

CHAPTER 2

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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)



>17,500

Employees¹



128

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**. While both brands are clearly distinguished by individual characteristics such as design and fit, they share equally high standards in terms of quality, innovation, and sustainability. In fiscal year 2025, HUGO BOSS generated sales of EUR 4.3 billion (2024: EUR 4.3 billion). > **Earnings development**

As a 24/7 lifestyle brand, **BOSS** offers outfits suited for every occasion across 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 emphasizes high-end tailoring heritage for menswear. Casualwear products are mostly covered under BOSS Orange, while BOSS Green focuses on athleisurewear designed for an active lifestyle. **HUGO** focuses on a broad range of contemporary and streetwear-inspired products, reflecting the brand's authentic and unconventional style. > **Group Strategy, Brand Excellence, Distribution Excellence**

In addition to a broad product offering within the **seasonal BOSS and HUGO collections**, capsule collections and collaborations increase the relevance of our brands. To elevate brand equity and drive customer loyalty, we pursue two clearly distinguished **marketing strategies** for BOSS and HUGO, with a strong focus on social media. In this context, we put particular emphasis on key partnerships, product-led campaigns, and high-profile brand events. > **Group Strategy, Brand Excellence**

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, and watches. To increase speed-to-market capabilities and shorten the product development process, the majority of our products are developed digitally. > **Product Development and Innovation**

In fiscal year 2025, HUGO BOSS produced 17% of its total sourcing volume at own facilities (2024: 20%). All five **own production sites** are located in Europe, with Izmir (Turkey) contributing the largest share. The remaining 83% of sourcing volume was sourced from **external contract suppliers** or as **merchandise** (2024: 80%), primarily from partners in Asia and Europe. > **Business Operations**, > **Combined Non-financial Statement**, **Workers in the Value Chain**

We pursue an omnichannel strategy aimed at delivering a **seamless brand experience across all consumer touchpoints**, including brick-and-mortar retail, wholesale, and digital channels. Consumers can experience and purchase BOSS and HUGO products at around 8,000 brick-and-mortar points of sale globally (2024: more than 8,000) and in 74 markets via hugoboss.com (2024: 74 markets). > **Group Strategy**, **Distribution Excellence**, > **Consumer Touchpoints**

In 2025, BOSS and HUGO products were distributed across 128 countries (2024: 129), with **distribution divided into three sales regions**. EMEA (Europe, Middle East, and Africa) represents the largest, accounting for 62% of Group sales (2024: 61%). The Americas and Asia/Pacific contributed 23% and 12%, respectively (2024: 24% and 13%), while licensing accounted for the remaining 2% (2024: 3%). > **Earnings Development**, **Sales and Earnings Development of the Business Segments**

Digitalization represents a key enabler for implementing our vision of being the leading premium tech-driven, customer-centric global fashion platform. In this context, we drive the digitalization of our business activities and leverage the power of **artificial intelligence (AI)** along the entire value chain. AI is increasingly embedded across key business processes, supporting design and product creation, production and sourcing, demand forecasting, marketing effectiveness, and distribution and logistics, thereby enabling higher transparency, improved planning, and smarter decision-making.

Sustainability is essential to our corporate responsibility and business activities. Our Sustainability Strategy, which was updated in 2025, is based on five key pillars: increasing circularity, driving digitization and data analytics, leveraging better natural materials, shifting to better polyester and polyamide, and reducing climate impact. In addition to environmental protection, we also put a focus on socially responsible production processes while maintaining the high quality and durability of our products. > **Group Strategy**, **Sustainability Strategy**, > **Combined Non-financial Statement**

We strive to further strengthen our **attractiveness as an employer in fashion**. Our human resources (HR) strategy focuses on attracting, retaining, and developing top talent. The passion and dedication of our more than 17,500 employees worldwide (2024: over 18,500) are vital to the successful execution of our strategic ambitions. In this context, we are committed to a performance-oriented company culture built on **trust**, guided by our values entrepreneurial spirit, personal ownership, team mentality, simplicity & quality, and youthful spirit. > **Combined Non-financial Statement, Own Workforce**

Group structure

HUGO BOSS is managed by its **parent company**, HUGO BOSS AG, which as a German stock corporation, operates under a dual management and control structure. Accordingly, the Managing Board is responsible for steering the Group and successfully executing its strategy, while the Supervisory Board oversees and advises the Managing Board. The two boards are strictly separate in terms of both composition and responsibilities yet work together closely in the best interests of the Company. The Group comprises HUGO BOSS AG and **59 consolidated subsidiaries**, including 39 distribution companies and four production-focused subsidiaries, each responsible for their local business activities. > **Notes to the Consolidated Financial Statements, Basis of Consolidation**

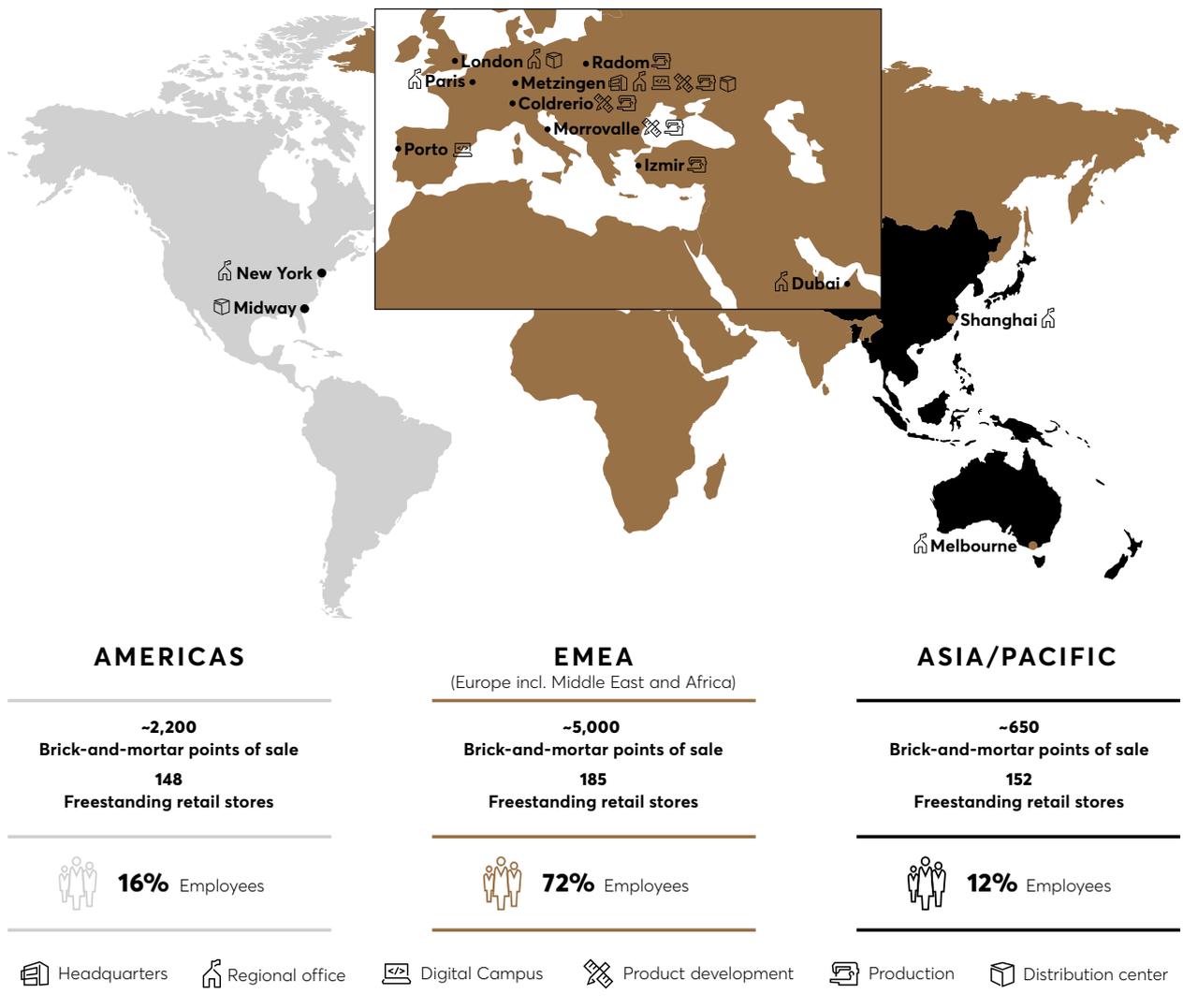
HUGO BOSS is **structured by region**, with our business segments being EMEA, the Americas, Asia/Pacific, and the license business.

HUGO BOSS GROUP STRUCTURE

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

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 Group strategy is executed on a market level in order to ensure strong customer focus and agile responses to market-specific developments. The markets are grouped into **hubs**, with local management reporting directly to the Chief Sales Officer (CSO), enabling close alignment with central functions and short decision-making processes. In addition, certain functions are bundled within the hubs and central departments across markets to leverage specialist expertise and generate cost benefits.

KEY LOCATIONS/GLOBAL MARKET PRESENCE



GROUP STRATEGY

Vision to be the leading premium, tech-driven, customer-centric global fashion platform

CLAIM 5 TOUCHDOWN to pave way for sustainable, profitable growth

Clear execution focus on brand, distribution, and operational excellence

In December 2025, HUGO BOSS introduced **CLAIM 5 TOUCHDOWN**, setting the strategic course through 2028 and paving the way for sustainable, profitable growth. Amid a challenging market environment, CLAIM 5 TOUCHDOWN builds on the achievements of the Company's CLAIM 5 strategy, initially launched in 2021. CLAIM 5 has driven a noticeable acceleration in momentum for both BOSS and HUGO, reflected in robust top-line growth across brands, channels, and regions, and resulting in significant market share gains globally. At the same time, supported by substantial investments in the business, HUGO BOSS has established a solid operational and organizational platform, laying a strong foundation for long-term success. Building on this foundation, HUGO BOSS will now **refocus, refine, and realign its business** to further strengthen brand equity, while also enhancing efficiency, profitability, and long-term value creation.

CLAIM 5 TOUCHDOWN

While the Company's overall strategic direction remains unchanged, HUGO BOSS will **sharpen its focus** on rebalancing top-line growth toward stronger profitability and cash generation. In doing so, CLAIM 5 TOUCHDOWN places particular emphasis on those areas of the business with the greatest potential for further value creation. Against this backdrop, 2026 will serve as a year of deliberate realignment, strengthening the business by streamlining processes, refining assortments, and optimizing the distribution network. At the same time, HUGO BOSS aims to accelerate average free cash flow generation, thereby forming the basis for future shareholder returns. To deliver against this ambition, execution will center on **three key fields of excellence: brand, distribution, and operations**. Initiatives across these priorities are designed to foster brand equity and drive efficiency across the organization, while setting the stage for renewed top- and bottom-line growth from 2027 onward. Overall, our vision remains clear: to be the premium, tech-driven, customer-centric global fashion platform.

CLAIM 5 TOUCHDOWN

BRAND
EXCELLENCEDISTRIBUTION
EXCELLENCEOPERATIONAL
EXCELLENCE

MEANINGFUL FREE CASH FLOW GENERATION

CONTINUED SHAREHOLDER RETURNS

Brand Excellence

As part of CLAIM 5, we comprehensively **renewed the brand images of BOSS and HUGO**. With a bolder, younger, and more emotional appearance, momentum for both brands has increased noticeably in recent years. At the same time, we successfully evolved our brands into true 24/7 lifestyle brands with the introduction of new brand lines, ensuring that our customers are perfectly dressed for every occasion.

Going forward, HUGO BOSS is committed to driving Brand Excellence by further **elevating BOSS and HUGO**. A new organizational setup with **two dedicated powerhouses** for menswear and womenswear will unlock synergies across the two brands, while strengthening gender-specific expertise. **BOSS Menswear** will remain the Group's key growth engine, continuing to leverage its strong 24/7 lifestyle positioning across a clearly differentiated product portfolio. In this context, we see particular growth opportunities across BOSS Green and BOSS Camel, while we remain committed to further capitalizing on product categories such as shoes, accessories, and bodywear. At the same time, we aim to reduce product complexity and further sharpen assortments of BOSS Menswear to drive scalability, increase productivity, and support profitability.

Within the new powerhouse structure, the Company is also focused on improving the long-term performance of BOSS Womenswear and HUGO, currently accounting for 7% and 15% of Group sales, respectively. **BOSS Womenswear** will further sharpen its identity through a clearly defined positioning. Going forward, it will focus on a more curated and streamlined product assortment built around essential products, aimed at strengthening resonance with female consumers. **HUGO** will further refine its identity through an enhanced positioning and a more accessible product range, with an even stronger focus on contemporary tailoring. In doing so, the Company aims to increase commercial relevance over time. Across both brands, the Company will put particular emphasis on exploiting its growth potential within its core region Europe as well as the U.S.

Overall, we aim to strengthen the position of BOSS and HUGO as truly desired global brands. To achieve this, we will continue to **build brand equity and deepen consumer relationships**. Marketing remains a key lever in this regard, with investments targeted at around 7% of Group sales (2025: 7.1%). We will prioritize **high-return initiatives**, including strategic partnerships such as Beckham x BOSS, and impactful, product-led campaigns. In doing so, the Company seeks to drive full-funnel engagement, translating brand awareness into purchase intent and, ultimately, into customer loyalty. By consistently inviting consumers into the worlds of BOSS and HUGO, we are committed to creating sustainable long-term brand value.

Distribution Excellence

In prior years, we have made substantial progress in translating the brand power of BOSS and HUGO into our various customer touchpoints, thus providing consumers with a premium **omnichannel experience**. In this context, we significantly invested into our high-quality channel mix on a global scale to ensure a seamless brand experience across all touchpoints.

A clear focus on Distribution Excellence will further **elevate the brand experience across all touchpoints**, supported by a more targeted and higher-quality distribution footprint. In **brick-and-mortar retail**, HUGO BOSS will continue to optimize its store portfolio for an even better customer experience. Besides the selective closure of underperforming stores, this includes initiatives to enhance sales productivity and retail efficiency – such as improving rent-to-sales ratios and implementing smart price increases – as well as elevating the in-store experience through more curated product assortments and even more personalized customer service. By doing so, the Company aims to strengthen both store profitability and customer loyalty.

At the same time, the Company will strengthen the quality of its **brick-and-mortar wholesale** business by fostering strategic partnerships and pursuing a more selective assortment strategy. This approach is essential to strengthening brand equity and supporting profitable growth. In parallel, HUGO BOSS will unlock additional growth opportunities by further expanding its global franchise business, with a particular focus on emerging markets.

Building on strong growth in recent years, HUGO BOSS will continue to drive its **digital business** by further advancing seamless brand and customer experiences across platforms. In this context, we will further amplify our two-brand strategy on hugoboss.com to enhance customer experience, while reinforcing clear assortment guidelines and a consistent brand presentation across all touchpoints. > **Consumer Touchpoints**

From a regional perspective, HUGO BOSS will continue to leverage its strong and leading presence in **Europe** to drive further market share gains and profitable growth. Building on this solid foundation, the Company will continue to strengthen its positions in the **U.S.** and **China** by optimizing distribution and tailoring brand activities to local market needs. At the same time, HUGO BOSS will capture additional growth opportunities in **emerging markets**, supported by its expanding franchise footprint.

Operational Excellence

In recent years, HUGO BOSS has built a **robust operational platform**, investing around EUR 500 million in digital capabilities, sourcing, logistics capacity expansion, and back-end infrastructure. At the same time, the Company successfully executed a range of strategic initiatives to strengthen its supply chain and unlock economies of scale. These include consolidating the supplier base, significantly shifting from air freight to sea freight, reducing product complexity, and increasing nearshoring activities. Collectively, these measures are designed to notably enhance flexibility and efficiency in the future.

Building on this solid foundation, HUGO BOSS will further **elevate Operational Excellence across the entire value chain**. By leveraging past investments, the Company aims to support long-term growth, improve profitability, and strengthen cash generation. Key priorities include further increasing sourcing efficiencies by leveraging additional economies of scale through continued vendor optimization, maintaining a sea-freight-first approach, and achieving shorter lead times, thereby supporting sustainable improvements in gross margin. > [Business Operations](#)

In parallel, the Company will further **enhance its planning capabilities** and enable faster, smarter decision-making through technology and artificial intelligence. Central to this effort is our Digital TWIN initiative, which provides greater transparency, advanced data analytics, agile planning, and informed decision-making. In addition, the Company will maximize the benefits of its expanded automated logistics network and further strengthen back-end efficiency through streamlined processes and automation. Together, these initiatives are expected to positively impact operating expenses by driving efficiency gains across the organization.

Financial ambition

CLAIM 5 TOUCHDOWN marks the next chapter of our Group strategy, building on the strong foundation established under CLAIM 5. It is designed to further elevate the desirability of BOSS and HUGO, sharpen our global distribution and operational setup, and thereby lay the groundwork for sustainable, profitable growth. Over the medium to long term, the Company aims to **outgrow the market and achieve an EBIT margin of around 12%**. In line with this ambition, the next years will mark a phase of further strengthening the Company's operational and financial base.

Against the backdrop of deliberate brand and channel realignment, **2026 will be a year of consolidation** and an important step toward positioning HUGO BOSS for long-term profitable growth. Currency-adjusted sales are expected to decline mid- to high-single digits in 2026 (2025: EUR 4.3 billion), before returning to growth in 2027, and accelerating in 2028. Gross margin improvements are expected in 2026 and beyond, supported by sourcing efficiencies, selective price adjustments, and stronger full-price sell-through. Supported by ongoing cost discipline, EBIT is expected between EUR 300 million and EUR 350 million in 2026 (2025: EUR 391 million), with profitability improving from 2027 onward. Further details on our **targets for fiscal year 2026** are presented in the Outlook section. > [Outlook](#)

At the same time, CLAIM 5 TOUCHDOWN is designed to significantly strengthen cash generation. **Average free cash flow is targeted at around EUR 300 million annually** (excluding the impact of IFRS 16). Including IFRS 16, this corresponds to a targeted annual average of around EUR 500 million (2025: EUR 499 million). This will be supported by a further normalization in capital expenditure, targeted between 3% and 4% of Group sales (2025: 4.6%), and by disciplined trade net working capital management, amounting to between 18% and 20% of Group sales (2025: 20.0%). The latter will benefit from a planned reduction in **inventory levels**, which are forecast to approach 20% of sales by 2028 (2025: 21.5%). Overall, these measures are intended to underpin the Company's financial framework and provide the basis for sustainable, profitable growth and attractive shareholder returns over the medium to long term.

Capital allocation framework

As part of CLAIM 5 TOUCHDOWN, the Company's capital allocation framework is designed to **balance investment, value creation, and resilience**. The framework emphasizes continued investments into the business to support long-term profitable growth, while also including a firm commitment to delivering continued shareholder returns. In this context, HUGO BOSS plans to buy back shares in an amount of up to EUR 200 million until December 31, 2027. At the same time, HUGO BOSS will continue to further strengthen its balance sheet over the coming years, aiming to reduce financial leverage while remaining within its target corridor and maintaining investment-grade ratings from S&P ("BBB-") and Moody's ("Baa2"). The Company will also preserve the strategic flexibility needed to pursue selective, value-accretive M&A opportunities. > **Outlook**

Focused execution for sustainable growth

CLAIM 5 TOUCHDOWN serves to **sharpen focus, discipline, and execution** across the business. With clear priorities, a performance-driven culture, and fully committed teams, HUGO BOSS is well positioned to navigate market challenges and translate strategic focus into tangible results. Backed by its strong cash flow profile and a clear trajectory toward sustainable, profitable growth, HUGO BOSS remains firmly committed to driving long-term shareholder value.

Sustainability Strategy

Sustainability is a vital part of our business strategy. In 2025, we further refined our Sustainability Strategy and aligned our targets accordingly. Our **Sustainability Strategy** focuses on five key pillars: increasing circularity, driving digitization and data analytics, leveraging better natural materials, shifting to better polyester and polyamide, and reducing climate impact.

SUSTAINABILITY STRATEGY



As we aim to extend the longevity and life cycles of our products, we have set ourselves the target of having **80% of our products designed for circularity by 2030** (2025: 41%). Measures include the systematic integration of circular design principles, including recyclability, across design and production. As part of our Group and sustainability strategies, we are **digitalizing 70% of our processes from design to sales by 2030**, contributing to waste reduction, for example by minimizing the production of physical samples. Recognizing our dependence on healthy ecosystems, we are putting strong emphasis on sourcing selected materials to reduce our environmental footprint and support biodiversity. Accordingly, we aim to procure **100% of our main natural materials** and **100% of polyester and polyamide from preferred sources by 2030** (2025: 48% and 14%, respectively), as outlined in our Material Strategy. We also remain committed to reducing our overall use of polyester and polyamide in our products. To mitigate climate impact, we are committed to achieving **net zero emissions by 2050** (base year 2024). As part of this, we aim to **reduce our Scope 1–3 emissions by 50% by 2030** compared with 2024 levels (2025: minus 14%). Further details are available in the Environment section of the Combined Non-financial Statement and on our Group website.

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

Our sustainability strategy and its five key pillars are built on a **strong environmental, social, and governance (ESG) core**. In addition to environmental protection, we also put a focus on socially responsible production processes that align with our human rights and labor commitment. 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 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, enabling appropriate levels of investment and thereby 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** on a currency-adjusted basis and increasing **operating profit (EBIT)** is key to improving free cash flow over the long term. In addition, strict management of **trade net working capital (TNWC)** 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 currency-adjusted sales, EBIT, trade net working capital, and capital expenditure. The 2026 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



As part of CLAIM 5 TOUCHDOWN, HUGO BOSS aims to **accelerate average free cash flow generation**, forming the foundation for future shareholder returns. To deliver on this ambition, execution will center on three key fields of excellence: brand, distribution, and operations. While 2026 will serve as a year of realignment to strengthen the business, these priorities will drive profitability in the long run and set the stage for renewed top- and bottom-line growth from 2027 onward. Free cash flow generation will be supported by lower capital expenditure and strict trade net working capital management. > [Group Strategy](#)

DEFINITION EBIT

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

For HUGO BOSS, **trade net working capital (TNWC)** 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, trade receivables, and trade payables** is the main responsibility of the respective operating central departments and supported locally by our subsidiaries. These 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, a specific approval process for the purchase of inventories for our global retail business shall ensure continuously optimized 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. Accordingly, the **short-term incentive program (STI)** for managers across all four management levels below the Managing Board is tied to the achievement of specific sales and EBIT targets, with TNWC as a percentage of sales serving as a third component. Beginning in fiscal year 2026, the STI will also include a non-financial component that can comprise one or more environmental, social, and governance (ESG) objectives. For management at the two levels below the Managing Board, the compensation scheme further includes a **long-term incentive program (LTI)**, aligned with that of the Managing Board. The LTI comprises two financial criteria, return on capital employed (ROCE) and relative total shareholder return (RTSR), as well as ESG elements.

> **Combined Non-financial Statement**

In recent years, HUGO BOSS has made substantial investments to support long-term growth. **Investment activity** has been primarily focused on the optimization and modernization of our global store network, the digitalization of our business model, and the overall infrastructure, including the expansion of our logistics network. With most of these strategic investments now implemented, as part of CLAIM 5 TOUCHDOWN, HUGO BOSS plans to return to more normalized capital expenditure levels, with a strong focus on capital expenditure efficiency and maintenance investments, while still supporting our strategic priorities. 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 strict management of TNWC and the efficient use of capital expenditure. Free cash flow will either be reinvested into the Company or distributed to shareholders. In this context, HUGO BOSS plans to buy back shares in an amount of up to EUR 200 million until December 31, 2027. At the same time, HUGO BOSS will continue to further strengthen its balance sheet over the coming years. In this context, 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. At the end of fiscal year 2025, HUGO BOSS holds two **investment-grade ratings** from Standard & Poor's (BBB-) and Moody's (Baa2), underscoring the rating agencies' positive assessment of the Company's financial strength. At the same time, the Company will also preserve the strategic flexibility needed to pursue selective, value-accretive M&A opportunities. > **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 2025 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, EBIT, and investment budgets as well as forecasts for TNWC for their respective markets or divisions. Based on this, our product development and sourcing units derive mid-term capacity planning. Business Planning & Analysis, part of the Business Operations division which reports to 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 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 2025, the past 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 throughout the year, with particular attention paid to the various macroeconomic factors and their implications on our operational performance. Against this backdrop, the Company continued to focus on efficiency and effectiveness across the business, with a particular emphasis on sourcing excellence and strict cost discipline, thereby supporting both gross margin and operating expenses. As a result, the Company successfully achieved its top- and bottom-line targets for fiscal year 2025. > **Report on Economic Position, Comparison of Actual and Forecast Business Performance**

COMPARISON OF ACTUAL AND FORECAST DEVELOPMENT OF KEY PERFORMANCE INDICATORS

	Results 2024	Forecast 2025	Results 2025
Group sales (reported)	EUR 4,307 million	Between EUR 4.2 billion and EUR 4.4 billion (-2% to +2%)	Decrease by 1% to EUR 4,270 million
Operating result (EBIT)	EUR 361 million	Increase to a level of EUR 380 million to EUR 440 million (+5% to +22%)	Increase by 8% to EUR 391 million
Trade net working capital as a percentage of sales	19.6%	Remain at a level of between 19% and 20%	Increase by 40 basis points to 20.0%
Capital expenditure	EUR 286 million	Between EUR 200 million and EUR 250 million	Decrease by 32% to EUR 195 million

PRODUCT DEVELOPMENT AND INNOVATION

Customer-centric product design with a clear focus on 24/7-lifestyle

Broader use of digital tools to enhance product development

Capsule collections and collabs to drive excitement among BOSS and HUGO

At HUGO BOSS, we put strong effort on developing collections and products that meet the highest customer demands in terms of design, quality, innovation, and sustainability. With our 24/7-lifestyle approach, we put consumers at the center of all our activities and offer a broad range of products for different wearing occasions. At the same time, we are committed to continuously optimizing 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. We aim to fully leverage digitalization throughout the entire product development process to further enhance speed, precision, and sustainability. Inspiring capsule collections and high-impact collaborations with renowned brands and personalities also contribute to strengthening the relevance and brand equity of BOSS and HUGO. > [Group Strategy, Brand Excellence](#)

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 recent years, we have significantly expanded the **digitalization of our product development process**, 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 further reducing the need for physical samples, predicting trends more accurately, and better anticipating customer preferences, thus minimizing waste. In fiscal year 2025, the proportion of **digitally developed products** amounted to around 75% (2024: around 65%), with continued expansion expected over the coming years.

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 derived from digital demand forecasting and trend analysis. With the goal of reducing overall collection complexity by around 20% across brands by 2028, we are placing a strong emphasis on a more focused product assortment. 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. In this context, in-house developed image generators, virtual try-ons with avatars, as well as immersive 3D simulations with innovative software solutions enable us to simplify development processes without compromising on performance and fit. When selling our collections, digitally developed styles are also of high importance – for example to wholesale partners via digital showrooms or offering virtual try-ons to our customers at hugoboss.com.

Key areas of product innovation

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, including the launch of functional capsule collections, for example our dedicated BOSS Ski capsule. At the same time, our **BOSS Performance** product range, which accounts for around one third of our BOSS formalwear assortment, further elevates our BOSS Black offering. It combines traditional formalwear outfits with innovative sportswear elements, thereby perfectly matching the needs of our customers. At HUGO, the Company will drive a more harmonized and aligned product offering. A clear focus on contemporary tailoring and streetwear aims at sharpening brand identity and fueling brand heat.

> **Group Strategy, Brand Excellence**

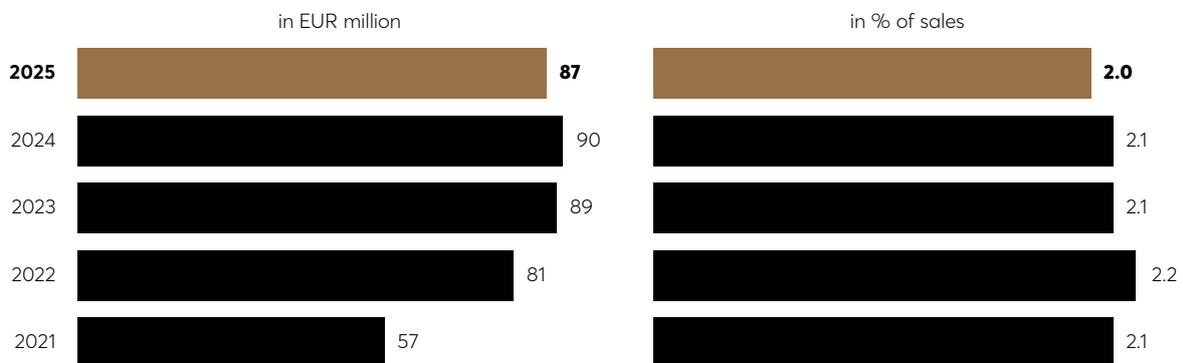
We are equally committed to living up to customer expectations in terms of **sustainability**. To this end, we also continue to explore innovative materials and manufacturing techniques, aiming to reduce the environmental impact. As part of a long-term strategic partnership with textile and material innovator **HeiQ**, we are leveraging AeonIQ, a circular and recyclable cellulose yarn, aimed at replacing environmentally impactful polyester and polyamide. In addition, we introduced **NovaPoly** in 2025, a recycled polyester yarn made from textile waste generated during production as well as the post-consumer phase. Going forward, initiatives like these are set to also support our ambition of enabling 80% of apparel products to become circular by 2030, with 41% of products already classified as circular in 2025 (2024: 33%). > **Group Strategy, Sustainability Strategy**

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 2025, we further leveraged our partnership with **David Beckham**, including the launch of two dedicated Beckham x BOSS collections. In addition, BOSS collaborated with strong partners such as Aston Martin and Steiff, while HUGO again teamed up with Formula One's Racing Bulls in 2025. Exceptional collaborations like these will continue to play a key role in driving brand equity and customer loyalty. Our product range is completed by **basic and core products**, such as never-out-of-stock items, which are designed to remain part of our collections for multiple seasons, as they are not tied to seasonal or fashion-driven trends. > [Group Strategy, Brand Excellence](#)

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, 2025, the number of employees in this area totaled 696 (2024: 731).

RESEARCH AND PRODUCT DEVELOPMENT EXPENSES



At EUR 87 million, our R&D expenses in 2025 were slightly below the prior-year level (2024: EUR 90 million). At 77%, personnel expenses accounted for the vast majority of **R&D expenses** last fiscal year (2024: 75%), with the remainder being primarily composed of other department expenses. In 2025, 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

Structural investments in recent years have created a robust operational platform

Successful expansion of global logistics network to support long-term growth

Robust and efficient operational platform

The **sourcing and production of high-quality products** is crucial for meeting elevated customer expectations on design, functionality, comfort, longevity, and sustainability. Beyond ensuring these quality characteristics, we are constantly striving for best-in-class solutions to further enhance the **efficiency, flexibility, and resilience** of our global sourcing and production activities. Consequently, HUGO BOSS has built a robust and efficient operational infrastructure by significantly investing into its business in recent years, forming a strong basis for long-term growth. This also represents a crucial factor in navigating ongoing macroeconomic and geopolitical challenges. In 2025, HUGO BOSS maintained supply chain continuity amid a dynamic external environment, leveraging its well-diversified global sourcing footprint and implementing proactive measures, such as rerouting product flows in response to prolonged tariff discussions. > **Group Strategy, Operational Excellence**

Fully **leveraging our robust operational platform** will remain a key priority for HUGO BOSS going forward. As part of CLAIM 5 TOUCHDOWN, we continue to put strong emphasis on optimizing end-to-end operations, further improving effectiveness, and driving efficiency across our supply chain. Looking ahead, we are committed to **realizing additional economies of scale** to boost sourcing efficiency. In this context, we will further optimize vendor allocation, reduce collection complexity across brands, and shorten lead times. On top of that, we strive to **further optimize freight modes** through a sea-freight-first approach. Already in recent years, HUGO BOSS has successfully reduced its reliance on airfreight with a further reduction targeted going forward. This underscores our commitment to balancing cost efficiency with operational excellence and sustainable sourcing practices. Altogether, these measures will continue to strengthen our operational capabilities and are expected to provide tailwind to gross margin development in the coming years.

> **Earnings Development, Income Statement**

The further **digitalization of our value chain** remains a key priority, enabling faster responses to market trends and better alignment with customer demand. In 2025, we pushed ahead with the implementation of our **Digital TWIN**, a digital copy of our supply chain aimed at enhancing real-time data utilization, streamlining business processes, and enabling smarter decision-making through technology and AI. As part of this initiative, we put a particular focus on further **improving demand and supply planning** to optimize the procurement of products and fabrics, both in terms of timing and quantity. Along with efficient logistics planning and smart inventory allocation, we want to ensure that customer demand is met even more effectively, while also lowering cost and supporting **higher full-price sell-through**. At the same time, increased transparency along the supply chain enhances **end-to-end product traceability**, thus fully aligning with our sustainability ambitions.

Sourcing volumes and regional split

In terms of value, 17% of the total **sourcing and production volume** in 2025 was produced at our own production facilities (2024: 20%). Consequently, the remaining 83% were sourced from independent contract suppliers or procured as merchandise (2024: 80%).

REGIONAL SPLIT OF SOURCING AND PRODUCTION VOLUME (IN %)



2025 (2024)

HUGO BOSS attaches great importance to a **regionally balanced strategic sourcing mix** to mitigate risks such as local or regional capacity shortfalls. In 2025, 49% of our merchandise was sourced in **EMEA**, modestly below the prior year (2024: 53%). In line with our strategic ambition of further promoting **nearshoring**, we aim to align our regional sourcing activities even closer with our sales markets, to ultimately benefit from shorter lead times and increased speed-to-market capabilities. With a share of 24% of our global sourcing and production volume (2024: 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 accounted for 15% of the global sourcing and production volume in 2025 (2024: 17%). Besides Turkey, **Portugal, Bulgaria, and Italy** also represent relevant sourcing markets within EMEA.

At 48%, the **Asian** share of our global sourcing and production volume slightly increased in 2025 (2024: 44%), also reflecting higher demand for casualwear. Within Asia, **Bangladesh** and **Vietnam** remain the largest sourcing markets, accounting for 12% and 9% of our global sourcing and production volume, respectively (2024: 11% and 8%). At the same time, we significantly reduced our sourcing volume in **China** in recent years, now accounting for only 6% (2024: 7%), down from over 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**, which currently stands at 3% (2024: 3%).

Own production as a competitive advantage

We significantly expanded our own production capacity in recent years. In addition to greater **independence from external factors**, this allows faster, more flexible responses to customer demand and in-season replenishment opportunities. It also strengthens our expertise in 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**, plays a particularly strategic role. Initially focused on formalwear, our Izmir site meanwhile dedicates 30% of its production volume to casualwear (2024: more than 25%). Today, Izmir thus accounts for around 10% of our global casualwear sourcing (2024: around 10%), after the Company has significantly expanded the share in recent years. This flexibility enables us to react even faster 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. Production in **Radom** and **Morrovalle** mainly focuses on business shoes and sneakers, while **Coldrerio** specializes in BOSS Made to Measure shirts. > [Product Development and Innovation](#)

Network of experienced and specialist suppliers

To ensure excellent processing quality and high product availability, HUGO BOSS partners with a **network of experienced and specialist suppliers**. In fiscal year 2025, we sourced finished goods from 178 external **Tier 1 suppliers** (2024: 200) operating 245 production facilities (2024: 271). In addition, fabrics and trimmings were procured from 374 external **Tier 2 suppliers** (2024: 382) operating 395 production facilities (2024: 411).

HUGO BOSS fosters **long-term strategic partnerships** with its suppliers, averaging over ten years, and supports them in the continuous development of key processes. Alongside economic criteria, we attach great importance to environmental and social aspects in the selection of suppliers. Cooperation is based on respect for human rights, labor standards, and occupational health and safety, with the **HUGO BOSS Supplier Code of Conduct** forming the framework for all supplier relationships. More details can be found in the "Combined Non-financial Statement." > [Combined Non-financial Statement, Workers in the Value Chain](#)

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 our 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 Midway (U.S.) and third party-operated sites, for example in China or the UK.

As part of CLAIM 5 TOUCHDOWN, HUGO BOSS aims to fully leverage the benefits of its expanded automated logistics network. Between 2021 and 2025, the Company has made significant **investments in its logistics infrastructure** to increase unit capacity by around 40%. This includes the **expansion of our largest central distribution center** in Filderstadt (Germany), where we invested more than EUR 100 million with a strong emphasis on further digitalization and automation. Scheduled for completion in 2026, the expansion is expected to significantly increase shipping and storage capacity, further strengthening our operational platform, driving efficiencies, and supporting growth across channels.

CONSUMER TOUCHPOINTS

Omnichannel strategy encompasses brick-and-mortar and digital business

Elevating brand experience across touchpoints to drive distribution excellence

Further successful rollout of customer loyalty program HUGO BOSS XP in 2025

With a global presence of around 8,000 consumer touchpoints, distribution is a key strategic lever for HUGO BOSS to strengthen brand equity, deepen customer relationships, and drive sustainable growth. By moving to where consumers expect us to be, we ensure being omnipresent both physically and digitally. In line with our premium positioning, HUGO BOSS is committed to delivering a **best-in-class omnichannel journey**. Our own retail business plays a key role in this context. By offering a brand-led shopping experience and first-class customer service, it enables us to interact directly with our customers and turn them into true fans. To drive **distribution excellence** as part of CLAIM 5 TOUCHDOWN, we aim to further elevate the BOSS and HUGO brand experience across all touchpoints – from brick-and-mortar retail and brick-and-mortar wholesale to our digital touchpoints. Each channel is designed to fulfill distinct customer needs, while together forming a seamless and consistent omnichannel experience.

Distribution formats

HUGO BOSS OMNICHANNEL DISTRIBUTION

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

Brick-and-mortar retail

Our **brick-and-mortar retail business** represents the largest channel for HUGO BOSS, accounting for 51% of Group sales in 2025 (2024: 52%). As of year-end 2025, we operated 1,462 own retail points of sale worldwide (2024: 1,532), including 485 **freestanding stores** (2024: 500), focused on prime retail locations. Our freestanding full-price retail stores offer a superior, brand-led shopping experience, combining experiential store design, in-store digitalization, and seamless omnichannel integration. To further engage with consumers worldwide, we also operate pop-ups and hospitality concepts, such as the Beckham x BOSS Shanghai pop-up in 2025, creating special moments of brand activation. In addition, we run self-managed **shop-in-shops** in department stores as part of the concession model, as well as self-managed **factory outlets** allowing us to introduce our brands to more value-oriented customer segments.

In recent years, HUGO BOSS has made significant investments in its own retail business. As part of this transformation, we successfully rolled out new **store concepts for BOSS and HUGO** that are more brand-led and more digital, thereby turning our stores into true points of experience. As of December 31, 2025, the majority of our freestanding BOSS and HUGO stores had been refreshed or equipped with the latest store concepts, including halo stores in Barcelona, London, Dubai, and Shanghai. Halo stores play a vital role in delivering a superior and comprehensive brand experience in key metropolitan areas, inspiring and engaging with consumers. To exploit the full potential of brick-and-mortar retail, as part of CLAIM 5 TOUCHDOWN, HUGO BOSS will continue to **elevate its own store portfolio** to enhance the customer experience. At the same time, we aim to optimize our store network to improve both sales productivity and retail efficiency. Key measures include the renegotiation of expiring rental contracts and the selective closure of up to 50 stores between 2025 and 2028. > [Group Strategy, Distribution Excellence](#), > [Earnings Development](#)

Brick-and-mortar wholesale

Our brick-and-mortar wholesale business accounted for 26% of Group sales in 2025 (2024: 26%), addressing consumers who prefer to discover and enjoy a variety of brands, while also extending reach into smaller markets not covered by our own retail business. Department stores and specialist retailers distribute BOSS and HUGO products through **shop-in-shops** or **multi-brand environments**, while **franchise partners** operate mono-branded freestanding stores independently. In total, our wholesale business comprises around 6,400 brick-and-mortar points of sale worldwide (2024: around 6,500), including 432 franchise stores (2024: 388). We sell our collections to wholesale partners via 10 **showrooms** globally, offering wholesale partners a premium brand environment during the selling process. In addition, we are increasingly using digital showrooms, which enable a more seamless and efficient order process while enhancing flexibility for wholesale partners.

In recent years, our brands significantly increased their **visibility and market presence** at key European and U.S. department stores. Going forward, HUGO BOSS will continue to **foster strategic partnerships** while adopting a more selective distribution approach. This includes focusing on the most relevant partners and further sharpening product assortments to strengthen brand equity. In line with CLAIM 5 TOUCHDOWN, the Company will also further expand its global franchise business, particularly in emerging markets, to capitalize on regional growth opportunities.

Digital

Our **digital touchpoints** – including **hugoboss.com**, **online concessions**, and **digital wholesale** – contributed 21% of Group sales in 2025 (2024: 20%). Our 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 (2024: 74 markets). Over the past years, we have significantly increased the reach and relevance of hugoboss.com, driven by the successful relaunch of our website, the continued global expansion of our digital presence, and the relaunch of our **customer app** as a fully integrated touchpoint within our omnichannel ecosystem. The latter includes key features such as virtual product try-ons or AI-enabled chatbots.

To exploit the full potential of our digital business and unlock additional growth opportunities, we are advancing **seamless brand and customer experiences** across platforms, driven by captivating content and consistent brand storytelling. As part of CLAIM 5 TOUCHDOWN, we will further amplify our two-brand strategy on hugoboss.com to enhance customer experience and reinforce assortment guidelines across touchpoints.

Customer loyalty

HUGO BOSS aims to turn consumers into fans by putting strong emphasis on retaining and engaging with our most valuable customers. Already in 2024, we launched our next-level **loyalty program HUGO BOSS XP**, a hyper-personalized omnichannel member experience centered on the hugoboss.com app. Leveraging advanced technologies, the program is designed to build brand loyalty, boost member sales, and drive customer lifetime value. HUGO BOSS XP was first rolled out in the UK, Germany, and France, and was **expanded to the U.S. and China in 2025**. Supported by this broader rollout and increasing customer engagement, we successfully expanded our member base by around 20% in 2025, reaching more than 13 million members by the end of the fiscal year (2024: more than 10 million).

COMBINED NON-FINANCIAL STATEMENT

Sustainability is an integral element of our business and governance framework

ESG activities aim to generate long-term value for our stakeholders

Statement includes ESG information assessed as material in line with ESRS

HUGO BOSS considers its sustainability-related initiatives 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. We are equally committed to addressing environmental impacts, living up to relevant social and societal expectations, and continuously develop our approach to responsible corporate governance. In doing so, our **numerous environmental, social, and governance (ESG) activities** aim to benefit our Company, employees, shareholders, customers, business partners, and society, thus contributing to the long-term success of HUGO BOSS.

About this combined non-financial statement

Directive (EU) 2022/2464 on sustainability reporting (Corporate Sustainability Reporting Directive, CSRD) came into force on January 5, 2023, with a deadline for transposition into national law by July 2024. By December 31, 2025, several member states, including Germany, had not completed this process. As a result, for fiscal year 2025 reporting, the legal framework applicable to listed German companies remains unchanged. Consequently, HUGO BOSS continues to prepare a combined non-financial statement in accordance with the **Non-Financial Reporting Directive (NFRD)**, consistent with previous years. In line with Sec. 315b and 315c of the German Commercial Code (HGB), in conjunction with Sec. 289b to 289e HGB, this combined non-financial statement for HUGO BOSS AG and the HUGO BOSS Group provides information on our sustainability activities for fiscal year 2025. It covers the material HGB topics **environmental matters, employee matters, social matters, respect for human rights, anti-corruption and bribery matters**, and the **EU Taxonomy**.

This statement applies Set 1 of the **European Sustainability Reporting Standards (ESRS)** on a partial basis as permitted by Sec. 289d HGB. A full application of the ESRS was not undertaken since the CSRD has not yet been transposed into German law. The statement draws on the results of the **double materiality assessment (DMA)** conducted in accordance with ESRS 1. The DMA concluded that nine of the ten ESRS topics are generally material for HUGO BOSS. The scope of disclosures presented does not fully reflect the extent indicated by the DMA, partly because HUGO BOSS makes use of applicable **proportionality and phase-in provisions** under the ESRS framework. This includes proportionality provisions introduced through the EU quick fix delegated act in the areas of Biodiversity and Ecosystems (E4), Workers in the Value Chain (S2), and Consumers and End-Users (S4) as well as the use of phase-in provisions and other permitted limitations

in the area of Own Workforce (S1). The chapter "Overview of ESRS Disclosure Requirements" within the section "Additional Disclosures on the Combined Non-financial Statement" provides transparency on the presence, scope, and limitations of the **ESRS disclosures included in this report**. > [Additional Disclosures on the Combined Non-financial Statement](#)

This combined non-financial statement has been prepared on a consolidated basis, with the **scope of consolidation** consistent with our 2025 financial statements. Accordingly, the quantitative ESG data covers HUGO BOSS AG and all subsidiaries under its control. Unless stated otherwise, the disclosures presented apply equally to HUGO BOSS AG and to the Group. > [Notes to the Consolidated Financial Statements, Basis of Consolidation](#)

Any **references to information outside this statement** – except for references to the chapter "Business Activities and Group Structure" as part of the combined management report – are information going beyond the mandatory disclosures under HGB and do not form part of the statement. In accordance with the applicable legal framework, the combined non-financial statement was subject to a **voluntary review with limited assurance** according to ISAE 3000 (Revised). > [Assurance Report of the Independent German Public Auditor on a Limited Assurance Engagement in relation to the Combined Non-financial Statement](#)

Governance

HUGO BOSS is managed by its parent company HUGO BOSS AG, which as a German stock corporation, operates under a **dual management and control structure**. Accordingly, the Managing Board is responsible for steering the Group and successfully executing its strategy, while the Supervisory Board oversees and advises the Managing Board. The two boards are strictly separate in terms of both composition and responsibilities yet work together closely in the best interests of the Company. More information on the boards' composition and governance structure can be found in the Corporate Governance section of this Annual Report. > [Corporate Governance and the Corporate Governance Statement](#)

The overall **responsibility for the sustainable development of HUGO BOSS** lies with the Managing Board. This also includes monitoring, managing, and overseeing ESG impacts, risks, and opportunities (IROs) along the Company's value chain. Strategic responsibility is assigned to the Group Strategy and Corporate Development division, which reports directly to the **Chief Executive Officer (CEO)**. This division is also responsible for the setting of ESG targets relating to material IROs and for monitoring progress towards them. The Managing Board and Supervisory Board monitor the objectives set and are regularly informed of the progress achieved. Operational responsibility along the supply chain as well as responsibility for central risk management and internal controls lies with Business Operations. Group Finance & Tax is responsible for Group-wide ESG data collection, consolidation, and validation, while Investor Relations manages ESG reporting and ESG-related capital-market communication with investors and analysts. Compliance and human rights issues are addressed by our Compliance & Human Rights department as part of our central Legal division. All four divisions report to the **Chief Financial Officer (CFO)/Chief Operating Officer (COO)**.

The CFO/COO also assumes responsibility for our central **Sustainability Committee**, which consists of representatives of key business areas involved in sustainability topics. It oversees the implementation of our sustainability strategy and serves as a dialog forum for current developments and best practices. The committee dealt with a variety of topics in 2025, including progress on our sustainability strategy, ESG reporting, and regulatory requirements. To further strengthen our cross-functional ESG governance, HUGO BOSS established an internal **ESG Decision Forum** in 2025. This body convenes on a quarterly basis and brings together key decision-makers, with the CFO/COO joining upon request. The forum aims to foster a holistic approach to sustainability management by ensuring transparency on ESG projects, prioritizing strategic initiatives, aligning capacity and resource planning, and promoting unified decision-making across the Company.

The Managing Board of HUGO BOSS has overall responsibility for an **effective risk and opportunity management system (RMS)**, which also encompasses a Compliance Management System (CMS). On its behalf, the central Risk Management and Internal Controls department coordinates the execution and continuous development of the RMS. Monitoring its effectiveness is the responsibility of the Supervisory Board. This task is exercised by the Audit Committee of the Supervisory Board with the involvement of the Internal Audit department. As part of the reporting process, HUGO BOSS has not identified any risks 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 five mandatory aspects as set forth in Sec. 289c HGB. > [Report on Risks and Opportunities](#), > [Corporate Governance and the Corporate Governance Statement](#)

Business model, strategy, and value chain

HUGO BOSS is a leading fashion and lifestyle company in the premium segment of the global apparel market. Our **business model** is described in the chapter "Business Activities and Group Structure" of this Annual Report, while details on our **Group strategy**, including our sustainability strategy, are provided in the chapter "Group Strategy." > [Business Activities and Group Structure](#), > [Group Strategy](#)

This combined non-financial statement covers both our **own operations** and material stages of the **upstream and downstream value chain**. The following overview outlines the material features of our value chain.

MATERIAL FEATURES OF OUR VALUE CHAIN



Interests and views of stakeholders

We actively engage with our stakeholders, valuing their input as essential to shaping both our Group and sustainability strategies. By fostering open dialog and collaboration, we aim to meet expectations, address concerns, and develop mutually beneficial solutions. **Stakeholder engagement** not only supports our business objectives but also serves as an opportunity to create value for HUGO BOSS, the environment, and society. HUGO BOSS maintains a systematic dialog with key stakeholders, including employees, shareholders, customers, business partners, employee representatives, and society. Guided by a stakeholder analysis conducted in accordance with the AA 1000 SES standard, we employ standardized formats and approaches for **effective communication**, such as our corporate website, Annual Report, social media channels, and dedicated stakeholder events. Further information on our stakeholder engagement and partnerships can be found on our corporate website. > group.hugoboss.com

Double materiality assessment

Already in 2024, HUGO BOSS conducted a comprehensive **double materiality assessment (DMA)** in preparation for compliance with the ESRS, which was subsequently reviewed and updated in 2025 as scheduled. We have engaged with numerous internal stakeholders to identify our Company’s material sustainability IROs. This engagement was largely conducted through interviews and desk research, while it also considered the outcomes of previous materiality assessments. In addition, we incorporated the **perspectives of external stakeholders** through internal experts who, as part of their roles, regularly engage with relevant interest groups. Parallel to this, we have also assessed the financial risks and opportunities for sustainability-related matters as part of our risk management process. To ensure proper compliance, external ESG consultants have closely monitored and reviewed our DMA process in 2024. Oversight of the process was assumed by the CFO/COO, ensuring close alignment with the Company’s strategic priorities.

Our DMA's scoring method and criteria were developed following ESRS 1 requirements, addressing both impact materiality and financial materiality. This approach also satisfies the materiality assessment requirements set forth in Sec. 289c HGB. Our **impact materiality assessment** considered the scale, scope, irremediability, and likelihood of impacts being positive or negative as well as actual or potential. Severity took precedence over likelihood for human-rights-related impacts. As part of our **financial materiality assessment**, we assessed the financial materiality of ESG risks and opportunities, their likelihood, and the nature of financial impacts. As part of these processes, HUGO BOSS has considered the connections of its impacts and dependencies with the risks and opportunities that may arise from those impacts and dependencies by ensuring close collaboration and constant exchange between all parties involved. The **process for identifying material IROs** adhered to a consistent approach across all ESG topics by systematically considering specific activities, business relationships, geographies, and other factors that may increase the risk of adverse impacts, while also considering the specific characteristics of our value chain and key business activities, assets, sites, and regions.

Impact materiality (inside-out perspective)

Our ESG impact assessment, led by Investor Relations and conducted in close collaboration with our Corporate Sustainability as well as Risk Management and Internal Controls departments, started with the development of a comprehensive **catalog of ESG impacts**. Leveraging our previous materiality analysis based on GRI Standards, this catalog served as the foundation for mapping existing impacts to the ESRS methodology. To ensure a thorough assessment, HUGO BOSS expanded the catalog by conducting additional desk research, drawing on frameworks such as the Sustainability Accounting Standards Board (SASB) standards for the textile and apparel industry. The assessment covered **potential and actual impacts** on the environment and people across the value chain, from our own operations to upstream and downstream stages. Corresponding impact descriptions were enriched through desk research and internal expert insights.

HUGO BOSS followed a **systematic approach** to assess the materiality of all positive and negative impacts identified, using the ESRS criteria to ensure clarity and consistency in the evaluation process. In line with EFRAG guidance, the assessment was conducted on a gross basis, thus excluding the influence of implemented mitigation measures. To determine the materiality for all impacts identified, HUGO BOSS assessed their severity and likelihood and defined uniform thresholds, classifying a negative impact as material if it fell in the upper half of the combined assessment scale and classifying a positive impact as material if it fell in the upper quarter. To validate and ensure **accuracy and completeness** of its impact materiality assessment, HUGO BOSS engaged both internal experts across important sustainability areas as well as external ESG consultants.

Financial materiality (outside-in perspective)

The ESG risk and opportunity assessment was led by our central Risk Management and Internal Controls department, in close collaboration with relevant business areas and designated internal risk and opportunity experts. To ensure a thorough assessment, structured interviews were conducted, providing critical insights and detailed input. HUGO BOSS followed a systematic approach to assess the materiality of all **ESG risks and opportunities** identified, analyzing them in accordance with the relevant ESRS criteria to ensure clarity and consistency in the evaluation process. The assessment started with the establishment of a clear framework and guidelines for the risk and opportunity assessment, applying the ESRS methodology.

Risk Management and Internal Controls analyzed all gathered data, including a detailed review of critical factors such as the likelihood of risks occurring and their potential consequences on our business. In addition, it assessed the **financial materiality** of all ESG risks and opportunities identified on a qualitative basis. The likelihood and magnitude thresholds used in this context were in line with the methodology applied by HUGO BOSS in its general risk assessment, which is presented in the Report on Risks and Opportunities of this Annual Report. Based on this, all those risks were assessed as material for which the combined classification of likelihood and magnitude was rated as either high or critical. > [Report on Risks and Opportunities, Risk and Opportunity Management System](#)

In line with EFRAG guidance, also this assessment was conducted on a gross basis, thus excluding the influence of implemented mitigation measures. As part of a cross-functional exchange, we also examined the extent to which correlations exist between the identified impacts and dependencies and the risks and opportunities that may arise from these impacts and dependencies. This mapping was done systematically at the individual impact level to ensure that each identified ESG risk and opportunity was assigned to the corresponding impact. To validate and ensure **accuracy and completeness** of the financial materiality assessment, we engaged with both internal experts across all important sustainability areas as well as external ESG consultants.

The process ensured that the procedure for identifying, evaluating and managing ESG risks was integrated into the overarching **risk management system** and can now be used to evaluate the Company's overall risk profile and risk management processes. Similarly, the processes for identifying, evaluating, and managing ESG opportunities were closely integrated into the existing management processes to exploit their potential strategically and operationally in the future. Consequently, the results of the ESG risk and opportunity assessment were integrated into the Company's existing risk management system to streamline the risk management process while ensuring that all relevant ESG matters will be systematically analyzed also going forward, allowing for more effective decision-making by systematically evaluating our Company's overall risk profile.

DMA consolidation, validation, and update

The results of both assessments were consolidated accordingly, jointly reviewed by Investor Relations, Corporate Sustainability, as well as Risk Management and Internal Controls, and shared for **final validation** with all internal stakeholders involved in the assessment process as well as relevant senior management. The outcome of the DMA was summarized both in a detailed matrix and in a heat map. The results were shared, discussed, and approved by both the Managing Board and the Audit Committee of the Supervisory Board.

In 2025, the **DMA was revisited** as scheduled. To ensure efficiency, the update was conducted centrally and focused on validating the ongoing relevance of the 2024 assessment. The process drew on peer benchmarking, financial assessment, and strategic evaluation, confirming the **continued validity** of our DMA, with only minor adjustments. One additional sub-topic, Management of Relationships with Suppliers (G1-2), including Payment Practices (G1-6), was identified as material, while other adjustments did not affect the overall results. HUGO BOSS plans to continue revisiting its DMA on an annual basis. As part of this, we are committed to continuously developing our DMA approach to ensure ongoing alignment with evolving best practices and legal requirements.

For a **detailed overview** of the ESG-related impacts, risks and opportunities that we have identified as material in our DMA, please refer to section "Material ESG-related Impacts, Risks and Opportunities."

> **Additional Disclosures on the Combined Non-financial Statement**

Mapping of the material ESRS topics to the five HGB topics

The subsequent structure of this combined non-financial statement follows the thematic organization of ESRS Set 1. Consequently, **environmental matters**, including information in accordance with Article 8 of Regulation 2020/852 (Taxonomy Regulation), are addressed in the "Environment" section. **Employee matters** appear under "Social – Own Workforce" and "Governance," while **social matters** are predominately outlined in "Social – Consumers and End-Users." The topic of **human rights** is discussed across "Social – Own Workforce" and "Social – Workers in the Value Chain." Lastly, **anti-corruption and bribery matters**, even if these were not classified as material under the DMA, are covered in the "Governance" section.

This statement also contains selected **additional ESG data points** below the materiality thresholds identified through the DMA. These disclosures are provided to further enhance transparency on topics of interest to external stakeholders and are presented in the section "Additional Disclosures on the Combined Non-financial Statement." > **Additional Disclosures on the Combined Non-financial Statement**

Environment

The following tables provide an overview of HUGO BOSS' **main environmental targets** in the areas of climate change, pollution, and resource use and circular economy. For each target, the tables set out the target description, the respective target year, and the current progress. The targets provide a structured framework for translating our environmental ambitions into measurable objectives.

CLIMATE CHANGE

Target	Target year	2025	2024
Reduce Scope 1 and 2 emissions by 50% (base year: 2024)	2030	-19%	N/A
Reduce Scope 3 emissions by 50% (base year: 2024)	2030	-15%	N/A
Reduce total emissions by 50% (base year: 2024)	2030	-14%	N/A
Source 100% electricity used in own operations from renewable sources	2030	82%	73%
Reduce direct and indirect energy consumption per sq m by 20% (base year: 2019)	2030	-7%	N/A

POLLUTION

Target	Target year	2025	2024
Ensure that all Tier 1 and direct Tier 2 suppliers with wet processes comply with ZDHC MRSL (or comparable) standards	2030	50% (chemical inventory), 74% (wastewater tests)	42% (chemical inventory), 62% (wastewater tests)

RESOURCE USE AND CIRCULAR ECONOMY

Target	Target year	2025	2024
Source 100% of main natural materials from preferred sources ¹	2030	48%	32% ²
Source 100% of polyester & polyamide from preferred sources ¹	2030	14%	N/A
Design 80% of apparel products for circularity	2030	41%	33%

¹ As defined in the HUGO BOSS Material Strategy, materials from preferred sourced are either recycled, sourced from regenerative agriculture, or adhering to other recognized external standards.

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

Climate change

In the global textile and apparel industry, CO₂ emissions primarily originate from the cultivation and production of fibers, as well as energy-intensive processes such as dyeing, washing, and bleaching. Additional emissions also stem from our own business activities and the broader value chain, where transportation contributes to our carbon footprint. Consumer practices such as washing, drying, and disposing of textiles further add to the environmental impact. At HUGO BOSS, we recognize our **shared responsibility to protect the climate**, strengthening our efforts to implement process changes which reduce greenhouse gas emissions and energy consumption both within our operations and throughout our supply chain.

Transition plan for climate change

HUGO BOSS has set the goal of **reducing greenhouse gas (GHG) emissions by 50% by 2030** (compared to 2024 data) and targets **net zero emissions by 2050**, following the recommendations of the Science Based Target initiative (SBTi) and in line with the 1.5°C target of the Paris Agreement. Initially scheduled for publication in 2025, the Company continues to work on updating its existing Transition Plan to reflect evolving methodologies and international regulatory developments. > [Targets related to Climate Change](#)

Policies related to climate change

Our **Environmental and Forest Conservation Policy**, which is available on the Company's website, was updated in 2025 and underscores our commitment to environmental and future-oriented matters. It sets clear standards and requirements aimed at reducing the Company's contribution to climate change, conserving natural resources, promoting energy efficiency and renewable energy, limiting environmental pollution, and supporting the preservation of forests and biodiversity across our operations and supply chain. The policy addresses significant environmental impacts, such as the reliance on non-renewable energy, high energy consumption, and energy-intensive manufacturing, while also requiring resource efficiency and the increased use of renewable energy. Monitoring involves tracking energy use, pollution levels, and compliance with ISO 14001 (environmental management system) and ISO 50001 (energy management system) at our own sites.

Climate change mitigation measures are firmly embedded in our Environmental and Forest Conservation Policy, which establishes clear expectations for our supply chain partners. More information on the collaboration with our suppliers to decrease emissions in the supply chain can be found in the "Actions related to climate change" section of this chapter. > [Actions related to Climate Change](#)

To advance climate protection within our supply chain, the HUGO BOSS **Supplier Code of Conduct** sets out clear standards and expectations for suppliers across various operational aspects. The code provides guidance and sets out stringent environmental requirements for suppliers, including the identification and monitoring of energy sources and the tracking of GHG emissions. Suppliers are required to develop roadmaps and implement corresponding measures to reduce energy consumption and emissions while responsibly managing natural resources. More information on the Supplier Code of Conduct can be found in the "Governance" section. > [Governance](#)

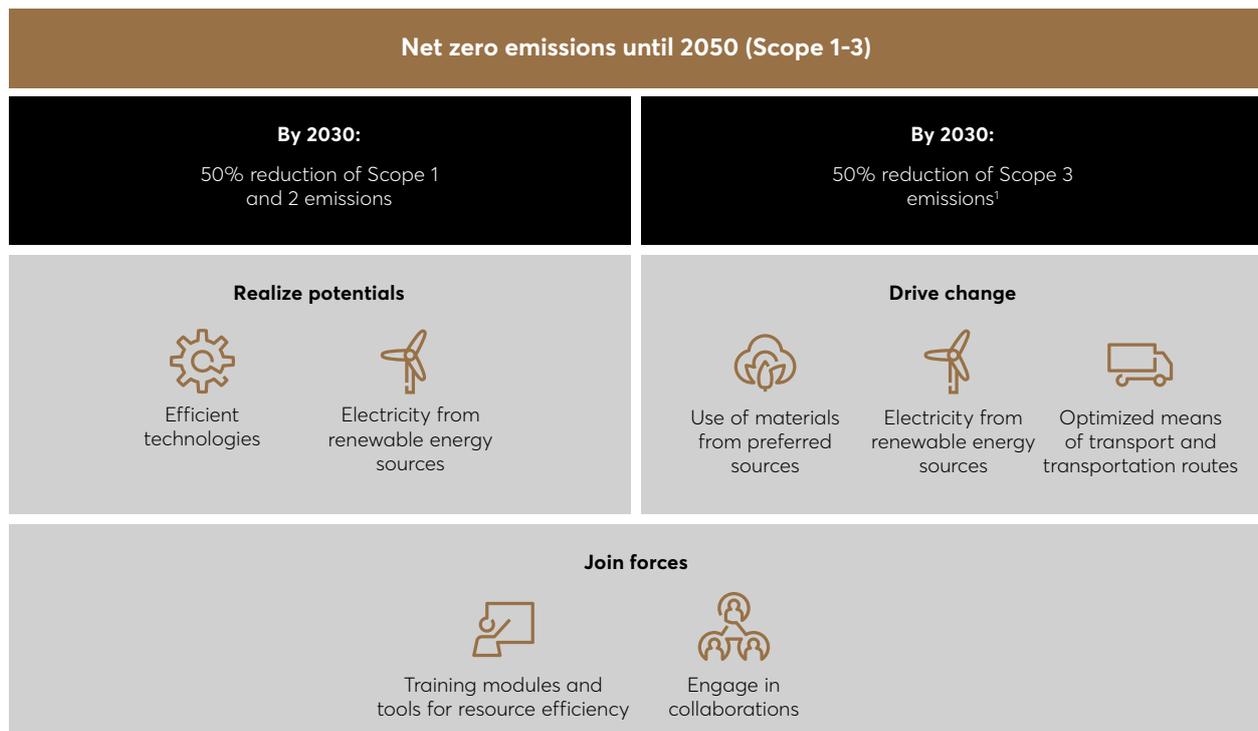
Targets related to climate change

To mitigate climate impact, we have set the long-term goal of achieving **net zero emissions by 2050**, based on Scope 1, 2 and Scope 3 emissions. As part of this, we aim to **reduce Scope 1–2 emissions by 50% by 2030**, based on a 2024 baseline (2024 adjusted: 25,520 t CO₂e). **Scope 3** emissions are also targeted for a **50% reduction** over the same period (2024 adjusted: 697,735 t CO₂e). The target calculation covers Scope 3 categories 3.1 (purchased goods and services) and 3.4 (upstream transportation and distribution) only, as these categories together account for more than 90% of total Scope 3 emissions and therefore represent the areas with the highest reduction potential. In 2025, our Scope 1 and 2 emissions decreased by 19%, and Scope 3 emissions (Scope 3.1 and Scope 3.4) also declined by 15% compared with 2024. These goals are approved by the Science Based Targets initiative (SBTi) and align with the requirements of the

Fashion Industry Charter for Climate Action (UNFCCC), supporting to limit global warming to a maximum of 1.5°C. In 2025, HUGO BOSS revised its 2030 climate targets and, in line with SBTi requirements, adjusted the base year for both Scope 1–2 and Scope 3 targets from 2019 to 2024.

Dedicated energy targets shall regarding our building-related consumption support achieving our emission reduction goals by reducing overall energy consumption and further enhancing efficiency across our operations. In line with the Fashion Industry Charter for Climate Action, we are committed to sourcing **100% electricity from renewable sources used in own operations by 2030**. In 2025, already 82% of electricity consumed (83,080 MWh) was sourced from renewable energies (2024: 73%; 73,794 MWh). HUGO BOSS also aims to **reduce direct and indirect energy consumption per square meter by 20% by 2030** compared to the 2019 base year. In 2025, direct and indirect energy consumption relative to gross floor area (kWh/sq m) decreased by 7% compared to 2019.

FOCUS OF CLIMATE ACTIONS AT HUGO BOSS



¹ The Scope 3 reduction target only includes Scope 3.1 purchased goods and services and Scope 3.4 upstream transportation and distribution.

Actions related to climate change

Most of the Company's GHG emissions originate from upstream activities, including raw material cultivation, extraction, and processing. Emissions from HUGO BOSS' own operations (Scope 1 and 2) account for 3% of total GHG emissions. Consequently, 97% are generated across the broader value chain (Scope 3).

Own operations

While the climate impact of our own operations is relatively low compared to upstream and downstream activities, further **reducing energy consumption and CO₂ emissions at our own sites** remains important for achieving our overall climate targets.

To further **reduce CO₂ emissions**, we are investing in energy-efficient technologies and modernizing technical facilities. Since 2020, HUGO BOSS has been purchasing electricity exclusively from renewable energy sources at all own production sites. In 2025, we finalized the planning for the expansion of a photovoltaic system at one of our main logistics hubs near our headquarters in Metzingen (Germany), with implementation starting in 2026. Additionally, in 2025, we implemented further energy efficiency measures at our production site in Izmir (Turkey) – by far the largest of our own production sites globally. This includes the replacement of compressors with more efficient motors and the detection and repair of air leaks, resulting in energy savings of around 600 MWh in 2025. Our Izmir site was once again certified to both ISO 14001 and ISO 50001 in 2025, having maintained certification since 2014. We also expanded the procurement and use of renewable electricity on a Group-wide basis, including sourcing green electricity for all locations in Brazil, Greece, and Turkey, as well as for all remaining sites in the U.S. not yet supplied with renewable energy.

Supply chain

To advance towards our overall emission reduction targets, we are actively addressing **Scope 3 emissions**. Our approach includes close collaboration with suppliers, particularly those involved in energy-intensive processes such as dyeing, coating, steaming, ironing, and hot water usage, aimed at supporting them in decarbonizing their operations.

As part of regular **environmental audits** conducted by external auditors, we review suppliers' environmental management system as well as their energy consumption and CO₂ emissions. Based on prior assessments, these audits are conducted every one to three years. If any violations of environmental standards are identified, we work with the respective suppliers to develop and implement corrective action plans (CAPs), which are reviewed during follow-up audits. To support continuous improvement, we also provide regular **training** to keep suppliers informed about environmental and climate protection measures, aiming to establish standardized energy and environmental management systems. This also includes guidance on best practices for carbon accounting.

To further enhance transparency and the measurability of suppliers' environmental impacts, we co-developed the **"Climate Action Training for the Fashion Industry"** in 2021. This voluntary training, created by the Fashion Industry Charter for Climate Action and selected signatories, is publicly available online, free of charge, and offered in multiple languages. It is specifically designed for Tier 1 and Tier 2 suppliers, equipping garment, textile, and footwear manufacturers with essential knowledge on climate change, industry environmental impact, energy efficiency, renewable energy, and practical carbon accounting techniques.

HUGO BOSS is part of Cascale, a collaborative platform aimed at strengthening industry partnerships, enhancing supplier engagement, and improving data management. Building on this initiative, we have adopted the Cascale-developed Higg Facility Environmental Module (Higg FEM) 4.0 on the Worldly platform, one of the most widely used sustainability measurement tools in the apparel and footwear industry. This enables **accurate capture and management of Scope 3 emissions** (Scope 3.1 purchased goods and services) and provides a comprehensive view of environmental performance across the supply chain. In 2025, we expanded participation among our Tier 1 and Tier 2 suppliers. To ensure that internal stakeholders are well equipped, we conducted training sessions for key teams, including those within our brands' product divisions. The sessions focused on Higg FEM functionality, leveraging benchmarking opportunities to optimize order placements, and performing country-specific analyses. In the 2025 reporting year, the process requirements were established to integrate the Higg FEM into the environmental criteria of supplier evaluation.

HUGO BOSS aims for a gradual reduction of its **transport-related GHG emissions** (Scope 3.4 upstream transport and distribution) by consistently reducing air freight and increasing the share of shipping methods with lower GHG emissions per ton-kilometer, such as sea freight, and by improving transport planning. In addition, the Company is integrating minor amounts of biofuels to contribute to the reduction of GHG emissions along the supply chain and introducing new supply chain tracking systems to enhance transparency and increase transport efficiency. On top of that, we focus on nearshoring to position production closer to key sales markets.

Energy consumption and mix

In 2025, **total energy consumption** related to our own operations amounted to 142,734 MWh (2024 adjusted: 145,131 MWh). The slight decrease compared to the previous year was primarily driven by the implementation of additional energy efficiency measures across our own operations. In 2025, a total of 58%, corresponding to 83,080 MWh of our consumed energy was derived from renewable sources (2024 adjusted: 51%; 73,794 MWh), while 42% (59,654 MWh) was sourced from fossil fuels and is therefore non-renewable (2024 adjusted: 49%; 71,338 MWh).

ENERGY FROM FOSSIL AND RENEWABLE SOURCES (IN MWh)

	2025	2024
Fuel consumption from crude oil and petroleum products ¹	8,521	9,650
Fuel consumption from natural gas	30,359	32,128
Consumption of purchased or acquired electricity, heat, steam, or cooling from fossil sources ¹	20,774	29,560
Total fossil energy consumption¹	59,654	71,338
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	78,185	68,865
Production and consumption of non-fuel renewable energy	4,895	4,929
Total energy consumption from renewable sources	83,080	73,794
Total energy consumption¹	142,734	145,131

¹ Prior-year figures have been adjusted retrospectively. The calculation of values is now closer aligned with the current ESRS methodology. In this context, the energy consumption of company-owned vehicles has also been incorporated into the calculation.

Energy intensity, measured as total energy consumption across all own production facilities, warehouses, offices, and brick-and-mortar retail stores and outlets, relative to revenue, amounted to 33 MWh/EUR million in 2025 (2024: 34 MWh/EUR million).

Greenhouse gas emissions

In 2025, our global business activities resulted in a total of 663,540 metric tons (tons, t) of GHG emissions across **Scope 1, 2, and 3** (2024 adjusted: 771,654 t), calculated in accordance with the Greenhouse Gas Protocol. Total emissions decreased by 14% compared to the base year 2024, resulting in an emission intensity – defined as total GHG emissions relative to Group revenue of EUR 4,270 million – of 155 t CO₂e/EUR million in 2025 (2024 adjusted: 179 t CO₂e/EUR million).

Scope 1 and 2 emissions amounted to 20,594 t in 2025, reflecting a reduction of 19% compared to the previous year (2024: 25,520 t). This mainly reflects an increased share of green electricity and the implementation of energy efficiency measures across our own operations.

In 2025, **Scope 3 emissions** totaled 642,946 t, marking a 14% decrease against the prior year (2024 adjusted: 746,134 t). This decrease, consistent with the overall reduction in total emissions, is primarily driven by lower production volumes. GHG emissions intensity per purchased piece decreased by 1% compared to 2024. The calculation is based on the sum of emissions from Scope 3.1 purchased goods and services (>99% of numerator) and direct emissions from own production sites (<1% of numerator), in relation to sourcing volume.

GREENHOUSE GAS EMISSIONS (IN T CO₂e)

	2025	2024
Total Scope 1 emissions¹	9,152	9,827
Total Scope 2 emissions (market-based)²	11,442	15,693
Scope 3 emissions		
1 Purchased goods and services ³	543,008	629,996
2 Capital goods ³	4,158	7,612
3 Fuel- and energy related activities	6,082	6,239
4 Upstream transportation and distribution ³	52,909	67,739
5 Waste generated in operations	1,858	2,101
6 Business travel	5,916	5,887
7 Employee commuting	6,228	6,347
8 Upstream leased assets	1,982	2,466
9 Downstream transportation	4,604	2,782
12 End-of-life treatment of sold products	10,245	9,718
14 Franchises ³	5,956	5,248
Total Scope 3 emissions⁴	642,946	746,134
Total emissions	663,540	771,654

- 1 Scope 1 emissions include direct emissions from owned or controlled sources and emissions from own vehicles (excluding electric vehicles).
- 2 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 38,046 t in 2025 (2024: 39,146 t).
- 3 Due to improved data quality and the correction of previously identified data inconsistencies, prior-year figures for Scope 3.1 Purchased goods and services (+51% compared to the value previously reported), Scope 3.2 Capital goods (>100%), Scope 3.4 Upstream transportation and distribution (+1%), Scope 3.14 Franchises (<1%) as well as the related GHG emissions intensity, have been corrected retrospectively.
- 4 In 2025, 11% of the Scope 3 emissions (2024 adjusted: 25%) were calculated using primary data based on input factor levels, excluding emission factor data. Previous year's figures have been adjusted retrospectively following a change in the calculation methodology, thereby ensuring closer alignment with ERSR requirements.

Pollution

Pollution is a critical issue in the apparel and textile industry, particularly in upstream and downstream value chain stages. During **raw material extraction**, pesticides and fertilizers contaminate water sources, particularly in regions with less-developed agricultural practices. Soil degradation is caused by overgrazing, poor farming practices, and excessive chemical use, while improper disposal of textile waste pollutes soil and groundwater. **Textile production** significantly affects water and soil quality due to the use of chemical substances and various processing agents. These substances are predominantly applied in wet processes such as dyeing, washing, bleaching, and tanning, which are major contributors to water pollution through the discharge of untreated wastewater. Additionally, synthetic textiles release **microplastics** during wear and washing, polluting rivers and oceans, and harming marine life and human health. HUGO BOSS recognizes these challenges and aims to reduce pollution in key stages of its value chain, for example by improving chemical management in wet processes.

Policies related to pollution

To effectively address pollution prevention and control, we have implemented respective policies. Our **Environmental and Forest Conservation Policy** sets the framework for reducing environmental pollution and protecting natural resources, with more information to be found in the "Climate Change" section.

> [Climate Change](#)

HUGO BOSS is dedicated to the conscious and safe use of chemicals, prioritizing both environmental and health considerations through its **Chemical Management Policy**. This policy outlines clear guidelines for the storage, use, and disposal of hazardous substances, aiming to reduce environmental impact and actively promote safer alternatives. It addresses key concerns such as preventing water pollution and reducing air and soil contamination by adhering to internationally recognized standards, including the **Zero Discharge of Hazardous Chemicals (ZDHC)** initiative, which HUGO BOSS joined already in 2017. This initiative provides standardized tools to assess and enhance suppliers' chemical management practices.

A core element of this initiative is the **ZDHC Manufacturing Restricted Substances List (MRSL)**, which identifies harmful chemical substances that need to be reduced or eliminated. The MRSL sets strict limits for critical process chemicals and supports efforts to monitor and mitigate water pollution. It forms an integral part of HUGO BOSS' supplier contracts, requiring all suppliers, including own production facilities, to regularly verify their chemical inventories against the MRSL.

To minimize the presence of harmful substances in our products, we have established a **Restricted Substances List (RSL)** and **Product Compliance Guideline**, defining product safety and marketability requirements, thus setting a clear framework for compliance throughout our supply chain. Our suppliers are required to adhere to our RSL, which strictly regulates substances in our products to ensure they meet the defined safety standards. It aligns with the recommendations of the **Apparel and Footwear International RSL Management (AFIRM) Group**, incorporating their substance lists, thresholds, and test methods for a structured approach to managing restricted substances. HUGO BOSS extends the obligations of the MRSL and the RSL beyond its Tier 1 suppliers, mandating that upstream suppliers also comply with these standards, fostering **collective commitment** to product safety and sustainability.

Targets related to pollution

HUGO BOSS is committed to ensuring that **all Tier 1 and direct Tier 2 suppliers using wet processes meet the ZDHC MRSL reporting or an equivalent standard by 2030**. The scope includes all active suppliers with whom HUGO BOSS conducted business transactions during the reporting year and who either use chemicals (for chemical inventory testing) or use chemicals and water (for wastewater testing). In 2025, 50% of the production sites in scope met the chemical inventory requirements (2024: 42%). For wastewater tests, 74% of the production sites in scope complied with the specifications (2024: 62%). By 2025, interim targets were defined for strategic suppliers, requiring all strategic Tier 1 suppliers with wet processes to comply with the ZDHC MRSL requirements or an equivalent standard for both chemical inventory and wastewater testing. The targets were not fully achieved, as some suppliers use alternative certification schemes for chemical management and wastewater testing that are not currently recognized under the HUGO BOSS target definition. We remain committed to our 2030 target and will continue to evaluate additional certification schemes for potential inclusion in the target scope.

To enhance water and soil quality, we aim to **source 100% of our main natural materials from preferred sources by 2030** as outlined in our Material Strategy, covering all fabrics and linings (measured by sourcing volume, excluding license products). We define materials from preferred sources as either recycled, sourced from regenerative agriculture, or adhering to other recognized external standards. As of 2025, 48% of our main natural materials already met these criteria (2024: 32%; unaudited). This goal is designed to prevent soil and water pollution by promoting better cultivation practices that minimize excessive fertilizer and pesticide use. In doing so, we aim to combat soil degradation, improve soil quality, and protect water ecosystems from harmful contamination caused by conventional agricultural methods, such as traditional cotton farming. Additional information on this target as well as on our Material Strategy can be found in the "Resource Use and Circular Economy" section. > [Resource Use and Circular Economy](#)

Actions related to pollution

To reduce environmental impacts in production, we are **collaborating closely with our suppliers and other businesses** in the global apparel industry, including through initiatives such as the ZDHC. Through the ZDHC "Roadmap to Zero" concept, we have expanded opportunities to monitor and improve chemical management along the supply chain. Additionally, as a member of the AFIRM Group, we leverage their tools to foster chemical compliance and product safety at every stage of production.

Recognizing the environmental risks posed by chemicals in products, HUGO BOSS **prohibited the use of harmful per- and polyfluoroalkyl substances (PFAS)** in production processes already in 2018. This ban is an integral part of our RSL.

To ensure **our products are free from substances of very high concern (SVHC)**, we conduct regular monitoring through comprehensive testing. Our Product Risk Database integrates third-party test reports for products, fabrics, and trimmings, enabling us to effectively track restricted substances and particularly focus on identifying and managing SVHCs. This proactive approach aims to ensure compliance with regulatory requirements while minimizing risks to users and the environment.

Water resources

At HUGO BOSS, we are committed to **responsible water management and the overall careful use of water** at our sites as well as throughout the supply chain. We recognize the material impacts of our activities on water resources, particularly through the cultivation of water-intensive raw materials such as cotton and water use in upstream production processes. To address these impacts, we work to mitigate water scarcity risks and reduce our footprint on surrounding communities and ecosystems. By implementing targeted initiatives and collaborating closely with our supply chain partners, we aim to lower water withdrawal, enhance efficiency, and reduce environmental impacts.

Policies related to water resources

Water management is a key element of our **Environmental and Forest Conservation Policy**. We require suppliers to continuously monitor and optimize their water consumption. Suppliers engaged in water-intensive processes (processes which need more than 15 m³/year industrial water usage) are encouraged to continuously optimize their water efficiency and implement responsible wastewater management practices. The policy also sets the framework for minimizing adverse impacts on water-related ecosystems. More information on our Environmental Policy can be found in the "Climate Change" section. > [Climate Change](#)

Actions related to water resources

Our actions to reduce freshwater intake primarily focus on supply chain partners with water-intensive production processes. Since 2024, we have been **partnering with Cascale** and **Worldly** to enhance, among other things, the tracking and transparency of water consumption at Tier 1 and Tier 2 supplier sites. This collaboration provides transparency into water usage, enabling us to design effective strategies for reducing water consumption going forward. In 2025, we prioritized assessing risks across all facilities within our direct supply chain that utilize water in their production processes. Our efforts focused on identifying facilities in regions facing high water stress, to effectively address material water-related risks and incorporate them into a roadmap going forward.

When implementing measures alongside the supply chain, we also draw on the expertise gained from several **water management initiatives** implemented at our own sites in recent years. At our largest production site in Izmir (Turkey), for example, groundwater collection systems continue to support green area irrigation and sanitary installations. Additionally, water-saving aerator fittings at multiple locations continue to reduce overall water consumption by mixing air into the water flow.

Biodiversity and ecosystems

Natural raw materials depend on **healthy ecosystems and thriving biodiversity**. As our products are predominantly crafted from cotton, wool, and other natural fibers, this underscores our deep reliance on the preservation of biodiversity. Cotton cultivation often involves excessive fertilizer and pesticide use, while agricultural expansion for cotton and leather production contributes to habitat loss and deforestation. Furthermore, land-use changes associated with raw material extraction and textile production intensify pressure on ecosystems, contribute to the degradation of natural habitats, and accelerate the loss of biodiversity. HUGO BOSS integrates biodiversity considerations into its broader sourcing activities, working to balance its dependence on natural resources with efforts to mitigate adverse impacts on ecosystems. The sourcing of natural materials from regenerative agricultural systems can also promote practices that improve soil quality, preserve or restore biodiversity, and contribute to the long-term stability of local ecosystems. At the same time, biodiversity loss and ecosystem degradation can impair essential ecosystem services.

In line with the **EU "quick-fix" relief** for fiscal year 2025, the Company applies reporting reliefs under ESRS E4. Accordingly, while E4 has been assessed as material, the chapter presents summarized disclosures focusing on key policies, actions, targets, and metrics.

Policies related to biodiversity and ecosystems

Biodiversity and ecosystem protection are embedded across several policy instruments. Our **Environmental and Forest Conservation Policy** underscores our commitment to conserving natural resources, improving energy efficiency, and managing environmental risks across our operations and supply chain. It also guides the use of alternative and resource-efficient materials to help reduce impacts on biodiversity and ecosystems. Our **Biodiversity Strategy Paper** outlines how we manage key dependencies on cotton, wool, and other nature-based inputs. Our approach prioritizes sourcing practices that take environmental and social aspects into account and excludes materials such as exotic leather. It also addresses the prevention of deforestation linked to cotton cultivation and wood-based inputs, as HUGO BOSS is committed to forest conservation by selecting materials for fabrics, paper, and packaging in a way that preserves ecosystems and supports social responsibility. Further details on our Environmental and Forest Conservation Policy are provided in the "Climate Change" section. > [Climate Change](#)

Targets related to biodiversity and ecosystems

To reduce the impact on natural resources, HUGO BOSS has set the goal of **sourcing 100% of main natural materials used in fabrics and linings from preferred sources by 2030** (measured by sourcing volume, excluding license products), as defined in the HUGO BOSS Material Strategy. In this regard, we focus on cotton, wool, leather, mohair, cashmere and down. In 2025, 48% of the main natural materials already met these criteria (2024: 32%; unaudited). While regenerative agriculture remains the first choice when sourcing cotton and wool, this target replaces a former target with a narrower focus solely on regenerative agriculture, thus reflecting a broader, more integrated sourcing approach. Regenerative agriculture is a holistic approach to restoring soil health, biodiversity, and ecosystem resilience through practices such as crop rotation, the reduced use of critical chemicals, and the protection of endangered species. Since 2025, all natural materials sourced according to regenerative principles rely on renowned external standards as outlined in our Material Strategy. Additional information on this target as well as on our Material Strategy can be found in the "Resource Use and Circular Economy" section. > [Resource Use and Circular Economy](#)

Actions related to biodiversity and ecosystems

Recognizing the importance of intact ecosystems and biodiversity, HUGO BOSS has taken concrete steps to identify, assess, and disclose nature-related risks and opportunities. In 2025, we published our first combined Task Force on Climate-related Financial Disclosures (TCFD) and **Taskforce on Nature-related Financial Disclosures (TNFD)** report, enhancing transparency and accountability. A key focus in 2025 has been the application of a comprehensive biodiversity impact assessment tool, extending its use to our own facilities, Tier 1 and direct Tier 2 suppliers, and regenerative Tier 4 farmers. The **HUGO BOSS Foundation** also supports non-profit initiatives aimed at restoring ecosystems and promoting biodiversity. In 2025, it continued its long-term partnership with Coral Gardeners to support coral reef restoration and biodiversity protection in marine environments.

Additional information on **animal welfare** is available in the Governance chapter. More details on our broader biodiversity and ecosystem approach can be found on our Group website. > [Governance](#)

Resource use and circular economy

As a global fashion company, HUGO BOSS recognizes its responsibility to **respect natural resources** and support the **transition towards a circular economy**. Circularity was identified as a strategic priority at an early stage and is embedded as a key pillar of our sustainability strategy. > [Group Strategy, Sustainability Strategy](#)

The fashion industry's production processes rely heavily on **natural materials** such as cotton, wool, and **synthetic fibers** like polyester, all of which necessitate ongoing resource extraction. This dependence drives environmental challenges, including deforestation, high water consumption, and pollution. Additionally, substantial waste is generated both during garment production and at the post-consumer stage, when clothing is discarded rather than being reused or resold. This exacerbates environmental burdens and depletes valuable raw materials. Packaging, particularly single-use plastics, further adds to the environmental impact, contributing to resource depletion and generating large volumes of non-biodegradable waste.

Policies related to resource use and circular economy

Our **Material Strategy** underscores our commitment to resource use that takes environmental and social aspects into account and to integrating circular design principles. Key elements include the classification of raw materials and information about our "WE CARE" initiative, including circular design principles and the **use of materials from "preferred sources."** For circular design, we closely follow the comprehensive framework developed by circular.fashion, which defines clear criteria for products designed for circularity. At HUGO BOSS, circular products must meet three requirements: the use of renewable or recycled raw materials, durability, and design that enables future recycling. Like all BOSS and HUGO products, our circular products undergo testing to meet high quality standards, ensuring durability and longevity. Additionally, our designers and product experts continuously seek innovative ways to extend lifespan and improve repairability.

Targets related to resource use and circular economy

We aim for **80% of our apparel products to be designed for circularity by 2030** (measured by production volume), applying the criteria outline above. In 2025, we increased this share to 41% (2024: 33%). The ultimate impact of this target also depends on the further development of textile collection and recycling infrastructure across relevant markets.

We aim to source **100% of our main natural materials from preferred sources by 2030**, covering all fabrics and linings, measured by sourcing volume. In 2025, this share reached 48% (2024: 32%; unaudited). Preferred sources are defined in our Material Strategy and include regenerative agriculture as our first choice for cotton and wool, closed-loop recycling, and other recognized standards. In 2025, we further refined the criteria underpinning this target. In addition to regenerative agriculture and closed-loop recycling, the definition of preferred sources now also includes further standards for sustainable materials, such as organic cotton and the Responsible Wool Standard (RWS).

For **polyester and polyamide**, we likewise target to procure **100% from preferred sources by 2030**, as defined in our Material Strategy, covering all fabrics and linings and measured by sourcing volume. In 2025, this share reached 14%. This target replaces a previous target that focused on the overall reduction of polyester and polyamide. The revised approach takes a broader perspective by focusing on improving the characteristics of these materials, acknowledging that the market does not yet provide sufficient alternatives to fully replace them. Our current focus for these fibers is on textile-to-textile recycled materials, while at the same time seeking to reduce overall reliance on polyester and polyamide wherever possible.

Actions related to resource use and circular economy

In 2025, we continued to drive circularity across our business, with a strong focus on **products designed for circularity**. We analyzed key product groups that are easier to transition, such as jersey-based essentials like T-shirts and polos, to identify how circular design principles can be effectively implemented and launched corresponding measures. These actions include modifying material compositions to improve recyclability and applying circular prints. To further build internal expertise, we continued to conduct online training courses for our design and development teams, strengthening their understanding of circular design principles and their practical application.

With respect to **materials from regenerative agriculture**, we placed particular emphasis on cotton in 2025. We list all accepted standards for regenerative agriculture within our Material Strategy, giving supply chain partners clear guidance in sourcing. In addition, we continued to strengthen existing partnerships, such as with Raddis in South India, which supports smallholder farmers in transitioning to regenerative practices. To ensure organizational alignment, relevant teams are required to complete an annual online training program covering our sustainability targets and material standards.

Resource inflows

For the production of our collections, HUGO BOSS requires a variety of materials, including both **biological and synthetic/technical materials**. Biological materials such as cotton, wool, and leather constitute a significant share of our input materials and are carefully selected to meet our sustainability standards. Technical materials, such as polyester and polyamide, also remain an integral part of our input materials. To reduce reliance on virgin resources, we increasingly focus on using recycled alternatives across our brands' collections.

BIOLOGICAL AND TECHNICAL MATERIALS USED¹

	2025				2024			
	Metric tons	In % of total	Share of more sustainable materials (in %) ²	Share of recycled materials (in %) ³	Metric tons	In % of total	Share of more sustainable materials (in %) ²	Share of recycled materials (in %) ³
Cotton	15,472	56	86	1	13,761	57	100	0
Sheep wool	1,782	6	63	8	1,756	7	49	3
Leather	1,251	5	96	0	939	4	86	3
Cellulose-based materials	1,231	4	89	1	1,060	4	94	2
Other biological materials ⁴	1,243	5	22	5	881	4	12	0
Total biological materials	20,979	76	81	2	18,397	76	90	1
Polyester	3,648	13	12	12	3,194	13	11	11
Polyamide	1,234	4	21	21	1,210	5	20	20
Elastane	504	2	0	0	408	2	4	4
Other technical materials	1,181	4	10	10	855	4	0	0
Total technical materials	6,568	24	12	12	5,666	24	11	11
Total materials	27,546	100	64	4	24,063	100	71	3

¹ Previous year figures were retrospectively adjusted because small amounts of remaining materials were excluded from the scope as they are considered not material.

² Materials classified as "more sustainable" by HUGO BOSS must be verified through third-party certifications or follow recognized standards. Further details are outlined in the HUGO BOSS Material Strategy. The "more sustainable" category is distinguished from "preferred," which applies higher standards and stricter requirements – for instance, only regenerative, organic, or recycled cotton is counted as "preferred," while "more sustainable" may include additional recognized standards.

³ Recycled materials which are used in our products are generally certified. Accordingly, the values presented here also contribute to the share of "more sustainable" materials.

⁴ This category includes biological materials such as natural rubber, linen, mohair, down, cashmere, silk, and hemp.

At the same time, we aim to further improve our use of packaging. This involves both decreasing reliance on single-use plastics and increasing the use of **packaging** made from certified and/or recycled materials. No detailed reporting on packaging is provided for the current reporting year.

Resource outflows

Currently, there are no industry-wide standards for durability, repairability, or recyclability. We therefore intend to align our practices with upcoming regulations and standards as soon as they are introduced. To support **repairability**, we provide care and repair guidance on our website and offer selected repair services as part of our customer loyalty program, HUGO BOSS XP, to help extend product lifespans. While current reporting guidelines do not yet define how to assess the **recyclable content** of fashion products, we apply circular.fashion's criteria to support the development of styles designed for circularity.

We also focus on **minimizing waste** across critical stages of the product life cycle by increasingly reusing surplus production materials and extending product life cycles. To further advance the **reuse and recycling of surplus materials**, we launched Eightyards in early 2025, a HUGO BOSS subsidiary dedicated to reselling, recycling, and reusing surplus fabrics and linings.

In 2025, we also partnered with Sellpy, a European re-commerce platform, to expand **resale opportunities**. The collaboration offers customers a convenient way to extend the life of pre-owned fashion items. Through our website, we provide Sellpy shipping bags free of charge, allowing customers to send in items – including BOSS, HUGO, or other brands – for resale and receive a credit once the items are sold. The offer is initially available in selected European markets and highlights our commitment to extending product lifespans and advancing the circular economy.

Disclosures pursuant to Article 8 of Regulation 2020/852 (Taxonomy Regulation)

The European Green Deal aims to achieve net-zero greenhouse gas emissions in the European Union by 2050. A central element of this strategy is the EU Taxonomy, a **classification system that defines “environmentally sustainable” economic activities**. Its purpose is to steer capital flows toward sustainable investments by classifying economic activities based on their contribution to six environmental objectives.

For fiscal year 2025, HUGO BOSS conducted a thorough analysis and concluded, consistent with the prior year, that **no financially material taxonomy-aligned sales, CapEx, or OpEx** are to be reported, in particular as our primary economic activities are currently not covered by the EU Taxonomy. HUGO BOSS did not apply Delegated Regulation (EU) 2026/73, which aims to simplify the content and presentation of Taxonomy disclosures and entered into force on January 28, 2026, for fiscal year 2025. By exercising the available phase-in option, the Company ensured consistency with the Taxonomy requirements applicable at year-end 2025. The revised disclosure requirements will be applied from the reporting year 2026 onward. The following section presents the mandatory disclosures in accordance with the EU Taxonomy Regulation.

Reporting on “environmentally sustainable” economic activities

The EU Taxonomy requires companies to report on their taxonomy-aligned, or “environmentally sustainable,” economic activities in accordance with EU criteria. This involves disclosing the shares of **sales, capital expenditure (CapEx), and operating expenses (OpEx)** related to both taxonomy-eligible and taxonomy-aligned economic activities for all six environmental objectives.

Taxonomy-eligible economic activities are those that meet the respective activity descriptions outlined in the EU Taxonomy, regardless of whether they fulfill the technical screening criteria. Economic activities become **taxonomy-aligned** if they make a significant contribution to the respective environmental objective by complying with the technical screening criteria, do no significant harm (“DNSH”) to the other environmental objectives, and adhere to the minimum safeguards set out by the EU Taxonomy.

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 "Transition to a circular economy," including the sale of second-hand goods and repair and refurbishment services. While these activities currently only play a minor role in our business model, our **primary economic activities** are by definition not taxonomy-eligible. However, there are some activities listed in the delegated acts that, while not revenue-generating, are relevant to our Company's **basic infrastructure** such as real estate or energy generation facilities.

In light of the broad range of potentially eligible economic activities, HUGO BOSS applies the principle of **materiality** when reporting on the EU Taxonomy. Consistent with our approach in the prior year, we classify an economic activity as taxonomy-eligible if its KPI value at economic activity level is at least 0.5% of the total sales or total CapEx denominator.

Sales

The core business of HUGO BOSS is not covered by the current EU Taxonomy criteria. Therefore, we report the shares of **taxonomy-eligible and taxonomy-aligned sales** in fiscal year 2025 as 0%, as in the previous year. Irrespective of this, HUGO BOSS is striving to significantly expand its activities in circularity going forward, having firmly anchored a clear commitment to "Increase Circularity" in its sustainability strategy.

> **Resource Use and Circular Economy**

Capital expenditure (CapEx)

For fiscal year 2025, as in the prior year no economic activities were identified with CapEx amounts exceeding the defined materiality threshold, except for the **construction of a new office building** at our headquarters in Metzingen (Germany), which qualifies under the taxonomy-eligible activity 7.1, "Construction of new buildings." HUGO BOSS is pursuing platinum certification from the German Sustainable Building Council (DGNB) for the building, with completion expected in 2026. While the DGNB certification reflects a high standard of sustainability, it does not fully cover all EU Taxonomy criteria. As a result, complete evidence of alignment with these specific criteria was unavailable as of the reporting date, and therefore, the CapEx related to the office building project is reported as not taxonomy-aligned for fiscal year 2025.

Consequently, the **taxonomy-eligible CapEx** for 2025 in relation to the total CapEx incurred of EUR 385 million ("denominator") amounts to 7% (2024: 2% with a denominator of EUR 645 million). The share of **taxonomy-aligned CapEx**, again in relation to the denominator, amounts to 0% (2024: 0%). In accordance with the taxonomy regulation, the CapEx to be used in determining the denominator 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 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**

Operational expenses (OpEx)

In accordance with the EU Taxonomy, the OpEx used to calculate the denominator includes direct costs relating to research and development, building renovation, short-term leasing, maintenance, and repair. However, the majority of the OpEx of HUGO BOSS, such as selling and marketing, administration, and logistics expenses, do not fall under this definition. For fiscal year 2025, the OpEx denominator amounts to EUR 122 million (2024: EUR 128 million). In relation to the Company's total OpEx of EUR 2,236 million for 2025 (reconcilable to the operating expenses presented in the consolidated income statement; 2024: EUR 2,299 million), the denominator is deemed immaterial. Consequently, in line with the specifications in Annex I of the delegated acts on Article 8 of the EU Taxonomy, HUGO BOSS has opted to waive the determination of **taxonomy-eligible and taxonomy-aligned OpEx** for fiscal year 2025. Accordingly, both shares are reported as 0% (2024: 0%). > [Earnings Development, Income Statement](#)

Climate risk analysis

As in prior years, HUGO BOSS conducted an **analysis of physical climate risks** for its key Company locations, meeting the requirements of the EU Taxonomy, and the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), also encompassing the location of the mentioned investment project. The system-based analysis uses the emission reference scenarios established by the Intergovernmental Panel on Climate Change (IPCC). No significant short- to medium-term physical climate risks were identified for the respective project, ensuring there is no significant harm ("DNSH") to the environmental objective of "climate change adaptation." As a result, the Company deems that no immediate adaptation measures are required. > [Climate Change](#)

Minimum safeguards

Compliance with the 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 thoroughly reviewed by topic experts at HUGO BOSS. As in the previous year, **HUGO BOSS complies with all the standards outlined.** > [Workers in the Value Chain](#), > [Business Conduct](#)

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 Disclosures on the Combined Non-financial Statement, Additional Disclosures on the EU Taxonomy](#)

Social

The following tables provide an overview of HUGO BOSS' **main social targets** in the areas of own workforce, workers in the value chain, and consumers and end-users. For each target, the tables set out the target description, the respective target year, and the current progress. The targets provide a structured framework for translating our social ambitions into measurable objectives.

OWN WORKFORCE

Target	Target year	2025	2024
Sustain an employee satisfaction level of at least 75% across the Group in the annual employee survey	Ongoing	78%	69%
Reduce employee-related turnover to below 30% in retail and below 8% in corporate functions	2030	31% (retail), 12% (corporate)	32% (retail), 15% (corporate)
Achieve a share of at least 40% women in top management positions (first management level below the Managing Board), and at least 50% women in the second management level below the Managing Board	2030	24% (top management), 43% (second management)	27% (top management), 44% (second management)
Achieve an 85% agreement rate on the equity index and 79% agreement rate on the inclusion index in the annual employee survey	2030	87% (equity), 81% (inclusion)	80% (equity), 74% (inclusion)

WORKERS IN THE VALUE CHAIN

Target	Target year	2025	2024
Source at least 90% of business volume from Tier 1 suppliers (including own production) that achieve one of the two highest social-compliance performance levels ("good" or "satisfactory") ¹ within the Company's five-level grading framework	Ongoing	94%	93% ²

- The rating "good" refers to suppliers that have established necessary activities for safe and fair working conditions within their management systems and take their own social responsibility very well. The rating "satisfactory" refers to suppliers recognizing the need for activities for safe and fair working conditions and have defined measures to support their implementation.
- Not part of the voluntary limited assurance engagement in accordance with ISAE 3000 (Revised).

CONSUMERS AND END-USERS

Target	Target year	2025	2024
Rule out any contraventions of applicable data protection laws as far as possible	Ongoing	Conclusion of one data protection-related matter without further action	No violations

Own workforce

At HUGO BOSS, we are convinced that the passion and dedication of our employees are vital for long-term business success. A strong commitment to empowering people and teams is therefore firmly embedded in our Group strategy CLAIM 5 TOUCHDOWN, guided by our HUGO BOSS values of **entrepreneurial spirit, personal ownership, team mentality, simplicity & quality, and youthful spirit**. Our values serve as the foundation for day-to-day collaboration. 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 directly contribute to the success of HUGO BOSS. By fostering a diverse, equitable and inclusive company culture, we seek to cultivate an environment that supports the success and development of our employees. At the same time, employee development and training are central to our strategy, providing our workforce with the tools and opportunities needed for continuous growth. Through these efforts, we seek to further strengthen **our attractiveness as an employer in the fashion industry**, where talent is nurtured and everyone is empowered to reach their full potential.

HUGO BOSS VALUES



With our global presence across numerous markets, production facilities, and consumer touchpoints, HUGO BOSS recognizes that people are the cornerstone of its success. Accordingly, the Company is committed to respecting human rights as fundamental principles for safeguarding human dignity. Our own workforce mainly consists of **corporate employees** at our headquarters and global subsidiaries, **commercial employees** within our own retail store network, as well as **operations employees** at our production facilities and logistics. Given the differing roles and working conditions, these employee groups have specific requirements regarding safe, inclusive, motivating, and respectful workplace environments. The material impacts related to workforce matters identified through our double materiality analysis apply to the entire HUGO BOSS workforce. As part of this, we differentiate between employees in own production facilities and those in non-production functions, enabling a more targeted approach to addressing workforce-related impacts.

Our commitment extends beyond our own workforce to the entire value chain, including **workers in our global supply chain**. Further information is provided in the “Workers in the Value Chain” section. > [Workers in the Value Chain](#)

As part of the partial application of ESRS Set 1 for fiscal year 2025 reporting, HUGO BOSS makes use of the applicable **phase-in provisions**. Consequently, selected minimum disclosure requirements (MDRs) and quantitative metrics are not disclosed for S1-7 Non-employees, S1-8 Collective bargaining coverage for non-EEA countries, S1-12 Persons with disabilities, S1-13 Training and skills development, and S1-15 Work-life balance.

Policies related to own workforce

HUGO BOSS is committed to respecting human rights, promoting fair labor practices, and fostering a productive work environment that prioritizes employee well-being and rights across our operations. These commitments are reflected in our Group-wide policies, aligning with international labor standards, including those from the **United Nations Universal Declaration of Human Rights**, the **International Labour Organization (ILO)**, and industry-specific guidelines from the **Fair Labor Association (FLA)**. All Group-wide policies apply to the entire HUGO BOSS workforce, including headquarters, production facilities, logistics, and own retail points of sale. Input from both our own workforce and external stakeholders is considered in policy development and review, ensuring that updates reflect evolving expectations and significant feedback. All human rights-related policies are approved by the Managing Board of HUGO BOSS, made publicly available on our Group website, and available on the Company intranet, ensuring transparency and stakeholder access.

Our **Human Rights Statement** reinforces our commitment to upholding international standards, outlines our responsibility to address human rights risks, and emphasizes our dedication to eliminating all forms of discrimination. The statement is reviewed on an annual basis. Building on this, our **Human Rights Policy** sets binding standards for all employees and partners, ensuring fair treatment, decent working conditions, and compliance with national laws on working hours, freedom of association, occupational health and safety, and environmental protection. HUGO BOSS explicitly rejects all forms of human trafficking, forced or compulsory labor, and child labor. The policy enforces working hour caps and guidelines on overtime to safeguard employee health, well-being, and productivity. Fair pay is fundamental to ensuring financial security and equity. Employees must earn at least the statutory minimum wage. Where local standards are insufficient, a living wage benchmark is applied. The policy undergoes regular updates, with the most recent revision completed in 2025.

Complementing this, our **Health and Safety Commitment** and our **Child Labor and Forced Labor Policy** are critical to safeguarding our own workforce. These policies emphasize the protection of physical safety, personal dignity, and the prohibition of child labor across all operations and with our partners. Our **Supplier Code of Conduct (SCoC)**, based on internationally recognized labor and social standards, applies not only to partners but also to our own production sites. Compliance with the SCoC is monitored through regular audits and supported with training programs, mirroring the mechanisms applied to external suppliers. This integrated approach reinforces a uniform standard of conduct across the entire operational footprint.

The HUGO BOSS **Code of Conduct** outlines Group-wide legal and ethical principles for employee conduct, establishing a foundation of compliance across areas such as fair competition, conflict of interest, proper handling of Company information, and data protection. Ensuring fair working conditions and respectful treatment in the workplace is central to the Code, as is maintaining zero tolerance for corruption. We do not tolerate willful misconduct or violations of the Code. More information on the Code of Conduct can be found in the "Governance" section. > **Governance**

Our **Anti-Discrimination, Anti-Harassment and Gender Equality Commitment and Anti-Discrimination, Anti-Harassment and Gender Equality Policy** clearly articulate our zero-tolerance stance toward any form of discrimination or harassment. HUGO BOSS promotes respect for diversity in all its dimensions, including race, gender, sexual orientation, age, disability, and other characteristics. Employment decisions regarding hiring, development, promotion, compensation, and termination are to be based solely on merit. To embed these principles into daily practice, HUGO BOSS has established internal confidential reporting channels, defined remediation processes, and launched targeted awareness campaigns. Through this systematic approach – combining prevention, detection, and remediation – HUGO BOSS actively addresses discrimination and harassment risks across its operations.

Diversity, Equity, and Inclusion (DE&I) form a cornerstone of our company culture. Embedded within the global Human Resources (HR) department, DE&I initiatives are aligned with our Company's broader HR strategy. In 2025, HUGO BOSS introduced a dedicated **DE&I Policy**, with a summarized version also made available to external stakeholders. The policy applies globally and outlines key impacts and actions. It was developed with input from employees, internal HR experts, and management representatives.

Additionally, the HUGO BOSS **Fair Pay Commitment** stipulates that all employees are to be compensated fairly and equitably, in accordance with local laws and international labor standards. We are committed to ensuring equal pay for work of equal value, with regular reviews to ensure pay practices are transparent and free from bias and discrimination.

The international subsidiaries of HUGO BOSS structure their HR management by means of **additional, decentralized policies**. This enables them to adapt to local needs, while complying with national law. Unless stated otherwise, Group-wide policies are reviewed annually and, if necessary, updated by our Human Rights Officer.

Engagement with own workforce

At HUGO BOSS, we are committed to fostering a company culture where employees feel empowered to cooperate openly, express their views, and contribute to our Company's success. We engage directly with our workforce through various channels, enabling employees to voice concerns, share ideas, and actively participate in decision-making. By promoting **active and direct dialog**, we aim to enhance employee retention and strengthen their connection to our Company's strategic goals.

A key initiative supporting workforce engagement while tracking the effectiveness of our overall approach to employee engagement is the annual **Great Place to Work** survey, conducted Group-wide by an external service provider. It provides critical insights into how our employees experience HUGO BOSS, including collaboration, leadership, and overall engagement. In fiscal year 2025, the Group achieved an **overall satisfaction level** of 78% (2024: 69%), reflecting a significant year-on-year improvement, with a participation rate of 71% (2024: 70%). The positive development reflects the impact of targeted engagement measures implemented at selected locations in response to site-specific challenges identified in the prior year, most notably in Izmir (Turkey), alongside generally stable satisfaction levels across the Group. Looking ahead, we remain committed to sustaining an employee satisfaction level of at least 75% across the Group. At HUGO BOSS AG in Germany, overall satisfaction amounted to 83% in 2025 (2024: 86%). The moderate decline year-over-year reflects the broader macroeconomic environment, while overall satisfaction levels remain high. Employees continue to report strong trust in core aspects of our company culture, particularly in areas of camaraderie and pride in working for HUGO BOSS. The survey results provide us with **valuable input** for operational and strategic decision-making, with the aim of further strengthening employee engagement across the Group. Key indicators, including the "Trust Index," are integrated into the long-term incentive (LTI) program for the Managing Board and eligible senior management, underscoring the strategic relevance of employee engagement. To ensure that insights translate into specific action, survey findings are reported to the Managing Board, which defines key strategic priorities together with Global HR.

Beyond the annual survey, HUGO BOSS fosters a culture of ongoing dialog through multiple channels aimed at strengthening the **internal dialog** both among employees as well as between employees and senior management. Regular updates from the Managing Board, alongside opportunities for direct interaction through internal events, provide structured platforms for employee engagement. In light of the volatile macroeconomic environment, we consider a high degree of transparency and open dialog with employees particularly important. Therefore, in 2025, we continued our live, quarterly hybrid **"How is Business?"** sessions. During these sessions, the Managing Board and senior management share business updates and respond directly to questions from employees. To further broaden perspectives, HUGO BOSS has established the **NextGen Board** as a generational sounding board, ensuring that the views and perspectives of younger employees are actively represented.

Employee representatives are integral to employee engagement. Through local and national works councils, HUGO BOSS ensures regular dialog on key matters such as employee well-being, health and safety, and workplace development. In Germany, our workforce at HUGO BOSS AG is represented by the works council, in accordance with the German Works Constitution Act (Betriebsverfassungsgesetz, BetrVG). The **annual works meeting**, jointly held by the Managing Board and the Works Council, provides employees in Germany with updates on economic performance and strategic priorities, as well as workforce-related topics, including social matters, thereby strengthening transparency and the connection between leadership and employees. The **works council**, led by its Chairman, regularly engages in open dialog with the Managing Board and our central HR division, addressing both strategic and individual matters. Dedicated **HR managers** support employees with inquiries or concerns, while feedback is also gathered through surveys, town halls, and other interactive channels. We also foster inclusion for vulnerable groups through locally tailored initiatives. Furthermore, HUGO BOSS respects the formation of employee organizations and the right to unionize, maintaining regular dialog with **union representatives** and associations such as the Southwest German Textile and Clothing Industry.

To further strengthen engagement and transparency, we also leverage **digital tools** to enhance communication and collaboration. Our **global employee app "My HUGO BOSS"** and our **global intranet platform "ONE"** keep employees closely connected and engaged. Both platforms facilitate engagement, interaction, and provide timely updates on HUGO BOSS and our two brands, BOSS and HUGO, featuring live streams, videos, and relevant industry news.

Grievance mechanisms and remediation processes

HUGO BOSS has established a comprehensive system to identify and manage human rights impacts across its operations with the aim of safeguarding employees and preventing or minimizing any potential adverse impacts. To facilitate reporting, we provide three independent whistleblowing channels: our **Speak Up Channel**, an external **Ombudsperson** service, and our **Compliance department**, complemented by additional local internal channels. These mechanisms allow all employees to report concerns confidentially, anonymously, and free of charge. In doing so, HUGO BOSS aims to mitigate negative impacts on human rights, data protection, and compliance with its Code of Conduct, among other things.

Raising awareness of these grievance mechanisms ensures employees feel safe to report concerns. Awareness is embedded into various aspects of our company culture through a mandatory **compliance training**, where all permanent employees are informed about the availability of our grievance processes, and through **internal information campaigns** aimed at preventing potential negative impacts. Additionally, the Company promotes awareness across its local subsidiaries, own production facilities, and own retail stores by providing comprehensive information on the intranet or posters detailing how to access the various whistleblowing channels. Employees can also raise concerns directly with their **managers** or **HR**. All reports are overseen by the central Compliance department, ensuring that issues are addressed in line with the Company's commitment to upholding human rights and ethical standards.

Our Compliance department reviews the **effectiveness of the grievance procedure** at least once a year or, if necessary, on an ad-hoc basis. Based on the findings, further action steps are initiated to support continuous improvement. Anonymous feedback on the reporting experience is also encouraged. The grievance mechanisms and remediation processes, including whistleblowing protection against retaliation, are further detailed in the "Governance" section. > **Governance**

Characteristics of our workforce

As of December 31, 2025, HUGO BOSS employed a total of 20,020 employees worldwide on a **headcount basis** (2024: 21,286). This reflects all active employees, including corporate staff, commercial employees, operations workers, learners (working students, apprentices, interns), and temporary support staff (employees with a fixed employment duration of less than one year to cover short-term resource requirements). The decrease of 1,266 headcounts compared to the prior year is mainly reflected across own production, own retail, and corporate functions. On a **full-time equivalent (FTE)** basis, excluding learners and temporary support staff, this corresponds to 17,527 employees as of December 31, 2025 (December 31, 2024: 18,623). The following metrics represent employee data calculated on a headcount basis, as of year-end, unless otherwise stated.

In 2025, HUGO BOSS hired 4,826 **new employees** worldwide (2024: 6,259), while total **employee departures ("leavers")** amounted to 6,127 (2024: 6,667), including inactive employment relationships and excluding learners and temporary support staff. HUGO BOSS counts employees as having left the Company only upon official contract termination. Transitions from temporary roles, internships, or student positions to permanent roles are recorded as internal transfers, instead of new hires.

HUGO BOSS reports both the total employee turnover rate, which includes all departures regardless of reason, and the employee-related turnover rate, reflecting only voluntary resignations initiated by employees. This distinction allows for a more accurate understanding of overall workforce dynamics as well as employee satisfaction and retention. The resulting **total turnover rate** – total leavers divided by total workforce at year-end – amounted to 32% in 2025, in line with the prior-year level (2024: 32%). At a level of 21%, the **employee-related turnover** decreased slightly year over year (2024: 22%). To gain deeper insights into employee retention, we separately track the employee-related turnover for our global retail operations and corporate functions. In retail, the rate was 31% in 2025 (2024: 32%), while in corporate functions it amounted to 12% (2024: 15%). Our objective remains to further reduce employee-related turnover to below 30% in retail, and below 8% in the corporate functions, both by 2030. **Exit interviews** are conducted to better understand the reasons for departure and inform measures aimed at retention and reducing employee-related turnover.

The following tables provide further characteristics of our workforce in alignment with ESRS S1-6. Metrics are calculated on a headcount basis unless otherwise specified.

EMPLOYEES BY GENDER (HEADCOUNT)

	2025	2024
Female	11,788	12,638
Male	8,231	8,645
Diverse	1	1
Not reported	0	2
Total employees	20,020	21,286

EMPLOYEES BY COUNTRY¹ (HEADCOUNT)

	2025	2024
Germany	4,459	4,581
Turkey	4,458	5,221
Other	11,103	11,484
Total employees	20,020	21,286

¹ This table is oriented towards the ESRS requirements, providing information on countries representing at least 10% of our global workforce. Countries below 10% are classified under the category "Other."

EMPLOYEES BY CONTRACT TYPE, BROKEN DOWN BY GENDER (HEADCOUNT)

	2025				2024			
	Permanent	Temporary ¹	Total	Thereof non-guaranteed hours	Permanent	Temporary ¹	Total	Thereof non-guaranteed hours
Female	10,476	1,312	11,788	1,034	10,989	1,649	12,638	1,044
Male	7,498	733	8,231	1,091	7,782	863	8,645	1,094
Diverse	0	1	1	0	0	1	1	0
Not reported	0	0	0	0	1	1	2	2

¹ Temporary employees including temporary support staff with a fixed employment duration of less than one year to cover short-term resource requirements.

EMPLOYEES BY CONTRACT TYPE, BROKEN DOWN BY REGION (HEADCOUNT)

	2025				2024			
	Permanent	Temporary ¹	Total	Thereof non-guaranteed hours	Permanent	Temporary ¹	Total	Thereof non-guaranteed hours
EMEA	13,160	1,182	14,342	6	14,056	1,298	15,354	6
Americas	3,010	222	3,232	1,989	3,012	282	3,294	2,019
Asia/Pacific	1,804	642	2,446	130	1,704	934	2,638	115

¹ Temporary employees including temporary support staff with a fixed employment duration of less than one year to cover short-term resource requirements.

Targets and actions related to own workforce

In the following section, HUGO BOSS outlines its **targets and actions related to its own workforce**, addressing topics identified as material through our double materiality assessment. This includes information on working conditions as well as equal treatment and opportunities for all.

Working conditions

At HUGO BOSS, we recognize that ensuring optimal working conditions is vital to fostering employee well-being, productivity, and overall job satisfaction across all regions. Within our industry, employees may face longer working hours and heightened pressure, especially during peak seasons, which can affect their ability to maintain a healthy work-life balance. We are continually working to enhance these conditions, in particular by improving **work-life balance**, managing **working time**, and ensuring the right to **freedom of association**.

HUGO BOSS is actively implementing more flexible working models and clear policies that define reasonable boundaries around working hours, promoting healthier work environments. In addition, we are committed to further enhancing our **social dialog framework**, ensuring that employees' voices are heard and that their rights to fair representation are upheld. By strengthening these aspects, we aim to maintain an inclusive and supportive workplace where employees are empowered to participate in decision-making processes affecting their roles and working conditions.

Working time and work-life balance

In the fast-paced fashion industry, working time management is essential to **ensuring fair working conditions and promoting employee well-being**. HUGO BOSS is committed to upholding legal working hour limits and fostering flexibility through internal policies that support work-life balance.

Actions

We offer our employees a wide range of options to strengthen work-life balance, including **flexible working models** such as individual part-time arrangements, trust-based working hours, and remote work. Most of our employees – both in administrative functions and in production – already benefit from flexible working hours. For example, employees in our own production facility in Izmir (Turkey) are able to reduce accrued overtime or make use of other part-time arrangements.

Our **hybrid working model, "Threedom of Work,"** applies to administrative staff in Germany and provides for three days of attendance at our headquarters in Metzingen, whereas employees are free to choose their work location on the other two days. Similar models are in place at other Group companies, while most administrative staff worldwide benefit from mobile working options. In addition, job sharing opportunities, co-leadership roles, and sabbaticals further contribute to a dynamic and efficient, yet flexible work culture.

As we are also committed to strengthening **family friendliness**, HUGO BOSS participates in the Germany-wide cooperation "Success Factor Family." In this context, we are offering a broad variety of family-friendly options, including access to day care. In the U.S. and Canada, employees have free of charge access to an Employee Assistance Program (EAP) for independent advice on childcare and family care. In addition, most of our employees in the U.S. have the option of spending part of their gross personal income for external care and support services through flexible spending accounts (FSAs).

Adequate wages

Fair pay is fundamental to ensuring financial security, fostering equity, and driving motivation and productivity. HUGO BOSS is committed to providing **transparent, performance-based compensation** as part of its working conditions. To this end, we continually strive to enhance the structure and competitiveness of our compensation structure, ensuring that employees worldwide are remunerated at least in line with local minimum wage standards.

Targets

HUGO BOSS is committed to ensuring that **all employees are remunerated at least in line with adequate wage benchmarks** as defined by the ESRS. This ongoing, outcome-oriented target is monitored globally on a semi-annual basis. Adequate wage levels are determined using external pay data and a comprehensive global pay survey that reflects local cost-of-living factors. Where inconsistencies or gaps are identified, HUGO BOSS promptly adjusts compensation to maintain alignment with adequate wage benchmarks.

In fiscal year 2025, **100% of employees within the scope earned in line with the adequate wage benchmark or above** as set forth in the ESRS. Learners and temporary support staff, as well as employees of our Digital Campus in Porto (Portugal) are not included in the scope of this target or its monitoring. This target is embedded in the Company's Fair Pay Commitment and its overarching human rights and fair labor frameworks.

Actions

HUGO BOSS ensures fair and competitive remuneration through a structured, Group-wide compensation system, as set out in our fair pay commitment. Based on regular assessments of all jobs in Germany as well as key international positions, the majority of our employees are remunerated based on job-specific salary bands. In addition to meeting local minimum wage requirements, our salary bands are based on **external salary benchmarks** covering several sectors. In recent years, HUGO BOSS conducted a thorough evaluation of nearly all positions worldwide to establish a **unified compensation system** based on a Group-wide grading system, thereby further improving transparency. This framework is based on job-specific qualifications and responsibilities, aimed at ensuring a compensation structure that remains fair, competitive, and free from discrimination. HUGO BOSS reviews its pay practices regularly to maintain competitiveness.

Our **compensation system** includes fixed and variable salary components, including bonuses above the collective bargaining scale, non-cash compensation, and other benefits. It aligns with industry standards and collective bargaining agreements, while incorporating national and regional benchmarks. In Germany, works agreements govern specific compensation components such as the employee profit-sharing bonus. Non-tariff employees receive a 13th monthly salary instalment and a short-term incentive (STI) linked to annual company targets.

HUGO BOSS further supports employees with a **company pension**, with specific conditions varying by country. In Germany, for example, all employees are eligible for a uniform pension plan. Additional **retirement models**, such as partial retirement, enable employees to maintain access to benefits like the company fitness studio and restaurants at our Group headquarters.

To foster long-term employee engagement and enable employees to participate in the Company's success, HUGO BOSS offers an **employee share investment program (SHIP)**, allowing employees to acquire HUGO BOSS shares at regular intervals under favorable conditions.

Freedom of association and collective bargaining

Freedom of association and the right to collective bargaining are **fundamental labor rights** and anchored in HUGO BOSS' employment practices. These rights enable employees to express their views, engage in dialog with management, and negotiate working conditions collectively. Upholding these principles strengthens mutual trust, fosters a constructive workplace culture, and supports long-term employee engagement across our global operations.

Targets

HUGO BOSS is firmly committed to respecting and upholding employees' rights to freedom of association and collective bargaining. Our Human Rights Commitment and Policy underline our commitment towards an open and constructive dialog with employees and their representatives. Our objective is to ensure these rights are consistently respected across all operations, in compliance with national laws, and **to prevent any violations**.

In the European Economic Area (EEA), Germany is currently the only country where HUGO BOSS meets the ESRS reporting threshold of 50 or more employees representing at least 10% of the total workforce. For this reason, and in line with the transitional provisions under the ESRS, reporting for 2025 focuses on **Germany**. In Germany, **all employees are covered by collective bargaining agreements** and represented by workers' representatives. Therefore, the percentage of HUGO BOSS employees covered by collective bargaining agreements is at 22%.

EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS (IN %)

Coverage rate	Collective bargaining coverage in EEA
0–19%	
20–39%	
40–59%	
60–79%	
80–100%	Germany

1 Data on collective bargaining coverage is collected globally through an annual survey as of December 31 and calculated in line with the ESRS methodology (share of employees covered relative to total employees, based on year-end headcount).

Actions

HUGO BOSS actively engages with its workforce through a variety of channels, including **labor unions, works councils, and employee committees** across its global operations, fostering open dialog and promoting labor rights. As a global company, HUGO BOSS has trade unions and employee representation bodies in different countries, complying with statutory regulations.

In **Germany**, social dialog is facilitated by a close collaboration between the elected works council of HUGO BOSS AG and the Managing Board. This collaboration facilitates constructive negotiations on a wide range of workforce-related topics and has resulted in a variety of works agreements, covering areas such as health protection, flexible working models, childcare support, family assistance programs, and anniversary bonuses. Also in **Turkey**, elected employee representatives provide structured channels for employees to raise concerns and engage in dialog on working conditions. In **Mexico**, specialized worker-management committees focus on health, safety, and workplace conditions, while in **France**, the Social and Economic Committee (Comité Social et Économique, CSE) represents various employee categories and holds regular meetings with local management to discuss workplace issues.

Equal treatment and opportunities for all

Our commitment to fostering equal opportunities is deeply rooted in promoting a **workplace thriving on diversity, equity, and inclusion (DE&I)**. These principles, alongside our focus on gender equality, anti-discrimination efforts, and continuous training and development, form the foundation of a supportive and empowering work environment, where every individual feels valued, respected, and empowered to thrive and contribute their unique perspectives.

HUGO BOSS is committed to **tackling gender pay disparities**, ensuring that promotions and compensation decisions are transparent and merit-based, and removing barriers to career advancement based on gender. Increasing transparency in our career development and compensation frameworks is a key driver for fostering a more equitable workplace. At the same time, we maintain a **zero-tolerance policy against discrimination, harassment, and violence** in the workplace. Our policies and preventive measures are designed to safeguard our inclusive culture and protect employees from unethical conduct. By promoting a safe and respectful work environment, we empower all employees to excel free from the fear of discrimination or mistreatment. We also place strong emphasis on **training and development**, enabling employees – regardless of their background or role – to continuously enhance their skills, grow within the Company, and contribute to our

shared success. By driving these initiatives, we are not only fostering an inclusive culture but also empowering our employees to reach their full potential, supporting continued growth and success of both our people and the Company.

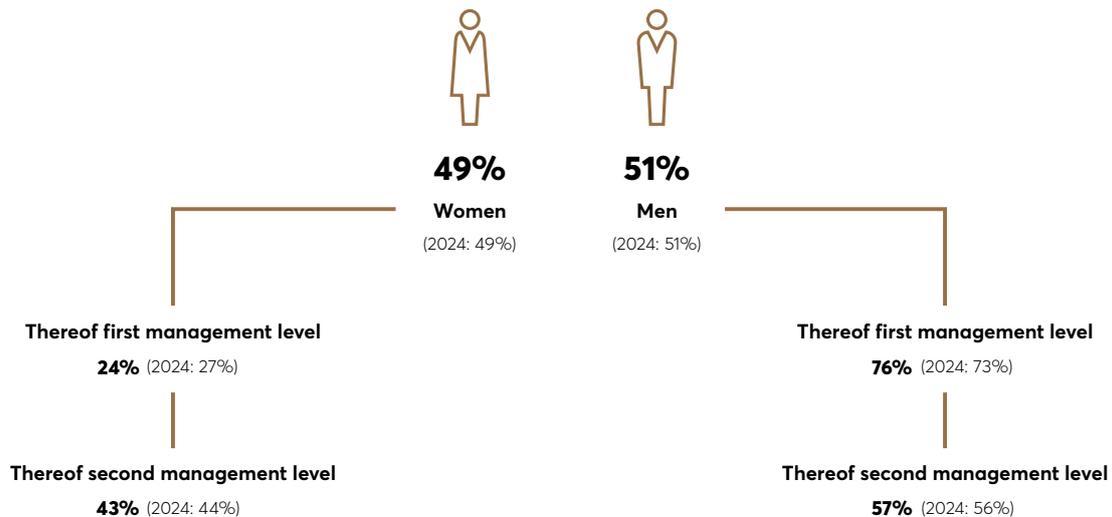
Diversity, equity, and inclusion (DE&I)

At HUGO BOSS, DE&I are central to our journey of **reshaping fashion**, forming a core part of our company culture. We are committed to fostering an inclusive and equitable environment where diverse perspectives drive creativity and innovation.

Targets

HUGO BOSS is committed to promoting **gender equality across all organizational levels**. As of December 31, 2025, women represented 59% of our workforce, continuing to form the majority (2024: 59%). Across all management levels, 49% of positions were held by women, unchanged from the prior year (2024: 49%).

EMPLOYEES IN TOP MANAGEMENT AND SECOND MANAGEMENT LEVELS



HUGO BOSS has defined targets to increase the representation of women in management positions. The Company aims to achieve a share of **at least 40% women in top management positions** (first management level below the Managing Board) and **at least 50% women in the second management level** by 2030. As of December 31, 2025, women accounted for 24% of top management positions and 43% of second management positions (December 31, 2024: 27% and 44%, respectively). These targets replace former time-bound targets with a target year of 2025, which were not fully achieved. Based on the progress made to date and the remaining gap to the defined thresholds, the Managing Board approved the continuation of the targets with an extended target year of 2030. HUGO BOSS remains committed to increasing the representation of women in leadership positions and will continue to implement measures to support progress toward these targets, with specific initiatives described in the Actions section below.

EMPLOYEES BY AGE GROUP (HEADCOUNT AND SHARE)

	2025		2024	
	Headcount	Share (%)	Headcount	Share (%)
<30 years	5,699	29	6,581	31
30 to 50 years	11,710	58	12,205	57
>50 years	2,611	13	2,500	12
Total employees	20,020	100	21,286	100

In addition to gender representation, we closely monitor the **age structure** of our workforce to ensure a balanced mix across generations. This balanced age distribution reflects the dynamic blend of emerging talent and experienced professionals that drives HUGO BOSS forward.

HUGO BOSS also measures equity and inclusion through its annual employee survey. For **equity**, HUGO BOSS has set a target of achieving an 85% agreement rate on the equity index by 2030. This index reflects employees' perceptions of fair treatment through several survey statements, including "People here are treated fairly regardless of their race, age, gender, and sexual orientation." In 2025, 87% of employees viewed HUGO BOSS as an equitable workplace (2024: 80%). Respectively, **inclusion** is measured via the survey question "I can be myself here," with a goal of 79% agreement by 2030. In 2025, already 81% of employees agreed they feel included within the Company (2024: 74%).

Actions

HUGO BOSS has defined a comprehensive DE&I ambition focused on five key pillars: Our People, Our Company, Our Consumers, Our Business Partners, and Our Community. To further advance DE&I within the organization and embed it into our company culture, our **MIX & MATCH initiative** bundles numerous internal and external measures aimed at raising awareness, educating, and promoting a culture of inclusion. Our **Diversity Task Force (DTF)**, composed of employees from diverse backgrounds, supports the execution of these initiatives through dedicated workstreams focused on topics like gender equality and LGBTQIA+ representation. Employees can also form self-organized groups, including the **Wonder Women CREW** and the **BE YOU CREW**, offering safe spaces for sharing experiences and fostering mutual support.

We provide our employees with regular **DE&I trainings**, including programs designed to address unconscious biases and foster inclusive, effective decision-making. In 2025, HUGO BOSS ensured that all employees received mandatory DE&I and unconscious bias training, conducted on an 18-month cycle. Recognizing the importance of inclusive leadership in shaping company culture, HUGO BOSS provides dedicated unconscious bias training within its leadership development programs. Targeted awareness training on non-discrimination policies and practices is provided to middle and upper management, particularly during promotion and performance calibration rounds.

Gender equality remains a priority, supported by ongoing initiatives to strengthen representation of women in leadership roles. Our **Diversity Hiring Council** plays a central role in reviewing the recruitment process for top management positions and ensuring gender-balanced candidate shortlists. To further promote gender-diverse leadership, we launched the **SHE BOSS** program in 2024 to support the development of high-potential female leaders with active management support. Initially focused at a select group of high-potential female employees, the program's strong positive reception has led to plans for a broader roll-out across the Group, scheduled for 2026. DE&I principles are also embedded into daily operations and **recruitment**, with inclusive job descriptions, postings, and hiring practices designed to attract diverse talent and minimize unconscious bias.

By adhering to the **United Nations Women's Empowerment Principles**, we aim to promote equal opportunities, representation, and treatment for all genders in the workplace. We also support the **Partnership for Global LGBTIQ+ Equality (PGLE)**, a coalition of organizations committed to leveraging their individual and collective advocacy to accelerate LGBTIQ+ equality and inclusion globally. Our overarching goal is to embed gender equality into our company culture, ensuring balanced representation in leadership and across all functions.

Gender equality and equal pay for work of equal value

At HUGO BOSS, we recognize that gender equality encompasses **fair compensation, equitable career advancement, and balanced leadership opportunities**. HUGO BOSS strives to ensure that all employees, regardless of gender, are entitled to the same rights, opportunities, and access to resources.

Targets

HUGO BOSS is committed to upholding its **Fair Pay Commitment** and works to ensure that compensation is free from discrimination based on gender and any other characteristic. Our objective is to ensure equal pay for equal work across all roles and levels within the Company.

For fiscal year 2025, HUGO BOSS reports an **adjusted gender pay gap** of 2.2%, as a key indicator of compensation equity within the Group. This metric follows a HUGO BOSS-specific methodology and measures the difference between the average total annual compensation of male and female employees, relative to the average total annual compensation of male employees. It accounts for type of employee (hierarchy) and location (city) to reflect pay differences among comparable roles and is based on total direct compensation data as of October 31, 2025. The dataset covers all employees except learners, temporary support staff, and employees at the HUGO BOSS Digital Campus in Porto (Portugal). The total direct compensation consists of the base salary incl. cash allowances, as well as target values defined by variable compensation consisting of short-term incentive (STI), long-term incentive (LTI), and employee profit-sharing (EPS). Variable, non-contractually fixed compensation components as well as benefits of kind, overtime and overtime compensations are excluded. For employees in retail functions, commissions are included based on actual earnings rather than target values, reflecting the performance-driven nature of retail roles. For these functions, commission earned in October is annualized to twelve months.

Actions

Creating a workplace environment that promotes gender equality and prevents discrimination begins with **raising awareness**. HUGO BOSS has implemented dedicated training programs to educate employees on issues of bias, discrimination, and gender equality. The Company's broader commitment to gender equality is reinforced by signing the **UN Women's Empowerment Principles**, which provide guidance on promoting gender equality in business. These initiatives are closely linked to our broader HR strategies, including career development, promotions, and performance management, ensuring training insights and analyses inform our workforce planning and talent development.

All employees are entitled to **fair compensation in line with market conditions**, also benefitting from a range of additional support, including health insurance, maternity and parental leave, and financial support for external training, in accordance with HUGO BOSS' fair pay commitment. **Gender-specific analyses of compensation differences** among employees in comparable positions are conducted on a regular basis, leveraging our standardized grading system. We are continuously expanding these analyses to better understand the drivers of pay disparities and work towards minimizing them. More information on our compensation system can be found in the "Adequate Wages" section further above.

At the same time, HUGO BOSS is actively empowering women, particularly when re-entering the workforce after parental leave, through initiatives like our **"Open Doors for Women"** program in Izmir (Turkey). The program provides mentorship, career development opportunities, and support networks, helping to break down barriers and equip women with the tools for success.

Measures against violence and harassment in the workplace

At HUGO BOSS, we are dedicated to fostering a working environment where every employee is valued for their individuality and can freely express themselves without fear of discrimination, violence, or harassment. All employees are expected to treat each other with **respect and dignity**, regardless of age, gender, race, sexual orientation, disability, nationality, faith, political opinion, or any other personal characteristic. This commitment is reinforced through regular training and a clear expectation that all employees contribute to a positive, inclusive workplace culture. Our commitment to creating a **safe and respectful workplace** is supported by respective policies and a zero-tolerance approach towards violence and harassment.

Targets

HUGO BOSS is committed to a **zero-tolerance approach to violence and harassment**, in alignment with both statutory and internal company requirements on human rights and labor standards. As part of our Anti-Harassment Commitment and Policy, we strictly prohibit all forms of harassment and violence. It is our objective to ensure that these standards are consistently upheld across our operations.

In fiscal year 2025, a total of **159 potential incidents** were reported **through the Company's whistleblowing channels**. Of these, **20 incidents related to discrimination**, including harassment, were reported across the Group's workforce (2024: 12 incidents). Both figures include all complaints filed through our whistleblowing channel, ombudsperson, and confirmations from our central and regional HR functions. As in the prior year, no complaints were filed with National Contact Points (NCPs) for OECD Multinational Enterprises through the available confidential internal channels.

In fiscal year 2025, as in the prior year, HUGO BOSS was **not aware of any severe human rights violations** within its own workforce, including child labor, forced labor, human trafficking, or breaches of the UN Guiding Principles or OECD Guidelines. Consequently, no material fines, penalties, or compensation payments related to human rights issues were recorded, reaffirming our commitment to ethical standards and employee rights.

Actions

HUGO BOSS actively promotes a culture of respect and individuality through targeted prevention measures. To address discrimination, violence, and harassment, we conduct regular compliance training that includes a dedicated **anti-discrimination e-learning module**. The course educates employees on recognizing, preventing, and addressing violence and harassment in the workplace, while reinforcing our zero-tolerance stance. It is reviewed annually and updated as needed to reflect evolving business needs and regulatory requirements.

Training and skills development

Our employees' expertise and commitment are vital for achieving our strategic and financial objectives. As global competition and business complexity intensify, the demand for skilled and adaptable employees continues to grow. To meet this challenge, HUGO BOSS places strong emphasis on **targeted training and individual development opportunities** that enhance both our employer attractiveness and employee retention. Through a variety of training formats, we empower employees to grow personally and professionally, fostering engagement, strengthening skills, and empowering them to actively contribute to the Company's long-term success.

Actions

HUGO BOSS is committed to fostering a robust leadership culture and to providing comprehensive development opportunities for its global workforce. Structured HR development programs, such as the **Employee Development Program (EDP)** for professionals and managers, are designed to promote employees based on their competencies, broaden their knowledge, and strengthen their skills, also with regard to a leadership career. In addition to role-specific training, we also provide **social skills development**, supporting a performance-driven, inclusive, and collaborative company culture.

Through platforms such as the **HUGO BOSS University** and the **HUGO BOSS eLIBRARY**, employees have access to a broad selection of face-to-face, live online, and e-learning courses that focus on professional, social, and management skills. In 2025, we continued offering formats such as **"Tiny Training,"** a one-hour training session on relevant topics, and **Global Learning Week**, which promotes knowledge-sharing and collaboration led by internal experts worldwide. At our production and logistics sites, **face-to-face training** and **workplace briefings** remain an integral part of the induction process for industrial staff.

Development offerings at HUGO BOSS include a strong focus on **leadership mentality**, as we are convinced that it has a significant impact on both our Company's performance and employee engagement. Regular workshops anchor this mindset within our organization, fostering a common understanding of leadership. Key programs such as the **Leadership Development Program (LDP)**, the **High Potential Program (HIPOSS)**, and the **Experienced Leaders Collection (ELC)** are tailored to develop leadership potential and skills at different career stages. Leaders are expected to act as enablers, create strong team connections, and ensure equal opportunities for all.

HUGO BOSS also supports students and apprentices by partnering with universities and vocational institutions globally. These collaborations enable us to offer **work-study programs** and **apprenticeships** in industrial, technical, and commercial fields, addressing the growing demand for skilled professionals.

Internal mobility is another key factor in talent retention. Our internal career platform **"GLOBAL JOBS"** and the employee referral program **"HUGO BOSS Spotted"** provide transparency and growth opportunities across departments and divisions. At the same time, the annual **Performance & Development Dialog (PDD)** provides structured feedback and individualized development planning. Supported by an online tool, data is collected on employee performance, potential, and development needs, enabling objective evaluations, mid-year reviews, and peer feedback. This process helps employees realize their potential while promoting long-term retention.

Workers in the Value Chain

HUGO BOSS recognizes that its operations and sourcing activities may be linked to potential impacts on **workers in the upstream value chain**. These risks may arise at Tier 1 and also further upstream in labor-intensive regions, where systemic challenges such as job insecurity, low wages, excessive working hours, restricted freedom of association and social dialog, gender disparities, human rights risks, particularly with regard to child and forced labor as well as health and safety hazards persist in parts of the industry.

In accordance with the **EU "quick-fix" relief** applicable for fiscal year 2025, HUGO BOSS applies selected reporting reliefs under ESRS S2. While S2 has been assessed as material, the disclosures presented in this chapter focus on the Group's key policies, actions, targets and metrics relating to Tier 1. Suppliers classified in Tier 2 and beyond are not covered in this chapter, even though these tiers include direct suppliers.

Policies related to workers in the value chain

HUGO BOSS has embedded its human-rights and labor-standards commitments within a comprehensive policy framework. This mainly includes the **Supplier Code of Conduct (SCoC)**, the **Human Rights Statement and Policy**, and the **Child Labor and Forced Labor Policy**. Together, these policies define expectations toward all business partners and production sites, covering aspects such as working hours, fair wages, freedom of association, health and safety, and access to grievance mechanisms. The SCoC, related policies, or equivalent standards form part of the contractual framework with all our direct suppliers. Further details on the Human Rights Policy are provided in the Own Workforce chapter, and on the SCoC in the Governance chapter. > [Own Workforce](#), > [Governance](#)

Targets and metrics related to workers in the value chain

HUGO BOSS has established an ongoing target to ensure that at least **90% of business volume is sourced from Tier 1 suppliers (including own production) that achieve one of the two highest social-compliance performance levels ("good" or "satisfactory")** within the Company's five-level grading framework. The rating "good" refers to suppliers that have established necessary activities for safe and fair working conditions within their management systems and take their own social responsibility very well. The rating "satisfactory" refers to suppliers recognizing the need for activities for safe and fair working conditions and have defined measures to support their implementation. Compliance performance is verified on a regular basis through audits, self-assessments, or recognized external social-compliance standards. In fiscal year 2025, the Company already achieved a share of 94% (2024: 93%), reflecting continued progress in strengthening social and labor standards across its Tier 1 supply base. This ongoing target replaces two former time-bound targets ahead of schedule, which would have expired in 2025. While substantial progress was made, the defined thresholds of 100% sourcing from Tier 1 suppliers achieving one of the two highest performance levels and 80% sourcing from suppliers achieving the highest performance level were not fully achieved.

Actions related to workers in the value chain

We take a **risk-based approach** to auditing Tier 1 suppliers (including own production) and implement Corrective Action Plans where non-compliances arise. Through our Sustainable Supply Chain (SSC) program, we systematically monitor supplier adherence to the SCoC's principles as part of our broader **Human Rights Due Diligence process**. This process also covers the identification and assessment of salient labor risks beyond Tier 1 in the wider upstream value chain.

We foster **long-term partnerships** with our suppliers to support continuous improvement in working conditions and social compliance. To strengthen capabilities on the ground, we also engage suppliers through training, worker-voice channels, and access to grievance mechanisms. In addition, we actively collaborate with **external stakeholders** – including NGOs, trade unions, and multi-stakeholder initiatives such as the Fair Labor Association (FLA) and the International Accord for Health and Safety in the Textile and Garment Industry as well as the Bangladesh Accord on Fire and Building Safety – to drive systemic improvements in labor standards across the apparel industry.

Further information on our **management of relationships with suppliers**, our **whistleblowing policy**, **grievance mechanisms**, and **payment practices** is provided in the Governance chapter. Additional details on our approach towards suppliers and workers in the value chain can also be found on our Group website.

> **Governance**

Consumers and end-users

In an increasingly digital environment, safeguarding **consumer privacy** and ensuring the **ethical use of data** are critical to maintaining trust and long-term customer relationships. **Data protection** upholds the individual's right to their personal information and is therefore a central requirement for our digital business model, especially as customer data grows in importance. Any breach of data protection laws or data privacy violations can directly affect the data subjects, and may pose significant compliance, financial, and reputational risks for HUGO BOSS.

In line with the **EU "quick-fix" relief** for fiscal year 2025, the Company applies selected reporting reliefs under ESRS S4. Accordingly, although S4 has been assessed as material, this chapter presents summarized disclosures focusing on key policies, actions, targets and metrics.

Policies related to consumers and end-users

HUGO BOSS is committed to protecting personal data in compliance with the EU General Data Protection Regulation (GDPR) and other applicable legal standards through dedicated privacy policies, including the group-wide **Data Protection Policy** and the **Data Breach Compliant Policy**. These policies inform consumers and end-users about the collection and processing of personal data via our own online store hugoboss.com, our customer loyalty program, mobile applications, and our Group website, and outline GDPR rights such as access, rectification, erasure, restriction of processing, data portability, and the right to object. The policies, accessible in our online store and on the Group website, apply to all personal data processed across our Company. Consumers and end-users can report potential data breaches through secure channels, including contacting our Data Protection Officer directly, submitting concerns via email, or contacting an external ombudsperson, with the option of anonymous reporting. Our **Data Protection Officer** reports to the Chief Compliance Officer, who reports directly to the CFO/COO. He monitors compliance with these policies and serves as the primary contact for all related matters.

Targets related to consumers and end-users

HUGO BOSS aims to **rule out any contraventions of applicable data protection laws** as far as possible. In fiscal year 2025, one data protection-related matter in Germany was confirmed by the competent authorities or courts, without resulting in any sanctions. This review was initiated by the responsible German supervisory authority in 2024 following a customer complaint relating to the receipt of marketing content and was concluded in 2025 without further action. No other data protection-related matters were identified by courts or authorities.

Actions related to consumers and end-users

To strengthen information security, HUGO BOSS uses an **information security and analysis system** that enables real-time monitoring of potential incidents and data breaches. The Company maintains an ISO/IEC 27001 certified information security management system and operates a **Security Operation Center (SOC)** to ensure continuous monitoring of its IT-landscape. HUGO BOSS also regularly reviews applicable data protection laws across all relevant jurisdictions. A tailored risk assessment matrix, aligned with the Company's business structures in each country, shall support a targeted and efficient approach to managing regulatory risks.

Internal processes and systems for handling personal data are **continuously monitored and refined** to ensure compliance with legal data protection requirements. These ongoing improvements aim to prevent data misuse and theft. **Contingency plans** are in place to enable the prompt implementation of technical and organizational countermeasures in the event of legal violations. Employees handling personal data receive **regular training**, including a mandatory GDPR e-learning program for those processing the personal data of EU data subjects, ensuring continued awareness of data protection responsibilities.

Governance

The following tables provide an overview of HUGO BOSS' **main targets in the area of governance**. For each target, the tables set out the target description, the respective target year, and the current progress. The targets provide a structured framework for translating our business conduct impacts into measurable objectives.

ANIMAL WELFARE

Target	Target year	2025	2024
Source 100% of main natural materials from preferred sources ¹	2030	48%	32% ²
Source 100% mulesing-free wool	2030	68%	53%

¹ As defined in the HUGO BOSS Material Strategy, materials from preferred sourced are either recycled, sourced from regenerative agriculture, or adhering to other recognized external standards.

² Not part of the voluntary limited assurance engagement in accordance with ISAE 3000 (Revised).

ANTI-CORRUPTION

Target	Target year	2025	2024
Prevent any violations related to corruption and bribery	Ongoing	No violations	No violations

Business conduct

Good corporate governance is an integral part of HUGO BOSS and a guiding principle encompassing all areas of the Company. It is a key factor for long-term business success and sustainable value creation. The Managing Board and Supervisory Board are committed to ensuring the Company's continuity while promoting responsible, transparent, and forward-looking corporate governance. In doing so, HUGO BOSS aims to live up to and further strengthen the trust placed in the Company by its employees, shareholders, business partners, and the public. The following section outlines information partially applying the ESRS G1 disclosure requirements and addresses the business conduct topics identified as material as part of the double materiality assessment. Further details on corporate governance can also be found in the chapter "Corporate Governance and the Corporate Governance Statement" of this Annual Report. > **Corporate Governance and the Corporate Governance Statement**

Business conduct

At HUGO BOSS, a well-defined **corporate culture** is the cornerstone of responsible business conduct. By embedding clear values and expectations into our operations, we foster compliance, promote ethical behavior, and create a collaborative work environment supported by comprehensive policies and targeted training. This proactive approach aims to ensure alignment with legal and ethical standards while minimizing workplace conflicts. Effective **whistleblowing mechanisms** further strengthen our governance framework, providing secure channels for employees and external stakeholders to report concerns. These mechanisms aim to enable the early identification and resolution of potential misconduct, supporting transparency, protecting stakeholder trust, and reinforcing adherence to laws and ethical norms. Our commitment to responsible practices also encompasses **animal welfare**. Although only a small share of our brands' collections contains

animal-derived materials such as leather, wool, and down, we are dedicated to maintaining transparency and implementing robust control mechanisms to uphold high welfare standards throughout our supply chain. Additionally, HUGO BOSS prioritizes the prevention and detection of **corruption and bribery**, embedding dedicated policies and monitoring systems to ensure integrity in all business dealings. Regular training programs for employees further reinforce our zero-tolerance approach to unethical practices. Inadequate supplier relationship management and irresponsible **payment practices** may place financial and operational pressure on suppliers, potentially affecting cash-flow stability and undermining trust across the value chain. HUGO BOSS therefore seeks to support fair, transparent, and resilient supplier partnerships, including through dedicated programs designed to strengthen suppliers' financial stability and long-term collaboration.

Corporate culture

At HUGO BOSS, our **value-based corporate culture** (company culture) is the foundation of employee engagement, driving innovation, and achieving long-term business success. It shapes collaboration with employees, business partners, shareholders, the public, and other stakeholders, fostering clarity, trust, and ethical behavior. A strong company culture benefits employees and communities, while strengthening the Company's reputation and long-term performance. Embedded in the execution of our Group strategy CLAIM 5 TOUCHDOWN, our company culture is built around our five core values – **entrepreneurial spirit, personal ownership, team mentality, simplicity & quality, and youthful spirit**. Trust serves as the foundation of our day-to-day work, overarching these values and fostering a collaborative and empowering environment. Our values guide employee actions and interactions, drive cooperation, and align individual growth with organizational goals. To ensure these principles are consistently upheld, HUGO BOSS implements targeted engagement initiatives. This also includes a mandatory **e-learning module**, to be completed every 18 months, educating employees on ethical conduct and reinforcing our core values. Leadership also plays a pivotal role in fostering our company culture, with leaders at HUGO BOSS acting as role models, empowering their teams, while embodying these values.

HUGO BOSS regularly evaluates its company culture through an **annual employee survey** to assess how our core values are actively lived and to identify key drivers of our Company's work ethic. Results are shared with the Managing Board, senior management, and the wider organization to inform strategic planning and further embed our values into daily operations. > [Own Workforce](#)

Policies related to business conduct

HUGO BOSS has established Group-wide principles of conduct in its Code of Conduct and related Group policies, forming the basis for ensuring the legality of employee activities. The **Code of Conduct** serves as the foundation of our compliance framework, reflecting our Company's core values and behaviors. It provides clear guidance on interactions amongst colleagues, external stakeholders, including customers, suppliers, and other business partners, setting a binding framework for ethical business conduct, covering a wide range of topics.

TOPICS COVERED BY THE HUGO BOSS CODE OF CONDUCT

 <p>Topics covered by the HUGO BOSS Code of Conduct</p>	Avoidance of conflicts of interest
	Antitrust law and anti-corruption
	Data protection
	Decent, safe, and fair working conditions
	Occupational health and safety
	Environmental and biodiversity protection
	Animal welfare

A key tenet of the Code is the **respect for internationally recognized human rights** and the **commitment to ensuring decent working conditions**, that safeguard both physical safety and personal dignity. HUGO BOSS maintains a zero-tolerance approach to willful misconduct or deliberate violations of the Code. To reinforce these principles, employees receive a copy of the Code or online access via a QR code along with their employment contract. Available in multiple languages, the Code was last updated in 2025, aimed for publication in 2026. Oversight of compliance with the Code is the responsibility of the Managing Board. > **Own Workforce**

HUGO BOSS extends its ethical, environmental, and labor standards across its value chain through its **Supplier Code of Conduct (SCoC)**, which defines binding minimum standards for all suppliers (incl. own production) and their further upstream suppliers. Contractual compliance or an equivalent standard is a prerequisite for collaboration. The Code covers key areas such as human rights, labor standards, environmental protection, and anti-corruption. It prohibits child and forced labor, mandates fair wages and decent working conditions, limits working hours where national laws are absent, and safeguards freedom of association and collective bargaining. Available in over 30 languages, a one-page version is displayed at production sites and includes QR-code access to our grievance mechanisms. This shall ensure that business practices meet our expectations, particularly in regions where national legislation or its enforcement may be insufficient. To ensure awareness and compliance, Tier 1 suppliers receive mandatory social compliance training that emphasizes grievance mechanisms and are required to share the SCoC information with their workforce and third parties. We continuously monitor compliance through annual self-assessments, social audits, and recognized third-party certifications, supported by supplier training on relevant ESG topics.

Whistleblowing Policy and channels to raise concerns

The **HUGO BOSS Whistleblowing Policy** underscores our commitment to transparency, integrity, and accountability by establishing a structured process for reporting, investigating, and addressing legal violations, unethical behavior, or breaches of the Code of Conduct. This includes cases related to human rights, corruption and bribery, fraud, or theft. The policy outlines the available grievance channels and the procedural steps for handling reported incidents. It is reviewed annually, with the latest update in 2025 clarifying incident categories, specifying roles and responsibilities within the Compliance department, and strengthening Managing Board oversight through a formalized reporting process for high-risk incidents. The policy applies to all employees and extends protection to external stakeholders, including business partners, workers in the value chain, and customers. It shall guarantee confidentiality and protection for whistleblowers, affected individuals, and employees involved in investigations.

HUGO BOSS provides its employees and external stakeholders with independent internal and external channels to confidentially and, if needed, anonymously report potential misconduct or legal violations. These include our **Speak Up Channel**, an external **Ombudsperson**, and the central **Compliance department**. The Speak Up Channel is accessible worldwide through online access and a toll-free hotline in over 50 languages. Detailed information on all reporting mechanisms is available on the Company's intranet and corporate website, ensuring transparency and accessibility for all stakeholders. As an additional safeguard, the Speak Up Channel includes follow-up prompts asking whether individuals have experienced any form of retaliation after submitting a report. This allows the Compliance department to monitor and address potential concerns promptly. Employees may also report concerns directly to their supervisors or compliance officers at the subsidiary or Group level. Overall, this setup shall help mitigating risks related to unethical behavior, legal non-compliance, and potential reputational harm.

HUGO BOSS regularly trains employees to strengthen ethical awareness and compliance culture. A Group-wide **online compliance training**, mandatory for defined target groups and available to all employees, is conducted at least every 18 months. The training covers key topics such as our company values, the Code of Conduct, anti-corruption, anti-money laundering, data protection, information security, antitrust, conflict of interest, animal welfare, and whistleblowing. Employees managing compliance cases receive specialized training, including internal investigation workshops. In 2025, HUGO BOSS launched the in-person training initiative **"How to Act Like a BOSS,"** developed in response to specific cases identified through the whistleblowing process. The initiative reinforces ethical conduct and awareness of the Code of Conduct and will be gradually rolled out across departments.

The Compliance department maintains comprehensive documentation of all investigations and evaluates the **effectiveness of whistleblowing channels** at least annually. In 2025, a structured root-cause analysis was introduced to identify recurring patterns and derive targeted improvements. Feedback from internal and external stakeholders is incorporated to ensure the system remains effective and aligned with its purpose.

Animal welfare

HUGO BOSS is committed to upholding high standards of animal welfare and species protection throughout its operations. Our **Animal Welfare Policy**, last updated in 2025 and publicly available, aligns with internationally recognized standards such as the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) and the World Organization for Animal Health (WOAH) guidelines. Developed in collaboration with the animal welfare organization FOUR PAWS, the policy incorporates "General Animal Welfare Aims" based on the Five Domains Model, setting minimum requirements to safeguard both the physical and mental well-being of animals involved in the supply chain. We maintain ongoing dialog with leading animal welfare NGOs, including FOUR PAWS and PETA, to ensure continuous improvement and alignment with evolving best practices. HUGO BOSS rejects **animal testing** for all products, including licensed goods and extends this commitment to new material and product development. Our Animal Welfare Policy applies to all Group companies, with deviations only permitted where national regulations conflict, provided that the essential principles and purpose are maintained. Non-compliance may result in legal or labor-related consequences. To translate these commitments into practice, our Group-wide **Material Strategy** specifies preferred sources for animal-derived materials and defines related targets. It guides both employees and suppliers in the consistent selection of materials either verified through third-party certifications or following recognized standards across the supply chain.

Targets related to animal welfare

HUGO BOSS has established clear standards and targets for sourcing animal-derived materials, reflecting its commitment to sustainability and animal welfare across fabrics and linings. **Leather** shall be sourced exclusively as a by-product, in particular of the food industry, including sheep, goat, cow, and buffalo. **Exotic leathers and farmed fur** have been banned since 2016, and we also refrain from using **angora**. For **wool**, our Animal Welfare Policy emphasizes species-appropriate husbandry, gentle shearing, and the avoidance of harmful practices such as live lamb cutting (mulesing). HUGO BOSS is committed to sourcing 100% mulesing-free wool (including recycled wool) by 2030, having already reached a share of 68% in 2025 (2024: 53%). This goal aligns with our overarching target of sourcing 100% of main natural materials from preferred sources as defined in our Material Strategy by 2030. Regenerative agriculture is our first choice for wool, combining mulesing prohibition with additional welfare aspects such as grass feeding and minimized animal transport, verified by standards such as AuthenticoR or ZQ Regenerative Index (ZQRX). The overarching target also covers cashmere, mohair, and down, which must be sourced from certified or recycled sources. **Mohair** is exclusively certified under the Responsible Mohair Standard (RMS), while **down** is sourced from DOWNPASS-certified or recycled material, precluding no live plucking or forced feeding. In addition, to further reduce reliance on animal-derived materials, HUGO BOSS develops and tests **vegan alternatives** where they maintain environmental and functional standards. For further information on our material use, please refer to the "Resource Use and Circular Economy" section. > [Resource Use and Circular Economy](#)

Our suppliers are integral to upholding our animal welfare standards. All suppliers of animal-derived raw materials, as well as Tier 1 suppliers using animal products, must comply with local **animal welfare regulations** as a minimum requirement.

Management of relationships with suppliers

HUGO BOSS is committed to fostering accountable business conduct across its value chain. Certain purchasing practices, such as short-term planning, last-minute changes in order specifications, or late payments, may impact suppliers' working conditions and financial stability. To mitigate these risks and align sourcing practices with our human rights commitments, HUGO BOSS introduced a **Guideline on Responsible Purchasing Practices (RPP)** in 2025, approved by the Managing Board. This internal guideline applies to all employees involved in product development and ordering, including sourcing, design and creative, planning, procurement, and pricing functions, and is binding as a self-commitment. It is limited to production-related activities, while non-production materials and services are governed by a separate, dedicated guideline.

Aligned with **internationally recognized frameworks**, including the Common Framework for Responsible Purchasing Practices (CFRPP) and the OECD Guidelines on Due Diligence Guidance for Responsible Business Conduct, our RPP outlines five core principles centered on internal integration and reporting, equal partnership, collaborative production planning and orders, fair payment terms, and costing. It applies to all our Tier 1 and direct Tier 2 suppliers, regardless of size – including small and medium-sized enterprises (SMEs) – and aims to strengthen their capacity for efficient production planning, stable employment, and compliance with social and environmental standards.

To further embed responsible purchasing practices, HUGO BOSS conducted targeted **training and awareness programs** for sourcing and operations teams as part of the onboarding process. The Company also participates in the multi-stakeholder Learning and Implementation Community (LIC) on responsible purchasing practices, which provides a platform for companies, NGOs, and other stakeholders to share insights and best practices for improving purchasing behavior and mitigating risks in global supply chains.

Supplier relationships are governed by our **Supplier Code of Conduct (SCoC)**, described in detail above. The SCoC defines minimum standards on human rights, labor conditions, and environmental protection. Compliance with the SCoC or an equivalent standard is a prerequisite for collaboration and forms the foundation of our approach to responsible sourcing. Additional information on supplier-related environmental policies can be found in the "Climate Change" section. > [Climate Change](#)

Prevention and detection of corruption and bribery

HUGO BOSS expects all employees to act lawfully in day-to-day business operations. At 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.

Policies related to the prevention and detection of corruption and bribery

All employees are required to comply with the Group-wide **Code of Conduct** and supplementary specific compliance rules, such as our **Anti-Corruption Policy**. Last revised in fiscal year 2025, the policy regulates, among other aspects, the acceptance and granting of gifts and invitations and addresses key corruption-related risk areas. It also defines clear procedures for reporting suspected violations. Both the publicly accessible Code of Conduct and the internal policies are subject to regular review and are updated as needed, particularly in response to changes in legal and regulatory requirements. > [Own Workforce](#)

The central **Compliance department** reports to the **Chief Compliance Officer**, who reports directly to the CFO/COO. The Compliance department is primarily responsible for supporting the monitoring of effective compliance management system. Together with local compliance contacts in the Group companies, the department ensures the implementation and continuous further development of the respective policies as part of the compliance program. The **Audit Committee** of the Supervisory Board is regularly informed about the activities of the Compliance department.

Targets related to the prevention and detection of corruption and bribery

Compliance management at HUGO BOSS aims to ensure **Group-wide legally compliant behavior**. The aim is to prevent legal violations such as corruption and bribery, which may result not only in reputational and financial risk but may also lead to personal consequences under criminal and labor law. In fiscal year 2025, **no violations** related to corruption and bribery were identified by authorities or courts (2024: no violations).

Actions related to the prevention and detection of corruption and bribery

In 2025, the **Compliance Management System** was further enhanced using a risk-based approach, with a focus on updating policies, advancing the whistleblowing system and case management, and reviewing the compliance risk assessment approach in the area of anti-corruption by an external auditor.

HUGO BOSS has implemented a mandatory Group-wide **Compliance Online Training** course for employees requiring regular completion, with further details provided in the section on whistleblowing. Employees in compliance-critical roles receive **additional training** through both online and in-person sessions, tailored to relevant topics such as anti-corruption.

All Group companies are subject to **detailed audits** where applicable, ensuring adherence to internal policies and regulatory requirements. Any significant infringements are reported to the Managing Board and the Supervisory Board to ensure immediate attention and appropriate action.

To complement these measures, HUGO BOSS also provides various **whistleblowing channels** for employees, suppliers, and trading partners to confidentially and anonymously report potential misconduct or criminal offenses, as detailed in the dedicated section above. All reported cases are thoroughly investigated, with measures in place to protect whistleblowers from retaliation. This system underscores the Company's commitment to fostering a transparent and accountable corporate culture.

Payment practices

HUGO BOSS strives for **transparent and responsible payment practices** toward all suppliers to support stable business relationships and financial resilience across the value chain. The metrics provided in this section cover Tier 1 and direct Tier 2 suppliers for the Group's product-related sourcing, while indirect procurement is out of scope.

The Group's **standard payment term** is 90–100 days from invoice receipt date for Tier 1 suppliers and 100–120 days for direct Tier 2 suppliers. In 2025, 84% of invoices measured by sourcing volume were aligned with these standard terms (+/- 3 working days), while the average time to pay invoices was 97 days from the contractual due date for Tier 1 suppliers and 115 days for direct Tier 2 suppliers. Payments are processed centrally through standardized systems designed to ensure accuracy, timeliness, and traceability. In 2025, there were no legal proceedings related to late payments to suppliers.

To further strengthen suppliers' liquidity and financial stability, HUGO BOSS operates a voluntary **Supplier Financing Program**. The program is operated in collaboration with selected financial partners and enables eligible suppliers to receive early payment of approved invoices at favorable financing conditions, providing faster access to receivables and ensuring solvency during challenging periods. In 2025, measured by sourcing volume, 65% of direct suppliers, including Tier 1 and direct Tier 2 suppliers, participated in the program, with payments received on average within 21 days of invoice submission – significantly shorter than the standard payment term. This initiative contributes to strengthening suppliers' resilience and supports their ability to meet key obligations, such as paying wages on time and investing in compliance measures, thereby promoting responsible business conduct across the value chain.

GENERAL ECONOMIC SITUATION AND INDUSTRY DEVELOPMENT

2025 marked by elevated macroeconomic and geopolitical volatility

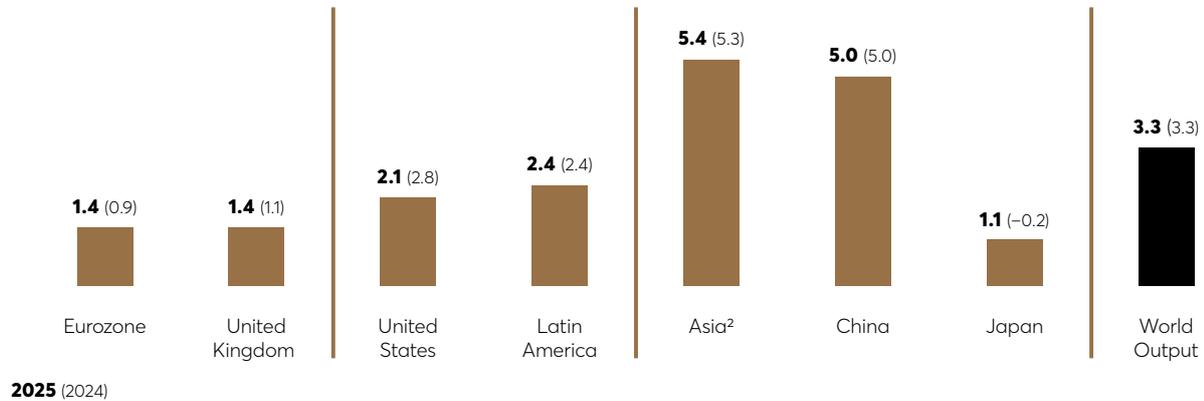
Subdued consumer demand weighs on global apparel industry in 2025

Muted industry growth particularly visible in Europe and the U.S.

General economic situation

Fiscal year 2025 was marked by **challenging global economic conditions**, characterized by **elevated uncertainty and volatility**. Although inflation eased in most regions, supported by monetary policy decisions from the U.S. Federal Reserve (Fed) and the European Central Bank (ECB), global trade remained constrained. Economic momentum was uneven over the course of the year: growth proved relatively robust in the first half, supported in part by front-loaded consumption as businesses and consumers anticipated higher tariffs, while the second half of the year saw a noticeable slowdown. Investment flows remained subdued despite a more stimulative fiscal stance in several major economies, continuing to weigh on economic growth. Geopolitical tensions, including the conflicts in Ukraine and the Middle East, as well as higher tariffs, further heightened volatility and spilled over into financial markets. While subsequent agreements and policy adjustments moderated some extremes, economies and markets continued to adapt to a more protectionist and increasingly fragmented environment. In its latest forecast, published in January 2026, the International Monetary Fund (IMF) estimates **global economic growth** for 2025 at 3.3%, on par with the previous year (2024: 3.3%).

GROWTH OF THE GLOBAL ECONOMY¹ (IN %)



¹ Estimates IMF.
² Without Japan.

According to IMF estimates, economic growth in the **eurozone** continued to recover, improving to 1.4% in 2025 (2024: 0.9%). While most major European economies recorded weaker outputs compared to 2024, including France at 0.8% (2024: 1.1%), Germany managed to reverse a negative trend and return to modest growth of 0.2% (2024: minus 0.5%). Although the ECB's restrictive monetary policies helped ease inflation pressures, uncertainty and volatility persisted. In the **United Kingdom**, economic growth increased slightly to 1.4% in 2025 (2024: 1.1%), while inflation remained sticky amid continued uncertainty.

The **U.S. economy** was shaped by several developments over the course of the year, including the change in administration, the introduction of new policies, and newly imposed tariffs. Despite a challenging environment marked by elevated inflation and subdued consumer demand, the U.S. continued to outperform other major economies, supported by several Fed rate cuts and robust stock market performance. Nevertheless, economic growth slowed to 2.1% in 2025 (2024: 2.8%). Despite global uncertainties and higher trade barriers, **Latin America** demonstrated a degree of resilience, recording growth of 2.4% in 2025, in line with the prior-year level (2024: 2.4%).

China recorded stable economic growth of 5.0% in 2025 (2024: 5.0%), supported in part by a front-loaded increase in exports. The economy faced several headwinds, including ongoing challenges in the property market and subdued consumer confidence, while government stimulus measures provided only limited support. Trade tensions, including tariffs, continued to influence trade dynamics, but overall growth remained resilient. The broader **Asia region (excluding Japan)** grew 5.4% in 2025 (2024: 5.3%), driven by stronger output in India. In **Japan**, the economy rebounded strongly, recording growth of 1.1% in 2025 (2024: minus 0.2%), primarily fueled by robust exports.

Industry development

For the **global apparel industry**, fiscal year 2025 was shaped by persistent macroeconomic and geopolitical uncertainty, elevated inflation, and increased tariffs that disrupted global supply chains. These factors reshaped global trade flows and forced brands and suppliers to adapt through price adjustments, shifts in sourcing, and efficiency gains, while consumer sentiment remained muted and demand for discretionary spending subdued. According to a joint study by The Business of Fashion and McKinsey & Company, published in November 2025, **growth for the global apparel industry** (excluding the luxury segment) is estimated at 1.5% to 2.5% for fiscal year 2025, and thus slightly below the prior-year level (2024: 2% to 3%).

In **Europe**, the apparel industry (excluding the luxury segment) continued to face weak consumer demand in 2025, leading to a further slowdown in revenue growth to a range of 1% to 2% (2024: 2%). Although inflationary pressures eased modestly, persistent economic uncertainty and geopolitical tensions kept personal savings rates elevated, constraining retail spending. In the **U.S.**, consumer sentiment was particularly challenging in 2025, with the U.S. Consumer Confidence Index (CCI) falling to its lowest level since 2020 following announcements of new tariffs. Monetary policy decisions, combined with heightened geopolitical uncertainty, added further volatility, while a robust stock market performance, spurred by AI, provided some support. Against this backdrop, the apparel industry (excluding the luxury segment) recorded revenue growth of 2% to 3%, slightly below the prior-year level (2024: 3%), while the U.S. luxury market faced particular pressure. **China** also faced economic headwinds driven by the ongoing property market downturn and elevated youth unemployment, which contributed to higher household savings and restrained consumption. Conditions improved only gradually, and targeted government stimulus measures provided limited support to consumer sentiment. As a result, industry growth (excluding the luxury segment) increased only slightly to 2% to 3% (2024: 2%), remaining modest compared to historical levels.

COMPARISON OF ACTUAL AND FORECAST BUSINESS PERFORMANCE

2025 marked by volatile industry backdrop and muted consumer sentiment

Successful execution of strategic initiatives supports business performance

Sales and earnings for fiscal year 2025 within guidance ranges

Fiscal year 2025 was characterized by persistent **macroeconomic and geopolitical uncertainty**, which noticeably dampened consumer sentiment and industry development globally. Muted consumer confidence and softer store traffic weighed on several key markets, with demand in China remaining particularly subdued. Against this backdrop, HUGO BOSS remained focused on **advancing key brand, product, and sales initiatives** to further strengthen the long-term positioning of its brands. Particular highlights included the successful launch of several BOSS and HUGO brand campaigns, the drop of the first two Beckham x BOSS collections, as well as the BOSS Spring/Summer 2026 Fashion Show in Milan. Together, these initiatives further elevated global brand relevance and supported top-line development throughout the year. At the same time, the Company maintained a strong focus on driving efficiency gains through **disciplined and sustainable cost management**. As a result, HUGO BOSS **achieved its full-year sales and earnings guidance**, recording Group sales of EUR 4.3 billion and operating profit of EUR 391 million in 2025. Beyond delivering on its financial targets, the Company laid the groundwork for long-term business success. In December, HUGO BOSS launched CLAIM 5 TOUCHDOWN, providing a clear strategic framework until 2028, designed to strengthen brand equity and drive sustainable, profitable growth as well as long-term shareholder value.

> [Group Strategy](#), > [Earnings Development](#)

COMPARISON OF ACTUAL AND FORECAST BUSINESS PERFORMANCE

	Results 2024	Forecast 2025	Results 2025
Group sales (reported)	EUR 4,307 million	Between EUR 4.2 billion and EUR 4.4 billion (-2% to +2%)	Decrease by 1% to EUR 4,270 million
Sales development by segment (reported)			
EMEA	EUR 2,625 million	Remain around the prior-year level	Increase by 2% to EUR 2,664 million
Americas	EUR 1,020 million	Remain around the prior-year level ¹	Decrease by 3% to EUR 993 million
Asia/Pacific	EUR 553 million	Moderate decrease	Decrease by 8% to EUR 509 million
Operating result (EBIT)	EUR 361 million	Between EUR 380 million and EUR 440 million (+5% to +22%)	Increase by 8% to EUR 391 million
Group's net income	EUR 224 million	Increase in line with EBIT	Increase by 16% to EUR 259 million
Trade net working capital (TNWC) as a percentage of sales	19.6%	Between 19% and 20%	Increase by 40 basis points to 20.0%
Capital expenditure	EUR 286 million	Between EUR 200 million and EUR 250 million	Decrease by 32% to EUR 195 million

¹ Adjusted with the publication of the first half-year results in August 2025. Initial outlook as published in March: increase in the low single-digit percentage range.

HUGO BOSS capitalized on key growth opportunities in 2025, while persistent macroeconomic headwinds and subdued consumer sentiment weighed on global industry development. Currency-adjusted **Group sales** in fiscal year 2025 increased 2% compared to the prior year. In Group currency, revenues slightly decreased by 1% to EUR 4,270 million (2024: EUR 4,307 million), reflecting adverse currency effects in the reporting period. Revenues were thus in line with the guidance range, which projected sales in reported terms to develop between minus 2% and plus 2%. > **Earnings Development, Sales Performance**

Driven by the Company's rigorous focus on operational excellence and cost efficiency, **operating profit (EBIT)** was up 8%, amounting to EUR 391 million in fiscal year 2025 (2024: EUR 361 million). Consequently, EBIT was in line with the guidance range of between EUR 380 million and EUR 440 million. As a result, the Group's EBIT margin increased by 80 basis points to a level of 9.2% (2024: 8.4%). The **Group's net income** increased by 16% to EUR 259 million in fiscal year 2025 (2024: EUR 224 million), supported by reduced net financial expenses and a lower tax rate. > **Earnings Development, Income Statement**

Trade net working capital (TNWC) as a percentage of sales increased by 40 basis points to a level of 20.0% (2024: 19.6%), thus at the upper end of the guided range of 19% to 20%. While our inventory-to-sales ratio improved notably compared to the prior year, this development mainly reflects higher trade receivables as well as lower trade payables. > **Net Assets**

In 2025, **capital expenditure** decreased by 32% to EUR 195 million, thus at around the lower end of the Company's guidance range of EUR 200 million to EUR 250 million (2024: EUR 286 million). This mainly reflects the Company's strategic focus on driving CapEx efficiency, following substantial investments in prior years, in particular in retail and logistics. > **Financial Position, Capital Expenditure**

In fiscal year 2025, **free cash flow** amounted to EUR 499 million, slightly above the prior-year level (2024: EUR 497 million) and thus underlining the cash-generative nature of our business model. This development was primarily driven by a reduction in cash outflows from investing activities, reflecting an increased focus on capital expenditure efficiency, which more than offset lower cash inflows from operating activities.

> **Financial Position, Statement of Cash Flows and Free Cash Flow**

FIVE-YEAR OVERVIEW OF KEY PERFORMANCE INDICATORS (IN EUR MILLION)

	2025	2024	2023	2022	2021
Group sales	4,270	4,307	4,197	3,651	2,786
Operating result (EBIT)	391	361	410	335	228
TNWC as a percentage of sales	20.0%	19.6%	20.8%	15.0%	17.2%
Capital expenditure	195	286	298	192	104

EARNINGS DEVELOPMENT

Currency-adjusted sales growth supported by brand-building initiatives

Strong focus on driving cost efficiency results in lower operating expenses

Increase in operating result (EBIT) supported by disciplined cost management

Fiscal year 2025 was characterized by persistent macroeconomic and geopolitical uncertainty, which noticeably dampened consumer sentiment and industry development globally. Against this backdrop, HUGO BOSS remained focused on advancing key brand, product, and sales initiatives, while driving efficiency gains through disciplined and sustainable cost management. As a result, HUGO BOSS **achieved its full-year sales and earnings guidance**, recording Group sales of EUR 4.3 billion and operating profit of EUR 391 million in 2025. Acquisitions or divestments had no material impact on the Group's financial performance in the reporting period.

Sales performance

Despite persistent macroeconomic headwinds and subdued consumer sentiment weighing on global industry development, HUGO BOSS successfully capitalized on key growth opportunities. Consequently, currency-adjusted **Group sales** in fiscal year 2025 increased 2% compared to the prior year. In Group currency, revenues slightly decreased by 1% to EUR 4,270 million (2024: EUR 4,307 million), mainly reflecting the devaluation of the U.S. dollar against the euro in the reporting period.

Sales by brand

SALES BY BRAND (IN EUR MILLION)

	2025	In % of sales	2024	In % of sales	Change in %	Currency-adjusted change in %
BOSS Menswear	3,346	78	3,329	77	1	3
BOSS Womenswear	280	7	297	7	(6)	(5)
HUGO	644	15	682	16	(6)	(4)
Total	4,270	100	4,307	100	(1)	2

Performance across brands varied in 2025. HUGO BOSS continued to leverage the strong positioning of its BOSS Menswear business. Highlights included the successful launch of 360-degree brand campaigns, the Beckham x BOSS collections introduced during the course of the year, as well as the BOSS Spring/Summer 2026 Fashion Show in Milan. These initiatives resulted in strong global engagement, particularly across social media channels, and further strengthened brand relevance. Consequently, currency-adjusted revenues for **BOSS Menswear** came in 3% above the prior-year level, demonstrating the brand's resilience

and appeal even in a volatile environment. In contrast, and in line with its long-term strategic ambition, HUGO BOSS took proactive steps during the course of the year to sharpen the positioning and improve the long-term performance of BOSS Womenswear and HUGO. Strategic initiatives, such as streamlining the product assortments and refining distribution activities, are designed to enhance efficiency and drive profitable growth over time. Reflecting the deliberate nature of these measures, currency-adjusted sales for **BOSS Womenswear** and **HUGO** declined 5% and 4%, respectively, in fiscal year 2025. > **Group Strategy, Brand Excellence**

Sales by region

SALES BY REGION (IN EUR MILLION)

	2025	In % of sales	2024	In % of sales	Change in %	Currency-adjusted change in %
EMEA	2,664	62	2,625	61	2	2
Americas	993	23	1,020	24	(3)	3
Asia/Pacific	509	12	553	13	(8)	(5)
Licenses	104	2	109	3	(5)	(5)
Total	4,270	100	4,307	100	(1)	2

From a geographical perspective, growth in EMEA and the Americas compensated for a decline in Asia/Pacific in 2025. In **EMEA**, currency-adjusted revenues increased by 2%, mainly driven by revenue gains in key European markets such as Germany and France. In the **Americas**, currency-adjusted revenues grew by 3%, reflecting a slight increase in the U.S. market as well as double-digit growth in Latin America. In **Asia/Pacific**, sales decreased 5% currency-adjusted, mainly reflecting subdued local demand in China. > **Earnings Development, Sales and Earnings Development of the Business Segments**

Sales by distribution channel

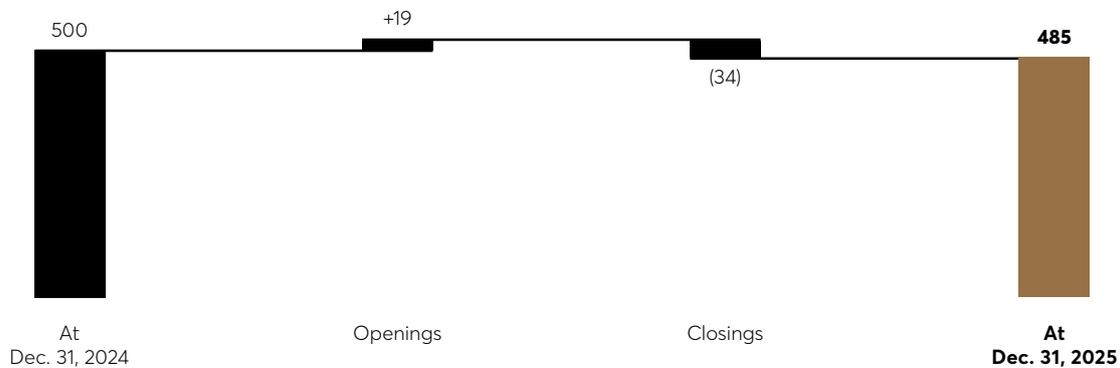
SALES BY DISTRIBUTION CHANNEL (IN EUR MILLION)

	2025	In % of sales	2024	In % of sales	Change in %	Currency-adjusted change in %
Brick-and-mortar retail	2,167	51	2,241	52	(3)	0
Brick-and-mortar wholesale	1,108	26	1,111	26	0	2
Digital	891	21	846	20	5	7
Licenses	104	2	109	3	(5)	(5)
Total	4,270	100	4,307	100	(1)	2

From a channel perspective, performance varied across touchpoints. In the Group's **brick-and-mortar retail** business, including freestanding stores, shop-in-shops, and outlets, currency-adjusted revenues remained on the prior-year level. This reflects the overall muted consumer sentiment throughout the year, which dampened store and mall traffic in several key markets, including the U.S. and China. On the other hand, currency-adjusted sales in **brick-and-mortar wholesale** increased 2% compared to the prior year, supported by the successful delivery of collections to wholesale partners. In addition, the ongoing expansion of the Company's global franchise business contributed positively to this development. Also our **digital business** successfully continued its growth trajectory in 2025, with sales up 7% currency-adjusted. Growth was primarily driven by a robust increase in digital sales generated with partners – comprising both wholesale and concession revenues, – which rose by 13% currency-adjusted to EUR 659 million (2024: EUR 588 million). In contrast, sales via hugoboss.com declined by 9% currency-adjusted to EUR 232 million (2024: EUR 258 million), reflecting the challenging market environment and our deliberate focus on driving full-price sales, which both weighed on conversion rates. Currency-adjusted sales in the **license business** remained 5% below the prior-year level. This development primarily reflects a tough prior-year comparison, as fiscal year 2024 had benefited from several contract renewals, and was further compounded by the overall challenging market environment in 2025. > [Consumer Touchpoints](#)

Network of own retail stores

NUMBER OF OWN FREESTANDING RETAIL STORES



At the end of fiscal year 2025, the number of **own freestanding retail stores** amounted to 485 (2024: 500), representing a slight decline compared to December 31, 2024. This development reflects the ongoing optimization of the Group's global store network in line with its strategic direction. A total of 34 stores with expiring leases, mainly across EMEA and Asia/Pacific, were **closed** during the year, while 19 stores were newly **opened**. > [Consumer Touchpoints](#)

NUMBER OF OWN RETAIL POINTS OF SALES

2025	EMEA	Americas	Asia/Pacific	Total
Number of own retail points of sale	540	558	364	1,462
Thereof freestanding retail stores	185	148	152	485
2024				
Number of own retail points of sale	572	579	381	1,532
Thereof freestanding retail stores	199	139	162	500

Including shop-in-shops and outlets, the **total number of own retail points of sale** amounted to 1,462 as of December 31, 2025 (2024: 1,532). Besides the slight reduction in freestanding retail stores, this development also reflects the closure of several shop-in-shops in Canada, following the exit of a local partner from the market. The **total selling space** in own retail declined 2% to around 191,000 sq m at year-end (December 31, 2024: around 195,000 sq m). At the same time, **sales productivity in brick-and-mortar retail** amounted to around EUR 11,200 per sq m in fiscal year 2025, thus broadly on the prior-year level (2024: around EUR 11,400 per sq m).

Income statement

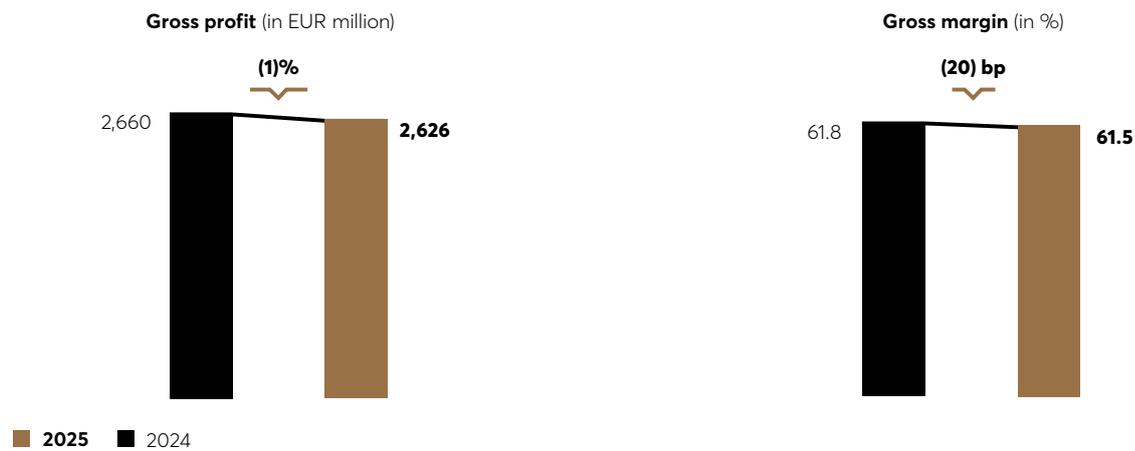
INCOME STATEMENT (IN EUR MILLION)

	Jan.–Dec. 2025	Jan.–Dec. 2024	Change in %
Sales	4,270	4,307	(1)
Cost of sales	(1,643)	(1,648)	0
Gross profit	2,626	2,660	(1)
In % of sales	61.5	61.8	(20) bp
Operating expenses	(2,236)	(2,299)	3
In % of sales	(52.4)	(53.4)	100 bp
Thereof selling and marketing expenses	(1,805)	(1,868)	3
Thereof administration expenses	(431)	(431)	0
Operating result (EBIT)	391	361	8
In % of sales	9.2	8.4	80 bp
Financial result	(46)	(59)	23
Earnings before taxes	345	302	14
Income taxes	(86)	(78)	(10)
Net income	259	224	16
Attributable to:			
Equity holders of the parent company	249	213	17
Non-controlling interests	10	10	(3)
Earnings per share (in EUR)¹	3.61	3.09	17
Income tax rate in %	25	26	

¹ Basic and diluted earnings per share.

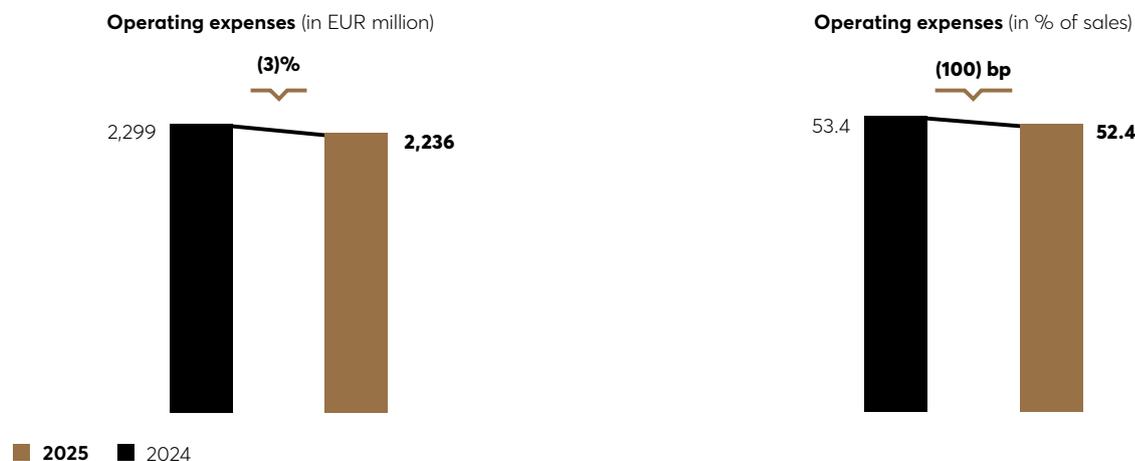
At 61.5%, **gross margin** in fiscal year 2025 remained 20 basis points below the prior-year level. This development primarily reflects various external market headwinds, including unfavorable currency effects and an overall promotional market environment. In addition, adverse channel mix effects weighed on the gross margin development. These factors more than offset continued efficiency gains in sourcing and lower global freight rates, which provided meaningful tailwinds to gross margin development in fiscal year 2025. > **Business Operations**

DEVELOPMENT OF GROSS PROFIT AND GROSS MARGIN



In fiscal year 2025, HUGO BOSS continued to successfully execute various cost-efficiency measures, thereby streamlining and optimizing key business areas such as sales, marketing, and administration. As a result, **operating expenses** declined 3%, improving by 100 basis points to 52.4% of Group sales. This development particularly reflects lower selling and marketing expenses, while administration expenses remained broadly on the prior-year level. > **Notes to the Consolidated Financial Statements, Notes 2, 3, and 9**

DEVELOPMENT OF OPERATING EXPENSES



Selling and marketing expenses were down 3% compared to the prior year. As a percentage of sales, selling and marketing expenses improved by 110 basis points to a level of 42.3% (2024: 43.4%), reflecting ongoing cost discipline and efficiency gains. As part of that, selling expenses for the Group's **brick-and-mortar retail business** decreased by 5% to EUR 943 million, representing 22.1% of Group sales (2024: EUR 989 million; 23.0%). This development mainly reflects improved cost structures in line with overall traffic trends as well as lower non-cash impairment charges. At the same time, **marketing investments** declined 2% to a level of EUR 303 million, representing 7.1% of Group sales (2024: EUR 309 million; 7.2%). This primarily reflects the Company's increased focus on marketing efficiency by prioritizing brand initiatives with the highest return.

> [Notes to the Consolidated Financial Statements, Note 2](#), > [Group Strategy, Brand Excellence](#)

Administration expenses remained on the prior-year level, supported by efficient overhead cost management. As a percentage of sales, administration expenses increased slightly, up by 10 basis points to a level of 10.1% (2024: 10.0%). As part of that, EUR 344 million, **general administration** expenses were up slightly compared to the prior year (2024: EUR 341 million), reflecting higher payroll cost and overall cost inflation, while **research and development** expenses incurring in the collection development remained 4% below 2024 levels, amounting to EUR 87 million (2024: EUR 90 million).

> [Notes to the Consolidated Financial Statements, Note 3](#), > [Product Development and Innovation](#)

Driven by the Company's rigorous focus on fostering cost efficiency, **operating profit (EBIT)** was up 8%, amounting to EUR 391 million in fiscal year 2025. Accordingly, the Group's **EBIT margin** increased by 80 basis points to a level of 9.2%, reflecting the cost leverage in selling and marketing expenses. Currency effects had a notably negative impact on EBIT in fiscal year 2025.

DEVELOPMENT OF EBIT AND EBIT MARGIN

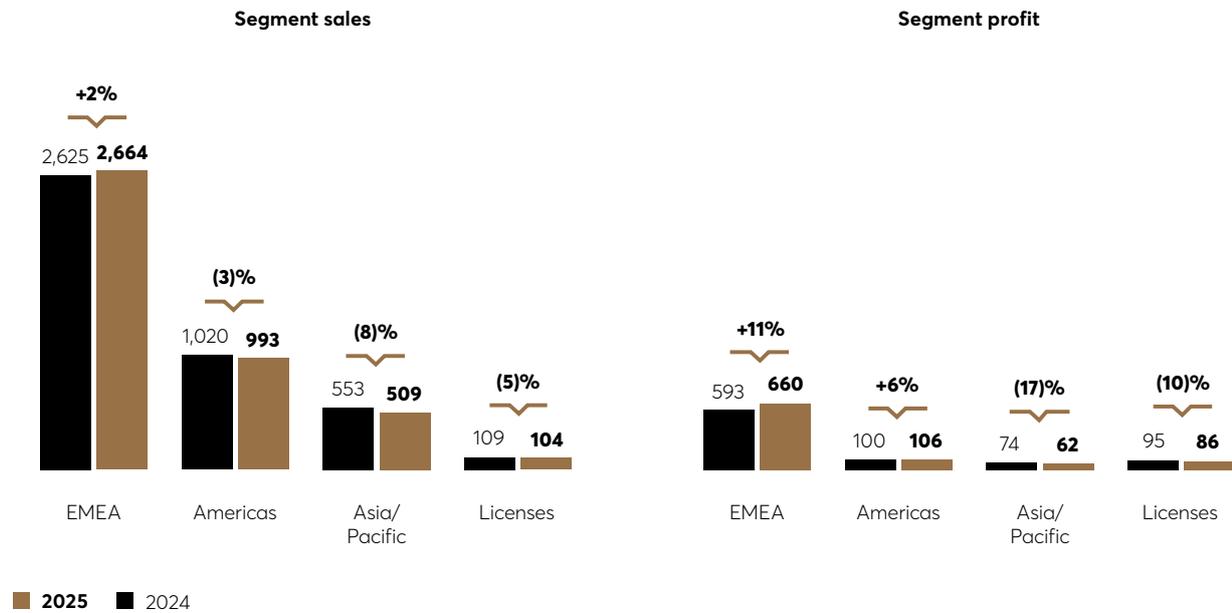


Depreciation and amortization came in 6% below the prior-year level, amounting to EUR 391 million (2024: EUR 414 million). This development is driven by lower **non-cash impairment charges**, totaling EUR 29 million (2024: EUR 47 million), and related to impairments of fixed store assets and right-of-use assets. > [Notes to the Consolidated Financial Statements, Note 7](#)

At EUR 46 million, **net financial expenses (financial result)** in fiscal year 2025 were 23% below the prior year (2024: EUR 59 million), reflecting both favorable currency effects as well as lower interest expenses. At a level of 25%, the **Group tax rate** was slightly below the prior year (2024: 26%). Accordingly, the **Group's net income** for fiscal year 2025 amounted to EUR 259 million, 16% above the prior-year level (2024: EUR 224 million). As part of this, net income attributable to shareholders increased by 17% to EUR 249 million (2024: EUR 213 million), resulting in **earnings per share** of EUR 3.61 (2024: EUR 3.09). Overall, currency effects had a modestly negative impact on the Group's net income in fiscal year 2025. > [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 2% currency-adjusted in fiscal year 2025. This performance was primarily driven by revenue gains in **Germany** and **France**, which more than offset slightly lower sales in the **UK**.

SALES DEVELOPMENT EMEA (IN EUR MILLION)

	2025	In % of sales	2024	In % of sales	Change in %	Currency-adjusted change in %
Brick-and-mortar retail	1,093	41	1,108	42	(1)	0
Brick-and-mortar wholesale	859	32	860	33	0	1
Digital	712	27	657	25	8	9
Total	2,664	100	2,625	100	2	2

From a **channel** perspective, growth in EMEA was driven by currency-adjusted sales increases in the Group's digital and brick-and-mortar wholesale businesses. At the same time, revenues in brick-and-mortar retail remained at the prior-year level, reflecting muted store traffic in key markets.

At EUR 660 million, **segment earnings** in EMEA came in 11% above the prior-year level (2024: EUR 593 million). Accordingly, the EBIT margin increased 220 basis points to a level of 24.8% (2024: 22.6%), mainly reflecting operating expense leverage driven by lower own retail expenses and disciplined administrative cost management. > **Notes to the Consolidated Financial Statements, Note 24**

Americas

In the **Americas**, HUGO BOSS recorded currency-adjusted revenue growth of 3% in 2025. This performance mainly reflects a slight increase in the **United States**, despite subdued demand from both domestic consumers and international tourists, particularly at the beginning of the year, which resulted in softer mall and store traffic. At the same time, **Latin America** delivered double-digit growth in 2025, while sales in **Canada** remained moderately below the prior-year level, impacted by the exit of a local partner from the market.

SALES DEVELOPMENT AMERICAS (IN EUR MILLION)

	2025	In % of sales	2024	In % of sales	Change in %	Currency-adjusted change in %
Brick-and-mortar retail	650	65	676	66	(4)	2
Brick-and-mortar wholesale	210	21	207	20	2	7
Digital	133	13	137	13	(3)	2
Total	993	100	1,020	100	(3)	3

From a **channel** perspective, currency-adjusted growth in the Americas was broad-based in 2025, with all touchpoints – brick-and-mortar retail, brick-and-mortar wholesale, and the digital business – contributing to this development.

Segment earnings in the Americas increased by 6% to EUR 106 million (2024: EUR 100 million), corresponding to an EBIT margin of 10.7%, up 90 basis points year over year (2024: 9.8%). This development mainly reflects strict cost management across key business functions, more than offsetting the decline in reported sales.

> **Notes to the Consolidated Financial Statements, Note 24**

Asia/Pacific

In the **Asia/Pacific** region, currency-adjusted revenues remained 5% below the prior year, reflecting persistently subdued demand in **China**. On the other hand, revenues in **Southeast Asia & Pacific** increased slightly compared to the prior-year level, supported by a robust performance in **Japan**.

SALES DEVELOPMENT ASIA/PACIFIC (IN EUR MILLION)

	2025	In % of sales	2024	In % of sales	Change in %	Currency-adjusted change in %
Brick-and-mortar retail	424	83	457	83	(7)	(4)
Brick-and-mortar wholesale	39	8	44	8	(11)	(7)
Digital	45	9	52	9	(13)	(10)
Total	509	100	553	100	(8)	(5)

The challenging market environment in China impacted the sales performance across all **channels** in Asia/Pacific, with brick-and-mortar retail proving slightly more resilient.

Segment earnings in the Asia/Pacific region amounted to EUR 62 million, 17% below the prior-year level (2024: EUR 74 million), translating into an EBIT margin decline of 140 basis points to 12.1% (2024: 13.5%). This development mainly reflects the softer sales development, which was only partly offset by lower operating expenses. > **Notes to the Consolidated Financial Statements, Note 24**

Licenses

Sales in our **license business** decreased 5% currency-adjusted to EUR 104 million in fiscal year 2025 (2024: EUR 109 million). This development primarily reflects a tough prior-year comparison, as fiscal year 2024 had benefited from several contract renewals, and was further compounded by the overall challenging market environment in 2025. > **Earnings Development, Sales by Distribution Channel**

Consequently, the **license segment earnings** decreased by 10% to EUR 86 million (2024: EUR 95 million).

> **Notes to the Consolidated Financial Statements, Note 24**

Five-year overview of business segments

DEVELOPMENT OF SEGMENT SALES (IN EUR MILLION)

	2025	2024	2023	2022	2021
EMEA	2,664	2,625	2,562	2,303	1,742
Americas	993	1,020	955	789	543
Asia/Pacific	509	553	576	467	423
Licenses	104	109	104	92	77

DEVELOPMENT OF SEGMENT PROFIT (IN EUR MILLION)

	2025	2024	2023	2022	2021
EMEA	660	593	586	548	347
Americas	106	100	157	123	61
Asia/Pacific	62	74	124	74	74
Licenses	86	95	88	77	63

NET ASSETS

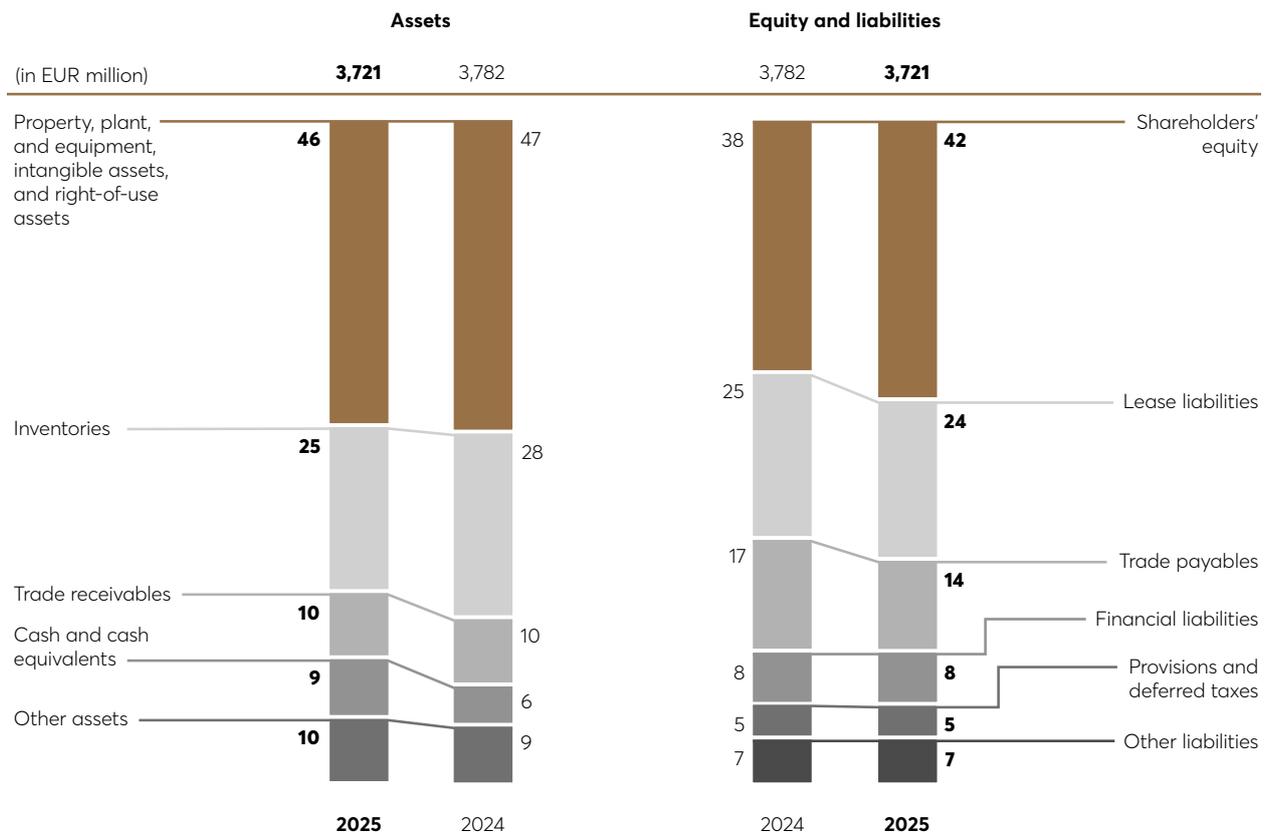
Decrease of totals assets reflects lower inventory position and CapEx efficiency

Trade net working capital as a percentage of sales amounts to 20.0%

Equity ratio increases to a level of 42%

Total assets decreased by 2% to EUR 3,721 million at the end of fiscal year 2025 (December 31, 2024: EUR 3,782 million). This development is mainly attributable to a lower inventory position as well as a decline in property, plant, and equipment and right-of-use assets, which more than offset an increase in cash and cash equivalents.

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



The **share of current assets** slightly increased to 50% as of December 31, 2025 (December 31, 2024: 49%), mainly reflecting an increase in cash and cash equivalents. Accordingly, the **share of non-current assets** also amounted to 50% at the end of fiscal year 2025 (December 31, 2024: 51%). The **equity ratio** amounted to 42%, thus above the prior-year level (December 31, 2024: 38%). > **Consolidated Financial Statements, Consolidated Statement of Financial Position**

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

	2025	2024	Change in %	Currency-adjusted change in %
Inventories	918	1,072	(14)	(10)
Trade receivables	386	362	7	10
Trade payables	529	643	(18)	(17)
Trade net working capital	775	791	(2)	5

Trade net working capital (TNWC) increased by 5% currency-adjusted, mainly due to lower trade payables. **Inventories** were down 10% currency-adjusted year-over-year, reflecting disciplined inventory management alongside robust top-line momentum in the fourth quarter of 2025. As a percentage of Group sales, inventories stood at 21.5%, and thus well below the level at the end of fiscal year 2024 (December 31, 2024: 24.9%). At the same time, **trade receivables** were up 10%, mainly reflecting our robust performance in both brick-and-mortar and digital wholesale in the final quarter of 2025. **Trade payables**, on the other hand, came in well below the prior-year level. This development primarily reflects lower order volumes as part of our measures to reduce core merchandise inflow going forward. The moving average of **TNWC as a percentage of sales** based on the last four quarters amounted to 20.0%, thus 40 basis points above the level recorded in the prior year (December 31, 2024: 19.6%). > **Notes to the Consolidated Financial Statements, Notes 12 and 13**

Property, plant, and equipment, intangible assets, and right-of-use assets declined by 4% compared to the prior-year level, totaling EUR 1,700 million at year-end (December 31, 2024: EUR 1,775 million). This development primarily reflects the Company's focus on capital expenditure efficiency, resulting in lower investment levels in fiscal year 2025, as well as a reduction in right-of-use assets following selective store closures, which more than offset new store openings. **Cash and cash equivalents** amounted to EUR 343 million at the end of fiscal year 2025, well above the prior-year level (December 31, 2024: EUR 211 million), reflecting the particularly strong cash flow generation in the fourth quarter. > **Notes to the Consolidated Financial Statements, Notes 8 and 14, > Financial Position, Statement of Cash Flows and Free Cash Flow**

Total **current and non-current lease liabilities**, primarily related to the rental of retail store locations as well as logistics and administration properties, decreased by 8% to EUR 887 million as of the reporting date (December 31, 2024: EUR 959 million). This development was mainly driven by a moderate reduction of our global store footprint, primarily through the utilization of expiring lease contracts. **Current and non-current financial liabilities**, at EUR 296 million, remained largely on the prior-year level (December 31, 2024: EUR 297 million). **Provisions and deferred tax liabilities** increased 8% to EUR 202 million (December 31, 2024: EUR 187 million), mainly reflecting higher deferred taxes. > **Notes to the Consolidated Financial Statements, Notes 9, 17, 19, and 20, > Financial Position, Capital Structure and Financing**

FINANCIAL POSITION

Flexible and diversified financing structure supports strategy execution

New ESG-linked revolving syndicated loan provides strong financial flexibility

Strong free cash flow generation supported by CapEx efficiency

Principles and goals of financial management

Group-wide financial management is centrally coordinated by the Group Treasury department, with the primary objectives of securing financial stability and flexibility, ensuring liquidity at all times, and managing financial risks. The scope covers Group financing, cash and liquidity management, market price risk management, and counterparty risk management. Group-wide **treasury principles** govern matters such as banking relationships, 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, financing costs, covenants, and maturities are considered when selecting instruments. External loans are raised centrally, primarily in euros, and allocated to Group companies through intercompany loans in local currencies. This **"inhouse bank"** approach increases economies of scale and reduces capital costs. Where legally or operationally necessary, subsidiaries may also arrange local credit lines. Group financial liabilities are generally unsecured and may be subject to customary market obligations, reviewed on a quarterly basis.

Operating cash flow remains the Group's primary source of liquidity. Treasury centrally monitors and optimizes payment flows through its **cash and liquidity management**, with excess liquidity of individual companies used to meet the needs of others via cash-pooling and intercompany financing, reducing external funding requirements and overall interest costs.

To mitigate **market price risks**, HUGO BOSS uses hedging instruments such as foreign exchange forwards, swaps, plain-vanilla options, and interest rate swaps to limit the impact of currency and interest rate fluctuations. **Counterparty risk** is managed by diversifying exposures and conducting transactions only with highly rated counterparties, in line with internal Treasury guidelines. > [Report on Risks and Opportunities, Currency Risks](#)

Capital structure and financing

HUGO BOSS maintains **investment-grade ratings** from the leading rating agencies Standard & Poor's (S&P) and Moody's, underscoring its strong financial position and the cash-generative nature of its business model. Moody's assigns HUGO BOSS a credit rating of "Baa2," which was reaffirmed in 2025. S&P currently rates the Company "BBB-," following a one-notch adjustment in December 2025, against the backdrop of a less supportive financial policy including a leverage target of 1.0–2.0x. Overall, these ratings continue to position HUGO BOSS among the highest-rated companies in the global premium apparel industry, reflecting the Company's strong brand perception, sound financial profile, and financing flexibility.

The cornerstone of HUGO BOSS' financing structure is a EUR 600 million **ESG-linked revolving syndicated loan**, providing strong financial flexibility to support the execution of the Company's strategic initiatives. The facility, concluded in December 2025, replaces the previous syndicated loan from November 2021 and is available for general corporate purposes. It has a five-year term and includes two one-year extension options, as well as an option to increase the credit volume by up to EUR 300 million. Compared to the prior facility, the new loan no longer includes financial covenants. It is based on variable interest rates, with applicable credit margins linked to the external credit rating and the achievement of predefined ESG criteria. At the end of fiscal year 2025, utilization amounted to EUR 8 million, used exclusively for bank guarantees (December 31, 2024: EUR 11 million).

In May 2025, HUGO BOSS successfully established a **commercial paper (CP) program**, enabling the issuance of short-term, unsecured notes with an aggregate volume of up to EUR 500 million. The program further enhances the Company's financial flexibility and expands access to capital markets beyond traditional bank financing. Commercial papers can be issued in various currencies and are intended for general corporate purposes. As of December 31, 2025, no commercial papers were outstanding.

In addition, HUGO BOSS issued a **Schuldschein loan** of EUR 175 million in 2023, comprising four tranches with three- and five-year maturities, offered at both fixed and variable interest rates. Proceeds are used for general corporate purposes, primarily supporting strategic investments, including the expansion of the Group's global logistics network. Furthermore, HUGO BOSS secured **real estate financing** of EUR 43 million in 2024 to support the expansion of its headquarters in Metzingen (Germany). This financing comprises two amortizing loans with fixed interest rates in the amount of EUR 10 million and EUR 33 million, each with a maturity of ten years. As of December 31, 2025, EUR 1 million of the total amount was utilized (December 31, 2024: EUR 0 million). > **Financial Position, Capital Expenditure**

Since 2020, HUGO BOSS operates a **supplier financing program** to support the financial stability of its suppliers. To meet the ongoing strong demand for its supplier financing program, HUGO BOSS operates a comprehensive solution comprising a single-bank program and a bank-independent platform. The aggregated credit limit of both programs amounts to EUR 255 million, with EUR 110 million utilized at the end of 2025 (December 31, 2024: aggregated credit limit of EUR 268 million, with EUR 148 million utilized).

> **Combined Non-financial Statement, Business Conduct**

To further secure liquidity, HUGO BOSS maintains committed and uncommitted **bilateral credit lines** totaling EUR 258 million (December 31, 2024: EUR 208 million), of which EUR 118 million was utilized at the end of fiscal year 2025 (December 31, 2024: EUR 108 million). In addition, **cash and cash equivalents** amounted to EUR 343 million at year end (December 31, 2024: EUR 211 million). > [Notes to the Consolidated Financial Statements, Note 14](#), > [Financial Position, Statement of Cash Flows and Free Cash Flow](#)

Overall, the Group's **liabilities** totaled EUR 2,163 million at the end of fiscal year 2025 (December 31, 2024: EUR 2,332 million), representing 58% of total assets (December 31, 2024: 62%). Of this amount, EUR 887 million related to **current and non-current lease liabilities** (December 31, 2024: EUR 959 million), primarily attributable to rental agreements of retail store locations as well as logistics and administrative properties. **Current and non-current financial liabilities** totaled EUR 296 million at the end of fiscal year 2025 (December 31, 2024: EUR 297 million). > [Net Assets](#), > [Notes to the Consolidated Financial Statements, Notes 9 and 20](#)

Statement of cash flows and free cash flow

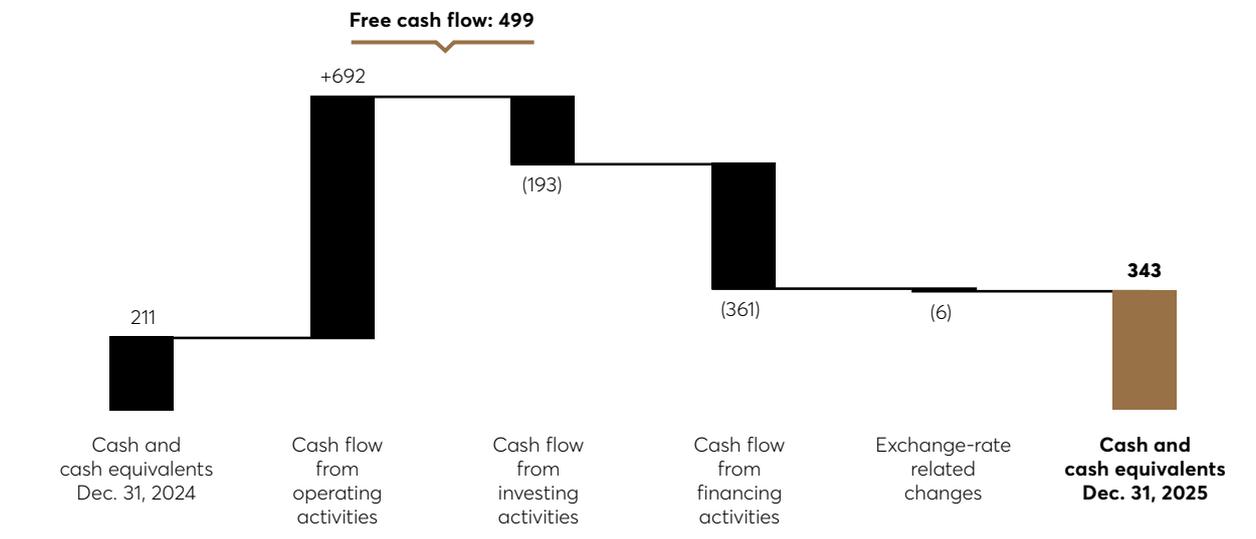
STATEMENT OF CASH FLOWS¹ (IN EUR MILLION)

	2025	2024
Cash flow from operating activities	692	786
Cash flow from investing activities	(193)	(289)
Cash flow from financing activities	(361)	(405)
Change in cash and cash equivalents	133	92
Cash and cash equivalents at the beginning of the period	211	118
Cash and cash equivalents at the end of the period	343	211

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 499 million in fiscal year 2025, slightly above the prior-year level (2024: EUR 497 million) and thus underlining the cash-generative nature of our business model. This development was primarily driven by reduced cash outflows from investing activities, reflecting an increased focus on capital expenditure efficiency, which more than offset lower cash inflows from operating activities. Free cash flow is defined as the sum of cash flow from operating activities (excluding lease expenses under IFRS 16) and cash flow from investing activities. > [Net Assets](#)

CHANGE IN CASH AND CASH EQUIVALENTS (IN EUR MILLION)



Cash flow from operating activities declined 12% compared to the prior year, amounting to EUR 692 million (2024: EUR 786 million). The increase in EBIT and improvements in inventory were more than offset by lower trade payables. **Cash flow from investing activities** remained 33% below the prior year, amounting to EUR 193 million (2024: EUR 289 million). This development predominantly reflects the reduced capital expenditure. > [Net Assets](#), > [Financial Position](#), [Capital Expenditure](#)

At EUR 361 million, **cash flow from financing activities** decreased 11% year over year (2024: EUR 405 million), mainly reflecting lower debt repayments in 2025 compared to the prior year. > [Financial Position](#), [Capital Structure and Financing](#)

Net financial position

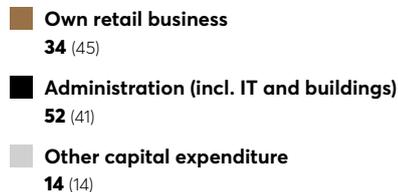
The **net financial position** is measured as the total of all financial and lease liabilities less cash and cash equivalents. **Including lease liabilities under IFRS 16**, the net financial position of HUGO BOSS totaled minus EUR 839 million (December 31, 2024: minus EUR 1,038 million). **Excluding lease liabilities under IFRS 16**, this corresponds to a total of plus EUR 48 million at the end of fiscal year 2025 (December 31, 2024: minus EUR 78 million), reflecting the strong free cash flow generation as well as the related lower utilization of the Company's credit facilities. > [Financial Position](#), [Capital Structure and Financing](#), > [Notes to the Consolidated Financial Statements](#), [Note 9](#)

Capital expenditure

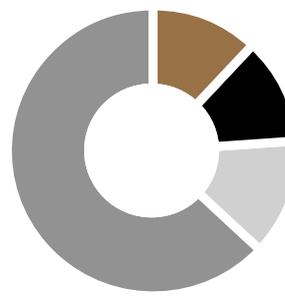
In fiscal year 2025, HUGO BOSS invested EUR 195 million in **property, plant, and equipment, and intangible assets**, representing a decrease of 32% as compared to the prior year (2024: EUR 286 million). This development reflects the Company's increased focus on CapEx efficiency, following several years of elevated investments, while still supporting the Group's strategic priorities. In 2025, we continued to invest in our global store network, the further digitalization of our business model, and the expansion of our logistics capacities and headquarters.

CAPITAL EXPENDITURE (IN %)

By functional area



By region



2025 (2024)

HUGO BOSS is committed to delivering a premium shopping experience and a best-in-class omnichannel journey to consumers worldwide, with our own retail business remaining a key pillar of this ambition. Consequently, also in 2025 we put strong emphasis on the targeted **optimization and modernization** of our global store network, including the implementation of **innovative store concepts**. As the majority of our freestanding BOSS and HUGO stores have already been comprehensively refreshed in recent years, investments increasingly reflect a disciplined and selective approach, with a clear focus on prime retail destinations. As a result, capital expenditure in own retail amounted to EUR 67 million in fiscal year 2025, significantly below the prior-year level (2024: EUR 129 million). As part of this, investments in the continuous **optimization and modernization of existing locations** totaled EUR 46 million (2024: EUR 82 million), while EUR 22 million related to the selective **opening of new retail points of sale** (2024: EUR 47 million), including new BOSS stores in Barcelona, Bangkok, and Macao. > [Consumer Touchpoints](#)

Capital expenditure on **administration** amounted to EUR 101 million in the past fiscal year (2024: EUR 117 million). This includes investments of EUR 59 million in our global **IT infrastructure** (2024: EUR 62 million), primarily supporting the further digitalization of our business model, including the Company-wide rollout of our next-generation ERP system as part of a multiyear project. At the same time, EUR 42 million was allocated to capital expenditure on **buildings** (2024: EUR 54 million), including investments into the further expansion of our headquarters in Metzingen (Germany) and our central distribution center for flat-packed goods in Filderstadt (Germany). **Other capital expenditure** on production, distribution, and research and development amounted to EUR 27 million in 2025 and was thus also below the prior-year level (2024: EUR 40 million).

> **Group Strategy, Operational Excellence, > Business Operations**

Accumulated depreciation and amortization on property, plant, and equipment, and intangible assets, including own capitalized cost, totaled EUR 1,349 million in fiscal year 2025 (2024: EUR 1,321 million). Existing **obligations from investment projects** amounted to EUR 5 million as of December 31, 2025 (December 31, 2024: EUR 18 million). > **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 prepared in accordance with HGB provision

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)

	2025	In % of sales	2024	In % of sales	Change in %
Sales	2,273	100.0	2,264	100.0	0
Cost of sales	(1,475)	(64.9)	(1,469)	(64.9)	0
Gross profit	798	35.1	795	35.1	0
Distribution expenses	(487)	(21.4)	(480)	(21.2)	1
General administrative expenses	(169)	(7.4)	(155)	(6.8)	9
Other operating income	56	2.5	52	2.3	8
Other operating expenses	(103)	(4.5)	(89)	(3.9)	15
Operating result	96	4.2	123	5.4	(22)
Income from investments	22	1.0	0	0.0	>100
Net interest income/expenses	(10)	(0.5)	(11)	(0.5)	(9)
Income from profit and loss transfer agreements	79	3.5	94	4.1	(16)
Taxes on income and other taxes	(32)	(1.4)	(35)	(1.6)	(9)
Net income	154	6.8	170	7.5	(9)
Transfer to (-)/from (+) other revenue reserves	(77)	(3.4)	(85)	(3.8)	9
Accumulated income previous year	34	1.5	46	2.0	(25)
Unappropriated income	111	4.9	131	5.8	(14)

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

SALES BY REGION (IN EUR MILLION)

	2025	In % of sales	2024	In % of sales	Change in %
EMEA	1,869	82	1,860	82	0
Americas	278	12	264	12	5
Asia/Pacific	126	6	140	6	(10)
Total	2,273	100	2,264	100	0

In fiscal year 2025, revenues of HUGO BOSS AG remained broadly at the prior-year level. Revenues in **EMEA** remained largely on par with 2024 levels, supported by slight sales growth in Germany. The **Americas**, on the other hand, recorded robust top-line improvements in fiscal year 2025, which compensated for a decline in revenues with subsidiaries in **Asia/Pacific**. The latter is also related to an adjustment in intercompany pricing, reflecting current external market factors.

SALES BY BRAND (IN EUR MILLION)

	2025	In % of sales	2024	In % of sales	Change in %
BOSS	1,600	70	1,566	69	2
HUGO	401	18	413	18	(3)
Other services	272	12	285	13	(4)
Total	2,273	100	2,264	100	0

Performance across brands varied in 2025. **BOSS** recorded moderate top-line improvements, primarily driven by the strong positioning of its Menswear business. On the other hand, revenues at **HUGO** remained below the prior-year level, reflecting proactive measures taken to sharpen the brand's positioning and enhance its long-term performance. **Sales from other services** also declined moderately compared to 2024, mainly due to lower intercompany charges to subsidiaries, particularly related to service and IT.

At 35.1%, the **gross margin** of HUGO BOSS AG remained on the prior-year level (2024: 35.1%). **Distribution expenses** also remained broadly on 2024 levels, while **general administration expenses** increased 9% year over year, mainly reflecting higher payroll cost and overall cost inflation. **Other operating income** and **other operating expenses** increased by 8% and 15%, respectively, mainly due to unfavorable currency effects. The **income from investments** of EUR 22 million is mainly attributable to an intragroup dividend income from an affiliated company in Turkey (2024: EUR 0 million). The **income from profit and loss transfer agreements** of EUR 79 million is attributable to HUGO BOSS Internationale Beteiligungs-GmbH (2024: EUR 94 million).

Net assets and financial position

Property, plant, and equipment, and intangible assets of HUGO BOSS AG increased by 7% year over year, totaling EUR 1,188 million (December 31, 2024: EUR 1,115 million). This development mainly reflects investments in the expansion of the Company's headquarters in Metzingen (Germany), its distribution center for flat-packed goods in Filderstadt (Germany), and the Group-wide rollout of a next-generation ERP system. To a minor extent, the increase also reflects the merger of ROSATA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Metzingen KG into HUGO BOSS AG, effective September 1, 2025.

TRADE NET WORKING CAPITAL (IN EUR MILLION)

	2025	2024	Change in %
Inventories	206	288	(28)
Trade receivables	111	91	22
Trade payables	227	284	(20)
Trade net working capital	90	95	(5)

The decrease in **inventories** mainly reflects disciplined inventory management alongside robust top-line momentum in the fourth quarter of 2025. HUGO BOSS AG is the main supplier for the Group's global distribution companies. **Trade receivables** of HUGO BOSS AG came in above the prior-year level, mainly reflecting a strong performance in both brick-and-mortar and digital wholesale in the final quarter of 2025. At the same time, the Company recorded a decrease in **trade payables**, primarily reflecting lower order volumes as part of the Company's measures to reduce core merchandise inflow going forward. Consequently, **trade net working capital (TNWC)** of HUGO BOSS AG ended fiscal year 2025 slightly below the prior-year level.

At EUR 105 million, **receivables from affiliated companies** at the end of fiscal year 2025 were 7% above the prior-year level (December 31, 2024: EUR 98 million). **Liabilities to affiliated companies** increased 11% to EUR 104 million, mainly driven by transfer pricing adjustments resulting in higher intercompany balances (December 31, 2024: EUR 94 million). **Provisions** remained broadly on the prior-year level, amounting to EUR 164 million at the end of the year (December 31, 2024: EUR 163 million). At EUR 218 million, **liabilities to credit institutions** were also broadly on the prior-year level (December 31, 2024: EUR 219 million).

As of December 31, 2025, **cash and cash equivalents**, defined as the total of cash on hand and bank balances, amounted to EUR 8 million (December 31, 2024: EUR 7 million), with the slight increase mainly reflecting a higher **cash flow from operating activities**.

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 decrease moderately in fiscal year 2026. There are no specific particularities regarding HUGO BOSS AG. In addition, the business performance of HUGO BOSS AG is, to a large degree, also subject to the same **risks and opportunities** as those faced by the Group. Consequently, the statements within the Group's Report on Risks and Opportunities also apply to HUGO BOSS AG. > [Outlook](#), > [Report on Risks and Opportunities](#)

OUTLOOK

2026 as year of realignment to pave way for long-term profitable growth

Currency-adjusted Group sales expected to decline mid- to high-single digits in 2026

EBIT expected between EUR 300 million and EUR 350 million in 2026

Subsequent events

At the time this report was prepared on March 3, 2026, the impact of a potential further escalation of the **Iran conflict** on the global economy and industry growth in 2026 could not be determined with sufficient certainty. While HUGO BOSS' global business had not been materially affected at that date, such an escalation could have a material adverse effect on the Company's net assets, financial position, and results of operations in fiscal year 2026.

Between the end of fiscal year 2025 and the preparation of this report on March 3, 2026, there were no further 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 2026. It also describes the expected development of significant macroeconomic and industry-specific conditions. The outlook reflects Management's current knowledge at the time the report was prepared. However, actual developments may differ significantly, either positively or negatively, if 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 to respond to any possible changes as quickly and comprehensively as possible.

Outlook for the global economy

In 2026, global growth is expected to remain subdued as the **world economy continues to face several macroeconomic and geopolitical challenges**. In particular, intensified economic policy uncertainties, ongoing geopolitical tensions, and the persistent drag from tariffs are expected to weigh on overall economic activity. At the same time, economies are expected to increasingly adapt to managing these conditions, while fiscal policies are intended to support economic momentum and global headline inflation is projected to continue its downward trajectory. Consequently, according to the International Monetary Fund (IMF), **global growth** is projected to remain steady at 3.3% in 2026 (2025: 3.3%), thus remaining below the historical average of 3.7% recorded between 2000 and 2019.

Regional growth expectations vary significantly. In the **eurozone**, growth is projected to ease slightly to 1.3% in 2026 (2025: 1.4%), amid ongoing and diverse global tensions affecting Europe. The **U.S.** economy is projected to expand by 2.4% (2025: 2.1%), supported by fiscal policy measures and lower interest rates, while the impact of higher trade barriers is expected to gradually wane. In **China**, persistent challenges, most notably the property sector downturn and elevated trade barriers, are expected to continue weighing on domestic consumption, with the IMF forecasting growth to slow to 4.5% (2025: 5.0%).

Risks and uncertainties associated with these assumptions remain elevated in 2026. Geopolitical tensions persist, including the conflicts in Ukraine and the Middle East, which continue to pose risks to trade routes, energy markets, and commodity supplies. In addition, elevated trade policy uncertainty, notably related to tariffs, alongside politically sensitive strategic decisions, such as renewed debates over control of critical territories, could further weigh on global trade, investment, and market confidence. At the same time, consumer sentiment in many key markets remains fragile, as households continue to face elevated uncertainty and remain cautious in their discretionary spending.

Industry outlook

The **global apparel industry** is expected to face another challenging year, as consumer sentiment remains subdued amid ongoing macroeconomic and geopolitical volatility, as well as region-specific challenges. According to a joint study by The Business of Fashion and McKinsey & Company, published in November 2025, revenue growth for the global apparel industry (excluding the luxury segment) is projected to remain at comparatively low levels, ranging between 1% and 3% (2025: 1.5% to 2.5%), reflecting a largely sideways development.

In **Europe**, industry growth (excluding the luxury segment) is forecast to range between 1% and 2% in 2026 (2025: 1% to 2%). Despite easing inflation, ongoing economic uncertainty and geopolitical risks are expected to weigh on consumer confidence. In the **U.S.**, consumption is expected to remain constrained by moderate GDP growth and uncertainty surrounding further Federal Reserve rate cuts. Rising prices remain a key concern among U.S. consumers, with pressure likely to intensify in 2026, reflecting the first full year of tariff implications. As a result, industry growth (excluding the luxury segment) is expected to remain subdued, ranging between 1% and 3% (2025: 2% to 3%). In **China**, the property market crisis is expected to continue weighing on economic development, with disposable income growth falling below prior-year levels. Consequently, consumer confidence remains subdued and saving rates elevated. Industry growth (excluding the luxury segment) is therefore expected to decelerate further, ranging between 1% and 3% in 2026 (2025: 2% to 3%).

Outlook for HUGO BOSS

For HUGO BOSS, fiscal year **2026 will play a crucial role in its journey toward long-term profitable growth**. As part of CLAIM 5 TOUCHDOWN, 2026 will serve as a year of deliberate brand and channel realignment, designed to elevate BOSS and HUGO and strengthen their long-term positioning. This will include a more selective distribution approach – including targeted store closures – aimed at enhancing the productivity and quality of the Company's global distribution footprint, as well as more focused and elevated product assortments across brands, with a particular emphasis on BOSS Womenswear and HUGO. At the same time, HUGO BOSS aims to continue generating robust free cash flows, thereby forming the basis for future shareholder returns. To deliver against this ambition, execution between 2026 and 2028 will center on three key fields of excellence: brand, distribution, and operations. Initiatives across these priorities are designed to drive further efficiency and cost discipline, while setting the stage for **renewed top- and bottom-line growth from 2027 onward**.

Over the **medium to long term**, HUGO BOSS aims to outgrow the market and achieve an EBIT margin of around 12%. Complementing this ambition, the Company targets an average annual free cash flow of around EUR 300 million between 2026 and 2028 (excluding the impact of IFRS 16), supported by disciplined management of trade net working capital (TNWC) and lower capital expenditure. While free cash flow generation in 2026 is expected to be below this average, reflecting a pull-forward of cash generation into fiscal year 2025, the targeted average remains broadly unchanged over the three-year period. Including IFRS 16, this corresponds to a targeted annual average of around EUR 500 million (2025: EUR 499 million). Overall, these measures are intended to underpin the Company's financial framework and provide the basis for sustainable, profitable growth and attractive shareholder returns over the medium to long term.

> **Group Strategy**

OUTLOOK FOR FISCAL YEAR 2026

	Results 2025	Outlook 2026
Group sales	Decrease by 1% (reported) to EUR 4,270 million	Decrease in the mid- to high-single-digit range (currency-adjusted) ¹
Sales by region		
EMEA	Increase by 2% (reported) to EUR 2,664 million	Decrease in the mid- to high-single-digit range (currency-adjusted) ¹
Americas	Decrease by 3% (reported) to EUR 993 million	Decrease in the mid- to high-single-digit range (currency-adjusted) ¹
Asia/Pacific	Decrease by 8% (reported) to EUR 509 million	Decrease in the mid- to high-single-digit range (currency-adjusted) ¹
Operating result (EBIT)	Increase by 8% to EUR 391 million	Decrease to a level of EUR 300 million to EUR 350 million
Group's net income	Increase by 16% to EUR 259 million	Decrease broadly in line with EBIT
Trade net working capital as a percentage of sales	Increase of 40 basis points to 20.0%	Around 20% of Group sales
Capital expenditure	Decrease by 32% to EUR 195 million (4.6% of Group sales)	Around 4% of Group sales

¹ The sales forecast for fiscal year 2026 is currency-adjusted, i.e., based on the assumption of constant exchange rates.

In light of the targeted brand and channel realignment, currency-adjusted **Group sales** are expected to decline mid- to high-single digits in 2026 (2025: EUR 4,270 million), before returning to growth from 2027 onwards. This deliberate realignment reflects a more selective distribution approach, including targeted store closures resulting in a moderate net reduction of brick-and-mortar retail space, alongside targeted enhancements to distribution quality in brick-and-mortar wholesale and digital. In parallel, product assortments will be further streamlined across brands, particularly at BOSS Womenswear and HUGO, to sharpen brand positioning and strengthen brand relevance.

Against this backdrop, currency-adjusted revenues in **EMEA** are expected to decline in the mid- to high-single-digit range in 2026, driven by targeted enhancements to distribution quality, primarily across physical and digital wholesale. Also in the **Americas**, HUGO BOSS anticipates a mid- to high-single-digit decline in currency-adjusted sales, mainly reflecting productivity and quality enhancements across touchpoints. In **Asia/Pacific**, currency-adjusted sales are also expected to decline in the mid- to high-single-digit range, reflecting brand and channel elevation measures in retail, including selected store closures, alongside a continued cautious assessment of the recovery trajectory of Chinese consumer demand.

Reflecting the anticipated decrease in top-line development, **EBIT** is anticipated to amount to between EUR 300 million and EUR 350 million in 2026 (2025: EUR 391 million). While targeted gross margin improvements and continued cost discipline are expected to support the bottom-line development, operating expenses are anticipated to de-leverage in 2026 in light of lower revenues. In this context, gross margin is expected to benefit from additional sourcing efficiencies, selective price adjustments, and stronger full-price sell-through. **Net income** is expected to develop broadly in line with EBIT in 2026 (2025: EUR 259 million).

In fiscal year 2026, **TNWC** is anticipated to trend around the upper end of the Company's mid-term target range of between 18% to 20% of Group sales, as outlined in CLAIM 5 TOUCHDOWN (2025: 20.0%). In this context, the Company will continue to place strong emphasis on disciplined TNWC management, broadly mitigating the impact of anticipated lower sales. Following substantial infrastructure and retail investments made in recent years, **capital expenditure** is expected to further normalize in the coming years, with investment intensity in 2026 anticipated to be around the upper end of the mid-term target range of 3% to 4% of Group sales (2025: 4.6%). Investment activity will focus primarily on maintenance and strategic priorities, particularly in IT and retail, with the majority of investments allocated to corporate units and the EMEA segment.

Supported by the Company's robust fundamentals, including strong free cash flow generation and a solid balance sheet, and reflecting Management's confidence in the future development of HUGO BOSS, the Managing Board has decided to launch a **share buyback program**, further strengthening shareholder value creation. Until December 31, 2027, HUGO BOSS plans to buy back shares in an amount of up to EUR 200 million. The share buyback shall be financed through the Company's continued free cash flow generation, with HUGO BOSS intending to cancel the repurchased shares. At the same time, HUGO BOSS remains fully committed to preserving the financial flexibility required to consistently execute its strategy, invest in future growth, and further strengthen its balance sheet amid an ongoing volatile environment. In this context, and reflecting a disciplined capital allocation approach, the Managing Board and the Supervisory Board intend to propose to the Annual General Meeting on May 21, 2026, to only pay the legal minimum **dividend** of EUR 0.04 per share for fiscal year 2025 (2024: EUR 1.40).

REPORT ON RISKS AND OPPORTUNITIES

Transparent handling of risks and opportunities as part of the risk management system

No going concern risks to the Group identified

Exploiting business opportunities is 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 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 therefore primarily is aimed at successfully executing the Group's business strategy and sustainably increasing enterprise value. The reporting of risks and opportunities in the combined management report refers to a one-year period.

Risk and opportunity management principles

The Company's **risk and opportunity management system** comprises all measures of a systematic and transparent approach towards risks and opportunities. It aims to **identify 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 potential future developments or events that may lead to negative deviations from the planned operating result (EBIT). At the same time, the **early identification and consistent exploitation of business opportunities** is of particular importance as part of the successful execution of the Group's strategy and essential for ensuring the Company's long-term success. At HUGO BOSS, opportunities are defined as potential positive deviations from the planned EBIT, with appropriate measures initiated as needed to exploit them. 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 impact.

Risk and opportunity management system

The Managing Board of HUGO BOSS AG has **overall responsibility for an effective risk and opportunity management system**. On its behalf, the central Risk Management & Internal Controls department coordinates the execution and continuous development of the risk and opportunity management system. In this context, it is responsible for the centrally managed risk and opportunity 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. The Supervisory Board of HUGO BOSS is responsible for **monitoring the effectiveness of the risk and opportunity management system**. This responsibility is exercised by the Audit Committee, with support from the Internal Audit department. In this context, risk and opportunity management at HUGO BOSS is subject to regular internal auditing, which is conducted at least every five years, with the most recent audit carried out in 2025. As part of the audit of the consolidated financial statements, the external Group auditor assesses the adequacy of the measures for the early identification of risks that could impact the Company's ability to continue as a going concern.

Group-wide standards for the systematic handling of risks and opportunities form the basis of an efficient risk and opportunity management system. They are set by the Managing Board and documented in the **risk and opportunities principles** that are 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 modern **risk and opportunity management software** allows for recording and evaluating all identified risks and opportunities, as well as related measures, in a uniform way throughout the Group. As part of the audit of the consolidated financial statements, the external Group auditor assesses the effectiveness of selected internal controls. The risk and opportunity management system of HUGO BOSS is designed in accordance with the international standard ISO 31000.

MAIN FEATURES OF THE RISK AND OPPORTUNITY MANAGEMENT SYSTEM



The **risk and opportunity management process** at HUGO BOSS consists of four steps: identification, evaluation, handling, and ongoing monitoring and reporting.

To ensure **risks and opportunities are identified** at the earliest possible stage, the Group continuously monitors the macroeconomic and geopolitical environment, the competitive landscape in the premium and luxury goods industry, and all internal processes. Risk Management & Internal Controls supports all internal risk owners with regular identification and efficient categorization of risks and opportunities using a risk catalog, as well as the risk and opportunity principles that are available on the intranet throughout the Group.

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

MEASUREMENT CRITERIA FOR BUSINESS RISKS AND OPPORTUNITIES

Extent of financial impact (in % of planned EBIT)		Likelihood of occurrence (within 1 year)	
low	≤2.5%	remote	≤10%
moderate	>2.5%–5%	unlikely	>10%–25%
essential	>5%–15%	possible	>25%–50%
high	>15%–30%	probable	>50%–90%
very high	>30%	certain	>90%

Individual risks and opportunities are evaluated on the basis of the two dimensions of **potential financial impact and likelihood of occurrence**. This is intended to create transparency regarding the Company's current risk and opportunity situation and provide support in prioritizing risks and opportunities. Classification is done by means of summing up all individual risks' and opportunities' weighted average of likelihood (likelihood) as well as the weighted averages of the impact scenarios of all individual risks and opportunities (potential financial impact). Net risks and opportunities are defined as the remaining risk or opportunity potential after accounting for the impact of corresponding mitigation measures, whereas gross risks and opportunities represent their initial, unmitigated impact.

Risks and opportunities are treated in accordance with the Company's risk and opportunity management principles. 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, Risk Management & Internal Controls monitors the progress and effectiveness of planned and already implemented measures.

The current status of all identified risks and opportunities is assessed twice a year. However, depending on their extent, some risks or opportunities 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 and opportunities reporting**, risk owners report all risks and opportunities identified to Risk Management & Internal Controls, including the respective likelihood of occurrence, the potential financial impact, as well as any risk mitigation measures. Risk Management & Internal Controls aggregates the information reported and regularly presents a consolidated report to the Managing Board and the Audit Committee. Substantial individual risks and opportunities are given particular emphasis. When critical or urgent issues arise, the regular reporting process is supplemented by ad-hoc reports.

Assessment of the risk and opportunity situation by the Managing Board

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 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 simulation encompasses risks of all categories, thus also including non-financial risks. The result of this simulation for fiscal year 2025 shows that, as in the prior year, the Group's aggregated risk position does not exceed the Company's risk-capacity threshold with a likelihood of at least 99%.

The implemented risk management system forms the basis for the **assessment of the risk and opportunity situation by the Managing Board**, which reviews the system on a regular basis. Risks and opportunities with a potential financial impact classified as at least essential are discussed and evaluated by the Managing Board at regular intervals. Unless otherwise stated, the risks and opportunities presented below relate to all segments of the Group. In fiscal year 2025, the assessment of individual risks and opportunities changed reflecting developments in external conditions, the effects of implemented countermeasures, and the introduction of our CLAIM 5 TOUCHDOWN strategy, with its focus in 2026 on realigning, simplifying, and strengthening the business for future growth. As a result, the overall risk situation for HUGO BOSS decreased moderately compared to the prior year. In particular, at the time this report was prepared, the Managing Board did not identify any individual or aggregate risks that could jeopardize the **continuation of the Company as a going concern**.

Illustration of risks

Risks identified in the risk management process with at least essential potential impact on HUGO BOSS are detailed below in descending order of their potential financial impact. In contrast, risks assessed as having only a low or moderate impact are not explained in more detail, including risks related to changes in interest rates, competition, counterparties, facilities, financing and liquidity, legal, occupational health and safety, product piracy, and vision and direction. 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 future development than anticipated. Regardless of the measures implemented to manage the identified risks, business activity is always exposed to **residual risks** that cannot be entirely avoided.

RISK OVERVIEW

Categories	Potential financial impact (in % of planned EBIT)	Change ¹ (2024 assessment)	Likelihood (within one year)	Change ¹ (2024 assessment)
Suppliers and sourcing	very high		>10%–25%	
Sales and distribution	very high		>10%–25%	
Logistics	very high	↑ (high)	≤10%	
Governance and compliance	very high	↑ (high)	>25%–50%	↑ (>10%–25%)
IT	very high	↑ (high)	>25%–50%	↑ (>10%–25%)
Taxes ²	high		>25%–50%	
Collection	high		≤10%	
Politics and society	high	↓ (very high)	>10%–25%	
Environment and health	high	↑ (essential)	≤10%	
Global economy	high		>10%–25%	
Quality	essential		>10%–25%	
Personnel	essential		>10%–25%	
Brand and corporate image	essential	↑ (moderate)	≤10%	
Investment	essential	↑ (moderate)	>10%–25%	
Currencies	essential		>50%–90%	

¹ The change in risk assessment compared with the previous year is primarily attributable to the developments in external conditions, the effects of implemented countermeasures, the introduction of our CLAIM 5 TOUCHDOWN strategy and the related outlook for EBIT in 2026. At the individual risk level, this also includes the increasing risk associated with the growing global number of cyberattacks (IT), the ongoing risk of further pandemics (environment and health), and heightened sensitivity surrounding brand communication on social media (brand and corporate image).

² Tax risks are assessed based on their potential financial impact on cash flow.

Risks associated with suppliers and sourcing markets

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

HUGO BOSS attaches great importance to the careful selection of suppliers and 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, such as 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 operational shortcomings. HUGO BOSS therefore pursues 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 to identify risks in a timely manner and initiate appropriate measures to safeguard product availability. In fiscal year 2025, the largest external supplier accounted for 5% of the total sourcing volume (2024: 5%), with the largest single external production site also accounting for 5% (2024: 4%).

Within the framework of **nearshoring**, HUGO BOSS is pursuing the strategic ambition of establishing a balanced sourcing footprint that is closely aligned with its largest sales markets EMEA and the Americas, thereby also aiming to reduce negative environmental impacts associated with long-distance transport. In 2025, 49% of the Company's merchandise was sourced in EMEA (2024: 53%), with our own production in Izmir (Turkey) accounting for 15% of the global sourcing and production volume (2024: 17%). This approach is intended not only to bring HUGO BOSS closer to its most important sales markets and enable faster replenishment, but also enhances the Company's resilience by **reducing reliance on external factors**. > **Business Operations**

In view of **earthquake risks** and possible risks due to **political uncertainties**, HUGO BOSS has implemented comprehensive measures at its largest production site in Izmir to limit the impact of a potential production downtime on product availability and consequently also on Group revenues. For the majority of the production volume, contingency plans are in place to transfer production to external suppliers, while the financial risk from earthquakes is partially covered by insurance policies.

Rising wages in sourcing countries and higher prices for raw materials like cotton, wool, or leather may lead to **higher production costs** and thus negatively impact gross margin and the Group's profitability. HUGO BOSS counters these risks with margin-based collection planning, measures to improve efficiency in its production and sourcing processes, continuous optimization in the use of materials, and regular reviews of its pricing policy.

Ongoing **geopolitical tensions** and the risk of **new or increased trade barriers**, particularly between major economic regions such as the U.S., China, and Europe, may adversely affect sourcing and manufacturing costs. In particular, tariffs and other trade restrictions represent a major concern, as they can directly increase duties, disrupt supply chains, and put significant pressure on margins. Cost increases passed on to consumers may also dampen demand, especially in price-sensitive markets. To mitigate these risks, HUGO BOSS closely monitors global trade and geopolitical developments and integrates potential impacts into its sourcing, production, and pricing strategies. As part of our broader risk-mitigation efforts, in 2025, we have increased our inventory coverage in the U.S, successfully rerouted product flows from China to other regions, and further optimized our global vendor base. > **Business Operations**

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 elevated inventory levels. On the other hand, it may also lead to under-scheduling with the risk of missed sales opportunities. To reduce scheduling risks, HUGO BOSS is working on constantly improving its forecasting quality. This involves further increasing the transparency along the value chain as well as growing flexibility of merchandise management across distribution channels and markets. In this context, in 2025, HUGO BOSS 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 the Company's supply chain and leveraging the power of artificial intelligence, HUGO BOSS aims to further improve demand and supply planning and better align its 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. > **Business Operations**

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 demand fluctuations at short notice. Material **downturns in demand** or **misjudgments 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 may weigh 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 formats are aimed at achieving 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 based on a seasonal approach, to account for changes in demand and marketability throughout the year. > [Notes to the Consolidated Financial Statements, Note 12](#)

In its wholesale business, HUGO BOSS pays close attention to ensuring a balanced customer structure to avoid a potential **overdependence on individual customers**. Business Planning & Analysis constantly monitors key metrics such as order intake, delivery quotas, and sell-through providing regular reports to the Managing Board. This enables prompt action to mitigate potential risks. > [Group Management](#)

HUGO BOSS is exposed to the risk of **bad debt losses** due to the potential insolvency of wholesale partners or cumulative losses from economic slowdowns in specific markets. To mitigate this, the **Group-wide receivables management** applies uniform receivables management policies, including credit rating checks, customer credit limits, receivables aging monitoring, and strict handling of doubtful accounts. In some cases, deliveries are only made upon prepayment, or business relationships with high-risk customers are discontinued. The Internal Audit department regularly reviews compliance with the respective Group guidelines. As of the reporting date, there was no significant concentration of default risks from individual customers. > [Notes to the Consolidated Financial Statements, Note 13](#)

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 airfreight, or insufficient warehouse capacity. This directly involves risks of a global increase in freight costs as well as significantly delayed product availability. In 2025, HUGO BOSS further reduced its reliance on airfreight, highlighting our commitment to balancing cost-efficiency with operational excellence, while at the same time emphasizing sustainable sourcing practices. Looking ahead, HUGO BOSS is committed to continuing reducing airfreight dependence while ensuring on-time product availability.

Amid ongoing geopolitical tensions, **global transport and logistics capacity** remained under pressure throughout 2025, particularly on major East–West trade lanes such as Asia–Europe. Continued security risks in the Red Sea led many shipping lines to reroute vessels, resulting in longer transit times and elevated logistics costs. While the overall situation in the Red Sea showed signs of partial stabilization, shipping patterns have not yet fully normalized and freight rates remain volatile, influenced by geopolitical developments, capacity dynamics and higher security-related costs. Looking ahead to 2026, renewed escalation of geopolitical conflicts in the Middle East could again disrupt key maritime trade routes, further straining global logistics capacity and increasing transportation costs. HUGO BOSS will continue to closely monitor developments and implement appropriate measures where necessary. While no material impact on product availability is currently expected, potential supply chain disruptions and related risks, including lost sales opportunities, cannot be entirely ruled out. > [Business Operations](#)

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 growth ambitions. The storage of 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 own online business, all located in proximity to the headquarters in Metzingen (Germany), 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 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 has gradually optimized its global logistics platform in recent years. In this context, the strategic expansion of one of our key logistic hubs was initiated already in 2023 with completion expected in 2026 and intended to increase the delivery and storage capacity of this warehouse location by around 75%. 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. > [Business Operations](#)

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 any breaches are reported accordingly to the Managing Board and Supervisory Board. > [Corporate Governance and the Corporate Governance Statement](#), > [Combined Non-financial Statement, Own Workforce](#)

Breaches of **data protection laws** represent a substantial compliance risk. The Group counters this risk using a system complying with data protection laws and via **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 assessed on an ongoing basis and continuously improved to ensure compliance with legal data protection requirements. > [Combined Non-financial Statement, Consumers and End-Users](#)

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 key warehouses. In order to reduce these risks, the central IT department conducts regular maintenance and security checks, has implemented multilevel security and antivirus concepts, and has assigned job-related access rights. In addition, 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 aim to **increase IT security** within the Group. Internal Audit regularly monitors the security and reliability of the IT systems as well as the effectiveness of implemented control mechanisms.

HUGO BOSS anticipates global cyberattacks to continue increasing in the long term, driven by mounting geopolitical tensions and advancements in artificial intelligence. As reliance on technology deepens, the potential financial impact of cyberattacks is likely to grow, posing unknown but potentially severe risks. Consequently, HUGO BOSS classifies cyber threats as an **"emerging risk."** To strengthen its resilience, the Company remains committed to continuously enhancing its information security program. In this context, HUGO BOSS has implemented a dedicated security information and event management system, designed to provide a comprehensive overview of the Group's IT security landscape.

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 impact recognized current and deferred tax assets and liabilities. All tax-related issues are regularly analyzed and evaluated by the Group Tax department, supported by external experts such as lawyers and tax advisors. **Tax audit risks** exist for all assessment periods still open. Sufficient provisions were recognized for known tax risks, with the amount 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 recoverability 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 assessment of existing topics by tax authorities or tax field audits. There are also risks in transfer pricing in relation to the Company's business model. > **Notes to the Consolidated Financial Statements, Note 5**

Collection risks

Changing fashion and lifestyle trends can cause **collection risks**, with challenges primarily occurring in identifying and incorporating trends quickly into commercially successful collections. To mitigate these risks, HUGO BOSS comprehensively **analyses relevant target groups and markets**, uses **artificial intelligence** to identify trends, and evaluates **sell-through rates** of previous collections. Beyond that, direct customer interaction in our brick-and-mortar retail and own digital business, feedback from wholesale partners, as well as insights gathered via our **customer loyalty program HUGO BOSS XP** and relevant social media platforms enable early detection of shifts in buying behavior for future collections. As part of our CLAIM 5 TOUCHDOWN strategy, we aim to reduce product complexity and streamline our product variety, thereby reducing the risk from individual collections. > **Product Development and Innovation**, > **Consumer Touchpoints**

Political and social risks

HUGO BOSS is exposed to **political and social risks** due to its global business activities. Political and regulatory changes, geopolitical tensions, military conflicts, government transitions, and terrorism can all negatively impact consumer sentiment. However, in light of its global distribution footprint with a presence in approximately 130 markets, the Company benefits from a **natural hedge** against challenges in individual regions.

Global political and social uncertainties continue to represent a significant risk factor also in 2026. Geopolitical tensions, including those related to the conflicts in Ukraine and the Middle East, the potential escalation of trade conflicts, policy shifts and regulatory changes, and the broader security environment pose significant risks for the global apparel industry and thus also for the Group's business development. Such developments may disrupt key trade routes, result in higher transportation costs and longer lead times. Furthermore, an escalation or expansion of geopolitical conflicts could negatively impact the global economic environment, weaken consumer sentiment, and adversely affect the sales and earnings performance of HUGO BOSS.

Due to its increasing relevance, HUGO BOSS classifies risks from political and social changes as an **"emerging risk."** These risks pose strategic challenges, such as the impact of demographic shifts on consumer behavior, global business activities, and supply chain structures – highlighting the close connection of social, industry, and sourcing risks. Given the 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 these risks, 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, with Risk Management & Internal Controls coordinating and supporting this process.

Environmental and health risks

The global value chain of HUGO BOSS is subject to **environmental and health risks** from pandemics, environmental and natural disasters, the impact of climate change, and the loss of biodiversity. Building on the experience gained from the COVID-19 pandemic, HUGO BOSS has drawn up appropriate pandemic emergency plans. At the same time, HUGO BOSS conducts regular climate risk analyses to identify potential business impacts and enable timely countermeasures. A **central emergency management system** ensures prompt and effective responses to all kinds of emergencies, including extreme weather events and natural disasters. This system integrates cross-functional expertise and facilitates efficient coordination with clear decision-making processes.

Global economic risks

HUGO BOSS is exposed to **global economic risks** that can impact demand for premium and luxury goods. Consequently, economic downturns, whether global or regional, may weigh on the Company's top- and bottom-line performance. Additionally, regional economic challenges can have ripple effects across markets, further influencing business performance.

In 2026, global growth is expected to remain subdued as the **global economy continues to face several challenges**. In particular, economic policy uncertainties have further intensified, driven by uncertainty around global policy settings, ongoing political instability in certain regions, and persistent geopolitical tensions. Further details on the global economic outlook for fiscal year 2026, including risks and uncertainties, are provided in the "Outlook" chapter. > [Outlook](#)

To mitigate economic volatility, identify risks at an early stage, and respond as quickly as possible, the Group actively monitors the macroeconomic environment and global industry trends. **Internal early indicators** are analyzed regularly to allow a forecast of the potential impact of macroeconomic risks. Actions to address downturns in demand include adjusting production and sourcing activity, more strictly managing trade net working capital, further optimizing the global distribution network, tightening cost controls, and implementing price adjustments. > [Group Management](#)

Quality risks

When sourcing materials and manufacturing its products, HUGO BOSS places the highest emphasis on **quality**. To uphold these standards, the Company consistently utilizes premium materials and innovative production techniques. Comprehensive **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 (Germany) are designed to ensure the high-quality standards of HUGO BOSS. Generally, HUGO BOSS also incorporates risk criteria into its product development, aiming to constantly reduce return rates and thus minimizing the impact on sales development. > [Product Development and Innovation](#), > [Business Operations](#)

Personnel risks

The successful execution of our Group strategy and the financial and operational performance of HUGO BOSS are largely dependent on the expertise, commitment, and performance of our global workforce. A fair and **value-based corporate culture** serves as a crucial foundation for fostering employee engagement and long-term success. Personnel risks mainly relate to **recruitment bottlenecks, shortages of specialists, and excessive employee turnover**. HUGO BOSS counters these risks with a value-based corporate culture, 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. To measure employee satisfaction on a regular basis, HUGO BOSS conducts an annual **employee survey** in cooperation with Great Place to Work Germany. In this context, in 2025, the overall satisfaction increased to 78% (2024: 69%). The positive development reflects the impact of targeted engagement measures implemented at selected locations following site-specific challenges identified in the prior year, alongside generally stable satisfaction levels across the Group. Looking ahead, we remain committed to sustaining a satisfaction level of at least 75% across the Group, consistent with previous years.

> **Combined Non-financial Statement, Own Workforce**

Risks associated with brand and corporate image

The occurrence of **risks related to brand and corporate image** may have adverse effects on the financial and operational performance of HUGO BOSS. Such risks may arise, for example, from insufficient product or service quality in the Group's own retail business, inadequate pricing and markdown management, the use of distribution channels that are not aligned with brand positioning, ineffective marketing activities or brand partnerships, negative public discourse on social media, or non-compliance with applicable laws, standards, or social requirements.

Against this backdrop, **protecting and strengthening brand and corporate image** remains a key priority at HUGO BOSS. In recent years, the Company has comprehensively renewed the brand images of BOSS and HUGO as part of its former CLAIM 5 strategy, resulting in a more emotional, and more contemporary appearance. In parallel, both brands were further developed into 24/7 lifestyle brands through the introduction of new brand lines, supporting a more consistent and differentiated brand positioning across occasions and touchpoints. These strategic initiatives are complemented by a globally consistent brand and shopping experience, strict quality controls, centrally managed pricing policies, a robust compliance management system, targeted employee training for customer-facing functions, and defined occupational and social standards. Legal trademark protection and the active prosecution of product piracy further contribute to safeguarding brand integrity.

Looking ahead, HUGO BOSS is committed to further advancing **Brand Excellence** as part of CLAIM 5 TOUCHDOWN by elevating BOSS and HUGO across brand dimensions. A new organizational setup with dedicated menswear and womenswear powerhouses is intended to strengthen brand-specific expertise, unlock synergies, and ensure a more consistent implementation of the respective brand identities across regions and channels. These powerhouses will work closely with marketing, sales, and retail functions to deliver globally coherent brand storytelling, and a seamless brand experience along the entire customer journey. By tightening end-to-end brand governance, HUGO BOSS aims to further reduce brand dilution risks, strengthen long-term brand desirability, and support sustainable value creation. > [Group Strategy, Brand Excellence](#)

At the same time, **external communication and stakeholder engagement** continue to be centrally coordinated by Corporate Communications and Investor Relations, ensuring a consistent dialog with key stakeholders. Compliance with relevant laws, standards, and internal guidelines is regularly reviewed across the Group and its partners, supporting a credible and resilient corporate image over the long term.

Investment risks

The Group's own retail activities are exposed to **investment risks**, particularly in connection with the optimization and modernization of its store network, selective new openings, as well as the cross-channel integration and digitalization of its own retail activities. The risk of misinvestments relates in particular to investments in stores for which long-term lease agreements are concluded but which subsequently do not meet the Group's expected returns. In addition, misinvestments may arise in the development and implementation of new store concepts or digital elements that may not lead to operational investments.

The risk associated with potential **impairment** of property, plant and equipment, intangible assets, right-of-use assets at the level of the Group's own retail stores, as well as goodwill, represents the most significant risk within the category of investment risks. In principle, a deterioration in the business outlook or changes in market rental conditions may result in impairment losses on the Group's assets. Any such impairments would be non-cash in nature. > [Notes to the Consolidated Financial Statements, Note 10](#)

At HUGO BOSS, major investment projects are subject to a defined **approval process**. In addition to qualitative assessments, such as evaluations of potential store locations, this process includes a detailed analysis of each project's net present value. The central Business Planning & Analysis department regularly evaluates planned investment projects with regard to the Group's profitability targets. In addition, subsequent analyses are conducted at regular intervals to assess the performance of implemented projects. Appropriate countermeasures are initiated in the event of any negative deviations from the initial profitability targets.

> [Group Management](#)

Currency risks

Due to the global nature of its business activities and the Group's internal financing activities, HUGO BOSS is exposed to **currency risks** that may have an impact on its profitability, net income, and equity. Currency risks are managed centrally by the Group Treasury department. Corporate guidelines provide the framework for managing currency risks. They define the strategic selection and scope of hedging and ensure strict functional separation between the trading, settlement, and control of all financial market transactions. The primary objective is to mitigate currency exposure through **natural hedges**. By doing so, foreign currency exposures from business operations across the Group are offset as far as possible, thereby reducing the complexity of the exposure, the scope of hedging measures, and the associated costs. **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 (**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 revenues generated in the U.S. market. Currency risks in financial 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 and swaps. 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 this risk is continuously monitored, it is not hedged, as its impact on the Group's statement of financial position and income statement is non-cash in nature. > **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, 2025, there were no such hedging transactions for future cash flows 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, 2025. 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 plus EUR 6 million at the end of fiscal year 2025 (2024: minus EUR 6 million). Hedging costs and returns for concluding forward exchange transactions are not included. The risk value reduced slightly compared to the previous year due to changes in the underlying exposure. The largest foreign currency exposure results from the balance sheet exposure towards the U.S. dollar, Japanese yen, and Chinese renminbi.

Illustration of opportunities

HUGO BOSS remains fully committed to leveraging its **business opportunities** across brands, channels, and regions. For fiscal year 2026, the Company has identified several key opportunities arising from the corporate environment, its Group strategy, and operational execution. Opportunities identified in the risk and opportunity management process with at least essential potential impact on HUGO BOSS are detailed below in descending order of their potential financial impact. In contrast, opportunities with a low to moderate potential financial impact are not discussed.

OPPORTUNITY OVERVIEW

Categories	Potential financial impact (in % of planned EBIT)	Change ¹ (2024 assessment)	Likelihood (within one year)	Change ¹ (2024 assessment)
Suppliers and sourcing	high		>50%–90%	↑ (>25%–50%)
Sales and distribution	essential		>10%–25%	↓ (>25%–50%)
Personnel	essential		>10%–25%	
Brand heat and product offering	essential		>10%–25%	
Global economy and currencies	essential	↓ (high)	>10%–25%	
Digitalization and artificial intelligence	essential	↑ (low)	>25%–50%	

¹ The change in opportunity assessment compared with the previous year is primarily attributable to the developments in external conditions and the outlook for EBIT in 2026. At the individual opportunity level, this also includes increasing opportunities associated with the broader use of artificial intelligence (digitalization and artificial intelligence) and reduced global economic opportunities due to the ongoing economic slowdown (global economy and currencies).

Opportunities related to suppliers and sourcing

As part of its global sourcing and production activities, HUGO BOSS fosters a robust and efficient operational infrastructure supporting its long-term growth ambitions. As part of CLAIM 5 TOUCHDOWN, we aim at further **increasing the resilience, efficiency, and flexibility** of our global sourcing and production networks. In particular, HUGO BOSS puts a strong focus on maintaining a resilient supplier network by fostering strong supplier relationships and collaboration. At the same time, the Company seeks to realize even **greater economies of scale** via a further optimization of vendor allocation and strategic price negotiations, supported by increased order volumes. The Company may also benefit from a short-term **decrease in commodity prices** for raw materials such as cotton, wool, and leather. To actively drive additional economies of scale, the Company aims to further streamline its raw material sourcing across fabrics and trimmings, balancing focus and diversification to ensure both cost efficiency and supply stability. With regards to the latter, HUGO BOSS is implementing its **Digital TWIN**, a smart and tech-driven business operations platform. The Digital TWIN is expected to strongly enhance real-time data utilization going forward, further improving

demand and logistics planning, inventory allocation, and transparency within our supply chain. Greater-than-expected successes in these areas may have a direct positive impact on the sales and earnings performance of HUGO BOSS. > [Business Operations](#)

Opportunities related to sales and distribution

As a global fashion and lifestyle company, and in line with its omnichannel approach, HUGO BOSS has built a strong physical and digital distribution footprint in recent years. By ensuring a **seamless brand experience across all consumer touchpoints**, we aim to further advance our omnichannel activities in the coming years. Under CLAIM 5 TOUCHDOWN, HUGO BOSS will leverage the successful transformation of its own retail business as part of CLAIM 5, with the store network largely refreshed and new BOSS and HUGO store concepts implemented across key markets. To exploit the full potential of its **brick-and-mortar retail** business, HUGO BOSS will continue to elevate its own store portfolio to enhance the customer experience. At the same time, we aim to optimize our store network to improve both sales productivity and retail efficiency. Key measures include the renegotiation of expiring rental contracts and the selective closure of underperforming stores. At the same time, we will continue to foster strategic partnerships in **brick-and-mortar wholesale**, while adopting a more selective distribution approach. This includes focusing on the most relevant partners and further sharpening product assortments to strengthen brand equity. In line with CLAIM 5 TOUCHDOWN, the Company will also further expand its global franchise business, particularly in emerging markets, to capitalize on regional growth opportunities. With regards to our **digital business**, we aim to unlock additional opportunities by advancing seamless brand and customer experiences across platforms, supported by captivating content and consistent brand storytelling. At the same time, we will further amplify our two-brand strategy on hugoboss.com to enhance the customer experience and reinforce clear assortment guidelines across all touchpoints. Greater-than-expected success in the execution of these initiatives could have a direct positive impact on the business performance of HUGO BOSS.

In addition, HUGO BOSS will continue to put strong emphasis on retaining and engaging its most valuable customers. Already in 2024, we launched our **loyalty program HUGO BOSS XP**, a hyper-personalized omnichannel member experience. The program is designed to build brand loyalty, boost member sales, and drive customer lifetime value. HUGO BOSS XP was first rolled out in the UK, Germany, and France, and was expanded to the U.S. and China in 2025. Supported by this broader rollout and increasing customer engagement, we successfully expanded our member base by around 20% in 2025, reaching more than 13 million members at the end of fiscal year 2025 (2024: more than 10 million). To further deepen and expand our existing customer relationships, but also attract new BOSS and HUGO customers, we will further expand the program in the coming years. Effectively leveraging these opportunities can directly enhance HUGO BOSS' business performance. > [Consumer Touchpoints](#)

Personnel opportunities

At HUGO BOSS, we are convinced that the **passion and dedication of our employees** are vital for long-term business success. Our Human Resources management focuses on attracting, retaining, and developing the best talent in the fashion industry, while putting a strong emphasis on further enhancing our attractiveness as an employer. Maintaining competitive compensation, additional benefits, and an attractive working environment is intended to further strengthen our position in international competition, enabling the Company to efficiently fill vacant positions with qualified candidates and fostering motivation, commitment, and employee loyalty. Greater-than-expected success in these areas could enhance workforce stability and productivity, thereby supporting operational efficiency and having a positive impact on the sales and earnings performance of the Company.

As an international company, **diversity, equity, and inclusion (DE&I)** form a cornerstone of our corporate culture. We are convinced that diverse and inclusive teams are better positioned to develop creative and effective solutions to complex challenges and to support the successful execution of our Group strategy. Consequently, HUGO BOSS has implemented numerous initiatives to ensure a discrimination-free working environment with equal opportunities and inclusive work culture for all employees. Greater-than-expected progress in advancing DE&I may further increase employee satisfaction and engagement, strengthen the Company's employer brand, and enhance its ability to attract talent, which could, in turn, positively influence business performance. > **Combined Non-financial Statement, Own Workforce**

Opportunities related to brand heat and product offering

In fiscal year 2026, the successful execution of our strategy CLAIM 5 TOUCHDOWN will be key. In this context, we are fully committed to **driving brand excellence** by further elevating BOSS and HUGO and by deepening customer engagement. As part of our marketing activities, we will continue to put strong emphasis on strategic partnerships like Beckham x BOSS as well as impactful, product-led campaigns to strengthen the position of BOSS and HUGO as truly desired global brands. Further strengthening brand equity and deepening consumer connections can have a positive impact on demand and thus drive sales as well as **full-price sell-through**, potentially resulting in higher-than-expected revenue and earnings development.

> **Group Strategy, Brand Excellence**

At the same time, we will keep optimizing our product assortment in the coming years. The introduction of a **new organizational setup** with two dedicated powerhouses for menswear and womenswear is expected to unlock meaningful synergies across BOSS and HUGO, improve speed-to-market, and strengthen gender-specific expertise, thereby enhancing the overall effectiveness of brand and product management. BOSS Menswear will continue to capitalize on its strong **24/7 lifestyle positioning** across a clearly differentiated portfolio. In this context, we see particular growth opportunities across our BOSS Green and BOSS Camel brand lines, while we also remain committed to further capitalizing on product categories such as shoes, accessories, and bodywear. Fully leveraging our 24/7 lifestyle is expected to support the reinforcement of our leading position in the upper premium apparel market. At the same time, the new organizational structure creates a strong foundation to sustainably improve the **long-term performance of BOSS Womenswear and HUGO**. By sharpening its brand identity and focusing on a curated assortment of essential products, BOSS Womenswear aims to increase relevance among female consumers. The refined positioning of HUGO,

combined with a stronger emphasis on contemporary tailoring, is expected to enhance commercial relevance and broaden its consumer base over time. Faster-than-expected progress in executing these initiatives could positively support the sales and earnings development. > [Group Strategy, Brand Excellence](#)

On top of that, HUGO BOSS will continue to leverage the potential of further **digitalizing its product development**, including the use of AI-powered trend detection and virtual try-ons with avatars. In addition, we also aim to improve efficiency and drive greater economies of scale by further **reducing complexity** across our product offerings. This should enable us to maintain premium quality as well as a high level of innovation and sustainability, while also growing units-per-style and lowering product costs. HUGO BOSS also incorporates risk criteria into its product development, as this can have a direct positive impact on its business performance. Further improvements in product quality, for example, may reduce return rates and thus directly support sales development. > [Business Operations](#)

Global economic and currency opportunities

HUGO BOSS may benefit from **positive macroeconomic developments** and their potential impact on consumer sentiment and buying behavior. For example, a faster-than-expected normalization of global inflation and interest rates, a stronger than expected rebound in global trade and investment flows, or the reduction of trade barriers, such as tariffs, as well as the successful conclusion of free trade agreements, could lead to higher economic growth and thus to a noticeable **uplift in global consumer sentiment**. This, in turn, could have a positive impact on global demand for premium apparel and accessories. In addition, evolving social trends that support the upper premium apparel market could further support the top-line performance and full-price sell-through of HUGO BOSS, regardless of broader consumer sentiment trends. At the same time, **regulatory and legal developments** may also present opportunities, including a more consistent prosecution and enforcement of trademark rights. On top of that, favorable **exchange rate developments** can have a positive impact on earnings development. In this context, the Group Treasury department continuously monitors the market environment and identifies relevant opportunities within the Company's financial management principles. > [Financial Position](#)

Opportunities related to digitalization and artificial intelligence (AI)

Digitalization and the systematic application of artificial intelligence (AI) represent a significant strategic opportunity for HUGO BOSS across the entire value chain. The Company already applies AI in several key areas and continuously tests new solutions to **unlock efficiency gains and improve decision-making** for both customers and employees. AI-enabled technologies are being integrated end-to-end, from product design and development to merchandising and inventory management. Applications such as AI-driven 3D prototyping, replenishment recommendations, and dynamic pricing models are expected to accelerate processes, improve planning accuracy, and optimize resource utilization. In **omnichannel and customer-facing activities**, AI-supported content creation, chatbots, and sales training tools contribute to an enhanced and more personalized shopping experience. In this context, more effective AI-supported interactions can further improve customer service, enable more meaningful engagement, and foster long-term customer loyalty. Beyond that, AI tools **support backend processes** across the organization, increasing speed and efficiency in a wide range of business tasks. Overall, faster-than-expected progress in the adoption and scaling of AI applications could positively impact operational efficiency, innovation capability, and ultimately the sales and earnings performance of HUGO BOSS.

Key aspects of the internal control and risk management system

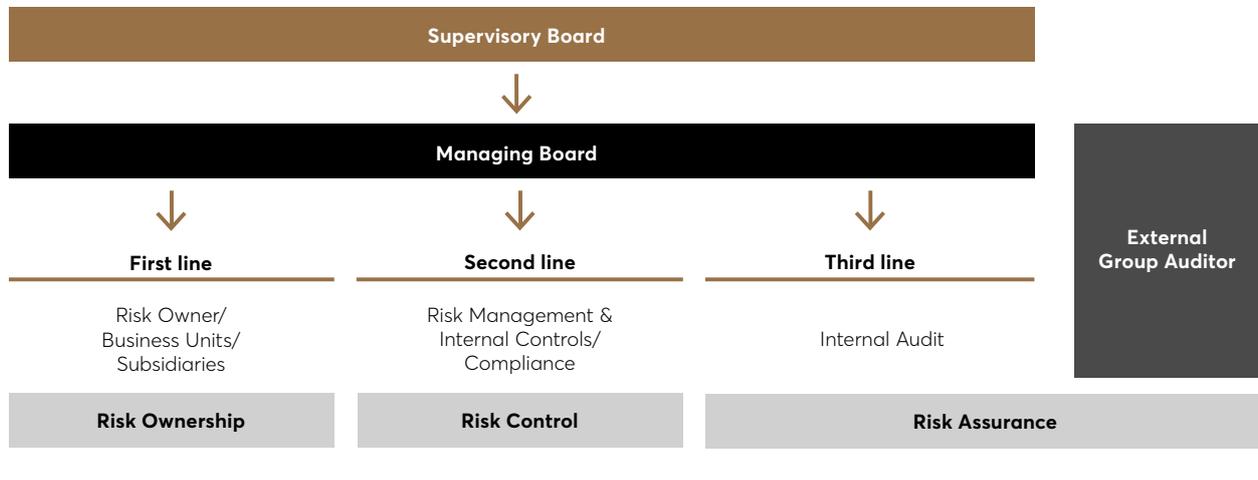
The information provided in this section is extraneous to the management report and therefore not part of the external audit.

Internal Control System (ICS) and Risk Management System (RMS)

The **Internal Control System (ICS)** and **Risk Management System (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 adequacy and effectiveness. Further information on our RMS can be found in the Risk and Opportunity Management System section of this Report on Risks and Opportunities. > [Risk and Opportunity Management System](#)

THREE-LINES MODEL



HUGO BOSS has implemented a **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 measures 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 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 adequacy 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 adequacy 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 adequacy 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 on any material weaknesses identified in the ICS and 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.

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 internal control and risk management system 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. Group Finance & Tax, in close coordination with Investor Relations, is 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 Central finance departments 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 "Financing Newsletter." The finance managers also meet at regular intervals with managers in the central Group Finance & Tax and Business Planning & Analysis departments for the "Global Finance Summit." Regular training courses are held for finance employees of the entire Group under the auspices of the "Global Finance Exchange" in current developments, international financial reporting, and any topics relevant for preparing the annual financial statements such as automation or artificial intelligence.

OVERALL STATEMENT ON THE BUSINESS PERFORMANCE AND SITUATION OF THE GROUP

Fiscal year 2025 was characterized by persistent **macroeconomic and geopolitical uncertainty**, which noticeably dampened consumer sentiment and industry development globally. Muted consumer confidence and softer store traffic weighed on several key markets, with demand in China remaining particularly subdued. Against this backdrop, HUGO BOSS remained focused on **advancing key brand, product, and sales initiatives**, to further strengthen the long-term positioning of its brands. Particular highlights included the successful launch of several BOSS and HUGO brand campaigns, the drop of the first two Beckham x BOSS collections, as well as the BOSS Spring/Summer 2026 Fashion Show in Milan. Together, these initiatives further elevated global brand relevance and supported top-line development throughout the year. At the same time, the Company maintained a strong focus on driving efficiency gains through **disciplined and sustainable cost management**. > [Earnings Development](#), > [Comparison of Actual and Forecast Business Performance](#)

As a result, HUGO BOSS **achieved its full-year sales and earnings guidance** in fiscal year 2025. Currency-adjusted **Group sales** increased 2% compared to the prior year. In Group currency, revenues slightly decreased by 1% to EUR 4,270 million (2024: EUR 4,307 million), reflecting adverse currency effects in the reporting period. Driven by the Company's rigorous focus on operational excellence and cost efficiency, **operating profit (EBIT)** was up 8%, amounting to EUR 391 million in fiscal year 2025 (2024: EUR 361 million). Accordingly, the Group's EBIT margin increased by 80 basis points to a level of 9.2% (2024: 8.4%). At the same time, HUGO BOSS generated strong **free cash flow** of EUR 499 million in 2025, slightly above the prior-year level (2024: EUR 497 million) and thus underlining the cash-generative nature of our business model.

Beyond delivering on its financial targets, HUGO BOSS laid a solid foundation for long-term business success. With the launch of **CLAIM 5 TOUCHDOWN** in December, the Company has established a clear strategic framework until 2028, designed to strengthen brand equity and drive sustainable, profitable growth. Building on the achievements of the Company's CLAIM 5 strategy, initially launched in 2021, HUGO BOSS will increasingly rebalance growth towards stronger profitability and cash generation, forming the basis for long-term value creation and future shareholder returns. To deliver against this ambition, execution will center on **three key fields of excellence: brand, distribution, and operations**. Over the medium to long term, HUGO BOSS aims to outgrow the market and achieve an EBIT margin of around 12%. In line with this ambition, the next years will mark a phase of further strengthening the Company's operational and financial base. > [Group Strategy](#)

For HUGO BOSS, fiscal year **2026 will play a crucial role in this journey. Serving as a year of targeted brand and channel realignment**, 2026 is designed to elevate BOSS and HUGO and strengthen their long-term positioning. This deliberate realignment reflecting a more selective distribution approach, including targeted store closures, to enhance the productivity and quality of the global distribution footprint, as well as more focused and elevated product assortments across brands, with a particular emphasis on BOSS Womenswear and HUGO. Against this backdrop, currency-adjusted **Group sales** are expected to decline mid- to high-single digits in 2026, before returning to growth in 2027. Reflecting the anticipated decrease in top-line development, **EBIT** is expected to amount to between EUR 300 million and EUR 350 million in 2026, while targeted gross margin improvements alongside ongoing cost discipline are expected to support EBIT development. > **Outlook**

HUGO BOSS remains confident in its long-term growth opportunities and its continued ability to generate significantly positive free cash flow in the future. In this context, to further strengthen shareholder value creation, HUGO BOSS plans to **buy back shares in an amount of up to EUR 200 million** until December 31, 2027. At the same time, HUGO BOSS remains fully committed to preserving the financial flexibility required to consistently execute its strategy, invest in future growth, and further strengthen its balance sheet amid an ongoing volatile environment. Consequently, and reflecting a disciplined capital allocation approach, the Managing Board and the Supervisory Board intend to propose to the Annual General Meeting on May 21, 2026, to only pay the legal minimum dividend of EUR 0.04 per share for fiscal year 2025 (2024: EUR 1.40). In view of its healthy balance sheet structure and strong free cash flow generation, the Group remains in an **exceedingly solid economic situation** at the time of preparing this report. > **Outlook**

Metzingen, March 3, 2026

HUGO BOSS AG
The Managing Board

Daniel Grieder
Oliver Timm
Yves Müller