

Metzingen, July 15, 2024

## HUGO BOSS ANNOUNCES PRELIMINARY SECOND QUARTER RESULTS AND UPDATES ITS FULL-YEAR 2024 OUTLOOK

### Key developments Q2 2024

- Group sales decrease 1% currency-adjusted to EUR 1,015 million as challenging macroeconomic and geopolitical conditions weigh on global consumer demand
- Gross margin increases 50 basis points to 62.9% as HUGO BOSS realizes further efficiency gains in its global sourcing activities
- EBIT amounts to EUR 70 million (-42%), reflecting softer sales trends and strategic investments into the business
- Inventories improve by -7% amid ongoing tight inventory management, supporting strong free cash flow generation in Q2 of EUR 143 million (+137%)
- Full-year outlook 2024 updated: Group sales of around EUR 4.20 billion to EUR 4.35 billion (+1% to +4% in Group currency); EBIT of between EUR 350 million and EUR 430 million (-15% to +5%)

HUGO BOSS updates its financial outlook for full year 2024, factoring in the persistent macroeconomic and geopolitical challenges that are dampening global consumer demand. These headwinds contributed to a further slowdown of industry growth, affecting the top- and bottom-line performance of HUGO BOSS in the second quarter. The overall market environment remained particularly challenging in key markets such as the UK and China.

On a preliminary basis, currency-adjusted Group sales in the second quarter remained 1% below the prior-year level. Also in Group currency, sales declined 1%, amounting to EUR 1,015 million (Q2 2023: EUR 1,026 million). Importantly, revenues of HUGO BOSS continued to significantly exceed 2019 levels by more than 50% in the second quarter, reflecting the successful execution of the Company's "CLAIM 5" growth strategy over the last three years, which have strongly elevated brand momentum and led to substantial market share gains for BOSS and HUGO.

While the Company's growth trajectory continued in the Americas (+5%), HUGO BOSS recorded moderate revenue declines in EMEA (-2%) and Asia/Pacific (-4%) in the second quarter. From a channel perspective, the Company maintained its momentum in brick-and-mortar wholesale (+5%) also in the second quarter, while revenues for the Group's digital business (-4%) came in below the prior-year level, despite solid growth at hugoboss.com.

Revenues were also down slightly in brick-and-mortar retail (-2%), reflecting lower store traffic (all growth rates currency-adjusted). The overall softer consumer sentiment also affected the performances across brands. Currency-adjusted revenues for BOSS Menswear remained 2% below the prior-year level, while sales for BOSS Womenswear increased by 2% currency-adjusted. At HUGO, currency-adjusted sales were up 3%, supported by the successful launch of its new, denim-focused brand line HUGO BLUE.

At the same time, operating profit (EBIT) in the second quarter amounted to EUR 70 million on a preliminary basis (Q2 2023: EUR 121 million). Besides the overall softer sales trends, additional marketing investments (+21% to EUR 82 million; Q2 2023: EUR 68 million) and higher brick-and-mortar retail costs (+12% to EUR 238 million; Q2 2023: EUR 213 million) also contributed to the decline in EBIT. These factors were partially compensated by a robust improvement in gross margin in the second quarter (+50 basis points to a level of 62.9%; Q2 2023: 62.3%), as HUGO BOSS continues to successfully drive efficiencies along its global sourcing activities.

From a balance sheet perspective, HUGO BOSS further improved its cash position, with free cash flow amounting to EUR 143 million in the second quarter (Q2 2023: EUR 60 million). This development mainly reflects a further optimization of inventory levels, down 7% currency-adjusted year over year. Consequently, at 24.9%, inventories as a percentage of Group sales came in 340 basis points below the prior-year level (June 30, 2023: 28.3%). At the same time, capital expenditure was up 14% totaling EUR 76 million in the three-month period (Q2 2023: EUR 66 million).

Against the backdrop of the second quarter performance as well as ongoing uncertainties regarding the future development of global consumer sentiment, HUGO BOSS adjusts its financial outlook for fiscal year 2024. Management now expects Group sales to increase by +1% to +4% in Group currency to an amount of around EUR 4.20 billion to EUR 4.35 billion (previously: sales to increase between +3% and +6% to around EUR 4.30 billion to EUR 4.45 billion). This includes the expectation of currencies having a slightly negative impact on top-line development in 2024. At the same time, HUGO BOSS now expects EBIT for full year 2024 to develop in a range of -15% to +5%, amounting to around EUR 350 million to EUR 430 million (previously: EBIT to increase by +5% to +15% to around EUR 430 million to EUR 475 million), thus taking into account the overall market volatility.

"We are operating in a period of significant global macro uncertainty, which also affected our performance in the second quarter," says Daniel Grieder, Chief Executive Officer of HUGO BOSS. "Although the timing of any macro recovery remains uncertain, our strategy of consistently investing in our strong brands, BOSS and HUGO, gives us confidence in our ability to continue driving above-trend growth and capturing further market share. By translating this sales performance and focusing even more on operating effectiveness, we have the ability to return to profitable growth in the second half. With the continued execution of our 'CLAIM 5' strategy, we are committed to driving substantial value creation for our shareholders going forward."

HUGO BOSS will publish its full set of second quarter results on August 1, 2024. Also on that day, the Company will host a conference call including a webcast for financial analysts and investors.

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