



THE NEW CODE

Annual Report 2014

TOM TAILOR GROUP

KEY FIGURES

TOM TAILOR GROUP

EUR million	2014	2013	Change relative
Revenue	932.1	907.2	2.7%
TOM TAILOR Retail	275.5	254.1	8.4%
TOM TAILOR Wholesale	331.7	302.4	9.7%
BONITA	324.9	350.7	- 7.4%
Share of revenue (in %)			
TOM TAILOR Retail	29.5	28.0	
TOM TAILOR Wholesale	35.6	33.3	
BONITA	34.9	38.7	
Gross profit	531.8	499.0	6.6%
Gross margin (in %)	57.0	55.0	
Recurring EBITDA	87.2	77.2	13.0%
Recurring EBITDA margin (in %)	9.4	8.5	
One-off items/special factors	3.0	13.1	- 77.3%
EBITDA	84.3	64.1	31.5%
EBITDA margin (in %)	9.0	7.1	
Recurring EBIT	45.4	28.5	59.3%
Recurring EBIT margin (in %)	4.9	3.1	
One-off items/special factors (net of imputed tax effects)	12.2	22.0	- 44.8%
EBIT	33.2	6.5	411.4%
EBIT margin (in %)	3.6	0.7	
Recurring net income for the period	21.1	1.7	1,142.0%
Recurring earnings per share (in EUR)	0.68	-0.14	597.7%
One-off items/special factors (including imputed tax effects)	10.4	17.9	- 42.1%
Net income for the period	10.8	- 16.2	166.4%
Earnings per share (in EUR)	0.28	- 0.87	132.1%
Cash generated from in operations	70.3	59.7	17.8%
Net cash used in investing activities	21.2	26.9	- 21.3%
Free cash flow	31.8	20.8	52.9%
	31/12/2014	31/12/2013	
Total assets	788.9	759.6	3.9%
Equity	239.2	221.7	7.9%
Equity ratio (in %)	30.3	29.2	
Cash funds	36.9	47.1	- 21.6%
Financial liabilities	239.9	265.6	- 9.7%
Net debt	202.9	218.5	- 7.1%
Net debt/recurring EBITDA (in years)	2.3	2.8	
Gearing (in %)	84.8	98.6	
Employees (reporting date)	6,466	6,499	- 0.5%
TOM TAILOR Wholesale	740	569	30.1%
TOM TAILOR Retail	1,806	1,701	6.2%
BONITA	3,920	4,229	- 7.3%

General note: Due to the presentation of rounded figures, some totals might deviate from the sum total of the respective individual items.

THE NEW CODE

Revenue, earnings and profitability increased.

The TOM TAILOR GROUP's performance in 2014 was excellent and in line with the corporate strategy: We further expanded and optimised our purchasing operations, the logistics chain and our sales organisation, honed the profile and positioning of our brands, and advanced organic growth in Germany and abroad. This allowed us to grow profitably and further reinforced our position as one of Germany's top ten fashion companies. "THE NEW CODE" symbolises a trajectory of continual and sustainable improvement. We will continue to pursue this successful strategy for profitable growth again in 2015.



*This annual report is accompanied by the 2014 Journal.
Here you can read why our brands are so popular and how THE NEW CODE
has made our daily business successful.*

TOM TAILOR GROUP

FOUR STRONG BRANDS



The TOM TAILOR brand projects a fashionable, confident and authentic style. The TOM TAILOR MEN and TOM TAILOR WOMEN lines are aimed at adults aged 25 to 40. The TOM TAILOR KIDS, TOM TAILOR MINIS and TOM TAILOR BABY lines cater to the younger target groups from 0 to 14 years old.



Stylish, sexy, trendy – these looks are targeted at young people aged 15 to 25. Focusing on denim, the TOM TAILOR Denim Male and TOM TAILOR Denim Female lines appeal to anyone who likes an unconventional life-style.



In 2012 TOM TAILOR POLO TEAM was launched as the third TOM TAILOR brand. This premium brand caters to men and women ages 25 to 40 with uncomplicated, but elegant and meticulously finished sportswear.



Women and men over 40 are the target group for the BONITA and BONITA men brands. These collections continually highlight new trends and feature high-quality items of clothing that can be mixed and matched over and over to create stylish new outfits.

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LETTER TO SHAREHOLDERS

Dear Shareholders and Friends
of TOM TAILOR,

As planned, the TOM TAILOR GROUP returned to profitability in 2014: two years after the acquisition of BONITA, we generated net income of EUR 10.8 million. Adjusted for special factors, this figure reached EUR 21.1 million.

Around a year ago, we unveiled our strategic priorities. At TOM TAILOR, we aimed to expand further, internationalise the brand's design and further increase profitability. At BONITA, the first order of business was to move sourcing to Asia, raise design and product quality, modernise our stores and improve revenue quality. These steps proved to be fruitful, and we were able to achieve our goals. We increased the Group's revenue to EUR 932 million, which is in the upper end of our targeted range of EUR 925 to 935 million. Our recurring EBITDA margin improved to 9.4%, falling in the middle of the 9.2 to 9.7% range we projected.

This revenue growth was driven by the TOM TAILOR brand. Despite difficult weather conditions that put pressure on the entire textile industry, TOM TAILOR's retail segment outperformed the market. On a like-for-like basis, our growth was 1.4% in 2014, whereas the German textile industry saw a 3% decline. Growth in the TOM TAILOR wholesale business was particularly robust. This business benefited from large order volumes by our franchise partners and key accounts as well as a large increase in controlled selling spaces.



DIETER HOLZER
Chief Executive Officer/CEO

In contrast, BONITA's revenue declined both in absolute terms and on a like-for-like basis. We made the intentional decision to cut back on sales, even if this was to the detriment of revenue. Instead we focused on refining the core of the BONITA brand and on giving the collections a new signature look. Moreover, BONITA now procures a majority of its clothing via our own sourcing company in Asia. This factor played a significant part in improving BONITA's gross profit margin, which rose by 6.6 percentage points to more than 68%. Adjusted for special factors, BONITA's EBITDA was up around 20% to some EUR 26 million.

We aim to continue on this successful path in the current financial year. These achievements give us the motivation and incentive to systematically continue following this strategy. On the one hand, we will push even harder than last year to expand the Company. On the other, we expect a challenging year for the wholesale business. As a result, we should see a modest increase in the profitability of the Group.

The currently positive consumer climate in our core markets means that the general conditions for doing business are good. At the same time, the textile industry is experiencing a period of rapid change: consumers are significantly more fashion conscious than in the past, purchase clothing more frequently and use various different channels to their shopping. Therefore this financial year we will also ensure that our positioning as well as the design, purchasing and distribution processes of the TOM TAILOR GROUP are aligned as optimally as possible with future market requirements. We additionally plan to set up our own purchasing company in Turkey, which is becoming an increasingly important sourcing location for the textile industry. We see this as a strategically valuable addition to our production operations in Asia.

Otherwise, we will continue expanding controlled selling spaces for the TOM TAILOR brand and develop the Contemporary style collection into its own division. The Contemporary collection features up-to-the-minute fashion with clean lines suited for an international, urban lifestyle and is highly sought after by customers. We believe the Contemporary style collection still holds enormous potential, and we aim to unlock it.

Last year, BONITA made very substantial progress, but the brand is still not exactly where it should be – on a growth trajectory. We will therefore continue to work further on design and merchandising, while again expanding the BONITA online shop.

All of these measures will contribute to improving the market positioning of our brands. Our general aim is to further increase our Group's profitability. External factors such as political risks or the current appreciation of the US dollar will become more significant in this context. In 2015, we anticipate a moderate, single-digit percentage rise in consolidated revenue with a recurring EBITDA margin that is on a par with the previous year. We would like to thank you, our shareholders, for your confidence in the TOM TAILOR GROUP and your loyalty to our Company. We would be pleased if you would continue on this path with us in the future. Our thanks also goes to our 6,500 employees for their tireless efforts. Their enthusiasm and commitment make us optimistic that we can master the challenges ahead for a successful financial year 2015.

Yours sincerely,



Dieter Holzer
Hamburg, March 2015

THE MANAGEMENT BOARD



DANIEL PETERBURS
Chief Product Development
and Procurement Officer
CPO

DR AXEL REBIEN
Chief Financial Officer
CFO

DIETER HOLZER
Chief Executive Officer
CEO

DR MARC SCHUMACHER
Chief Retail Officer
CRO

DANIEL PETERBURS
BORN IN 1980

has been responsible for product development, procurement and licensing at all divisions of the TOM TAILOR GROUP in his function as CPO since 1 March 2014.

He completed his vocational training as an industrial clerk and then studied Textile and Clothing Management at Hochschule Niederrhein in Mönchengladbach. After completing his studies, he worked in various functions at Peek & Cloppenburg in Düsseldorf from 2006 to 2008. Daniel Peterburs joined the TOM TAILOR GROUP in 2008 and was most recently the division head responsible for the TOM TAILOR Denim Male product line.

DR AXEL REBIEN
BORN IN 1971

has been with the TOM TAILOR GROUP since October 2005. As CFO, he is responsible for finance and accounting, controlling, investor relations, IT, human resources, logistics and legal affairs.

After completing his formal training in banking, Dr Rebien studied economics at the Gottfried Wilhelm Leibniz University in Hanover. In 1999, he began his career with the auditing firm Arthur Andersen, where he worked as a project manager and as a manager in the Transaction Advisory Services division. While at Arthur Andersen, he earned his doctorate in political sciences (Dr rer. pol.) from the Technical University in Chemnitz with a dissertation on enterprise valuation. After Arthur Andersen merged with Ernst & Young, he worked as a manager in the Transaction Advisory Services division until 2005.

DIETER HOLZER
BORN IN 1964

has managed the TOM TAILOR GROUP since September 2006. His responsibilities include the corporate strategy, distribution, e-commerce and public relations business areas.

He is also responsible for integrating BONITA into the TOM TAILOR GROUP.

Between 1982 and 1985, he completed his vocational training as a retail specialist in the textile trade. After holding various positions in the fashion industry – including product development – he worked for ESPRIT from 1995 to 2000. As a wholesale manager, he was responsible for the German, UK and Eastern Europe markets. In 2000, he joined Tommy Hilfiger Deutschland as CEO, where he oversaw the setting-up of the company's wholesale, retail and franchise business in the core markets of Germany and Eastern Europe between 2000 and 2006. He was also responsible for the roll-out of Tommy Hilfiger's e-commerce business throughout Europe.

DR MARC SCHUMACHER
BORN IN 1977

has been responsible as Chief Retail Officer for the retail business segment and marketing of the TOM TAILOR GROUP since June 2011.

Between 1998 and 2001, Dr Marc Schumacher completed an international training programme at HUGO Boss AG while studying business administration at Stuttgart University of Cooperative Education at the same time. In 2001, he joined the Breuninger Group, where he began as an assistant to senior management, subsequently serving as Director of Marketing and Communication between 2003 and 2008. While at Breuninger, Dr Marc Schumacher completed an MBA programme and earned his doctorate (Dr. rer. oec.) with a dissertation on consumer behaviour research at Leipzig Graduate School of Management (Handelshochschule Leipzig). In 2008, he joined TOM TAILOR Holding AG as Director of Retail and International Marketing.

HIGHLIGHTS IN 2014

TOM TAILOR PRESENTS NEW DESIGN AT BREAD & BUTTER IN BERLIN

January 2014

The TOM TAILOR GROUP kicked off 2014 with an update to the TOM TAILOR brand. The revamped brand presence was unveiled for the first time at the Bread & Butter fashion trade show. The design links sporty elements with urban, big-city trends. In future, the logo will not use the striking oval and the word "Casual", while the year the Company was established, 1962, will be highlighted. Overall, the TOM TAILOR brand will be anchored even more strongly in major cities, and its new image will project it to the outside world.



TOM TAILOR OPENS ANOTHER FRANCHISE STORE IN SOUTH AFRICA

January 2014

The TOM TAILOR GROUP is driving forward its expansion on the back of its wholesale business in South Africa: the Group opened a franchise store on 24 January in Westville, Durban. Located in the Pavilion shopping centre, the franchise store has around 160 m² of space and sells the TOM TAILOR and TOM TAILOR Denim collections, plus matching accessories.

DIETER HOLZER'S MANAGEMENT BOARD CONTRACT EXTENDED FOR ANOTHER FIVE YEARS

March 2014

TOM TAILOR Holding AG's Supervisory Board extended CEO Dieter Holzer's contract, which expires on 31 January 2015, by another five years. The new contract takes effect 1 February 2015 and runs until 31 January 2020. The Supervisory Board's extension of Dieter Holzer's contract ensures the continuity of the TOM TAILOR GROUP's senior management in the coming years.

NEW MAJOR SHAREHOLDER FOR TOM TAILOR HOLDING AG

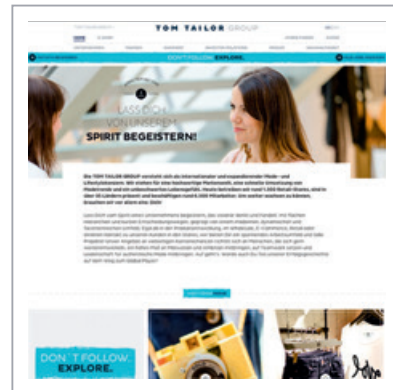
July 2014

Fidelidade-Companhia de Seguros SA, Portugal's largest insurance broker and an indirect subsidiary of Fosun (Fosun International Limited, HKEx stock code: 00656, and subsidiaries), acquired an interest in TOM TAILOR Holding AG. The new investor acquired the 23.16% stake from the former majority shareholder, Versorgungs- und Förderungstiftung, Vaduz, Liechtenstein, with the participation of the members of the Management Board of TOM TAILOR Holding AG. Fosun provides strong support for the strategy of achieving profitable growth being pursued by the TOM TAILOR GROUP. Going forward, Fosun will assist the Company in an advisory capacity with its in-depth knowledge of the consumer goods and fashion industries, contributing additional expertise.

TOM TAILOR GROUP'S CAREER PORTAL HAS A NEW LOOK AND FEEL

August 2014

The TOM TAILOR GROUP's new career portal went live on 6 August. First and foremost, the revamped site gives external job applicants the opportunity to search for vacancies at the TOM TAILOR GROUP easily. However, the portal also offers a great deal more – a look behind the scenes at work at the TOM TAILOR GROUP. Thanks to the new, modern web-site, potential applicants can primarily see staff – and thus the Company – in action, find out more about training opportunities or even learn about the eleven company values.



TOM TAILOR SELLS CHARITY JEANS FOR A GOOD CAUSE

September 2014



In 2014 TOM TAILOR is once again the official fashion partner in the TRIBUTE TO BAMBI fund-raising campaign for children in need. It is the sixth time that the Group has developed a limited denim collection for the charity event. As in past years, TOM TAILOR will donate the entire net proceeds from the jeans to charity. This year, for the first time, 2,800 limited-edition denim charity bags will also be sold in stores.

TOM TAILOR ON THE CAPITAL MARKET

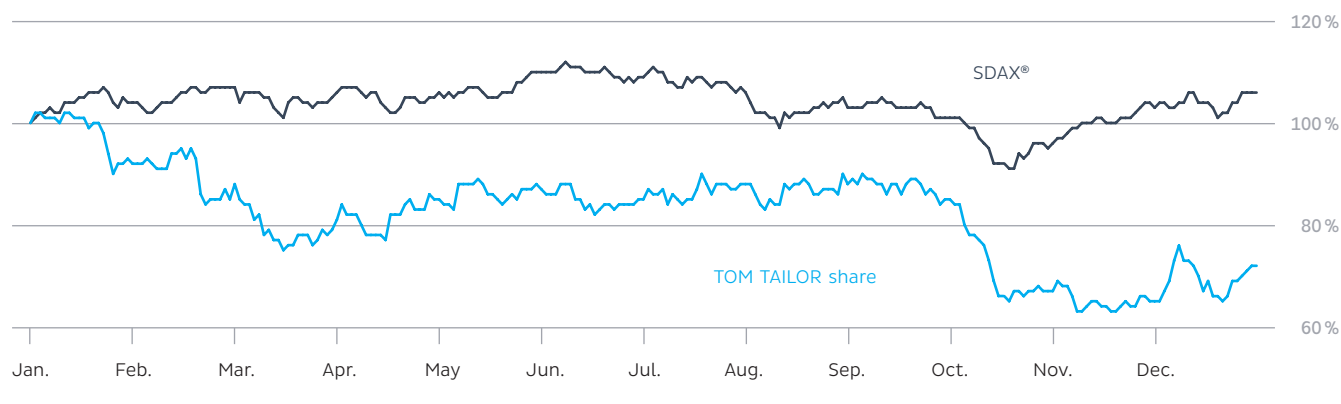
SHARES AND INVESTOR RELATIONS

The investor relations activities of TOM TAILOR Holding AG aim to provide the best possible service to capital market participants as important partners for the Company's future growth. By having access to providers of equity, the Company safeguards a financing channel that rounds off its options. Constant and timely communication is a priority for the Management Board and the Investor Relations department, as is the transparent and reliable presentation of the Company's strategic focus, news and developments. This is a key element in building and strengthening trust and in achieving a fair and realistic market valuation for TOM TAILOR's shares. The Company aims to enhance its visibility on the capital market and to expand the perception of its shares as an attractive growth stock.

WEAK STOCK MARKET PERFORMANCE FOR TOM TAILOR'S SHARES IN 2014

The global financial markets started 2014 on an encouraging note, with the strong economic situation reflecting positively on share prices. The German DAX® index broke through the 10,000 point barrier for the first time at the beginning of June. As the year went on, the crises in Ukraine and the Middle East plus indications of a deteriorating economy in conjunction with increasingly muted expectations of many market participants created uncertainty. This was reflected in greater volatility and, in some cases, in very considerable price losses. Towards the end of the year, low interest rates coupled with high liquidity and the lack of alternative investment opportunities again gave share prices a boost. The DAX® reached a new all-time high of 10,087 points on 5 December 2014. The index closed 2014 at 9,806 points, up 2.7% on the end of the previous year.

Performance of the TOM TAILOR share in 2014 — Indexed as of 1 Januar 2014



Key Data on TOM TAILOR Shares

Class of shares	No-par-value registered shares
ISIN	DE000A0STST2
WKN (German securities ID number)	A0STST
Ticker symbol	TTI
Index	SDAX® (Prime Standard)
Stock markets	Frankfurt and Hamburg
Most important trading venue	Xetra (electronic trading system)
Designated sponsor	Berenberg Bank Commerzbank AG

TOM TAILOR's Share Performance

		2014	2013
Shares in issues as at reporting date	Units	26,027,133	26,027,133
Share capital	EUR	26,027,133	26,027,133
High (Xetra closing price)	EUR	16.88	18.39
Low (Xetra closing price)	EUR	10.40	14.78
Price at financial year-end (Xetra closing price)	EUR	11.96	16.50
Free float at financial year-end	in %	76.84	72.07
Market capitalisation at financial year-end	in EUR million	311.3	429.4
Average daily trading volume	Units (approx.)	64,400	58,400
Recurring earnings per share	EUR	0.68	- 0.14
Reported earnings per share	EUR	0.28	- 0.87
Operating cash flow per share	EUR	2.70	2.29

TOM TAILOR's shares got off to a positive start in 2014, already recording their high for the year of EUR 16.88 on 3 January. On 18 February, the TOM TAILOR GROUP published preliminary figures for financial year 2013. The missing of earnings targets put the stock under pressure, leading to substantial losses. The share price fell to EUR 12.44 in the first quarter (14 March 2014). The shares then recovered as the year progressed and showed stable performance up to mid-September. Weak industry data in September and October, which led the forecast for 2014 as a whole to be revised downwards in November, resulted in TOM TAILOR's shares losing ground again. At the end of the reporting period, on 31 December 2014, the shares

were trading at EUR 11.96, giving TOM TAILOR Holding AG a market capitalisation of EUR 311.3 million. Overall, TOM TAILOR's shares were down 28% against the prior year and considerably underperformed the benchmark index, the SDAX®, which posted gains of 6% in the same period. At 64,400 shares, the average daily trading volume on all stock exchanges was up again year-on-year (previous year: 58,400 shares).

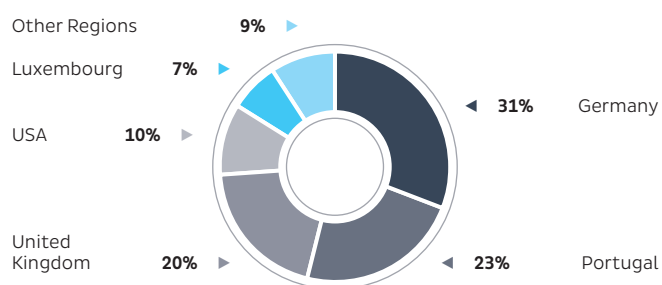
At the end of December 2014, the shares' SDAX® weighting was 1.21% (previous year: 1.71%; figures calculated on the basis of the free float as defined by Deutsche Börse).

CHANGES TO THE SHAREHOLDER STRUCTURE: NEW STRATEGIC MAJOR SHAREHOLDER

The shareholder structure of TOM TAILOR Holding AG underwent considerable changes in 2014. Fosun International Limited acquired the 23.16% stake from the former major shareholder, Versorgungs- und Förderungstiftung, Vaduz, Liechtenstein, with the participation of the members of the Management Board of TOM TAILOR Holding AG, and holds these indirectly via its subsidiary Fidelidade-Companhia de Seguros S. A., one of the largest insurance companies in Portugal. Fosun supports the strategy of profitable growth being pursued by TOM TAILOR Holding AG and will provide advice and support to the Company in the future with its expertise in the consumer goods and fashion industries as well as in the Chinese market.

In addition, the strategic investor Morgan Finance S.A. holds a 4.72% stake that is counted as part of the free float. At the end of the year, the free float was 76.84% and was predominantly held by institutional investors from Germany, the United Kingdom and the United States. Around 8.9% of TOM TAILOR's shares were privately held. The total number of shares outstanding is 26,027,133.

Regional Shareholder Structure – 31 December 2014



SPOTLIGHT ON TOTAL SHAREHOLDER RETURN

The dividend policy pursued by TOM TAILOR Holding AG's Management Board is focused on total shareholder return, which takes into account both dividends and share price changes. It primarily aims for a sustained performance by the Company

and an associated increase in its value, which should be reflected in a positive share price performance. The Management Board's goal is to distribute a dividend if the Company generates a distributable profit.

CONTINUOUS DIALOGUE WITH THE CAPITAL MARKET

TOM TAILOR Holding AG continued, and expanded, its proactive investor relations activities in the past financial year. Meetings with investors centred on discussion and explanation of the corporate strategy, the development of growth and profitability and, especially, the performance of the BONITA brand. Other important topics addressed were the new major shareholder Fosun and the resulting potential for the TOM TAILOR GROUP. In addition to the conference calls and the analysts' conference, TOM TAILOR took part in a large number of investor conferences and held road shows in Europe and North America.

The Annual General Meeting of TOM TAILOR Holding AG, at which around 67.8% of the share capital was represented (previous year: 54.4%), was held in Hamburg on 27 May 2014. The shareholders approved the proposals for resolutions on the agenda with at least 89.9% of the represented votes. Shareholders can find information about financial communications as well as capital market-related information and information on developments in the TOM TAILOR GROUP at <http://ir.tom-tailor-group.com> or contact the Investor Relations team directly.

In the reporting year, the TOM TAILOR GROUP was able to add another two analysts to the group of analysts providing research coverage of TOM TAILOR's shares. As a result, 14 international investment houses now regularly track the Company's business development and issue investment recommendations based on this research. At the end of December 2014, eight analysts issued "buy" recommendations and six issued "hold" recommendations for the Company's shares. There were no recommendations to sell TOM TAILOR shares. In 2015, the Company intends to expand its capital market presence through visits by TOM TAILOR to new financial centres, among other things. The Investor Relations team is also committed to increasing the research coverage further.

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FUNDAMENTAL INFORMATION ABOUT THE GROUP

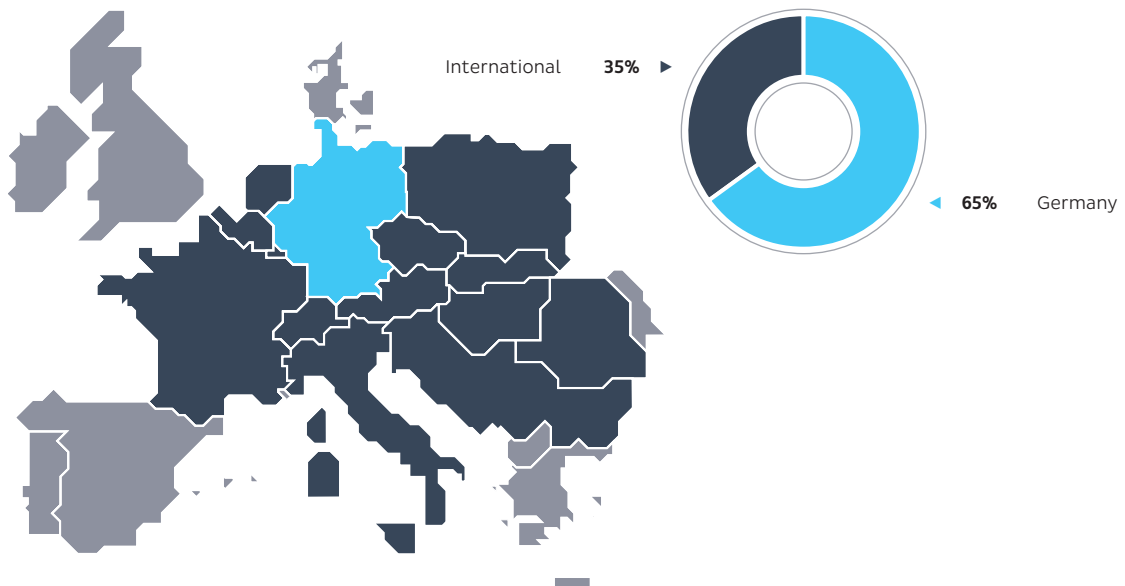
ORGANISATIONAL STRUCTURE AND BUSINESS OPERATIONS

CLEAR BRAND POSITIONING AND INTERNATIONAL PRESENCE

The TOM TAILOR GROUP is an international, vertically integrated fashion and lifestyle company with a clear positioning as a supplier of casual wear in the mid-range price segment. Its product portfolio is complemented by an extensive range of fashionable accessories. The Company concentrates on the TOM TAILOR brand family and the BONITA brand in different segments of the fashion market (age groups of the target customers).

Germany has traditionally been the regional focus of the business of what is now the TOM TAILOR GROUP, established in Hamburg in 1962. However, for several years the Company has been pursuing a successful strategy of conscious international growth. The Company now generates more than one-third of consolidated revenue outside Germany. Its international core regions are the stable, high-income economies of Austria, Switzerland, the Netherlands, Belgium and France. The TOM TAILOR GROUP also has a presence in Poland as well as in selected fast-growing countries of South Eastern Europe. Including other countries, the TOM TAILOR GROUP is represented internationally in over 35 countries.

International presence of the TOM TAILOR GROUP



CLEAN ORGANISATIONAL STRUCTURE FOR EFFECTIVE MANAGEMENT

The TOM TAILOR GROUP is managed by TOM TAILOR Holding AG, which is domiciled in Hamburg, Germany. The parent company, TOM TAILOR Holding AG, is a company incorporated under German law. With its two governing bodies, the Management Board and the Supervisory Board, the Company has the dual management and supervisory structure that is customary in Germany. Together, these two bodies are committed to the interests of shareholders and the good of the Company in equal measure.

TOM TAILOR Holding AG is mainly responsible for the Group's strategic focus and development, corporate financing, risk management and fundamental decisions relating to product development. Other key tasks of TOM TAILOR Holding AG include internal and external communication as well as liaising with the capital market and with shareholders.

TOM TAILOR shares are admitted to trading on the regulated market in the Prime Standard segment of the Frankfurt Stock Exchange and to trading on the regulated market of the Hamburg Stock Exchange. The Company went public in March 2010. The major shareholder of TOM TAILOR Holding AG is the Chinese investment group Fosun, which has a 23.16% stake. All other shares are in free float (for more information, please see the section entitled "TOM TAILOR on the Capital Market").

The TOM TAILOR GROUP is headed by a management team with many years' experience in the sector and the market, led by four Management Board members (for more information please see the section entitled "The Management Board"). The respective subsidiaries run the operating business. This organisational structure with clearly defined top and bottom line responsibilities enables business processes to be managed in line with the strategy and provides transparent cost and earnings control.

Alongside TOM TAILOR Holding AG, a total of 41 (2013: 41) direct and indirect subsidiaries are consolidated in the TOM TAILOR GROUP. Most subsidiaries in Germany and abroad are held via Tom Tailor GmbH, Hamburg, whose sole shareholder is TOM TAILOR Holding AG (a list of shareholdings can be found in the notes to the consolidated financial statements). In the course of 2014, the Group structure changed as follows:

1. Effective 27 March 2014, TOM TAILOR Retail Gesellschaft m.b.H., Wörgl/Austria increased its interest in TOM TAILOR Retail Joint Venture GmbH, which is domiciled in Bregenz/Austria, and its subsidiaries TT RETAIL GmbH, Lindau/Germany, and TT Franchise AG, Buchs/Switzerland, from 51% to 100%. These companies were consolidated without reporting non-controlling interests from the outset due to the existing put/call options. In addition, Retail Joint Venture GmbH was merged with TOM TAILOR Retail Gesellschaft m.b.H., Wörgl/Austria, after the purchase of the shares.
2. The subsidiary TOM TAILOR DOOEL domiciled in Skopje/Macedonia was formed on 17 June 2014, to act as a vehicle for future store expansion in Macedonia.
3. Effective 1 July 2014, TOM TAILOR South Eastern Europe Holding GmbH, Wörgl/Austria, in which TOM TAILOR Holding AG holds a 75% stake, acquired a 49% interest in TOM TAILOR RETAIL RO S.R.L., Bucharest/Romania, which had previously been held by minority shareholders. On account of the change in the ownership structure, the subsidiary, which on the basis of the controlling interest and the existing put/call options was already fully consolidated, will now be incorporated into the TOM TAILOR GROUP via TOM TAILOR South Eastern Europe Holding GmbH, Wörgl/Austria, with a corresponding disclosure of minority interests.
4. To expand sales activities in the Chinese market, TOM TAILOR Trading (Shanghai) Company Limited, with headquarters in Shanghai/China, was founded on 29 July 2014. TOM TAILOR Asia Ltd., Hong Kong/China, holds 100% of this company's share capital.
5. With a view to further streamlining the corporate structure, Tom Tailor Showroom AG, Glattbrugg/Switzerland, was merged with Tom Tailor (Schweiz) Retail AG, Baar/Switzerland retroactively as at 1 January 2014.

6. Effective 1 January 2014, Tom Tailor GmbH acquired a further 12% in TOM TAILOR Sourcing Ltd., Hong Kong, China, increasing its equity interest to 63%. As regards the utilisation of profits, it was agreed that Tom Tailor GmbH is entitled to 75% of the profits with retroactive effect to 1 January 2014, which is at variance with its equity interest under company law.

PROVEN BUSINESS MODEL OF THE FLEXIBLE TREND MANAGER

As a fashion and lifestyle company, the TOM TAILOR GROUP operates in an attractive, internationally very dynamic and heterogeneous market environment that is highly competitive. Success factors in this market are brand strength, flexibility and the ability to identify and satisfy short-lived fashion trends and the frequently changing wishes of customers in due time.






The TOM TAILOR GROUP focuses squarely on fashionable casual wear and accessories in the mid-range price segment and systematically combines the emotional added value of its lifestyle brands with the strategic advantages of an integrated system provider. The Group's business model is based on proximity to the market and to customers. The TOM TAILOR GROUP sees itself primarily as a trend manager that focuses on its customers' needs. This means that, as a basic principle, the TOM TAILOR GROUP does not set any trends with its collections. Instead, new and promising trends are identified quickly and flexibly and implemented in the Company's own collections. This enables the TOM TAILOR GROUP to offer collections reflecting the latest fashion trends to a broad group of consumers (so-called mass market) in the mid-range price segment.

Vertical integration with a strong presence in wholesale and retail gives the TOM TAILOR GROUP quick access to relevant market information. Daily sales analyses for the controlled selling spaces allow the TOM TAILOR GROUP to flexibly tailor its offering to its customers' requirements, and thus actively manage sales. This approach ensures that sufficient volumes of the products that customers are looking for are made available in the selling spaces at the right time, lowering sales risks, increasing space productivity and reducing write-downs of unsold goods. This business model has enabled the TOM TAILOR GROUP to achieve continual growth.

WELL-POSITIONED BRANDS IN COMPLEMENTARY SEGMENTS

In its core business, the TOM TAILOR brand is targeted at men and women aged 25 to 40. In addition, the product range includes clothing for teenagers, children and babies. The TOM TAILOR brand's market presence is determined by the collections for the three brands – TOM TAILOR, TOM TAILOR Denim and TOM TAILOR POLO TEAM – that are designed individually for each of the product lines.

TOM TAILOR GROUP: The Brand Portfolio

Target group by Age	Brand	
≥ 40	BONITA	
25 – 40	TOM TAILOR POLO TEAM	
	TOM TAILOR	
15 – 25	TOM TAILOR DENIM	
8 – 14	TOM TAILOR KIDS	
1.5 – 7	TOM TAILOR MINIS	
0 – 1.5	TOM TAILOR BABY	

TOM TAILOR releases 14 collections a year (12 monthly collections and two basic collections every six months) for the TOM TAILOR and TOM TAILOR Denim brands, and ten collections a year for the TOM TAILOR POLO TEAM brand. The fashion and lifestyle group sells these collections via its retail segment (through Company-owned stores and e-commerce) and via its wholesale segment (primarily through franchise stores and shop-in-shops).

TOM TAILOR:
Target groups up to the age of 40 –
retail and wholesale sales

The BONITA brand has a separate profile and caters to both women and men over 40, ideally complementing the range of TOM TAILOR collections and product lines. BONITA sells 12 collections per year.

Based on the foreseeable demographic trend in the Company's European core markets, the number of over-40s in the population will continue to rise. What is more, this market segment is not as competitive as the segments for younger customers, giving the TOM TAILOR GROUP good opportunities for growth in the coming years. The BONITA products are sold not via the wholesale segment but exclusively in BONITA's own stores – and in Germany and other European countries also via its own e-shop since June 2013 – using a highly standardised system.

BONITA:
Target groups ages 40 and up –
retail sales only

THE TOM TAILOR BRANDS

TOM TAILOR

The TOM TAILOR MEN, TOM TAILOR WOMEN and KIDS, MINIS & BABY product lines are marketed under the TOM TAILOR brand.

In 2014, the Company sharpened the profile of the TOM TAILOR brand and prepared the stage for further internationalisation. As a result, the brand now comes across as more modern, more clear-cut and catering specifically to the needs of its target group. The TOM TAILOR MEN and TOM TAILOR WOMEN lines are essentially aimed at customers in the 25-40 age bracket with attractive, highly topical urban and casual fashion. The TOM TAILOR MEN product line is a comprehensive collection of menswear in the mid-range price segment. These collections have traditionally been the TOM TAILOR GROUP's core business. Since 1999, the TOM TAILOR WOMEN ladies wear collection has likewise been an established part of the range, in which rapid implementation of the latest fashion trends is a priority.

The TOM TAILOR GROUP has also sold clothing for children and young teens since 1995. TOM TAILOR KIDS is aimed at 8- to 14-year-olds. TOM TAILOR MINIS was introduced in 2002 for children aged 18 months to seven years. In 2010, the TOM TAILOR GROUP expanded its product range within the KIDS and MINIS product lines to include the new TOM TAILOR BABY collection (age group up to 18 months).

TOM TAILOR Denim

The TOM TAILOR Denim brand has been offered in the TOM TAILOR Denim Male and TOM TAILOR Denim Female product lines since 2007. These collections are aimed at teenagers and young adults between the ages of 15 and 25. Successful identification and rapid implementation of the latest fashion trends are important for these lines. The garments win over customers with their style, cut and fashionable details.

TOM TAILOR POLO TEAM

TOM TAILOR POLO TEAM was launched in 2012 as the third TOM TAILOR brand and is now firmly established in the market. The premium sportswear brand is mainly targeted at men and women aged 25 to 40. The high-quality collections are characterised by sporty fashion with elaborate embroidered appliqués, classic emblems and coordinating prints.

TOM TAILOR Accessories/Licensed Products

The TOM TAILOR brand world is rounded off by a wide range of accessories. The Company generates revenue from selling accessories itself and from licence fees for accessories offered under the TOM TAILOR brands. Licensing and close cooperation with the various partners involved have been a core component of TOM TAILOR's strategy and success for several years.

The accessories product range primarily features shoes, leather products, belts, gloves, hats, scarves, bodywear, ties, bags, perfume, jewellery, umbrellas, watches and sunglasses, bed linen and toiletries. Some of the accessories such as shawls and scarves – in particular for the Denim Male and Denim Female product lines – as well as jewellery are designed and marketed by the TOM TAILOR GROUP itself. However, a large majority are produced and distributed by various licensees that work together with the TOM TAILOR GROUP to develop the products.

THE BONITA BRAND

The TOM TAILOR GROUP offers fashionable clothing for men and women over 40 under the BONITA brand. Its collections are based on high-quality items of clothing that can be mixed and matched repeatedly to create new outfits. Colourful and

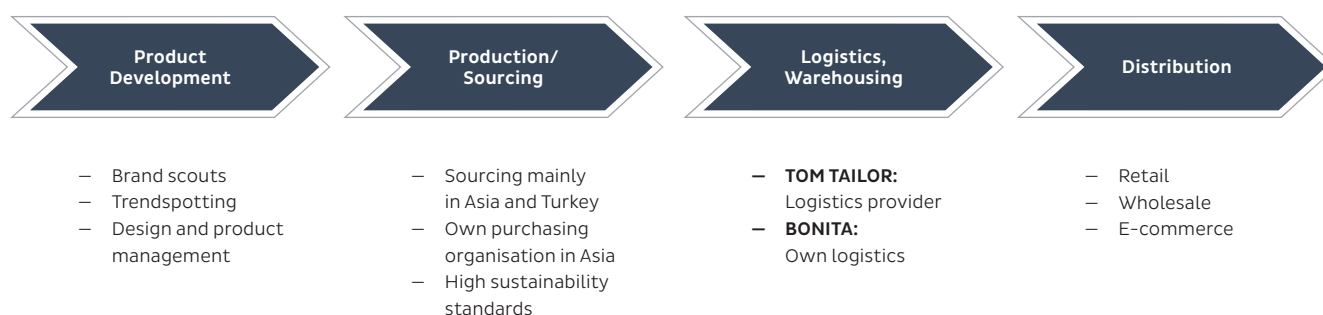
stylish accessories that complement the collection are particularly important at BONITA. Accessories include scarves, shawls, necklaces, belts, watches and bags. The entire development process for these products is controlled by the Company itself, i.e. without licensing partners. The accessories are sold exclusively at BONITA stores.

EFFICIENT VALUE CHAIN

The Company's vertical alignment and its ability to rapidly record changing customer needs form the basis for successful development of the TOM TAILOR GROUP in the long term. This requires systematic monitoring and flexible management of the entire value chain from the idea for the design through purchasing and product manufacture, warehousing and logistics down to marketing at the point of sale. The different links in the value chain and the entire flow of goods are interconnected.

Central to the efficient value chain is systematic analysis of the daily sales figures. In addition, through the sales channels (retail, wholesale) customer feedback is obtained directly which is then integrated into the development of new collections and taken into account in procurement planning. The network of production and logistics partners is effective and allows rapid implementation.

Value Chain of the TOM TAILOR GROUP



Product Development

The TOM TAILOR GROUP engages internationally active brand scouts who identify fashion trends around the world and collect ideas for the new collections. The Company also follows the fashion shows in the major fashion centres in order to identify trend developments. All of this data is evaluated and flows into the design of the new collections so that these can be offered to a broad group of buyers. The TOM TAILOR GROUP is able to get its basic collections for the TOM TAILOR brand into stores within 23 to 26 weeks. For BONITA it takes approximately 24 to 28 weeks. Existing styles can even be replenished in just five weeks.

Production and Procurement

Most of the products sold by the TOM TAILOR GROUP are manufactured by its suppliers in Asia, mainly in Bangladesh, India, China, Vietnam and Pakistan. This share is 90% for the TOM TAILOR brand and roughly 70% for the BONITA brand. The Company ensures production and procurement through its own sourcing organisation with eight offices in Asia and around 120 employees. Asia plays a pivotal role in production for the TOM TAILOR GROUP so that large quantities can be produced at high quality and fair prices. The remaining part of production for both brands is concentrated in Turkey. Overall, more than 60% of the products sourced are billed in US dollars. More information on procurement can be found in the section entitled "Sustainability and Responsibility".

Logistics and Warehousing

The TOM TAILOR GROUP has organised the logistics activities for its two brands – TOM TAILOR and BONITA – differently.

TOM TAILOR engages two logistics providers to manage its warehouses for hanging and folded garments. Six brands with 12 product lines, a focus on services, state-of-the-art replenishment concepts, national and international distributors as well as the extensive customer portfolio create a broad range of expectations for the logistics processes. To achieve continuous improvements in this regard, a new logistics centre is currently being built in Hamburg. This will start operations in spring 2015 and constitute an important element of TOM TAILOR's multi-channel strategy.

At the Hamminkeln site, BONITA has a self-managed, state-of-the-art, SAP-based, automated warehouse and logistics centre from which all BONITA stores are supplied. Supply is based on an integrated analytical push-pull method in which around 80% of the goods ordered are initially delivered. Call-offs from the logistics centre and stock transfers between the stores are triggered by evaluating daily sales figures using the POS systems as well as by deriving and simulating requirements based on these evaluations. Thus, the shops are supplied in line with requirements, sales potential is maximised and overlapping stocks are minimised.

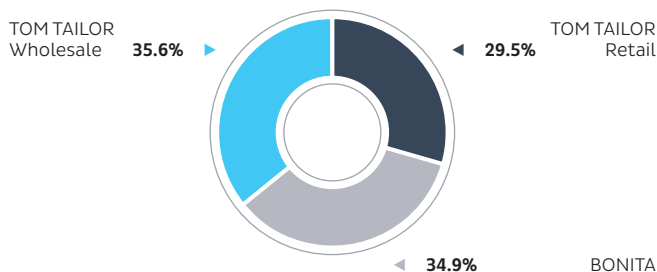
Distribution

The TOM TAILOR GROUP distributes its collections both directly to end customers and through resellers. The share of the direct retail business has been purposefully expanded in recent years. This includes the over-the-counter retail business and the e-commerce business. Around 64% of consolidated revenue is now generated in the retail segment, compared to around 6% in 2007. Conversely, the share of revenue generated through resellers (wholesale) decreased to around 36% in spite of the growth in absolute terms.

The TOM TAILOR GROUP manages the business through the individual sales channels and brands. Correspondingly, the Group's segment reporting is divided into wholesale and retail. The wholesale segment is comprised exclusively of the business with resellers for the TOM TAILOR brand, whereas the BONITA brand focuses exclusively on the retail business. The retail segment in turn comprises the various forms of the brick-and-mortar retail business and the online business, with a distinction being made between the TOM TAILOR and BONITA brands.

In the brick-and-mortar retail business, expansion of space is a major driver of growth. In this respect, the choice of location is particularly important. The TOM TAILOR GROUP bases such decisions on an individual profit and loss account with corresponding return figures. This calculation also includes special factors such as the size of the property, the lease term, expected footfall, location, catchment area and many more.

Revenue Structure by Retail and Wholesale



In 2014, there were 382 own retail and outlet stores for the TOM TAILOR brand in Germany and elsewhere in Europe, 154 of which were located in Germany. Furthermore, TOM TAILOR operates online shops in 20 countries and therefore has a pan-European presence. The TOM TAILOR online business is also covered by the brand's own e-shop. Customers can consequently purchase TOM TAILOR products in either retail stores or online shops. In this way, the Company takes customers' changing shopping behaviour into account and safeguards the growth potential of this increasingly significant sales channel.

Under the BONITA brand, the Company operates 1,013 stores in Europe, 720 of which are located in Germany. In addition, BONITA products are now also sold to end customers in Germany via the brand's own online shop.

In the wholesale segment, the TOM TAILOR GROUP collaborates in and outside Germany with leading department stores and clothing chains. These sell TOM TAILOR garments in shop-in-shops (2,686 worldwide) or as franchisees (206 shops worldwide). In addition, customers worldwide can buy TOM TAILOR goods in 8,527 multi-label sales outlets operated by the brand's wholesale partners. Different national and international mail order companies also sell TOM TAILOR branded products on their Internet platforms.

STRATEGY AND PERFORMANCE MEASUREMENT

COMPETITIVE STRENGTHS AND STRATEGY

One of the TOM TAILOR GROUP's key competitive advantages lies in systematically analysing and rapidly implementing fashion trends and responding to customers' wishes at the same time in order to reflect these purposefully in its own collections. In this context, the Company is pursuing the strategy of developing attractive fashion brands as a trend manager and bringing these to a wide group of buyers in the mid-range price segment.

In the process, the Group follows a clear strategy of profitability-driven growth. The TOM TAILOR GROUP aims to outperform the industry as a whole in terms of revenue and operating profit growth. Profitability for the Group means on the one hand to systematically leverage cost benefits and economies of scale (e.g. in purchasing), which translate into higher operating margins, and, on the other, to boost earnings in absolute terms. The main financial key performance indicators are revenue and recurring EBITDA (earnings before interest, taxes, depreciation and amortisation) as well as recurring EBITDA margin. In addition, the Company is constantly striving to generate a net profit.

MULTI-BRAND APPROACH

In the pursuit of its growth strategy, the TOM TAILOR GROUP implements a multi-brand approach. The overall concept for each brand is tailored individually to the associated target group and addresses this directly. This begins in the design with the selection of the products, styles and colours up to the presentation of the goods at the point of sale, resulting in a high recognition factor for customers of the products and their quality. The age of the relevant target group plays a key role in the creation of the designs, especially as regards the fit, fashionable design and pricing, which contribute significantly to the branding (for further information see the section entitled "Organisational Structure and Business Operations").

The TOM TAILOR GROUP's market presence is determined by the two complementary umbrella brands, TOM TAILOR and BONITA. TOM TAILOR covers the 0- to 40-year-old customer group and BONITA the over-40 customer group, the so-called "best agers". This target group is characterised by high quality standards and above-average income coupled with a high purchasing appetite. By and large, this customer group is much less price-sensitive than customer groups in other market segments. The TOM TAILOR GROUP believes it has good opportunities to grow in this market segment because the demographic trend is advancing this target group's continued growth in the Company's European core markets and the market as a whole is less competitive.

CLEAR FOCUS ON PROFITABLE ORGANIC GROWTH – SELECTIVE ACQUISITIONS ALSO POSSIBLE IN THE MEDIUM TERM

The TOM TAILOR GROUP operates on the German and the Continental European textile markets. While these markets have shown themselves to be stable in recent years, they are highly competitive at the same time. This is primarily manifested in a continuous consolidation process, which is increasingly affecting small and medium-sized fashion retailers. The TOM TAILOR GROUP plans to continue its growth trajectory and gain market share by pursuing its strategy of profitable organic growth. Selective acquisitions on a manageable scale are also conceivable in the medium term. One prerequisite for these is that they further strengthen the portfolio. They must also support the strategy of profitable growth, have the potential to increase the enterprise value, and the conditions for the acquisition must make commercial sense.

GENERATING GROWTH BY REPRODUCING THE BUSINESS MODEL

The TOM TAILOR GROUP sells fashionable clothing in the mid range price segment on its domestic market, Germany, and its core international markets. The Group's aim is to systematically expand the business operations of its two umbrella brands, TOM TAILOR and BONITA, in these markets through the tried-and-tested sales channels by adding more controlled selling spaces and developing new brands.

This is an approach that already proved successful for the TOM TAILOR GROUP in the past. The Company included TOM TAILOR Kids in its collections in 1995; ladies wear was added in 1999 with TOM TAILOR women, followed by TOM TAILOR Denim in 2007 and TOM TAILOR POLO TEAM in 2012. The largest strategic step was taken in 2006, when the Group pushed the establishment of its own retail shops in addition to what until then had been exclusively wholesale activities. In this connection, the Company launched the online business with its own e-shop in the same year. BONITA, which had been taken over in the previous year, added its own e-shop in 2013. This e-shop is to be successively expanded to other countries. In financial year 2015, the Company will roll out another new brand called TOM TAILOR CONTEMPORARY, which will create additional revenue potential.

GROWTH THROUGH INTERNATIONALISATION

In the retail segment, the TOM TAILOR GROUP sees good potential for advancing its international expansion in its European markets outside Germany. For the TOM TAILOR brand, these are mainly Austria, Switzerland, the Benelux countries and, above all, South Eastern Europe. In these countries in particular, the number of own retail stores will be continually increased. For the BONITA umbrella brand, there are substantial growth opportunities in the existing markets, particularly for the BONITA men brand. There are also plans to establish the BONITA umbrella brand in South Eastern Europe as part of the internationalisation drive. TOM TAILOR's existing organisation will be used for this undertaking. The Russian market could provide further growth opportunities for BONITA in the medium term.

In the wholesale segment, but only with the TOM TAILOR umbrella brand, international expansion will take place through the expansion of controlled selling spaces. At the centre of this expansion are promising markets outside of Europe, especially in the Middle East, Asia and South Africa. In the course of the further international development, contracts have been signed with the online mail order companies Jabong from India and Lamoda from Russia, among others.

The Chinese market is also strategically interesting for the TOM TAILOR GROUP. Provided it makes sense for the Company, this will be developed in the next three to five years based on the expertise of TOM TAILOR's new major shareholder, Fosun.

GROWTH THROUGH EXPANSION OF CONTROLLED SELLING SPACES AND E-COMMERCE

The TOM TAILOR GROUP is planning to continuously optimise the portfolio of its own stores. Firstly, this will entail continued expansion of controlled selling spaces. The Company generally expects to open up to 100 new stores per year in the retail segment, around 60 of which for the TOM TAILOR brand and 40 for the BONITA brand. One of the prerequisites for a new store is a suitable location, which has an overwhelming impact on profitability and determines whether or not a store will be opened. As a result, the target number of 100 stores may be exceeded or not reached at all.

Secondly, the Group believes that to optimise the branch network it is necessary to close businesses whose level of profitability does not meet internal requirements. At present, this applies to between 30 and 40 stores per year between the two umbrella brands.

The e-commerce business with the e-shops of the TOM TAILOR and BONITA umbrella brands is assigned to the retail segment. This online business is expected to contribute 10% to consolidated revenue in the medium term.

In the wholesale segment, the Group is also aiming for a continuous increase in the number of controlled selling spaces for the TOM TAILOR brand. Alongside Germany and other European countries, the Group will focus on markets outside Europe like South Africa or the Middle East, harnessing the expertise and sales structures of the local partner, which also limits its investment risk. In principle, up to 25 new franchised stores and 200 to 250 shop-in-shops may be opened per year.

SYSTEMATIC APPROACH FOR INCREASING PROFITABILITY

The strategy of the TOM TAILOR GROUP and the activities derived from this are aimed at achieving a steady increase in the Company's profits. On the procurement side, the Company has moved most of its production to Asia and also sources goods from Turkey. Procurement is coordinated through the Company's own purchasing organisation in Asia. This allows the Group to take advantage of benefits in procurement that translate into higher gross margins for the individual segments. The following gross margins are considered sustainable: wholesale 45-48%; TOM TAILOR retail 57-60%; BONITA 66-69%. Were a higher gross margin to be achieved, the amounts saved will be re-invested in the product so as to increase the quality of the items further.

The TOM TAILOR GROUP consistently aims to offer its customers maximum value for money. To do this, the Company systematically uses extensive information with the goal of having the right quantities of the products at its stores at the right time and the right price. In this way, the number of products sold via the controlled selling spaces while maintaining a constant cost structure will be increased further. Firstly, this will result in better distribution of fixed costs. Secondly, higher sales volumes as well as higher revenue per square metre will thus be achieved. These will then be reflected in higher absolute contributions to income and in a positive free cash flow (cash flow from operating activities less capital expenditure and interest).

A permanently positive free cash flow will improve the Company's ability to finance itself and could also be used in the medium term for payment of a dividend. This will allow shareholders to participate in the further development of the TOM TAILOR GROUP on the basis of the total shareholder return approach (increase in share price plus dividend).

INTERNAL MANAGEMENT SYSTEM

FINANCIAL AND NON-FINANCIAL KEY PERFORMANCE INDICATORS

The internal management system used within the TOM TAILOR GROUP goes beyond a pure KPI (key performance indicator) system. It offers a comprehensive overview of financial and non-financial factors. In addition, leading indicators that could affect the business are monitored and evaluated.

The Management Board uses a large number of different tools and indicators to evaluate business developments, enhance its strategy and make investment decisions.

FINANCIAL KEY PERFORMANCE INDICATORS

A variety of reporting systems are used at the TOM TAILOR GROUP to measure financial key performance indicators. These are differentiated at the level of both the overall Group and by segment. The main financial key performance indicators are revenue, EBITDA and EBITDA margin (broken down to the level of the individual stores). In addition, key indicators such as net debt, the equity ratio, working capital and various inventory turnover ratios are monitored at Group level. In the wholesale segment, the figures for pre-orders/orders received are also used for management purposes.

NON-FINANCIAL KEY PERFORMANCE INDICATORS

In addition to financial indicators, the TOM TAILOR GROUP uses a range of non-financial factors, e.g. in order to collect and evaluate information about how the Company is perceived. Both external surveys (for example, the brand survey performed by the German magazine DER SPIEGEL or retailer surveys) and internal studies (for example, customer surveys in the wholesale segment, or trends in social networks such as Facebook) are used. The SPIEGEL brand survey, which is published every two years, is a crucial non-financial key performance indicator that measures TOM TAILOR's development from a consumer perspective with regard to brand awareness, brand ownership and consumers' purchasing appetite.

LEADING INDICATORS RELEVANT FOR THE COMPANY

The Management Board receives reports providing varying levels of detail about operational business developments on an ongoing basis. Actual data is compared with the planning, negative variances are analysed, and, where necessary, countermeasures are taken. TOM TAILOR's Management Board pays particular attention to analysing leading indicators. These make it possible to draw conclusions about future business developments. Key leading indicators for the TOM TAILOR GROUP are incoming orders, cotton price trends, the USD/EUR exchange rate, the gross margin generated per purchase and like-for-like sales in Company-owned stores. Various key performance indicators are also evaluated at store level, such as the conversion rate and the personnel expenses per store. The conversion rate is the ratio of the number of people who enter a store to those who actually buy something. Special software helps model and optimise personnel planning and hence ultimately personnel expenses per store. In addition, regular comparisons are made with the performance of relevant competitors.

REPORT ON ECONOMIC POSITION

MACROECONOMIC AND SECTOR-SPECIFIC ENVIRONMENT

RECOVERY OF THE GLOBAL ECONOMY NOT YET APPARENT, WITH CONSIDERABLE REGIONAL DIFFERENCES

According to figures published by the International Monetary Fund (IMF), the global economy grew by 3.3% in 2014, on a par with the previous year. The positive parameters for the global economy were the very low interest rates and low inflation rates in the industrialised nations as well as the considerably lower oil prices in the second half of the year. However, the growing uncertainty caused by escalating geopolitical tensions and the unresolved structural problems in a number of advanced and emerging economies perceptibly slowed down development. In this environment, economic growth was highly disparate in the different regions.

China is undergoing a transformation process intended to strengthen the internal economy. While the pace of growth remains high, it is steadily weakening. The Indian economy, on the other hand, picked up appreciably following the change in government, and new infrastructure projects were initiated. Brazil's economy stagnated. The Russian economy collapsed during the year due to the slump in oil prices, the significant capital flight and the fall in value of the ruble. According to the IMF, emerging market and developing economies grew by 4.4% in 2014, trailing behind the previous year. By contrast, advanced economies expanded by 1.8%, a faster rate than before, driven by an increasingly solid upturn in the United States and robust development in the United Kingdom. The pace of economic expansion in Japan remained weak, however.

The euro area witnessed modest growth of 0.9% in 2014. Despite monetary stimulus, the hoped-for significant recovery failed to materialise as investment activity remained weak owing to the modest performance of the global economy and the crisis in Ukraine. Although unemployment receded

somewhat, it remained at a high level at the end of the year above the 11% mark. The Institut für Weltwirtschaft (IfW – Institute for the World Economy) in Kiel estimates that consumer spending of private households in the euro area rose by 0.9%, propping up the economy. While Ireland, Portugal and Spain recovered from a low basis on the back of initial successful reforms, Italy's economy actually contracted slightly. In light of the ongoing economic weakness and the extremely low inflation rate in the euro area, the ECB had cut its key rate to a new record low of 0.05% and said it was prepared to take further quantitative easing measures. In the second half of 2014, the euro lost considerable ground against the US dollar in particular.

ROBUST CONSUMPTION IN THE CORE MARKETS OF THE TOM TAILOR GROUP

The economies of the core international markets for the TOM TAILOR GROUP developed as follows in 2014:

The Swiss economy grew faster than the euro-zone economy thanks to brisk investment activity. However, at around 1%, the expansion of private consumption was only about half as strong as in the previous year. Austria recorded relatively modest growth of 0.5%, constrained by factors such as subdued investment and weak exports. The employment situation was robust and purchasing power benefited from the falling oil prices. According to the Austrian National Bank, private consumption nevertheless remained sluggish on the whole. At 0.4%, the French economy once again witnessed extremely weak growth (IMF), with unemployment remaining at a very high level. Belgium's Central Bank estimates that the country's economy grew by 1.0%, though private consumption increased only by a modest 0.7% in spite of a slight upturn in the labour market. After two years of recession, the Netherlands returned to a moderate growth trajectory. The mood among companies and consumers brightened. The Dutch Central Bank puts GDP growth in 2014 at 0.8%, driven by exports. Private consumption stagnated in 2014 after previously declining sharply.

The IfW estimates that the Polish economy saw dynamic growth of 3.4%. The escalation of the crisis between Ukraine and Russia weighed on its economy, however. Most of the South Eastern European countries likewise developed at a faster pace than the euro area. Slovenia, Bulgaria and Romania all recorded robust growth. The exception was Croatia, which reported a drop in economic output.

After a very strong start to the year thanks to the mild winter, the economic rebound in Germany came to a virtual standstill in the summer, only regaining some of its strength at the end of the year. The crisis-related uncertainty increased and darkened the mood among companies, curbing their investment plans, as well as temporarily among consumers. With 1.6% growth, the German economy was nevertheless in good shape in a difficult international environment, supported by positive net exports and the strong domestic economy with higher investments in equipment and construction as well as brisk consumption. The jobless figure edged down once more and the number of people in employment rose to an average of 42.7 million (+0.9%), reaching a new high for the eighth year in a row. In connection with the low inflation rate, real wages and the purchasing power of private households increased. Low interest rates kept the savings rate low. As a consequence, private consumption rose by 2.1% in nominal terms and by 1.1% in real terms.

German economy in good shape in 2014 – strong consumer demand was a key driver

Consumer confidence, which had decreased at a high level during the year, picked up again at year-end. The GfK consumer confidence index stood at 8.7 points in December 2014, up substantially on the comparative figure of 7.4 points for the end of 2013. While economic expectations in December were still muted, both income expectations and the propensity to buy increased further month-on-month on the back of the strong employment figures, the minimum wage and pension increases as well as falling oil prices, which were perceived by consumers as providing considerable relief.

**FASHION BUSINESS: TAILWIND
CREATED BY THE PROPENSITY TO CONSUME,
DAMPENED BY THE WEATHER**

According to the Statistical Office of the European Union (Eurostat), deflated retail sales in the euro area in 2014 grew by an average of 1.3% compared with the preceding year. The Federal Statistical Office (Destatis) calculates that retail sales in Germany in 2014 rose by 1.7% in nominal terms and by 1.4% in real terms (excluding vehicles, petrol stations). However, this data is distorted by disproportionate growth among pharmacies and sales of cosmetics, pharmaceuticals and medical products. Adjusted for these, retail companies in Germany generated sales of EUR 459.3 billion in 2014 according to preliminary calculations by the German Retail Federation (HDE). This represents an increase in sales of 1.9% in nominal terms. The retail trade has thus grown for the fifth consecutive year.

**Only moderate growth in nominal terms
for German textile and fashion industries due to
unfavourable weather conditions in 2014**

According to Destatis, German imports of clothing and clothing accessories rose by as much as 4.4% up to the end of November 2014. However, figures released by Destatis show that sales of textiles, clothing, shoes and leather goods were up by just 0.8% in nominal terms and actually decreased by 0.1% in real terms. The year developed very unevenly. September, October and November in particular were weak months for the brick-and-mortar retail trade, mainly due to the weather. German textile and fashion retail sales therefore trailed behind total retail sales in 2014. By contrast, the online and mail-order business again recorded above-average growth in 2014 (Destatis: +7.5% in real terms). According to figures published by the HDE, online trading generated sales of EUR 39.0 billion in 2014, accounting for 18% of non-food retail.

SIGNIFICANT EVENTS IN THE REPORTING PERIOD

NEW CHIEF PRODUCT DEVELOPMENT AND PROCUREMENT OFFICER

The management of operations and the further development of the BONITA umbrella brand were reorganised, leading to Udo Greiser being appointed as the sole managing director of BONITA GmbH effective 1 February 2014. In line with this, his appointment as the Chief Product Development and Procurement Officer (CPO) on TOM TAILOR Holding AG's Management Board was terminated with effect from 28 February 2014. Daniel Peterburs was appointed as the new CPO on the Management Board effective 1 March 2014. He is responsible for Product Development, Procurement and Licences.

FOSUN INVESTS IN TOM TAILOR HOLDING AG AS A NEW MAJOR SHAREHOLDER

Effective 8 August 2014, Fidelidade-Companhia de Seguros SA, Portugal's largest insurance company and an indirectly owned subsidiary of Fosun International Limited, HKEx stock code: 00656 (hereinafter referred to as Fosun), invested in TOM TAILOR Holding AG. The new investor, together with the management of TOM TAILOR Holding AG, acquired a stake of 23.16% from the former major shareholder Versorgungs- und Förderungstiftung, Vaduz/Liechtenstein.

Fosun is a leading investment group headquartered in Shanghai/China with a global foothold. Its long series of investments in foreign companies are manifested in the Group's investment strategy of "Combining China's Growth Momentum with Global Resources". Fosun and the funds under its management have invested in a number of established consumer goods brands including the well-known Greek fashion retail group Folli Follie, the upscale US female apparel brand St. John and the high-end Italian menswear manufacturer Caruso. Consumer good brands are a major investment focus for Fosun. In Germany, Fosun has held, among others, an equity interest in Kleinwort Benson Group, the controlling shareholder of BHF-BANK AG, since March 2014.

GROUP FORECAST REVISED IN NOVEMBER 2014

At the beginning of 2014, the TOM TAILOR GROUP had expected to be able to generate consolidated revenue of at least EUR 950 million with a recurring EBITDA margin of around 10%. In November 2014, the Company then had to revise its expectations for 2014 downwards and at this time estimated that it would generate revenue of between EUR 925 and EUR 935 million as well as a recurring EBITDA margin of 9.2% to 9.7%. This revision had to be made due to the extreme weather conditions in September and October, which resulted in a much lower footfall throughout the German market and therefore led to significantly lower sales than projected. With revenue of EUR 932.1 million and a recurring EBITDA margin of 9.4%, the actual figures for 2014 are within the range of the revised Group forecast of November 2014.

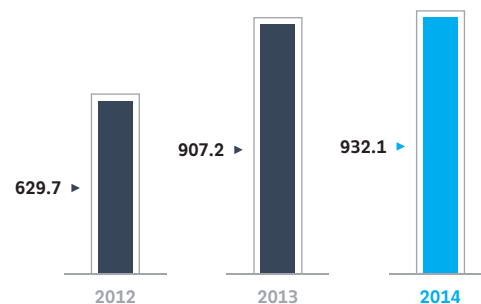
RESULTS OF OPERATIONS, FINANCIAL POSITION AND NET ASSETS

RESULTS OF OPERATIONS

Consolidated Revenue up 2.7%

The TOM TAILOR GROUP's revenue rose by 2.7% in financial year 2014 to EUR 932.1 million (2013: EUR 907.2 million).

Development of Consolidated Revenue (in EUR million)



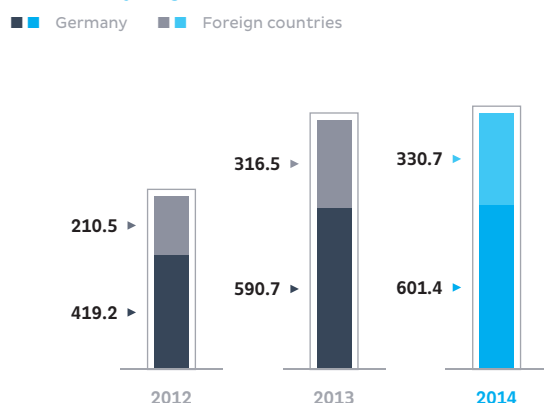
The BONITA umbrella brand generated revenue of EUR 324.9 million in the year under review (2013: EUR 350.7 million), accounting for 34.9% of consolidated revenue (2013: 38.7%). The revenue of the TOM TAILOR umbrella brand increased by 9.1% in 2014 to EUR 607.2 million (2013: EUR 556.5 million).

In the fourth quarter of 2014, consolidated revenue rose by 0.7% to EUR 253.1 million (Q4/2013: EUR 251.2 million). The increase in revenue in this period can be attributed exclusively to the TOM TAILOR brands, whose revenue climbed 9.5% in the fourth quarter to EUR 169.4 million (Q4/2013: EUR 154.7 million). As expected, BONITA's revenue in the fourth quarter of 2014 at EUR 83.7 million (2013: EUR 96.5 million) was significantly lower than in the year-earlier period, in which revenue had been high on the back of strong promotional sales.

Revenue by Region

In Germany, the TOM TAILOR GROUP lifted its revenue by 1.8% in 2014 to EUR 601.4 million (2013: EUR 590.7 million). BONITA accounted for EUR 237.8 million of this figure (2013: EUR 248.0 million). Revenue growth was also strong outside Germany. The TOM TAILOR GROUP's revenue abroad totalled EUR 330.7 million (2013: EUR 316.5 million), which was a year-on-year increase of 4.5%. This was primarily driven by increased business activities in South-Eastern Europe and the Group's expansion in its core international markets – Austria, Switzerland, the Benelux countries and France. BONITA accounted for EUR 87.1 million of international revenue (2013: EUR 102.7 million).

Revenue by Region (in EUR million)



Segment Reporting

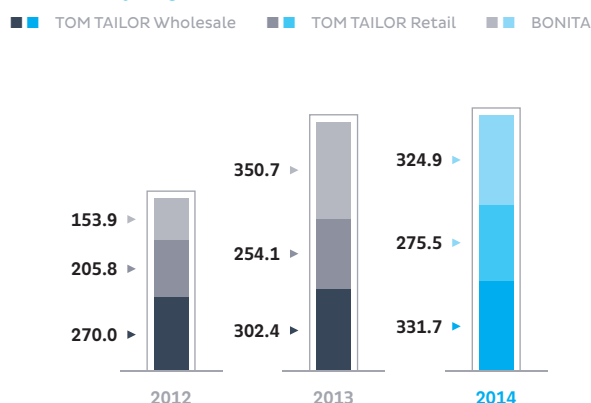
Segment reporting in the TOM TAILOR GROUP is basically divided into the retail and wholesale segments. The retail segment comprises the brick-and-mortar retail and outlet stores operated by the Group and its e-commerce activities. The latter consist of its own e-shops and e-commerce partnerships with mail-order companies. Following the acquisition of BONITA in 2012, reporting in the retail segment was extended to include BONITA. As a result, a distinction is now made between the TOM TAILOR and BONITA umbrella brands.

**Three segments reflect the Group's business structure:
Strong market coverage by TOM TAILOR retail
and BONITA as well as TOM TAILOR wholesale**

In the wholesale segment, the Company distributes TOM TAILOR products to business customers, who sell these to end customers via different sales channels. These include franchise stores, shop-in-shops and multi-label sales outlets.

There are a total of three reportable segments (TOM TAILOR retail, TOM TAILOR wholesale and BONITA).

Revenue by Segment (in EUR million)



Revenue Decreases Slightly across the Retail Business

Aggregate revenue from the directly operated retail business fell slightly by 0.7% to EUR 600.4 million in financial year 2014 (2013: EUR 604.8 million). This was mainly attributable to the revenue decline at BONITA, which was only partly compensated by the revenue growth in the TOM TAILOR retail segment. Owing to the rise in revenue in the wholesale segment at the same time, the share of consolidated revenue attributable to the two retail segments therefore decreased marginally to 64.4% (2013: EUR 66.7%). On account of the ongoing trend towards controlled selling spaces, the retail share is expected to continue growing in the future.

TOM TAILOR Retail Segment Records 8.4% Growth in 2014 – EBITDA Virtually Unchanged

TOM TAILOR Retail Segment – Key Data

	2014	2013
Revenue (in EUR million)	275.5	254.1
Growth (in %)	8.4	23.5
on a like-for-like basis (in %)	1.4	5.9
Number of stores	382	354
recurring EBITDA (in EUR million)	25.3	25.5
recurring EBITDA margin (in %)	9.2	10.0

The expansion of the TOM TAILOR retail segment remains a key growth driver for the TOM TAILOR GROUP. Revenue in this segment surged by 8.4% in 2014 to EUR 275.5 million (2013: EUR 254.1 million). At 45.4%, the share of TOM TAILOR brand revenue accounted for by retail sales remained virtually unchanged on the previous year (2013: 45.7%) because the wholesale business also recorded strong growth.

On a like-for-like basis (i.e. excluding expansion), revenue growth in the TOM TAILOR retail segment amounted to 1.4% (2013: 5.9%) amid challenging market conditions. Thus, TOM TAILOR again outperformed the sector as a whole (market in 2014: -3%). Like-for-like growth in the fourth quarter amounted to 2.2% (Q4/2013: 2.9%) in spite of the mild weather conditions.

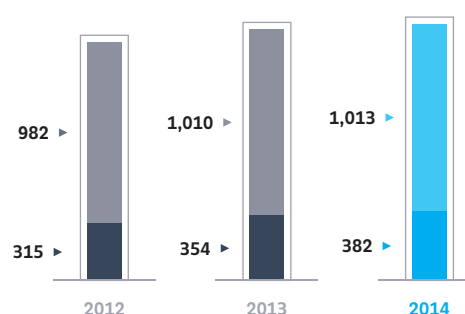
At 382, the number of retail stores rose by 28 since 31 December 2013. Altogether, 44 new stores were opened and 16 stores were closed. Of the 382 retail stores, 154 are in Germany and 228 are in other countries. The e-commerce revenue of the TOM TAILOR brands increased by 7.6% year-on-year in 2014 to EUR 42.6 million (2013: EUR 39.6 million), thus showing considerably stronger growth than like-for-like revenue.

TOM TAILOR retail remains one of the Group's most important growth drivers

Amounting to EUR 25.3 million in 2014, recurring earnings before interest, taxes, depreciation and amortisation (recurring EBITDA) in the TOM TAILOR retail segment remained nearly constant year-on-year (2013: EUR 25.5 million). The gross margin receded slightly to 58.9% (2013: 59.7%) due in particular to the difficult market conditions in the second half of 2014. Other operating expenses developed at the same rate as revenue. At 9.2%, the recurring EBITDA margin was therefore also down 0.8 percentage points on the prior year (2013: 10.0%). As in the previous year, there were no one-off expenses or income in the TOM TAILOR retail segment in financial year 2014 that had been deducted to calculate recurring EBITDA.

Number of Retail Stores

■ TOM TAILOR ■ BONITA



BONITA Revenue down 7.4% – Recurring EBITDA up 19.6%**Bonita Segment – Key Data**

	2014	2013
Revenue (in EUR million)	324.9	350.7
Growth (in %)	-7.4	—*
on a like-for-like basis (in %)	-9.9	-4.6
Number of stores	1,013	1,010
recurring EBITDA (in EUR million)	25.6	21.4
recurring EBITDA margin (in %)	7.9	6.1

* not comparable due to the initial consolidation during 2012

The BONITA segment exclusively comprises own stores and the brand's own e-shop. BONITA generated revenue of EUR 324.9 million in financial year 2014, a decrease of 7.4% compared with the prior-year level (2013: EUR 350.7 million). On a like-for-like basis, revenue in 2014 was down 9.9% (2013: -4.6%) – mainly the result of a conscious reduction of promotional and sales activities in the past financial year, which had substantially increased revenue in the 2013 comparative period. Against this background, the share of consolidated revenue for 2014 accounted for by the BONITA segment fell to 34.9% (2013: 38.7%). BONITA's proportion of total revenue generated by the entire retail segment accordingly amounted to 54.1% in 2014 (2013: 58.0%).

**BONITA revenue down mainly
due to the conscious reduction of promotional
and sales activities**

In the fourth quarter of 2014, BONITA generated revenue of EUR 83.7 million, a decrease of 13.3% on the prior-year level (Q4/2013: EUR 96.5 million). This was due to the high revenue that had been generated from promotional sales in the same period in 2013. On a like-for-like basis, revenue in this period decreased by 13.1% (Q4/2013: -3.5%).

The number of BONITA stores rose by three as against 31 December 2013 to 1,013. Altogether, 27 new stores were opened and 24 stores were closed. Of the 1,013 stores, 720 are in Germany and 293 are in other countries. The BONITA e-shop grew significantly, generating revenue of EUR 3.2 million in 2014 (2013: EUR 1.2 million).

Recurring EBITDA in the BONITA segment increased by 19.6% to EUR 25.6 million in 2014 (2013: EUR 21.4 million). Reported EBITDA including one-off items and special factors of EUR 0.9 million amounted to EUR 24.7 million in 2014, which is also a substantial improvement on the prior-year figure (2013: EUR 12.0 million). The increase in recurring EBITDA is mainly attributable to the sharp rise in the gross margin, which climbed 6.6 percentage points year-on-year to 68.1% (2013: 61.5%). In addition to the scaling back of the promotional and sales activities, this positive development compared with the previous year was attributable in particular to the integration of BONITA in the TOM TAILOR GROUP's purchasing organisation and the associated improvement in purchasing conditions. In the fourth quarter of the year under review, the gross margin was 71.2% – also significantly higher than the figure for the same quarter of the previous year (Q4/2013: 60.0%).

Significantly Higher Revenue and EBITDA for the TOM TAILOR Wholesale Segment**TOM TAILOR Wholesale Segment – Key Data**

	2014	2013
Revenue (in EUR million)	331.7	302.4
Growth (in %)	9.7	12.0
Number of shop-in-shops	2,686	2,269
Number of franchise stores	206	197
recurring EBITDA (in EUR million)	36.3	30.3
recurring EBITDA margin (in %)	11.0	10.0

The revenue of the TOM TAILOR wholesale segment increased by 9.7% in financial year 2014 to EUR 331.7 million (2013: EUR 302.4 million). The segment thus accounted for 54.6% of the TOM TAILOR brand's revenue (2013: 54.3%) and for 35.6% of consolidated revenue (2013: 33.3%). In Germany, the revenue of the wholesale segment was boosted by 8.4% to EUR 211.2 million (2013: EUR 194.8 million). Outside Germany, revenue increased by 12.0% to EUR 120.5 million (2013: EUR 107.6 million). In the fourth quarter, the revenue of the wholesale segment rose by 9.1% to EUR 82.4 million (2013: EUR 75.6 million). The number of shop-in-shops rose by 417 as against 31 December 2013 to 2,686. The number of franchise stores increased by nine to 206.

Recurring EBITDA in the wholesale segment was lifted by EUR 6.0 million in financial year 2014 to EUR 36.3 million (2013: EUR 30.3 million). Reported EBITDA increased by EUR 7.6 million in 2014 to EUR 34.2 million (2013: EUR 26.6 million). Besides revenue growth, this increase was mainly due to the optimisation of procurement processes and the improvement in the gross margin from 43.5% to 44.7%. In the fourth quarter of 2014, the gross margin stood at 41.4%, down on the figure for the prior-year quarter (Q4/2013: 43.7%).

Robust growth for TOM TAILOR wholesale in Germany and abroad thanks to expansion of shop-in-shop spaces and franchise stores

Other Operating Income Falls Slightly by EUR 0.7 million

Other operating income declined by EUR 0.7 million to EUR 26.7 million in financial year 2014. The key reason for this decrease is the EUR 2.6 million lower insurance payouts in the year under review for damage to goods in transit. Licence income from the out-licensing of the TOM TAILOR brand (2014: EUR 5.5 million), rental income (2014: EUR 4.4 million) and foreign exchange gains (2014: EUR 4.3 million) also made a notable contribution to this item.

Group's Gross Margin up 2.0 Percentage Points to 57.0%

The cost of materials in the TOM TAILOR GROUP was reduced by 2.0% to EUR 400.4 million in 2014 (2013: EUR 408.3 million). Gross profit thus increased by 6.6% from EUR 499.0 million to EUR 531.8 million. The gross margin widened by 2.0 percentage points to 57.0% in the reporting period (2013: 55.0%). The increase in gross profit and the gross margin were mainly attributable to the further expansion of TOM TAILOR's purchasing organisation in Asia and the integration of BONITA – both factors that led to the leveraging of price advantages through the higher purchasing volume – and to the scaling back of promotional and sales activities, especially in the BONITA segment.

In the last quarter of the past financial year, the gross margin was up significantly on the prior-year period at 57.8% (Q4/2013: 55.8%). This was largely due to the improvement in the gross margin in the BONITA segment compared with the previous year.

Personnel Expenses up 1.4% Year-on-Year

Personnel expenses rose by 1.4% in 2014 to EUR 196.2 million (2013: EUR 193.5 million), mainly due to scheduled wage and salary increases. In 2014, personnel expenses also included one-off items and special factors of approximately EUR 0.8 million. The personnel expense to revenue ratio fell to 21.0% in the reporting period (2013: 21.3%). The TOM TAILOR GROUP employed 6,466 people as at 31 December 2014 (previous year: 6,499), of whom 3,920 worked at BONITA (previous year: 4,229).

Other Operating Expenses Increase by 3.4%

Other operating expenses were up 3.4% on the prior-year period at EUR 278.0 million (2013: EUR 268.8 million). This increase in the year under review is primarily attributable to higher rental expenses, which rose by 5.7% in 2014 to EUR 126.9 million (2013: EUR 120.0 million) due to normal rent increases and the expansion of retail activities. The number of retail stores rose by 31 year-on-year to 1,395 at the 31 December 2014 reporting date. Further key elements of other operating expenses are logistics costs for order picking of EUR 21.0 million (2013: EUR 20.5 million), marketing expenses of EUR 26.5 million (2013: EUR 29.3 million) and outgoing shipping costs of EUR 11.5 million (2013: EUR 9.8 million).

Recurring Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA) up 13.0%

Recurring EBITDA in the TOM TAILOR GROUP climbed 13.0% to EUR 87.2 million in the year under review (2013: EUR 77.2 million). The main causes of the much higher increase in recurring EBITDA compared with revenue growth were the growth in the gross margin and in absolute gross profit. This increase more than compensated for the rise in personnel expenses and in other operating expenses. At 9.4%, the recurring EBITDA margin for 2014 was therefore 0.9 percentage points higher than in the previous year (2013: 8.5%).

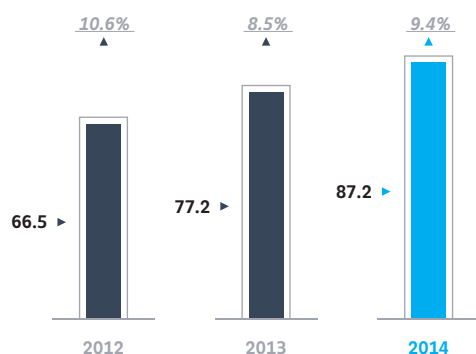
In the fourth quarter of 2014, recurring EBITDA rose slightly by 0.9% year-on-year to EUR 30.3 million (Q4/2013: EUR 30.0 million), with the increase in recurring EBITDA at BONITA of EUR 2.4 million compensating for the decrease in recurring EBITDA of EUR 2.2 million in the TOM TAILOR retail segment.

**Recurring EBITDA margin up
0.9 percentage points to 9.4% in 2014 mainly
due to higher gross profit margin**

Reported EBITDA was boosted by a substantial 31.5% in 2014 to EUR 84.3 million on account of the positive development of business in the TOM TAILOR wholesale and BONITA segments (2013: EUR 64.1 million). While one-off items and special factors of EUR 13.1 million had weighed on reported EBITDA in the previous year, one-off items and special factors of just EUR 3.0 million were incurred in financial year 2014. These one-off items and special factors primarily consist of deferred financing costs and one-time personnel expenses.

Development of Recurring EBITDA, Group (in EUR million)

Recurring EBITDA margin in %



Depreciation, Amortisation and Impairment Losses Down Substantially Year-on-Year

Depreciation, amortisation and impairment losses amounted to EUR 51.0 million in 2014, down EUR 6.6 million on the prior-year figure (2013: EUR 57.7 million). This decrease is primarily attributable to the BONITA segment, in which depreciation/amortisation/impairment losses declined by EUR 5.0 million in 2014 compared with the previous year. The main reason for this decline is an extension of the service life of the ERP software, which can be used for longer than originally expected. Depreciation/amortisation/impairment losses for the TOM TAILOR GROUP in the reporting period contrasted with capital expenditure of EUR 21.2 million (2013: EUR 26.9 million).

Improved Financial Result

At EUR -17.5 million, the financial result in 2014 was lower than in the previous year (EUR -18.3 million). This improvement is primarily attributable to the repayment of liabilities to banks and the reduction of net debt. In 2014, the financial result includes expenses of EUR 2.7 million relating to the refinancing measures implemented in 2012, which are being amortised over the term of the financing (2013: EUR 3.5 million).

Income Taxes up 13.6%

Income tax expense amounted to EUR 5.0 million in 2014 (2013: EUR 4.4 million). The tax expense is mainly comprised of current taxes of German and international Group companies for 2014, the reversal of deferred tax assets on account of the use-related reduction of tax loss and interest carryforwards as well as prior-period tax expenses in connection with the ongoing external tax audit at the German Group companies.

With net income before income tax of EUR 15.8 million (2013: pre-tax loss of EUR -11.8 million), the effective tax rate was thus 31.9% (2013: 37.1%). The effective tax rate results from the limited tax deductibility in Germany of rental and financing expenses as well as the non-recognition of deferred tax assets on losses of the international Group companies.

Recurring Net Income for the Period Increases from EUR 1.7 Million to EUR 21.1 Million

Recurring net income for the period rose significantly by EUR 19.4 million in financial year 2014 to EUR 21.1 million (2013: EUR 1.7 million). The recurring earnings per share (EPS) amounted to EUR 0.68 (2013: EUR -0.14). At EUR 10.8 million, the net income reported for the period was also significantly

higher than the negative prior-year figure (2013: EUR -16.2 million) and led to earnings per share of EUR 0.28 (2013: EUR -0.87). After the acquisition of BONITA in 2012, the TOM TAILOR GROUP is thus reporting a positive result again for the past financial year, also at the level of the net income reported for the period.

Reconciliation to Recurring Net income for the Period

EUR thousand	2014	2013
Net income for the period	10,752	-16,241
Income taxes	5,027	4,397
Net income before income tax	15,779	-11,844
Financial result	17,463	18,301
One-off items/special factors		
of which in depreciation, amortisation and impairment losses:		
Amortisation from TOM TAILOR (PPA) from 2005	4,696	4,696
Amortisation from Bonita (PPA) from 2012	4,481	4,276
of which in financial result:		
Financing costs/Bonita acquisition	2,653	3,538
of which in EBITDA:		
Cost of Bonita integration	663	10,705
Borrower's note loans and refinancing costs	1,301	873
Other one-off items/special factors	1,009	1,513
	2,973	13,091
Aggregate one-off items/special factors, net of tax effect	14,803	25,601
Recurring EBIT	45,392	28,520
as % of revenue	4.9%	3.1%
Depreciation, amortisation and impairment losses (net of amortisation from PPA)	41,854	48,702
Recurring EBITDA	87,246	77,222
as % of revenue	9.4%	8.5%
Depreciation, amortisation and impairment losses (net of amortisation from PPA)	-41,854	-48,702
Financial result (net of one-off items/special factors)	-14,810	-14,763
Recurring net income before income tax	30,582	13,757
Income taxes	-5,027	-4,397
Imputed tax effect (30%) on aggregate one-off items/special factors	-4,441	-7,680
Recurring net income for the period	21,114	1,680
Recurring earnings per share after deduction of minority interests	0.68	-0.14
Earnings per share after deduction of minority interests	0.28	-0.87

FINANCIAL POSITION

Liquidity and Financial Management Principles

Financial management is performed centrally by the TOM TAILOR GROUP's headquarters in Hamburg. The goal is to ensure consistent, Group-wide liquidity management, make optimum use of the available liquidity and guarantee the TOM TAILOR GROUP's ability to meet its financial obligations. On this basis, the TOM TAILOR GROUP's financial management aims to maintain sufficient liquidity for the Company's future growth at all times. The cash generated by operating activities and the available bank lines of credit are a key source of financing.

The TOM TAILOR GROUP's long-term financial management is based on its corporate strategy, with short- and medium-term financial management focusing primarily on the requirements of operating activities. Rolling cash flow planning and daily liquidity reports are used to determine liquidity requirements.

The TOM TAILOR GROUP enhances its financial flexibility and reduces its reliance on banks through a range of financial instruments and measures. It also maintains good business relationships with the consortium banks. Together, these factors contribute to achieving a strong negotiating position and optimum borrowing terms.

The TOM TAILOR GROUP covers its financing needs by maintaining a balanced debt-to-equity ratio, which ensures both financial stability and sufficient flexibility. The Group aims for an equity ratio of more than 30% in the long-term. This goal was achieved as at 31 December 2014 with an equity ratio of 30.3%.

The TOM TAILOR GROUP monitors and analyses the financing opportunities on the financial markets and trends in financing availability very closely in order to ensure it maintains adequate liquidity over the long term. In May 2013, a portion of the previous short-term financing entered into as part of the BONITA acquisition amounting to EUR 80 million was

replaced by the successful issuance of borrower's note loans. The issue was placed mainly with institutional investors in Germany and other European countries. The borrower's note loan has three tranches with maturities of 2.6, 3.6 and 5 years, and bears both fixed and variable rates of interest. It matures no later than the end of May 2018, depending on the maturity of the individual tranches. As is the case with the existing bank finance, continuation of the loan finance is dependent on compliance with certain financial covenants (EBITDA/net interest income, net debt/EBITDA and equity ratio); these are to be calculated on the basis of the consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRSs). The TOM TAILOR GROUP met all of the existing financial covenants in 2014.

The TOM TAILOR GROUP covers its financing needs by maintaining a balanced debt-to-equity ratio

In addition to the borrower's note loan, the bank finance comprises a current account overdraft facility of EUR 137.5 million (utilisation as at 31 December 2014: EUR 57.5 million), a guaranteed line of credit in the amount of EUR 137.5 million (utilisation as at 31 December 2014: EUR 100.0 million) and existing term loans of EUR 75 million. The variable effective interest rate for the lines drawn down is based on three-month and six-month EURIBOR plus a margin that ultimately depends on the ratio of net debt to EBITDA. The bank lines of credit are available to the TOM TAILOR GROUP until 19 June 2015 plus a one-year extension option in each case. This means that financing for the Group is secured. Conclusion of a refinancing agreement in relation to the existing syndicated financing is planned for the first half of 2015 to safeguard a stable, growth-orientated financing structure for the long term and to benefit from the prevailing favourable financing conditions.

Operating Cash Flow up 17.8% Year-on-year

TOM TAILOR GROUP – Development of Key Cash Flows 2014

EUR million	2014	2013
Operating cash flow	70.3	59.7
Change (in %)	17.8	192.6
Net cash provided by investing activities	26.5	26.0
Free cash flow	31.8	20.8
Change (in %)	52.9	—*

* not comparable due to the acquisition of BONITA in 2012

Cash generated from operations rose by 17.8% or EUR 10.6 million to EUR 70.3 million in financial year 2014 (2013: EUR 59.7 million), primarily due to the year-on-year increase of EUR 27.0 million in net income for the period. The improvement in net income for the period stood in contrast to the decline in non-cash depreciation/amortisation/impairment losses of EUR 6.6 million as well as the year-on-year increase in tax payments of EUR 6.4 million. The EUR 14.2 million increase in inventories contrasted with higher liabilities, also of EUR 15.5 million, as at 31 December 2014.

Improved operating cash flow is reflected in a significantly higher free cash flow

Net cash used in investing activities amounted to EUR 26.5 million in financial year 2014 and therefore hovered around the prior-year level (2013: EUR 26.0 million). Investments in controlled selling spaces in 2014 were lower than in 2013, however. Purchases of intangible assets and property, plant and equipment accordingly declined to EUR 21.2 million (2013: EUR 26.9 million). In addition to the investments in controlled selling spaces, further shares in consolidated subsidiaries were acquired in the year under review, leading to purchase price payments of EUR 6.0 million being incurred.

The net amount of net cash provided by operating activities and net cash used in investing activities (free cash flow) improved by EUR 11.0 million to EUR 31.8 million in the reporting period (2013: EUR 20.8 million).

At EUR 42.1 million (2013: EUR 27.0 million), net cash used in financing activities was significantly higher than in the prior-year period. In connection with the issuance of a borrower's note loan, financial liabilities totalling EUR 80.0 million had been incurred the previous year and a total of EUR 29.5 million redeemed through a cash capital increase. The cash proceeds from the two measures were immediately used to repay financial liabilities totalling EUR 133.0 million. By contrast, the disbursements in financial year 2014 are predominantly attributable to the repayment of financial liabilities in the amount of EUR 40.8 million. These primarily comprise repayments for long-term bank loans on schedule in the amount of EUR 15.0 million (2013: EUR 10.0 million) as well as the repayment of the available bank line of credit. Liquidity fell by EUR 10.2 million to EUR 36.9 million compared with the previous year. Net debt amounted to EUR 202.9 million as at 31 December 2014 (2013: EUR 218.5 million).

Payments to Acquire Intangible Assets and Items of Property, Plant and Equipment Totalling EUR 21.2 Million

A total of EUR 21.2 million (2013: EUR 26.9 million) was invested Group-wide in the past financial year to further expand controlled selling spaces in all three segments. Of that amount, EUR 5.4 million was invested in the TOM TAILOR retail segment (2013: EUR 8.5 million) and EUR 7.2 million in the TOM TAILOR wholesale segment (2013: EUR 8.2 million). Capital expenditure in the retail business largely related to shop fittings and fixtures for the new stores. A total of EUR 4.7 million was spent on new selling spaces in the wholesale segment. The remaining EUR 2.5 million mainly related to IT and other infrastructure. BONITA invested a total of EUR 8.6 million in 2014 (2013: EUR 10.2 million), primarily in shop fittings for new stores and in remodelling and expanding existing stores as well as in the IT/software infrastructure.

Selected Figures for Net Assets, Financial Position and Results of Operations

EUR million	2014	2013	2012
Equity	239.2	221.7	218.9
Non-current liabilities	308.1	331.6	300.6
Current liabilities	241.6	206.3	251.7
Financial liabilities	239.9	265.6	301.2
Cash funds	36.9	47.1	53.4
Net debt	202.9	218.5	247.8
Total assets	788.9	759.6	771.2

NET ASSETS

Intangible Assets Down EUR 13.3 Million

Alongside brands, the intangible assets item includes the customer base, beneficial leases and licences that were realised by the identification of hidden reserves in the course of purchase price allocation for the acquisition of the TOM TAILOR operating business by TOM TAILOR Holding AG in 2005. During the BONITA purchase price allocation in 2012, a total of EUR 187.7 million was added for the BONITA brand and a further EUR 20.4 million from the recognition of hidden reserves was included in BONITA's current leases. The brands and goodwill reported are tested for impairment on an annual basis. With regard to the customer base, a distinction is made between regular customers, franchise partners, shop-in-shop customers and multi-label customers. The customer base and licences identified at that time are amortised on a straight-line basis over their respective useful lives. The leases recognised are also amortised on a straight-line basis. In addition to the hidden reserves identified in 2005 and 2012, the intangible assets item largely comprises key money paid for new selling spaces, as well as software licences.

In the financial year ended, intangible assets decreased by EUR 13.3 million to EUR 324.0 million (2013: EUR 337.3 million), mainly due to amortisation.

Property, Plant and Equipment Down EUR 10.6 million

Property, plant and equipment mainly includes leasehold improvements made to fit out and remodel Company showrooms, as well as shop fittings and fixtures for the Company's own stores. The logistics site operated by BONITA, including the land, warehouse and operating facilities, is also included in property, plant and equipment.

Taking into account capital expenditure and depreciation and impairments, property, plant and equipment declined slightly by EUR 10.5 million to EUR 149.1 million in 2014 (2013: EUR 159.6 million).

Net Working Capital Virtually Constant

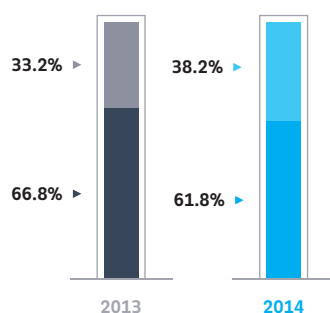
Net working capital is calculated as the sum of inventories and trade receivables less trade payables at the reporting date.

Amounting to EUR 165.7 million at the reporting date, inventories were up EUR 27.9 million on the prior-year figure (2013: EUR 137.8 million). The increase is attributable in particular to the higher number of stores operated by the Group itself as well as to order- and sales-related volume growth. Trade receivables increased by 8.9% to EUR 52.2 million at the reporting date (2013: EUR 47.9 million), largely as a result of the higher business volume in the wholesale segment in 2014. Trade payables grew to EUR 143.8 million at the reporting date (2013: EUR 111.8 million), due mainly to the expansion of operations as well as the adjustment of payment terms in connection with purchasing from Asian suppliers.

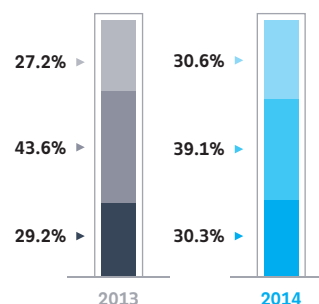
On the whole, net working capital as at 31 December 2014 was therefore only marginally higher, rising by 0.3% to EUR 74.1 million (2013: EUR 73.9 million), and hence accounted for 7.9% of consolidated revenue (2013: 8.1%).

Asset Structure of the TOM TAILOR GROUP

■ Non-current assets ■ Current assets

**Capital Structure of the TOM TAILOR GROUP**

■ Equity ■ Non-current liabilities ■ Current liabilities

**Financial Liabilities Reduced**

Under the non-current liabilities, non-current financial liabilities as at 31 December 2014 decreased by EUR 29.6 million year-on-year to EUR 209.6 million (2013: EUR 239.1 million). This reduction is largely due to the repayments on schedule and the lower utilisation of the long-term bank lines of credit available.

Current financial liabilities were up EUR 3.8 million at the reporting date to EUR 30.3 million (2013: EUR 26.5 million), because the EUR 5.0 million tranche of the borrower's note loan falling due in 2015 was reported under current liabilities as at 31 December 2014 for the first time.

Equity Ratio Increases to 30.3%

Consolidated net accumulated losses were reduced to EUR 94.4 million on account of the net income for the period of EUR 7.2 million attributable to the shareholders (2013: net loss of EUR 21.2 million). Overall, equity rose to EUR 239.2 million (2013: EUR 221.7 million), increasing the equity ratio to 30.3% (2013: 29.2%).

Off-Balance-sheet Financial Instruments

The Company does not use any off-balance-sheet financing instruments such as factoring, asset-backed securities, sale and leaseback transactions, or contingent liabilities involving special-purpose entities not included in the consolidated financial statements.

The TOM TAILOR GROUP has a small number of other operating leases, for example for IT equipment and company vehicles. Off-balance-sheet financial instruments therefore do not have any material effect on the Group's net asset position.

Rating

The TOM TAILOR GROUP has sufficient bank lines of credit and does not make use of financing instruments such as bonds or commercial paper. Consequently, the TOM TAILOR GROUP is not rated by external rating agencies.

OVERALL ASSESSMENT BY THE MANAGEMENT BOARD OF THE RESULTS OF OPERATIONS, FINANCIAL POSITION AND NET ASSETS

In the view of the Management Board of TOM TAILOR Holding AG, 2014 was a satisfactory year for the TOM TAILOR GROUP. The Group expanded further in an environment marked by challenging weather conditions and intense competition, lifting consolidated revenue by 2.7% and recurring EBITDA by 13.0% year-on-year. The Group also recorded significant profit growth and achieved consolidated net income of EUR 10.8 million for the first time since its acquisition of BONITA in 2012. At BONITA, sales promotions were scaled back considerably and the transfer of procurement to the Group's own purchasing company was completed. As a result, the quality of revenue improved and the gross margin rose appreciably from 61.5% to 68.1%, enabling BONITA to make a positive contribution to consolidated net income. The TOM TAILOR wholesale segment continued its dynamic growth path in the reporting period, its revenue increasing by 9.7% compared with the previous year. In the TOM TAILOR retail segment, the Group also continued its expansion with revenue growth of 8.4%.

**Satisfactory 2014 financial year
despite difficult and competitive market
due to weather conditions**

On account of the extreme weather conditions in September and October of last year, which resulted in a much lower footfall, the Management Board was forced to revise its forecasts for 2014 downwards in November 2014. With revenue of EUR 932.1 million and a recurring EBITDA margin of 9.4%, the actual figures for the year under review are within the range of the revised Group forecast for 2014. The revenue growth was mainly driven by the higher number of controlled selling spaces. In total, 71 new stores (planned: 100), 417 new shop-in-shops (planned: 200) and nine new franchise stores (planned: 15) were opened. The number of stores rose by a net 31 to 1,395.

The target reduction of net debt by a figure in the lower double-digit millions was achieved. Compared with 31 December 2013, net debt decreased by EUR 15.6 million to EUR 202.9 million at the 2014 reporting date.

**Revenue growth driven by
the higher number of controlled selling spaces –
net debt reduced as planned**

Management Judgements

With the exception of the new methods described in the notes no accounting policies were applied in the 2014 consolidated financial statements that differ from those applied in previous years and that, if applied differently, would have had a material effect on the net assets, financial position and results of operations. Information on the influence of estimates on the assumptions and judgements made is provided in the notes to the consolidated financial statements.

EMPLOYEES

Employees

Number of employees on 31 December	2014			2013		
	Retail	Wholesale	Total	Retail	Wholesale	Total
Germany	3,508	496	4,004	3,727	453	4,180
Core markets outside Germany	1,543	98	1,641	1,607	86	1,693
Other countries	675	146	821	596	30	626
Total	5,726	740	6,466	5,930	569	6,499

Employees are a company's most valuable resource. Their work and commitment are the basis for the success of any enterprise. The central goal of human resources work in the TOM TAILOR GROUP is to attract the best people, systematically develop them according to their skills and aptitudes and thus ensure that they remain with the Company for the long term.

The values defined in the Employer Branding project, such as mutual respect, responsibility, open communication, justice and passion, provide the framework for the spirit of cooperation in the enterprise and also form the basis of the human resources work in the TOM TAILOR GROUP.

YOUNG, INTERNATIONAL TEAM

The TOM TAILOR GROUP had 6,466 employees on 31 December 2014 (previous year: 6,499). Of this figure, 5,726 people (previous year: 5,930) were employed in the retail segments and 740 people (previous year: 569) in the wholesale segment. The decrease in staff in the retail segments is mainly attributable to a headcount reduction at BONITA, while the increase in the wholesale segment is due in particular to the recruitment of more than 100 new staff for the Company's own purchasing office in Bangladesh. At the reporting date, 4,004 people (previous year: 4,180) were employed in Germany and 2,462 people (previous year: 2,319) outside Germany. At 31 December 2014, TOM TAILOR Holding AG had 30 employees (previous year: 27) including the four members of the Management Board.

In 2014, TOM TAILOR employees in the centralised functions – excluding stores – were an average of 35 years old. The average age at BONITA was 49. In the TOM TAILOR retail stores, the average age of employees was 32, whereas for BONITA it was 50. This translates to an average age across the TOM TAILOR GROUP of 43.

Employees by Age Group

as of 31 December 2014	in %
up to 25 years	10
26 to 30 years	11
31 to 35 years	10
36 to 40 years	8
41 to 45 years	12
46 to 50 years	17
over 51 years	32

The TOM TAILOR GROUP has an international team with employees of 52 different nationalities.

FLEXIBLE ORGANISATIONAL STRUCTURES MAKE CAREER AND FAMILY MORE COMPATIBLE

Of the Group's employees, 90% are female. Women make up around 80% of TOM TAILOR employees and about 97% of BONITA employees. The management level directly below the Management Board includes twelve women, i.e. women account for 35% of all senior executives.

Employees by Gender

as of 31 December 2014	in %
Full-time	10
Part-time	90

A good work-life balance is a key concern, particularly for most of the Group's female employees. Thanks to its flexitime, part-time and job-sharing models, the TOM TAILOR GROUP enables its employees to customise their work to suit themselves as much as possible. Across the Group as a whole, 67% of employees work parttime – 31% at TOM TAILOR and 90% at BONITA.

Employees by Working Time

as of 31 December 2014	in %
Full-time	33
Part-time	67

More information on the topics of work/life balance and diversity can be found in the section entitled "Sustainability and Responsibility".

REMUNERATION THAT ENCOURAGES HIGH PERFORMANCE REINFORCES COMMIT- MENT AND MOTIVATION

Fair remuneration that encourages high performance and the opportunity for employees to share in the Company's success are key features of the TOM TAILOR GROUP's human resources policy. Remuneration is based on fixed and variable components, which vary depending on the function performed and the employees' position in the hierarchy. The variable salary component depends on whether personal goals and specified corporate goals have been met. Corporate goals include financial performance indicators that vary by segment. In the annual performance reviews, employees' personal goals, opportunities for advancement and salary developments for the current financial year are set and target achievement for the past year is evaluated. The performance reviews are based on a mutual appraisal in which not only is employees' performance appraised on the basis of set criteria, but employees also evaluate their supervisor.

**Thanks to its flexitime, part-time
and job-sharing models, the TOM TAILOR GROUP
enables its employees to customise their work
to suit themselves as much as possible**

In addition to purely performance-based remuneration, the TOM TAILOR GROUP also provides voluntary social benefits. For example, it offers a Company pension plan featuring additional employer contributions, a Group policy for occupational disability insurance and daycare subsidies.

POSITIONING TOM TAILOR INTERNALLY/ EXTERNALLY AS AN ATTRACTIVE EMPLOYER

The TOM TAILOR GROUP is preparing to meet the foreseeable consequences of demographic trends. The population in our core markets is ageing and will decline in the medium to long term. A shortage of well-educated staff is already apparent, leading to increasing competition among companies for good people. Retaining employees at the Company and ensuring their professional development therefore play an important role in the Company's continuing development. With this in mind, the TOM TAILOR GROUP launched its Employer Branding initiative in 2013, the aim of which is to position the Company with its two brands, TOM TAILOR and BONITA, as an attractive employer both internally and externally. This is expected to have a lasting positive impact on employee recruitment and retention, as well as on their motivation and the corporate culture. The Employer Branding vision can be summarised as follows: "We – each individual employee of the TOM TAILOR GROUP – have the potential, the will and the explorer gene to turn our Company into one of Europe's premier fashion retailers, while retaining the spirit and zest of a start-up."

In 2014, employee branding activities focused on making the eleven defined values for achieving a spirit of cooperation in the Company, such as mutual respect, responsibility, open communication, justice and passion, come alive and anchoring them in the Group. In this context, for example, road shows were held throughout Germany to give staff in the individual stores an understanding of employer branding and the corporate values. Senior executives were called on to enable their employees to experience a randomly chosen corporate value hands-on. The Company's new career portal went live mid-year. All of the content and information in this portal can be called up on mobile devices with the same look and feel. The portal provides detailed information about career opportunities in the TOM TAILOR GROUP. It is intended to help organise recruitment for TOM TAILOR and BONITA more homogeneously and more professionally. On the portal, current employees explain what they value about their work in the TOM TAILOR GROUP and thus appear as credible brand ambassadors.

The success of the employer branding activities is regularly reviewed using a tracking tool which analyses to what extent the Company's own employees are aware of the employer branding activities and also enforce the measures on the external job market.

Other focal points of the employer branding activities are the end-to-end support programmes for new recruits in the Company and various activities to promote health in the workplace.

END-TO-END SUPPORT PROGRAMMES FOR NEW RECRUITS

Training young people is a particularly high priority for the TOM TAILOR GROUP as a company showing dynamic growth. Well-educated and motivated new talent is key to a company's long-term success. The Company's training concept includes traditional vocational training, dual workstudy programmes, internships and trainee programmes for university graduates. The TOM TAILOR GROUP also reaches potential candidates by working together with universities, through presentations at fairs, through its "Employees Recruit Employees" programme and other initiatives. In addition, the Company works with the Akademie für Mode und Design (AMD – Academy of Fashion and Design) to present itself to young students and to encourage them to join the TOM TAILOR GROUP. The Company also regularly organises employment fairs at its Hamburg site and other similar projects for students.

In 2014, the TOM TAILOR GROUP with its brands once again took part in the annual Young Professionals' Day organised by the trade magazine TextilWirtschaft, which is devoted to entry-level and development opportunities in the fashion industry. The Company also takes part in "Girls' Day" and "Boys' Day" events in Hamburg and Hamminkeln. Practical taster sessions offer young girls and boys the chance to find out about interesting activities in different professions.

INDIVIDUALISED PROFESSIONAL DEVELOPMENT OF EMPLOYEES

The TOM TAILOR GROUP supports and assists its employees in achieving their career goals by focusing on individual, needs-based professional development and on specialised training. All employees have access to a wide range of training opportunities for professional and personal development. The Fach- und Führungskräfte-Entwicklungsprogramm (FEP), a development programme for specialists and management employees, is currently in place for sales and marketing staff. The programme lasts for approximately two years and comprises a number of theoretical and practical modules. The programme aims to equip participants with the foundations they need to take on further professional and management responsibilities.

FOCUS ON HEALTH IN THE WORKPLACE

The TOM TAILOR GROUP takes the personal wellbeing and health of its employees extremely seriously. This is why the Group has launched its Health in the Workplace initiative, based on the following key areas:

- External employee counselling
- Management seminars that promote health and realise employee potential at work
- Lectures on stress prevention and coping with change

Since 2012, employees have been able to contact an external coaching institute in person or by phone for free, anonymous advice and support on questions or problems related to their workplace, private and family issues, and their health. The Company introduced this service to support its employees in overcoming challenging and stressful life situations and so help maintain their health. The institute is bound to complete secrecy vis-à-vis the TOM TAILOR GROUP.

All managers in the TOM TAILOR GROUP are invited to take part in a seminar on health- and potential-driven management. Most complete this training, which aims to ensure that managers are aware of the issues affecting health in the workplace and that a common understanding of these is developed over the long term.

In addition, seminars on stress prevention and on coping with change were held in 2014 to sensitise employees to these issues. These seminars were available to all employees in Hamburg and Hamminkeln.

OPEN COMMUNICATION AND STRONG TEAM SPIRIT

“Communicate openly” — in accordance with this corporate value, the TOM TAILOR GROUP actively encourages communication between its employees in order to strengthen the sense of belonging in the Company. Internal Company events are regularly held to which the entire TOM TAILOR workforce is invited. One example is TOM's Club, which takes place once a quarter at the invitation of the trainees and provides opportunities for exchanging ideas and experiences across departments. A summer party and a Christmas party are also held every year in Hamburg and Hamminkeln to reflect the Management Board's recognition of employees' efforts.

**“Communicate openly”:
The TOM TAILOR GROUP promotes
pro-active communication among employees
and direct contact with supervisors**

Direct communication with supervisors without long communication chains, quick decisions and flat hierarchies are elements of the personnel policy and characterise the corporate culture. Employees are regularly and promptly informed of all events that are relevant to the Company via the intranet.

SUSTAINABILITY AND RESPONSIBILITY

COMMITTED TO CORPORATE RESPONSIBILITY

In a global industry such as textiles, corporate responsibility towards employees, customers, suppliers and the environment is becoming an ever more important competitive factor.

As an international fashion company, the TOM TAILOR GROUP takes its corporate responsibility very seriously, which is why sustainable, responsible corporate management is a core component of its business policy. This includes a well-balanced social and human resources policy as well as trusting relationships with the Group's business partners. The Company places particular emphasis on decent, safe and fair working conditions at its supplier operations, on reducing its environmental footprint in the production process and on high product quality.

The TOM TAILOR GROUP sees corporate responsibility as a process of continuous improvement and will therefore strengthen its commitment in all areas, particularly with regard to the production process.

In the production process, the TOM TAILOR GROUP has voluntarily undertaken to observe the principles of the Business Social Compliance Initiative (BSCI). This BSCI code of conduct includes all key standards of the International Labour Organisation (ILO), the UN Global Compact and the UN Declaration of Human Rights. Further elements are the OECD Guidelines

for Multinational Enterprises and other internationally recognised treaties. These include a ban on child labour, safe and decent working conditions, fair pay, regulated working times, adherence to local laws, no discrimination and workers' freedom of association to form unions and freely negotiate rates. Before the TOM TAILOR GROUP works with a new supplier, auditors from the purchasing company TOM TAILOR Sourcing perform in-depth checks of this supplier. These inspections are based on the BSCI standards and other standards defined by the Company. If the inspection is successful, the TOM TAILOR GROUP enters into an agreement with the supplier concerned in which the supplier undertakes to adhere to the purchasing guidelines of the TOM TAILOR GROUP. These include restrictions or complete bans on the use of animal hair, certain types of down and feathers, real fur, leather and skins, shells, silk from India, cotton from Uzbekistan, mulesing of sheep and sandblasting in the production process. Over the course of the cooperation, employees from the TOM TAILOR purchasing offices and other accredited agencies will perform regular announced but also unannounced supplier audits and checks. If any deviations from the specified standards arise, the supplier will be sanctioned or the employees of the TOM TAILOR purchasing company will draft suitable measures and development plans with the supplier so that the standards are complied with once more.

RESPONSIBLE ACTION IN THE PRODUCTION PROCESS

The TOM TAILOR GROUP's collections are mainly manufactured in Asia, where the majority of global textile production takes place. The diversified supplier structures in the textile industry require a high degree of responsibility in order to guarantee decent, safe and fair working conditions at the Asian suppliers. The Company takes this responsibility very seriously and since 2011 has maintained purchasing offices in Asia's most important procurement markets via the joint venture TOM TAILOR Sourcing Ltd. so as to ensure direct contact with its suppliers, regularly monitor these itself and assist them. Furthermore, the TOM TAILOR GROUP participates in its procurement markets in the dedicated projects and initiatives listed below.

The TOM TAILOR GROUP sources a large proportion of its merchandise from Bangladesh. In light of the events in Rhana Plaza in 2013, the TOM TAILOR GROUP set up its own purchasing office in Bangladesh last year. This shows that the Company has made a long-term commitment to Bangladesh as a key procurement market. The purchasing office in Dhaka now has more than 100 employees working for the TOM TAILOR GROUP, most of whom visit the factories on a daily basis to monitor them and provide assistance.

With purchasing offices in key sourcing markets in Asia, the TOM TAILOR GROUP maintains direct contact with suppliers, which provides support for them and ensures control

In 2014, the Company launched the Safer Factory initiative here. Together with two external management consulting companies specialising in this field, the TOM TAILOR GROUP advises and supports its suppliers in improving the safety and working conditions at the production facilities. This initiative also benefits the manufacturers, who receive advice and training in how they can reduce costs through more effective and more efficient production, for example by reducing scrap when cutting the fabric.

In India, the TOM TAILOR GROUP has been a member of the Tamil Nadu Multi-Stakeholder Group (TNMS Group) since 2012, an association combining individual BSCI members and the Ethical Trading Initiative (ETI). The group is taking a determined stand against the custom of Sumangali in southern India. Sumangali is a widespread form of employment in this region, in which young women undertake to work in factories for several years. The idea is that the girls save for a dowry, which is a prerequisite for getting married. They are only paid the majority of their salary when they have completed this multi-year period. This widespread practice frequently results in a number of types of forced labour of young women. The TNMS Group is conducting systematic educational campaigns on the ground, including training suppliers, holding discussions with legislators in the area, and setting up local community and training centres.

Another project the TOM TAILOR GROUP has been actively involved with for many years is the Aid by Trade foundation's Cotton made in Africa (CmiA) initiative. This initiative is aimed at improving the living and working conditions of cotton farmers in Africa. The cotton farmers are trained in modern, efficient, environmentally friendly methods of cultivation to improve the quality of their cotton and raise their income through higher yields. The training concept also extends to children of cotton farmers, who are to benefit from improved school education. The Cotton made in Africa projects are financed by licence fees, which are paid by partner companies such as the TOM TAILOR GROUP in return for the right to sell specified quantities of products made from CmiA cotton. In 2014, the TOM TAILOR GROUP sold a comparable number of products manufactured using CmiA-certified cotton as in 2013, and it intends to increase this number again in 2015.

DEVELOPING AND SUPPORTING EMPLOYEES IN MANY DIFFERENT WAYS

Employees are a company's most valuable resource. They are key to an enterprise's long-term success. As a socially committed employer, the TOM TAILOR GROUP therefore focuses in particular on its employees when it comes to sustainability and responsibility. This involves not only searching for the best people for the Company, but also developing and supporting its current workforce. Some 6,500 employees now work in a wide variety of tasks and functions for the TOM TAILOR GROUP worldwide.

The focus of human resources management in 2014 was on the Employer Branding project, the aim of which is to position the Group with its two brands, TOM TAILOR and BONITA, as an attractive employer both internally and externally, particularly in Germany, in light of the demographic trend. This is expected to have a lasting, positive impact on employee recruitment and retention as well as on their motivation and the corporate culture.

As a fast-growing company, the TOM TAILOR GROUP places special emphasis on employee education and training. For example, it offers young people practical, needs-based education and training programmes in various functional areas. The Company cooperates with institutions such as the Akademie für Mode und Design (AMD – Academy of Fashion and Design), which aligns its interest in recruiting talented and well-educated young people for the TOM TAILOR GROUP with retaining them for the long term. In this way, the Company enables young people to benefit from forward-looking vocational education.

**Employees are the focus of the TOM TAILOR GROUP's
sustainability and corporate responsibility efforts**

All employees also have access to a wide range of training opportunities for professional and personal development. In addition, the Company helps its employees to better reconcile career and family and to find a healthy work/life balance by providing day care subsidies or offering flexitime schemes, among other things. Since 2012, the Group has also offered its employees an external counselling programme called the Employee Assistance Programme. An external coaching institute advises the Group's employees, who remain anonymous, on questions concerning their work, private life or health and in highly stressful situations. The objective is to address potential physical and psychological problems among employees at an early stage.

**Continuing education and work-life balance
opportunities as well as external coaching services
are available to all employees**

Diversity is lived out at the TOM TAILOR GROUP as an international fashion company and considered a key factor for success: employees of 52 different nationalities work in the Group. The Company is convinced that only by drawing on different cultural backgrounds, viewpoints, opinions and experience can businesses exploit their full potential and achieve success. All employees have equal opportunities in the Company irrespective of their background, gender, religion or sexual orientation.

Detailed information on employees can be found in the section entitled "Employee".

FOCUS ON THE ENVIRONMENT

Supporting Environmental Projects and Initiatives

By joining the BSCI and voluntarily signing up to its code of conduct, the TOM TAILOR GROUP has undertaken to comply with national environmental protection legislation. However, depending on the individual national regulations, local regulations are insufficient to guarantee adequate environmental protection in the production countries.

Since 2011, together with other retail and branded goods companies, the TOM TAILOR GROUP has therefore been active in the Carbon Performance Improvement Initiative (CPI₂) funded by the Deutsche Investitions- und Entwicklungsgesellschaft (DEG – German Investment and Development Corporation). This initiative aims to reduce harmful carbon dioxide (CO₂) emissions in individual companies' supply chains. In the emerging and developing countries, huge potential savings in CO₂ emissions can be made simply by raising awareness of the problem and by taking what in some cases is simple action. To do this, the CPI₂ initiative has developed a management tool for producers in these countries with concrete recommendations on how to save energy.

Since the completion of the pilot phase in 2012, the TOM TAILOR GROUP has held climate protection seminars at its suppliers in Bangladesh, China, India, Vietnam and Turkey. About 70 of the Group's suppliers are currently involved in the climate project and are at the stage of establishing their existing CO₂ emissions. In 2015, nearly all suppliers are expected to participate in the project so as to obtain an overview of the factors causing suppliers' CO₂ emissions. After that, targets for cutting CO₂ emissions will be set for each individual supplier, taking into account their respective starting situations, and measures will be implemented to achieve them. The CPI₂ initiative plans to extend its activities to the areas of water and chemicals in 2015 and in so doing help to reduce water and chemical consumption in the production process.

Increasing the Use of Organic Cotton

For some years now, the TOM TAILOR GROUP has used organic cotton in selected products. This supports the transition from conventional, resource-intensive cotton cultivation towards more ecologically balanced cultivation methods. The TOM TAILOR GROUP sources its organically produced cotton from certified suppliers complying either with the leading global certification standard, GOTS (Global Organic Textile Standard), or the Organic Exchange 100 standard. The Company plans to increase the use of products manufactured from organic cotton continually.

Contributing to Environmental Protection with High Product Quality

The TOM TAILOR GROUP offers consumers high-quality, fashionable casual wear with an attractive value proposition. In order to guarantee this high standard of quality, the Company checks the entire value chain. The items of clothing are subject to a variety of quality controls from production through to delivery to the point of sale. These include parameters such as checking the general workmanship and fit, and, in particular, checking to see whether the processed materials fulfil the Group's strict quality and material requirements.

The TOM TAILOR GROUP actively contributes to protecting the environment with numerous projects and initiatives

Because of its high quality, clothing from the TOM TAILOR GROUP is extremely durable. Seen in terms of the entire life cycle – from growing the cotton to the ultimate disposal of the product by consumers – a high quality standard therefore also makes a key contribution to protecting the environment.

STATEMENT ON CORPORATE GOVERNANCE

The Corporate Governance Statement in accordance with section 289 a of the Handelsgesetzbuch (HGB – German Commercial Code) can be found in the Corporate Governance Report of the Annual Report and on TOM TAILOR Holding AG's website <http://ir.tom-tailor-group.com>.

REMUNERATION OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

REMUNERATION OF THE MANAGEMENT BOARD MEMBERS OF TOM TAILOR HOLDING AG

In the 2014 financial year, the Management Board of TOM TAILOR Holding AG comprised Mr Holzer, Dr Rebien, Dr Schumacher, Mr Peterburs (starting 1 March 2014) and Mr Greiser (until 31 January 2014).

The system of remuneration for Management Board members aims to ensure the successful, sustainable, value-focused performance of the Company.

As required by section 87 of the Aktiengesetz (AktG – German Stock Corporation Act) and the German Corporate Governance Code (GCGC), the Supervisory Board determines the total remuneration and regularly reviews the remuneration system. In setting an appropriate level of total remuneration, attention is paid to its customariness in view of both the Company's environment (customary remuneration in the Company's industry, in companies of comparable size, in Germany) and the Company's pay scale (ratio of Management Board remuneration to that of the workforce).

COMPONENTS OF MANAGEMENT BOARD REMUNERATION

The Management Board's remuneration is composed of fixed and variable (performance-based) components. In addition, members receive fringe benefits, e.g. use of a company car and accident insurance.

1) Fixed Salary

The amount of fixed salary received depends on the duties and area of responsibility of each Management Board member. It is paid in 12 equal instalments. The fixed salary of Management Board Chairman Mr Holzer is based on a variable total annual salary of no less than EUR 900,000 and is paid in 12 equal instalments.

2) Variable Remuneration

In financial year 2014, Mr Holzer, Dr Rebien, Dr Schumacher and Mr Greiser were entitled to a short-term bonus. Upon entry into force of the new employment contract with Dr Schumacher (as at 1 July 2014), this remuneration component was replaced with a multi-year bonus. As at 1 February 2015 Mr Holzer's employment contract was also amended accordingly.

The variable remuneration components are as follows:

- One-year bonus
- Multi-year bonus
- Matching Stock Programme (MSP)
- Long-Term Incentive Programme (LTI)
- Stock Option Programme (SOP)

In addition, selected Management Board members hold equity interests in FCM Beteiligungs GmbH under a management equity participation programme, which could generate proportional income for them in the future.

a) One-year Bonus

The short-term bonus for the Management Board members Mr Holzer, Dr Rebien, Dr Schumacher and Mr Greiser is based on the net revenue and EBITDA of the consolidated financial statements of TOM TAILOR Holding AG. As per his previous contract running until 30 June 2014, Dr Schumacher additionally received a performance bonus aligned to division-specific EBITDA. Mr Peterburs' contract does not stipulate a one-year bonus.

b) Multi-year Bonus

Management Board members Dr Schumacher (starting 1 July 2014) and Mr Peterburs receive a multi-year bonus based on the net revenue, the net revenue growth and the consolidated earnings per share adjusted for one-off items/special factors (recurring earnings per share). The bonus payment is calculated using the average from the current financial year and the two preceding financial years. If the bonus calculated using the recurring earnings per share is negative for this reporting period, then it is offset against the net revenue and net revenue growth bonus components. Dr Schumacher's multi-year bonus is based on recurring earnings per share and the performance of division-specific, recurring EBITDA. This bonus payment is also calculated using the average from the current financial year and the two preceding financial years.

There is a cap on the amount of the multi-year bonus for Management Board members.

c) MSP

On 20 January 2010 the Supervisory Board approved implementation of a Matching Stock Programme (MSP) for the members of the Management Board as a share-based remuneration system to align the interests of the Management Board and the shareholders. The MSP entitles the plan participants to acquire phantom stocks provided that the plan participants' employment with the Company has not been terminated at the time the MSP is subscribed. In financial year 2014 Management Board members Mr Holzer and Dr Rebien participated in the MSP.

The MSP runs for a total of 14 years from the date of the initial listing and is allocated in five tranches. The phantom stocks can only be exercised under the condition that TOM TAILOR Holding AG shares outperform the SDAX during the exercise period. The strike price is calculated using the average, non-weighted closing price of TOM TAILOR Holding AG shares on the last trading day prior to exercise of the phantom stocks in a tranche.

The phantom stocks are subject to a vesting period of four years from the date of allotment of the relevant tranche. The gains from the MSP are capped for all plan participants at a maximum of 2.5% of the EBITDA in the most recent consolidated financial statements of TOM TAILOR Holding AG.

d) LTI

In July 2010 a Long-Term Incentive (LTI) Programme was introduced for the Management Board and executives of TOM TAILOR Holding AG. This Programme serves to align the interests of the Management Board members, executives and shareholders of TOM TAILOR Holding AG as well as to encourage retention of personnel and achievement of the Company's long-term goals.

The LTI runs for a total of eight years from the date of initial listing of TOM TAILOR Holding AG shares. Assuming an active, untermiated employment relationship, the LTI will be awarded annually.

The target amount for each plan participant is based on their fixed salary at the time of issuance and is determined for the Management Board members by the Supervisory Board. The amount of the LTI payment will be calculated over a period of three years on the basis of EBITDA and net revenue (Factor 1) as well as the share price (Factor 2). Factor 1 comprises achievement of the target EBITDA growth over the three-year performance period weighted at 30% and achievement of the net revenue growth target over the three-year performance period weighted at 20%. Factor 2 comprises the growth in value of TOM TAILOR shares over the performance period. In calculating the LTI, Factor 2 must be included at a factor of at least 1.0.

Participants are entitled to a payout from the LTI only if at least 70% of the Factor 1 plan targets were attained. The value of the factors cannot exceed 2.0 in each case. The LTI payment is subject to a lock-up period of three years from the date it is granted.

e) SOP

On 3 June 2013 the Annual General Meeting of TOM TAILOR Holding AG resolved to introduce a Stock Option Programme (SOP). The performance targets for the Programme are measured on the basis of a multi-year assessment and comply with the legal requirements of the Aktiengesetz (AktG – German Stock Corporation Act) and the German Corporate Governance Code.

In financial year 2014 the members of the Management Board Dr Rebien, Dr Schumacher and Mr Peterburs were eligible to participate in the Stock Option Programme. Dr Schumacher and Mr Peterburs were granted stock options in the reporting year.

Each option entitles plan participants to acquire one TOM TAILOR share. Until the TOM TAILOR shares are transferred, the option holders are entitled neither to pre-emptive rights to new shares of the Company from capital increases nor to equity derivatives nor to rights to dividends or other distributions.

The SOP performance period runs for four years, and the maximum term of the stock options shall not exceed seven years from the date of issue. In the four issuing periods, the option beneficiaries will receive stock option rights with two different strike prices. For 75% of the issued stock option rights (type A stock option rights), the strike price corresponds to the issue price; for the remaining 25%, the strike price of the stock option rights issued (type B stock option rights) corresponds to 120% of the issue price. The stock option rights may only be exercised if (1) the closing price of the shares on the last five trading days of the vesting period exceeds the issue price by an average of at least 35%, whereby the issue price shall correspond to the average closing price of the shares on the last 30 trading days before the date of issue of the respective stock option right, and (2) diluted consolidated earnings per share (EPS) adjusted for special factors for the financial year ending prior to the end of the respective vesting period have increased by at least 50%. The gain achieved by the option beneficiaries when exercising their options may not exceed three times the issue price (cap).

f) Management equity participation programme

In financial year 2014, the Management Board members Mr Holzer, Dr Rebien and Mr Peterburs invested in FCM Beteiligungs GmbH from their net earnings and hold an equity interest in this company totalling 38%. FCM Beteiligungs GmbH holds 1,991,369 TOM TAILOR Holding AG shares, a 7.65% interest. The Management Board members' equity interest therefore constitutes an investment in TOM TAILOR Holding AG and aligns the interests of management with those of the shareholders.

Proceeds are generated from the equity interest when shares are sold by FCM Beteiligungs GmbH. The gains from the equity interest are paid to participants in proportion to their interest in FCM Beteiligungs GmbH. This interest is reduced by what is known as a "performance ratchet" arrangement to a previously determined minimum, if the share price remains below a previously fixed hurdle when shares are sold. In addition to the aforementioned proceeds, the Management Board members are entitled to a performance bonus when TOM TAILOR shares are sold. This is based on the share price exceeding additional hurdles within a fixed time period. Shares can be sold after expiration of the lock-up period on 11 August 2015. This requires prior consultation with the Management Board members and executives of TOM TAILOR Holding AG. When the investment was made, the market value of the equity interest attributable to the members of the Management Board was around EUR 0.6 million.

Upon leaving TOM TAILOR Holding AG, the participants in the management equity participation programme are generally entitled to retain their interest in TOM TAILOR shares. Their share of the investment is reduced to the ratchet minimum. Claims to any performance bonuses are thereby extinguished.

3) Fringe Benefits

In addition to the personal use of a company car, fringe benefits include accident insurance, D&O insurance and, for Mr Holzer, contributions to an endowment insurance policy and legal expenses insurance.

4) Termination Benefits

No retirement benefits are granted to the members of the Management Board. In the event that a member of the Management Board becomes unable to work, his salary will continue to be paid for a maximum of six months; in the event of the death of a member of the Management Board, payments will continue for a maximum of 12 months. In the event of termination of an employment contract by the Company, Mr Holzer is entitled to severance pay in the amount of his fixed remuneration for the remaining term of the contract. The severance amount is limited to two years' salary or EUR 2.0 million in accordance with German Corporate Governance Code regulations. If employment is terminated for good cause in accordance with section 626 of the Bürgerliches Gesetzbuch (BGB – German Civil Code), then any claims to severance pay are extinguished.

Remuneration of the Management Board and the Supervisory Board

Benefits Paid

EUR	Dieter Holzer CEO				Dr Axel Rebien CFO			
	2013	2014	2014 (min.)	2014 (max.)	2013	2014	2014 (min.)	2014 (max.)
Fixed remuneration	900,000	900,000	900,000	900,000	579,167	600,000	600,000	600,000
Fringe benefits	26,817	28,148	28,148	28,148	21,829	21,829	21,829	21,829
Total	926,817	928,148	928,148	928,148	600,996	621,829	621,829	621,829
One-year variable remuneration	2,665,575	3,145,418	—	— ⁴	651,850	715,870	—	— ⁵
Multi-year variable remuneration	262,779	126,617	—	—	463,390	54,493	—	—
Multi-year bonus ¹	—	—	—	—	—	—	—	—
MSP ² 2013-2017/2014-2018	104,543	97,916	—	open	38,364	35,359	—	open
LTI 2013-2016/2014-2017	158,236	28,701	—	803,250	101,828	19,134	—	535,500
SOP ³ 2013-2017/2014-2018	—	—	—	—	323,198	—	—	—
Multi-year variable remuneration from third-party benefits (Management equity participation programme)	—	322,393	—	open	—	222,318	—	open
Total	3,855,171	4,522,576	928,148	—	1,716,236	1,614,510	621,829	—
Retirement benefit	—	—	—	—	—	—	—	—
Total remuneration	3,855,171	4,522,576	928,148	—	1,716,236	1,614,510	621,829	—

1 Due to the method used, the target figures of the multi-year bonus cannot be derived and disclosed definitely for Management Board members Dr Schumacher and Mr Peterburs, who participate in this plan in the financial year.

2 Due to the method used, the maximum figures for the MSP cannot be derived and disclosed definitely.
In financial years 2013 and 2014, the MSP was granted only to Mr Holzer and Dr Rebien.

3 In financial year 2013, options under the SOP were granted to Dr Rebien, Dr Schumacher, Mr Peterburs and Mr Greiser.
In financial year 2014, only Dr Schumacher and Mr Peterburs were granted options under the SOP.
The gain achieved by the option beneficiaries when exercising their options may not exceed three times the issue price (cap).

4 The employment contract running until 31 January does not provide for a cap.
The employment contract applicable from 1 February specifies a maximum amount.

5 The current employment contract does not provide for a cap.

Remuneration of the Management Board and the Supervisory Board

Benefits Paid

EUR	Dr Marc Schumacher Retail				Daniel Peterburs CPO (since 1 March 2014)			
	2013	2014	2014 (min.)	2014 (max.)	2013	2014	2014 (min.)	2014 (max.)
Fixed remuneration	250,000	325,000	325,000	325,000	—	133,333	133,333	133,333
Fringe benefits	18,229	18,229	18,229	18,229	—	12,229	12,229	12,229
Total	268,229	343,229	343,229	343,229	—	145,562	145,562	145,562
One-year variable remuneration	177,428	76,222	—	—	—	—	—	—
Multi-year variable remuneration	205,553	277,150	—	4,997,525	—	110,838	—	1,456,168
Multi-year bonus ¹	—	81,314	—	500,000	—	69,646	—	500,000
MSP ² 2013-2017/2014-2018	—	—	—	—	—	—	—	—
LTI 2013-2016/2014-2017	43,954	7,972	—	223,125	—	3,619	—	101,288
SOP ³ 2013-2017/2014-2018	161,599	187,864	—	4,274,400	—	37,573	—	854,880
Multi-year variable remuneration from third-party benefits (Management equity participation programme)	—	—	—	—	—	11,113	—	—
Total	651,210	696,601	343,229	5,340,754	—	267,513	145,562	1,601,730
Retirement benefit	—	—	—	—	—	—	—	—
Total remuneration	651,210	696,601	343,229	5,340,754	—	267,513	145,562	1,601,730

1 Due to the method used, the target figures of the multi-year bonus cannot be derived and disclosed definitely for Management Board members Dr Schumacher and Mr Peterburs, who participate in this plan in the financial year.

2 Due to the method used, the maximum figures for the MSP cannot be derived and disclosed definitely.
In financial years 2013 and 2014, the MSP was granted only to Mr Holzer and Dr Rebien.

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In financial year 2014, only Dr Schumacher and Mr Peterburs were granted options under the SOP.

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4 The employment contract running until 31 January does not provide for a cap.
The employment contract applicable from 1 February specifies a maximum amount.

5 The current employment contract does not provide for a cap.

Remuneration of the Management Board and the Supervisory Board

Benefits Paid

EUR	Udo Greiser CPO (until 31/01/2014)			
	2013	2014	2014 (min.)	2014 (max.)
Fixed remuneration	500,000	33,537	33,537	33,537
Fringe benefits	16,429	2,029	2,029	2,029
Total	516,429	35,566	35,566	35,566
One-year variable remuneration	264,000	48,452	—	—
Multi-year variable remuneration	249,508	15,954	—	446,250
Multi-year bonus ¹	—	—	—	—
MSP ² 2013-2017/2014-2018	—	—	—	—
LTI 2013-2016/2014-2017	87,909	15,954	—	446,250
SOP ³ 2013-2017/2014-2018	161,599	—	—	—
Multi-year variable remuneration from third-party benefits (Management equity participation programme)	—	—	—	—
Total	1,029,937	99,972	35,566	481,816
Retirement benefit	—	—	—	—
Total remuneration	1,029,937	99,972	35,566	481,816

1 Due to the method used, the target figures of the multi-year bonus cannot be derived and disclosed definitely for Management Board members Dr Schumacher and Mr Peterburs, who participate in this plan in the financial year.

2 Due to the method used, the maximum figures for the MSP cannot be derived and disclosed definitely.
In financial years 2013 and 2014, the MSP was granted only to Mr Holzer and Dr Rebien.

3 In financial year 2013, options under the SOP were granted to Dr Rebien, Dr Schumacher, Mr Peterburs and Mr Greiser.
In financial year 2014, only Dr Schumacher and Mr Peterburs were granted options under the SOP.
The gain achieved by the option beneficiaries when exercising their options may not exceed three times the issue price (cap).

4 The employment contract running until 31 January does not provide for a cap.
The employment contract applicable from 1 February specifies a maximum amount.

5 The current employment contract does not provide for a cap.

Remuneration of the Management Board and the Supervisory Board

Amounts Received

	Dieter Holzer CEO		Dr Axel Rebien CFO		Dr Marc Schumacher Retail		Daniel Peterburs CPO (since 1 March 2014)		Udo Greiser CPO (until 31/01/2014)	
EUR	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014
Fixed remuneration	900,000	900,000	579,167	600,000	250,000	325,000	—	133,333	500,000	33,537
Fringe benefits	26,817	28,148	21,829	21,829	18,229	18,229	—	12,229	16,429	2,029
Total	926,817	928,148	600,996	621,829	268,229	343,229	—	145,562	516,429	35,566
One-year variable remuneration	2,665,575	3,145,418	651,850	715,870	177,428	76,222 ¹	—	—	264,000	48,452
Multi-year variable remuneration	1,323,751	543,470	367,703	579,055	261,809	211,143	—	69,646	—	—
Multi-year bonus	—	—	—	—	—	81,314 ¹	—	69,646	—	—
LTI 2010–2013/ 2011–2014	1,323,751	543,470	367,703	579,055	261,809	129,829	—	—	—	—
Total	4,916,143	4,617,036	1,620,549	1,916,754	707,466	630,594	—	215,208	780,429	84,018
Retirement benefits	—	—	—	—	—	—	—	—	—	—
Total remuneration acc. to the GCGC	4,916,143	4,617,036	1,620,549	1,916,754	707,466	630,594	—	215,208	780,429	84,018

1 Upon entry into force of the new as at 1 July 2014, the short-term bonus was replaced with a multi-year bonus.

REMUNERATION OF THE SUPERVISORY BOARD MEMBERS

In accordance with the Articles of Association, the members of the Supervisory Board receive fixed remuneration of EUR 40 thousand (the Chairman receives EUR 150 thousand and the Deputy Chairman EUR 75 thousand), plus compensation for outofpocket expenses. This remuneration is payable after the end of the Annual General Meeting that receives and resolves on the approval of the consolidated financial statements for the financial year in question.

DISCLOSURES REQUIRED BY TAKEOVER LAW IN ACCORDANCE WITH SECTION 315(4) OF THE HGB (GERMAN COMMERCIAL CODE) AND EXPLANATORY REPORT

The overriding goal of the TOM TAILOR GROUP's management team is to generate value for shareholders. This is why every proposed change of control and every takeover offer that could realise hidden reserves and enterprise value, benefiting shareholders, is carefully analysed to establish the expected synergies and the future potential to add value. A change of control is deemed to have occurred if a single shareholder or a group of shareholders acting in concert acquires more than 30% of the outstanding voting rights as a result of a takeover, an exchange, or another form of transfer, or if, as a result of a takeover or a reverse merger, the shareholders of TOM TAILOR Holding AG hold less than 30% of the voting rights in the combined entity after such a transaction has entered into force. The TOM TAILOR GROUP has not established any specific defensive mechanisms or measures against takeovers.

COMPOSITION OF SUBSCRIBED CAPITAL AND VOTING RIGHTS

TOM TAILOR Holding AG's subscribed capital (share capital) as at 31 December 2014 was EUR 26,027,133.00 and is composed of 26,027,133 noparvalue registered shares. Each share grants the holder equal rights and a single vote at the Annual General Meeting.

Restrictions Affecting Voting Rights or the Transfer of Shares

In connection with the acquisition of the BONITA Group, ISLA Vermögensverwaltungs GmbH (Warstein, Germany), formerly BONITA International Verwaltungs GmbH, acquired 6,028,050 new shares in TOM TAILOR Holding AG as part of a noncash capital increase on 8 August 2012 and has held 23.16% of TOM TAILOR Holding AG's share capital since that time.

Effective 8 August 2014, ISLA Vermögensverwaltungs GmbH sold its shares in TOM TAILOR Holding AG to Fidelidade-Companhia de Seguros SA, Portugal's largest insurance company and an indirectly owned subsidiary of Fosun (Fosun International Limited, HKEx stock code: 00656, and subsidiaries) with the participation of the Management Board of TOM TAILOR Holding AG.

The company shares are subject to a lock-up period that runs until 11 August 2015.

EQUITY INTERESTS EXCEEDING 10% OF THE VOTING RIGHTS

To the knowledge of the Management Board, based on the notifications received by the Company in line with the WpHG as at 31 December 2014, the following direct or indirect equity interests in the share capital of TOM TAILOR Holding AG exceed 10% of the voting rights:

Fosun International Holdings Ltd., Road Town, Tortola, British Virgin Islands, holds 23.16% of the voting shares. 23.16% of the voting rights (6,028,050 voting rights) are attributable to Fosun International Holdings Ltd. in accordance with both section 22(1) sentence 1 no. 1 and section 22(2) WpHG.

The voting rights attributed to Fosun International Holdings Ltd. in accordance with section 22(1) sentence 1 no. 1 WpHG are held by the following companies it controls and whose interest in the voting shares of TOM TAILOR Holding AG is 3% or more in each case: Fosun Holdings Limited; Fosun International Limited; Fosun Financial Holdings Limited; Millennium Gain Limited; Longrun Portugal, SGPS, S.A.; Fidelidade-Companhia de Seguros, S.A.; FCM Beteiligungs GmbH.

Schroders PLC, London, United Kingdom, holds 10.13% of the voting shares (2,635,394 voting rights). 4.46% of the voting rights (1,161,394 voting rights) are attributable to the company by Schroder Administration Limited, Schroder International Holdings Limited, Schroder International Finance B.V., Schroder Investment Management (Luxembourg) S.A. and Schroder International Selection Fund in accordance with section 22(1), sentence 1, no. 1 WpHG.

10.13% of the voting rights are attributable to the company by Schroder International Selection Fund in accordance with section 22(1), sentence 1, no. 6 WpHG in conjunction with section 22(1) sentence 2 WpHG.

POWERS OF THE MANAGEMENT BOARD TO ISSUE SHARES

The shareholders have authorised the Management Board to issue new shares, options or conversion rights as follows:

Authorised Capital

The Management Board is authorised in accordance with section 4 subsection 3 of the Articles of Association to increase the Company's share capital in full or in part, with the consent of the Supervisory Board, on one or more occasions until 2 June 2018 by issuing new, noparvalue registered shares against cash contributions (Authorised Capital 2013 I). The new shares shall generally be offered to shareholders for subscription (including by way of indirect subscription in accordance with section 186(5) sentence 1 of the Aktiengesetz [AktG – German Stock Corporation Act]).

However, the Management Board is authorised, with the consent of the Supervisory Board, to disapply statutory pre-emptive rights in full or in part to eliminate fractions.

The Management Board is authorised, with the consent of the Supervisory Board, to specify the further details of the implementation of capital increases from Authorised Capital 2013 I. The Management Board is authorised in accordance with section 4 subsection 4 of the Articles of Association to increase the Company's share capital in full or in part, with the consent of the Supervisory Board, on one or more occasions until 2 June 2018 by up to a total of EUR 3,023,709 by issuing new, noparvalue registered shares against cash and/or noncash contributions (Authorised Capital 2013 II). The new shares shall generally be offered to shareholders for subscription (including by way of indirect subscription in accordance with section 186(5) sentence 1 of the AktG).

However, the Management Board is authorised, with the consent of the Supervisory Board, to disapply shareholders' statutory preemptive rights in the following cases:

- to eliminate fractions
- in the case of capital increases against noncash contributions to grant shares for the purpose of acquiring companies, business units of companies, equity interests in companies, or other assets or rights
- in the case of capital increases, if the issue price of the new shares is not materially lower than the quoted market price of the existing listed shares and the shares issued while disapplying shareholders' preemptive rights in accordance with section 186(3) sentence 4 of the AktG do not exceed a total of 10% of the share capital either at the time that this authorisation comes into effect or at the time it is utilised. This limit of 10% of the share capital must also include any shares that are (i) issued or sold during the authorisation period subject to the disapplication of preemptive rights while applying section 186(3) sentence 4 of the AktG, either directly or with the necessary modifications, or that (ii) are or can be issued to service convertible bonds and/or bonds with warrants insofar as the bonds are issued after this authorisation comes into effect subject to the disapplication of shareholders' preemptive rights in line with section 186 (3) sentence 4 of the AktG.

The Management Board is authorised, with the consent of the Supervisory Board, to specify the further details of the implementation of capital increases from Authorised Capital 2013 II.

Contingent Capital

In accordance with section 4 subsection 5 of the Articles of Association, the share capital has been contingently increased by up to EUR 2,400,000 by issuing up to 2,400,000 nonparvalue registered shares (Contingent Capital 2013). The sole purpose of the contingent capital increase is to grant shares to the holders of stock option rights under the Longterm Stock Option Programme. The Management Board was authorised to grant these shares by way of a resolution by the Annual General Meeting on 3 June 2013. The contingent capital increase will only be implemented to the extent that the holders of stock option rights granted on the basis of the authorisation by the Annual General Meeting on 3 June 2013 exercise these stock option rights and the Company does not settle the stock option rights by delivering own shares or by making a cash payment.

The new shares participate in profits from the beginning of the financial year for which the Annual General Meeting has not yet adopted a resolution on the utilisation of the net retained profits at the time the new shares are issued.

The Company's Management Board is authorised, with the consent of the Supervisory Board, to specify the further details of the implementation of the contingent capital increase, unless stock option rights and shares are to be granted to members of the Company's Management Board; in this case, the Supervisory Board shall specify the further details of the implementation of the contingent capital increase.

TOM TAILOR Holding AG has not issued convertible bonds or bonds with warrants in the past three years, nor are there any such bonds outstanding.

AUTHORISATION OF THE MANAGEMENT BOARD TO BUY BACK OWN SHARES

As at 31 December 2014, TOM TAILOR Holding AG was not authorised to buy back own shares.

APPOINTMENT AND DISMISSAL OF MEMBERS OF THE MANAGEMENT BOARD; AMENDMENTS OF THE ARTICLES OF ASSOCIATION

The appointment and dismissal of the members of the Management Board of TOM TAILOR Holding AG are regulated by

sections 84 and 85 of the AktG in conjunction with section 6 of the Articles of Association. According to section 6 of the Articles of Association, the Management Board consists of at least two persons. Apart from this provision, the Supervisory Board determines the number of members of the Management Board. The Supervisory Board may appoint a chairman of the Management Board and a deputy chairman.

Generally speaking, the Annual General Meeting is responsible for making amendments to the Articles of Association in accordance with section 179(1) of the AktG. In accordance with section 15 of the Articles of Association, however, the Supervisory Board is authorised to resolve amendments to the Articles of Association in cases that affect the wording only, for example amendments to the share capital resulting from a capital increase from authorised capital. Insofar as the Articles of Association do not specify any other majority, resolutions of the Annual General Meeting on amendments to the Articles of Association in accordance with section 179 (2) of the AktG require a majority of at least threequarters of the share capital represented when the resolution is adopted. Section 20 subsection 1 of the Articles of Association of TOM TAILOR Holding AG specifies that a simple majority of the votes cast and a simple majority of the share capital represented at the time of the resolution shall be sufficient for a majority of the votes and a majority of the share capital respectively, unless the law or the Articles of Association require otherwise.

CHANGE OF CONTROL

TOM TAILOR Holding AG is a party to the following agreement, which contains certain conditions governing a change of control following a takeover offer:

The Company has entered into a syndicated loan agreement with a consortium of banks. This agreement contains a change of control clause, which requires the early repayment of the bank finance granted in the case of a change of control at the Company (i.e. if one or more persons (acting in concert) directly or indirectly acquire more than 30% of the voting rights in the Company). In the event that one or more lenders terminate the loan agreement due to a change of control, the bank finance provided by the lenders that terminated the agreement must be repaid pro rata.

RISKS AND OPPORTUNITIES

In the course of its business activities, the TOM TAILOR GROUP is exposed to a large number of risks and opportunities. Risks refer to events that, if they occur, result in negative deviations from targets planned for the future. If they materialise, these risks can impact business development for the long term and result in a deterioration of the Company's net assets, financial position and results of operations. In contrast, opportunities refer to circumstances, the occurrence of which could result in a positive deviation from targets planned for the future and thus could have a positive effect on the TOM TAILOR GROUP's future performance.

A central component of our risk policy is therefore only to take on risks if the associated business activities are highly likely to increase the value of the TOM TAILOR GROUP. A precondition for this is that the risks remain reasonable and manageable at all times.

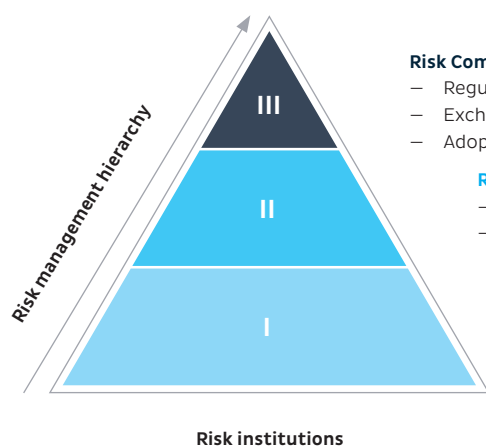
ORGANISATION OF RISK AND OPPORTUNITY MANAGEMENT

The Management Board of the TOM TAILOR GROUP bears overall responsibility for efficient risk and opportunity management in the Group as a whole. Group-wide risk management is centrally coordinated and managed from the Company's headquarters in Hamburg. The TOM TAILOR GROUP has implemented a three-tier risk management hierarchy to professionalise the risk management system and ensure rapid response times.

RISK AND OPPORTUNITY POLICY

The aim of risk and opportunity management is to identify risks at an early stage, to control them and to reduce them using appropriate countermeasures. Another goal is to systematically leverage arising opportunities without ignoring the associated risks, and to ensure that an acceptable risk profile is maintained. Our risk policy is also focused on the goal of increasing the TOM TAILOR GROUP's enterprise value in the long term.

Three-tier Risk Management System



Risk Committee

- Regular meetings/ad hoc meetings
- Exchange of information/discussion about the current risk situation
- Adoption of suitable measures

Risk Function Team

- Regular meetings/ad hoc meetings
- Exchange of information regarding the current risk situation and initiation of measures, if applicable

Operational Risk Management

- Evidence and operational support of the risk management process
- Coordination and initiation of measures

Operational risk management is the first level and is therefore responsible for all direct monitoring of the risk situation and the components of the risk management process at operational level. All business units of the TOM TAILOR GROUP, including the subsidiaries, are organised with a risk owner who plays an integral role in business processes and a key part in corporate decision-making. His tasks also include the early identification and analysis of risks and responsibilities in his area of responsibility and the taking of suitable measures to manage and monitors such risks and opportunities. The risk manager coordinates the risk owners, is the interface for the other risk levels and is responsible for regular risk reporting, among other duties. At the same time, the risk management system serves to optimally leverage opportunities that arise in keeping with the corporate strategy. In the interest of additionally reviewing the risk situation at regular intervals, the second risk level – the Risk Function Team – meets monthly and in urgent risk situations. Besides the Management Board and Supervisory Board, the Risk Committee is the highest-level risk management body and the third level of the TOM TAILOR GROUP's risk management system. The committee meets every six months and as needed.

Responsibilities, processes, binding guidelines and formal rules are described in the risk manual and comprise the formal foundations of the risk management system.

The TOM TAILOR GROUP's risk management system is supported by a special software solution. This offers a comprehensive, management-oriented approach which is based on manual and IT-based approval processes as well as systems-based processes for processing Group data. This software solution is the heart of the risk management system with its overarching formal structures and concrete measures. They provide the staff responsible with a precise flowchart for dealing with risks and opportunities within the Company. The risk manager saves all records and tracks the development of risks over time by applying what is known as a historicising function in the risk management system at least quarterly. This ensures that the system is ready for an audit at any time. Another key component of the system is internal reporting, i.e. risk reporting. The risk manager regularly reports directly to the Management Board and Supervisory Board using

information provided by the risk owners by submitting a risk report covering both risks and opportunities quarterly. In special cases and during urgent risk situations, the Management Board and the second and third risk levels are informed so that suitable countermeasures can be taken quickly.

INTERNAL RISK CONTROL SYSTEM RELEVANT FOR THE FINANCIAL REPORTING PROCESS

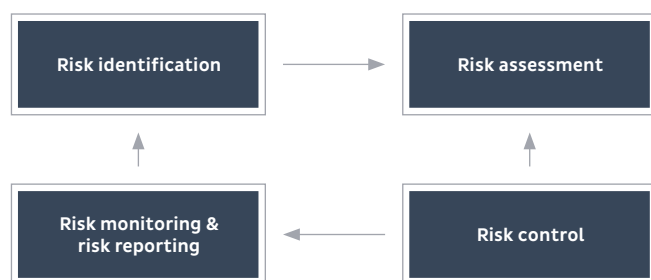
The internal control system relevant for the financial reporting process of the TOM TAILOR GROUP ensures proper book-keeping and accounting as well as the reliability of financial reporting in the consolidated financial statements and Group Management Report. As a core component of the Group's accounting process, it mainly comprises preventive, monitoring and detection measures designed to ensure security and control.

A key tool is the principle of functional separation to ensure that the relevant corporate processes are not handled by a single person. Consequently, employees only have access to the specific processes and data that they need to do their job.

Close contact is also maintained with the Group's auditors throughout the year with respect to new statutory provisions and new or unusual transactions. The consolidated financial statements are prepared centrally by Company employees using certified consolidation software. The employees concerned have many years of experience and expert knowledge of consolidation issues and IFRS accounting. Standardised reporting tools that provide all the information required for full IFRS consolidated financial statements are used by subsidiaries for reporting to the parent.

RISK MANAGEMENT SYSTEM

The Risk Management Process



Successful risk management at the TOM TAILOR GROUP involves four phases: risk identification, risk assessment, risk control and risk monitoring. Identifying all risks is the most important phase in the risk management process because this step forms the basis for all downstream phases. A set procedure is used and all relevant sources of risk are analysed in order to ensure maximum success. During risk inventories, the relevant risk owners are required to identify any new sources of risk and to reassess existing sources of risk if necessary. The risks identified are then assessed in the next step using the data recorded during risk identification. Risks are first recorded in accordance with the “gross principle”, i.e. without taking into account measures that minimises risk. The risk management process is designed to ensure that the quantitative aspects of relevant risks are evaluated as fully as possible to establish potential losses and probability of occurrence, and

are prioritised in line with this as low, medium, or high risk. The net risk therefore is the remaining risk to which the TOM TAILOR GROUP is exposed after successful implementation of suitable and effective countermeasures. The following tables explain how the TOM TAILOR GROUP’s risks are classified.

Risk Classification: Probability of Occurrence

As at 31 December 2014

Very low	up to 5%
Low	from 5% to 25%
Medium	from 25% to 60%
High	from 60% to 100%

Risk Classification: Potential Loss

As at 31 December 2014

Low	Limited negative effects on business activities, financial position, results of operations and cash flows; effect on EBITDA <= EUR 1 mn
Moderate	Some negative effects on business activities, financial position, results of operations and cash flows; effect on EBITDA between EUR 1 mn and EUR 5 mn
Material	Significant negative effects on business activities, financial position, results of operations and cash flows; effect on EBITDA between EUR 5 mn and EUR 15 mn
Severe	Damaging negative effects on business activities, financial position, results of operations and cash flows; effect on EBITDA > EUR 15 mn

Using a fictitious example, the following table shows how the effects of risks as well as their probability of occurrence can be minimised by implementing countermeasures.

Schematic Presentation of Gross and Net Potential Loss

	Gross risk	Effect of countermeasures	Calculation: Gross risk minus Effect of countermeasures	Net risk
Probability of occurrence	40%	10%	40% – 10% = 30%	30%
Effect	EUR 1 mn	EUR 0.3 mn	EUR 1 mn – EUR 0.3 mn = EUR 0.7 mn	EUR 0.7 mn

Risks are classified as “low”, “medium” or “high” depending on their probability of occurrence and their effects on the financial position and results of operations. They are shown in the risk assessment matrix below. At the first risk level, risk owners and the risk manager manage all operational risks in the Company’s day-to-day business. Risks classified as medium and high and their potential and actual effects are additionally discussed in the second risk level every month. Discussions concerning high-level risks and the potential and actual countermeasures taken are also always on the agenda of the highest-level risk management body, the Risk Committee. In this way, the TOM TAILOR GROUP prioritises its exposures according to potential risk to the Company and manages them effectively.

Assessment Matrix for Risks

Probability of occurrence				
High	M	H	H	H
Medium	M	M	H	H
Low	L	M	M	H
Very low	L	L	M	M
	Small	Moderate	Material	Severe
Effect				
	L	M	H	
	Low risk	Medium risk	High risk	

Risk control encompasses all measures that influence the risk situation by reducing either the probability of occurrence and/or the extent of the losses. This phase of the process aims to avoid unacceptable risks and to reduce or transfer unavoidable risks. Optimal risk control therefore improves the Company’s risk profile and thus contributes to increasing its enterprise value by enhancing its risk position. With respect to the form of the risks, the TOM TAILOR GROUP’s risk management system provides for several strategies to manage risks:

- Avoiding risks by not doing the business in question;
- Mitigating risk by taking suitable countermeasures; or
- Transferring operational risk to third parties, e.g. suppliers or insurers. This largely neutralises the financial consequences of insurable risks such as property damage, business interruptions or bad debt losses.

The success of risk management depends to a great extent on whether a planned measure for improvement is actually implemented and checked for effectiveness. After all, only effectively implemented measures that are also appropriate from a cost perspective contribute to increasing the enterprise value. Risk monitoring is responsible for this in the final step of the process. The aim here is for new risks to be recognised during risk monitoring and incorporated into the risk management process. Risks are also subject to change over the course of time. Their momentum and the overall framework can also change and, along with them, the associated losses and probability of occurrence. In all of these cases, renewed identification and assessment is crucial and is conducted continually at the operational level. Risk reporting, another element of the risk management system, ensures comprehensive presentation of the results of the preceding phases of the risk management process in a way that is relevant to the Company. Reports are issued quarterly and give the Company’s management an overview of all risks to the Company and of specific risks in the individual areas of responsibility.

In the risk monitoring phase, the risk management cycle constantly starts over again so as to take into account the changes to the overall framework at all times. This comprehensive risk management system is designed particularly to enable the Company to identify developments that threaten the continued existence of the Company at an early stage and to allow the Management Board to manage these by taking appropriate measures.

For the TOM TAILOR GROUP, risk management also means that the Company’s management and all employees are aware of the risks associated with their activities, so that they can independently identify risks, assess them and initiate their management in line with the Company’s objectives.

RISKS

The following describes the risks that could have material negative effects on the objectives and reputation of the TOM TAILOR GROUP. The classification is based on the same risk

categories as those used in the internal risk management system, in summarized form. The order in which the risks are presented within the five categories reflects the current assessment of the relative degree of risk for the TOM TAILOR GROUP, and hence provides an indication of the significance of these risks. Unless specified otherwise, all risks relate to all of the TOM TAILOR GROUP's segments.

Summary of Risks

	Probability of occurrence	Extent	Risk category
External Risks			
Economic Development	low	material	medium
Weather Risks	medium	moderate	medium
Risks of Competition	medium	moderate	medium
Country Risks	low	moderate	medium
Risks Arising from the Ukraine Crisis	low	moderate	medium
Force Majeure Risks	very low	low	low
Strategic Risks			
Trendspotting and Pricing	low	material	medium
Long-term Positioning and Brand Image	low	material	medium
Investment and Cost Risks (miscellaneous)			medium
Financial Risks			
Liquidity Risks	very low	severe	medium
Currency Risks (miscellaneous)			medium
Credit Risks	low	material	medium
Interest Rate Risks	very low	moderate	low
Operational Risks			
Risks Arising from the Company's Organisation	high	material	high
Logistics Risk (miscellaneous)			high/medium
Quality Risks and Social/Environmental Risks	low	material	medium
Sales and Inventory Risks	medium	moderate	medium
Production Risks	low	low	low
Company-Related Risks			
Compliance Risks	low	severe	high
Personnel Risks	medium	moderate	medium
IT Risks (miscellaneous)			medium
Integration Risks	very low	moderate	low

The TOM TAILOR GROUP divides relevant risks into five categories: external, strategic, financial, operational and Company-related risks. Although the occurrence of risks is estimated as realistically as possible by following the detailed process described, negative effects on the net assets, financial position and results of operations of the TOM TAILOR GROUP cannot be ruled out completely.

YEAR-ON-YEAR CHANGES

Net risks are presented for the first time as a result of expansion of the risk management system. This led to changes in the assessment. Operational risk management (risk level 1) was also enhanced.

In this Management Report, the relevant individual risks of the TOM TAILOR GROUP were consolidated into 22 risks for purposes of improving presentation (see also the Summary of Risks table).

New risk categories include risks arising from the Company's Organisation (high), Risks of Competition (medium) and Weather Risks (medium). The latter two were recorded separately although the related content was already described in last year's Management Report. Compliance Risks replace the "Legal Risks" and "Risks to Trademarks" categories. Due to the consolidation of individual risks and the totalling of potential losses, this risk is now classified as high, even though the assessment of individual risks did not change from the previous year.

The basis of assessment for Liquidity Risks have not changed, but applying the net principle now puts this risk in the medium category.

In the prior year, the Logistics Risks were considered low. This year, this risk was classified mainly in the medium category. This is attributable to the international growth and increasing complexity of the TOM TAILOR GROUP.

EXTERNAL RISKS

Economic Development

Continuing weak economic growth or a worsening economy, particularly in the Group's domestic market of Germany, could negatively affect overall consumer demand and hence also demand for TOM TAILOR GROUP products. This could result in declining sales and pressure on margins. Forecasts are analysed regularly to be able to react to changes in due time. Risk is reduced through broad diversification in the sales markets. The extent of potential losses for the Group from a negative economic trend is considered material, but they have a low probability of occurrence at present due to the current positive economic indicators for 2015. We classify this risk as medium.

Weather Risks

Unfavourable weather conditions can reduce customer traffic and therefore negatively affect sales of TOM TAILOR and BONITA products. For example, mild or late winters can adversely affect the sale of winter clothes, and cool or rainy springs/summers can reduce revenue with spring/summer collections. We therefore classify this risk as medium.

Risks of Competition

The markets on which the TOM TAILOR GROUP is present are largely dominated by fierce competition. A shift in the online market has also occurred. In the future, the online market could further gain market share to the detriment of brick-and-mortar retailers and therefore negatively affect the TOM TAILOR GROUP. The TOM TAILOR GROUP is further expanding its various sales channels by adding its own stores and e-shops to align its activities with the competitive situation. Thanks to the BONITA umbrella brand, the TOM TAILOR GROUP has not only improved its market coverage but has also unlocked a market with little competition. Despite barriers to market entry, new online and brick-and-mortar competitors could negatively influence the market share of the TOM TAILOR GROUP. We therefore classify this risk as medium.

Country Risks

As an international fashion company, the TOM TAILOR GROUP is exposed to various country risks. The general macroeconomic, political and legal environment in some of the countries that the TOM TAILOR GROUP operates in is different to that in Western Europe. This applies both to the countries from which the TOM TAILOR GROUP sources its products and to the countries where these products are sold or are to be sold in the future. On the sales side, this concerns countries in South Eastern Europe as well as Russia and China, for example. In the future, the Group's growth strategy will increase the importance of this risk. The TOM TAILOR GROUP's core markets are in Western Europe in stable economies. We classify this risk as medium.

In the countries in which the Company sources goods, its own purchasing company can react flexibly to changes, for instance by using a number of different suppliers in many countries. For this reason, we classify country risks on the procurement side as low.

Risks Arising from the Ukraine Crisis

Due to the political and military tension between Ukraine and Russia, there is a chance that the political and economic situation in these countries could deteriorate. Further sanctions against Russia or against foreign companies in Russia cannot be ruled out and could result in lost revenue and unpaid receivables for the TOM TAILOR GROUP. The Russian market is being very closely monitored for this reason. We are able to assess the market and political and economic situation very well through our Russian country organisation. This enables us to react quickly to possible negative developments. We classify this risk as medium.

Force Majeure Risks

The TOM TAILOR GROUP has no influence over and cannot predict the occurrence of natural and environmental disasters, wars, terrorism, accidents, fires, epidemics, criminal activities, sabotage or disruptions to infrastructure. The occurrence of such events could lead to damage to the Company or to partner and supplier companies both in Germany and abroad. Any resulting damage, for example to production facilities or buildings, could have a negative effect on the TOM TAILOR GROUP's business activities and hence on its revenue and results of operations as well. Precautionary measures, such as arranging for suitable insurance cover, and preparing emergency plans mitigates this risk. We therefore classify this risk as low.

STRATEGIC RISKS

Trendspotting and Pricing

The TOM TAILOR GROUP rapidly identifies and implements current trends and distributes them promptly to the points of sale. If the Group is unsuccessful in rapidly identifying current trends and catering to the tastes of its target groups in the target markets it supplies, in pricing its products appropriately, or in successfully developing and launching new products, this could have a negative effect on the TOM TAILOR GROUP's competitive position, growth opportunities and profitability. Market scouts are deployed in product development for the purpose of understanding trends and translating them into products. Since the TOM TAILOR GROUP does not itself set trends, the risk of missing the mark with a trend is lower. Feedback from end customers at the point of sale is also analysed and incorporated into future product development. We classify this risk as medium.

Long-term Positioning and Brand Image

Among other things, the Group's economic success is based on its brand image and on the long-term strong positioning of the TOM TAILOR and BONITA umbrella brands. Deterioration in the image of the brands and the market positioning of the TOM TAILOR GROUP could negatively impact the growth opportunities of the Group in the long term. Reputation risks, including even minor negative headlines, can quickly spread far, particularly through social media, and damage our brand image. In order to react as quickly as possible, social media screening and other steps are taken. Moreover, the TOM TAILOR GROUP focuses its marketing on channels including points of sale, advertising, print and online media, and social media. We classify this risk as medium.

Investment and Cost Risks

Investments in new product lines or new markets offer the TOM TAILOR GROUP many growth opportunities. However, as with all investments, there are also risks that the expected success will not be achieved to the extent expected, or at all. In order to minimise these risks, business plans are prepared and closely coordinated with project management, controlling and the operating departments, then regularly reviewed and adjusted. We therefore classify this risk as medium.

The wholesale and TOM TAILOR retail segments must be efficiently coordinated using a detailed expansion plan. If this is unsuccessful, the expansion could be delayed, or the wholesale business could suffer losses. We classify this risk as medium. Avoiding this risk requires the expansion plans to be reworked regularly and aligned with both segments.

Investment and cost risks in the wholesale segment for setting up shop-in-shop spaces, for example, are classified as low. However, if franchise partners were to withdraw and these franchises were to be taken over by the TOM TAILOR GROUP, profitability could be affected negatively. This is why profitability and site analyses are conducted in advance. This risk is classified as medium.

Expansion in the retail segments is increasing investment and cost risks due to the investments being made in expanding stores, long-term rental agreements and the inevitable associated rise in fixed costs. At the same time, delayed store openings or other changes in the expansion plan could result in lost revenue. Investment decisions are carefully analysed in advance with a view to risk and profitability and coordinated with various departments in an approval process to minimise these risks. This risk is classified as medium.

FINANCIAL RISKS

Liquidity Risks

Managing liquidity risks is one of the core tasks performed by the Group's Finance department. Liquidity risk is the risk that payment obligations cannot be met or cannot be met on time because insufficient cash funds are available. The TOM TAILOR GROUP must also meet financial covenants as a result of its loan agreements and the borrower's note loans it has issued. In order to ensure both the Company's ability to pay and its financial flexibility, a revolving liquidity plan and daily liquidity reports are generated to document cash inflows and outflows in both the short and medium term. In the past, the management also exploited opportunities that arose to lock in existing financing for the long term and to negotiate the underlying conditions to the Group's advantage. If existing credit lines and loans cannot be extended or new ones cannot be entered into, the losses from this risk would be severe. As a result of the successful implementation of several measures, the probability of occurrence is regarded as very low. We classify this risk as medium.

Currency Risks

Currency risks in the TOM TAILOR GROUP are the result of the international focus of the Group's business activities in connection with the procurement and distribution of merchandise in different currencies. This means that risks may arise as a result of exchange rate fluctuations. Currency risk arising from the US dollar and the ruble is classified as medium. Currency risks arising from other currencies is currently regarded as low and is therefore not explained in more detail.

The majority of items procured by the TOM TAILOR GROUP are invoiced in US dollars. The US dollar/euro exchange rate is subject to considerable fluctuations at times. Unfavourable developments in the exchange rate between foreign currencies and the euro, particularly a substantial (and potentially rapid) increase in the value of the US dollar compared with the euro could have a significantly negative impact on the net assets, financial position and results of operations of the TOM TAILOR GROUP. The TOM TAILOR GROUP entered into currency forwards in financial year 2014 and for 2015 in order to cover the risk posed by exchange rate fluctuations. A large part of the risk arising from exchange rate fluctuations can be minimised using these currency forwards. We classify this risk as medium.

The ruble's devaluation against the euro reduces the purchasing power of TOM TAILOR customers in Russia. This applies to our wholesale as well as our retail activities. The market is being carefully monitored, and there is close cooperation with customers. We classify this risk as medium.

Credit Risks

Currently, credit risks exist only with respect to key accounts in the wholesale segment, due to the granting of payment terms and with regard to the associated counterparty credit risk. In order to reduce this credit risk in the operating business, outstanding amounts are monitored centrally on an ongoing basis. The TOM TAILOR GROUP only does business with third parties with good credit ratings. Credit checks are run on all customers wanting to do business with the Group on a credit basis. In addition, the risk is mitigated by taking out credit insurance policies and obtaining collateral. We classify this risk as medium.

Interest Rate Risks

The Group is mainly subject to interest rate risks in the euro area. Interest rate risk arises as a result of fluctuations in interest rates due to market-related factors. On the one hand, these affect the TOM TAILOR GROUP's interest expenses and, on the other hand, they influence the fair value of financial instruments. Substantial interest rate changes may therefore have an impact on the Group's profitability, liquidity and financial position. A large amount of the loans taken out by the TOM TAILOR GROUP, particularly the syndicated loan facilities, are pegged to reference interest rates and therefore incur variable interest, and have short fixed interest rate periods. This means that the loans are particularly vulnerable to interest rate risk and represent a cash flow risk. The interest rate risk for some of the existing bank loans (amounting to around EUR 50 million) has been hedged until the end of 2016 using an interest rate swap. The probability of interest rates rising is assessed as very low due to the current low interest rate policy in the euro area and the extent of losses is considered to be moderate. We classify this risk as low.

OPERATIONAL RISKS

Risks Arising from the Company's Organisation

Although the TOM TAILOR GROUP does business internationally both on the sales side and the procurement side, the Company is still essentially a medium-sized company. The successful implementation of various business models (wholesale, retail, e-commerce) with various brands in international markets has made the TOM TAILOR GROUP's business processes increasingly complex. If the TOM TAILOR GROUP were to fail to sufficiently define and establish interfaces, processes and responsibilities, this could have negative effects on net assets, financial position and results of operations of the TOM TAILOR GROUP. The Management Board prioritises these potential risks highly and accordingly has initiated measures and projects to significantly streamline and simplify systems and processes in the next two to four years. We classify this risk as high.

Logistics Risks

In the event of a disruption in inventory management systems or warehousing and logistics services outsourced to partners, problems with timely delivery could occur over which the TOM TAILOR GROUP has no immediate influence and that could adversely affect its revenue and profits. The TOM TAILOR GROUP has outsourced the management of the largest warehouse spaces for the TOM TAILOR brands to third-party service providers and therefore reduced this risk. At the same time, this also reduces the TOM TAILOR GROUP's influence on this aspect of logistics. The e-commerce platform was outsourced to an external operator as well. The TOM TAILOR GROUP leverages the advantages of using experts outside the Company and works closely with partners to timely identify possible problems or difficulties and take the appropriate countermeasures. Although each individual risk was only classified as low or medium, the TOM TAILOR GROUP has consolidated these risks for purposes of improving internal review. Once the cumulative potential loss was calculated, it is now severe for this group of risks, although the probability of occurrence is low. On the whole, the risk associated with the outsourcing of processes is considered to be high.

The warehouse space for the BONITA segment is managed in its own logistics centre in Hamminkeln. The TOM TAILOR GROUP is dependent on the smooth operation of this logistics centre and the timely sorting, storage and picking of goods and their punctual delivery to stores. Maintenance is conducted regularly on the warehouse's technical systems, and there are emergency plans and integrated systems in place to manage malfunctions. We classify the risk of a longer period of downtime for the BONITA warehouse or one of its key components as medium.

Insufficient transport and warehouse capacities can lead to higher costs. If natural forces or accidents affect air and sea freight, deliveries of merchandise could be delayed or even destroyed. This risk could affect scheduled deliveries to customers, which could in turn lead to increased claims for damages and reputational damage. This risk is hedged by insurance that largely covers the loss of merchandise and earnings. Overall, we classify this risk as medium.

Quality Risks and Social/Environmental Risks

To ensure the consistent, high quality of its products, the TOM TAILOR GROUP needs to work closely with suppliers. The use of illegal materials, raw materials and chemicals, which, even if used without the TOM TAILOR GROUP's intention or knowledge, could lead to legal sanctions, particularly fines or claims for damages against the TOM TAILOR GROUP under product liability law. A potential deterioration in quality or product or serial defects that only become apparent after sale to the end customer could lead to reputational damage and recourse claims by both wholesale customers and end customers against the TOM TAILOR GROUP, and could materially impact sales of TOM TAILOR products. The individual manufacturers are primarily responsible for quality control, which involves manufacturing and checking the goods according to precise quality benchmarks. Production facilities are also regularly inspected by the TOM TAILOR purchasing offices. Additional quality checks are performed at the central warehouse and in the Company's laboratory in Hamburg.

All TOM TAILOR GROUP suppliers have additionally signed on to the Group's Code of Conduct. This comprises all of the core labour standards of the International Labour Organisation (ILO) and aims to ensure that the Group's products are manufactured under decent working conditions in all production facilities. Working conditions are monitored on a regular basis in both announced and unannounced checks by the TOM TAILOR GROUP and independent accredited firms. The TOM TAILOR GROUP is also an active member of the Business Social Compliance Initiative (BSCI), a Europe-wide initiative of retailers with the aim to impose a uniform monitoring system on their suppliers.

The Management Board and Supervisory Board of TOM TAILOR Holding AG are explicitly committed to the principle of sustainable management and explicitly acknowledge the Company's responsibility to its stakeholders and within society (corporate social responsibility). They are also aware of their responsibility to their customers, employees, shareholders, lenders, suppliers and retail partners. On the whole, the TOM TAILOR GROUP classifies quality and social/environmental risk as medium.

Sales and Inventory Risks

The TOM TAILOR GROUP is exposed to an increasing sales and inventory risk due to the expansion of its own selling spaces in the retail segments because the inventory remains the property of the TOM TAILOR GROUP until it is sold to the end customer. Furthermore, the Company cannot rule out mistakes when forecasting actual customer demand and sales. Inventory surpluses may arise if goods hitting the selling spaces at the Company's own stores are not sold off continuously before new goods are added; this would lead to a reduction in revenue or to lower selling space productivity. The TOM TAILOR GROUP therefore applies detailed planning and regular reviews to the controlled spaces in the retail segments and quickly sells surplus merchandise at a discount. Overall, we classify this risk as medium.

In the wholesale segment, the wholesale customers initially bear the sales risk in the majority of cases, particularly in the pre-order business. However, the Group bears the sales risk in relation to the consignment warehouse business. The partner primarily provides the selling spaces and handles the sale of the goods. The TOM TAILOR GROUP remains the owner of the goods until they are sold to the end customer. We classify the overall risk in the wholesale segment as medium.

Production Risks

If one or more of the TOM TAILOR GROUP's manufacturers were to become unavailable or fail to fulfil contractual obligations either temporarily or permanently, for example due to economic or technical problems or to capacity bottlenecks or strikes, the TOM TAILOR GROUP may be forced to source the affected products from other manufacturers. Changing manufacturers could lead to delays in delivery to the TOM TAILOR GROUP's customers and to considerable additional expense. Furthermore, rapidly rising producer prices or disruptions to trade caused by external factors (for example, embargoes, restrictions on trade or on imports and exports, additional customs duties or import fees) can negatively affect both procurement and the sale of the goods by the TOM TAILOR GROUP. This is why the TOM TAILOR GROUP sources its products from a large number of different manufacturers. All of the TOM TAILOR GROUP's purchasing activities in Asia are organised and tracked centrally by a sourcing company to optimise and rapidly identify risks and initiate countermeasures. Production risks are considered to be low.

In contrast with the previous year, the risks associated with the availability of and price trends for the raw material cotton are estimated to be low. In recent years, the supply of cotton has exceeded demand, and the price has fallen. The forecast for 2015 does not project any price increase or supply shortage of relevance.

COMPANY-RELATED RISKS

Compliance Risks

Compliance risks typically arise from issues relating to labour law, tax law, intellectual property rights, product liability and warranties, as well as through the introduction of new statutory requirements or changes to existing laws or their interpretation, or violations of internal guidelines. Such risks can result in lawsuits and/or monetary fines for the TOM TAILOR GROUP. Compliance risk comprises a total of 20 individual risks, six of which are classified as low and 14 as medium. These are managed efficiently both in the individual departments by the risk owner as well as by the compliance officer and the legal department and controlled using suitable countermeasures. Due to the consolidation of a number of individual risks, the compliance risk is estimated to have a low probability of occurrence and severe extent of loss. For this reason, it is classified as high. The medium-level risks listed last year are described in more detail below.

Tax law risks include the risk relating to the usability of existing losses carried forward at the level of TOM TAILOR Holding AG and potential tax risks from the TOM TAILOR GROUP's international business. Overall, we classify this risk as medium.

The TOM TAILOR GROUP has entered into long-term agreements with a number of lessors and with numerous wholesale contract partners and licensees. No assurance can be given that, for example, leases for unprofitable stores can be terminated early or renegotiated. All existing and new agreements are therefore reviewed and approved by the financial and legal department before signing. We classify this risk as medium.

Since the TOM TAILOR GROUP continues to adapt trends developed by competitors, it can be prevented from using, manufacturing and marketing certain designs and product ideas by third-party rights and supplementary related rights. In the event that any third-party rights were to be infringed,

the TOM TAILOR GROUP might be liable for damages and could be obliged to take goods already produced off the market or to purchase a license for the use of these rights. This could result in loss of revenue, reduced margins and obligations to pay damages to wholesale customers. To counteract this, there is a consistent process in place in product development and the legal department of the TOM TAILOR GROUP so that this risk is classified as medium.

As a fashion provider, the TOM TAILOR GROUP is subject to a number of statutory provisions stemming in connection with the Lebensmittel-, Bedarfsgegenstände-, und Futtermittelgesetzbuch (LFGB – German Food and Feed Code), which among other things prohibit the use of certain chemicals to dye textiles, for example. These are sanctioned by criminal prosecution and heavy fines. Infringement of the requirements of the Textilkennzeichnungsgesetz (TextilKennzG – German Textile Labelling Act) constitutes an administrative offence. Since the TOM TAILOR GROUP also sells its products to end consumers, it is also bound by a number of general consumer protection regulations when marketing and distributing its products, in addition to product liability. We classify this risk as medium.

Personnel Risks

Personnel risks mainly occur in relation to recruitment, inadequate qualifications and employee turnover. As a successful medium-sized company, the TOM TAILOR GROUP counters these risks with continuous professional development measures, performance-oriented remuneration and by maintaining a corporate culture that lives by, and benefits from, good relations with all employees. That having been said, the Group is particularly dependent on the Management Board, other managers and employees in key positions. A loss of management staff or experts in key positions could have a negative effect on business performance. The TOM TAILOR GROUP counters this risk by establishing an attractive and convincing employer brand. The aim here is to attract new employees while retaining existing employees in the Group. We classify this risk as medium.

IT Risks

The TOM TAILOR GROUP is dependent on the high availability and operability of its IT systems. These are essential for the management of business processes and effective cost control. The risks associated with IT systems and performance are combined here and classified as medium.

The IT systems in the inventory management/logistics area and especially the systems used in the sale of the TOM TAILOR GROUP's products via the Internet, as well as the related service providers, are of major importance to the TOM TAILOR GROUP. The failure of these IT systems could significantly impact business processes. The TOM TAILOR GROUP also manages a significant part of its processes using IT systems. Even though the IT systems are secured in multiple ways, it is not possible to rule out data loss in the event of damage caused by, for example, fire, power failures, system errors, hacker attacks, fraud or terrorism, which in turn might result in loss of sales and have a negative effect on the Group's earnings. The risk of failure of a server in Hamburg, Hamminkeln or in the BONITA warehouse is a particular concern. We classify this risk as medium.

In order to counter the aforementioned risks, the TOM TAILOR GROUP will continue to make targeted investments in the expansion and enhancement of its IT systems in the future in order to ensure and increase the continuous operability of its systems and the effectiveness of its processes.

The probability of suffering a loss due to a computer virus is considered to be high. Various countermeasures, such as systems to defend against such an occurrence, would result in a low potential loss. We classify the overall risk as medium.

Integration Risks

The integration of TOM TAILOR and the BONITA Group, which was acquired in financial year 2012, has been completed for the most part. Any remaining integration risk is now classified as low.

OPPORTUNITY MANAGEMENT SYSTEM

The TOM TAILOR GROUP's corporate culture emphasises thinking and acting in an entrepreneurial way. Within the Group, employees are expected to take considerable personal responsibility. All employees are therefore called on to continuously search for and take advantage of opportunities, regardless of their individual areas and scope of responsibility. Group companies are encouraged to identify opportunities on an operating level that arise as part of operating activities or as a result of improved market conditions, for example, and to realise them so as to improve the Group's net assets, financial position and results of operations. TOM TAILOR Holding AG compiles key opportunities centrally. Opportunities are assessed and measures developed to effectively leverage these opportunities. Additionally, TOM TAILOR Holding AG's Management Board is responsible for regularly discussing opportunities. The following tables explain how the TOM TAILOR GROUP's opportunities are classified.

Classification of Opportunities: Probability of Occurrence

As at 31 December 2014

Very low	up to 5%
Low	from 5% to 25%
Medium	from 25% to 60%
High	from 60% to 100%

Classification of Opportunities: Positive Effects

As at 31 December 2014

Insignificant	Limited positive effects on business activities, financial position, results of operations and cash flows; effect on EBITDA <= EUR 1 mn
Relevant	Some positive effects on business activities, financial position, results of operations and cash flows; effect on EBITDA between EUR 1 mn and EUR 5 mn
Substantial	Significant positive effects on business activities, financial position, results of operations and cash flows; effect on EBITDA between EUR 5 mn and EUR 10 mn
Significant	Decisive positive effects on business activities, financial position, results of operations and cash flows; effect on EBITDA > EUR 10 mn

Opportunities are classified as “minor”, “medium” or “major” depending on their probability of occurrence and their effects on the net assets, financial position and results of operations. They are shown in the assessment matrix below. All opportunities are managed at the first risk level by risk owners and the risk manager in daily operations.

Assessment Matrix for Opportunities

Probability of occurrence

Great	Me	Ma	Ma	Ma
Medium	Me	Me	Ma	Ma
Low	Mi	Me	Me	Ma
Very low	Mi	Mi	Me	Me
	Insignificant	Relevant	Substantial	Significant

Effect

Mi	Me	Ma
Minor opportunity	Medium opportunity	Major opportunity

Opportunities are managed to unlock and further grow the potential of the Company. The goal is to balance earnings (opportunities) with the risk of loss (risks) in order to increase the Company's enterprise value. Opportunity management comprises all activities influencing opportunities, either by increasing the probability of occurrence and/or amplifying the effects. The objective of this process phase is to take advantage of, amplify and realise important opportunities.

The success of opportunity management depends to a great extent on whether a planned measure for improvement is actually implemented and checked for effectiveness. Only effectively implemented measures that are also appropriate from a cost perspective contribute to increasing the enterprise value. In the final step of the process, opportunity monitoring is responsible for identifying new opportunities and incorporating them into the opportunity management process. Moreover, opportunities are also subject to change over time due to their momentum or the framework conditions in place. In all of these cases, renewed identification and assessment is crucial.

OPPORTUNITIES

The following describes the opportunities classified as medium or great that could have positive effects on the net assets, financial position and results of operations and on the reputation of the TOM TAILOR GROUP. The order in which the opportunities are presented within the five categories reflects the current assessment of the relative potential of opportunities for the TOM TAILOR GROUP and hence provides an indication of the present significance of these opportunities. Unless specified otherwise, the opportunities mentioned relate to all of the TOM TAILOR GROUP's segments.

YEAR-ON-YEAR CHANGES

The TOM TAILOR GROUP divides relevant opportunities into five categories that correspond to the risk categories: external, strategic, financial, operational and Company-related opportunities.

All opportunities are in accordance with the "gross principle", i.e. without taking any measures implemented into account. Although the assessment of opportunities is considered to be realistic, no assurance can be given that the actual positive influence on the net assets, financial position and results of operations of the TOM TAILOR GROUP will not be less than projected in advance.

Summary of Opportunities

	Probability of occurrence	Effect	Category
External Opportunities			
Economic Development	low	relevant	medium
Opportunities Provided by Competition	low	relevant	medium
Country Opportunities	low	relevant	medium
Strategic Opportunities			
Trendspotting and Pricing	low	relevant	medium
Long-term Positioning and Brand Image	low	relevant	medium
Financial Opportunities			
Financing and Interest Opportunities	high	relevant	major
Operational Opportunities			
Opportunities Arising from the Company's Organisation	low	relevant	medium
Sales and Inventory Opportunities	low	relevant	medium
Production Opportunities	low	insignificant	minor
Company-Related Opportunities			
IT Opportunities	low	substantial	medium
Personnel Opportunities	low	relevant	medium

EXTERNAL OPPORTUNITIES

Economic Development

If economic growth in Germany and/or the TOM TAILOR GROUP's core markets exceeds expectations consistently, overall consumer demand and hence also demand for TOM TAILOR GROUP products could rise more strongly than predicted. We therefore classify this opportunity as medium.

Opportunities Provided by Competition

An environment marked by consolidation and intense competition could provide opportunities for the TOM TAILOR GROUP. The TOM TAILOR GROUP intends to further extend and multiply its existing business model – selling fashionable casual wear in the mid-range price segment – for the TOM TAILOR and BONITA umbrella brands on its domestic market of Germany and on the core international markets. Moreover, the launch of new product lines could generate more revenue than expected.

The shift from brick-and-mortar retailers to online retail is continuing in the clothing market. Germany is one of the forerunners when it comes to online shopping in the clothing market. The expanded online offering for all of the TOM TAILOR GROUP's brands is directly influencing this change in buying behaviour, intensifying contact with customers and building brand loyalty. This could give rise to opportunities in the form of increased revenue and income for the TOM TAILOR GROUP. We classify this risk as medium.

Country Opportunities

The TOM TAILOR GROUP plans to further expand its market position in Eastern Europe and China. To this end, the TOM TAILOR GROUP seizes opportunities in countries with great potential. In Central and Eastern Europe in particular there is considerable room to catch-up in view of the still low per-capita spending on clothing in an international comparison. This provides the TOM TAILOR GROUP with long-term opportunities. Changes to laws and regulations, particularly in the international markets, could potentially open up opportunities for higher sales and hence have a positive impact on the revenue and profitability of the TOM TAILOR GROUP. These include especially lower import tariffs or taxes. These country opportunities are classified as medium.

STRATEGIC OPPORTUNITIES

Trendspotting and Pricing

Identifying and implementing trends is a key success factor in the fashion business. The design and product manufacturing process, as well as the TOM TAILOR GROUP's proximity to customers in its own retail stores and online, offer opportunities to use the feedback from consumers to identify and implement new trends more rapidly than planned. We classify this opportunity as medium.

Long-term Positioning and Brand Image

The brand image and long-term positioning of the TOM TAILOR and BONITA umbrella brands play an important role in the future success of the TOM TAILOR GROUP. If the TOM TAILOR GROUP tops its previous success in establishing the brands both in Germany and abroad and increasing customer demand, this could positively impact the Group's revenue and earnings position. The use of Facebook, Twitter and other social media could also be more positive than expected. We classify this opportunity as medium.

FINANCIAL OPPORTUNITIES

Financing and Interest Opportunities

Management and the Finance department could also seize new opportunities arising on the financial market to secure existing financing for the long term and to negotiate the underlying conditions to the benefit of the Group. This includes interest rate levels, which are trending to the TOM TAILOR GROUP's advantage and could positively affect the Group's bottom line. The probability of occurrence of this opportunity is classified as high with a relevant effect on the net income for the financial year. We classify this opportunity as major.

OPERATIONAL OPPORTUNITIES

Opportunities Arising from the Company's Organisation

The TOM TAILOR GROUP's human resources and technical equipment, as well as the organisation of its IT, logistics, procurement and distribution functions have created an infrastructure that increases the opportunities for achieving further growth through increased sales and revenue. Stepped up cooperation between the individual company groups, sales channels and countries, the creation of a culture of learning

through best practice, and internal and external benchmarking and/or process standardisation allow additional synergy effects to be exploited. We classify this opportunity as medium.

Sales and Inventory Opportunities

With respect to sales, opportunities exist to find above-average locations for the retail segments and that existing stores also report above-average performance. This may enable the Group both to reduce the depreciation period for its own stores and to minimise inventory risk and potential discounts. Additional opportunities are present in the wholesale segment thanks to stronger verticalisation and more efficient management of the controlled spaces. To this extent, the existing opportunities in all segments could have a positive effect on the Group's earnings. We therefore classify this opportunity as medium.

Production Opportunities

The TOM TAILOR GROUP has operated its own sourcing organisation for procurement in Asia since 2012. Purchasing for the BONITA umbrella brand was transferred to this sourcing organisation starting in February 2014. Opportunities to cut costs and to exploit synergies and economies of scale thanks to greater purchasing volumes in the entire Group have already been realised. For this reason, this opportunity is classified as minor.

COMPANY-RELATED OPPORTUNITIES

IT Opportunities

A more far-reaching and Group-wide integration of IT systems and purchase of a standardised business intelligence system would allow the entire TOM TAILOR GROUP to work better and more efficiently. It would also improve management of the Company and hence have a positive effect on the net assets, financial position and results of operations. Complete implementation is only possible in the medium term in a period of 24 to 36 months. This is classified as a medium-level opportunity.

Personnel Opportunities

The TOM TAILOR GROUP promotes continuous professional development measures, personal development and maintaining an attractive corporate culture in order to increase employees' and managers' productivity and commitment, and at the same time create closer ties with the Company. Lower

staff turnover would lead to higher productivity and reduce recruitment expenditure. If these effects on employee motivation have a stronger influence than currently expected, this could have a positive impact on the Group. We classify this opportunity as medium.

OVERALL ASSESSMENT BY THE MANAGEMENT BOARD OF THE GROUP'S RISK AND OPPORTUNITY POSITION

Overall risk and overall opportunities are assessed based on information from the risk and the opportunity management systems along with the planning, steering and control systems in place. Risks are evaluated independently from the opportunities that could arise for the Company. Having determined the probability of occurrence and effects of all the risks described above, these risks, either individually or in the aggregate, do not at the time the Management Report was prepared represent a threat to the TOM TAILOR GROUP's continued existence over the next 12 months from the Management Board's perspective.

No assurance can be given that all future risks were included in this report. The organisational structures and processes created make early identification and assessment of risks possible and thus permit suitable compensation measures to be used.

Compared with the previous year, additional risks were included in the Management Report and individual risks were assessed differently. Overall, there were no significant changes with regard to the Group's risk position compared to financial year 2013.

REPORT ON POST-BALANCE SHEET DATE EVENTS

In the period up to 27 February 2015, there were no significant operational and structural changes or transactions within the TOM TAILOR GROUP that could have a material effect on the net assets, financial position and results of operations compared with 31 December 2014.

REPORT ON EXPECTED DEVELOPMENTS

OUTLOOK — ECONOMIC ENVIRONMENT AND SECTOR DEVELOPMENTS

THE GLOBAL ECONOMY WILL GAIN ONLY MODEST MOMENTUM IN 2015

In its January 2015 World Economic Outlook Update, the International Monetary Fund (IMF) revised its forecast for global economic growth downwards once again. The medium-term growth potential of the emerging markets is considered to be lower. In addition, the geopolitical risks remain and the monetary policy of the industrialised countries is increasingly divergent, which is having a major impact on exchange rates and international cash flows. While the slump in oil prices is benefiting industrial and other oil-importing countries, it is slowing development in the resource-rich oil-producing economies. This leads the IMF to anticipate only a slight acceleration in global growth to 3.5% in 2015 (2014: +3.3%).

According to the IMF's forecast, the pace of growth in emerging market and developing economies will decrease again in 2015 to 4.3% (2014: 4.4%). Particularly the further flattening out of the rate of expansion in China is putting a damper on this country's economic growth. Furthermore, Brazil's recovery is negligible and the Middle East will grow at a slower pace than in recent years owing to the drop in oil prices. Added to this, Russia will sink into a deep recession with negative growth of minus 3.0% (2014: 0.6%). Higher growth is projected for India and the Association of Southeast Asian Nations (ASEAN-5). The slight upturn in the global economy in 2015 will again be bolstered by the advanced economies, which will expand by 2.4% compared with 1.8% in the previous year. The United States is the driving force behind the global economy. The United Kingdom will continue to grow vigorously, whereas only a modest recovery is expected for Japan.

The euro area recovery will continue in 2015, but will remain muted with growth of 1.2% as forecast by the IMF. Europe's economy will be crippled in particular by the weak momentum in France and Italy. In January 2015, the ECB decided to keep interest rates low and to adopt an even more expansionary monetary policy with a large-scale bond-buying programme. The crisis-hit countries are still under considerable pressure to implement reforms, but the opening of the floodgates could lead to this pressure being relaxed, which would jeopardise the euro area's policy of reforms and budgetary consolidation. The devaluation of the euro will cheapen exports and make imports more expensive. Nevertheless, the low oil prices are expected to fuel private consumption because the labour market will successively improve as the level of investment activity rises.

2015: RECOVERY IN CONSUMER DEMAND IN THE CORE MARKETS OF THE TOM TAILOR GROUP

The TOM TAILOR GROUP now generates more than one-third of its revenue in other European countries. The economies of the core international markets for the TOM TAILOR GROUP are expected to develop as follows in 2015:

In a surprise move in January 2015, the Swiss National Bank removed its currency peg to the euro, causing the franc to soar. This will weigh on export-driven companies, but may stimulate demand among private households for imported goods in particular. As things stand today, the IfW's mid-December growth forecast of 2.3% for Switzerland could be overly optimistic. The Austrian National Bank expects that growth in Austria will pick up appreciably at the beginning of 2015 boosted by the low oil prices, which will stimulate private consumption. The IfW's growth estimate for Austria is 1.2%, which would be more than double the rate of expansion compared with the previous year. Amid a marginally improved international environment, France will see a modest economic upturn. The forecasts (IWF: 0.9%, IfW: 0.7%) nevertheless

indicate continued sluggish growth below the average projected for the euro zone. The upswing will accelerate slightly in Belgium and the Netherlands. Belgium's Central Bank forecasts that private consumption will increase by 1.0%. According to estimates by the Dutch Central Bank, the Netherlands' domestic economy will pick up speed, especially private consumption, which is expected to rise by 1.8%.

Eastern Europe is gaining importance for the Company, particularly Poland and countries in South Eastern Europe. The IMF is forecasting growth of 2.9% (2014: +2.7%) for the fast-growing countries of Eastern Europe as a whole in spite of the crisis in Ukraine. The IfW estimates that Poland will record above-average growth of 3.0%, although this is somewhat weaker than in the previous year. Poland is especially affected by the recession in Russia on account of these countries' close economic ties. For Slovenia, Bulgaria and Romania, the IfW anticipates a slight acceleration in growth. Croatia will come out of recession and should grow at a moderate pace.

The economic environment and the propensity of private households in Germany to consume are very important for the TOM TAILOR GROUP. Germany is responsible for around two-thirds of Group revenue.

**German economy in 2015:
the main impetus will be provided by
private consumer demand, which will benefit
from a robust labour market,
rising net wages and growing purchasing power**

According to the IMF forecast, Germany will continue to grow robustly, though with little momentum (2015: 1.3%). The IfW in Kiel is more optimistic and assumes that growth will strengthen to 1.7%, with investment activity and the recently faltering housing market increasingly gathering steam. However, the main impetus will initially be provided by private consumption, which will benefit from a robust labour market, rising net wages and growing purchasing power. The IfW expects that the number in gainful employment will rise by 265,000 and that unemployment will decrease slightly once again. What is more, the drop in oil prices, the minimum wage

and the pension package will stimulate consumers' willingness to spend. In addition, the population of Germany rose last year for the fourth time in succession, from 80.8 million to 81.1 million inhabitants, as a result of positive net immigration. On the whole, consumer spending of private households is expected to pick up perceptibly in 2015, growing to a strong 2.8% in real terms.

Recently, consumer sentiment has brightened further. The GfK consumer confidence index for February 2015 reached a forecast value of 9.3 points, 0.3 points more than for January and 0.6 points more than for December. This constitutes the highest index value in 13 years. Economic expectations, the propensity to buy and income expectations all improved compared with the prior month.

2015: The Trade with Fashion Wear Has Growth Potential

The improvement in the euro-zone economy and especially in the Company's core sales markets – albeit slight – creates a positive environment for the local textile and fashion business in 2015. Rising consumer spending of private households and a recent further improvement in consumer confidence are expected to translate into a rise in sales.

The German Retail Federation (HDE) expects sales to increase by 1.7% in nominal terms to EUR 466.2 billion in 2015. Online trading will see further above-average growth of an estimated 12%. The HDE projects that the structural change will continue. Multi-channel sales will intensify competition. According to the HDE, online trading will achieve a market share of 20% in the medium term, up to 2020.

After business in the previous year had been dampened by the long, warm autumn, additional positive demand effects are expected for the fashion and textile business in 2015 beyond the good general conditions, assuming normal weather conditions and hence the otherwise usual demand patterns set in. This applies in particular to business in Germany. The Confederation of the German Textile and Fashion Industry (t+m) is forecasting further sales growth in 2015.

**Positive environment for the textile
and fashion business in the TOM TAILOR GROUP's
core sales markets**

EXPECTED COURSE OF BUSINESS

The TOM TAILOR GROUP's general aim is to become increasingly profitable by continuing its growth path. In the process, the Company hopes to expand at a faster pace than in the previous year, focusing on the retail segment. Regional expansion to South Eastern Europe is also planned for the BONITA brand. Furthermore, the growth strategy includes all objectives and measures described in the section entitled "Strategy and Performance Measurement". The forecast figures are based on the measures presented.

TOM TAILOR AND BONITA BRANDS CONTINUE TO GROW

The Company had revamped its TOM TAILOR brand, realigning it to sharpen the brand profile and underscore its international image. The new collections have been available since August 2014 and are being well received by consumers. From this new development, the Company is deriving a new division with TOM TAILOR CONTEMPORARY. The highly fashionable "contemporary" style collection has been attracting a growing target group for several years. To cater to this trend, especially in the international markets, the Company is introducing the TOM TAILOR CONTEMPORARY brand, which will hit stores in the course of 2015. During 2014, the Group considerably scaled back its sales promotions in the BONITA brand and transferred procurement activities to Asia. The Company now produces all BONITA collections using TOM TAILOR's proven design and development process. For 2015 the Company has set itself the goal of further enhancing the quality and content of the products and optimising the collections as a whole. Its aim is to offer customers good value for money in order to meet the high expectations of the market. The modernisation of the BONITA stores was also completed in the third quarter of 2014. An accompanying TV advert for BONITA will be broadcast in 2015 if necessary to further strengthen the brand and boost growth.

The importance of Turkey as a procurement country for the TOM TAILOR GROUP has grown on account of the rising volumes and highly flexible procurement, so it makes sense for the Group to have its own local organisation. For this reason, the Group is currently considering taking initial steps – possibly as early as 2015 – to set up its own local purchasing organisation in Turkey.

GROWTH WITH A FOCUS ON PROFITABILITY

The TOM TAILOR GROUP's growth path mainly centres on expansion of the controlled selling spaces by opening new stores in the TOM TAILOR and BONITA retail segments. Between the two brands, some 100 new stores are expected to be opened in 2015. With these new stores, the Company will focus on the return in order to drive up the Group's profitability. The TOM TAILOR GROUP has decided that, once again, it will not open any flagship stores in financial year 2015 because these frequently have only low or even negative profitability due to their exclusivity. In addition, the Company will continue to optimise its network of stores by closing unprofitable or barely profitable and less attractive stores. It is conceivable that a total of 30 to 40 stores will be closed in 2015, which is within the normal range for annual site optimisations.

In the area of e-commerce, the Group operates its own online shops for the TOM TAILOR and BONITA brands. In the TOM TAILOR online shop, the Company had already successfully introduced shipping charges in mid-2013, which were temporarily lifted for the 2014 Christmas trade. The Company to continue this for the time being to facilitate rapid growth. Generally speaking, the online trade remains very important for the fashion and textile business. Although growth rates recently slowed somewhat, this form of sales continues to expand at a much faster pace than the brick-and-mortar retail business. The share of the total market accounted for by the online business will therefore increase further. BONITA's online shop generated revenue of EUR 3.2 million in the reporting period. Going forward, the regional coverage of this online shop will also be extended to tap into the high revenue

potential from the ever-growing over-40 target group in other regions as well. At BONITA, the number of holders of the brand's customer card increased to around 570,000 (previous year: 390,000) and is expected to rise again in the future. The Group expects that revenue from its two online shops will continue to climb in 2015.

**TOM TAILOR GROUP:
growth path mainly centres on expansion
of the controlled selling spaces – investments
of up to EUR 37 million in 2015**

In 2015, the TOM TAILOR GROUP is also aiming for sustained growth in the wholesale segment. Here, the Company's expansion plans involve opening up to 25 new franchise stores as well as between 200 and 250 new shop-in-shops. This will be achieved firstly through the expansion of business with existing wholesale partners and secondly through the acquisition of new partners. Online partners will also play an important role in the ongoing expansion.

The TOM TAILOR GROUP is planning to invest up to EUR 37 million in financial year 2015 to expand and modernise the controlled selling spaces and the necessary infrastructure.

Group to Refinance the Consortium Agreement

The TOM TAILOR GROUP is planning to refinance the existing consortium agreement with its banking partners before the end of the first half of 2015. The aim of this is to safeguard a stable, growth-orientated financing structure for the long term and to benefit from the prevailing favourable financing conditions.

EXPECTED DEVELOPMENT OF THE GROUP'S POSITION

MODERATE GROWTH OF CONSOLIDATED REVENUE EXPECTED

From today's perspective, the Management Board of TOM TAILOR Holding AG estimates that consolidated revenue will see moderate, single-digit growth in 2015. The Company is expecting the TOM TAILOR retail and BONITA segments to be the main drivers of the revenue increase. In the wake of an unusually strong year in 2014, only a slight improvement in revenue is anticipated in the TOM TAILOR wholesale segment. Furthermore, the strategy of the TOM TAILOR GROUP is specifically aimed at systematically enlarging the share of revenue generated by the retail business to between 60% and 70% in the medium term. The revenue forecast for 2015 is based on the Company's planned expansion of controlled selling spaces, primarily through own stores, and on the further expansion of its e-commerce activities. The forecast also includes the assumption by economic experts that overall the economies of the core markets of the TOM TAILOR GROUP will see stable to positive development.

**TOM TAILOR GROUP:
moderate, single-digit percentage revenue
growth target in 2015 –
recurring EBITDA margin at prior-year level**

RECURRING EBITDA AT PRIOR-YEAR LEVEL TARGETED

The TOM TAILOR GROUP's objective is in principle to make the Company more profitable. In terms of the gross margin, the Group anticipates that overall it will remain virtually unchanged in 2015 compared with the previous year. As regards the gross margin in the TOM TAILOR wholesale segment, the Management Board expects a decline in 2015 given that financial year 2014 saw an exceptionally positive performance. This decline is to be compensated by the expected higher share of the retail business and the increase in the gross margin associated with this. However, factors such as trends in cotton prices and exchange rates (EUR/USD) play a major role, as short, sharp swings in these two variables can have an unforeseen impact on the gross margin. In this respect, the significant appreciation in the US dollar against the euro is a particular challenge. The Company's growth will lead to a commensurate increase in non-staff operating expenses, particularly personnel expenses, rental expenses and logistics costs. Taking into account these factors, the Management Board of TOM TAILOR Holding AG anticipates a recurring EBITDA margin in the 2015 financial year that is on a par with the previous year.

REDUCTION IN NET DEBT AND INCREASE IN EQUITY RATIO

Based on the projected increase in revenue, the TOM TAILOR GROUP is expecting a positive effect on operating cash flow. Similar to in the two previous years, the Company is also striving for a positive free cash flow. Taking into account the capital expenditure of up to a maximum of EUR 37 million, net debt will be progressively reduced to bring the ratio of net debt to recurring EBITDA down to around 2.0x. The Group's goal is to maintain an equity ratio of at least 30% in the long term.

TOM TAILOR GROUP: Key Data for the Company Forecast for 2015

EUR million	Actual 2014	Forecast 2015
Consolidated revenue	932.1	moderate, single-digit percentage increase
Recurring EBITDA margin (in %)	9.4%	at prior-year level
Operating cash flow	70.3	increase
Net cash used in investing activities	26.5	max. 37
Free cash flow	31.8	positive
Net debt/recurring EBITDA	2.3x	circa 2.0x

OVERALL ASSESSMENT OF EXPECTED DEVELOPMENTS BY THE MANAGEMENT BOARD

The Management Board of TOM TAILOR Holding AG continues to assess the Group's current position as positive across the board. In financial year 2014, the Company expanded further in an environment marked by challenging weather conditions and intense competition, lifting revenue and its operating result. The Group also recorded significant profit growth and achieved consolidated net income for the first time since its acquisition of BONITA in 2012.

At BONITA, sales promotions were scaled back considerably and the transfer of procurement to the Group's own purchasing company was completed. As a result, the quality of revenue improved and the gross margin rose appreciably, enabling BONITA to make a positive contribution to consolidated net income. The TOM TAILOR wholesale segment continued its dynamic growth path in the reporting period. The Group also continued its expansion in the TOM TAILOR retail segment, focusing on profitability. In addition, the TOM TAILOR GROUP initiated further measures to advance the verticalisation in the value chain of the TOM TAILOR brand and also to put BONITA back on track for profitable growth. Consequently, the Management Board estimates that the TOM TAILOR GROUP's growth trajectory will be continued with a focus on profitability.

For this reason, the Management Board expects the Group's results of operations, financial position and net assets to develop positively in financial year 2015.

The following aspects play a key role in the development of the TOM TAILOR GROUP:

- Continuous optimisation of procurement by concentrating the Group-wide purchasing volume in its own purchasing organisation;
- Further expansion of direct sourcing in Asia and Turkey for TOM TAILOR and BONITA;
- Increased verticalisation and further development of the organisation to enhance the efficiency of the processes and increase selling space productivity;
- Continuous improvement in inventory management and pricing policies to leverage additional synergies;
- Optimisation of logistics processes, also by putting a new warehouse into operation in Hamburg;
- Continued expansion with a focus on the retail segment.

The forecast for financial year 2015 takes into account all currently known events and incidents that could influence business developments at the TOM TAILOR GROUP. However, actual business performance could differ from the forecasts due to economic or political developments or the impact of the weather – factors that the Group cannot influence, predict or plan for in any way.

Hamburg, 27 February 2015

The Management Board

Dieter Holzer

(Chief Executive Officer)

Dr Axel Rebien

(Chief Financial Officer)

Dr Marc Schumacher

(Chief Retail Officer)

Daniel Peterburs

(Chief Product Development and Procurement Officer)

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CONSOLIDATED INCOME STATEMENT

Consolidated Income Statement from 1 January to 31 December 2014

EUR thousand	Note	2014	2013
Revenue	1	932,132	907,249
Other operating income	2	26,701	27,432
Cost of materials	3	- 400,354	- 408,265
Personnel expenses	4	- 196,182	- 193,504
Depreciation, amortisation and impairments	5	- 51,031	- 57,674
Other operating expenses	6	- 278,024	- 268,781
Profit from operating activities		33,242	6,457
Financial result	7	- 17,463	- 18,301
Result before income taxes		15,779	- 11,844
Income taxes	8	- 5,027	- 4,397
Net income for the period		10,752	- 16,241
thereof:			
Shareholders of TOM TAILOR Holding AG		7,230	- 21,255
Non-controlling interests		3,522	5,014
Earnings per share	9		
Basic earnings per share (EUR)		0.28	- 0.87
Diluted earnings per share (EUR)		0.28	- 0.87

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Consolidated Statement of Comprehensive Income from 1 January to 31 December 2014

EUR thousand	2014	2013
Net income for the period	10,752	-16,241
Other comprehensive income from the remeasurement of pensions and similar obligations	-295	—
Tax effect	90	—
Items that will not be reclassified subsequently to profit or loss	-205	—
Exchange differences on translating foreign operations	-815	-230
Change in fair value of cash flow hedges	27,148	-3,323
Tax effect on change in fair value of cash flow hedges	-8,319	1,041
Items that may be reclassified subsequently to profit or loss	18,014	-2,512
Other comprehensive income	17,809	-2,512
Total comprehensive income, net of tax	28,561	-18,753
thereof:		
Shareholders of TOM TAILOR Holding AG	24,756	-23,643
Non-controlling interests	3,805	4,890

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheet

Consolidated Balance Sheet as at 31 December 2014

EUR thousand	Note	31/12/2014	31/12/2013
Equity and liabilities			
Equity			
Subscribed capital	17	26,027	26,027
Capital reserves	17	293,078	298,378
Consolidated net accumulated losses	17	- 94,370	- 101,600
Accumulated other comprehensive income		10,074	- 7,452
Attributable to shareholders of TOM TAILOR Holding AG		234,809	215,353
Non-controlling interests		4,405	6,377
		239,214	221,730
Non-current provisions and liabilities			
Provisions for pensions	21	1,016	619
Other provisions	22	9,660	10,773
Deferred tax liabilities	23	83,763	76,671
Non-current financial liabilities	24	209,573	239,146
Other non-current liabilities	26	4,135	4,342
		308,147	331,551
Current provisions and liabilities			
Other provisions	22	25,858	29,165
Income tax payables		19,185	9,737
Current financial liabilities	24	30,283	26,478
Trade payables	25	143,846	111,820
Other current liabilities	26	22,390	29,122
		241,562	206,322
Total equity and liabilities		788,923	759,603

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Consolidated Statement on Changes in Equity for the Financial Year from 1 January to 31 December 2014

EUR thousand, if not stated otherwise	Number of shares	Subscribed capital	Capital reserves
Balance at 1 January 2014	26,027	26,027	298,378
Changes in ownership interests in subsidiaries without change of control	—	—	– 5,994
Total comprehensive income, net of tax	—	—	—
Cash capital increase	—	—	—
Costs of raising equity capital	—	—	—
Dividends paid	—	—	—
Other changes	—	—	694
Balance at 31 December 2014	26,027	26,027	293,078

Consolidated Statement on Changes in Equity for the Financial Year from 1 January to 31 December 2013

EUR thousand, if not stated otherwise	Number of shares	Subscribed capital	Capital reserves
Balance at 1 January 2013	24,209	24,209	274,486
Changes in ownership interests in subsidiaries without change of control	—	—	– 3,450
Total comprehensive income, net of tax	—	—	—
Cash capital increase	1,818	1,818	27,726
Costs of raising equity capital	—	—	– 634
Dividends paid	—	—	—
Other changes	—	—	250
Balance at 31 December 2013	26,027	26,027	298,378

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement on Changes in Equity

Accumulated other comprehensive income							
	Consolidated net accumulated losses	Currency translation differences	Cash flow hedge reserve (IAS 39)	Remeasurement of pensions and similair obligations reserve	Attributable to shareholders of TOM TAILOR Holding AG	Non-controlling interests	Total
	-101,600	-1,662	- 5,790	—	215,353	6,377	221,730
	—	—	—	—	- 5,994	- 6	- 6,000
	7,230	-1,098	18,829	- 205	24,756	3,805	28,561
	—	—	—	—	—	—	—
	—	—	—	—	—	—	—
	—	—	—	—	—	- 5,771	- 5,771
	—	—	—	—	694	—	694
	- 94,370	- 2,760	13,039	- 205	234,809	4,405	239,214

Accumulated other comprehensive income							
	Consolidated net accumulated losses	Currency translation differences	Cash flow hedge reserve (IAS 39)	Remeasurement of pensions and similar obligations reserve	Attributable to shareholders of TOM TAILOR Holding AG	Non-controlling interests	Total
	- 80,345	-1,556	- 3,508	—	213,286	5,680	218,966
	—	—	—	—	- 3,450	-1,550	- 5,000
	- 21,255	-106	- 2,282	—	- 23,643	4,890	-18,753
	—	—	—	—	29,544	—	29,544
	—	—	—	—	- 634	—	- 634
	—	—	—	—	—	- 2,643	- 2,643
	—	—	—	—	250	—	250
	-101,600	-1,662	- 5,790	—	215,353	6,377	221,730

CONSOLIDATED STATEMENT OF CASH FLOWS

Consolidated Statement of Cash Flows for the Financial Year from 1 January to 31 December 2014

EUR thousand	2014	2013
Net income for the period	10,752	-16,241
Depreciation, amortisation and impairment losses	51,031	57,674
Income taxes	5,027	4,397
Interest income/expense	17,463	18,301
Change in non-current provisions	-1,890	-2,681
Change in current provisions	-3,307	-1,905
Proceeds from disposal of intangible assets and items of property, plant and equipment	886	704
Change in inventories	-27,909	-13,695
Change in receivables and other assets	-6,374	441
Change in liabilities	32,102	16,556
Income taxes paid/refunded	-7,000	-635
Other non-cash changes	-442	-3,209
Cash generated from operations	70,339	59,707
Interest paid	-12,559	-12,937
Interest received	543	80
Net cash provided by operating activities	58,323	46,850
Payments to acquire intangible assets and items of property, plant and equipment	-21,166	-26,914
Additions due to change in basis of consolidation	—	-61
Proceeds from disposal of intangible assets and items of property, plant and equipment	649	972
Payments for the acquisition of consolidated entities	-6,000	—
Net cash used in investing activities	-26,517	-26,003
Cash capital increase by issuing new shares	—	29,544
Costs of raising equity capital	—	-913
Dividend payment to non-controlling interest shareholders	-5,771	-2,643
Proceeds from financial liabilities	4,500	80,000
Repayments of financial liabilities	-40,787	-133,034
Net cash provided by/used in financing activities	-42,058	-27,046
Effect of exchange rate changes on cash and cash equivalents	56	-54
Net change in cash and cash equivalents	-10,196	-6,253
Cash and cash equivalents at beginning of period	47,129	53,382
Cash and cash equivalents at end of period	36,933	47,129
Composition of cash and cash equivalents		
Cash funds	36,933	47,129

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

A. GENERAL DISCLOSURES

The TOM TAILOR GROUP is a vertically integrated fashion and lifestyle company that offers casual wear in the mid-range price segment. The TOM TAILOR brand comprises the TOM TAILOR brand with collections from the TOM TAILOR MEN, WOMEN, KIDS, MINIS and BABY product lines, the TOM TAILOR Denim brand with the Denim Male and Denim Female product lines and the TOM TAILOR POLO TEAM brand. The BONITA brand comprises the BONITA and BONITA men lines, which have their own profile and are aimed at the over-40 target group. Its product portfolio is complemented by an extensive range of fashionable accessories.

The ultimate parent of the TOM TAILOR GROUP is TOM TAILOR Holding AG, which is domiciled in Hamburg, Germany, and entered in the commercial register of Hamburg Local Court under the number HRB 103641. Its registered office is at Garstedter Weg 14, 22453 Hamburg.

BASIS OF PREPARATION

The consolidated financial statements of TOM TAILOR Holding AG ("the consolidated financial statements") were prepared in accordance with the International Financial Reporting Standards (IFRSs) effective as at the reporting date, as adopted by the EU. The applicable interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) for financial year 2014 were also applied.

The consolidated income statement was prepared using the nature of expense method. The consolidated balance sheet, the consolidated income statement and the consolidated statement of comprehensive income are presented in accordance with the classification requirements of IAS 1 Presentation of Financial Statements.

The consolidated financial statements were prepared in euros. All amounts are shown in thousands of euros (EUR thousand) unless otherwise stated. Discrepancies may arise from the addition of these amounts due to rounding. The consolidated financial statements were prepared using the historical cost convention. Exceptions to this rule relate to certain financial instruments, which are measured at fair value.

With the following exceptions, the accounting policies applied correspond in general to those applied in the previous year.

a) Changes applicable in 2014

The TOM TAILOR GROUP applied the following new or amended standards and interpretations in financial year 2014:

New Regulations and Amendments in Financial Reporting

	Effective date	Date of EU endorsement
New standards/interpretations		
IFRS 10: Consolidated Financial Statements	01/01/2014	11/12/2012
IFRS 11: Joint arrangements	01/01/2014	11/12/2012
IFRS 12: Disclosure of Interests in Other Entities	01/01/2014	11/12/2012
IAS 27: Separate Financial Statements (revised 2011)	01/01/2014	11/12/2012
IAS 28: Investments in Associates and Joint Ventures (revised 2011)	01/01/2014	11/12/2012
Amendments to standards		
Amendments to IFRS 10, 11 and 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities Transition Guidance	01/01/2014	04/04/2013
Amendments to IFRS 10, 11 and 12: Separate Financial Statements – Exemption from Consolidation for Investment Entities	01/01/2014	20/11/2013
Amendment to IAS 32: Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities	01/01/2014	13/12/2012
Amendment to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets	01/01/2014	19/12/2013
Amendments to IAS 39/IFRS 9: Novation of Derivatives and Continuation of Hedge Accounting	01/01/2014	19/12/2013
IASB Annual Improvements Project 2009 – 2011	01/01/2013	28/03/2013

IFRS 10 Consolidated Financial Statements

IFRS 10 introduces a single definition of control for all entities, creating a standardised basis for determining whether a parent-subsidiary relationship exists and the associated inclusion in the basis of consolidation. The standard provides comprehensive application guidance on determining whether a control relationship exists. The new standard fully replaces IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation – Special Purpose Entities.

In the course of initial application of IFRS 10 Consolidated Financial Statements, the Group reassessed the control relationship regarding the equity interest in TT OFF SALE (NI) LTD. and its subsidiary TT OFF SALE (Ireland) LTD., which have been accounted for using the equity method to date. The definition of control is broader in IFRS 10 than in IAS 27. In addition to adding rights to be considered, a more economic approach is applied. The control of entities is no longer determined solely based on the ability to determine financial and business policy with voting rights, but instead now comprises all substantive rights with which the relevant business activities of the entity being considered for consolidation can be directed. Such special rights exist in the relationship between TOM TAILOR and TT OFF SALE (NI) LTD. This means that TOM TAILOR has control over this entity and its subsidiary. In principle, these two companies must therefore be included in full in the consolidated financial statements, but they are not consolidated due their insignificance to the Group's net assets, financial position and results of operations.

IFRS 11 Joint Arrangements

IFRS 11 applies to circumstances where an entity jointly controls a joint venture or a joint operation. In future, joint ventures must be accounted for using the equity method. The previously applicable alternative of proportionate consolidation is no longer permitted. The new standard replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 combines in a single standard all of the disclosure requirements that an entity with shares or an interest in other entities must meet; these include interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. The new standard replaces the existing disclosure requirements in IAS 27, IAS 28, IAS 31 and SIC-12.

IAS 27: Separate Financial Statements (revised 2011)

The new rules included in IFRS 10 Consolidated Financial Statements replaced the consolidation guidelines contained to date in IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation – Special Purpose Entities. Since IAS 27 now only contains the rules applicable to separate financial statements, the standard was renamed IAS 27 Separate Financial Statements (revised 2011).

IAS 28: Investments in Associates and Joint Ventures (revised 2011)

The amended IAS 28 specifies how to account for investments in associates and how to apply the equity method when accounting for investments in associates and joint ventures.

Amendment to IFRS 10, IFRS 11 and IFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities – Transition Guidance

These amendments provide for additional relief when applying IFRS 10, IFRS 11 and IFRS 12 for the first time.

Amendments to IFRS 10, 11 and 12: Separate Financial Statements – Exemption from Consolidation for Investment Entities

To be considered an investment entity, a company must satisfy three criteria and possess four further typical characteristics. An investment entity does not consolidate its subsidiaries, unless the subsidiary solely provides services related to investment activities. Investment entities are required to account for their subsidiaries at fair value through profit or loss in accordance with IFRS 9 (and IAS 39). TOM TAILOR Holding AG is not classified as an investment entity.

Amendment to IAS 32: Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities

The IASB has issued an amendment to the application guidance contained in IAS 32 Financial Instruments: Presentation to clarify certain requirements regarding the offsetting of financial assets and financial liabilities in the balance sheet. The amendments leave the current offsetting model under IAS 32 in principle unchanged.

Amendments to IAS 36: Recoverable Amount Disclosures for Non-Financial Assets

The amendments issued by the IASB provide for minor adjustments to IAS 36 Impairment of Assets. The amendments rectify the requirement to disclose the recoverable amount of each cash-generating unit to which a significant amount of goodwill or indefinite-lived intangible assets have been allocated, which was introduced to IAS 36 by IFRS 13 Fair Value Measurement. The IASB's original intention was to require such disclosures only for cash-generating units for which an impairment loss or reversal of an impairment loss has been recognised in the reporting period. The amendments address the problem that made the disclosure requirements under IAS 36 broader than intended. The amendments also introduce new disclosure requirements if the recoverable amount of an asset or cash-generating unit for which an impairment loss has been recognised or reversed has been determined based on fair value less costs of disposal (e.g. description of the valuation technique used to measure fair value, disclosure of all key assumptions used in the measurement).

Amendments to IAS 39/IFRS 9: Novation of Derivatives and Continuation of Hedge Accounting

In response to the new derivatives trading rules under the European Market Infrastructure Regulation (EMIR) introduced due to the tougher regulation of the derivative market world-wide, the IASB published narrow scope amendments to IFRS 9 and IAS 39 on the recognition of financial instruments. Previously, novation to a central counterparty required the discontinuation of hedging relationships if a derivative was the hedging instrument. The amendments provide for the continuation of the original hedging relationship subject to certain conditions and is intended to help avoid ineffectiveness for cash flow hedges. Novation to a counterparty must happen as a consequence of laws or regulations. In addition, any changes to the contract terms must be limited to those areas that are required for the novation; following the novation, the central counterparty must become the new counterparty to each of the parties to the derivative.

IASB Annual Improvements Project 2009–2011

In June 2011, the IASB issued its fourth round of annual improvements an exposure draft of proposed amendments to five IFRSs. The amendments are intended to eliminate ambiguities in existing IFRSs. The following areas have been clarified: requirements regarding voluntary comparative information (IAS 1), classification of servicing equipment as inventory or as property, plant and equipment (IAS 16), income tax implications of distributions to holders of an equity instrument and transaction costs of an equity transaction (IAS 32 and IAS 12), and disclosure of segment information in an interim report (IAS 34).

Other than the additional disclosures, the new accounting requirements do not affect or have no material effect on the presentation of the Group's net assets, financial position and results of operations.

b) Standards, interpretations and amendments to published standards approved by the IASB, but not yet applicable nor adopted by the EU as at 31 December 2014

In financial year 2014, the TOM TAILOR GROUP did not apply the following new or amended accounting standards that have already been approved by the IASB, as they were not yet required to be applied:

Future New Regulations and Amendments in Financial Reporting

	Effective date	Date of EU endorsement
New standards/interpretations		
IFRS 9: Financial Instruments	01/01/2018	H2 2015
IFRS 14: Regulatory Deferral Accounts	01/01/2016	Q2 2015
IFRS 15: Revenue from Contracts with Customers	01/01/2017	Q2 2015
Amendments to standards		
Amendment to IFRS 10, IFRS 12, IAS 28 Applying the Consolidation Exception	01/01/2016	Q4 2015
Amendment to IAS 1: Disclosure Initiative	01/01/2016	Q4 2015
Amendment to IFRS 10, IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	01/01/2016	Q4 2015
Amendment to IAS 27: Equity Method in Separate Financial Statements	01/01/2016	Q3 2015
Amendment to IAS 16, IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	01/01/2016	Q1 2015
Amendment to IAS 19 Employee Contributions	01/07/2014	17/12/2014
Amendment to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations	01/01/2016	Q1 2015
IASB Annual Improvements Project 2010 – 2012	01/07/2014	17/12/2014
IASB Annual Improvements Project 2011 – 2013	01/07/2014	18/12/2014
IASB Annual Improvements Project 2012 – 2014	01/01/2016	Q3 2015

Provided they are adopted by the EU in their current form, the Group does not currently expect the new accounting pronouncements to have a material effect on the presentation of its net assets, financial position or results of operations.

BASIS OF CONSOLIDATION

The basis of consolidation of the TOM TAILOR GROUP comprises TOM TAILOR Holding AG as the ultimate parent and the following material subsidiaries:

Direct Subsidiaries:

- Tom Tailor GmbH, Hamburg/Germany
- Tom Tailor (Schweiz) AG, Baar/Switzerland
- BONITA GmbH, Hamminkeln/Germany

Indirect Subsidiaries:

- Tom Tailor Retail GmbH, Hamburg/Germany
- TOM TAILOR E-Commerce GmbH & Co. KG, Oststeinbek/Germany
- TOM TAILOR Verwaltungs-GmbH, Hamburg/Germany
- TOM TAILOR Gesellschaft m.b.H., Wörgl/Austria
- TOM TAILOR Retail Gesellschaft m.b.H., Wörgl/Austria
- TT RETAIL GmbH, Lindau/Germany
- TT Franchise AG, Buchs/Switzerland
- Tom Tailor Benelux B.V., Almere/the Netherlands
- Tom Tailor (Schweiz) Retail AG, Dietikon/Switzerland
- TOM TAILOR FRANCE SARL, Paris/France
- TOM TAILOR Retail Kft., Budapest/Hungary
- TOM TAILOR South Eastern Europe Holding GmbH, Wörgl/Austria
- Tom Tailor Sarajevo d.o.o., Sarajevo/Bosnia-Herzegovina
- TOM TAILOR Beograd d.o.o., Belgrade/Serbia
- Tom Tailor Sofia EOOD, Sofia/Bulgaria
- Tom Tailor Zagreb d.o.o., Zagreb/Croatia
- TOM TAILOR Lesce d.o.o., Lesce/Slovenia
- TOM TAILOR DOOEL, Skopje/Macedonia
- TOM TAILOR Retail Poland Sp. z o.o., Warsaw/Poland
- TOM TAILOR Sourcing Ltd., Hong Kong/China
- TOM TAILOR Asia Ltd., Hong Kong/China
- TOM TAILOR Trading (Shanghai) Company Limited, Shanghai/China
- TOM TAILOR RUS LLC, Moscow/Russia
- TOM TAILOR Retail Slovakia s.r.o., Bratislava/Slovakia
- TOM TAILOR VELEPRODAJA d.o.o., Lesce/Slovenia
- TOM TAILOR VELEPRODAJA d.o.o., Belgrade/Serbia
- TOM TAILOR Italy SRL, Bolzano/Italy

- TOM TAILOR RETAIL RO SRL, Bucharest/Romania
- BONITA Deutschland Holding Verwaltungs GmbH, Hamminkeln/Germany
- BONITA E-commerce GmbH, Oststeinbek/Germany
- GEWIB GmbH, Hamminkeln/Germany
- GEWIB GmbH & Co. KG, Pullach/Germany
- BONITA SAS, Paris/France
- BONITA (Schweiz) Retail AG, Baar/Switzerland
- BONITA ITALIA S.R.L. UNIPERSONALE, Verona/Italy
- BONITA Österreich Handels GmbH, Salzburg/Austria

Indirect equity interests

- TT OFF SALE (NI) LTD., Belfast/United Kingdom
- TT OFF SALE (Ireland) LTD., Dublin/Ireland

All subsidiaries are wholly owned by the parent company with the exception of TOM TAILOR South Eastern Europe Holding GmbH and its subsidiaries, TOM TAILOR Sourcing Ltd., as well as TOM TAILOR RETAIL RO SRL.

TT OFF SALE (NI) LTD., Belfast/United Kingdom, was formed in financial year 2008. As a founding shareholder, Tom Tailor GmbH holds 49.0% of the shares in TT OFF SALE (NI) LTD. and its wholly owned subsidiary, TT OFF SALE (Ireland) LTD., Dublin/Ireland.

The interest in TT OFF SALE (NI) LTD. and its subsidiary TT OFF SALE (Ireland) LTD. have not been included in the consolidated financial statements because they are insignificant. For more details please see section A "General Information – Basis of Preparation" and section D "12. Financial Assets".

On 27 March 2014, the TOM TAILOR GROUP increased its interest in TOM TAILOR Retail Joint Venture GmbH domiciled in Bregenz/Austria and its subsidiaries TT RETAIL GmbH, Lindau/Germany, and TT Franchise AG, Buchs/Switzerland, from 51% to 100%. These companies were consolidated without reporting non-controlling interests from the outset due to the existing put/call options. The total purchase price, which has been paid and was financed through bank loans, amounts to EUR 3.9 million.

To streamline the structure under company law, TOM TAILOR Retail Joint Venture GmbH was merged with TOM TAILOR Retail Gesellschaft m.b.H., Wörgl/Austria, following the share purchase.

Effective 1 July 2014, TOM TAILOR South Eastern Europe Holding GmbH, Wörgl/Austria, in which TOM TAILOR Holding AG holds a 75% stake, acquired a 49% interest in S.C. TOM TAILOR RETAIL RO S.R.L., Bucharest/Romania, which had previously been held by minority shareholders. On account of the change in the ownership structure, the subsidiary, which on the basis of the controlling interest and the existing put/call options was already fully consolidated, will now be incorporated into the TOM TAILOR GROUP via TOM TAILOR South Eastern Europe Holding GmbH, Wörgl/Austria, with a corresponding disclosure of minority interests. The purchase price for the acquisition of the remaining interests comprises a fixed purchase price component of EUR 1.0 million and a variable purchase price component that is contingent on the earnings performance of the acquired company in the 2016 financial year ("earn-out" clause). Based on the planning assumptions for the period up to 2016, the provisional cost of the acquisition for the variable purchase price component has been estimated at approximately EUR 0.4 million. Only EUR 1.0 million of the total purchase price, financed through bank loans, has been recognised as a cash expenditure to date. The provisional variable purchase price liability in the amount of EUR 0.4 million is reported at fair value under non-current financial liabilities. The non-cash portion of the fixed purchase price component of EUR 0.4 million is reported under current financial liabilities.

In 2011, TOM TAILOR established a joint venture with its long-standing partner Asmara International Ltd., domiciled in Hong Kong. TOM TAILOR held a 51% majority interest in TOM TAILOR Sourcing Ltd., Hong Kong, which was formed in December 2011. 49% of the shares were held by its partner, Asmara International Ltd. In financial year 2014, Tom Tailor GmbH increased its interest in TOM TAILOR Sourcing Ltd., Hong Kong, from 51% to 63% for a purchase price of EUR 6.0 million. As part of the share acquisition, a profit distribution arrangement was agreed that deviates from the ownership structure. According to this, Tom Tailor GmbH is entitled to 75% and Asmara International Ltd. to 25% of the profit for the period. Tom Tailor GmbH has a call option to acquire the remaining 37% non-controlling interest in TOM TAILOR Sourcing Ltd., Hong Kong. This option can be exercised on 1 January 2019 for the first time and has an indefinite term.

The purchase price payable for the two options to acquire the remaining shares in TOM TAILOR Sourcing Ltd., Hong Kong/China, and TOM TAILOR South Eastern Europe Holding GmbH, Wörgl/Austria will be based on the current fair value of the shares when the option is exercised. No value was stated as the call options could not be reliably measured as at the reporting date.

Changes in the basis of consolidation

In addition, the subsidiary TOM TAILOR DOOEL domiciled in Skopje/Macedonia was formed on 17 June 2014 to further expand the retail business in South East Europe. TOM TAILOR South Eastern Europe Holding GmbH, Wörgl/Austria, holds all shares of the subsidiary. As the parent of the TOM TAILOR GROUP, TOM TAILOR Holding AG thus holds only 75% of the shares of the new subsidiary TOM TAILOR DOOEL, Skopje/Macedonia.

To expand sales activities in the Chinese market, TOM TAILOR Trading (Shanghai) Company Limited, with headquarters in Shanghai/China, was founded on 29 July 2014. TOM TAILOR Asia Ltd., Hong Kong/China, holds 100% of this company's share capital.

With a view to further streamlining the corporate structure, Tom Tailor Showroom AG, Glattbrugg/Switzerland, was merged with TOM TAILOR (Schweiz) AG, Baar/Switzerland.

GROUP REPORTING DATE AND GROUP FINANCIAL YEAR

As in the previous year, the consolidated financial statements were prepared as at the Group reporting date, 31 December. The Group's financial year covers the period from 1 January to 31 December 2014 (2013: 1 January to 31 December 2013).

The Group reporting date and the Group's financial year correspond to the reporting date of the parent company and the financial year of all consolidated subsidiaries.

B. ACCOUNTING POLICIES AND CONSOLIDATION METHODS

GENERAL PRINCIPLES

The financial statements of the companies included in the consolidated financial statements are prepared using uniform accounting policies.

In the reporting period, the consolidated Group was expanded to include the following companies and their subsidiaries:

- TOM TAILOR DOOEL, Skopje/Macedonia
- TOM TAILOR Trading (Shanghai) Company Limited, Shanghai/China

These companies have been initially consolidated; where applicable, non-controlling interests are reported in the consolidated financial statements.

CONSOLIDATION METHODS

Acquisition accounting uses the acquisition method in accordance with IFRS 3. The proportionate share of the subsidiaries' assets acquired and liabilities assumed is measured at the acquisition date fair value. Transaction costs are expensed.

Any remaining excess of the cost of the investment over the share of the fair value of the net assets acquired is recognised as goodwill and tested for impairment regularly, and at least once a year. Negative goodwill is recognised as income immediately after the acquisition following a reassessment of the net assets acquired.

Profits and losses on intra-Group transactions are eliminated. Revenue, expenses and income, and intercompany receivables, liabilities and provisions are offset against each other. Intercompany profits and losses contained in non-current assets and inventories due to intra-Group deliveries are also eliminated.

Deferred taxes are recognised where required in respect of temporary differences arising from consolidation adjustments in accordance with IAS 12.

CURRENCY TRANSLATION

The TOM TAILOR GROUP's currency is the euro (EUR).

Financial statements of Group companies included in the consolidated financial statements that are prepared in foreign currencies are translated on the basis of the functional currency concept (IAS 21) using the modified closing rate method. The functional currency of the subsidiaries depends on the primary economic environment in which they operate and therefore corresponds to the local currency in each case. In the consolidated financial statements, expenses and income from the financial statements of subsidiaries that are prepared in foreign currencies are translated at the average exchange rates for the year, while assets and liabilities are translated at the middle rate on the reporting date. Foreign exchange differences from the translation of equity at historical cost are reported in accumulated other comprehensive income, as are translation differences from the income statement.

In the single-entity financial statements of the companies included in the consolidated financial statements, foreign currency receivables and liabilities are measured at cost on their addition. Foreign exchange gains and losses realised as at the reporting date are recognised in profit or loss. This does not apply to foreign exchange differences from loans receivable that represent part of a net investment in a foreign operation.

The exchange rates on which currency translation is based and which have a significant influence on the consolidated financial statements changed as follows:

Key Exchange Rates

EUR versus	Closing rate		Average rate	
	31/12/2014	31/12/2013	2014	2013
US dollars	1.21	1.38	1.33	1.33
Swiss francs	1.20	1.23	1.21	1.23

Operating expenses are recognised when the underlying products or services are utilised, or at the time they are incurred.

Interest is recognised pro rata on the basis of the effective interest rate for the assets and liabilities.

BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method, in which the purchase price is offset against the remeasured proportionate share of the net assets of the acquiree (acquisition accounting). This is based on the values applicable at the acquisition date, which is defined as the date on which control of the acquiree was obtained. Differences are identified in full, i.e. recognisable assets, liabilities and contingent liabilities of the subsidiary are reported in principle at their fair value in the consolidated financial statements, independent of any non-controlling interests. The fair value of individual assets is determined, for example, using published quoted or market prices at the acquisition date or external appraisals. If no such quoted or market prices are available, the fair values are determined using the most reliable information available, based on market prices for comparable assets and transactions or appropriate valuation techniques. Intangible assets are recognised separately if they are clearly identifiable or separable, or if recognition is based on a contractual or other legal right. To this extent, they are not included in goodwill. No additional provisions for the costs of restructuring may be recognised during purchase price allocation. If the purchase price paid exceeds the remeasured proportionate share of net assets at the acquisition date, the positive difference is recognised as goodwill. After reassessment, any negative goodwill is recognised as income immediately.

RECOGNITION OF INCOME AND EXPENSES

Revenue from the sale of products is recognised when the title and risk passes to the customer, provided that a price has been agreed or is determinable and payment can be assumed. Revenue is reported net of discounts, markdowns, customer bonuses and rebates, and following the elimination of intra-Group sales.

In its retail business, the Group has a customer loyalty programme that allows customers to collect loyalty points for each purchase made via the online shop or in stores, depending on how much they spend. Once customers have collected a certain number of points, they can exchange them for a voucher. The purchase price received is broken down into the goods sold and the points issued, with the consideration being allocated to the points on the basis of their fair value. The consideration is only recognised as revenue when the customer has redeemed the voucher and the Company has discharged its obligation.

Royalties and other income are recognised on an accrual basis in accordance with the underlying contractual provisions.

GOODWILL

Goodwill from acquisition accounting is capitalised and tested regularly for impairment at least once a year, in accordance with IAS 36.

Impairment tests are also conducted in the case of triggering events that indicate that goodwill might be impaired.

OTHER INTANGIBLE ASSETS

In accordance with IAS 38, purchased and internally generated intangible assets are recognised if it is probable that expected future benefits will flow from their use and if the cost of the asset can be measured reliably. They are measured at cost and, in the case of finite-lived assets, are amortised using the straight-line method over their useful lives of between three and 17 years.

Indefinite-lived intangible assets are tested regularly for impairment at least once a year, and written down to their recoverable amount if an impairment has occurred. Write-downs are reversed up to cost if the reasons for impairment have ceased to apply.

Amortisation and impairment losses are reported under the "Depreciation, amortisation and impairment losses" item of the income statement.

Development costs are expensed since the conditions for capitalisation set out in IAS 38 are not met. They relate primarily to the costs of developing collections and of establishing new product lines.

PROPERTY, PLANT AND EQUIPMENT

In accordance with IAS 16, all property, plant and equipment is measured at cost less depreciation and, if appropriate, impairment losses. Property, plant and equipment is depreciated over the assets' useful lives using the straight-line method. Items of finite-lived property, plant and equipment with different useful lives are depreciated separately.

Low-value assets costing less than EUR 150.00 are written off in full in the year of acquisition, due to materiality reasons.

Depreciation is based on the following standardised useful lives throughout the Group:

Useful lives of Property, Plant and Equipment

	Useful life Years
Buildings	25 – 50
Shop fittings and fixtures and leasehold improvements	5 – 10
IT and other technical equipment	3 – 10
Other equipment, operating and office equipment	1 – 5

Both the useful lives and the cost are tested periodically for conformity with the pattern of consumption of the economic benefits. Assets are tested for impairment if there are indications that their carrying amount might exceed the recoverable amount.

IMPAIRMENT OF ASSETS

The TOM TAILOR Group tests intangible assets and property, plant and equipment for impairment as soon as there are indications that the asset may be impaired. Impairment testing is performed by comparing the carrying amount with the recoverable amount. Recoverable amount is defined as the higher of fair value less costs to sell and the present value of the estimated future cash flows from the value in use of the asset. If the carrying amount exceeds the recoverable amount, the asset is written down by the difference. If the reasons for impairment recognised in previous years no longer apply, the impairment loss is reversed appropriately.

Annual impairment testing for goodwill from initial consolidation and other indefinite-lived intangible assets is performed at the level of the relevant cash-generating unit. Impairment testing is performed by comparing the carrying amount of the cash-generating unit, including the allocable goodwill or the carrying amounts of the other indefinite-lived intangible assets, with the recoverable amount. If the carrying amount exceeds the recoverable amount for the cash-generating unit, the resulting difference is charged to income as an impairment loss. Goodwill that has been written down is not reversed in subsequent years.

FINANCE LEASES

In accordance with IAS 17, the lessee is considered to be the beneficial owner of the leased assets if substantially all the risks and rewards incidental to ownership of the assets are transferred to the lessee (finance lease). Assets classified as being subject to a finance lease are recognised at their fair value or, if lower, at the present value of the minimum lease payments.

They are depreciated using the straight-line method over the shorter of the expected useful life or the lease term. Payment obligations resulting from future lease payments are recognised at their present value in the financial liabilities item.

The interest portion of lease liabilities is expensed over the lease term.

INVESTMENT SECURITIES

Shares in unconsolidated affiliates are measured at the lower of cost or fair value. Their value is less than EUR 1 thousand.

The 49% interests in the share capital of TT OFF SALE (NI) LTD. and of TT OFF SALE (Ireland) LTD. are recognised at amortised cost.

FINANCIAL INSTRUMENTS

a) General

Financial instruments are accounted for in accordance with IAS 39 and – to the extent that this is relevant for the TOM TAILOR GROUP – broken down into the following categories: at fair value through profit or loss, held to maturity, available for sale, and loans and receivables.

Classification depends on the purpose for which the financial instruments were acquired.

Financial instruments include both non-derivative and derivative assets and liabilities. Derivatives are used to hedge the fair value of balance sheet items or future cash flows.

Trade date accounting is used for all purchases and sales of financial assets. Financial assets are generally initially recognised as from the point when the Group enters into the contract.

Financial instruments are recognised at amortised cost or fair value. Loans and receivables are subsequently measured at amortised cost using the effective interest rate method. Financial assets are derecognised when the contractual rights to payment from the investment have expired or been transferred and the Group has transferred substantially all the risks and rewards incidental to ownership of the assets or, in the case of loans and receivables, on payment.

Fair value generally corresponds to the market or quoted market price. Where no active market exists, fair value is determined using accepted valuation techniques on the basis of the market inputs applicable on the reporting date in question plus confirmations from banks.

Financial assets and groups of assets are assessed for objective evidence of impairment at each reporting date.

Financial assets are initially recognised at fair value, plus transaction costs in the case of financial assets not at fair value through profit or loss.

Loans and receivables that are not held for trading, held-to-maturity financial investments and all financial assets for which there is no quoted market price in an active market and whose fair value cannot be reliably estimated are measured at amortised cost using the effective interest rate method, to the extent that they have a fixed maturity.

Financial assets with no fixed maturity are measured at cost.

In accordance with IAS 39, an assessment is made at regular intervals whether there is objective evidence that a financial asset or group of financial assets is impaired. Any impairment loss that has to be charged following impairment testing is recognised in profit or loss.

b) Derivatives and hedge accounting

In accordance with IAS 39, derivatives are initially recognised at their fair value on the date when the contract is entered into. Subsequent measurement is also performed using the fair value at the respective reporting date. In accordance with IAS 39, derivatives that are not part of a hedging relationship (hedge accounting) are required to be designated as at fair value through profit or loss. The method used to recognise gains or losses depends on whether the derivative concerned was classified as a hedge, as well as on the type of item hedged.

Derivatives may be embedded in other contracts ("host contracts"). If IAS 39.11 requires an embedded derivative to be separated, it is accounted for separately from the host contract and measured at fair value. Separable embedded derivatives are measured at a carrying amount of zero on initial recognition and are subsequently measured at fair value at the reporting date. Gains and losses from changes in fair value of derivatives that do not form part of designated hedging relationships are recognised in full in profit or loss for the period.

Derivatives were used at the Group in the reporting period to hedge interest rate and exchange rate risks from the operating business, and in particular to hedge forecast purchases of goods in foreign currencies. TOM TAILOR Holding AG hedges cash flows on the basis of predefined minimum hedge ratios. At the level of the Company, highly probable forecast transactions that are expected to occur within a 12-month period are hedged against exchange rate risks using rolling budget planning. These hedges are reported as cash flow hedges in accordance with IAS 39.

Derivatives used in cash flow hedge accounting are recognised at their fair value. The intrinsic value and the time value of the hedging relationship are designated. Measurement gains and losses are broken down into an effective and an ineffective portion. Effectiveness is measured using the critical terms match method. The effective portion of the gain or loss on the hedging instruments is recognised in other comprehensive income after adjustment for deferred taxes, and is reclassified to profit or loss as soon as the hedged cash flows are also recognised in the income statement, or if a hedged future transaction does not materialise. Ineffective portions of the hedging relationship are recognised immediately in income.

DEFERRED TAXES

In accordance with IAS 12, deferred tax assets and liabilities are recognised for all temporary differences between the tax base and the IFRS carrying amounts ("balance sheet liability method"), with the exception of deferred tax liabilities arising from the initial recognition of goodwill or the initial recognition of an asset or liability from a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit, as well as in respect of certain consolidation adjustments.

Deferred tax assets and liabilities are offset if the Group has a legally enforceable right to set off the current tax assets and liabilities and these assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Deferred tax assets also comprise tax credits relating to the expected utilisation of existing tax loss carryforwards, in particular from interest-related losses. Deferred taxes are determined using the tax rates and tax laws that have been enacted or substantively enacted by the date of realisation in the countries in question.

The composite tax rate determined for deferred taxes in Germany was 30.7% (2013: 30.6%). This comprises the corporation tax rate of 15.0% (2013: 15.0%), the solidarity surcharge of 5.5% of the corporation tax rate (2013: 5.5%) and the average trade tax rate in the Group of 14.9% (2013: 14.8%). In the case of foreign companies, the relevant national tax rates are applied.

Deferred taxes are recognised as non-current and are not discounted.

Changes in deferred taxes in the balance sheet result in principle in deferred tax expense/income. To the extent that accounting matters resulting in a change to deferred taxes are recognised directly in equity or in other comprehensive income, the corresponding change in deferred taxes is also recognised directly in equity or in other comprehensive income.

RECEIVABLES AND OTHER ASSETS

Receivables and other assets are recognised at cost. Appropriate valuation allowances are charged to reflect all identifiable risks. Non-interest-bearing and low-interest receivables with a term of more than one year are discounted; TOM TAILOR uses the effective interest rate method for this. The collectability of receivables is assessed on the basis of the probability of default. Specific valuation allowances are charged individually on receivables that are past due.

INVENTORIES

Inventories raw materials, consumables and supplies and merchandise are measured at average cost.

Where necessary, write-downs to their lower realisable selling prices less costs to sell were recognised.

Inventory risk associated with individual inventory items is accounted for using specific valuation allowances on the basis of obsolescence analyses and analyses of days inventory held.

CASH FUNDS

Cash funds are measured at their nominal value.

COSTS OF RAISING EQUITY CAPITAL

In accordance with IAS 32, costs directly attributable to capital raising are charged to capital reserves net of the related income tax benefit. Incremental costs that would otherwise have been avoided are expensed. Costs that are not clearly attributable to raising equity capital are reasonably broken down into costs to be directly charged to equity and costs to be expensed in the reporting period.

DIVIDEND DISTRIBUTION

Shareholder claims to dividend distributions are recognised as liabilities in the period in which the corresponding resolution was passed.

EMPLOYEE BENEFITS

Pension obligations

Provisions for pensions are recognised using the projected unit credit method in accordance with IAS 19, which was applied on the basis of a conservative estimate of the relevant inputs. The calculations are based on actuarial reports, taking biometric parameters into account. The present value of the defined benefit obligation is offset against the fair value of the capitalised surrender value of qualifying insurance policies ("plan assets").

Actuarial gains and losses are recognised in other comprehensive income in the year concerned. The interest cost on expected pension obligations and the expected return on plan assets are reported in the financial result. All other expenses from the funding of pension obligations are reported in the personnel expenses item.

Other Long-term Employee Benefits

The Long-Term Incentive Programme, which is measured in accordance with IAS 19 as a defined benefit obligation, was granted to senior managers of the Group and is classified as other long-term employee benefits. The present value of the defined benefit obligation is calculated by discounting the benefit earned using the projected unit credit method. The payment obligation resulting from the programme is recognised to the extent that the beneficiaries perform their services in exchange for the payments expected to be made by TOM TAILOR in future reporting periods. The expenses are reported under personnel expenses with the exception of interest cost, which is recognised in the financial result.

SHARE-BASED PAYMENT

In accordance with IFRS 2, the obligations under the Matching Stock Programme (MSP) established for the Management Board are measured using valuation techniques based on option pricing models (Monte Carlo simulation).

The obligations under the stock option programme for management (hereinafter referred to as the Long-Term Stock Option Programme) are measured using option pricing models (Black-Scholes model), in accordance with IFRS 2.

The fair value of the management equity participation programme is measured using actuarial methods based on a binominal model in accordance with IRFS 2.

Equity-settled share-based payment transactions are measured at the fair value of the equity instruments as at the grant date. For further information on how the fair value of the equity-settled share-based payment transactions is calculated, please see section H. "Other Disclosures and Explanations".

The fair value of the equity instruments is recognised ratably over the vesting period in personnel expenses, with a corresponding increase in equity, and is based on different inputs. The Group reviews its estimates regarding the number of equity instruments and the inputs on each reporting date. Differences between the initial recognition of the options and the amounts are allowed for and recognised in income. After this, a corresponding equity adjustment is made.

OTHER PROVISIONS

Other provisions are recognised where there is a legal or constructive obligation to third parties that will probably lead to an outflow of resources embodying economic benefits, where the amount of the provision can be measured with sufficient reliability. The provisions are measured at fully absorbed cost. Non-current provisions with a term of more than one year are recognised at their settlement amount discounted to the reporting date.

Unless the possibility of an outflow of resources embodying economic benefits is remote, contingent liabilities are disclosed in the notes to the consolidated financial statements.

FINANCIAL AND OTHER LIABILITIES

Financial liabilities are initially recognised at cost, which corresponds to the fair value of the consideration received. Transaction costs are taken into account. Subsequently, the liabilities – with the exception of derivatives – are measured at amortised cost using the effective interest rate method. Other liabilities are recognised at their repayment amount.

KEY DISCRETIONARY DECISIONS, ASSUMPTIONS AND ESTIMATES

Preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the amounts of reported assets and liabilities, income and expenses, and contingent liabilities. In particular, estimates and assumptions are used when identifying hidden reserves in the course of goodwill allocation during acquisition accounting, when performing impairment tests on intangible assets and property, plant and equipment, when determining standard useful lives for assets throughout the Group, when assessing the collectability of receivables, when recognising and measuring provisions, and when estimating the ability to realise future tax benefits. Particularly when accounting for business combinations, the assets acquired and liabilities assumed are recognised at their fair value. Discounted cash flow methods are commonly used here, the results of which depend on assumptions as to future cash flows and other factors. Although these estimates are made on the basis of management's current knowledge, actual results may deviate from these estimates. Changes resulting from new information within 12 months of initial consolidation are accounted for by adjusting goodwill. Changes above and beyond this are recognised in profit or loss at the point in time when the new information becomes available.

In the financial year under review, management reestimated the useful life of the ERP software used at BONITA because going forward the software will be used throughout the Group. The useful life was adjusted from four years to date to nine years due to the longer period the software will be used. The resulting effect for financial year 2014 is a EUR 3.0 million reduction in depreciation, amortisation and impairment losses, whereas in the subsequent five financial years, depreciation, amortisation and impairment losses will be EUR 0.6 million higher each year. Taking into account income tax expenses of EUR 0.9 million, this results in an after-tax effect on earnings of EUR 2.1 million for the 2014 financial year.

BORROWING COSTS

BORROWING COSTS Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that is manufactured over a considerable period of time are capitalised as part of the cost of that asset. All other borrowing costs are recognised as an expense in the period in which they are incurred.

EVENTS AFTER THE REPORTING PERIOD

Events after the end of the reporting period that provide additional information on the Group's position on the reporting date (adjusting events) are reflected in the financial statements.

Where material, events after the end of the reporting period that are not reflected in the financial statements (non-adjusting events) are disclosed in the notes.

C. INCOME STATEMENT DISCLOSURES

1. REVENUE

Revenue comprises amounts charged to customers for goods and services, less sales allowances.

The classification of revenue by operating segments and region is based on the segment reporting.

2. OTHER OPERATING INCOME

Other operating income is composed of the following items:

Other operating income

EUR thousand	2014	2013
Royalties	5,541	4,784
Rental income	4,404	3,446
Foreign exchange gains	4,258	4,445
Income from recharged marketing expenses	2,331	2,026
Recharged freight and other costs	1,867	1,690
Onward charging of delivery costs of online business	1,554	1,037
Shopfitting commissions/bonuses	1,104	1,128
Income from the reversal of provisions	751	139
Insurance refunds	539	3,166
Miscellaneous operating income	4,352	5,571
	26,701	27,432

In addition to the largely revenue-related increase in royalties from the out-licensing of the TOM TAILOR brand, rental income increased from EUR 3.4 million to EUR 4.4 million in financial year 2014. Rental income is attributable to the sub-letting of space we lease ourselves.

The EUR 2.6 million reduction in insurance refunds for transport damage to goods in transit was balanced out only in part by higher royalties and rental income.

3. COST OF MATERIALS

Cost of materials primarily comprises expenses for purchased merchandise.

4. PERSONNEL EXPENSES

Personnel expenses are composed of the following items:

Personnel expenses

EUR thousand	2014	2013
Wages and salaries	165,861	163,835
Social security contributions, post-employment and other employee benefit costs	30,321	29,669
	196,182	193,504

The wages and salaries item includes expenses in the amount of EUR 269 thousand (2013: EUR 233 thousand) for the MSP share-based remuneration programme, as well as expenses in the amount of EUR -5 thousand (2013: EUR 972 thousand) and EUR 479 thousand (2013: EUR 122 thousand) for the LTI programme and Long-Term Stock Option Programme granted to managers.

In addition, in 2014 personnel expenses for the first time included expenses of EUR 67 thousand arising from the management equity participation programme for the Management Board and selected executives. For a detailed description of the variable remuneration system, see the explanation under section D "19. Management Equity Participation Programme".

The increase in personnel expenses as against 2013 is due to higher wages and salaries as well as the increase in the average number of employees during the financial year, particularly in the wholesale segment.

Excluding the Management Board and casual workers, the average number of employees was as follows:

Number of Employees

	2014	2013
Wholesale	716	562
Retail	5,727	5,791
	6,443	6,353

Payroll expenses included severance payments in the amount of EUR 1,725 thousand (2013: EUR 2,140 thousand). Together with additions to defined benefit plans in the amount of EUR 27 thousand (2013: EUR 26 thousand), personnel expenses also included defined contribution obligations in the form of employer contributions to statutory pension insurance in the amount of EUR 11.9 million (2013: EUR 12.3 million).

5. DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES

The composition of depreciation, amortisation and impairment losses is presented in the disclosures on intangible assets (note 10) and property, plant and equipment (note 11).

The decrease in depreciation, amortisation and impairment losses is the result especially of the extension by five years of the useful life of the ERP software used at BONITA. The positive effect on depreciation and amortisation in financial year 2014 amounts to EUR 3.0 million.

6. OTHER OPERATING EXPENSES

Other operating expenses are composed of the following items:

Other Operating Expenses

EUR thousand	2014	2013
Distribution expenses	48,974	49,233
Administrative expenses	40,309	39,473
Operating and other expenses	188,741	180,075
	278,024	268,781

Distribution expenses mainly include EUR 26.5 million (2013: EUR 29.3 million) in marketing expenses and EUR 11.5 million (2013: EUR 9.8 million) in freight costs for deliveries to customers and the Company's own retail stores.

The most significant expense within the administrative expenses item is legal and consulting fees totalling EUR 6.7 million (2013: EUR 11.1 million) and EUR 7.1 million (2013: EUR 3.2 million) in exchange rate losses. The significant reduction in legal and consulting fees is primarily due to the integration costs for BONITA amounting to EUR 10.7 million included in this item last year. The sharply higher exchange rate losses are mainly due to the appreciation in the value of the US dollar against the euro as at the reporting date.

At EUR 126.9 million (2013: EUR 120.0 million), total rent was the largest cost item of operating and other expenses. The year-on-year rise in rental expenses and incidental rental costs is attributable to further expansion and rental cost increases in 2014. The costs for the fulfilment provider, which handles the online business, also led to an increase in operating and other expenses. Expenses rose in line with the positive revenue trend.

7. FINANCIAL RESULT

Financial result

EUR thousand	2014	2013
Financial income	543	80
Financial expense	-18,007	-18,381
	-17,463	-18,301

The financial result is largely attributable to bank loans taken out, transaction-related financing costs and the draw-down of other operating bank lines of credit.

The slight decrease in financial expenses is mostly due to a decline in interest expense as a result of the regular repayment of loans and lower seasonal drawdown of operating bank lines of credit.

Transaction-related financing costs included in the financial result dropped from EUR 3.5 million to EUR 2.7 million.

The financial result included financial expenses of EUR 1.2 million (2013: EUR 1.2 million) from the fair value measurement of financial liabilities.

As well as these effects, financial expenses included expenses of EUR 54 thousand (2013: EUR 58 thousand) from the unwinding of discounted pension provisions, as well as expenses of EUR 292 thousand (2013: EUR 147 thousand) from the unwinding of discounts on other provisions.

8. INCOME TAXES

Income taxes are primarily composed of the following items:

Tax Expenses

EUR thousand	2014	2013
Current taxes		
Current income taxes for the financial year	- 4,613	- 5,359
Prior-period adjustments	- 1,513	306
	- 6,126	- 5,053
Deferred taxes		
Utilisation of loss carryforwards/ interest carried forward	- 1,500	- 760
Origination and reversal of temporary differences	2,599	1,695
Tax effect of costs of raising equity capital recognised in equity	—	- 279
	1,099	656
	- 5,027	- 4,397

In financial year 2013, deferred tax assets totalling EUR 5.6 million were recognised in respect of cumulative interest carried forward (EUR 27.7 million) due to the probability that they can be offset against future taxable profit. The interest carried forward arose as a result of the earnings stripping rule, which limits the deductibility of interest expenses to a maximum of 30% of taxable profit before interest, taxes, depreciation and amortisation. In addition, in 2013 deferred tax assets totalling EUR 7.6 million were recognised for corporation and trade tax loss carryforwards of EUR 27.9 million and EUR 21.9 million respectively due to the probability that they can be offset against future taxable profit.

In the reporting period, the interest carried forward and the interest expenses from the financial year could not be utilised for tax purposes, or only in part. Cumulative interest-related loss carryforwards therefore amounted to EUR 22.2 million at the end of 2014. Deferred tax assets recognised for these carryforwards now amount to EUR 5.3 million. In addition, deferred tax assets totalling EUR 4.1 million were recognised for corporation and trade tax loss carryforwards of EUR 18.6 million and EUR 7.1 million respectively due to the probability that they can be offset against future taxable profit.

Deferred taxes relating to the origination and reversal of temporary differences are attributable to differences between the carrying amounts of assets and liabilities in the consolidated balance sheet and their tax base, as well as consolidation adjustments.

As at the reporting date, the Group's total tax loss carryforwards and interest carried forward amounted to EUR 53.8 million (2013: EUR 59.7 million). No deferred tax assets were recognised for tax loss carryforwards in the amount of EUR 23.2 million (2013: EUR 14.3 million) because it will not be possible to offset them against future taxable profit.

The reconciliation from expected to reported tax expense is presented in the following:

Tax Reconciliation

EUR thousand	2014	2013
Net income before income tax	15,779	-11,844
Average composite tax rate (in %)	30.7	30.6
Expected income tax expense	- 4,843	3,624
Reconciliation		
Effects of tax rate differences	5,170	1,858
Non-recognition of deferred tax assets	- 2,147	- 5,459
Other tax effects from differences in the basis of tax assessment	- 3,882	- 1,780
Usable other loss carryforwards	1,154	- 2,663
Prior-period effects	- 578	240
Other effects	98	- 217
Reported income tax/expense	- 5,027	- 4,397
Effective tax rate (in %)	- 32	- 37

Deferred taxes were calculated on the basis of a uniform tax rate of 30.7% (2013: 30.6%) for reasons of simplification. Please refer to our disclosures in section "B. Accounting Policies and Consolidation Methods" for information on how the tax rate is calculated.

The non-recognition of deferred tax assets is mainly due to loss carryforwards of foreign subsidiaries for which no deferred taxes were recognised.

The effects from interest and losses carried forward are primarily attributable to interest carried forward that could not be utilised.

Effects of tax rate differences are attributable to differences between the trade tax multiplier used to calculate deferred taxes and the actual composite trade tax multiplier, as well as to different national tax rates for companies in the Group.

Tax effects from differences in the basis of tax assessment are mainly due to expenses that are not deductible for tax purposes and to trade tax add-backs.

The prior-period adjustments are attributable to additional tax payments and refunds for past years.

9. EARNINGS PER SHARE

Earnings per share are calculated in accordance with IAS 33 by dividing the consolidated net income attributable to shareholders of TOM TAILOR Holding AG by the weighted average number of shares outstanding in the reporting period based on the assumption that all option rights with a potentially dilutive effect will be exercised. Shares with a potentially dilutive effect are taken into account in the calculation of diluted earnings per share if the vesting conditions of the stock option programme are fully met at the reporting date. Please refer to the disclosures under note 18 "Stock Option Programme".

The vesting conditions for the stock options were not met at 31 December 2014, so there were no outstanding shares that could dilute earnings. Diluted earnings per share are therefore identical to basic earnings per share.

Earnings per share and the weighted average number of ordinary shares used to calculate earnings per share are presented in the table below.

Earnings per Share

	31/12/2014	31/12/2013
Total shares as at the reporting date	26,027,133	26,027,133
	2014	2013
Share of consolidated net income attributable to shareholders of the parent (EUR thousand)	7,230	- 21,255
Weighted average number of ordinary shares (in Tausend Stück)	26,027	24,553
Basic earnings per share (EUR)	0.28	- 0.87
Diluted earnings per share (EUR)	0.28	- 0.87

D. BALANCE SHEET DISCLOSURES

10. INTANGIBLE ASSETS

Intangible assets are composed of the following items:

Intangible Assets

EUR thousand	31/12/2014	31/12/2013
Hidden reserves identified in the course of initial consolidation		
Brands	249,953	249,953
Customer bases	19,760	22,517
Beneficial leases	11,541	16,022
Licensing agreements and similar rights	10,383	13,080
	291,637	301,572
Other		
Key money/store subsidies	6,898	8,228
Other rights of use	3,862	5,235
Software	9,579	10,625
	20,339	24,088
Software leased under finance leases	137	271
	312,113	325,931
Goodwill		
arising from the acquisition of a non-controlling interest in TOM TAILOR Gesellschaft m.b.H., Wörgl	3,361	3,361
arising from the initial consolidation of Tom Tailor GmbH by TOM TAILOR Holding GmbH	2,291	2,291
arising from the initial consolidation of TOM TAILOR South Eastern Europe Holding GmbH, Wörgl	2,025	2,025
arising from the initial consolidation of TOM TAILOR Retail Joint Venture GmbH, Bregenz	2,152	2,152
aus der Erstkonsolidierung der S,C, TOM TAILOR Retail RO S,R,L., Bukarest	1,408	1,408
	11,237	11,237
Prepayments		
Licences	638	108
	323,988	337,276

Brands and goodwill are not amortised as there are no corresponding indicators. Brands, as significant intangible assets, and existing goodwill were tested for impairment at the reporting date by comparing the recoverable amount, which is determined on the basis of the net selling price (fair value less costs to sell), with the carrying amount in each case. In the absence of an active market, the net selling price was calculated using the discounted cash flow (DCF) method.

Intangible assets are allocated to the respective cash-generating units and tested for impairment at this level. The TOM TAILOR GROUP's cash-generating units are the TOM TAILOR wholesale and TOM TAILOR retail segments, as in the previous year, plus BONITA.

EUR 44.8 million (2013: EUR 44.8 million) of the brands item is allocated to the TOM TAILOR wholesale segment in connection with impairment testing, EUR 17.4 million (2013: EUR 17.4 million) to the TOM TAILOR retail segment and EUR 187.7 million (2013: EUR 187.7 million) to the BONITA segment. EUR 4.9 million (2013: EUR 4.9 million) of goodwill relates to the TOM TAILOR wholesale segment and EUR 6.3 million (2013: EUR 6.3 million) to the TOM TAILOR retail segment.

Impairment testing is based on corporate planning, with a detailed three-year planning period followed by a perpetual annuity, and thus Level 3 fair value measurement in accordance with IFRS 13.

To calculate fair value less costs to sell, cash flows for the next three years are forecast on the basis of past experience, current operating results, management's best estimates of future performance and market assumptions. The parameters used in the measurement may differ from year to year due to inputs that are specific to the reporting date (e.g. interest rates, beta factors) and knowledge gained in relation to future developments.

There were no impaired intangible assets.

Fair value is calculated on the assumption of sustained revenue growth in the detailed planning period. Risk allowances for regional factors and Company-specific market share trends are applied to revenue in some cases. In addition to revenue growth, the fair value is also determined based on assumptions regarding the gross margin and cost trends.

Cash flow is extrapolated using a growth rate of 1% (2013: 1%) for the perpetual annuity. The costs to sell were recognised at 1% of the enterprise value. The cost of capital used to discount future cash flows (weighted average cost of capital, WACC) is calculated on the basis of market data. As at 31 December 2014, the WACC before taxes for the brands was between 7.5% and 7.9% (2013: 9.3% and 9.9%), while the WACC after taxes was between 5.4% and 5.5% (2013: 6.5% and 7.2%).

Impairment testing did not lead to any impairment losses. Given the planned expansion, the recoverable amount clearly exceeds the carrying amount of the cash generating unit; consequently, even significant adjustments to the parameters used (e.g. adjustments of 100 basis points to the WACC) would not result in any impairment losses.

Customer bases, which relate to recurring customers (useful life of 17 years), franchise partners, shop-in-shop customers and multi-label customers (each with a useful life of six years), beneficial leases (useful life of five years) and licensing agreements (useful life of 14 years) are amortised over their useful life. There were no indications of impairment (triggering events) to these intangible assets as at the reporting date.

Intangible assets changed as follows in 2014:

Changes in Intangible Assets in 2014

EUR thousand	Brands	Goodwill	Customer bases	Licensing agreements and similar rights	Beneficial leases	Other	Prepayments	Total
Cost								
Balance at 1 Januar 2014	249,953	11,508	67,074	32,596	21,994	77,438	108	460,671
Foreign exchange differences	—	—	—	—	—	132	—	132
Additions	—	—	—	—	—	3,863	962	4,825
Reclassifications	—	—	—	—	—	462	-432	30
Disposals	—	—	—	—	—	-5,430	—	-5,430
Balance at 31 Dezember 2014	249,953	11,508	67,074	32,596	21,994	76,465	638	460,228
Amortisation and impairment losses								
Balance at 1 Januar 2014	—	271	44,557	19,516	5,972	53,079	—	123,395
Foreign exchange differences	—	—	—	—	—	96	—	96
Additions	—	—	2,757	2,697	4,481	8,134	—	18,069
Reclassifications	—	—	—	—	—	29	—	29
Disposals	—	—	—	—	—	-5,349	—	-5,349
Balance at 31 Dezember 2014	—	271	47,314	22,213	10,453	55,989	—	136,240
Carrying amount								
Balance at 1 Januar 2014	249,953	11,237	22,517	13,080	16,022	24,359	108	337,276
Balance at 31 Dezember 2014	249,953	11,237	19,760	10,383	11,541	20,476	638	323,988
of which leased								137

Customer bases changed as follows in 2014:

Changes in Capitalised Customer Bases in 2014

EUR thousand	Recurring customers	Franchise partners	SIS customers	Multi-label customers	Total customer bases
Cost					
Balance at 1 Januar 2014	46,873	1,705	8,498	9,998	67,074
Additions	—	—	—	—	—
Disposals	—	—	—	—	—
Balance at 31 Dezember 2014	46,873	1,705	8,498	9,998	67,074
Amortisation and impairment losses					
Balance at 1 Januar 2014	24,356	1,705	8,498	9,998	44,557
Additions	2,757	—	—	—	2,757
Disposals	—	—	—	—	—
Balance at 31 Dezember 2014	27,113	1,705	8,498	9,998	47,314
Carrying amount					
Balance at 1 Januar 2014	22,517	—	—	—	22,517
Balance at 31 Dezember 2014	19,760	—	—	—	19,760

Intangible assets changed as follows in financial year 2013:

Changes in Intangible Assets in 2013

EUR thousand	Marken	Firmenwert	Kunden- stämme	Lizenz- verträge und ähnliche Rechte	vorteil- hafte Miet- verträge	Übrige	Geleistete Anzahlungen	Gesamt
Cost								
Balance at 1 Januar 2013	249,953	10,100	67,074	32,596	20,359	85,168	97	465,347
Foreign exchange differences	–	–	–	–	–	–57	–	–57
Change in basis of consolidation	–	1,408	–	–	1,635	1,676	–	4,719
Additions	–	–	–	–	–	5,105	183	5,288
Reclassifications	–	–	–	–	–	172	–172	–
Disposals	–	–	–	–	–	–14,626	–	–14,626
Balance at 31 Dezember 2013	249,953	11,508	67,074	32,596	21,994	77,438	108	460,671
Amortisation and impairment losses								
Balance at 1 Januar 2013	–	271	41,800	16,819	1,696	51,996	–	112,582
Foreign exchange differences	–	–	–	–	–	–33	–	–33
Change in basis of consolidation	–	–	–	–	–	862	–	862
Additions	–	–	2,757	2,697	4,276	15,462	–	25,192
Disposals	–	–	–	–	–	–15,208	–	–15,208
Balance at 31 Dezember 2013	–	271	44,557	19,516	5,972	53,079	–	123,395
Carrying amount								
Balance at 1 Januar 2013	249,953	9,829	25,274	15,777	18,663	33,172	97	352,765
Balance at 31 Dezember 2013	249,953	11,237	22,517	13,080	16,022	24,359	108	337,276
of which leased								271

Customer bases changed as follows in 2013:

Changes in Capitalised Customer Bases in 2013

EUR thousand	Recurring customers	Franchise partners	SIS customers	Multi-label customers	Total customer bases
Cost					
Balance at 1 Januar 2014	46,873	1,705	8,498	9,998	67,074
Additions	—	—	—	—	—
Disposals	—	—	—	—	—
Balance at 31 Dezember 2014	46,873	1,705	8,498	9,998	67,074
Amortisation and impairment losses					
Balance at 1 Januar 2014	21,599	1,705	8,498	9,998	41,800
Additions	2,757	—	—	—	2,757
Disposals	—	—	—	—	—
Balance at 31 Dezember 2014	24,356	1,705	8,498	9,998	44,557
Carrying amount					
Balance at 1 Januar 2014	25,274	—	—	—	25,274
Balance at 31 Dezember 2014	22,517	—	—	—	22,517

11. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment mainly comprises shop fittings and fixtures as well as operating and office equipment. Property, plant and equipment changed as follows:

Changes in Property, Plant and Equipment in 2014

EUR thousand	Land, buildings, including buildings on third-party land	Other equipment, operating and office equipment	Prepayments	Total
Cost				
Balance at 1 Januar 2014	50,222	292,732	629	343,583
Foreign exchange differences	-16	-65	—	-81
Additions	623	22,286	1,109	24,018
Reclassifications	373	1,024	-1,427	-30
Disposals	-1,002	-6,021	-19	-7,042
Balance at 31 Dezember 2014	50,200	309,956	292	360,448
Depreciation and impairment losses				
Balance at 1 Januar 2014	17,371	166,579	—	183,950
Foreign exchange differences	-3	104	—	101
Additions	2,637	30,325	—	32,962
Reclassifications	97	-124	—	-27
Disposals	-366	-5,227	—	-5,593
Balance at 31 Dezember 2014	19,736	191,657	—	211,393
Carrying amount				
Balance at 1 Januar 2014	32,851	126,153	629	159,633
Balance at 31 Dezember 2014	30,464	118,299	292	149,055
of which leased				20,113

In 2014, additions related largely to shop fittings and fixtures for new retail and outlet stores opened in the reporting period.

Property, plant and equipment also includes leased operating and office equipment; most of the leases have a remaining term of up to five years.

Impairment losses of EUR 465 thousand (2013: EUR 0 thousand) were recognised on property, plant and equipment in the reporting year.

Please refer to section 24 (c) "Disclosures on Collateral" for information on the provision of items of property, plant and equipment as collateral.

Changes in Property, Plant and Equipment in 2013

EUR thousand	Land, buildings, including buildings on third-party land	Other equipment, operating and office equipment	Prepayments	Total
Cost				
Balance at 1 Januar 2013	50,279	268,787	331	319,397
Foreign exchange differences	- 21	- 136	- 1	- 158
Change in basis of consolidation	—	758	36	794
Additions	331	28,959	1,081	30,371
Reclassifications	70	748	- 818	—
Disposals	- 437	- 6,384	—	- 6,821
Balance at 31 Dezember 2013	50,222	292,732	629	343,583
Depreciation and impairment losses				
Balance at 1 Januar 2013	14,997	140,900	—	155,897
Foreign exchange differences	- 7	- 54	—	- 61
Change in basis of consolidation	—	196	—	196
Additions	2,485	29,997	—	32,482
Reclassifications	—	—	—	—
Disposals	- 104	- 4,460	—	- 4,564
Balance at 31 Dezember 2013	17,371	166,579	—	183,950
Carrying amount				
Balance at 1 Januar 2013	35,282	127,887	331	163,500
Balance at 31 Dezember 2013	32,851	126,153	629	159,633
of which leased				18,765

Further information on minimum lease payments for leases classified as finance leases (including leases for non-current intangible assets) is presented in the following:

Future Minimum Lease Payments for Finance Leases

EUR thousand	31/12/2014	31/12/2013
Minimum lease payments		
Up to 1 year	5,905	5,506
1 to 5 years	14,907	12,961
After 5 years	467	—
	21,279	18,467
Interest component		
Up to 1 year	977	1,028
1 to 5 years	1,375	1,244
After 5 years	41	—
	2,393	2,272
Present value of minimum lease payments		
Up to 1 year	4,928	4,478
1 to 5 years	13,532	11,717
After 5 years	426	—
	18,886	16,195

None of these leases can be cancelled before the end of their contractual term.

Operating Leasing

In addition to finance leases, leases and rental agreements were entered into that must be classified as operating leases in accordance with IAS 17 on the basis of their economic sub-stance; this means that the leased asset concerned is allocated to the lessor. These primarily relate to rental agreements for properties used for the Group's retail activities, as well as for office space used by Group companies and parts of the vehicle fleet.

12. INVESTMENT SECURITIES

TT OFF SALE (NI) LTD., Belfast/United Kingdom, was formed in financial year 2008. As a founding shareholder, Tom Tailor GmbH holds 49.0% of the shares in TT OFF SALE (NI) LTD.

The contribution was paid in cash and amounted to GBP 100 (corresponding to EUR 104). In 2013, the company recorded revenue of GBP 620 thousand (corresponding to EUR 797 thousand) and a net loss for the year of GBP 359 thousand (corresponding to EUR 460 thousand). The share of losses attributable to the Group was EUR 226 thousand. The cumulative share of losses (EUR 1,851 thousand) was not included in the consolidated financial statements. The financial statements for financial year 2014 are not yet available.

In its annual financial statements for year ended 31 December 2013, TT OFF SALE (NI) LTD. reported non-current assets in the amount of GBP 450 thousand (corresponding to EUR 559 thousand), current assets in the amount of GBP 848 thousand (corresponding to EUR 1,052 thousand), current liabilities in the amount of GBP 4,241 thousand (corresponding to EUR 5,261 thousand) and equity in the amount of GBP -2,942 thousand (corresponding to EUR -3,650 thousand).

Tom Tailor GmbH supplied TT OFF SALE (NI) LTD. with merchandise valued at EUR 532 thousand in the reporting period (2013: EUR 905 thousand).

TT OFF SALE (Ireland) LTD., Dublin/Ireland, was formed in 2009. Tom Tailor GmbH holds 49.0% of the shares in the company indirectly via TT OFF SALE (NI) LTD. The financial statements for financial year 2014 are not yet available. The company ceased operations and is now in liquidation.

According to the company's annual financial statements, it recorded revenue of EUR 1,169 thousand and a net loss for the year of EUR 831 thousand in financial year 2013. TT OFF SALE (Ireland) LTD. has non-current assets in the amount of EUR 28 thousand, current assets in the amount of EUR 204 thousand and current liabilities in the amount of EUR 1,274 thousand. The prior-year results and the net loss for the year led to negative equity of EUR 1,042 thousand.

There is no existing fair value for the equity interest.

13. OTHER ASSETS

Other assets are composed of the following items:

Other Assets

EUR thousand	31/12/2014	31/12/2013
Fair value of currency futures	18,814	—
Refund entitlement	9,888	—
Creditors with debit accounts	7,638	7,359
Security deposits	5,827	4,622
Store subsidies	5,569	4,616
Receivables from online business	5,086	4,199
Prepaid rent	697	915
Procurement agent commissions	539	1,582
VAT receivables	279	248
Other assets	4,431	4,419
	58,768	27,960
of which non-current	14,288	10,434
of which current	44,480	17,526

Other assets include the fair value of the foreign currency derivatives acquired as part of the Group's hedging strategy in the amount of EUR 18.8 million.

The refund entitlement in the amount of EUR 9.9 million in respect of Versorgungs- und Förderungstiftung, Vaduz/Liechtenstein, is the result of a release from the obligation to pay taxes arising from circumstances dating back to the period before BONITA GmbH joined the Group. The corresponding liability is recognised under the income tax payables item.

Other assets also include receivables from online business with a carrying amount of EUR 5,086 thousand (2013: EUR 4,199 thousand). These receivables are not reported as receivables from end customers, but as receivables from the service provider concerned due to contractual arrangements.

The contractual right to receive the cash flows from the financial asset was transferred to the service provider, who is responsible for collecting the receivable and bears the full customer credit risk.

14. INVENTORIES

Inventories are composed of the following items:

Inventories

EUR thousand	31/12/2014	31/12/2013
Raw materials, consumables and supplies	4,055	3,601
Merchandise	161,663	134,208
	165,718	137,809

Write-downs to the lower net realisable value rose by EUR 74 thousand compared with the previous year (2013: increase of EUR 1,273 thousand). The change was recognised in the cost of materials item in profit or loss. This included expected costs to sell that are still to be incurred. Write-downs reversed to profit or loss were recognised in connection with disposals of an immaterial amount.

The carrying amount of inventories, which were recognised at the lower of purchase costs and net realisable value, amounted to EUR 5,782 thousand as at the reporting date (2013: EUR 6,516 thousand). These include goods in transit in the amount of EUR 33,429 thousand (2013: EUR 33,463 thousand). The increase in inventories was primarily due to the increase in the number of controlled selling spaces and the positive revenue trend. The expansion in the retail segment in particular led to a corresponding increase in inventories.

The inventories recognised in the cost of materials in financial year 2014 amounted to EUR 400,354 thousand (2013: EUR 408,265 thousand).

15. TRADE RECEIVABLES

Trade Receivables

EUR thousand	31/12/2014	31/12/2013
Trade receivables	52,207	47,945

As in the previous year, trade receivables are due within one year. Their carrying amount corresponds to their fair value.

Changes to valuation allowances on current receivables with-in financial assets measured at (amortised) cost are presented in the following table:

Valuation Allowances on Current Receivables

EUR thousand	31/12/2014	31/12/2013
Balance at 1 January	7,407	5,619
Additions recognised in profit or loss	1,555	2,454
Utilisation	-991	-657
Reversals	-114	-9
	7,857	7,407

The receivables presented above include amounts that are past due at the reporting date, but for which the Group has not recognised any impairment losses (see age structure analysis). This is because there were no material changes to customer credit quality and the outstanding amounts are still deemed to be collectible. This assessment is based on the collateral, instalment agreements and documents on financial position available to the Group in most cases, as well as its right of set-off against the counterparty.

The age structure of trade receivables as at 31 December is as follows:

Age Structure of Trade Receivables

EUR thousand	Total	Neither due nor impaired	Carrying amount of receivables impaired	Past due but not impaired		
				< 30 days	30-90 days	> 90 days
2014	52,207	37,923	1,207	6,149	3,454	3,474
2013	47,945	35,489	2,685	4,889	3,196	1,686

Impairment testing of trade receivables takes into account all changes to credit quality since payment terms were granted until the reporting date. Supplier credits granted to customers are classified as not due. The broad customer base meant that there was no significant credit risk concentration as at the reporting date.

Expenses relating to losses on receivables and valuation allowances on receivables totalled EUR 1,751 thousand (2013: EUR 3,873 thousand).

16. CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents

EUR thousand	31/12/2014	31/12/2013
Overnight funds and other bank deposits	33,703	42,633
Cash-in-hand	3,230	4,496
	36,933	47,129

17. EQUITY

The Company's subscribed capital amounts to a total of EUR 26,027,133 and is composed of 26,027,133 no-par-value shares.

The capital reserves contain the additional payments by the shareholders as well as the amounts in excess of the notional interest in the share capital received on issuance of the shares.

In the course of increasing the interest in TOM TAILOR Sourcing Ltd., Hong Kong/China, by 12 percentage points to 63% of the shares, EUR 6 thousand of the purchase price totalled EUR 6.0 million was offset against a corresponding non-controlling interest. The remaining purchase price was set off against the capital reserves.

Accumulated other comprehensive income includes the reserve for currency translation differences and the hedge reserve after adjustment for tax effects.

The foreign currency derivatives recognised in equity at their fair value in 2013 (a total of EUR –8.3 million), net of the related deferred taxes (EUR 2.5 million), were reclassified in their entirety to net income for the period in 2014 because the underlying hedged items were recognised in the income statement. The Group bought new foreign currency derivatives in the reporting period as part of its hedging strategy. In this context, a total of EUR 18.8 million was appropriated to the hedge reserve. Deferred taxes on the measurement of derivative financial instruments amounted to EUR 5.8 million. After adjustment for deferred taxes and the amount recognised in net income for the period, the hedge reserve amounted to EUR 13.0 million as at 31 December 2014 (31 December 2013: EUR –5.8 million).

Consolidated net accumulated losses changed as follows:

Accumulated Loss (Development)

EUR thousand	2014	2013
1 January	–101,600	– 80,345
Consolidated net income attributable to shareholders of TOM TAILOR Holding AG	10,752	–16,241
Less non-controlling interests	3,522	5,014
After non-controlling interests	7,230	– 21,255
31 December	– 94,370	–101,600

The foreign currency translation reserve includes exchange rate gains or losses from the translation of the financial statements of the consolidated foreign subsidiaries whose functional currency is not the euro. In the reporting period, the reserve for the first time included currency translation differences from loan receivables, which constitute part of a net investment in foreign operations.

At the Annual General Meeting on 3 June 2013, the Management Board was authorised to increase the Company's share capital in full or in part, with the consent of the Supervisory Board, on one or more occasions until 2 June 2018 by up to a total of EUR7,262,710.00 by issuing new no-par-value registered shares against cash contributions (Authorised Capital 2013 I).

In addition, the Management Board is authorised to increase the Company's share capital in full or in part, with the consent of the Supervisory Board, on one or more occasions until 2 June 2018 by up to a total of EUR 4,841,807.00 by issuing new no-par-value registered shares against cash and/or non-cash contributions (Authorised Capital 2013 II). In connection with the cash capital increase implemented in 2013, EUR 1,818,098.00 of that amount were utilised.

The Company's share capital has been contingently increased by up to EUR 2,400,000 by issuing no-par-value registered shares (Contingent Capital 2013). The purpose of the contingent capital is to grant shares to the holders of stock option rights under the Long-Term Stock Option Programme. We refer to section 18 STOCK OPTION PROGRAMME below.

18. STOCK OPTION PROGRAMME

On 3 June 2013, the Annual General Meeting of TOM TAILOR Holding AG resolved a Company stock option programme in order to be able to grant stock option rights to members of the Company's Management Board, members of the management of affiliated companies and selected employees below Management Board level of the Company, and below management level of affiliated companies (hereinafter referred to as the Long-Term Stock Option Programme or "SOP" for short). The associated performance targets are measured on the basis of a multi-year assessment and comply with the legal requirements of the Aktiengesetz (AktG – German Stock Corporation Act) and the German Corporate Governance Code.

For the purposes of granting shares to the holders of stock option rights under the Long-Term Stock Option Programme, the Annual General Meeting also resolved to contingently increase share capital by up to EUR 2,400,000.00 by issuing up to 2,400,000 no-par-value registered shares in the Company. Overall, 2,400,000 stock option rights can therefore be granted. A total of up to 1,200,000 stock option rights can be granted to members of the Company's Management Board, up to 600,000 to members of the management of affiliated companies, and up to 600,000 to employees of the Company and of affiliated companies. The stock option rights may be issued in

four yearly tranches of up to 600,000 stock option rights each. In the four issuing periods, the option beneficiaries will receive stock option rights with two different strike prices. For 75% of the issued stock option rights (type A stock option rights), the strike price corresponds to the issue price; for the remaining 25%, the strike price of the stock option rights issued (type B stock option rights) corresponds to 120% of the issue price.

The stock option rights may be exercised no earlier than four years after the date of issue (vesting period). The stock option rights have a maximum term of seven years from the date of issue. The stock option rights may only be exercised if (1) the closing price of the shares on the last five trading days of the vesting period exceeds the issue price by an average of at least 35%, whereby the issue price shall correspond to the average closing price of the shares on the last 30 trading days before the date of issue of the respective stock option right, and (2) diluted consolidated earnings per share (EPS) adjusted for special factors for the financial year ending prior to the end of the respective vesting period have increased by at least 50% compared with the EPS for the financial year ending prior to the issue of the respective stock option rights. The gain achieved by the option beneficiaries when exercising their options may not exceed three times the issue price (cap). If the cap is exceeded, the strike price of the relevant option type will be adjusted in such a way that the difference between the market price on exercise and the adjusted strike price does not exceed three times the issue price.

During the reporting period, a total of 520,000 of the available 600,000 stock options were issued under the second tranche of the stock option programme on 11 June 2014 (26 August 2013: 485,000 stock options). The remaining 80,000 stock options available for this second tranche were not issued. None of the stock options are exercisable yet due to the vesting period.

Fair value measurement was carried out based on the following parameters:

Fair Value Measurement

Fair value parameters	Tranche 1	Tranche 2
Number of options	485,000	520,000
Strike price Type A (EUR)	16.30	14.25
Strike price Type B (EUR)	19.56	17.10
Fair value Type A (EUR)	3.39	2.00
Fair value Type B (EUR)	2.77	1.51
250-day volatility (in %)	30.0	20.6
Expected dividend (in %)	1.83	1.57
Risk-free interest rate (in %)	1.77	1.40
Share price at grant date (EUR)	16.30	14.25
Share price hurdle (EUR)	22.00	19.23
Average expected exercise period (in years)	5.5	5.5
Fluctuation (in %)	3	5

The pay-out is capped at 400% for type A stock option rights and 420% for type B stock option rights.

During the reporting period, the expense for share-based payments to members of the Company's Management Board, members of the management of affiliated companies and selected employees below Management Board level of the Company and below management level of affiliated companies amounted to EUR 479 thousand (2013: EUR 122 thousand).

19. MANAGEMENT EQUITY PARTICIPATION PROGRAMME

In financial year 2014, members of the Management Board and selected executives of TOM TAILOR Holding AG were given the opportunity to acquire shares in FCM Beteiligungs GmbH in return for payment.

As part of a share transfer agreement, 6,028,050 shares of TOM TAILOR Holding AG (hereinafter "TT Shares") held by Versorgungs- und Förderungstiftung Vaduz were transferred in the previous financial year to Fidelidade Companhia de Seguros S.A. (4,036,681 TT Shares) and FCM Beteiligungs GmbH (1,991,369 TT Shares). Together, the two companies hold a 23% interest in TOM TAILOR Holding AG. The members of the Management Board and five other executives of TOM TAILOR Holding AG were able to acquire their own 45% interest in FCM Beteiligungs GmbH. The equity interest held by Management Board members and executives therefore constitutes an investment in TOM TAILOR Holding AG and aligns the interests of management with those of the shareholders.

Proceeds are generated from the equity interest when TT Shares are sold by FCM Beteiligungs GmbH. The gains from the equity interest are paid to participants in proportion to their interest in FCM Beteiligungs GmbH. This interest is reduced by what is known as a "performance ratchet" arrangement to a previously determined minimum of 15%, if the TT Share price does not amount to at least EUR 19 when shares are sold. In addition to the aforementioned proceeds, the Management Board members and executives are entitled to a performance bonus when TT Shares are sold. This is based on the share price exceeding EUR 25 within a fixed time period. TT Shares can be sold after expiration of the lock-up period on 11 August 2015. This requires prior consultation with the Management Board members and executives of TOM TAILOR Holding AG.

Upon leaving TOM TAILOR Holding AG, the participants in the management equity participation programme are generally entitled to retain their interest in TOM TAILOR shares. Their share of the investment is reduced to the ratchet minimum. Claims to any performance bonuses are thereby extinguished.

When the investment was made, the market value of the equity interest attributable to the members of the Management Board and selected executives of TOM TAILOR Holding AG was EUR 0.7 million. In financial year 2014, expenses of EUR 0.1 million associated with the management equity participation programme were recognised in profit or loss.

20. DIVIDEND PER SHARE

The new syndicated loan agreement entered into in connection with the acquisition of BONITA in 2012 provides for a restriction on future dividend payments in order to protect the consortium banks. Under the agreement, dividends may only be paid if the equity ratio at Group level amounts to at least 30%. In addition, the size of the dividend depends on net debt and EBITDA. A maximum of 30% of the consolidated net income for the period may be distributed for as long as the ratio of net debt to EBITDA exceeds 2.5. The loan agreement provides for a maximum potential dividend of 50% if the ratio of net debt to EBITDA is less than 2.0.

21. PROVISIONS FOR PENSIONS

Provisions for pensions are recognised for obligations arising from pension entitlements. The beneficiaries are former senior executives and former managing directors/Management Board members and their surviving dependants.

Pension provisions relate solely to defined benefit plans. Pension plans are funded by provisions and are thus unfunded. Pension commitments are covered by pension liability insurance policies.

Pension obligations (present value of the defined benefit obligation) are calculated using actuarial techniques, which require estimates to be made. These are based on the following assumptions:

Assumptions

in %	2014	2013
Discount rate	1.60	3.60

As in the previous year, pension and pay trends are set at 0.0% and do not affect future pension payments because pension commitments only relate to fixed amounts. This is based on a fluctuation of 0.0%, as in the previous year, since some of the beneficiaries are no longer actively employed. The average expected return on plan assets is approximately 4% (2013: 4%).

Pension commitments are measured using biometric parameters, which are based on the 2005 mortality tables published by Prof. Dr Heubeck.

Actuarial gains and losses may arise from increases or decreases in either the present value of the defined benefit obligation or the market value of pension liability insurance. Among other things, these may be caused by changes to the calculation parameters, changes in estimates relating to pension obligation risk and differences between actual and expected income from the insurance policy.

Taking into account the basis of calculation in accordance with IAS 19, the funded status of pension commitments is as follows:

Pension Provisions

EUR thousand	31/12/2014	31/12/2013
Present value of defined benefit obligation (funded by provisions only)	1,994	1,642
Less pension liability insurance	- 978	-1,023
Net obligations	1,016	619
Carrying amount	1,016	619

The present value of defined benefit obligations changed as follows:

Pension Provisions: Change in Present Value of Defined Benefit Obligation

EUR thousand	2014	2013
Present value of defined benefit obligation as at 1 January	1,642	1,533
Service cost	27	26
Interest cost	54	58
Actuarial gains and losses		
from experience adjustments	24	-10
from changes in financial assumptions	247	34
from changes in demographic assumptions	—	—
Payment of pension claims	—	—
Present value of defined benefit obligation as at 31 December	1,994	1,642

The capitalised surrender value of the pension liability insurance, which is offset against the present value of the defined benefit obligation, changed as follows:

Pension Provisions: Change in Capitalised Surrender Value of Pension Liability Insurance

EUR thousand	2014	2013
Capitalised surrender value of pension liability insurance as at 1 January	1,023	1,022
Contributions to capitalised surrender value of pension liability insurance	45	46
Gains on capitalised surrender value of pension liability insurance	3	6
Payment of pension claims	- 88	0
Other changes	- 5	- 51
Capitalised surrender value of pension liability insurance as at 31 December	978	1,023

According to the insurer, the fair value of the pension liability insurance was EUR 1,063 thousand as at the reporting date (2013: EUR 1,154 thousand). EUR 85 thousand (2013: EUR 131 thousand) was not offset as at the reporting date due to the cap on offsetting the capitalised surrender value of the pension liability insurance up to the present value of pension commitments.

Expenses from the unwinding of discounted pension provisions are reported in the financial result. The actuarial gains and losses arising from increases or decreases in the present value of the defined benefit obligation or the market value of the pension liability insurance have been recognised in other comprehensive income. All other pension expense components are reported in personnel expenses.

Plan assets are measured on the basis of an expected return corresponding to the discount rate on the pension obligations.

The amounts of the defined benefit obligation and the plan assets for the past financial year and the preceding four reporting periods are as follows:

Historical Information

EUR thousand	2014	2013	2012	2011	2010
Present value of defined benefit obligation	1,994	1,642	1,533	1,650	1,550
Fair value of plan assets	-978	-1,023	-1,022	-1,369	-1,295
Plan deficit	1,016	619	511	281	255

22. OTHER PROVISIONS/CONTINGENT LIABILITIES

Other provisions changed as follows:

Other Provisions in 2014

EUR thousand	Employee-related Provisions	Customer bonuses	Returns	Outstanding Invoices	Restoration obligations	Other	Total
Balance at 31 December 2013	16,008	7,692	3,700	1,446	8,905	2,187	39,938
Additions	11,189	1,859	1,142	—	1,278	1,676	17,145
Reversals	154	2,794	—	—	288	9	3,245
Unwinding of discounts/changes in interest rates	40	—	—	—	-33	—	7
Utilisation	13,218	185	1,243	1,446	56	2,178	18,326
Balance at 31 December 2014	13,865	6,572	3,599	—	9,806	1,676	35,518
Current	13,611	6,572	3,599	—	401	1,676	25,859
Non-current	254	—	—	—	9,405	—	9,659

Other Provisions in 2013

EUR thousand	Employee-related Provisions	Customer bonuses	Returns	Outstanding Invoices	Restoration obligations	Other	Total
Balance at 31 December 2012	20,512	4,469	4,092	1,627	8,264	2,497	41,461
Additions	12,540	3,312	288	1,446	1,908	1,819	21,313
Reversals	12	—	—	—	—	127	139
Unwinding of discounts/changes in interest rates	-16	—	—	—	-1,261	—	-1,277
Utilisation	17,016	89	680	1,627	6	2,002	21,420
Balance at 31 December 2013	16,008	7,692	3,700	1,446	8,905	2,187	39,938
Current	13,759	7,692	3,700	1,446	381	2,187	29,165
Non-current	2,249	—	—	—	8,524	—	10,773

Employee-related provisions largely relate to bonuses, the long-term remuneration system for Management Board members and managers, and outstanding holiday and over-time entitlements.

A Long-term Incentive Programme (LTI) was introduced in July 2010 for the TOM TAILOR GROUP's management. It serves to retain personnel and achieve the Company's long-term goals. This remuneration system runs for a period of eight years (starting in financial year 2010) and is based on a comparison of target and actual revenue and the operating result over a three-year observation period in each case. Any bonus is granted in tranches every financial year on an individual basis. Together with revenue and the operating result, share price performance is another component that is taken into consideration. The share price of the issued tranches was modelled at each reporting date using a Monte Carlo method, taking into account expected volatility (tranche 3: 41.17%; tranche 4: 29.77%; tranche 5: 32.86%), the risk-free interest rate (tranche 3: 3.19%; tranche 4: 0.01%; tranche 5: 0.16%), and the expected dividend distribution (2.5%). The programme is also open to the members of the Management Board. Tranche 2 under this remuneration system was paid out in 2014. Tranche 3 and tranche 4 can first be paid out in 2015 and 2016 respectively.

Provisions for restoration obligations relate to the expected expense of returning each store when the lease expires to its structural condition at the time the lease was entered into. The present value of the expected expense is recognised as a provision at the start of the lease; the amount of the provision is charged to other comprehensive income. The estimated expenses are recognised as non-current assets and amortised over the average term of the leases.

Provisions for customer bonuses comprise discounts that are conditional on order volumes and contractually agreed commission entitlements that had not yet been paid out as at the reporting date.

Provisions for returns are based on past experience of return rates and the time taken to receive them. Provisions are calculated on the basis of average margins and average return rates.

Provisions are expected to be settled within 12 months, with the exception of part of the provision for the Long-term Incentive Programme (LTI) for management and restoration obligations.

One Management Board member has a firm entitlement, if his contract is terminated, to a severance payment in the amount of his fixed remuneration component for the remainder of his contract.

There were no material contingent liabilities as at the reporting date.

Provisions for restoration obligations are uncertain with regard to the timing of the outflow of resources, as they are only incurred when the spaces is restored.

23. DEFERRED TAX LIABILITIES

Recognised deferred tax assets relate to the following items:

Deferred Tax Assets in the Reporting Period

EUR thousand	31 December 2014	
	Basis of assessment	Deferred tax assets
Tax loss carryforwards and interest carried forward	30,625	9,400
Consolidation adjustments (consolidation of intercompany balances, elimination of intercompany profits/losses)	6,937	2,129
Restoration obligations	4,294	1,314
Currency translation differences	2,455	753
Pension provisions	613	188
Other	4,785	1,361
	49,709	15,145
Set off against deferred tax liabilities	- 49,709	- 15,145
	-	-

Deferred tax assets relate primarily to the future usability of cumulative interest carried forward, as well as corporation and trade tax loss carryforwards. This led to total deferred tax assets of EUR 9.4 million.

In addition to deferred tax assets in respect of tax loss carryforwards and interest carried forward, deferred tax assets were recognised for consolidation adjustments.

Deferred Tax Assets in the Previous Year

EUR thousand	31 December 2013	
	Basis of assessment	Deferred tax assets
Tax loss carryforwards and interest carried forward	45,432	13,900
Measurement of currency forwards	8,334	2,550
Consolidation adjustments (consolidation of intercompany balances, elimination of intercompany profits/losses)	4,580	1,401
Restoration obligations	4,201	1,285
Pension provisions	451	138
Other	1,163	357
	64,161	19,631
Set off against deferred tax liabilities	- 64,161	- 19,631
	-	-

As at 31 December 2014, recognised deferred tax liabilities were attributable to the following recognition and measurement differences:

Deferred Tax Liabilities in the Reporting Period

EUR thousand	31 December 2014	
	Basis of assessment	Deferred tax liabilities
Intangible assets	290,614	89,027
Measurement of currency forwards	18,814	5,775
Leases	4,238	1,224
Treatment of transaction costs	1,499	460
Measurement of receivables	650	190
Other	7,300	2,232
	323,115	98,908
Set off against deferred tax assets	- 49,709	- 15,145
	273,406	83,763

Deferred tax liabilities in the amount of EUR 63.2 million were recognised as intangible assets in connection with the recognition of intangible assets in the course of the initial consolidation of BONITA Deutschland Holding GmbH, Hamminkeln/ Germany, and its subsidiaries; these had a residual carrying amount of EUR 61.0 million. Moreover, deferred tax liabilities were recognised for measurement differences in currency hedging transactions. Deferred taxes attributable to currency forwards are reported in other comprehensive income if they are part of an effective hedging relationship.

As at 31 December 2013, recognised deferred tax liabilities were attributable to the following recognition and measurement differences:

Deferred Tax Liabilities in the Previous Year

EUR thousand	31 December 2013	
	Basis of assessment	Deferred tax liabilities
Intangible assets	300,141	91,307
Treatment of transaction costs	4,153	1,271
Leases	2,558	743
Currency translation differences	2,084	638
Measurement of receivables	599	173
Other	7,029	2,170
	316,564	96,302
Set off against deferred tax assets	- 64,161	-19,631
	252,403	76,671

24. FINANCIAL LIABILITIES

a) Composition

Current and non-current financial liabilities are composed of the following items:

Financial Liabilities in the Reporting Period

EUR thousand	31 December 2014			Total
	Up to 1 year	1 to 5 years	Over 5 years	
Liabilities to banks	21,356	195,168	—	216,524
Lease liabilities	4,928	13,532	426	18,886
Liabilities to third parties	4,000	446	—	4,446
	30,284	209,146	426	239,856

In the previous year, current and non-current financial liabilities were composed of the following items:

Financial Liabilities in the Previous Year

EUR thousand	31 December 2013			Total
	Up to 1 year	1 to 5 years	Over 5 years	
Liabilities to banks	15,000	222,995	—	237,995
Lease liabilities	4,478	11,717	—	16,195
Liabilities to third parties	7,000	4,434	—	11,434
	26,478	239,146	—	265,624

b) Disclosures

Liabilities to Banks

At the end of May 2013, TOM TAILOR Holding AG issued a borrower's note loan of EUR 80 million to refinance short-term bank liabilities from the acquisition of the BONITA companies. The issue was placed mainly with institutional investors (banks) in Germany and other European countries. The borrower's note loan has three tranches with maturities of 2.6, 3.6 and 5 years, and bears both fixed and variable rates of interest. It matures no later than the end of May 2018, depending on the maturity of the individual tranches.

The coupons reflect the present favourable level of interest rates and are within the range of previously payable interest rates.

As was the case with the previous financing structure, continued loan finance is dependent on compliance with certain financial covenants (EBITDA/net interest income, net debt/EBITDA and an equity ratio > 27.5%); these are to be calculated on the basis of the consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRSs) as at each year-end.

Bank commission of EUR 0.6 million relating to the borrower's note loan has been amortised over the term of the liabilities to banks using the effective interest method and recognised in the interest expense item in profit or loss over the term of the loan.

The other bank lines of credit of EUR 350 million comprise a current account overdraft facility of EUR 137.5 million, a guaranteed line of credit of EUR 137.5 million and term loans of EUR 75 million.

The variable effective interest rate for the lines drawn down is based on three-month and six-month EURIBOR plus a margin that ultimately depends on the ratio of net debt to EBITDA.

The credit lines are available to the TOM TAILOR GROUP for three years from the date they were granted in 2012 plus two one-year extension options. In financial year 2014, the remaining extension option for one more year was exercised so that bank lines of credit are available to the Company until the end of June 2016.

Bank commissions and transaction costs of EUR 1.1 million (2013: EUR 3.6 million) relating to the finance are amortised over the term of the liabilities to banks using the effective interest method. The deferred commission will be recognised in the interest expense item in profit or loss over the term of the loans.

The other loans, adjusted for the repayments in the amount of EUR 22.5 million, fall due at the end of June 2016 now that the extension option has been exercised.

Liabilities from overdraft facilities amounted to EUR 61.5 million as at the reporting date (2013: EUR 72.1 million).

In 2014, the variable effective interest rate for long-term loans was based on six-month EURIBOR plus a margin that depends on the ratio of net debt to EBITDA after adjustment for one-off effects.

Continued loan finance is dependent on compliance with certain financial covenants (recurring EBITDA/net interest income affecting cash flow, net debt/recurring EBITDA, net debt (incl. future rent)/EBITDAR and the equity ratio); these are to be calculated on the basis of the consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRSs).

The financial covenants were met in 2014.

c) Disclosures on Collateral

In connection with the overall financing of the TOM TAILOR Group, TOM TAILOR Holding AG, Hamburg/Germany, Tom Tailor GmbH, Hamburg/Germany, Tom Tailor Retail GmbH, Hamburg/Germany, TOM TAILOR E-Commerce GmbH & Co. KG, Oststeinbek/Germany, TOM TAILOR Gesellschaft m.b.H., Wörgl/Austria, TOM TAILOR Retail Gesellschaft m.b.H., Wörgl/Austria, BONITA GmbH, Hamminkeln/Germany and GEWIB GmbH, Hamminkeln/Germany are jointly liable for the liabilities to banks.

d) Liabilities to Third Parties

Liabilities to third parties include the present value (discounted at a rate of 6.5%) of the purchase price obligation arising from the acquisition of the 51% interest in TOM TAILOR South Eastern Europe Holding GmbH, Wörgl/Austria, in the amount of EUR 2,000 thousand, which is payable within one year. In addition to the remainder of the purchase price for the acquisition of the 51% interest, current financial liabilities also include the remaining purchase price liability of EUR 2,000 thousand to increase the interest from 51% to 75%.

Non-current financial liabilities also include the provisional, variable purchase price liability for the acquisition of 49% of the shares in TOM TAILOR RETAIL RO SRL, Bucharest/Romania by TOM TAILOR South Eastern Europe Holding GmbH, Wörgl/Austria. The variable purchase price component is contingent on the earnings performance of the acquired company in the 2016 financial year ("earn-out" clause). Based on the planning assumptions for the period up to 2016, the provisional cost of the acquisition for the variable purchase price component has been estimated at approximately EUR 0.4 million.

25. TRADE PAYABLES

As in the previous year, trade payables are due without exception within one year. Their carrying amount corresponds to their fair value.

Standard retention of title applies.

26. OTHER LIABILITIES

Other liabilities are composed of the following items:

Other Liabilities

EUR thousand	31/12/2014	31/12/2013
Other taxes (mainly VAT)	12,023	11,531
Fair value of currency futures	—	8,334
Customer vouchers, prepayments and credits	4,793	5,539
Fair value of interest rate hedges	2,568	2,616
Employee-related liabilities and social security contributions	2,105	1,887
Contributions	757	886
Supervisory Board remuneration	385	385
Debtors with credit balances	233	221
Other liabilities	3,661	2,065
Carrying amount	26,525	33,464
of which non-current	4,135	4,342
of which current	22,390	29,122

The customer vouchers and credits item relates to vouchers issued to customers before the reporting date and approved credits that were only redeemed after the reporting period.

E. MANAGEMENT OF FINANCIAL RISK AND FINANCIAL DERIVATIVES

CAPITAL MANAGEMENT

The purpose of the TOM TAILOR GROUP's capital management is to safeguard its ability to continue as a going concern, guarantee an adequate return on equity and optimise the capital structure.

The Group manages its capital structure by borrowing and repaying debt, through the capitalisation measures indicated by investors and by using financial instruments to hedge future cash flows, while at the same time bearing in mind the economic and legal environment.

Loan finance granted by banks is dependent on compliance with certain financial covenants; these are to be calculated on the basis of the consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRSs). They include a mandatory equity ratio and restrictions on distributions if the equity ratio is inadequate. The external minimum capital requirements have increased compared with the previous year.

The capital structure is monitored primarily using cash-flow-related indicators (recurring EBITDA/net interest income affecting cash flow, net debt (including future rent)/EBITDAR, net debt/recurring EBITDA).

The Group's ability to pay interest and principal is therefore a key capital management tool.

Equity amounted to EUR 239,214 thousand (2013: EUR 221,730 thousand).

In the reporting period, the change in equity was driven by positive consolidated net income of EUR 10.8 million and the increase in cumulative other equity by EUR 17.6 million to EUR 10.1 million and at EUR 18.8 million is attributable mainly to the hedge reserve.

The TOM TAILOR GROUP's financial strategy is to use the cash flow generated from operations to continue reducing its debt and strengthening its capital base going forward.

USE AND MANAGEMENT OF FINANCIAL INSTRUMENTS

In particular, financial liabilities comprise bank loans, finance leases and trade payables. The main purpose of these financial liabilities is to finance the Group's business activities. The Group has various financial assets such as trade receivables and cash funds that result directly from its business activities.

The Group also holds derivative financial instruments. These primarily include interest rate hedges (interest rate swaps) and currency forwards. The purpose of these derivative financial instruments is to hedge interest rate and currency risk resulting from the Group's business activities and sources of financing. The use of derivative financial instruments is subject to internal guidelines and control mechanisms.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table shows the carrying amounts and fair values of the financial instruments recognised in the consolidated financial statements:

Fair Values of Financial Instruments

EUR thousand	Category under IAS 39	Carrying amount		Fair value	
		2014	2013	2014	2013
Financial assets					
Trade receivables and other assets	LaR	86,313	71,041	86,313	71,041
Cash and cash equivalents	LaR	36,933	47,129	36,933	47,129
Derivatives used to hedge interest rate and currency risk that are part of a hedging relationship	n/a	18,814	—	18,814	—
Financial liabilities					
Liabilities to banks					
Acquisition loan	Flac	153,500	165,847	153,500	165,847
Other liabilities to banks	Flac	63,024	72,148	63,024	72,148
Finance lease liabilities	Flac	18,886	16,195	18,886	16,195
Liabilities to third parties	Flac	4,000	7,000	4,000	7,000
Liabilities to third parties	Fvtpl	446	4,434	446	4,434
Derivatives used to hedge interest rate and currency risk that are not part of a hedging relationship	Fvtpl	2,568	2,616	2,568	2,616
Derivatives used to hedge interest rate and currency risk that are part of a hedging relationship	n/a	—	8,334	—	8,334
Trade payables and other liabilities	Flac	148,125	114,491	148,125	114,491

Flac = financial liabilities measured at amortised cost;

Fvtpl = financial assets/financial liabilities at fair value through profit or loss;

LaR = loans and receivables

The fair values of the derivative financial instruments based on the notional amounts do not reflect offsetting changes in the value of hedged items. They are not necessarily the amounts the Group will generate or have to pay in the future under current market conditions.

With the exception of the derivatives entered into to hedge interest rate risk, the hedges existing at the reporting date meet the requirements for hedge accounting under IAS 39. All changes in the fair value of derivatives in an effective hedging relationship are recognised in accumulated other

comprehensive income (EUR 18,814 thousand; 2013: EUR -8,334 thousand). Derivatives that are not part of an effective hedging relationship are recognised in the income statement immediately.

The fair values of cash and cash equivalents, trade receivables, other receivables, trade payables, other current financial liabilities and revolving credit facilities correspond to their carrying amounts. This is due primarily to the short terms of such instruments.

Trade receivables in particular are measured by the Group mainly on the basis of the individual customer's credit quality. Based on this measurement, valuation allowances are recognised to account for any losses expected on these receivables. As at 31 December 2014 the carrying amounts of these receivables less valuation allowances did not differ significantly from their assumed fair values.

The TOM TAILOR GROUP generally determines the fair value of liabilities to banks and other financial liabilities, finance lease liabilities and other non-current financial liabilities by discounting the expected future cash flows at the rates applicable to similar financial liabilities with a comparable remaining maturity. Interest is paid on the syndicated loan granted by the banks at current market rates, as a result of which its carrying amount and fair value at the reporting date are largely the same. The fair value measurement also takes into account any collateral provided. No changes in the value of collateral are apparent.

For financial instruments that are measured at fair value and for which there are no quoted prices in an active market, fair value is determined using valuation techniques, primarily the discounted cash flow method. This is based on management's forecasts and assumptions about future revenue and earnings, investments, growth rates and discount rates.

The variable purchase price liabilities from the acquisition of the 49% stake in TOM TAILOR RETAIL RO S.R.L., Bucharest/Romania were classified as financial liabilities at fair value through profit or loss. The options to acquire shares in TOM TAILOR E-Commerce GmbH & Co. KG granted to the partner in a cooperation project related to online activities were also classified as financial liabilities at fair value through profit or loss. These financial liabilities comprise contingent purchase price payments, the amount of which will be based on the current market value of the shares at the relevant date.

The Group only enters into derivative financial instruments with financial institutions with a good credit rating. Interest rate hedges (interest rate swaps) and forward exchange contracts are measured using a valuation technique with inputs observable in the market. The most frequently used valuation techniques include forward pricing and swap models that apply present value calculations.

The models capture a number of variables, such as the credit quality of business partners, spot and forward exchange rates, and yield curves.

The Group applies the following hierarchy to the valuation techniques used to measure and present the fair values of financial instruments:

- Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2:** techniques where all inputs that have a significant effect on the recognised fair value are observable either directly or indirectly
- Level 3:** techniques that use inputs that have a significant effect on the recognised fair value and are not based on observable market data

The following table shows the financial instruments for financial years 2014 and 2013 that are subsequently measured at fair value.

Fair Values of Financial Instruments

EUR thousand	2014	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss				
Hedging instruments designated as cash flow hedges (currency forwards)	18,814	—	18,814	—
	18,814	—	18,814	—
Financial assets at fair value through profit or loss				
Derivatives used as interest rate hedges (interest rate swap)	2,568	—	2,568	—
Contingent consideration from business combinations	446	—	—	446
	3,014	—	2,568	446
EUR thousand	2013	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss				
Derivatives used as interest rate hedges (interest rate swap)	2,616	—	2,616	—
Contingent consideration from business combinations	4,434	—	—	4,434
Hedging instruments designated as cash flow hedges (currency forwards)	8,334	—	8,334	—
	15,384	—	10,950	4,434

The financial liabilities based on a Level 3 fair value measurement are the contingent, variable purchase price payments arising from the acquisition of the remaining 49% share in TOM TAILOR RETAIL RO S.R.L., Bucharest/Romania.

Expenses of EUR 1,184 thousand (2013: EUR 1,159 thousand) related to the contingent consideration were recognised in the consolidated income statement during the reporting period.

The following table shows the reconciliation of the Level 3 measurements to the fair value of financial liabilities.

Reconciliation of Level 3 Measurements to the Fair Value of Financial Liabilities

31 December 2014

EUR thousand	Opening balance	Acquisitions	Disposals	Principal repayments	Total gains and losses			Closing balance
					Recognised in the income statement	Recognised in other comprehensive income	Reclassifications	
Purchase price liability	4,434	—	—	- 4,947	959	—	—	446

31 December 2013

EUR thousand	Opening balance	Acquisitions	Disposals	Principal repayments	Total gains and losses			Closing balance
					Recognised in the income statement	Recognised in other comprehensive income	Reclassifications	
Purchase price liability	2,727	548	—	—	1,159	—	—	4,434

Net Gains and Net Losses on Financial Instruments

EUR thousand	2014	2013
Loans and receivables	- 2,569	- 4,066
of which net interest income	50	96
Financial liabilities measured at amortised cost	-13,474	-15,056
of which net interest income	-12,681	-14,278
Financial assets/liabilities at fair value through profit or loss	-2,204	-1,625
of which net interest income	-1,068	-1,499

Net gains and losses on financial instruments comprise measurement gains and losses, changes in the value of premiums and discounts, the recognition and reversal of impairment losses, currency translation gains and losses, interest and all other effects of financial instruments on profit or loss. The financial assets/liabilities at fair value through profit or loss item only includes gains and losses on those instruments that are not designated as hedging instruments in a hedging relationship under IAS 39.

The significant risks to the Group arising from financial instruments comprise interest-rate-related cash flow risk as well as liquidity, currency and credit risk. The Company's management decides on strategies and methods for managing specific types of risk, which are presented in the following.

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

Due to its activities, the Group is mainly exposed to financial risk arising from changes in exchange rates (see Currency Risk below) and changes in interest rates (see Interest Rate Risk below). The Group's operations are also affected by credit risk (see Credit Risk below) and liquidity risk (see Liquidity Risk below).

Derivative financial instruments are entered into to manage existing interest rate and currency risk. These include:

- currency forwards to hedge the foreign exchange risk that results from importing items of clothing produced mainly in Asia
- interest rate swaps to reduce the risk of rising interest rates on variable-rate financial liabilities

The sensitivity analyses in the following sections refer in each case to the data as at 31 December 2014 and 2013.

The sensitivity analyses were prepared on the basis of the hedging relationships existing on 31 December 2014 and on the assumption that net debt, the ratio of fixed to variable interest rates on liabilities and derivatives, and the percentage of financial instruments in foreign currencies remain unchanged.

a) Credit Risk

The Group is exposed to counterparty credit risk as a result of its operating business and certain financing activities.

To minimise credit risk in the operating business, the outstanding amounts are monitored centrally and on an ongoing basis.

The Group only enters into business transactions with third parties with a good credit rating. Credit checks are run on all customers wanting to do business with the Group on a credit basis. In addition, the risk is mitigated by taking out credit insurance policies and obtaining collateral. Identifiable credit risks are accounted for by recognising specific valuation allowances.

In its financing activities, the risk of default by the counterparty concerned is limited by selecting financial institutions of good and very good credit quality.

The maximum exposure to credit risk is reflected in the carrying amounts of the trade receivables and cash and cash equivalents carried in the balance sheet.

b) Liquidity Risk

In order to both ensure that the Group remains solvent at all times and safeguard its financial flexibility, a revolving liquidity plan is created that shows the inflow and outflow of liquidity in both the short and medium term. If necessary, a liquidity reserve is held in the form of credit lines and cash funds.

The following tables show the maturity analysis of the financial liabilities, including the remaining contractual maturities and expected interest payments.

Analysis of Maturity in the Reporting Period

EUR thousand	Non-derivative financial liabilities			Derivative liabilities	
	Liabilities to banks	Finance leases	Other liabilities	Interest rate hedges	Currency hedges
Carrying amount at 31 December 2014	216,524	18,886	152,571	2,568	—
Cash flows in 2015					
Interest payments	7,309	977	—	1,155	—
Principal repayments	21,356	4,928	152,125	—	—
Cash flows 2016 – 2019					
Interest payments	5,550	1,375	—	1,413	—
Principal repayments	195,168	13,532	446	—	—
Cash flows 2020 f.					
Interest payments	—	41	—	—	—
Principal repayments	—	426	—	—	—

Analysis of Maturity in the Previous Year

EUR thousand	Non-derivative financial liabilities			Derivative liabilities	
	Liabilities to banks	Finance leases	Other liabilities	Interest rate hedges	Currency hedges
Carrying amount at 31 December 2013	237,995	16,195	125,925	2,616	8,334
Cash flows in 2014					
Interest payments	7,750	1,028	—	888	—
Principal repayments	15,000	4,478	121,491	—	8,334
Cash flows 2015 – 2018					
Interest payments	9,831	1,244	—	1,728	—
Principal repayments	222,995	11,717	4,434	—	—
Cash flows 2019 f.					
Interest payments	—	—	—	—	—
Principal repayments	—	—	—	—	—

For reasons of simplification, a constant yield curve was assumed for the cash flows from expected interest payments.

The notional value of the forward exchange contracts amounts to USD 293,500 thousand and falls due ratably over a period up to and including 2016.

c) Currency Risk

The Group's exposure to currency risk results from its operating activities. The Group purchases some of its merchandise in US dollars. In the reporting period, currency forwards were entered into to hedge risks arising from changes in exchange rates.

In the same period, cash inflows from those currency forwards were allocated to specific expected cash outflows for merchandise purchases, as a result of which the currency forwards entered into were designated as cash flow hedges (hedges of cash flows from forecast transactions). In addition to the intrinsic value, the time value of the option is designated. At the reporting date, the currency forwards were measured at their fair value. The fair values were determined by banks using the exchange rates for hedges with matching maturities at the reporting date. The fair value of the

currency forwardsexistingatthereportingdateintheamountof EUR 18,814 thousand (2012: EUR -8,334 thousand) was recognised net of deferred taxes in the amount of EUR 5,775 thousand (2013: EUR -2,544 thousand) in the hedge reserve and accordingly in other comprehensive income if the hedging relationship was regarded as effective. Income and expenses from currency forwards are included in the purchase costs of merchandise and realised in the short term through cost of materials. The prior-year amounts were included in profit or loss for the period. The hedged future merchandise purchases and therefore the cash flows are expected to amount to USD 233.5 million in 2015 and to USD 60 million in 2016.

Income of EUR 2,142 thousand (2013: losses of EUR 4,193 thousand) were reclassified from other comprehensive income to profit and loss in financial year 2014. Corresponding deferred taxes amounted to EUR 657 thousand (2013: EUR 1,283 thousand).

In addition, the Swiss Group companies are exposed to currency risk as a result of business relationships with TOM TAILOR that are accounted for in euros. The Group's trade receivables and payables denominated in foreign currencies (less cash and cash equivalents in foreign currencies) are primarily as follows:

Currency Risk in the Reporting Period

	31 December 2014			
	Amount in local currency TCHF	Closing rate CHF/EUR 1.20	Amount in local currency TUSD	Closing rate USD/EUR 1.21
EUR thousand				
Trade receivables	1,111	924	–	–
Trade payables	–	–	60,992	50,236
	1,111	924	– 60,992	– 50,236

In the previous year, the Group had the following trade receivables and payables denominated in foreign currencies:

Currency Risk in the Previous Year

	31 December 2013			
	Amount in local currency TCHF	Closing rate CHF/EUR 1.23	Amount in local currency TUSD	Closing rate USD/EUR 1.38
EUR thousand				
Trade receivables	1,621	1,321	–	–
Trade payables	–	–	20,441	14,822
	1,621	1,321	– 20,441	– 14,822

Comprehensive income from foreign exchange gains and losses (excluding derivatives) amounted to EUR -2,854 thousand in financial year 2014 (2013: EUR 1,275 thousand).

In accordance with IFRS 7, the Group prepares sensitivity analyses for currency risk, which it uses to determine the effects on profit or loss and equity of hypothetical changes in relevant risk variables. The periodic effects are determined by relating the hypothetical changes in the risk variables to the holdings of financial instruments at the reporting date. In doing so, it is assumed that the portfolio at the reporting date is representative of the year as a whole. The interest rate risk sensitivity analyses are based on the following assumptions:

- The majority of the non-derivative financial instruments (securities, receivables, cash and cash equivalents, liabilities) are denominated directly in euros, the functional currency. If these financial instruments are not denominated in euros, they are included in the sensitivity analyses.
- Exchange-rate-related changes in the fair values of currency derivatives affect equity (hedge reserve).
- Significant effects result from changes in the exchange rates for the US dollar and the Swiss franc versus the euro. Changes in the exchange rates of other currencies have only insignificant effects and therefore are not considered separately.

If the euro had risen (fallen) by 10% against the US dollar at the reporting date, the net exchange rate gain on liabilities recognised in US dollars would have been EUR 4,359 thousand higher or EUR 5,328 thousand lower, respectively (2013: EUR 1,347 thousand higher or EUR 1,647 thousand lower). By contrast, the hedge reserve recognised in equity for currency forwards entered into in US dollars would have been EUR 22,985 thousand lower or EUR 21,134 thousand higher, respectively (2013: EUR 16,590 thousand lower or EUR 17,391 thousand higher).

A 10% rise (fall) in the euro against the Swiss franc would have resulted in the currency translation reserve for financial statements not prepared in the reporting currency being EUR 96 thousand lower or EUR 117 thousand higher, respectively (2013: EUR 104 thousand higher or EUR 127 thousand lower).

d) Interest Rate Risk

The Group is mainly subject to interest rate risk in the euro zone. The TOM TAILOR GROUP uses derivative financial instruments to hedge the interest rate risk on variable-rate loans.

An interest rate swap maturing at the end of 2016 is in place to limit interest rate risk. The term and the notional amount do not match the underlying bank loans. The Company receives a variable rate of interest based on three-month EURIBOR and pays a fixed rate of interest of 2.33%.

The following table shows the aggregate notional amounts, carrying amounts and fair values of the interest rate hedging products used:

Interest Rate Hedges

EUR thousand	2014	2013
Notional amount	50,000	53,690
Carrying amount	-2,568	-2,616
Fair value	-2,568	-2,616

In the reporting period, interest income of EUR 48 thousand (2013: interest income of EUR 1,033 thousand) on interest rate hedging instruments at fair value through profit or loss was reported in the financial result.

In accordance with IFRS 7, interest rate risk is presented using sensitivity analyses. These indicate the effects of changes in market interest rates on interest payments, interest income and expense, other components of profit or loss and, if applicable, equity. The interest rate risk sensitivity analyses are based on the following assumptions:

- Changes in market interest rates on fixed-rate non-derivative financial instruments only affect profit or loss if these are measured at fair value. Therefore, all fixed-rate financial instruments measured at amortised cost are not exposed to interest rate risk within the meaning of IFRS 7.
- Changes in market interest rates affect net interest income on variable-rate non-derivative financial instruments and are therefore included in the sensitivity calculations in relation to profit or loss.
- Changes in market interest rates on interest rate derivatives affect net interest income (gain or loss on the fair value remeasurement of financial assets and net interest income from interest payments in the reporting period) and are therefore included in the sensitivity calculations in relation to profit or loss.

If market interest rates had been 100 basis points higher (lower) at the reporting date, net interest income would have been EUR 3,619 thousand higher or EUR 1,898 thousand lower, respectively (2013: EUR 3,961 thousand higher or EUR 2,409 thousand lower).

e) Other Price Risk

The Group was not exposed to any significant other price risk in the reporting period or in the previous year.

F. CASH FLOW DISCLOSURES

The statement of cash flows shows how the Group's cash and cash equivalents change due to cash inflows and outflows over the course of the reporting period. IAS 7 Statements of Cash Flows distinguishes between cash flows from operating, investing and financing activities.

The cash and cash equivalents reported in the statement of cash flows include all of the liquid assets recognised in the balance sheet, namely cash-in-hand, cheques and bank balances, provided that they are available within three months without material changes in value.

The cash generated by the Group's operating activities amounted to EUR 58.3 million in financial year 2014 (2013: EUR 46.9 million). The considerable year-on-year improvement in net income for the period to EUR 10.8 million (2013: EUR -16.2 million) stands in contrast with a decline in non-cash depreciation, amortisation and impairment losses (EUR -6.6 million) and a EUR 6.4 million increase in tax payments. The cash outflows attributable to the expansion-related further increase in inventory levels and the rise in NOS inventories in the BONITA segment totalling EUR 27.9 million were more than compensated for by the simultaneous rise in liabilities for delivered merchandise (EUR 32.0 million).

Investing activities led to a cash outflow of EUR 26.5 million for the TOM TAILOR GROUP in financial year 2014, which was comparable with the previous year (EUR 26.0 million). Investments of EUR 21.2 million (2013: EUR 26.9 million) were made in the reporting period to increase selling spaces for the three segments, TOM TAILOR wholesale, TOM TAILOR Retail and BONITA.

Since they do not affect cash flows, the additions to leased intangible assets and items of property, plant and equipment classified as finance leases were offset against the change (also non-cash) in financial liabilities to which the liabilities under finance leases are assigned.

In the reporting period, net cash used in financing activities amounted to EUR 42.1 million as against EUR 27.0 million in the previous year. The regular repayment of long-term loans in the amount of EUR 15.0 million, the reduced drawdown of available bank lines of credit and the repayment of purchase price liabilities totalling EUR 7.0 million led to an outflow of cash in 2014.

As at 31 December 2014, financing activities also included unused lines of credit amounting to EUR 76.6 million (2013: EUR 65.4 million).

The effects of changes in cash and cash equivalents due to exchange rates were largely attributable to the Swiss subsidiaries and were reported separately as the "Effect of exchange rate changes on cash and cash equivalents".

G. SEGMENT REPORTING

Operating Segments 2014 (2013)

	Wholesale		Retail			
EUR thousand	TOM TAILOR	TOM TAILOR	BONITA	Total	Consolidation	Group
Third-party revenue	331,721	275,529	324,883	600,411	–	932,132
	(302,448)	(254,070)	(350,731)	(604,801)	(–)	(907,249)
Intersegment revenue	157,526	–	–	–	– 157,526	–
	(90,632)	(–)	(–)	(–)	(– 90,632)	(–)
Revenue	489,247	275,529	324,883	600,411	– 157,526	932,132
	(393,080)	(254,070)	(350,731)	(604,801)	(– 90,632)	(907,249)
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	35,845	25,285	24,715	50,000	– 1,572	84,273
	(26,315)	(25,521)	(12,006)	(37,528)	(289)	(64,131)
Material non-cash expenses/income	6,842	4,641	5,496	10,137	–	16,979
	(17,779)	(1,885)	(5,734)	(7,619)	(–)	(25,398)

Information about Regions 2014 (2013)

EUR thousand	Germany	International markets	Group
Revenue	601,467	330,665	932,132
	(590,702)	(316,547)	(907,249)
Non-current assets	416,842	56,201	473,043
	(433,501)	(73,842)	(507,343)

In accordance with the management approach under IFRS 8, the segments correspond to the TOM TAILOR GROUP's business activities. The TOM TAILOR GROUP's business activities are classified based on the distribution structure and by brands into the TOM TAILOR wholesale, TOM TAILOR Retail and BONITA segments. This segmentation corresponds to the internal management and reporting and reflects the different risk and earnings structures of the business areas.

In the wholesale segment, TOM TAILOR products are distributed by resellers through franchise stores, shop-in-shops and multi-label stores (B2B).

In the Retail segment, the collections of the different product lines are sold directly to end customers via own stores (centre stores, city stores, flagship stores and outlets) and an e-shop (B2C). The e-partnerships in the e-business, which reach end customers via a reseller, are the only exception. This business is assigned to the Retail segment based on internal management and reporting. In the Retail segment a distinction is made between the TOM TAILOR and BONITA brands.

In principle, the recognition and measurement methods used for the consolidated financial statements are also applied to the segment information.

TOM TAILOR's Management Board has specified the use of EBITDA and revenue, which are used for management and reporting, as performance indicators.

Net interest income and tax income and expenses are only considered at overall Group level for management purposes.

The assets and liabilities of each segment are not disclosed, in accordance with the management approach under IFRS 8, since this information is not reported at segment level.

Intersegment income, expenses and earnings are eliminated in consolidation.

Intragroup revenue is eliminated on an arm's length basis.

The non-cash items mainly comprise changes in provisions, the measurement of currency forwards and impairment losses on inventories and trade receivables.

The information on segment revenue by regions shown above is classified by customer location. Non-current assets by region are composed of intangible assets and items of property, plant and equipment.

H. OTHER DISCLOSURES AND EXPLANATIONS

RESEARCH AND DEVELOPMENT

Research and development costs reported under expenses amounted to EUR 10,180 thousand (2013: EUR 10,750 thousand). They relate to the development of the collections.

CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

a) Contingent Assets and Liabilities

As at the reporting date, there were no contingent assets and liabilities that have a material effect on the Group's net assets, financial position and results of operations.

b) Other Financial Obligations

The Group's other financial obligations mainly consisted of the following rental agreements and operating leases:

Other Financial Obligations in 2014

EUR thousand	31 December 2014			Total
	Within one year	Between one and five years	More than five years	
Leases	102,819	296,713	102,464	501,996
of which Nordport logistics centre	1,513	1,765	—	3,278
Receivables from sublease: Nordport logistics centre	-1,513	-1,765	—	- 3,278
Other operating leases	2,441	3,148	11	5,600
Other	21,600	71,485	81,000	174,085
	125,347	369,581	183,475	678,403

Other Financial Obligations in 2013

EUR thousand	31 December 2013			Total
	Within one year	Between one and five years	More than five years	
Leases	98,899	299,672	106,565	505,136
of which Nordport logistics centre	1,513	3,278	—	4,791
Receivables from sublease: Nordport logistics centre	-1,513	- 3,278	—	- 4,791
Other operating leases	2,460	3,497	237	6,194
Other	9,571	75,620	97,100	182,291
	109,417	375,511	203,902	688,830

Financial obligations from rental agreements were largely attributable to the leasing of retail and outlet stores.

Other financial obligations primarily consist of minimum purchase obligations under an existing logistics outsourcing contract and a new logistics outsourcing contract entered into in 2013 with a term until 2024.

As at 31 December 2014, the Group had obligations to purchase goods in 2015 amounting to EUR 81.2 million (2013: EUR 95.8 million) resulting from binding purchase orders placed with suppliers by the reporting date.

SUPPLEMENTARY DISCLOSURES ON RENTAL AGREEMENTS AND LEASES

The payments under leases recognised as an expense in the reporting period amounted to EUR 7,179 thousand (2013: EUR 7,883 thousand). These related solely to minimum lease payments. Contingent lease payments are largely revenue-based and amounted to EUR 1,513 thousand in the reporting period (2013: EUR 2,091 thousand). In addition, leases may contain escalation agreements (index-adjusted rents, graduated rent) and common industry lease prolongation options. There were no sublease payments with a material effect in either financial year 2014 or 2013.

Expenses for other operating leases of EUR 4,634 thousand were recognised in the reporting period (2013: EUR 4,175 thousand).

Excluding the lease obligation for the Nordport logistics centre, subleases were insignificant in both the reporting period and the previous year. Please refer to the disclosures under "b) Other Financial Obligations".

BORROWING COSTS

No borrowing costs were capitalised in the reporting period because there were no qualifying assets that take a substantial period of time to get ready for their intended use or sale.

RELATED PARTY DISCLOSURES

In accordance with IAS 24 Related Party Disclosures, relationships with persons who or entities that control the Group or are controlled by the Group must be disclosed, unless they are included in the consolidated financial statements as consolidated companies.

In principle, related parties of the TOM TAILOR GROUP may be members of the Management Board and the Supervisory Board, as well as those companies that are controlled or influenced by members of governing bodies. Joint ventures and associates may also be related parties.

Joint Ventures and Associates

TOM TAILOR GROUP holds an interest in a company in Northern Ireland; this relationship falls within the scope of normal business dealings.

The Northern Irish company is TT OFF SALE (NI) LTD., Belfast/United Kingdom, and its wholly owned subsidiary, TT OFF SALE (Ireland) LTD., Dublin/Ireland, in which Tom Tailor GmbH directly and indirectly holds 49% of the shares as part of a franchise partnership. TT Off Sale (NI) LTD. is operated by the partner. The goods and services provided to the company amounted to EUR 532 thousand in the reporting period (2013: EUR 905 thousand). The receivables from the company (net of valuation allowances) amounted to EUR 0 thousand both at 31 December 2014 and at 31 December 2013. Valuation allowances on receivables from TT OFF SALE (NI) LTD. of EUR 513 thousand were recognised as expenses in financial year 2014 (2013: EUR 2,197 thousand).

Related Parties (Persons)

a) Management Board

Mr Dieter Holzer,

Businessman, Ravensburg/Germany (Chief Executive Officer)

Dr Axel Rebien,

Businessman, Quickborn/Germany

Dr Marc Schumacher,

Businessman, Hamburg/Germany

Mr Daniel Peterburs,

Businessman, Hamburg/Germany (since 1 March 2014)

Mr Udo Greiser,

Businessman, Salenstein/Switzerland (until 31 January 2014)

With the exception of Mr Holzer, the members of the Management Board were not members of other supervisory boards or governing bodies during the reporting period.

Mr Dieter Holzer is a member of the Advisory Board of JW Germany Holding GmbH, Idstein/Taunus/Germany.

Management Board Remuneration

Share-based Remuneration System

On 20 January 2010, the Supervisory Board resolved to implement a share-based remuneration system (the Matching Stock Programme, or MSP) for the members of the Management Board. The MSP runs for a total of 14 years from the date of the initial listing and serves to align the mutual interests of the Management Board and the shareholders.

The MSP consists of a total of five tranches. The first tranche was allotted on the date of initial listing; the following tranches are each allotted one year after the respective preceding tranche. The members of the Management Board must have an ongoing service or employment contract with TOM TAILOR Holding AG and hold shares of TOM TAILOR Holding AG (MSP shares) at the time of allotment. Each MSP share conveys the right to 0.4 (Chief Executive Officer) or three (other members of the Management Board) phantom shares per tranche. The phantom shares are subject to a vesting period of four years from the date of allotment of the relevant tranche. They are automatically exercised during defined windows, provided the exercise threshold is reached, an MSP gain can be determined and the participant has not objected to the exercise in due time. The exercise threshold is reached if TOM TAILOR Holding AG's shares have outperformed the SDAX® since the allotment of the relevant tranche. On exercise, the members of the Management Board are paid the difference between the price at the time of exercise and the strike price of all of the phantom shares exercised, less payroll tax and other deductions, in the form of TOM TAILOR Holding AG shares. The amount determined before payroll tax and other deductions is capped for each tranche at 2.5% of the EBITDA reported in the most recent consolidated financial statements of TOM TAILOR Holding AG.

The MSP was classified and measured as an equity-settled share-based payment transaction. Cash settlement is not permitted, with the exception of fractional shares. The fair value of the equity instruments has been estimated for all tranches based on a Monte Carlo model, taking into consideration the conditions in which the phantom shares were granted. This includes modelling the exercise threshold and the simulation of future exercise prices and strike prices. Fair value measurement was carried out based on the following parameters:

Fair Value Parameters

		2010 tranche	2011 tranche
Dividend yield	%	2.50	2.50
Remaining term	years	7.5 – 11.5	7.5 – 11.5
Expected volatility	%	31.65 – 32.90	29.25 – 29.70
Risk-free interest rate	%	3.10 – 3.54	2.90 – 3.26
Share price at measurement date	EUR	12.85	13.91
SDAX® price at measurement date		3,832.91	5,466.82
Expected SDAX® volatility	%	19.23 – 19.56	19.05 – 19.46

The term in each case has been determined as the period from the measurement date until the maturity of the relevant tranche. The expected share price volatility has been determined based on comparable listed companies, due to the lack of historical data available. The expected volatility is based on the assumption that future trends can be predicted on the basis of historical volatility. Consequently, actual volatility may differ from the assumptions made. The Company reviews its estimates of the number of equity instruments and the parameters at each reporting date. Differences compared with the initial recognition of the options are adjusted and recognised in the income statement.

The weighted average fair value of the phantom shares awarded in previous reporting periods and calculated based on these parameters was EUR 3.12, or EUR 3.14.

As part of the MSP, the members of the Management Board have contributed a total of 282,000 MSP shares to the programme, with 72,500 MSP shares contributed in financial year 2011. In 2010, 209,500 MSP shares with a strike price of EUR 13.00 were contributed, while the strike price of the 72,500 contributed shares is EUR 13.63. These MSP shares convey the right to acquire a total of 925,000 phantom shares (of which 220,000 phantom shares relate to the MSP shares contributed in 2011).

The lock-up period for 108,000 options from tranche 1 expired in financial year 2014. Since the exercise threshold for these options was not met in the current reporting year, the phantom shares could not be exercised as at the reporting date.

The MSP gave rise to an expense for equity-settled share-based payment transactions of EUR 269 thousand in the reporting period (2013: EUR 233 thousand).

With regard to the Long-term Incentive Programme (LTI), please refer to the disclosures under note 22 "Other Provisions".

In June 2013, the Annual General Meeting resolved a stock option programme (SOP), which is described under note 18 "Stock Option Programme". Under the SOP, up to 1,800,000 stock option rights can be issued to members of the Management Board of TOM TAILOR Holding AG. 120,000 stock option rights were issued to members of the Management Board in financial year 2014 (2013: 200,000). The measurement of the issued stock option rights led to a ratable expense of EUR 177 thousand for 2014 (2013: EUR 51 thousand).

The following table shows the governing body remuneration recognised in profit or loss:

Governing Body Remuneration

EUR thousand	2014	2013
Gehälter und kurzfristige Leistungen	6,073	6,263
Sonstige langfristige Leistungen (LTI)	62	642
Langfristige anteilsbasierte Vergütungen (MSP)	269	233
Aktionsoptionsprogramm	177	51
Management-Beteiligungsprogramm	6,607	7,189

The fixed and variable remuneration components were paid during the course of the year or will fall due shortly after the annual financial statements are adopted. The long-term benefits are variable. At the reporting date, they included Management Board entitlements under the MSP, the SOP, the LTI programme and the Management Board Equity Participation Programme totalling EUR 534 thousand (2013: EUR 2,464 thousand). These benefits will fall due for payment in 2015 and 2016 at the earliest. Details of the remuneration of the individual Management Board members in accordance with section 314(1) no. 6 a, sentences 5 to 8 of the Handelsgesetzbuch (HGB – German Commercial Code) are presented in the remuneration report in the Group Management Report.

Related Party Disclosures (Persons)

In accordance with IAS 19, a provision of EUR 388 thousand was recognised for pension obligations to former members of the management and their surviving dependants (2013: EUR 223).

Shareholdings of Members of the Management Board

Der Vorstand hielt am 31. Dezember 2014 bzw, 31. Dezember 2013 die folgende Anzahl von Aktien:

Shareholdings of the Members of the Management Board

Anzahl der Aktien	31/12/2014	31/12/2013
Dieter Holzer	270,610	266,610
Dr Axel Rebien	20,000	20,000

b) Supervisory Board

In accordance with the Articles of Association, the Supervisory Board is composed of six members.

Er besteht aus den Mitgliedern:

Mr Uwe Schröder,

Businessman, Hamburg/Germany (Chairman)

Mr Thomas Schlytter-Henrichsen,

Businessman, Königstein/Taunus/Germany (Deputy Chairman)

Mr Andreas W. Bauer,

Businessman, Munich/Germany

Mr Andreas Karpenstein,

Lawyer, Düsseldorf/Germany

Dr Christoph Schug,

Entrepreneur, Mönchengladbach/Germany

(until 5 March 2014)

Mr Gerhard Wöhl,

Businessman, Munich/Germany

Dr Andreas Pleßke,

Lawyer, Herrsching am Ammersee/Germany

(from 27 May 2014 to 8 August 2014)

Mr Patrick Zhong,

Businessman, Shanghai (since 2 September 2014)

In accordance with the Articles of Association, the members of the Supervisory Board receive fixed annual remuneration of EUR 40 thousand (the Chairman receives EUR 150 thousand and the Deputy Chairman EUR 75 thousand), plus compensation for out-of-pocket expenses (plus VAT, if applicable). This remuneration is payable after the end of the Annual General Meeting that receives or resolves on the approval of the consolidated financial statements for the financial year in question.

Mr Uwe Schröder (Chairman) indirectly holds shares in TOM TAILOR Holding AG. As a related party of Mr Uwe Schröder, Schröder Consulting GmbH receives sponsorship payments from Tom Tailor GmbH for TOM TAILOR's brand association with the sport of polo. Sponsorship payments of EUR 350 thousand were made in 2014. There is an employment contract between TOM TAILOR Holding AG and the son of Supervisory Board Chairman Uwe Schröder, Mr Oliver Schröder. Mr Oliver Schröder has been employed by the TOM TAILOR GROUP since 1998.

Mr Thomas Schlytter-Henrichsen (Deputy Chairman) indirectly holds shares in TOM TAILOR Holding AG.

As at 31 December 2014, Gerhard Wöhl directly held 16,700 shares and Andreas W. Bauer directly held 5,500 shares.

Mr Gerhard Wöhl is the majority shareholder of Rudolf Wöhl AG. The TOM TAILOR GROUP generated revenue of around EUR 3.6 million with Rudolf Wöhl AG in 2014. Trade receivables amounted to EUR 315 thousand as at 31 December 2014.

Other Appointments of the Members of the Supervisory Board

Members of TOM TAILOR Holding AG's Supervisory Board are also members of a governing body of the following companies:

Uwe Schröder (Chairman of the Supervisory Board)

- Chairman of the Verband der Fertigwarenimporteure e.V. (VFI – Association of Non-Food Importers), Hamburg/Germany
- Member of the Advisory Board of Kassenhalle Restaurant GmbH & Co. KG, Hamburg/Germany
- Managing Director of Schröder Consulting GmbH, Flensburg/Germany

Thomas Schlytter-Henrichsen

(Deputy Chairman of the Supervisory Board)

- Managing Director of ALPHA Beteiligungsberatung GmbH & Co. KG, Frankfurt am Main/Germany
- Managing Director of ALPHA Management GmbH, Frankfurt am Main/Germany
- Managing Director of ACapital Beteiligungsberatung GmbH, Frankfurt am Main/Germany
- Managing Director of Agrippina S.à.r.l., Luxembourg
- Managing Director of Bulowayo GmbH, Königstein im Taunus/Germany
- Member of the Supervisory Board of Nero AG, Karlsbad/Germany

Andreas W. Bauer

- Partner at Roland Berger Strategy Consultants, Munich/Germany
- Managing Director of Titus Ventures UG (haftungsbeschränkt), Munich/Germany

Andreas Karpenstein

- Partner and Managing Director Raupach & Wollert Elmendorff Rechtsanwälts-gesellschaft mbH, Düsseldorf/Germany
- Member of the Supervisory Board (Deputy Chairman) of Trusted Advice AG, Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Düsseldorf/Germany

Patrick Zhong

- Alma Laser Limited Caesarea/Israel
- St. John Knits International Irvine/USA
- Raffaele Caruso S.p.A., Soragna/Italy
- Shenyang Yuyuan Mart Real Estate Co., Ltd., Shengyang/China
- NanTong Xinghao Real Estate Development Co., Ltd., NanTong/China
- Harbin Xinghao Real Estate Development Co., Ltd., Harbin/China
- NanTong Xinghao Real Estate Development Co., Ltd., NanTong/China
- Harbin Xinghao Real Estate Development Co., Ltd., Harbin/China

Gerhard Wöhr

- Managing Director of Gerhard Wöhr Beteiligungsgesellschaft mbH, Reichenschwand/Germany
- Managing Director of GOVAN Beteiligungs GmbH, Reichenschwand/Germany
- Managing Director of GOVAN Holding GmbH & Co. KG, Reichenschwand/Germany
- Managing Director of GOVAN Verwaltungs GmbH, Reichenschwand/Germany
- Managing Director of GVC Gesellschaft für Venture Capital Beteiligungen mbH, Munich/Germany
- Member of the Advisory Board of Sparkasse Nürnberg, Nuremberg/Germany
- Member of the Supervisory Board of TETRIS Grundbesitz GmbH & Co. KG, Reichenschwand/Germany
- Member of the Supervisory Board of TETRIS Grundbesitz Beteiligungsgesellschaft mbH, Reichenschwand/Germany
- Member of the Advisory Board of SinnLeffers GmbH, Hagen/Germany

DISCLOSURES ON SHAREHOLDINGS IN TOM TAILOR HOLDING AG

On 16 August 2013, TOM TAILOR Holding AG received voting rights notifications regarding the following companies reporting the circumstances specified below:

Vanguard Whitehall Funds

On 15 August 2013, in accordance with section 21(1) sentence 1 WpHG, Vanguard Whitehall Funds, Delaware/USA, notified us that its share of the voting rights in TOM TAILOR Holding

AG exceeded the threshold of 3% on 09 August 2013, reaching 3.260% on that date. This corresponds to 789,209 voting rights.

On 03 January 2014, TOM TAILOR Holding AG received voting rights notifications regarding the following companies reporting the circumstances specified below:

Morgan Finance S.A.

On 3 January 2014, in accordance with section 21(1) WpHG, Morgan Finance S.A., Luxembourg/Grand Duchy of Luxembourg, notified us that its share of the voting rights in TOM TAILOR Holding AG fell below the threshold of 5% on 24 October 2013, reaching 4.77% on that date. This corresponds to 1,241,000 voting rights.

Ar Mor 1 S.A.

On 3 January 2014, in accordance with section 21(1) WpHG, Ar Mor 1 S.A., Luxembourg/Grand Duchy of Luxembourg, notified us that its share of the voting rights in TOM TAILOR Holding AG fell below the threshold of 5% on 24 October 2013, reaching 4.77% on that date. This corresponds to 1,241,000 voting rights.

These voting rights are attributed to it by Morgan Finance S.A. in accordance with section 22(1) sentence 1 no. 1 WpHG.

ADWAY Corp.

On 3 January 2014, in accordance with section 21(1) WpHG, ADWAY Corp., Panama City/Panama, notified us that its share of the voting rights in TOM TAILOR Holding AG fell below the threshold of 5% on 24 October 2013, reaching 4.77% on that date. This corresponds to 1,241,000 voting rights.

These voting rights are attributed to it by Morgan Finance S.A. and Ar Mor 1 S.A. in accordance with section 22 (1) sentence 1 no. 1 WpHG.

On 21 January 2014, TOM TAILOR Holding AG received a voting rights notification regarding the company listed below, reporting the following circumstances:

Litman Gregory Masters International Fund

On 21 January 2014, in accordance with section 21(1) sentence 1 WpHG, Litman Gregory Masters International Fund, Orinda/USA, notified us that its share of the voting rights in TOM TAILOR Holding AG exceeded the threshold of 3% on

27 December 2013, reaching 3.01% on that date. This corresponds to 782,751 voting rights.

On 10 February 2014, TOM TAILOR Holding AG received a voting rights notification regarding the company listed below, reporting the following circumstances:

WpHG. Allianz Global Investors Europe GmbH

On 10 February 2014, in accordance with section 21(1) sentence 1 WpHG, Allianz Global Investors Europe GmbH, Frankfurt am Main/Germany, notified us that its share of the voting rights in TOM TAILOR Holding AG exceeded the threshold of 3% on 10 February 2014, reaching 2.94% on that date. This corresponds to 764,286 voting rights of a total of 26,027,133 voting rights.

On 27 February 2014, TOM TAILOR Holding AG received a voting rights notification regarding the companies listed below, reporting the following circumstances:

Schroders PLC

On 27 February 2014, Schroders PLC, London/United Kingdom, notified us that its share of the voting rights in TOM TAILOR Holding AG exceeded the threshold of 5% on 20 February 2014, reaching 8.43% on that date. This corresponds to 2,194,443 voting rights.

These voting rights are attributable to Schroders PLC in accordance with section 22(1), sentence 1, no. 6 WpHG in conjunction with section 22(1) sentence 2 WpHG.

Schroder Administration Limited

On 26 February 2014, Schroder Administration Limited, London/United Kingdom, notified us that its share of the voting rights in TOM TAILOR Holding AG exceeded the threshold of 5% on 20 February 2014, reaching 8.43% on that date. This corresponds to 2,194,443 voting rights.

These voting rights are attributable to Schroder Administration Limited in accordance with section 22(1), sentence 1, no. 6 WpHG in conjunction with section 22(1) sentence 2 WpHG.

Schroder Investment Management Limited

On 27 February 2014, Schroder Investment Management Limited, London/United Kingdom, notified us that its share of the voting rights in TOM TAILOR Holding AG exceeded the threshold of 5% on 20 February 2014, reaching 8.43% on that date. This corresponds to 2,194,443 voting rights.

4.26% (1,109,000 voting rights) of the voting rights are attributable to Schroder Investment Management Limited in accordance with section 22(1), sentence 1, no. 6 WpHG in conjunction with section 22(1) sentence 2 WpHG.

3.03% (788,000 voting rights) of the voting rights are attributable to Schroder Investment Management Limited in accordance with section 22(1), sentence 1, no. 6 WpHG.

Schroder Investment Management North America Limited

On 26 February 2014, Schroder Investment Management North America Limited, London/United Kingdom, notified us that its share of the voting rights in TOM TAILOR Holding AG exceeded the threshold of 3% on 20 February 2014, reaching 4.26% on that date. This corresponds to 1,109,000 voting rights.

These voting rights are attributable to Schroder Investment Management North America Limited in accordance with section 22(1), sentence 1, no. 6.

Schroder International Selection Fund

On 27 February 2014, International Selection Fund, Senningerberg/Luxembourg, notified us that its share in TOM TAILOR Holding AG exceeded the threshold of 3% on 20 February 2014, reaching 3.03% on that date. This corresponds to 788,000 voting rights.

These voting rights are attributable to Schroder International Selection Fund in accordance with section 22(1), sentence 1, no. 6 WpHG.

On 27 March 2014, TOM TAILOR Holding AG received voting rights notifications regarding the following companies reporting the circumstances specified below:

Schroders PLC

The notification by Schroders PLC, London/United Kingdom dated 27 February 2014 – published on 28 February 2014 – was retracted by Schroders PLC on 20 March 2014.

Schroder Administration Limited

The notification by Schroder Administration Limited, London/United Kingdom dated 26 February 2014 – published on 28 February 2014 – was retracted by Schroders Administration Limited on 20 March 2014.

Schroder Investment Management Limited

The notification by Schroder Investment Management Limited, London/United Kingdom dated 27 February 2014 – published on 28 February 2014 – was retracted by Schroders Investment Management Limited on 20 March 2014.

On 02 February 2014, TOM TAILOR Holding AG received a voting rights notification regarding the company listed below, reporting the following circumstances:

Kempen Capital Management N.V.

On 02 June 2014, in accordance with section 21(1) sentence 1 WpHG, Kempen Capital Management N.V., Amsterdam/the Netherlands, notified us that its share of the voting rights in TOM TAILOR Holding AG exceeded the threshold of 3% on 02 June 2014, reaching 3.12% on that date. This corresponds to 813,324 voting rights of a total of 26,027,133 voting rights.

On 16 June 2014, TOM TAILOR Holding AG received a corrected voting rights notification regarding the company listed below, reporting the following circumstances:

Kempen Capital Management N.V.

On 02 June 2014, in accordance with section 21(1) sentence 1 WpHG, Kempen Capital Management N.V., Amsterdam/the Netherlands, notified us that its share of the voting rights in TOM TAILOR Holding AG exceeded the threshold of 3% on 02 June 2014, reaching 3.12% on that date. This corresponds to 813,324 voting rights of a total of 26,027,133 voting rights.

These voting rights are attributed to it in accordance with section 22(1) sentence 1 no. 6 WpHG.

On 18 July 2014, TOM TAILOR Holding AG received voting rights notifications regarding the following companies reporting the circumstances specified below:

Schroder International Holdings Limited

On 18 July 2014, Schroder International Holdings Limited, London/United Kingdom, notified us that its share of the voting rights in TOM TAILOR Holding AG exceeded the threshold of 3% on 20 February 2014, reaching 3.03% on that date. This corresponds to 788,000 voting rights.

These voting rights are attributable to Schroder International Holdings Limited by Schroder International Finance B.V., Schroder Investment Management (Luxembourg) S.A. and Schroder International Selection Fund in accordance with section 22(1), sentence 1, no. 1 WpHG.

Schroder International Finance B.V.

On 18 July 2014, Schroder International Finance B.V., Amsterdam/the Netherlands, notified us that its share of the voting rights in TOM TAILOR Holding AG exceeded the threshold of 3% on 20 February 2014, reaching 3.03% on that date. This corresponds to 788,000 voting rights.

These voting rights are attributable to Schroder International Finance B.V. by Schroder Investment Management (Luxembourg) S.A. and Schroder International Selection Fund in accordance with section 22(1), sentence 1, no. 1 WpHG.

Schroder Investment Management (Luxembourg) S.A.

On 18 July 2014, Schroder Investment Management (Luxembourg) S.A., Senningerberg/Luxembourg, notified us that its share of the voting rights in TOM TAILOR Holding AG exceeded the threshold of 3% on 20 February 2014, reaching 3.03% on that date. This corresponds to 788,000 voting rights.

These voting rights are attributable to Schroder Investment Management (Luxembourg) S.A. by Schroder International Selection Fund in accordance with section 22(1), sentence 1, no. 1 WpHG.

On 21 July 2014, TOM TAILOR Holding AG received a voting rights notification regarding the company listed below, reporting the following circumstances:

Schroder International Selection Fund

On 21 July 2014, International Selection Fund, Senningerberg/Luxembourg, notified us that its share of the voting rights in TOM TAILOR Holding AG exceeded the threshold of 3% on 20 February 2014, reaching 3.03% on that date. This corresponds to 788,000 voting rights.

On 08 August 2014, TOM TAILOR Holding AG received voting rights notifications regarding the following companies reporting the circumstances specified below:

ISLA Vermögensverwaltungs GmbH

On 8 August 2014, in accordance with section 21(1) WpHG, ISLA Vermögensverwaltungs GmbH (formerly: BONITA International Verwaltungs GmbH), Hamminkeln/Germany, notified us that its share of the voting rights in TOM TAILOR Holding AG fell below the thresholds of 3%, 5%, 10%, 15% and 20% on 8 August 2014, reaching 0.00% (0 voting rights) on that date.

Die Vermögens- und Förderungstiftung

On 8 August 2014, in accordance with section 21(1) WpHG, Vermögens- und Förderungstiftung, Vaduz/Liechtenstein, notified us that its share of the voting rights in TOM TAILOR Holding AG fell below the thresholds of 3%, 5%, 10%, 15% and 20% on 8 August 2014, reaching 0.00% (0 voting rights) on that date.

On 14 August 2014, TOM TAILOR Holding AG received voting rights notifications regarding the following companies reporting the circumstances specified below:

FCM Beteiligungs GmbH

On 13 August 2014, in accordance with section 21(1) WpHG, FCM Beteiligungs GmbH, Hamburg/Germany, notified us that its share of the voting rights in TOM TAILOR Holding AG, Hamburg/Germany exceeded the thresholds of 3%, 5%, 10%, 15% and 20% on 8 August 2014, reaching 23.16% (6,028,050 voting rights) on that date.

15.51% of the voting rights (4,036,681 voting rights) are attributable to FCM Beteiligungs GmbH in accordance with section 22(2) WpHG.

The voting rights attributed to FCM Beteiligungs GmbH in accordance with section 22(1) sentence 2 WpHG are held by the following shareholder whose interest in the voting shares of TOM TAILOR Holding AG is 3% or more: Fidelidade-Companhia de Seguros, S.A.; The attribution in accordance with section 22(2) WpHG is based on concerted action between FCM Beteiligungs GmbH and its parent company, Fidelidade-Companhia de Seguros, S.A.

Fidelidade-Companhia de Seguros, S.A.

On 13 August 2014, in accordance with section 21(1) WpHG, Fidelidade-Companhia de Seguros, S.A., Portugal notified us that its share of the voting rights in TOM TAILOR Holding AG, Hamburg/Germany exceeded the thresholds of 3%, 5%, 10%, 15% and 20% on 8 August 2014, reaching 23.16% (6,028,050 voting rights) on that date.

7.65% of the voting rights (1,991,369 voting rights) are attributable to Fidelidade-Companhia de Seguros, S.A. in accordance with both section 22(1) sentence 1 no. 1 and section 22(2) WpHG.

The voting rights attributed to Fidelidade-Companhia de Seguros, S.A. in accordance with section 22(1) sentence 1 no. 1 WpHG are held by the following companies it controls and whose interest in the voting shares of TOM TAILOR Holding AG is 3% or more: FCM Beteiligungs GmbH.

The voting rights attributed to Fidelidade-Companhia de Seguros, S.A. in accordance with section 22(1) sentence 2 WpHG are held by the following shareholder whose interest in the voting shares of TOM TAILOR Holding AG is 3% or more: FCM Beteiligungs GmbH. The attribution in accordance with section 22(2) WpHG is based on concerted action between FCM Beteiligungs GmbH and its parent company, Fidelidade-Companhia de Seguros, S.A.

Longrun Portugal, SGPS, S.A.

On 13 August 2014, in accordance with section 21(1) WpHG, Longrun Portugal, SGPS, S.A., Portugal, notified us that its share of the voting rights in TOM TAILOR Holding AG, Hamburg/Germany exceeded the thresholds of 3%, 5%, 10%, 15% and 20% on 8 August 2014, reaching 23.16% (6,028,050 voting rights) on that date.

23.16% of the voting rights (6,028,050 voting rights) are attributable to Longrun Portugal, SGPS, S.A. in accordance with both section 22(1) sentence 1 no. 1 and section 22(2) WpHG.

The voting rights attributed to Longrun Portugal, SGPS, S.A. in accordance with section 22(1) sentence 1 no. 1 WpHG are held by the following companies it controls and whose interest in the voting shares of TOM TAILOR Holding AG is 3% or more in each case: Fidelidade-Companhia de Seguros, S.A.; FCM Beteiligungs GmbH.

The voting rights attributed to Longrun Portugal, SGPS, S.A. in accordance with section 22(2) WpHG are held by the following shareholders whose interest in the voting shares of TOM TAILOR Holding AG is 3% or more in each case: Fidelidade-Companhia de Seguros, S.A.; FCM Beteiligungs GmbH. The attribution in accordance with section 22(2) WpHG is based on concerted action between FCM Beteiligungs GmbH and its parent company, Fidelidade-Companhia de Seguros, S.A.

Millennium Gain Limited

On 13 August 2014, in accordance with section 21(1) WpHG, Millennium Gain Limited, Hong Kong/China, notified us that its share of the voting rights in TOM TAILOR Holding AG, Hamburg/Germany exceeded the thresholds of 3%, 5%, 10%, 15% and 20% on 8 August 2014, reaching 23.16% (6,028,050 voting rights) on that date.

23.16% of the voting rights (6,028,050 voting rights) are attributable to Millennium Gain Limited in accordance with both section 22(1) sentence 1 no. 1 and section 22(2) WpHG.

The voting rights attributed to Millennium Gain Limited in accordance with section 22(1) sentence 1 no. 1 WpHG are held by the following companies it controls and whose interest in the voting shares of TOM TAILOR Holding AG is 3% or more in each case: Longrun Portugal, SGPS, S.A.; Fidelidade-Companhia de Seguros, S.A.; FCM Beteiligungs GmbH.

The voting rights attributed to Millennium Gain Limited in accordance with section 22(2) WpHG are held by the following shareholders whose interest in the voting shares of TOM TAILOR Holding AG is 3% or more in each case: Fidelidade-Companhia de Seguros, S.A.; FCM Beteiligungs GmbH. The attribution in accordance with section 22(2) WpHG is based on concerted action between FCM Beteiligungs GmbH and its parent company, Fidelidade-Companhia de Seguros, S.A.

Fosun Financial Holdings Limited

On 13 August 2014, in accordance with section 21(1) WpHG, Fosun Financial Holdings Limited, Hong Kong/China, notified us that its share of the voting rights in TOM TAILOR Holding AG, Hamburg/Germany exceeded the thresholds of 3%, 5%, 10%, 15% and 20% on 8 August 2014, reaching 23.16% (6,028,050 voting rights) on that date.

23.16% of the voting rights (6,028,050 voting rights) are attributable to Fosun Financial Holdings Limited in accordance with both section 22(1) sentence 1 no. 1 and section 22(2) WpHG.

The voting rights attributed to Fosun Financial Holdings Limited in accordance with section 22(1) sentence 1 no. 1 WpHG are held by the following companies it controls and whose interest in the voting shares of TOM TAILOR Holding AG is 3% or more in each case: Millennium Gain Limited; Longrun Portugal, SGPS, S.A.; Fidelidade-Companhia de Seguros, S.A.; FCM Beteiligungs GmbH.

The voting rights attributed to Fosun Financial Holdings Limited in accordance with section 22(2) WpHG are held by the following shareholders whose interest in the voting shares of TOM TAILOR Holding AG is 3% or more in each case: Fidelidade-Companhia de Seguros, S.A.; FCM Beteiligungs GmbH. The attribution in accordance with section 22(2) WpHG is based on concerted action between FCM Beteiligungs GmbH and its parent company, Fidelidade-Companhia de Seguros, S.A.

Fosun International Limited

On 13 August 2014, in accordance with section 21(1) WpHG, Fosun International Limited, Hong Kong/China, notified us that its share of the voting rights in TOM TAILOR Holding AG, Hamburg/Germany exceeded the thresholds of 3%, 5%, 10%, 15% and 20% on 8 August 2014, reaching 23.16% (6,028,050 voting rights) on that date.

23.16% of the voting rights (6,028,050 voting rights) are attributable to Fosun International Limited in accordance with both section 22(1) sentence 1 no. 1 and section 22(2) WpHG.

The voting rights attributed to Fosun International Limited in accordance with section 22(1) sentence 1 no. 1 WpHG are held by the following companies it controls and whose interest in the voting shares of TOM TAILOR Holding AG is 3% or more in each case: Fosun Financial Holdings Limited; Millennium Gain Limited; Longrun Portugal, SGPS, S.A.; Fidelidade-Companhia de Seguros, S.A.; FCM Beteiligungs GmbH.

The voting rights attributed to Fosun International Limited in accordance with section 22(2) WpHG are held by the following shareholders whose interest in the voting shares of TOM TAILOR Holding AG is 3% or more in each case: Fidelidade-Companhia de Seguros, S.A.; FCM Beteiligungs GmbH. The attribution in accordance with section 22(2) WpHG is based on concerted action between FCM Beteiligungs GmbH and its parent company, Fidelidade-Companhia de Seguros, S.A.

Fosun Holdings Limited

On 13 August 2014, in accordance with section 21(1) WpHG, Fosun Holdings Limited, Hong Kong/China, notified us that its share of the voting rights in TOM TAILOR Holding AG, Hamburg/Germany exceeded the thresholds of 3%, 5%, 10%, 15% and 20% on 8 August 2014, reaching 23.16% (6,028,050 voting rights) on that date.

23.16% of the voting rights (6,028,050 voting rights) are attributable to Fosun Financial Limited in accordance with both section 22(1) sentence 1 no. 1 and section 22(2) WpHG.

The voting rights attributed to Fosun Holdings Limited in accordance with section 22(1) sentence 1 no. 1 WpHG are held by the following companies it controls and whose interest in the voting shares of TOM TAILOR Holding AG is 3% or more in each case: Fosun International Limited; Fosun Financial Holdings Limited; Millennium Gain Limited; Longrun Portugal, SGPS, S.A.; Fidelidade-Companhia de Seguros, S.A.; FCM Beteiligungs GmbH.

The voting rights attributed to Fosun Holdings Limited in accordance with section 22(2) WpHG are held by the following shareholders whose interest in the voting shares of TOM TAILOR Holding AG is 3% or more in each case: Fidelidade-Companhia de Seguros, S.A.; FCM Beteiligungs GmbH. The attribution in accordance with section 22(2) WpHG is based on concerted action between FCM Beteiligungs GmbH and its parent company, Fidelidade-Companhia de Seguros, S.A.

Fosun International Holdings Ltd.

On 13 August 2014, in accordance with section 21(1) WpHG, Fosun International Holdings Ltd., Road Town, Tortola/British Virgin Islands, notified us that its share of the voting rights in TOM TAILOR Holding AG, Hamburg/Germany exceeded the thresholds of 3%, 5%, 10%, 15% and 20% on 8 August 2014, reaching 23.16% (6,028,050 voting rights) on that date.

23.16% of the voting rights (6,028,050 voting rights) are attributable to Fosun International Holdings Ltd. in accordance with both section 22(1) sentence 1 no. 1 and section 22(2) WpHG.

The voting rights attributed to Fosun International Holdings Ltd. in accordance with section 22(1) sentence 1 no. 1 WpHG are held by the following companies it controls and whose interest in the voting shares of TOM TAILOR Holding AG is 3% or more in each case: Fosun Holdings Limited; Fosun International Limited; Fosun Financial Holdings Limited; Millennium Gain Limited; Longrun Portugal, SGPS, S.A.; Fidelidade-Companhia de Seguros, S.A.; FCM Beteiligungs GmbH.

The voting rights attributed to Fosun International Holdings Ltd. in accordance with section 22(2) WpHG are held by the following shareholders whose interest in the voting shares of TOM TAILOR Holding AG is 3% or more in each case: Fidelidade-Companhia de Seguros, S.A.; FCM Beteiligungs GmbH. The attribution in accordance with section 22(2) WpHG is based on concerted action between FCM Beteiligungs GmbH and its parent company, Fidelidade-Companhia de Seguros, S.A.

Mr Guo Guangchang

On 13 August 2014, in accordance with section 21(1) WpHG, Mr Guo Guangchang, China, notified us that his share of the voting rights in TOM TAILOR Holding AG, Hamburg/Germany exceeded the thresholds of 3%, 5%, 10%, 15% and 20% on 8 August 2014, reaching 23.16% (6,028,050 voting rights) on that date.

23.16% of the voting rights (6,028,050 voting rights) are attributable to Mr Guo Guangchang in accordance with both section 22(1) sentence 1 no. 1 and section 22(2) WpHG.

The voting rights attributed to Mr Guo Guangchang in accordance with section 22(1) sentence 1 no. 1 WpHG are held by the following companies he controls and whose interest in the voting shares of TOM TAILOR Holding AG is 3% or more in each case: Fosun International Holdings Ltd.; Fosun Holdings Limited; Fosun International Limited; Fosun Financial Holdings Limited; Millennium Gain Limited; Longrun Portugal, SGPS, S.A.; Fidelidade-Companhia de Seguros, S.A.; FCM Beteiligungs GmbH.

The voting rights attributed to Mr Guo Guangchang in accordance with section 22(2) WpHG are held by the following shareholders whose interest in the voting shares of TOM TAILOR Holding AG is 3% or more in each case: Fidelidade-Companhia de Seguros, S.A.; FCM Beteiligungs GmbH. The attribution in accordance with section 22(2) WpHG is based on concerted action between FCM Beteiligungs GmbH and its parent company, Fidelidade-Companhia de Seguros, S.A.

On 16 October 2014, TOM TAILOR Holding AG received a voting rights notification regarding the companies listed below, reporting the following circumstances:

Schroder Investment Management North America Ltd.

On 16 October 2014, in accordance with section 21(1) sentence 1 WpHG, Schroder Investment Management North America Ltd., London/United Kingdom, notified us that its share of the voting rights in TOM TAILOR Holding AG exceeded the threshold of 5% on 15 October 2014, reaching 5.13% on that date. This corresponds to 1,335,000 voting rights.

These voting rights are attributable to Schroder Investment Management North America Ltd in accordance with section 22(1), sentence 1, no. 6. WpHG.

On 29 December 2014, TOM TAILOR Holding AG received voting rights notifications regarding the following companies reporting the circumstances specified below:

Schroders PLC

On 29 December 2014, in accordance with section 21(1) sentence 1 WpHG, Schroders PLC, London/United Kingdom, notified us that its share of the voting rights in TOM TAILOR Holding AG exceeded the threshold of 10% on 19 December 2014, reaching 10.13% on that date. This corresponds to 2,635,394 voting rights.

These voting rights are attributable to Schroders PLC in accordance with section 22(1), sentence 1, no. 6 WpHG in conjunction with section 22(1) sentence 2 WpHG.

Schroder Administration Limited

On 29 December 2014, in accordance with section 21(1) sentence 1 WpHG, Schroder Administration Limited, London/United Kingdom, notified us that its share of the voting rights in TOM TAILOR Holding AG exceeded the threshold of 10% on 19 December 2014, reaching 10.13% on that date. This corresponds to 2,635,394 voting rights.

These voting rights are attributable to Schroder Administration Limited in accordance with section 22(1), sentence 1, no. 6 WpHG in conjunction with section 22(1) sentence 2 WpHG.

Schroders Investment Management Ltd.

On 29 December 2014, in accordance with section 21(1) sentence 1 WpHG, Schroders Investment Management Ltd., London/United Kingdom, notified us that its share of the voting rights in TOM TAILOR Holding AG exceeded the threshold of 10% on 19 December 2014, reaching 10.13% on that date. This corresponds to 2,635,394 voting rights.

4.46% (1,161,394 voting rights) of the voting rights are attributable to Schroder Investment Management Ltd in accordance with section 22(1), sentence 1, no. 6 WpHG.

5.66% (1,474,000 voting rights) of the voting rights are attributable to Schroder Investment Management Ltd. in accordance with section 22(1), sentence 1, no. 6 WpHG in conjunction with section 22(1) sentence 2 WpHG.

On 06 January 2015, TOM TAILOR Holding AG received corrected voting rights notifications regarding the following companies reporting the circumstances specified below:

Schroders PLC

On 06 January 2015, in accordance with section 21(1) sentence 1 WpHG, Schroders PLC, London/United Kingdom, notified us that its share of the voting rights in TOM TAILOR Holding AG exceeded the threshold of 10% on 19 December 2014, reaching 10.13% on that date. This corresponds to 2,635,394 voting rights.

4.46% of the voting rights (1,161,394 voting rights) are attributable to the company by Schroder Administration Limited, Schroder International Holdings Limited, Schroder International Finance B.V., Schroder Investment Management (Luxembourg) S.A. and Schroder International Selection Fund in accordance with section 22(1), sentence 1, no. 1 WpHG.

10.13% of the voting rights (2,635,394 voting rights) are attributable to the company by Schroder International Selection Fund in accordance with section 22(1), sentence 1, no. 6 WpHG in conjunction with section 22(1) sentence 2 WpHG.

Schroder Administration Limited

On 06 January 2015, in accordance with section 21(1) sentence 1 WpHG, Schroder Administration Limited, London/United Kingdom, notified us that its share of the voting rights in TOM TAILOR Holding AG exceeded the threshold of 10% on 19 December 2014, reaching 10.13% on that date. This corresponds to 2,635,394 voting rights.

4.46% of the voting rights (1,161,394 voting rights) are attributable to the company by Schroder International Holdings Limited, Schroder International Finance B.V., Schroder Investment Management (Luxembourg) S.A. and Schroder International Selection Fund in accordance with section 22(1), sentence 1, no. 1 WpHG.

10.13% of the voting rights (2,635,394 voting rights) are attributable to the company by Schroder International Selection Fund in accordance with section 22(1), sentence 1, no. 6 WpHG in conjunction with section 22(1) sentence 2 WpHG.

Schroders Investment Management Limited

On 06 January 2015, in accordance with section 21(1) sentence 1 WpHG, Schroders Investment Management Limited, London/United Kingdom, notified us that its share of the voting rights in TOM TAILOR Holding AG exceeded the threshold of 10% on 19 December 2014, reaching 10.13% on that date. This corresponds to 2,635,394 voting rights.

4.46% of the voting rights (1,161,394 voting rights) are attributable to the company in accordance with section 22(1), sentence 1, no. 6 WpHG.

5.66% of the voting rights (1,474,000 voting rights) are attributable to the company by Schroder International Selection Fund in accordance with section 22(1), sentence 1, no. 6 WpHG in conjunction with section 22(1) sentence 2 WpHG.

On 06 January 2015, TOM TAILOR Holding AG received corrected voting rights notifications regarding the following companies reporting the circumstances specified below:

Schroders PLC

On 06 January 2015, in accordance with section 21(1) sentence 1 WpHG, Schroders PLC, London/United Kingdom, notified us that its share of the voting rights in TOM TAILOR Holding AG exceeded the threshold of 10% on 19 December 2014, reaching 10.13% on that date. This corresponds to 2,635,394 voting rights.

4.46% of the voting rights (1,161,394 voting rights) are attributable to the company by Schroder Administration Limited, Schroder International Holdings Limited, Schroder International Finance B.V., Schroder Investment Management (Luxembourg) S.A. and Schroder International Selection Fund in accordance with section 22(1), sentence 1, no. 1 WpHG.

10.13% of the voting rights (2,635,394 voting rights) are attributable to the company in accordance with section 22(1), sentence 1, no. 6 WpHG in conjunction with section 22(1) sentence 2 WpHG.

Voting rights are attributed by the following shareholders whose interest in the voting shares is 3% or more in each case: Schroder International Selection Fund

Schroder Administration Limited

On 06 January 2015, in accordance with section 21(1) sentence 1 WpHG, Schroder Administration Limited, London/United Kingdom, notified us that its share of the voting rights in TOM TAILOR Holding AG exceeded the threshold of 10% on 19 December 2014, reaching 10.13% on that date. This corresponds to 2,635,394 voting rights.

4.46% of the voting rights (1,161,394 voting rights) are attributable to the company by Schroder International Holdings Limited, Schroder International Finance B.V., Schroder Investment Management (Luxembourg) S.A. and Schroder International Selection Fund in accordance with section 22(1), sentence 1, no. 1 WpHG.

10.13% of the voting rights (2,635,394 voting rights) are attributable to the company in accordance with section 22(1), sentence 1, no. 6 WpHG in conjunction with section 22(1) sentence 2 WpHG.

Voting rights are attributed by the following shareholders whose interest in the voting shares is 3% or more in each case: Schroder International Selection Fund

Schroders Investment Management Limited

On 06 January 2015, in accordance with section 21(1) sentence 1 WpHG, Schroders Investment Management Limited, London/United Kingdom, notified us that its share of the voting rights in TOM TAILOR Holding AG exceeded the threshold of 10% on 19 December 2014, reaching 10.13% on that date. This corresponds to 2,635,394 voting rights.

4.46% of the voting rights (1,161,394 voting rights) are attributable to the company in accordance with section 22(1), sentence 1, no. 6 WpHG.

5.66% of the voting rights (1,474,000 voting rights) are attributable to the company in accordance with section 22(1), sentence 1, no. 6 WpHG in conjunction with section 22(1) sentence 2 WpHG.

Voting rights are attributed by the following shareholders whose interest in the voting shares is 3% or more in each case: Schroder International Selection Fund

On 12 January 2015, TOM TAILOR Holding AG received voting rights notifications regarding the following companies reporting the circumstances specified below:

Schroders PLC

On 12 January 2015, in accordance with section 21(1) sentence 1 WpHG, Schroders PLC, London/United Kingdom, notified us that its share of the voting rights in TOM TAILOR Holding AG fell below the threshold of 10% on 06 January 2015, reaching 9.97% on that date. This corresponds to 2,595,990 voting rights.

9.97% of the voting rights (2,595,990 voting rights) are attributable to the company in accordance with section 22(1), sentence 1, no. 6 WpHG in conjunction with section 22(1) sentence 2 WpHG.

Voting rights are attributed by the following shareholders whose interest in the voting shares is 3% or more in each case: Schroder International Selection Fund.

Schroder Administration Limited

On 12 January 2015, in accordance with section 21(1) sentence 1 WpHG, Schroder Administration Limited, London/United Kingdom, notified us that its share of the voting rights in TOM TAILOR Holding AG fell below the threshold of 10% on 06 January 2015, reaching 9.97% on that date. This corresponds to 2,595,990 voting rights.

9.97% of the voting rights (2,595,990 voting rights) are attributable to the company in accordance with section 22(1), sentence 1, no. 6 WpHG in conjunction with section 22(1) sentence 2 WpHG.

Voting rights are attributed by the following shareholders whose interest in the voting shares is 3% or more in each case: Schroder International Selection Fund.

Schroder Investment Management Limited

On 12 January 2015, in accordance with section 21(1) sentence 1 WpHG, Schroder Investment Management Limited, London/United Kingdom, notified us that its share of the voting rights in TOM TAILOR Holding AG fell below the threshold of 10% on 06 January 2015, reaching 9.97% on that date. This corresponds to 2,595,990 voting rights.

4.31% of the voting rights (1,121,990 voting rights) are attributable to the company in accordance with section 22(1), sentence 1, no. 6 WpHG.

5.66% of the voting rights (1,474,000 voting rights) are attributable to the company in accordance with section 22(1), sentence 1, no. 6 WpHG in conjunction with section 22(1) sentence 2 WpHG.

Voting rights are attributed by the following shareholders whose interest in the voting shares is 3% or more in each case: Schroder International Selection Fund.

On 08 January 2015, TOM TAILOR Holding AG received voting rights notifications regarding the following companies reporting the circumstances specified below:

Wellington Management Company, LLP

On 08 January 2015, in accordance with section 21(1) WpHG, Wellington Management Company LLP, Wilmington, Delaware/United States, notified us that its share in the voting rights of TOM TAILOR Holding AG, Hamburg/Germany, exceeded the threshold of 3% on 01 January 2015, reaching 3.97% on that day. This corresponds to 1,032,042 voting rights.

3.97% of the voting rights (1,032,042 voting rights) are attributed to the company in accordance with section 22(1) sentence 1, no. 6 WpHG.

Attributed voting rights are held by the following shareholder, whose share of voting rights is 3% or more: Litman Gregory Masters International Fund.

Wellington Investment Advisors Holdings LLP

On 08 January 2015, in accordance with section 21(1) WpHG, Wellington Investment Advisors Holdings LLP, Wilmington, Delaware/United States, notified us that its share in the voting rights of TOM TAILOR Holding AG, Hamburg/Germany, exceeded the threshold of 3% on 1 January 2015, reaching 3.97% on that day. This corresponds to 1,032,042 voting rights.

3.97% of the voting rights (1,032,042 voting rights) are attributed to the company in accordance with section 22(1) sentence 1, no. 6 in conjunction with sentence 2 WpHG.

Attributed voting rights are held by the following shareholder, whose share of voting rights is 3% or more: Litman Gregory Masters International Fund.

Wellington Group Holdings LLP

On 08 January 2015, in accordance with section 21(1) WpHG, Wellington Group Holdings LLP, Wilmington, Delaware/United States, notified us that its share in the voting rights of TOM TAILOR Holding AG, Hamburg/Germany, exceeded the threshold of 3% on 1 January 2015, reaching 3.97% on that day. This corresponds to 1,032,042 voting rights.

3.97% of the voting rights (1,032,042 voting rights) are attributed to the company in accordance with section 22(1) sentence 1, no. 6 in conjunction with sentence 2 WpHG.

Attributed voting rights are held by the following shareholder, whose share of voting rights is 3% or more: Litman Gregory Masters International Fund.

Wellington Management Group LLP

On 13 January 2015, Wellington Management Group LLP, Boston, Massachusetts/United States informed us that Wellington Management Group LLP (Boston, Massachusetts) had already disclosed a position of 3.30% in TOM TAILOR Holding AG on 28 October 2013 under its former name Wellington Management Company LLP (Boston, Massachusetts). As at 01 January 2015, Wellington Management Company LLP changed its name to Wellington Management Group LLP and held a position of 1,032,042 voting rights (corresponding to 3.97%) on that date that is attributed pursuant to section 22 (1) sentence 1 no. 6 in connection with sentence 2 WpHG. Furthermore, of the total 1,032,042 voting rights, a portion of 13,267 voting rights (corresponding to 0.05% of the total voting rights) is attributed to Wellington Management Group LLP concurrent pursuant to section 22 (1) sentence 1 no. 1 WpHG.

On 28 January 2015, TOM TAILOR Holding AG received voting rights notifications regarding the following companies reporting the circumstances specified below:

Schroders PLC

On 28 January 2015, in accordance with section 21(1) sentence 1 WpHG, Schroders PLC, London/United Kingdom, notified us that its share of the voting rights in TOM TAILOR Holding AG exceeded the threshold of 10% on 27 January 2015, reaching 10.06% on that date. This corresponds to 2,616,967 voting rights.

10.06% of the voting rights (2,616,967 voting rights) are attributable to the company in accordance with section 22(1), sentence 1, no. 6 WpHG in conjunction with section 22(1) sentence 2 WpHG.

Voting rights are attributed by the following shareholders whose interest in the voting shares is 3% or more in each case: Schroder International Selection Fund.

Schroder Administration Limited

On 28 January 2015, in accordance with section 21(1) sentence 1 WpHG, Schroder Administration Limited, London/United Kingdom, notified us that its share of the voting rights in TOM TAILOR Holding AG exceeded the threshold of 10% on 27 January 2015, reaching 10.06% on that date. This corresponds to 2,616,967 voting rights.

10.06% of the voting rights (2,616,967 voting rights) are attributable to the company in accordance with section 22(1), sentence 1, no. 6 WpHG in conjunction with section 22(1) sentence 2 WpHG.

Voting rights are attributed by the following shareholders whose interest in the voting shares is 3% or more in each case: Schroder International Selection Fund.

Schroder Investment Management

On 28 January 2015, in accordance with section 21(1) sentence 1 WpHG, Schroder Investment Management Limited, London/United Kingdom, notified us that its share of the voting rights in TOM TAILOR Holding AG exceeded the threshold of 10% on 27 January 2015, reaching 10.06% on that date. This corresponds to 2,616,967 voting rights.

4.20% of the voting rights (1,092,967 voting rights) are attributable to the company in accordance with section 22(1), sentence 1, no. 6 WpHG.

5.86% of the voting rights (1,524,000 voting rights) are attributable to the company in accordance with section 22(1), sentence 1, no. 6 WpHG in conjunction with section 22(1) sentence 2 WpHG.

Voting rights are attributed by the following shareholders whose interest in the voting shares is 3% or more in each case: Schroder International Selection Fund.

On 10 February 2015, TOM TAILOR Holding AG received a voting rights notification regarding the companies listed below, reporting the following circumstances:

Kempen Capital Management N.V.

On 10 February 2015, in accordance with section 21(1) sentence 1 WpHG, Kempen Capital Management N.V., Amsterdam/the Netherlands, notified us that its share of the voting rights in TOM TAILOR Holding AG fell below the threshold of 3% on 10 February 2015, reaching 2.99% on that date. This corresponds to 777,199 voting rights.

These voting rights are attributed to it in accordance with section 22(1) sentence 1 no. 6 WpHG.

On 13 February 2015, TOM TAILOR Holding AG received voting rights notifications regarding the following companies reporting the circumstances specified below:

Henderson Group Plc

On 13 February 2015, in accordance with section 21(1) WpHG, Henderson Group plc, London/United Kingdom, notified us that its share of the voting rights in TOM TAILOR Holding AG fell below the threshold of 3% on 12 February 2015, reaching 2.98% on that date. This corresponds to 775,163 voting rights.

These voting rights are attributed to it in accordance with section 22(1) sentence 1 no. 6 in conjunction with section 22(1) sentence 2 WpHG.

Henderson Global Investors (Holdings) Limited

On 13 February 2015, in accordance with section 21(1) WpHG, Henderson Global Investors (Holdings) Limited, London/United Kingdom, notified us that its share of the voting rights in TOM TAILOR Holding AG fell below the threshold of 3% on 12 February 2015, reaching 2.98% on that date. This corresponds to 775,163 voting rights.

These voting rights are attributed to it in accordance with section 22(1) sentence 1 no. 6 in conjunction with section 22(1) sentence 2 WpHG.

Henderson Global Investors Limited

On 13 February 2015, in accordance with section 21(1) WpHG, Henderson Global Investors Limited, London/United Kingdom, notified us that its share of the voting rights in TOM TAILOR Holding AG fell below the threshold of 3% on 12 February 2015, reaching 2.98% on that date. This corresponds to 775,163 voting rights.

These voting rights are attributed to it in accordance with section 22(1) sentence 1 no. 6 WpHG.

DECLARATION OF COMPLIANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE

The Management Board and Supervisory Board of Holding AG issued the declaration required by section 161 of the Aktiengesetz (AktG – German Stock Corporation Act) and made it available to the shareholders on TOM TAILOR Holding AG's website (<http://ir.tom-tailor-group.com>) in February 2015.

FEES OF THE AUDITORS (DISCLOSURE IN ACCORDANCE WITH SECTION 314(1) NO. 9 HGB)

The fees recognised as an expense in financial year 2014 amounted to EUR 207 thousand (of which EUR 7 thousand relate to 2013; 2013: EUR 227 thousand) for the audit of the financial statements (including expenses), EUR 69 thousand (2013: EUR 40 thousand) for other assurance services, and EUR 46 thousand (2013: EUR 46 thousand) for tax advisory services.

EVENTS AFTER THE REPORTING PERIOD

There were no events with a material effect on the net assets, financial position and results of operations of the Group after the reporting date.

EXEMPTING CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH SECTION 264 (3) AND SECTION 264 B HGB

The following consolidated German subsidiaries

- Tom Tailor GmbH, Hamburg/Germany
- Tom Tailor Retail GmbH, Hamburg/Germany
- TOM TAILOR E-Commerce GmbH & Co. KG, Oststeinbek/Germany
- BONITA GmbH, Hamminkeln/Germany
- GEWIB GmbH, Hamminkeln/Germany
- BONITA Deutschland Holding Verwaltungs GmbH, Hamminkeln/Germany
- BONITA E-commerce GmbH, Oststeinbek/Germany
- GEWIB GmbH & Co. KG, Pullach/Germany

plan to make use of the simplification options allowed by section 264(3) and section 264 b HGB regarding the management report, as well as the publication of the documentation relating to their annual financial statements. The subsidiaries

- BONITA Deutschland Holding Verwaltungs GmbH, Hamminkeln/Germany
- BONITA E-commerce GmbH, Oststeinbek/Germany
- GEWIB GmbH & Co. KG, Pullach/Germany

also exercise the simplification options regarding the preparation of notes (including compulsory elective notes).

PUBLICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Management Board approved the consolidated financial statements prepared in accordance with IFRSs for publication on 27 February 2015.

Hamburg, 27 February 2015

The Management Board



Dieter Holzer
(Chief Executive Officer)

Dr Axel Rebien
(Chief Financial Officer)



Dr Marc Schumacher
(Chief Retail Officer)



Daniel Peterburs
(Chief Product Development and Procurement Officer)

RESPONSIBILITY STATEMENT BY THE MANAGEMENT BOARD

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group.

Hamburg, 27 February 2015

The Management Board



Dieter Holzer
(Chief Executive Officer)

Dr Axel Rebien
(Chief Financial Officer)



Dr Marc Schumacher
(Chief Retail Officer)



Daniel Peterburs
(Chief Product Development
and Procurement Officer)

AUDITORS' REPORT

We have audited the consolidated financial statements prepared by TOM TAILOR Holding AG, Hamburg, comprising the consolidated balance sheet, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and the notes to the consolidated financial statements, together with the Group management report for the financial year from 1 January to 31 December 2014. The preparation of the consolidated financial statements and group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to section 315a (1) German Commercial Code (HGB) are the responsibility of the legal representatives of the Company. Our responsibility is to express an opinion on the consolidated financial statements and on the Group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer – IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the Group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the

disclosures in the consolidated financial statements and the Group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in the consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the Group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to section 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group, in accordance with these requirements. The Group management report is consistent with the consolidated financial statements, as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Hamburg, 27 February 2015

Ebner Stolz GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Jürgen Richter
Wirtschaftsprüfer

Tim Sichtung
Wirtschaftsprüfer

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE STATEMENT IN ACCORDANCE WITH § 289A OF THE HANDELSGESETZBUCH (HGB – GERMAN COMMERCIAL CODE)

DECLARATION OF COMPLIANCE IN ACCORDANCE WITH § 161 OF THE AKTIENGESETZ (AKTG – GERMAN STOCK CORPORATION ACT)

The Management Board and the Supervisory Board of TOM TAILOR Holding AG submitted a declaration of compliance in accordance with § 161 AktG in December 2014.

Text of the Declaration by the Management Board and the Supervisory Board of TOM TAILOR Holding AG on the German Corporate Governance Code in Accordance with Section 161 AktG (Declaration of Compliance)

TOM TAILOR Holding AG, Hamburg
ISIN: DE000A0STST2

TOM TAILOR Holding AG has complied with the recommendations of the Government Commission of the German Corporate Governance Code published by the Federal Ministry of Justice in the Bundesanzeiger (Federal Gazette), most recently in the version dated 24 June 2014, with the exception of section 5.1.2 (age limit for members of the Management Board), section 5.3.3 (formation of a nomination committee), and section 5.4.1 sentence 2 (age limit for members of the Supervisory Board) since it submitted its most recent declaration of compliance in December 2013.

- In a departure from the recommendation contained in section 5.1.2 of the German Corporate Governance Code (“the Code”), the Supervisory Board has not currently specified an age limit for the members of the Management Board above and beyond the universal retirement age laid down in the Management Board employment contracts because it believes that a general age limit for Management Board members would restrict the Supervisory Board's options when selecting suitable members of the Management Board. Although the Supervisory Board has not seen a reason to specify such a limit to date, it intends to deal with this question when a concrete occasion arises.
- The Supervisory Board does not currently intend to form a nomination committee within the meaning of section 5.3.3 of the Code. Because it is composed of six members, the Supervisory Board considers itself to be in a position to appoint new members based on a suggestion by the full Board, should this become necessary.
- In a departure from the recommendation contained in section 5.4.1 sentence 2, no age limit has been specified for the Supervisory Board. TOM TAILOR Holding AG does not consider restricting possible nominations by implementing an age limit to make sense, as this would restrict the choice of experienced candidates in particular.

Hamburg, December 2014

This declaration of compliance and all previous declarations of compliance are published on TOM TAILOR Holding AG's website at <http://ir.tom-tailor-group.com>.

DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES

RESPONSIBLE CORPORATE GOVERNANCE

TOM TAILOR Holding AG is the management holding company and parent of the TOM TAILOR GROUP. The various TOM TAILOR Holding AG subsidiaries conduct the operating business (the subsidiaries and TOM TAILOR Holding AG are also referred to jointly as “TOM TAILOR” or the “TOM TAILOR GROUP”). TOM TAILOR Holding AG and its governing bodies are committed to good, responsible corporate governance. This philosophy is shared by the entire TOM TAILOR GROUP.

In addition to compliance with these principles of good corporate governance, company specific guidelines and standards also contribute to good, sustainable business performance at TOM TAILOR.

WORKING PRACTICES OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

MANAGEMENT BOARD

TOM TAILOR Holding AG is a stock corporation established in accordance with German law. The legal framework for corporate governance is therefore primarily provided by German stock corporation law, and in particular by the provisions governing the Management Board and the Supervisory Board.

The Management Board conducts TOM TAILOR Holding AG's business and represents the Company in dealings with third parties. It manages the Company on its own responsibility and in the Company's best interests with the aim of ensuring sustained value creation. The Management Board develops the corporate strategy, and manages and supervises its implementation. In addition, it ensures that all statutory provisions and applicable internal corporate guidelines are observed (compliance). The Board has also implemented an internal control and risk management system. This is an integral part of its business processes and a key element in corporate decisions. The planning system, internal reporting and risk reporting are key components of this.

The Supervisory Board has adopted by-laws for the Management Board, which set out the transactions and measures for which a resolution by the full Management Board is required, as well as the principles for decision-making within the Management Board as a whole. In addition, the Supervisory Board has listed a catalogue of transactions in the by-laws that may only be performed with the approval of the Supervisory Board. These include transactions and measures that have a material effect on the net assets, financial position and results of operations of the TOM TAILOR GROUP. As part of the implementation of the provisions of the by-laws, the full Management Board has adopted a schedule of responsibilities that assigns responsibility for specific areas of activity to individual members of the Management Board, without this affecting the overall responsibility of the Management Board.

The Management Board currently consists of four members. The members cooperate in a collegial manner and inform one another on an ongoing basis about important measures and events within their areas of responsibility. Generally speaking, the Management Board passes resolutions in regular meetings. Resolutions require a simple majority.

The members of the Management Board are Dieter Holzer (Chief Executive Officer), Dr. Axel Rebien, Dr. Marc Schumacher and Daniel Peterburs. Daniel Peterburs succeeded Udo Greiser as at 1 March 2014. Udo Greiser's appointment as Management Board member of TOM TAILOR Holding AG was terminated and he was appointed as managing director of BONITA GmbH.

The members of the Management Board were appointed at different times.

Appointment of Management Board Members

	First Appointment		Current Appointment
Dieter Holzer Born in 1964 Chief Executive Officer/CEO	Since 21 December 2007	Chief Executive Officer of TOM TAILOR Holding AG	Until 31 January 2020
	From 2006 to 2007	Member of the management of Tom Tailor Holding GmbH (legal predecessor of TOM TAILOR Holding AG)	
Dr Axel Rebien Born in 1971 Chief Financial Officer/CFO	Since 17 January 2008	Member of the Management Board of TOM TAILOR Holding AG	Until 31 January 2016
	From 2005 to 2008	Head of Finance at the former Tom Tailor Holding GmbH	
Daniel Peterburs Born in 1980 Chief Product Development and Procurement Officer/CPO	Since 1 March 2014	Member of the Management Board of TOM TAILOR Holding AG	Until 28 February 2017
	From 2011 to 2014	Head of the Denim Male division	
Dr Marc Schumacher Born in 1977 Chief Retail Officer/CRO	Since 21 June 2011	Member of the Management Board of TOM TAILOR Holding AG	Until 30 June 2017
	From 2008 to 2010	Head of the Retail division at the TOM TAILOR GROUP	

CEO Dieter Holzer (born in 1964) joined then Tom Tailor Holding GmbH in September 2006 as Managing Director and is responsible for strategy, sales, e-commerce and public relations. When the company was reorganised as an Aktiengesellschaft (German stock corporation), Mr Holzer was appointed to the Management Board of the Company on 21 December 2007. Mr Holzer was named Chairman of the Management Board and carries the title of Chief Executive Officer (CEO). Dieter Holzer's term on the Management Board runs until 31 January 2020.

From 1982 to 1985, Mr Holzer completed training in retail textile sales. After holding various positions in the fashion industry, including in product development, he served as sales director wholesale at Esprit AG from 1995 to 2000 with responsibility for the German, UK and Southeast European markets. From 2000 onward, Mr Holzer was Managing Director and member of European management at Tommy Hilfiger Deutschland GmbH and was responsible for the German and Southeast European business. His duties included retail sales of Tommy Hilfiger and building e-commerce operations in

Europe and the United States. Under Mr Holzer's leadership, Tommy Hilfiger's wholesale business expanded and numerous stores and franchise locations were opened. Mr Holzer possesses wide-ranging expertise and in-depth knowledge of brand positioning and retail sales. He is also very familiar with the ins and outs of the highly competitive fashion market.

Since 1 July 2013, Mr Holzer has been a member of the Advisory Board of JW Germany Holding GmbH.

CFO Dr Axel Rebien (born in 1971) joined then Tom Tailor Holding GmbH as head of Finance on 1 October 2005. As at 17 January 2008 he was appointed to the Management Board of the Company as Chief Financial Officer (CFO) and since then has been responsible for finance and accounting, controlling, IT, human resources, logistics and legal affairs as well as investor relations. Dr Rebien's term on the Management Board runs until 31 January 2016.

Alongside his economics studies at Gottfried Wilhelm Leibniz University in Hanover, Dr Rebien worked in various departments at Bremer Landesbank for a total of five years, including in the Capital Markets unit in London, UK. Starting in 1999, Dr Rebien was employed at auditing firm Arthur Andersen, where he initially worked as a project manager from 2000 to 2001 and then from 2001 onward as a manager in the Transaction Advisory Services division. While pursuing his career Dr Rebien received his doctorate from Chemnitz University of Technology. After Arthur Andersen merged with Ernst & Young, he worked as a manager in the Transaction Advisory Services division until 2005.

Dr Marc Schumacher (born in 1977) was appointed to the Management Board of the Company as Chief Retail Officer (CRO) on 21 June 2011. He is responsible for the retail business segment and marketing at the TOM TAILOR GROUP. Dr Schumacher's term on the Management Board runs until 30 June 2017.

Between 1998 and 2001 Dr Schumacher completed an international training programme at HUGO Boss AG while studying business administration at Stuttgart University of Cooperative Education at the same time. In 2001 he joined the Breuninger Group where he began as an assistant to senior management and subsequently served as Director of Marketing and Communication from 2003 to 2008. While at Breuninger, Dr Schumacher completed an MBA programme and earned his doctorate (Dr. rer. oec.) in consumer behaviour research at Leipzig Graduate School of Management (Handelshochschule Leipzig). In 2008 he joined the Company as Director of Retail and International Marketing.

Daniel Peterburs (born in 1980) was appointed to the Company's Management Board as Chief Product Development Officer (CPO) as at 1 March 2014. He is responsible for purchasing and product development in all divisions as well as licensing. Mr Peterburs's term on the Management Board runs until 28 February 2017.

Mr Peterburs completed his vocational training as an industrial clerk and then studied Textile and Clothing Management at Hochschule Niederrhein in Mönchengladbach. After completing his studies, he worked in various functions at Peek & Cloppenburg in Düsseldorf from 2006 to 2008. Mr Peterburs joined the TOM TAILOR GROUP in 2008 and was most recently the division head responsible for the TOM TAILOR Denim Male product line.

With the exception of the aforementioned duties, the Management Board members of the Company neither hold currently nor held during the past five years any board of directors, management or supervisory board seats or partnerships on comparable boards in Germany or abroad outside of the TOM TAILOR GROUP.

SUPERVISORY BOARD

The Supervisory Board of TOM TAILOR Holding AG advises and supervises the Management Board in the management of the Company. The Supervisory Board is also responsible for appointing the members of the Management Board, for approving the annual financial statements and the consolidated financial statements, and for engaging the Company's auditors.

The Management Board and the Supervisory Board of TOM TAILOR Holding AG work together closely and in an atmosphere of mutual trust for the benefit of the Company. The Management Board agrees the Company's strategic orientation with the Supervisory Board and regularly discusses the status of the strategy's implementation with it. The Management Board informs the Supervisory Board regularly, promptly and extensively on all issues related to strategy, planning, business development, the risk position, the internal control and risk management system and compliance that are relevant for the Company. The Chief Executive Officer also regularly exchanges information with the Chairman of the Supervisory Board between the Supervisory Board meetings.

The Supervisory Board has adopted by-laws for itself. These contain, among other things, detailed procedural rules for its meetings and how they are to be chaired by the Chairman of the Supervisory Board, as well as rules on committee work.

The Supervisory Board consists of six members. As a general rule, their term of office is for a period of five years.

The members of the Supervisory Board are:

Uwe Schröder

(Chairman of the Supervisory Board)

Co-founder of the TOM TAILOR GROUP, Hamburg, Germany

Uwe Schröder (born in 1941) is co-founder of the TOM TAILOR GROUP. Mr Schröder began his career in 1965 as a trained textile engineer. He built the Company and managed the business of the Group until 2006 as Managing Director and Chairman of the Management Board. Since 2006 he has been a member of the Supervisory Board of TOM TAILOR Holding AG and its predecessor Tom Tailor Holding GmbH.

Thomas Schlytter-Henrichsen

(Deputy Chairman of the Supervisory Board)

Managing Director of ALPHA Beteiligungsberatung GmbH & Co. KG, Frankfurt am Main

Thomas Schlytter-Henrichsen (born in 1956) is the founder of ALPHA Beteiligungsberatung GmbH & Co. KG in Frankfurt. He began his career as a financial controller at Preussag AG. In 1987 he moved to 3i Deutschland GmbH, where he was Managing Director from 1990 onward. Mr Schlytter-Henrichsen studied economics at the University of Hohenheim, Stuttgart.

Andreas W. Bauer

Partner at Roland Berger Strategy Consultants, Munich/Germany

Andreas W. Bauer (born in 1963) is a partner at Roland Berger Strategy Consultants, where he has been employed since 1990. Mr Bauer began his career at Arthur Andersen & Co. He subsequently worked at the Institut für Unternehmensführung (Institute of Management), University of Innsbruck, and MEXX Austria GmbH, where he was Country Manager. Mr Bauer studied business administration at the University of Innsbruck. In addition to his Magister rer. Soc. Oec degree, he also earned an MBA from INSEAD.

Andreas Karpenstein

Partner and Managing Director
of Raupach & Wollert Elmendorff
Rechtsanwalts-gesellschaft mbH, Düsseldorf

Andreas Karpenstein (born in 1963) has been Partner and Managing Director at Raupach & Wollert-Elmendorff Rechtsanwalts-gesellschaft mbH, Düsseldorf, since 2002. His career as a lawyer began in 1995 at Andersen Luther Rechtsanwalts-gesellschaft mbH. Mr Karpenstein studied law at the Universities of Würzburg and Göttingen and was subsequently a lecturer in business and labour law at various universities.

Patrick Zhong

Senior Investment Director of the Fosun Group, China

Patrick Zhong (born in 1971) has been Senior Investment Director at the Fosun Group since 2009. The Fosun Group is a leading investment company headquartered in China and doing business around the world. Mr Zhong is head of the Global Investments & Strategies department there. In addition, Patrick Zhong is President of the China Monument and Pramerica-Fosun China Opportunity Funds. He is a member of the Management Board of the Fosun-Carlyle Equity Investment Fund and Chairman of Forbes China and Fosun Media. Before joining the Fosun Group, Mr Zhong was Vice President of Global Portfolio Management at Wellington Management LLP from 2005 and 2009, and Portfolio Manager at Rice Hall James & Associates from 2003 to 2005.

From 1990 to 1994 he studied for a bachelor's degree at China Foreign Affairs University and then from 1994 to 1996 earned an MBA from the University of Illinois.

Gerhard Wöhr

Former Chairman of the Management Board of
Rudolf Wöhr AG, Nuremberg

Gerhard Wöhr (born in 1944) is the former Management Board Chairman of Rudolf Wöhr AG, where he has been employed since 1970. He began his career at Carnaby Shops GmbH in 1965 before joining Rudolf Wöhr, das Haus der Markenbekleidung GmbH & Co. KG as Managing Partner in 1970. After completing a business apprenticeship at Deutsche Bank in Nuremberg, Mr Wöhr obtained an MBA from INSEAD.

Dr Christoph Schug stepped down from the Supervisory Board as at 5 March 2014. Dr Christoph Schug was elected to the Supervisory Board by the Annual General Meeting held on 4 March 2010 for the period until the end of the Annual General Meeting responsible for approving the activities of the members of the Supervisory Board for financial year 2014. Election of a successor was necessary after he left the Board.

His position was filled by Dr Andreas Pleßke, who was elected to the Supervisory Board by the Annual General Meeting of the Company on 27 May 2014. Dr Andreas Pleßke resigned his position effective 8 August 2014.

Patrick Zhong was appointed to the Supervisory Board as successor to Dr Andreas Pleßke by the court with effect from 2 September 2014.

Other Appointments of the Members of the Supervisory Board

Uwe Schröder

(Chairman of the Supervisory Board)

- Chairman of the Verband der Fertigwarenimporteure e.V. (VFI – Association of Non-Food Importers), Hamburg/Germany
- Member of the Advisory Board of Kassenhalle Restaurant GmbH & Co. KG, Hamburg/Germany
- Managing Director of Schröder Consulting GmbH, Flensburg/Germany

Thomas Schlytter-Henrichsen

(Deputy Chairman of the Supervisory Board)

- Managing Director of ALPHA Beteiligungsberatung GmbH & Co. KG, Frankfurt am Main/Germany
- Managing Director of ALPHA Management GmbH, Frankfurt am Main/Germany
- Managing Director of ACapital Beteiligungsberatung GmbH, Frankfurt am Main/Germany
- Managing Director of Agrippina S.à.r.l., Luxembourg
- Managing Director of Bulowayo GmbH, Königstein im Taunus/Germany
- Member of the Supervisory Board of Nero AG, Karlsbad/Germany

Andreas W. Bauer

- Managing Director of Titus Ventures UG (haftungsbeschränkt), Munich/Germany

Andreas Karpenstein

- Member of the Supervisory Board (Deputy Chairman) of Trusted Advice AG, Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Düsseldorf/Germany

Patrick Zhong

Member of the executive management of the following companies:

- Alma Laser Limited Caesarea, Israel
- St. John Knits International Irvine, USA
- Raffaele Caruso S.p.a, Soragna, Italy
- Shenyang Yuyuan Mart Real Estate Co. Ltd., Shengyang, China
- NanTong Xinghao Real Estate Development Co., Ltd., NanTong, China
- Harbin Xinghao Real Estate Development Co. Ltd., Harbin, China

Gerhard Wöhr

- Managing Director of Gerhard Wöhr Beteiligungs-gesellschaft mbH, Reichenschwand/Germany
- Managing Director of GOVAN Beteiligungs GmbH, Reichenschwand/Germany
- Managing Director of GOVAN Holding GmbH & Co. KG, Reichenschwand/Germany
- Managing Director of GOVAN Verwaltungs GmbH, Reichenschwand/Germany
- Managing Director of GVC Gesellschaft für Venture Capital Beteiligungen mbH, Munich/Germany
- Member of the Advisory Board of Sparkasse Nürnberg, Nuremberg/Germany
- Member of the Supervisory Board of TETRIS Grundbesitz GmbH & Co. KG, Reichenschwand/Germany
- Member of the Supervisory Board of TETRIS Grundbesitz Beteiligungsgesellschaft mbH, Reichenschwand/Germany
- Member of the Advisory Board of SinnLeffers GmbH, Hagen/Germany

Composition of the Supervisory Board

In December 2014 the Supervisory Board updated the objectives for its composition in accordance with section 5.4.1 (2) of the German Corporate Governance Code. Taking into account the following objectives, the Supervisory Board is to be composed in such a way that, taken as a whole, its members have the knowledge, skills and specialist expertise to duly carry out their tasks.

International Orientation

TOM TAILOR Holding AG is an international fashion company primarily active in the European market. The Supervisory Board takes this international orientation into account with respect to its composition.

For this reason, at least one member of the Supervisory Board should, if possible, be particularly qualified with respect to the Company's international activities. This means, for example, that he or she should have long-term experience, preferably gained outside Germany, of international business – in particular in TOM TAILOR's core markets (Austria, Switzerland, the Benelux countries and France).

Diversity, in Particular an Appropriate Degree of Female Representation

The composition of the Supervisory Board reflects the interests of the Company and must ensure effective supervision of and advice to the Management Board. Consequently, when determining its composition, the Supervisory Board focuses particularly on the knowledge, skills and specialist expertise required to duly carry out these tasks. Additionally, the Supervisory Board believes that as a whole, its composition should comply with the principles of diversity. In line with this, the Supervisory Board strives for an appropriate degree of female representation in particular.

If possible, at least one member of the Supervisory Board should be a woman. When examining potential candidates, the Supervisory Board should include qualified women in the selection process and take them into account appropriately when proposing candidates. Where multiple candidates are considered to be equally qualified, the Supervisory Board shall examine whether a female candidate should be preferred in order to facilitate an appropriate degree of female representation. The Supervisory Board considers this level of female representation to be appropriate with regard to the composition of the Company's other managers and in view of other companies in the industry.

Potential Conflicts of Interest

In selecting Supervisory Board members, the focus is on their knowledge, ability and specialist expertise; these qualities shall be given priority during the evaluation process. In addition, the Supervisory Board shall take potential conflicts of interest among its members into account when determining its composition. Therefore, no persons should be on the Supervisory Board who could probably have a material and more than temporary conflict of interest. In order to avoid from the start any potential conflicts of interest that could arise during their term of office, members of the governing bodies of the Company's major competitors should not be proposed.

Number of Independent Members of the Supervisory Board

A Supervisory Board member is not considered to be independent within the meaning of the Code in particular if he or she has personal or business relations with the Company, its governing bodies, a controlling shareholder, or an enterprise associated with a controlling shareholder, that could give rise to a material and more than temporary conflict of interest. In view of this and given the size of this governing body, the Supervisory Board should have at least two independent members.

The Supervisory Board currently considers four of its members to be independent within the meaning of the Code. Consequently, the independence of the Supervisory Board is sufficiently ensured.

Implementation of the Objectives

The Company's interests must always be given preference when implementing all of the objectives mentioned. In view of this, the Supervisory Board intends to implement the objectives with respect to the appropriate degree of representation of women within the next five years as the opportunity arises. The Supervisory Board considers the remaining objectives to be met at this time.

The members of the Supervisory Board include finance experts (Mr Bauer), a representative of the legal profession (Mr Karpenstein) and a management consultant (also Mr Bauer), as well as representatives of the fashion industry (Mr Wöhrle and Mr Schröder).

Company founder Uwe Schröder is the only member of the Supervisory Board to hold an indirect stake of more than 1% in the Company and represents the stability in the Group. The major shareholder Fosun International Ltd. is committed to the long-term strategy of the Company and Patrick Zhong, an internationally experienced investment manager, is taking care of the interest of the Fosun Group.

MANAGEMENT BOARD AND SUPERVISORY BOARD COMMITTEES

The Management Board has not currently established any committees.

The Supervisory Board has established an Executive Committee and an Audit and Finance Committee to efficiently perform its tasks. Both committees perform only advisory and preparatory tasks. The committees, each of which comprises two members, do not have the authority to pass resolutions at present.

The Executive Committee is responsible for preparing the Supervisory Board meetings and supervises the implementation of resolutions adopted by the Supervisory Board or its committees, as well as preparing and conducting preliminary negotiations in connection with the signature, amendment and termination of contracts of service with Management Board members.

Members: Uwe Schröder (Chairman of the Executive Committee), Thomas Schlytter-Henrichsen

The Audit and Finance Committee is responsible for the preliminary examination of the documents relating to the annual financial statements and the consolidated financial statements. It prepares the resolutions on the annual financial statements and the consolidated financial statements to be passed by the full Supervisory Board as well as the Board's decision on the Management Board's proposed resolution on the utilisation of the net retained profits. The Audit and Finance Committee also prepares the Supervisory Board's

proposal to the Annual General Meeting for the election of the auditors. Should the committee have at least three members and hence decision-making powers, it negotiates the fee with the auditors, issues the audit engagement and specifies the areas of emphasis of the audit. Furthermore, it monitors the independence of the auditors. It is also responsible for supervising the financial reporting process, the audit, any additional services performed by the auditors, the effectiveness of the internal control system, the risk management system, compliance and the internal audit system, as well as for discussing the quarterly and half-yearly reports with the Management Board.

Members: Andreas W. Bauer, Andreas Karpenstein (Chairman of the Audit and Finance Committee)

At least one independent member of the Supervisory Board has expertise in accounting or auditing, in the person of the Chairman of the Audit and Finance Committee.

REMUNERATION OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

Designing remuneration systems for the Management Board and the Supervisory Board members that provide incentives and reward performance in an appropriate manner is a key component of responsible corporate governance.

We refer to the detailed presentation in the management report on pages 49 ff.

SHAREHOLDINGS

SHAREHOLDINGS OF THE MEMBERS OF THE MANAGEMENT BOARD

The CEO, Mr Dieter Holzer, directly held 270,610 shares as at the publication date of this annual report, corresponding to 1.04% of the Company's shares.

CFO Dr Axel Rebien directly held 20,000 of the Company's shares as at the publication date of this annual report, corresponding to 0.08% of the Company's shares.

SHAREHOLDINGS OF THE MEMBERS OF THE SUPERVISORY BOARD

Two members of the Supervisory Board, Mr Uwe Schröder (Chairman) and Mr Thomas Schlytter-Henrichsen (Deputy Chairman), have indirect interests in TOM TAILOR Holding AG. Mr Schröder and close relatives had an indirect interest in the Company of 4.72% via Morgan Finance S.A., Luxembourg, as at the publication date of this annual report. Mr Schlytter-Henrichsen indirectly held 0.08% of the Company's shares through Bulowayo GmbH as at the publication date of this annual report.

Mr Andreas W. Bauer directly held 5,500 of the Company's shares as at the publication date of this annual report, corresponding to 0.02% of TOM TAILOR Holding AG shares.

Mr Gerhard Wöhrle directly held 16,700 of the Company's shares as at the publication date of this annual report, corresponding to 0.06% of TOM TAILOR Holding AG shares.

DIRECTORS' DEALINGS

In accordance with section 15a of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act), the members of the Management Board and the Supervisory Board of TOM TAILOR Holding AG as well as certain employees with managerial responsibilities and any persons closely associated with these employees must disclose the acquisition and sale of TOM TAILOR shares and any related financial instruments. This duty of disclosure exists if the value of the transactions by a person belonging to the above-mentioned group of persons amounts to or exceeds EUR 5,000; further details as well as the individual transactions disclosed can be found at <http://ir.tom-tailor-group.com>.

SHAREHOLDERS

TOM TAILOR Holding AG received voting right notifications in accordance with section 21(1) of the WpHG from institutional investors in Germany, the United Kingdom, Luxembourg and the United States, among other countries.

ACCOUNTING AND TRANSPARENCY

Information is regularly provided to the shareholders and the public, in particular via the annual report containing the consolidated financial statements, and the interim reports. Our Group financial reporting is prepared in accordance with International Financial Reporting Standards (IFRSs), as adopted by the EU, ensuring a high degree of transparency and international comparability.

REPORT OF THE SUPERVISORY BOARD

In financial year 2014, the Supervisory Board performed its duties in accordance with the law and the Articles of Association and advised and supervised the Management Board in its management of the Company. The Management Board informed the Supervisory Board regularly, comprehensively and promptly about the economic environment, the Company's situation and development, key financial figures, major transactions and risk management both orally and in writing. The timely provision of information to the Supervisory Board was ensured at all times. The Management Board regularly participated in Supervisory Board meetings and answered all of the Supervisory Board's questions fully and in depth. The Supervisory Board, and in particular the Chairman of the Supervisory Board, were also in close written and oral contact with the Management Board outside of the regular Supervisory Board meetings and discussed questions relating to strategy, planning, business development, the risk situation, risk management and compliance.

Key focuses of the Supervisory Board's work in the past year were the integration and restructuring of the BONITA subgroup as well as the strategic investment of the Chinese company Fosun and its subsidiary Fidelidade.

SUPERVISORY BOARD MEETINGS

The Supervisory Board addressed current business developments and approved significant individual transactions, examined the reports by the Management Board and discussed strategic corporate planning in four regular meetings. It also adopted resolutions and discussed topical issues in extraordinary Supervisory Board meetings and conference calls as necessary.

In an extraordinary Supervisory Board meeting on 6 February 2014, the Supervisory Board discussed a new employment contract for Management Board member Dieter Holzer.

In another extraordinary meeting on 13 February 2014, the Supervisory Board deliberated on issues including the appointment of Udo Greiser as sole Managing Director of BONITA GmbH and the nomination of Daniel Peterburs as Chief Product Development Officer of TOM TAILOR Holding AG.

In its meeting on 24 March 2014, the Supervisory Board approved the annual and consolidated financial statements for 2013, thereby adopting the annual financial statements. Additional issues discussed in particular at this meeting were the measures underway and to be introduced to improve the BONITA subgroup's results as well as the founding of TT Shanghai Ltd. as an indirect subsidiary of Tom Tailor GmbH. In addition, the Supervisory Board addressed the agenda for the Annual General Meeting on 27 May 2014.

The Supervisory Board discussed the figures for the first quarter of 2014 in its meeting on 27 May 2014. At the same time, the Supervisory Board addressed floor space expansions and the spatial situation at the Hamburg headquarters. The meeting also served as a preparatory meeting for the Annual General Meeting held on the same day.

In an extraordinary meeting on 4 July 2014, the Supervisory Board deliberated on the takeover of the 23.16% block of shares of Versorgungs- und Förderungstiftung by the Fosun Group.

In its meeting on 25 September 2014, the Supervisory Board addressed the figures for the first half of the year. The composition of the Audit and Finance Committee and setting up a distribution structure for BONITA in South-Eastern Europe were also subjects of this meeting. Moreover, the Supervisory Board discussed the business plan for China.

The topics covered at the Supervisory Board meeting on 11 December 2014 were the regularly scheduled discussion of the business situation in the third quarter of 2014 and the monthly financials for October 2014, approval of the budget for 2015 and three-year planning from 2015 to 2017, as well as a possible reorganisation of TOM TAILOR Holding AG into a European SE. The Supervisory Board additionally talked about the development of the TOM TAILOR Polo Team division.

CORPORATE GOVERNANCE

In its meeting on 11 December 2014, the Supervisory Board resolved the 2015 declaration of compliance in accordance with section 161 of the Aktiengesetz (AktG – German Stock Corporation Act) following extensive discussion. In connection with this, the Supervisory Board addressed the future composition of the Supervisory Board in depth and updated its concrete objectives in accordance with section 5.4.1 of the German Corporate Governance Code in the version dated 24 June 2014. The declaration of compliance was made permanently available to shareholders on the <http://ir.tom-tailor-group.com> website.

SUPERVISORY BOARD COMMITTEES

The Supervisory Board has established an Executive Committee and an Audit and Finance Committee, each comprising two members.

The Supervisory Board's Audit and Finance Committee held three regular meetings in 2014. The Audit and Finance Committee also held extraordinary meetings and conference calls. Its meetings primarily served to discuss the financial statements and management reports of the Company and of the Group, as well as the interim reports. To the extent that this was necessary or relevant, these meetings were also attended by representatives of the Company – usually the Chief Financial Officer and the Finance Director – the Chairman of the Supervisory Board, or the auditors.

The meeting on 30 January 2014 focused on discussing the audit of the 2013 financial statements of the BONITA subgroup. The audit findings and particular focal points of the audit were discussed, e.g. the audit of the internal control system, the status of integration and impairment testing for the BONITA and BONITA men brands.

The meeting on 13 February 2014 covered the results of the audit of the 2014 financial statements of the TOM TAILOR Group. A particular emphasis was placed on the results of the audits of all single-entity financial statements and the key findings of the audit of the consolidated financial statements. The discussion concentrated on the earnings situation at BONITA and the resulting consequences for the consolidated financial statements.

In its meeting on 11 December 2014, the Audit and Finance Committee addressed the current status of the preliminary examination for the audit of the annual financial statements for 2014 and the areas of emphasis for the audit that had already been determined. An update was also provided on the current status of the risk management and compliance system, and the status of foreign currency hedges was discussed.

The Executive Committee met on 24 March 2014, 27 May 2014, 25 September 2014 and 11 December 2014, immediately before the regular Supervisory Board meetings held on each of these dates. All meetings dealt with personnel, remuneration and strategy issues. Furthermore, the two members of the Executive Committee were in contact regularly.

COMPOSITION OF THE SUPERVISORY BOARD AND THE MANAGEMENT BOARD

The members of the Supervisory Board are Mr Uwe Schröder, Mr Thomas Schlytter-Henrichsen, Mr Andreas W. Bauer, Mr Andreas Karpenstein, Mr Patrick Lei Zhong and Mr Gerhard Wöhrle.

Dr Christoph Schug stepped down from the Supervisory Board as at 5 March 2014. Dr Christoph Schug was elected to the Supervisory Board by the Annual General Meeting held on 4 March 2010 for the period until the end of the Annual General Meeting responsible for approving the activities of the members of the Supervisory Board for financial year 2014. Election of a successor was necessary after he left the Board.

His position was filled by Dr Andreas Pleßke, who was elected to the Supervisory Board by the Annual General Meeting of the Company on 27 May 2014. Dr Andreas Pleßke resigned his position effective 8 August 2014.

Patrick Lei Zhong was appointed to the Supervisory Board as successor to Dr Andreas Pleßke by the court with effect from 2 September 2014.

The members of the Management Board are Dieter Holzer (Chief Executive Officer), Dr. Axel Rebien, Dr. Marc Schumacher and Daniel Peterburs. Daniel Peterburs succeeded Udo Greiser as at 1 March 2014. Udo Greiser's appointment as Management Board member of TOM TAILOR Holding AG was terminated and he was appointed as managing director of BONITA GmbH.

ACCOUNTING AND AUDITING

The annual financial statements and the accompanying management report of TOM TAILOR Holding AG are prepared by the Management Board in accordance with the Handelsgesetzbuch (HGB – German Commercial Code). The consolidated financial statements and the Group management report are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. The annual financial statements, consolidated financial statements and the management reports are audited by the auditor and examined by the Supervisory Board.

The annual financial statements, consolidated financial statements and management reports of TOM TAILOR Holding AG were audited by Ebner Stolz GmbH & Co. KG, Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft. The audits were conducted in accordance with German auditing regulations and the generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer. The International Standards on Auditing were also observed as a supplementary measure. Unqualified audit opinions were issued for all audits.

The annual financial statements, consolidated financial statements and the accompanying management reports of TOM TAILOR Holding AG and the audit reports by the auditors were submitted to the Supervisory Board members for examination. All documents were discussed and examined in detail by both the Audit and Finance Committee and the full Supervisory Board. The auditors reported on the key results of the audit at the meetings of the Audit and Finance Committee and the full Supervisory Board on 26 February 2015 and 17 March 2015 respectively, and were available to answer questions from the members in attendance. In its meeting on 17 March 2015, the Supervisory Board approved the auditors' findings without restriction and, based on the final results of its own examinations, found that it had no reservations to make. The Supervisory Board approved the financial statements prepared by the Management Board. The annual financial statements are thus adopted.

The Supervisory Board would like to thank the Management Board and the employees for all their hard work.

Hamburg, March 2015

The Supervisory Board

FINANCIAL CALENDAR

Financial Calendar

Date	Current Events
18 March 2015	Annual Report 2014
18 March 2015	Analyst Conference, Frankfurt/Germany
12 May 2015	Publication of Q1 Report 2015
3 June 2015	Annual General Meeting, Hamburg/Germany
16/17 June 2015	Capital Markets Day, Hamburg/Germany
11 August 2015	Publication of Q2 Report 2015
10 November 2015	Publication of Q3 Report 2015

FUTURE-ORIENTED STATEMENTS

This document contains forward-looking statements, which are based on the current estimates and assumptions by the management of TOM TAILOR Holding AG. Forward-looking statements are characterized by the use of words such as expect, intend, plan, predict, assume, believe, estimate, anticipate and similar formulations. Such statements are not to be understood as in any way guaranteeing that those expectations will turn out to be accurate. Future performance and the results actually achieved by TOM TAILOR Holding AG and its affiliated companies depend on a number of risks and uncertainties and may therefore differ materially from the forward-looking statements. Many of these factors are outside TOM TAILOR Holding AG's control and cannot be accurately estimated in advance, such as the future economic environment and the actions of competitors and others involved in the marketplace. TOM TAILOR Holding AG neither plans nor undertakes to update any forward-looking statements.

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TOM TAILOR GROUP

A woman with long blonde hair is walking on a city street. She is wearing a light blue button-down shirt, a tan leather jacket, a dark blue skirt, and white sneakers. She is carrying a tan leather bag. The background is blurred, showing a city street with buildings and a blue car. The text "THE NEW CODE" is overlaid in large white letters.

THE NEW CODE

Journal 2014

TOM TAILOR GROUP

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THE NEW CODE

The TOM TAILOR GROUP is one of the fastest-growing fashion companies in Europe. Our urban casual wear and wide selection of accessories in the mid-range price segment appeal to a target group ranging in age from 0 to 60.

THE NEW CODE represents the most recent optimisation of our brand and expansion strategy: In 2014 we positioned our four strong brands more clearly than ever before to provide desirable and accessible fashion to style- and quality-conscious consumers.

THE NEW CODE also means optimising the financial side of our business: Profitability is the defining coordinate for our growth trajectory. This strategy will carry the TOM TAILOR GROUP's success well into the future and reinforce our position both among Germany's top 10 fashion companies and in the international fashion scene.

TOM TAILOR GROUP

LOOKING AHEAD

Dear friends of the TOM TAILOR GROUP,

It is with great pleasure that I present to you this year's Journal entitled "THE NEW CODE". The theme is our insights, our "Code", for creating successful fashion brands.

It's something that requires efficient, flexible systems and processes. That is what our strategy aims to achieve by increasing our verticalisation and expanding our international market position with a multi-brand approach. And it's exactly what our business model focuses on as well. That is why we repositioned our TOM TAILOR brand in 2014. We refined the brand's core identity and honed its profile, and our customers are responding positively to the change. Today, we have four strong brands capable of taking on international markets and serving a broad range of consumers. The overall concept for each brand is tailored individually to the associated target group and addresses it directly. We understand our customers and create desirable and accessible clothing brands for them. With some 1,400 of our own stores and more than 11,000 points of sale, we have a substantial worldwide presence.

And we plan to add even more locations. As we do so, we will continue to adhere to our motto of inspiring customers with lifestyle brands. That means giving them fashion that highlights their own personality and outlook on life while ensuring that they receive good value for money. The key here is the time spent in our store – whether it's a brick-and-mortar or an online one. Those moments must always be special and fuel a passion for our clothes.

In the textile industry, this means we always have to look ahead: It all depends on identifying, managing and quickly turning trends into fashion. This is an ongoing process featuring constant change and increasing momentum. The market began playing by international rules a long time ago. New retailing



Dieter Holzer, CEO of the TOM TAILOR GROUP

concepts and online sales have transformed the shopping experience. Consumers demand fashionable pieces at reasonable, accessible prices, while deliveries must be made faster and faster, and trends are multiplying all the time. Collections must tap into the zeitgeist and be suitable for sale anywhere in the world. This begins with the selection of products, styles and colours and ends with the presentation of the clothing at the point of sale. In short: having the right quantity of the right product at the right place at the right time.

Our approach called "THE NEW CODE" has already been successful – and we will stay this course in the future. I would be pleased if you would join us on this journey!

Yours sincerely,

A handwritten signature in blue ink that reads "Dieter Holzer". The signature is fluid and cursive, with a long horizontal stroke at the end.

*Dieter Holzer
Hamburg, March 2015*



BRAND WORLD



High-quality, contemporary styles
for women, men and children

DESIRABLE AND ACCESSIBLE FOR ANY AGE

With their two umbrella brands – TOM TAILOR and BONITA – the four brand personalities of the TOM TAILOR GROUP form a precisely differentiated yet completely coherent world. At home in the mid-range price segment, they collectively offer consumers high-quality, confidently stylish clothing tailored to the needs of various target groups aged 0 to 60. Our customers feel understood, and we have laid the cornerstone for our success: Our brands are both desirable and accessible.

FOUR STRONG BRANDS



The TOM TAILOR brand projects a fashionable, confident and authentic style. The TOM TAILOR WOMEN and TOM TAILOR MEN lines are aimed at adults aged 25 to 40. The TOM TAILOR KIDS, TOM TAILOR MINIS and TOM TAILOR BABY lines cater to the younger target groups from 0 to 14 years old.



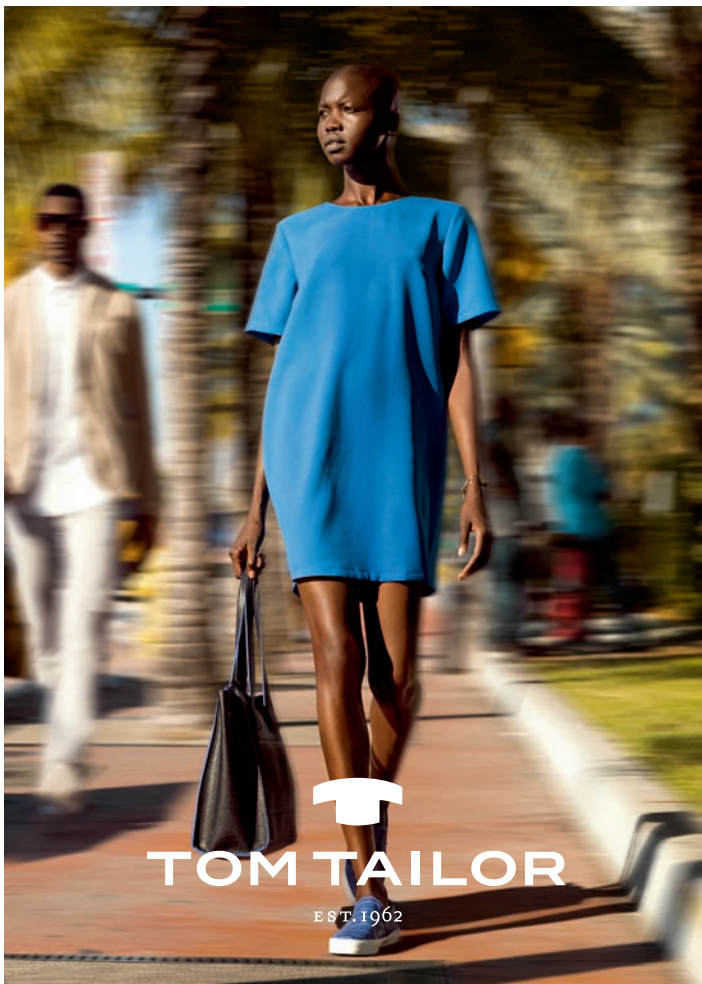
Stylish, sexy, trendy – these looks are targeted at young people aged 15 to 25. Focusing on denim, the TOM TAILOR Denim Female and TOM TAILOR Denim Male lines appeal to anyone who likes an unconventional lifestyle.



In 2012 TOM TAILOR POLO TEAM was launched as the third TOM TAILOR brand. This premium brand caters to women and men ages 25 to 40 with uncomplicated, but elegant and meticulously finished sportswear.

BONITA

Women and men over 40 are the target group for BONITA and BONITA men. These collections continually highlight new trends and feature high-quality items of clothing that can be mixed and matched over and over to create stylish new outfits.





TOM TAILOR

EST. 1962



*Image motif for spring/summer 2015:
"Gear up for the streets of Miami"*

5 lines

*TOM TAILOR WOMEN, TOM TAILOR MEN,
TOM TAILOR KIDS, TOM TAILOR MINIS, TOM TAILOR BABY*

Target group: 0 to 40 years

Authentic fashion for confident people

12 collections per year

In 16 European markets, we operate 318 TOM TAILOR stores and around 8,000 other points of sale for multi-channel distribution. And we sell our products in 20 countries through our e-shop. In total, we reach an estimated 190 million potential customers. The relaunch in 2014 refined the positioning of the TOM TAILOR brand.

TOM TAILOR Denim

2 lines

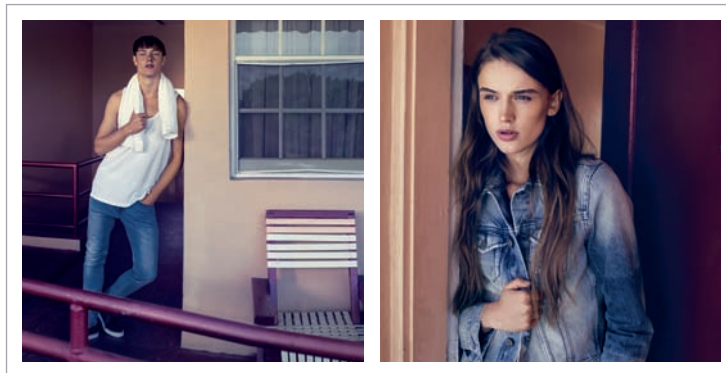
TOM TAILOR Denim Female
TOM TAILOR Denim Male

Target group: 15 to 25 years

On-trend looks for young women and men

12 collections per year

TOM TAILOR Denim is available in 151 of our own stores and at approximately 3,000 additional points of sale in 16 European markets. Another four countries are served through the TOM TAILOR e-shop, which covers 20 countries in total. Multi-channel sales therefore help us reach an estimated 60 million potential customers.



*Impressions for spring/summer 2015:
"Motel Paradise"*



TOM TAILOR *Denim*





*Image motifs for spring/summer 2015:
"Let's start the games!"*

2 lines

TOM TAILOR POLO TEAM WOMEN
TOM TAILOR POLO TEAM MEN

Target group: 25 to 40 years

Elegant, sporty, superior quality for women and men

10 collections per year

TOM TAILOR POLO TEAM is sold separately or with other TOM TAILOR brands in 70 stores and at some 380 additional points of sale in 13 European markets. Another seven countries are served through the TOM TAILOR e-shop, which covers 20 countries in total. Our multi-channel sales reach an estimated 110 million potential customers.

BONITA

2 lines

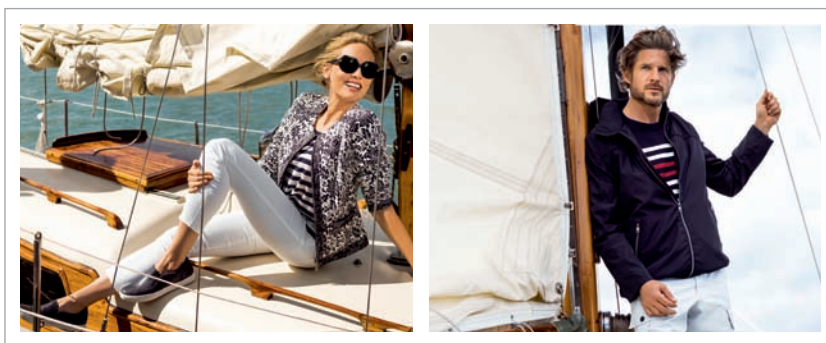
BONITA
BONITA men

Target group: over 40 years

Fashion for style- and quality-conscious women and men

12 collections per year

You can only get BONITA at BONITA. Some 100 million potential customers can shop for this brand at the German BONITA webshop as well as 1,013 of our own stores in seven countries: Germany, Austria, Switzerland, the Netherlands, Belgium, Poland and Italy. Even during the ongoing revamp of the brand strategy and optimisation of the store portfolio in 2014, the BONITA brand's revenue amounted to EUR 324.9 million – a share of 34.9 percent of the TOM TAILOR GROUP's total revenue.



*Image motifs for spring/summer 2015:
"With the wind into the sun"*



BONITA



Udo Greiser, Managing Director BONITA

BONITA – ON THE RIGHT TRACK

INTERVIEW WITH MANAGING DIRECTOR UDO GREISER
ABOUT BONITA'S PERFORMANCE

Mr Greiser, you stepped down from the Management Board of the TOM TAILOR GROUP to steer the ship as sole managing director of BONITA. What led you to make that choice?

At that time, BONITA was at a critical juncture and needed a managing director who would be there every day to pull everything together. This was the only way to ensure that the measures initiated after the acquisition in 2012 would take root seamlessly across the company. The latitude this position offered was also incredibly attractive: I would be able to vertically manage

every activity fully from the idea through implementation. That's something I hadn't been able to do to such an extent in any of my previous jobs.

BONITA's revenue dropped quite considerably in the past financial year. Were you surprised?

Not at all. It's part of our plan to boost profitability. Profitability can also mean giving up some revenue that does not contribute positively to the bottom line. And we did that. At BONITA we will continue to focus on increasing profitability and growth going forward.

Earnings performance indicates that you have successfully steered BONITA onto a profitable course. What were the key steps?

We moved most of our procurement activities to Asia. Around 65 percent of BONITA products today are sourced and produced via our eight sourcing offices in Asia. This allowed us to positively impact margins. We also cut back significantly on promotions in 2014, a measure also reflected in improved margins. The collection's price structure was adjusted in favour of higher-margin pieces. On the whole, BONITA is again offering improved quality and embodying greater value.

Mr Greiser, when can we again expect positive growth on a like-for-like basis at BONITA?

The steps we took last year aim to permanently stabilise our growth on a like-for-like basis. As it looks today, we are shooting for positive growth again in the third quarter of 2015. Maybe we'll be able to do it sooner.

What is done differently at BONITA compared with TOM TAILOR?

The TOM TAILOR GROUP has organised the logistics activities for its two brands – TOM TAILOR and BONITA – differently. BONITA is purely a retailer and supplies more than 1,000 of our own stores using cutting-edge, fully automated warehousing and logistics processes. Deliveries are made to stores based on an analytical, integrated push-pull process. That means that initially around 80 percent of the ordered goods are delivered to the stores. Based on a daily analysis of sales information from the point of sales systems, each store then reorders as needed at the touch of a button. Products can also be transferred between stores fully automatically. Our logistics excellence makes the flow of goods extremely fast and efficient, and ensures that we always have the right product at the right store at the right time. We will also increasingly leverage this expertise and the associated competitive edge at TOM TAILOR.

You have been working in the fashion industry since 1997. Are you personally interested in fashion as well?

Absolutely. My favourites are leather accessories like belts, shoes and bags. I'm also a fan of jackets and denim. Over the years, I've amassed quite a collection. My wife loves that I like to go shopping with her and, for a man, have an above-average tolerance for it.

FOCUS ON BOOSTING PROFITABILITY AND GROWTH

You are a mountaineer and passionate about skiing. How do you balance your job, your family and time on the slopes?

When you commute between work and home, it's very important to plan out the rest of the time carefully. Since I like to play guitar, I signed up for music lessons right here in Hamminkeln, where BONITA's offices are located. I have played guitar since I was a child, and now it's a great diversion. Once I'm home, we're drawn to the mountains: My family and I are particularly happy if we're more than 1,500 metres above sea level!

Hamminkeln, January 2015



TOM TAILOR RE-BRANDED



TOM TAILOR

LIFE IS A GAME

~ PLAY IT ~

BE CONFIDENT

DRESS IN STYLE

EST.

1962

TOM-TAILOR.COM



RE- BRANDED



Relaunch of the TOM TAILOR brand identity

THE NEW CODE AS PART OF THE BRAND STRATEGY

With the further refinement of its core brand, TOM TAILOR is strengthening its international profile and positioning itself as a “new urban player”. The new brand attitude reflects the slogan which appeals to self-confident target groups with a high affinity for lifestyle and fashion: “Life is a game, play it, be confident, dress in style.” The new TOM TAILOR styles are more detailed, clearer and more fashionable. The product strategy and brand design were inspired by international zeitgeist and shaped by the history of the TOM TAILOR brand.



NEW IMAGES AND LOGO RELAUNCH



*The new TOM TAILOR logo:
modern, sleek, international*

FASHION FOR URBAN PLAYERS

THE NEW CODE shapes the TOM TAILOR visual experience: Coolness and confidence are expressed in casual scenes. A mix of inspirations from the brand's history and international style is reflected in the new logo. The combined word/design mark was carefully simplified and the founding year 1962 added.

HIGH QUALITY BRAND DESIGN



*Identifiable and recognizable:
TOM TAILOR's new branding thrives on vibrant colours
and distinctive typography.*

MAKING A SPLASH

Historical, modern and now also feminine touches shape the new TOM TAILOR brand visual experience. The TT stripes stand out in particular. Blue and pink, they create a strong and easily identifiable frame or background for the brand's visual presentation. The mix of typefaces used underscores the liveliness and multi-faceted nature of the brand.





IDEAL LOCATIONS



Our stores
are everywhere

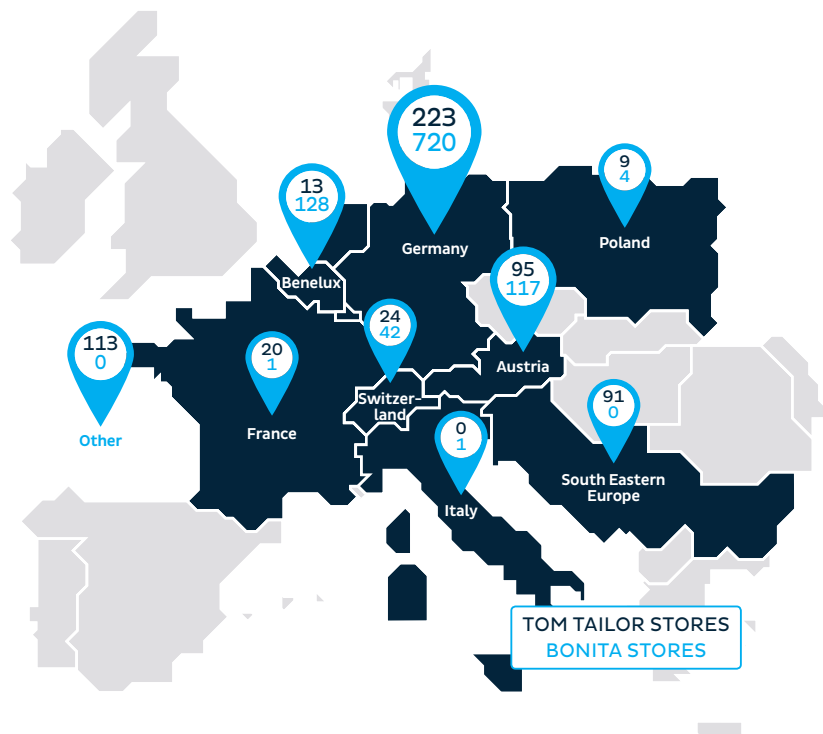
CENTRALLY LOCATED ACROSS EUROPE

TOM TAILOR and BONITA are an integral part of the European retail landscape in both established and growing markets. Our stores and brands purposefully occupy only top-quality spaces in busy malls, central shopping districts and prominent department stores. During our expansion, we continue to focus on the optimal positioning of our stores. We are gaining ground, both financially and visually – in selected areas in Europe.

STRONG PRESENCE WITH OUR STORES

1,601 INTERNATIONAL POINTS OF PRESENCE

Where things stood at the end of 2014: 382 TOM TAILOR stores and 1,013 BONITA shops are the nucleus of our international brand sales. While expanding controlled selling spaces, the TOM TAILOR GROUP is also advancing the Wholesale segment with currently 206 TOM TAILOR franchise stores.







TOM TAILOR

EXPANDS FURTHER



*TOM TAILOR store,
Düsseldorf*

PROFITABLE GROWTH THROUGH EFFICIENT SPACES

The focus of the TOM TAILOR GROUP's expansion strategy is growing our controlled selling spaces based on a sophisticated plan that focuses on our own stores. At the same time, Wholesale is a key growth area, and the focus of this segment for the Group is Europe as a whole as well as dynamically developing countries such as Russia and China. TOM TAILOR opened more than 400 new shop-in-shops in 2014.

BONITA

FORGES AHEAD

POSITIONING REFINED FURTHER

The TOM TAILOR GROUP improved BONITA's positioning in 2014 with a special view to the brand's presence and profitability. The product strategy and brand image pay homage to the excellent quality and contemporary relevance of the brand with a stabilised pricing policy and refreshed shop design. The network of stores was also optimised and all selling spaces were updated. Remaining the same is the heart of the brand: the ability to optimally mix and match pieces from the collections. Regular monitoring supports compliance with the new BONITA standard – THE NEW CODE.



BONITA's shops can be found in top locations.



DON'T FOLLOW. EXPLORE.

URBAN * FASHION * GEAR

LIFE IS A RAMP
SO DRESS IT UP
BE COMFORTABLE
WHEN YOU CRY

LIFE IS A RAMP
SO DRESS IT UP
BE COMFORTABLE
WHEN YOU CRY

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DON'T FOLLOW. EXPLORE.



Our employees
are cosmopolitan

INTERNATIONAL STAFF

The TOM TAILOR GROUP is an international fashion and lifestyle group. The fashion industry and customer expectations must be viewed from a global perspective. Having an answer available is therefore a given for the TOM TAILOR GROUP and is reflected in the figures: employees from 52 nations, a presence in over 35 countries, 660 stores abroad and growing with trend scouts all over the world.

FLAT HIERARCHIES

STRONG TEAM SPIRIT

OUR VALUES



Communicate
openly



Love
fashion



Show respect
for the performance
of others



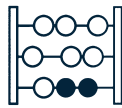
Break
the rules
of the market



See change
as an
opportunity



Always
set yourself
new goals



Be predictable
and just



Celebrate
successes



Take on
responsibility



Burn
with passion
for the work



Be clear
and structured

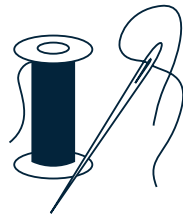
BRINGING AMBITION AND ENTHUSIASM TO WORK

The TOM TAILOR GROUP's ideas and actions are visionary with short decision-making chains, shaped by its dynamic environment. The people who work here are motivated, love to cultivate their skills, count on teamwork and are passionate about authentic fashion. Whether trainee or senior professional, we offer a variety of career opportunities to members of many different professions with a growing workforce – numbering 6,466 at the end of 2014.





FAST FORWARD

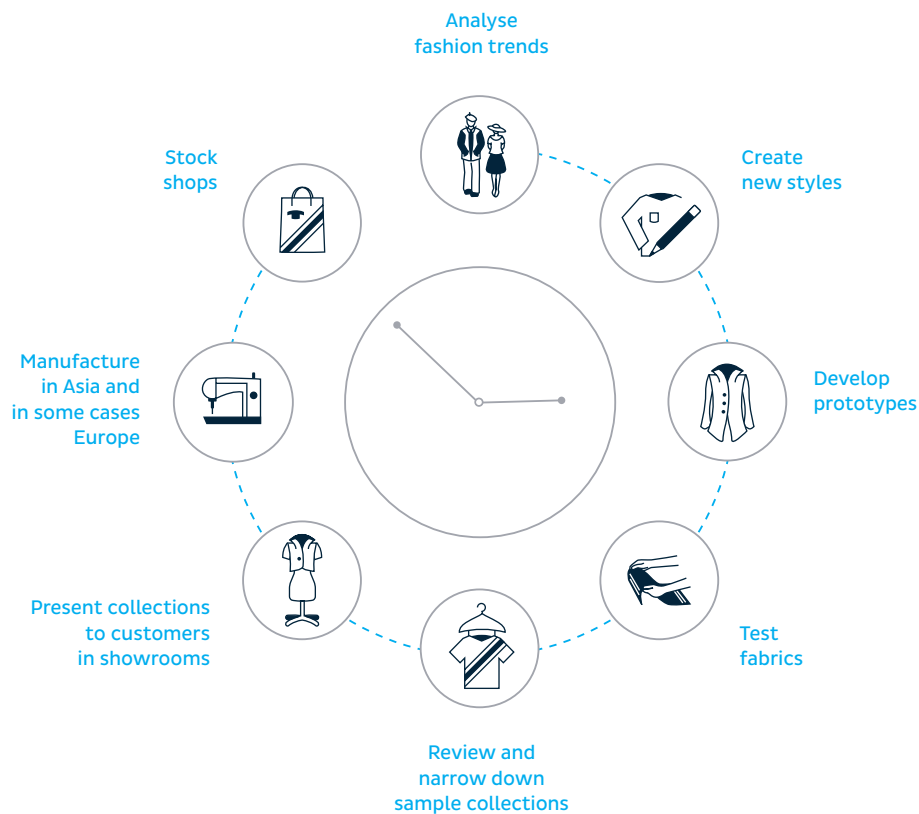


Trend management with
12 collections annually per line

DECIDE QUICKLY, PRODUCE DYNAMICALLY

The value chains in the textile industry generally stretch around the globe. Still, at the TOM TAILOR GROUP, only a few months pass from when the trend is spotted to the delivery of stylish new clothing. The lead time of no more than 28 weeks is based on analytical processes that ensure efficient trend management worldwide. Delivering current fashion also requires covering peak demand with rapid re-ordering (open-to-buy) options and having the capability to speed processing of these orders to just weeks.

FROM CATWALK TO CLOTHES HANGER



ALWAYS NEW

New trends pop up worldwide every day. International trend scouts spot and analyse style trends to kick off a global production cycle that continually produces must-haves for each season.





DIGITAL DIALOGUE



Brand management
and consumer needs

COMMUNICATION ON ALL CHANNELS

The TOM TAILOR GROUP is at home in the digital world and is capable of meeting the exact needs of each target group. The possibilities for interaction are as varied as the needs of consumers. Whether they communicate using Facebook, Twitter, our company homepage or webshop, the Internet allows them to experience our brand worlds. The Group's online activities reveal valuable data about the wishes of our target groups, while at the same time unlocking opportunities to attract new customers both online and offline.

OPEN 24/7 OUR E-SHOPS



All target groups can experience the latest trends in their brands and shop around the clock in the TOM TAILOR and BONITA e-shops.

COMFORTABLY SHOP ONLINE

E-commerce is a key element of the TOM TAILOR GROUP's growth strategy. The TOM TAILOR collections are sold in e-shops in 20 countries – in five of these, TOM TAILOR has not been available in brick-and-mortar stores to date. BONITA fashions are also sold online. Today people over 40 use the Internet as much as anyone and can easily access their brand at home and on the go.



~25 million

*Page impressions
per month*



777,026

*registered online customers
of TOM TAILOR and
BONITA e-shops*



926,605

*transactions
in our e-shops*

TOM TAILOR GROUP

FACTS & FIGURES



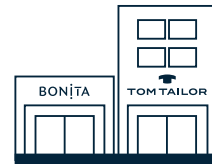
Four strong
brands

*TOM TAILOR
TOM TAILOR DENIM
TOM TAILOR POLO TEAM
BONITA*



6,466
employees

*TOM TAILOR 2,443
BONITA 4,023*



1,395
retail outlets
and e-shops

*TOM TAILOR 382
BONITA 1,013*



60 million
items
manufactured

*TOM TAILOR 48 million items
BONITA 12 million items*



EUR 932.1 million
in total
revenue

*TOM TAILOR EUR 607.2 million
BONITA EUR 324.9 million*



11,397
trading
partners

*FRANCHISE PARTNERS 206
SHOP-IN-SHOP 2,686
MULTI-LABEL SALES 8,505*

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TOM TAILOR GROUP