

# HUGO BOSS

Quarterly Statement for Q2 2021

Metzingen, August 4, 2021

## **HUGO BOSS strongly accelerates its business recovery – significant top- and bottom-line improvements in the second quarter**

- **Currency-adjusted Group sales increase 133% as compared to Q2 2020**
- **Sales remain only 4% below Q2 2019 levels, with all regions, channels, and brands contributing**
- **EBIT amounts to EUR 42 million in the second quarter**
- **Strong free cash flow generation of EUR 134 million**
- **FY 2021 outlook: Currency-adjusted Group sales to grow between 30% and 35%; EBIT expected between EUR 125 million and EUR 175 million**

“Our strong performance in the second quarter impressively demonstrates the great potential of our two brands BOSS and HUGO,” says **Daniel Grieder, Chief Executive Officer of HUGO BOSS AG**. “We are well prepared to further drive our business recovery also in the second half of the year. Looking ahead, I am convinced that our strong brands, diversified business model, and highly motivated teams will enable HUGO BOSS to unlock its full potential in the years to come.”

In the second quarter of 2021, HUGO BOSS successfully accelerated its business recovery, recording strong top- and bottom-line improvements during the three-month period. The gradual easing of pandemic-related restrictions, including the termination of temporary lockdowns over the course of the quarter, as well as further progress made along vaccination campaigns, fueled consumer sentiment across the globe. On average, only around 20% of the Company’s global store network was temporarily closed during the second quarter.

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Consequently, currency-adjusted Group sales increased 133% as compared to the prior-year period. Also in Group currency, sales more than doubled, up 129% to EUR 629 million (Q2 2020: EUR 275 million). Compared to the second quarter of 2019, the decline in currency-adjusted Group sales was limited to 4%, with all regions, channels, and brands contributing to this development.

## **Strong business recovery across all regions**

Business recovery was clearly noticeable across all regions. While sales more than doubled in Europe (+130% currency-adjusted to EUR 385 million) and more than quintupled in the Americas (+416% currency-adjusted to EUR 123 million), currency-adjusted revenues in Asia/Pacific were up by 51% as compared to the prior-year period, totaling EUR 104 million.

Consequently, on a two-year-stack basis, currency-adjusted sales in Europe remained only 4% below 2019 levels, as the lifting of lockdowns and accompanying temporary store closures over the course of the quarter supported the business recovery in key markets. Sales in the UK exceeded 2019 levels, with currency-adjusted revenues up 7% on a two-year stack. In the Americas, sales remained 5% below 2019 levels, with the important U.S. market benefitting from a further uptick in local demand, thereby limiting the market's sales decline to 6%, currency-adjusted. In Asia/Pacific, currency-adjusted sales were down 3% against the second quarter of 2019, with currency-adjusted sales in mainland China up 28% against the prior-year period and 33% on a two-year-stack basis.

## **Own online sales grow triple-digit on a two-year stack**

From a channel perspective, HUGO BOSS more than doubled sales in own retail (+124% currency-adjusted to EUR 422 million) as against the prior-year quarter. Consequently, own retail sales remained only 5% below 2019 levels in the three-month period, with the vast majority of own retail stores back in operations towards the end of the quarter. The Company's own online business continued its strong double-digit growth trajectory also in the second quarter. Sales in this channel

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recorded currency-adjusted growth of 27% against a particularly strong comparison base, implying triple-digit growth on a two-year stack (+122%). Sales in wholesale also more than doubled (+170% currency-adjusted to EUR 189 million) and came in 2% below 2019 levels. This mainly reflects partners' strong demand for the Fall/Winter 2021 collections as well as additional business with selected on- and offline retailers in Europe.

## **Momentum in casualwear strongly accelerates**

Sales for both brands, BOSS and HUGO, more than doubled compared to the second quarter of 2020, with currency-adjusted revenues up 139% and 102%, respectively. On a two-year-stack basis, sales for BOSS declined 5%, while HUGO returned to growth with sales up 2%, both currency-adjusted. Momentum for both brands' casualwear offerings further accelerated in the three-month period, with currency-adjusted revenues being up double-digit on a two-year-stack basis. Formalwear sales also recorded a sequential improvement in the second quarter, benefitting from pent-up demand for occasionwear and businesswear.

## **Significant bottom-line improvements in the second quarter**

In the second quarter of 2021, HUGO BOSS generated an operating profit (EBIT) of EUR 42 million (Q2 2020: minus EUR 250 million), reflecting the strong Group sales development as well as ongoing tight overhead cost control in the three-month period. The earnings development was also supported by the non-recurrence of impairment charges as well as negative inventory valuation effects recorded in the prior-year quarter. The latter particularly supported the Group's gross margin development, up 670 basis points to 61.2%, and more than compensated for an overall intensified markdown level and higher sourcing costs.

## **Strong free cash flow generation of EUR 134 million**

Free cash flow totaled EUR 134 million in the three-month period, a significant improvement compared to the prior-year period (Q2 2020: EUR 39 million) and in line

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with the level recorded in 2019. Besides the increase in EBIT, improvements in trade net working capital fueled the strong free cash flow generation, thereby once again emphasizing the strong internal financing capability of HUGO BOSS. 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.

## **Business recovery expected to continue in the second half of 2021**

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 currency-adjusted Group sales in fiscal year 2021 to increase by between 30% and 35% (2020: EUR 1,946 million), with a contribution expected from all regions. EBIT is forecast to amount to between EUR 125 million and EUR 175 million in fiscal year 2021 (2020: minus EUR 236 million).

## **HUGO BOSS to present its 2025 strategy as part of today's Investor Day**

Today, the HUGO BOSS Managing Board will outline the Company's future strategic priorities and objectives at the Investor Day 2021, which will be held virtually. A press release on the 2025 strategy of HUGO BOSS will be distributed at 10:00 a.m. CEST, followed by the Managing Board's presentations starting at 11:00 a.m. CEST.

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## Q2 sales development by segment

	in EUR million	Change in %	Change in % currency-adjusted
Europe	385	↗ +129	↗ +130
Americas	123	↗ +386	↗ +416
Asia/Pacific	104	↗ +50	↗ +51
Licenses	17	↗ +44	↗ +44
<b>Group</b>	<b>629</b>	<b>↗ +129</b>	<b>↗ +133</b>

- In the second quarter of fiscal year 2021, the business recovery of HUGO BOSS was clearly noticeable across all regions.
  - In **Europe**, currency-adjusted sales increased 130% on the prior-year level. Consequently, on a two-year-stack basis, currency-adjusted revenues remained only 4% below 2019 levels, as the lifting of local lockdowns and accompanying temporary store closures supported the region's overall business recovery. The performance was particularly strong in the UK, which returned to growth and posted a currency-adjusted sales increase of 7% compared to the second quarter of 2019. While business recovery also continued in Germany and France, both markets were still down compared to 2019 levels, reflecting temporary store closures that lasted throughout most of the second quarter.
  - With currency-adjusted sales up 416%, sales in the **Americas** more than quintupled in the second quarter. Consequently, currency-adjusted revenues remained 5% below 2019 levels, with the important U.S. market benefitting from a further uptick in local demand, thereby limiting the markets' overall sales decline to 6%, currency-adjusted. While sales in Latin America accelerated to mid-double-digit growth on a two-year stack, sales in Canada were still severely impacted by temporary store closures in the second quarter.
  - Sales in the **Asia/Pacific region** increased by 51%, translating into a decline of 3% on a two-year stack, both currency-adjusted. The ongoing business recovery was primarily driven by mainland China, where sales increased 28% against the prior-year period and 33% on a two-year-stack basis. While

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currency-adjusted sales in Australia also exceeded pre-pandemic levels, business recovery in markets such as Japan and Southeast Asia progressed comparatively slower, reflecting temporary lockdowns as well as the lack of international tourism.

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## Q2 sales development by channel

	in EUR million	Change in %	Change in % currency-adjusted
Group's own retail business	422	↗ +120	↗ +124
Brick and mortar retail	353	↗ +158	↗ +163
Own online business	69	↗ +26	↗ +27
Wholesale	189	↗ +167	↗ +170
Licenses	17	↗ +44	↗ +44
<b>Group</b>	<b>629</b>	<b>↗ +129</b>	<b>↗ +133</b>

- Currency-adjusted sales in the **Group's own retail business** (including freestanding stores, shop-in-shops, outlets, and online stores) increased 124% in the second quarter of 2021. On a two-year-stack basis, the decline in currency-adjusted revenues was limited to 5%, reflecting the strong business recovery in the three-month period. Overall, an average of around 20% of the Group's own retail points of sale was affected by temporary store closures in the second quarter of 2021.
  - The Group's own online business continued its strong double-digit growth trajectory also in the second quarter of 2021. Sales generated via hugoboss.com and on partner websites operated in the concession model recorded currency-adjusted sales growth of 27% against a particularly strong comparison base, implying triple-digit growth of 122% on a two-year stack.
  - Overall, own retail sales in Europe increased by 125% on a currency-adjusted basis and amounted to EUR 230 million (Q2 2020: EUR 103 million). On a two-year-stack basis, this implies a currency-adjusted decrease of 10%. At EUR 95 million (Q2 2020: EUR 22 million), own retail sales in the Americas increased by 349%, thus outperforming 2019 levels by 6%, currency-adjusted. In the Asia/Pacific region, currency-adjusted own retail sales grew 47% to EUR 97 million (Q2 2020: EUR 66 million), reflecting a 3% decrease compared to the three-month period in 2019.
- Currency-adjusted sales in the **wholesale business** also more than doubled, up 170% in the second quarter. This development mainly reflects partners' strong

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demand for the Fall/Winter 2021 collections as well as additional business with selected on- and offline retailers in Europe. Compared to 2019 levels, this implies a slight decrease of 2%.

- At EUR 155 million, currency-adjusted sales with wholesale partners in Europe were 138% above the prior-year level (Q2 2020: EUR 65 million). Consequently, compared to 2019 levels, currency-adjusted revenues increased 7%. In the Americas, currency-adjusted sales increased to EUR 28 million compared to EUR 3 million in the prior-year period, implying a decrease of 30% compared to the second quarter of 2019. The Asia/Pacific region recorded a 141% increase in currency-adjusted sales to EUR 7 million (Q2 2020: EUR 3 million), translating into a decrease of 14% compared to 2019 levels.
- Sales in the **license business** increased 44% on the prior-year quarter, reflecting strong growth of the fragrance business. On a two-year-stack basis, sales declined 6%.



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## Q2 sales development by brand and gender

	in EUR million	Change in %	Change in % currency-adjusted
<b>BOSS</b> <small>HUGO BOSS</small>	541	↗ +135	↗ +139
<b>HUGO</b> <small>HUGO BOSS</small>	87	↗ +99	↗ +102
<b>Group</b>	629	↗ +129	↗ +133

- Sales for both brands, BOSS and HUGO, more than doubled compared to the second quarter of 2020, with currency-adjusted revenues up 139% and 102%, respectively. Momentum for the brands' **casualwear** offerings strongly accelerated in the three-month period, as reflected in currency-adjusted revenues being up double-digit on a two-year-stack basis. **Formalwear** sales also recorded a sequential improvement in the second quarter, benefitting from pent-up demand for occasionwear and businesswear.
  - On a two-year-stack basis, currency-adjusted sales for **BOSS** declined 5%. Compared to the level of 2019, **HUGO** returned to growth with currency-adjusted sales up 2%.

	in EUR million	Change in %	Change in % currency-adjusted
Menswear	572	↗ +132	↗ +136
Womenswear	56	↗ +101	↗ +104
<b>Group</b>	629	↗ +129	↗ +133

- Sales for both **menswear** and **womenswear** more than doubled as compared to the prior-year quarter. On a two-year stack basis, sales declined 4% and 6%, respectively.

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## Q2 earnings development

(in EUR million)			
	Q2 2021	Q2 2020	Change in %
<b>Sales</b>	<b>629</b>	<b>275</b>	<b>&gt;100</b>
Cost of sales	(244)	(125)	(95)
<b>Gross profit</b>	<b>385</b>	<b>150</b>	<b>&gt;100</b>
In % of sales	61.2	54.6	670 bp
<b>Operating expenses</b>	<b>(343)</b>	<b>(399)</b>	<b>14</b>
In % of sales	(54.5)	(145.4)	9,090 bp
Thereof selling and distribution expenses	(270)	(329)	18
Thereof impairment charges <sup>1</sup>	(1)	(125)	99
Thereof administration expenses	(73)	(71)	4
<b>Operating result (EBIT)</b>	<b>42</b>	<b>(250)</b>	<b>&gt;100</b>
In % of sales	6.7	(90.9)	9,760 bp
Financial result	(8)	(9)	7
<b>Earnings before taxes</b>	<b>34</b>	<b>(258)</b>	<b>&gt;100</b>
Income taxes	(10)	72	>(100)
<b>Net income</b>	<b>25</b>	<b>(186)</b>	<b>&gt;100</b>
<b>Earnings per share (in EUR)<sup>2</sup></b>	<b>0.34</b>	<b>(2.69)</b>	<b>&gt;100</b>
<b>Tax rate in %</b>	<b>28</b>	<b>28</b>	

<sup>1</sup> In Q2 2020, HUGO BOSS recognized non-cash impairment charges related to the negative impact of COVID-19 on the Group's retail business.

<sup>2</sup> 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 quarter, which more than compensated for higher sourcing cost as well as an overall higher markdown level as compared to the prior year. The latter is mainly attributable to additional business with selected European on- and offline retailers in the three-month period. Overall, gross profit margin remained 470 basis points below the level of the second quarter of 2019.
- Excluding non-cash impairment charges recognized in the prior-year quarter, the Company's underlying **operating expenses** grew by 25%, mainly reflecting the non-recurrence of cost savings that were realized in the course of the global lock-downs during the prior-year period. As compared to 2019 levels, operating expenses decreased 6% against the backdrop of the Company's tight cost management.
  - Underlying **selling and distribution expenses** increased 33% (excluding impairment charges in the prior-year period), largely reflecting the non-recurrence of last year's rental and payroll cost savings, as well as higher marketing expenses. This implies a decrease of 8% as compared to the level of the second quarter of 2019.

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- **Administration expenses** came in only 4% above the prior-year level and 2% above the level of 2019, mainly reflecting ongoing tight overhead cost control during the three-month period.
- HUGO BOSS generated an **operating profit (EBIT)** of EUR 42 million in the second quarter of 2021 (Q2 2020: minus EUR 250 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 quarter also contributed to this development.
- The **Group's net income** amounted to plus EUR 25 million (Q2 2020: minus EUR 186 million).

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## Net assets and financial position



June 30, 2021	in EUR million	Change in % <sup>1</sup>	Change in % currency-adjusted <sup>1</sup>
TNWC	517	↘ (14)	↘ (12)
Inventories	609	↘ (5)	↘ (3)
Net financial liabilities	973	↘ (20)	

<sup>1</sup> Change compared to June 30, 2020.

- Adjusted for currency effects, **trade net working capital (TNWC)** came in 12% below the prior-year level. A 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 second quarter.
- 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.
- **Net financial liabilities** 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). At the end of the second quarter, 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 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.

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April – June 2021		in EUR million		Change in % <sup>1</sup>
Capital expenditure		27		↗ 68
Free cash flow		134		↗ >100

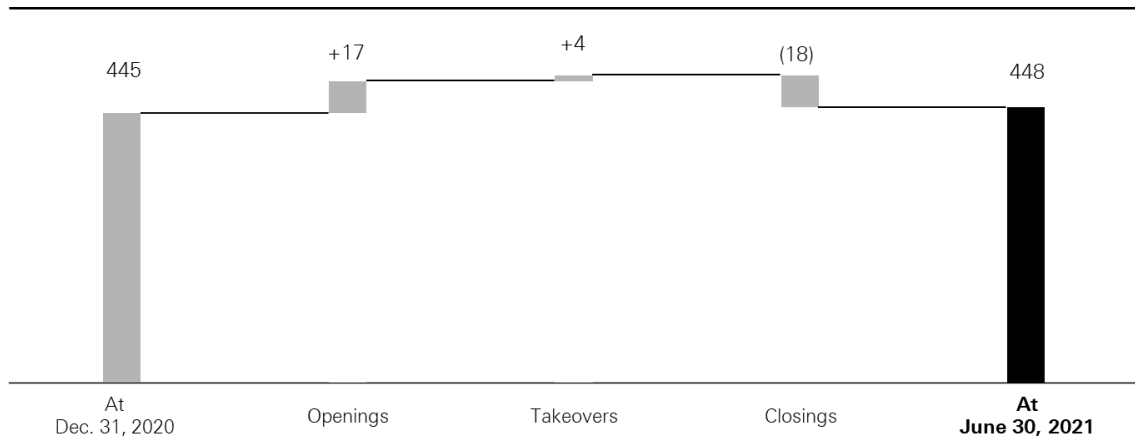
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<sup>1</sup> Change compared to Q2 2020.

- In the second quarter of 2021, **capital expenditure** totaled EUR 27 million (Q2 2020: EUR 16 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.
- **Free cash flow** amounted to EUR 134 million in the second quarter (Q2 2020: EUR 39 million). This development mainly reflects the strong increase in operating profit as well as the improvements achieved in trade net working capital.

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## Network of freestanding retail stores



- During the first six months of 2021, the number of own **freestanding retail stores** increased only 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.

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## 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 currency-adjusted **Group sales** in fiscal year 2021 to increase by between 30% and 35% (2020: EUR 1,946 million), with a 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 of between 21% and 23% in fiscal year 2021 (2020: 28.7%).

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## **Financial calendar and contacts**

**November 4, 2021**

Third Quarter Results 2021

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**FINANCIAL INFORMATION**

for Q2 2021 and Jan. – June 2021

Due to rounding, some numbers may not add up precisely to the totals provided.

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## Key figures – quarter

(in EUR million)				
	Q2 2021	Q2 2020 <sup>1</sup>	Change in %	Change in % <sup>2</sup>
<b>Sales</b>	<b>629</b>	<b>275</b>	<b>129</b>	<b>133</b>
<b>Sales by segment</b>				
Europe incl. Middle East and Africa	385	168	129	130
Americas	123	25	386	416
Asia/Pacific	104	69	50	51
Licenses	17	12	44	44
<b>Sales by distribution channel</b>				
Own retail business	422	192	120	124 <sup>3</sup>
Wholesale	189	71	167	170
Licenses	17	12	44	44
<b>Sales by brand</b>				
BOSS	541	231	135	139
HUGO	87	44	99	102
<b>Sales by gender</b>				
Menswear	572	247	132	136
Womenswear	56	28	101	104
<b>Results of operations</b>				
Gross profit	385	150	>100	
Gross profit margin in %	61.2	54.6	670 bp	
EBIT	42	(250) <sup>4</sup>	>100	
EBIT margin in %	6.7	(90.9) <sup>5</sup>	9,760 bp	
EBITDA	117	(34)	>100	
EBITDA margin in %	18.7	(12.5)	3,120 bp	
Net income	25	(186) <sup>6</sup>	>100	
<b>Financial position</b>				
Capital expenditure	27	16	68	
Free cash flow	134	39	>100	
Depreciation/amortization	75	215 <sup>7</sup>	65	
<b>Additional key figures</b>				
Personnel expenses	151	119	27	
<b>Shares (in EUR)</b>				
Earnings per share	0.34	(2.69) <sup>8</sup>	>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	

<sup>1</sup> 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.

<sup>2</sup> Currency-adjusted.

<sup>3</sup> On a comp store basis 119%.

<sup>4</sup> In Q2 2020, EBIT amounted to minus EUR 124 million excluding non-cash impairment charges.

<sup>5</sup> In Q2 2020, EBIT margin amounted to (45.2)% excluding non-cash impairment charges.

<sup>6</sup> In Q2 2020, net income amounted to minus EUR 96 million excluding non-cash impairment charges.

<sup>7</sup> In Q2 2020, depreciation and amortization amounted to EUR 90 million excluding non-cash impairment charges.

<sup>8</sup> In Q2 2020, EPS amounted to minus EUR 1.38 excluding non-cash impairment charges.

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## Key figures – six months

(in EUR million)				
	Jan. – June 2021	Jan. – June 2020 <sup>1</sup>	Change in %	Change in % <sup>2</sup>
<b>Sales</b>	<b>1,126</b>	<b>830</b>	<b>36</b>	<b>39</b>
<b>Sales by segment</b>				
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
<b>Sales by distribution channel</b>				
Own retail business	698	525	33	37 <sup>3</sup>
Wholesale	393	277	42	44
Licenses	34	28	21	21
<b>Sales by brand</b>				
BOSS	963	704	37	40
HUGO	163	126	29	32
<b>Sales by gender</b>				
Menswear	1,017	746	36	40
Womenswear	108	84	29	31
<b>Results of operations</b>				
Gross profit	685	499	37	
Gross profit margin in %	60.9	60.1	70 bp	
EBIT	43	(263) <sup>4</sup>	>100	
EBIT margin in %	3.8	(31.7) <sup>5</sup>	3,550 bp	
EBITDA	194	44	>100	
EBITDA margin in %	17.3	5.4	1,190 bp	
Net income	17	(204) <sup>6</sup>	>100	
<b>Net assets and liability structure as of June 30</b>				
Trade net working capital	517	600	(14)	(12)
Trade net working capital in % of sales <sup>7</sup>	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)	
<b>Financial position</b>				
Capital expenditure	44	34	27	
Free cash flow	103	(44) <sup>8</sup>	>100	
Depreciation/amortization	151	308 <sup>9</sup>	(51)	
Net financial liabilities (as of June 30)	973	1,210	(20)	
<b>Additional key figures</b>				
Employees (as of June 30) <sup>10</sup>	13,381	13,728	(3)	
Personnel expenses	285	283	1	
<b>Shares (in EUR)</b>				
Earnings per share	0.21	(2.95) <sup>11</sup>	>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	

<sup>1</sup> 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.

<sup>2</sup> Currency-adjusted.

<sup>3</sup> On a comp store basis 32%.

<sup>4</sup> In H1 2020, EBIT amounted to minus EUR 138 million excluding non-cash impairment charges.

<sup>5</sup> In H1 2020, EBIT margin amounted to (16.6)% excluding non-cash impairment charges.

<sup>6</sup> In H1 2020, net income amounted to minus EUR 113 million excluding non-cash impairment charges.

<sup>7</sup> Moving average on the basis of the last four quarters.

<sup>8</sup> The amount shown differs from that reported in the previous year due to reclassifications.

<sup>9</sup> In H1 2020, depreciation and amortization amounted to EUR 182 million excluding non-cash impairment charges.

<sup>10</sup> Full-time equivalent (FTE).

<sup>11</sup> In H1 2020, EPS amounted to minus EUR 1.64 excluding non-cash impairment charges.

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## Consolidated income statement – quarter

(in EUR million)

	Q2 2021	Q2 2020	Change in %
<b>Sales</b>	<b>629</b>	<b>275</b>	<b>&gt;100</b>
Cost of sales	(244)	(125)	(95)
<b>Gross profit</b>	<b>385</b>	<b>150</b>	<b>&gt;100</b>
In % of sales	61.2	54.6	670 bp
<b>Operating expenses</b>	<b>(343)</b>	<b>(399)</b>	<b>14</b>
In % of sales	(54.5)	(145.4)	9,090 bp
Thereof selling and distribution expenses	(270)	(329)	18
Thereof impairment charges <sup>1</sup>	(1)	(125)	99
Thereof administration expenses	(73)	(71)	4
<b>Operating result (EBIT)</b>	<b>42</b>	<b>(250)</b>	<b>&gt;100</b>
In % of sales	6.7	(90.9)	9,760 bp
Financial result	(8)	(9)	7
<b>Earnings before taxes</b>	<b>34</b>	<b>(258)</b>	<b>&gt;100</b>
Income taxes	(10)	72	>(100)
<b>Net income</b>	<b>25</b>	<b>(186)</b>	<b>&gt;100</b>
<b>Earnings per share (in EUR)<sup>2</sup></b>	<b>0.34</b>	<b>(2.69)</b>	<b>&gt;100</b>
<b>Income tax rate in %</b>	<b>28</b>	<b>28</b>	

<sup>1</sup> Non-cash impairment charges related to the negative impact of COVID-19 on the Group's retail business.

<sup>2</sup> Basic and diluted earnings per share.

## EBIT and EBITDA – quarter

(in EUR million)

	Q2 2021	Q2 2020	Change in %
<b>EBIT</b>	<b>42</b>	<b>(250)</b>	<b>&gt;100</b>
In % of sales	6.7	(90.9)	9,760 bp
Depreciation and amortization	(75)	(215)	65
<b>EBITDA</b>	<b>117</b>	<b>(34)</b>	<b>&gt;100</b>
In % of sales	18.7	(12.5)	3,120 bp

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## Consolidated income statement – six months

(in EUR million)

	Jan. – June 2021	Jan. - June 2020	Change in %
<b>Sales</b>	<b>1,126</b>	<b>830</b>	<b>36</b>
Cost of sales	(440)	(331)	(33)
<b>Gross profit</b>	<b>685</b>	<b>499</b>	<b>37</b>
In % of sales	60.9	60.1	70 bp
<b>Operating expenses</b>	<b>(642)</b>	<b>(763)</b>	<b>16</b>
In % of sales	(57.1)	(91.9)	3,480 bp
Thereof selling and distribution expenses	(501)	(617)	19
Thereof impairment charges <sup>1</sup>	(1)	(125)	99
Thereof administration expenses	(142)	(146)	3
<b>Operating result (EBIT)</b>	<b>43</b>	<b>(263)</b>	<b>&gt;100</b>
In % of sales	3.8	(31.7)	3,550 bp
Financial result	(19)	(20)	2
<b>Earnings before taxes</b>	<b>24</b>	<b>(283)</b>	<b>&gt;100</b>
Income taxes	(7)	79	>(100)
<b>Net income</b>	<b>17</b>	<b>(204)</b>	<b>&gt;100</b>
<b>Earnings per share (in EUR)<sup>2</sup></b>	<b>0.21</b>	<b>(2.95)</b>	<b>&gt;100</b>
<b>Income tax rate in %</b>	<b>28</b>	<b>28</b>	

<sup>1</sup> Non-cash impairment charges related to the negative impact of COVID-19 on the Group's retail business.

<sup>2</sup> Basic and diluted earnings per share.

## EBIT and EBITDA – six months

(in EUR million)

	Jan. – June 2021	Jan. - June 2020	Change in %
<b>EBIT</b>	<b>43</b>	<b>(263)</b>	<b>&gt;100</b>
In % of sales	3.8	(31.7)	3,550 bp
Depreciation and amortization	(151)	(308)	51
<b>EBITDA</b>	<b>194</b>	<b>44</b>	<b>&gt;100</b>
In % of sales	17.3	5.4	1,190 bp

# HUGO BOSS

## Consolidated statement of financial position

(in EUR million)

<b>Assets</b>	<b>June 30, 2021</b>	June 30, 2020 <sup>1</sup>	December 31, 2020
Property, plant and equipment	407	452	408
Intangible assets	168	169	170
Right-of-use assets	712	797	744
Deferred tax assets	176	181	171
Non-current financial assets	19	21	21
Other non-current assets	0	2	1
<b>Non-current assets</b>	<b>1,482</b>	<b>1,622</b>	<b>1,516</b>
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
<b>Current assets</b>	<b>1,089</b>	<b>1,068</b>	<b>1,055</b>
<b>TOTAL</b>	<b>2,571</b>	<b>2,690</b>	<b>2,570</b>
<b>Equity and liabilities</b>	<b>June 30, 2021</b>	June 30, 2020	December 31, 2020
Subscribed capital	70	70	70
Own shares	(42)	(42)	(42)
Retained earnings	721	726	706
Accumulated other comprehensive income	34	30	19
<b>Equity attributable to equity holders of the parent company</b>	<b>783</b>	<b>784</b>	<b>754</b>
Non-controlling interests	9	6	6
<b>Group equity</b>	<b>792</b>	<b>790</b>	<b>760</b>
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
<b>Non-current liabilities</b>	<b>934</b>	<b>1,184</b>	<b>951</b>
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
<b>Current liabilities</b>	<b>845</b>	<b>716</b>	<b>860</b>
<b>TOTAL</b>	<b>2,571</b>	<b>2,690</b>	<b>2,570</b>

<sup>1</sup> Some amounts shown differ from those reported in the previous year due to reclassifications.

## Trade net working capital (TNWC)

(in EUR million)

	<b>June 30, 2021</b>	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
<b>Trade net working capital (TNWC)</b>	<b>517</b>	<b>600</b>	<b>(14)</b>	<b>(12)</b>

# HUGO BOSS

## Consolidated statement of cash flows

(in EUR million)

	Jan. – June 2021	Jan. – June 2020 <sup>1</sup>
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/income	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)
<b>Cash flow from operating activities</b>	<b>146</b>	<b>(13)</b>
Investments in property, plant and equipment	(34)	(25)
Investments in intangible assets	(7)	(9)
Acquisition of subsidiaries and other business entities	(2)	2
Cash receipts from disposal of property, plant and equipment and intangible assets	0	1
<b>Cash flow from investing activities</b>	<b>(43)</b>	<b>(31)</b>
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
<b>Cash flow from financing activities</b>	<b>(94)</b>	<b>29</b>
Exchange rate related changes in cash and cash equivalents	4	(3)
<b>Change in cash and cash equivalents</b>	<b>13</b>	<b>(18)</b>
Cash and cash equivalents at the beginning of the period	125	133
<b>Cash and cash equivalents at the end of the period</b>	<b>138</b>	<b>115</b>

<sup>1</sup> Amounts shown differ from those reported in the previous year due to reclassifications.

## Free cash flow

(in EUR million)

	Jan. – June 2021	Jan. – June 2020 <sup>1</sup>
Cash flow from operating activities	146	(13)
Cash flow from investing activities	(43)	(31)
<b>Free cash flow</b>	<b>103</b>	<b>(44)</b>

<sup>1</sup> Amounts shown differ from those reported in the previous year due to reclassifications.

# HUGO BOSS

## Number of own retail points of sale

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