HALF-YEAR REPORT 2020

(MAY 2020 - OCTOBER 2020)

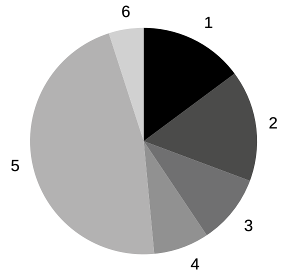
Wolford Group Key Data

Earnings Data		05 - 10/20	05 - 10/19	Chg. in %	2019/20
Revenues	in € mill.	48.17	60.49	-20	118.54
EBIT	in € mill.	31.16	-9.38	+432	-3.98
Earnings before tax	in € mill.	29.13	-12.03	-82	-35.02
Earnings after tax	in € mill.	22.81	-11.86	+292	-27.42
Capital expenditure	in € mill.	0.48	0.93	-49	8.85
Free cash flow	in € mill.	53.43	-6.04	+1.041	4.27
Employees (on average)	FTE	1.180	1.282	-8	1.243

Balance Sheet Data		31.10.2020	31.10.2019	Chg. in %	30.04.2020
Equity	in € mill.	38.26	30.96	+24	15.02
Net debt (excluding leasing)	in € mill.	positive	33.51	-	33.16
Working capital (excluding leasing)	in € mill.	32.87	33.26	-1	21.70
Balance sheet total	in € mill.	146.01	174.88	-17	161.69
Equity ratio	in %	26	18	+46	9
Gearing	in %	-	108	-	221

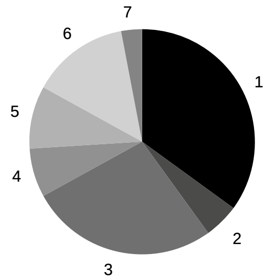
Stock Exchange Data		05 - 10/20	05 - 10/19	Chg. in %	2019/20
Earnings per share	in €	3.44	-1.79	+353	-4.14
Share price high	in €	6.15	11.80	-48	11.40
Share price low	in €	4.82	5.50	-12	3.20
Share price at end of period	in €	5.65	6.40	-12	6.00
Shares outstanding (weighted)	in 1,000	6.631	6.631	-	6.631
Market capitalization (ultimo)	in € mill.	37.96	43.00	-12	75.59

REVENUES BY MARKET



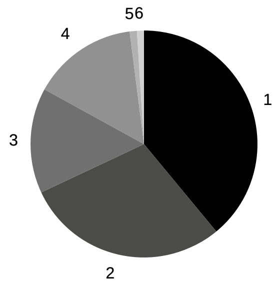
1 North America 15 %
2 Germany 16 %
3 Austria 10 %
4 France 8 %
5 Rest of Europe 47 %
6 Asia / Oceania 5 %

REVENUES BY DISTRIBUTION



1 Boutiques 35 %
2 Concession shop-in-shops 5 %
3 Online business 27 %
4 Factory outlets 7 %
5 Department stores 9 %
6 Multi-brand retailers 14 %
7 Private label 3 %

REVENUES BY PRODUCT GROUP



1 Legwear 39 %
2 Ready-to-wear 29 %
3 Lingerie 15 %
4 Accessories 15 %
5 Beachwear 1 %
6 Trading goods 1 %

Contents

Letter from the board

Dear shareholders,

dear Ladies and Gentlemen,

the first six months of the new short fiscal year 2020 were strongly marked by the impacts of the first Covid-19-related lockdown. Although stores in the EMEA region and the USA were open again as of late April / early May (in China already end of February), customer frequency and buying behavior did not normalize during the reporting period by any means. Despite this, we were able to achieve the sales target, which was adapted to the Corona-situation of over €48 million between May and October 2020. The drop in sales of €12 million (approx. 20 percent) compared to the same period of the previous year was lower than planned.

Main growth driver in the reporting period was online sales with an increase of 54 percent year-on-year. The revenue share of the company's own online business and the associated online business of its wholesale partners increased to a total of around 25 percent. Our own retail and wholesale business also contributed to achieve sales. Both, the Spring Summer 2020 as well as the Fall Winter 2020 / 21 collection, were very well received in all channels despite the current situation. To date, a revenue of €9 million has been generated through the sale of approximately 630,000 Wolford Care Masks since the beginning of production in March 2020. As a new accessory, the different styles of the Wolford Care Mask have become a must-have of the Wolford product range.

We are pleased to be able to report that, despite Covid-19, at €-11.28 million the previous year's earnings before taxes (EBT) of €-12.03 million were exceeded by about €1 million. The effects of the sale of the real estate and the results of the impairment tests were not taken into account for this comparison (EBT incl. effects from the sale of real estate €29.13 million). The revenue of €72 million related to the selling of Wolfordstraße 1-3 in Bregenz was used, to fully repay the debts at the beginning of May.

Overall, our restructuring program, PITBOLI (Program for Immediate Top and Bottom Line Impact), is systematically delivering its intended effects on revenue and efficiency. We were therefore able to lower our structure costs (personnel and operational costs) compared with the prior-year level by €7 million (12 percent), a substantially larger amount than planned.

Going forward, we will focus on consistently pursuing our course. As part of it, the lines “The W” and “W lab” were successfully added to the brand architecture, which became part of the new face of the Wolford brand. Indeed the collaboration with adidas has significantly exceeded expectations, as well as the launch of “The W” on the online platform Farfetch. Furthermore, a relaunch of the Essential Collection has started, which will be implemented in the upcoming months with targeted campaigns. With the Aurora Monogram products, part of “The W” collection, we are continuing to increase our commitment to sustainability. All new Aurora Styles are Cradle to Cradle Gold Certified™. Our goal was and still is to be the first environmentally neutral brand in the fashion industry and lead the way for change.

Business with e-tailers and marketplaces are also growing at double-digits rates, expected to grow as well in the following year 2021. We expect further positive sales effects from the partnership with a new distributor in Japan, as well as from the planned expansion of our omnichannel architecture.

Despite strong half-year results, we have been clearly feeling the effects of the second wave of lockdown measures since the end of October, which have hit retail during what is traditionally the strongest quarter, the holiday season. We expect to continue to feel these effects during the coming year. Nevertheless, from today's perspective, we still expect to be able to reach breakeven in the coming year provided that our assumptions about the further developments of Covid-19 pandemic will not change. In this context, the management board has implemented additional measures to secure liquidity on a sustainable basis.

Dear shareholders, the reported half-year results show that Wolford is on course for a successful restructuring. Decisive is now, to ensure a stable sales development despite the Covid-19 pandemic, the consistent continuation of PITBOLI in connection with the utilization of the Corona-specific government support services.

Thank you for the trust you have placed in us.

The Management Board

Andrew Thorndike, COO   Silvia Azzali, CCO

Management Report

At the 33rd Annual General Meeting on 30 September 2020, a resolution was passed to change the balance sheet date to 31 December from the current financial year on. The current financial year is therefore an abridged financial year ending on 31 December 2020. Accordingly, the term "abridged financial year" is used in the following texts.

EARNINGS (MAY 2020 TO OCTOBER 2020)

During the first six months of the year which were marked by COVID-19, the Wolford Group generated revenue of € 48.17 million, a reduction of 20.4% compared to the prior year (€ 60,49 million).

Difficult market conditions due to COVID-19

The conditions for business in the first six months of the 2020 abridged financial period were difficult: as a result of the pandemic many stores were closed until the end of April or beginning of May. Both costumer spending and frequency have not yet recovered to prior levels.

In the first six months our own retail-business declined by € 9.05 million (-23.5 %) compared to prior year revenues. The wholesale-segment reports a decline of 19.4%. On the other hand, our online-retail-segment achieved revenue growth amounting to 53,7%.

Just as the development in our retail-segments, all regions declined in revenue: the four most important markets for Wolford – France (-35.4 %) , USA (- 43.1 %), Germany (-17.3 %) and Austria (-22.1 %) as well as our growth market in Asia (-18.9 %) report significant declines in revenue. In smaller markets such as Switzerland (+22.5 %), Belgium (+17.5 %) and Scandinavia (+7.9 %), Wolford was able to achieve revenue growth despite the difficult conditions, however.

All main product-groups were affected to a similar degree: Legwear (-35.1 %), Lingerie (-33.4 %) and Ready-to-wear (-30.5 %) all report a significant decrease in sales. We were, however, able to make up for some of the decline in revenue by adding protective face masks to our collection, totalling revenues of € 7.1 million (€ 0.5 million in the prior year).

In the context of further reducing our costs, we have reduced average personnel by 63 and now stand at 1,180 employees after six months (prior year average: 1,243 full time employees). As a result, personnel costs fell by € 4.86 million to € 25.41 million, compared to the first half of 2019/2020.

Furthermore, we reduced the other operating expenses by € 3.61 million to their current level of € 15.91 million in the first six months of the year. The reduction in rent and maintenance expenditure, as well as marketing expenses, was central to this.

Depreciation and amortization in the first half of the current abridged financial year increased from € 9.22 million to € 9.33 million, which is a result of decreases due to the sale of our real estate asset in Bregenz and increases due to impairment test results (-€ 0.62 million). Impairment tests were calculated as Covid-19 was identified as a triggering event according to IAS 36.

The sale of the real estate generated earnings in the amount of € 41.04 million that are presented in the other operating income and are a main driver for the EBIT of the first six months amounting to € 31.16 million (first six months 2019/2020: € -9.38 million).

The financial result shows € -2.03 million (first six months 2019/2020: € -2.65 million). The increase is mainly a result of paying off our debt with the liquidity from the sale of our real estate asset. As a result, our EBT amounts to € 29.13 million, compared to € -12.03 in the first six months

2019/2020. Excluding the effects of the property sale and impairment tests, the EBT still shows an increase of € 0.75 million to a level of € -11.28 million.

Due to the gains on the disposal of property the earnings after tax also show a steep increase of € 34.67 million to € 22.81 million (first six months 2019/2020: € -11.85 million). The earnings per share equaled € 3,44 (first six months 2019/2020: € -1.79)

CASH FLOW (MAY 2020 TO OCTOBER 2020)

Liquidity through real estate sale

The net cash flow from operating activities (operating cash flow) showed a decrease in the first six months of the current abridged financial year, falling by € 12.87 million to € -18.10 million. This development can mainly be attributed to an increase of our account receivables in connection with our online-business and a decrease of other liabilities.

The cash flow from investing activities increased to € 71.53 million because of the property sale in the period (prior year: € -0.82 million). Only minor investments have been made.

In this context, the free cash flow (cash flow from operating activities less cash flow from investing activities) improved significantly from € -6.04 million to € 53.43 million. The cash flow from financing activities feel sharply by € 44.72 million to € -42.1 million, due to the repayment of our outstanding debt.

ASSETS AND FINANCIAL POSITION (AS AT OCTOBER 31, 2020)

Significant improvements in net debt

As a result of the property sale, the equity of the Wolford Group equals € 38.26 million (October 31, 2019: € 30.96 million). Accordingly, the equity ratio increased to 26 % (October 31, 2019: 18 %). Thanks to the repayment of our outstanding debt with the money from the property sale, net debt excluding leasing liabilities is now positive (October 31, 2019: € 33.51 million)

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The increase in infections due to the COVID 19 pandemic led to a new tightening of measures and to new lockdowns, especially in European countries. No other 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.

MATERIAL RISKS AND UNCERTAINTIES FOR THE REMAINING MONTHS OF THE FINANCIAL YEAR

In the course of its business activities Wolford is exposed to risks which management addresses responsibly. Risks and opportunities shall be identified in a systematic way at an early stage so that appropriate measures can be planned. The Corona crisis and its impact on the global economy and our main markets pose significant risks to the further development of Wolford's business in the remaining months of the abridged financial year and beyond. Due to the limited visibility caused by the Corona crisis, it is currently difficult to assess the business risks, as these depend heavily on the duration and intensity of the crisis and the further consequences for the global economy. The decrease was clearly noticeable in the abridged financial year and the recovery after the lockdowns in spring has been delayed by the massive occurrence of a second wave, which has led to new lockdowns in various countries. The further development of the pandemic and the resulting political measures can hardly be estimated from today's perspective. Accordingly, further negative developments in Group's sales and earnings may occur.

Wolford Group holds liquidity reserves in the form of bank balances, the majority of which are available on a daily basis, in order to ensure that payment obligations from operating expenses and financial liabilities can be fulfilled. However, the impact of further lockdowns and restrictions on business activity as a consequence of Covid-19 on the group's liquidity is currently difficult to assess. To face these insecurities, a closer monitoring of liquid funds was implemented.

Balance sheet risks result primarily from the valuation of individual assets. Required estimates and discretionary decisions in the areas of lease terms, valuation of inventory, receivables and deferred tax assets have an impact on the financial and earnings position of the group. A detailed presentation of the strategic and operational risks as well as information on the internal control and risk management system can be found in the Wolford Financial Report 2019/20. Based on the information currently available, the Executive Board did not identify significant individual risks that could threaten the company's ability to continue as a going concern.

OUTLOOK

Break even expected in 2021

Although the second wave of lockdowns is currently making reliable predictions difficult, the management is expecting to break even in the financial period 2021. Positioning Wolford as sustainability pioneer as well as consistently pursuing our restructuring program PITBOLI, will be central to achieving this goal.

Interim Financial Statements (IFRS)

Statement of Comprehensive Income

in TEUR	05 - 10/20	05 - 10/19
Revenues	**48,165**	**60,490**
Other operating income	43,240	535
Changes in inventories of finished goods and work-in-process	463	-1,905
Operating output	**91,868**	**59,120**
Cost of materials and purchased services	-10,054	-9,493
Personnel expenses	-25,411	-30,268
Other operating expenses	-15,911	-19,519
Depreciation and amortization	-9,332	-9,217
EBIT	**31,161**	**-9,377**
Net interest cost	-1,934	-2,529
Interest cost of employee benefit liabilities	-99	-120
Financial result	**-2,034**	**-2,649**
Earnings before tax	**29,127**	**-12,026**
Income tax	-6.321	162
Earnings after tax	**22,806**	**-11,864**
Amounts that will not be recognized through profit and loss in future periods	0	0
thereof actuarial gains and losses	0	0
Amounts that will potentially be recognized through profit and loss in future periods	436	46
thereof currency translation differences	436	46
thereof change from cash flow hedges	0	0
Other comprehensive income [1)]	**436**	**46**
Total comprehensive income	**23,243**	**-11,818**
Attributable to the equity holders of the parent company	23,243	-11,818
Earnings after tax attributable to equity holders of the parent company	22,806	-11,864
Earnings per share (diluted = basic)	**3,44**	**-1.79**

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

Cash Flow Statement

in TEUR	05 - 10/20	05 - 10/19
Earnings before tax	**29,127**	**-12,026**
Depreciation and amortization / write-backs	9,332	9,217
Gains / losses from disposals of non-current assets	-41,083	62
Interest paid / Interest received	2,529	2,529
Other non-cash income and expenses	-840	1,891
Changes in inventory	-1,623	943
Changes in trade receivables	-7,326	-3,237
Changes in other receivables and assets	52	-913
Changes in trade payables	-2,863	-2,482
Changes in other provisions and employee-related provisions	-1,933	-3,059
Changes in other liabilities	-1,381	2,498
Cash flow from operating activities	**-16,008**	**-4,577**
Interest received	2	2
Interest paid	-1,972	-533
Net balance of income taxes paid / received	-119	-119
Net cash flow from operating activities	**-18,098**	**-5,227**
Payments for investments in property, plant and equipment and other intangible assets	-476	-930
Proceeds from disposals of property, plant and equipment and other intangible assets	72,001	114
Cash flow from investing activities	**-71,525**	**-816**
Proceeds from current and non-current financial liabilities	0	10,000
Repayment of current and non-current financial liabilities	-38,884	-31
Repayment of leasing liabilities	-3,255	-7,386
Cash flow from financing activities	**-42,139**	**2,583**
Cash-effective change in cash and cash equivalents	**11,289**	**-3,460**
Cash and cash equivalents at beginning of period	4,519	12,068
Effects of exchange rate movements on cash and cash-equivalents	-65	-20
Cash and cash equivalents at end of period	**15,743**	**8,588**

Balance Sheet

in TEUR	31.10.2020	31.10.2019	30.04.2020
Property, plant and equipment	69,570	99,150	72,689
Goodwill	305	887	305
Other Intangible assets	1,132	8,236	1,482
Financial assets	1,297	1,283	1,297
Non-current receivables and assets	2,055	1,835	1,747
Deferred tax assets	3,449	1,758	10,618
Non-current assets	**77,807**	**113,149**	**88,138**
Inventories	35,935	34,842	34,694
Contract assets	75	127	101
Trade receivables	12,716	11,978	5,436
Other receivables and assets	3,729	6,198	4,114
Cash and cash equivalents	15,743	8,588	4,519
Current assets	**68,199**	**61,733**	**48,864**
Assets held for sale	**0**	**0**	**24,687**
Total assets	**146,006**	**174,882**	**161,689**
Share capital	48,848	48,848	48,848
Capital reserves	10,533	10,533	10,533
Other reserves	-16,405	-23,494	-39,212
Own shares	-4,413	-4,413	-4,413
Currency translation differences	-302	-510	-737
Equity	**38,261**	**30,964**	**15,019**
Financial liabilities	24	43,217	0
Leasing liabilities	53,158	47,490	46,080
Other liabilities	878	917	893
Provisions for long-term employee benefits	16,906	17,027	17,431
Other long-term provisions	0	1,907	0
Deferred tax liabilities	0	1	715
Non-current liabilities	**70,965**	**110,559**	**65,119**
Financial liabilities	0	161	38,983
Trade payables	5,536	4,140	7,518
Leasing liabilities	14,396	13,933	15,062
Other liabilities	13,080	12,645	13,733
Income tax liabilities	276	269	445
Other provisions	2,383	1,001	4,357
Contract liabilities	1,108	1,210	1,453
Current liabilities	**36,779**	**33,359**	**81,551**
Total equity and liabilities	**146,006**	**174,882**	**161,689**

Statement of Changes in Equity

in TEUR	Share capital	Capital reserves	Hedging reserve	Actuarial gain/loss	Other reserves	Treasury stock	Currency translation	Total Equity
01.05.2019	**48,848**	**10,533**	**0**	**-4,831**	**-6,864**	**-4,413**	**-556**	**42,717**
Capital increase	0	0	0	0	-11,864	0	0	-11,864
Other comprehensive income	0	0	0	0	65	0	46	111
31.10.2019	**48,848**	**10,533**	**0**	**-4,831**	**-18,663**	**-4,413**	**-510**	**30,964**
01.05.2020	**48,848**	**10,533**	**0**	**-4,944**	**-34,268**	**-4,413**	**-737**	**15,019**
Earnings after tax	0	0	0	0	22,806	0	0	22,806
Other comprehensive income	0	0	0	0	0	0	436	436
31.10.2020	**48,848**	**10,533**	**0**	**-4,944**	**-11,462**	**-4,413**	**-301**	**38,261**

Segment Reporting

05 - 10/20 in TEUR	Austria	Germany	Rest of Europe	North America	Asia	Consolidation	Group
Revenues	**32,125**	**5,124**	**23,184**	**6,575**	**2,058**	**-20,902**	**48,165**
thereof intersegment	16,403	0	4,499	0	0	-20,902	0
Externals revenues	**15,722**	**5,124**	**18,686**	**6,575**	**2,058**	**0**	**48,165**
EBIT	**36,948**	**-219**	**-1,259**	**-3,063**	**-799**	**-447**	**31,161**
Segment assets	125,253	11,912	53,421	26,024	6,167	-76,770	146,006
Segment liabilities	46,145	10,416	45,340	32,323	11,99	-38,388	107,745
Investments	559	49	123	98	47	-400	476
Depreciation and amortization	-1,781	-972	-3,235	-2,970	-375	0	-9,332
Employees on average (FTE)	**484**	**81**	**526**	**72**	**17**	**0**	**1,180**

05 - 10/19 in TEUR	Austria	Germany	Rest of Europe	North America	Asia	Consolidation	Group
Revenues	**36,310**	**7,309**	**28,150**	**12,066**	**1,998**	**-25,343**	**60,490**
thereof intersegment	21,802	0	3,541	0	0	-25,343	0
Externals revenues	**14,508**	**7,309**	**24,609**	**12,066**	**1,998**	**0**	**60,490**
EBIT	**-7,186**	**-131**	**-1,747**	**133**	**-1,063**	**617**	**-9,377**
Segment assets	143,928	14,446	59,091	28,617	4,874	-76,074	174,882
Segment liabilities	82,399	12,560	55,344	37,331	8,767	-52,483	143,918
Investments	350	123	237	21	199	0	930
Depreciation and amortization	2,504	1,064	3,922	1,764	4	-41	9,217
Employees on average (FTE)	**503**	**89**	**548**	**101**	**41**	**0**	**1,282**

Notes to the Interim Financial Statements

GENERAL INFORMATION

At the 33rd Annual General Meeting on 30 September 2020, a resolution was passed to change the balance sheet date to 31 December from the current financial year on. The current financial year is therefore an abridged financial year ending on 31 December 2020. Accordingly, the term "abridged financial year" is used in the following texts.

These consolidated interim financial statements of Wolford AG for the first six months of the 2020 abridged financial year (May 1, 2020 to October 31, 2020) were prepared in accordance with the stipulations contained in the International Reporting Standards (IFRS) valid at the reporting date and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the European Union (EU). In particular, the rules contained in IAS 34 Interim Financial Reporting were applied in preparing these interim financial statements.

The interim management report and the condensed consolidated financial statements were neither audited nor subject to an auditor's review.

Within the context of preparing the consolidated interim financial statements in accordance with IFRS, estimates and assumptions must be made to a certain extent relating to the reported assets and liabilities as well as the reported income and expenses for the period under review. The actual amounts may differ from these estimates.

ACCOUNTING AND VALUATION POLICIES

The accounting and valuation policies applied in preparing the consolidated interim financial statements reflect the policies applied to the consolidated financial statements for the 2019/20 financial year except from an early adoption of the changes to IFRS 16 regarding Covid-19 related rent concessions. The changes to IFRS 16 permit lessees, under certain conditions, to waive an assessment of whether a rent concession granted in connection with the Covid-19 pandemic represents a contract modification. Election of the exemption allows the lessee to account for the rent concession as if it were not a contract modification.

In addition, the following new or revised standards and interpretations require mandatory application in the current 2020 abridged financial year for the first time:

Standard / Interpretation	Description	Effective
Various	Amendments to References to Conceptual Framework IFRS Standards	01.05.2020
IFRS 3	Definition of a Business (Amendments to IFRS 3)	01.05.2020
IAS 1 / IAS 8	Definition of Material (Amendments to IAS 1 and IAS 8)	01.05.2020
IFRS 9 / IAS 39 / IFRS 7	Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)	01.05.2020

These consolidated interim financial statements do not include all the 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, 2020. All amounts in the half-year financial statements are stated in thousands of euros (TEUR). Rounding differences may occur due to the application of commercial rounding principles.

DISCLOSURES IN RELATION TO THE COVID-19 PANDEMIC

The ESMA (European Securities and Markets Authority) published a statement on the implications of the COVID-19 pandemic on interim reporting's according to IFRS in May 2020. Disclosures that guarantee transparency and comparability of the impact of COVID-19 on firms' financial statements are required. In accordance with the suggestions made by ESMA, we will comprehensively show the impact of COVID-19, rather than separately showing it in the notes for each financial statement caption.

Impact on Revenues

The COVID-19 pandemic in recent months has caused drastic measures to be taken in an attempt to halt its spread, such as curfews or the closing of retail businesses. This crisis impacts the economy on a global scale. As a result of the global lockdowns, revenue in the current abridged financial period has declined by TEUR 12.324 (20.4 %) to TEUR 48.165. While all main product lines show a decline in sales, the addition of protective face masks into our collection was able to make up for some of the decline.

Governmental Relief Funds

Provided that the relevant requirements could be met, applications for government subsidies (mainly subsidies for fixed costs and short-time work) were submitted in order to absorb the negative effects from Covid-19. Further possibilities to apply for governmental support programmes are currently under evaluation in all countries where Wolford is operating.

Impact of the Covid-19 crisis on estimation uncertainties and discretionary decisions

The COVID-19 crisis has effects on the consolidated financial statements according to IFRS, in particular on estimates, assumptions and judgments in the following areas:

- Recoverability of Assets: Due to the negative developments in the first half of the year, a triggering event was identified for the half-year financial statements and impairment tests according to IAS 36 were calculated for significant non-current assets. The test identified impairments in the amount of TEUR 1,155, which mainly resulted from the segments North America (TEUR 652), Rest of Europe (TEUR 378) and Asia (TEUR 125). Reversals of impairments in turn were booked for the segments North America (TEUR 171), Rest of Europe (TEUR 203), Germany (TEUR 14) and Asia (TEUR 135) and resulted primarily from improvements in cost structures in the relevant Cash Generating Units (CGU). The netted amount of impairments and reversal of impairments is presented within the line depreciation of the income statement.

- Valuation of receivables: Taking into account the negative economic development and the increase in online sales, the development of outstanding receivables is closely monitored. As a consequence, adjustments were also made to the existing credit insurance in the financial year, so that the changes in economic circumstances did not lead to changes in the existing ECL-systematic.
- IFRS 16 Assumptions: For some contracts, rent concessions in connection with the Covid-19-pandemic were granted. Insofar as these concessions lead to a change of the contract and the requirements of “Changes to IFRS 16” were fulfilled, the concessions were not treated as a modification but where booked via profit and loss instead. Additionally, a reassessment was made, if changes in the economic environment will result in exercising contractual options differently.
- Deferred tax assets: Income tax expense was calculated based on the expected annual tax rate according to IAS 34.30c. The calculation resulted in a reduction of deferred tax assets, consequently a tax expense was booked.

SCOPE OF CONSOLIDATION

There were no changes in the scope of consolidation since the last balance sheet date on April 30, 2020.

SAISONALITY 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 weather. 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 Wolford Group declined by 20.4 % or TEUR 12,324 to TEUR 48,165 in the first six months of the abridged financial year (prior year: TEUR 60,490). Details about the composition of revenue by product group and distribution channel are presented in chapter “Wolford Group Key Data”.

As a result of the sale of our property in Bregenz that was presented as non-current asset held for sale in prior year’s financial statements, other income amounting to TEUR 43,240 was achieved (prior year: TEUR 535). Consequently, the operating output also increased by TEUR 32,748 to TEUR 91,868 (prior year: TEUR 59,120)

Due to our restructuring program, the average number of employees (FTE) in the first six months was down by 63 to the current total of 1,180 employees (prior year's average: 1,243 employees (FTE). Accordingly, personnel expenses fell by TEUR 4,857 to TEUR 25,411 compared to the first half of 2019/20.

Furthermore, other operating expenses significantly decreased in the first six months by TEUR 3,608 to TEUR 15,911. The reduction in rent and maintenance expenditure, as well as marketing expenses, was central to this.

Based on the results of the impairment tests, changes in the values of non-current assets in the amount of TEUR 632 are presented within the depreciations, resulting in an increase of depreciations by TEUR 115 to TEUR 9,332.

As a consequence of the sale of our property in Bregenz, operating earnings (EBIT) showed a substantial increase in the first half of the current abridged financial year, rising by TEUR 40,538 to TEUR 31,161 compared to the prior-year level of TEUR -9,377.

The financial result improved by TEUR 615 to TEUR -2,034 (six-month period 2019/2020: TEUR -2,649). The reason for this development is the repayment of our outstanding debt with the liquidity generated through the sale of the property in Bregenz. Income tax expense, calculated by applying the expected annual tax rate, amounted to TEUR 6,321. Accordingly, earnings after tax for the first six months of the abridged financial year totalled TEUR -22,806 (prior year: TEUR -11,864).

Taking currency translations amounting to TEUR 436 (six-month period 2019/2020: TEUR 46) into consideration, a total comprehensive income of TEUR 22,806 was generated, resulting in an increase in equity in the reporting period.

NOTES ON SEGMENT REPORTING

The reportable segments of the Wolford Group are classified into five regions: Austria, Germany, Other Europe, North America and Asia. Segment reporting is based on the same accounting and valuation policies applied in preparing the consolidated interim financial statements.

External sales increased by 8 % in the Austria segment, declined by 30 % in the Germany segment, by 46 % in the North America segment and by 24 % in the Other Europe segment compared to the prior-year period. Differences to the figures in the Management Report result from differing ways to account for the wholesale- and online-revenue. Due to the sale of the property in Bregenz, the EBIT of the Austria segment has significantly increased by TEUR 44,134. Among the remaining segments Other Europe (increase of TEUR 488) and North America (decrease of TEUR -3,196) show the most volatile changes, whereby the negative development in North America results from the decrease in revenues and impairments in the abridged financial year.

NOTES ON THE CASH FLOW STATEMENT

The net cash flow from operating activities (operating cash flow) shows a decrease in the first six months of the current abridged financial year compared to the prior-year level, falling by TEUR 12,870 to TEUR -18,097. This development can mainly be attributed to an increase in trade receivables and a decrease in other liabilities.

The cash flow from investing activities increased to TEUR +71,525 (six-month period 2019/2020: TEUR -816) due to the sale of the property in Bregenz. No significant investments were made in the period.

Against this backdrop, the free cash flow (cash flow from operating activities less the cash flow from investing activities) improved from TEUR -6,043 to TEUR 53,428. The cash flow from financing activities in the first half-year in turn showed a considerable decrease to TEUR -42,139 (six-month period 2019/2020: € 45.92 million) due the repayment of our outstanding debt thanks to the sale of the property in Bregrenz. Cash and cash equivalents totalled TEUR 15,743 at the end of the reporting period, compared to TEUR 8,588 in the previous year.

NOTES ON THE CONSOLIDATED BALANCE SHEET

The total assets amounted to TEUR 146,006 as at the balance sheet date of October 31, 2020. This decrease of 17 % compared to October 31, 2019 is mainly attributable to the decline in non-current assets by TEUR 77,808 and the corresponding decline in financial liabilities that resulted from the sale of our property in Bregenz. Non-current assets make up 53 % of all assets as at October 31,2020 (October 31, 2019: 65 %). Non-current assets contributed 47 % to all assets as at October 31,2020.

Equity of the Wolford Group amounted to TEUR 38,261 as at October 31, 2020, which represents an equity ratio of 26 % (previous year: 18 %). Non-current liabilities fell substantially by TEUR 39,594 to TEUR 70,965 in the first six months of the current abridged financial year, comprising

49 % of the balance sheet total. The current liabilities remain at a steady level compared to the prior period and equal TEUR 36,779 (prior period: TEUR 33.359).

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: Valuation factors other 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 dato.

The financial assets classified under Level 1 consist of publicly traded investment fund shares. 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.

The following table shows carrying amounts and fair values of the financial assets and liabilities. No fair values are presented for financial assets and liabilities where the carrying amount is a reasonable approximation of fair value and for leasing liabilities.

31.10.2020 in TEUR	**Carrying amount**		**Fair Value**	
	at fair value	**at amortsed cost**	**Level 1**	**Level 2**
Investment funds, non-current	1.297		1.297	
Trade receivables		12.716		
Other receivables and assets		2.851		
Cash and Cash equivalents		15.743		
Total financial assets	**1.297**	**31.310**		
Financial liabilities, non-current		24		24
Financial liabilities, current		0		
Leasing liabilities, non-current		53.158		
Leasing-liabilities, current		14.396		
Trade payables		5.536		
Other liabilities		13.080		
Total financial liabilities	**0**	**86.194**		

31.10.2019 in TEUR	Carrying amount		Fair Value	
	at fair value	at amortsed cost	Level 1	Level 2
Investment funds, non-current	1.283		1.283	
Trade receivables		11.978		
Other receivables and assets		4.128		
Cash and Cash equivalents		8.588		
Total financial assets	**1.283**	**24.694**		
Financial liabilities, non-current		43.217		43.217
Financial liabilities, current		161		
Leasing liabilities, non-current		47.490		
Leasing-liabilities, current		13.933		
Trade payables		4.140		
Other liabilities		12.645		
Total financial liabilities	**0**	**121.587**		

OTHER DISCLOSURES

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

RELATED PARTY DISCLOSURES (IAS 24)

None of the Supervisory Board members has a business or personal relationship with the company or its Executive Board that constitutes a material conflict of interest and is therefore likely to influence the conduct of the Supervisory Board member. There was no economic relationship with any member of the Supervisory Board in the abridged financial year 2020.

As of 1 February 2019, the Wolford Group has entered into a business relationship with Fosun Fashion Brand Management (FFBM) to consolidate and expand its market presence in China. FFBM is a subsidiary of Fosun Fashion Group (a company under whose significant influence the company is) and acts on behalf of Wolford as a full-service provider with a focus on marketing and distribution. In addition to market expansion, FFBM is responsible for the operational management of all wholesale and retail channels as well as online trading. The contract between FFBM and Wolford was concluded on arm's length terms, which include a fixed monthly fee and a performance-based commission per distribution channel (retail, wholesale, online).

In June 2019, Fosun Fashion Investment Holdings (HK) Limited granted a shareholder loan of TEUR 10,000. The loan was repaid in the abridged financial year.

Ultimate Beneficial Owner of Fosun Fashion Brand Management (FFBM) is Mr. Guangchang Guo, who is also Ultimate Beneficial Owner of FFG Wisdom (Luxembourg) S.à.r.l., which holds approximately 58% of the shares in Wolford.

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 Wolford Group. With regards to the uncertainties resulting from the second wave of the Covid-19 pandemic, please refer to the section "DISCLOSURES IN RELATION TO THE COVID-19 PANDEMIC".

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

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

Bregenz, December 23, 2020

Andrew Thorndike
COO

Responsible for Product Development, Supply Chain Management, Finance, Legal, Investor Relations, IT and Human Resources

Silvia Azzali
CCO

Responsible for Sales & Merchandising, Marketing and Design

Financial calendar

The financial calendar of Wolford AG is available at: https://company.wolford.com/de/investor-relations-2/finanzkalender/.

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This report on the first half of 2020 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 half-year 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 half-year 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, 2020: 246

Thereof Wolford-owned points of sale:
104 boutiques
53 concession shop-in-shops
20 factory outlets

Thereof partner-operated points of sale:
69 boutiques and about 3,000 other distribution partners

NORTH AMERICA: 29

Thereof Wolford-owned points of sale:
21 boutiques
4 concession shop-in-shops
2 factory outlets

Thereof partner-operated points of sale:
2 boutiques

EUROPE: 173[1)]

Thereof Wolford-owned points of sale:

77 boutiques

48 concession shop-in-shops

17 factory outlets

Thereof partner-operated points of sale:

sale:

32 boutiques

1) Excluding Russia and Ukraine.

ASIA: 39[2)]

Thereof Wolford-owned points of sale:

6 boutiques

1 concession shop-in-shops

1 factory outlets

Thereof partner-operated points of sale:

32 boutiques

2) Including Russia and Ukraine.