Wolford

WHY WE ARE LOOKING TO THE EAST

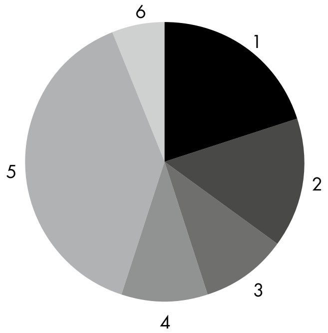
Wolford Group Key Data

Earnings Data		**2018/19**	**2017/18**	**Change in %**
Revenues	in € mill.	137.22	149.07	-8
EBIT	in € mill.	-8.98	-9.22	-3
Earnings before tax	in € mill.	-10.11	-11.43	-12
Earnings after tax	in € mill.	-11.10	-11.54	-4
Capital expenditure	in € mill.	5.16	1.40	>100
Free cash flow	in € mill.	-10.88	1.83	>100
Employees (on average)	FTEs	1,347	1,433	-6

Balance Sheet Data		**30.04.2019**	**30.04.2018**	**Change in %**
Equity	in € mill.	42.72	33.90	26
Net debt	in € mill.	19.62	30.09	-35
Working capital	in € mill.	31.07	34.59	-10
Balance sheet total	in € mill.	117.99	114.33	3
Equity ratio	in %	36	30	22
Gearing	in %	46	89	-48

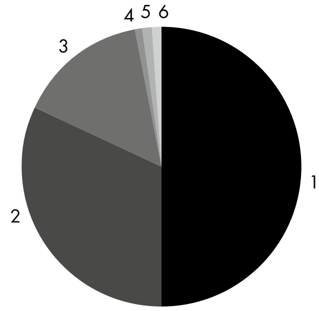
Stock Exchange Data		**2018/19**	**2017/18**	**Change in %**
Earnings per share	in €	-1.76	-2.35	-29
Share price high	in €	17.70	19.75	-10
Share price low	in €	10.60	11.36	-7
Share price at end of period	in €	11.40	13.60	-16
Shares outstanding (weighted)	in 1,000	6,320	4,912	29
Market capitalization (ultimo)	in € mill.	75.59	68.00	11

REVENUES BY MARKET



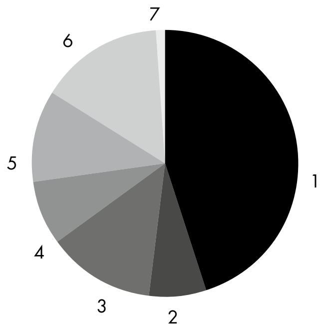
1 North America 20%
2 Germany 15%
3 Austria 10%
4 France 10%
5 Rest of Europe 39%
6 Asia / Oceania 6%

REVENUES BY PRODUCT GROUP



1 Legwear 50%
2 Ready-to-wear 32%
3 Lingerie 15%
4 Accessories 1%
5 Beachwear 1%
6 Trading goods 1%

REVENUES BY DISTRIBUTION



1 Boutiques 45%
2 Concession shop-in-shops 7%
3 Online business 13%
4 Factory outlets 8%
5 Department stores 11%
6 Multi-brand retailers 15%
7 Private label 1%

BECAUSE WE UNDERSTAND THE CHINESE MARKET

The Chinese market is enormous and the growing middle class is becoming ever more affluent. In 2018, for example, Chinese customers accounted for ***33 PERCENT*** of global ***LUXURY CONSUMPTION.*** This share is likely to rise to ***45 PERCENT*** by 2025. What's more, Chinese consumers are increasingly purchasing luxury labels in their home country rather than abroad. Domestic revenues with luxury brands surged almost ***20 PERCENT*** to around ***23 BILLION EUROS*** in 2018.

Other Asian countries are also driving the business. Spurred on by growth in South Korea, among other countries, ***LUXURY GOODS CONSUMPTION*** in the rest of Asia rose ***7 PERCENT*** to ***39 BILLION EUROS*** in 2018. Despite its ongoing crisis, even Japan raised it luxury revenues by ***3 PERCENT.***

Source: Bain & Company, 17th edition of Bain & Company Annual Luxury Study, 2018

HIGHER PURCHASING POWER, GREATER DEMAND FOR LUXURY

Status symbols are no longer the main motivation, it is about ***SUBSTANCE.*** Ever more young Chinese consumers appreciate genuine luxury without wishing to flaunt it. In a word: it is about reality, not appearances. Consumers recently questioned on the Chinese mainland listed ***HIGHER QUALITY OF LIFE*** as a key motivation to purchase ***LUXURY GOODS.*** Compared with the findings of previous "China Luxury Forecasts", the focus of Chinese ***LUXURY CONSUMERS*** has shifted from "showing off to outsiders" towards "improving my own quality of life".

More than anyone, it is the younger generation that is adding vibrancy to the luxury market. Studies show that almost all the growth in 2018 was driven by ***MILLENNIALS,*** i.e. generations born after 1980. That is why nearly all luxury brands now also offer their products on the internet. Global revenues generated ***ONLINE*** with personal luxury goods rose to ***27 BILLION EUROS*** in 2018. Compared with the previous year, that represents growth of ***22 PERCENT.***

Sources: German.china.org.cn; Bain & Company, 17th edition of Bain & Company Annual Luxury Study, 2018

NEW DESIRE FOR GENUINE LUXURY, NEW FOCUS ON SUBSTANCE

Only those players who have networks within the country and are familiar with the cultural and linguistic particularities of the ***CHINESE MARKET*** can succeed in the long term. In ***FOSUN FASHION BRAND MANAGEMENT,*** Wolford now has a strong local partner, one with extensive experience as a ***FULL-SERVICE PROVIDER*** of sales and marketing for ***LUXURY BRANDS*** in China. Now it is helping Wolford in successfully implementing its planned ***MARKET CAMPAIGN*** in China.

This partnership offers Wolford a genuine ***COMPETITIVE ADVANTAGE,*** as does the interaction with other luxury brands managed by Fosun. In the medium term, the share of revenues generated in China is set to reach a level comparable to Wolford's existing core markets of the US and Germany.

UNIQUE CULTURE, UNMATCHED OPPORTUNITIES

45%

CHINESE CONSUMERS' SHARE
OF GLOBAL LUXURY GOODS
REVENUES BY 2025*

€ 39 BILLION

REVENUES GENERATED
WITH LUXURY BRANDS
IN ASIA IN 2018

#LUXURY BRAND
#SKINWEAR
#SUSTAINABILITY
#QUALITY OF LIFE
#ONLINE SALES
#ESSENTIAL
#AUTHENTIC
#INTERNATIONAL
#SELF-CONFIDENT

>15%

TARGETED SHARE
OF REVENUES
BY 2024

WWW.

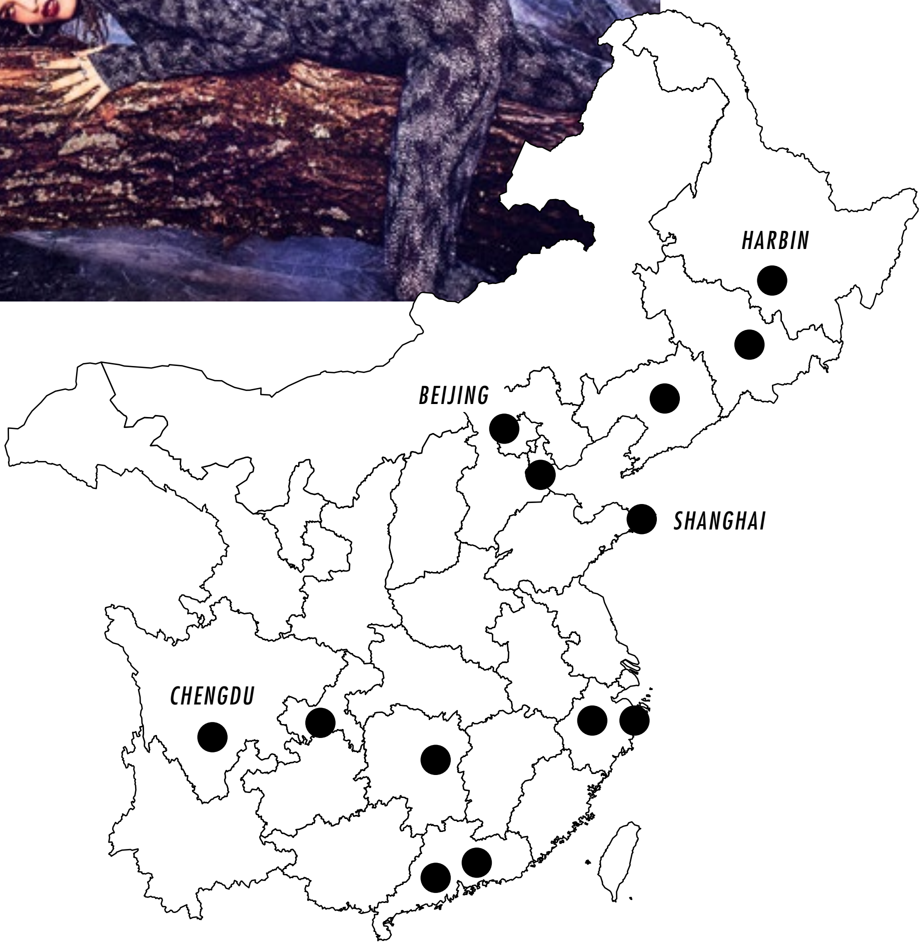
CLOSE COOPERATION
WITH REGIONAL E-TAILERS
SUCH AS TMALL

20

ESTIMATED NUMBER OF
NEW RETAIL STORES IN
MAINLAND CHINA BY 2024

70

ESTIMATED NUMBER OF
NEW WHOLESALE LOCATIONS
IN MAINLAND CHINA BY 2024



Overview of cities
with planned new
retail stores (by 2024)

* www.bain.com/insights/whats-powering-chinas-market-for-luxury-goods

DEEPER INSIGHTS,
GREATER SUCCESS

Management Board Foreword

Dear Shareholders,
Ladies and Gentlemen,

We can look back on an eventful twelve months. With the support of Fosun, our new majority shareholder, we were able to successfully execute a capital increase at the beginning of the financial year. In the months that followed, we implemented the new window display concept around the world, launched new visual imagery, initiated a new shop concept, and found a partner for our expansion in China.

Having said that, the past financial year was also a very difficult one. Revenues decreased by 8 percent and therefore fell significantly short of expectations. This meant that the quite substantial savings achieved from the restructuring measures implemented to date were insufficient to return the company to profitability. We therefore adjusted our forecast accordingly at the beginning of 2019 and announced further restructuring measures. Internal structures are still not suited to the lower volume of revenues. Until the measures to boost demand take effect, there will be no alternative but to make further cuts. Together with the second management tier, we have devised and introduced further restructuring measures. Among other options, optimizing working capital still offers potential for substantial savings. Thanks to the agreement to extend our credit lines reached with our banking partners in June, the financing of Wolford's operating business is now secured for the next two years.

Wolford's revenues stabilized in the first two months of the new financial year – that is an encouraging signal, but not necessarily yet a turnaround. The measures to stabilize revenues introduced in the past year will need time to take effect, not least because we cannot afford to make major leaps forward with our investments. Rather, we are planning on making numerous small steps. The new shop concept is currently being revised and optimized so that it can gradually be rolled out, starting in the fall with the fittings for three shops in Asia. In September, we will be launching ATH_W, our first sports-inspired "athleisure" collection, onto the market. Its individual components, which also go well together, can be worn for sport just as well as for evening leisure and have been positively received by specialist audiences.

CHINA AS GROWTH OPPORTUNITY

In the medium term, Wolford's growth opportunities are clearly to be found in Asia – and that is why we have decided to make China the key focus of this year's Annual Report. According to relevant studies, in just a few years' time Chinese customers will account for almost half of global

Axel Dreher (CEO) and Brigitte Kurz (CFO)

luxury consumption. Ever more of these customers are making their purchases directly in their home country. At the same time, consumption-oriented millennials are demanding ever higher standards when it comes to the actual substance of the products they consume and the convenience and quality that those products offer.

These trends represent a major opportunity for Wolford in particular and we aim to exploit them systematically. Our new partner FFBM (Fosun Fashion Brand Management) has an experienced team and an extensive network of contacts, which will enable us to make sure that our brand presence is well adapted to local cultural norms. Together, we will sustainably address the Chinese market and draw on all distribution channels. We have a clear target: In the medium term, the share of revenues we generate in China should be comparable with that in our existing core markets of the US and Germany, which currently account for 20% and 15% of our revenues respectively.

To reach that point, we still have a lot of work ahead – short-term revenue effects are expected only to a very limited extent. We can only conquer the Chinese market by taking small steps. We will need perseverance to achieve more widespread market penetration.

That means that we have to ask you, our shareholders, for a little more patience. We will continue to restructure our organization and gradually lay foundations for future growth. Against this backdrop, we expect to achieve positive operating earnings no earlier than the coming 2020/21 financial year.

Thank you for the confidence you have placed in us!

Sincerely yours,

Axel Dreher

Brigitte Kurz

Highlights in the 2018/19 Financial Year

New window display concept at around 120 points of sale

New shop concept presented in Amsterdam

**MAY 2018:
NEW MAJORITY OWNER**

Fosun Industrial Holdings Limited has been the new majority shareholder in Wolford AG since May 4, 2018 and holds around 58% of the company's share capital (status: April 2019). A multinational conglomerate, the Chinese Fosun Group has been listed in the most important market segment at Hong Kong's stock exchange since 2007 (00656:HK). It holds investments in numerous fashion and luxury brands, including the German fashion company Tom Tailor and the French luxury label Lanvin.

**JULY 2018:
SUCCESSFUL CAPITAL INCREASE**

With the support of its new majority shareholder Fosun and its longstanding major shareholder Ralph Bartel, on July 11, 2018 Wolford AG successfully executed the capital increase approved by the extraordinary shareholders' meeting on May 4, 2018. As a result, Wolford AG received around € 22 million of fresh equity.

**AUGUST 2018:
NEW WINDOW DISPLAY CONCEPT**

Wolford's new window display concept has been visible at almost 120 points of sale since August 2018. Each window contains 3 to 4 video screens showing image films and campaign motifs suitable to the season. Matching products from the current collection are presented in parallel.

NOVEMBER 2018: NEW MARKET IMAGE LAUNCHED

Since November 2018, Wolford has renewed its global market presence with new imagery, offering a vibrant new look that is also provocative at times. For this, Wolford engaged the world-famous fashion photographer Ellen von Unwerth, who made her name with portraits of artists such as Kate Moss, Madonna, and Rihanna. Her presentation of strong, independent women is viewed as having been significantly influenced by the imagery of the star photographer Helmut Newton.

JANUARY 2019: NEW SHOP DESIGN SCHEME UNVEILED

On January 31, Wolford opened the first store sporting the new design scheme in the presence of around 130 invited media representatives and other guests in Amsterdam. Located at the heart of the prestigious P.C. Hooftstraat and with sales areas of almost 80 m², the store offers a first glimpse of the new look and feel at point of sale. Following a trial phase with this and two other pilot stores in Paris, Wolford will optimize and then gradually roll out the store concept.

FEBRUARY 2019: NEW PARTNER FOR MARKET CAMPAIGN IN CHINA

Since February 1, Wolford AG has been relying on Fosun Fashion Brand Management (FFBM) as a new partner to manage its presence in the key Chinese market with its ever-growing class of luxury-oriented consumers. FFBM is a subsidiary of Fosun Fashion Group and acts as a full-service provider focusing on marketing and sales for luxury brands in China. On average, the team members have 15 years of experience in managing international brands such as Roberto Cavalli, St. John, or M Missoni.

APRIL 2019: FURTHER AWARD FOR RECYCLABLE PRODUCTS

In April 2019, Wolford received the "Gold" version of the "Cradle to Cradle Certificate™" award for developing technically recyclable (i.e. fully recyclable) products. This makes Wolford the first – and still the only – company worldwide in the textile industry to receive Gold certification from "Cradle to Cradle" for developing environmentally neutral products in both categories ("biodegradable" and "technically recyclable").

The photos supporting Wolford's new campaign were shot by the internationally renowned fashion photographer Ellen von Unwerth

TAKING A LOOK AT WOLFORD

Wolford Profile

Founded in the Austrian city of Bregenz in 1950, Wolford is the market leader for luxury skinwear (legwear and bodywear) and has also established itself in the exclusive lingerie segment. The company designs and manufactures its products exclusively in Europe (in Austria and Slovenia), meets the highest environmental standards, and has a workforce of 1,347 employees (FTEs). The brand is present in more than 60 countries worldwide with 259 monobrand points of sale (POS) and more than 3,000 retail partners. Wolford has been listed on the Vienna Stock Exchange since 1995. Since the beginning of the 2018/19 financial year, Wolford has had a new majority owner – Fosun Industrial Holdings Limited – which holds around 58% of the shares in the company.

Wolford generates more than half its revenues with its core legwear product group. Closely matched with the core product group are the company's lingerie and ready-to-wear products – decorative and in some cases figure-embracing products like bodies and shirts (bodywear) as well as matching dresses and pullovers. These products are supplemented with a small selection of accessories such as scarves and belts.

A distinction is made between fashionable Trend products and the Essential collection, which includes all of Wolford's timeless classics, such as the Satin Touch tights offered since 1988. The Essential collection accounts for around 70% of revenues.

Wolford headquarters in Bregenz, Austria

Tradition and Innovation

Having started out in 1950 as a producer of pure silk and rayon stockings on Lake Constance, Wolford is now the epitome of exclusive legwear and bodywear for many women worldwide.

This success is based on a round-knitting technology, specially developed and constantly refined by Wolford, as well as sophisticated workmanship and quality checks. When applied using the finest yarns, they create the specific comfort and product quality underlying the Wolford brand and its reputation. All products are made in Europe: The tights and bodies are produced in Bregenz on around 360 individually customized round-knitting machines operated in premises with optimized climatic conditions. Alongside the research and development department, there is a doubling mill, steaming facility, dyeing room, and molding workshop, as well as a proprietary color laboratory, at the company headquarters. Manufacturing takes place in Murska Sobota, Wolford's location in Slovenia, where textile manufacturing also has a long tradition.

3W bra in jungle print from the autumn/winter 2019/20 trend collection

For nearly 70 years now, Wolford has continued to introduce pioneering product innovations that have become real bestsellers – from Miss Wolford (1977), the first transparent shaping tights, to the first seamless Body (1992) to the Pure 50 tights (2014), whose lack of any seam means that they also remain invisible under tight-fitting clothing. Comfort is Wolford's trump card. The Comfort Cut tights, on the market since 2016, have waist sizes that can be individually adapted to every figure. The seamless 3W Skin Bra (on the market since January 2017) does without clips and is made out of a single piece of material. This makes it especially comfortable to wear.

In September 2018, Wolford launched the first biodegradable pullovers, T-shirts, and leggings onto the market. Developed within the Austrian "Smart Textiles" industry initiative, these products are fully compostable. In April 2019, the company received the "Cradle to Cradle Certified™ (Gold)" award for developing technically regenerative (i.e. fully recyclable) products. It will be presenting the first corresponding legwear products in 2020. Wolford is the first and so far the only company in the apparel and textile industry to receive "Gold" certification from "Cradle to Cradle" for developing environmentally compatible products in both categories ("biodegradable" and "technically recyclable").

Always open to creative ideas, Wolford has frequently worked together with prestigious designers – from Armani, and Valentino to Karl Lagerfeld, who passed away in February 2019, and Missoni. Most recently, the company developed a capsule collection in cooperation with the Austrian fashion designer Marina Hoermanseder.

The company's visual presentation is also unmistakable. Wolford has set standards here over the past decades, such as during its cooperation with the world-famous photographer Helmut Newton in the 1990s. He played a key role in creating the image of the strong, self-confident Wolford woman. In November 2018, the company unveiled an updated set of imagery. The photos supporting the campaign were shot by the internationally renowned fashion photographer Ellen von Unwerth in keeping with the campaign motto "#truecharacter" – underlining the brand claim that women in Wolford look good whatever the circumstances.

Sustainability as Key Priority

Wolford's production processes meet the highest global sustainability standards in the textile industry. This is documented by the company's partnership, existing since 2015, with bluesign technologies ag – a global network whose system stands for safe textiles and environmentally-friendly production. Here, the focus is not only on evaluating select end products, as is the case at many eco-labels, but rather on analyzing each individual stage of production and each chemical used – these being optimized or replaced when necessary. Following a correspondingly complex auditing process, Wolford is now the world's first tights producer entitled to call itself a bluesign® system partner. Furthermore, all legwear products knitted and dyed by Wolford itself on a cotton and polyamide basis for the Essential collection have "bluesign® approved" status. This certification was confirmed once again in 2017.

The production facility operated in Bregenz since 1950 borders directly on the Lake Constance water conservation zone and therefore has to meet particularly high environmental standards. Not least because of this, efficient resource use has been an active tradition at Wolford for decades now. To ensure that it makes efficient use of energy, Wolford relies on regular checks performed in the context of external energy audits. These involve analyzing energy consumption in all relevant areas. Based on the findings, measures to further enhance efficiency are identified. Wolford was singled out for an award at the end of 2016 in recognition of the measures taken to modernize its boiler house, steam boiler, and water processing. These optimized the use of waste heat and halved the volume of emissions harmful to the environment.

As part of the "Smart Textiles" industry network, Wolford also works in a project to develop a recyclable (Cradle to Cradle®) lingerie series. This involves developing legwear and lingerie products using raw materials that can either be recycled in full or that are fully biodegradable. Under Wolford's leadership, 13 companies in the Vorarlberg region that produce suitable lingerie components participate in the project. In September 2018, Wolford launched the first biologically recyclable, i.e. fully compostable, products onto the market. In April 2019, the company received the "Cradle to Cradle Certified™ (Gold)" award for developing technically recyclable (i.e. fully reusable) products. Wolford will be presenting the first corresponding legwear products in 2020. Wolford is the first – and still the only – company in the apparel and textile industry to receive "Gold" certification from "Cradle to Cradle" for developing environmentally compatible products in both categories ("biodegradable" and "technically recyclable").

Further information about Wolford's approach to sustainability can be found in the Sustainability Report of Wolford AG, which is available in the "Investor Relations" section of the company's website at company.wolford.com.

bluesign® SYSTEM PARTNER

Knitting machines – the technical heart of the Wolford brand

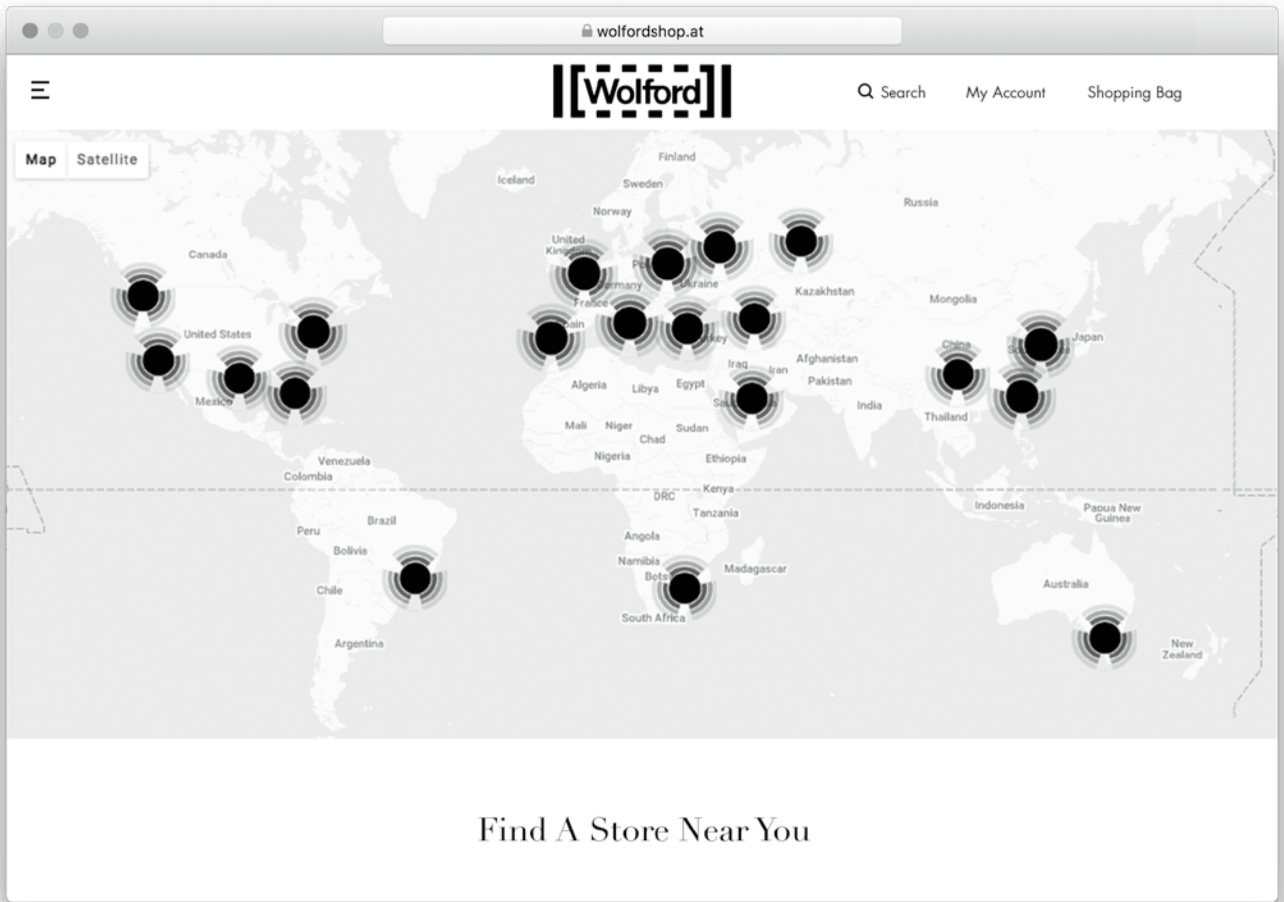
Present in the World's Top Shopping Centers

Wolford has a dense network of monobrand boutiques located in the world's most prestigious fashion capitals – with a mix of partner boutiques and proprietary locations in strategically relevant cities. Of the 187 Wolford boutiques in operation at the end of April 2019, 105 were managed by the company itself and 82 were operated by partners.

Wolford's light, non-creasing products are especially well suited for easy repeat purchases via the Internet. Customers in a current total of 17 countries can already shop around the clock in their "own" online Wolford boutique. Not only that, Wolford products are sold at numerous international department stores. At Harrods and Selfridges in London or Bergdorf Goodman in New York, for example, the products are offered in exclusive shop-in-shops that present the products in Wolford's own unique atmosphere.

Wolford's creations are also available at a large number of exclusive fashion and specialist retail stores. These are supplemented by the travel retail business at airports and major railroad stations. Wolford is currently present with 80 POS at airports such as Milan and Frankfurt. In the 2018/19 financial year, Wolford significantly expanded its global presence in cooperation with travel retail distributors such as Gebr. Heinemann and Dufry. Since then, Wolford has also been present at Copenhagen Airport, Scandinavia's busiest airport with 30 million passengers a year, and at three further locations in Russia. Based on an omni-channel approach, Wolford is working hard to integrate its online and boutique distribution ever more closely. Individualized product information made available through the preferred shopping channel gives customers flexibility in terms of where and when they shop while also ensuring the broadest possible product selection.

The "My Wolford" customer loyalty program in place since 2010 now has a worldwide total of more than 520,000 registered regular customers.



Find your nearest Wolford boutique / Global presence – at the POS and online

TO OUR SHAREHOLDERS

Wolford Shares

CAPITAL MARKET DEVELOPMENTS

The past financial year at Wolford AG (May 1, 2018 to April 30, 2019) was a volatile period for the capital markets, which suffered from the effects of political turbulence. Leading stock indices, such as the DAX and EURO STOXX 50, came under what was at times substantial pressure; among the key factors were the trade conflict between the US and China and protracted Brexit negotiations. Furthermore, global stock markets were also negatively affected by Italy's budgetary policies and fears of a new debt crisis. One additional source of concern for investors was the rise in US interest rates – through to the end of 2018, the Federal Reserve raised the base rate to 2.5%. By contrast, the ECB continued to rely on its zero-interest policy.

Against this backdrop, the German Stock Index (DAX) consistently lost ground in the period from May 2018 through to the end of December 2018, falling by almost 15% in total to reach the lowest level seen for a long time at 10,558.96 points on December 27, 2018. The DAX nevertheless showed a significant recovery once again in the first four months of 2019, rising to 12,385.00 points as of April 30, 2019. The EURO STOXX 50 showed a slight overall reduction of 0.6% between May 1, 2018 and April 30, 2019. Like the DAX, however, this pan-European index witnessed a sharp fall in prices towards the end of 2018. The Dow Jones Industrial, the key US index, also saw substantial fluctuations, but was able to recover at the beginning of the year, rising by 10.3% as of April 30, 2019. The MSCI World Textiles, Apparel & Luxury Goods Index, the most important index for the textile industry, also performed positively over the same period.

WOLFORD'S SHARE PERFORMANCE

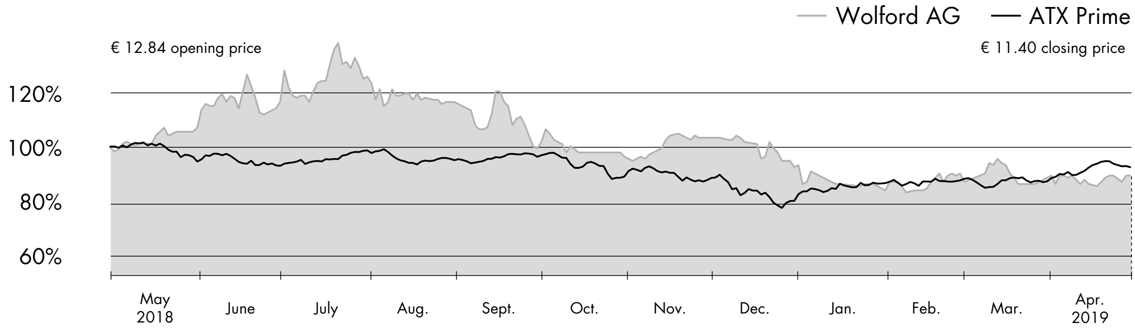
Wolford's shares were listed at € 12.84 on May 2, 2018 and fell by 11.18% in the course of the financial year through to the end of April 2019, while the ATX Prime fell by 7.59% over the same period.

Thanks to the successful execution of the capital increase and the positive impact on earnings of restructuring measures, the company's share price gained ground in the first three months. Following publication of the annual results on July 23, 2018, the share price briefly peaked at € 17.70.

In subsequent months, however, the share price declined once again, falling from € 13.80 upon publication of the first-quarter report on September 7, 2018, to € 12.10 at the beginning of November.

Following the adjustment made to the forecast and the announcement of a loss for the 2018/19 financial year on January 15, 2019, the share price witnessed a further significant decline, reaching € 10.60 on February 11, 2019. In subsequent weeks, the price only recovered slightly and was listed at € 11.40 at the end of the financial year

WOLFORD SHARE PRICE DEVELOPMENT IN % (INDEXED)



Key data on Wolford shares		2018/19	2017/18
Earnings per share	in €	-1.76	-2.35
Dividend per share	in €	0.00	0.00
Equity per share	in €	6.44	6.90
Share price high	in €	17.70	19.75
Share price low	in €	10.60	11.36
Share price at end of period	in €	11.40	13.60
Shares outstanding (weighted)	in pcs.	6,320,151	4,911,860
Market capitalization (end of period)	in €	75,593,525.40	68,000,000
Volume of shares traded (daily average)	in pcs.	3,508	4,042

Information on Wolford shares

ISIN code:
AT0000834007

Stock exchanges:
Vienna (Standard Market), Frankfurt (OTC segment) New York (ADR-Level 1)

Ticker symbols:
Vienna: WOL
Reuters: WLFD.VI
Bloomberg: WOL:AV
WLFDY: US, WOF:GR

IPO date:
February 14, 1995

Stock type:
Bearer shares (no-par value)

Number of shares as of 30.04.2019:
6,719,151, of which 6,631,011 with dividend entitlement

Investor Relations:
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+43 5574 690 1258
investor@wolford.com
company.wolford.com

(April 30, 2019). For the period under report, Wolford shares posted their 12-month low at € 10.60 (February 11, 2019) and their 12-month high at € 17.70 (July 23, 2018).

Trading volumes with Wolford shares totaled 666,576 in the period under report (double-count). The average daily turnover on the Vienna Stock Exchange therefore came to 3,508 shares based on the 190 trading days in the period under report. The highest trading volumes (27,775 shares) were seen on June 06, 2018, while the lowest volumes (0 shares) were reported for June 19, 2018.

Wolford shares moved from the Prime Market to the Standard Market as of September 24, 2018.

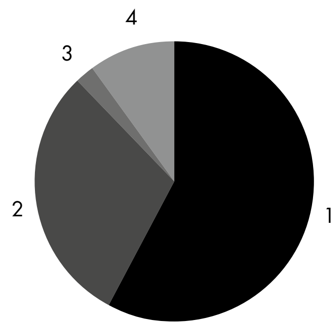
SHAREHOLDER STRUCTURE

The extraordinary shareholders' meeting held on May 4, 2018 resolved to increase the share capital of Wolford AG by € 12,498,227.77 to € 48,848,227.77 by issuing 1,719,151 new no-par bearer ordinary shares. The same day witnessed the closing of the contract between the Chinese financial investor Fosun Industrial Holdings Limited (Fosun) and the previous principal shareholder group (WMP Familien-Privatstiftung, Sesam Privatstiftung and M. Erthal & Co. Beteiligungsgesellschaft m. b. H., and related natural persons). Announced on March 1, 2018, this contract governed the purchase of a majority (50.87%) of Wolford's shares.

Just a few days later, on May 9, 2018, Fosun announced the results of the anticipatory mandatory offer made to Wolford's shareholders. Accordingly, the offer was accepted by the bearers of 358,724 Wolford shares in total, corresponding to 7.17% of all Wolford shares in circulation. Once the associated transactions were executed, Fosun Industrial Holdings Limited therefore held a stake of around 58% in Wolford AG.

On July 3, 2018, the private investor Ralph Bartel notified Wolford that he had increased his stake in the company and now held more than 30% of the bearer shares. Wolford AG owns almost 2% of the shares as treasury stock. Since May 22, 2019, the shares in Wolford AG have no longer been held directly by Fosun Industrial Holding, but have rather been

WOLFORD'S SHAREHOLDER STRUCTURE



1 FFG Wisdom (Luxembourg) S.à.r.l. ~58%
2 Ralph Bartel > 30%
3 Treasury stock ~ 2%
4 Free float < 15%

assigned to its subsidiary FFG Wisdom (Luxembourg) S.à.r.l. The remaining shares are held in free float by institutional and retail investors.

INVESTOR RELATIONS

As a listed company, Wolford accords high priority to communicating professionally and reliably with the financial markets. In organizational terms, this function reports directly to the Chief Financial Officer.

Wolford maintained a close dialog with retail and institutional investors once again in the past financial year. Here, the company adheres to the principles of continuity, equal treatment of all shareholders, and transparency and consistency of information. A wide range of communication measures provides detailed information on the company to existing shareholders and also targets potential new investors. In meetings held at the RCB Investors Conference in Zürs, for example, the Management Board of Wolford AG explained the company's current performance and future strategy to analysts and to Austrian and international investors.

Wolford shares are regularly covered by an analyst at Raiffeisen Centrobank. The latest reports are available on Wolford's website.

Corporate Governance at Wolford

COMMITMENT TO THE CORPORATE GOVERNANCE CODE

Wolford is convinced that carefully implemented and actively practiced corporate governance can make an important contribution to enhancing the trust placed in the company by the capital markets. In September 2002, the Austrian Working Group for Corporate Governance issued a framework for responsible corporate management and control that is designed to support the sustainable creation of value. The goal of this guideline is to protect the interests of all stakeholders whose welfare is linked to the success of the company.

The Austrian Corporate Governance Code ensures a high degree of transparency for all of the company's stakeholders. Wolford has been committed to the principles of the code since the 2002/03 financial year. The Austrian Working Group for Corporate Governance is responsible for publishing the Corporate Governance Code in its respective versions. The current version is available at www.corporate-governance.at and at Wolford's website. The latest revision to the code, which took effect as of January 1, 2018, focuses on adapting the "L-Rules" (legal compliance) to statutory requirements and Annex 2a (basic structure of the CG report) to the revised AFRAC statement concerning corporate governance reports.
The code is based on the requirements of Austrian stock corporation, stock exchange and capital market law, the recommendations of the European Commission concerning the duties of the Supervisory Board and the compensation of Management Board members, and the corporate governance guidelines issued by the OECD. The code provides a framework for corporate management and control.

Boosting confidence
The guiding principles of the code are intended to enhance the trust placed by investors in the company – and in Austria as a place to do business. They include equal treatment of all shareholders, transparency, the independence of the Supervisory Board, open communication between the Supervisory Board and the Management Board, the avoidance of conflicts of interest on the part of directors and officers, and efficient control by the Supervisory Board and auditor. Compliance with the code, which goes beyond legal requirements, is voluntary, and takes the form of a self-imposed obligation on the part of the company. Observance of the code also means that any failure to meet C-Rules must be explained and disclosed ("comply or explain"). The Corporate Governance Report of Wolford AG forms part of this annual report (Pages 26 to 39) and is also available in the "Investor Relations" section of Wolford's website.

To prevent insider trading, Wolford has issued a compliance guideline that implements the requirements of the Market Abuse Regulation issued by the European Union. Adherence to this guideline is monitored by the compliance officer. Wolford's objective is to meet the expectations of capital market participants with respect to transparency and to provide shareholders with a true and fair view of the company. The Market Abuse Regulation issued by the European Union requires the simultaneous and identical communication of information. Wolford consistently meets this requirement by distributing the latest company news, including information with the potential to influence its share price, in parallel to analysts, investors and the media. This information is also simultaneously published on the company website to provide private shareholders with equal access to the information.

One share – one vote
The company originally issued 5,000,000 zero par value common shares. By resolution of the extraordinary shareholders' meeting on May 4, 2018, the number of shares increased to 6,719,151. There are no preferred shares or restrictions on the common shares. The principle of "one share – one vote" is therefore met in full. The Austrian Takeover Act ensures that every shareholder receives the same price for his or her Wolford shares in the event of a takeover (mandatory offer). The current shareholder structure is shown on Page 25 of this Annual Report.

Systematic risk management
The Management Board of Wolford AG bears overall responsibility for ensuring that an effective risk management system is in place at the company. Acting on its behalf, the central risk management function coordinates the implementation of the risk management system and ensures that this is continually updated and enhanced. This function has a direct reporting line to the Chairman of the Supervisory Board Audit Committee. The Supervisory Board of Wolford AG is responsible for monitoring the effectiveness of the risk management system. This responsibility is met by the Audit Committee.

Based on an internal audit plan approved by the Management Board and the Audit Committee, as well as a group-wide risk assessment of all corporate activities, the Management Board and the internal audit function regularly review operating processes to identify potential risks and potential improvements. Adherence to legal requirements, internal guidelines, and processes is also monitored. To support the early identification and monitoring of risks, the internal control system is reviewed on a regular basis, improvements are implemented and the results are reviewed.

KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Porzellangasse 51, 1090 Vienna, was elected by the 31st Annual General Meeting (AGM) to audit the annual financial statements of Wolford AG and the consolidated financial statements of the Wolford Group for the 2018/19 financial year. There are no grounds for exclusion or prejudice that would be incompatible with a conscientious and objective audit by the group auditor, KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft. The fees for the audit of the consolidated financial statements and related services amounted to € 0.16 million. All mandatory disclosures required by § 243a of the Austrian Commercial Code (UGB) can be found on Page 62 of the Management Report.

The Management Board

Axel Dreher

Axel Dreher (born in 1965) has been a member of the Management Board since March 1, 2013 and CEO since August 1, 2017. He is appointed through to April 30, 2021 and does not hold any supervisory board or comparable functions outside the company. He is responsible for Wolford's strategy, sales and marketing, and development, production, and logistics activities, as well as for human resources. Axel Dreher studied business administration and also received an MBA from the University of Pittsburgh with a major in finance. From 2005 to February 2013, he served on the Management Board of Triumph International AG in Wiener Neustadt, where he was responsible for all commercial and operating activities. During his time at the German Schaeffler Group/FAG Kugelfischer AG (2001 to 2005), Axel Dreher was responsible for finance and controlling, human resources, IT and procurement for FAG Austria AG, as well as for finance, controlling, and procurement for the utility vehicle segment of FAG Kugelfischer AG. He then assumed global management responsibility for a business unit where his core duties involved sales, product engineering, purchasing and production, and also included further management and supervisory board positions in Hungary and India. He gained additional management experience in research and development, finance and controlling and operative management in the automotive components supply industry while working at ITT Automotive Europe (1995 to 1998) and BorgWarner (1998 to 2001).

Brigitte Kurz

Brigitte Kurz (born in 1974) has been a member of the Management Board since August 1, 2017 and is appointed through to April 30, 2021. She does not hold any supervisory board or comparable functions outside the company. She is responsible for finance, investor relations, legal affairs, and IT. She has been responsible for all finance-related matters at the Wolford Group since September 2015 (then as Director of Corporate Finance). From 2010 to 2015, Brigitte Kurz acted as CFO of the Zurich-based machine tool engineering company DMG Mori Europe, where she was responsible for finance and controlling at a total of 12 sales locations across Europe. She previously worked for four years at the Carcoustics Group, an automotive supplier with global operations based in Leverkusen, initially as Commercial Director of Carcoustics Austria GmbH in Vorarlberg and from 2008 as Vice President Controlling at Carcoustics International. In this function, she was responsible for worldwide controlling. Born in Tyrol, Brigitte Kurz has lived in Vorarlberg for around 20 years and holds a master's degree in "International Corporate Management" from Dornbirn Technical College.

Brigitte Kurz and Axel Dreher

Supervisory Board Members and Committees

Supervisory Board
The Supervisory Board of Wolford AG currently comprises four members elected at the AGM and two representatives delegated by the Staff Council. The Supervisory Board held five meetings during the 2018/19 financial year. No Supervisory Board member was absent from more than half the meetings.

Name	**End of period in function**	**Diversity factors**[1]	**Committee membership**	**Supervisory Board positions or comparable functions**
Dr. Junyang Shao Independent First appointed: 04.05.2018 Supervisory Board Chairwoman Vice President of Fosun Fashion Group, Managing Director of Koller Group	Appointed through to 35th AGM (2021/22)	Female, born in 1981, Chinese	Chairwoman of the Presidium, the Personnel and Nomination Committee, the Compensation Committee, and Chairwoman of the Strategy and Marketing Committee	Supervisory Board Chairwoman of Tom Tailor Holding SE
Thomas Dressendörfer Independent First appointed: 04.05.2018 Deputy Supervisory Board Chairman CFO of Tom Tailor Holding SE	Appointed through to 36th AGM (2022/23)	Male, born in 1958, German	Member of the Presidium, the Personnel and Nomination Committee, the Compensation Committee, and Chairman of the Audit Committee	No additional positions at listed companies

Name	End of period in function	Diversity factors[1]	Committee membership	Supervisory Board positions or comparable functions
Yun Cheng Independent First appointed: 13.09.2018 Chairwoman of Fosun Fashion Group, Chairwoman of the Board of Jeanne Lanvin S.A.	Appointed through to 36th AGM (2022/23)	Female, born in 1976, Chinese	Since 31st AGM: Member of the Audit Committee	Supervisory Board member at Tom Tailor Holding SE
Birgit G. Wilhelm Independent First appointed: 12.09.2006 Real estate manager	Appointed through to 35th AGM (2021/22)	Female, born in 1975, Austrian	Member of the Strategy and Marketing Committee	No additional positions at listed companies
Claudia Beermann Independent First appointed: 17.09.2013 Managing Director of iSi Automotive Holding GmbH	Retired from Supervisory Board upon conclusion of 31st AGM (2017/18)	Female, born in 1966, German	Until 31st AGM: Member of the Audit Committee	No additional positions at listed companies
Anton Mathis[2] Independent First appointed: 16.12.1999		Male, born in 1960, Austrian	Member of the Personnel and Nomination Committee and of the Strategy and Marketing Committee	No additional positions at listed companies
Christian Medwed[2] Independent First appointed: 18.05.2017		Male, born in 1979, Austrian	Member of the Audit Committee	No additional positions at listed companies

[1] Diversity factors include gender, age, and nationality.

[2] Delegated by Works Council.

The Supervisory Board has established five committees: the Presidium Committee, the Personnel and Nomination Committee, the Compensation Committee, the Audit Committee, and the Strategy and Marketing Committee.

In the 2018/19 financial year, the **Presidium** comprised the Supervisory Board Chairwoman Dr. Junyang Shao and her Deputy Thomas Dressendörfer. The Presidium represents the company's interests in all matters related to the Management Board; it also acts as the **Compensation Committee** in respect of Management Board compensation. In this function, it reviews the compensation policy for the Management Board members at regular intervals and ensures compliance with the relevant provisions of the Corporate Governance Code.

At Wolford, the Presidium, supplemented by the Works Council representative Anton Mathis, serves as the **Personnel and Nomination Committee.** This body is responsible for preparing all appointments to the Management and Supervisory Boards. Prior to the appointment of persons to these corporate bodies, the Personnel and Nomination Committee constructs a requirements profile and prepares resolutions for the Supervisory Board or AGM based on a predefined selection process and succession planning. The Personnel and Nomination Committee is also responsible for taking decisions concerning personnel-related matters at the company to the extent that transactions requiring approval pursuant to § 95 (5) of the Austrian Stock Corporation Act (AktG) are involved or that such decisions are required by the articles of association or the Supervisory Board. It is to address these matters that the Works Council has a representative on the Committee. The Personnel and Nomination Committee held three meetings in the past financial year.

The **Audit Committee** deals with the audit of the Group's annual financial statements and supervises financial reporting. It also monitors the effectiveness of the internal control, internal audit, and risk management systems and reviews the independence of the auditor. In the 2018/19 financial year, the Audit Committee comprised Thomas Dressendörfer (Chairman), Yun Cheng, and Christian Medwed (until the 31st AGM: Thomas Dressendörfer [Chairman], Claudia Beermann, and Christian Medwed). The Audit Committee met twice in the 2018/19 financial year and primarily dealt with the following issues:

- The auditor's report on the audit of the annual financial statements for the 2017/18 financial year
- The preparation of a recommendation to the Supervisory Board for the selection of the (group) auditor for the 2018/19 financial year
- The company's performance through to the end of the 2018 calendar year
- The report by the Management Board on risk management at the Group

The **Strategy and Marketing Committee** comprised the following members in the 2018/19 financial year: Dr. Junyang Shao (Chairwoman), Birgit Wilhelm, and Anton Mathis. This committee held two meetings in the 2018/19 financial year and mainly dealt with marketing strategy and marketing organization.

Responsibilities and Working Methods of the Management and Supervisory Boards

The Management Board is responsible for conducting the company's business in compliance with the relevant laws, the articles of association of Wolford AG, and the applicable rules of procedure. It manages the business to the benefit of the company, and in keeping with the interests of all shareholders, employees and the general public. The rules of procedure for the Management Board, which are issued by the Supervisory Board, regulate working procedures and responsibilities. Irrespective of the allocation of specific responsibilities, the Management Board bears joint responsibility for managing the company. Issues of fundamental importance must be approved by the full Management Board. In addition, the rules of procedure for the Management Board include a catalogue of measures that require the approval of the Supervisory Board.

There is a continuous flow of information among the members of the Management Board. This takes place formally in at least two monthly Management Board meetings.

At regular meetings (at least once per quarter), the Management Board provides the Supervisory Board with timely and comprehensive information on all issues that are relevant to the company's economic and strategic development, including the risk situation and risk management at the company and major subsidiaries. Urgent information is communicated to the Supervisory Board Chairwoman immediately by the Management Board. Additional meetings are scheduled to deal with important issues such as the discussion of the company's strategy. The Management Board reports at least once a year to the Supervisory Board on the precautionary measures taken to combat corruption at the company. The Supervisory Board is thus furnished with all the information it requires to perform its advisory and supervisory functions. Consistent with the Corporate Governance Code, the Management and Supervisory Boards also hold regular discussions on the company's performance and strategic alignment outside the framework of Supervisory Board meetings.

The Supervisory Board performs its duties in accordance with legal requirements, the articles of association, and its rules of procedure. The Supervisory Board is responsible for decisions on issues of fundamental importance to the company and its strategic alignment. It establishes qualified committees appropriate for specific circumstances at the company and determines the number of members for each. These committees are designed to increase the efficiency of the Supervisory Board's work and improve the resolution of complex issues. However, issues delegated to individual committees may still be handled by the full Supervisory Board. Each committee chairperson regularly reports to the full Supervisory Board on the work of his or her committee.

Employee participation on the Supervisory Board and its committees is a legally regulated aspect of the Austrian Corporate Governance system. Consistent with the Austrian Labor Constitution Act, employees are entitled to delegate one representative to the Supervisory Board and its committees for every two Supervisory Board members (shareholder representatives) elected by the AGM. Employee representatives exercise this function on an honorary basis and can be recalled by the Staff Council at any time. None of the Supervisory Board members has business or personal relationships with the company or the Management Board that could provide grounds for a material conflict of interest and therefore influence the behavior of the respective Supervisory Board member.

All members of the Wolford AG Supervisory Board are considered independent according to the criteria defined by the Austrian Corporate Governance Code. Statements to this effect were submitted by all Supervisory Board members. In determining the criteria used to assess the independence of its members, the Supervisory Board is guided by the independence guidelines set out in the Corporate Governance Code (Annex 1). In accordance with § 95 of the Austrian Stock Corporation Act, the Supervisory Board's main responsibility is to supervise the work of the Management Board. The Supervisory Board members appointed met and meet this responsibility in full. The company has a free float component of less than 20%. Wolford AG has not granted any loans to members of the Supervisory or Management Boards.

Wolford AG evaluates compliance with the provisions of the code each year based on a questionnaire developed by the Austrian Working Group for Corporate Governance. Based on the results of this evaluation, the deviations from the C-Rules are explained below.

Deviations from C-Rules Corporate Governance Code

C-Rule	**Description**
18, Question 1	The internal audit department is not (no longer) established as a Management Board staff office. In the course of restructuring the company, the agendas pursued by the internal audit department were allocated to other company departments. This is intended to enhance their integration within company structures and thus seize associated opportunities to continually and sustainably improve internal company processes. Internal audit tasks thus continue to be performed without restriction. Outsourcing these tasks to a stand-alone department would merely create unnecessary additional expenses. This decision was jointly taken by the Management and Supervisory Boards.
36, Question 3	The Supervisory Board forewent performing any self-evaluation in the past 2018/19 financial year. This was because the period in which its members, most of whom newly elected, had worked together was still too short for any self-evaluation to be effective.
43, Question 5	The principles underlying the compensation system are presented in great detail in the Compensation Report within the Corporate Governance Report. Additional reporting to the Annual General Meeting would therefore be superfluous. Potential questions about these principles at the Annual General Meeting are answered immediately. This decision was taken by the Supervisory Board.

62, Question 1	The company's compliance with the C-Rules of the code has not been evaluated by any external institution in the past three years. However, an annual review is carried out by the company departments entrusted with internal audit topics. A separate review by an external institution would not produce any different results and would only cause avoidable costs. The decision in favor of exclusively performing an internal audit of compliance with the C-Rules was taken by the Management Board following agreement with the Supervisory Board.
81a, Question 1	The (group) auditor was only invited to one of the two meetings held by the Audit Committee, since only this meeting dealt with topics relevant to the financial statements. This decision was taken by the Supervisory Board.
83, Question 1	The audit assignment did not include an evaluation of the effectiveness of the risk management system. The Supervisory Board took this decision in agreement with the Management Board. However, the auditor issued a management letter that reports on select aspects of the internal control system in respect of the financial reporting process. This letter was presented to the Chairwoman of the Supervisory Board and discussed in detail at a Supervisory Board meeting. The Audit Committee also held two meetings during the past financial year in which it addressed the findings of the company's risk management activities. In addition, there is a direct reporting line from the employees responsible for internal audit to the Chairman of the Supervisory Board Audit Committee. Overall, the Supervisory Board is thus able to form its own impression of the effectiveness of the risk management system.

Compensation Report

The Compensation Report summarizes the principles used to determine the compensation paid to the Management Board of Wolford AG and sets out the amount and structure of this compensation. It also describes the underlying principles and amount of Supervisory Board compensation. The Supervisory Board has assigned responsibility for determining the compensation of Wolford's Management Board to the Presidium, which also acts as the Compensation Committee.

Consistent with the requirements of the Austrian Stock Corporation Act, members of the Management Board are appointed for specific terms in office. The employment contracts with individual members of Wolford's Management Board – which set out the level and structure of compensation – have been concluded for these periods. The goal of the compensation system is to provide Management Board members with compensation that stands up to comparison with national and international practice and adequately reflects the scope of their functions and responsibilities.

The Management Board compensation system comprises fixed and variable components. The fixed component reflects the respective area of responsibility of each Management Board member and, in line with standard practice in Austria, is retrospectively disbursed in the form of 14 monthly installments. The variable component is based on the company's performance and on that of the individual Management Board member. It is linked in particular to the achievement of quantitative targets and sustainable, long-term and strategic goals, and at the same time take into account non-financial criteria. The total amount of compensation is appropriate to the duties and responsibilities of the individual Management Board members, as well as to the position of the company and compensation customary to the sector in which it operates.

The variable share of Management Board compensation is based on various criteria, including specifically
– the achievement of an EBITDA target,
– the achievement of a specific amount of earnings after taxes,
– non-financial criteria.

The variable compensation for the Management Board members Axel Dreher and Brigitte Kurz is capped at 118% of their respective fixed compensation.

Upon the termination of a Management Board contract, the respective member is entitled to severance pay with analogous application of the requirements of the Austrian Salaried Employees Act. There are no pension fund agreements or defined benefit commitments for active Management Board members at Wolford AG. Expenses of € 0.10 million were recognized in the 2018/19 financial year for former Management Board members (2017/18: € 0.20 million). Members of the Management Board may only take on additional duties outside the company with the approval of the Supervisory Board. This ensures that neither the time involved nor the compensation received lead to any conflict of interest with the individual's responsibilities on behalf of the company.

The AGM determines the compensation paid to elected Supervisory Board members as well as meeting allowances. The 27th AGM approved a new compensation structure for the Supervisory Board that took effect from the 2014/15 financial year and applies until further notice:

Compensation for the function assumed and for preparing and attending four regular Supervisory Board meetings each financial year: Chair(wo)man: € 50,000; Deputy Chair(wo)man: € 35,000; members: € 25,000.

Committee members receive the following additional compensation:
– Audit Committee with two regular meetings per financial year: Chair(wo)man: € 5,500 and members € 5,000 each
– Strategy and Marketing Committee with two regular meetings per financial year: Chair(wo)man: € 5,500 and members € 5,000 each
– Unscheduled meetings are compensated with € 4,000 per member and meeting.

The compensation for the year under report totaled € 0.18 million (2017/18: € 0.19 million) and was structured as is described in the table on Page 37.

No pension commitments have been made to Supervisory Board members at Wolford AG. Wolford AG has concluded directors and officers (D&O) insurance with coverage of € 25 million for the members of the Supervisory and Management Boards, key employees, and the managing directors of subsidiaries. The company covers the cost of this insurance. Purchases and sales of treasury stock by members of the Management and Supervisory Boards and closely related individuals ("directors' dealings") are made public in accordance with Article 19 of the Market Abuse Regulation and are published in the "Investor Relations" section of the Wolford AG website pursuant to the Austrian Corporate Governance Code.

Management Board compensation in €	2018/19 Fixed	2018/19 Variable*	2018/19 Total	2017/18 Total
Axel Dreher	430,000	0	430,000	525,000
Brigitte Kurz	298,000	0	298,000	283,500
Ashish Sensarma (until July 31, 2017)	0	0	0	162,500
Total	**728,000**	**0**	**728,000**	**971,000**

* The variable compensation will be measured in the course of the 2019/20 financial year. The Management Board intends to defer payment of the variable compensation to the 2020/21 financial year.

Supervisory Board compensation in €	2018/19	2017/18
Dr. Junyang Shao, Chairwoman (5 Supervisory Board meetings[1], 3 Personnel Committee meetings[2], and 2 Strategy and Marketing Committee meetings)	63,500	0.00
Thomas Dressendörfer, Deputy Chairman (5 Supervisory Board meetings[1], 3 Personnel Committee meetings, 2 Audit Committee meetings)	48,500	0.00
Claudia Beermann (prorated compensation from May to September: 2 Supervisory Board meetings, 1 Audit Committee meeting)	15,000	60,754
Yun Cheng (prorated compensation from September to April: 3 Supervisory Board meetings[3] and 1 Audit Committee meeting)	19,000	0.00
Birgit G. Wilhelm (5 Supervisory Board meetings[1] and 2 Strategy and Marketing Committee meetings)	34,000	34,000
Antonella Mei-Pochtler (retired as of the 2018/19 financial year)	0.00	21,668
Thomas Tschol (retired as of the 2018/19 financial year)	0.00	34,086
Lothar Reiff (retired as of the 2018/19 financial year)	0.00	34,500
Total	**180,000**	**185,008**

1 Four regular meetings and one unscheduled meeting.
2 Two Personnel Committee meetings were held on days on which other Supervisory Board meetings also took place. In view of this, no separate compensation was paid for these Personnel Committee meetings (unscheduled meetings).
3 Attendance at an unscheduled meeting of the Supervisory Board.

Diversity Concept and Measures to Promote Women

Mutual respect, diversity, and inclusivity are integral and indispensable components of the corporate culture at Wolford AG and are accounted for when identifying candidates for all functions at the company. With regard to the candidates proposed to the Annual General Meeting for election to the Supervisory Board and the nomination of Management Board members, the company pays due attention to achieving a balance in terms of specialist skills and diversity. After all, this can play a key role in ensuring the professionalism and effectiveness of the activities of the Supervisory and Management Boards. Alongside specialist and personal qualifications, the company also takes due account of aspects such as the age, background, gender, professional training, and previous experience of potential candidates.

At the end of the 2018/19 financial year, the Supervisory Board of Wolford AG comprised four members, of which three were women. Three Supervisory Board members are of non-Austrian nationality.

As of the balance sheet date, the Supervisory Board members were aged between 38 and 61. In terms of their professional skills, they covered areas including business administration, finance, production and process management, and law. Furthermore, they can contribute experience gained in a variety of industries, including fashion and real estate, as well as in corporate strategy.

The Management Board of Wolford AG comprised one male member (aged 54) and one female member (aged 45) at the end of the 2018/19 financial year. One member, namely the CEO, has non-Austrian roots. The Management Board members together have business administration and production expertise, as well as long-standing management experience gained both within the Group and at competitors as well as in other industries.

Unlike at many other listed companies, three out of four of the Supervisory Board members elected by the AGM at Wolford AG in the 2018/19 financial year were women. This corresponds to a female quota of 75%. Since August 2017, the Management Board of Wolford AG has been 50% female. Women made up around 40% of the extended management team in the 2018/19 financial year. The company nevertheless does not have any specific plan for the promotion of women on the Management Board, Supervisory Board, or in other key functions at the company and its subsidiaries. The best possible candidates are selected for available positions, irrespective of their gender, age, religion, or ethnic origin. Many of the leading positions at Wolford AG and its subsidiaries are held by women. Attractive part-time models are offered to mothers returning from maternity leave, thus helping them to meet both their family and professional commitments. The Wolford Group focuses on its own retail locations, and its product line chiefly targets female customers. These factors are reflected in its workforce, in which women make up more than 80% of employees.

Events After the Balance Sheet Date

In June 2019, Wolford AG reached an agreement with its financing banks to extend its credit lines – which were originally due to mature on June 30, 2019 – through to June 30, 2021. For this period, the company will continue to pay interest, but the banks will forego the principal repayments agreed for the former financing facilities. Furthermore, Fosun Fashion Investment Holdings (HK) Limited has granted a shareholder's loan of € 10,000,000 to the company. This too has a term extending through to June 30, 2021.

Supervisory Board Report

Wolford AG is reporting on a year that was both eventful and challenging, and one in which the Supervisory Board closely accompanied developments at the company. In the year under report, the Supervisory Board held five meetings together with the Management Board. At these, it held in-depth discussions about all major events, the company's business situation, the implementation of its restructuring program, and the measures taken to increase revenues. At all of these meetings and in its regular reporting, the Management Board provided the Supervisory Board with detailed information about the business and financial situation of the Group and its investments, as well as additional information about special developments.

The individual committees of the Supervisory Board dealt with specific topics in greater detail and subsequently reported to the full Supervisory Board. The Supervisory Board Presidium obtained ongoing reports from the Management Board on the latest business developments. The Audit Committee met twice, as did the Marketing and Strategy Committee. All meetings of the committees and the Presidium were attended by all of their respective members. The composition and responsibilities of the committees are presented in the Corporate Governance Report on Page 26. The criteria governing performance-related compensation for the Management Board, the principles underlying retirement benefits and the claims arising upon termination of employment are listed in the Compensation Report from Page 35 onward, where the compensation of the Management and Supervisory Board members is also disclosed on an individual basis.

Key focuses of the Supervisory Board's activities in the past financial year included the restructuring of the company, measures to increase revenues, and the reorganization of sales activities. A further important topic was the refinancing of the company, where the measures included a capital increase largely subscribed by Fosun, our new majority shareholder.

Successful capital increase

At the beginning of the 2018/19 financial year, the extraordinary shareholders' meeting of Wolford AG held on May 4, 2018 granted approval for a capital increase involving the issue of 1,719,151 new shares. The subscription price was set at € 12.80 per new share, while the subscription ratio amounted to 20:7.

On June 18, the Management Board of Wolford AG published details of the subscription deadline. The new majority shareholder, Fosun Industrial Holdings Limited, undertook to subscribe all new shares and to take over those shares not otherwise subscribed within the offer.

On July 5, 2018, the company announced the preliminary final results of the subscription offer. All 1,719,151 new shares were acquired and allocated within the subscription offer or by way of oversubscription. Around 99.6% of the 1,719,151 new shares were purchased by exercising subscription rights. Around 59.3% of the new shares were taken over by Fosun Industrial Holdings Limited exercising its own subscription rights or by meeting its obligation to subscribe outstanding shares. The remaining 40.7% of the new shares were subscribed by other parties entitled to subscribe or by way of oversubscription.

Thanks to the successful execution of the capital increase, share capital at Wolford AG increased from € 36,350,000 to € 48,848,227.77. The company received fresh equity totaling round € 22,000,000

Management Board contracts extended / change of stock market segment

At the end of June 2018, the Supervisory Board agreed to extend the contracts expiring with the two Management Board members at Wolford AG. Axel Dreher (CEO) and Brigitte Kurz (CFO) were appointed through to April 30, 2021 and will therefore be in position through to the end of the 2020/21 financial year.

In the course of index adjustments made by the ATX Committee at the Vienna Stock Exchange, Wolford AG moved from the Prime Market to the Standard Market on September 24, 2018. Due to the change of majority owner and following the successful capital increase, fewer than 10% of the company's stock were in free float. This share no longer met the minimum requirements of the Prime Market (25% minimum free float with minimum free float capitalization of € 15 million). The company will nevertheless continue to meet the high transparency standards of the Prime Market and publish quarterly statements.

Following publication of the Christmas business results and given ongoing market weakness, in January 2019 the management revised its outlook for the 2018/19 financial year and announced that Wolford would post an operating loss. On February 26, 2019, the Management Board announced further extensive restructuring measures offering sustainable cost savings potential of more than € 10 million. These measures are intended to adapt the company's cost structures to the lower level of revenues.

Several meetings of the Supervisory Board and its committees in the 2018/19 financial year / New Supervisory Board members

At its meetings in the past financial year, the Presidium dealt above all with those structural and organizational measures needed to enable the company to return to profitability.

In addressing the annual financial statements for the 2017/18 financial year, the Audit Committee invited the auditor to attend its meeting on July 11, 2018. The auditor presented a management letter and discussed its principal findings with the members of the Audit Committee. At its subsequent meeting, the Supervisory Board discussed and approved the annual financial statements of Wolford AG, reviewed the consolidated financial statements, the management report, the non-financial report, and the Management Board proposal for the appropriation of profit, while also approving the Supervisory Board's report to the Annual General Meeting. Furthermore, the Supervisory Board agreed a proposal to the Annual General Meeting for the election of the auditor and set the agenda for the 2018 Annual General Meeting.

Prior to the 31st Annual General Meeting, on September 12, 2018 the Management Board reported to the Supervisory Board on the company's latest business performance, the progress made with the structuring program, the measures taken to increase revenues, and the status of the company's financing.

The Annual General Meeting on September 13, 2018 newly elected Yun Cheng to the Supervisory Board as the second representative of the majority shareholder, Fosun, and also reelected Thomas Dressendörfer. At the constitutive meeting held subsequently, the Supervisory Board elected Dr. Junyang Shao as its Chairwoman and Thomas Dressendörfer as its Deputy Chairman.

At the Audit Committee meeting held on January 25, 2019, the Management Board reported on the financial year through to the end of December 2018, as well as on the insights gained from the internal control and risk management system and measures conceived of on the basis of this. A further focus involved the implications of the new accounting standard IFRS 16. At its subsequent 127th meeting, the Supervisory Board was informed about the progress made with the restructuring measures as well as the status of the measures to increase revenues; it also heard a presentation on a plan to boost the company's sales activities.

At an unscheduled meeting held on February 22, 2019, the new sales organization was presented. Moreover, the Supervisory Board was informed of the latest status of the company's liquidity, financing, measures to increase revenues, and boost sales activities.

At its meeting on April 10, 2019, the Supervisory Board specifically addressed the budget submitted for the 2019/20 financial year, which it discussed in detail with the Management Board and subsequently approved. Further significant agenda items included the status of the company's recruitment and its measures to increase revenues.

The annual financial statements and management report of Wolford AG and the consolidated financial statements prepared in accordance with IFRS as of April 30, 2019 were audited by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, and provided with unqualified audit opinions.

The separate financial statements of Wolford AG and the Management Board's proposal concerning the appropriation of earnings were discussed in detail with the auditor at the Audit Committee meeting held on July 10, 2019. Together with the management report of Wolford AG prepared by the Management Board, the corporate governance report, and the non-financial report, these documents were then presented to the Supervisory Board meeting held subsequently.

The Supervisory Board reviewed these documents as required by the § 96 of the Austrian Stock Corporation Act and concurred with the audit findings. The Supervisory Board approved the annual financial statements, which are thus formally adopted in accordance with § 96 (4) of the Austrian Stock Corporation Act. Furthermore, the Supervisory Board also approved its report to the Annual General Meeting and its proposal for the election of the auditor for the 2019/20 financial year.

Dr. Junyang Shao
Supervisory Board Chairwoman

Bregenz, July 2019

MANAGEMENT REPORT

Management Report

Group Information

Wolford at a glance

Founded in the Austrian city of Bregenz in 1950, Wolford designs, manufactures, and sells luxury legwear and bodywear. It designs and manufactures its products exclusively in Europe at two proprietary locations in Austria and Slovenia, and in accordance with the highest environmental standards (partner to the bluesign® system). With its 259 monobrand points of sale (POS) and more than 3,000 retail partners, the brand is represented in around 60 countries worldwide. Overall, the Wolford Group has a total workforce of 1,347 employees (FTE), of which 548 employees (FTE) in Austria.

Focus on round-knitting

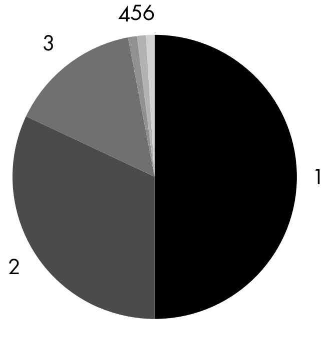
Products meet the highest quality standards

Wolford generates around 50% of its revenues with its core Legwear product group, to which all other product groups are aligned. The second-largest product group is Ready-to-wear, which includes figure-embracing products such as bodies and shirts (bodywear), as well as dresses and pullovers. The Legwear and Bodywear product groups are based on a special round-knitting technology that was developed by Wolford and is being continually enhanced. This forms the basis for the unique comfort and quality of Wolford's products. These two product groups are complemented by a select offering of decorative and in some cases figure-shaping lingerie. The collections are supplemented with a small selection of accessories such as scarves and bracelets, which contribute revenues in a low single-digit million-euro range. In the 2016/17 financial year, Wolford also introduced Beachwear as a new product category. This promises to generate additional revenue potential for the traditionally weak summer months. Here too, the company draws in some cases on its proven round-knitting technology, while parts of the Beachwear collection are also figure-shaping ("shape and control").

Wolford makes a distinction between fashionable Trend products and the Essential collection, which includes all of its timeless classics, such as the Satin Touch tights offered since 1988. The Essential products account for around 70% of revenues.

Overall, Wolford launches two collections with Trend products onto the market each calendar year. One collection covers the spring/summer period and the other is intended for the fall and winter. Depending on the collection, four to five delivery intervals take place with new products. Accompanied by suitable communications measures, these are intended to create fresh momentum at the sales areas.

REVENUES BY PRODUCT GROUP



1 Legwear 50%
2 Ready-to-wear 32%
3 Lingerie 15%
4 Accessories 1%
5 Beachwear 1%
6 Trading goods 1%

Covering the whole of the value chain

The Wolford Group's business model covers the entire value chain – from design and development via production through to global omni-channel distribution including proprietary boutiques. That makes the company highly autonomous and enables it to react quickly, for example to the latest fashion trends. The company is supported by external partners and select suppliers in sections of its Lingerie and Ready-to-wear ranges. Tasks relating to product development are centralized at the company's headquarters in Bregenz.

Close cooperation between product management, design, and product development

When developing a new collection, product management, the design team, and product development all work hand in hand. Product management analyzes trends and identifies the products that will be in demand in the market – these findings then form the basis for the work performed by the design team. The close cooperation between design and product development in turn results in a stream of new products, often based on new production methods, such as 3D printing or the adhesive technology developed by Wolford and now patented. "Pure Tights", the world's first glued tights, are one result of this cooperation.

Product and merchandise management also deal not least with requirements planning for the retail sales areas at proprietary boutiques and for wholesale customers. This department determines which articles have to be produced in which quantities and colors and for which retail surfaces. It also controls the flow of goods from the warehouse to retail surfaces.

In procurement, it is nearly all about materials. The raw materials, and yarns in particular, are procured from long-standing partners in neighboring regions in Austria, Germany, and Switzerland, as are upstream lingerie products and externally purchased Lingerie and Ready-to-wear products. All these suppliers share Wolford's high standards when it comes to the quality and innovation of their products. Some of the yarns are sourced from Japan, a country known for its innovative materials. All raw materials are stored at the company's headquarters in Bregenz and prepared here for subsequent production and assembly.

Products exclusively manufactured in Europe

Production takes place at the location in Bregenz, which serves as a textile development and production center, and in Murska Sobota (Slovenia), where the largely manual assembly activities are performed by 235 employees (FTE). The knitting mill in Bregenz processes around 233,000 kilometers of yarn each day. Around 11,600 pairs of tights, 3,400 pairs of stockings, and 1,000 bodies are manufactured each day on around 360 individually modified knitting machines. The knitted hoses for bodies or tights are taken to Slovenia for assembly and subsequently dyed and checked in Bregenz. Products not involving round-knitting, such as lingerie, are produced directly in Slovenia.

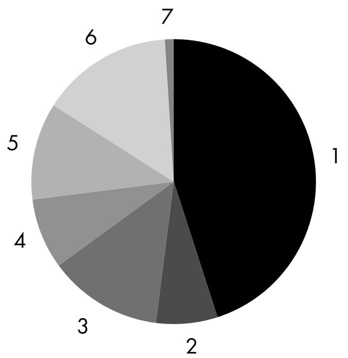
Finished products are stored in three warehouses – at the central warehouse in Bregenz, which also supplies the online business in Europe, and in two other warehouses in the US and China. The warehouse in the US supplies the online business in the American market, while that in China supplies the Asian region.

Around 70% of distribution under proprietary control

Global sales

Wolford products are currently on sale in around 60 countries worldwide. They are sold via a network of proprietary locations, i.e. directly to end customers (retail) and via trading partners (wholesale). In the 2018/19 financial year, the company generated the largest share of its revenues (45%) with its international network of boutiques. At the end of April 2019, 105 of Wolford's 187 boutiques were under proprietary management, while 82 were managed by partners. Overall, the Wolford Group controls around 70% of its distribution. Alongside stationary retail, the online business is also playing an ever more significant role – in the 2018/19 financial year it accounted for 13% of revenues.

REVENUES BY DISTRIBUTION



1 Boutiques 45%
2 Concession shop-in-shops 7%
3 Online business 13%
4 Factory outlets 8%
5 Department stores 11%
6 Multi-brand retailers 15%
7 Private label 1%

Distribution channels

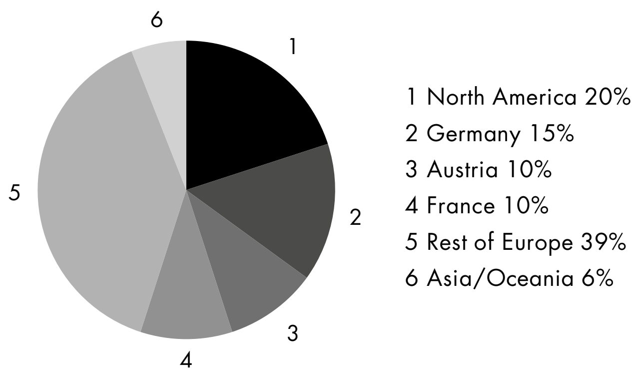
Boutiques: Boutiques under Wolford management	**Department stores:** Exclusive shop-in-shops with Wolford look and feel at numerous international department stores
Partner boutiques: Boutiques managed by retail partners	**Multi-brand retailers:** Exclusive fashion and specialist retailers offering Wolford models
Concession shop-in-shops: Sales areas under Wolford management within department stores	**Franchise:** Independent companies with their own capital which offer Wolford products in line with Wolford's uniform marketing concept
Online business: Proprietary online boutiques	**Private label:** Products manufactured for other brands or offered under other brand names at retailers
Factory outlets: Sales locations at which Wolford collections from previous seasons and cut-price goods are sold	**Travel retail:** Points of sale at airports and railroad stations

Europe as most important market

Expanded presence in Asian market

Accounting for around 75% of revenues, the European market is the most important sales market for the Wolford Group. Specifically, Germany (15%) contributes a major share of the Group's revenues, as do Austria (10%) and France (10%). The US, with a 20% share of revenues, is the most important individual market. Fosun's entry as the new principal shareholder will assist Wolford in gaining access to the Asian market, where it will now significantly expand its market presence. Since February 2019, Wolford has worked together with Fosun Fashion Brand Management (FFBM) as its new partner for the Asian market. In the medium term, the share of revenues generated in this region should match that in Wolford's existing core markets of the US and Germany and reach between 10% and 20%.

REVENUES BY MARKET



Note on data used: actual geographical distribution as against segment report (consolidated financial statements), which is based on local units.

Central management

The Wolford Group is managed by Wolford AG, which is based in Bregenz (Austria). Wolford has a dualistic corporate management system with a Management Board and Supervisory Board. The Management Board manages the company from its corporate headquarters in Bregenz. It is responsible for strategy and group management, while the Supervisory Board accompanies the Management Board in an advisory capacity and monitors its management of the company.

The company's core objective is to generate profitable growth and increase its free cash flow. The in-house management system supports the management in aligning company processes to this objective.

Revenues and EBIT as key management figures

Key aspects of this approach involve increasing revenues and operating earnings (defined as EBIT). Accordingly, the company's key management figures are revenues (absolute and like-for-like, i.e. excluding revenues at sales areas newly opened or closed) and free cash flow (net cash flow from operations plus cash flow from investments). Further key management figures are working capital and the Group's net debt.

Supply chain managers are responsible for managing inventories and trade receivables. They are also responsible for consistently implementing measures to reduce raw material holdings and stocks. Receivables management is based on close liaison between the finance department, which manages the process, and the relevant sales employees. Clear targets for DSO (days sales outstanding) support the company in prioritizing and systematically reducing its receivables.

In monthly business performance reviews, the management monitors target achievement for all key management figures and implementation of the relevant target achievement action plans.

Business Climate

The global economy grew by 3.6% in the 2018 calendar year, a period which included the first eight months of Wolford's past financial year (May to December 2018). Global growth was thus slightly weaker than in the previous year (3.7%). By contrast, cross-border trade witnessed a significant slowdown in its rate of growth: Having risen by 4.7% in the previous year, global trade grew by just 3% in 2018. This was due above all to the trade conflict between the US and China, the negative effects of which became increasingly apparent. In early April 2019, the WTO cut its growth forecast for the current year from 3.7% to 2.6%.

Slower growth in euro area

Economic growth in the euro area, where Wolford generates around 75% of its revenues, came to 1.9% in 2018, down from 2.4% in the previous year. This slowdown was attributable to the political uncertainty resulting from protracted Brexit negotiations, as well as to the trade conflicts between the US, China, and Europe. GDP in France grew by just 1.6%, as against 2.2% one year earlier. Germany, Wolford's second-largest market, reported GDP growth of 1.4% in 2018, representing a decline of 0.8 percentage points compared with the previous year. Gross domestic product grew by 2.6% in Spain, while Italy posted growth of just 0.9%, this being due in part to the budget dispute.

In the US, by contrast, economic growth rose year on year from 2.2% to 2.9%. This acceleration was the result of factors including improvements in the labor market and the tax reform. Economic growth in China, still comparatively high, slowed from 6.8% in the previous year to 6.6%. The reasons for this included the trade dispute with the US and growing debt volumes.

Compared with the previous year, 2018 was a poor year for European textile retailers. The German apparel industry reported a downturn of around 2%. According to the German Association of Retailers (HDE), consumer confidence here was at its lowest level since records began in 2016. Customer frequency totals at German fashion stores fell by 4% in 2018.

The UK also posted an overall reduction in the number of customers visiting stationary retail stores, particularly at inner-city locations. Customer frequency totals decreased further in January 2019 (-0.7%) and thus fell for the fourteenth consecutive month. In the US, although fashion retail sales may have risen by 4.7% to USD 274.66 billion in 2018 as a whole, they nevertheless lost significant momentum at the end of the year. The only segment to report positive developments across all countries was online retail. In Germany, for example, online apparel revenues grew by 7.9% in 2018. In the first three months of 2019 (January to March), revenues in the German online apparel retail segment surged by 14.2%.

Sources: OECD, WTO, Frankfurter Allgemeine Zeitung, Handelsblatt, German Trade & Invest, BTE Handelsverband Textil, Textilwirtschaft-Testclub, BOF, McKinsey & Company

Financial Review

Earnings

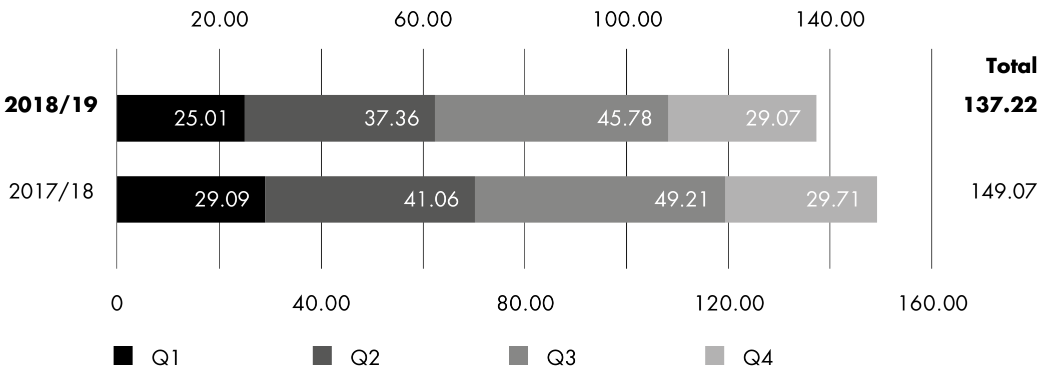
The Wolford Group generated revenues of € 137.22 million in the 2018/19 financial year. Revenues thus fell 7.9% short of the equivalent figure for the previous year (€ 149.07 million). Excluding exchange rate movements, the reduction in revenues came to 8.3%. The overall impact of movements in exchange rates, and in the US dollar in particular, amounted to € 0.18 million in the past financial year.

In common with stationary fashion retailers worldwide, Wolford is suffering from the ongoing decline in customer frequency volumes resulting not least from the boom in online retail. In Europe, revenues were further depressed by the long, hot summer. Revenues in the German fashion market, for example, fell by 2% in August 2018 and even by 13% in September. Christmas business volumes also fell notably short of the previous year's figures, with German fashion retailers alone recording a 4% reduction in revenues.

Further revenue growth in online business

In the past financial year, Wolford's proprietary retail business witnessed a reduction in revenues by € 6.58 million (-6.6%) currency-adjusted: -6.7%. On a like-for-like basis (i.e. excluding locations newly opened or closed), the decline in revenues came to 5.9%. Revenues in the wholesale business showed a substantial downturn of € 4.8 million, corresponding to double-digit percentage reduction of 11.4%. Wholesalers across Europe are clearly feeling the effects of the structural transformation in the retail sector and the rapid advance of e-commerce. In response to these developments, numerous department stores have restructured their sales areas and, for example, relocated hosiery products from their attractive positions close to store entrances to upper floors. Wolford has also directly felt the impact of these moves. By contrast, Wolford's proprietary online business developed far more positively, with year-on-year revenue growth of 9.3%.

REVENUE DEVELOPMENT BY QUARTER (IN € MILL.)



Regional revenues developed as follows in the past financial year: The four largest country markets all reported reductions, in some cases significant, in their revenues. Specifically, these were the US (-2.3%), Germany (-5.9%), Austria (-10.6%), and France (-1.3%). Revenues in the UK fell by 5.0%. Alongside the depreciation in the pound, this also reflects the political uncertainties surrounding Brexit. Weak revenue performances were also reported by the Swiss (-11.1%), Scandinavian (-10.5%), and Asian (-1.9%) markets. Negative performances were reported by Wolford's other European markets: Italy (-14.8%), Spain (-5.0%), Netherlands (-14.3%), Belgium (-12.1%), and Eastern Europe (-19.2%).

Legwear as core product group

With a 50% share of revenues, the Legwear product group once again accounted for half of consolidated revenues in the 2018/19 financial year. Excluding the negative effects of exchange rate movements, Legwear reported an 8.7% decline in revenues compared with the previous year. This related in particular to the Essential business and was due to weak demand in wholesale, an area that relies above all on Essential products. The share of revenues generated by the Ready-to-wear product group showed a slight year-on-year increase from 31% to 32%. At 2.3%, the decline in revenues in this, Wolford's second-largest product group, was notably less marked. The Lingerie product group which, like in the previous year, contributed 15% of consolidated revenues, witnessed an 8.3% downturn in revenues. Trading good revenues (1% share of revenues) fell 14% short of the previous year's figure, while Accessories (1% share of revenues) witnessed a substantial 44.3% reduction in revenues. The downturn in revenues in these two areas was in both cases due to the targeted streamlining of product ranges. Revenues in the Beachwear product group, which was introduced in April 2017 and also contributed 1% to total revenues, fell by 14%.

Profitability indicators	2018/19 in %	2017/18 in %
Materials cost (including changes in inventories) as a percentage of revenue	18.8	18.9
Staff costs as a percentage of revenue	43.9	46.2
Other operating expenses as a percentage of revenue	39.5	37.3
EBITDA margin	-1.0	-1.7
Capital expenditure (not including company acquisitions) on depreciation	71.3	18.0
EBIT margin	-6.5	-6.2

In the 2018/19 financial year, Wolford managed to further reduce its inventories by working with systematic requirements planning. This way, inventories fell year on year by € 5.21 million to € 35.79 million. Despite the increase in cost of materials by € 1.17 million, the materials cost ratio (including changes in inventories) was unchanged on the previous year. This was because changes in inventories were less negative than in the previous year.

Personnel expenses show significant reduction of € 8.62 million

Due to the reduction in the number of positions in the administrative and production functions in Bregenz, the average number of full-time employees fell by 86 to 1,347 in the 2018/19 financial year (average for 2017/18: 1,433 full-time employees). Wolford is sustainably benefiting from the resultant cost savings. The measures taken within the restructuring program are reflected above all in personnel expenses, which fell by € 8.62 million to € 60.24 million.

Other operating expenses amounted to € 54.14 million in the past financial year and thus decreased by € 1.19 million compared with the previous year (€ 55.33 million). Within this line item, legal and advisory expenses in particular fell by € 1.0 million compared with the previous year. Wolford also reported significant year-on-year reductions in its customs duties (-16.4%), credit card and bank fees (-12.9%), and freight charges (-10.6%).

The figures for the past financial year were negatively affected by impairment tests performed on several boutiques at locations in Austria, France, Italy, Spain, Denmark, the Netherlands, Belgium, and the US. These stores posted unexpectedly weak performances in the financial year under report, leading to one-off write-downs totaling € 0.78 million.

As a result of the systematic reduction in current expenses and despite the decline in revenues, operating earnings (EBIT) showed a slight improvement of € 0.24 million, from € -9.22 million in the previous year to € -8,98 million in the financial year under report.

The financial result improved year-on-year by € 1.07 million, from € -2.21 million to € -1.14 million. The previous year's figure was characterized by a high volume of one-off expenses for interest, pledging and registration fees. Profit before tax therefore improved to € -10.11 million, up from € -11.43 million in the previous year. Income tax amounted to € -0.99 million (2017/18: € -0.1 million). Profit after tax showed a slight improvement of € 0.43 million, from € -11.53 million to € -11.10 million. Earnings per share amounted to € -1.76, as against € -2.35 in the previous year.

Income statement (summary) in € mill.	**2018/19**	**2017/18**	**Chg. in %**
Revenues	**137.22**	**149.07**	**-8**
Other operating income	3.37	1.22	>100
Changes in inventories	-4.34	-7.94	-45
Cost of materials	-21.50	-20.33	6
Staff costs	-60.24	-68.86	-13
Other operating expenses	-54.14	-55.33	-2
Impairment losses for trade receivables	-1.79	-0.30	>100
Depreciation and amortization	-7.57	-6.75	12
EBIT	**-8.98**	**-9.22**	**-3**
Financial result	-1.14	-2.21	-49
Earnings before tax	**-10.11**	**-11.43**	**-12**
Income tax	-0.99	-0.10	>100
Earnings after tax	**-11.10**	**-11.53**	**-4**

Asset and financial position

At € 117.99 million, total assets at the Wolford Group as of the balance sheet date on April 30, 2019 were higher than the previous year's figure (€ 114.33 million). This was due above all to cash and cash equivalents which, at € 12.07 million, were significantly higher than in the previous year (2017/18: € 2.73 million). Furthermore, on the equity and liabilities side of the balance sheet, equity increased by € 8.82 million due to the successful execution of the capital increase in July 2018.

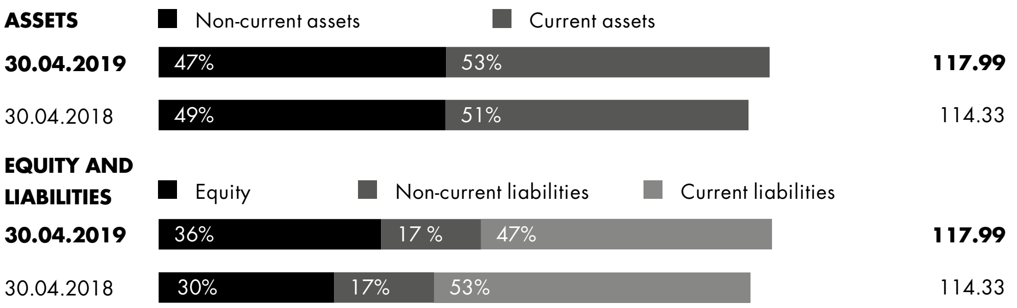
Non-current assets amounted to € 55.85 million at the balance sheet date, corresponding to 47% of total assets (2017/18: 49%). Property, plant and equipment and other intangible assets remained virtually unchanged at € 50.32 million.

During the 2018/19 financial year, Wolford mainly invested in its new market presence. The total investments of € 5.16 million were countered by depreciation and amortization of € 7.57 million (2017/18: € 6.75 million). Depreciation and amortization include both write-ups and write-downs.

Inventories reduced

Current assets accounted for 53% of total assets as of April 30, 2019 (2017/18: 51%). Inventories fell year-on-year by € 5.21 million to € 35.79 million, corresponding to a 30% share of total assets (2017/18: 36%). Trade receivables remained almost unchanged at € 8.74 million (2017/18: € 8.76 million), or 7% of total assets. Cash and cash equivalents totaled € 12.07 million at the balance sheet date (2017/18: € 2.73 million).

DEVELOPMENT OF BALANCE SHEET STRUCTURE (IN € MILL.)



Equity ratio of 36% at balance sheet date on April 30, 2019

Shareholders' equity at the Wolford Group amounted to € 42.72 million at the balance sheet date on April 30, 2019 and was thus € 8.82 million higher than the comparative figure in the financial statements for the previous year, a development which was due above all to the capital increase. The equity ratio came to 36% as of the balance sheet date (2017/18: 30%).

Due above all to higher provisions for non-current personnel obligations, non-current liabilities rose by € 1.25 million from € 19.32 million in the previous year to € 20.56 million, equivalent to 17% of total assets (2017/18: 17%). Thanks to loan repayments and a reduction in restructuring provisions, current liabilities fell by 10% to € 54.71 million (2017/18: € 61.12 million).

Balance sheet indicators		**30.04.2019**	**30.04.2018**
Equity	in € mill.	42.72	33.90
Net debt	in € mill.	19.62	30.09
Working capital*	in € mill.	31.07	34.59
Balance sheet total	in € mill.	117.99	114.33
Equity ratio	in %	36.2	29.7
Gearing	in %	45.9	88.8
Working capital as a percentage of revenue	in %	22.6	23.2
Net debt to EBITDA		negative	negative

* inventories + trade receivables + other receivables and assets – trade payables – other liabilities = working capital

The positive impact of the capital increase is also reflected in the improvement in the company's indebtedness: Net debt at Wolford AG decreased year on year by € 10.47 million to € 19.62 million, leading to gearing (net debt/equity ratio) of 45.9% (2017/18: 88.8%).

Calculation of net debt	**30.04.2019 in € mill.**	**30.04.2018 in € mill.**	**Chg. in %**
Non-current financial liabilities	0.19	0.19	0
Current financial liabilities	32.78	33.89	-3
- Financial assets	-1.28	-1.27	1
- Cash on hand and cash equivalents	-12.07	-2.73	>100
Net debt	**19.62**	**30.09**	**-35**

Cash flow

Cash flow from operating activities significantly down on previous year

At € -4.12 million, the cash flow from operating activities (operating cash flow) fell significantly short of the previous year's figure (€ 3.20 million). This development was mainly due to a less marked reduction in inventories and receivables compared with the previous year.

The cash flow from investing activities amounted to € -6.76 million in the period under report and thus fell significantly (€ 5.39 million) short of the previous year's figure (€ -1.37 million). Wolford made substantial investments in its market presence in the past financial year. These included new visual imagery and the development of a new store concept. Furthermore, Wolford invested in a new boutique in Amsterdam and in the new store at Copenhagen Airport. In the US, investments were channeled into expanding boutiques in the Beverly Hills (Los Angeles) and Manhasset (New York) shopping centers. Moreover, as of June 26, 2018 the company acquired 100% of the shares in Boutique WB 257 rue Saint-Honoré, Paris.

Due not least to the significant increase in the volume of investments, the free cash flow (net cash flow less cash flow from investing activities) showed a substantial reduction of € 1.83 million to € -10.88 million in the period under report.

By contrast, the cash flow from financing activities improved significantly in the period under report, rising by € 29.38 million to € 20.11 million. This development was due above all to the successful completion of the capital increase on July 11, 2018, which provided the company with funds of around € 22 million. The new shares were mainly subscribed by Wolford's new majority shareholder, Fosun Industrial Holdings Limited, as well as by its long-standing major shareholder Ralph Bartel. Cash and cash equivalents amounted to € 12.07 million at the end of the period, as against € 2.73 million in the previous year.

Cash flow statement (summary)	**2018/19 in € mill.**	**2017/18 in € mill.**	**Chg. in %**
Cash flow from operating activities	-4.12	3.20	>100
Cash flow from investing activities	-6.76	-1.37	>100
Free cash flow	**-10.88**	**1.83**	**>100**
Cash flow from financing activities	20.11	-9.27	>100
Change in cash and cash equivalents	-9.34	7.58	>100
Cash and cash equivalents at end of period	**12.07**	**2.73**	**>100**

Business Segment Performance

Consistent with the requirements of IFRS 8 (management approach), Wolford AG reports on the following business segments:

- **Austria**
- **Germany**
- **Rest of Europe**
- **North America**
- **Asia**

Austria

External revenues in the Austria segment (revenues less intragroup revenues) decreased from € 35.33 million to € 33.25 million in the period under report. This segment includes the production and sales activities in Austria and the sales activities in all countries in which Wolford does not have any proprietary subsidiaries. The Austria segment contributed 24% of consolidated revenues (2017/18: 24%). EBIT was clearly negative once again, but nevertheless improved by € 2.50 million, from € -15.58 million in the previous year to € -13.08 million. This was mainly due to the substantial reduction in personnel expenses within the restructuring program.

Germany

External revenues in the Germany segment fell from € 17.88 million to € 15.45 million in the past financial year. This segment contributed 11% of consolidated revenues (2017/18: 12%). EBIT came to € 0.43 million, as against € 0.62 million in the previous year. The decline in EBIT was chiefly due to the negative development in revenues.

Rest of Europe

EBIT in Rest of Europe segment deteriorates only slightly

External revenues at the companies in the Rest of Europe segment showed a significant reduction from € 60.42 million to € 54.22 million. This segment includes the European sales companies outside Austria and Germany and the production company in Slovenia. Rest of Europe contributed 40%, and thus the largest share of consolidated revenues (2017/18: 41%). Thanks to the positive effects of the restructuring program, EBIT deteriorated only slightly from € 1.79 million in the previous year to € 1.61 million.

North America

External sales at the group companies in the North America segment decreased slightly from € 28.68 million to € 28.18 million. This segment, which comprises the sales companies in the US and Canada, contributed 21% of consolidated revenues (2017/18: 19%). The US generated the highest revenues of all sales companies within the Wolford Group in the past financial year. Due to one-off items involving reversals of provisions for pending losses, EBIT rose to € 0.58 million, up from € 0.09 million in the previous year.

Asia

EBIT in Asia segment up on previous year

At € 6.13 million, external revenues at the companies in the Asia segment did not quite match the previous year's figure of € 6.76 million. As in the previous year, this segment, which includes the sales companies in Hong Kong and China, accounted for 5% of consolidated revenues. This also affected EBIT, which fell year on year by € 0.47 million to € -0.25 million.

Outlook and Targets

In response to the turbulent political developments seen in 2018, in March 2019 the Organization for Economic Cooperation and Development (OECD) published a downward correction in its economic forecasts for the current year. Since then, the OECD has predicted growth of just 3.3% rather than the 3.6% previously expected. The IMF has also revised its forecasts and now expects growth of only 3.5%.

By contrast, short and medium-term forecasts for the luxury goods market are positive. For the years through to 2025, strategy consultants at Bain & Company expect to see annual growth of 3% to 5%. The market for luxury goods is showing especially rapid growth in China: According to Bain & Company, revenues with personal luxury goods in the Chinese market, which were driven above all by the "millennial" generation, surged by 20% in 2018. By 2025, Chinese customers will account for at least 45% of global luxury goods consumption – and in the foreseeable future they will be making half of these purchases in their home country.

Business framework remains difficult for fashion retail

Based on a joint survey with the sector network "The Business of Fashion," strategic consultants at McKinsey & Company expect the global fashion industry to show slightly lower growth of 3.5% to 4.5% in 2019. This will be driven by the Asian market, while growth in largely saturated West European markets will continue to slow.

Underlying conditions for stationary fashion retail remain difficult. In Germany, for example, this sector reported a further reduction in revenues (-2%), marking the third successive year of decline. The seemingly unstoppable advance of online retail is creating substantial difficulties for stationary retail in Europe in particular and is resulting in far-reaching structural change. According to sector experts, the UK retail sector alone shed nearly 150,000 jobs in 2018.

Positive operating earnings expected no earlier than the 2020/21 financial year

Wolford is affected by this structural change, as well as by declining growth momentum in the fashion sector in Western Europe. The market offensive in China is expected to have a positive impact on revenues, but only gradually and not in the short term. The positive effects of the restructuring program to date are not yet sufficient to adapt the company's cost structure to its current level of revenues. Against this backdrop, the company has introduced and partly implemented a further round of restructuring measures. The Management Board plans to return the company to profitability (positive operating earnings) no earlier than the 2020/21 financial year.

Sources: Bain & Company and McKinsey, OECD, Textilwirtschaft, Center for Retail Research

Events After the Balance Sheet Date

In June 2019, Wolford AG reached agreement with its financing banks concerning the extension of its credit lines, which were originally due to mature on June 30, 2019, through to June 30, 2021. For this period, the company will continue to pay interest, but the banks will forego the principal repayments agreed for the former financing facilities. Furthermore, Fosun Fashion Investment Holdings (HK) Limited has granted a shareholder's loan of € 10,000,000 to the company. This too has a term through to June 30, 2021.

Opportunity and Risk Management

To remain competitive on a sustainable basis, companies have no alternative but to deliberately enter into certain risks. This also holds true for Wolford AG. In its global business activities, the company is exposed to various risks and views effective risk management as a key success factor when it comes to sustainably safeguarding the company's existence and creating shareholder value. Alongside risks, however, the company also faces opportunities that have the potential to be turned into competitive advantages. This being so, Wolford makes every effort to identify opportunities and risks at an early stage of developments, and to adequately react to these. That is the objective of the company's internal guidelines and systems.

Basis for opportunity and risk management

Recognizing opportunities and risks in good time is a factor that significantly influences Wolford's ability to meet its targets. The company defines risks as internal or external events that could adversely affect its ability to meet its business targets. By analogy, Wolford regards opportunities as internal or external events that could positively influence its ability to meet its business targets. In line with this approach, the company identified its own opportunities and risks by holding numerous evaluation meetings with select managers from a wide variety of departments. On this basis, the management team performed a qualitative assessment both of the potential top opportunities and of the top risks, prioritized these accordingly, and subsequently categorized them. The assessment was performed using a matrix which presented the respective probabilities of occurrence and potential damages.

Opportunity and risk management system

Opportunity and risk management is directly within the Management Board's remit. This ensures comprehensive and effective management of all material opportunities and risks. The objective of risk management is to identify at an early stage any risks and opportunities which could threaten or, conversely, facilitate the company's achievement of its targets, as well as to implement suitable measures enabling these targets to be met. Defining the respective targets is therefore a key component of the opportunity and risk management system.

Annual evaluation by the management team

To ensure its effectiveness, the opportunity and risk management system has been implemented in accordance with the internationally recognized regulations for company-wide risk management and internal control systems (COSO – Internal Control and Enterprise Risk Management Framework of the Committee of Sponsoring Organizations of the Treadway Commission). Accordingly, within our opportunity and risk management process opportunities and risks are identified, assessed, managed, and systematically documented at regular intervals. From the 2019/20 financial year, all opportunities and risks documented in the prior period will be updated by the management team at least once a year.

Comments on material risks and opportunities

Strategic development

Expansion in online business

Wolford operates in a market that is dynamic and rapidly changing. It is crucial for the company to have a suitable strategy if its long-term competitiveness and future existence are not to be put at risk. Developing a consistent strategy is therefore a factor of core significance, as is the communication of such within the company to enable it to be supported by all employees. One material risk when developing such a strategy involves any failure to take note, or misinterpretation, of current trends. Wolford therefore analyses the development in the market climate, the behavior of its target groups, and the latest trends on an ongoing basis and adapts its own strategy accordingly. Given the ongoing trend towards online purchases, for example, Wolford has long worked to systematically expand its own online business and to enter in cooperations with relevant providers in this area. As most of the growth with luxury brands is expected to be generated in Asia, and above all in China, Wolford is also planning to systematically expand its presence in China and, together with a new partner, has developed a suitable strategy to enter this market.

Market communications

For a company like Wolford that is dependent on the charisma of its brand, the question of branding is highly significant. What Wolford needs is targeted market communications with a compelling marketing strategy. The company needs an attractive market presence to enable it to attract younger potential consumers as well. To address these requirements, in the past financial year Wolford also invested in a new visual imagery. Further investments in global branding will continue to be crucial for the company.

Personnel development

Employees are Wolford's most important resource

Wolford views its employees as its most important resource. It is therefore self-evident that the company should wish to protect and promote its staff. Working conditions and training measures influence the performance of employees in development and production, as well as their success at the point of sale. Well-trained sales staff have a decisive impact on the company's revenue performance. Above all, Wolford is dependent on the recognized quality of its internally manufactured products. This in turn is closely related to working conditions in the production departments at the two plants in Austria and Slovenia. The loss of key personnel represents a significant risk. Not only that, there is the risk that the company may be unable to identify, recruit, and retain sufficient numbers of well-trained, highly motivated employees. Wolford operates in a dynamic competitive climate and the requirements placed in the company as a whole and in its employees in particular in terms of flexibility, mobility, and adaptability are changing at a similar pace. This means that Wolford has to make systematic investments in training and developing its employees while also permanently enhancing its recruitment activities to attract well-trained, flexible employees.

IT development

Standardizing the IT landscape planned

Requirements in IT are permanently growing and companies therefore need efficient and process-oriented IT systems. The parallel existence of different IT systems represents a potential risk for the company. From procurement to production planning to sales – Wolford has numerous independent IT systems and databases that are only compatible to a limited extent. Data synchronization and general IT support are correspondingly time-consuming and personnel-intensive, while the overall system at Wolford AG may be prone to error. System breakdowns may lead to the loss of important data and, as a result, to financial losses. Against this backdrop, Wolford plans to standardize its IT landscape in the medium term by introducing a standard ERP software throughout the company.

Market changes

Wolford is exposed to numerous external factors and risks, such as those resulting from any changes in the macroeconomic framework or within society. As a company with global operations, Wolford is subject to macroeconomic developments in international markets and dependent on customer behavior. Any decline in demand due to macroeconomic developments may result in excess capacity in the company's production planning. To avoid this, Wolford permanently monitors its capacity utilization rates and adjusts these where necessary in line with market requirements. Furthermore, the underlying framework in the fashion retail sector is unrelentingly difficult, as increasing globalization and the advance of digitalization are extending the range of goods available to consumers and leading to increasingly intense competition. To minimize the risks resulting from these developments, Wolford is working to retain its quality leadership and ensure strong market communications. The company's extensive network of proprietary retail locations is regularly reviewed in terms of its economic viability, with insufficiently profitable boutiques being closed upon the expiry of the relevant rental agreements. Alongside this, Wolford has long been working to systematically expand its proprietary online business and to cooperate with relevant e-tailers.

Political and social risks

As a company with global operations, Wolford AG is exposed to political and social risks. Consumer behavior may be adversely affected by changes in the political or regulatory framework, geopolitical tension, or terrorist attacks. Uncertainties resulting from political and social upheaval are to be expected in 2019 as well. Among others, these include political uncertainties in the European Union due to the increasingly critical approaches taken by individual member states, the high burden of debt in Italy, the continuing uncertainties surrounding Brexit, and the ongoing trade policy tensions between the US and China. These developments also involve risks for providers of luxury goods in particular and lie outside the control of individual companies.

Financial risks

Wolford is exposed to financial risks as a result of changes in interest rates and exchange rate fluctuations. Most of Wolford's financing lines are based on floating interest rates, as a result of which the company is subject to the risk of changes in interest rates. In view of the current interest rate climate, this risk is classified as low and is therefore not separately hedged. Given the international focus of its business model, Wolford is nevertheless also subject to exchange rate risks. Given its tense financial situation in recent times, however, the company did not conclude any further hedges to cover this risk in the past two financial years. Wolford nevertheless plans to reintroduce such hedging measures in the near future.

In June 2019, Wolford AG reached agreement with its financing banks concerning the extension of its credit lines, which were originally due to mature on June 30, 2019, through to June 30, 2021. For this period, the company will continue to pay interest, but the banks will nevertheless forego the principal repayments agreed for the former financing facilities. Furthermore, Fosun Fashion Investment Holdings (HK) Limited has granted a shareholder's loan of € 10 million to the company. This too has a term through to June 30, 2021. The company's operating business is thus securely financed for the next two years.

Credit risks

Credit risk designates that risk that arises due to business partners failing to meet their contractual obligations and that may lead to losses. Wolford is exposed to potential credit risks in the form of payment default risks when it grants payment targets to wholesale customers. Most of this risk is covered by a credit insurer. Furthermore, the company is exposed to default risks in connection with purchases made by end consumers in its online business. To address these risks, the company works with an external provider, enabling the creditworthiness of customers to be checked when they place their orders. Furthermore, the relevant online shop managers monitor and review incoming orders on an ongoing basis.

INTERNAL CONTROL SYSTEM

The Management Board is responsible for designing and implementing an internal control and risk management system in respect of the financial reporting process and ensuring compliance with all legal requirements. From an organizational perspective, Wolford AG is responsible for the financial reporting of the Wolford Group. The group accounting department (responsible for external reporting) and group controlling department (responsible for internal reporting) report directly to the CFO of Wolford AG.

Accounting manual to ensure uniform reporting

The processes underlying group accounting and reporting are based on an accounting manual that is issued by Wolford AG and updated on a regular basis. This manual contains key accounting and reporting requirements based on IFRS on a uniform basis for the overall Group. Specifically, these include the accounting and reporting principles for non-current assets, trade receivables and accruals, financial instruments, provisions, and the reconciliation of deferred tax assets and liabilities.

The regular impairment testing of goodwill and groups of assets attributed to the individual cash generating units (CGUs) is performed in accordance with applicable IFRS requirements. The recording, posting and recognition of all transactions at the Group is handled by standard software solutions. Only in China and Hong Kong are accounting processes outsourced to local tax advisors. The subsidiaries submit monthly reporting packages that contain all relevant accounting data for the income statement, balance sheet and cash flow statement. This data is entered into the central consolidation system, where it is verified at group level by the corporate accounting and corporate controlling departments and forms the basis for the IFRS quarterly reports issued by the Wolford Group.

Internal management reporting is based on a standard planning and reporting software solution, with automatic interfaces used to transfer actual data from the primary systems. A standardized process is used to enter the figures for forecasts. Reporting is structured by region and company. In addition to the reports on the company's operating earnings performance for the preceding month, in the 2018/19 financial year Wolford AG also worked with a rolling full-year forecast.

Together with the quarterly performance data, the financial information referred to above forms the basis for Management Board reporting to the Supervisory Board. The Supervisory Board is provided with information on the company's business performance at regular meetings. This information is based on consolidated figures, which cover segment reporting, earnings performance figures with budget/actual comparisons, forecasts, consolidated financial statements, data on personnel totals and order intake, and select key financial figures.

INTERNAL AUDIT

The internal audit function[1] ensures compliance with the principles of corporate governance and the company's internal control system (ICS). Based on an annual internal audit plan agreed with the Supervisory Board Audit Committee and a group-wide risk assessment of all company activities, the Management Board and internal audit function regularly review operating processes in terms of risk management, their effectiveness, and any opportunities to improve efficiency. Moreover, the internal audit function monitors compliance with legal requirements, and with internal guidelines and processes.

A further activity performed by the internal audit function involves ad-hoc audits focusing on current and future risks that are carried out at the request of the management. Based on an annual internal audit plan agreed with the Supervisory Board Audit Committee and a group-wide risk assessment of all company activities, the Management Board and the employees charged with internal audit activities regularly review operating processes in terms of risk management, their effectiveness, and any opportunities to improve efficiency. Moreover, they monitor compliance with legal requirements,

1 The internal audit department is not (no longer) established as a Management Board staff office. In the context of the company restructuring program, its functions have been allocated to other company departments.

internal guidelines, and processes. This system is based on the standards defined in the COSO (COSO – Internal Control and Enterprise Risk Management Framework of the Committee of Sponsoring Organizations of the Treadway Commission), a recognized international guideline for internal control procedures. Together with the group-wide guidelines and standardized reporting system, it provides management with a comprehensive set of tools to analyze and manage the risks involved in all of the company's business activities and to ensure compliance.

The business unit managers and department heads at Wolford AG, as well as the general managers of the individual subsidiaries, are required to evaluate and document compliance with the controls defined in the ICS guidelines on the basis of self-assessments. The internal audit function subsequently monitors local managers' compliance with these audit procedures. The results are reported to the individual managing directors and, further down the line, to the overall Management Board of Wolford AG. The internal audit function reports to the Supervisory Board Audit Committee at least once a year on the main conclusions from its risk management analysis as well as on its audit findings, relevant implementation activities, and improvement measures for the weaknesses identified by the internal control system.

Reporting plays a key role in the monitoring and control of the economic risks associated with operating activities. Furthermore, the control systems in individual company departments are reviewed by the external auditor as part of the annual year-end audit. The results of the audit are presented to the Management Board and the Audit Committee and are subsequently followed up by the management and the internal audit function.

Research and Development (R&D)

Innovation is at the heart of our product worlds and is part of our DNA. The product portfolio is clearly aligned to the company's core competence – the creation of figure-embracing round-knit products, such as legwear and bodies, known as skinwear, offering great comfort and first-class quality. Wolford had 61 employees (FTE) working in product development in the 2018/19 financial year. In this period, the company spent a total of € 6.2 million on development activities (2017/18: € 6.7 million).

First products in the Cradle to Cradle® series

One core R&D topic at Wolford is the project working to develop recyclable products (Cradle to Cradle®) within the "Smart Textiles" sector network. Cradle to Cradle® pursues the vision of building closed material cycles for products, thus helping to make waste absolutely avoidable in future.

The "Smart Textiles" project is working on developing legwear, bodywear, and lingerie products that do not burden the biological cycle. The products are made from a biodegradable elastane developed specially for Wolford (Roica™, Asahi Kasei), from a correspondingly modified polyester fiber provided by Lauffenmühle, and from TENCEL™ Modal fiber, a cellulose fiber obtained from sustainable forestry and provided by the Austrian textile manufacturer Lenzing. Under Wolford's leadership, a total of 13 companies and research institutes from the Vorarlberg region are participating in this COIN (Cooperation Innovation) project supported by the Austrian Research Promotion Agency (FFT). Here, they are manufacturing suitable product components or contributing their technical and scientific expertise.

The company reported its first success here in the 2018/19 financial year. In September 2018, Wolford launched the first biologically recyclable pullovers, T-shirts, and leggings onto the market. These products, which were developed within the Austrian "Smart Textiles" initiative, are fully compostable. In April 2019, the company also received the "Cradle to Cradle Certified™ (Gold)" award for developing technically recyclable (i.e. fully reusable) products. Wolford is the first – and still the only – company in the apparel and textile industry to receive "Gold" certification from "Cradle to

Cradle" for developing environmentally compatible products in both categories ("biodegradable" and "technically recyclable").

50% of Wolford products to be based on C2C concept by 2025

The company is currently working on further products together with the "Smart Textiles" sector network. In 2020, for example, Wolford plans to launch the first technically recyclable tights onto the market. It has also set itself the target of manufacturing 50% of its existing products in line with the C2C concept by 2025.

Focus on new processes and products

Wolford's use of 3D, an area in which the company is playing a pioneering role, is also proving highly successful. Using this technology taken from the metal industry, a fine silicon line is sprayed onto the fabric. In bras such as the 3W Skin Bra, for example, this line then assumes the function performed by the elastic rubber at the edges and strap of a conventional bra. That makes it possible to spread supportive functions evenly across the product, thus avoiding nicks or pressure spots on the body. This technology was used once again in the past financial year to bring new products to market. In the 2020 summer collection, for example, the successful 3W Skin Bra will also be available with cups. The 3D technology was also used for the first time as an extra sample element in Trend products in the autumn/winter collection.

Not only that, Wolford is working on permanently improving its bestselling legwear products. Since this year, corresponding innovations have been added to the Velvet 66 and Satin Touch 20 lines – a wider comfort band optimizes the fit, making the tights even more comfortable to wear.

Human Resources

Highly committed employees are the basis for any company's success. Wolford therefore accords high priority to promoting the health of its employees and strengthening their identification with the company. New employees are introduced to Wolford's philosophy, products, and structure in a special orientation program offered at corporate headquarters in Bregenz. In the 2018/19 financial year, Wolford had a worldwide average total of 1,347 employees (full-time equivalents). Women accounted for 84% of the workforce, and thus for a slightly higher share than in the previous year. Women also made up around 40% of the Wolford Group's management team (Management Board and managers of relevant divisions across the company). An average total of around 486 employees (FTEs) worked at corporate headquarters. In Bregenz, the company currently offers vocational training to 20 apprentices in seven different training vocations. Since 1989, Wolford has consistently held "state-approved training company" status pursuant to § 30 of the Austrian Vocational Training Act (BAG).

Supporting trainees and students

Wolford organizes regular in-house and external workshops for its trainees, such as the workshop entitled "Money is Something You Can Learn About." The company also organizes in-house workshops to "train the trainers." Wolford also provides its trainees with the opportunity to spend time abroad, such as for language courses in the UK or Ireland or as part of the retail exchange scheme for apprentices in Salzburg, Munich, and Bern. Furthermore, since 2012 the company has also cooperated with Baden-Württemberg Cooperative State University (DHBW). Students in the Retail Business Administration/Textiles Management course at this university are given the opportunity to spend the practical stages of their studies at various departments within the company. This way, they can directly apply the material recently learned.

To ensure workplace safety, Wolford has three trained occupational health and safety specialists, 11 safety officers for production employees to turn to, 43 first-aiders and an in-house fire brigade. Internal officers see to the implementation of environmental protection and energy efficiency measures. Two company doctors perform all of the necessary occupational health and safety checks and oversee health promotion measures.

Wolford's health promotion measures also include an extensive range of services aimed at helping employees maintain their work-life balances. The numerous opportunities on offer, particularly at the Bregenz location, range from medical support to healing massages and yoga courses.

In today's world, flexibility and a willingness for lifelong learning are two basic prerequisites for successful personal and professional development. Wolford offers its employees a range of working and development opportunities across various departments and in different countries. The vacancy advertising process is transparent for all positions advertised. Internal applicants are preferred if they are suitably qualified for the available position. The company also offers financial support to enable employees to acquire any qualifications they are still lacking. On the level of the holding company, Wolford invested a total of € 0.04 million in training and professional development for its employees in the 2018/19 financial year. At the beginning of the 2019/20 financial year, Wolford launched a training program for managers and individuals with management potential. To ensure that the training is as effective as possible, the training measures, number of training modules, and duration of the development program are individually adapted to the needs of the relevant management tier. The training measures range from communication, team leadership, and time management through to conflict-resolution skills.

Flexible working hours models and part-time early retirement

Wolford also aims to react flexibly to any changes in its employees' personal circumstances, and goes beyond legal requirements in this respect. The company offers employees returning from parental leave the opportunity to work part time, an option taken by 25 employees in Austria alone in the past financial year. Individual requests, e.g. for more flexible working hours or a change in assignment, are evaluated together with the supervisor and staff council representative and implemented where operationally possible. Since 2013, Wolford has also offered older employees the possibility of gradually reducing their working hours as part of a part-time early retirement model, with 13 employees taking this option in the 2018/19 financial year.

Disclosures Pursuant to § 243a (1) of the Austrian Commercial Code

Wolford AG is listed in the Standard Market of the Vienna Stock Exchange. As of the balance sheet date on April 30, 2019, the company had share capital of € 48,848,227.77, which was divided into 6,719,151 zero par value bearer shares. The Management Board is not aware of any restrictions on voting rights or the transferability of shares. There are no shares with special control rights.

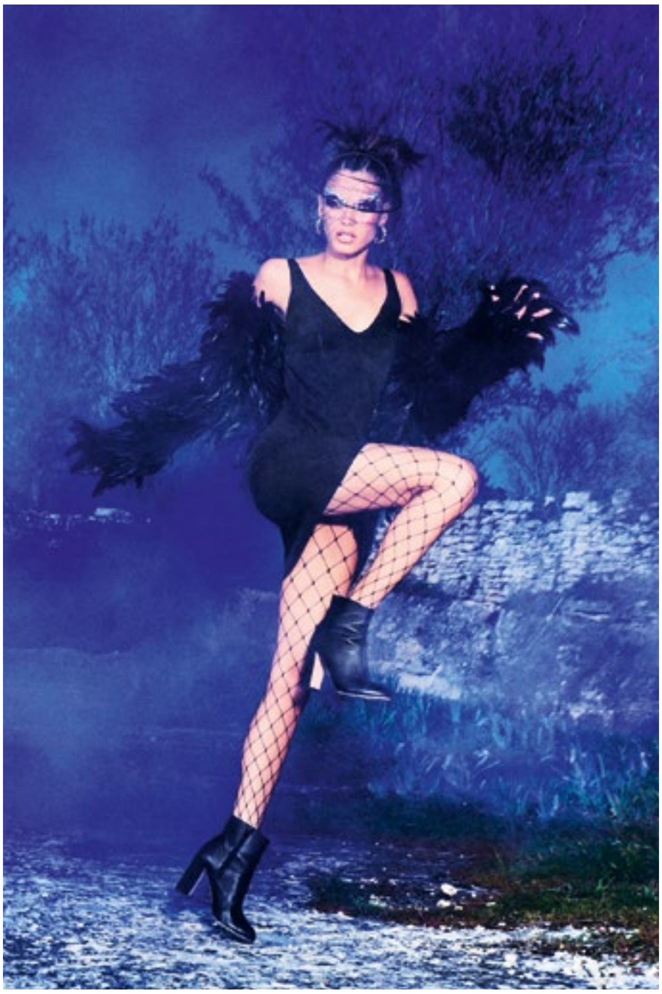
According to the information available to the company, the following direct or indirect interests in the capital of Wolford AG equaled or exceeded 10% as of April 30, 2019: Fosun Industrial Holding held around 58%. Since May 22, 2019, the shares in Wolford AG have no longer been held directly by Fosun Industrial Holding, but have rather been transferred to the subsidiary FFG Wisdom (Luxembourg) S.à.r.l; Ralph Bartel also held more than 30% of the shares. Wolford AG still held 88,140 shares, corresponding to around 2% of the company's share capital, as treasury stock (without voting rights). The remaining shares were in free float. Management Board members do not enjoy any authorizations over and above those stipulated by law, particularly in respect of the possibility of issuing or buying back shares. Wolford AG has no authorized capital.

Non-Financial Declaration Pursuant to § 243b and § 267a of the Austrian Commercial Code (UGB)

Wolford AG has compiled a separate non-financial report which meets the legal requirements of § 243b in conjunction with § 267a of the Austrian Commercial Code (UGB). This report is available in the "Investor Relations" section of the company's website.

Bregenz, July 19, 2019

Axel Dreher Brigitte Kurz



CONSOLIDATED
FINANCIAL STATEMENTS

Consolidated Financial Statements as of April 30, 2019

Contents

Consolidated statement of profit and loss and other comprehensive income

in TEUR	Note	2018/19	2017/18
Revenues	**(1)**	**137,224**	**149,070**
Other operating income	(2)	3,373	1,222
Changes in inventories of finished goods and work-in-process		-4,336	-7,937
Cost of materials and purchased services	(3)	-21,495	-20,329
Staff costs	(4)	-60,242	-68,861
Other operating expenses	(5)	-54,136	-55,364
Impairments of trade receivables	(6)	-1,790	-274
Depreciation and amortization	(7)	-7,573	-6,751
EBIT		**-8,975**	**-9,224**
Net interest income	(8)	180	26
Net interest cost	(8)	-1,134	-1,986
Net investment securities income		38	24
Interest cost of employee benefit liabilities		-221	-272
Financial result		**-1,137**	**-2,208**
Earnings before tax		**-10,112**	**-11,432**
Income tax	(9)	-986	-103
Earnings after tax		**-11,099**	**-11,535**
Amounts that will not be recognized through profit and loss in future periods		-945	271
thereof actuarial gains and losses	(10)	-945	271
Amounts that will potentially be recognized through profit and loss in future periods		-194	278
thereof currency translation differences	(10)	-194	299
thereof change from cash flow hedges	(10)	0	-7
thereof costs from securities		0	-14
Other comprehensive income [1]	**(10)**	**-1,139**	**549**
Total comprehensive income		**-12,237**	**-10,986**
Attributable to the equity holders of the parent company		-12,131	-10,986
Earnings after tax attributable to equity holders of the parent company		-11,099	-11,535
Earnings per share (diluted = basic)	**(11)**	**-1.76**	**-2.35**

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

Consolidated statement of cash flows

in TEUR	Note	2018/19	2017/18
Earnings before tax		**-10,112**	**-11,432**
Depreciation and amortization / write-backs		8,012	7,501
Write-up of property, plant and equipment		-439	-750
Gains / losses from disposals of non-current assets		-686	271
Interest paid / Interest received		954	1,960
Other non-cash income and expenses		-199	-125
Changes in inventories		5,322	8,628
Changes in trade receivables		-83	1,980
Changes in other receivables and assets		590	1
Changes in trade payables		97	-150
Changes in other provisions and employee-related provisions		-3,748	-2,765
Changes in other liabilities		-1,690	-227
Received interest		4	24
Paid interest		-1,071	-1,299
Paid tax		-1,067	-418
Cash flow from operating activities		**-4,116**	**3,199**
Payments for investments in property, plant and equipment and other intangible assets		-5,158	-1,401
Proceeds from disposals of property, plant and equipment and other intangible assets		803	29
Payments for acquisition of subsidiaries less liquid funds thereby acquired	2.	-2,407	0
Cash flow from investing activities		**-6,762**	**-1,372**
Proceeds from issue of shares	(20)	22,005	0
Proceeds from current and non-current financial liabilities		13,000	5,093
Repayment of current and non-current financial liabilities		-14,106	-13,872
Transaction costs relating to financial liabilities		0	-495
Transaction costs relating to issue of shares	(20)	-791	0
Cash flow from financing activities		**20,108**	**-9,274**
Cash-effective change in cash and cash equivalents		**9,230**	**-7,447**
Cash and cash equivalents at beginning of period	IV.	2,729	10,312
Effects of exchange rate movements on cash and cash equivalents		109	-136
Cash and cash equivalents at end of period		**12,068**	**2,729**

Consolidated balance sheet

in TEUR	Note	30.04.2019	30.04.2018
Property, plant and equipment	(12)	40,136	41,442
Goodwill	(13)	890	194
Other Intangible assets	(14)	10,183	8,900
Financial assets	(15)	1,283	1,265
Non-current receivables and assets	(16)	1,722	1,673
Deferred tax assets	(17)	1,631	2,123
Non-current assets		**55,845**	**55,597**
Inventories	(18)	35,785	40,994
Contract assets	(27)	156	0
Trade receivables	(19)	8,741	8,763
Other receivables and assets		3,278	3,930
Prepaid expenses		2,115	2,315
Cash and cash equivalents		12,068	2,729
Current assets		**62,143**	**58,731**
Total assets		**117,988**	**114,328**
Share capital		48,848	36,350
Capital reserves		10,533	1,817
Other reserves		-16,108	-3,910
Currency translation differences		-556	-361
Equity	**(20)**	**42,717**	**33,896**
Financial liabilities	(21)	192	192
Other liabilities	(23)	925	916
Provisions for long-term employee benefits	(22)	17,540	16,929
Other long-term provisions	(24)	1,907	1,280
Non-current liabilities		**20,564**	**19,317**
Financial liabilities	(21)	32,783	33,888
Trade payables		6,622	6,457
Other liabilities	(26)	10,112	12,636
Income tax liabilities		409	442
Other provisions	(25)	3,445	7,692
Contract liabilities	(27)	1,335	0
Current liabilities		**54,707**	**61,115**
Total equity and liabilities		**117,988**	**114,328**

Consolidated statement of changes in equity

		Attributable to shareholders of the parent company								
in TEUR	**Note**	**Share capital**	**Capital reserves**	**Hedging reserves**	**Actuarial gain/loss**	**IAS 39 remeasure-ment reserve**	**Other reserves**	**Treasury stock**	**Currency translation**	**Total equity**
01.05.2017		**36,350**	**1,817**	**7**	**-4,157**	**-86**	**16,024**	**-4,413**	**-660**	**44,882**
Earnings after tax		0	0	0	0	0	-11,535	0	0	-11,535
Other comprehensive income		0	0	-7	271	-14	0	0	299	549
Balance at 01.05.2018, as previously reported		**36,350**	**1,817**	**0**	**-3,886**	**-100**	**4,489**	**-4,413**	**-361**	**33,896**
Adjustment due to first-time application of IFRS 9		**0**	**0**	**0**	**0**	**100**	**-254**	**0**	**0**	**-154**
Adjusted balance at 01.05.2018	**(19)**	**36,350**	**1,817**	**0**	**-3,886**	**0**	**4,235**	**-4,413**	**-361**	**33,742**
Capital Increase		12,498	8,716	0	0	0	0	0	0	21,214
Earnings after tax		0	0	0	0	0	-11,099	0	0	-11,099
Other comprehensive income		0	0	0	-945	0	0	0	-195	-1,140
30.04.2019		**48,848**	**10,533**	**0**	**-4,831**	**0**	**-6,864**	**-4,413**	**-556**	**42,717**

Segment reporting

2018/19 in TEUR	Austria	Germany	Rest of Europe	North America	Asia	Consolidations	Group
Revenues	**71,938**	**15,447**	**61,603**	**28,184**	**6,130**	**-46,078**	**137,224**
thereof intersegment	38,693	0	7,385	0	0	-46,078	0
External revenues	**33,245**	**15,447**	**54,218**	**28,184**	**6,130**	**0**	**137,224**
EBIT	**-13,082**	**426**	**1,606**	**576**	**-247**	**1,746**	**-8,975**
Segment assets	137,182	4,443	30,540	9,237	3,365	-66,779	117,988
Segment liabilities	69,168	2,218	23,772	17,078	6,856	-43,823	75,269
Investments (including company acquisitions)	2,689	400	4,359	772	8	0	8,228
Depreciation incl. write-ups & impairment losses	4,600	390	1,670	763	150	0	7,573
Employees on average (FTE)	548	96	554	112	37	0	1,347

2017/18 in TEUR	**Austria**	**Germany**	**Rest of Europe**	**North America**	**Asia**	**Consolidations**	**Group**
Revenues	**78,273**	**17,882**	**67,939**	**28,682**	**6,756**	**-50,462**	**149,070**
thereof intersegment	43,123	0	7,339	0	0	-50,462	0
External revenues	**35,328**	**17,882**	**60,422**	**28,682**	**6,756**	**0**	**149,070**
EBIT	**-15,581**	**622**	**1,793**	**89**	**219**	**3,634**	**-9,224**
Segment assets	132,921	6,587	34,926	8,621	2,986	-71,713	114,328
Segment liabilities	68,985	4,600	23,933	10,952	4,908	-32,946	80,432
Investments	691	41	456	202	12	0	1,402
Depreciation incl. write-ups & impairment losses	4,850	190	1,966	-242	-13	0	6,751
Employees on average (FTE)	613	111	557	115	37	0	1,433

Statement of changes in fixed assets

	Costs					
in TEUR	01.05.2018	Currency translation differences	Additions	Acquisition	Disposals	30.04.2019
Property, plant and equipment						
Land, land rights and buildings, including buildings on third-party land	88,138	561	1,096	0	889	88,906
thereof land	3,095	0	0	0	0	3,095
Technical equipment and machinery	32,161	0	157	15	1,219	31,114
Other equipment, furniture and fixtures	32,041	297	3,059	76	861	34,612
Prepayments made and assets under construction	1,732	0	104	0	0	1,835
	154,072	**858**	**4,416**	**91**	**2,969**	**156,467**
Goodwill	**1,488**	**0**	**0**	**705**	**0**	**2,193**
Other Intangible assets						
Concessions, patents and licenses	16,689	12	742	1	1,946	15,498
Self-developed intangible assets	471	0	0	0	0	471
Security deposits paid for leased real estate	12,830	61	0	2,273	0	15,164
Customer relationship	727	0	0	0	727	0
	30,717	**73**	**742**	**2,274**	**2,673**	**31,133**
Total	**186,276**	**931**	**5,158**	**3,070**	**5,642**	**189,793**

	Costs				
in TEUR	01.05.2017	Currency translation differences	Additions	Disposals	30.04.2018
Property, plant and equipment					
Land, land rights and buildings, including buildings on third-party land	89,439	-772	120	649	88,138
thereof land	3,095	0	0	0	3,095
Technical equipment and machinery	32,376	0	159	374	32,161
Other equipment, furniture and fixtures	32,296	-558	908	605	32,041
Prepayments made and assets under construction	1,732	0	0	0	1,732
	155,843	**-1,330**	**1,187**	**1,628**	**154,072**
Goodwill	**1,488**	**0**	**0**	**0**	**1,488**
Other Intangible assets					
Concessions, patents and licenses	16,742	-17	215	251	16,689
Self-developed intangible assets	471	0	0	0	471
Security deposits paid for leased real estate	13,391	-189	0	372	12,830
Customer relationship	727	0	0	0	727
	31,331	**-206**	**215**	**623**	**30,717**
Total	**188,661**	**-1,536**	**1,402**	**2,251**	**186,277**

	Accumulated depreciation and amortization						Carrying amounts	
01.05.2018	**Currency translation differences**	**Impairment**	**Write-up**	**Additions**	**Disposals**	**30.04.2019**	**01.05.2018**	**30.04.2019**
55,154	477	315	-156	2,807	795	57,802	32,984	31,104
0	0	0	0	0	0	0	3,095	3,095
28,586	0	0	0	693	1,218	28,061	3,575	3,053
27,158	273	361	-283	2,076	848	28,737	4,883	5,875
1,731	0	0	0	0	0	1,731	0	104
112,629	**750**	**676**	**-439**	**5,576**	**2,861**	**116,331**	**41,442**	**40,136**
1,294	**0**	**9**	**0**	**0**	**0**	**1,303**	**194**	**890**
14,334	12	0	0	1,219	1,939	13,626	2,355	1,872
137	0	0	0	87	0	224	334	247
6,619	36	96	0	349	0	7,100	6,211	8,064
727	0	0	0	0	727	0	0	0
21,817	**48**	**96**	**0**	**1,655**	**2,666**	**20,950**	**8,900**	**10,183**
135,740	**798**	**781**	**-439**	**7,231**	**5,527**	**138,584**	**50,536**	**51,209**

	Accumulated depreciation and amortization						Carrying amounts	
01.05.2017	**Currency translation differences**	**Impairment**	**Write-up**	**Additions**	**Disposals**	**30.04.2018**	**01.05.2017**	**30.04.2018**
54,086	-678	46	-589	2,691	402	55,154	35,352	32,984
0	0	0	0	0	0	0	3,095	3,095
28,101	0	0	0	845	360	28,586	4,275	3,575
26,369	-477	57	-161	1,958	588	27,158	5,927	4,883
1,731	0	0	0	0	0	1,731	0	1
110,287	**-1,155**	**103**	**-750**	**5,494**	**1,350**	**112,629**	**45,554**	**41,443**
1,300	**-6**	**0**	**0**	**0**	**0**	**1,294**	**188**	**194**
13,311	-15	0	0	1,265	227	14,334	3,431	2,355
51	0	0	0	86	0	137	420	334
6,561	-124	112	0	441	371	6,619	6,830	6,211
727	0	0	0	0	0	727	0	0
20,650	**-139**	**112**	**0**	**1,792**	**598**	**21,817**	**10,681**	**8,900**
132,237	**-1,300**	**215**	**-750**	**7,286**	**1,948**	**135,740**	**56,423**	**50,537**

Notes to the Consolidated Financial Statements

The Wolford Group is an international group specialized in the production and marketing of Legwear, Ready-to-wear and Lingerie, Beachwear, Accessories and Trading goods and is positioned in the segment of affordable luxury products. The parent company, Wolford AG, is a stock corporation that is headquartered in Austria, 6900 Bregenz, Wolfordstrasse 1 and registered with the provincial court of Feldkirch, Austria, under FN 68605s. Wolford AG prepares consolidated financial statements for the smallest group of group companies and is included in the superordinate consolidated financial statements of Fosun International Limited, Shanghai, China.

Apart from the subsidiary in Slovenia, the business activities of the subsidiaries primarily focus on marketing products purchased from the parent company. The subsidiary in Slovenia acts as a production company for Wolford AG.

I. Accounting principles

1. BASIS OF PREPARATION

The consolidated financial statements of Wolford AG as of April 30, 2019 were prepared pursuant to § 245a of the Austrian Commercial Code in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). Application has been made of the current versions of all valid and binding standards issued by the IASB and interpretations of the IFRS Interpretations Committee that are applicable in the EU for the 2018/19 financial year.

The 2018/19 financial year covers the period from May 1, 2018 to April 30, 2019.

The consolidated financial statements of Wolford AG comprise the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement, the statement of changes in group equity, and the notes to the consolidated financial statements. The consolidated financial statements are presented in euros. Unless otherwise indicated, all amounts are stated in thousand euros (€ 000s). The Management Board is responsible for the preparation of the consolidated financial statements. The rounding up or down of amounts may result in discrepancies between the amounts stated.

The following standards and interpretations required application in the EU for the first time in the financial year under report:

Standard/ Interpretation	Description	Effective date in the Wolford Group
Changes to IAS 40	Accounting for Investment Properties under Construction	May 1, 2018
Changes to IFRS 2	Share-based Payment: Clarification of Classification and Measurement of Share-based Payment Transactions	May 1, 2018
Changes to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	May 1, 2018
IFRS 9	Financial Instruments	May 1, 2018
IFRS 15	Revenue from Contracts with Customers (including clarification to IFRS 15)	May 1, 2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration	May 1, 2018
Annual Improvements to IFRS 2014-2016	Amendments to IFRS 1 and IAS 28	May 1, 2018

Overview of standards and interpretations requiring application in subsequent financial years:

Standard/ Interpretation	Description	Effective date
Various	Annual Improvements to IFRSs: 2015-2017 Cycle	May 1, 2019
IFRS 16	Leases	May 1, 2019
Changes to IFRIC 23	Uncertainty over Income Tax Treatments	May 1, 2019
IFRS 9	Changes to IFRS 9: Prepayment Features with Negative Compensation	May 1, 2019
Changes to IAS 19	Employee Benefits	May 1, 2019
Changes to IAS 28	Investments in Associations	May 1, 2019
Various	Amendments to the Conceptual Framework	May 1, 2020
Changes to IFRS 3	Definition of a Business	May 1, 2020
Changes to IAS 1 and IAS 8	Definition of Material	May 1, 2020
IFRS 17	Insurance Contracts	May 1, 2022
Various	Changes to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	still open

IFRS 15

The IASB published IFRS 15 (Revenue from Contracts with Customers) in May 2014. This standard replaces existing standards governing revenue recognition, including IAS 18 (Revenue), IAS 11 (Construction Contracts), and IFRIC 13 (Customer Loyalty Programmes). The new standard lays down a comprehensive framework for determining the amount of revenue recognized and the time of recognition. IFRS 15 provides for a uniform five-step revenue recognition model that is basically applicable to all contracts with customers. Accordingly, under IFRS 15 revenue is only recognized upon the transfer of control to the customer, whereas under IAS 18 revenue was recognized upon the transfer of risks and rewards to the customer. IFRS 15 introduces new line items in the balance sheet, namely contract assets and contract liabilities. These may arise on the level of individual contracts due to performance surpluses or performance obligations. Furthermore, the standard has introduced extended note disclosure requirements. Wolford AG applied IFRS 15 for the first time at the beginning of the 2018/19 financial year.

Wolford AG essentially generates revenues by selling apparel, with a distinction made between the three business models of Wholesale, Online, and Retail. Contractual obligations are generally met upon the delivery/sale of the products. This means that the revenues in all of the company's distribution channels are recognized at a given point in time. The transfer of risks is determined in individual cases by reference to the respective supply clauses.

Wolford AG has reviewed the various business models, and especially the retail and wholesale businesses, as well as online. The analysis led to the identification of one matter for which the accounting treatment under IFRS 15 deviates from previous practice. This relates to "contributions", i.e. grants made to retailers to enable them to acquire store fittings required for a typical Wolford AG shop. These grants were previously recognized as advertising and marketing expenses. Under IFRS 15, they are recognized as a reduction in revenue. In the 2018/19 financial year, contributions of € 66k were recognized as a reduction in revenues. Apart from this, no other matters were identified which have resulted in changes to revenue recognition when IFRS 15 is applied compared with previous accounting practice.

For vouchers sold by the company, the portion that, based on management assessment, is not expected to be redeemed is credited to earnings.

Upon first-time application of IFRS 15, users had the option of selecting either full retrospective application or modified retrospective application. Wolford AG opted for modified retrospective application for its transition to IFRS 15. This requires any effect resulting from first-time application of the standard to be presented in the opening balance sheet as of May 1, 2018. Accordingly, the comparative figures for the 2017/18 financial year were not adjusted in the 2018/19 financial year.

The following amendments were made as of May 1, 2018 in respect of the statement of contract assets and contract liabilities:

in TEUR	30.04.2018	Adjustment	01.05.2018
ASSETS			
Prepaid expenses (grants to retailers)	181	-181	0
Contract assets (grants to retailers)	0	181	181
Total assets	**181**	**0**	**181**
LIABILITIES			
Other provisions (provision for revenue bonuses and returns)	689	-689	0
Other liabilities (voucher liabilities)	1,349	-1,349	0
Contract liabilities	0	2,038	2,038
Total liabilities	**2,038**	**0**	**2,038**

These amendments did not have any impact on equity.

The table below summarizes the implications of applying IFRS 15 for the relevant line items in the consolidated balance sheet as of April 30, 2019. These amendments did not have any impact on the consolidated statement of comprehensive income or the consolidated cash flow statement for the 2018/19 financial year.

April 30, 2019 in TEUR	**As reported**	**Adjustment**	**Amounts excluding application of IFRS 15**
ASSETS			
Prepaid expenses (grants to retailers)	0	156	156
Contract assets (grants to retailers)	156	-156	0
Total assets	**156**	**0**	**156**
LIABILITIES			
Other provisions (provision for revenue bonuses and returns)	0	405	405
Other liabilities (voucher liabilities)	0	930	930
Contract liabilities	1,335	-1,335	0
Total liabilities	**1,335**	**0**	**1,335**

IFRS 9

The final version of the new standard IFRS 9 (Financial Instruments) was published in July 2014, endorsed by the EU in November 2016, and has replaced IAS 39 (Financial Instruments: Recognition and Measurement). Specifically, IFRS 9 includes new methods for classifying and measuring financial assets on a uniform basis, as well as requirements governing impairments of financial instruments. Financial instruments are classified in accordance with the two following criteria: Pursuant to IFRS 9, the classification of the individual financial instrument is determined on the one hand by the business model used by the company to manage the financial asset and on the other hand by the characteristics of the contractual cash flows from the financial asset. After initial recognition, the instrument is subsequently measured in one of three categories with different methods of measurement and different ways of recognizing changes in the value of the instrument. Furthermore, the new standard introduces a new impairment model for financial assets which is based on expected credit losses. Moreover, the standard introduces a new requirement for hedge accounting and hedging instruments. This is intended to present the effects of risk management measures taken by a company in its financial statements in cases where the company draws on financial instruments to hedge specific risks.

Wolford AG applied IFRS 9 for the first time in the 2018/19 financial year. The company has drawn on transitional relief and made prospective application of the standard. The resultant conversion effects have been recognized directly in equity in the opening balance sheet as of May 1, 2018. The following table shows the effects resulting from first-time application of IFRS 9 for the opening balance sheet.

in TEUR	**30.04.2018**	**Adjustment**	**01.05.2018**
ASSETS			
Trade receivables	8,763	-205	8,558
Deferred tax assets	2,123	51	2,174
EQUITY AND LIABILITIES			
Other reserves	-3,910	-154	-4,064

The table below presents a comparison of the original IAS 39 measurement category with the new measurement category, as well as a reconciliation of the IAS 39 carrying amounts with the IFRS 9 carrying amounts as of the IFRS 9 transition date on May 1, 2018.

30.04.2018 in TEUR	**IAS 39 measurement category***	**IFRS 9 measurement category***	**IAS 39 carrying amount 01.05.18**	**Measure-ment**	**IFRS 9 carrying amount 01.05.18**
Cash and cash equivalents	L&R	AC	2,729	0	2,729
Trade receivables	L&R	AC	8,763	-205	8,558
Other receivables and assets	L&R	AC	5,603	0	5,603
Financial assets	AfS	FVPL	1,265	0	1,265
Total financial assets			**18,360**	**-205**	**18,155**
Trade payables	FL	AC	6,457	0	6,457
Liabilities to banks	FL	AC	33,888	0	33,888
Non-current financial liabilities	FL	AC	192	0	192
Other financial liabilities	FL	AC	13,552	0	13,552
Total financial liabilities			**54,090**	**0**	**54,090**

*L&R – Loans and Receivables, AfS – Available for Sale, FL – Financial Liabilities, FTPL – Fair Value through Profit or Loss, AC – Amortized Cost

The implications of first-time application of IFRS 9 for the carrying amounts of financial assets are exclusively attributable to the new impairment recognition requirements.

The financial assets line item includes other securities and investment funds. Under IAS 39, these were previously classified as available for sale and measured through OCI. Under IFRS 9, these financial instruments have been reclassified and are now measured at fair value through profit or loss (FVTPL).

IFRS 9 replaces the "incurred loss" model applicable under IAS 39 with the "expected credit loss" (ECL) model. At Wolford AG, the new impairment model is applicable to financial assets measured at amortized cost and to contract assets. A description of the method used can be found in Note 20.

Wolford AG has concluded credit loss insurance policies for the overwhelming share of its existing receivables. The effects resulting from the new impairment model amounted to € 205k as of May 1, 2018 and were recognized in equity as effects resulting from the first-time application of IFRS 9. A reconciliation of the IAS 39 impairment with the balance recognized as of January 1, 2018 can be found in Note 19. Given the creditworthiness and short maturities involved, no material impairments were recognized on cash and cash equivalents as of the transition date.

There are no implications in respect of hedge accounting, as Wolford currently has not implemented any hedging measures.

The other standards and interpretations requiring first-time application in the 2018/19 financial year did not have any material implications for the consolidated financial statements. Apart from additional or amended note disclosures, those amendments requiring first-time application in subsequent financial years are – with the exception of IFRS 16 – not expected to have any significant implications for the consolidated financial statements.

IFRS 16

The entry into effect of IFRS 16 (Leases) as of January 1, 2019 has removed the classification of leases into operating and finance leases previously required at lessees by IAS 17 and replaced this with a uniform accounting model. Wolford AG will apply IFRS 16 for the first time as of May 1, 2019. For its transition to IFRS 16, the company is applying the modified retrospective method without adjusting the comparative information and is drawing on the practical expedients outlined further below. For lessors, the distinction between operating and finance leases continues to apply. Under this uniform accounting model, lessees are obliged to recognize both a right-of-use asset and a corresponding lease liability for lease contracts with terms longer than twelve months. Simplified accounting requirements are provided for leases with terms less than twelve months and for low-value leases. The right-of-use asset is depreciated over the term of the contract in accordance with the requirements applicable to property, plant and equipment. The lease liability is recognized in accordance with the requirements of IFRS 16, reduced by lease payments made, and increased by interest expenses.

The following categories of lease contracts have been identified: commercial premises, motor vehicles, computer hardware, and fire alarm systems. Wolford AG has recognized both its real estate lease contracts and its non-real estate lease contracts in a global contract management archive. Furthermore, the company has established a database for the purpose of measuring and recognizing all of its lease contracts pursuant to IFRS 16. Wolford AG is drawing on the practical expedients in respect of waiving recognition of short-term lease contracts with terms of a maximum of 12 months and of leases for low-value leased items. The standard also provides lessors with the option of not separating lease and non-lease components (e.g. operating expenses for rental agreements). Wolford AG has decided not to exercise this option and accordingly not to recognize non-leasing components when determining the lease liabilities and right-of-use assets. IFRS 16 requires lessors to recognize lease liabilities at the present value of future lease payments. Among other items, lease payments comprise the total amount of as yet unpaid fixed and variable lease payments. In the case of index-based payments, the indexing is accounted for at the time at which the adjustments to the respective lease payments take effect. Furthermore, due account must also be taken of rental extension options and any contract termination payments when these are reasonably certain to arise. Pursuant to IFRS 16, the lease liability is discounted over the term using the effective interest method and calculated using financial mathematical models and taking due account of lease payments already made. The company has drawn on the option of capitalizing the right-of-use assets in the amount of the respective liabilities.

The calculation of the effects of introducing IFRS 16 has been based on assumptions concerning the terms of the rental agreements and the discount rates used. In addition to the basic rental term, Wolford AG has included extension options when such extension is reasonably certain and confirmed by internal analyses. The interest rates used to calculate the lease liabilities as of the transition date are based on fixed-interest offers that account not only for the term but also for the respective currency and hedging measures.

The new standard is expected to have material implications for the consolidated balance sheet and the consolidated income statement. Wolford AG has a large number of retail locations worldwide and IFRS 16 will require right-of-use assets and lease liabilities to be recognized for these in the consolidated balance sheet. The company therefore began to calculate the implications of this standard in the 2018/19 financial year already. Wolford AG expects its total assets to increase by between € 55 million and € 60 million upon first-time application as of May 1, 2019. This will be due to the increase in non-current assets resulting from the requirement to capitalize right-of-use assets and lease liabilities.

Furthermore, the nature of the expenses recognized in connection with leases will change, as the straight-line lease expenses previously recognized under IAS 17 will be replaced by depreciation of right-of-use assets and interest expenses for liabilities. In the first year of application, this is expected to increase consolidated EBITDA by € 13 million.

Wolford AG recognized provisions of € 2,197k for pending losses in connection with lease obligations (onerous contracts) as of April 30, 2019. These will be deducted as appropriate from right-of-use assets as of May 1, 2019. Further amendments to the figures stated will result in connection with capitalized rental rights (€ 8,064k) and deferrals for rental payments (€ 3,137k).

As a result of the application of IFRS 16, at least the principal repayment share will be classified as cash flow from financing activities. The Group therefore expects its cash flow from operating activities to increase and its cash flow from financing activities to decrease by the same amount.

2. SCOPE OF CONSOLIDATION AND CONSOLIDATION PRINCIPLES

The scope of consolidation is determined in accordance with IFRS 10 (Consolidated Financial Statements). In addition to the parent company, the following subsidiaries have been directly included in the consolidated financial statements by way of full consolidation:

Company	Registered office	Direct interest in %
Wolford Beteiligungs GmbH	Bregenz	100
Wolford proizvodnja in trgovina d.o.o.	Murska Sobota	100

Wolford Beteiligungs GmbH holds all of the shares in the following companies:

Company	**Registered office**	**Direct interest in %**
Wolford Deutschland GmbH	Düsseldorf	100
Wolford (Schweiz) AG	Opfikon	100
Wolford Paris S.A.R.L.	Paris	100
Wolford London Ltd.	London	100
Wolford Italia S.r.L.	Milan	100
Wolford España S.L.	Madrid	100
Wolford Scandinavia ApS	Copenhagen	100
Wolford America, Inc.	New York	100
Wolford Nederland B.V.	Amsterdam	100
Wolford Canada Inc.	Vancouver	100
Wolford Asia Limited	Hong Kong	100
Wolford Belgium N.V.	Antwerp	100
Wolford (Shanghai) Trading Co., Ltd.	Shanghai	100

Branch offices are operated in Norway, Finland, and Sweden by Wolford Scandinavia ApS, in Ireland by Wolford London Ltd., in Luxembourg by Wolford Belgium N.V., in Macao by Wolford Asia Limited, and in Portugal by Wolford España S.L.

The companies consolidated showed the following change compared with the previous year: In the year under report, Wolford Paris S.A.R.L. acquired 100% of the St. Honoré boutique in Paris, and merged this into Wolford Paris S.A.R.L. as of April 30, 2019.

As of June 26, 2018, Wolford Paris S.A.R.L. acquired 100% of the shares in Boutique WB 257 rue Saint-Honoré, Paris. By acquiring this boutique, Wolford AG is now present in one of the top shopping streets in Paris. The consideration assigned came to € 2,756k. Prior to this acquisition, the boutique was a shop customer of Wolford Paris. The business combination resulted in costs of € 3k for attorneys' fees and registration fees. In the period from July 1, 2018 to April 30, 2019, the boutique generated revenues of € 909k and profit of € 361k. The fair values upon acquisition of the identifiable assets and liabilities for Boutique WB 257 rue Saint-Honoré were as follows:

in TEUR	
Non-current assets	
Property, plant and equipment	91
Other intangible assets (rights to real estate)	2,274
Current assets	
Inventories	21
Trade receivables	1
Other receivables and assets	67
Prepaid expenses	5
Cash and cash equivalents	349
Non-current liabilities	
Deferred tax liabilities	704
Current liabilities	
Trade payables	24
Other liabilities	26
Other provisions	3
Net balance of identifiable assets and assumed liabilities	**2,051**

Calculation of goodwill	
Total amount of consideration assigned	2,756
Net balance of identifiable assets and assumed liabilities	-2,051
Goodwill	**705**

Inflow/outflow of cash	
Cash acquired	349
Total consideration assigned	-2,756
Actual outflow of cash	**-2,407**

The goodwill is attributable to the benefits of having a boutique in one of the top shopping streets in Paris.

The balance sheet date for the consolidated financial statements of the parent company and all companies included in consolidation is April 30, with the exception of Wolford Asia Limited and Wolford (Shanghai) Trading Co., Ltd., whose balance sheet date is December 31 in accordance with national laws. For consolidation purposes, these two companies prepare interim financial statements as of April 30.

The consolidated financial statements include all assets, liabilities, income, and expenses at Wolford AG and its consolidated subsidiaries after the elimination of all intragroup transactions.

The capital consolidation for fully consolidated companies is based on the requirements of IFRS 3. This requires the assets, liabilities and contingent liabilities at subsidiaries identifiable upon acquisition to be measured at fair value as of the acquisition date. Where the acquisition cost for the respective company exceeds the fair value of the identifiable assets, liabilities, and contingent liabilities thereby acquired, the difference is recognized as goodwill. Negative differences are recognized immediately through profit or loss. Companies acquired or sold during the financial year are included in the consolidated financial statements as of the acquisition date or up to the disposal date.

The functional currency method is used to translate the foreign currency financial statements of companies included in consolidation. This is the respective national currency for all companies. The assets and liabilities of companies with functional currencies other than the euro are translated using the reporting date rate. Income and expenses are translated at annual average rates. Any resultant differences are recognized in the statement of comprehensive income.

The major exchange rates used for financial currency translation developed as follows:

	Average rate on the balance sheet date		Average rate for the year	
Currency	**30.04.2019**	**30.04.2018**	**2018/19**	**2017/18**
1 EUR / USD	1.12050	1.21160	1.15695	1.16880
1 EUR / GBP	0.86180	0.88080	0.88241	0.88104
1 EUR / CHF	1.14150	1.19640	1.14573	1.13537
1 EUR / DKK	7.46500	7.45070	7.45858	7.44183
1 EUR / SEK	10.63700	10.51250	10.36963	9.73999
1 EUR / NOK	9.67750	9.66150	9.63748	9.50397
1 EUR / CAD	1.50680	1.55550	1.51933	1.49481
1 EUR / HKD	8.79300	9.48800	9.07305	9.12805
1 EUR / CNY	7.54692	7.66096	7.76142	7.75657
1 EUR / MOP	9.05344	9.77685	9.31613	9.25862

3. ACCOUNTING POLICIES

Property, plant and equipment are measured at cost pursuant to IAS 16. Depreciation is generally recognized on a straight-line basis over the expected useful life of the asset. Borrowing costs are capitalized if the asset meets the criteria for recognition as a qualifying asset pursuant to IAS 23. No borrowing costs were capitalized in the 2018/19 financial year or the previous year.

Straight-line depreciation of property, plant and equipment and amortization of intangible assets are based on the following useful lives:

Land, land rights and buildings	10 to 50 years
Technical equipment and machinery	4 to 20 years
Other equipment, furniture and fittings	2 to 10 years
Concessions, industrial property rights and similar values, as well as licenses for such rights and values	4 to 10 years
Rights to real estate	depending on term of tenancy 3 - 10 years; in some cases unlimited

Where necessary, material reductions in value exceeding depreciation or amortization are accounted for by recognizing impairment losses pursuant to IAS 36 (Impairment of Assets).

Repair and maintenance costs relating to property, plant and equipment are generally expensed as incurred. These costs are only capitalized if the additional expenditures are likely to increase the future economic benefits from use of the respective asset.

Assets that are obtained through lease or rental contracts are accounted for as operating leases if the applicable requirements are met and attributed to the lessor. The related lease and rental payments are recognized as expenses. In America, grants are provided to tenants for tenant fittings and deducted on a net basis from property, plant and equipment .

Goodwill resulting from business combinations is recognized as an asset. In accordance with IAS 36, goodwill is tested for impairment at least once a year and more frequently if there are indications of impairment.

Where appropriate, additional impairment losses are recognized. Intangible assets with indefinite useful lives are annual tested for impairment. The procedure for impairment testing involves comparing the recoverable amount of the cash-generating unit (CGU) with the carrying amount as of the balance sheet date. The recoverable amount corresponds to the higher of the fair value less costs to sell and the value in use. If the recoverable amount is less than the carrying amount recognized for the respective asset, the carrying amount is reduced to the recoverable amount. The management estimates referred to when determining recoverable amounts relate above all to expected cash flows, discount rates, and growth rates, as well as to expected changes in disposal prices and related direct costs.

As of each balance sheet date, Wolford AG is required to assess whether any triggering event has occurred that could indicate that an asset is impaired. If this is the case, the company has to estimate the recoverable amount of the asset. The following triggering events have been defined for Wolford AG: deterioration in the net cash flow from the use of assets or failure to achieve budgeted net cash flows. The impairment tests performed on property, plant and equipment and intangible assets are based on the company budgets for the period 2019/20 to 2022/23 in accordance with the forecasts derived from the latest budget presented to the Supervisory Board. These forecasts are based on medium-term revenue growth of around 3% p.a. at individual stores. In the first forecast year 2019/20, due account was taken of expectations concerning exchange rate movements based on the average of various expert forecasts. In subsequent forecast years, it has been assumed that exchange rates remain unchanged. The cost of sales rises by analogy with revenues. Personnel and operating expenses have been accounted for with annual growth rates of between 1% and 2%. These factors are not directly related to revenues, as the scale of the respective business operations remains unchanged. Furthermore, due account was taken of cost-saving measures adopted within the restructuring program. Investments in replacement and maintenance measures have been included in the calculation based on past experience and structured by boutique size (clustering based on m²). The current budget planning does not account for investments in extension measures or complete shop refurbishments. The forecasts required predictions to be made. These were in turn based on past experience, current operating earnings, analyses compiled by advisors, and the management's best estimate of future developments, as well as on market assumptions. The discount factors used for the impairment tests (WACC after tax) range from 5.8% to 8.4% (2017/18: 6.6% to 8.4%) and are derived from regional interest rates. The discount factors account for the risk-free base rate based on terms congruent to the average remaining period in which the boutiques will remain open in the respective country, as well as for country risk premiums, a risk premium based on a 30-year consumer discretionary bond with BBB rating, and various tax rates. The remaining opening period for the boutique locations is evaluated on individual boutique level, with due account being taken of the remaining term of the rental contract, potential termination options, the expected performance of the respective boutique, and economic and strategic considerations. Given the limited usage period at most boutique locations, no perpetual yield is calculated. Wolford France represents an exception in this case, as the tenant is entitled to extend the rental agreement prior to its expiry date. No account is taken of growth assumptions in perpetuity.

For the purpose of determining recoverability, the individual stores are referred to as the cash-generating units.

In accordance with IAS 38 (Intangible Assets), research expenses are not eligible for capitalization and are therefore expensed in the year in which they are incurred. Development expenses may only be capitalized when there is sufficient likelihood that the related activities will generate inflows of financial resources that will cover not only the normal costs, but also the associated development expenses. Moreover, development projects must cumulatively meet various criteria listed in IAS 38. No development expenses were eligible for capitalization in the 2018/19 financial year or in the 2017/18 financial year.

Financial instruments: Transactions involving financial instruments are recognized as of the settlement date in accordance with IFRS 9. The financial assets line item comprises other securities and investment funds. Under IAS 39, these were previously classified as available for sale and are now measured pursuant to IFRS 9 at fair value through profit or loss (FVTPL). Fair value corresponds to the market prices of the instruments as of the balance sheet date. Measurement gains or losses were recognized under other comprehensive income for the final time in the 2017/18 financial year and have been recognized under net financial expenses since the 2018/19 financial year.

Inventories: Raw materials and supplies are measured at the lower of cost or net realizable value. Work in progress und finished goods are measured at the lower of cost or net realizable value. Production costs include all expenses that can be directly allocated to the product. These also include material and production overheads. Appropriate allowances are recognized to reflect any inventory risks resulting from stockholding periods and reduced marketability.

Trade receivables and other receivables and assets: In accordance with IFRS 9, receivables are recognized at cost and subsequently measured at amortized cost. Other assets are capitalized at cost. Should there be any indications of credit impairment or of it not being possible to collect the receivables in full, then individual allowances (Level 3 impairment) are recognized for such receivables. Receivables are derecognized upon becoming uncollectible. A receivable is deemed definitively "uncollectible" when an attorney/debt collector/court confirms it as such. For all other receivables, any losses expected are accounted for by recognizing suitable allowances in the amount of the lifetime expected credit losses (Level 2 impairment).

Consistent with IAS 32, treasury stock is recognized in the balance sheet as a deduction to equity.

Taxes on income: The provisions for current taxes include all tax obligations known of as of the balance sheet date. Deferred tax assets and liabilities are recognized using the balance sheet liability method prescribed by IAS 12. This involves the recognition of deferred taxes for all temporary measurement and recognition differences arising between the tax balance sheets and the IFRS balance sheets of the individual companies and for consolidation processes. Reference is made to the tax rate expected to be valid in the period in which the asset will be realized or the liability settled. Furthermore, deferred tax assets are recognized for all loss carryovers that are realistically expected to be utilized and that are expected to retain their value. For domestic entities, the measurement of deferred taxes is based on a tax rate of 25%. For foreign entities, the respective local tax rate of 16.50% to 33.99% is used.

Liabilities are initially recognized at cost. Financial liabilities are measured at amortized cost as of the balance sheet date.

Employee-related provisions: Provisions for severance pay at the Austrian parent company are measured in accordance with the requirements of IAS 19 (revised) and the projected unit credit method. Application was made of the following parameters:

	AVÖ 2018 - P (VJ: AVÖ 2008-P)
Interest rate	1.46% p.a. (2017/18: 1.89%)
Wage/salary trend	2.29% p.a. (2017/18: 2.29%)

The calculation of severance pay provisions at subsidiaries is based on local biometric parameters, interest rates, wage and salary trends, and suitably adjusted retirement ages.

Provisions for anniversary bonuses at the Austrian parent company are measured in accordance with the requirements of IAS 19 and the projected unit credit method. Application was made of the following parameters:

	AVÖ 2018 - P (VJ: AVÖ 2008-P)
Interest rate	1.31% p.a. (2017/18: 1.89%)
Wage/salary trend	2.29% p.a. (2017/18: 2.29%)
Retirement age	64 – 65 / 59 – 65 years
Employee turnover (graduated):	
0 – 2 years	24% (2017/18: 0 – 3 years: 19%)
3 – 4 years	22% (2017/18: 3 – 5 years: 13%)
5 – 9 years	16% (2017/18: 5 – 10 years: 9%)
10 – 14 years	14% (2017/18: 10 – 15 years: 5%)
15 – 19 years	9% (2017/18: 15 – 20 years: 1%)
20 – 29 years	3% (2017/18: over 20 years: 0%)
over 20 years	0% (2017/18)

The provision for pensions is calculated in accordance with recognized actuarial principles taking due account of the requirements of IAS 19. The calculation of the provision recognized using the projected unit credit method was based on the following parameters:

	AVÖ 2018 - P (PY: AVÖ 2008-P)
Interest rate	1.59% to 1.85% p.a. (2017/18: 1.09% to 1.89%)
Wage/salary trend	1.7% to 2.29% p.a. (2017/18: 1.0% to 2.29%)

Provisions: Other provisions are recognized in accordance with IAS 37 when the company has a current obligation arising from a past event and it is probable that an outflow of resources will be required to meet this obligation. Non-current provisions are discounted if the interest component of the obligation is material.

Earnings per share are calculated by dividing earnings after tax by the weighted average number of ordinary shares issued and in circulation in the period under report.

Revenue recognition: IFRS 15 provides for a uniform five-step revenue recognition model that is basically applicable to all contracts with customers. Accordingly, revenues are only recognized upon the transfer of control to the customer. Up to and including the 2017/18 financial year, revenues were recognized only upon the transfer of risks and rewards to the customer pursuant to IAS 18.

Wolford AG essentially generates revenues by selling apparel, with a distinction made between the three business models of wholesale, online, and retail. Different goods are not aggregated in single contracts and consideration is not dependent on prices in other contracts. Revenues are recognized in accordance with the five-step revenue recognition model in IFRS 15 that is basically applicable to all contracts with customers and determines the amount and time at which revenues are recognized.

Wolford AG basically recognizes revenues upon the transfer of control. In all of the company's distribution channels, this is generally the time at which the contract is satisfied by supplying or selling products. The transfer of risks is determined in individual cases by reference to the respective supply clauses.

In some cases, contracts with customers include variable consideration which may, for example, take the form of revenue bonuses. In this respect, the expected rebate is estimated on the basis of past experience. Contributions, i.e. grants provided to retailers to enable them to acquire the shop fittings customary to Wolford AG, are deferred and written back through profit or loss on a prorated basis over the term of the respective contract. These contributions are recognized as a reduction to revenues. For vouchers sold by the company, the portion that, based on management assessment, is not expected to be redeemed is credited to earnings.

Contracts with customers do not exceed a period of one year. It is therefore not necessary to account for any major financing components.

Foreign currency translation: Foreign exchange differences arising from the translation of monetary items resulting from exchange rate movements between the transaction date and the balance sheet date are recognized through profit or loss in the respective period. Currency translation differences of € 406k were recognized in the 2018/19 financial year (2017/18: € -1,369k).

Derivative financial instruments: Like in the previous year, in the year under report Wolford AG did not conclude any hedging transactions in the form of forward exchange contracts to hedge currency risks.

Assets and liabilities with terms to maturity of up to one year are classified as current, whereas items with terms to maturity of more than one year are classified as non-current.

Wolford received government grants as defined in IAS 20 totaling € 191k in the financial year under report (2017/18: € 198k). These grants are recognized as revenue on the basis of binding commitments, official notifications, and legal entitlement. They mainly comprise subsidies for research and development projects and employee qualification measures. Furthermore, the Wolford Group also received promotional loans from the public sector that are reported under non-current financial liabilities.

Uncertainties involved in estimates and sensitivities: The preparation of the consolidated financial statements requires certain estimates and assumptions to be made that influence the recognition and measurement of assets, provisions and liabilities, the disclosure of other obligations as of the balance sheet date, and the recognition of revenues and expenses during the reporting period. These assumptions and estimates mainly relate to the determination of the economic useful lives for property, plant and equipment and intangible assets, the forecasts and assumptions used for impairment tests, the recognition of impairment losses for receivables and inventories (Notes 18 and 19), the recognition and measurement of deferred taxes (Note 17), and the measurement of financial liabilities and provisions. The amount of provisions required is estimated on the basis of past experience and reflects all information available upon the preparation of the consolidated financial statements. Reference is made to actuarial calculations when determining long-term employee-related provisions. These calculations are based on assumptions for factors including discount rates, future increases in wages and salaries, employee turnover and mortality rates, retirement ages and life expectancy, as well as future pension trends. Changes in these parameters may significantly impact on earnings. The calculation of allowances for receivables was also significantly based on assumptions and estimates relating, among other factors, to customer creditworthiness, and expected future economic developments. Deferred taxes have been capitalized on the basis of expected future tax rates and on an assessment of the company's ability to generate taxable earnings in future. Potential changes in tax rates or deviations between actual and expected taxable earnings may result in deferred tax assets being written down.

To account for existing forecasting uncertainty, the impact on the value in use of potential changes in the discount rate, the earnings performance and the long-term growth rate are investigated (sensitivity analysis) by calculating alternative scenarios and comparing these with the company's figures. Further information about the carrying amounts of items subject to material uncertainties can be found in "III. Notes to the balance sheet".

4. SEGMENT REPORTING

The Wolford Group is organized in regions in order to achieve the maximum possible level of market penetration. Each sales company has a market director who is best able to evaluate the country-specific circumstances on location and manage business operations accordingly. The country companies are responsible for the distribution of all products developed by Wolford and of Trading goods. The products involve high-quality Legwear, Ready-to-wear, Lingerie, Beachwear, and Accessories.

The Wolford Group has five reporting segments: Austria, Germany, Rest of Europe, North America, and Asia. The Austria segment includes production and sales activities for Austria and for those countries which do not have their own Wolford subsidiaries. In determining the structure of its segments, the company ensured that both economic characteristics and aspects such as the respective product and service, customer group, and distribution channel were aligned within the aggregated segments. The Rest of Europe segment includes all European sales companies outside Austria and Germany, as well as the production company in Slovenia. The sales companies are centrally managed by Wolford AG. The North America segment pools the company's activities in the US and Canada, while the Asia segment presents the companies in Hong Kong and Shanghai.

The regional sales companies are managed by reference to their operating earnings (EBIT). Monthly reports also containing an evaluation of proprietary retail points of sale at boutique level are prepared for the sales companies. Reporting for the wholesale segment focuses on the most important key accounts. Intersegment pricing is based on standard wholesale prices less country-specific discounts.

Revenues in the Rest of Europe segment were distributed as follows: € 12,472k, or 23%, in France (2017/18: 22%), € 9,062k, or 17%, in the UK (2017/18: 16%), € 8,173k, or 15%, in Scandinavia (2017/18: 15%), € 4,126k, or 8%, in Switzerland (2017/18: 8%), and 37% in other European countries (2017/18: 39%). Of the revenues in the North America segment, € 25,987k, or 92%, were attributable to the US (2017/18: 91%) and € 2,197k, or 8%, to Canada (2017/18: 9%). Segment information is prepared by reference to the same accounting, recognition, and measurement methods as applied in the consolidated financial statements. No customers or customer groups account for more than 10% of total revenues. The amounts shown in the consolidation column are the result of group consolidation procedures. The Legwear product group generated more than half of the Group's revenues in the 2018/19 financial year, with a 50% share of revenues (2017/18: 51%). Ready-to-wear, which contributed 32% of revenues (2017/18: 31%), was the second-largest product group once again in the 2018/19 financial year. Lingerie, Beachwear, Accessories, and Trading goods were responsible for a combined share of 18% of revenues in the past financial year (2017/18: 18%).

II. Notes to the statement of comprehensive income

(1) REVENUES

Wolford generates its revenues almost exclusively from the sale of Legwear, Ready-to-wear, Lingerie, Beachwear, Accessories, and Trading goods.

Revenues from contracts with customers are broken down into the most important product groups and distribution channels in the tables below. The breakdown into the company's main geographical markets can be found in the information about operating segments contained "4. Segment reporting" in "I. Accounting principles".

Revenues by product group and distribution channel

in TEUR	2018/19	2017/18
Legwear	68,420	76,026
Ready-to-wear	43,789	46,212
Lingerie	20,527	22,359
Accessories, Beachware, and Trading goods	4,104	4,473
Other	450	0
Contributions	-66	0
Total	**137,224**	**149,070**

Contributions, which involve grants to facilitate the acquisition of shop fittings typical to the Wolford Group, relate to the department store revenue stream. These grants were previously recognized under advertising and marketing expenses; under IFRS 15, they are now recognized as a reduction in revenues. In the 2018/19 financial year, contributions of € 66k were recognized as a reduction in revenues. Apart from this, no other matters were identified which have resulted in changes to revenue recognition when IFRS 15 is applied compared with previous accounting practice.

in TEUR	2018/19	2017/18
Boutiques	61,578	68,572
Concession shop-in-shops	9,579	10,435
Online business	17,789	16,398
Factory outlets	10,947	13,416
Department stores	14,986	16,398
Specialist retailers	20,526	22,360
Private labels	1,369	1,491
Other	450	0
Total	**137,224**	**149,070**

in TEUR	Austria	Germany	Rest of Europe	North America	Asia	Consolidations	Group
Boutiques	11,307	9,004	22,607	15,102	3,557	0	61,577
Concession shop-in-shops	0	0	8,071	808	700	0	9,579
Online business	13,207	0	284	3,835	463	0	17,789
Factory outlets	4,227	716	3,900	1,968	137	0	10,948
Department stores	354	2,782	7,685	3,029	1,137	0	14,987
Specialist retailers	2,331	2,945	11,671	3,442	136	0	20,525
Private labels	1,369	0	0	0	0	0	1,369
Other	450	0	0	0	0	0	450
Production (intersegment)	38,693		7,385			-46,078	0
Total	**71,938**	**15,447**	**61,603**	**28,184**	**6,130**	**-46,078**	**137,224**

(2) OTHER OPERATING INCOME

in TEUR	2018/19	2017/18
Income from key money for rental agreements	1,141	0
Grants and subsidies	191	198
Restaurant revenue	163	194
Insurance benefits	111	20
Reimbursements	64	56
Gain on disposal of property, plant and equipment and intangible assets	892	12
Other	811	742
Total	**3,373**	**1,222**

(3) COST OF MATERIALS

in TEUR	2018/19	2017/18
Cost of raw materials	15,580	15,037
Cost of energy	1,101	1,115
Cost of services	4,814	4,177
Total	**21,495**	**20,329**

(4) PERSONNEL EXPENSES

in TEUR	2018/19	2017/18
Wages	7,518	7,939
Salaries	40,413	45,482
Expenses for statutory social security contributions, payroll-based duties and other mandatory contributions	11,052	11,864
Expenses for severance compensation and pensions	97	2,292
thereof management	0	0
Other employee benefits	1,162	1,284
Total	**60,242**	**68,861**

Personnel totals

The Wolford Group had the following average number of employees (full-time equivalents):

Number of employees, full-time basis	2018/19	2017/18
Average number of employees	1,347	1,433
thereof wage	365	402
thereof salaried	960	1,003
thereof apprentices	22	28

(5) OTHER OPERATING EXPENSES

in TEUR	2018/19	2017/18
Rental and lease payments	21,689	21,127
Marketing expenses	8,382	7,084
Legal and consulting fees	6,144	7,147
Freight costs	1,774	1,984
Online distribution	4,125	4,697
Travel costs	1,341	1,145
Customs duties	1,488	1,780
Credit card fees and bank charges	1,395	1,602
IT expenses	1,973	1,868
Insurance premiums	819	812
Other taxes	763	447
Maintenance expenses	699	546
Vehicle fleet	587	605
Other	2,957	4,520
Total	**54,136**	**55,364**

The expenses for services performed by the group auditor are structured as follows:

in TEUR	2018/19	2017/18
Audit of financial and consolidated financial statements	159	131
Other assurance services	180	0
Other services	112	8
Total	**451**	**139**

(6) ALLOWANCES FOR TRADE RECEIVABLES

Allowances of € 1,790k were recognized on trade receivables in the 2018/19 financial year (2017/18: € 274k). Details about the allowances recognized for trade receivables and on IFRS 9 disclosures can be found in III. Notes to the balance sheet, (19) Trade receivables.

(7) DEPRECIATION AND AMORTIZATION

Depreciation and amortization amounted to € 7,231k in the 2018/19 financial year (2017/18: € 7,286k).

The impairment tests performed in the 2018/19 financial year led to the recognition of impairments of € 781k (2017/18: € 215k) and write-ups of € 439k (2017/18: € 750k). Impairments related to property, plant and equipment (€ 676k), goodwill (€ 9k), and intangible assets (€ 96k) and are distributed among the segments of North America (€ 390k), Rest of Europe (€ 370k), and Austria (€ 7k). In the previous year, impairments related to the segments of Rest of Europe (€ 166k), Germany (€ 45k), and North America (€ 4k). These impairments were due to the negative current and expected business performance, which led to a reduction in the fair values based on values in use. None of the impairments recognized for individual stores exceeded € 150k.

The write-ups related to property, plant and equipment € 439k (2017/18: € 750k) and are distributed among the segments of Rest of Europe (€ 224k), North America (€ 92k), Germany (€ 51k), Asia (€ 71k), and Austria (€ 1k). Write-ups particularly involved the reversal of impairments recognized in previous financial years on shops and their fittings in North America, Rest of Europe, Germany, and Austria. Specifically, the write-ups were due to improvements in the expected business performance of individual stores, which led to an increase in the fair values based on values in use. None of the write-ups recognized for individual stores exceeded € 150k.

(8) NET INTEREST EXPENSES

in TEUR	2018/19	2017/18
Interest and similar income	180	26
Interest and similar expenses	-1,134	-1,986
Total	**-954**	**-1,960**

The table presents interest and similar income and interest and similar expenses excluding the interest cost of employee benefit liabilities.

(9) INCOME TAX

The major components of income tax expenses are structured as follows:

in TEUR	2018/19	2017/18
Statement of comprehensive income		
Tax expense / income for the reporting year	-852	-603
Deferred taxes	-134	500
Total	**-986**	**-103**

Current tax expenses include taxes of € 418k for previous periods (2017/18: € 179k).

in TEUR	2018/19	2017/18
Development of net deferred taxes		
Net deferred tax assets and deferred tax liabilities as of 30.04.	2,123	1,839
First-time application of IFRS 9	51	0
Net deferred tax assets and deferred tax liabilities as of 01.05.	**2,174**	**1,839**
Currency translation differences	7	-131
Company acquisition	-705	0
Deferred taxes recognized in after tax profit	-134	500
Deferred taxes recognized in other comprehensive income	289	-85
Net deferred tax assets and deferred tax liabilities as of 30.04.	**1,631**	**2,123**

The reconciliation of the income tax charge based on the Austrian corporate tax rate of 25% (2017/18: 25%) with the effective tax rate for the period is as follows:

in TEUR	2018/19	2017/18
Profit before tax	**-10,112**	**-11,432**
Tax expense / income at 25%	2,528	2,858
Effect of changes in tax rates	20	0
Divergent foreign tax rates	-44	48
Tax effects due to divergences in tax assessment base	27	-108
Taxes from prior periods	-418	-179
Losses current year for which no deferred tax assets were recognized	-2,786	-2,721
Non-recognition of deferred taxes / differences due to utilization of deferred taxes not recognized in previous periods	-567	430
Other	253	-431
Effective tax expense / income	**-986**	**-103**
Effective tax rate	**-10%**	**-1%**

The “Other” line item also includes corrections for currency differences. The effective tax rate of -10% (2017/18: -1%) is mainly attributable to the non-recognition of deferred tax assets on current losses.

By assessment notice dated August 16, 2006, the company's application for the specification of a group pursuant to § 9 (8) of the Austrian Corporate Income Tax Act (KSTG 1988) was approved. Since the 2006 assessment, the company has been the group parent; as of the balance sheet date, the Group included Wolford Beteiligungs GmbH as one of its members. This company was included as a member of the Group by group and tax-sharing agreement dated April 15, 2008.

Should Wolford Beteiligungs GmbH generate a taxable profit in a given business year, it is required to pay a tax charge to Wolford AG. Should it generate a taxable loss or a loss not eligible for tax sharing, then evidence of the loss is presented. Should Wolford Beteiligungs GmbH generate a taxable profit once again in subsequent years, then the previous loss is offset against such profit.

Upon the termination of the group and tax-sharing agreement, Wolford AG is required to make an adequate payment as settlement for any tax losses or losses not eligible for tax sharing generated by Wolford Beteiligungs GmbH during the period in which the Group was effective.

(10) NOTES TO OTHER COMPREHENSIVE INCOME

The adjustment in mortality tables to AVÖ 2018-P and changes in interest rates led to the recognition of an actuarial loss after tax of € 945k (2017/18: gain of € 271k). This comprises the gross loss of € 1,234k (2017/18: gain of € 361k) less deferred taxes of € 289k (2017/18: € -90k). Together with the result of € -194k from currency translation of foreign operations (2017/18: € 299k), this resulted in other comprehensive income of € -1,139k (2017/18: € 549k).

(11) EARNINGS PER SHARE / PROPOSED APPROPRIATION OF PROFIT

Earnings per share are calculated by dividing the earnings after tax € -11,099k (2017/18: € 11,535k) by the weighted average number of common shares excluding time-apportioned treasury stock holdings (2018/19: 6,320,151; 2017/18: 4,911,860). Earnings per share for the 2018/19 financial year amounted to € -1.76 (2017/18: € -2.35). Given this earnings situation, the Management Board will propose to the Annual General Meeting due to be held on September 15, 2019 that no dividend should be paid for the 2018/19 financial year.

The basis for calculating earnings per share is as follows:

	2018/19	2017/18
Weighted average total number of shares in circulation	6,408,291	5,000,000
Less average number of treasury stocks	-88,140	-88,140
	6,320,151	**4,911,860**

III. Notes to the balance sheet

(12) PROPERTY, PLANT AND EQUIPMENT

The development in this line item is presented in detail in the non-current asset schedule.

Total obligations for the purchase of property, plant and equipment amounted to € 80k as of the balance sheet date (April 30, 2018: € 152k).

Wolford AG pledged items of property, plant and equipment in the context of its refinancing agreement. This involved property and machinery with residual carrying amounts of € 25,932k and € 2,768k respectively.

(13) GOODWILL

Wolford Paris S.A.R.L. acquired 100% of the shares in Boutique WB 257 rue Saint-Honoré, Paris, as of June 26, 2018. By acquiring this boutique, Wolford AG is now present in one of the top shopping streets in Paris. Further details about this company acquisition can be found under "Scope of consolidation" and "Consolidation principles".

Impairments of € 9k were recognized on goodwill in the 2018/19 financial year (April 30, 2018: € 0k)

(14) OTHER INTANGIBLE ASSETS

The development in this line item is presented in detail in the non-current asset schedule. There were no commitments to purchase intangible assets in the current or previous financial years . Key money (payments for rental rights) totaling € 8,064k was capitalized as of the balance sheet date (April 30, 2018: € 6,209k). Of this amount, € 6,261k represented key money with an indefinite useful life (April 30, 2018: € 4,230k) and € 1,803k involved key money with a limited useful life (April 30, 2018: € 1,979k).

Key money, or site value, involves the payment of a transfer fee to a previous tenant or former operator in order to obtain the right to rent a retail store. This constitutes an identifiable asset which is expected to provide the company with future economic benefits and whose cost of acquisition can be reliably estimated. Key money is recognized at cost. In the case of an unlimited rental agreement, or when statutory requirements at the respective location give reason to expect that the rental relationship will be unlimited, the key money is not amortized. In the case of a limited rental agreement, the key money is amortized over the term of the rental agreement. Key moneys with indefinite useful lives are tested for impairment each year on CGU level.

Impairment requirements of € 96k were identified for intangible assets in the 2018/19 financial year (April 30, 2018: € 112k).

No intangible assets are pledged as security.

(15) FINANCIAL ASSETS

Financial assets mainly include shares in investment funds that are recognized at fair value through profit or loss pursuant to IFRS 9.

The change in fair value recognized through profit or loss in the 2018/19 financial year amounted to € 18k (2017/18: € -18k in other comprehensive income).

(16) NON-CURRENT RECEIVABLES AND ASSETS

The amounts recognized in this line item chiefly involve advance rental and lease payments and security deposits.

(17) DEFERRED TAXES

Deferred tax assets and deferred tax liabilities result from temporary measurement and recognition differences between the carrying amounts recognized in the IFRS financial statements and the corresponding tax base of the respective items.

	30.04.2019		30.04.2018	
in TEUR	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Property, plant and equipment, intangible assets	154	36	175	24
Other Intangible assets	0	1,011	0	0
Inventories	1,095	18	1,000	20
Trade receivables	739	2	0	0
Provisions for long-term employee benefits	200	0	145	0
Other provisions	102	7	133	29
Other	161	53	217	6
Deferred taxes on loss carryforwards and write-downs to fair value	307	0	532	0
Deferred tax assets and deferred tax liabilities	**2,758**	**1,127**	**2,202**	**79**
Offset within legal tax units and jurisdictions	**-1,127**	**-1,127**	**-79**	**-79**
Net deferred tax assets and liabilities	**1,631**	**0**	**2,123**	**0**

As of the balance sheet date, the company had unutilized tax loss carryovers of € 70,505k (2017/18: € 59,938k). Loss carryovers and temporary differences for which no deferred taxes were recognized amounted to € 82,332k.

in TEUR	30.04.2019	30.04.2018
Loss carryforwards	**70,505**	**58,917**
Due to expire within		
1 year	870	
2 years	912	
3 years	1,060	
4 years	648	
5 years	0	
After 5 years	822	95
Unlimited eligibility to be carried forward	**66,193**	**58,822**

(18) INVENTORIES

Inventories are structured as follows:

in TEUR	30.04.2019	30.04.2018
Finished goods and trading goods	25,847	27,769
Work-in-process	4,933	7,347
Raw materials and supplies	5,005	5,878
Total	**35,785**	**40,994**

Inventories are measured separately by article. This valuation procedure accounts for the different resale characteristics of the Essentials and Trend models, as well as for the age of the respective articles. These assessments were updated by reference to sell-through rates and discounting patterns in the 2016/17 financial year. The existing measurement method has been retained in the financial statements as of April 30, 2019. There have been no changes in discounting patterns. Excess stocks still present in the previous year were sold in the normal manner (without sell-offs) or lowered by continually reducing production volumes. Discounts are reported on a monthly basis. Write-downs on inventories amounted to € 5,271k as of the balance sheet date (April 30, 2018: € 5,454k). The effect recognized in the income statement amounted to € 183k.

No inventories were pledged as security.

(19) TRADE RECEIVABLES

in TEUR	30.04.2019	30.04.2018
Trade receivables	11,353	9,441
Impairment losses	-2,612	-678
Trade receivables after impairment losses	**8,741**	**8,763**

For trade receivables, Level 2 allowances of € 135k (April 30, 2018: € 0k) were recognized due to expected credit losses (ECL Level 2) and Level 3 allowances of € 2,477k were recognized (April 30, 2018: € 678k). Due to the introduction of IFRS 9, Level 2 allowances of € 205k were recognized in equity for the first time as of May 1, 2018.

Trade receivables mainly relate to the wholesale and online businesses at Wolford AG. To monitor default risk, customers are structured into categories in line with their creditworthiness. When determining the recoverability of trade receivables, account is taken of all changes in the creditworthiness of customers from the initial establishment of payment terms through to the balance sheet date. There are no material clusters of credit risks because individual items account for a low share of total receivables and are not correlated.

The payment terms granted vary from customer to customer but nevertheless remain within a customary range. Customer creditworthiness and contractual capacity are checked in advance before entering into any business relationship. Trade receivables are monitored continuously and external service providers are used to collect overdue payments.

In the wholesale business, the risk of receivables default is reduced by concluding credit insurance policies which are subject to a deductible of 10%. The ECLs recognized are based on external ratings. The allowances recognized for receivables in the online business were based on historic default statistics.

A Level 3 allowance is recognized for credit-impaired receivables. Receivables are assigned to this category at the latest upon being handed over to an attorney/debt collector/court.

The allowances recognized on trade receivables developed as follows:

in TEUR	2018/19	2017/18
01.05. (IAS 39)	**678**	**404**
Conversion to IFRS 9	205	0
01.05. (IFRS 9)	**883**	**404**
Added (+) / reversed (-)	1,790	274
Utilized	-62	-41
Currency translation differences	1	41
30.04.	**2,612**	**678**

Alongside the change in the gross carrying amounts of online receivables by € 784k, the change in allowances in the financial year under report was chiefly due to the increase in the volume of receivables requiring recognition of an individual allowance.

The following table presents information about the default risk and the expected credit losses for trade receivables and contract assets as of April 30, 2019.

30.04.2019 in TEUR	Loss rate	Gross carrying amount	Allowance
Wholesale	**14.8%**	**9,404**	**1,390**
ECL receivables	0.1%	7,688	11
Receivables (credit impaired)	80.4%	1,716	1,379
Online	**62.7%**	**1,950**	**1,222**
ECL receivables	19.4%	645	125
Receivables (credit impaired)	84.1%	1,305	1,097

Receivables of € 251k were derecognized due to uncollectibility in the 2018/19 financial year (2017/18: € 313k). A receivable is classified as definitively uncollectible when an attorney, debt collector, or court confirms this to be the case. The amount recognized already accounts for the deduction of compensation received from credit insurance. With respect to trade receivables that are neither impaired nor overdue, there were no indications at the balance sheet date that customers would be unable to meet their contractual obligations.

Since April 14, 2017, a global assignment agreement governing the pledging of receivables at Wolford AG as security to Raiffeisen Bank International AG has been in place. This agreement has been acceded to by UniCredit Bank Austria AG, BAWAG P.S.K. Bank für Arbeit und Wirtschaft, and Österreichische Postsparkasse Aktiengesellschaft.

in TEUR	30.04.2019	30.04.2018
Trade receivables after impairment losses	**8,741**	**8,763**
not due	5,283	5,329
less than 30 days	1,529	1,106
31 – 60 days	313	882
61 – 90 days	296	543
91 – 120 days	346	331
121 — 180 days	545	433
over 181 days	430	139

(20) EQUITY

The composition of equity and its development are presented separately in the statement of changes in equity.

Share capital

Reconciliation of common shares between May 1, 2018 and April 30, 2019:

Number of shares (000s)	2018/19	2017/18
Issued as of 1 May	**5,000,000**	**5,000,000**
Subscription rights exercised	1,719,151	0
Issued as of 30 April - paid up in full	**6,719,151**	**5,000,000**

Share capital consists of 6,719,151 zero par value shares, each of which represents an equal amount in share capital. There are no preference shares or shares with special control rights.

The extraordinary shareholders' meeting held on May 4, 2018 resolved to increase the share capital by € 12,498,227.77 from € 36,350,000 to € 48,848,227.77 by issuing 1,719,151 new common bearer shares.

This capital increase, which involved increasing share capital from € 36,350,000 to € 48,848,227.77 by issuing 1,719,151 new shares within the subscription offering or by way of oversubscription, was subsequently executed and entered in the Companies Register. On July 5, 2018, all 1,719,151 new shares were acquired within the subscription offering or by way of oversubscription and allocated. Around 99.6% of the 1,719,151 new shares were acquired by exercising subscription rights. Around 59.3% of the new shares were taken over by Fosun Industrial Holdings Limited in its capacity as subscription beneficiary and in the context of its subscription obligation. The remaining total of around 40.7% of the new shares were subscribed by other subscription beneficiaries or by way of oversubscription.

Capital reserves

Appropriated capital reserves result from the premiums (less issue costs) on the stock issues in 1995 and 2018. The expenses of € 791k incurred to issue new shares have been deducted.

Other reserves

No dividend was distributed for the 2017/18 financial year.

Reserve for cash flow hedges

in TEUR	2018/19	2017/18
01.05.	**0**	**7**
Fair value measurement of derivatives	0	-56
Realized hedge transactions	0	48
Applicable income taxes	0	1
30.04.	**0**	**0**

Reserve for actuarial gains/losses

in TEUR	2018/19	2017/18
01.05.	**-3,886**	**-4,157**
Actuarial gains and losses resulting from changes in actuarial parameters	-1,234	361
Revaluation of deferred taxes	289	-90
30.04.	**-4,831**	**-3,886**

Treasury stock

Wolford AG holds 88,140 treasury stock shares (April 30, 2018: 88,140). There were no movements in treasury stock shares in the 2018/19 financial year. As a result, 1.3% of share capital is held by the company (April 30, 2018: 2%).

(21) FINANCIAL LIABILITIES

Financial liabilities are structured as follows:

in TEUR	30.04.2019	30.04.2018
Loans from banks, variable interest rates from 1.0% to 3.75% (30.04.2018: 1.95% to 3.75%)	32,170	32,974
Loans from banks, fixed interest rates from 4.5% (30.04.2018: 4.5%)	613	800
Loans from the Austrian Research Promotion Agency, fixed interest rates from 0.75% (30.04.2018: 0.75%)	161	248
Interest-free loan from the Federal Province of Vorarlberg	31	58
Total	**32,975**	**34,080**
thereof current	32,783	33,888

The scheduled repayments for financial liabilities have the following maturity structures:

in TEUR	Up to 1 year	1 – 5 years	Over 5 years
As of 30.04.2019	32,783	192	0
As of 30.04.2018	33,888	192	0

As of April 30, 2019, the fair value of fixed-interest financial liabilities was € 60k higher than cost (April 30, 2018: € 36k).

Collateral for current liabilities is provided by maturity-linked surety commitments issued by the Republic of Austria with refinancing commitments by Oesterreichische Kontrollbank Aktiengesellschaft.

Furthermore, upon agreement of the financing arrangement in July 2017 the company provided extensive security (global assignment of all receivables, pledging of machinery and all properties, as well as of intellectual property).

In June 2019, Wolford reached agreement with the financing banks to extend the credit lines through to June 30, 2021. For this period, the financing banks agreed to extend the moratorium on repayments of legacy financing facilities and not to draw on the security. The agreed interest, costs, and regular bank fees will nevertheless be paid.

Furthermore, Fosun Fashion Investment Holdings (HK) Limited granted a shareholder's loan of € 10,000k, also with a term until June 30, 2021. The shareholder's loan may only be repaid prior to this date if a further capital increase of at least € 10,000k is granted. The interest incurred during the term of the loan will not be paid unless a capital increase covering at least the amount of the interest charge is executed.

(22) PROVISIONS FOR LONG-TERM EMPLOYEE BENEFITS

The provisions for pensions, severance pay, and anniversary payments are calculated in accordance with the requirements of IAS 19.

in TEUR	30.04.2019	30.04.2018
Provisions for pensions	5,244	4,718
Provisions for severance pay	10,291	10,083
Provisions for jubilee payments	2,005	2,128
Total	**17,540**	**16,929**

Provisions for pensions and severance pay

Wolford AG has direct pension obligations based on individual commitments to three former Management Board members. Collective agreements in France require the company to make payments to employees upon retirement. The relevant calculation is based on generally accepted actuarial rules.

Legal requirements entitle employees who joined the Austrian parent company before 2003 to a one-off severance payment if their employment relationship is terminated or when they retire. The amount of these payments depends on the length of service and the employee's wage or salary at the end of employment. In Switzerland, the company is required to make certain payments to employees on retirement, death, or inability to work. The payments are dependent on the employee's age, number of years worked, salary, and individual contributions. This plan is financed jointly by the employees and the employer, with the obligation being counter-financed by the insurance company Swiss Life by way of qualified insurance policies that serve as plan assets. There are other smaller defined benefit severance pay plans in Italy, Germany, and Slovenia.

Provisions for pensions developed as follows:

in TEUR	2018/2019	2017/2018
Present value of obligation at May 1	**4,718**	**4,922**
Interest costs	87	78
Pension payments	-255	-208
Actuarial gains and losses	694	-74
Present value of obligation at April 30	**5,244**	**4,718**

Provisions for severance pay developed as follows:

in TEUR	2018/2019	2017/2018
Present value of obligation at May 1	**10,881**	**11,236**
Currency translation differences	54	-84
Service cost	616	541
Interest costs	105	164
Severance pay	-1,051	-671
Actuarial gains and losses	592	-304
Present value of obligation at April 30 (gross obligation)	**11,197**	**10,881**

The plan assets relating to the provision for severance pay developed as follows:

in TEUR	2018/2019	2017/2018
Fair value of plan assets at May 1	**798**	**820**
Currency translation differences	39	-84
Contributions received	65	91
Interest income	9	6
Payments made	-57	-18
Actuarial gains and losses	52	-17
Fair value of plan assets at April 30	**906**	**798**

The net obligation for severance pay is structured as follows:

in TEUR	2018/2019	2017/2018
Net obligation at May 1	**10,083**	**10,416**
Currency translation differences	15	0
Service cost/contributions received	551	450
Interests	96	157
Payments	-994	-654
Actuarial gains and losses	540	-287
Net obligation at April 30	**10,291**	**10,083**

Plan assets comprise:

in TEUR	2018/2019	2017/2018
Equity investments	**471**	**0**
Bonds	101	0
Real estate	243	0
Alternative investments	33	0
Qualified insurance policies	0	781
Liquid funds	57	18
Total plan assets	**906**	**798**

The actuarial gains reported for the 2018/19 financial year comprise experience adjustments of € 397k (2017/18: € 112k) and financial adjustments of € 837k (2017/18: € -473k). The mortality tables referred to in the financial year under report were amended to AVÖ 2018-P.

Expenses of € 116k were recognized in the year under report for defined contribution obligations (2017/18: € 232k). Defined benefit payments of € 936k are planned for provisions for pensions and severance pay in the coming 2019/20 financial year (2017/18: € 645k).

Provision for anniversary payments

The provision for anniversary payments developed as follows:

in TEUR	2018/19	2017/18
Present value of obligation as of 01.05.	**2,130**	**2,209**
Current service cost	113	129
Interest expenses	38	36
Jubilee payments	-48	-34
Actuarial gain / loss	-228	-212
Present value of obligation as of 30.04.	**2,005**	**2,128**

Defined benefit payments for anniversary obligations have been budgeted at € 72k in the 2019/20 financial year (2018/19: € 72k).

Provisions for retirement, severance pay, and anniversary payments

The actuarial gains and losses result from changes in experience adjustments and changes in financial assumptions and are reported under other comprehensive income for retirement and severance pay provisions and under personnel expenses for anniversary payment provisions.

The following sensitivities have been determined for the Austrian share of defined benefit obligations (which, at € 16,301k, entail the predominant share of the total obligations of € 17,540k):

	2018/19		2017/18	
in TEUR	**Increase**	**Decrease**	**Increase**	**Decrease**
Discount rate (1% change)	-1,753	2,110	-1,625	1,943
Future wage and salary increases (1% change)	1,244	-1,078	1,191	-1,039
Future pension increases (1% change)	749	-617	637	-529

Service cost is reported under expenses for severance pay and pensions or as wages and salaries, while interest expenses are included under interest on employee benefits.

in TEUR	2018/19	2017/18
Expenses for pensions, severance compensation and jubilee payments	504	458
Interest on employee benefits	221	272

The average remaining term of the anniversary obligations amounts to 9.6 years (2017/18: 10.7 years). The average remaining term of the pension obligations amounts to 13.5 years (2017/18: 14.5 years). The average remaining term of the severance pay obligations amounts to 11.6 years (2017/18: 10.8 years).

(23) OTHER NON-CURRENT LIABILITIES

Other non-current liabilities are structured as follows:

in TEUR	30.04.2019	30.04.2018
Government grant for Slovenia project	768	806
Other	157	110
Total	**925**	**916**

The construction of the production facility in Slovenia was subsidized with a grant that is being written back by way of depreciation and amortization and expenses (personnel expenses).

(24) OTHER NON-CURRENT PROVISIONS

Provisions for onerous contracts have been recognized as non-current provisions at an amount of € 1,907k for the risk of losses on pending transaction in connection with rental agreements in the US, Canada, Asia, and Europe (2017/18: € 1,280k). The classification of these items as non-current provisions has been based on the terms of the respective rental agreements. The agreements have maturities ranging from May 1, 2020 to April 30, 2028. The development in the amount of provisions for pending losses is dependent on the earnings performance of the individual stores.

in TEUR	Balance 01.05.2018	Currency translation	Utilized	Reversed	Added	Balance 30.04.2019
Non-current provisions for pending losses	1,280	-14	0	0	641	1,907
Total	**1,280**	**-14**	**0**	**0**	**641**	**1,907**

(25) CURRENT PROVISIONS

Other major provisions recognized in accordance with IAS 37 are structured as follows:

in TEUR	01.05.2018 after adjustments IFRS 15	Currency translation differences	Use	Reversal	Addition	30.04.2019
Staff	3,830	53	-1,690	-2,140	1,723	1,776
Advertising	529	4	-484	-38	110	121
Impending losses	660	0	-660	0	291	291
Other	1,984	-352	-1,632	0	1,257	1,257
Total	**7,003**	**-295**	**-4,466**	**-2,178**	**3,381**	**3,445**

Employee benefit provisions mainly include provisions for variable salary components and for measures planned in the course of restructuring the Wolford Group.

The provisions for pending losses relate to rental agreements in the US, Canada, Asia, and Europe.

Among other items, other provisions include outstanding compensation for the Supervisory Board and publication-related expenses.

(26) OTHER CURRENT LIABILITIES

Other current liabilities are structured as follows:

in TEUR	30.04.2019	30.04.2018
Outstanding vacation entitlement	1,793	2,161
Liabilities to taxation authorities	1,366	1,449
Special payments	1,773	1,941
Accrued rental and lease payments	3,137	3,445
Liabilities for credit vouchers	0	1,349
Liabilities for social security	1,091	1,078
Overtime	243	247
Other	709	966
Total	**10,112**	**12,636**

(27) CONTRACT ASSETS AND CONTRACT LIABILITIES

Contract assets include deferrals of € 156k relating to grants provided to retailers to enable them to acquire the shop fittings typical to Wolford AG (May 1, 2018: € 181k).

The contract liabilities recognized pursuant to IFRS 15 include voucher-related liabilities of € 930k (May 1, 2018: € 1,349k) and deferrals of € 405k for revenue bonuses not yet disbursed and customer returns (May 1, 2018: € 689k).

(28) CONTINGENT LIABILITIES

The company has issued rental guarantees totaling € 2,943k (2017/18: € 2,974k) and other guarantees of € 124k (2017/18: € 125k).

(29) OTHER FINANCIAL OBLIGATIONS

The company has concluded a substantial volume of rental agreements that qualify as operating lease arrangements in terms of their economic content, as a result of which the leased items are attributed to the lessor. Lease arrangements will result in the following payments in subsequent periods:

in TEUR	30.04.2019	30.04.2018
Minimum lease and rental payments due in		
up to 1 year	13,435	15,710
1 to 5 years	32,247	39,947
over 5 years	4,979	7,966

The rental agreements relate to office space used by group companies and to the worldwide retail activities of the Wolford Group. Most of the related leases are based on minimum lease payments. Alongside these, Wolford has rental relationships which include agreements for conditional (in particular revenue-based) rental payments. In addition to the basic rental period, Wolford AG also includes extension options when extension is deemed sufficiently certain and confirmed by internal analyses. The classification of these leases as operating leases was based on customary limits for determining the share of the useful life and the present value of the minimum lease payments.

It was established in this respect that the material risks and rewards incidental to ownership of these properties remained with the property companies letting out the properties and the respective lessors.

Rental and leasing expenses totaled € 21,689k in the 2018/19 financial year (2017/18: € 21,127k). As of April 30, 2019, the Wolford Group expects future payments of € 101k from sub-leases (April 30, 2018: € 46k). These are due within one year. The sub-leases mainly involve letting out storage area for the purpose of storing Wolford and third-party goods.

IV. Notes to the cash flow statement

The cash flow statement of the Wolford Group shows the changes in cash and cash equivalents resulting from cash-effective transactions during the period under report. Consistent with IAS 7, the cash flows are broken down by origin and use and separately for operating activities and for investing and financing activities. The inflows and outflows of funds from operating activities are derived indirectly based on the Group's annual net income. By contrast, the cash flows from investing and financing activities are calculated directly based on the respective inflows and outflows.

Financial funds (cash and cash equivalents) correspond to the relevant balance sheet line items and include credit balances at banks, demand deposits at banks, and other financial funds. Current account overdraft facilities are presented under current financial liabilities in the balance sheet.

The implications of exchange range movements for cash and cash equivalents related to the subsidiaries in the US, the UK, Asia, Scandinavia, and Switzerland.

Non-cash income and expenses relate in particular to unrecognized foreign exchange gains and losses.

Flow of funds from financing activities in respect of financial liabilities and related assets

in TEUR	01.05.2018	Cashflow	30.04.2019	01.05.2017	Cashflow	Reclassifi-cation	30.04.2018
Non current financial liabilities	192	0	192	214	0	-22	192
Current financial liabilities	33,888	-1,106	32,782	42,645	-8,779	22	33,888
Total financial liabilities	**34,080**	**-1,106**	**32,974**	**42,859**	**-8,779**	**0**	**34,080**

The movements in non-current and current financial liabilities are presented in the cash flow statement. In the 2018/19 financial year, all such movements were of a cash-effective nature.

Due to exchange rate translation, the changes in those balance sheet line items that are presented in the cash flow statement cannot be derived directly from the balance sheet.

V. Financial instruments

FINANCIAL RISK MANAGEMENT

Objectives and methods of financial and capital management

The objective of financial risk management is to record and assess uncertain factors that could impact negatively on the company's business performance. The most important objective of Wolford's financial and capital management is to ensure sufficient liquidity at all times to enable the Group to offset seasonal fluctuations customary to its sector and finance its further strategic growth.

Due to its use of financial instruments, the Wolford Group is exposed in particular to the following risks:

- Capital risk
- Credit and default risk
- Interest rate risk
- Currency risk
- Liquidity risk

The Group does not have any material clusters of risks.

Major primary financial liabilities include bank loans, overdrafts, and trade payables. The main purpose of these financial liabilities is to finance the Wolford Group's business activities. Wolford has a variety of financial assets, such as trade receivables, credit balances at banks, cash on hand, and short-term investments directly relating to its business activities.

Wolford was not party to any hedge transactions either in the previous year or in the year under report.

Capital risk management

The primary objective of capital risk management is to minimize the company's cost of capital by maintaining a high equity ratio and a sound credit rating and thereby limit any negative effects on earnings.

In the 2018/19 financial year, the Management Board of the Wolford Group continued to work on implementing the restructuring measures already initiated. These are intended to improve the company's cost structure and sustainably increase its profitability and thus its equity base.

The key indicator used in the Group's capital risk management is the gearing ratio, which presents the ratio of net debt to equity. Net debt is defined as non-current and current financial liabilities less financial assets and cash and cash equivalents. The development in this key figure in recent years is presented in the following table:

in %	30.04.2019	30.04.2018	30.04.2017	30.04.2016
Gearing	45.9%	88.8%	69.7%	32.7%*

* Adjusted (original 2015/16 gearing: 30.6%)

The improvement in the gearing ratio to 45.9% as of the balance sheet date on April 30, 2019 was due above all to the capital increase of around € 22 million successfully executed on July 11, 2018. The new shares were mainly subscribed by the company's new majority owner Fosun Industrial Holdings Limited and its longstanding major shareholder Ralph Bartel.

Credit and default risk management

The Wolford Group only concludes business transactions with creditworthy partners and checks the creditworthiness of new customers. Furthermore, trade receivables are continuously monitored and default risk is limited by credit insurance. By changing credit insurer, Wolford was able to reduce the deductible charged for insured receivables from 15% to 10% in the financial year under report.

Wolford does not have any credit insurance for receivables relating to its proprietary online business. In view of this, the company works together with an external credit check provider. This way, the creditworthiness of customers can be checked when they place their orders. Furthermore, incoming orders are continually monitored and checked by the relevant online shop managers.

Interest rate risk management

The following table shows the sensitivity of the interest result stated in the income statement, and accordingly in equity, to changes in the interest rates on floating-rate financial liabilities. The sensitivity refers to an interest rate change of +/- 0.5 percentage points:

in TEUR	2018/19	2017/18
Interest rate risk	+/- 191	+/- 221

Reference is made to Note 22 for the sensitivity of employee benefit provisions to interest rate movements.

Exchange rate risk management

Exchange rate risk refers to the risk of fluctuations arising in the value of financial instruments due to changes in exchange rates. This risk exists when transactions are handled in currencies other than the company's functional (local) currency.

In the past, exchange rate risks arising from existing foreign currency receivables and planned revenues were partly hedged by the group treasury department using forward exchange contracts and options. The company did not have any hedges in the 2018/19 financial year. The exchange rate risks relating to existing foreign currency receivables and planned revenues are monitored by the group treasury department on a monthly basis in the context of its liquidity planning

The following table shows the sensitivity of earnings before tax to exchange rate movements of +/- 10 percent in the transaction currency based on the carrying amounts of the assets and liabilities held by the Wolford Group:

in TEUR for currency	2018/19	2017/18
USD	+689 / -564	+593 / -485
GBP	+275 / -225	+144 / -118
CHF	+52 / -43	+76/ -62
HKD	+204 / -167	+144 / -118
CNY	+337 / -276	+316 / -258

Liquidity risk management
At the Wolford Group, liquidity risks are managed and financial risks monitored by a central treasury department. This department compiles monthly liquidity forecasts for the overall Group and reports to the Management Board on the current financial status. In June 2019, the moratorium on legacy financing was conditionally extended until June 30, 2021. Further information can be found in Note 21 (Financial liabilities).

The aim is to ensure sufficient liquidity at all times by concluding appropriate credit lines with banks, continuously monitoring forecast and actual cash flows, and coordinating the maturity profiles of financial assets and liabilities.

The following table shows the contractual terms of the financial liabilities held by the Wolford Group. The figures are based on the undiscounted cash flows (interest and principal) of the financial liabilities:

in TEUR	Carrying amount 30.04.2019	Cashflows 2019/20	Cashflows 2020/21 until 2023/24	Cashflows 2024/25 ff.
Financial liabilities - interest-bearing	32,944	32,924	211	0
Financial liabilities - non-interest-bearing	31	0	31	0
Trade payables	6,622	6,622	0	0
Other liabilities	866	709	157	0
Total	**40,462**	**40,254**	**399**	**0**

in TEUR	Carrying amount 30.04.2018	Cashflows 2018/19	Cashflows 2019/20 until 2022/23	Cashflows 2023/24 ff.
Financial liabilities - interest-bearing	34,022	33,975	162	0
Financial liabilities - non-interest-bearing	58	28	31	0
Trade payables	6,458	6,458	0	0
Other liabilities	12,636	13,826	0	0
Total	**53,174**	**54,287**	**193**	**0**

As of April 30, 2019, 100% of existing credit lines had been drawn down (April 30, 2018: 79%).

Primary financial instruments

The primary financial instruments held by the Wolford Group are reported in the balance sheet. On the asset side, these include securities, cash and cash equivalents, trade receivables, and other receivables. On the liabilities side, they involve trade payables, other liabilities, and interest-bearing financial liabilities. The carrying amounts of the primary financial instruments reported in the balance sheet are largely equivalent to their fair values. The amounts recognized also represent the maximum creditworthiness and default risks as no offsetting agreements are in place.

Fair value

Due to the short-term nature of the assets and liabilities involved, the carrying amounts of cash holdings, current financial funds, receivables and other assets, trade payables, and current liabilities can be regarded as reasonable estimates of their respective fair values.

30.04.2019 in TEUR	Level 1	Level 2	Level 3
Non-current assets			
Financial investments	1,283	0	0
Total	**1,283**	**0**	**0**

30.04.2018 in TEUR	Level 1	Level 2	Level 3
Non-current assets			
Financial investments	1,265	0	0
Total	**1,265**	**0**	**0**

The following hierarchy is used to determine and report the fair values of financial instruments in line with the respective valuation method:

Level 1: Listed prices for identical assets or liabilities on active markets

Level 2: Input factors other than listed prices that are observable for assets and liabilities either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: Input factors for assets and liabilities that are not based on observable market data.

The financial assets reported in Level 1 include publicly listed investment fund shares. No items were reclassified between Levels 1 and 3 in the 2018/19 financial year.

The **cost, fair values, and carrying amounts** of non-current securities are as follows:

30.04.2019 in TEUR	Cost	Fair value = carrying amount	Recognized gains/losses
Non-current securities			
Investment fund shares	1,398	1,283	-115
Total	**1,398**	**1,283**	**-115**

30.04.2018 in TEUR	Cost	Fair value = carrying amount	Recognized gains/losses
Non-current securities			
Investment fund shares	1,398	1,265	-133
Total	**1,398**	**1,265**	**-133**

Carrying amounts and fair values of financial instruments based on measurement criteria, maturities, and classes

The following table shows the reconciliation of the carrying amounts of financial instruments with IFRS 9 measurement categories:

30.04.2019 in TEUR	IAS 39 measure-ment category	IFRS 9 measure-ment category	Carrying amount	Fair value through profit/loss	Current	Non-current
Cash and cash equivalents	L&R	AC	12,068	12,068	12,068	0
Trade receivables	L&R	AC	8,741	8,741	8,741	0
Other receivables and assets	L&R	AC	4,645	4,645	2,923	1,722
Financial assets	AfS	FVPL	1,283	1,283	0	1,283
Total financial assets			**26,737**	**26,737**	**23,732**	**3,005**
Trade payables	FL	AC	6,622	6,622	6,622	0
Liabilities to banks	FL	AC	32,783	32,843	32,843	0
Non-current financial liabilities	FL	AC	192	192	0	192
Other financial liabilities	FL	AC	866	866	709	157
Total financial liabilities			**40,463**	**40,523**	**40,174**	**349**

30.04.2018 in TEUR	IAS 39 measure-ment category	Carrying amount	IFRS 9 measure-ment category	Fair value through profit/loss neutral	Fair value through profit/loss effective	Current	Non-current
Cash and cash equivalents	L&R	2,729	AC	0	2,729	2,729	0
Trade receivables	L&R	8,763	AC	0	8,763	8,763	0
Other receivables and assets	L&R	5,603	AC	0	5,603	3,930	1,673
Financial assets	AfS	1,265	FVPL	1,265	0	0	1,265
Total financial assets		**18,360**		**1,265**	**17,095**	**15,422**	**2,938**
Trade payables	FL	6,457	AC	0	6,457	6,457	0
Liabilities to banks	FL	33,888	AC	0	33,888	33,888	0
Non-current financial liabilities	FL	192	AC	0	192	0	192
Other financial liabilities	FL	13,552	AC	0	13,552	12,636	916
Total financial liabilities		**54,090**		**0**	**54,090**	**52,982**	**1,108**

The methods and assumptions used to calculate fair values are as follows: Due mainly to their short terms, cash and cash equivalents, trade receivables, other receivables and assets, trade payables, and other financial liabilities approximate very closely to their carrying amounts. Wolford therefore assumes that the carrying amounts represent a suitable approximation of the respective fair values.

Net results by class

2018/19 in TEUR	From interest	From other	From subsequent measurement at fair value	From impairment	From disposal	Total through profit or loss
Cash and cash equivalents (AC)	180	0	0	0	0	180
Trade receivables (AC)	0	0	0	-1,790	0	-1,790
Assets measured at fair value through profit or loss (FVPL)	0	20	18	0	0	0
Financial liabilities (AC)	-1,058	-76	0	0	0	-1,134
Net results	**-878**	**-56**	**18**	**-1,790**	**0**	**-2,706**

2017/18 in TEUR	From interest	From other	From subsequent measurement at fair value	From impairment	From disposal	Total through profit or loss
Cash and cash equivalents (AC)	26	0	0	0	0	26
Trade receivables (AC)	0	0	0	-274	0	-274
Financial assets available for sale (AfS)	0	24	18	0	0	24
Financial liabilities (AC)	-1,827	-159	0	0	0	-1,986
Net results	**-1,801**	**-135**	**18**	**-274**	**0**	**-2,210**

VI. OTHER DISCLOSURES

EVENTS AFTER THE BALANCE SHEET DATE

In June 2019, and thus after the balance sheet date, the financing facilities originally limited until June 30, 2019 were extended through to June 30, 2021. The new financing agreement does not involve any amendments to the terms and conditions or any additional fees. Furthermore, Fosun Fashion Investment Holdings (HK) Limited granted a shareholder's loan of € 10,000k. This loan charges interest at 12% p.a. and has a term through to June 30, 2021. Further details can be found in Note 22 (Financial liabilities). Apart from this, no other events with the potential to significantly influence the asset, financial, and earnings position of the Wolford Group have occurred since the balance sheet date.

RELATED PARTY TRANSACTIONS

None of the Supervisory Board members maintains any business or personal relationships with the company or its Management Board which could provide grounds for a material conflict of interests and would therefore be of a nature to influence the conduct of the respective Supervisory Board member. The company did not maintain business relationships with any member of the Supervisory Board in the 2018/19 financial year.

As of February 1, 2019, the Wolford Group entered into a business relationship with Fosun Fashion Brand Management (FFBM) in order to reinforce and extend its market presence in China. FFBM is a subsidiary of Fosun Fashion Group and acts on behalf of Wolford as a full-service provider focusing on sales and marketing. As well as extending market access, FFBM is also responsible for the operative management of all wholesale and retail channels, as well as for online retail. The contract between FFBM and Wolford was concluded on customary market terms, including a fixed monthly payment and performance-based commission for each distribution channel (retail, wholesale, online).

In June 2019, Fosun Fashion Investment Holdings (HK) Limited granted a shareholder's loan of € 10,000k. This loan charges interest at 12% p.a. and has a term through to June 30, 2021. The interest rate thereby agreed for a subordinate loan in the company's current situation is deemed to be customary to the market, a view also confirmed by an external market study.

The ultimate beneficial owner of Fosun Fashion Brand Management (FFBM) is Mr. Guangchang Guo, who is also the ultimate beneficial owner of FFG Wisdom (Luxembourg) S.à.r.l., which owns 58.45% of the shares in Wolford.

INFORMATION ON THE MANAGEMENT AND SUPERVISORY BOARD

2018/19 in TEUR	Remuneration	Severance compensation	Pensions	Total
Expenses for members of the Management Board	728	0	0	728
thereof variable	0	0	0	0
Former members of the Management Board	0	0	116	116
Total	**728**	**0**	**116**	**844**

* The variable compensation will be measured in the course of the 2019/20 financial year. The Management Board intends to defer payment of the variable compensation to the 2020/21 financial year.

2017/18 in TEUR	Remuneration	Severance compensation	Pensions	Total
Expenses for members of the Management Board	971	0	0	971
thereof variable	96	0	0	96
Former members of the Management Board	0	0	211	211
Total	**971**	**0**	**211**	**1,182**

A provision of € 200k was recognized for Supervisory Board compensation in the 2018/19 financial year (2017/18: € 263k). This amount corresponds to the total expenses expected for Supervisory Board compensation for the 2018/19 financial year. No advances were disbursed in the 2018/19 financial year and the company does not bear any liability for members of the Management and Supervisory Boards. There were no off-balance-sheet transactions.

The members of the Management Board in the 2018/19 financial year were:

Axel Dreher, Chief Executive Officer
Brigitte Kurz, Chief Financial Officer

The members of the Supervisory Board in the 2018/19 financial year were:

Dr. Junyang Shao, Chairwoman (since the extraordinary shareholders' meeting on May 4, 2018)
Thomas Dressendörfer, Deputy Chairman (since extraordinary shareholders' meeting on May 4, 2018, reappointed at the AGM on September 13, 2018)
Yun Cheng, member (since the AGM on September 13, 2018)
Birgit G. Wilhelm, member
Claudia Beermann (until September 13, 2018)
Thomas Tschol, member (stood down prematurely on May 4, 2018 following resignation)
Lothar Reiff, member (stood down prematurely on May 4, 2018 following resignation)

The Staff Council's representatives on the Supervisory Board were:

Anton Mathis
Christian Medwed

The terms of office of the Supervisory Board members and the composition of the Supervisory Board committees are presented in the Corporate Governance Report.

The Management Board of Wolford AG approved the consolidated financial statements for submission to the Supervisory Board on July 19, 2019. The Supervisory Board is required to perform its own review of the consolidated financial statements and to declare whether it has approved them.

Declaration by the Management Board of Wolford AG pursuant to § 82 (4) No. 3 BörseG

We hereby confirm to the best of our knowledge that the consolidated financial statements as of April 30, 2019 give a true and fair view of the asset, liabilities, financial position, and profit or loss of the Group as required by the applicable accounting standards and that the group management report gives a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties the Group faces.

We confirm to the best of our knowledge that the separate financial statements as of April 30, 2019 give a true and fair picture of the assets, liabilities, financial position, and profit or loss of the parent company as required by the applicable accounting standards and that the management report gives a true and fair view of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties the company faces.

Bregenz, July 19, 2019

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

Auditor’s Report

Report on the consolidated financial statements

AUDIT OPINION

We have audited the consolidated financial statements of Wolford Aktiengesellschaft, Bregenz, and its subsidiaries (the “Group”), which comprise the consolidated balance sheet as of April 30, 2019, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of cash flows, and the consolidated statement of changes in equity , for the financial year then ended, as well as the notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of April 30, 2019, as well as its consolidated financial performance and its consolidated cash flows for the financial year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional requirements of § 245a UGB (Austrian Commercial Code).

BASIS FOR OUR OPINION

We conducted our audit in accordance with the EU Regulation No. 537/2014 (hereinafter “EU Audit Regulation”) and the Austrian Standards on Auditing. These standards require the audit to be conducted in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the “Auditor’s responsibilities” section of our report. We are independent of the audited Group in accordance with Austrian Generally Accepted Accounting Principles and professional regulations, and we have fulfilled our other responsibilities under those relevant ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the financial year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, however, we do not provide a separate audit opinion thereon.

Extension of existing financing and presentation in financial statements

See notes to the consolidated financial statements: III. Notes to the balance sheet, "21. Financial liabilities", VI Other disclosures "Events after the balance sheet date".

Risk for the consolidated financial statements

Current financial liabilities in the amount of € 32.8 million are reported in the consolidated financial statements of Wolford Aktiengesellschaft as of April 30, 2019. In June 2019, the company agreed on an addendum to the original financing arrangement with the financing banks in which the repayment of the outstanding loan amounts was deferred till June 30, 2021. The extension was subject to conditions precedent that needed to be fulfilled by the company till June 30, 2019. In addition to the extension of the existing credit facilities an interest-bearing shareholder loan in the amount of MEUR 10.0 with maturity date June 30, 2021 was agreed.

To safeguard its liquidity, the Group is dependent on external financing. Any failure to secure the extension of the financing facilities would have endangered the company's ability to continue as a going concern. Additionally, a risk of erroneous presentation of the facts and circumstances in the consolidated financial statements as of April 30, 2019 exists.

Our audit approach

In the course of our audit, we inspected the documents of the extension agreement with the financing banks, the agreement over the shareholder loan and the going concern forecast. Based on the documents submitted and our discussions with management, we evaluated if the conditions precedent of the extension agreement were fulfilled and if the assumptions used in the going concern forecast were reasonable. Furthermore, we assessed the appropriateness of the disclosures on financial liabilities and of management's assessment on the ability of the company to continue as a going concern in the notes to the consolidated financial statements.

Recoverability of non-current tangible and intangible assets

See notes to the consolidated financial statements: I. Accounting principles, "3. Accounting policies"; II. Notes to the statement of comprehensive income, "7. Depreciation and amortization"; III. Notes to the balance sheet, "12. Property, plant and equipment" and "14. Other intangible assets".

Risk for the consolidated financial statements

In the past financial years significant impairment losses were recognized on intangible assets and property, plant and equipment due to the unfavorable development in the Group's earnings performance. As the decrease of revenues constitutes an impairment trigger, impairment tests were updated in the current financial year.

Assessing the recoverability of non-current assets is complex and requires reference to numerous assumptions based on discretionary decisions. These particularly include management assumptions concerning future market and cost developments, as well as the determination of costs of capital.

Our response

In our audit, we evaluated if an assessment of impairment losses was made for all non-current assets with material book values. We assessed the appropriateness of the key assumptions and discretionary decisions and the calculation method used in the impairment tests. We reconciled the budget figures used in the tests with the overall planning approved by the supervisory board. In addition we performed an evaluation of the reasonableness of external valuation reports on the two production sites.

Based on our own sensitivity analyses, we assessed the extent to which changes in planning assumptions would have implications on the impairments of non-current assets at retail boutiques calculated by the company.

In cooperation with our internal valuation experts we assessed the appropriateness of the discount rates used by the company by comparing these with market and sector-specific benchmarks.

RESPONSIBILITIES OF MANAGEMENT AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS as adopted by the EU and the additional requirements of § 245a UGB (Austrian Commercial Code) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is also responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting processes.

AUDITOR'S RESPONSIBILITIES

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements, whether due to fraud or due to error, and to issue an auditor's report that includes our audit opinion. Reasonable assurance represents a high level of assurance, but provides no guarantee that an audit conducted in accordance with the EU Audit Regulation and the Austrian Standards on Auditing, which require application of ISA, will always detect a material misstatement, if any. Misstatements may result from fraud or error and are deemed material when they, individually or aggregately, can reasonably be expected to influence the economic decisions taken by users on the basis of these consolidated financial statements.

As part of an audit in accordance with the EU Audit Regulation and the Austrian Standards on Auditing, which require application of ISA, we exercise professional judgment and maintain professional skepticism throughout the audit.

Moreover:

- We identify and assess the risks of material misstatements in the consolidated financial statements, whether due to fraud or error, we design and perform audit procedures responsive to those risks and obtain sufficient and appropriate audit evidence to serve as a basis for our audit opinion. The risk of not detecting material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control.
- We obtain an understanding of the internal control system relevant to the audit in order to design audit procedures that are appropriate in the given circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control system.
- We evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- We conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the respective note in the consolidated financial statements. If such disclosures are not appropriate, we will modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure, and contents of the consolidated financial statements, including the notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence concerning the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- We exchange information with the audit committee on matters including the planned scope and timing of our audit, as well as on significant findings, including any significant deficiencies in the internal control system that we identify during our audit.
- We communicate to the audit committee that we have complied with the relevant professional requirements in respect of our independence, that we will report any relationships and other events that could reasonably affect our independence and, where appropriate, the related safeguards.

- From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit i.e. key audit matters. We describe these key audit matters in our auditor's report unless laws or other legal regulations preclude public disclosure about the matter or when in very rare cases, we determine that a matter should not be included in our audit report because the negative consequences of doing so would reasonably be expected to outweigh the public benefits of such communication.

Report on other legal requirements

REPORT ON GROUP MANAGEMENT REPORT

In accordance with the Austrian Generally Accepted Accounting Principles, the group management report is to be audited as to whether it is consistent with the consolidated financial statements and prepared in accordance with legal requirements.

Management is responsible for preparing the group management report in accordance with the Austrian Generally Accepted Accounting Principles.

We conducted our audit in accordance with generally accepted standards on the audit of group management reports as applied in Austria.

Opinion

In our opinion, the group management report has been prepared in accordance with the applicable legal requirements, and is consistent with the consolidated financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Statement

Based on our knowledge gained in the course of the audit of the consolidated financial statements and our understanding of the Group and its environment, we did not note any material misstatements in the group management report.

OTHER INFORMATION

Management is responsible for the other information. This information involves all information included in the annual report, other than the consolidated financial statements, the group management report, and the auditor's report.

Our audit opinion on the consolidated financial statements does not cover the other information and we do not provide any kind of assurance thereon.

In connection with our audit of the consolidated financial statements, it is our responsibility to read the other information referred to above and to assess, whether based on knowledge gained during our audit, it contains any material inconsistencies with the consolidated financial statements or any apparent material misstatement of fact. If we conclude that there is a material misstatement of fact in other information, we must report that fact. We have nothing to report in this regard.

ADDITIONAL INFORMATION IN ACCORDANCE WITH ARTICLE 10 OF THE EU AUDIT REGULATION

We were elected as auditors for the first time by the company's annual general meeting on September 13, 2018 and were appointed by the company's supervisory board on November 9, 2018 to audit the company's consolidated financial statements. We have been the group's auditors from the year ended April 30, 2018 without interruption.

We declare that our opinion expressed in the "Report on the Consolidated Financial Statements" section of our report is consistent with our additional report to the Audit Committee, in accordance with Article 11 EU Regulation.

We declare that we have not provided any prohibited non-audit services (Article 5 Paragraph 1 EU Regulation) and that we have ensured our independence throughout the course of the audit, from the audited Group.

ENGAGEMENT PARTNER

The engagement partner is Mag. Rainer Hassler.

Vienna, July 19,2019

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Mag. Rainer Hassler
Austrian Chartered Accountant

These consolidated financial statements may only be published or transmitted together with our audit opinion based on the above audited version. This audit opinion refers exclusively to the complete German version of the consolidated financial statements and the group management report. The requirements of § 281 (2) of the Austrian Commercial Code (UGB) apply to all different versions.

SERVICE

The Wolford Group at a Glance

WOLFORD AG
BREGENZ (AT), 1950

- **Wolford Beteiligungs GmbH**
  Bregenz (AT), 2007
  - **Wolford (Schweiz) AG**
    Opfikon (CH), 1971
  - **Wolford Deutschland GmbH**
    Düsseldorf (DE), 1975
  - **Wolford Paris S.A.R.L.**
    Paris (FR), 1987
  - **Wolford London Ltd.**
    London (UK), 1988
    - Wolford London Ltd.
      Ireland (IE), 2007
  - **Wolford Nederland B.V.**
    Amsterdam (NL), 1998
  - **Wolford Belgium N.V.**
    Antwerp (BE), 2007
    - Wolford Belgium N.V.
      Luxembourg (LU), 2008
  - **Wolford Italia S.r.L.**
    Milan (IT), 1992
  - **Wolford España S.L.**
    Madrid (ES), 1993
    - Wolford España S.L.
      Portugal (PT), 2011
  - **Wolford Scandinavia ApS**
    Copenhagen (DK), 1995
    - Wolford Scandinavia ApS
      Norway (NO), 1999
    - Wolford Scandinavia ApS
      Finland (FI), 1999
    - Wolford Scandinavia ApS
      Sweden (SE), 1999
  - **Wolford Canada Inc.**
    Vancouver (CA), 2000
  - **Wolford America, Inc.**
    New York (US), 1996
  - **Wolford Asia Limited**
    Hong Kong (HK), 2006
    - Wolford Asia Limited
      Macao (MO), 2008
  - **Wolford (Shanghai) Trading Co., Ltd.**
    Shanghai (CN), 2011
- **Wolford proizvodnja in trgovina d.o.o.**
  Murska Sobota (SI), 2008

Wholly-owned subsidiary (solid line) — Branch office (dotted line)

Points of Sale

WORLDWIDE
Monobrand points of sale:
April 30, 2019: 259

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

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

NORTH AMERICA: 33
Thereof Wolford-owned points of sale:
21 boutiques
7 concession shop-in-shops
3 factory outlets

Thereof partner-operated points of sale:
2 boutiques

EUROPE: 185[2)]
Thereof Wolford-owned points of sale:
81 boutiques
44 concession shop-in-shops
16 factory outlets

Thereof partner-operated points of sale:
44 boutiques

[2)] Excluding Russia and Ukraine.

ASIA: 34[1)]
Thereof Wolford-owned points of sale:
3 boutiques
1 concession shop-in-shop
1 factory outlet

Thereof partner-operated points of sale:
29 boutiques

[1)] Including Russia and Ukraine.

Glossary

NON-FINANCIAL TERMS

Accessories	Textile and non-textile items that complete and complement the fashion collection seasonally
Beachwear	Bikinis and swimbodies that can also be worn as lingerie or outerwear, as well as pareos
Bodywear	Classic bodies and all close-fitting knitwear such as tops and shirts
B2B	Business to Business; sales of goods to other companies, such as wholesalers or department stores
B2C	Business to Customer; sales of goods directly to end consumers
Capsule collection	Limited collection produced on a one-off basis with a small number of articles relating to a specific topic
Commission affiliation (COAFF)	A distribution concept for partner boutiques, offering far-reaching support in merchandise planning, storage, logistics, and marketing, as well as sales and product training
Compliance	Adherence, and measures to monitor adherence, to laws, directives, and voluntarily recognized codices
Concession shop-in-shops	Sales areas operated by Wolford within department stores
Controlled distribution	Proprietary and partner-operated boutiques, concession shop-in-shops, e-commerce and factory outlets where Wolford products are presented in a uniform corporate design
Corporate governance	Rules of conduct and legal framework for responsible corporate management and supervision
Cradle to Cradle®	Designates the secure and potentially unlimited circulation of materials or nutrients in closed cycles. Once a product has been worn or consumed, the commodities used to manufacture the product can be reinput into a biological or technical cycle and then reprocessed into new commodities. (Source: EPEA.)
Denier	Abbreviation: den or D; measure used to designate yarn density. The lower the denier value, the finer the yarn (1 den means that 9,000 m of a given yarn weigh 1 gram).
Essentials	Includes all Wolford products which – unlike Trend products – form part of the assortment over several seasons and years

Factory outlets	Sales locations at which Wolford collections from previous seasons and reduced goods are sold
Franchise	As independent companies, franchisees draw on their own capital to offer the goods of a given manufacturer in line with the manufacturer's own uniform marketing concept
FTEs	Full-time equivalents
ISO 50001	Systematic energy management standard
Legwear	Product group comprising hosiery products: pantyhose, tights, leggings, stay-ups, knee-highs, and socks
Lingerie	Product group comprising bras, briefs, bodies, garter belts and slips
Master franchise	Master franchisees receive a license from the manufacturer permitting them to build up a franchise network in a given region or country
Microsites	Small websites operating independently of the company website with low navigational depth and mostly dealing with just one topic
Monobrand distribution	Boutiques which only sell Wolford products (including online business)
Multi-channel distribution	Parallel deployment of several distribution channels, e.g., boutiques, online shops, and concession shop-in-shop areas
NOOS collection	Never-out-of-stock collection; articles that are permanently available
OePR	Österreichische Prüfstelle für Rechnungslegung (Austrian financial reporting enforcement panel)
Omni-channel distribution	Integration of all available distribution channels and customer touchpoints
Partner boutiques	Wolford boutiques that are operated by trading partners – in contrast to boutiques operated directly by Wolford itself
POS	Point of sale; sales location where Wolford products are offered
Private label	Products manufactured for other brands or sold under third-party labels
Ready-to-wear	Product group comprising the established bodywear line as well as knitted and fabric items such as pullovers, dresses, skirts and trousers
Retail	Proprietary points of sale; direct sales to end consumers
Season	Wolford's spring/summer collection is largely available for sale starting in January, the autumn/winter collection in July
Shape & Control	Body-shaping products in the Legwear, Lingerie and Beachwear segments

Shop-in-shop	Separate sales areas at a department store or multi-brand retailer specially dedicated to Wolford products
Stock-keeping unit	Abbreviation "SKU", product option (color, size)
Time-to-market	The timespan from the creation and development to the final placement of products on the market
Trade items	Products from exclusive brands which complement Wolford's product range and are offered at select boutiques and factory outlets
Travel retail	Points of sale mainly frequented by travelers, e.g., at airports or railroad stations
Trend products	All designs that (unlike Essentials) are only seasonal, i.e., offered only in the spring/summer or autumn/winter collections; after the end of the season these designs are only available in factory outlets
USP	Unique selling proposition
Visual merchandising	Optic sales promotion relating to the visual regulation of sales directly at the points of sale (POS)
Wholesale	Direct sales to trading partners, including partner-operated boutiques, department stores, multi-brand retailers, and private labels

FINANCIAL TERMS

ADR	American Depositary Receipt; an ADR securitizes part of foreign shares and is traded like shares on US exchanges or over the counter. US banks buy shares and issue ADRs to give foreign companies access to the US capital market
AFRAC	Austrian Financial Reporting and Auditing Committee
AfS	Available for Sale; available-for-sale assets
ATX	Austrian Traded Index; the lead share index of the Vienna Stock Exchange
Capital employed	Shareholders' equity plus net debt
Capital increase (against cash contribution)	Way of procuring equity by issuing new shares and increasing share capital
CFH	Cash flow hedging; used to hedge risks associated with fluctuations in cash flows
CGU	Cash-generating unit; smallest identifiable group of assets generating cash inflows largely independent of cash inflows from other assets
Deferred taxes	Line item to present temporary differences between tax items recognized in the IFRS and tax balance sheets
D&O insurance	Directors and Officers Insurance; financial loss liability insurance for executive and non-executive directors
EBT	Earnings before taxes
EBIT	Earnings before interest and taxes
EBIT adjusted	Earnings before interest and taxes, adjusted to eliminate one-off income and expenses resulting from strategic realignment
EBITDA	Earnings before interest, taxes, depreciation and amortization
EBITDA adjusted	Earnings before interest and taxes, depreciation and amortization adjusted to eliminate one-off income and expenses resulting from strategic realignment
EBIT margin	EBIT as percentage of revenues
Equity ratio	Shareholders' equity as percentage of total assets
EPS	Earnings per share; net profit for the year divided by the number of shares with dividend entitlement
FL	Financial liabilities

Free cash flow	Cash flow from operating activities less cash flow from investing activities; the free cash flow is the amount available for acquisitions, dividend payments, and share buybacks
GDP	Gross domestic product
Gearing	Net debt-to-equity ratio
HfT	Held for Trading; held-for-trading assets
IFRS	International Financial Reporting Standards
Like-for-like	To compare the productivity of different sales areas, revenues are expressed in relation to the size of the sales areas
Like-for-like-revenue performance	Development in revenues excluding points of sale newly opened or closed
L&R	Loans and Receivables; credit lines and customer receivables
LTI	Long-Term Incentive; long-term variable compensation
Market capitalization	Number of shares outstanding multiplied by the market price (as of the balance sheet date)
Materials expense ratio	Cost of materials plus changes in inventories of finished goods and work in process as percentage of revenues
Net debt	Current and non-current financial liabilities less financial assets and cash and cash equivalents
Personnel expense ratio	Personnel expenses as percentage of revenues
Premium (agio)	Difference between par value and issue price of shares; the premium is recognized in the capital reserve
Prospectus	Written document providing information about the type, object, and risks involved in securities; required, for example, when issuing new shares in the context of a capital increase
Revenues	Net revenues, i.e. gross revenues less sales tax and any sales deductions
SAR	Stock Appreciation Rights; compensation model based on hypothetical stock options
Share capital	Total par value of all shares issued / total number of shares issued multiplied by their par value
STI	Short-Term Incentive; short-term variable compensation

Subscription right	In the context of a capital increase, subscription rights denote the right of existing shareholders to procure new shares proportionate to the share of share capital they previously held
Takeover bid	Public offer made by a bidder to shareholders to acquire the shares in a company at a specified price; mandatory offer if control is gained
UGB	Unternehmensgesetzbuch (Austrian Commercial Code)
Working capital	Sum of inventories, trade receivables and other current receivables and assets less trade payables and other current liabilities

Financial Calendar

Date	**Event**
July 23, 2019	Press conference in Vienna
September 15, 2019	Record Date AGM
September 20, 2019	Q1 Report 2019/20
September 25, 2019	Annual General Meeting (AGM) in Bregenz
October 1, 2019	Record Date Dividend
October 2, 2019	First day of dividend payment
December 13, 2019	Half-Year Report 2019/20
March 20, 2020	Q3 Report 2019/20

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Overview of Key Indicators (5 Years)

Earnings Data		**2014/15**	**2015/16**	**2016/17**	**2017/18**	**2018/19**
Revenues	in € mill.	157.35	162.40	154.28	149.07	137.22
EBITDA	in € mill.	10.94	8.38	-3.39	-2.47	-1.40
EBITDA margin	in %	6.95	5.16	-2.20	-1.66	-1.02
EBIT	in € mill.	2.17	-2.92	-15.72	-9.22	-8.98
EBIT margin	in %	1.38	-1.80	-10.19	-6.19	-6.54
Earnings before tax	in € mill.	1.21	-3.85	-16.57	-11.43	-10.11
Earnings after tax	in € mill.	1.03	-10.66	-17.88	-11.54	-11.10
Capital expenditure	in € mill.	10.97	7.30	6.72	1.40	5.16
Free cash flow	in € mill.	-0.54	-2.98	-9.45	1.83	-10.88
Employees (on average)	FTEs	1,574	1,571	1,544	1,433	1,347

Balance Sheet Data (at April 30)		**2015**	**2016**	**2017**	**2018**	**2019**
Equity	in € mill.	74.83	63.81	44.88	33.90	42.72
Net debt	in € mill.	17.12	20.86	31.27	30.09	19.62
Working capital	in € mill.	38.14	43.15	45.73	34.59	31.07
Balance sheet total	in € mill.	147.44	137.47	138.39	114.33	117.99
Equity ratio	in %	51	46	32	30	36
Gearing	in %	23	33	70	89	46

Stock Exchange Data		**2014/15**	**2015/16**	**2016/17**	**2017/18**	**2018/19**
Earnings per share	in €	0.21	-2.17	-3.64	-2.35	-1.76
Dividend paid per share	in €	0.20	0.20	0.20	0.00	0.00
Dividend paid	in € mill.	0.98	0.98	0.98	0.00	0.00
Equity per share	in €	15.27	12.99	9.14	6.90	6.44
Share price high	in €	24.12	25.48	26.01	19.75	17.70
Share price low	in €	18.75	21.35	19.10	11.36	10.60
Share price at end of period	in €	24.00	24.67	19.28	13.60	11.40
Shares outstanding (weighted)	in 1,000	4,900	4,912	4,912	4,912	6,320
Market capitalization (ultimo)	in € mill.	120.00	123.35	96.38	68.00	75.59

The indicators and the method of calculation are outlined in the glossary on pages 137 to 139.

Notes

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