

Report of the Supervisory Board

With deep regret, the Supervisory Board received the news of the death of its long-standing chairwoman, Theresa Jordis, in 2013. Theresa Jordis made an important and lasting contribution to the development of Wolford AG and the Wolford brand with her entrepreneurial approach and strategic orientation. She will always be remembered with great respect.

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

The committees dealt with their respective areas of responsibility in detail and subsequently reported to the full Supervisory Board. The Presidium received regular reports from the Management Board on the current state of the business. The Audit Committee met twice and the Presidium met five times during the reporting year. Information on the composition and responsibilities of the individual committees is provided in the Corporate Governance Report on page 64. The criteria for variable remuneration, retirement benefits and severance compensation as well as an individual listing of the remuneration for the members of the Management Board and Supervisory Board is provided in the Remuneration Report starting on page 66. There is no stock option plan for the company's key managers. All members of the Audit Committee and the Presidium were present at all meetings. The Marketing and Strategy Committee did not hold any meetings.

The most important activities of the Supervisory Board in 2013/14 were related to the Management Board's plans for the strategic refocusing and future orientation of the company as well as appointments to the Management Board und Supervisory Board. The company

generated revenues of € 155.87 million in 2013/14, which represents a year-on-year decline of 0.4%. Adjusted EBIT fell slightly from € -0.91 million to € -0.97 million and earnings after tax from € -2.76 million to € -2.81 million. Wolford was again unable to generate the necessary revenue growth to offset the increase in costs. Based on the operating loss, the Supervisory Board agreed with a recommendation by the Management Board to restructure individual areas of the company. The related measures led to non-recurring expenses of € 3.76 million. The goal is to complete the turnaround in the short-term and focus on the company's long-term, sustainable and profitable growth.

The Wolford Group had cash and cash equivalents totaling € 4.65 million and unused credit lines of € 67.55 million as of April 30, 2014. The equity ratio equaled 54% on the balance sheet date. Therefore, the company has a solid base from both a financial and balance sheet perspective to finance the strategic refocusing.

The meetings of the Presidium concentrated, above all, on the resignation of and replacement for Chief Executive Officer Holger Dahmen, who left the company as of January 10, 2014. Together with a personnel consultant, the Presidium, in its function as the Personnel and Nomination Committee, defined the structure for the new Management Board team, prepared a catalogue of criteria for the selection of the most suitable candidate and established the procedure for selecting a new Management Board member. A final decision had not been reached by the deadline for this annual report.

The Audit Committee meeting on July 18, 2013 was also attended by the auditor and dealt with the annual financial statements for 2012/13. The auditor presented a management letter and discussed the most important conclusions with the members of the Audit Committee. At the following meeting, the full Supervisory Board discussed and approved the annual financial statements of Wolford AG as well as the consolidated financial statements, the Management Report, the Management Board's

recommendation for the use of profit and the Supervisory Board's report to the AGM. A proposal was prepared for the selection of an auditor, and the agenda for the 26th AGM was set. This meeting also covered the status of development for the new strategy, which was discussed in detail by the full Supervisory Board and the Management Board.

At an extraordinary Supervisory Board meeting on September 3, 2013, the Management Board reported on its strategic considerations for the refocusing of the company. A detailed financial analysis of business development by product group and distribution channel was presented, and the position of the company and the Woldford brand was discussed from an internal and external point of view. The Management Board also presented various strategic options and related actions.

Prior to the 26th AGM on September 17, 2013, the Management Board reported to the Supervisory Board on the current development of business. Werner Baldessarini, who resigned from the Supervisory Board after this AGM, outlined his impressions as a member of the Woldford Supervisory Board during the past three years.

The Supervisory Board continued its discussions on the strategic refocusing of the company in a further extraordinary meeting on November 19, 2013. The Management Board presented a multi-year business plan, which included alternative scenarios for growth.

The Audit Committee meeting on December 11, 2013 included a report by the Management Board on the current financial year and on the internal control and risk management systems.

At the following 100th Supervisory Board meeting, the Management Board presented a forecast for the 2013/14 financial year and reported on the evaluation of boutique locations, cost optimization projects, inventory management and ongoing legal proceedings. The Supervisory Board also approved the implementation of the measures recommended by the Management Board and the effects of the strategic refocusing.

The Supervisory Board focused primarily on the budget for 2014/15 and business planning at its meeting on April 24, 2014. These documents were discussed in detail with the Management Board and the budget was approved. The discussions also covered the focal points for the audit of the 2013/14 annual financial statements as well as the current development of business and the outlook for the full year. Other points on the agenda included a status report on the implementation of the strategy and related issues.

The annual financial statements and Management Report of Woldford AG and the consolidated financial statements (according to IFRS) as of April 30, 2014 were audited by Deloitte Audit Wirtschaftsprüfungs GmbH, Vienna, and received an unqualified opinion. All documentation related to the financial statements, the Management Board's recommendation for the distribution of profit and the auditor's report were discussed in detail at the Audit Committee meeting on July 17, 2014 together with the auditor and subsequently presented to the Supervisory Board together with the Management Reports and Corporate Governance Report prepared by the Management Board. We reviewed these documents as required by § 96 of the Austrian Stock Corporation Act and agree with the results of the audit. The Supervisory Board approved the annual financial statements for the 2013/14 financial year, which are considered formally adopted in accordance with § 96 (4) of the Austrian Stock Corporation Act. We agree with the Management Board's recommendation for the use of profit recorded for the reporting year. In addition, we prepared the Supervisory Board's report to the AGM as well as a proposal for the election of the auditor for the 2014/15 financial year and the agenda for the 27th AGM on September 18, 2014.

The Supervisory Board would like to thank the management and all employees for their commitment in 2013/14, an eventful year that was characterized by change.

Vienna, July 17, 2014

Emil Flückiger
Chairman of the Supervisory Board