

# **HUGO BOSS Nordic ApS**

CVR-nr. 26 59 64 67

Støberigade 12  
2450 København SV

## **Annual Report**

***1 January 2023 - 31 December 2023***

The annual Report has been presented and approved on the company's general meeting  
the 24th of May 2024

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Chairman of the general meeting

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## Company information

Name	HUGO BOSS Nordic ApS
Address	Støberigade 12
Postal code, City	DK-2450 København SV
Telephone	+45 33 18 80 00
Registration no.	26 59 64 67
Reporting period:	01/01/2023 - 31/12/2023
Board of Directors	Yves M. Müller Jörg Horcher Ivica Maric
Straight line Executive Board	Jörg Horcher
Auditor	Deloitte Statsautoriseret Revisionspartnerselskab Weidekampsgade 6 2300 København S DK Denmark Registration no: 33963556

# Statement by Management

Today, management has considered and approved the annual report of HUGO BOSS Nordic ApS for the financial year 1 January 2023 – 31 December 2023.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position as at 31 December 2023 and of the results of its operations for the financial year 1 January 2023 – 31 December 2023.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

The annual report is submitted for adoption by the annual general meeting.

Copenhagen, 24th of May, 2024

## **Executive Board**

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Jörg Horcher

## **Board of Directors**

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Jörg Horcher  
Chairman

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Yves Müller

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Ivica Maric

# Independent auditor's reports

## To the shareholders of HUGO BOSS Nordic ApS

### Opinion

We have audited the financial statements of Hugo Boss Nordic ApS for the financial year 01.01.2023 – 31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.2023 – 31.12.2023 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

**Statement on the Management commentary**

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 24.05.2024

Deloitte  
Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

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Jens Sejer Pedersen  
State Authorised Public Accountant  
Identification No (MNE) mne14986

# Management commentary

## Key figures and ratios

	2023	2022	2021	2020	2019
	m.DKK	m.DKK	m.DKK	m.DKK	m.DKK
<b>Key figures</b>					
Net turnover	414,9	383,3	325,1	281,2	390,1
Gross profit	72,2	69,2	45,3	35,3	78,7
Operating Income	21,2	12,7	7,2	-6,9	25,9
Net financial expenses	0,1	-0,4	-0,6	-0,7	-0,6
<b>Profit for the year</b>	16,4	9,4	5,2	-9,0	19,8
<b>Balance sheet</b>					
Balance sheet	99,1	86,0	94,2	115,0	112,5
Investments in tangible assets	1,8	4,0	0,7	3,2	9,3
<b>Equity</b>	57,0	48,6	44,8	39,6	48,6
<b>Key ratios</b>					
Profit ratio	5,1%	3,3%	2,2%	-2,5%	6,6%
Straight line	17,4%	18,0%	13,9%	12,6%	20,2%
Liquidity Ratio	265,5%	261,4%	202,1%	142,0%	130,5%
Equity ration (solidity)	57,5%	56,5%	47,6%	34,4%	43,2%
Return on equity	31,0%	20,2%	12,4%	-20,5%	40,5%
<b>Average full-time employees</b>	93	103	88	97	117

## Main activity

The company's main activities has like previous years consisted of marketing and sale of the Group's product through the channels wholesale and retail, and the onlinesales to the Danish market.

The wholesales consider beside Denmark, Iceland, Faroe Island, Greenland, Estonia and Latvia. Whereas retail sales only are at the Danish market.

## Development in activities and finances

Company continued its broad-based growth trajectory across both brands, and all channels. This performance first and foremost reflects the ongoing strong brand momentum of BOSS and HUGO, driven by the successful execution of several marketing and product initiatives as part of the Company's "CLAIM 5" growth strategy.

The profit for the year has experienced increase of 6.9 million DKK compared to the previous year's results, aligning with the company's expectations. This positive performance reflects the effectiveness of the company's strategic initiatives and its ability to capitalize on market opportunities. The achievement of this growth in profit is in line with the anticipated projections and underscores the sound financial management practices implemented by the company.

The company witnessed an increase in sales, with a growth rate of 8.2% compared to the previous year. However, it is important to note that the retail brick and mortar segment experienced a decline of 30.7% due to market challenges, particularly the absence of tourist footfall. Nevertheless, this decline was effectively mitigated by the growth observed in the wholesale channel, both in brick and mortar stores as well as online.

The strong performance in the wholesale segment, coupled with the company's strategic focus on expanding its online presence, played a crucial role in offsetting the challenges faced by the retail brick and mortar segment. This highlights the company's ability to adapt to market conditions and effectively leverage multiple sales channels.

**Profit for the year in relation to expected developments**

In 2023, the company prioritized the implementation of the Company's "CLAIM 5" growth strategy, which resulted in a profit of DKK 16.4 million. The "CLAIM 5" strategy will continue to be a focal point in 2024, with a focus on capitalizing on the strong brand power gained through a comprehensive branding refresh and sustaining a strong top-line performance.

**Expectations to the future**

The 'CLAIM 5' strategy is expected to continue playing a prominent role in 2024. This entails leveraging the robust brand influence attained through our comprehensive branding revitalization and sustaining positive revenue growth throughout 2024.

Our expectations for 2024 include a targeted increase in overall performance, with a particular emphasis on leveraging digital capabilities for a successful journey towards 2025. Wholesale channels have been identified as the primary avenue for sales growth, and we anticipate that profit for 2024 will align with the growth trajectory of our wholesale channel.

Despite the company's performance, 2023 was an abnormal year due to the significant impact of high global inflation and the war in Ukraine. Although macroeconomic uncertainty is expected to persist this year, we remain dedicated to advancing towards our goals.

For 2024 revenue is expected to increase 5-10%. EBITDA margins is expected to be similar to that of previous years at 3-5%.

**Risk report****Uncertainty relating to recognition and measurement**

As described in note 15 the Company has since July 2019 been part of an investigation from the Danish Competition and Consumer Authority (DCCA). A provision was recognized in 2020 and the investigation has not affected the result for 2023.

***Currency risk***

Currency risks are extremely low, because all sales (wholesale and retail) are in DKK. Further the parent company bears the currency risk, and invoices merchandise to HUGO BOSS Nordic ApS in DKK.

***Credit risk***

The interest-bearing net debt does not pose a significant amount. Changes in interest rates have therefor no significant direct effect on the result.

## Income statement for 2023

	Notes	2023 DKK	2022 DKK
Revenue		414.894.322	383.331.577
Cost of sales		-265.375.597	-244.040.258
Other operating income	1	1.266.532	1.164.705
Other external expenses		-78.552.668	-71.265.024
Gross profit		<u>72.232.589</u>	<u>69.191.001</u>
Employee expenses	2	-48.499.701	-53.157.648
Depreciations, amortisations and impairments	7	-2.570.632	-3.375.277
Operating profit		<u>21.162.256</u>	<u>12.658.076</u>
Other financial income	3	332.980	169.730
Other financial expenses	4	-268.685	-542.269
Profit before tax		<u>21.226.551</u>	<u>12.285.537</u>
Tax on profit for the year	5	-4.856.825	-2.843.142
Profit for the year		<u>16.369.726</u>	<u>9.442.395</u>

## Balance sheet at 31.12.2023

		31.12.2023	31.12.2022
Assets	Notes	DKK	DKK
Acquired other similar rights		0	0
Intangible assets	6	0	0
Fixtures, fittings, tools and equipment		2.226.906	3.148.519
Leasehold improvements		3.683.311	3.663.948
Assets under construction		125.873	0
Tangible assets	7	6.036.090	6.812.467
Deferred tax assets	10	880.583	1.164.444
Deposits	8	10.007.638	9.566.853
Other non-current assets		10.888.221	10.731.297
Total non-current assets		16.924.311	17.543.764
Inventories		20.355.839	32.692.789
Trade receivables		33.063.786	23.388.182
Receivables from Group enterprises	14	16.953.087	4.293.233
Tax receivables		0	0
Prepaid expenses	9	2.983.385	760.514
Other receivables		0	6.547
Receivables		73.356.097	61.141.265
Cash and cash equivalents		8.869.256	7.311.151
Total current assets		82.225.353	68.452.416
Total assets		99.149.664	85.996.180

		31.12.2023	31.12.2022
Equity and liabilities	Notes	DKK	DKK
Share capital		250.000	250.000
Retained earnings		32.369.932	40.377.842
Proposed dividend		24.377.636	8.000.000
Total equity		<u>56.997.568</u>	<u>48.627.842</u>
Other provisions	16	11.179.650	11.179.650
Non current liabilities		<u>11.179.650</u>	<u>11.179.650</u>
Trade payables		10.923.558	4.475.783
Payables to group enterprises		0	1.203.139
Tax payables		3.082.808	227.642
Other payables	11	16.789.110	19.554.903
Deferred income		176.970	727.221
Current liabilities		<u>30.972.446</u>	<u>26.188.688</u>
Total liabilities		<u>42.152.096</u>	<u>37.368.338</u>
Total equity and liabilities		<u>99.149.664</u>	<u>85.996.180</u>
Contractual commitments	12		
Contingent liabilities and securities	13		
Related parties	14		
Other contingent liabilities	16		

## Statement of changes in equity for 2023

	Contributed share capital	Retained earnings	Proposed dividend for the year	Total
Equity, beginning of year	250.000	40.377.842	8.000.000	48.627.842
Dividend paid	0	0	-8.000.000	-8.000.000
Profit of the year	0	-8.007.909	24.377.636	16.369.727
Equity, end of year	250.000	32.369.932	24.377.636	56.997.568

# Notes

	2023 DKK	2022 DKK
<b>1 Other Income</b>		
Covid-19	0	180.858
Other operating income	1.266.532	983.847
<b>Total</b>	<u>1.266.532</u>	<u>1.164.705</u>
<b>2 Employee expenses</b>		
Salary and wages	41.766.496	47.132.352
Pensions	2.380.911	1.968.838
Social Security	663.864	813.614
Other employee expenses	3.688.430	3.242.844
<b>Total</b>	<u>48.499.701</u>	<u>53.157.648</u>
Average number of full-time employees	<u>93</u>	<u>103</u>
<p>The company has implemented a management incentive plan that aligns the interests of our leadership team with the overall performance of the business. Under this incentive scheme, the potential rewards vary depending on the achievement of predetermined financial goals. These targets are set annually by the Board of Directors and are directly linked to strategic objectives that support sustainable growth and value creation for our stakeholders. The incentive compensation for management consists of cash bonuses determined by the achievement of short-term financial metrics.</p> <p>In accordance with the financial statements, it should be noted that no remuneration is paid to the members of the Board of Directors. Furthermore, as the Executive Management consists of only one individual, the remuneration for the Executive Management is not disclosed, pursuant to § 98b, Subsection 3, Clause 2 of the Danish Financial Statements Act.</p>		
<b>3 Financial income</b>		
Interest income, other	107.786	15.486
Interest income, group companies	162.214	0
Foreign exchange gains, group companies	1.615	213
Foreign exchange gains, other	61.365	154.031
<b>Total</b>	<u>332.980</u>	<u>169.730</u>
	2023 DKK	2022 DKK
<b>4 Financial expenses</b>		
Interest expenses, group companies	126.867	354.754
Interest expenses, other	10.113	64.993
Foreign exchange loss, group companies	7.415	213
Foreign exchange loss, other	124.290	122.309
<b>Total</b>	<u>268.685</u>	<u>542.269</u>
<b>5 Tax on profit for the year</b>		
Corporate income tax	4.570.808	2.105.642
Corporate income tax regarding previous years	2.156	491.436
Changes in deferred tax	283.861	246.064
<b>Total</b>	<u>4.856.825</u>	<u>2.843.142</u>

<b>6 Intangible assets</b>		Intangible assets	
		<i>Key Money</i>	
Acquisition price, beginning of year		5.359.320	
Additions during the year		0	
Disposals during the year		0	
<b>Acquisition price, at year-end</b>		<b>5.359.320</b>	
Amortisation and impairment losses, beginning of year		-5.359.320	
Amortisation for the year		0	
Disposals for the year		0	
Impairment losses for the year		0	
<b>Amortisation and impairment losses, at year-end</b>		<b>-5.359.320</b>	
<b>Net book value as of December 31, 2023</b>		<b>0</b>	
Amortisation period		<i>10 years</i>	
<b>7 Tangible assets</b>		Fixtures, fittings, tools and Equipment	IT-equipment
Acquisition price, beginning of year		5.672.372	2.526.139
Additions during the year		228.735	518.858
Disposals during the year		-249.264	-210.647
<b>Acquisition price, at year-end</b>		<b>5.651.843</b>	<b>2.834.350</b>
Depreciation and impairment losses, beginning of year		-4.198.700	-1.518.786
Depreciation for the year		-420.185	-551.568
Disposals during the year		249.264	180.688
<b>Depreciation and impairment losses, at year-end</b>		<b>-4.369.622</b>	<b>-1.889.666</b>
<b>Net book value as of December 31, 2023</b>		<b>1.282.222</b>	<b>944.684</b>
Depreciation period		<i>1-5 years</i>	<i>3 years</i>
		Leasehold improvements	Assets under construction
Acquisition price, beginning of year		22.208.806	0
Additions during the year		1.058.067	125.873
Disposals during the year		-1.920.391	0
<b>Acquisition price, at year-end</b>		<b>21.346.482</b>	<b>125.873</b>
Depreciation and impairment losses, beginning of year		-17.877.364	0
Depreciation for the year		-1.559.507	0
Disposals during the year		1.773.701	0
<b>Depreciation and impairment losses, at year-end</b>		<b>-17.663.170</b>	<b>0</b>
<b>Net book value as of December 31, 2023</b>		<b>3.683.311</b>	<b>125.873</b>
Depreciation period		<i>1-10 years</i>	

<b>8 Financial assets</b>	Deposits
Original cost as of January 1, 2023	9.566.853
Additions	440.785
Disposals	0
<b>Net book value as of December 31, 2023</b>	<b>10.007.638</b>

	2023 DKK	2022 DKK
<b>9 Prepaid expenses</b>		
Other prepaid expenses	2.983.385	760.514
<b>Total</b>	<b>2.983.385</b>	<b>760.514</b>

#### 10 Deferred tax

Deferred tax comprises inventories, intangible and tangible assets. Deferred income tax is determined using the tax rate at the balance sheet date that apply when the deferred tax is expected to be released as current tax.

	2023 DKK	2022 DKK
Deferred tax, beginning of year	1.164.444	1.410.510
Deferred tax for the year	-283.861	-246.066
<b>Deferred tax at year-end</b>	<b>880.583</b>	<b>1.164.444</b>

#### 11 Other payables

	2023 DKK	2022 DKK
VAT and taxes	2.974.156	3.759.641
Salary, bonus and pension	10.090.630	11.462.810
Other payables	3.724.324	4.332.452
	<b>16.789.110</b>	<b>19.554.903</b>

#### 12 Contractual commitments

The Company has entered into tenancy agreements of renting premises. The total rent commitment amounts to 24.636 TDKK at December 31, 2023 (2022: TDKK 39.975), of which 18.122 TDKK mature in 2023. The tenancy agreements have different termination possibilities and can be terminated in the period January 1, 2024 to October 31, 2025.

The Company has entered into leases of office equipment and cars. The total lease commitments amount to TDKK 112 at December 31, 2023 (2022: TDKK 249), of which TDKK 112 mature in 2023. The remaining lease commitments mature within 3 years.

#### 13 Contingent liabilities and securities

	2023 DKK	2022 DKK
Bank guarantee	781.250	781.250
<b>Total</b>	<b>781.250</b>	<b>781.250</b>

## 14 Related parties

HUGO BOSS Nordic ApS' related parties comprises of the following:

### Controlling interest

Related parties with controlling interests is the Company's parent company:

HUGO BOSS International B.V.  
Danzigerkade 9, NL-1013AP Amsterdam  
Holland

The company is a wholly owned subsidiary of HUGO BOSS International B.V., a company incorporated in the Netherlands. HUGO BOSS International B.V. is the holding and finance company of the HUGO BOSS Group owned by HUGO BOSS AG.

The directors regard HUGO BOSS AG, a company incorporated in Germany, as the ultimate parent undertaking an controlling party. Copies of the ultimate parent undertaking's group financial statements can be obtained from Dieselstrasse 12, 72555 Metzingen, Germany.

HUGO BOSS Nordic ApS is included in the consolidated financial statements for:

HUGO BOSS AG  
Dieselstrasse 12, 72555 Metzingen  
Germany

### Transactions with related parties

	2023	2022
	DKK'000	DKK'000
Net sales to group companies	414.877	40.143
Net sales to parent company	18	0
Cost of goods from group companies	-123.303	-54.507
Cost of goods from parent company	-141.304	-117.681
Income from other services from group companies	16.844	15.686
Cost of other services from group companies	-6.699	-6.252
Cost of services from parent company	-43.153	-28.206
Interest expenses from parent company	35	-355
Receivables from group companies	4.225	4.293
Receivables from parent company	46.783	0
Payable to group companies	-455	0
Payables to parent company	0	1.203

Information on the remuneration to Management appears from note 3, "Employee expenses".

**15 Proposed distribution of results**

	2023	2022
	DKK	DKK
Proposed dividend recognised in equity	24.377.636	8.000.000
Retained earnings	-8.007.909	1.442.395
	<b><u>16.369.727</u></b>	<b><u>9.442.395</u></b>

**16 Other contingent liability**

The company has been part of an investigation of the Danish Competition and Consumer Authority (DCCA) since July 2019. The main focus of the investigation is on the relationship with partners and the exchange of information (eg. sales periods) between them in the years 2014 until 2018. On the 24th of June 2020 the DCCA published the decision on violations of the Danish competition law. The company has made an appeal against this decision. The appeal was dismissed. Currently it is being considered whether to accept such decision or to challenge it before the Commercial Court. Precautionary, the company has established an accrual for the potential fine. The provision was recognised in 2020 and has not affected the result for 2023.

# Accounting policies

## **Accounting policy**

The annual report has been prepared in accordance with the Danish Financial Statements Act applying to Reporting class C, medium-size enterprise.

The financial statements have been prepared in accordance with the same accounting policies as last year.

## **Recognition and measurement in general**

Revenues are recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year. Value adjustments of financial assets and liabilities are recognised in the income statement as financial income or financial expenses.

Assets are recognised in the balance sheet when it is probable future income benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and the value of the liability can be measured reliably.

On initial recognition assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

Upon recognition and measurement, predictable losses and risks which occur before the presentation of the annual report and which confirm or disprove matters existing on the balance sheet date are taken into consideration.

## **Transactions in foreign currencies**

Transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the payment date are recognised in the income statement as financial income or expenses.

Fixed assets purchased in foreign currency are translated at the exchange rate at the transaction date.

Receivable, payable and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the balance sheet date are recognised in the income statement as financial income or expenses.

## **Income statement**

### **Revenue**

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Income from the sale of finished goods and commission is recognised in revenue at the time of delivery and when the risk passes to the buyer, provided that the income can be made up reliably and is expected to be received.

Revenue is measured net of all types of discounts/rebates granted. Also, revenue is measured net of VAT and other indirect taxes charged on behalf of third parties.

### **Cost of sales**

Cost of goods sales includes the cost of goods used in generating the year's revenue.

### **Other operating income**

Other operating income comprise items of secondary nature relative to the Company's core activities, including re-invoicing of some costs to other group companies, gains or losses on the the of fixed assets, etc.

### **Other external expenses**

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

### **Employee expenses**

Employee expenses include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. Made to the entity's employees. The item is net of refunds made by public authorities.

### **Financial income and expenses**

Financial income and expenses and similar items include interest income and expenses, realised and unrealised exchange gains and losses on payables and transactions in foreign currency, as well as surcharges and allowances under the tax on account scheme etc.

### **Tax expense**

Tax for the year, which consists of current taxes for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and by the portion attributable directly to equity with the portion attributable directly to equity.



**Impairment of non-current assets**

Intangible assets and fixtures, fittings and equipment are reviewed for impairment on an annual basis. Where there is indication of impairment, each individual asset or group of assets generating independent cash flows is tested for impairment. The carrying amount of impaired assets is reduced to the higher of the value in use and the net selling price (recoverable amount). Where an impairment loss is recognised on a group of assets, a loss is first allocated to goodwill and then to the other assets on a pro rata basis.

**Deposits**

Deposits are measured as the lower of cost or net realisable value.

**Inventories**

Inventories are measured at the lower of cost calculated according to the weighted average cost principle and net realisable value. The net realisable value is calculated as the selling price less costs of completion and costs necessary to make the sale.

The cost of goods for resale comprises the acquisition price plus delivery costs.

**Deferred Income**

Deferred revenues are not considered revenue until they are earned, thus they are not reported on the income statement. These are reported on the balance sheet as a liability.

**Receivables**

Receivables are recognised at the lower amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

**Prepaid expenses**

Deferred income asset comprise incurred costs relating to subsequent financial years. Prepayments are measured at amortised cost, which usually corresponds to the nominal value.

**Equity**

Dividends proposed for the financial year are presented as a separate item under 'Equity'.

**Corporate tax**

Current tax liabilities and receivables are recognised in the balance sheet, as estimated tax charge in respect of the taxable income for the year, adjusted for tax on prior years' taxable income and prepaid tax.

Provisions for deferred tax are calculated, based on the liability method, of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income, as well as temporary differences on non-amortizable goodwill.

Deferred tax is measured according to the taxation rules and taxation rates in the respective countries applicable at the balance sheet date when the deferred tax is expected to crystalize as current tax. Deferred tax assets are recognized at the value at which they are expected to be utilized, either through elimination against tax on future earnings or through a set-off against deferred tax liabilities within the same jurisdiction.

Changes in deferred tax caused by changes in regulations or rates are to recognised in the income statement.

### **Cash equivalents**

Cash equivalents comprises cash balances and bank balances.

### **Other provisions**

Provisions comprise anticipated costs related to return of goods and claims etc. Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at net realisable value. If the obligation is expected to be settled far into the future, the obligation is measured at fair value.

### **Liabilities other than provisions**

Liabilities are measured at net realisable value and is related to provision for holiday allowance, employee earnings, VAT e.g.

### **Cash flow statement**

The Company has decided not to include a cash flow statement, as it is included in a cash flow statement for HUGO BOSS AG Group in accordance with the Danish Financial Statement Act. §86, 4.

### **Key figures**

The key ratios are calculated as below:

Profit ratio:	$\frac{\text{Operating income} \times 100}{\text{Net turnover}}$
Contribution margin:	$\frac{\text{Gross profit} \times 100}{\text{Net turnover}}$
Liquidity Ratio:	$\frac{\text{Current asset} \times 100}{\text{Current liabilities}}$
Equity ratio (solidity):	$\frac{\text{Equity, end} \times 100}{\text{Total liabilities}}$
Return on equity:	$\frac{\text{Profit for the year} \times 100}{\text{Average equity}}$