FIRST HALF YEAR REPORT
JANUARY–JUNE 2022

HUGO BOSS

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Due to rounding, numbers presented in this First Half Year Report may not add up precisely to the totals provided.

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KEY FIGURES

(in EUR million)	Jan. – June 2022	Jan. – June 2021	Change in %	Currency-adjusted change in %
Sales	1,650	1,126	47	42
Sales by segment				
Europe incl. Middle East and Africa	1,054	684	54	53
Americas	334	203	65	49
Asia/Pacific	219	205	7	1
Licenses	42	34	23	23
Sales by distribution channel				
Brick-and-mortar retail	891	565	58	52
Brick-and-mortar wholesale	417	274	52	47
Digital	300	252	19	16
Licenses	42	34	23	23
Sales by brand				
BOSS Menswear	1,305	886	47	43
BOSS Womenswear	104	77	34	31
HUGO	241	163	48	44
Results of operations				
Gross profit	1,033	685	51	
Gross margin in %	62.6	60.9	170 bp	
EBIT	140	43	> 100	
EBIT margin in %	8.5	3.8	460 bp	
EBITDA	310	194	60	
EBITDA margin in %	18.8	17.3	150 bp	
Net income attributable to equity holders of the parent company	82	14	> 100	
Net assets and liability structure as of June 30				
Trade net working capital	507	517	(2)	(11)
Trade net working capital in % of sales[1]	13.8	23.6	(980) bp	
Non-current assets	1,472	1,482	(1)	
Equity	1,006	792	27	
Equity ratio in %	35.3	30.8	450 bp	
Total assets	2,847	2,571	11	
Financial position				
Capital expenditure	61	44	39	
Free cash flow	99	103	(4)	
Depreciation/amortization	170	151	13	
Net financial liabilities (as of June 30)	687	973	(29)	
Additional key figures				
Employees (as of June 30)[2]	15,411	13,381	15	
Personnel expenses	383	285	34	
Shares (in EUR)				
Earnings per share	1.18	0.21	>100	
Last share price (as of June 30)	50.36	45.88	10	
Number of shares (as of June 30)	70,400,000	70,400,000	0	

[1] Moving average on the basis of the last four quarters.
[2] Full-time equivalent (FTE).

CHAPTER 1
CONSOLIDATED INTERIM MANAGEMENT REPORT

GENERAL ECONOMIC SITUATION AND INDUSTRY DEVELOPMENT

General economic situation

Overall, macroeconomic uncertainties have increased further in the course of the first half of the year. While the global recovery from the COVID-19 pandemic continued in most geographies, surging commodity prices on the back of the war in Ukraine, persisting bottlenecks in global supply chains, as well as a slowdown in China amid renewed pandemic-related restrictions weighed on the general economic situation. Elevated global inflation is forcing policy makers around the globe to raise interest rates, aimed at cooling price growth but risking tipping economies into recession. In addition, further disruption in the natural gas supply to Europe could add to recession risks in several key economies and trigger a global energy crisis.

Consequently, the International Monetary Fund (IMF) has cut its forecast for global economic growth again in July, which is now projected to slow from an estimated 6.1% in 2021 to 3.2% in 2022 and 2.9% in 2023. In the eurozone, economic growth is now expected to moderate towards 2.6% in 2022 (2021: 5.4%), while the IMF predicts that Great Britain will achieve 3.2% of growth (2021: 7.4%). For the U.S., the IMF anticipates growth to slow down to 2.3% in 2022 (2021: 5.7%), reflecting the Fed's increasingly restrictive monetary policy. Given ongoing pandemic-related restrictions in China, the IMF has also cut its forecast for the Chinese economy, now predicting growth to come in at 3.3% in 2022, and thus well below the prior-year level (2021: 8.1%).

Industry development

In the first half of 2022, the global apparel industry continued its recovery from the COVID-19 pandemic, which had already been visible throughout most of 2021, although development varied across regions. Challenges included, in particular, the persistence of pandemic-related production delays, shortages in logistics, a further increase in material and freight costs, and the ongoing shortage of materials. This led to a sharp increase in input costs for many industries, leading companies to increase prices for consumers in times where consumer confidence across key markets is decreasing as overall inflation surges.

Industry growth in the first six months of 2022 was primarily driven by local demand, despite ongoing pandemic-related uncertainties in the wake of the long-lasting Omicron wave. In contrast, business with international tourists is recovering comparatively slowly, partly due to some persisting restrictions on international travel. Given long-lasting pandemic-related lockdowns in China throughout much of the first half of the year, the Chinese consumer – which is particularly relevant for the premium and luxury segment of the global apparel market – has reduced spending in the first six months of 2022, both domestically and abroad. However, most industry observers expect a gradual normalization of Chinese spending for the second half of the year. On the other hand, in both Europe and the Americas, consumer confidence remained robust in the first half of fiscal year 2022. Persisting inflationary pressure and growing recession fears, however, have started to noticeably weigh on consumer confidence towards the middle of the year. It is therefore expected that companies with a leading brand perception and strong top-line momentum will continue to perform comparatively better also going forward.

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EARNINGS DEVELOPMENT

Sales performance

In the first six months of 2022, HUGO BOSS recorded significant top- and bottom-line improvements, fueled by the **rigorous execution of the Company's "CLAIM 5" growth strategy**. At the beginning of the year, HUGO BOSS successfully implemented its comprehensive branding refresh – from new product, to record-breaking marketing campaigns, up to the relaunch of its digital flagship hugoboss.com and new store concepts in brick-and-mortar retail – thereby significantly driving the relevance and perception of its brands. Consequently, currency-adjusted Group sales increased 42%, with all brands, regions, and channels contributing to growth. On a reported base, revenues increased 47% to EUR 1,650 million (prior year: EUR 1,126 million), marking the strongest first half year in the history of HUGO BOSS from a top-line perspective.

Sales by brand

SALES BY BRAND (IN EUR MILLION)

	Jan. – June 2022	In % of sales	Jan. – June 2021	In % of sales	Change in %	Currency-adjusted change in %
BOSS Menswear	1,305	79	886	79	47	43
BOSS Womenswear	104	6	77	7	34	31
HUGO	241	15	163	14	48	44
Total	1,650	100	1,126	100	47	42

In the first half of 2022, BOSS Menswear and BOSS Womenswear, as well as HUGO recorded strong double-digit growth. Driven by the bold branding refresh as well as the successful execution of important brand and product initiatives as part of "CLAIM 5", momentum for both BOSS and HUGO further accelerated during the first half of fiscal year 2022. With all wearing occasions recording strong growth, the Company made further progress in successfully fostering its 24/7 brand image. Fueled by this success, currency-adjusted sales for BOSS Menswear increased by 43% in the first half of 2022, while currency-adjusted revenues for BOSS Womenswear grew 31%. At HUGO, currency-adjusted sales were up 44% in the six-month period.

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Sales by region

SALES BY REGION (IN EUR MILLION)

	Jan. – June 2022	In % of sales	Jan. – June 2021	In % of sales	Change in %	Currency-adjusted change in %
Europe[1]	1,054	64	684	61	54	53
Americas	334	20	203	18	65	49
Asia/Pacific	219	13	205	18	7	1
Licenses	42	3	34	3	23	23
Total	1,650	100	1,126	100	47	42

[1] Including the Middle East and Africa.

From a regional perspective, growth in the first half of 2022 was driven by particularly strong demand in Europe and the Americas. Currency-adjusted sales in Europe, including the Middle East and Africa, increased by 53% in the reporting period. This development was driven by high double-digit improvements across all key markets, including Great Britain, Germany, and France. In the Americas, currency-adjusted revenues were up 49% with all markets contributing. In the U.S., where HUGO BOSS successfully fostered its 24/7 brand image, revenues were also up by a strong double-digit rate. While the Group's business in Asia/Pacific also recorded a promising start to the year, renewed COVID-19-related restrictions – including temporary store closures and reduced opening hours – weighed on consumer sentiment and store traffic in mainland China. Overall, currency-adjusted revenues in Asia/Pacific came in 1% above the prior-year level, with double-digit growth in South East Asia & Pacific more than compensating for a sales decline in China.

Sales by distribution channel

SALES BY DISTRIBUTION CHANNEL (IN EUR MILLION)

	Jan. – June 2022	In % of sales	Jan. – June 2021	In % of sales	Change in %	Currency-adjusted change in %
Brick-and-mortar retail	891	54	565	50	58	52
Brick-and-mortar wholesale	417	25	274	24	52	47
Digital	300	18	252	22	19	16
Licenses	42	3	34	3	23	23
Total	1,650	100	1,126	100	47	42

Also from a channel perspective, growth was broad based with double-digit improvements across all consumer touchpoints. Currency-adjusted sales in the Group's brick-and-mortar retail business (including freestanding stores, shop-in-shops, and outlets) were up 52% in the first half of 2022. This development was supported by robust store productivity improvements, reflecting the successful execution of strategic initiatives to further optimize the global store network as well as overall higher store traffic. At the same time, the prior-year period was marked by long-lasting temporary store closures, as reflected by an average store closing rate of around 25% during the first six months of

HUGO BOSS

2021. In brick-and-mortar wholesale, currency-adjusted revenues increased 47%, fueled by wholesale partners' strong demand for the latest BOSS and HUGO collections fully reflecting the branding refresh. The Group's digital business (including the Company's digital flagship hugoboss.com as well as digital revenues generated with partners) also recorded double-digit growth. Despite being up against a particularly strong comparison base from the prior-year period, currency-adjusted sales increased 16%. This development was supported by the successful relaunch of hugoboss.com implemented in January 2022. Overall, total digital sales thus added up to 18% of Group sales in the first half of the year. Sales in the license business increased by 23% currency-adjusted, reflecting strong double-digit growth across key product groups, including fragrances, watches, and eyewear.

Network of own retail stores

NUMBER OF OWN FREESTANDING RETAIL STORES

As of June 30, 2022, the number of own freestanding retail stores remained broadly stable as compared to December 31, 2021. In the first six months of the year, a total of ten BOSS stores were newly opened, including the new BOSS flagship store at London's Oxford Street as well as new stores in Dubai and Rome. In addition, one HUGO store opened its doors in Abu Dhabi. At the same time, twelve stores with expiring leases across Europe and the Americas were closed in the first half of 2022.

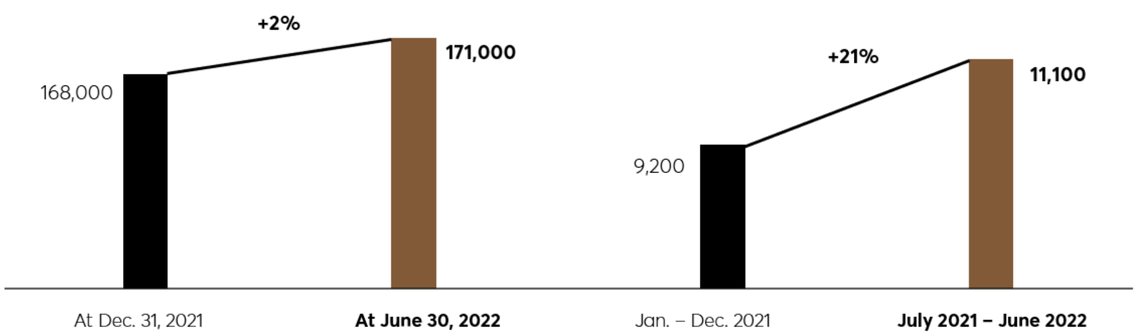
NUMBER OF OWN RETAIL STORES

June 30, 2022	Europe	Americas	Asia/Pacific	Total
Number of own retail points of sale	579	349	349	1,277
thereof freestanding retail stores	203	97	150	450
Dec. 31, 2021				
Number of own retail points of sale	579	310	339	1,228
thereof freestanding retail stores	206	98	147	451

Including shop-in-shops and outlets, the total number of retail points of sale operated by HUGO BOSS slightly increased to 1,277 as of June 30, 2022.

TOTAL SELLING SPACE AS OF JUNE 30
(IN SQUARE METER)

BRICK-AND-MORTAR SALES PRODUCTIVITY
(IN EUR PER SQUARE METER)



Including shop-in-shops and outlets, the total selling space of the Group's own retail business increased 2%, totaling around 171,000 sqm at the end of June. Brick-and-mortar sales productivity increased by 21% to around EUR 11,100 per sqm, primarily reflecting the strong sales increase in the first six months of 2022.

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Income Statement

(in EUR million)

	Jan. – June 2022	Jan. - June 2021	Change in %
Sales	1,650	1,126	47
Cost of sales	(617)	(440)	(40)
Gross profit	1,033	685	51
In % of sales	62.6	60.9	170 bp
Operating expenses	(894)	(642)	(39)
In % of sales	(54.2)	(57.1)	290 bp
Thereof selling and distribution expenses	(707)	(501)	(41)
Thereof administration expenses	(187)	(142)	(32)
Operating result (EBIT)	140	43	>100
In % of sales	8.5	3.8	460 bp
Financial result	(19)	(19)	(2)
Earnings before taxes	120	24	>100
Income taxes	(34)	(7)	<(100)
Net income	86	17	>100
Attributable to:			
Equity holders of the parent company	82	14	>100
Non-controlling interests	5	3	65
Earnings per share (in EUR)[1]	1.18	0.21	>100
Income tax rate in %	28	28	

[1] Basic and diluted earnings per share.

The strong gross margin development, up 170 basis points to 62.6%, is mainly attributable to an overall higher share of full-price sales, reflecting a significant uptick in brand momentum following the successful branding refresh. This more than compensated for persistently high levels of freight costs as well as an unfavorable development of exchange rates.

In the first half of 2022, operating expenses increased 39% to EUR 894 million, mainly reflecting higher rental and payroll expenses in light of the strong business performance, but also given long-lasting temporary store closures in the prior-year period. At the same time, HUGO BOSS also significantly stepped up its brand and digital investments as part of "CLAIM 5". As a percentage of sales, however, operating expenses decreased 290 basis points to a level of 54.2%.

- Selling and distribution expenses were up 41%, largely reflecting higher rental and payroll expenses in own retail in light of the strong sales momentum. In addition, HUGO BOSS recorded a strong increase in marketing investments fully in line with its "CLAIM 5" strategy aimed at driving brand relevance. Consequently, marketing investments were up 61% to EUR 138 million, equaling an increase of 80 basis points to 8.4% of Group sales. In addition, HUGO BOSS also recorded non-cash impairment charges of EUR 17 million related to its store network in Russia. Overall, however, selling and distribution expenses as a percentage of sales decreased to 42.8%.

- Administration expenses were up 32% to EUR 187 million, driven by higher payroll expenses also in connection with accrued expenses reflecting recent business performance against initial expectations. A step-up in digital investments also contributed to the development. As a percentage of sales, however, administration expenses decreased to 11.3%.

In light of the strong Group sales development, the improvements in gross margin, as well as operating expense leverage, HUGO BOSS generated an operating profit (EBIT) of EUR 140 million in the first six months of 2022, significantly above the prior-year level. As a result, also the Group's EBIT margin improved strongly, up 460 basis points to 8.5%. Consequently, the Group's net income also came in well above the prior-year level, amounting to EUR 86 million.

Sales and earnings development of the business segments

Europe

Currency-adjusted sales in Europe, including the Middle East and Africa, were up 53% in the first half of 2022. This development was primarily driven by robust local demand across key European markets.

SALES DEVELOPMENT EUROPE (IN EUR MILLION)

	Jan. – June 2022	In % of sales	Jan. – June 2021	In % of sales	Change in %	Currency-adjusted change in %
Brick-and-mortar retail	480	46	255	37	88	89
Brick-and-mortar wholesale	333	32	217	32	54	51
Digital	241	23	213	31	13	12
Total	1,054	100	684	100	54	53

Growth was particularly strong in Great Britain, with currency-adjusted sales up 65% in the first half of 2022. Momentum in Germany and France also improved significantly with currency-adjusted revenues up 48% and 46%, respectively. Also in Eastern Europe and the Middle East, momentum remained robust, as reflected by mid double-digit growth.

At EUR 239 million, segment earnings in Europe more than doubled compared to the prior-year level (H1 2021: EUR 113 million). This corresponds to an EBIT margin of 22.7% (H1 2021: 16.6%), attributable to the increase in sales, improvements in gross margin, as well operating expense leverage.

Americas

Also in the Americas, currency-adjusted sales significantly increased by 49% with strong growth across all key markets.

SALES DEVELOPMENT AMERICAS (IN EUR MILLION)

	Jan. – June 2022	In % of sales	Jan. – June 2021	In % of sales	Change in %	Currency-adjusted change in %
Brick-and-mortar retail	225	67	134	66	68	51
Brick-and-mortar wholesale	70	21	42	21	66	50
Digital	40	12	26	13	51	36
Total	334	100	203	100	65	49

In the U.S. market, where HUGO BOSS continues to successfully foster its 24/7 brand image, currency-adjusted revenues increased by 38%. While sales in Latin America grew 59%, HUGO BOSS more than doubled revenues in Canada, partly reflecting long-lasting temporary store closures in the prior year.

Segment earnings in the Americas amounted to EUR 56 million, significantly exceeding the prior-year level (H1 2021: EUR 11 million). Corresponding to an EBIT margin of 16.7% (H1 2021: 5.4%), this development was attributable to the strong acceleration in sales growth, improvements in gross margin, as well as operating expense leverage.

Asia/Pacific

Sales in the Asia/Pacific region came in 1% above the prior-year level, currency-adjusted. While HUGO BOSS recorded a promising start to the year also in this region, renewed COVID-19-related restrictions, including temporary store closures and reduced opening hours, weighed on consumer sentiment and store traffic in mainland China in particular during the second quarter.

SALES DEVELOPMENT ASIA/PACIFIC (IN EUR MILLION)

	Jan. – June 2022	In % of sales	Jan. – June 2021	In % of sales	Change in %	Currency-adjusted change in %
Brick-and-mortar retail	186	85	176	86	6	0
Brick-and-mortar wholesale	13	6	15	7	(12)	(17)
Digital	20	9	13	6	52	43
Total	219	100	205	100	7	1

Currency-adjusted sales in mainland China were down 24%, largely reflecting COVID-19-related temporary store closures in the reporting period. At the same time, double-digit growth in markets across South East Asia & Pacific more than offset the sales decline in China.

Segment earnings in the Asia/Pacific region amounted to EUR 37 million, slightly below the prior-year level (H1 2021: EUR 40 million), translating into an EBIT margin of 16.8% (H1 2021: 19.7%). Improvements in sales were more than offset by a slight decline in gross margin and higher operating expenses, in particular in the area of marketing.

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Licenses

Sales in the license business increased by 23% currency-adjusted, reflecting strong double-digit growth across key product groups, including fragrances, watches, and eyewear.

Consequently, the license segment profit increased by 31% to EUR 35 million (H1 2021: EUR 27 million).

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NET ASSETS

CONDENSED STATEMENT OF FINANCIAL POSITION (IN EUR MILLION)

	June 30, 2022	June 30, 2021	December 31, 2021
Property, plant and equipment, intangible assets, and right-of-use assets	1,293	1,287	1,277
Inventories	760	609	606
Trade receivables	228	208	235
Other assets	323	329	334
Cash and cash equivalents	243	138	285
Assets	2,847	2,571	2,736
Group equity	1,006	792	940
Provisions and deferred taxes[1]	244	213	212
Lease liabilities	810	835	795
Trade payables	482	300	464
Other liabilities[1]	159	141	190
Financial liabilities	146	289	135
Equity and liabilities	2,847	2,571	2,736

[1] Amounts shown differ from those reported in the previous year due to reclassifications.

Total assets at the end of the reporting period increased 4% compared to December 31, 2021. Compared to June 30, 2021, total assets grew by 11%, mainly due to higher inventories aimed at ensuring product availability for the upcoming season as well as higher cash and cash equivalents.

The share of current assets increased slightly to 48% at the end of June 2022 (December 31, 2021: 47%). Accordingly, the share of non-current assets as of June 30, 2022 decreased to 52% (December 31, 2021: 53%). The Group's equity ratio increased slightly to 35% at the end of the first half of 2022 (December 31, 2021: 34%).

TRADE NET WORKING CAPITAL (IN EUR MILLION)

	June 30, 2022	June 30, 2021	Change in %	Currency-adjusted change in %
Inventories	760	609	25	17
Trade receivables	228	208	10	4
Trade payables	(482)	(300)	60	54
Trade net working capital	507	517	(2)	(11)

Adjusted for currency effects, trade net working capital (TNWC) declined 11% as compared to the prior-year level. This development is due to higher trade payables, largely reflecting an increased utilization of the Company's supplier financing program. This increase more than compensated for a higher inventory position as well as an increase in trade receivables. The former was up 17% currency-adjusted, aiming at ensuring product availability for the upcoming season. The moving average of TNWC as a percentage of sales based on the last four quarters amounted to 13.8%, well below the prior-year level (June 30, 2021: 23.6%).

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FINANCIAL POSITION

Statement of cash flow and free cash flow

STATEMENT OF CASH FLOW (IN EUR MILLION)

	Jan. – June 2022	Jan. – June 2021
Cash flow from operating activities	162	146
Cash flow from investing activities	(63)	(43)
Cash flow from financing activities	(157)	(94)
Change in cash and cash equivalents	(42)	13
Cash and cash equivalents at the beginning of the period	285	125
Cash and cash equivalents at the end of the period	243	138

As cash flow is adjusted for currency effects, the figures shown above cannot be derived from the statement of financial position.

Free cash flow, measured as the total of cash flow from operating activities and cash flow from investing activities, amounted to EUR 99 million in the reporting period (H1 2021: EUR 103 million).

The increase in cash flow from operating activities mainly reflects the strong sales and earnings growth in the first half of 2022, partly offset by the higher inventory level. The increase in cash flow from investing activities primarily reflects higher capital expenditure as compared to the prior year. The development of cash flow from financing activities was driven by the higher dividend payment to shareholders for fiscal year 2021.

Net financial liabilities

Excluding the impact of IFRS 16, the net financial position of HUGO BOSS totaled plus EUR 123 million at the end of the first half of 2022 (June 30, 2021: minus EUR 138 million), reflecting the strong free cash flow generation over the last twelve months as well as the associated lower utilization of credit lines. Including the impact of IFRS 16, the net financial position totaled minus EUR 687 million, representing a 29% decrease against the prior-year level (June 30, 2021: minus EUR 973 million).

Capital expenditure

In the first half of 2022, capital expenditure totaled EUR 61 million (H1 2021: EUR 44 million). Investment activity was once again focused on the further optimization and modernization of the own store network, as well as on expanding the Group's digital capabilities along the entire value chain.

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OUTLOOK

Subsequent events

Between the end of the first half of fiscal year 2022 and the publication of this report, there were no further material macroeconomic, sociopolitical, sector-related, or company-specific changes that management would expect to have a significant influence on the Group earnings, net assets, and financial position.

Outlook

On the back of the strong financial performance in the second quarter, HUGO BOSS has raised its top- and bottom-line outlook for the current fiscal year. At the same time, the Company is taking into account both ongoing investments into its business as part of "CLAIM 5" as well as persisting high levels of macroeconomic uncertainty – including the war in Ukraine, COVID-19 uncertainty, the persistently high level of global freight costs, global cost inflation, and a possible rationing of gas supply.

The Company now forecasts Group sales in fiscal year 2022 to increase between 20% and 25% to a new record level of between EUR 3.3 billion and EUR 3.5 billion (prior guidance: increase between 10% and 15% to a level of between EUR 3.1 billion and EUR 3.2 billion). For Europe, HUGO BOSS now anticipates sales growth in a range of between 20% and 30% (prior: growth in the low to mid teens range). Also for the Americas, the Company now expects growth in a range of between 20% and 30% (prior: growth in the mid to high single-digit range). For the Asia/Pacific region, HUGO BOSS now expects revenue growth in a range of between 10% and 20% (prior: growth in the mid to high teens range).

In light of the anticipated top-line improvements in fiscal year 2022, HUGO BOSS now expects EBIT in 2022 to increase between 25% and 35% to a level of between EUR 285 million and EUR 310 million (prior: increase of between 10% to 25% to an amount of between EUR 250 million and EUR 285 million). Consequently, the **Group's net income** is now forecast to improve to a level of between EUR 170 million and EUR 200 million (prior: EUR 150 million to EUR 180 million).

Trade net working capital as a percentage of sales is now expected to improve to a level of between 15% and 16% (prior: 18% to 19%), while capital expenditure is now forecast to total between EUR 180 million and EUR 210 million in fiscal year 2022 (prior: EUR 200 million to EUR 230 million).

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OUTLOOK FOR FISCAL YEAR 2022

	Results 2021	Updated Outlook 2022
Group sales	EUR 2,786 million	Increase within a range of 20% to 25% (to EUR 3.3 billion to EUR 3.5 billion)
Sales by region		
Europe	EUR 1,742 million	Increase within a range of 20% to 30%
Americas	EUR 543 million	Increase within a range of 20% to 30%
Asia/Pacific	EUR 423 million	Increase within a range of 10% to 20%
Operating result (EBIT)	EUR 228 million	Increase within a range of 25 % to 35 % (to EUR 285 million to EUR 310 million)
Group's net income	EUR 144 million	Increase to a level of between EUR 170 million and EUR 200 million
Trade net working capital as a percentage of sales	17.2%	Decrease to a level of between 15% and 16%
Capital expenditure	EUR 104 million	Increase to a level of between EUR 180 million and EUR 210 million

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RISKS AND OPPORTUNITIES

HUGO BOSS has a comprehensive risk management system enabling Management to identify and analyze opportunities and risks as well as to take appropriate measures at an early stage. During the reporting period, the Company has not identified any further material risks and opportunities besides those presented in its Annual Report for fiscal year 2021. The statements included therein regarding risks and opportunities continue to be valid. At present, no risks have been identified that either individually or in combination with other risks could endanger the Company's ability to continue as a going concern.

SUMMARY ON EARNINGS, NET ASSETS, AND FINANCIAL POSITION

In view of its healthy balance sheet structure and the strong free cash flow generation that is expected to continue in the future, HUGO BOSS continues to be in an exceedingly solid financial position.

Metzingen, July 19, 2022

HUGO BOSS AG
The Managing Board

Daniel Grieder
Yves Müller
Oliver Timm

CHAPTER 2
CONSOLIDATED INTERIM FINANCIAL STATEMENTS

HUGO BOSS

CONSOLIDATED INCOME STATEMENT

for the period from January 1 to June 30, 2022

CONSOLIDATED INCOME STATEMENT (IN EUR MILLION)

	2022	2021
Sales	1,650	1,126
Cost of sales	(617)	(440)
Gross profit	1,033	685
In % of sales	62.6	60.9
Selling and distribution expenses	(707)	(501)
Administration expenses	(187)	(142)
Operating result (EBIT)	140	43
Net interest income/expenses	(11)	(11)
Other financial items	(9)	(8)
Financial result	(19)	(19)
Earnings before taxes	120	24
Income taxes	(34)	(7)
Net income	86	17
Attributable to:		
Equity holders of the parent company	82	14
Non-controlling interests	5	3
Earnings per share (EUR)[1]	1.18	0.21

[1] Basic and diluted earnings per share.

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from January 1 to June 30, 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IN EUR MILLION)

	2022	2021
Net income	86	17
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	13	4
Items to be reclassified subsequently to profit or loss		
Currency differences	22	14
Gains/losses from cash flow hedges	1	0
Other comprehensive income, net of tax	37	18
Total comprehensive income	123	35
Attributable to:		
Equity holders of the parent company	117	32
Non-controlling interests	6	3
Total comprehensive income	123	35

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as of June 30, 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (IN EUR MILLION)

Assets	June 30, 2022	June 30, 2021	Dec. 31, 2021
Property, plant and equipment[1]	427	404	418
Intangible assets	167	168	164
Right-of-use assets[1]	699	715	695
Deferred tax assets	152	176	160
Non-current financial assets	26	19	20
Other non-current assets	1	0	1
Non-current assets	1,472	1,482	1,458
Inventories	760	609	606
Trade receivables	228	208	235
Current tax receivables	19	22	15
Current financial assets	14	19	27
Other current assets	111	93	111
Cash and cash equivalents	243	138	285
Current assets	1,375	1,089	1,278
Total	2,847	2,571	2,736

Equity and liabilities	June 30, 2022	June 30, 2021	Dec. 31, 2021
Subscribed capital	70	70	70
Own shares	(42)	(42)	(42)
Capital reserve	0	0	0
Retained earnings	897	721	850
Accumulated other comprehensive income	69	34	47
Equity attributable to equity holders of the parent company	994	783	925
Non-controlling interests	12	9	14
Group equity	1,006	792	940
Non-current provisions	86	91	102
Non-current financial liabilities	105	203	103
Non-current lease liabilities	611	629	601
Deferred tax liabilities	15	9	11
Other non-current liabilities	0	2	1
Non-current liabilities	817	934	818
Current provisions[1]	113	77	99
Current financial liabilities	42	86	32
Current lease liabilities	199	206	193
Income tax payables	29	35	28
Trade payables	482	300	464
Other current liabilities[1]	159	140	161
Current liabilities	1,024	845	978
Total	2,847	2,571	2,736

[1] Amounts shown differ from those reported in the previous year due to reclassifications.

HUGO BOSS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period from January 1 to June 30, 2022

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IN EUR MILLION)

				Retained earnings		Accumulated other comprehensive income		Group equity		
	Subscribed capital	Own shares	Capital reserve	Legal reserve	Other reserves	Currency translation	Gains/ losses from cash flow hedges	Total before non-controlling interests	Non-controlling interests	Group equity
January 1, 2021	70	(42)	0	7	700	21	(2)	754	6	760
Net income					14			14	3	17
Other income					4	(14)	0	18	0	18
Comprehensive income					18	(14)	(2)	32	3	35
Dividend payment					(3)			(3)		(3)
June 30, 2021	70	(42)	0	7	715	35	(2)	783	9	792
January 1, 2022	70	(42)	0	7	843	51	(3)	925	14	940
Initial application of IAS 29					0			0		0
January 1, 2022	70	(42)	0	7	843	51	(3)	925	14	939
Net income					82			82	5	86
Other income					13	20	1	35	1	37
Comprehensive income					95	20	1	117	6	123
Dividend payment					(48)			(48)	(8)	(57)
June 30, 2022	70	(42)	0	7	890	71	(2)	994	12	1,006

HUGO BOSS

CONSOLIDATED STATEMENT OF CASH FLOWS

for the period from January 1 to June 30, 2022

CONSOLIDATED STATEMENT OF CASH FLOWS (IN EUR MILLION)

	2022	2021
Net income	86	17
Depreciation/amortization	170	151
Gains or losses on the monetary positions under IAS 29	0	0
Unrealized net foreign exchange gain/loss	(21)	0
Other non-cash transactions	12	1
Income tax expense/refund	34	7
Interest expense/income	11	11
Change in inventories	(140)	14
Change in receivables and other assets	22	(23)
Change in trade payables and other liabilities[1]	0	(10)
Result from disposal of non-current assets	(2)	(1)
Change in provisions for pensions	1	(1)
Change in other provisions[1]	12	3
Income taxes paid	(24)	(23)
Cash flow from operating activities	162	146
Investments in property, plant and equipment	(45)	(34)
Investments in intangible assets	(15)	(7)
Acquisition of subsidiaries and other business entities less cash and cash equivalents acquired	0	(2)
Investment in financial assets[2]	(2)	0
Cash flow from investing activities	(63)	(43)
Dividends paid to equity holders of the parent company	(48)	(3)
Dividends paid to non-controlling interests	(8)	0
Change in current financial liabilities	(4)	(4)
Cash receipts from non-current financial liabilities	8	13
Repayment of current and non-current lease liabilities	(94)	(90)
Interest paid	(11)	(11)
Interest received	1	0
Cash flow from financing activities	(157)	(94)
Exchange rate related changes in cash and cash equivalents	16	4
Change in cash and cash equivalents	(42)	13
Cash and cash equivalents at the beginning of the period	285	125
Cash and cash equivalents at the end of the period	243	138

[1] Amounts shown differ from those reported in the previous year due to reclassifications.

[2] In the first half of 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 amounting to EUR 4 million, outstanding as on June 30, 2022 EUR 2 million. The investment is supplemented by additional fees on achievement of agreed milestones along with a contractual right (call option) to further acquire shares of the company until December 2023 at an agreed exercise price.

HUGO BOSS

CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1| General information

The interim financial statements of HUGO BOSS AG as of June 30, 2022, were prepared pursuant to Sec. 115 WpHG ["Wertpapierhandelsgesetz": Securities Trading Act] in accordance with the International Financial Reporting Standards (IFRS) and their interpretations applicable as of the reporting date. In particular, the regulations of IAS 34 on interim financial reporting were applied.

This interim management report and the consolidated interim financial statements were neither audited in accordance with Sec. 317 HGB ["Handelsgesetzbuch": German Commercial Code] nor reviewed by a person qualified to audit financial statements. In a resolution dated July 19, 2022, the condensed interim financial statements and the interim management report were authorized for issue to the Supervisory Board by the Managing Board. Before they were published, the interim management report and the condensed interim financial statements were also discussed with the Audit Committee of the Supervisory Board.

2| Accounting policies

All the interim financial statements of the companies included in the interim consolidated financial statements were prepared in accordance with the IFRS effective on the reporting date, as published by the IASB and applicable in the EU in accordance with uniform accounting and measurement methods.

The accounting, valuation, and consolidation policies applied correspond to those applied during the prior fiscal year.

COVID-19 impacts

In the first six months of 2022, HUGO BOSS recorded significant top- and bottom-line improvements, fueled by the rigorous execution of the Company's "CLAIM 5" strategy. Growth was first and foremost driven by a strong acceleration in momentum in Europe and the Americas. While the Group's business in Asia/Pacific also recorded a promising start to the year, renewed COVID-19-related restrictions – including temporary store closures and reduced opening hours – weighed on consumer sentiment and store traffic in mainland China. The temporary store closures in China do not have a significant impact on the recoverability of the assets.

Impacts related to the war in Ukraine

HUGO BOSS has temporarily suspended its own retail and online business in Russia since the beginning of March, as well as all advertising and marketing activities. Together with Ukraine, the market accounted for around 3% of Group sales in fiscal year 2021. The Company is closely monitoring the situation and assessing developments accordingly. At the same time, the safety of the people and its partners remains the top priority for HUGO BOSS.

The preparation of the interim consolidated financial statements was based on estimates and assumptions taking into account the changes in the business environment, which affected the disclosure and the amount of assets and liabilities as well as income and expenses. Estimates and underlying assumptions with material impact were made in particular with regard to the following aspects:

- Impairment testing of assets with a definite and indefinite useful life including goodwill
- Valuation of inventories
- Recoverability of receivables – in particular those relating to trade receivables

Although great care has been taken in making these estimates and assumptions, actual measurements may deviate in individual cases, especially considering the further development of the situation and the corresponding sanctions.

Estimates and assumptions

In the course of the COVID-19 pandemic, all rent concessions that met the requirements of the IASB amendments "COVID-19-Related Rent Concessions – Amendment to IFRS 16 Leases" were not treated as a lease modifications but as a negative variable lease payment. The amount recognized in the income statement to reflect rent concessions as a results of the COVID-19 pandemic amounts to EUR 4 million for the first half year of 2022 (2021: EUR 18 million). Of this amount, EUR 0 million (2021: EUR 1 million) was attributable to government grants which are not subject to any further conditions.

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 in the first instance 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. In a second step, individual value adjustments of between 1% and 100% are made for due and non-due receivables, based on the age structure and the individual assessment of the recoverability of trade receivables. All subsidiaries of HUGO BOSS have to prepare an analysis of the aging structure of their trade receivables. This permits the recognition of risk-adjusted valuation allowances.

The review of the carrying amounts of individual CGUs (cash generating units) did not result in any additional pandemic-related impairment. 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 an expected value of probability weighted scenarios. Consequently, non-cash impairment charges were recognized in the amount of EUR 17 million as of June 30, 2022.

Hyperinflation

Turkey is classified as a hyperinflationary economy and therefore IAS 29 'Financial Reporting in Hyperinflationary Economies' applies to the Group's subsidiary in Turkey. Accordingly, the interim financial statements of HUGO BOSS Magazacilik Ltd. Sti., Izmir, Turkey that has the Turkish lira as a 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 were not restated.

In addition to that, 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 current at the balance sheet date. These are indexed using a general price index in accordance with IAS 29. However, no restatement is required for 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 must be expressed in terms of the measuring unit current at the balance sheet date.

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

The application of IAS 29 is immaterial to the Group's profitability, liquidity, and capital resources and financial position for the half year ended June 30, 2022.

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The table below details the specific inputs used to apply IAS 29 for the six months ended June 30, 2022.

Input parameters	Turkey
Date of IAS 29 initial application	January 1, 2022
Consumer Price Index	Tüketici fiyat endeks rakamları
Index at June 30, 2022	977.90
Index at December 31, 2021	686.95
Adjustment Factor	1.4235

Further the Group has production facilities at HUGO BOSS Textile Industry Ltd. in Turkey, among the above mentioned entity, the fuctional currenacy of this subsidiary is the euro and hence IAS 29 'Financial Reporting in Hyperinflationary Economies' does not apply to this subsidiary in Turkey.

3| Currency translation

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

	Currency	Average rate			Closing rate		
	1 EUR =	June 2022	June 2021	Dec. 2021	June 30, 2022	June 30, 2021	Dec. 31, 2021
Australia	AUD	1.5022	1.5759	1.5797	1.5256	1.5811	1.5615
China	CNY	7.0806	7.7382	7.2012	7.0382	7.6814	7.1947
Great Britain	GBP	0.8565	0.8586	0.8494	0.8646	0.8595	0.8403
Japan	JPY	141.3230	132.6523	128.6455	143.5300	131.5400	130.3800
Russia	RUB	61.3456	87.4170	83.3883	55.5195	86.4662	85.3004
Switzerland	CHF	1.0249	1.0938	1.0411	1.0005	1.0965	1.0331
Turkey	TRY	17.9866	10.3630	16.5761	17.5221	10.3645	15.0867
U.S.A.	USD	1.0580	1.2051	1.1305	1.0517	1.1888	1.1326

4| Basis of consolidation

In the reporting period January 1 to June 30, 2022, the number of consolidated companies is 65, unchanged from the consolidated financial statements as of December 31, 2021.

In the first half of fiscal year 2022 HUGO BOSS Stiftung gGmbH was established. As there were no business operations during this perod the company was not consolidated.

5| Business combinations/acquisitions of other business units

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

6| Selected notes to the Consolidated Income Statement

Sales

(in EUR million)	Jan. – June 2022	Jan. – June 2021
Brick-and-mortar retail	891	565
Brick-and-mortar wholesale	417	274
Digital	300	252
Licenses	42	34
Total	1,650	1,126

Cost of sales

(in EUR million)	Jan. – June 2022	Jan. – June 2021
Cost of purchase	565	394
Thereof cost of materials	559	362
Cost of conversion	52	46
Total	617	440

The acquisition costs for purchased goods included in the cost of sales primarily relate to the cost of materials for the goods sold as well as incoming freight and customs costs.

Selling and distribution expenses

(in EUR million)	Jan. – June 2022	Jan. – June 2021
Expenses for own retail business	396	287
Expenses for sales and marketing organization	120	87
Marketing expenses	138	86
Logistics expenses	53	41
Total	707	501

The expenses for the own retail business and the sales and marketing organization mostly relate to personnel and lease expenses for wholesale and retail distribution as well as impairment charges related to Russia. They also include sales-based commission, freight-out, customs costs, credit card charges and impairment losses on receivables.

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Administration expenses

(in EUR million)

	Jan. – June 2022	Jan. – June 2021
General administrative expenses	149	116
Research and development costs	38	26
Total	187	142

Administration expenses mainly comprise rent for premises, maintenance expenses, IT expenses and legal and consulting fees as well as personnel expenses in these functions. Research and development costs primarily relate to the creation of collections.

Personnel expenses

(in EUR million)

	Jan. – June 2022	Jan. – June 2021
Wages and salaries	328	243
Social security	52	41
Expenses and income for retirement and other employee benefits	3	1
Total	383	285

Employees

	June 30, 2022	Dec. 31, 2021
Industrial employees	4,607	4,340
Commercial and administrative employees	11,767	11,290
Total	16,374	15,630

Depreciation/Amortization

(in EUR million)

	Jan. – June 2022	Jan. – June 2021
Non-current assets		
Property, plant and equipment	40	39
Intangible assets	13	12
Right-of-use assets	103	100
Total	156	151

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Impairment

(in EUR million)

	Jan. – June 2022	Jan. – June 2021
Directly operated stores	2	0
Intangible assets / goodwill	0	0
Right-of-use assets	12	1
Total	14	1

The impairment losses consists of impairment charges related to Russia as well as reversal of impairment losses.

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7| Selected notes to the Consolidated Statement of Financial Position

Leases

Leases in the balance sheet

Additions, depreciation and changes in the right-of-use assets of lease objects are divided as follows between the assets underlying the leases as at June 30, 2022:

(in EUR million)

	Stores	Warehouse	Offices and others	Total
Carrying amount as of January 1, 2022	584	40	71	695
Additions	86	9	5	100
Depreciation	(89)	(5)	(9)	(103)
Impairment	(12)	0	0	(12)
Disposal	(0)	(0)	0	(0)
FX differences	16	1	2	19
Carrying amount as of June 30, 2022	585	45	69	699
Carrying amount as of January 1, 2021	644	30	74	748
Additions	124	17	12	153
Depreciation	(179)	(8)	(17)	(204)
Impairment	(11)	0	0	(11)
Writeup	1	0	0	1
Disposal	(18)	(0)	(1)	(19)
FX differences	23	1	3	27
Carrying amount as of December 31, 2021	584	40	71	695

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The amounts included in the income statement as of June 30, 2022, applicable to the leases are shown in the following table:

Leases in the income statement

(in EUR million)	Jan. - June 2022	Jan. - June 2021
Depreciation of RoU Assets	(103)	(100)
Impairment of RoU Assets	(12)	(1)
Net income from disposal of RoU Assets	2	1
Interest expenses for lease liabilities	(8)	(8)
Income/expenses from foreign exchange differences on lease liabilities	6	(1)
Expenses for variable lease payments	(75)	(55)
Expenses for short-term leases	(4)	(2)
Lease expenses for software and expenses for leases of low-value assets	(14)	(9)
Income from subleases	0	1
Other expenses (service costs)	(7)	(6)
Total expenses from lease agreements	(215)	(180)

Cash outflows from lease liabilities amounted to EUR 201 million in the first half of 2022 (June 30, 2021: EUR 168 million), of which EUR 94 million relates to the repayment of lease liabilities (June 30, 2021: EUR 90 million).

Inventories

(in EUR million)	Jan. - June 2022	Dec. 2021
Finished goods and merchandise	701	564
Raw materials and supplies	51	36
Work in progress	9	6
Total	760	606

The carrying amount of inventories carried at net realizable value amounted to EUR 109 million (2021: EUR 108 million). Significant estimates were made for inventories as follows: Write-downs are made for inventory risks resulting from the length of storage and the resulting reduced usability in some cases. For raw materials, write-downs are made on the basis of range of coverage and marketability analyses. For work in progress, finished goods, and merchandise, the valuation is based on the net selling price targeted through the Group's own sales channels. To determine the net selling price, the Group uses analyses of the storage period for merchandise and finished goods.

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Trade receivables

(in EUR million)

	Jan. - June 2022	Dec. 2021
Trade receivables, gross	247	250
Accumulated allowance	(18)	(16)
Trade receivables, net	228	234

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 million)

	Jan. - June 2022	With remaining term up to 1 year	Dec. 2021	With remaining term up to 1 year
Financial liabilities due to banks	120	15	118	15
Lease liabilities	810	199	795	193
Other financial liabilities	26	26	18	18
Thereof: non IFRS 16 relevant rental contracts for own retail	13	13	13	13
Total	956	240	930	225

Other financial liabilities include negative market values from derivative financial instruments amounting to EUR 13 million (2021: EUR 4 million).

In 2021, HUGO BOSS concluded a revolving syndicated loan in the amount of EUR 600 million, thus securing additional financial headroom for the successful execution of the Group Strategy "CLAIM 5". The loan has a term of three years and includes two options to extend the term by one year each as well as an option to increase the loan volume by up to EUR 300 million. The former syndicated loan of HUGO BOSS of EUR 633 million was repaid fully in the fiscal year 2021.

At the end of the second quarter, the syndicated loan has been utilized of EUR 101 million; of which EUR 18 million for guarantees and EUR 75 million for the supplier financing program. (2021: The syndicated loan has been utilized through guarantee facilities amounting to EUR 18 million and not utilized through the supplier financing program in the amount of EUR 63 million).

8| Earnings per share

There were no shares outstanding that could have diluted earnings per share as of June 30, 2022, or June 30, 2021.

	Jan. – June 2022	Jan. – June 2021
Net income attributable to equity holders of the parent company (in EUR million)	82	14
Average number of shares outstanding[1]	69,016,167	69,016,167
Earnings per share (EPS) (in EUR)[2]	1.18	0.21

[1] Not including own shares.

[2] Basic and diluted earnings per share.

9| Provisions

Provisions for personnel expenses

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

The majority of personnel-related provisions arise from the long-term incentive (LTI) program initiated at the beginning of the fiscal year 2016 for members of the Managing Board and eligible senior management of HUGO BOSS, which are recognized at its fair value on the reporting date. There are four tranches of the program at present. The fourth plan was issued on January 1, 2022.

Each plan has a total duration of four years, split into a performance term of three years and a qualifying period of one year. This means that the plan issued in fiscal year 2019 will be paid out in fiscal year 2023 and is therefore reported as EUR 4 million in current personnel-related provisions as of June 30, 2022. For the other three plans, the non-current provision created as of June 30, 2022, amounts to a total of EUR 18 million.

10| Provisions for pensions and similar obligations

Provisions for pensions decreased from EUR 45 million as of December 31, 2021 to EUR 31 million as of June 30, 2022. The actuarial calculation of the present value of the defined benefit obligation includes service cost, net interest expenses, and other relevant parameters.

Actuarial assumptions underlying the calculation of the present value of pension obligations as at June 30, 2022

The following assumptions were applied:

Actuarial assumptions	June 30, 2022	Dec. 31, 2021
Discount rate		
Germany	3.45%	1.40%
Switzerland	2.40%	0.35%
Future pension increases		
Germany	1.75%	1.75%
Switzerland	0.00%	0.00%
Future salary increases		
Germany	2.50%	2.50%
Switzerland	2.00%	2.00%

In comparison to December 31, 2021, the actuarial discount rate parameter in Germany and Switzerland increased. The pension trend and expected salary increase parameters remained unchanged in the first six months of fiscal year 2022.

Breakdown of pension expenses in the period

(in EUR million)

	Jan. – June 2022	Jan. – June 2021
Current service cost	3	2
Past service cost	0	0
Net interest costs	1	1
Pension expenses recognized in the consolidated income statement	3	3
Return from plan assets (without interest effects)	0	0
Recognized actuarial (gains)/losses	(17)	(5)
Asset ceiling (without interest effects of asset ceiling)	0	0
Remeasurement of the carrying amount recognized in the consolidated statement of comprehensive income	(17)	(5)

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11| Additional disclosures on financial instruments

Carrying amounts and fair values by category of financial instruments

(in EUR million)

		June 30, 2022		Dec. 31, 2021	
Assets	IFRS 9 category	Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents	AC	243	243	285	285
Trade receivables	AC	228	228	235	235
Other financial assets		40	40	47	47
Thereof:					
Undesignated derivatives	FVTPL	2	2	1	1
Derivatives subject to hedge accounting	Hedge Accounting	0	0	0	0
Other financial assets	AC	38	38	46	46
Liabilities					
Financial liabilities due to banks	AC	120	122	118	120
Trade and other payables	AC	482	482	464	464
thereof Reverse Factoring	AC	75	75	63	63
Lease Liabilities	n.a.	810	810	795	795
Other financial liabilities		26	26	17	17
Thereof:					
Undesignated derivatives	FVTPL	11	11	1	1
Derivatives subject to hedge accounting	Hedge Accounting	2	2	3	3
Other financial liabilities	AC	13	13	13	13

HUGO BOSS has a "Supplier-Financing-Programme" 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 trade net working capital.

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 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 June 30, 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 in active markets for identical assets or liabilities

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

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

As of June 30, 2022, as in the prior year, all financial instruments measured at fair value in the category FVTPL and derivatives designated to a hedge relationship were assigned to level 2. During the first six months of 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 2 million (December 31, 2021: EUR 1 million) and the liabilities to EUR 13 million (December 31, 2021: EUR 4 million). The fair value of financial instruments carried at amortized cost in the statement of financial position was likewise determined using a level 2 method.

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Interest and currency risk hedges

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

As of the reporting date, EUR 5 million (December 31, 2021: EUR 6 million) in variable interest finance liabilities were hedged through interest rate swaps. Moreover, as of the reporting date, future cash flows in foreign currencies of EUR 6 million (December 31, 2021: EUR 12 million) were hedged and fully designated as an effective hedging instrument. The change in unrealized gains/losses from marking hedges to market in other comprehensive income amounted to EUR 2 million (June 30, 2021: EUR 0 million).

Offsetting of financial instruments

(in EUR million)

	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
June 30, 2022						
Trade receivables	241	(13)	228	0	0	228
Other financial assets	40	0	40	(1)	0	39
Thereof derivatives	2	0	2	(1)	0	1
Total	281	(13)	268	(1)	0	267
Dec. 31, 2021						
Trade receivables	246	(11)	235	0	0	235
Other financial assets	47	0	47	(1)	0	46
Thereof derivatives	1	0	1	(1)	0	0
Total	293	(11)	282	(1)	0	281

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(in EUR million)

	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
June 30, 2022						
Trade payables	173	(53)	120	0	0	120
Other financial liabilities	482	0	482	(1)	0	481
Thereof derivatives	26	0	26	(1)	0	25
Total	655	(53)	602	(1)	0	601
Dec. 31, 2021						
Trade payables	500	(36)	464	0	0	464
Other financial liabilities	18	0	18	(1)	0	17
Thereof derivatives	4	0	4	(1)	0	3
Total	518	(36)	482	(1)	0	481

Liabilities of EUR 13 million netted in trade receivables (December 31, 2021: EUR 11 million) represent open credits to customers as of the balance sheet date. The netted assets within trade payables are receivables in the form of credit notes from suppliers. They amounted to EUR 53 million (December 31, 2021: EUR 36 million).

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.

12| Notes to the statement of cash flows

The statement of cash flows of HUGO BOSS 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 by operating, investing, or financing activities. Cash flow from operating activities are calculated indirectly on the basis of the Group's net income 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.

HUGO BOSS

13| Segment reporting

(in EUR million)

	Europe[1]	Americas	Asia/Pacific	Licenses	Total operating segments
Jan. – June 2022					
Sales	1,054	334	219	42	1,650
Segment profit	239	56	37	35	367
In % of sales	22.7	16.8	16.9	83.3	22.2
Segment assets	294	233	181	18	726
Capital expenditure	18	4	11	0	33
Impairments	(14)	0	0	0	(14)
Thereof property, plant and equipment	(2)	0	0	0	(2)
Thereof intangible assets	(12)	0	0	0	(12)
Depreciation/amortization	(73)	(25)	(32)	0	(130)

Jan. – June 2021					
Sales	684	203	205	34	1,126
Segment profit	113	11	40	27	191
In % of sales	16.5	5.4	19.5	79.4	17.0
Segment assets	300	153	140	13	606
Capital expenditure	45	10	32	0	87
Impairments	(1)	0	0	0	(1)
Thereof property, plant and equipment	0	0	0	0	0
Thereof intangible assets	(1)	0	0	0	(1)
Depreciation/amortization	(69)	(24)	(33)	0	(126)

[1] Including Middle East and Africa.

HUGO BOSS

Reconciliation

Sales

(in EUR million)

	Jan. – June 2022	Jan. – June 2021
Sales - operating segments	1,650	1,126
Corporate units	0	0
Consolidation	0	0
Total	1,650	1,126

Sales and earnings development of the business segments

SALES DEVELOPMENT EUROPE (IN EUR MILLION)

	Jan. – June 2022	In % of sales	Jan. – June 2021	In % of sales	Change in %	Currency-adjusted change in %
Brick-and-mortar retail	480	46	255	37	88	89
Brick-and-mortar wholesale	333	32	217	32	54	51
Digital	241	23	213	31	13	12
Total	1,054	100	684	100	54	53

SALES DEVELOPMENT AMERICAS (IN EUR MILLION)

	Jan. – June 2022	In % of sales	Jan. – June 2021	In % of sales	Change in %	Currency-adjusted change in %
Brick-and-mortar retail	225	67	134	66	68	51
Brick-and-mortar wholesale	70	21	42	21	66	50
Digital	40	12	26	13	51	36
Total	334	100	203	100	65	49

SALES DEVELOPMENT ASIA/PACIFIC (IN EUR MILLION)

	Jan. – June 2022	In % of sales	Jan. – June 2021	In % of sales	Change in %	Currency-adjusted change in %
Brick-and-mortar retail	186	85	176	86	6	0
Brick-and-mortar wholesale	13	6	15	7	(12)	(17)
Digital	20	9	13	6	52	43
Total	219	100	205	100	7	1

HUGO BOSS

Sales by brand

SALES BY BRAND (IN EUR MILLION)

	Jan. – June 2022	In % of sales	Jan. – June 2021	In % of sales	Change in %	Currency-adjusted change in %
BOSS Menswear	1,305	79	886	79	47	43
BOSS Womenswear	104	6	77	7	34	31
HUGO	241	15	163	14	48	44
Total	1,650	100	1,126	100	47	42

Segment Earnings

(in EUR million)

	Jan. – June 2022	Jan. – June 2021
Segment profit (EBIT) – operating segments	367	191
Corporate units	(227)	(148)
Consolidation	0	0
EBIT HUGO BOSS	140	43
Net interest income/expenses	(11)	(11)
Other financial items	(9)	(8)
Earnings before taxes HUGO BOSS	120	24

Segment assets

(in EUR million)

	June 30, 2022	June 30, 2021	Dec. 31, 2021
Segment assets – operating segments	726	606	615
Corporate units	262	211	225
Consolidation	0	0	0
Current tax receivables	19	22	15
Current financial assets	14	19	27
Other current assets	111	93	111
Cash and cash equivalents	243	138	285
Current assets HUGO BOSS	1,375	1,089	1,278
Non-current assets	1,472	1,482	1,458
Total assets HUGO BOSS	2,847	2,571	2,736

HUGO BOSS

Capital expenditure

(in EUR million)

	June 30, 2022	June 30, 2021	Dec. 31, 2021
Capital expenditure - operating segments	33	87	77
Corporate units	43	12	28
Consolidation	0	0	0
Total	76	99	105

Depreciation/Amortization

(in EUR million)

	Jan. – June 2022	Jan. – June 2021
Depreciation/amortization - operating segments	130	126
Corporate units	26	25
Consolidation	0	0
Total	156	151

Impairment

(in EUR million)

	Jan. – June 2022	Jan. – June 2021
Impairment – operating segments	14	1
Corporate units	0	0
Consolidation	0	0
Total	14	1

Geographic information

(in EUR million)

	Third party sales		Non-current assets	
	Jan. – June 2022	Jan. – June 2021	June 30, 2022	Dec. 31, 2021
Germany	218	147	420	412
Other European markets	878	571	538	531
U.S.A.	227	148	157	152
Other American markets	108	55	35	31
China	109	130	48	54
Other Asian markets	110	75	98	98
Total	1,650	1,126	1,296	1,278

14| Related party disclosures

In the reporting period from January 1 to June 30, 2022, the following transactions requiring disclosures were conducted with related parties :

Severance payments of EUR 4 million arose due to the termination of the employment relationship with Ingo Wilts, a former member of the Managing Board, on March 1, 2022 and EUR 3 million for Heiko Schäfer, who left the Managing Board as of May 31, 2022.

15| Subsequent events

Between the end of the first half of fiscal year 2022 and the publication of this report, there were no material macroeconomic, socio-political, sector-related, or company-specific changes that management would expect to have a significant influence on Group earnings, net assets, and financial position.

CHAPTER 3
FURTHER INFORMATION

RESPONSIBILITY STATEMENT

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

Metzingen, July 19, 2022

HUGO BOSS AG
The Managing Board

Daniel Grieder
Yves Müller
Oliver Timm

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. We do not intend or assume any obligation to update any forward-looking statement, which speaks only as of the date on which it is made.

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FINANCIAL CALENDAR

November 3, 2022

Third Quarter Results 2022