Investor Meeting Presentation

August - October 2020
AGENDA

1 Second Quarter Results 2020

2 General Information
Pandemic weighs strongly on Group sales in Q2

GROUP SALES
Q2 2020

EUR 275 MILLION

(59)\%
CURRENCY-ADJUSTED

Pandemic weighs strongly on Group sales in Q2
~50% of global store network closed on average in the second quarter
EUROPE SALES **

Double-digit sales declines in all key markets

Revenue declines in Germany less pronounced as stores reopened in early May

Long-lasting store closures and significantly lower tourist flows burden sales in France, Italy, and Spain

Great Britain lags behind as stores only reopened towards the end of Q2
AMERICAS SALES

All of the region’s key markets affected by temporary store closures in Q2.

Average store closure rate in the second quarter amounts to 70%, thus exceeding all other regions.

Unrest and demonstrations in May and June put an additional strain on consumer sentiment in the U.S.

Lockdown and demonstrations weigh on business in the Americas.
ASIA/PACIFIC SALES

Mainland China returns to growth in Q2

Significantly lower tourist flows weigh on business in Hong Kong and Macao

Southeast Asia and Japan affected by high degree of store closures in the second quarter

Decline in Asia/Pacific less pronounced than in Europe and the Americas

(36)\%*
Mainland China

+4%*

Strong improvement in consumer engagement

Double-digit sales increase in June marks return to pre-COVID-19 growth rates

Online business more than doubles in the second quarter

Sales in mainland China return to double-digit growth trajectory
Currency-adjusted retail comp store sales down 59% in the second quarter

Decline in own retail in Asia/Pacific less pronounced due to higher store opening rate

Wholesale performance burdened by store closures resulting in significantly lower deliveries to partners

Temporary store closures weigh on brick-and-mortar business
Momentum in own online business further accelerates in Q2

Strong double-digit sales improvements across all three regions

Q2 marks strongest quarterly performance out of eleven consecutive quarters

Millennials represent the fastest-growing customer group online

ONLINE

+74%  

* CURRENCY-ADJUSTED
Focus on driving the **casualization of formalwear**

NEW INTERPRETATION
OF FORMALWEAR
WITH STRONG FOCUS
ON CASUAL TAILORING
Leveraging strength in casualwear
to capture consumer behaviour

Enabling consumers to dress in a sporty style
without compromising on value or quality
Economic consequences of COVID-19 weigh on **EBIT development** in Q2

- **Gross margin**: 54.6% (1,140 bp) YOY
- **Selling & distribution expenses**: EUR 203 million (31)% YOY
- **Administration expenses**: EUR 71 million (2)% YOY
- **EBIT**: EUR (124) million (<100)% YOY
- **Net income**: EUR (96) million (<100)% YOY

*EXCL. NON-CASH IMPAIRMENT CHARGES OF EUR 125 MILLION*
Decrease in **gross margin** mainly attributable to inventory valuation effects
Significant cost savings partly offset gross profit decline in Q2

Q2 2019

- **EBIT**: EUR 80 million
- **GROSS PROFIT**
- **OPERATING EXPENSES**

Q2 2020

- **EBIT** (Excl. non-cash impairment charges of EUR 125 million): EUR (124) million
- **IMPAIRMENTS**: EUR (250) million
- **EBIT**: EUR (250) million

*EXCL. NON-CASH IMPAIRMENT CHARGES OF EUR 125 MILLION*
Solid balance sheet despite challenging market environment

Inventory growth curbed due to reduction in merchandise inflow for upcoming collections and inventory write-downs

Increase in trade net working capital reflects slightly higher inventories as well as lower trade payables

Strong decline in capital expenditure due to postponement of non-business-critical investments
Successful execution of comprehensive measures to protect financial stability

<table>
<thead>
<tr>
<th>FY MEASURES IMPLEMENTED</th>
<th>INITIATIVES DURING Q2</th>
<th>PROGRESS IN Q2</th>
</tr>
</thead>
</table>
| **Strict cost management** | Additional cost savings of at least EUR 150 million | • Significant payroll as well as rental savings achieved  
• Lower marketing spend due to postponement of events  
• Elimination of non-business-critical operating expenses |   |
| **Postponement of investments** | CAPEX budget cut by around EUR 50 million | • Postponement of store openings and renovations  
• Non-essential IT investments halted |   |
| **Limitation of TNWC increase** | Reduction of inventory inflow by at least EUR 200 million | • Cautious approach with regard to never-out-of-stock business  
• Own production adjusted to lower demand  
• Delivery of Fall/Winter collection shifted from Q2 into Q3 |   |
| **Retention of net profit** | Suspension of dividend except for the minimum dividend of EUR 0.04 | • Retention of net profit strengthens financial flexibility |   |
Strong free cash flow generation
in the second quarter

Positive free cash flow of EUR 39 million in Q2

Free cash flow in H1 2020 amounts to minus EUR 46 million

Increase option of existing syndicated loan successfully exercised, now totalling EUR 633 million

Further credit commitments of EUR 275 million secured, maturing in June 2022
AGENDA

1. Second Quarter Results 2020

2. General Information
### Sales by region and major markets

#### Share of Group sales*

<table>
<thead>
<tr>
<th>Region</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Europe (incl. Middle East/Africa)</strong></td>
<td>63%</td>
</tr>
<tr>
<td>Germany</td>
<td>14%</td>
</tr>
<tr>
<td>Great Britain</td>
<td>13%</td>
</tr>
<tr>
<td>France</td>
<td>6%</td>
</tr>
<tr>
<td>Benelux</td>
<td>5%</td>
</tr>
<tr>
<td>Other</td>
<td>25%</td>
</tr>
<tr>
<td><strong>Americas</strong></td>
<td>19%</td>
</tr>
<tr>
<td>U.S.</td>
<td>14%</td>
</tr>
<tr>
<td>Canada</td>
<td>3%</td>
</tr>
<tr>
<td>Central &amp; South America</td>
<td>2%</td>
</tr>
<tr>
<td>China</td>
<td>8%</td>
</tr>
<tr>
<td>Oceania</td>
<td>2%</td>
</tr>
<tr>
<td>Japan</td>
<td>2%</td>
</tr>
<tr>
<td>Other</td>
<td>3%</td>
</tr>
<tr>
<td><strong>Asia/Pacific</strong></td>
<td>15%</td>
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</tbody>
</table>

* = as of 2019; 3% licenses
Sales by distribution channel

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</thead>
<tbody>
<tr>
<td>RETAIL</td>
<td>57%</td>
<td>60%</td>
<td>62%</td>
<td>63%</td>
<td>63%</td>
<td>65%</td>
</tr>
<tr>
<td>WHOLESALE</td>
<td>41%</td>
<td>38%</td>
<td>35%</td>
<td>34%</td>
<td>34%</td>
<td>32%</td>
</tr>
<tr>
<td>LICENSES</td>
<td>2%</td>
<td>2%</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
</tr>
</tbody>
</table>
Number of Group’s own retail stores by region

As of 30/06/2020

Group 1,121
Europe 600
Americas 224
Asia/Pacific 297

Freestanding stores
Shop-in-Shops
Outlets

Europe

Group 212
315
73

Americas

Group 91
84
49

Asia/Pacific

Group 129
107
61

Outlets

Freestanding stores
Shop-in-Shops
Shareholder return
Strong commitment to profit-based dividend policy

Dividend payout ratio in % of net income, dividend in EUR

* Suspension of the dividend payment – except for the legal minimum dividend of 0.04 cent per share – for fiscal year 2019 proposed.
(Adjusted) financial leverage

- Net debt / EBITDA
- Net debt incl. operating leases / EBITDAR

Operating leases EBITDAR = Future committed operating lease obligations capitalized according to S&P methodology
EBITDAR = EBITDA + minimum rents + contingent rents
* = Net debt / EBITDA including the impact of IFRS 16
Sourcing and production structure*

- 40% ASIA
- 13% WESTERN EUROPE
- 1% AMERICAS
- 40% EASTERN EUROPE
- 6% NORTH AFRICA
- 17% OWN PRODUCTION
- 83% THIRD PARTY PRODUCTION

* = as of 2019, in value terms
## Multi-Year overview

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</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>2,884</td>
<td>2,796</td>
<td>2,733</td>
<td>2,693</td>
<td>2,809</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>1,875</td>
<td>1,824</td>
<td>1,808</td>
<td>1,777</td>
<td>1,853</td>
</tr>
<tr>
<td><strong>Gross profit margin in %</strong></td>
<td>65.0</td>
<td>65.2</td>
<td>66.2</td>
<td>66.0</td>
<td>66.0</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>467</td>
<td>476</td>
<td>499</td>
<td>433</td>
<td>590</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>333</td>
<td>347</td>
<td>341</td>
<td>263</td>
<td>448</td>
</tr>
<tr>
<td><strong>EBIT margin in %</strong></td>
<td>11.5</td>
<td>12.4</td>
<td>12.5</td>
<td>9.8</td>
<td>15.9</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>212</td>
<td>236</td>
<td>231</td>
<td>194</td>
<td>319</td>
</tr>
<tr>
<td><strong>Trade net working capital in % of sales</strong></td>
<td>20.1</td>
<td>19.7</td>
<td>18.6</td>
<td>19.8</td>
<td>19.5</td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td>831</td>
<td>686</td>
<td>662</td>
<td>752</td>
<td>765</td>
</tr>
<tr>
<td><strong>Shareholders equity</strong></td>
<td>1,009</td>
<td>981</td>
<td>915</td>
<td>888</td>
<td>956</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>1,993</td>
<td>1,858</td>
<td>1,720</td>
<td>1,799</td>
<td>1,800</td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td>207</td>
<td>170</td>
<td>294</td>
<td>220</td>
<td>208</td>
</tr>
<tr>
<td><strong>Net debt</strong></td>
<td>83</td>
<td>22</td>
<td>7</td>
<td>113</td>
<td>82</td>
</tr>
<tr>
<td><strong>Capex</strong></td>
<td>192</td>
<td>155</td>
<td>128</td>
<td>157</td>
<td>220</td>
</tr>
<tr>
<td><strong>Depreciation/amortization</strong></td>
<td>134</td>
<td>129</td>
<td>158</td>
<td>170</td>
<td>142</td>
</tr>
<tr>
<td><strong>Total leverage(^1)</strong></td>
<td>0.2</td>
<td>0.0</td>
<td>0.0</td>
<td>0.2</td>
<td>0.1</td>
</tr>
<tr>
<td><strong>Dividend per share</strong></td>
<td>2.75(^2)</td>
<td>2.70</td>
<td>2.65</td>
<td>2.60</td>
<td>3.62</td>
</tr>
</tbody>
</table>

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1 Net financial liabilities/EBITDA before special items.
2 Proposal.
Financial Calendar & Investor Relations contact

Nov 03 2020
Third Quarter Results 2020

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