TOM TAILOR GROUP

#TTG-RESET

INTERIM REPORT
1 JANUARY TO 30 JUNE 2017

KEY FIGURES TOM TAILOR GROUP

EUR million	Q2 2017	Q2 2016	Change relative	H1 2017	H1 2016	Change relative
Revenue	227.4	232.4	−2.2%	446.3	451.3	−1.1%
TOM TAILOR Retail	75.4	74.0	2.0%	140.2	137.8	1.7%
TOM TAILOR Wholesale	78.8	72.8	8.3%	166.3	160.1	3.9%
BONITA	73.1	85.6	−14.7%	139.7	153.4	−8.9%
Share of revenue (in %)						
TOM TAILOR Retail	33.2	31.8		31.4	30.5	
TOM TAILOR Wholesale	34.7	31.3		37.3	35.5	
BONITA	32.1	36.8		31.3	34.0	
Gross profit	135.8	137.3	−1.1%	252.0	256.3	−1.7%
Gross profit margin (in %)	59.7	59.1		56.5	56.8	
EBITDA	21.9	12.5	74.9%	30.7	18.9	62.6%
EBITDA margin (in %)	9.7	5.4		6.9	4.2	
EBIT	13.4	0.4	>1,000%	11.8	−5.5	313.2%
EBIT margin (in %)	5.9	0.2		2.6	−1.2	
Net income for the period	6.6	−1.9	445.8%	0.1	−10.7	100.9%
Earnings per share (in EUR)	0.17	−0.10	270.0%	−0.04	−0.47	91.5%
Cash generated from in operations	25.9	14.0	84.9%	22.2	−6.0	470.1%
				30/06/2017	31/12/2016	
Total assets				639.2	695.7	−8.1%
Equity				202.7	162.9	24.4%
Equity ratio (in %)				31.7	23.4	
Cash funds				44.8	38.1	17.4%
Net debt				124.6	194.7	−36.0%
Employees (total)				6,274	6,789	−7.6%

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

MANAGEMENT BOARD STATEMENT

Dear Shareholders, Business Partners and Employees,

The first half of 2017 has been a challenging but also successful period for the TOM TAILOR GROUP. For one, the market environment continues to be anything but easy. The mid-priced segment of the fashion industry again experienced a downturn compared to the first half of 2016, with the process of consolidation among producers and retailers continuing. In this market environment, we once again managed to grow in core markets and gain market share, especially with the TOM TAILOR umbrella brand.

In the context of our RESET cost and process optimisation programme , we made decisions that resulted in lower revenue and income in the short term but are now showing initial effects on profitability. For instance, the operating result, or reported EBITDA, rose by 63% in the first six months. Operating cash flow increased by more than EUR 28 million while inventories fell by more than EUR 23 million. All of this indicates that our RESET programme has already accomplished much more than we had planned a year ago.

However, we will only be able to grow in the long term in a rapidly changing fashion retail environment if our working processes – such as those relating to the production and distribution of our range – become more flexible and responsive. We therefore opted to leverage this positive momentum to cautiously begin introducing growth initiatives.

On 6 June 2017, the Management Board of TOM TAILOR Holding SE with the approval of the Supervisory Board resolved to increase the share capital of the Company by a nominal amount of EUR 9.87 million in return for cash contributions utilising existing authorised capital. The capital increase generated net issuing proceeds of around EUR 61 million. We have earmarked a majority of the proceeds for investments, mainly to strengthen our brands, improve our hardware and software systems, upgrade our e-commerce and omni-channel capabilities, and update shop fittings. The remaining revenue will be used for other general business purposes. By increasing our equity ratio we also enhance the Group's financial flexibility with regard to key financial figures.

Our marketing strategy, which has been revamped considerably and includes new, fresher campaign visuals and efforts to sharpen our TOM TAILOR collection's fashion profile, is beginning to produce results. We are also working with an international supermodel – Naomi Campbell – to raise our brand profile. In the second half of the year, we will launch the new TOM TAILOR online shop, and SAP implementation is also proceeding as planned.

Numerous initiatives are also planned for BONITA in the second half of the year, including the launch of the eShop. The successful measures aimed at boosting profitability, which have already been successful in the first half-year, and the roll-out of further measures to stabilise revenue will also be continued.

All told, it can be said that the realignment of the Company is advancing in line with management's expectations – as is the Group's current financial performance. The progress made in many areas of the Group gives us reason to be optimistic that the Group will soon again be operating on a sustainably profitable foundation of growth. Our entire team is working full steam ahead for that to happen.

The Management Board team

Dr Heiko Schäfer

Thomas Dressendörfer

Hamburg, July 2017

TOM TAILOR ON THE CAPITAL MARKET

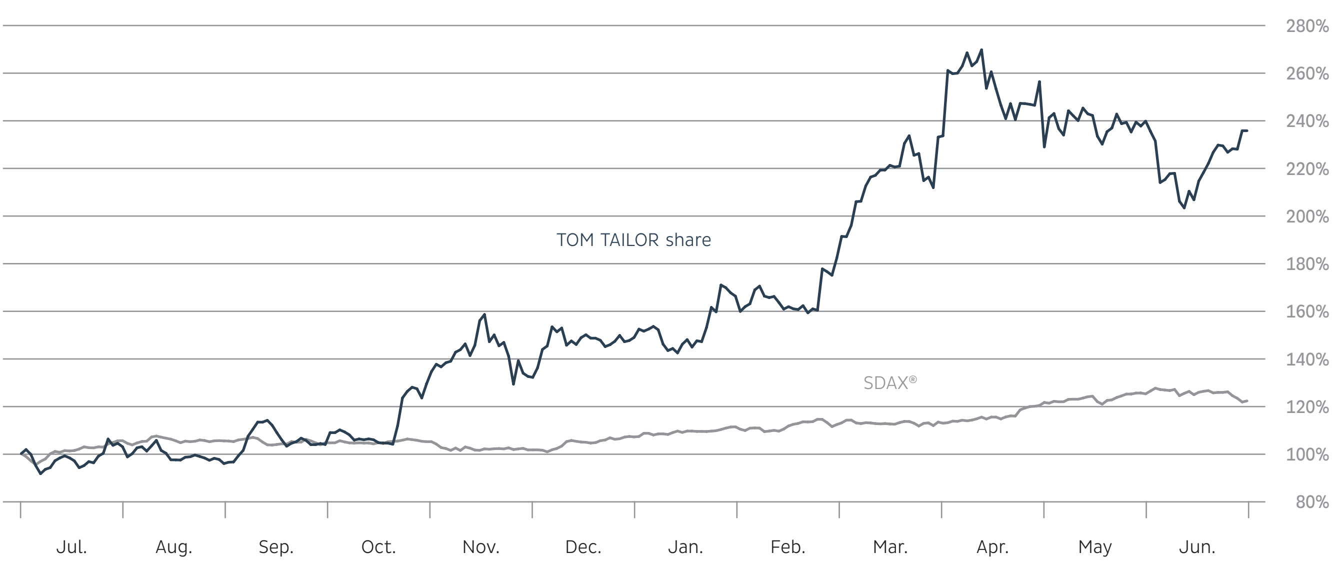
TOM TAILOR SHARE SEES LARGE GAINS

Performance in the first half of 2017 was clearly driven by the DAX® rally. In the first six months of 2017, the German DAX® index gained 7% and was able to considerably outperform its all-time high to date of 12,391, reaching 12,889 points in June. The SDAX® added a healthy 14% during the same period. Neither the hikes in key interest rates in the United States, nor the Brexit negotiations or political uncertainties in various places such as North Korea were able to darken the sunny mood on the German stock market.

TOM TAILOR's shares started out the new year at EUR 5.04 and rose continually in the first half of 2017 after short-term declines down to EUR 4.71 in early January. In addition to positive capital market sentiment, good corporate news was the main driver of share price growth. At the end of the first six months, TOM TAILOR's share price stood at EUR 7.80. On the whole, TOM TAILOR's performance was highly gratifying with the share price up 55% (XETRA closing prices).

The market capitalisation of TOM TAILOR's shares amounted to EUR 300 million as at 30 June 2017 and, at 234,187, the average volume of shares traded on XETRA in the first six months of 2017 was substantially higher than in the prior-year period (previous year: 133,342 shares).

Performance of the TOM TAILOR Share from 1 July 2016 to 30 June 2017



INVESTOR RELATIONS

The TOM TAILOR GROUP's investor relations activities aim to provide regular, extensive information to capital market participants in a timely, open manner to maximise transparency and minimise price fluctuations. Against this background, the Company is also continuing its regular meetings with analysts and investors, especially in Germany and other European countries.

In the first half of 2017, eight international investment firms regularly published reports and commentary on the current performance of the TOM TAILOR GROUP and made recommendations (research coverage). There are currently one "hold" and seven "buy" recommendations.

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	M.M.Warburg & CO

INTERIM MANAGEMENT REPORT

FUNDAMENTAL INFORMATION ABOUT THE GROUP

ORGANISATIONAL STRUCTURE AND BUSINESS OPERATIONS

FOCUS ON CORE BRANDS AND CORE MARKETS

The TOM TAILOR GROUP is an international, vertically integrated casual wear and accessories company. Complementary brand concepts are developed under the umbrella of the TOM TAILOR GROUP. These brand concepts are put into practice in operations according to a standardised, analytical plan incorporating the latest fashion trends, experience and market data. Currently, the TOM TAILOR GROUP's business comprises the various TOM TAILOR brands and the BONITA brand.

TOM TAILOR Holding SE, the Group's parent company, is domiciled in Hamburg, Germany. Its legal form was changed from a stock corporation (AG – Aktiengesellschaft) to a Societas Europaea (SE) and entered in the commercial register on 18 April 2017. Germany has traditionally been the core market of the Company, which was established in 1962. In financial year 2016, the Company generated around two-thirds of its consolidated revenue in Germany. Other regional core markets of the TOM TAILOR GROUP include Austria, Switzerland, South-Eastern Europe and Russia.

Since the start of the 2017 financial year, the TOM TAILOR GROUP's management has used the following key financial performance indicators for purposes of managing the Group: revenue, gross margin, EBITDA, EBITDA margin, EBIT and EBIT margin. Unlike in the past, only the reported figures are used to calculate these indicators. In addition, various non-financial factors and leading indicators are also considered.

Detailed fundamental information about the Group can be found in the 2016 Annual Report (Group Management Report).

ECONOMIC ENVIRONMENT

MACROECONOMIC AND SECTOR-SPECIFIC ENVIRONMENT

STABLE UPSWING IN THE EURO ZONE

Global economic growth picked up speed in the first half of 2017. In Asia and Europe in particular, the outlook became brighter despite continued uncertainty and risks. In March and June, the Fed further hiked key interest rates as expected. In contrast, the ECB kept interest rates steady, although it had begun to phase out its policy of bond-buying on a massive scale. As a result of burgeoning investments and livelier exports, the upswing in the euro zone economy continued to accelerate. Following an increase of 1.9% in real terms in the first quarter, gross domestic product (GDP) rose by 2.1% in real terms in the second quarter of 2017 according to an official flash estimate. The seasonally adjusted unemployment rate (ILO model) in June fell to 9.1% (June 2016: 10.1%). The GfK Consumer Climate Europe (EU 28) index stood at 19.1 points at the end of the first six months (June 2016: 13.1 points).

RISING EMPLOYMENT FIGURES AND POSITIVE CONSUMER SENTIMENT IN THE CORE MARKETS OF THE TOM TAILOR GROUP

The most important core markets of the TOM TAILOR GROUP, the DACH countries (Germany, Austria, Switzerland), are characterised by high levels of employment, robust consumer demand and strong purchasing power compared with the European average. Russia and the countries of South-Eastern Europe offer better-than-average growth opportunities for the Company.

In Germany, the economy is currently experiencing a strong, broad-based upturn. GDP grew by 2.9% in real terms in the first quarter of 2017. Adjusted for a very strong holiday-driven calendar influence, the growth rate was 1.7% in real terms. The Ifo Institute estimates that the German economy expanded by 1.7% in real terms in the first half year and that consumer spending rose by 1.2%. The number of people in employment climbed to a record-high of 44.2 million in June 2017, an increase of 657,000 persons (+1.5%) in one year. The unemployment rate (ILO model) improved in the same period from 4.2% to 3.7% (Destatis). By June, the standard national unemployment rate (Federal Employment Agency) had fallen by 40 basis points year-on-year to 5.5%, with the number of people out of work down more than 141,000 to 2.47 million. Accordingly, consumers' income expectations and propensity to buy increased further. By June 2017, the GFK consumer confidence index improved to 10.4 points (December 2016: 9.8 points).

Austria's economy is also on a broad-based, accelerated growth trajectory supported by private consumer spending and higher investments and exports. According to the National Bank of Austria (OeNB), the economy grew by 1.9% in real terms in the first quarter. This dynamic growth continued in the second quarter. The upswing has now reached the labour market as well, the OeNB says. Employment was up in the service sector as well as industry (May: +1.9%). The unemployment rate (ILO model) fell from 6.3% to 5.2% year-on-year in June. In Switzerland, economic performance was moderate at the beginning of the year due to temporary weakness in the service sector. Consumer demand initially remained very restrained. In the first quarter, GDP growth was only 1.1% in real terms. Performance is expected to have been somewhat more positive in the second quarter, and the picture on the labour market was mildly positive. As at June, the unemployment figure in absolute terms as reported by the Swiss State Secretariat for Economic Affairs (SECO) fell by 4.0% during the year (national unemployment rate: 3.0% compared with 3.1%).

BROAD STAGNATION IN THE FASHION BUSINESS – ONLINE SEGMENT INCREASINGLY IMPORTANT

Eurostat data indicates that the pace of retail growth was robust. In the first six months of 2017, the annual growth rate in real terms hovered between 1.3% and 3.1%; non-food retail sales (not including motor fuels) were 10 to 130 basis points higher. Mail-order and online retail sales again grew by a disproportionately high rate. However, brick-and-mortar retail sales of textiles, clothing and shoes were again unable to keep pace with the general trend. Growing consumer purchasing power is mainly having an impact in other consumer segments. While sales of textiles, clothing and shoes increased every month after a real decline in revenue in January (-2.8%), with the exception of a strong March (+5.3%), growth, however, was less favourable than in the non-food retail segment overall. In regional terms, retail sales in Austria expanded only moderately after adjusting for inflation, despite the improved consumer climate. In Switzerland, revenue was down in real terms in three of the six months. In South-Eastern Europe, growth was more dynamic than in the euro zone on average.

In the first six months of the year, retail sales in Germany excluding vehicles and petrol stations increased by a total of 3.5% in nominal terms and 1.7% in real terms (Destatis). The trends in the different trading segments varied considerably. The department store (non-specialised store) business followed the general trend for the most part. Revenue in this segment grew by 3.3% in nominal terms and 2.1% in real terms. Online and mail-order sales again saw the most robust growth across all product groups: +7.6% in nominal terms and +6.6% in real terms. In contrast, retail sales of textiles, clothing, shoes and leather goods stagnated on a nominal basis during the same period. Real sales revenues were down 1.6%. According to GfK data, the narrowly defined fashion and lifestyle market contracted by 1.5% in nominal terms in the first half of 2017.

SIGNIFICANT EVENTS

APRIL / JUNE:

NEW PARTNERSHIP WITH KIDS FASHION GROUP

The TOM TAILOR GROUP and the Kids Fashion Group signed a licence agreement concerning the TOM TAILOR Kids division in April. The partnership covers the development, production and wholesale sale of licensed products for the next ten years and aims to expand the distribution network and achieve sustained revenue growth. The TOM TAILOR Kids brand will still be available in the TOM TAILOR online shop, TOM TAILOR's own stores and at many of the Group's partners. Cooperation between the two companies began on 1 June 2017.

JUNE:

CAPITAL INCREASE SUCCESSFULLY PLACED

In June 2017, TOM TAILOR Holding SE successfully completed the planned capital increase. Major shareholder Fosun fully exercised its subscription rights. In total, 9,865,423 shares were placed at a subscription price of EUR 6.50.

The majority of the net issuing proceeds totalling around EUR 61 million is earmarked for investments. These investments will focus on expanding e-commerce and omni-channel sales activities, modernising shop fittings, reinforcing the brands with an increased marketing budget and standardising the Group's IT systems.

JUNE / AUGUST:

LIAM DEVOY APPOINTED NEW CHIEF OPERATING OFFICER

In June, the Supervisory Board of TOM TAILOR Holding SE appointed Liam Devoy the Company's new Chief Operating Officer (COO) with effect from 1 August 2017. As COO, Mr Devoy is the Management Board member responsible for operations with a focus on purchasing, logistics and IT. Mr Devoy (54) has logged more than 20 years of experience in prominent fashion and sportswear companies. In 2015 and 2016, while working as an executive consultant, he supported the TOM TAILOR GROUP in developing its omni-channel strategy. He will now further drive and significantly expand this strategy as the new COO.

JUNE / AUGUST:

NEW MARKETING STRATEGY FOR TOM TAILOR

In the extremely competitive fashion industry, the TOM TAILOR GROUP is focusing on strengthening its core TOM TAILOR brand. The new marketing strategy for the TOM TAILOR and TOM TAILOR Denim brands unveiled in June is based on extensive customer surveys and market analyses. Our new brand communication will be more contemporary, more provocative and above all, unique. In August 2017, TOM TAILOR will therefore launch the new "ARE YOU READY?" campaign to attract customer attention to the brand's new direction.

RESULTS OF OPERATIONS, FINANCIAL POSITION AND NET ASSETS

TOM TAILOR GROUP ACHIEVES SIGNIFICANT PROGRESS IN ITS REALIGNMENT PROCESS

- Group boosts EBIT by EUR 17.3 million to EUR 11.8 million in the first half of 2017 and is well on its way of meeting its two-year cost saving target of EUR 30 – 40 million
- Consolidated revenue in the first half-year was largely stable at EUR 446.3 million (2016: EUR 451.3 million) despite adjustments to the product and store portfolio
- Consolidated EBITDA up almost 63% to EUR 30.7 million in the first half-year (2016: EUR 18.9 million)
- Cash flow from operations lifted to EUR 22.2 million (2016: EUR –6.0 million)
- Forecast for full financial year 2017 confirmed

RESULTS OF OPERATIONS

CONSOLIDATED REVENUE DOWN SLIGHTLY BY 1.1% IN THE FIRST HALF OF 2017

The TOM TAILOR GROUP's consolidated revenue in the first six months of financial year 2017 saw a slight decline of 1.1% to EUR 446.3 million (2016: EUR 451.3 million). While revenue in the TOM TAILOR segments rose year-on-year, the BONITA segment was unable to match its prior-year revenue figures. The revenue of the TOM TAILOR Retail segment increased by 1.7% in the first six months of 2017 to EUR 140.2 million (2016: EUR 137.8 million). The revenue of the TOM TAILOR Wholesale segment rose by 3.9% to EUR 166.3 million year-on-year (2016: EUR 160.1 million). In the BONITA segment revenue decreased by 8.9% to EUR 139.7 million during the same period (2016: EUR 153.4 million).

In the second quarter of 2017 the TOM TAILOR GROUP's revenue was EUR 227.4 million, down 2.2% year-on-year (2016: EUR 232.4 million). This decline was driven by the performance of the BONITA segment, which saw its revenue fall by 14.7% to EUR 73.1 million in the second quarter of 2017 (2016: EUR 85.6 million). In contrast, the TOM TAILOR Retail segment's revenue grew by 2.0% to EUR 75.4 million (2016: EUR 74.0 million). In the TOM TAILOR Wholesale segment, growth was a strong 8.3% over the same quarter the previous year as revenue grew from EUR 72.8 million to EUR 78.8 million.

Revenue by Segment

EUR million	Q2 2017	Q2 2016	Change in %
TOM TAILOR Wholesale	78.8	72.8	8.3
TOM TAILOR Retail	75.4	74.0	2.0
BONITA	73.1	85.6	–14.7
TOM TAILOR GROUP	**227.4**	**232.4**	**–2.2**

EUR million	H1 2017	H1 2016	Change in %
TOM TAILOR Wholesale	166.3	160.1	3.9
TOM TAILOR Retail	140.2	137.8	1.7
BONITA	139.7	153.4	–8.9
TOM TAILOR GROUP	**446.3**	**451.3**	**–1.1**

GROSS PROFIT MARGIN SHOWS IMPROVEMENT IN THE SECOND QUARTER BUT STILL A SLIGHT DECLINE IN THE FIRST HALF OF THE YEAR

The cost of materials fell by 0.4% during the first half of 2017 to EUR 194.3 million (2016: EUR 195.1 million). Due to the decline in revenue, gross profit decreased by 1.7% in absolute terms to EUR 252.0 million in the reporting period (2016: EUR 256.3 million). Compared with the prior-year period, the gross margin thus declined slightly from 56.8% to 56.5% in the first six months of 2017. In the second quarter the gross margin rose year-on-year, from 59.1% to 59.7%.

OTHER OPERATING INCOME UP BY EUR 2.5 MILLION

Other operating income increased by EUR 2.5 million year-on-year to EUR 17.9 million in the first half of financial year 2017 (2016: EUR 15.4 million). The increase was mainly due to higher income from the reversal of provisions and higher rental income. Foreign exchange gains from currency translation in the reporting period amounted to EUR 4.1 million, which was 3.3% lower than the prior-year figure (2016: EUR 4.2 million). Another material item in other operating income is royalties, which were down 7.2% year-on-year to EUR 3.0 million in the first six months of 2017 (2016: EUR 3.2 million). In the reporting period, this item also included income of EUR 2.5 million from subletting space leased by the Group (2016: EUR 2.0 million).

PERSONNEL EXPENSE TO REVENUE RATIO DROPS TO 22.3%

Personnel expenses fell by 6.3% to EUR 99.5 million in the first half of 2017 (2016: EUR 106.2 million). The personnel expense to revenue ratio declined to 22.3% (2016: 23.5%). The decrease in absolute terms was mainly the result of the lower average number of employees in the TOM TAILOR GROUP. The TOM TAILOR GROUP employed 6,274 people as at 30 June 2017 (2016: 6,831).

OTHER OPERATING EXPENSES DECREASE BY 4.7%

Other operating expenses fell by 4.7% over the prior-year period to EUR 139.7 million (2016: EUR 146.6 million). The decline was due mainly to lower rents for premises and positive effects from the utilisation of provisions for onerous contracts.

The key items in other operating expenses are rent of EUR 60.6 million (2016: EUR 61.6 million), logistics costs for order picking of EUR 11.7 million (2016: EUR 12.2 million), marketing expenses of EUR 13.0 million (2016: EUR 11.8 million), freight costs of EUR 6.7 million (2016: EUR 6.0 million) and foreign exchange losses from currency translation of EUR 3.1 million (2016: EUR 4.1 million). The Company also utilised provisions for onerous contracts in the amount of EUR 4.6 million in the reporting period.

DEPRECIATION AND AMORTISATION DOWN CONSIDERABLY

Depreciation and amortisation decreased by EUR 5.5 million in the first half of 2017 to EUR 18.9 million (2016: EUR 24.4 million). Depreciation and amortisation in the reporting period contrasted with capital expenditure of EUR 3.9 million (2016: EUR 7.8 million).

REPORTED EBIT CLIMBS SIGNIFICANTLY IN FIRST SIX MONTHS

Reported earnings before interest and taxes (EBIT)

	Q2 2017	Q2 2016	Change in %
Reported EBIT (in EUR million)	13.4	0.4	>100
Reported EBIT margin (in %)	5.9	0.2	>100

	H1 2017	H1 2016	Change in %
Reported EBIT (in EUR million)	11.8	–5.5	>100
Reported EBIT margin (in %)	2.6	–1.2	>100

Reported earnings before interest and taxes (reported EBIT) increased by EUR 17.3 million to EUR 11.8 million in the first half of 2017 (2016: EUR -5.5 million). In particular, the increase compared with the prior-year period was due to lower personnel expenses, a decline in other operating expenses and a decrease in depreciation and amortisation.

Reported earnings before interest, taxes, depreciation and amortisation (EBITDA) rose by 62.6% or EUR 11.8 million to EUR 30.7 million in the first six months of the financial year (2016: EUR 18.9 million).

HIGHER FINANCING COSTS IN THE REPORTING PERIOD

The financial result in the first half of 2017 amounted to EUR –8.3 million, down EUR 1.4 million from the prior-year period (2016: EUR –6.9 million). The increase in financing costs is mostly due to larger drawdowns of the guaranteed lines of credit and higher temporary interest rate margins.

TAX EXPENSE AT EUR 3.4 MILLION

In the first half of 2017, income taxes amounted to EUR 3.4 million (2016: tax income of EUR 1.8 million). The tax expense was attributable to the reversal of deferred tax assets on tax loss carryforwards in Germany. This resulted from the utilisation of tax loss carryforwards and the recognition of a current trade tax provision based on the taxable profit of the group of companies consolidated for income tax purposes in the first six months of 2017. The tax expense additionally resulted from an increase in the tax expense of the foreign companies compared with the first half of 2016 and the recognition of deferred tax liabilities due to the recognition of the costs of raising equity capital in equity.

REPORTED NET INCOME FOR THE PERIOD AND EARNINGS PER SHARE WELL OVER PREVIOUS YEAR'S FIGURES

The reported net income for the period in the first half of 2017 totalled EUR 0.1 million, which is EUR 10.8 million higher than in the prior-year period (2016: net loss of EUR 10.7 million) and resulted in earnings per share (less net income attributable to non-controlling interests) of EUR −0.04 for the shareholders of TOM TAILOR Holding SE (2016: EUR −0.47).

SEGMENT REPORTING

TOM TAILOR Retail Segment – Key Data

	Q2 2017	Q2 2016
Revenue (in EUR million)	75.4	74.0
Growth (in %)	2.0	10.0
Number of stores	462	468
Reported EBITDA (in EUR million)	7.3	5.8
Reported EBITDA margin (in %)	9.7	7.8
Reported EBIT (in EUR million)	4.4	2.5
Reported EBIT margin (in %)	5.8	3.3

	H1 2017	H1 2016
Revenue (in EUR million)	140.2	137.8
Growth (in %)	1.7	9.3
Number of stores	462	468
Reported EBITDA (in EUR million)	2.7	3.7
Reported EBITDA margin (in %)	1.9	2.7
Reported EBIT (in EUR million)	−3.4	−3.1
Reported EBIT margin (in %)	−2.4	−2.3

BONITA Segment – Key Data

	Q2 2017	Q2 2016
Revenue (in EUR million)	73.1	85.6
Growth (in %)	−14.7	−1.0
Number of stores	860	1,011
Reported EBITDA (in EUR million)	8.6	6.3
Reported EBITDA margin (in %)	11.7	7.3
Reported EBIT (in EUR million)	5.9	1.3
Reported EBIT margin (in %)	8.1	1.6

	H1 2017	H1 2016
Revenue (in EUR million)	139.7	153.4
Growth (in %)	−8.9	−3.5
Number of stores	860	1,011
Reported EBITDA (in EUR million)	8.0	4.1
Reported EBITDA margin (in %)	5.8	2.7
Reported EBIT (in EUR million)	1.6	−5.6
Reported EBIT margin (in %)	1.2	−3.7

TOM TAILOR Wholesale Segment – Key Data

	Q2 2017	Q2 2016
Revenue (in EUR million)	78.8	72.8
Growth (in %)	8.3	1.4
Number of shop-in-shops	2,439	3,145
Number of franchise stores	197	206
Reported EBITDA (in EUR million)	6.1	0.5
Reported EBITDA margin (in %)	7.8	0.7
Reported EBIT (in EUR million)	3.1	−3.4
Reported EBIT margin (in %)	3.9	−4.6

	H1 2017	H1 2016
Revenue (in EUR million)	166.3	160.1
Growth (in %)	3.9	2.4
Number of shop-in-shops	2,439	3,145
Number of franchise stores	197	206
Reported EBITDA (in EUR million)	20.0	11.0
Reported EBITDA margin (in %)	12.0	6.9
Reported EBIT (in EUR million)	13.5	3.2
Reported EBIT margin (in %)	8.1	2.0

FINANCIAL POSITION

SIGNIFICANT INCREASE IN OPERATING AND FREE CASH FLOWS

TOM TAILOR GROUP — Development of key cash flows

in EUR million	H1 2017	H1 2016
Operating cash flow	22.2	−6.0
Change (in %)	>100	−205.2
Net cash used in investing activities	−1.5	−7.3
Free cash flow	14.4	−20.0
Change (in %)	>100	−29.0

In the first six months of 2017, the net cash provided by the TOM TAILOR GROUP's operating activities amounted to EUR 22.2 million, up EUR 28.2 million from the prior-year period (2016: EUR -6.0 million). The year-on-year increase in cash flow from operations was due in particular to the improvement in net income for the period and the decrease in net working capital. At EUR 25.9 million, the cash flow from operations in the second quarter of 2017 again was higher than the previous year (2016: EUR 14.0 million).

Liquidity as at 30 June 2017 increased by EUR 10.1 million to EUR 44.8 million compared with the previous year (2016: EUR 34.7 million).

CAPITAL EXPENDITURE DOWN BY EUR 3.9 MILLION

A total of EUR 3.9 million was invested Group-wide in the first half of 2017 in all three segments, mainly in the further expansion of controlled selling spaces (2016: EUR 7.8 million). Of that amount, EUR 2.2 million was invested in the TOM TAILOR Retail segment (2016: EUR 3.4 million) and EUR 1.2 million in the TOM TAILOR Wholesale segment (2016: EUR 3.6 million). Capital expenditure in the TOM TAILOR Retail segment largely related to shop fittings and fixtures for new stores. In the first half of 2017, BONITA invested a total of EUR 0.5 million in BONITA stores (2016: EUR 0.8 million).

NET ASSETS

NET WORKING CAPITAL DOWN BY EUR 8.5 MILLION

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

Net working capital fell by EUR 8.5 million to EUR 63.5 million as at 30 June 2017 (31 December 2016: EUR 72.0 million). The decrease is due in particular to inventories, which fell by EUR 22.8 million compared with 31 December 2016. Trade payables dropped EUR 14.1 million in the same period, while trade receivables grew slightly by EUR 0.2 million. Compared with 30 June 2016, net working capital was reduced by EUR 40.1 million, mainly due to the decline in inventories (30 June 2016: EUR 103.6 million).

STEEP RISE IN EQUITY RATIO DUE TO CAPITAL INCREASE

As at 30 June 2017, equity rose by EUR 39.8 million to EUR 202.7 million (31 December 2016: EUR 162.9 million), primarily because of the capital increase in June 2017. The equity ratio thus increased to 31.7% as at 30 June 2017 (31 December 2016: 23.4%). In the course of the capital increase, TOM TAILOR Holding SE issued 9.865 million shares with a notional value of EUR 1 per share at a subscription price of EUR 6.50 per share. The gross issuing proceeds amounted to EUR 64.1 million. Due to the increase in the EUR/USD exchange rate as at the reporting date, the fair values of the currency forwards recognised in equity declined by EUR 18.2 million compared with 31 December 2016.

DECREASE IN FINANCIAL LIABILITIES BY EUR 63.4 MILLION

Compared with 31 December 2016, financial liabilities decreased by EUR 63.4 million to EUR 169.4 million (31 December 2016: EUR 232.8 million). The main reasons for this were repayment of the drawdown of short-term lines of credit and the decline in net working capital. Compared with the prior-year reporting date, financial liabilities fell by EUR 104.3 million (30 June 2016: EUR 273.7 million).

Net debt as at 30 June 2017 was EUR 124.6 million and thus EUR 70.1 million lower than the 31 December 2016 figure of EUR 194.7 million. Net debt as at the end of the first six months fell by EUR 114.4 million year-on-year (30 June 2016: EUR 239.0 million).

Selected key figures
Financial position and net assets

in EUR million	30/06/2017	30/06/2016
Equity	202.7	208.9
Non-current liabilities	202.0	322.8
Current liabilities	234.5	249.8
Financial liabilities	169.4	273.7
Cash funds	44.8	34.7
Net debt	124.6	239.0
Total assets	639.2	781.5

OFF-BALANCE-SHEET FINANCING INSTRUMENTS

Detailed information about the off-balance-sheet financing instruments used by the TOM TAILOR Group can be found on page 32 of the 2016 Annual Report.

EMPLOYEES

HEADCOUNT DOWN

During the restructuring and realignment of the TOM TAILOR GROUP, the workforce was reduced considerably overall as planned. This affected the BONITA segment in particular. In the TOM TAILOR Retail segment, the number of employees rose despite streamlining of the store network. This was due to expansion in Russia and a targeted, budgeted increase in staff in Germany.

The TOM TAILOR GROUP employed 6,274 people as at 30 June 2017, excluding the Management Board, vocational trainees and casual workers (30 June 2016: 6,831 employees). BONITA is the segment with the most employees (3,235) in the TOM TAILOR GROUP (30 June 2016: 3,853 employees). As at the end of the second quarter of 2017, a total of 5,541 people worked in the Retail segments (30 June 2016: 6,023 employees) and 733 in the TOM TAILOR Wholesale segment (30 June 2016: 808 employees). In regional terms, the TOM TAILOR GROUP has 3,638 employees in Germany (30 June 2016: 3,989 employees) and 2,636 employees outside Germany (30 June 2016: 2,842 employees).

Employees by Segment

	30/06/2017	30/06/2016
TOM TAILOR Wholesale	733	808
TOM TAILOR Retail	2,306	2,170
BONITA	3,235	3,853
TOM TAILOR GROUP	**6,274**	**6,831**

Employees by Region

	30/06/2017	30/06/2016
Germany	3,638	3,989
International markets	2,636	2,842
TOM TAILOR GROUP	**6,274**	**6,831**

RISKS AND OPPORTUNITIES

In the course of its business activities, the TOM TAILOR GROUP is exposed to a large number of risks and opportunities associated with operating any business. Risks refer to events that, if they occur, result in negative deviations from targets planned for the future. If they materialise, these risks can hamper business development for the long term, dampen earnings growth and endanger the Company's net assets and financial position. In contrast, opportunities refer to circumstances that could have a positive effect on the TOM TAILOR GROUP's future performance.

Detailed information about opportunities and risks, as well as a description of the risk management system, can be found on pages 53 ff. of the 2016 Annual Report. The statements made there continue to apply without modification. There are currently no risks that, individually or in the aggregate, could endanger the continued existence of TOM TAILOR Holding SE.

REPORT ON POST-BALANCE SHEET DATE EVENTS

There were no events with a material effect on the results of operations, financial position and net assets of the Group between the end of the reporting period and the publication of this interim report.

REPORT ON EXPECTED DEVELOPMENTS

OUTLOOK – ECONOMIC ENVIRONMENT AND SECTOR DEVELOPMENTS

BROAD ECONOMIC RECOVERY AND GENERALLY POSITIVE CONSUMER SENTIMENT

Despite numerous risks and continued uncertainty, the global economy picked up speed appreciably. The IMF still assesses the global economy's pace of expansion in 2017 as positive overall. Growth of 3.5% is likely in 2017 (2016: +3.2%). For the euro zone, the IMF expects economic growth of 1.9% in 2017 (previously: +1.7%, 2016: +1.8%).

The upswing in the German economy is continuing. In addition to the solid basic rate of growth driven by private consumer spending, public-sector demand and residential housing construction, Deutsche Bundesbank attributes the expansion to exports and the return to increased corporate investments. As a result, GDP growth of 1.9% in real terms is expected for 2017 (adjusted for calendar effects). This corresponds to growth of 1.6% in real terms in the current year without adjustment for the different numbers of holidays and business days. Although last year's special factor for consumption from purchasing power gains as a result of low energy prices has faded, Deutsche Bundesbank anticipates an ongoing, solid upward trend in private consumption (2017: +1.4% adjusted for calendar effects). This is based on continued positive labour market performance with rising employment (2017: +600,000 persons), higher wages and lower unemployment figures.

In 2017, Austria's economy is expanding at an accelerated real GDP rate of 2.2% after many years of minimal growth, according to the central bank (OeNB). The drivers here are export growth and strong domestic demand. Supported by a positive labour market trend, private consumer spending will therefore expand by 1.6% in 2017. Due to a weak start to the year, Swiss economic researchers (SECO) lowered their 2017 GDP growth forecast from +1.6% to +1.4% in June. Nonetheless, the Swiss economy is therefore continuing to recover and gradually regain its momentum (2018: +1.9%). Labour market performance is moderately positive and private consumer spending is expected to grow 1.5% in 2017 as a result. Economic growth rates in the countries of South Eastern Europe will likely be higher than in the established countries of the euro zone in 2017 as a whole. Russia is continuing its recovery from its recession.

All told, the climate for private consumer spending in the core markets of the TOM TAILOR GROUP remains generally positive. Consumer preferences throughout Europe have recently focused mainly on other product ranges, however. A turnaround is not on the horizon so far. The prospects for the textile and fashion business therefore remain difficult.

MARKET ENVIRONMENT FOR THE FASHION BUSINESS REMAINS VERY CHALLENGING

The fashion and lifestyle market tends to be an internationally very dynamic environment that is highly competitive. Trends and customers' wishes and needs change rapidly, which requires flexible adaptation of product ranges at short intervals. In addition, weather effects can perceptibly distort demand. This environment, which is accompanied by only moderate growth in the market as a whole, poses huge challenges for all companies in the industry. Consolidation pressure in the market remains high. This enormous pressure on the supply side provides companies with additional opportunities to realign their operations flexibly and consistently. The TOM TAILOR GROUP identified this trend early on and is positioning itself accordingly. The new management is systematically realigning the Company by taking steps such as focusing on strong core brands and markets, bolstering the online business and introducing extensive measures to improve efficiency.

EXPECTED COURSE OF BUSINESS

Our strategic and operational focus for the second half of 2017 is on the six priorities communicated back at the start of the year. In addition, we now focus on the detailed planning and preparations for the implementation of new growth initiatives.

The priorities already announced for 2017 include:

- Largely completing the RESET programme to boost profitability and focus on the Company's healthy core
- Strengthening brand attractiveness, especially for the TOM TAILOR and TOM TAILOR Denim brands, by implementing the new "Are You Ready?" marketing campaign in the second half of 2017 and the first half of 2018, and by preparing further design collaborations with external partners
- Improving the shelf space profitability of the TOM TAILOR Retail organisation in Germany and other core markets by means of set of measures identified in incoming goods control, employee training, the improvement of technological store equipment and by closer integration with the online channel
- Strengthening eCommerce by launching the eShop for TOM TAILOR and BONITA operated by the Group itself from September 2017 onwards, among other things
- Continuing the successful measures to boost profitability at BONITA and rolling out further measures to stabilize revenue
- Continuing optimisation of the Company's technology base, in particular by implementing SAP for the TOM TAILOR Denim division

In addition, the second half of 2017 will focus primarily on planning and preparing growth initiatives in detail. Implementation of these initiatives will be supported, among other things, by the improved capital base resulting from the June 2017 capital increase.

EXPECTED DEVELOPMENT OF THE GROUP'S POSITION

The TOM TAILOR GROUP is confirming its guidance for the current financial year adjusted in the interim management statement for the first quarter of 2017 on the basis that the assumptions made at the beginning of the year are still valid and that comparable market performance can still be assumed. Management thus expects consolidated revenue to decline slightly. At the same time, the Management Board anticipates a strong increase in reported EBITDA compared with the previous year. This assumes that the cost-cutting and efficiency enhancement measures will continue to be implemented as planned in the second half of the year.

Over and above this, the TOM TAILOR GROUP's medium-term objectives are still to reduce the ratio of net debt to reported EBITDA to below 2.0, to generate positive net income for the period and to keep the equity ratio above 30% in the medium term.

TOM TAILOR GROUP: Key Data for the Company Forecast for 2017

in EUR million	Actual 2016	Forecast Annual Report 2016	Forecast Interim Management Statement Q1 2017	Forecast Interim Report Q2 2017
Consolidated revenue	968.5	Slight increase year-on-year	Slight decrease year-on-year	Slight decrease year-on-year
Gross margin (in %)	54.5	Moderate increase year-on-year	Moderate increase year-on-year	Moderate increase year-on-year
Reported EBITDA	10.3	Strong increase year-on-year	Strong increase year-on-year	Strong increase year-on-year
Reported EBITDA margin (in %)	1.1	Strong increase year-on-year	Strong increase year-on-year	Strong increase year-on-year
Reported EBIT	–72.9	Strong increase year-on-year	Strong increase year-on-year	Strong increase year-on-year
Reported EBIT margin (in %)	–7.5	Strong increase year-on-year	Strong increase year-on-year	Strong increase year-on-year

OVERALL ASSESSMENT OF EXPECTED DEVELOPMENTS BY THE MANAGEMENT BOARD

The Management Board of TOM TAILOR Holding SE assesses the Group's current situation as increasingly positive. In the first half of 2017, the Company was able to hold consolidated revenue nearly stable as expected in a highly competitive environment, with healthy growth in the TOM TAILOR Retail and TOM TAILOR Wholesale segments. Above all, reported EBITDA and cash flow were up considerably in the first six months of 2017 thanks to the increasingly successful RESET restructuring programme.

During the first half of 2017, the TOM TAILOR GROUP continually implemented the measures from the RESET project launched in autumn 2016. The aim of RESET is to consolidate and launch numerous initiatives to improve efficiency and profitability. The implementation of these initiatives under RESET is nearly complete.

The Company will continue to run the programme to improve efficiency and position TOM TAILOR for sustainable and profitable growth. In financial year 2017, the Management Board expects the Group's results of operations, financial position and net assets to improve year-on-year.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

Consolidated Income Statement from 1 January to 30 June 2017

in EUR thousand	Q2 2017	Q2 2016	H1 2017	H1 2016
Revenue	**227,371**	**232,414**	**446,271**	**451,334**
Other operating income	8,523	4,551[1]	17,927	15,393
Cost of materials	−91,588	−95,081[1]	−194,320	−195,076
Personnel expenses	−51,198	−55,197	−99,509	−106,240
Depreciation, amortisation and impairments	−8,583	−12,140	−18,882	−24,381
Other operating expenses	−71,166	−74,142	−139,707	−146,555
Profit from operating activities	**13,359**	**405**	**11,780**	**−5,525**
Financial result	**−4,324**	**−3,645**	**−8,308**	**−6,937**
Result before income taxes	**9,035**	**−3,240**	**3,472**	**−12,462**
Income taxes	−2,447	1,335	−3,378	1,775
Net income for the period	**6,588**	**−1,905**	**94**	**−10,687**
thereof: Shareholders of TOM TAILOR Holding SE	5,773	−2,544	−1,435	−12,320
Non-controlling interests	815	639	1,529	1,633
Earnings per share				
Basic earnings per share (EUR)	0.17	−0.10	−0.04	−0.47
Diluted earnings per share (EUR)	0.17	−0.10	−0.04	−0.47

[1] Restatement pursuant to IAS 8.5 compared with the previous year

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Consolidated Statement of Comprehensive Income for the Period from 1 January to 30 June 2017

in EUR thousand	Q2 2017	Q2 2016	H1 2017	H1 2016
Net income for the period	**6,588**	**−1,905**	**94**	**−10,687**
Exchange differences on translating foreign operations	−340	316	−172	236
Change in fair value of cash flow hedges	−19,810	10,091	−26,377	−9,344
Tax effect on change in fair value of cash flow hedges	6,147	−3,116	8,185	2,885
Items that may be reclassified subsequently to profit or loss	**−14,003**	**7,291**	**−18,364**	**−6,223**
Other comprehensive income	**−14,003**	**7,291**	**−18,364**	**−6,223**
Total comprehensive income, net of tax	**−7,415**	**5,386**	**−18,270**	**−16,910**
thereof: Shareholders of TOM TAILOR Holding SE	−8,198	4,630	−19,738	−18,464
Non-controlling interests	783	756	1,468	1,554

CONSOLIDATED BALANCE SHEET

Consolidated Balance Sheet as at 30 June 2017

in EUR thousand	30/06/2017	31/12/2016
Assets		
Non-current assets		
Intangible assets	288,718	295,168
Property, plant and equipment	91,818	104,221
Other assets	14,674	19,940
	395,210	**419,329**
Current assets		
Inventories	136,288	159,084
Trade receivables	41,400	41,209
Income tax receivables	1,105	2,660
Other assets	20,387	35,259
Cash and cash equivalents	44,763	38,123
	243,943	**276,335**
Total assets	**639,153**	**695,664**

CONSOLIDATED BALANCE SHEET

Consolidated Balance Sheet as at 30 June 2017

in EUR thousand	30/06/2017	31/12/2016
Equity and liabilities		
Equity		
Subscribed capital	38,495	28,630
Capital reserves	346,613	294,175
Consolidated net accumulated losses	-177,620	-176,185
Accumulated other comprehensive income	-6,923	11,380
Attributable to shareholders of TOM TAILOR Holding SE	**200,565**	**158,000**
Non-controlling interests	2,087	4,892
	202,652	**162,892**
Non-current provisions and liabilities		
Provisions for pensions	1,512	1,533
Other provisions	17,952	20,027
Deferred tax liabilities	56,763	63,974
Non-current financial liabilities	121,172	196,220
Other non-current liabilities	4,593	1,154
	201,992	**282,908**
Current provisions and liabilities		
Other provisions	45,263	50,673
Income tax payables	4,773	6,477
Current financial liabilities	48,195	36,618
Trade payables	114,185	128,276
Other current liabilities	22,093	27,820
	234,509	**249,864**
Total equity and liabilities	**639,153**	**695,664**

CONSOLIDATED STATEMENT ON CHANGES IN EQUITY

Consolidated Statement on Changes in Equity for the Period from 1 January to 30 June 2017

EUR thousand, if not stated otherwise	Number of shares in thousand	Subscribed capital	Capital reserves
Balance at 1 January 2017	**28,630**	**28,630**	**294,175**
Total comprehensive income, net of tax	–	–	–
Cash capital increase	9,865	9,865	54,260
Costs of raising equity capital	–	–	–2,007
Dividends paid	–	–	–
Other changes	–	–	185
Balance at 30 June 2017	**38,495**	**38,495**	**346,613**

Consolidated Statement on Changes in Equity for the Period from 1 January to 30 June 2016

EUR thousand, if not stated otherwise	Number of shares in thousand	Subscribed capital	Capital reserves
Balance at 1 January 2016	**26,027**	**26,027**	**283,473**
Total comprehensive income, net of tax	–	–	–
Cash capital increase	–	–	–
Costs of raising equity capital	–	–	–
Dividends paid	–	–	–
Other changes	–	–	329
Balance at 30 June 2017	**26,027**	**26,027**	**283,802**

CONSOLIDATED STATEMENT ON CHANGES IN EQUITY

	Accumulated other comprehensive income					
Consolidated net accumulated losses	Currency translation differences	Cash flow hedge reserve (IAS 39)	Remeasurement of pensions and similiar obligations reserve	Attributable to shareholders of TOM TAILOR Holding SE	Non-controlling interests	Total
−176,185	**−483**	**12,157**	**−294**	**158,000**	**4,892**	**162,892**
−1,435	−111	−18,192	–	−19,738	1,468	−18,270
–	–	–	–	64,125	–	64,125
–	–	–	–	−2,007	–	−2,007
–	–	–	–	–	−4,273	−4,273
–	–	–	–	185	–	185
−177,620	**−594**	**−6,035**	**−294**	**200,565**	**2,087**	**202,652**

	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 SE	Non-controlling interests	Total
−98,953	**−1,609**	**11,730**	**−217**	**220,451**	**5,029**	**225,480**
−12,320	315	−6,459	–	−18,464	1,554	−16,910
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	329	–	329
−111,273	**−1,294**	**5,271**	**−217**	**202,316**	**6,583**	**208,899**

CONSOLIDATED STATEMENT OF CASH FLOWS

Consolidated Statement of Cash Flows for the Period from 1 January to 30 June 2017

in EUR thousand	H1 2017	H1 2016
Net income for the period	**94**	**−10,687**
Depreciation, amortisation and impairment losses	18,882	24,381
Income taxes	3,378	−1,775
Interest income/expense	8,308	6,937
Change in non-current provisions	−2,096	228
Change in current provisions	−5,410	4,304
Proceeds from disposal of intangible assets and items of property, plant and equipment	485	−49
Change in inventories	22,796	−8,759
Change in receivables and other assets	−2,218	8,559
Change in liabilities	−21,264	−27,142
Income taxes paid/refunded	−1,940	−2,362
Other non-cash changes	1,211	360
Cash generated from operations	**22,226**	**−6,005**
Interest paid	−6,351	−6,665
Interest received	9	3
Net cash provided by operating activities	**15,884**	**−12,667**
Payments to acquire intangible assets and items of property, plant and equipment	−3,872	−7,834
Proceeds from disposal of intangible assets and items of property, plant and equipment	2,384	544
Net cash used in investing activities	**−1,488**	**−7,290**
Cash capital increase by issuing new shares	64,125	0
Costs of raising equity capital	−2,911	0
Dividend payment to non-controlling interest shareholders	−4,273	0
Proceeds from financial liabilities	0	21,645
Repayments of financial liabilities	−64,156	−17,474
Net cash provided by/used in financing activities	**−7,215**	**4,171**
Effect of exchange rate changes on cash and cash equivalents	−541	−17
Net change in cash and cash equivalents	6,640	−15,803
Cash and cash equivalents at beginning of period	38,123	50,525
Cash and cash equivalents at end of period	**44,763**	**34,722**
Composition of cash and cash equivalents		
Cash funds	**44,763**	**34,722**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

In the course of the merger of TOM Tailor Wien AG, Vienna/Austria with TOM TAILOR Holding AG, Hamburg/Germany, TOM TAILOR Holding AG changed its legal form to a Societas Europaea (SE) and now does business as TOM TAILOR Holding SE. This change was entered in the commercial register of Hamburg Local Court under the number HRB 146032. Its registered office is at Garstedter Weg 14, 22453 Hamburg.

The consolidated interim financial statements of TOM TAILOR Holding SE for the first six months ended 30 June 2017 were prepared in accordance with the effective International Financial Reporting Standards (IFRSs), as adopted by the EU, including the applicable interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).

TOM TAILOR Holding SE has prepared condensed consolidated interim financial statements for the first six months of 2017 in accordance with IAS 34, Interim Financial Reporting. These financial statements should therefore be read in conjunction with the consolidated financial statements for financial year 2016. The condensed financial statements and the interim management report have not been audited or reviewed by an auditor.

In principle, the accounting policies and consolidation methods applied are identical to those adopted for the consolidated financial statements for the year ended 31 December 2016. A detailed description of these policies and methods is contained in the notes to the consolidated financial statements in the annual report for the year ended 31 December 2016, which has been published on the Company's website.

With the exception of the matters described in "(5) BALANCE SHEET DISCLOSURES", there have been no other material changes in the exercise of management judgement and the assumptions and estimates applied in the interim consolidated financial statements for the first six months of 2017 compared with the audited consolidated financial statements for financial year 2016.

Base on an initial review, the Group expects the first-time application of IRFS 15 Revenue from Contracts with Customers to have no material effect on the presentation of its net assets, financial position or results of operations. Immaterial effects are primarily expected to relate to items such as customer return shipments, customer loyalty programmes, advertising subsidies and revenue from granting licenses to third parties for using the brands.

2. BASIS OF CONSOLIDATION/ BUSINESS COMBINATIONS

The basis of consolidation of the TOM TAILOR GROUP comprises TOM TAILOR Holding SE as the ultimate parent and the subsidiaries listed in the notes to the consolidated financial statements for the year ended 31 December 2016.

CHANGES IN THE BASIS OF CONSOLIDATION

In the context of changing the legal form of TOM TAILOR Holding AG into a Societas Europaea (SE), TOM Tailor Wien AG, Vienna/Austria was merged with TOM TAILOR Holding AG, Hamburg/Germany.

3. SEASONAL FACTORS

The Group's business activities are exposed to seasonal factors resulting in fluctuations in revenue and profit or loss in the course of the year. Seasonal factors mean that revenue from the spring/summer collection in the first half of the year is customarily lower than revenue in the second half of the year, which is dominated by the autumn/winter collection and the Christmas business.

4. SEGMENT REPORTING

Operating Segments
Q1 – Q2 2017 (Q1 – Q2 2016)

	Wholesale	Retail				
in EUR thousand	**TOM TAILOR**	**TOM TAILOR**	**BONITA**	**Total**	**Conso-lidation**	**Group**
Third-party revenue	166,348	140,198	139,725	279,923	–	446,271
	(160,095)	(137,828)	(153,411)	(291,239)	(–)	(451,334)
Intersegment revenue	82,209	–	–	–	−82,209	–
	(101,197)	(–)	(–)	(–)	(−101,197)	(–)
Revenue	**248,557**	**140,198**	**139,725**	**279,923**	**−82,209**	**446,271**
	(261,292)	(137,828)	(153,411)	(291,239)	(−101,197)	(451,334)
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**21,355**	**2,658**	**8,036**	**10,694**	**−1,387**	**30,662**
	(11,867)	(3,752)	(4,098)	(7,850)	(−861)	(18,856)
Material non-cash expenses/income	**10,657**	**4,197**	**−838**	**3,359**	–	**14,016**
	(12,317)	(2,779)	(5,010)	(7,789)	(–)	(20,106)

Information about Regions
Q1 – Q2 2017 (Q1 – Q2 2016)

in EUR thousand	**Germany**	**International markets**	**Group**
Revenue	**276,753**	**169,518**	**446,271**
	(283,349)	(167,985)	(451,334)
Non-current assets	**341,866**	**38,670**	**380,536**
	(391,029)	(58,099)	(449,128)

Operating Segments
Q2 2017 (Q2 2016)

in EUR thousand	Wholesale TOM TAILOR	Retail TOM TAILOR	Retail BONITA	Retail Total	Conso-lidation	Group
Third-party revenue	78,850	75,440	73,081	148,521	–	227,371
	(72,810)	(73,971)	(85,633)	(159,604)	(–)	(232,414)
Intersegment revenue	30,505	–	–	–	–30,505	–
	(38,237)	(–)	(–)	(–)	(–38,237)	(–)
Revenue	**109,355**	**75,440**	**73,081**	**148,521**	**–30,505**	**227,371**
	(111,047)	(73,971)	(85,633)	(159,604)	(–38,237)	(232,414)
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**6,882**	**7,279**	**8,556**	**15,835**	**–775**	**21,942**
	(–250)	(5,793)	(6,259)	(12,052)	(743)	(12,545)
Earnings before interest, taxes, depreciation	**5,051**	**1,398**	**–289**	**1,109**	**–**	**6,160**
	(6,533)	(1,766)	(3,048)	(4,814)	(–)	(11,347)

Information about Regions
Q2 2017 (Q2 2016)

in EUR thousand	Germany	International markets	Group
Revenue	**142,305**	**85,066**	**227,371**
	(147,188)	(85,226)	(232,414)
Non-current assets	**341,866**	**38,670**	**380,536**
	(391,029)	(58,099)	(449,128)

The information on 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.

5. BALANCE SHEET DISCLOSURES

EQUITY

Changes in equity are presented in the statement of changes in equity.

In June 2017, a total of 9,865,423 new shares with a notional value of EUR 1.00 per share were issued to strengthen the Company's equity base. At an issuing price of EUR 6.50 per share, the capital increase in return for cash contributions generated gross issuing proceeds of approximately EUR 64.1 million for the Company.

The 9,865,423 new registered shares were issued by way of a capital increase from authorised capital.

The implementation of the capital increase was entered in the commercial register on 20 June 2017. The new shares carry dividend rights as from 1 January 2017.

The Company's subscribed capital after the cash capital increase amounts to a total of EUR 38,495,269 and is composed of 38,495,269 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. After adjustment for the issuing costs attributable to TOM TAILOR Holding SE (adjusted for the income tax benefit) in the amount of EUR 2.0 million, which are recognised directly in equity, total capital reserves rose by EUR 52.3 million to EUR 346.6 million.

DISCLOSURES ABOUT 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 30/06/2017	Carrying amount 31/12/2016	Fair value 30/06/2017	Fair value 31/12/2016
Financial assets					
Trade receivables and other assets	lar	66,039	62,547	66,039	62,547
Cash and cash equivalents	lar	44,763	38,123	44,763	38,123
Derivatives used to hedge interest rate and currency risk that are part of a hedging relationship	n. a.	3,030	25,802	3,030	25,802
Financial liabilities					
Liabilities to banks					
Acquisition loan	flac	106,308	113,123	106,308	113,123
Other liabilities to banks	flac	32,165	82,097	32,165	82,097
Finance lease liabilities	flac	21,506	25,132	21,506	25,132
Liabilities to third parties	flac	9,388	12,486	9,388	12,486
Derivatives used to hedge interest rate and currency risk that are part of a hedging relationship	n. a.	4,811	1,207	4,811	1,207
Trade payables and other liabilities	flac	117,625	132,451	117,625	132,451

flac = financial liabilities measured at amortised cost

fvtpl = fair value through profit or loss

lar = loans and receivables (ausgereichte Kredite und Forderungen)

The principles and approaches used for determining the fair value did not change compared with 31 December 2016. A detailed description of these methods is contained in the notes to the consolidated financial statements in the published annual report for the year ended 31 December 2016.

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.

The hedges existing as at 30 June 2017 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. Derivatives that are not part of an effective hedging relationship are recognised in the income statement immediately.

The fair value of the currency forwards existing as at 30 June 2017 in the total amount of EUR -1.8 million (31 December 2016: EUR 24.6 million) was recognised net of deferred taxes in the amount of EUR -0.6 million (31 December 2016: EUR 7.6 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 decrease in the fair values of the currency derivatives purchased as part of the TOM TAIL Group's hedging strategy is due to the depreciation of the US dollar against the euro and lower hedging rate of the currency forwards compared with previous periods.

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 30 June 2017 the carrying amounts of these receivables less valuation allowances did not differ significantly from their assumed fair values.

The TOM TAILOR GROUP generally determines the fair value of liabilities to banks and other financial liabilities, finance lease liabilities and other non-current financial liabilities by discounting the expected future cash flows at the rates applicable to similar financial liabilities with a comparable remaining maturity. Interest is paid on the syndicated loan granted by the banks at current market rates, as a result of which its carrying amount and fair value at the reporting date are largely the same. The fair value measurement also takes into account any collateral provided. No changes in the value of collateral are apparent.

For financial instruments that are measured at fair value and for which there are no quoted prices in an active market, fair value is determined using valuation techniques, primarily the discounted cash flow method. This is based on management's forecasts and assumptions about future revenue and earnings, investments, growth rates and discount rates.

The 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 as at 30 June 2017 and 31 December 2016 that are subsequently measured at fair value.

Fair Values of Financial Instruments

in EUR thousand	30/06/2017	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss				
Hedging instruments designated as cash flow hedges (currency forwards)	3,030	–	3,030	–
	3,030	**–**	**3,030**	**–**
Financial liabilities at fair value through profit or loss				
Hedging instruments designated as cash flow hedges (currency forwards)	4,811	–	4,811	–
	4,811	**–**	**4,811**	**–**

in EUR thousand	31/12/2016	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss				
Hedging instruments designated as cash flow hedges (currency forwards)	25,802	–	25,802	–
	25,802	**–**	**25,802**	**–**
Financial liabilities at fair value through profit or loss				
Hedging instruments designated as cash flow hedges (currency forwards)	1,207	–	1,207	–
	1,207	**–**	**1,207**	**–**

No reclassifications among the three measurement levels were made in the reporting period.

6. 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. Cash flows are derived using the indirect method, based on the Group's net income for the period.

In the first half of 2017, net cash provided by the Group's operating activities amounted to EUR 15.9 million compared with net cash used in operating activities of EUR 12.7 million in the comparable prior-year period. In addition to the marginally positive net income for the period of EUR 0.1 million (2016: net loss of EUR 10.7 million), the significant reduction in net working capital, particularly inventories, had a positive effect on cash flow from operating activities.

Net cash used in investing activities of EUR 1.5 million fell sharply compared with the first half of 2016 (EUR 7.3 million) on account of the reduced investments in the expansion of the controlled selling spaces. The investments were made principally in the TOM TAILOR Retail segment (EUR 2.2 million; 2016: EUR 3.4 million) and in the TOM TAILOR Wholesale segment (EUR 1.2 million; 2016: EUR 3.6 million). Capital expenditure largely related to shop fittings and fixtures for new stores and to the IT infrastructure. Net cash provided by the sale of property and buildings owned by the Group compensated in part for cash outflows for investments.

In the reporting period, net cash used in financing activities amounted to EUR 7.2 million. This compares to net cash provided by financing activities of EUR 4.2 million in the same period of 2016. The cash capital increase performed in June 2017 and the gross issuing proceeds it generated led to a cash inflow of EUR 64.1 million. In contrast, the scheduled repayment of long-term loans and the repayment of available bank lines of credit for operating activities led to a cash outflow.

7. RELATED PARTY DISCLOSURES

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.

MANAGEMENT BOARD

With effect from 30 May 2017, Mr Uwe Schröder stepped down from his positions on the Management Board and Supervisory Board and will advise the Company as honorary president going forward.

The Supervisory Board of TOM TAILOR Holding SE appointed Liam Devoy the Company's new Chief Operating Officer (COO) with effect from 1 August 2017. As COO, Mr Devoy is the Management Board member responsible for operations with a focus on purchasing, logistics and IT.

Management Board members Dr Heiko Schäfer and Mr Thomas Dressendörfer directly held 53,000 and 25,000 shares, respectively, as at 30 June 2017.

SUPERVISORY BOARD

According to section 9 para. 2 of the agreement dated July 6, 2016, on the involvement of employees in the company in accordance with section 21 of the SE-Beteiligungsgesetz, or Act on Employee Involvement in an SE, ("Employee Participation Agreement") and the corresponding resolution adopted by the Annual General Meeting on 31 May 2017, the Supervisory Board of TOM TAILOR Holding SE consists of ten members, half of whom are shareholder representatives and employee representatives, respectively.

The representatives of the shareholders are:

- Dr Thomas Tochtermann, Management Consultant, Hamburg / Germany (Chairman, since 31 May 2017)
- Mr Andreas Karpenstein, Lawyer, Düsseldorf / Germany
- Ms Yun (Joann) Cheng, Chief Financial Officer of the China Momentum Fund, Shanghai / China
- Dr Junyang (Jenny) Shao, Senior Director of the German unit of the Fosun Group, Frankfurt am Main/Germany (since 13 February 2017)
- Mr Otmar Debald, Management Consultant, Frankfurt am Main / Germany (since 31 May 2017)
- Mr Thomas Schlytter-Henrichsen, Businessman, Königstein / Taunus / Germany (Deputy Chairman, until 31 May 2017)
- Mr Jerome Griffith, Businessman, New York / USA (Chairman, until 31 May 2017)

The representatives of the employees are:

- Ms Barbara Pfeiffer, Chairman of the Works Council at Tom Tailor GmbH, Hamburg / Germany (Vice Chairwoman, since 31 May 2017)
- Ms Stefanie Branahl, Purchaser, Hamminkeln / Germany (since 31 May 2017)
- Mr Oliver Kerinnes, Purchaser, Hamminkeln / Germany (since 31 May 2017)
- Ms Kitty Cleijne-Wouters, Assistant in the HR department, Druten / The Netherlands (since 31 May 2017)
- Mr. Sven Terpe, Import employee, Hamburg/ Germany (since 31 May 2017)

Members of TOM TAILOR Holding SE's Supervisory Board are also members of a governing body of the following companies:

Dr Thomas Tochtermann (Chairman of the Supervisory Board)
- Chairman of the Supervisory Board of Vapiano SE, Bonn
- Member of the Board of Dansk Supermarked Group, Braband / Denmark
- Member of the Advisory Board of Jahr Holding GmbH & Co. KG, Hamburg

Otmar Debald
- Member of the Advisory Board of POS Pulse / 24 insights GmbH, Berlin

8. 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 between the end of the first half-year and the publication of this interim report.

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 / Germany, 31 July 2017

The Management Board

Dr Heiko Schäfer
(Chief Executive Officer)

Thomas Dressendörfer
(Chief Financial Officer)

FINANCIAL CALENDAR

Financial Calendar

Date	Current Events
9 November 2017	Interim management statement as at 30 September 2017
29 November 2017	Analyst Conference, Frankfurt / Germany

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements, which are based on the current estimates and assumptions by the management of TOM TAILOR Holding SE. Forward-looking statements are characterised 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 SE 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 SE'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 SE neither plans nor undertakes to update any forward-looking statements.

PUBLICATION DETAILS

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