

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).