

# Report of the Supervisory Board

The Supervisory and Management Boards held five meetings during the reporting year, which included extensive discussions of the economic environment and strategic refocusing of the company as well as important events and investments. The Management Board provided the Supervisory Board with regular reports and, at all meetings, with detailed information on the development of business and the financial position of the company and its investments and on the personnel situation. Additional reports were prepared on special developments.

The committees dealt with their respective areas of responsibility in detail and subsequently reported to the full Supervisory Board. The Presidium received regular reports from the Management Board on the current state of business. It also dealt intensively with the appointment of a new management board member and the remuneration of this board. The Audit Committee met twice and the Presidium met seven times during the reporting year. Information on the composition and responsibilities of the individual committees is provided in the Corporate Governance Report on page 50. The criteria for variable remuneration, retirement benefits and severance compensation as well as an individual listing of the remuneration for the members of the Management Board and Supervisory Board is provided in the Remuneration Report, which starts on page 53. There is no stock option plan for the company's key managers. All members of the Audit Committee and the Presidium were present at all meetings. The Marketing and Strategy Committee held one meeting

during the reporting year, whereby all committee members were present at the meeting.

The most important activities of the Supervisory Board in 2014/15 focused on the Management Board's plans for the strategic refocusing and future orientation of the company as well as the appointment of a new CEO. The company generated revenues of € 157.35 million in 2014/15, which represents an increase of 1%. Adjusted EBIT amounted to € 1.56 million while EBIT after non-recurring items amounted to € 2.17 million. Earnings after tax amounted to € 1.03 million, compared with the € 2.81 million loss recorded in the previous year.

The Wolford Group had cash and cash equivalents totaling € 4.79 million and unused credit lines of € 45 million as of April 30, 2015. The equity ratio equaled 51% on the balance sheet date. Therefore, the company has a solid base from both a financing and balance sheet perspective to continue the strategic refocusing.

The meetings of the Presidium concentrated, above all, on the appointment of a new CEO. Together with a personnel consultant, the Presidium, in its function as the Personnel and Nomination Committee, defined the structure for the new Management Board team, prepared a catalogue of criteria for the selection of the most suitable candidate and established the procedure for selecting a new Management Board member. This process led to the appointment of Ashish Sensarma as the new Chief Executive Officer as of January 7, 2015.

The Audit Committee meeting on July 17, 2014, was also attended by the auditor and dealt with the annual financial statements for 2013/14. The auditor presented a management letter and discussed the most important conclusions with the members of the Audit Committee. At the following meeting, the full Supervisory Board discussed and approved the annual financial statements of Wolford AG as well as the consolidated financial statements, the Management Report, the Management Board's recommendation for the use of profit and the Supervisory Board's report to the AGM. A proposal was prepared for the selection of an auditor, and the agenda for the 27th AGM was set. This meeting also covered the status of development for the new strategy, which was discussed in detail by the full Supervisory Board and the Management Board.

Prior to the 27th AGM on September 18, 2014, the Management Board reported to the Supervisory Board on the development of business. The discussions also included the appointment of a creative director and other important personnel issues. This was also the last meeting for Emil Flückiger, who resigned from the Supervisory Board after 22 years, last year as its chairman. The Supervisory Board would like to thank Mr. Flückiger for his many years of valuable service on behalf of the company. The Supervisory Board was newly constituted after the Annual General Meeting and elected me as new chairwoman and Claudia Beermann as my deputy chairwoman.



Antonella Mei-Pochtler, Chairwoman of the Supervisory Board

The Audit Committee meeting on December 10, 2014, included a report by the Management Board on the current financial year and on the internal control and risk management systems.

At the following Supervisory Board meeting (the 104th), the Management Board presented a forecast for the 2014/15 financial year and provided an update on the implementation of the new strategy, above all in the wholesale and travel retail segments and reported on ongoing legal proceedings.

The Supervisory Board meeting on March 13, 2015, included a presentation by the new CEO Ashish Sensarma and his Management Board colleagues on the revised corporate strategy. Wolford will operate much more directly as a brand and retail company on the market and better utilize the available assets – especially the Wolford-owned points of sale. The new Go-to-Market model is designed to reduce complexity in all areas of the company and accelerate profitable growth. The revised strategy was approved unanimously by the Supervisory Board after extensive discussion and is presented on page 40 of this annual report.

The Supervisory Board focused primarily on the budget for

2015/16 at its meeting on April 22, 2015. These documents were discussed in detail with the Management Board and the budget was approved. The discussions also covered the focal points for the audit of the 2014/15 annual financial statements as well as the current development of business and the outlook for the full year. Other points on the agenda included a status report on the implementation of the strategy and the company's new organizational structure.

The annual financial statements and Management Report of Wolford AG and the consolidated financial statements (according to IFRS) as of April 30, 2015, were audited by Deloitte Audit Wirtschaftsprüfungs GmbH, Vienna, and received an unqualified opinion. All documentation related to the financial statements, the Management Board's recommendation for the distribution of profit and the auditor's report were discussed in detail at the Audit Committee meeting on July 16, 2015, together with the auditor and subsequently presented to the Supervisory Board together with the Management Reports and Corporate Governance Report prepared by the Management Board. The Supervisory Board reviewed these documents as required by § 96 of the Austrian Stock Corporation Act and agreed with the results of the audit. The Supervisory Board approved the annual financial statements for the 2014/15 financial year, which are considered formally adopted in accordance with § 96 (4) of the Austrian Stock Corporation Act, and agreed with the Management Board's recommendation for the use of profit recorded for the reporting year. In addition, we prepared the Supervisory Board's report to the AGM as well as a proposal for the election of

the auditor for the 2015/16 financial year and the agenda for the 28th AGM on September 17, 2015.

Chief Financial Officer Thomas Melzer will leave the company on July 31, 2015, at his own request. Mr. Melzer asked the Supervisory Board not to renew his expiring contract after the completion of work on the 2014/15 financial statements. The Supervisory Board regrets his resignation and would like to thank him for his valuable work over the past years. His responsibilities will be reassigned to the two remaining Management Board members, whereby Mr. Sensarma will take charge of IT issues, and Mr. Dreher of the areas of finance, human resources, investor relations, and legal. Ashish Sensarma and Axel Dreher have extensive experience in their respective areas of responsibility and will be supported by a strong team on the next management level, which will ensure smooth and efficient operations throughout the company.

The Supervisory Board would like to thank the management and all employees for their commitment during the 2014/15 financial year.

Vienna, July 16, 2015

Antonella Mei-Pochtler  
Chairwoman of the Supervisory Board