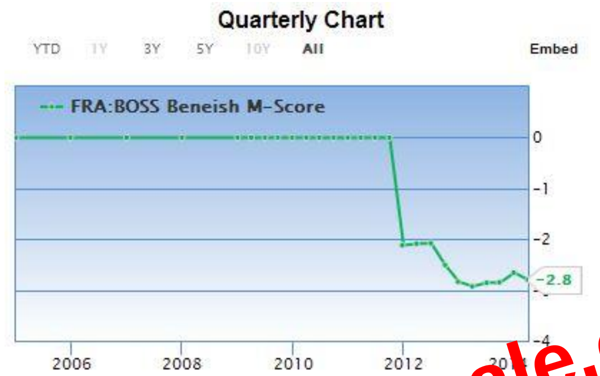
M-Score: Earning Quality or Manipulation

The M-Score was created by Professor Beneish and it is used to detect the risk of earnings manipulation. If the M-Score is less than -2.22, this suggests that the company is likely to manipulate earnings, contrary to a Score greater than -2.22, which indicates that the company is not manipulating earnings. Hugo Boss has a score of -2.80; hence it seems that the Group is not manipulating earnings.

Figure 5: M-Score Hugo Boss



F-Score: Earnings Quality

The F-Score is based on the academic work of Joseph Piotroski. It is a nine-point scoring system, 8 to 9 scoring the highest and 0 to 1 being the lowest. He suggests that companies scoring the highest should be bought, whereas those scoring the lowest should be refrained from being bought. Hugo Boss has an F-Score of 8, which is a high score, indicating that the company's financial situation is healthy. The Groups lowest point in the past was 4.

Figure 6: F-Score Hugo Boss

Appendix 2

INCOME STATEMENT

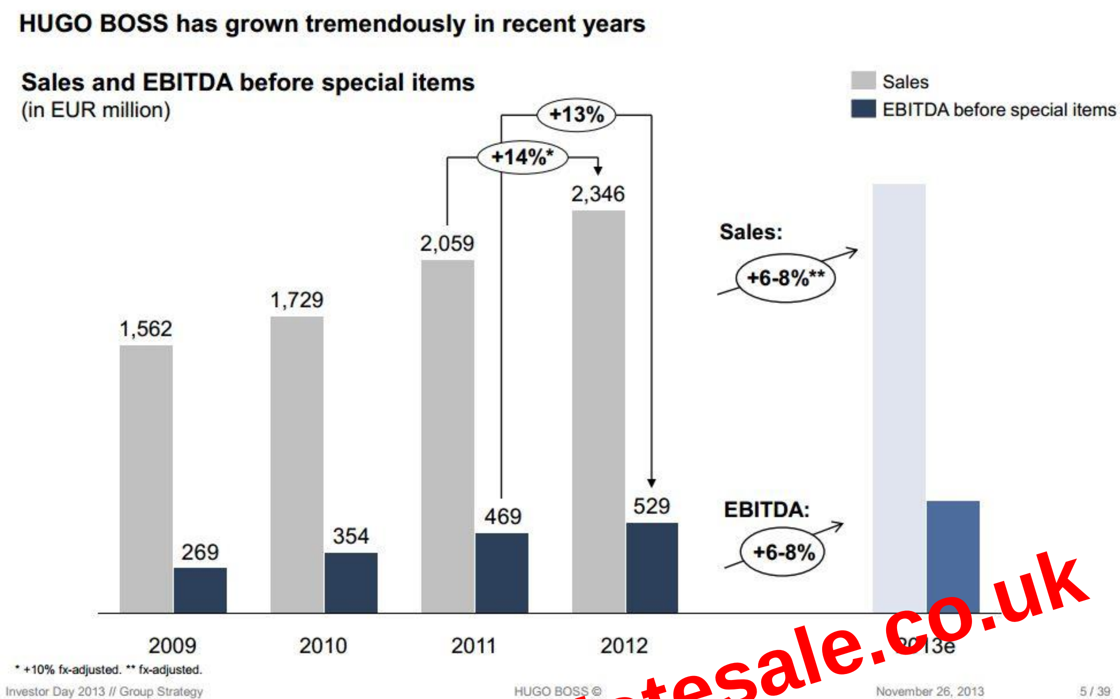
OF HUGO BOSS AG FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2013

(in EUR thousand)

	Notes–No.	**2013**	2012
1. Net sales	(13)	1,067,262	1,093,400
2. Cost of Sales[1]	(14)	(653,880)	(681,790)
3. Gross profit		**413,382**	**411,610**
4. Distribution expenses[1]	(15)	(298,891)	(283,825)
5. General administrative expenses[1]	(16)	(101,328)	(93,297)
6. Other operating income	(17)	131,773	126,332
7. Other operating expenses[1]	(18)	(59,112)	(61,674)
8. Operating result		**85,824**	**99,146**
9. Income from investments	(19)	95,387	97,487
10. Other interests and similar income	(20)	2,424	3,057
11. Income from profit transfer agreements	(21)	101,812	153,[illegible]75
12. Losses from loss transfer agreements	(21)	(5[illegible]4)	0
13. Interests and similar expenses	[illegible]	(13,027)	(16,392)
14. Income from ordinary activities		**271,826**	**336,573**
15. Income taxes	(22)	(60,960)	(48,246)
16. Other taxes		(98)	(120)
17. Net income		**210,768**	**288,207**
18. Transfer to/from other revenue reserves		20,051	(72,553)
19. Accumulated income previous year		4,317	3,994
20. Unappropriated income		**235,136**	**219,648**

[1] Previous year's figures have been adjusted.

Appendix 3



Appendix 4