HUGO BOSS

Press release on the full year 2020 results

Metzingen, March 11, 2021

HUGO BOSS records operating profit in the fourth quarter –
Gradual business recovery expected for 2021

Full year 2020

- **Sales and earnings development impacted by COVID-19 pandemic**
- **Strong momentum in online business (+49%) and in mainland China (+5%)**
- **Underlying EBIT amounts to minus EUR 126 million[*]**
- **Successful execution of comprehensive measures to secure financial stability – free cash flow amounts to EUR 164 million**

Outlook 2021

- **Sales and EBIT expected to grow strongly**
- **First quarter continues to be impacted by negative implications of the pandemic; strong improvement expected in the further course of the year**

"For HUGO BOSS, 2020 was undoubtedly a challenging year. I am proud that we have managed to overcome the many challenges of the pandemic, ending the year with a positive free cash flow," says **Yves Müller, Spokesperson of the Managing Board of HUGO BOSS AG**. "We have made significant progress along the execution of our strategic initiatives – especially in the important online business, and in China. Although the pandemic continues to have a severe impact on our business in the short term, I am highly confident when it comes to the further recovery of our business in the course of the year. We will continue to leverage the global trend of casualization."

[*] In fiscal year 2020, HUGO BOSS recorded non-cash impairments of non-current assets of EUR 110 million. Including those impairment charges, EBIT amounted to minus EUR 236 million.

HUGO BOSS AG Dieselstrasse 12 72555 Metzingen Germany Phone +49 7123 94-0

In 2020, business of HUGO BOSS has been significantly impacted by the COVID-19 pandemic. Global lockdowns led to widespread temporary store closures. In addition, large-scale restrictions on public life including extensive social distancing measures as well as international travel restrictions put a significant strain on the Group´s operational and financial performance.

HUGO BOSS with positive EBIT in the fourth quarter

Also in the important final quarter of fiscal year 2020, the negative implications of the pandemic had a significant impact on the business of HUGO BOSS. Particularly in Europe, by far the Group’s largest region, widespread temporary store closures in light of persisting lockdowns weighed on the Group’s sales development. On the other hand, business in the Americas and in Asia/Pacific was able to continue its gradual recovery also in the fourth quarter. While sequential improvements in the important U.S. market supported overall sales development in the Americas, sales in Asia/Pacific came in only slightly below the prior year as mainland China successfully continued its strong double-digit growth trajectory. Overall, in the fourth quarter of 2020, currency-adjusted sales for HUGO BOSS decreased by 26%. This corresponds to a sales decline of 29% in Group currency to EUR 583 million (Q4 2019: EUR 825 million).

Despite the significant sales decrease, HUGO BOSS was able to record a positive EBIT of EUR 13 million in the fourth quarter (Q4 2019: EUR 124 million). This mainly reflects the Company’s tight cost control as well as the consistent execution of expense-reduction measures initiated at an early stage, both having a positive effect on EBIT.

COVID-19 significantly weighs on sales development in fiscal year 2020

Overall, HUGO BOSS recorded a currency-adjusted sales decline of 31% in fiscal year 2020. In Group currency, sales decreased by 33% to EUR 1,946 million (2019: EUR 2,884 million). The negative implications of the pandemic became particularly evident in Europe and the Americas. In Asia, however, the swift recovery of business in mainland China compensated for some of the declines in other Asian markets.

HUGO BOSS AG Dieselstrasse 12 72555 Metzingen Germany Phone +49 7123 94-0

In light of widespread temporary store closures as a result of global lockdowns, both, the Group's own retail business and its wholesale business recorded double-digit sales declines in fiscal year 2020. On average, around 20% of the Company's more than 1,000 own points of sale globally were closed in 2020. From a brand perspective, the decline in sales was slightly lower for HUGO than for BOSS, with both brands' casualwear offerings performing significantly better than formalwear. This mainly reflects the global casualization trend, which has experienced a further strong push in the wake of the pandemic.

Ongoing strong momentum in the online business and in China

HUGO BOSS continued to make significant progress along its strategic growth drivers also in 2020. In particular, the Company's own online business performed very strongly, with a currency-adjusted sales increase of 49%, thus posting significant double-digit growth for the third consecutive year. Consequently, HUGO BOSS has managed to break the EUR 200 million mark with its annual online sales for the first time in its history. This was also supported by the successful expansion of the Company's online flagship store hugoboss.com to 32 additional markets. Following the lockdown at the beginning of the year, business in the strategically important market of mainland China gained strong momentum. Already during the second quarter, HUGO BOSS was able to return to its double-digit growth trajectory over there, and managed to keep this momentum throughout the remainder of the year. Overall, currency-adjusted sales in mainland China grew by 5% in 2020.

Expense-reduction measures limit decline in earnings

The significant decline in sales inevitably also weighed on the earnings development of HUGO BOSS. Moreover, a lower gross profit margin weighed on EBIT, mainly reflecting increased markdown activity in the wake of the pandemic, in particular in Europe and the Americas. However, the Company's strict cost management as well as its successful implementation of comprehensive expense-reduction measures partly compensated for the decline. In particular, HUGO BOSS was able to significantly reduce costs in its own retail business and eliminate non-business-critical expenses as far as possible. Excluding non-cash impairment charges, EBIT therefore amounted to minus EUR 126 million (2019 excluding impairment charges: EUR 355 million)*.

Successful execution of comprehensive measures to protect cash flow

Thanks to its healthy balance sheet structure, HUGO BOSS was well prepared for the financial challenges associated with the pandemic throughout 2020. At an early stage, the Company also implemented comprehensive measures with a total volume of more than EUR 600 million to further protect its cash flow and successfully executed them throughout the remainder of the year. These measures included a significant reduction in operating expenses, the postponement of non-business-critical investments, a considerable reduction of merchandise inflow and the suspension of the dividend payment for fiscal year 2019, with the exception of the legal minimum dividend of EUR 0.04 per share. All of this ensured that HUGO BOSS had sufficient liquidity at all times and ended 2020 with a positive free cash flow of EUR 164 million. Consequently, the Group has not yet utilized the additional credit lines that it had secured over the course of 2020.

Retail environment expected to gradually improve in 2021

The global business of HUGO BOSS continues to be significantly impacted by the implications of the COVID-19 pandemic. Since the beginning of the year, an average of around 30% of the Company's own points of sale were temporarily closed as a result of persisting lockdowns. This is particularly true for key European markets such as the UK and Germany. Moreover, significant restrictions on public life as well as international travel restrictions continue to weigh on the recovery of the overall industry as well as on the business of HUGO BOSS. The Company expects that particularly the first quarter of 2021 will still be significantly impacted by the negative implications of the pandemic.

At the same time, HUGO BOSS is confident that the global retail environment will gradually improve over the course of 2021, starting with the second quarter. In this

---

* In fiscal year 2020, HUGO BOSS recorded non-cash impairments of non-current assets of EUR 110 million. Including those impairment charges, EBIT amounted to minus EUR 236 million.

HUGO BOSS AG Dieselstrasse 12 72555 Metzingen Germany Phone +49 7123 94-0

context, the Company expects its global business to recover noticeably in the further course of the year. In particular, the vaccination campaigns – which are continuing to make progress globally – and the pursued gradual lifting of lockdowns and restrictions on public life, should have a positive impact on business performance. As a result, the Company currently expects Group sales and EBIT in fiscal year 2021 to be well above the prior-year level.

Pushing ahead with the Group's strategic initiatives will also be crucial to further driving the recovery of its business. Besides putting a strong emphasis on its strategic growth drivers online and China, HUGO BOSS will continue to push the casualization of its business model - across all brands, genders, and occasions.

Various marketing initiatives increase desirability of BOSS and HUGO

Further elevating the desirability of its brands remains another clear focus for HUGO BOSS in 2021. Various brand and product initiatives will continue to drive brand heat for BOSS and HUGO, especially among younger customers. With Hollywood actor Chris Hemsworth, the Company recently signed the first global brand ambassador for BOSS Menswear. In this role, the 37-year-old Australian will be the face of international campaigns and give a strong boost to the important casualwear business.

The recently announced partnerships with the American sportswear brand Russell Athletic and the professional basketball league NBA will provide further tailwind in this context. Thanks to their clear focus on street style, both collections will further strengthen the desirability of BOSS casualwear. While the first collection co-created by BOSS and Russell Athletic is about to launch shortly, the "BOSS x NBA" capsule got off to a highly successful start already in February, as reflected in strong sales figures, both online on hugoboss.com as well as in brick-and-mortar retail.

Further information can be found at group.hugoboss.com. The online version of the HUGO BOSS Annual Report can also be found there, with many interactive features and a video statement by Yves Müller, Spokesperson of the Managing Board.

HUGO BOSS AG Dieselstrasse 12 72555 Metzingen Germany Phone +49 7123 94-0

Earnings development for the fourth quarter of 2020

(in EUR million)	Q4 2020	Q4 2019	Change in %
Sales	**583**	**825**	**(29)**
Cost of sales	(225)	(275)	18
Gross profit	**358**	**551**	**(35)**
In % of sales	61.4	66.7	(530) bp
Operating expenses	**(345)**	**(426)**	**19**
In % of sales	(59.2)	(51.7)	(750) bp
Thereof selling and distribution expenses	(271)	(349)	23
Thereof administration expenses	(74)	(77)	(3)
Operating result (EBIT)	**13**	**124**	**(89)**
In % of sales	2.2	15.1	(1,280) bp
Financial result	(8)	(15)	43
Earnings before taxes	**5**	**110**	**(96)**
Income taxes	(24)	(49)	52
Net income	**(19)**	**60**	**< (100)**
Earnings per share (in EUR)[1]	**(0.30)**	**0.87**	**< (100)**

[1] Basic and diluted earnings per share.

- The **implications of the COVID-19 pandemic** continued to weigh on the business of HUGO BOSS also in the fourth quarter of 2020. Especially in Europe, widespread store closures in light of persisting lockdowns in many key markets weighed on sales development. Consequently, the region's gradual business recovery that started towards the end of the second quarter slowed down to some degree. Besides this, continued restrictions on public life in many key markets as well as ongoing weak sales to tourists weighed on the global business of HUGO BOSS also in the important final quarter. Overall, HUGO BOSS recorded a currency-adjusted sales decline of 26% in the fourth quarter of 2020. This corresponds to a decline in Group currency of 29% to EUR 583 million (Q4 2019: EUR 825 million).
  - In **Europe**, widespread temporary store closures in light of regional lockdowns significantly weighed on sales development. On average, around 25% of the Company's own points of sale in that region were closed in the fourth quarter. Key markets such as Germany, Great Britain, and France were particularly impacted. As a result, currency-adjusted sales in Europe decreased by 32% to EUR 327 million over the three-month period (Q4 2019: EUR 499 million). In the **Americas**, HUGO BOSS was able to continue its gradual business recovery in the fourth quarter. The decline in sales was limited to 28% overall, mainly reflecting sequential improvements in the

HUGO BOSS AG Dieselstrasse 12 72555 Metzingen Germany Phone +49 7123 94-0

important U.S. market, leading to regional sales of EUR 110 million (Q4 2019: EUR 169 million). Also in **Asia/Pacific**, HUGO BOSS continued its gradual business recovery in the fourth quarter. Due to another quarter of strong double-digit sales increases in mainland China (+24%), overall sales in Asia/Pacific, at minus 3%, came in only slightly below the prior-year level. Overall, sales in this region totaled EUR 124 million (Q4 2019: EUR 131 million).

- Currency-adjusted sales in **own retail** were down 24%, amounting to EUR 418 million (Q4 2019: EUR 579 million). Comp store sales declined by 28%, currency-adjusted. While brick-and-mortar retail continued to be impacted by lockdowns and significant restrictions on public life also in the fourth quarter, the Company's **own online business** continued its strong double-digit growth trajectory. At EUR 80 million, currency-adjusted online sales were up 33% on the prior-year level (Q4 2019: EUR 62 million). In the **wholesale business**, a generally cautious order behavior in the wake of the pandemic led to lower deliveries to partners, resulting in a currency-adjusted sales decline of 33% to EUR 143 million (Q4 2019: EUR 220 million). Sales in the **license business** decreased by 16% to EUR 22 million (Q4 2019: EUR 26 million).
- While **BOSS** recorded a decrease in currency-adjusted sales of 27% in the fourth quarter, the decline for **HUGO** was less pronounced at 23%. For both brands, casualwear proved more resilient than formalwear also in the fourth quarter. In this context, the casualwear of HUGO even recorded a moderate sales increase.

- **Gross profit margin** decreased by 530 basis point to 61.4% (Q4 2019: 66.7%), mainly reflecting a market environment characterized by increased markdown activity as a result of the pandemic, particularly in Europe and the Americas. In addition, negative inventory valuation effects weighed on the development of gross profit margin in the fourth quarter.
- Thanks to its strict cost management and the consistent execution of cost-savings measures in the final quarter, HUGO BOSS was able to significantly reduce **operating expenses** by 19% to EUR 345 million (Q4: EUR 426 million).

HUGO BOSS AG Dieselstrasse 12 72555 Metzingen Germany Phone +49 7123 94-0

- This strongly supported the development of **EBIT** thereby significantly compensating the effects of the decline in sales and the lower gross profit margin. Consequently, HUGO BOSS was able to record a positive EBIT of EUR 13 million in the fourth quarter (Q4 2019: EUR plus 124 million).

HUGO BOSS AG Dieselstrasse 12 72555 Metzingen Germany Phone +49 7123 94-0

Earnings development for the full year of 2020

(in EUR million)

	Jan. – Dec. 2020	Jan. - Dec. 2019	Change in %
Sales	**1,946**	**2,884**	**(33)**
Cost of sales	(759)	(1,009)	25
Gross profit	**1,187**	**1,875**	**(37)**
In % of sales	61.0	65.0	(400) bp
Operating expenses	**(1,423)**	**(1,531)**	**7**
In % of sales	(73.1)	(53.1)	(2,000) bp
Thereof selling and distribution expenses	(1,138)	(1,235)	8
Thereof impairment charges[1]	(110)	(10)	< (100)
Thereof administration expenses	(285)	(296)	4
Operating result (EBIT)	**(236)**	**344**	**< (100)**
In % of sales	(12.1)	11.9	(2,410) bp
Financial result	(38)	(39)	3
Earnings before taxes	**(273)**	**306**	**< (100)**
Income taxes	54	(100)	> 100
Net income	**(219)**	**205**	**< (100)**
Earnings per share (in EUR)[2]	**(3.18)**	**2.97**	**< (100)**
Income tax rate in %	**20**	**33**	

[1] Non-cash impairment charges related to the negative impact of COVID-19 on the Group's retail business.

[2] Basic and diluted earnings per share.

- In fiscal year 2020, currency-adjusted **Group sales** declined by 31%, reflecting the negative implications of the pandemic. In Group currency, sales were 33% below the prior year, totaling EUR 1,946 million (2019: EUR 2,884 million).
  - In **Europe**, currency-adjusted sales were down 31% to EUR 1,231 million (2019: EUR 1,803 million). This decrease reflects double-digit declines in all key markets and is primarily attributable to temporary store closures as a result of widespread lockdowns, which significantly impacted the region's sales development, especially in the second and fourth quarter. Besides this, a significant decline in sales with tourists weighed on the regional performance. The far-reaching implications of the pandemic were also clearly felt in the **Americas**. In particular, the temporary closure of the majority of retail stores as well as a significantly decline in sales to tourists put a strain on sales development. Currency-adjusted sales therefore decreased by 42% to EUR 308 million in fiscal year 2020 (2019: EUR 560 million). Also in **Asia/Pacific**, many markets recorded double-digit sales declines. On the other hand, business in mainland China returned to double-digit growth already in the course of the second quarter and was thus able to offset some of the regional sales decline. Consequently, in 2020, HUGO BOSS recorded sales growth of 5% in mainland

HUGO BOSS AG Dieselstrasse 12 72555 Metzingen Germany Phone +49 7123 94-0

China. Overall, at EUR 343 million, currency-adjusted sales in Asia/Pacific came in 20% below the prior-year level (2019: EUR 438 million).

- Currency-adjusted sales in the Company's **own retail business** declined by 30% to EUR 1,279 million in fiscal year 2020 (2019: EUR 1,869 million). On a comp store and currency-adjusted basis, sales were down 32% on the prior-year level. This is mainly attributable to temporary store closures as a result of the pandemic, which significantly weighed on sales in brick-and-mortar retail. On the other hand, momentum in the own **online business** further accelerated in fiscal year 2020. Amounting to EUR 221 million, sales were up 49% on the prior-year level, currency-adjusted, thus recording strong double-digit growth for the third consecutive year (2019: EUR 151 million). Sales growth was fueled by strong improvements in both traffic and conversion rates as well as the successful expansion of hugoboss.com to 32 additional markets. In the **wholesale business**, HUGO BOSS recorded a currency-adjusted sales decline of 34% to EUR 603 million in fiscal year 2020 (2019: EUR 931 million). A generally cautious order behavior in the wake of the pandemic led to lower deliveries to partners, especially in Europe and the United States. The **license business** recorded a currency-adjusted sales decrease of 23% to EUR 64 million (2019: EUR 84 million), particularly reflecting a soft travel retail business in the wake of the pandemic.
- While **BOSS** recorded a currency-adjusted sales decline of 32%, the decrease for casual- and athleisurewear was less pronounced than for formalwear. Also for **HUGO**, casualwear proved significantly more robust than formalwear, with overall sales down 27%, currency-adjusted.

- **Gross profit margin** decreased by 400 basis points to 61.0% in fiscal year 2020 (2019: 65.0%), mainly reflecting a market environment characterized by increased markdown activity as a result of the pandemic, particularly in Europe and the U.S. In addition, negative inventory valuation effects weighed on the development of gross profit margin.
- In fiscal year 2020, non-cash **impairments of non-current assets** totaling EUR 110 million weighed on the development of selling and distribution expenses (2019: EUR 10 million). These impairments, predominantly recorded in the second

HUGO BOSS AG Dieselstrasse 12 72555 Metzingen Germany Phone +49 7123 94-0

quarter, were directly related to the negative implications of the pandemic on the Group's retail business, primarily relating to impairments for fixed store assets in the amount of EUR 69 million and right-of-use assets in the amount of EUR 37 million.

- Excluding the impairment charges, underlying **operating expenses** declined by 14% to EUR 1,313 million in fiscal year 2020 (2019 excluding impairment charges: EUR 1,521 million). The significant decline in operating expenses is directly attributable to the early implementation and execution of comprehensive cost-saving measures and particularly reflects significantly lower selling and distribution expenses.
  - Underlying **selling and distribution expenses** recorded a decline of 16% to EUR 1,028 million (2019 excluding impairment charges: EUR 1,224 million), primarily reflecting the comprehensive cost-saving measures that HUGO BOSS successfully executed in the course of the pandemic. In particular, the Company succeeded in significantly reducing rental and payroll expenses in own retail, while also recording lower marketing expenses.
  - **Administration expenses** in 2020 were also lower than in the prior year. The decrease of 4% was primarily driven by the positive impact of expense-reduction measures, which were mainly related to reducing payroll cost as well as eliminating non-business-critical expenses.
- The significant decline in sales as well as the lower gross profit margin inevitably weighed on the Group's earnings development. Underlying **EBIT** amounted to minus EUR 126 million (2019 excluding impairment charges: plus EUR 355 million). The successful execution of the various expense-reduction measures partially compensated for the decline in earnings. Consequently, the underlying **EBIT margin** totaled minus 6.5% (2019 excluding impairment charges: plus 12.3%).
- Underlying **net income** amounted to minus EUR 131 million (2019 excluding impairment charges: plus EUR 212 million). The decline was therefore lower than for EBIT, mainly reflecting a tax income as a result of the pretax loss.

HUGO BOSS AG Dieselstrasse 12 72555 Metzingen Germany Phone +49 7123 94-0

Net assets and financial position for the full year of 2020

December 31, 2020	in EUR million	Change in %	Change in % currency-adjusted
TNWC	491	↘ (7)	↘ (2)
Inventories	618	↘ (1)	↗ +2

- **Trade net working capital (TNWC)** was 2 % below the prior-year level, currency-adjusted. While inventories, were slightly above the prior-year level, trade receivables decreased significantly, mainly reflecting the decline in wholesale sales. Trade payables were also slightly below the prior-year level at the end of 2020. The moving average of trade net working capital as a percentage of sales based on the last four quarters was 28.7% and therefore significantly above the prior-year level (2019: 20.1%).
- At the end of fiscal year 2020, currency-adjusted **inventories** were up 2% on the prior-year level. The successful execution of the Group's measures to significantly reduce merchandise inflow as well as the write-down of inventories had a positive impact on this development.

2020	in EUR million	Change in %
Capital expenditure	80	↘ (59)
Free cash flow	164	↘ (64)
Net debt	1,004	↘ (3)

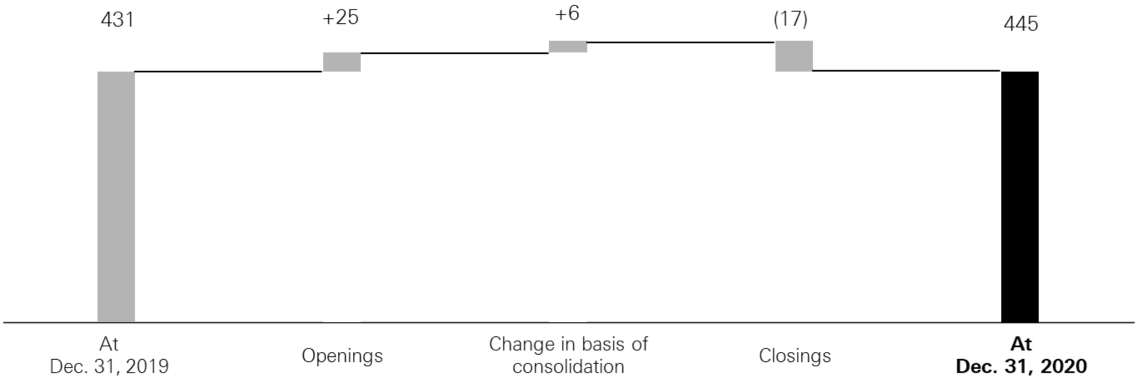
- As part of its measures to secure cash flow, HUGO BOSS had adjusted its capital expenditure budget at an early stage. **Investments**, thus came in well below the prior-year level at EUR 80 million (2019: EUR 192 million). In 2020, investment activity focused on the optimization and modernization of the own store network, the global expansion of the own online business as well as on the Company's IT infrastructure.

HUGO BOSS AG Dieselstrasse 12 72555 Metzingen Germany Phone +49 7123 94-0

- At an early stage of the pandemic, HUGO BOSS has initiated comprehensive measures with a total volume of at least EUR 600 million aimed at securing cash flow, and successfully executed these measures over the course of the year. Thus, **free cash flow** amounted to EUR 164 million in fiscal year 2020 (2019: EUR 457 million).
- In fiscal year 2020, HUGO BOSS exercised the option to increase its **revolving syndicated loan** to EUR 633 million in order to ensure additional financial flexibility during the COVID-19 pandemic (December 31, 2019: EUR 450 million). At the end of fiscal year 2020, EUR 105 million of the syndicated loan had been drawn (December 31, 2019: EUR 0 million). In addition, the Group has **bilateral credit lines** at its disposal with a total volume of EUR 198 million (December 31, 2019: EUR 337 million), of which EUR 161 million had been drawn at the end of the reporting period (December 31, 2019: EUR 215 million). HUGO BOSS also secured **further loan commitments** totaling EUR 275 million in fiscal year 2020. However, until now, these credit facilities were not drawn. In addition, the Group had at its disposal **cash and cash equivalents** in the amount of EUR 125 million as of December 31, 2020 (December 31, 2019: EUR 133 million).
- Against this backdrop, **net financial liabilities** decreased slightly to EUR 1,004 million at the end of fiscal year 2020 (December 31, 2019: EUR 1,040 million). Lower lease liabilities and the successful execution of the measures to secure cash flow more than compensated for the higher utilization of the syndicated loan. Excluding the impact of IFRS 16, net financial liabilities amounted to EUR 141 million (2019 excluding the impact of IFRS 16: EUR 83 million).

HUGO BOSS AG Dieselstrasse 12 72555 Metzingen Germany Phone +49 7123 94-0

Network of freestanding retail stores



- In fiscal year 2020, the number of **own freestanding retail stores** increased by a net figure of 14 to 445 (2019: 431).
  - 2020 saw the opening of 24 **BOSS stores**, mainly in Asia and Europe, as well as one **HUGO store** in Moscow. In addition, five BOSS stores and one HUGO store in the United Arab Emirates were added to the Group's own store network following a change in the basis of consolidation. On the other hand, 17 stores were closed globally in light of expiring leases.
- The **total selling space** of the Group's own retail business increased by 3% and amounted to around 161,000 sqm at the end of the year (December 31, 2019: 156,000 sqm). The slight increase is related to selective new openings in the past fiscal year, including the addition of six new stores in the United Arab Emirates.

HUGO BOSS AG Dieselstrasse 12 72555 Metzingen Germany Phone +49 7123 94-0

Outlook 2021

- The global business of HUGO BOSS continues to be impacted by the **implications of the COVID-19 pandemic**. Persisting lockdowns and temporary store closures, lasting restrictions on public life including comprehensive social distancing measures as well as ongoing international travel restrictions are expected to continue to weigh on the recovery of the overall industry as well as the performance of HUGO BOSS, especially in the first half of 2021. Since the beginning of the year, an average of around 30% of the Company's own points of sale were temporarily closed as a result of persisting lockdowns. This is particularly true for key European markets such as the UK and Germany.
- The Company thus expects that particularly the **first quarter** of 2021 will still be significantly impacted by the negative implications of the pandemic. At the same time, HUGO BOSS expects its global business to recover noticeably in the **further course of the year**. In particular, the vaccination campaigns – which are continuing to make progress globally – and the pursued gradual lifting of lockdowns and restrictions on public life, should have a positive impact on business performance.
- As a result, the Company currently expects that **Group sales** in 2021 will be significantly above the level of 2020. Also for the **operating result (EBIT)** and the **Group's net income**, the Company forecasts a strong increase as compared to the prior year.
- Furthermore, HUGO BOSS expects a moderate increase in **capital expenditure** compared with the prior year. Finally, it is forecast that **trade net working capital as a percentage of sales** will decline moderately in fiscal year 2021.
- In light of the very challenging nature of fiscal year 2020 as well as the persisting high uncertainty with regard to the further development of the pandemic, the Managing Board and Supervisory Board of HUGO BOSS intend to propose to the Annual Shareholders' Meeting to only pay the **legal minimum dividend of EUR 0.04 per share** for fiscal year 2020. In doing so, the Company aims at further strengthening its internal financing capability. Nevertheless, HUGO BOSS remains confident that it will continue to generate significantly positive free cash flow in the future on the basis of a general recovery of its business and based on

HUGO BOSS AG Dieselstrasse 12 72555 Metzingen Germany Phone +49 7123 94-0

its highly free cash flow generating business model. This, in turn, should enable the Group to return to an attractive dividend policy.

- Further information on the Company's **outlook** for 2021 can be found in the Annual Report 2020.

HUGO BOSS AG Dieselstrasse 12 72555 Metzingen Germany Phone +49 7123 94-0

Financial calendar and contacts

March 11, 2021

Full Year Results 2020,

Press conference as well as conference call for financial analysts and investors

May 5, 2021

First Quarter Results 2021

May 11, 2021

Annual Shareholders' Meeting

August 4, 2021

Second Quarter Results 2021 & First Half Year Report 2021

November 4, 2021

Third Quarter Results 2021

If you have any questions, please contact:

Christian Stöhr
Senior Head of Investor Relations and Corporate Communications
Phone: +49 7123 94-87563
E-mail: christian_stoehr@hugoboss.com

Carolin Westermann
Head of Corporate Communications
Phone: +49 7123 94-86321
E-mail: carolin_westermann@hugoboss.com

HUGO BOSS

FINANCIAL INFORMATION

for Q4 2020 and Jan. – Dec. 2020

Due to rounding, some numbers may not add up precisely to the totals provided.

HUGO BOSS

Key figures – quarter

(in EUR million)

	Q4 2020	Q4 2019	Change in %	Change in %[1]
Sales	583	825	(29)	(26)
Sales by segment				
Europe incl. Middle East and Africa	327	499	(34)	(32)
Americas	110	169	(35)	(28)
Asia/Pacific	124	131	(5)	(3)
Licenses	22	26	(16)	(16)
Sales by distribution channel				
Own retail business	418	579	(28)	(24)[2]
Wholesale	143	220	(35)	(33)
Licenses	22	26	(16)	(16)
Sales by brand				
BOSS	502	715	(30)	(27)
HUGO	81	110	(26)	(23)
Sales by gender				
Menswear	529	748	(29)	(26)
Womenswear	54	77	(31)	(28)
Results of operations				
Gross profit	358	551	(35)	
Gross profit margin in %	61.4	66.7	(530) bp	
EBIT	13	124	(89)	
EBIT margin in %	2.2	15.1	(1,280) bp	
EBITDA	85	226	(62)	
EBITDA margin in %	14.6	27.4	(1,280) bp	
Net income	(19)	60	< (100)	
Financial position				
Capital expenditure	27	62	(56)	
Free cash flow	55	259	(79)	
Depreciation/amortization	72	102	30	
Additional key figures				
Personnel expenses	149	144	3	
Shares (in EUR)				
Earnings per share	(0.30)	0.87	< (100)	
Last share price (as of Dec. 31)	27.29	43.26	(37)	
Number of shares (as of Dec. 31)	70,400,000	70,400,000	0	

[1] Currency-adjusted.

[2] On a comp store basis (28)%.

HUGO BOSS AG Dieselstraße 12 72555 Metzingen Phone +49 7123 94-0

HUGO BOSS

Key figures – full year 2020

(in EUR million)	2020[1]	2019	Change in %	Change in %[2]
Sales	**1,946**	**2,884**	**(33)**	**(31)**
Sales by segment				
Europe incl. Middle East and Africa	1,231	1,803	(32)	(31)
Americas	308	560	(45)	(42)
Asia/Pacific	343	438	(22)	(20)
Licenses	64	84	(23)	(23)
Sales by distribution channel				
Own retail business	1,279	1,869	(32)	(30)[3]
Wholesale	603	931	(35)	(34)
Licenses	64	84	(23)	(23)
Sales by brand				
BOSS	1,661	2,488	(33)	(32)
HUGO	285	396	(28)	(27)
Sales by gender				
Menswear	1,759	2,609	(33)	(31)
Womenswear	187	275	(32)	(31)
Results of operations				
Gross profit	1,187	1,875	(37)	
Gross profit margin in %	61.0	65.0	(400) bp	
EBIT	(236)[4]	344	< (100)	
EBIT margin in %	(12.1)[5]	11.9	(2,410) bp	
EBITDA	230	707	(68)	
EBITDA margin in %	11.8	24.5	(1,270) bp	
Net income	(219)[6]	205	< (100)	
Net assets and liability structure as of Dec. 31				
Trade net working capital	491	528	(7)	(2)
Trade net working capital in % of sales[7]	28.7	20.1	860 bp	
Non-current assets	1,516	1,713	(12)	
Equity	760	1,002	(24)	
Equity ratio in %	29.6	34.8	(520) bp	
Total assets	2,570	2,877	(11)	
Financial position				
Capital expenditure	80	192	(59)	
Free cash flow	164	457	(64)	
Depreciation/amortization	465[8]	362	28	
Net financial liabilities (as of Dec. 31)	1,004	1,040	(4)	
Additional key figures				
Employees (as of Dec. 31)	13,759	14,633	(6)	
Personnel expenses	570	659	(14)	
Shares (in EUR)				
Earnings per share	(3.18)[10]	2.97	< (100)	
Last share price (as of Dec. 31)	27.29	43.26	(37)	
Number of shares (as of Dec. 31)	70,400,000	70,400,000	0	

[1] Including non-cash impairment charges in the amount of EUR 110 million related to the negative impact of COVID-19 on the Group's retail business.
[2] Currency-adjusted.
[3] On a comp store basis (32)%.
[4] Excluding non-cash impairment charges, EBIT amounted to minus EUR 126 million.
[5] Excluding non-cash impairment charges, EBIT margin amounted to (6.5)%.
[6] Excluding non-cash impairment charges, net income amounted to minus EUR 131 million.
[7] Moving average on the basis of the last four quarters.
[8] Excluding non-cash impairment charges, depreciation and amortization amounted to EUR 355 million.
[9] Full-time equivalent (FTE).
[10] Excluding non-cash impairment charges, EPS amounted to minus EUR 1.90.

HUGO BOSS AG Dieselstraße 12 72555 Metzingen Phone +49 7123 94-0

Consolidated income statement – quarter

(in EUR million)	Q4 2020	Q4 2019	Change in %
Sales	**583**	**825**	**(29)**
Cost of sales	(225)	(275)	18
Gross profit	**358**	**551**	**(35)**
In % of sales	61.4	66.7	(530) bp
Operating expenses	**(345)**	**(426)**	**19**
In % of sales	(59.2)	(51.7)	(750) bp
Thereof selling and distribution expenses	(271)	(349)	23
Thereof administration expenses	(74)	(77)	3
Operating result (EBIT)	**13**	**124**	**(89)**
In % of sales	2.2	15.1	(1,280) bp
Financial result	(8)	(15)	43
Earnings before taxes	**5**	**110**	**(96)**
Income taxes	(24)	(49)	52
Net income	**(19)**	**60**	**< (100)**
Earnings per share (in EUR)[1]	**(0.30)**	**0.87**	**< (100)**

[1] Basic and diluted earnings per share.

EBIT and EBITDA – quarter

(in EUR million)	Q4 2020	Q4 2019	Change in %
EBIT	**13**	**124**	**(89)**
In % of sales	2.2	15.1	(1,280) bp
Depreciation and amortization	(72)	(102)	30
EBITDA	**85**	**226**	**(62)**
In % of sales	14.6	27.4	(1,280) bp

HUGO BOSS AG Dieselstraße 12 72555 Metzingen Phone +49 7123 94-0

Consolidated income statement – full year 2020

(in EUR million)

	Jan. – Dec. 2020	Jan. - Dec. 2019	Change in %
Sales	**1,946**	**2,884**	**(33)**
Cost of sales	(759)	(1,009)	25
Gross profit	**1,187**	**1,875**	**(37)**
In % of sales	61.0	65.0	(400) bp
Operating expenses	**(1,423)**	**(1,531)**	**7**
In % of sales	(73.1)	(53.1)	(2,000) bp
Thereof selling and distribution expenses	(1,138)	(1,235)	8
Thereof impairments[1]	(110)	(10)	< (100)
Thereof administration expenses	(285)	(296)	4
Operating result (EBIT)	**(236)**	**344**	**< (100)**
In % of sales	(12.1)	11.9	(2,410) bp
Financial result	(38)	(39)	(3)
Earnings before taxes	**(273)**	**306**	**< (100)**
Income taxes	54	(100)	> 100
Net income	**(219)**	**205**	**< (100)**
Earnings per share (in EUR)[2]	**(3.18)**	**2.97**	**< (100)**
Income tax rate in %	**20**	**33**	

[1] Non-cash impairment charges related to the negative impact of COVID-19 on the Group's retail business.

[2] Basic and diluted earnings per share.

EBIT and EBITDA – full year 2020

(in EUR million)

	Jan. – Dec. 2020	Jan. - Dec. 2019	Change in %
EBIT	**(236)**	**344**	**< (100)**
In % of sales	(12.1)	11.9	(2,410) bp
Depreciation and amortization	(465)	(362)	(28)
EBITDA	**230**	**707**	**(68)**
In % of sales	11.8	24.5	(1,270) bp

HUGO BOSS AG Dieselstraße 12 72555 Metzingen Phone +49 7123 94-0

Consolidated statement of financial position

(in EUR million)

Assets	**December 31, 2020**	December 31, 2019
Property, plant and equipment	408	517
Intangible assets[1]	170	177
Right-of-use assets[1]	744	898
Deferred tax assets	171	98
Non-current financial assets	21	22
Other non-current assets	1	2
Non-current assets	**1,516**	**1,713**
Inventories	618	627
Trade receivables	172	216
Current tax receivables	18	33
Current financial assets	21	32
Other current assets	100	123
Cash and cash equivalents	125	133
Current assets	**1,055**	**1,164**
TOTAL	**2,570**	**2,877**

Equity and liabilities	**December 31, 2020**	December 31, 2019
Subscribed capital	70	70
Own shares	(42)	(42)
Capital reserve	0	0
Retained earnings	706	933
Accumulated other comprehensive income	19	40
Equity attributable to equity holders of the parent company	**754**	**1,002**
Non-controlling interests	6	0
Group equity	**760**	**1,002**
Non-current provisions	91	87
Non-current financial liabilities[1]	196	106
Non-current lease liabilities	649	789
Deferred tax liabilities	13	11
Other non-current liabilities[1]	2	0
Non-current liabilities	**951**	**994**
Current provisions	118	92
Current financial liabilities[1]	85	118
Current lease liabilities	213	168
Income tax payables	42	66
Trade payables	299	315
Other current liabilities[1]	104	124
Current liabilities	**860**	**882**
TOTAL	**2,570**	**2,877**

[1] Amounts shown differ from those reported in the previous year due to reclassifications.

Trade net working capital (TNWC)

(in EUR million)

	December 31, 2020	December 31, 2019	Change in %	Currency-adjusted change in %
Inventories	618	627	(1)	2
Trade receivables	172	216	(20)	(18)
Trade payables	299	315	(5)	(4)
Trade net working capital (TNWC)	**491**	**528**	**(7)**	**(2)**

HUGO BOSS AG Dieselstraße 12 72555 Metzingen Phone +49 7123 94-0

Consolidated statement of cash flows

(in EUR million)

	Jan. – Dec. 2020	Jan. – Dec. 2019
Net income	(219)	205
Depreciation/amortization	465	362
Unrealized net foreign exchange gain/loss	21	(4)
Other non-cash transactions	-1	1
Income tax expense/income	(54)	100
Interest expense/income	26	31
Change in inventories	(5)	4
Change in receivables and other assets	65	9
Change in trade payables and other liabilities	(44)	38
Result from disposal of non-current assets	(2)	(1)
Change in provisions for pensions	(8)	(12)
Change in other provisions	28	(5)
Income taxes paid	(32)	(77)
Cash flow from operating activities	**240**	**652**
Investments in property, plant and equipment	(58)	(158)
Investments in intangible assets	(20)	(34)
Acquisition of subsidiaries and other business entities	2	0
Acquisition of groups of assets	0	(4)
Cash receipts from sales of property, plant and equipment and intangible assets	0	0
Cash flow from investing activities	**(76)**	**(195)**
Dividends paid to equity holders of the parent company	(3)	(186)
Change in current financial liabilities	(57)	0
Cash receipts from non-current financial liabilities	105	0
Repayment of non-current financial liabilities	0	(35)
Repayment of current and non-current lease liabilities	(187)	(227)
Interest paid	(28)	(25)
Interest received	2	2
Cash flow from financing activities	**(167)**	**(472)**
Changes in scope of consolidation	0	0
Exchange rate related changes in cash and cash equivalents	(4)	1
Change in cash and cash equivalents	**(7)**	**(14)**
Cash and cash equivalents at the beginning of the period	133	147
Cash and cash equivalents at the end of the period	**125**	**133**

Free cash flow

(in EUR million)

	Jan. – Dec. 2020	Jan. – Dec. 2019
Cash flow from operating activities	240	652
Cash flow from investing activities	(76)	(195)
Free cash flow	**164**	**457**

HUGO BOSS AG Dieselstraße 12 72555 Metzingen Phone +49 7123 94-0

Number of own retail stores

Dec. 31, 2020	Freestanding stores	Shop-in-shops	Outlets	TOTAL
Europe	212	302	75	**589**
Americas	92	105	54	**251**
Asia/Pacific	141	105	71	**317**
TOTAL	**445**	**512**	**200**	**1,157**
Dec. 31, 2019				
Europe	203	311	70	**584**
Americas	94	84	50	**228**
Asia/Pacific	134	109	58	**301**
TOTAL	**431**	**504**	**178**	**1,113**

HUGO BOSS AG Dieselstraße 12 72555 Metzingen Phone +49 7123 94-0