

# HUGO BOSS

## Annual Shareholders' Meeting 2022 – Speech

Metzingen, May 24, 2022

– The spoken word shall prevail –

Daniel Grieder (Chief Executive Officer of HUGO BOSS):

Dear Shareholders,  
ladies and gentlemen,

I am very pleased to welcome you to our 2022 virtual Annual Shareholders' Meeting, also on behalf of my fellow Managing Board members and all HUGO BOSS employees. Unfortunately, we are not able to meet in person this year. That is of course a pity and I very much hope that we will be able to make up for it next year.

This is my first Annual Shareholders' Meeting at HUGO BOSS. I would therefore like to briefly introduce myself: My name is Daniel Grieder. I am 60 years old, a proud father of two adult sons and, unmistakably, Swiss. I have been Chief Executive Officer of HUGO BOSS since June 2021 – a responsibility that I very much enjoy!

I have always been fascinated by the fashion industry. Already during my studies in Zurich in the 80s, I founded my first own fashion company. At that time, I took over the distribution of well-known international brands such as Tommy Hilfiger, Stone Island, and Pepe Jeans in key European markets. During my professional career, I spent more than 20 years at PVH in various management positions, most recently as CEO of Tommy Hilfiger Global and PVH Europe. Finally, since last June, I have been CEO of HUGO BOSS, responsible for our three business units BOSS Menswear, BOSS Womenswear, and HUGO, the licensing business, corporate strategy and global marketing.

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Why HUGO BOSS? The answer is quite clear to me: I have always perceived HUGO BOSS as a strong fashion brand. A brand that has accompanied me closely throughout my career, albeit from a different perspective. Both BOSS and HUGO have enormous potential and offer great opportunities to grow significantly in the future. I am therefore looking forward to leveraging this potential together with my fellow Managing Board members and our employees in the coming years.

From the first moment I joined HUGO BOSS in June 2021, I was impressed by the great campus in Metzingen, but above all by the extremely competent employees. They are our greatest asset. Thanks to their passion and our team spirit, I am firmly convinced that together we will successfully lead HUGO BOSS into the future.

With this in mind, I would like to take this opportunity to thank our more than 14,000 employees for their tireless efforts and the extraordinary commitment with which they work every day to ensure the success of our company. I would also like to expressly thank my fellow Managing Board members. They have guided our company safely through the difficult times of the pandemic and laid an important foundation for the future success of HUGO BOSS.

Ladies and gentlemen, what can you expect during my presentation? I will present to you my vision of HUGO BOSS and our growth strategy "CLAIM 5". I will show you what we have already achieved and talk about what still lies ahead.

Yves Müller will then explain our operational and financial performance in fiscal year 2021. He will also discuss our expectations for the current financial year, which is already focused on the implementation of our strategy.

At HUGO BOSS, we – like the rest of the world – are deeply concerned about the terrible war in Ukraine. We are all shocked by the terrible happenings in our European neighborhood. Our deepest empathy and thoughts are with all those affected. At

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HUGO BOSS, we provided financial aid at an early stage and supported organizations such as the German Red Cross. Due to the ongoing conflict, we also decided to suspend our business in Russia at the beginning of March. Yves Müller will provide you with more details in the course of his presentation.

Let us now turn to the company. As a true pioneer in the fashion industry, HUGO BOSS has been setting the tone worldwide for decades. HUGO BOSS has played a key role in shaping the suit as it is known around the world today. Thanks above all to its convincing quality, our company has written an impressive global success story. At the same time, our brands have continuously reinvented themselves over the years and ensured that they have always had their finger on the pulse. An important part of our company's DNA of success has also always been exciting collaborations – whether in motorsport, boxing, or soccer.

Our company therefore stands on an extremely solid foundation: With our strong brands, BOSS and HUGO, we enjoy high recognition worldwide and have a unique positioning in the premium/lifestyle segment. We have a diversified business model and a strong global distribution network. Over 14,000 highly motivated employees work every day to ensure the success of our company, which today – despite the pandemic – is in an exceedingly solid economic situation. We produce many of our products ourselves and are very sustainable in everything we do.

But the question still arises: Does HUGO BOSS already unlock its full potential?

In order to remain successful in the future, we need to become even more relevant, especially among the all-important younger customer groups. These include, above all, the millennials, i.e. those aged 25 to 40, as well as Generation Z, i.e. those under 25. In order to meet the high demands of these customers, we need to significantly increase the relevance of our brands in the coming years. We want to convince with best-in-class products and create a seamless brand experience across all consumer

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touchpoints. We have set ourselves the goals of fully exploiting the great potential of digitalization and making our value chain even more flexible. And, of course, we will continue to act in a consistently sustainable manner.

Ladies and gentlemen, our vision is to become the leading premium tech-driven fashion platform worldwide. We will significantly change the way we interact with customers – true to our new, strong motto "We Love Fashion, We Change Fashion"!

Our goal is clear: We want to become one of the top 100 global brands again – an ambitious yet realistic target. In order to lead HUGO BOSS back to the top, we want to increase our sales to EUR 4 billion by 2025 and our EBIT margin to a strong level of around 12%.

We want to fully exploit the great potential of HUGO BOSS across all brands, regions, and distribution channels.

Thus, we intend to grow significantly not only with BOSS Menswear, our core business, but also with BOSS Womenswear, with HUGO, and in the licensing business. We will lead our brands in Europe to new strength and, at the same time, significantly increase our market shares in the Americas and in Asia/Pacific. In doing so, we will closely integrate all distribution channels: We see significant growth potential both in physical, but especially in the important digital business.

In 2025, this will make us not only a much bigger company, but also a stronger and more resilient one, with an even better balance between regions and between channels.

With our new "CLAIM 5" strategy, we are therefore focusing on broad and balanced growth in order to lead HUGO BOSS to greater relevance and more strength worldwide. This chart summarizes our new strategy at a glance. It shows WHY we do

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something, WHAT we do and HOW we do it. I will now explain the details, starting with the WHY.

Within "CLAIM 5", the consumer always clearly comes first. To drive growth, we will revolutionize the way we interact with our customers. More than ever, we are putting our customers at the heart of everything we do. With our new branding, we want to turn consumers around the world into true fans of our brands. We will increase awareness of our brands, strengthen loyalty, and incentivize interactions, especially on social media.

How will we achieve this? Our first strategic priority, "Boost Brands," aims to sustainably increase the relevance and desirability of our brands. Because only if our brands are regarded as relevant and desirable by younger customers we will grow sustainably and be successful in the long term.

To this end, we are pursuing a clear portfolio strategy: Based on our strong platform HUGO BOSS, we have launched two individual brand strategies for BOSS and HUGO. Both brands undertake a new, modern brand identity focused on a younger and more global demographic. Going forward, this platform will also allow other brands to be connected in the future.

BOSS and HUGO are and will remain at the heart of our company. Thanks to new logos, new products, two highly successful marketing campaigns, and a new design concept for both, brick-and-mortar retail and the digital business, we have already succeeded in significantly increasing the relevance and perception of our brands worldwide. They are literally shining in new splendor!

The definition of a BOSS has changed over the years – from someone who calls the shots to someone who leads a self-determined life. With BOSS, we therefore address customers in the premium segment – especially Millennials – who show a clear

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attitude, pursue their ambitions with determination and are literally their own BOSS – "Be Your Own BOSS"!

We launched a global campaign under this motto at the beginning of this year. It perfectly reflects the more modern and more confident image of BOSS and attracts new and younger customers worldwide. A true all-star cast with many exciting faces and inspiring personalities perfectly embodies what a BOSS stands for today. But see for yourself with this short video!

As you could see, we have put together a high-profile selection of strong personalities who enjoy a high reputation worldwide. Included are our three new BOSS brand ambassadors: Italian tennis professional Matteo Berrettini, German Olympic talent and aspiring model Alica Schmidt, and Khaby Lame, who is one of the absolute superstars of the younger generation with almost 140 million followers on TikTok.

Although we pursue a clear social-first marketing strategy, we want to increase the visibility and relevance of BOSS at all levels. That's why we've put up large-scale billboards in nearly 40 major cities around the globe, from Shanghai to Milan to Paris – noticeably raising awareness of BOSS worldwide.

Now let's move on to HUGO. With HUGO, we address customers who consider their way of dressing as an expression of their individual personality and who see themselves as true trendsetters – in keeping with the motto "HUGO your own way".

Simultaneously with BOSS, we launched the #HowDoYouHUGO campaign featuring young stars, also clearly targeting social media. It underlines the unconventional and individual HUGO style. But please see for yourself!

At HUGO, we focus on young, rising talents, especially from the areas of music and dance. In this way, we appeal directly to Generation Z, who live life on their own

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terms. The diverse HUGO cast perfectly embodies the young, unconventional HUGO spirit, giving our brand a lot of attention on social media.

The overwhelming response to our social media campaigns is reflected in two KPIs in particular. In just three months, we were able to record 24 billion impressions and almost 1 billion interactions across all channels – a success that HUGO BOSS has never experienced in this way before! These figures are impressive proof that the new, younger image of our two brands is being very well received.

However, our product is just as important as our two brands. Our second strategic priority is therefore "Product Is King", because only with the best products, we will be successful in the long term and will retain customers.

That's why we will continue to strengthen the premium positioning of BOSS, with a strong focus on quality. We will invest even more into our products, ensuring a first-class price-value-proposition and a high level of innovation and sustainability.

We will position BOSS as a true 24/7 lifestyle brand. This means that we will cover all wearing occasions – from the office and formal occasions to leisure and sport – also placing a clear focus on casual and comfort. In doing so, we are strengthening BOSS by introducing the BOSS Camel, Black, Orange, and Green lines. With BOSS, our customers are perfectly dressed 24/7!

Of course, also the suit will continue to play an important role in this! The suit business has made us big. Formalwear is and will remain important – but we are reinventing it and interpreting it in a more modern, and more casual way: we are making the suit of the future from innovative, sustainable materials. Stretch elements offer first-class wearing comfort. We also already have crease-resistant suits in our product range, or suits that you can simply put in the washing machine at home. The suit therefore remains an integral part of the HUGO BOSS DNA.

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With our latest Spring/Summer collection – the first collection to fully embody our strong new branding – we are already living up to our promise of "Product is King". In addition to a new logo and the introduction of a BOSS monogram, our new BOSS collection makes a true fashion statement, especially with its distinctive color palette.

I am particularly proud of the overwhelmingly positive response this collection has generated among our customers and wholesale partners worldwide. Sell-through rates are significantly higher than those of previous collections, which is also reflected in our recently published first quarter financial results. Yves Müller will go into this in more detail later.

As the first point of contact for younger customers, HUGO is focusing on a broad range of trendy and modern products that reflect the brand's authentic and unconventional style. This means that HUGO will have its finger even closer on the pulse in the future. And a strong focus on relevant product groups – including denim, jersey, and bodywear – ensures a stylish appearance at all times.

As part of the branding refresh, HUGO is also presenting itself in a completely new "look and feel" – even more contemporary and younger – with a new logo and a modern color palette including the iconic HUGO red.

HUGO's Spring/Summer collection embodies this to the fullest. Together with our unique campaign, we are reaching new, young customers around the world who are enthusiastic about the brand and are well on their way to becoming true HUGO fans.

This brings me to our third strategic pillar. Digitization plays a key role in the successful implementation of our strategy. Within "CLAIM 5," we are therefore fully committed to the motto "Lead in Digital."



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We will continue to strongly drive digitization at HUGO BOSS: from trend detection and product development, through production and marketing, to sales – be it with our new digital showrooms, the strong expansion of our online business, or through intelligent price management in retail.

Our newly established Digital Campus in Metzingen and Porto is at the heart of our digital journey. It will significantly improve the customer experience by gathering extensive data and making it usable for us. It therefore complements the digital expertise already available at HUGO BOSS. We are strengthening our overall tech capabilities, first and foremost our global online business.

One of the first priorities of the Digital Campus was the successful relaunch of our online flagship hugoboss.com at the end of January. Our redesigned online store features various new elements that noticeably improve the customer experience. It also reflects the new brand identity of BOSS and HUGO. With a clear mobile-first approach, we are already offering customers in around 60 countries a leading e-commerce experience. Our online store is therefore also an important cornerstone of our future sales strategy.

Our fourth priority is "Rebalance Omnichannel." This means that we want to leverage our unique distribution network and our great distribution variety to create a seamless brand experience for our customers – no matter where they shop.

Because neither retail, nor wholesale, nor online can write the next growth chapter for HUGO BOSS on its own. Rather, it is about striking the right balance and linking all channels to provide customers with a perfect shopping experience! After all, each of our channels fulfills very specific customer needs. And this is precisely why we need to be omnipresent – both online and offline. That's why we call it "Rebalance Omnichannel."

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So let's take a closer look at the different channels, starting with the important digital business. By exploiting opportunities in digital, we will significantly increase our digital sales share. Prior to the pandemic, our digital sales were just 10% of total Group sales. In the meantime, we have already doubled this share to 20%! By 2025, this figure is set to rise to 25 to 30%. To achieve this, we will not only focus on hugoboss.com, but also want to continue to grow strongly with important partners.

Let's move over to brick-and-mortar retail – by far our largest sales channel in terms of revenue. We want to fully exploit the enormous potential of our global store network and take the retail experience to the next level. After all, this is the very place where we come into direct contact with our customers worldwide, where our sales staff impresses with first-class service, and where our products can be experienced first-hand. We want to increase the productivity of our stores by around 3% per year and ensure growth by further optimizing and modernizing our stores.

In total, we will redesign around 80% of our stores over the next three years. Already this year, we plan to equip more than 100 of our stores with our latest interior design concept. This is an integral part of our branding refresh. BOSS and HUGO will present themselves to our customers worldwide in a much more emotional, inviting, and digital way. We will develop our points of sale into true points of experience!

The implementation of the new concept is already in full swing: our customers can already experience the new "look and feel" at selected locations, including the Centro Oberhausen as well as first stores in Stockholm, Dubai and Korea. I am particularly pleased that we will soon be opening our new flagship store on Oxford Street in London.

Let's now talk about brick-and-mortar wholesale and how we will become even more attractive for our customers in this channel as well. After all, we want to become the anchor brand for our partners again. To this end, we are positioning ourselves as a

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24/7 lifestyle brand by offering our customers a comprehensive product range with BOSS Black, Orange, Green, Camel, and, of course, HUGO. This will enable us to regain market share on the sales floor.

We are focused on strong growth with our key partners. With our top 20 customers, we already generate more than 40% of our sales in this important channel. And we will ensure that our customers clearly feel the new brand experience there as well, thanks to new interior design concepts and an improved positioning.

A strong organizational structure and flexible processes are absolutely crucial to the success of "CLAIM 5". Our fifth strategic pillar is therefore "Organize for Growth". For us, this means expanding our existing robust value chain into a platform for speed and growth.

To this end, we are focusing primarily on modular and digital product development. Overall, we are already developing around half of all products digitally at BOSS and HUGO. We want to increase this share to over 90% by 2025. This is not only more sustainable, it will also make us significantly faster: Overall, we want to shorten product lead times by around 30% by 2025. This will enable us to respond even better to current trends and customer wishes.

"Organize for Growth" also means that we want to make ourselves less dependent on external factors. This is why we will significantly expand our own production capabilities in the coming years by relocating additional parts of our sourcing volume back to Europe. In doing so, we will focus primarily on our large production site in Turkey. Our declared goal is to become even faster and more flexible in the future and thus meeting our customers' wishes in the best possible way.

This in turn will also have a positive impact on our sustainability efforts, because the better our products meet the needs of our customers, the lower their impact on the environment.

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And let me say this very clearly, because this point is important to us: "CLAIM 5" includes a strong commitment to sustainability, because we want to continue to fully live up to our corporate responsibility in the future. We act responsibly in everything we do – be it with regard to our products, the people we work with, or our impact on the environment. In doing so, we create measurable added value for the environment and society.

The importance of environmental and climate protection has also increased noticeably on the customer side in recent years. In addition to high-quality products and a unique shopping experience, customers are increasingly demanding compliance with high social and ecological standards. We therefore regard the intensification of our diverse activities in the area of sustainability as an additional opportunity to enter into dialogue with young and sustainably oriented customers and to win them over for our company.

We are particularly proud that our commitment to sustainability is also highly recognized externally. Last year, for example, we were included in the renowned Dow Jones Sustainability Index World for the fifth time in a row. We were the only German company in our industry to qualify for the index and achieved a strong second place.

At HUGO BOSS, we are committed to climate protection, true to the motto: "No Planet, no Fashion!". Because if we don't care about our planet than we also don't need to worry about fashion. That's why we want to take on a pioneering role when it comes to driving change in the fashion industry for the better. We are committed to this, also together with start-ups, by developing new yarns – true, sustainable alternatives to polyester!

In this context, at the beginning of this year, we entered into a long-term partnership with Swiss innovator HeiQ. Together, we will develop a sustainable, recyclable yarn – with the aim of replacing polyester in the long term. This new, cellulose-based yarn

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binds carbon during its growth and is therefore good for the climate. In the future, this could preserve agricultural land, reduce water pollution, and make the fashion industry as a whole more climate friendly. And, stay tuned, already this fall we will present a first capsule collection with this revolutionary yarn!

Our partnership with HeiQ is also in line with our ambitious sustainability goals, which are firmly anchored in "CLAIM 5". In the coming years, we want to double the share of particularly sustainable RESPONSIBLE Styles in our collections to 60%. In addition, we want to be climate-neutral in our own area of responsibility by 2030 and along the entire value chain by 2045. And finally, we want to make further progress towards an end-to-end circular business model, as we are targeting to enable 80% of our products to be circular by 2030.

Ladies and gentlemen, as you can see, we have set ourselves many ambitious goals. However, achieving our targets above all depends on our employees, who bring "CLAIM 5" to life and make our strategy a winning formula. That is why it is time for a new mindset and a true growth culture at HUGO BOSS.

Our new values have been shaping everyday working life at HUGO BOSS for some time now: entrepreneurial spirit, personal ownership, team mentality, simplicity & quality, and youthful spirit – with these new values, we are creating an environment of transparency and trust. This allows each individual at HUGO BOSS to develop his or her own talents and thus contribute directly to the success of "CLAIM 5".

That is why we continue to invest in our employees. This year, we will open our HUGO BOSS daycare center in Metzingen, thus creating another important prerequisite for a better work-life balance. We are also investing overall in our headquarters. After two long years of pandemic, life is finally returning to our campus. We will therefore further increase the feel-good effect by redesigning our working environment and offering new services.

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Ladies and gentlemen, this brings us to the end of my remarks on "CLAIM 5". As you have heard and seen, with our strategy we are pursuing a clear vision for our company. We will focus even more consistently on the customer and thus noticeably increase the relevance of our brands. We want to grow quickly, profitably, and sustainably. We have an excellent team and the right strategy to successfully lead our company into the future. Let me therefore conclude by once again addressing our key financial targets.

As part of "CLAIM 5", we will grow our sales to EUR 4 billion by 2025. Compared to 2019, the year before the pandemic, this corresponds to a CAGR of 6%. We thus aim to grow faster than the overall market. In addition, we already see great potential to increase our sales to EUR 5 billion in subsequent years.

In order to successfully execute our strategy, we will invest even more in our products, our brands, digital expertise, and our global store network. These investments in our business are an important part of "CLAIM 5". Our earnings are also expected to grow significantly. By 2025, we want to return to a strong EBIT margin of around 12%, a level we had already achieved prior to the pandemic.

As you know, the business model of HUGO BOSS is highly cash flow generating. We will ensure that this remains the case in the years to come! Thanks to the consistent execution of "CLAIM 5," we will generate a strong free cash flow totaling around EUR 2 billion by 2025.

Because at the end, "CLAIM 5" is also about value creation. It is about a balanced approach between sustainable, long-term growth and high returns for you – our shareholders. In order to drive growth of HUGO BOSS and achieve our sales targets, we will invest free funds primarily in our business. In line with our vision to become the leading premium tech-driven fashion platform worldwide, we are also considering strategic investments.

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Above all, however, "CLAIM 5" also includes the strong commitment to a reliable dividend policy, which is reflected in a payout ratio of 30% to 50% of consolidated net income. Finally, it is very important to us that you, our shareholders, participate appropriately in the success of HUGO BOSS. Thanks to our strong financial and operational performance, which Yves Müller will discuss in a moment, and thanks to our confidence in the success of "CLAIM 5", we will resume dividend payments with this Annual Shareholders' Meeting. We are therefore proposing to you today a dividend of 70 cents per share for fiscal year 2021.

In addition to the dividend, we also want to create shareholder value by means of increases in our share price. I am therefore pleased that our strong business performance and the initial successes with regard to "CLAIM 5" are also being well received on the stock market. In full year 2021, our share price rose by an impressive 96%, closing the stock market year at a price of 53.50 EUR. The share was thus able to fully make up for the price losses recorded during the COVID-19 pandemic and achieve a solid increase of 24% over a two-year period.

However, also our shares cannot completely evade the current geopolitical and macroeconomic uncertainties that are shaping stock market developments worldwide. Nevertheless, we are doing very well relative to many competitors, not least thanks to our successful operational and financial performance.

This concludes my presentation. Ladies and gentlemen, the most exciting time in fashion is right now. And for our company, the best is yet to come! Based on our bold vision, mission, and clear ambition, we will embrace the challenges of today's rapidly changing world and seize new and exciting opportunities. I am absolutely convinced that we have an excellent team and strategy in place to successfully lead HUGO BOSS into the future.

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Dear Shareholders, thank you very much for your attention and for your support over the past year. Yves Müller will now present to you our business performance in 2021 and the outlook for 2022. Yves, the stage is yours!

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Yves Müller (Chief Financial Officer of HUGO BOSS):

Thank you, Daniel, and good morning, dear Shareholders, ladies and gentlemen. Also from my side a warm welcome to this year's Annual Shareholders' Meeting.

What can you expect from my presentation? I will start by elaborating on our operational and financial performance in fiscal year 2021. Following this, I will briefly discuss our expectations for the current fiscal year 2022. So let's start by looking back at the past fiscal year.

2021 was undoubtedly a very successful year for HUGO BOSS. After the severe implications from the COVID-19 pandemic, which had noticeably impacted our business in 2020, we made a strong comeback last year. This turnaround was marked in particular by significant improvements in sales and earnings as well as a strong free cash flow development. In addition, we successfully executed first important initiatives as part of our "CLAIM 5" strategy.

I am particularly pleased that we significantly accelerated our sales and earnings performance throughout the year and closed 2021 with the strongest quarterly sales in the history of HUGO BOSS. Consequently, we succeeded in exceeding the targets we had set ourselves for fiscal year 2021, which we had already revised upwards back in October.



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Currency-adjusted sales grew 43% to EUR 2.8 billion, above our guidance of an increase of around 40%. This means that we effectively returned to pre-pandemic levels despite the fact that, throughout the year, an average of around 10% of our stores were still affected by temporary closures. The implications from the COVID-19 pandemic were still clearly felt, particularly at the beginning of the year, but global consumer sentiment brightened considerably from the second quarter onwards, supporting the business recovery in the remainder of the year.

In light of our strong sales performance, our operating result also recorded a significant increase. Overall, EBIT amounted to EUR 228 million, well above our increased guidance of between EUR 175 million and EUR 200 million. I will elaborate on the different moving parts that contributed to this stellar performance in just a few minutes. But first, let's take a closer look at our revenues.

Our quarterly sales performance in 2021 impressively demonstrates the strong sequential improvements we recorded over the course of the year. Compared to 2019, the year when hardly anyone was thinking about a global pandemic, momentum in sales picked up noticeably from quarter to quarter. Thanks to the strong business acceleration in the second half of the year, we quickly returned to growth and even achieved double-digit sales increases versus 2019 in the important final quarter.

It is equally important to emphasize that growth in 2021 was broad-based in nature. This was reflected in strong sales improvements at BOSS and HUGO as well as across all regions and distribution channels, impressively demonstrating the diversity of our business model and the many growth opportunities we are going to fully exploit in the future – fully in line with our "CLAIM 5" strategy.

Both brands recorded significant double-digit sales improvements in 2021. BOSS Menswear grew by 42%, while sales for BOSS Womenswear increased 46%, both currency-adjusted. Growth was driven across all wearing occasions, fully in line with

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our ambition to establish BOSS as a true 24/7 lifestyle brand. And although currency-adjusted sales at minus 2% and minus 6% remained slightly below pre-pandemic levels on a two-year-stack basis, BOSS returned to growth compared to 2019 already in the second half of the year.

At HUGO, sales in 2021 also improved by a strong 45%. On a two-year-stack basis, HUGO returned to growth already in the second quarter, with currency-adjusted revenues for the full year up 6% compared to 2019. Casualwear recorded significant double-digit growth, reflecting HUGO's new strategic focus on modern yet commercial styles.

Let's now turn to our regions. Starting with our largest region Europe, where we managed to grow currency-adjusted sales by 41% year on year. While all of the region's key markets – in particular Germany, Great Britain, and France – contributed to growth, we also recorded a noticeable recovery in Southern Europe in the course of the year, as well as high double-digit sales increases in growth markets such as the United Arab Emirates.

While the impact of COVID-19 still weighed on business performance in Europe, particularly at the beginning of 2021, consumer sentiment improved significantly as the year progressed. As a result, full-year sales remained only 2% below 2019 levels, although on average around 20% of our retail stores were affected by pandemic-related temporary closures.

This brings me to the Americas, where we achieved a strong comeback in 2021, as reflected by currency-adjusted sales up 78%. On a two-year-stack basis, this translates into solid growth of 4% – supported by double-digit growth compared to 2019 in the fourth quarter.

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I am particularly pleased that we have achieved a turnaround in the important U.S. market. We have successfully strengthened and significantly expanded our product offering in casualwear, now allocating more than half of our selling space to this segment. Our highly successful partnerships with the American sportswear brand Russell Athletic and the professional basketball league NBA were also very well received by our customers. As a result, sales in the U.S. have effectively returned to pre-pandemic levels.

We also continued to drive the recovery of our business in the Asia/Pacific region, as reflected by robust sales growth of 22%. Momentum was particularly strong in the first half of the year. However, with the start of the second half of the year, renewed pandemic-related restrictions weighed on our business across several important markets. Consequently, for the full year, currency-adjusted sales remained 3% below pre-pandemic levels.

In mainland China, fueled by very robust local demand, we recorded currency-adjusted growth of 18% compared to 2020, which translates into an increase of 24% on a two-year stack. Other markets in the region – including Japan, Australia, and Southeast Asia – also saw double-digit growth in the past fiscal year. However, due to the comprehensive pandemic-related restrictions and the associated continued absence of international tourism, sales remained below 2019 levels over there.

Let us now take a brief look at our three main distribution channels.

Starting with our digital business – a very important growth driver within our "CLAIM 5" strategy. In the past fiscal year, total digital sales – that includes our own online store hugoboss.com, as well as online revenues generated with our partners – grew 55% currency-adjusted. This translates into growth of 85% on a two-year-stack basis, fueled by strong double-digit increases across all digital sales formats and all regions.

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As Daniel Grieder already alluded to, for the first time, we generated 20% of our sales digitally, twice as much as compared to pre-pandemic levels, marking an important milestone on our path towards 2025. As you have heard, we want to generate between 25% and 30% of our Group sales digitally until then.

Let's now move over to our brick-and-mortar retail business, which recovered noticeably in 2021, growing 43% currency-adjusted. While sales still remained below pre-pandemic levels in the first half of the year, revenues returned to double-digit growth versus 2019 in the third quarter. This momentum was driven by robust local demand and the successful execution of first strategic initiatives as part of "CLAIM 5". Consequently, for the full year, we were able to limit the revenue decline to minus 9% as compared to 2019.

Last but not least, our brick-and-mortar wholesale business also recorded significant double-digit sales improvements in 2021. Currency-adjusted growth of 37% reflects the increased demand from wholesales partners for our BOSS and HUGO collections.

With our new collections fully embodying the branding refresh for the first time, the introduction of the brand lines BOSS Black, Orange, Green, and Camel, as well as a further improved price-value proposition, we will further accelerate momentum in wholesale over the course of the year – something that is already reflected in our order books.

Ladies and gentlemen, let us now also look at the most important items within our income statement.

As I already laid out, our Group sales increased by 43% currency-adjusted to EUR 2.8 billion in 2021. Our gross margin came in at 61.8%, an increase of 80 basis points, mainly reflecting non-recurring pandemic-related inventory devaluation effects

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recorded in the previous year. This enabled us to more than compensate for the pandemic-related increase in freight and duty costs.

In line with our strategic claim "Boost Brands", we strongly increased our marketing investments in 2021 – up by almost 30% – implementing key initiatives to drive brand relevance. At the same time, we invested in the ongoing digitization of our business, another key lever on our successful journey towards 2025. Investments in digital – such as in our new Digital Campus – increased by one third. Overall, operating expenses in fiscal year 2021 were thus 5% higher as compared to the prior year.

In light of the strong sales development, the improvements in gross margin, and the only moderate increase in operating expenses, both EBIT and net income recovered noticeably in 2021. And while EBIT amounted to EUR 228 million, net income came in at EUR 144 million.

I would like to conclude my review of fiscal year 2021 with a brief look at free cash flow, which developed exceptionally well: At EUR 559 million, we achieved the strongest free cash flow in our company's history. Free cash flow more than tripled compared to last year, driven by our strong sales and earnings growth, our efficient use of capital expenditure, as well as further improvements in trade net working capital.

As a result, our net financial position also reached new record heights. At the end of 2021, and excluding lease liabilities, our net financial position totaled plus EUR 167 million. Hence, for the first time in our company's history, we were not only debt-free, but effectively "cash rich" at the end of the year – in other words, we had more money in the bank than debt. This impressively demonstrates the exceedingly solid financial position of our company. It provides an excellent foundation, enabling us to consistently address the various growth opportunities and to successfully execute our "CLAIM 5" strategy.

# HUGO BOSS

Ladies and gentlemen, 2022 represents another important milestone towards our 2025 financial ambition. Our main focus is on further driving the relevance and perception of our brands BOSS and HUGO. All our initiatives – be it from a brand, product, or operational perspective – are aimed at strengthening and further driving the strong sales momentum gained in 2021.

At the same time, we must not ignore the fact that the overall market environment continues to be very challenging. Our industry is facing several factors of uncertainty: from the long-lasting and comprehensive COVID-19 restrictions in the Chinese market, to the ongoing high levels of global freight costs and general cost inflation, to the terrible war in Ukraine.

Allow me at this point to take a closer look at our business in Russia and Ukraine, which together represented around 3 % of our Group sales last year. Before I do so, however, let me echo what Daniel Grieder already highlighted at the very beginning: Our deepest empathy goes out to each and every one affected by this humanitarian catastrophe.

Like many other companies, we have decided to suspend our own retail activities in Russia as of March 9. We are providing financial assistance to all affected employees. At the same time, we are in close contact with our business partners in Ukraine, providing economic support here as well. Above all, however, we are providing financial assistance to organizations that help all those affected by the war.

Of course, it is extremely difficult to predict how things will develop in the coming weeks and months, and how all this will ultimately impact broader consumer sentiment. Let me point out that as of today, however, our global business has hardly been affected by current developments. Instead, we were able to carry our strong momentum from the fourth quarter of 2021 into the current year.

# HUGO BOSS

Earlier this month, we published our first quarter results and we look back on a highly successful start to fiscal year 2022. Following a steady acceleration in revenue growth last year, I am particularly pleased that this trend has also continued in the first quarter. Year-on-year, Group sales even increased by 52% to EUR 772 million, marking the strongest first quarter sales in the history of HUGO BOSS. Compared to pre-pandemic levels, sales were up by a strong 17%.

Our "CLAIM 5" strategy is beginning to take effect – something that is also reflected in EBIT, which increased to EUR 40 million in the first three months. This is all the more noteworthy, considering that we invested heavily in our business in the first quarter. In line with "CLAIM 5", we doubled our marketing investments, mainly reflecting our comprehensive campaigns for BOSS and HUGO.

Following our successful start to 2022, we also confirmed our top- and bottom-line outlook for the current fiscal year at the beginning of the month. We expect sales in full year 2022 to increase by between 10% and 15% to a new record level of between EUR 3.1 billion and EUR 3.2 billion with all brands, all channels, and key regions set to contribute.

Our confidence is underpinned by the persisting strong brand momentum generated by BOSS and HUGO in the wake of the successful branding refresh. In addition, our strong order book for the upcoming Fall/Winter 2022 season will provide additional tailwinds for the second half of the year.

Based on the anticipated strong sales growth, we also continue to forecast robust improvements in the operating result for the current fiscal year. We thus want to increase EBIT within a range of 10% to 25% to an amount of between EUR 250 million and EUR 285 million. This holds true despite significantly higher investments in our products, brands, and digital expertise, which are a firm element

# HUGO BOSS

of our strategy, and against the backdrop of the current geopolitical and macroeconomic uncertainties, which I briefly discussed earlier.

Ladies and gentlemen, allow me to conclude by briefly summarizing the most important points:

- With our "CLAIM 5" strategy, we have laid the foundation for a new era at HUGO BOSS. It takes into account all important trends – from digital marketing and digitalization to casualization – thus ensuring the future success of HUGO BOSS.
- Our new strategy is already beginning to take noticeable effect, as clearly illustrated by the acceleration in sales and earnings performance in the past fiscal year.
- Also in 2022, the further execution of "CLAIM 5" will take center stage. We have made a true kick start to 2022, driven by our highly successful branding refresh.
- And, rest assured: With our brands BOSS and HUGO, we still have a lot of plans and important initiatives are already in the pipeline. Therefore, we have every confidence that 2022 will mark another successful year for our company and that we will reach the next important milestone towards our 2025 financial ambition.

Dear Shareholders, thank you very much for your attention. We will address your questions, which you have already submitted in advance, in detail during the further course of the Annual Shareholders' Meeting. First, however, I would like to hand the floor back to Hermann Waldemer.