

# **ANNUAL FINANCIAL REPORT**

According to § 82 Para 4 Exchange Act

of

**WOLFORD AG**  
**BREGENZ**



Reporting date 30.04.2018

For the Financial Year 2017/18

## **TABLE OF CONTENTS**

### **WOLFORD GROUP**

|   |    |
|---|----|
| – Group Management Report 2017/18           | 4  |
| – Consolidated Financial Statements 2017/18 | 25 |
| – Statement by the Management Board         | 70 |
| – Auditor's Report                          | 71 |

### **WOLFORD AG (AVAILABLE ONLY IN GERMAN)**

|  |     |
|--|-----|
| – Lagebericht der Wolford AG 2017/18     | 77  |
| – Jahresabschluss der Wolford AG 2017/18 | 91  |
| – Bestätigungsvermerk                    | 112 |
| – Erklärung des Vorstandes               | 114 |

WOLFORD GROUP

# 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 and exclusive lingerie. It designs and manufactures its products exclusively in Europe at two locations in Austria and Slovenia and in accordance with the highest environmental standards (partner to the bluesign® system). With its 267 monobrand points of sale (POS) and more than 3,000 retail partners, the brand is represented in around 60 countries worldwide. Overall, Wolford has a total workforce of 1,433 employees (FTEs), of which 613 employees (FTEs) in Austria.

#### **Focus on round-knitting**

### **Products meet the highest quality standards**

Wolford generates more than 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. At the end of 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.

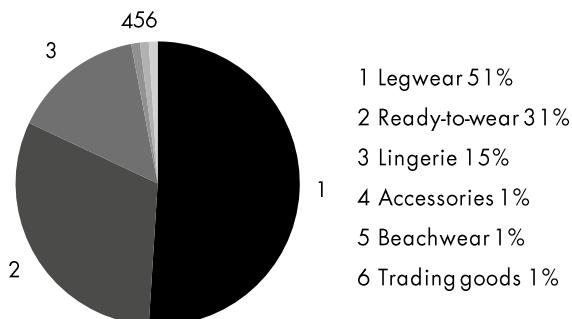
A distinction is made between fashionable Trend products and the Essential collection, which includes all of Wolford's timeless classics, such as the Satin Touch tights offered since 1988. The Essential products account for around 70% of revenues.

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 destined for the fall and winter. Depending on the collection, four to five delivery intervals take place with new products. These create fresh momentum at the sales areas.

---

### **REVENUES BY PRODUCT GROUP**

---



## Covering the whole of the value chain

The Wolford Group's business model covers the entire value chain – from design and development via production 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. Most tasks are centralized at the company's headquarters in Bregenz.

When developing a new collection, the design team works hand in hand with the product development department. Many of Wolford's innovations result from new production methods, such as adhesive technology or 3D printing.

**Design and product development cooperate closely**

Merchandise management deals above all 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.

The raw materials, and yarns in particular, are procured from longstanding partners in neighboring regions in Austria, Germany, and Switzerland, as are upstream lingerie products and externally purchased Lingerie and Ready-to-wear products. Some of the yarns are sourced from Japan. All raw materials are stored at the company's headquarters in Bregenz and prepared here for subsequent production and assembly.

**All goods produced 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 249 employees (FTEs). The knitting mill in Bregenz processes around 281,000 kilometers of yarn each day. Around 14,000 pairs of tights, 4,000 pairs of stockings, and 1,200 bodies are manufactured each day on 404 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 roundknitting, 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.

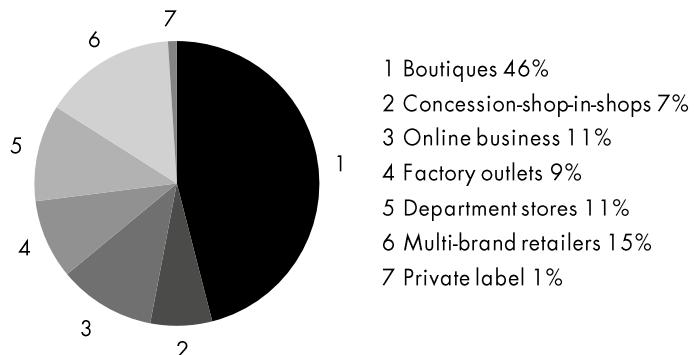


### Around 70% of distribution controlled

#### Global sales

Wolford products are currently sold via a network of proprietary locations, i.e. directly to end customers (Retail) and via trading partners (Wholesale) in around 60 countries worldwide. In the 2017/18 financial year, the company generated the largest share of its revenues (46%) with its international network of boutiques. At the end of April 2018, 107 of Wolford's 196 boutiques were under proprietary management, while 89 were managed by partners. Overall, the Wolford Group controls around 70% of its distribution. Alongside brick-and-mortar retail, the online business is also playing an ever more significant role – in the 2017/18 financial year it accounted for 11% of revenues.

#### REVENUES BY DISTRIBUTION



#### Distribution channels

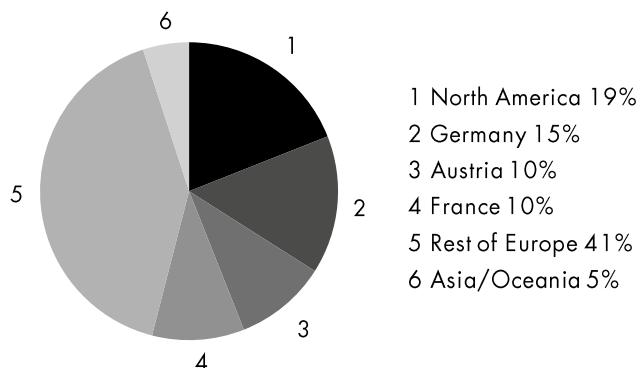
|   |  |
|---|--|
| <b>Boutiques:</b> boutiques under Wolford management  | <b>Department stores:</b> exclusive shop-in-shops with Wolford look and feel at numerous international department stores                     |
| <b>Partner boutiques:</b> boutiques managed by retail partners  | <b>Multi-brand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

## Europe as most important 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 19% 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.

## Expanding presence in Asian market

### 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 a 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.

Key aspects of this approach involve increasing revenues and operating earnings (based on 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 (cash flow from operations plus cash flow from investments). Further key management figures are working capital and the Group's net debt.

## Revenues and EBIT as key management figures

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 3.5% in 2017, a period which also included the first eight months of Wolford's past financial year (May to December 2017). Global growth was thus slightly higher than in the previous year (3.1%). Global trade picked up even more significantly than expected, with parallel upturns in nearly all regions of the world. Economic developments benefited from factors including growth in the emerging economies of Brazil and Russia, and strong developments in industrialized economies such as China, Japan, the US, and the euro area. Overall, however, global GDP growth still fell short of the levels seen in the years prior to the financial crisis.

### **Upturn in the euro area**

Economic growth in the euro area, in which Wolford generates around 75% of its revenues, came to 2.5% in 2017, up from 1.7% in the previous year. This improvement was driven among other reasons by substantial growth in the French and German economies. In France, GDP grew by 1.8%, and thus noticeably faster than in 2016 (+1.2%). The economic recovery in the euro area was also boosted by positive developments on labor markets.

In Germany, Wolford's second largest market, GDP grew by 2.2%, and thus at its highest rate for 6 years, in 2017. In Spain, the Catalonian crisis may have led to uncertainty among investors and consumers, but GDP nevertheless rose by 3.1%. Italy is also making headway: After years of marking time, GDP there rose by 1.5%. In the UK, GDP grew by 1.8%.

Driven by factors such as higher domestic demand and the beneficial impact on exports of a weaker dollar, the US economy grew by 2.3% in 2017, up from 1.5% one year earlier. The move by the Federal Reserve to increase the key interest rate also had a positive impact. China's rate of growth improved slightly once again, with GDP growth rising from 6.7% in the previous year to 6.9% in 2017.

In the first three months of 2018, GDP in the euro area grew by 0.3% (previous year: 0.5%). In Germany, growth also came to just 0.3%, down from 0.6% in the previous year's period. The US, by contrast, could point to economic growth of 2.3%, a development due among other factors to the US tax reform taking effect in January 2018.

Compared with the previous year, 2017 was a good year for European textile retailers. In Germany, the textile retail sector reported revenue growth of 1.5% – and that despite a marked reduction of 6.7% in the number of customers visiting stores in the final quarter of 2017 and a renewed decrease in revenues (-3.9%) in the important month of December. Sector revenues in France grew by 0.6%. In the UK, the prospect of Brexit and higher inflation led consumer spending to decline for the fourth consecutive month in December 2017. In Italy, fashion revenues performed significantly better than expected and grew by 2.5% (1.8% excluding accessories and shoes). On the other hand, revenues in the US apparel market fell by 2% in 2017.

### **Weak fashion retail in Europe**

In the first months of 2018, by contrast, the European fashion and textile retail sector reported weaker overall developments. Apart from a positive performance in the month of January (+3%), fashion retail revenues in Germany fell sharply in the first quarter (February: -4%, March: -6%). France also witnessed a downturn in revenues (January to March: -3.3%). Revenues in the German fashion retail sector rose by 7% in April, but this growth was accompanied by a further reduction in the number of customers visiting stores. Compared with the previous year's period, German retailers posted a consistent decline in customer totals in the first months of 2018 (January: -12.8%, February: -3.8%, March: -6.8%; in each case compared with the previous month).

Sources: BTE (Institute of German Textile Retail Traders), Bureau of Economic Analysis, Der Spiegel, European Central Bank, Eurostat, Federal Statistical Office, Frankfurter Allgemeine Zeitung, Handelsblatt, IMF, Institut Français de la Mode, IWD, Manager-Magazin, Textilwirtschaft-Testclub

# Financial Review

## Earnings

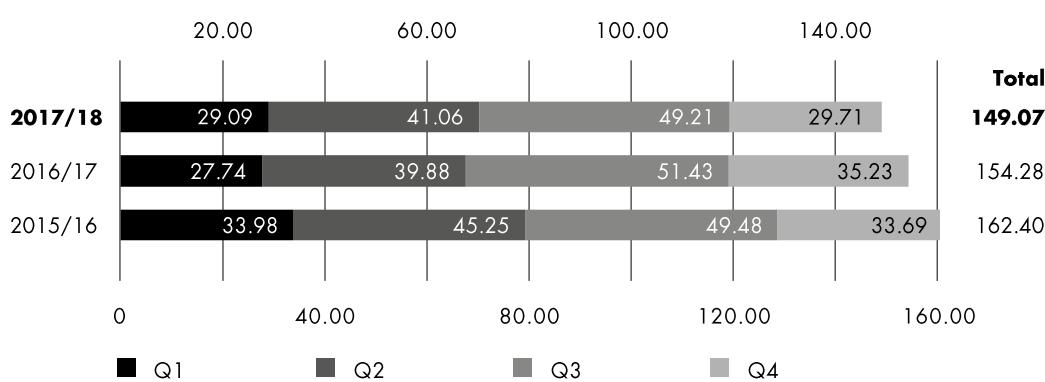
The Wolford Group generated revenues of € 149.07 million in the 2017/18 financial year. Revenues thus fell 3.4% short of the equivalent figure for the previous year (€ 154.28 million). Excluding exchange rate movements, the reduction in revenues came to 1.4%. The overall impact of movements in exchange rates, and in the US dollar and British pound in particular, amounted to € 3.03 million in the past financial year.

From summer 2017 onward, Wolford noted a certain reticence among key customers concerning its future prospects. The company also felt the effects of the vacancy in the Head of Design role from April through September. The summer collection 2018 only included a small number of new highlights and the market response was correspondingly subdued. Revenues showed slight growth through to mid-December 2017, but Christmas business volumes fell short of the previous year's level. Fourth-quarter revenues fell by 15.7%, a development nevertheless largely due to one-off factors in the 2016/17 financial year. The fourth quarter of the 2016/17 financial year had witnessed the sale of merchandise at cost via a retail platform in France. This had boosted revenues by around € 3 million.

Wolford's proprietary locations (proprietary boutiques, concession shop-in-shops, and factory outlets) reported a € 3.19 million (3.7%) reduction in revenues in the past financial year, with this being due in part to exchange rate movements. On a like-for-like basis (i.e. excluding locations newly opened or closed), the decline in revenues came to 1.8%. Revenues in the wholesale business showed a substantial reduction of € 4.8 million (8.4%). Wholesalers around the world are suffering to a particularly marked extent from the structural transformation in the retail sector and the rapid advance of ecommerce. In view of 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 clearly felt the effects of these moves. By contrast, the company's proprietary online business performed very well. Revenues here showed a significant increase of € 2.99 million, corresponding to year-on-year growth of 23.1%.

**Further revenue growth in online business**

## REVENUE DEVELOPMENT BY QUARTER (IN € MILL.)



Regional revenues showed disparate developments in the past financial year. Revenues in the UK fell by 9.6%. Alongside the depreciation in the British pound, this market has felt the effects of Brexit and the loss of one high-revenue shop location. The following key markets also reported weak revenue performances, which in some cases were due to the aforementioned exchange rate movements: US (-6.3%), Germany (-0.9%), Switzerland (-3.2%), and Scandinavia (-3.2%). In France, the downturn in revenues even amounted to 13.6%. However, this was mainly due to the unusually high volume of revenues due to the sale of goods in the fourth quarter of 2016.

On the other hand, Wolford generated revenue growth in the following markets: Austria (+2.7%), Italy (+1.8%), Spain (+2.6%), the Netherlands (+3.5%), and Belgium (+0.6%). In these countries, the online business was able to offset the downturn in revenues in the retail and wholesale businesses. Revenues in East European markets performed particularly strongly (+32.3%), a development largely attributable to the recovery in the Russian market in general and the expansion in the trading relationship with Wolford's most important Russian wholesale partner. Due to the closure of two underperforming boutiques, revenues in Asia declined (-6.4%) compared with the previous year.

**Legwear as core product group**

With a 51% share of revenues, Legwear still accounted for more than half of consolidated revenues in the 2017/18 financial year. Excluding the negative effects of exchange rate movements, Legwear reported a 7.1% 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 particularly dependent on Essential products. The Ready-to-wear product group remained Wolford's second largest product group, with a 31% share of revenues. Here, the company managed to increase its revenues by 1.5%. The Lingerie product group which, like in the previous year, contributed 15% of consolidated revenues, showed only a slight downturn in revenues (-0.9%). Trading good revenues (1% share of revenues) fell 14% short of the previous year's figure, while Accessories (1% share of revenues) showed a marked reduction of -18.4%. The fall in revenues resulted from the streamlining of product ranges in these segments. The Beachwear product group introduced in April 2017 contributed € 2.0 million to consolidated revenues (1% share of revenues).

| Profitability indicators   | 2017/18<br>in % | 2016/17<br>in % |
|--|-----------------|-----------------|
| Materials cost (including changes in inventories) as a percentage of revenue | 18.9            | 16.9            |
| Staff costs as a percentage of revenue                                       | 46.2            | 48.7            |
| Other operating expenses as a percentage of revenue                          | 37.3            | 37.3            |
| EBITDA margin  | -1.7            | -2.2            |
| Capital expenditure on depreciation  | 18.0            | 54.5            |
| EBIT margin  | -6.2            | -10.2           |

In the 2017/18 financial year, the only way to reduce inventories in the absence of sell-off measures was to work with systematic requirements planning. This way, inventories fell by € 8.40 million year-on-year to € 40.99 million. Against this backdrop, the cost of materials also decreased by € 7.30 million to € 20.33 million. As a result of the systematic reduction in inventories, changes in inventories of finished goods and work in process decreased by € 9.52 million to € -7.94 million, a development also reflected in a 2-percentage point increase in the materials cost ratio (including changes in inventories).

**Personnel expenses cut by € 6.35 million**

Due to the reduction in administrative functions in European sales regions and administrative positions in Bregenz, the average number of full-time employees fell by 111 to 1,433 in the 2017/18 financial year (average for 2016/17: 1,544 full-time employees). Wolford significantly streamlined and enhanced the efficiency of its company processes while also systematically reducing excess capacities in the past year. The company will sustainably benefit from the corresponding cost savings. The measures taken within the restructuring program are reflected above all in personnel expenses, which fell by € 6.35 million to € 68.86 million.

The extensive restructuring measures and refinancing process resulted in non-recurring legal and advisory expenses. As a result, one-off expenses rose by € 1.72 million to € 7.15 million. Despite this factor, other operating expenses decreased from € 57.49 million to € 55.64 million in the past financial year, with particularly marked year-on-year reductions in the following expense items:

customs duties (-39%), travel expenses (-16%), freight charges (-15%), insurance premiums (-10%) and rental expenses (-6%).

The figures for the past financial year also benefited from write-ups recognized for several boutiques at locations in Austria, Germany, Spain, the US, and Canada. These had posted unexpectedly weak performances in the previous year, leading to one-off write-downs. The resultant write-ups to property, plant and equipment totaled € 0.75 million.

Notwithstanding lower revenues, the systematic reduction in current expenses enabled Wolford to improve its operating earnings (EBIT) by € 5.21 million from € -15.72 million in the previous year to € -9.22 million in the year under report.

Due in particular to a high volume of non-recurring expenses for interest, pledging and registration fees, the financial result amounted to € -2.21 million (2016/17: € -0.86 million). The loss before tax therefore came to € -11.43 million, compared to € -16.57 million in the previous year. Income tax amounted to € -0.1 million (2016/17: € -1.31 million). Profit after tax improved by € 6.34 million to € -11.53 million (2016/17: € -17.88 million). Earnings per share amounted to € -2.35, compared to € -3.64 in the previous year.

| <b>Income statement (summary)</b><br>in € mill. | <b>2017/18</b> | <b>2016/17</b> | <b>Chg. in %</b> |
|---|----------------|----------------|------------------|
| <b>Revenues</b>                                 | <b>149.07</b>  | <b>154.28</b>  | <b>-3</b>        |
| Other operating income                          | 1.22           | 0.96           | 28               |
| Changes in inventories                          | -7.94          | 1.58           | >100             |
| Other own work capitalized                      | 0.00           | 0.14           | >100             |
| <b>Operating output</b>                         | <b>142.35</b>  | <b>156.95</b>  | <b>-9</b>        |
| Cost of materials                               | -20.33         | -27.63         | -26              |
| Staff costs                                     | -68.86         | -75.22         | -8               |
| Other operating expenses                        | -55.63         | -57.49         | -3               |
| Depreciation and amortization                   | -6.75          | -12.33         | -45              |
| <b>EBIT</b>                                     | <b>-9.22</b>   | <b>-15.72</b>  | <b>-41</b>       |
| Financial result                                | -2.21          | -0.86          | >100             |
| Earnings before tax                             | -11.43         | -16.57         | -31              |
| Income tax                                      | -0.10          | -1.31          | >100             |
| <b>Earnings after tax</b>                       | <b>-11.54</b>  | <b>-17.88</b>  | <b>-36</b>       |

### Asset and financial position

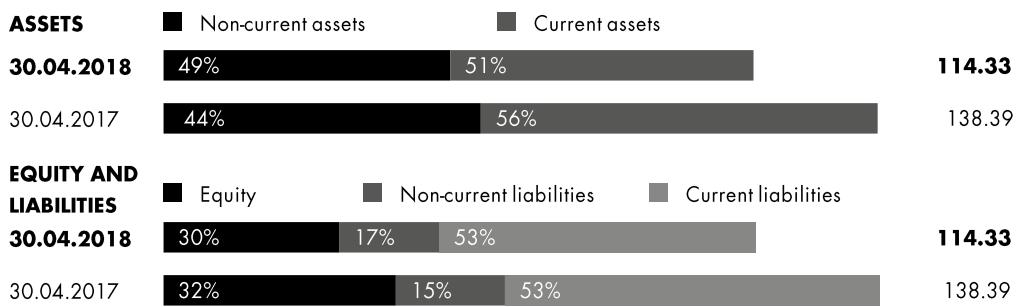
At € 114.33 million, total assets at the Wolford Group as of the balance sheet date on April 30, 2018, were significantly lower than the previous year's figure (€ 138.39 million). This was due above all to the successful reduction in inventories from € 49.39 million to € 40.99 million. Furthermore, on the equity and liabilities side of the balance sheet, equity fell significantly due to the substantial loss incurred in the 2017/18 financial year.

Non-current assets amounted to € 55.60 million at the balance sheet date, corresponding to 49% of total assets (2016/17: 44%). Property, plant and equipment and other intangible assets fell by 10.5% to € 50.34 million. In the 2017/18 financial year, Wolford chiefly invested in improving its merchandising system and expanding its online platform. These investments were countered by depreciation and amortization of € 6.75 million (2016/17: € 12.33 million). Depreciation and amortization also include write-ups and impairment losses.

**Inventories reduced**

Current assets accounted for 51% of total assets as of April 30, 2018 (2016/17: 56%). Inventories amounted to € 40.99 million (2016/17: € 49.39 million) and, as in the previous year, accounted for 36% of total assets. Trade receivables decreased by 21.7% to € 8.76 million (2016/17: € 11.19 million), or 7.6% of total assets. Cash and cash equivalents totaled € 2.73 million at the balance sheet date (2016/17: € 10.31 million).

**DEVELOPMENT OF BALANCE SHEET STRUCTURE (IN € MILL.)**



**Equity ratio of 30% as of April 30, 2018**

Shareholders' equity at the Wolford Group amounted to € 33.90 million at the balance sheet date on April 30, 2018, and thus fell € 10.99 million short of the comparative figure in the financial statements for the previous year, a development due above all to the loss after tax. The equity ratio amounted to 30% as of the balance sheet date (2016/17: 32%).

Non-current liabilities fell by 8.4% from € 21.08 million to € 19.32 million, equivalent to 16% of total assets (2016/17: 15%). Thanks to scheduled and unscheduled repayments, current liabilities decreased by 16% to € 61.12 million (2016/17: € 72.42 million).

| <b>Balance sheet indicators</b>            |            | <b>30.04.2018</b> | <b>30.04.2017</b> |
|--|------------|-------------------|-------------------|
| Equity                                     | in € mill. | 33.90             | 44.88             |
| Net debt                                   | in € mill. | 30.09             | 31.27             |
| Working capital                            | in € mill. | 34.59             | 45.73             |
| Balance sheet total                        | in € mill. | 114.33            | 138.39            |
| Equity ratio                               | in %       | 29.7              | 32.4              |
| Gearing                                    | in %       | 88.8              | 69.7              |
| Working capital as a percentage of revenue | in %       | 23.2              | 29.6              |
| Net debt to EBITDA                         |            | -12.2             | -9.2              |

Net debt at Wolford AG fell by € 1.18 million year-on-year to € 30.09 million, leading to gearing (net debt/equity ratio) of 88.8%.

Wolford also only drew on half of the bridge financing facility (€ 10.0 million) agreed with banks in July 2017 to cover peak seasonal liquidity requirements, and fully repaid this facility in November and December 2017 already.

In April 2018, the agreement reached with banks (also in July 2017) concerning the terms of credit lines (standstill agreement until the end of June 2018) was extended until June 30, 2019. This is conditional on the successful execution of the planned cash capital increase by an amount of around € 22.0 million and repayment of non-current financial liabilities of € 10.0 million by August 31, 2018.

| <b>Calculation of net debt</b>      | <b>30.04.2018<br/>in € mill.</b> | <b>30.04.2017<br/>in € mill.</b> | <b>Chg.<br/>in %</b> |
|-------------------------------------|----------------------------------|----------------------------------|----------------------|
| Non-current financial liabilities   | 0.19                             | 0.21                             | -9                   |
| Current financial liabilities       | 33.89                            | 42.65                            | -21                  |
| - Financial assets                  | -1.27                            | -1.28                            | -1                   |
| - Cash on hand and cash equivalents | -2.73                            | -10.31                           | -74                  |
| <b>Net debt</b>                     | <b>30.09</b>                     | <b>31.27</b>                     | <b>-4</b>            |

## Cash flow

At € 4.89 million, the cash flow from operating activities (operating cash flow) was significantly higher than in the previous year. This was chiefly due to the successful reduction in working capital and the lower level of loss before tax. By working with systematic requirements planning, the company significantly reduced its inventories in the 2017/18 financial year. This line item fell by € 8.40 million to € 40.99 million.

**Operating cash flow far higher than previous year**

At € -1.37 million in the period under report, the cash flow from investing activities was € 5.13 million, and thus significantly higher than in the previous year. In the year under report, Wolford mainly invested in optimizing its merchandising system and in expanding its online platform. Given the lower level of loss, the successful reduction in inventories, and the lower volume of investments, the free cash flow (net cash flow less cash flow from investing activities) showed a substantial improvement, rising from € -9.45 million to € 1.83 million.

The cash flow from financing activities showed a significant reduction of € 25.12 million to € -9.27 million in the period under report. This was due above all to the improved earnings performance and corresponding repayments of bank loans.

| <b>Cash flow statement<br/>(summary)</b>          | <b>2017/18<br/>in € mill.</b> | <b>2016/17<br/>in € mill.</b> | <b>Chg.<br/>in %</b> |
|---|-------------------------------|-------------------------------|----------------------|
| Net cash flow from operating activities           | 3.20                          | -2.94                         | >100                 |
| Cash flow from investing activities               | -1.37                         | -6.51                         | -79                  |
| <b>Free cash flow</b>                             | <b>1.83</b>                   | <b>-9.45</b>                  | <b>&gt;100</b>       |
| Cash flow from financing activities               | -9.27                         | 15.84                         | >100                 |
| Change in cash and cash equivalents               | 7.58                          | 6.40                          | 18                   |
| <b>Cash and cash equivalents at end of period</b> | <b>2.73</b>                   | <b>10.31</b>                  | <b>-74</b>           |

# 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) increased from € 33.00 million to € 35.33 million in the period under report. This segment includes the production and sales activities in Austria and all other countries in which Wolford does not have any proprietary subsidiaries. The Austria segment contributed 24% of consolidated revenues (2016/17: 21%). EBIT amounted to € -15.58 million, compared to € -13.33 million in the previous financial year. The increased loss was chiefly due to one-off charges for measures to refinance and restructure the company.

## **Germany**

External revenues in the Germany segment fell from € 18.78 million to € 17.88 million in the past financial year. This segment contributed 12.0% of consolidated revenues (2016/17: 12%). EBIT came to € 0.6 million, compared to € -0.06 million in the previous year. This slight growth in EBIT was due above all to a € 0.33 million reduction in personnel expenses.

## **Rest of Europe**

External revenues at the companies in the Rest of Europe segment decreased from € 65.17 million to € 60.42 million. This segment includes the European sales companies outside Austria and Germany and the production company in Slovenia. Rest of Europe contributed 41%, and thus the largest share of consolidated revenues (2016/17: 42%). At € 1.79 million, EBIT was approximately at the previous year's level. This segment basically benefited, with a corresponding charge on the Austria segment, from a transfer pricing policy newly introduced in the past financial year already.

## **North America**

External sales at the group companies in the North America segment declined from € 30.90 million to € 28.70 million. This segment, which comprises the sales companies in the US and Canada, contributed 19% of consolidated revenues (2016/17: 20%). The US generated the highest revenues of all sales companies within the Wolford Group in the past financial year. EBIT rose to € 0.09 million, compared to € -0.67 million in the previous year, in which operating earnings were adversely affected by the endowment of a provision for pending losses at several boutiques in the US and Canada (due to an unexpectedly weak performance).

## **Asia**

At € 6.76 million, external revenues at the companies in the Asia segment were slightly ahead of the previous year's figure of € 6.43 million. This segment, which includes the sales companies in Hong Kong and China, accounted for 5% of consolidated revenues (2016/17: 4%). In the previous year, impairment losses recognized on poorly performing boutiques in Shanghai and Macau had resulted in a substantial charge on earnings.

**EBIT in Rest of Europe segment at previous year's level**

**EBIT in Asia segment higher than previous year**

## Outlook and Goals

The upturn currently underway in Europe and Asia can be expected to lead to further growth in the global economy in 2018 and 2019 as well. In its March forecast, for example, the OECD predicts global economic growth of 3.9% in 2018, following on from 3.7% in the previous year. In terms of the market for personal luxury goods, strategy consultants at Bain & Company and Alt-agamma, the association of the Italian luxury goods industry, expect to see full-year growth of 4% to 5% in 2018. This will be driven not least by the growing prosperity of the middle classes in China and the recovery in consumer spending in saturated markets there.

The underlying conditions nevertheless remain difficult, particularly for fashion retailers. Increasing globalization and the advance of digitization are extending the range of goods available to consumers and leading to increasingly intense competition among providers. The sector is confronted with extremely well informed buyers who are increasingly less likely to remain faithful to one brand. The advance of online retail is creating great difficulties for brick-and-mortar retailers in Europe, who are suffering massively from ever lower footfall in stores. In the final quarter of 2017 alone, the number of consumers visiting German fashion retail stores fell by 6.7% year-on-year. In France the number of visitors to stores dropped by 3.6%.

### **Conditions remain difficult in fashion retail sector**

Wolford is also feeling the effects of this transformation in the market. Its online revenues have risen sharply, but so far only compensated in part for the loss of revenues in the brick-and-mortar wholesale business in particular. It will therefore be investing far greater sums in the current financial year than previously in expanding its online business.

### **Positive operating earnings expected for 2018/19 financial year**

In the past financial year, Wolford nevertheless laid important foundations enabling it to operate profitably once again even without positive revenue effects. The company's personnel expenses alone fell by € 6.35 million in the past financial year, and that on a sustainable basis. The positive impact of the restructuring program will become clearly visible in the current financial year. As a result, Wolford still expects to generate positive operating earnings in 2018/19.

Sources: Bain & Company, GfK, IMF, OECD, Textilwirtschaft

## Events After the Balance Sheet Date

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. Furthermore, Dr. Junyang Shao and Thomas Dressendorfer were appointed by the meeting as Supervisory Board members.

The same day witnessed the closing of the share purchase agreement dated March 1, 2018, and 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).

On May 9, 2018, Fosun Industrial Holdings Limited published the results of the anticipatory mandatory 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 58.05% stake in Wolford AG. For Wolford shareholders who did not yet accept 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, Wolford AG announced that it would execute the capital increase resolved by the extraordinary shareholders' meeting on May 4, 2018, in the period up to and including July 11, 2018. The subscription price amounts to €12.80 per new share. The prospectus drawn up in accordance with the Austrian Capital Markets Act (KMG) and the Prospectus Regulation for the subscription offer in Austria was approved by the Austrian Financial Market Authority on June 18, 2018. Fosun Industrial Holdings Limited has undertaken to take over all subscription rights not drawn on, as a result of which Wolford AG is certain to receive funds of around €22 million from the capital increase.

## Opportunity and Risk Management

To remain competitive on a sustainable basis, companies have no alternative but to deliberately take on 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 become competitive advantages. This being so, Wolford endeavors to always identify opportunities and risks at an early stage of development, 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 of both the potential top opportunities and 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 area of responsibility. 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.

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. In future, all opportunities and risks documented in the prior period will be updated by the management team at least once a year.

**Annual assessment by management team**

### **Comments on material risks and opportunities**

#### **Strategic development**

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. Permanent analysis of the market climate and the relevant target group is therefore indispensable. That is why Wolford is currently focusing, among other measures, on systematically expanding its online business.

**Expansion in online business**

#### **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 and attractive market presence in order to regain the full attention of its target group and attract potential younger consumers. As a result, investments in uniform global branding are just as crucial to Wolford as is the expansion in its online presence.

#### **Personnel development**

Employees are Wolford's 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 effect 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.

**Employees as most important resource**

## IT implementation standardizing the IT landscape

Companies currently have ever higher requirements in their IT systems and therefore have to make ongoing investments in efficient and process-oriented IT systems. The parallel existence of different IT systems represents a major 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 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 plans. To avoid this, Wolford permanently monitors its capacity utilization rates and adjusts these where necessary to be in line with market requirements. Furthermore, the underlying conditions in the fashion retail sector are currently difficult, as increasing globalization and the advance of digitization 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.

## Financial risks

Wolford is exposed to financial risks as a result of changes in interest rates, exchange rate fluctuations, and its own liquidity. 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 also subject to exchange rate risks. In light of the current financial situation, it is not possible to conclude any hedges to cover this risk. Wolford nevertheless plans to reintroduce such hedging measures in the near future and is already in talks with banks. The Wolford Group's financing lines have terms running until 30 June 2019. There is the risk the company will be unable to extend or refinance its financing lines on time. Wolford is already in talks with banks in order to counter this risk.

## 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 for 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 ensures uniform group-wide 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 2017/18 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<sup>1</sup> ensures compliance with the principles of corporate governance and the company's internal control system (ICS). Based on an annual internal audit plan agreed upon 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 adhoc audits focusing on current and future risks that are carried out at the request of the management. To support the early detection and monitoring of risks resulting from inadequate monitoring systems or fraudulent actions, the internal control system implemented at the Wolford Group is regularly assessed by the company departments involved by way of selfassessments. Furthermore, the internal control system is revised and expanded on an ongoing basis by the internal audit function together with the relevant specialist departments. This system is based on the standards defined in 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 based on 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.

---

<sup>1</sup> 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.

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 offering great comfort and first-class quality. Wolford had 57 employees (full-time equivalents) working in product development in the 2017/18 financial year. In this period, the company spent a total of € 6.7 million on development activities (2016/17: € 6.9 million).

### **First products in Cradle-to-Cradle® series now ready for market**

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 type of elastane that has been specially developed for Wolford (Roica, Asahi Kosei®), as well as from a correspondingly modified polyester fiber provided by Lauffenmühle, and from Modal, 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.

With its 2018/19 autumn/winter collection, Wolford will be presenting the world's first biodegradable leggings and a pullover bearing the gold Cradle-to-Cradle® certificate. Two further products are set to follow in February 2019, namely a shirt and a thinquality top also certified with gold. This certification singles out products that demonstrably use environmentally compatible, healthy, and recyclable materials. Certification is based on the Basic, Silber, Gold, and Platinum levels. The current R&D pipeline for the "Smart Textiles" project also includes a set of 20 den tights which in this case are made not of biodegradable but rather recyclable materials. This enables them to be reintroduced into the "technical cycle".

### **Focus on new processes and products**

One particular focus of Wolford's R&D activities has traditionally involved developing new processing technologies and materials. Together with its 2019/20 autumn/winter collection, Wolford will be launching "Little Black Dress," its first round-knit dress with invisible body-enhancing zones, onto the market in summer 2019. Given the special knitting technologies used, these figure-enhancing zones can be invisibly knitted into the waist and hip regions. This means that women wearing the dress will no longer need figure-enhancing underwear to compensate for any natural deficiencies. The yarn specially designed for Wolford for this purpose has a gentle, natural fit and great elasticity. It also offers protection against UV radiation and absorbs humidity.

Wolford's use of 3D printing, an area in which the company has played 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 will be extended to other products as well in future. The summer collection 2019, for example, will include several products based on this technology.

Wolford will also be releasing a new product in its Pure series, which has already received several awards for its gluing technology. The 35 den Pure Shine tights which – as their name suggests – have a slight sheen, are available in a range of natural skin tones and offer a convenient solution for women whose legs are not or no longer quite perfect. Thanks to the yarn specially developed for Wolford, the tights conceal any varicose veins or blemishes. The tights work like a second skin and provide a perfect copy of the skin. They also have glued seams which remain invisible even under very close-fitting clothing.

#### **Further development of successful Pure Line**

## **Human Resources**

Highly committed employees are a crucial factor in any company's success. Wolford therefore accords high priority to promoting the health of its employees, enhancing their motivation, and boosting 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 2017/18 financial year, Wolford had a worldwide average total of 1,433 employees (full-time equivalents). Women accounted for 83% of the workforce, and thus for a slightly higher share than in the previous year. Women also made up around 45% of the Wolford Group's management team (Management Board and managers of relevant divisions across the company). An average total of around 550 employees (FTEs) worked at corporate headquarters. In Bregenz, the company currently offers vocational training to 24 apprentices in eight different training vocations. Since 1989, Wolford has consistently held "state-approved training company" status pursuant to § 30 of the Austrian Vocational Training Act (BAG).

#### **Worldwide average total of 1,433 employees in 2017/18**

Wolford organizes regular in-house and external workshops for its trainees, such as the workshop held on "Money is something you can learn about." To promote the exchange of ideas between departments, as well as fostering a more dynamic approach, the company also organizes in-house apprentice projects. These most recently involved an open day held with a fashion show designed by the trainees. Wolford also provides its trainees with the opportunity to spend time abroad, such as for language courses in the UK or Ireland or in 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 across the company. This way, they can directly apply the material recently learned.

#### **Supporting trainees and students**

To safeguard workplace safety, Wolford has two trained occupational health and safety specialists, 23 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 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 balance. The numerous opportunities on offer, particularly at the Bregenz location, range from medical support to healing massages and yoga courses, as well as organized walks and running groups.

#### **Promoting employees' work-life balance**

In today's world, flexibility and lifelong learning are two basic requirements for successful personal and professional development. Wolford offers its employees a range of working and development opportunities across various departments and also in different countries. The vacancy

advertising process is transparent for all positions advertised. When suitably qualified for the roles on offer, internal applicants are preferred. 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 € 0.05 million in training and professional development for its employees in the 2017/18 financial year.

#### **Flexible working hour 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 parttime, an option drawn on by 27 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 within a parttime early retirement model, with 13 employees drawing on this option in the 2017/18 financial year.

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

Wolford AG is listed in the Prime Market of the Vienna Stock Exchange. As of the balance sheet date on April 30, 2018, the company had share capital of € 36,350,000, which was divided into five million no-par value bearer shares. As of March 1, 2018, a share purchase agreement in respect of a majority shareholding of 2,543,694 shares (around 50.87% of the share capital) was concluded between the principal shareholder group (WMP Familien-Privatstiftung, Sesam Privatstiftung and their subsidiary, M. Erthal & Co. Beteiligungsgesellschaft m.b.H., and related natural persons) and Fosun Industrial Holdings Limited. At the same time, Wolford and Fosun concluded a share subscription agreement, with partial accession of the principal shareholder group, in which Fosun undertook to execute an increase in the share capital of Wolford AG by € 12,498,227.77, from currently € 36,350,000 to € 48,848,227.77, by issuing 1,719,151 new shares at an issue price of € 12.80 per new share in return for cash to the extent that Wolford AG shareholders do not exercise their subscription rights. 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, 2018: WMP Familien-Privatstiftung held more than 25% of the shares, while more than 15% were held by Sesam Privatstiftung. These private foundations and their subsidiary, M. Erthal GmbH, are legal entities which act in concert and exercise their voting rights by consensus. Ralph Bartel also held more than 25% of the shares. Erste Asset Management GmbH held more than 4% of the shares until the end of the 2017/18 financial year. Wolford AG still held 88,140 shares, corresponding to 1.76% 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.

Until the end of the 2017/18 financial year, the Wolford Group had a stock appreciation rights (SARs) plan. This plan did not involve any allocation of shares. The company does not have any stock option plan or employee participation models. There are no provisions for members of the Management Board or Supervisory Board that go beyond those stipulated by law. The company has also not concluded any material agreements that would take effect, be amended or expire upon a change of control resulting from a takeover bid.

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

Wolford AG has compiled a separate nonfinancial 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, June 29, 2018



Axel Dreher

Brigitte Kurz



# **Consolidated Financial Statement as of April 30, 2018**

## Statement of Comprehensive Income

| in TEUR   | Note | 2017/18        | 2016/17        |
|---|------|----------------|----------------|
| <b>Revenues</b>   | (1)  | <b>149,070</b> | <b>154,277</b> |
| Other operating income  | (2)  | 1,222          | 956            |
| Changes in inventories of finished goods and work-in-process                          |      | -7,937         | 1,584          |
| Own work capitalized  |      | 0              | 135            |
| <b>Operating output</b>   |      | <b>142,355</b> | <b>156,952</b> |
| Cost of materials and purchased services  | (3)  | -20,329        | -27,634        |
| Staff costs   | (4)  | -68,861        | -75,209        |
| Other operating expenses  | (5)  | -55,638        | -57,493        |
| Depreciation and amortization   | (6)  | -6,751         | -12,331        |
| <b>EBIT</b>   |      | <b>-9,224</b>  | <b>-15,715</b> |
| Net interest income   |      | 26             | 49             |
| Net interest cost   | (7)  | -1,986         | -588           |
| Net investment securities income  | (8)  | 24             | 4              |
| Interest cost of employee benefit liabilities   |      | -272           | -324           |
| <b>Financial result</b>   |      | <b>-2,208</b>  | <b>-859</b>    |
| <b>Earnings before tax</b>  |      | <b>-11,432</b> | <b>-16,574</b> |
| Income tax  | (9)  | -103           | -1,304         |
| <b>Earnings after tax</b>   |      | <b>-11,535</b> | <b>-17,878</b> |
| Amounts that will not be recognized through profit and loss in future periods         |      | 271            | -87            |
| thereof actuarial gains and losses  | (21) | 271            | -87            |
| Amounts that will potentially be recognized through profit and loss in future periods |      | 278            | 15             |
| thereof currency translation differences  | (20) | 299            | 14             |
| thereof change from cash flow hedges  | (20) | -7             | 1              |
| thereof costs from securities   |      | -14            | 0              |
| <b>Other comprehensive income<sup>1)</sup></b>  | (10) | <b>549</b>     | <b>-72</b>     |
| <b>Total comprehensive income</b>   |      | <b>-10,986</b> | <b>-17,950</b> |
| Attributable to the equity holders of the parent company                              |      | -10,986        | -17,950        |
| Earnings after tax attributable to equity holders of the parent company               |      | -11,535        | -17,878        |
| <b>Earnings per share (diluted = basic)</b>   | (11) | <b>-2.35</b>   | <b>-3.64</b>   |

<sup>1)</sup> The items presented under other comprehensive income are shown after tax.

# Cashflow-Statement

| in TEUR   | Note | 2017/18        | 2016/17        |
|---|------|----------------|----------------|
| <b>Earnings before tax</b>  |      | <b>-11,432</b> | <b>-16,574</b> |
| Depreciation and amortization / writebacks  |      | 7,501          | 12,331         |
| Write-up of property, plant and equipment   |      | -750           | 0              |
| Gains / losses from disposals of non-current assets                                   |      | 271            | 331            |
| Interest paid / Interest received   |      | 1,960          | 539            |
| Other non-cash income and expenses  |      | -125           | -164           |
| Changes in inventories  |      | 8,628          | -1,557         |
| Changes in trade receivables  |      | 1,980          | -2,431         |
| Changes in other receivables and assets   |      | 1              | 1,850          |
| Changes in trade payables   |      | -150           | -52            |
| Changes in other provisions and employee-related provisions                           |      | -2,765         | 4,478          |
| Changes in other liabilities  |      | -227           | -446           |
| <b>Cash flow from operating activities</b>  |      | <b>4,892</b>   | <b>-1,695</b>  |
| Received interest   |      | 24             | 43             |
| Paid interest   |      | -1,299         | -575           |
| Balance of tax received and paid  |      | -418           | -711           |
| <b>Net cash flow from operating activities</b>  |      | <b>3,199</b>   | <b>-2,938</b>  |
| Payments for investments in property, plant and equipment and other intangible assets | (30) | -1,401         | -6,658         |
| Proceeds from disposals of property, plant and equipment and other intangible assets  | (30) | 29             | 153            |
| <b>Cash flow from investing activities</b>  |      | <b>-1,372</b>  | <b>-6,505</b>  |
| Proceeds from current and non-current financial liabilities                           |      | 5,093          | 23,522         |
| Repayment of current and non-current financial liabilities                            |      | -13,872        | -6,697         |
| Transactioncosts relating to financial liabilities                                    |      | -495           | 0              |
| Dividends paid  |      | 0              | -982           |
| <b>Cash flow from financing activities</b>  |      | <b>-9,274</b>  | <b>15,843</b>  |
| <b>Cash-effective change in cash and cash equivalents</b>                             |      | <b>-7,447</b>  | <b>6,400</b>   |
| Cash and cash equivalents at beginning of period                                      |      | 10,312         | 3,870          |
| Effects of exchange rate movements on cash and cash equivalents                       |      | -136           | 42             |
| <b>Cash and cash equivalents at end of period</b>                                     |      | <b>2,729</b>   | <b>10,312</b>  |

# Balance Sheet

| in TEUR                                    | Note | 30.04.2018     | 30.04.2017     |
|--|------|----------------|----------------|
| Property, plant and equipment              | (12) | 41,442         | 45,553         |
| Goodwill                                   | (13) | 194            | 188            |
| Other Intangible assets                    | (14) | 8,900          | 10,681         |
| Financial assets                           | (15) | 1,265          | 1,283          |
| Non-current receivables and assets         | (16) | 1,673          | 1,891          |
| Deferred tax assets                        | (17) | 2,123          | 1,891          |
| <b>Non-current assets</b>                  |      | <b>55,597</b>  | <b>61,487</b>  |
| Inventories                                | (18) | 40,994         | 49,392         |
| Trade receivables                          | (19) | 8,763          | 11,190         |
| Other receivables and assets               | (20) | 3,930          | 3,261          |
| Prepaid expenses                           |      | 2,315          | 2,744          |
| Cash and cash equivalents                  |      | 2,729          | 10,312         |
| <b>Current assets</b>                      |      | <b>58,731</b>  | <b>76,899</b>  |
| <b>Total assets</b>                        |      | <b>114,328</b> | <b>138,386</b> |
| Share capital                              |      | 36,350         | 36,350         |
| Capital reserves                           |      | 1,817          | 1,817          |
| Other reserves                             |      | -3,910         | 7,375          |
| Currency translation differences           |      | -361           | -660           |
| <b>Equity</b>                              | (21) | <b>33,896</b>  | <b>44,882</b>  |
| Financial liabilities                      | (22) | 192            | 214            |
| Other liabilities                          | (24) | 916            | 924            |
| Provisions for long-term employee benefits | (23) | 16,929         | 17,546         |
| Other long-term provisions                 | (25) | 1,280          | 2,347          |
| Deferred tax liabilities                   | (16) | 0              | 53             |
| <b>Non-current liabilities</b>             |      | <b>19,317</b>  | <b>21,084</b>  |
| Financial liabilities                      | (22) | 33,888         | 42,645         |
| Trade payables                             |      | 6,457          | 6,564          |
| Other liabilities                          | (27) | 12,636         | 13,076         |
| Income tax liabilities                     |      | 442            | 520            |
| Other provisions                           | (26) | 7,692          | 9,615          |
| <b>Current liabilities</b>                 |      | <b>61,115</b>  | <b>72,420</b>  |
| <b>Total equity and liabilities</b>        |      | <b>114,328</b> | <b>138,386</b> |

## Statement of Changes in Equity

| in TEUR                    | Note | Attributable to equity holders of the parent company |                  |                 |                     |                |                 |                |             | Currency translation | Total equity  |  |  |
|----------------------------|------|--|------------------|-----------------|---------------------|----------------|-----------------|----------------|-------------|----------------------|---------------|--|--|
|                            |      | Share capital  | Capital reserves | Hedging reserve | Actuarial gain/loss | Other reserves | Revaluation     |                |             |                      |               |  |  |
|                            |      |  |                  |                 |                     |                | reserves IAS 39 | Treasury stock |             |                      |               |  |  |
| <b>01.05.2016</b>          |      | <b>36,350</b>  | <b>1,817</b>     | <b>6</b>        | <b>-4,070</b>       | <b>34,884</b>  | <b>-86</b>      | <b>-4,413</b>  | <b>-674</b> |                      | <b>63,814</b> |  |  |
| Dividends 2015/16          | (21) | 0  | 0                | 0               | 0                   | -982           | 0               | 0              | 0           |                      | -982          |  |  |
| Earnings after tax         |      | 0  | 0                | 0               | 0                   | -17,878        | 0               | 0              | 0           |                      | -17,878       |  |  |
| Other comprehensive income |      | 0  | 0                | 1               | -87                 | 0              | 0               | 0              | 14          |                      | -72           |  |  |
| <b>30.04.2017</b>          |      | <b>36,350</b>  | <b>1,817</b>     | <b>7</b>        | <b>-4,157</b>       | <b>16,024</b>  | <b>-86</b>      | <b>-4,413</b>  | <b>-660</b> |                      | <b>44,882</b> |  |  |
| <b>01.05.2017</b>          |      | <b>36,350</b>  | <b>1,817</b>     | <b>7</b>        | <b>-4,157</b>       | <b>16,024</b>  | <b>-86</b>      | <b>-4,413</b>  | <b>-660</b> |                      | <b>44,882</b> |  |  |
| Earnings after tax         |      | 0  | 0                | 0               | 0                   | -11,535        | 0               | 0              | 0           |                      | -11,535       |  |  |
| Other comprehensive income |      | 0  | 0                | -7              | 271                 | 0              | -14             | 0              | 299         |                      | 549           |  |  |
| <b>30.04.2017</b>          |      | <b>36,350</b>  | <b>1,817</b>     | <b>0</b>        | <b>-3,886</b>       | <b>4,489</b>   | <b>-100</b>     | <b>-4,413</b>  | <b>-361</b> |                      | <b>33,896</b> |  |  |

## Segment Reporting

| 2017/18 in TEUR                                  | Austria        | Germany       | Rest of Europe | North America | Asia         | Consolidations | Group          |
|--|----------------|---------------|----------------|---------------|--------------|----------------|----------------|
| <b>Revenues</b>                                  | <b>78,273</b>  | <b>17,882</b> | <b>67,939</b>  | <b>28,682</b> | <b>6,756</b> | <b>-50,462</b> | <b>149,070</b> |
| thereof intersegment                             | 43,123         | 0             | 7,339          | 0             | 0            | -50,462        | 0              |
| <b>External revenues</b>                         | <b>35,328</b>  | <b>17,882</b> | <b>60,422</b>  | <b>28,682</b> | <b>6,756</b> | <b>0</b>       | <b>149,070</b> |
| <b>EBIT</b>                                      | <b>-15,581</b> | <b>622</b>    | <b>1,793</b>   | <b>89</b>     | <b>219</b>   | <b>3,634</b>   | <b>-9,224</b>  |
| 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          |

| 2016/17 in TEUR                                  | Austria        | Germany       | Rest of Europe | North America | Asia          | Consolidations | Group          |
|--|----------------|---------------|----------------|---------------|---------------|----------------|----------------|
| <b>Revenues</b>                                  | <b>83,840</b>  | <b>18,780</b> | <b>75,187</b>  | <b>30,901</b> | <b>6,426</b>  | <b>-60,857</b> | <b>154,277</b> |
| thereof intersegment                             | 50,843         | 0             | 10,014         | 0             | 0             | -60,857        | 0              |
| <b>External revenues</b>                         | <b>32,997</b>  | <b>18,780</b> | <b>65,173</b>  | <b>30,901</b> | <b>6,426</b>  | <b>0</b>       | <b>154,277</b> |
| <b>EBIT</b>                                      | <b>-13,327</b> | <b>-58</b>    | <b>2,017</b>   | <b>-671</b>   | <b>-3,345</b> | <b>-331</b>    | <b>-15,715</b> |
| Segment assets                                   | 158,331        | 6,586         | 41,153         | 10,732        | 4,417         | -82,833        | 138,386        |
| Segment liabilities                              | 77,778         | 5,093         | 32,383         | 13,273        | 6,615         | -41,638        | 93,504         |
| Investments                                      | 3,367          | 907           | 786            | 695           | 971           | -7             | 6,719          |
| Depreciation incl. write-ups & impairment losses | 6,819          | 579           | 3,310          | 539           | 1,089         | -5             | 12,331         |
| Employees on average (FTE)                       | 678            | 164           | 556            | 108           | 38            | 0              | 1,544          |

## Statement of Changes in Fixed Assets

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

| in TEUR  | 01.05.2016     | Currency translation differences | Costs        |              |                  | 30.04.2017     |
|--|----------------|----------------------------------|--------------|--------------|------------------|----------------|
|  |                |                                  | Additions    | Disposals    | Reclassification |                |
| <b>Property, plant and equipment</b>                                     |                |                                  |              |              |                  |                |
| Land, land rights and buildings, including buildings on third-party land | 89,278         | 172                              | 1,691        | 1,760        | 58               | 89,439         |
| thereof land   | 3,095          | 0                                | 0            | 0            | 0                | 3,095          |
| Technical equipment and machinery  | 31,545         | 0                                | 619          | 436          | 648              | 32,376         |
| Other equipment, furniture and fixtures                                  | 31,772         | 84                               | 1,788        | 1,691        | 344              | 32,296         |
| Prepayments made and assets under construction                           | 1,538          | 0                                | 1,785        | 79           | -1,512           | 1,732          |
|  | <b>154,133</b> | <b>256</b>                       | <b>5,883</b> | <b>3,966</b> | <b>-463</b>      | <b>155,843</b> |
| <b>Goodwill</b>  | <b>1,460</b>   | <b>28</b>                        | <b>0</b>     | <b>0</b>     | <b>0</b>         | <b>1,488</b>   |
| <b>Other Intangible assets</b>   |                |                                  |              |              |                  |                |
| Concessions, patents and licenses  | 16,278         | 4                                | 836          | 839          | 463              | 16,742         |
| Self-developed intangible assets   | 471            | 0                                | 0            | 0            | 0                | 471            |
| Security deposits paid for leased real estate                            | 13,384         | 7                                | 0            | 0            | 0                | 13,391         |
| Customer relationship  | 727            | 0                                | 0            | 0            | 0                | 727            |
|  | <b>30,860</b>  | <b>11</b>                        | <b>836</b>   | <b>839</b>   | <b>463</b>       | <b>31,331</b>  |
| <b>Total</b>   | <b>186,453</b> | <b>295</b>                       | <b>6,719</b> | <b>4,805</b> | <b>0</b>         | <b>188,662</b> |

| 01.05.2017     | Accumulated depreciation and amortization |              |               |              |                | Carrying amounts |               |               |
|----------------|---|--------------|---------------|--------------|----------------|------------------|---------------|---------------|
|                | Currency translation differences          | Impairment   | Write-ups     | 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             | 0             |
| <b>110,287</b> | <b>-1,155</b>                             | <b>103</b>   | <b>-750</b>   | <b>5,494</b> | <b>1,350</b>   | <b>112,629</b>   | <b>45,554</b> | <b>41,442</b> |
| <b>1,300</b>   | <b>-6</b>                                 | <b>0</b>     | <b>0</b>      | <b>0</b>     | <b>0</b>       | <b>1,294</b>     | <b>188</b>    | <b>194</b>    |
| 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         |
| <b>132,237</b> | <b>-1,300</b>                             | <b>215</b>   | <b>-750</b>   | <b>7,286</b> | <b>1,948</b>   | <b>135,740</b>   | <b>56,423</b> | <b>50,536</b> |
| 01.05.2016     | Accumulated depreciation and amortization |              |               |              |                | Carrying amounts |               |               |
|                | Currency translation differences          | Impairment   | Additions     | Disposals    |                | 30.04.2017       | 01.05.2016    | 30.04.2017    |
| 50,979         | 145                                       | 993          | 3,569         | 1,599        | 54,087         | 38,298           | 35,352        |               |
| 0              | 0   | 0            | 0             | 0            | 0              | 3,095            | 3,095         |               |
| 27,518         | 0   | 0            | 978           | 395          | 28,101         | 4,027            | 4,275         |               |
| 25,395         | 93  | 263          | 2,109         | 1,492        | 26,369         | 6,377            | 5,927         |               |
| 0              | 0   | 0            | 1,731         | 0            | 1,731          | 1,538            | 0             |               |
| <b>103,892</b> | <b>238</b>                                | <b>1,257</b> | <b>8,388</b>  | <b>3,486</b> | <b>110,289</b> | <b>50,240</b>    | <b>45,554</b> |               |
| <b>774</b>     | <b>29</b>                                 | <b>497</b>   | <b>0</b>      | <b>0</b>     | <b>1,300</b>   | <b>686</b>       | <b>188</b>    |               |
| 12,862         | 4   | 0            | 1,280         | 835          | 13,311         | 3,416            | 2,355         |               |
| 0              | 0   | 0            | 51            | 0            | 51             | 471              | 420           |               |
| 5,701          | 1   | 213          | 646           | 0            | 6,561          | 7,683            | 6,830         |               |
| 727            | 0   | 0            | 0             | 0            | 727            | 0                | 0             |               |
| 19,290         | 5   | 213          | 1,977         | 835          | 20,649         | 11,570           | 10,681        |               |
| <b>123,956</b> | <b>272</b>                                | <b>1,967</b> | <b>10,364</b> | <b>4,321</b> | <b>132,238</b> | <b>62,496</b>    | <b>56,423</b> |               |

# 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 the consolidated financial statements for the majority of its group companies.

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, 2018 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). The 2017/18 financial year covers the period from May 1, 2017 to April 30, 2018.

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 2017/18 financial year.

In accordance with § 245a of the Austrian Commercial Code in conjunction with Art.4 of Regulation (EC) No. 1606/2002 of the European Parliament and Council dated July 19, 2002, all publicly traded companies whose headquarters are located in the EU are required to prepare their consolidated financial statements in accordance with International Financial Reporting Standards (IFRS).

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

| <b>Standard/<br/>Interpretation</b> | <b>Description</b>                        | <b>Effective date</b> |
|-------------------------------------|---|-----------------------|
| Amendments to IAS 7                 | Statement of Cash Flows                   | January 1, 2017       |
| Amendments to IAS 12                | Income Taxes                              | January 1, 2017       |
| Amendments to IFRS 12               | Disclosure of Interests in Other Entities | January 1, 2017       |

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

| <b>Standard/<br/>Interpretation</b> | <b>Description</b>   | <b>Effective date</b> |
|-------------------------------------|--|-----------------------|
| IAS 40                              | Investment Property  | January 1, 2018       |
| IFRS 2                              | Share-based Payment  | January 1, 2018       |
| IFRS 4                              | Application of IFRS 9 Financial Instruments together with IFRS 4 Insurance Contracts | January 1, 2018       |
| IFRS 9                              | Financial Instruments  | January 1, 2018       |
| IFRS 15                             | Revenue from Contracts with Customers  | January 1, 2018       |
| IFRIC 22                            | Foreign Currency Transactions and Advance Consideration                              | January 1, 2018       |
| IAS 12                              | Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses               | January 1, 2019       |
| IAS 19                              | Employee Benefits  | January 1, 2019       |
| IAS 23                              | Borrowing Costs  | January 1, 2019       |
| IAS 28                              | Investments in Associations  | January 1, 2019       |
| IFRS 3                              | Business Combination   | January 1, 2019       |
| IFRS 11                             | Joint Arrangements   | January 1, 2019       |
| IFRS 16                             | Leases   | January 1, 2019       |
| IFRIC 23                            | Accounting for Uncertainties in Income Taxes   | January 1, 2019       |

IFRS 16 (Leases) removes the classification of leases into operating and finance leases previously required at lessees by IAS 17 and replaces this with a uniform accounting model. For lessors, the distinction between operating and finance leases will continue to apply. For lease contracts with terms longer than twelve months, the uniform accounting model will require lessees to recognize both a right-of-use asset and a corresponding lease liability. Simplified accounting requirements are provided for leases with terms less than twelve months and for low-value leases. The right-of-use asset will be amortized over the term of the contract in accordance with the requirements applicable to intangible assets. The liability will be recognized in accordance with the requirements of IAS 39, and in future IFRS 9.

This new standard is expected to have material implications for the consolidated balance sheet and the consolidated income statement. Wolford AG currently has a large number of retail locations worldwide and, when IFRS 16 takes effect, will have to recognize right-of-use assets and lease liabilities for these in its consolidated balance sheet. The company is currently still in the process of determining the specific scope of implications which initial application of IFRS 16 (Leases) will have for its consolidated financial statements. The management will only be able to provide an adequate estimate of the level of implications once this process has been completed.

The IASB published IFRS 15 (Revenue from Contracts with Customers) in May 2014. This standard will replace 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. 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 introduces extended note disclosure requirements. Wolford AG has analyzed the implications of introducing this standard. This involved reviewing the various business models in place at the company, and especially the retail and wholesale businesses, as well as licenses (franchises). The analysis led to the identification of one matter for which the accounting treatment under IFRS 15 will deviate 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. To date, these grants have been recognized as advertising and marketing expenses. Upon application of the new IFRS 15 requirements, they will be recognized as a reduction in revenue. The implications for the company's revenue are in a lower six-digit euro range. Apart from this, no other matters were identified which will result in changes to revenue recognition when IFRS 15 is applied compared with current practice.

Wolford AG will apply IFRS 15 for the first time at the beginning of the 2018/19 financial year. Upon first-time application of IFRS 15, users have the option of selecting either full retrospective application or modified retrospective application. Wolford AG has opted for modified retrospective application, as a result of which the company will not adjust the comparative figures for the 2017/18 financial year when applying the standard for the first time in the 2018/19 financial year.

The final version of the new standard IFRS 9 (Financial Instruments) was published in July 2014, endorsed by the EU in November 2016, and will replace 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 recognition of 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.

First-time application of IFRS 9 will not have any material implications for the presentation of the Group's net assets, financial position and earnings performance, or cash flows. The only implications Wolford AG expects will result from the new impairment model based on expected credit losses. Wolford AG has concluded credit loss insurance policies for the overwhelming share of its existing receivables. Based on the analysis performed, the new impairment model is therefore expected to have implications in a lower six-digit euro range. The new hedge accounting requirements will not have any implications, as Wolford currently makes no use of hedges.

Apart from additional or amended note disclosures, the other amendments are not expected to have any significant implications for the consolidated financial statements.

The preparation of the consolidated financial statements is the responsibility of the Management Board. Group reporting is based on thousand euros (€ k).

## **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:

| <b>Company</b>                         | <b>Registered office</b> | <b>Direct interest<br/>in %</b> |
|--|--------------------------|---------------------------------|
| 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:

| <b>Company</b>                       | <b>Registered office</b> | <b>Direct interest<br/>in %</b> |
|--------------------------------------|--------------------------|---------------------------------|
| Wolford Deutschland GmbH             | Munich                   | 100                             |
| Wolford (Schweiz) AG                 | Glattbrugg               | 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 number of subsidiaries showed the following change compared with the previous year: Wolford Boutiques, LLC., New York, a wholly-owned subsidiary of Wolford America, Inc., was merged into Wolford America, Inc. as of May 1, 2017.

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:

| <b>Currency</b> | <b>Average rate on the<br/>balance sheet date</b> |                   | <b>Average rate for the year</b> |                |
|-----------------|---|-------------------|----------------------------------|----------------|
|                 | <b>30.04.2018</b>                                 | <b>30.04.2017</b> | <b>2017/18</b>                   | <b>2016/17</b> |
| 1 EUR / USD     | 1.2116  | 1.09480           | 1.16880                          | 1.09374        |
| 1 EUR / GBP     | 0.8808  | 0.84390           | 0.88104                          | 0.83783        |
| 1 EUR / CHF     | 1.1964  | 1.08220           | 1.13537                          | 1.08269        |
| 1 EUR / DKK     | 7.4507  | 7.43890           | 7.44183                          | 7.44003        |
| 1 EUR / SEK     | 10.5125   | 9.63250           | 9.73999                          | 9.49777        |
| 1 EUR / NOK     | 9.6615  | 9.31500           | 9.50397                          | 9.14873        |
| 1 EUR / CAD     | 1.5555  | 1.49050           | 1.49481                          | 1.43233        |
| 1 EUR / HKD     | 9.4880  | 8.49800           | 9.12805                          | 8.49583        |
| 1 EUR / CNY     | 7.6610  | 7.51327           | 7.75657                          | 7.36493        |
| 1 EUR / MOP     | 9.7769  | 8.76326           | 9.25862                          | 8.45872        |

### **3. ACCOUNTING POLICIES**

Property, plant and equipment are measured at cost pursuant to IAS 16. Depreciation is generally recognized on a straightline 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 2017/18 financial year or the previous year.

Straightline depreciation of property, plant and equipment is 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  |

Consistent with the terms of the rental agreements, the useful lives of site values amount to a maximum of 10 years.

Where necessary, material reductions in value exceeding depreciation 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 attributed to the lessor or landlord and accounted for as operating leases if the applicable requirements are met. The related lease and rental payments are recognized as expenses.

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.

Other amortizable intangible assets are measured at cost and subject to straightline amortization over a useful life of three to ten years, with the additional recognition of impairment losses where necessary. Intangible assets with indefinite useful lives are annually tested for impairment. The procedure for impairment testing involves comparing the recoverable amount of the cash-generating unit (CGU), i.e. the higher of the fair value less costs to sell and the value in use, with the carrying amount as of the balance sheet date. 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.

The impairment tests performed on property, plant and equipment and intangible assets are based on the company budgets for the period 2018/19 to 2021/22 in accordance with the forecasts derived from the latest budget presented to the Supervisory Board. These forecasts are based on medium-term revenue growth ranging from 0% to 7.4% at individual stores. Personnel expenses and operating expenses are accounted for with annual growth rates of 1% each. The forecasts required predictions to be made. These were in turn based on past experience, current operating earnings, and the management's best estimate of future developments, as well as on market assumptions. The discount factors used for the impairment tests (WACC before tax) range from 8.0% to 11.2% (2016/17: 7.7% to 12.4%) and are derived from regional interest rates. The discount factors reflect the differences in inflation compared with the risk-free base rate, country risk premiums, and different tax rates in the respective countries. Boutique locations are included up to the end of the

respective lease. 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. The carrying amounts of the property, plant and equipment and intangible assets thereby tested come to € 10,213k as of April 30, 2018.

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 2017/18 financial year or in the 2016/17 financial year. Research and development expenses of € 6,700k were recognized as expenses in the 2017/18 financial year (2016/17: € 6,931k).

**Financial instruments:** Transactions involving financial instruments are recognized as of the settlement date in accordance with IAS 39. The financial assets line item comprises other securities and investment funds. These are classified as available for sale and measured at fair value pursuant to IAS 39. Fair value corresponds to the market prices of the instruments as of the balance sheet date. Measurement gains or losses are recognized under other comprehensive income. Upon the sale of these securities, previously accumulated gains and losses are transferred to the income statement and recognized under net investment securities income.

**Inventories:** Raw materials and supplies are measured at the lower of cost or net realizable value. Work in progress and 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 inventory risks resulting from stockholding periods and reduced marketability.

**Receivables and other assets:** In accordance with IAS 39, receivables are capitalized at cost. Other assets are also capitalized at cost. Appropriate allowances are recognized to reflect any risks discernible.

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 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. For domestic entities, the measurement of deferred taxes is based on a tax rate of 25%. For foreign entities, the respective local tax rate 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 and anniversary bonuses 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:

---

|                                |                             |
|--------------------------------|-----------------------------|
| Interest rate                  | 1.89% p.a. (2016/17: 1.64%) |
| Wage/salary trend              | 2.29% p.a. (2016/17: 2.29%) |
| Retirement age                 | 64 – 65 / 59 – 65 years     |
| Employee turnover (graduated): |                             |
| 0 – 2 years                    | 19% (2016/17: 19%)          |
| 3 – 4 years                    | 13% (2016/17: 13%)          |
| 5 – 9 years                    | 9% (2016/17: 9%)            |
| 10 – 14 years                  | 5% (2016/17: 5%)            |
| 15 – 19 years                  | 1% (2016/17: 1%)            |
| over 20 years                  | 0% (2016/17: 0%)            |

---

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.

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

---

|                   |  |
|-------------------|--|
| Interest rate     | 1.09% to 1.89% p.a.<br>(2016/17: 0.78% to 1.64%) |
| Wage/salary trend | 1.0% to 2.29% p.a.<br>(2016/17: 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 number of shares issued and in circulation.

The following table shows the basis for the calculation of earnings per share:

|  | <b>2017/18</b>   | <b>2016/17</b>   |
|--|------------------|------------------|
| Total number of shares outstanding     | 5,000,000        | 5,000,000        |
| Less average number of treasury shares | -88,140          | -88,140          |
|  | <b>4,911,860</b> | <b>4,911,860</b> |

**Revenue recognition:** Revenue is regularly recognized when the risks and rewards of ownership have been transferred or when the service has been rendered and in accordance with the other criteria listed in IAS 18. Interest income and expenses are recognized using the effective interest method, while step-up leases are recognized on a time-apportioned basis.

**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 € -1,369k were recognized in the 2017/18 financial year (2016/17: € 31k).

**Derivative financial year:** Unlike in the previous year, in the year under report Wolford AG did not conclude any hedging transactions in the form of forward exchange rates 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. The Wolford Group received government grants as defined in IAS 20 totalling € 394k in the financial year under report (2016/17: € 214k). These grants are recognized as revenue on the basis of binding commitments, official notifications, and legal entitlement. They mainly comprise non-repayable subsidies for research and development projects and employee qualification measures. These items are reported under non-current financial liabilities.

**Discretionary decisions:** 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, the recognition of deferred taxes, 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 the results of the calculations. The calculation of impairments of 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. Further information about the carrying amounts of items subject to material uncertainties can be found in Section III (Notes to the balance sheet).

#### 4. SEGMENT REPORT

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, Other 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 Other 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 the 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 Other Europe segment were generated in the following countries: € 13,062k, or 22%, in France (2016/17: 24%), € 9,723k, or 16%, in the UK (2016/17: 18%), € 9,226k, or 15%, in Scandinavia (2016/17: 15%), € 4,877k, or 8%, in Switzerland (2016/17: 8%), and 39% in other European countries (2016/17: 35%). Of the revenues in the North America segment, € 26,165k, or 91%, were attributable to the US (2016/17: 91%) and € 2,516k, or 9%, to Canada (2016/17: 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 2017/18 financial year, with a 51% share of revenues (2016/17: 53%). Ready-to-wear, which contributed 31% of revenues (2016/17: 29%), was the second-largest product group once again in the 2017/18 financial year. Lingerie, Beachwear, Accessories, and Trading goods were responsible for a combined share of 18% of revenues in the past financial year (2016/17: 18%).

## II. Notes to the Statement of Comprehensive Income

### (1) REVENUES

Detailed information on revenues can be found in the information about operating segments contained in the segment report in Section I (Accounting principles). Wolford generates its revenues almost exclusively from the sale of Legwear, Ready-to-wear, Lingerie, Beachwear, Accessories, and Trading goods.

### (2) OTHER OPERATING INCOME

| in TEUR   | 2017/18      | 2016/17    |
|---|--------------|------------|
| Grants and subsidies  | 198          | 214        |
| Restaurant revenue  | 194          | 215        |
| Insurance benefits  | 20           | 83         |
| Reimbursements  | 56           | 0          |
| Gain on disposal of property, plant and equipment and intangible assets | 12           | 34         |
| Other   | 742          | 410        |
| <b>Total</b>  | <b>1,222</b> | <b>956</b> |

### (3) COST OF MATERIALS

| in TEUR               | 2017/18       | 2016/17       |
|-----------------------|---------------|---------------|
| Cost of raw materials | 15,037        | 19,505        |
| Cost of energy        | 1,115         | 1,409         |
| Cost of services      | 4,177         | 6,720         |
| <b>Total</b>          | <b>20,329</b> | <b>27,634</b> |

### (4) PERSONNEL EXPENSES

| in TEUR  | 2017/18       | 2016/17       |
|--|---------------|---------------|
| Wages  | 7,939         | 8,906         |
| Salaries   | 45,482        | 48,246        |
| Expenses for statutory social security contributions, payroll-based duties and other mandatory contributions | 11,864        | 13,005        |
| Expenses for severance compensation and pensions   | 2,292         | 3,762         |
| thereof management   | 0             | 97            |
| Other employee benefits  | 1,284         | 1,290         |
| <b>Total</b>   | <b>68,861</b> | <b>75,209</b> |

## **Personnel totals**

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

| <b>Number of employees, full-time basis</b> | <b>2017/18</b> | <b>2016/17</b> |
|---|----------------|----------------|
| Average number of employees                 | 1,433          | 1,544          |
| thereof wage                                | 402            | 472            |
| thereof salaried                            | 1,003          | 1,042          |
| thereof apprentices                         | 28             | 30             |

## **(5) OTHER OPERATING EXPENSES**

| <b>in TEUR</b>                    | <b>2017/18</b> | <b>2016/17</b> |
|-----------------------------------|----------------|----------------|
| Rental and lease payments         | 21,127         | 22,474         |
| Marketing expenses                | 7,084          | 5,836          |
| Legal and consulting fees         | 7,147          | 5,425          |
| Freight costs                     | 1,984          | 2,345          |
| Online distribution               | 4,697          | 5,320          |
| Travel costs                      | 1,145          | 1,368          |
| Customs duties                    | 1,780          | 2,912          |
| Credit card fees and bank charges | 1,602          | 1,573          |
| IT expenses                       | 1,868          | 1,926          |
| Insurance premiums                | 812            | 900            |
| Other taxes                       | 447            | 686            |
| Maintenance expenses              | 546            | 627            |
| Vehicle fleet                     | 605            | 666            |
| Other*                            | 4,794          | 5,435          |
| <b>Total</b>                      | <b>55,638</b>  | <b>57,493</b>  |

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

| <b>in TEUR</b>   | <b>2017/18</b> | <b>2016/17</b> |
|--|----------------|----------------|
| Audit of financial and consolidated financial statements | 131            | 129            |
| Other assurance services                                 | 0              | 4              |
| Other services   | 8              | 51             |
| <b>Total</b>   | <b>139</b>     | <b>184</b>     |

In the 2017/18 financial year, the company switched group auditor from Deloitte Audit Wirtschaftsprüfung GmbH to KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft.

## (6) DEPRECIATION AND AMORTIZATION

Scheduled depreciation and amortization amounted to € 7,286k in the 2017/18 financial year (2016/17: € 10,364k).

The impairment tests performed in the 2017/18 financial year led to the recognition of impairments of € 215k (2016/17: € 1,967k) and write-ups of € 750k (2016/17: € 0k). Impairments related to property, plant and equipment (€ 103k) and intangible assets (€ 112k) and are distributed among the segments of Rest of Europe (€ 166k), Germany (€ 45k), and North America (€ 4k). In the previous year, impairments related to the segments of Rest of Europe (€ 1,104k), Asia (€ 515k), North America (€ 284k), Germany (€ 43k), and Austria (€ 21k). 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.

The write-ups related to property, plant and equipment (€ 750k; 2016/17: € 0k) and are distributed among the segments of North America (€ 595k), Rest of Europe (€ 135k), Germany (€ 13k), and Austria (€ 7k). Write-ups particularly involved the reversal of impairments recognized in previous financial years on shops and their fittings in North America, Spain, 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.

Individual stores represent the cash-generating units referred to for impairment testing purposes.

## (7) NET FINANCIAL EXPENSES

| in TEUR                       | 2017/18       | 2016/17     |
|-------------------------------|---------------|-------------|
| Interest and similar income   | 26            | 49          |
| Interest and similar expenses | -1,986        | -588        |
| <b>Total</b>                  | <b>-1,960</b> | <b>-539</b> |

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

Unlike in the previous year, in the year under report the company has reported interest and similar income separately from interest and similar expenses in the statement of comprehensive income.

## (8) NET INVESTMENT SECURITIES INCOME

| in TEUR                               | 2017/18   | 2016/17  |
|---------------------------------------|-----------|----------|
| Income from investments in securities | 24        | 4        |
| <b>Total</b>                          | <b>24</b> | <b>4</b> |

## (9) INCOME TAX

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

| in TEUR                                     | 2017/18     | 2016/17       |
|---|-------------|---------------|
| <b>Statement of comprehensive income</b>    |             |               |
| Tax expense / income for the reporting year | -603        | -345          |
| Deferred taxes                              | 500         | -959          |
| <b>Total</b>                                | <b>-103</b> | <b>-1,304</b> |

| in TEUR  | 2017/18      | 2016/17      |
|--|--------------|--------------|
| <b>Development of net deferred taxes</b>                                 |              |              |
| Net deferred tax assets and deferred tax liabilities as of 01.05.        | 1,839        | 2,838        |
| Currency translation differences   | -131         | -61          |
| Deferred taxes recognized in after tax profit                            | 500          | -959         |
| Deferred taxes recognized in other comprehensive income                  | -85          | 21           |
| <b>Net deferred tax assets and deferred tax liabilities as of 30.04.</b> | <b>2,123</b> | <b>1,839</b> |

The reconciliation of the income tax charge based on the Austrian corporate tax rate of 25% (2016/17: 25%) with the effective tax rate for the period is as follows:

| in TEUR   | 2017/18     | 2016/17       |
|---|-------------|---------------|
| <b>Profit before tax</b>                                |             |               |
| Tax expense / income at 25%                             | 2,858       | 4,144         |
| Foreign tax rates                                       | 48          | 107           |
| Losses for which no deferred tax assets were recognized | -2,721      | -4,749        |
| Permanent differences                                   | -108        | -47           |
| Taxes from prior periods                                | -179        | 161           |
| Change in measurement of temporary differences          | 430         | -1,085        |
| Other   | -431        | 165           |
| <b>Effective tax expense / income</b>                   | <b>-103</b> | <b>-1,304</b> |
| <b>Effective tax rate</b>                               | <b>-1 %</b> | <b>-8 %</b>   |

The "Other" line item also includes corrections for currency differences. The effective tax rate of -1% (2016/17: -8%) is mainly attributable to the non-recognition of deferred tax assets on current losses in previous years.

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**

An increase in benchmark interest rates in particular gave rise to an actuarial gain of € 271k (2016/17: € -87k). Together with a result of € 299k from currency translation of foreign operations (2016/17: € 14k) and a change of € -7k in the hedging reserve (2016/17: € 1k), and securities expenses of € -14k, other comprehensive income (OCI) came to € 549k (2016/17: € -72k). Added to the loss after tax of € -11,535k (2016/17: € -17,878k), this produced total comprehensive income of € -10,986k (2016/17: € -17,950k).

#### **(11) EARNINGS PER SHARE / PROPOSED APPROPRIATION OF PROFIT**

Earnings per share are calculated by dividing the earnings after tax (€ -11,535k; 2016/17: € -17,878k) by the weighted average number of common shares excluding time-apportioned treasury stock holdings (2017/18: 4,911,860; 2016/17: 4,911,860). Earnings per share for the 2017/18 financial year amounted to € -2.35 (2016/17: € -3.64). In view of this earnings situation, the Management Board will propose to the Annual General Meeting due to be held on September 13, 2018 that no dividend should be paid for the 2017/18 financial year.

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. Further details about this capital increase can be found under "Events after the balance sheet date" in Section IV (Other disclosures).

### 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 € 152k as of the balance sheet date (April 30, 2017: € 558k).

Wolford AG pledged items of property, plant and equipment in the context of its refinancing agreement. This involved pledging property and machinery with residual carrying amounts of € 28,723k and € 3,196k respectively.

#### (13) GOODWILL

No impairment losses were recognized for goodwill in the 2017/18 financial year. In the 2016/17 financial year, impairment losses of € 437k and € 60k were recognized at Wolford Belgium N.V. and Wolford Deutschland GmbH respectively to account for the persistently negative business performance.

#### (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 € 6,209k was capitalized as of the balance sheet date (April 30, 2017: € 6,830k). Of this amount, € 4,230k represented key money with an indefinite useful life (April 30, 2017: € 5,293k) and € 1,979k involved key money with a limited useful life (April 30, 2017: € 1,537k).

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 testing did not identify any impairment requirement for intangible assets in the 2017/18 financial year (April 30, 2017: € 213k).

No intangible assets were pledged as security in the context of the refinancing agreement.

#### (15) FINANCIAL ASSETS

The securities included in this line item are classified as available for sale and recognized at fair value in accordance with IAS 39. The fair value of these financial assets corresponds to the respective market value as of the balance sheet date. The change in fair value amounted to € -18k in the 2017/18 financial year (2016/17: € -22k).

#### (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 TAX

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.

| in TEUR   | 30.04.2018   |             | 30.04.2017   |             |
|---|--------------|-------------|--------------|-------------|
|   | Assets       | Liabilities | Assets       | Liabilities |
| Property, plant and equipment, intangible assets                    | 175          | -24         | 118          | 0           |
| Valuation of inventories  | 1,000        | -20         | 1,550        | -28         |
| Provisions for employee benefits                                    | 0            | 0           | 127          | 0           |
| Other provisions  | 278          | -29         | 38           | -16         |
| Deferred taxes on loss carry forwards and write-downs to fair value | 532          | 0           | 30           | 0           |
| Other   | 217          | -6          | 37           | -18         |
| <b>Deferred tax assets and deferred tax liabilities</b>             | <b>2,202</b> | <b>-79</b>  | <b>1,900</b> | <b>-62</b>  |
| <b>Offset within legal tax units and jurisdictions</b>              | <b>-79</b>   | <b>79</b>   | <b>-9</b>    | <b>9</b>    |
| <b>Net deferred tax assets and liabilities</b>                      | <b>2,123</b> | <b>0</b>    | <b>1,891</b> | <b>-53</b>  |

As of the balance sheet date, the company had unutilized tax loss carryovers of € 59,938k (April 30, 2017: € 57,961k). Of existing tax loss carryovers, an amount of € 95k is forfeitable in 7 years.

## (18) INVENTORIES

Inventories are structured as follows:

| in TEUR                          | 30.04.2018    | 30.04.2017    |
|----------------------------------|---------------|---------------|
| Finished goods and trading goods | 27,769        | 34,748        |
| Work-in-process                  | 7,347         | 8,089         |
| Raw materials and supplies       | 5,878         | 6,555         |
| <b>Total</b>                     | <b>40,994</b> | <b>49,392</b> |

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 sellthrough 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, 2018. 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 € 3,430k as of the balance sheet date (April 30, 2017: € 3,494k). The effect recognized in the income statement amounted to € -64k.

No inventories were pledged as security in the context of the refinancing agreement.

## (19) TRADE RECEIVABLES

| in TEUR  | 30.04.2018   | 30.04.2017    |
|--|--------------|---------------|
| Trade receivables                                | 9,441        | 11,594        |
| Impairment losses                                | -678         | -404          |
| <b>Trade receivables after impairment losses</b> | <b>8,763</b> | <b>11,190</b> |

Individual allowances of € 678k were recognized on trade receivables (April 30, 2017: € 404k). Impairments of trade receivables developed as follows:

| in TEUR                          | 2017/18    | 2016/17    |
|----------------------------------|------------|------------|
| <b>01.05.</b>                    | <b>404</b> | <b>538</b> |
| Addition (+) / release (-)       | 152        | -16        |
| Use                              | -41        | -116       |
| Currency translation differences | 163        | -2         |
| <b>30.04.</b>                    | <b>678</b> | <b>404</b> |

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. Furthermore, the company reduces its receivable default risk with credit insurance policies.

Receivables of € 313k were derecognized due to uncollectibility in the 2017/18 financial year (2016/17: € 101k). A receivable is classified as "uncollectible" when an attorney, debt collector, or court confirms that this is 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  | 30.04.2018   | 30.04.2017    |
|--|--------------|---------------|
| <b>Trade receivables after impairment losses</b> | <b>8,763</b> | <b>11,190</b> |
| not due  | 5,329        | 6,751         |
| less than 30 days                                | 1,106        | 1,791         |
| 31 – 60 days                                     | 882          | 934           |
| 61 – 90 days                                     | 543          | 559           |
| over 91 days                                     | 331          | 425           |
| over 121 days                                    | 433          | 427           |
| over 181 days                                    | 139          | 303           |

## (20) OTHER RECEIVABLES AND ASSETS

| in TEUR                      | 30.04.2018   | 30.04.2017   |
|------------------------------|--------------|--------------|
| Other receivables and assets | 3,930        | 3,261        |
| thereof cash flow hedge      | 0            | 11           |
| <b>Total</b>                 | <b>3,930</b> | <b>3,261</b> |

Other receivables and assets have terms to maturity of less than one year.

## (21) EQUITY

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

### Share capital

Share capital consists of 5,000,000 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. Further details about this capital increase can be found under "Events after the balance sheet date" in Section IV (Other disclosures).

### Capital reserves

Appropriated reserves result from the premium (less issue costs) on the stock issue in 1995.

### Other reserves

No dividend was distributed for the 2016/17 financial year.

### **Reserve for cash flow hedges**

| in TEUR                               | 2017/18  | 2016/17  |
|---------------------------------------|----------|----------|
| <b>01.05.</b>                         | <b>7</b> | <b>6</b> |
| Fair value measurement of derivatives | -56      | 55       |
| Realized hedge transactions           | 48       | -58      |
| Applicable income taxes               | 1        | 4        |
| <b>30.04.</b>                         | <b>0</b> | <b>7</b> |

### **Reserve for actuarial gains/losses**

| in TEUR   | 2017/18       | 2016/17       |
|---|---------------|---------------|
| <b>01.05.</b>   | <b>-4,157</b> | <b>-4,070</b> |
| Actuarial gains and losses resulting from changes in actuarial parameters | 361           | -87           |
| Revaluation of deferred taxes   | -90           | 0             |
| <b>30.04.</b>   | <b>-3,886</b> | <b>-4,157</b> |

### **Remeasurement reserve**

| in TEUR                     | 2017/18     | 2016/17    |
|-----------------------------|-------------|------------|
| <b>01.05</b>                | <b>-86</b>  | <b>-86</b> |
| Remeasurement of securities | -18         | 0          |
| of which deferred taxes     | 4           | 0          |
| <b>30.04</b>                | <b>-100</b> | <b>-86</b> |

### **Treasury stock**

Wolford AG holds 88,140 treasury stock shares (April 30, 2017: 88,140). There were no movements in treasury stock shares in the 2017/18 financial year. As a result, 2% of share capital is held by the company (April 30, 2017: 2%). Within its long-term incentive program, on January 22, 2016 Wolford AG sold a total of 11,860 zero par bearer treasury stock shares to members of the Management Board at an equivalent value of € 21.08 per share. The shares were acquired by Ashish Sensarma and Axel Dreher on January 22, 2016 and were subject to a holding period running until April 30, 2018. The shares thereby disposed of by the company had a total value of € 250k. The sale and purchase of these shares was executed over the counter.

### **Stock-Appreciation-Rights**

The Wolford Group granted a long-term variable bonus (LTI) to its Management Board in the form of stock appreciation rights (SARs). Participation is based on a mandatory proprietary investment in return for which the company assigns treasury stock shares at a stipulated average price. The proprietary investment remains mandatory through to the time at which the SARs are exercised.

The SARs oblige the Wolford Group for each right thereby granted to make a cash payment to settle the differential amount between the average closing price of Wolford AG shares on the Vienna Stock Exchange in the twelve calendar months preceding the actual exercise date and a defined average price, multiplied by a percentage based on average EBIT in the 2015/16, 2016/17, and 2017/18 financial years.

The differential amount has an upper limit (cap) in each case.

The SARs granted are subject to a lockup period running until April 30, 2018. Following expiry of the lockup period, the SARs may be exercised by the participants in the plan provided that the following conditions are met and no blackout periods apply.

Performance conditions:

- Net annual revenues averaging at least € 150.0 million are generated in the financial years from 2015/16 to 2017/18
- EBT averaging at least 5% of annual net sales is generated in the financial years from 2015/16 to 2017/18.

Should these conditions not be met, then the respective rights lapse. This is also the case when a plan participant leaves the company in circumstances other than due to expiry of the employment contract except in cases in which the conclusion of employment is not due to termination or dismissal for reasons justified by the employment contract of the respective Management Board member or to the legitimate premature departure of the Management Board member.

This program expired as of April 30, 2018. The EBT hurdle was not met, neither did the share price increase compared with the issue price. The proprietary investment required for the LTI was made and Axel Dreher still holds the respective shares.

## (22) FINANCIAL LIABILITIES

Financial liabilities are structured as follows:

| <b>in TEUR</b>  | <b>30.04.2018</b> | <b>30.04.2017</b> |
|---|-------------------|-------------------|
| Loans from banks, variable interest rates from 1.95% to 3.75%<br>(30.04.2017: 0.25% to 1.7%)              | 32,974            | 41,556            |
| Loans from banks, fixed interest rates from 4.5%<br>(30.04.2017: 1,75%)                                   | 800               | 800               |
| Loans from the Austrian Research Promotion Agency,<br>fixed interest rates from 0.75% (30.04.2017: 0.75%) | 248               | 439               |
| Interest-free loan from the Federal Province of Vorarlberg  | 58                | 64                |
| <b>Total</b>  | <b>34,080</b>     | <b>42,859</b>     |
| thereof current   | 33,888            | 42,645            |

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 30.04.2018 | 33,888       | 192         | 0            |
| As of 30.04.2017 | 42,646       | 214         | 0            |

As of April 30, 2018, the fair value of fixed-interest financial liabilities was € 36k higher than cost (April 30, 2017: € 16k).

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

To secure its liquidity, in July 2017 the company agreed a financing arrangement with a consortium of banks. This is limited until the end of June 2018 and is subject to various terms and conditions, the fulfilment of which is dependent on future events. These conditions particularly include the initiation of an investor identification process with the objective of obtaining a significant equity injection by the end of June 2018.

Furthermore, upon agreement of the financing arrangement the company was obliged to provide extensive security (global assignment of all receivables, pledging of machinery and all properties, as well as of intellectual property).

In May 2018, an addendum to the original financing arrangement was agreed with the financing banks in which, due to the successful takeover (closing) of majority ownership of the company by Fosun Industrial Holdings Limited, the term of the liabilities was extended, subject to terms and conditions, through to 30 June 2019.

The addendum to the financing arrangement provides for the option of immediate termination by the financing banks if the capital increase resolved at the extraordinary shareholders' meeting on May 4, 2018 is not executed at the latest by August 31, 2018 and if funds of € 10,000k received from the capital increase are not used to redeem the financial liabilities by the said date.

On March 1, 2018, Fosun Industrial Holdings Limited signed a purchase agreement to acquire a majority stake in Wolford AG (2,543,694 shares, corresponding to around 50.87% of the share capital of Wolford AG) with the principal shareholder group (WMP Familien-Privatstiftung, Sesam Privatstiftung and M. Erthal & Co. Beteiligungsgesellschaft m.b.H., and related natural persons). The purchase price amounts to € 12.80 per share. Execution of the share purchase agreement is subject to specific conditions, and in particular to approval of the acquisition by the cartel authorities. Fosun will thus become the new strategic majority shareholder at Wolford AG.

To boost the company's financial structure, Wolford AG and Fosun agreed a capital increase with due protection of subscription rights, in the course of which the company should receive fresh equity totaling € 22,000,000. The planned capital increase requires approval by the Annual General Meeting. Subject in particular to execution of the share purchase agreement and the takeover offer, Fosun undertook to subscribe to an increase in the share capital of Wolford AG by € 12,498,227.77 from its current level of € 36,350,000 to € 48,848,227.77, with this increase resulting from the issue of 1,719,151 new shares at an issue price of € 12.80 per new share in return for cash contributions. This obligation applies to the extent that shareholders in Wolford AG do not fully exercise their subscription rights. The maximum cash contribution by Fosun therefore amounts to around € 22,000,000.

On May 4, 2018, the closing took place for the share purchase agreement concluded on March 1, 2018 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).

On June 18, 2018, Wolford AG announced that it would execute the capital increase resolved by the extraordinary shareholders' meeting on May 4, 2018 in the period up to and including July 11, 2018. The subscription price amounts to € 12.80 per new share. The prospectus drawn up in accordance with the Austrian Capital Markets Act (KMG) and the Prospectus Regulation for the subscription offer in Austria was approved by the Austrian Financial Market Authority on June 18, 2018.

### **(23) PROVISIONS FOR LONG-TERM EMPLOYEE BENEFITS**

The provisions for pensions, severance pay, and anniversary payments are calculated in accordance with IAS 19 (revised).

| in TEUR                         | 30.04.2018    | 30.04.2017    |
|---------------------------------|---------------|---------------|
| Provisions for pensions         | 4,718         | 4,922         |
| Provisions for severance pay    | 10,083        | 10,416        |
| Provisions for jubilee payments | 2,128         | 2,209         |
| <b>Total</b>                    | <b>16,929</b> | <b>17,547</b> |

#### **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 and severance pay developed as follows:

| in TEUR  | 2017/18       | 2016/2017     |
|--|---------------|---------------|
| <b>Present value of obligations as of 01.05.</b> | <b>15,338</b> | <b>15,583</b> |
| Current service cost                             | 450           | 680           |
| Interest expense                                 | 236           | 282           |
| Pension and severance compensation payments      | -862          | -1,294        |
| Actuarial gain / loss                            | -361          | 87            |
| <b>Present value of obligations as of 30.04.</b> | <b>14,801</b> | <b>15,338</b> |

The actuarial gains reported for the 2017/18 financial year comprise experience adjustments of € 112k (2016/17: € -153k) and financial adjustments of € -473k (2016/17: € 240k). There were no demographic adjustments.

Expenses of € 232k were recognized in the year under report for defined contribution obligations (2016/17: € 238k). Defined benefit payments of € 645k are planned for provisions for pensions and severance pay in the coming 2018/19 financial year (2017/18: € 465k).

The amounts recognized in the balance sheet for the net obligation / net asset are structured as follows:

| in TEUR   | 2017/18       | 2016/2017     |
|---|---------------|---------------|
| Obligation not financed via funds                               | 11,094        | 11,496        |
| Obligation financed via funds                                   | 5,921         | 6,006         |
| <b>Present value of defined benefit obligation (DBO, gross)</b> | <b>17,015</b> | <b>17,502</b> |
| Fair value of plan assets                                       | 2,214         | 2,164         |
| <b>Net obligation recognized in balance sheet</b>               | <b>14,801</b> | <b>15,338</b> |

#### **Provision for anniversary payments**

The provision for anniversary payments developed as follows:

| in TEUR   | 2017/18      | 2016/17      |
|---|--------------|--------------|
| <b>Present value of obligation as of 01.05.</b> | <b>2,209</b> | <b>2,313</b> |
| Current service cost                            | 129          | 141          |
| Interest expense                                | 36           | 42           |
| Jubilee payments                                | -34          | -112         |
| Actuarial gain / loss                           | -212         | -175         |
| <b>Present value of obligation as of 30.04.</b> | <b>2,128</b> | <b>2,209</b> |

Defined benefit payments for anniversary obligations are expected to total € 72k in the 2018/19 financial year (2017/18: € 38k).

#### **Provisions for retirement, severance pay, and anniversary payments**

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

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  | 2017/18 | 2016/17 |
|--|---------|---------|
| Expenses for pensions, severance compensation and jubilee payments | 367     | 821     |
| Interest on employee benefits                                      | 272     | 324     |

The weighted average term of the defined benefit obligation amounts to between 10.7 and 14.5 years (2016/17: 15 years).

## (24) OTHER NON-CURRENT LIABILITIES

Other non-current liabilities are structured as follows:

| in TEUR                               | 30.04.2018 | 30.04.2017 |
|---------------------------------------|------------|------------|
| Government grant for Slovenia project | 806        | 850        |
| Other                                 | 110        | 74         |
| <b>Total</b>                          | <b>916</b> | <b>924</b> |

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).

## (25) OTHER NON-CURRENT PROVISIONS

Provisions for onerous contracts have been recognized as non-current provisions at an amount of € 1,280k for the risk of losses on pending transaction in connection with rental agreements in the US, Canada, Asia, and Europe (2016/17: € 2,347k). 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, 2019 to April 30, 2027.

## (26) CURRENT PROVISIONS

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

| in TEUR          | 01.05.2017   | Currency translation differences | Use           | Reversal      | Addition     | 30.04.2018   |
|------------------|--------------|----------------------------------|---------------|---------------|--------------|--------------|
| Sales bonuses    | 825          | -8                               | -817          | 0             | 689          | 689          |
| Staff            | 3,250        | -67                              | -2,012        | -703          | 3,362        | 3,830        |
| Advertising      | 305          | -7                               | -264          | -32           | 527          | 529          |
| Impending losses | 1,180        | 0                                | -1,180        | 0             | 660          | 660          |
| Other            | 4,055        | -368                             | -2,663        | -1,024        | 1,984        | 1,984        |
| <b>Total</b>     | <b>9,615</b> | <b>-450</b>                      | <b>-6,936</b> | <b>-1,759</b> | <b>7,222</b> | <b>7,692</b> |

\* The figures stated for the previous year have been adjusted. In the 2017/18 financial year, other current provisions for tax, audit, and legal advisory expenses have been recognized under other current liabilities.

The provisions for sales bonuses relate to as yet unsettled obligations to customers.

Personnel 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 outstanding commissions on revenues.

## (27) OTHER CURRENT LIABILITIES

Other current liabilities are structured as follows:

| in TEUR                             | 30.04.2018    | 30.04.2017    |
|-------------------------------------|---------------|---------------|
| Outstanding vacation entitlement    | 2,161         | 2,701         |
| Liabilities to taxation authorities | 1,449         | 2,494         |
| Special payments                    | 1,941         | 1,767         |
| Accrued rental and lease payments   | 3,445         | 2,334         |
| Liabilities for credit vouchers     | 1,349         | 1,310         |
| Liabilities for social security     | 1,078         | 1,237         |
| Overtime                            | 247           | 198           |
| Liabilities to staff                | 0             | 37            |
| Other                               | 966           | 998           |
| of which cash flow hedges           | 0             | 4             |
| <b>Total</b>                        | <b>12,636</b> | <b>13,076</b> |

## (28) CONTINGENT LIABILITIES

The company has issued rental guarantees totaling € 2,974k (2016/17: € 3,023k) and other guarantees of € 125k (2016/17: € 1,042k).

## (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                                  | 30.04.2018 | 30.04.2017 |
|--|------------|------------|
| Minimum lease and rental payments due in |            |            |
| up to 1 year                             | 15,710     | 16,264     |
| 1 to 5 years                             | 39,947     | 33,183     |
| over 5 years                             | 7,966      | 12,395     |

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. The Wolford Group has also concluded rental agreements that call for contingent, in particular revenue-based, payments. Rental and leasing expenses totaled € 21,127k in the 2017/18 financial year (2016/17: € 22,474k). This total includes contingent payments due to revenue-based rents (rents and ancillary costs) of € 8,698k (2016/17: € 9,637k). As of April 30, 2018, the Wolford Group expects future payments of € 46k from sub-leases (April 30, 2017: € 46k). These are due within one year.

## IV. Notes to the Cash Flow Statement

The cash flow has been calculated using the indirect method on an exact monthly basis. The monthly cash flows thereby prepared are translated using the respective monthly average exchange rate, while balance sheet items are translated using the reporting date rate. This approach results in currency differences, above all in individual items of the cash flow from operating activities, and thus in deviations between these values and the changes in the respective balance sheet items.

In the indirect method, profit/loss before tax is adjusted to exclude the effects of non-cash items (such as depreciation and write-ups of property, plant and equipment), as well as income and expense items allocable to investing or financing activities.

The cash flow statement of the Wolford Group shows the changes in cash and cash equivalents resulting from inflows and outflows of cash during the financial year. Within the cash flow statement, a distinction is made between cash flows from operating, investing, and financing activities. The cash flow from operating activities is determined by including the impact of changes in net working capital. Inflows and outflows of cash from interest income and interest expenses are recognized in the cash flow from operating activities.

Financial funds (cash and cash equivalents) corresponds to the relevant balance sheet item and includes 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.

As of April 30, 2018, the company had drawn down 79% of its existing credit lines. The implications of exchange range movements for cash and cash equivalents related to the subsidiaries in the US, the UK, Asia, Scandinavia, and Switzerland.

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

| in TEUR                            | 30.04.2018    | Cashflows     |
|------------------------------------|---------------|---------------|
| Non-current financial liabilities  | 192           | 192           |
| Current financial liabilities      | 33,888        | 33,888        |
| <b>Total financial liabilities</b> | <b>34,080</b> | <b>34,080</b> |

The movements in non-current and current financial liabilities are presented in the cash flow statement. In the 2017/18 financial year, all such movements were of a cash-effective nature.

## 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.

The main risks to which the Group is exposed in connection with financial instruments are interest-related cash flow risks, as well as liquidity, creditworthiness, currency, and credit 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.

Unlike in the previous year, in the year under report Wolford AG did not have any currency hedges in the form of forward contracts intended to hedge exchange rate risks.

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.

#### **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.

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 %    | 30.04.2018 | 30.04.2017 | 30.04.2016 | 30.04.2015 |
|---------|------------|------------|------------|------------|
| Gearing | 88.8%      | 69.7%      | 32.7%*)    | 22.9%      |

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

Due to the negative business performance in the past two years, the gearing ratio deteriorated to 88.8% at the balance sheet date on April 30, 2018.

To boost the company's financial structure, Wolford AG and Fosun agreed a capital increase with due protection of subscription rights, in the course of which the company should receive fresh equity of around € 22,000,000. Further details about the capital increase can be found in the notes on financial liabilities in Note 22 (Financial liabilities) in Section III (Notes to the balance sheet).

### 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. There is no significant concentration of default risk at the Group.

The default risk associated with other financial assets held by the Wolford Group, such as cash and cash equivalents, available-for-sale financial assets and certain derivative instruments, is deemed low as the company works exclusively with banks with strong credit ratings. The company did not have any derivative financial instruments in the 2017/18 financial year.

### Interest rate risk management

The following table shows the sensitivity of earnings before tax 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            | 2017/18 | 2016/17 |
|--------------------|---------|---------|
| Interest rate risk | +/- 221 | +/- 235 |

The following table shows the sensitivity of other comprehensive income before tax to changes of +/- 1.0 percentage points in the interest rates for employee-related provisions:

| in TEUR            | 2017/18 | 2016/17 |
|--------------------|---------|---------|
| Interest rate risk | +/- 627 | +/- 332 |

### Foreign exchange management

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 2017/18 financial year.

The following table shows the sensitivity of earnings before tax to exchange rate movements of +/- 10 percent based on the cash flows of the Wolford Group:

| in TEUR for currency | 2017/18 | 2016/17 |
|----------------------|---------|---------|
| USD                  | +/- 901 | +/- 669 |
| GBP                  | +/- 748 | +/- 383 |
| CHF                  | +/- 390 | +/- 46  |
| DKK                  | +/- 400 | +/- 283 |
| SEK                  | +/- 61  | +/- 70  |
| NOK                  | +/- 63  | +/- 82  |
| CAD                  | +/- 136 | +/- 46  |
| HKD                  | +/- 133 | +/- 16  |

The carrying amounts of the Group's assets and liabilities held in foreign currencies as of the balance sheet date were as follows:

| <b>in TEUR for currency</b> | <b>Assets</b>     | <b>Assets</b>     | <b>Liabilities</b> | <b>Liabilities</b> |
|-----------------------------|-------------------|-------------------|--------------------|--------------------|
|                             | <b>30.04.2018</b> | <b>30.04.2017</b> | <b>30.04.2018</b>  | <b>30.04.2017</b>  |
| USD in USA                  | 5,071             | 10,313            | 2,151              | 380                |
| GBP in Great Britain        | 2,297             | 2,449             | 483                | 386                |
| CHF in Switzerland          | 794               | 1,251             | 140                | 29                 |
| DKK in Denmark              | 6,309             | 0                 | 212                | 168                |
| Other                       | 4,605             | 5,148             | 140                | 282                |
| <b>Total</b>                | <b>19,076</b>     | <b>19,161</b>     | <b>3,126</b>       | <b>1,245</b>       |

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

| <b>in TEUR for currency</b> | <b>2017/18</b> | <b>2016/17</b> |
|-----------------------------|----------------|----------------|
| USD                         | +/- 324        | +/- 1104       |
| GBP                         | +/- 202        | +/- 229        |
| CHF                         | +/- 73         | +/- 136        |
| Other                       | +/- 1174       | +/- 522        |

For derivative financial instruments, exchange rate movements of +/- 10 percent would lead to currency sensitivities of € +/- 0k (April 30, 2017: € +/- 79k). The company did not have any derivative financial instruments in the 2017/18 financial year.

### **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 April 2018, the moratorium on legacy financing was conditionally extended until June 30, 2019. Further information can be found in Note 22 (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:

| <b>in TEUR</b>                              | <b>Carrying amount<br/>30.04.2018</b> | <b>Cashflows<br/>2018/19</b> | <b>Cashflows<br/>2019/20 until<br/>2022/23</b> | <b>Cashflows<br/>2023/24 ff.</b> |
|---|---------------------------------------|------------------------------|--|----------------------------------|
| Financial liabilities - interest-bearing    | 34.022                                | 33.975                       | 162  | 0                                |
| Financial liabilities - non-interestbearing | 58                                    | 28                           | 31   | 0                                |
| Trade payables                              | 6.458                                 | 6.458                        | 0  | 0                                |
| Other liabilities                           | 12.636                                | 13.826                       | 0  | 0                                |
| <b>Total</b>                                | <b>53.174</b>                         | <b>54.287</b>                | <b>193</b>                                     | <b>0</b>                         |

| <b>in TEUR</b>                              | <b>Carrying amount<br/>30.04.2017</b> | <b>Cashflows<br/>2017/18</b> | <b>Cashflows<br/>2018/19 until<br/>2021/22</b> | <b>Cashflows<br/>2022/23 ff.</b> |
|---|---------------------------------------|------------------------------|--|----------------------------------|
| Financial liabilities - interest-bearing    | 42,795                                | 41,896                       | 977  | 0                                |
| Financial liabilities - non-interestbearing | 64                                    | 18                           | 46   | 0                                |
| Trade payables                              | 5,035                                 | 5,035                        | 0  | 0                                |
| Other liabilities                           | 13,076                                | 13,076                       | 0  | 0                                |
| <b>Total</b>                                | <b>60,970</b>                         | <b>60,025</b>                | <b>1,023</b>                                   | <b>0</b>                         |

As of April 30, 2018, 79% of existing credit lines had been drawn down (April 30, 2017: 99%).

### **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 interestbearing 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.

### **Derivative financial instruments**

In the past, the company used forward exchange contracts to hedge the risks resulting from exchange rate movements. Unlike in the previous year, in the year under report Wolford AG did not have any currency hedges in the form of forward contracts intended to hedge exchange rate risks.

| <b>30.04.2017</b>        | <b>Nominal amount</b>                | <b>Fair value</b> |                          |                          |
|--------------------------|--------------------------------------|-------------------|--------------------------|--------------------------|
|                          | <b>Foreign currency<br/>in 1,000</b> | <b>TEUR</b>       | <b>Positive<br/>TEUR</b> | <b>Negative<br/>TEUR</b> |
| <b>Currency forwards</b> |                                      |                   |                          |                          |
| USD                      | 400                                  | 374               | 8                        | 0                        |
| GBP                      | 200                                  | 233               | 0                        | -4                       |
| CHF                      | 200                                  | 187               | 3                        | 0                        |

Forward exchange contracts are measured at fair value in accordance with IAS 39. In cash flow hedge accounting, the effective portion of the change in fair value is recognized in other comprehensive income, while the ineffective portion is recognized in earnings before tax. If a cash flow hedge results in an asset or a liability, the amounts recognized in equity are transferred to the income statement at the time when the hedged item influences earnings. All hedges were effective in the 2016/17 financial year, in which the company hedged expected foreign currency transactions. Due to its business performance and the financing talks currently underway, Wolford AG currently does not have any hedge risk line at its disposal.

### **Fair Value**

Due to the shortterm 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.

| <b>30.04.2018</b>         |  | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> |
|---------------------------|--|----------------|----------------|----------------|
| <b>in TEUR</b>            |  |                |                |                |
| <b>Non-current assets</b> |  |                |                |                |
| Financial investments     |  | 1,265          | 0              | 0              |
| <b>Total</b>              |  | <b>1,265</b>   | <b>0</b>       | <b>0</b>       |

| <b>30.04.2017</b>            |  | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> |
|------------------------------|--|----------------|----------------|----------------|
| <b>in TEUR</b>               |  |                |                |                |
| <b>Non-current assets</b>    |  |                |                |                |
| <b>Financial investments</b> |  | <b>1,283</b>   | <b>0</b>       | <b>0</b>       |
| Current assets               |  | 0              | 0              | 0              |
| Other receivables            |  | 0              | 11             | 0              |
| <b>Current liabilities</b>   |  | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| Other liabilities            |  | 0              | -4             | 0              |
| <b>Total</b>                 |  | <b>1,283</b>   | <b>7</b>       | <b>0</b>       |

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, while the securities and financial assets presented in current assets involve securities used to hedge rental and lease obligations. The other receivables and other liabilities reported in Level 2 result from the valuation of outstanding foreign currency derivative transactions. No items were reclassified between Levels 1 and 3 in the 2017/18 financial year.

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

| 30.04.2018<br>in TEUR         | Market value |                 | Recognized<br>gains/losses | thereof<br>recognized in<br>profit or loss |
|-------------------------------|--------------|-----------------|----------------------------|--|
|                               | Cost         | carrying amount |                            |  |
| <b>Non-current securities</b> |              |                 |                            |  |
| Investment fund shares        | 1,398        | 1,265           | -133                       | -133                                       |
| <b>Total</b>                  | <b>1,398</b> | <b>1,265</b>    | <b>-133</b>                | <b>-133</b>                                |

| 30.04.2017<br>in TEUR         | Market value |                 | Recognized<br>gains/losses | thereof<br>recognized in<br>profit or loss |
|-------------------------------|--------------|-----------------|----------------------------|--|
|                               | Cost         | carrying amount |                            |  |
| <b>Non-current securities</b> |              |                 |                            |  |
| Investment fund shares        | 1,398        | 1,283           | -115                       | -115                                       |
| <b>Total</b>                  | <b>1,398</b> | <b>1,283</b>    | <b>-115</b>                | <b>-115</b>                                |

**Carrying amounts, valuation base, and fair values of financial instruments according to measurement criteria, maturities, and classes**

The following table shows the reconciliation of the carrying amounts of financial instruments with IAS 39 measurement categories:

| 30.04.2018<br>in TEUR              | IAS 39<br>valuation<br>category | Carrying<br>amount | Fair value                         |                             | Current       | Non-current  |
|------------------------------------|---------------------------------|--------------------|------------------------------------|-----------------------------|---------------|--------------|
|                                    |                                 |                    | not<br>through<br>profit /<br>loss | through<br>profit /<br>loss |               |              |
| Cash and cash equivalents          | L&R                             | 2,729              | 0                                  | 2,729                       | 0             | 0            |
| Trade receivables                  | L&R                             | 8,763              | 0                                  | 8,763                       | 0             | 0            |
| Other receivables and assets       | L&R                             | 5,603              | 0                                  | 5,603                       | 3,930         | 1,673        |
| Financial assets                   | Afs                             | 1,265              | 1,265                              | 0                           | 0             | 0            |
| <b>Total financial assets</b>      |                                 | <b>18,360</b>      | <b>1,265</b>                       | <b>17,095</b>               | <b>3,930</b>  | <b>1,673</b> |
| Trade payables                     | FL                              | 6,458              | 0                                  | 6,458                       | 6,458         | 0            |
| Bank loans and overdrafts          | FL                              | 33,888             | 0                                  | 33,888                      | 33,888        | 0            |
| Financial liabilities, current     | FL                              | 192                | 0                                  | 192                         | 0             | 192          |
| Other financial liabilities        | FL                              | 13,552             | 0                                  | 13,552                      | 12,636        | 916          |
| <b>Total financial liabilities</b> |                                 | <b>54,090</b>      | <b>0</b>                           | <b>54,090</b>               | <b>52,982</b> | <b>1,108</b> |

The financial instruments are classified into the following IAS 39 categories:

|                             |     |      |        |
|-----------------------------|-----|------|--------|
| Loans and receivables       | L&R | TEUR | 17,095 |
| Cash flow hedge             | CFH | TEUR | 0      |
| Available-for-sale assets   | Afs | TEUR | 1,265  |
| Other financial obligations | FL  | TEUR | 54,090 |

| 30.04.2017<br>in TEUR              | IAS 39<br>valuation<br>category | Carrying<br>amount | Fair value                         |   |               |              |
|------------------------------------|---------------------------------|--------------------|------------------------------------|---|---------------|--------------|
|                                    |                                 |                    | not<br>through<br>profit /<br>loss | Fair value<br>through<br>profit /<br>loss | Current       | Non-current  |
| Cash and cash equivalents          | L&R                             | 10,312             | 0                                  | 10,312                                    | 10,312        | 0            |
| Trade receivables                  | L&R                             | 11,190             | 0                                  | 11,190                                    | 11,190        | 0            |
| Other receivables and assets       | L&R                             | 5,152              | 0                                  | 5,152                                     | 3,261         | 1,891        |
| Derivatives                        | CFH                             | 11                 | 11                                 | 0   | 11            | 0            |
| Financial assets                   | Afs                             | 1,283              | 1,283                              | 0   | 0             | 1,283        |
| <b>Total financial assets</b>      |                                 | <b>27,948</b>      | <b>1,294</b>                       | <b>26,654</b>                             | <b>24,774</b> | <b>3,174</b> |
| Trade payables                     | FL                              | 5,035              | 0                                  | 5,035                                     | 5,035         | 0            |
| Bank loans and overdrafts          | FL                              | 41,846             | 0                                  | 41,846                                    | 41,846        | 0            |
| Financial liabilities, current     | FL                              | 1,014              | 0                                  | 1,014                                     | 0             | 1,014        |
| Derivatives                        | CFH                             | 4                  | 4                                  | 0   | 4             | 0            |
| Other financial liabilities        | FL                              | 14,000             | 0                                  | 14,000                                    | 13,076        | 924          |
| <b>Total financial liabilities</b> |                                 | <b>61,899</b>      | <b>4</b>                           | <b>61,895</b>                             | <b>59,961</b> | <b>1,938</b> |

The financial instruments are classified into the following IAS 39 categories:

|                             |     |      |        |
|-----------------------------|-----|------|--------|
| Loans and receivables       | L&R | TEUR | 26,654 |
| Cash flow hedge             | CFH | TEUR | 15     |
| Available-for-sale assets   | Afs | TEUR | 1,283  |
| Other financial obligations | FL  | TEUR | 61,895 |

**Net results by class**

| 2017/18<br>in TEUR              | From<br>subsequent<br>measure-<br>ment at fair<br>value |                             |                    | From<br>impairment | From<br>disposal | Total<br>through<br>profit or<br>loss | Total not<br>through<br>profit or loss |
|---------------------------------|---|-----------------------------|--------------------|--------------------|------------------|---------------------------------------|--|
|                                 | From<br>interest  | From<br>other <sup>1)</sup> | From<br>impairment |                    |                  |                                       |  |
| Loans and receivables (L&R)     | 0   | 0                           | 0                  | 0                  | 0                | 0                                     | 0                                      |
| Derivatives (CFH)               | 0   | 0                           | 0                  | 0                  | 0                | 0                                     | 0                                      |
| Trade receivables               | 0   | 0                           | 0                  | -274               | 0                | -274                                  | 0                                      |
| Available-for-sale assets (AfS) | 24  | 0                           | 18                 | 0                  | 0                | 24                                    | 18                                     |
| Other financial assets (FL)     | -1,827  | -134                        | 0                  | 0                  | 0                | -1,961                                | 0                                      |
| <b>Net results</b>              | <b>-1,803</b>   | <b>-134</b>                 | <b>18</b>          | <b>-274</b>        | <b>0</b>         | <b>-2,211</b>                         | <b>18</b>                              |

| 2016/17<br>in TEUR              | From<br>subsequent<br>measure-<br>ment at fair<br>value |                             |                    | From<br>impairment | From<br>disposal | Total<br>through<br>profit or<br>loss | Total not<br>through<br>profit or loss |
|---------------------------------|---|-----------------------------|--------------------|--------------------|------------------|---------------------------------------|--|
|                                 | From<br>interest  | From<br>other <sup>1)</sup> | From<br>impairment |                    |                  |                                       |  |
| Loans and receivables (L&R)     | 49  | 0                           | 0                  | 0                  | 0                | 49                                    | 0                                      |
| Derivatives (CFH)               | 0   | 0                           | 4                  | 0                  | -58              | -58                                   | 4                                      |
| Trade receivables               | 0   | 0                           | 0                  | 134                | 0                | 134                                   | 0                                      |
| Available-for-sale assets (AfS) | 4   | 0                           | 0                  | 0                  | 0                | 4                                     | 0                                      |
| Other financial assets (FL)     | -414  | -125                        | 0                  | 0                  | 0                | -588                                  | 0                                      |
| <b>Net results</b>              | <b>-361</b>   | <b>-125</b>                 | <b>4</b>           | <b>134</b>         | <b>-58</b>       | <b>-459</b>                           | <b>4</b>                               |

<sup>1</sup> Fees and other premiums that cannot be directly classified as interest income.

## VI. OTHER DISCLOSURES

### EVENTS AFTER THE BALANCE SHEET DATE

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. Furthermore, Dr. Junyang Shao and Thomas Dressendorfer were appointed by the meeting as Supervisory Board members.

The same day witnessed the closing of the share purchase agreement dated March 1, 2018 and 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).

On May 9, 2018, Fosun Industrial Holdings Limited published the results of the anticipatory mandatory 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 did not yet accept 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.

### 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 maintained a business relationship on customary market terms with one member of the Supervisory Board. Following the departure of the company's creative manager at her own request at the beginning of the 2017/18 financial year, Lothar Reiff advised the company for its shooting of the photo campaign for the autumn/winter collection 2018/19 and in designing its collection. He also accompanied the search for a new Head of Design. A fee of € 118k, and thus consistent with market standards, was invoiced in line with the services performed (2016/17: € 61k). There are no additional outstanding balances in this respect. Furthermore, from August 1, 2017 the former Chief Executive Officer Ashish Sensarma accompanied Wolford AG in an advisory capacity in its M&A process intended to procure capital. A customary fee of € 330k was paid for all of these activities (2016/17: € 0k). There are no additional outstanding balances in this respect.

## INFORMATION ON THE MANAGEMENT AND SUPERVISORY BOARDS

| <b>2017/18 in TEUR</b>                       | <b>Remuneration</b> | <b>Severance compensation</b> | <b>Pensions</b> | <b>Total</b> |
|--|---------------------|-------------------------------|-----------------|--------------|
| 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          |
| <b>Total</b>                                 | <b>971</b>          | <b>0</b>                      | <b>211</b>      | <b>1,182</b> |

| <b>2016/17 in TEUR</b>                       | <b>Remuneration</b> | <b>Severance compensation</b> | <b>Pensions</b> | <b>Total</b> |
|--|---------------------|-------------------------------|-----------------|--------------|
| Expenses for members of the Management Board | 1,075               | 0                             | 0               | 1,075        |
| thereof variable                             | 0                   | 0                             | 0               | 0            |
| Former members of the Management Board       | 0                   | 0                             | 200             | 200          |
| <b>Total</b>                                 | <b>1,075</b>        | <b>0</b>                      | <b>200</b>      | <b>1,275</b> |

A provision of € 263k was recognized for Supervisory Board compensation in the 2017/18 financial year (2016/17: € 196k). This amount corresponds to the total expenses expected for Supervisory Board compensation for the 2017/18 financial year. No advances were disbursed in the 2017/18 financial year and the company does not bear any liability for members of the Management and Supervisory Boards.

The members of the Management Board in the 2017/18 financial year were:

Ashish Sensarma, Chief Executive Officer (until July 31, 2017)

Axel Dreher, Deputy Chief Executive Officer (until July 31, 2017); Chief Executive Officer (since August 1, 2017)

Brigitte Kurz, Chief Financial Officer (since August 1, 2017)

The members of the Supervisory Board in the 2017/18 financial year were:

Antonella Mei-Pochtler, Chairwoman (stood down prematurely on September 8, 2017 following resignation)

Claudia Beermann, Deputy Chairwoman, Chairwoman (since 27th AGM on September 18, 2014)

Thomas Tschol, Member (stood down prematurely on May 4, 2018 following resignation)

Lothar Reiff, Member (stood down prematurely on May 4, 2018 following resignation)

Birgit G. Wilhelm, Member

Dr. Junyang Shao, Chairwoman (since extraordinary shareholders' meeting on May 4, 2018)

Thomas Dressendorfer, Deputy Chairman, (since extraordinary shareholders' meeting on May 4, 2018)

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

Anton Mathis

Peter Glanzer (stood down from Supervisory Board on May 18, 2017)

Christian Medwed (since May 18, 2017)

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 approved the consolidated financial statements for submission to the Supervisory Board on June 29, 2018. 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, 2018 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, 2018 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, June 29, 2018



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, 2018, 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, 2018, 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.

### **NOTIFICATION OF OTHER MATTER**

The company's consolidated financial statements for the financial year ending on April 30, 2017 were audited by a different auditor who expressed an unmodified opinion on those statements on August 1, 2017. Our audit opinion is unmodified in respect of this matter.

### **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.

### **Recoverability of non-current assets at retail boutiques**

See notes to the consolidated financial statements: I. Accounting principles, "3. Accounting policies"; II. Notes to the statement of comprehensive income, "6. 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 financial year 2016/17, impairments of € 2.0 million were recognized on intangible assets and property, plant and equipment due to the unfavorable development in the Group's earnings performance. Updates to impairment testing performed as of April 30, 2018 identified write-ups of € 0.8 million as well as impairments of € 0.2 million for the retail boutiques.

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 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.

Based on our own sensitivity analyses, we assessed the extent to which changes in planning assumptions would have implications for the impairments calculated by the company.

For those retail boutiques for which the capital cost rate may significantly influence the level of impairment due to low coverage or long maturities, we assessed the appropriateness of the discount rates used by the company by comparing these with market and sector-specific benchmarks and obtained assistance from own valuation experts for this.

### **Extension in existing financing and presentation in financial statements**

See notes to the consolidated financial statements: III. Notes to the balance sheet, "22. Financial liabilities"

### **Risk for the consolidated financial statements**

Current financial liabilities of € 33.9 million are reported in the consolidated financial statements of Wolford Aktiengesellschaft as of April 30, 2018. In May 2018, the company agreed an addendum to the original financing arrangement with the financing banks in which the term of the liabilities was extended, subject to the condition precedent of the successful takeover (closing) of majority ownership of the company by Fosun Industrial Holdings GmbH, for the period through to June 30, 2019. In addition to the condition precedent in respect of the aforementioned closing, the addendum to the financing arrangement also provides for rights of immediate termination on the part of the financing banks should the capital increase resolved by the extraordinary shareholders' meeting on May 4, 2018 not be executed by August 31, 2018 at the latest and should funds of € 10.0 million received from this capital not be used to redeem financial liabilities by this date. The terms and conditions for the capital increase were published together with the prospectus on June 18, 2018.

To safeguard its liquidity, the Group is dependent on external financing. Any failure to secure the extension in the financing facilities or premature termination of such by the banks would endanger the company's continued existence. Additionally, a risk of erroneous presentation of the facts and circumstances in the consolidated financial statements as of April 30, 2018 exists.

### ***Our audit approach***

In the course of our audit, we inspected the agreements with the financing banks and the contractual basis for the takeover of the company by Fosun Industrial Holdings GmbH and appraised the assessment provided by the management board that the condition precedent had been fulfilled at the time at which the financial statements were prepared. With regard to the risk of premature termination by the banks, we held talks with the management board and inspected the relevant documents in order to gain an understanding of the status of the capital increase and assessed whether there are circumstances indicating that it would not be possible to execute the capital increase.

Furthermore, we assessed the appropriateness of the disclosures on financial liabilities made by the management board in the notes to the consolidated financial statements.

### **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 14, 2017 and were appointed by the company's supervisory board on October 5, 2017 to audit the company's consolidated financial statements.

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, June 29, 2018

KPMG Austria GmbH  
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Mag. Rainer Hassler  
Certified Public Auditor

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.

Wolford AG

## LAGEBERICHT für das Geschäftsjahr 2017/18

### GESCHÄFTSVERLAUF, GESCHÄFTSERGEBNIS UND LAGE DES UNTERNEHMENS

Die Wolford AG erzielte im Geschäftsjahr 2017/18 einen Umsatz von 83,57 Mio. €. Er lag damit um 6,4 % unter dem Vergleichswert des Vorjahres (89,3 Mio. €).

Die sonstigen betrieblichen Erträge beliefen sich auf 5,3 Mio. € (Vorjahr: 1,2 Mio. €). Die Erhöhung resultiert im Wesentlichen aus der Auflösung von Wertberichtigungen zu verbundenen Unternehmen in Höhe von 3,7 Mio. € (Vorjahr: 0 Mio. €).

Im Geschäftsjahr 2017/18 konnte der Vorratsbestand ohne Abverkäufe und nur mit Hilfe einer systematischen Bedarfsplanung deutlich abgebaut werden: im Vergleich zum Vorjahr sank der Bestand um 5,4 Mio. € auf 29,4 Mio. €. Vor diesem Hintergrund verringerte sich auch der Materialaufwand um 7,1 Mio. € auf 26,3 Mio. €.

Der Personalaufwand reduzierte sich um 3,8 Mio. € auf 38,6 Mio. € (Vorjahr: 42,4 Mio. €). Dies resultiert aus einem niedrigeren Beschäftigtenstand und dem damit einhergehenden Abbau und Harmonisierung von Funktionen am Standort in Bregenz. Der Beschäftigtenstand betrug zum 30. April 2018 570 (30. April 2017: 655) Vollzeitmitarbeiter davon 144 (30. April 2017: 164) Arbeiter, 402 (30. April 2017: 461) Angestellte und 24 Lehrlinge (30. April 2017: 30), was einer Reduktion von 85 Vollzeitmitarbeitern entspricht.

Die Abschreibungen auf immaterielle Vermögensgegenstände des Anlagevermögens und Sachanlagen beliefen sich auf 4,7 Mio. € (Vorjahr: 6,7 Mio. €). Darüber hinaus wurden im Geschäftsjahr Abschreibungen auf Konzernforderungen in Höhe von 1,6 Mio. € (Vorjahr: 5,0 Mio. €) vorgenommen. Die Investitionen in immaterielle Vermögensgegenstände und Sachanlagen betrugen 0,7 Mio. € (Vorjahr: 3,4 Mio. €).

Die sonstigen betrieblichen Aufwendungen erhöhten sich gegenüber dem Vergleichszeitraum des Vorjahrs um 15,4 % bzw. um 3,5 Mio. €. Negativ zu dieser Entwicklung trugen hierzu die Beratungsleistungen sowie anfallende Einmalkosten aufgrund der Investorensuche und der Restrukturierung in Höhe von 3,3 Mio. € bei.

Das operative Ergebnis (EBIT) verbesserte sich gegenüber dem Vorjahr um 5,1 Mio. € auf -13,3 Mio. €. Im wesentlichen trugen hierzu die stark reduzierten Materialaufwendungen und die geringeren Personalkosten sowie die Auflösung der im Vorjahr gebildeten Wertberichtigungen zu Forderungen gegenüber verbundenen Unternehmen bei.

Das Finanzergebnis verbesserte sich auf 0,9 Mio. € (Vorjahr: -13,4 Mio. €) Positiv trugen hierzu die Erträge aus der Zuschreibung zu Konzernforderungen in Höhe von 1,8 Mio. € (Vorjahr: 0 Mio. €) bei, zusätzlich war das Vorjahresergebnis durch Abschreibungen auf Anteile und Ausleihungen an verbundene Unternehmen belastet.

Somit ergibt sich ein Ergebnis vor Steuern von -12,4 Mio. € nach -31,9 Mio. € im Vorjahr. Die Ertragsteuern belaufen sich auf 0,13 Mio. € (Vorjahr: 0,5 Mio. €). Das Ergebnis nach Steuern verbesserte sich um 19,1 Mio. € auf -12,3 Mio. € (Vorjahr: -31,4 Mio. €).

Das Anlagevermögen zum Stichtag 30. April 2018 verringerte sich auf 56,5 Mio. € gegenüber einem Vorjahreswert von 66,3 Mio. €. Darin enthalten sind 4,7 Mio. € aus der planmäßigen Abschreibung.

Das Umlaufvermögen sank um 12,1 Mio. € auf 50,3 Mio. €. Dies resultierte hauptsächlich aus dem Abbau der Vorräte und den Kassen- und Bankbeständen.

Das Eigenkapital belief sich auf 35,6 Mio. € (Vorjahr: 47,9 Mio. €) Die Eigenkapitalquote reduzierte sich von 36,8 % auf 33,0 %.

Die Verbindlichkeiten gegenüber Kreditinstituten sanken um 8,5 Mio. € auf 33,9 Mio. €.

Die Nettofinanzverschuldung belief sich auf 31,7 Mio. € und berechnet sich aus der Summe von Verbindlichkeiten gegenüber Kreditinstituten und Verbindlichkeiten gegenüber dem Land Vorarlberg und der Forschungsförderungsgesellschaft, abzüglich dem Zahlungsmittelbestand sowie liquidierbarer Wertpapiere. Im Verhältnis zum Eigenkapital errechnet sich ein Verschuldungsgrad (Gearing Ratio) von 88,1 % (Vorjahr: 70,8 %).

Das Working Capital ergibt sich aus der Differenz von Umlaufvermögen und kurzfristigen Verbindlichkeiten. Aufgrund der geringeren Vorratsbestände sowie dem Rückgang der Kassenbestände und Guthaben bei Kreditinstituten, verringert sich das Working Capital von 6,7 Mio. € im Vorjahr auf 1,9 Mio. € im Geschäftsjahr.

## EREIGNISSE NACH DEM BILANZSTICHTAG

In der außerordentlichen Hauptversammlung vom 04. Mai 2018 wurde die Erhöhung des Grundkapitals um 12.498.227,77 EUR von 36.350.000 EUR auf 48.848.227,77 EUR durch Ausgabe von 1.719.151 Stück neuen, auf den Inhaber lautenden Stammaktien beschlossen. Überdies wurden Frau Junyang Shao und Herr Thomas Dressendörfer von der Hauptversammlung zu Mitgliedern des Aufsichtsrats bestellt.

Am selben Tag fand zwischen Fosun Industrial Holdings Limited und der bisherigen Hauptaktionärsgruppe (WMP Familien-Privatstiftung, Sesam Privatstiftung und M. Erthal & Co. Beteiligungsgesellschaft m.b.H. sowie nahestehende natürliche Personen) das Closing des Aktienkaufvertrags vom 1. März 2018 statt, womit dieser Vertrag erfolgreich abgeschlossen wurde.

Am 9.5.2018 hat Fosun Industrial Holdings Limited das Ergebnis des antizipatorischen Pflichtangebots (Übernahmeangebot) für den Erwerb sämtlicher ausstehender Aktien der Wolford AG veröffentlicht, wonach das Angebot von den Inhabern von insgesamt 358.724 Wolford-Aktien bzw. 7,17 % aller ausgegebenen Wolford-Aktien angenommen wurde. Nach Abwicklung der entsprechenden Transaktionen wird Fosun Industrial Holdings Limited damit über 2.902.418 Stückaktien und eine Beteiligungsquote von 58,05% an der Wolford AG verfügen. Für Wolford-Aktionäre, die das Angebot von Fosun Industrial Holdings Limited während dieser Annahmefrist noch nicht angenommen haben, verlängert sich die Annahmefrist nach § 19 Abs 3 Z 1 des österreichischen Übernahmegesetzes um weitere drei Monate („Nachfrist“) ab dem Tag der Bekanntgabe des Ergebnisses des Übernahmeangebots.

Mit 18.6.2018 hat die Wolford AG veröffentlicht, die von der außerordentlichen Hauptversammlung am 4.5.2018 beschlossene ordentliche Kapitalerhöhung im Zeitraum bis einschließlich 11.7.2018 durchzuführen. Der Bezugspreis je neuer Aktie beträgt EUR 12,80. Die Billigung des nach Maßgabe des österreichischen Kapitalmarktggesetzes (KMG) und der Prospekt-Verordnung erstellten Prospekts für das Bezugsangebot der neuen Aktien in Österreich erfolgte durch die Finanzmarktaufsichtsbehörde am 18.6.2018. Die Fosun Industrial Holdings Limited hat sich vertraglich dazu verpflichtet, allfällige nicht ausgenutzte Bezugsrechte zu übernehmen, sodass der Wolford AG in jedem Fall die Kapitalerhöhung in Höhe von rund 22 Mio. EUR zufließen wird.

## AUSBLICK UND ZIELE

Der derzeitige Aufschwung in Europa und Asien dürfte auch 2018 und 2019 für eine weiter wachsende Weltwirtschaft sorgen. So rechnet die OECD in ihrer Prognose vom März für 2018 mit einem Wachstum der Weltwirtschaft von 3,9 % nach 3,7 % im Vorjahr. Für den Markt für persönliche Luxusgüter erwarten die Strategieberatung Bain & Company und Altagamma, die Wirtschaftsvereinigung der italienischen Luxusgüterindustrie, im Gesamtjahr 2018 ein Wachstum von 4 % bis 5 %, nicht zuletzt dank des steigenden Wohlstands der Mittelschicht in China und der Erholung des dortigen Konsums in gesättigten Märkten.

Dennoch bleiben die Rahmenbedingungen speziell im Modeeinzelhandel schwierig. Die zunehmende Globalisierung und Digitalisierung erhöht das Warenangebot für die Verbraucher und führt zu einem immer intensiveren Wettbewerb unter den Anbietern. Die Branche ist mit bestens informierten Käufern konfrontiert, die immer weniger dazu neigen, einer Marke treu zu bleiben. Der Siegeszug des Onlinehandels macht dem stationären Einzelhandel in Europa schwer zu schaffen – er leidet massiv unter der sinkenden Kundenfrequenz in den Geschäften. So ging allein im letzten Quartal 2017 die Zahl der Besucher in den deutschen Modeeinzelhandelsgeschäften im Vergleich zum Vorjahr um 6,7 % zurück, in Frankreich um 3,6 %.

Wolford bekommt diesen Wandel im Markt ebenfalls zu spüren. Zwar steigen die Onlineumsätze deutlich, doch konnten sie bisher die Umsatzverluste speziell im stationären Wholesale-Geschäft nur teilweise kompensieren. Vor diesem Hintergrund ist kurzfristig nicht mit einem Umsatzwachstum zu rechnen, auch wenn Wolford im laufenden Geschäftsjahr noch weitaus stärker als bisher in den Ausbau des Onlinegeschäfts investieren wird.

## RISIKOMANAGEMENT

Um nachhaltig wettbewerbsfähig zu sein, müssen Unternehmen bewusst gewisse Risiken eingehen, so auch Wolford. Die Wolford AG ist im Rahmen ihrer globalen Geschäftstätigkeit unterschiedlichen Risiken ausgesetzt und sieht in einem effektiven Risikomanagement einen wesentlichen Erfolgsfaktor für die nachhaltige Sicherung des Unternehmens und die Schaffung von Shareholder-Value. Neben den Risiken entstehen aber auch Chancen, die sich zu einem Wettbewerbsvorteil entwickeln können. Daher versucht Wolford zu jedem Zeitpunkt, Chancen und Risiken frühzeitig zu erkennen und adäquat zu reagieren. Genau das sollen interne Grundsätze und Systeme sicherstellen.

### **Grundlage des Chancen- und Risikomanagements**

Die rechtzeitige Wahrnehmung von Chancen und Risiken hat einen großen Einfluss auf die Zielerreichung der Wolford AG. So versteht Wolford Risiken als interne bzw. externe Ereignisse, die das Erreichen von Geschäftszielen negativ beeinflussen können. Im Vergleich dazu definiert Wolford Chancen ebenfalls als interne bzw. externe Ereignisse, die das Erreichen von Geschäftszielen positiv beeinflussen können. Dementsprechend hat das Unternehmen durch eine Vielzahl von Evaluationsgesprächen mit ausgewählten Führungskräften aus den unterschiedlichsten Abteilungen Chancen und Risiken eruiert. Darauf aufbauend hat das Managementteam sowohl die potenziellen Top-Chancen und Top-Risiken qualitativ bewertet, entsprechend priorisiert und anschließend kategorisiert. Die Bewertung erfolgte im Rahmen einer Bewertungsmatrix mit Eintrittswahrscheinlichkeiten und möglichen Schadensausmaßen.

### **Chancen- und Risikomanagementsystem**

Das Chancen- und Risikomanagement ist direkt dem Vorstand unterstellt, damit das umfassende, ganzheitliche und effektive Management sämtlicher wesentlicher Chancen und Risiken gewährleistet werden kann. Ziel des Risikomanagements ist die frühzeitige Identifikation von Risiken und Chancen, die das Erreichen der Unternehmensziele gefährden oder umgekehrt erleichtern können sowie das Ergreifen entsprechender Maßnahmen, um diese Ziele zu erreichen. Somit ist die Zieldefinition auch ein wesentlicher Bestandteil des Chancen- und Risikomanagementsystems.

Für die effektive Umsetzung des Chancen- und Risikomanagementsystems wurde es entsprechend den Vorgaben des international bewährten Regelwerks für unternehmensweites Risikomanagement und interne Kontrollsysteme (COSO – Internal Control and Enterprise Risk Management Framework des Committee of Sponsoring Organizations of the Treadway Commission) implementiert. Demgemäß werden Chancen und Risiken regelmäßig im Rahmen unseres Chancen- und Risikomanagementprozesses identifiziert, bewertet, gesteuert, überwacht und systematisch dokumentiert. Künftig werden alle Chancen und Risiken, die in der Vorperiode erhoben wurden, mindestens einmal jährlich durch das Managementteam aktualisiert.

## Erläuterung wesentlicher Risiken und Chancen

### Strategieentwicklung

Wolford befindet sich in einem dynamischen, sich schnell verändernden Marktumfeld, folglich ist es wichtig, eine passende Strategie zu entwickeln. Eine fehlende Strategie gefährdet langfristig die Wettbewerbsfähigkeit und damit die Zukunft des Unternehmens. Daher ist es von zentraler Bedeutung, eine durchgängige Strategie für das Unternehmen zu entwickeln und diese nicht zuletzt auch intern zu kommunizieren, sodass diese von allen Mitarbeitern mitgetragen wird. Ein wesentliches Risiko bei der Entwicklung der Strategie ist die Nichtbeachtung oder Fehleinschätzung aktueller Trends. Eine ständige Analyse des Marktumfeldes sowie der Zielgruppe sind daher unerlässlich. Wolford setzt daher aktuell u.a. auf den systematischen Ausbau des Online-Geschäfts.

### Marktkommunikation

Für ein Unternehmen wie Wolford, das von der Strahlkraft seiner Marke lebt, ist das Markenimage von großer Bedeutung. Daher braucht es eine gezielte Marktkommunikation mit einer stringenten Marketingstrategie und einem attraktiven Marktauftritt, um wieder vermehrt in den Fokus der Zielgruppe zu gelangen und um jüngere potenzielle Konsumentinnen anzusprechen. Folglich sind Investitionen in einen globalen und einheitlichen Markenauftritt für Wolford unerlässlich, ebenso wie der Ausbau des Online-Auftritts.

### Personalentwicklung

Für Wolford stellen die Mitarbeiter die wichtigste Ressource des Unternehmens dar. Daher ist es für Wolford selbstverständlich, ihre Mitarbeiter ebenso zu schützen wie zu fördern. Die Arbeitsbedingungen und die Qualifikationen der Mitarbeiter beeinflussen die Leistung in der Entwicklung und Produktion ebenso wie den Erfolg am Point of Sale: Gut geschultes Verkaufspersonal hat einen substanziellen Einfluss auf die Umsatzentwicklung. Vor allem aber lebt Wolford von der anerkannten Qualität seiner Produkte aus eigener Fabrikation und diese steht in enger Verbindung mit den Arbeitsbedingungen in Produktion und Fertigung in den beiden Werken in Österreich und Slowenien. Nicht nur der Verlust von Schlüsselpersonal stellt ein hohes Risiko dar, sondern auch die Gefahr, nicht ausreichend gut ausgebildete und motivierte Mitarbeiter zu identifizieren, zu rekrutieren und zu binden. Wolford befindet sich in einem dynamischen Wettbewerbsfeld und dementsprechend schnell verändern sich auch die Anforderungen an das Unternehmen als Ganzes und an die Mitarbeiter im Speziellen hinsichtlich Flexibilität Mobilität und Anpassungsfähigkeit. Folglich muss Wolford systematisch in die Aus- und Weiterbildung der Mitarbeiter investieren und zudem ihr Recruiting laufend optimieren, um gut ausgebildete und flexible Mitarbeiter zu gewinnen.

### IT-Implementierung

Die heutigen Anforderungen an die IT nehmen ständig zu und dementsprechend muss auch permanent in ein effizientes und prozessorientiertes IT-System investiert werden. Das Nebeneinander unterschiedlicher IT-Systeme stellt ein großes Risiko für das Unternehmen dar: vom Einkauf über die

Produktionsplanung bis zum Vertrieb existiert eine Vielzahl von unabhängigen IT-Systemen und Datenbanken, die nur begrenzt kompatibel sind. Entsprechend zeit- und personalaufwendig sind der Datenabgleich und der generelle IT-Support, entsprechend fehleranfällig kann auch das Gesamtsystem der Wolford AG sein. Systemausfälle können zum Verlust von wichtigen Daten und in der Folge zu finanziellen Einbußen führen. Vor diesem Hintergrund plant Wolford die Vereinheitlichung der IT-Landschaft durch die unternehmensweite Einführung einer ERP-Standardsoftware.

### **Marktveränderung**

Wolford unterliegt einer Vielzahl von externen Einflüssen und Risiken wie z.B. gesamtwirtschaftlichen oder gesellschaftliche Veränderungen. Als global agierendes Unternehmen unterliegt Wolford der konjunkturellen Entwicklung in den einzelnen Märkten und ist abhängig vom Konsumentenverhalten. Durch konjunkturbedingte Nachfragerückgänge, kann es zu Überkapazitäten in der Produktionsplanung kommen. Um dies zu vermeiden, analysiert Wolford laufend die Kapazitätsauslastung und passt diese gegebenenfalls an die Markerfordernisse an. Zudem sind die Rahmenbedingungen im Modeeinzelhandel aktuell schwierig, da die zunehmende Globalisierung und Digitalisierung das Warenangebot für die Konsumenten erhöhen und für einen intensivieren Wettbewerb sorgen. Um die Risiken aus diesen Entwicklungen zu minimieren, setzt Wolford auf den Erhalt ihrer Qualitätsführerschaft und auf eine starke Marktkommunikation.

### **Finanzielle Risiken**

Wolford ist finanziellen Risiken aufgrund von Zinssatzänderungen, Wechselkursschwankungen und der Liquidität ausgesetzt. Die Finanzierungslinien von Wolford basieren weitestgehend auf variablen Zinssätzen weswegen Wolford dem Risiko von Zinssatzänderungen unterliegt. Aufgrund der aktuellen Zinslage wird dieses Risiko als gering eingestuft und daher nicht gesondert abgesichert. Angesichts der internationalen Ausrichtung des Geschäftsmodells unterliegt Wolford dem Risiko von Wechselkursschwankungen. Aufgrund der derzeitigen finanziellen Lage können im Moment keine Hedging-Transaktionen vorgenommen werden um dieses Risiko abzusichern. Wolford plant jedoch diese Absicherungen in naher Zukunft wieder einzuführen und befindet sich bereits in Gesprächen mit Bankpartnern. Im Mai 2018 wurde die Laufzeit der Finanzierungslinien der Wolford Gruppe bis 30. Juni 2019 verlängert. Details zur Laufzeit sind aus der Bilanz ersichtlich. Es besteht das Risiko, dass es dem Unternehmen nicht gelingt diese fristgerecht zu verlängern oder zu refinanzieren. Wolford befindet sich bereits in Gesprächen mit Banken um diesem Risiko entgegenzuwirken. Zudem besteht das Risiko von Forderungsausfällen, welches durch den Abschluss einer Kreditversicherung reduziert wird.

### **INTERNES KONTROLLSYSTEM**

Der Vorstand trägt die Verantwortung für die Einrichtung und Ausgestaltung des rechnungslegungsbezogenen internen Kontroll- und Risikomanagementsystems und für die Sicherstellung der Einhaltung aller rechtlichen Anforderungen. Die Konzernrechnungslegung der Wolford Gruppe liegt organisatorisch bei der Wolford AG. Die Abteilungen Group Accounting

(zuständig für das externe Berichtswesen) und das Group-Controlling (zuständig für das konzerninterne Berichtswesen) unterstehen direkt dem CFO der Wolford AG.

Grundlage der Prozesse in der Rechnungslegung und Berichterstattung ist ein Bilanzierungshandbuch, das von der Wolford AG herausgegeben und regelmäßig aktualisiert wird. Darin werden die wesentlichen Bilanzierungs- und Berichterstattungserfordernisse konzerneinheitlich vorgegeben. Dies betrifft insbesondere Vorgaben zur Bilanzierung und Berichterstattung von langfristigen Vermögenswerten, Kundenforderungen und Abgrenzungen, Finanzinstrumenten und Rückstellungen sowie die Überleitung der latenten Steueransprüche und -schulden.

Die regelmäßige Überprüfung der Werthaltigkeit von Firmenwerten und Gruppen von Vermögenswerten, die einzelnen Cash-Generating Units (CGUs) zugerechnet sind, erfolgt gemäß den geltenden Bewertungsgrundsätzen. Die Erfassung, Verbuchung und Bilanzierung aller Geschäftsvorfälle wird mit einheitlichen Softwarelösungen umgesetzt.

Für das interne Management-Reporting wird eine gängige Planungs- und Reportingsoftware verwendet. Für die Übernahme der Ist-Daten aus den Primärsystemen wurden automatisierte Schnittstellen geschaffen, die Eingabe der Werte für Vorschaurechnungen erfolgt in einem standardisierten Prozess. Die Berichterstattung erfolgt nach Regionen und pro Gesellschaft. Neben einer Berichterstattung zur operativen Ergebnisentwicklung für den jeweils abgelaufenen Monat erfolgte im Geschäftsjahr 2017/18 eine rollierende Ganzjahresvorschaurechnung.

#### Die beschriebenen Fina

nzinformationen sind in Zusammenhang mit den Quartalszahlen Basis der Berichterstattung des Vorstandes an den Aufsichtsrat. Der Aufsichtsrat wird in regelmäßigen Sitzungen über die wirtschaftliche Entwicklung in Form von konsolidierten Darstellungen informiert, bestehend aus Segmentberichterstattung, Ergebnisentwicklung mit Budget- und Vorjahresvergleich, Vorschaurechnungen, Konzernabschlüssen, Personal- und Auftragsentwicklungen sowie ausgewählten Finanzkennzahlen.

#### **INTERNE REVISION**

Die Interne Revision<sup>1</sup> sorgt für die Einhaltung der Grundsätze der Corporate Governance und des Internen Kontrollsysteins (IKS). Auf der Grundlage eines mit dem Prüfungsausschuss des Aufsichtsrates abgestimmten jährlichen Revisionsplans sowie einer konzernweiten Risikobewertung aller Unternehmensaktivitäten überprüfen der Vorstand und die Interne Revision regelmäßig operative Prozesse auf Risikomanagement, Wirksamkeit und Effizienzverbesserungsmöglichkeiten und überwachen die Einhaltung gesetzlicher Bestimmungen, interner Richtlinien und Prozesse.

---

<sup>1</sup> Die Interne Revision ist nicht (mehr) als Stabsstelle des Vorstands eingerichtet, ihre Funktionen wurden im Zuge der Unternehmensrestrukturierung auf andere Unternehmensbereiche aufgeteilt.

Eine weitere Aufgabe der Internen Revision sind Ad-hoc-Prüfungen, die auf Veranlassung des Managements erfolgen und auf aktuelle und zukünftige Risiken abzielen. Das in der Wolford Gruppe implementierte Interne Kontrollsysteem wird zur Unterstützung der Früherkennung und Überwachung von Risiken aus unzulänglicher Überwachung oder betrügerischen Handlungen regelmäßig von den ausführenden Organen in Form von Selbstüberprüfungen beurteilt sowie von der Internen Revision gemeinsam mit den entsprechenden Fachabteilungen laufend überarbeitet und erweitert. Dieses System basiert auf den Maßstäben des international bewährten Regelwerks für interne Kontrollsysteme (COSO – Internal Control and Enterprise Risk Management Framework des Committee of Sponsoring Organizations of the Treadway Commission) und bietet dem Management neben konzernweiten Richtlinien und einem einheitlichen Berichtswesen ein umfassendes Instrumentarium, um Risiken aus sämtlichen Geschäftsaktivitäten zu steuern sowie die Compliance sicherzustellen.

Die Bereichs- und Abteilungsleiter der Wolford AG sowie die Geschäftsführer der einzelnen Tochterunternehmen sind dazu angehalten, anhand des zur Verfügung gestellten Internen Kontrollsystems die Einhaltung der Vorgaben durch Selbstüberprüfungen zu evaluieren und zu dokumentieren. Die Interne Revision überwacht in der Folge die Erfüllung dieser Aufgabe durch die lokalen Manager. Die Ergebnisse werden an das jeweilige Management und in weiterer Folge an den Gesamtvorstand der Wolford AG berichtet. Die Interne Revision ihrerseits berichtet dem Prüfungsausschuss des Aufsichtsrates mindestens einmal jährlich über wesentliche Erkenntnisse aus dem Risikomanagement und den Prüfungsfeststellungen aus Audits, über relevante Umsetzungsaktivitäten sowie Verbesserungsmaßnahmen für eventuelle, mittels Internem Kontrollsysteem identifizierten Schwachstellen.

Bei der Überwachung und Kontrolle der wirtschaftlichen Risiken aus dem laufenden Geschäft kommt dem Berichtswesen eine besondere Bedeutung zu. Darüber hinaus unterliegen die Kontrollsysteme einzelner rechnungslegungsrelevanter Unternehmensbereiche der Evaluierung durch den externen Abschlussprüfer im Rahmen der Jahresabschlussprüfung. Die Ergebnisse werden dem Vorstand und dem Prüfungsausschuss präsentiert und im Anschluss durch das Management und die Interne Revision aufgearbeitet.

### **Forschung und Entwicklung (FuE)**

Innovationen sind das Herzstück unserer Produktwelten und Teil unserer DNA. Das Produktpotfolio ist klar an der Kernkompetenz des Unternehmens ausgerichtet: körpernahe Rundstrickprodukte wie Legwear und Bodys mit hohem Tragekomfort in erstklassiger Qualität. Wolford beschäftigte im Geschäftsjahr 2017/18 im Bereich der Produktentwicklung 57 Mitarbeiter (FTE). In diesem Zeitraum hat das Unternehmen in Summe 6,7 Mio. € (Vorjahr: 6,9 Mio. €) für die Entwicklungsarbeit aufgewendet.

Ein zentrales FuE-Thema bei Wolford ist das Projekt zur Entwicklung kreislauffähiger Produkte (Cradle to Cradle®) im Rahmen des Branchennetzwerks „Smart Textiles“. Das Konzept Cradle to

Cradle® (deutsch „von der Wiege bis zur Wiege“) verfolgt die Vision von geschlossenen Materialzyklen für Produkte, sodass die Entstehung von Müll zukünftig gänzlich vermeidbar sein sollte.

Beim Smart-Textiles-Projekt geht es um die Entwicklung von Legwear-, Bodywear- und Lingerie-Produkten, die für den biologischen Kreislauf keine Belastung darstellen. Die Produkte werden aus biologisch abbaubarem Elastan (Roica, Asahi Kosei®) hergestellt, einer entsprechend modifizierten Polymer-Faser der Firma Lauffenmühle und der im Rahmen nachhaltiger Forstwirtschaft gewonnenen Zellulosefaser Modal des österreichischen Textilherstellers Lenzing. An dem von der Österreichischen Forschungsförderungsgesellschaft (FFG) geförderten sogenannten COIN-Projekt (Cooperation Innovation) beteiligen sich unter der Führung von Wolford 13 Unternehmen und Forschungseinrichtungen aus der Region Vorarlberg, die entsprechende Produktbestandteile produzieren oder ihre technisch-wissenschaftliche Kompetenz einbringen.

Mit der Herbst-/Winterkollektion 2018/19 präsentiert Wolford die weltweit erste biologisch abbaubare Leggings und einen Pullover mit dem sogenannten Cradle-to-Cradle®-Zertifikat in Gold. Im Februar 2019 folgen ein Shirt sowie ein ebenfalls mit Gold zertifiziertes Top. Mit diesem Zertifikat werden Produkte ausgezeichnet, die nachweislich umweltverträgliche, gesunde und kreislauffähige Materialien verwenden. Die Zertifizierung erfolgt anhand der Stufen Basic, Silber, Gold und Platin. In der aktuellen FuE-Pipeline im Rahmen des Smart-Textiles-Projekts befindet sich auch eine Strumpfhose mit 20 den, die nicht aus biologisch abbaubaren, sondern wiederverwertbaren Materialien bestehen wird – wodurch sie im „technischen Kreislauf“ geführt werden kann.

Ein besonderer Schwerpunkt der FuE bei Wolford liegt traditionell auf der Entwicklung neuer Verarbeitungstechniken und Materialien. Mit der Winterkollektion 2019/20 wird Wolford im Sommer 2019 das erste Rundstrickkleid, „Little Black Dress“ genannt, mit unsichtbaren formenden Zonen auf den Markt bringen. Diese formenden Zonen können durch die spezielle Stricktechnik im Taillen- und Hüftbereich unsichtbar eingestrickt werden, die Trägerin braucht also keine formende Unterbekleidung mehr, um kleine Unzulänglichkeiten auszugleichen. Das speziell für diesen Zweck für Wolford entwickelte Garn hat einen weichen, natürlichen Griff und eine hohe Elastizität, es bietet UV-Schutz und absorbiert Feuchtigkeit.

Als sehr erfolgreich erweist sich der Einsatz des 3D-Druckverfahrens, bei dem Wolford eine Pionierrolle einnimmt. Mittels einer aus der Metallindustrie stammenden Technik wird eine dünne Silikonlinie auf den Stoff gespritzt; diese Linie übernimmt beispielsweise beim BH 3W Skin Bra die Funktion von elastischen Gummis an den Rändern und Bügeln. Das ermöglicht gleichmäßig über das Produkt verteilte Stützfunktionen und verhindert ein Einschneiden oder Druckstellen am Körper. Diese Technologie wird in Zukunft auf weitere Produkte ausgeweitet, so wird die Sommerkollektion 2019 mehrere Produkte basierende auf dieser Technologie beinhalten.

Auch aus der Pure-Serie, die für ihre ausgezeichnete Klebetechnologie prämiert wurde, wird es künftig ein neues Produkt geben. Die in vielen natürlichen Hauttönen erhältliche, leicht glänzende Pure Shine

Strumpfhose mit 35 den bietet eine komfortable Lösung für Frauen mit nicht ganz makellosen Beinen: Dank des speziell für Wolford entwickelten Garns werden z.B. Krampfadern unsichtbar und die Strumpfhose wirkt wie eine zweite Haut. Zudem verfügt sie über geklebte Nahtteile, die auch unter eng anliegender Kleidung nicht auftragen.

## **Human Resources**

Engagierte Mitarbeiter sind für den Erfolg eines Unternehmens entscheidend. Daher legt Wolford großen Wert auf die Förderung der Gesundheit der Mitarbeiter, ihrer Motivation und ihrer Identifikation mit dem Unternehmen. Neue Mitarbeiter werden mithilfe eines maßgeschneiderten Einführungsprogramms im Headquarter in Bregenz in die Philosophie, Produkte und Struktur von Wolford eingeführt. Im Geschäftsjahr 2017/18 beschäftigte Wolford weltweit durchschnittlich 1 433 Mitarbeiterinnen und Mitarbeiter (FTE), der Frauenanteil hat leicht zugenommen und liegt momentan bei 83 %. Im Managementteam der Wolford Gruppe (Vorstand und Führungskräfte der unternehmensweit relevanten Bereiche) betrug der Anteil weiblicher Führungskräfte rund 45 %. Die Zahl der Beschäftigten im Headquarter in Bregenz lag bei durchschnittlich etwa 550 (FTE). In Bregenz bildet das Unternehmen derzeit in 8 unterschiedlichen Lehrberufen 24 Lehrlinge aus. Bereits seit dem Jahr 1989 ist Wolford durchgängig „staatlich ausgezeichneter Ausbildungsbetrieb“ nach § 30a BAG.

Für die Auszubildenden finden regelmäßig interne und externe Workshops statt, zum Beispiel zum Thema „Geld kann man lernen“. Um den abteilungsübergreifenden Austausch und eine Dynamik zu fördern, werden darüber hinaus interne Lehrlingsprojekte organisiert. Zuletzt wurde zu diesem Zweck ein Tag der offenen Tür mit einer von den Lehrlingen selbst designten Modenschau abgehalten. Des Weiteren bietet Wolford ihren Auszubildenden auch die Möglichkeit von Auslandsaufenthalten, etwa Sprachreisen nach England oder Irland oder einen Austausch unter Lehrlingen im Einzelhandel in Salzburg, München und Bern. Zudem besteht seit 2012 eine Kooperation mit der Dualen Hochschule Baden-Württemberg (DHBW): Im Studiengang BWL-Handel/Textilmanagement haben Studenten die Möglichkeit, in den Praxisphasen verschiedene Abteilungen des Unternehmens zu durchlaufen und erlernte Inhalte direkt umzusetzen.

Um die Sicherheit am Arbeitsplatz zu gewährleisten, gibt es bei Wolford 2 ausgebildete Arbeitssicherheitsfachkräfte, 23 Sicherheitsvertrauenspersonen für die Mitarbeiter in der Produktion, 43 Ersthelfer sowie eine eigene Betriebsfeuerwehr. Um die Umsetzung von Umwelt- bzw. Energieeffizienzmaßnahmen kümmert sich jeweils ein interner Beauftragter. Zwei Betriebsärzte führen alle notwendigen Arbeitsschutzuntersuchungen durch und überwachen Maßnahmen zur Gesundheitsvorsorge.

Zur Gesundheitsvorsorge bei Wolford gehört außerdem ein umfassendes Angebot zur Erhaltung der Work-Life-Balance. Die vielfältigen Möglichkeiten speziell am Standort Bregenz reichen von medizinischer Betreuung über Heilmassagen bis hin zu Yogakursen und organisierten Wanderungen und Lauftreffs.

Flexibilität und lebenslanges Lernen sind heute Grundvoraussetzungen für eine erfolgreiche persönliche und berufliche Entwicklung. Wolford bietet ihren Mitarbeitern abteilungs-, aber auch landesübergreifende Einsatz- und Entwicklungsmöglichkeiten. Der Ausschreibungsprozess aller Vakanzen ist transparent, und interne Bewerbungen werden bei entsprechender Eignung vorrangig berücksichtigt. Gegebenenfalls noch fehlende Qualifikationen können auch mit finanzieller Unterstützung des Unternehmens erworben werden. Für die Aus- und Weiterbildung von Mitarbeitern hat Wolford im Geschäftsjahr 2017/18 auf AG-Ebene insgesamt 0,05 Mio. € aufgewendet.

Auf sich verändernde persönliche Lebenssituationen von Mitarbeitern versucht Wolford auch über die gesetzlichen Erfordernisse hinaus flexibel zu reagieren. Das Unternehmen bietet Wiedereinsteigerinnen das Modell der Elternteilzeit an, das im abgelaufenen Geschäftsjahr allein in Österreich von 27 Mitarbeiterinnen und Mitarbeitern genutzt wurde. Individuelle Wünsche von Arbeitnehmern, z.B. nach Arbeitszeitflexibilisierung und alternativem betrieblichem Einsatz, werden in Abstimmung mit Vorgesetzten und dem Betriebsrat geprüft und im Rahmen des betrieblich Machbaren umgesetzt. Seit 2013 bietet Wolford älteren Mitarbeitern auch ein Altersteilzeitmodell mit einer kontinuierlichen Reduzierung der Arbeitszeit an. Im Geschäftsjahr 2017/18 nahmen 13 Mitarbeiterinnen und Mitarbeiter das Altersteilzeitmodell in Anspruch.

## ANGABEN NACH § 243 A ABS. 1 UGB

Das Grundkapital der im Prime Market der Wiener Börse notierten Wolford AG beträgt zum Stichtag 30.04.2018 36.350.000 € und teilt sich auf in fünf Millionen auf den Inhaber lautende nennbetraglose Stückaktien. Mit Stichtag 1. März 2018 wurde ein Aktienkaufvertrag über eine Mehrheitsbeteiligung von 2 543 694 Aktien (rund 50,87 % des Grundkapitals) zwischen der Hauptaktionärsgruppe (die WMP Familien-Privatstiftung, die Sesam Privatstiftung und deren Tochter, die M. Erthal & Co. Beteiligungsgesellschaft m.b.H., sowie diesen nahe stehende natürliche Personen) und der Fosun Industrial Holdings Limited abgeschlossen. Zugleich schlossen Wolford und Fosun unter teilweisem Beitritt der Hauptaktionärsgruppe einen Aktienzeichnungsvertrag, in dem sich Fosun verpflichtet, eine Erhöhung des Grundkapitals der Wolford AG gegen Bareinlage von derzeit 36.350.000 € um 12.498.227,77 € auf 48.848.227,77 € durch die Ausgabe von 1 719 151 neuen Aktien zu einem Ausgabepreis von 12,80 € je neue Aktie durchzuführen, soweit die Aktionäre der Wolford AG ihre Bezugsrechte nicht ausüben. Es gibt keine Aktien mit besonderen Kontrollrechten.

Nach Kenntnis der Gesellschaft bestanden per 30. April 2018 folgende direkte oder indirekte Beteiligungen am Kapital der Wolford AG, die zumindest 10 % betragen: Die WMP Familien-Privatstiftung hielt über 25 % der Anteile. Mehr als 15 % entfielen auf die Sesam Privatstiftung. Die Privatstiftungen und deren Tochtergesellschaft M. Erthal GmbH sind gemeinsam vorgehende Rechtsträger, die ihr Stimmrecht einvernehmlich ausüben. Ralph Bartel hielt ebenfalls über 25 % der Anteile. Die Erste Asset Management GmbH hielt bis zum Ende des Geschäftsjahres 2017/18 über 4 %. Die Wolford AG verfügte nach wie vor über rund 2 % eigene Aktien. Der Rest der Aktien befand sich im Streubesitz. Es bestehen keine über das Gesetz hinausgehenden Befugnisse der Mitglieder des Vorstandes insbesondere hinsichtlich der Möglichkeit, Aktien auszugeben oder zurückzukaufen. Es existiert kein genehmigtes Kapital.

Im Wolford Konzern bestand bis zum Ende des Geschäftsjahres 2017/18 ein Stock-Appreciation-Rights(SAR)-Plan zur Gewährung von Kurswertsteigerungsrechten; aus diesem Plan erfolgt keine Zuteilung von Aktien. Es besteht kein Stock Option Plan oder Mitarbeiterbeteiligungsmodell. Es bestehen keine über das Gesetz hinausgehenden Bestimmungen hinsichtlich der Mitglieder des Vorstandes und des Aufsichtsrates. Es bestehen auch keine bedeutenden Vereinbarungen der Gesellschaft, die bei einem Kontrollwechsel infolge eines Übernahmeangebots wirksam werden, sich ändern oder enden.

Bregenz, 29. Juni 2018

Axel Dreher e. h.

Brigitte Kurz e. h.

# Jahresabschluss der Wolford AG

Wolford Aktiengesellschaft  
Bregenz

**BILANZ zum 30. April 2018**  
(Beträge in Euro)

A K T I V A

P A S S I V A

|  | 30.4.2018<br>TEUR    | 30.4.2017<br>TEUR    |  | 30.4.2018<br>TEUR | 30.4.2017<br>TEUR |
|--|----------------------|----------------------|--|-------------------|-------------------|
| <b>A. Anlagevermögen</b>   |                      |                      |  |                   |                   |
| <b>A. Eigenkapital</b>   |                      |                      |  |                   |                   |
| I. Immaterielle Vermögensgegenstände   |                      |                      | I. ausgegebenes eingefordertes Grundkapital  |                   |                   |
| 1. Mietrechte und Software   | 2.132.150,00         |                      | 1. eingefordertes Nennkapital  | 36.350.000,00     | 36.350            |
| 2. geleistete Anzahlungen und Anlagen in Bau                                     | 8,00                 |                      | 2. abzüglich: Nennbetrag eigener Anteile   | -640.777,80       | -641              |
|  |                      | 2.132.158,00         |  |                   | 35.709.222,20     |
| II. Sachanlagen  |                      |                      | II. gebundene Kapitalrücklagen   |                   | 1.817.500,00      |
| 1. Grundstücke und Bauten  | 27.629.356,00        |                      |  |                   | 1.818             |
| 2. technische Anlagen und Maschinen  | 3.195.999,00         |                      |  |                   | 27.232            |
| 3. andere Anlagen, Betriebs- und Geschäftsausstattung                            | <u>1.952.576,29</u>  |                      | II. Gewinnrücklagen  |                   |                   |
|  |                      | 32.777.931,29        | 1. gesetzliche Rücklage  | 1.817.500,00      | 1.818             |
|  |                      |                      | 2. freie Rücklagen   | 27.232.139,20     | 29.050            |
| III. Finanzanlagen   |                      |                      | IV. Rücklagen für eigene Anteile   |                   |                   |
| 1. Anteile an verbundenen Unternehmen  | 13.551.612,73        |                      |  |                   | 29.049.639,20     |
| 2. Ausleihungen an verbundene Unternehmen  | 6.760.446,33         |                      |  |                   | 640.777,80        |
| 3. Wertpapiere des Anlagevermögens   | <u>1.265.053,20</u>  |                      | V. Bilanzgewinn (Bilanzverlust)  |                   | -31.623.689,29    |
|  |                      | <u>21.577.112,26</u> | davon Gewinnvortrag EUR -19.306.427,94 (Vorjahr TEUR 12.080)                               |                   | -19.306           |
|  |                      |                      |  |                   | 35.593.449,91     |
|  |                      | 56.487.201,55        |  |                   | 47.911            |
|  |                      |                      | 66.328   |                   |                   |
| <b>B. Umlaufvermögen</b>   |                      |                      |  |                   |                   |
| <b>B. Rückstellungen</b>   |                      |                      |  |                   |                   |
| I. Vorräte   |                      |                      | 1. Rückstellungen für Abfertigungen  | 9.238.169,54      | 9.582             |
| 1. Roh-, Hilfs- und Betriebsstoffe   | 5.877.840,52         |                      | 2. Rückstellungen für Pensionen  | 4.593.357,90      | 4.800             |
| 2. unfertige Erzeugnisse   | 6.871.871,75         |                      | 3. Steuerrückstellungen  | 118.000,00        | 118               |
| 3. fertige Erzeugnisse und Waren   | <u>16.679.876,35</u> |                      | 4. sonstige Rückstellungen   | 9.834.474,24      | 11.811            |
|  |                      | 29.429.588,62        |  |                   | 23.784.001,68     |
|  |                      |                      |  |                   | 26.311            |
| II. Forderungen und sonstige Vermögensgegenstände                                |                      |                      | C. Verbindlichkeiten   |                   |                   |
| 1. Forderungen aus Lieferungen und Leistungen                                    | 1.776.295,37         |                      | davon mit einer Restlaufzeit von bis zu einem Jahr EUR 40.409.903,40 (Vorjahr TEUR 55.674) |                   |                   |
| davon mit einer Restlaufzeit von mehr als einem Jahr EUR 0,00 (Vorjahr TEUR 108) |                      |                      | davon mit einer Restlaufzeit von mehr als einem Jahr EUR 191.575,00 (Vorjahr TEUR 214)     |                   |                   |
| 2. Forderungen gegenüber verbundenen Unternehmen                                 | 17.595.886,32        |                      | 1. Verbindlichkeiten gegenüber Kreditinstituten  | 33.926.993,19     | 42.446            |
| davon mit einer Restlaufzeit von mehr als einem Jahr EUR 0,00 (Vorjahr TEUR 0)   |                      |                      | davon mit einer Restlaufzeit von bis zu einem Jahr EUR 33.926.993,19 (Vorjahr TEUR 42.446) |                   |                   |
| 3. sonstige Forderungen und Vermögensgegenstände                                 | <u>203.856,22</u>    |                      | davon mit einer Restlaufzeit von mehr als einem Jahr EUR 0,00 (Vorjahr TEUR 0)             |                   |                   |
| davon mit einer Restlaufzeit von mehr als einem Jahr EUR 0,00 (Vorjahr TEUR 0)   |                      |                      | 2. erhaltene Anzahlungen auf Bestellungen  | 1.003.409,86      | 995               |
| III. Kassenbestand und Guthaben bei Kreditinstituten                             |                      | <u>19.576.037,91</u> | davon mit einer Restlaufzeit von bis zu einem Jahr EUR 1.003.409,86 (Vorjahr TEUR 995)     |                   |                   |
|  |                      | <u>1.294.553,60</u>  | 3. Verbindlichkeiten aus Lieferungen und Leistungen  | 3.795.732,88      | 3.785             |
|  |                      | 50.300.180,13        | davon mit einer Restlaufzeit von bis zu einem Jahr EUR 3.795.732,88 (Vorjahr TEUR 3.785)   |                   |                   |
| C. Rechnungsabgrenzungsposten  |                      | 1.191.548,31         | 4. Verbindlichkeiten gegenüber verbundenen Unternehmen                                     | 6.599.961,52      | 5.966             |
|  |                      | 1.360                | davon mit einer Restlaufzeit von bis zu einem Jahr EUR 6.599.961,52 (Vorjahr TEUR 5.966)   |                   |                   |
|  |                      |                      | 5. sonstige Verbindlichkeiten  | 3.275.380,95      | 2.695             |
|  |                      |                      | davon mit einer Restlaufzeit von bis zu einem Jahr EUR 3.083.805,95 (Vorjahr TEUR 2.482)   |                   |                   |
|  |                      |                      | davon mit einer Restlaufzeit von mehr als einem Jahr EUR 191.575,00 (Vorjahr TEUR 214)     |                   |                   |
|  |                      |                      | davon aus Steuern EUR 435.014,91 (Vorjahr TEUR 700)  |                   |                   |
|  |                      |                      | davon im Rahmen der Sozialen Sicherheit EUR 727.303,46 (Vorjahr TEUR 817)                  |                   |                   |
|  |                      | 107.978.929,99       |  | 48.601.478,40     | 55.889            |
|  |                      | 130.110              |  |                   |                   |
|  |                      |                      |  | 107.978.929,99    | 130.110           |

**GEWINN- UND VERLUSTRECHNUNG**  
**für das Geschäftsjahr vom 1. Mai 2017 bis 30. April 2018**  
(Beträge in Euro)

|   | 2017/18<br>TEUR       | 2016/17<br>TEUR |
|---|-----------------------|-----------------|
| 1. Umsatzerlöse   | 83.570.974,96         | 89.297          |
| 2. Veränderung des Bestands an fertigen und unfertigen Erzeugnissen sowie an noch nicht abgrenzbaren Leistungen       | -4.600.836,16         | 1.235           |
| 3. andere aktivierte Eigenleistungen  | 0,00                  | 135             |
| 4. sonstige betriebliche Erträge  |                       |                 |
| a) Erträge aus dem Abgang vom und der Zuschreibung zum Anlagevermögen mit Ausnahme der Finanzanlagen                  | 8.641,00              | 4               |
| b) Erträge aus der Auflösung von Rückstellungen   | 580.792,16            | 11              |
| c) übrige   | <u>4.678.377,20</u>   | 1.185           |
|   | 5.267.810,36          | 1.201           |
| 5. Aufwendungen für Material und sonstige bezogene Herstellungsleistungen   |                       |                 |
| a) Materialaufwand  | -16.832.793,34        | -20.076         |
| b) Aufwendungen für bezogene Leistungen   | <u>-9.436.788,66</u>  | -13.324         |
|   | -26.269.582,00        | -33.400         |
| 6. Personalaufwand  |                       |                 |
| a) Löhne  | -4.812.545,06         | -5.413          |
| b) Gehälter   | -24.310.651,07        | -25.550         |
| c) soziale Aufwendungen   |                       |                 |
| aa) Aufwendungen für Altersversorgung   | -39.706,89            | -160            |
| bb) betriebliche Mitarbeitervorsorgekassen  | -1.479.267,06         | -2.502          |
| cc) Aufwendungen für gesetzlich vorgeschriebene Sozialabgaben sowie vom Entgelt abhängige Abgaben und Pflichtbeiträge | -7.759.171,16         | -8.471          |
| dd) übrige  | <u>-243.189,59</u>    | -255            |
|   | -38.644.530,83        | -42.351         |
| 7. Abschreibungen   |                       |                 |
| a) auf immaterielle Gegenstände des Anlagevermögens und Sachanlagen   | -4.747.118,17         | -6.736          |
| b) auf Gegenstände des Umlaufvermögens  | <u>-1.570.993,00</u>  | -5.038          |
|   | -6.318.111,17         | -11.774         |
| 8. sonstige betriebliche Aufwendungen   |                       |                 |
| a) Steuern, soweit sie nicht unter Z 17 fallen  | -101.616,02           | -45             |
| b) übrige   | <u>-26.210.619,43</u> | -22.752         |
|   | -26.312.235,45        | -22.797         |
| <b>9. Zwischensumme aus Z 1 bis 8 (Betriebserfolg)</b>  | <b>-13.306.510,29</b> | <b>-18.453</b>  |
| 10. Erträge aus anderen Wertpapieren und Ausleihungen des Finanzanlagevermögens                                       | 23.937,60             | 24              |
| davon aus verbundenen Unternehmen EUR 0,00 (Vorjahr TEUR 0)   |                       |                 |
| 11. sonstige Zinsen und ähnliche Erträge  | 297.045,19            | 268             |
| davon aus verbundenen Unternehmen EUR 294.848,25 (Vorjahr TEUR 265)   |                       |                 |
| 12. Erträge aus der Zuschreibung zu Finanzanlagen   | 1.843.889,00          | 0               |
| davon aus verbundenen Unternehmen EUR 1.843.889,00 (Vorjahr TEUR 0)   |                       |                 |
| 13. Aufwendungen aus Finanzanlagen und aus Wertpapieren des Umlaufvermögens   | -17.953,20            | -13.185         |
| a) davon Abschreibungen EUR 17.953,20 (Vorjahr TEUR 13.185)   |                       |                 |
| b) davon Aufwendungen aus verbundenen Unternehmen EUR 0,00 (Vorjahr TEUR 13.165)                                      |                       |                 |
| 14. Zinsen und ähnliche Aufwendungen  | -1.285.004,88         | -537            |
| davon betreffend verbundene Unternehmen EUR 0,00 (Vorjahr TEUR 2)   |                       |                 |
| <b>15. Zwischensumme aus Z 10 bis 14 (Finanzerfolg)</b>   | <b>861.913,71</b>     | <b>-13.430</b>  |
| <b>16. Ergebnis vor Steuern (Zwischensumme aus Z 9 und Z 15)</b>  | <b>-12.444.596,58</b> | <b>-31.883</b>  |
| 17. Steuern vom Einkommen und vom Ertrag  | 127.335,23            | 498             |
| davon Steuerumlage EUR 135.961,18 (Vorjahr TEUR 0)  |                       |                 |
| <b>18. Ergebnis nach Steuern = Jahresfehlbetrag</b>   | <b>-12.317.261,35</b> | <b>-31.386</b>  |
| 19. Verlust-/Gewinnvortrag aus dem Vorjahr  | -19.306.427,94        | 12.080          |
| <b>20. Bilanzverlust</b>  | <b>-31.623.689,29</b> | <b>-19.306</b>  |

**ANLAGENSPIEGEL ZUM 30.04.2018**

(Beträge in Euro)

| POSTEN  | ANSCHAFFUNGS-/HERSTELLUNGSKOSTEN |                     |           |                      |                        | KUMULIERTE ABSCHREIBUNG |                                  |                        |                                  |                        | Buchwert<br>30.04.2018 | Buchwert<br>30.04.2017 |
|---|----------------------------------|---------------------|-----------|----------------------|------------------------|-------------------------|----------------------------------|------------------------|----------------------------------|------------------------|------------------------|------------------------|
|   | Stand am<br>01.05.2017           | Zugang              | Umbuchung | Abgang               | Stand am<br>30.04.2018 | Stand am<br>01.05.2017  | Abschreibung<br>im Geschäftsjahr | Abschreibung<br>Abgang | Zuschreibung<br>im Geschäftsjahr | Stand am<br>30.04.2018 |                        |                        |
| <b>I. Immaterielle Vermögensgegenstände</b>           |                                  |                     |           |                      |                        |                         |                                  |                        |                                  |                        |                        |                        |
| 1. Mietrechte und Software                            | 17.694.218,99                    | 214.004,21          | -         | 249.488,64           | 17.658.734,56          | 14.470.441,99           | 1.281.668,21                     | 225.525,64             | -                                | 15.526.584,56          | 2.132.150,00           | 3.223.777,00           |
| 2. geleistete Anzahlungen und Anlagen in Bau          | 1.731.410,86                     | -                   | -         | -                    | 1.731.410,86           | 1.731.402,86            | -                                | -                      | -                                | 1.731.402,86           | 8,00                   | 8,00                   |
| <b>Summe immaterielle Vermögensgegenstände</b>        | <b>19.425.629,85</b>             | <b>214.004,21</b>   | -         | <b>249.488,64</b>    | <b>19.390.145,42</b>   | <b>16.201.844,85</b>    | <b>1.281.668,21</b>              | <b>225.525,64</b>      | -                                | <b>17.257.987,42</b>   | <b>2.132.158,00</b>    | <b>3.223.785,00</b>    |
| <b>II. Sachanlagen</b>                                |                                  |                     |           |                      |                        |                         |                                  |                        |                                  |                        |                        |                        |
| 1. Grundstücke und Bauten                             |                                  |                     |           |                      |                        |                         |                                  |                        |                                  |                        |                        |                        |
| a) bebaute Grundstücke                                |                                  |                     |           |                      |                        |                         |                                  |                        |                                  |                        |                        |                        |
| aa) Geschäfts- oder Fabriksgebäude                    |                                  |                     |           |                      |                        |                         |                                  |                        |                                  |                        |                        |                        |
| oder andere Baulichkeiten                             |                                  |                     |           |                      |                        |                         |                                  |                        |                                  |                        |                        |                        |
| Grundwert   | 1.439.853,00                     | -                   | -         | -                    | 1.439.853,00           | -                       | -                                | -                      | -                                | -                      | 1.439.853,00           | 1.439.853,00           |
| Gebäudewert   | 67.283.782,66                    | 13.279,06           | -         | 63.025,51            | 67.234.036,21          | 40.250.544,66           | 1.934.539,06                     | 35.177,51              | -                                | 42.149.906,21          | 25.084.130,00          | 27.033.238,00          |
| ab) Wohngebäude                                       |                                  |                     |           |                      |                        |                         |                                  |                        |                                  |                        |                        |                        |
| Grundwert   | 11.792,00                        | -                   | -         | -                    | 11.792,00              | -                       | -                                | -                      | -                                | -                      | 11.792,00              | 11.792,00              |
| Gebäudewert   | -                                | -                   | -         | -                    | -                      | -                       | -                                | -                      | -                                | -                      | -                      | -                      |
| b) unbebaute Grundstücke                              |                                  |                     |           |                      |                        |                         |                                  |                        |                                  |                        |                        |                        |
| 1.093.581,00  | -                                | -                   | -         | -                    | 1.093.581,00           | -                       | -                                | -                      | -                                | -                      | 1.093.581,00           | 1.093.581,00           |
|   | 69.829.008,66                    | 13.279,06           | -         | 63.025,51            | 69.779.262,21          | 40.250.544,66           | 1.934.539,06                     | 35.177,51              | -                                | 42.149.906,21          | 27.629.356,00          | 29.578.464,00          |
| 2. technische Anlagen und Maschinen                   | 31.124.415,39                    | 105.700,01          | -         | 372.946,67           | 30.857.168,73          | 27.289.860,39           | 731.469,01                       | 360.159,67             | -                                | 27.661.169,73          | 3.195.999,00           | 3.834.555,00           |
| 3. andere Anlagen, Betriebs- und Geschäftsausstattung | 16.888.461,98                    | 357.526,18          | -         | 249.099,90           | 16.996.888,26          | 14.490.531,98           | 799.441,89                       | 245.661,90             | -                                | 15.044.311,97          | 1.952.576,29           | 2.397.930,00           |
| <b>Summe Sachanlagen</b>                              | <b>117.841.886,03</b>            | <b>476.505,25</b>   | -         | <b>685.072,08</b>    | <b>117.633.319,20</b>  | <b>82.030.937,03</b>    | <b>3.465.449,96</b>              | <b>640.999,08</b>      | -                                | <b>84.855.387,91</b>   | <b>32.777.931,29</b>   | <b>35.810.949,00</b>   |
| <b>III. Finanzanlagen</b>                             |                                  |                     |           |                      |                        |                         |                                  |                        |                                  |                        |                        |                        |
| 1. Anteile an verbundenen Unternehmen                 | 18.907.644,17                    | -                   | -         | -                    | 18.907.644,17          | 5.356.031,44            | -                                | -                      | -                                | 5.356.031,44           | 13.551.612,73          | 13.551.612,73          |
| 2. Ausleihungen an verbundene Unternehmen             | 20.267.617,53                    | 3.247.691,66        | -         | 10.789.615,86        | 12.725.693,33          | 7.809.136,00            | -                                | -                      | -                                | 1.843.889,00           | 5.965.247,00           | 6.760.446,33           |
| 3. Wertpapiere des Anlagevermögens                    | 1.398.564,14                     | -                   | -         | -                    | 1.398.564,14           | 115.557,74              | 17.953,20                        | -                      | -                                | -                      | 133.510,94             | 1.265.053,20           |
| <b>Summe Finanzanlagen</b>                            | <b>40.573.825,84</b>             | <b>3.247.691,66</b> | -         | <b>10.789.615,86</b> | <b>33.031.901,64</b>   | <b>13.280.725,18</b>    | <b>17.953,20</b>                 | -                      | -                                | <b>1.843.889,00</b>    | <b>11.454.789,38</b>   | <b>21.577.112,26</b>   |
| <b>SUMME ANLAGEVERMÖGEN</b>                           | <b>177.841.341,72</b>            | <b>3.938.201,12</b> | -         | <b>11.724.176,58</b> | <b>170.055.366,26</b>  | <b>111.513.507,06</b>   | <b>4.765.071,37</b>              | <b>866.524,72</b>      | <b>1.843.889,00</b>              | <b>113.568.164,71</b>  | <b>56.487.201,55</b>   | <b>66.327.834,66</b>   |

## **ANHANG für das Geschäftsjahr 2017/18**

Die Wolford AG ist eine Aktiengesellschaft mit Hauptsitz in Österreich, 6900 Bregenz, Wolfordstraße 1, und ist beim Landesgericht Feldkirch, Österreich, unter FN 68605s registriert. Die Wolford AG stellt den Konzernabschluss für den größten und kleinsten Kreis der Konzernunternehmen auf. Der Konzernabschluss wird auf der Homepage der Wolford AG veröffentlicht. Die Gesellschaft macht vom §243 b Abs. 6 Gebrauch und erstellt einen gesonderten nichtfinanziellen Bericht, welcher ebenfalls auf der Homepage der Wolford AG veröffentlicht wird.

### **I. BILANZIERUNGS- UND BEWERTUNGSGRUNDsätze**

Der Jahresabschluss wurde unter Beachtung der Grundsätze ordnungsmäßiger Buchführung, sowie unter Beachtung der Generalnorm, ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage des Unternehmens zu vermitteln, aufgestellt.

Bei der Erstellung des Jahresabschlusses wurde der Grundsatz der Vollständigkeit eingehalten.

Bei der Bewertung der einzelnen Vermögensgegenstände und Schulden wurde der Grundsatz der Einzelbewertung beachtet und eine Fortführung des Unternehmens unterstellt. Alle erkennbaren Risiken und drohenden Verluste wurden berücksichtigt.

Erworbene immaterielle Vermögensgegenstände werden zu Anschaffungskosten bewertet, die um die planmäßigen Abschreibungen innerhalb der Nutzungsdauer vermindert sind. Die planmäßige Abschreibung wird linear vorgenommen.

Für die Spezialsoftware wird eine Nutzungsdauer von zehn Jahren zugrunde gelegt. Standardsoftware wird über vier Jahre abgeschrieben.

Das Sachanlagevermögen wird zu Anschaffungs- oder Herstellungskosten bewertet, die um die planmäßigen Abschreibungen vermindert sind. Bei der Ermittlung der Anschaffungs- oder Herstellungskosten werden keine Fremdkapitalzinsen aktiviert.

Die planmäßige Abschreibung wird linear vorgenommen und richtet sich nach der betriebsgewöhnlichen Nutzungsdauer der jeweiligen Anlagegüter.

Den planmäßigen linearen Abschreibungen liegt folgende Nutzungsdauer zugrunde:

|  |                 |
|--|-----------------|
| Grundstücke, grundstücksgleiche Rechte und Bauten  | 10 bis 50 Jahre |
| Technische Anlagen und Maschinen                   | 5 bis 20 Jahre  |
| Andere Anlagen, Betriebs- und Geschäftsausstattung | 2 bis 10 Jahre  |

Die Nutzungsdauer der Standortwerte liegt entsprechend der Laufzeit der Mietverträge bei max. 10 Jahren.

Die Abschreibung erfolgt auf Monatsbasis.

Geringwertige Vermögensgegenstände werden im Jahr der Anschaffung voll abgeschrieben.

Außerplanmäßige Abschreibungen werden vorgenommen, wenn die Wertminderungen voraussichtlich von Dauer sind.

Das Finanzanlagevermögen wird zu Anschaffungskosten bewertet. Außerplanmäßige Abschreibungen werden vorgenommen, wenn die Wertminderungen voraussichtlich von Dauer sind.

Seit dem Geschäftsjahr werden die langfristigen Teile der Forderungen gegenüber verbundenen Unternehmen unter den Ausleihungen ausgewiesen. Die Vorjahresbilanzwerte sowie der Ausweis der Zu- und Abschreibungen in der Gewinn- und Verlustrechnung wurden entsprechend angepasst.

Die Bewertung der Roh-, Hilfs- und Betriebsstoffe erfolgt zu Anschaffungskosten unter Beachtung des Niederstwertprinzips.

Die Bewertung der unfertigen und fertigen Erzeugnisse erfolgt zu Herstellungskosten oder zum niedrigeren realisierbaren Nettoverkaufswert. Die Herstellungskosten umfassen alle Aufwendungen, die dem Gegenstand direkt zugerechnet werden können, sowie alle variablen und fixen Gemeinkosten, die im Zusammenhang mit der Herstellung anfallen. Bestandsrisiken, die sich aus der Lagerdauer sowie geminderter Verwertbarkeit ergeben, sind durch angemessene Wertabschläge berücksichtigt.

Die Forderungen und sonstigen Vermögensgegenstände sind mit dem Nennwert angesetzt. Fremdwährungsforderungen werden mit ihrem Entstehungskurs oder mit dem niedrigeren Devisenmittelkurs zum Bilanzstichtag bewertet. Bei erkennbaren Einzelrisiken wird der niedrigere beizulegende Wert ermittelt und angesetzt.

Die Ermittlung der Höhe der Abfertigungsrückstellung und der Rückstellung für Jubiläumsgelder erfolgte auf Grund der anerkannten Regeln der Versicherungsmathematik unter Beachtung der Berechnungsvorschriften gemäß IAS 19. Bei der Berechnung der nach der Projected Unit Credit Method gebildeten Rückstellungen kamen folgende Parameter zur Anwendung:

| <b>Biometrische Rechnungsgrundlagen</b> |             | <b>AVÖ 2008 – P</b>           |
|---|-------------|-------------------------------|
| Rechnungszinssatz                       |             | 1,89 % p.a. (2016/17: 1,64 %) |
| Lohn-/ Gehaltstrend                     |             | 2,29 % p.a. (2016/17: 2,29 %) |
| Pensionsantrittsalter                   |             | 64 – 65 / 59 – 65 Jahre       |
| Gestaffelte Fluktuation                 | 0–3 Jahre   | 19 % (2016/17: 19 %)          |
|   | 3-5 Jahre   | 13 % (2016/17: 13 %)          |
|   | 5-10 Jahre  | 9 % (2016/17: 9 %)            |
|   | 10-15 Jahre | 5 % (2016/17: 5 %)            |
|   | 15-20 Jahre | 1 % (2016/17: 1 %)            |
|   | ab 20 Jahre | 0 % (2016/17: 0 %)            |

Die Berechnung der Rückstellung für Pensionen erfolgt aufgrund der anerkannten Regeln der Versicherungsmathematik unter Beachtung der Berechnungsvorschriften gemäß IAS 19. Bei der Berechnung der nach der Projected Unit Credit Method gebildeten Rückstellungen kamen folgende Parameter zur Anwendung:

| <b>Biometrische Rechnungsgrundlagen</b> |  | <b>AVÖ 2008 – P</b>                      |
|---|--|--|
| Rechnungszinssatz                       |  | 1,89 % p.a. (2016/17: 1,64 %)            |
| Valorisierung Bezüge IAS / IFRS         |  | 1,70 % und 2,29 % p.a. (2016/17: 2,29 %) |

Die Veränderungen der Rückstellungen zu Abfertigung, Jubiläum und Pensionen werden zur Gänze im Personalaufwand gezeigt.

In den sonstigen Rückstellungen werden unter Beachtung des Vorsichtsprinzips alle im Zeitpunkt der Bilanzerstellung erkennbaren Risiken sowie der Höhe und dem Grunde nach ungewisse Verbindlichkeiten mit den Beträgen berücksichtigt, die nach vernünftiger kaufmännischer Beurteilung erforderlich sind.

Verbindlichkeiten sind mit dem Nennwert oder dem höheren Rückzahlungsbetrag angesetzt. Fremdwährungsverbindlichkeiten sind mit dem Anschaffungskurs oder dem höheren Devisenmittelkurs zum Bilanzstichtag bewertet worden.

## II. ERLÄUTERUNGEN ZUR BILANZ

### Anlagevermögen

Bei den immateriellen Vermögensgegenständen handelt es sich um Standortwerte für übernommene Boutiquen und um Software. Für die Entwicklung des Anlagevermögens siehe Anlagenspiegel gemäß § 226 UGB (Beilage 1 zum Anhang).

### Umlaufvermögen

#### Forderungen und sonstige Vermögensgegenstände mit einer Restlaufzeit bis zu einem Jahr

Die Fristigkeit der Forderungen und sonstigen Vermögensgegenstände können der Bilanz entnommen werden.

Von den Forderungen gegenüber verbundenen Unternehmen stammen EUR 16.482.314,44 (VJ: TEUR 14.752) aus Lieferungen und Leistungen und EUR 1.113.571,88 (VJ: TEUR 2.368) aus dem Cashpool. Im Rahmen der Überprüfung der Werthaltigkeit resultierten Wertberichtigungen bei den Forderungen gegenüber verbundenen Unternehmen in Höhe von EUR 1.570.993,00 (VJ: TEUR 5.038). Auf im Vorjahr wertgeminderte Forderungen wurden im Geschäftsjahr Zuschreibungen in Höhe von EUR 3.743.238,47 (VJ: TEUR 0) gebucht, die als sonstiger betrieblicher Ertrag gezeigt werden.

In den sonstigen Forderungen und Vermögensgegenständen sind Erträge in Höhe von EUR 102.826,51 (VJ: TEUR 95) enthalten, die erst nach dem Abschlussstichtag zahlungswirksam werden.

### Eigenkapital

Das eingeforderte Nennkapital innerhalb des Grundkapitals beträgt EUR 36.350.000,00 und setzt sich aus 5.000.000 Stück auf Inhaber lautende Stammaktien zusammen. Es handelt sich dabei um Stückaktien, die alle im gleichen Ausmaß am Grundkapital beteiligt sind. Der Bestand der eigenen Aktien von 88.140 Stück blieb im Geschäftsjahr 2017/18 unverändert.

### Rückstellungen

Die Entwicklung der wesentlichsten sonstigen Rückstellungen ist in folgender Übersicht dargestellt:

| in EUR                           | Stand             |              |            | Stand        |              |
|----------------------------------|-------------------|--------------|------------|--------------|--------------|
|                                  | 01.05.2017        | Verbrauch    | Auflösung  | Dotierung    | 30.04.2018   |
| Jubiläumsgelder                  | 2.143.611,40      | 143.858,76   | 0,00       | 52.951,78    | 2.052.704,42 |
| Sonderzahlungen                  | 1.723.000,00      | 1.723.000,00 | 0,00       | 1.593.000,00 | 1.593.000,00 |
| Nicht konsum. Urlaub             | 1.421.821,42      | 1.421.821,42 | 0,00       | 1.329.907,97 | 1.329.907,97 |
| Maßnahmen<br>Businessplan        | 1.757.967,81      | 1.571.525,50 | 186.442,31 | 1.205.210,40 | 1.205.210,40 |
| Prämien und<br>Sondervergütungen | 546.749,92        | 431.380,86   | 115.369,06 | 744.352,35   | 744.352,35   |
| Beratung                         | 683.482,00        | 681.305,40   | 2.176,60   | 718.300,00   | 718.300,00   |
| Gutstunden                       | 95.844,60         | 95.844,61    | 0,00       | 121.691,43   | 121.691,43   |
| Vertragsstrafen                  | 795.000,00        | 690.000,00   | 0,00       | 0,00         | 105.000,00   |
| Währungsdifferenzen              | 208.000,00        | 208.000,00   | 0,00       | 0,00         | 0,00         |
| Übrige                           | 2.435.714,43      | 1.919.352,17 | 392.173,25 | 1.839.938,67 | 1.964.307,67 |
| <hr/>                            |                   |              |            |              |              |
| Gesamt                           | 11.811.191,5<br>8 | 8.886.088,72 | 696.161,22 | 7.605.532,60 | 9.834.474,24 |

In den übrigen Rückstellungen sind u.a. Aufwände zu Umsatz, Werbung und Frachtenkosten enthalten.

### Verbindlichkeiten

Die Verbindlichkeiten und deren Fristigkeit können der Bilanzstruktur entnommen werden. Im Übrigen sind wie im Vorjahr keine Verbindlichkeiten mit einer Restlaufzeit von mehr als 5 Jahren enthalten.

In den sonstigen Verbindlichkeiten sind Aufwendungen in Höhe von EUR 1.540.466,59 (VJ: TEUR 1.485) enthalten, die erst nach dem Abschlussstichtag zahlungswirksam werden.

### III. ERLÄUTERUNGEN ZUR GEWINN- UND VERLUSTRECHNUNG

#### Gesamtkostenverfahren

Die Gewinn- und Verlustrechnung wird nach dem Gesamtkostenverfahren erstellt.

#### Umsatzerlöse

|  | 2017/18<br>in EUR | 2016/17<br>in TEUR |
|--|-------------------|--------------------|
|--|-------------------|--------------------|

#### Aufgliederung

##### a) nach geographischen Gesichtspunkten (nach Währungseffekten)

|         |                      |               |
|---------|----------------------|---------------|
| Inland  | 14.332.111,87        | 14.775        |
| Ausland | 69.238.863,09        | 74.521        |
|         | <b>83.570.974,96</b> | <b>89.297</b> |

##### b) nach Produktgruppen

|               |                      |               |
|---------------|----------------------|---------------|
| Legwear       | 39.576.436,02        | 44.048        |
| Ready-to-wear | 24.171.733,39        | 24.615        |
| Lingerie      | 11.528.177,46        | 12.060        |
| Accessoires   | 1.208.976,66         | 1.535         |
| Swimwear      | 1.013.980,43         | 483           |
| Handelsware   | 499.190,36           | 756           |
| Sonstige      | 5.572.480,64         | 5.799         |
|               | <b>83.570.974,96</b> | <b>89.297</b> |

Die wesentlichen Positionen in Sonstige sind hierbei die Erträge aus der Weiterbelastung für Aufwendungen im Zusammenhang mit erbrachten Dienstleistungen innerhalb des Konzernverbundes, Erlöse aus dem Restaurantbetrieb sowie Einkünfte aus Vermietung und Verpachtung.

Sonstige betriebliche Erträge

|   | 2017/18<br>in EUR   | 2016/17<br>in TEUR |
|---|---------------------|--------------------|
| Übrige  |                     |                    |
| Kursdifferenzen   | 292.281,94          | 823                |
| Sonstige Zuschüsse  | 196.402,13          | 132                |
| Arbeitsmarktförderung   | 145.333,99          | 123                |
| Erträge aus der Auflösung von Wertberichtigungen zu kurzfristigen Forderungen an verbundene Unternehmen | 3.743.238,47        | 0                  |
| Sonstige  | 301.120,67          | 107                |
|   | <b>4.678.377,20</b> | <b>1.185</b>       |

Aufwendungen für Material

|                           | 2017/18<br>in EUR    | 2016/17<br>in TEUR |
|---------------------------|----------------------|--------------------|
| Garne                     | 4.764.557,15         | 5.463              |
| Zukaufware                | 3.039.778,54         | 3.428              |
| Stoffe                    | 3.344.123,34         | 3.547              |
| Zubehör, Gummibänder      | 1.897.831,68         | 2.751              |
| Energie                   | 1.066.405,00         | 1.292              |
| Sonstiger Materialaufwand | 2.875.897,78         | 3.897              |
| Skontoerträge             | -155.800,15          | -303               |
|                           | <b>16.832.793,34</b> | <b>20.076</b>      |

Aufwendungen für Abfertigungen und Pensionen

|   | 2017/18                 |           | 2016/17                  |           |
|---|-------------------------|-----------|--------------------------|-----------|
|   | Abfertigungen<br>in EUR | Pensionen | Abfertigungen<br>in TEUR | Pensionen |
| <b>Aufgliederung der Aufwendungen für</b> |                         |           |                          |           |
| Vorstandsmitglieder                       | 0,00                    | 0,00      | 0                        | 0         |
| ehemalige Vorstandsmitglieder             | 0,00                    | 39.706,89 | 0                        | 160       |
|   | 0,00                    | 39.706,89 | 0                        | 160       |
| leitende Angestellte                      | 0,00                    | 0         | 97                       | 0         |
| übrige Arbeitnehmer                       | 1.479.267,06            | 0         | 2.405                    | 0         |
|   | 1.479.267,06            | 39.706,89 | 2.502                    | 160       |

Die Zahlungen an betriebliche Mitarbeitervorsorgekassen beliefen sich auf EUR 231.205,56 (VJ: TEUR 238).

Übrige sonstige betriebliche Aufwendungen

|                             | 2017/18<br>in EUR | 2016/17<br>in TEUR |
|-----------------------------|-------------------|--------------------|
| Marketing                   | 5.336.677,89      | 4.895              |
| Frachten                    | 1.761.552,58      | 2.070              |
| Mieten                      | 1.455.259,28      | 1.459              |
| Rechts- und Beratungskosten | 5.945.889,91      | 3.414              |
| Aufwand B2C                 | 3.271.437,31      | 3.835              |
| EDV inkl. Wartung           | 1.695.606,90      | 1.681              |
| Kursdifferenzen             | 1.321.853,22      | 765                |
| Gebühren und Abgaben        | 793.329,45        | 335                |
| Fahrt- und Reisespesen      | 412.039,91        | 518                |
| Versicherungen              | 455.120,08        | 485                |
| Reparaturen                 | 333.751,58        | 387                |
| Aufwand aus Anlagenabgang   | 0,00              | 16                 |
| Sonstige                    | 3.428.101,31      | 3.228              |
|                             | 26.210.619,42     | 22.752             |

### Aufwendungen Abschlussprüfer

Bezüglich dieser Aufwendungen wird auf die Angabe im Konzernanhang verwiesen.

### Ergebnis aus Finanzanlagen

Im Wirtschaftsjahr wurden die Anteile an verbundenen Unternehmen und Ausleihungen sowie Forderungen gegenüber verbundenen Unternehmen auf Werthaltigkeit überprüft. Hierbei wurden Zuschreibungen zu Ausleihungen an Tochtergesellschaften in Höhe von EUR 1.843.889,00 (Vorjahr TEUR 0) gebucht. Abschreibungen wurden in der Höhe von EUR 0,00 (Vorjahr: TEUR 5.356 auf Anteile an verbundenen Unternehmen sowie TEUR 7.809 Wertberichtigungen zu Ausleihungen an verbundene Unternehmen) erfasst.

### Steuern vom Einkommen und vom Ertrag

Zum Bilanzstichtag bestehen aktive und passive latente Steuern für temporäre Differenzen zwischen dem steuerlichen und unternehmensrechtlichen Wertansatz für folgende Posten:

|                                 | <b>Aktiv</b>        | <b>Passiv</b>     |
|---------------------------------|---------------------|-------------------|
|                                 | <b>2017/18</b>      | <b>2017/18</b>    |
| Sachanlagen                     | 367.167,00          | 650.891,32        |
| Personalrückstellungen          | 5.632.474,91        | 0,00              |
| <b>Betrag Gesamtdifferenzen</b> | <b>5.999.641,91</b> | <b>650.891,32</b> |
| Latente Steuern (25%)           | 1.499.910,48        | 162.722,83        |
| Saldierung                      | 1.337.187,65        |                   |
| <b>Aktiver Überhang</b>         | <b>1.337.187,65</b> |                   |

Die Bewertung der latenten Steuern erfolgt mit dem aktuellen Körperschaftsteuersatz von 25 % ohne Berücksichtigung einer Abzinsung. Dabei werden keine latenten Steuern auf steuerliche Verlustvorräte berücksichtigt. Die über die passiven latenten Steuern hinausgehende aktive Steuerlatenz wurde nicht angesetzt, da positive steuerliche Ergebnisse zum gegenwärtigen Zeitpunkt nicht mit hinreichender Wahrscheinlichkeit angenommen werden können.

## IV. ERGÄNZENDE ANGABEN

### 1. Sonstige finanzielle Verpflichtungen

Es bestehen folgende Verpflichtungen aus langfristigen Mietverträgen und Operating-Leasingverhältnissen.

| in EUR                                       | 30.04.2018 | 30.04.2017 |
|--|------------|------------|
| Mindest- Miet- und Leasingentgelte fällig in |            |            |
| bis zu einem Jahr                            | 845.700,00 | 958        |
| mehr als einem Jahr bis zu fünf Jahren       | 576.618,00 | 806        |
| mehr als fünf Jahren                         | 0,00       | 0          |

### 2. Anteile an verbundenen Unternehmen

Die Wolford AG in Bregenz ist die Muttergesellschaft und jene Gesellschaft, die den Konzernabschluss aufstellt.

| in EUR                                    | Sitz          | unmittelbarer<br>Anteil in % | Eigenkapital | Jahresergebnis |
|---|---------------|------------------------------|--------------|----------------|
| Gesellschaftsname                         |               |                              | 30.04.2018   | 2017/18        |
| Wolford Beteiligungs GmbH                 | Bregenz       | 100                          | 9.422.399,00 | 1.715.854,00   |
| Wolford proizvodnja<br>in trgovina d.o.o. | Murska Sobota | 100                          | 5.874.078,00 | 611.025,00     |

| Gesellschaftsname                         | Buchwert<br>30.04.2018<br>in EUR | Buchwert<br>30.04.2017<br>in TEUR |
|---|----------------------------------|-----------------------------------|
| Wolford Beteiligungs GmbH                 | 11.051.612,73                    | 11.052                            |
| Wolford proizvodnja<br>in trgovina d.o.o. | 2.500.000,00                     | 2.500                             |
|   | 13.551.612,73                    | 13.552                            |

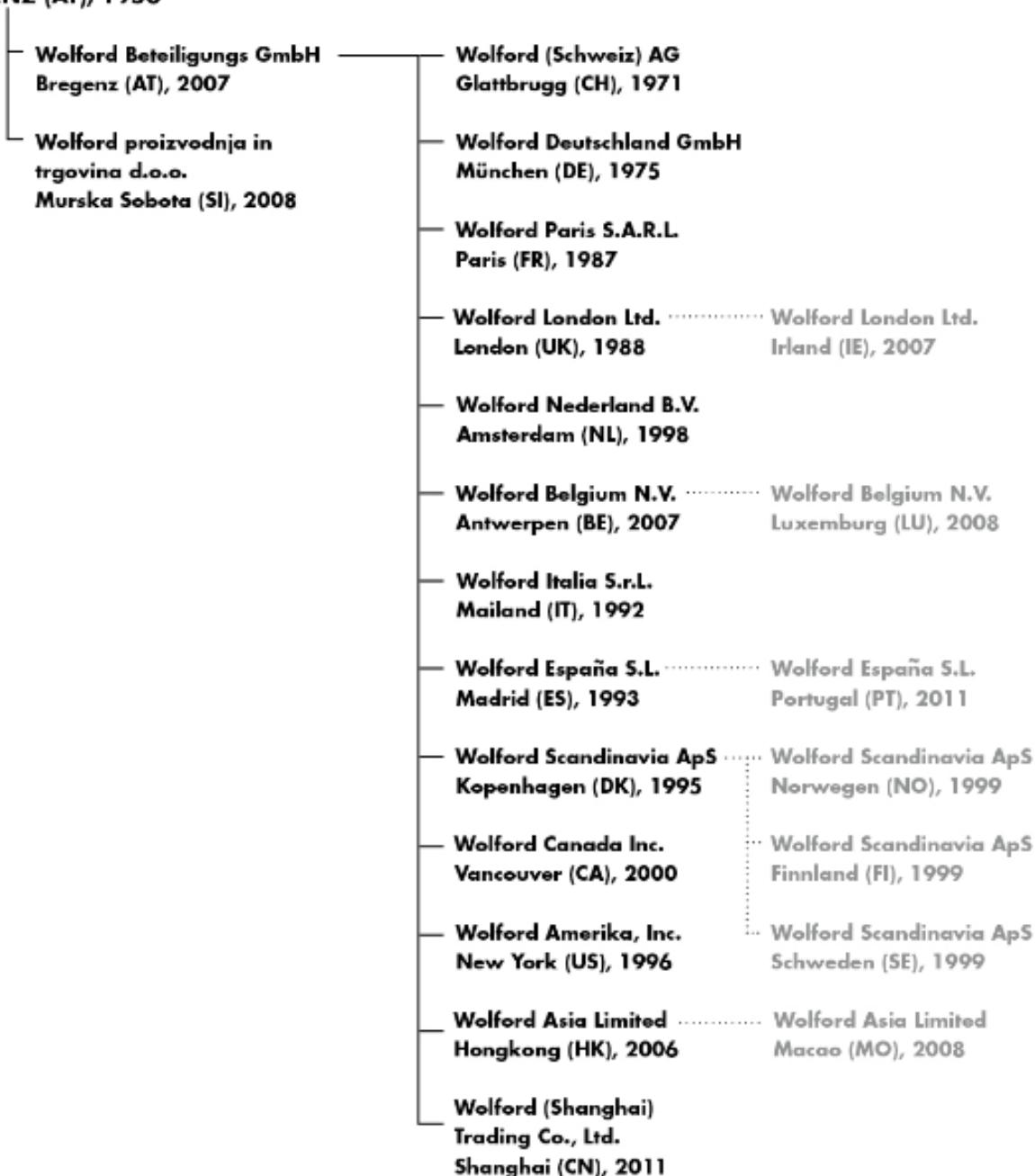
Mit Bescheid vom 16. August 2006 wurde dem Antrag der Gesellschaft auf Feststellung einer Gruppe gemäß § 9 Abs. 8 KStG 1988 stattgegeben. Seit der Veranlagung 2006 ist die Gesellschaft Gruppenträgerin; die Gruppe beinhaltet zum Stichtag als Gruppenmitglied die Wolford Beteiligungs GmbH. Diese wurde mit Gruppen- und Steuerausgleichsvertrag vom 15. April 2008 als Gruppenmitglied in die Gruppe aufgenommen.

Erzielt die Wolford Beteiligungs GmbH in einem Wirtschaftsjahr einen steuerpflichtigen Gewinn, so hat sie eine Steuerumlage an die Wolford AG zu entrichten; erzielt sie einen steuerlichen Verlust bzw. einen steuerlich nicht ausgleichsfähigen Verlust, wird dieser Verlust evident gehalten und in jenen darauf folgenden Wirtschaftsjahren, in denen die Wolford Beteiligungs GmbH wieder einen steuerlichen Gewinn erzielt, gegen diesen steuerlichen Gewinn verrechnet.

Von der Wolford Beteiligungs GmbH während der Wirksamkeit der Unternehmensgruppe erzielte steuerliche Verluste bzw. nicht ausgleichsfähige Verluste, die im Zeitpunkt der Beendigung des Gruppen- und Steuerausgleichsvertrages noch nicht verrechnet sind, sind von der Wolford AG in Form einer Ausgleichszahlung angemessen abzugelten.

Der Gruppenträger hat für diese Verpflichtung grundsätzlich eine Rückstellung zu bilden. Nach unserer unternehmerischen Beurteilung ist die tatsächliche Inanspruchnahme aufgrund der Verlustsituation beim Gruppenmitglied und beim Gruppenträger derzeit unwahrscheinlich. Daher wird keine Rückstellung gebildet. Zum Bilanzstichtag hat das Gruppenmitglied Verluste in Höhe von TEUR 13.938 in Evidenz.

**WOLFORD AG  
BREGENZ (AT), 1950**



### 3. Derivative Finanzinstrumente

Zum 30.04.2018 sind keine derivativen Finanzinstrumente offen, in der Vergangenheit wurden vom Treasury Devisentermingeschäfte eingesetzt.

| <b>Nominalbetrag</b>   | <b>30.04.2018</b> |      |                                  | <b>30.04.2017</b> |               |                                  |
|------------------------|-------------------|------|----------------------------------|-------------------|---------------|----------------------------------|
|                        | Fremd-währung     | EUR  | potenzielles Risiko zum Zeitwert | in Tausend        | Fremd-währung | potenzielles Risiko zum Zeitwert |
| <b>Terminkontrakte</b> |                   |      |                                  |                   |               |                                  |
| GBP                    | 0,00              | 0,00 | 0,00                             | 200               | 233           | 1/-4                             |
| USD                    | 0,00              | 0,00 | 0,00                             | 400               | 374           | 8                                |
| CHF                    | 0,00              | 0,00 | 0,00                             | 200               | 187           | 3                                |
| HKD                    | 0,00              | 0,00 | 0,00                             | 0                 | 0             | 0                                |

### 4. Personalstand

Der Beschäftigtenstand betrug zum 30. April 2018 570 (VJ: 655) Mitarbeiter davon 144 (VJ: 164) Arbeiter, 402 (VJ: 461) Angestellte und 24 (VJ: 30) Lehrlinge; die Berechnung erfolgte auf Vollzeitbasis.

Im Durchschnitt betrug der Beschäftigtenstand im Geschäftsjahr 2017/18 613 (VJ: 678) Mitarbeiter davon 153 (VJ: 180) Arbeiter, 433 (VJ: 468) Angestellte und 28 (VJ: 30) Lehrlinge; die Berechnung erfolgte auf Vollzeitbasis.

### 5. Organe

Aufgliederung der Aufwendungen für:

| <b>2017/18</b>                | <b>in EUR</b> | <b>Bezüge</b> | <b>Abfertigungen</b> | <b>Gesamtbezüge</b> |
|-------------------------------|---------------|---------------|----------------------|---------------------|
| Vorstandsmitglieder           |               | 865.375,00    | 0,00                 | 865.375,00          |
| <i>davon variabel</i>         |               | 96.000,00     | 0,00                 | 96.000,00           |
| Ehemalige Vorstandsmitglieder |               | 0,00          | 0,00                 | 0,00                |
|                               |               | 865.375,00    | 0,00                 | 865.375,00          |

**2016/17**

**in TEUR**

|                               | <b>Bezüge</b> | <b>Abfertigungen</b> | <b>Gesamtbezüge</b> |
|-------------------------------|---------------|----------------------|---------------------|
| Vorstandsmitglieder           | 685           | 0                    | 685                 |
| <i>davon variabel</i>         | 0             | 0                    | 0                   |
| Ehemalige Vorstandsmitglieder | 0             | 0                    | 0                   |
|                               | 685           | 0                    | 685                 |

Darüber hinaus bezog ein Vorstandsmitglied Bezüge in Höhe von TEUR 106 (VJ: TEUR 390) von anderen Tochtergesellschaften aus der Wolford Gruppe. Weiters wurden an ehemalige Vorstandsmitglieder Pensionszahlungen in Höhe von TEUR 211 (VJ: TEUR 200) geleistet. Es wurden im Geschäftsjahr 2017/18 keine Vorschüsse ausbezahlt bzw. gibt es auch keine Haftungen für Vorstands und Aufsichtsratsmitglieder.

Der Aufwand für die Vergütungen an den Aufsichtsrat betrug TEUR 263 (VJ: TEUR 196), wobei diese nach den jeweiligen Funktionen bemessen wurden.

Als **Vorstandsmitglieder** waren im Geschäftsjahr 2017/18 bestellt:

Ashish Sensarma, Vorstandsvorsitzender (bis 31.07.2017)

Axel Dreher, stellvertretender Vorstandsvorsitzender (bis 31.07.2017); Vorstandsvorsitzender (seit dem 01.08.2017)

Brigitte Kurz, Finanzvorstand (seit dem 01.08.2017)

Der **Aufsichtsrat** bestand im Geschäftsjahr 2017/18 aus folgenden Mitgliedern:

Antonella Mei-Pochtler, Vorsitzende (durch Rücktritt vorzeitig ausgeschieden am 08.09.2017)

Claudia Beermann, Stellvertreterin der Vorsitzenden, Vorsitzende (seit der 27. o. Hauptversammlung am 18.09.2014)

Thomas Tschol, Mitglied (durch Rücktritt vorzeitig ausgeschieden am 04.05.2018)

Lothar Reiff, Mitglied (durch Rücktritt vorzeitig ausgeschieden am 04.05.2018)

Birgit G. Wilhelm, Mitglied

Junyang Shao, Vorsitzende (seit der a.o. Hauptversammlung am 04.05.2018)

Thomas Dressendörfer, Stellvertreter der Vorsitzenden (seit der a.o. Hauptversammlung am 04.05.2018)

Vom **Betriebsrat** waren in den Aufsichtsrat entsandt:

Anton Mathis, Mitglied

Peter Glanzer, Mitglied (per 18.05.2017 aus dem Aufsichtsrat ausgeschieden)

Christian Medwed, Mitglied (seit 18.05.2017)

## 6. Haftungsverhältnisse

|  | <b>30.04.2018</b><br><b>in EUR</b> | <b>30.04.2017</b><br><b>in TEUR</b> |
|--|------------------------------------|-------------------------------------|
| Mietgarantie für Wolford America Inc.                  | 2.069.707,76                       | 2.286                               |
| Sonstige Mietgarantien                                 |                                    |                                     |
| (Deutschland, Spanien, Niederlande, UK,<br>Österreich) | 1.101.182,29                       | 1.141                               |
| sonstige übernommene Garantien                         | 83.223,42                          | 67                                  |
|  | 2.412.140,68                       | 3.493                               |

## 7. Ergebnisverwendungsvorschlag

Der in der Gewinn- und Verlustrechnung unter Punkt 21 ausgewiesene Bilanzverlust in Höhe von EUR 31.623.689,29 wird auf neue Rechnung vorgetragen.

## 8. Unternehmensfortführung

Zur Sicherung der Liquidität wurde im Juli 2017 mit einem Bankenkonsortium eine bis Ende Juni 2018 befristete Finanzierungsvereinbarung getroffen, die unter verschiedenen Bedingungen und Auflagen steht, deren Erfüllung von künftigen Ereignissen abhängt. Dazu gehört insbesondere die Einleitung eines Investorenfindungsprozesses mit dem Ziel einer signifikanten Eigenkapitalzufuhr bis Ende Juni 2018.

Im Mai 2018 wurde mit den finanziierenden Banken ein Nachtrag zur ursprünglichen Finanzierungsvereinbarung geschlossen, in dem die Laufzeit der Verbindlichkeiten aufschiebend bedingt durch die erfolgreiche Übernahme (Closing) des Mehrheitseigentums am Unternehmen durch die Fosun Industrial Holdings Limited bis 30. Juni 2019 verlängert wird.

Der Nachtrag zur Finanzierungsvereinbarung sieht eine Kündigungsmöglichkeit mit sofortiger Wirkung für die finanziierenden Banken vor, wenn die in der Hauptversammlung vom 4. Mai 2018 beschlossene Kapitalerhöhung nicht bis spätestens 31. August 2018 durchgeführt wird und nicht EUR 10.000.000 aus der Kapitalerhöhung bis zu diesem Tag für die Rückführung der Finanz-verbindlichkeiten verwendet werden.

Am 1. März 2018 schloss die Fosun Industrial Holdings Limited einen Kaufvertrag über die Mehrheitsbeteiligung an der Wolford AG (2 543 694 Aktien, rund 50,87 % des Grundkapitals

der Wolford AG) mit der Hauptaktionärsgruppe (WMP Familien-Privatstiftung, Sesam Privatstiftung und M. Erthal & Co. Beteiligungsgesellschaft m.b.H. sowie nahe stehende natürliche Personen). Der Kaufpreis beträgt 12,80 € je Aktie.

Zur Stärkung der Finanzstruktur vereinbarten die Wolford AG und Fosun eine Kapitalerhöhung unter Wahrung der Bezugsrechte, im Zuge derer der Gesellschaft insgesamt 22.000.000 € neues Eigenkapital zufließen sollen. Die geplante Kapitalerhöhung bedarf der Zustimmung der Hauptversammlung. Fosun verpflichtete sich, unter dem Vorbehalt insbesondere des Vollzugs des Aktienkaufvertrags und des Übernahmevertrags, eine Erhöhung des Grundkapitals der Wolford AG von derzeit 36.350.000 € gegen Bareinlage um 12.498.227,77 € auf 48.848.227,77 € durch die Ausgabe von 1.719.151 neuen Aktien zu einem Ausgabepreis von 12,80 € je neuer Aktie zu zeichnen. Diese Verpflichtung gilt insoweit, als die Aktionäre der Wolford AG ihre Bezugsrechte nicht vollständig ausüben. Die maximale Bareinlage von Fosun beträgt somit 22.000.000 €.

Am 4. Mai 2018 fand zwischen Fosun Industrial Holdings Limited und der bisherigen Hauptaktionärsgruppe (WMP Familien-Privatstiftung, Sesam Privatstiftung und M. Erthal & Co. Beteiligungsgesellschaft m.b.H. sowie nahe stehende natürliche Personen) das Closing des Aktienkaufvertrags vom 1. März 2018 statt, womit dieser Vertrag erfolgreich abgeschlossen wurde.

Mit 18. Juni 2018 hat die Wolford AG veröffentlicht, die von der außerordentlichen Hauptversammlung am 4. Mai 2018 beschlossene ordentliche Kapitalerhöhung im Zeitraum bis einschließlich 11. Juli 2018 durchzuführen. Der Bezugspreis je neuer Aktie beträgt 12,80 €. Die Billigung des nach Maßgabe des österreichischen Kapitalmarktgesetzes (KMG) und der Prospektverordnung erstellten Prospekts für das Bezugsangebot der neuen Aktien in Österreich erfolgte durch die Finanzmarktaufsichtsbehörde am 18. Juni 2018.

#### 9. Ereignisse nach dem Bilanzstichtag

In der außerordentlichen Hauptversammlung vom 04. Mai 2018 wurde die Erhöhung des Grundkapitals um 12.498.227,77 EUR von 36.350.000 EUR auf 48.848.227,77 EUR durch Ausgabe von 1.719.151 Stück neuen, auf den Inhaber lautenden Stammaktien beschlossen. Überdies wurden Frau Junyang Shao und Herr Thomas Dressendörfer von der Hauptversammlung zu Mitgliedern des Aufsichtsrats bestellt.

Am selben Tag fand zwischen Fosun Industrial Holdings Limited und der bisherigen Hauptaktionärsgruppe (WMP Familien-Privatstiftung, Sesam Privatstiftung und M. Erthal & Co. Beteiligungsgesellschaft m.b.H. sowie nahestehende natürliche Personen) das Closing des Aktienkaufvertrags vom 1. März 2018 statt, womit dieser Vertrag erfolgreich abgeschlossen wurde.

Am 9.5.2018 hat Fosun Industrial Holdings Limited das Ergebnis des antizipatorischen Pflichtangebots (Übernahmemeangebot) für den Erwerb sämtlicher ausstehender Aktien der Wolford AG veröffentlicht, wonach das Angebot von den Inhabern von insgesamt 358.724 Wolford-Aktien bzw. 7,17 Prozent aller ausgegebenen Wolford-Aktien angenommen wurde. Nach Abwicklung der entsprechenden Transaktionen wird Fosun Industrial Holdings Limited damit über 2.902.418 Stückaktien und eine Beteiligungsquote von 58,048% an der Wolford AG verfügen. Für Wolford-Aktionäre, die das Angebot von Fosun Industrial Holdings Limited während dieser Annahmefrist noch nicht angenommen haben, verlängert sich die Annahmefrist nach § 19 Abs 3 Z 1 des österreichischen Übernahmegesetzes um weitere drei Monate („Nachfrist“) ab dem Tag der Bekanntgabe des Ergebnisses des Übernahmemeangebots.

Bregenz, am 29. Juni 2018

Der Vorstand:

Axel Dreher

Brigitte Kurz

# Wolford AG: Erklärung des Vorstandes

# Erklärung des Vorstands der Wolford AG gemäß § 82 (4) Z 3 BörseG

Wir bestätigen nach bestem Wissen, dass der im Einklang mit den maßgebenden Rechnungslegungsstandards aufgestellte Konzernabschluss zum 30. April 2018 ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage des Konzerns vermittelt, dass der Konzernlagebericht den Geschäftsverlauf, das Geschäftsergebnis und die Lage des Konzerns so darstellt, dass ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage des Konzerns entsteht, und dass der Konzernlagebericht die wesentlichen Risiken und Ungewissheiten beschreibt, denen der Konzern ausgesetzt ist.

Wir bestätigen nach bestem Wissen, dass der im Einklang mit den maßgebenden Rechnungslegungsstandards aufgestellte Jahresabschluss des Mutterunternehmens zum 30. April 2017 ein möglichst getreues Bild der Vermögens-, Finanz-, und Ertragslage des Unternehmens vermittelt, dass der Lagebericht den Geschäftsverlauf, das Geschäftsergebnis und die Lage des Unternehmens so darstellt, dass ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage entsteht, und dass der Lagebericht die wesentlichen Risiken und Ungewissheiten beschreibt, denen das Unternehmen ausgesetzt ist.

Bregenz, am 29. Juni 2018

Axel Dreher  
Vorstandsvorsitzender

Verantwortlich für Strategie, Marketing und  
Vertrieb sowie für Entwicklung, Produktion  
und Logistik

Brigitte Kurz  
Finanzvorstand

Verantwortlich für Finanzen, IT,  
Personal, Recht und Investor  
Relations

## Bestätigungsvermerk der Wolford AG

# Bestätigungsvermerk

## Bericht zum Jahresabschluss

### Prüfungsurteil

Wir haben den Jahresabschluss der

**Wolford Aktiengesellschaft,  
Bregenz,**

bestehend aus der Bilanz zum 30. April 2018, der Gewinn- und Verlustrechnung für das an diesem Stichtag endende Geschäftsjahr und dem Anhang, geprüft.

Nach unserer Beurteilung entspricht der Jahresabschluss den gesetzlichen Vorschriften und vermittelt ein möglichst getreues Bild der Vermögens- und Finanzlage zum 30. April 2018 sowie der Ertragslage der Gesellschaft für das an diesem Stichtag endende Geschäftsjahr in Übereinstimmung mit den österreichischen unternehmensrechtlichen Vorschriften.

### Grundlage für das Prüfungsurteil

Wir haben unsere Abschlussprüfung in Übereinstimmung mit der EU-Verordnung Nr 537/2014 (im Folgenden EU-VO) und mit den österreichischen Grundsätzen ordnungsgemäßer Abschlussprüfung durchgeführt. Diese Grundsätze erfordern die Anwendung der International Standards on Auditing (ISA). Unsere Verantwortlichkeiten nach diesen Vorschriften und Standards sind im Abschnitt "Verantwortlichkeiten des Abschlussprüfers für die Prüfung des Jahresabschlusses" unseres Bestätigungsvermerks weitergehend beschrieben. Wir sind von der Gesellschaft unabhängig in Übereinstimmung mit den österreichischen unternehmensrechtlichen und berufsrechtlichen Vorschriften und wir haben unsere sonstigen beruflichen Pflichten in Übereinstimmung mit diesen Anforderungen erfüllt. Wir sind der Auffassung, dass die von uns erlangten Prüfungsnachweise ausreichend und geeignet sind, um als Grundlage für unser Prüfungsurteil zu dienen.

### Hinweis auf einen sonstigen Sachverhalt

Der Jahresabschluss der Gesellschaft für das am 30. April 2017 endende Geschäftsjahr wurde von einem anderen Abschlussprüfer geprüft, der am 1. August 2017 einen uneingeschränkten Bestätigungsvermerk zu diesem Jahresabschluss abgegeben hat. Unser Prüfungsurteil ist im Hinblick auf diesen Sachverhalt nicht eingeschränkt.

### Besonders wichtige Prüfungssachverhalte

Besonders wichtige Prüfungssachverhalte sind solche Sachverhalte, die nach unserem pflichtgemäßen Ermessen am bedeutsamsten für unsere Prüfung des Jahresabschlusses des Geschäftsjahrs waren. Diese Sachverhalte wurden im Zusammenhang mit unserer Prüfung des Jahresabschlusses als Ganzem und bei der Bildung unseres Prüfungsurteils hierzu berücksichtigt und wir geben kein gesondertes Prüfungsurteil zu diesen Sachverhalten ab.

### Werthaltigkeit der Anteile an der Wolford Beteiligungs GmbH und der Forderungen gegenüber verbundenen Unternehmen

Siehe Anhang Kapitel "II. Erläuterungen zur Bilanz"

### Das Risiko für den Abschluss

Im Geschäftsjahr 2016/17 wurden auf Basis einer vom Unternehmen erstellten Bewertung außerplanmäßige Abschreibungen auf den Beteiligungsansatz an der Wolford Beteiligungs GmbH sowie auf Forderungen gegenüber verbundenen Unternehmen in Höhe von gesamt MEUR 18,2 vorgenommen. Im Geschäftsjahr 2017/18 erfolgte eine Aktualisierung der Bewertungen, um weitere Wertminderungen oder seit dem Vorjahr eingetretene Wertaufholungen zu identifizieren.

Die Bewertung des Beteiligungsansatzes an der Wolford Beteiligungs GmbH und der Forderungen gegenüber verbundenen Unternehmen ist komplex und beruht auf einer Reihe von ermessensbehafteten Faktoren. Hierzu zählen insbesondere Annahmen des Managements zur künftigen Markt- und Kostenentwicklung sowie zur Festlegung der Kapitalkosten.

#### ***Unsere Vorgehensweise in der Prüfung***

Im Zuge unserer Prüfung haben wir die Angemessenheit der wesentlichen, für die Bewertung getroffenen, Annahmen und Ermessensentscheidungen beurteilt und eine Kontrolle der rechnerischen Richtigkeit des verwendeten Bewertungsmodells vorgenommen. Die für die Tests verwendeten Planzahlen haben wir auf die vom Aufsichtsrat genehmigte Gesamtplanung übergeleitet.

Auf Basis eigener Sensitivitätsanalysen haben wir untersucht, inwieweit eine Veränderung der Planungsannahmen eine Auswirkung auf die vom Unternehmen ermittelten Werte zur Folge hätte.

Die vom Unternehmen verwendeten Diskontierungssätze haben wir in Stichproben unter Einbeziehung unserer Bewertungsspezialisten durch Abgleich mit markt- und branchenspezifischen Richtwerten und Ermittlungsmethoden auf Angemessenheit beurteilt.

#### ***Verlängerung der bestehenden Finanzierung und Darstellung im Abschluss***

Siehe Anhang Kapitel IV. Ergänzende Angaben Abschnitt "8. Unternehmensfortführung"

#### ***Das Risiko für den Abschluss***

Im Jahresabschluss der Wolford Aktiengesellschaft zum 30. April 2018 werden kurzfristige Finanzverbindlichkeiten in Höhe von MEUR 33,9 ausgewiesen. Im Mai 2018 wurde mit den finanziierenden Banken ein Nachtrag zur ursprünglichen Finanzierungsvereinbarung geschlossen, in dem die Laufzeit der Verbindlichkeiten, aufschiebend bedingt durch die erfolgreiche Übernahme (Closing) des Mehrheitseigentums am Unternehmen durch die Fosun Industrial Holdings GmbH, bis 30. Juni 2019 verlängert wird. Ergänzend zur aufschiebenden Bedingung des Closings sieht der Nachtrag zur Finanzierungsvereinbarung eine außerordentliche Kündigungsmöglichkeit mit sofortiger Wirkung für die finanziierenden Banken vor, wenn die in der Hauptversammlung vom 4. Mai 2018 beschlossene Kapitalerhöhung nicht bis spätestens 31. August 2018 durchgeführt wird und nicht MEUR 10,0 aus der Kapitalerhöhung bis zu diesem Tag für die Rückführung der Finanzierungsverbindlichkeiten verwendet werden. Die Bedingungen der Kapitalerhöhung wurden gemeinsam mit dem Prospekt am 18. Juni 2018 veröffentlicht.

Zur Sicherung der Liquidität ist der Konzern von externen Finanzierungen abhängig. Ein Scheitern der Finanzierungsverlängerung oder eine vorzeitige Kündigung der Finanzierungen durch die Banken würde die Fortbestandsfähigkeit des Unternehmens gefährden. Für den Abschluss zum 30. April 2018 besteht zudem das Risiko einer fehlerhaften Darstellung im Konzernabschluss.

#### ***Unsere Vorgehensweise in der Prüfung***

Im Zuge unserer Prüfung haben wir Einsicht in die Vereinbarungen mit den finanziierenden Banken sowie in die vertraglichen Grundlagen zur Übernahme durch die Fosun Industrial Holdings GmbH genommen und die Einschätzung des Vorstands, wonach zum Zeitpunkt der Abschlusserstellung der Eintritt der aufschiebenden Bedingung erfolgt ist, gewürdigt. Im Hinblick auf das Risiko einer vorzeitigen Kündigung durch die Banken haben wir uns in Gesprächen mit dem Vorstand und durch Einsicht in Dokumente mit dem Status der Kapitalerhöhung auseinandergesetzt und beurteilt, ob Gründe vorliegen, die gegen die erfolgreiche Durchführung der Kapitalerhöhung sprechen.

Ferner haben wir beurteilt, ob die Angaben des Vorstands im Jahresabschluss zu den Finanzverbindlichkeiten angemessen sind.

#### ***Verantwortlichkeiten der gesetzlichen Vertreter und des Prüfungsausschusses für den Jahresabschluss***

Die gesetzlichen Vertreter sind verantwortlich für die Aufstellung des Jahresabschlusses und dafür, dass dieser in Übereinstimmung mit den österreichischen unternehmensrechtlichen Vorschriften ein

möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage der Gesellschaft vermittelt. Ferner sind die gesetzlichen Vertreter verantwortlich für die internen Kontrollen, die sie als notwendig erachten, um die Aufstellung eines Jahresabschlusses zu ermöglichen, der frei von wesentlichen – beabsichtigten oder unbeabsichtigten – falschen Darstellungen ist.

Bei der Aufstellung des Jahresabschlusses sind die gesetzlichen Vertreter dafür verantwortlich, die Fähigkeit der Gesellschaft zur Fortführung der Unternehmensaktivität zu beurteilen, Sachverhalte im Zusammenhang mit der Fortführung der Unternehmensaktivität – sofern einschlägig – anzugeben, sowie dafür, den Rechnungslegungsgrundsatz der Fortführung der Unternehmensaktivität anzuwenden, es sei denn, die gesetzlichen Vertreter beabsichtigen, entweder die Gesellschaft zu liquidieren oder die Unternehmensaktivität einzustellen oder haben keine realistische Alternative dazu.

Der Prüfungsausschuss ist verantwortlich für die Überwachung des Rechnungslegungsprozesses der Gesellschaft.

### **Verantwortlichkeiten des Abschlussprüfers für die Prüfung des Jahresabschlusses**

Unsere Ziele sind hinreichende Sicherheit darüber zu erlangen, ob der Jahresabschluss als Ganzes frei von wesentlichen – beabsichtigten oder unbeabsichtigten – falschen Darstellungen ist und einen Bestätigungsvermerk zu erteilen, der unser Prüfungsurteil beinhaltet. Hinreichende Sicherheit ist ein hohes Maß an Sicherheit, aber keine Garantie dafür, dass eine in Übereinstimmung mit der EU-VO und mit den österreichischen Grundsätzen ordnungsgemäßer Abschlussprüfung, die die Anwendung der ISA erfordern, durchgeführte Abschlussprüfung eine wesentliche falsche Darstellung, falls eine solche vorliegt, stets aufdeckt. Falsche Darstellungen können aus dolosen Handlungen oder Irrtümern resultieren und werden als wesentlich angesehen, wenn von ihnen einzeln oder insgesamt vernünftigerweise erwartet werden könnte, dass sie die auf der Grundlage dieses Jahresabschlusses getroffenen wirtschaftlichen Entscheidungen von Nutzern beeinflussen.

Als Teil einer Abschlussprüfung in Übereinstimmung mit der EU-VO und mit den österreichischen Grundsätzen ordnungsgemäßer Abschlussprüfung, die die Anwendung der ISA erfordern, üben wir während der gesamten Abschlussprüfung pflichtgemäßes Ermessen aus und bewahren eine kritische Grundhaltung.

Darüber hinaus gilt:

- — Wir identifizieren und beurteilen die Risiken wesentlicher – beabsichtigter oder unbeabsichtigter – falscher Darstellungen im Abschluss, planen Prüfungshandlungen als Reaktion auf diese Risiken, führen sie durch und erlangen Prüfungsnachweise, die ausreichend und geeignet sind, um als Grundlage für unser Prüfungsurteil zu dienen. Das Risiko, dass aus dolosen Handlungen resultierende wesentliche falsche Darstellungen nicht aufgedeckt werden, ist höher als ein aus Irrtümern resultierendes, da dolose Handlungen betrügerisches Zusammenwirken, Fälschungen, beabsichtigte Unvollständigkeiten, irreführende Darstellungen oder das Außerkraftsetzen interner Kontrollen beinhalten können.
- — Wir gewinnen ein Verständnis von dem für die Abschlussprüfung relevanten internen Kontrollsysten, um Prüfungshandlungen zu planen, die unter den gegebenen Umständen angemessen sind, jedoch nicht mit dem Ziel, ein Prüfungsurteil zur Wirksamkeit des internen Kontrollsystens der Gesellschaft abzugeben.
- — Wir beurteilen die Angemessenheit der von den gesetzlichen Vertretern angewandten Rechnungslegungsmethoden sowie die Vertretbarkeit der von den gesetzlichen Vertretern dargestellten geschätzten Werte in der Rechnungslegung und damit zusammenhängende Angaben.
- — Wir ziehen Schlussfolgerungen über die Angemessenheit der Anwendung des Rechnungslegungsgrundsatzes der Fortführung der Unternehmensaktivität durch die gesetzlichen Vertreter sowie, auf der Grundlage der erlangten Prüfungsnachweise, ob eine wesentliche Unsicherheit im Zusammenhang mit Ereignissen oder Gegebenheiten besteht, die erhebliche Zweifel an der Fähigkeit der Gesellschaft zur Fortführung der Unternehmensaktivität aufwerfen kann. Falls wir die Schlussfolgerung ziehen, dass eine wesentliche Unsicherheit besteht, sind wir verpflichtet, in unserem Bestätigungsvermerk auf die dazugehörigen Angaben im Jahresabschluss aufmerksam zu machen oder, falls diese Angaben unangemessen sind, unser Prüfungsurteil zu modifizieren. Wir

ziehen unsere Schlussfolgerungen auf der Grundlage der bis zum Datum unseres Bestätigungsvermerks erlangten Prüfungsnachweise. Zukünftige Ereignisse oder Gegebenheiten können jedoch die Abkehr der Gesellschaft von der Fortführung der Unternehmenstätigkeit zur Folge haben.

- — Wir beurteilen die Gesamtdarstellung, den Aufbau und den Inhalt des Jahresabschlusses einschließlich der Angaben sowie ob der Jahresabschluss die zugrunde liegenden Geschäftsvorfälle und Ereignisse in einer Weise wiedergibt, dass ein möglichst getreues Bild erreicht wird.
- — Wir tauschen uns mit dem Prüfungsausschuss unter anderem über den geplanten Umfang und die geplante zeitliche Einteilung der Abschlussprüfung sowie über bedeutsame Prüfungsfeststellungen, einschließlich etwaiger bedeutsamer Mängel im internen Kontrollsysteem, die wir während unserer Abschlussprüfung erkennen, aus.
- — Wir geben dem Prüfungsausschuss auch eine Erklärung ab, dass wir die relevanten beruflichen Verhaltensanforderungen zur Unabhängigkeit eingehalten haben und uns mit ihm über alle Beziehungen und sonstigen Sachverhalte austauschen, von denen vernünftigerweise angenommen werden kann, dass sie sich auf unsere Unabhängigkeit und – sofern einschlägig – damit zusammenhängende Schutzmaßnahmen auswirken.
- — Wir bestimmen von den Sachverhalten, über die wir uns mit dem Prüfungsausschuss ausgetauscht haben, diejenigen Sachverhalte, die am bedeutsamsten für die Prüfung des Jahresabschlusses des Geschäftsjahres waren und daher die besonders wichtigen Prüfungssachverhalte sind. Wir beschreiben diese Sachverhalte in unserem Bestätigungsvermerk, es sei denn, Gesetze oder andere Rechtsvorschriften schließen die öffentliche Angabe des Sachverhalts aus oder wir bestimmen in äußerst seltenen Fällen, dass ein Sachverhalt nicht in unserem Bestätigungsvermerk mitgeteilt werden sollte, weil vernünftigerweise erwartet wird, dass die negativen Folgen einer solchen Mitteilung deren Vorteile für das öffentliche Interesse übersteigen würden.

## **Sonstige gesetzliche und andere rechtliche Anforderungen**

### **Bericht zum Lagebericht**

Der Lagebericht ist auf Grund der österreichischen unternehmensrechtlichen Vorschriften darauf zu prüfen, ob er mit dem Jahresabschluss in Einklang steht und ob er nach den geltenden rechtlichen Anforderungen aufgestellt wurde.

Die gesetzlichen Vertreter sind verantwortlich für die Aufstellung des Lageberichts in Übereinstimmung mit den österreichischen unternehmensrechtlichen Vorschriften.

Wir haben unsere Prüfung in Übereinstimmung mit den Berufsgrundsätzen zur Prüfung des Lageberichts durchgeführt.

### **Urteil**

Nach unserer Beurteilung ist der Lagebericht nach den geltenden rechtlichen Anforderungen aufgestellt worden, enthält die nach § 243a UGB zutreffenden Angaben, und steht in Einklang mit dem Jahresabschluss.

### **Erklärung**

Angesichts der bei der Prüfung des Jahresabschlusses gewonnenen Erkenntnisse und des gewonnenen Verständnisses über die Gesellschaft und ihr Umfeld haben wir keine wesentlichen fehlerhaften Angaben im Lagebericht festgestellt.

## Zusätzliche Angaben nach Artikel 10 EU-VO

Wir wurden von der Hauptversammlung am 14. September 2017 erstmalig als Abschlussprüfer gewählt und am 5. Oktober 2017 vom Aufsichtsrat mit der Abschlussprüfung der Gesellschaft beauftragt.

Wir erklären, dass das Prüfungsurteil im Abschnitt "Bericht zum Jahresabschluss" mit dem zusätzlichen Bericht an den Prüfungsausschuss nach Artikel 11 der EU-VO in Einklang steht.

Wir erklären, dass wir keine verbotenen Nichtprüfungsleistungen (Artikel 5 Abs 1 der EU-VO) erbracht haben und dass wir bei der Durchführung der Abschlussprüfung unsere Unabhängigkeit von der geprüften Gesellschaft gewahrt haben.

## Auftragsverantwortlicher Wirtschaftsprüfer

Der für die Abschlussprüfung auftragsverantwortliche Wirtschaftsprüfer ist Herr Mag. Rainer Hassler.

Wien, am 29. Juni 2018

KPMG Austria GmbH  
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Mag. Rainer Hassler  
Wirtschaftsprüfer

Die Veröffentlichung oder Weitergabe des Jahresabschlusses mit unserem Bestätigungsvermerk darf nur in der von uns bestätigten Fassung erfolgen. Dieser Bestätigungsvermerk bezieht sich ausschließlich auf den deutschsprachigen und vollständigen Jahresabschluss samt Lagebericht. Für abweichende Fassungen sind die Vorschriften des § 281 Abs 2 UGB zu beachten.