CHAPTER 4 CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

for the period from January 1 to December 31, 2022

CONSOLIDATED INCOME STATEMENT (IN EUR THOUSAND)

	Notes	2022	2021
Sales	(1)	**3,651,378**	**2,786,110**
Cost of sales	(1)	(1,395,052)	(1,065,301)
Gross profit		**2,256,326**	**1,720,809**
In % of sales		61.8	61.8
Selling and marketing expenses	(2)	(1,538,506)	(1,190,623)
Administration expenses	(3)	(382,401)	(302,187)
Operating result (EBIT)		**335,419**	**228,000**
Net interest income/expenses		**(23,879)**	**(20,688)**
Interest and similar income		2,200	1,869
Interest and similar expenses		(26,079)	(22,557)
Other financial items		**(26,245)**	**(10,437)**
Financial result	(4)	**(50,123)**	**(31,125)**
Earnings before taxes		**285,295**	**196,874**
Income taxes	(5)	(63,438)	(52,749)
Net income		**221,858**	**144,125**
Attributable to:			
Equity holders of the parent company		209,495	137,339
Non-controlling interests		12,362	6,786
Earnings per share (EUR)[1]	(6)	**3.04**	**1.99**
Dividend per share (EUR)[2]	(16)	**1.00**	**0.70**

1 Basic and diluted earnings per share.
2 2022: Dividend proposal.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from January 1 to December 31, 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IN EUR THOUSAND)

	2022	2021
Net income	**221,858**	**144,125**
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	11,571	8,635
Items that may be reclassified subsequently to profit or loss		
Currency differences	14,423	31,160
Gains/losses from cash flow hedges	3,668	(1,402)
Other comprehensive income, net of tax	**29,662**	**38,393**
Total comprehensive income	**251,520**	**182,518**
Attributable to:		
Equity holders of the parent company	238,538	174,337
Non-controlling interests	12,981	8,180
Total comprehensive income	**251,520**	**182,518**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as of December 31, 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (IN EUR THOUSAND)

Assets	Notes	**2022**	2021
Property, plant, and equipment	(8)	471,182	417,974
Intangible assets	(8)	176,619	163,632
Right-of-use assets	(9)	708,198	695,092
Deferred tax assets	(5)	150,636	160,163
Non-current financial assets	(11), (22)	26,474	19,570
Other non-current assets	(11)	1,706	1,125
Non-current assets		**1,534,815**	**1,457,556**
Inventories	(12)	973,560	605,554
Trade receivables	(13)	256,430	234,527
Current tax receivables	(5)	23,074	14,655
Current financial assets	(11), (22)	41,341	27,465
Other current assets	(11)	149,980	111,071
Cash and cash equivalents	(14)	147,403	284,694
Current assets		**1,591,787**	**1,277,966**
Total		**3,126,602**	**2,735,522**
Equity and liabilities			
Subscribed capital	(15)	70,400	70,400
Own shares	(15)	(42,363)	(42,363)
Other capital reserve		1,582	399
Retained earnings		1,022,142	849,603
Accumulated other comprehensive income		64,820	47,348
Equity attributable to equity holders of the parent company		**1,116,581**	**925,387**
Non-controlling interests		18,852	14,306
Group equity		**1,135,433**	**939,693**
Non-current provisions	(17), (18), (19)	91,895	101,846
Non-current financial liabilities	(20), (22)	88,894	103,445
Non-current lease liabilities	(9)	604,928	601,156
Deferred tax liabilities	(5)	10,337	10,643
Other non-current liabilities	(21)	1,703	896
Non-current liabilities		**797,756**	**817,986**
Current provisions	(17)	122,647	99,093
Current financial liabilities	(20), (22)	32,807	32,025
Current lease liabilities	(9)	199,290	193,429
Income tax payables	(5)	20,407	28,364
Trade and other payables		617,110	464,408
Other current liabilities	(21)	201,152	160,524
Current liabilities		**1,193,413**	**977,843**
Total		**3,126,602**	**2,735,522**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period from January 1 to December 31, 2022

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IN EUR THOUSAND)

				Retained earnings		Accumulated other comprehensive income		Group equity		
	Subscribed capital	Own shares	Other capital reserves	Legal reserves	Other reserves	Currency translation	Gains/losses from cash flow hedges	Total before non-controlling interests	Non-controlling interests	Group equity
Notes	(15)	(15)								
January 1, 2021	**70,400**	**(42,363)**	**399**	**6,641**	**699,750**	**20,957**	**(1,973)**	**753,811**	**6,126**	**759,937**
Net income					137,339			137,339	6,786	144,125
Other income					8,635	29,766	(1,402)	36,999	1,394	38,393
Comprehensive income					**145,974**	**29,766**	**(1,402)**	**174,337**	**8,180**	**182,518**
Dividend payment					(2,761)			(2,761)		(2,761)
December 31, 2021	**70,400**	**(42,363)**	**399**	**6,641**	**842,963**	**50,723**	**(3,375)**	**925,387**	**14,306**	**939,693**
January 1, 2022	**70,400**	**(42,363)**	**399**	**6,641**	**842,963**	**50,723**	**(3,375)**	**925,387**	**14,306**	**939,693**
Initial application of IAS 29					(216)			(216)		(216)
January 1, 2022	**70,400**	**(42,363)**	**399**	**6,641**	**842,747**	**50,723**	**(3,375)**	**925,172**	**14,306**	**939,478**
Net income					209,495			209,495	12,362	221,858
Other income					11,571	13,804	3,668	29,043	619	29,662
Comprehensive income					**221,066**	**13,804**	**3,668**	**238,538**	**12,981**	**251,520**
Dividend payment					(48,311)			(48,311)	(8,436)	(56,747)
Share based payments			1,182					1,182		1,182
December 31, 2022	**70,400**	**(42,363)**	**1,582**	**6,641**	**1,015,501**	**64,527**	**293**	**1,116,581**	**18,852**	**1,135,433**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the period from January 1 to December 31, 2022

CONSOLIDATED STATEMENT OF CASH FLOWS (IN EUR THOUSAND)

	Notes	2022	2021
	(23)		
Net income		221,858	144,125
Depreciation/amortization	(8)	345,026	339,284
Gain/loss on the monetary positions under IAS 29		(730)	0
Unrealized net foreign exchange gain/loss		12,930	2,709
Other non-cash transactions		8,837	5,525
Income tax expense/income	(5)	63,438	52,749
Interest expenses/income	(4)	23,879	20,689
Change in inventories		(361,281)	35,273
Change in receivables and other assets		(83,509)	(73,565)
Change in trade payables and other liabilities		182,074	196,580
Result from disposal of non-current assets		(6,170)	(7,684)
Change in provisions for pensions	(19)	(4,543)	(3,093)
Change in other provisions		30,808	(3,305)
Income taxes paid		(75,357)	(51,180)
Cash flow from operating activities		**357,259**	**658,107**
Investments in property, plant, and equipment	(8)	(151,395)	(81,280)
Investments in intangible assets	(8)	(38,849)	(20,264)
Acquisition of subsidiaries and other business entities		0	(2,963)
Equity investments		(4,430)	0
Impact from change in basis of consolidation		0	58
Cash receipts from sales of property, plant, and equipment and intangible assets		186	5,437
Interest received		2,790	862
Cash flow from investing activities[1]		**(191,698)**	**(98,150)**
Dividends paid to equity holders of the parent company	(16)	(48,311)	(2,761)
Dividends paid to non-controlling interests		(8,436)	0
Repayment of current financial liabilities	(22)	(10,809)	(173,808)
Repayment of lease liabilities		(215,888)	(210,749)
Interest paid		(23,856)	(21,186)
Cash flow from financing activities[1]		**(307,300)**	**(408,504)**
Exchange-rate related changes in cash and cash equivalents		4,448	7,964
Change in cash and cash equivalents		**(137,291)**	**159,417**
Cash and cash equivalents at the beginning of the period		284,694	125,277
Cash and cash equivalents at the end of the period	(14)	**147,403**	**284,694**

1 Amounts shown differ from those reported in the previous year due to reclassifications of interest received.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR FISCAL YEAR 2022

General information

HUGO BOSS AG is a publicly listed stock corporation with registered offices in Dieselstrasse 12, 72555 Metzingen, Germany. The Company is filed in the commercial register of Stuttgart local court under HRB 360610.

The purpose of HUGO BOSS AG and its subsidiaries (together "HUGO BOSS" or "the Group") is the development, marketing, and distribution of high-end fashion and accessories in the premium segment of the global apparel industry.

The consolidated financial statements of HUGO BOSS AG as of December 31, 2022, have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (IASB), the International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), and the additional regulations pursuant to Sec. 315e (1) HGB [Handelsgesetzbuch: German Commercial Code].

The consolidated financial statements and the combined management report of HUGO BOSS AG, Metzingen, were approved by the Managing Board for submission to the Supervisory Board by a decision on February 22, 2023.

Due to rounding and the presentation in EUR thousand, it is possible that the individual figures in the consolidated financial statements do not add up to the stated total.

Financial reporting

The first time application of the following new standards and amendments to the IASB's standards and interpretations for fiscal year 2022 do not have a material impact on the presentation of the Group's financial position and results of operations. This includes:

- Annual Improvement Cycle (2018–2020)
- Amendments to IAS 16: Property, plant, and equipment – Proceeds before Intended Use
- Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract
- Amendment to IFRS 3: Reference to the Conceptual Framework

The following new standards and interpretations and amendments to existing standards and interpretations issued by the International Accounting Standards Board (IASB), endorsed by the EU, and which are effective for financial years beginning after January 1, 2023, have not been applied in preparing these consolidated financial statements:

- IFRS 17: Insurance Contracts (IASB effective date: January 1, 2023)
- Amendment to IFRS 17: Initial application of IFRS 17 and IFRS 9 – Comparative Information (IASB effective date: January 1, 2023)
- Amendment to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies (IASB effective date: January 1, 2023)
- Amendment to IAS 8: Definition of Accounting Estimates (IASB effective date: January 1, 2023)
- Amendment to IAS 1: Classification of Liabilities as Current or Non-current (IASB effective date: January 1, 2024)
- Amendment to IAS 1: Non-current Liabilities with Covenants (IASB effective date: January 1, 2024)
- Amendment to IFRS 16: Lease Liability in a Sale and Leaseback (IASB effective date: January 1, 2024)

In addition, the IASB issued the amendment to IAS 12: Deferred Tax related to Assets and Liabilities Arising from a Single Transaction (IASB effective date: January 1, 2023). The changes mentioned in this amendment have already been applied.

Consolidation principles

The basis of consolidation comprises HUGO BOSS AG and all subsidiaries, including structured entities, over which HUGO BOSS AG can exercise direct or indirect control. HUGO BOSS AG is deemed to exercise control if, as the parent company, it has power over the subsidiary on account of voting or other rights, is exposed to variable returns from its involvement in the subsidiary, and is able to use its power over the subsidiary to affect the amount of these returns. The subsidiary is deconsolidated as soon as the parent company relinquishes control over it.

Subsidiaries with an immaterial influence on the Group's net assets, financial position, and results of operations are not included in the consolidated financial statements. Influence is deemed immaterial if the aggregate sales, earnings and total assets make up less than 1% of the corresponding Group figures. This is reassessed at each reporting date. Non-consolidated subsidiaries are measured at fair value or, if this cannot be determined reliably, at cost, and reported under other non-current financial assets.

Structured entities that are controlled by the parent company are also consolidated. These are entities that have been structured in such way that they are controlled by the parent company regardless of who holds the voting or comparable rights. This is the case, for example, if the exercise of voting rights is confined to administrative tasks and the material activities are governed by contracts.

Joint ventures are consolidated using the equity method. Joint control is the contractually agreed sharing of control of an arrangement. It exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity-settled transactions.

Basis of consolidation

In the reporting period January 1 to December 31, 2022, the number of consolidated companies remained unchanged from the consolidated financial statements as of December 31, 2021 at 65.

In fiscal year 2022, HUGO BOSS Stiftung gGmbH was established and consolidated as a fully owned subsidiary effective October 31, 2022.

As a result of a labor law reform enacted in Mexico in April 2021, HUGO BOSS revised its corporate structure and liquidated HUGO BOSS Mexico Management Services S.A. de C.V., based in Mexico City, Mexico, and deconsolidated it as of December 31, 2022.

HUGO BOSS AG's shares in the company YOURDATA HB DIGITAL CAMPUS, Unipessoal Lda. based in Porto, Portugal increased to 30% in fiscal year 2022. The company, founded in 2021, is intended to strengthen the further expansion of digital activities as part of the Company's "CLAIM 5" strategy through analytical, technical, and executive competencies and to combine the Company's own digital knowledge with expert knowledge in the field of data processing. Based on the contractual agreements, HUGO BOSS AG has a contractual right to acquire the outstanding shares of the company at a future date over a period up until July 2026 at a price based on the achievement of relevant KPIs of the company. The fair value of the above-mentioned contractual right (call option) is nil and there are no financial liabilities to it as at December 31, 2022. Unchanged from 2021, YOURDATA HB DIGITAL CAMPUS is immaterial to the consolidated financial statements as of December 31, 2022 and is therefore not consolidated.

Business combinations

When a company obtains control of one or more businesses, this constitutes a business combination within the meaning of IFRS 3. All business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition-date fair value and the amount of any non-controlling interest in the acquiree. The identifiable assets acquired and liabilities assumed (including contingent liabilities) in a business combination are measured at their acquisition-date fair values. Non-controlling interests are measured at their proportionate share in the fair value of the identifiable assets and liabilities. Acquisition-related costs incurred are expensed.

Goodwill

Goodwill resulting from a business combination is the excess between the consideration transferred and the fair value of the non-controlling interest in the assets acquired and liabilities assumed. If the consideration is lower than the fair value of the net assets of the acquiree, the difference is reassessed and then recognized in profit or loss.

After initial recognition, goodwill is carried at cost in the functional currency of the foreign acquiree less any accumulated impairment losses. Any goodwill recognized is tested for impairment annually and whenever there is an indication that the assets might be impaired.

Intercompany transactions

The effects of intercompany transactions are eliminated. Receivables and liabilities between the consolidated companies are offset against each other, intercompany gains and losses pertaining to intangible assets, property, plant, and equipment, and inventories are eliminated; intercompany income is offset against the corresponding intercompany expenses. Deferred taxes are recognized on temporary differences arising on consolidation in accordance with IAS 12.

Determination of the functional currency

The Group's reporting currency, the euro, is the functional currency of the parent company, HUGO BOSS AG. As a rule, the functional currency of the subsidiaries included in the consolidated financial statements is the corresponding local currency. For subsidiaries that conduct a significant portion of their sales and sourcing activities and their financing in a currency other than the corresponding local currency, the functional currency is the currency of the primary business environment. Accordingly, the euro is the functional currency of HUGO BOSS Textile Industry Ltd., Turkey, and HUGO BOSS International Markets AG, Switzerland, as these companies conduct most of their business in euros.

Foreign currency transactions and balances

In the separate financial statements, transactions in foreign currency are translated at the exchange rates valid at the dates of the transactions. Monetary items (cash and cash equivalents, receivables, and payables) denominated in foreign currencies are translated into the functional currency at closing rates. The resulting exchange rate gains and losses are recognized through profit and loss in other financial items.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated at the rate prevailing at the time the fair value was determined. Non-monetary items measured at historical acquisition are translated at the rate of the transaction date.

Hyperinflation

Turkey is classified as a hyperinflationary economy and therefore IAS 29 'Financial Reporting in Hyperinflationary Economies' applies to the Group's sales subsidiary in Turkey. Accordingly, the financial statements of HUGO BOSS Magazacilik Ltd. Sti., Izmir, Turkey, which has the Turkish lira as its functional currency have been restated for the change in general purchasing power retrospectively as of January 1, 2022. For translation into the Group currency (euro), all amounts are translated at the closing rate as of December 31, 2021. Pursuant to IAS 21 'The Effects of Changes in Foreign Exchange Rates' paragraph 42, the comparative amounts of the previous reporting period have not been restated.

Additionally, in order to reflect the changes in purchasing power at the balance sheet date, the carrying amounts of non-monetary assets and liabilities, shareholders' equity, and comprehensive income at subsidiaries in hyperinflationary economies are restated in terms of a measuring unit applicable at the balance sheet date. These are indexed using a general price index in accordance with IAS 29. However, no restatement is required for non-monetary assets and liabilities carried at amounts current at the end of the balance sheet date, such as net realizable value or fair value, as well as for monetary items, as they represent money held, to be received, or to be paid. All items in the profit and loss statement have to be expressed in terms of the measuring unit applicable at the balance sheet date.

Non-monetary assets that have been restated following the guidance in IAS 29 continue to be subject to impairment assessment in accordance with guidance in the relevant IFRS standards.

The application of IAS 29 is immaterial to the Group's financial position and result of operations for fiscal year 2022.

The table below details the specific inputs used to apply IAS 29 for fiscal year 2022:

Input parameters	Turkey
Date of IAS 29 initial application	January 1, 2022
Consumer Price Index	Tüketici fiyat endeks rakamları
Index at December 31, 2022	1,128.45
Index at December 31, 2021	686.95
Adjustment Factor	1.6427

Furthermore, HUGO BOSS Textile Industry Ltd. in Turkey, comprising the Group´s production facility in Izmir, is not affected by IAS 29 as its fuctional currency is the euro and hence IAS 29 'Financial Reporting in Hyperinflationary Economies' does not apply.

Translation of the separate financial statements

The financial statements of the foreign Group companies whose functional currency is not the euro are translated into the Group reporting currency, the euro. Items are translated using the modified closing rate in accordance with IAS 21, under which assets, including goodwill, and liabilities are translated at closing rates, and income statement items are translated at the average monthly exchange rates for the reporting period. Differences from currency translation of income statements at average rates and statements of financial position at closing rates are reported without effect on profit or loss in other comprehensive income. The currency difference resulting from the translation of equity at historical rates is likewise posted to other comprehensive income. Currency differences recognized in other comprehensive income are reclassified to the income statement if the corresponding Group company is sold.

The most important exchange rates applied in the consolidated financial statements developed in relation to the euro as follows:

	Currency	Average rate		Closing rate	
	1 EUR =	**2022**	2021	**2022**	2021
Australia	AUD	1.5682	1.5797	1.5693	1.5615
China	CNY	7.3872	7.2012	7.3582	7.1947
Great Britain	GBP	0.8692	0.8494	0.8869	0.8403
Japan	JPY	142.7881	128.6455	140.6600	130.3800
Russia	RUB	69.8198	83.3883	79.2282	85.3004
Switzerland	CHF	0.9863	1.0411	0.9847	1.0331
Turkey	TRY	19.7164	16.5761	19.9349	15.0867
U.S.A.	USD	1.0582	1.1305	1.0666	1.1326

Accounting policies

The financial statements of HUGO BOSS AG and its German and foreign subsidiaries are prepared pursuant to uniform accounting policies in accordance with IFRS 10.

Recognition of income and expenses

Income is recognized to the extent that it is probable that the economic benefits will flow to the Group and the income can be reliably measured. Income is measured at the fair value of the consideration received. Income is reported after deductions including discounts and other price deductions and net of VAT. The specific recognition criteria described below must also be met before income is recognized.

Sale of merchandise and goods

Income is recognized in accordance with IFRS 15. HUGO BOSS recognizes income from the sale of goods when control of the goods is transferred to the buyer. In the wholesale channel, this is the case as soon as delivery to the wholesale partner has been executed and all obligations affecting the acceptance of the goods by the wholesale partner have been settled. In the Group's brick-and-mortar retail business, the control passes to the customer upon payment for the goods. Sales are recognized when transactions with customers are completed. Sales via the Group´s own online channel are recognized upon delivery of the goods to the customer. The date of delivery is deemed to be the date on which the control of the merchandise and goods sold passes to the customer. The payment terms applied correspond to the payment terms customary in the industry per country.

Customers have the option to exchange goods for similar or other products or to return the goods for credit under certain conditions and in accordance with the contractual agreements. Amounts for expected returns are deferred from sales based on historical experience of return rates and periods through a liability for an obligation of return in accounts payable. The asset for the right of the return of goods by the customer is recognized in the amount of respective inventories, less handling costs and potential impairment.

Shop fit contributions to retailers are recognized in the income statement as sales deductions.

License and other income

License and other income are recognized in the period in which they are generated in accordance with the terms of the underlying agreements.

Interest income and expense

Interest is recognized pro rata temporis, taking into account the effective yield on the asset and if appropriate on liabilities.

Functional costs

Operating expenses are essentially allocated to the individual function based on the respective cost centers. Expenses incurred in connection with cross-functional activities or projects are spread among the function costs concerned using an adequate allocation principle.

Research and development costs

Research costs are expensed as incurred. Development costs are likewise expensed as incurred if they do not satisfy the criteria for recognition as internally generated intangible assets. Production-related development costs are generally included in the calculation of the cost of unfinished and finished goods. These essentially comprise the cost of technical product development in the third phase of the collection creation process.

Income taxes

The tax rates and tax laws used to calculate the income tax are those that are enacted or substantively enacted on the reporting date in the countries where the Group operates and generates taxable income.

Receivables and liabilities for current income taxes are recognized to the extent the amount already paid exceeds the amount due, or to the extent not yet paid in respect of current and prior periods.

In accordance with IAS 12, deferred tax assets and deferred tax liabilities are recognized for temporary differences between the tax bases of the separate entities and the carrying amounts in the consolidated financial statements in accordance with IFRS and for certain consolidation adjustments. The Company does not calculate deferred taxes on the initial recognition of goodwill as it is not permissible.

In assessing the recoverability of deferred tax assets, the Group relies on the same forecast assumptions used elsewhere in the financial statements and in other management reporting, which, among other things, reflect the potential impact of climate-related development on the business, such as increased cost of production as a result of measures to reduce carbon emission.

Deferred tax assets also include tax credits that result from the expected utilization of existing unused tax losses in subsequent years and the realization of which can be assumed with sufficient probability. Deferred tax assets and deferred tax liabilities are presented on a net basis to the extent that the deferred tax assets and deferred tax liabilities relate to the same taxable entity including an enforceable right to offset corresponding taxes. Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply when the temporary differences reverse.

Income taxes are recorded in the income statement with the exception of those relating to items recognized directly in equity.

Property, plant, and equipment

Property, plant, and equipment that are used in business operations for longer than one year are measured at cost less accumulated depreciation. The cost of conversion includes all costs directly allocable to the production process as well as an appropriate portion of production-related overheads. The underlying useful lives correspond to the expected useful lives within the Group. Property, plant, and equipment are generally depreciated using the straight-line method.

Buildings and leasehold improvements on third-party land are depreciated over the term of the underlying lease agreements or the lower useful lives.

The useful lives and depreciation methods for property, plant, and equipment and intangible assets are reviewed periodically to ensure that the depreciation method and period are consistent with the expected pattern of economic benefits from the respective assets.

Intangible assets

Intangible assets are recognized if it is probable that a future economic benefit from the use of the asset will flow to the company and the cost of the asset can be reliably determined. Acquired intangible assets and internally generated intangible assets are measured at cost.

If the capitalization requirements of IAS 38.57 "Intangible Assets" are met cumulatively, expenses in the development phase for internally generated intangible assets are capitalized at the time they arise. In subsequent periods, internally generated intangible assets and acquired intangible assets are measured at cost less accumulated amortization and impairment losses. Intangible assets with a finite useful life are systematically amortized using the straight-line method over their useful life.

Intangible assets include software and licenses, trademark, and reacquired rights. Intangible assets with an infinite useful life are tested for impairment once a year. If the carrying amount of the asset is no longer recoverable, an impairment loss is recognized.

Impairment of non-financial assets

Non-financial assets (property, plant, and equipment and right-of-use assets from leases including intangible assets and goodwill) are assessed at every reporting date as to whether there is an indication of impairment ("triggering events"). In the event of such indication, the recoverable amount of the asset is estimated. Irrespective of whether there is any indication of impairment, intangible assets with indefinite useful lives and goodwill acquired in a business combination are tested for impairment annually. The recoverable amount is the higher of the fair value of the asset less costs of disposal and value in use. The value in use is the present value of the expected cash flows. The expected cash flows are discounted using the after-tax weighted average cost of capital that reflects the risks specific to the asset. In determining fair value less costs of disposal, external appraisals are taken into account, if available. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the smallest identifiable group of assets that generates largely independent cash inflows to which the assets belongs (cash-generating unit – GCU) is determined.

If the carrying amount of the asset or CGU exceeds the corresponding recoverable amount, an impairment loss is immediately recognized through profit or loss. If a CGU is impaired, the carrying amount of any goodwill allocated to the unit is reduced first. Any remaining impairment loss reduces the other non-current assets of the CGU pro rata.

If, following an impairment loss recognized in prior periods, an asset or CGU has a higher recoverable amount, the impairment loss is reversed up to the maximum of the recoverable amount. The reversal is limited to the amortized carrying amount that would have been determined had no impairment loss been recognized in the past. The impairment loss is reversed through profit or loss. Reversals of impairment losses recognized on goodwill are not permitted.

Inventories

Raw materials and supplies as well as merchandise are generally measured at moving average cost. Work in progress and finished goods are measured at cost. The cost of conversion of finished goods includes direct material, direct labor, proportionate material and production overheads, and production-related amortization and depreciation insofar as this is a consequence of production. Also included are general administrative expenses, product development expenses, expenses for social facilities, expenses for voluntary social benefits and occupational pensions, to the extent that they are related to production and are incurred in the production period. Borrowing costs are expensed as incurred to the extent that the criteria for recognition in the carrying amount of an asset are not met.

Inventories are carried at the lower of cost or the estimated selling price on the ordinary course of the business less the estimated cost to make the sale.

Leases

In accordance with IFRS 16, there is a lease relationship if the lessor has contractually transferred the right to use an identified asset for a defined period in return for remuneration by the lessee.

Under IFRS 16, the lessee recognizes a lease liability in the amount of the present value of the future lease payments and a corresponding right-of-use asset in the statement of financial position. The lease payments comprise the total of all fixed lease payments less incentive payments for the conclusion of the contract, variable lease payments linked to an index or (interest) rate, and amounts expected to be paid under residual value guarantees. Lease extension options are to be included if their exercise is reasonably certain. Contractually agreed payments for compensation in the event of early termination of the lease by the lessee must also be recognized if it cannot be assumed with reasonable certainty that the lease will be continued. The lease payments are discounted at the interest rate implicit in the lease agreement. If this interest rate cannot be readily determined, an incremental borrowing rate is used, which is adjusted for the country-specific risk and the lease term.

The right-of-use asset to be recognized in parallel is generally capitalized at the value of the lease liability. Lease payments already made and directly attributable costs must also be included. Payments received from the lessor in connection with the lease are to be deducted (including key money). Restoration obligations arising from leases must also be taken into account when measuring the right-of-use asset. A provision must be recognized for the obligation. The right-of-use asset is amortized on a straight-line basis over the term of the lease.

The depreciation of the capitalized right-of-use asset is recognized in the income statement in the respective functional areas and the interest expense from the compounding of the recognized lease liability is recognized in the financial result.

In the course of the COVID-19 pandemic, all rent concessions that met the requirements of the IASB amendment "COVID-19-Related Rent Concessions – Amendment to IFRS 16 Leases" were not treated as a lease modification but as a negative variable lease payment until June 30, 2022. In the second half of the year, rent adjustments were treated as lease modifications under IFRS 16.

Financial instruments

A financial instrument is a contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities, to the extent that they are currently relevant to the HUGO BOSS Group, are classified into the following categories:

FVTPL (Fair value through profit or loss)	Financial assets and liabilities valued at fair value through profit or loss.
AC (Amortized cost)	Financial assets and liabilities that are to be valued at amortized cost through the effective interest method.
FVOCI (Fair value through other comprehensive income)	Financial assets valued at fair value through other comprehensive income.

Financial assets and liabilities are classified to the above categories upon initial recognition.

Financial assets

Financial assets are initially classified under IFRS 9 using a two-stage test, whereby the respective cash flow conditions and the business model for management of financial assets are examined. This test takes place at the financial asset's level.

Financial assets are initially recognized at fair value plus or minus, in the case of a financial asset not at fair value through profit and loss, directly attributable transaction costs relating to the acquisition.

All purchases and disposals of financial assets are recognized at their value at the settlement date, the day when the Group is obliged to purchase or sell the asset.

The fair values recognized in the statement of financial position are the market prices of the corresponding financial assets. If these are not available, fair value is determined using generally accepted valuation models by reference to current market parameters. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument that is substantially the same, or discounted cash flow analysis and other valuation models.

Cash and cash equivalents recognized in the statement of financial position comprise cash in hand, balances with banks, and other short-term deposits with an original term of less than three months; they are measured at amortized cost.

Trade receivables and other loans and receivables are subsequently measured at amortized cost (less any impairment losses) using the effective interest rate method. For the reporting period, expected impairments are taken into account. If there are further doubts about their recoverability, the trade receivables are recognized at the lower present value of the estimated future cash flows.

HUGO BOSS calculates and records an allowance under the expected loss model in IFRS 9 for all financial instruments that are not classified as FVTPL and except for trade receivables. The expected credit loss (ECL) is allocated using three stages:

Stage 1: Expected credit losses within the next twelve months.
It includes all contracts with no significant increase in credit risk since their initial recognition. The portion of the lifetime expected credit losses that represents expected credit losses resulting from default events on a financial instrument that are possible within the next twelve months after the reporting date is recognized.

Stage 2: Expected credit losses over the lifetime – not credit-impaired.
If a financial asset has a significant increase in credit risk since its initial recognition but is not yet credit-impaired, it is moved to stage 2 and measured at the lifetime expected credit loss resulting from all possible default events over the expected life of a financial instrument.

Stage 3: Expected credit losses over the lifetime – credit-impaired.
If a financial asset is defined as credit-impaired or in default, it is transferred to stage 3 and measured at lifetime expected credit loss.

HUGO BOSS determines whether the credit risk on a financial instrument has increased significantly to consider reasonable and supportable information available in order to compare the risk of a default occurring at the reporting date with the risk of a default occurring at initial recognition of the financial instrument. For this purpose credit default swap spreads of corporate bonds are used to calculate the average credit spreads for each country. These average credit spreads then serve as country-specific factors to scale the probability of default for different markets whereby the German market is used as a reference.

In its evaluation of whether the credit risk of a financial asset has changed, the Group utilizes all reasonable and reliable information that is available without excessive cost or expenses.

Financial assets at fair value through profit or loss (FVTPL) include financial assets with cash flows other than those of principle and interest on the principal amount outstanding. Furthermore, financial assets that are held in a business model other than "hold to collect" or "hold to collect and sell" are included here. In addition, derivatives including embedded derivatives separated from host contract, which are not classified as hedging instruments in hedge accounting according to IFRS 9 are classified as FVTPL. Gains or losses on these financial assets are recognized in profit and loss.

Financial assets at amortized cost (AC) are non-derivative financial assets with contractual cash flows that consist solely of payments of principal and interest in the amount outstanding and which are held with the aim of collecting the contractual cash flows, such as trade receivables or cash and cash equivalents (business model "hold to collect"). After initial recognition, financial assets at amortized cost are subsequently carried at amortized cost using the effective-interest method less any loss allowances. Gains and losses are recognized in the consolidated statement of income when the loss allowance for financial assets at amortized cost is recognized.

HUGO BOSS classifies a receivable as in default when a debtor does not settle contractual payments that are more than 90 days overdue. When receivables are written off or derecognized, the Group continues to conduct recovery measures to collect the receivable due. In some cases, a financial instrument may nevertheless also be treated as in default, if internal or external information indicates that full collection of the outstanding payment is viewed as unlikely. Individual impairment rates between 1% and 100% are used in this case. A financial asset is written off entirely and derecognized when there is no reasonable expectation of recovery. All derecognitions have to be booked net and, at the same time, the corresponding amount of allowance needs to be adjusted.

Financial liabilities

Financial liabilities primarily include trade payables, liabilities to banks, lease liabilities, derivative financial liabilities, and other liabilities. They are measured at fair value on initial recognition. Directly attributable transaction costs are taken into account where appropriate.

Financial liabilities at amortized cost (AC) are subsequently measured at amortized cost using the effective interest method. HUGO BOSS enters into reverse-factoring agreements in which trade receivables of a supplier are transferred to a financial intermediary, changes in the presentation of the original trade payables may occur. That would be the case if these liabilities differed in nature and function from other trade payables. As a result, these liabilities would be presented separately.

Financial liabilities at fair value through profit or loss (FVTPL) include financial liabilities held for trading. Derivatives (including embedded derivatives separated from the host contract) that are not used as hedging instruments in hedge accounting are classified as held for trading. Gains or losses on liabilities held for trading are recognized in profit or loss.

Derivative financial instruments and hedge accounting

At HUGO BOSS, derivative financial instruments are solely used for hedging financial risks that arise from its operating or financing activities or liquidity management. This mainly includes interest rate risks and currency risks.

Derivative financial instruments are measured at fair value upon initial recognition and at each subsequent reporting date. Derivatives are recognized as assets if their fair value is positive and as liabilities if their fair value is negative.

If the requirements for hedge accounting set out in IFRS 9 are met, HUGO BOSS designates and documents the hedge relationship from the date a derivative contract is entered into as a cash flow hedge. In a cash flow hedge, the variability of cash flows to be received or paid from expected transactions related to a recognized asset or liability or a highly probable forecast transaction is hedged. The documentation of the hedging relationship includes the objectives and strategy of risk management, the type of hedging relationship, the nature of the risk being hedged, the identification of the eligible hedging instrument and the eligible hedged item, as well as an assessment of the effectiveness requirements comprising the risk mitigating economic relationship, the absence of deteriorating effects from credit risk, and the appropriate hedge ratio.

Hedging transactions are regularly assessed to determine whether the effectiveness requirements are met while they are designated. If derivative financial instruments do not, or no longer, qualify for hedge accounting because the qualifying criteria for hedge accounting are not, or are no longer, met, the derivative financial instruments are classified as held for trading and are measured at fair value through profit or loss.

Grants from public authorities

Grants from public authorities are recognized when the Company meets the conditions associated with the grant with sufficient certainty and the benefits are granted. The grants must be recognized in the income statement in the period in which the Company recognizes the eligible expenses.

If expenses or losses have already been incurred or if the grants are used for immediate financial support, irrespective of specific expenses, the grants are recognized in the income statement in the period in which the corresponding claim exists.

Provisions

Provisions are recognized if a past event has led to a current legal or constructive obligation to third parties that is expected to lead to a future outflow of resources that can be estimated reliably. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions with a term of more than one year are discounted using a risk-free interest rate. Where the effect of the time value of money is material, the amount of the provision equals the present value of the expenditures expected to be required to settle the obligation.

Provisions for deconstruction obligations

Provisions for deconstruction obligations in the Group's own retail stores are recognized as liabilities at the present value of the best estimate of the amount required to settle the obligation. Corresponding assets are capitalized at the equivalent amount and included in the measurement of the corresponding right-of-use asset depreciated over the term of the lease agreement.

Provisions for pensions

The measurement of pension provisions relates to the Group's obligation to provide benefit-based and contribution-based plans. IAS 19 mandates the use of the projected unit credit method for the provision of benefit-based plans, which takes into account future adjustments to salaries and pensions. The year-end present value, determined using the projected unit credit method, was compared to the fair value of plan assets in the employer's pension liability insurance to the extent that offsetting is permissible (asset ceiling). Actuarial gains and losses are immediately posted in full to other comprehensive income. Actuarial gains and losses are not reclassified from other comprehensive income to consolidated net income in subsequent years. The same applies to all effects of the asset ceiling. Net interest determined by multiplying the net pension liability by the discount rate underlying the gross pension obligation (DBO) is reported in the financial result. The difference between the actual interest return on plan assets and the anticipated return on plan assets obtained using the discount rate is posted separately to other comprehensive income. The service cost is reported under the relevant functional costs. The contributions from contribution-based pension schemes are recognized as expenses in the income statement on maturity.

Share-based compensation programs

Share-based compensation programs are accounted for in accordance with IFRS 2.

The equity-settled share-based payments forming part of the Restricted Stock Units Program for eligible senior management staff are measured at the fair value of the equity instruments at grant date. The fair value at grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. The impact of the revision of the original estimates, if any, is recognized through profit and loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves. The resulting expense is recorded within personnel expenses and corresponding adjustment to the other capital reserves.

Cash-settled share-based payments, forming part of the long-term incentive program (LTI) for members of the Managing Board and eligible senior management, are measured using an option price model of the liability. At each reporting date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognized through profit and loss of the respective fiscal year. The resulting expense is recorded within personnel expenses and the liability recognized as a provision for personnel expenses.

Contingent liabilities and contingent assets

Contingent liabilities are not recognized. They are disclosed in the notes to the financial statements, unless an outflow of resources embodying economic benefits is very unlikely. Contingent assets are likewise not recognized. They are disclosed in the notes to the financial statements if an inflow of economic benefits is probable.

Estimation uncertainties and judgments

The preparation of the Group's consolidated financial statements requires Management to make judgments, estimates, and assumptions that affect the reported amounts of income, expenses, assets, and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. These estimates and judgments are made to obtain a fair presentation of the Group's net assets, financial position, and results of operations. In addition the main judgments and estimates used are specified in the respective notes to the financial statements.

HUGO BOSS is subject to a variety of external risks, mainly in connection with macroeconomic, political, and social developments, as well as environmental and health aspects. Against the backdrop of current risks as inflation, global supply chain disruptions, and geopolitical risks, the Management monitors the current developments closely. In light of the high level of geopolitical and macroeconomic uncertainty, there is a particularly close dialog between the Managing Board, Group Controlling, the management of the central divisions, and the Group's subsidiaries. Corporate planning is regularly reviewed and updated throughout the year.

In light of the war in Ukraine, HUGO BOSS has temporarily suspended its own retail and online business in Russia since the beginning of March 2022, as well its advertising and marketing activities. Together with Ukraine, the market accounted for around 2% of Group sales in fiscal year 2022. The implications of the war in Ukraine continue to pose a noticeable risk for HUGO BOSS also in 2023. This first and foremost includes potential shortages and further price increases for energy, electricity, and raw materials, which could also result in interruptions of supply chains and energy supplies. In addition, a significant escalation or further expansion of the war beyond Ukraine would increase the risk of a noticeable global economic downturn and consequently have a significant impact on global consumer sentiment, with a potentially negative impact on the sales and earnings development of HUGO BOSS.

With regard to the Company's store network in Russia, the recoverable amount of individual CGUs of HUGO BOSS Rus LLC, Moscow was estimated by determining the expected cash flows using probability-weighted scenarios. Consequently, impairment charges were recognized in the amount of EUR 12 million as of December 31, 2022.

Additionally, in the context of the long-lasting pandemic-related restrictions in China caused by the prevailing zero-COVID policy, special challenges arose with regard to the following estimates and assumptions:

- Inventories were measured taking into account risk provisions appropriate to the current business environment. As part of the process, system-based analyses of movement rate, range of coverage, and net realizable value were applied in a uniform manner across the Group.
- The recoverability of trade receivables is assessed by valuing trade receivables that are not overdue using the expected default risk. In addition, the value of trade receivables is attributed on the basis of the estimated likelihood of default. The calculation of the potential receivable default risk is based on past, current, and future default risks. All subsidiaries of HUGO BOSS have to prepare an analysis of the aging structure of their trade receivables and to follow uniform rules, for example with regard to credit assessment or the handling of doubtful receivables.

Business combinations / acquisitions of other business units

Takeovers in fiscal year 2022

No business combinations or acquisitions of other business units were made in the fiscal year 2022.

Takeovers in fiscal year 2021

In 2021, HUGO BOSS Thailand Ltd. Bangkok, Thailand, was consolidated as a fully owned subsidiary. HUGO BOSS acquired three stores, one shop-in-shop, one factory outlet, and the related assets and inventories through HUGO BOSS Thailand Ltd. from a former franchise partner in Thailand effective June 1, 2021. The following overview shows the allocation of the purchase price to the net assets acquired and the resulting goodwill:

(in EUR thousand)	**2021**
Purchase consideration transferred	
Agreed cash purchase price	2,096
Assumption of liabilities	866
Total Fair Value	**2,962**
Fair value of the acquired assets and liabilities assumed	
Intangible assets	254
Property, plant, and equipment	176
Inventories	866
Total assets	**1,296**
Total liabilities	**0**
Goodwill	**1,666**

The goodwill relates to the Asia/Pacific segment. It is not expected that the goodwill will be used for tax purposes.

The additional consolidated sales generated due to the acquisition in fiscal year 2021 amounted to EUR 2,579 thousand. If the company had been consolidated as of January 1, 2021, the additional consolidated sales generated would have been EUR 4,788 thousand. The impact on the consolidated operating result was immaterial.

Notes to the Consolidated Income Statement

1 | Sales and cost of sales

Sales

(in EUR thousand)

	2022	2021
Brick-and-mortar retail	2,015,999	1,512,251
Brick-and-mortar wholesale	894,985	647,485
Digital	648,243	549,121
Licenses	92,151	77,253
Total	**3,651,378**	**2,786,110**

Further information on sales by region can be found in the segment reporting.

Cost of sales

(in EUR thousand)

	2022	2021
Total cost of sales	**1,395,052**	**1,065,301**
Cost of purchase	1,281,714	971,146
Thereof cost of materials	1,249,947	931,976
Cost of conversion	113,339	94,155

Cost of materials, as part of the cost of sales, include inbound freight and duty costs of EUR 324,587 thousand (2021: EUR 183,492 thousand).

2 | Selling and marketing expenses

(in EUR thousand)

	2022	2021
Expenses for own retail business, sales and marketing organization	1,122,823	900,141
Thereof brick-and-mortar retail expense	853,993	695,056
Marketing expenses	287,817	204,104
Thereof expenses	294,514	208,522
Thereof income from re-invoicing of marketing expense	(6,697)	(4,418)
Logistic expenses	127,866	86,378
Total	**1,538,506**	**1,190,623**
Thereof sundry taxes	3,383	2,956

Expenses for the Company's own retail business and the sales and marketing organization mainly comprise personnel expenses for wholesale and retail sales as well as amortization of the right-of-use assets in accordance with IFRS 16. In addition, this item includes sales-related commissions, outbound freight and duty charges, credit card fees, and impairment losses on assets amounting to EUR 17,505 thousand (2021: EUR 31,940 thousand). This item also includes losses from derecognition and impairment losses on trade receivables in the amount of EUR 2,315 thousand (2021: EUR 1,699 thousand). Furthermore, government grants of EUR 765 thousand for 2022 were received and recognized in profit or loss (2021: EUR 29,027 thousand). These mainly relate to global government support due to COVID-19 restrictions. The government grants are not subject to any further conditions.

Logistics expenses mainly include personnel expenses for warehouse logistics, expenses for a full-service agreement with the provider 3PL and right-of-use depreciation of lease objects.

3 | Administration expenses

(in EUR thousand)

	2022	2021
General administrative expenses	**301,718**	**244,925**
Research and development expenses	**80,683**	**57,262**
Thereof personnel expenses	57,028	41,171
Thereof depreciation and amortization	2,707	2,221
Thereof other operating expense	20,948	13,870
Total	**382,401**	**302,187**
Thereof sundry taxes	5,084	4,204

Administration expenses mainly comprise personnel expenses of the respective departments, maintenance costs, IT operating expenses, legal and consulting fees, and depreciation and amortization of right-of-use assets.

Research and development expenses primarily relate to the collection development.

Administration expenses include other income of EUR 15,526 thousand (2021: EUR 20,843 thousand). This includes reversal of provisions by EUR 3,656 thousand (2021: EUR 3,473 thousand). Furthermore, government grants of EUR 3,221 thousand for 2022 were received and recognized in profit or loss (2021: EUR 1,294 thousand). These mainly relate to global government support due to COVID-19 restrictions. The government grants are not subject to any further conditions.

4 | Financial result

(in EUR thousand)

	2022	2021
Interest and similar income	2,200	1,869
Interest and similar expenses	(26,079)	(22,557)
Net interest income/expenses	**(23,879)**	**(20,688)**
Exchange rate gains/losses from receivables and liabilities	(8,141)	(1,272)
Gains/losses from hedging transactions	(17,401)	(3,442)
Other financial expenses/income	(703)	(5,723)
Other financial items	**(26,245)**	**(10,437)**
Financial result	**(50,123)**	**(31,125)**

Interest income includes income from bank deposits amounting to EUR 1,750 thousand (2021: EUR 1,136 thousand) and other interest income of EUR 450 thousand (2021: EUR 733 thousand).

Interest expenses include expenses from financial liabilities in the amount of EUR 5,883 thousand (2021: EUR 3,677 thousand) and other interest expenses in the amount of EUR 20,196 thousand (2021: EUR 18,880 thousand). These items mainly comprise interest expenses from lease payments discounted at the incremental borrowing rate of EUR 17,973 thousand (2021: EUR 17,457 thousand). In addition to interest on loans, this also includes the net interest amount for pension provisions, interest on non-financial liabilities (such as tax liabilities from tax audits), and interest expenses from the valuation at present value of other non-current provisions in the amount of EUR 2,223 thousand (2021: EUR 1,423 thousand).

The exchange rate gains and losses from receivables and liabilities comprise exchange rate gains of EUR 72,233 thousand (2021: EUR 25,281 thousand) as well as exchange rate losses of EUR 80,374 thousand (2021: EUR 26,553 thousand). The result from hedging transactions contains the effects from the fair value measurement and derecognition of foreign exchange forwards and swaps.

5 | Income taxes

(in EUR thousand)

	2022	2021
Current taxes	61,148	42,313
Deferred taxes	2,290	10,436
Total	**63,438**	**52,749**

Income taxes include corporate income tax plus the solidarity surcharge and trade tax of the German Group companies together with the comparable income taxes of foreign Group companies.

At HUGO BOSS AG, the domestic income tax rate comes to 29.5% (2021: 29.5%). The tax rates abroad range between 0% and 34%.

Current income taxes for fiscal year 2022 include non-current expenses of EUR 1,182 thousand (2021: EUR 1,768 thousand), non-current benefit of EUR 8,443 thousand (2021: EUR 1,296 thousand), and deductible withholding tax of EUR 3,944 thousand (2021: EUR 3,200 thousand).

The following table presents a reconciliation of the expected income tax expense that would theoretically be incurred if the current domestic income tax rate of 29.5% (2021: 29.5%) were applied at Group level to the current income tax expense reported by the Group. The domestic income tax rate applied takes into account a corporate income tax rate (including solidarity surcharge) of 15.8% (2021: 15.8%) and a trade tax rate of 13.7% (2021: 13.7%).

(in EUR thousand)

	2022	2021
Earnings before taxes	**285,295**	**196,874**
Anticipated income tax	84,305	58,214
Tax effect of permanent items	4,827	1,744
Tax rate-related deviation	(15,275)	(9,124)
Thereof effects of changes in tax rates	1	705
Thereof adjustment of tax amount to diverging local tax rate	(15,276)	(9,829)
Tax refund/tax arrears	(3,317)	3,672
Deferred tax effects from prior years	(485)	614
Valuation allowance on deferred tax assets	(2,535)	(1,579)
Tax effects from distributable profit of subsidiaries	(2,610)	(549)
Other deviations	(1,472)	(243)
Income tax expenditure reported	**63,438**	**52,749**
Income tax burden	22%	27%

The tax effect of permanent items relates to a reduction in the income tax burden for tax-free income of EUR 1,058 thousand (2021: EUR 768 thousand), offset by tax effects of non-deductible business expenses of EUR 5,885 thousand (2021: EUR 2,512 thousand). Tax rate-related deviations are caused by the global distribution of profits and diverging local tax rates in the different countries. In fiscal year 2022, revaluations were recognized for deferred tax assets expected to be realized in the foreseeable future, resulting in a tax benefit of EUR 2,535 thousand (2021: tax benefit of EUR 1,579 thousand).

Other comprehensive income includes deferred tax expense of EUR 5,976 thousand (2021: EUR 2,538 thousand expense). As in the prior year, deferred tax expense in fiscal year 2022 is based on the recognition of actuarial gains and losses from pension provisions in equity.

Deferred tax assets and liabilities are presented on a net basis if they pertain to the same taxable entity and the same taxation authority. Deferred taxes in the consolidated statement of financial position are related to the following items:

(in EUR thousand)

	2022		2021	
	Deferred tax assets	**Deferred tax liabilities**	Deferred tax assets	Deferred tax liabilities
Provisions and other liabilities	29,285	(3,954)	31,304	(2,899)
Unused tax losses	27,064	0	37,774	0
Inventory measurement	55,312	(2,935)	46,233	(5,070)
Recognition and measurement of non-current assets	42,314	(33,760)	46,255	(30,402)
Receivables measurement	5,770	(161)	4,057	(169)
Financial liabilities and financial assets	17,011	(523)	19,491	(6)
Retained earnings of subsidiaries	0	(1,115)	0	(3,572)
Other differences in recognition and measurement	12,256	(6,265)	9,937	(3,413)
Net amount	**189,012**	**(48,713)**	**195,051**	**(45,531)**
Netting	(38,376)	38,376	(34,888)	34,888
Total	**150,636**	**(10,337)**	**160,163**	**(10,643)**

Of the deferred tax assets, EUR 73,177 thousand (2021: EUR 82,928 thousand) are non-current; at the same time EUR 39,133 thousand (2021: EUR 34,494 thousand) of the deferred tax liabilities are non-current.

Deferred taxes on IFRS 16 balance sheet items are reported on a net basis. The deferred tax asset on lease liabilities is EUR 168,855 thousand (2021: EUR 163,305 thousand) and the deferred tax liability on right-of-use assets is EUR 147,163 thousand (2021: EUR 142,273 thousand), resulting in a net deferred tax asset of EUR 21,692 thousand (2021: EUR 21,032 thousand), which is reported within financial liabilities and financial assets in the table above.

Distributable profits at foreign subsidiaries are to be paid out in the coming years, partly to Germany. The tax expense attributable to the distribution to Germany of EUR 865 thousand (2021: EUR 939 thousand) was recognized as a deferred tax liability. In addition, deferred taxes were recognized for distributable profits from subsidiaries paid out to other subsidiaries to the extent withholding tax is payable on future dividends. For these withholding tax charges, a deferred tax liability of EUR 250 thousand (2021: EUR 2,633 thousand) was recognized.

Deferred tax liabilities due to differences between the respective net assets and taxable carrying amount of shares in subsidiaries amounting to EUR 352,423 thousand (2021: EUR 146,183 thousand) were not recognized, as the profits are currently intended to be permanently reinvested. If the profits were to be distributed in Germany, 5% would be subject to taxation in Germany or possibly trigger withholding tax in other countries. Distributions therefore generally result in additional tax expense.

Deferred tax assets on losses carried forward and deductible temporary differences are recognized to the extent taxable temporary differences exist or there are sufficient taxable profits in respect of the same tax authority and taxable entity in subsequent years. The recoverability assessment is based on detailed planning of operational results for all units of the Group, which is prepared annually in the Group-wide budget planning process and approved by the Supervisory Board. As of the reporting date, deferred tax assets amounting to EUR 38,702 thousand (2021: EUR 105,702 thousand) were accounted for at Group companies with losses in the reporting period or a prior period.

Unused income tax losses pertain to domestic and foreign Group companies and break down as follows:

(in EUR thousand)	2022	2021
Expiry within		
1 year	2,838	0
2 years	121	3,677
3 years	2,413	202
4 years	2,427	1,789
5 years	25,117	3,757
After 5 years	6,673	45,324
Unlimited carryforward	136,148	163,481
Total	**175,737**	**218,230**

As in prior fiscal years, a corresponding deferred tax asset of EUR 27,064 thousand was recognized on unused tax losses as of December 31, 2022 (2021: EUR 37,774 thousand). In fiscal year 2022, no deferred taxes were recognized for losses carried forward of EUR 64,465 thousand (2021: EUR 67,548 thousand). Of this, EUR 2,766 thousand (2021: EUR 3,677 thousand) expires in 2023, EUR 0 thousand (2021: EUR 202 thousand) in 2024, EUR 898 thousand (2021: EUR 246 thousand) in 2025, EUR 0 thousand (2021: EUR 2,282 thousand) in 2026, EUR 0 thousand in 2027, and EUR 4,735 thousand (2021: EUR 9,867 thousand) in more than five years, while EUR 56,066 thousand (2021: EUR 51,274 thousand) can be carried forward indefinitely.

Judgments that deferred tax assets are recognized on unused tax losses were made to the extent it is probable taxable profits will be available in the future against which the unused tax losses can be utilized. The probability of the future usability is assessed taking into account various factors, such as future taxable results in the planning periods, past results, and measures already taken to increase profitability, as well as available tax planning strategies. HUGO BOSS applies a forecast period of five years for this purpose. Actual figures may differ from the estimates.

The income tax receivables relate mainly to tax advance payments and reimbursement claims. These are based on reasonable estimates to the extent reimbursement by the financial administration office is judged to be largely probable on the basis of relevant case law. This assessment also takes into account the estimates of local external experts.

The external tax audit at HUGO BOSS AG for the 2012–2015 assessment periods was completed in 2021 and the respective tax assessments were issued. Amended tax returns were also submitted for the subsequent period 2016-2020. The assessments based on the submitted tax returns for the subsequent period have been made. Accordingly, the provisions in connection with the 2012-2015 external tax audit and the subsequent period 2016-2020 were adjusted.

6 | Earnings per share

There were no shares outstanding that could have diluted earnings per share as of December 31, 2022, or December 31, 2021.

(in EUR thousand)

	2022	2021
Net income attributable to equity holders of the parent company	209,495	137,339
Average number of shares outstanding[1]	69,016,167	69,016,167
Earnings per share (EPS) in EUR[2]	3.04	1.99

1 Excluding own shares.
2 Basic and diluted earnings per share.

7 | Additional disclosures to the consolidated income statement

Personnel expenses

(in EUR thousand)

	2022	2021
Cost of sales	89,530	76,004
Selling and marketing expenses	470,985	359,587
Administration expenses	233,100	191,857
Total	**793,615**	**627,448**

(in EUR thousand)

	2022	2021
Wages and salaries	679,781	529,035
Social security	110,272	89,933
Expenses and income for retirement and other employee benefits	3,563	8,480
Total	**793,615**	**627,448**

Employees

The average headcount for the year was as follows:

	2022	2021
Industrial employees	5,228	4,340
Commercial and administrative employees	12,572	11,290
Total	**17,800**	**15,630**

Ordinary depreciation

(in EUR thousand)

	2022	2021
Cost of sales	5,407	5,162
Selling and marketing expenses	280,591	263,035
Administration expenses	41,523	39,146
Total	**327,522**	**307,343**

Impairments/Write-ups

(in EUR thousand)

	2022	2021
Brick-and-mortar retail	14,005	17,980
Intangible assets incl. goodwill	(224)	3,908
Right-of-use assets	3,724	10,052
Total	**17,504**	**31,940**

Notes to the Consolidated Statement of Financial Position

8 | Intangible assets and property, plant, and equipment

(in EUR thousand)

2022	**Gross value Jan. 1**	Change in the basis of consolidation	Currency differences	Additions	Disposals	Transfers	**Gross value Dec. 31**	**Accumulated amortization, depreciation and impairment Jan. 1**	Change in the basis of consolidation	Currency differences	Depreciation	Impairment	Write-up	Disposals	Transfers	**Accumulated amortization, depreciation and impairment Dec. 31**	**Net value Dec. 31**
Software, licenses and other rights	**283,526**	0	515	38,850	(6,582)	(753)	**315,556**	**190,843**	0	441	25,908	0	(224)	(6,134)	(331)	**210,503**	**105,053**
Brand rights	**14,992**	0	0	0	0	0	**14,992**	**0**	0	0	0	0	0	0	0	**0**	**14,992**
Goodwill	**66,034**	0	633	0	0	0	**66,667**	**10,077**	0	16	0	0	0	0	0	**10,093**	**56,574**
Intangible assets	**364,552**	**0**	**1,148**	**38,850**	**(6,582)**	**(753)**	**397,215**	**200,920**	**0**	**457**	**25,908**	**0**	**(224)**	**(6,134)**	**(331)**	**220,596**	**176,619**
Lands and buildings	**293,747**	0	499	3,721	(1,752)	3,264	**299,479**	**105,919**	0	225	9,793	118	(479)	(1,751)	0	**113,825**	**185,654**
Technical equipment and machinery	**121,108**	0	204	5,862	(2,842)	407	**124,739**	**78,975**	0	194	7,312	0	0	(2,760)	0	**83,721**	**41,018**
Other equipment, operating and office equipment	**892,415**	0	11,256	124,711	(55,396)	1,514	**974,500**	**717,046**	0	10,426	71,693	28,492	(14,125)	(54,783)	(1,633)	**757,116**	**217,384**
Construction in progress	**12,644**	0	(110)	18,492	(7)	(3,894)	**27,125**	**0**	0	0	0	0	0	0	0	**0**	**27,125**
Property, plant, and equipment	**1,319,913**	**0**	**11,849**	**152,786**	**(59,997)**	**1,291**	**1,425,843**	**901,940**	**0**	**10,845**	**88,798**	**28,610**	**(14,605)**	**(59,294)**	**(1,633)**	**954,661**	**471,182**
Total	**1,684,465**	**0**	**12,997**	**191,636**	**(66,579)**	**538**	**1,823,058**	**1,102,860**	**0**	**11,302**	**114,706**	**28,610**	**(14,829)**	**(65,428)**	**(1,964)**	**1,175,257**	**647,801**
2021																	
Software, licenses and other rights	**304,634**	256	2,664	19,004	(43,174)	142	**283,526**	**204,981**	0	1,828	23,938	120	0	(40,024)	0	**190,843**	**92,683**
Brand rights	**14,992**	0	0	0	0	0	**14,992**	**0**	0	0	0	0	0	0	0	**0**	**14,992**
Goodwill	**61,714**	1,680	2,038	602	0	0	**66,034**	**6,087**	0	189	13	3,788	0	0	0	**10,077**	**55,957**
Intangible assets	**381,340**	**1,936**	**4,702**	**19,606**	**(43,174)**	**142**	**364,552**	**211,068**	**0**	**2,017**	**23,951**	**3,908**	**0**	**(40,024)**	**0**	**200,920**	**163,632**
Lands and buildings	**258,576**	42,909	(254)	1,424	(8,932)	24	**293,747**	**86,827**	16,162	(330)	9,210	1,054	(187)	(6,817)	0	**105,919**	**187,828**
Technical equipment and machinery	**119,907**	0	259	2,232	(2,264)	974	**121,108**	**73,938**	0	237	7,032	0	0	(2,232)	0	**78,975**	**42,133**
Other equipment, operating and office equipment[1]	**861,195**	0	31,257	71,592	(75,644)	4,015	**892,415**	**685,297**	0	25,058	63,692	20,195	(3,082)	(74,114)	0	**717,046**	**175,369**
Construction in progress	**10,401**	0	198	7,226	(25)	(5,156)	**12,644**	**3**	0	0	0	0	0	(3)	0	**0**	**12,644**
Property, plant, and equipment	**1,250,079**	**42,909**	**31,460**	**82,474**	**(86,865)**	**(143)**	**1,319,913**	**846,065**	**16,162**	**24,965**	**79,934**	**21,249**	**(3,269)**	**(83,166)**	**0**	**901,940**	**417,974**
Total	**1,631,419**	**44,845**	**36,162**	**102,080**	**(130,039)**	**(1)**	**1,684,465**	**1,057,133**	**16,162**	**26,982**	**103,885**	**25,157**	**(3,269)**	**(123,190)**	**0**	**1,102,860**	**581,606**

Software, licenses, and other rights

The item "Software, licenses, and other rights" mainly contains software and software licenses as well as intangible assets identified in the course of purchase price allocations. The amortization for these items is recognized in administrative expenses.

For the Group-wide ERP system consisting of the industry solutions SAP AFS and SAP Retail, intangible assets with acquisition costs of EUR 52,726 thousand (2021: EUR 53,873 thousand) were capitalized, of which EUR 47,752 thousand (2021: EUR 46,656 thousand) had already been amortized as of the reporting date. The remaining amortization period is 2.0 years (2021: 2.8 years). In addition to the software described, other software licenses are included in the amount of EUR 82,010 thousand (2021: EUR 79,510 thousand), the remaining amortization period of which is 3.6 years (2021: 3.8 years). The average useful life of software and licenses is in between 3 and 7 years.

Brand rights

The reported brand rights amounting to EUR 14,992 thousand (2021: EUR 14,992 thousand), which are primarily attributable to the brand rights acquired for the use of the brand names BOSS, HUGO and HUGO BOSS in the United States and Italy, are classified as assets with infinite useful lives. The infinite useful life stems from the estimate of an indefinite use of the registered brand name.

Property, plant, and equipment

Land charges in connection with land and buildings amount to EUR 90,089 thousand (2021: EUR 103,225 thousand).

Impairment losses of EUR 28,610 thousand (2021: EUR 21,249 thousand) and write-ups of EUR 14,605 thousand (2021: EUR 3,269 thousand) were recognized under property, plant, and equipment, which mainly relate to equipment for individual own retail stores.

In terms of property, plant, and equipment, buildings are generally amortized over a useful life of 30 years, technical facilities and machines over a useful life of 5 to 19 years, and other facilities and operating and office equipment over 2 to 15 years.

Purchase obligations

There are purchase obligations for investments amounting to EUR 2,296 thousand (2021: EUR 1,955 thousand). Of this amount, EUR 2,228 thousand (2021: EUR 1,877 thousand) is attributable to property, plant, and equipment and EUR 68 thousand to intangible assets (2021: EUR 78 thousand). The obligations as of December 31, 2022, are due for settlement within one year.

9 | Leases

HUGO BOSS has entered into a substantial number of leases for the rental of retail stores and office and warehouse space. As a rule, the lease agreements have a term between 1 and 30 years, with some of the agreements including purchase and renewal options. The Group exercises judgments to the effect that, in addition to the basic rental period, extension options are included when the extension has already been finally negotiated with the landlord and the contract has been duly signed by both parties. Reasonable certainty is therefore only given once the contract has been signed. For leases of low-value assets and for short-term lease liabilities, the option of immediate expense recognition was exercised. Similarly, leases with variable rents for which no minimum rent is contractually fixed are expensed immediately. Accordingly, there are no right-of-use assets and lease liabilities recognized for these types of leases.

The implications of the Company's leases on the balance sheet, the income statement, and the consolidated statement of cash flows as at December 31, 2022, are presented below:

Leases in the balance sheet

Additions, depreciation, and changes in the right-of-use assets of lease agreements are divided between the assets underlying the leases as at December 31, 2022, as follows:

(in EUR thousand)

	Stores	Warehouse	Offices and others	**Total**
Carrying amount as of January 1, 2022	**583,868**	**39,894**	**71,330**	**695,092**
Changes in the basis of consolidation	0	0	0	0
Additions	191,875	13,817	23,008	228,700
Depreciation	(184,823)	(10,183)	(17,809)	(212,815)
Impairment	(13,433)	0	0	(13,433)
Write up	9,709	0	0	9,709
Disposal	(752)	(1,616)	(267)	(2,635)
Transfers	115	(2,616)	0	(2,501)
FX differences	5,108	349	624	6,081
Carrying amount as of December 31, 2022	**591,667**	**39,645**	**76,886**	**708,198**
Carrying amount as of January 1, 2021	**644,410**	**30,044**	**73,515**	**747,969**
Changes in consolidated group	0	0	0	0
Additions	123,456	16,989	12,573	153,018
Depreciation	(178,902)	(8,129)	(16,428)	(203,459)
Impairment	(10,600)	0	0	(10,600)
Write up	547	0	0	547
Disposal	(17,711)	(73)	(930)	(18,714)
Transfers	0	0	0	0
FX differences	22,668	1,063	2,600	26,331
Carrying amount as of December 31, 2021	**583,868**	**39,894**	**71,330**	**695,092**

Maturity analysis of lease liabilities

The following table shows the breakdown of lease liabilities according to their maturities:

(in EUR thousand)

	2022
Due within one year	215,247
Due between one and five years	482,253
Due after five years	165,061
Total (undiscounted)	**862,561**
Interests	(58,343)
Total	**804,218**

Leases in the income statement

(in EUR thousand)

	2022	2021
IFRS 16 relevant expenses	**(230,217)**	**(226,666)**
Depreciation right-of-use assets	(212,815)	(203,459)
Impairment/write ups of right-of-use assets	(3,724)	(10,052)
Net income from disposal of right-of-use assets	5,207	6,271
Interest expenses for lease liabilities	(17,973)	(17,457)
Income/expenses from foreign exchange differences on lease liabilities	(912)	(1,969)
Non-IFRS 16 relevant expenses	**(250,548)**	**(212,429)**
Expenses from variable lease payments	(174,737)	(144,383)
Expenses for short-term leases	(5,102)	(5,659)
Expenses for leases of low-value assets	(4,725)	(4,512)
Income from subleases	505	2,029
Lease expenses for software	(23,481)	(17,709)
Other expenses (service costs)	(43,008)	(42,195)
Total expenses from lease agreements	**(480,765)**	**(439,095)**

Cash outflows from lease liabilities amounted to EUR 484,408 thousand in 2022 (2021: EUR 440,636 thousand), of which EUR 215,888 thousand relates to the repayment of lease liabilities (2021: EUR 210,749 thousand).

In the course of the COVID-19 pandemic, all rent concessions that met the requirements of the IASB amendments "COVID-19-Related Rent Concessions – Amendments to IFRS 16 Leases" were not treated as a lease modification but as a negative variable lease payment until June 30, 2022. The amount recognized through profit and loss to reflect rent concessions as a result of the COVID-19 pandemic was EUR 4,408 thousand for fiscal year 2022 (2021: EUR 18,178 thousand). In the second half of the year, rent adjustments were treated as lease modifications under IFRS 16.

As of the reporting date, there was also EUR 2,424 thousand accrued rent payments (2021: EUR 21,871 thousand).

Material future non-recognized lease payments with maturities

The following future lease payments are not included in the valuation of lease liabilities as a result of IFRS 16:

(in EUR thousand)

	Due 2023	Due 2024–2027	Due after 2027	Total
Variable lease payments	206,119	866,532	696,461	1,769,111
Payments from uncertain termination options	619	14,493	12,669	27,780
Payments from uncertain extension options	11,139	155,167	141,383	307,688
Total lease payments	**217,876**	**1,036,191**	**850,513**	**2,104,580**

In addition, payments from short-term leases, leases for software, and for low-value assets are expected, although these are immaterial from the perspective of HUGO BOSS.

The determination of future off-balance sheet lease payments is based on management assumptions regarding the term of the leases and the amount of the lease payment. In determining future lease payments, HUGO BOSS assumes the remaining term of the original lease plus the one-time exercise of renewal options, which are not yet sufficiently certain based on current knowledge. The future variable lease payments are derived on the basis of the sales planned for directly operated stores (DOS) and outlets bottom-up for 2023 and projected using a like-for-like growth rate. Future payments from uncertain renewal options take into account all contracts with renewal options existing as of December 31, 2022, and are based on the assumption of constant future rental payments.

10 | Impairment testing

An impairment test must be performed for all assets within the scope of IAS 36 if there are triggering events for impairment at the reporting date. For intangible assets with indefinite useful lives and goodwill, an annual impairment test is performed irrespective of the existence of such indications. Climate related impacts are considered internalizing external factors. However, the impact of climate-related matters is not material to the financial statements of HUGO BOSS.

Systematically depreciated property, plant, and equipment and amortized right-of-use assets at the level of the Group's own retail stores

At HUGO BOSS, the Group's own retail stores (directly operated stores, DOS) have been identified as CGUs, i.e., as the smallest group of assets that can generate independent cash inflows.

The depreciated assets of the DOS, including the right-of-use assets from leasing contracts, are subjected to impairment testing, if there are indicators or changes in the planning assumptions resulting into carrying amount exceeding the recoverable amount of the assets. After preparing the annual budget planning, HUGO BOSS carries out a triggering-event test at the respective DOS level. In the event of a shortfall in defined sales and profitability ratios compared with the latest budget, the non-current assets of the respective DOS are subjected to impairment testing.

The recoverable amount of the DOS is determined by calculating the value in use on the basis of discounted cash flow calculations. The planned cash flows for the DOS from the budget planning adopted by the Managing Board and approved by the Supervisory Board of HUGO BOSS AG were used to determine the value in use as of the reporting date. Furthermore, the gross profit margin of the upstream units as well as the corporate assets at the level of the subsidiary and at the level of the DOS are taken into account. The forecast period is determined on the basis of the individual remaining term of the lease as the leading asset. Following the first planning year derived from the approved budget planning, country- and CGU-specific revenue and cost developments are used as a basis for the remaining useful life. The growth rates used are based on the expected nominal retail growth in each respective market for the corresponding planning year. For all DOS, growth rates range from low single-digit to high single-digit percentages. At the end of the remaining useful life, it is assumed that the respective DOS will be wound up with a sale of the operating assets at carrying amount. In determining the value in use of the DOS, the cash flows were discounted at a weighted average cost of capital after tax between 8.8% and 33.3% (2021: between 6.8% and 23.1%). A maturity-equivalent risk-free interest rate of 2.0% (2021: −0.6%) and a market risk premium of 7.0% (2021: 7.5%) were applied. The calculated pre-tax interest rates are between 10.0% and 43.7% (2021: 9.7% and 30.1%). If an impairment loss is recognized, it is allocated proportionately to the non-current assets of the CGU. However, no asset may be written down below its respective fair value. For this purpose, the fair values of the right-of-use assets are determined separately. Information from actual lease extensions or new leases for comparable own retail stores is used to derive the market rent and thus the fair value. If no internal data is available for comparable properties, the market rent is derived using estimates from external real estate specialists for properties in comparable locations. If the conditions at which the lease was concluded correspond to the current market conditions derived from actual lease agreements or the estimates of external real estate specialists, it is assumed that the right-of-use asset is recoverable. If the fair value exceeds the calculated value in use of the corresponding CGU, the impairment loss resulting from the calculation of the value in use of the CGU is allocated to the other non-current assets of the CGU.

Impairment tests carried out resulted in gross impairment losses on non-current assets amounting to EUR 42,043 thousand (2021: EUR 31,968 thousand) in the past fiscal year, which were recognized in profit or loss under "selling and marketing expenses." Of this amount, EUR 28,610 thousand related to property, plant, and equipment and EUR 13,433 thousand to right-of-use assets. The impairment losses are attributable to all regions.

As part of an impairment analysis, an additional triggering-event test is used to determine whether there are indications that stores that had been impaired in the past were able to improve their earnings situation to such extent that a reversal was necessary. Reversal of impairment losses amounting to EUR 24,538 thousand (2021: EUR 3,816 thousand) were recognized in selling and marketing expenses for the fiscal year 2022. Of this amount, EUR 14,605 thousand related to property, plant, and equipment, EUR 224 thousand to other intangible assets and EUR 9,709 thousand to right-of-use assets. The impairment reversals are attributable to all regions.

Overall, this related to net impairment losses of EUR 17,505 thousand in fiscal year 2022 (2021: EUR 28,152 thousand).

Goodwill and intangible assets with infinite useful life

The impairment assessment is based on detailed earnings, balance sheet, and investment plans for the next fiscal year for all Group units, which have been adopted by the Management as part of the Company-wide budget planning process taking into account the current business situation and approved by the Supervisory Board. For periods beyond the budget planning, an annual growth rate is determined and applied to forecast future cash flows in the detailed planning period of a further four years. The growth rates used are based on external sources of information. The planning of capital expenditures and current net operating assets is based on budget planning data and updated on assumptions and estimates made by management. The cost of capital after taxes are determined using a WACC model for the HUGO BOSS Group, which is used to discount all cash flow forecasts in local currency, includes both standard market and country-specific risk premiums (country risk premium) and a premium for currency risk (inflation risk premium). The cost of capital after taxes used as of December 31, 2022 is based on a risk-free interest rate of 2.0% (2021: 0.1%) and a market risk premium of 7.0% (2021: 7.5%).

The following table shows the carrying amounts and the main assumptions used to determine the value in use or fair value less costs of disposal for the goodwill and intangible assets with indefinite useful lives allocated to the respective groups of CGUs. Goodwill arising on the acquisition of mono-brand stores from former franchise partners in previous fiscal years is allocated to the respective sales units (group of CGUs). Production units are regarded as corporate assets. Corporate assets are included in the impairment test of the sales units. Intangible assets with indefinite useful lives are aggregated at country level. The impairment test for trademark rights for the use of brand names in the U.S. market and Italy is performed at country level.

(in EUR thousand)

	Carrying amount		Assumptions	
	Goodwill	Intangible assets with indefinite useful life	Weigthed pre-tax WACC	Long-term growth rate
2022				
Sales unit France	1,759	0	12.4%	2.0%
Sales unit Italy	399	1,377	13.6%	2.0%
Sales unit UK	3,200	0	11.1%	2.0%
Sales unit Dubai	11,461	0	10.5%	3.3%
Sales unit Mainland China	9,513	0	12..8%	2.3%
Sales unit Macau (China)	6,669	0	12.2%	1.9%
Sales unit South Korea	7,025	0	11.8%	2.0%
Sales unit Thailand	1,726	0	11.8%	1.8%
Sales unit USA & Canada	3,213	13,615	11.8%	2.0%
Other sales & corporate units	11,609			
Total	**56,574**	**14,992**	**10.5%–13.6%**	**1.9%–3.3%**

(in EUR thousand)

	Carrying amount		Assumptions	
	Goodwill	Intangible assets with indefinite useful life	Weigthed pre-tax WACC	Long-term growth rate
2021				
Sales unit France	1.758	0	11.0%	3.0%
Sales unit Italy	436	1.377	11.9%	3.0%
Sales unit UK	3,214	0	11.2%	3.0%
Sales unit Dubai	11.135	0	9.2%	3.0%
Sales unit Mainland China	9.825	0	15.1%	3.0%
Sales unit Macau (China)	6.282	0	11.1%	3.0%
Sales unit South Korea	7.200	0	11.2%	3.0%
Sales unit Thailand	1,689	0	12.7%	3.0%
Sales unit USA & Canada	3.456	13.615	10.9%	3.0%
Other sales & corporate units	10,962			
Total	**55.957**	**14.992**	**9.2%–15.1%**	**3.0%**

The recoverable amount of each group of CGUs is determined by value in use using cash flow projections based on the medium-term financial plans approved by the Managing Board and the Supervisory Board. Restructuring measures to which the Group has not yet committed to and investments not related to current operations that increase the profitability of the tested group of CGUs are not taken into account. Following the detailed planning phase, country-specific sales growth rates are used, which are based on nominal retail growth.

No impairment loss for goodwill was recognized in fiscal year 2022. In the previous year, the goodwill of the sales unit in Australia in the Asia/Pacific segment was impaired of EUR 3,788 thousand, which was recognized in profit or loss under "selling and marketing expenses."

For trademarks with indefinite useful lives, in addition to determining the value in use at the level of the respective CGU, the recoverable amount is determined in a second step on the basis of the fair value less costs of disposal at level 3 of the measurement hierarchy under IFRS 13. This is based on a sales forecast for the respective market adopted by management as part of the budget process and approved by the Supervisory Board. In addition, country-specific sales growth rates are used. Following the five-year detailed planning period, the planned sales are extrapolated using a growth rate corresponding to the long-term nominal retail growth of the respective markets.

In fiscal years 2022 and 2021, no impairment loss was incurred for the trademark rights with indefinite useful lives.

Key assumptions used to calculate the value in use and fair value less costs of disposal

The following key assumptions, estimation uncertainties, and judgments by Management underlie the calculation of the value in use and fair value less costs of disposal for the aforementioned assets:

- EBIT
- Sustainable nominal retail growth
- Market rent levels
- Discount rates
- Expected useful life of DOS

Estimation of growth rates – Growth rates are generally derived from published industry-related market research based on country-specific nominal retail growth. These growth rates were implemented in the calculation of the value in use, particularly, after the detailed planning phase from 2023 onwards, and in the perpetual annuity.

Estimation of market rent values – Both internal and external lease data for comparable properties are used to derive the fair value of the rights-of-use.

Discount rates – The discount rates reflect current market assessments of the risks specific to each CGU. This takes into account the interest effect and the risks specific to the assets.

Useful life of DOS – The forecast period is based on the average remaining terms of the lease agreements, which are determined and reviewed on an annual basis.

Sensitivity to changes in assumptions

As of December 31, 2022, scenarios for critical measurement parameters such as the discount rate used and the growth rates underlying forecast cash flows were determined to verify the values in use. With regard to the growth rates, Management considered an acceleration (adjustment of +5%) as well as deceleration (adjustment of –5%) of the Group's sales performance in the 2022 business year to be possible. An acceleration/increase in growth rates of 5% would result in reversal of impairment losses for property, plant, and equipment and right-of-use assets in the amount of EUR 4,212 thousand. A slowdown/reduction in growth rates of 5% would result in additional impairments of EUR 6,049 thousand.

With regard to the market rent level, Management assumes that an adjustment of the market conditions both downward and upward by 5% in each case is conceivable. In the event of a reduction in the average market rental level by 5%, an additional impairment loss on right-of-use amounting to EUR 3,604 thousand would be recognized. In the event of a 5% increase in the market rental level, a reversal of impairment losses on right-of-use assets of EUR 147 thousand would be recognized.

In order to review the determined values in use of goodwill, Management of HUGO BOSS considers a declaration of the sales performance in 2023 as well as an average relative increase of the discount rate by 10% each to be possible. Furthermore, for the groups of CGUs to which goodwill is allocated, a declaration of 15% in the relative sales growth to extrapolate the cash flow forecasts following the detailed planning period is considered possible.

If the discount rate were increased by 10%, the values in use of all goodwill would exceed the respective carrying amounts, which are not completely impaired, as was already the case in the previous year.

If the sales development in 2023 were to decrease by 10%, the values in use of all goodwill would exceed the respective carrying amounts.

If the growth rate of sales were to be reduced by 15% in order to extrapolate the cash flow forecasts following the detailed planning period, the value in use of all goodwill would exceed the carrying amount, as was already the case in the previous year.

11 | Financial and other assets

(in EUR thousand)

	2022			2021		
		Thereof current	Thereof non-current		Thereof current	Thereof non-current
Financial assets	67,814	41,341	26,474	47,035	27,465	19,570
Thereof equity investments	4,430	0	4,430	0	0	0
Tax refund claims and prepayments	44,534	44,534	0	17,739	17,739	0
Other assets	107,151	105,445	1,706	94,457	93,332	1,125
Total	**219,499**	**191,320**	**28,180**	**159,231**	**138,536**	**20,695**

Financial assets include positive market values of currency hedges amounting to EUR 622 thousand (2021: EUR 1,295 thousand) as well as rent deposits for the Group's own retail stores of EUR 14,479 thousand (2021: EUR 13,383 thousand). Financial assets also include receivables from credit card companies amounting to EUR 32,827 thousand (2021: EUR 18,811 thousand).

The tax refund claims and tax prepayments are mostly VAT receivables.

Other assets mainly include prepayments for service agreements in the amount of EUR 43,355 thousand (2021: EUR 26,759 thousand), reimbursement claims from returns in the amount of EUR 27,824 thousand (2021: EUR 24,216 thousand), and receivables from supplier arrangements in the amount of EUR 1,304 thousand (2021: EUR 442 thousand).

In fiscal year 2022, HUGO BOSS has entered into a long-term strategic partnership with HeiQ AeoniQ LLC, a fully owned subsidiary of Swiss innovator HeiQ Plc, with an equity investment amounting to EUR 4,430 thousand.

12 | Inventories

(in EUR thousand)

	2022	2021
Finished goods and merchandise	893,489	563,773
Raw materials and supplies	70,411	35,472
Work in progress	9,659	6,309
Total	**973,560**	**605,554**

The carrying amount of inventories recorded at net realizable value is EUR 121,304 thousand (2021: EUR 108,367 thousand). Impairment reversals on inventories resulted in net income of EUR 4,268 thousand (2021: EUR 2,026 thousand). This is included in the cost of sales.

13 | Trade receivables

(in EUR thousand)

	2022	2021
Trade receivables, gross	**272,658**	**250,289**
Accumulated allowance	(16,228)	(15,762)
Trade receivables, net	**256,430**	**234,527**

As at December 31, 2022, the aging analysis of trade receivables is as follows:

(in EUR thousand)

	2022	2021
Trade receivables, net	**256,430**	**234,527**
Thereof not overdue	**202,353**	**180,225**
Thereof overdue	**47,987**	**47,970**
≤30 days	35,231	33,603
31 to 60 days	8,079	10,193
61 to 90 days	4,677	4,174
91 to 120 days	0	0
121 to 180 days	0	0
181 to 360 days	0	0
>360 days	0	0
Thereof: impaired	**6,090**	**6,333**

Trade receivables are non-interest-bearing and are generally due between 30 and 90 days. The change of allowances have developed as follows:

(in EUR thousand)

	2022	2021
Allowances as of January 1	**15,762**	**17,798**
Additions	6,609	6,799
Use	(432)	(2,006)
Release	(5,764)	(7,253)
Currency differences	54	423
Allowances as of December 31	**16,228**	**15,762**

In fiscal year 2022, an expected credit loss was recognized. In accordance with IFRS 9 this amounted to EUR 3,195 thousand as at December 31, 2022 (2021: EUR 2,225 thousand). For this purpose trade receivables that are not due of EUR 150,550 thousand (2021: 141,415) served as the calculation basis.

Any expenses and income from allowances on trade receivables are reported under selling and marketing expenses.

In the event of a deterioration of the financial position of wholesale customers and concession partners, the amounts actually derecognized can exceed the bad debt allowances already recognized, which can have an adverse impact on the results of operations.

Pursuant to the general terms and conditions for sales, ownership of the goods supplied is transferred to wholesale partners upon complete payment of all receivables. No collateral has been provided in the Group for individual receivables. Receivables from wholesale customers in respect of whose assets insolvency proceedings have been initiated are completely impaired.

As of December 31, 2022, receivables written off in the amount of EUR 2,509 thousand (2021: EUR 2,744 thousand) were still subject to recovery measures.

The maximum credit risk from trade receivables corresponding to their gross value is EUR 272,658 thousand (2021: EUR 250,289 thousand) as of the reporting date.

14 | Cash and cash equivalents

(in EUR thousand)

	2022	2021
Balances with banks and other cash items	134,458	275,540
Cheques	2,132	1,170
Cash on hand	10,812	7,984
Total	**147,403**	**284,694**

15 | Equity

Equity is made up of subscribed capital, own shares, capital reserve, other capital reserves, retained earnings, and accumulated other comprehensive income. Retained earnings contain profits that were generated in the past by entities included in the consolidated financial statements and effects from the revaluation of pension provisions. Accumulated other comprehensive income contains the differences arising from translation outside profit and loss of the foreign currencies used for the financial statements of foreign subsidiaries as well as the effects of the measurement outside profit and loss of cash flow hedges after tax.

Subscribed capital

The fully paid-in share capital of HUGO BOSS AG remains unchanged at EUR 70,400 thousand as of December 31, 2022 and consists of 70,400,000 no-par value registered ordinary shares. The arithmetical nominal value per share is EUR 1.00.

Authorized capital

By resolution of the Annual Shareholders' Meeting of May 11, 2021, the Managing Board of HUGO BOSS AG may, with the consent of the Supervisory Board, increase the share capital by up to EUR 17,600 thousand on or before May 10, 2026 by issuing up to 17,600,000 new registered shares on a cash and/or non-cash basis once or repeatedly (authorized capital 2021). The shareholders are generally entitled to a subscription right. However, the Managing Board is authorized, with the consent of the Supervisory Board, to exclude shareholders' subscription rights in full or in part in the cases specified in Article 4 paragraph 4 of the Articles of Association.

Conditional capital

By resolution of the Annual Shareholders' Meeting of May 11, 2021, the Managing Board was authorized until May 10, 2026, with the consent of the Supervisory Board, to issue bearer or registered convertible bonds and/or bonds with warrants, profit participation rights, and/or participating bonds (or combinations of these instruments) with or without maturity restrictions in a total nominal amount of up to EUR 750,000 thousand, once or several times, also simultaneously in different tranches.

In this context, the share capital was conditionally increased by up to EUR 17,600 thousand by issuing up to 17,600,000 new registered no-par value shares (conditional capital 2021). The conditional capital increase will only be carried out to the extent that the holders or creditors make use of conversion/option rights from the bonds or fulfil conversion/option obligations or shares are tendered and no other forms of fulfillment are used for servicing. The Managing Board did not make use of the authorization in fiscal year 2022.

Capital management

In light of the anticipated strong top- and bottom-line growth, HUGO BOSS is confident it will continue generating significant free cash flow. This is to be supported by improved management of trade net working capital and the efficient use of capital expenditure. The majority of expected accumulated free cash flow will either be reinvested into the Company or distributed to shareholders via regular dividend payments. In doing so, HUGO BOSS is pursuing a profit-based dividend policy aimed at allowing shareholders to participate appropriately in the Group's earnings development. The Company's payout ratio until 2025 is projected to be in a range of between 30% and 50% of net income attributable to shareholders (2022: 33%). In line with the Company's vision of being the leading premium tech-driven fashion platform worldwide, it is also considering strategic investments in the areas of product and brand, sales, and digital expertise. In the event of excess liquidity, HUGO BOSS also considers special dividends and share buybacks as viable alternatives to return cash to our shareholders. The balance sheet structure is analyzed at least once a year to determine its efficiency and ability to support future growth and to simultaneously provide sufficient safety in the event that the Company's business performance falls short of expectations.

HUGO BOSS has at its disposal a revolving syndicated loan of EUR 600,000 thousand, providing additional financial flexibility for the successful execution of "CLAIM 5". The proceeds of the facility can be used for general corporate purposes. Concluded in November 2021, it has a term of three years including two options for extending the term by one year each and an option to increase the credit volume by up to EUR 300,000 thousand. The first extension option has already been exercised successfully. The credit facility 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, 2022, financial leverage totaled 1.1, thus well below the maximum permissible level (December 31, 2021: 1.1). The applicable interest rates of the loan are also linked to the fulfillment of defined ESG criteria. At the end of fiscal year 2022, the syndicated loan was utilized for guarantees issued amounting to EUR 21,874 thousand and for the supplier financing program amounting to EUR 60,000 thousand (December 31, 2021: EUR 18,066 thousand for guarantees, EUR 62,781 thousand for the supplier financing program).

(in EUR thousand)

	2022	2021
Liabilities due to banks incl. lease liabilities	914,097	912,312
Cash and cash equivalents	(147,403)	(284,694)
Net financial liabilities	**766,694**	**627,618**
Operating profit (EBITDA)	**680,444**	**567,777**
Total leverage	**1.13**	**1.11**

Own shares

The number of own shares amounts to 1,383,833 (2021: 1,383,833). The overall percentage amounts to 2.0% of subscribed capital (2021: 2.0%).

At the Annual Shareholders' Meeting on May 27, 2020, a resolution was passed authorizing the Managing Board to acquire the Company's own shares up to a total of 10% of the current share capital until May 26, 2025.

16 | Dividend

In view of the strong operational and financial performance in 2022, the very solid financial position, and Management's confidence in the further successful execution of "CLAIM 5," the Managing Board and the Supervisory Board intend to propose to the Annual Shareholders' Meeting on May 9, 2023, a dividend of EUR 1.00 per share for fiscal year 2022 (2021: EUR 0.70), corresponding to an increase of 43% year over year. The proposal is equivalent to a payout ratio of 33% of the Group's net income attributable to shareholders in fiscal year 2022. Assuming that the shareholders approve the proposal, the dividend will be paid out on May 12, 2023. Based on the number of shares outstanding at the end of 2022, the amount distributed will total EUR 69,016 thousand (2021: EUR 48,311 thousand).

In 2022, a dividend of EUR 48,311 thousand was paid out for shares outstanding for the fiscal year 2021 (in 2021 for 2020: EUR 2,761 thousand). This corresponds to EUR 0.70 per share for 2021 (2020: legal minimum dividend of EUR 0.04 per share).

17 | Provisions

(in EUR thousand)

	2022	2021
Provisions for pensions	27,738	46,316
Other non-current provisions	64,157	55,530
Non-current provisions	**91,895**	**101,846**
Current provisions	**122,647**	**99,093**
Total	**214,542**	**200,939**

Other provisions of EUR 186,804 thousand (2021: EUR 154,623 thousand) comprise current provisions of EUR 122,647 thousand (2021: EUR 99,093 thousand) and other non-current provisions of EUR 64,157 thousand (2021: EUR 55,530 thousand). These mainly include non-current provisions for personnel expenses in connection with the long-term incentive program (LTI). Further explanations regarding LTI are provided in Chapter 18 – Share-based payment. The risk-free interest rates used to discount other non-current provisions range between 0.3% and 4.5% (2021: between 0.29% and 4.5%) depending on the term and currency in question. In fiscal year 2022, other provisions developed as follows:

(in EUR thousand)

	Balance on Jan. 1, 2022	Changes in currency and the consolidated group	Compounding	Addition	Use	Release	Balance on Dec. 31, 2022
Provisions for personnel expenses	90,137	255	21	90,521	(57,880)	(7,864)	115,190
Provisions for deconstruction obligations	22,907	(236)	651	6,276	(3,234)	(483)	25,881
Costs of litigation, pending legal disputes	11,813	113	0	10,188	(4,386)	(5,379)	12,349
Provisions for restructuring	1,255	(3)	0	4,721	(471)	(589)	4,913
Other provisions	28,511	315	0	12,171	(9,936)	(2,590)	28,471
Total	**154,623**	**444**	**672**	**123,877**	**(75,907)**	**(16,905)**	**186,804**

Provisions for personnel expenses

The provisions for personnel expenses mainly concern the provisions for short- and medium-term profit sharing and bonuses, severance payment claims, phased retirement arrangements, and overtime.

It is expected that EUR 39,049 thousand (2021: EUR 34,025 thousand) of the personnel provisions will be paid out after more than twelve months.

Provisions for deconstruction obligations

Non-current provisions for deconstruction obligations relate to the Group's own retail stores, warehouses, and office space used by the Group companies. They are recognized on the basis of the expected settlement amounts and the rental period agreed upon. Estimates are made in terms of the cost as well as the actual timing of the utilization.

Provisions for costs of litigation and pending legal disputes

The provisions for costs of litigation and pending legal disputes include various, individually immaterial ongoing litigations as well as litigation costs for the protection of brand right. These provisions are classified as current.

Miscellaneous other provisions

Based on reasonable estimates, provisions are recognized for the potential ramifications of legal issues. Such an assessment also takes into account the estimation of local, external experts such as lawyers and tax advisors. Any deviations between the original estimates and the actual outcome can impact the Group's net assets, financial position, and results of operations in the given period.

18 | Share-based payment

Equity-settled share-based payment

As part of the Restricted Stock Units Plan (RSUP) introduced by HUGO BOSS, eligible senior management staff are granted options to purchase ordinary shares of HUGO BOSS. Each employee share option converts into one ordinary share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights.

Options are exercisable at a price equal to the quoted market price of the HUGO BOSS's shares on the grant date. The vesting period is three years. Options are forfeited if the employee leaves the Group before the options vest.

The number of share options outstanding as of December 31, 2022 is 153,500. The aggregate of the estimated fair values of the options granted totals EUR 7,264 thousand. The following inputs for the binomial model were made on July 1, 2022:

	2022
Share price at grant date (July 1, 2022)	EUR 50.36
Expected volatility	40%
Expected life	3 years
Risk free rate	0.81%
Expected dividend yields	2%

Expected volatility was determined by calculating the historical volatility of the Group's share price over the past four years. The expected life used in the model is based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations. In the event of changes in the group of eligible senior management staff, the fair values are reviewed.

The Group recognized total personnel expenses of EUR 1,182 thousand related to equity-settled share-based payment transactions in 2022.

Cash-settled share-based payment

A large part of the long-term provisions for personnel expenses consists of the Long-Term Incentive Program (LTI) implemented at the beginning of fiscal year 2016. The LTI serves as a long-term share-based compensation component for the Managing Board and eligible senior management staff of HUGO BOSS. As of December 31, 2022, there are four tranches in the LTI:

- 2019–2022 LTI-Tranche (issued on January 1, 2019)
- 2020–2023 LTI-Tranche (issued on January 1, 2020)
- 2021–2024 LTI-Tranche (issued on January 1, 2021)
- 2022–2025 LTI-Tranche (issued on January 1, 2022)

Each plan has a total duration of four years, which is split into a performance term of three years and a qualifying period of one year. The plan participant receives an individual number of virtual shares, the so-called "performance shares" (initial grant) at the beginning of the performance term, calculated as follows:

Individual LTI budget in Euro / average HUGO BOSS share price during the three months before the beginning of the performance term.

The number of virtual shares issued as of December 31, 2022, and the remaining terms of each plan are as follows:

LTI Tranche	Number of virtual shares (Initial Grant)	Remaining terms
2019–2022	108,852	0 years
2020–2023	168,584	1 year
2021–2024	413,667	2 years
2022–2025	232,663	3 years

The final entitlement of the participants in the plan depends on the following components:

(1) Individual number of performance shares (initial grant).

(2) Target achievement of predefined targets components: relative total shareholder return (RTSR); return on capital employed (ROCE); degree of employee satisfaction; score in the annual Dow Jones Sustainability Index (DJSI) assessment.

(3) Average HUGO BOSS share price over the last three months of the qualifying period.

A detailed explanation of the individual target components can be found in the Compensation Report as part of this Annual Report.

The final entitlement is paid out in cash no later than six weeks after the resolution has been passed by the Management of HUGO BOSS regarding the confirmation of the annual financial statement for the corresponding fiscal years 2022, 2023, 2024, and 2025, respectively. Accordingly, the LTI tranche 2019–2022 will be paid out in the fiscal year 2023.

The Long-Term Incentive Program is to be classified as share-based, cash-settled compensation and is therefore accounted for pursuant to the standards of IFRS 2. The expected entitlement of the plan participant is the basis for the calculation of a long-term personnel provision recognized on a pro-rata basis over the term of the respective plans and re-evaluated on each reporting date. The amount of the entitlement and the provision are evaluated using a Monte Carlo simulation, considering the following components:

(1) Expected degree of attainment of individual target components listed above

(2) Fair value per share option / performance shares (expected HUGO BOSS share price at the end of the period)

The fair value of the performance shares is calculated by an external expert using an option pricing model.

The fair values for the three plans as of December 31, 2022, compared to the previous year, are as follows:

LTI Tranche	Fair values per share option 2022	Fair values per share option 2021
2019–2022	EUR 40.55	EUR 42.38
2020–2023	EUR 75.99	between EUR 67.17 and 67.51
2021–2024	EUR 53.53	EUR 55.62
2022–2025	EUR 65.98	n/a

The fair value measurement for the respective plans is based on the following parameters:

	2022	2021
HUGO BOSS share price at reporting date in EUR	54.16	52.44
Expected dividend return in %	2.00	2.00
Expected volatility in %	38.06	35.00
Risk free interest rate in % (LTI tranche 2019–2022)	n/a	(0.76)
Risk free interest rate in % (LTI tranche 2020–2023)	2.23	(0.74)
Risk free interest rate in % (LTI tranche 2021–2024)	2.38	(0.70)
Risk free interest rate in % (LTI tranche 2022–2025)	2.34	n/a

As of December 31, 2022, four tranches totaling EUR 28,866 thousand (2021: EUR 23,168 thousand) were recognized as provisions. Therefore, a total expenses for cash-settled share-based payment pursuant to IFRS 2 of EUR 5,698 thousand (2021: EUR 16,985 thousand) was recognized in personnel expenses in fiscal year 2022.

CEO Investment Opportunity

Prior to Daniel Grieder assuming his duties, a so-called CEO Investment Opportunity was agreed between Daniel Grieder and the Marzotto family, the aim of which is to provide an incentive for a substantial and sustainable increase in the share-price of HUGO BOSS. Classified as compensation by a third party, the CEO Investment Opportunity is explicitly not part of the compensation system in accordance with Sec. 87a AktG. Therefore, it is not to be included in the maximum compensation. No personell expenses were and will be recognized.

The Supervisory Board discussed the CEO Investment Opportunity agreement at a plenary meeting and noted it with approval in a resolution. There are no conflicts of interest arising from the CEO Investment Opportunity, which is tied to the share price performance of HUGO BOSS. All shareholders in the Company benefit from a sustainable increase in the share price.

The CEO Investment Opportunity was implemented by setting up an investment vehicle titled ZPG HOLDING S.àr.l. ("ZPG"). ZPG bought 625.000 HUGO BOSS shares in mid-2021 for an average share price of EUR 46.40 and will continue to hold these shares until the occurrence of a so-called liquidity event. In this context, Daniel Grieder invested a total amount of EUR 1.5 million in ordinary shares in ZPG, with the rest of the investment provided by PFC S.r.l. and Zignago Holding S.P.A., each controlled by the Marzotto family, and a third-party bank financing. PFC S.r.l. and Zignago Holding S.P.A. hold the remainder of ordinary shares and certain preference shares, with limited economic rights ranking senior to the ordinary shares.

Liquidity events are the exercise of a call option by ZPG, the exercise of a put option by Daniel Grieder, or ZPG selling the HUGO BOSS shares to a third party. The call option may be exercised by ZPG either in the event that Daniel Grieder leaves HUGO BOSS or in a period of 120 days following the ordinary expiration of his employment contract with HUGO BOSS. If the call option is exercised based on a reason for which Daniel Grieder is responsible (e.g., termination by Daniel Grieder not based on good cause), he will receive the lower of either the fair market value of his ZPG shares or the amount of his initial investment. If the call option is exercised without Daniel Grieder having given cause for it (e.g., termination by HUGO BOSS not based on good cause), he will receive the fair market value of his ZPG shares.

The put option may be exercised by Daniel Grieder once the average HUGO BOSS share price during a period of 120 days exceeds specific thresholds. The minimum share price required for exercising the put option is EUR 75.10, representing an increase of 62% compared to the average purchase price of HUGO BOSS shares (EUR 46.40). The consideration both, in the event of exercising the put option or in case ZPG sells its HUGO BOSS shares to a third party, is the fair market value of the ZPG shares held by Daniel Grieder.

The fair market value of the ZPG shares held by Daniel Grieder is linked to the difference between the average purchase price of HUGO BOSS shares (EUR 46.40) and the average share price of HUGO BOSS shares during the 120 days prior to the liquidity event. If the average share price of HUGO BOSS during the 120 days prior to the liquidity event ranges between EUR 46.40 and EUR 75.00, Daniel Grieder will receive back the contributed amount of EUR 1.5 million. If the average share price during the 120 days prior to the liquidity event is less than EUR 46.40, the amount will be correspondingly lower. By contrast, if the average share price during the 120 days prior to the liquidity event is EUR 75.10 or higher, the fair market value of the ZPG shares held by Daniel Grieder increases depending on the share price performance of HUGO BOSS.

For example, an average share price of EUR 75.10 would result in a fair market value of EUR 7.1 million, an average share price of EUR 100.00 in a fair market value of EUR 14.8 million, and an average share price of EUR 126.00 in a fair market value of EUR 23.6 million.

19 | Provisions for pensions and similar obligations

Provisions for pensions are recognized for obligations from future and current post-employment benefits to eligible current and former employees. The benefits agreed under the pension plans depend for the most part on the length of service of the eligible employee. In general, company pension plans are classified into two types of plans: defined contribution plans and defined benefit plans. At HUGO BOSS, most of the plans are defined benefit plans. In the past year, the main defined benefit plans were granted in Germany and Switzerland. The characteristics of these plans are described in the following.

Defined benefit plans

Germany

Since the fiscal year 2014, there have only been direct pension obligations in Germany. A distinction is also made between general and individually agreed benefits. Under the general benefits granted, each employee who joined the Company prior to July 1, 2012, is entitled to benefits from Company pension plans. Employees who first receive benefits under the plan upon reaching the age of 50 or who have temporary employment agreements are excluded. Benefits comprise a post-employment benefit in the form of an old-age pension, an early-retirement benefit, a disability benefit, or a surviving dependents' benefit in the form of a dependent child benefit.

Individually agreed benefits are only granted to active and former members of the Managing Board. Benefits can take the form of a post-employment benefit as an old-age pension or disability annuity and take the form of a surviving dependents' benefit as a surviving spouse or dependent child benefit. All active members of the Managing Board have received pension commitments that are regulated in individual contracts and the amounts of which are measured as a percentage of the contractually agreed pensionable income depending on their duration of membership of the Managing Board. The basis for determining the pensionable income is defined as the base salary under the employment contract. For Managing Board members this takes the form of a defined benefit. The Group pays an annual pension contribution into a reinsurance contract for the life of the Managing Board member. This corresponds to 40% of the pensionable compensation, which is calculated on the basis of the basic salary in accordance with the employment contract. This form of pension commitment will also be used for future appointments to the Managing Board.

In addition, HUGO BOSS offers the Managing Board and executives the opportunity to acquire additional pension benefits through salary conversions ("deferred compensation agreements"). This additional pension can be granted in the form of retirement benefits, optionally in the form of occupational disability benefits and/or surviving dependents' benefits and/or in the form of a lump-sum payment in the event of death. The pension benefits are paid as a monthly pension, whereby surviving dependents' benefits can also be granted as a lump sum.

In Germany, the Company pension plan for individually agreed benefits and deferred compensation agreements is funded by plan assets for which there is an employer's pension liability insurance, which is a qualifying insurance policy within the meaning of IAS 19.8 in conjunction with IAS 19.113 et seq. The assets concerned can be classified as non-marketable assets. Employer's pension liability insurance has not been taken out for general benefits granted.

Switzerland

In Switzerland, employee pension plans must be allocated to a pension fund that is separate from the employer. BVG ["*Bundesgesetz über die berufliche Alters-, Hinterlassenen- und Invalidenvorsorge*": Swiss Federal Act on Occupational Retirement, Survivors' and Disability Pension Plans] imposes minimum benefits. HUGO BOSS uses a collective foundation to provide for its employees against the economic consequences of old age, disability and death. Under this model, the foundation assets are the plan assets. The board of trustees of the collective foundation is responsible for the investment policy; at present the majority of plan assets are invested in fixed interest securities such as sovereign bonds. The supreme governing body of the collective foundation comprises an equal number of employer and employee representatives. The plans are financed by employer and employee contributions, which are defined as a percentage of the insured wage. The old-age pension is calculated as the retirement assets accumulated upon reaching a pensionable age multiplied by the conversion rates specified in the fund regulations. Employees can opt to receive their pension benefits as a lump-sum payment from the retirement assets. The benefit payments under the Swiss plans encompass old-age pensions, disability benefits, and surviving dependents' benefits. The collective foundation can change its financing system (contributions and future benefits) at any time. In addition, the collective foundation can terminate the affiliation agreement with HUGO BOSS; in such an event, the latter would have to join another welfare fund. Depending on the conditions of the affiliation agreement and the current partial liquidation rules, a deficit and the risks of increasing life expectancy (current pensions) can be transferred.

The pension obligations breakdown is as follows:

(in EUR thousand)

	Present value of the defined benefit obligation		Fair value of plan assets		Net defined benefit liability	
	2022	2021	**2022**	2021	**2022**	2021
Germany	84,888	110,302	83,035	94,535	1,853	15,767
Switzerland	56,453	65,869	46,471	44,927	9,982	20,942
Others[1]	15,903	9,607	0	0	15,903	9,607
Total	**157,244**	**185,778**	**129,506**	**139,462**	**27,738**	**46,316**

1 Additional defined benefit plans are in place in Turkey, Italy, France, Mexico and Austria.

The amount of the pension obligations was determined using actuarial methods in accordance with IAS 19 "Employee Benefits".

The fair value of plan assets includes only assets held through reinsurance policies in Germany and assets held exclusively by insurance companies in Switzerland.

In fiscal year 2022, the funding status of benefit obligations pursuant to IAS 19 was as follows:

(in EUR thousand)

	2022	2021
Change in present value of benefit obligation		
Present value of benefit obligation on January 1	185,778	193,612
Currency differences	1,977	493
Service cost	5,516	5,495
Interest expense	2,523	1,917
Payments from settlements	(1)	(12)
Remeasurement of the carrying amount		
Actuarial gains/losses due to changes in financial assumptions	(40,799)	(6,530)
Actuarial gains/losses due to changes in demographic assumptions	0	(3,773)
Actuarial gains/losses due to experience adjustments	4,505	(9,317)
Benefits paid	(5,697)	(3,609)
Contribution by participants of the plan	5,017	4,000
Past service cost	(1,575)	3,502
Present value of benefit obligation on December 31	**157,244**	**185,778**
Changes in plan assets		
Fair value of plan assets on January 1	139,462	139,270
Currency differences	2,207	1,855
Expected return on plan assets	1,479	1,135
Expected return on plan assets (without interest income)	(19,051)	(8,491)
Payments from settlements	0	0
Benefits paid	(4,295)	(2,702)
Contribution by the employer	4,687	4,395
Contribution by participants of the plan	5,017	4,000
Fair value of plan assets on December 31	**129,506**	**139,462**
Funding status of the benefits funded by plan assets	**27,738**	**46,316**

As of December 31, 2022, EUR 83,035 thousand (2021: EUR 108,044 thousand) of the present value of the defined benefit obligation is financed through employer's pension liability insurance and EUR 56,453 thousand (2021: EUR 65,869 thousand) through foundation assets; while the remaining EUR 17,756 thousand (2021: EUR 11,865 thousand) was unfunded.

Actuarial assumptions underlying the calculation of the present value of the pension obligations as of December 31, 2022

Discretion is exercised to the extent that the expense from benefit-based plans is determined based on actuarial calculations. This involves making assumptions about discount rates, future wage and salary increases, mortality rates, and future pension increases. The discount rates used are based on the market yields of high-quality, fixed-interest corporate bonds.

The following premises were defined:

Actuarial assumptions	2022	2021
Discount rate		
Germany	4.20%	1.40%
Switzerland	2.25%	0.35%
Future pension increases		
Germany	2.50%	1.75%
Switzerland	0.00%	0.00%
Future salary increases		
Germany	3.00%	2.50%
Switzerland	3.00%	2.00%

Pension benefits in Germany are determined on the basis of biometric principles in accordance with the 2018 G mortality tables of Prof. Dr. Klaus Heubeck. The BVG 2020 mortality tables are used to measure the obligations of Swiss companies.

Sensitivity analysis of key actuarial assumptions

HUGO BOSS is exposed to special risks in connection with the aforementioned defined benefit plans. The funding status of pension obligations is influenced by both changes in the present value of the defined benefit obligations and changes in the fair value of plan assets. These are determined using actuarial methods that make assumptions concerning discount rates, future pension increases, future wage and salary increases, and mortality rates. Future deviations between actual conditions and the underlying assumptions can lead to an increase or a decrease in the present value of the defined benefit obligations or the fair value of plan assets.

In addition, future amendments to the accounting standards governing the accounting treatment of pension obligations can affect the pertinent items of net assets, financial position, and results of operations.

A change in the key actuarial parameters according to the scenarios presented below has the effects presented in the table below on the present value of the pension obligations as of December 31, 2022.

When conducting the sensitivity analysis, each parameter was altered ceteris paribus and not in combination with changes in other assumptions, thus excluding interdependencies between parameters. In addition, only ranges of values deemed to be reasonably plausible up to the date of preparing the next set of consolidated financial statements were selected.

(in EUR thousand)

Change in present value of the pension obligations	2022	2021
Discount rate December 31		
Increase of 75 basis points	(13,085)	(18,969)
Decline of 75 basis points	15,108	23,111
Future pension increases December 31		
Increase of 25 basis points	3,580	5,567
Decline of 25 basis points	(2,326)	(3,561)
Future salary increases December 31		
Increase of 50 basis points	1,138	983
Decline of 50 basis points	(1,013)	(985)
Life expectancy December 31		
Increase of 10 percent	(3,699)	(6,062)
Decline of 10 percent	4,003	6,071

Breakdown of the pension expenses in the period

The pension expenses of the period is composed of the following items:

(in EUR thousand)

	2022	2021
Current service costs	5,516	5,495
Past service costs	(1,575)	3,502
Net interest costs	1,044	781
Recognized pension expenses in the comprehensive statement of income	**4,985**	**9,778**
Expense from plan assets (without interest effects)	19,051	8,491
Recognized actuarial (gains)/losses	(36,294)	(19,620)
Recognized remeasurement of the carrying amount in the comprehensive statement of income	**(17,243)**	**(11,129)**

The net interest expense is calculated by multiplying the net pension obligation by the discount rate underlying the measurement of the defined benefit obligation (DBO).

In case of deferred compensation commitments, current service cost is only incurred in the year of deferral. An increase in the service rendered does not increase the benefits granted.

For fiscal year 2022, the Group expects employer contributions to plan assets of EUR 4,754 thousand (2021: EUR 4,638 thousand).

Duration

The duration of the benefit-based plans on December 31, 2022, is 14 years for Germany (2021: 17 years) and 15 years for Switzerland (2021: 19 years).

Defined contribution plans

Employer contributions to contribution-based plans totaled EUR 24,530 thousand in the past fiscal year (2021: EUR 21,033 thousand) and are reported under personnel expenses. The main contribution-based plan of HUGO BOSS is in Germany. They receive the contributions to statutory pension insurance and the employer's contribution to employer-funded direct insurance in Germany.

20 | Financial liabilities

All interest-bearing and non-interest-bearing obligations as of the respective reporting date are reported under financial liabilities. They break down as follows:

(in EUR thousand)

	2022	**With remaining term up to 1 year**	2021	With remaining term up to 1 year
Financial liabilities due to banks	109,880	21,348	117,727	14,525
Lease liabilities	804,218	199,290	794,585	193,429
Other financial liabilities	11,821	11,459	17,743	17,500
Thereof: non IFRS 16 relevant rental contracts for own retail	9,594	9,594	13,416	13,416
Total	**925,918**	**232,097**	**930,055**	**225,454**

Other financial liabilities include negative market values from derivative financial instruments amounting to EUR 1,866 thousand (2021: EUR 4,327 thousand).

The following tables show the terms and conditions of financial liabilities:

	2022		2021	
Remaining term	**Weighted average interest rate**	**Carrying amount in EUR thous.**	Weighted average interest rate	Carrying amount in EUR thous.
Liabilities due to banks				
Up to 1 year	5.59%	21,348	3.16%	14,525
1 to 5 years	5.17%	88,532	4.92%	103,201
More than 5 years	0.00%	0	0.00%	0
Other financial liabilities				
Up to 1 year	0.05%	11,459	0.10%	17,500
1 to 5 years	5.77%	361	5.77%	243
More than 5 years	0.00%	0	0.00%	0

HUGO BOSS has at its disposal a revolving syndicated loan of EUR 600,000 thousand, providing additional financial flexibility for the successful execution of "CLAIM 5". The proceeds of the facility can be used for general corporate purposes. Concluded in November 2021, it has a term of three years, including two options for extending the term by one year each and an option to increase the credit volume by up to EUR 300,000 thousand. The first extension option has already been exercised successfully.

At the end of fiscal year 2022, the syndicated loan was utilized for guarantees issued amounting to EUR 21,874 thousand and for the supplier financing program amounting to EUR 60,000 thousand (December 31, 2021: EUR 18,066 thousand for guarantees, EUR 62,781 thousand the supplier financing program).

The following table shows the contractually agreed undiscounted cash flows for non-derivative financial liabilities and for derivative financial instruments with a negative fair value:

(in EUR thousand)

2022			**Expected cash flows**		
Non-derivative financial liabilities	**Carrying amount**	**Total cash flows**	**<1 year**	**1–5 years**	**>5 years**
Financial liabilities due to banks	109,880	88,198	29,503	58,696	0
Lease liabilities	804,218	862,561	215,247	482,253	165,061
Other financial liabilities	9,955	9,955	9,594	361	0
Derivative financial liabilities					
Undesignated derivatives	1,866	1,866	1,866	0	0
Derivatives subject to hedge accounting	0	0	0	0	0
Total	**925,918**	**962,580**	**256,209**	**541,310**	**165,061**
2021					
Non-derivative financial liabilities					
Financial liabilities due to banks	117,727	131,742	31,148	100,594	0
Lease liabilities	794,585	841,497	205,354	471,782	164,361
Other financial liabilities	13,416	13,416	13,416	0	0
Derivative financial liabilities					
Undesignated derivatives	952	952	709	243	0
Derivatives subject to hedge accounting	3,375	3,375	3,375	0	0
Total	**930,055**	**990,982**	**254,002**	**572,619**	**164,361**

21 | Other liabilities

(in EUR thousand)

	2022			2021		
	Total	**Current**	**Non-current**	Total	Current	Non-current
Other liabilities	202,855	201,152	1,703	161,420	160,524	896
Thereof indirect taxes	78,052	78,052	0	63,809	63,809	0
Thereof social security, accrued vacation, wages and salaries	36,810	36,810	0	27,485	27,485	0
Thereof right of return	48,177	48,177	0	37,814	37,814	0

The obligations arising from rights of return are calculated on the basis of historical return rates.

22 | Additional disclosures on financial instruments

Carrying amounts and fair values by category of financial instruments

(in EUR thousand)

		2022		2021	
Assets	**IFRS 9 category**	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Cash and cash equivalents	AC	147,403	147,403	284,694	284,694
Trade receivables	AC	256,430	256,430	234,527	234,527
Financial assets		67,814	67,814	47,036	47,036
Thereof:					
Equity investments	FVTPL	4,430	4,430	0	0
Undesignated derivatives	FVTPL	329	329	1,295	1,295
Derivatives subject to hedge accounting	Hedge Accounting	293	293	0	0
Other financial assets	AC	62,762	62,762	45,741	45,741
Liabilities					
Financial liabilities due to banks	AC	109,880	112,620	117,727	120,015
Trade and other payables	AC	617,110	617,110	464,408	464,408
thereof Reverse Factoring	AC	99,096	99,096	62,857	62,857
Lease liabilities	n.a.	804,218	804,218	794,585	794,585
Other financial liabilities		11,821	11,821	17,743	17,743
Thereof:					
Undesignated derivatives	FVTPL	1,866	1,866	952	952
Derivatives subject to hedge accounting	Hedge Accounting	0	0	3,375	3,375
Other financial liabilities	AC	9,955	9,955	13,416	13,416

In 2021, HUGO BOSS implemented a "Supplier-Financing-Program" to support its suppliers. Under this program, outstanding trade payables are already settled with the supplier before maturity by a credit institution. Within the program, the original liability of the supplier remains unaffected on the basis of an unchanged acknowledgement of debt and is shown as a trade payable. In this context, HUGO BOSS pays the full invoice amount when due according to the invoice. The credit institution pays the invoice amount to the supplier less a discount. Since the reverse-factoring agreements do not provide the Group with an additional financing option and the amount to be paid does not change, HUGO BOSS is of the opinion that the liabilities from trade payables under the reverse-factoring program should not be reclassified as financial liabilities. It is a judgment of HUGO BOSS to include the amounts from the reverse-factoring program in working capital. The total reverse-factoring volume as of the reporting date amounts to EUR 120,000 thousand (2021: EUR 75,000 thousand).

The following methods and assumptions were used to estimate the fair values:

Cash and cash equivalents, trade receivables, other financial assets, trade payables, and other current financial liabilities are close to their carrying amounts mainly due to the short-term maturities of these instruments.

The fair value of loans from banks and other financial liabilities, obligations under finance leases, and other non-current financial liabilities is calculated by discounting future cash flows using rates currently available for debt on similar terms, credit risk, and remaining maturities.

As of December 31, 2022, the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The credit risk of the counterparty did not lead to any significant effects.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices on active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques that use inputs that have a significant effect on the recorded fair value and are not based on observable market data.

As at December 31, 2022, all financial instruments measured at fair value in the category FVTPL and derivatives designated to a hedge relationship were assigned to level 2. In fiscal year 2022, there were no transfers between level 1 and level 2 or from level 3. The financial instruments measured at fair value comprised forward exchange contracts, currency swaps, and interest derivatives. The assets amounted to EUR 622 thousand (2021: EUR 1,295 thousand) and liabilities to EUR 1,866 thousand (2021: EUR 4,327 thousand). The fair value of financial instruments carried at amortized cost in the statement of financial position was also determined using a level 2 method. The fair value of the assets and liabilities allocated to level 2 are measured using input parameters from active markets.

During the fiscal year 2022 no circumstances occurred which would have caused the application of non-recurring fair value measurements.

Net result by measurement category

(in EUR thousand)

	Interest income and expenses	Changes in fair value	Currency translation	Bad debt losses	Disposal of financial instruments	2022	2021
Derivatives (FVTPL)	0	(32,143)	0	0	15,203	(16,940)	(3,046)
Financial Assets Measured at Amortized Cost (AC)	2,200	0	(5,056)	(2,315)	0	(5,171)	(833)
Financial Liabilities Measured at Amortized Cost (AC)	(5,883)	0	(2,173)	0	0	(8,056)	(1,977)

Interest on financial instruments is reported in the interest result (cf. notes to the consolidated income statement, Note 4).

The bad debt allowances recognized on trade receivables allocable to the AC category are reported under selling and marketing expenses.

Exchange gains and losses from the translation of foreign currency receivables and liabilities as well as fair value changes and effects of disposals of exchange rate hedges are reported in the other financial result.

Changes in liabilities from financial activity

(in EUR thousand)

	Gross value Jan. 1	**Cash flows**	**From Con-solidation**	**Changes in portfolio**	**Change in the maturity**	**Currency translation effects**	**Gross value Dec. 31**
2022							
Liabilities arising from financing activities							
Short-term financial liabilities due to banks	14,524	(6,748)	0	0	13,639	(68)	21,347
Long-term financial liabilities due to banks	103,202	0	0	0	(13,639)	(1,030)	88,532
Lease liabilities	794,585	(215,888)	0	225,170	0	351	804,218
Total	**912,311**	**(222,636)**	**0**	**225,170**	**0**	**(747)**	**914,097**

(in EUR thousand)

	Gross value Jan. 1	Cash flows	From Con-solidation	Changes in portfolio	Change in the maturity	Currency translation effects	Gross value Dec. 31
2021							
Liabilities arising from financing activities							
Short-term financial liabilities due to banks	71,128	(177,027)	1,257	0	119,124	42	14,524
Long-term financial liabilities due to banks	195,471	0	26,915	0	(119,124)	(60)	103,202
Lease liabilities	862,277	(210,749)	0	111,915	0	31,142	794,585
Total	**1,128,876**	**(387,776)**	**28,172**	**111,915**	**0**	**31,124**	**912,311**

Offsetting of financial instruments

(in EUR thousand)

	Gross amounts recognized assets	Gross amounts offset liabilities	Net asset amounts disclosed in statement of fin. pos.	Liabilities not offset in the statement of fin. pos.	Cash deposits received not offset in the statement of fin. pos.	Net amounts
2022						
Trade receivables	272,930	(16,500)	256,430	0	0	256,430
Other financial assets	67,814	0	67,814	(95)	0	67,719
Thereof derivates	622	0	622	(95)	0	527
Total	**340,744**	**(16,500)**	**324,244**	**(95)**	**0**	**324,149**
2021						
Trade receivables	245,865	(11,338)	234,527	0	0	234,527
Other financial assets	47,036	0	47,036	(763)	0	46,273
Thereof derivates	1,295	0	1,295	(763)	0	532
Total	**292,901**	**(11,338)**	**281,563**	**(763)**	**0**	**280,800**

(in EUR thousand)

	Gross amounts recognized liabilities	Gross amounts offset assets	Net liabilities amounts disclosed in statement of fin. pos.	Assets not offset in the statement of fin. pos.	Cash deposits received not offset in the statement of fin. pos.	Net amounts
2022						
Trade payables	656,953	(39,843)	617,110	0	0	617,110
Other financial liabilities	11,821	0	11,821	(95)	0	11,726
Thereof derivates	1,866	0	1,866	(95)	0	1,771
Total	**670,640**	**(39,843)**	**628,931**	**(95)**	**0**	**628,836**
2021						
Trade payables	500,547	(36,139)	464,408	0	0	464,408
Other financial liabilities	17,743	0	17,743	(763)	0	16,980
Thereof derivates	4,327	0	4,327	(763)	0	3,564
Total	**518,290**	**(36,139)**	**482,151**	**(763)**	**0**	**481,388**

The liabilities of EUR 16,500 thousand (2021: EUR 11,338 thousand) offset against trade receivables as of the reporting date are outstanding credit notes to customers. The assets offset against trade payables are receivables in the form of supplier credit notes. These amounted to EUR 39,843 thousand (2021: EUR 36,139 thousand).

Standard master agreements for financial future contracts are in place between HUGO BOSS and its counterparties governing the offsetting of derivatives. These prescribe that derivative assets and derivative liabilities with the same counterparty can be combined into a single offsetting receivable.

Hedging policy and financial derivatives

The following presentation shows the nominal amounts and the fair value of derivative financial instruments:

(in EUR thousand)

	2022		2021	
	Nominal values	**Fair values**	Nominal values[1]	Fair values[1]
Assets				
Currency hedging contracts	61,422	622	126,117	1,295
Liabilities				
Currency hedging contracts	345,267	1,769	257,027	3,770
Interest hedging contracts	4,721	97	5,675	557
Total	**411,410**	**2,487**	**388,818**	**5,622**

1 Due to a change in presentation the values shown differ from the reported figures in the previous year.

The nominal values are the amount hedged by the corresponding hedge. The fair values of derivative financial instruments are recognized as other financial assets or as other financial liabilities. They do not necessarily correspond to the amounts that will be generated in the future under normal market conditions.

Of the reported fair value from derivative financial instruments, an amount of EUR (1,537) thousand (2021: EUR 343 thousand) stems from financial assets and liabilities that were classified as held for trading.

The positive effects from the fair value measurement of currency hedges of EUR 293 thousand were recognized in other comprehensive income as of December 31, 2022 (2021: losses of EUR 3,375 thousand). Of the amount recognized in other comprehensive income, losses of EUR 3,631 thousand were reclassified to operating earnings in the fiscal year 2022 (2021: losses of EUR 2,398 thousand).

Interest and currency risk hedges

To hedge against interest and currency risks, HUGO BOSS occasionally enters into hedging transactions to mitigate risk.

The Group has own production facilities in Izmir, Turkey (HUGO BOSS Textile Industry Ltd.), among other locations. The functional currency of this subsidiary is the euro. However, certain local payments (including wages, salaries, social security contributions, and transport costs) are made in Turkish lira. This results in a transaction risk, both from the local and the Group perspective, due to the fluctuating exchange rate between the Euro and the Turkish lira.

The hedging strategy aims to limit transaction risks from future cash flows. These are hedged using forward exchange contracts and are then linked with an effective hedging relationship as cash flow hedges as per IFRS 9 (hedge accounting).

HUGO BOSS has implemented a rolling hedging strategy for cash flow hedges in which the target hedge ratio of up to 50% of the underlying exposure is built up over time. This rolling hedging allows HUGO BOSS to participate in market opportunities and, at the same time, can smooth the hedged rate. In addition, the ability to react to changes in forecast exposures is improved.

The maturities of the derivative financial instruments generally correspond with those of the hedged item. In addition, only the cross-currency basis spread (CCBS) contained in the hedging instrument was evaluated on the reporting date, and classified as immaterial. As this results in the underlying risk of the currency forward contract being identical to the hedged risk (the exchange rate risk between EUR and TRY), HUGO BOSS sets a hedging ratio of 1:1 for the hedging relationship indicated above.

As already noted above, the risk of the hedging instrument also corresponds with the hedged risk. As a result, HUGO BOSS prospectively assumes an economic relationship between the hedged item and the hedging instrument. This is reviewed on a regular basis, but no less often than every reporting date.

In principle, differences between planned and actual due dates for cash flows can cause some partial inefficiency. Furthermore, inefficiency may occur in the calculation of the difference in value between the hedging transaction and the hedged item, since the currency basis or forward points are not excluded when designating the hedging instruments.

HUGO BOSS holds the following forward exchange contracts for hedging future cash flow as of the reporting date:

	2023				
Maturity	**Jan.–Mar.**	**Apr.–Jun.**	**Jul.–Sept.**	**Oct.–Dec.**	**Total**
Nominal amount in TRY thousand	108,250	61,875	62,875	63,000	**296,000**
Average hedged rate	20.168	20.806	22.099	23.848	**21.400**

Based on historical experience, HUGO BOSS anticipates all hedged items currently designated as cash flow hedges to accrue as of the reporting date.

Hedging instruments that the Company has designated in hedging relationships have the following impact on the balance sheet as of December 31, 2022:

(in EUR thousand)

	2022	2021
Balance sheet item	Derivatives subject to hedge accounting	Derivatives subject to hedge accounting
Carrying amount assets	293	–
Carrying amount liabilities	–	(3,375)
Change in fair value of hedging instruments held as of the reporting date	293	(3,375)
Nominal volume	13,830	11,917

The hedging relationships shown above have the following impact on the income statement or other comprehensive income (OCI):

(in EUR thousand)

	2022	2021
Change in fair value of the underlying transaction	(293)	3,375
Cash flow hedge reserve from existing hedges	293	(3,375)
Amount reclassified from OCI due to maturity of underlying transaction	(3,631)	(2,398)

As of the reporting date, EUR 4,721 thousand (2021: EUR 5,675 thousand) in variable interest financial liabilities without designation were secured as a hedging relationship.

For additional information and a detailed description of other financial risks, please refer to the Risk and Opportunities Report of this Annual Report.

Other notes

23 | Notes to the statement of cash flows

The statement of cash flows shows the change in cash and cash equivalents over the reporting period using cash transactions. In accordance with IAS 7, the sources and applications of cash flows are categorized according to whether they relate to operating, investing, or financing activities. The cash inflows and outflows from operating activities are calculated indirectly on the basis of the Group's net profit for the period. By contrast, cash flows from investing and financing activities are directly derived from the cash inflows and outflows. The changes in the items of the statement of financial position presented in the statement of cash flows cannot be derived directly from the statement of financial position on account of exchange rate translations.

A more detailed description of cash flows reported in the consolidated statement of cash flows is available in the chapter "Cash and cash equivalents".

Non-cash expenses and income concern, in particular, unrealized exchange rate gains and losses, fair value changes of derivative financial instruments recognized in profit or loss, and non-cash changes in financial liabilities.

24 | Segment reporting

The Managing Board of HUGO BOSS AG manages the Company by geographic areas. The Group companies are responsible for the distribution of all HUGO BOSS products that are not sold as licensed products by third parties in their respective sales territories. The Managing Directors of the subsidiaries report to the regional directors in charge, who in turn report to the Managing Board of HUGO BOSS AG. This organizational structure enables the direct implementation of Group objectives while taking into account specific market conditions.

Accordingly, the operating segments are organized into the three regions Europe: including Middle East and Africa (EMEA), Americas, and Asia/Pacific, in addition to the license division. The distribution companies of HUGO BOSS are assigned to the corresponding region, while the complete licenses business of HUGO BOSS with third parties is allocated to the license division.

The Managing Board of HUGO BOSS AG is the chief operating decision maker of HUGO BOSS.

Management of the regional business units is aligned to the value added contribution at Group level.

The most important performance indicator used by the Managing Board to make decisions about resources to be allocated to segments is EBIT. The segment result is thus defined as EBIT of the sales units plus the gross margin of the sourcing units and intra-group royalties.

Group financing (including interest income and expenses) and income taxes are managed on a Group-wide basis and are not allocated to operating segments.

Management of the operating figures inventories and trade receivables is assigned to the sales territories. These items are regularly reported to the Managing Board. Consequently, segment assets only contain trade receivables and inventories.

Liabilities are not part of internal management reporting. The segment liabilities are therefore not disclosed.

The accounting rules applied in the segment information are in line with the accounting rules of HUGO BOSS as described in the accounting policies.

The Managing Board regularly reviews certain effects recognized in the statement of comprehensive income, including in particular amortization, depreciation, and impairment losses.

Capital expenditure from property, plant and equipment and intangible assets is also regularly reported to the Managing Board as part of internal reporting, making it a component of segment reporting.

All expenses and assets that cannot be directly allocated to the sales territories or the license segment are reported in the reconciliations below under corporate units / consolidation. All Group-wide central functions are pooled in the corporate units. The remaining expenses of the sourcing, production, and R&D units make up an operating cost center. No operating income is allocated to the corporate units.

(in EUR thousand)

	EMEA	Americas	Asia/Pacific	Licenses	Total operating segments
2022					
Sales	**2,302,864**	**789,176**	**467,187**	**92,151**	**3,651,378**
Segment profit	**547,982**	**123,235**	**73,986**	**76,846**	**822,049**
In % of sales	23.8	15.6	15.8	83.4	22.5
Segment assets	321,422	330,454	188,944	24,364	865,184
Capital expenditure	62,217	26,850	33,284	11	122,362
Impairments	(25,149)	6,602	1,045	0	(17,502)
Thereof property, plant, and equipment	(22,876)	(4,050)	(1,681)	0	(28,607)
Thereof intangible assets	(1)	0	0	0	(1)
Thereof rights-of-use assets	(12,518)	(74)	(842)	0	(13,433)
Thereof write-up	10,246	10,726	3,567	0	24,540
Depreciation/amortization	(154,471)	(54,397)	(64,705)	0	(273,573)
2021					
Sales	**1,742,458**	**543,425**	**422,974**	**77,253**	**2,786,110**
Segment profit	**346,782**	**61,336**	**73,728**	**62,637**	**544,483**
In % of sales	19.9	11.3	17.4	81.1	19.5
Segment assets	260,476	150,621	177,760	26,073	614,930
Capital expenditure	31,277	13,839	31,413	9	76,538
Impairments	(16,670)	(5,814)	(9,456)	0	(31,940)
Thereof property, plant, and equipment	(10,234)	(4,372)	(6,640)	0	(21,246)
Thereof intangible assets	(6)	(140)	(3,788)	0	(3,934)
Thereof rights-of-use assets	(8,531)	(1,852)	(193)	0	(10,576)
Thereof write-up	2,101	550	1,165	0	3,816
Depreciation/amortization	(142,154)	(46,461)	(68,840)	0	(257,455)

Reconciliation

The reconciliation of segment figures to Group figures is presented below.

Sales

(in EUR thousand)

	2022	2021
Sales – operating segments	**3,651,378**	**2,786,110**
Corporate units	0	0
Consolidation	0	0
Total	**3,651,378**	**2,786,110**

Operating income

(in EUR thousand)

	2022	2021
Segment profit (EBIT) – operating segments	**822,049**	**544,483**
Corporate units	(484,816)	(316,369)
Consolidation	(1,815)	(115)
Operating income (EBIT) operating segments	**335,419**	**228,000**
Net interest income/expenses	(23,879)	(20,688)
Other financial items	(26,245)	(10,437)
Earnings before taxes HUGO BOSS	**285,295**	**196,874**

Segment assets

(in EUR thousand)

	2022	2021
Segment assets – operating segments	**865,184**	**614,930**
Corporate units	364,806	225,151
Consolidation	0	0
Current tax receivables	23,074	14,655
Current financial assets	41,341	27,465
Other current assets	149,980	111,071
Cash and cash equivalents	147,403	284,694
Current assets HUGO BOSS	**1,591,787**	**1,277,966**
Non-current assets	1,534,815	1,457,556
Total assets HUGO BOSS	**3,126,602**	**2,735,522**

Capital expenditure

(in EUR thousand)

	2022	2021
Capital expenditure – operating segments	**122,362**	**76,538**
Corporate units	69,273	27,959
Consolidation	0	0
Total	**191,635**	**104,497**

Impairments/Write-ups

(in EUR thousand)

	2022	2021
Impairments/Write-ups – operating segments	**17,502**	**31,940**
Corporate units	2	0
Consolidation	0	0
Total	**17,504**	**31,940**

Depreciation/amortization

(in EUR thousand)

	2022	2021
Depreciation/amortization – operating segments	**273,573**	**257,455**
Corporate units	53,949	49,888
Consolidation	0	0
Total	**327,522**	**307,343**

Geographic information

(in EUR thousand)

	Third party sales		Non-current assets[1]	
	2022	2021	2022	2021
Germany	476,644	365,521	427,136	411,582
Other EMEA markets	1,918,371	1,454,190	556,850	530,957
U.S.A.	528,239	382,145	169,439	151,508
Other North and Latin American markets	260,938	161,280	39,642	31,019
China	216,878	258,328	56,962	54,358
Other Asian markets	250,308	164,646	112,107	98,398
Total	**3,651,378**	**2,786,110**	**1,362,136**	**1,277,822**

1 Non-current assets are allocated to the country in which the company´s registered office is located , irrespective of the segment structure.

25 | Related-party disclosures

In the reporting period from January 1 to December 31, 2022, the following transactions requiring disclosure were conducted with related parties:

Non-consolidated companies

In the fiscal year 2022, transactions relating to received services were conducted with the non-consolidated company YOURDATA HB DIGITAL CAMPUS. A total of EUR 23,500 thousand in payments was made in fiscal year 2022. As of the reporting date, there are no outstanding receivables from or liabilities to YOURDATA HB DIGITAL CAMPUS. The transactions took place under standard market conditions.

Related parties

Related parties comprise members of the Managing Board and Supervisory Board. The total compensation amounts to EUR 16,673.

Compensation of the Managing Board

The total compensation of the Managing Board amounts to EUR 12,483 thousand (2021: EUR 16,221 thousand). Expenses for short-term benefits totaled EUR 7,676 thousand in 2022 (2021: EUR 9,344 thousand). A service cost of EUR 1,120 thousand (2021: EUR 1,563 thousand) was incurred for company pension plans in 2022. For share-based compensation, the expense in 2022 amounted to EUR 3,687 thousand (2021: EUR 5,294 thousand).

The total compensation of the members of the Managing Board pursuant to Sec. 314 (1) no. 6 a) of the German Commercial Code (HGB) amounted to EUR 11,429 thousand in fiscal year 2022 (2021: EUR 14,554 thousand). Of this amount, EUR 2,966 thousand related to basic compensation including fringe benefits (2021: EUR 3,888 thousand). Special compensation of EUR 100 thousand (2021: EUR 700 thousand) was granted in the fiscal year. An amount of EUR 4,144 thousand (2021: EUR 4,176 thousand) is attributable to the "Short Term Incentive" (STI) agreed for fiscal year 2022. An amount of EUR 4,219 thousand is attributable to the "Long Term Incentive" (LTI) 2022–2025, resulting from 80,655 subscription rights granted in 2022.

In addition, no loans were granted to members of the Managing Board in fiscal year 2022, nor were any contingent liabilities entered into in favor of these persons. Members of the Managing Board make purchases at HUGO BOSS at reduced prices as part of their fringe benefits in kind granted as part of their salary and for their personal needs.

Former members of the Managing Board and their surviving dependents received total remuneration of EUR 5,694 thousand in 2022 (2021: EUR 2,260 thousand). This includes compensation due to termination of employment in the amount of EUR 5,270 thousand (2021: EUR 1,861 thousand).

Pension obligations for former members of the Managing Board of and their surviving dependents amount to EUR 40,893 thousand (2021: EUR 50,152 thousand). The corresponding plan assets in the form of reinsurance amount to EUR 37,874 thousand (2021: EUR 34,915 thousand).

Compensation of the Supervisory Board

The Supervisory Board received compensation for its activities in 2021 amounting to EUR 1,790 thousand. For fiscal year 2022, total short-term compensation amounts to EUR 1,790 thousand.

Other related-party disclosures

Members of the Managing Board and Supervisory Board together held around 1.5% (2021: slightly more than 1%) of the shares issued by HUGO BOSS AG at the end of fiscal year 2022.

26 | Subsequent events

Between the end of fiscal year 2022 and the preparation of this report on February 22, 2023, there were no material macroeconomic, socio political, industry-related, or Company-specific changes that the Management expects to have a significant impact on the Group's earnings, net assets, or financial position.

27 | Corporate Governance Code

Most recently in February 2023, the Managing Board and Supervisory Board of HUGO BOSS AG issued the declaration of compliance prescribed by Sec. 161 AktG. It is available for shareholders on the Company's website (group.hugoboss.com).

28 | Group auditor fees

(in EUR thousand)

	Deloitte network	thereof: Deloitte GmbH Wirtschaftsprüfungs-gesellschaft
2022		
Audit services	2,449	535
Other assurance services	95	89
Tax advisory services	9	0
Other services	115	0
Total	**2,668**	**624**

2021	Ernst & Young network	Ernst & Young GmbH Wirtschafts-prüfungsgesellschaft
Audit services	2,129	645
Other assurance services	393	108
Tax advisory services	123	0
Other services	0	0
Total	**2,645**	**753**

In fiscal year 2022, after a comprehensive selection process by the Supervisory Board, the Annual General Meeting elected Deloitte GmbH Wirtschaftsprüfungsgesellschaft as the new auditors for the annual and consolidated financial statements 2022.

Services provided by Group auditors, beyond those related to the financial statement audit, mainly include the audit of the compensation report and the audit to obtain limited assurance on the summarized non-financial statement as well as selected disclosures in the sustainability report. The tax advisory services presented in 2022 relate to services provided in 2021 in subsidiaries abroad. Other services include consulting services relating to digital communications.

Managing Board

Member of the Managing Board	Responsibility
Daniel Grieder (Herrliberg, Switzerland/Metzingen, Germany) Spokesperson of the Managing Board Member of the Managing Board since June 1, 2021	Creative Direction, Business Unit BOSS Menswear, Business Unit BOSS Womenswear, Business Unit HUGO, Business Unit Footwear, Accessories, Bodywear & Hosiery (incl. Global Licenses), Global Marketing, Group Strategy & Corporate Development, Corporate Communications, and Human Resources
Yves Müller (Hamburg/Metzingen, Germany) Member of the Managing Board since December 1, 2017	Controlling, Group Finance & Tax, Internal Audit, Investor Relations, IT (incl. Information Security), Legal, Compliance & Data Protection, Business Operations, Product Development, Global Sourcing & Production, Logistics, and Construction & Procurement
Oliver Timm (Meerbusch/Metzingen, Germany) Member of the Managing Board since January 1, 2021	Global Sales Development, Global Retail & Wholesale, Global E-Commerce & Metaverse, Franchise & Travel Retail, Customer Relationship Management (CRM), Global Merchandise Management, and Global Retail Management
Dr. Heiko Schäfer (Hamburg/Metzingen, Germany) Member of the Managing Board until May 31, 2022	Operations, Own Manufacturing, Product Development and Sourcing, Sustainability and Quality Management, Global Logistics
Ingo Wilts (Amsterdam, Netherlands/Metzingen, Germany) Member of the Managing Board until February 28, 2022	Creative Management and Project Lead Rebranding

Supervisory Board

Shareholder representatives	Employee representatives
Hermann Waldemer (Blitzingen, Switzerland) Management Consultant, Chairman of the Supervisory Board (from May 2020) Member since 2015	**Sinan Piskin** (Metzingen, Germany) Administrative Employee / Chairman of the Works Council, HUGO BOSS AG, Metzingen, Germany Deputy Chairman of the Supervisory Board Member since 2008
Iris Epple-Righi (Munich, Germany) Management Consultant, Member since 2020	**Katharina Herzog** (Reutlingen, Germany) Senior Vice President Group Finance & Tax, HUGO BOSS AG, Metzingen, Germany Member since 2020
Gaetano Marzotto (Milan Italy) Chairman of the Supervisory Board Gruppo Santa Margherita S.p.A. Fossalta di Portogruaro, Italy Member since 2010	**Anita Kessel** (Metzingen, Germany) Administrative Employee HUGO BOSS AG, Metzingen, Germany Member since 2015
Luca Marzotto (Venice, Italy) Chief Executive Officer Zignago Holding S.p.A., Fossalta di Portogruaro, Italy Member since 2010	**Tanja Silvana Nitschke** (Inzigkofen, Germany) President of the local German Metalworkers´ Union (IG Metall) Reutlingen-Tuebingen, Reutlingen, Germany Member since 2015
Christina Rosenberg (Munich, Germany) Management Consultant innotail, Munich, Germany Member since 2020	**Martin Sambeth** (Tiefenbronn, Germany) Vice President and Treasurer of the local German Metalworkers´ Union (IG Metall) Karlsruhe, Karlsruhe, Germany Member since 2016
Robin J. Stalker (Oberreichenbach, Germany) Chartered Accountant, Member since 2020	**Bernd Simbeck** (Metzingen, Germany) Administrative Employee HUGO BOSS AG, Metzingen, Germany, Member since 2021 (previously already from 2010 until 2015)

Additional disclosures on the members of the Supervisory Board and the Managing Board

The members of the Company's Supervisory Board are also members of a supervisory board at the following companies[1]:

Iris Epple-Righi	Global-e Online Ltd.	Petah-Tikva, Israel
	Sennheiser electronic GmbH & Co. KG	Wedemark, Germany
Daniel Grieder	Riether AG	Winterthur, Switzerland
Katharina Herzog	HUGO BOSS Holding Netherlands B.V.	Amsterdam, Netherlands
	HUGO BOSS International B.V.	Amsterdam, Netherlands
Gaetano Marzotto	Style Capital SGR S.p.A.[2]	Milan, Italy
	Golmar Italia S.p.A.	Turin, Italy
	Golmar Holding S.p.A.	Turin, Italy
	Zignago Holding S.p.A.	Fossalta di Portogruaro, Italy
	Zignago Vetro S.p.A.	Fossalta di Portogruaro, Italy
Luca Marzotto	Dimora 01	Milano, Italy
	Florence S.r.l.	Milano, Italy
	Forte Forte S.r.l.	Sarcedo, Italy
	Isotex Engineering S.r.l.	Trissino, Italy
	ITACA EQUITY Holding S.p.A.	Milano, Italy
	Multitecno S.r.l.	Fossalta di Portogruaro, Italy
	MySecretCase S.r.l.	Milano, Italy
	Santex Rimar Group S.r.l.	Trissino, Italy
	Smit S.r.l.	Trissino, Italy
	Solwa S.r.l.	Trissino, Italy
	Sperotto Rimar S.r.l.	Trissino, Italy
	Vetri Speciali S.p.A.	Trento, Italy
	Zignago Vetro S.p.A.	Fossalta di Portogruaro, Italy
Christina Rosenberg	Josef Tretter GmbH & Co. KG	Munich, Germany
	Villeroy & Boch AG	Mettlach, Germany
Robin J. Stalker	Commerzbank AG	Frankfurt, Germany
	Schaeffler AG	Herzogenaurach, Germany
	Schmitz Cargobull AG[2]	Horstmar, Germany

1 The members are not on executive or supervisory boards at other companies.
2 Member holds position of Chairman or Vice Chairman.

Members of the Managing Board

One member of the Managing Board of HUGO BOSS AG hold a mandate on supervisory boards or comparable supervisory bodies of companies not belonging to the HUGO BOSS Group during the reporting period. In the reporting period, members of the Managing Board held mandates on supervisory boards or comparable other supervisory bodies of Group companies for the purpose of Group management and monitoring.

Publication

The annual and consolidated financial statements of HUGO BOSS AG are published in the German Register of Companies and on the website of HUGO BOSS.

Metzingen, February 22, 2023

HUGO BOSS AG

The Managing Board

Daniel Grieder
Yves Müller
Oliver Timm

Shareholdings of HUGO BOSS AG

Unless stated otherwise, the interest in capital amounts to 100%.

(in EUR thousand)

Company[1]	Registered office	Equity 2022
HUGO BOSS Holding Netherlands B.V.	Amsterdam, Netherlands	647,506
HUGO BOSS International B.V.	Amsterdam, Netherlands	554,451
HUGO BOSS Internationale Beteiligungs-GmbH[2, 5, 9]	Metzingen, Germany	524,800
HUGO BOSS USA, Inc.[4]	New York, NY, USA	194,842
HUGO BOSS UK Limited	London, Great Britain	97,403
HUGO BOSS China Retail Co. Ltd.	Shanghai, China	76,884
Lotus (Shenzhen) Commerce Ltd. Shenzhen, China	Shenzhen, China	61,730
HUGO BOSS Benelux B.V.	Amsterdam, Netherlands	47,301
HUGO BOSS Benelux B.V. y CIA S.C	Madrid, Spain	45,296
HUGO BOSS France SAS	Paris, France	43,321
HUGO BOSS Canada, Inc.	Toronto, Canada	36,211
HUGO BOSS AL FUTTAIM UAE TRADING L.L.C.[6]	Dubai, UAE	35,508
HUGO BOSS Lotus Hong Kong Ltd.	Hong Kong, China	34,999
HUGO BOSS Mexico S.A. de C.V.[2]	Mexico City, Mexico	32,970
HUGO BOSS Trade Mark Management GmbH & Co. KG[2, 9]	Metzingen, Germany	32,948
HUGO BOSS Textile Industry Ltd.[2]	Izmir, Turkey	30,091
HUGO BOSS do Brasil Ltda.	São Paulo, Brazil	21,694
HUGO BOSS International Markets AG	Zug, Switzerland	18,577
HUGO BOSS Ticino S.A.	Coldrerio, Switzerland	17,141
HUGO BOSS (Schweiz) AG	Zug, Switzerland	13,102
HUGO BOSS Portugal & Companhia	Lisbon, Portugal	12,667
HUGO BOSS Holdings Pty. Ltd.	Preston, Australia	12,363
HUGO BOSS Middle East FZ-LLC	Dubai, UAE	11,750
HUGO BOSS Magazacilik Ltd. Sti.	Izmir, Turkey	9,928
HUGO BOSS Shoes & Accessories Italia S.p.A.	Morrovalle, Italy	9,809
HUGO BOSS Italia S.p.A.	Milan, Italy	9,613
HUGO BOSS Australia Pty. Ltd.	Preston, Australia	9,513
HUGO BOSS Scandinavia AB	Stockholm, Sweden	8,564
HUGO BOSS Ireland Limited	Dublin, Ireland	5,543
HUGO BOSS Nordic ApS	Copenhagen, Denmark	5,468
Lotus Concept Trading (Macau) Co. Ltd.	Macau, China	5,416
HUGO BOSS Belgium BVBA	Diegem, Belgium	5,279
HUGO BOSS Hellas LLC	Athens, Greece	5,243
HUGO BOSS Guangdong Trading Co. Ltd.	Guangzhou, China	4,885
HUGO BOSS Korea Ltd.	Seoul, South Korea	4,107
HUGO BOSS Vermögensverwaltungs GmbH & Co. KG[2]	Metzingen, Germany	3,926
HUGO BOSS South East Asia PTE. LTD.	Singapore	3,530
HUGO BOSS Rus LLC[2]	Moscow, Russia	3,415

(in EUR thousand)

Company[1]	Registered office	Equity 2022
HUGO BOSS Hong Kong Ltd.	Hong Kong, China	3,403
HUGO BOSS Thailand Ltd	Bangkok, Thailand	2,792
HUGO BOSS Finland OY	Helsinki, Finland	2,559
Salam Stores HUGO BOSS WLL[7]	Doha, Qatar	2,119
HUGO BOSS Malaysia SDN. BHD.	Kuala Lumpur, Malaysia	1,600
HUGO BOSS Shoes & Accessories Poland Sp. z o.o.	Radom, Poland	1,382
ROSATA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Dieselstrasse KG[2, 9]	Metzingen, Germany	1,179
HUGO BOSS Holding Sourcing S.A.	Coldrerio, Switzerland	1,157
ROSATA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Metzingen KG[2, 3, 8, 9]	Grünwald, Germany	403
HUGO BOSS Estonia OÜ	Tallinn, Estonia	201
HUGO BOSS Dienstleistungs GmbH[2]	Metzingen, Germany	128
YOURDATA HB DIGITAL CAMPUS, Unipessoal, Lda.[10]	Porto, Portugal	58
HUGO BOSS Stiftung gGmbH	Metzingen, Germany	49
HUGO BOSS Trade Mark Management Verwaltungs-GmbH[9]	Metzingen, Germany	44
HUGO BOSS Beteiligungsgesellschaft mbH[2, 5, 9]	Metzingen, Germany	(85)
HUGO BOSS Latvia SIA.	Riga, Latvia	(201)
GRAMOLERA Grundstücks-Vermietungsgesellschaft Objekt Ticino mbH[9]	Metzingen, Germany	(499)
GRETANA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt D 19 KG	Grünwald, Germany	(550)
HUGO BOSS New Zealand Ltd.	Auckland, New Zealand	(2,284)
HUGO BOSS Belgium Retail BVBA	Diegem, Belgium	(4,277)
HUGO BOSS Benelux Retail B.V.	Amsterdam, Netherlands	(13,736)
HUGO BOSS Japan K.K.	Tokyo, Japan	(21,936)

1 The figures correspond to the financial statements after possible profit transfer, for subsidiaries according to innerconsolidated IFRS financial statements.
2 Directly affiliated to HUGO BOSS AG.
3 Investments with an equity share of 94%.
4 Subgroup financial statement.
5 Companies with a profit transfer agreement with HUGO BOSS AG.
6 Investments with an equity share of 49%.
7 Investments with an equity share of 70%.
8 Investments with a 94% share in capital and 15% of voting rights.
9 Subsidiaries that exercise the exemption of Sec. 264 (3) and 264b HGB ["Handelsgesetzbuch": German Commercial Code].
10 Investments with an equity share of 30%.

CHAPTER 5 ADDITIONAL INFORMATION

ADDITIONAL DISCLOSURES ON THE EU TAXONOMY

The following tables, disclosed in accordance with Annex I and Annex II of the Delegated Regulation on Article 8 of the EU Taxonomy, are part of the combined non-financial statement as part of the combined management report, providing information on the taxonomy-eligible and taxonomy-aligned proportions of sales, CapEx and OpEx.

EU TAXONOMY – DISCLOSURE REGARDING SALES FOR FISCAL YEAR 2022

				Substantial contribution criteria[1]		DNSH criteria ("Does Not Significantly Harm")									
Economic activities	**Codes[2]**	**Absolute turnover[3]**	**Proportion of turnover[3]**	Climate change mitigation	Climate change adaptation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	**Minimum safeguards[4]**	**Taxonomy-aligned proportion of turnover 2022[3]**	**Taxonomy-aligned proportion of turnover 2021[5]**	**Category (enabling activity)[6]**	**Category (transitional activity)[7]**
		EUR million	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. Taxonomy-eligible activities															
A.1 Environmentally sustainable activities (Taxonomy-aligned)															
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0									0	n.a.		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)															
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0									0	n.a.		
Total (A.1 + A.2)		0	0									0	n.a.		
B. Taxonomy-non-eligible activities															
Turnover of Taxonomy-non-eligible activities (B)		3,651	100												
Total (A + B)		**3,651**	**100**												

1 The reporting requirements in 2022 cover the two climate-related targets (1) and (2). No reporting requirements for the environmental targets (3) to (6).
2 Activity description according to Annex I and II of the delegated acts on climate-related targets.
3 No taxonomy-eligible or -aligned sales in fiscal year 2022, as no binding taxonomy criteria for the two climate-related targets are yet available for companies in the global apparel market and their primary economic activities.
4 Compliance with the social minimum safeguards specified by the Taxonomy Regulation.
5 No reporting requirements for fiscal year 2021.
6 According to the Taxonomy Regulation, activities that directly enable other activities to make a significant contribution to one or more of the environmental targets.
7 According to the Taxonomy Regulation, activities that support the transition to a climate-neutral economy.

EU TAXONOMY – DISCLOSURE REGARDING CAPEX FOR FISCAL YEAR 2022

				Substantial contribution criteria[1]		DNSH criteria ("Does Not Significantly Harm")									
Economic activities	**Codes[2]**	**Absolute CapEx[3]**	**Proportion of CapEx[3]**	Climate change mitigation	Climate change adaptation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	**Minimum safeguards[4]**	**Taxonomy-aligned proportion of CapEx 2022[3]**	**Taxonomy-aligned proportion of CapEx 2021[5]**	**Category (enabling activity)[6]**	**Category (transitional activity)[7]**
		EUR million	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. Taxonomy-eligible activities															
A.1 Environmentally sustainable activities (Taxonomy-aligned)															
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0									0	n.a.	–	–
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)															
Construction of new buildings	7.1	3	1												
Acquisition and ownership of buildings	7.7	3	1												
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		7	2									0	n.a.	–	–
Total (A.1 + A.2)		7	2									0	n.a.	–	–
B. Taxonomy-non-eligible activities															
CapEx of Taxonomy-non-eligible activities (B)		413	98												
Total (A + B)		**419**	**100**												

1 The reporting requirements in 2022 cover the two climate-related targets (1) and (2). No reporting requirements for the environmental targets (3) to (6).
2 Activity description according to Annex I and II of the delegated acts on climate-related targets.
3 Capital expenditure (CapEx) to be considered under the Taxonomy Regulation comprise additions to property, plant and equipment and intangible assets, including additions to rights of use assets of long-term leases.
4 Compliance with the social minimum safeguards specified by the Taxonomy Regulation.
5 No reporting requirements for fiscal year 2021.
6 According to the Taxonomy Regulation, activities that directly enable other activities to make a significant contribution to one or more of the environmental targets.
7 According to the Taxonomy Regulation, activities that support the transition to a climate-neutral economy.

EU TAXONOMY – DISCLOSURE REGARDING OPEX FOR FISCAL YEAR 2022

				Substantial contribution criteria[1]		DNSH criteria ("Does Not Significantly Harm")									
Economic activities	**Codes[2]**	**Absolute OpEx[3]**	**Proportion of OpEx[3]**	Climate change mitigation	Climate change adaptation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	**Minimum safeguards[4]**	**Taxonomy-aligned proportion of OpEx 2022[3]**	**Taxonomy-aligned proportion of OpEx 2021[5]**	**Category (enabling activity)[6]**	**Category (transitional activity)[7]**
		EUR million	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. Taxonomy–eligible activities															
A.1 Environmentally sustainable activities (Taxonomy–aligned)															
OpEx of environmentally sustainable activities (Taxonomy–aligned) (A.1)		0	0									0	n.a.		
A.2 Taxonomy–eligible but not environmentally sustainable activities (not Taxonomy–aligned activities)															
OpEx of Taxonomy–eligible but not environmentally sustainable activities (not Taxonomy–aligned activities) (A.2)		0	0									0	n.a.		
Total (A.1 + A.2)		0	0									0	n.a.		
B. Taxonomy–non–eligible activities															
OpEx of Taxonomy–non–eligible activities (B)		116	100												
Total (A + B)		**116**	**100**												

1 The reporting requirements in 2022 cover the two climate-related targets (1) and (2). No reporting requirements for the environmental targets (3) to (6).
2 Activity description according to Annex I and II of the delegated acts on climate-related targets.
3 In accordance with the specifications set out in Annex I of the delegated acts on Article 8 of the EU taxonomy, HUGO BOSS will, as in the previous year, refrain from presenting its taxonomy-eligible and -aligned operating expenses (OpEx) for fiscal year 2022 due to immateriality.
4 Compliance with the social minimum safeguards specified by the Taxonomy Regulation.
5 No reporting requirements for fiscal year 2021.
6 According to the Taxonomy Regulation, activities that directly enable other activities to make a significant contribution to one or more of the environmental targets.
7 According to the Taxonomy Regulation, activities that support the transition to a climate-neutral economy.

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the management report, which is combined with the management report of HUGO BOSS AG, includes a fair review of the development and performance of the business and the position of the HUGO BOSS Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Metzingen, February 22, 2023

HUGO BOSS AG
The Managing Board

Daniel Grieder
Yves Müller
Oliver Timm

INDEPENDENT AUDITOR'S REPORT

To HUGO BOSS AG, Metzingen/Germany

Report on the audit of the consolidated financial statements and of the group management report

Audit Opinions

We have audited the consolidated financial statements of HUGO BOSS AG, Metzingen/Germany, and its subsidiaries (the Group) which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated income statement and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from January 1 to December 31, 2022, and the notes to the consolidated financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the combined management report for the parent and the group of HUGO BOSS AG, Metzingen/Germany, for the financial year from January 1 to December 31, 2022. In accordance with the German legal requirements, we have not audited the combined non-financial statement in accordance with Sec. 289b to 289e and 315b and 315c HGB as well as the combined corporate governance statement in accordance with Sec. 289f and 315d HGB, on which is referred to in the chapter "Legal Disclosures" of the combined management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at December 31, 2022 and of its financial performance for the financial year from January 1 to December 31, 2022, and

- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not cover the content of the combined non-financial statement as well as the combined corporate governance statement in accordance with Section 289f and 315d HGB on which is referred to in chapter "Legal disclosures" of the combined management report.

Pursuant to Section 322 (3) sentence 1 German Commercial Code (HGB), we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014; referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the combined management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In the following we present the key audit matters we have determined in the course of our audit:

1. Accounting of rental agreements and leases
2. Recoverability of non-current assets allocated to the Group's directly operated stores
3. Recognition and valuation of deferred tax assets

Our presentation of these key audit matters has been structured as follows:

a) description (including reference to corresponding information in the consolidated financial statements)
b) auditor's response

1) Accounting of rental agreements and leases

a) the consolidated financial statements include right-of-use for leasing objects of mEUR 708.2 and respective current and non-current lease liabilities of mEUR 804.2, which corresponds to approx. 22.7% and 25.7% of the consolidated statement of financial position total, respectively. In particular, these result from closed rental and leasing agreements for HUGO BOSS Group's directly operated stores. The composition of the contract portfolio is subject to significant annual changes due to contract amendments, contract terminations, expiring contracts and new contracts. Against this background, there is an increased risk of misstatements in the accounting with regard to the completeness of the recognition of contracts and their presentation in the consolidated financial statements. For this reason, we considered the accounting treatment of rental agreements and leases to be a key audit matter.

The disclosures on accounting for rental and lease agreements are included in the chapters "Accounting and valuation principles" and "Leases" in the notes to the consolidated financial statements.

b) During our audit, we obtained an understanding of the processes set up for approving, recording and validating contracts. In doing so, we assessed the design and implementation as well as the effectiveness of selected accounting-related internal controls to ensure the complete recognition and correct calculation of the value of the right-of-use and lease liabilities. We also randomly assessed new contracts and contract amendments in the financial year 2022 with regard to their treatment under IFRS 16 and compared the relevant data in the rental and lease agreements with the data used in the valuation. The arithmetical correctness of the value calculation with regard to the right-of-use, the lease liabilities, and the depreciation, amortization, and interest expenses was also reviewed. In order to assess the completeness of the leases recognized in the balance sheet, we tested the appropriate treatment in accordance with IFRS 16 on a sample basis in addition to performing interviews.

We also examined the completeness and adequacy of the disclosures required by IFRS 16 in the notes to the consolidated financial statements.

2) Recoverability of non-current assets allocated to the Group's directly operated stores

a) The material share of the non-current assets of HUGO BOSS Group relates to assets assigned to the Group's directly operated stores (hereafter referred to as: "DOS") and is disclosed under the right-of-use assets on leased objects and to assets disclosed under property, plant and equipment. These are subject to impairment tests as at the balance sheet date if there are any indications of impairment. The Group's directly operated stores were determined as cash-generating units. As part of the impairment test, the future cash inflows determined on the basis of the planning adopted by the executive directors and approved by the supervisory board are derived using a discounted cash flow method. The planning is carried forward using industry- and country-specific growth rates. In this context, expectations about future market developments and country-specific assumptions are also taken into account. Discounting is based on the weighted cost of capital of the respective cash-generating unit.

The result of this valuation is highly dependent on the executive directors' assessment of future cash inflows, specific growth rates and the weighted cost of capital used for discounting, and is therefore subject to uncertainties and discretion. Against this background, we classified the recoverability of the non-current assets allocated to the Group's directly operated stores as a key audit matter within the scope of our audit.

The information on the determination, recognition and measurement of the assets allocated to DOS is included in the sections "Accounting and valuation methods" and "Impairment tests" within the notes to the consolidated financial statements.

b) As part of our audit, we obtained an understanding of the processes and controls in place and tested the appropriateness and implementation of the processes established by the Company and the effectiveness of selected related controls. We assessed the valuation model, in particular its methodological and mathematical accuracy, with the involvement of our internal valuation specialists. To assess the quality and reliability of the corporate planning, we compared the planning for selected fiscal years with the actual results achieved and analyzed significant deviations in individual cases (planning accuracy). Furthermore, during our audit we assessed the extent to which the valuation could be influenced by subjectivity, complexity or other inherent risk factors. We verified whether the data sources used in the calculation and the planned future cash flows form an appropriate basis, in particular by comparing them with the planning adopted by the executive directors and approved by the supervisory board, and by questioning those responsible about the key assumptions and premises of this planning. In addition, we critically examined the planning and checked its plausibility, taking into account macroeconomic and sector-specific market expectations. As a significant portion of the respective value in use results from forecast cash flows for the period after the detailed planning period of basically one year, we critically assessed in particular the sustainable retail growth rate applied for this phase by comparing it with internal and external data. We assessed the derivation of the discount rates and their individual components with the involvement of our internal valuation specialists, in particular by questioning the appropriateness of the peer group, comparing the market data used with external evidence and verifying the mathematical accuracy of the model.

We also examined the completeness and accuracy of the disclosures in the notes to the consolidated financial statements required by IAS 36.

3) Recognition and valuation of deferred tax assets

a) Deferred tax assets are disclosed in the consolidated financial statements after offsetting with deferred tax liabilities in a total amount of mEUR 150.6. On the one hand, these are due to deductible temporary differences between the local tax base values and the book values in the consolidated statement of financial position, whereby, based on the Group's planning, these are expected to reverse in the following years. Furthermore, this item consists of deferred tax assets recognized on tax loss carryforwards of mEUR 27.1 to the extent that they are expected to be offset against future taxable profits. The result of the calculation of deferred tax assets depends to a large extent on the executive directors' estimate of future tax-effective income and expenses and assumptions about the timing of reversal effects from temporary differences and is therefore subject to considerable uncertainty and discretion. For this reason, we considered the recognition and measurement of deferred tax assets to be a key audit matter.

The disclosures on the recognition and measurement of deferred tax assets are included in the sections "Accounting and valuation principles" and "Income taxes".

b) As there is an increased risk of misstatements in the financial statements in the case of estimated values and due to the complexity of tax regulations and legislation, we consulted our internal tax experts to review the appropriateness of the valuation methods and examined with them during the audit the extent to which these can be influenced by subjectivity, complexity or other inherent risk factors. We satisfied ourselves of the appropriateness of the future tax-effective income and expenses forecast for the calculation by, among other things, comparing the underlying tax planning with the current planned values from the planning adopted by the executive directors and approved by the supervisory board.

   Due to the fact that the measurement of deferred tax assets also depends on macroeconomic conditions that are beyond the Group's control, we performed additional sensitivity analyses for the planned tax results. With regard to the planning, we questioned the approach to deferred taxes and the underlying assumptions made by the executive directors by assessing the future tax earnings situation of the individual companies on the basis of the planning and evaluated the appropriateness of the planning bases used.

Other information

The executive directors and/or the supervisory board are responsible for the other information. The other information comprises:

- the report of the supervisory board,
- the non-financial statement included the combined management report,
- the combined corporate governance statement on which is referred to in chapter "Legal Disclosures" of the combined management report and additionally included in the section "Corporate Governance and Corporate Governance Statement" of the annual report,
- the compensation report pursuant to Section 162 AktG,
- the executive directors' confirmation regarding the consolidated financial statements and the combined management report pursuant to Sec. 297 (2) sentence 4 and Section 315 (1) sentence 5 HGB, and
- all other parts of the annual report except for the chapter "Legal Disclosures",
- but not the consolidated financial statements, not the audited content of the combined management report and not our auditor's report thereon.

The supervisory board is responsible for the report of the supervisory board. The executive directors and the supervisory board are responsible for the statement on the German Corporate Governance Code in accordance with Sec. 161 AktG, which makes part of the combined corporate governance and for the remuneration report included in the chapter "Corporate Governance" of the annual report. Otherwise the executive directors are responsible for the other information.

Our audit opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information identified above and, in doing so, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the audited content of the combined management report or our knowledge obtained in the audit, or

- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the combined management report that as a whole provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS as adopted by the EU and with the additional requirements of German commercial law pursuant to Section 315e (1) HGB.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

- perform audit procedures on the prospective information presented by the executive directors in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to eliminate independence threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory Requirements

Report on the Audit of the Electronic Reproductions of the Consolidated Financial Statements and of the Combined Management Report Prepared for Publication Pursuant to Section 317 (3a) HGB

Audit Opinion

We have performed an audit in accordance with Section 317 (3a) HGB to obtain reasonable assurance whether the electronic reproductions of the consolidated financial statements and of the combined management report (hereinafter referred to as "ESEF documents") prepared for publication, contained in the file, which has the SHA-256 value 70d7c92ca8ceafc08b6903f080363f4960e50647a8b8ba71a66d77dbeb23d0a2 meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB ("ESEF format"). In accordance with the German legal requirements, this audit only covers the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format, and therefore covers neither the information contained in these electronic reproductions nor any other information contained in the file identified above.

In our opinion, the electronic reproductions of the consolidated financial statements and of the combined management report prepared for publication contained in the file identified above meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB. Beyond this audit opinion and our audit opinions on the accompanying consolidated financial statements and on the accompanying combined management report for the financial year from January 1 to December 31, 2022 contained in the "Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report" above, we do not express any assurance opinion on the information contained within these electronic reproductions or on any other information contained in the file identified above.

Basis for the Audit Opinion

We conducted our audit of the electronic reproductions of the consolidated financial statements and of the combined management report contained in the file identified above in accordance with Section 317 (3a) HGB and on the basis of the IDW Auditing Standard: Audit of the Electronic Reproductions of Financial Statements and Management Reports Prepared for Publication Purposes Pursuant to Section 317 (3a) HGB (IDW AuS 410 (06.2022)). Our responsibilities in this context are further described in the "Group Auditor's Responsibilities for the Audit of the ESEF Documents" section. Our audit firm has applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the parent are responsible for the preparation of the ESEF documents based on the electronic files of the consolidated financial statements and of the combined management report according to Section 328 (1) sentence 4 no. 1 HGB and for the tagging of the consolidated financial statements according to Section 328 (1) sentence 4 no. 2 HGB.

In addition, the executive directors of the parent are responsible for such internal controls that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements for the electronic reporting format pursuant to Section 328 (1) HGB.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Audit of the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the audit. We also

- identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.

- obtain an understanding of internal control relevant to the audit on the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- evaluate the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, on the technical specification for this electronic file.

- evaluate whether the ESEF documents enable a XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited combined management report.

- evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Further information pursuant to Article 10 of the EU Audit Regulation

We were elected as Group auditor by the general meeting on May 24, 2022. We were engaged by the supervisory board on August 11, 2022. We have been the group auditor of HUGO BOSS AG, Metzingen/Germany since the financial year 2022.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Other Matter – Use of the Auditor's Report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited combined management report as well as with the audited ESEF documents. The consolidated financial statements and the combined management report converted into the ESEF format – including the versions to be submitted for inclusion in the Company Register – are merely electronic reproductions of the audited consolidated financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our audit opinion contained therein are to be used solely together with the audited ESEF documents made available in electronic form.

German Public Auditor responsible for the Engagement

The German Public Auditor responsible for the engagement is Marco Koch.

Stuttgart/Germany, March 2, 2023

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Dr. Thomas Reitmayr Wirtschaftsprüfer (German Public Auditor)	Marco Koch Wirtschaftsprüfer (German Public Auditor)

REPORT OF THE INDEPENDENT AUDITOR ON THE AUDIT OF THE COMPENSATION REPORT IN ACCORDANCE WITH SECTION 162 (3) AKTG

To HUGO BOSS AG, Metzingen/Germany

Audit Opinion

We conducted a formal audit of the compensation report of HUGO BOSS AG, Metzingen/Germany, for the financial year from January 1 to December 31, 2022, to assess whether the disclosures required under Section 162 (1) and (2) German Stock Corporation Act (AktG) have been made in the compensation report. In accordance with Section 162 (3) AktG, we have not audited the content of the compensation report.

In our opinion, the disclosures required under Section 162 (1) and (2) AktG have been made, in all material respects, in the accompanying compensation report. Our audit opinion does not cover the content of the compensation report.

Basis for the Audit Opinion

We conducted our audit of the compensation report in accordance with Section 162 (3) AktG and in compliance with the IDW Auditing Standard: Audit of the Compensation Report pursuant to Section 162 (3) AktG (IDW AuS 870 (08.2021)). Our responsibilities under those requirements and this standard are further described in the "Auditor's Responsibilities" section of our report. Our audit firm has applied the IDW Standard on Quality Assurance: Requirements for Quality Assurance in the Audit Firm (IDW QS 1). We have fulfilled our professional responsibilities in accordance with the German Public Auditor Act (WPO) and the Professional Charter for German Public Auditors and German Sworn Auditors (BS WP/vBP) including the requirements on independence.

Responsibilities of the Executive Board and the Supervisory Board

The executive board and the supervisory board are responsible for the preparation of the compensation report, including the related disclosures, that complies with the requirements of Section 162 AktG. In addition, they are responsible for such internal control as they consider necessary to enable the preparation of a compensation report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our objective is to obtain reasonable assurance about whether the disclosures required under Section 162 (1) and (2) AktG have been made, in all material respects, in the compensation report, and to express an opinion on this in a report.

We planned and conducted our audit in such a way to be able to determine whether the compensation report is formally complete by comparing the disclosures made in the compensation report with the disclosures required under Section 162 (1) and (2) AktG. In accordance with Section 162 (3) AktG, we have neither audited the correctness of the content of the disclosures, nor the completeness of the content of the individual disclosures, nor the adequate presentation of the compensation report.

Stuttgart/Germany, March 7, 2023

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Dr. Thomas Reitmayr Wirtschaftsprüfer (German Public Auditor)	Marco Koch Wirtschaftsprüfer (German Public Auditor)

LIMITED ASSURANCE REPORT OF THE INDEPENDENT PRACTITIONER REGARDING THE COMBINED NON-FINANCIAL STATEMENT

To HUGO BOSS AG, Metzingen/Germany

Our Engagement

We have performed a limited assurance engagement on the consolidated non-financial statement of HUGO BOSS AG, Düsseldorf/Germany, (hereafter referred to as "the Company"), which is combined with the non-financial statement of the Company and included in the group management report, which is combined with the management report, for the financial year from January 1, 2022 to December 31, 2022 (hereafter referred to as "non-financial reporting").

Our engagement did not cover the external sources of documentation and websites of the Company referenced in the Company's non-financial reporting.

Responsibilities of the Executive Directors

The executive directors of HUGO BOSS AG are responsible for the preparation of the non-financial reporting in accordance with Sections 289c to 289e German Commercial Code (HGB) and Section 315c in conjunction with Sections 289c to 289e HGB and Article 8 of Regulation (EU) 2020/852 of the European Parliament and the Council of June 18, 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (hereafter referred to as "EU Taxonomy Regulation") and the delegated acts adopted thereon, as well as with their own interpretation of the wording and terminology contained in the EU Taxonomy Regulation and the delegated acts adopted thereon, as is presented in section "EU Taxonomy" of the non-financial reporting.

These responsibilities of the executive directors include the selection and application of appropriate methods regarding the non-financial reporting and the use of assumptions and estimates for individual non-financial disclosures of the Group which are reasonable under the given circumstances. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of a non-financial reporting that is free from material misstatement, whether due to fraud (fraudulent non-financial reporting) or error.

Some of the wording and terminology contained in the EU Taxonomy Regulation and the delegated acts adopted thereon are still subject to considerable interpretation uncertainty and have not yet been officially clarified. Therefore, the executive directors have laid down their own interpretation of the EU Taxonomy Regulation and of the delegated acts adopted thereon in the section "EU Taxonomy" of the non-financial re-porting. They are responsible for the reasonableness of this interpretation. As there is the inherent risk that indefinite legal concepts may allow for various interpretations, evaluating the legal conformity is prone to uncertainty.

The preciseness and completeness of the environmental data in the non-financial reporting are subject to inherent restrictions resulting from the manner in which the data was collected and calculated as well as from assumptions made.

Independence and Quality Assurance of the Audit Firm

We have complied with the German professional requirements on independence and other professional rules of conduct.

Our audit firm applies the national statutory rules and professional announcements – particularly of the "Professional Charter for German Public Auditors and German Sworn Auditors" (BS WP/vBP) and of the IDW Quality Assurance Standard "Quality Assurance Requirements in Audit Practices" (IDW QS 1) promulgated by the Institut der Wirtschaftsprüfer (IDW) – and therefore maintains a comprehensive quality assurance system comprising documented regulations and measures in respect of compliance with professional rules of conduct, professional standards, as well as relevant statutory and other legal requirements.

Responsibilities of the Independent Practitioner

Our responsibility is to express a conclusion on the non-financial reporting based on our work performed within our limited assurance engagement.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", issued by the IAASB. This Standard requires that we plan and perform the assurance engagement so that we can conclude with limited assurance whether matters have come to our attention to cause us to believe that the non-financial reporting of the Company, with the exception of the external sources of documentation or websites of the Company referenced therein, has not been prepared, in all material respects, in accordance with Sections 289c to 289e HGB and Section 315c in conjunction with Sections 289c to 289e HGB and the EU Taxonomy Regulation and the delegated acts adopted thereon, as well as with the interpretation by the executive directors presented in section "EU Taxonomy" of the non-financial reporting.

The procedures performed in a limited assurance engagement are less in extent than for a reasonable assurance engagement; consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. The choice of assurance work is subject to the practitioner's professional judgment.

Within the scope of our limited assurance engagement, which we performed between August 2022 and February 2023, we performed, among others, the following procedures and other work:

- Gaining an understanding of the structure of the sustainability organization, and of the involvement of stakeholders
- Inquiries of the executive directors and relevant personnel who have been involved in the preparation of the consolidated non-financial statement, about the preparation process, about the system of internal control relating to this process, as well as about disclosures in the non-financial reporting
- Identification of probable risks of material misstatements in the non-financial reporting
- Analytical evaluation of selected disclosures contained in the non-financial reporting
- Squaring of selected disclosures with the corresponding data in the consolidated financial statements and annual financial statements as well as in the combined management report
- Assessment of the presentation of the non-financial reporting
- Evaluation of the process used to identify taxonomy-eligible and taxonomy-aligned economic activities and of the corresponding disclosures in the non-financial reporting

The determination of the disclosures pursuant to Article 8 of the EU Taxonomy Regulation requires the executive directors to make interpretations of indefinite legal concepts. As there is the inherent risk that indefinite legal concepts may allow for various interpretations, the legal conformity of the interpretation, and hence our related examination, is prone to uncertainty.

Practitioner's Conclusion

Based on the work performed and the evidence obtained, nothing has come to our attention that causes us to believe that the combined non-financial statement as a whole of HUGO BOSS AG for the financial year from January 1 to December 31, 2022 has not been prepared, in all material respects, in accordance with Sections 289c to 289e HGB and Section 315c in conjunction with Sections 289c to 289e HGB and the EU Taxonomy Regulation and the delegated acts adopted thereon, as well as with the interpretation by the executive directors presented in section "EU Taxonomy" of the non-financial reporting.

We do not express a practitioner's conclusion on the external sources of documentation or websites of the Company referenced in the non-financial reporting.

Restriction of Use

We issue this report as stipulated in the engagement letter agreed with the Company (including the "General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (German Public Auditors and Public Audit Firms)" as of January 1, 2017 promulgated by the Institut der Wirtschaftsprüfer (IDW)). We draw attention to the fact that the assurance engagement was performed for the purposes of the Company and the report is solely designed for informing the Company about the findings of the assurance engagement. Therefore, it may not be suitable for another than the aforementioned purpose. Hence, this report should not be used by third parties as a basis for any (asset) decision.

We are liable solely to the Company. However, we do not accept or assume liability to third parties. Our conclusion was not modified in this respect.

Stuttgart/Germany, March 2, 2023

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Dr. Thomas Reitmayr	Sebastian Dingel
Wirtschaftsprüfer	Partner
(German Public Auditor)	

GENERAL INFORMATION

The performance of HUGO BOSS is best reflected in the consolidated financial statements. Like many other companies, HUGO BOSS has refrained from including the figures from the separate financial statements of the parent company HUGO BOSS AG in this report for the sake of clarity of presentation. These statements, which continue to be prepared in accordance with the German Commercial Code (HGB), are published on the Company's website at **group.hugoboss.com**.

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements that reflect management's current views with respect to future events. The words "anticipate," "assume," "believe," "estimate," "expect," "intend," "may," "plan," "project," "should," and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties. If any of these or other risks or uncertainties occur, or if the assumptions underlying any of these statements prove incorrect, then actual results may be materially different from those expressed or implied by such statements. HUGO BOSS does not intend or assume any obligation to update any forward-looking statement, which speaks only as of the date on which it is made.

TEN-YEAR-OVERVIEW

	2022	2021	2020[1]	2019[2]	2018	2017	2016	2015	2014	2013
Sales (in EUR million)	3,651	2,786	1,946	2,884	2,796	2,733	2,693	2,809	2,572	2,432
Sales by brand[3]										
BOSS Menswear	2,868	2,181	1,530	2,488	2,422	2,336	2,313	2,522	2,328	2,205
BOSS Womenswear	239	192	131							
HUGO	545	413	285	396	374	397	380	287	243	227
Sales by segments										
EMEA	2,303	1,742	1,231	1,803	1,736	1,681	1,660	1,683	1,566	1,457
Americas	789	543	308	560	574	577	582	671	587	570
Asia/Pacific	467	423	343	438	410	396	382	393	361	347
Licenses	92	77	64	84	76	79	69	62	58	58
Sales by distribution channel[3]										
Brick-and-mortar retail[4]	2,016	1,512	1,057	1,869	1,768	1,732	1,677	1,689	1,471	1,314
Brick-and-mortar wholesale[5]	895	647	472	931	952	922	947	1,058	1,043	1,060
Digital	648	549	352	–	–	–	–	–	–	–
Licenses	92	77	64	84	76	79	69	62	58	58
Results of operations (in EUR million)										
Gross profit	2,256	1,721	1,187	1,875	1,823	1,808	1,777	1,853	1,699	1,580
Gross margin in %	61.8	61.8	61.0	65.0	65.2	66.2	66.0	66.0	66.1	64.9
EBIT	335	228	(236)[6]	344	347	341	263	448	449	456
EBIT margin in %	9.2	8.2	(12.1)[7]	11.9	12.4	12.5	9.8	15.9	17.4	18.7
EBITDA	680	568	230	707	476	499	433	590	572	561
Net income attributable to equity holders of the parent company	209	137	(220)[8]	205	236	231	194	319	333	329
Net assets and liability structure as of December 31 (in EUR million)										
Trade net working capital	613	376	491	528	537	459	524	528	503	432
Non-current assets	1,535	1,458	1,516	1,713	686	662	752	765	660	612
Equity	1,135	940	760	1,002	981	915	888	956	844	740
Equity ratio in %	36	34	30	35	53	53	49	53	51	49
Total assets	3,127	2,736	2,570	2,877	1,858	1,720	1,799	1,800	1,662	1,501
Financial position and dividend (in EUR million)										
Free cash flow	166	560	164	457	170	294	220	208	268	230
Net financial liabilities (as of December 31)	767	628	1,004	1,040	22	7	113	82	36	57
Capital expenditure	191	104	80	192	155	128	157	220	135	185
Depreciation/amortization	345	339	465[9]	362	129	158	169	142	123	105
Total leverage (as of December 31)[10]	1.1	1.1	(6.7)	0.2	0.0	0.0	0.2	0.1	0.1	0.1
Amount distributed[11]	69	48	3	3	186	183	179	250	250	231
Additional key figures										
Employees (as of December 31)[12]	16,930	14,041	13,795	14,633	14,685	13,985	13,798	13,764	12,990	12,496
Personnel expenses (in EUR million)	794	627	570	640	629	604	605	563	514	483
Number of Group´s own retail points of sale	1,316	1,228	1,157	1,113	1,092	1,139	1,124	1,113	1,041	1,010
Shares (in EUR)										
Earnings per share	3.04	1.99	(3.18)[13]	2.97	3.42	3.35	2.80	4.63	4.83	4.77
Dividend per share[11]	1.00	0.70	0.04	0.04	2.70	2.65	2.60	3.62	3.62	3.34
Last share price (as of December 31)	54.16	53.50	27.29	43.26	53.92	70.94	58.13	76.60	101.70	103.50
Number of shares (as of December 31)	70,400,000	70,400,000	70,400,000	70,400,000	70,400,000	70,400,000	70,400,000	70,400,000	70,400,000	70,400,000

1 In 2020, HUGO BOSS recorded non-cash impairment charges related to the negative impact of COVID-19 on the Group's retail business in the amount of EUR 110 million.
2 The application of IFRS 16 in fiscal year 2019 partially limits the comparability of some performance indicators towards the prior-year figures. Additional information on the first-time application of IFRS 16 are presented in the Annual Report 2019.
3 Starting 2020, presentation has been aligned to the 2025 targets set out in the "CLAIM 5" strategy.
4 Until fiscal year 2019, own retail sales were reported including the Company's own online sales.
5 Until fiscal year 2019, wholesale sales were reported including online sales generated in wholesale.
6 2020: Excluding non-cash impairment charges, EBIT amounted to minus EUR 126 million.
7 2020: Excluding non-cash impairment charges, EBIT margin amounted to (6.5)%.
8 2020: Excluding non-cash impairment charges, net income amounted to minus EUR 131 million.
9 2020: Excluding non-cash impairment charges, depreciation and amortization amounted to EUR 355 million.
10 2021: Net financial liabilities/EBITDA including the impact of IFRS 16; Until 2020: Net financial liabilities/EBITDA excluding the impact of IFRS 16.
11 2022: Dividend proposal; 2020/2019: legal minimum dividend of EUR 0.04 per share in the wake of the COVID-19 pandemic.
12 Full-time equivalent (FTE).
13 2020: Excluding non-cash impairment charges, EPS amounted to minus EUR 1.90

CONTACTS

Investor Relations
Phone +49 7123 94–80903
Email investor-relations@hugoboss.com

Christian Stöhr
Vice President Investor Relations
Phone +49 7123 94–87563
Email christian_stoehr@hugoboss.com

Carolin Westermann
Vice President Global Corporate Communications
Phone +49 7123 94–86321
Email carolin_westermann@hugoboss.com

LEGAL NOTICE

HUGO BOSS AG
Dieselstrasse 12
72555 Metzingen
Germany

Phone +49 7123 94–0
www.hugoboss.com

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nexxar GmbH, Vienna
www.nexxar.com

Photos of the Managing Board
Andreas Pohlmann

FINANCIAL CALENDER 2023

May 4, 2023	First Quarter Results 2023
May 9, 2023	Virtual Annual Shareholders' Meeting
August 2, 2023	Second Quarter Results 2023 & First Half Year Report 2023
November 2, 2023	Third Quarter Results 2023