

HUGO BOSS Nordic ApS

CVR-nr. 26 59 64 67

Støberigade 12
2450 København SV

Annual Report

1 January 2024 - 31 December 2024

The annual Report has been presented and approved on the company's general meeting
the 30th of May 2025

Chairman of the general meeting

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COMPANY INFORMATION

Company

HUGO BOSS Nordic ApS
Støberigade 12
DK-2450 København SV

Phone no: '+45 33 18 80 00
Business registration no: 26 59 64 67
Reporting period 01/01/2024 - 31/12/2024

Board of Directors

Yves M. Müller
Jörg Horcher
Ivica Maric

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 2024 – 31 December 2024.

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 2024 and of the results of its operations for the financial year 1 January 2024 – 31 December 2024.

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, 30th of May, 2025

Executive Board

Jörg Horcher

Board of Directors

Jörg Horcher
Chairman

Yves Müller

Ivica Maric

INDEPENDENT AUDITOR'S REPORT

To the shareholders of HUGO BOSS Nordic ApS

Opinion

We have audited the financial statements of HUGO BOSS Nordic ApS for the financial year 01.01.2024 - 31.12.2024, 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 31.12.2024 and of the results of its operations for the financial year 01.01.2024 - 31.12.2024 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.

- Plan and perform the audit of the financial statements to obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business units as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed. We remain solely responsible for our audit opinion.

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 by relevant law and regulations.

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 in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Copenhagen, 30.05.2025

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

Jens Sejer Pedersen

State Authorised Public Accountant

Identification No (MNE) mne14986

Nicolai Tuborg Madsen

State Authorised Public Accountant

Identification No (MNE) mne51047

MANAGEMENT COMMENTARY

Key figures and ratios

	2024	2023	2022	2021	2020
Key figures	m.DKK	m.DKK	m.DKK	m.DKK	m.DKK
Net turnover	364,7	414,9	383,3	325,1	281,2
Gross profit	72,9	72,2	69,2	45,3	35,3
Operating Income	20,7	21,2	12,7	7,2	-6,9
Net financial expenses	-0,5	0,1	-0,4	-0,6	-0,7
Profit for the year	15,2	16,4	9,4	5,2	-9,0
Balance sheet	110,9	99,1	86,0	94,2	115,0
Investments in tangible assets	10,5	1,8	4,0	0,7	3,2
Equity	47,8	57,0	48,6	44,8	39,6
Key ratios					
Profit ratio	5,7%	5,1%	3,3%	2,2%	-2,5%
Straight line	20,0%	17,4%	18,0%	13,9%	12,6%
Liquidity Ratio	139,7%	261,4%	261,4%	202,1%	142,0%
Equity ration (solidity)	43,1%	57,5%	56,5%	47,6%	34,4%
Return on equity	29,0%	31,0%	20,2%	12,4%	-45,6%
Average full-time employees	89	93	103	88	97

Main activity

The company's main activities has like previous years consisted of marketing and sale of the Group's product though 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

In 2024, our company experienced a 12% decline in sales and a 7% decrease in profit. These figures reflect the broader market trends and the competitive landscape within the Danish fashion industry. Despite these challenges, we are encouraged by the resilience and adaptability demonstrated by the company strategy.

The decrease in sales for the period can be partially attributed to the strategic transition model to a wholesale business approach. This shift reflects our ongoing efforts to optimize all our distribution channels and align with our long-term business objectives. While this transition has impacted short-term sales figures, we anticipate that it will enhance operational efficiency and profitability in the long run.

A significant highlight of the year is the improvement in our gross profit, which increased by 2%, amounting to an additional 1.5 million. This achievement underscores our commitment to operational efficiency and cost management. By optimizing our supply chain and enhancing our product offerings, we have successfully strengthened our gross profit margins.

Our ability to enhance profitability amidst top-line challenges highlights our strategic focus on efficiency and value creation. We remain committed to leveraging our brand strength and strategic initiatives to sustain and build upon this success in the coming years.

Profit for the year in relation to expected developments

Revenue declined in 2024 which was against management's communicated expectations of an increase of 5-10 % in revenue. Despite a decline in sales the company achieved a robust profit of 15.2 million, only 1.2 million less than the previous year. This performance, amid ongoing weak consumer sentiment, underscores the strength of our BOSS and HUGO brands. It reflects the successful execution of our 'CLAIM 5' strategy, which has been instrumental in building brand resilience and market presence in recent years.

Expectations to the future

In the face of the expected uncertainties and tumultuous market conditions in the apparel industry, the company does not anticipate significant growth in the near term. However, we remain firm in our belief in the strength and resilience of our brand. By focusing on profitable growth, product development and maintaining stable sales, we are confident in our ability to continue generating profits.

For the future, we expect to achieve stable and solid profits by focusing on strategic partnerships and enhancing customer centricity. The wholesale channel is projected to experience growth, aligning with our long-term vision. Our commitment to sustainability remains a core pillar of our strategy, as we continue to integrate environmentally responsible practices across our operations.

A modest growth for the total revenue is expected to be between from 2 – 4 %. EBITDA margins is expected to be similar to that of previous years at 3-5%.

Risk report

Uncertainty relating to recognition and

The company is aware of various risks that could impact its financial performance, including market volatility, regulatory changes, and operational challenges. To address these risks, we have implemented comprehensive risk management strategies and continuously monitor our business environment to adapt swiftly and effectively.

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 therefore no significant direct effect on the result.

INCOME STATEMENT FOR 2024

	Notes	2024 DKK	2023 DKK
Revenue		364.677.329	414.894.322
Cost of sales		-226.303.850	-265.375.597
Other operating income	1	1.891.901	1.266.532
Other operating expenses		-845.350	-49.888
Other external expenses		-66.486.210	-78.552.668
Gross profit		<u>72.933.820</u>	<u>72.182.701</u>
Employee expenses	2	-49.212.337	-48.499.701
Depreciations, amortisations and impairments	7	-3.041.114	-2.520.744
Operating profit		<u>20.680.368</u>	<u>21.162.256</u>
Other financial income	3	195.708	332.980
Other financial expenses	4	-707.923	-268.685
Profit before tax		<u>20.168.153</u>	<u>21.226.551</u>
Tax on profit for the year	5	<u>-4.966.764</u>	<u>-4.856.825</u>
Profit for the year		<u>15.201.389</u>	<u>16.369.726</u>

BALANCE SHEET AT 31.12.2024

ASSETS	Notes	31.12.2024 DKK	31.12.2023 DKK
		<u> </u>	<u> </u>
Acquired other similar rights		0	0
Intangible assets	6	<u>0</u>	<u>0</u>
Fixtures, fittings, tools and equipment		1.756.540	2.226.906
Leasehold improvements		10.739.196	3.683.311
Assets under construction		15.036	125.873
Tangible assets	7	<u>12.510.772</u>	<u>6.036.090</u>
Deferred tax assets	10	929.400	880.583
Deposits	8	9.356.890	10.007.638
Other non-current assets		<u>10.286.290</u>	<u>10.888.221</u>
Total non-current assets		<u>22.797.062</u>	<u>16.924.311</u>
Inventories		18.065.657	20.355.839
Trade receivables		43.500.235	33.063.786
Receivables from Group enterprises	14	17.779.122	16.953.087
Prepaid expenses	9	5.817.687	2.983.385
Other receivables		11.334	0
Receivables		<u>85.174.035</u>	<u>73.356.097</u>
Cash and cash equivalents		2.923.819	8.869.256
Total current assets		<u>88.097.854</u>	<u>82.225.353</u>
Total assets		<u>110.894.917</u>	<u>99.149.664</u>

EQUITY AND LIABILITIES	Notes	31.12.2024	31.12.2023
		DKK	DKK
Share capital		250.000	250.000
Retained earnings		33.571.321	32.369.932
Proposed dividend		14.000.000	24.377.636
Total equity		<u>47.821.321</u>	<u>56.997.568</u>
Other provisions	16	0	11.179.650
Non current liabilities		<u>0</u>	<u>11.179.650</u>
Trade payables		10.565.778	10.923.558
Payables to group enterprises		33.561.199	0
Tax payables		2.459.582	3.082.808
Other payables	11	16.418.759	16.789.110
Deferred income		68.277	176.970
Current liabilities		<u>63.073.595</u>	<u>30.972.446</u>
Total liabilities		<u>63.073.595</u>	<u>42.152.096</u>
Total equity and liabilities		<u>110.894.917</u>	<u>99.149.664</u>
Contractual commitments	12		
Contingent liabilities and securities	13		
Related parties	14		
Other contingent liabilities	16		

STATEMENT OF CHANGES IN EQUITY

	Contributed share capital	Retained earnings	Proposed dividend for the year	Total
Equity, beginning of year	250.000	32.369.932	24.377.636	56.997.568
Dividend paid	0	0	-24.377.636	-24.377.636
Profit of the year	0	1.201.389	14.000.000	15.201.389
Equity, end of year	250.000	33.571.321	14.000.000	47.821.321

NOTES

	2024	2023
	DKK	DKK
1 Other Income		
Other operating income	1.854.417	1.266.532
Total	<u>1.854.417</u>	<u>1.266.532</u>
2 Employee expenses		
Salary and wages	42.295.109	41.766.496
Pensions	2.552.260	2.380.911
Social Security	687.373	663.864
Other employee expenses	3.677.594	3.688.430
Total	<u>49.212.337</u>	<u>48.499.701</u>
Average number of full-time employees	<u>89</u>	<u>93</u>

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.

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.

3 Financial income		
Interest income, other	77.321	107.786
Interest income, group companies	41.112	162.214
Foreign exchange gains, group companies	173	1.615
Foreign exchange gains, other	77.101	61.365
Total	<u>195.708</u>	<u>332.980</u>

	2024 DKK	2023 DKK
4 Financial expenses		
Interest expenses, group companies	544.899	126.867
Interest expenses, other	50.690	10.113
Foreign exchange loss, group companies	466	7.415
Foreign exchange loss, other	111.868	124.290
Total	<u>707.923</u>	<u>268.685</u>
5 Tax on profit for the year		
Corporate income tax	5.015.582	4.570.808
Corporate income tax regarding previous years	0	2.156
Changes in deferred tax	-48.818	283.861
Total	<u>4.966.764</u>	<u>4.856.825</u>
6 Intangible assets		Intangible assets <i>Key Money</i>
Acquisition price, beginning of year		5.359.320
Additions during the year		0
Disposals during the year		0
Acquisition price, at year-end		<u>5.359.320</u>
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
Amortisation and impairment losses, at year-end		<u>-5.359.320</u>
Net book value as of December 31, 2024		<u>0</u>
Amortisation period		<u>10 years</u>

7 Tangible assets	Fixtures, fittings, tools and	
	Equipment	IT-equipment
Acquisition price, beginning of year	5.651.843	2.834.350
Additions during the year	0	613.831
Disposals during the year	-1.948.230	-253.480
Acquisition price, at year-end	3.703.613	3.194.702
Depreciation and impairment losses, beginning of year	-4.369.622	-1.889.665
Depreciation for the year	-420.516	-637.166
Disposals during the year	1.924.897	250.297
Depreciation and impairment losses, year-end	-2.865.241	-2.276.534
Net book value as of December 31, 2024	838.372	918.168
Depreciation period	1-5 years	3 years
	Leasehold improvements	Assets under construction
Acquisition price, beginning of year	21.346.482	125.873
Additions during the year	9.922.543	0
Disposals during the year	-6.352.243	0
Transfer	110.836	-110.836
Acquisition price, at year-end	25.027.618	15.036
Depreciation and impairment losses, beginning of year	-17.663.170	0
Depreciation for the year	-1.983.432	0
Disposals during the year	5.358.180	0
Depreciation and impairment losses, at year-end	-14.288.423	0
Net book value as of December 31, 2024	10.739.196	15.036
Depreciation period	1-10 years	
8 Financial assets		Deposits
Orginal cost as of Janaury 1, 2024		10.007.638
Additions		-650.748
Disposals		0
Net book value as of December 31, 2024		9.356.890

	2024	2023
	DKK	DKK
9 Prepaid expenses		
Other prepaid expenses	5.817.687	2.983.385
Total	<u>5.817.687</u>	<u>2.983.385</u>

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.

	2024	2023
	DKK	DKK
Deferred tax, beginning of year	880.583	1.164.444
Deferred tax for the year	48.817	-283.861
Deferred tax at year-end	<u>929.400</u>	<u>880.583</u>

	2024	2023
	DKK	DKK
11 Other payables		
VAT and taxes	5.648.749	2.974.155
Salary, bonus and pension	6.214.025	8.346.278
Other payables	4.555.985	5.468.675
	<u>16.418.759</u>	<u>16.789.108</u>

12 Contractual commitments

The Company has entered into tenancy agreements of renting premises. The total rent commitment amounts to 26.315 TDKK at December 31, 2024 (2023: TDKK 24.636), of which 13.430 TDKK mature in 2025. The tenancy agreements have different termination possibilities and can be terminated in the period January 1, 2025 to August 13, 2031.

The Company has entered into leases of office equipment and cars. The total lease commitments amount to TDKK 596 at December 31, 2024 (2023: TDKK 112), of which TDKK 272 mature in 2025. The remaining lease commitments mature within 3 years.

13 Contingent liabilities and securities

	2024 DKK	2023 DKK
	<hr/>	<hr/>
Bank guarantee	781.250	781.250
Total	<hr/> <hr/>	<hr/> <hr/>

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

	2024	2023
	DKK'000	DKK'000
Net sales to group companies	17.303	27.058
Net sales to parent company	0	18
Cost of goods from group companies	-119.710	-123.303
Cost of goods from parent company	-156.945	-141.304
Income from other services from group companies	17.189	16.844
Cost of other services from group companies	-5.836	-6.699
Cost of services from parent company	-38.361	-43.153
Interest expenses from parent company	-504	35
Receivables from group companies	17.779	4.225
Receivables from parent company	0	13.183
Payable to group companies	-2	-455
Payables to parent company	-33.852	0

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

	2024	2023
	DKK	DKK
15 Proposed distribution of results		
Proposed dividend recognised in equity	14.000.000	24.377.636
Retained earnings	1.201.389	-8.007.909
	<u>15.201.389</u>	<u>16.369.727</u>

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.

Leases

Leases in respect of which the entity does not bear all significant risks and enjoy all significant benefits associated with the title to the assets are considered operating leases. Payments under operating leases are recognized in the income statement over the term of the lease.

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

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:	$\frac{\text{Profit for the year} \times 100}{\text{Average equity}}$