GENERAL ECONOMIC SITUATION AND INDUSTRY DEVELOPMENT

2024 marked by high macroeconomic and geopolitical uncertainty

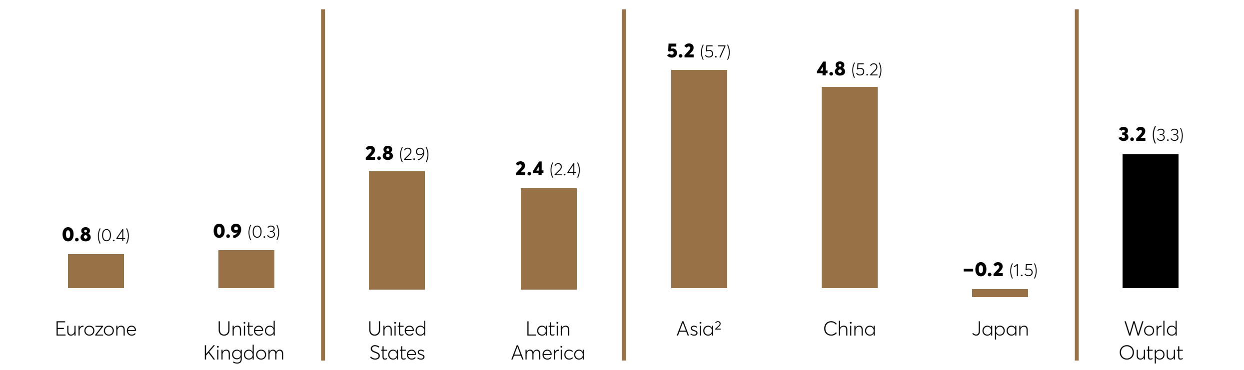
Weak consumer sentiment impacts global apparel industry in 2024

Muted industry growth particularly visible in Europe and China

General economic situation

In fiscal year 2024, the global economy faced **numerous challenges and uncertainties**, as persistently high interest rates, subdued global trade, and weak investment flows weighed on economic activity. Geopolitical tensions, including the conflicts in Ukraine and the Middle East, along with outcomes of key elections, further exacerbated uncertainty. These factors collectively dampened consumer confidence and contributed to heightened financial market volatility. On a positive note, tight monetary policies pursued by the U.S. Federal Reserve (Fed) and the European Central Bank (ECB) succeeded in lowering inflation to more manageable levels. However, inflationary pressures varied significantly across regions, with some sectors and countries still grappling with elevated price levels. Despite these headwinds, the global economy showed resilience. In its latest forecast, published in January 2025, the International Monetary Fund (IMF) estimates **global economic growth** for 2024 at 3.2%, thus broadly in line with the prior-year level (2023: 3.3%).

GROWTH OF THE GLOBAL ECONOMY[1] (IN %)



2024 (2023)

1 Estimates IMF.
2 Without Japan.

According to IMF estimates, economic growth in the **eurozone** showed a modest recovery, rising to 0.8% in 2024 (2023: 0.4%). While France maintained steady growth at 1.1% (2023: 1.1%), other European economies saw limited improvements. Germany lagged behind, with a continued contraction of −0.2% (2023: −0.3%), driven by persistent weaknesses in its manufacturing sector and subdued overall demand. Although the ECB's restrictive monetary policies helped ease inflationary pressures, elevated levels of uncertainty and structural challenges persisted. Economic growth in the **United Kingdom** improved to a level of 0.9% in 2024 (2023: 0.3%), driven by declining inflation and a gradual recovery in consumer spending.

The **U.S. economy** remained robust, achieving growth of 2.8% in 2024, broadly in line with the prior-year level (2023: 2.9%). Underpinned by solid consumer demand, a strong labor market, and a more measured approach from the Fed compared to 2023, the U.S. once again outperformed other major economies. While concerns lingered over potential policy shifts post-election, the country's underlying economic momentum remained a key driver of global growth. In **Latin America**, growth remained stable at 2.4% in 2024 (2023: 2.4%). The region demonstrated resilience despite global uncertainties, supported by gradual improvements in policy frameworks and a moderate uplift in consumer demand.

China faced notable economic headwinds in 2024, with growth slowing to 4.8% (2023: 5.2%). Cyclical challenges, including the ongoing property market crisis and particularly weak consumer confidence, weighed heavily on the economy, offsetting gains from stronger net exports. The broader **Asia region (excluding Japan)** experienced growth of 5.2% (2023: 5.7%), reflecting a deceleration in major economies like India and Southeast Asia amid slowing industrial activity. In **Japan**, economic growth contracted by −0.2% in 2024 (2023: 1.5%), primarily reflecting temporary supply disruptions and weaker export demand.

Industry development

For the **global apparel industry**, fiscal year 2024 was shaped by persistent macroeconomic and geopolitical uncertainties, including high inflation, tight monetary policies, and weak consumer sentiment. Additionally, ongoing shifts in global trade and supply chain disruptions added further volatility to the industry's performance. In the first half of the year, the market environment remained subdued across regions, with cautious optimism for improvement. However, regional developments deteriorated in the latter half of the year. According to a joint study by The Business of Fashion and McKinsey & Company, published in November 2024, **growth for the global apparel industry** (excluding the luxury segment) is expected in a range of 2% to 3%, reflecting the overall challenging market environment in 2024.

In **Europe**, the apparel industry (excluding the luxury segment) experienced muted consumer demand throughout 2024, resulting in revenue growth slowing to a range of 1% to 3% (2023: 4%). While inflationary pressures eased slightly, ongoing economic uncertainty and geopolitical concerns kept personal saving rates high, weighing on retail spending. In the important **U.S. market**, on the other hand, the industry (excluding the luxury segment) returned to growth, with revenues expanding 2% to 3% (2023: –1%). Industry sales benefited from a modest rebound in consumer demand and early signs of stabilization in the broader economic environment toward the end of the year, further supported by the outcome of the presidential election. **China**, in contrast, faced pronounced economic headwinds throughout the year. Cyclical challenges, including weak consumer sentiment, and limited impact from government stimulus measures resulted in projected industry growth (excluding the luxury segment) of 3% to 4% (2023: 9%). Industry growth in China thus remained modest compared to historical levels, reflecting persistent challenges as well as increased savings rates in the market. The Chinese luxury market, in particular, experienced significant setbacks, with revenues potentially contracting by as much as 10% at times during the year.

COMPARISON OF ACTUAL AND FORECAST BUSINESS PERFORMANCE

Fiscal year 2024 marked by challenging industry backdrop

Successful execution of "CLAIM 5" strategy supports business performance

Updated sales and earnings targets for full-year 2024 achieved

Since its introduction in fiscal year 2021, HUGO BOSS has achieved substantial progress in executing its **"CLAIM 5" strategy** as reflected by significant achievements across all five strategic priorities. By stepping up investments into our brands, products, and consumer touchpoints, momentum for both BOSS and HUGO has accelerated noticeably, driving record sales for three consecutive years and market share gains. At the same time, as part of "CLAIM 5," we have built a robust organizational and operational platform, laying the foundation for sustainable and profitable growth. This platform enables us to further enhance our operational execution, improve effectiveness, and realize efficiency gains across our business. Consequently, with "CLAIM 5," we have successfully paved the way towards achieving our financial ambition of EUR 5 billion in sales and an EBIT margin of at least 12%.

At the same time, the **global market environment** deteriorated substantially in fiscal year 2024, with weakening consumer sentiment across most markets leading to a slowdown in industry growth. While the overall muted consumer confidence inevitably impacted the Company's performance, resulting in a more moderate revenue increase compared to prior years, HUGO BOSS continued to benefit from the improved brand relevance of BOSS and HUGO. Consequently, **Group sales** grew by 3% to EUR 4.3 billion (2023: EUR 4.2 billion), both currency-adjusted and in Group currency. Throughout the year, we capitalized on **important growth opportunities**, further elevating brand relevance, enhancing product offerings, and deepening customer engagement. Highlights included the launch of successful 360-degree brand campaigns, the start of our partnership with David Beckham, and exciting brand events like the BOSS Spring/Summer 2025 Fashion Show in Milan. At the same time, we pushed ahead with strengthening both brands' 24/7 lifestyle images. Besides fully leveraging our BOSS brand lines across all touchpoints, we expanded our denimwear offering with the introduction of HUGO Blue. In addition, we further elevated our omnichannel activities to improve the customer experience, including the opening of new BOSS halo stores in Düsseldorf and Shanghai. At the same time, we successfully launched our new membership program HUGO BOSS XP, thus further **strengthening customer loyalty and deepening connections** to our brands and products. > Group Strategy, > Consumer Touchpoints

In response to the softer consumer sentiment, in the course of 2024, we accelerated our focus on **enhancing cost efficiency**. This included driving efficiency gains across our global sourcing activities and optimizing freight modes, which had a positive impact on gross margin development in fiscal year 2024. In the second half of the year, we implemented additional measures to enhance efficiency and effectiveness, capitalizing on our robust organizational platform. Besides putting strong emphasis on driving marketing effectiveness, we particularly targeted productivity gains within global sales and administration functions. This included optimizing the retail cost structure and **prioritizing spend in strategically relevant areas**. Against the backdrop of these efficiency measures, we were able to limit the increase in operating expenses in the second half of the year, thus supporting profitability in 2024. As a result, EBIT amounted to EUR 361 million in fiscal year 2024, translating into an EBIT margin of 8.4% (2023: EUR 410 million; 9.8%). Consequently, HUGO BOSS **achieved its full-year 2024 sales and earnings targets**, which had been adjusted in July 2024 against the backdrop of the challenging market environment. > Earnings Development

COMPARISON OF ACTUAL AND FORECAST BUSINESS PERFORMANCE

	Results 2023	Initial forecast 2024	Adjusted forecast 2024[1]	**Results 2024**
Group sales	EUR 4,197 million	Increase of 3% to 6%	Increase of 1% to 4% to EUR 4.20 billion and EUR 4.35 billion	Increase by 3% to EUR 4.3 billion
Sales by segments				
EMEA	EUR 2,562 million	Increase in the low to mid-single-digit percentage range	Increase in the low single-digit percentage range	Increase by 3% to EUR 2,625 million
Americas	EUR 955 million	Increase in the mid to high single-digit percentage range	Increase in the mid- to high single-digit percentage range	Increase by 8% to EUR 1,020 million
Asia/Pacific	EUR 576 million	Increase in the high single-digit to low double-digit percentage range	Moderate decrease	Decrease by 2% to EUR 553 million
Operating result (EBIT)	EUR 410 million	EUR 430 million to EUR 475 million	EUR 350 million to EUR 430 million	Decrease by 12% to EUR 361 million
Group's net income	EUR 270 million	Increase of 5% to 15%	Develop within minus 15% to plus 5%	Decrease by 17% to EUR 224 million
Trade net working capital (TNWC) as a percentage of sales	20.8%	Improvement to a level approaching 20%	Improvement to a level approaching 20%	Improvement by 120 basis points to 19.6%
Capital expenditure	EUR 298 million	EUR 300 million to EUR 350 million	Around EUR 300 million	Decrease by 4% to EUR 286 million

1 The forecast for Group sales and EBIT was adjusted in July 2024; the forecast for sales by segment, net income, and capital expenditure was adjusted with the publication of the first half year results in August 2024.

Group sales in fiscal year 2024 increased by 3%, both on a currency-adjusted and reported basis, amounting to EUR 4,307 million (2023: EUR 4,197 million). Revenues were thus in line with the most recent guidance range, which projected sales to grow between 1% and 4%. Growth in 2024 was supported by sales improvements across both our brands, BOSS and HUGO, as well as most regions and distribution channels.
> Earnings Development, Sales Performance

Supported by the solid top-line performance and an increase in gross margin, the decline in **operating profit (EBIT)** – caused by higher operating expenses compared to the prior year – was ultimately limited to 12%, totaling EUR 361 million in fiscal year 2024 (2023: EUR 410 million). Consequently, EBIT was in line with the most recent guidance of EUR 350 million and EUR 430 million. As a result, EBIT margin amounted to 8.4%, 140 basis points below the prior-year level (2023: 9.8%). Accordingly, the **Group's net income** decreased by 17% to EUR 224 million in fiscal year 2024 (2023: EUR 270 million). > Earnings Development, Income Statement

Trade net working capital (TNWC) as a percentage of sales improved to 19.6% (2023: 20.8%), thus exceeding our most recent guidance of approaching 20%. This development reflects an improvement in our inventory-to-sales ratio, lower trade receivables, as well as higher trade payables. > Net Assets

In 2024, **capital expenditure** decreased by 4% to EUR 286 million, slightly below the most recent guidance range of around EUR 300 million (2023: EUR 298 million). This development mainly reflects our progress in driving CapEx efficiency by prioritizing strategically relevant investments. > Financial Position, Capital Expenditure

In fiscal year 2024, **free cash flow** amounted to EUR 497 million, significantly exceeding the prior-year level (2023: EUR 96 million) and thus underlining our highly cash-generating business model. The strong increase was mainly driven by improvements in trade net working capital. > Financial Position, Statement of Cash Flows and Free Cash Flow

EARNINGS DEVELOPMENT

HUGO BOSS posts solid top-line growth despite challenging market environment

Strong focus on driving efficiency limits increase in operating expenses

Development of operating result (EBIT) supported by cost discipline

In fiscal year 2024, HUGO BOSS recorded **solid top-line improvements**, benefiting from the strengthened brand relevance of BOSS and HUGO in recent years. The slower growth compared to previous years mainly reflects persistent macroeconomic and geopolitical challenges, which dampened consumer demand in most markets and led to a slowdown in industry growth in 2024. While the Company continued to pursue its growth opportunities, in response to this softer consumer sentiment, HUGO BOSS accelerated its focus on **enhancing cost efficiency** across all business areas – operations, marketing, sales, and administration – with substantial progress achieved in the second half of the year. At the same time, the Company continued to **invest in key strategic initiatives** to boost brand power and deepen customers' connections with BOSS and HUGO. This balanced approach was crucial for limiting the increase in operating expenses in the second half of the year, thus supporting profitability in 2024. Acquisitions or divestments had no material impact on the Group's financial performance in the reporting period.

Sales performance

HUGO BOSS recorded solid top-line improvements in fiscal year 2024 amid a challenging macroeconomic and geopolitical backdrop. Overall, currency-adjusted **Group sales** came in 3% above the prior-year level, amounting to EUR 4,307 million (2023: EUR 4,197 million), marking another year of record sales for HUGO BOSS. In Group currency, revenues also expanded by 3%, as currencies had a broadly neutral impact. Growth in 2024 was supported by sales improvements across both our brands, BOSS and HUGO, as well as most regions and distribution channels.

Sales by brand

SALES BY BRAND (IN EUR MILLION)

	2024	In % of sales	2023	In % of sales	Change in %	Currency-adjusted change in %
BOSS Menswear	3,329	77	3,256	78	2	3
BOSS Womenswear	297	7	288	7	3	3
HUGO	682	16	653	16	4	5
Total	**4,307**	**100**	**4,197**	**100**	**3**	**3**

In 2024, both our brands continued to drive important brand and product initiatives as part of our "CLAIM 5" strategy. The latest BOSS and HUGO collections were once again well received by consumers and wholesale partners alike. Consequently, currency-adjusted revenues for both **BOSS Menswear** and **BOSS Womenswear** came in 3% above the prior-year level. This performance was supported by star-studded 360-degree brand campaigns, the launch of a long-term partnership with David Beckham, and the BOSS Spring/Summer 2025 Fashion Show in Milan. At **HUGO**, currency-adjusted sales expanded by 5%, as momentum was fueled by the successful launch of its new, denim-focused brand line HUGO Blue as well as compelling capsule collections such as HUGO x Racing Bulls. > Group Strategy

Sales by region

SALES BY REGION (IN EUR MILLION)

	2024	In % of sales	2023	In % of sales	Change in %	Currency-adjusted change in %
EMEA	2,625	61	2,562	61	2	3
Americas	1,020	24	955	23	7	8
Asia/Pacific	553	13	576	14	(4)	(2)
Licenses	109	3	104	2	4	4
Total	**4,307**	**100**	**4,197**	**100**	**3**	**3**

From a geographical perspective, growth in 2024 varied across regions. In **EMEA**, currency-adjusted revenues increased by 3%, supported by solid sales improvements in Germany and double-digit growth in emerging markets. In the **Americas**, revenues were up 8% currency-adjusted with all markets contributing to growth, including a high single-digit uptick in the important U.S. market. Sales in **Asia/Pacific**, on the other hand, remained 2% below the prior-year level. While HUGO BOSS posted high single-digit growth in Southeast Asia & Pacific, sales in China remained below the prior-year level, reflecting overall muted local consumer demand. > Earnings Development, Sales and Earnings Development of the Business Segments

Sales by distribution channel

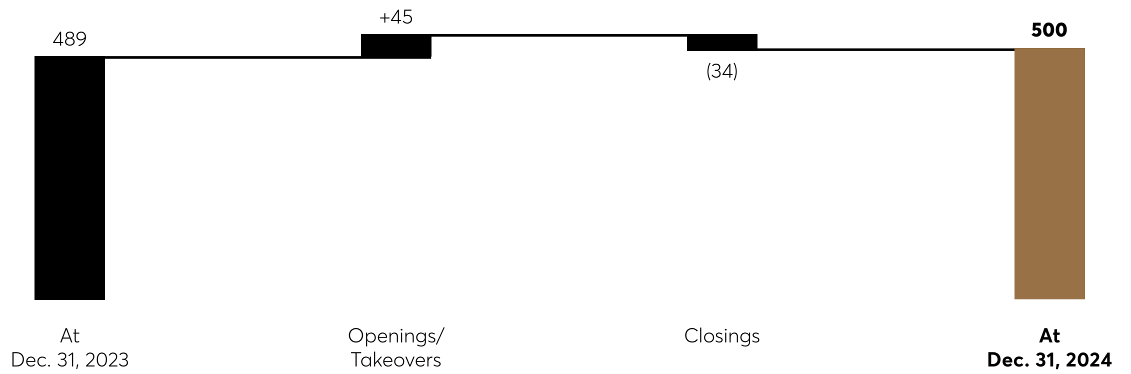
SALES BY DISTRIBUTION CHANNEL (IN EUR MILLION)

	2024	In % of sales	2023	In % of sales	Change in %	Currency-adjusted change in %
Brick-and-mortar retail	2,241	52	2,262	54	(1)	0
Brick-and-mortar wholesale	1,111	26	1,033	25	8	8
Digital	846	20	798	19	6	6
Licenses	109	3	104	2	4	4
Total	**4,307**	**100**	**4,197**	**100**	**3**	**3**

From a channel perspective, growth in 2024 was driven by brick-and-mortar wholesale and the Group's digital business, while currency-adjusted revenues in **brick-and-mortar retail** (including freestanding stores, shop-in-shops, and outlets) remained on par with the prior-year level. In this channel, an increase in sales per transaction was largely offset by a decline in store traffic, reflecting muted consumer sentiment across key markets, first and foremost China. Currency-adjusted sales in **brick-and-mortar wholesale** expanded by 8% in 2024, reflecting robust demand for BOSS and HUGO among wholesale partners. While this enabled both brands to further improve visibility and penetration at key department stores, we also successfully expanded our global franchise business across select markets. At the same time, also the Group's **digital business** successfully continued its growth trajectory with currency-adjusted sales up 6%, reflecting further improvements at hugoboss.com as well as an increase in digital sales generated with partners. Overall, total digital sales thus expanded to 20% of Group sales in fiscal 2024 (2023: 19%). Sales in the **license business** increased 4% currency-adjusted, supported by particularly strong improvements in the eyewear business. > Consumer Touchpoints

Network of own retail stores

NUMBER OF OWN FREESTANDING RETAIL STORES



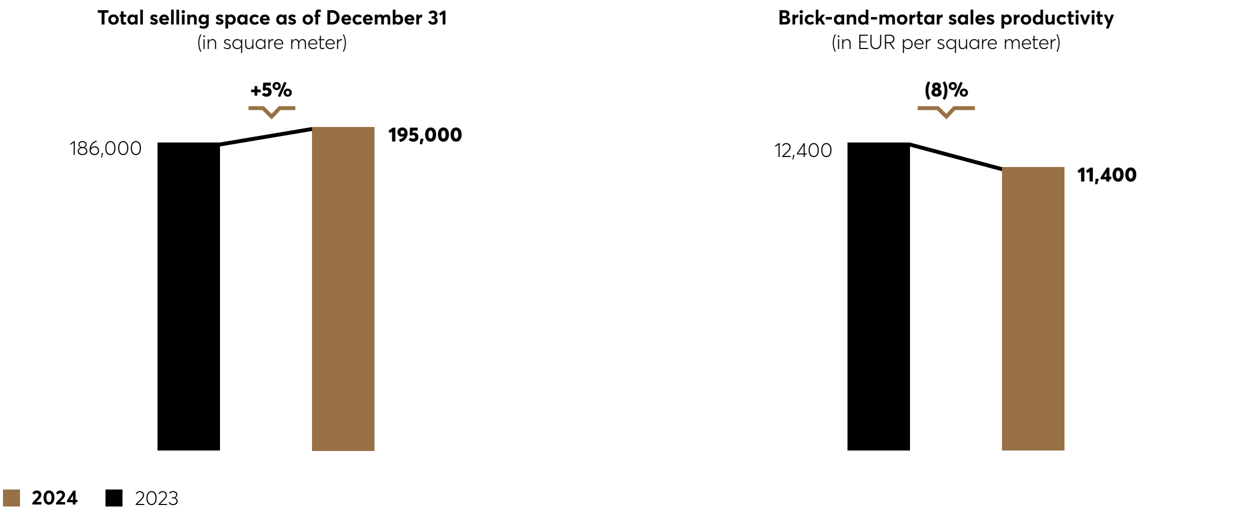
In fiscal year 2024, the number of **own freestanding retail stores** slightly increased to 500 (2023: 489), reflecting the selective expansion of our global retail footprint in key markets, including the U.S. and China.
> Consumer Touchpoints

A total of 37 BOSS stores were newly **opened** across all three regions, including halo stores in Düsseldorf and Shanghai. At the same time, we also added eight HUGO stores to our network, including three stores in Warsaw as part of a franchise takeover. On the other hand, 34 stores across EMEA and Asia/Pacific were **closed** in 2024. Besides stores with expiring leases, this also includes twelve stores in Russia, whose operations had already been suspended since March 2022 and which were sold to a wholesale partner in July 2024.

NUMBER OF OWN RETAIL POINTS OF SALES

2024	EMEA	Americas	Asia/Pacific	**Total**
Number of own retail points of sale	572	579	381	**1,532**
Thereof freestanding retail stores	199	139	162	**500**
2023				
Number of own retail points of sale	587	456	375	**1,418**
Thereof freestanding retail stores	212	115	162	**489**

Including shop-in-shops and outlets, the **total number of own retail points of sale** increased to 1,532 as of December 31, 2024 (2023: 1,418). Besides the slight increase in freestanding retail stores, this development primarily reflects the further expansion of our shop-in-shop business to strengthen our brands' presence with key retail partners, first and foremost in the Americas.



The **total selling space** of our own retail business increased by 5%, amounting to around 195,000 sq m at year-end (December 31, 2023: around 186,000 sq m). At the same time, **brick-and-mortar sales productivity** decreased by 8% to a level of around EUR 11,400 per sq m, mainly reflecting the lower traffic in brick-and-mortar retail (2023: around EUR 12,400 per sq m).

Income statement

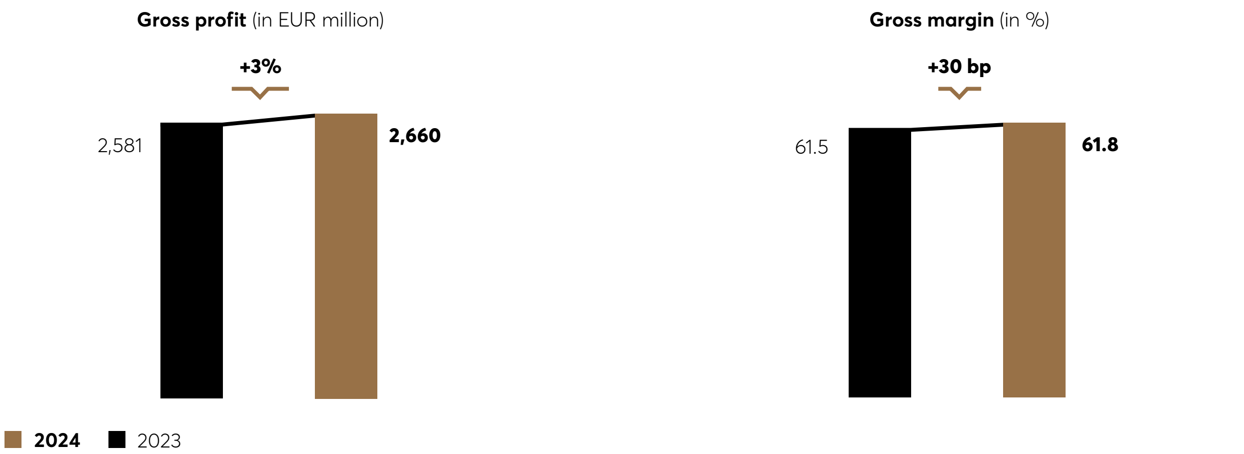
INCOME STATEMENT (IN EUR MILLION)

	Jan.–Dec. 2024	Jan.–Dec. 2023	Change in %
Sales	**4,307**	**4,197**	**3**
Cost of sales	(1,648)	(1,617)	(2)
Gross profit	**2,660**	**2,581**	**3**
In % of sales	61.8	61.5	30 bp
Operating expenses	**(2,299)**	**(2,171)**	**(6)**
In % of sales	(53.4)	(51.7)	(170) bp
Thereof selling and marketing expenses	(1,868)	(1,745)	(7)
Thereof administration expenses	(431)	(426)	(1)
Operating result (EBIT)	**361**	**410**	**(12)**
In % of sales	8.4	9.8	(140) bp
Financial result	(59)	(53)	(11)
Earnings before taxes	**302**	**357**	**(16)**
Income taxes	(78)	(87)	11
Net income	**224**	**270**	**(17)**
Attributable to:			
Equity holders of the parent company	213	258	(17)
Non-controlling interests	10	11	(11)
Earnings per share (in EUR)[1]	**3.09**	**3.74**	**(17)**
Income tax rate in %	**26**	**24**	

1 Basic and diluted earnings per share.

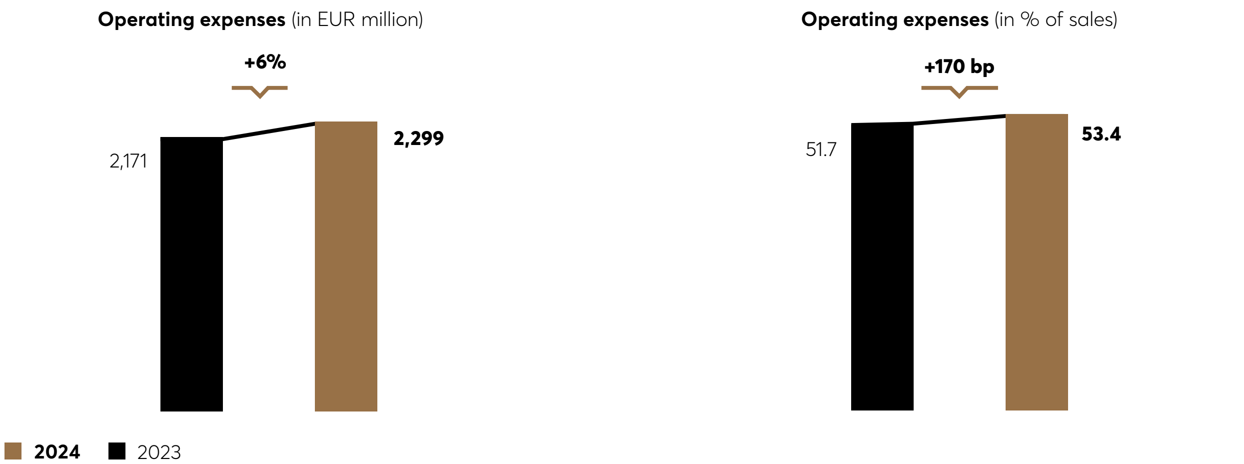
In fiscal year 2024, HUGO BOSS recorded a solid improvement in its **gross margin**, up 30 basis points to a level of 61.8% (2023: 61.5%). Efficiency gains in sourcing as well as a successful reduction in the airfreight share, which more than compensated for an overall rise in global freight costs, provided substantial tailwinds to gross margin development. These gains more than compensated for adverse channel and regional mix effects, unfavorable currency effects, as well as an overall promotional environment. > Business Operations

DEVELOPMENT OF GROSS PROFIT AND GROSS MARGIN



Following the rigorous implementation of several cost measures aimed at supporting profitability, HUGO BOSS efficiently mitigated the growth in **operating expenses** over the course of the year. Overall, this translated into operating expenses increasing by 6% in fiscal year 2024, with the increase in the second half of the year being substantially lower compared to the first half. Overall, this development mainly reflects higher selling and marketing expenses, while administration expenses remained broadly stable year over year. As a percentage of sales, operating expenses increased by 170 basis points to a level of 53.4% (2023: 51.7%).
> Notes to the Consolidated Financial Statements, Notes 2, 3, and 9

DEVELOPMENT OF OPERATING EXPENSES



Selling and marketing expenses increased by 7% compared to the prior year, growing 180 basis points to a level of 43.4% (2023: 41.6%). As part of this, selling expenses for the Group's **brick-and-mortar retail business** expanded by 14% to EUR 989 million, thus representing 23.0% of Group sales (2023: EUR 870 million; 20.7%). The increase was driven by inflation- and expansion-related costs, alongside higher non-cash impairment charges. At the same time, higher **fulfilment expenses** also contributed to the overall increase in selling and marketing expenses, up 10% to EUR 183 million (2023: EUR 166 million). **Marketing investments**, on the other hand, decreased 6% to a level of EUR 309 million (2023: EUR 328 million). This primarily reflects the Company's increased focus on driving marketing efficiency by prioritizing brand initiatives with the highest return. Consequently, marketing investments added up to 7.2% of Group sales, thus in line with the Company's target range of 7% to 8% as laid out in "CLAIM 5" (2023: 7.8%). > Notes to the Consolidated Financial Statements, Note 2, > Group Strategy, "Boost Brands"

Administration expenses remained broadly stable in 2024, as overall cost inflation was largely offset by disciplined overhead cost management. In particular, HUGO BOSS implemented several initiatives to enhance organizational productivity in fiscal year 2024, including eliminating non-essential spending and prioritizing key strategic initiatives. Consequently, at EUR 341 million, **general administration** expenses increased only slightly compared to the prior year (2023: EUR 336 million), while **research and development** expenses incurring in the collection development were broadly in line with 2023 levels, amounting to EUR 90 million (2023: EUR 89 million). Overall, as a percentage of sales, administration expenses decreased by 10 basis points to a level of 10.0% (2023: 10.1%). > Notes to the Consolidated Financial Statements, Note 3, > Product Development and Innovation

Supported by the Company's enhanced focus on cost efficiency, particularly in the second half of the year, the decrease in **operating profit (EBIT)** was limited to 12%, with EBIT amounting to EUR 361 million in 2024 (2023: EUR 410 million). Accordingly, the Group's **EBIT margin** decreased by 140 basis points to a level of 8.4% (2023: 9.8%), as the sales increase and improvements in gross margin were more than offset by the increase in operating expenses. Currency effects had a slightly negative impact on EBIT in fiscal year 2024.

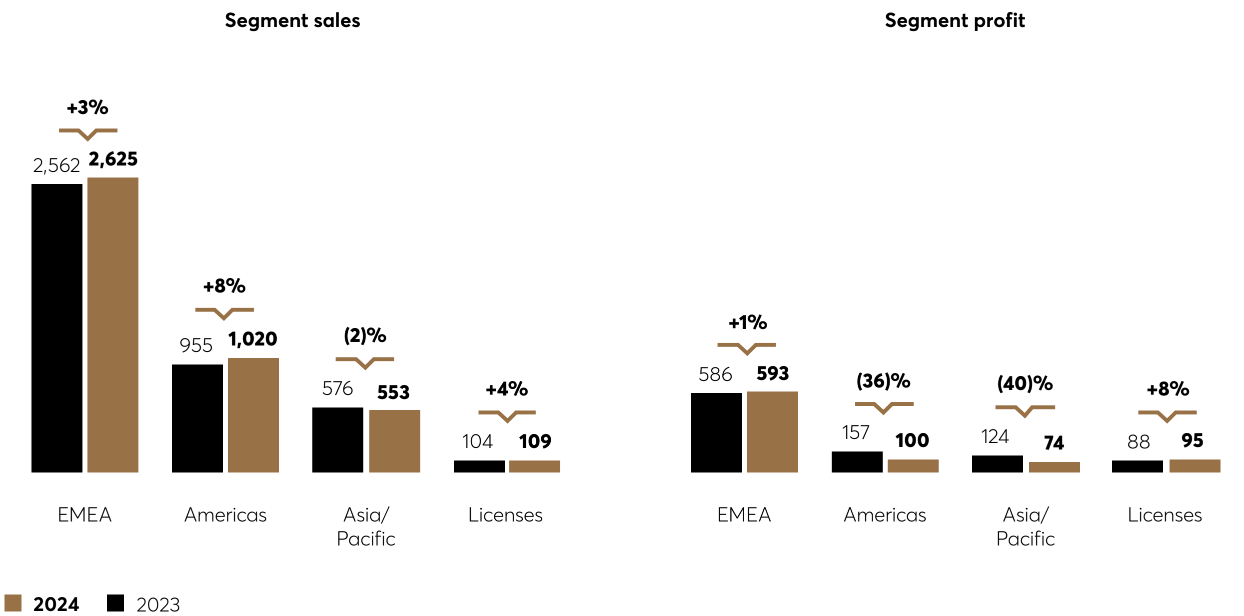
DEVELOPMENT OF EBIT AND EBIT MARGIN

Depreciation and amortization came in 21% above the prior-year level, amounting to EUR 414 million (2023: EUR 342 million). The increase is mainly attributable to **non-cash impairment charges** totaling EUR 47 million (2023: write-ups of EUR 4 million), reflecting impairments of fixed store assets and right-of-use assets, driven by the challenging brick-and-mortar retail environment in fiscal year 2024. > Notes to the Consolidated Financial Statements, Note 7

At EUR 59 million, **net financial expenses (financial result)** in fiscal year 2024 were 11% above the prior year (2023: EUR 53 million), as the Company recorded higher interest expense in lease accounting under IFRS 16, reflecting the overall high interest rate levels. The **Group tax rate** was slightly above the prior year, thus gradually normalizing to a level of 26% (2023: 24%). Accordingly, the **Group's net income** for fiscal year 2024 amounted to EUR 224 million, 17% below the prior-year level (2023: EUR 270 million). As part of this, net income attributable to shareholders also decreased by 17% to EUR 213 million (2023: EUR 258 million), resulting in **earnings per share** of EUR 3.09 (2023: EUR 3.74). Currency effects had a slightly negative impact on the Group's net income in fiscal year 2024. > Notes to the Consolidated Financial Statements, Note 4 and 5

Sales and earnings development of the business segments

DEVELOPMENT OF SEGMENT SALES AND SEGMENT PROFIT (IN EUR MILLION)



EMEA

Sales in the **EMEA** region (Europe, Middle East, and Africa) were up 3% currency-adjusted in fiscal year 2024. From a channel perspective, this performance was driven by an increase in both **brick-and-mortar wholesale** and in the Group's **digital business**, which more than compensated for a slight decline in **brick-and-mortar retail**, reflecting lower store traffic.

SALES DEVELOPMENT EMEA (IN EUR MILLION)

	2024	In % of sales	2023	In % of sales	Change in %	Currency-adjusted change in %
Brick-and-mortar retail	1,108	42	1,133	44	(2)	(2)
Brick-and-mortar wholesale	860	33	813	32	6	6
Digital	657	25	616	24	7	6
Total	**2,625**	**100**	**2,562**	**100**	**2**	**3**

The performance in EMEA varied across markets. While **Germany** posted solid revenue improvements, sales in **France** and the **UK** remained below the prior-year level, reflecting overall subdued consumer sentiment. On the other hand, momentum in **emerging markets**, including Eastern Europe and the Middle East, remained strong throughout 2024, as reflected by double-digit improvements compared to the prior year.

At EUR 593 million, **segment earnings** in EMEA came in 1% above the prior-year level (2023: EUR 586 million). EBIT margin amounted to a level of 22.6% (2023: 22.9%), as sales and gross margin improvements were more than offset by higher operating expenses. The latter mainly reflects higher fulfilment expenses as well as an increase in brick-and-mortar retail expenses. > Notes to the Consolidated Financial Statements, Note 24

Americas

In the **Americas**, HUGO BOSS recorded currency-adjusted revenue growth of 8% in 2024. From a channel perspective, growth was broad-based as reflected by revenue improvements in **brick-and-mortar retail**, **brick-and-mortar wholesale**, and our **digital business**. The double-digit increase in brick-and-mortar wholesale emphasizes the improved visibility of BOSS and HUGO at key department stores, particularly in the important U.S. market.

SALES DEVELOPMENT AMERICAS (IN EUR MILLION)

	2024	In % of sales	2023	In % of sales	Change in %	Currency-adjusted change in %
Brick-and-mortar retail	676	66	648	68	4	6
Brick-and-mortar wholesale	207	20	182	19	14	15
Digital	137	13	125	13	9	11
Total	**1,020**	**100**	**955**	**100**	**7**	**8**

All key markets contributed to growth in fiscal year 2024. In the **United States**, the biggest single market for HUGO BOSS, sales increased at a high-single-digit percentage rate, driven by revenue improvements across all consumer touchpoints. This performance reflects our brands' successful 24/7 lifestyle positioning, which kept fueling momentum throughout 2024. While sales in **Canada** were also up year over year, HUGO BOSS continued to record particularly strong momentum in **Latin America** as reflected by double-digit growth.

Segment earnings in the Americas were down 36% to EUR 100 million in fiscal year 2024 (2023: EUR 157 million), corresponding to an EBIT margin of 9.8% (2023: 16.4%). Improvements in sales were more than offset by a decline in gross margin as well as higher operating expenses, including a step-up in brick-and-mortar retail expenses. > Notes to the Consolidated Financial Statements, Note 24

Asia/Pacific

Currency-adjusted revenues in the **Asia/Pacific** region remained 2% below the prior year. While we recorded robust growth in **brick-and-mortar wholesale**, this development was more than offset by declines in **brick-and-mortar retail** and the Group's **digital business**, both reflecting muted local demand in China.

SALES DEVELOPMENT ASIA/PACIFIC (IN EUR MILLION)

	2024	In % of sales	2023	In % of sales	Change in %	Currency-adjusted change in %
Brick-and-mortar retail	457	83	481	84	(5)	(3)
Brick-and-mortar wholesale	44	8	39	7	13	13
Digital	52	9	56	10	(8)	(7)
Total	**553**	**100**	**576**	**100**	**(4)**	**(2)**

Sales performance in Asia/Pacific varied significantly across markets. In **China**, sales remained below the prior-year level, as weak consumer demand weighed strongly on domestic retail consumption. **Southeast Asia & Pacific**, on the other hand, posted high-single-digit sales improvements in fiscal 2024, supported by strong double-digit growth in **Japan**.

Segment earnings in the Asia/Pacific region amounted to EUR 74 million, 40% below the prior-year level (2023: EUR 124 million), translating into an EBIT margin of 13.5% (2023: 21.5%). This development mainly reflects the softer sales performance as well as an increase in operating expenses, including higher brick-and-mortar retail expenses. > Notes to the Consolidated Financial Statements, Note 24

Licenses

Sales in our **license business** increased 4% currency-adjusted, supported by particularly strong improvements in the eyewear business. Additionally, lifestyle categories such as equestrian and cycling further spurred momentum in 2024. > Earnings Development, Sales by Distribution Channel

Consequently, the **license segment earnings** increased by 8% to EUR 95 million (2023: EUR 88 million). > Notes to the Consolidated Financial Statements, Note 24

Five-year overview of business segments

DEVELOPMENT OF SEGMENT SALES (IN EUR MILLION)

	2024	2023	2022	2021	2020
EMEA	2,625	2,562	2,303	1,742	1,231
Americas	1,020	955	789	543	308
Asia/Pacific	553	576	467	423	343
Licenses	109	104	92	77	64

DEVELOPMENT OF SEGMENT PROFIT (IN EUR MILLION)

	2024	2023	2022	2021	2020
EMEA	593	586	548	347	87
Americas	100	157	123	61	(97)
Asia/Pacific	74	124	74	74	32
Licenses	95	88	77	63	54

NET ASSETS

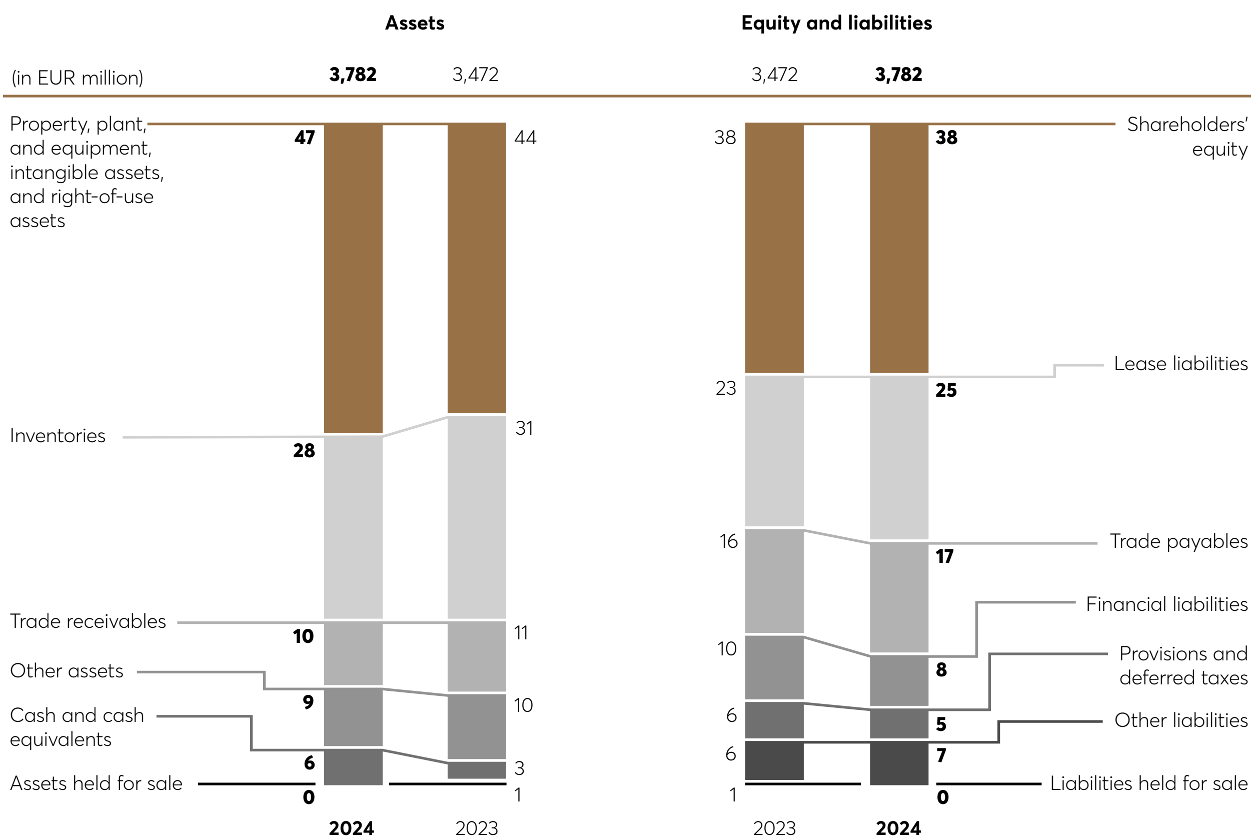
Increase of totals assets reflects investments in retail and logistics

Trade net working capital as a percentage of sales improves to 19.6%

Equity ratio remains stable at a level of 38%

Total assets increased by 9% to EUR 3,782 million at the end of fiscal year 2024 (December 31, 2023: EUR 3,472 million). This development mainly reflects higher property, plant, and equipment, intangible assets, and right-of-use assets as well as an increase in cash and cash equivalents.

STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31 (IN %)



The **share of current assets** decreased to 49% as of December 31, 2024 (December 31, 2023: 52%), largely reflecting a reduction in trade net working capital. Accordingly, the **share of non-current assets** increased to 51% at the end of fiscal year 2024 (December 31, 2023: 48%). The **equity ratio** amounted to 38%, thus in line with the prior-year level (December 31, 2023: 38%). > Consolidated Financial Statements, Consolidated Statement of Financial Position

TRADE NET WORKING CAPITAL AS OF DECEMBER 31 (IN EUR MILLION)

	2024	2023	Change in %	Currency-adjusted change in %
Inventories	1,072	1,066	1	0
Trade receivables	362	376	(4)	(4)
Trade payables	643	572	12	12
Trade net working capital	**791**	**870**	**(9)**	**(9)**

Trade net working capital (TNWC) decreased by 9% on a currency-adjusted basis. As part of this, **inventories** remained broadly on the prior-year level. However, as a percentage of Group sales, inventories amounted to 24.9%, down 50 basis points compared to the prior-year level (2023: 25.4%). This development reflects the Company's measures to optimize inventory levels throughout the year. At the same time, **trade receivables** decreased by 4% currency-adjusted, primarily reflecting efficient receivables management. On the other hand, **trade payables** came in 12% above the prior-year level, mainly driven by higher sourcing volumes at year-end as well as increased utilization of the Company's supplier financing program. Accordingly, the moving average of **TNWC as a percentage of sales** based on the last four quarters improved to a level of 19.6% (December 31, 2023: 20.8%). > Notes to the Consolidated Financial Statements, Notes 12 and 13

Property, plant, and equipment, intangible assets, and right-of-use assets increased by 17% compared to the prior-year level, totaling EUR 1,775 million at year-end (December 31, 2023: EUR 1,521 million). This development primarily reflects strategic investments in the Company's global retail and logistics networks in 2024, along with lease extensions for key retail locations. **Cash and cash equivalents** amounted to EUR 211 million at the end of fiscal year 2024, reflecting the strong increase in free cash flow (December 31, 2023: EUR 118 million). > Notes to the Consolidated Financial Statements, Notes 8 and 14, > Financial Position, Statement of Cash Flows and Free Cash Flow

Total **current and non-current lease liabilities**, primarily related to the rental of retail store locations as well as logistics and administration properties, increased by 21% to EUR 959 million as of the reporting date (December 31, 2023: EUR 793 million). The increase was mainly driven by new retail and logistics leases, as well as retail lease extensions. **Current and non-current financial liabilities** decreased 13% to EUR 297 million (December 31, 2023: EUR 340 million), mainly reflecting a lower utilization of the Company's credit lines, driven by strong cash flow generation. **Provisions and deferred tax liabilities** decreased 15% to EUR 187 million (December 31, 2023: EUR 220 million), mainly reflecting lower personnel provisions. > Notes to the Consolidated Financial Statements, Notes 9, 17, 19, and 20, > Financial Position, Capital Structure and Financing

As HUGO BOSS completed the sale process of its Russian subsidiary during the course of 2024, **assets and liabilities held for sale** were fully derecognized, each amounting to EUR 0 million as of December 31, 2024 (December 31, 2023: EUR 27 million and EUR 19 million, respectively). > Notes to the Consolidated Financial Statements, Accounting Policies

FINANCIAL POSITION

ESG-linked syndicated loan provides high level of financial flexibility

Significantly positive free cash flow generation in 2024

CapEx efficiency gains achieved by prioritizing strategic investments

Principles and goals of financial management

Group-wide financial management is controlled centrally by the Group Treasury department. The goals pursued include securing financial stability and flexibility, ensuring liquidity at all times, and the management of financial risks. Company-wide financial management comprises Group financing, cash and liquidity management, the management of market price risks, and the management of counterparty risks. **Treasury principles** that are applied Group-wide govern all matters relevant to treasury, such as the approval of banking relationships, the handling of financing agreements, the liquidity and asset management, as well as the management of currency and interest rate risks.

Within **Group financing**, factors such as market capacity, cost of financing, covenants, and terms to maturity are considered when selecting financial instruments. External loans for Group financing are taken out centrally and primarily in the Group's reporting currency (euro) within the framework of an **"inhouse bank" concept**. To cover the financing needs of the Group companies, funds are made available in the form of intercompany loans in the respective local currency. This allows the Company to increase economies of scale and minimize the cost of capital. Occasionally, credit lines are also agreed upon with local banks in order to account for legal, tax, or other framework conditions. The Group's financial liabilities are generally unsecured and may be subject to customary market obligations, which are reviewed on a quarterly basis.

The most important source of liquidity for HUGO BOSS is the cash inflow from operating activities. The Group Treasury department optimizes and centralizes payment flows through its **cash and liquidity management**. Generally, Group companies transfer excess liquidity to the "inhouse bank," e.g., as part of a cash-pooling procedure. In doing so, the excess liquidity of individual Group companies can be used to cover the financial needs of others. This intercompany financing offsetting system reduces the external financial requirement and thus optimizes overall interest expenses.

Management of market price risks is intended to limit the impact of interest rate and currency fluctuations on the Group's financial result. The use of hedging instruments such as foreign exchange forwards and swaps, plain-vanilla options, and interest rate swaps, is intended to secure HUGO BOSS against unfavorable interest rate and currency developments. > Report on Risks and Opportunities, Currency Risks

The **counterparty risk** to banks mainly results from the investment of liquid funds as part of cash and liquidity management and from the use of derivative financial instruments as part of interest rate and currency risk management. With regard to trading transactions, HUGO BOSS aims for the broadest possible diversification of volumes and ensures that financial instruments are only executed with counterparties of very good credit ratings.

Capital structure and financing

HUGO BOSS holds **strong investment-grade ratings** from leading agencies, Standard & Poor's (S&P) and Moody's, underscoring its robust financial position and long-term growth potential. S&P rates the Company "BBB" while Moody's assigns a "Baa2" rating, both **reaffirmed in 2024**. While S&P revised its outlook to negative in March 2024 – citing macroeconomic volatility, short-term supply chain challenges, and increased capital expenditure levels – the agency acknowledged that the HUGO BOSS performance remains strong relative to peers. These ratings, first assigned in 2022, place HUGO BOSS among the highest-rated companies in the global premium apparel industry, reflecting the Company's strong brand perception, sound financial health, and **financing flexibility**.

The cornerstone of HUGO BOSS' financing structure is a EUR 600 million **ESG-linked revolving syndicated loan**, offering strong financial flexibility to support the successful execution of the Company's strategic initiatives. The facility, concluded in 2021, is available for general corporate purposes or guarantees and initially carried a three-year term. With both one-year extension options having been successfully exercised, the term was extended through 2026. Additionally, the loan includes an option to increase the credit volume by up to EUR 300 million, further enhancing the Company's financial agility. The syndicated loan contains a standard covenant requiring the maintenance of **financial leverage**, defined as the ratio of net financial liabilities (including lease liabilities in accordance with IFRS 16) to EBITDA. As of December 31, 2024, financial leverage totaled 1.3, thus on the prior-year level (December 31, 2023: 1.3) and well below the maximum permissible level. The syndicated loan is based on variable interest rates with applicable credit margins depending on the external credit rating and fulfillment of predefined **ESG criteria**. At the end of fiscal year 2024, its **utilization** totaled EUR 11 million used for bank guarantees (December 31, 2023: utilization of EUR 92 million of which EUR 83 million was used for general corporate purposes and EUR 9 million for bank guarantees).

To meet the ongoing strong demand for its **supplier financing program**, HUGO BOSS has established a comprehensive solution comprising a single-bank program and a bank-independent platform. The combined credit limit for both programs amounts to EUR 268 million, with EUR 148 million utilized at the end of 2024 (December 31, 2023: EUR 107 million).

HUGO BOSS successfully issued a **Schuldschein loan** of EUR 175 million in 2023, comprising four tranches with three- and five-year maturities, offered at both fixed and variable interest rates. Proceeds are allocated to general corporate purposes, primarily supporting investments aligned with the Group's strategy, including the ongoing expansion of our global logistics network. In addition, HUGO BOSS secured **real estate financing** in the amount of EUR 43 million in 2024 for the expansion of its headquarters in Metzingen (Germany). The financing comprises two separate amortizing loans with fixed interest rates in the amount of EUR 10 million and EUR 33 million, both with a maturity period of ten years. At the end of fiscal year 2024, the full financing amount of EUR 43 million remained outstanding. > Financial Position, Capital Expenditure

To further secure liquidity, HUGO BOSS possesses committed and uncommitted **bilateral credit lines** totaling EUR 208 million (December 31, 2023: EUR 153 million), of which EUR 108 million was utilized at the end of fiscal year 2024 (December 31, 2023: EUR 63 million). In addition, HUGO BOSS had at its disposal **cash and cash equivalents** in the amount of EUR 211 million at year end (December 31, 2023: EUR 118 million). > Notes to the Consolidated Financial Statements, Note 14, > Financial Position, Statement of Cash Flows and Free Cash Flow

Overall, the Group's **liabilities** totaled EUR 2,332 million at the end of the fiscal year (December 31, 2023: EUR 2,161 million), representing an unchanged 62% share of total assets (December 31, 2023: share of 62%). Of this amount, EUR 959 million was attributable to **current and non-current lease liabilities** (December 31, 2023: EUR 793 million), primarily relating to the rental of retail store locations as well as logistics and administration properties. **Current and non-current financial liabilities** totaled EUR 297 million at the end of fiscal year 2024 (December 31, 2023: EUR 340 million). > Net Assets, > Notes to the Consolidated Financial Statements, Notes 9 and 20

Statement of cash flows and free cash flow

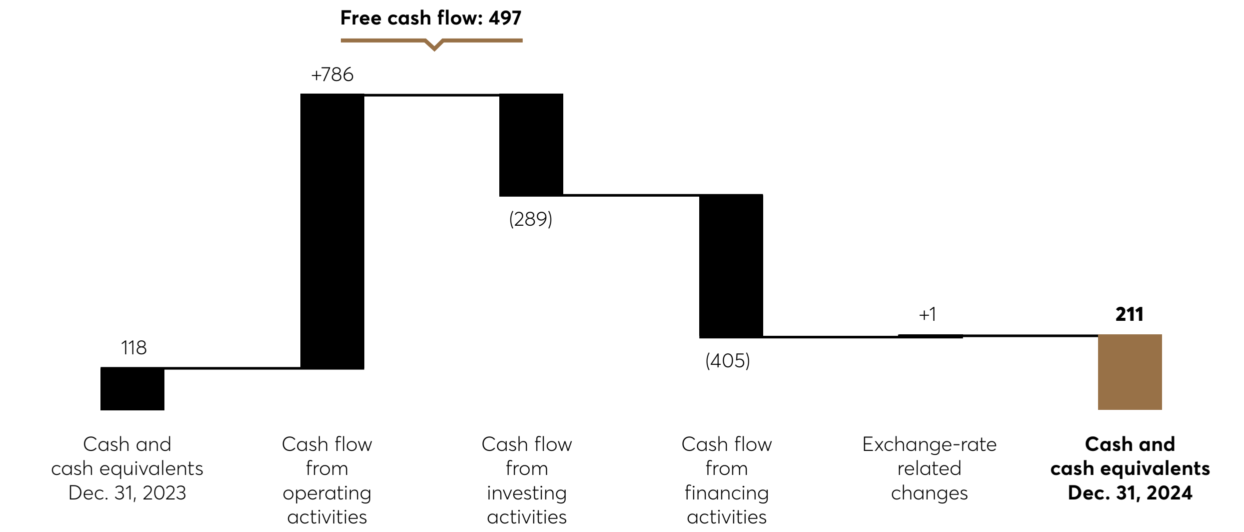
STATEMENT OF CASH FLOWS[1] (IN EUR MILLION)

	2024	2023
Cash flow from operating activities	786	394
Cash flow from investing activities	(289)	(298)
Cash flow from financing activities	(405)	(122)
Change in cash and cash equivalents	**92**	**(29)**
Cash and cash equivalents at the beginning of the period	118	147
Cash and cash equivalents at the end of the period	211	118

1 As the statement of cash flows is presented on a currency-adjusted basis, the values cannot be derived from the statement of financial position.

Free cash flow amounted to EUR 497 million in fiscal year 2024, significantly exceeding the prior-year level (2023: EUR 96 million) and thus underlining our highly cash-generative business model. This development was mainly driven by strong improvements in trade net working capital. Free cash flow is calculated as the sum of cash flow from operating activities (excluding lease expenses under IFRS 16) and cash flow from investing activities. > Net Assets

CHANGE IN CASH AND CASH EQUIVALENTS (IN EUR MILLION)



Cash flow from operating activities doubled compared to the prior-year level amounting to a level of EUR 786 million (2023: EUR 394 million), largely reflecting the improvements in trade net working capital achieved in 2024. **Cash flow from investing activities** remained 3% below the prior year, amounting to EUR 289 million (2023: EUR 298 million). This development reflects the decrease in capital expenditure in fiscal year 2024 against the backdrop of our progress made in driving CapEx efficiency by prioritizing strategically relevant investments. > Financial Position, Capital Expenditure

At EUR 405 million, **cash flow from financing activities** significantly increased year over year (2023: EUR 122 million). In the prior year, HUGO BOSS recorded a higher cash inflow in connection with the issue of the Company's first Schuldschein loan. > Financial Position, Capital Structure and Financing

Net financial position

The **net financial position** is measured as the total of all financial and lease liabilities less cash and cash equivalents. **Excluding the impact of IFRS 16**, the net financial position of HUGO BOSS at the end of fiscal year 2024 improved to minus EUR 78 million (December 31, 2023: minus EUR 213 million). **Including the impact of IFRS 16**, this corresponds to a total of minus EUR 1,038 million (December 31, 2023: minus EUR 1,006 million).
> Financial Position, Capital Structure and Financing, > Notes to the Consolidated Financial Statements, Note 9

Capital expenditure

In fiscal year 2024, HUGO BOSS invested EUR 286 million in **property, plant, and equipment, and intangible assets**, representing a decrease of 4% as compared to the prior year (2023: EUR 298 million). This development mainly reflects our successes in driving CapEx efficiency by prioritizing strategically relevant investments. In this context, we continued to invest in key initiatives and projects, including our global distribution network, the further digitalization of our business model, and the expansion of our logistics capacities and headquarters.

CAPITAL EXPENDITURE (IN %)

By functional area

Own retail business
45 (53)

Administration (incl. IT and buildings)
41 (29)

Other capital expenditure
14 (17)

By region

EMEA
21 (30)

Americas
16 (18)

Asia/Pacific
12 (13)

Corporate units
51 (40)

2024 (2023)

HUGO BOSS is committed to providing a superior shopping experience and a best-in-class omnichannel journey to consumers all around the globe. Our own retail business plays a key role in this context. Consequently, we are putting strong emphasis on the ongoing **optimization and modernization** of our global store network. Our **innovative store concepts** are intended to make a significant contribution in upgrading our points of sale and enhancing customer engagement. At the end of 2024, the majority of our freestanding BOSS and HUGO stores were already comprehensively refreshed or equipped with the latest store concepts. Reflecting our strategic emphasis on prime retail destinations, capital expenditure on our own retail network amounted to EUR 129 million in fiscal year 2024, thus modestly below the prior-year level (2023: EUR 157 million). As part of this, investments in the continuous **optimization and modernization of existing locations** totaled EUR 82 million (2023: EUR 118 million), while we spent EUR 47 million on the selective **opening of new retail points of sale** (2023: EUR 40 million), including new BOSS stores in Düsseldorf and Shanghai. > Consumer Touchpoints

Capital expenditure on **administration** amounted to EUR 117 million in the past fiscal year (2023: EUR 88 million). This includes investments of EUR 62 million in our global **IT infrastructure** (2023: EUR 55 million), emphasizing our strategic claim "Lead in Digital." These investments mainly supported the further digitalization of our business model, including key initiatives of our Digital Campus and the Company-wide rollout of our next-generation ERP system as part of a multiyear project. At the same time, EUR 54 million was allocated to capital expenditure in **buildings** (2023: EUR 33 million). This mainly includes ongoing investments into the expansion of our distribution center for flat-packed goods located in proximity to the Company's headquarters, the further expansion of our Group's campus in Metzingen (Germany), as well as the opening of our latest showroom in Düsseldorf (Germany). Finally, **other capital expenditure** on production, distribution, and research and development amounted to EUR 40 million in 2024 and was thus below the prior-year level (2023: EUR 53 million). > Group Strategy, "Lead in Digital," "Organize for Growth," > Business Operations

Accumulated depreciation and amortization on property, plant, and equipment, and intangible assets, including own capitalized cost, totaled EUR 1,321 million in fiscal year 2024 (2023: EUR 1,204 million). Existing **obligations from investment projects** amounted to EUR 18 million as of December 31, 2024 (December 31, 2023: EUR 33 million), mainly relating to the ongoing expansion of our Group's headquarters in Metzingen (Germany).
> Notes to the Consolidated Financial Statements, Note 8

HUGO BOSS AG

HUGO BOSS AG is the parent company of HUGO BOSS Group

Operational performance driven by service agreements with subsidiaries

Annual financial statements prepared in accordance with HGB provisions

HUGO BOSS AG is the **parent company of HUGO BOSS Group**. Its annual financial statements are prepared in accordance with the provisions of HGB ["Handelsgesetzbuch": German Commercial Code]. In addition to the operating business, the results of HUGO BOSS AG are predominately driven by the management of the central functions. A material item in this context is the allocation of costs for services rendered to Group companies.

Earnings development

INCOME STATEMENT HUGO BOSS AG (IN EUR MILLION)

	2024	In % of sales	2023	In % of sales	Change in %
Sales	**2,264**	**100.0**	**2,297**	**100.0**	**(1)**
Cost of sales	(1,469)	(64.9)	(1,562)	(68.0)	6
Gross profit	**795**	**35.1**	**735**	**32.0**	**8**
Distribution expenses	(480)	(21.2)	(459)	(20.0)	(5)
General administrative expenses	(155)	(6.8)	(178)	(7.8)	13
Other operating income	52	2.3	149	6.5	(65)
Other operating expenses	(89)	(3.9)	(96)	(4.2)	7
Operating result	**123**	**5.4**	**151**	**6.6**	**(19)**
Net interest income/expenses	(11)	(0.5)	(15)	(0.7)	27
Income from profit and loss transfer agreements	94	4.1	89	3.9	5
Taxes on income and other taxes	(35)	(1.6)	(16)	(0.7)	<(100)
Net income	**170**	**7.5**	**209**	**9.1**	**(19)**
Transfer to (–)/from (+) other revenue reserves	85	(3.8)	(105)	(4.6)	(19)
Accumulated income previous year	46	(2.0)	34	1.5	33
Unappropriated income	**131**	**5.8**	**139**	**6.0**	**(6)**

Sales of HUGO BOSS AG primarily comprise brick-and-mortar retail, brick-and-mortar wholesale, and digital revenues generated in Germany and Austria as well as intercompany sales with its international subsidiaries.

SALES BY REGION (IN EUR MILLION)

	2024	In % of sales	2023	In % of sales	Change in %
EMEA	1,860	82	1,775	77	5
Americas	264	12	316	14	(16)
Asia/Pacific	140	6	206	9	(32)
Total	**2,264**	**100**	**2,297**	**100**	**(1)**

In fiscal year 2024, revenues of HUGO BOSS AG remained broadly on the prior-year level. In **EMEA**, HUGO BOSS AG recorded further top-line improvements, including solid growth in **Germany**. This largely compensated for a decline in revenue with subsidiaries in **Americas** and **Asia/Pacific** due to an adjusted intercompany pricing reflecting current external market factors.

SALES BY BRAND (IN EUR MILLION)

	2024	In % of sales	2023	In % of sales	Change in %
BOSS	1,566	69	1,627	71	(4)
HUGO	413	18	380	17	9
Other services	285	13	289	13	(1)
Total	**2,264**	**100**	**2,297**	**100**	**(1)**

While revenues for **BOSS** remained below the prior year, **HUGO** posted robust sales growth, supported by the launch of its new denim brand line HUGO Blue. At the same time, **sales from other services** also remained slightly below 2023 levels, reflecting lower intercompany charges passed on to subsidiaries, in particular related to service and IT.

At 35.1%, the **gross margin** of HUGO BOSS AG was well above the prior-year level (2023: 32.0%), mainly reflecting benefits from increased sourcing efficiencies. **Distribution expenses** were up 5%, largely attributable to inflation- and expansion-related cost increases in brick-and-mortar retail. **General administration expenses** were down 13% year over year, mainly reflecting disciplined overhead cost management. In particular, HUGO BOSS implemented several initiatives to enhance organizational efficiency in fiscal year 2024, including eliminating non-essential spending while prioritizing key strategic initiatives. The decrease in **other operating income** is primarily due to the profit realized in the previous year from merging HUGO BOSS Trade Mark Management GmbH & Co. KG into HUGO BOSS AG. **Other operating expenses** came in 7% below the prior-year level, with lower currency effects also contributing to the development. The **income from profit and loss transfer agreements** of EUR 94 million is attributable to HUGO BOSS Internationale Beteiligungs-GmbH (2023: EUR 89 million).

Net assets and financial position

Property, plant, and equipment, and intangible assets of HUGO BOSS AG increased by 10% year over year, totaling EUR 1,115 million (December 31, 2023: EUR 1,012 million). This development mainly reflects investments in the ongoing expansion of its headquarters in Metzingen (Germany) and the Company's distribution center for flat-packed goods in Filderstadt (Germany), with completion scheduled for 2025 and 2026, respectively.

TRADE NET WORKING CAPITAL (IN EUR MILLION)

	2024	2023	Change in %
Inventories	288	262	10
Trade receivables	91	116	(21)
Trade payables	284	242	17
Trade net working capital	**95**	**135**	**(30)**

The increase in **inventories** mainly reflects higher goods in transit at the end of fiscal year 2024. HUGO BOSS AG is the main supplier for the Group's global distribution companies. **Trade receivables** of HUGO BOSS AG remained well below the prior-year level, mainly attributable to efficient receivables management. At the same time, the Company recorded an increase in **trade payables**, driven by higher sourcing volumes at year-end also reflected by an increased utilization of the Company's supplier financing program. Consequently, **trade net working capital (TNWC)** of HUGO BOSS AG ended fiscal year 2024 well below the prior-year level.

At EUR 98 million, **receivables from affiliated companies** at the end of fiscal year 2024 were above the prior-year level (December 31, 2023: EUR 74 million). **Liabilities to affiliated companies** slightly decreased to EUR 94 million, mainly due to repayments of loans to HUGO BOSS International B.V. (December 31, 2023: EUR 103 million). **Provisions** also decreased, amounting to EUR 163 million at the end of the year (December 31, 2023: EUR 186 million). At EUR 219 million, **liabilities to credit institutions** were above the prior-year level (December 31, 2023: EUR 177 million), mainly reflecting the Company's real estate financing in the amount of EUR 43 million secured in 2024 for the expansion of its headquarters in Metzingen.

As of December 31, 2024, **cash and cash equivalents**, defined as the total of cash on hand and bank balances, amounted to EUR 7 million (December 31, 2023: EUR 2 million), with the increase mainly reflecting a higher **cash flow from operating activities**. The latter particularly benefited from the improvements in trade net working capital.

Outlook, risks, and opportunities

Due to its close relationships with the Group companies and its relevance for the Group, the expectations for HUGO BOSS AG are largely reflected in the Group's outlook. In this context, the **net income** of HUGO BOSS AG, which represents the Company's key performance indicator, is expected to record robust improvements in fiscal year 2025. There are no specific particularities regarding HUGO BOSS AG. In addition, the business performance of HUGO BOSS AG is, to a large degree, also subject to the same **risks and opportunities** as those faced by the Group. Consequently, the statements within the Group's Report on Risks and Opportunities also apply to HUGO BOSS AG. > Outlook, > Report on Risks and Opportunities