REPORT ON THE THIRD QUARTER OF 2016/17

(MAY 2016 – JANUARY 2017)

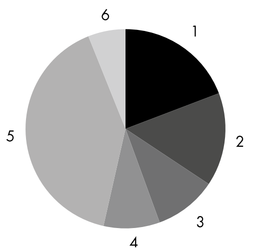
Wolford Group Key Data

Earnings Data		05/16 - 01/17	05/15 - 01/16	Chg. in %	2015/16
Revenues	in € mill.	119.05	128.71	-8	162.40
EBIT	in € mill.	-4.72	2.16	>100	1.55
Earnings before tax	in € mill.	-5.33	1.39	>100	0.62
Earnings after tax	in € mill.	-5.67	0.70	>100	-6.19
Capital expenditure	in € mill.	6.10	5.24	16	7.30
Free cash flow	in € mill.	-10.33	1.10	>100	-2.35
Employees (on average)	FTE	1,555	1,574	-1	1,571

Balance Sheet Data		31.01.2017	31.01.2016	Chg. in %	30.04.2016
Equity	in € mill.	61.65	75.21	-18	68.15
Net debt	in € mill.	32.46	17.37	87	20.86
Working capital	in € mill.	53.11	38.97	36	43.15
Balance sheet total	in € mill.	154.16	145.91	6	139.25
Equity ratio	in %	40	52	-23	49
Gearing	in %	53	23	>100	31

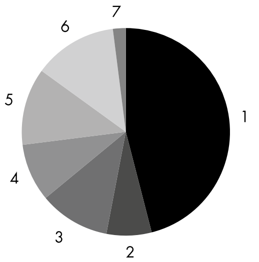
Stock Exchange Data		05/16 - 01/17	05/15 - 01/16	Chg. in %	2015/16
Earnings per share	in €	-1.15	0.14	>100	-1.26
Share price high	in €	26.01	25.48	2	25.48
Share price low	in €	19.83	21.35	-7	21.35
Share price at end of period	in €	21.00	25.05	-16	24.67
Shares outstanding (weighted)	in 1,000	4,912	4,912	0	4,912
Market capitalization (ultimo)	in € mill.	105.00	125.23	-16	123.35

REVENUES BY MARKET



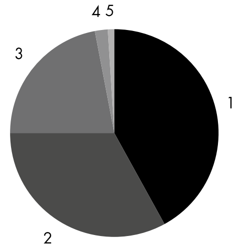
1 North America 19 %
2 Germany 15 %
3 Austria 10 %
4 France 10 %
5 Rest of Europe 40 %
6 Asia/Oceania 6 %

REVENUES BY DISTRIBUTION



1 Boutiques 46 %
2 Concession-Shop-in-shops 7 %
3 Online Business 11 %
4 Factory Outlets 9 %
5 Department Stores 12 %
6 Multi-brand Retailers 13 %
7 Private Label 2 %

REVENUES BY PRODUCT GROUP



1 Legwear 53 %
2 Ready-to-wear 30 %
3 Lingerie 14 %
4 Accessories 2 %
5 Trading goods 1%

Contents

Wolford Group Key Data 2

Letter from the board 4

Management Report 6

Interim Financial Statements (IFRS) 9

Notes to the Interim Financial Statements 13

Financial Calender 18

Information on the Company and the Share 18

Monobrand Points of Sale 20

Letter from the Board

Axel Dreher and Ashish Sensarma, Management Board of Wolford AG

Dear shareholders,

Ladies and Gentlemen,

As already announced at the end of January, Wolford will close the current financial year with a substantial revenue and earnings downturn in spite of a slight recovery in our third-quarter business. In addition to a weak market environment, this development can be attributed to undesirable developments within the company in the first half-year. We have precisely analysed the underlying reasons and have already rectified the problem in part. We would like to explain our conclusions to you in greater detail.

Strategy fundamentally confirmed

Just to be clear about this: the fundamental strategy adopted by Wolford to increase revenue and enhance profitability is still valid. This especially applies to the modernization of our product portfolio, the focus on our brand DNA (body-embracing products with an emphasis on legwear) and tailoring our offering to the needs of end customers and thus to our own retail business.

Mistakes were made in implementing the measures to increase revenue. This particularly relates to the hasty reorganization of goods management for the retail sector, which led to flawed demand planning and management of sales space. Together with changed delivery dates for the fall/winter collection, Wolford did not have a sufficient supply of products or too little new merchandise at the point of sale in the period May to October 2016. On the one hand, this resulted in a considerable decline in revenue. On the other hand, it led to costly post-production and significantly higher inventories. In the meantime, we have drawn appropriate organizational consequences and completely adjusted our system of delivering merchandise. Starting in June, Wolford will supply products to its own retail stores as well as wholesale customers on a monthly basis, except for the months of May and December. In this way, we will ensure a supply of new merchandise and stimulate purchases at the point of sale.

Our product development is just as innovative as ever. The most interesting innovations include the introduction of a 3D printing process enabling inconspicuous support functions and appealing design applications. In line with our brand DNA, we will focus even more closely in the future on circular knitted and legwear products, to be complemented and accentuated by our ready-to-wear offering. The launch of the new beachwear collection fits this strategy. It includes products ranging from swimsuits to pareos, and will be available at selected Wolford-owned retail stores and partner stores starting in the beginning of April.

EMEA sales platform leads to initial positive cost effects

We have made progress in implementing our strategy to increase profitability. The setting up of a centralized EMEA sales platform in Bregenz and Antwerp has been completed, and initial positive cost effects are already perceptible. As a result, personnel expenses remained stable in the first nine months despite severance payments related to the reorganization efforts.

The B2B online platform for wholesale customers which went live in September got off to a good start. In the meantime, it already handles 34 percent of customer orders. We believe this will lead to an optimized service for our commercial clients as well as a significant rise in efficiency. However, efficiency enhancement will first become more perceptible in the medium-term and bear fruit later than planned. Besides unplanned expenses will negatively impact our business results, for example provisions for a legal conflict with a former partner in Switzerland, or the risk provision for disputed claims against American customs authorities.

Review of medium-term planning

In the light of the unsatisfactory revenue development and the losses expected in the current financial year, we will not be able to adhere to our ambitious medium-term planning, which is being currently subjected to a comprehensive overhaul. In addition, we are now focusing on further stabilizing revenue and continuously reducing costs. The objective is to create the pre-requisites enabling our return to profitability. At the same time, we are working on a sustainable financing structure with a corresponding long-term financing of assets.

Dear shareholders, we will announce details on this as soon as possible. We ask for your understanding until then and thank you for the confidence you have placed in us.

Ashish Sensarma, CEO

Axel Dreher, COO/CFO

Management Report

EARNINGS (MAY 2016 TO JANUARY 2017)

Revenue decline of 7.5 % despite higher Q3 revenue

The Wolford Group generated revenue of € 119.05 million in the first nine months (May 1, 2016 – January 31, 2017) of the current 2016/17 financial year, down 7.5 % from the prior-year level of € 128.71 million. The revenue drop equaled 6.2 % when adjusted to take account of currency effects, in particular the decrease in value of the British pound.

A substantial portion of the revenue decline can be attributed to the weak first half-year, which was characterized by a difficult market environment as well as internal problems relating to demand and sales planning. Wolford is no longer able to compensate for the revenue shortfall in the third quarter despite the 4.0 % third-quarter year-on-year revenue increase. Revenue in Q3 2016/17 rose due to a delivery date which was changed from the second to the third quarter, a stable Christmas business and a slight upward revenue trend in January 2017.

Wolford-owned retail stores reported a drop in revenue of € 5.46 million (-6.6 %), as did the wholesale business, where revenue was down by € 3.48 million (-7.3 %) compared to the first nine months of the previous financial year. In contrast, Wolford's own online business expanded once again with total revenue in the first nine months of 2016/17 at € 0.43 million or a 4.4 % rise from the prior-year level.

Internal problems and a weak market environment

In addition to the previously mentioned internal problems with demand and sales planning, this development reflects the difficult market conditions prevailing in the first half of the financial year. A double-digit revenue drop in part on the German and French fashion retail markets in the late summer was followed by a marginal recovery in November 2016, a Christmas business at the rather weak prior-year level and slightly higher online sales (+2.3 % for Germany).

Wolford faced a slight single-digit revenue drop in the DACH region (-1.9 %) in the first nine months, accompanied by revenue decreases in France (-5.6 %), Italy (-3.9 %), the Netherlands (-4.9 %), Belgium (-6.8 %), USA (-6.7%) and in CEE markets (-7.0 %). In contrast, revenue was up slightly in Spain (+ 1.6 %). Wolford suffered from a double-digit revenue decline in Great Britain (-19.1 %) also against the backdrop of the Brexit vote and the drop in value of the British pound. Scandinavia (-11.9 %) and Asia (-15.1 %) also showed a double-digit decrease in revenue.

The revenue decline in the first nine months affected all product groups. Legwear revenue was down -7.8%, whereas the revenue drop equaled -8.1% for the Lingerie product group and -2.4% for Ready-to-wear.

Higher other operating expenses due to restructuring costs and special effects

The revenue development described above was clearly reflected in the company's operating earnings. Moreover, Wolford was faced with one-off restructuring costs of € 1.00 million for the reorganization of sales (establishment of an EMEA platform) and the bundling of administrative tasks. Furthermore, special effects were recognized. On the one hand, Wolford allocated provisions of € 0.93 million for a legal conflict with a former partner in Switzerland. On the other hand, the company expects it will likely be unable to realize its claim for a refund of customs duties which was previously capitalized to the amount of € 1.00 million. Both special effects led to an increase in other operating expenses to € 4.73 million (previous year: € 3.18 million).

As a result of the elimination of some administrative positions in the company's European sales organization, personnel expenses remained at the prior-year level in spite of severance payments of € 1.40 million. The Wolford Group had an average of 1,555 employees (FTE) in the first nine months of 2016/17, compared to 1,574 people in the prior-year period.

Operating earnings of € 3.53 million in Q3

Operating earnings (EBIT) totaled € -4.72 million in the first nine months of the current financial year, compared to € 2.16 million in the previous year. EBIT in the prior-year period benefited from the sale of non-core rental apartments (other operating income to the amount of € 1.09 million). Adjusted for this special effect, EBIT in the first nine months of 2016/17 was down by € 5.79 million from the previous year. Third-quarter operating earnings amounted to € 3.53 million, compared to the prior-year figure of € 2.44 million.

The financial result at € -0.61 million represents a slight improvement from the prior-year figure of € -0.77 million, which was the consequence of positive valuation effects on financial assets. Against the backdrop described above, earnings before tax were € -5.33 million, down from € 1.39 million in the previous year. Earnings after tax equaled € -5.67 million, compared to the prior-year level of € 0.70 million), taking account of the income tax expense calculated in accordance with IAS 34. Earnings per share were € -1.15 (previous year: € 0.14).

CASH FLOW (MAY 2016 TO JANUARY 2017)

Higher working capital due to build-up of inventories

The cash flow from operating activities (operating cash flow) fell by € 9.88 million in the first nine months of the current financial year to € -4.43 million. This development was mainly due to the lower earnings before tax compared to the previous year as well as the rise in working capital. The higher level of inventories is attributable to the long lead time between the time of material procurement and actual production. As a result, adjustments to the considerably lower sales figures in the first half-year only took place with a time delay.

The cash flow from investing activities amounted to € -5.90 million during the reporting period, comprising a rise of € 1.55 million from the previous year. In the first nine months of the 2016/17 financial year, Wolford primarily invested in the new shop concept for its flagship stores in Berlin and Shanghai, in the new store in Macau and new software for its B2C distribution channel.

On the basis of the aforementioned effects, the free cash flow (cash flow from operating activities less the cash flow from investing activities) fell from € 1.10 million to € -10.33 million. The cash flow from financing activities climbed by € 16.43 million to € 16.37 million.

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

Equity ratio of 40%

Equity of the Wolford Group at the balance sheet date amounted to € 61.65 million, comprising a drop of 18% (January 31, 2016: € 75.21 million). As a consequence, the equity ratio was 40% (January 31, 2016: 52%). Net debt as at January 31, 2017 rose to € 32.46 million compared to the prior-year level of € 17.37 million, which corresponds to a gearing ratio of 53% (January 31, 2016: 23%). This increase is mainly attributable to the development of operating earnings as well as higher financial liabilities, in particular to finance working capital.

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.

OUTLOOK

Wolford has analyzed the reasons for the revenue and earnings decline in the first half-year, and rectified the problems to a large extent. In addition, Wolford initiated numerous measures to sustainably reduce costs while focusing simultaneously on sales initiatives designed to increase revenue. Nevertheless, in this financial year the company will not be able to compensate for the losses generated during the first six months. Wolford anticipates an operating loss between EUR -8.0 million and EUR -10.0 million excluding potential valuation effects which could arise within the context of preparing the consolidated financial statements for 2016/17.

Review of medium-term planning

At present the management is revising its medium-term planning, primarily focusing on creating the pre-requisites enabling the company to be profitable once again. At the same time, Wolford is working on a sustainable financing structure based on a corresponding long-term financing of assets. The company will announce details on this as soon as possible.

Interim Financial Statements (IFRS)

Statement of Comprehensive Income

in TEUR	11/16 - 01/17	11/15 - 01/16	05/16 - 01/17	05/15 - 01/16
Revenues	**51,433**	**49,478**	**119,054**	**128,713**
Other operating income	559	227	1,112	1,811
Changes in inventories of finished goods and work-in-process	-3,729	-3,189	2,263	-91
Own work capitalized	35	27	119	55
Operating output	**48,298**	**46,543**	**122,548**	**130,488**
Cost of materials and purchased services	-7,516	-7,420	-21,638	-22,186
Personnel expenses	-18,255	-19,142	-56,256	-56,322
Other operating expenses	-16,737	-15,227	-42,708	-42,892
Depreciation and amortization	-2,263	-2,310	-6,668	-6,929
EBIT adjusted	**3,527**	**2,444**	**-4,722**	**2,159**
Non-recurring expenses	0	0	0	0
Non-recurring income	0	0	0	0
EBIT	**3,527**	**2,444**	**-4,722**	**2,159**
Net interest cost	-125	-145	-389	-475
Net investment securities income	-2	-39	24	-75
Interest cost of employee benefit liabilities	-81	-73	-242	-219
Financial result	**-208**	**-257**	**-607**	**-769**
Earnings before tax	**3,319**	**2,187**	**-5,329**	**1,390**
Income tax	-527	-591	-337	-694
Earnings after tax	**2,792**	**1,596**	**-5,666**	**696**
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	165	44	158	375
thereof currency translation differences	167	44	160	370
thereof change from cash flow hedges	-2	0	-2	5
Other comprehensive income [1]	**165**	**44**	**158**	**375**
Total comprehensive income	**2,957**	**1,640**	**-5,508**	**1,071**
Attributable to the equity holders of the parent company	2,957	1,640	-5,508	1,071
Earnings after tax attributable to equity holders of the parent company	2,792	1,596	-5,666	696
Earnings per share (diluted = basic)	**0.57**	**0.32**	**-1.15**	**0.14**

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

Cash Flow Statement

in TEUR	05/16 - 01/17	05/15 - 01/16
Earnings before tax	**-5,328**	**1,390**
Depreciation and amortization	6,668	6,929
Interest result	329	550
Gains / losses from disposal of property, plant and equipment	148	-914
Changes in non-current provisions	-295	-535
Changes in inventories	-2,632	56
Changes in trade receivables	-4,860	-926
Changes in other assets	-2,178	1,169
Changes in trade payables	-1,420	-625
Changes in current provisions	5,560	-1,757
Changes in other liabilities	-357	699
Changes in the cash flow hedge reserve	0	6
Currency translation differences	-50	643
Net interest paid	-8	-500
Income taxes paid / received	-3	-734
Cash flow from operating activities	**-4,426**	**5,451**
Investments in property, plant and equipment and other intangible assets	-6,072	-5,793
Proceeds from the sale of property, plant and equipment and other intangible assets	5	1,437
Proceeds from the disposal of securities	164	0
Cash flow from investing activities	**-5,903**	**-4,356**
Payment received from current and non-current financing liabilities	24,050	2,144
Repayment of current and non-current financing liabilities	-6,694	-1,219
Dividends paid	-982	-980
Cash flow from financing activities	**16,374**	**-55**
Change in cash and cash equivalents	**6,045**	**1,040**
Cash and cash equivalents at the beginning of the period	3,870	4,785
Effects of exchange rate fluctuations on cash and cash equivalents	-253	-46
Cash and cash equivalents at the end of the period	**9,662**	**5,779**

Balance Sheet

in TEUR	31.01.2017	31.01.2016	30.04.2016
Property, plant and equipment	50,979	52,280	51,444
Goodwill	1,302	1,285	1,263
Other Intangible assets	11,255	11,487	11,570
Financial assets	1,269	1,291	1,305
Non-current receivables and assets	1,922	1,905	1,931
Deferred tax assets	2,919	10,037	2,898
Non-current assets	**69,646**	**78,285**	**70,411**
Inventories	50,832	42,145	47,836
Trade receivables	13,615	11,007	8,758
Other receivables and assets	5,485	4,758	5,111
Prepaid expenses	4,917	3,932	3,262
Cash and cash equivalents	9,662	5,779	3,870
Non-current assets held for sale	0	0	0
Current assets	**84,511**	**67,621**	**68,837**
Total assets	**154,157**	**145,906**	**139,248**
Share capital	36,350	36,350	36,350
Capital reserves	1,817	1,817	1,817
Other reserves	24,141	37,917	30,790
Currency translation differences	-655	-870	-812
Equity	**61,653**	**75,214**	**68,145**
Financial liabilities	1,168	4,979	974
Other liabilities	937	1,006	972
Provision for long-term employee benefits	17,591	18,685	17,896
Deferred tax liabilities	537	45	60
Non-current liabilities	**20,233**	**24,715**	**19,902**
Financial liabilities	42,222	19,458	25,060
Trade payables	3,666	3,999	5,086
Other liabilities	13,154	14,948	13,476
Income tax liabilities	1,481	1,485	1,464
Other provisions	11,748	6,087	6,115
Current liabilities	**72,271**	**45,977**	**51,201**
Total equity and liabilities	**154,157**	**145,906**	**139,248**

Statement of Changes in Equity

in TEUR	Share capital	Capital reserves	Hedging reserve	Actuarial gain/loss	Other reserves	Treasury stock	Currency translation	Total equity
	Attributable to equity holders of the parent company							
01.05.2015	**36,350**	**1,817**	**-5**	**-3,867**	**46,437**	**-4,663**	**-1,241**	**74,828**
Dividends 2014/15	0	0	0	0	-980	0	0	-980
Total comprehensive income	0	0	5	0	696	295	370	1,366
31.01.2016	**36,350**	**1,817**	**0**	**-3,867**	**46,152**	**-4,368**	**-870**	**75,214**
01.05.2015	**36,350**	**1,817**	**6**	**-4,070**	**39,268**	**-4,413**	**-813**	**68,145**
Dividends 2015/16	0	0	0	0	-982	0	0	-982
Total comprehensive income	0	0	-2	0	-5,666	0	158	-5,510
31.01.2017	**36,350**	**1,817**	**4**	**-4,070**	**32,620**	**-4,413**	**-655**	**61,653**

Segment Reporting

05/16 -01/17 in TEUR	Austria	Rest of Europe	North America	Asia	Consolidations	Group
Revenues	**69,411**	**72,669**	**23,386**	**4,781**	**-51,192**	**119,055**
thereof intersegment	43,751	7,441	0	0	-51,192	0
External revenues	**25,660**	**65,228**	**23,386**	**4,781**	**0**	**119,055**
EBIT adjusted	**-623**	**-1,333**	**-1,276**	**-1,390**	**-100**	**-4,722**
Non-recurring expenses	0	0	0	0	0	0
Non-recurring income	0	0	0	0	0	0
EBIT	**-623**	**-1,333**	**-1,276**	**-1,390**	**-100**	**-4,722**
Segment assets	167,558	53,753	15,228	4,835	-87,216	154,158
Segment liabilities	74,289	45,448	13,800	5,155	-46,187	92,505
Investments	3,151	1,466	608	876	-6	6,095
Depreciation and amortization	3,774	2,076	455	373	-10	6,668
Employees on average (FTE)	**690**	**728**	**108**	**32**	**0**	**1,558**

05/15 -01/16 in TEUR	Austria	Rest of Europe	North America	Asia	Consolidations	Group
Revenues	**74,854**	**77,815**	**24,975**	**6,052**	**-54,983**	**128,713**
thereof intersegment	48,393	6,590	0	0	-54,983	0
External revenues	**26,461**	**71,225**	**24,975**	**6,052**	**0**	**128,713**
EBIT adjusted	**2,124**	**786**	**-415**	**-533**	**197**	**2,159**
Non-recurring expenses	0	0	0	0	0	0
Non-recurring income	0	0	0	0	0	0
EBIT	**2,124**	**786**	**-415**	**-533**	**197**	**2,159**
Segment assets	160,084	49,335	17,004	3,814	-84,331	145,906
Segment liabilities	60,250	38,145	10,689	2,901	-41,294	70,691
Investments	2,488	2,063	388	321	-14	5,246
Depreciation and amortization	3,859	2,271	528	286	-15	6,929
Employees on average (FTE)	**719**	**722**	**98**	**35**	**0**	**1,574**

Notes to the Interim Financial Statements

GENERAL INFORMATION

These consolidated interim financial statements of Wolford AG for the first nine months (May 1, 2016 to January 31, 2017) of the 2016/17 financial year 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 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 2015/16 financial year. The following new or revised standards and interpretations require mandatory application in the 2016/17 financial year for the first time:

Standard/ Interpretation	Description	Effective date
Amendments to IAS 1	Disclosure Initiative	January 1, 2016
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation	January 1, 2016
Amendments to IAS 16 and IAS 41	Bearer Plants	January 1, 2016
Amendments to IAS 27	Equity Method in Separate Financial Statements	January 1, 2016
Amendments to IFRS 10, IFRS 12 and IAS 28	Investments Entities - Applying the Consolidation Exception	January 1, 2016
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations	January 1, 2016
Improvements to IFRS 2012-2014	Changes to IFRS 5, IFRS 7, IAS 19 und IAS 34	January 1, 2016

The application of the new standards and interpretations has no effect 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 connection with the latest consolidated financial statements as at April 30, 2016. The amounts included in this half-year report are presented in thousands of euros (TEUR). Rounding differences may arise from the application of commercial rounding principles.

SHARE-BASED PAYMENT PROGRAM

The Wolford Group grants a long-term, variable bonus (LTI) to the Management Board in the form of fictive stock appreciation rights (SAR). The SAR granted have a vesting period until April 30, 2018.

After expiration of the vesting period, the SAR can be exercised by the participants in the program provided that specified conditions are fulfilled and no blackout periods are to be observed. The fair value of the SAR is remeasured at every balance sheet date and determined on the basis of an option pricing model.

No material obligations relating to this program arose for the Wolford Group as at January 31, 2017. This can be attributed to the fact that the expected number of the probable exercisable SAR was estimated at zero at this time due to the existing performance conditions.

SCOPE OF CONSOLIDATION

There were no changes in the scope of consolidation since the last balance sheet date on April 30, 2016.

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 7.5% or TEUR 9,659 in the first nine months of the 2016/17 financial year to TEUR 119,054 (previous year: TEUR 128,713). The revenue decrease can be attributed to the difficult market environment and the previously described internal problems in demand and sales planning. Adjusted for changes in exchange rates, especially as a consequence of the decline in value of the British pound, the decrease equaled 6.2%. On balance, the positive development featuring revenue growth of 4% or TEUR 1,956 in the third quarter (November 1, 2016 to January 31, 2017) could not compensate for the revenue decline in the first half-year (May 1, 2016 to October 31, 2016). As a result, operating output fell by TEUR 7,940 to TEUR 122,548 (previous year: TEUR 130,488) in the first nine months of 2016/17 (May 1, 2016 to January 31, 2017).

The year-on-year revenue decrease combined with restructuring expenses and the consequences of the previously mentioned special effects also burdened operating earnings. EBIT in the first nine months of 2016/17 amounted to TEUR -4,722, compared to TEUR +2,159 in the previous year, which was impacted by the sale of rental apartments. Adjusted for this special effect, EBIT in the first nine months of the 2016/17 financial year was TEUR 5,790 below the comparable prior-year period.

Due to the positive valuation effects for financial assets in securities held to the amount of TEUR 24 (previous year: TEUR -75), the financial results in the first nine months of the current financial year improved by TEUR 162 to TEUR 607.

The reported tax income totaled TEUR 338 in the first three quarters of 2016/17 (previous year: TEUR 694). Accordingly, earnings after tax amounted to TEUR -5,666 (previous year: TEUR 696).

Positive currency translation differences of TEUR 160 (previous year: TEUR 370) which were recorded without recognition through profit or loss as well as a negative change in the hedging reserve of TEUR -2 (previous year: TEUR +5) led to other comprehensive income of TEUR 158 (previous year: TEUR 375). The total comprehensive income resulted in a decline in equity in the reporting period by TEUR 5,508 (previous year: increase of TEUR 1,071).

NOTES ON SEGMENT REPORTING

The four reportable segments of the Wolford Group are classified into four regions: Austria, 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 7% in the Austria and Other Europe segments, by 6% in the North America segment and fell by 21% in the Asia segment.

EBIT of the Austria segment was down TEUR 2,747 from the previous year. EBIT in the Other Europe segment fell by TEUR 2,119 in a year-on-year comparison. In the North America and Asia segments, EBIT was down by TEUR 861 and TEUR 857 respectively. Segment assets increased by TEUR 8,2562 from the prior-year period to TEUR 154,158, which is due to the changes in working capital.

NOTES ON THE CASH FLOW STATEMENT

The cash flow from operating activities (operating cash flow) fell by TEUR 9,877 to TEUR -4,426 in the first nine months of the current financial year. This development was mainly attributable to the lower earnings before tax compared to the previous year as well as the increase in inventories. In contrast, the ongoing process optimization measures in receivables management has a positive effect. The cash flow from investing activities amounted to TEUR -5,903 during the reporting period, comprising a year-on-year rise of TEUR 1,547, which was primarily related to investments in the new shop concept. The above-mentioned developments led to a decline in the free cash flow (cash flow from operating activities less the cash flow from investing activities) during the reporting period from TEUR 1,095 to TEUR -10,329.

As a result of the necessary short-term financing of the higher working capital, the cash flow from financing activities rose from TEUR -55 to TEUR 16,374 during the period under review. Cash and cash equivalents totaled TEUR 9,662 at the end of the first nine months of 2016/17, compared to TEUR 5,779 in the previous year.

NOTES ON THE BALANCE SHEET

The balance sheet total amounted to TEUR 154,157 as at the balance sheet date of January 31, 2017, which represents an increase of 6% from the level at January 31, 2016. Non-current assets were down 11% to TEUR 69,646, accounting for 45% of total assets. Investments of TEUR 6,095 in intangible assets and property, plant and equipment were in contrast to scheduled amortization and depreciation of TEUR 6,647. Current assets equaled about 55% of total assets as at January 31, 2017. Inventories rose by 21% to TEUR 50,832 or 33% of total assets, whereas trade receivables rose by about 24% to TEUR 13,615, comprising about 9% of total assets.

Equity of the Wolford Group amounted to TEUR 61,653 of January 31, 2017, which represents an equity ratio of 40% (previous year: 52%). Non-current liabilities declined in the first nine months of the current financial year by TEUR 4,482, from TEUR 24,715 to TEUR 20,233, or 13% of the balance sheet total. Current liabilities rose to TEUR 72,271 (previous year: TEUR 45,977), primarily owing to an increase in current financial liabilities by TEUR 22,764 to TEUR 42,222, as well as an increase in other provisions by TEUR 5,661 to TEUR 11,748. Other liabilities were down by TEUR 1,794 to TEUR 13,154. Working capital climbed year-on-year from TEUR 38,966 to TEUR 53,115. Net debt totaled TEUR 32,461 at the reporting date, representing a rise of TEUR 15,092 from the comparable figure at January 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: 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		31.01.2017		31.01.2016	
	Level	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets	1	1,269	1,269	1,291	1,291
Trade receivables		13,615	13,615	11,007	11,007
Other receivables and assets		5,485	5,485	4,758	4,758
thereof derivatives	2	17	17	0	0
Prepaid expenses		4,917	4,917	3,932	3,932
Cash and cash equivalents		9,662	9,662	5,779	5,779
Total financial assets		**34,948**	**34,948**	**26,767**	**26,767**
Financial liabilities, non-current		5,168	5,168	4,979	4,979
Financial liabilities, current		38,222	38,222	19,458	19,458
Trade payables		3,666	3,666	3,999	3,999
Other liabilities		13,154	13,154	14,948	14,948
thereof derivatives	2	1	1	0	0
Total financial liabilities		**60,210**	**60,210**	**43,384**	**43,384**

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 Wolford Group.

Bregenz, March 17, 2017

Ashish Sensarma
CEO

Responsible for Marketing, Sales and Coordination of the Corporate Strategy

Axel Dreher
Deputy CEO

Responsible for Product Development, Production and Technology, Procurement, Distribution Logistics, Quality Management, Market Services, Merchandising, Finance, Internal Audit, Investor Relations, Legal Affairs and Human Resources

Financial Calender

Datum	Event
July 14, 2017	Press conference on 2016/17 annual results in Vienna
September 04, 2017	Record date AGM
September 08, 2017	Q1 Report 2017/18
September 14, 2017	30th Annual General Meeting
September 19, 2017	Deduction of dividends (ex-day)
September 20, 2017	Record date dividend
September 21, 2017	First day of dividend payment
December 15, 2017	Half-Year Report 2017/18

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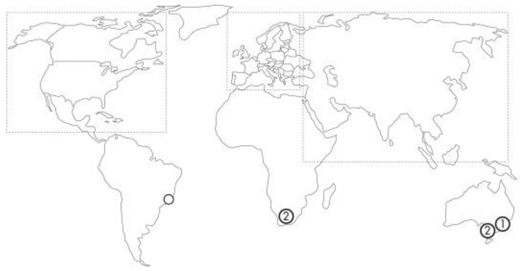
This report on the third quarter of 2016/17 is available in the Internet under company.wolford.com in the Investor Relations section.

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
January 31, 2017: 269



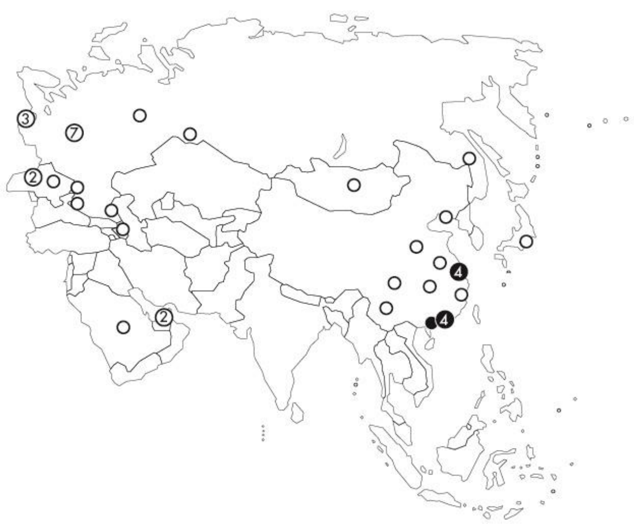
- ● Thereof Wolford-owned points of sale:
  109 boutiques
  51 concession shop-in-shops
  24 factory outlets

- ○ Thereof partner-operated points of sale:
  85 boutiques
  approx. 3,000 other distribution partners

NORTH AMERICA: 36

- ● Thereof Wolford-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 Wolford-owned points of sale:
  5 boutiques
  2 concession shop-in-shop
  1 factory outlet

- ○ Thereof partner-operated points of sale:
  23 boutiques

1) Including Russia, Ukraine

EUROPE: 196 [2)]

● Thereof Wolford-owned points of sale:
81 boutiques
42 concession shop-in-shops
20 factory outlets

○ Thereof partner-operated points of sale:
53 boutiques

2) Excluding Russia, Ukraine

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