HUGO BOSS

Transcript – Q&A Session

May 5, 2026

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.

Thomas Chauvet (Citi): You mentioned that demand weakened outside the Middle East toward the end of the quarter. Can you elaborate on what you are seeing across regions, and how retail performed in April compared to the -3% in Q1?

Secondly, on menswear: BOSS Green and BOSS Camel are performing well. Is this driven by a different customer profile, or does it reflect relative weakness in other brand lines? And how is the new menswear setup supporting performance?

Yves Müller (CFO/COO of HUGO BOSS): Our business in the Middle East, which is predominantly retail, continues to be affected, in line with the broader industry. Traffic remains low, with some short-term improvements but overall a very volatile environment. Beyond the Middle East, we are seeing early signs of softer consumer sentiment in selected markets. The UK, for example, was already weaker in Q1 and remains under pressure in April. International tourist flows have also declined, which impacts performance in several regions. At the same time, April needs to be seen in context. It is typically a mid-season sale period, but as part of our CLAIM 5 TOUCHDOWN execution, we deliberately chose not to participate in mid-season promotions. This makes April harder to compare directly, as the performance reflects both market conditions and our strategic decision to focus on higher-quality revenues and driving brand equity.

We are pleased with the performance of BOSS Green and BOSS Camel. BOSS Green – up mid-single-digit in Q1 – is benefiting from strong demand in athleisure and sports-related categories, particularly among younger consumers. The brand's 24/7 lifestyle positioning is clearly resonating, and initiatives such as partnerships – most recently, we have announced our cooperation with the Australian Open – and dedicated retail formats, especially in Asia, are supporting this momentum. BOSS Camel is performing well in retail, particularly in markets like the U.S. and parts of Asia. We see that some high-value consumers are trading down from higher-priced luxury brands, which supports demand for this line. Overall, this reflects the strength of our portfolio and price-value positioning across segments, particularly also at BOSS Black. Also the price increases implemented for Spring 2026 have been well received, supporting the overall performance of menswear.

Manjari Dhar (RBC Capital Markets): On COGS and raw materials: how do you see the outlook given the situation in the Middle East, and is there any impact on your sourcing, particularly in Turkey?

Secondly, on tourism: you mentioned weaker international tourist flows. How much of your business is exposed to tourism, and what are you seeing in those locations?

Yves Müller (CFO/COO): On COGS and raw materials, starting with Turkey, we currently do not see any impact on our own production site in Izmir. In terms of raw materials, the majority of our products are based on cotton and wool, so we are less exposed to oil price developments. Our exposure to polyester is relatively limited, although we do see some price increases there. At this stage, we do not expect any major implications for 2026. More broadly, we continue to monitor developments, including potential freight effects. However, we expect to offset any pressure through ongoing sourcing efficiencies and further reductions in air freight, which should continue to support gross margin.

On tourism, around 20% to 25% of our business is linked to tourism. We have seen some impact, particularly due to disruptions in key travel hubs such as Dubai and Doha, which affected travel activity in March and April. Going forward, this may partly be offset by stronger domestic demand, but overall it remains something we continue to monitor.

Grace Smalley (Morgan Stanley): You mentioned some impact from the Middle East in regions outside the Middle East, particularly the UK. Are you seeing this in other regions as well, or is it mainly the UK?

Secondly, given that April is difficult to read due to both Middle East disruptions and changes in seasonal sales, how should we think about Q2 and the rest of the year in terms of modeling?

Finally, on marketing: Q1 spend was lower partly due to timing. How should we think about the phasing of marketing spend for the rest of the year and for the full year?

Yves Müller (CFO/COO): On marketing, we invested 7.3% of Group revenues in Q1, including major initiatives such as Milan Fashion Week, the latest BOSS by Beckham collection and the HUGO "Red Means Go" campaign. The focus is on spending efficiently and getting more impact per euro, fully in line with CLAIM 5 TOUCHDOWN. In terms of phasing, marketing spend will be more weighted toward the second half of the year, particularly Q4, which is our most important quarter with key commercial moments and the holiday season.

On the regional impact, we have seen some effects outside the Middle East, particularly in the UK, driven by lower tourist inflows from the region. At this stage, this is the main market where we see a clearer impact, but the situation remains volatile and can change week by week.

Christian Stöhr (SVP Investor Relations): On modeling, two points to keep in mind. First, Q4 will have a tougher comparison base, as already indicated previously. Second, for Q2, the main factor to consider is the impact from the Middle East situation, particularly as seen in April.

Yves Müller (CFO/COO): More broadly, current trading remains difficult to assess precisely given the volatility. Weekly trends can vary significantly, but the impact from the Middle East in April is something to factor in when looking at Q2.

Anthony Charchafji (BNP Paribas): On guidance, can you provide more detail on the balance between gross margin expansion and OpEx? OpEx was down 4% reported. Should we expect this cost tailwind to fade into Q4? On gross margin, should we expect the expansion to be back-end loaded, potentially with Q4 above the +110bps seen in Q1?

Secondly, on pricing net of markdowns: do you expect pricing to remain a net positive throughout 2026? Are further price increases planned beyond the mid-single-digit increase implemented in Q4 2025?

Yves Müller (CFO/COO): On pricing, the mid-single-digit increase implemented in Q4 2025 will carry through 2026. Beyond that, only selective and targeted adjustments are planned, rather than broad-based increases. The focus is on managing pricing carefully in line with market conditions. More importantly, markdowns should decline, in line with CLAIM 5 TOUCHDOWN. We have already started reducing promotions and expect this to become a tailwind for gross margin over the course of the year. This includes fewer discounts in digital channels, shorter sales periods, and no participation in mid-season sales. All measures are aimed at increasing full-price sell-through and strengthening brand equity.

Gross margin performance in Q1 was strong, driven mainly by sourcing efficiencies, and we expect continued improvement in the coming quarters. On OpEx, maintaining cost discipline remains a key priority. The 4% reduction seen in Q1 reflects ongoing efforts to keep costs under control. While some deleverage was expected and is reflected in the guidance, the overall direction remains unchanged: continued gross margin improvement combined with tight cost management. In short, you should expect gross margin to improve further and costs to remain well controlled over the coming quarters.

Andreas Riemann (Oddo BHF): On HUGO: what has happened to HUGO Blue? Is it still relevant within the brand?

Secondly, on U.S. tariffs: you indicated that tariffs might be paid back. Can you quantify the potential impact? And what was the effect of U.S. tariffs on gross margin in Q1?

Yves Müller (CFO/COO): On tariffs, like others in the industry, we expect that part of the additional duties introduced last year could be reimbursed. However, this remains uncertain given the current volatility in the U.S. policy environment. No such effects are included in our figures at this stage. The overall impact is not material enough to significantly affect our results, and in Q1 it was not a meaningful driver of gross margin.

On HUGO, we are streamlining the assortment and simplifying the brand architecture. HUGO Blue is being integrated into the broader HUGO offering, with a clearer focus on contemporary tailoring. This is part of a deliberate strategic repositioning. As a result, you will see a more focused collection and some reduction in distribution points. The impact on sales is visible but fully expected. The key objective is to sharpen the brand positioning and improve overall efficiency going forward.