HUGO BOSS

FIRST HALF YEAR REPORT

JANUARY – JUNE

2021

CONTENTS

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

KEY FIGURES

(in EUR million)	Jan. – June 2021	Jan. – June 2020[1]	Change in %	Change in %[2]
Sales	**1,126**	**830**	**36**	**39**
Sales by segment				
Europe incl. Middle East and Africa	684	535	28	30
Americas	203	124	64	76
Asia/Pacific	205	143	43	45
Licenses	34	28	21	21
Sales by distribution channel				
Own retail business	698	525	33	37[3]
Wholesale	393	277	42	44
Licenses	34	28	21	21
Sales by brand				
BOSS	963	704	37	40
HUGO	163	126	29	32
Sales by gender				
Menswear	1,017	746	36	40
Womenswear	108	84	29	31
Results of operations				
Gross profit	685	499	37	
Gross profit margin in %	60.9	60.1	70 bp	
EBIT	43	(263)[4]	>100	
EBIT margin in %	3.8	(31.7)[5]	3,550 bp	
EBITDA	194	44	> 100	
EBITDA margin in %	17.3	5.4	1,190 bp	
Net income	17	(204)[6]	> 100	
Net assets and liability structure as of June 30				
Trade net working capital	517	600	(14)	(12)
Trade net working capital in % of sales[7]	23.6	24.7	(110) bp	
Non-current assets	1,482	1,622	(9)	
Equity	792	790	0	
Equity ratio in %	30.8	29.4	140 bp	
Total assets	2,571	2,690	(4)	
Financial position				
Capital expenditure	44	34	27	
Free cash flow	103	(44)[8]	>100	
Depreciation/amortization	151	308[9]	(51)	
Net financial liabilities (as of June 30)	973	1,210	(20)	
Additional key figures				
Employees (as of June 30)[10]	13,381	13,728	(3)	
Personnel expenses	285	283	1	
Shares (in EUR)				
Earnings per share	0.21	(2.95)[11]	>100	
Last share price (as of June 30)	45.88	26.90	71	
Number of shares (as of June 30)	70,400,000	70,400,000	0	

[1] Including non-cash impairment charges in the amount of EUR 125 million related to the negative impact of COVID-19 on the Group's retail business.
[2] Currency-adjusted.
[3] On a comp store basis 32%.
[4] In H1 2020, EBIT amounted to minus EUR 138 million excluding non cash impairment charges.
[5] In H1 2020, EBIT margin amounted to (16.6)% excluding non cash impairment charges.
[6] In H1 2020, net income amounted to minus EUR 113 million excluding non cash impairment charges.
[7] Moving average on the basis of the last four quarters.
[8] The amount shown differs from that reported in the previous year due to reclassification.
[9] In H1 2020, depreciation and amortization amounted to EUR 182 million excluding non cash impairment charges.
[10] Full-time equivalent (FTE).
[11] In H1 2020, EPS amounted to minus EUR 1.64 excluding non cash impairment charges.

CHAPTER 1

CONSOLIDATED INTERIM MANAGEMENT REPORT

GENERAL ECONOMIC SITUATION AND INDUSTRY DEVELOPMENT

General economic situation

In the first half of 2021, the global economy continued to be impacted by the global spread of **COVID-19**. While vaccination has successfully begun in many countries, helping to curb the spread of the virus and positively influencing consumer sentiment, and fiscal stimulus plans in major countries such as the U.S. have further underpinned the economic recovery, second and third infection waves resulted in renewed restrictions on public life, including comprehensive social distancing measures as well as ongoing international travel restrictions. In addition, the growing fear of rising inflation rates has increased uncertainty and thus, depressed the further economic recovery to some extent. Overall, economic recoveries are diverging across countries and sectors, reflecting variations in pandemic-induced disruptions and the extent of policy support.

According to the International Monetary Fund (IMF), the **global economy** is projected to grow by 6.0% in 2021, moderating to 4.4% in 2022. These projections consider the ongoing uncertainty related to the further development of the pandemic, the effectiveness of policy support, and the evolution of financial conditions. The negative economic consequences are forecast to be less pronounced as compared to those of the global financial crisis in 2008. However, emerging market economies and low-income developing countries have been hit harder and are expected to suffer more significant medium-term losses.

In **Europe**, where the economy was severely impacted by the pandemic, national policymakers and the European Central Bank (ECB) have taken swift and comprehensive actions to ease monetary policy. The ongoing quantitative easing by the ECB despite rising inflation forecasts further supported equity markets in the first half of 2021. Regarding the persisting lockdowns and temporary store closures, Europe was characterized by a country-by-country-specific opening strategy, with some markets such as the UK starting to ease precautionary measures in April already. Consequently, GDP growth for 2022 has been revised up by 0.7 percentage point to 3.8% in the euro area and by 1.9 percentage points in the United Kingdom to 5.1%.

In the **United States**, vaccination made significant progress in the first six months of 2021, with social events and occasions having gradually resumed. As expected, the strong fiscal stimulus package of USD 1.9 trillion delivered a boost for growth. However, major cities like New York, Los Angeles, and San Francisco are still lacking tourism and commuting. For the U.S., the IMF expects growth of 6.4% in 2021 and 3.5% in 2022. Following a sharp drop in 2020, only a mild and multispeed recovery is expected in **Latin America** this year, bringing the 2021 forecast to 4.6% and 2022 forecast to 3.1%.

In **China**, effective containment measures, a forceful public investment response, and central bank liquidity support have facilitated a strong recovery. While China's economy already reached pre-pandemic levels, **Japan** is projected to return there in the second half of 2021, reflecting stronger-than-expected growth and additional fiscal support. On the other hand, several economies in the **Asia/Pacific** region with strong exposure to tourism face particularly difficult prospects considering ongoing travel restrictions.

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Industry development

In the first half of fiscal year 2021, the **upper premium segment of the apparel industry** was still significantly affected by the global spread of COVID-19. Although vaccination was progressing and consumer sentiment was picking up, the fear of rising infection rates was noticeable, leading to an overall volatile environment. Temporary lockdowns resulting in widespread store closures, in particular in Europe, Canada, and several Asian markets, as well as international travel restrictions weighed on global industry sales. Overall, market participants with a high penetration in online have been able to show greater resilience during the lockdown as compared to those largely depending on brick-and-mortar retail. Noteworthy, in regions where infection rates decreased and social events and occasions came back, the economy experienced a general re-opening optimism and some pent-up demand.

The performance varied significantly by region. While most markets in **Asia/Pacific**, such as Japan and Southeast Asia, continued to be affected by the implications of the pandemic, industry sales in mainland China have meanwhile returned to double-digit growth, fueled by a repatriation of local demand. In **Europe**, while demand for premium apparel has started to pick up, most market participants benefitted only towards the second quarter from the opening trade as local restrictions were eased comparatively late. In the **Americas**, in particular local consumers are driving the recovery as major cities were still lacking tourism and commuting.

EARNINGS DEVELOPMENT

Sales performance

HUGO BOSS successfully continued its business recovery during the first six months of 2021. The gradual easing of restrictions related to the COVID-19 pandemic, including the termination of temporary lockdowns over the course of the first half year, as well as further progress made along vaccination campaigns, fueled consumer sentiment across the globe. Consequently, currency-adjusted **Group sales** increased by 39% against the prior-year period. On a reported basis, sales grew 36% to EUR 1,126 million (prior year: EUR 830 million).

Sales by region

Sales by region (in EUR million)

	Jan. – June 2021	**In % of sales**	Jan. – June 2020	In % of sales	Change in %	Currency-adjusted change in %
Europe[1]	684	61	535	64	28	30
Americas	203	18	124	15	64	76
Asia/Pacific	205	18	143	17	43	45
Licenses	34	3	28	3	21	21
Total	**1,126**	**100**	**830**	**100**	**36**	**39**

[1] Including the Middle East and Africa.

Business recovery was clearly noticeable across all regions in the first half of 2021. Currency-adjusted sales in **Europe**, including the Middle East and Africa, grew 30% compared to the prior-year period. While the negative implications of the pandemic still weighed on key European markets in the first quarter in particular, the lifting of lockdowns and accompanying temporary store closures during the second quarter strongly supported the region's business recovery. Consequently, key markets such as Great Britain, Germany, and France all recorded double-digit growth as compared to the prior-year period. In the **Americas**, currency-adjusted sales came in 76% above the prior-year level, largely reflecting a strong uptick in local demand in the important U.S. market. Also in **Asia/Pacific**, HUGO BOSS continued its business recovery, with currency-adjusted sales up 45% in the first half year. In particular, momentum further accelerated in mainland China, which recorded mid-double-digit growth in the first six months of 2021.

Sales by distribution channel

Sales by distribution channel (in EUR million)

	Jan. – June 2021	**In % of sales**	Jan. – June 2020	In % of sales	Change in %	Currency-adjusted change in %
Own retail business	698	62	525	63	33	37
Brick and mortar retail	565	50	432	52	31	34
Own online business	133	12	93	11	43	46
Wholesale	393	35	277	33	42	44
Licenses	34	3	28	3	21	21
Total	**1,126**	**100**	**830**	**100**	**36**	**39**

Currency-adjusted sales in the **Group's own retail business** (including freestanding stores, shop-in-shops, outlets, and online stores) grew 37% in the first half of 2021, benefitting from the overall business recovery in light of the gradual easing of pandemic-related restrictions as well as a noticeable increase in consumer sentiment. While, on average, approximately 25% of the Company's global store network was temporarily closed during the first six months of 2021, the vast majority of own retail stores was back in operations towards the end of the reporting period. Within own retail, the Company's own **online business** continued its strong double-digit growth trajectory also in the first half of 2021. Sales generated via hugoboss.com and on partner websites operated in the concession model recorded currency-adjusted growth of 46%.

Sales in the **wholesale business** increased 44% on a currency-adjusted basis in the first half of 2021. The increase particularly reflects partners' strong demand for the latest BOSS and HUGO collections as well as additional business with selected on- and offline retailers in Europe.

Sales in the **license business** were up 21% compared to the prior-year level, reflecting double-digit growth within the Company's fragrances and eyewear business.

Sales by brand

Sales by brand (in EUR million)

	Jan. – June 2021	**In % of sales**	Jan. – June 2020	In % of sales	Change in %	Currency-adjusted change in %
BOSS	963	86	704	85	37	40
HUGO	163	14	126	15	29	32
Total	**1,126**	**100**	**830**	**100**	**36**	**39**

Sales growth for both brands, BOSS and HUGO, accelerated in the first half of 2021 with currency-adjusted revenues up 40% and 32%, respectively. The increase for **BOSS** was mainly driven by mid-double-digit growth for the brand's casualwear offerings, which benefitted from the overall trend towards a more casual lifestyle. In addition, strong sell-through of the latest capsule collections co-designed with the NBA and sportswear brand Russell Athletic provided further tailwind. At the same time, formalwear sales for BOSS also recovered noticeably, posting a low to mid-double-digit sales increase, thereby benefitting from pent-up demand for occasion- and businesswear. At **HUGO**, strong double-digit growth in casualwear more than compensated for a mid-single-digit decline in formalwear in the first half of 2021.

Sales by gender

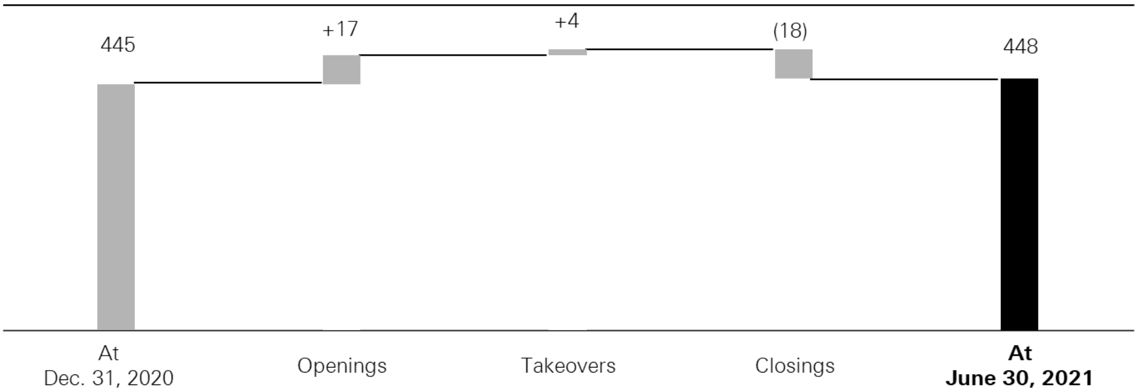
Sales by gender (in EUR million)

	Jan. – June 2021	**In % of sales**	Jan. – June 2020	In % of sales	Change in %	Currency-adjusted change in %
Menswear	1,017	90	746	90	36	40
Womenswear	108	10	84	10	29	31
Total	**1,126**	**100**	**830**	**100**	**36**	**39**

Both **menswear** and **womenswear** recorded double-digit sales increases in the first half of the year.

Network of own retail stores

Number of own freestanding retail stores



During the first six months of 2021, the number of own **freestanding retail stores** increased slightly, totaling 448 as of June 30. A total of 13 BOSS stores were newly opened during the first six months of 2021, with the majority being attributable to the Asia/Pacific region. This also includes the brand’s first flagship store in Tokyo’s popular Ginza district. In addition, the first half year also saw the opening of four HUGO stores. Following business takeovers, four BOSS stores in Thailand and Russia have now also been added to the Group´s own store network. On the other hand, 18 stores with expiring leases were closed in the six-month period.

June 30, 2021	Europe	Americas	Asia/Pacific	**TOTAL**
Number of own retail points of sale	588	269	327	**1,184**
thereof freestanding retail stores	206	95	147	**448**
Dec. 31, 2020				
Number of own retail points of sale	589	251	317	**1,157**
thereof freestanding retail stores	212	92	141	**445**

Including shop-in-shops and outlets, the total number of retail points of sale operated by HUGO BOSS amounted to 1,184 as of June 30, 2021 (December 31, 2020: 1,157).

Income statement

(in EUR million)

	Jan. – June 2021	Jan. - June 2020	Change in %
Sales	**1,126**	**830**	**36**
Cost of sales	(440)	(331)	(33)
Gross profit	**685**	**499**	**37**
In % of sales	60.9	60.1	70 bp
Operating expenses	**(642)**	**(763)**	**16**
In % of sales	(57.1)	(91.9)	3,470 bp
Thereof selling and distribution expenses	(501)	(617)	19
Thereof impairments[1]	0	(125)	100
Thereof administration expenses	(142)	(146)	3
Operating result (EBIT)	**43**	**(263)**	**>100**
In % of sales	3.8	(31.7)	3,550 bp
Financial result	(19)	(20)	2
Earnings before taxes	**24**	**(283)**	**>100**
Income taxes	(7)	79	>(100)
Net income	**17**	**(204)**	**>100**
Earnings per share (in EUR)[2]	**0.21**	**(2.95)**	**>100**
Income tax rate in %	**28**	**28**	

[1] In the first half of 2020, HUGO BOSS recorded non-cash impairment charges related to the negative impact of COVID-19 on the Group's retail business.
[2] Basic and diluted earnings per share.

The increase in **gross profit margin** is mainly attributable to the non-recurrence of negative inventory valuation effects recorded in the prior-year period, which more than compensated for higher sourcing costs as well as an overall higher markdown level. The latter also reflects additional business with selected European on- and offline retailers in the first half of the year.

Operating expenses decreased 16% as compared to the first half year of 2020, mainly reflecting non-cash impairment charges recognized in the prior-year period. Excluding those impairment charges, the Company's underlying operating expenses grew only slightly, up 1% to EUR 642 million (H1 2020 excluding impairment charges: EUR 637 million), reflecting ongoing tight cost control in the wake of the pandemic.

- The decrease in **selling and distribution expenses** is purely attributable to impairment charges recognized in the prior-year period. Excluding those impairment charges, underlying selling and distribution expenses were up 2%, amounting to EUR 501 million (H1 2020 excluding impairment charges: EUR 491 million). This development mainly reflects higher marketing expenses in the six-month period.

- **Administration expenses** were 3% below the prior-year level, mainly driven by ongoing tight overhead cost control in the wake of the pandemic. The latter primarily related to lower payroll costs as well as eliminating non-business-critical expenses.

HUGO BOSS generated an **operating profit (EBIT)** of EUR 43 million in the first six months of 2021 (H1 2020: minus EUR 263 million), reflecting the strong sales development as well as ongoing tight overhead cost control. In addition, the non-recurrence of negative inventory valuation effects and impairment charges recorded in the prior-year period also contributed to this development. The **Group's net income** also came in above the prior-year level, amounting to plus EUR 17 million (H1 2020: minus EUR 204 million).

Sales and earnings development of the business segments

Europe

Currency-adjusted sales in **Europe**, including the Middle East and Africa, were up 30% in the first half of 2021. While the negative implications of the pandemic still weighed on key European markets in the first quarter in particular, the lifting of lockdowns and accompanying temporary store closures over the course of the second quarter strongly supported the region's overall business recovery.

Sales development Europe (in EUR million)

	Jan. – June 2021	**In % of sales**	Jan. – June 2020	In % of sales	Change in %	Currency-adjusted change in %
Own retail business	356	52	303	57	17	19
Wholesale	328	48	232	43	42	43
Total	**684**	**100**	**535**	**100**	**28**	**30**

All key markets posted double-digit sales growth in the first half of 2021, particularly benefitting from the gradual easing of pandemic-related restrictions over the course of the reporting period. Sales in **Great Britain** and **France** returned to mid-double-digit growth, while both **Germany** and the **Benelux** countries posted low double-digit growth.

At EUR 113 million, **segment earnings** in Europe were significantly above the prior-year level (H1 2020: minus EUR 53 million). This corresponds to an EBIT margin of 16.6% (H1 2020: minus 9.9%). The development was mainly attributable to the increase in sales as well as the non-recurrence of negative inventory valuation effects and impairment charges recorded in the prior-year period.

Americas

In the **Americas**, currency-adjusted sales strongly increased by 76%. The gradual business recovery was driven mainly by a strong uplift in consumer sentiment in the important U.S. market.

Sales development Americas (in EUR million)

	Jan. – June 2021	**In % of sales**	Jan. – June 2020	In % of sales	Change in %	Currency-adjusted change in %
Own retail business	153	76	88	71	74	87
Wholesale	49	24	35	28	39	49
Total	**203**	**100**	**124**	**100**	**64**	**76**

The **U.S.** posted high double-digit growth in the first half of 2021, mainly reflecting a noticeable pick-up in local demand, reflecting a robust rebound in consumer sentiment fueled by fiscal stimulus, strong economic data, as well as strong progress in vaccinations. While sales in **Latin America** almost doubled compared to the prior-year period, sales in **Canada** increased by a low to mid-double-digit percentage rate, with long-lasting temporary store closures weighing on the market's business recovery.

Segment earnings in the Americas amounted to EUR 11 million, significantly exceeding the prior-year level (H1 2020: minus EUR 80 million). Corresponding to an EBIT margin of 5.4% (H1 2020: minus 64.8%), this development was mainly attributable to the strong acceleration in sales growth as well as the non-recurrence of negative inventory valuation effects and impairment charges recorded in the prior-year period.

Asia/Pacific

Also in the **Asia/Pacific** region, HUGO BOSS successfully continued its business recovery, with currency-adjusted sales up 45% in the first half of 2021. While growth was largely driven by mainland China continuing its strong double-digit growth trajectory, regional lockdowns and the lack of international tourism weighed on the performance of several of the region’s other markets.

Sales development Asia/Pacific (in EUR million)

	Jan. – June 2021	**In % of sales**	Jan. – June 2020	In % of sales	Change in %	Currency-adjusted change in %
Own retail business	189	92	133	93	42	44
Wholesale	16	8	10	7	60	62
Total	**205**	**100**	**143**	**100**	**43**	**45**

Currency-adjusted sales in **mainland China** grew 54% in the first six months of 2021, while also **Australia** recorded mid to high double-digit sales growth. On the other hand, business recovery in markets such as **Japan** and **Southeast Asia** progressed comparatively slower, mainly reflecting temporary lockdowns as well as the ongoing lack of international tourism.

Segment earnings in the Asia/Pacific region amounted to EUR 40 million compared to minus EUR 5 million in the prior-year period. This corresponds to an EBIT margin of 19.7% (H1 2020: minus 3.3%), with the development being mainly driven by the strong increase in sales.

Licenses

Sales in the **license business** were up 21% compared to the prior-year level, reflecting double-digit growth within the Company’s fragrances and eyewear business.

Consequently, the **license segment profit** increased by 22% to EUR 27 million (H1 2020: EUR 22 million).

NET ASSETS

Condensed statement of financial position (in EUR million)

	June 30, 2021	June 30, 2020	December 31, 2020
Property, plant and equipment, intangible assets and right-of-use assets	1,287	1,418	1,322
Inventories	609	644	618
Trade receivables	208	168	172
Other assets	329	345	333
Cash and cash equivalents	138	115	125
Assets	**2,571**	**2,690**	**2,570**
Group equity	792	790	760
Provisions and deferred taxes	243	189	222
Lease liabilities	835	948	862
Trade payables	300	211	299
Other liabilities	111	172	147
Financial liabilities	289	379	281
Equity and liabilities	**2,571**	**2,690**	**2,570**

Total assets at the end of the reporting period remained broadly stable as compared to December 31, 2020. An increase in trade receivables mainly reflecting higher wholesale sales in the first six months of 2021 broadly compensated for a moderate decrease in property, plant, and equipment, intangible assets, and right-of-use assets. Compared to June 30, 2020, total assets decreased by 4%.

The **share of current assets** increased slightly to 42% at the end of June 2021 (December 31, 2020: 41%). Accordingly, the **share of non-current assets** as of June 30, 2021 amounted to 58% (December 31, 2020: 59%). The Group's **equity ratio** increased slightly to 31% at the end of the first half of 2021 (December 31, 2020: 30%).

Trade net working capital (in EUR million)

	June 30, 2021	June 30, 2020	Change in %	Currency-adjusted change in %
Inventories	609	644	(5)	(3)
Trade receivables	208	168	24	24
Trade payables	(300)	(211)	42	42
Trade net working capital	**517**	**600**	**(14)**	**(12)**

Currency-adjusted **inventories** decreased 3% as compared to the prior-year level, reflecting ongoing tight inventory management in the wake of the pandemic. Besides that, additional business with selected European on- and offline retailers positively impacted the development of inventories in the second quarter. The lower inventory position as well as higher **trade payables** more than compensated for higher **trade receivables**, with the latter mainly reflecting the increase in wholesale sales in the reporting period. Adjusted for currency effects, **trade net working capital (TNWC)** therefore came in 12% below the prior-year level. The moving average of **trade net working capital as a percentage of sales** based on the last four quarters was 23.6%, and thus 110 basis points below the prior-year level (June 30, 2020: 24.7%).

Lower utilization of the syndicated loan as of the reporting date led to a decrease in **financial liabilities**.

FINANCIAL POSITION

Financing

At the end of June, EUR 135 million of the Group's **syndicated loan**, which totals EUR 633 million, had been drawn (June 30, 2020: EUR 212 million). The related covenants requiring the maintenance of financial leverage were substantially below the permissible maximum on June 30 and were reinstated on July 1, as they had been temporarily suspended in the wake of the pandemic. The **additional loan commitments** – totaling EUR 275 million – that the Company secured in fiscal year 2020 to ensure high levels of financial flexibility during the pandemic expired at the agreed maturity date in June without having been drawn at any point in time.

Statement of cash flow

Statement of cash flow (in EUR million)

	Jan. – June 2021	Jan. – June 2020
Cash flow from operating activities	146	(13)
Cash flow from investing activities	(43)	(33)
Cash flow from financing activities	(94)	29
Change in cash and cash equivalents	**13**	**(18)**
Cash and cash equivalents at the beginning of the period	125	133
Cash and cash equivalents at the end of the period	138	115

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 103 million in the reporting period (H1 2020: minus EUR 44 million).

The strong increase in **cash flow from operating activities** mainly reflects the sales and earnings growth in the first half of 2021 as well as improvements achieved in trade net working capital. The increase in **cash flow from investing activities** reflects higher capital expenditure as compared to the prior-year period.

The development of **cash flow from financing activities** was mainly driven by lower utilization of the Group's credit lines as compared to the prior-year period.

Net financial liabilities

Net financial liabilities, measured as the total of all financial and lease liabilities less cash and cash equivalents, amounted to EUR 973 million, representing a 20% decline compared to the prior-year level (June 30, 2020: EUR 1,210 million). Excluding the impact of IFRS 16, net financial liabilities amounted to EUR 138 million (June 30, 2020: EUR 240 million).

Capital expenditure

In the first half of 2021, **capital expenditure** totaled EUR 44 million (H1 2020: EUR 34 million). The investment activity of HUGO BOSS continued to be focused on the optimization and modernization of the own retail network, as well as on the Group's digital capabilities.

OUTLOOK

Subsequent events

In order to further expand its digital capabilities and to inspire consumers through the use of data, in July 2021 the Company introduced the **HUGO BOSS Digital Campus** together with Metyis, a Netherlands-based strategy consulting firm. The HUGO BOSS Digital Campus is intended to further strengthen the Company's current e-commerce business, CRM, and tech capabilities and to enhance the Company's expert knowledge in the digital area. As part of this partnership, HUGO BOSS has acquired a stake of 11.25% in a newly established Portuguese entity from Metyis and will fully consolidate the entity based on the contractual agreements.

Between the end of the first half of fiscal year 2021 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 Group earnings, net assets, and financial position.

Outlook

Despite persisting uncertainties regarding the further development of the pandemic, HUGO BOSS is confident that the Company's overall business recovery will continue in the second half of 2021.

HUGO BOSS anticipates **Group sales** in fiscal year 2021 to increase by between 30% and 35% currency-adjusted (2020: EUR 1,946 million), with contribution expected from all regions. **Operating profit (EBIT)** is forecast to amount to between EUR 125 million and EUR 175 million in fiscal year 2021 (2020: minus EUR 236 million). At the same time, the Company expects **capital expenditure** to increase to a level of between EUR 100 million and EUR 130 million (2020: EUR 80 million). **Trade net working capital** as a percentage of sales is expected to improve to a level between 21% and 23% in fiscal year 2021 (2020: 28.7%).

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 2020. 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 cash flow generation that is expected to continue in the future, HUGO BOSS continues to be in a very sound financial position.

Metzingen, July 21, 2021

HUGO BOSS AG
The Managing Board

Daniel Grieder
Yves Müller
Dr. Heiko Schäfer
Oliver Timm
Ingo Wilts

CHAPTER 2

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

for the period from January 1 to June 30, 2021

Consolidated income statement (in EUR million)

	2021	2020
Sales	**1,126**	**830**
Cost of sales	(440)	(331)
Gross profit	**685**	**499**
In % of sales	60.9	60.1
Selling and distribution expenses	(501)	(617)
Administration expenses	(142)	(146)
Operating result (EBIT)	**43**	**(263)**
Net interest income/expenses	(11)	(14)
Other financial items	(8)	(6)
Financial result	**(19)**	**(20)**
Earnings before taxes	**24**	**(283)**
Income taxes	(7)	79
Net income	**17**	**(204)**
Attributable to:		
Equity holders of the parent company	14	(203)
Non-controlling interests	3	0
Earnings per share (EUR)[1]	**0.21**	**(2.95)**

[1] Basic and diluted earnings per share.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from January 1 to June 30, 2021

Consolidated statement of comprehensive income (in EUR million)

	2021	2020
Net income	**17**	**(204)**
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	4	1
Items to be reclassified subsequently to profit or loss		
Currency differences	14	(14)
Gains/losses from cash flow hedges	0	(2)
Other comprehensive income, net of tax	**18**	**(15)**
Total comprehensive income	**35**	**(219)**
Attributable to:		
Equity holders of the parent company	32	(218)
Non-controlling interests	3	0
Total comprehensive income	**35**	**(219)**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as of June 30, 2021

Consolidated statement of financial position (in EUR million)

Assets	**June 30, 2021**	June 30, 2020	Dec. 31, 2020
Property, plant and equipment	407	452	408
Intangible assets[1]	168	169	170
Right-of-use assets[1]	712	797	744
Deferred tax assets	176	181	171
Non-current financial assets	19	21	21
Other non-current assets	0	2	1
Non-current assets	**1,482**	**1,622**	**1,516**
Inventories	609	644	618
Trade receivables	208	168	172
Current tax receivables	22	27	18
Current financial assets	19	14	21
Other current assets	93	100	100
Cash and cash equivalents	138	115	125
Current assets	**1,089**	**1,068**	**1,055**
Total	**2,571**	**2,690**	**2,570**

Equity and liabilities	**30. Juni 2021**	June 30, 2020	Dec. 31, 2020
Subscribed capital	70	70	70
Own shares	(42)	(42)	(42)
Capital reserve	0	0	0
Retained earnings	721	726	706
Accumulated other comprehensive income	34	30	19
Equity attributable to equity holders of the parent company	**783**	**784**	**754**
Non-controlling interests	9	6	6
Group equity	**792**	**790**	**760**
Non-current provisions	91	85	91
Non-current financial liabilities	203	304	196
Non-current lease liabilities	629	783	649
Deferred tax liabilities	9	11	13
Other non-current liabilities	2	1	2
Non-current liabilities	**934**	**1,184**	**951**
Current provisions	108	93	118
Current financial liabilities	86	75	85
Current lease liabilities	206	166	213
Income tax payables	35	61	42
Trade payables	300	211	299
Other current liabilities	110	110	104
Current liabilities	**845**	**716**	**860**
Total	**2,571**	**2,690**	**2,570**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period from January 1 to June 30, 2021

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, 2020	**70**	**(42)**	**0**	**7**	**926**	**39**	**1**	**1,002**	**0**	**1,002**
Net income					(203)			(203)		(204)
Other income					1	(14)	(2)	(15)		(15)
Comprehensive income					**(202)**	**(14)**	**(2)**	**(218)**	**0**	**(219)**
Dividend payment					(3)			(3)		(3)
Changes in basis of consolidation					3			3	6	9
June 30, 2020	**70**	**(42)**	**0**	**7**	**724**	**25**	**(1)**	**784**	**6**	**790**
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**	**0**	**32**	**3**	**35**
Dividend payment					(3)			(3)		(3)
June 30, 2021	**70**	**(42)**	**0**	**7**	**715**	**35**	**(2)**	**783**	**9**	**792**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the period from January 1 to June 30, 2021

Consolidated statement of cash flows (in EUR million)

	2021	2020
Net income	17	(204)
Depreciation/amortization	151	307
Unrealized net foreign exchange gain/loss	0	13
Other non-cash transactions	1	(1)
Income tax expense/refund	7	(79)
Interest expense/income	11	14
Change in inventories	14	(19)
Change in receivables and other assets	(23)	86
Change in trade payables and other liabilities	(1)	(125)
Result from disposal of non-current assets	(1)	(5)
Change in provisions for pensions	(1)	1
Change in other provisions	(6)	2
Income taxes paid	(23)	(5)
Cash flow from operating activities	**146**	**(13)**
Investments in property, plant and equipment	(34)	(25)
Investments in intangible assets	(7)	(9)
Acquisition of subsidiaries and other business entities less cash and cash equivalents acquired	(2)	2
Cash receipts from disposal of property, plant and equipment and intangible assets	0	1
Cash flow from investing activities[1]	**(43)**	**(31)**
Dividends paid to equity holders of the parent company	(3)	(3)
Change in current financial liabilities	(4)	(46)
Cash receipts from non-current financial liabilities	13	206
Repayment of current and non-current lease liabilities	(90)	(115)
Interest paid	(11)	(14)
Interest received	0	1
Cash flow from financing activities	**(94)**	**29**
Exchange rate related changes in cash and cash equivalents	4	(3)
Change in cash and cash equivalents	**13**	**(18)**
Cash and cash equivalents at the beginning of the period	125	133
Cash and cash equivalents at the end of the period	**138**	**115**

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

CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1| General information

The interim financial statements of HUGO BOSS AG as of June 30, 2021, 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 21, 2021, 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 consolidated interim 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 half year of 2021, HUGO BOSS successfully accelerated its business recovery, recording strong top- and bottom-line improvements during the six-month period. The gradual easing of pandemic-related restrictions, including temporary lockdowns throughout the first half year as well as further progress made along vaccination campaigns, fueled consumer sentiment across the globe. On average, only around 25% of the Company’s global store network was temporarily closed during the first half year. Hence, the management closely observes the COVID-19 impact on the measurement and presentation of the assets and liabilities recognized as well as income and expense.

In the course of preparing the consolidated financial statements, estimates and underlying assumptions in the context of the COVID-19 pandemic were made, particularly with regard to the following:

- IFRS 16 Leases – accounting for rent concessions in consequence of COVID-19
- Review of the value of assets with a definite and indefinite useful life including goodwill
- Valuation of inventories

- Recoverability of receivables – in particular those relating to trade receivables
- Estimation of the value of deferred tax assets

Although great care has been taken in the preparation of estimates and assumptions relating to the economic consequences of COVID-19, actual results may differ, taking into account, in particular, the existing uncertainties associated with COVID-19. The estimates and assumptions made depend on the further course of the pandemic, for example with regard to new waves of infections, mutations of the virus, and renewed or extended lockdowns, and its impact on the global economy over the course of the year.

These consolidated financial statements contain forward-looking statements, which are subject to both risks and uncertainties, and may differ substantially from actual results. These factors include, among others, future market conditions and economic developments, the actions of other market participants, as well as legal and political decisions.

In the course of the COVID-19 pandemic, all lease concessions which met the requirements of the IASB “COVID-19-Related Rent Concessions – Amendment to IFRS 16 Leases” were treated not as lease modifications but as a negative variable lease payment. The amount recognized in the income statement for the consideration of rental concessions as a result of the COVID-19 pandemic amounts to EUR 11 million for the first half year 2021 (2020: EUR 13 million). The International Accounting Standards Board (IASB) released an additional amendment “COVID-19-Related Rent Concessions beyond 30 June 2021” to IFRS 16 that provides lessees with an exemption from assessing a COVID-19-related rent concession as a lease modification until June 2022. The amendment is not yet endorsed by the European Parliament for the second half of 2021, but it is highly probable that the amendment will be endorsed.

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. In the event of the deterioration of the financial position of wholesale customers and concession partners, the amounts actually derecognized can exceed the bad debt allowances already recognized, which can have an adverse impact on the results of operations. In order to limit the risk, the group-wide accounts receivable management follows uniform regulations, for example with regard to the credit check as well as the allocation and compliance with customer credit limits, the monitoring of the age structure of accounts receivable or the handling of doubtful accounts receivable. In individual cases, this can lead to deliveries to customers only after prepayment or even to the waiver of business with customers who are not classified as creditworthy.

The review of the carrying amounts of individual CGU´s (Cash generating units) did not result in any additional impairment caused by the pandemic.

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 2021**	June 2020	Dec. 2020	**June 30, 2021**	June 30, 2020	Dec. 31, 2020
Australia	AUD	1.5759	1.6331	1.6171	1.5811	1.6406	1.5896
China	CNY	7.7382	7.9744	7.9568	7.6814	7.9841	8.0225
Great Britain	GBP	0.8586	0.8988	0.9064	0.8595	0.9154	0.8990
Hong Kong	HKD	9.3533	8.7232	9.4302	9.2297	8.7456	9.5142
Japan	JPY	132.6523	121.0913	126.2703	131.5400	121.0700	126.4900
Switzerland	CHF	1.0938	1.0715	1.0819	1.0965	1.0669	1.0802
Turkey	TRY	10.3630	7.6675	9.3956	10.3645	7.7082	9.1164
U.S.A.	USD	1.2051	1.1255	1.2165	1.1888	1.1284	1.2271

4| Basis of consolidation

In the reporting period January 1 to June 30, 2021, the number of consolidated companies increased by one to 64.

With effect from May 31, 2021, HUGO BOSS Thailand Ltd., Bangkok, Thailand was consolidated as a 100% subsidiary for the first time.

Unchanged from December 31, 2020, one company in which HUGO BOSS and another party hold joint control are accounted for using the equity method as of June 30, 2021.

5| Business Combinations/Acquisitions of other Business Units

In the first half of the year 2021, HUGO BOSS took over four stores, one shop-in-shop, one outlet and the related assets and inventories under an asset acquisition deal with a former franchise partner in Thailand. The stores were acquired as of June 1, 2021, via HUGO BOSS Thailand Ltd.

The following overview shows the allocation of the purchase price to the acquired net assets as well as the resulting goodwill:

(in EUR million)

	June 30, 2021
Purchase consideration transferred	
Agreed purchase price	2.1
Agreed purchase price (Liability)	0.9
Total purchase price	**3.0**
Fair Value of the acquired assets and liabilities assumed	
Intangible assets	0.3
Property, plant and equipment	0.2
Inventories	0.9
Total assets	**1.4**
Total liabilities	**0.0**
Goodwill	**1.6**

Control over the assets is achieved through payment of the agreed purchase price. The goodwill relates to Asia/Pacific.

As part of the purchase price allocations, intangible assets were identified in the form of reacquired rights. These are rights to use the HUGO BOSS brand name that HUGO BOSS had granted to the franchise partner for the respective stores under franchise agreement. The franchise agreement was concluded at arm’s length conditions.

If the business acquisitions had been executed as of January 1, 2021, Group sales would have been EUR 0.6 million higher. The change in consolidated net income would have been immaterial.

6| Selected notes to the Consolidated Income Statement

Sales

(in EUR million)

	Jan. – June 2021	Jan. – June 2020
Own retail business	698	525
Directly operated stores / outlet	565	432
Online	133	93
Wholesale	393	277
Licenses	34	28
Total	**1,126**	**830**

Cost of sales

(in EUR million)

	Jan. – June 2021	Jan. – June 2020
Cost of purchase	394	284
Thereof cost of materials	362	233
Cost of conversion	46	47
Total	**440**	**331**

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 2021	Jan. – June 2020
Expenses for own retail business, sales and marketing organization	374	505
Marketing expenses	86	73
Logistics expenses	41	39
Total	**501**	**617**

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 COVID-19 related impairment charges recognized in the prior-year period. They also include sales-based commission, freight-out, customs costs, credit card charges and impairment losses on receivables.

Administration expenses

(in EUR million)

	Jan. – June 2021	Jan. – June 2020
General administrative expenses	116	118
Research and development costs	26	28
Total	**142**	**146**

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 2021	Jan. – June 2020
Wages and salaries	243	238
Social security	41	42
Expenses and income for retirement and other employee benefits	1	3
Total	**285**	**283**

Personnel costs include income from state subsidies. These mainly originate from employment-related benefit initiatives put in place by various governments across the globe as a result of COVID-19 and amount to EUR 14 million.

Employees

	June 30, 2021	Dec. 31, 2020
Industrial employees	4,413	4,639
Commercial and administrative employees	11,147	11,619
Total	**15,560**	**16,258**

Depreciation/Amortization

(in EUR million)

	Jan. – June 2021	Jan. – June 2020
Non-current assets		
Property, plant and equipment	39	52
Intangible assets	12	12
Right-of-use assets	100	118
Total	**151**	**182**

Impairment

(in EUR million)

	Jan. – June 2021	Jan. – June 2020
Directly operated stores	0	33
Intangible assets / goodwill	0	4
Right-of-use assets	1	88
Total	**1**	**125**

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, 2021:

(in EUR million)	Stores	Warehouse	Offices and others	Total
Carrying amount as of January 1, 2021	**641**	**30**	**74**	**744**
Additions	49	2	5	56
Depreciation	(88)	(5)	(7)	(100)
Impairment	(1)	0	0	(1)
Disposal	(1)	0	0	(1)
FX differences	12	1	1	14
Carrying amount as of June 30, 2021	**612**	**28**	**73**	**712**

(in EUR million)	Stores	Warehouse	Offices and others	Total
Carrying amount as of January 1, 2020	**781**	**34**	**83**	**898**
Change in the basis of consolidation	17	0	0	17
Additions	167	5	9	181
Depreciation	(208)	(6)	(15)	(229)
Impairment	(48)	0	0	(48)
Disposal	(35)	(1)	0	(36)
Transfers	0	(1)	0	(1)
FX differences	(34)	(1)	(4)	(39)
Carrying amount as of December 31, 2020	**641**	**30**	**74**	**744**

The amounts included in the income statement and the consolidated statement of cash flows as of June 30, 2021, applicable to the leases are shown in the following tables:

Leases in the income statement

(in EUR million)	Jan. - June 2021	Jan. - June 2020
Depreciation of RoU Assets	(100)	(118)
Impairment of RoU Assets	(1)	(88)
Net income from disposal of RoU Assets	1	1
Interest expenses for lease liabilities	(8)	(11)
Income/expenses from foreign exchange differences on lease liabilities	(1)	(2)
Expenses for variable lease payments	(55)	(37)
Expenses for short-term leases	(2)	(1)
Lease expenses for software and expenses for leases of low-value assets	(9)	(8)
Income from subleases	1	1
Other expenses (service costs)	(6)	(4)
Total expenses from lease agreements	**(178)**	**(266)**

Leases in the consolidated statement of cash flows

(in EUR million)	Jan. - June 2021	Jan. - June 2020
Interest paid on lease liabilities	(8)	(11)
Repayment of lease liabilities[1]	(90)	(115)
Variable lease payments	(55)	(37)
Payments for short-term leases	(2)	(1)
Payments for software and for operating leases of low-value assets	(9)	(8)
Payments received from subleases	1	1
Other payments	(6)	(4)
Total cash outflows for leases	**(168)**	**(174)**

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

Inventories

(in EUR million)	Jan. - June 2021	Dec. 2020
Finished goods and merchandise	575	581
Raw materials and supplies	29	32
Work in progress	6	5
Total	**609**	**618**

The carrying amount of inventories carried at net realizable value amounted to EUR 140 million (2020: EUR 149 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.

Trade receivables

(in EUR million)	Jan. - June 2021	Dec. 2020
Trade receivables, gross	229	190
Accumulated allowance	(20)	(18)
Trade receivables, net	**208**	**172**

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, 2021	With remaining term up to 1 year	Dec. 2020	With remaining term up to 1 year
Financial liabilities due to banks	276	74	267	71
Lease liabilities	835	206	862	213
Other financial liabilities	13	13	14	14
Thereof: non IFRS 16 relevant rental contracts for own retail	10	10	10	10
Total	**1,124**	**293**	**1,143**	**297**

Other financial liabilities include negative market values from derivative financial instruments amounting to EUR 2 million (2020: EUR 3 million).

In 2020, HUGO BOSS had taken steps to safeguard its financial flexibility as it had successfully exercised the option in increasing the existing revolving syndicated loan. At the end of the second quarter, EUR 135 million of the Group´s syndicated loan, which totals EUR 633 million, had been drawn (2020: EUR 212 million). In this context, the Company has also agreed with its syndicate banks in 2020 to suspend the financial covenant under the syndicated loan until the end of June 2021. As of June 30, 2021, the original contractually agreed covenant was already met again. On July 1, the related covenants requiring the maintenance of financial leverage were reinstated. The availability period of the additional loan commitments totaling EUR 275 million that HUGO BOSS secured in fiscal year 2020 ended in June 2021 and the funds were returned without having been drawn. In addition, the Group has bilateral credit lines at its disposal with a total volume of EUR 179 million (2020: EUR 205 million), of which EUR 157 million had been drawn at the end of first half year (2020: EUR 168 million). Furthermore, the Group had at its disposal cash and cash equivalents in the amount of EUR 138 million as of June 30, 2021 (2020: EUR 115 million).

8| Earnings per share

There were no shares outstanding that could have diluted earnings per share as of June 30, 2021, or June 30, 2020.

	Jan. – June 2021	Jan. – June 2020
Net income attributable to equity holders of the parent company (in EUR million)	14	(203)
Average number of shares outstanding[1]	69,016,167	69,016,167
Earnings per share (EPS) (in EUR)[2]	**0.21**	**(2.95)**

[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, 2021.

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 2018 will be paid out in fiscal year 2022 and is therefore reported as EUR 3 million in current personnel-related provisions as of June 30, 2021. For the other three plans, the non-current provision created as of June 30, 2021, amounts to a total of EUR 8 million.

10| Provisions for pensions and similar obligations

Provisions for pensions decreased from EUR 54 million as of December 31, 2020 to EUR 48 million as of June 30, 2021. 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, 2021

The following assumptions were applied:

Actuarial assumptions	June 30, 2021	Dec. 31, 2020
Discount rate		
Germany	1.52%	1.10%
Switzerland	0.37%	0.15%
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, 2020, 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 2021.

Breakdown of pension expenses in the period

(in EUR million)

	Jan. – June 2021	Jan. – June 2020
Current service cost	2	3
Past service cost	0	0
Net interest costs	1	1
Pension expenses recognized in the consolidated income statement	**3**	**4**
Return from plan assets (without interest effects)	0	0
Recognized actuarial (gains)/losses	(5)	(1)
Asset ceiling (without interest effects of asset ceiling)	0	0
Remeasurement of the carrying amount recognized in the consolidated statement of comprehensive income	**(5)**	**(1)**

11| Additional disclosures on financial instruments

Carrying amounts and fair values by category of financial instruments

(in EUR million)

		June 30, 2021		Dec. 31, 2020	
Assets	**IFRS 9 category**	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Cash and cash equivalents	AC	138	138	125	125
Trade receivables	AC	208	208	172	172
Other financial assets		38	38	42	42
Thereof:					
Undesignated derivatives	FVTPL	0	0	1	1
Derivatives subject to hedge accounting	Hedge Accounting	0	0	0	0
Other financial assets	AC	38	38	41	41
Liabilities					
Financial liabilities due to banks	AC	276	274	267	270
Trade and other payables	AC	300	300	299	299
thereof Reverse Factoring	AC	35	35	29	29
Lease Liabilities	n.a.	835	835	862	862
Other financial liabilities		13	13	14	14
Thereof:					
Undesignated derivatives	FVTPL	1	1	2	2
Derivatives subject to hedge accounting	Hedge Accounting	2	2	2	2
Other financial liabilities	AC	10	10	10	10

HUGO BOSS has put in place a reverse factoring program to support its suppliers. Under this program, outstanding trade payables are already settled with the supplier before maturity by a credit institution. Within the program, the original liability to the supplier on the basis of an unchanged acknowledgement of debt remains unaffected and is shown as a trade payable.

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 approximate their carrying amounts largely 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, 2021, 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 which 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, 2021, 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 2021, 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. These were assigned to the category FVTPL and derivatives used for hedging. The assets amounted to EUR 0 million and the liabilities to EUR 3 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.

Interest and currency risk hedges

To hedge against interest and currency risks, HUGO BOSS enters into hedging transactions in some areas to mitigate risk. As of the reporting date, EUR 6 million (December 31, 2020: EUR 7 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 14 million (December 31, 2020: EUR 17 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 0 million (June 30, 2020: EUR -1 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, 2021						
Trade receivables	234	(26)	208	0	0	208
Derivatives	0	0	0	0	0	0
Total	**234**	**(26)**	**208**	**0**	**0**	**208**
Dec. 31, 2020						
Trade receivables	190	(18)	172	0	0	172
Derivatives	1	0	1	0	0	1
Total	**191**	**(18)**	**173**	**0**	**0**	**173**

(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, 2021						
Trade payables	326	(26)	300	0	0	300
Derivatives	3	0	3	0	0	3
Total	**329**	**(26)**	**303**	**0**	**0**	**303**
Dec. 31, 2020						
Trade payables	324	(25)	299	0	0	299
Derivatives	4	0	4	0	0	4
Total	**328**	**(25)**	**303**	**0**	**0**	**303**

The trade receivables of EUR 26 million (December 31, 2020: EUR 18 million) offset against liabilities as of the reporting date includes outstanding credit notes to customers. The assets offset against trade payables are receivables in the form of supplier credit notes. These amounted to EUR 26 million (December 31, 2020: EUR 25 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.

13| Segment reporting

(in EUR million)

	Europe[1]	Americas	Asia/Pacific	Licenses	Total operating segments
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)
Jan. – June 2020					
Sales	**535**	**124**	**143**	**28**	**830**
Segment profit	**(53)**	**(80)**	**(5)**	**22**	**(116)**
In % of sales	(9.9)	(64.8)	(3.3)	77.4	(14.0)
Segment assets	284	142	110	12	548
Capital expenditure	33	9	27	0	69
Impairments	(72)	(39)	(14)	0	(125)
Thereof property, plant and equipment	(22)	(9)	(2)	0	(33)
Thereof intangible assets	(50)	(30)	(12)	0	(92)
Depreciation/amortization	(78)	(33)	(44)	0	(155)

[1] Including Middle East and Africa.

Reconciliation

Sales

(in EUR million)

	Jan. – June 2021	Jan. – June 2020
Sales - operating segments	**1,126**	**830**
Corporate units	0	0
Consolidation	0	0
Total	**1,126**	**830**

Sales and earnings development of the business segments

Sales development Europe (in EUR million)

	Jan. – June 2021	**In % of sales**	Jan. – June 2020	In % of sales	Change in %	Currency-adjusted change in %
Own retail business	356	52	303	57	17	19
Wholesale	328	48	232	43	42	43
Total	**684**	**100**	**535**	**100**	**28**	**30**

Sales development Americas (in EUR million)

	Jan. – June 2021	**In % of sales**	Jan. – June 2020	In % of sales	Change in %	Currency-adjusted change in %
Own retail business	153	76	88	71	74	87
Wholesale	49	24	35	28	41	49
Total	**203**	**100**	**124**	**100**	**64**	**76**

Sales development Asia/Pacific (in EUR million)

	Jan. – June 2021	**In % of sales**	Jan. – June 2020	In % of sales	Change in %	Currency-adjusted change in %
Own retail business	189	92	133	93	42	44
Wholesale	16	8	10	7	60	62
Total	**205**	**100**	**143**	**100**	**43**	**45**

Sales by brand

Sales by brand (in EUR million)

	Jan. - June 2021	**In % of sales**	Jan. - June 2020	In % of sales	Change in %	Currency-adjusted change in %
BOSS	963	86	704	85	37	40
HUGO	163	14	126	15	29	32
Total	**1,126**	**100**	**830**	**100**	**66**	**72**

Sales by gender

Sales by gender (in EUR million)

	Jan. - June 2021	**In % of sales**	Jan. - June 2020	In % of sales	Change in %	Currency-adjusted change in %
Menswear	1,017	90	746	90	36	40
Womenswear	108	10	84	10	29	31
Total	**1,126**	**100**	**830**	**100**	**65**	**71**

Segment Earnings

(in EUR million)

	Jan. – June 2021	Jan. – June 2020
Segment profit (EBIT) – operating segments	**191**	**(116)**
Corporate units	(148)	(147)
Consolidation	0	0
EBIT HUGO BOSS	**43**	**(263)**
Net interest income/expenses	(11)	(14)
Other financial items	(8)	(6)
Earnings before taxes HUGO BOSS	**24**	**(283)**

Segment assets

(in EUR million)

	June 30, 2021	June 30, 2020	Dec. 31, 2020
Segment assets – operating segments	**606**	**548**	**545**
Corporate units	211	264	246
Consolidation	0	0	0
Current tax receivables	22	27	18
Current financial assets	19	14	21
Other current assets	93	100	100
Cash and cash equivalents	138	115	125
Current assets HUGO BOSS	**1,089**	**1,068**	**1,055**
Non-current assets	1,482	1,622	1,515
Total assets HUGO BOSS	**2,571**	**2,690**	**2,570**

Capital expenditure

(in EUR million)

	June 30, 2021	June 30, 2020	Dec. 31, 2020
Capital expenditure - operating segments	**87**	**69**	**178**
Corporate units	12	16	43
Consolidation	0	0	0
Total	**99**	**85**	**221**

Depreciation/Amortization

(in EUR million)

	Jan. – June 2021	Jan. – June 2020
Depreciation/amortization - operating segments	**126**	**155**
Corporate units	25	27
Consolidation	0	0
Total	**151**	**182**

Impairment

(in EUR million)

	Jan. – June 2021	Jan. – June 2020
Impairment – operating segments	**1**	**125**
Corporate units	0	0
Consolidation	0	0
Total	**1**	**125**

Geographic information

(in EUR million)

	Third party sales		Non-current assets	
	Jan. – June 2021	Jan. – June 2020	June 30, 2021	Dec. 31, 2020
Germany	147	134	406	417
Other European markets	571	430	528	548
U.S.A.	148	89	160	169
Other American markets	55	34	32	32
China	130	85	44	46
Other Asian markets	75	58	117	111
Total	**1,126**	**830**	**1,287**	**1,323**

14| Subsequent events

In order to further expand its digital capabilities and to inspire consumers through the use of data, in July 2021 the Company has introduced the HUGO BOSS Digital Campus together with Metyis, a Netherlands-based strategy consulting firm. The HUGO BOSS Digital Campus is intended to further strengthen the Company's current e-commerce business, CRM and tech capabilities and to enhance the Company's expert knowledge in the area of digital. As part of this partnership, HUGO BOSS has acquired a stake of 11.25% in a newly established Portuguese entity from Metyis and will fully consolidate the entity based on the contractual agreements.

Between the end of the first half of fiscal year 2021 and the publication of this report, there were no further 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 21, 2021

HUGO BOSS AG
The Managing Board

Daniel Grieder
Yves Müller
Dr. Heiko Schäfer
Oliver Timm
Ingo Wilts

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 4, 2021
Third Quarter Results 2021