

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 Woford 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 Woford 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 Woford 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 Woford 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