In accordance with section 203 para. 2 sentence 2 of the German Stock Corporation Act in conjunction with section 186 para. 4 sentence 2 of the German Stock Corporation Act, the Managing Board reports on the reasons for the authorization to exclude the preemptive rights proposed under Agenda Item 7. The report will be accessible on the internet at shareholdermeeting.hugoboss.com under "Annual Shareholders' Meeting 2021" starting from the date the Annual Shareholders' Meeting has been convened. The report will continue to be accessible there also during the Annual Shareholders' Meeting. The report is published in the following version:

Current authorized capital and advantages of creating new authorized capital
By resolution dated 16 May 2019, the Annual Shareholders' Meeting of HUGO BOSS AG authorized the Managing Board to increase the capital stock once or several times on or before 15 May 2024 with the consent of the Supervisory Board by up to 50% of the existing capital stock, i.e., EUR 35,200,000.00, by issuing up to 35,200,000 new no-par value registered shares against cash and/or non-cash contributions ("Authorized Capital 2019"). The Managing Board has not exercised this authorization to date.

Above and beyond this authorization, the Managing Board is to be authorized to issue convertible bonds and/or bonds with warrants, profit participation rights and/or income bonds (or combinations of these instruments) together with the associated conditional capital ("Conditional Capital 2021"; see proposed resolution under Agenda Item 8). This is to enable the Company to respond flexibly to funding requirements and capital market opportunities. However, simultaneously both authorizations must not exceed 50% of the Company's capital stock in the aggregate. Therefore, the existing Authorized Capital 2019 is to be reduced in order to enable the creation of the Conditional Capital 2021.

Under Agenda Item 7, the Managing Board and the Supervisory Board therefore submit the proposal to the Annual Shareholders' Meeting not only to cancel the Authorized Capital 2019 but also to create new authorized capital in a correspondingly reduced amount of up to 25% of the existing capital stock, i.e., of up to an amount of EUR 17,600,000.00, by issuing up to 17,600,000 new no-par value registered shares against cash and/or non-cash contributions ("Authorized Capital 2021"). Otherwise, the terms and conditions of the authorized capital essentially remain unchanged. In particular, the restriction in effect to date of the option to exclude the preemptive rights in the event of capital increases against cash and non-cash contributions to 10% of the capital stock will be maintained.

The proposed Authorized Capital 2021 will enable the Managing Board of the Company within a reasonable scope to adjust the equity base of the Company, especially with a view to the group's further strategic development pursued by the Managing Board and the targeted expansion of the business activities in dynamic markets to accommodate business needs at any time, while also acting quickly and flexibly in the ever changing markets in the best interests of the Company's shareholders. To this end, the Company must ensure availability at all times of the necessary instruments to raise capital, irrespective of the existence of any specific plans to use such instruments. Since decisions on meeting capital requirements generally have to be made at short notice, it is key that in making such decisions, the Company is not dependent on the cycle of its annual shareholders' meetings. By introducing the instrument of authorized capital, legislature took this requirement into account. Authorized capital is commonly used to strengthen a company's equity base and to finance acquisitions of equity interests.

Preemptive rights of the shareholders
When authorized capital is used, shareholders are generally entitled to preemptive rights (section 203 para. 1 sentence 1 of the German Stock Corporation Act in conjunction with section 186 para. 1 of the German Stock Corporation Act). Under this statutory preemptive right, the shares can also be granted to the shareholders indirectly in accordance with section 186 para. 5 of the German Stock Corporation Act. However, in the situations explained in greater detail below,
the shareholders' preemptive rights can be excluded with the consent of the Supervisory Board, provided the option to exclude the preemptive rights is limited to a total of 10% of the capital stock in the aggregate.

**Exclusion of preemptive rights for fractional amounts**
The authorization to exclude the preemptive rights for fractional amounts serves to ensure a practicable subscription ratio with respect to the amount of the respective capital increase. Without the option to exclude the preemptive rights for fractional amounts, the technical implementation of the capital increase and the exercise of preemptive rights would be considerably more difficult, particularly in the event of a capital increase by round numbers. The new fractional shares for which the preemptive rights are excluded are either sold on the stock exchange or otherwise disposed of to achieve maximum advantage for the Company.

**Exclusion of preemptive rights in the event of capital increases against cash contributions in accordance with section 186 para. 3 sentence 4 of the German Stock Corporation Act**
In addition, the Managing Board is to have the option of excluding the preemptive rights in the event of capital increases against cash contributions in accordance with section 203 para. 1 sentence 1, para. 2, section 186 para. 3 sentence 4 of the German Stock Corporation Act. This option serves the Company's best interests in achieving the best possible issue price when issuing new shares. The statutory option provided for in section 186 para. 3 sentence 4 of the German Stock Corporation Act to exclude the preemptive rights enables the management to seize opportunities arising from prevailing stock market conditions quickly and flexibly as well as cost-effectively, thereby strengthening the Company's equity base as much as possible in the best interests of the Company and all shareholders. As the Company does not have to engage in any time-consuming and costly processing of preemptive rights, market opportunities can be seized swiftly in order to meet equity funding requirements at very short notice. In addition, as a result new groups of shareholders may be attracted both in Germany and abroad.

If the preemptive rights were not excluded, the determination of terms and conditions in line with the market and a smooth placement would not be possible. Although section 186 para. 2 of the German Stock Corporation Act permits the subscription price to be published at the latest on the third day prior to the end of the subscription period, considering the frequent phenomenon of stock market volatility, a market risk continues to exist for several days even in this case, which eventually leads to safety margins being deducted in the determination of the subscription price, and terms and conditions that are not in line with the market. Moreover, the granting of preemptive rights could jeopardize any successful placement with third parties, or result in additional expenditure due to uncertainty surrounding their exercise. Finally, given the length of the subscription period, the Company cannot respond quickly to favorable or adverse market conditions if preemptive rights are granted; rather, it is exposed to the risk of falling stock prices during the subscription period, which might result in situations where capital is raised at terms and conditions that are unfavorable for the Company. This option to increase capital under optimum conditions and without any significant preemptive rights markdown is important to the Company, especially since the Company must be able to seize market opportunities swiftly and flexibly and to cover its capital needs arising therefrom even on very short notice, if necessary.

The issue price of the new shares, which is to be determined as close to their placement date as possible, and thus the issue proceeds raised by the Company from issuing the new shares will be determined on the basis of the stock market price of the Company's shares that are already listed at the time, and will not be substantially lower than the then current stock market price, probably by no more than 3%, but in any case by no more than 5%.

The new shares issued while excluding the preemptive rights pursuant to section 186 para. 3 sentence 4 of the German Stock Corporation Act must not, in the aggregate, exceed 10% of the capital stock either at the time the authorization enters into force or – if lower – at the time the authorization is exercised. Insofar as, during the term of this authorization up to its exercise, other authorizations allowing the simplified exclusion of preemptive rights are exercised, the resulting shares must be counted toward this limit of 10% of the capital stock. This serves the purpose of reducing the scope of the authorization and aims at making sure that the 10% limit provided for in section 186 para. 3 sentence 4 of the German Stock Corporation Act is observed, taking into
account all authorizations to exclude the preemptive rights in direct, corresponding or analogous application of section 186 para. 3 sentence 4 of the German Stock Corporation Act. Any potential sale of treasury shares and any potential issue of shares from any other (future) authorized capital are covered by this arrangement. Furthermore, shares issued or to be issued to service profit-sharing certificates and/or Bonds that carry conversion or option rights or conversion obligations must also be included in the calculation. These requirements take into account the shareholders' interest in protecting their shareholdings against dilution in compliance with the statutory provisions. Thanks to the fact that the issue price of the new shares is in line with the market price and given the restricted volume of the capital increase while excluding the preemptive rights, each shareholder will generally be able to preserve his or her ownership percentage by purchasing the required number of shares on the stock market on nearly the same terms and conditions.

The proposed resolution contains the restriction that if shares have been counted toward the limit in accordance with the above stipulation, this will no longer be done with effect for the future if and to the extent that the respective authorization(s) whose exercise caused the counting of the shares toward the 10% limit is or are granted once again by the Annual Shareholders' Meeting with due regard to the legal provisions. This applies because in such an event, the Annual Shareholders' Meeting once again decided on the authorization of a simplified exclusion of the preemptive rights so that there is no longer any reason to count these shares toward the limit. To the extent that once again (i) new shares can be issued under simplified exclusion of the preemptive rights according to the requirements of any other statutory authorized capital, (ii) Bonds can be issued under simplified exclusion of the preemptive rights, or (iii) treasury shares can be sold under simplified exclusion of the preemptive rights, this option should also again be available for the Authorized Capital 2021. When the new authorization allowing the simplified exclusion of the preemptive rights enters into force, the barrier concerning the Authorized Capital 2021 arising from the exercise of the authorization to issue new shares or to issue Bonds or from the sale of treasury shares will in fact be eliminated. The majority requirements to be imposed on such a resolution are the same as those applicable to a resolution on the creation of authorized capital, the authorization to issue Bonds or the authorization to sell treasury shares, each providing the option of a simplified exclusion of the preemptive rights. Therefore — and to the extent the statutory requirements are complied with — the resolution of the Annual Shareholders' Meeting in the aforementioned cases must simultaneously be regarded as a confirmation relating to the authorization resolution on the issue of new shares from authorized capital in accordance with section 203 para. 2, section 186 para. 3 sentence 4 of the German Stock Corporation Act. In the event that an authorization to exclude the preemptive rights is once again exercised in direct or corresponding application of section 186 para. 3 sentence 4 of the German Stock Corporation Act, the shares than will be counted toward the limit once again.

Exclusion of preemptive rights in the event of capital increases against non-cash contributions

In the event of capital increases against non-cash contributions, the proposal also provides for the option of excluding the shareholders’ preemptive rights. This will enable the Managing Board to use shares of the Company to acquire, in individual cases, companies or parts thereof, equity interests or other assets eligible for contribution, including rights and receivables, where appropriate. For example, the need to offer shares as consideration rather than cash can arise during negotiations. The option to offer the Company's shares as consideration is required in particular in international competition for attractive acquisition targets and provides the scope needed by the Company to seize opportunities to acquire companies or parts thereof, equity interests or other assets while preserving its liquidity. Offering shares as consideration can also be prudent to ensure an optimal financing structure. The authorization will also enable the Company to acquire larger companies or equity interests, where appropriate, provided that this is in the best interests of the Company and therefore also in the best interests of its shareholders. This will not put the Company at a disadvantage because the issue of shares for non-cash consideration is subject to the condition that the value of such non-cash consideration must be reasonably proportionate to the value of the shares. When determining the valuation ratio, the Managing Board will ensure that the best interests of the Company and its shareholders are appropriately safeguarded and that a reasonable issue amount is achieved for the new shares.
Restriction of the total volume of capital increases without granting preemptive rights
Moreover, the authorizations described above are restricted to such an extent that following their exercise, the sum total of all shares issued under the Authorized Capital 2021 while excluding the preemptive rights must not exceed 10% of the capital stock. This additionally limits the total volume of any share issue under exclusion of the preemptive rights. In this way the shareholders are provided with additional protection from potential dilution of their shareholdings. Clauses prescribing that issues must be counted toward the limit ensure that the Managing Board does not even exceed the 10% limit by making additional use of other authorizations to issue shares or rights that enable or oblige to subscribe for shares and, in doing so, also excludes the preemptive rights of the shareholders.

Again here, the proposed resolution provides that if shares have been counted toward the limit in accordance with the above stipulation due to the exercise of authorizations (i) to issue new shares in accordance with section 203 para. 1 sentence 1, para. 2 sentence 1, section 186 para. 3 sentence 4 of the German Stock Corporation Act and/or (ii) to sell treasury shares in accordance with section 71 para. 1 no. 8, section 186 para. 3 sentence 4 of the German Stock Corporation Act, and/or (iii) to issue Bonds in accordance with section 221 para. 4 sentence 2, section 186 para. 3 sentence 4 of the German Stock Corporation Act, this will no longer be done with effect for the future if and to the extent that the respective authorization(s) whose exercise caused the counting of the shares toward the 10% limit is or are granted once again by the Annual Shareholders' Meeting with due regard to the legal provisions (see above for the reasons).

Use of the Authorized Capital
There are currently no concrete plans for using the Authorized Capital 2021. The Managing Board will carefully examine on a case-by-case basis whether or not to exercise the authorization to increase capital while excluding the shareholders' preemptive rights. The Managing Board will only exercise this authorization if the Managing Board and the Supervisory Board believe that doing so is in the best interests of the Company and therefore also in the best interests of its shareholders.

The Managing Board will report to the shareholders on each instance it exercised the authorization at the respective next Annual Shareholders' Meeting.