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EANS-News: Wolford Aktiengesellschaft / Mid Year Financial Report

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Strong first half year despite Covid-19: sales stabilized, earnings increased by 6 % compared to previous year, break-even 2021 within reach!

Mid Year Financial Report

Bregenz - December 23, 2020: The first six months of the new short fiscal year 2020 of the Wolford AG, listed on Vienna Stock Exchange, 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, Wolford generated sales of EUR48.17 million, in the first six months of the current fiscal year 2020 (May 2020 to December 2020), registering a drop in revenue of about 20 percent compared to the prior-year figure of EUR60.49 million. The drop in sales of EUR12 million compared to the same period of the previous year was lower than planned.

Despite the decline in sales revenues, at EUR-11.28 million the previous year's earnings before taxes (EBT) of EUR-12.03 million were exceeded by EUR1 million. The effects of the sale of the real estate were not taken into account (EBT incl. effects from the sale of real estate EUR30.00 million). The revenue of EUR72 million related to the selling of Wolfordstraße 1-3 in Bregenz was used, to fully repay the debts at the beginning of May.

Online grows by over 50%, over 630,000 Wolford Care Masks sold, cost reduction of over 12% Success of online retail, Wolford Care Mask and the restructuring program

Main growth driver in the reporting period was Wolford's online business with a 54 percent increase over the previous 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. The company's own retail and wholesale business also contributed to achieve sales. Both, the Spring Summer 2020 as well as the Fall Winter 2020/21 collections, were very well received in all channels despite the current situation. To date, a revenue of EUR9 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 accessoire, the different styles of the Wolford Care Mask have become a must-have of the Wolford product range.

Overall, our restructuring program, PITBOLI (Program for Immediate Top and Bottom Line Impact), is systematically delivering its intended effects on revenue and efficiency. Therefore, the structural costs (personnel and operational costs) were reduced by EUR7 million (12 percent) in the prior-year period, well above target.

Going forward, the company will focus on consistently pursuing this 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 line, which is part of the "The W" collection, Wolford is further implementing its commitment

to sustainability. All new Aurora Styles are Cradle to Cradle Gold Certified TM. With the goal of being the first environmentally neutral brand in the fashion industry, Woford is leading 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. Woford is expecting further positive sales effects from the partnership with a new distributor in Japan, as well as from the planned expansion of the omnichannel architecture.

Outlook

Despite strong half-year results, Woford has 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. The effects are expected to be felt well into the coming year. Nevertheless, from today's perspective, Woford still expects to be able to reach break even in the coming year, assuming that our expectations regarding the development of the Covid-19 pandemic remain valid. In this context, the management board has implemented additional measures to secure liquidity on a sustainable basis.

The reported half-year results show that Woford is on course for a successful restructuring. Decisive is now, to ensure a stable sales development despite the Covid-19 pandemic, to consistently continue PITBOLI and the use of the offered governmental support services.

Further inquiry note:

Woford AG

Madeleine Dubois

Tel: +43 5574 690

investor@woford.com / company.woford.com

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issuer: Woford Aktiengesellschaft
Wofordstrasse 1
A-6900 Bregenz
phone: +43(0) 5574 690-1258
FAX: +43(0) 5574 690-1410
mail: investor@woford.com
WWW: http://company.woford.com
ISIN: AT0000834007
indexes: ATX GP
stockmarkets: Wien, New York, Frankfurt
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