

HUGO BOSS Nordic ApS

CVR-nr. 26 59 64 67

Støberigade 12
2450 København SV

Annual Report

1 January 2025 - 31 December 2025

The annual Report has been presented and approved on the company's general meeting
the 23rd of March 2026

Chairman of the general meeting

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COMPANY INFORMATION

Company

HUGO BOSS Nordic ApS
Havneholmen 25, 1. tv
DK-1561 København V

Phone no: '+45 33 18 80 00

Business registration no: 26 59 64 67

Reporting period: 01/01/2025 - 31/12/2025

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 2025 – 31 December 2025.

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 2025 and of the results of its operations for the financial year 1 January 2025 – 31 December 2025.

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, 23rd of March, 2026

Executive Board

Jörg Horcher

Board of Directors

Jörg Horcher
Chairman

Yves Müller

Ivica Maric

INDEPENDENT AUDITOR'S REPORT

To the shareholder of HUGO BOSS Nordic ApS

Opinion

We have audited the financial statements of Hugo Boss Nordic ApS for the financial year 01.01.2025 - 31.12.2025, 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 31.12.2025 and of the results of its operations for the financial year 01.01.2025 - 31.12.2025 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 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, 23.03.2026

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

Henrik Hartmann Olesen

State Authorised Public Accountant

Identification No (MNE) mne34143

MANAGEMENT COMMENTARY

Key figures and ratios

	2025	2024	2023	2022	2021
Key figures	m.DKK	m.DKK	m.DKK	m.DKK	m.DKK
Net turnover	342,6	364,7	414,9	383,3	325,1
Gross profit	72,1	73,9	72,2	69,2	45,3
Operating Income	28,0	20,7	21,2	12,7	7,2
Net financial expenses	1,6	-0,5	0,1	-0,4	-0,6
Profit for the year	26,5	15,2	16,4	9,4	5,2
Balance sheet	96,3	110,9	99,1	86,0	94,2
Investments in tangible assets	0,7	1,8	1,8	4,0	0,7
Equity	60,3	47,8	57,0	48,6	44,8
Key ratios					
Profit ratio	8,2%	5,7%	5,1%	3,3%	2,2%
Straight line	21,1%	20,3%	17,4%	18,0%	13,9%
Liquidity Ratio	215,8%	261,4%	261,4%	202,1%	142,0%
Equity ratio (solidity)	62,6%	43,1%	57,5%	56,5%	47,6%
Return on equity	49,0%	29,0%	31,0%	20,2%	23,3%
Average full-time employees	73	89	93	103	88

Main activity

The company's principal activities, as in previous years, have focused on the sale of the Group's products through both wholesale and retail channels, as well as online sales and marketing within the Danish market.

The wholesale sales consider, beside Denmark, Iceland, Faroe Islands, Greenland, Estonia and Latvia. Whereas retail sales only are within the Danish market.

Development in activities and finances

In 2025, the company generated net turnover of DKK 342.6 million, corresponding to a 6% decline in sales. The development reflects the continued normalization of demand in the Danish fashion market following previous years' strong growth, increasing price competition, and a more cautious consumer sentiment. At the same time, the performance underlines the resilience of our brand and the successful execution of our strategy in a demanding retail environment.

Despite the lower topline, gross profit remained broadly stable, supported by a disciplined approach to discounting, refined assortment planning, and a greater focus on full-price sell-through. Profit for the year rose to a 74% increase in profit. This improvement illustrates the positive impact of our continued efficiency and profitability agenda.

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.

The result was driven by cost management, enhanced buying and inventory processes, and ongoing optimization of our store portfolio and channel mix. As part of this, the company closed a store in Østergade in June 2025, in line with our strategy to focus on brand-relevant, high-traffic locations and to further strengthen our omnichannel presence.

Combined with ongoing supply chain optimization and improved commercial steering, these initiatives enabled us to protect and slightly improve gross profit margins despite the decline in sales. Overall, the 2025 performance strengthens the foundation for sustainable and profitable growth in Denmark in the years ahead.

Profit for the year in relation to expected developments

Despite the decline in sales, the company achieved a significantly higher profit of DKK 26.5 million. The performance, delivered in a market environment still characterized by cautious consumer sentiment and intense competition, underscores the strength and desirability of our brands. It also confirms the continued successful execution of our 'CLAIM 5' growth strategy, which has played a key role in enhancing brand relevance, sharpening our omnichannel presence, and strengthening our market position in recent years.

Expectations to the future

For 2026, the company expects stable sales at around the 2025 level and a result broadly in line with 2025. The outlook reflects a Danish fashion market that remains competitive and marked by cautious consumer spending. The company will continue to focus on profitable growth, product development and customer centricity, supported by strong brand presentation of BOSS and HUGO and strategic partnerships.

Our commitment to sustainability remains a core element of our strategy. We will further integrate environmentally and socially responsible practices into our operations, product development, and sourcing. By combining a strong brand proposition with disciplined steering of costs and investments, the company aims to safeguard stable sales and a result on par with 2025 in a still challenging market environment.

Total revenue for 2026 is expected to remain broadly stable at the 2025 level. EBITDA margins are expected to be in line with 2025, at a similar level to previous years

Risk report

Uncertainty relating to recognition and measurement

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. Furthermore 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 therefore have no significant direct effect on the result.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

INCOME STATEMENT FOR 2025

	Notes	2025 DKK	2024 DKK
Revenue		342.575.947	364.677.329
Cost of sales		-218.869.464	-226.303.850
Other operating income	1	2.018.482	2.815.646
Other operating expenses		0	-845.350
Other external expenses		-53.587.559	-66.486.210
Gross profit		72.137.406	73.857.564
Employee expenses	2	-39.549.370	-50.136.082
Depreciations, amortisations and impairments	7	-4.559.009	-3.041.114
Operating profit		28.029.026	20.680.368
Other financial income	3	2.435.163	195.708
Other financial expenses	4	-798.802	-707.923
Profit before tax		29.665.387	20.168.153
Tax on profit for the year	5	-3.204.638	-4.966.764
Profit for the year		26.460.749	15.201.389

BALANCE SHEET AT 31.12.2025

ASSETS	Notes	31.12.2025	31.12.2024
		DKK	DKK
Acquired other similar rights		0	0
Intangible assets	6	<u>0</u>	<u>0</u>
Fixtures, fittings, tools and equipment		507.450	1.756.540
Leasehold improvements		7.979.580	10.739.196
Assets under construction		285.397	15.036
Tangible assets	7	<u>8.772.427</u>	<u>12.510.772</u>
Deferred tax assets	10	741.303	929.400
Deposits	8	9.011.812	9.356.890
Other non-current assets		<u>9.753.115</u>	<u>10.286.290</u>
Total non-current assets		<u>18.525.542</u>	<u>22.797.062</u>
Inventories		15.583.535	18.065.657
Trade receivables		33.741.420	43.500.235
Receivables from Group enterprises	14	16.353.624	17.779.122
Tax receivables		4.262.790	0
Prepaid expenses	9	3.120.715	5.817.687
Other receivables		0	11.334
Receivables		<u>73.062.084</u>	<u>85.174.035</u>
Cash and cash equivalents		4.740.780	2.923.819
Total current assets		<u>77.802.864</u>	<u>88.097.854</u>
Total assets		<u>96.328.406</u>	<u>110.894.916</u>

EQUITY AND LIABILITIES	<u>Notes</u>	<u>31.12.2025</u> DKK	<u>31.12.2024</u> DKK
Share capital		250.000	250.000
Retained earnings		29.532.070	33.571.321
Proposed dividend		30.500.000	14.000.000
Total equity		<u>60.282.070</u>	<u>47.821.321</u>
Trade payables		9.461.936	10.564.003
Payables to group enterprises		14.714.389	33.562.974
Tax payables		0	2.459.582
Other payables	11	11.870.011	16.418.759
Deferred income		0	68.277
Current liabilities		<u>36.046.336</u>	<u>63.073.595</u>
Total liabilities		<u>36.046.336</u>	<u>63.073.595</u>
Total equity and liabilities		<u>96.328.406</u>	<u>110.894.916</u>
Contractual commitments	12		
Contingent liabilities and securities	13		
Related parties	14		

STATEMENT OF CHANGES IN EQUITY

	Contributed share capital	Retained earnings	Proposed dividend for the year	Total
Equity, beginning of year	250.000	33.571.321	14.000.000	47.821.321
Dividend paid	0	0	-14.000.000	-14.000.000
Profit of the year	0	-4.039.251	30.500.000	26.460.749
Equity, end of year	250.000	29.532.070	30.500.000	60.282.070

NOTES

	2025 DKK	2024 DKK
1 Other Income		
Other operating income	2.018.482	2.778.161
Total	<u>2.018.482</u>	<u>2.778.161</u>
2 Employee expenses		
Salary and wages	34.317.164	43.218.854
Pensions	2.283.190	2.552.260
Social Security	632.308	687.373
Other employee expenses	2.316.708	3.677.594
Total	<u>39.549.370</u>	<u>50.136.082</u>
Average number of full-time employees	<u>73</u>	<u>89</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	627	77.321
Interest income, group companies	210	41.112
Interest income, authorities	2.408.422	0
Foreign exchange gains, group companies	298	173
Foreign exchange gains, other	25.606	77.101
Total	<u>2.435.163</u>	<u>195.708</u>

	2025 DKK	2024 DKK
4 Financial expenses		
Interest expenses, group companies	524.961	544.899
Interest expenses, other	249.899	50.690
Foreign exchange loss, group companies	35	466
Foreign exchange loss, other	23.907	111.868
Total	<u>798.802</u>	<u>707.923</u>
5 Tax on profit for the year		
Corporate income tax	5.711.596	5.015.582
Corporate income tax regarding previous years	-2.695.055	0
Changes in deferred tax	188.097	-48.818
Total	<u>3.204.638</u>	<u>4.966.764</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, 2025		<u>0</u>
Amortisation period		<u>10 years</u>

7 Tangible assets	Fixtures, fittings, tools and	
	Equipment	IT-equipment
Acquisition price, beginning of year	3.703.613	3.194.702
Additions during the year	0	90.925
Disposals during the year	-1.733.286	-603.730
Acquisition price, at year-end	1.970.326	2.681.897
Depreciation and impairment losses, beginning of year	-2.865.241	-2.276.534
Depreciation for the year	-683.416	-556.733
Disposals during the year	1.639.651	597.500
Depreciation and impairment losses, year-end	-1.909.007	-2.235.767
Net book value as of December 31, 2025	61.320	446.131
Depreciation period	1-5 years	3 years
	Leasehold improvements	Assets under construction
Acquisition price, beginning of year	25.027.618	15.036
Additions during the year	654.792	285.397
Disposals during the year	-6.664.220	0
Transfer	15.036	-15.036
Acquisition price, at year-end	19.033.226	285.397
Depreciation and impairment losses, beginning of year	-14.288.423	0
Depreciation for the year	-3.318.860	0
Disposals during the year	6.553.636	0
Depreciation and impairment losses, at year-end	-11.053.646	0
Net book value as of December 31, 2025	7.979.580	285.397
Depreciation period	1-10 years	
8 Financial assets		Deposits
Original cost as of January 1, 2025		9.356.890
Additions		-345.079
Disposals		0
Net book value as of December 31, 2025		9.011.812

	2025 DKK	2024 DKK
9 Prepaid expenses		
Other prepaid expenses	3.120.715	5.817.687
Total	<u>3.120.715</u>	<u>5.817.687</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.

	2025 DKK	2024 DKK
Deferred tax, beginning of year	929.400	880.583
Deferred tax for the year	-188.097	48.817
Deferred tax at year-end	<u>741.303</u>	<u>929.400</u>

	2025 DKK	2024 DKK
11 Other payables		
VAT and taxes	4.169.630	5.648.749
Salary, bonus and pension	3.189.333	6.214.025
Other payables	4.511.048	4.555.985
	<u>11.870.011</u>	<u>16.418.759</u>

12 Contractual commitments

The Company has entered into tenancy agreements of renting premises. The total rent commitment amounts to 22.556 TDKK at December 31, 2025 (2024: TDKK 26.315), of which 5.310 TDKK mature in 2026. The tenancy agreements have different termination possibilities and can be terminated in the period January, 2026 to August, 2031.

The Company has entered into leases of office equipment and cars. The total lease commitments amount to TDKK 422 at December 31, 2025 (2024: TDKK 596), of which TDKK 350 mature in 2026. The remaining lease commitments mature within 3 years.

13 Contingent liabilities and securities

	2025 DKK	2024 DKK
Bank guarantee	1.662.500	781.250
Total	<u>1.662.500</u>	<u>781.250</u>

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
Holy-Allee 3, 72555 Metzingen
Germany

Transactions with related parties

	2025	2024
	DKK'000	DKK'000
Net sales to group companies	17.245	17.303
Cost of goods from group companies	-70.181	-119.710
Cost of goods from parent company	-144.042	-156.945
Income from other services from group companies	15.426	17.189
Cost of other services from group companies	-3.832	-5.836
Cost of services from parent company	-33.799	-38.361
Interest expenses from parent company	-525	-504
Receivables from group companies	15.383	33.415
Payable to group companies	0	-2
Payables to parent company	-11.004	-33.852

Information on the remuneration to Management appears from note 2, "Employee expenses".

	2025	2024
	DKK	DKK
15 Proposed distribution of results		
Proposed dividend recognised in equity	30.500.000	14.000.000
Retained earnings	-4.039.251	1.201.389
	<u>26.460.749</u>	<u>15.201.389</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:	$\frac{\text{Profit for the year} \times 100}{\text{Average equity}}$