

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

**4.3**

Sales (EUR billion)

**>18,500**Employees¹**129**

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 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 such as design and fit. At the same time, they share equally high standards in terms of quality, innovation, and sustainability, while ensuring that consumers are perfectly dressed for every occasion. Our **"CLAIM 5" strategy** is closely linked to our vision of being the leading premium tech-driven fashion platform worldwide. At the same time, we aim to strongly drive brand relevance and market share gains. In fiscal year 2024, HUGO BOSS generated sales of EUR 4.3 billion (2023: EUR 4.2 billion). [> Group Strategy](#)

PORTFOLIO STRATEGY OF HUGO BOSS



With **BOSS**, we appeal to 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 events to leisure and sport. In this context, the brand operates four distinct brand lines. The largest, BOSS Black, focuses on modern tailoring and smart casualwear for men and women, while the exclusive BOSS Camel line, introduced in 2022 for menswear, emphasizes high-end tailoring heritage. Casualwear products are mostly covered under BOSS Orange, while BOSS Green focuses on athleisurewear designed for an active lifestyle. Further strengthening its casualwear offering – which BOSS has gradually expanded in recent years – remains a key focus area to attract new, younger customers. At the same time, BOSS is committed to continuing to dominate formalwear by driving innovation 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."** The brand focuses on a broad range of both commercial and contemporary products, reflecting its authentic and unconventional style. In this context, HUGO introduced its new HUGO Blue brand line in early 2024, which puts a strong emphasis on seizing business opportunities in denimwear. > **Group Strategy, "Product is Key"**

In addition to a broad product offering within the **seasonal BOSS and HUGO collections**, inspiring capsule collections and collaborations with well-known brands and personalities increase the relevance of both brands. In doing so, we aim to appeal primarily to a younger audience, above all millennials with BOSS and Gen Z with HUGO. To fuel brand heat while driving customer engagement, we pursue two clearly distinguished **marketing strategies**, with a strong focus on social media. In this context, we put a particular emphasis on 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 our headquarters in Metzingen (Germany), while our 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, and children's fashion. To increase speed-to-market capabilities and shorten the product development process, the majority of our products are now developed digitally. > **Product Development and Innovation**

In fiscal year 2024, HUGO BOSS produced 20% of its total sourcing volume at its own facilities (2023: 17%). Our five **own production sites** are all located in Europe, with Izmir (Turkey) contributing the largest share of production. In 2024, 80% of our global sourcing volume was sourced from **external contract suppliers** or procured as **merchandise** (2023: 83%). Partner operations are mainly located in Asia and Europe. > **Business Operations, > Combined Non-financial Statement, Workers in the Value Chain**

We aim to offer our customers a **seamless brand experience across all consumer touchpoints**, spanning brick-and-mortar retail, brick-and-mortar wholesale, and digital channels. Overall, consumers can experience and purchase BOSS and HUGO products at more than 8,000 brick-and-mortar points of sale globally (2023: around 7,800). At the same time, customers from 74 markets can shop our products online via hugoboss.com (2023: 73 markets). > **Group Strategy, "Drive Omnichannel," > Consumer Touchpoints**

BOSS and HUGO products are distributed across 129 countries (2023: 131 countries), with our **distribution activities divided into three sales regions**. EMEA, covering Europe, the Middle East, and Africa, represents by far the largest region in terms of Group sales with a share of 61% in 2024 (2023: 61%). The Americas and Asia/Pacific account for 24% and 13% of sales (2023: 23% and 14%), respectively, while the remaining 3% are generated within our licensing business (2023: 2%). > **Earnings Development, Sales and Earnings Development of the Business Segments**

Digitalization represents a key enabler for implementing our Company's vision of being the leading premium tech-driven fashion platform worldwide. Fully aligned with our strategic claim "Lead in Digital," we continue to drive the **digitalization of our business activities** and leverage the power of artificial intelligence along the entire value chain. The **HUGO BOSS Digital Campus** is at the heart of our digital activities, focused on 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, we are pushing ahead with our important Digital TWIN initiative, a tech-driven business operations platform intended to further increase the flexibility and transparency of our supply chain. > **Group Strategy, "Lead in Digital," "Organize for Growth," > Business Operations**

At HUGO BOSS, we are committed to protecting our planet and ensuring a livable future for generations to come. We therefore attribute high importance to **sustainability**, which is essential to our corporate responsibility and business activities. Our sustainability strategy aims to make a vital contribution to a planet free of waste and pollution. It ensures that our products are produced with social and environmental responsibility while maintaining the high quality and durability of our collections. Our **ambitious sustainability targets** are integral to our business and are firmly anchored in our "CLAIM 5" strategy. In doing so, we put consumers and their sustainability expectations at the core of all our activities. > **Group Strategy, "Sustainable Throughout," > Combined Non-financial Statement**

We aim to work with the best talents in the sector. To maintain our positioning as **one of the most attractive employers** in the fashion industry, human resource (HR) management at HUGO BOSS is dedicated to attracting, retaining, and developing top talent. At the same time, we are convinced that the passion and dedication of our more than 18,500 employees worldwide play a crucial role in the successful execution of "CLAIM 5" (2023: around 19,000). A strong commitment to empowering people and teams is therefore firmly anchored in our strategy, guided by our five HUGO BOSS values **entrepreneurial spirit, personal ownership, team mentality, simplicity & quality, and youthful spirit**. > **Combined Non-financial Statement, Own Workforce**

Group structure

All key management functions are based at our headquarters in Metzingen. The Group is managed by its **parent company** HUGO BOSS AG, a German stock corporation operating under 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 consists of **60 consolidated subsidiaries** bearing responsibility for their respective local business activity. This includes 39 subsidiaries functioning as distribution companies and four subsidiaries dedicated to production. > **Notes to the Consolidated Financial Statements, Basis of Consolidation**

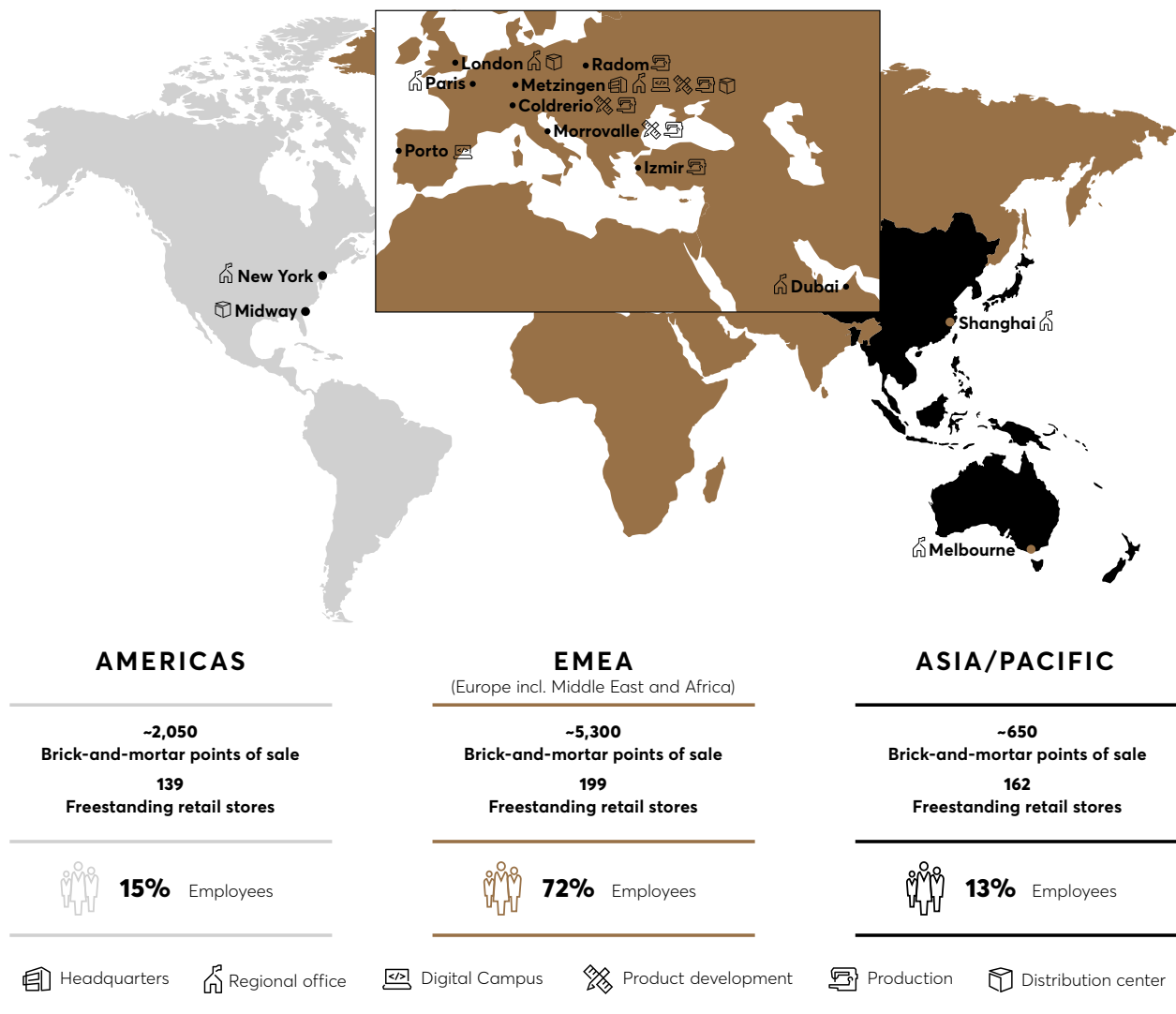
HUGO BOSS is **structured by region**, with our business segments being EMEA, the Americas, Asia/Pacific, and the license business.

HUGO BOSS GROUP STRUCTURE

Central departments	Managing Board			
	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	Licenses
Hubs (Individual markets)	Northern Europe	Americas (United States/ Canada/ Latin America)	China	
	Central/Eastern Europe			
	Western Europe		Southeast Asia/ Pacific	
	Emerging Markets			

The functions established in the **central departments** of HUGO BOSS AG cover key 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 markets 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 brand relevance
for BOSS and HUGO as
a top priority

Superior growth following
more than three years of
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. With our two unique brands, BOSS and HUGO, offering a broad range of premium apparel, shoes, and accessories, we are well positioned to benefit in particular from a globally growing middle and upper class. To best meet the demands of these consumer groups, we strive to further **increase the relevance of both BOSS and HUGO**, based on appealing brand initiatives, products with superior price-value proposition, and a seamless customer experience across all touchpoints. In this context, we aim to fully exploit the great potential of digitalization and further strengthen operational efficiency and effectiveness, while consistently focusing on driving sustainability.

"CLAIM 5" growth strategy

Our **"CLAIM 5" growth strategy**, introduced in August 2021, aims to sustainably increase brand relevance, drive superior top-line growth, and thus increase market shares of BOSS and HUGO by 2025. Central to this strategy is our vision of being the **leading premium tech-driven fashion platform worldwide**, reflecting our commitment to digitalization, innovation, and customer-centricity. By putting consumers at the heart of everything we do, we aim to turn them into true fans of BOSS and HUGO, fostering their loyalty in the long term. "CLAIM 5" is built on **five strategic pillars**: "Boost Brands," "Product is Key," "Lead in Digital," "Drive Omnichannel," and "Organize for Growth." It also includes a strong commitment to sustainability, a rigorous executional road map, and a firm commitment on empowering people and teams.

"CLAIM 5" STRATEGY

WHY

CONSUMER FIRST

1

2

3

4

5

WHAT

BOOST
BRANDS

PRODUCT
IS KEY

LEAD IN
DIGITAL

DRIVE
OMNICHANNEL

ORGANIZE
FOR GROWTH

SUSTAINABLE THROUGHOUT

HOW

RIGOROUS EXECUTION

EMPOWER PEOPLE AND TEAMS

Following more than three years of successfully executing "CLAIM 5," HUGO BOSS has achieved significant **progress across all five strategic priorities**. In particular, momentum for both BOSS and HUGO has accelerated noticeably, translating into **record sales for three consecutive years** and market share gains globally. Consequently, in fiscal year 2024, HUGO BOSS generated revenues of EUR 4.3 billion. At the same time, over this period, we have built a **robust organizational and operational platform**, laying a strong foundation for sustainable and profitable growth. This platform enables us to further strengthen our operational execution, enhance effectiveness, and realize substantial efficiency gains across our business. Consequently, with "CLAIM 5" we have successfully paved the way towards achieving our financial ambition of EUR 5 billion in sales as well as an EBIT margin of at least 12%.

As we advance through the **final year of our "CLAIM 5" strategy**, we remain fully committed to making further progress along our five strategic claims and leveraging global growth opportunities. In this context, we will continue investing in key strategic initiatives to further strengthen our brands and elevate customers' connections with BOSS and HUGO. At the same time, we remain focused on further leveraging our strong operational platform and driving further cost efficiencies by rigorously managing operating expenses. This balanced approach is essential to drive robust profitability improvements in 2025 and beyond, and thus **ensure the long-term success** of HUGO BOSS. Further details on our **targets for fiscal year 2025** are presented in the Outlook section. > **Outlook**

CLAIM 1 – Boost Brands

To increase the relevance and perception of our brands, we pursue a **two-brand strategy**. In 2022, we comprehensively **renewed the brand images** of BOSS and HUGO as part of our branding refresh. With a bolder, younger, and more emotional appearance, momentum for BOSS and HUGO increased noticeably, leading to strong growth rates in recent years. Building on this regained brand strength, we will continue to deepen our connection with consumers as we focus on sustained engagement and customer loyalty.

To activate and engage with consumers across all touchpoints, we remain committed to investing in marketing and brand-building activities. Following a clear digital-first approach, our **marketing strategy** is centered around 360-degree brand campaigns, inspiring collaborations, unique brand events, and exciting storytelling around our products. Key highlights in 2024 included star-studded global campaigns for BOSS and HUGO as well as the launch of a multiyear strategic partnership between BOSS and global football icon David Beckham. At the same time, BOSS and HUGO hosted unique brand events – from BOSS taking center stage at Milan Fashion Week to HUGO capturing attention with its Formula 1 collaboration in Miami. Since the introduction of "CLAIM 5," we have been investing between 7% and 8% of Group sales annually in marketing (2024: 7.2%). Overall, our numerous marketing initiatives resulted in a strong **global buzz on social media and beyond**, including an increase of more than ten million followers across all platforms in recent years, while also supporting our top-line development.

CLAIM 2 – Product is Key

Our products are at the very heart of all our business activities. As part of "CLAIM 5," we successfully developed BOSS and HUGO into true **24/7 lifestyle brands**, ensuring that our customers are perfectly dressed for every occasion. To further increase the relevance of both our brands, we complement our main collections with **various capsule collections** and **high-impact collaborations**, such as our strategic partnership with David Beckham. At all times, we are committed to maintaining our **superior price-value proposition**. By ensuring premium quality and a high level of innovation and sustainability, we aim to further strengthen the positioning of BOSS and HUGO in the premium and affordable luxury segments of the global fashion market. > **Product Development and Innovation**

Fully in line with both brands' 24/7 lifestyle images, we are committed to leveraging our growth potential across all wearing occasions. Exploiting the full potential of **casualwear** – accounting for around 50% of Group sales – remains a key focus, while we continue to blur lines between casualwear and formalwear. In this context, HUGO BOSS has been able to seamlessly close the gap between **tailoring and sportswear** in recent years. At the same time, we keep strengthening our **formalwear** business – accounting for around 25% of Group sales – as tailoring remains firmly anchored in our Company's DNA. Through a modern interpretation and innovative product solutions, formalwear continues to offer further growth potential in the future. Our product range is rounded off by a comprehensive range of **shoes and accessories** as well as products such as bodywear and hosiery, also contributing around 25% to Group sales. Finally, our **license business** completes our 24/7 lifestyle offering with products such as fragrances, eyewear, and watches.

CLAIM 3 – Lead in Digital

Digitalization is an important enabler in delivering on our vision of being the leading premium tech-driven fashion platform worldwide. Our Group strategy therefore includes a firm commitment to further driving **digitalization along the entire value chain**. Since the introduction of "CLAIM 5," we have achieved strong progress in digitalizing important business processes and making use of artificial intelligence – from digital trend detection and product creation to our digital showrooms – while at the same time taking our online business to the next level. In particular, the ongoing digitalization of our product development is of high strategic importance. In this context, we have set ourselves the goal of developing more than 90% of our products digitally by 2025 (2024: around 65%). > [Product Development and Innovation](#)

The **HUGO BOSS Digital Campus**, spanning two locations in Metzingen (Germany) and Porto (Portugal), is at the heart of our digital journey. This co-working platform significantly expands our Company's digital analytics capabilities, and is aimed at taking customer experience to new levels through the systematic use of data. The Digital Campus puts a strong emphasis on strengthening our global online business, particularly with regard to our digital flagship hugoboss.com and its dedicated customer app. By fostering data collaboration, we aim to establish an even closer relationship with our customers, while driving valuable insights and efficiencies along the value chain. At the same time, we are linking digital and physical retail even more seamlessly to provide consumers with a best-in-class omnichannel experience.

CLAIM 4 – Drive Omnichannel

Since the introduction of "CLAIM 5," we have made substantial progress in translating our regained brand power into our various customer touchpoints, thus providing consumers with a best-in-class omnichannel experience. In this context, we are fully leveraging our high-quality channel mix on a global scale, while continuing to ensure a **seamless brand experience across all touchpoints**.

With **brick-and-mortar retail** contributing more than 50% of Group sales, this channel remains by far the largest in terms of revenues. As laid out in "CLAIM 5," we aim to improve store productivity by at least 3% per annum. Between 2021 and 2024, we achieved significant progress, achieving an average increase of 7% per year, supported by the ongoing optimization, modernization, and selective expansion of our global retail footprint. Key to this progress has been the global rollout of our latest BOSS and HUGO store concepts as well as the introduction of exciting pop-up stores, transforming our physical stores into true points of experience.

At the same time, **brick-and-mortar wholesale** is contributing around 25% of Group sales. Since the introduction of "CLAIM 5," we have noticeably increased the visibility and market presence of both our brands at key European and U.S. department stores. Across this channel, we are fully leveraging all BOSS and HUGO brand lines to deliver a true 24/7 brand experience. In addition, we are also strengthening our global franchise business, particularly in emerging markets. Since the introduction of "CLAIM 5," we added around 200 full-price franchise stores globally, bringing the total to almost 400 by the end of fiscal 2024.

Digital revenues account for 20% of Group sales. Further optimizing and expanding our global digital footprint remains key to successfully continuing our digital growth trajectory. At the same time, we are committed to continuously improving the digital journey to drive further market shares. In this context, a key milestone in 2024 was the launch of HUGO BOSS XP, an innovative omnichannel member experience, fostering customer engagement in the digital sphere. Initially rolled out in the UK, Germany, and France, the program is set to expand to additional markets in the coming years. > [Consumer Touchpoints](#)

CLAIM 5 – Organize for Growth

To ensure long-term success for HUGO BOSS, we 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.

To support long-term growth and drive further efficiencies going forward, we have stepped up **investments into our supply chain and logistics capabilities**. In 2024, we pushed ahead with the implementation of our important **Digital TWIN** initiative, which is aimed at enabling smart decision-making through a tech-driven business operations platform while being a key enabler in terms of meeting consumer demand even more effectively in the future. At the same time, we are driving forward our **nearshoring initiatives** to better align our regional sourcing and production activities with key sales markets. In 2022, we opened an additional plant at our largest factory in Izmir (Turkey) specifically dedicated to the production of casualwear. We are also expanding one of our **key logistics hubs** near our headquarters in Metzingen (Germany), significantly increasing both shipping and storage capacity. These 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](#), > [Business Operations](#)

At the same time, we have set the path for future growth by **expanding and enhancing our headquarters**, having allocated more than EUR 100 million for its upgrade, which also includes the construction of a new office building and the modernization of our employee restaurant. This investment is also aimed at increasing our employer attractiveness by creating a best-in-class workplace experience for our more than 2,500 employees at the Metzingen campus. > [Combined Non-financial Statement, Own Workforce](#)

Sustainable Throughout

Sustainability is a vital part of "CLAIM 5" – a cause that is essential to our corporate responsibility and ongoing business activities. In line with our bold commitment to support creating a planet free of waste and pollution, our **Sustainability Strategy** focuses on five key pillars that actively address big industry challenges: increasing circularity, driving digitization & data analytics, leveraging nature-positive materials, fighting microplastics, and pushing towards zero emissions. By embracing these pillars, we are paving the way towards a better and more sustainable future.

SUSTAINABILITY STRATEGY



As we aim to extend the longevity and life cycles of our products, we have set ourselves the ambitious target of having **80% circular products** by 2030. To achieve this, we have implemented various measures, including expanding our products' recycling potential. > **Combined Non-financial Statement, Resource Use and Circular Economy**

As part of our Group and sustainability strategies, we are digitalizing our business activities across the entire value chain and harnessing the power of data, having set the target to **develop more than 90% of our products digitally by 2025**. In doing so, we aim to minimize waste and reduce our CO₂ emissions by accurately forecasting trends and anticipating customer preferences. > **Product Development and Innovation**

As we recognize our Company's deep connection to functioning ecosystems, we are putting a strong emphasis on sourcing materials to reduce our environmental footprint and support biodiversity preservation. Our goal is to **source 100% of our natural materials in alignment with regenerative farming principles or through closed-loop recycling by 2030**. To reach this target, among other things, we are collaborating with Raddis Cotton, an Indian cooperative that promotes regenerative farming. > **Combined Non-financial Statement, Biodiversity and Ecosystems**

The widespread use of synthetic fibers is one contributor to microplastic pollution. To address this issue, we are committed to **phasing out polyester and polyamide in our products by 2030**, by exploring and leveraging true alternatives to synthetic fibers. In this context, we entered a long-term strategic partnership with Swiss innovator HeiQ to jointly develop and scale AeoniQ, a cellulose yarn that offers similar properties to polyester and polyamide. > [Product Development and Innovation](#), > [Combined Non-financial Statement, Pollution](#)

We have set ambitious targets to reduce our carbon footprint and contribute to climate protection, as we are committed to achieving **net zero emissions by 2050**. As part of this commitment, we aim to reduce our CO₂ emissions along the entire value chain by 50% by 2030 (base year: 2019), without relying on additional offsetting. To reach these goals, among other things, we are fostering regenerative farming to significantly lower emissions in raw material sourcing and are actively working to further reduce the use of airfreight.

> [Combined Non-financial Statement, Climate Change](#)

Our sustainability strategy and its five key pillars are built on a strong **environmental, social, and governance (ESG) core**, guiding all our business activities. We actively engage in numerous initiatives fostering a greener planet while promoting social and governance cohesion. In addition to **environmental protection**, we also prioritize **socially responsible production processes**. Consequently, HUGO BOSS puts a strong emphasis on ensuring the safety and well-being of its own employees and workers in our value chain. Above all, this includes attaching the utmost importance to compliance with international human and labor rights. At the same time, we are convinced that **good and responsible corporate governance** is a key factor for long-term business success. Our sustainability strategy, including its ESG core, aligns closely with the results of our **double materiality analysis**, ensuring that the topics identified as most material are incorporated in our strategic priorities. This also includes the setting of topic-specific goals and implementing targeted measures to achieve them. > [Combined Non-financial Statement](#)

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 to **sustainably increase 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 2025 guidance for these key performance indicators and the underlying assumptions are presented in the "Outlook" section. > **Outlook**

FOUR KEY PERFORMANCE INDICATORS



Our "CLAIM 5" strategy focuses on **driving superior top-line growth** by exploiting the full potential of our brands across all consumer touchpoints. Over the past three years, the rigorous execution of our strategy has enabled us to drive broad-based revenue improvements with growth across brands, channels, and regions. At the same time, "CLAIM 5" aims to ensure **sustainable improvements in both profitability and cash flow generation**. All growth initiatives are therefore assessed not only for their revenue potential but also for their ability to contribute to operating profit (EBIT) and free cash flow. > [Group Strategy](#)

DEVELOPMENT OF KEY PERFORMANCE INDICATORS (IN EUR MILLION)

	2024	2023	2022	2021	2020
Group sales	4,307	4,197	3,651	2,786	1,946
Operating result (EBIT)	361	410	335	228	(236)
Trade net working capital as a percentage of sales	19.6%	20.8%	15.0%	17.2%	28.7%
Capital expenditure	286	298	192	104	80

In **fiscal year 2024**, HUGO BOSS recorded solid top-line improvements, benefiting from the strengthened brand relevance of BOSS and HUGO in recent years. The slower growth compared to previous years mainly reflects persistent macroeconomic and geopolitical challenges, which dampened consumer demand in most markets and led to a slowdown in industry growth in 2024. While the Company continued to pursue its growth opportunities, in response to this softer consumer sentiment, HUGO BOSS accelerated its focus on enhancing cost efficiency across all business areas – operations, marketing, sales, and administration – with substantial progress achieved in the second half of the year. At the same time, the Company continued to invest in key strategic initiatives to boost brand power and deepen customers' connections with BOSS and HUGO. This balanced approach was crucial for limiting the increase in operating expenses in the second half of the year, thus safeguarding profitability in 2024. Further details on the financial development of HUGO BOSS in fiscal year 2024 can be found in the chapters "Earnings Development," "Net Assets," and "Financial Position" of this Annual Report. > [Earnings Development](#), > [Net Assets](#), > [Financial Position](#)

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** and **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 global retail business aimed at constantly optimizing inventory levels. This process takes into account sales quotas, expected sales growth, and anticipated markdown levels.

The senior management of HUGO BOSS is jointly 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, with trade net working capital as a percentage of sales being 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 (environmental, social, governance) targets. The latter is related to employee satisfaction as well as our Company's relative performance in 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. > **Combined Non-financial Statement**

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 further optimizing and modernizing our global store network. In line with our claim "**Lead in Digital,**" digital investments are pushed along the entire value chain – from digital product creation to digital showrooms, the continuous enhancement of our own online business, as well as our Digital TWIN initiative and general IT infrastructure. As part of our claim "**Organize for Growth,**" we are strategically expanding one of our key logistic hubs near our headquarters in Metzingen (Germany) with a planned go-live in 2026. 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**

HUGO BOSS is confident to generate strong **free cash flow** also in the future. This is to be supported by ongoing rigorous management of trade net working capital and the efficient use of capital expenditure. The majority of 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. As part of "CLAIM 5," the Company's payout ratio is defined in a range of between 30% and 50% of net income attributable to

shareholders (2024: 45%). In line with our vision of being the leading premium tech-driven fashion platform worldwide, we are also considering **strategic investments in the medium-term**. In addition, in the event of excess liquidity, we also consider share buybacks as a viable alternative 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 if the Company's business performance falls short of expectations. In 2024, rating agencies Standard & Poor's and Moody's reiterated their positive stance towards the financial strength of HUGO BOSS, thus confirming our **investment-grade ratings**. S&P rates the Company "BBB" while Moody's assigns a "Baa2" rating. > **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. This ensures close alignment between markets and central functions as well as efficient decision-making processes. Further details on the financial development of the business segments in fiscal year 2024 can be found in the chapter "Earnings Development." > **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 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 our underlying Group strategy. Based on targets set by the Managing Board, our Group's subsidiaries prepare sales, operating profit (EBIT), 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. Business Planning & Analysis, which reports into the Chief Financial Officer/Chief Operating Officer (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 the 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. Developments with a significant impact on the Group's net assets, financial position, and results of operations are immediately reported to the Managing Board. In addition, dashboards offer real-time insights into key financial and operational performance indicators.

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 regular basis. To provide even more immediate insights, a dedicated mobile app enables the Managing Board and senior management to track the Company's top-line performance on a daily basis. In addition, benchmarking against relevant competitors is performed at quarterly 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 the Group's overall profitability ambition. 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 the elevated market uncertainty weighing on industry development in 2024, the last fiscal year saw a **particularly close dialog** between the Managing Board, Business Planning & Analysis, and the management of our central divisions and subsidiaries. Corporate planning was regularly reviewed and updated throughout the year, with particular attention paid to the various macroeconomic factors and their implications on our operational performance. Against this backdrop, HUGO BOSS adjusted its top- and bottom-line outlook for fiscal year 2024 in July. At the same time, the Company implemented additional cost measures to enhance efficiency and effectiveness across its business, aimed at limiting the increase in operating expenses. As a result, the Company successfully achieved its updated targets for fiscal year 2024. > **Comparison of Actual and Forecast Business Performance**

COMPARISON OF ACTUAL AND FORECAST DEVELOPMENT OF KEY PERFORMANCE INDICATORS

	Results 2023	Adjusted forecast 2024 ¹	Results 2024
Group sales	EUR 4,197 million	Increase of 1% to 4% to EUR 4.20 billion and EUR 4.35 billion	Increase by 3% to EUR 4.3 billion
Operating result (EBIT)	EUR 410 million	EUR 350 million to EUR 430 million	Decrease by 12% to EUR 361 million
Trade net working capital as a percentage of sales	20.8%	Improvement to a level approaching 20%	Improvement by 120 basis points to 19.6%
Capital expenditure	EUR 298 million	Around EUR 300 million	Decrease by 4% to EUR 286 million

¹ As adjusted on July 15, 2024. Further details, including the initial forecast as published on March 7, 2024, can be found in the chapter "Comparison of Actual and Forecast Business Performance."

PRODUCT DEVELOPMENT AND INNOVATION

Digital product development of high strategic relevance

Focus on innovative materials to further drive 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 principles are firmly embedded in our strategic claim **"Product is Key,"** which puts consumers and our products at the center of all our activities. As part of our "CLAIM 5" strategy, we are committed 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 leveraged throughout the entire product development process. Inspiring capsule collections and high-impact collaborations with renowned 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

In line with our strategic claim "Lead in Digital," we have significantly expanded the **digitalization of our product development process** in recent years, largely replacing the conventional process. It enables us to operate more flexibly across the entire value chain and consequently adapt more effectively and quickly to changing consumer trends and customer demand. At the same time, we are convinced that the ongoing digitalization of product development 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 CO₂ emissions. Overall, we have set ourselves the goal of developing more than 90% of our products digitally by 2025. In fiscal year 2024, the proportion of **digitally developed products** amounted to around 65% (2023: around 65%).

The product development process starts with the **creative idea** that is transformed into specific designs and collections. In this context, we take into account sell-through rates of previous collections, feedback from wholesale partners and customers, as well as AI-driven insights, thereby also putting a strong emphasis on further reducing the complexity of both brands' collections. The **conventional product development process** sees our design teams' creative ideas tailored in the pattern-design phase, followed by technical product development turning models into prototypes and testing their suitability for the industrial production process. This step is followed by the manufacture of sample collections. The **digital product development process**, on the other hand, allows all these steps to be realized digitally, from drafting first sketches to selecting materials using 3D styles. In addition, virtual try-ons are realized with avatars, strongly focusing on performance, fit, as well as human-realism. In this context, the evolution of immersive 3D simulations with innovative software solutions led to a further expansion of digital development to additional product groups in recent years. **Basic and core products**, such as never-out-of-stock items, are designed to remain part of our collections for multiple seasons, as they are not tied to seasonal or fashion-driven trends. Once production has been completed, the collections are ready to be sold via our physical and digital distribution channels. In this context, digitally developed styles are also of high importance – for example, when selling our collections to wholesale partners via digital showrooms or offering "virtual try-ons" to our customers at hugoboss.com.

> Group Strategy, "Sustainable Throughout"

Key areas of product innovation

As part of our "CLAIM 5" 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 product innovation. With BOSS, we continue to drive innovation particularly within our **athleisurewear** offering as part of BOSS Green. In 2024, we launched selected functional capsule collections, for example with tennis player Matteo Berrettini, runner Alica Schmidt, and our dedicated BOSS Ski capsule. At the same time, our **BOSS Performance** product range further elevates our BOSS Black assortment, combining traditional formalwear outfits with innovative sportswear elements, thereby perfectly matching the needs of our customers. It ranges from super-stretchable and machine-washable styles to lightweight, wrinkle-free, and water-repellent products that make travelling even more comfortable. In 2024, we further implemented performance functionalities into our broader product range, growing its share to around one third of revenues generated as part of our BOSS formalwear assortment. On top of that, we expanded our product portfolio by introducing the new brand line **HUGO Blue** in early 2024. With a strong focus on denimwear, HUGO Blue is 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 when developing our collections. As part of our long-term strategic partnership with Swiss innovator **HeiQ**, we are focusing on the joint development and production of AeonIQ, a sustainable, circular, and recyclable cellulose yarn, with the aim of replacing environmentally harmful polyester and polyamide. In this context, as part of our "The Change" initiative, in 2024 we successfully launched the first BOSS sneakers made of AeonIQ. Going forward, leveraging these initiatives is set to support our goal of enabling 80% of BOSS and HUGO apparel products to become circular by 2030, which is firmly anchored in our sustainability strategy. > Group Strategy, "Sustainable Throughout"

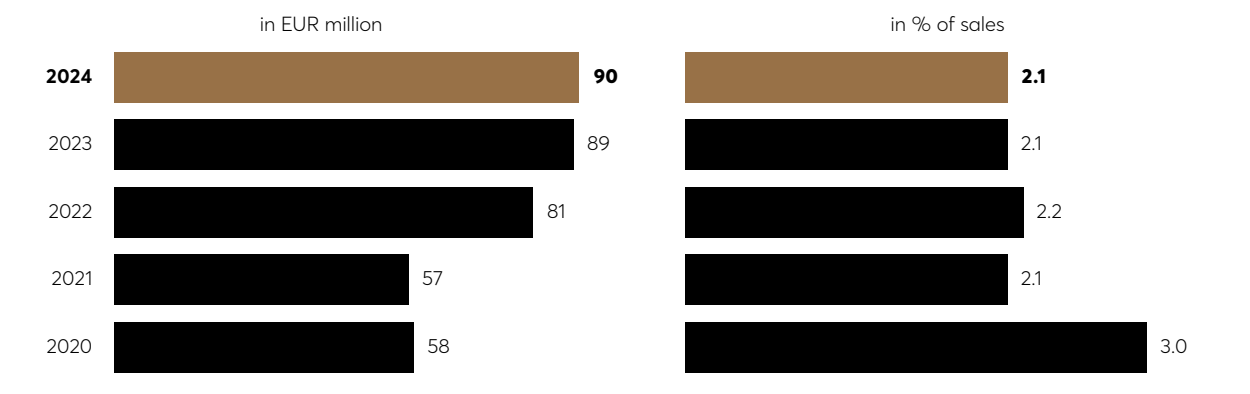
The four main collections of BOSS and HUGO are designed to offer customers both a broad range of core products as well as a variety of seasonal and particularly fashion-conscious styles. Besides these main collections, we team up with other well-known brands and personalities to create **inspiring capsule 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 2024, BOSS entered into a strategic, multiyear design collaboration with David Beckham. Kicking off with the Spring/Summer 2025 collection, the partnership includes capsule and seasonal collections designed and curated by David Beckham, embodying both formal and casual menswear signature styles as part of our 24/7 premium lifestyle positioning. In addition, BOSS collaborated with strong partners including Porsche and the American football league NFL, while HUGO teamed up with Formula One's Racing Bulls in 2024. Exceptional collaborations like these will continue to play a key role in attracting new and younger consumers and fully unlocking the potential of both brands.

> 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, 2024, the number of employees in this area totaled 731 (2023: 751).

RESEARCH AND PRODUCT DEVELOPMENT EXPENSES



At EUR 90 million, our R&D expenses in 2024 remained broadly on the prior-year level (2023: EUR 89 million). At 75%, personnel expenses accounted for the vast majority of **R&D expenses** last fiscal year (2023: 71%), with the remainder being primarily composed of other department expenses. In 2024, 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.

BUSINESS OPERATIONS

Strategic focus on driving efficiency gains in sourcing and production

Digital TWIN of supply chain to support growth and traceability

Investments in global logistics network to ensure long-term growth

Robust and efficient operational platform

As part of our "CLAIM 5" strategy, we are striving to generate broad-based growth across brands, regions, and consumer touchpoints. A robust and efficient operational infrastructure thereby forms the basis for supporting our long-term growth ambitions. At the same time, the sourcing and production of high-quality products are crucial for meeting high customer expectations on design, functionality, comfort, longevity, and sustainability. 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. Consequently, as part of our strategic claim "**Organize for Growth**," in recent years we have optimized and increased the flexibility of our sourcing and production activities to create a strong platform for growth and speed-to-market. > **Group Strategy, "Organize for Growth"**

Fully leveraging our robust operational platform built in recent years will remain a key priority for HUGO BOSS going forward. Therefore, we continue to put strong emphasis on optimizing end-to-end operations, significantly improving effectiveness, and driving efficiency across our supply chain. Already in 2024, significant strides were made, including realizing **greater economies of scale** through strategic price negotiations supported by increased order volumes. At the same time, we were successful in further **optimizing vendor allocation** and **improving freight modes**. Notably, HUGO BOSS successfully reduced its reliance on airfreight to historically low levels in 2024, despite persistent supply chain disruptions. This highlights our commitment to balancing cost-efficiency with operational excellence while emphasizing sustainable sourcing practices. Looking ahead, HUGO BOSS is committed to further reducing airfreight dependence while **ensuring on-time product availability**. Altogether, these measures will continue to strengthen our operational capabilities, while they are also expected to provide tailwind to gross margin development in the coming years. > **Earnings Development, Income Statement**

The further **digitalization along our value chain** is a key priority, enabling us to respond even faster to changing market trends and better meet customer demand. Therefore, in 2024, we continued to push ahead with the implementation of our **Digital TWIN**, which serves as the backbone for our growth journey by fostering a smart, tech-driven value chain. As part of the TWIN program, we are focused on enhancing real-time data utilization, streamlining business operations processes, and enabling intelligent decision-making. By creating a digital copy of our supply chain and leveraging the potential of AI, we aim to further **improve demand and supply planning** and better align our various planning activities across the entire business. 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 simultaneously benefiting from lower cost and **higher full-price sell-through**. At the same time, increased transparency fosters **end-to-end product traceability**, which is also fully in line with our sustainability ambitions. Building on the success of initial pilot projects, we were able to roll out key traceability features to a large majority of our supply chain partners worldwide in 2024. This achievement significantly strengthens transparency across our entire supply chain, with additional progress anticipated in 2025.

Sourcing volumes and regional split

In terms of value, 20% of the total **sourcing and production volume** in 2024 was produced at our own production facilities (2023: 17%), reflecting the further strengthening of our largest own production facility in Izmir (Turkey). Consequently, the remaining 80% of products were sourced from independent contract suppliers or sourced as merchandise (2023: 83%).

REGIONAL SPLIT OF SOURCING AND PRODUCTION VOLUME (IN %)



2024 (2023)

HUGO BOSS attaches great importance to a **regionally balanced strategic sourcing mix** to minimize risks such as local or regional capacity shortfalls as far as possible. In 2024, 53% of our merchandise was sourced in **EMEA**, representing a slight increase compared to last year (2023: 52%). In line with our strategic ambition of further promoting **"nearshoring,"** we have set ourselves the goal of aligning our regional sourcing activities even 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 (2023: 26%), **Turkey** not only accounts for about half of our European sourcing activity, but also represents by far the largest sourcing market for HUGO BOSS. Our own production in Izmir accounts for 17% of the global sourcing and production volume in 2024 (2023: 15%). Besides Turkey, **Portugal, Bulgaria, and Italy** also represent relevant sourcing markets within EMEA.

At 44%, the **Asian** share of our global sourcing and production volume further decreased in 2024 (2023: 46%), fully in line with our medium-term ambition of around 40%. Within Asia, **Bangladesh** and **Vietnam** represent the largest sourcing markets, accounting for 11% and 8% of our global sourcing and production volume, respectively (2023: 8% and 13%). At the same time, we meaningfully reduced the share of our global sourcing and production volume in **China** in recent years, now accounting for only 7% (2023: 10%), down from more than 20% a few years ago.

To benefit from the proximity to the important U.S. market and enhance flexibility, we are also committed to strengthening our sourcing footprint in the **Americas**. While the latter currently stands at 3% (2023: 2%), it is our ambition to increase the share towards a level of around 10% in the years to come. In this context, we achieved further progress in onboarding new suppliers in 2024, mainly located in **Peru**.

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 now dedicates more than 25% of its production volume to casualwear, covering product categories such as trousers, jackets, and jersey (2023: around 20%). Today, Izmir thus accounts for around 10% of our global casualwear sourcing, having significantly expanded the share in recent years (2023: more than 5%). This enables us to react flexibly to changes in consumer demand also in this important segment.

Our production site in **Metzingen** mainly produces products for BOSS Camel, including tailored BOSS "Made to Measure" suits, along with prototypes and sample styles as part of the conventional product development process. Business shoes and sneakers are the main focus of production in **Radom** and **Morrovalle**, while BOSS "Made to Measure" shirts are produced in **Coldrerio**. > **Product Development and Innovation**

Network of experienced and specialist suppliers

To ensure excellent processing quality and high product availability, HUGO BOSS works together with a **network of experienced and specialist suppliers**. In fiscal year 2024, we sourced finished goods from a total of 200 external **Tier 1 suppliers** (2023: 205) operating 271 production facilities (2023: 267). In addition, we procured fabrics and trimmings from 382 external **Tier 2 suppliers** (2023: 371) operating 411 production facilities (2023: 397).

HUGO BOSS fosters **long-term strategic partnerships** with its suppliers, with relationships averaging more than 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 environmental and social aspects in the selection of suppliers. The cooperation is based on respect for human rights, compliance with applicable working standards, and occupational health and safety, with the **HUGO BOSS Supplier Code of Conduct** forming the framework for all supplier relationships. More information can be found in the chapter "Combined Non-financial Statement." > **Combined Non-financial Statement, Workers in the Value Chain**

Ongoing expansion of own logistics infrastructure

Our inventory storage is centered on selected sites, primarily 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 support future growth, already in 2023, HUGO BOSS began stepping up **investments into its logistics network**, aiming to increase unit capacity from currently around 65 million to around 90 million in the medium term. In particular, we are significantly **expanding our largest central distribution center** in Germany. 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 aims to increasing our warehouse's shipping and storage capacity by around 75%, allowing us to drive further efficiencies on the logistics side.

CONSUMER TOUCHPOINTS

Omnichannel strategy encompasses brick-and-mortar and digital business

Seamless brand experience across all consumer touchpoints

Innovative customer loyalty program
HUGO BOSS XP
launched in 2024


As a global fashion and lifestyle company, HUGO BOSS has built a strong distribution footprint in recent years with more than 8,000 consumer touchpoints around the globe. By moving to where consumers expect us to be, we ensure being omnipresent both physically and digitally. Fully in line with our premium lifestyle positioning, HUGO BOSS aims to provide a **superior shopping experience** and a best-in-class omnichannel journey to consumers all around the globe. Our own retail business plays a key role in this context. Offering a brand-led shopping experience and a first-class customer service, it enables us to directly interact with our customers and turn them into true fans of BOSS and HUGO.

Since the introduction of "CLAIM 5" in 2021, HUGO BOSS achieved substantial progress in translating the brand power of BOSS and HUGO into all consumer touchpoints – from brick-and-mortar retail and brick-and-mortar wholesale to our digital touchpoints. With each channel fulfilling specific customer needs, today, we are providing a **seamless and consistent omnichannel experience**. In doing so, we aim to leverage brand power across all points of sale and thus continuously optimize our distribution network.


Distribution formats

HUGO BOSS OMNICHANNEL DISTRIBUTION

Brick-and-mortar retail



Freestanding stores
Self-operated full-price stores in prime locations




Shop-in-shops
Self-operated full-price shops on retail space of partners




Factory outlets
Sale of prior season's merchandise in specialist stores in high-traffic peripheral zones


Brick-and-mortar wholesale



Multi-brand points of sale
General selling space in multi-brand stores




Shop-in-shops
BOSS and HUGO shops operated by partners




Franchise business
Full-price BOSS and HUGO stores operated by partners


Digital

Online store hugoboss.com
Digital flagship store with separate brand environments for BOSS and HUGO



Partnerships with online retailers
Own distribution on multi-brand platforms via the concession model



Online distribution via partners
Online distribution of BOSS and HUGO by partners

Brick-and-mortar retail

Our **brick-and-mortar retail business** represents by far the largest channel for HUGO BOSS, accounting for 52% of Group sales in 2024 (2023: 54%). In total, we are operating 1,532 own brick-and-mortar points of sale (2023: 1,418), with a variety of omnichannel services closely linking brick-and-mortar retail with our digital business. With a strong focus on prime retail destinations, we are operating a total of 500 **freestanding stores** globally (2023: 489). Our freestanding full-price retail stores allow consumers to experience our brands and products in a superior shopping environment, reflecting the essence of BOSS and HUGO. With their experiential store designs, a brand-led shopping experience, and a strong focus on in-store digitalization, we want our stores to be THE place to be for our customers. To surprise and connect with BOSS and HUGO fans around the globe, in addition, we regularly take over exciting locations with engaging pop-ups and hospitality concepts, such as the BOSS House on Bali, allowing for a physical and digital experience, or our BOSS pop-up store on Mykonos in 2024. In addition, we run self-managed **factory outlets**, allowing us to introduce our brands to more value-seeking consumers, as well as self-managed **shop-in-shops** in department stores as part of the concession model. In the past years, we successfully expanded our shop-in-shop business to strengthen our brands' presence with key retail partners, first and foremost in the U.S. market.

To exploit the full potential of our brick-and-mortar retail business, **improving the productivity** of our store network is of particular importance. In this context, as part of our "CLAIM 5" strategy, we aim to increase store productivity by at least 3% per year, having achieved an average increase of 7% between 2021 and 2024. This is supported in particular by the ongoing optimization and selective expansion of our global retail footprint across key markets. Additionally, we are continuously enhancing and simplifying the **in-store shopping journey** for our customers. In this context, we are advancing with the rollout of our more appealing, more digital, and more productive **store concepts for BOSS and HUGO**, which are aimed at further enhancing the customer

experience and developing our stores into true points of experience. Overall, as of December 31, 2024, the majority of our BOSS and HUGO freestanding stores worldwide have been refreshed or equipped with the latest store concepts, including key **halo stores** in Düsseldorf, London, Dubai, and Shanghai. Halo stores are of great importance, as they provide a superior and comprehensive brand experience in key metropolitan areas that further inspire and engage with consumers. > **Group Strategy, "Drive Omnichannel," > Earnings Development**

Brick-and-mortar wholesale

Our brick-and-mortar wholesale business accounted for 26% of Group sales in 2024 (2023: 25%), thus also representing an important distribution channel for HUGO BOSS. With this channel, we are mainly addressing consumers who prefer to discover and enjoy a variety of brands, while it also enables us to reach out to customers in smaller markets. 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 mono-branded freestanding stores independently, primarily in emerging markets not served by our own retail business. In total, our wholesale business comprises around 6,500 brick-and-mortar points of sale, including around 400 freestanding stores managed by franchise partners (2023: around 6,400 brick-and-mortar points of sale including around 350 franchise stores). We sell our collections to wholesale partners via 12 **showrooms** globally. In 2024, HUGO BOSS opened up new showrooms in Düsseldorf and Paris, offering wholesale partners a premium environment. On top of that, we are also leveraging our digital showrooms, offering a seamless and expedited sales process, while simultaneously fostering sustainability and efficiency within wholesale.

As part of "CLAIM 5," and supported by strong demand from key wholesale partners, both our brands significantly increased **visibility and market presence** at key European and U.S. department stores in the past three years. Also going forward, with a particular focus on our **most important wholesale partners**, we aim to fully leverage all BOSS and HUGO brand lines to deliver a true 24/7 brand experience in the multi-brand environment. At the same time, **strengthening our global franchise business** particularly in emerging markets represents another focus area.

Digital

Our **digital touchpoints** – from our own online flagship **hugoboss.com**, to our **online concession** business, as well as **digital wholesale** – contributed 20% of Group sales in fiscal year 2024 (2023: 19%). Having achieved strong growth since the introduction of "CLAIM 5," sales generated in our digital business more than doubled. Our own online flagship hugoboss.com plays a key role in this context, offering a first-class digital shopping experience and direct access to BOSS and HUGO customers across 74 markets (2023: 73 markets). Over the past three years, we significantly increased traffic on our website, driven by the successful relaunch of hugoboss.com, the expansion of our digital presence around the globe, and by establishing our relaunched **customer app** as one connected touchpoint. The latter includes key features such as virtual product try-ons or AI-enabled chatbots. Also in 2024, we achieved further progress in enhancing the digital experience at hugoboss.com, now fully reflecting our two-brand strategy.

To exploit the full potential of our digital business, we are constantly striving to improve the **online journey** for our customers. In this context, we aim to further elevate the user experience by pushing mobile, social, and i-commerce. In this context, further **driving traffic and conversion** at hugoboss.com remains a top priority, mainly by delivering a next-level digital experience with desirable storytelling, localized content, and a personalized customer journey. At the same time, we are committed to further fostering **growth with digital partners**.

Customer loyalty

HUGO BOSS aims to turn consumers into fans. By putting a strong emphasis on retaining and accompanying our most valuable customers, in 2024 we implemented our next-level **loyalty program HUGO BOSS XP**. This hyper-personalized omnichannel member experience is centered around our hugoboss.com app. Harnessing the latest technologies, such as blockchain, Web3, or NFTs, HUGO BOSS XP aims to building brand loyalty and set a new industry benchmark for customer engagement. At the same time, by closely engaging with our customers, the program focuses on boosting member sales, thus driving **customer lifetime value**.

HUGO BOSS XP was first launched in the UK in June 2024, followed by Germany and France in October. With the aim of further deepening and expanding our existing customer relationships, but also attracting new BOSS and HUGO customers, we will continue its **global rollout** in the coming years, with the important U.S. market as well as China to be tapped into during 2025. In 2024, fueled by the introduction of HUGO BOSS XP, we strongly increased our member base by around 25% to more than ten million (2023: more than eight million).