



TOM TAILOR GROUP

---

# COMMIT AND DELIVER

---

INTERIM REPORT 1 JANUARY TO 30 JUNE 2018



# KEY FIGURES TOM TAILOR GROUP

EUR million	Q2 2018	Q2 2017	Change relative	H1 2018	H1 2017	Change relative
Revenue	209.5	227.4	-7.8%	399.3	446.3	-10.5%
TOM TAILOR Retail	69.6	75.4	-7.7%	126.8	140.2	-9.6%
TOM TAILOR Wholesale	70.3	78.8	-10.8%	151.1	166.3	-9.2%
BONITA	69.6	73.1	-4.7%	121.4	139.7	-13.1%
Share of revenue (in %)						
TOM TAILOR Retail	33.2	33.2		31.8	31.4	
TOM TAILOR Wholesale	33.5	34.7		37.8	37.3	
BONITA	33.2	32.1		30.4	31.3	
Gross profit	134.2	135.8	-1.2%	242.9	252.0	-3.6%
Gross profit margin (in %)	64.1	59.7		60.8	56.5	
EBITDA	22.7	21.9	3.2%	26.8	30.7	-12.7%
EBITDA margin (in %)	10.8	9.7		6.7	6.9	
EBIT	13.2	13.4	-1.3%	8.0	11.8	-31.8%
EBIT margin (in %)	6.3	5.9	7.1%	2.0	2.6	-23.8%
Net income for the period	10.6	6.6	61.0%	2.0	0.1	>100%
Earnings per share (in EUR)	0.26	0.17	52.9%	0.01	-0.04	>100%
Cash generated from in operations	35.7	25.9	37.9%	4.1	22.2	
				<b>30/06/2018</b>	<b>31/12/2017</b>	
Total assets				664.6	646.3	2.8%
Equity				224.2	213.0	5.3%
Equity ratio (in %)				33.7	32.9	
Cash funds				24.0	24.2	-0.7%
Net debt				136.7	113.3	20.7%
Gearing (in %)				61.0	53.2	
Employees (total)				6,094	6,071	0.4%

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

---

# STATEMENT OF THE MANAGEMENT BOARD

---

## Dear Shareholders, Business Partners and Employees,

We can look back on a challenging first half of 2018, in which we performed very well compared to the industry as a whole.

The first quarter of 2018 was extremely challenging for all fashion companies, with the industry experiencing losses across the board. Despite all the external circumstances, we showed during this period that our new course is pointing us in the right direction. We enhanced our gross margins, bucked the trend with growth in our TOM TAILOR brands – after adjusting for the closure of product divisions and branches and departure from country markets under the RESET programme – and significantly improved the financial flexibility of the entire TOM TAILOR GROUP.

In the second quarter of 2018, we continued and in some cases significantly accelerated this trend. We stepped up our efforts in the e-commerce sector in particular, investing over EUR 4.0 million in building up and reactivating our customer base through performance marketing and improved customer relationship management. This enabled us to boost our e-commerce activities by 4.0% year-on-year in the second quarter of the current financial year after seeing revenue decline in the first quarter as a result of technical difficulties. However, this is only a small part of our operational transformation.

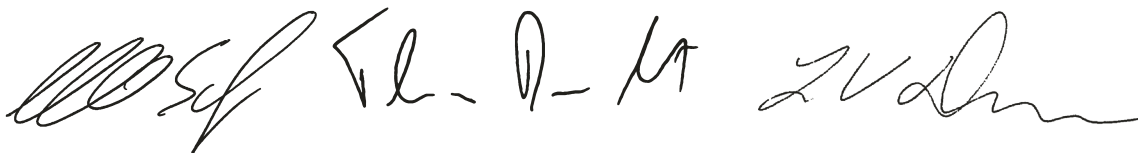
The positive summary applies to the entire TOM TAILOR GROUP. On a like-for-like basis (after adjusting for the decline in revenue resulting from the RESET programme), the revenue of the TOM TAILOR brand for the first six months increased by 1.2%. At Group level, however, half-year revenue decreased by 1.0% year-on-year as a consequence of the weak first quarter, particularly at BONITA.

Nevertheless, BONITA lifted adjusted revenue by 1.4% in the second quarter of the year. Although we cannot yet speak of a turnaround at BONITA, we are seeing the first positive signs of an improvement in the trend in many areas – despite the ongoing streamlining of the branch network and the difficult market situation.

TOM TAILOR was also impacted by the effects of the RESET programme through the out-licensing of TOM TAILOR Kids as well as by product, country and branch closures. This notwithstanding, the Retail and Wholesale segments grew by 1.2% year-on-year on an adjusted basis in the first half of the year. At the same time, we continued our profitability offensive throughout the Group and further reduced discounts. This allowed us to increase our gross margin by 4.3 percentage points to 60.8% in the first half of the year, laying the foundation for healthy growth. We therefore continue to adhere to our guidance for the year as a whole.

These results show that we are on the right track. Our goal is to create the basis for a profitable TOM TAILOR GROUP in the long term. We are not there yet, but we firmly believe that we have already set many important milestones in the course of this year and will continue to do so in conjunction with our shareholders and the staff of the TOM TAILOR GROUP.

The Management Board team

The image shows three handwritten signatures in black ink. The first signature on the left is for Dr Heiko Schäfer, the middle one is for Thomas Dressendörfer, and the one on the right is for Liam Devoy. The signatures are stylized and cursive.

Dr Heiko Schäfer

Thomas Dressendörfer

Liam Devoy

Hamburg, August 2018

# TOM TAILOR ON THE CAPITAL MARKET

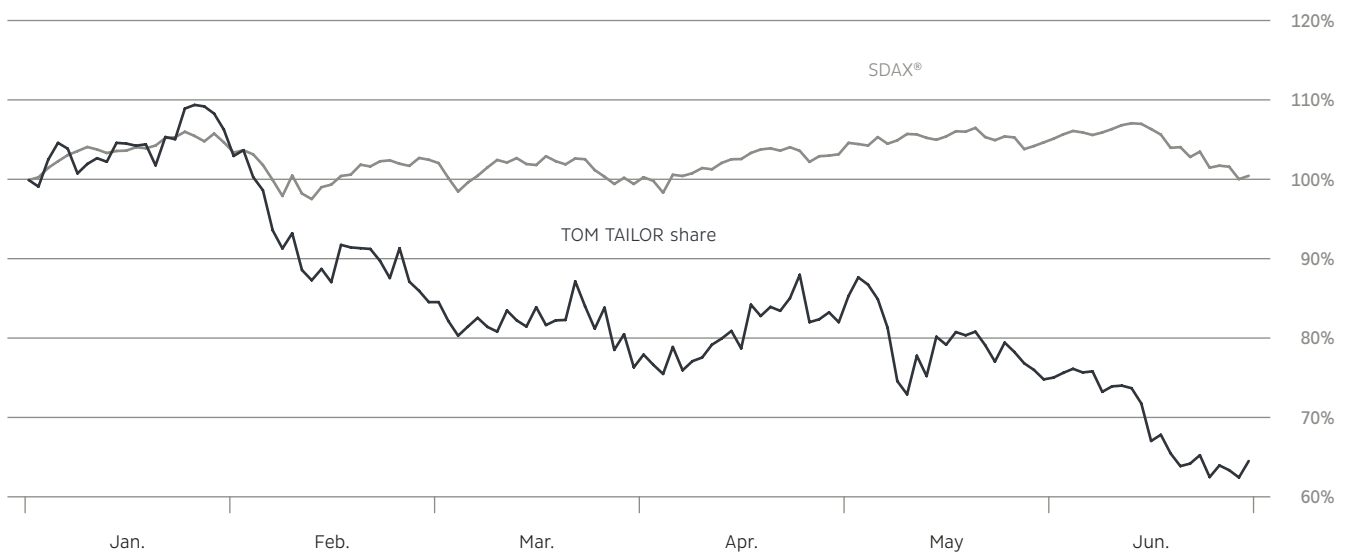
## TOM TAILOR SHARE PRICE DOWN IN THE FIRST HALF OF THE YEAR

The performance of the stock markets in the first half of 2018 was mainly impacted by political news such as a further escalation in the trade conflict. The German DAX® index, for example, experienced a drop by 4.7% in the first half of 2018. The SDAX®, by contrast, gained 0.5% over the same period. Experts believe that investors will have to expect continued volatility of prices in the second half of the year.

TOM TAILOR's shares started out the new year at EUR 10.80 and rose to EUR 11.92 by 24 January. In addition to the generally uncertain sentiment on the capital market and the volatile performance of fashion stocks, the TOM TAILOR share price was then impacted by the weak results in the first quarter. At the end of the first six months, the TOM TAILOR share stood at EUR 7.04 – shedding 34.9% of its value in the first half of the year (XETRA closing prices) after a performance that is not satisfactory.

The market capitalisation of TOM TAILOR's shares amounted to EUR 271 million as at 30 June 2018 and, at 231,969, the average daily volume of shares traded on XETRA in the first six months of 2018 was slightly lower than in the prior-year period (previous year: 234,187 shares).

The TOM TAILOR share in the period from 1 January to 30 June 2018



## 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. The Group's holds both a large number of one-on-one talks and regular roadshows in Germany and Europe.

In the first half of 2018, 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 two "hold" and six "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**

As an international, vertically integrated fashion company, the TOM TAILOR GROUP focuses on offering casual wear in the mid-range price segment. Its product portfolio is complemented by an extensive range of fashionable accessories and home textiles. In its core business, the TOM TAILOR brand is targeted at men and women aged 35 to 45. The TOM TAILOR brand's market presence is determined by the collections for the two brands – TOM TAILOR and TOM TAILOR Denim – that are designed individually for each of the product lines. The BONITA brand has a separate profile and caters to women over 50.

TOM TAILOR Holding SE, the Group's parent company, is domiciled in Hamburg, Germany. Germany has traditionally been the core market of the Company, which was established in 1962. In financial year 2017, 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. 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 2017 Annual Report (Group Management Report).



# ECONOMIC ENVIRONMENT

## MACROECONOMIC AND SECTOR-SPECIFIC ENVIRONMENT

### ECONOMIC UPTURN LOSING MOMENTUM

To date, the global economy has continued its positive performance. However, higher levels of risk are putting an increasing strain on sentiment. These risks include escalation of trade disputes and political uncertainty in Germany and Europe. Despite this, it is likely that the euro zone economy grew by 2.1% in real terms during the second quarter of 2018 (first quarter: +2.5%) amid rising inflation (inflation in June: +2.0%, +1.3% excluding energy). The seasonally-adjusted unemployment rate (ILO model) in June was 8.3% (June 2017: 9.0%). The mood among consumers remained buoyant with some fluctuations. While the GfK Consumer Climate Europe (EU 28) index rose to 23.2 points in June due to a drop in the propensity to save, there was also a slump in both economic expectations and the propensity to buy.

### THE RISE IN EMPLOYMENT HAS GENERALLY BOLSTERED CONSUMER DEMAND IN THE TOM TAILOR GROUP'S CORE REGIONS SO FAR.

The German economy recorded further growth in the first half of the year, albeit at a reduced tempo. The Ifo Institute puts growth for the first half of the year at 2.0% (Q1: +1.6%, +2.3% adjusted for calendar effects), with a moderate 1.1% rise in private consumer spending. 44.7 million people were employed in June, an increase of 567,000 persons (+1.3%) within a year. The seasonally adjusted unemployment rate (ILO) thus fell from 3.8% to 3.4% (Destatis). By June, the standard national unemployment rate (Federal Employment Agency) fell by 50 basis points year-on-year to 5.0%, with the number of people out of work down nearly 197,000 to 2.28 million. While the GfK consumer confidence index for Germany remained at a high level in this environment at 10.7 points (June), income expectations and the propensity to buy both declined compared to the previous year due to increasing uncertainty caused by the unstable political situation.

Austria's economy continued its strong upturn. According to the National Bank of Austria (OeNB), GDP grew by 3.4% in the first quarter while private consumer spending rose by 2.3%. This growth continued unabated in the second quarter. The labour market also picked up considerably. According to the OeNB, the number of employed persons as of May rose by 2.5% year on year. The unemployment rate (ILO model) dropped by 4.7% in June (June 2017: 5.4%). Bolstered by investment and private consumer spending, the Swiss economy grew faster than expected. GDP growth accelerated to 2.2% in real terms in the first quarter, a trend that is expected to continue. The labour market situation brightened considerably with an additional rise in employment (Q1: +1.7%). As at June, the unemployment rate as reported by the Swiss State Secretariat for Economic Affairs (SECO) fell by one-fifth during the year (national unemployment rate: 2.4% compared with 3.0%).

## **DROP IN REVENUE IN EUROPE'S BRICK-AND-MORTAR FASHION RETAIL – IMPORTANCE OF ONLINE SEGMENT CONTINUES TO GROW**

The European retail sector generally saw robust revenue growth consistent with higher employment. By June, non-food retail sales (not including motor fuels) in the euro zone achieved real growth of between +1.0% and +3.4% year-on-year. Growth was as much as 120 basis points higher for the EU as a whole, primarily driven by Eastern and South-Eastern EU countries. However, the retail sector largely stagnated in Austria and Switzerland. Mail order and online retail reported high growth rates of between approximately 4% and around 10%. By contrast, brick-and-mortar retail sales of textiles, clothing and shoes fell with the exception of April, with declines in the euro zone ranging between 0.5% in January and 2.5% in March. Once again, this data shows that European consumers primarily do their spending in categories such as pharmaceutical and medicinal products, electrical and data processing devices and furniture, while fashion and textiles have slipped further down shoppers' list of priorities.

German non-food retail sales (excluding vehicles and petrol stations) rose by 3.0% in nominal terms and 1.4% in real terms in the first half of the year (Destatis). Meanwhile the department store (non-specialised stores) business stagnated (-0.2% in real terms). Online and mail order sales recorded the strongest growth across all product groups, rising +4.2% in nominal terms and +3.8% in real terms. Retail sales of textiles, clothing, shoes and leather goods (in brick-and-mortar stores and online) reported a moderate increase of +1.1% in nominal terms and +0.3% in real terms. After a weak start to the year caused by factors including the weather, textile and fashion retail in Germany fared better than Europe as a whole until the summer amid sustained fierce competition.

# SIGNIFICANT EVENTS

## *APRIL*

### **BONITA COMPLETES NEW MANAGEMENT TEAM AND PUSHES AHEAD WITH REORGANISATION OF OPERATIONS**

After laying the foundation for a new management structure with the appointment of Norbert Steinke and Raphael Heinold in early 2018, BONITA has now brought experienced sales and purchasing expert Karsten Oberheide on board from Gerry Weber. Mr Oberheide will complete the BONITA management team from September and, as Chief Sales Officer, will take responsibility for the operating business of BONITA GmbH. He will report directly to Dr Heiko Schäfer, CEO of the TOM TAILOR GROUP.

The far-reaching RESET measures have already delivered significant improvements in profitability with factors such as lower production costs and reduced stocks. In order to control sales more efficiently, BONITA has intensified its CRM activities and developed a new store concept. The Company will continue its recovery and at the same time accelerate processes with its new management team.

## *MAY*

### **BORROWER'S NOTE LOAN REPAID AS PLANNED**

On 28 May 2018, the TOM TAILOR GROUP repaid the remaining EUR 15 million of the borrower's note loan issued in 2013 (original total volume: EUR 80 million) as planned, further simplifying its financing structure. The loan was repaid from operating cash flow. This has significantly reduced the complexity of the Group's financing and lowered annual interest expenses by around EUR 350,000.

After the capital increase in 2017 and the refinancing of the syndicated loan agreement completed at the end of March 2018, this repayment is another milestone in realigning the financing structure. The TOM TAILOR GROUP's aim is still to eliminate the Company's debt by 2020.

# RESULTS OF OPERATIONS, FINANCIAL POSITION AND NET ASSETS

## RESULTS OF OPERATIONS

### NOTICEABLE DROP IN CONSOLIDATED REVENUE IN THE FIRST SIX MONTHS

The TOM TAILOR GROUP's consolidated revenue in the first six months of financial year 2018 was down 10.5% on the prior-year level at EUR 399.3 million (2017: EUR 446.3 million). The decline in all segments was due primarily to the weak market environment in the first quarter and to the absence of revenue as a result of planned closures. Taking into account the effects of closures, revenue in the first half of 2018 decreased by 1.0% year-on-year.

In the second quarter of 2018 the TOM TAILOR GROUP's revenue was EUR 209.5 million, down 7.8% year-on-year (2017: EUR 227.4 million). Taking into account the effects of closures, revenue in the quarter just ended remained at the previous year's level.

Revenue in the TOM TAILOR Retail segment declined by 9.6% in the first half of 2018 to EUR 126.8 million (2017: EUR 140.2 million). The number of stores was reduced by 11 compared with the second quarter of 2017, falling to 451 (2017: 462 stores). In the second quarter of 2018, revenue in the TOM TAILOR Retail segment decreased by 7.7% versus the prior-year period to EUR 69.6 million (2017: EUR 75.4 million). After adjusting for the effects of closures, revenue in the first six months of 2018 remained level with the previous year but edged up 0.3% year-on-year in the second quarter of 2018.

Revenue in the TOM TAILOR Wholesale segment declined by 9.2% in the first half of 2018 to EUR 151.1 million (2017: EUR 166.3 million). Compared with the second quarter of 2017, the number of shop-in-shops rose by 35 to 2,474 (2017: 2,439). In the second quarter of 2018, revenue in the TOM TAILOR Wholesale segment decreased by 10.8% year-on-year to EUR 70.3 million (2017: EUR 78.8 million). Taking the effects of the closures into account, revenue in the first six months of 2018 increased by 2.3% year-on-year, while revenue in the second quarter of 2018 was down 1.5% after allowing for the closures implemented. This was due to high revenue from special marketing activities in the prior-year period.

### Revenue by Segment

EUR million	Q2 2018	Q2 2017	Change in %
TOM TAILOR Wholesale	70.3	78.8	-10.8
TOM TAILOR Retail	69.6	75.4	-7.7
BONITA	69.6	73.1	-4.7
<b>TOM TAILOR GROUP</b>	<b>209.5</b>	<b>227.4</b>	<b>-7.8</b>

EUR million	H1 2018	H1 2017	Change in %
TOM TAILOR Wholesale	151.1	166.3	-9.2
TOM TAILOR Retail	126.8	140.2	-9.6
BONITA	121.4	139.7	-13.1
<b>TOM TAILOR GROUP</b>	<b>399.3</b>	<b>446.3</b>	<b>-10.5</b>

Revenue in the BONITA segment fell by 13.1% in the first six months of the year to EUR 121.4 million (2017: EUR 139.7 million). The number of stores was reduced by 69 compared with the second quarter of 2017, falling to 791 (2017: 860 stores). In the second quarter of 2018, revenue in the BONITA segment decreased by 4.7% year-on-year to EUR 69.6 million (2017: EUR 73.1 million). Taking into account the effects of the closures, revenue in the first six months of 2018 declined by 5.8% year-on-year, while revenue in the second quarter of 2018 was up 1.4% after adjusting for the closures implemented.

### GROSS PROFIT MARGIN SUBSTANTIALLY IMPROVED

The cost of materials was reduced by 19.6% during the first half of 2018 to EUR 156.3 million (2017: EUR 194.3 million). Due to the decline in revenue, gross profit decreased by 3.6% in absolute terms to EUR 242.9 million in the reporting period (2017: EUR 252.0 million). Compared with the prior-year period, the gross margin thus increased considerably from 56.5% to 60.8% in the first six months of 2018. In the second quarter the gross margin also improved noticeably year-on-year, from 59.7% to 64.1%.



**Gross margin by segment**

in %	Q2 2018	Q2 2017	Change in percentage points
TOM TAILOR Wholesale	54.7	45.7	9.0
TOM TAILOR Retail	65.2	63.6	1.7
BONITA	72.4	70.9	1.5
<b>TOM TAILOR GROUP</b>	<b>64.1</b>	<b>59.7</b>	<b>4.3</b>

in %	H1 2018	H1 2017	Change in percentage points
TOM TAILOR Wholesale	53.8	45.9	7.9
TOM TAILOR Retail	61.5	58.4	3.1
BONITA	69.0	67.2	1.8
<b>TOM TAILOR GROUP</b>	<b>60.8</b>	<b>56.5</b>	<b>4.4</b>

**OTHER OPERATING INCOME FOR THE FIRST HALF-YEAR DOWN**

In the first half of financial year 2018, other operating income decreased by EUR 3.1 million year-on-year, falling to EUR 14.9 million (2017: EUR 17.9 million). The decline is due almost exclusively to the change in the presentation of royalties, which from 1 January 2018 will be presented under revenues in accordance with IFRS 15. Foreign exchange gains from currency translation in the reporting period amounted to EUR 2.8 million, which was 32.4% lower than the prior-year figure (2017: EUR 4.1 million). In the reporting period this item also includes income of EUR 2.0 million from subletting space leased by the Group (2017: EUR 2.5 million) and income from the reversal of provisions in the amount of EUR 4.4 million (2017: EUR 3.3 million).

**SAVINGS IN PERSONNEL EXPENSES IMPLEMENTED**

Personnel expenses were reduced by EUR 5.1 million in the first six months of 2018 to EUR 94.4 million (2017: EUR 99.5 million). However, due to the decrease in revenue, the personnel expense to revenue ratio rose to 23.6% (2017: 22.3%). The decrease in expenses in absolute terms was mainly the result of the lower average number of employees in the TOM TAILOR GROUP. The TOM TAILOR GROUP employed 6,076 people as at 30 June 2018 (2017: 6,274).

**OTHER OPERATING EXPENSES DOWN**

Other operating expenses fell by 2.1% over the prior-year period to EUR 136.8 million (2017: EUR 139.7 million). The decline was due mainly to lower rents for premises, which, however, were offset by increased marketing expenses in the first half-year. The key items in other operating expenses are rent of EUR 53.5 million (2017: EUR 60.6 million), as well as logistics costs for order picking of EUR 11.3 million (2017: EUR 11.7 million), marketing expenses of EUR 17.0 million (2017: EUR 13.0 million), freight costs of EUR 7.1 million (2017: EUR 6.7 million) and foreign exchange losses from currency translation of EUR 3.6 million (2017: EUR 3.1 million). The Company also utilised provisions for onerous contracts in the amount of EUR 2.2 million in the reporting period (2017: EUR 4.6 million).

**DEPRECIATION, AMORTISATION AND IMPAIRMENTS STABLE**

Depreciation, amortisation and impairments in the first half of 2018 amounted to EUR 18.8 million and were almost exactly level with the prior-year period (2017: EUR 18.9 million). Depreciation, amortisation and impairments in the reporting period contrasted with capital expenditure of EUR 17.4 million (2017: EUR 3.9 million).

**SECOND-QUARTER OPERATING RESULT SIGNIFICANTLY IMPROVED COMPARED WITH THE START OF THE YEAR****Reported EBITDA and EBIT**

	Q2 2018	Q2 2017	Change in %
Reported EBITDA (in EUR million)	22.7	21.9	3.2
Reported EBITDA margin (in %)	10.8	9.7	–
Reported EBIT (in EUR million)	13.2	13.4	-1.3
Reported EBIT margin (in %)	6.3	5.9	–
	H1 2018	H1 2017	Change in %
Reported EBITDA (in EUR million)	26.8	30.7	-12.7
Reported EBITDA margin (in %)	6.7	6.9	–
Reported EBIT (in EUR million)	8.0	11.8	-31.8
Reported EBIT margin (in %)	2.0	2.6	–

Reported earnings before interest and taxes (EBIT) decreased by EUR 3.8 million in the first half of 2018 to EUR 8.0 million (2017: EUR 11.8 million). The decline was almost entirely attributable to the first quarter of the current financial year. In the second quarter of 2018, EBIT nearly matched the previous year's level at EUR 13.2 million (2017: EUR 13.4 million).

Reported earnings before interest, taxes, depreciation and amortisation (EBITDA) fell by 12.7% or EUR 3.9 million in the first six months of the financial year to EUR 26.8 million (2017: EUR 30.7 million). In the second quarter of 2018, EBITDA stood at EUR 22.7 million, up 3.2% or EUR 0.8 million on the prior-year figure (2017: EUR 21.9 million).

## SIGNIFICANT IMPROVEMENT IN FINANCIAL RESULT

The financial result in the first half of 2018 amounted to EUR -5.7 million, up 32% or EUR 2.7 million on the prior-year period (2017: EUR -8.3 million). The improvement in the financial result is attributable to the decrease in average net debt as well as to lower interest margins.

## TAX EXPENSE AT EUR 0.4 MILLION

In the first half of 2018, income taxes amounted to EUR 0.4 million (2017: tax expense of EUR 3.4 million). The tax expense was mainly attributable to the reversal of deferred tax assets on tax loss carryforwards in Germany resulting from the utilisation of tax loss carryforwards, from 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 2018 and from current tax expense of the foreign companies. In the first half of 2018, this was offset by the addition of deferred tax assets resulting from IFRS debit differences in connection with the measurement of currency forwards.

## REPORTED NET INCOME FOR THE PERIOD AND EARNINGS PER SHARE UP YEAR-ON-YEAR

The reported net income for the period in the first half of 2018 totalled EUR 2.0 million, which is EUR 1.9 million higher than in the prior-year period (2017: EUR 0.1 million) and resulted in earnings per share (less net income attributable to non-controlling interests) of EUR 0.01 for the shareholders of TOM TAILOR Holding SE (2017: EUR -0.04). Compared to the weak first quarter of 2018, this represents a significant improvement up until mid-year.

## SEGMENT REPORTING

### TOM TAILOR Retail Segment – Key Data

	Q2 2018	Q2 2017
Revenue (in EUR million)	69.6	75.4
Growth (in %)	-7.7	2.0
Number of stores	451	462
Reported EBITDA (in EUR million)	5.7	7.3
Reported EBITDA margin (in %)	8.2	9.7
Reported EBIT (in EUR million)	2.4	4.4
Reported EBIT margin (in %)	3.5	5.8
	H1 2018	H1 2017
Revenue (in EUR million)	126.8	140.2
Growth (in %)	-9.6	1.7
Number of stores	451	462
Reported EBITDA (in EUR million)	1.3	2.7
Reported EBITDA margin (in %)	1.1	1.9
Reported EBIT (in EUR million)	-4.9	-3.4
Reported EBIT margin (in %)	-3.9	-2.4

**BONITA Segment – Key Data**

	Q2 2018	Q2 2017
Revenue (in EUR million)	69.6	73.1
Growth (in %)	-4.7	-14.7
Number of stores	791	860
Reported EBITDA (in EUR million)	10.3	8.6
Reported EBITDA margin (in %)	14.7	11.7
Reported EBIT (in EUR million)	8.4	5.9
Reported EBIT margin (in %)	12.0	8.1
	H1 2018	H1 2017
Revenue (in EUR million)	121.4	139.7
Growth (in %)	-13.1	-8.9
Number of stores	791	860
Reported EBITDA (in EUR million)	2.7	8.0
Reported EBITDA margin (in %)	2.2	5.8
Reported EBIT (in EUR million)	-1.4	1.6
Reported EBIT margin (in %)	-1.2	1.2

**TOM TAILOR Wholesale Segment – Key Data**

	Q2 2018	Q2 2017
Revenue (in EUR million)	70.3	78.8
Growth (in %)	-10.8	8.3
Number of shop-in-shops	2,474	2,439
Number of franchise stores	183	197
Reported EBITDA (in EUR million)	6.7	6.1
Reported EBITDA margin (in %)	9.5	7.8
Reported EBIT (in EUR million)	2.4	3.1
Reported EBIT margin (in %)	3.4	3.9
	H1 2018	H1 2017
Revenue (in EUR million)	151.1	166.3
Growth (in %)	-9.2	3.9
Number of shop-in-shops	2,474	2,439
Number of franchise stores	183	197
Reported EBITDA (in EUR million)	22.8	20.0
Reported EBITDA margin (in %)	15.1	12.0
Reported EBIT (in EUR million)	14.3	13.5
Reported EBIT margin (in %)	9.5	8.1

**FINANCIAL POSITION****SIGNIFICANT INCREASE IN OPERATING AND FREE CASH FLOWS IN THE SECOND QUARTER****TOM TAILOR GROUP – Development of Key Cash Flows**

EUR million	Q2 2018	Q2 2017
Operating cash flow	35.7	25.9
Change (in %)	37.9	–
Net cash used in investing activities	-5.2	-0.2
Free cash flow	27.7	22.2
Change (in %)	24.4	–
EUR million	H1 2018	H1 2017
Operating cash flow	4.1	22.2
Change (in %)	-81.6	>100
Net cash used in investing activities	-17.3	-1.5
Free cash flow	-16.8	14.4
Change (in %)	>100	>100

In the second quarter of 2018, the net cash provided by the TOM TAILOR GROUP's operating activities amounted to EUR 35.7 million, up 37.9% on the prior-year period (2017: EUR 25.9 million). The year-on-year increase in cash flow from operations was due in particular to the improvement in net income for the quarter and the decrease in net working capital.

At EUR 4.1 million, the cash flow from operations in the first half of 2018 was considerably lower than the previous year (2017: EUR 22.2 million) as a result of the weak first quarter of 2018.

**DELIBERATE INCREASE IN CAPITAL EXPENDITURE**

A total of EUR 17.4 million was invested Group-wide in the first half of 2018 in all three segments, mainly in the further expansion of controlled selling spaces and IT applications (2017: EUR 3.9 million). Of that amount, EUR 2.6 million was invested in the TOM TAILOR Retail segment (2017: EUR 2.2 million) and EUR 6.3 million in the TOM TAILOR Wholesale segment (2017:

EUR 1.2 million). Capital expenditure in the TOM TAILOR Retail segment largely related to shop fittings and fixtures for new stores, and to the IT system for the Group's own e-shop. Capital expenditure in the TOM TAILOR Retail segment largely concerned the new merchandise management system. In the first half of 2018, BONITA invested a total of EUR 8.5 million in stores and IT applications (2017: EUR 0.5 million).

## NET ASSETS

### NET WORKING CAPITAL REDUCED DURING THE SECOND QUARTER – BUT SEASONALLY HIGHER THAN AT THE END OF 2017

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

Net working capital was reduced by EUR 9.4 million to EUR 85.7 million as at 30 June 2018 compared with 31 March 2018 (EUR 95.1 million). The decline is mainly due to lower trade receivables.

Compared with 31 December 2017, net working capital as at 30 June 2018 was up EUR 18.3 million (31 December 2017: EUR 67.3 million), due primarily to a decrease in trade payables and an increase in inventories. In comparison with the end of 2017, trade payables fell by EUR 7.6 million, while inventories rose by EUR 11.1 million in the same period. Net working capital rose by EUR 22.2 million versus 30 June 2017 (EUR 63.5 million) due to an increase in inventories and trade receivables.

### EQUITY RATIO RISES TO 33.7%

Equity climbed to EUR 224.2 million as at 30 June 2018 (31 December 2017: EUR 213.0 million) on the back of the net income for the period as well as an increase in the fair values of the currency forwards recognised in equity at the reporting date. The equity ratio thus increased to 33.7% as at 30 June 2018 (31 December 2017: 32.9%).

### NET DEBT REDUCED DURING THE SECOND QUARTER BUT UP VERSUS YEAR-END 2017

Net debt as at 30 June 2018 stood at EUR 136.7 million, a decrease of EUR 24.4 million on the 31 March 2018 figure of EUR 161.1 million. Compared with 31 December 2017, net debt was up EUR 23.4 million due to the increase in net working capital and higher capital expenditure (31 December 2017: EUR 113.3 million). Net debt was also EUR 12.1 million higher than at the end of the first six months of 2017 (30 June 2017: EUR 124.6 million).

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

EUR million	30/06/2018	30/06/2017
Equity	224.2	202.7
Non-current liabilities	227.3	202.0
Current liabilities	213.0	234.5
Current financial liabilities	160.7	169.4
Cash funds	24.0	44.8
Net debt	136.7	124.6
Total assets	664.6	639.2

### 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 44 of the 2017 Annual Report.



# EMPLOYEES

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. The number of employees in the TOM TAILOR Wholesale segment rose slightly. This is in contrast to the Retail segment, where the number of employees declined, primarily due to the streamlining of the store network.

The TOM TAILOR GROUP employed 6,094 people as at 30 June 2018, excluding the Management Board, vocational trainees and casual workers (30 June 2017: 6,262 employees). BONITA is the segment with the most employees (3,065) in the TOM TAILOR GROUP (30 June 2017: 3,235 employees). As at the end of the second quarter of 2018, a total of 5,344 people worked in the Retail segments (30 June 2017: 5,541 employees) and 750 in the TOM TAILOR Wholesale segment (30 June 2017: 721 employees). In regional terms, the TOM TAILOR GROUP has 3,489 employees in Germany (30 June 2017: 3,626 employees) and 2,605 employees outside Germany (30 June 2017: 2,636 employees).

---

# 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 61 ff. of the 2017 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**

### **POLITICAL RISKS PLACING AN INCREASING STRAIN ON THE ECONOMY AS CONSUMER SENTIMENT DETERIORATES**

The global economy has passed its cyclical peak due to substantial risks and increasing uncertainty. Although the IMF is still forecasting growth of around 3.9% in real terms (2017: +3.8%) for 2018, a potential cut to forecasts in the autumn has already been signalled due to the expected further escalation of trade disputes. The IMF also views the current political instability in Europe as a major risk. The Fund recently cut its 2018 euro zone GDP forecast to 2.2% in real terms (previously: +2.4%).

While the German economy is currently continuing its upturn with the support of the domestic economy, it can no longer maintain the strong momentum of last year. According to Deutsche Bundesbank, exports and investment activity will grow at a slower pace than in recent years due to the international economic slowdown. The shortage of skilled workers and a smaller increase in disposable income is also stifling growth. Key leading indicators have deteriorated significantly recently. The Ifo Institute has cut its forecasts sharply and is now anticipating GDP growth of just 1.8% for 2018 (spring forecast: +2.6%). The positive trend in the labour market is also weakening, while inflation is set to rise to an annual average of 2.0%, driven by higher energy costs and food prices. Against this backdrop, private consumer spending is expected to grow by just 1.3% (2017: +1.8%).

According to the National Bank of Austria (OeNB), Austria's economy will pass its cyclical peak in 2018 (GDP: +3.1%), with growth rates set to flatten considerably from 2019 onwards. The employment situation is initially improving once again. In this environment, the OeNB expects consumer spending to rise by a further 1.5% in 2018. The Swiss economy is gaining significant momentum compared to the previous year, with SECO

economic researchers anticipating GDP growth of 2.4% for 2018 (2017: +1.1%). Private consumer spending is likely to pick up somewhat, rising by 1.4% (previous year: +1.2%).

In conclusion, while the general climate for private consumer spending in the core markets of the TOM TAILOR GROUP remains moderately positive, prospects are now precarious and vulnerable to deteriorations in sentiment and consumer reticence. In this respect, the outlook for the highly competitive textile and fashion business remains particularly difficult.

### **THE MARKET ENVIRONMENT FOR THE FASHION BUSINESS REMAINS VERY CHALLENGING**

Despite its previous consolidation, the fashion and lifestyle market remains intensely competitive with a particularly dynamic international environment. Trends, customers' wishes and needs change rapidly, which requires flexible adaptation of product ranges at short intervals. Weather effects can also distort demand. This environment, which is accompanied by only slight growth in the market as a whole, poses huge challenges for all companies in the industry. The pressure of a market shakeout on the supply side is as high as ever. However, this is creating opportunities for companies able to realign their operations flexibly and consistently.

The TOM TAILOR GROUP is positioning itself to tackle these challenges. Its strategic priorities include a focus on strong and regional core markets (Germany, Austria, Switzerland, South-Eastern Europe, Russia) and focused strengthening of the online business. TOM TAILOR GROUP has also realigned its operations with comprehensive efficiency enhancement measures. With the wider environment set to remain challenging in the future, management is continuously reviewing the Group's focus and structures to leverage ongoing optimisation potential.

## EXPECTED COURSE OF BUSINESS OF THE GROUP

Our strategic and operational focus for the second half of 2018 will be on the priorities communicated back at the start of the year and on the detailed planning and preparation for the implementation of new growth initiatives.

The priorities already announced for 2018 include:

- Further improving profitability and focusing on the Company's healthy core
- Strengthening brand attractiveness, especially for the TOM TAILOR Denim brand, by implementing the "Are You Ready?" marketing campaign launched in the second half of 2017, and through further design collaborations with external partners
- Enhancing the shelf space profitability of the TOM TAILOR Wholesale segment and of the retail organisation in Germany and other core markets through improved goods management with a stronger reliance on system support, greater use of so-called "quick response" processes (short-term follow-up and new delivery of trendy articles), employee training and more intensive integration of stationary and online trade
- Strengthening e-commerce, for example by building up and (re)activating the customer base through performance marketing and improved customer relationship management for TOM TAILOR and BONITA
- Continuing the measures aimed at increasing profitability and improving revenue at BONITA (e.g. a more fashionable collection and more modern shops, expanding concession space at wholesale partners and boosting operational sales performance in the Company's own stores)
- Further optimising the Company's technology base, in particular by achieving the final milestones in the current implementation of SAP

In addition, the second half of 2018 will focus primarily on the detailed planning and preparation of additional growth initiatives for the years 2019 to 2021.

## EXPECTED DEVELOPMENT OF THE GROUP'S POSITION

The TOM TAILOR GROUP is confirming its guidance for the current financial year included in the interim management statement for the first quarter of 2018 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. At the same time, the Management Board anticipates an increase in reported EBITDA compared with the previous year. This assumes that the measures aimed at enhancing revenue, cutting costs and boosting efficiency will continue to be implemented as planned in the second half of the year.

Over and above this, the TOM TAILOR GROUP's objective is still to keep the ratio of net debt to reported EBITDA below 2.0, and to generate positive net income for the period and achieve an equity ratio of more than 30%.



**TOM TAILOR GROUP: Key Data for the Company Forecast for 2018**

EUR million	Actual 2017	Forecast Annual Report 2017	Forecast Interim Management Statement Q1 2018	Forecast Interim Management Statement Q2 2018
Consolidated revenue	921.8	slight decrease year-on-year	slight decrease year-on-year	slight decrease year-on-year
Gross margin (in %)	58.3	moderate increase year-on-year	moderate increase year-on-year	moderate increase year-on-year
Reported EBITDA	83.1	moderate increase year-on-year	moderate increase year-on-year	moderate increase year-on-year
Reported EBITDA margin (in %)	9.0	moderate increase year-on-year	moderate increase year-on-year	moderate increase year-on-year
Reported EBIT	43.9	strong increase year-on-year	strong increase year-on-year	strong increase year-on-year
Reported EBIT margin (in %)	4.8	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 cautiously positive. Consolidated revenue in the first six months of 2018 fell short of the prior-year figure, due primarily to the absence of revenue as a result of planned product discontinuations, store closures and the termination of business in certain countries under the RESET programme, and the weak market environment in the first quarter. After adjusting for the closure of product divisions and stores and for the discontinuation of operations in some countries under the RESET programme, the Company was able to hold consolidated revenue nearly stable in a highly competitive environment, with revenue at the prior-year level in the TOM TAILOR Retail segment and growth in the TOM TAILOR Wholesale segment, and a revenue decline at BONITA. Reported EBITDA and cash flow in the first half of 2018 were down year-on-year due to the weak first quarter of 2018 and significantly higher marketing expenses in the second quarter.

In the first six months of 2018, the TOM TAILOR GROUP continued to implement measures to increase revenue and profitability and accelerated these in some areas, for example e-commerce. The goal is to further improve efficiency and position TOM TAILOR for sustainable and profitable growth. In financial year 2018, the Management Board expects the Group's results of operations, financial position and net assets to improve year-on-year with a decline in revenue resulting from the brand discontinuations, the termination of business in certain countries and store closures under the RESET programme.

# CONSOLIDATED INTERIM FINANCIAL STATEMENTS

# CONSOLIDATED INCOME STATEMENT

## Consolidated Income Statement from 1 January to 30 June 2018

in EUR thousand	Q2 2018	Q2 2017	H1 2018	H1 2017
<b>Revenue</b>	<b>209,543</b>	<b>227,371</b>	<b>399,271</b>	<b>446,271</b>
Other own work capitalized	101	0	163	0
Other operating income	7,057	8,523	14,852	17,927
Cost of materials	-75,322	-91,588	-156,335	-194,320
Personnel expenses	-48,026	-51,198	-94,399	-99,509
Depreciation, amortisation and impairments	-9,471	-8,583	-18,754	-18,882
Other operating expenses	-70,699	-71,166	-136,769	-139,707
<b>Profit from operating activities</b>	<b>13,183</b>	<b>13,359</b>	<b>8,029</b>	<b>11,780</b>
<b>Financial result</b>	<b>-1,121</b>	<b>-4,324</b>	<b>-5,655</b>	<b>-8,308</b>
<b>Result before income taxes</b>	<b>12,062</b>	<b>9,035</b>	<b>2,374</b>	<b>3,472</b>
Income taxes	-1,454	-2,447	-348	-3,378
<b>Net income for the period</b>	<b>10,608</b>	<b>6,588</b>	<b>2,026</b>	<b>94</b>
thereof:				
Shareholders of TOM TAILOR Holding SE	9,865	5,773	553	-1,435
Non-controlling interests	743	815	1,473	1,529
<b>Earnings per share</b>				
Basic earnings per share (EUR)	0.26	0.17	0.01	-0.04
Diluted earnings per share (EUR)	0.26	0.17	0.01	-0.04

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

## Consolidated Statement of Comprehensive Income from 1 January to 30 June 2018

in EUR thousand	Q2 2018	Q2 2017	H1 2018	H1 2017
<b>Net income for the period</b>	<b>10,608</b>	<b>6,588</b>	<b>2,026</b>	<b>94</b>
Exchange differences on translating foreign operations	744	-340	156	-172
Change in fair value of cash flow hedges	25,258	-19,810	19,852	-26,377
Tax effect on change in fair value of cash flow hedges	-7,855	6,147	-6,174	8,185
<b>Items that may be reclassified subsequently to profit or loss</b>	<b>18,147</b>	<b>-14,003</b>	<b>13,834</b>	<b>-18,364</b>
<b>Other comprehensive income</b>	<b>18,147</b>	<b>-14,003</b>	<b>13,834</b>	<b>-18,364</b>
<b>Total comprehensive income, net of tax</b>	<b>28,755</b>	<b>-7,415</b>	<b>15,860</b>	<b>-18,270</b>
thereof:				
Shareholders of TOM TAILOR Holding SE	27,805	-8,198	14,281	-19,738
Non-controlling interests	950	783	1,579	1,468



# CONSOLIDATED BALANCE SHEET

## Consolidated Balance Sheet as at 30 June 2018

in EUR thousand	30 / 06 / 2018	31 / 12 / 2017
<b>Assets</b>		
<b>Non-current assets</b>		
Intangible assets	323,352	321,323
Property, plant and equipment	75,683	79,380
Other assets	19,416	14,271
	<b>418,451</b>	<b>414,974</b>
<b>Current assets</b>		
Inventories	149,591	138,511
Trade receivables	53,537	53,845
Contract assets	1,768	n. a.
Income tax receivables	1,209	2,347
Other assets	15,998	12,431
Cash and cash equivalents	24,029	24,189
	<b>246,132</b>	<b>231,323</b>
<b>Total assets</b>	<b>664,583</b>	<b>646,297</b>

## Consolidated Balance Sheet as at 30 June 2018

in EUR thousand	30 / 06 / 2018	31 / 12 / 2017
<b>Equity and liabilities</b>		
<b>Equity</b>		
Subscribed capital	38,495	38,495
Capital reserves	346,727	346,528
Consolidated net accumulated losses	-164,550	-163,525
Accumulated other comprehensive income	267	-13,461
<b>Attributable to shareholders of TOM TAILOR Holding SE</b>	<b>220,939</b>	<b>208,037</b>
Non-controlling interests	3,255	4,913
	<b>224,194</b>	<b>212,950</b>
<b>Non-current provisions and liabilities</b>		
Provisions for pensions	1,509	1,530
Other provisions	19,023	19,734
Deferred tax liabilities	65,453	60,450
Non-current financial liabilities	140,056	101,385
Other non-current liabilities	1,299	6,489
	<b>227,340</b>	<b>189,588</b>
<b>Current provisions and liabilities</b>		
Other provisions	36,238	44,657
Income tax payables	5,610	6,644
Current financial liabilities	20,685	36,077
Trade payables	117,465	125,022
Contract liabilities	5,669	n. a.
Return liabilities	3,974	n. a.
Other current liabilities	23,408	31,359
	<b>213,049</b>	<b>243,759</b>
<b>Total equity and liabilities</b>	<b>664,583</b>	<b>646,297</b>

# CONSOLIDATED STATEMENT ON CHANGES IN EQUITY

## Consolidated Statement on Changes in Equity from 1 January to 30 June 2018

EUR thousand, if not stated otherwise	Number of shares in thousand	Subscribed capital	Capital reserves
<b>Balance at 1 January 2018</b>	<b>38,495</b>	<b>38,495</b>	<b>346,528</b>
Effects of the first-time adoption of IFRS 15 and IFRS 9	–	–	–
Total comprehensive income, net of tax	–	–	–
Cash capital increase	–	–	–
Costs of raising equity capital	–	–	–
Dividends paid	–	–	–
Other changes	–	–	199
<b>Balance at 30 June 2018</b>	<b>38,495</b>	<b>38,495</b>	<b>346,727</b>

## Consolidated Statement on Changes in Equity from 1 January to 30 June 2017

EUR thousand, if not stated otherwise	Number of shares in thousand	Subscribed capital	Capital reserves
<b>Balance at 1 January 2017</b>	<b>28,630</b>	<b>28,630</b>	<b>294,175</b>
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
<b>Balance at 30 June 2017</b>	<b>38,495</b>	<b>38,495</b>	<b>346,613</b>

Accumulated other comprehensive income							
Consolidated net accumulated losses	Currency translation differences	Cash flow hedge reserve (IAS 39)	Remeasurement of pensions and similar obligations reserve	Attributable to shareholders of TOM TAILOR Holding SE	Non-controlling interests		Total
-163,525	-1,066	-12,095	-300	208,037	4,913		212,950
-1,578	–	–	–	-1,578	–		-1,578
553	50	13,678	–	14,281	1,579		15,860
–	–	–	–	–	–		–
–	–	–	–	–	–		–
–	–	–	–	–	-3,237		-3,237
–	–	–	–	199	–		199
<b>-164,550</b>	<b>-1,016</b>	<b>1,583</b>	<b>-300</b>	<b>220,939</b>	<b>3,255</b>		<b>224,194</b>

Accumulated other comprehensive income							
Consolidated net accumulated losses	Currency translation differences	Cash flow hedge reserve (IAS 39)	Remeasurement of pensions and similar obligations reserve	Attributable to shareholders of TOM TAILOR Holding 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
<b>-177,620</b>	<b>-594</b>	<b>-6,035</b>	<b>-294</b>	<b>200,565</b>	<b>2,087</b>		<b>202,652</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

## Consolidated Statement of Cash Flows from 1 January to 30 June 2018

in EUR thousand	H1 2018	H1 2017
<b>Net income for the period</b>	<b>2,026</b>	<b>94</b>
Depreciation, amortisation and impairment losses	18,754	18,882
Income taxes	348	3,378
Interest income / expense	5,655	8,308
Change in non-current provisions	-732	-2,096
Change in current provisions	-2,133	-5,410
Proceeds from disposal of intangible assets and items of property, plant and equipment	274	485
Change in inventories	-11,080	22,796
Change in receivables and other assets	-2,188	-2,218
Change in liabilities	-6,513	-21,264
Income taxes paid / refunded	-921	-1,940
Other non-cash changes	599	1,211
<b>Cash generated from operations</b>	<b>4,089</b>	<b>22,226</b>
Interest paid	-3,559	-6,351
Interest received	7	9
<b>Net cash provided by operating activities</b>	<b>537</b>	<b>15,884</b>
Payments to acquire intangible assets and items of property, plant and equipment	-17,371	-3,872
Proceeds from disposal of intangible assets and items of property, plant and equipment	29	2,384
<b>Net cash used in investing activities</b>	<b>-17,342</b>	<b>-1,488</b>
Cash capital increase by issuing new shares	0	64,125
Costs of raising equity capital	0	-2,911
Dividend payment to non-controlling interest shareholders	-3,237	-4,273
Proceeds from financial liabilities	144,050	0
Repayments of financial liabilities	-124,172	-64,156
<b>Net cash provided by / used in financing activities</b>	<b>16,641</b>	<b>-7,215</b>
Effect of exchange rate changes on cash and cash equivalents	4	-541
Net change in cash and cash equivalents	-160	6,640
Cash and cash equivalents at beginning of period	24,189	38,123
<b>Cash and cash equivalents at end of period</b>	<b>24,029</b>	<b>44,763</b>
<b>Composition of cash and cash equivalents</b>		
Cash funds	24,029	44,763

# NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS



# NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 1. BASIS OF PREPARATION

The consolidated interim financial statements of TOM TAILOR Holding SE for the first six months ended 30 June 2018 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 2018 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 2017. The condensed financial statements and the interim management report have not been audited or reviewed by an auditor.

As a rule, the accounting policies and consolidation methods applied are identical to those adopted for the consolidated financial statements for the year ended 31 December 2017, with the exception of those mentioned under “(2) INTERPRETATIONS AND STANDARDS APPLICABLE FOR THE FIRST TIME IN THE REPORTING PERIOD”. 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 2017, which has been published on the Company’s website.

With the exception of the matters described in “(6) 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 2018 compared with the audited consolidated financial statements for financial year 2017.

There are no material changes from the disclosures in the consolidated financial statements as at 31 December 2017 with regard to the assessment of the effects of the first-time application of IFRS 16 Leases from 1 January 2019.

When the new standard is applied from 1 January 2019, key sections of the TOM TAILOR GROUP’s consolidated financial statements will change, as the standard requires the recognition of right-of-use assets and lease liabilities for leases. Through its retail business, the TOM TAILOR Group holds a substantial volume of leases attributable to the leasing of stores. In addition to a significant increase in total assets and liabilities in mid three-digit millions due to the recognition of right-of-use assets and lease liabilities and the related reduction in the equity ratio, there will also be some movements between operating profit and the financial result. In the consolidated income statement, depreciation charges on right-of-use assets and interest expense on lease liabilities will be reported in future instead of the lease expenses presented up until now. This will bring about a significant improvement in reported earnings before interest, taxes, depreciation and amortisation (EBITDA). In addition to the effects on the consolidated balance sheet and the consolidated income statement described, due to the repayment portion of the lease payments from existing leases in the statement of cash flows the new accounting for leases will reduce cash flows from financing activities and no longer reduce cash flows from operating activities.

The precise extent of the changes in the consolidated financial statements due to the first-time application of IFRS 16 Leases is currently being examined in a Group-wide project, as a result of which the management will not be able to give a reliable estimate of the quantitative effects until the review has been completed.

## 2. INTERPRETATIONS AND STANDARDS APPLICABLE FOR THE FIRST TIME IN THE REPORTING PERIOD

IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers were applied for the first time in the reporting period for the consolidated interim financial statements as at 30 June 2018.

### 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. IFRS 9 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.

In compliance with the stipulations of IFRS 9, the TOM TAILOR Group utilised the option for simplified initial application. Cumulative gains or losses arising from the transition were recognised in other comprehensive income and prior-year comparatives were not adjusted.

The first-time application of IFRS 9 has no material effect on the presentation of the Group's net assets, financial position and results of operations.

In accordance with the requirements of IFRS 9, the TOM TAILOR GROUP classifies financial instruments into the new categories of "at amortised cost", "at fair value through profit or loss" and "at fair value through other comprehensive income". IFRS 9 sets out that financial assets must be classified and measured on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The allocation of financial instruments to the new IFRS 9 measurement categories does not give rise to any transition effects for the Group in the form of reclassifications.

In view of the new hedge accounting rules, all existing hedges also meet the requirements for hedge accounting in accordance with IFRS 9 and are recognised accordingly.

The only effects for the Group arise from the introduction of a new impairment model that in accordance with IFRS 9 is based on the expected credit losses. The new measurement method leads to an increase in the provision for risk that is mainly due to the fact that it is also necessary to recognise risk provisions for financial assets that are not non-performing. To determine the expected credit losses for trade receivables, TOM TAILOR utilises the simplified approach because the trade receivables do not contain any significant financing components. To determine valuation allowances on trade receivables, measurement matrices are used that essentially take account of observable historical default rates, empirical values and the economic circumstances of the customer in question. Use of the new impairment model gives rise to EUR 0.5 million higher valuation allowances on trade receivables as at 1 January 2018 that were recognised in other comprehensive income.

The following table shows the reconciliation of the financial instruments' categories and carrying amounts and the effects on consolidated equity in the course of the first-time application of IFRS 9.

## Fair Value of Financial Instruments

EUR thousand	Category acc. to IAS 39	Category acc. to IFRS 9	Carrying amount acc. to IAS 39 31/12/2017	Remeasurement	Reclassification	Carrying amount acc. to IFRS 9 01/01/2018	Effect on loss carryforward 01/01/2018
<b>Financial assets</b>							
Trade receivables and other assets	LaR	AC	73,177	-483		72,694	-483
Cash and cash equivalents	LaR	AC	24,189			24,189	
Derivatives used to hedge interest rate and currency risk that are part of a hedging relationship	n/a	n/a	57			57	
<b>Financial liabilities</b>							
Liabilities to banks	Flac	AC	99,492			99,492	
Finance lease liabilities	Flac	n/a <sup>1)</sup>	27,352			27,352	
Derivatives used to hedge interest rate and currency risk that are part of a hedging relationship	n/a	n/a	17,104			17,104	
Trade payables and other liabilities	Flac	AC	129,083			129,083	

Flac = financial liabilities measured at amortised cost

LaR = loans and receivables

AC = financial assets measured at amortised cost

<sup>1)</sup> Finance lease liabilities are measured in accordance with IAS 17.

The effects of the increase in risk provisions recognised from the first-time application of the new impairment model are shown in the following table:

## Reconciliation of financial assets from IAS 39 to IFRS 9

Measurement category acc. to IAS 39	Valuation allowances acc. to IAS 39 as at 31/12/2017	Effects of applying the impairment model of IFRS 9	Valuation allowances acc. to IFRS 9 as at 01/01/2018	Measurement category acc. to IFRS 9
<b>Trade receivables</b>				<b>Trade receivables</b>
loans and receivables	-12,625	-483	-13,108	measured at amortised cost
<b>Total</b>	<b>-12,625</b>	<b>-483</b>	<b>-13,108</b>	

## 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. IFRS 15 Revenue from Contracts with Customers is mandatory for financial years beginning on or after 1 January 2018.

In compliance with the transitional provisions of IFRS 15, the TOM TAILOR GROUP chose the modified retrospective approach for the first-time application of the regulations governing revenue from contracts with customers, which led to the cumulative effect of the transition being recognised as an adjustment to equity at the date of initial application and the prior-year comparatives being presented in accordance with the existing guidance.

TOM TAILOR has entered into licensing agreements with various partners for the manufacture and distribution of children's clothing and accessories marketed under the TOM TAILOR brands. These license agreements provide for remuneration based on the sales revenue generated by the licensee. In the case of revenue-oriented remuneration for licences, variable remuneration results in revenue only when and insofar as the licensee realises the revenue underlying the licence income. The current approach is in line with the Group's previous accounting practice and does not affect the amount of licence income. Based on the rules on licence income in IFRS 15, in the 2018 financial year the Management Board of the TOM TAILOR GROUP has decided to report all licence income in revenue rather than in other operating income, as was the case previously. The change in the presentation of royalties increased revenue for the first half of 2018 by EUR 3.5 million.

In the TOM TAILOR Wholesale segment, bonuses, margin agreements and advertising cost subsidies are granted to key accounts. First-time application of IFRS 15 has no material effect on the Group's earnings since recognition of the resulting obligations already reduces revenue by the full amount. In connection with the first-time application of IFRS 15, the line item in the balance sheet was adjusted such that a reclassification of EUR 4.4 million from provisions to contract liabilities was made for these agreements.

In the TOM TAILOR Wholesale, TOM TAILOR Retail and BONITA segments, this triggers effects on the Group's results of operations in the amount of EUR 1.1 million related to existing customer rights of return. This is due to the fact that previously, neither revenue nor the corresponding cost of goods sold were recognised for expected customer returns. To date, revenue was reduced based on the average margin generated. Regarding net assets, contract assets of EUR 1.8 million and return liabilities of EUR 3.6 million are recognised in the amount of the expected returns.

The customer loyalty programmes in the TOM TAILOR Retail and BONITA segments do not have any material effects as a result of the initial application of IFRS 15, since recognition of the resulting obligations using the previous approach already reduced revenue by the full amount. The disclosure in the balance sheet was adjusted.

The effects of the first-time application of IFRS 15 on the opening balance sheet as of 1 January 2018 are shown in the following table:

### Reconciliation of the consolidated balance sheet from IAS 18 to IFRS 15

EUR thousand	Carrying amount acc. to IAS 18 31/12/2017	Change in carrying amount	Remeasurement	Carrying amount acc. to IFRS 15 01/01/2018
<b>Non-Current Assets</b>				
Intangible assets and property, plant and equipment	400,703			400,703
Other assets	14,271			14,271
	<b>414,974</b>			<b>414,974</b>
<b>Current Assets</b>				
Inventories	138,511			138,511
Trade receivables	53,845			53,845
Contract assets	n/a		1,750	1,750
Other current assets	38,967			38,967
	<b>231,323</b>			<b>233,073</b>
<b>Total assets</b>				
	<b>646,297</b>			<b>648,047</b>
<b>Equity</b>				
Consolidated net accumulated losses	-163,525		-1,095	-164,620
Other equity	376,475			376,475
	<b>212,950</b>			<b>211,855</b>
<b>Non-Current Provisions and Liabilities</b>				
Deferred tax liabilities	60,450		-494	59,956
Other long-term borrowings	129,138			129,138
	<b>189,588</b>			<b>189,094</b>
<b>Current Provisions and Liabilities</b>				
Other provisions	44,657	-6,373		38,284
Trade payables	125,022			125,022
Return liabilities	n/a	1,982	1,610	3,592
Contract liabilities	n/a	4,391	1,729	6,120
Other short-term borrowings	74,080			74,080
	<b>243,759</b>			<b>247,098</b>
<b>Total equity and liabilities</b>				
	<b>646,297</b>			<b>648,047</b>

The following overviews show the comparative information for the items from the consolidated balance sheet and the consolidated income statement in the first half of 2018 that were affected by the first-time application of IFRS 15.

The relevant items in the financial statements in accordance with IFRS 15 and the previous IAS 18/IAS 11 are shown in the following table:

### Comparison of the consolidated balance sheet in accordance with IAS 18 and IFRS 15

EUR thousand	Carrying amount acc. to IFRS 15 30/06/2018	Carrying amount acc. to IAS 18 30/06/2018	Change
<b>Non-Current Assets</b>			
Intangible assets and property, plant and equipment	399,035	399,035	0
Other assets	19,416	19,416	0
	<b>418,451</b>	<b>418,451</b>	<b>0</b>
<b>Current Assets</b>			
Inventories	149,591	149,591	0
Trade receivables	54,020	54,020	0
Contract assets	1,768	0	1,768
Other current assets	41,236	41,236	0
	<b>246,615</b>	<b>244,847</b>	<b>1,768</b>
<b>Total assets</b>	<b>665,066</b>	<b>663,298</b>	<b>1,768</b>
<b>Equity</b>			
Consolidated net accumulated losses	-162,972	-162,023	-949
Other equity	387,649	387,649	0
	<b>224,677</b>	<b>225,626</b>	<b>-949</b>
<b>Non-Current Provisions and Liabilities</b>			
Deferred tax liabilities	65,453	65,881	-428
Other long-term borrowings	161,887	161,887	0
	<b>227,340</b>	<b>227,768</b>	<b>-428</b>
<b>Current Provisions and Liabilities</b>			
Other provisions	36,238	42,735	-6,497
Trade payables	117,465	117,465	0
Return liabilities	3,974	0	3,974
Contract liabilities	5,668	0	5,668
Other short-term borrowings	49,704	49,704	0
	<b>213,049</b>	<b>209,904</b>	<b>3,145</b>
<b>Total equity and liabilities</b>	<b>665,066</b>	<b>663,298</b>	<b>1,768</b>



The following table shows the income statement for the first half of 2018 in accordance with the new standard IFRS 15 and the previous accounting under IAS 18/IAS 11:

#### Comparison of the consolidated income statement in accordance with IAS 18 and IFRS 15

EUR thousand	IFRS 15 H1 2018	IAS 18 H1 2018	Change
<b>Revenue</b>	<b>399,271</b>	<b>395,581</b>	<b>-3,690</b>
Other own work capitalised	163	163	0
Other operating income	14,852	18,348	-3,496
Cost of materials	-156,335	-156,353	18
Personnel expenses	-94,399	-94,399	0
Depreciation, amortisation and impairment losses	-18,754	-18,754	0
Other operating expenses	-136,769	-136,769	0
<b>Profit from operating activities</b>	<b>8,029</b>	<b>7,817</b>	<b>212</b>
<b>Financial result</b>	<b>-5,655</b>	<b>-5,655</b>	<b>0</b>
<b>Result before income taxes</b>	<b>2,374</b>	<b>2,162</b>	<b>212</b>
Income taxes	-348	-282	-66
<b>Net income for the period</b>	<b>2,026</b>	<b>1,880</b>	<b>146</b>

The breakdown of revenue by specific categories required by IFRS 15 is shown under "(6) NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS".

### 3. 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 2017.

#### CHANGES IN THE BASIS OF CONSOLIDATION

BONITA ITALIA S.R.L. UNIPERSONALE, headquartered in Verona / Italy, was liquidated in February 2018.

### 4. 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.

## 5. SEGMENT REPORTING

### Operating Segments

H1 2018 (2017)

EUR thousand	Wholesale		Retail		Group
	TOM TAILOR	TOM TAILOR	BONITA	Total	
Third-party revenue	151,067	126,779	121,425	248,204	399,271
	(166,348)	(140,198)	(139,725)	(279,923)	(446,271)
Gross profit	81,237	77,905	83,794	161,699	242,936
	(76,271)	(81,815)	(93,865)	(175,680)	(251,951)
<b>Earnings before interest, taxes, depreciation and amortisation (EBITDA)</b>	<b>22,784</b>	<b>1,328</b>	<b>2,671</b>	<b>3,999</b>	<b>26,783</b>
	(19,968)	(2,658)	(8,036)	(10,694)	(30,662)
<b>Earnings before interest and taxes (EBIT)</b>	<b>14,323</b>	<b>-4,895</b>	<b>-1,398</b>	<b>-6,293</b>	<b>8,030</b>
	(13,541)	(-3,380)	(1,619)	(-1,761)	(11,780)
<b>Material non-cash expenses / income</b>	<b>11,078</b>	<b>1,425</b>	<b>3,188</b>	<b>4,613</b>	<b>15,691</b>
	(10,657)	(4,197)	(-838)	(3,359)	(14,016)

### Information by regions

H1 2018 (2017)

EUR thousand	Germany	International markets	Group
<b>Revenue</b>	<b>243,179</b>	<b>156,092</b>	<b>399,271</b>
	(276,753)	(169,518)	(446,271)
<b>Non-current assets</b>	<b>372,249</b>	<b>26,786</b>	<b>399,035</b>
	(341,866)	(38,670)	(380,536)

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.

## 6. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

### SALES REVENUE

The following tables show the breakdown of revenue by primary geographical market and distribution channel, including a reconciliation statement that illustrates the connection between the revenue broken down and the TOM TAILOR Wholesale, TOM TAILOR Retail and BONITA segments.

## Revenue

## H1 2018

EUR thousand	Wholesale		Retail		Group
	TOM TAILOR	TOM TAILOR	BONITA	Total	
<b>Revenue by region</b>					
Germany	93,540	61,852	88,152	150,005	243,544
Austria	12,672	19,364	14,732	34,096	46,768
Switzerland	5,103	3,014	8,650	11,664	16,767
Benelux countries	11,474	4,330	9,724	14,054	25,528
France	1,660	2,050		2,050	3,710
Russia	11,234	10,582		10,582	21,816
Other	15,384	25,587	166	25,753	41,137
<b>TOTAL</b>	<b>151,067</b>	<b>126,779</b>	<b>121,425</b>	<b>248,204</b>	<b>399,271</b>
<b>Revenue by distribution channel</b>					
Retail		105,824	119,246	225,070	225,070
Key accounts	151,067				151,067
Online business		20,955	2,179	23,134	23,134
<b>TOTAL</b>	<b>151,067</b>	<b>126,779</b>	<b>121,425</b>	<b>248,204</b>	<b>399,271</b>

## Revenue

## H1 2017

EUR thousand	Wholesale		Retail		Group
	TOM TAILOR	TOM TAILOR	BONITA	Total	
<b>Revenue by region</b>					
Germany	104,745	71,686	100,322	172,008	276,753
Austria	13,652	19,312	16,586	35,898	49,550
Switzerland	6,503	3,069	10,300	13,369	19,872
Benelux countries	12,094	5,431	11,473	16,904	28,998
France	2,622	3,071	79	3,150	5,772
Russia	11,609	8,777		8,777	20,386
Other	15,123	28,852	966	29,818	44,941
<b>TOTAL</b>	<b>166,348</b>	<b>140,198</b>	<b>139,725</b>	<b>279,923</b>	<b>446,271</b>
<b>Revenue by distribution channel</b>					
Retail		117,026	137,577	254,603	254,603
Key accounts	166,348				166,348
Online business		23,172	2,148	25,320	25,320
<b>TOTAL</b>	<b>166,348</b>	<b>140,198</b>	<b>139,725</b>	<b>279,923</b>	<b>446,271</b>

## LIABILITIES TO BANKS

On 29 March 2018, 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 500 million were reduced to EUR 400 million in this context. Against the backdrop of the successful implementation of the RESET program, the related strong business performance and the significant reduction in the debt ratio, the new credit facility was signed at substantially better terms, which will translate into lower financing costs in the future. In addition to the better terms, the loan documentation was simplified further and tailored to the needs of the TOM TAILOR GROUP. The consortium was also reduced from twelve to eight banks.

The available bank lines of credit with a total volume of EUR 400.0 million comprise a current account overdraft facility of EUR 145.0 million, a guaranteed line of credit of EUR 180.0 million and bank loans of EUR 75.0 million.

The bank loans, current account overdraft facility and guaranteed line of credit are available to the TOM TAILOR GROUP for five years from the date of grant. Up until maturity in March 2023, in addition to the first instalment already made, further scheduled repayments of EUR 67.5 million must be made so that the bank loans are repaid in full.

As at the reporting date, bank commissions and transaction costs of EUR 2.0 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.

The previously accrued bank commissions and transaction costs in connection with the old financing in the reporting period were recognised in the interest expense item in profit or loss in the full amount of EUR 3.0 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.

At the end of May 2013, TOM TAILOR Holding SE successfully issued a borrower's note loan totalling EUR 80.0 million to refinance short-term bank liabilities from the acquisition of the BONITA companies. The borrower's note loan comprised three tranches with maturities of 2.6, 3.6 and five years, and had both fixed and variable rates of interest. The remaining fixed-rate borrower's note loan in the amount of EUR 15.0 million was repaid on schedule at the end of May 2018.

The bank commissions of EUR 0.6 million relating to the borrower's note loan have been amortised over the term of the liabilities to banks using the effective interest method and were recognised in the interest expense item in profit or loss over the term of the loan.

The EUR 25.0 million loan that was to fall due at the end of May 2019 has also been repaid early. At the same time, a new loan of EUR 10.0 million was taken out.

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.

The agreed financial covenants for the existing lines of credit were met in the reporting period.

## 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 Value of Financial Instruments

EUR thousand	Category acc. to IAS 39	Carrying amount 31/12/2017	Balance sheet carrying amount acc. to IAS 39				Fair value 31/12/2017
			amortised cost	at fair value through other comprehensive income	at fair value through profit or loss	Carrying amount acc. to IAS 17	
<b>Financial assets</b>							
Trade receivables and other assets	LaR	73,177	73,177				73,177
Cash and cash equivalents	LaR	24,189	24,189				24,189
Derivatives used to hedge interest rate and currency risk that are part of a hedging relationship	n/a	57		57			57
<b>Financial liabilities</b>							
Liabilities to banks	Flac	110,110	110,110				110,110
Finance lease liabilities	n/a	27,352				27,352	27,352
Derivatives used to hedge interest rate and currency risk that are part of a hedging relationship	n/a	17,104		17,104			17,104
Trade payables and other liabilities	Flac	129,083	129,083				129,083

Flac = financial liabilities measured at amortised cost  
LaR = loans and receivables

## Fair Value of Financial Instruments

EUR thousand	Category acc. to IFRS 9	Carrying amount 30/06/2018	Balance sheet carrying amount acc. to IFRS 9				Fair value 30/06/2018
			amortised cost	at fair value through other comprehensive income (no recycling)	at fair value through other comprehensive income (with recycling)	at fair value through profit or loss	
<b>Financial assets</b>							
Trade receivables and other assets	amortised cost	76,543	76,543				76,543
Cash and cash equivalents	amortised cost	24,029	24,029				24,029
Derivatives used to hedge interest rate and currency risk that are part of a hedging relationship	n/a	6,756			6,756		6,756
<b>Financial liabilities</b>							
Liabilities to banks	amortised cost	134,984	134,984				134,984
Finance lease liabilities	n/a	25,757				25,757	25,757
Derivatives used to hedge interest rate and currency risk that are part of a hedging relationship	n/a	3,951			3,951		3,951
Trade payables and other liabilities	amortised cost	130,067	130,067				130,067

The approaches used for determining the fair value did not change compared with 31 December 2017. 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 2017.

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 2018 meet the requirements for hedge accounting under IFRS 9. 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 2018 in the total amount of EUR 2.8 million (31 December 2017: EUR -17.1 million) was recognised net of deferred taxes in the amount of EUR -0.9 million (31 December 2017: EUR 5.3 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 TAILOR 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 are measured in accordance with IFRS 9 based on the comments on the new impairment model described under "(2) INTERPRETATIONS AND STANDARDS APPLICABLE FOR THE FIRST TIME IN THE REPORTING PERIOD." Based on this measurement, valuation allowances are recognised to account for any losses expected on these receivables. As at 30 June 2018 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 2018 and 31 December 2017 that are subsequently measured at fair value.

### Fair Value of Financial Instruments

EUR thousand	30/06/2018	Level 1	Level 2	Level 3
<b>Financial assets at fair value through profit or loss</b>				
Hedging instruments designated as cash flow hedges (currency forwards)	6,756	–	6,756	–
	<b>6,756</b>	<b>–</b>	<b>6,756</b>	<b>–</b>
<b>Financial liabilities at fair value through profit or loss</b>				
Hedging instruments designated as cash flow hedges (currency forwards)	3,951	–	3,951	–
	<b>3,951</b>	<b>–</b>	<b>3,951</b>	<b>–</b>
<b>EUR thousand</b>				
	<b>12/31/2017</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Financial assets at fair value through profit or loss</b>				
Hedging instruments designated as cash flow hedges (currency forwards)	57	–	57	–
	<b>57</b>	<b>–</b>	<b>57</b>	<b>–</b>
<b>Financial liabilities at fair value through profit or loss</b>				
Hedging instruments designated as cash flow hedges (currency forwards)	17,104	–	17,104	–
	<b>17,104</b>	<b>–</b>	<b>17,104</b>	<b>–</b>

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

## **7. 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 2018, net cash provided by the Group's operating activities amounted to EUR 0.5 million, a decrease of EUR 15.4 million compared with the figure of EUR 15.9 million recorded for the same period of the previous year. In spite of higher net income for the period of EUR 2.0 million (2017: EUR 0.1 million), the significant expansion of inventories in particular had a negative effect on cash flows from operating activities.

Net cash used in investing activities of EUR 17.3 million rose significantly compared with the first half of 2017 (EUR 1.5 million), mainly due to higher investments in the IT infrastructure and software. The capital expenditure on software relates to the introduction of the SAP FMS industry solution in the TOM TAILOR GROUP. Of the investments made, EUR 2.6 million (2017: EUR 2.2 million) was attributable to the TOM TAILOR Retail segment, EUR 6.2 million (2017: EUR 1.2 million) to the TOM TAILOR Wholesale segment and EUR 8.5 million to the BONITA segment (2017: EUR 0.5 million).

In the reporting period, net cash provided by financing activities amounted to EUR 16.6 million. This contrasts with net cash used in financing activities of EUR 7.2 million in the same period of 2017. The net cash provided by financing activities is largely attributable to the refinancing of the syndicated loan. For more detailed information and explanations, please refer to the statements in "(6) NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS – LIABILITIES TO BANKS". By contrast, the scheduled repayment of long-term loans, the scheduled repayment of the remaining tranche of the promissory note in the amount of EUR 15 million and the repayment of the EUR 25.0 million loan led to a cash outflow.

## **8. 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**

The Chairman of the Management Board, Dr Heiko Schäfer, directly held 53,000 shares of the Company as at 30 June 2018. As at said date, Thomas Dressendörfer (Chief Financial Officer) directly held 25,000 shares of the Company.

## **9. 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, 8 August 2018

The Management Board



Dr Heiko Schäfer  
(Chief Executive Officer)



Thomas Dressendörfer  
(Chief Financial Officer)



Liam Devoy  
(Chief Operating Officer)

# FINANCIAL CALENDAR

## Financial Calendar

Date	Current Events
8 August 2018	Half-yearly financial report
13 November 2018	Quarterly management statement as at 30 September 2018
26 November 2018	German Equity Forum, Frankfurt

## 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

---

**Published by**

TOM TAILOR Holding SE  
Garstedter Weg 14  
22453 Hamburg, Germany  
Phone: +49 (0)40 589 56 0  
Fax: +49 (0)40 589 56 398  
info@tom-tailor.com  
www.tom-tailor-group.com

**Investor Relations & Corporate Communications**

Viona Brandt

Head of Investor Relations  
Phone: +49 (0)40 589 56 449  
Fax: +49 (0)40 589 56 199  
viona.brandt@tom-tailor.com

Lena C. Wulfmeyer

Head of Corporate Communications  
Phone: +49 (0)40 589 56 420  
Fax: +49 (0)40 589 56 199  
lena.wulfmeyer@tom-tailor.com

**Consulting, Concept & Design**

Silvester Group  
www.silvestergroup.com

**Photography**

The rights to the campaign photos are held by Tom Tailor GmbH.

---

# COMMIT AND DELIVER

---