

HUGO BOSS

Third 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 third 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, HUGO BOSS delivered a solid set of third-quarter results, despite ongoing headwinds across the global consumer landscape. While the environment remained volatile and traffic levels in many markets faced pressure, we executed with discipline and focus, prioritizing the levers within our control.

In particular, we stayed committed to advancing our long-term priorities, with a strong emphasis on further strengthening our brand equity through investments in brand-building initiatives. This dedication, coupled with our focus on operational excellence and strict cost discipline, resulted in robust gross margin improvements and notable bottom-line enhancements.

Let's therefore take a closer look at our Q3 financial performance. Group sales declined 1% year over year, mainly due to an unfavorable timing of wholesale deliveries. In reported terms, revenues were down 4% as substantial currency headwinds, particularly from the weaker U.S. dollar, weighed on the top-line performance.

Meanwhile, EBIT remained stable at 95 million euros, with the EBIT margin improving by 30 basis points to 9.6%. This solid margin expansion highlights the success of our structural efficiency measures across both COGS and OpEx.

Beyond the numbers, Q3 was marked by several high-profile initiatives that further elevated the desirability of our brands, fully aligned with the priorities of our "CLAIM 5" strategy. Two key events deserve special mention: the BOSS Spring/Summer 2026 Fashion Show in Milan, which captured global attention and achieved even higher social media engagement than last year's event. Additionally, the second drop of the BECKHAM x BOSS collection in late September saw a successful start, delivering strong social media results and promising sell-

HUGO BOSS

through rates. This underscores the relevance and influence of David Beckham and the unique value of our partnership.

Building on these achievements, let's take a closer look at how our brands performed in Q3. Our BOSS Menswear business once more demonstrated its resilience in the third quarter, with revenues remaining stable year over year. This performance highlights the enduring appeal of our premium positioning and the versatility of our 24/7 lifestyle approach.

At the same time, we advanced our strategic efficiency measures initiated earlier this year for BOSS Womenswear and HUGO. These initiatives – focused on sharpening product assortments and refining distribution strategies – are now in full swing and are critical to positioning both brands for sustainable value creation in the years ahead. And while they temporarily weigh on top-line development, with revenues for both BOSS Womenswear and HUGO below prior-year levels in Q3, we remain confident in the underlying strength of both brands. By addressing these short-term challenges with targeted and decisive actions, we are creating a solid foundation for future growth.

Let's now turn to our performance by region. In EMEA, sales declined 2% year over year. Revenue improvements in both Germany and France were offset by softer trends in the UK, reflecting the muted discretionary spending across the market. Moving over to the Americas, where momentum continued to improve sequentially and drove revenues up by 3%. The performance was supported by another quarter of growth in the important U.S. market, while Latin America even accelerated to double-digit growth. In Asia/Pacific, sales declined 4% year over year, mainly driven by lower revenues in China. Encouragingly, however, revenues in China showed a slight sequential improvement quarter over quarter. To further support brand relevance locally, at the beginning of October, we celebrated the release of the latest BECKHAM x BOSS collection with a pop-up launch event in Shanghai. Meanwhile, Southeast Asia and Pacific achieved a modest revenue increase in Q3, supported by another solid performance in Japan.

Turning to our channel performance: our brick-and-mortar retail business showed a modest sequential improvement, with sales remaining stable versus the prior-year period. This performance was primarily driven by stronger conversion rates and higher sales per transaction, which helped to offset muted store traffic seen across several markets. Also our digital business continued its positive trajectory, with sales up 2% compared to last year. Growth was supported by a solid performance on hugoboss.com, alongside sustained momentum in our digital partner business. Both grew by 2% in the third quarter. Meanwhile, in brick-and-mortar wholesale, sales declined 5% year over year, primarily due to the timing of deliveries, which impacted Q3 performance by approximately 20 million euros. However, we are confident that this effect will be fully offset in the fourth quarter, as our Fall/Winter collections continue to resonate well with our partners. Accordingly, we anticipate a recovery

HUGO BOSS

in wholesale revenues in the final quarter, complementing the momentum in our retail business as we approach year-end.

Turning to the gross margin, which was a clear standout in the quarter and a testament to our progress in driving structural efficiency. In Q3, our gross margin improved by a strong 100 basis points, reaching 61.2%. The expansion was fueled by further efficiency gains in sourcing, lower product costs, and reduced global freight rates. At the same time, we experienced slightly negative mix effects, while promotional activity had a neutral impact on gross margin development.

Let's now shift to our cost base. Operating expenses declined 3% year over year, marking five consecutive quarters of disciplined OpEx management. These gains were achieved across key business areas, including sales, marketing, and administration, and underscore our commitment to operational excellence. In particular, selling and marketing expenses decreased 3%, supported by a 4% reduction in brick-and-mortar retail expenses. In addition, we further optimized marketing investments, which amounted to 7.1% of Group sales in Q3 and 7.4% for the first nine months. Our approach remains highly targeted, prioritizing brand initiatives that generate the greatest commercial impact while continuously strengthening brand relevance. Lastly, administration expenses declined 2% compared to the prior-year period, as we continue driving efficiencies across our global support functions.

Driven by the robust gross margin expansion and our focus on optimizing operating expenses, EBIT reached 95 million euros in Q3, thus stable compared to the prior-year period. This translated into a 30-basis-point increase in the EBIT margin, reaching 9.6%. Below the operating line, our financial result significantly improved year over year, supported by favorable FX effects and lower interest expenses. As a result, net income after minorities increased by 7%, translating into earnings per share of 85 cents, equally up 7% compared to last year.

Also when we look at the first nine months of the year, we delivered solid profitability improvements. Our gross margin expanded by 30 basis points to 61.8%, while operating expenses declined by 2%, underlining the continued success of our various efficiency measures. Consequently, the EBIT margin improved by 30 basis points to 7.9% in the first nine months, while earnings per share rose by 9% year over year.

Looking at cash flow and key balance sheet items: trade net working capital increased 11% in currency-adjusted terms, reflecting both higher inventories and lower trade payables. Importantly, when compared to the previous quarter, inventories improved slightly and were down 1%, reflecting our ongoing commitment to inventory management. On a twelve-months moving average basis, trade net working capital amounted to 20.2% of Group sales.

HUGO BOSS

Capital expenditure, on the other hand, declined substantially year over year, down 51% to 44 million euros. The decline was driven by increased investment efficiency and a more disciplined allocation of resources. As a result, for the full year, we now expect CapEx to come in at the lower end of our guidance range, with investments expected to total around 200 million euros in 2025.

Altogether, our disciplined cost control combined with enhanced CapEx efficiency drove a solid improvement in cash flow generation in the third quarter. Free cash flow increased by 63% to a level of 66 million euros. Importantly, we expect further improvements in cash generation in the final quarter, which has historically been our strongest period for cash generation.

Ladies and gentlemen, this concludes my remarks on the third-quarter performance. Let's now turn to the full-year outlook and how we are approaching the final quarter of 2025 from an operational perspective.

As we enter Q4, we remain fully committed to executing our strategic agenda. Building on the progress of previous quarters, our approach is twofold: first, to unlock growth opportunities and strengthen brand relevance in order to support top-line momentum; and second, to drive operational excellence, while optimizing cost efficiency across key business functions.

It's our deepest passion to inspire our consumers globally and strengthen engagement with both our brands, BOSS and HUGO. And Q4 has a lot to offer in that regard. After a busy October with a stunning BOSS Bottled event in New York City and the immersive in-store experience with Aston Martin, the countdown to our BOSS holiday campaign has now begun! Officially launching tomorrow, the capsule represents a unique collaboration between BOSS and iconic plush toy company Steiff. It will be visible across all key markets and will help to further fuel brand excitement heading into the peak season.

Driving customer engagement remains another priority. In this context, we are building on the successful rollout of our customer loyalty program, HUGO BOSS XP, which was launched in China and the U.S. during the third quarter. With now almost 13 million members worldwide, the global expansion of XP is well underway. The program enables us to deepen relationships with our most important customers, foster long-term loyalty, and leverage commercially-relevant moments during the upcoming holiday season and beyond.

Equally as important, we will continue to leverage our global sourcing platform in the fourth quarter, to secure additional efficiency gains and thus tailwinds to our margin development. In addition, the low- to mid-single-digit price increases that we are currently introducing with

HUGO BOSS

the Spring/Summer 2026 collections, are expected to provide a modest positive contribution to profitability in the final quarter. Last but not least, we will stick to our rigorous optimization of operating expenses, particularly in sales and administration.

Taken together, these actions will ensure that HUGO BOSS is well positioned to strengthen its earnings profile and successfully deliver on its full-year commitments. In light of our performance during the first nine months and our determined and proven game plan, we confirm our full-year outlook for both sales and EBIT. As indicated in today's release, we now anticipate both top- and bottom-line results to come in at the lower ends of our respective guidance ranges. This reflects the ongoing volatility in the global consumer environment as well as substantial currency headwinds recorded throughout the year.

To be more precise: we now expect Group sales for fiscal year 2025 to come in at a level of around 4.2 billion euros. This includes an estimated negative currency impact of around 100 million euros for the full year, primarily reflecting the depreciation of the U.S. dollar during the course of 2025. Consistent with this, we now expect EBIT to come in at a level of around 380 million euros, likewise reflecting anticipated currency headwinds of up to 20 million euros. Accordingly, we now forecast EBIT margin to improve to a level of around 9% as compared to 8.4% in the prior year.

Ladies and gentlemen, let me briefly summarize today's key takeaways. As we look back on the third quarter and forward toward year-end, a few points stand out:

First, our performance in Q3 demonstrates the resilience and strength of our business model, supported by sequential improvements in brick-and-mortar retail, solid gross margin expansion, and the continued effectiveness of our cost-efficiency measures. These factors provide a strong foundation as we enter the final quarter of the year. Second, while Q3 wholesale revenues were impacted by the timing of deliveries, we anticipate a recovery in Q4. Alongside continued efforts to drive our global DTC business, this positions us for a renewed acceleration of Group sales heading into year-end. And third, the disciplined execution of our operational priorities together with ongoing brand investments, positions us well to further progress in Q4 and achieve our full-year targets.

Finally, looking beyond 2025, we are set to take the next step on our "CLAIM 5" journey. On December 3, we will share an update focused on the progress achieved so far and the key strategic areas that will guide our work in the years ahead. The update will reaffirm our strategic direction and underline how we are building on the foundation established over the past four years.

And with this, we are now very happy to take your questions.