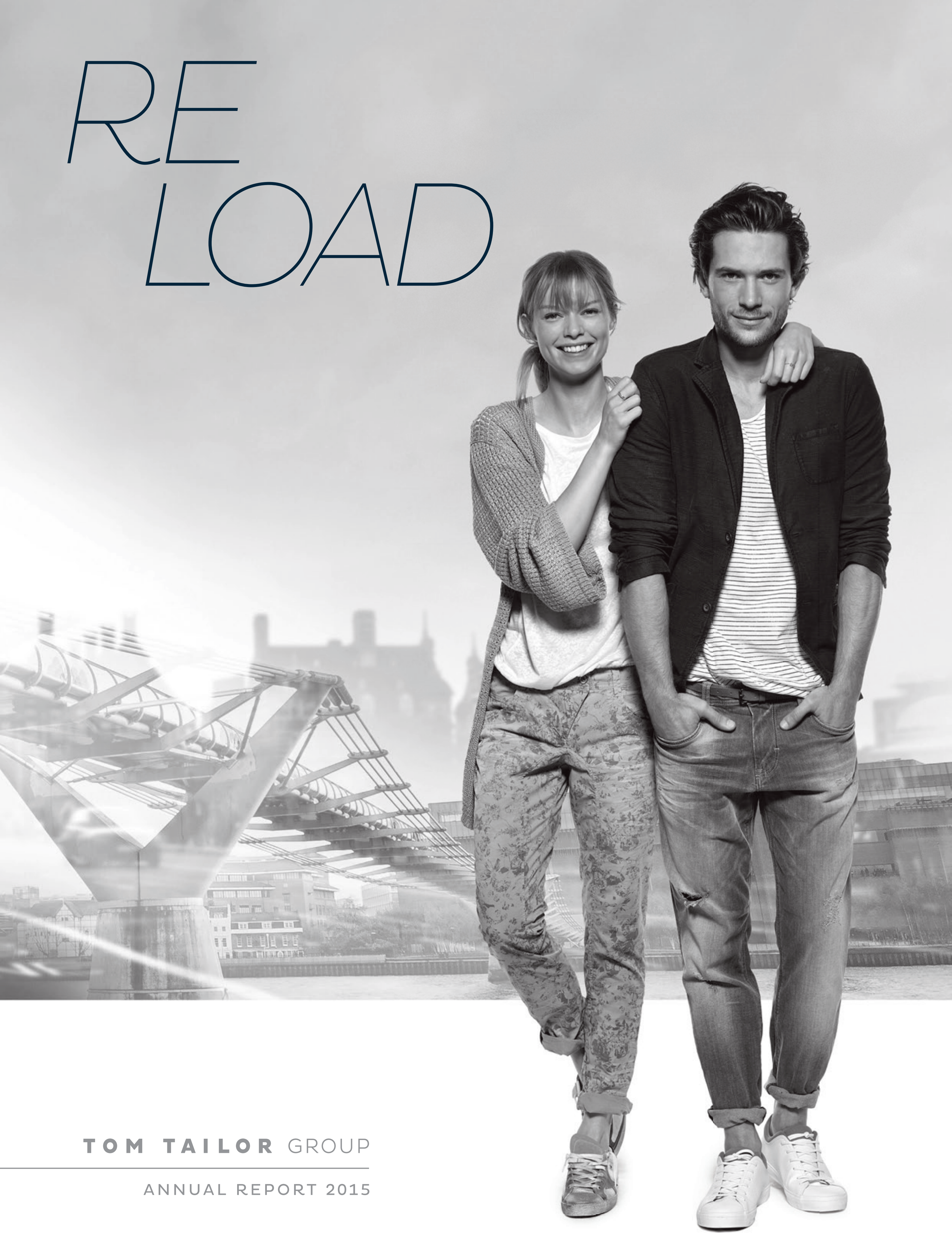
RE LOAD



TOM TAILOR GROUP

ANNUAL REPORT 2015

KEY FIGURES TOM TAILOR GROUP

EUR million	2015	2014	Change relative
Revenue	955.9	932.1	2.5%
TOM TAILOR Retail	289.1	275.5	4.9%
TOM TAILOR Wholesale	341.0	331.7	2.8%
BONITA	325.8	324.9	0.3%
Share of revenue (in %)			
TOM TAILOR Retail	30.2	29.5	
TOM TAILOR Wholesale	35.7	35.6	
BONITA	34.1	34.9	
Gross profit	535.3	531.8	0.7%
Gross profit margin (in %)	56.0	57.0	
Recurring EBITDA	76.3	87.2	−12.5%
Recurring EBITDA margin (in %)	8.0	9.4	
Non-recurring items	8.7	3.0	193.7%
EBITDA	67.6	84.3	−19.8%
EBITDA margin (in %)	7.1	9.0	
Recurring EBIT	35.2	45.4	−22.4%
Recurring EBIT margin (in %)	3.7	4.9	
Non-recurring items (net of imputed tax effects)	17.9	12.2	47.4%
EBIT	17.3	33.2	−47.9%
EBIT margin (in %)	1.8	3.6	
Recurring net income for the period	14.3	21.1	−32.3%
Recurring earnings per share (in EUR)	0.37	0.68	−45.1%
Non-recurring items (including imputed tax effects)	14.2	10.4	37.4%
Net income for the period	0.1	10.8	−99.3%
Earnings per share (in EUR)	−0.18	0.28	−163.4%
Cash generated from in operations	49.3	70.3	−30.0%
Cash flows from investing activities	−24.9	−20.5	−21.5%
Free cash flow	13.1	37.8	−65.4%
	31/12/2015	31/12/2014	
Total assets	823.1	788.9	4.3%
Equity	225.5	239.2	−5.7%
Equity ratio (in %)	27.4	30.3	
Cash funds	50.5	36.9	36.8%
Financial liabilities	267.9	239.9	11.7%
Net debt	217.4	202.9	7.1%
Net debt/recurring EBITDA (in years)	2.8	2.3	
Gearing (in %)	96.4	84.8	
Employees (reporting date)	6,981	6,466	8.0%
TOM TAILOR Wholesale	850	740	14.9%
TOM TAILOR Retail	2,198	1,806	21.7%
BONITA	3,933	3,920	0.3%

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

RE
LOAD

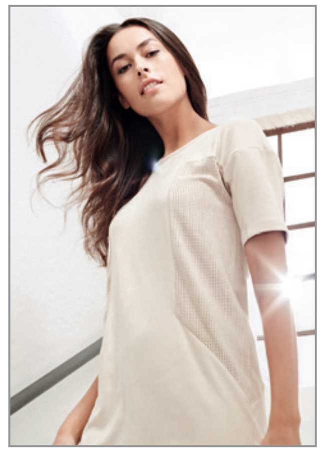
In a single word, the title of our annual report expresses the Company's current agenda: stepping it up. Pushing ahead.

In a rapidly changing fashion market, agility, efficiency and flexibility are becoming increasingly essential for remaining competitive. This is why we are implementing a forward-looking concept to strengthen the TOM TAILOR GROUP: we are becoming more flexible and more agile. With the POLE POSITION programme we are enhancing the verticalisation of our organisational structure and with our CORE efficiency programme we are optimizing our profitability.

This is how we are doing business sustainably and aiming to increase value in the long run for our customers, our company, our employees, our investors and all of our other partners.

In our company magazine you will find out at first hand what drives us: a strong brand world, a passion for fashion and innovation and a firm focus on sustainable, profitable growth.

OUR BRANDS



TOM TAILOR

The TOM TAILOR brand represents confidently stylish casual wear projecting a fashionable, confident and authentic attitude. As the „New Urban Player“ TOM TAILOR emphasises its brand promise "Life is a game, play it, be confident, dress in 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.

TOM TAILOR Denim

Young Fashion for Young Personalities – focusing on denim, the TOM TAILOR Denim Female and TOM TAILOR Denim Male lines appeal to anyone who likes a young, exciting lifestyle. Inspired by current trends from fashion capitals around the world, TOM TAILOR Denim combines the latest styles and colours with fashionable washes and selected details. Stylish, cool, sexy looks for trendy young people aged 15 to 25.

TOM TAILOR CONTEMPORARY

Defined by an extremely fashionable character, femininity and superior styling, TOM TAILOR CONTEMPORARY appeals to women who appreciate both design and good value for money. The looks in trendy colours are broken up by newly-interpreted prints and cool highlights. The lightness of the couture-inspired design leaves room for personal interpretation and makes the looks an ideal fit for fashion-conscious trendsetters.

BONITA

The BONITA and BONITA men brands are style authorities delivering sophisticated fashion for women and men over 40. The collections feature on-trend styles from sporty to chic emphasising optimal fit, contemporary colours and high-quality fabrics. Thanks to their variety and extraordinary colour fidelity, the pieces can be combined into an endless array of new looks. And with its roots in retail, BONITA has always considered customer service to be extremely important.

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LETTER TO SHAREHOLDERS

Dear Shareholders and Friends of TOM TAILOR,

The year 2015 was an eventful time for the TOM TAILOR GROUP. It was also a year that posed considerable challenges for us. In an extremely volatile and fiercely competitive environment, we achieved the guidance for the year as a whole that we had updated in September. Consolidated revenue rose to EUR 956 million, marginally exceeding our forecast target of EUR 945 million to EUR 955 million. All of our segments contributed to this increase, but in particular the strong growth of our TOM TAILOR brand. At EUR 76 million, our recurring EBITDA was also within the range of EUR 75 million to EUR 80 million that had been adjusted in the course of the year. Here, higher expenses for the expansion of controlled selling spaces and difficulties that arose for our service provider when putting a new logistics centre into operation led to a decrease year-on-year.

Considering the trend in our share price, however, we must make it quite clear that 2015 was anything but satisfactory – neither for the TOM TAILOR GROUP nor for you, our esteemed shareholders. In our opinion, this is due to a number of different factors, some of which are attributable to the Company, others to developments in the industry. It is evident that the fashion industry is currently in a state of flux. Customers‘ shopping behaviour is changing, preferences and purchasing decisions are becoming more short-term and more unpredictable. Digital applications influence how and where customers now buy, obtain information about the latest trends and compare offers. We must address these changed conditions swiftly and systematically. To this end, we are increasingly focusing on meeting the needs of our customers.

DIETER HOLZER
Chief Executive Officer/CEO

We identified this change last year and started taking steps in the first half of the year to adapt to the new circumstances. By launching our POLE POSITION project in spring 2015, we ushered in a new organisational structure in which one person is responsible for a single brand and division across all sales channels. This made the TOM TAILOR GROUP leaner and more agile, enabling us to shorten decision-making chains, increase the speed of response and flexibility, and gradually enhance the Group's selling space productivity. Another key initiative in this regard will be continuously linking our online and offline sales activities. Our goal is to provide customers of the TOM TAILOR GROUP with a consistent brand experience and first-class service quality across all channels. What is more, we are making the most of the opportunities provided by digitalisation in the wholesale business as well. Last year, for example, we forged attractive partnerships with online retailers such as Jabong in India. This is an area that we plan to expand further.

In November we introduced the cost-cutting and efficiency programme CORE, which is aimed at making the Company more profitable in the long term. This principally entails optimising our store portfolio, focusing on our core brands and markets, and reducing personnel and operating expenses. Last year, we started identifying unprofitable stores. We plan to close a total of 80 to 100 stores this year. At the same time, we will substantially scale back the pace of expansion of selling spaces in the brick-and-mortar business. We will also focus on our core brands – TOM TAILOR, TOM TAILOR Denim, TOM TAILOR CONTEMPORARY and BONITA – which we still consider to have significant growth potential. In this connection, further strengthening our BONITA brand will be one of our top priorities. Under the new management appointed in November, this brand will become more fashionable with a smaller variety of products, which will focus the collections more squarely on the preferences of the target customers. With a view to our cost base, we will initially be concentrating primarily on reducing non-staff, rental and logistics costs as well as trimming our personnel expenses. Our overall objective is to achieve annual savings of up to EUR 20 million starting in 2018 in the context of CORE.

After growing dynamically in recent years, achieving a sustained improvement in profitability will be at the centre of our strategy for the current and subsequent financial years. We are working hard to implement the measures initiated. In projects like this, however, it usually takes some time before the initial effects become apparent, which is why we regard 2016 as a year of transition. Against this backdrop, we are forecasting a moderate increase in consolidated revenue in the current financial year, with recurring EBITDA remaining at the prior-year level.

In these challenging times for our industry and for the TOM TAILOR GROUP, we would like to thank you, our shareholders, all the more for your confidence in the TOM TAILOR GROUP and your loyalty to our company. We firmly believe that we are making the TOM TAILOR GROUP fit for the future with the measures described and enhancing the competitiveness of our company in the long term. We would be pleased if you continued on this path with us.

Yours sincerely,

Dieter Holzer

Dieter Holzer

Hamburg, March 2016

DR AXEL REBIEN
Chief Financial Officer
CFO

DIETER HOLZER
Chief Executive Officer
CEO

DR HEIKO SCHÄFER
Chief Operating Officer
COO

THE MANAGEMENT BOARD

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 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.

DR HEIKO SCHÄFER (BORN IN 1972)

assumed the position of Chief Operating Officer (COO) within the TOM TAILOR GROUP in December 2015. In his new function, he is responsible for purchasing, logistics and IT, as well as project and process management. Dr Heiko Schäfer started his career at the Boston Consulting Group, where he advised clients for more than six years, mainly from the consumer goods and retail sectors, in sales/marketing and operation topics. Prior to that, he built up extensive experience parallel to his academic studies as a consultant in prestigious consulting companies.

Dr Heiko Schäfer studied business administration at the University of Saarbrücken and subsequently earned a doctorate degree at the University of Mannheim with a dissertation on cross-selling.
Dr Schäfer joined the TOM TAILOR GROUP from the private equity firm Kohlberg Kravis Roberts (KKR) in London. Previously, Dr Heiko Schäfer worked for over six years as a senior executive for the adidas Group, where his last position was as Senior Vice President with responsibility for product development, sourcing and logistics for the four lifestyle/fashion labels of the adidas umbrella brand.

HIGHLIGHTS IN 2015

NEW ORGANISATIONAL STRUCTURE

March 2015

The TOM TAILOR GROUP has introduced a new organisational structure to further boost the Group's long-term competitiveness by accelerating verticalisation. Effective 1 April 2015, a second management level below the Management Board with six vice presidents was added. Each vice president is responsible for a single brand across all sales channels. This move enables the Company to more specifically develop the value proposition of each brand and align it more consistently with customer requirements. TOM TAILOR's Wholesale and Retail sales segments were merged under the newly created position of Vice President Global Sales. This allowed important Group-wide interfaces to be consolidated and the efficiency of processes to be increased with immediate effect, thus building the foundation for further growth. The Group also introduced the new position of Vice President Digitalization to optimally leverage continued digitalisation to benefit sales.

As a result of the launch of the new organisational structure, Dr Marc Schumacher (37), who had been Chief Retail Officer since 2010, left TOM TAILOR Holding AG's Management Board of his own accord as at 30 April 2015. Daniel Peterburs (35), who previously served as Chief Product Development and Procurement Officer (CPO), manages the transition in his new function as Vice President.

REFINANCING SUCCESSFULLY COMPLETED

May 2015

The TOM TAILOR GROUP has followed through as planned with the early refinancing of its existing syndicated loan. The new funding, with a total volume of EUR 500 million, establishes the financial framework to keep the Company on track with its ongoing growth plans. In the course of arranging the refinancing, the TOM TAILOR GROUP also redeemed the EUR 45 million variable tranche of the borrower's note loan from 2013. The financing was arranged for a five-year term, enabling the company to utilise the prevailing favourable interest rates, reduce its financing costs and gain financial flexibility. Moreover, the TOM TAILOR GROUP was able to bolster the existing bank syndicate with the addition of international banks, which in particular can provide financing to fund its operations in Asia.

CAPITAL MARKET DAYS A RESOUNDING SUCCESS

June 2015

On 16 and 17 June 2015, the TOM TAILOR GROUP invited analysts, investors and banks to two Capital Market Days at its headquarters in Hamburg aimed at presenting the Company, its strategy and its opportunities for development. Topping the agenda of this year's event was increasing space productivity. The Management Board also reported at length on the accelerated verticalisation. Among other things, the Group provided an update on the latest progress of BONITA, the completed refinancing and developments in Omnichannel. The last Capital Market Days took place in 2012 at BONITA in Hamminkeln.

DR HEIKO SCHÄFER ROUNDS OFF THE MANAGEMENT BOARD OF TOM TAILOR HOLDING AG AS CHIEF OPERATING OFFICER

September 2015

With the hiring of the Chief Operating Officer, TOM TAILOR Holding AG has successfully completed the realignment of its Management Board. In his new function, Dr Heiko Schäfer (43) has been responsible for purchasing, logistics and IT, as well as project and process management since December 2015. He will thereby play a crucial role in the accelerated verticalisation of the TOM TAILOR GROUP.

TOM TAILOR GROUP EXPANDS THE DISTRIBUTION NETWORK OF BONITA TO VERTICAL WHOLESALE

September 2015

The TOM TAILOR GROUP has opened up a further distribution channel for its umbrella brand BONITA. From now on, the collections for the 40+ target group will also be distributed by the Wholesale segment – in the form of a concession or consignment model. This means that the TOM TAILOR Group will be completely responsible for managing and controlling the wholesale spaces, which will further speed up verticalisation. By taking this strategic step, the Company has expanded its growth areas in order to gain new market share.

CORE COST-CUTTING AND EFFICIENCY PROGRAMME LAUNCHED

November 2015

In November the TOM TAILOR GROUP launched CORE, a comprehensive, multi-year cost-cutting and efficiency programme focusing on core competencies and aimed at addressing the far-reaching and rapid structural change in the textile industry. The objective of this programme is to enhance efficiency and improve the processes and cost base in order to make the Company more competitive in the long term.

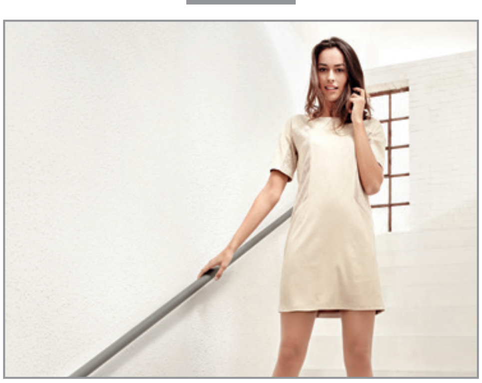
In the course of this cost-cutting and efficiency programme, the Company plans to streamline its brand portfolio and in the future focus on its strong core brands, TOM TAILOR, TOM TAILOR Denim, TOM TAILOR CONTEMPORARY WOMEN and BONITA. To do this, the TOM TAILOR POLO TEAM brand and the TOM TAILOR CONTEMPORARY Men line will be taken off the market in summer 2016.

Moreover, the TOM TAILOR GROUP also intends to tighten up the sales organisation with a view to individual countries and sales channels. In a related move, the Company plans to further optimise the network of stores by closing less attractive locations. Against this backdrop the Company will also adjust its rate of expansion. Another project in this programme involves reviewing and analysing all operating costs. The CORE programme will enable the TOM TAILOR GROUP to create a high-performance platform with strong core brands and cost-effective structures and processes. This is a key condition for further advancing the verticalisation already underway and for positioning the Group for profitable growth in the long term.

TOM TAILOR

TOM TAILOR Denim

TOM TAILOR CONTEMPORARY



BONITA

TOM TAILOR ON THE CAPITAL MARKET

SHARES AND INVESTOR RELATIONS

The investor relations work of TOM TAILOR Holding AG aims to provide timely, regular and transparent information to capital market participants as important partners, with a comprehensible and reliable presentation of the Company's developments, its strategic focus and news.

In so doing, TOM TAILOR Holding AG intends to safeguard an additional financing channel by having access to providers of equity. Furthermore, this communication with the capital market is a key element in building and strengthening trust and in achieving a fair and realistic market valuation for TOM TAILOR's shares on the capital market.

2015: A DISAPPOINTING TRADING YEAR FOR TOM TAILOR'S SHARES

The German DAX® index experienced a great deal of fluctuating sentiment in 2015 that was marked by high volatility coupled with considerable price losses, particularly from the second quarter onwards.

The DAX® rose sharply at the beginning of the year, reaching its highest point on 10 April closing at 12,374 points, which was also a new all-time high. However, by 24 September it was down almost 3,000 points, falling to its lowest point in 2015 of 9,428 points.

The index recovered again towards the end of the year, closing 2015 at 10,743 points, an increase of 11%. In summary, the capital market reacted extremely sensitively to news, and reports about deteriorations in economic data, the crisis in Greece, exchange rate trends, the interest rate level or even political unrest had a very pronounced impact.

The TOM TAILOR share in the period from 1 January to 31 December 2015

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
Stock markets	Frankfurt and Hamburg
Most important trading venue	Xetra (electronic trading system)
Designated sponsor	Commerzbank AG Hauck & Aufhäuser Privatbankiers KGaA

TOM TAILOR's Share Performance

		2015	2014
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	13.97	16.88
Low (Xetra closing price)	EUR	3.28	10.40
Price at financial year-end (Xetra closing price)	EUR	5.21	11.96
Free float at financial year-end	in %	75.03	76.84
Market capitalisation at financial year-end	in EUR million	135.6	311.3
Average daily trading volume	Units (approx.)	210,400	64,400
Recurring earnings per share	EUR	0.37	0.68
Reported earnings per share	EUR	−0.18	0.28
Operating cash flow per share	EUR	1.89	2.70

TOM TAILOR's shares got off to a positive start in 2015, recording their high for the year of EUR 13.97 on the basis of end-of-day prices on 9 March. The share then embarked on a downtrend that picked up speed from August amid a challenging environment for the textile industry. The TOM TAILOR GROUP released its new forecast for the year on 21 September.

The original outlook needed to be revised downwards as a result of difficult market conditions and one-off start-up difficulties that arose when putting the new logistics centre into operation. Weak industry data and profit warnings from other market participants clouded the outlook for textile securities, leading some investors to sell their shares and put pressure on prices. On 16 December, TOM TAILOR's shares then reached their lowest level of EUR 3.28.

The shares recovered by the end of the year and finished the trading year at EUR 5.21, giving a market capitalisation of EUR 135.6 million. On account of this comparatively low market capitalisation, the shares of TOM TAILOR Holding AG were withdrawn from the SDAX® on 21 December.

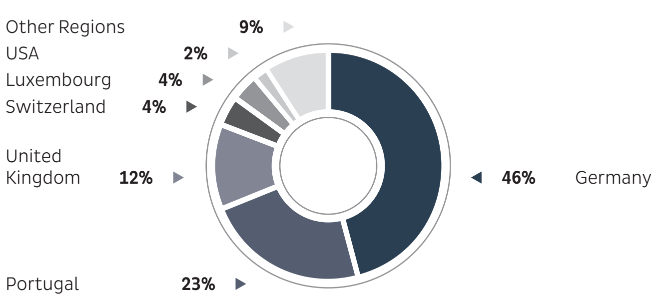
Overall, TOM TAILOR's shares lost 56.4% of their value as compared with the beginning of the year. On a positive note, the average daily trading volume across all stock exchanges, at just under 210,400 shares, increased more than threefold year-on-year (previous year: 64,400 shares).

FURTHER CHANGES TO THE SHAREHOLDER STRUCTURE

The shareholder structure of TOM TAILOR Holding AG underwent further changes in 2015 compared with the previous year. As at 30 December 2015, Fosun International Limited increased its stake from 23.16% to 24.97% and also obtained a purchase option for a further 4.5% of the share capital. This option was exercised in early 2016, which means that Fosun International Limited currently holds a stake of 29.47%. As a strategic anchor investor, Fosun will be involved in the Company's development in the long term and make its expertise in the consumer goods and fashion industries as well as in the Chinese market available to the Company.

In addition, even more changes were registered among the institutional investors: Farringdon, our second strategic investor, acquired a share of 10.2%, while Morgan Finance reduced its stake to below 3%. At the end of 2015, the free float remained unchanged at 75.03% on account of the attribution (currently 70.53% after Fosun International Limited exercised its purchase option in early 2016) and was predominantly held by institutional investors from Germany, Portugal, the United Kingdom and the rest of Europe. Around 27.7% of TOM TAILOR's shares were privately held. The total number of shares outstanding is 26,027,133.

Regional Shareholder Structure — 31 December 2015



CREATING THE ABILITY TO PAY DIVIDENDS

The Management Board of TOM TAILOR Holding AG is initially seeking to restore the ability of TOM TAILOR Holding AG to pay dividends. The aim is to generate consolidated net income, thereby reducing the losses carried forward (HGB financial statements).

DIALOGUE WITH THE CAPITAL MARKET CONTINUED

TOM TAILOR Holding AG performs active investor relations work. For this, the Management Board and the Investor Relations department met frequently with analysts and investors during the year to report continuously on the Company and its performance. One of the highlights was the Capital Market Days on 16 and 17 June, at which the situation and strategic realignment of the entire Group was comprehensively explained. Moreover, TOM TAILOR held conference calls and the analysts' conference in Frankfurt for reporting purposes. It also 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 was held on 3 June 2015 in Hamburg. At the AGM around 57.1% of the share capital was represented (previous year: 67.8%). Shareholders approved the proposals for resolutions on the agenda with a large majority of the votes, resulting in the adoption of all agenda items. All shareholders or people who are interested in TOM TAILOR GROUP can find out more about the Company, its performance and capital market-related information on the Internet at http://ir.tom-tailor-group.com or contact the Investor Relations team directly.

Currently, 13 international investment houses regularly track the performance of the TOM TAILOR GROUP and issue investment recommendations based on their assessments. At the end of December 2015, five analysts issued "buy" recommendations and eight issued "hold" recommendations for the Company's shares. There were no recommendations to sell TOM TAILOR shares. In 2016, the Company intends to expand its capital market presence through visits by TOM TAILOR to new financial centres, among other things, and maintain or even increase the number of research coverages.

GROUP MANAGE-MENT REPORT

FUNDAMENTAL INFORMATION ABOUT THE GROUP

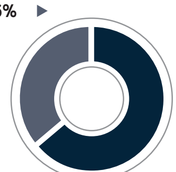
ORGANISATIONAL STRUCTURE AND BUSINESS OPERATIONS

CLEAR BRAND POSITIONING AND REPRESENTED IN OVER 40 COUNTRIES

The TOM TAILOR GROUP is an international, vertically integrated fashion and lifestyle company focused on offering casual wear in the mid-range price segment. An extensive range of fashionable accessories augments its product portfolio. The Company covers the different sections of the fashion market (age groups of the target customers) with the TOM TAILOR and BONITA umbrella brands.

Germany has traditionally been the core market of the Company, which was established in Hamburg in 1962. Following the TOM TAILOR GROUP's strong growth in recent years, nationally and internationally, the Company has focused its strategy on profitability. Today, the Company generates more than one-third of consolidated revenue outside Germany. Its international core markets include the stable, high-income economies of Austria, Switzerland, the Netherlands and Belgium. The TOM TAILOR GROUP is also active in France, in Poland and above all in selected fast-growing countries of South Eastern Europe. Altogether, the TOM TAILOR GROUP is represented internationally in over 40 countries.

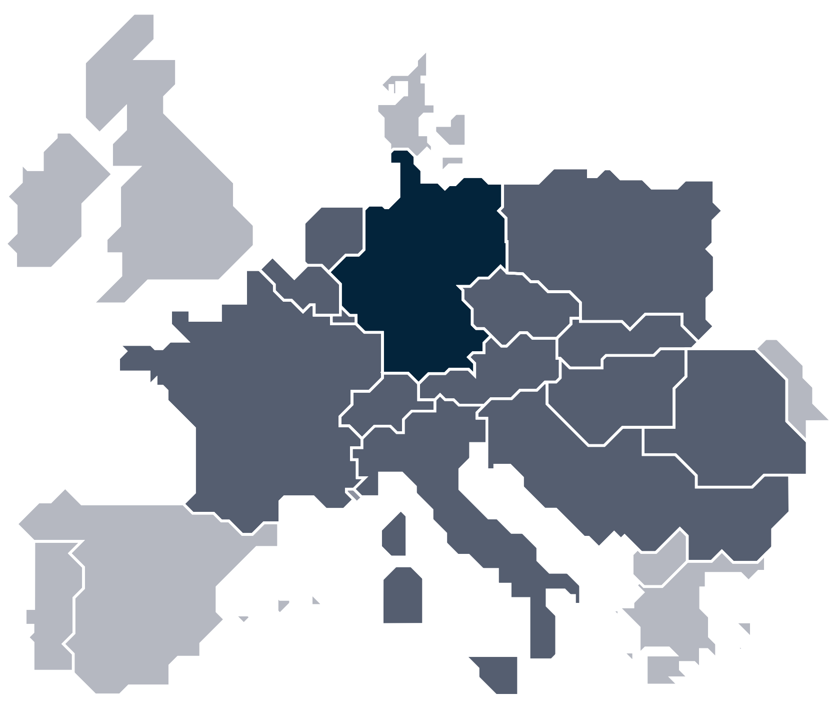
International presence of the TOM TAILOR GROUP



1,689 Retail and Franchise Stores

Country	TOM TAILOR	BONITA
Germany	247	715
Austria	102	121
Switzerland	25	42
Benelux[1]	10	138
France	21	1
Poland	10	4
Southeastern Europe[2]	111	2
Others	137	3
Total	**663**	**1,026**

1 Benelux comprises Belgium and the Netherlands only.
2 Southeastern Europe comprises Bulgaria, Croatia, Serbia, Slovenia, Kosovo. Romania, Bosnia-Herzegowina, Macedonia



LEAN 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 held a 24.97% stake as at 31 December 2015. 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 three 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, the Group comprises a total of 47 direct and indirect subsidiaries, of which 44 were included in consolidation as at 31 December 2015. 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 2015, the Group structure changed as follows:

1. 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, Hamburg, had increased its interest from 51% to 63%. In the financial year 2015, Tom Tailor GmbH further increased its interest in TOM TAILOR Sourcing Ltd., Hong Kong, from 63% to 75%. The purchase price for the shares amounted to EUR 7.2 million. As a result of the acquisition of further shares, the profit distribution, which previously had not corresponded to the respective equity interests, was adjusted to reflect the respective equity interests.

2. To build up BONITA's retail business in South-Eastern Europe, a cooperation agreement was signed with the long-term partner Sibelius Sonic Ltd., Nicosia, Cyprus, on 22 June 2015. The purchase price for the shares of EUR 6 thousand corresponds to the proportionate share capital. BONITA GmbH, Hamminkeln, therefore holds 75% of the share capital of BONITA Lesce d.o.o. which is based in Lesce, Slovenia. The company commenced operations in the third quarter of 2015.

3. TOM TAILOR Wien AG, Vienna/Austria, was founded on 14 April 2015. TOM TAILOR Holding AG holds 100% of this company's share capital. The company is included in the consolidated financial statements even though it has not yet commenced operations.

4. In the 2015 financial year, Tom Tailor GmbH increased its equity interest in TOM TAILOR South Eastern Europe Holding GmbH, Wörgl/Austria, from 75% to 80% for a purchase price of EUR 3.5 million.

5. TOM TAILOR entered into cooperation with an experienced partner in the 2015 financial year with the aim of further expanding the controlled selling spaces in Germany. TOM TAILOR holds 51% of the interests in the newly established TT textiles GmbH, which is headquartered in Hamburg. Its partner holds the other 49%. There are put/call options on the acquisition of the non-controlling interest of 49% in TT textiles GmbH. These put/call options can be exercised for the first time on 1 July 2019 and have an indefinite term. Based on the fact that the company is controlled and the put/call options have different vesting conditions, the company is fully consolidated in the TOM TAILOR Group and presented under non-controlling interests.

6. TOM TAILOR has formed a joint venture, TOM TAILOR CND INC., Montreal/Canada, with the experienced Canadian partner THE MERCER HOUSE INC., based in Montreal/Canada. This company will expand TOM TAILOR's international presence into Canada, mainly in the Wholesale segment. TOM TAILOR holds a 51% stake in the joint venture, while its Canadian partner holds 49% of the shares. Furthermore, TOM TAILOR US INC., Wilmington/USA was established in the same way together with THE MERCER HOUSE INC. to expand into the US market. TOM TAILOR holds a 51% stake in the joint venture, while its Canadian partner holds 49% of the shares. They are not consolidated due their insignificance to the Group's net assets, financial position and results of operations.

7. TOM TAILOR Lizenzmanagement GmbH was established in the fourth quarter. Tom Tailor GmbH holds a 99% interest in this company. The remaining interests are held by BONITA GmbH. The company is included in the consolidated financial statements even though it has not yet commenced operations.

8. WHS Tom Tailor BH d.o.o. Sarajevo Bosnia, whose registered office is in Sarajevo, Bosnia and Herzegovina, was founded on 21 October 2015 with the aim of further expanding the wholesale business in Bosnia and Herzegovina. TOM TAILOR GmbH holds 100% of this company's share capital.

TREND MANAGER BUSINESS MODEL IN A CHANGING ENVIRONMENT

As a fashion and lifestyle company, the TOM TAILOR GROUP operates in an internationally very dynamic market environment that is highly competitive. Its success is based on brand strength, flexibility and the ability to identify and satisfy short-lived fashion trends and the frequently changing wishes of customers in due time. Currently the textile market is undergoing far-reaching structural change, particularly due to increasing digitalisation. Many consumers are using the Internet more and more to order goods online and thus frequenting brick-and-mortar retailers less than in the past. In addition digitalisation enables a very high level of transparency in terms of prices or new, international fashion trends, for example.

Focusing squarely on fashionable casual wear and accessories in the mid-range price segment, the TOM TAILOR GROUP systematically combines the emotional added value of its lifestyle brands with the strategic advantages of an integrated system provider. The business model of the TOM TAILOR GROUP, which sees itself as a trend manager, is based on proximity to the market and to customers. As a basic principle, the TOM TAILOR GROUP does not set any trends with its collections but rapidly picks up on promising trends, swiftly identifies these and implements them in its own collections. This enables the TOM TAILOR GROUP to offer its collections reflecting the latest fashion trends to its target groups in the mass market.

Its strong presence in wholesale and retail gives the TOM TAILOR GROUP quick access to relevant market data. 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. The Company uses this approach to ensure that appropriate volumes of the products that customers want are available in the selling spaces at the right time.

In this way, the TOM TAILOR GROUP reduces sales risks, increases space productivity and reduces write-downs of unsold goods.

WELL-POSITIONED BRANDS IN COMPLEMENTARY SEGMENTS

In its core business, the TOM TAILOR umbrella 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 CONTEMPORARY WOMEN – 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
25 – 40	TOM TAILOR CONTEMPORARY
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 12 collections a year for the TOM TAILOR CONTEMPORARY WOMEN brand. The fashion and lifestyle group sells its collections retail through Company-owned stores and e-commerce and wholesale primarily through shop-in-shops and franchise stores.

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 twelve collections per year.

The demographic trend in the Company's European core markets is a positive for the BONITA brand because the number of over-40s in the population will continue to rise. The competition in this market segment is also less intense than in the segments serving younger customers. As a result the TOM TAILOR GROUP can look forward to good market opportunities here in the coming years. In addition, BONITA sells products using a highly standardised system in its own stores and since the third quarter of 2015 also using a vertical wholesale approach by way of concessions and consignment with selected partners. Furthermore, BONITA has also been offering its products in Germany and other European countries via its own e-shop since June 2013.

BONITA:
Target groups ages 40 and up — sold retail and now also through selected wholesale partners

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 umbrella brand.

In 2014, the Company sharpened the profile of the TOM TAILOR brand and prepared the stage for further internationalisation. 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 aimed at customers in the 25-40 age bracket with attractive, highly topical 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, young fashion trends are important for these lines. The garments win over customers with their style, cut and fashionable details.

TOM TAILOR CONTEMPORARY WOMEN

Defined by clean lines, high-quality fabrics and superior styling, TOM TAILOR Contemporary WOMEN appeals to customers who deeply value design and quality in their lives. The puristic looks in neutral colours (modern coolness) are broken up by newly-interpreted prints and trendy highlights. The lightness of the design provides considerable scope for personal interpretation and thus makes the looks an ideal fit for fashion-conscious trendsetters. All styles appear in twelve collections per year.

TOM TAILOR Accessories/Licensed Products

The TOM TAILOR brand world is complemented 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. TOM TAILOR's long-standing success in this area is based on the purposeful award of licences and close cooperation with the various partners.

The accessories product range primarily features shoes, leather goods, 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 or even jewellery are developed and marketed by the TOM TAILOR GROUP itself, especially in the TOM TAILOR Denim Male and TOM TAILOR Denim Female product lines. However, the vast majority are distributed by various licensees that work closely with the TOM TAILOR GROUP to develop the products.

THE BONITA BRAND

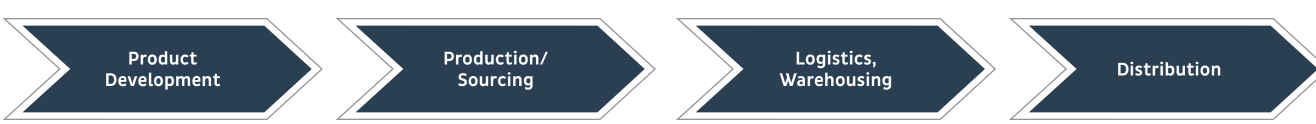
The TOM TAILOR GROUP offers fashionable clothing for men and women over 40 under the BONITA umbrella brand. The BONITA collections are characterised by high-quality items of clothing that can be mixed and matched repeatedly to create new outfits. Colourful and stylish BONITA accessories complement the collections effectively. These include scarves, shawls, necklaces, belts, watches and bags. The entire development process for these products is controlled by BONITA itself, i.e. without licensing partners.

EFFICIENT VALUE CHAIN

The TOM TAILOR GROUP is vertically aligned, which means it is able to rapidly record changing customer needs. This forms the basis for the successful development of the Company in the long term. This requires systematic monitoring and flexible management of the entire value chain The process starts with the idea for the design, continues through purchasing and product manufacture, followed by warehousing and logistics, and ends with 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 evaluation of the daily sales figures. In addition, through its sales channels (retail, wholesale) the Company obtains direct customer feedback which is then taken into account in the development of new collections and in procurement planning. An efficient network of production and logistics partners allows rapid implementation.

Value Chain of the TOM TAILOR GROUP



Product Development
- Brand scouts
- Trendspotting
- Design and product management

Production/Sourcing
- Sourcing mainly in Asia and Turkey
- Own purchasing organisation in Asia
- High sustainability standards

Logistics, Warehousing
- **TOM TAILOR:** Logistics provider
- **BONITA:** Own logistics

Distribution
- Retail
- Wholesale
- E-commerce

Product Development
With its internationally active brand scouts, the TOM TAILOR GROUP identifies fashion trends around the world and collects ideas for the new collections. The Company also attends the fashion shows in the major fashion centres in order to record trend developments. The Company then evaluates this data and works its findings into the design of the new collections so as to offer the latest trendy products to a broad group of buyers at appropriate prices. The TOM TAILOR GROUP gets 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, especially in Bangladesh, India, China, Vietnam and Pakistan. This share is approximately 90% for the TOM TAILOR brand and roughly 60% for the BONITA brand. In TOM TAILOR Sourcing Ltd., Hong Kong/China, the Company has its own sourcing organisation with eight offices in Asia and around 130 employees, thus ensuring production and procurement. Asia plays an important role in production for the TOM TAILOR GROUP so that large quantities can be produced at high quality and fair prices. Turkey is also an instrumental part of the Group's procurement activities. The remaining part of production for both brands is largely concentrated there. 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 umbrella brands – TOM TAILOR and BONITA – differently.

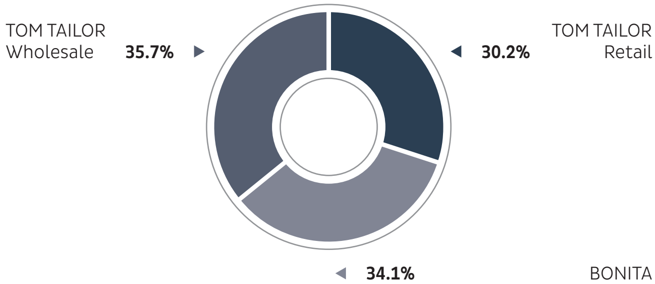
TOM TAILOR engages two logistics providers to manage its warehouses for hanging and folded garments. A focus on services, state-of-the-art replenishment concepts, national and international distributors as well as the extensive customer portfolio create a broad range of requirements for the logistics processes. A new ultra-modern logistics centre in Hamburg has been uses since spring/summer 2015 that replaces the three former flat garment warehouses and constitutes an important element of TOM TAILOR's multi-channel strategy. The new logistics centre is owned and operated by an external service provider.

At the Hamminkeln site, BONITA operates 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 analytical, integrated push-pull process, which initially delivers around 80% of the goods ordered. 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. The Company thus supplies its shops with merchandise in line with requirements, maximises sales potential and minimises overlapping stocks.

Distribution
The TOM TAILOR GROUP distributes its collections both directly to end customers (retail) and through resellers (wholesale). In recent years, the Company has purposefully expanded the share of the direct retail business in the over-the-counter retail business and the e-commerce business. The Group now generates around 64% of its revenue in the retail segment, compared to around 6% in 2007. As a consequence, the share of revenue generated in the wholesale business 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 brands, whereas BONITA focuses on the retail business. On account of their verticality (concessions), the selling spaces managed by BONITA in the Wholesale segment are allocated to the Retail segment. The Retail segment makes a distinction between the TOM TAILOR and BONITA umbrella brands and comprises the various forms of the brick-and-mortar retail business and the online business.

Revenue Structure by Retail and Wholesale



In the brick-and-mortar retail business, the choice of location is particularly important. The TOM TAILOR GROUP therefore 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.

At the end of 2015, there were 460 own retail and outlet stores for the TOM TAILOR umbrella brand in Germany and elsewhere in Europe, 181 of which were located in Germany. Furthermore, TOM TAILOR operates online shops in 20 countries and therefore has a pan-European presence. 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 umbrella brand, the Company operates 1,026 stores in Europe, 715 of which are located in Germany. In addition, BONITA now also sells products 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 (2,956 worldwide) or as franchisees (203 shops worldwide). In addition, 8,527 multi-label sales outlets operated by wholesale partners also offer TOM TAILOR goods. Different national and international mail order companies also sell TOM TAILOR branded products on their Internet platforms.

STRATEGIC FOCUS AND COMPETITIVE STRENGTHS

PROFITABILITY AT THE CORE OF THE CORPORATE STRATEGY

The TOM TAILOR GROUP has enjoyed vigorous growth in recent years and reached a critical mass that provides opportunities to tap more extensive synergies in the areas of procurement and sales. Following this growth phase, the Company has focused its strategy on profitability and substantially reduced the pace of growth. Profitability for the Company means reducing costs and systematically leveraging economies of scale so as to expand operating margins and increase the recurring and reported operating profit in absolute terms. The main financial key performance indicators are revenue and recurring EBITDA (earnings before interest, taxes, depreciation and amortisation) and the recurring EBITDA margin (for more information see the section entitled "Financial Key Performance indicators"). The TOM TAILOR GROUP aims for a net income for the year. To achieve these financial goals, the TOM TAILOR GROUP has built its strategy on the following four pillars:

- Focus on core brands, selected regions and sales channels to reduce complexity
- POLE POSITION project to boost selling space productivity
- CORE cost-cutting and efficiency programme
- Strengthening the financial position and a more conservative balance sheet structure

FOCUS ON CORE BRANDS, SELECTED REGIONS AND SALES CHANNELS TO REDUCE COMPLEXITY

The TOM TAILOR GROUP is continuing to pursue its multi-brand approach, in which the concept for each brand is tailored individually to the associated target group. This begins in the design with the selection of the products, styles and colours and ends with the appropriate presentation of the goods at the point of sale. Here, the TOM TAILOR GROUP uses its competitive strength to develop attractive fashion, offer this to a broad range of customers at excellent value for money and deliver a high recognition factor for customers of the products and their quality. To do this, the Company systematically analyses fashion trends, which allows it to rapidly identify and implement customers' wishes and reflect these purposefully in its new collections. 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.

Going forward, the Company will focus on the TOM TAILOR, TOM TAILOR Denim, TOM TAILOR CONTEMPORARY WOMEN and BONITA as well as BONITA men core brands and intends to further sharpen its brand presence. Special attention will be given to the BONITA brand, which will be strengthened further. The main concern of the new management is to focus products more specifically on customers and their wishes, promoting a considerable unique strength – the ability to combine the garments across multiple collections. Moreover, the Company will take the TOM TAILOR POLO TEAM brand and the TOM TAILOR CONTEMPORARY Men line off the market in summer 2016, thereby reducing complexity. Neither of these divisions was able to live up to the expectations of market success. In addition, the Company is reviewing the efficiency and potential for expansion of all its regional markets and sales channels with the aim of reducing complexity in these markets as well and defining new priorities for these sales channels.

POLE POSITION PROJECT TO BOOST SELLING SPACE PRODUCTIVITY

The Company is planning to generate growth primarily through its existing structure by boosting selling space productivity and thereby becoming more profitable. In view of the fierce competition and limited possibilities for expansion in its core markets, the TOM TAILOR GROUP is planning to further enhance its long-term competitiveness by accelerating the Group's verticalisation. In the new organisational structure it introduced effective 1 April 2015, the Company therefore created a second management level below the Management Board in which one vice president is responsible for a single brand across all sales channels. This enables the Company to more specifically develop the value proposition of each brand and align it more consistently with customer requirements. This systematic verticalisation shortens processes and decision-making chains and thus increases the speed of response and flexibility, which is expected to benefit the wholesale partners and also the Company's own retail business.

To boost selling space productivity, it is also important to sell as many products as possible at full price within a short time frame of approximately four weeks. The basis for this full price sell-through, as it is called, is a changed calculation that considers both the performance of a given product and the pricing of comparable products in the market. This ensures a high sales ratio within a short period of time, which increases the inventory turnover speed and simultaneously reduces promotional activities to a considerable extent. What is more, particularly the product groups that were under-represented up to now but are still promising are developed further in the collections. This aims to create better value for money for customers and encourage sales. Efficient logistics go a long way towards improving selling space productivity. In July 2015, the TOM TAILOR GROUP moved into a new logistics centre at the Rungedamm in Hamburg. The new logistics centre is owned and operated by an external service provider. This enabled the Company to centralise and expand its warehouse capacities and optimise the processes for needs-based replacement (replenishment) of the stores at the same time. In addition, the new storage facility has sufficient capacity to handle larger quantities of products and deliver these promptly to the stores.

Accelerated verticalisation to strengthen long-term competitiveness

The topics of digitalisation and omnichannel – linking physical stores with online-based applications – will play a key role in the Company's future development. To achieve maximum efficiency in this area, it is necessary to implement a real-time database that ensures real-time comparison with stocks. This is why the TOM TAILOR GROUP has begun to progressively update its IT infrastructure. In the first half of 2016, for example, the TOM TAILOR GROUP will launch the "click & collect" and "return to store" applications to improve the quality of service for its customers.

CORE COST-CUTTING AND EFFICIENCY PROGRAMME

One of Europe's leading fashion companies, the TOM TAILOR GROUP has a strong, extensive distribution network with 1,486 own retail shops. The Company intends to continue to develop and optimise this portfolio in the coming years. This process is an important element of the multi-year cost-cutting and efficiency programme CORE launched in the fourth quarter of 2015 in response to the changes in the textile industry. The objective of this programme is to enhance efficiency and improve the processes and cost base in order to make the Company more competitive in the long term.

Initially, uninteresting or unattractive stores may be closed by making use of the options provided in the leases. It can generally be assumed that 80 to 100 stores will be closed in financial year 2016 – 20 TOM TAILOR stores and 60 to 80 BONITA stores. The Company is also significantly scaling back its rate of expansion and will open a maximum of 30 new stores; contracts for the majority of these were signed in 2015. The total number of retail stores will therefore decrease in 2016. In conjunction with this, the Company will review the leases of the store portfolio from the perspective of viability and sustainability. The aim here is to develop concepts in collaboration with the other party to the contract that will allow the tenancy to be continued on a long-term and viable basis.

Furthermore, the TOM TAILOR GROUP is planning to modify its human resources structure. This will mainly affect staff from the TOM TAILOR POLO TEAM and TOM TAILOR CONTEMPORARY MEN brands, some of whom will be transferred to other divisions. For others, socially acceptable solutions will be found where possible. The same applies to the staff affected at the Hamburg site in the centralised functions, which will be reorganised and reduced in number.

The Group is also pursuing an even stricter cost discipline than in the past. In addition to the above-mentioned rental and staff costs, it is focusing in particular on non-staff and logistics costs. In this context, the Company is systematically analysing all positions, examining suitable alternatives and implementing these prudently and incrementally. The main emphases here are on the efficiency of the processes at the Company's own central storage facility for the BONITA brand and at the storage facility for TOM TAILOR that is operated by an external party, in the light of falling oil prices on the optimisation of freight costs through new invitations to tender, and on the reduction of air freight charges.

STRENGTHENING THE FINANCIAL POSITION AND A MORE CONSERVATIVE BALANCE SHEET STRUCTURE

In 2015, the TOM TAILOR GROUP arranged financing with the banks with a term of up to 2020 and is pursuing a clear financial strategy to strengthen its EBITDA and cash flow and to further improve its balance sheet structure. The Company's ability to finance its operating cash flow internally is pivotal here.

In connection with the CORE programme, the operating cash flow will cover the investments for 2016 that have been reduced to around EUR 25 million. Furthermore, the TOM TAILOR GROUP seeks to generate a positive free cash flow that will be used to reduce its net debt and also the interest burden.

In addition to the scheduled repayment of EUR 15 million, the Company plans to repay a tranche of the borrower's note loan of EUR 18 million. The Company is reiterating its objective of reducing the ratio of net debt to recurring EBITDA to below 2.0 in the medium term. The TOM TAILOR GROUP also endeavours to achieve net income for the period to strengthen the equity side of its balance sheet. The Group is aiming for an equity ratio of at least 30% in the medium term.

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 and recurring operating profit (EBITDA – earnings before interest, taxes, depreciation and amortisation) and the recurring EBITDA margin. 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.

Recurring EBITDA figures are reported to include factors that, due to their unusual or unique nature, in the opinion of the Management Board could impair a comparison over time or that mean it might not be possible to draw conclusions from the reported net assets, financial position and results of operations about the group's future net assets, financial position and results of operations.

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 DER 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 buy something to those who enter a store. 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

GLOBAL GROWTH WEAKENS – BUT EURO ZONE PICKS UP SPEED

The global economy did not experience a hoped-for upturn in 2015. According to the International Monetary Fund (IMF), growth was 3.1% instead of the 3.5% expected at the start of the year, coming in lower than in the prior two years (3.4% in each case). The main reason was weak economic growth in China. In 2015, global economic growth was also affected by the following factors: a steep drop in oil and commodities prices, the appreciation of the US dollar, greater financial market volatility and the escalation of geopolitical crises.

At 6.9%, economic growth in China in 2015 was slower than at any time in the past 25 years. Moreover, Russia and Brazil slid deeply into recession. Growth in the emerging and developing countries therefore flattened out more than anticipated to only 4.0% (previous year: 4.6%). At the same time, the industrialised economies saw only a marginal upturn with economic growth increasing from 1.8% in 2014 to 1.9% in 2015. In the United States the brakes were put on industry by the strong US dollar and the collapse of energy prices. Although the housing and labour markets brightened, the US Federal Reserve did not kick off its long-expected interest rate turnaround until the end of 2015. Economic growth in the UK was slower than in the previous year, and Japan returned to a flat growth trajectory.

In the euro zone, the upswing took hold. Growth in the gross domestic product (GDP) accelerated, standing at 1.5% in 2015 compared with 0.9% in the previous year. The ECB again loosened the reins on its monetary policy by embarking on a massive bond purchase programme. The euro lost further value as a result. By the end of 2015, the euro zone saw employment increase by some 1.5 million individuals. The unemployment rate therefore dropped from 11.4% to 10.4% during the year. In the EU it declined from 9.9% to 9.0%. Nonetheless, unemployment remained high, particularly in Spain, Portugal, France and Italy, and displayed stark regional differences. Low energy prices kept consumer prices on an even keel in the euro zone. The Institut für Weltwirtschaft (IfW – Institute for the World Economy) in Kiel puts growth in consumer spending by private households at 1.7% in this environment. Besides higher capital expenditure and government spending, private consumption was once again the main driver of the upswing.

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

Economic growth and consumer spending by private households in the core international markets for the TOM TAILOR GROUP developed as follows in the 2015 reporting year:

In Switzerland the appreciation of the franc put a damper on various sectors, especially industry and exports. However, the labour market situation clouded only slightly. Thanks to a steep rise in purchasing power, private consumption expanded at a rate of 1.2%, faster than the economy as a whole, which grew by an estimated 0.7% (KOF Swiss Economic Institute at ETH Zurich). At an estimated 0.7% (OeNB), Austrian economic growth was again anaemic. Consumer spending hardly made an impact on growth despite the decline in the savings rate. The economy in France grew robustly at 1.2% (Banque de France), but was unable to keep pace with the upturn in the euro zone. Thanks to higher incomes, lower inflation and a slight decline in unemployment, private consumption rose by 1.6% according to preliminary central bank figures after only 0.6% in the previous year. Growth in Belgium's GDP was stable at 1.4% (previous year: 1.3%) as per estimates by the country's central bank.

Whereas investments stagnated, consumer spending by private households revived considerably, growing 1.5%. This development was founded on low inflation and an improved labour market situation. In the Netherlands the economic recovery continued apace (central bank: growth of 1.9% after 1.0% in the previous year). The upturn was driven by the increase in construction investments and higher private consumption, which was up 1.7% (previous year: stagnation).

Poland's economy saw strong growth of 3.4% as reported by the country's central bank. Declining prices and higher salaries stimulated private consumption, which rose 3.0%. The economies in the South Eastern European countries also continued to recover. Growth rates in the EU member states of Slovenia, Bulgaria, Romania and Croatia were higher than the euro zone average.

German economy with steady growth in 2015 – private consumption picking up considerably

In Germany, the situation in 2015 was characterised by solid, steady economic growth. The Federal Statistical Office (Destatis) calculates that GDP expanded by 1.7% in real terms (previous year: 1.6%). Whereas growth in the construction industry stalled (to some degree due to weather conditions), investments in equipment and exports to the euro zone rose substantially. The conditions for private consumption improved significantly again in 2015. Still-low interest rates and price stability (consumer prices in 2015 up only 0.3%) coupled with declining energy costs and higher salaries further boosted purchasing power. Low interest rates kept the savings rate low. In addition, the labour market continued its positive trajectory, improving for the tenth consecutive year. For the first time, over 43 million persons were employed on average for the year. According to preliminary estimates, this represents an increase of around 329,000 persons, or 0.8%. The upswing in private consumption from +0.9% in the previous year to +1.9% was again the most important growth driver.

Consumer confidence improved further in early 2015, rising to euphoric levels by mid-2015. In the second half of the year, confidence declined due to more sceptical economic forecasts, but remained at a high level overall. The GfK consumer confidence index stood at 9.3 points in December, up on the comparative figure of 8.7 points for the end of 2014.

FASHION BUSINESS LAGS WELL BEHIND ROBUST RETAIL TRADE IN 2015

According to the Statistical Office of the European Union (Eurostat), deflated retail sales in the euro zone in 2015 grew by an average of 2.4% compared with the preceding year. Destatis calculates that retail sales in Germany in 2015 rose by 3.0% in nominal terms and by 2.7% in real terms (excluding vehicles, petrol stations). This change in 2015 represents the largest retail sales increase in real terms since 1994. According to preliminary data by the German Retail Federation (HDE), retail companies in Germany generated sales of EUR 472.4 billion in 2015 (excluding vehicles, petrol stations, fuels and pharmacies). This is equal to an increase in sales of 3.1% in nominal terms (2.8% in real terms). The German retail trade has thus grown for the sixth consecutive year.

German textile and fashion trade only stagnant in 2015 in real terms

German imports of clothing and clothing accessories were a healthy 6.3% higher by the end of November 2015 (Destatis). However, Destatis indicates that total retail sales of textiles, clothing, shoes and leather goods were up by just 0.8% in nominal terms (0.0% in real terms) in 2015. German textile and fashion retail sales therefore again trailed behind total retail sales. Online and mail order sales grew sharply across all product categories, increasing 9.0% in real terms and 9.2% in nominal terms. In 2015, online retail sales held a market share of nearly 9% with a preliminary annual sales figure of EUR 41.7 billion, according to the German Retail Federation.

SIGNIFICANT EVENTS IN THE REPORTING PERIOD

NEW ORGANISATIONAL STRUCTURE IMPLEMENTED

Effective 1 April 2015, the TOM TAILOR GROUP introduced a new organisational structure to set the scene for long-term profitable growth and create ideal conditions for a sustainable increase in the Company's enterprise value.

To this end, the Company introduced a second management level in the new organisation below the Management Board with effect from 1 April 2015. Here, one vice president is responsible for a single brand across all sales channels. This move towards more consistent verticalisation enables the Company to more specifically develop the value proposition of each brand and align it more consistently with customer requirements.

In this context Dr Marc Schumacher (Chief Retail Officer since 2010) left TOM TAILOR Holding AG's Management Board of his own accord as at 30 April 2015. Daniel Peterburs, who previously served as Chief Product Development and Procurement Officer (CPO), has managed the transition as Vice President with new brand responsibility.

REFINANCING SUCCESSFULLY COMPLETED

In May 2015, the TOM TAILOR GROUP followed through as planned with the early refinancing of its existing syndicated loan. The new funding, with a volume of EUR 500 million, is envisaged for a period of five years. In the course of arranging the refinancing, the Company also redeemed the EUR 45 million variable tranche of the borrower's note loan from 2013. The TOM TAILOR GROUP utilised the prevailing favourable interest rates to reduce its financing costs and bolstered the existing bank syndicate with the addition of international banks to provide financing to fund its operations in Asia. In the fourth quarter, the Company negotiated an adjustment of the financial covenants with the bank syndicate to take account of the increased volatility in the market.

BONITA GETS NEW MANAGEMENT

Effective 1 November 2015, the TOM TAILOR GROUP reorganised the management team of its Hamminkeln-based subsidiary BONITA GmbH. Managing Director Klaus Friedrich heads up the Company's operating segments and in this capacity manages the two retail sales lines and vertical wholesale centrally. Since 1 November 2015, he has been assisted in an advisory capacity by Doris Strätker. Ms Strätker is responsible for product development and will focus the BONITA brand more squarely on the target group. The former Managing Director, Udo Greiser, left the Company of his own volition.

DR HEIKO SCHÄFER APPOINTED AS CHIEF OPERATING OFFICER

The TOM TAILOR GROUP had created the new position of Chief Operating Officer (COO) on the Management Board in the course of its realignment. Dr Heiko Schäfer assumed this position with effect from 1 December 2015, thus successfully completing the Management Board. As COO, Dr Schäfer is now responsible for purchasing, logistics and IT, as well as project and process management.

CORE COST-CUTTING AND EFFICIENCY PROGRAMME LAUNCHED

In November 2015, the TOM TAILOR GROUP launched the multi-year cost-cutting and efficiency programme CORE in response to the structural change in the textile industry. The objectives of this programme are to reduce costs, improve processes and increase efficiency in order to boost competitiveness. To do this, the Company will bring its brand portfolio into focus by taking the TOM TAILOR POLO TEAM brand and the TOM TAILOR CONTEMPORARY Men line off the market in summer 2016. The sales organisation will also be streamlined in terms of countries and sales channels and the network of stores will be optimised further. In this context, the Company is also adjusting its pace of expansion. In addition, all costs will be reviewed and evaluated.

COMPARISON OF ORIGINAL GROUP FORECAST AND ACTUAL 2015 FIGURES

GROUP FORECAST ADJUSTED IN SEPTEMBER

The TOM TAILOR GROUP had been expecting a difficult year in 2015, which is why it exercised caution in preparing its forecast. At the beginning of the year, the Company had projected a moderate, single-digit percentage increase in consolidated revenue (2014: EUR 932.1 million) and a recurring EBITDA margin at the prior-year level (2014: 9.4%). On 21 September 2015, the Management Board reiterated its forecast for consolidated revenue, predicting that it would be between EUR 945 million and EUR 955 million. However, the Management Board was forced to revise its expectations for 2015 with regard to recurring earnings before interest, taxes, depreciation and amortisation downwards to between EUR 75 million and EUR 80 million. The reason for this and for the deviation from the original forecast for the 2015 financial year were the one-off start-up difficulties that arose when putting the new logistics centre into operation, which led to considerable delays in shipping goods in the third quarter of 2015. Moreover, the Company was unable to escape the extremely difficult market conditions in July and August 2015 and the associated significant decrease in footfall. This had an adverse effect on the results of both Retail segments and therefore on the expected recurring EBITDA. With consolidated revenue of EUR 955.9 million and recurring EBITDA of EUR 76.3 million, the actual figures for 2015 are at the upper and lower ends, respectively, of the bandwidth of the revised guidance. Not all of the targets in the original forecast for financial year 2015 were reached in the reporting period. The following table contains a comparison of the results from the past financial year with the original and updated forecast for 2015.

Comparison: Group Forecast vs. Actual Figures in 2015

	2014	2015	Original forecast	Comment	Adjusted forecast	Comment
Consolidated revenue (in EUR million)	932.1	955.9	moderate increase	achieved	945 – 955	achieved
Recurring EBITDA margin (in %)	9.4	8.0	at prior-year level	not achieved	–	–
Recurring EBITDA (in EUR million)	87.2	76.3	–	–	75 – 80	achieved
Net debt (in EUR million)	202.9	217.3	–	–	215 – 225	achieved
Net debt/recurring EBITDA	2.3	2.8	approx. 2.0	not achieved	approx. 2.8	achieved
Capital expenditure (in EUR million)	21.2	33.1	max. of 37	achieved	–	–
Operating cash flow (in EUR million)	70.3	49.3	increase	not achieved	–	–
Free cash flow (in EUR million)	31.8	13.1	positive	achieved	–	–
Equity ratio (in %)	30.3	27.4	–	–	< 30	correct

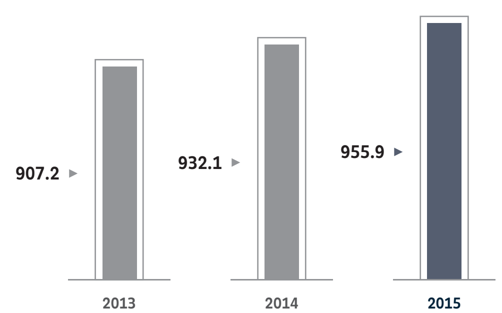
RESULTS OF OPERATIONS, FINANCIAL POSITION AND NET ASSETS

RESULTS OF OPERATIONS

Consolidated Revenue up 2.6%

The TOM TAILOR GROUP's revenue rose by 2.6% in financial year 2015 to EUR 955.9 million (2014: EUR 932.1 million).

Development of Consolidated Revenue (in EUR million)



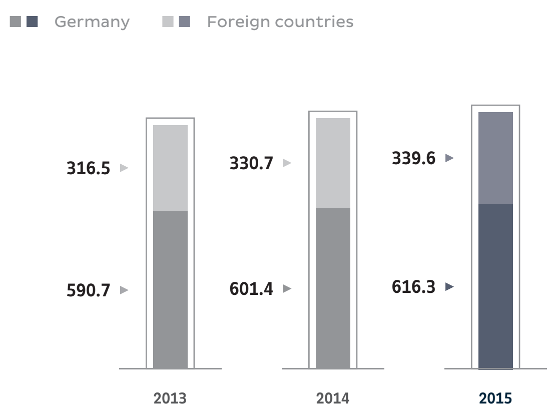
The BONITA segment generated revenue of EUR 325.8 million in the year under review (2014: EUR 324.9 million), accounting for 34.1% of consolidated revenue (2014: 34.9%). The revenue of the TOM TAILOR segments increased by 3.8% in 2015 to EUR 630.1 million (2014: EUR 607.2 million).

In the fourth quarter of 2015, consolidated revenue rose by 5.2% to EUR 266.3 million (prior-year quarter: EUR 253.1 million). The increase in revenue in this period can be attributed exclusively to the TOM TAILOR segments, whose revenue climbed 8.3% in the fourth quarter of 2015 to EUR 183.5 million (prior-year quarter: EUR 169.4 million). As expected, BONITA's revenue in the fourth quarter of 2015 at EUR 82.8 million (prior-year quarter: EUR 83.7 million) was down 1.1% year-on-year.

Revenue by Region

In Germany, the TOM TAILOR GROUP lifted its revenue by 2.5% in 2015 to EUR 616.3 million (2014: EUR 601.4 million). BONITA accounted for EUR 234.5 million of this figure (2014: EUR 237.8 million). Revenue continue to grow outside Germany too. The TOM TAILOR GROUP's revenue abroad totalled EUR 339.6 million (2014: EUR 330.7 million), which was a year-on-year increase of 2.7%. This was primarily driven by increased revenue in core international markets – Austria, Switzerland and the Benelux countries. BONITA accounted for EUR 91.3 million of international revenue (2014: EUR 87.1 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.

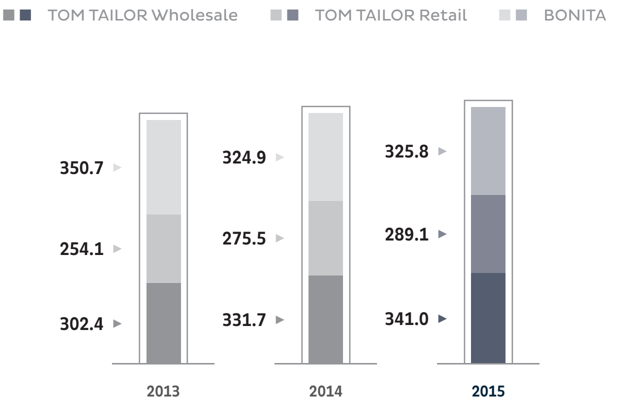
The Retail segment comprises the brick-and-mortar retail and outlet stores operated by the Group and its e-commerce activities. The latter consist of its own e-shops and e-commerce partnerships with mail-order companies. In the Retail segment a distinction is made between the TOM TAILOR and BONITA umbrella brands.

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.

Strong market coverage with the three segments TOM TAILOR Retail, BONITA and TOM TAILOR Wholesale

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

Revenue by Segment (in EUR million)



TOM TAILOR Retail Segment Grew by 4.9% – Recurring EBITDA down 16.4% due to Expansion

TOM TAILOR Retail Segment — Key Data

	2015	2014
Revenue (in EUR million)	289.1	275.5
Growth (in %)	4.9	8.4
on a like-for-like basis (in %)	–0.3	1.4
Number of stores	460	382
recurring EBITDA (in EUR million)	21.1	25.3
recurring EBITDA margin (in %)	7.3	9.2

The expansion of the TOM TAILOR Retail segment remains a key growth driver for the TOM TAILOR GROUP. Revenue in this segment was increased by 4.9% in 2015 to EUR 289.1 million (2014: EUR 275.5 million).

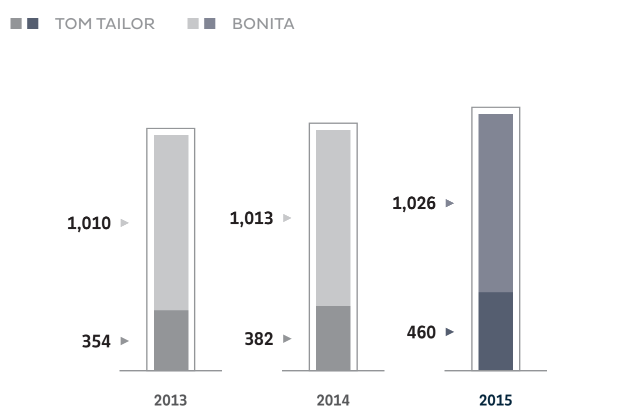
On a like-for-like basis (i.e. excluding expansion), revenue growth in the TOM TAILOR Retail segment at minus 0.3% was down year-on-year (2014: 1.4%) amid challenging market conditions. Thus, this segment's performance was more or less on a level with the trend in the sector, which closed financial year 2015 on a par with the previous year. In the fourth quarter, like-for-like revenue also remained virtually unchanged on the prior-year period, falling 0.1% (prior-year quarter: +2.2%). The segment's total revenue climbed 8.2% in the fourth quarter to EUR 94.1 million as a result of the expansion (prior-year quarter: EUR 87.0 million).

Segment revenue and result of TOM TAILOR Retail dominated by expansion

At 460, the number of retail stores rose by 78 since 31 December 2014. Altogether, 95 new stores were opened and 17 stores were closed. Of the 460 retail stores, 181 are in Germany and 279 are in other countries. The e-commerce revenue of the TOM TAILOR brands decreased slightly by 1.2% year-on-year in 2015 to EUR 42.1 million (2014: EUR 42.6 million), primarily due to the weak first half of the year.

Recurring EBITDA declined by 16.6% to EUR 21.1 million year-on-year (2014: EUR 25.3 million). The gross margin receded to 57.4% due in particular to a highly competitive market conditions in the second half of 2015 (2014: 58.9%). On the strength of the revenue growth, gross profit nevertheless increased by EUR 3.7 million in absolute terms to EUR 166.0 million (2014: EUR 162.3 million). However, this increase was not sufficient to compensate for the higher personnel and rent expenses in particular that resulted from the expansion. At 7.3%, the recurring EBITDA margin was down 1.9 percentage points on the prior-year figure (2014: 9.2%). Reported EBITDA in the TOM TAILOR Retail segment reached EUR 20.3 million in the reporting period (2014: EUR 25.3 million) and was reduced in 2015 by non-recurring items in the amount of EUR 0.8 million.

Number of Retail Stores



BONITA Revenue up Slightly by 0.3% – Recurring EBITDA down EUR 6.6 million

Bonita Segment — Key Data

	2015	2014
Revenue (in EUR million)	325.8	324.9
Growth (in %)	0.3	–7.4
on a like-for-like basis (in %)	1.7	–9.9
Number of stores	1,026	1,013
Recurring EBITDA (in EUR million)	19.0	25.6
Recurring EBITDA margin (in %)	5.8	7.9

The BONITA segment exclusively comprises own stores, the brand's own e-shop and vertically operated shop-in-shops in the wholesale business. In financial year 2015, revenue rose slightly by 0.3% to EUR 325.8 million (2014: EUR 324.9 million). On a like-for-like basis, revenue in 2015 was up 1.7% (2014: -9.9%). The revenue trend in the BONITA segment was disappointing, especially in the second half of the year. While revenue rose by 3.4% year-on-year in the first six months, it fell by 2.5% year-on-year in the second half of the year, particularly on account of the disappointing revenue trend in the third quarter. This was primarily due to substantially lower footfall. The share of consolidated revenue for 2015 accounted for by the BONITA segment was 34.1% (2014: 34.9%).

BONITA with a disappointing second half of 2015

In the fourth quarter of 2015, revenue of EUR 82.8 million was down 1.1% on the prior-year level of EUR 83.7 million. In this period, revenue on a like-for-like basis rose by 2.0% (prior-year quarter: –13.1%).

The number of BONITA stores rose by 13 as against 31 December 2014 to 1,026. Altogether, 37 new stores were opened and 24 stores were closed. Of the 1,026 stores, 715 are in Germany and 311 are in other countries. The BONITA e-shop lifted revenue by 15.2% in 2015 to EUR 3.7 million (2014: EUR 3.2 million).

Recurring EBITDA in the BONITA segment decreased by EUR 6.6 million to EUR 19.0 million in the 2015 financial year (2014: EUR 25.6 million). Reported EBITDA including non-recurring items of EUR 1.0 million amounted to EUR 18.0 million in 2015, which is also a considerable decrease compared with the prior-year figure (2014: EUR 24.7 million). The decrease in recurring EBITDA is mainly due to the contraction of the gross margin and absolute gross profit. Compared with the previous year, the gross margin declined by 1.9 percentage points to 66.2% (2014: 68.1%). In the fourth quarter of the year under review, the gross margin was 69.1% – also lower than the 71.2% figure for the prior-year quarter. In absolute terms, gross profit fell by EUR 5.3 million in 2015 to EUR 215.8 million (2014: EUR 221.1 million). Higher price promotions at the beginning of the year as well as targeted product investments to boost the price-performance ratio are the main reason for this decline. In addition, other operating expenses rose by EUR 7.3 million in the reporting period, mainly due to the TV campaign run in the second half of the year. However, other operating income also increased, largely thanks to gains on the disposal of assets of EUR 5.8 million, mainly attributable to the scheduled sale of a software installation as an integral part of a Group-wide modification of the IT infrastructure.

TOM TAILOR Wholesale Segment Grew by 2.8% – Recurring EBITDA Virtually Unchanged

TOM TAILOR Wholesale Segment — Key Data

	2015	2014
Revenue (in EUR million)	341.0	331.7
Growth (in %)	2.8	9.7
Number of shop-in-shops	2,956	2,686
Number of franchise stores	203	206
Recurring EBITDA (in EUR million)	36.2	36.3
Recurring EBITDA margin (in %)	10.6	11.0

The revenue of the TOM TAILOR Wholesale segment increased by 2.8% in financial year 2014 to EUR 341.0 million (2014: EUR 331.7 million). The segment thus accounted for 35.7% of consolidated revenue (2014: 35.6%). In Germany, the revenue of the Wholesale segment was boosted by 3.9% to EUR 219.5 million (2014: EUR 211.2 million). Outside Germany, revenue increased by 0.8% to EUR 121.5 million (2014: EUR 120.5 million). In the fourth quarter, the revenue of the Wholesale segment rose by 8.5% to EUR 89.4 million (prior-year quarter: EUR 82.4 million). The number of shop-in-shops rose by 270 as against 31 December 2014 to 2,956. The number of franchise stores fell slightly by three to 203.

Amounting to EUR 36.2 million in 2014, recurring EBITDA in the TOM TAILOR Wholesale segment remained nearly constant in the financial year ended (2014: EUR 36.3 million). Reported EBITDA, in contrast, decreased by EUR 5.0 million to EUR 29.2 million (2014: EUR 34.2 million). The non-recurring items of EUR 7.0 million in financial year 2015 mainly relate to expenses in connection with the cost-cutting and efficiency programme CORE and POLE POSITION project. Alongside revenue, the gross margin also rose from 44.7% to 45.0%. In the fourth quarter of 2015, the gross margin stood at 44.0%, also up the figure of 41.4% reported for the prior-year quarter.

TOM TAILOR Wholesale with revenue growth and stable segment result

Other Operating Income up by EUR 12.3 million

Other operating income rose by EUR 12.3 million to EUR 39.0 million in financial year 2015. This increase was mainly due to foreign exchange gains from currency translation, which at EUR 9.7 million were EUR 5.4 million higher than in the previous year (2014: EUR 4.3 million). In other operating expenses, these gains stood in contrast to foreign exchange losses from currency translation of EUR 8.0 million (2014: EUR 7.1 million). Other operating income also included other gains on the disposal of assets amounting to EUR 5.8 million. These were primarily generated from the scheduled sale of a software installation in the BONITA segment as an integral part of a Group-wide modification of the IT infrastructure. Licence income from the out-licensing of the TOM TAILOR brand (2015: EUR 6.1 million) and rental income (2015: EUR 4.5 million) also made a notable contribution to this item.

Group's Gross Profit up 0.7% – Gross Margin down 1.0 Percentage Points to 56.0%

In the financial year ended, the cost of materials in the TOM TAILOR GROUP increased by 5.1% to EUR 420.6 million in 2014 (2014: EUR 400.4 million). Gross profit increased by 0.7% from EUR 531.8 million to EUR 535.3 million. In contrast, the gross margin contracted by 1.0 percentage points to 56.0% in the reporting period (2014: 57.0%). The decrease in the gross margin in the Group is chiefly due to a lower gross margin in the BONITA segment. This figure was down 1.9 percentage points to 66.2% in the financial year ended (2014: 68.1%). Higher price promotions at the beginning of the year as well as targeted product investments to boost the price-performance ratio are the main reason for this decline.

In the last quarter of the financial year ended, at 56.1% the gross margin was down significantly on the prior-year quarter's figure of 57.8%. This was largely due to the decline in the gross margin in the BONITA and TOM TAILOR Retail segments.

Personnel Expense to Revenue Ratio Increased to 21.8% due to Expansion

Personnel expenses rose by 6.4% in 2015 to EUR 208.6 million (2014: EUR 196.2 million), The personnel expense to revenue ratio increased from 21.0% in the prior-year period to 21.8% in the past financial year. The absolute increase was mainly the result of the higher average number of employees due to expansion in the TOM TAILOR GROUP. In 2015, personnel expenses also include non-recurring items of approximately EUR 5.7 million, which are mainly related to the CORE cost-cutting and efficiency programme (2014: EUR 0.8 million). The TOM TAILOR GROUP employed 6,981 people as at 31 December 2015 (previous year: 6,466), of whom 3,933 worked at BONITA (previous year: 3,920).

Other Operating Expenses Increased by 7.2%

At EUR 298.1 million, other operating expenses were up 7.2% on the figure for the prior-year period (2014: EUR 278.0 million). This increase in the financial year ended is primarily attributable to higher marketing expenses, which rose by 20.8% in 2015 to EUR 32.0 million (2014: EUR 26.5 million). The main reason for the increase was a TV campaign in the BONITA segment conducted in the second half of 2015. Furthermore, rental expenses rose by 3.6% to EUR 131.4 million in 2015 (2014: EUR 126.9 million) due to normal rent increases and the expansion of retail activities. The number of retail stores rose by 91 year-on-year to 1,486 at the 31 December 2015 reporting date. Further key elements of other operating expenses were logistics costs for order picking of EUR 24.1 million (2014: EUR 21.0 million) and outgoing shipping costs of EUR 12.8 million (2014: EUR 11.5 million).

Recurring Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) down 12.5%

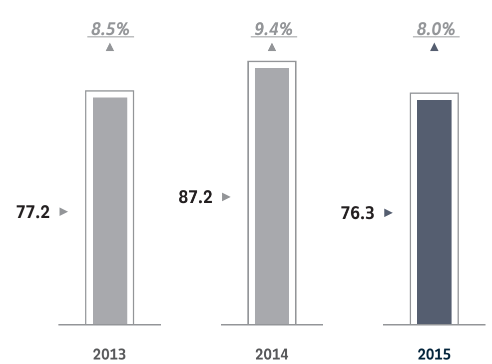
Recurring EBITDA in the TOM TAILOR GROUP fell 12.5% to EUR 76.3 million in the reporting year (2014: EUR 87.2 million). The main cause of the considerable decrease in recurring EBITDA was the increase in personnel expenses and in other operating expenses. At 8.0%, the recurring EBITDA margin for 2015 was therefore 1.4 percentage points lower than in the previous year (2014: 9.4%).

Recurring EBITDA margin down from 9.4% to 8.0%

In the fourth quarter of 2015, recurring EBITDA rose by 18.9% year-on-year to EUR 36.0 million (prior-year quarter: EUR 30.3 million), mainly due to the strong fourth quarter of 2015 in the TOM TAILOR Wholesale segment.

Development of Recurring EBITDA, Group (in EUR million)

Recurring EBITDA margin in %



Owing to the decrease in earnings in all segments of the TOM TAILOR GROUP, reported EBITDA in the financial year ended fell by 19.8% to EUR 67.6 million (2014: EUR 84.3 million). While non-recurring items of EUR 3.0 million had weighed on reported EBITDA in the previous year, expenses totalling EUR 8.7 million to be recognised as non-recurring items were incurred in financial year 2015. EUR 4.5 million of these non-recurring items related in particular to expenses incurred in connection with the cost-cutting and efficiency programme CORE and the POLE POSITION project. Recurring EBITDA did not include any non-recurring items in connection with putting the new logistics centre into operation or arising from the sale of the software installation in the BONITA segment.

Depreciation, Amortisation and Impairment Losses down 1.5% year-on-year

Depreciation, amortisation and impairment losses amounted to EUR 50.3 million in 2015, down EUR 1.5% on the prior-year figure (2014: EUR 51.0 million). Depreciation, amortisation and impairments in the reporting period contrasted with capital expenditure of EUR 33.1 million (2014: EUR 21.2 million).

Financial Result up EUR 2.6 million

At EUR -14.9 million, the financial result in 2015 improved by as much as EUR 2.6 million compared with the previous year (EUR -17.5 million). This was largely due to a lower EURIBOR rate, a lower interest rate margin due to the refinancing in May 2015 and a decline in average net debt compared with the prior-year period.

Income Taxes down 52.8%

Income tax expense amounted to EUR 2.4 million in 2015 (2014: EUR 5.0 million). The tax expense is mainly comprised of current taxes of German and international Group companies for 2015.

With net income before income tax of EUR 2.5 million (2014: EUR 15.8 million), the effective tax rate was thus 97.1% (2014: 31.9%). The high effective tax rate mainly results from the limited tax deductibility in Germany of rental and financing expenses for trade tax purposes, the non-recognition of deferred tax assets on losses of the international Group companies and the remeasurement of tax loss carryforwards and interest carried forward at the German Group companies.

Recurring Net Income for the Period Fell to EUR 14.3 million

Recurring net income for the period fell by EUR 32.3% in financial year 2015 to EUR 14.3 million (2014: EUR 21.1 million). The recurring earnings per share (EPS) amounted to EUR 0.37 (2014: EUR 0.68). At EUR 0.1 million, the net income reported for the period was also significantly lower than the prior-year figure (2014: EUR 10.8 million) and led to earnings per share of EUR –0.18 (2014: EUR 0.28).

Reconciliation to Recurring Net income for the Period

in EUR thousand	2015	2014
Net income for the period	**71**	**10,752**
Income taxes	2,375	5,027
Net income before income tax	**2,446**	**15,779**
Financial result	**14,860**	**17,463**
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	4,481
of which in financial result:		
Financing costs/Bonita acquisition	2,426	2,653
of which in EBITDA:		
Cost of Bonita integration	0	663
Borrower's note loans and refinancing costs	0	1,301
CORE cost-cutting and efficiency programme	4,449	0
Other non-recurring items	4,282	1,009
	8,731	2,973
Aggregate non-recurring items, net of tax effect	**20,334**	**14,803**
Recurring EBIT	**35,214**	**45,392**
as % of revenue	3.7%	4.9%
Depreciation, amortisation and impairment losses (net of amortisation from PPA)	41,092	41,854
Recurring EBITDA	**76,306**	**87,246**
as % of revenue	8.0%	9.4%
Depreciation, amortisation and impairment losses (net of amortisation from PPA)	–41,092	–41,854
Financial result (net of non-recurring items)	–12,434	–14,810
Recurring net income before income tax	**22,780**	**30,582**
Income taxes	–2,375	–5,027
Imputed tax effect (30%) on aggregate non-recurring items	–6,100	–4,441
Recurring net income for the period	**14,305**	**21,114**
Recurring earnings per share after deduction of minority interests	0.37	0.68
Earnings per share after deduction of minority interests	–0.18	0.28

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 development 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 numerous financial instruments and measures. It also maintains good business relationships with the consortium banks, which contributes 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. As at 31 December 2015 the equity ratio was 27.4% and thus below this target figure (31 December 2014: 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.

In addition to the borrower's note loan, the TOM TAILOR GROUP finances its operational and long-term funding requirements through a syndicated loan agreement. The loan agreement currently in place was renegotiated at the end of May 2015. The new funding has a total volume of EUR 500 million, thus ensuring the financial framework for the Company's further development. As part of the renegotiation process, the TOM TAILOR GROUP also redeemed the EUR 45 million variable tranche of the borrower's note loan from 2013. A total of EUR 475 million of the loan refinancing has a term of five years, while EUR 25 million has a term of three years plus two options to extend the term by one year in each case. The refinancing enables the Company to utilise the prevailing favourable interest rates, reduce its financing costs and gain financial flexibility. The bank lines of credit of EUR 500 million comprise a current account overdraft facility of EUR 187.5 million (utilisation as at 31 December 2015: EUR 83.9 million), a guaranteed line of credit of EUR 187.5 million (utilisation as at 31 December 2015: EUR 139.6 million) and bank loans of EUR 125 million (utilisation as at 31 December 2015: EUR 117.5 million). The variable effective interest rate for the lines drawn down is based on three-month and six-month EURIBOR plus a margin that depends on the ratio of net debt to recurring EBITDA.

The TOM TAILOR GROUP leveraged the favourable interest rate environment and reduced its financing costs

The continuation of the borrower's note loans and the syndicated loan is dependent on compliance with financial covenants (net debt/EBITDA, net debt incl. future rent/EBITDAR 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). In the third quarter of 2015, the financial covenants as at 30 September 2015 and for the duration of the syndicated loan were re-adjusted in favour of the TOM TAILOR Group on account of the unsatisfactory development of business. All covenants were met as at 31 December 2015.

Operating Cash Flow down by EUR 21.1 million

TOM TAILOR GROUP — Development of Key Cash Flows 2015

in EUR million	2015	2014
Operating cash flow	49.3	70.3
Change (in %)	–30.0	17.8
Net cash provided by investing activities	–24.9	–20.5
Free cash flow	13.1	37.8
Change (in %)	–65.3	81.7

Cash generated from operations fell by 30.0% or EUR 21.1 million to EUR 49.3 million in financial year 2015 (2014: EUR 70.3 million), primarily due to the year-on-year decrease of EUR 10.7 million in net income for the period.

Net cash used in investing activities amounted to EUR 24.9 million in financial year 2014 and therefore was above the prior-year level (2014: EUR 20.5 million). Investments in controlled selling spaces in 2015 were significantly higher than in 2014. Purchases of intangible assets and property, plant and equipment increased by EUR 11.9 million to EUR 33.1 million (2014: EUR 21.2 million). Alongside the investments in controlled selling spaces, total proceeds of EUR 8.1 million were generated from the sale of fixed assets (2014: EUR 0.6 million).

Free cash flow (the net amount of net cash provided by operating activities and net cash used in investing activities) fell by EUR 24.7 million to EUR 13.1 million in the reporting period (2014: EUR 37.8 million). In spite of the difficult economic environment and significantly higher capital expenditure, the TOM TAILOR GROUP thus generated a positive free cash flow again in 2015.

Net cash provided by financing activities of EUR 0.2 million stood in contrast to net cash used in financing activities of EUR 48.1 million in the previous year. The decrease in the financial year ended was due in particular to greater utilisation of existing bank lines of credit coupled with a lower scheduled repayment of EUR 7.5 million as a result of the refinancing (2014: EUR 15.0 million). Net cash used in financing activities also includes purchase price payments of EUR 7.9 million incurred for the acquisition of shares in companies that are already consolidated subsidiaries (2014: EUR 6.0 million). In the previous year, these payments had been reported under net cash used in investing activities.

Payments to Acquire Intangible Assets and Items of Property, Plant and Equipment Significantly Increased

The Group invested a total of EUR 33.1 million (2014: EUR 21.2 million) in the past financial year to further expand controlled selling spaces in all three segments. Of that amount, EUR 17.1 million was invested in the TOM TAILOR Retail segment (2014: EUR 5.4 million) and EUR 8.4 million in the TOM TAILOR Wholesale segment (2014: EUR 7.2 million). Capital expenditure in the retail business largely related to shop fittings and fixtures for the new stores. A total of EUR 7.9 million was spent on new selling spaces in the TOM TAILOR Wholesale segment. The remaining EUR 0.5 million mainly related to the IT/software infrastructure. BONITA invested a total of EUR 7.6 million in 2015 (2014: EUR 8.6 million), primarily in shop fittings for new stores and in remodelling and expanding existing stores as well as in the IT/software infrastructure.

NET ASSETS

Intangible Assets down EUR 11.8 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. Based on the Company planning, no impairment loss needed to be recognised as at the reporting date. 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 11.8 million to EUR 312.2 million (2014: EUR 324.0 million), mainly due to amortisation.

Property, Plant and Equipment up EUR 3.2 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 higher capital expenditure due to expansion and depreciation and impairments, property, plant and equipment increased by EUR 3.2 million to EUR 152.3 million in 2015 (2014: EUR 149.1 million).

Net Working Capital up Disproportionally to Revenue

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

Amounting to EUR 194.5 million at the reporting date, inventories were up EUR 28.8 million on the prior-year figure (2014: EUR 165.7 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 decreased by 5.7% to EUR 49.2 million at the reporting date (2014: EUR 52.2 million). Trade payables grew to EUR 168.8 million at the reporting date (2014: EUR 143.8 million), due mainly to the increase in inventories 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 2015 rose by 1.2% to EUR 75.0 million (2014: EUR 74.1 million), and thus accounted for 7.8% of consolidated revenue (2014: 7.9%).

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

in EUR million	2015	2014	2013
Equity	225.5	239.2	221.7
Non-current liabilities	318.6	308.1	331.6
Current liabilities	279.0	241.6	206.3
Financial liabilities	267.8	239.9	265.6
Cash funds	50.5	36.9	47.1
Net debt	217.3	202.9	218.5
Total assets	823.1	788.9	759.6

Increase in Financial Liabilities and Net Debt

Under the non-current liabilities, non-current financial liabilities as at 31 December 2015 increased by EUR 13.0 million year-on-year to EUR 222.7 million (2014: EUR 209.6 million). The increase is mainly attributable to higher drawdowns of long-term lines of credit as a consequence of the decline in cash generated from operations and the increase in capital expenditure.

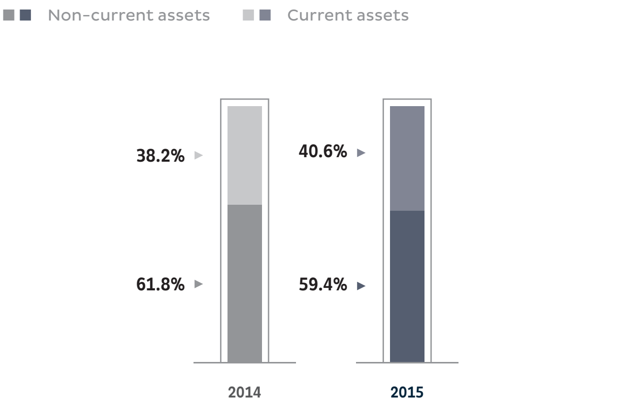
Current financial liabilities were up EUR 14.9 million at the reporting date to EUR 45.2 million (2014: EUR 30.3 million), especially because the EUR 18.0 million tranche of the borrower's note loan falling due in 2016 was reported under current liabilities as at 31 December 2015 for the first time.

At 31 December 2015, net debt amounted to EUR 217.3 million, up EUR 14.4 million on the prior-year figure of EUR 202.9 million. The increase in non-current and current financial liabilities was offset by an increase in cash funds of EUR 13.6 million to EUR 50.5 million at the reporting date (31 December 2014: EUR 36.9 million).

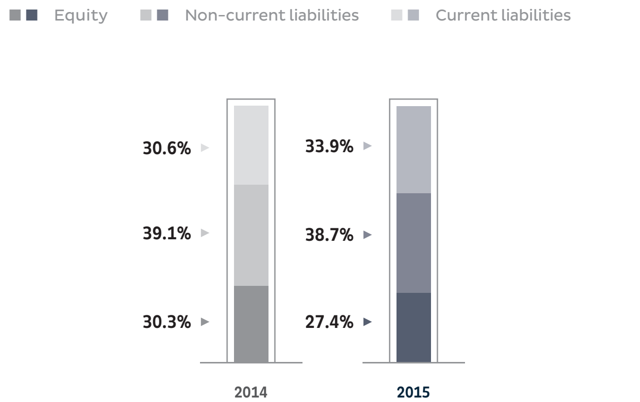
Equity Ratio at 27.4%

Equity was lower in the reporting period at EUR 225.5 million, mainly due to the acquisition of non-controlling interests and the net loss for the period attributable to the shareholders (31 December 2014: EUR 239.2 million). As a result, the equity ratio as at 31 December 2015 dropped to 27.4% (31 December 2014: 30.3%).

Asset Structure of the TOM TAILOR GROUP



Capital Structure of the TOM TAILOR GROUP



Off-Balance-sheet Financial Instruments

The Company does not use any off-balance-sheet financing instruments such as asset-backed securities and does not enter into contingent liabilities involving special-purpose entities not included in the consolidated financial statements. A rolling factoring programme was introduced in the fourth quarter of 2015. At 31 December 2015, receivables from German business customers of EUR 10.8 million were sold. In addition, through a sale and lease-back transaction in the BONITA segment, a software installation was sold in the financial year ended at a price of EUR 8.0 million as an integral part of a Group-wide modification of the IT infrastructure.

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, business performance of the TOM TAILOR GROUP in the 2015 financial year was not satisfactory. While the Group expanded further in an environment marked by challenging weather conditions and intense competition, lifting consolidated revenue by 2.6% year-on-year, recurring EBITDA fell considerably by 12.5%. On account of the start-up difficulties that arose when putting the new logistics centre into operation in the third quarter of 2015 combined with the extraordinarily poor market conditions in July and August, the Management Board was forced to revise its guidance for 2015 downwards in September 2015.

With revenue of EUR 955.9 million and recurring EBITDA of EUR 76.3 million, the actual figures for the year under review are slightly above and within the range of the revised Group forecast for 2015, respectively. Regarding the original forecast for financial year 2015, a partial target was reached with revenue growth of 2.6%. Based on the recurring EBITDA margin, the debt ratio and the equity ratio, the expectations of the original forecast were not met. The equity ratio fell to 27.4%, which is below the target of 30.0%. At 2.8, the ratio of net debt to recurring EBITDA exceeded the target of 2.0, and the recurring EBITDA margin of 8.0% fell short of the prior-year level of 9.4%.

Management Judgements

With the exception of the new methods described in the notes no accounting policies were applied in the 2015 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	2015 Retail	2015 Wholesale	2015 Total	2014 Retail	2014 Wholesale	2014 Total
Germany	3,521	568	**4,089**	3,508	496	**4,004**
Core markets outside Germany	1,634	108	**1,742**	1,543	98	**1,641**
Other countries	976	174	**1,150**	675	146	**821**
Total	**6,131**	**850**	**6,981**	**5,726**	**740**	**6,466**

Employees are a company's most important resource and are thus decisive for the success of any enterprise. One of the main tasks of human resources work in the TOM TAILOR GROUP is therefore to attract good people, systematically develop them and ensure that they remain with the Company for the long term. The basis for the spirit of cooperation within the enterprise and for TOM TAILOR GROUP's human resources activities is provided by specially defined values such as mutual respect, responsibility, open communication, justice and passion.

A YOUNG TEAM

The TOM TAILOR GROUP had 6,981 employees on 31 December 2015 (previous year: 6,466). Of this figure, 6,131 people (previous year: 5,726) were employed in the Retail segments and 850 people (previous year: 740) in the Wholesale segment. At the reporting date, 4,089 people (previous year: 4,004) were employed in Germany and 2,892 people (previous year: 2,462) outside Germany. Of the total of 6,981 employees, 3,048 worked at TOM TAILOR and 3,933 at BONITA. At 31 December 2015, TOM TAILOR Holding AG had 33 employees (previous year: 30) including the three members of the Management Board.

In 2015, TOM TAILOR employees in the centralised functions – excluding stores – were an average of 36 years old. The average age at BONITA was 42. In the TOM TAILOR retail stores, the average age of employees was 34, whereas for BONITA it was 50. This translates to an average age of 43.

FLEXIBLE ORGANISATIONAL STRUCTURES MAKE CAREER AND FAMILY MORE COMPATIBLE

Of the Group's employees, 90% are female. Women make up around 81% of TOM TAILOR employees and about 97% of BONITA employees. The two management levels below the Management Board include twelve women, i.e. women account for 35% of all senior executives. More information can be found in the corporate governance report and the section entitled "Diversity, in Particular an Appropriate Degree of Female Representation" on page 158 of this report, where the topic of the statutory quota of women is discussed in detail. 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, 65% of employees work parttime – 33% at TOM TAILOR and 90% at BONITA.

Employees by Gender

as of 31 December 2015	in %
Men	10
Women	90

Under the headline “TOM TAILOR goes Family”, employees can make use of a wide range of free services and receive straightforward support, just as during the strike at day care facilities across Germany in 2015.

Employees by Working Time

as of 31 December 2015	in %
Full-time	35
Part-time	65

PERFORMANCE-BASED REMUNERATION PROMOTES COMMITMENT

A defining feature of the TOM TAILOR GROUP’s compensation policy is fair remuneration that encourages high performance and provides the opportunity to share in the Company’s success. Remuneration comprises fixed and variable components, which vary depending on the function performed and the employees’ position in the hierarchy. The variable salary component is contingent on personal goals and specified corporate goals being met. Corporate goals include financial performance indicators for the segment in question. In the annual performance reviews, supervisors and employees set these personal goals, opportunities for advancement and salary developments for the current financial year and evaluate the achievement of targets for the past year. The performance reviews also include a mutual appraisal by employees and supervisors.

Fixed and variable salary components – voluntary social benefits

In addition, TOM TAILOR GROUP provides voluntary social benefits for its staff. For example, it offers a Company pension plan featuring additional employer contributions, a Group policy for occupational disability insurance and daycare subsidies.

TOM TAILOR GROUP AS AN ATTRACTIVE EMPLOYER

As a consequence of the demographic trend, a lack of well-educated staff is already apparent, which means that qualified personnel are in short supply. Retaining employees at the Company and ensuring their professional development therefore play a key role for the TOM TAILOR GROUP and its continuing development. With this in mind, the Company began to strengthen its employer branding in 2013 and has since invested continuously in this brand. The aim is to position the Company with its two umbrella brands, TOM TAILOR and BONITA, as an attractive employer both internally and externally in order to ensure employees’ long-term loyalty and recruit new staff.

In 2015, the Company implemented a series of activities and projects in connection with its Employer Branding initiative. These included presentations by external speakers for all employees, further integration of staff from the stores through “explorer cafés” and the Company’s redesigned career portal on its web site, which received the HR Excellence award.

TARGETED SUPPORT OF NEW RECRUITS AND INDIVIDUALISED PROFESSIONAL DEVELOPMENT OF EMPLOYEES

Training young people is a particularly high priority for the TOM TAILOR GROUP because welleducated and motivated new talent is key to an enterprise’s long-term success. The Company’s training concept includes internships, traditional vocational training and trainee programmes for university graduates, both for the centralised functions and for the selling spaces. In 2015, the Company initiated another trainee programme on the subject of brand merchandise management. The TOM TAILOR GROUP also uses collaborations with universities, presentations at fairs and its Employees Recruit Employees programme to reach potential candidates. In 2015, the TOM TAILOR GROUP sponsored the annual Young Professionals’ Day evening event organised by the trade magazine TextilWirtschaft, which shows entry-level and development opportunities in the fashion industry. The Company also takes part in the Girls’ Day and Boys’ Day in Hamburg and Hamminkeln, events at which young girls and boys can get an insight into different professions.

The TOM TAILOR GROUP offers its employees a wide range of opportunities for professional and personal development. The Company provides individualised needs-based professional development and specialised training. The Company has tackled the topic of personal and professional development and unveiled its different further development initiatives in the newly created Development Booklet, thus ensuring structured personnel development. This also includes a special development programme geared towards all new executives in the Company that is aimed at strengthening the leadership culture.

FOCUS ON HEALTH IN THE WORKPLACE

The personal well-being and health of its employees is a key concern for the TOM TAILOR GROUP. This is why the Group launched its Health in the Workplace initiative that comprises external employee counselling and also offers a large number of seminars. Topics include stress prevention, health in the workplace and coping with change. The Company also provides financial backing for health courses.

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

TEAM SPIRIT AND INTERNATIONAL CORPORATE CULTURE

The TOM TAILOR GROUP strongly emphasises pro-active communication between its employees in order to strengthen the sense of belonging in the Company. Internal Company events for staff are regularly held on a variety of topics. One example is the lunchtime “brown bag” sessions at which employees in key positions or new functions are presented. Furthermore, the intranet is used to inform employees regularly and promptly of all events that are relevant to the Company.

The TOM TAILOR GROUP’s corporate culture distinguishes itself not only through its hands-on mentality, but also through flat hierarchies. Direct communication with supervisors ensures short communication chains and quick decisions.

International fashion company – employees of 52 different nationalities enrich the team

As an international fashion company, the TOM TAILOR GROUP lives out internationality and considers it a key factor for success. Employees of 52 different nationalities work in the Group, enriching the Company with their different cultural backgrounds, viewpoints, opinions and experience. This opens up new potential that boosts the Company’s long-term success.

SUSTAINABILITY AND RESPONSIBILITY

COMMITTED TO CORPORATE RESPONSIBILITY

In a global industry such as textiles, corporate responsibility towards employees, customers, suppliers and the environment is of particular importance.

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 and procurement 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.

Suppliers are bound to comply with the purchasing guidelines of the TOM TAILOR GROUP

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 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 2014, the TOM TAILOR GROUP set up its own purchasing office in Bangladesh last year to better control and safeguard local standards. This shows that the Company has made a long-term commitment to Bangladesh as a key procurement market. The purchasing office in Dhaka 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.

Own purchasing office in Bangladesh to control and safeguard local standards

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 local legislators, NGOs and associations or setting up local community and training centres.

Engaged in the alliance for green textiles

Since 2015, the TOM TAILOR GROUP has been involved in the Partnership for Sustainable Textiles initiated by the Minister for Economic Cooperation and Development, Dr Gerd Müller.

The objective of the Textile Partnership is to continuously improve social, economic and environmental sustainability along the entire supply chain in the textile and apparel sector. Through the Confederation of the German Textile and Fashion Industry, the TOM TAILOR GROUP is a member of the Social Standards and Living Wages working group. Among other things, this working group develops future conditions for the topics of freedom of association, health and safety and the ban on child labour together with members of the textile industry, government, trade unions and non-governmental organisations. The results are expected to be available by July 2016.

Furthermore, the TOM TAILOR GROUP is committed to fur-free collections and thus shoulders its responsibility to protect animal welfare. This is why the TOM TAILOR GROUP has been a member of the FUR FREE RETAILER PROGRAMME (FFRP) since 1 December 2015. The FFRP is an international initiative of the Fur Free Alliance, an international coalition of leading animal and environmental protection organisations. The programme designates retailers, labels and designers who have made a written commitment not to use fur in their product ranges and helps consumers to find guaranteed fur-free fashion. The programme's German representative is the animal welfare organisation VIER PFOTEN – Stiftung für Tierschutz.

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 (CPI_2) funded by the Deutsche Investitions- und Entwicklungsgesellschaft (DEG – German Investment and Development Corporation). This initiative aims to reduce harmful carbon dioxide (CO_2) emissions in individual companies' supply chains. In the emerging and developing countries, huge potential savings in CO_2 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 CPI_2 initiative has developed a management tool for producers in these countries with concrete recommendations on how to save energy.

Active involvement in the CPI_2 climate protection initiative

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. Numerous Group suppliers are currently involved in the climate project After ascertaining the status quo, climate and environmental targets are to be set for each individual supplier in a road map, taking into account their respective starting situations, and measures are to be adopted and implemented.

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.

Monitoring of the entire value chain to safeguard high quality standards

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 monitors 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 Company's strict quality and material requirements.

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 2015 financial year, the Management Board of TOM TAILOR Holding AG comprised Mr Holzer, Dr Rebien, Dr Schäfer (from 1 December 2015), Dr Peters (until 30 April 2015) and Mr Peterburs (until 31 March 2015).

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.

Mr Holzer, Dr Rebien and Dr Schäfer waived parts of their remuneration in the 2015 financial year after consultation with the Supervisory Board.

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 2015, Mr Holzer (until 31 January 2015) and Dr Rebien were entitled to a short-term bonus. The variable remuneration component of Dr Schäfer, Dr Schumacher and Mr Peterburs is based on a multi-year bonus. As at 1 February 2015 Mr Holzer's director's contract was also amended accordingly. As part of the extension of his director's contract as at 1 February 2016, the short-term bonus for Dr Rebien was replaced by a multi-year bonus.

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, 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 (until 31 January 2015) and Dr Rebien is based on the net revenue and EBITDA of TOM TAILOR Holding AG on a consolidated basis. The contracts of Dr Schumacher, Mr Peterburs and Dr Schäfer do not stipulate a one-year bonus.

b) Multi-year Bonus

Management Board members receive a multi-year bonus based on the net revenue, net revenue growth and earnings per share (EPS) of TOM TAILOR Holding AG on a consolidated basis. 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 EPS component 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 was based on EPS and the performance of division-specific, recurring EBITDA. This bonus payment was 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. Only the Management Board members Mr Holzer and Dr Rebien participate 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 finalised annual 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, unterminated 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/net revenue (Factor 1) and 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) at the Company. 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 2015 the members of the Management Board Mr Holzer and Dr Rebien were eligible to participate in the Stock Option Programme. Mr Holzer and Dr Rebien were granted stock options.

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 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) *Equity Interest in FCM Beteiligungs GmbH (Third-party Benefits)*

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. This represents a share of 7.65%. 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 0.7 million.

Upon leaving TOM TAILOR Holding AG, participants in the performance ratchet arrangement 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, Mr Rebien and Mr Schäfer 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 director's contract by the Company, two members of the Management Board are entitled to severance pay. One member of the Management Board is entitled to benefits in the amount of the annual remuneration for the remaining term of the contract (up to a maximum of two times the annual remuneration or EUR 2.0 million) if the director's contract is terminated prematurely. A further member of the Management Board is entitled to benefits in the amount two times the minimum annual salary (up to a maximum of EUR 1.5 million) if the director's contract is terminated prematurely. 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.

Benefits Granted

	Dieter Holzer				Dr Axel Rebien			
EUR	2014	2015[5]	2015 (min.)[5]	2015 (max.)[5]	2014	2015[5]	2015 (min.)[5]	2015 (max.)[5]
Fixed remuneration	900,000	875,000	875,000	875,000	600,000	600,000	600,000	600,000
Fringe benefits	28,148	32,123	32,123	32,123	21,829	21,833	21,833	21,833
Total (fixed)	**928,148**	**907,123**	**907,123**	**907,123**	**621,829**	**621,833**	**621,833**	**621,833**
One-year variable remuneration	3,145,418	–	–	–[6]	715,870	150,000	–	–[6]
Multi-year variable remuneration	126,617	259,520	–	9,632,667	54,493	140,336	–	2,178,000
Multi-year bonus[1]	–	–	–	5,591,667	–	–	–	–
MSP[2] 2014 – 2018	97,916	–	–	–	35,359	–	–	–
LTI 2014 – 2017/2015 – 2018	28,701	63,460	–	945,000	19,134	42,306	–	630,000
AOP[3] 2014 – 2018/2015 – 2019	–	196,060	–	3,096,000	–	98,030	–	1,548,000
Multi-year variable remuneration from third-party benefits (Management equity participation programme)	322,393	–	–	–	222,318	–	–	–
Total (variable)	**4,522,576**	**1,166,643**	**907,123**	**–**	**1,614,510**	**912,169**	**621,833**	**–**
Retirement benefit	–	–	–	–	–	–	–	–
Total remuneration	**4,522,576**	**1,166,643**	**907,123**	**–**	**1,614,510**	**912,169**	**621,833**	**–**

Benefits Granted

	Dr Marc Schumacher				Daniel Peterburs			
EUR	2014	2015[4]	2015 (min.)	2015 (max.)	2014	2015[4]	2015 (min.)[4]	2015 (max.)[4]
Fixed remuneration	325,000	133,333	133,333	133,333	133,333	41,667	41,667	41,667
Fringe benefits	18,229	1,712	1,712	1,712	12,229	1,763	1,763	1,763
Total (fixed)	**343,229**	**135,045**	**135,045**	**135,045**	**145,562**	**43,430**	**43,430**	**43,430**
One-year variable remuneration	76,222	–	–	–	–	–	–	–
Multi-year variable remuneration	277,150	55,511	–	55,511	110,838	25,980	–	249,163
Multi-year bonus[1]	81,314	55,511	–	55,511	69,646	17,978	–	130,000
MSP[2] 2014 – 2018	–	–	–	–	–	–	–	–
LTI 2014 – 2017/2015 – 2018	7,972	–	–	–	3,619	8,002	–	119,163
AOP[3] 2014 – 2018/2015 – 2019	187,864	–	–	–	37,573	–	–	0
Multi-year variable remuneration from third-party benefits (Management equity participation programme)	–	–	–	–	11,113	–	–	–
Total (variable)	**696,601**	**190,556**	**135,045**	**190,556**	**267,513**	**69,410**	**43,430**	**292,593**
Retirement benefit	–	–	–	–	–	–	–	–
Total remuneration	**696,601**	**190,556**	**135,045**	**190,556**	**267,513**	**69,410**	**43,430**	**292,593**

1 Due to the method used, the target figures of the multi-year bonus cannot be derived and disclosed definitely for the Management Board members participating 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 year 2014, the MSP was granted only to Mr Holzer and Dr Rebien.

3 In financial year 2014, options under the SOP were granted to Dr Schumacher and Mr Peterburs. In financial year 2015, only Mr Holzer and Dr Rebien 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 fixed and variable remuneration for Dr Schumacher and Mr Peterburs in financial year 2015 comprises pro-rated remuneration for their period of service as Management Board members.

5 Mr Holzer, Dr Rebien and Dr Schäfer waived parts of their remuneration in the 2015 financial year after consultation with the Supervisory Board.

6 The one-year variable remuneration for Mr Holzer (regarding the director's contract ending on 30 January 2015) and Dr Rebien in financial year 2015 is uncapped.

Benefits Granted

	Udo Greiser				Dr Heiko Schäfer				Total Management Board	
EUR	**2014**	**2015**	**2015** (min.)	**2015** (max.)	**2014**	**2015**	**2015** (min.)[5]	**2015** (max.)[5]	**2014**	**2015**
Fixed remuneration	33,537	–	–	–	–	49,167	49,167	49,167	1,991,870	1,699,167
Fringe benefits	2,029	–	–	–	–	172	172	172	82,464	57,603
Total (fixed)	**35,566**	**–**	**–**	**–**	**–**	**49,339**	**49,339**	**49,339**	**2,074,334**	**1,756,770**
One-year variable remuneration	48,452	–	–	–	–	–	–	–	3,985,962	150,000
Multi-year variable remuneration	15,954	–	–	–	–	–	–	–	585,052	481,347
Multi-year bonus[1]	–	–	–	–	–	–	–	–	150,960	73,489
MSP[2] 2014 – 2018	–	–	–	–	–	–	–	–	133,275	0
LTI 2014 – 2017 / 2015 – 2018	15,954	–	–	–	–	–	–	–	75,380	113,768
AOP[3] 2014 – 2018 / 2015 – 2019	–	–	–	–	–	–	–	–	225,437	294,090
Multi-year variable remuneration from third-party benefits (Management equity participation programme)	–	–	–	–	–	–	–	–	555,824	0
Total (variable)	**99,972**	**–**	**–**	**–**	**–**	**49,339**	**49,339**	**49,339**	**7,201,172**	**2,388,117**
Retirement benefit	–	–	–	–	–	–	–	–	–	–
Total remuneration	**99,972**	**–**	**–**	**–**	**–**	**49,339**	**49,339**	**49,339**	**7,201,172**	**2,388,117**

1 Due to the method used, the target figures of the multi-year bonus cannot be derived and disclosed definitely for the Management Board members participating 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 year 2014, the MSP was granted only to Mr Holzer and Dr Rebien.

3 In financial year 2014, options under the SOP were granted to Dr Schumacher and Mr Peterburs. In financial year 2015, only Mr Holzer and Dr Rebien 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 fixed and variable remuneration for Dr Schumacher and Mr Peterburs in financial year 2015 comprises pro-rated remuneration for their period of service as Management Board members.

5 Mr Holzer, Dr Rebien and Dr Schäfer waived parts of their remuneration in the 2015 financial year after consultation with the Supervisory Board.

6 The one-year variable remuneration for Mr Holzer (regarding the director's contract ending on 30 January 2015) and Dr Rebien in financial year 2015 is uncapped.

Amounts Received

	Dieter Holzer		Dr Axel Rebien		Dr Marc Schumacher		Daniel Peterburs	
EUR	2014	2015[5]	2014	2015[5]	2014	2015[5]	2014	2015[5]
Fixed remuneration[4]	900,000	875,000	600,000	600,000	325,000	133,333	133,333	41,667
Fringe benefits[4]	28,148	32,123	21,829	21,833	18,229	1,712	12,229	1,763
Total	**928,148**	**907,123**	**621,829**	**621,833**	**343,229**	**135,045**	**145,562**	**43,430**
One-year variable remuneration	3,145,418	0	715,870	150,000	76,222	–	–	–
Multi-year variable remuneration	543,470	422,856	211,352	164,446	211,143	184,028	69,646	64,295
Mehrjährige Bonuskomponente[1]	–	–	–	–	81,314	55,511	69,646	17,978
MSP[2] 2014 – 2018/2015 – 2019	–	–	–	–	–	–	–	–
LTI 2014 – 2017/2015 – 2018	543,470	422,856	211,352	164,446	129,829	128,517	–	46,317
AOP[3] 2014 – 2018/2015 – 2019	–	–	–	–	–	–	–	–
Multi-year variable remuneration from third-party benefits (ratchet arrangement)	–	–	–	–	–	–	–	–
Total	**3,688,888**	**422,856**	**927,222**	**314,446**	**287,365**	**184,028**	**69,646**	**64,295**
Retirement benefits	–	–	–	–	–	–	–	–
Total remuneration	**4,617,036**	**1,329,979**	**1,549,051**	**936,279**	**630,594**	**319,073**	**215,208**	**107,725**

1 Upon entry into force of the new contract as at 1 February 2015, the short-term bonus for Mr Holzer was replaced with a multi-year bonus.

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

3 In financial year 2014, options under the SOP were granted to Dr Schumacher and Mr Peterburs. In financial year 2015, only Mr Holzer and Dr Rebien 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 fixed and variable remuneration for Dr Schumacher and Mr Peterburs in financial year 2015 comprises pro-rated remuneration for their period of service as Management Board members.

5 Mr Holzer, Dr Rebien and Dr Schäfer waived parts of their remuneration in the 2015 financial year after consultation with the Supervisory Board.

Amounts Received

EUR	Udo Greiser 2014	Udo Greiser 2015	Dr Heiko Schäfer 2014	Dr Heiko Schäfer 2015[5]	Total Management Board 2014	Total Management Board 2015
Fixed remuneration[4]	33,537	–	–	49,167	1,991,870	1,699,167
Fringe benefits[4]	2,029	–	–	172	82,464	57,603
Total	**35,566**	**–**	**–**	**49,339**	**2,074,334**	**1,756,770**
One-year variable remuneration	48,452	–	–	–	3,985,962	150,000
Multi-year variable remuneration	–	–	–	–	1,035,611	835,625
Multi-year bonus[1]	–	–	–	–	150,960	73,489
MSP[2] 2014 – 2018/2015 – 2019	–	–	–	–	–	–
LTI 2014 – 2017/2015 – 2018	–	–	–	–	884,651	762,136
AOP[3] 2014 – 2018/2015 – 2019	–	–	–	–	–	–
Multi-year variable remuneration from third-party benefits (ratchet arrangement)	–	–	–	–	–	–
Total	**48,452**	**–**	**–**	**–**	**5,021,573**	**985,625**
Retirement benefits	–	–	–	–	–	–
Total remuneration	**48,452**	**–**	**–**	**49,339**	**7,060,341**	**2,742,395**

1 Upon entry into force of the new contract as at 1 February 2015, the short-term bonus for Mr Holzer was replaced with a multi-year bonus.

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

3 In financial year 2014, options under the SOP were granted to Dr Schumacher and Mr Peterburs. In financial year 2015, only Mr Holzer and Dr Rebien 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 fixed and variable remuneration for Dr Schumacher and Mr Peterburs in financial year 2015 comprises pro-rated remuneration for their period of service as Management Board members.

5 Mr Holzer, Dr Rebien and Dr Schäfer waived parts of their remuneration in the 2015 financial year after consultation with the Supervisory Board.

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.

On 3 June 2015, the Annual General Meeting approved an amendment of the Articles of Association relating to the remuneration for the members of the Supervisory Board. The resolved increase in the remuneration for the members of the Supervisory Board will not take effect until the 2016 financial year.

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 2015 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 Eights or the Transfer of Shares

In connection with the acquisition of the BONITA Group, ISLA Vermögensverwaltungs GmbH (Warstein, Germany), formerly BONITA International Verwaltungs GmbH, had acquired a total of 6,028,050 new shares in TOM TAILOR Holding AG as part of a noncash capital increase on 8 August 2012 and 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 were subject to a lock-up period that ran 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 2015, 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 24.97% of the voting shares. 24.97% of the voting rights (6,498,050 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.

Furthermore, Fosun International Holdings Limited had secured an option to purchase 4.50% of the share capital of TOM TAILOR Holding AG (corresponding to 1,171,221 voting rights) in accordance with section 25(1) no. 2 WpHG. Fosun International Holdings Limited exercised this purchase option on 4 February 2016 and now holds an equity interest of 29.47% in TOM TAILOR Holding AG (corresponding to 7,669,271 voting rights).

Farringdon Netherlands BV, Amsterdam/The Netherlands, holds 10.22% of the voting rights (corresponding to 2,660,796 voting rights). These 10.22% (2,660,796 voting rights) are attributed to it in accordance with section 22(1) sentence 1 no. 6 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 4.3 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 4.4 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 2020 by up to a total of EUR 5,205,426 by issuing new, noparvalue registered shares against cash and/or noncash contributions (Authorised Capital 2015). 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).

The Management Board is, however, authorised, with the consent of the Supervisory Board, to disapply shareholders' pre-emptive rights fully or partially in the following cases.

- to eliminate fractions
- in the case of cash capital increases in return 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' pre-emptive 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 pre-emptive 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 conversion or warrant rights or obligations insofar as the bonds are issued after this authorisation comes into effect subject to the disapplication of shareholders' pre-emptive 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 stipulate the other details of the implementation of capital increases out of the Authorised Capital 2015.

Contingent Capital

In accordance with section 4.5 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 noparvalue 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

The shareholders have authorised the Management Board to acquire and use own shares as follows:

a)

The Company is authorised to acquire own shares for any permissible purpose until June 2, 2020 with a total nominal value representing up to 10% of the share capital existing at the time of the resolution, or – if less – of the share capital existing at the time of exercise of the present authorisation. The shares acquired based on this authorisation, along with any own shares acquired for any other purpose in the Company's possession or attributable to it based on section 71d and section 71e AktG, are not permitted to exceed 10% of the Company's share capital at any time. The authorisation may not be used by the Company to trade in own shares.

b)

The shares must be acquired on the stock market (aa) below) or by way of a public purchase offer directed to all shareholders (bb) below). Offers in accordance with bb) can also be solicited via a public invitation directed to all shareholders to submit offers to sell shares.

aa)

If the shares are acquired on the stock market, the purchase price per share paid by the Company (not including incidental acquisition costs) may not exceed or fall below by more than 10% the average closing price (arithmetic mean) of the Company's shares in XETRA trading on the Frankfurt Stock Exchange, or a successor system, on the last ten trading days prior to the undertaking to acquire the shares.

bb)

If the shares are acquired by way of a public purchase offer, a purchase price or a purchase price range can be specified. In this case, the purchase price per share paid by the Company (not including incidental acquisition costs) may not exceed by more than 10% or fall below by more than 20% the average closing price (arithmetic mean) of the Company's shares in XETRA trading on the Frankfurt Stock Exchange, or a successor system, on the last ten trading days prior to the date of publication of the final decision by the Management Board on issuing an offer or invitation. If the relevant price changes not insignificantly after publication of a public purchase offer, the purchase price or purchase price range may be adjusted. In this case, the closing price in XETRA trading on the Frankfurt Stock Exchange, or a successor system, on the last trading day prior to the public announcement of any adjustment is the deciding price.

cc)

The volume of the public purchase offer can be limited. If the volume of shares offered in a public purchase offer exceeds the possible buy-back volume, then the offers must be accepted in proportion to the shares offered; in this respect, the right of shareholders to tender their shares in proportion to their ownership interests is disapplied. In addition, the conditions can include preferred acceptance of smaller numbers of shares (up to 100 tendered shares per shareholder) partially barring a possible right to tender and rounding according to commercial principles to avoid fractions of shares. The public purchase offer can stipulate additional terms and conditions.

c)

The Management Board is authorised to use the own shares acquired on the basis of this authorisation for any legally permissible purpose, especially the following:

aa)

The shares can be sold (i) on the stock exchange or (ii) by way of an offer to all shareholders.

bb)

The shares can also be sold in ways other than on the stock exchange or by way of an offer to shareholders, if the shares are sold for cash and at a price (not including the incidental selling costs) that is not significantly below the stock exchange price of the Company's shares at the time of sale. This authorisation is only applicable provided the shares sold while disapplying shareholders' pre-emptive rights in accordance with section 186(3) sentence 4 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 exercised. This limit is to include shares issued during the term of this authorisation from authorised capital while disapplying shareholders' pre-emptive rights in accordance with section 186(3) sentence 4 AktG. Furthermore, this limit is also to include shares issued to service bonds with conversion or warrant rights or obligations, if the bonds are issued during the term of the authorisation while disapplying pre-emptive rights by corresponding application of section 186(3) sentence 4 AktG.

cc)

The shares can be offered to third parties in exchange for non-cash contributions, particularly as part of business combinations and acquisitions of companies, parts of companies, or equity investments in companies, along with other assets in connection with such acquisitions, and transferred to these third parties.

dd)

The shares can be used to service subscription rights issued 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 from a Stock Option Programme resolved under agenda item 5 by the Annual General Meeting on June 3, 2013 with own shares of the Company. Please refer to the information pursuant to section 193 para. 2 no. 4 AktG in the resolution on agenda item 5 from the Annual General Meeting on June 3, 2013. This authorisation is applicable to the Supervisory Board to the extent that own shares are to be transferred to members of the Management Board of the Company.

ee)

The shares can be used to fulfil conversion or warrant rights granted by the Company or a Group company when issuing bonds in the future, or to fulfil conversion or warrant obligations arising from bonds issued by the Company or a Group company in the future.

ff)

The shares can be retired without the retirement or its implementation requiring an additional resolution by the Annual General Meeting. The retirement will lead to a reduction in the Company's share capital by the percentage attributable to the retired shares. By way of exception to the preceding, the Management Board can deem the share capital unchanged during the retirement and instead increase the percentage of the share capital accounted for by the non-retired shares. In this case, the Management Board is authorised to adjust the number of no-par value shares in the Bylaws.

d)

The preceding authorisations can be exercised in whole or in part, once or several times, for one or more than one purpose by the Company and, with the exception of the authorisation under c)ff), also by dependent companies or companies in which the Company holds a majority interest, or by third parties acting on their account or the Company's account.

e)

The use of own shares in accordance with the authorisations in sections c)bb) to c)ff) requires the approval of the Supervisory Board.

f)

The pre-emptive rights of shareholders are disapplied if the shares are used in accordance with the preceding authorisations in sections c)bb) to c)ee). In addition, the Management Board can disapply the pre-emptive rights of shareholders for fractions in the event the shares are sold by way of an offer to all shareholders.

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 20.1 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 either Fosun International Limited alone or in conjunction with a company directly or indirectly affiliated with Fosun and/or with several persons acting in concert within the meaning of section 2(5) of the Wertpapierübernahmegesetz (WpÜG - German Securities Acquisition and Takeover Act) acquires more than 50% of the voting rights in the Company, or if one or more persons (acting in concert) otherwise 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.

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.

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.

In operational risk management, risk owners manage all risks and opportunities in their area of responsibility. Risk owners play an integral role in business processes and a key part in corporate decision-making.

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

A key component of the system is risk reporting. The risk manager regularly reports directly to the Management 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 others 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 the appropriateness of the bookkeeping, statutory compliance of the 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.

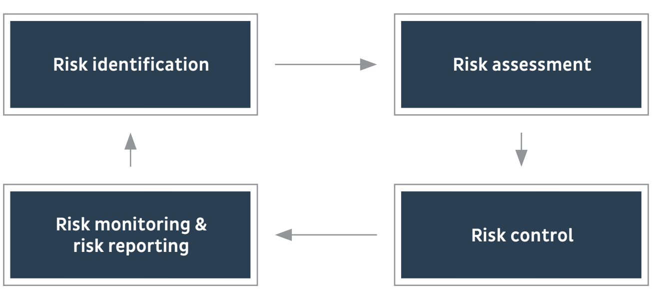
To assure the correctness of the financial information included in the consolidated financial statements, we use standardised reporting tools that are audited by an independent auditor in connection with the material entities included in the consolidated financial statements. The uniformity of accounting and measurement throughout the Group is ensured centrally by employees who have many years of experience and expert knowledge of consolidation issues and IFRS accounting. The consolidated financial statements are prepared using certified consolidation software.In this context the single-entity financial statements are transferred into the consolidation software and subjected to the consolidation process following appropriate analysis and validation.

The Finance department is responsible for the preparation of the consolidated financial statements and for controlling preparation on a regular basis.

Close contact is also maintained with the auditors of the consolidated financial statements throughout the year with respect to new statutory provisions and new or unusual transactions. The completeness and correctness of the reporting in the risk report of the management report is ensured by involving risk management in the process of preparing the report. As part of its control function, the Supervisory Board is involved in approving the budget that is used as the basis of the report on expected developments.

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. 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. Risk assessments 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, medium-high 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 2015	
Very improbable	up to 10%
Improbable	from 10% to 30%
Not that probable	from 30% to 50%
Probable	from 50% to 80%
Very probable	from 80% to 100%

Risk Classification: Potential Loss

As at 31 December 2015	
Low	Limited negative effects on business activities, financial position, results of operations and cash flows; effect on EBITDA <= EUR 2 mn
Moderate	Some negative effects on business activities, financial position, results of operations and cash flows; effect on EBITDA between EUR 2 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 10 mn
Severe	Damaging negative effects on business activities, financial position, results of operations and cash flows; effect on EBITDA between EUR 10 mn and EUR 20 mn
Very severe	Very damaging negative effects on business activities, financial position, results of operations and cash flows; effect on EBITDA > EUR 20mn

Risk owners manage all operational risks in the Company’s day-to-day business. Medium-high and high risks and the potential and actual countermeasures taken are also always reviewed by the Management Board. 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	Low	Moderate	Material	Severe	Very severe
Very probable	M	MH	MH	H	H
Probable	M	MH	MH	H	H
Not that probable	M	M	MH	MH	H
Improbable	L	M	M	MH	H
Very improbable	L	L	M	M	MH
	Effect				

L	M	MH	H
Low risk	Medium risk	Medium-high 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.

The success of risk management depends to a great extent on whether a planned measure for improvement is actually implemented and checked for effectiveness. Risk monitoring is responsible for this in the final step of the process. Risk reporting, ensures comprehensive presentation of the results of the preceding phases of the risk management process in a way that is relevant to the Company.

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.

RISKS

The following describes the risks that could have material negative effects on the objectives and reputation of the TOM TAILOR GROUP. In principle, the extent of loss is seen as a negative effect on projected EBITDA.

The TOM TAILOR GROUP nevertheless addresses relevant risks that do not have a direct effect on EBITDA but could still damage the Company or its reputation. The classification is based on the same risk categories as those used in the internal risk management system, in summarized form: external, strategic, financial, operational and Company-related risks. 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. 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.

In this Management Report, the relevant individual risks of the TOM TAILOR GROUP were consolidated into 21 risks for purposes of improving presentation (see also the Summary of Risks table). For reasons of materiality, this year only risks that are of relevance for the reader are listed. Risks with an expected value of less than EUR 100,000 and/or risks classified as low have been omitted.

Summary of Risks

Risks	Probability of Occurrence	Extent	Risk category
Company-Related Risks			
Compliance Risks	improbable	very severe	high
Personnel Risks	probable	moderate	medium-high
IT Risks	improbable	moderate	medium
Risks Arising from Long-term Contracts	improbable	moderate	medium
Strategic Risks			
Trendspotting and Pricing	improbable	severe	medium-high
Long-term Competitive Positioning and Brand Image	improbable	material	medium
Investment and Cost Risks (miscellaneous)	not that probable	low	medium
Entry into the Chinese Market	not that probable	low	medium
Operational Risks			
Sales and Inventory Risks	not that probable	material	medium-high
Risks Arising from the Company's Organisation	probable	moderate	medium-high
Social and Environmental Risks	improbable	material	medium
Logistics Risks (transit)	not that probable	moderate	medium
Logistics Risks (outsourcing Risk)	very improbable	material	medium
Financial Risks			
Risk of Impairment in the Consolidated Financial Statements	not that probable	severe	medium-high
Liquidity Risks	very improbable	very severe	medium-high
Credit Risks	improbable	material	medium
Currency Risks (USD/RUB)	improbable	moderate	medium
External Risks			
Risks of Competition	not that probable	moderate	medium
Economic Development	very improbable	material	medium
Weather Risks	improbable	moderate	medium
Country Risks	improbable	moderate	medium

YEAR-ON-YEAR CHANGES

To be able to classify the risks even better and in greater detail, the TOM TAILOR GROUP decided to add another category to its risk matrix. The “probability of occurrence” and “possible extent of loss” risk classifications were also modified. The “high” category was reduced in size and now presents only the really serious risks. The new “medium-high” category includes formerly “high” risks but also “medium” risks. Furthermore, risks with an extent of loss of EUR 2 million instead of EUR 1 million as in the past now mainly fall into the “low” category.

The new risk matrix has led to some risks being mapped differently than in the previous year even though their content did not undergo a significant change. While there has been no major change in liquidity risk and personnel risk, these fall into the medium-high category in the new risk matrix instead of into the medium category, as in the year before. Risks arising from the Company’s organisation now fall into the new medium-high category instead of into the high category, as in the previous year.

The new risk “entry into the Chinese market” has been classified as a medium risk. The sales and inventory risk (medium-high) increased on account of a higher estimate of the extent of loss than in the previous year and would have fallen into the low category had the new risk matrix been used in the earlier reporting period. The logistics risk (outsourcing) was still categorised as a high risk in the prior-year presentation. Due to the completion of the move of the TOM TAILOR GROUP’s main warehouse and the successful implementation of systems and processes, the risk for 2016 is now only classified as medium. Compared with the previous year, the area of financial risks was expanded through the addition of the potential risk of write-downs on intangible assets in the consolidated financial statements of the TOM TAILOR Group so as to reflect the risks of a prolonged deterioration in the market and profitability prospects of the TOM TAILOR GROUP’s umbrella brands, segments or business units. The increased volatility in the market also led to the “trendspotting and pricing” risk being given a higher classification than in the previous year.

COMPANY-RELATED RISKS

Compliance Risks

Compliance risks typically arise from issues relating to labour law, 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 13 individual risks, eight of which are classified as low and five 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 improbable probability of occurrence and very severe extent of loss. For this reason, it is classified as high.

Personnel Risks

Personnel risks mainly occur in relation to recruitment, inadequate qualifications and employee turnover. As a 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 CORE cost-cutting and efficiency programme could intensify this effect. 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-high.

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 failure or disruption of these IT systems could significantly impact business processes. 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 risks associated with IT systems and performance are combined here and classified as medium.

Risks Arising from Long-term Contracts

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 examined and approved by the financial and legal departments before signing and subsequently reviewed periodically. Although specialist departments are extensively involved in this process, it cannot be ruled out that high costs may be incurred as a result of legal disputes – even in these disputes are won – that could also damage the reputation of the TOM TAILOR GROUP. For this reason, we classify this risk as medium.

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 points of sale is also analysed and incorporated into future product development. In 2016, the TOM TAILOR GROUP will focus more squarely on its core brands to reduce this risk further. We classify this risk as medium-high.

Long-term Competitive Positioning and Brand Image

Among other things, the Group's economic success is based on its brand image and on the long-term strong competitive positioning of the TOM TAILOR and BONITA umbrella brands. Deterioration in the image of the brands and the competitive positioning of these umbrella brands could negatively impact the growth and profitability prospects of the Group in the long term. Moreover, to strengthen its competitive position and brand image 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 retail and wholesale markets offer the TOM TAILOR GROUP 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 various departments, then regularly reviewed and adjusted. We therefore classify this risk as medium.

Entry into the Chinese Market

In 2016, the TOM TAILOR GROUP will continue to press ahead with its entry into the Chinese market – in both the e-commerce business and the brick-and-mortar retail business. This provides many opportunities. Nevertheless, the TOM TAILOR GROUP is conscious of the uncertainty in the new market with the new market participants and classifies these risks altogether as medium.

OPERATIONAL RISKS

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 business and warehouse spaces in the wholesale business 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. This can create inventory surpluses which would lead to a reduction in revenue, lower selling space productivity or an impairment of the goods. 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. Impairment charges are recognised on existing inventory surpluses, which are then marketed through targeted sales activities. Overall, we classify this risk as medium-high.

Risks Arising from the Company's Organisation

The successful implementation of various business models (wholesale, retail, e-commerce) within the TOM TAILOR GROUP 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 established and initiated measures and projects to significantly streamline and simplify systems and processes in the next twelve to 36 months. This risk is classified as medium-high.

Social and Environmental Risks

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. All suppliers sign on to a Code of Conduct stating that the Group's products are manufactured under decent working conditions in all production facilities. Working conditions are additionally monitored internally and externally. The TOM TAILOR GROUP is also an active member of the Business Social Compliance Initiative (BSCI). On the whole, the TOM TAILOR GROUP classifies social and environmental risks as medium.

Logistics Risks

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.

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 Company has outsourced the management of the largest warehouse spaces for the TOM TAILOR brands to third-party service providers and therefore reduced this risk – but also its controllability. 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. For 2016, the risk associated with the outsourcing of processes is now considered to be medium.

FINANCIAL RISKS

Risks of Impairment in the Consolidated Financial Statements

A deterioration in the profitability and the business prospects for individual segments or business units may lead to a risk of impairment for the TOM TAILOR GROUP in relation to the assets reported in the consolidated balance sheet. Specifically, failure to meet the projections for the development of business in the BONITA segment to a significant extent could lead to impairment of the intangible assets reflected in the TOM TAILOR GROUP's consolidated balance sheet.

Even if this risk of impairment did not have any effect on the defined indicator EBITDA, on account of its potential effects on the reputation and economic situation of the TOM TAILOR GROUP it is recorded and monitored as a separate risk. In addition to continuous monitoring of the market positioning and the brand image, concrete steps were taken in financial year 2015 to minimise this risk in relation to the BONITA segment by appointing new management and developing new sales channels. We classify this risk as medium-high.

Liquidity Risks

Managing liquidity risk 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. A revolving liquidity plan and daily liquidity reports are generated to document cash inflows and outflows in both the short and medium term. If existing credit lines and loans cannot be extended or new ones cannot be entered into, the losses from this risk would be very severe. As a result of the successful implementation of several measures, the probability of occurrence is regarded as very improbable. Due to the change in the risk matrix, we classify this risk as medium-high.

Credit Risks

Currently, credit risk exists 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. Identified risks are accounted for by recognising valuation allowances or provisions. We classify this risk as medium.

Currency Risks

Currency risk in the TOM TAILOR GROUP is 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.

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. 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.

Currency risk arising from other currencies is currently regarded as low and is therefore not explained in more detail.

EXTERNAL RISKS

Risks of Competition

The markets on which the TOM TAILOR GROUP is present continue to be largely dominated by fierce competition. A shift in the online market has also occurred. In the future, the online market is expected to further gain market share to the detriment of brick-and-mortar retailers and therefore negatively affect the TOM TAILOR GROUP. The TOM TAILOR GROUP has modified its organisational structure so as to be able to focus product development more closely and more rapidly on customer needs. Despite barriers to market entry, new global online and brick-and-mortar competitors could negatively influence the market share of the TOM TAILOR GROUP. We therefore classify this risk as medium.

Economic Development

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 very improbable probability of occurrence at present due to the current positive economic indicators for 2016. 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.

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 procurement and sales countries of the TOM TAILOR GROUP is different to that in Western Europe. On the sales side, this concerns countries in South Eastern Europe as well as Russia and China, for example. The situation in Western Europe could also develop less stably due to geopolitical risk. We nevertheless continue to classify this risk as medium.

OPPORTUNITY MANAGEMENT SYSTEM

The opportunities of TOM TAILOR Holding AG are recorded centrally. Opportunities are assessed and measures developed to effectively leverage them. 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.

Opportunities are classified as "low", "medium" or "high" 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.

Opportunities are managed to unlock and further grow the potential of the Company. 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.

Opportunities are 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.

Classification of Opportunities: Probability of Occurrence

As at 31 December 2015	
Very improbable	up to 10%
Improbable	from 10% to 30%
Not that probable	from 30% to 50%
Probable	from 50% to 80%
Very probable	from 80% to 100%

Classification of Opportunities: Positive Effects

As at 31 December 2015	
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

Assessment Matrix for Opportunities

Probability of Occurrence				
Very probable	Mi	Me	Ma	Ma
Probable	Mi	Me	Ma	Ma
Not that probable	Mi	Me	Me	Ma
Improbable	Mi	Mi	Me	Me
Very improbable	Mi	Mi	Mi	Me
	Insignificant	Relevant	Substantial	Significant
		Effect		

Mi	Me	Ma
Minor opportunity	Medium opportunity	Major opportunity

OPPORTUNITIES

The following describes the opportunities 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 four categories (external, strategic, operational and company-related opportunities) 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.

All opportunities are assessed before taking any measures that increase them. 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.

As in the section on risks, only major opportunities with an expected value of at least EUR 100,000 are listed here.

YEAR-ON-YEAR CHANGES

The opportunity matrix was modified along the same lines as the risk matrix and a new probability of occurrence category was added. Seven opportunities that were recorded in the medium category in the old matrix last year are now categorised as minor opportunities, even though they did not undergo a significant change.

Two new medium opportunities arising from internal projects and one minor opportunity in the BONITA segment have been added since the previous year.

Through the refinancing in 2015, interest costs were lowered and funding for five years was secured. This eliminates other short-term financing opportunities for the next twelve months.

Summary of Opportunities

Opportunities	Probability of Occurrence	Effect	Category
Operational Opportunities			
Opportunities Arising from the Cost-Cutting and Efficiency Programme CORE	probable	relevant	medium
Opportunities Arising from the Company's Organisation	probable	relevant	medium
Sales and Inventory Opportunities	improbable	relevant	minor
Company-Related Opportunities			
IT Opportunities	improbable	substantial	medium
Personnel Opportunities	improbable	relevant	minor
Strategic Opportunities			
Expansion of the BONITA Wholesale Business Model	probable	insignificant	minor
Trendspotting and Pricing	improbable	relevant	minor
Long-term Positioning and Brand Image	improbable	relevant	minor
External Opportunities			
Economic Development	improbable	relevant	minor
Opportunities Provided by Competition	improbable	relevant	minor
Country Opportunities	improbable	relevant	minor

OPERATIONAL OPPORTUNITIES

Opportunities Arising from the Cost-Cutting and Efficiency Programme CORE

The recently launched cost-cutting and efficiency programme CORE gives rise to opportunities to reduce significant cost items through leaner structures and faster processes and improve the profitability of the TOM TAILOR GROUP in the long term. We classify these opportunities for 2016 as medium and over the next 36 months as major.

Opportunities Arising from the Company's Organisation

The TOM TAILOR GROUP introduced a new organisational structure in 2015. Systematically focusing on a vertical business model provides opportunities to shorten decision-making chains and increase the Group's selling space productivity. We classify this opportunity for a positive earnings contribution that goes beyond the effects provided for in the 2016 budget as medium.

Sales and Inventory Opportunities

With respect to sales, opportunities exist that existing stores in the retail segments 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. The plan for 2016 is to reduce expansion into new locations. 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 classify this opportunity 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 18 to 30 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 would have a positive impact on the Group. We classify this opportunity as minor.

STRATEGIC OPPORTUNITIES

Expansion of the BONITA Wholesale Business Model

Alongside its retail business, the BONITA segment will enter the wholesale business in 2016. BONITA's management is examining various initiatives and believes there are opportunities to surpass the budgeted figures for 2016. This opportunity is still classified as minor.

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 minor.

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 minor.

EXTERNAL OPPORTUNITIES

Economic Development

If economic growth in Germany and/or the TOM TAILOR GROUP's core markets exceeds forecasts 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 minor.

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.

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 opportunity as minor.

Country Opportunities

The TOM TAILOR GROUP plans to further expand its market position in Eastern Europe, China, the United States and Canada. 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 minor.

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

A new risk matrix with a new assessment was introduced the financial year ended. This changed the categorisation of a number of risks and opportunities. Assuming the same risk matrix, the total number of all identified risk was 1% in the “high” category (2014: 1%) and 12% in the “medium-high” category (2014: 10%). A small number of other risks and opportunities 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 2014.

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

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.

REPORT ON POST-BALANCE SHEET DATE EVENTS

As at 30 December 2015, Fosun International Limited increased its stake from 23.16% to 24.97% and also obtained a purchase option for a further 4.5% of the share capital. On 5 February 2016, the Management Board of TOM TAILOR Holding AG was informed of the fact that Fosun International Limited had exercised its purchase option and increased its equity interest to 29.47%.

In the period up to 1 March 2016, there were no other 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 2015.

REPORT ON EXPECTED DEVELOPMENTS

OUTLOOK – ECONOMIC ENVIRONMENT AND SECTOR DEVELOPMENTS

GLOBAL ECONOMY SET FOR MODERATELY FASTER GROWTH, BUT RISKS TO INCREASE

The International Monetary Fund (IMF) anticipates a difficult year in 2016 and has once again adjusted the forecasts for global economic growth downward. The IMF now projects global growth of 3.4% in 2016 (most recent forecast: 3.6%). Above all, the IMF is concerned about the economic slowdown in China and rising interest rates in the United States. Both could massively impact the emerging and developing economies. In addition, the freefall of oil and commodities prices poses problems for producing countries. In the view of the IMF, the escalation of tensions in the Middle East and in North Africa as well as the refugee crisis contribute to the uncertainties. In this environment, increased risks are associated with higher volatility on financial markets.

In 2016, the IMF expects the emerging and developing economies as a whole to grow by 4.3% in the wake of the industrialised countries (2015: 4.0%). However, further slowing of the pace of economic growth in China to 6.3% (2015: 6.9%) and lower commodities prices will create a downward drag. A slight uptick in growth is projected by the IMF for India and the Association of Southeast Asian Nations (ASEAN-5). In 2016, the backbone of the global economy will be the gradual acceleration in the growth rate in the established industrialised economies, which will expand by 2.1% compared with 1.9% in the previous year. This will require stabilisation of the upswing in the United States. Economic expansion in Japan will improve slightly as per the IMF, which projects stable growth for the United Kingdom.

The euro zone should continue its upward trajectory in 2016. The IMF and the Institute for the World Economy (IfW) in Kiel believe that growth in the euro zone will again pick up slightly to 1.7%. According to the IMF, the rate of expansion in 2016 will increase in countries including Italy and the Baltic states. On the whole, the growth rates of the individual euro zone countries will align more closely. Despite the turnaround in US interest rates, the ECB plans to continue its expansive economic policy and is not ruling out further easing in 2016. The weakness of the euro and incremental growth in global demand are increasingly stimulating industry and exports. The IMF anticipates that favourable financing conditions will give a gradually more noticeable boost to investment activity. Once again in 2016, the inflation rate will remain low in the euro zone at an estimated 1.0%. Against this backdrop, the economic researchers in Kiel expect further recovery of the labour market in the euro zone countries and an increase in consumer spending of 1.6%.

According to an analysis by the IMF, the flood of refugees to Western Europe could result in additional growth of 0.5 to 1.1 percentage points in the primary receiving countries of Germany, Sweden and Austria. However, the outlook for the euro zone and the EU is currently rather uncertain and delicate. The region's structural financial and political problems have not been solved, the Russia-Ukraine crisis is not yet over and, as it currently stands, the challenges of massive immigration endanger the political integrity of the EU and the Schengen Agreement. Moreover, a Brexit cannot be ruled out.

2016: TAILWIND FOR PRIVATE CONSUMPTION IN THE CORE MARKETS OF THE TOM TAILOR GROUP

The TOM TAILOR GROUP 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 2016:

Researchers at the KOF Swiss Economic Institute expect Switzerland's economy to pick up due to higher investments and exports. Since population and employment figures as well as income from employment increased and inflation remains negative, consumer spending is growing again at a faster rate (1.6%) than previously. Austria's economy will expand notably for the first time in years, growing by 1.9% according to the OeNB. Three extraordinary factors are the main drivers here: tax reform, spending on refugees and housing construction initiatives. Against this backdrop, private consumption will rise considerably by 1.6%. Growth in France will likely lift somewhat, but will still lag behind the euro zone average. The high unemployment rate will decline only slightly. Banque de France anticipates expansion in private consumption to be robust, but somewhat weaker, at 1.5%. Belgian economic growth will be stable, according to the country's national bank. Although employment is increasing further, incomes are rising only moderately. In this context, private consumption will lose some steam, growing only 1.2%. In the Dutch central bank's opinion, the Netherlands is experiencing a dynamic economic upturn. Although growth will slow somewhat temporarily in 2016 to 1.7%, tax relief and a positive labour market situation will stimulate spending by private households. The central bank expects consumer spending to rise 2.4%.

Eastern Europe is gaining importance for the TOM TAILOR GROUP, particularly Poland and countries in South Eastern Europe. Despite the unresolved Russia-Ukraine crisis, the IMF projects economic overall growth of 3.1% for the countries of Eastern Europe in 2016. In Poland, the central bank reports renewed robust growth of 3.3% in both economic output and private consumption due to higher salaries. According to IfW forecasts, the strong economic expansion in the South Eastern European EU member states of Slovenia, Bulgaria, Romania and Croatia will continue in 2016. This growth is disproportionately high compared with that of the euro zone.

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 nearly two-thirds of consolidated revenue.

German economy in 2016: private consumption remains the main driver of the upswing

In its January 2016 update, the IMF bumped up this year's growth forecast for Germany slightly to 1.7%. The IfW in Kiel is more optimistic, putting the rate of expansion at 2.2%. Corporate investments are expected to pick up further, while capital expenditure on construction will likely see strong, broad-based increases. Support for the upswing is being provided mainly by consumers, who are benefitting from rising net salaries and strong purchasing power. Inflation remains low at 1.2%. Destatis estimates indicate that during 2015 Germany's population grew by more than 700,000 inhabitants to 81.9 million. According to the IfW, a robust growth trend is becoming apparent in employment. For 2016 the Institute expects the number of employed persons in Germany to rise by more than 410,000. However, the refugee influx will not further reduce the number of unemployed persons. On the whole, the IfW forecast assumes that private consumption in Germany will grow by 2.3% in 2016, i.e. again at a higher rate than previously (previous year: 1.9%).

Consumer sentiment in Germany remains stable at a high level in early 2016. A GfK analysis indicates that neither the greater threat of terrorism nor the more intensive discussions concerning a solution to the refugee crisis appear to be permanently influencing consumer sentiment. The GfK consumer confidence index for January 2016 reached 9.4 points, 0.1 points higher than in December and 0.4 points higher than where the index stood twelve months ago. Economic expectations and the propensity to buy improved slightly compared with the end of 2015. Income expectations were down somewhat. The GfK consumer confidence index is forecast to remain at 9.4 points for February 2016.

2016: Potential for Moderate Growth in Textiles and Fashion

The increasingly broad upturn in the economy in the core regional sales markets for the TOM TAILOR GROUP will create a positive environment for the textile and fashion business there in 2016. Rising employment and higher consumer spending point to sales growth. However, the mood of consumers in Europe differs greatly by region according to GfK. In many places, the refugee crisis and geopolitical conflicts put downward pressure on sentiment.

Conditions in Germany are positive for further growth in the retail sector in 2016. The German Retail Federation (HDE) expects sales to increase by 2.0% in nominal terms to EUR 481.8 billion. Online sales will see further very strong growth of an estimated 11% and will gain market share to the detriment of brick-and-mortar stores.

Cautiously optimistic outlook for the textile and fashion business in 2016

The outlook for the textile and fashion business in 2016 is cautiously optimistic. After business in the previous two years had been dampened by unfavourable weather, additional positive demand effects are expected for the fashion and textile business in 2016 beyond the good general conditions, assuming normal weather conditions and hence the otherwise usual demand patterns set in. However, from today's point of view, there is no indication of a return to dynamic industry growth because the market is intensely competitive and customers are currently channelling their purchasing power gains elsewhere. Against this backdrop, the Confederation of the German Textile and Fashion Industry (t+m) is forecasting slight growth in sales in 2016.

EXPECTED COURSE OF BUSINESS

FOCUS ON PROFITABILITY

Due to unsatisfactory performance in financial year 2015 in the view of the Management Board of TOM TAILOR Holding AG, the Management Board adjusted the Company's strategy. This will help the Company to more specifically address changing market requirements and the significant structural change taking place in the textile industry, which is being accelerated by digitalisation. In this context the TOM TAILOR GROUP is concentrating on increasing space productivity (POLE POSITION project), reducing its cost base and improving process efficiency with the goal of boosting profitability (CORE programme). This goes hand in hand with reducing the rate of expansion in terms of the number of stores. The new strategy includes all of the goals and measures listed in the section on "Competitive Strengths and Strategy", the implementation of which has already begun in 2016 or will be initiated systematically in the coming weeks. The forecast benchmarks are based on the assumptions presented. All measures aim to improve the business performance of the TOM TAILOR GROUP.

OPTIMISATION OF THE STORE PORTFOLIO

A key step for the TOM TAILOR GROUP in 2016 is refining and optimising the store portfolio, firstly by renegotiating as many leases as possible and secondly by closing less attractive stores. As it stands today, the Company plans to close 80 to 100 stores in the current year, around 20 of which are TOM TAILOR shops and 60 to 80 of which are BONITA outlets. In contrast, only up to about 30 new stores will be opened, and as a result the absolute number of the Group's own stores will decline in 2016.

FOCUS ON PRODUCT DEVELOPMENT AT BONITA

The Group intends to substantially improve business performance, particularly at BONITA. For this reason the Management Board installed new management in November 2015, thus reinforcing BONITA on the retail and product side. The objective here is to update the product range and again make products combinable across several collections. Moreover the Company plans to open 40 to 60 new shop-in-shops for BONITA using the "vertical wholesale" approach, and BONITA's online shop will also be expanded. BONITA has a large number of loyal return customers. The number of customer cardholders rose to over 727,000 as at the end of 2015 (previous year: 570,000) and is expected to grow further in the future.

Core topics for 2016:
store portfolio, BONITA, wholesale
and digitalisation

GROWTH TARGETED IN THE WHOLESALE SEGMENT

In the Wholesale segment, the TOM TAILOR GROUP specifically aims to continue its growth trajectory in 2016, and open (in net terms) 200 to 250 new shop-in-shops and up to 20 new franchise stores. Business activities will be expanded primarily by way of existing and new partners in the core markets without adding new regional markets. In addition the further expansion of business with online partners will play a key role.

ADDING DIGITAL EXPERTISE

Digitalisation is at the heart of the Company's efforts. In order to further increase effectiveness and improve service, the Company has begun to gradually redevelop its IT landscape. The key here is implementing a real-time database by 2017, including the peripheral IT systems. Furthermore, the TOM TAILOR GROUP plans to boost its customer service quality and introduce applications such as "click & collect" and "return to store" in the first half of 2016.

LOWERING CAPITAL EXPENDITURE

In the 2016 financial year, the TOM TAILOR GROUP is planning to invest a total of around EUR 25 million in its projects. This is well under the previous year's figure of EUR 33 million.

EXPECTED DEVELOPMENT OF THE GROUP'S POSITION

CONSOLIDATED REVENUE EXPECTED TO BE MODERATELY HIGHER THAN IN PREVIOUS YEAR

From today's perspective, the Management Board of TOM TAILOR Holding AG expects consolidated revenue to see moderate, single-digit year-on-year growth. The Management Board assumes that revenue in the TOM TAILOR Wholesale and TOM TAILOR Retail segments will grow moderately. In the TOM TAILOR Retail segment, the full-year effect of the net growth in new stores in 2015 and the intended increase in space productivity will have a positive impact.

The Management Board expects BONITA to post a moderate increase in revenue as well. The additional shop-in-shops at BONITA in the wholesale business are expected to make a positive contribution to revenue. In this context it has to be noted that, depending on the time at which planned store closures are carried out, the increase in revenue might be slowed. The forecast includes the assumption that the economies of the core markets of the TOM TAILOR GROUP will continue to remain stable. In addition, the forecast also generally takes into account a volatile textile market that exhibits fluctuations within the normal range.

TOM TAILOR Group:
aiming for moderate revenue growth
and stable recurring EBITDA in 2016

STABLE RECURRING EBITDA

The TOM TAILOR GROUP has made profitability the centrepiece of its strategy and introduced many different efficiency-boosting and cost-cutting measures as part of the POLE POSITION project and the CORE programme. Some of these measures target one-time expenses, while others extend over longer periods. Initial discernible effects are expected at the end of 2016. The efficiency gains and cost advantages will reach their full potential thereafter in 2017 and 2018. Against this backdrop, the Management Board of TOM TAILOR Holding AG projects recurring EBITDA for 2016 to remain at the 2015 level. This forecast includes the assumption that the measures introduced can be implemented to the extent and according to the schedule planned.

REDUCTION IN NET DEBT AND INCREASE IN EQUITY RATIO

The TOM TAILOR GROUP expects cash flow from operations to hover at the previous year's level. Moreover, the Company anticipates generating positive free cash flow thanks to lower investments totalling approx. EUR 25 million. This will be used to reduce net debt. In addition to the scheduled repayment of EUR 15 million, the Company plans to repay a tranche of the borrower's note loan of EUR 18 million.

In the medium term the Company also aims to cut the ratio of net debt to recurring EBITDA to below 2.0. Furthermore, the TOM TAILOR GROUP intends to generate positive net income for the period and keep the equity ratio above 30% in the medium term.

TOM TAILOR GROUP:
Key Data for the Company Forecast for 2016

in EUR million	Actual 2015	Forecast for 2016
Consolidated revenue	955.9	moderately above prior-year level
Recurring EBITDA	76.3	at prior-year level
Operating cash flow	49.3	at prior-year level
Capital expenditure	33.1	around 25
Free cash flow	13.1	positive

OVERALL ASSESSMENT OF EXPECTED DEVELOPMENTS BY THE MANAGEMENT BOARD

The Management Board of TOM TAILOR Holding AG assesses the Group's current situation as mildly positive. In the past financial year 2015 the Company was able to moderately increase consolidated revenue in a competitive market as anticipated, but was forced to adjust expectations for the originally forecast recurring operating result.

In spring 2015 the TOM TAILOR GROUP launched the POLE POSITION project to counter the effects of structural change in the textile industry. The goal is to accelerate verticalisation in order to streamline processes and shorten decision-making chains, and therefore to speed up reaction times and improve flexibility. In this way the productivity of selling spaces will be increased. Moreover, the Company also introduced the CORE programme in autumn 2015. The objective here is to boost efficiency and improve processes and the cost base, thereby sustainably increasing the Company's competitiveness.

In the first six months of 2015 BONITA saw growth on a like-for-like-basis, but was unable to continue this trend in the second half of the year. New management was installed at BONITA to further build product and retail expertise. BONITA also unlocked an important and promising sales channel with the opening of the first vertical wholesale spaces (shop-in-shops).

Strong focus on profitability

The TOM TAILOR Wholesale segment continued its growth path in the reporting period. In the TOM TAILOR Retail segment, the Group also continued its expansion.

In view of these developments the Management Board of TOM TAILOR Holding AG plans to continue to drive the Company's business performance with a systematic focus on profitability. As a result, the Management Board expects the Group's results of operations, financial position and net assets to improve in financial year 2016.

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

- continued verticalisation and further development of the organisation (POLE POSITION project) to streamline processes, boost efficiency and increase selling space productivity;

- successful implementation according to plan of the CORE cost-cutting and efficiency programme;

- reinforcement of product expertise at BONITA in line with customer requirements.

The forecast for the 2016 financial year takes into account all currently known occurrences and events that could influence business developments. However, it is possible that the Company's actual business performance could differ from the forecasts due to political, economic or structural developments or the impact of the weather – factors that the Group cannot influence, predict or plan for in any way.

Hamburg, 1 March 2016

The Management Board

Dieter Holzer
(Chief Executive Officer)

Dr Axel Rebien
(Chief Financial Officer)

Dr Heiko Schäfer
(Chief Operating Officer)

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

Consolidated Income Statement from 1 January to 31 December 2015

in EUR thousand	Note	2015	2014
Revenue	1	**955,878**	**932,132**
Other operating income	2	38,990	26,701
Cost of materials	3	−420,582	−400,354
Personnel expenses	4	−208,643	−196,182
Depreciation, amortisation and impairments	5	−50,269	−51,031
Other operating expenses	6	−298,068	−278,024
Profit from operating activities		**17,306**	**33,242**
Financial result	7	**−14,860**	**−17,463**
Result before income taxes		2,446	**15,779**
Income taxes	8	−2,375	−5,027
Net income for the period		**71**	**10,752**
thereof: Shareholders of TOM TAILOR Holding AG		−4,583	7,230
Non-controlling interests		4,654	3,522
Earnings per share	9		
Basic earnings per share (EUR)		−0.18	0.28
Diluted earnings per share (EUR)		−0.18	0.28

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Consolidated Statement of Comprehensive Income from 1 January to 31 December 2015

in EUR thousand	2015	2014
Net income for the period	**71**	**10,752**
Other comprehensive income from the remeasurement of pensions and similar obligations	–18	–295
Tax effect	6	90
Items that will not be reclassified subsequently to profit or loss	**–12**	**–205**
Exchange differences on translating foreign operations	1,575	–815
Change in fair value of cash flow hedges	–1,845	27,148
Tax effect on change in fair value of cash flow hedges	536	–8,319
Items that may be reclassified subsequently to profit or loss	**266**	**18,014**
Other comprehensive income	**254**	**17,809**
Total comprehensive income, net of tax	**325**	**28,561**
thereof: Shareholders of TOM TAILOR Holding AG	–4,753	24,756
Non-controlling interests	5,078	3,805

CONSOLIDATED BALANCE SHEET

Consolidated Balance Sheet as at 31 December 2015

in EUR thousand	Note	31/12/2015	31/12/2014
Assets			
Non-current assets			
Intangible assets	10	312,187	323,988
Property, plant and equipment	11	152,328	149,055
Other assets	13	24,476	14,288
		488,991	**487,331**
Current assets			
Inventories	14	194,512	165,718
Trade receivables	15	49,204	52,207
Income tax receivables		2,632	2,254
Other assets	13	37,215	44,480
Cash and cash equivalents	16	50,525	36,933
		334,088	**301,592**
Total assets		**823,079**	**788,923**

Consolidated Balance Sheet as at 31 December 2015

in EUR thousand	Note	31/12/2015	31/12/2014
Equity and liabilities			
Equity			
Subscribed capital	17	26,027	26,027
Capital reserves	17	283,473	293,078
Consolidated net accumulated losses	17	−98,953	−94,370
Accumulated other comprehensive income		9,904	10,074
Attributable to shareholders of TOM TAILOR Holding AG		**220,451**	**234,809**
Non-controlling interests		5,029	4,405
		225,480	**239,214**
Non-current provisions and liabilities			
Provisions for pensions	21	1,064	1,016
Other provisions	22	10,073	9,660
Deferred tax liabilities	23	82,854	83,763
Non-current financial liabilities	24	222,682	209,573
Other non-current liabilities	26	1,941	4,135
		318,614	**308,147**
Current provisions and liabilities			
Other provisions	22	30,994	25,858
Income tax payables		8,959	19,185
Current financial liabilities	24	45,235	30,283
Trade payables	25	168,755	143,846
Other current liabilities	26	25,042	22,390
		278,985	**241,562**
Total equity and liabilities		**823,079**	**788,923**

CONSOLIDATED STATEMENT ON CHANGES IN EQUITY

Consolidated Statement on Changes in Equity for the Financial Year from 1 January to 31 December 2015

EUR thousand, if not stated otherwise	Number of shares in thousand	Subscribed capital	Capital reserves
Balance at 1 January 2015	**26,027**	**26,027**	**293,078**
Change in basis of consolidation	–	–	–
Changes in ownership interests in subsidiaries without change of control	–	–	–10,273
Total comprehensive income, net of tax	–	–	–
Dividends paid	–	–	–
Other changes	–	–	668
Balance at 31 December 2015	**26,027**	**26,027**	**283,473**

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 in thousand	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	–	–	–
Dividends paid	–	–	–
Other changes	–	–	694
Balance at 31 December 2014	**26,027**	**26,027**	**293,078**

	Accumulated other comprehensive income					
Consolidated net accumulated losses	**Currency translation differences**	**Cash flow hedge reserve (IAS 39)**	**Remeasurement of pensions and similiar obligations reserve**	**Attributable to shareholders of TOM TAILOR Holding AG**	**Non-controlling interests**	**Total**
−94,370	**−2,760**	**13,039**	**−205**	**234,809**	**4,405**	**239,214**
–	–	–	–	–	14	14
–	–	–	–	−10,273	−432	−10,705
−4,583	1,151	−1,309	−12	−4,753	5,078	325
–	–	–	–	–	−4,036	−4,036
–	–	–	–	668	–	668
−98,953	**−1,609**	**11,730**	**−217**	**220,451**	**5,029**	**225,480**

	Accumulated other comprehensive income					
Consolidated net accumulated losses	**Currency translation differences**	**Cash flow hedge reserve (IAS 39)**	**Remeasurement of pensions and similiar 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**

CONSOLIDATED STATEMENT OF CASH FLOWS

Consolidated Statement of Cash Flows for the Financial Year from 1 January to 31 December 2015

in EUR thousand	2015	2014
Net income for the period	**71**	**10,752**
Depreciation, amortisation and impairment losses	49,522	51,031
Income taxes	2,375	5,027
Interest income/expense	14,860	17,463
Change in non-current provisions	62	−1,890
Change in current provisions	4,949	−3,307
Proceeds from disposal of intangible assets and items of property, plant and equipment	−4,826	886
Change in inventories	−34,478	−27,909
Change in receivables and other assets	−3,607	−6,374
Change in liabilities	22,995	32,102
Income taxes paid/refunded	−3,091	−7,000
Other non-cash changes	427	−442
Cash generated from operations	**49,259**	**70,339**
Interest paid	−11,276	−12,559
Interest received	28	543
Net cash provided by operating activities	**38,011**	**58,323**
Payments to acquire intangible assets and items of property, plant and equipment	−33,083	−21,166
Additions due to change in basis of consolidation	14	0
Proceeds from disposal of intangible assets and items of property, plant and equipment	8,132	649
Net cash used in investing activities	**−24,937**	**−20,517**
Dividend payment to non-controlling interest shareholders	−4,036	−5,771
Payments for the acquisition of consolidated entities[1]	−8,804	−6,000
Proceeds from financial liabilities	208,139	4,500
Repayments of financial liabilities	−195,067	−40,787
Net cash provided by/used in financing activities	**232**	**−48,058**
Effect of exchange rate changes on cash and cash equivalents	286	56
Net change in cash and cash equivalents	13,592	−10,196
Cash and cash equivalents at beginning of period	36,933	47,129
Cash and cash equivalents at end of period	**50,525**	**36,933**
Composition of cash and cash equivalents		
Cash funds	**50,525**	**36,933**

1 Restatement pursuant to IAS 8.5 compared with the previous year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTENT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

A. GENERAL DISCLOSURES

The TOM TAILOR GROUP in an international, vertically integrated fashion and lifestyle company focused on offering casual wear in the mid-range price segment. An extensive range of fashionable accessories augments its product portfolio. The Company covers the different segments of the fashion market (age groups of the target customers) with the TOM TAILOR and BONITA umbrella brands.

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 2015 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 2015

The TOM TAILOR GROUP applied the following new or amended standards and interpretations in financial year 2015:

New Regulations and Amendments in Financial Reporting

	Effective date	Date of EU endorsement
Amendments to standards		
IFRS 21: Levies	17/06/2014	13/06/2014
Annual Improvements (2011–2013 Cycle)	01/01/2015	18/12/2014

IFRIC 21: Levies

IFRIC 21 is applicable to entities that are required to pay levies imposed by a government that are not within the scope of IAS 12. This interpretation provides guidance on when to recognise a liability for these levies and in which amount. In this context, the occurrence of the obligating event is decisive.

Annual Improvements (2011–2013 Cycle):

IFRS 3: Business Combinations:
The scope of IFRS 3 has been amended to exclude the accounting for the formation of all types of joint arrangements as defined in IFRS 11.

IFRS 13: Fair Value Measurement
permits an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis if the entity manages that group of financial assets and financial liabilities on the basis of its net exposure to either market risk or credit risk (portfolio exception). The amendment clarifies that the portfolio exception also applies to contracts that do not meet the definitions of financial assets or financial liabilities (for example, commodities) in IAS 32. Whether the contracts are classified as financial instruments and are recognised in accordance with the guidance in IFRS 9 or IAS 39 is decisive.

IAS 40: Investment Property
The IASB's amendment clarifies the interrelationship between IFRS 3 and IAS 40, which are not mutually exclusive. Determining whether the acquisition of one or multiple properties is to be accounted for as the acquisition of an asset, a group of assets or a business combination in the scope of IFRS 3 requires judgement based on the guidance in IFRS 3. Independently of this, determining whether or not the property acquired is owner-occupied property or investment property requires application of the guidance in IAS 40.

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 2015

In financial year 2015, 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	Q2 2016
IFRS 14: Regulatory Deferral Accounts	unknown	Not endorsed
IFRS 15: Revenue from Contracts with Customers	01/01/2018	Q2 2016
Amendments to standards		
Amendments to IFRS 10, IFRS 12, IAS 28: Investment entities	01/01/2016	Q2 2016
Amendments to IAS 1: Disclosure Initiative	01/01/2016	18/12/2015
Amendments to IFRS 10, IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	unknown	postponed
Amendments to IAS 27: Equity Method in Separate Financial Statements	01/01/2016	18/12/2015
Amendments to IAS 16, IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	01/01/2016	02/12/2015
Amendments to IAS 19: Defined Benefit Plans: Employee Contributions	01/02/2015	17/12/2014
Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations	01/01/2016	24/11/2015
Annual Improvements (2010 – 2012 Cycle)	01/02/2015	17/12/2014
Annual Improvements (2012 – 2014 Cycle)	01/01/2016	15/12/2015

Amendments to IAS 1: Disclosure Initiative

The amendments to IAS 1 Presentation of Financial Statements are part of the IASB's disclosure initiative, which comprises a number of subprojects. In particular, they contain clarifications on:

- assessment of the materiality of financial statement disclosures,
- presentation of additional items in the statement of financial position and the statement of comprehensive income,
- presentation of the share of the profit or loss of associates and joint ventures accounted for using the equity method,
- the structure of disclosures in the notes and
- presentation of the important accounting policies.

Particularly the clarification that the principle of materiality also applies to disclosures in the notes could lead to the notes being slimmed down considerably.

IFRS 9: Financial Instruments

In July 2014, the IASB completed its project to replace IAS 39 Financial Instruments: Recognition and Measurement with the issue of the final version of IFRS 9 Financial Instruments. IFRS 9 introduces a uniform approach to classification and measurement of financial assets. In the future, subsequent measurement of financial assets will be based on three categories with different measures of value and different ways of recording fair value changes. The assets will be categorised based on the contractual cash flows of the instrument and also the business model in which the instrument is held. For financial liabilities, on the other hand, IFRS 9 essentially took over the categorisation guidance in IAS 39. IFRS 9 provides for a new impairment model based on expected credit losses. This standard also includes new guidance on the application of hedge accounting aimed at presenting an entity's risk management activities better, especially in relation to the management of non-financial risks. Moreover, IFRS 9 requires additional disclosures to be made in the notes.

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.

IFRS 15: Revenue from Contracts with Customers

The new standard replaces IAS 18 Revenue and IAS 11 Construction Contracts, as well as the related interpretations. IFRS 15 defines a comprehensive framework for determining whether, in which amount and at which point in time revenue must be recognised. The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers. This core principle is implemented in a five-step model within the scope of this standard. In this model, the first steps are to identify the relevant contracts with the customer and the performance obligations in the contracts. Revenue is then recognised in the amount of the consideration expected for each distinct performance obligation satisfied at a point in time or over time. IFRS 15 also contains detailed application guidance on a number of individual topics including contract modifications, sale with a right of return, accounting for contract costs, renewal options, licensing, principal versus agent, bill-and-hold arrangements and consignment arrangements. Additional information must also be included in the notes to the financial statements. The objective of the new disclosure requirements is for an entity to disclose information on the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The Group does not currently expect the first-time application of IRFS 15 to have a material effect on the presentation of its net assets, financial position or results of operations. Effects are primarily expected to relate to items such as customer return shipments, customer loyalty programmes and revenue from granting licenses to third parties for using the brands. The extent of the changes triggered by the first-time application of IFRS 15 Revenue from Contracts with Customers is currently being reviewed.

BASIS OF CONSOLIDATION

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

Direct Subsidiaries:

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

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
- TT textiles GmbH, Hamburg/Germany
- TOM TAILOR Lizenzmanagement GmbH, Oststeinbek/Germany
- WHS Tom Tailor BH d.o.o, Sarajevo/Bosnia-Herzegovina
- Tom Tailor CND Inc., Montreal/Canada
- Tom Tailor USA Inc., Delaware/USA
- 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
- BONITA Lesce d.o.o., Lesce/Slovenia

Indirect equity interests

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

Except for the entities listed below, the parent company holds all shares in each subsidiary.

Subsidiaries included in the consolidated financial statements

	Equity interest	
in %	31/12/2015	31/12/2014
Subsidiaries included in the consolidated financial statements		
TOM TAILOR South Eastern Europe Holding GmbH, Wörgl/Austria	80.0	75.0
Tom Tailor Sarajevo d.o.o., Sarajevo/Bosnia-Herzegovina	80.0	75.0
TOM TAILOR Beograd d.o.o., Belgrade/Serbia	80.0	75.0
Tom Tailor Sofia EOOD, Sofia/Bulgaria	80.0	75.0
Tom Tailor Zagreb d.o.o., Zagreb/Croatia	80.0	75.0
TOM TAILOR Lesce d.o.o., Lesce/Slovenia	80.0	75.0
TOM TAILOR DOOEL, Skopje/Macedonia	80.0	75.0
TOM TAILOR Sourcing Ltd., Hong Kong/China	75.0	63.0
TT textiles GmbH, Hamburg/Germany	51.0	–
TOM TAILOR RETAIL RO SRL, Bucharest/Romania	90.2	87.8
BONITA Lesce d.o.o., Lesce/Slovenia	75.0	–
Subsidiaries not included in the consolidated financial statements		
TT OFF SALE (NI) Ltd., Belfast/United Kingdom	49.0	49.0
Tom Tailor CND Inc., Montreal/Canada	51.0	–
Tom Tailor USA Inc., Delaware/USA	51.0	–

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. TT OFF SALE (Ireland) LTD., Dublin/Ireland, was liquidated in 2015.

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".

In the current 2015 financial year, Tom Tailor GmbH increased its equity interest in TOM TAILOR South Eastern Europe Holding GmbH, Wörgl/Austria, from 75% to 80% for a purchase price of EUR 3.5 million. A purchase option that can be exercised from 1 January 2018 to 31 December 2019 is in place for the remaining 20% minority interest.

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, Hamburg, increased its interest from 51% to 63%. In the current 2015 financial year, Tom Tailor GmbH further increased its interest in TOM TAILOR Sourcing Ltd., Hong Kong, from 63% to 75%. The purchase price for the shares amounted to EUR 7.2 million. As a result of the acquisition of further shares, the profit distribution, which previously had not corresponded to the respective equity interests, was adjusted to reflect the respective equity interests. Tom Tailor GmbH, Hamburg, has a call option to acquire the remaining 25% 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. The fair value of the purchase options, whose strike price is oriented on the shares' market value, is negligible.

Changes in the basis of consolidation

To build up BONITA's retail business in South-Eastern Europe, a cooperation agreement was signed with the long-term partner Sibelius Sonic Ltd., Nicosia, Cyprus, on 22 June 2015. The purchase price for the shares of EUR 6 thousand corresponds to the proportionate share capital. BONITA GmbH, Hamminkeln, therefore holds 75% of the share capital of BONITA Lesce d.o.o. which is based in Lesce, Slovenia. The company commenced operations in the third quarter of 2015.

TOM TAILOR entered into cooperation with an experienced partner in the 2015 financial year with the aim of further expanding the controlled selling spaces in Germany. Tom Tailor GmbH holds 51% of the interests in the newly established TT textiles GmbH, which is headquartered in Hamburg. Its partner holds the other 49%. There are put/call options on the acquisition of the remaining non-controlling interest of 49% in TT textiles GmbH. These put/call options can be exercised for the first time on 1 July 2019 and have an indefinite term. Based on the fact that the company is controlled and the put/call options have different vesting conditions, the company is fully consolidated in the TOM TAILOR Group and presented under non-controlling interests.

TOM TAILOR has formed a joint venture, TOM TAILOR CND INC., Montreal/Canada, with the Canadian partner THE MERCER HOUSE INC., based in Montreal/Canada. This company will expand TOM TAILOR's international presence into Canada, mainly in the Wholesale segment. Tom Tailor GmbH holds a 51% stake in the joint venture, while its Canadian partner holds 49% of the shares. Furthermore, Tom Tailor USA Inc., Wilmington/USA was established together with the partner to expand into the US market. Tom Tailor GmbH holds a 51% stake in the joint venture, while the Canadian partner THE MERCER HOUSE INC. holds 49% of the shares. The two companies are not consolidated due their insignificance to the Group's net assets, financial position and results of operations.

TOM TAILOR Wien AG, Vienna/Austria, was founded on 14 April 2015. TOM TAILOR Holding AG holds 100% of this company's share capital. The company has not yet commenced operations.

WHS Tom Tailor BH d.o.o. Sarajevo Bosnia, whose registered office is in Sarajevo, Bosnia and Herzegovina, was founded on 21 October 2015 with the aim of further expanding the wholesale business in South-Eastern Europe. TOM TAILOR GmbH holds 100% of this company's share capital.

Oststeinbek-based TOM TAILOR Lizenzmanagement GmbH was founded on 23 December 2015. Tom Tailor GmbH holds a 99% interest in this company. The remaining interests are held by BONITA GmbH. The company is included in the consolidated financial statements even though it has not yet commenced operations.

Subsidiaries with significant non-controlling interests

In the TOM TAILOR Group, the significant subsidiary TOM TAILOR Sourcing Ltd., whose registered office is in Hong Kong/China, has non-controlling interests of 25% (2014: 37%).

The table below shows the summarised financial information on the Group's subsidiaries in which significant non-controlling interests are held.

Subsidiaries with significant non-controlling interests

	TOM TAILOR Sourcing Ltd.		Group TOM TAILOR South Eastern Europe Holding GmbH	
in EUR thousand	**31/12/2015**	**31/12/2014**	**31/12/2015**	**31/12/2014**
Revenue and income	30,022	23,390	37,829	39,039
Expenses	–12,134	–10,110	–36,735	–38,400
Non-current assets	775	761	13,367	10,089
Current assets	18,075	13,859	16,759	14,062
Non-current liabilities and provisions	–	–	1,040	1,355
Current provisions and liabilities	490	159	19,908	14,700
Equity	18,360	14,461	9,178	8,096
Thereof:				
Owners of the parent	13,770	10,589	7,332	6,063
Non-controlling interests	4,590	3,872	1,846	2,033
Dividends paid to non-controlling interests	4,036	5,771	–	–
Cash flows from operating activities	20,759	6,723	1,655	635
Cash flows from investing activities	–218	–822	–4,936	–1,754
Cash flows from financing activities	–16,145	–11,777	3,538	–418

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 2015 (2014: 1 January to 31 December 2014).

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.

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.

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

- BONITA Lesce d.o.o., Lesce/Slovenia
- TT textiles GmbH, Hamburg/Germany
- WHS Tom Tailor BH d.o.o. Sarajevo Bosnia, Sarajevo/Bosnia and Herzegovina
- Tom Tailor Wien AG, Vienna/Austria
- TOM TAILOR Lizenzmanagement GmbH, Oststeinbek/Germany
- Tom Tailor CND Inc., Montreal/Canada
- Tom Tailor USA Inc., Delaware/USA

With the exception of Tom Tailor CND Inc., Montreal/Canada and Tom Tailor USA Inc., Delaware/USA, these companies have been initially consolidated; where applicable, non-controlling interests are reported in the consolidated financial statements.

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

	Closing rate		Average rate	
EUR versus	**31/12/2015**	**31/12/2014**	**2015**	**2014**
US dollars	1.09	1.21	1.11	1.33
Swiss francs	1.08	1.20	1.07	1.21
Russian rubles	80.67	72.34	68.07	50.95

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.

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.

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% interest in the share capital of TT OFF SALE (NI) LTD. is 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 actual and 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 24-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 30.9% (2014: 30.7%). This comprises the corporation tax rate of 15.0% (2014: 15.0%), the solidarity surcharge of 5.5% of the corporation tax rate (2014: 5.5%) and the average trade tax rate in the Group of 15.1% (2014: 14.9%). 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/deferred tax 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.

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

in EUR thousand	2015	2014
Foreign exchange gains	9,675	4,258
Royalties	6,128	5,541
Income from disposal of non-current assets	5,791	167
Rental income	4,485	4,404
Income from recharged marketing expenses	2,520	2,331
Income from claims for compensation	2,000	–
Recharged freight and other costs	1,602	1,867
Shopfitting commissions/bonuses	961	1,104
Reversal of impairment losses on non-current assets	763	–
Onward charging of delivery costs of online business	732	1,554
Insurance refunds	296	539
Income from the reversal of provisions	207	751
Miscellaneous operating income	3,830	4,185
	38,990	**26,701**

EUR 5.4 million of the increase in other operating income is attributable to an increase in foreign exchange gains from currency translation, while EUR 5.6 million is attributable to income from the disposal of assets. Income from asset disposals in the amount of EUR 5.3 million mainly result from the sale of the ERP software used at BONITA under a sale and lease-back transaction.

Other operating income also includes royalties of EUR 6.1 million from the out-licensing of the TOM TAILOR brand and rental income of EUR 4.5 million from subletting space leased by the Group.

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

in EUR thousand	2015	2014
Wages and salaries	176,635	165,861
Social security contributions, post-employment and other employee benefit costs	32,008	30,321
	208,643	**196,182**

The wages and salaries item includes expenses in the amount of EUR 391 thousand (2014: EUR 269 thousand) for the MSP share-based remuneration programme, as well as expenses in the amount of EUR -31 thousand (2014: EUR -5 thousand) and EUR 293 thousand (2014: EUR 479 thousand) for the LTI programme and Long-Term Stock Option Programme granted to managers.

In addition, in 2014 personnel expenses included expenses of EUR 160 thousand (2014: 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 2014 is due to the increase in the average number of employees during the financial year, particularly in the Retail segment, and to one-off items and special factors in connection with the cost reduction and efficiency programme (CORE).

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

Number of Employees (Average)

	2015	2014
Wholesale	801	716
Retail	5,889	5,727
	6,690	**6,443**

Payroll expenses included severance payments in the amount of EUR 3,945 thousand (2014: EUR 1,725 thousand). Together with additions to defined benefit plans in the amount of EUR 0 thousand (2014: EUR 27 thousand), personnel expenses also included defined contribution obligations in the form of employer contributions to statutory pension insurance in the amount of EUR 12.4 million (2014: EUR 11.9 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).

6. OTHER OPERATING EXPENSES

Other operating expenses are composed of the following items:

Other Operating Expenses

in EUR thousand	2015	2014
Distribution expenses	56,174	48,974
Administrative expenses	44,269	40,309
Operating and other expenses	197,625	188,741
	298,068	**278,024**

Distribution expenses mainly include EUR 32.0 million (2014: EUR 26.5 million) in marketing expenses and EUR 12.8 million (2014: EUR 11.5 million) in freight costs for deliveries to customers and the Company's own retail stores. The year-on-year increase in distribution expenses is primarily attributable to higher marketing expenses in connection with a TV ad campaign in the BONITA segment.

The most significant expenses within the administrative expenses item are legal and consulting fees totalling EUR 8.2 million (2014: EUR 6.7 million), exchange rate losses totalling EUR 8.0 million (2014: EUR 7.1 million) and IT costs totalling EUR 6.2 million (2014: EUR 5.3 million).

At EUR 131.4 million (2014: EUR 126.9 million), 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 2015. In addition to rental expenses, remuneration for the fulfilment provider, which handles the online business, was the largest cost item in operating and other expenses.

7. FINANCIAL RESULT

Financial result

in EUR thousand	2015	2014
Financial income	28	543
Financial expense	–14,888	–18,007
	–14,860	**–17,463**

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 decrease in financial expenses mostly stems from a decline in interest expense due a decrease in interest rates and interest rate margins as a result of the refinancing process in the 2015 financial year.

Bank commissions and consulting fees totalling EUR 3.8 million were paid in connection with the refinancing. Transaction-related financing costs are spread over the expected term of the loan of five years using the effective interest method. The transaction costs are recognised in profit or loss under interest expense in the subsequent periods.

The financial result included financial expenses of EUR 1.0 million (2014: EUR 1.2 million) from the fair value measurement of financial liabilities.

As well as these effects, financial expenses included expenses of EUR 30 thousand (2014: EUR 54 thousand) from the unwinding of discounted pension provisions, as well as expenses of EUR 184 thousand (2014: EUR 292 thousand) from the unwinding of discounts on other provisions.

8. INCOME TAXES

Income taxes are primarily composed of the following items:

Tax Expenses

in EUR thousand	2015	2014
Current taxes		
Current income taxes for the financial year	–3,176	–4,613
Prior-period adjustments	269	–1,513
	–2,907	**–6,126**
Deferred taxes		
Utilisation of loss carryforwards/ interest carried forward	–845	–1,500
Origination and reversal of temporary differences	1,377	2,599
	532	**1,099**
	–2,375	**–5,027**

In financial year 2014, deferred tax assets totalling EUR 5.3 million were recognised in respect of cumulative interest carried forward (EUR 22.2 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 2014 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.

In the 2015 financial year, the interest carried forward could only be utilised for tax purposes to a limited extent on account of the interest expenses from the financial year. Cumulative interest-related loss carryforwards therefore amounted to EUR 22.1 million at the end of 2015. Deferred tax assets totalling EUR 6.0 million were recognised on these due to the probability that they can be offset against future taxable profit. Deferred tax assets totalling EUR 2.5 million were also recognised on corporation tax loss carryforwards of EUR 15.0 million. The trade tax loss carryforwards were used up in the reporting period on account of the trade tax add-backs of mainly rental and financing expenses.

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 63.5 million and EUR 22.1 million, respectively (2014: total of EUR 53.8 million). No deferred tax assets were recognised for tax loss carryforwards in the amount of EUR 48.5 million (2014: EUR 23.2 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

in EUR thousand	2015	2014
Average composite tax rate	2,446	15,779
Expected income tax expense (in %)	30.9	30.7
Reconciliation	–755	–4,843
Reconciliation		
Effects of tax rate differences	6,513	5,170
Non-recognition of deferred tax assets	–4,335	–2,147
Other tax effects from differences in the basis of tax assessment	–3,791	–3,882
Usable other loss carryforwards	–845	1,154
Prior-period effects	57	–578
Effects from the use of deferred tax assets, for which no deferred taxes were recognized	249	–
Tax effect on operating income not recognised in profit or loss	503	–
Other effects	30	98
Reported income tax/expense	–2,375	–5,027
Effective tax rate (in %)	97	32

Deferred taxes were calculated on the basis of a uniform tax rate of 30.9% (2014: 30.7%) 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 usable other loss carryforwards are primarily attributable to the reversal of deferred taxes on trade and corporation tax loss carryforwards and on the addition of deferred tax assets on tax interest carried forward.

Effects of tax rate differences are attributable to differences between the combined tax rate used to calculate deferred taxes and the 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 share-holders 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 2015, 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

	31/12/2015	31/12/2014
Total shares as at the reporting date	26,027,133	26,027,133
	2015	**2014**
Share of consolidated net income attributable to shareholders of the parent (in EUR thousand)	−4,583	7,230
Weighted average number of ordinary shares (thousands of shares)	26,027	26,027
Basic earnings per share (in EUR)	−0.18	0.28
Diluted earnings per share (in EUR)	−0.18	0.28

D. BALANCE SHEET DISCLOSURES

10. INTANGIBLE ASSETS

Intangible assets are composed of the following items:

Intangible Assets

in EUR thousand	31/12/2015	31/12/2014
Hidden reserves identified in the course of initial consolidation		
Brands	249,953	249,953
Customer bases	17,003	19,760
Beneficial leases	7,060	11,541
Licensing agreements and similar rights	7,686	10,383
	281,702	**291,637**
Other		
Key money/store subsidies	8,459	6,898
Other rights of use	4,108	3,862
Software	6,478	9,579
	19,045	**20,339**
Software leased under finance leases	46	137
	300,793	**312,113**
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
arising from the initial consolidation of TOM TAILOR RETAIL RO SRL, Bucharest	1,408	1,408
	11,237	**11,237**
Prepayments		
Licences	157	638
	312,187	**323,988**

There were no impaired intangible assets.

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. In the TOM TAILOR Group, brands and goodwill are allocated to the TOM TAILOR Wholesale, TOM TAILOR Retail, BONITA Men and BONITA cash-generating units.

EUR 44.8 million (2014: EUR 44.8 million) of the brands item is allocated to the TOM TAILOR Wholesale cash-generating unit in connection with impairment testing, EUR 17.4 million (2014: EUR 17.4 million) to the TOM TAILOR Retail segment, EUR 3.3 million (2014: EUR 3.3 million) to BONITA Men and EUR 184.5 million (2014: EUR 184.5 million) to BONITA. EUR 4.9 million (2014: EUR 4.9 million) of goodwill relates to the TOM TAILOR Wholesale cash-generating unit and EUR 6.3 million (2014: EUR 6.3 million) to the TOM TAILOR Retail cash-generating unit.

Impairment testing is based on corporate planning, with a five-year planning period followed by a terminal value, and thus Level 3 fair value measurement in accordance with IFRS 13. Following the three-year detailed planning period, the planning was updated for a period of two years using a constant annual growth rate of 1% (2014: 1% p.a.).

To calculate fair value less costs to sell, cash flows for the next five 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.

Fair value is calculated on the assumption of sustained revenue growth in the detailed planning period. From today's perspective, the Management Board of TOM TAILOR Holding AG expects consolidated revenue to see moderate, single-digit growth. The Management Board assumes that revenue in the TOM TAILOR Wholesale and TOM TAILOR Retail segments will grow moderately. In the TOM TAILOR Retail segment, the full-year effect of the net growth in new stores in 2015 and the intended increase in space productivity will have a positive impact. The Management Board expects BONITA to post a moderate increase in revenue as well. The planned additional vertical wholesale business at BONITA is expected to make a positive contribution to revenue. 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, which were planned taking into account the implemented cost cutting measures.

Cash flow is extrapolated using a growth rate of 1% (2014: 1%) for the terminal value. 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 consistently with the previous year. As at 31 December 2015, the WACC before taxes for the BONITA and TOM TAILOR brands was 8.0 and 9.3%, respectively (2014: 7.5% and 7.9%), while the WACC after taxes for the BONITA brand and the TOM TAILOR brand was 5.5% and 6.5%, respectively (2014: 5.4% and 5.5%).

Impairment testing did not lead to any impairment losses.

To validate the calculated fair values, sensitivity analyses were carried out for each material cash-generating unit covering the three significant measurement parameters, WACC, revenue and EBITDA margin. The sensitivity analyses were carried out in isolation for all material factors so that any change in the recoverable amount at one cash-generating unit was caused only by a reduction or increase of the respective factor. The sensitivity analysis for the revenue factor was carried out taking into account the following effects this change has on all other relevant variables used for measuring the recoverable amount.

Even significant and unexpected changes of the measurement parameters mentioned would not result in an impairment of the cash-generating units Tom Tailor Wholesale and Tom Tailor Retail.

The impairment test of the BONITA cash-generating unit showed that the fair value less costs to sell exceeds the carrying amount by EUR 76.2 million. The fair value less costs to sell of the BONITA brand would correspond to the carrying amount if the WACC after tax for the BONITA brand was 7.3% instead of 5.5%, if a lump-sum discount of 4.2% per annum was applied to the revenue planned for the detailed planning period and the terminal value, or if a lump-sum discount of 1.3 percentage points per annum was applied to the EBITDA margin in the detailed planning period and to the terminal value.

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 2015:

Changes in Intangible Assets in 2015

in EUR thousand	Brands	Goodwill	Customer bases	Licensing agreements and similar rights	Beneficial leases	Other	Prepayments	Total
Cost								
Balance at 1 Januar 2015	**249,953**	**11,508**	**67,074**	**32,596**	**21,994**	**76,465**	**638**	**460,228**
Foreign exchange differences	–	–	–	–	–	953	–	953
Additions	–	–	–	–	–	5,518	1,415	6,933
Reclassifications	–	–	–	–	–	1,868	–1,896	–28
Disposals	–	–	–	–	–	–18,734	–	–18,734
Balance at 31 Dezember 2015	**249,953**	**11,508**	**67,074**	**32,596**	**21,994**	**66,070**	**157**	**449,352**
Amortisation and impairment losses								
Balance at 1 Januar 2015	**–**	**271**	**47,314**	**22,213**	**10,453**	**55,989**	**–**	**136,240**
Foreign exchange differences	–	–	–	–	–	629	–	629
Additions	–	–	2,757	2,697	4,481	7,419	–	17,354
Reclassifications	–	–	–	–	–	–	–	–
Disposals	–	–	–	–	–	–17,058	–	–17,058
Balance at 31 Dezember 2015	**–**	**271**	**50,071**	**24,910**	**14,934**	**46,979**	**–**	**137,165**
Carrying amount								
Balance at 1 Januar 2015	**249,953**	**11,237**	**19,760**	**10,383**	**11,541**	**20,476**	**638**	**323,988**
Balance at 31 Dezember 2015	**249,953**	**11,237**	**17,003**	**7,686**	**7,060**	**19,091**	**157**	**312,187**
of which leased								**46**

The customer bases with a carrying amount of EUR 17,003 thousand concern solely recurring customers.

Intangible assets changed as follows in financial year 2014:

Changes in Intangible Assets in 2014

in 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**

In the 2014 financial year, the customer bases with a carrying amount of EUR 19,760 thousand concerned solely recurring customers

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 2015

in EUR thousand	Land, buildings, including buildings on third-party land	Other equipment, operating and office equipment	Prepayments	Total
Cost				
Balance at 1 Januar 2015	**50,200**	**309,956**	**292**	**360,448**
Foreign exchange differences	–31	1,200	–14	1,155
Additions	1,384	33,625	2,408	37,417
Reclassifications	911	1,318	–2,201	28
Disposals	–25	–12,887	–6	–12,918
Balance at 31 Dezember 2015	**52,439**	**333,212**	**479**	**386,130**
Depreciation and impairment losses				
Balance at 1 Januar 2015	**19,736**	**191,657**	**–**	**211,393**
Foreign exchange differences	5	1,026	–	1,031
Reversal of impairment losses	–747	–	–	–747
Additions	3,341	29,574	–	32,915
Disposals	–16	–10,774	–	–10,790
Balance at 31 Dezember 2015	**22,319**	**211,483**	**–**	**233,802**
Carrying amount				
Balance at 1 Januar 2015	**30,464**	**118,299**	**292**	**149,055**
Balance at 31 Dezember 2015	**30,120**	**121,729**	**479**	**152,328**
of which leased				**23,642**

In 2015, 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 319 thousand (2014: EUR 465 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 2014

in 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	0	−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

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

in EUR thousand	31/12/2015	31/12/2014
Minimum lease payments		
Up to 1 year	8,469	5,905
1 to 5 years	20,077	14,907
After 5 years	743	467
	29,289	**21,279**
Interest component		
Up to 1 year	1,125	977
1 to 5 years	1,643	1,375
After 5 years	101	41
	2,869	**2,393**
Present value of minimum lease payments		
Up to 1 year	7,344	4,928
1 to 5 years	18,434	13,532
After 5 years	642	426
	26,420	**18,886**

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

Operating Leasing

Nn 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. In the 2015 financial year, the ERP software used at BONITA was sold in a sale- and lease-back transaction and leased again under an operating lease.

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 at the time). In 2014, the company recorded revenue of GBP 504 thousand (corresponding to EUR 625 thousand) and a net loss for the year of GBP 824 thousand (corresponding to EUR 1,022 thousand). The share of losses attributable to the Group was EUR 501 thousand. The cumulative share of losses (EUR 2,289 thousand) was not included in the consolidated financial statements. The financial statements for financial year 2015 are not yet available.

In its annual financial statements for year ended 31 December 2014, TT OFF SALE (NI) LTD. reported non-current assets in the amount of GBP 416 thousand (corresponding to EUR 516 thousand), current assets in the amount of GBP 206 thousand (corresponding to EUR 255 thousand), current liabilities in the amount of GBP 4,388 thousand (corresponding to EUR 5,443 thousand) and equity in the amount of GBP –3,766 thousand (corresponding to EUR –4,671 thousand).

Tom Tailor GmbH supplied TT OFF SALE (NI) LTD. with merchandise valued at EUR 521 thousand in the reporting period (2014: EUR 532 thousand).

There is no existing fair value for the equity interest.

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 2015 are not yet available. The company ceased operations and was liquidated in the 2015 financial year.

13. OTHER ASSETS

Other assets are composed of the following items:

Other Assets

in EUR thousand	31/12/2015	31/12/2014
Fair value of currency futures	25,015	18,814
Refund entitlement	71	9,888
Creditors with debit accounts	6,067	7,638
Security deposits	8,183	5,827
Store subsidies	6,981	5,569
Receivables from online business	4,523	5,086
Claims for damages	2,000	–
Receivables arising from factoring	1,608	–
Prepaid rent	490	697
Procurement agent commissions	–	539
VAT receivables	1,298	279
Receivables from personnel	718	21
Other assets	4,737	4,410
	61,691	**58,768**
of which non-current	24,476	14,288
of which current	37,215	44,480

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 25.0 million, of which EUR 9.0 million (2014: EUR 2.4 million) is shown under other non-current assets.

Other assets also comprise recovery claims vis-à-vis Management Board members resulting from overpaid variable remuneration in the amount of EUR 0.5 million.

The start-up difficulties that arose when putting the new logistics centre into operation led to significant delays in goods deliveries in the third quarter of 2015. In this connection, claims for damages of EUR 2.0 million were asserted against the logistics provider.

In the 2015 financial year, a factoring arrangement on the monthly revolving sale of current trade receivables with a term of 36 months was agreed as part of an active receivables management strategy. The contract stipulates a minimum overall purchase price of EUR 15.0 million (EUR 12.0 million up to 31 March 2016) and a maximum overall purchase price of EUR 25.0 million. Since the material risks arising from the receivables under the factoring arrangement have been transferred to the buyer of the receivables, the receivables sold at the reporting date with a nominal volume of EUR 10.8 million were fully derecognised. Other assets in the current financial year include an ongoing commitment arising from the del credere risk, risk of dilution and moral hazard associated with the factoring arrangement in the amount of EUR 1.6 million. Since all trade receivables sold have a term of less than one year, the carrying amount of the ongoing commitment is equal to its fair value. This also corresponds to the maximum exposure to loss. An exposure to loss can only arise from the receivables sold in connection with the factoring if these do not have actual legal validity or legal enforceability, if they were voluntarily reduced by the Company or the volume was reduced, or if they remain unsettled over the entire term of the factoring arrangement. The sale of the receivables led to EUR 4 thousand being reported as an expense under the financial result in the reporting period.

In the previous year, there was a refund entitlement in the amount of EUR 9.9 million in respect of Versorgungs- und Förderungsstiftung, Vaduz/Liechtenstein, which was 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 was recognised under the income tax payables item.

Other assets also include receivables from online business with a carrying amount of EUR 4,523 thousand (2014: EUR 5,086 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

in EUR thousand	31/12/2015	31/12/2014
Raw materials, consumables and supplies	3,532	4,055
Merchandise	190,980	161,663
	194,512	**165,718**

Write-downs to the lower net realisable value rose by EUR 1,130 thousand compared with the previous year (2014: increase of EUR 74 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 16.3 million as at the reporting date (2014: EUR 5.8 million). Inventories include goods in transit in the amount of EUR 43.2 million (2014: EUR 33.4 million). The increase in inventories is mainly due to the expansion of controlled selling spaces; particularly the expansion in the TOM TAILOR Retail segment is accompanied by a corresponding increase in inventories.

The inventories recognised in the cost of materials in financial year 2015 amounted to EUR 420.6 million (2014: EUR 400.4 million).

15. TRADE RECEIVABLES

Trade Receivables

in EUR thousand	31/12/2015	31/12/2014
Trade Receivables	49,204	52,207

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 within financial assets measured at (amortised) cost are presented in the following table:

Valuation Allowances on Current Receivables

in EUR thousand	31/12/2015	31/12/2014
Balance at 1 January	7,857	7,407
Additions recognised in profit or loss	1,236	1,555
Utilisation	−1,292	−991
Reversals	–	−114
	7,801	**7,857**

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

				Past due but not impaired		
in EUR thousand	Total	Neither due nor impaired	Carrying amount of receivables impaired	< 30 days	30–90 days	> 90 days
2015	**49,204**	29,040	3,797	6,380	3,855	6,132
2014	**52,207**	37,923	1,207	6,149	3,454	3,474

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 2,270 thousand (2014: EUR 1,751 thousand).

16. CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents

in EUR thousand	31/12/2015	31/12/2014
Overnight funds and other bank deposits	47,998	33,703
Cash-in-hand	2,527	3,230
	50,525	**36,933**

Of the cash funds reported, bank deposits of EUR 8.0 million are pledged. Assuming collateral is furnished, these cash funds can be placed at the Company's disposal within a reasonable period of time.

17. EQUITY

Changes in equity are presented in the statement of changes in 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 interests in TOM TAILOR Sourcing Ltd., Hong Kong/China, and TOM TAILOR South Eastern Europe Holding GmbH, Wörgl/Austria, EUR 6 thousand of the purchase price of EUR 7.2 million and EUR 426 thousand of the purchase price of EUR 3.5 million was offset against the corresponding non-controlling interest in each case. The remainders of the purchase prices were 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.

Of the foreign currency derivatives recognised in equity at their fair value in 2014 in the amount of EUR 18.8 million, net of the related deferred taxes of EUR 5.8 million, an amount of EUR 14.6 million was reclassified in its entirety to net income for the period in 2015 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 17.0 million was appropriated to the hedge reserve. Corresponding deferred taxes amounted to million EUR 5.2 million. After adjustment for deferred taxes and the amount recognised in net income for the period, the hedge reserve amounted to EUR 11.7 million as at 31 December 2015 (31 December 2014: EUR 13.0 million).

Consolidated net accumulated losses changed as follows:

Accumulated Loss (Development)

in EUR thousand	2015	2014
1 January	**–94,370**	**–101,600**
Consolidated net income attributable to shareholders of TOM TAILOR Holding AG	71	10,752
Less non-controlling interests	4,654	3,522
After non-controlling interests	–4,583	7,230
31 December	**–98,953**	**–94,370**

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. Furthermore, the reserve includes 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 EUR 7,262,710.00 by issuing new no-par-value registered shares in return for cash contributions (Authorised Capital 2013 I).

In addition, the Management Board was authorised at the Annual General Meeting on 3 June 2013 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 in return for cash and/or non-cash contributions (Authorised Capital 2013 II). In connection with the cash capital increase implemented in 2013, EUR 1,818,098 of that amount were utilised.

At the Annual General Meeting on 3 June 2015, the Management Board's authorisation to increase the authorised capital 2013 II by the remaining amount of up to EUR 3,023,709.00 was revoked and replaced as follows. The Management Board is now 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 2020 by up to a total of EUR 5,205,426.00 by issuing new no-par-value registered shares in return for cash and/or non-cash contributions (Authorised Capital 2015).

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 450,000 of the available 600,000 stock options were issued under the third tranche of the stock option programme on 23 June 2015 (11 June 2014: 520,000; 26 August 2013: 485,000 stock options). The remaining 150,000 stock options available for this third tranche were not issued. None of the stock options are exercisable yet due to the vesting period. Of the originally granted stock options, 378,500 options were forfeited without compensation.

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

Fair Value Measurement

Fair value parameters	Tranche 1	Tranche 2	Tranche 3
Stock options issued (number)	485,000	520,000	450,000
Stock options forfeited (number)	157,500	189,000	32,000
Stock options outstanding (number)	327,500	331,000	418,000
Strike price Type A (EUR)	16.30	14.25	10.32
Strike price Type B (EUR)	19.56	17.10	12.38
Fair value Type A (EUR)	3.39	2.00	2.04
Fair value Type B (EUR)	2.77	1.51	1.73
250-day volatility (in %)	30.0	20.6	36.4
Expected dividend (in %)	1.83	1.57	3.54
Risk-free interest rate (in %)	1.77	1.40	1.09
Share price at grant date (EUR)	16.30	14.25	10.32
Share price hurdle (EUR)	22.00	19.23	13.93
Average expected exercise period (in years)	5.5	5.5	5.5
Fluctuation (in %)	3	5	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 293 thousand (2014: EUR 479 thousand).

19. MANAGEMENT EQUITY PARTICIPATION PROGRAMME

Im 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 Förderungsstiftung Vaduz were transferred in the 2014 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 2015, expenses of EUR 0.2 million (2014: EUR 0.1 million) associated with the management equity participation programme were recognised in profit or loss.

20. DIVIDEND PER SHARE

The syndicated loan agreement entered into in financial year 2015 provides for a restriction on future dividend payments in order to protect the consortium banks. The loan agreement provides for a maximum potential dividend of 50% of consolidated net income for the period if the financial ratio of net debt to EBITDA is less than 2.75.

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 plans are funded by provisions and are thus unfunded. For the pension commitments, whose present value is EUR 1.8 million, reinsurance policies in the amount of EUR 0.7 million are in place which are offset against the pension commitments. From the Group’s perspective, both the amount of the obligations and assets and the resulting net inflow/outflow are immaterial. The Group therefore refrains from presenting the actuarial method for calculating the obligation and the changes in the obligations and assets in detail.

22. OTHER PROVISIONS/ CONTINGENT LIABILITIES

Other provisions changed as follows:

Other Provisions in 2015

in EUR thousand	Employee-related Provisions	Customer bonuses	Returns	Restoration obligations	Other	Total
Balance at 31 December 2014	**13,865**	**6,572**	**3,599**	**9,806**	**1,676**	**35,518**
Additions	15,087	7,116	644	1,180	2,089	26,116
Reversals	74	2,250	320	19	3	2,666
Unwinding of discounts/changes in interest rates	2	–	–	–328	–	–326
Utilisation	12,569	3,490	228	127	1,161	17,575
Balance at 31 December 2015	**16,311**	**7,948**	**3,695**	**10,512**	**2,601**	**41,067**
Current	16,201	7,948	3,695	549	2,601	30,994
Non-current	110	–	–	9,963	–	10,073
	16,311	**7,948**	**3,695**	**10,512**	**2,601**	**41,067**

Other Provisions in 2014

in 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
	13,865	**6,572**	**3,599**	**–**	**9,806**	**1,676**	**35,518**

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 4: 26.16%; tranche 5: 24.53%; tranche 6: 25.85%), the risk-free interest rate (tranche 4: -0.23%; tranche 5: -0.24%; tranche 6: -0.23%), and the expected dividend distribution (2.5%). The programme is also open to the members of the Management Board. Tranche 3 under this remuneration system was paid out in 2015. Tranche 4 and tranche 5 can first be paid out in 2016 and 2017 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.

In the event of termination of an employment contract by the Company, two members of the Management Board are entitled to severance pay. One member of the Management Board is entitled to benefits in the amount of the annual remuneration for the remaining term of the contract (up to a maximum of two times the annual remuneration or EUR 2.0 million) if the director's contract is terminated prematurely. A further member of the Management Board is entitled to benefits in the amount two times the minimum annual salary (up to a maximum of EUR 1.5 million) if the director's contract is terminated prematurely.

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 are restored.

23. DEFERRED TAX LIABILITIES

Recognised deferred tax assets relate to the following items:

Deferred Tax Assets in the Reporting Period

	31 December 2015	
in EUR thousand	Basis of assessment	Deferred tax assets
Tax loss carryforwards and interest carried forward	37,110	8,526
Consolidation adjustments (consolidation of intercompany balances, elimination of intercompany profits/losses)	6,435	1,987
Restoration obligations	4,555	1,406
Pension provisions	717	222
Other	2,952	962
	51,769	**13,103**
Set off against deferred tax liabilities	−51,769	−13,103
	–	–

Deferred tax assets relate primarily to the future usability of cumulative interest carried forward, as well as corporation tax loss carryforwards. This led to total deferred tax assets of EUR 8.5 million.

In addition to deferred tax assets in respect of tax loss carryforwards and interest carried forward, deferred tax assets were recognised primarily for consolidation adjustments and measurement differences relating to the provisions for restoration obligations.

Deferred Tax Assets in the Previous Year

	31 December 2014	
in EUR thousand	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
	–	–

As at 31 December 2015, recognised deferred tax liabilities were attributable to the following recognition and measurement differences:

Deferred Tax Liabilities in the Reporting Period

	31 December 2015	
in EUR thousand	Basis of assessment	Deferred tax liabilities
Intangible assets	281,703	86,783
Measurement of currency forwards	15,341	4,737
Leases	2,498	643
Treatment of transaction costs	3,407	1,052
Measurement of receivables	698	206
Currency translation differences	1,661	513
Other	6,549	2,023
	311,857	**95,957**
Set off against deferred tax assets	−51,769	−13,103
	260,088	**82,854**

Deferred tax liabilities in the amount of EUR 63.2 million were recognised on 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 60.1 million as at the 2015 reporting date. 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 2014, recognised deferred tax liabilities were attributable to the following recognition and measurement differences:

Deferred Tax Liabilities in the Previous Year

in EUR thousand	31 December 2014 Basis of assess-ment	 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**

24. FINANCIAL LIABILITIES

a) Composition

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

Financial Liabilities in the Reporting Period

	31 December 2015			
in EUR thousand	**Up to 1 year**	**1 to 5 years**	**Over 5 years**	**Total**
Liabilities to banks	35,006	203,553	–	238,559
Lease liabilities	7,344	18,434	642	26,420
Liabilities to third parties	2,885	53	–	2,938
	45,235	**222,040**	**642**	**267,917**

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

Financial Liabilities in the Previous Year

	31 December 2014			
in EUR thousand	**Up to 1 year**	**1 to 5 years**	**Over 5 years**	**Total**
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**

b) Disclosures

Liabilities to banks

At the end of May 2015, the TOM TAILOR GROUP followed through as planned with the early refinancing of its existing syndicated loan. The available bank lines of credit in the amount of EUR 350.0 million were increased to EUR 500.0 million in this context. The refinancing enabled the Company to utilise the prevailing favourable interest rates and gain financial flexibility.

At the end of May 2013, TOM TAILOR Holding AG successfully issued a borrower's note loan totalling 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 had three tranches with maturities of 2.6, 3.6 and 5 years, and bears both fixed and variable rates of interest. In the course of arranging the refinancing in 2015, the TOM TAILOR GROUP also redeemed the EUR 45.0 million variable-interest rate portion of the borrower's note loan ahead of time. Depending on the terms of the individual tranches, the fixed-rate borrower's note loans fall due in the amount of EUR 18.0 million at the end of 2016 and in the amount of EUR 17.0 million at the end of May 2018.

The coupons of the borrower's note loan reflect the present level of interest rates and are within the range of previously payable interest rates.

Continued loan finance as well as the syndicated loan are dependent on compliance with financial covenants (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) at the end of the financial year.

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 available bank lines of credit with a total volume of EUR 500 million comprise a current account overdraft facility of EUR 187.5 million, a guaranteed line of credit of EUR 187.5 million and bank loans of EUR 125 million.

The variable effective interest rate for the lines drawn down and the long-term loans is based on three-month and six-month EURIBOR plus a margin that ultimately depends on the ratio of net debt to EBITDA adjusted for one-off items.

A total of EUR 475.0 million of the loan refinancing has a term of five years, while EUR 25.0 million has a term of three years plus two options to extend the term by one year in each case. The current account overdraft facility and guaranteed line of credit are available to the TOM TAILOR Group for five years from the date of grant in 2015.

The EUR 25.0 million long-term loan falls due at the end of May 2018 providing an extension option has not been exercised beforehand. Taking into account the two extension options the bank credit lines would be due by the end of May 2020 at the latest. Until that date, scheduled repayments of EUR 60.0 million are to be made in connection with the syndicated loan.

Liabilities from overdraft facilities amounted to EUR 87.4 million as at the reporting date (2014: EUR 61.5 million).

As at the 2015 reporting date, bank commissions and transaction costs of EUR 3.3 million (2014: EUR 1.1 million) relating to the refinancing 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. Continued loan finance is dependent on compliance with certain financial covenants (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) at the end of each quarter and at the end of the financial year. A violation of the financial covenants would give rise to an extraordinary right of cancellation for the lender. In this case, the lender would be entitled to call in the loans immediately.

Continued loan finance is dependent on compliance with financial covenants (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).

As at 30 September 2015, the Group was unable to meet the financial covenants for existing credit lines. The financing institutions were notified in a timely manner – before 30 September 2015 – that the financial covenants were not expected to be met. In this context, the financial covenants as at 30 September 2015 and for the remaining term of the syndicated loan agreement were re-adjusted in favour of the TOM TAILOR Group after the reporting date and prior to the publication of the quarterly financial statements. Since the decision of the lenders was pending as at the interim reporting date for the third quarter of 2015, non-current financial liabilities of EUR 212.7 million had to be shown under current financial liabilities to account for this situation in the interim financial statements as at 30 September 2015 As at 31 December 2015, these liabilities will again be shown under non-current financial liabilities.

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, 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 remainder of the purchase price liability of EUR 2.9 million for the increase in the interests in TOM TAILOR South Eastern Europe Holding GmbH, Wörgl/Austria, from 75% to 80%. The purchase price obligation is payable within one year and reported under current financial liabilities.

In the 2015 financial year, the provisional, variable purchase price liability of EUR 0.4 million for the acquisition of 49% of the shares in TOM TAILOR RETAIL RO S.R.L., Bucharest/Romania, was charged to the purchase price of EUR 1.4 million fixed in the 2015 financial year. Payment of the purchase price liability was partly financed through a bank loan.

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

in EUR thousand	31/12/2015	31/12/2014
Other taxes (mainly VAT)	12,114	12,023
Customer vouchers, prepayments and credits	4,226	4,793
Employee-related liabilities and social security contributions	2,353	2,105
Fair value of currency futures	1,641	–
Fair value of interest rate hedges	1,571	2,568
Contributions	604	757
Supervisory Board remuneration	442	385
Debtors with credit balances	415	233
Other liabilities	3,617	3,661
Carrying amount	**26,983**	**26,525**
of which non-current	1,941	4,135
of which current	25,042	22,390

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 (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 as at the reporting date amounted to EUR 225,480 thousand (2014: EUR 239,214 thousand).

In the reporting period, the change in equity is due in particular to the increase in the interests in TOM TAILOR Sourcing Ltd., Hong Kong/China, and TOM TAILOR South Eastern Europe Holding GmbH, Wörgl/Austria. The purchase price liabilities totalling EUR 10.3 million remaining after offsetting against the corresponding non-controlling interest were set off against the capital reserves.

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.

In 2015, the TOM TAILOR GROUP arranged financing with the banks with a term of up to 2020 and is pursuing a clear financial strategy to strengthen its EBITDA and cash flow and to further improve its balance sheet structure. The Company's ability to finance its operating cash flow internally is pivotal here.

In connection with the CORE programme, the operating cash flow will cover the investments for 2016 that have been reduced to around EUR 25 million. Furthermore, the TOM TAILOR GROUP seeks to generate a positive free cash flow that will be used to reduce its net debt and also the interest burden.

In addition to the scheduled repayment of EUR 15 million, the Company plans to repay a tranche of the borrower's note loan of EUR 18 million. The Company is reiterating its objective of reducing the ratio of net debt to recurring EBITDA to below 2.0 in the medium term. The TOM TAILOR GROUP also endeavours to achieve net income for the period to strengthen the equity side of its balance sheet. The Group is aiming for an equity ratio of at least 30% in the medium term.

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

in EUR thousand	Category under IAS 39	Carrying amount 2015	Carrying amount 2014	Fair value 2015	Fair value 2014
Financial assets					
Trade receivables and other assets	LaR	77,602	86,313	77,602	86,313
Cash and cash equivalents	LaR	50,525	36,933	50,525	36,933
Derivatives used to hedge interest rate and currency risk that are part of a hedging relationship	n. a.	25,015	18,814	25,015	18,814
Financial liabilities					
Liabilities to banks					
Acquisition loan	Flac	149,093	153,500	149,093	153,500
Other liabilities to banks	Flac	89,466	63,024	89,466	63,024
Finance lease liabilities	Flac	26,420	18,886	26,420	18,886
Liabilities to third parties	Flac	2,938	4,000	2,938	4,000
Liabilities to third parties	Fvtpl	–	446	–	446
Derivatives used to hedge interest rate and currency risk that are not part of a hedging relationship	Fvtpl	1,571	2,568	1,571	2,568
Derivatives used to hedge interest rate and currency risk that are part of a hedging relationship	n. a.	1,641	–	1,641	–
Trade payables and other liabilities	Flac	173,230	148,125	173,230	148,125

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: 17.0 million; 2014: EUR 18.8 million). 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 2015 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 (DCF) 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 in the previous year 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 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 tables show the financial instruments for financial years 2015 and 2014 that are subsequently measured at fair value.

Fair Values of Financial Instruments

in EUR thousand	2015	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss				
Hedging instruments designated as cash flow hedges (currency forwards)	25,015	–	25,015	–
	25,015	**–**	**25,015**	**–**
Financial liabilities at fair value through profit or loss				
Derivatives used as interest rate hedges (interest rate swap)	1,571	–	1,571	–
Hedging instruments designated as cash flow hedges (currency forwards)	1,641	–	1,641	–
	3,212	**–**	**3,212**	**–**

in 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 liabilities 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	–	–	–
	3,014	**–**	**2,568**	**446**

The financial liabilities that were based on a Level 3 fair value measurement in the previous year were 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. These contingent variable purchase price payments were paid in full in the 2015 financial year.

Expenses of EUR 954 thousand (2014: EUR 1,184 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 2015

in EUR thousand	Opening balance	Acquisitions	Disposals	Principal repayments	Total gains and losses: Recognised in the income statement	Total gains and losses: Recognised in other comprehensive income	Reclassifications	Closing balance
Purchase price liability	**446**	–	–	–1,400	954	–	–	**–**

31 December 2014

in EUR thousand	Opening balance	Acquisitions	Disposals	Principal repayments	Total gains and losses: Recognised in the income statement	Total gains and losses: Recognised in other comprehensive income	Reclassifications	Closing balance
Purchase price liability	**4,434**	–	–	–4,947	959	–	–	**446**

Net Gains and Net Losses on Financial Instruments

in EUR thousand	2015	2014
Loans and receivables	–3,540	–2,569
of which net interest income	7	50
Financial liabilities measured at amortised cost	–10,930	–13,474
of which net interest income	–10,992	–12,681
Financial assets/liabilities at fair value through profit or loss	–1,133	–2,204
of which net interest income	–1,176	–1,068

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 2015 and 2014.

The sensitivity analyses were prepared on the basis of the hedging relationships existing on 31 December 2015 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 addition, in the 2015 financial year a factoring arrangement on the monthly revolving sale of current trade receivables was agreed as part of an active receivables management strategy. Under the factoring arrangement, all substantial risks and rewards arising from the trade receivables that passed to the factoring company were transferred to the buyer of the receivables. The maximum exposure to loss from the transfer of the receivables is limited to a discount on the purchase price. Please refer to the disclosures under note 13. OTHER ASSETS.

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

	Non-derivative financial liabilities			Derivative liabilities	
in EUR thousand	Liabilities to banks	Finance leases	Other liabilities	Interest rate hedges	Currency hedges
Carrying amount at 31 December 2015	**238,559**	**26,420**	**176,168**	**1,571**	**1,641**
Cash flows in 2016					
Interest payments	7,332	1,125	–	1,571	–
Principal repayments	35,006	7,344	176,115	–	1,076
Cash flows 2017 to 2020					
Interest payments	19,040	1,643	–	–	–
Principal repayments	203,553	18,434	53	–	565
Cash flows 2021 f.					
Interest payments	–	101	–	–	–
Principal repayments	–	642	–	–	–

Analysis of Maturity in the Previous Year

	Non-derivative financial liabilities			Derivative liabilities	
in EUR thousand	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 to 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	–	–	–

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 456.7 million and falls due ratably over a period up to and including 2017.

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 forwards existing at the reporting date in the amount of EUR 23.4 million (2014: EUR 18.8 million) was recognised net of deferred taxes in the amount of EUR 7.2 million (2014: EUR 5.8 million) in the hedge reserve outside profit or loss and/or included in the measurement of inventories 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 252.7 million in 2016 and to USD 204.0 million in 2017.

Income of EUR 14.6 million (2014: income of EUR 2.1 million) was reclassified from other comprehensive income to profit and loss in financial year 2015. Corresponding deferred taxes amounted to EUR 4.5 million (2014: EUR 0.7 million).

In addition, the Russian Group company and 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 2015					
in EUR thousand	**Amount in local currency TCHF**	**Closing rate CHF/EUR 1.08**	**Amount in local currency TUSD**	**Closing rate USD/EUR 1.09**	**Amount in local currency TRUB**	**Closing rate RUB/EUR 80.67**
Trade receivables	1,193	1,101	–	–	282,286	3,499
Trade payables	1,242	1,146	72,078	66,206	74,231	920
	–49	**–45**	**–72,078**	**–66,206**	**208,055**	**2,579**

In the previous year, the Group had the following trade receivables and payables denominated in foreign currencies:

Currency Risk in the Previous Year

in EUR thousand	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	Amount in local currency TRUB	Closing rate RUB/EUR 72.34
Trade receivables	1,111	924	–	–	180,511	2,495
Trade payables	–	–	60,992	50,236	–	–
	1,111	**924**	**–60,992**	**–50,236**	180,511	2,495

Comprehensive income from foreign exchange gains and losses (excluding derivatives) amounted to EUR 1.7 million in financial year 2015 (2014: EUR -2.9 million).

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 currency 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 5.1 million higher or EUR 6.3 million lower, respectively (2014: EUR 4.4 million higher or EUR 5.3 million lower). By contrast, the hedge reserve recognised in equity for currency forwards entered into in US dollars would have been EUR 38.1 million lower or EUR 42.8 million higher, respectively (2014: EUR 23.0 million lower or EUR 21.1 million higher).

A 10% rise (fall) in the euro against the Swiss franc or the Russian ruble would have resulted in the currency translation reserve for financial statements not prepared in the reporting currency being EUR 0.2 million higher or EUR 0.3 million lower, respectively (2014: EUR 0.1 million lower or EUR 0.2 million higher).

d) Interest Rate Risk

The Group is mainly subject to interest rate risk in the euro area. 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 instruments used:

Interest Rate Hedges

in EUR thousand	2015	2014
Notional amount	50,000	50,000
Carrying amount	–1,571	–2,568
Fair value	–1,571	–2,568

In the reporting period, interest income of EUR 997 thousand (2014: interest income of EUR 48 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 2.9 million higher or EUR 1.2 million lower, respectively (2014: EUR 3.6 million higher or EUR 1.9 million 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 TOM TAILOR Group's operating activities amounted to EUR 38.0 million (2014: EUR 58.3 million), a decrease of EUR 20.3 million compared with the previous year. The decline in cash generated from operations is mainly due to the considerably lower net income for the period of EUR 0.1 million (2014: EUR 10.8 million) as well as to an increase in inventories. The larger amount of capital tied up in inventories than in the previous year is attributable to the higher number of stores operated by the Group itself as well as to order- and sales-related volume growth. The proceeds from the factoring arrangement were partly offset by an increase in trade receivables.

In the 2015 financial year, net cash used in investing activities amounted to EUR 24.9 million, up from EUR 20.5 million in the previous year. This increase was largely due to the investments of EUR 33.0 million (2014: EUR 21.2 million) in the further expansion of the controlled selling spaces in the three segments, TOM TAILOR Wholesale, TOM TAILOR Retail and BONITA. The disbursements were compensated by proceeds of EUR 8.1 million, mainly from the sale of the ERP software used in the BONITA segment under a sale and lease-back transaction.

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.

After recording a cash outflow in the previous year (EUR 48.1 million), the TOM TAILOR Group generated a cash inflow from its financing activities in the 2015 financial year of EUR 0.2 million. The cash inflow primarily results from the early refinancing of the syndicated loans in the reporting period and the related extension of the current account overdraft facility and the guaranteed line of credit. At the same time, the variable-rate portions of the borrower's note loan of EUR 45.0 million were redeemed ahead of time.

Net cash used in financing activities also includes purchase price payments of EUR 8.8 million incurred for the acquisition of shares in companies that are already consolidated subsidiaries (2014: EUR 6.0 million). In contrast to the previous years, payments for the acquisition of consolidated entities are shown under cash inflows/outflows from financing activities in accordance with IAS 7.42B. This constitutes a restatement in accordance with IAS 8.5.

As at 31 December 2015, financing activities also included unused lines of credit amounting to EUR 103.6 million (2014: EUR 76.6 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 2015 (2014)

	Wholesale	Retail				
in EUR thousand	**TOM TAILOR**	**TOM TAILOR**	**BONITA**	**Total**	**Consolidation**	**Group**
Third-party revenue	340,950	289,080	325,848	614,928	–	955,878
	(331,721)	(275,529)	(324,883)	(600,411)	(–)	(932,132)
Intersegment revenue	238,617	–	–	–	–238,617	–
	(157,526)	(–)	(–)	(–)	(–157,526)	(–)
Revenue	**579,567**	**289,080**	**325,848**	**614,928**	**–238,617**	**955,878**
	(489,247)	(275,529)	(324,883)	(600,411)	(–157,526)	(932,132)
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**32,935**	**20,307**	**18,024**	**38,331**	**–3,691**	**67,575**
	(35,845)	(25,285)	(24,715)	(50,000)	(–1,572)	(84,273)
Material non-cash expenses/income	**13,516**	**3,909**	**7,175**	**11,084**	**–**	**24,600**
	(6,842)	(4,641)	(5,496)	(10,137)	(–)	(16,979)

Information about Regions 2015 (2014)

in EUR thousand	Germany	International markets	Group
Revenue	**616,329**	**339,549**	**955,878**
	(601,467)	(330,665)	(932,132)
Non-current assets	**403,095**	**61,419**	**464,514**
	(416,842)	(56,201)	(473,043)

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 TOM TAILOR 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 14.4 million (2014: EUR 10.2 million). 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 2015

	31 December 2015			
in EUR thousand	Within one year	Between one and five years	More than five years	Total
Leases	**108,539**	**298,283**	**96,062**	**502,884**
of which Nordport logistics centre	1,513	252	–	1,765
Receivables from sublease: Nordport logistics centre	**–1,513**	**–252**	**–**	**–1,765**
Other operating leases	**4,055**	**9,065**	**–**	**13,120**
Other	**28,350**	**69,417**	**64,900**	**162,667**
	139,431	**376,513**	**160,962**	**676,906**

Other Financial Obligations in 2014

	31 December 2014			
in EUR thousand	Within one year	Between one and five years	More than five years	Total
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**

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 2015, the Group had obligations to purchase goods in 2016 amounting to EUR 85.0 million (2014: EUR 81.2 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 5.6 million (2014: EUR 7.2 million). These related solely to minimum lease payments. Contingent lease payments are largely revenue-based and amounted to EUR 1.3 million in the reporting period (2014: EUR 1.5 million). 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 2015 or 2014.

Expenses for other operating leases of EUR 4.6 million were recognised in the reporting period (2014: EUR 4.6 million).

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 (Ireland) LTD., Dublin/Ireland, was liquidated in 2015.

TT Off Sale (NI) LTD. is operated by the partner. The goods and services provided to the company amounted to EUR 521 thousand in the reporting period (2014: EUR 532 thousand). The receivables from the company (net of valuation allowances) amounted to EUR 0 thousand both at 31 December 2015 and at 31 December 2014. Valuation allowances on receivables from TT OFF SALE (NI) LTD. of EUR 357 thousand were recognised as expenses in financial year 2015 (2014: EUR 513 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 (until 30 April 2015)
Mr Daniel Peterburs,
Businessman, Hamburg/Germany (until 31 March 2015)
Dr Heiko Schäfer,
Businessman, Munich/Germany (since 1 December 2015)

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 stocks per tranche. The phantom stocks 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 stocks 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 stocks 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 (in %)	2.50	2.50
Remaining term (in years)	7.5 – 11.5	7.5 – 11.5
Expected volatility (in %)	31.65 – 32.90	29.25 – 29.70
Risk-free interest rate (in %)	3.10 – 3.54	2.90 – 3.26
Share price at measurement date (in EUR)	12.85	13.91
SDAX® price at measurement date	3,832.91	5,466.82
Expected SDAX® volatility (in %)	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 stocks 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. In 2010, 209,500 MSP shares with a strike price of EUR 13.00 were contributed, while the strike price of the 72,500 shares contributed in 2011 is EUR 13.63. These MSP shares convey the right to acquire a total of 925,000 phantom stocks.

The lock-up period for 136,000 options from tranche 2 expired in financial year 2015. The lock-up period for 108,000 options from tranche 1 had already expired in financial year 2014. Since the exercise threshold for these options was not met in the current reporting year, the phantom stocks 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 391 thousand in the reporting period (2014: EUR 269 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. 150,000 stock option rights were issued to members of the Management Board in financial year 2015. Of the 120,000 and 200,000 stock options granted to members of the Management Board in the 2014 and 2013 financial years, respectively, 100,000 stock options from each tranche were forfeited without compensation in 2015. The measurement of the issued stock option rights led to a ratable expense of EUR 74 thousand for 2015 (2014: EUR 177 thousand).

The following table shows the governing body remuneration recognised in profit or loss:

Governing Body Remuneration

in EUR thousand	2015	2014
Salaries and short-term benefits	2,457	6,073
Other long-term incentives (LTI)	19	62
Long-term share-based remuneration (MSP)	391	269
Stock Option Programme (SOP)	64	177
Management equity participation programme	131	26
	3,062	**6,607**

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 605 thousand (2014: EUR 534 thousand). These benefits will fall due for payment in 2016 and 2017 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.

Management Board members received prepayments of EUR 0.5 million on their variable remuneration in the current 2015 financial year. On account of the Group's current earnings situation, there are recovery claims in the same amount relating to the prepayments that are presented under other current assets.

Related Party Disclosures (Persons)

In accordance with IAS 19, a provision of EUR 517 thousand was recognised for pension obligations to former members of the management and their surviving dependants (2014: EUR 388 thousand).

Shareholdings of Members of the Management Board

At 31 December 2015 and 31 December 2014, the Management Board held the following number of shares:

Shareholdings of the Members of the Management Board

Number of shares	31/12/2015	31/12/2014
Dieter Holzer	295,610	270,610
Dr Axel Rebien	20,000	20,000
Dr Heiko Schäfer	7,500	–

b) Supervisory Board

In accordance with the Articles of Association, the Supervisory Board is composed of six members.

The members are:
Mr Uwe Schröder,
Businessman, Hamburg/Germany (Chairman)
Mr Thomas Schlytter-Henrichsen,
Businessman, Königstein/Taunus/Germany (Deputy Chairman)
Mr Andreas Karpenstein,
Lawyer, Düsseldorf/Germany
Mr Patrick Lei Zhong,
Senior Investment Director of the Fosun Group, Shanghai/China; Shanghai
Ms Carrie Liu,
Executive Director of the Fosun Group, Shanghai/China (since 3 June 2015)
Mr Jerome Griffith,
Businessman, New York/USA (since 3 June 2015)
Mr Andreas W. Bauer,
Businessman, Munich/Germany (until 3 June 2015)
Mr Gerhard Wöhrl,
Businessman, Munich/Germany (until 3 June 2015)

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. On 3 June 2015, the Annual General Meeting approved an amendment of the Articles of Association relating to the remuneration for the members of the Supervisory Board. The resolved increase in the remuneration for the members of the Supervisory Board will not take effect until the 2016 financial year.

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 200 thousand were made in 2015. 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.

Mr Gerhard Wöhrl is the majority shareholder of Rudolf Wöhrl AG. The TOM TAILOR GROUP generated revenue of around EUR 4.3 million with Rudolf Wöhrl AG in 2015. Trade receivables amounted to EUR 426 thousand as at 31 December 2015.

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)
- Member of the Advisory Board of Kassenhalle Restaurant GmbH & Co. KG, Hamburg/Germany
- Chairman of the Verband der Fertigwarenimporteure e.V. (VFI – Association of Non-Food Importers), 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/Luxembourg
- Managing Director of Bulowayo GmbH, Königstein im Taunus/Germany
- Member of the Supervisory Board of Nero AG, Karlsbad/Germany
- Member of the Advisory Board of Mustang Holding GmbH, Frankfurt am Main/Germany

Andreas Karpenstein
- Managing Director of Deloitte Legal Rechtsanwalts-gesellschaft mbH, Düsseldorf/Germany
- 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
- Magnificent View Investments Limited, Hong Kong
- SJK Investment Holdings Limited, Cayman
- SJK China Investment Holdings Limited, Cayman
- Pramerica China Opportunity Company Limited, Hong Kong
- BHF Kleinwort Benson Group S.A., Brussels/Belgium
- Cirque Du Soleil GP Inc., Québec/Canada
- China Momentum Fund, GP, Ltd., Shanghai/China

Carrie Liu
- Member of the Board of Directors of St. John (Shanghai) Trading Co., Ltd., Shanghai/China
- Member of the Board of Cirque Du Soleil GP Inc., Québec/Canada

Jerome Griffith
- Chairman of the Board of Directors of Tumi Holdings Inc., New York/USA
- Member of the Board of Directors of Vince, Inc., New York City/USA
- Member of the Board of Directors of Parsons, The New School for Design, New York City/USA

Andreas W. Bauer
- Managing Director of Titus Ventures UG (haftungsbeschränkt), Munich/Germany

Gerhard Wöhrl
- Managing Director of Gerhard Wöhrl 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

DISCLOSURES ON SHAREHOLDINGS IN TOM TAILOR HOLDING AG

Disclosures on shareholdings in TOM TAILOR Holding AG

Notifying party	Date on which the shareholding exceeded or fell below the threshold(s)	Reportable threshold in %	Attribu-tion	Attribution acc. to WpHG	Interest in %	Interest in voting rights
FCM Beteiligungs GmbH, Hamburg/Germany	8 August 2014	Exceeded 3; 5; 10; 15; 20	direct/ indirect	–	23.16	6,028,050
			indirect	section 22 (2) WpHG[1]	15.51	4,036,681
Fidelidade-Companhia de Seguros, S.A., Lisbon/Portugal	8 August 2014	Exceeded 3; 5; 10; 15; 20	direct/ indirekt	–	23.16	6,028,050
			indirect	section 22 (1), sentence 1, no. 1 WpHG[2] and section 22 (2) WpHG[3]	7.65	1,991,369
Longrun Portugal, SGPS, S.A., Lisabon, Portugal	8 August 2014	Exceeded 3; 5; 10; 15; 20	indirect	section 22 (1), sentence 1, no. 1 WpHG[4] and section 22 (2) WpHG[5]	23.16	6,028,050
Millennium Gain Limited, Hong Kong/China	8 August 2014	Exceeded 3; 5; 10; 15; 20	indirect	section 22 (1), sentence 1, no. 1 WpHG[6] and section 22 (2) WpHG[7]	23.16	6,028,050
Fosun Financial Holdings Limited, Hong Kong/China	8 August 2014	Exceeded 3; 5; 10; 15; 20	indirect	section 22 (1), sentence 1, no. 1 WpHG[8] and section 22 (2) WpHG[9]	23.16	6,028,050
Fosun International Limited. Hong Kong/China	8 August 2014	3; 5; 10; 15; 20 Überschreitung	indirect	section 22 (1), sentence 1, no. 1 WpHG[10] and section 22 (2) WpHG[11]	23.16	6,028,050
Fosun Holdings Limited, Hong Kong/China	8 August 2014	3; 5; 10; 15; 20 Überschreitung	indirect	section 22 (1), sentence 1, no. 1 WpHG[12] and section 22 (2) WpHG[13]	23.16	6,028,050
Fosun International Holdings Ltd., Road Town, Tortola/ British Virgin Islands	8 August 2014	Exceeded 3; 5; 10; 15; 20	indirect	section 22 (1), sentence 1, no. 1 WpHG[14] and section 22 (2) WpHG[15]	23.16	6,028,050
Kempen Capital Management N.V., Amsterdam/The Netherlands	10 Februar 2015	Fell below 3	indirect	section 22 (1), sentence 1, no. 6 WpHG	2.99	777,199
T. Rowe Price Group, Inc, Baltimore, Maryland/USA	20 March 2015	Fell below 3	indirect	section 22 (1), sentence 1, no. 6 + 22 (1), sentence 2 WpHG	2.72	708,064

1 Held through the following shareholder (share of voting rights > 3%): Companhia de Seguros, S.A.

2 Held through the following shareholder (share of voting rights > 3%): FCM Beteiligungs GmbH

3 Held through the following shareholder (share of voting rights > 3%): FCM Beteiligungs GmbH

4 Held through the following shareholder (share of voting rights > 3%): Fidelidade-Companhia de Seguros, S.A; FCM Beteiligungs GmbH

5 Held through the following shareholder (share of voting rights > 3%): Fidelidade-Companhia de Seguros, S.A; FCM Beteiligungs GmbH

6 Held through the following shareholder (share of voting rights > 3%): Longrun Portgal, SGPS, S.A.; Fidelidade-Companhia de Seguros, S.A; FCM Beteiligungs GmbH

7 Held through the following shareholder (share of voting rights > 3%): Fidelidade-Companhia de Seguros, S.A; FCM Beteiligungs GmbH

8 Held through the following shareholder (share of voting rights > 3%): Millennium Gain Limited; Longrun Portgal, SGPS, S.A.; Fidelidade-Companhia de Seguros, S.A; FCM Beteiligungs GmbH

9 Held through the following shareholder (share of voting rights > 3%): Fidelidade-Companhia de Seguros, S.A; FCM Beteiligungs GmbH

10 Held through the following shareholder (share of voting rights > 3%): Fosun Financial Holdings Limited; Millennium Gain Limited; Longrun Portgal, SGPS, S.A.; Fidelidade-Companhia de Seguros, S.A; FCM Beteiligungs GmbH

11 Held through the following shareholder (share of voting rights > 3%): Fidelidade-Companhia de Seguros, S.A; FCM Beteiligungs GmbH

12 Held through the following shareholder (share of voting rights > 3%): Fosun International Limited; Fosun Financial Holdings Limited; Millennium Gain Limited; Longrun Portgal, SGPS, S.A.; Fidelidade-Companhia de Seguros, S.A; FCM Beteiligungs GmbH

13 Held through the following shareholder (share of voting rights > 3%): Fidelidade-Companhia de Seguros, S.A; FCM Beteiligungs GmbH

14 Held through the following shareholder (share of voting rights > 3%): Fosun Holdings Limited; Fosun International Limited; Fosun Financial Holdings Limited; Millennium Gain Limited; Longrun Portgal, SGPS, S.A.; Fidelidade-Companhia de Seguros, S.A; FCM Beteiligungs GmbH

15 Held through the following shareholder (share of voting rights > 3%): Fidelidade-Companhia de Seguros, S.A; FCM Beteiligungs GmbH

Disclosures on shareholdings in TOM TAILOR Holding AG

Notifying party	Date on which the shareholding exceeded or fell below the threshold(s)	Reportable threshold in %	Attribu-tion	Attribution acc. to WpHG	Interest in %	Interest in voting rights
T. Rowe Price Associates, Inc., Baltimore, Maryland/USA	20 March 2015	Fell below 3	indirect	section 22 (1), sentence 1, no. 6 + 22 (1), sentence 2 WpHG	2.72	708,064
T. Rowe Price Group, Inc, Baltimore, Maryland/USA	20 March 2015	Fell below 3	indirect	section 22 (1), sentence 1, no. 6 WpHG	2.72	708,064
Old Mutual Plc, London/ United Kingdom	12 June 2015	Fell below 3	indirect	section 22 (1), sentence 1, no. 6 + 22 (1), sentence 2 WpHG	2.99	778,230
Wellington Management Group LLP, Boston, Massachusetts/USA	26 August 2015	Fell below 3	indirect	section 22 (1), sentence 1, no. 6 + 22 (1), sentence 2 WpHG	2.24	528,013
			indirect	section 22 (1), sentence 1, no. 1 WpHG	0.03	7,102
Wellington Group Holdings LLP, Wilmington, Delaware/USA	26 August 2015	Fell below 3	indirect	section 22 (1), sentence 1, no. 6 + 22 (1), sentence 2 WpHG	2.24	528,013
Wellington Investment Advisors Holdings LLP, Wilmington, Delaware/USA	26 August 2015	Fell below 3	indirect	section 22 (1), sentence 1, no. 6 + 22 (1), sentence 2 WpHG	2.24	528,013
Wellington Management Company LLP, Wilmington, Delaware/USA	26 August 2015	Fell below 3	indirect	section 22 (1), sentence 1, no. 6	2.24	528,013
Litman Gregory Masters Interna-tional Fund, Orinda, California/USA	26 August 2015	Fell below 3	direct	–	2.00	519,723
Farringdon I - SICAV, Luxembourg, Luxembourg	25 September 2015	Exceeded 3	direct	–	3.04	791,647
CASO Asset Management S.A., Senningerberg/Luxembourg	25 September 2015	Exceeded 3	indirect	section 22 (1), sentence 1, no. 6 WpHG	3.04	791,647
Farringdon Netherlands BV, Amsterdam, The Netherlands	29 September 2015	Exceeded 5	indirect	section 22 (1), sentence 1, no. 6 WpHG[16]	5.33	1,387,704
Henderson Group plc, London/United Kingdom	2 November 2015	Fell below 3	indirect	section 22 (1), sentence 1, no. 6 + 22 (1), sentence 2 WpHG	2.82	733,775
Henderson Group Holdings Asset Management Limited, London/United Kingdom	2 November 2015	Fell below 3	indirect	section 22 (1), sentence 1, no. 6 + 22 (1), sentence 2 WpHG	2.82	733,775
HGI Asset Management Group Limited, London/United Kingdom	2 November 2015	Fell below 3	indirect	section 22 (1), sentence 1, no. 6 + 22 (1), sentence 2 WpHG	2.82	733,775
Henderson Global Group Limited, London/United Kingdom	2 November 2015	Fell below 3	indirect	section 22 (1), sentence 1, no. 6 + 22 (1), sentence 2 WpHG	2.82	733,775
Henderson Holdings Group Limited, London/United Kingdom	2 November 2015	Fell below 3	indirect	section 22 (1), sentence 1, no. 6 + 22 (1), sentence 2 WpHG	2.82	733,775
HGI Group Limited, London/ United Kingdom	2 November 2015	Fell below 3	indirect	section 22 (1), sentence 1, no. 6 + 22 (1), sentence 2 WpHG	2.82	733,775
Henderson Global Investors (Holdings) Limited, London/ United Kingdom	2 November 2015	Fell below 3	indirect	section 22 (1), sentence 1, no. 6 + 22 (1), sentence 2 WpHG	2.82	733,775
Henderson Global Investors Limited, London/United Kingdom	2 November 2015	Fell below 3	indirect	section 22 (1), sentence 1, no. 6	2.82	733,775
Schroders PLC, London/United Kingdom	18 November 2015	Fell below 10	indirect	section 22 (1), sentence 1, no. 6 WpHG + 22 (1), sentence 2 WpHG[17]	9.98	2,596,973
Schroder Administration Limited, London/United Kingdom	18 November 2015	Fell below 10	indirect	section 22 (1), sentence 1, no. 6 WpHG + 22 (1), sentence 2 WpHG[18]	9.98	2,596,973

16 Attributed through the following shareholder (share of voting rights > 3%): Farringdon I – SICAV

Disclosures on shareholdings in TOM TAILOR Holding AG

Notifying party	Date on which the shareholding exceeded or fell below the threshold(s)	Reportable threshold in %	Attribu-tion	Attribution acc. to WpHG	Interest in %	Interest in voting rights
Schroder Investment Management Limited, London/United Kingdom	18 November 2015	Fell below 10	indirect	–	9.98	2,596,973
			indirect	section 22 (1), sentence 1, no. 6 WpHG	4.81	1,252,426
			indirect	section 22 (1), sentence 1, no. 6 WpHG + 22 (1), sentence 2 WpHG[19]	5.17	1,344,547
Vanguard Whitehall Funds, Wilmington, Delaware/USA	20 November 2015	Fell below 3	direct	–	2.95	767,478
Farringdon I, Luxembourg/Luxembourg	20 November 2015	Exceeded 5	direct	–	7.08	1,841,425
CASO Asset Management S.A., Senningerberg, Luxembourg	20 November 2015	Exceeded 5	indirect	section 22 (1), sentence 1, no. 6 WpHG[20]	7.08	1,841,425
Schroder Investment Management North America Limited, London/United Kingdom	20 November 2015	Fell below 5	indirect	section 22 (1), sentence 1, no. 6 WpHG	4.97	1,292,394
Schroder Investment Management North America Inc, Delaware/USA	20 November 2015	Fell below 5	indirect	section 22 (1), sentence 1, no. 6 WpHG	4.97	1,292,394
Schroder US Holdings Inc, Delaware/USA	20 November 2015	Fell below 5	indirect	section 22 (1), sentence 1, no. 6 WpHG + 22 (1), sentence 2 WpHG	4.97	1,292,394
Schroder International Selection Fund, Senningberg/Luxembourg	26 November 2015	Fell below 3	direct	–	2.74	713,000
Schroders PLC, London/United Kingdom	11 December 2015	Fell below 5	indirect	section 22 (1), sentence 1, no. 6 WpHG + 22 (1), sentence 2 WpHG	4.84	1,260,272
ADWAY CORP., Panama City/Panama	11 December 2015	Fell below 3	indirect	section 22 (1), sentence 1, no. 1 WpHG[21]	2.92	761,793
Mr Bram Cornelisse	16 December 2015	Exceeded 10	indirect	section 22 (2) WpHG[22]	10.22	2,660,796
Mr Guo Guangchang	30 December 2015	Exceeded 20	–	section 22 (1), sentence 1, no. 1 WpHG[23] + 22 (2) WpHG[24]	24.97	6,489,050
Main First Holding AG, Zurich/Switzerland	30 December 2015	Exceeded 3	direct	–	4.50	1,171,221
Schroders PLC, London/United Kingdom	30 December 2015	Fell below 3	indirect	section 22 (1), sentence 1, no. 6 WpHG + 22 (1), sentence 2 WpHG	0.09	24,634

17 Attributed through the following shareholder (share of voting rights > 3%): Schroder International Selection Fund

18 Attributed through the following shareholder (share of voting rights > 3%): Schroder International Selection Fund

19 Attributed through the following shareholder (share of voting rights > 3%): Schroder International Selection Fund

20 Attributed through the following shareholder (share of voting rights > 3%): Farringdon I – SICAV

21 Attributed through the following shareholder (share of voting rights > 3%): Ar Mor 1 S.A.; Morgan Finance S.A.

22 Attributed through the following shareholder (share of voting rights > 3%): Farringdon Netherlands BV

23 Attributed through the following shareholder (share of voting rights > 3%): Fosun International Limited; Fidelidade-Companhia de Seguros, S.A; FCM Beteiligungs GmbH

24 Attributed through the following shareholder (share of voting rights > 3%): Fidelidade-Companhia de Seguros, S.A; FCM Beteiligungs GmbH

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 December 2015.

FEES OF THE AUDITORS (DISCLOSURE IN ACCORDANCE WITH SECTION 314(1) NO. 9 HGB

The fees recognised as an expense in financial year 2015 amounted to EUR 333 thousand (of which EUR 14 thousand relate to 2014; 2014: EUR 207 thousand) for the audit of the financial statements (including expenses), EUR 44 thousand (2014: EUR 69 thousand) for other assurance services, and EUR 85 thousand (2014: 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 1 March 2016.

Hamburg, 1 March 2016

The Management Board

Dieter Holzer

Dieter Holzer
(Chief Executive Officer)

Axel

Dr Axel Rebien
(Chief Financial Officer)

Dr Heiko Schäfer
(Chief Operating 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, 1 March 2016

The Management Board

Dieter Holzer
(Chief Executive Officer)

Dr Axel Rebien
(Chief Financial Officer)

Dr Heiko Schäfer
(Chief Operating 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 2015. 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, 1 March 2016

Ebner Stolz GmbH & Co, KG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Jürgen Richter	**Tim Sichting**
Wirtschaftsprüfer	Wirtschaftsprüfer

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE STATEMENT IN ACCORDANCE WITH SECTION 289A OF THE HANDELSGESETZBUCH (HGB – GERMAN COMMERCIAL CODE)

DECLARATION OF COMPLIANCE IN ACCORDANCE WITH SECTION 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 section 161 AktG in December 2015.

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 5 May 2015, 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 2014.

– 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 2015

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

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.

MANAGEMENT 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 Management 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 has three 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 and Dr Heiko Schäfer.

Effective 1 April 2015, a new internal organisational structure was introduced for the purpose of accelerated verticalisation in the form of shorter decision-making chains and faster response times. In this connection, former Management Board members Daniel Peterburs (Chief Product Development and Procurement Officer/CPO) and Dr Marc Schumacher (Chief Retail Officer/CRO) retired from the Management Board at their own request with effect from 31 March 2015 and 30 April 2015, respectively.

The members of the Management Board were appointed at different times.

Appointment of Management Board Member

	First Appointment		Current Appointment
Dieter Holzer Born in 1964 Chief Executive Officer/CEO	Since 21 December 2007 From 2006 to 2007	Chief Executive Officer of TOM TAILOR Holding AG Member of the management of Tom Tailor Holding GmbH (legal predecessor of TOM TAILOR Holding AG)	Until 31 January 2020
Dr Axel Rebien Born in 1971 Chief Financial Officer/CFO	Since 17 January 2008 From 2005 to 2008	Member of the Management Board of TOM TAILOR Holding AG Head of Finance at the former Tom Tailor Holding GmbH	Until 31 January 2021
Dr Heiko Schäfer Born in 1972 Chief Operating Officer (COO)	Since 1 December 2015	Member of the Management Board of TOM TAILOR Holding AG	Until 30 November 2018

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 also 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, human resources, legal affairs and investor relations. Dr Rebien's term on the Management Board runs until 31 January 2021.

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 Heiko Schäfer (born in 1972) assumed the position of Chief Operating Officer (COO) within the TOM TAILOR GROUP with effect from 1 December 2015. In his new function, he is responsible for purchasing, logistics and IT, as well as project and process management. Dr Heiko Schäfer started his career at the Boston Consulting Group, where he advised clients for more than six years, mainly from the consumer goods and retail sectors, in sales/marketing and operation topics. Prior to that, he built upextensive experience parallel to his academic studies as a consultant in prestigious consulting companies. Dr Heiko Schäfer studied business administration at the University of Saarbrücken and subsequently earned a doctorate degree at the University of Mannheim with a dissertation on cross-selling.

Dr Schäfer joined the TOM TAILOR GROUP from the private equity firm Kohlberg Kravis Roberts (KKR) in London. Previously, Dr Heiko Schäfer worked for over six years as a senior executive for the adidas Group, where his last position was as Senior Vice President with responsibility for product development, sourcing and logistics for the four lifestyle/fashion labels of the adidas umbrella brand.

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 and opportunity 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 end of the Annual General Meeting on 3 June 2015 marks the end of the term of office of all Supervisory Board members elected by the Annual General Meeting, specifically Uwe Schröder, Thomas Schlytter-Henrichsen, Andreas W. Bauer, Andreas Karpenstein and Gerhard Wöhrl. Patrick Zhong's term of office also ended at that time. He had been appointed a member of the Company's Supervisory Board by decision of Hamburg Local Court on 29 August 2014. Patrick Zhong was appointed by the court to serve a temporary term until the next ordinary Annual General Meeting after Dr Andreas Pleßke stepped down with effect from 8 August 2014. Since the term of office of all members has ended, new Supervisory Board elections had to be held. This was done at the Annual General Meeting on 3 June 2015.

The newly elected members of the Supervisory Board are:

Uwe Schröder
(Chairman of the Supervisory Board)
Co-founder of the TOM TAILOR Group, Hamburg

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 ACapital Beteiligungsberatung GmbH, Frankfurt am Main/Germany

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 Karpenstein
Partner and Managing Director of Deloitte Legal Rechtsanwaltsgesellschaft mbH, Düsseldorf

Andreas Karpenstein (born in 1963) has been Partner and Managing Director at Raupach & Wollert-Elmendorff Rechtsanwaltsgesellschaft mbH, Düsseldorf (now: Deloitte Legal Rechtsanwaltsgesellschaft), since 2002. His career as a lawyer began in 1995 at Andersen Luther Rechtsanwaltsgesellschaft 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, Shanghai/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 to 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.

Carrie Liu
Executive Director of the Fosun Group, Shanghai/China

Carrie Liu (born in 1981) has been Executive Director of the Fosun Group since July 2011. There, she is responsible for managing investments in the consumer goods and fashion industries as well as the corresponding value chain management at the investees. Before joining the Fosun Group, Carrie Liu worked from January 2005 to June 2007 as a Senior Associate at Henderson Global Investors.

From 1998 to 2002, Carrie Liu did a bachelor's degree in finance at the School of Economics and Management, Tsinghua University, followed by a master's degree in economic law at the Law School, Tsinghua University, from 2002 to 2005.

Jerome Griffith
President and Chief Executive Officer of Tumi Holdings Inc., South Plainfield, New Jersey/USA

Jerome Griffith (born in 1957) has acted as President and Chief Executive Officer of Tumi Holdings Inc., South Plainfield, New Jersey/USA, since 2009. Prior to this, he served as Executive Director, Chief Operating Officer and a member of the Board of Directors of Esprit Holdings Limited from 2002 until 2009. From 1999 to 2002, he worked as President (Speciality & Flagship Retail) and Executive Vice President – Retail at TOMMY Hilfiger, USA.

From 1975 to 1979, Jerome Griffith did a Bachelor of Science degree in marketing at the State College of Pennsylvania State University.

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

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
- Member of the Advisory Board of Mustang Holding GmbH, Frankfurt am Main/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
- Magnificent View Investments Limited, Hong Kong
- SJK Investment Holdings Limited, Cayman
- SJK China Investment Holdings Limited, Cayman
- Pramerica China Opportunity Company Limited, Hong Kong BHF Kleinwort Benson Group S.A., Brussels/Belgium
- Cirque Du Soleil GP Inc., Québec/Canada
- China Momentum Fund, GP, Ltd., Shanghai/China

Carrie Liu
- Member of the Board of Directors of St. John (Shanghai) Trading Co., Ltd., Shanghai/China
- Member of the Board of Cirque Du Soleil GP Inc., Québec/Canada

Jerome Griffith
- Member of the Board of Directors of Vince, Inc., New York City/USA
- Member of the Board of Directors of Parsons, The New School for Design, New York City/USA

Composition of the Supervisory Board

In December 2015 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 this connection, the Supervisory Board is aiming in particular for an appropriate degree of female representation in compliance with the provisions of the German Act on the Equal Participation of Women and Men in Executive Positions in the Private and the Public Sector.

In line with this, the Supervisory Board laid down a target for the share of women in the Supervisory Board of 16.67%.

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.

As at 31 December 2015 the Management Board of TOM TAILOR Holding AG did not have any female members. The Supervisory Board did not specify a minimum quota for the representation of women on the Management Board of TOM TAILOR Holding AG. The share of female executives on the two management levels below the Management Board of the TOM TAILOR GROUP as at 31 December 2015 was 35%. This share should not fall below 30%.

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 three 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. The Supervisory Board considers all of the above-mentioned objectives to be met at this time.

The Supervisory Board has one female member, Carrie Liu. This fulfils the target set for female representation in the Supervisory Board of 16.67%. The members of the Supervisory Board also include finance experts (Mr Karpenstein and Ms Liu), a representative of the legal profession (also Mr Karpenstein), as well as a representative of the fashion industry (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 the two Supervisory Board members Patrick Zhong, an internationally experienced investment manager, and Carrie Liu, Executive Director of the Fosun Group, represent the interests of the major shareholder.

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. If the committee has a quorum, 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 Karpenstein (Chairman of the Audit and Finance Committee), Carrie Liu

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 295,610 shares of the Company as at 31 December 2015, corresponding to 1.14% of the Company's shares.

CFO Dr Axel Rebien directly held 20,000 shares of the Company as at 31 December 2015, corresponding to 0.08% of the Company's shares.

COO Dr Heiko Schäfer directly held 7,500 shares of the Company as at 31 December 2015, corresponding to 0.03% 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), held indirect interests in TOM TAILOR Holding AG as at 31 December 2015. As at said date, Mr Schröder and close relatives indirectly held 768,793 shares of the Company via Morgan Finance S.A., Luxembourg, corresponding to 2.95% of the Company's shares. As at said date, Mr Schlytter-Henrichsen indirectly held 68,944 shares of the Company via ACapital Beteiligungsberatung GmbH, corresponding to 0.26% of the Company's 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.comtailor 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, the Netherlands 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 2015, 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 Company's new organisational structure in the POLE POSITION project, the change in management in the BONITA subgroup and the cost reduction and efficiency programme CORE.

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 its meeting on 17 March 2015, the Supervisory Board approved the annual and consolidated financial statements for 2014, thereby adopting the annual financial statements. Another focus of this meeting was the POLE POSITION project, in particular also the restructuring and reduction of the Management Board in line with the accelerated verticalisation. In addition, the Supervisory Board deliberated on the refinancing of the existing syndicated loan ahead of time.

At an extraordinary Supervisory Board meeting on 13 April 2015, the Supervisory Board resolved on the agenda for the Annual General Meeting on 3 June 2015 and thus also the list of candidates for election to the Supervisory Board.

The Supervisory Board discussed the figures for the first quarter and the month of April 2015 at its meeting on 3 June 2015. The meeting also served as a preparatory meeting for the Annual General Meeting held on the same day.

At another extraordinary meeting on 12 June 2015, the Supervisory Board discussed a new employment contract for Management Board member Dr Axel Rebien.

At its meeting on 24 September 2015, the Supervisory Board discussed the figures for the first half of the year. Performance in the BONITA subgroup, the cost reduction and efficiency programme CORE, the Group-wide implementation of a new software package from SAP and the start-up difficulties that arose when putting the new logistics centre into operation were also subjects of this meeting. In addition, the Supervisory Board resolved to appoint Dr Heiko Schäfer as the new Chief Operating Officer (COO) of TOM TAILOR Holding AG.

The topics covered at the Supervisory Board meeting on 10 December 2015 were the regularly scheduled discussion of the business situation in the third quarter of 2015 and the monthly financials for October 2015, approval of the budget for 2016 and three-year planning from 2016 to 2018, as well as a possible reorganisation of TOM TAILOR Holding AG into a European SE. The Supervisory Board also discussed at length the new management team at BONITA and its greater strategic focus on the core target group.

CORPORATE GOVERNANCE

In its meeting on 10 December 2015, the Supervisory Board resolved the 2016 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 5 May 2015. 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 five regular meetings in 2015. 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 meetings on 5 February 2015 and 26 February 2015 focused on discussing the audit of the 2014 financial statements.

In this context, the agenda focused on the emphasis and results of the audits of all single-entity financial statements and the key findings of the audit of the consolidated financial statements.

At the meeting on 6 August 2015, the results of the development of business in the first half of 2015 as well as the organisation of the audit of the 2015 financial statements were discussed. The Audit Committee was notified of the talks with financing partners at the meeting on 14 October 2015.

In its meeting on 10 December 2015, the Audit and Finance Committee addressed the current status of the preliminary examination for the audit of the annual financial statements for 2015 and the areas of emphasis for the audit that had already been determined. Discussions also covered the current financing structure and the status of foreign currency hedges.

The Executive Committee met on 17 March 2015, 3 June 2015, 24 September 2015 and 10 December 2015, 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, Mr Jerome Griffith and Ms Carrie Liu.

The end of the Annual General Meeting on 3 June 2015 marks the end of the term of office of the previous Supervisory Board members Uwe Schröder, Thomas Schlytter-Henrichsen, Andreas W. Bauer, Andreas Karpenstein, Gerhard Wöhrl and Patrick Lei Zhong. Since the term of office of all members had ended, new Supervisory Board elections had to be held. This was done at the Annual General Meeting on 3 June.

The members of the Management Board are Dieter Holzer (Chief Executive Officer), Dr Axel Rebien and Dr Heiko Schäfer.

Effective 1 April 2015, a new internal organisational structure was implemented to take account of the Company's more vertical alignment. In this connection, former Management Board members Daniel Peterburs (Chief Product Development and Procurement Officer/CPO) and Dr Marc Schumacher (Chief Retail Officer/CRO) retired from the Management Board at their own request with effect from 31 March 2015 and 30 April 2015, respectively.

The new position of Chief Operating Officer (COO) was created in the course of the realignment. Dr Heiko Schäfer assumed this position with effect from 1 December 2015, thus completing the Management Board. As COO, Dr Schäfer is responsible for the areas of purchasing, logistics and IT, as well as project and process management.

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 22 February 2016 and 16 March 2016 respectively, and were available to answer questions from the members in attendance. In its meeting on 16 March 2016, 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 2016

The Supervisory Board

FINANCIAL CALENDAR

Financial Calendar

Date	Current Events
17 March 2016	Annual Report 2015
17 March 2016	Analyst Conference, Frankfurt/Germany
11 May 2016	Quarterly management statement as at 31 March 2016
24 May 2016	Annual General Meeting, Hamburg/Germany
11 August 2016	Half-yearly financial report
10 November 2016	Quarterly management statement as at 30 September 2016

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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In a single word, the title of our annual report expresses the company's current agenda:

RE LOAD

Pushing ahead. Stepping it up.

We will come out ahead of the competition because we are not just addressing the change in our industry, we are shaping it. And because we love fashion as much as our customers.

TOM TAILOR EST. 1962 | TOM TAILOR Denim | TOM TAILOR CONTEMPORARY | BONITA