REPORT ON THE FIRST QUARTER OF 2018/19

(MAY 2018 – JULY 2018)

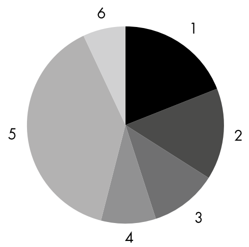
The Wolford Group Key Data

Earnings Data		05 -07/18	05 -07/17	Chg. in %	2017/18
Revenues	in € mill.	25.01	29.09	-14	149.07
EBIT	in € mill.	-7.00	-7.22	+3	-9.22
Earnings before tax	in € mill.	-7.37	-7.44	+1	-11.43
Earnings after tax	in € mill.	-7.56	-6.91	-9	-11.54
Capital expenditure	in € mill.	0.52	0.33	+58	1.40
Free cash flow	in € mill.	-11.67	-7.08	-65	1.83
Employees (on average)	FTE	1,360	1,491	-9	1,433

Balance Sheet Data		31.07.2018	31.07.2017	Chg. in %	30.04.2018
Equity	in € mill.	47.19	38.09	+24	33.90
Net debt	in € mill.	20.56	37.90	-46	30.09
Working capital	in € mill.	38.89	44.82	-13	34.59
Balance sheet total	in € mill.	122.01	129.60	-6	114.33
Equity ratio	in %	39	29	+33	30
Gearing	in %	44	99	-56	89

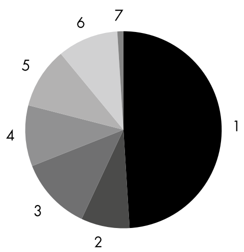
Stock Exchange Data		05 -07/18	05 -07/17	Chg. in %	2017/18
Earnings per share	in €	-1.14	-1.41	+19	-2.35
Share price high	in €	17.70	19.75	-10	19.75
Share price low	in €	13.30	16.00	-17	11.36
Share price at end of period	in €	15.87	17.42	-9	13.60
Shares outstanding (weighted)	in 1,000	6,631	4,912	+35	4,912
Market capitalization (ultimo)	in € mill.	106.65	87.10	+22	68.00

REVENUES BY MARKET



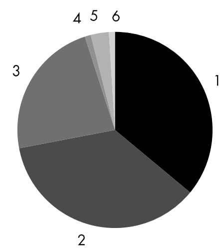
1 North America 19%
2 Germany 15%
3 Austria 11%
4 France 9%
5 Rest of Europe 39%
6 Asia/Oceania 7%

REVENUES BY DISTRIBUTION



1 Boutiques 49%
2 Concession-shop-in-shops 8%
3 Online business 12%
4 Factory outlets 10%
5 Department stores 10%
6 Multi-brand retailers 10%
7 Private label 1%

REVENUES BY PRODUCT GROUP



1 Legwear 36%
2 Ready-to-wear 36%
3 Lingerie 23%
4 Accessories 1%
5 Beachwear 3%
6 Trading goods 1%

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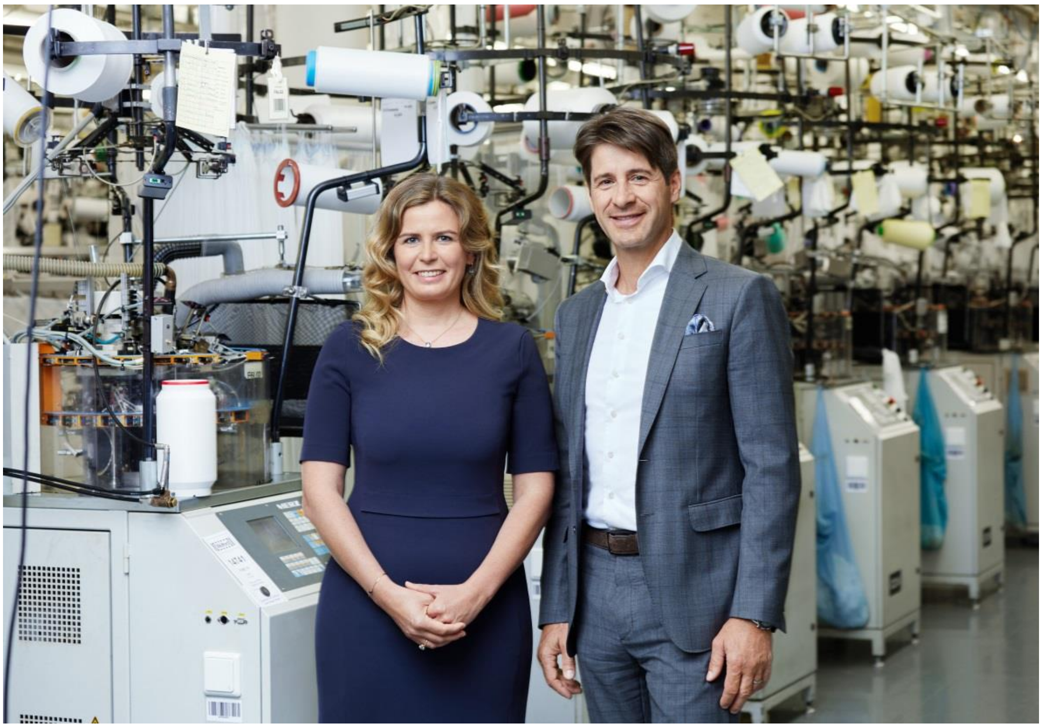
Letter from the Board



Brigitte Kurz and Axel Dreher, Management Board of Wolford AG

Dear Shareholders, Ladies and Gentlemen,

The first-quarter revenue and earnings development is without a doubt unsatisfactory. However, its significance for the entire financial year is limited. The record summer temperatures which we have experienced up until now comprise a particular challenge for a brand primarily associated with legwear. Moreover, as you know, this year's summer collection did have its weaknesses due to the vacancy in the position of chief designer between the months of April and September 2017. Both of these effects had a significant negative impact on revenue development.

In contrast, we have apparently succeeded in sustainably reducing our ongoing costs, above all personnel expenses, and thus further limiting operating losses despite the substantial revenue decline and increasing costs involved in strengthening our market presence.

Wolford cut its net debt almost in half within the context of the successful capital increase in which both large shareholders participated. In the meantime, the company once again boast a comfortable equity ratio of 39%.

Global rollout of new retail display window concept

Wolford achieved a milestone in its global market presence in the first quarter of the current financial year. The new shop window concept has been rolled out at 117 stores across the globe since August 23, 2018. Now various seasonal product information and image films about Wolford can be seen on three to four video screens in every shop window, combined with the corresponding products from the current fashion collection. The response is very encouraging. In particular, young people are stopping and increasingly going into the shops. In August alone, sales of the newly presented fatal dress promoted in this manner rose by about 75% compared to the previous year.

Further highlights of our market presence will become obvious with the delivery of our 2019 summer collection starting in November.

Our revenue also rose considerably in Asia, namely by 13%. This shows that the trend on the Asian market is moving in the right direction. We are in the process of substantially expanding our commercial ties with Chinese wholesale partners, not least due to the support of our new major shareholder. This particularly applies to partners in the online business as well as to physical retail. Furthermore, since June we have had a new marketing director on location with experience in the industry, who has been living and working in China for more than 20 years and who boasts an extensive network in the Asian region. We also strengthened our market presence in Europe. We were able to take over a very successful partner boutique on the Rue St. Honoré in Paris and recently began showcasing our products on more than 50 square meters of space at Copenhagen Airport. After all, this is the fastest-growing airport in the Nordic region.

Finally, the new autumn/winter fashion collection offers a whole range of highlights. Starting in September, the tattoo tights designed by tattoo artists and the world's first biodegradable products will be launched on the marketplace. These first recyclable products are certified as being Cradle to Cradle, and the feedback from the specialist audience gives us cause for optimism that this sustainable and innovative product line will enable Wolford to build upon its previous successes.

Ongoing transparent communications with the capital market despite segment change

Esteemed shareholders, as already announced, Wolford shares will no longer be traded on the Prime Market of the Vienna Stock Exchange as at September 24, 2018 as a result of the low free float, and will change over to the Standard Market. However, rest assured that we will continue to meet the obligations of the Prime Market and publish quarterly reports as in the past. Our two large shareholders as well as the two of us on the Management Board have a strong interest in ensuring that Wolford continues to be represented on the capital market.

With kind regards,

Axel Dreher, CEO   Brigitte Kurz, CFO

Management Report

EARNINGS (MAY 2018 TO JULY 2018)

The Wolford Group generated revenue of € 25.01 million in the first three months of the current 2018/19 financial year, down 14.0% from the prior-year level of € 29.09 million. The drop in first-quarter revenue equaled 12.2% when adjusted to take account of currency effects (especially the decrease in value of the Swiss franc and the US dollar).

Declining revenue in the retail and wholesale businesses

Wolford's own retail business reported a revenue decline of € 3.12 million (-17.2%) in the first three months compared to the prior-year period. On a like-for-like basis (i.e. excluding closures of poorly performing stores), revenue fell by 16%. In addition to the high summer temperatures, the reason for the revenue decrease is the reduced customer frequency in the boutiques accompanied by a weak summer collection. Revenue in Wolford's wholesale business was down by € 0.87 million (-10.4%) or by -8.9% when adjusted for currency effects. The wholesale business is generally going through a crisis throughout Europe. In particular, the hosiery segment is suffering from the restructuring of many retail spaces and the relocation to upper floors instead of near store entrances. Revenue of Wolford's own online business rose once again, increasing by 3.0% year-on-year.

The business environment in which Wolford operates was difficult in the first three months of the 2018/19 financial year. Fashion retailers were once again confronted with a decline in revenue in Europe's core markets. Moreover, the high summer temperatures starting in April negatively impacted the retail business. For example, revenue generated on the German fashion market was down 2% from the previous year. Textile retailers in France reported a 6% drop in revenue in May alone compared to the previous year. As a brand which primarily stands for legwear, Wolford suffers particularly from heat waves. In addition, this year's summer fashion collection attracted even less interest than was originally expected due to the months-long vacancy in the position of chief designer. Accordingly, Wolford has come up with few suitable highlights for this record-breaking summer. As a consequence, Wolford was faced with double-digit revenue decreases in the important markets of Germany (-20.5%), Austria (-13.5%) and Switzerland (-16.0%). Similarly, there was also a double-digit drop in revenue in the USA (-17.0%), Wolford's largest market, as well as in Italy (-14.6%), Scandinavia (-25.7%), Netherlands (-22.4%) and Belgium (-23.2%). The markets of France (-2.4%), Spain (-9,6%) and Great Britain (-2.1%) showed a weak revenue development with single-digit declines.

In contrast, the Asian market developed particularly well in the first quarter of the current financial year (+13.3%). Over the last few months, Wolford has already successfully built up business relationship with Chinese wholesale partners. The Eastern European markets also reported revenue growth (+3.4%), which was primarily attributable to the recovery of the Russian market in general and the expansion of commercial ties with the most important Russian wholesale partners.

Revenue was down in all product groups in the first quarter of 2018/19. Legwear (-19%), Lingerie (-11%), Beachwear (-25%), Accessories (-29%) and Trading Goods (-17%) all showed a double-digit decline in revenue, whereas the Ready-to-wear product group only reported a single-digit decrease (-6%). Accessories and Trading Goods revenue was down due to the streamlining of the product portfolio in these segments.

The average number of employees (full-time equivalents) in the first three months of 2018/19 was down by 131 to 1,360 employees from the prior-year average of 1,491 within the context of the reduction of administrative positions in European sales regions and the streamlining of the administrative staff in Bregenz. The results of measures implemented as part of the restructuring program such as the scaling down of excess capacities and the optimization of corporate processes is clearly reflected in personnel expenses, which showed a sustainable decrease of € 1.83 million to

€ 15.61 million. Other operating expenses, for example bank fees (-28 %), vehicle fleet (-23 %), customs duties (-18 %) and freight costs (-12 %) were further reduced in the first three months.

EBIT above the previous year due to sustainable cost savings

In spite of the substantial drop in revenue and higher marketing costs, Wolford still managed to slightly improve operating earnings as a consequence of its systematic reduction in ongoing operating expenses. EBIT in the first three months of the current financial year amounted to € -7.00 million, compared to € -7.22 million in the prior-year period. The financial result equaled € -0.36 million, down from the prior-year figure of € -0.23 million, which can be attributed to higher costs for interest and fees. Accordingly, earnings before tax amounted to € -7.37 million, compared to € -7.45 million in the previous year. Earnings after tax fell by € 0.65 million to € -7.56 million in the period under review, down from € -6.91 million in the first quarter of 2017/18. Earnings per share amounted to € -1.14 following € -1.41 in the previous year.

CASH FLOW (MAY 2018 TO JULY 2018)

The net cash flow from operating activities (operating cash flow) in the first three months of the current financial year fell substantially by € 4.38 million to € -11.16 million. This development was mainly due to inventories which were up by € 3.97 million compared to the balance sheet date of April 30, 2018. The inventory increase is seasonally related, with inventories traditionally rising significantly in the period between May and July to prepare for the fall and winter months which generally generate higher revenue. The cash flow from investing activities amounted to € -0.52 million in the reporting period (previous year: € -0.31 million). In the first three months, Wolford primarily invested in the new boutique at Copenhagen Airport as well as expanding its boutique in the shopping center in Manhasset, New York.

Against this strongly seasonally impacted backdrop, the free cash flow (cash flow from operating activities less the cash flow from investing activities) fell during the reporting period from € -7.08 million to € -11.67 million. The cash flow from financing activities showed a substantial improvement in the first three months of the financial year to € 16.21 million. This is primarily due to the successfully implemented capital increase of about € 22 million concluded on July 11, 2018. The capital increase was mainly subscribed by the new majority owner Fosun Industrial Holdings Limited and the longstanding large shareholder Ralph Bartel. Cash and cash equivalents totaled € 7.28 million at the end of the reporting period, compared to € 3.13 million in the previous year.

ASSET AND FINANCIAL POSITION (AS OF JULY 31, 2018)

Reduction in net debt

Equity of the Wolford Group rose to € 47.19 million at the balance sheet date, up from the prior-year figure of € 38.09 million) as at July 31, 2017, which is due to the capital increase. Accordingly, the equity ratio equaled 39 % (July 31, 2017: 29 %). Wolford's net debt as at July 31, 2018 fell substantially from € 37.90 million to € 20.56 million within the context of the repayment of outstanding loans. The marked rise in equity is also reflected in the substantial improvement in the gearing ratio, which fell from 99 % to 44 %.

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 financial guidance published within the context of presenting its annual results for 2017/18 on July 13, 2018. Earnings generated in the traditionally weak first quarter do not comprise the decisive factor determining the performance of the company in the rest of the financial year. The management expects positive operating earnings (EBIT) in the current financial year, especially due to the positive impact of its restructuring program.

Interim Financial Statements (IFRS)

Statement of Comprehensive Income

in TEUR	**05 -07/18**	**05 -07/17**
Revenues	**25,008**	**29,089**
Other operating income	461	243
Changes in inventories of finished goods and work-in-process	3,310	2,899
Own work capitalized	0	0
Operating output	**28,779**	**32,231**
Cost of materials and purchased services	-6,160	-6,769
Personnel expenses	-15,607	-17,434
Other operating expenses	-12,164	-13,289
Depreciation and amortization	-1,849	-1,960
EBIT	**-7,001**	**-7,221**
Net interest cost	-309	-149
Net investment securities income	0	-10
Interest cost of employee benefit liabilities	-55	-67
Financial result	**-364**	**-226**
Earnings before tax	**-7,365**	**-7,447**
Income tax	-199	539
Earnings after tax	**-7,564**	**-6,908**
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	-65	162
thereof currency translation differences	-65	162
thereof change from cash flow hedges	0	0
Other comprehensive income [1)]	**-65**	**162**
Total comprehensive income	**-7,629**	**-6,746**
Attributable to the equity holders of the parent company	-7,629	-6,746
Earnings after tax attributable to equity holders of the parent company	-7,564	-6,908
Earnings per share (diluted = basic)	**-1.14**	**-1.41**

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

Cash Flow Statement

in TEUR	05 -07/18	05 -07/17
Earnings before tax	**-7,365**	**-7,447**
Depreciation and amortization / write-backs	1,849	1,960
Gains / losses from disposals of non-current assets	5	-11
Interest paid / Interest received	309	0
Other non-cash income and expenses	12	116
Changes in inventories	-3,965	-1,078
Changes in trade receivables	1,131	2,912
Changes in other receivables and assets	-2,274	-1,075
Changes in trade payables	-549	638
Changes in other provisions and employee-related provisions	-141	-917
Changes in other liabilities	84	-1,658
Cash flow from operating activities	**-10,904**	**-6,560**
Interest received	3	2
Interest paid	-317	-52
Net balance of income taxes paid / received	61	-163
Net cash flow from operating activities	**-11,157**	**-6,773**
Payments for investments in property, plant and equipment and other intangible assets	-517	-330
Proceeds from disposals of property, plant and equipment and other intangible assets	1	13
Changes in securities and other financial assets	0	10
Cash flow from investing activities	**-516**	**-307**
Proceeds from the issue of shares	21,214	0
Proceeds from current and non-current financial liabilities	0	0
Repayment of current and non-current financial liabilities	-5,000	0
Cash flow from financing activities	**16,214**	**0**
Cash-effective change in cash and cash equivalents	**4,541**	**-7,080**
Cash and cash equivalents at beginning of period	2,729	10,312
Effects of exchange rate movements on cash and cash equivalents	9	-106
Cash and cash equivalents at end of period	**7,279**	**3,126**

Balance Sheet

in TEUR	31.07.2018	31.07.2017	30.04.2018
Property, plant and equipment	40,549	44,230	41,442
Goodwill	195	803	194
Other Intangible assets	8,102	10,226	8,900
Financial assets	1,265	1,273	1,265
Non-current receivables and assets	1,685	1,817	1,673
Deferred tax assets	1,915	2,352	2,123
Non-current assets	**53,711**	**60,701**	**55,597**
Inventories	44,959	50,468	40,994
Trade receivables	7,632	8,278	8,763
Other receivables and assets	4,938	3,172	3,930
Prepaid expenses	3,493	3,855	2,315
Non-current assets held for sale	7,279	3,126	2,729
Current assets	**68,301**	**68,899**	**58,731**
Total assets	**122,012**	**129,600**	**114,328**
Share capital	48,848	36,350	36,350
Capital reserves	10,533	1,817	1,817
Other reserves	-11,474	460	-3,910
Currency translation differences	-718	-537	-361
Equity	**47,189**	**38,090**	**33,896**
Financial liabilities	192	214	192
Other liabilities	911	917	916
Provision for long-term employee benefits	17,040	17,541	16,929
Other long-term provisions	1,280	2,347	1,280
Deferred tax liabilities	0	-86	0
Non-current liabilities	**19,423**	**20,933**	**19,317**
Financial liabilities	28,912	42,089	33,888
Trade payables	5,908	5,673	6,457
Other liabilities	12,725	11,429	12,636
Income tax liabilities	414	446	442
Other provisions	7,441	10,940	7,692
Current liabilities	**55,400**	**70,577**	**61,115**
Total equity and liabilities	**122,012**	**129,600**	**114,328**

Statement of Changes in Equity

in TEUR	Share capital	Capital reserves	Hedging reserve	Actuarial gain/loss	Other reserves	Revaluation reserves IAS 39	Treasury stock	Currency translation	Total equity
	Attributable to equity holders of the parent company								
01.05.2017	**36,350**	**1,817**	**7**	**-4,157**	**15,938**	**0**	**-4,413**	**-660**	**44,882**
Earnings after tax	0	0	0	0	-6,908	0	0	0	-6,908
Other comprehensive income	0	0	0	0	0	0	0	116	116
31.07.2017	**36,350**	**1,817**	**7**	**-4,157**	**9,029**	**0**	**-4,413**	**-543**	**38,090**
01.05.2018	**36,350**	**1,817**	**0**	**-3,886**	**4,489**	**-100**	**-4,413**	**-361**	**33,896**
Capital increase	12,498	8,716	0	0	0	0	0	0	21,214
Earnings after tax	0	0	0	0	-7,564	0	0	0	-7,564
Other comprehensive income	0	0	0	0	0	0	0	-357	-357
31.07.2018	**48,848**	**10,533**	**0**	**-3,886**	**-3,075**	**-100**	**-4,413**	**-718**	**47,189**

Segment Reporting

05 -07/18 in TEUR	Austria	Germany	Rest of Europe	North America	Asia	Consolidations	Group
Revenues	**14,015**	**2,824**	**11,380**	**4,869**	**1,393**	**-9,473**	**25,008**
thereof intersegment	7,407	0	2,066	0	0	-9,473	0
External revenues	**6,608**	**2,824**	**9,314**	**4,869**	**1,393**	**0**	**25,008**
EBIT	**-4,595**	**-651**	**-2,786**	**-836**	**-379**	**2,246**	**-7,001**
Segment assets	142,671	5,104	27,197	8,218	3,090	-64,268	122,012
Segment liabilities	62,168	1,342	21,509	11,502	5,254	-26,952	74,823
Investments	199	3	168	147	0	0	517
Depreciation and amortization	1,143	105	418	108	75	0	1,849
Employees on average (FTE)	563	97	548	116	36	0	1,360

05 -07/17 in TEUR	Austria	Germany	Rest of Europe	North America	Asia	Consolidations	Group
Revenues	**16,157**	**3,849**	**13,053**	**5,668**	**1,297**	**-10,935**	**29,089**
thereof intersegment	8,995	0	1,940	0	0	-10,935	0
External revenues	**7,162**	**3,849**	**11,113**	**5,668**	**1,297**	**0**	**29,089**
EBIT	**-3,490**	**-495**	**-2,258**	**-1,301**	**-603**	**926**	**-7,221**
Segment assets	153,888	5,809	36,475	8,881	3,912	-79,365	129,600
Segment liabilities	76,984	4,717	28,937	12,765	6,572	-38,465	91,510
Investments	142	65	101	21	0	0	330
Depreciation and amortization	1,217	115	458	85	85	0	1,960
Employees on average (FTE)	642	116	572	117	45	0	1,491

Notes to the Quarterly Financial Statements

GENERAL DISCLOSURES

These consolidated interim financial statements of Wolford AG for the first three months of the 2018/19 financial year (May 1, 2018 to July 31, 2018) were prepared in accordance with the stipulations contained in the International Financial 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 VALUAITON 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 2017/18 financial year. The following new or revised standards and interpretations require mandatory application in the current 2018/19 financial year for the first time:

Standard/ Interpretation	Description	Effective date
IAS 40	Accounting for Investment Properties under Construction	January 1, 2018
IFRS 2	Share-based Payment: Clarification of Classification and Measurement of Share-based Payment Transactions	January 1, 2018
IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	January 1, 2018
IFRS 9	Financial Instruments	January 1, 2018
IFRS 15	Revenue from Contracts with Customers (including clarification to IFRS 15)	January 1, 2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration	January 1, 2018
IAS 12	Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses	January 1, 2019
IAS 19	Employee Benefits	January 1, 2019
IAS 23	Borrowing Costs	January 1, 2019
IAS 28	Investments in Associations	January 1, 2019
IFRS 3	Business Combination	January 1, 2019
IFRS 11	Joint Arrangements	January 1, 2019
IFRS 16	Leases	January 1, 2019
IFRS 23	Accounting for Uncertainties in Income Taxes	January 1, 2019

The application of the new standards and interpretations do not have any effects on the consolidated interim financial statements of the Wolford Group. 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, 2018. All amounts in the quarterly financial reports are stated in thousands of euros (TEUR). Rounding differences may occur due to the application of commercial rounding principles.

SCOPE OF CONSOLIDATION

There were no changes in the scope of consolidation since the last balance sheet date on April 30, 2018.

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 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 14.0% or TEUR 4,081 in the first three months of the current 2018/19 financial year to TEUR 25,008 (previous year: TEUR 29,089). Adjusted for currency exchange rate changes, the decrease equaled 12.0%. As a result, operating output fell by TEUR 3,452 to TEUR 28,779 (previous year: TEUR 32,321).

The success of measures implemented within the context of the restructuring program, such as the reduction in excess capacities along with more efficient and streamlined corporate processes is particularly reflected in personnel expenses, which sustainably fell by TEUR 1,827 to TEUR 15,607.

The realignment of the cost structure also had positive effects in the first three months. In particular, bank fees (-28%), vehicle fleet costs (-23%), customs duties (-18%) and freight costs (-12%) could be significantly reduced from the prior-year level.

As a consequence of the systematic drop in ongoing expenses, operating earnings (EBIT) in the first three months of the current financial year improved by TEUR 220 to TEUR -7,001, compared to TEUR -7,221 in the previous year.

The first-quarter financial result deteriorated by TEUR 138 to TEUR -364 (previous year: TEUR -226), especially due to higher costs for interest and fees.

The reported income tax amounted to TEUR 199 (previous year: tax income of TEUR 539). Accordingly, earnings after tax totaled TEUR -7,564 (previous year: TEUR -6,908).

Negative currency translation differences of TEUR -65 (previous year: TEUR 162) 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 -65 (previous year. TEUR 162). The total comprehensive income resulted in a decline in equity in the reporting period by TEUR 7,629 (previous year: TEUR decrease of TEUR 6,746).

NOTES ON SEGMENT REPORTING

The five 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 financial statements.

External sales declined by 8% in the Austria segment, by 27% in the Germany segment, by 16% in the Other Europe segment and by 14% in the North America segment. In contrast, external sales in the Asia segment rose by 7%. EBIT of the Austria segment was down TEUR 1,105 from the previous year due to the negative revenue development. EBIT in the Germany segment was down TEUR 156 year-on-yearand EBIT in the Other Europe also fell by TEUR 528 respectively from the previous year. This development can also be attributed to the unfavorable revenue development. EBIT in the Asia and North Amercia segments were up TEUR 224 and TEUR 465 from the previous year due to the higher revenue. Segment assets declined by TEUR 7,588 from the prior-year period to TEUR 122,012, which is due to the decrease in working capital.

NOTES ON THE CASH FLOW STATEMENT

The net cash flow from operating activities (operating cash flow) showed a substantial decrease of TEUR 4,384 in the first three months of the current financial year to TEUR -11,157. This development was mainly attributable to the increase in inventories compared to the balance sheet date of April 30, 2018. The cash flow from investing activities amounted to TEUR -516 during the reporting period (previous year: TEUR -307). In the first three months, Wolford primarily invested in the new boutique at Copenhagen Airport as well as expanding its boutique in the shopping center in Manhasset, New York.

Against this backdrop, the free cash flow (cash flow from operating activities less the cash flow from investing activities) fell during the reporting period from TEUR -7,080 to TEUR 11,673. The cash flow from financing activities showed a substantial improvement in the first three months of the financial year to TEUR 16,214. This is primarily due to the ordinary capital increase of about € 22 million approved by the Extraordinary General Meeting held on May 4, 2018. Cash and cash equivalents totaled TEUR 7,279 at the end of the reporting period, compared to TEUR 3,126 in the previous year.

NOTES ON THE CONSOLIDATED BALANCE SHEET

The balance sheet total amounted to TEUR 122,012 as at the balance sheet date of July 31, 2017, which represents a decline of 6% from the level at July 31, 2017. Non-current assets were down 12% to TEUR 53,711, accounting for 44% of total assets. Investments of TEUR 517 in intangible assets and property, plant and equipment were in contrast to scheduled amortization and depreciation of TEUR 1,849. Current assets equaled about 56% of total assets as at July 31, 2018. Inventories rose by 11% to TEUR 44,959 or 37% of total assets, whereas trade receivables fell by approx. 8% to TEUR 7,632, comprising about 6% of total assets.

Equity of the Wolford Group amounted to TEUR 47,189 as at July 31, 2017, which represents an equity ratio of 39% (previous year: 29%). Non-current liabilities declined in the first three months of the current financial year by TEUR 1,510, from TEUR 20,933 to TEUR 19,423, or 16% of the balance sheet total. This was mainly due to the decrease in other non-current provisions. Current liabilities fell to TEUR 55,400 (previous year: TEUR 70,577), primarily owing to the reduction in current financial liabilities by TEUR 13,177 to TEUR 28,912 and the reduction in other provisions by TEUR 3,499 to TEUR 7,441. Working capital fell year-on-year from TEUR 44,820 to TEUR 38,894. Net debt totaled TEUR 20,560 at the reporting date, representing a drop of TEUR 17,344 from the comparable figure at July 31, 2017.

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 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	31.07.2018 Carrying Amount	31.07.2018 Fair Value	31.07.2017 Carrying Amount	31.07.2017 Fair Value
Financial assets	1	1,265	1,265	1,273	1,273
Trade receivables		7,632	7,632	8,278	8,278
Other receivables and assets		4,938	4,938	3,172	3,172
thereof derivatives	2	0	0	0	0
Prepaid expenses		3,493	3,493	3,855	3,855
Cash and cash equivalents		7,279	7,279	3,126	3,126
Total financial assets		**24,607**	**24,607**	**19,704**	**19,704**
Financial liabilities, non-current		192	192	214	214
Financial liabilities, current		28,912	28,912	42,089	42,089
Trade payables		5,908	5,908	5,673	5,673
Other liabilities		12,725	12,725	11,429	11,429
thereof derivatives	2	0	0	0	0
Total financial liabilities		**47,737**	**47,737**	**59,405**	**59,405**

OTHER DISCLOSURES

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

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.

Bregenz, September 7, 2018

Axel Dreher
CEO
Responsible for Strategy, Sales and Marketing, and for Development, Production, and Logistics

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

Financial Calender

Datum	Event
September 3, 2018	AGM record date
September 7, 2018	Q1 Report 2018/19
September 13, 2018	Annual General Meeting
September 18, 2018	Deduction of dividends (ex-day)
September 19, 2018	Dividend record date
September 20, 2018	First day of dividend payment
December 14, 2018	Half-Year Report 2018/19
March 15, 2019	Q3 Report 2018/19
July 19, 2019	Press conference in Vienna

Information on the Company and the Share

Investor Relations	Maresa Hoffmann
Telephone	+43 5574 690 1258
E-Mail	investor@wolford.com
Internet	company.wolford.com
Vienna Stock Exchange	WOL
Reuters	WLFD.VI
Bloomberg	WOL:AV, WLFDY:US, WOF:GR
ISIN	AT0000834007

Analyst Coverage:
Raiffeisen Centrobank (jakub.krawczyk@rcb.at)

Wolford AG
Wolfordstraße 1, 6900 Bregenz, Austria

This report on the first quarter of 2018/19 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
Juli 31, 2018: 262

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

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

NORTH AMERICA: 34
Thereof Wolford-owned points of sale:
22 boutiques
7 concession shop-in-shops
3 factory outlets

Thereof partner-operated points of sale:
2 boutiques

EUROPE: 192[1)]

Thereof Wolford-owned points of sale:
81 boutiques
43 concession shop-in-shops
16 factory outlets

Thereof partner-operated points of sale:
48 boutiques

1) excluding Russia and Ukraine

ASIA: 34[2)]

Thereof Wolford-owned points of sale:
4 boutiques
1 concession shop-in-shop
1 factory outlet

Thereof partner-operated points of sale:

27 boutiques

2) including Russia and Ukraine