

Events After the Balance Sheet Date

At the extraordinary shareholders' meeting held on May 4, 2018, it was decided to increase the company's 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. Furthermore, Dr. Junyang Shao and Thomas Dressendörfer were appointed at the meeting as Supervisory Board members.

The same day witnessed the closing of the share purchase agreement concluded between Fosun Industrial Holdings Limited and the previous principal shareholder group (WMP Familien-Privatstiftung, Sesam Privatstiftung, and M. Erthal & Co. Beteiligungsgesellschaft m.b.H., as well as related natural persons) and dated March 1, 2018.

On May 9, 2018, Fosun Industrial Holdings Limited published the results of the anticipatory manda-

tory offer (takeover offer) made to acquire all outstanding shares in Wolford AG. 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 have been executed, Fosun Industrial Holdings Limited will therefore hold 2,902,418 shares, corresponding to a 58.048% stake in Wolford AG. For Wolford shareholders who have not yet accepted the offer made by Fosun Industrial Holdings Limited during this acceptance period, the period will be extended pursuant to § 19 (3) No. 1 of the Austrian Takeover Act (ÜbG) by a further three months ("additional acceptance period") from the date on which the results of the takeover offer were announced.

On June 18, 2018, the Management Board of Wolford AG decided to execute the capital increase

resolved by the extraordinary shareholders' meeting on May 4, 2018. The subscription price amounts to € 12.80 per share and the subscription ratio comes to 20:7 (20 subscription rights entitle their bearer to subscribe 7 new common shares). One subscription right is granted for each existing Wolford AG share held.

On June 22, 2018, the Supervisory Board of Wolford AG decided to extend the Management Board contracts with Axel Dreher (CEO) and Brigitte Kurz (CFO), which were due to expire on October 31, 2018, until April 30, 2021.

Supervisory Board Report

The Supervisory and Management Boards held seven meetings in the year under report, at which they held in-depth discussions about the company's business situation, the implementation of its restructuring program, and about major events. 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 about its personnel situation. Special developments were also reported.

The committees dealt with individual topics in greater detail and subsequently reported to the Supervisory Board. The Supervisory Board Presidium received regular reports from the Management Board on the latest business developments. The Audit Committee

met twice, while the Presidium held one meeting. The meetings of the Audit Committee and Presidium were each attended by all of their respective members. The Marketing and Strategy Committee held two meetings, both of which were also attended by all its 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 29 onwards, where the compensation of the Management and Supervisory Board members is also disclosed on an individual basis.

In its activities in the past financial year, the Supervisory Board focused above all on the refinancing and restructuring of the company, the reorganization of the Management Board, and the process of identifying a new majority shareholder. Overall, the 2017/18 financial year was characterized by fundamental changes. Another major focus in the 2017/18 financial year was the identification and implementation of potential optimization measures in the company's administration and related activities at its Bregenz location along with the associated reduction in personnel expenses by around € 7 million. A restructuring consultancy was commissioned to accompany the implementation of these measures.

On June 9, 2017, the principal shareholder group of Wolford AG (WMP Familien-Privatstiftung, Sesam Privatstiftung, and its subsidiary M. Erthal & Co. Beteiligungsgesellschaft m.b.H., as well as related natural persons)

announced their intention to sell their majority stake in Wolford AG. At the beginning of July 2017, the Supervisory Board agreed the rescission – as of July 31, 2017 – of the Management Board contract with Ashish Sensarma, Chairman of the Management Board (CEO) of Wolford AG since January 2015. Axel Dreher, previously COO/CFO, was appointed as Chairman of the Management Board (CEO) on August 1, 2017. The Supervisory Board simultaneously appointed Brigitte Kurz, previously head of the finance department, as the new Chief Financial Officer (CFO).

The Supervisory Board also witnessed changes in its composition. On August 9, the Supervisory Board Chairwoman Antonella Mei-Pochtler announced her desire to stand down from the Supervisory Board, effective September 8, 2017, to enable her to participate in the bidding process then underway for the majority stake in Wolford AG. She was succeeded as Chairwoman by Claudia Beermann, previously Deputy Chairwoman.

The process of addressing investors potentially interested in taking over the shares held by the principal shareholder group and the subsequent detailed negotiations with individual interested parties took up the entire second half of 2017 and lasted into spring 2018. The principal shareholder group and Wolford AG commissioned Deloitte Financial Advisory GmbH to manage this process.

On March 1, 2018, the previous principal shareholder group concluded a sales agreement for the majority stake in Wolford AG with the Chinese financial investor Fosun Industrial Holdings Limited. In parallel, Wolford AG and

Fosun agreed a capital increase to reinforce the company's financial structure. This would provide the company with fresh equity totaling € 22,000,000.

This capital increase was approved by the extraordinary shareholders' meeting on May 4, 2018, on which occasion the Fosun representatives Dr. Junyang Shao and Thomas Dressendörfer were also appointed as new members of the Supervisory Board. At its subsequent constitutive meeting, the Supervisory Board appointed Dr. Junyang Shao as Supervisory Board Chairman and Thomas Dressendörfer as Deputy Chairman.

Restructuring measures gradually taking effect

The latest figures show that the restructuring measures are starting to take effect and that the company has substantially reduced its fixed costs. The operating cash flow has also developed positively.

Revenues, however, were not satisfactory. Having risen slightly through mid-December 2017, revenues in the Christmas business season fell short of the previous year's figure.

As a result, Wolford's revenues for the 2017/18 financial year were 3.4% lower at € 149.07 million. EBIT amounted to € -9.22 million. The loss after tax came to € -11.54 million compared with € -17.88 million in the previous year. As of April 30, 2018, the Wolford Group had liquid funds of € 2.73 million and an equity ratio of 30%.

Numerous meetings of Supervisory Board and its committees in 2017/18 financial year

At its meeting in the past financial year, the Presidium discussed structural and organizational measures while also deliberating the necessary decisions concerning the restructuring process, which will enable the company to generate profitable growth.

In addressing the annual financial statements for the 2016/17 financial year, the Audit Committee invited the auditor to attend its meeting on August 23, 2017. 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 Management Board proposal for the appropriation of profit, and 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 2017 Annual General Meeting.

Prior to the 30th Annual General Meeting on September 13, 2017, the Management Board reported to the Supervisory Board on the company's latest business performance, the progress made with the restructuring measures, and the ongoing investor selection process. Thomas Tschol, a restructuring consultant, was newly appointed to the Supervisory Board at the AGM on September 14, 2017. At its subsequent meeting, the Supervisory Board elected Claudia Beermann as its Chair-

woman and Thomas Tschol as Deputy Chairman.

At the Audit Committee meeting held on December 13, 2017, the Management Board reported on the first half of the financial year, as well as on the insights gained from the internal control and risk management system and the measures derived from these. At its subsequent 122nd meeting, the Supervisory Board was informed once again about the restructuring process and the investor selection process. Furthermore, Gwenda van Vliet, the new Global Brand & Marketing Director, and Birgit Kaufmann-Rehm, the new Head of Design, were introduced to the Supervisory Board.

At an unscheduled meeting held on February 2, 2018, the Supervisory Board dealt in particular with measures to increase the company's revenues and boost its sales activities. Moreover, the implementation status for the ongoing restructuring program was also discussed, as was the planned reorganization of internal processes.

At its meeting on April 18, 2018, the Supervisory Board addressed, in particular, the budget submitted for the 2018/19 financial year, which it discussed in detail with the Management Board and subsequently approved. Furthermore, the M&A consultants from Deloitte Financial Advisory GmbH provided the Supervisory Board with a concluding report on the investor selection process, while the auditors from KPMG Austria GmbH informed the Supervisory Board of their audit focuses for the forthcoming annual financial statements.

The annual financial statements and management report of Wolford AG and the consolidated

financial statements prepared in accordance with IFRS as of April 30, 2018, were audited by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, and provided with unqualified audit opinions.

All documents relating to the financial statements, the Management Board proposal for the appropriation of profit, and the auditor's reports were discussed in detail with the auditor at the Audit Committee meeting on July 11, 2018, and presented to the Supervisory Board at its subsequent meeting together with the management reports prepared by the Management Board, the corporate governance report, and the non-financial report. The Supervisory Board reviewed these documents as required by § 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 2018/19 financial year.

Claudia Beermann
Supervisory Board Chairwoman
in the 2017/18 financial year

Bregenz, July 2018