

HUGO BOSS



Transcript – Q&A Session

December 3, 2025

*Please note that the transcript has been edited to enhance comprehensibility.
Please also use the webcast replay to listen to the Q&A session on the day of
earnings publication.*

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Frederick Wild (Jefferies): My first one is to understand more about the changes in the external environment driving the reset. Is it a weaker consumer, a shift in product demand, softer wholesale order books; Any details on what's happening?

Second, a broader point: it feels like there is a shift in how you want the business to be set up in terms of channel structure. Where do you want the wholesale versus DTC split to be in 2027 or 2028 compared with today?

Daniel Grieder (Chairman of the Managing Board / CEO of HUGO BOSS): The main change is consumer sentiment. It is down across regions — US, Europe and Asia. Overall traffic in malls and city centers can be lower by 20% to 30%, and that has a clear impact on demand. Consumers delay purchases and become more cautious, which affects the broader market. Despite this, conversion in our stores is higher, which helps to offset parts of the traffic decline, because our teams perform strongly. Across the customer journey, all touchpoints are in place, and we continue to engage through retail and social channels, but the global backdrop remains defined by weaker sentiment.

Oliver Timm (CSO/Deputy CEO of HUGO BOSS): All channels and touchpoints are important for our omnichannel setup and the 24/7 lifestyle approach. In wholesale, we continue with the win-with-the-winners strategy. About 75% of Total Wholesale turnover comes from roughly 5% of partners, and we keep sharpening the portfolio and improving profitability. In DTC, almost 70% of our stores are now in the new format, so the main investment phase is behind us, and the focus is on like-for-like growth. Looking to 2027–2028, DTC will remain the largest channel. Wholesale will

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continue to play a crucial and profitable role. Overall, the channel mix is expected to stay close to today's structure, subject to macro developments.

Manjari Dhar (RBC Capital Markets): First, on the colored sub-labels for BOSS — Orange, Green, Black and Camel — how do you see the positioning of these brand lines evolving over the next few years, especially in light of the product distribution realignment?

Second, on the store network: you mentioned around 50 freestanding store closures. How are these distributed across regions?

Oliver Timm (CSO/Deputy CEO of HUGO BOSS): Camel sits at the top of the pyramid as our affordable luxury offer, focused on highest-quality craftsmanship and made-in-Italy or made-in-Germany pieces. It plays a key role in elevating the brand in our own DTC and strengthening brand equity. Black is where our tailored business sits. Tailoring is roughly 30% of the business. Orange remains purely in wholesale. This avoids overlap and cannibalization with DTC and prevents price pressure on our own retail. Orange belongs in the wholesale environment and will stay there. Green has strong potential. Demand for sports lifestyle and performance product is rising across Greater China, the broader region, and the US. We have launched the first freestanding BOSS Green concept as a test, and early results are very promising. So Green will continue to scale as part of our separation strategy while keeping positioning clean and avoiding cannibalization.

On the store portfolio, the roughly 50 closures are part of our ongoing optimization. Cities, malls, and customer flows change, so we continuously adjust the network. Last year we added several strong locations, and now we focus on improving the portfolio

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using KPIs such as rent-to-sales, pay-to-sales, and conversion. This will remain an ongoing process over the next three years.

Daniel Grieder (Chairman of the Managing Board / CEO of HUGO BOSS): When we reintroduced the brand lines, many wholesale partners explicitly asked for them. Bringing back the brand lines allowed us to secure multiple placements within a single department store — in tailoring, casualwear, or athleisure. That increased visibility exactly where consumers shop and helped us to grow space and turnover. The approach has proven successful and aligned with what partners wanted.

Jürgen Kolb (Kepler Cheuvreux): First, on the 12% EBIT margin target: should this be seen as a ceiling, or more as a sustainable level you can hold over time? And when do you think you can reach or approach it?

Second, on the product side: you plan another 20% cut in collections. In which areas will this happen? And does a smaller collection raise the risk when you also aim to differentiate the brand more?

Yves Müller (CFO/COO of HUGO BOSS): The 12% EBIT margin is our long-term ambition for now. The priority is to reach that level first. Once we get there, the business model has the potential to go beyond it, but we want to approach this step in a realistic and disciplined way. Given where margins stand today and over the next years, 12% is already ambitious. The focus is on driving profitable growth and getting close to this level as soon as possible.

Oliver Timm (CSO/Deputy CEO of HUGO BOSS): Cutting collections by another 20% was necessary. They had become too large, and the overlap across regions was significant. With far better data insights from sell-in, sell-out and consumer behavior,

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we can build tighter, more relevant assortments. Global buys help us create one consistent brand message from New York to London to Singapore and Shanghai, and that reduces duplication without hurting revenues. Our own production in Izmir also gives us a quick-response capability, so we can react faster to emerging trends and stay closer to the market. This improves relevance and efficiency, not risk.

Daniel Grieder (Chairman of the Managing Board / CEO of HUGO BOSS): We also see untapped potential in expanding the classics within the assortment. This includes seasonless items and evergreen styles offered in multiple colors and materials. Other brands already scale strongly through this type of program, and we are only starting to build it. Integrating a stronger classic offer will support growth even as the overall collection becomes more focused.

Daria Nasledysheva (Bank of America): First, on OpEx: after 1.5 half years of very strict cost discipline, how do you plan to keep OpEx flattish or even down in 2026 while still targeting marketing at 7% of sales?

Second, on capital allocation: ahead of the March update on the dividend policy, should we assume the CLAIM 5 framework still holds? And can you comment on unorganic opportunities given the recent press rumors?

Yves Müller (CFO/COO of HUGO BOSS): On capital allocation, the principle is unchanged. We are committed to returning cash to shareholders. The final decision will be taken in early March once the audited financials for the year are complete. After that, the proposal goes to the AGM on 21 May, where shareholders have the final vote. CLAIM 5 TOUCHDOWN is designed to be a phase of strong free cash flow generation

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over the next three years, and our commitment to return cash remains in place, whether through dividends, share buybacks, or a mix of both.

On OpEx, the target of 7% marketing spend is within the range we have communicated previously. The key is not the percentage itself but allocating resources to the commercial moments and initiatives with the biggest impact. This is about improving marketing efficiency, not cutting visibility. Beyond marketing, we have several structural levers. Retail efficiency remains a focus, including selective store closures and strict control of pay-to-sales, rent-to-sales and other store-related costs. Fulfillment costs will come down as operational improvements scale. Shared services and Global Business Solutions continue to consolidate processes, and the related projects are now reaching completion. These changes create lasting efficiency gains. Our track record over the past 18 months shows that we can control OpEx effectively. With ongoing process optimization, the use of AI and structural efficiencies across the business, operating expenses will stay under tight control, and we expect them to decline again in 2026.

Anthony Charchafji (Exane BNP): First, with SKUs coming down, wholesale expected to decline next year, less support from new brand lines and some store closures, how do you protect profitability? Would you consider opening more outlets, given they now make up 20% of your retail network versus 17% pre-COVID and are very profitable? How does that fit with your premiumization strategy, and can you sustain price increases?

Second, on inventory: how do you plan to move from an inventory-to-sales ratio of 25% to 20%? And given that you expect gross margin expansion through 2028, is there any risk of write-offs that could affect the margin?

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Oliver Timm (CSO/Deputy CEO of HUGO BOSS): We have no plans to increase the outlet share beyond the current 20%. It would be the easiest way to add profitable volume, but it is not aligned with our strategy. We are focused on lifting the brand and driving like-for-like growth in full-price retail. Outlets remain an important omnichannel touchpoint, and we also aim for like-for-like growth within the existing outlet footprint, but we do not plan to expand outlet capacity. Regarding wholesale, it remains highly profitable, even though we are seeing some softness. The ongoing consolidation in the market, including bankruptcies across the industry, will likely continue over the coming seasons.

On inventory, smaller collections will naturally reduce leftovers and improve efficiency. Better tools, including the Digital Twin and stronger sellout transparency, help us place the right product at the right time and steer inventory levels more precisely.

Yves Müller (CFO/COO of HUGO BOSS): The aging structure of our inventory is in very good shape and has improved compared to last year. With the measures Oliver outlined, we expect inventories to come down meaningfully next years. There is no indication of a write-off risk that would threaten our gross margin expansion path.

Andreas Riemann (Oddo BHF): First, on product and complexity: as you reduce complexity, does that mean the product becomes more global? And how much decision-making power do regions still have regarding product and marketing? In short, how global or local do you intend to operate?

Second, on M&A: is womenswear the more likely area for an acquisition? And do you set limits on the size of a potential deal?

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Oliver Timm (CSO/Deputy CEO of HUGO BOSS): Reducing complexity means creating a more coherent global assortment and a consistent brand message worldwide. We operate on a global assortment framework that all regions follow. This ensures one clear brand message, consistent product standards and a unified customer experience across markets. Local needs remain part of the process. Warm-weather capsules are a good example: consumers in the Middle East need a different product mix than consumers in Canada, and we will not remove commercial opportunities that are important locally. Regional teams are fully embedded in collection planning and provide direct feedback during development. Their insights are part of the process, but the overall direction is set globally. The goal is global consistency with targeted local adaptation where it matters.

Daniel Grieder (Chairman of the Managing Board / CEO of HUGO BOSS): On marketing, the same logic applies. It is increasingly difficult to find a single ambassador who resonates worldwide. We are fortunate to have David Beckham as a true global figure. Beyond that, we work with regional ambassadors like Shohei Ohtani and Patrick Mahomes to stay relevant locally while maintaining a global brand identity.

On M&A, our immediate priority is to unlock the potential within our two brands. Womenswear in particular represents a large opportunity, and we have strengthened our capabilities by bringing in senior expertise dedicated to that category. We also see further room in shoes and accessories. M&A is therefore not a priority right now. That said, if an opportunity emerges that clearly adds value, we are open to it, whether in womenswear or menswear and regardless of size, as long as it creates value for the company and for shareholders.

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Frederick Wild (Jefferies): Can you break down how you see price, mix and volume developing next year and then into 2027? How do you plan to balance these three drivers?

Yves Müller (CFO/COO of HUGO BOSS): The price increases we implemented for Spring 2026 will fully annualize in 2026. Alongside this, we plan additional selective price uplifts as part of our brand elevation. Higher-quality revenues remain the foundation, supported by continued investment in brand equity and targeted price adjustments. Price will therefore have a positive effect on mix. Given our top-line guidance, volumes will gradually decline, while mix will benefit from stronger contributions from BOSS Green and from shoes and accessories.

Daniel Grieder (Chairman of the Managing Board / CEO of HUGO BOSS): A major driver behind this strategy is the clear step-up in product quality over the past four years. The product today is at a completely different level, which strengthens the price-value proposition. This gives us room for selective price increases without risking an overreach. We remain careful and targeted, but the improved quality supports the pricing strategy and makes these increases both credible and sustainable.

Jürgen Kolb (Kepler Cheuvreux): Are your upcoming price increases more about following the market or leading it? And what level of price increase are you targeting?

Oliver Timm (CSO/Deputy CEO of HUGO BOSS): For us, the priority is always the right price-value balance: offering the best possible quality at the best possible price. We have already executed two waves of price increases in recent years, and the spring campaign brings a third. Each step is guided by data, consumer insight and the reaction in the market. We operate in a competitive set, so we constantly benchmark

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against our peers to ensure our retail price positioning stays aligned with consumer expectations. The strong feedback on our product quality gives us confidence. Quality consistently ranks as a top brand strength in consumer research, which means there is room to optimize pricing further when appropriate. Future adjustments will depend on the region, the global price architecture and specific local opportunities.

Daria Nasledysheva (Bank of America): Can you give more detail for next year on how sales will split between retail and wholesale? Which channel will drive the decline you are guiding for?

Yves Müller (CFO/COO of HUGO BOSS): We have provided the high-level guidance for next year. Before we go into channel-by-channel or region-by-region detail, we need to finalize the 2025 results. We will provide a further breakdown in March once the year is closed and we have the complete picture. For now, the guidance shared today is what we are working towards.