HUGO BOSS

Transcript – Q&A Session

November 4, 2025

Please note that the transcript has been edited to enhance comprehensibility. Please also use the webcast replay to listen to the Q&A session on the day of earnings publication.

Grace Smalley (Morgan Stanley): First, on the strategic update in December. Could you give us an idea of what to expect? Will you be sharing multi-year financial targets, perhaps three- or five-year goals? And more broadly, how do you see the strategy evolving from here?

And secondly, on brick-and-mortar wholesale. You mentioned the shift between Q3 and Q4, but as you look ahead to 2026, how are wholesale order books developing, particularly in the U.S., given the current macro uncertainty?

Yves Müller (CFO/COO of HUGO BOSS): Regarding the strategic update, as mentioned, we'll review what we've achieved under "CLAIM 5" and outline our next strategic phase. Don't expect a five-year plan – in the current volatile environment that's too far out – but rather a mid-term view focused on key priorities going forward.

On brick-and-mortar wholesale, Q3 results were impacted by around EUR 20 million due to the timing of delivery, which is already reversing in Q4, with October showing a clear improvement. As for wholesale orders, we've seen some softening, which we expected after several years of strong growth – around a 20% CAGR from 2021 to 2024. For our Fall 26 collections, sell-in is still ongoing, so it's too early to draw firm conclusions.

Manjari Dhar (RBC Capital Markets): First, a follow-up on wholesale. Could you give some color on how much the replenishment business was down? I presume most of the softness is in the U.S., but any additional detail would be helpful.

Second, on sourcing efficiency gains. As you look ahead, how much further upside do you see for gross margin from sourcing efficiency, and how much more work remains to improve that setup?

Yves Müller (CFO/COO of HUGO BOSS): The replenishment business in Q3 was down by low to mid-single digits, which was largely expected and slightly better than in Q2. U.S. wholesale preorders are broadly in line with global trends, so nothing unusual to highlight there.

On sourcing efficiency, which was a major driver of gross margin performance in Q3 and will continue to be a clear focus going forward. We still see potential in additional vendor consolidation and further portfolio optimization. For full year 2025, we continue to target a gross margin ending above 62%, supported by ongoing sourcing improvements and lower freight costs.

Jürgen Kolb (Kepler Cheuvreux): First, on number of stores. If I'm correct, you closed some stores in APAC for the first time in a long while. Does this reflect a change in positioning in the region?

Second, on inventory. Levels are still somewhat elevated – how much of this is covered by your order books, and how do you assess the freshness of the current inventory?

Yves Müller (CFO/COO of HUGO BOSS): On retail space, Q3 2025 versus 2024 shows no material change in net selling space. The stores that were closed in APAC reflect our ongoing optimization initiatives: for example, if rent negotiations don't meet our targets, we take a disciplined approach and may close underperforming stores. This approach applies not only in APAC but also in EMEA and the Americas. Our goal is and remains a robust, profitable store portfolio.

Regarding inventory, our position has slightly declined versus Q2. Aged merchandise has improved as compared to last year, so inventory remains fresh, mainly consisting of stock in transit and merchandise for current collections. Importantly, the aging profile has not deteriorated year-over-year.

Andreas Riemann (Oddo BHF): First, on HUGO and Womenswear. Both are down year-to-date, and you are streamlining the product range and adjusting distribution. Can you explain this in more detail, and when will this exercise conclude?

Second, to what extent have you adjusted prices in North America, and are your price increases in line with the market or different?

Yves Müller (CFO/COO of HUGO BOSS): On HUGO and BOSS Womenswear, we are streamlining the product range for both brands to reduce collection complexity: our approach is "better before bigger." Regarding distribution, especially for BOSS Womenswear, in limited spaces we now prioritize BOSS Green Menswear, and this adjustment started in Q2 and will continue through the second half of the year. Further details will be shared in our strategic update on December 3.

On the U.S., we implemented a global low- to mid-single-digit price increase for our Spring 26 collections. This is expected to support both top-line and profitability starting with Q4. For the U.S. specifically, our increases are smartly aligned with the market and in line with the global low- to mid-single-digit range.

Anthony Charchafji (Exane BNP): First, on top-line. Given the low end of your guidance, Q4 organic growth would be flat to slightly positive. Could you comment on retail comps, which are getting tougher for the whole sector, especially in December, and give some color on current trading and how you see it evolving?

Second, on profitability. If we take the low end of the guidance, around EUR 380 million, and given the EUR 47 million of impairments in the base: what changed in deciding to narrow the range? Did you previously expect some impairment reversal, or is there something else to consider?

Yves Müller (CFO/COO of HUGO BOSS): On top-line, the wholesale delivery shift I mentioned has already materialized, providing a tailwind. Retail brick-and-mortar has seen sequential improvements from -4% in Q1 to -1% in Q2 to flattish in Q3, and we expect this to continue into Q4. Price increases implemented for the Spring 26 season will also support growth. Additionally, digital, including hugoboss.com, showed strong improvements in Q3 versus Q2, and we expect that momentum to continue through Black Friday and into Q4.

On profitability, last year's impairments were elevated, amounting to EUR 47 million. Looking at historical levels, technical support from impairments should also support the bottom line in full-year 2025.

Daria Nasledysheva (Bank of America): First, on the promotional backdrop heading into Q4, globally and in the U.S., considering your inventory and the broader industry?

Second, could you contextualize Q3 retail trends? How did the cadence of the quarter evolve, and did September show improvement supporting your Q4 expectations?

Yves Müller (CFO/COO of HUGO BOSS): On promotions, activity remains elevated across the industry, but the impact from promotional activity in Q3 on our gross margin was rather neutral. We expect this to continue into Q4.

Regarding brick-and-mortar retail, we've seen a sequential improvement in recent quarters, and we expect this trend to continue into Q4, supporting our growth expectations for the final quarter.

Robert Krankowski (UBS): First, on cost control: given persistent top-line pressures, would you consider stepping up brand investments to support growth?

Second, on the Q4 acceleration you expect toward year-end, can you give some color on how the quarter has started, particularly across regions like the U.S. and Europe?

Yves Müller (CFO/COO of HUGO BOSS): On cost control, we continue to focus on disciplined management. Over the past five quarters, including now Q3, we've implemented structural efficiency measures that support alignment between top-line and bottom-line performance. Also marketing spend remains in line with our "CLAIM 5" target range of 7–8%, currently at 7.4% year-to-date. We keep investing into our brands also during the holiday season, but with a strong emphasis on efficiency – for example, our recent BOSS fashion show cost less than last year while delivering higher media value. Our approach is to get the most out of every euro spent, combining investment in commercial initiatives with tight cost control.

Regarding Q4 trading, on a global level, we are pleased with how the quarter has started.