

Supervisory Board Report

Wolford AG is reporting on another financial year marked by the pandemic, which the Supervisory Board followed closely. However, this has not only been another year shaped by a pandemic, but also another challenging financial year for Wolford AG. Despite the consistently implemented measures to increase sales and earnings, as well as the completed business realignment, the company unfortunately was not able to reach its goal of positive operational earnings due to difficult external circumstances. On a positive note, however, we can report positive EBITDA once again after four years, and succeeded in reducing the operating loss by more than €30 million. Despite the difficult conditions and challenges, the company laid another cornerstone for future success.

MEETINGS OF THE SUPERVISORY BOARD COMMITTEES IN THE 2021 FINANCIAL YEAR

In the period under review, the Supervisory Board held four meetings together with the Management Board to discuss in detail all significant events and developments, the company's business situation, and the implementation of the measures to cut costs and increase sales. At all of these meetings and in its regular reporting, the Management Board provided the Supervisory Board with detailed information about the business and financial situation of the Group and its investments, as well as providing additional information about special developments.

The individual committees of the Supervisory Board dealt with specific topics in greater detail and subsequently reported

to the full Supervisory Board. The Supervisory Board Presidium obtained ongoing reports from the Management Board on the latest business developments. The Audit Committee met three times, while the Marketing and Strategy Committee met once. All meetings of the committees and the Presidium were attended by all of their respective members. The composition and responsibilities of the committees are presented in the Corporate Governance Report. The criteria governing performance-related remuneration for the Management Board, the principles underlying retirement benefits, and the claims arising upon termination of employment are listed in the Remuneration Report, where the remuneration of the Management and Supervisory Board members is also disclosed on an individual basis, and which will be submitted to the vote of the Annual General Meeting.

Due to the extraordinary situation resulting from the pandemic, in the past financial year the Supervisory Board placed particular importance on the discussion of measures to stabilize sales and earnings.

In the past financial year, Presidium meetings primarily comprised advising on strategic, structural, and organizational measures that are needed for stabilization of the business and returning it to the black.

On January 26, 2021, the Marketing and Strategy Committee met and mainly discussed the Northstar strategic plan.

In addressing the annual financial statements for the 2020 financial year, the Audit Committee invited the auditor to attend its meeting on April 21, 2021/

May 12, 2021. The auditor presented a management letter and discussed its principal findings with the members of the Audit Committee.

At its subsequent meeting, the Supervisory Board discussed and approved the Annual Financial Statements of Wolford AG, reviewed the consolidated financial statements, the management report, the non-financial report, and the Management Board proposal for the appropriation of profit, while also approving the Supervisory Board's report to the Annual General Meeting. Furthermore, the Supervisory Board agreed a proposal to the Annual General Meeting for the election of the auditor and set the agenda for the 2021 ordinary Annual General Meeting.

Prior to the 34th ordinary Annual General Meeting on June 17, 2021, the Management Board reported to the Supervisory Board on the company's latest business performance, and on the progress of the PITBOLI restructuring program and the new omnichannel architecture.

In the ordinary Annual General Meeting of June 18, 2021, the Remuneration Report was adopted for the first time due to new legal requirements. At its subsequent constituent meeting, the Supervisory Board elected Dr. Junyang Shao as Chair and Thomas Dressendörfer as Deputy Chair.

At its meetings on September 21, 2021 and November 30, 2021, the Audit Committee discussed current business developments, among other topics. Other key items on the agenda were the budget and forecast, and progress in implementing the PITBOLI restructuring program, and the outsourcing of logistics. These subjects were addressed in greater depth in the Supervisory Board meeting on November 9, 2021.

At the Supervisory Board meeting on December 21, 2021, the Management Board provided an outlook for the 2022 financial year and an update and

outlook for the PITBOLI restructuring program. The stipulation of the budget for the 2022 financial year was another focus of this meeting.

In addition, the Personnel and Nomination Committee also met once in the course of the financial year; this meeting was primarily dedicated to the personnel-related organizational structure of Wolford Group.

The annual financial statements and management report of Wolford AG and the consolidated financial statements prepared in accordance with IFRS as of December 31, 2021, were audited by Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H., Vienna, and provided with unqualified audit opinions.

All documents relating to the financial statements, the Management Board proposal for the appropriation of profit, and the auditors' reports were discussed in detail with the auditor at the Audit Committee meeting on June 14, 2022, and presented to the Supervisory Board at its subsequent meeting together with the management reports prepared by the Management Board, the corporate governance report, and the non-financial report.

The Supervisory Board reviewed these documents as required by Section 96 of the Austrian Stock Corporation Act and concurred with the audit findings. The Supervisory Board approved the annual financial statements, which are therefore formally adopted in accordance with Section 96 (4) of the Austrian Stock Corporation Act. Furthermore, the Supervisory Board also approved its report to the Annual General Meeting and its proposal for the election of the auditor for the 2022 financial year.

Dr. Junyang Shao
Supervisory Board Chair
Bregenz, June 2022