at the Company's headquarters in Metzingen (Germany) did not start until December 2023 and therefore only led to immaterial CapEx in fiscal year 2023. Completion of the building, for which HUGO BOSS is aiming for a platinum certification from the German Sustainable Building Council (DGNB), is planned for 2025. Moreover, investments in connection with the **commissioning of additional photovoltaic systems** at our own production sites were also below the materiality threshold.

Consequently, the **taxonomy-eligible CapEx** for 2023 in relation to the total CapEx incurred in the past fiscal year of EUR 537 million ("denominator") amounts to 0% (2022: 2% with a denominator of EUR 419 million). The share of **taxonomy-aligned CapEx**, again in relation to the denominator, thus also amounts to 0% (2022: 0%). In accordance with the taxonomy regulation, the CapEx to be used in determining the denominator mainly comprises additions to property, plant and equipment and intangible assets before depreciation, amortization, and revaluations, as well as right-of-use asset additions from long-term leases. The calculation was based on data from Business Planning & Analysis and Group Accounting. The amount of the denominator can be reconciled to the disclosures made in the Combined Management Report under Financial Position and in the Consolidated Financial Statements under Note 9. > **Financial Position, Capital Expenditure**

Taxonomy-eligible and taxonomy-aligned operating expenses (OpEx)

The OpEx to be used in calculating the denominator according to the definition of the EU taxonomy essentially comprise direct costs relating to research and development, building renovation measures, short-term leasing, maintenance, and repair. The majority of the OpEx of HUGO BOSS, such as sales and marketing expenses, general administrative expenses, or logistics expenses, are therefore not included in this definition. For fiscal year 2023, the denominator amounts to EUR 135 million (2022: EUR 116 million). The calculation was also based on data from Business Planning & Analysis and Group Accounting. In relation to its total OpEx in fiscal year 2023 of EUR 2,171 million (reconcilable to the operating expenses presented in the consolidated income statement; 2022: EUR 1,921 million), HUGO BOSS classifies the OpEx denominator as immaterial. Consequently,

in accordance with the specifications in Annex I of the delegated acts on Article 8 of the EU taxonomy, a determination of the **taxonomy-eligible and taxonomy-aligned OpEx** is waived also for fiscal year 2023 and both shares are consequently reported at 0% (2022: 0%). > **Earnings Development, Income Statement**

Climate risk analysis

HUGO BOSS has carried out an **analysis of physical climate risks** for its most important Company locations, which meets both the requirements of the EU taxonomy and the recommendations of the Task Force on Climate Related Financial Disclosures (TCFD), also including the locations of the above mentioned investment projects. The system-based analysis is based on the emission reference scenarios adopted by the Intergovernmental Panel on Climate Change (IPCC). No significant short- to medium-term physical climate risks were identified for the respective projects, so there is no significant harm ("DNSH") to the environmental objective of "climate change adaptation." Therefore, from the Company's point of view, adaptation measures are not necessary at present.

Social minimum safeguards

Compliance with the social minimum safeguards, which comprise the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the ILO Core Labor Standards and the International Bill of Human Rights, was reviewed by respective topic experts at Group level. As in the previous year, HUGO BOSS complies with all of the standards defined therein. > **Combined Non-Financial Statement, Respect for Human Rights**

Additional information

For **additional information** on the taxonomy-eligible and taxonomy-aligned proportions of sales, CapEx, and OpEx, please refer to the section "Additional Disclosures on the EU Taxonomy." > **Additional Information, Additional Disclosures on the EU Taxonomy**

GENERAL ECONOMIC SITUATION AND INDUSTRY DEVELOPMENT

2023 characterized by high level of macro-economic and geo-political uncertainty

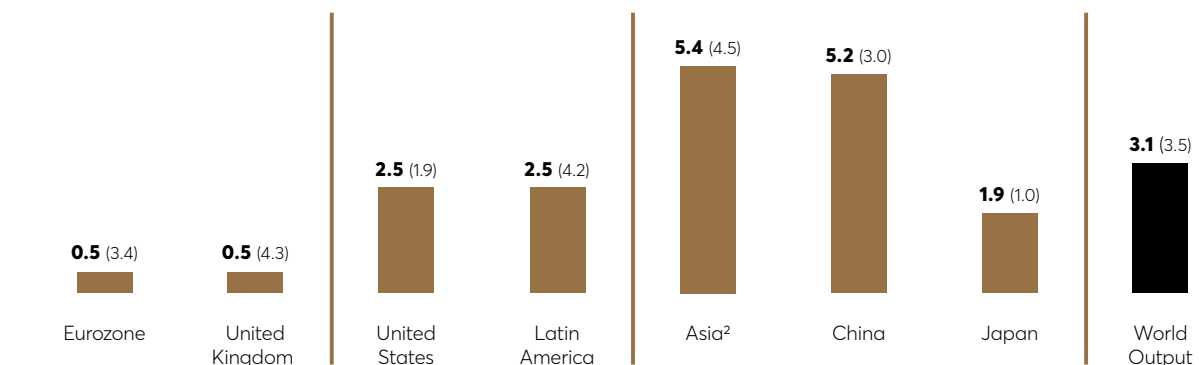
Industry growth slowed over the course of the year

Revenues of global apparel industry grew between 2% and 4% in fiscal year 2023

General economic situation

In fiscal year 2023, the global economy faced substantial **macroeconomic and geopolitical headwinds**. These included continued elevated inflation levels despite tight monetary policy, a brief global banking crisis, subdued business and consumer sentiment, as well as mounting geopolitical tensions. While the U.S. economy was able to avoid a broader economic downturn, Europe remained on the brink of a recession, and also China's recovery after the COVID-19 pandemic evolved slower than originally expected. On the other hand, a gradual easing of inflationary pressure over the course of the year, a normalization of the pandemic-related global production and supply chain disruptions, as well as the robustness of U.S. and European job markets all supported global economic growth in 2023. Overall, growth rates varied strongly across individual sectors and geographies, with the slowdown being more pronounced in advanced economies than in emerging markets. Consequently, in its report published in January 2024, the International Monetary Fund (IMF) expects **global economic growth** to have slowed to a level of 3.1% in 2023 (2022: 3.5%), proving it to be more resilient than initially expected.

GROWTH OF THE GLOBAL ECONOMY¹ (IN %)



2023 (2022)

¹ Estimates IMF.

² Without Japan.

According to IMF estimates, economic growth in the **eurozone** slowed noticeably to 0.5% in 2023 following a solid expansion recorded in the prior year (2022: 3.4%). Despite persistent but diminishing inflation and a more restrictive monetary policy, challenges remained due to overall subdued consumer demand, with varying growth rates in key economies. While Germany experienced a contraction of –0.3% (2022: +1.8%) reflecting weak consumption and investment activity, France benefited from relatively robust industrial output and increased demand, recording 0.8% expansion in 2023 (2022: 2.5%). Economic growth in the **United Kingdom** also decelerated noticeably, reaching 0.5% in 2023 (2022: 4.3%) with the slowdown primarily reflecting the repercussions of tighter monetary policy to curb ongoing high inflation.

According to the IMF, the **U.S.** economy has been remarkably robust with growth at 2.5% in 2023 (2022: 1.9%), amid solid domestic demand and a strong labor market, despite the significant tightening of monetary policy. In **Latin America**, growth slowed towards 2.5% in 2023 (2022: 4.2%), as growth of important partner economies weakened and commodity prices fell.

Although **China's** recovery was weaker than initially expected following the post-pandemic reopening in early 2023, growth still totaled 5.2% according to the IMF (2022: 3.0%), as the gradual recovery in consumption compensated for the repercussions of China's property sector crisis. Growth in China was slightly lower than in the **Asia region (excluding Japan)** as a whole, for which the IMF assumes growth of 5.4% in 2023 (2022: 4.5%). Economic growth in **Japan** accelerated to 1.9%, reflecting strong foreign trade due to a significant rise in exports (2022: 1.0%).

Industry development

For the **global apparel industry**, 2023 continued to be dominated by the persistently high levels of macroeconomic and geopolitical uncertainty. Major challenges included continued high inflation and the related pressure on the companies' input costs and consumer demand, a highly competitive labor market, and general economic volatility. Nevertheless, optimism prevailed in the **first half of 2023**, fueled by China's reopening and overall robust demand from European consumers, which was only partially offset by a material softening among American consumers. However, the industry faced mounting headwinds in the **second half of 2023**, marked by subdued demand in Europe and a slower-than-expected recovery in China, prompting a broad-based normalization of growth rates.

According to a joint study by The Business of Fashion and management consultancy McKinsey & Company published in November 2023, the **global apparel industry** (excluding the luxury segment) recorded year-on-year revenue growth of 2% to 4% in 2023, thus broadly in line with the prior-year level (2022: 2% to 4%). This development reflects stronger growth in the first half of the year, broadly offset by declining consumer sentiment in the second half of the year.

In **Europe**, the industry recorded overall solid year-on-year revenue growth of 5% in the first half of 2023. In the second half, however, industry growth slowed to a level of between 1% and 3%, mainly reflecting the overall deterioration in consumer sentiment (2022: 13%). In the important **U.S. market**, industry growth contracted by –1% in the first half of the year amid comparatively weak consumer sentiment, broadly in line with growth levels of between –2% to 0% assumed for the second half of 2023 (2022: 2%). In **China**, growth for the global apparel industry remained relatively weak compared to historical levels, reflecting economic uncertainty and a slower-than-expected rebound in consumer demand. Consequently, while the industry recorded robust post-pandemic revenue growth of 10% in the first half of 2023, according to The Business of Fashion and McKinsey & Company, it slowed significantly to a level of between 1% and 3% in the second half (2022: –3%).

COMPARISON OF ACTUAL AND FORECAST BUSINESS PERFORMANCE

2023 marks another important milestone towards mid-term financial ambition

Strong business performance driven by robust brand momentum

Raised sales and earnings targets for full-year 2023 successfully achieved

HUGO BOSS looks back on a successful business performance in fiscal year 2023, recording strong top- and bottom-line improvements. This development, first and foremost, reflects our robust brand momentum, fueled by the continued successful execution of our **"CLAIM 5" growth strategy**. With both BOSS and HUGO continuing their market-share-winning growth trajectories globally, we achieved **record sales of EUR 4.2 billion in 2023**, representing currency-adjusted growth of 18%. Consequently, sales crossed the EUR 4 billion threshold for the first time in the history of HUGO BOSS, thus exceeding our initial 2025 sales target two years ahead of plan. Growth was once more broad-based in nature, with both our brands, all regions, as well as all distribution channels recording double-digit growth. Driven by the strong top-line momentum, we also recorded **robust bottom-line improvements**, with EBIT up 22% to EUR 410 million. HUGO BOSS thus successfully **achieved its full-year 2023 sales and earnings targets**, which had been revised upwards twice during the course of the year. Consequently, 2023 marked another important milestone in the successful execution of "CLAIM 5" and towards achieving our mid-term financial ambition, which we raised in mid-2023. Our business performance is all the more remarkable considering the high level of macroeconomic and geopolitical uncertainty in fiscal year 2023, including elevated inflation and interest rate levels, weakening global consumer sentiment, and mounting geopolitical tensions.

The **successful execution of several brand, product, and distribution initiatives** as part of "CLAIM 5" further spurred our operational and financial performance in 2023. In line with our strategic claim **"Boost Brands,"** we continued to build on our strong brand momentum following the comprehensive brand refresh of BOSS and HUGO in 2022. In the past fiscal year, several important **marketing initiatives**, above all our highly successful 360° brand campaigns, continued to attract new and younger consumers worldwide while also strongly engaging our existing customer base. Exciting brand events further fueled brand momentum for BOSS and HUGO in 2023. At the same time, as part of our strategic claim **"Product is Key,"** we continued to put strong emphasis on further enhancing both brands' **24/7 lifestyle images**, thus aiming at perfectly dressing our customers for every occasion. In this context, we have built on the BOSS Black, BOSS Orange, BOSS Green, and the exclusive BOSS Camel brand lines, thus strongly gaining visibility and penetration at the point of sale. At the same time, at HUGO, we strengthened our denimwear offering with the introduction of HUGO BLUE, launched in early 2024. We also achieved important successes with regards to our two strategic claims **"Lead in Digital"** and **"Drive Omnichannel."** To these ends, our Digital Campus, physically

inaugurated in Porto (Portugal) last year, put strong emphasis on further strengthening our global online business by improving the **e-commerce experience**. Among other things, the Campus drove the successful relaunch of the hugoboss.com app, thereby further enhancing the omnichannel experience. At the same time, we continued to modernize and optimize our global store network, including the rollout of our latest **BOSS and HUGO store concepts** to significantly elevate the customer experience, thus bringing the total number of refreshed freestanding stores worldwide to around 200. This also includes our world's best-selling BOSS store in Dubai Mall. In line with our claim **"Organize for Growth,"** we made further important progress in 2023 towards driving meaningful efficiencies along our value chain, enabling us to meet customer demand even more effectively. In this context, we further pushed ahead with implementing our important **Digital TWIN initiative**, a smart and tech-driven business operations platform, intended to further increase the flexibility and transparency of our supply chain. On top of that, to support long-term growth, we are in the process of expanding our global logistics capacities in the coming years. This also includes the strategic expansion of one of our key logistic hubs near our headquarters in Metzingen (Germany) initiated in late 2023. [> Group Strategy](#)

In the wake of the rigorous execution of our "CLAIM 5" strategy, HUGO BOSS recorded a strong business performance throughout the entire year. Following an exceptionally strong start to the year, we **increased our initial full-year 2023 sales and earnings forecast** together with the publication of our first quarter results in May 2023. The continued strong top- and bottom-line momentum in the second quarter prompted HUGO BOSS to **raise its full-year sales and earnings forecast** again in August. Despite the increasingly challenging market environment, we were able to maintain our robust momentum in the second half of the year, thus successfully achieving our twice-raised sales and earnings targets for fiscal year 2023.

COMPARISON OF ACTUAL AND FORECAST BUSINESS PERFORMANCE

| | Results 2022 | Initial forecast 2023 ¹ | Latest forecast 2023 | Results 2023 |
|--|-------------------|--|--|--------------------------------------|
| Group sales | EUR 3,651 million | Increase at a mid-single-digit percentage rate | Increase of 12% to 15% to EUR 4.1 billion to EUR 4.2 billion | Increase by 15% to EUR 4.2 billion |
| Sales by segments | | | | |
| EMEA | EUR 2,303 million | Increase in the low to mid-single-digit percentage range | Increase of 10% to 15% | Increase by 11% to EUR 2,562 million |
| Americas | EUR 789 million | Increase in the low to mid-single-digit percentage range | Increase of 10% to 15% | Increase by 21% to EUR 955 million |
| Asia/Pacific | EUR 467 million | Increase in the teens percentage range | Increase of 25% to 30% | Increase by 23% to EUR 576 million |
| Operating result (EBIT) | EUR 335 million | EUR 350 million to EUR 375 million | Increase of 20% to 25% to EUR 400 million to EUR 420 million | Increase by 22% to EUR 410 million |
| Group's net income | EUR 222 million | Increase of 5% to 12% | Increase of 20% to 25% | Increase by 22% to EUR 270 million |
| Trade net working capital (TNWC) as a percentage of sales | 15.0% | ~17% | 18% to 19% ¹ | Increase by 580 bp to 20.8% |
| Capital expenditure | EUR 192 million | EUR 200 million to EUR 250 million | EUR 250 million to EUR 300 million | Increase by 55% to EUR 298 million |

¹ The forecast for TNWC as a percentage of sales was updated to "increase to a level of around 20%" with the publication of third quarter results in November 2023.

Group sales in full-year 2023 increased by 18% on a currency-adjusted basis. In Group currency, sales grew by 15% to a record level of EUR 4,197 million (2022: EUR 3,651 million), thus at the upper end of the most recent guidance range that projected revenues to increase within a range of 12% to 15% to a level of between EUR 4.1 billion and EUR 4.2 billion. Growth in 2023 was broad-based with both our brands, BOSS and HUGO, as well as all regions and distribution channels recording double-digit growth. > **Earnings Development, Sales Performance**

At the same time, HUGO BOSS recorded robust bottom-line improvements in fiscal year 2023, with the strong top-line performance more than compensating for further investments into the business as part of "CLAIM 5" as well as a slight decline in gross margin. Consequently, the Group's **operating profit (EBIT)** increased by 22% to an amount of EUR 410 million in fiscal year 2023 (2022: EUR 335 million), thus fully in line with the Company's most recent guidance of an increase between 20% and 25% to a level of between EUR 400 million and EUR 420 million. As a result, EBIT margin expanded by 60 basis points to a level of 9.8% (2022: 9.2%). Accordingly, the **Group's net income** also increased by 22% to EUR 270 million in fiscal year 2023 (2022: EUR 222 million). > **Earnings Development, Income Statement**

Trade net working capital (TNWC) as a percentage of sales increased to 20.8% (2022: 15.0%), thus broadly in line with our most recent guidance of around 20%. This increase compared to the prior-year period first and foremost reflects a higher inventory position, which aims to support the robust top-line momentum across channels. At the same time, an increase in trade receivables as well as lower trade payables also contributed to this development. > **Net Assets**

In 2023, **capital expenditure** increased by 55% to EUR 298 million and thus came in at the upper end of the most recent guidance range of between EUR 250 million and EUR 300 million (2022: EUR 192 million). The step-up in capital expenditure aims to support the successful execution of "CLAIM 5," first and foremost by accelerating investments in our global store network. At the same time, we put strong emphasis on the further digitalization of our business model and the expansion of our logistics capacities as well as headquarters.

> **Financial Position, Capital Expenditure**

In fiscal year 2023, **free cash flow** amounted to EUR 96 million (2022: EUR 166 million), and thus came in slightly below the prior-year level, as improvements in EBIT were more than offset by the step-up in capital expenditure. > **Financial Position, Consolidated Statement of Cash Flows**

EARNINGS DEVELOPMENT

Successful execution of "CLAIM 5" drives significant top- and bottom-line improvements

Currency-adjusted Group sales increase 18% to new record level of EUR 4.2 billion

Operating result (EBIT) grows 22% to EUR 410 million

HUGO BOSS looks back on a successful business performance in fiscal year 2023, recording strong top- and bottom-line improvements. This development first and foremost reflects our robust brand momentum, fueled by the continued successful execution of our **"CLAIM 5" growth strategy**. As both BOSS and HUGO continued their market-share-winning growth trajectories globally, we achieved **record sales** and posted **robust bottom-line improvements**. Consequently, 2023 marked another milestone in the successful execution of "CLAIM 5" and towards achieving our mid-term financial ambition, which we raised in mid-2023. Our strong business performance is all the more remarkable considering the high level of macroeconomic and geopolitical uncertainty in fiscal year 2023. Acquisitions or divestments had no material impact on the Group's financial performance in the reporting period.

Sales performance

In the wake of the further successful execution of "CLAIM 5," **Group sales** increased 18% currency-adjusted in 2023. In Group currency, sales grew by 15% to a record level of EUR 4,197 million (2022: EUR 3,651 million), thus exceeding the EUR 4 billion threshold for the first time in the history of HUGO BOSS. Growth was broad-based in nature, with both our brands, all regions, as well as all distribution channels posting robust double-digit growth.

Sales by brand

SALES BY BRAND (IN EUR MILLION)

| | 2023 | In % of sales | 2022 | In % of sales | Change in % | Currency-adjusted change in % |
|-----------------|--------------|---------------|--------------|---------------|-------------|-------------------------------|
| BOSS Menswear | 3,256 | 78 | 2,868 | 79 | 14 | 16 |
| BOSS Womenswear | 288 | 7 | 239 | 7 | 21 | 24 |
| HUGO | 653 | 16 | 545 | 15 | 20 | 22 |
| Total | 4,197 | 100 | 3,651 | 100 | 15 | 18 |

Building on the successful branding refresh, our brands' collections in 2023 have once again been very well received by both customers as well as wholesale partners worldwide. Thanks to the accompanying global 360° brand campaigns as well as several exciting fashion events, BOSS and HUGO were able to further enhance brand relevance. This, in turn, drove momentum throughout fiscal year 2023, thus enabling both our brands to further expand their market shares worldwide. Consequently, BOSS Menswear, BOSS Womenswear, and HUGO all posted robust double-digit sales improvements in 2023. Momentum remained strong across all wearing occasions, thus fully reflecting our brands' 24/7 lifestyle images. Overall, currency-adjusted revenues for **BOSS Menswear** were up 16% year over year, while revenues for **BOSS Womenswear** even expanded by 24%. At **HUGO**, currency-adjusted sales were up 22%. > [Group Strategy](#)

Sales by region

SALES BY REGION (IN EUR MILLION)

| | 2023 | In % of sales | 2022 | In % of sales | Change in % | Currency-adjusted change in % |
|--------------|--------------|---------------|--------------|---------------|-------------|-------------------------------|
| EMEA | 2,562 | 61 | 2,303 | 63 | 11 | 13 |
| Americas | 955 | 23 | 789 | 22 | 21 | 23 |
| Asia/Pacific | 576 | 14 | 467 | 13 | 23 | 32 |
| Licenses | 104 | 2 | 92 | 3 | 13 | 13 |
| Total | 4,197 | 100 | 3,651 | 100 | 15 | 18 |

All regions contributed to the robust top-line performance in 2023, posting double-digit sales improvements. In **EMEA**, currency-adjusted revenues expanded by 13% year over year, reflecting double-digit growth in key markets such as Germany and France, as well as a particularly strong performance in emerging markets. With revenues up 23% currency-adjusted, momentum in the **Americas** remained strong throughout fiscal year 2023 with all of the region's key markets posting double-digit growth, including the important U.S. market. In **Asia/Pacific**, currency-adjusted revenues came in 32% above the prior-year level, reflecting double-digit sales improvements in both China and Southeast Asia & Pacific. > [Earnings Development, Sales and Earnings Development of the Business Segments](#)

Sales by distribution channel

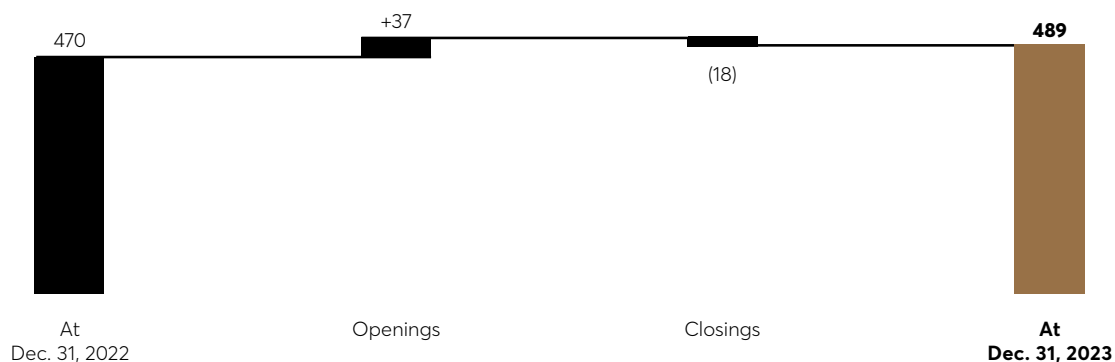
SALES BY DISTRIBUTION CHANNEL (IN EUR MILLION)

| | 2023 | In % of sales | 2022 | In % of sales | Change in % | Currency-adjusted change in % |
|----------------------------|--------------|---------------|--------------|---------------|-------------|-------------------------------|
| Brick-and-mortar retail | 2,262 | 54 | 2,016 | 55 | 12 | 15 |
| Brick-and-mortar wholesale | 1,033 | 25 | 895 | 25 | 15 | 18 |
| Digital | 798 | 19 | 648 | 18 | 23 | 26 |
| Licenses | 104 | 2 | 92 | 3 | 13 | 13 |
| Total | 4,197 | 100 | 3,651 | 100 | 15 | 18 |

Also from a channel perspective, growth in fiscal year 2023 was broad-based with double-digit revenue improvements across all consumer touchpoints. Currency-adjusted sales in our **brick-and-mortar retail business** (including freestanding stores, shop-in-shops, and outlets) came in 15% above the prior-year level, driven by both store productivity improvements as well as additional selling space. This also reflects the successful execution of various strategic initiatives to further optimize and modernize our global store network, including the rollout of the latest store concepts for BOSS and HUGO. In **brick-and-mortar wholesale**, currency-adjusted sales grew 18% in 2023. This performance reflects the ongoing strong reception of our BOSS and HUGO collections among wholesale partners, which enabled our brands to further improve their visibility and win market shares around the globe. At the same time, growth was supported by the further expansion of the Group's franchise business, in particular to emerging markets. Our **digital business** successfully continued its double-digit growth trajectory, with currency-adjusted sales up 26%, reflecting both double-digit revenue increases at hugoboss.com as well as strong improvements in digital revenues generated with partners. Overall, total digital sales thus increased to 19% of Group sales in fiscal 2023. Revenues in our **license business** increased by 13% currency-adjusted, led by double-digit growth in the important fragrance business.

Network of own retail stores

NUMBER OF OWN FREESTANDING RETAIL STORES



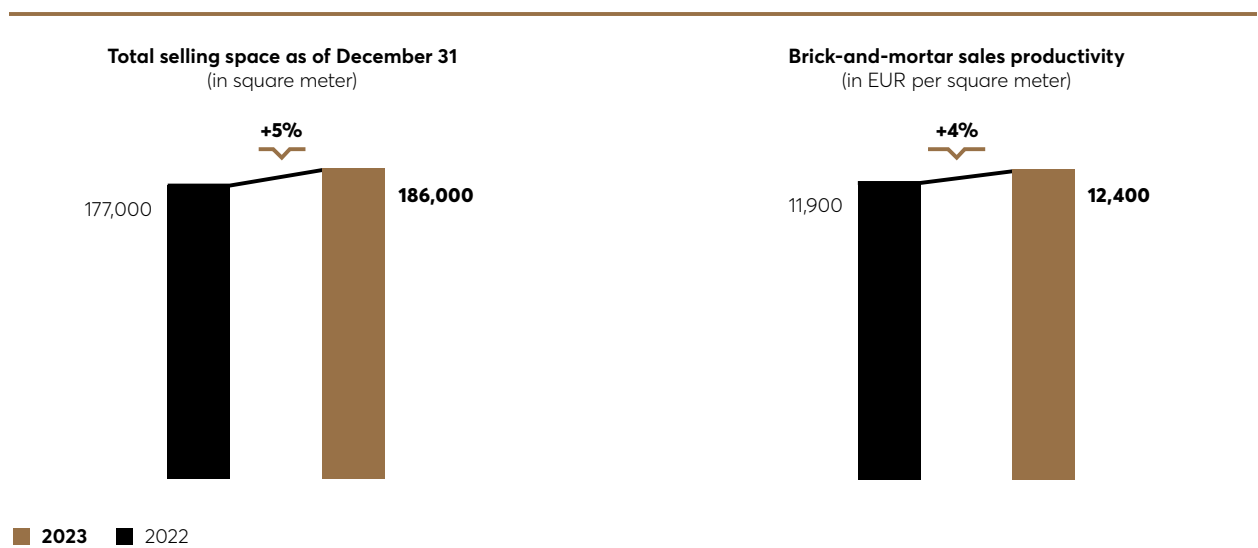
In fiscal year 2023, the number of **own freestanding retail stores** moderately increased to 489 (2022: 470). A total of 33 BOSS stores were newly opened across all regions, with a particular focus on expanding our distribution footprint in China. In addition, a total of four HUGO stores opened their doors in EMEA and the Americas. On the other hand, 18 stores with expiring leases across EMEA and Asia/Pacific were closed in fiscal year 2023, with the aim of further optimizing our own distribution network.

NUMBER OF OWN RETAIL POINTS OF SALES

| 2023 | EMEA | Americas | Asia/Pacific | Total |
|-------------------------------------|------|----------|--------------|-------|
| Number of own retail points of sale | 587 | 456 | 375 | 1,418 |
| Thereof freestanding retail stores | 212 | 115 | 162 | 489 |

| | | | | |
|-------------------------------------|-----|-----|-----|-------|
| 2022 | | | | |
| Number of own retail points of sale | 581 | 383 | 352 | 1,316 |
| Thereof freestanding retail stores | 212 | 106 | 152 | 470 |

Including **shop-in-shops** and **outlets**, the total number of own retail points of sale worldwide increased to 1,418 as of December 31, 2023 (2022: 1,316). Besides the additional freestanding retail stores, this development primarily reflects a further expansion of our shop-in-shop business to strengthen our brands' presence with key retail partners, first and foremost in the U.S. market.



The **total selling space of our own retail business** increased by 5%, totaling around 186,000 sq m at year-end (December 31, 2022: around 177,000 sq m). **Brick-and-mortar sales productivity** increased by 4% to a level of around EUR 12,400 per square meter (2022: around EUR 11,900 per square meter), fully in line with our ambition to improve store productivity by at least 3% per annum to a level of more than 13,000 EUR per sq m by 2025. The increase in 2023 first and foremost reflects our robust top-line performance as well as the successful execution of strategic initiatives to further optimize and modernize our global store network, including the roll-out of our latest store concepts.

Income statement

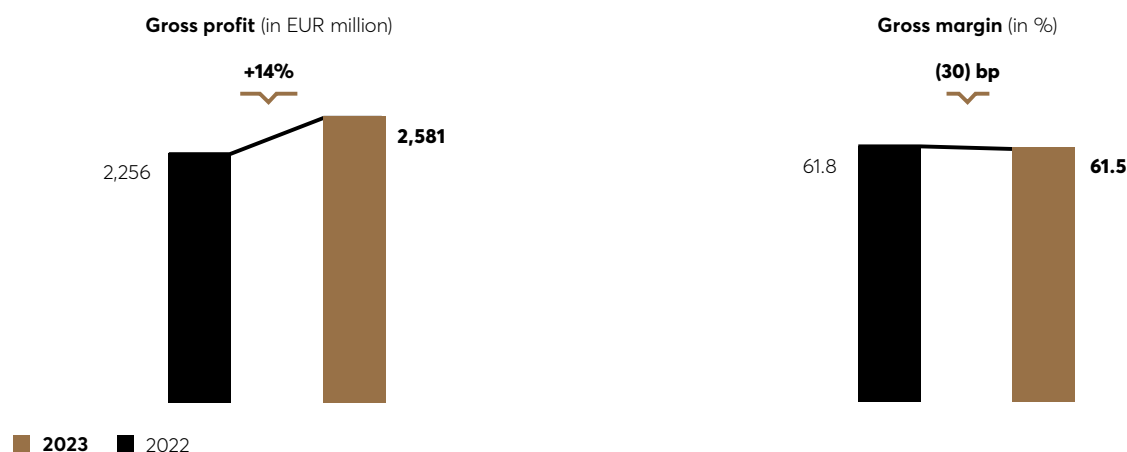
INCOME STATEMENT (IN EUR MILLION)

| | Jan.–Dec. 2023 | Jan.–Dec. 2022 | Change in % |
|--|----------------|----------------|-------------|
| Sales | 4,197 | 3,651 | 15 |
| Cost of sales | (1,617) | (1,395) | (16) |
| Gross profit | 2,581 | 2,256 | 14 |
| In % of sales | 61.5 | 61.8 | (30) bp |
| Operating expenses | (2,171) | (1,921) | (13) |
| In % of sales | (51.7) | (52.6) | 90 bp |
| Thereof selling and marketing expenses | (1,745) | (1,539) | (13) |
| Thereof administration expenses | (426) | (382) | (11) |
| Operating result (EBIT) | 410 | 335 | 22 |
| In % of sales | 9.8 | 9.2 | 60 bp |
| Financial result | (53) | (50) | (7) |
| Earnings before taxes | 357 | 285 | 25 |
| Income taxes | (87) | (63) | (37) |
| Net income | 270 | 222 | 22 |
| Attributable to: | | | |
| Equity holders of the parent company | 258 | 209 | 23 |
| Non-controlling interests | 11 | 12 | (8) |
| Earnings per share (in EUR)¹ | 3.74 | 3.04 | 23 |
| Income tax rate in % | 24 | 22 | |

¹ Basic and diluted earnings per share.

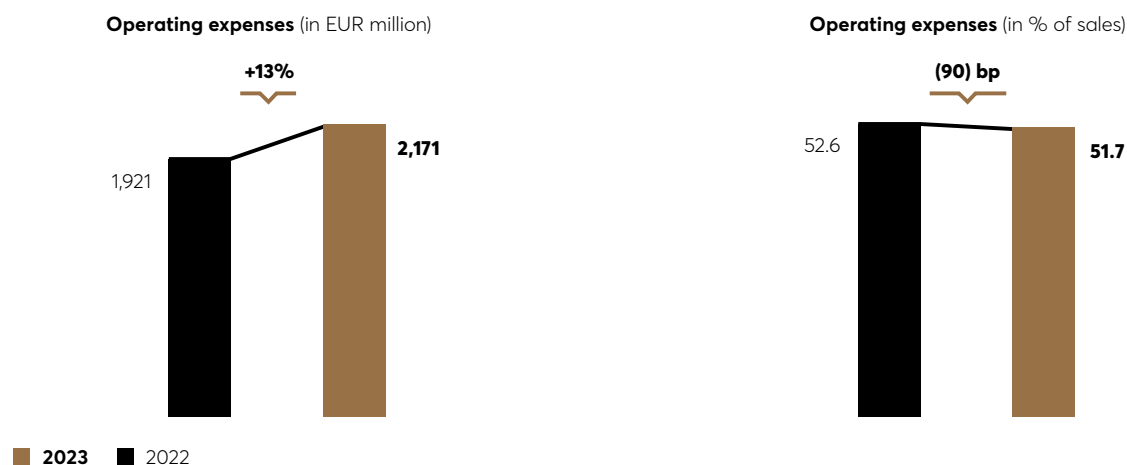
At 61.5%, the **gross margin** in fiscal year 2023 was slightly below the prior-year level (2022: 61.8%). Positive impacts from lower freight cost levels were more than offset by unfavorable currency effects as well as an increasingly promotional environment towards the end of 2023. With regard to the latter, promotional activity at HUGO BOSS was particularly low in the prior year, reflecting the exceptionally strong development of our full-price business in 2022 following the implementation of our comprehensive branding refresh. [> Group Strategy](#)

DEVELOPMENT OF GROSS PROFIT AND GROSS MARGIN



Operating expenses increased by 13% in fiscal year 2023, reflecting an increase in both selling and marketing expenses as well as higher administration expenses. As a percentage of sales, however, operating expenses decreased 90 basis points to a level of 51.7% (2022: 52.6%), as further efficiency gains, particularly in brick-and-mortar retail, more than offset important investments into the business as part of "CLAIM 5." > [Notes to the Consolidated Financial Statements, Notes 2, 3, and 9](#)

DEVELOPMENT OF OPERATING EXPENSES



Selling and marketing expenses increased by 13% compared to the prior-year period, mainly due to an increase in fulfillment, variable rental, and payroll expenses in light of the strong top-line momentum. Besides that, the development is also attributable to higher **marketing investments**, largely reflecting the successful brand campaigns and fashion events of BOSS and HUGO over the course of the year. Total marketing expenses grew 14% to EUR 328 million, representing 7.8% of Group sales (2022: EUR 288 million; 7.9% of sales). Marketing expenses thus were fully in line with our target corridor of between 7% and 8% as laid out in "CLAIM 5." Selling expenses for our **brick-and-mortar retail business** totaled EUR 870 million

in 2023, up 8% compared to the prior year (2022: EUR 807 million). As a percentage of sales, however, they declined by 140 basis points to 20.7% (2022: 22.1%). Overall, as a percentage of sales, selling and marketing expenses decreased by 60 basis points to a level of 41.6% in 2023 (2022: 42.1%). > [Notes to the Consolidated Financial Statements, Note 2, > Group Strategy, "Boost Brands"](#)

Administration expenses increased by 11% in fiscal year 2023. This development is mainly attributable to higher payroll expenses and an increase in digital investments, both aimed at supporting the successful execution of "CLAIM 5," as well as overall cost inflation. As part of this, **general administration expenses** were up 11% to EUR 336 million (2022: EUR 302 million), while also **research and development expenses** incurring in the collection development increased by 11%, amounting to EUR 89 million (2022: EUR 81 million). Overall, as a percentage of sales, administration expenses decreased by 30 basis points to 10.1% (2022: 10.5%). > [Notes to the Consolidated Financial Statements, Note 3, > Product Development and Innovation](#)

Operating profit (EBIT) increased by 22% to EUR 410 million in fiscal year 2023 (2022: EUR 335 million). This development was driven by the strong top-line performance, enabling the Company to generate operating leverage despite ongoing investments into the business as part of "CLAIM 5" as well as the slight decline in gross margin development. Accordingly, the Group's **EBIT margin** increased noticeably, up 60 basis points to 9.8% (2022: 9.2%). Currency effects had a slightly negative impact on EBIT in fiscal year 2023.

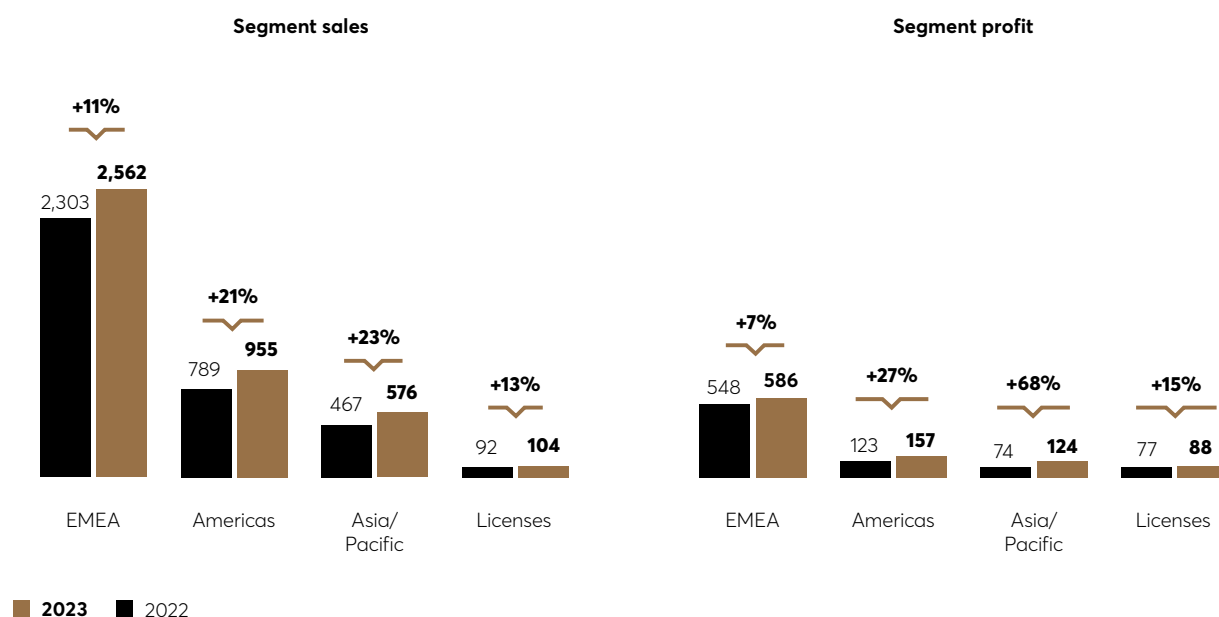
DEVELOPMENT OF EBIT AND EBIT MARGIN



Depreciation and amortization was broadly in line with the prior-year level, amounting to EUR 342 million (2022: EUR 345 million). At EUR 53 million, **net financial expenses (financial result)** in fiscal year 2023 were 7% above the prior-year level (2022: EUR 50 million), as the Company recorded higher interest expense in lease accounting under IFRS 16, reflecting the overall higher interest rate levels. The **Group tax rate** was slightly above the prior year, thus gradually normalizing to a level of 24%. In the prior year, lower-than-anticipated back tax payments and the revaluation of deferred tax assets supported a particularly low tax rate (2022: 22%). Accordingly, the **Group's net income** for fiscal year 2023 amounted to EUR 270 million, up 22% against the prior-year level (2022: EUR 222 million). In this context, net income attributable to shareholders increased by 23% to EUR 258 million (2022: EUR 209 million). Currency effects had a slightly negative impact on the Group's net income in fiscal year 2023. > [Notes to the Consolidated Financial Statements, Note 4 and 5](#)

Sales and earnings development of the business segments

DEVELOPMENT OF SEGMENT SALES AND SEGMENT PROFIT (IN EUR MILLION)



EMEA

Sales in the **EMEA** region (Europe, Middle East, and Africa) were up 13% currency-adjusted in fiscal year 2023. This performance was driven by the successful execution of "CLAIM 5" that propelled brand momentum for both BOSS and HUGO, thereby supporting local demand in particular. In addition, business with international tourists picked up noticeably during the course of the year. All channels contributed to growth, with the Group's **brick-and-mortar retail business** posting high single-digit revenue improvements while **brick-and-mortar wholesale** was up double-digit. At the same time, the Group's **digital business** continued its double-digit growth trajectory.

SALES DEVELOPMENT EMEA (IN EUR MILLION)

| | 2023 | In % of sales | 2022 | In % of sales | Change in % | Currency-adjusted change in % |
|----------------------------|--------------|---------------|--------------|---------------|-------------|-------------------------------|
| Brick-and-mortar retail | 1,133 | 44 | 1,074 | 47 | 6 | 7 |
| Brick-and-mortar wholesale | 813 | 32 | 716 | 31 | 13 | 16 |
| Digital | 616 | 24 | 513 | 22 | 20 | 22 |
| Total | 2,562 | 100 | 2,303 | 100 | 11 | 13 |

Momentum was particularly strong in key European markets as well as in Emerging Markets. **Germany** posted double-digit revenues increases reflecting broad-based growth across all channels. Sales particularly in **France** also recorded double-digit growth, with all channels contributing to growth. Being up against a particularly strong comparison base from the prior year, revenues in the **UK** remained slightly below the prior-year levels. This development also reflects the overall increasingly challenging market environment, which led to a softening in local consumer sentiment. At the same time, momentum in **Emerging Markets**, including Eastern Europe and the Middle East, remained strong throughout 2023, as reflected by significant double-digit improvements compared to the prior-year level.

At EUR 586 million, **segment earnings** in EMEA came in 7% above the prior-year level (2022: EUR 548 million), corresponding to an EBIT margin of 22.9% (2022: 23.8%). Improvements in sales were more than offset by a modest decline in gross margin and higher operating expenses, reflecting a step-up in marketing investments, as well as higher variable rental, fulfillment, and administration expenses. > **Notes to the Consolidated Financial Statements, Note 24**

Americas

In the **Americas**, currency-adjusted revenues increased by 23% in 2023. This performance first and foremost reflects the improved perception of BOSS and HUGO following the successful implementation of the 24/7 brand images as part of our "CLAIM 5" strategy, especially in the important U.S. market. Both brands successfully expanded their visibility at key department stores, leading to further market share gains in fiscal year 2023. From a channel perspective, regional growth was broad-based as reflected by double-digit revenue improvements in **brick-and-mortar retail**, **brick-and-mortar wholesale**, and our **digital business**.

SALES DEVELOPMENT AMERICAS (IN EUR MILLION)

| | 2023 | In % of sales | 2022 | In % of sales | Change in % | Currency-adjusted change in % |
|----------------------------|------------|---------------|------------|---------------|-------------|-------------------------------|
| Brick-and-mortar retail | 648 | 68 | 551 | 70 | 18 | 20 |
| Brick-and-mortar wholesale | 182 | 19 | 150 | 19 | 21 | 23 |
| Digital | 125 | 13 | 89 | 11 | 41 | 45 |
| Total | 955 | 100 | 789 | 100 | 21 | 23 |

Momentum was fueled by double-digit growth across all markets. In the **United States**, the largest market for HUGO BOSS, the development was driven by robust double-digit growth across all consumer touchpoints. While trends were similar in **Canada**, HUGO BOSS continued to record particularly strong momentum in **Latin America**, also reflecting broad-based growth across all channels.

Segment earnings in the Americas amounted to EUR 157 million in fiscal year 2023 (2022: EUR 123 million), corresponding to an EBIT margin increase of 80 basis points to a level of 16.4% (2022: 15.6%). In addition to strong sales improvements, this development was supported by a robust increase in gross margin. > **Notes to the Consolidated Financial Statements, Note 24**

Asia/Pacific

Revenues in **Asia/Pacific** significantly accelerated in fiscal year 2023, expanding 32% on a currency-adjusted basis. This development was driven by a strong performance in Southeast Asia & Pacific as well as a noticeable recovery of our business in China following the market's reopening in early 2023. All three channels, **brick-and-mortar retail**, **brick-and-mortar wholesale**, as well as **digital**, posted double-digit sales increases.

SALES DEVELOPMENT ASIA/PACIFIC (IN EUR MILLION)

| | 2023 | In % of sales | 2022 | In % of sales | Change in % | Currency-adjusted change in % |
|----------------------------|------------|---------------|------------|---------------|-------------|-------------------------------|
| Brick-and-mortar retail | 481 | 83 | 392 | 84 | 23 | 31 |
| Brick-and-mortar wholesale | 39 | 7 | 29 | 6 | 36 | 41 |
| Digital | 56 | 10 | 47 | 10 | 21 | 28 |
| Total | 576 | 100 | 467 | 100 | 23 | 32 |

In the wake of the market's reopening following the abandonment of COVID-related restrictions in early 2023, our business in **China** recorded a noticeable recovery, leading to strong double-digit sales improvements in 2023. This performance was driven by broad-based growth across all consumer touchpoints. In addition to a significant improvement in mainland China, business in Hong Kong and Macau has picked up strongly, reflecting a gradual recovery in tourism. At the same time, also **Southeast Asia & Pacific** posted robust double-digit sales improvements in fiscal year 2023, including strong double-digit growth in Japan.

Segment earnings in the Asia/Pacific region amounted to EUR 124 million, 68% above the prior-year level (2022: EUR 74 million), translating into an EBIT margin increase of 570 basis points to a level of 21.5% (2022: 15.8%). The strong top-line performances enabled us to generate significant operating leverage, thereby more than offsetting a slight decline in gross margin. > **Notes to the Consolidated Financial Statements, Note 24**

Licenses

Sales in our **license business** increased by 13% currency-adjusted compared to the prior year. This performance was fueled by strong double-digit growth in the important fragrance business, also reflecting the strong uptick in international tourism driving revenues in travel retail. In addition, the Company extended its 24/7 lifestyle offering also as part of its global license business, thereby selectively expanding into lifestyle areas such as equestrian or cycling, which further spurred momentum in fiscal year 2023. > **Earnings Development, Sales by Distribution Channel**

At EUR 88 million, **license segment earnings** increased 15% compared to the prior year (2022: EUR 77 million). > **Notes to the Consolidated Financial Statements, Note 24**

Five-year overview of business segments

DEVELOPMENT OF SEGMENT SALES (IN EUR MILLION)

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|--------------|-------|-------|-------|-------|-------|
| EMEA | 2,562 | 2,303 | 1,742 | 1,231 | 1,803 |
| Americas | 955 | 789 | 543 | 308 | 560 |
| Asia/Pacific | 576 | 467 | 423 | 343 | 438 |
| Licenses | 104 | 92 | 77 | 64 | 84 |

DEVELOPMENT OF SEGMENT PROFIT (IN EUR MILLION)

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|--------------|------|------|------|------|------|
| EMEA | 586 | 548 | 347 | 87 | 456 |
| Americas | 157 | 123 | 61 | (97) | 60 |
| Asia/Pacific | 124 | 74 | 74 | 32 | 94 |
| Licenses | 88 | 77 | 63 | 54 | 70 |

NET ASSETS

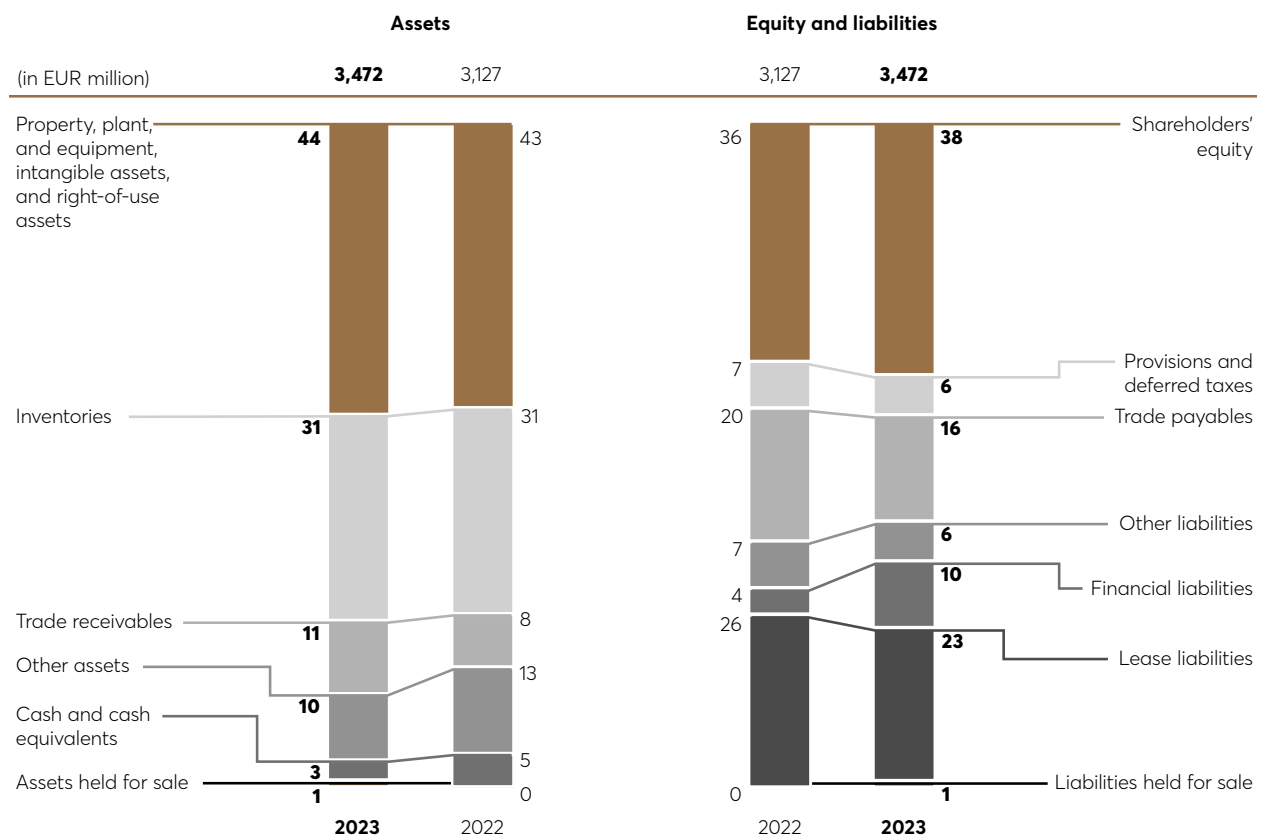
Increase in total assets reflects strong business performance in 2023

Higher inventory position aims to support top-line momentum

Trade net working capital as a percentage of sales amounts to 20.8%

Total assets increased by 11% to EUR 3,472 million at the end of fiscal year 2023 (December 31, 2022: EUR 3,127 million), reflecting higher investments in both current and non-current assets, aimed at supporting the Company's top-line momentum and the successful execution of "CLAIM 5" also going forward.

STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31 (IN %)



The **share of current assets** increased slightly to 52% as of December 31, 2023 (December 31, 2022: 51%), largely reflecting an increase in trade net working capital. Accordingly, the **share of non-current assets** slightly decreased to 48% at the end of fiscal year 2023 (December 31, 2022: 49%). The **equity ratio** increased to a level of 38% by year-end (December 31, 2022: 36%). > **Consolidated Financial Statements, Consolidated Statement of Financial Position**

TRADE NET WORKING CAPITAL AS OF DECEMBER 31 (IN EUR MILLION)

| | 2023 | 2022 | Change in % | Currency-adjusted change in % |
|----------------------------------|------------|------------|-------------|-------------------------------|
| Inventories | 1,066 | 974 | 9 | 11 |
| Trade receivables | 376 | 256 | 46 | 47 |
| Trade payables | 572 | 617 | (7) | (8) |
| Trade net working capital | 870 | 613 | 42 | 46 |

Trade net working capital (TNWC) increased by 46% on a currency-adjusted basis, with the moving average of **TNWC as a percentage of sales** based on the last four quarters amounting to 20.8% (December 31, 2022: 15.0%). As part of this, **inventories** were up 11% currency-adjusted. The vast majority of the Company's inventories reflects core merchandise as well as fresh merchandise for current and upcoming collections, aimed at supporting the top-line momentum. In light of implemented measures to reduce inventory levels, the Company recorded a gradual normalization of inventories towards the end of fiscal year 2023. Consequently, at 25.4%, inventories as a percentage of Group sales were well below the prior-year level (2022: 26.7%). Based on this, HUGO BOSS remains confident of improving inventories to a level below 20% of Group sales by 2025. At the same time, **trade receivables** were up 47%, mainly reflecting our strong performance in both brick-and-mortar and digital wholesale as well as the ongoing expansion of our global franchise business as part of "CLAIM 5." **Trade payables**, on the other hand, came in moderately below the prior-year level. This development primarily reflects lower order volumes as part of our measures to reduce core merchandise inflow going forward, which more than compensated for positive effects in connection with a higher utilization of our supplier financing program. > **Notes to the Consolidated Financial Statements, Notes 12 and 13**

Property, plant, and equipment, intangible assets, and right-of-use assets increased by 12% compared to the prior-year level, totaling EUR 1,521 million at year-end (December 31, 2022: EUR 1,356 million). This mainly reflects the ongoing strong investment activity, aimed at supporting the successful execution of "CLAIM 5" also going forward. **Other assets** were down 8% to EUR 363 million (December 31, 2022: EUR 393 million), mainly due to a decrease in deferred tax assets. **Cash and cash equivalents** amounted to EUR 118 million at the end of fiscal year 2023 (December 31, 2022: EUR 147 million). As previously disclosed during the year, HUGO BOSS is currently revisiting its business model in Russia, which includes considerations to convert it into a wholesale business. Accordingly, the Company classified all respective assets, amounting to EUR 27 million, as **assets held for sale** as of December 31, 2023. > **Notes to the Consolidated Financial Statements, Accounting Policies, Notes 8 and 14**

The total of **current and non-current lease liabilities**, primarily relating to the rental of retail store locations as well as logistics and administration properties, decreased by 1% to EUR 793 million as of the reporting date (December 31, 2022: EUR 804 million). At year-end, **current and non-current financial liabilities** amounted to EUR 340 million (December 31, 2022: EUR 122 million), including EUR 175 million of proceeds from the Company's first Schuldschein loan issued in 2023. **Provisions and deferred tax liabilities** slightly decreased to EUR 220 million compared to the prior-year level (December 31, 2022: EUR 225 million). **Other liabilities** amounted to EUR 216 million at the end of the fiscal year, and were thus 3% below the prior-year level (December 31, 2022: EUR 223 million), mainly driven by lower income tax liabilities. **Liabilities held for sale**, related to the Group's business in Russia, amounted to EUR 19 million as of December 31, 2023. > **Notes to the Consolidated Financial Statements, Accounting Policies, Notes 9, 17, 19, and 20, > Financial Position, Capital Structure and Financing**

FINANCIAL POSITION

ESG-linked syndicated loan provides high level of financial flexibility

HUGO BOSS raises EUR 175 million with first-time Schuldschein transaction

Investment activity centered around optimization and modernization of store network

Principles and goals of financial management

Group-wide financial management is controlled centrally by the Group Treasury department. The goals pursued include securing financial stability and flexibility, ensuring liquidity at all times, and the management of financial risks. Company-wide financial management comprises Group financing, cash and liquidity management, the management of market price risks, and the management of counterparty risks. **Treasury principles** that are applied Group-wide govern all matters relevant to treasury, such as the approval of banking relationships, the handling of financing agreements, liquidity and asset management, as well as the management of currency and interest rate risks.

Within **Group financing**, factors such as market capacity, cost of financing, covenants, and terms to maturity are considered when selecting financial instruments. External loans for Group financing are taken out centrally and primarily in the Group's reporting currency (euro) within the framework of an **"inhouse bank" concept**. To cover the financing needs of the Group companies, funds are made available in the form of intercompany loans in the respective local currency. This allows the Company to increase economies of scale and to minimize the cost of capital. Occasionally, credit lines are also agreed with local banks in order to account for legal, tax, or other framework conditions. The Group's financial liabilities are generally unsecured and may be subject to customary market obligations, which are reviewed on a quarterly basis.

The most important source of liquidity for HUGO BOSS is the cash inflow from operating activities. The Group Treasury department optimizes and centralizes payment flows through its **cash and liquidity management**. Generally, Group companies transfer excess liquidity to the "inhouse bank," e.g., as part of a cash-pooling procedure. In doing so, the excess liquidity of individual Group companies can be used to cover the financial needs of others. This intercompany financial offsetting system reduces the external financial requirement and thus optimizes interest expenses.

Management of market price risks is intended to limit the impact of interest rate and currency fluctuations on cash flow. The use of hedging instruments such as foreign exchange forwards, swap transactions, plain-vanilla options, and interest rate swaps, is intended to secure HUGO BOSS against unfavorable interest rate and currency developments. > **Risk Report, Financial Risks**

The **counterparty risk** to banks mainly results from the investment of liquid funds as part of cash and liquidity management and from the use of derivative financial instruments as part of interest rate and currency risk management. With regard to trading transactions, HUGO BOSS aims for the broadest possible diversification of volumes and ensures that financial instruments are only executed with counterparties of very good credit ratings.

Capital structure and financing

In June 2022, HUGO BOSS received strong **investment-grade inaugural ratings** from rating agencies S&P and Moody's. While S&P rated HUGO BOSS 'BBB' with a stable outlook, Moody's assigned the Company a 'Baa2' rating, also with a stable outlook. Both ratings were reconfirmed in mid-2023. This puts HUGO BOSS among the highest-rated companies in the global premium apparel industry. These two strong investment-grade ratings are clear evidence of the Company's strong brand perception, sound financial position, and attractive long-term growth opportunities, thereby further **strengthening the Company's financing flexibility**.

The most important component in the financing structure of HUGO BOSS is an ESG-linked **revolving syndicated loan** of EUR 600 million, providing additional financial flexibility for the successful execution of "CLAIM 5." The proceeds of the facility can be used for general corporate purposes or guarantees. Concluded in November 2021, it has a term of three years, including two options for extending the term by one year each and an option to increase the credit volume by up to EUR 300 million. Both extension options have already been exercised successfully. The syndicated loan contains a standard covenant requiring the maintenance of **financial leverage**, defined as the ratio of net financial liabilities (including lease liabilities in accordance with IFRS 16) to EBITDA. As of December 31, 2023, financial leverage totaled 1.3, thus broadly on the prior-year level and well below the maximum permissible level (December 31, 2022: 1.1). The syndicated loan is based on variable interest rates with applicable credit margins depending on the external credit rating and fulfillment of defined **ESG criteria**. At the end of fiscal year 2023, the **utilization of the revolving syndicated loan** totaled EUR 92 million of which EUR 83 million was used for general corporate purposes and EUR 9 million for bank guarantees (December 31, 2022: utilization of EUR 82 million of which EUR 22 million for bank guarantees, EUR 60 million for supplier financing program).

In 2023, HUGO BOSS expanded its **supplier financing program** in order to meet the ongoing high demand for the program. In addition to its existing single-bank program, HUGO BOSS launched a separate bank-independent platform in 2023. In this context, the combined credit limit for both programs increased to EUR 251 million (December 31, 2022: EUR 120 million), with EUR 107 million utilized at the end of 2023 (December 31, 2022: EUR 60 million).

In October 2023, HUGO BOSS issued its first **Schuldschein loan**. Driven by strong demand, the Schuldschein reached a total volume of EUR 175 million, thereby strongly exceeding the initial target volume of EUR 100 million. It comprises four tranches with maturities of three and five years, each of which was offered with fixed and variable interest rates. The proceeds from the Schuldschein will be used for general corporate purposes and thus, in particular, to finance further investments as part of "CLAIM 5." This mainly includes investments into our global logistics framework as part of the strategic claim "Organize for Growth."

To further secure liquidity, HUGO BOSS possesses committed and uncommitted **bilateral credit lines** totaling EUR 153 million (December 31, 2022: EUR 191 million), of which EUR 63 million was utilized at the end of fiscal year 2023 (December 31, 2022: EUR 102 million). In addition, HUGO BOSS had at its disposal **cash and cash equivalents** in the amount of EUR 118 million at year-end (December 31, 2022: EUR 147 million). > **Notes to the Consolidated Financial Statements, Note 14, > Financial Position, Consolidated Statement of Cash Flows and Free Cash Flow**

Overall, the Group's **liabilities** totaled EUR 2,161 million at the end of the fiscal year (December 31, 2022: EUR 1,991 million), corresponding to a 62% share of total assets (December 31, 2022: share of 64%). Of this amount, EUR 793 million was attributable to **current and non-current lease liabilities** (December 31, 2022: EUR 804 million), primarily relating to the rental of retail store locations as well as logistics and administration properties. **Current and non-current financial liabilities** totaled EUR 340 million at the end of fiscal year 2023 (December 31, 2022: EUR 122 million), including EUR 175 million of proceeds from the Schuldschein loan.

> **Net Assets, > Notes to the Consolidated Financial Statements, Notes 9 and 20**

Statement of cash flows and free cash flow

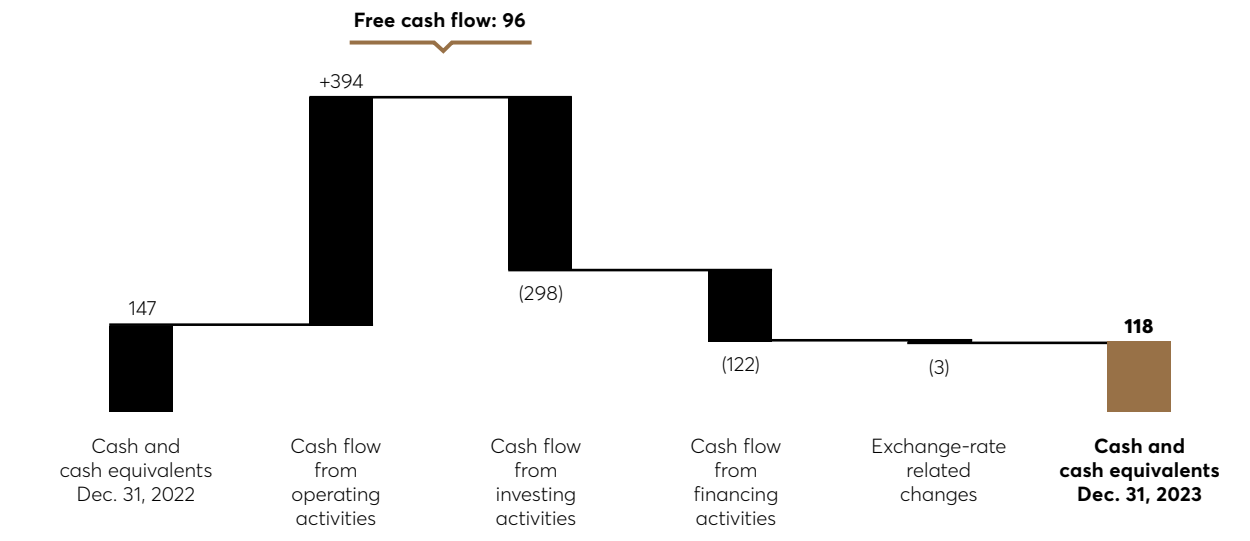
STATEMENT OF CASH FLOWS¹ (IN EUR MILLION)

| | 2023 | 2022 |
|--|-------------|--------------|
| Cash flow from operating activities | 394 | 357 |
| Cash flow from investing activities | (298) | (192) |
| Cash flow from financing activities | (122) | (307) |
| Change in cash and cash equivalents | (29) | (137) |
| Cash and cash equivalents at the beginning of the period | 147 | 285 |
| Cash and cash equivalents at the end of the period | 118 | 147 |

¹ As the statement of cash flows is presented on a currency-adjusted basis, the values cannot be derived from the statement of financial position.

Free cash flow amounted to EUR 96 million in fiscal year 2023 compared to EUR 166 million in the prior-year period. The year-over-year decline particularly reflects our significant step-up in investments, which was only partially offset by improvements in EBIT. Free cash flow is calculated as the sum of cash flow from operating activities and cash flow from investing activities.

CHANGE IN CASH AND CASH EQUIVALENTS (IN EUR MILLION)



At EUR 394 million, **cash flow from operating activities** was 10% above the prior-year level (2022: EUR 357 million), largely reflecting improvements in EBIT. Trade net working capital, on the other hand, had no material impact on cash flow development in 2023. The significant increase in **cash flow from investing activities** to a level of EUR 298 million (2022: EUR 192 million) mainly reflects the step-up in capital expenditure in fiscal year 2023, aimed at supporting the successful execution of "CLAIM 5" through increased investments in our global store network, the further digitalization of our business model, as well as the expansion of our global logistics capacities. > [Financial Position, Capital Expenditure](#)

At EUR 122 million, **cash flow from financing activities** decreased compared to the prior year (2022: EUR 307 million), mainly reflecting the higher cash inflow in connection with the issue of the Company's first Schuldschein loan in 2023. > [Financial Position, Capital Structure and Financing](#)

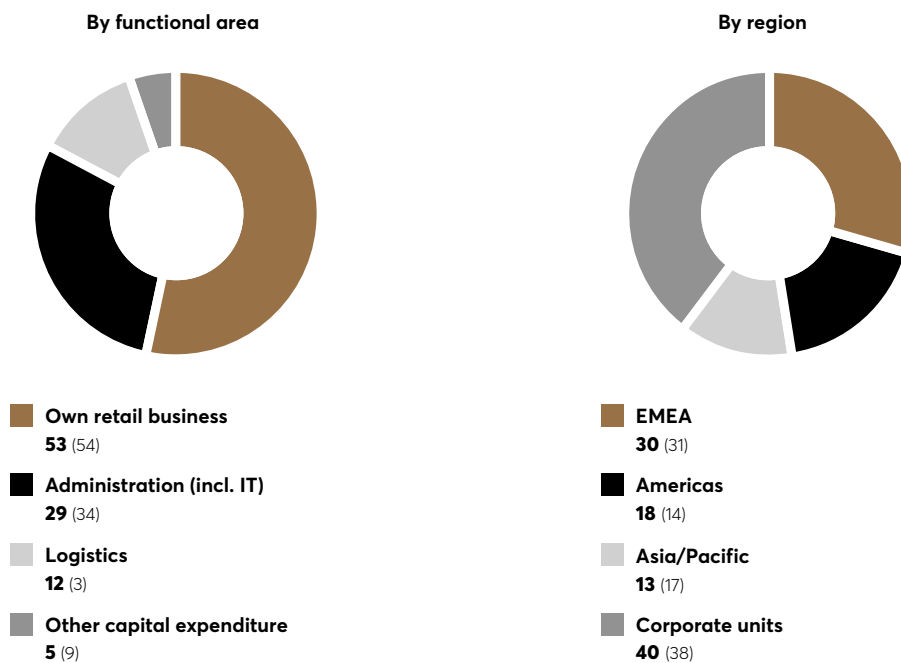
Net financial position

The **net financial position** is measured as the total of all financial and lease liabilities less cash and cash equivalents. **Excluding the impact of IFRS 16**, the net financial position of HUGO BOSS at the end of fiscal year 2023 totaled minus EUR 213 million (December 31, 2022 excluding IFRS 16: plus EUR 38 million). **Including the impact of IFRS 16**, the net financial position at the end of fiscal year 2023 totaled minus EUR 1,006 million (December 31, 2022: minus EUR 767 million). > [Financial Position, Capital Structure and Financing](#), > [Notes to the Consolidated Financial Statements, Note 9](#)

Capital expenditure

In fiscal year 2023, HUGO BOSS invested EUR 298 million in **property, plant, and equipment, and intangible assets**, representing a strong increase of 55% as compared to the prior-year level (2022: EUR 192 million). The further step-up in capital expenditure aims to support the ongoing successful execution of "CLAIM 5" by increasing investments in our global store network, further digitalizing our business model, and expanding our logistics capacities. Consequently, as a percentage of sales, capital expenditure amounted to 7.1% (2022: 5.2%), and thus at the upper end of our mid-term target corridor as laid out in "CLAIM 5" (target range for 2023–2025: 6% to 7% of sales).

CAPITAL EXPENDITURE (IN %)



2023 (2022)

In line with our strategic claim "Drive Omnichannel," we aim to fully exploit the potential of our **brick-and-mortar retail business** in the coming years. The **optimization and modernization** of our global store network plays a key role in this. Consequently, we plan to invest a total of EUR 600 million in the further optimization and modernization of our store network between 2021 and 2025. Our **latest store concepts** are intended to make a significant contribution in upgrading our points of sale. At the end of 2023, around 200 of our freestanding BOSS and HUGO stores were already comprehensively refreshed or equipped with the latest store concepts, including important BOSS halo stores in Dubai and London. Consequently, capital expenditure on our own retail network amounted to EUR 157 million in fiscal year 2023 (2022: EUR 104 million). Investments in the continuous **optimization and modernization of existing locations** thereby totaled EUR 118 million (2022: EUR 79 million). At the same time, we invested EUR 40 million in the **opening of new retail points of sale** across all three regions (2022: EUR 25 million), with new BOSS and HUGO stores in Milan (Italy) and Guangzhou (China), among others. > **Group Strategy, "Drive Omnichannel"**

Capital expenditure on **administration** amounted to EUR 88 million in the past fiscal year (2022: EUR 65 million). This primarily includes investments of EUR 55 million in our global **IT infrastructure** (2022: EUR 47 million). In line with our strategic claim "Lead in Digital," these investments mainly relate to the further digitalization of our business model, including important initiatives of the HUGO BOSS Digital Campus as well as the Company-wide rollout of our next-generation ERP system as part of a multiyear project. At the same time, in 2023, we also increased investments to further expand and enhance our Group's headquarters in Metzingen (Germany). As part of our "CLAIM 5" growth strategy, we also aim to step up investments with regards to the expansion of our global **logistics capacities**. Capital expenditure in this context thus amounted to EUR 36 million in the past fiscal year (2022: EUR 5 million), also including initial expenditure for the expansion of our distribution center for flat-packed goods in proximity to our headquarters in Metzingen, which is scheduled for completion in 2026. **Other capital expenditure** on the Company's production, distribution structure, and research and development amounted to EUR 16 million in 2023 and was thus at around the prior-year level (2022: EUR 17 million). > **Group Strategy, "Lead in Digital," "Organize for Growth," > Sourcing and Production**

Accumulated depreciation and amortization on property, plant, and equipment, and intangible assets, including own capitalized cost, totaled EUR 1,204 million in fiscal year 2023 (2022: EUR 1,175 million). Existing **obligations from investment projects** amounted to EUR 33 million as of December 31, 2023 (December 31, 2022: EUR 2 million), mainly relating to the ongoing expansion of our logistics network. > **Notes to the Consolidated Financial Statements, Note 8**

HUGO BOSS AG

HUGO BOSS AG is the parent company of HUGO BOSS Group

Operational performance driven by service agreements with subsidiaries

Annual financial statements are prepared in accordance with the provisions of the HGB

HUGO BOSS AG is the **parent company of HUGO BOSS Group**. Its annual financial statements are prepared in accordance with the provisions of HGB ["Handelsgesetzbuch": German Commercial Code]. In addition to the operating business, the results of HUGO BOSS AG are predominately driven by the management of the central functions. A material item in this context is the allocation of costs for services rendered to Group companies.

Earnings development

INCOME STATEMENT HUGO BOSS AG (IN EUR MILLION)

| | 2023 | In % of sales | 2022 | In % of sales | Change in % |
|--|--------------|---------------|--------------|---------------|----------------|
| Sales | 2,297 | 100.0 | 1,815 | 100.0 | 27 |
| Cost of sales | (1,562) | (68.0) | (1,277) | (70.4) | (22) |
| Gross profit | 735 | 32.0 | 538 | 29.6 | 37 |
| Distribution expenses | (459) | (20.0) | (357) | (19.7) | (29) |
| General administrative expenses | (178) | (7.8) | (150) | (8.3) | (19) |
| Other operating income | 149 | 6.5 | 68 | 3.8 | >100 |
| Other operating expenses | (96) | (4.2) | (115) | (6.3) | 17 |
| Operating result | 151 | 6.6 | (16) | (0.9) | >100 |
| Income from investments | 0 | 0.0 | 84 | 4.6 | (100) |
| Net interest income/expenses | (15) | (0.7) | (6) | (0.3) | <(100) |
| Income from profit and loss transfer agreements | 89 | 3.9 | 81 | 4.5 | 10 |
| Depreciation of financial assets and securities held as current assets | 0 | 0.0 | 0 | 0.0 | n.a. |
| Taxes on income and other taxes | (16) | (0.7) | (8) | (0.4) | (96) |
| Net income | 209 | 9.1 | 136 | 7.5 | 54 |
| Transfer to (-)/from (+) other revenue reserves | (105) | (4.6) | (68) | (3.7) | (54) |
| Accumulated income previous year | 34 | 1.5 | 35 | 2.0 | (3) |
| Unappropriated income | 139 | 6.0 | 103 | 5.7 | 34 |

Sales of HUGO BOSS AG primarily comprise brick-and-mortar retail, brick-and-mortar wholesale, and digital revenues generated in Germany and Austria as well as intercompany sales with its international subsidiaries.

SALES BY REGION (IN EUR MILLION)

| | 2023 | In % of sales | 2022 | In % of sales | Change in % |
|--------------|--------------|---------------|--------------|---------------|-------------|
| EMEA | 1,775 | 77 | 1,393 | 77 | 27 |
| Americas | 316 | 14 | 271 | 15 | 16 |
| Asia/Pacific | 206 | 9 | 151 | 8 | 36 |
| Total | 2,297 | 100 | 1,815 | 100 | 27 |

The strong business performance of HUGO BOSS in fiscal year 2023, fueled by the successful execution of "CLAIM 5," also had a very positive impact on HUGO BOSS AG. Growth was broad-based across all regions, with **EMEA**, the **Americas**, and **Asia/Pacific** posting double-digit sales increases compared to the prior year. Sales generated by HUGO BOSS AG in **Germany** were also up noticeably as compared to the prior year.

SALES BY BRAND (IN EUR MILLION)

| | 2023 | In % of sales | 2022 | In % of sales | Change in % |
|----------------|--------------|---------------|--------------|---------------|-------------|
| BOSS | 1,627 | 71 | 1,281 | 71 | 27 |
| HUGO | 380 | 17 | 292 | 16 | 30 |
| Other services | 289 | 13 | 242 | 13 | 20 |
| Total | 2,297 | 100 | 1,815 | 100 | 27 |

While both brands, **BOSS** and **HUGO**, posted significant double-digit sales growth, supported by the ongoing brand momentum in 2023, the Company also recorded a noticeable increase in **sales from other services**. This was due to higher intercompany charges passed on to subsidiaries, in particular related to service, IT, and marketing.

At 32.0%, the **gross margin** of HUGO BOSS AG was well above the prior-year level (2022: 29.6%), mainly reflecting lower freight cost levels. The increase in **distribution expenses** largely reflects higher marketing investments as well as higher fulfillment costs. **General administration expenses** also grew year over year, mainly due to an increase in personnel expenses in line with the Company's strategic claim "Organize for Growth" as well as overall cost inflation. The increase in **other operating income** was largely due to higher income from charging costs and services to affiliated companies. **Other operating expenses** came in below the prior-year level, mainly reflecting lower research and development costs as well as lower allowances for doubtful accounts and exchange rate effects.

The **income from investments** is attributable to affiliated companies. In previous years, it primarily reflected the annual profits of HUGO BOSS Trade Mark Management GmbH & Co. KG, which were credited to the loan account of its limited partner HUGO BOSS AG in accordance with Company regulations. However, effective September 1, 2023, HUGO BOSS Trade Mark Management GmbH & Co. KG was merged into HUGO BOSS AG and, as a result, the trademark rights and all associated rights and obligations were transferred to HUGO BOSS AG. In this context, global marketing activities are now consolidated and carried out centrally at our headquarters in Metzingen (Germany), while activities as part of the licensing business continue to be carried out under the HUGO BOSS AG, D-Metzingen, Branch CH. **The income from profit and loss transfer agreements** of EUR 89 million is attributable to HUGO BOSS Internationale Beteiligungs-GmbH (2022: EUR 81 million).

Net assets and financial position

Property, plant and equipment, and intangible assets of HUGO BOSS AG increased by 4% compared to the prior year totaling EUR 1,012 million (December 31, 2022: EUR 969 million). This development mainly reflects the step-up in investment activity in fiscal year 2023.

TRADE NET WORKING CAPITAL (IN EUR MILLION)

| | 2023 | 2022 | Change in % |
|----------------------------------|------------|-----------|-------------|
| Inventories | 262 | 283 | (7) |
| Trade receivables | 116 | 26 | >100 |
| Trade payables | 242 | 236 | 3 |
| Trade net working capital | 135 | 73 | 85 |

The decrease in **inventories** mainly reflects lower order volumes as part of our measures to reduce core merchandise inflow. HUGO BOSS AG is the main supplier for the Group's global distribution companies. **Trade receivables** of HUGO BOSS AG were well above the prior-year level, mainly reflecting our strong performance in both brick-and-mortar wholesale and digital business generated with wholesale partners. At the same time, the Company recorded a slight increase in **trade payables**. Consequently, and driven by the strong increase in trade receivables, **trade net working capital (TNWC)** of HUGO BOSS AG ended fiscal year 2023 above the prior-year level.

At EUR 74 million, **receivables from affiliated companies** at the end of fiscal year 2023 were above the prior-year level (December 31, 2022: EUR 61 million). **Liabilities to affiliated companies** decreased to EUR 103 million, mainly due to repayments of loans to HUGO BOSS International B.V. (December 31, 2022: EUR 289 million). **Provisions** modestly increased to EUR 186 million at the end of the year (December 31, 2022: EUR 154 million), mainly reflecting higher marketing provisions following the merger of HUGO BOSS Trade Mark Management GmbH & Co. KG into HUGO BOSS AG. At EUR 177 million, **liabilities to credit institutions** were above the prior-year level (December 31, 2022: EUR 60 million), mainly reflecting EUR 175 million of proceeds from the issue of the Schuldschein loan.

As of December 31, 2023, **cash and cash equivalents**, defined as the total of cash on hand and bank balances, amounted to EUR 2 million and were thus broadly in line with the prior-year level (December 31, 2022: EUR 3 million). A higher **cash flow from operating activities**, reflecting the strong business performance, was largely offset by an increase in **cash flow from investing activities** due to higher capital expenditure.

Outlook, risks, and opportunities

Due to its close relationships with the Group companies and its relevance for the Group, the expectations for HUGO BOSS AG are largely reflected in the Group's outlook. In this context, the **net income** of HUGO BOSS AG, which represents the Company's key performance indicator, is expected to increase moderately in fiscal year 2024. In addition, business performance of HUGO BOSS AG is, to a large degree, also subject to the same **risks and opportunities** as those applicable to the Group. Consequently, statements within the Group's Report on Risks and Opportunities also apply to HUGO BOSS AG. > [Outlook](#), > [Report on Risks and Opportunities](#)

OUTLOOK

Industry outlook
for 2024 marked by
elevated macro-
economic uncertainty

Successful execution
of "CLAIM 5" remains
primary focus also
in 2024

Top- and bottom-line
improvements targeted
for 2024

Subsequent events

Between the end of fiscal year 2023 and the preparation of this report on February 21, 2024, there were no material macroeconomic, sociopolitical, industry-related, or Company-specific changes that the Management expects to have a significant impact on the Group's earnings, net assets, or financial position.

Outlook

The following report presents the **view of the Management of HUGO BOSS** with respect to the Company's expected business performance in fiscal year 2024. It also describes the expected development of significant macroeconomic and industry-specific conditions. In doing so, it reflects Management's current knowledge at the time the report was prepared, while also taking into account that actual developments may differ significantly from this outlook, either positively or negatively, in case that risks and opportunities materialize as described in the Risks and Opportunities section of this Annual Report. Other than the statutory publication requirements, HUGO BOSS does not assume any obligation to update the statements contained in this report. [> Report on Risks and Opportunities](#)

Macroeconomic and industry-specific developments can have a major influence on the development of the Company's operational and financial development. Statements made in this section regarding the Company's expected business performance are therefore based on certain assumptions with regards to developments in the global economy and in the apparel industry. Over the course of the year, the Group will closely monitor the development of external conditions, in order to respond to any possible changes as quickly and comprehensively as possible.

Outlook for the global economy

In 2024, **global growth** is anticipated to remain muted as the global economy continues to face major challenges such as elevated inflation and interest rate levels, mounting geopolitical tensions, and overall weak global trade and investment flows. This thesis is also supported by the International Monetary Fund (IMF), which in its publication of January 30, 2024, expects the impact of macroeconomic challenges and geopolitical tensions to have an increasingly negative impact on global business and consumer confidence, thus weighing on the global economy. As interest rates appear to remain close to their peaks in most economies, monetary policy is likely to remain restrictive until there are clear signs that inflationary pressures

are durably reduced. Thus, the global economy's future health depends crucially on the successful calibration of monetary policy during the year while also the further course of military conflicts such as those in Ukraine and the Middle East should continue to add uncertainty. According to the IMF, global growth is thus forecast to stay at 3.1% in 2024 (2023: 3.1%). > **Risk Report, External Risks**

By region, the IMF expects economic growth in the **eurozone** to slightly increase to 0.9% in 2024 (2023: 0.5%), as domestic demand is set to pick up, driven by real wage increases and recovering foreign demand. With wage growth slowing, savings accumulated during the pandemic running out, and the Federal Reserve maintaining tight monetary policy, growth in the **U.S.** is expected to slow to 2.1% in 2024 (2023: 2.5%). According to the IMF, the economy of **China** is forecasted to grow by 4.6% in 2024, but remain below the prior-year level (2023: 5.2%), amid lower investments in light of China's property market crisis and a higher household savings rate.

Risks and uncertainties associated with these assumptions remain fundamentally high. Geopolitical tensions remain a key source of uncertainty and have risen further as a result of the evolving conflict in the Middle East and the associated impact on global supply chains. Additionally, tight labor markets and wage demands to compensate for cost-of-living increases could contribute to persistent underlying inflationary pressures, dragging down economic growth. While financing conditions for emerging market and developing economies remain high, they are constraining priority spending and could trigger widespread emerging market debt distress. In China, contraction in the real estate sector and weaker consumption in the context of subdued consumer confidence pose downside risks. On the **upside**, stronger consumer spending could support growth if households make greater use of the savings accumulated during the COVID-19 pandemic, though this could also increase the persistence of inflation.

Industry outlook

For the **global apparel industry**, fiscal year 2024 is expected to be shaped by the ongoing high levels of macroeconomic and geopolitical uncertainty, which are expected to continue weighing on global consumer sentiment. In a joint study published in November 2023, The Business of Fashion and consulting firm McKinsey & Company estimate that revenue growth of the global apparel industry (excluding the luxury segment) in 2024 will remain relatively constant year-on-year in the range of between 2% to 4%. According to the study, global tourism is set to recover further, with global travel levels in 2024 projected to exceed those of 2019 for the first time. At the same time, Chinese travel to overseas destinations is not expected to fully return to pre-pandemic levels.

In **Europe**, industry growth (excluding the luxury segment) is expected to come in between 1% and 3% in 2024, thus broadly in line with subdued trends observed in the second half of 2023 (H1 2023: 5%; H2 2023: 1% to 3%). This first and foremost reflects ongoing weak consumer confidence and declining household savings in light of elevated inflation levels of the past two years. With consumer sentiment remaining weak, industry growth (excluding the luxury segment) in the **U.S.** is expected to recover only slightly, projected to come in at a level of between 0% and 2% in 2024 (H1 2023: -1%; H2 2023: -2% to 0%). However, a clearer than expected improvement in the inflation rate could also lead to slightly more positive growth and a "soft landing" scenario. Industry growth in **China** is expected to remain relatively weak compared to historical growth rates, as demand is projected to remain subdued in 2024, reflecting economic uncertainty and softer

consumer confidence. Overall, The Business of Fashion and McKinsey & Company expect industry growth in China (excluding the luxury segment) to improve to a level of 4% to 6% in 2024 (H1 2023: 10%; H2 2023: 1% to 3%).

Outlook for HUGO BOSS

Following more than two years of successful execution of its "CLAIM 5" strategy and significantly above-average growth compared to the industry, HUGO BOSS will continue to build on its brand momentum also in 2024, aimed at continuing its growth trajectory and driving additional market-share gains. Against the backdrop of a persistently challenging global market environment, in 2024 our primary focus will therefore be on further **executing our "CLAIM 5"** strategy to continue leveraging the brand power of BOSS and HUGO built up in prior years. Our clear goal is to continue captivating consumers worldwide with compelling marketing campaigns, engaging brand events, and inspiring collections and collaborations. We are committed to further **investing in brand-building initiatives** as well as **enhancing our product offerings** to reinforce brand relevance and fortify our brands' 24/7 lifestyle images. Additionally, we will continue to drive the **digitalization of our business model** and further **expand our comprehensive omnichannel activities**, including the ongoing modernization and selective expansion of our global store network. All together, these strategic initiatives will provide a robust foundation to achieve further robust top- and bottom-line improvements, thus enabling us to outperform our industry also in 2024. This in turn will take us another step closer towards our mid-term financial ambition. > [Group Strategy, 2025 Financial Ambition](#)

Taking into account the ongoing heightened macroeconomic and geopolitical uncertainties as well as anticipated industry-specific conditions as outlined in this chapter, HUGO BOSS expects **Group sales** in reporting currency to increase within a range of 3% to 6% in 2024 (2023: EUR 4,197 million), with all segments contributing to growth. We expect sales in the **EMEA** region to grow in the low to mid-single-digit range, while sales in the **Americas** are forecast to increase at a mid- to high single-digit percentage rate. For **Asia/Pacific**, HUGO BOSS is confident of achieving growth in the high single- to low double-digit range in 2024.

In fiscal year 2024, the Company anticipates **operating profit (EBIT)** to grow by between 5% and 15% to a level of around EUR 430 million to EUR 475 million in 2024 (2023: EUR 410 million), with all our segments expected to contribute to the increase in EBIT. Consequently, the EBIT margin is expected to improve noticeably to a level between 10.0% and 10.7% (2023: 9.8%), with strong support coming from expected gross margin improvements in 2024. The **Group's net income** is expected to develop broadly in line with EBIT and is thus also expected to increase by between 5% and 15% (2023: EUR 270 million).

Trade net working capital as a percentage of sales is expected to slightly improve, approaching a level of 20% in 2024 (2023: 20.8%). In particular, HUGO BOSS aims to further optimize its inventory position in 2024, thus making further strides towards its mid-term ambition of bringing inventories down to a level of below 20% of Group sales by 2025. **Capital expenditure** is forecast to increase to a level of between EUR 300 million and EUR 350 million in 2024 (2023: EUR 298 million). Investment activity will continue to be focused on the modernization and selective expansion of our global store network and the further digitalization of our business model. At the same time, and fully in line with our strategic claim "Organize for Growth," we will put strong emphasis on the expansion of our logistics capacities and headquarters. Consequently, capital expenditure for 2024 is expected to slightly exceed our mid-term target range of between 6% and 7% of Group sales as laid out in "CLAIM 5." As in the previous year, the majority of our investments will be allocated to our Corporate Units and the EMEA segment.

In view of the strong operational and financial performance in 2023, the very solid financial position, and management's confidence in the Company's long-term growth opportunities, the Managing Board and the Supervisory Board intend to propose to the Annual General Meeting on May 14, 2024, a **dividend** of EUR 1.35 per share for fiscal year 2023, corresponding to an increase of 35% year over year (2022: EUR 1.00). The proposal is equivalent to a **payout ratio** of 36% of the Group's net income attributable to shareholders in fiscal year 2023, in line with the Company's mid-term target payout ratio of between 30% and 50%, as laid out in "CLAIM 5" (2022: 33%). Assuming that the shareholders approve the proposal, the dividend will be paid out on May 17, 2024 equaling EUR 93 million (2022: EUR 69 million).

OUTLOOK FOR FISCAL YEAR 2024

| | Results 2023 | Outlook 2024 |
|--|--------------------------------------|---|
| Group sales | Increase by 15% to EUR 4,197 million | Increase within a range of 3% to 6% |
| Sales by region | | |
| EMEA | Increase by 11% to EUR 2,562 million | Increase in the low to mid-single-digit percentage range |
| Americas | Increase by 21% to EUR 955 million | Increase in the mid- to high single-digit percentage range |
| Asia/Pacific | Increase by 23% to EUR 576 million | Increase in the high single-digit to low double-digit percentage range |
| Operating result (EBIT) | Increase by 22% to EUR 410 million | Increase within a range of 5% and 15% to a level of around EUR 430 million to EUR 475 million |
| Group's net income | Increase by 22% to EUR 270 million | Increase within a range of 5% and 15% |
| Trade net working capital as a percentage of sales | 20.8% | Improvement to a level approaching 20% |
| Capital expenditure | Increase by 55% to EUR 298 million | Increase to a level of EUR 300 million to EUR 350 million |

REPORT ON RISKS AND OPPORTUNITIES

Transparent handling of risks as part of the risk management system

No going concern risks to the Group identified

Exploiting business opportunities important element for sustainable increase in enterprise value

The success of HUGO BOSS is based on the systematic exploitation of opportunities as part of the Group's "CLAIM 5" growth strategy. The **risks and opportunities policy** of HUGO BOSS is aimed at achieving the Group's strategic and financial objectives. In addition to pursuing the target of securing the Group's continuation as a going concern, it is therefore primarily aimed at successfully executing the "CLAIM 5" growth strategy and sustainably increasing enterprise value. The reporting of risks and opportunities in the combined management report refers to a one-year period.

Risk report

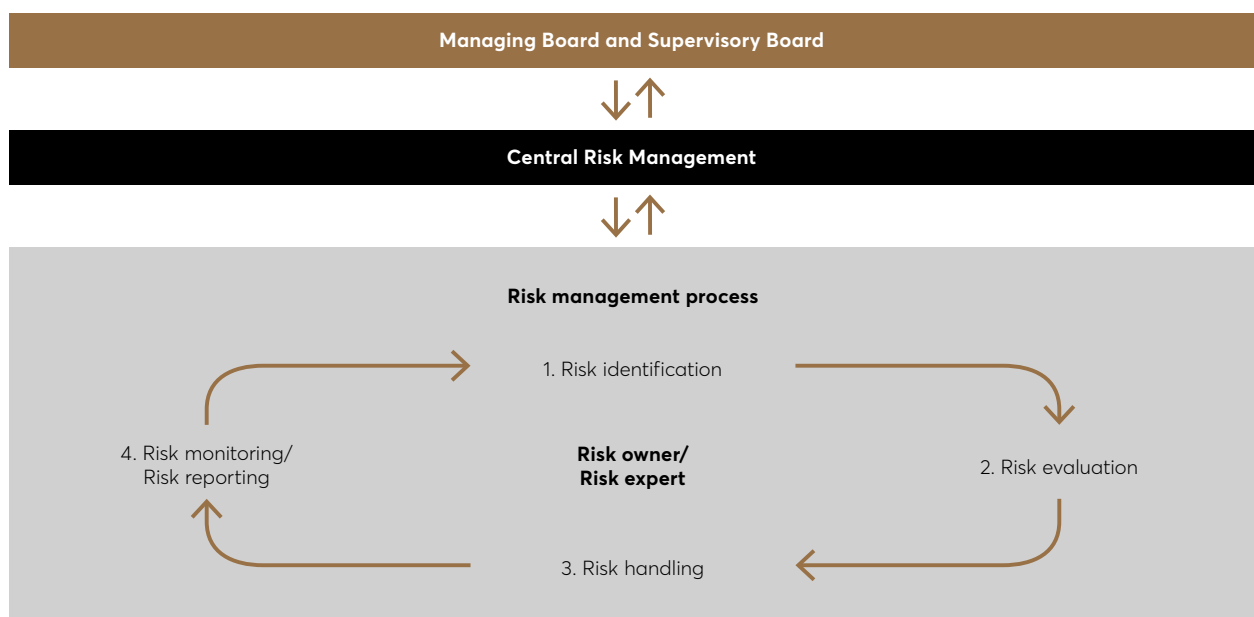
HUGO BOSS is exposed to a variety of risks. Its **risk management system** comprises all measures of a systematic and transparent approach towards risks. It aims at identifying risks as early as possible, evaluating them adequately, limiting or avoiding them through suitable measures, as well as monitoring and documenting them. In this context, risks are defined as possible future developments or events that may lead to negative deviations from the planned operating result. All types of risks are grouped into five categories: external, strategic, financial, operational, and organizational risk. The systematic handling of opportunities, on the other hand, is not part of risk management. > [Opportunities Report](#)

Risk management system

The Managing Board of HUGO BOSS AG has **overall responsibility for an effective risk management system**. On its behalf, the central Risk Management & Internal Controls department coordinates the execution and continuous development of the risk management system. In this context, it is responsible for the centrally managed risk management process and is in close contact with the respective central departments and Group companies. The relevant risk owners and risk experts are responsible for identifying and evaluating risks, adequately dealing with identified risks, and implementing effective risk mitigation measures. **Monitoring the effectiveness of the risk management system** is the responsibility of the Supervisory Board of HUGO BOSS. This task is exercised by the Audit Committee of the Supervisory Board with involvement of the Internal Audit department. In this context, risk management at HUGO BOSS is subject to regular internal auditing. As part of the audit of the consolidated financial statements, the external Group auditor assesses the adequacy of the measures implemented in the Company for the early identification of risks to the Company's ability to continue as a going concern.

Group-wide standards for the systematic handling of risks form the basis of an efficient risk management system. They are set by the Managing Board and documented in a **risk manual** that is applicable throughout the Group and available to all employees on the Company-wide intranet. All employees of HUGO BOSS are obliged to be aware of the risks posed by their behavior, especially regarding those risks that may threaten the going concern of the Group. The use of a modern **risk management software** allows for recording and evaluating all identified risks, as well as related measures, in a uniform way throughout the Group. The risk management system of HUGO BOSS is designed in accordance with the international standard ISO 31000.

MAIN FEATURES OF THE HUGO BOSS RISK MANAGEMENT SYSTEM



The **risk management process** at HUGO BOSS consists of the following four steps: risk identification, risk evaluation, risk handling, as well as risk monitoring and reporting.

To ensure **risks are identified** at the earliest possible stage, the Group continuously monitors the macroeconomic environment, the competitive landscape in the premium and luxury goods industry, and all internal processes. The central risk management supports all risk owners across the Group with regular identification and efficient categorization of risks using a risk catalog, as well as the risk manual that is available throughout the Group.

Risk owners delegate the **regular evaluation** of identified risks to the defined risk experts and give their assessment after a thorough evaluation. Risk experts are supported by the central risk management, which also includes regular training, at least once per year, on risk management principles and topic-specific focus areas. Individual risks are evaluated by assessing their likelihood of occurrence and systematically analyzing their potential impact on the planned operating result (EBIT). Tax risks and interest rates risks, however, are evaluated based on their potential impact on cash flow. > **Outlook**

RISK MATRIX (AGGREGATED RISKS)

| | | | | | | | |
|---|----------------------|--|--|----------------------------------|----------------------|-------------------|--|
| Potential impact (in % of planned EBIT) | >30% very high | | Politics and society, suppliers and sourcing markets, sales and distribution | | | | |
| | >15%–30% high | | Overall economy, collection, governance and compliance, IT, logistics | | | | |
| | >5%–15% essential | Environment and health | Brand and corporate image, investments, personnel, quality | Taxes | | | |
| | >2.5%–5% moderate | | Competition, financing and liquidity | | Currencies | | |
| | ≤2.5% low | Counterparties, facilities, occupational health and safety | Product piracy, vision and direction | Changes in interest rates, legal | | | |
| | | remote ≤10% | unlikely >10%–25% | possible >25%–50% | probable >50%–90% | certainty >90% | |
| Likelihood (within 1 year) | | | | | | | |

The two valuation criteria of likelihood of occurrence and potential impact make up the **risk matrix**, within which the significance of the risks presented increases from the bottom left to the top right. This is intended to create transparency regarding the Company's current risk situation and provide support in prioritizing risks. Classification is done by means of summing up all individual risks' weighted averages of the impact scenarios within the respective risk category (potential impact) as well as the weighted average of likelihoods of all individual risks (likelihood). Any net risk as an actual risk potential is defined as the gross risk reduced by the impact of the respective mitigation measures.

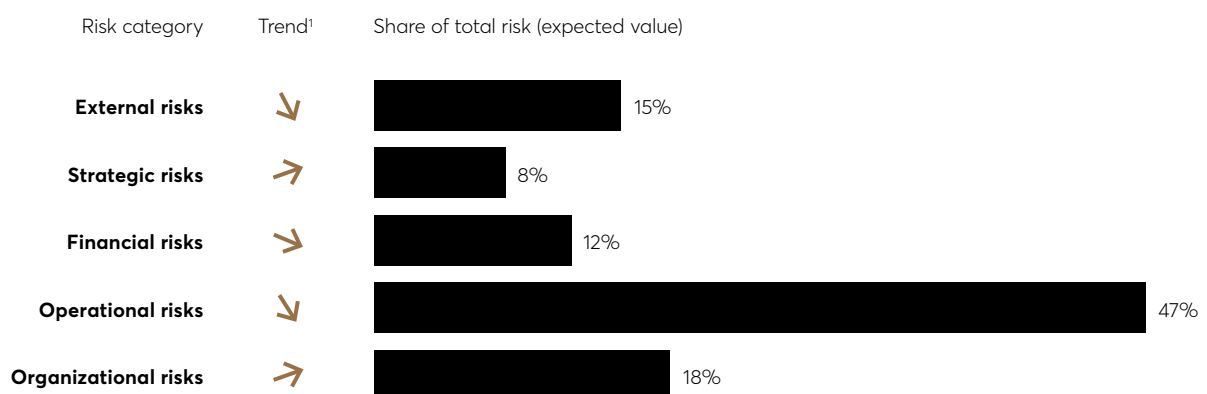
Preparing and implementing appropriate risk mitigation measures is the responsibility of the respective risk owner. In general, **risks are handled** in four different ways: risk avoidance, risk reduction, risk transfer to third parties, and risk acceptance. One component of risk management is thus the transfer of risk to insurance companies, which is intended to offset the financial impact of insurable risks as far as possible. The costs of the respective measures in relation to their effectiveness are also taken into consideration when deciding how to implement the respective risk management strategy. In close cooperation with the risk owners, the central risk management monitors the progress and effectiveness of planned and already implemented measures.

The current status of all identified risks is assessed twice a year. However, depending on their extent, some risks may be assessed at a higher frequency of up to once a month. As part of the **risk monitoring**, insights into the latest trends are documented, and risk evaluation as well as risk handling are revised if necessary. The continuous monitoring of early warning indicators is intended to allow possible deviations from the budget to be identified at an early stage. Reporting chains and the adoption of appropriate countermeasures defined in advance aim to ensure a timely response in the event of a risk occurring. [> Group Management](#)

As part of the **regular risk reporting**, risk owners report all risks identified to the central risk management, including the respective likelihood of occurrence, the potential financial impact, as well as the risk mitigation measures. The central risk management aggregates the information reported and regularly presents a consolidated report to the Managing Board as well as to the Audit Committee. Substantial individual risks and aggregated risk categories are given particular emphasis. When critical or urgent issues arise, the regular reporting process is supplemented by an ad hoc report.

Assessment of the risk situation by the Managing Board

DEVELOPMENT AND COMPOSITION OF THE TOTAL RISK EXPOSURE



¹ As compared to the prior year.

The individual risks are aggregated using two methods to obtain the most accurate possible overview of the **total risk position** of HUGO BOSS. On the one hand, the expected loss values of all assessed risks within the five risk categories are added together. On the other hand, the probability distributions of all identified risks are aggregated to form a single probability distribution for a possible total loss by means of a Monte Carlo simulation and thus determining maximum annual loss values. The Monte Carlo simulation encompasses risks of all categories, also including non-financial risks. The result of this simulation for fiscal year 2024 shows that, as in the prior year, the Group's equity is in excess of all simulated risk-dependent loss values, even within the tightest confidence intervals.

The implemented risk management system forms the basis for the assessment of the risk situation by the Managing Board, which reviews the system on a regular basis. Risks with a potential impact classified as at least essential are discussed and evaluated by the Managing Board at regular intervals. While the assessment of individual risks in fiscal year 2023 has changed, mainly due to the development of external conditions as well as the impact of our own countermeasures, the overall risk situation for HUGO BOSS has not changed significantly as compared to the prior year. The Managing Board did not identify any individual or aggregate risks that could jeopardize the **continuation of the Company as a going concern** at the time this report was prepared.

Illustration of risks

Risks that have been assessed in the risk management process having an at least essential potential impact for HUGO BOSS are explained in more detail below. In general, it is possible that further latent risks or risks currently assessed as immaterial may have a greater adverse effect on the Group's development in the future than indicated. Regardless of the measures implemented to manage the identified risks, business activity is always exposed to **residual risks** that cannot be entirely avoided even by a risk management system such as that implemented at HUGO BOSS.

RISK CATEGORIES

| External risks | Strategic risks | Financial risks | Operational risks | Organizational risks |
|-------------------------------|----------------------------------|---------------------------|---------------------------------------|----------------------------------|
| Overall economy | Collection | Taxes | Suppliers and sourcing markets | Governance and compliance |
| Politics and society | Investments | Currencies | Sales and distribution | IT |
| Environment and health | Brand and corporate image | Counterparties | Quality | Personnel |
| Competition | Vision and direction | Financing and liquidity | Logistics | Facilities |
| Product piracy | | Changes in interest rates | | Legal |
| | | | | Occupational health and safety |

Risks that have an at least essential impact according to the risk matrix are shown in bold and are explained in more detail below. In contrast, risks assessed as only having a low or moderate potential impact are not explained in more detail.

External risks

HUGO BOSS is subject to a variety of external risks, mainly in connection with the overall economy, politics and society, as well as environmental and health aspects.

Macroeconomic risks

As a global company, HUGO BOSS is exposed to **macroeconomic risks** in terms of global economic trends. This means that an economic downturn might lead to a decline in demand for premium and luxury goods, which can have a negative impact on the Company's top- and bottom-line performance. Economic effects can occur globally as well as regionally, and may influence each other.

In order to reduce the impact of economic volatility, as part of its "CLAIM 5" strategy, HUGO BOSS aims to further **balancing its global footprint** across regions but also between developed and emerging markets. The Group continuously monitors the macroeconomic environment as well as relevant industry developments in order to identify risks at an early stage and be able to react as quickly as possible. **Internal early indicators** are analyzed regularly to allow a forecast of the impact of potential macroeconomic risks. Possible responses to a cyclical downturn in demand include, in particular, reducing production and sourcing activity, stricter managing of trade net working capital, further optimizing the global distribution network, increasing cost controlling, and implementing price adjustments. > **Group Management**, > **Group Strategy**, "**Organize for Growth**"

In its publication in January 2024, the IMF anticipates **global growth** at a level of 3.1% in fiscal year 2024 and thus on the prior-year level (2023: 3.1%; 2022: 3.5%). This forecast reflects ongoing **elevated inflation and interest rate levels**, mounting **geopolitical tensions**, and overall **weak global trade and investment flows**, all weighing on the global economic outlook. As interest rates appear to remain close to their peak in most economies, **monetary policy** is likely to remain restrictive until there are clear signs that inflationary pressures are durably cooling off. As a result, the global economy's future health depends crucially on the successful calibration of monetary policy during the course of the year while also the further development of military conflicts such as those in Ukraine and the Middle East are likely to add further uncertainty. > **Outlook**

Political and social risks

HUGO BOSS is exposed to **political and social risks**, reflecting the global nature of its business activities. For example, changes in the political and regulatory environment, geopolitical tensions, military conflicts, changes in government, or terrorist attacks can have a negative impact on consumer sentiment. In light of HUGO BOSS' global business activities, with distribution in more than 130 markets, the Company is **naturally hedged** to a certain extent against adverse developments in individual markets or regions.

Global uncertainties in the context of political and social developments are expected to remain elevated also in 2024. In this context, geopolitical tensions, including **those in Ukraine and the Middle East**, the potential escalation of trade conflicts, the outcome of key elections, or the ongoing threat of terrorist attacks pose a significant risk for the global apparel industry and thus also for the Group's business development. Geopolitical tensions in particular might result in the temporary loss of important trade routes such as the Red Sea route, leading to rising transportation costs or possible shortages due to longer lead times. In addition, a significant escalation or further expansion of ongoing conflicts may increase the risk of a noticeable global economic downturn and consequently have a significant impact on global consumer sentiment, with a potentially negative impact on the sales and earnings development of HUGO BOSS.

Due to its increasing importance in the medium and long-term, HUGO BOSS assesses the risk resulting from political and social changes as an **"emerging risk."** It raises strategic questions, for example regarding the influence of demographic changes on consumer behavior, its global business activities, and the future setup of supply chains. This reveals the close link between social risks, industry risks, and the risks associated with suppliers and sourcing markets. Due to this broad spectrum of risks, future developments are characterized by a high level of uncertainty, which might lead to unknown, potentially significant effects in the long term. In evaluating and managing the risk, the risk owners and risk experts at HUGO BOSS work in interdisciplinary teams on the **ongoing analysis and monitoring** of current political and social developments and their impact on the Group's business activity. The central Risk Management & Internal Controls department coordinates and supports this process.

Environmental and health risks

The global value chain of HUGO BOSS is subject to **environmental and health risks** that may result from pandemics, environmental and natural disasters, as well as the consequences of climate change and the loss of biodiversity. With regards to the outbreak of future pandemics, HUGO BOSS has drawn up appropriate emergency plans, building on the experience gained from the COVID-19 pandemic. As part of a climate risk analysis, we regularly assess risks to our business arising from climate change enabling us to take appropriate countermeasures in good time.

HUGO BOSS has implemented a **central emergency management system** in order to be able to react promptly and appropriately to all kinds of emergencies, including an environmental or natural disaster occurring. Its structural organization pools cross-functional skills needed to handle emergencies and is intended to ensure efficient coordination with clear decision-making paths.

Strategic risks

HUGO BOSS primarily includes collection risks, investment risks, as well as risks to the brand and corporate image among its strategic risks.

Collection risks

Changing fashion and lifestyle trends can cause **collection risks**. Challenges in the collection development process involve, above all, recognizing trends in a timely manner as part of creative management and incorporating these as quickly as possible into commercially successful collections. > **Product Development and Innovation**

Comprehensive **analyses of relevant target groups and markets**, the use of **digital tools to identify trends**, as well as detailed evaluations of the **sell-through rates** of previous collections are intended to reduce collection risks. On top of that, fully in line with their 24/7 lifestyle approach, both BOSS and HUGO offer a **highly diversified product range** covering all wearing occasions, appealing to a wide audience of different age groups, thus further reducing collection risks. In addition, capsule collections are aimed at bringing further newness to our product offering, incorporating current consumer trends. Beyond that, direct **customer interaction** in our own brick-and-mortar retail and digital business, feedback from wholesale partners, and insights gathered from our **customer relationship management (CRM) system** as well as on our social media platforms enable changes in buying behavior to be identified at an early stage and taken into account accordingly in the development of future collections. On top of that, the ongoing **digitalization of our collection development process** enables HUGO BOSS to further shorten lead times in order to respond even more quickly to global trends. > **Product Development and Innovation**, > **Group Strategy**, "Product is Key"

Investment risks

The Group's own retail activities are exposed to **investment risks** in connection with the ongoing optimization and modernization of the global store network, new store openings, as well as cross-channel integration and digitalization initiatives. The risk of bad investments refers, in particular, to investments in stores for which long-term rental agreements have been entered into, but which in retrospect fall short of the Company's profitability targets. Bad investments can also result from the development and implementation of new store concepts and digital elements that may not lead to the targeted operational improvements.

The risk in connection with **impairment** of property, plant and equipment, intangible assets, right-of-use assets at the level of the Group's own retail stores, and goodwill represents the largest risk position within investment risks. In general, it cannot be ruled out that a deterioration in the business outlook or a change in the level of market rents may lead to an impairment of the Group's assets. However, such an impairment would be non-cash in nature. > **Notes to the Consolidated Financial Statements**, Note 10

At HUGO BOSS, there is a specific **approval process** for major investment projects. Apart from qualitative analyses, for example with regard to potential locations of own retail stores, this also includes an analysis of each project's net present value. The central **Business Planning & Analysis department** regularly evaluates planned investment projects with respect to their contribution to the Group's profitability targets. In addition, subsequent analyses are conducted at regular intervals to verify the profitability of projects that have already been realized. Appropriate countermeasures are initiated in the event of any negative deviations from the profitability targets originally set. > **Group Management**

Risks to the brand and corporate image

The occurrence of **risks for the brand and corporate image** can have a negative impact on the financial and operational performance of HUGO BOSS. For example, an inferior quality of its products or services in the own retail business, an uncontrolled pricing and markdown policy, the use of distribution channels that are harmful to the brand, inadequate marketing campaigns and brand ambassadors, negative social media discussions, or non-compliance with laws or social standards could have a negative impact on the brand and corporate image.

For this reason, **protecting and maintaining the brand image** is a top priority at HUGO BOSS. Ensuring a globally consistent and seamless brand and shopping experience across all touchpoints, strict quality controls, a centrally managed pricing policy, an active compliance management system, training employees who are in direct contact with customers, and exacting occupational and social standards contribute towards this target. In addition, legal trademark protection and the prosecution of product piracy are important efforts to secure the brand image.

At the same time, BOSS and HUGO further increased **brand relevance** among consumers in 2023 with exciting marketing campaigns and spectacular fashion events, each featuring diverse all-star casts, thereby positively impacting the brand image. Consequently, these initiatives inevitably contributed to the Company's strong top- and bottom-line performance in 2023, with broad-based growth across brands, regions, and channels.

The corporate image of HUGO BOSS is reflected in how it is **perceived by its stakeholders**. External communication activities are primarily managed by the central divisions Corporate Communications and Investor Relations, which are involved in continuous dialog with all key stakeholders. Compliance with laws, standards, and guidelines, both within the Group and by partners, is regularly verified.

Financial risks

Financial risks at HUGO BOSS mainly include tax risks and currency risks.

Tax risks

As a globally operating Company, HUGO BOSS is subject to a variety of **tax laws and regulations**. Changes in this area could lead to higher tax expenses and tax payments, and also have an impact on recognized current and deferred tax assets and liabilities. All tax-related issues are regularly analyzed and evaluated by the **Group Tax department**. The expertise of external local experts such as lawyers and tax advisors is also taken into account.

Tax risks exist for all assessment periods still open. Sufficient provisions were recognized for known tax risks. The amount provided for is based on various assumptions, for example the interpretation of respective legal requirements, the latest court rulings, and the opinion of the authorities, which is used as a basis for measuring the loss amount and its likelihood of occurrence.

The Group Tax department regularly assesses the likelihood of the future usefulness of **deferred tax assets** that have been recognized on unused tax losses. This assessment takes into account various factors, such as future taxable results in the planning periods, past results, and measures already implemented to increase profitability. HUGO BOSS applies a forecast period of four years for this purpose. Actual figures may differ from the estimates in this regard.

As for taxes, risks may occur primarily from **modifications of tax legislation** in various countries, due to varying assessments of existing topics by tax authorities or tax field audits. There are also risks in transfer pricing in relation to the business model of the Company. > **Notes to the Consolidated Financial Statements, Note 5**

Currency risks

Due to the global nature of its business activities as well as the Group's internal financing activities, HUGO BOSS is exposed to **currency risks** that may have an impact on the Group's profitability, net income, and equity.

Currency risks are managed centrally by the **Group Treasury department**. Corporate guidelines form the basis for the management of currency risks, implying the strategic selection and scope of hedging and, at the same time, are intended to ensure strict functional separation of trading, settlement, and control of all financial market transactions. The primary objective is to mitigate currency exposure through **natural hedges**, which are used to minimize the complexity of the exposure, the scope of hedging measures, and associated costs. In this way, foreign currency exposures from business operations across the Group are to be offset as far as possible. **Foreign exchange forwards and swaps** as well as **plain vanilla options** can be used to hedge the remaining exposure. > **Notes to the Consolidated Financial Statements, Note 22**

In the Group's operating business, currency risks primarily arise due to products being sourced and sold in different currencies at unequal amounts (**transaction risk**). In particular, HUGO BOSS does not hedge the transaction risk in connection with its global sourcing activities as these are mainly denominated in U.S. dollars with the corresponding exposure being largely offset by means of a natural hedge via the Company's revenues generated in the U.S. market. Currency risks in financing result mainly occur from financial receivables, liabilities, and loans to finance Group companies (**transaction risk**). As of the reporting date, the main financing loans were hedged via foreign exchange forwards. In addition, currency risks exist in connection with the translation of financial statements of Group companies outside the eurozone into the Group currency, the euro (**translation risk**). While the translation risk is monitored on an ongoing basis, the Group does not hedge against it, as the impact on the Group's statement of financial position and the Group's income statement is not cash-effective. > **Notes to the Consolidated Financial Statements, Consolidation Principles**

Future cash flows from the Company's **production activities in Turkey** nominated in Turkish lira may be hedged by using forward transactions. The corresponding future cash flows are thus designated as an effective hedging relationship recognized on the balance sheet (hedge accounting). As of December 31, 2023, there were no hedging transactions for future cash flows from own production activities in Turkey in place.

In accordance with the **requirements of IFRS 7**, HUGO BOSS has determined the impact of transaction risk on the Group's net income and equity based on the balance sheet currency exposure as of December 31, 2023. The exposures include cash, receivables, and liabilities, as well as intercompany loans and deposits held in currencies other than the functional currency of the respective Group company.

HUGO BOSS applies the **value-at-risk method** to quantify and manage currency risk. In this context, it can be assumed that the total financial currency exposure and its hedging ratio as of the reporting date are representative for the entire reporting period. Due to the method's limitations, the actual impact on the Group's net income may deviate from the values determined using the value-at-risk method.

Aggregated across all currencies considered, the **diversified portfolio risk** for the Group's net income after hedging amounted to EUR 11 million in fiscal year 2023 (2022: EUR 22 million). Hedging costs and returns for concluding forward exchange transactions are not included. The largest foreign currency exposure results from the balance sheet exposure towards the pound sterling, chinese renminbi, Swiss franc, and Japanese yen.

Operational risks

HUGO BOSS faces operational risks, which are mainly associated with suppliers and sourcing markets, sales and distribution, quality, as well as logistics.

Risks associated with suppliers and sourcing markets

Risks associated with **suppliers and sourcing markets** relate to possible dependencies on individual suppliers or production sites, a possible increase in product costs, and a possible divergence between production and sales.

HUGO BOSS attaches great importance to the careful selection of suppliers and the establishment and maintenance of long-term strategic partnerships. However, there is a risk that production may be temporarily interrupted at one or more suppliers due to supplier-related or regional events, the latter including implications of trade conflicts and restrictions introduced by governments. Excessive **dependence on individual suppliers or production sites** could lead to disruptions in the Group's supply chain and thus to an operational shortcoming. HUGO BOSS therefore continues to pursue the goal of a **regionally balanced strategic sourcing mix**, in order to minimize risks such as local or regional capacity shortfalls as far as possible. In this context, the production and sourcing process is coordinated centrally by Business Operations. Supplier relationships are regularly monitored and evaluated with the aim of identifying risks in a timely manner and initiating appropriate measures to ensure product availability. In fiscal year 2023, both the largest external supplier as well as the largest single external production site accounted for 4% of the total sourcing volume (2022: 5% each).

In the medium term, within the framework of **"nearshoring,"** HUGO BOSS is pursuing the strategic ambition of relocating parts of its sourcing volume closer towards its largest sales markets EMEA and the Americas, thus further strengthening their respective share of the global sourcing mix. In 2023, 52% of our merchandise was sourced in EMEA, representing a noticeable increase compared to last year (2022: 46%). In this context, our own production in Izmir (Turkey), meanwhile accounting for 15% of the global sourcing and production volume (2022: 12%), plays a key role. In addition to closer proximity to its most important sales markets, enabling HUGO BOSS a faster replenishment process, the Company also benefits from greater **independence from external factors**. > **Sourcing and Production**

In view of **earthquake risks** and possible risks due to **political uncertainties**, particularly comprehensive measures have been implemented at the Company's largest production site in Izmir in order to limit the impact of a production downtime on Group revenues. For the majority of the production volume, contingency plans are in place to transfer production to external suppliers. In addition, the financial risk in the event of an earthquake is partially covered by insurance policies.

Wage increases in production, in particular in emerging markets, and a rise in the price of relevant raw materials such as cotton, wool, and leather, may lead to **higher production costs** and thus have a negative impact on the gross margin and ultimately on the Group's profitability. HUGO BOSS counters these risks with margin-based collection planning, measures to improve efficiency in the production and sourcing processes, continuous optimization in the use of materials, and regular reviews of its pricing policy.

The forecasting of sales volumes, planning of production capacities, and allocation of raw materials and finished goods as part of the sourcing process involves **scheduling risks**. Deviations from the appropriate allocation can lead to over-scheduling resulting in high inventory levels, on the one hand. On the other, it can also lead to under-scheduling with the risk of missed sales opportunities. In order to reduce scheduling risks, HUGO BOSS is working on constantly improving its forecasting quality. This it to be achieved primarily by further increasing the transparency along the value chain while, at the same time, growing flexibility of merchandise management across distribution channels and markets. In this context, in 2023, HUGO BOSS further pushed ahead with the implementation of its **Digital TWIN** initiative – a smart and tech-driven business operations platform aimed at strongly enhancing real-time data utilization. By creating a digital copy of our supply chain and using artificial intelligence, we aim to further improve demand planning and better align our various planning activities. This, in turn, is intended to provide the most accurate procurement of products and fabrics, both in terms of timing and quantity. > **Sourcing and Production**

Sales and distribution risks

Sales and distribution risks exist in connection with the Group's own retail activities, in particular with regard to inventory management as well as the duration of storage and consequently the recoverability of merchandise. In the wholesale business, sales and distribution risks mainly relate to a possible dependence on individual wholesale partners as well as bad debt losses.

The aim of the Company's centrally organized **inventory management** is to ensure the forward-looking, optimal allocation of Group-wide inventories while, at the same time, maintaining flexibility in order to be able to respond to increases or decreases in demand at short notice. Material **downturns in demand** or **misjudgements of sell-through rates** can have a negative impact on inventory turnover. HUGO BOSS therefore strives to continuously improve its inventory management. **Granting additional discounts** as a potential countermeasure for excess inventory inevitably has a negative impact on the gross margin and ultimately on the Group's profitability, and is therefore constantly monitored by the central Business Planning & Analysis department. A centrally managed pricing policy, differentiated retail formats, and collections tailored to these aim to achieve a constant improvement in efficiency in own retail.

Inventory risks may result from increased storage periods and a related potential reduction in the marketability of inventories. In line with the principle of net realizable value, **impairments on inventories** are recognized accordingly and reviewed on a monthly basis. Following the implementation of an advanced merchandise model, including a redefinition in product life-cycles, HUGO BOSS implemented a change in how **impairments on inventories** are recognized in fiscal year 2023. This refined estimate uses a seasonal approach, reflecting a better devaluation factor. As of the reporting date, in the opinion of the Managing Board, sufficient allowances were recognized. > **Notes to the Consolidated Financial Statements, Note 12**

In its wholesale business, HUGO BOSS pays close attention to ensuring a balanced customer structure in order to avoid a potential **overdependence on individual customers**. Business Planning & Analysis constantly monitors key performance indicators such as the order intake, sales, and delivery quotas and reports these on a regular basis to the Managing Board. This allows countermeasures to be initiated immediately if potential risks arise. > **Group Management**

In light of the potential insolvency of individual wholesale partners, as well as potential cumulative losses resulting from an economic slowdown in individual markets, the Group is exposed to the **risk of bad debt losses**. The **Group-wide receivables management** follows uniform rules, for example regarding credit rating checks and the setting of, and compliance with, customer credit limits, monitoring of the aging structure of receivables, and the handling of doubtful receivables. In individual cases, this means that deliveries are only made upon prepayment or business is discontinued with customers with an unsatisfactory credit rating. The Internal Audit department regularly reviews compliance with the respective Group guidelines. As of the reporting date, there was no concentration of default risks due to significant outstanding receivables from individual customers. > **Notes to the Consolidated Financial Statements, Note 13**

Quality risks

When sourcing materials and manufacturing its products and materials, HUGO BOSS places the highest emphasis on **quality**. Thus, we always strive to use high-quality materials and new, innovative manufacturing techniques in order to meet our own high standards of quality and fit. Intensive **quality controls at all stages of production** and the incorporation of customer feedback are intended to contribute to the continuous improvement of the production process and mitigate inherent risks. In addition, both the Company's own production sites as well as those of its partners are regularly monitored to ensure strict compliance with central quality guidelines. Incoming goods inspections as well as intensive quality tests at the Group's headquarters in Metzingen are designed to ensure the high quality standards of HUGO BOSS. Generally, HUGO BOSS also incorporates risk criteria into its product development, as this can have a direct positive

impact on the business performance of HUGO BOSS. A further improvement in product quality, for example, can have a positive impact on the return rate and thus on the sales development. > **Product Development and Innovation**, > **Sourcing and Production**

Logistics risks

HUGO BOSS is exposed to **logistics risks** that relate to potential interruptions in the transport of goods, for example due to a possible shortage of sea and air freight, or insufficient warehouse capacity. This directly involves risks of a general increase in freight costs as well as significantly delayed product availability.

In the wake of the ongoing military conflict in the Middle East and its impact on the important sea freight route in the Red Sea, competition for **global transport and logistics capacity** has intensified noticeably towards the end of 2023, leading to an increase in sea freight rates and an extension of the sea freight route from Asia to Europe by several weeks. Although HUGO BOSS does not anticipate any significant impact on product availability in 2024, it expects the overall increase in sea freight rates to weigh on its input cost to some extent. The Company continues to closely monitor the situation and will take appropriate adjustment measures if necessary. Irrespective of this, however, significant interruptions in product availability and related lost sales opportunities can never be completely ruled out. > **Sourcing and Production**

In addition, the **temporary downtime or loss of warehouse locations or conveyor systems** may lead to missed sales opportunities. Ensuring sufficient warehouse capacity and a seamless delivery of goods forms an essential aspect as part of Company's strategic claim "Organize for Growth." The storage of the Company's inventories is centered on selected sites, with most of them directly operated by HUGO BOSS. The Group's own central distribution centers for hanging goods, flat-packed goods, and the Company's online business, all located in proximity to the headquarters in Metzingen, form the core of the Group-wide logistics network. Overall, capacity bottlenecks caused by strong top-line growth represent a noticeable risk as they may lead to a delayed delivery of goods or interruptions in product availability at the point of sale. With the aim of **constantly improving the efficiency and flexibility of its logistics setup** while minimizing the associated risks as far as possible, HUGO BOSS will continue to work on further optimizing its global logistics platform in the future. In this context, the strategic expansion of one of our key logistic hubs was initiated in late 2023. This multiyear project aims to significantly increase both shipping as well as storage capacity while also focusing on the further digitalization and automation of key processes. In addition, compliance with comprehensive **fire protection and safety measures** is continuously monitored at all warehouse locations. HUGO BOSS has also taken out insurance to cover the direct financial risk from a loss of goods or equipment stored in warehouses. > **Sourcing and Production**

Organizational risks

HUGO BOSS considers governance and compliance risks, IT risks, and personnel risks to be among its main organizational risks.

Governance and compliance risks

All HUGO BOSS employees are required to comply with the **Code of Conduct** applicable throughout the Group and the **compliance rules** applicable in specific areas. The Group companies are subject to regular risk analyses and detailed audits where applicable. Adherence to the compliance rules is monitored by the central Compliance department and breaches are reported accordingly to the Managing Board and Supervisory Board. > **Corporate Governance and the Corporate Governance Statement**, > **Combined Non-Financial Statement, Anti-Corruption and Bribery Matters**

Breaches of **data protection laws** represent a substantial compliance risk. The Group counters this risk using a system that complies with data protection laws and through **appropriate technical and organizational measures**. All employees are educated on data protection matters through activity-related training courses, the obligation to adhere to the Code of Conduct, and a separate duty of confidentiality. All internal processes and systems for processing personal data are measured on an ongoing basis and continuously improved to ensure compliance with legal data protection requirements. > **Combined Non-Financial Statement, Social Matters**

IT risks

Smooth business operations with efficient processes are strongly dependent on a powerful and secure IT infrastructure uniformly implemented throughout the Group. Serious **failures of the Group's IT system** may result in significant business interruptions. In addition, **cyberattacks** can lead to major and long-lasting system interruptions, loss of confidential data, and the ensuing loss of reputation and liability claims. A long-lasting system interruption might have a significant impact on business operations, for example on the processing of goods in our warehouses. In order to reduce these risks, preventative system maintenance and security checks are carried out by the central IT department on a regular basis, multilevel security and antivirus concepts are implemented, and job-related access rights are assigned. In addition to this, access control systems, daily data backups of the Group-wide ERP system, an uninterrupted power supply, as well as regular online training sessions for staff all aim to increase IT security within the Group. The Internal Audit department regularly monitors the security and reliability of the IT systems as well as the effectiveness of the implemented control mechanisms.

HUGO BOSS anticipates that global cyberattacks may continue to increase in the long term, especially in the context of mounting geopolitical tensions and the availability of new technologies based on artificial intelligence. The impact is expected to further increase as dependence on technology grows, bringing with it unknown but severe consequences. HUGO BOSS consequently regards them as an **"emerging risk."** With the objective of further improving the ability to respond to potential cyberattacks, the Company aims to keep working on the continuous development of its information security program. In this context, HUGO BOSS has implemented a dedicated security information and event management system, which is intended to provide a complete overview of the Group's IT security.

Personnel risks

Successfully executing our "CLAIM 5" strategy and achieving our 2025 financial ambition is largely dependent on the know-how, commitment, and performance of our global workforce. Ensuring a fair and value-based corporate culture is intended to provide a strong foundation for this. Personnel risks mainly relate to **recruitment bottlenecks, shortages of specialists, and excessive employee turnover**. HUGO BOSS counters these risks with a forward-looking personnel planning, comprehensive development and training measures, the continuous development of its performance-based compensation system, as well as flexible working models to better combine work and private life and to promote employer attractiveness. To measure employee engagement on a regular basis, HUGO BOSS conducts an annual **employee survey** in cooperation with Great Place to Work Germany. In this context, in 2023, the overall satisfaction amounted to 77% (2022: 78%). The Company has set itself the goal of maintaining a strong level of at least 75% of overall satisfaction also in the years to come. > [Employees and Teams](#)

Opportunities report

The **early identification and consistent exploitation of business opportunities** is of particular importance as part of the successful execution of our "CLAIM 5" strategy and a key element in sustainably increasing the enterprise value. At HUGO BOSS, opportunities are defined as possible positive deviations from planned targets or assumptions in corporate planning.

Opportunity management

Responsibility for identifying, assessing, and exploiting business opportunities lies with the operational management in the respective regions, individual markets, and central functions due to its direct link to the targets of the respective business divisions. In this context, opportunities are always considered in conjunction with any associated risks. They are only pursued if they outweigh the associated risks and the risks are considered to be manageable and limited in their potential impact.

Short-term opportunities, defined as potential positive deviations from the planned operating result (EBIT) for the current fiscal year, are discussed at regular intervals with the management of the respective market or region, or with the central functions. If necessary, appropriate measures are initiated to exploit them. **Long-term opportunity management** is directly linked to our "CLAIM 5" strategy. Opportunities identified and assessed in terms of their contribution to the enterprise value are analyzed in detail several times a year as part of strategic planning. Based on this, the Managing Board allocates the necessary resources to the operating units to enable them to benefit from the realization of the respective opportunities.

Illustration of Opportunities

Overall, HUGO BOSS continues to see strong growth opportunities across its entire business model and is fully committed to leveraging these across both brands, all channels, and all regions also in the year to come. In particular, HUGO BOSS has identified the following relevant **opportunities** for 2024, which originate both in the corporate environment and in the "CLAIM 5" strategy, as well as in the operational execution itself.

External opportunities

As a global player in the apparel industry, HUGO BOSS can benefit directly from positive macroeconomic developments and their impact on consumer sentiment and buying behavior. For example, a faster-than-expected normalization of global inflation and interest rate levels or a stronger-than-expected rebound of global trade and investment flows might lead to stronger economic growth overall and thus to a noticeable **uplift in global consumer sentiment**. This, in turn, could have a fundamentally positive impact on the demand for premium apparel and accessories. In addition, **social trends** that emphasize the value of high-quality clothing more strongly than in the past could also support the top-line performance of HUGO BOSS regardless of the development of the overall consumer sentiment.

Regulatory and legal changes can have a potentially positive impact on the Company's sales and earnings performance. For example, more consistent prosecution and punishment of infringements of trademark rights can positively impact the sales performance. In addition, the elimination of tariffs can improve the Group's profitability.

Financial opportunities

Favorable **exchange rate developments** can have a positive impact on the Company's earnings development. The Group Treasury department continuously analyzes the market environment and is responsible for identifying and exploiting relevant opportunities within the framework of financial management principles.

> **Financial Position**

Strategic and operational opportunities

As part of our **"CLAIM 5" strategy**, and following the successful implementation of our comprehensive brand refresh in 2022, we aim to further increase the relevance of our two brands BOSS and HUGO and thus keep driving top- and bottom-line growth in the years to come. With a broad range of premium apparel, shoes, and accessories, we intend to benefit, in particular, from the globally **growing middle and upper class**. In this regard, we are particularly focusing on younger customer groups, such as **millennials and Gen Z**, with the latter being particularly relevant for the premium apparel industry as it is estimated to make up the largest customer group in that sector by 2030. > **Group Strategy**

Building on the robust top-line momentum recorded over the past years, the successful execution of "CLAIM 5" will remain key in fiscal year 2024 and beyond, to fully exploit opportunities across all business areas. Above all, and fully in line with our strategic claim **"Boost Brands,"** we will continue to build on the strong brand power of BOSS and HUGO and further engage with our customers to retain their loyalty. In particular, we will continue to put strong emphasis on spectacular, high-profile brand campaigns to significantly fuel brand relevance and win over new and younger target groups. On top of that, exceptional events and high-impact collaborations are intended to further increase brand relevance. To support future growth, we remain committed to keeping our **marketing investments** in a range of between 7% and 8% of Group sales also going forward. A further significant increase in brand relevance can have a positive impact on consumer demand and thus drive full-price sales, consequently resulting in higher-than-expected sales and earnings.

> **Group Strategy, "Boost Brands"**

At the same time, HUGO BOSS will continue to fully exploit opportunities in connection with further enhancing the appeal of its collections. Under the claim **"Product is Key,"** we will continue to focus on strengthening the **24/7 lifestyle brand images** of BOSS and HUGO, thereby further leveraging opportunities to attract new customer groups across all wearing occasions. In this context, fully exploiting the great potential of the BOSS and HUGO brand lines will play a key role also going forward. At **BOSS**, we are operating our brand lines BOSS Black, BOSS Orange, BOSS Green, and BOSS Camel. With the latter being well received across key markets, we plan to further expand the BOSS Camel product offering going forward. At **HUGO**, the launch of HUGO BLUE in early 2024 offers potential to leverage the brands denimwear offering across a new and younger audience. On top of that, further extending our 24/7 lifestyle promise as part of our **global licenses business** offers additional opportunities. In that context, we already expanded into new lifestyle categories such as cycling or equestrian in 2023. Consistent exploitation of the various product-related opportunities may have a direct positive impact on the business performance of HUGO BOSS.

At the same time, we will keep investing in our product assortment to further optimize the **price-value proposition** in the coming years. In doing so, we aim to ensure premium quality, a high level of innovation and sustainability, and clear distinguishing features. We are also committed to exploiting the full potential of **casualwear** in the future, thus leveraging the ongoing casualization trend. At the same time, we aim to further strengthen our important **formalwear** business via a modern interpretation, thereby having already launched a number of innovative and functional products such as a washable or extra-warm flannel suit. With formalwear regaining momentum since the easing of the pandemic, both the formalwear and the casualwear segments offer enormous potential, which should enable us to continue to retain a leading position in the upper premium segment of the global apparel market. > **Group Strategy, "Product is Key"**

As part of our strategic claim **"Drive Omnichannel,"** we will continue to fully leverage our high-quality channel mix on a global scale. In this context, we see particular opportunities to further drive traffic and conversion rates along all consumer touchpoints. Building on our strong brand power, we aim to further advance our omnichannel activities in the coming years. In this context, we aim to ensure a **seamless brand experience across all consumer touchpoints**. To this end, with the global rollout of our latest, much more emotional store concepts for BOSS and HUGO already in full swing, productivity in **brick-and-mortar retail** is aimed

to further increase also going forward. Besides optimizing and modernizing our existing store base, we also plan to selectively expand our global retail footprint. We also strive to build on our regained strength in **brick-and-mortar wholesale** and further leverage the 24/7 lifestyle images of BOSS and HUGO, having already successfully increased visibility and market presence since the introduction of "CLAIM 5." In addition, we will further strengthen our global franchise business by increasing the total number of full-price franchise stores over the coming years, with particular emphasis on emerging markets. With regards to our **digital business**, we will focus on further driving traffic and conversion, particularly within our digital flagship hugoboss.com and, at the same time, fostering growth with digital partners. Consistent exploitation of the various sales-related opportunities may have a direct positive impact on the business performance of HUGO BOSS.

> Group Strategy, "Drive Omnichannel"

At HUGO BOSS, we regard **digitalization** as key to a personalized, seamless omnichannel consumer experience, while also considering it to be a significant opportunity to further increase efficiency and flexibility along the entire value chain. As part of our claims "**Lead in Digital**" and "**Organize for Growth**," we are pushing ahead with the further digitalization of all business activities – from digital trend detection and product creation to AI-enabled pricing, digital showrooms, and innovative experiences in the metaverse. The **HUGO BOSS Digital Campus** is at the heart of our digital journey, expected to further strengthen our digital expertise and take consumer experience to the next level through the targeted use of data. In addition, HUGO BOSS is implementing a digital copy of its value chain – the **Digital TWIN** – a smart and tech-driven business operations platform aimed at strongly enhancing real-time data utilization. This is aimed to further improve demand and logistics planning, inventory allocation, and transparency within the Company's supply chain. Greater than expected successes in these areas may have a direct positive impact on the sales and earnings performance of HUGO BOSS. > Group Strategy, "Lead in Digital," > Group Strategy, "Organize for Growth"

In recent years, the overall importance of environmental and climate protection has increased sharply, also among consumers. Besides high-quality products and a unique shopping experience, customers today increasingly expect compliance with high ecological and social standards. We regard the intensification of our diverse **activities in the area of sustainability** as an additional opportunity to win over new, sustainability-oriented consumers, while at the same time having a positive impact on society and environment alike. Sustainability is therefore an integral part of our "CLAIM 5" strategy. In this context, and fully in line with our commitment to strongly support creating a planet free of waste and pollution, we introduced a new sustainability strategy in 2023, aiming to significantly expand our circular product offering in the years to come, among other things. Besides direct opportunities in terms of revenue increases and cost reductions, we regard acting sustainably as an opportunity to further improve the general reputation of our Company and our brands. > Sustainability, > Combined Non-Financial Statement

Organizational opportunities

HUGO BOSS firmly believes that its employees are the essence of the successful execution of "CLAIM 5." We therefore aim to promote a **corporate culture** in which the values of entrepreneurial spirit, personal ownership, team mentality, simplicity and quality, and youthful spirit are firmly anchored. They form the guiding principles for day-to-day cooperation and are intended to foster a spirit of mutual trust. This is accompanied by the opportunity to foster creativity and innovation, implement ideas and processes faster and more comprehensively, and consequently achieve competitive advantages.

As an international company, **diversity, equity, and inclusion (DE&I)** are fundamental parts of our corporate culture. We are convinced that heterogeneous and inclusive teams can achieve better and more creative solutions to complex issues and thus make a positive contribution to the successful execution of our "CLAIM 5" strategy. In recognition of the importance of the topic, HUGO BOSS has implemented numerous initiatives to ensure a discrimination-free working environment with equal opportunities and inclusive work culture for all employees. In addition, an internal diversity task force of employees with multiple backgrounds and from various locations and functional areas supports the execution of defined measures and promotes selected topics within our Company. We are convinced that intensifying our activities in the important area of DE&I positively contributes to employee satisfaction and is also considered a relevant factor by potential applicants.

HUGO BOSS aligns its **Human Resources (HR) work** with the goal of shaping the general conditions in the Company in a way that every employee is able to develop their individual talent to advance and to contribute directly to the successful execution of "CLAIM 5." To this end, we particularly rely on the insights of our annual employee survey. Further successes in strategic HR work could have a positive impact on the Company's sales and earnings performance in the future. > **Employees and Teams**

Key aspects of the internal control and risk management system

The information provided in this section is extraneous to the management report and therefore not part of the audit.

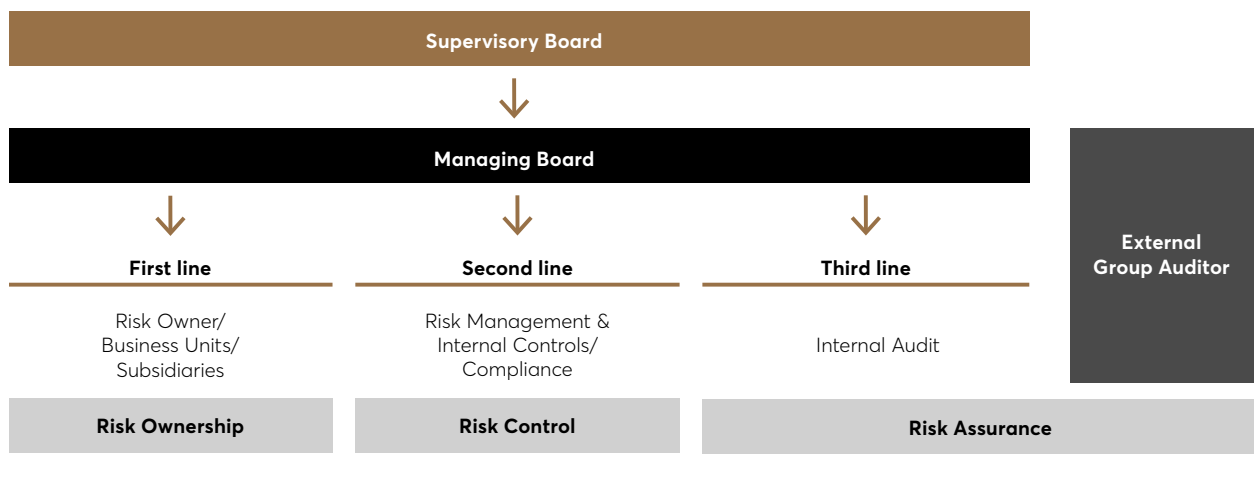
Internal control system (ICS) and risk management system (RMS)

The **ICS and RMS of HUGO BOSS** are designed in accordance with the principles, guidelines, and measures defined by the Managing Board, aiming to execute the strategic and operational decisions of the Managing Board from an organizational perspective. It includes the management of risks and opportunities with regard to the achievement of business objectives, the correctness and reliability of internal and external accounting, and compliance with the legal provisions and regulations relevant to HUGO BOSS. This also includes sustainability aspects, which are continuously further developed in accordance with regulatory requirements. Our ICS and RMS are based on the globally recognized **COSO framework** (Committee of Sponsoring Organizations of the Treadway Commission) and are continuously adapted to the specific requirements of HUGO BOSS.

HUGO BOSS has a **comprehensive, integrated ICS and RMS methodology (RIC methodology)** with a standardized procedure according to which necessary controls are defined, documented according to uniform specifications and regularly reviewed for their appropriateness and effectiveness. Further information on our RMS can be found in the Risk Management System section of this Report on Risks and Opportunities.

> Risk Report, Risk Management System

THREE-LINES MODEL



HUGO BOSS has implemented the **"Three Lines" model** to clearly define and allocate responsibilities and to effectively defend against risks. In the first line of defense, the **operating units** assume responsibility for defining and implementing appropriate and effective controls to mitigate risks in their respective areas of responsibility in accordance with Group-wide standards. The second line of defense consists of specialized **governance functions**, in particular the central Risk Management & Internal Controls and Compliance & Human Rights departments. These are responsible for the definition and methodology of the internal control framework as well as the management of the assessment and control process, providing objective monitoring and advice independently of the operating units. The Managing Board, the Audit Committee and the Supervisory Board of HUGO BOSS are informed regularly and on an ad hoc basis about potential material control weaknesses, the appropriateness and effectiveness of the controls in place and the Company's risk situation. The Audit Committee and the Supervisory Board of HUGO BOSS AG are responsible for monitoring the ICS and RMS, including their appropriateness and effectiveness. As part of its monitoring function, the third line of defense, **Internal Audit**, reviews compliance with the legal framework and internal Group guidelines for the Group's ICS and RMS, in particular the design, compliance and effectiveness of the controls defined as part of the ICS and RMS. If necessary, appropriate measures are initiated in cooperation with Risk Management & Internal Controls and the relevant specialist department in order to eliminate the identified weaknesses as part of a defined process. Internal Audit regularly reports the results of its work to the Managing Board and the Audit Committee of HUGO BOSS.

As part of the audit of the consolidated financial statements, the external **Group auditor** assesses the suitability of the measures implemented in the Company for the early identification of risks that could jeopardize its continued existence. They also report to the Audit Committee and the Supervisory Board on any material weaknesses identified in the ICS and the accounting-related RMS as part of the audit of the financial statements. The Company continuously monitors the processes and systems for both the ICS and the RMS in order to eliminate identified weaknesses and ensure **continuous improvement of the processes and systems**. In light of the complex process landscape and the rapid pace of change in the legal requirements for non-financial information, the maturity level of the ICS with regard to sustainability-related aspects in particular does not yet correspond to that of the accounting-related ICS.

As of the reporting date, there are **no indications** in all material respects that the ICS and RMS are inadequate or ineffective as a whole. Notwithstanding this, there are inherent limitations to the effectiveness of any ICS and RMS. Even if a system has been assessed as appropriate and effective, there is no guarantee that all risks that actually arise can be identified in advance or that any breaches of processes can be ruled out under all conceivable circumstances.

Compliance management system (CMS)

The ICS and RMS of HUGO BOSS also include risks and controls from the **CMS**, which are derived from the close cooperation between Risk Management & Internal Controls and Compliance & Human Rights. The CMS is an integral part of the ICS and RMS and is based on the elements of the IDW PS 980 standard. It covers relevant risk areas such as anti-corruption, antitrust law, data protection, money laundering prevention, sanction prevention and the safeguarding of human rights and is based on a comprehensive set of internal guidelines. The **HUGO BOSS Code of Conduct** defines the fundamental principles and standards of behavior that must be observed by all employees in the business units and in dealings with external stakeholders. In addition, there are comprehensive internal **compliance regulations**, including corresponding controls, which oblige all employees to ensure that the CMS is being executed. They contain topic-specific application provisions on compliance processes and tools as well as additional guidelines and information for the individual risk areas.

Compliance risk management and compliance reviews are components of the CMS, aimed at identifying **compliance risks** at an early stage and thus enabling appropriate and effective measures to avoid or minimize these risks. The results of the CMS are incorporated into the Company-wide RMS. The Compliance department uses various measures to ensure that the CMS and the corresponding processes are executed, adhered to and continuously developed throughout the Group. Taking into account the findings of compliance risk management and compliance controls and audits, the **CMS is continuously adapted** to Company-specific risks and local legal requirements in particular. The Managing Board and Supervisory Board are regularly informed about key compliance issues.

Report on the accounting-related internal control system and the risk management system pursuant to Sec. 289 (4) and 315 (4) HGB

The system of internal control and risk management of HUGO BOSS, as applied to the (Group) financial reporting process and the financial statements closing process, aims to accurately reflect all business transactions in the accounting records. This is intended to ensure the **reliability of the financial reporting** and that **all accounting-related activities comply with laws and guidelines**. All assets and liabilities should be recorded accurately in the consolidated financial statements with regard to recognition, disclosure and valuation, which should enable a reliable statement to be made on the Group's net assets, financial position, and results of operations. As well as adherence to legal regulations and the Company's internal guidelines, the use of efficient IT systems, a clear definition of responsibilities, and suitable training and development for employees in the Group Finance & Tax and Business Planning & Analysis departments form the basis of a proper, consistent, and efficient financial reporting process.

Using efficient IT systems

Controls across all business units require reliable information to be available and provided on time. The reporting systems of HUGO BOSS are therefore of great importance. The multiyear project launched in 2022 to upgrade the Group's current SAP-based ERP system to SAP S/4HANA is also intended to ensure an even **higher level of control quality** in the future.

The aim of the **Group-wide SAP Security Policy** is to prevent unauthorized access to data and to ensure the integrity, availability, and authenticity of data of relevance to financial reporting at all times. It also contains requirements for controls designed to ensure a properly functioning central Finance department. System-enabled controls and workflow-based processes that impose the dual-control principle, a suitable separation of functions, and internal approval procedures supplement the IT security of the accounting-related processes. This includes invoice verification and approval, sourcing processes, and SAP authorization management carried out by the central IT department.

Clear definition of responsibilities

As part of the standardized reporting, the Group companies prepare IFRS financial statements on a monthly basis and, together with further key performance indicators and explanations, submit these to the **Group Finance & Tax** division. The latter is also responsible for specifying and monitoring compliance with reporting obligations and deadlines. Automated and standardized reporting formats are in place for the vast majority of reporting topics. Group Finance & Tax is responsible for the maintenance of all the master data for the chart of accounts applicable throughout the Group as well as the continuous review of all reporting formats with respect to their compliance with the latest applicable international financial reporting requirements. When preparing the consolidated financial statements, the department also aims to show all business transactions in the Group in a uniform manner.

Group Finance & Tax is also responsible for developing uniform **guidelines and instructions** for accounting and tax-related processes and keeping them up to date. This mainly encompasses the preparation and revision of a bad debt allowance policy, an investment guideline, an IFRS accounting manual, and binding intercompany reconciliation requirements.

All Group companies are legally independent entities. Apart from the managing directors, who are responsible for business operations in the respective market, the **finance managers are responsible** for all topics of relevance to the Company's financial reporting or tax situation. They are also responsible for the continuous monitoring of the most important key performance indicators as well as the monthly reporting of financial KPIs to Group Finance & Tax and the preparation of a multiyear budget for the respective market. In his capacity as technical supervisor of all finance managers, the Chief Financial Officer (CFO)/Chief Operating Officer (COO) of HUGO BOSS is authorized to issue directives on, and is thus responsible for, the Group-wide financial management and financial reporting processes.

On a quarterly basis, the finance managers and managing directors of the Group companies confirm **compliance in writing with the defined principles** and the **execution of management controls** with regard to the accounting process. Reports also have to be submitted regarding the appropriateness of controls for ensuring data integrity and data protection in the event of fraud or serious infringements of the internal control system.

Material accounting and valuation topics and the impact of the new or changed IFRS standards and interpretations are discussed with the **Group auditors** in regular meetings held at least on a quarterly basis.

The **Internal Audit department** is part of the system of internal control and in its oversight function reviews compliance with, and the effectiveness of, the defined controls with regard to the accounting process. The annual audit plan is coordinated with the Managing Board and the Audit Committee of the Supervisory Board. This is where key audit matters are defined. Additional ad hoc audits can also be performed at any time. All audit reports are submitted directly to the CFO/COO and, on request, to the full Managing Board. The Internal Audit department also reports regularly to the Audit Committee of the Supervisory Board.

Training and development of employees

Training sessions are organized at regular intervals for employees involved in the accounting process. Updates on accounting-related topics are also communicated across the Group via the "Accounting Newsletter." The finance managers also meet at regular intervals with managers in the central Group Finance & Tax and Business Planning & Analysis departments for the "Finance Manager Meeting." Regular trainings are held for finance employees of the entire Group under the auspices of the "Digital Finance Forum" in current developments, international financial reporting, and any topics relevant for preparing the annual financial statements.

OVERALL STATEMENT ON THE BUSINESS PERFORMANCE AND SITUATION OF THE GROUP

HUGO BOSS looks back on a successful business performance in fiscal year 2023, with significant top- and bottom-line improvements. This development first and foremost reflects our robust brand momentum, fueled by the continued successful execution of our **"CLAIM 5" growth strategy**. With both BOSS and HUGO continuing their market-share-winning growth trajectories, we achieved **record sales of EUR 4.2 billion** in 2023, representing currency-adjusted growth of 18%. In doing so, we once again strongly outgrew the global premium apparel market, while exceeding our initial 2025 sales target of EUR 4 billion two years ahead of plan. Driven by the strong top-line momentum, we recorded **noticeable bottom-line improvements**, with EBIT up 22% to EUR 410 million. HUGO BOSS thus successfully **achieved its full-year 2023 sales and earnings targets**, which had been revised upwards twice during the year. Our business performance is all the more remarkable considering the high level of macroeconomic and geopolitical uncertainty in fiscal year 2023. > [Comparison of Actual and Forecast Business Performance](#)

The **successful execution of several strategic initiatives** as part of "CLAIM 5" spurred our operational and financial performance also in 2023. In line with our strategic claim **"Boost Brands,"** we further drove brand momentum following the comprehensive refresh of BOSS and HUGO in 2022, and created additional excitement with spectacular marketing campaigns and high-impact brand events. At the same time, as part of our claim **"Product is Key,"** we continued to put strong emphasis on further enhancing both brands' 24/7 lifestyle images by increasingly leveraging the BOSS and HUGO brand lines. In 2023, we also achieved important successes with regards to our two strategic claims **"Lead in Digital"** and **"Drive Omnichannel."** To these ends, together with our Digital Campus, we introduced several important digital features to further improve our digital journey as well as the e-commerce experience. At the same time, we continued to modernize and optimize our global store network, including the rollout of our latest BOSS and HUGO store concepts, to significantly elevate customer experience. In line with our fifth claim **"Organize for Growth,"** we made further important progress towards driving meaningful efficiencies along our value chain, particularly as part of the ongoing implementation of our Digital TWIN, a smart and tech-driven business operations platform. > [Group Strategy](#)

Overall, **Group sales** in fiscal year 2023 increased by 18% on a currency-adjusted basis. In Group currency, sales grew by 15% to a record level of EUR 4,197 million (2022: EUR 3,651 million), thus exceeding the EUR 4 billion threshold for the first time in the history of HUGO BOSS. Growth in 2023 was broad-based with both our brands, BOSS and HUGO, as well as all regions and distribution channels recording double-digit growth. At the same time, HUGO BOSS recorded robust bottom-line improvements in fiscal year 2023, with the strong top-line performance more than compensating for further investments into the business as part of "CLAIM 5" as well as a slight decline in gross margin. Consequently, the Group's **operating profit (EBIT)** increased by 22% to an amount of EUR 410 million in fiscal year 2023 (2022: EUR 335 million). [> Earnings Development](#)

In **fiscal year 2024**, our focus remains on further executing our "CLAIM 5" strategy. By building on our robust brand momentum, we are committed to continue leveraging the strong brand power of BOSS and HUGO. This in turn, should enable us to continue our growth trajectory and realize additional market-share gains. At the same time, the macroeconomic backdrop remains challenging, as reflected by elevated inflation and interest rate levels, a weakening global consumer sentiment, and mounting geopolitical tensions. Against this backdrop, we expect **Group sales** in reporting currency to increase within a range of 3% to 6% in 2024 (2023: EUR 4,197 million). At the same time, we anticipate **EBIT** to grow between 5% and 15% to a level of around EUR 430 million to EUR 475 million in 2024 (2023: EUR 410 million). Consequently, the EBIT margin is expected to improve noticeably to a level between 10.0% and 10.7% (2023: 9.8%), with strong support coming from expected gross margin improvements in 2024. Overall, fiscal year 2024 will thus mark another milestone towards our mid-term financial ambition as part of "CLAIM 5." [> Outlook](#)

In view of the strong operational and financial performance in 2023, the very solid financial position, and management's confidence in the Company's long-term growth opportunities, the Managing Board and the Supervisory Board intend to propose to the Annual General Meeting on May 14, 2024, a **dividend** of EUR 1.35 per share for fiscal year 2023, corresponding to an increase of 35% year over year (2022: EUR 1.00). In view of its healthy balance sheet structure and ongoing positive free cash flow generation, the Group remains in an **exceedingly solid economic situation** at the time of preparing this report. [> Outlook](#)

Metzingen, February 21, 2024

HUGO BOSS AG
The Managing Board

Daniel Grieder
Yves Müller
Oliver Timm