



Report of the Management Board of Wolford AG
on the authorization of the Management Board to issue new shares,
excluding subscription rights, with the approval of the Supervisory Board

The Management Board herewith submits the following report to the General Meeting of Wolford AG on 1 December 2022 pursuant to § 170 (2) in conjunction with § 153 (4) of the Stock Corporation Act (Aktiengesetz - AktG).

1. Wolford Aktiengesellschaft with its registered office in Bregenz and its business address at 6900 Bregenz, Wolfordstraße 1, registered under number FN 68605s in the Companies Register (hereinafter "Wolford" or the "Company"), currently has a share capital that amounts to EUR 48.848.227,77, divided into 6.719.151 no-par-value shares.
2. The Management Board of the Company proposed to the General Meeting that the Management Board is authorized to increase the share capital of the Company once or in several tranches by not more than EUR 16,125,960.00 by issuing up to 3.359.575 bearer shares or registered shares with voting rights, against payment in cash or in kind and, where appropriate, to exclude the shareholders' subscription rights with the approval of the Supervisory Board (see proposal for § 4 of the Articles of Association below).

By resolution of the General Meeting, the Management Board is to be granted the authorization outlined below. § 4 of the Articles of Association of the Company shall be amended to add the following paragraph 8:

“(8) The Management Board is authorized up to and including 1 December 2027

(a) to increase the share capital once or several times with the approval of the Supervisory Board by not more than EUR 16,125,960.00 by issuing up to 3,359,575 bearer shares or registered shares with voting rights against payment in cash or contributions in kind,

(b) to exclude the shareholders' subscription rights with the approval of the Supervisory Board, if the share capital is increased (i) against contributions in kind, in particular by undertakings, businesses, parts of businesses or shares in one or several companies in Austria or abroad, or (ii) for an over-allotment option (greenshoe option), or (iii) to round up fractional amounts, and

(c) with the approval of the Supervisory Board, to determine the type of newly issued shares (bearer shares or registered shares), the issue price and the other terms of issue (authorized capital).

The Supervisory Board shall have the right to adopt any amendments to the Company's Articles of Association resulting from the resolution on authorized capital.”

3. The Management Board of the Company may issue shares from authorized capital, irrespective of whether new shares are issued against payment in cash or against contributions in kind, exclusively with the approval of the Supervisory Board. The Management Board may determine the issue price, the terms of issue and, where applicable, the exclusion of subscription rights exclusively with the approval of the Supervisory Board.



4. The proposed authorized capital of EUR 16,125,960.00 can be utilized once or in several tranches by the proposed deadline of 1 December 2027, which will be within a period of five years from the registration of the respective amendment to the Articles of Association. A total of not more than 3.359.575 new shares can be issued from authorized capital.
5. Besides the possibility of issuing shares from authorized capital with preferential subscription rights, the possibility of issuing shares from authorized capital without preferential subscription rights is to be provided for under certain circumstances.
6. The exclusion of subscription rights shall be used to issue new shares from authorized capital if the shares are issued as transaction currency for the acquisition of undertakings, businesses, parts of businesses or shareholdings in one or several entities in Austria or abroad.

Wolford shall be enabled to continue on its path of growth in Austria and abroad. Such growth can also be generated through the acquisition of other undertakings or businesses. From a legal perspective, the acquisition of undertakings, businesses or parts of businesses can be implemented as the purchase of certain assets (and liabilities) of an undertaking, business or part of a business (asset deal) or as the purchase of shares in an entity (share deal).

Consideration for an acquisition can be provided not only in the form of cash, but also (partly) in the form of shares in the acquiring entity. This can be in the interest of both Wolford as the buyer and in the interest of the seller.

If the seller contributes the undertaking (or the shares in that undertaking) to Wolford as a contribution in kind against the award of new shares - in that case from authorized capital – Wolford's share capital and its equity will increase. While the acquisition of an entity against payment in cash can result in a substantial outflow of liquidity for the Company, an acquisition against a contribution in kind will not result in an outflow of liquidity on the part of the buyer (Wolford) but, conversely, an increase in equity.

An acquisition involving the contribution of an undertaking or of shares in an undertaking as contributions in kind, excluding preferential subscription rights of the other shareholders, is a generally recognized as justification for the exclusion of preferential subscription rights.

In the case of an acquisition, the exclusion of preferential subscription rights is necessary because, on the one hand, in a transaction against contributions in kind this is the only way for the Company to ensure the acquisition of an entity, and on the other hand, because the sellers often are not willing to transfer the undertaking or shares in the undertaking, unless they receive a shareholding in the Company of equivalent value. From Wolford's perspective, strategic and organizational reasons may require the seller be integrated in the Group as a shareholder. In the case of an acquisition against contributions in kind, the seller, as the entity making such contribution, can obtain the desired shareholding only if the new shares are transferred exclusively to the seller, given that a seller desires to obtain a (percentage) shareholding in Wolford which corresponds to the value of his business relative to the enterprise value of Wolford.

In view of the five-year term of the authorized capital, the issue price of the shares to be transferred to the seller of an undertaking cannot be quantified for the time being, as it depends on the performance of Wolford and the development of the Wolford share price. The interests of the current shareholders are preserved and proportionality is ensured by the fact that in the case of an acquisition against contributions in kind the seller receives a (percentage) share in Wolford, which, based on the valuation of the company, corresponds to the ratio of the value of the entity or the shares contributed to the enterprise value of Wolford.

7. In the event of a capital increase, Wolford can also use shares from authorized capital within the framework of an over-allotment option (greenshoe). A greenshoe option is associated, inter alia, with stabilization measures taken immediately after the commencement of trading in the newly issued shares. Such stabilization measures can be taken in accordance with the provisions of Commission Delegated Regulation (EU) 2016/1052 and are limited to 30 calendar days after the commencement of trading. As a rule, between 8% and not more than 15% (see Article 8 (d) of Delegated Regulation (EU) 2016/1052) of the shares to be placed are over-allotted (the actual greenshoe) by the existing shareholders of the Company to the issuing banks (usually in a stock lending transaction). Through the greenshoe option, the issuing banks are given the possibility to acquire as many shares as correspond to the original over-allotment at the original issue price of the new shares. The issuing banks exercise the greenshoe option to the extent that is necessary to meet their obligations to retransfer shares from the aforementioned stock lending transaction. (If shares are bought by one or all issuing banks on account of stabilization measures, the greenshoe option, as a rule, is not exercised). In general, exercise of the greenshoe option is limited to 30 calendar days.

Granting a greenshoe option within the framework of Delegated Regulation (EU) 2016/1052 is permitted and constitutes a case of a substantively justified exclusion of subscription rights. Granting a greenshoe option is necessary and, given its limitation in time, the limited number of shares and the exercise at the issue price, proportionate. The greenshoe option can be implemented by the Company through the issue of shares from the authorized capital without preferential subscription rights.

8. In the event of a capital increase, unfavourable ownership relations may result in so called fractional amounts, which make it particularly difficult for small shareholders to exercise their subscription rights. If an even subscription ratio is chosen instead of an uneven and therefore impractical ratio, individual shareholders may not be able to exercise their subscription rights for all their shares, and the subscription rights cannot be exercised for all the shares issued. The inherent partial exclusion of subscription rights is substantively justified and generally recognized as a valid reason for the partial exclusion of subscription rights.
9. In summary, the Management Board has concluded that the authorization of the Management Board of the Company to increase the share capital of the Company through the issue of new shares from authorized capital and to exclude subscription rights, where appropriate, for certain reasons, as specified in this report, with the approval of the Supervisory Board, is entirely in conformity with the law.

Bregenz, in November 2022

The Management Board of Wolford AG