



HALF-YEAR REPORT 2017/18

(MAY 2017 - OCTOBER 2017)

Wolford Group Key Data

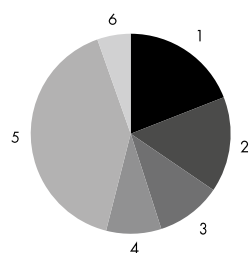
Earnings Data		05 -10/17	05 -10/16	Chg. in %	2016/17
Revenues	in € mill.	70.15	67.62	+4	154.28
EBIT*	in € mill.	-6.18	-7.86	+21	-15.72
Earnings before tax*	in € mill.	-7.36	-8.25	+11	-16.57
Earnings after tax*	in € mill.	-6.62	-8.07	+18	-17.88
Capital expenditure	in € mill.	0.78	4.89	-84	6.72
Free cash flow*	in € mill.	-7.88	-19.09	+59	-9.45
Employees (on average)	FTE	1 476	1 558	-5	1 544

Balance Sheet Data		31.10.2017	31.10.2016	Chg. in %	30.04.2017
Equity*	in € mill.	38.23	54.79	-30	44.88
Net debt	in € mill.	39.15	40.47	-3	31.27
Working capital	in € mill.	48.65	56.61	-14	45.73
Balance sheet total*	in € mill.	130.68	151.36	-14	138.39
Equity ratio*	in %	29	36	-	32
Gearing*	in %	102	74	-	70

Stock Exchange Data		05 -10/17	05 -10/16	Chg. in %	2016/17
Earnings per share*	in €	-1.35	-1.64	+18	-3.64
Share price high	in €	21.45	26.01	-18	26.01
Share price low	in €	15.92	22.67	-30	19.10
Share price at end of period	in €	15.92	22.85	-30	19.28
Shares outstanding (weighted)	in 1,000	4,912	4,912	-	4,912
Market capitalization (ultimo)	in € mill.	79.60	114.25	-30	96.38

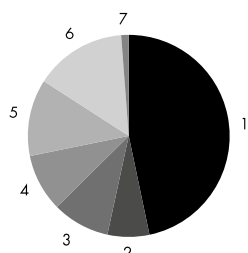
* Figures as of October 31, 2016 retrospectively adjusted due to corrections made in connection with OePR audit review

REVENUES BY MARKET



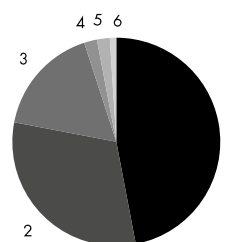
- 1 North America 19%
- 2 Germany 15%
- 3 Austria 11%
- 4 France 9%
- 5 Rest of Europe 41%
- 6 Asia/Oceania 5%

REVENUES BY DISTRIBUTION



- 1 Boutiques 47%
- 2 Concession-Shop-in-shops 7%
- 3 Online Business 9%
- 4 Factory Outlets 9%
- 5 Department Stores 12%
- 6 Multi-brand Retailers 15%
- 7 Private Label 1%

REVENUES BY PRODUCT GROUP



- 1 Legwear 47%
- 2 Ready-to-wear 31%
- 3 Lingerie 17%
- 4 Swimwear 2%
- 5 Accessories 2%
- 6 Trading goods 1%

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Letter from the Board



Axel Dreher and Brigitte Kurz, Management Board of Wolford AG

Dear shareholders,

Ladies and Gentlemen,

The most recent indicators clearly show that the revenue generated by Wolford stabilized in the first half of the year across our various distribution channels. Moreover, the restructuring measures are having a positive impact even if we are still reporting losses as expected. We succeeded in significantly reducing fixed costs, above all personnel expenses. As previously announced, Wolford recently cut jobs, especially administrative positions. On balance, personnel expenses fell by more than € 3.5 million in the first half-year, which will prove to be a sustainable cost reduction. On a Group level, Wolford's work force consists of 82 employees less than at the end of the previous financial year.

We managed to considerably reduce the increased inventories from the past financial year by a total of € 7.5 million, and bring them back to a more normal level. Special sell-offs only played a minor role. Instead, we gradually reduced inventories with the help of adjusted production planning, which also positively affected material costs. Other measures also had a sustainable cost-saving effect, for example the reorganization of our business in China. A new wholesale partner took over two loss-making Wolford boutiques in Shanghai in September. This involves a very experienced partner specializing in the luxury segment which plans to expand Wolford's local presence on a step by step basis.

Only half of bridge loan used and already repaid

The generated savings are naturally in contrast to additional non-recurring expenses related to the restructuring and refinancing. However, the stabilized revenue, sustainable savings and positive operating earnings (EBIT) of just over € 1 million in the second quarter show that we are on the right path. Against this backdrop, Wolford only had to use half of the bridge loan of € 10 million granted by the banks in July 2017 to secure our peak seasonal liquidity requirements. In the meantime, we already completely paid back the amount of € 5 million in the past two months due to the positive development of the operative performance.

Foundations for renewed growth

Despite all the essential restructuring measures, our company should not neglect to pay attention to the foundations of future growth. This particularly applies to expanding our online business. Product availability is once again secured following the well-known problems we faced in the previous year. We strengthened our technical base and hired three new online specialists who are mainly active in the front-end segment with close customer proximity. We also restructured the marketing budget to enhance the performance of our online business, and are focusing on systematically linking online and offline advertising campaigns. The results speak for themselves. Our online revenue climbed 33% in the first half-year. Also the Wolford's own retail showed an substantial like-for-like increase of 4.1%.

Last but not least, our company filled the vacant positions of chief designer and director brand and marketing. This sets the conditions to the redirection and positive development of the brand and the company.

Dear shareholders, it is generally known that our primary objective is to return Wolford to profitability through our own efforts and on the basis of the current revenue level. We are making unmistakable progress, even if we still have a lot of work ahead of us and further restructuring measures will have to be implemented. This development also confirms our expectation that Wolford will succeed in sustainably generating a profit again starting in the new 2018/19 financial year.

This goal will continue to be the primary focus of our activities. At the same time, we are taking part in talks with prospective investors on acquiring a majority stake in Wolford AG currently held by family foundations. A decision on this will be made over the next 6-8 weeks, which we will naturally inform you about in due time.

We would like to thank you for the confidence you have placed in us, and hope that you will continue to accompany us on our path.



Axel Dreher, CEO



Brigitte Kurz, CFO

Management Report

EARNINGS (MAY TO OCTOBER 2017)

The Wolford Group generated revenue of € 70.14 million in the first half of the current 2017/18 financial year, comprising a rise of 3.7% from the prior-year level of € 67.62 million. Second-quarter revenue increased by 3.0% to € 41.06 million. The revenue increase over the entire first half-year equaled 4.7% when adjusted to take account of currency effects (especially the decrease in value of the British pound and the US dollar).

Revenue increase in all distribution channels

Both Wolford's own retail business as well as its wholesale business reported a rise in revenue. Wolford-owned retail stores showed a increase of 1.9% or € 0.72 million, whereas the wholesale segment expanded slightly by 1.2% or € 0.29 million compared to the prior-year level. Revenue of Wolford's own online business was up significantly by 32.6% year-on-year or € 1.62 million as a result of improved product availability and successful marketing campaigns.

Higher revenue in all core markets

For the most part, revenue development in the regions was encouraging in the first half of 2017/18 financial year. Wolford succeeded in increasing revenue in the USA (+3.7%), Germany (+2.8%), Italy (+8.5%), Austria (+8.2%), Spain (+7.9%), Belgium (+5.6%), Switzerland (+5.4%) and Scandinavia (+2.9%). Wolford's business in its Eastern European markets performed particularly well, recording a 36.6% rise in revenue, which is primarily due to the recovery of the Russian market. Wolford also generated double-digit growth of 10.8% in the Netherlands, mainly with the help of a new wholesale partner. In contrast, revenue fell in France (-2.0%) and Great Britain (-5.5%), above all within the context of Brexit uncertainties, interest rate increases and the devaluation of the British pound.

Revenue of the individual product groups showed a very differentiated development in the first six months. Lingerie and Ready-to-wear revenue were up 7.7% and 7.6% respectively. In contrast, revenue decreased in the Legwear (-2.3%), Accessories (-13.0%) and Trading Goods (-5.7%) product groups. The decline in revenue generated by the Legwear product group is a temporary consequence of the extensive sell-off of legwear in France at the end of the past financial year. The decline in the Accessories product group was due to the streamlining of this segment's product portfolio.

EBIT above the prior year

Inventories were substantially reduced in the first half-year with the help of an adjusted production planning. Inventories were down € 7.53 million to € 47.72 million from the previous year, which was characterized by sales planning mistakes. Against this backdrop, material costs were down € 3.66 million to € 10.56 million despite the revenue growth. The average number of employees (full-time equivalents) in the first half of 2017/18 fell by 82 to 1,476 employees from the prior-year average of 1,558. This development is attributable to the reduction of administrative positions in European sales regions as well as the streamlining of administrative staff in Bregenz. The effectiveness of these measures implemented as part of the restructuring program was also reflected in personnel expenses, which showed a sustainable drop of € 3.66 million to € 34.47 million. By way of contrast, legal and consulting costs in connection with restructuring and refinancing were up € 1.11 million to € 2.75 million.

Wolford is increasingly benefitting from declining personnel expenses. In the second quarter alone, they were down € 2.28 million to € 17.03 million. As a consequence, second-quarter operating earnings (EBIT) were positive at € 1.04 million. Even if the losses generated in the traditionally weak first quarter could only be offset to a limited extent, operating earnings (EBIT) in the first six months of the current financial year improved to € -6.18 million, compared to € -7.86 million in the previous year.

The financial result of € -1.19 million was considerably below the prior-year figure of € -0.40 million, especially due to interest paid, deposit and registration fees related to the refinancing. Earnings before tax in the first six months of 2017/18 were € -7.36 million, compared to € -8.25 million in the previous year. Earnings after tax calculated in accordance with IAS 34 equaled € -6.62 million, up from € -8.07 million in the first half of 2016/17. Earnings per share amounted to € -1.35, following € -1.64 in the previous year.

Earnings after tax of € -6.62 million in the first half-year

CASH FLOW (MAY TO OCTOBER 2017)

The net cash flow from operating activities (operating cash flow) in the first six months of the current financial year rose by € 7.09 million to € -6.44 million. This development was mainly due to the revenue increase and the successful reduction of inventories. The cash flow from investing activities amounted to € -0.52 million in the reporting period, a substantial drop of € 4.35 million below the prior-year figure. In the first six months, Wolford primarily invested in its boutique in Boston, optimizing the merchandise management system and expanding its online sales platform.

Operating cash flow considerably above prior-year level

Against this backdrop, the free cash flow (cash flow from operating activities less the cash flow from investing activities) improved from € -19.09 million to € -7.88 million. The cash flow from financing activities decreased significantly in comparison to the previous year, dropping by € 17.08 million to € 2.33 million. This decline can be mainly attributable to the positive earnings in the second quarter and the correspondingly lower need to draw upon the lines of credit granted by banks. Cash and cash equivalents totaled € 4.76 million at the end of the reporting period, compared to € 4.15 million in the previous year.

ASSETS AND FINANCIAL POSITION (AS OF OCTOBER 31, 2017)

Equity of the Wolford Group fell to € 38.23 million at the balance sheet date from € 54.79 million as at October 31, 2016, which is due to the losses recorded during the last two financial years. As a result, the equity ratio equaled 29% (October 31, 2016: 36%). Net debt as at October 31, 2017 fell slightly from € 40.47 million to € 39.15 million. However, the gearing ratio rose to 102% (October 31, 2016: 74%) as a result of the substantial drop in equity. This increase is mainly attributable to the losses posted in the two preceding years as well as the related rise in financial liabilities.

Equity ratio of 29 %

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

No major events occurred after the balance sheet date that would have had a significant effect on the financial position, financial performance or cash flow of the Wolford Group.

OUTLOOK

Wolford confirms its outlook announced on August 24, 2017 within the context of presenting its 2016/17 annual results. The management expects slight revenue growth in the current financial year and negative operating earnings once again. It is known that a period of two years is planned for implementation of the restructuring measures aimed at improving earnings. The relevant measures will only take full effect starting in the 2018/19 financial year. Wolford anticipates renewed positive operating earnings starting in the 2018/19 financial year.

Positive operating earnings expected as of 2018/19

Interim Financial Statements (IFRS)

Statement of Comprehensive Income

in TEUR	08 -10/17	08 -10/16	05 -10/17	05 -10/16
Revenues	41,056	39,878	70,145	67,621
Other operating income	607	266	849	812
Changes in inventories of finished goods and work-in-process	-4,552	649	-1,652	5,992
Own work capitalized	0	71	0	83
Operating output	37,111	40,864	69,342	74,508
Cost of materials and purchased services	-3,790	-5,574	-10,560	-14,223
Personnel expenses	-17,033	-19,313	-34,467	-38,128
Other operating expenses*	-13,317	-13,612	-26,605	-25,729
Depreciation and amortization*	-1,928	-2,138	-3,888	-4,283
EBIT*	1,043	227	-6,178	-7,855
Net interest cost	-902	-124	-1,050	-264
Net investment securities income	10	-27	0	26
Interest cost of employee benefit liabilities	-67	-81	-135	-161
Financial result	-959	-232	-1,185	-399
Earnings before tax*	84	-5	-7,363	-8,254
Income tax	208	-32	747	189
Earnings after tax*	292	-37	-6,616	-8,065
Amounts that will not be recognized through profit and loss in future periods	0	0	0	0
thereof actuarial gains and losses	0	0	0	0
Amounts that will potentially be recognized through profit and loss in future periods	-36	9	453	15
thereof currency translation differences	-36	9	453	15
thereof change from cash flow hedges	0	0	0	0
Other comprehensive income¹⁾	-36	9	453	15
Total comprehensive income*	256	-28	-6,163	-8,050
Attributable to the equity holders of the parent company*	256	-28	-6,163	-8,050
Earnings after tax attributable to equity holders of the parent company*	292	-37	-6,616	-8,065
Earnings per share (diluted = basic)*	0.06	-0.01	-1.35	-1.64

¹⁾ The items presented under other comprehensive income are shown after tax.

*) Figures as of October 31, 2016 retrospectively adjusted due to corrections made in connection with OePR audit review

Cash Flow Statement

in TEUR	05 -10/17	05 -10/16*
Earnings before tax	-7.363	-8.254
Depreciation and amortization / write-backs	3.888	4.283
Gains / losses from disposals of non-current assets	-11	142
Other non-cash income and expenses	1.225	248
Changes in inventories	1.672	-7.412
Changes in trade receivables	-2.471	-4.582
Changes in other receivables and assets	803	-1.239
Changes in trade payables	-627	-862
Changes in other provisions and employee-related provisions	-2.190	4.264
Changes in other liabilities	-1.368	-121
Cash flow from operating activities	-6.442	-13.533
Interest received	10	12
Interest paid	-594	-339
Net balance of income taxes paid / received	-336	-369
Net cash flow from operating activities	-7.362	-14.229
Payments for investments in property, plant and equipment and other intangible assets	-784	-5.013
Proceeds from disposals of property, plant and equipment and other intangible assets	267	149
Changes in securities and other financial assets	0	0
Cash flow from investing activities	-517	-4.864
Proceeds from current and non-current financial liabilities	2.545	20.893
Repayment of current and non-current financial liabilities	-211	-499
Dividends paid	0	-982
Changes in treasury stock	0	0
Cash flow from financing activities	2.334	19.412
Cash-effective change in cash and cash equivalents	-5.545	319
Cash and cash equivalents at beginning of period	10.312	3.870
Effects of exchange rate movements on cash and cash equivalents	-4	-35
Cash and cash equivalents at end of period	4.763	4.154

*) Figures as of October 31, 2016 retrospectively adjusted due to corrections made in connection with OePR audit review

Balance Sheet

in TEUR	31.10.2017	31.10.2016	30.04.2017
Property, plant and equipment*	43,057	50,779	45,553
Goodwill*	804	709	188
Other Intangible assets	9,345	11,330	10,681
Financial assets	1,283	1,331	1,283
Non-current receivables and assets	1,803	1,749	1,891
Deferred tax assets	2,575	2,885	1,891
Non-current assets*	58,867	68,783	61,487
Inventories	47,721	55,249	49,392
Trade receivables	13,661	13,341	11,190
Other receivables and assets	3,405	5,618	3,261
Prepaid expenses	2,260	4,211	2,744
Cash and cash equivalents	4,763	4,154	10,312
Current assets	71,810	82,573	76,899
Total assets*	130,677	151,356	138,386
Share capital	36,350	36,350	36,350
Capital reserves	1,817	1,817	1,817
Other reserves*	691	17,282	7,375
Currency translation differences*	-633	-659	-660
Equity*	38,225	54,790	44,882
Financial liabilities	912	0	214
Other liabilities	909	950	924
Provision for long-term employee benefits	17,483	17,751	17,546
Other long-term provisions*	2,347	2,018	2,347
Deferred tax liabilities	-92	83	53
Non-current liabilities*	21,559	20,802	21,084
Financial liabilities	44,278	45,954	42,645
Trade payables	4,408	4,225	5,035
Other liabilities	11,722	13,373	13,076
Income tax liabilities	759	1,423	520
Other provisions*	9,726	10,789	11,144
Current liabilities*	70,893	75,764	72,420
Total equity and liabilities*	130,677	151,356	138,386

*) Figures as of October 31, 2016 retrospectively adjusted due to corrections made in connection with OePR audit review

Statement of Changes in Equity

in TEUR	Attributable to equity holders of the parent company							Total equity
	Share capital	Capital reserves	Hedging reserve	Actuarial gain/loss	Other reserves	Treasury stock	Currency translation	
01.05.2016*	36,350	1,817	6	-4,070	34,798	-4,413	-674	63,814
Dividends 2015/16	0	0	0	0	-982	0	0	-982
Earnings after tax*	0	0	0	0	-8,065	0	0	-8,065
Other comprehensive income	0	0	0	0	0	0	23	23
31.10.2016*	36,350	1,817	6	-4,070	25,751	-4,413	-651	54,790
01.05.2017	36,350	1,817	7	-4,157	15,938	-4,413	-660	44,882
Dividends 2016/17	0	0	0	0	0	0	0	0
Earnings after tax	0	0	0	0	-6,616	0	0	-6,616
Other comprehensive income	0	0	0	0	0	0	-40	-40
31.10.2017	36,350	1,817	7	-4,157	9,322	-4,413	-700	38,225

*) Figures as of October 31, 2016 retrospectively adjusted due to corrections made in connection with OePR audit review

Segment Reporting

05 -10/17 in TEUR	Austria	Rest of Europe	North America	Asia	Consolidations	Group
Revenues	39,156	40,947	13,304	2,839	-26,103	70,145
thereof intersegment	22,362	3,741	0	0	-26,103	0
External revenues	16,795	37,206	13,304	2,839	0	70,145
EBIT	-5,702	-1,070	-1,607	-378	2,579	-6,178
Segment assets	151,678	46,395	9,444	3,842	-80,682	130,677
Segment liabilities	77,851	36,219	13,735	6,309	-41,662	92,452
Investments	302	317	165	0	0	784
Depreciation and amortization	2,414	1,139	191	144	0	3,888
Employees on average (FTE)	637	683	115	41	0	1,476

05 -10/16 in TEUR	Austria	Rest of Europe	North America	Asia	Consolidations	Group
Revenues	39,309	41,807	13,038	2,578	-29,111	67,621
thereof intersegment	24,334	4,777	0	0	-29,111	0
External revenues	14,975	37,030	13,038	2,578	0	67,621
EBIT*	-1,911	-2,260	-502	-1,088	-2,094	-7,855
Segment assets*	171,220	50,454	13,208	4,321	-87,847	151,356
Segment liabilities*	79,015	42,877	15,410	4,372	-45,108	96,566
Investments	2,680	1,184	393	640	-6	4,891
Depreciation and amortization*	2,493	1,387	179	233	-9	4,283
Employees on average (FTE)	690	728	108	32	0	1,558

*) Figures as of October 31, 2016 retrospectively adjusted due to corrections made in connection with OePR audit review

Notes to the Interim Financial Statements

GENERAL INFORMATION

These consolidated interim financial statements of Wolford AG for the first six months of the 2017/18 financial year (May 1 to October 31, 2017) were prepared in accordance with the stipulations contained in the International Financial Reporting Standards (IFRS) on the basis of IAS 34 (Interim Financial Reporting). The accounting policies applied in preparing the interim consolidated financial statements are consistent with those applied in the consolidated financial statements for the 2016/17 financial year. The following new or revised standards or interpretations require mandatory application in the current 2017/18 financial year for the first time:

Standard/ Interpretation	Description	Effective date
IAS 12	Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses	January 1, 2017
IAS 7	Statement of Cash Flows: Disclosure Initiative	January 1, 2017
IFRS 2	Share-based Payment: Clarification of Classification and Measurement of Share-based Payment Transactions	January 1, 2018
IAS 40	Accounting for Investment Properties under Construction	January 1, 2018
IFRS 9	Financial Instruments	January 1, 2018
IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	January 1, 2018
IFRS 15	Revenue from Contracts with Customers (including clarification to IFRS 15)	January 1, 2018
Sundry	Amendments to several IFRSs as a result of the 2014-2016 Improvement Process	January 1, 2017 & January 1, 2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration	January 1, 2018

Application of the new standards and interpretations did not have any effects on the consolidated interim financial statements of the Wolford Group. These consolidated interim financial statements do not include all information and disclosures required for the consolidated annual financial statements. For this reason, the consolidated interim financial statements should also be read in conjunction with the latest consolidated financial statements as at April 30, 2017. All amounts stated in the quarterly financial reports are stated in thousands of euros (TEUR). Rounding differences may occur due to the application of accept commercial rounding principles.

SCOPE OF CONSOLIDATION

The scope of consolidation has not changed since the previous balance sheet date on April 30, 2017.

SEASONALITY OF BUSINESS

Wolford generates lower revenues in the first and last months of the financial year compared to the middle of the year due to the prevailing weather conditions. These seasonal fluctuations are reflected in revenues for the first and fourth quarters, which are generally lower than the comparable figures for the second and third quarters.

NOTES ON THE STATEMENT OF COMPREHENSIVE INCOME

Revenue recorded by the Woldford Group increased by 3.7% or TEUR 2,524 in the first six months of the 2017/18 financial year to TEUR 70,145 (previous year: TEUR 67,621). Operating output declined by TEUR 5,166 to TEUR 69,342 (previous year: TEUR 74,508) due to the lower change in the inventories of finished goods and work in progress.

Operating earnings also improved year-on-year, which is related to the revenue increase. EBIT in the first six months of the 2017/18 financial year amounted to TEUR -6,178, compared to TEUR -7,855 in the previous year.

The financial result deteriorated by TEUR 786 in the first half of the financial year to TEUR -1,185. This development can be attributed to interest paid, deposit and registration fees in connection with refinancing.

The reported tax income totaled TEUR 747 in the first two quarters of 2017/18 (previous year: TEUR 189). Accordingly, earnings after tax amounted to TEUR -6,616 (previous year: TEUR -8,065).

Positive currency translation differences of TEUR 453 (previous year: TEUR 15) which were recorded without recognition through profit or loss as well as an unchanged hedging reserve of TEUR 0 (previous year: TEUR 0) led to other comprehensive income of TEUR 453 (previous year: TEUR 15). The total comprehensive income resulted in a decline in equity in the reporting period by TEUR 6,163 (previous year: TEUR 8,050).

NOTES ON SEGMENT REPORTING

The four reportable segments of the Woldford Group are classified into four regions: Austria, Rest of Europe, North America and Asia. Segment reporting is based on the same accounting and valuation policies applied in preparing the consolidated annual financial statements.

External sales rose by 12% in the Austria segment and 1% in the Rest of Europe segment, by 2% in the North America segment and fell by 10% in the Asia segment. EBIT of the Austria segment was down TEUR 3,791 from the previous year due to charges resulting from the initiated restructuring program as well as negative currency translation differences. EBIT in the Rest of Europe segment was up by TEUR 1,190, which was primarily attributable to adjusted production planning and the related reduction in the cost of materials. The North America segment reported an EBIT of TEUR -1,607, comprising a drop of TEUR 1,105. This was mainly due to higher rental expenses as well as higher costs relating to online business. In the Asia segment, EBIT climbed by TEUR 710 above the prior-year level, which was related to the revenue growth. Segment assets fell by TEUR 20,679 to TEUR 130,677. This decline can be mainly attributed to the lower carrying amounts of property, plant and equipment as a consequence of impairment losses recognized in the previous year, as well as the reduction in inventories related to the adjusted production planning.

NOTES ON THE CASH FLOW STATEMENT

The net cash flow from operating activities (operating cash flow) rose by TEUR 6,867 in the first six months of the current financial year to TEUR -7,362. This was mainly due to the adjustments made to production planning compared to the previous year as well as the related reduction in inventories. The cash flow from investing activities amounted to TEUR -517 during the reporting period, comprising a significant drop of TEUR 4,347 from the prior-year figure. In the first half-year, Woldford primarily invested in its boutique in Boston, optimizing the merchandise management system and expanding its online sales platform. The free cash flow (cash flow from operating activities less the cash flow from investing activities) improved from TEUR -19,093 to TEUR -7,879 in the reporting period due to the above-mentioned developments.

The cash flow from financing activities decreased significantly during the reporting period from TEUR 19,412 to TEUR 2,334 due to the positive second-quarter business development and the correspondingly lower need to draw upon the lines of credit granted by banks. Cash and cash equivalents totaled TEUR 4,763 at the end of the reporting period, compared to TEUR 4,154 in the previous year.

NOTES ON THE BALANCE SHEET

The balance sheet total amounted to TEUR 130,677 as at the balance sheet date of October 31, 2017, which represents a drop of 14% from the level at October 31, 2016. Non-current assets were down 14% to TEUR 58,867, accounting for 45% of total assets. Investments of TEUR 784 in intangible assets and property, plant and equipment were in contrast to scheduled amortization and depreciation of TEUR 3,888. Current assets equaled about 55% of total assets as at October 31, 2017. Inventories fell by 14% to TEUR 47,721 or 37% of total assets, whereas trade receivables rose by about 2% to TEUR 13,661, comprising about 10% of total assets.

Equity of the Woflord Group amounted to TEUR 38,225 as of October 31, 2017, which represents an equity ratio of 29% (previous year: 36%). Non-current liabilities increased in the first six months of the current financial year by TEUR 757, from TEUR 20,802 to TEUR 21,559, mainly as a result of the rise in non-current financial liabilities. This comprises 16% of the balance sheet total. Current liabilities fell to TEUR 70,893 (previous year: TEUR 75,764), primarily owing to a drop in other liabilities by TEUR 1,651 to TEUR 11,722, as well as the decline in other provisions by TEUR 1,063 to TEUR 9,726. Working capital decreased year-on-year from TEUR 56,610 to TEUR 48,657 due to the reduction in inventories. Net debt totaled TEUR 39,145 at the reporting date, representing a drop of TEUR 1,326 from the comparable figure at October 31, 2016.

FINANCIAL INSTRUMENTS

The following hierarchy is used to determine and report the fair value of financial instruments:

Level 1: Quoted prices for identical assets or liabilities on active markets

Level 2: Other valuation factors than quoted prices that can be directly (i.e. as prices) or indirectly (i.e. derived from prices) monitored for assets and liabilities

Level 3: Valuation factors for assets and liabilities that are not based on observable market data.

The financial assets classified under Level 1 consist of publicly traded investment fund shares, while the securities and financial assets reported under current assets in the prior year represent securities used to hedge rental and leasing obligations. The other receivables and other liabilities included under Level 2 result from the valuation of outstanding foreign currency derivative transactions. No financial instruments are valued in accordance with Level 3, and there continued to be no reclassifications between the fair value hierarchy levels during the reporting period.

in TEUR	Level	31.10.2017		31.10.2016	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets	1	1,283	1,283	1,331	1,331
Trade receivables		13,661	13,661	13,341	13,341
Other receivables and assets		3,405	3,405	5,618	5,618
thereof derivatives	2	0	0	13	13
Prepaid expenses		2,260	2,260	4,211	4,211
Cash and cash equivalents		4,763	4,763	4,154	4,154
Total financial assets		25,372	25,372	28,655	28,655
Financial liabilities, non-current		912	912	0	0
Financial liabilities, current		44,278	44,278	45,954	45,954
Trade payables		4,408	4,408	4,225	4,225
Other liabilities		11,722	11,722	13,373	13,373
thereof derivatives	2	0	0	1	1
Total financial liabilities		61,320	61,320	63,552	63,552

OTHER DISCLOSURES

There were no material changes in contingent liabilities since the last balance sheet date.

RELATED PARTY TRANSACTIONS

The company maintains a business relationship with several members of the Supervisory Board, which is immaterial in scope and is billed at ordinary market rates.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

No major events occurred after the balance sheet date that would have had a significant effect on the financial position, financial performance or cash flows of the Wölford Group.

WAIVER OF REVIEW

This interim report on the first half of the 2017/18 financial year was neither subject to a complete audit nor subject to an auditor's review.

**DECLARATION OF THE MANAGEMENT BOARD PURSUANT TO SECTION 87
PARA. 1 (3) AUSTRIAN STOCK EXCHANGE ACT**

The Management Board of Wolford AG hereby confirms, to the best of its knowledge, that these condensed consolidated interim financial statements provide a true and fair view of the asset, liabilities, financial position, and profit or loss of the Group as required by the applicable accounting standards. The interim financial report provide a true and fair view of the assets, liabilities, financial position, and profit or loss of the Wolford Group with respect to the important events that occurred during the first six months of the financial year and their impact on the condensed consolidated interim financial statements, of the principal risks and uncertainties for the remaining six months of the financial year and of the major related party transactions to be disclosed.

Bregenz, December 6, 2017



Axel Dreher
CEO

Responsible for Corporate Strategy,
Marketing, Sales and Product
Development, Production and
Logistics



Brigitte Kurz
CFO

Responsible for Finance, IT, Human
Resources, Legal Affairs and Investor
Relations

Financial Calender

Datum	Event
March 16, 2018	Q3 Report 2017/18
July 13, 2018	Press conference on 2017/18 annual results in Vienna

Information on the Company and the Share

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Analyst Coverage:

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Wolford AG

Wolfordstraße 1, 6900 Bregenz, Austria

This report on the first half of 2017/18 is available in the Internet under company.wolford.com in the Investor Relations section.

To ensure readability, statements referring to her or she are intended to be gender neutral and are equally valid for both women and men.

Disclaimer

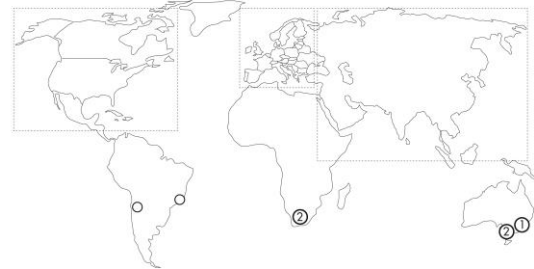
This quarterly report was prepared with the greatest possible care, and all data were subjected to multiple reviews by Wolford AG. Nevertheless, rounding, typesetting or printing errors cannot be excluded. This report is also published in English, but only the German text is binding. The quarterly report contains forward-looking statements which reflect the opinions and expectations of the Management Board and are subject to risks and uncertainties that could have a significant impact on actual results. Readers are therefore cautioned not to place undue reliance on these forward-looking statements. Wolford AG is not required to publish any updates or revisions of the forward-looking statements contained in this report unless required by law.

Monobrand Points of Sale

WORLDWIDE

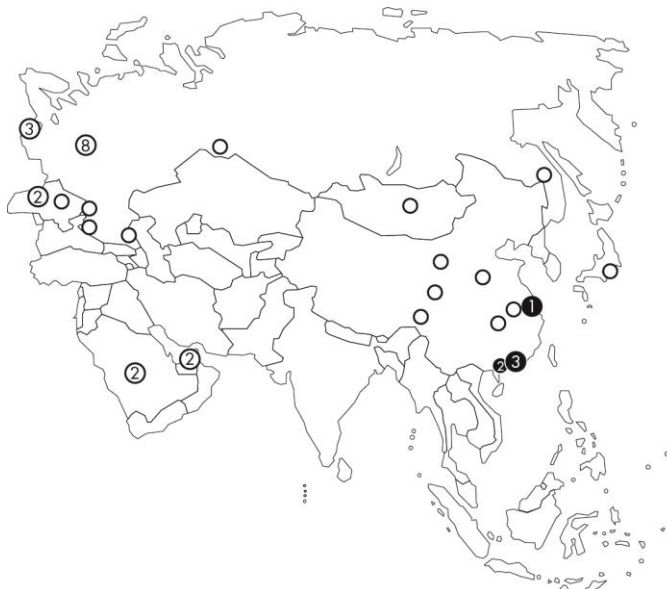
Monobrand points of sale
October 31, 2017: 268

- Thereof Woldord-owned points of sale:
108 boutiques
51 concession shop-in-shops
22 factory outlets
- Thereof partner-operated points of sale:
87 boutiques
approx. 3,000 other distribution partners



NORTH AMERICA: 36

- Thereof Woldord-owned points of sale:
23 boutiques
7 concession shop-in-shops
3 factory outlets
- Thereof partner-operated points of sale:
3 boutiques



ASIA: 33 ¹⁾

- Thereof Woldord-owned points of sale:
4 boutiques
1 concession shop-in-shop
1 Factory Outlet
- Thereof partner-operated points of sale:
27 boutiques

1) Including Russia, Ukraine

EUROPE: 192 ²⁾

- Thereof Wolford-owned points of sale:
 - 81 boutiques
 - 43 concession shop-in-shops
 - 18 factory outlets
- Thereof partner-operated points of sale:
 - 50 boutiques

2) Excluding Russia, Ukraine



