

HUGO BOSS

Annual General Meeting 2023 – Speech

Metzingen, May 9, 2023

The spoken word shall prevail

Daniel Grieder (Chief Executive Officer of HUGO BOSS):

Thank you, Hermann!

Dear shareholders,
ladies and gentlemen,

I am very pleased to welcome you to our 2023 virtual Annual General Meeting, also on behalf of my fellow Managing Board members and all HUGO BOSS employees. As you have already seen from the invitation to this year's Annual General Meeting, we have again decided to hold the Annual General Meeting virtually. The reason why we do this is that we are particularly interested in enabling all our shareholders in Germany and abroad to participate, regardless of their place of residence and the associated geographical distance or possible other restrictions. In addition, our sustainability efforts played a key role in this decision. I would like to take this opportunity to thank you for your support and understanding with regard to the chosen format.

So, today I am standing in front of you once again virtually and am very proud of what we have achieved at HUGO BOSS over the past few months. The past fiscal year was a very special one for HUGO BOSS! We made important progress in the execution of our "CLAIM 5" strategy – in particular with regard to our successful branding refresh – laying the foundation for a strong operational and financial performance. As a result, 2022 was truly a record year for our Company.

What impressed me most was the outstanding motivation and strong team mentality of our around 17,000 employees, who are relentlessly executing "CLAIM 5" with great passion and dedication to make HUGO BOSS stronger, more sustainable, and more resilient than ever before. They are the backbone of our Company and impressively demonstrate day by day that we can accomplish anything if we trust and support each other.

On behalf of the entire Managing Board, I would therefore like to extend my gratitude to all our teams for their exceptional commitment. Together as a team,

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we will continue with all our power and all our passion towards our ambition to ultimately become one of the top 100 global brands. It is a great pleasure for me to work with such a talented and dedicated team.

What can you expect during my presentation? First, we will look back on our highly successful fiscal year 2022. I will discuss our key strategic initiatives that have contributed to the success of HUGO BOSS over the past year and highlight some current and upcoming initiatives that will pay off in the continued successful execution of our "CLAIM 5" strategy.

Yves Müller will then lay out our operational and financial performance in fiscal year 2022. He will also discuss our expectations for the current year. And, you won't be surprised: the rigorous execution of "CLAIM 5" will once again take center stage in 2023. But more about that later!

Dear shareholders: Our vision is and remains to become the leading premium tech-driven fashion platform worldwide. In doing so, we not only want to take advantage of the many benefits of digitalization, but also take over a leading role within the industry. Because, as you know, one of our key strategic priorities is "Lead in Digital." With our Digital Campus – which I will talk about later – we have already come a long way towards achieving this ambitious goal in the past year.

As an international fashion and lifestyle company, however, it is our ambition to constantly evolve on all levels. We want to be a leader in our industry and revolutionize it thanks to our strong innovation skills and design expertise, true to our motto "We Love Fashion, We Change Fashion."

Meanwhile, our ambition remains unchanged: We want to become one of the top 100 global brands and turn consumers from all over the world into true fans of BOSS and HUGO. An ambitious and yet realistic goal when considering what we have achieved so far.

2022 marked an extremely successful year for HUGO BOSS and thus represents the first important milestone along our mid-term growth journey. Our strong comeback is clear testament to the power of our brands and the strength of our "CLAIM 5" strategy that we first presented almost two years ago. Thanks to its rigorous execution and our impressive branding refresh beginning of last year, we have significantly fueled the relevance of BOSS and HUGO within a very short period of time and successfully expanded market share around the globe.

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This led to record sales of 3.7 billion euros in 2022. Most importantly, our momentum was broad-based across all brands, regions, and consumer touchpoints. This was accompanied by significant profitability improvements and a strong increase in EBIT mounting up to 335 million euros, which corresponds to an EBIT margin of 9.2%. We raised our sales and earnings targets for the full year twice and ultimately even exceeded the increased forecasts.

All this clearly shows that with "CLAIM 5" we have introduced the right strategy at the right time. A strategy that will enable us to unlock the full potential of HUGO BOSS. So, let's take a look at our key strategic highlights, starting with our two brands. If you recall what I told you last year, "CLAIM 5" is all about consumers, as we put them in the center of everything we do. To anchor our position in consumers' minds and significantly enhance brand relevance, we ushered in a new era with our highly successful branding refresh.

In particular, the spectacular launch of our record-breaking campaigns has put BOSS and HUGO into the spotlight while ensuring to keep up the pace throughout the year. Fully in line with our first strategic claim "Boost Brands," we have thus noticeably increased brand heat, attracting consumers from all over the world for BOSS and HUGO. Especially in key metropolitan areas, and of course also on social media, we generated great enthusiasm with our international all-star cast. Most importantly, BOSS and HUGO are now coming with a new, modern brand identity, appealing to a younger and more global demographic. In this context, BOSS is focusing on millennials and HUGO on Gen Z.

The remarkable increase in brand relevance was also fueled by our spectacular fashion events and inspiring collaborations. To name only a few of my personal highlights: for BOSS, we hosted unique fashion events in the Dubai desert and at Milan Fashion Week. At the same time, we celebrated strong comebacks in Formula 1, at the legendary Hahnenkamm Races, and also in tennis at the BOSS Open here in Stuttgart. With HUGO, on the other hand, we celebrated the music festival season in Palm Springs with the very successful "HUGO House" and generated additional excitement with an own fashion show in Milan.

I am particularly pleased that, thanks to our various activities, we have been able to noticeably increase the relevance of both brands in a very short period of time: Above all on social media, the success became clearly visible for BOSS and HUGO.

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With around 1.5 million new followers, BOSS was by far the fastest-growing premium apparel brand on Instagram, the channel that is of particular importance for millennials. And HUGO left all other brands far behind on TikTok – the leading platform for the increasingly relevant Gen Z – underpinned by an extremely strong increase in follower growth of 900%.

Even more importantly, both our brands recorded significant double-digit sales increases in 2022. Driven by the successful brand refresh, our BOSS Menswear business grew a strong 27% currency-adjusted, while our BOSS Womenswear business was up 21% year-on-year. HUGO was in no way behind, also recording significant sales increases of 27% adjusted for currencies. What strikes me most is the fact that growth was well balanced. We recorded double-digit improvements across all wearing occasions – from formalwear to casualwear to shoes & accessories. This, in turn, means that we are now perceived as a true 24/7 lifestyle brand.

Following our brand successes in the past year, we are fully committed to keep up the hype also in 2023, further fuel brand relevance, and strengthen our strong top-line momentum. And let me be clear in saying that we have a lot of exciting initiatives in the pipeline to further strengthen BOSS and HUGO over the next couple of quarters and provide them with additional tailwind.

In early 2023, we launched our latest campaigns for Spring/Summer 2023, including superstars such as Naomi Campbell, Gigi Hadid, and Lee Min-ho. And I can assure you that also these campaigns are perceived extremely well by consumers! We continue to dominate social media, with 5 billion social media impressions in only 6 weeks clearly speaking for themselves! But have a look yourself at our latest BOSS campaign, based on the motto "BOSSes aren't born, they are made."

However, our most successful event to date was the spectacular BOSS Fashion Show in Miami in March this year. The "see now, buy now" event reached almost 3 billion views on social media, making it even more successful than our BOSS Fashion Show in Milan last fall.

To keep brand momentum going, we will continue to collaborate with inspiring personalities and strong partners. A few examples: In 2022, we launched several

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capsule collections with our brand ambassadors Khaby Lame, Matteo Berrettini, and Alica Schmidt, all of which were highly successful!

And in January this year, we continued seamlessly, as BOSS collaborated for an exclusive collection with the young, yet already very successful skiwear brand Perfect Moment. We also unveiled another collection co-created with Porsche that was presented by Columbian superstar Maluma. But that's not all: at the end of April, we announced our partnership with the American football league NFL – an extremely exciting collaboration that we are particularly pleased about and that will help us to strengthen our current top-line momentum in the U.S.

Also with HUGO we celebrated huge successes last year. Together with Japanese streetwear brand Mr. Bathing Ape and Italian denim specialist Replay, HUGO had Gen Z buzzing all year long! We have thus put particular emphasis on product groups such as denim, outerwear, and bodywear – all of which still offer great potential for HUGO in the future. Let's take a quick look at the current HUGO campaign here as well.

Ladies and gentlemen: in today's world, it is important that our many product initiatives also span into the digital world. On that, I am excited that HUGO successfully entered the Metaverse last year, launching its first ever NFT collection. This digital collection sold out within minutes, and significantly exceeded our own high expectations. We will continue to build on such successes in the future.

Speaking about our collections: True to our second strategic claim "Product is King," our products are at the heart of our Company and thus an essential part of our branding refresh. Above all, the new, more modern image of BOSS with a focus on the characteristic colors black, white, and camel ensures a high level of recognition.

The positive global response to our new brand image, combined with improved price-value-proposition, has led to strong full-price sales already in 2022. At the same time, also demand from consumers and wholesale partners increased noticeably. A trend that continued seamlessly with the launch of our Spring/Summer 2023 collections.

Thanks to our strong and diverse product mix, today we live up to our promise to perfectly dress our customers from head to toe, and for every occasion 24/7. Particular highlights in this regard were the successful relaunch of our brand lines

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BOSS Black, BOSS Orange, and BOSS Green and the introduction of the exclusive BOSS Camel line, which is developing excellently and whose enormous potential we will fully leverage in the coming years.

And we will also fully leverage the potential that the digital world offers us in the future. In line with our third strategic claim, "Lead in Digital," we remain fully dedicated on taking a leading role in digitization within our industry. For us, this means continuing to digitalize our business activities along the entire value chain and maintaining a strong focus on leveraging the power of data.

The HUGO BOSS Digital Campus is at the core of our digital activities. Building on the successful global relaunch of hugoboss.com in January 2022, the Campus will particularly ensure the maximized use of data analytics. This is not only aimed at reducing complexity but also to increasing transparency and further enhancing efficiency across our business activities.

But that's not all: in the coming years, we will link the shopping experience in our stores even more closely with our digital points of sale, enabling a first-class, fully comprehensive omnichannel experience for our customers. The Digital Campus will also play a central role in this.

Turning to omnichannel and thus to our fourth strategic priority, "Rebalance Omnichannel." In 2022, we have made substantial progress in pushing ahead with the upgrade of our global retail network and creating a best-in-class consumer experience.

This includes, besides the aforementioned successful relaunch of our digital flagship hugoboss.com, the most recent upgrade of the HUGO BOSS app. Our new app strongly enhances the mobile shopping experience, as it offers our customers several new functionalities, such as a try-on function for sneakers, convenient live chat capabilities, as well as the seamless integration of our CRM functionalities.

In this context, I am all the more encouraged that our digital business continued its double-digit growth trajectory in 2022, fueled above all by record sales of our own online store. Despite a rather difficult market environment in the digital sector our digital business grew by 15% currency-adjusted. As a result, we have significantly outperformed e-commerce in general and have thus been able to gain market share.

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Whether in the virtual or real world, we always pursue one goal as part of our omnichannel strategy: transferring our regained brand power to all consumer touchpoints. On that note, we have made substantial progress in 2022. In particular, we pushed ahead with the upgrade of our global retail network as customers can meanwhile experience our branding refresh together with our innovative retail concepts in over 200 points of sale worldwide.

Our new BOSS flagship store on London's vibrant Oxford Street is a clear standout in this regard. We have taken the retail experience to the next level and created a blueprint for the future of our physical store network: brand-led, consumer-focused, and digitally oriented – all in one. Another great example is our BOSS store on London's Regent Street, which we recently completely redesigned and reopened. With the following video, I would like to present our new store concept a little closer.

We are also very pleased with the performance of our new store concept in terms of revenues: The enhanced customer experience is leading to higher full-price sales and a significant improvement in store productivity, which we were able to increase by an impressive 29% to almost 12,000 euros per square meter in 2022. We will therefore continue to push ahead with the global rollout of this highly successful concept. This year alone, we plan to renovate around 100 additional points of sale. These include our important BOSS stores in Amsterdam's Leidsestraat and in the Dubai Mall in the Emirates.

We not only celebrated an extremely successful comeback in our own retail business but also in brick-and-mortar wholesale, with currency-adjusted revenues up 33% in 2022. Thanks to our 24/7 lifestyle positioning and continued robust demand from wholesale partners for our collections, we significantly improved the visibility of BOSS and HUGO in Europe and in the U.S.

And I am pleased to report that the robust momentum in wholesale is set to continue, as we look back at successful order intakes for the current Spring/Summer and the upcoming Fall season.

With a firm commitment to our fifth strategic claim "Organize for Growth," we have embraced a powerhouse organizational setup in the past years and established a flexible operations platform to ensure our Company's success well into the future

In particular, we have made great progress in transforming our supply chain into a full "Digital Twin" – a technology-driven, state-of-the-art platform. This embodies

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speed and growth and is an important prerequisite for continuing to serve customer demand in the best possible way in the future. At the same time, we ensure that we have a reliable and resilient supply chain that actively supports our strong sales momentum and ensures product availability at all times and worldwide.

With "nearshoring," we are pursuing the goal of bringing our local sourcing activities even closer to our sales markets. Already today, 46% of our merchandise is sourced in EMEA – i.e. Europe, the Middle East, and Africa – and 14% of our total sourcing volume is produced at our own production facilities.

Our largest own production site in Izmir plays a key role in this. In 2022, we successfully expanded its capacity by opening a fourth plant on-site. While in the past we primarily produced formalwear in Izmir, thanks to recent investments, casualwear now accounts for around 20% of our total production volume there. In this context, around 1,000 new employees have been added to the team in Izmir over the course of 2022. This has brought us even closer to our largest sales region, EMEA, and enables us to respond even better and faster to our customers' needs.

Folie 1: Let me take a closer look at the topic of customer needs: At the heart of "CLAIM 5" also lies our unwavering commitment to sustainability – a cause that not only plays a key role for our customers but is also an essential to our corporate responsibility. We will thus continue to drive innovation and sustainability to deliver measurable impact for the environment and society alike. We have set ourselves ambitious goals, such as decreasing our CO₂ emissions by at least 50% until 2030 and aiming for "net zero" by 2050.

Promoting and implementing a circular business model is of particular importance in this regard, as we are committed to using high-quality, recyclable materials, thereby extending product life cycles and minimizing waste in the years to come.

Among other things, we are working intensively to replace environmentally harmful fibers such as polyester and nylon with sustainable, recyclable alternatives in the future. Only recently, we successfully launched the first BOSS polo shirt made of around 90% highly innovative and fully recyclable AeoniQ yarn, obtained from bio-based cellulose and thus from renewable raw materials.

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In addition to circular products, we will continue to place great emphasis on particularly sustainable materials and manufacturing processes in the production of our collections and, in this context, aim to significantly expand our range of "RESPONSIBLE Styles." The share is to be expanded to 60% of the total product range by 2025.

And while these were just a few examples of how we aim to lead change in the fashion industry, it clearly shows where we're headed for a better future.

And we are encouraged by the fact that our efforts are also being recognized externally. In late 2022, HUGO BOSS was included in the important 'Dow Jones Sustainability Index World' for the sixth time in a row – with the second-best overall score in our industry. Among other things, we were named "Best in Class" in the categories innovation management, tax strategy, and environmental and social reporting. On top of that, HUGO BOSS was named Green Ranking Champion, as it scored best among the 50 German MDAX companies. We thus performed best in terms of the 60 most relevant global sustainability rankings and awards.

However, we are by no means resting on these achievements. Quite the opposite: standing up for our planet and society and being bold is and remains a central responsibility and an important matter for us. We will thus continue to work passionately for greater sustainability and actively tackle the challenges in the industry together with our partners. This of course also includes the fact that compliance with human rights, labor and health standards is indispensable for us. We will therefore also make our supply chain even more reliable and transparent.

To strengthen our commitment to sustainability, we have also established our own charitable foundation for the first time in the history of our Company. In future, this foundation will pool our social commitment and significantly expand it, particularly in the important areas of climate and environmental protection. Together with strong partners, we will actively support and fund important projects around the world. And we will also closely involve our customers by making a donation of 5 cents to the foundation for every product we sell.

We also take our social responsibility very seriously in the context of crisis situations around the world: For example, HUGO BOSS provided financial support following the devastating earthquakes in Turkey and Syria or the flood disasters in Bangladesh and Pakistan. And in view of the devastating war in Ukraine, we

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supported the German Red Cross, among others, to help refugees from Ukraine during this very difficult time.

Of course, we also have a particular responsibility towards our employees. We want to offer them the best possible working environment. For this reason, we invest not only in the strength and sustainability of our brands, but also in our people and teams: last year alone, we created around 3,000 new jobs worldwide. In addition to the aforementioned strategic expansion of our capacities at the Izmir site, we further strengthened our global retail business in particular, as well as important functions in Metzingen, for example in digital as well as in research and development.

We also want to make our vibrant campus as modern and attractive as possible for our employees and create a working environment in which they can develop their ideas and creativity to the fullest. In addition, we already offer our employees a comprehensive range of services to strengthen the compatibility of family and career. This includes our recently opened HUGO BOSS day-care center here on our campus, which offers capacity for around 50 children. After all, we are convinced that an attractive working environment plays a decisive role in ensuring that our employees are highly motivated and passionate about making their contribution to the successful execution of "CLAIM 5" every day.

In order to give our employees an active share in the success of the company, we also launched an employee share program for the first time at the beginning of the year. This offers employees the opportunity to participate in the company as shareholders. The program has been very well received by our employees worldwide, which we are particularly pleased about. And I am sure that quite a few employees have also dialled in today to exercise their shareholder rights at this year's Annual General Meeting.

Dear shareholders, it is and remains of great importance to us that you participate in the success of "CLAIM 5". In this context, we are particularly pleased that the successful execution of our strategy has also been well received on the stock market, as reflected in the strong outperformance of our shares in 2022.

In an overall volatile and challenging market environment, HUGO BOSS shares proved to be extremely resilient thanks to the successful implementation of "CLAIM 5" ending the year up 1%. By contrast, important indices and the shares of almost all relevant competitors recorded an often strongly negative share price performance. And our share has continued to perform extremely positively also this

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year. Since the beginning of the year, it has gained 27%, closing yesterday evening at 68.98 euros.

Of course we also want you to participate in the success of HUGO BOSS through an attractive dividend. In view of our stellar operational performance, our very robust financial stance, and our confidence in the continued success of "CLAIM 5", we therefore propose a dividend of 1.00 euro per share for fiscal year 2022. This represents an increase of 43% compared to the prior year and results in a payout ratio of 33%, thus fully in line with our target payout range of 30 to 50%.

This concludes my presentation.

Ladies and gentlemen, our Company has never been better and stronger positioned than it is today. Thanks to the rigorous execution of our strategy, HUGO BOSS has made a real kick-start and achieved enormous progress in a very short period of time. And we also have ambitious plans for the current fiscal year, which will also be characterized by our growth strategy – as you will see from the following presentation by Yves Müller. I would like to thank you for your attention and now hand over to Yves Müller.

Yves, the stage is yours!

Yves Müller (Chief Financial Officer / Chief Operating Officer of HUGO BOSS):

Thank you, Daniel,
and good morning, dear shareholders,
ladies and gentlemen.

Also from my side a warm welcome to this year's Annual General Meeting. What can you expect from my presentation? I will start by elaborating on our operational and financial performance in fiscal year 2022. Following this, I would like to take a look at the first quarter of 2023 and discuss our expectations for the current fiscal year. Last but not least, I will hand back to Daniel Grieder for a brief recap.

So let's start with a closer look at our top- and bottom-line performance in the last year. For HUGO BOSS, 2022 was without a doubt an extremely successful year.

Thanks to the relentless execution of "CLAIM 5," currency-adjusted revenues increased a strong 27% year on year to 3.7 billion euros, which means nothing more

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than record sales for our Company. We thus exceeded the 3 billion euro mark for the first time in the history of HUGO BOSS. Compared to pre-pandemic levels, this represents a robust increase of 26% currency-adjusted.

Equally important, we recorded significant bottom-line improvements – despite investments in our brands, our products, and the digitization of our business model. Overall, EBIT increased a strong 47% to an amount of 335 million euros, leading to an EBIT margin improvement of 100 basis points to a level of 9.2%.

Supported by our stellar performance in the final quarter of the year, we ultimately exceeded our full-year 2022 targets, which we had revised upwards twice. This is all the more remarkable considering the high level of macroeconomic and geopolitical uncertainties in 2022, including global supply chain disruptions, the implications of the war in Ukraine, and pandemic-related restrictions in China.

Let's therefore take a closer look at our top-line performance. Driven by the relentless execution of "CLAIM 5" and thanks to our highly successful branding refresh, top-line momentum accelerated from quarter to quarter during the year. This has ultimately led to currency-adjusted revenues in the important final quarter being up 15% - and 29% versus pre-pandemic levels. This means that for the first time we have generated more than 1 billion euro in sales in just one quarter.

I am particularly pleased to see that growth throughout the year was high quality in nature. This means, against the backdrop of increased brand relevance, we succeeded in noticeably increasing our full-price sales and, in this context, in keeping the discount level well below the prior-year level. More importantly, as laid out in "CLAIM 5," growth was broad-based in 2022. Thus, both brands, as well as all regions and distribution channels contributed to our strong sales performance.

First, let's take a closer look at the regions: Our business in EMEA recorded an exceptionally strong performance, fueled by the successful execution of "CLAIM 5" and robust consumer sentiment with both local consumers as well as international tourists driving the overall momentum.

In our largest region, currency-adjusted revenues were up 32%, spurred by double-digit improvements in the UK, France, and Germany, as well as an exceptionally strong performance in the United Arab Emirates.

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Momentum was equally strong in the Americas. We achieved revenue growth of 29% currency-adjusted, with all our markets recording strong double-digit improvements. This also includes the important U.S. market, where we successfully fostered our 24/7 brand image and thus noticeably expanded the visibility of BOSS and HUGO across all customer touchpoints.

Currency-adjusted sales in Asia/Pacific grew 6% in the past fiscal year. Thanks to significant double-digit improvements in South East Asia & Pacific, we more than offset pandemic-related sales declines in mainland China.

In this context, we are all the more encouraged by the most recent recovery in China following the lifting of COVID-19 restrictions. Recent weeks and months have provided impressive evidence that we are now back on a robust growth track in China. We therefore have every reason to be confident about the further development of this important market: both in terms of the current fiscal year and our mid-term ambition. Because, as you know, our brands still have considerable growth potential in China.

Let's now turn to our distribution channels. I am particularly pleased that all consumer touchpoints recorded double-digit growth in 2022. Sales in brick-and-mortar retail grew a strong 29% currency-adjusted, supported by double-digit improvements in store productivity. In other words, we are now generating significantly more sales per square meter than we did last year!

Brick-and-mortar wholesale revenues – as already mentioned at the beginning – grew 33% currency-adjusted, fueled by our partners' strong demand for both our brands' collections. In achieving this, BOSS and HUGO were able to noticeably improve market presence at key wholesale partners in Germany and internationally.

Our digital business grew by 15% currency-adjusted, despite a rather difficult market environment in the digital sector and despite being up against a particularly tough comparison base, the latter being due to the strong top-line momentum of previous years. I am particularly pleased that we were again able to record a significant double-digit increase in revenues at our own website [hugoboss.com](https://www.hugoboss.com) in the past fiscal year. At the same time, we also achieved significant improvements with our digital partners globally.

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Ladies and gentlemen, as you can see, we were able to further accelerate our top-line momentum last year, building on our superior brand power. But we also made great progress in terms of our bottom line. Let us therefore now look at the remaining P&L items.

At 61.8%, our gross margin remained on par with the prior-year level. Despite significant product investments, all aimed at further optimizing our price-value proposition, gross margin thus remained at the upper end of our mid-term target range of between 60 and 62%.

Several external factors weighed on our gross margin in the prior year. First and foremost, these include significantly elevated sourcing and freight cost levels, as well as unfavorable currency movements. I am therefore all the more encouraged that we were able to fully offset all these factors thanks to our high-quality top-line growth, underpinned by strong improvements in full-price sales.

Operating expenses increased by 29% in the past fiscal year, driven by our investments into the business as part of "CLAIM 5." This first and foremost includes our step-up in marketing investments, up 41% in 2022. This largely reflects our successful brand campaigns and fashion events, which we have already elaborated on today. As a percentage of Group sales, our marketing investments now amount to around 8% of Group sales – in line with our mid-term ambition.

At the same time, we further invested in digitalization of our business model with digital investments up 15%. The latter reflects important strategic initiatives such as the implementation of our Digital Campus, the successful relaunch of hugoboss.com or the global rollout of our digital showrooms.

Despite these investments, we brought our operating expenses down by 100 basis points to a level of 52.6% of sales, thus well below pre-pandemic levels. This development was first and foremost driven by our strong top-line performance as well as noticeably efficiency gains in brick-and-mortar retail. The latter is related to the further optimization of our global store network, which helped reducing brick-and-mortar retail cost by around one percentage point year-on-year. Compared to 2019, the decrease was even four percentage points.

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As mentioned earlier, this led to a strong 47% increase in EBIT to an amount of 335 million euros. Net income attributable to shareholders even increased by 53%. In this context, a higher level of net financial expenses, mainly reflecting unfavorable currency movements, was more than offset by positive one-off effects within taxes.

Let's now turn to the balance sheet, starting with inventories, which increased 58% currency-adjusted compared to the prior year. Against the backdrop of the global supply chain disruptions, we had already intentionally increased inventory levels in the course of 2022 to ensure product availability for upcoming seasons. The vast majority of the inventory position is related to core merchandise that can be sold over several future seasons as well as new merchandise for current and upcoming collections. At the same time, the inventory build-up is aimed at supporting the ongoing strong top-line momentum also going forward.

In this context, let me clearly emphasize that the aging structure of our inventory has even further improved year over year and will continue to benefit from robust top-line momentum. We will also take advantage of the noticeable easing of global supply chain disruptions in recent weeks to reduce inflows of core merchandise. Overall, we therefore expect a gradual normalization of our inventory position by the end of the current fiscal year.

Moving now over to free cash flow, which amounted to 166 million euros in 2022. Improvements in EBIT were more than offset by an increase in trade net working capital – caused by the inventory build-up I just outlined – as well as higher capital expenditures of 191 million euros. The latter aim at supporting the successful execution of "CLAIM 5" along our distribution network. In particular, we accelerated our investments in brick-and-mortar retail as we opened 38 new freestanding stores in 2022, while we also remodeled more than 100 points of sale to fully reflect our brands' new 'look and feel.'

Last but not least, and excluding the impact of IFRS 16, our net financial position reached a strong level of 38 million euros at the end of 2022. This in turn means that we were once again not only debt-free, but effectively "cash rich" at year-end, providing us with a strong foundation and further flexibility when it comes to investing in the years to come. We will thus continue to grasp growth opportunities and continue to rigorously execute our "CLAIM 5" strategy.

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Ladies and gentlemen, that concludes my remarks on fiscal year 2022. Let's now move over to our expectations for the current fiscal year.

Fiscal year 2023 is set to be a further important milestone in achieving our mid-term financial ambition. We are fully committed to making further progress towards "CLAIM 5" also this year, with the determined execution of our strategic initiatives clearly taking center stage.

All our strategic initiatives – be it from a brand, product, or distribution perspective – are aimed at further fueling the strong momentum of the previous year. In this context, we will continue to invest into brand-building activities and our diverse product offering to further drive brand relevance of BOSS and HUGO and strengthen the 24/7 lifestyle image.

In addition, we will push ahead with the digitalization of our business model and make further progress in expanding our omnichannel activities. We will continue to focus on the modernization of our global store network, putting strong emphasis on realizing further efficiency gains. This will allow us to make further progress also this year towards our 2025 EBIT margin target of 12%.

Last week, we published our first quarter results, which I would like to briefly discuss. As you may have taken notice in the press, we look back on an extremely successful start to fiscal year 2023. Following the steady acceleration in sales growth last year, I am particularly pleased that we were able to seamlessly continue our strong financial and operational performance in the first quarter. This has led to significant improvements in both sales and earnings.

Group sales in the first quarter amounted to 968 million euros, corresponding to currency-adjusted growth of 25% compared to the prior year. Revenues once again also significantly exceeded pre-pandemic levels, with momentum even further accelerating compared to the final quarter of 2022.

And it will come as no surprise to you that growth was again broad-based in nature with double-digit sales increases across both brands, as well as all regions and consumer touchpoints. As you can see: Trends seen in the previous year continued seamlessly at the beginning of the year.

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But also from a bottom-line perspective, we are very pleased with the development in the first quarter: EBIT improved a strong 63% to 65 million euros. This, in turn, enabled us to improve our EBIT margin by 160 basis points to a level of 6.7%. This performance is mainly attributable to extremely robust top-line growth, more than compensating for a slight decline in gross margin as well as the ongoing investments into our business as part of "CLAIM 5."

Following the successful start to the year, we also raised our sales and earnings guidance for the current fiscal year last week. This means nothing less than making 2023 yet another record-breaking year for our Company. By building on our superior brand power and our excellent start to 2023, we once more aim for outperforming our industry this year and thus capturing further market shares.

Consequently, we now expect Group revenues in fiscal year 2023 to increase by around 10% to 4 billion euros, with both brands, all regions, and all channels once again set to contribute. We therefore aim to achieve our mid-term sales target of 4 billion euros already this year, and thus significantly earlier than originally anticipated as part of "CLAIM 5."

With regard to our bottom-line expectations for 2023, we are now forecasting EBIT to increase within a range of 10% and 20% to a level of between 370 and 400 million euros. Ongoing investments in our products, brands, and digital expertise as part of "CLAIM 5" are set to be more than offset by an at least stable gross margin development as well as further efficiency gains. This means, in turn, that our 2023 EBIT margin is expected to increase to almost 10% - bringing us one step closer to our mid-term ambition in terms of profitability.

Ladies and gentlemen, that concludes my part of the presentation. Thank you very much for your attention and I would now like to hand you back over to Daniel.

Daniel Grieder (Chief Executive Officer of HUGO BOSS):

Thank you, Yves. Dear shareholders, 2022 was a tremendous success for HUGO BOSS in many respects. However, despite this stellar performance, we must not forget that the previous year was extremely challenging from a macroeconomic and social perspective. It has significantly changed the lives of many people around the globe. The implications of the pandemic, persistently high inflation and, in particular, the devastating war in Ukraine have affected and burdened the lives of many people.

HUGO BOSS

Given these challenges, our strong operational and financial performance, which mainly reflects the strong team mentality of our employees, is all the more remarkable. Our teams are key to our success. Together we will ensure that thanks to the determined execution of our "CLAIM 5" strategy we will make 2023 yet another record-breaking year for HUGO BOSS.

Our strong start to the year impressively demonstrates the continuing success of "CLAIM 5" and thus of HUGO BOSS. On June 14 and 15, we will therefore present an update on "CLAIM 5" and our mid-term financial ambition as part of this year's Capital Markets Day. And even though I cannot reveal any details to you here and now, I would like to emphasize that we will not deviate from our success trajectory. Quite the opposite: we will continue with all passion and power to do our utmost in delivering above average and sustainable revenue growth also going forward. In addition, we will strive to achieve further efficiency gains to drive further improvements in EBIT margin in the future.

Allow me to conclude by briefly summarizing the most important points:

Fiscal year 2022 impressively demonstrated that with "CLAIM 5" we introduced the right strategy at the right time. The rigorous execution of our strategic priorities made 2022 truly a record year for our Company, with broad-based growth across all brands, regions, and customer touchpoints.

In particular, thanks to our successful branding refresh, BOSS and HUGO are more relevant and stronger today than ever before. We have thus laid a strong foundation to fully exploit the great potential of HUGO BOSS also going forward with the relentless execution of "CLAIM 5" taking center stage.

And we will build on our regained brand power to maintain our robust sales momentum. Thanks to our excellent team and our winning formula "CLAIM 5," we will make 2023 yet another highly successful year for HUGO BOSS thereby achieving our mid-term sales target of 4 billion euros already this year - two years ahead of plan.

And beyond that, we will leverage the enormous potential of HUGO BOSS with all

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our power and all our passion, thus taking us one step closer to our ambition of becoming one of the top 100 global brands

Dear shareholders, thank you very much for your attention and your confidence in our Company. Before I hand the floor back to Hermann Waldemer, I would like to say goodbye to you with this video.