HUGO BOSS

Annual General Meeting 2024

Metzingen, May 14, 2024
The spoken word shall prevail.

Daniel Grieder (Chief Executive Officer of HUGO BOSS):

Dear shareholders,
Ladies and gentlemen,

Thank you for your interest and your participation in this year's Annual General Meeting. On behalf of both my Managing Board colleagues and all HUGO BOSS employees, I would like to welcome you once again. We are very pleased to be broadcasting this year's virtual Annual General Meeting live for the first time from our new TV studio here in Metzingen. This will bring you directly to our campus.

What can you expect in the next few minutes? First, I would like to review the 2023 fiscal year with you and emphasize the key strategic highlights of our "CLAIM 5" strategy. Afterwards, Yves Müller will lay out our operational and financial performance in the past year in more detail and provide an outlook for the current fiscal year.

So, let's have a look back together: I am still enthusiastic about what we have achieved at HUGO BOSS since the introduction of our "CLAIM 5" growth strategy in 2021. As you know, this strategy is centered around the goal of significantly increasing the relevance of our brands and achieving sustainably, above-average sales and earnings growth.

Against this backdrop, 2023 was yet another record year for us. This primarily reflects the strong brand momentum of BOSS and HUGO. Both brands were able to continue their growth trajectory and gain further market shares. This led to record sales of 4.2 billion euros, which corresponds to a currency-adjusted increase of 18%. And despite further investments into our business, we achieved a strong operating result of 410 million euros – 22% more than in the previous year. This corresponds to an EBIT margin of just under 10%. We therefore achieved our forecast, which we had raised twice during the course of the year.

The past year was therefore another important milestone for HUGO BOSS along our "CLAIM 5" strategy. With Group sales of over 4 billion euros, we not only once again achieved record sales, but also reached our initial revenue target for 2025 two years ahead of plan.

Looking ahead, however, we also see further considerable potential for our Company, which I will discuss in more detail later. For this reason, we are aiming for sales of 5 billion euros as our next target, combined with an EBIT margin of at least 12%.

What we have achieved so far is proof positive that with "CLAIM 5," we introduced the right strategy at the right time. In the course of our comprehensive branding refresh, we significantly increased the brand awareness and relevance of BOSS and HUGO: we have noticeably strengthened the product range, digitalized important processes, and strongly improved the customer experience at our points of sale. So, let's take a closer look at all these achievements.

Let's start with the heart of our Company: today, our brands BOSS and HUGO are stronger than ever before. Our positioning in the premium segment of the global apparel market with two clearly distinguishable brands has never been as tangible as it is today. We have succeeded in placing consumers and their needs at the center of our activities more than ever before. In doing so, we anchored BOSS and HUGO as true 24/7 lifestyle brands in the minds of consumers, while also creating a strong foundation.

Our 360-degree marketing approach plays a crucial role in this. The launch of our global marketing campaigns was once again a particular highlight last year. The BOSS Spring/Summer and Fall/Winter 2023 campaigns – with the striking slogan "BOSSes aren't born. They're made." – were a complete success. And this year, too, we were able to inspire consumers worldwide with our latest BOSS campaign. Once again, it features a star cast: from new faces such as supermodel Gisele Bündchen to well-known brand ambassadors Lee Minho and Matteo Berrettini.

At the same time, the HUGO campaigns in 2023 – true to the brand motto "HUGO your way" – focused on stars of "Gen Z," including TikTok creator Bella Poarch. The past few weeks have been particularly eventful for HUGO: we launched this year's summer campaign, bringing the brand's new, dual identity to life! In addition to the modern and unconventional style of HUGO's main line, HUGO BLUE is shown for the first time with a strong focus on denimwear.

Thanks to unique fashion events and marketing activations, we were able to further increase the momentum of our brands. Our spectacular fashion shows in Miami and Milan are just two of the highlights of the past year. Of course, these were closely followed by collaborations with Formula 1, the BOSS Open in Stuttgart and the Hahnenkamm race in Kitzbühel.

I am particularly pleased that all these investments are paying off. This is particularly evident in our strong momentum on social media: BOSS was once again the fastest growing brand on Instagram last year, outperforming relevant competitors. HUGO, in turn, was the most visible brand among its competitors on TikTok.

Our numerous efforts to be top of mind with consumers have also once again earned BOSS first place in the "Brand Heat Ranking." This comprises the most important premium clothing brands and measures the desirability of each brand. We have made it to the top of this ranking for the second time in a row.

But what counts in the end is not only to inspire, but also to win over our target group as customers. I am therefore particularly pleased that we were able to expand our customer base by more than 30% overall in 2023. This proves that we have now established BOSS and HUGO as true 24/7 lifestyle brands. As a result, we have succeeded in retaining existing customers on the one hand and increasingly appealing to new and younger consumers on the other.

Speaking of the 24/7 lifestyle: as you know, we have comprehensively revised our product range as part of "CLAIM 5.″ Not only have we noticeably upgraded the look and feel of our collections, but we have also further strengthened the price-value proposition and invested extensively in our products. This is the only way we can guarantee the highest quality while at the same time putting a strong focus on innovation and sustainability.

With our diverse brand lines, we fulfill our promise to dress our customers perfectly for every occasion. From classic business outfits to casual weekend looks. As you have already seen in the HUGO campaign video, we successfully launched our latest line, HUGO BLUE, at the beginning of the year. In doing so, we want to fully exploit the great potential of denimwear.

Last year, we launched our exclusive Camel line for BOSS, in which fine craftsmanship meets exceptional materials and the highest quality. The feedback from our wholesale partners and customers on both brand lines has been very promising. That is why we will be consistently expanding their range in the coming years.

Our product range is rounded off by new licenses in the lifestyle sector. We are seamlessly expanding our 24/7 approach with products for equestrian sports and cycling, as well as our exclusive suitcase collection – always with a clear focus on the needs of our customers.

Driven by our diverse brand and product initiatives, both brands achieved double-digit growth in the past fiscal year, significantly outperforming the overall market. Currency-adjusted sales for BOSS Menswear increased by 16%, while our BOSS

Womenswear business even grew by 24%. HUGO was also able to impress with a significant currency-adjusted increase of 22%.

We have also made great progress in terms of distribution and have significantly improved the customer experience. We now offer our customers a first-class brand experience across all touchpoints – from retail to wholesale to digital. As a result, we were able to achieve double-digit sales growth across all sales channels also in 2023.

Thanks to the introduction of our latest store concepts and inviting hospitality services, we are turning our points of sale into true points of experience for our customers. Already 40% of our stores have meanwhile implemented the new look and feel – including key BOSS stores in London, Dubai, and Stuttgart. This investment pays off as the improved customer experience also leads to increased retail productivity – with an increase of 4% in 2023.

At the same time, we continue to fully exploit our opportunities in brick-and-mortar wholesale. In 2023, we successfully increased the visibility of our brands there, further expanding our market share in key department stores. We are also fully on track with the expansion of our franchise business. With 50 newly opened franchise stores in 2023, we are strengthening our presence worldwide – particularly in emerging markets in South America and Southeast Asia.

We have also further improved the digital shopping experience. We have redesigned and further strengthened our online store hugoboss.com and the associated app. We also succeeded in expanding our digital presence with key wholesale partners. Thanks to these measures, we were able to increase our digital share of sales to almost 20% in 2023, thus doubling it compared to 2019.

As you can see, ladies and gentlemen, the success of 2023 is broadly based. We have made great progress from a brand, product, and sales perspective, particularly in the areas that are visible and tangible for consumers. True to our guiding principle of putting customers at the center of everything we do. In turn, this also means meeting their increased expectations of sustainability.

This brings us to our sustainability initiatives – an absolute matter of the heart for us at HUGO BOSS. As a globally active company, we have a particular responsibility. With our sustainability goals, which we revised in 2023, we want to actively tackle the biggest challenges in our industry – including, for example, promoting circularity, fighting microplastics and striving for "net zero" emissions.
We firmly believe that sustainability and innovation go hand in hand. Our partnership with HeiQ – which I already reported on at last year's Annual General Meeting – plays a key role in this. I am therefore all the more pleased that we successfully launched the first BOSS products made from the innovative and world's first circular

AeoniQ yarn in 2023. We are convinced that this technology is a "game changer" for replacing environmentally harmful polyester and nylon and we want to actively promote future scaling.

In addition to our commitment to sustainability in our operating business, we established the HUGO BOSS Foundation in 2023. With 5 cents per product sold, we support climate and environmental protection initiatives. In March of this year, we welcomed our first long-term partner, Coral Gardeners. The non-profit organization focuses on the restoration of corals and the protection of the oceans. The foundation plans to donate up to 1.8 million euros to Coral Gardeners over several years to support their mission.

We are particularly proud of the fact that our strong commitment to sustainability has also been recognized externally for many years. In 2023, we were included in the renowned Dow Jones Sustainability Index World for the seventh time in a row, once again achieving the second-best result in our industry. We even scored "Best in Class" for important topics such as human rights, waste management, and customer relationship management.

Ladies and gentlemen, before I hand over to Yves Müller, allow me to briefly summarize:

2023 was another extremely successful fiscal year for HUGO BOSS. A year that was once again shaped by "CLAIM 5" and which clearly focused on the consistent execution of all strategic initiatives. Thanks to our "CLAIM 5" strategy, we are now operating from a strengthened position. Our broad-based growth underscores the great potential that our Company still has, as we continue to see numerous growth opportunities across <u>all</u> brands, channels, and regions.

From a brand perspective, this certainly includes the potential of our womenswear. It has only made up a small part of our business to date and is set to grow further in the future. In addition to constantly driving forward our digital business, we also want to make even greater use of the opportunities offered by the franchise business. And finally – not forgetting – further expansion in Asia, America, and emerging markets. We are determined to seize these opportunities in the coming years and exploit them in a targeted manner to reach our next milestone, the 5 billion euros revenue mark.

At the same time, we have further strengthened our organization in recent years and thus built an even more resilient platform. We will use this going forward to leverage efficiency potential in a targeted manner, particularly regarding our sourcing activities. Because we are also aiming for significant improvements in profitability in the coming years and are consistently working towards an EBIT margin of at least 12% by 2025.

The basic prerequisite for the success of our Company is and remains our around 19,000 employees worldwide. Their creativity, passion, and tireless commitment are the essence of what makes HUGO BOSS what it is – a strong global team that works closely together and trusts each other to drive change. On behalf of the entire Managing Board, I would therefore like to thank each and every one of them from the bottom of my heart.

To create the right working environment, we are continuing to invest in the Metzingen site and are building the campus of the future here at our beautiful headquarters. This includes the construction of another state-of-the-art office building, which is scheduled for completion in 2025 and will offer 350 additional attractive workplaces.

In addition to our employees, I would also like to thank you, our shareholders. Thank you for the trust you are placing in us and in HUGO BOSS. Of course, we would also like you to participate in the success of your Company this year with an attractive dividend. We are therefore proposing a dividend of 1 euro and 35 cents per share for fiscal year 2023. This corresponds to an increase of 35% compared to the previous year and a rise in the payout ratio to 36%.

In addition to the dividend, it is our declared aim that our operational successes are also reflected in the share price and lead to a sustainable share price increase. We are therefore particularly pleased that the successful execution of our strategy last year was also well received by the capital market. In an overall volatile market environment, our share recorded strong growth and ended 2023 up 25%. This means that our share not only significantly outperformed key indices, but also the shares of most of our competitors.

Let me also be very transparent at this point. Looking at the current share price performance since the beginning of the year, we also have to recognize that we cannot fully escape the macroeconomic and geopolitical uncertainties in the market. Against this backdrop, our share price has recorded a double-digit decline since the beginning of the year, closing yesterday evening at a price of 48 euros and 85 cents.

Be assured, I would also like to see a different share price performance on the chart. But the important thing is that this development in no way makes me doubt the strength of our "CLAIM 5" strategy or the potential of our Company. Yes, the current environment is challenging, but we will continue to focus on the consistent implementation of our strategy. Ultimately, this will be the decisive factor in achieving our ambitious growth and earnings targets in the coming years. And the capital market will also recognize this.

This, dear shareholders, brings me to the end of my review. I would like to close with a few personal words.

2024 is a very special year for HUGO BOSS. We are delighted to celebrate our Company's 100th anniversary. This special milestone in our history fills us with gratitude. Our long tradition and the strategic progress outlined to you today form the foundation on which we are building. With every step we take today, we are setting new standards to continue to play a leading role in our industry worldwide.

I personally look forward to continuing this exciting path in the coming years with my two Managing Board colleagues Oliver and Yves. Together, we will continue to ensure the consistent execution of "CLAIM 5" in the future and thus contribute to the sustainable, long-term success of HUGO BOSS.

I would like to thank you for your attention and now hand over to Yves. Yves, the stage is yours!

Yves Müller (Chief Financial Officer / Chief Operating Officer of HUGO BOSS):

Thank you very much, Daniel, and good morning, dear shareholders, ladies and gentlemen. A warm welcome also from my side. During my presentation, I will first provide an overview of our financial performance in 2023. I will then talk about our performance in the first quarter of 2024 and explain our expectations for the current fiscal year.

So, let's turn our attention to the past fiscal year, starting with a look at our sales and earnings performance.

As you have already heard, thanks to the consistent execution of "CLAIM 5," we were able to increase sales by an impressive 18% currency-adjusted to 4.2 billion euros. I am particularly pleased that we have once again achieved broad-based growth. Both brands, all regions, and all sales channels contributed to our strong sales performance thanks to double-digit growth rates. This is clear evidence of the success of our strategy and the new brand strength of BOSS and HUGO. I am also pleased that we generated a significantly better result – despite further investments in our business.

We recorded a robust business performance across all quarters. This is all the more remarkable considering that the high level of macroeconomic and geopolitical uncertainty increasingly weighed on consumer sentiment over the course of the year.

So, let's take a closer look at our sales performance, starting with our regions:

With currency-adjusted growth of 23%, momentum in the Americas was particularly strong, with all the region's markets continuing their double-digit growth trajectory. This performance is a direct result of our marketing initiatives, which were particularly well received in the important U.S. market, as well as the expanded product offering with a stronger focus on casualwear. It also reflects the great progress we have made in expanding our presence in key department stores. As a result, we have already achieved our medium-term sales target for the Americas of around 1 billion euros two years ahead of plan.

In the EMEA region, currency-adjusted sales rose by 13%, driven by both local demand and an uptick in business with international tourists. With double-digit growth rates, sales development in European emerging markets was also particularly strong. However, we also recorded robust momentum throughout the year in key European markets such as Germany and France.

Finally, let's take a look at Asia/Pacific, where our sales performance has accelerated significantly compared to the previous year. Here, we were able to achieve currency-adjusted growth of 32% in 2023. This reflects very encouraging momentum in Southeast Asia & Pacific. We also recorded a further recovery in our business in China, supported by a gradual upturn in tourism there.

Now, let's take a closer look at our sales channels. Our broad-based growth is also evident here. Currency-adjusted sales in brick-and-mortar retail expanded by a strong 15%. In addition to noticeable improvements in existing space, a moderate expansion of our store network also contributed to this. The latter now comprises almost 1,500 own physical points of sale around the world.

In brick-and-mortar wholesale, currency-adjusted sales increased by 18%. This was made possible by the continued strong response to our collections from our wholesale partners. However, the expansion of our franchise business also supported growth in this area.

Finally, our digital business successfully continued its double-digit growth trajectory in 2023 with a 26% increase in sales. This reflects both double-digit growth at hugoboss.com and significant improvements in our digital partner business.

Let us now move on to the remaining items in our income statement. Beginning with our gross margin, which at 61.5% was broadly at the prior-year level. Our gross margin in 2023 benefited from the gradual normalization of global freight costs. The fact that we were able to significantly reduce the share of air freight over the course of the year also played a role here. By contrast, higher product costs, unfavorable currency effects, and a promotional market environment towards the end of the year had a negative impact on gross margin development.

Let us now turn to operating expenses, which increased by a total of 13% in 2023. This is due in particular to higher expenses that are directly related to our strong business growth, as well as deliberate investments made as part of "CLAIM 5." The latter also include our marketing investments, which have increased by 14% compared to the previous year.

Overall, however, supported by our strong sales performance, we were able to reduce operating expenses in relation to Group sales by 90 basis points to a level of 51.7%. This is primarily due to further efficiency improvements in brick-and-mortar retail. We succeeded in reducing the corresponding expenses there by around 1.5 percentage points compared to the previous year.

As a result, our EBIT recorded a robust increase of 22% to 410 million euros in fiscal year 2023. This led to an improvement in the EBIT margin of 60 basis points to a level of 9.8%. In turn, the Group's net income attributable to shareholders increased by 23%, resulting in earnings per share of 3 euros and 74 cents.

Let us now turn to the balance sheet, starting with inventories: compared to the previous year, these have increased by 11% on a currency-adjusted basis. It is important to note that the majority of our inventory relates to core products and fresh merchandise for current and upcoming seasons. The aim of this is to ensure further growth for our Company.

Nevertheless, our aim is to gradually reduce our inventory position in the coming quarters. Corresponding measures were therefore already initiated last year and showed initial success, particularly in the fourth quarter. As a result, our inventory position improved to a level of around 25% of Group sales at the end of the year. We are aiming for a level of less than 20% of Group sales by the end of 2025.

This brings me to trade net working capital, which amounted to 20.8% of Group sales in 2023. In addition to the moderate increase in inventories, this also reflects higher trade receivables following our strong performance in wholesale. Lower trade payables also contributed to this development.

Looking ahead, optimizing this important key figure towards our mid-term target corridor of 16% to 19% remains our clear priority. We expect to make first initial progress already this year and aim to approach a level of 20% by the end of the year. The further improvement in our inventories mentioned above will make a decisive contribution to this.

Let us now take a look at our investments, which increased by 55% to almost 300 million euros. In line with "CLAIM 5," the focus was once again on expanding our global store network, further digitalizing our business model, and strengthening our global logistics capacities.

As a result, free cash flow totaled 96 million euros, whereby the EBIT improvements achieved were more than offset by the increase in trade net working capital and the deliberate increase in capital expenditure.

Ladies and gentlemen, this concludes my remarks on the 2023 fiscal year, which we look back on with great pride. Let us now look ahead together and focus on our expectations for the current fiscal year.

As Daniel has explained in detail, after almost three years of successful strategy execution, HUGO BOSS now stands on a strong foundation. This is a key prerequisite for achieving sustainable and profitable growth in the coming years. Especially as the macroeconomic and geopolitical environment is likely to remain volatile for the foreseeable future.

This makes our determination to continue to consistently execute our "CLAIM 5" strategy all the more important. Building on the successes of "CLAIM 5" to date and our regained brand momentum, we are firmly convinced that our Company is ideally positioned to successfully continue the course we have taken in recent years.

The recently presented figures for the first quarter, which I would like to discuss briefly now, are further proof of this: as you have seen from the media reports, we have succeeded in achieving further sales and earnings improvements in the first three months of 2024.

As a result, Group sales increased by 5% to more than 1 billion euros in the three-month period. This corresponds to a currency-adjusted increase of 6%, with sales improvements across both brands, all regions, and all sales channels. At the same time, our EBIT rose by 6% to 69 million euros, which corresponds to an increase in the EBIT margin of 10 basis points to a level of 6.8%.

In light of the business performance in the first quarter, last week we also confirmed our sales and earnings outlook for 2024.

Overall, we expect Group sales in 2024 to increase by between 3% and 6% in Group currency. This forecast also deliberately reflects the general market environment and the prevailing uncertainties. Let me explain the latter in a little more detail: Towards the end of 2023, the macroeconomic and geopolitical environment has become increasingly challenging. And the environment has not yet brightened for the current fiscal year either. Inflation in many important markets has eased more slowly than expected. At the same time, geopolitical tensions have increased considerably, particularly regarding the Middle East. All of this is weighing on global consumer sentiment.

We will therefore continue to monitor the environment closely, but also consistently pursue our growth opportunities, which Daniel has already addressed, and continue to inspire our customers with our two brands.

In light of the targeted increases in sales, we also expect further improvements in earnings in the current year. We want to increase our EBIT in 2024 by 5 to 15% to a level of around 430 to 475 million euros. This means that our EBIT margin should also increase again this year, to a level of 10.0% to 10.7%.

We see the gross margin as an important lever for supporting earnings development in 2024. We are aiming to increase efficiency here in particular through the optimized, more effective use of our global sourcing activities. We therefore remain confident about our future gross margin development and expect our gross margin to improve to between 62% and 64% in the current year.

At the same time, we are also striving to further optimize our fixed cost base moving forward. In particular, we want to further increase cost efficiency in brick-and-mortar retail and reduce the complexity of our collections. We will also keep a close eye on the effectiveness of our marketing investments and at the same time further optimize our administrative expenses. This should provide us with additional support, particularly in 2025, to ultimately achieve our target of an EBIT margin of at least 12%.

Ladies and gentlemen, as you can see, we are determined to continue driving profitable growth for HUGO BOSS in the coming years. The continued successful execution of our "CLAIM 5" strategy is and will remain key to the success of HUGO BOSS. And it will significantly support us in realizing our vision of becoming the leading premium tech-driven fashion platform worldwide. I am – and we as the entire Managing Board are – fully convinced of this.

And with that, I would like to thank you for your attention.