HUGO BOSS

Full-Year 2025 Results

March 10, 2026

– The spoken word shall prevail. –

Daniel Grieder (CEO)
Yves Müller (CFO/COO)
Christian Stöhr (SVP Investor Relations)

Christian Stöhr (SVP Investor Relations): Good morning everyone, and welcome to our full-year 2025 financial results presentation, hosted by Daniel Grieder, CEO of HUGO BOSS, and Yves Müller, CFO and COO. Today's conference call will be structured in three parts. Daniel will begin by outlining the key strategic milestones we achieved in 2025. Yves will then walk you through our financial performance for the past fiscal year and elaborate in detail on our outlook for 2026.

Before I hand over to Daniel, allow me to remind you that all revenue-related growth rates will be discussed on a currency-adjusted basis unless otherwise specified. During the Q&A session, please limit your questions to a maximum of two. So, let's get started and over to you, Daniel.

Daniel Grieder (CEO): Good morning, everyone, and thank you for joining us today. Let me begin by saying that 2025 unfolded against a challenging industry backdrop. Macroeconomic and geopolitical volatility kept uncertainty high and consumer sentiment cautious across many key markets. This led to reduced traffic as well as increased price sensitivity among consumers. In such an environment, it was essential to stay agile and act with clarity and determination. Throughout the year, we focused on the levers within our control, acted with discipline, and took deliberate decisions to set the right course for long-term business success.

And while 2025 clearly does not reflect the full potential of HUGO BOSS, I am proud of how our teams have navigated the highly volatile market environment and delivered on our commitments for the year – both on the top and bottom line. In 2025, we generated sales of 4.3 billion euros, up 2% year over year and broadly in line with the global apparel industry. Our bottom-line development was especially strong, with EBIT up 8% to 391 million euros, and earnings per share up 17% to 3 euro and 61 cents. In addition, we delivered robust free cash flow of 499 million euros, underscoring the cash-generative strength of our business model. Yves will provide more detail on this shortly. But what is equally important to me lies beneath these numbers – the strategic progress that reinforces our confidence looking ahead.

This includes the continued strength and appeal of our brands, the sustained consumer relevance of BOSS Menswear, the initiated refinement of BOSS Womenswear and HUGO, and the decisive choices under CLAIM 5 TOUCHDOWN to realign our business in 2026 and prepare for profitable growth thereafter. Let me briefly reflect on these highlights.

In times of macroeconomic and geopolitical uncertainties, the discussion often centers on efficiency measures. Yet, our most important asset remains the strength of our brands and the relationships we build with our customers. This is what sets us apart from others and what will define our long-term success. Throughout the year, we continued to create brand moments that truly inspired consumers and deepened their emotional connection with BOSS and HUGO.

I am especially encouraged by the progress made with our loyal customers. In 2025, our membership base grew by 20%. Our loyalty program HUGO BOSS XP meanwhile counts 13 million registered customers, and we are making further strides in reengaging and activating members over the long term. This achievement was possible because we continued to invest in our brands, keeping our marketing spend more or less stable at around 7% of sales.

With powerful, authentic, and highly personal campaigns, we further elevated our storytelling: Our BOSS Winter 2025 campaign – "Be the Next" – featured talents such as Ishaan Khatter, S.COUPS, and Amelia Gray, who all shared their individual journeys of ambition and success. At the same time, our BOSS x Steiff Holiday campaign combined elevated design with a warm and playful narrative. The strong resonance of these activations, both off- and online, contributed to our successful final quarter in a meaningful way.

The second aspect is our BOSS Menswear business, which grew 3% in 2025. Representing around 80% of our Group sales, BOSS Menswear remains the core of our Company and continues to demonstrate its leadership in the upper premium menswear market – even in a challenging environment. With a strong and consistent brand identity, the brand remains THE go-to destination in modern tailoring, while also winning across casual and activewear.

Our successful 24/7 lifestyle positioning continues to resonate strongly with consumers and was a key driver of our growth. Across brand lines, we saw healthy demand patterns – underscoring the versatility of BOSS Menswear across multiple wearing occasions. Additionally, our partnership with David Beckham further strengthens brand relevance. The global response to this collaboration has been very encouraging, driving strong engagement and reinforcing BOSS Menswear as a global player.

Now let me turn to BOSS Womenswear and HUGO, which declined 5% and 4% in 2025, respectively. This development reflects the deliberate brand and distribution measures we have initiated during the year to set both brands up for long-term success. Our focus has been on simplifying assortments and refining distribution to strengthen brand identity and sharpen positioning. These steps are essential to ensure greater product consistency and stronger resonance with our target consumer.

For me, 2025 therefore marked a turning point here, not because of the financial outcome, but because of the strategic direction we have set. With our new powerhouse structure and the new leadership teams established, we have built the organizational foundation required to drive this transition with conviction. Yet, the refinement of BOSS Womenswear and HUGO is not an isolated initiative. It's an integral part of the strategic choices we made to strengthen our foundation. While 2026 will continue to be shaped by these measures, we are executing with clarity and focus. I am confident that by the end of this year, we will operate from a strengthened position.

All of the mentioned decisions are laying the groundwork for CLAIM 5 TOUCHDOWN – our execution framework through 2028. While our overall direction remains consistent with CLAIM 5, our emphasis now shifts from scale to quality of growth – with a sharper focus on profitability and cash generation.

This is why we focus on three fields of excellence: brand, distribution, and operations. Strengthening these pillars will reinforce brand equity of BOSS and HUGO and enhance the efficiency and financial quality of our business. With an organization fully aligned towards execution and delivery, this sets a clear path toward renewed growth from 2027 onward.

A key outcome of this increased focus on quality is the acceleration of free cash flow. Over the TOUCHDOWN period, we target an average of around 300 million euros per year in free cash flow after leases. This will allow us not only to continue investing in our brands and platform, but also to create greater optionality in how we return capital to our shareholders.

A disciplined, balanced capital allocation approach remains firmly embedded in our strategic way forward. Against this backdrop, launching a share buyback program of up to 200 million euros is a logical next step for us. The program, to be completed by the end of 2027, underscores our strong financial position and reflects our confidence in the long-term value-creation potential of HUGO BOSS.

Importantly, this evolution in our capital return mix does not change our overall commitment to shareholder returns. Instead, it gives us greater flexibility in the current market environment, enabling us to allocate capital where it creates the most value, while continuing to invest in strategic initiatives that will drive sustainable, profitable growth.

Before we turn to the numbers, let me briefly outline a few brand and product initiatives that will support our momentum during 2026. We kicked off the year with our BOSS Fall/Winter 2026 Fashion Show in Milan two weeks ago. The collection paid tribute to our heritage in craftsmanship and tailoring – reinterpreted with a modern, purposeful edge. The next highlights will be the third drop of our Beckham by BOSS collection and the launch of the HUGO Summer 2026 campaign tomorrow, which brings HUGO's refreshed brand narrative to life in a clear and contemporary way.

And with this, ladies and gentlemen, I will now hand over to Yves for a more detailed look at the financial performance. Yves, over to you.

Yves Müller (CFO/COO): Thank you, Daniel, and also from my side, a warm welcome to all of you. I will now walk you through our operational and financial performance for 2025, followed by our expectations for full year 2026.

As Daniel outlined, 2025 was marked by a challenging consumer environment, with muted demand and softer traffic across many of our key markets. Against this backdrop, our priorities were clear: sustaining brand and product momentum to support the top line, while protecting profitability and cash flow through strict cost and capital efficiency.

Supported by impactful brand initiatives and a strong finish to the year, we delivered on our financial commitments. Group sales reached 4.3 billion euros, up 2 % year on year. At the same time, disciplined cost management and operational focus translated into strong bottom-line improvements. EBIT increased by 8% to 391 million euros, while our EBIT margin expanded 80 basis points to 9.2%. This margin progression reflects structural efficiency measures, continued sourcing gains, and tight expense control across the organization. Importantly, it also demonstrates our ability to grow earnings even in a muted demand environment.

Our full-year performance was supported by a robust fourth quarter, with clear acceleration in both revenue and earnings, despite a significantly tougher comparison base. Group sales increased by 7%, with growth across all channels. Notably, brick-and-mortar retail returned to growth, including a modest increase in comp store sales. Brick-and-mortar wholesale and digital also delivered robust growth, supported by higher deliveries to partners, including a timing shift of around 20 million euros from Q1 2026 into Q4 2025. The top-line acceleration translated into a meaningful improvement in profitability. EBIT rose by 22% to 154 million euros, and EBIT margin expanded 190 basis points to 12%, reflecting operating leverage on higher volumes together with continued tight control of operating expenses.

With this, let’s now take a closer look at the regional top-line trends. In EMEA, revenues increased by 2% in 2025, driven by growth in Germany and France. In the fourth quarter, the region accelerated to 9% growth, supported by a successful holiday season – underscoring the resilience of our core European markets.

In the Americas, revenues grew 3% for the full year, reflecting sequential improvements in the important U.S. market throughout 2025 and double-digit sales increases in Latin America. In the fourth quarter, growth accelerated to 6%, with solid momentum in the U.S. supported by targeted brand activations and the broad appeal of our 24/7 lifestyle offering.

Meanwhile, Asia/Pacific declined by 5% for the full year, primarily due to subdued demand in China. This was partially offset by a resilient performance in Southeast Asia & Pacific, including strong contribution from Japan. In the fourth quarter, regional revenues were down 1%, still weighed by continued softness in China, although trends improved sequentially.

Let’s now turn to our performance by channel. In brick-and-mortar retail, full-year revenues remained stable. Importantly, performance improved gradually over the course of the year, with momentum building sequentially and ultimately resulting in 2% revenue growth in the fourth quarter. This was supported by a successful holiday season and several brand and product initiatives. At the same time, we started to streamline our store portfolio, initiating the planned net reduction of around 50 stores by 2028. The modest decrease in selling space in 2025 marks the first step, resulting in a leaner network with broadly stable sales productivity despite lower footfall.

Brick-and-mortar wholesale, on the other side, increased 2% in 2025, driven by successful collection deliveries and continued expansion of our global franchise business. In the fourth quarter, growth accelerated to 14%, benefiting in part from the positive timing shift I mentioned before.

Last but not least, digital revenues grew 7% for the full year and accelerated to 12% in Q4. Growth was primarily driven by digital partners. In contrast, revenues via hugoboss.com remained below prior-year levels, reflecting our deliberate focus on full-price sales, which weighed on conversion but supports brand equity over time.

As this concludes the top-line discussion, let's turn to gross margin. For the full year, gross margin came in at 61.5%, down 20 basis points versus 2024. This mainly reflects external headwinds, including FX impacts, a promotional market environment, and adverse channel mix effects. These factors more than offset continued sourcing efficiencies and lower freight rates, which provided structural support to margin quality and underline the resilience of our operating model.

In the fourth quarter, gross margin amounted to 60.8%, down 160 basis points year on year. This primarily reflects deliberate inventory measures, including higher wholesale deliveries as well as the targeted use of our controlled outlet business to clear excess merchandise. All measures were fully aligned with our objective of entering 2026 with a clean and healthy inventory base for the successful execution of CLAIM 5 TOUCHDOWN. Despite these initiatives, we continued to realize sourcing efficiencies, which partially mitigated the margin impact in the quarter.

Let's now move on to our operating expenses, where we demonstrated strong financial discipline throughout the year. In 2025, operating expenses decreased by 3%, contributing to our bottom-line improvements. In % of sales, OpEx accounted for 52.4%, which reflects a 100-basis-point improvement versus the prior year and underscores our progress in driving structural efficiencies.

This development was supported by a disciplined approach to selling and marketing expenses, which declined 3% year over year. Within retail, we continued to optimize operations by more closely aligning rent-to-sales and pay-to-sales ratios with evolving traffic trends. Consequently, brick-and-mortar retail costs declined by 5% to 22.1% of sales. In marketing, investments decreased by 2% to 7.1% of sales, reflecting our strategic focus on driving marketing effectiveness. At the same time, administration expenses remained broadly stable, demonstrating our commitment to cost control in functions not directly tied to commercial performance.

Our sharpened focus on operational excellence and cost discipline translated into robust bottom-line improvements. EBIT increased by 8% to 391 million euros, resulting in an EBIT margin of 9.2%, up 80 basis points year over year. Below the operating line, our financial result improved by 23%, supported by lower interest expenses and a more favorable FX development. In addition, the effective tax rate decreased to 25%, further enhancing bottom-line performance. As a result, net income after minorities rose by a strong 17%, translating into earnings per share of 3 euro and 61 cents.

Let me now turn to our balance sheet, starting with inventories. I am particularly pleased with the progress we achieved in 2025, especially in the fourth quarter. On a currency-adjusted basis, inventories decreased by 10% year-over-year, ending the year at 21.5% of Group sales – a reduction of 340 basis points compared to 2024 levels.

This strong development reflects our disciplined inventory management, including the targeted measures I mentioned earlier, which ensured a healthier, cleaner stock position heading into 2026. The improvement in inventory quality was further enabled by more focused assortments and a more precise buying approach. Overall, these efforts provide a much more efficient and productive starting point for the important realignment year ahead.

With that, let me now broaden the perspective to overall working capital. On a four-quarter moving average basis, trade net working capital amounted to 20% of Group sales, slightly above the prior-year level. This primarily reflects higher trade receivables and lower trade payables, which more than offset the reduced inventory position.

CapEx, on the other side, totaled 195 million euros in 2025, down 32% year on year. At 4.6% of sales, this reflects our increased focus on investment efficiency following elevated investments levels in previous years. In 2025, we prioritized maintenance investments, targeted retail refurbishments, and selective digital initiatives, while exercising discipline in all other areas. This consistent approach not only supported free cash flow but also marks clear progress toward our mid-term ambition of CapEx of around 3 to 4% of sales under CLAIM 5 TOUCHDOWN.

Taken together, all these factors formed the foundation for our strong cash flow performance. Free cash flow before leases amounted to 499 million euros, broadly in line with the prior year. Importantly, free cash flow generation was particularly strong in the fourth quarter, up 20%, partly reflecting a pull forward of cash flows from 2026 into 2025, linked to the higher year-end deliveries. As a result, free cash flow in 2026 is expected to come in somewhat below our mid-term average. However, our ambition to generate an average of around 300 million euros per year between 2026 and 2028 after leases remains unchanged – supported by structurally improved margins, disciplined working capital management, and efficient capital expenditure. Equally important, we closed 2025 with a net financial position before leases of plus 48 million euros, effectively making us "debt-free" before leases and underscoring the strength of our financial basis.

With this strong foundation in place, let me turn to our expectations for fiscal year 2026. As Daniel emphasized earlier already, 2026 will serve as a deliberate year of brand and channel realignment – streamlining our assortments, refining our distribution footprint, and preparing our business for renewed growth from 2027 onward. In a consumer environment that remains demanding, these actions are both strategically necessary and value-accretive, as they will strengthen the quality and resilience of our revenue base.

For full year 2026, we continue to expect Group sales to decline in the mid- to high-single-digit range on a currency-adjusted basis. This reflects our deliberate realignment of the business toward higher quality growth. In this context, we are pursuing a more selective distribution approach, including a moderate net reduction of brick-and-mortar retail space, as well as enhancements in distribution quality across wholesale and digital with a clear focus on full-price sales.

At the same time, we will further streamline product assortments, particularly at BOSS Womenswear and HUGO, to sharpen brand positioning and strengthen brand relevance. Together, these measures will temporarily weigh on volumes, but they will structurally elevate the quality and sustainability of our revenue base moving forward.

Importantly, the quarterly cadence will <u>not</u> be linear. Both the first and the fourth quarter are anticipated to experience a more pronounced decline in sales compared to the full-year trajectory. Besides overall tough comparison bases, this is primarily due to the aforementioned delivery shifts into Q4, which will inevitably weigh on volumes in the first quarter.

From a geographical perspective, we anticipate broadly similar patterns of mid- to high-single-digit declines in 2026 across all three regions, consistent with our globally aligned product and distribution strategy.

In EMEA, the expected decline is primarily driven by targeted enhancements to distribution quality, particularly across physical and digital wholesale. In the Americas, the development mainly reflects targeted productivity and quality improvements across key consumer touchpoints. And in Asia/Pacific, the anticipated decline results from brand and channel elevation measures in retail – including selected store closures – combined with a prudent view on the pace of recovery in Chinese consumer demand.

Moving on to our bottom line. For 2026, we forecast EBIT in a range of 300 to 350 million euros, reflecting the lower top-line leverage as well as our commitment to supporting brand elevation throughout the year. As with the top line, profitability will be more heavily impacted in the first and fourth quarter, given the volume effects mentioned earlier, as well as anticipated negative currency effects at the beginning of the year.

At the same time, we expect notable gross margin tailwinds in 2026 from ongoing sourcing efficiencies, selective price increases, and stronger full-price execution. Combined with continued OpEx discipline, these measures are expected to support our margin profile during the year.

Let me now turn to our capital allocation framework, which remains a core pillar of our long-term value-creation agenda as Daniel made already clear. Thanks to our strong balance sheet and high cash-generation capabilities we are well positioned to continue investing in our business while also delivering attractive shareholder returns.

Our overall priorities remain unchanged: first, to fund our strategy and safeguard the investments required to elevate brand equity; second, to increase shareholder value in a disciplined and sustainable way; third, to maintain financial resilience and protect our investment-grade ratings; and fourth, to retain sufficient flexibility to pursue M&A opportunities over the medium to long term.

Against this backdrop, and supported by our successful performance in 2025 and the strong fundamentals of our Company, we have announced a share buyback program of up to 200 million euros. This initiative – to be completed by the end of 2027 – reflects our confidence in the long-term potential of HUGO BOSS and underscores our commitment to strengthening shareholder value.

The program will be fully financed through ongoing free cash flow, with repurchased shares intended for cancellation – reducing the number of shares outstanding and enhancing earnings per share over time. The buyback underscores our conviction in the strength of our brands, the resilience of our financial foundation, and the strategic agenda we are pursuing for the years ahead.

At the same time, reflecting the deliberate nature of 2026 as a year of realignment and our disciplined capital allocation approach, we will propose to the AGM a statutory minimum dividend of 4 cents per share for fiscal year 2025. This ensures that we maintain the financial flexibility required to execute our strategic priorities, fund targeted investments, and reinforce our balance sheet in a still highly volatile environment. With this, ladies and gentlemen, let me hand back to Daniel for his closing remarks.

Daniel Grieder (CEO): Thank you, Yves. Ladies and gentlemen, let me conclude with three key messages before we move on to the Q&A session:

- First, as we close 2025, we do so from a position of operational and financial strength. Despite a challenging market environment, we delivered on our commitments, protected brand equity, and generated robust profitability and strong cash flow, which provides us with a strong foundation for the next phase of our journey.
- Second, 2026 marks a deliberate year of brand and channel realignment under CLAIM 5 TOUCHDOWN. By sharpening distribution, streamlining assortments, and elevating brand positioning, we enhance the quality and structural earnings power of our revenues and lay the groundwork for renewed growth from 2027 onwards.
- Third, our long-term ambition remains unchanged: sustainable profitable growth, and strong cash flow generation to drive attractive shareholder returns. The announced share buyback of up to 200 million euros reflects this commitment and our confidence in the long-term value creation potential of HUGO BOSS.

Thanks to our targeted approach in 2025, we enter the next phase of HUGO BOSS with a clean inventory base and strong financial flexibility to execute TOUCHDOWN with focus, discipline, and determination. And with our two iconic brands, a clear strategic roadmap, and highly committed teams worldwide, we are confident in delivering higher-quality revenues, structurally stronger earnings, and significant long-term value for HUGO BOSS. And with this, we are now very happy to take your questions.