

Report of the Managing Board to the Annual Shareholders' Meeting on Agenda Item 7 in accordance with Sect. 71 (1) no. 8 AktG in conjunction with Sect. 186 (3) sentence 4 and (4) sentence 2 AktG

Under Item 7 of the Agenda, a proposal is made to the Annual Shareholders' Meeting that, for a period of 5 years ending 11 May 2020, the Managing Board be authorised, in accordance with Sect. 71 (1) no. 8 AktG, to purchase the Company's own shares up to a total of 10% of the issued share capital existing on the date on which the resolution is passed by the Annual Shareholders' Meeting or, if lower, on the date the authorisation is exercised. According to the proposed resolution, the Company is authorised to purchase own shares, even restricting the principle of equal treatment of all shareholders and any tender rights of shareholders, and to use such own shares purchased under this authorisation or earlier authorisations excluding shareholders' subscription rights.

At earlier Annual Shareholders' Meetings, the Company had already passed resolutions authorising the purchase of shares. The last of these resolutions dated 21 June 2010 permitted the purchase of shares until 20 June 2015. Now, in line with previous practice, the Company shall be reauthorised to purchase own shares. This authorisation is subject to the statutory restriction that any shares which have been newly acquired together with any existing own shares not yet used must not exceed the limit specified in Sect. 71 (2) sentence 1 AktG of 10% of the issued share capital. Own shares may be purchased on the stock exchange or by way of a public purchase offer made to all shareholders. Thus, all shareholders are given equal opportunities to sell shares to the Company in the event that the Company exercises the authorisation to acquire own shares. However, the authorisation also permits the Company to purchase shares, restricting the principle of equal treatment of all shareholders and any potential tender rights of shareholders.

Details:

Purchase of own shares excluding a potential tender right

Own shares shall first be purchased on the stock exchange, or by way of a public purchase offer made to all shareholders of the Company, or by way of a public invitation to all shareholders to submit offers for sale.

In the event of a public purchase offer or a public invitation to all shareholders to submit offers for sale, the number of shares offered by the shareholders may exceed the number of shares required by the Company. In this case, the shares must be allotted proportionally. Priority may then be given to small offers or smaller lots of up to a maximum of 100 shares. The objective is to avoid fractional amounts in determining the quotas to be purchased and small residual amounts and thus to simplify the technical procedure of the share repurchase. This also makes it possible to avoid de facto disadvantages to small shareholders. In addition, the scaling down can also be effected by allotting the number of shares to be purchased in proportion to the number of shares offered (tender quota) rather than in proportion to the number of shares held in the Company because this permits the purchase process to be technically handled on a commercially reasonable scale. Finally, rounding in accordance with commercial rounding principles shall be permitted to avoid fractions of shares. To this extent the purchase quota and the number of shares to be purchased from individual shareholders can be rounded as necessary to make the purchase of whole shares feasible for technical purposes. The Managing Board

believes that the inherent exclusion of any potential further tender rights of the shareholders is objectively justified and proportionate towards the shareholders.

In addition to purchasing shares on the stock exchange or by way of a public purchase offer made to all shareholders or by way of a public invitation to all shareholders to submit offers for sale, the authorisation also permits shares to be purchased by way of tender rights that were granted to the shareholders. These tender rights are structured in such a way that the Company is only obliged to purchase whole shares. Any tender rights that cannot be exercised in this connection are forfeited. This procedure ensures equal treatment of shareholders and simplifies the technical handling procedure for share repurchasing.

Use of purchased own shares and exclusion of subscription rights

In accordance with statutory provisions, it is permissible to re-sell the Company's own shares so purchased by way of a public offer made to all shareholders or on the stock exchange. It is ensured by way of the aforementioned options to sell the purchased own shares that the shareholders' right to equal treatment is protected when the shares are sold.

When selling the Company's own shares by way of a public offer made to all shareholders, the Managing Board shall be authorised, subject to the consent of the Supervisory Board, to exclude shareholders' subscription rights for fractional amounts. This exclusion of the subscription right for fractional amounts is necessary to facilitate the technical handling of the sale of own shares by way of a public offer to sell made to all shareholders. The fractions of own shares excluded from the shareholders' subscription rights will be sold either on the stock exchange or will be used on the best possible terms for the Company otherwise.

The proposed authorisation allowing the exclusion of shareholders' subscription rights where the purchased shares are to be sold for cash at a price which is not significantly lower than the stock exchange price of the Company's shares of the same class at the time of the sale makes use of the option to simplify the exclusion of subscription rights under Sect. 71 (1) no. 8 AktG in conjunction with Sect. 186 (3) sentence 4 AktG. The fact that the shares can only be sold at a price that is not substantially lower than the relevant stock exchange price of the Company's shares gives due consideration to the principle of protecting the shareholders' anti-dilution interests. The final purchase price for the Company's own shares will be determined shortly before the sale. The Managing Board will ensure that any discount on the stock exchange price is as low as possible given the market conditions prevailing at the time of placement. In any event, the discount on the stock exchange price at the time of exercising the authorisation will not exceed 5% of the current stock exchange price. This authorisation is subject to the condition that the Company's own shares sold must not exceed 10% of the issued share capital either at the time the authorisation enters into effect or – if lower – at the time the authorisation is exercised. Shares are to be counted towards this 10% limit of the issued share capital if they were issued by excluding subscription rights from authorised capital pursuant to Sect. 186 (3) sentence 4 AktG during the term of this authorisation. It is ensured by counting these shares that the purchased own shares are not sold by excluding subscription rights in accordance with Sect. 186 (3) sentence 4 AktG if this would result in the exclusion of shareholders' subscription rights for more than 10% in total of the issued share capital by

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way of a direct or indirect application of Sect. 186 (3) sentence 4 AktG. This restriction, and the fact that the stock exchange price must be used as a point of reference for the issue price, ensure that the financial and voting interests of shareholders will remain appropriately safeguarded. Shareholders may acquire the number of shares required to maintain their participating interest at almost identical conditions on the stock exchange. Besides, the authorisation is in the interest of the Company, as it will ensure a greater degree of flexibility and will provide the opportunity to broaden the Company's shareholder base by specifically issuing shares to cooperation partners, institutional investors or financial investors. In addition, the authorisation shall permit the Company to respond swiftly and flexibly to favourable stock exchange conditions.

Furthermore, the Company shall continue to have the opportunity to offer its own shares in the context of mergers or in connection with the acquisition of companies, parts of companies, participating interests in companies or other assets. In transactions of this type, sellers frequently request that they receive consideration in the form of shares rather than in cash, and this particular method of financing acquisitions is increasingly required in international competition, too. The proposed authorisation will give the Managing Board (subject to the consent of the Supervisory Board) the necessary discretionary powers to be able to respond swiftly and flexibly to opportunities for acquisitions of companies, parts of companies or participating interests in companies on both German and international markets. Other assets to be acquired may include receivables (loans or bonds) from the Company or group companies. Where such receivables are contributed to the Company by way of a contribution in kind, the liability will cease to exist and the Company's equity base will be reinforced at the same time. The proposed exclusion of subscription rights provides for this objective. When defining the valuation ratios, the Managing Board will ensure that the interests of the shareholders are appropriately safeguarded. Generally, when determining the value of the shares granted as consideration, the Managing Board will use the stock exchange price as a point of reference. The authorisation does not provide for a schematic link to the stock exchange price, specifically in order not to jeopardise the successful outcome of negotiations as a result of fluctuations of the stock exchange price.

In addition, this authorisation is designed to permit the Managing Board, subject to the consent of the Supervisory Board, to use the Company's own shares for flotation on foreign stock exchanges where the Company's shares have not previously been listed. The Company is facing intense competition on the international capital markets. It is of paramount importance for the future growth of the Company's business that the Company is able to raise equity capital on reasonable market conditions at any time. This objective is served by the option to float the Company's shares on foreign stock exchanges, because this helps to broaden the Company's foreign shareholder base and to make its shares a stronger investment proposition. The proposed exclusion of subscription rights makes this type of flotation on foreign stock exchanges possible. In order to protect the shareholders' interests, the resolution contains clearly defined restrictions on the price at which the Company's shares may be floated on foreign stock exchanges.

In addition, the Managing Board shall be authorised, subject to the consent of the Supervisory Board, to offer the Company's own shares for sale to current or former employees of the Company or its affiliated enterprises. This is an authorisation to issue shares that are referred to as employee shares. The proposed exclusion of subscription rights is a precondition for the issue of such employee shares. Companies are entitled to

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use their own shares for the issue of employee shares without obtaining the authorisation of their respective annual shareholders' meeting (Sect. 71 (1) no. 2 AktG). However, this only applies to shares issued to employees within one year of their purchase (Sect. 71 (3) sentence 2 AktG). In derogation of this, the proposed resolution will permit the Managing Board to issue own shares as employee shares without having to observe any time limit. The Managing Board will decide on the terms and conditions of issue within the scope offered by Sect. 71 (1) no. 2 AktG. In particular, the Managing Board may offer shares, within a scope that is customary and reasonable, at a price below the current stock exchange price in order to create an incentive for their purchase. Since using the Company's existing own shares instead of a capital increase or cash compensation may make sense financially, this authorisation is intended to increase flexibility.

Finally, the authorisation also permits the cancellation of purchased own shares. Cancellation may either be effected in such a manner that the issued share capital of the Company is formally reduced or, without formally reducing the issued share capital, by a simple cancellation of the redeemed shares leading simultaneously to a share capital increase of the remaining shares. . The rights of the shareholders will not be prejudiced in either of the aforementioned cases.

The Managing Board will report to the Annual Shareholders' Meeting following the exercise of the authorisation to purchase the Company's own shares in accordance with Sect. 71 (3) sentence 1 AktG, if applicable in conjunction with Sect. 160 (1) no. 2 AktG.