

HUGO BOSS

Second Quarter 2025 Results

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Yves Müller (CFO/COO)

Christian Stöhr (Senior Vice President Investor Relations)

Christian Stöhr (SVP Investor Relations): Good morning, ladies and gentlemen, and welcome to our second quarter 2025 results presentation. Hosting our conference call today is Yves Müller, CFO and COO of HUGO BOSS. Before we begin, please be reminded that all growth rates related to revenue will be discussed on a currency-adjusted basis unless stated otherwise. To ensure a smooth and efficient Q&A session, we kindly ask you to limit your questions to two. And with that, let's get started. Yves, the floor is yours.

Yves Müller (CFO/COO): Thank you Christian, and a warm welcome from Metzingen, ladies and gentlemen. As outlined in our press release this morning, at HUGO BOSS, we delivered a solid second-quarter performance, with both sales and EBIT exceeding prior-year levels. While this reflects encouraging progress compared to the first quarter, let me be upfront: the broader macroeconomic and industry environment remained challenging also in Q2. Global consumer sentiment continued to be subdued, and store traffic remained under pressure in most markets.

What fueled our progress in Q2 was, once again, the strength of our disciplined execution and our relentless focus on key levers within our control. Across brands, channels, and regions, we advanced strategic initiatives to capture growth opportunities, even in a persistently volatile environment. Equally important, we maintained strict and sustainable cost discipline for the fourth consecutive quarter, driving further efficiency gains across our business.

These efforts translated into 1% increase in Group sales, totaling just over one billion euros in the second quarter. This marks a clear improvement compared to Q1, when sales were still down by 2%. At the same time, our focus on cost efficiency contributed to a robust bottom-line performance: EBIT rose by 15% to 81 million euros, translating into an EBIT margin of 8.1% – an increase of 120 basis points compared to the prior year. This underscores strong cost leverage, supported by a stable gross margin, which I will explain in more detail shortly. But first, let's take a closer look at our top-line performance, starting with a breakdown by brand.

In light of the challenging market environment, we remained steadfast in our focus on strengthening brand momentum – our guiding principle within "CLAIM 5." Building on the foundation laid, we placed particular emphasis on BOSS Menswear in the second quarter, thereby leveraging our 24/7 lifestyle offering. A clear highlight in this regard was the successful launch of our first Beckham X BOSS collection in April. The collection not only

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outperformed previous collaborations on social media, but – equally importantly – delivered above-average full-price sell through.

This success reinforces our strategic focus on building long-term brand relevance over short-term gains. Even in a volatile environment, we identify and act on opportunities that support our ambition of driving sustainable, high-quality growth. As a result, revenues at BOSS Menswear increased by 5% in the second quarter, highlighting the brand's strength and resilience.

At the same time, in Q2, we accelerated targeted measures to enhance efficiency and strengthen the performance of both BOSS Womenswear and HUGO in the long run. To better align with evolving consumer preferences and improve sales productivity, we sharpened product assortments and implemented a more focused distribution approach. As anticipated, these proactive steps have impacted sales development to some extent: in Q2, revenues at BOSS Womenswear declined by 8%, while HUGO was down 12%.

It is worth noting that the comparison base for BOSS Womenswear still included sales from the BOSS Camel line – a line we have now integrated into BOSS Black as part of our efforts to streamline the offering. While these changes are transitional, they are strategically necessary to position both brands for sustainable and profitable growth in the future. We are confident that these adjustments will unlock long-term value and ensure that both BOSS Womenswear and HUGO are well-positioned to meet the demands of today's consumers.

Let's now take a closer look at our performance across regions. Starting with EMEA, where sales returned to growth and increased by 3% year over year. This performance was supported by improvements in Germany, while the UK remained slightly below prior-year levels. Encouragingly, our business in the Middle East also continued its growth trajectory.

In the Americas, revenues increased by 2%, marking a return to growth following a softer start to the year. This improvement was particularly evident in the U.S., where we saw a gradual recovery in demand during the second quarter. While overall consumer sentiment in the U.S. remained subdued, I am pleased to report that our brick-and-mortar retail business achieved modest growth in Q2. Meanwhile, our business in Latin America delivered another successful quarter with robust improvements.

Finally, in Asia/Pacific, sales declined by 5%. This largely reflects continued softness in China, where muted consumer confidence weighed on demand also in Q2. By contrast, revenues in Southeast Asia & Pacific remained stable year over year, supported by another solid performance in Japan.

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With this, let's now turn to our performance across distribution channels. In our brick-and-mortar retail business momentum improved sequentially, with sales ending just 1% below the prior-year level. This marks a clear improvement versus Q1, which saw a 4% decline. That said, muted consumer sentiment continued to weigh on the overall performance, leading to a decline in store traffic. On a positive note, we achieved slight improvements in both conversion rates and sales per transaction, following our efforts to elevate the in-store shopping experience. Looking ahead, we remain committed to continuously optimizing our retail footprint by balancing space reductions with investments in high-potential locations. A great example is the recent opening of our BOSS halo store in Barcelona, which offers a first-class brand and retail experience.

Moving over to brick-and-mortar wholesale, where sales grew by a solid 3% in Q2. This performance was driven by the successful delivery of our Summer and Fall 2025 collections to our wholesale partners, alongside the continued expansion of our global franchise business. Together, these achievements more than offset the broader challenges of the wholesale sector – headwinds we expect to persist in the quarters ahead.

Last but not least, our digital business continued its growth trajectory, with sales up 7%. Growth was primarily driven by stronger digital sales through our partners. Meanwhile, hugoboss.com experienced slightly softer trends, reflecting both the subdued market environment and our focus on driving full-price sales. This is a clear testament to prioritize long-term brand equity over short-term volume. With this, let's shift our focus to profit and loss, starting with the gross margin.

In the second quarter, our gross margin remained stable at 62.9%. Efficiency gains in sourcing, lower product costs, and a reduced share of airfreight positively contributed to the margin development. These factors enabled us to effectively offset an adverse channel mix effect as well as several market-related headwinds, including unfavorable currency movements and a promotional market environment in light of declining store traffic.

Turning to our cost base. In Q2, we delivered another quarter of strict cost discipline and achieved a 3% reduction in operating expenses year over year. This translated into strong cost leverage of 120 basis points, driven by further efficiency gains across key business functions – including sales, marketing, and administration.

Selling and marketing expenses were down 4% in Q2, driven by a 6% reduction in brick-and-mortar retail expenses. This reflects our strong focus on retail efficiency – including renegotiating rental contracts and selectively closing underperforming stores where appropriate. As a result, total selling space was reduced by 2% as compared to year end.

Meanwhile, marketing investments declined by 10%, largely due to timing effects. Importantly, on a first-half basis, marketing spend remained broadly stable at 7.6% of Group

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sales. This reflects our commitment to allocating marketing resources with maximum efficiency, prioritizing product-led storytelling and commercial impact. Let me be clear: marketing remains a strategic growth driver for us. It is fundamental to building brand equity and fostering customer loyalty. Both areas are essential for our sustained success and will not be compromised.

Lastly, administration expenses declined by 2%, underscoring the success to further enhance operational efficiency and maintain disciplined cost management.

Turning to the bottom-line: our focus on driving sustainable cost efficiencies delivered solid earnings growth in Q2. EBIT increased by 15% to 81 million euros, resulting in an EBIT margin of 8.1% - an improvement of 120 basis points compared to last year. Earnings per share, in turn, rose by 27% to 68 cents, supported by a decline in net financial expenses. This development was mainly driven by more favorable currency effects but also underscores the strength of our overall financial management.

Now, to round off our Q2 review, let's take a brief look at the remaining balance sheet and cash flow items. Trade net working capital increased by 5% on a currency-adjusted basis, driven by a 7% rise in inventories year over year. This development largely reflects higher goods in transit as well as a planned increase in inventory coverage. The latter was particularly evident in the U.S. market, where we proactively took measures in the first half to address ongoing tariff uncertainties.

We remain confident in the quality and composition of our inventories. The majority consists of core and fresh merchandise, carefully designed to effectively meet customer demand. Considering the development of accounts receivable and accounts payable in Q2, trade net working capital as a percentage of sales improved by 150 basis points year over year, decreasing to 19.7%.

Turning to free cash flow, which amounted to 138 million euros in the second quarter, slightly below the prior-year level. While improvements in EBIT and lower capital expenditure provided support, these tailwinds were more than offset by higher cash outflows related to trade net working capital. Ladies and gentlemen, this concludes my remarks on our second quarter performance. Let's now move on to our expectations for the remainder of the year.

As we enter the second half of the year, we remain committed to executing our strategic agenda. Our priorities will continue to center on profitable growth, anchored by strategic brand investments, seizing additional sales opportunities, and enhancing operational efficiency. This integrated approach allows us to further strengthen the long-term relevance of BOSS and HUGO, focus on high-quality growth, and safeguard margin integrity – even in the face of external volatility. In this context, I am excited about two key milestones that will

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further elevate brand health: the upcoming launch of our Fall/Winter 2025 collections later this month as well as our BOSS fashion show in Milan in September.

Equally important is our commitment to deepening engagement with our most valuable customers – a key lever for driving customer lifetime value and brand loyalty. Since launching our customer loyalty program HUGO BOSS XP just one year ago, we have expanded our member base by over 20%, surpassing eleven million registered customers of BOSS and HUGO. Most recently, we reached the next milestone by integrating HUGO BOSS XP into WeChat, expanding our engagement in the Chinese market. A rollout in the U.S. is also planned for later this year.

At the same time, building on four consecutive quarters of strict cost management, we are intensifying our efforts even further. Leveraging our global sourcing capabilities will remain a key driver in supporting gross margin. Furthermore, we will accelerate targeted measures to streamline operating expenses across the organization. This consistent focus on cost efficiency is not only critical for our profitability in the quarters ahead, but also essential for building a leaner, more scalable cost base for the future.

All this being said, we remain mindful of the ongoing macroeconomic and geopolitical uncertainties shaping the global landscape. While our robust business model gives us confidence in navigating this dynamic environment, we continue to monitor external developments closely – particularly the evolving tariff discussions.

Since our last update in early May, we have taken concrete steps to mitigate tariff-related impacts. Our well-diversified global sourcing footprint is a clear advantage in this regard. It enables us to swiftly adapt to changing conditions and optimize sourcing decisions. In particular, we have increased our inventory coverage in the U.S and successfully rerouted product flows from China to other regions.

Looking ahead, we will introduce moderate price adjustments globally with the upcoming Spring 2026 collection, which will begin delivery towards the end of 2025. These steps aim to safeguard our margin profile while remaining aligned with broader market dynamics. Importantly, we remain fully committed to the superior price-value proposition of BOSS and HUGO – a principle our customers can continue to rely on.

Given our solid first-half performance, our visibility into the remainder of the year, and the current tariff environment, we are reaffirming our top- and bottom-line outlook for fiscal year 2025. We continue to expect Group sales in reported terms to remain broadly in line with the prior year, ranging between 4.2 and 4.4 billion euros. At the same time, we continue to anticipate our bottom line to improve in 2025. EBIT is expected to increase to a level between 380 and 440 million euros, leading to an EBIT margin of 9 to 10%.

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Before we move on to the Q&A session, let me briefly summarize today's key takeaways. Over the past few years, we have built a robust foundation that positions HUGO BOSS to navigate today's rapidly evolving environment with agility and focus. Our first-half performance underscores the strength of this foundation, driven by disciplined cost management, operational excellence, and our commitment to brand elevation. At the same time, we acknowledge the challenges facing the industry. Headwinds persist - from currencies and tariffs to muted consumer sentiment and traffic pressures - and could intensify amid prevailing uncertainties.

Therefore, our priorities are clear: we will continue to invest into our brands with discipline, unlock additional growth opportunities, and accelerate efficiency gains across the business. These efforts will position us to realize the full potential of our Company and our two iconic brands, BOSS and HUGO.

Even in a challenging environment, we remain steadfast in our commitment to brand elevation and premium execution. Guided by a clear ambition to deliver sustained success for HUGO BOSS, we are confident in our ability to navigate near-term challenges while shaping the future of our Company and creating lasting value for our shareholders. And with this, we are now very happy to take your questions.

Christian Stöhr (SVP Investor Relations): That concludes today's conference call. Thank you all for your participation. We look forward to connecting with many of you during our upcoming roadshows. Wishing you all a wonderful summer break. Take care, and goodbye!