

## REPORT OF THE SUPERVISORY BOARD

The Supervisory Board and Management Board held a total of six meetings during the reporting year, intensively discussing the overall economic situation, the future strategic development of the company as well as significant events and investments. The Management Board informed the Supervisory Board about the present state of the business, the financial position of the Group and its strategic investments as well as the personnel situation within the context of its regular reporting and a comprehensive report submitted for all meetings. Additional information was supplied to the Supervisory Board concerning extraordinary developments.

The committees dealt with individual specific issues in detail and reported their conclusions to the Supervisory Board. The Presidium of the Supervisory Board was continually informed about the current business situation by the Management Board. The Audit Committee convened twice, whereas the Presidium met five times. The composition and responsibilities of the committees are presented in the Corporate Governance Report on page 32. Bonus criteria, the principles of retirement benefits and severance payments as well as the list of individual Management Board and Supervisory Board salaries and remuneration can be found in the Remuneration Report starting on page 33. No share option plan exists for executives of the Group. No member of the Supervisory Board was absent from more than half of the Supervisory Board meetings. All members were present at the respective sessions of the Audit Committee and Presidium.

Important focal points of the work done by the Supervisory Board in the past financial year were the plans of the Management Board to improve earnings, the expansion drive pursued by the Group as well as the new appointments to and enlargement of the Management Board. In the 2012/13 financial year, the company generated revenues of € 156.47 million, a rise of 1.6%. In contrast, EBIT declined from € 6.86 to -0.91 million, and the earnings after tax for the year were down from € -1.26 million to € -2.76 million. As a consequence, Wulford was not able

to generate the level of revenue growth required to compensate higher costs. Nevertheless, the Management Board is striving to return to positive operating results in the current financial year.

As per April 30, 2013, the Wulford Group had cash and cash equivalents of € 4.99 million at its disposal along with unused lines of credit to the amount of about € 75 million. The equity ratio totaled 55% on the balance sheet date. Accordingly, the company rests on a solid basis, from both a financing and a balance sheet perspective, as a means of achieving its ambitious growth targets.

In the extraordinary meeting of the Supervisory Board held on May 23, 2012, the auditor reported on the current status of the audit of the annual financial statements. Further items on the agenda were a more comprehensive evaluation of the budget for the 2012/13 financial year presented at the April 2012 meeting, as well as the company's three-year planning and a status report on the optimization of individual production departments and the company's expansion into China.

The five meetings of the Presidium held between May and October 2012 focused on the filling of the Management Board position vacated by Peter Simma, who resigned effective September 14, 2012, as well as the appointment of a new Management Board member for Production, Technology and Procurement. In this regard, the Presidium, in its role as the Personnel and Nomination Committee, was assisted by a personnel consultant in defining the structure of the new Management Board team, preparing a list of criteria to select the most suitable candidate and determining the procedure for choosing the new Management Board members.

The Audit Committee held a meeting on July 19, 2012 together with the auditor to discuss the annual financial statements for the 2011/12 financial year. The auditor also presented a management letter and discussed the most important conclusions together with the members of the Audit Committee. In its subsequent meeting, the Supervisory Board reviewed and formally approved the annual financial statements of Wulford AG as well as the consolidated financial

statements, the Management Report, the Corporate Governance Report, the proposal for the distribution of the profit and the Report of the Supervisory Board to the Annual General Meeting. Moreover, a proposal was prepared with respect to the selection of the auditor, and the agenda of the Annual General Meeting was determined. The Supervisory Board meeting also focused on the current business development, Wolford's distribution activities in the Middle East, as well as the current situation of Wolford-owned boutiques, including an analysis and revised forecast pertaining to new store openings. Furthermore, the Supervisory Board reported on the required changes to the Articles of Association which had to be presented to the Annual General Meeting for its approval.

Before the Annual General Meeting on September 11, 2012, the Management Board informed the Supervisory Board about the current business and about measures to improve low-performing boutiques. Subsequently, Thomas Melzer introduced himself to the Supervisory Board. In cooperation with a personnel consultant, the Presidium identified Thomas Melzer to be the most suitable candidate for the Management Board, with responsibility for Finance, Internal Audit, Investor Relations, Legal Affairs, Human Resources and IT, and negotiated a corresponding employment contract with him. The Supervisory Board agreed with the proposal of the Presidium and unanimously resolved, with the Staff Council abstaining, to appoint Thomas Melzer as a Member of the Management Board of Wolford AG for the period lasting until September 30, 2015. At the subsequent Annual General Meeting, Thomas Melzer was presented to the shareholders as the new member of the Management Board. The Supervisory Board would like to take this opportunity to thank Peter Simma for his many years of valuable and dedicated work for the benefit of the company and wishes him all the best for the future.

At the Audit Committee meeting held on December 13, 2012, the Management Board reported about the forecasts for the current financial year as well as the internal control and risk management systems. Information on measures to improve the earnings of low-performing boutiques was also provided at the subsequent Supervisory Board meeting.

Afterwards Axel Dreher introduced himself to the Supervisory Board. In cooperation with a personnel consultant, the Presidium identified Axel Dreher to be the most suitable candidate for the Management Board, with responsibility for Product Development, Production and Technology, Procurement, Logistics and Quality Management, and negotiated a corresponding employment contract with him. The Supervisory Board agreed with the proposal of the Presidium, and unanimously resolved, with the Staff Council abstaining, to appoint Axel Dreher as a Member of the Management Board of Wolford AG for the period starting on March 1, 2013 and lasting until February 29, 2016. In the future, Chief Executive Officer Holger Dahmen will increasingly focus on the fields of Communications, Marketing and Sales as well as the coordination of Group Strategy and Planning, and drive the expansion of the Wolford Group in growth markets.

The meetings held on March 7 and April 25, 2013 primarily focused on the proposed budget for the 2013/14 financial year, and the three-year planning, intensively discussing these issues with the Management Board before approving the budget on April 25, 2013. Furthermore, the priorities for the audit of the annual financial statements for the 2012/13 financial year were discussed with the auditor, as well as the current business development and a forecast for the current financial year. Other important items on the agenda included the presentation of forward exchange transactions, the new internal rules of procedure for the new Management Board, the decision to further optimize the floor space usage in the Slovenian production plant, the capitalization of the subsidiaries in Italy, Spain and China along with the sequence of steps for the Management Board to develop a corporate strategy.

The annual financial statements and Management Report of Wolford AG as well as the consolidated financial statements as per April 30, 2013 prepared in accordance with IFRS were audited by Deloitte Audit Wirtschaftsprüfungs GmbH, Vienna, and granted an unqualified auditor's opinion. All documentation related to the annual financial statements, the proposal for the distribution of the profit and the Independent Auditor's Report were

discussed in detail with the auditors at the Audit Committee meeting on July 18, 2013 and presented to the Supervisory Board at its subsequent meeting together with the Management Reports and the Corporate Governance Report prepared by the Management Board. We have examined the documents in accordance with Section 96 Austrian Stock Corporation Act, and agree with the results of the audit. The Supervisory Board therefore approved the annual financial statements, which are thus formally adopted pursuant to Section 96 Para. 4 Austrian Stock Corporation Act. We also approved the proposal of the Management Board for the distribution of the profit for the 2012/13 financial year. Furthermore, the Report of the Supervisory Board to the Annual General Meeting was prepared along with a proposal for the election of the auditor of the annual financial statements for the 2013/14 financial year and the agenda for the Annual General meeting to be held on September 17, 2013.

The Supervisory Board wishes to take this opportunity to thank the management and all employees for their personal commitment in a challenging 2012/13 financial year.

Vienna, July 18, 2013  
The Supervisory Board