Wolford

Annual REPORT 2022

Overview of Key Figures
(5 YEARS)

KEY EARNINGS FIGURES		2022	2021	2020*	2019/20**	2018/19**
Sales	in EUR million	125.51	108.95	68.04	118.54	137.22
EBIT	in EUR million	-28.64	-5.26	19.94	-28.68	-8.98
Loss before tax	in EUR million	-34.88	-9.41	17.33	-35.02	-10.11
Loss after tax	in EUR million	-34.87	-12.33	12.77	-27.42	-11.10
Free cash flow	in EUR million	-8.87	-0.22	53.52	4.27	-10.88
Employees (average)	Number	1,096	1,081	1,169	1,243	1,347

KEY BALANCE SHEET FIGURES		12/31/2022	12/31/2021	12/31/2020	04/30/2020	04/30/2019
Equity	in EUR million	-19.05	15.24	28.54	15.02	42.72
Net debt	in EUR million	31.06	0.29	positive	33.16	19.62
Working capital	in EUR million	21.02	32.13	31.37	38.05	31.07
Balance sheet total	in EUR million	128.52	134.65	138.90	161.69	117.99
Equity ratio	in %	-14.83	11.3	20.5	9.3	36.2
Gearing	in %	100.0	10.17	-	>100	45.9

KEY SHARE FIGURES		2022	2021	2020*	2019/20**	2018/19**
Earnings per share	in EUR	-5.26	-1.86	1.93	-4.14	-1.76
Dividend per share	in EUR	0.00	0.00	0.00	0.00	0.00
Equity per share	in EUR	0.00	0.00	4.30	2.26	6.44
Annual high	in EUR	7.60	10.30	8.80	11.40	17.70
Annual low	in EUR	5.15	6.55	4.82	3.20	10.60
Share price at end of period	in EUR	5.70	7.20	7.45	6.00	11.40
Number of shares (weighted average)	in thousands Shares	6,631	6,631	6,631	6,631	6,320
Market capitalization at end of period	in EUR million	37.80	47.74	49.40	39.79	75.59

* May to December
** May to April

The CONTENTS


Wolford

WOLFORD

founded in 1950 in Bregenz, Austria, is a market leader in the area of skinwear. In the decades of our existence, we have produced countless product innovations, many of which are still bestsellers today. With 215 monobrand points of sale and more than 1,900 retail partners, we have a global presence in around 55 countries. Our company has been listed on the Vienna Stock Exchange since 1995.

01

The COMPANY

25%

Sales in North America increased significantly in 2022.

TURN AROUND

Dear shareholders,

We are delighted to announce that the 2022 financial year is showing an upward trend, confirming our positive expectations from last year. Despite the increasingly difficult market environment – including the war between Ukraine and Russia, the strict Covid-19 policy in China and the cooling of the financial markets – we recorded sales growth across all channels except for factory outlets and private label. In the reporting period, our sales amounted to €**125.5** million, an improvement of €16.55 million (15.2%) over 2021. On a like-for-like basis, excluding the licensing business, we achieved a 16% increase in sales. This puts us at the upper end of the scale compared to the reference luxury goods industry and illustrates a level of development that we have not witnessed for years.

The sales growth is spread across almost all geographical regions and distribution channels. The USA showed particularly strong growth of 50%. Sales grew by 30% in EMEA despite the ongoing war. In the Asia/Oceania region, we were only slightly below the previous year's level despite the pandemic. Both retail and wholesale recorded double-digit growth of 46% and 26% respectively, while sales through specialty stores were up almost 60%. The online business once again recorded positive development.

The W, our athleisure collection, which we launched in 2020, continues to perform well, demonstrating the effectiveness of our brand vision. In the US, "The W" collection grew by 36%, with very good performance across all channels. At Group level, "The W" collection grew by 22% and already accounts for 23% of seasonal sales. This impressively confirms our newly adopted brand strategy.

Nevertheless, our earnings are still negative due to price increases and necessary investments. EBIT was €-28.6 million at the end of the year. The increase in operating costs was driven by inflation and shortages in the procurement markets and resulted in higher prices for materials, paper, energy and logistics. There was also an increase in staff costs due to collective bargaining agreements. In addi-

Paul Kotrba, COO
Silvia Azzali, CCO

tion, expenses were incurred in connection with the organizational and structural development of our business.

We are taking measures to increase operational efficiency by further optimizing processes and placing even more emphasis on cost control. However, the savings achieved on the cost side are not yet sufficient to fully stabilize the company with regards to its earnings.

In order to ensure adequate liquidity, our company has obtained access to loans from the majority shareholder. who carried out and provided a capital increase. In addition, we are in close contact with banks for further financing.

We have developed a solid retail plan for 2022 with six new store openings and relocations in key cities. These include a new flagship store in Paris on Rue Saint Honoré, as well as a new, bigger and better location on Madison Avenue in New York. All these openings feature the new "Green Experience" store concept, which showcases the new brand image and respects the company's sustainability standards. We have implemented a solid marketing plan to increase brand awareness and appeal, including new collaborations with the well-known brands

Alberta Ferretti, GCDS, Mugler and Sergio Rossi. These special partnerships helped us to increase traffic on all channels and tap into new customer groups. A strong digital and social media strategy has been instrumental in further increasing awareness of our brand.

At this point, we would also like to inform you about the latest internal changes at Wolford. In July and August 2022, we made a number of changes to the Supervisory Board and the Management Board with the aim of strengthening operational controls and focusing even more on expanding sales. With the help of a solid marketing plan, we are working closely with our team to increase our presence and visibility in the market and to successfully continue on our strategic path.

Following significant double-digit sales growth in 2022, we are confident that we will be able to boost this trend in 2023. The restructuring originally planned for 2022 will be continued in 2023. Starting this year, all the restructuring measures Wolford has implemented will take effect, which will have a positive impact on earnings in the future. In addition, we are pursuing our strong turnaround in order to improve operating profit (EBIT) and achieve good profitability. For this to succeed, the uncertain situation in Eastern Europe must not lead to further disruptions in the global economy. Despite the current situation in Eastern Europe, we do not expect any further cost increases. At the same time, we will work to increase our efficiency, which will have a positive impact on our figures.

With the implementation of "The Spacer" project – which focuses on the development of our brand and product strategy – we have embarked on a sustainable path for the future. We want to enhance our appeal and build speed in reaching our goals in order to highlight the power of our iconic brand, which focuses on timeless luxury skinwear.

At the same time, we are focusing on improving our operating processes so that we can respond even more flexibly to unpredictable market conditions in the future. Although we have made progress, our results have not met our expectations. This was in part due to macroeconomic headwinds and the cyberattack on our logistics partner. The management changes and cost-cutting measures we implemented in the second half of the year put us in a good position for the current year. We are confident that we will be able to record significantly improved earnings in 2023.

In the management team, we are optimistic about the future as the restructuring projects have been successfully implemented and will be felt in the current year. The measures taken are sustainable and will enable transparent and consistent cost control. Strategic initiatives have been developed to address current challenges and improve efficiency while reducing costs and optimizing operations.

30 x

Style icon Grace Jones has embodied Wolford's commitment to quality for 30 years. The Spring / Summer 2023 collection was masterfully captured by photographer Richard Phibbs.

The successful positioning of the brand in international markets is crucial to Wolford's continued development. The company will continue to focus on the global positioning of "The W" and "The W Lab" brands. This includes continuing to collaborate successfully, launching new capsule collections in partnership with international star designers, and focusing on growth opportunities in the U.S. and Chinese markets. On the basis of these measures, we the management believe Wolford is well positioned to continue its sales growth and increase profitability.

We appreciate your trust and support as we continue to pursue our goals. Thank you for sticking with us on this journey.

Best regards,

Your Members of the Management Board

Bregenz, April 2023

The Wolford Share

CAPITAL MARKET DEVELOPMENTS

In previous years, market sentiment was heavily influenced by the coronavirus pandemic and all its knock-on effects. In 2022, the outbreak of war in Ukraine added another significant factor. It triggered another chain of crises. Extreme increases in gas and electricity prices put many industrialized nations under severe pressure. The supply chain problems that had already been encountered both in Europe and the U.S. intensified. Inflation in the U.S. and Europe reached double-digit levels not seen since the post-war period more than 60 years ago. The central banks in the USA and Europe raised the key interest rate significantly in several stages.

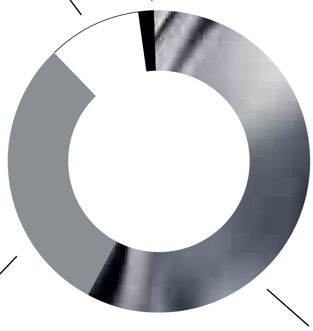
The stock markets were tense under these conditions. Although both the Austrian and international indices managed to recover somewhat in the fourth quarter, they all closed with negative results. The Austrian benchmark index ATX ended the year 2022 down 19.0%. European indices such as the DAX (-12.4%) and the EURO-STOXX 50 (-11.7%) showed negative growth, although not to the same extent as the ATX. The Dow Jones also showed a similar trajectory (-8.8%). Global indices followed the trend in Europe, and MSCI World Index was down 12.8% in 2022. The MSCI World Textiles, Apparel and Luxury Goods Index, the most important index for the textile industry, fell 24%.

WOLFORD'S SHARE PRICE PERFORMANCE

The Wolford share had a volatile growth trajectory in 2022. After a stable start to the year, the share price gradually declined in the wake of the outbreak of war in Ukraine. It performed largely in line with the ATX. The share price picked up again between the end of September and mid-October. The share reached a high of €7.60 on January 12, 2022. The security reached a low of €5.15 on September 14, 2022. The share finished the year at a price of €5.70. Over the course of the year, the share price dropped slightly by €-01.50 or 20.8%. The average share price was €6.185, and the average number of shares traded per day was 6,185 (previous year: 2,076).

SHARE FIGURES in EUR/share		2022	2021
Earnings per share	in EUR	-5.26	-1.86
Dividend per share	in EUR	0.00	0.00
Equity per share	in EUR	0.00	4.30
High	in EUR	7.60	10.30
Low	in EUR	5.15	6.55
Closing price	in EUR	5.70	7.20
Number of shares (weighted average)	Shares	6,719,151	6,631,011
Year-end market Capitalization	in EUR	37.80	48,377,887
Average shares traded daily	Shares	6,185	2,076

01 // OWNERSHIP STRUCTURE OF THE WOLFORD SHARE, in percent



As of March 31, 2023

ISIN	AT00000834007
Stock exchanges	Vienna Stock Exchange (Standard Market) Frankfurt a. M. (open market) New York (ADR Level 1)
Ticker symbols	Vienna: WOL Reuters: WLFD.VI Bloomberg: WOL:AV WLFDY: US, WOF:GR
Opening price	02/14/1995
Stock type	Bearer shares (no-par value)
Number of shares (December 30, 2022)	6,719,151 shares
of which with dividend entitlement	6,631,011 shares

SHAREHOLDER STRUCTURE

As of March 31, 2023, Fosun Fashion Group Wisdom (Luxembourg) S.à r.l. is the majority shareholder, holding around 61% of the shares in Wolford. The private investor Ralph Bartel holds over 29% of the bearer shares. Wolford AG owns almost 1% of the shares as treasury shares. The remaining almost 9% of the shares are in free float.

INVESTOR RELATIONS

As a listed company, Wolford accords high priority to communicating professionally and reliably with the financial markets. Here, the company adheres to the principles of continuity, equal treatment of all shareholders, and transparency and consistency of information.

Wolford regularly and comprehensively informs both its existing owners and potential shareholders about developments in the company. It does this via regular reporting in the form of annual and interim reports, by participating in capital market conferences, and by engaging in direct dialogue.

From an organizational perspective, Investor Relations reports directly to the CFO. In the current phase of strategic positioning, engaging in dialogue with the capital market is very important to the Management Board. The communication with private and institutional investors was, as a result, correspondingly close during the year under review. The company was also on hand at short notice to answer questions from capital market participants.

Corporate Governance Report

CORPORATE GOVERNANCE AT WOLFORD

Commitment to the Corporate Governance Code

Wolford is convinced that carefully implemented and actively practiced corporate governance can make an important contribution to enhancing the trust placed in the company by the capital markets. In September 2002, the Austrian Working Group for Corporate Governance issued a framework for responsible corporate management and control that is designed to support the sustainable creation of value. The goal of this guideline is to protect the interests of all stakeholders whose welfare is linked to the success of the company.

The Austrian Corporate Governance Code ensures a high degree of transparency for all of the company's stakeholders. Wolford has been committed to the principles of the Code since the 2002/2003 financial year. The Austrian Working Group for Corporate Governance is responsible for publishing the Corporate Governance Code in its respective versions. The current version is available at www.corporate-governance.at and at Wolford's website. The latest revision to the code, which took effect as of January 1, 2021, focused on another adaptation of the code to the requirements of the Austrian Stock Corporation Amendment Act 2019.

The code is based on the requirements of Austrian stock corporation, stock exchange and capital market law, the recommendations of the European Commission concerning the duties of the Supervisory Board and the remuneration of Management Board members, and the corporate governance guidelines issued by the OECD. The code provides a framework for corporate management and control.

Enhancing Trust

The guiding principles of the code are intended to enhance the trust placed by investors in the company – and in Austria as a place to do business. They include equal treatment of all shareholders, transparency, the independence of the Supervisory Board, open communication between the Supervisory Board and the Management Board, the avoidance of conflicts of interest on the part of directors and officers, and efficient control by the Supervisory Board and auditor. Compliance with the code, which goes beyond legal requirements, is voluntary, and takes the form of a self-imposed obligation on the part of the company. Observance of the code also means that any failure to meet C-Rules must be explained and disclosed ("comply or explain"). The Corporate Governance Report of Wolford AG forms part of this annual report and is also available in the "Investor Relations" section of Wolford's website.

To prevent insider trading, Wolford has issued a compliance guideline that implements the requirements of the Market Abuse Regulation issued by the European Union. Adherence to this guideline is monitored by the compliance officer. Wolford's objective is to meet the expectations of capital market participants with respect to transparency and to provide shareholders with a true and fair view of the company. The Market Abuse Regulation issued by the European Union requires the simultaneous and identical communication of information. Wolford consistently meets this requirement by distributing the latest company news, including information with the potential to influence its share price, in parallel to analysts, investors, and the media. This information is simultaneously published on the company website to also provide private shareholders with equal access to the information.

One Share – One Vote

The company has issued 9,653,666 no-par value common shares. There are no preference shares or restrictions on the common shares. The principle of "one share – one vote" is therefore met in full. The Austrian Takeover Act ensures that every shareholder receives the same price for their Wolford shares in the event of a takeover (mandatory offer). The current shareholder structure is shown in the "Wolford Shares" section of this Annual Report.

Systematic Risk Management

The Management Board of Wolford AG has the overall responsibility of ensuring an effective risk management system. The central risk management unit is tasked by the Management Board with coordinating the implementation and ongoing further development of the risk management system. It also reports directly to the Chair of the Supervisory Board's Audit Committee. The Supervisory Board of Wolford AG has the task of monitoring the effectiveness of the risk management system. This responsibility is assumed by the Supervisory Board's Audit Committee.

Grant Thornton Austria GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Gertrude-Fröhlich-Sandner-Strasse 1/Top 13, 1100 Vienna, was elected by the 35th Annual General Meeting (AGM) to audit the annual financial statements of Wolford AG and the consolidated financial statements of the Wolford Group for the 2022 financial year. There are no grounds for exclusion or prejudice that would be incompatible with a conscientious and objective audit by the Group auditor, Grant Thornton Austria GmbH. The fees for the audit of the consolidated financial statements and related services amounted to €0.25 million. All mandatory disclosures required by Section 243a of the Austrian Commercial Code (UGB) can be found on page XX of the Management Report.

MANAGEMENT BOARD

Silvia Azzali

Silvia Azzali (born in 1971), Management Board member since November 1, 2019. She is appointed through to December 31, 2024, and does not hold any Supervisory Board or comparable functions outside the company. She is responsible for the divisions of Sales, Merchandising, Brand & Marketing, Design, Research & Development and Sustainability, Finance and HR. Prior to this, she worked at Wolford as Global Sales & Merchandising Director from January 2019. Silvia Azzali joined Wolford as Managing Director for Southern Europe in 2011 and was later promoted to Head of International Wholesale. She subsequently left Wolford to work as Global Retail, Online & Franchising Director at Ermanno Scervino (2016–2018). Before returning to Wolford in January 2019, she worked as Head of

Global Retail & Franchising at Moschino. Silvia Azzali's has gained a great deal of experience in her career in the fashion industry. Back in 2000 and 2001, she worked in the Recruitment & Training department at Gucci, before moving to Dolce & Gabbana as Europe Retail HR Manager (2002–2004). She later decided to move to sales and gained experience at various brands, such as in Retail Management at Trussardi (2005–2007), as Italy Country Manager at L'Occitane en Provence (2007–2009), and as Retail Director Europe & Worldwide Top Doors at La Perla (2009–2011). Silvia Azzali studied philosophy at the University of Parma and was awarded a scholarship in 1996 to obtain a master's degree in personnel management in Milan.

Paul Kotrba

Paul Kotrba (born in 1973), interim Management Board member since August 1, 2022. He is appointed through to June 20, 2023, and does not hold any Supervisory Board or comparable functions outside the company. Responsible for Supply Chain & Production, Legal & Compliance, Investor Relations, IT & Digital and Project Management Office.

Paul Kotrba is a seasoned global retail executive with 25 years of experience building consumer-facing brands. He has worked in various leadership roles within LVMH and LCatterton's brand portfolio, optimizing brand presence and value in the United States, Europe, Middle East and APAC. As CEO of Seafolly, the Australian leader in premium swimwear, he continued its expansion into more than 40 countries. At LVMH, Paul Kotrba was responsible for the international growth and business development of the Donna Karan and DKNY brands, with teams in New York, London, Milan and Shanghai. During this time, he managed to increase the international part of the business from 25% to 85% of total sales. Paul Kotrba was subsequently invited to join the elite LVMH Future Leadership Program and he was the first LVMH employee to attend the Harvard Business School Advanced Management Program. He also holds an MBA from Johnson & Wales University in Providence, Rhode Island.

Andrew Thorndike

Andrew Thorndike (born in 1966), was a member of the Management Board from October 1, 2019 and retired from the company on July 31, 2022.

Supervisory Board Members and Committees

SUPERVISORY BOARD

The Supervisory Board of Wolford AG currently comprises three members elected at the AGM and two representatives delegated by the Works Council. The Supervisory Board held four meetings during the 2022 financial year. One Supervisory Board member was absent from more than half the meetings.

NAME	END OF FUNCTION PERIOD	DIVERSITY FACTORS**	COMMITTEE MEMBERSHIP	SUPERVISORY BOARD POSITIONS OR COMPARABLE FUNCTIONS
David K. Chan Independent First appointed: July 20, 2022 Supervisory Board Chair Executive President & Interim Chief Financial Officer, Lanvin Group	Appointed through to the 40th AGM (which resolves on the formal approval of the actions of the Supervisory Board for the 2026 financial year)	Male, born in 1982, Chinese	Chair of the Presidium, the Personnel and Nomination Committee, the Remuneration Committee, and the Strategy and Marketing Committee, and Member of the Audit Committee	No additional positions at listed companies
Thomas Dressendörfer Independent First appointed: May 4, 2018 Deputy Supervisory Board Chair	Appointed through to the 36th AGM (which resolves on the formal approval of the actions of the Supervisory Board for the 2022 financial year)	Male, born in 1958, German	Member of the Presidium, the Personnel and Nomination Committee, and the Remuneration Committee, and Chair of the Audit Committee	No additional positions at listed companies
Chenling Zhang Independent First appointed: July 20, 2022 Entrepreneur and investor	Appointed through to the 40th AGM (which resolves on the formal approval of the actions of the Supervisory Board for the 2026 financial year)	Female, born in 1983, Chinese	Chair of the Strategy and Marketing Committee	No additional positions at listed companies
Shang-Hsiu Koo Independent First appointed: July 20, 2022	Resigned from the Supervisory Board effective January 31, 2023	Male, born in 1980, Chinese	Member of the Audit Committee until January 31, 2023	No additional positions at listed companies
Dr. Junyang Shao Independent First appointed: May 4, 2018 Chair of the Supervisory Board until the 35th AGM Partner at Fosun Happiness BG Investment Managing Director at Fosun Managing Director of Koller Group	Stepped down from the Supervisory Board at the end of the 35th Annual General Meeting (which resolves on the formal approval of the actions of the Supervisory Board for the 2021 financial year)	Female, born in 1981, German	Chair of the Presidium, the Personnel and Nomination Committee, the Remuneration Committee, and the Strategy and Marketing Committee, and Member of the Audit Committee until the 35th AGM	No additional positions at listed companies
Yun Cheng Independent First appointed: September 13, 2018 Chairman & Chief Executive Officer, Lanvin Group Chairman of the Board of Lanvin Chairman of the Board of Sergio Rossi Director of St. John Knits	Stepped down from the Supervisory Board at the end of the 35th Annual General Meeting (which resolves on the formal approval of the actions of the Supervisory Board for the 2021 financial year)	Female, born in 1976 Chinese	Member of the Audit Committee	No additional positions at listed companies
Prof. Dr. Matthias Freise Independent First appointed: September 25, 2019 Professor at Reutlingen University	Stepped down from the Supervisory Board at the end of the 35th Annual General Meeting (which resolves on the formal approval of the actions of the Supervisory Board for the 2021 financial year)	Male, born in 1965, German	Member of the Strategy and Marketing Committee until the 35th AGM	No additional positions at listed companies

NAME	END OF FUNCTION PERIOD	DIVERSITY FACTORS**	COMMITTEE MEMBERSHIP	SUPERVISORY BOARD POSITIONS OR COMPARABLE FUNCTIONS
Alexander Greußing* Independent First appointed: September 30, 2020		Male, born in 1965, Austrian	Member of the Audit Committee, from the 35th AGM until December 31, 2023, member of the Strategy and Marketing Committee, and since January 1, 2023, member of the Personnel and Nominations Committee	No additional positions at listed companies
Anton Mathis* Independent First appointed: December 16, 1999	Retired from the Supervisory Board effective Dec. 31, 2022.	Male, born in 1960, Austrian	Member of the Personnel and Nomination Committee through Dec. 31, 2022, and member of the Strategy and Marketing Committee until the 35th AGM	No additional positions at listed companies
Christian Greußing* Independent First appointed: January 1, 2023		Male, born in 1963, Austrian	Member of the Strategy and Marketing Committee since Jan. 1, 2023	No additional positions at listed companies

* Delegated by the Works Council.

** Diversity factors include gender, age, and nationality.

The Supervisory Board has established five committees: the Presidium, the Personnel and Nomination Committee, the Remuneration Committee, the Audit Committee, and the Strategy and Marketing Committee.

In the 2022 financial year, the Presidium comprised the Supervisory Board Chair David Chan (until the 35th Annual General Meeting Dr. Junyang Shao) and his Deputy Thomas Dressendörfer. The Presidium represents the company's interests in all matters related to the Management Board and also acts as the **Remuneration Committee** in respect of Management Board remuneration. In this function, it reviews the remuneration policy for the Management Board members at regular intervals and ensures compliance with the relevant provisions of the Corporate Governance Code.

At Wolford, the Presidium, supplemented by the Works Council representative Anton Mathis (since January 1, 2023: Alexander Greußing), serves as the **Personnel and Nomination Committee**. This body is responsible for preparing all appointments to the Management and Supervisory Boards. Prior to the appointment of persons to the Management Board or Supervisory Board, the Personnel and Nomination Committee defines a requirements profile and prepares resolutions for the Supervisory Board or Annual General Meeting based on a predefined selection process and succession planning. The Personnel and Nomination Committee is also responsible for taking decisions concerning personnel-related matters at the company to the extent that transactions requiring approval pursuant to Section 95 (5) of the Austrian Stock Corporation Act are involved or that such decisions are required by the articles of association or the Supervisory Board. The Personnel and Nomination Committee held two meeting in the past financial year. There were also several telephone discussions relating to Personnel and Nomination Committee matters.

The **Audit Committee** deals with the audit of the Group's annual financial statements and supervises financial reporting. It also monitors the effectiveness of the internal control, internal audit, and risk management systems and reviews the independence of the auditor. In the 2022 financial year, the Audit Committee consisted of Thomas Dressendörfer (Chair), Shang Koo (until the 35th Annual General Meeting Dr. Junyang Shao) and Alexander Greußing. The Audit Committee met four times in the 2022 financial year and primarily dealt with the following issues:

- Annual financial statements and the auditor's report on the annual financial statements for the 2021 financial year
- Preparation of the suggestion to the Supervisory Board for the selection of the auditor (auditor of the consolidated financial statements) for the 2022 financial year
- 2023 budget

In the 2022 financial year, the **Strategy and Marketing Committee** included Chenling Zhang (until the 35th Annual General Meeting: Dr. Junyang Shao) (Chair), David Chan (until the 35th Annual General Meeting: Prof. Matthias Freise) and Alexander Greußing (until the 35th Annual General Meeting: Anton Mathis). In the 2022 financial year, this committee met once and mainly discussed the marketing plan for 2022 and the collection strategy.

RESPONSIBILITIES AND WORKING METHODS OF THE MANAGEMENT AND SUPERVISORY BOARDS

The Management Board is responsible for conducting the company's business in compliance with the relevant laws, the articles of association of Wolford AG, and the applicable rules of procedure. It manages the business to the benefit of the company, and in keeping with the interests of all shareholders, employees, and the general public. The rules of procedure for the Management Board, which are issued by the Supervisory Board, regulate working procedures and responsibilities. Irrespective of the allocation of specific responsibilities (allocation to a department), the Management Board bears overall responsibility for managing the company. Issues of fundamental significance or importance must be approved by resolution of the Management Board. In addition, the rules of procedure for the Management Board include a catalog of measures that require the approval of the Supervisory Board.

There is a continuous flow of information between the members of the Management Board. This takes place formally in at least two monthly Management Board meetings.

At regular meetings (at least once per quarter), the Management Board provides the Supervisory Board with timely and comprehensive information on all issues that are relevant to the company's economic and strategic development, including the risk situation and risk management at the company and major subsidiaries. Urgent information is communicated to the Supervisory Board Chair immediately by the Management Board. Additional meetings are scheduled to deal with important issues such as the discussion of the company's strategy. The Management Board reports at least once a year to the Supervisory

Board on the precautionary measures taken to combat corruption at the company. The Supervisory Board is therefore furnished with all the information it requires to perform its advisory and supervisory functions. Consistent with the Corporate Governance Code, the Management and Supervisory Boards also hold regular discussions on the company's performance and strategic alignment outside the framework of Supervisory Board meetings.

The Supervisory Board performs its duties in accordance with legal requirements, the articles of association, and its rules of procedure. The Supervisory Board is responsible for decisions on issues of fundamental importance to the company and its strategic alignment. It establishes qualified committees in accordance with specific circumstances at the company and its own number of members. These committees are designed to increase the efficiency of the Supervisory Board's work and help deal with complex issues. However, issues delegated to individual committees may still be handled by the full Supervisory Board. Each committee chairperson regularly reports to the full Supervisory Board on the work of their committee.

Employee participation on the Supervisory Board and its committees is a legally regulated aspect of the Austrian Corporate Governance system. Consistent with the Austrian Labor Constitution Act, employees are entitled to delegate one representative to the Supervisory Board and its committees for every two Supervisory Board members (shareholder representatives) elected by the Annual General Meeting. Employee representatives exercise this function on a voluntary basis and can be recalled by the Works Council at any time. None of the Supervisory Board members has business or personal relationships with the company or the Management Board that could provide grounds for a material conflict of interest and therefore influence the behavior of the respective Supervisory Board member.

All members of the Wolford AG Supervisory Board are considered independent according to the criteria defined by the Austrian Corporate Governance Code. Statements to this effect were submitted by all Supervisory Board members. In determining the criteria used to assess the independence of its members, the Supervisory Board is guided by the independence guidelines set out in the Corporate Governance Code (Annex 1). In accordance with Section 95 of the Austrian Stock Corporation Act, the Supervisory Board's main responsibility is to supervise the work of the Management Board. The Supervisory Board members appointed met and meet this responsibility in full. The company has a free float component of less than 20%. Wolford AG has not granted any loans to members of the Supervisory or Management Boards.

Wolford AG evaluates compliance with the provisions of the code each year based on a questionnaire developed by the Austrian Working Group for Corporate Governance. Based on the results of this evaluation, the deviations from the C-Rules are explained below.

DEVIATIONS FROM C-RULES CORPORATE GOVERNANCE CODE

C-RULE	DESCRIPTION
16, question 2	Until such time that the position of CEO, currently vacant, is successfully filled, the Management Board comprises two members with equal rights.
36, question 3	The Supervisory Board did not conduct a self-evaluation in the past financial year 2022, as the duration of the cooperation of the majority of newly elected members was too short for an effective self-evaluation.
62, question 1	The company's compliance with the C-Rules of the code has not been evaluated by any external institution in the past three years. However, an annual review is carried out by the company departments entrusted with internal audit topics. A separate review by an external institution would not produce any different results and would cause avoidable costs. The decision in favor of exclusively performing an internal audit of compliance with the C-Rules was taken by the Management Board following agreement with the Supervisory Board.
83, question 1	The audit assignment did not include an evaluation of the effectiveness of the risk management system. The Supervisory Board took this decision in agreement with the Management Board. However, the auditor issued a management letter that reports on select aspects of the internal control system in respect of the financial reporting process. This letter was presented to the Chair of the Supervisory Board and discussed in detail at a Supervisory Board meeting. The Audit Committee also held three meetings during the past financial year in which it addressed the findings of the company's risk management activities. In addition, there is a direct reporting line from the employees responsible for internal audit to the Chair of the Supervisory Board Audit Committee. Overall, the Supervisory Board is therefore able to form its own impression of the effectiveness of the risk management system.

DIVERSITY CONCEPT AND MEASURES TO PROMOTE WOMEN

Mutual respect, diversity, and inclusivity are integral and indispensable components of the corporate culture at Wolford AG and are accounted for when identifying candidates for all functions at the company. With regard to the candidates proposed to the Annual General Meeting for election to the Supervisory Board and the nomination of Management Board members, the company pays due attention to achieving a balance in terms of specialist skills and diversity. After all, this can play a key role in ensuring the professionalism and effectiveness of the activities of the Supervisory and Management Boards. Alongside specialist and personal qualifications, the company also takes due account of aspects such as the age structure, background, gender, professional training, and previous experience of potential candidates.

At the end of the 2022 financial year, the Supervisory Board of Wolford AG comprised four members elected by the Annual General Meeting, of which one is a woman and there are men. Four Supervisory Board members are of non-Austrian nationality.

The members of the Supervisory Board were between 40 and 64 years old at the reporting cut-off date. Their areas of expertise include business administration, finance and marketing. Furthermore, they have experience in the fashion industry and corporate strategy.

The Management Board of Wolford AG comprised one male member (aged 49) and one female member (aged 51) at the end of the 2022 financial year. One member has non-Austrian roots. The Management Board members together have expertise in sales and branding, as well as longstanding management experience gained both within the Group and at other international fashion brands.

One out of four of the Supervisory Board members elected by the AGM at Wolford AG in the 2022 financial year was a woman. This corresponds to a proportion of female members of 25%. Since August 2017, the Management Board of Wolford AG has been 50% female. Women made up around 50% of the extended management team in the 2022 financial year. Beyond this, the company does not have any specific plan for the promotion of women on the Management Board, Supervisory Board, or in other key functions at the company and its subsidiaries. The best possible candidates are selected for available positions, irrespective of their gender, age, religion, or ethnic origin. Many of the leading positions at Wolford AG and its subsidiaries are held by women. Attractive part-time models are offered to mothers returning from maternity leave, helping them to balance their family and professional commitments. The Wolford Group focuses on its own retail locations and its product line chiefly targets female customers. These factors are reflected in its workforce, in which women make up almost 85% of employees.

CHANGES AFTER THE BALANCE SHEET DATE

On January 18, 2023, the Management Board of Wolford AG set the subscription period for the ordinary capital increase of the share capital decided on by the extraordinary Annual General Meeting of Wolford AG on December 1, 2022, from €32,251,924.80 by up to €16,125,960.00 to up to €48,377,884.80 by issuing up to 3,359,575 new shares to run from January 23 through February 6, 2023 (inclusive) and the value date is expected to be February 14, 2023.

On February 8, 2023, the result of the subscription offer that had taken place was announced and it was reported that 2,934,515 new shares had been subscribed for in the subscription offer through the exercise of subscription rights. It was further announced that no purchase offers were made for new shares as part of a rump placement. On the same day, the Management Board, with the approval of the Supervisory Board, decided on the final volume of the capital increase at a total of 2,934,515 new shares.

Supervisory Board Report

Wolford AG is reporting on another eventful financial year, which the Supervisory Board followed closely. At the end of July COO Andrew Thorndike and the Supervisory Board unanimously terminated Andrew Thorndike's Management Board mandate effective July 31, 2022. As of August 1, 2022, Paul Kotrba was appointed as a new member of the Management Board on an interim basis to allow the Supervisory Board to carry out the appointment process for a new Management Board member. At the end of September, it was announced that the procedure for carrying out a capital increase would be started in order to provide the company with additional equity. At the end of November, Ralf Polito was appointed by the Supervisory Board as a member of the Management Board for 2 years with effect from July 1, 2023. On December 1, 2022, the extraordinary Annual General Meeting of Wolford AG reduced the company's share capital of €48,848,227 million to €32,251,924 million by way of a simplified capital reduction and resolved to increase the share capital to up to €48,377,884.80 by issuing up to 3,359,575 new no-par value shares while safeguarding subscription rights. The issue price of the new shares was set at €6.00 per share. On February 8, 2023, it was announced that 2,934,515 new shares had been subscribed for in the subscription offer through the exercise of subscription rights. The company thus received additional capital in the amount of approximately €17 million.

The management of Wolford AG continues to work hard on measures to increase sales and earnings. While it was possible to increase sales by 16%, earnings unfortunately remained negative in the past financial year.

MEETINGS OF THE SUPERVISORY BOARD COMMITTEES IN THE 2022 FINANCIAL YEAR

In the period under review, the Supervisory Board held four meetings with the Management Board to discuss in detail all significant events and developments, the company's business situation, and the implementation of the measures introduced 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 four 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.

In the past financial year, the Supervisory Board placed significant emphasis on discussing measures to stabilize sales and earnings.

The Presidium meetings primarily discussed strategic, structural and organizational measures that are needed for stabilization of the business and returning it to profitability.

On February 8, 2022, the Marketing and Strategy Committee met and dealt mainly with the marketing plan for 2022 and the collection strategy.

To discuss the annual financial statements for the 2021 financial year, the Audit Committee called in the auditor at its meeting on May 24, 2022/June 14, 2022, who also presented a management letter and discussed the main 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 2022 ordinary Annual General Meeting.

Prior to the 35th Annual General Meeting, on July 19, 2022, the Management Board reported to the Supervisory Board on the company's latest business performance, and on the progress of the implementation of its Northstar corporate strategy.

At the Annual General Meeting on July 20, 2022, David Chan, Shang Koo and Chenling Zhang were elected as new members of the Supervisory Board. At its subsequent constituent meeting, the Supervisory Board elected David Chan as Chair and Thomas Dressendörfer as Deputy Chair.

At its meeting on September 20, 2022, the Audit Committee dealt, among other things, with current business development, the first half of 2022, and the first draft of the 2023 budget. In the subsequent Supervisory Board meeting, the main items on the agenda were the Northstar and Spacer strategy topics, the collection overview based on the new strategy, and marketing agendas. In the Supervisory Board meeting of December 1, 2022, the auditor gave an overview of the focal points of the upcoming audit of the annual financial statements. Furthermore, the Management Board reported on the current business development and provided an outlook for the 2023 financial year. Another major topic of the meeting was the determination of the budget for the 2023 financial year.

The annual financial statements and Management Report of Wolford AG and the consolidated financial statements prepared in accordance with IFRS as of December 31, 2022, were audited by Grant Thornton Austria GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, and provided with an **unqualified** audit opinion.

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 **April 11, 2023**, 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 2023 financial year.

David K. Chan
Supervisory Board Chair
Bregenz, April 2023

WOLFORD'S MANAGEMENT

Annual General Meeting

Wolford Supervisory Board

Management Board

Paul Kotrba (COO)

Responsible for:

Process Management
Supply Chain Management
Production
Research & Development
IT
HR
Finance
Legal & Compliance

Silvia Azzali (CCO)

Responsible for:

Sales Strategy & Business Development
Design
Fashion & Collections
Merchandise Planning & Allocation
Retail
Wholesale
Online & Customer Relationship Management
Marketing
USA

02

Group Management REPORT

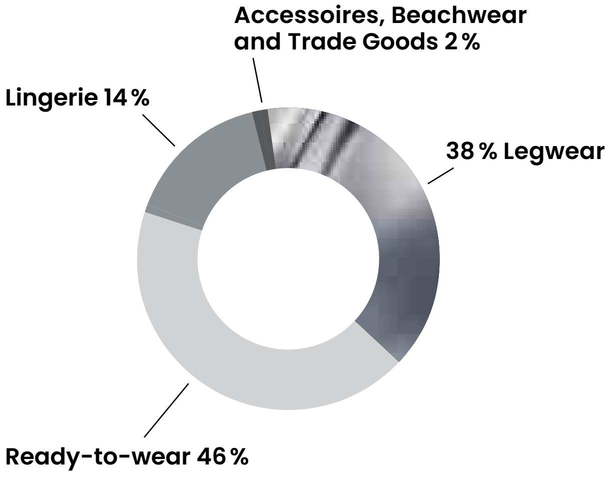

Wolford
15.2
Sales increased by 15.2% to €125.5 million in the financial year.

About the Group

WOLFORD IN FOCUS

Wolford is a market leader in high-quality skinwear. The brand is represented in 55 countries worldwide at 215 monobrand points of sale and by over 1,900 retail partners. The Austrian company manufactures products exclusively in Europe, in compliance with the strictest ecological and socially sustainable standards. Wolford creates its designs in the Italian fashion metropolis of Milan and produces its creations at its headquarters in Bregenz, located near Lake Constance, as well as in the Slovenian town of Murska Sobota – both regions which have a long and illustrious tradition of textile production. In total, the Wolford Group employed 1,106 people (FTE) at the end of the fiscal year, including 362 employees (FTE) at the corporate headquarters in Bregenz. Wolford was founded in Bregenz in 1950 and is listed on the stock exchanges in Vienna and Frankfurt in over-the-counter trading. The brand is part of the global luxury fashion group Lanvin Group, which was founded by Wolford's Chinese majority shareholder Fosun.

02 // SALES BY PRODUCT GROUP, in percent



PRODUCTS WITH HIGH QUALITY STANDARDS

Wolford generates around 39% of its sales with its core Legwear product group, to which all other product groups are aligned. The strongest product group is Ready-to-wear (46%) with body-hugging products such as bodies and shirts (Bodywear) as well as dresses and sweaters. The Legwear and Bodywear product groups are based on a special circular knitting technology developed and continuously refined by Wolford, which is the basis for the well-known wearing comfort and quality of Wolford products. Both product groups are complemented by a range of decorative and, in some cases, body-shaping underwear. The collections are complemented by a small selection of accessories such as scarves and belts, which contribute to sales in the low single-digit million euro range.

Wolford makes a distinction between fashionable Trend products and its Essential Collection, which includes all of its timeless classics, such as the Satin Touch tights it has been producing since 1988.

In total, Wolford launches two trend collections per calendar year. One covers the period spring/summer, the other fall/winter. Depending on the collection, there are four to five delivery intervals with new products designed to generate new impetus on the sales floor - flanked by appropriate marketing and communication measures.

The graphs and figures are not part of the audited report.

THE BUSINESS MODEL

The Wolford Group's business model is based on covering a large part of the value chain – from design and development to parts of production and global omnichannel distribution including its own boutiques. This makes the company highly independent and enables it to respond quickly to the latest fashion trends. In some areas of Lingerie and Ready-to-wear, Wolford is supported by external partners and selected suppliers. Product development tasks are bundled at the headquarters in Bregenz.

When developing a new collection, product management, the design team, and product development all work together hand in hand. Product management analyzes trends and which products will be in demand on the market, and these findings form the working basis for the design team. In turn, the close collaboration between design and product development frequently results in new products, often based on new manufacturing methods such as 3D printing or our – now patented – adhesive technology. The world's first bonded tights – Pure Tights – are a result of this collaboration.

Product and material management also involves demand planning for the sales areas of the company's own boutiques and those of wholesale customers, as well as determining which articles have to be produced in which sizes and colors for which retail areas. It also controls the flow of goods from the warehouse to sales.

Purchasing is almost all about the materials. The raw materials, mainly yarns and intermediate products or bought-in products for Lingerie and Ready-to-wear, are sourced from long-standing partners in neighboring regions in Austria, Germany and Switzerland. All these suppliers share Wolford's high standards when it comes to the quality and innovation of their products. Some of the yarns come from Japan, a country known for its innovative materials. All raw materials are stored at the Bregenz headquarters, where they are prepared for production and processing.

The finished products are stored in three central warehouses: the central warehouse in Peine in northern Germany, which also supplies the online business in Europe, and two further warehouses in the U.S. and China. The warehouse in the U.S. supplies the American market, the warehouse in China the Asian region.

GLOBAL SALES

Wolford's products are sold in 55 countries worldwide - through a network of company-owned locations (retail), i.e., directly to end customers, and through trade partners (wholesale). The company generated the largest share of sales (45%) in the 2022 financial year with its international network of boutiques. At the end of December 2022, 142 of Wolford's 197 boutiques were autonomous, while 55 were managed by partners. Overall, the Wolford Group controls around 66% of sales itself. Alongside bricks-and-

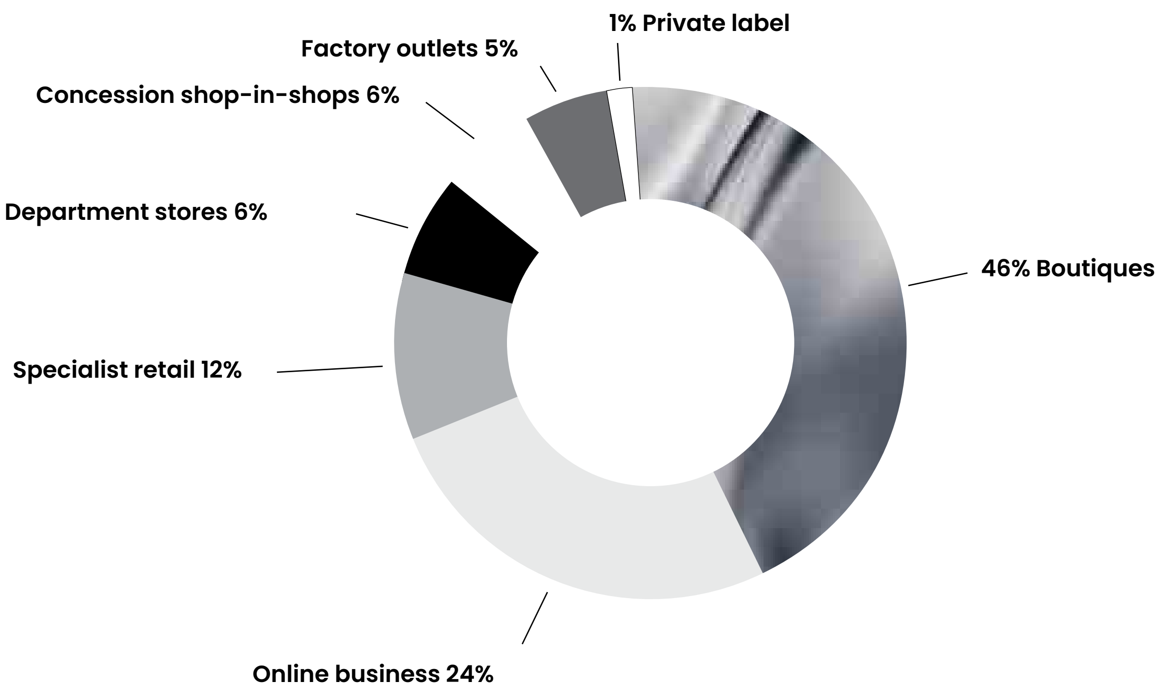
03 // **PRODUCT DEVELOPMENT**

Product Development > Product Management > Purchasing > Production > Logistics > Sales >

mortar retail, online business is also playing an increasingly significant role, accounting for 25% of sales in the 2022 financial year.

- **Boutiques: Boutiques managed by Wolford itself as well as by partners.**
- **Department stores:** Exclusive shop-in-shops with Wolford ambience in numerous international department stores
- **Concession shop-in-shops:** Areas operated by Wolford itself in department stores and warehouses
- **Specialty retail:** Exclusive fashion and specialty retail stores offering Wolford products
- **Online business**: Own online boutiques
- **Private label**: Products manufactured for other brands or offered in stores under a different brand name
- **Factory outlets**: Sales locations at which Wolford collections from previous seasons and discounted goods are sold

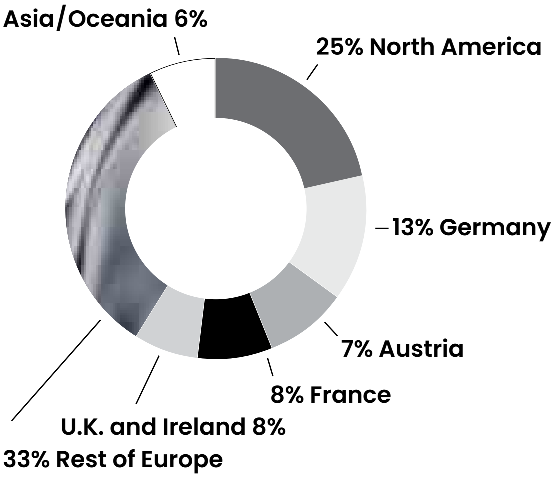
04 // SALES BY DISTRIBUTION CHANNEL, in percent



EUROPE – THE MOST IMPORTANT MARKET

Accounting for around 69% of revenue, the European market is the most important sales region for the Wolford Group. Above all Germany (13%), France (8%), Great Britain and Ireland (8%) and Austria (7%) where the company is based, contribute the majority of sales. The most important single market is North America with a sales share of 25 %. The ownership structure of the Chinese principal shareholder Fosun facilitates access to the Asian market, with Fosun Fashion Brand Management acting as partner. In the medium term, the share of sales generated in this region should match that in Wolford's existing core markets of the U.S. and Germany and reach between 15% and 20%.

05 // SALES BY MARKET, in percent



Note on the data basis: Actual geographical allocation as against segment reporting (consolidated financial statements), which is based on local units.

CENTRAL MANAGEMENT

The Wolford Group is managed by Wolford AG, which is based in Bregenz. With its two bodies, Management Board and Supervisory Board, Wolford has a management and supervisory structure based on a dualistic system. The Management Board manages the company from the Group headquarters in Bregenz and from a second central office in Milan. It is responsible for strategy and Group management, while the Supervisory Board advises the Management Board and monitors its management of the company.

The central corporate goal is profitable growth and an increase in free cash flow, while the company's internal control system supports management in aligning corporate processes to this goal.

The main focus here is on increasing sales and operating income (EBIT). Accordingly, the company's most important performance indicators are sales (absolute and like-for-like, i.e., excluding from sales areas newly opened or closed) and free cash flow (net cash flow from operating activities, plus cash flow from investing activities). Other key performance indicators include working capital and the net debt of the Group.

The management of inventories and trade receivables is the responsibility of the Supply Chain Management department. This department is also responsible for the continuous implementation of measures to reduce raw material and working capital inventories. In receivables management, there is close coordination between the finance department, which manages the process, and the respective sales employees responsible. Clear targets for days sales outstanding (DSO) support the prioritization of receivables and their systematic reduction. As part of monthly business performance reviews, management examines the implementation of the targets with regard to all key performance indicators and the corresponding action plans for achieving the targets.

Financial Review

The financial year of Wolford AG is a calendar year and ends on December 31, 2022.

EARNINGS

In the 2022 financial year, the Wolford Group achieved sales of €125.51 million, putting it 15.2% above the previous year's figure (€108.95 million).

There were increases in almost all sales channels, with the exception of factory outlets and private labels. The largest sales increases in the 2022 financial year following the relaxation of Covid-19 measures were in own boutiques (€57.18 million; 2021 financial year: €46.41 million) and specialty stores (€14.70 million; 2021 financial year: €11.29 million).

With the exception of Asia (-8%), sales increased year-on-year in all markets, particularly North America (by approximately 45%) and Germany and the rest of Europe, where sales increased by 12% and 13%, respectively. Sales growth in Asia in the first half of the year with new store openings did not proceed as planned due to the Covid-19 lockdowns, but was largely offset by the positive performance in Europe and the U.S.

At 46%, the Ready-to-wear product group's share in revenue also represented the largest share in consolidated revenue in the 2022 financial year (2021 financial year: 43%). With a share of 39% (2021 financial year: 37%) in the 2022 financial year, the Legwear product group again takes second place. In the Lingerie product group, which generated 14% of consolidated revenue (2021 financial year: 16%), sales were roughly level with the previous year. Accessories, Beachwear and Trade goods had a share in sales of 1% sales, more than 50% below the level of the 2021 financial year (2021 financial year: 4% share in sales).

KEY EARNINGS FIGURES in %	**2022**	2021
Cost of materials ratio*	19.7	19.3
Personnel expense ratio**	44.9	43.3
Other operating expenses as a percentage of sales	47.2	41.1
EBITDA margin***	-9.4	7.8
EBIT margin****	-22.8	-4.8

* Cost of materials and changes in inventories in relation to sales
** Personnel expenses in relation to sales
*** Loss before tax, depreciation and amortization in relation to sales
**** Earnings before income and taxes in relation to sales

2022 was affected by the coronavirus pandemic worldwide, with numbers rising significantly, particularly for the Omicron variant, although infection rates varied from region to region. Public health restrictions continue in many countries to further contain the spread of Covid-19. The growing Chinese market, which is of key importance to Wolford, has been particularly affected, leading to delays in planned new store openings. It is currently not possible to say conclusively when these measures will end in the countries in which the Group operates.

The ongoing development of the global situation and its effects on Wolford remain unclear. Cost increases and supply bottlenecks have been a global issue, especially since the outbreak of the war in Ukraine, and have had an impact on Wolford's business. Wolford operates in both Russia and Ukraine, but generates only insignificant sales there, so the war in Ukraine will not have a significant direct impact on the company's sales and earnings. All earnings indicators have deteriorated. The main reasons for this are cost increases in other operating expenses and collectively agreed wage and salary increases to compensate for the inflationary effects in employees' private consumption, as well as the rehiring of employees following terminations in 2021, particularly in the U.S. In addition to a reduction in the average number of full-time employees, the utilization of government subsidies for short-time working, which are recognized in personnel expenses, is the main reason for a lower personnel expense ratio in the 2021 financial year.

The increase in the cost of materials and services purchased from €18.62 million in the 2021 financial year to €31.04 million is primarily attributable to inflation-related price increases and energy shortages, in addition to the increase in sales.

Due to the rehiring of a large proportion of personnel in the U.S. following coronavirus-related terminations in 2021, as well as collectively agreed wage and salary increases, personnel expenses rose from €47.19 million in the 2021 financial year to €56.45 million, which is disproportionately high compared with the number of full-time employees. In addition, approximately 2/3 of the planned individual personnel measures were implemented by the end of the 2022 financial year as part of the planned restructuring or were provided for with provisions in the amount of €1.03 million. The individual measures are expected to be completed by mid-2023.

Other operating expenses increased by 32.1% to €59.21 million in the 2022 financial year compared to the previous year (2021 financial year: €44.81 million). In addition to increased legal and consulting costs associated with the restructuring and realignment of the company and higher freight costs due to the energy shortage, this is also attributable to higher expenses for marketing measures, after these had been reduced in the two previous financial years, in some cases significantly, due to the coronavirus pandemic.

Taking into account the increased depreciation and amortization (including impairment losses and reversals of impairment losses) (increase of €3.02 million from €13.80 million in the 2021 financial year to €16.82 million in the financial year), EBIT was only €-28.64 million (2021 financial year: €-5.26 million). This is also reflected in the lower other operating earnings of €3.9 million (2021 financial year: €12.60 million). Other operating income in the 2021 financial year included expected reimbursements in connection with the loss compensation in Austria in the amount of €8.18 million.

Impairment losses of €1.82 million were recognized in the 2022 financial year (2021 financial year: €0.38 million), mainly on rights of use (€1.42 million).

The maturity extension of the shareholder loans granted in 2021 and the first half of 2022, as well as the take up of new shareholder loans with an interest rate of 12% from Fosun Fashion Group (Cayman) Limited, resulted in a significant deterioration in the financial result in the 2022 financial year of €2.09 million to €6.24 million compared with the 2021 financial year (€4.15 million).

Income tax expense decreased by €2.91 million to €-0.01 million compared to the 2021 financial year, with tax expense of €-2.92 million impacted by the change in deferred taxes due to valuation allowances.

Overall, loss after taxes decreased from €-12.33 million in the 2021 financial year to €-34.87 million in the 2022 financial year. The earnings per share amounted to €-5.26 after €-1.86 in the 2021 financial year.

INCOME STATEMENT (ABRIDGED) in EUR million	**2022**	2021	CHANGE IN %
Revenue	**125.51**	**108.95**	**15.21**
Other operating income	3.90	12.60	-69.1
Change in inventories	6.30	-2.36	> 100.0
Cost of materials	-31.04	-18.62	66.7
Personnel expenses	-56.45	-47.19	19.6
Other operating expenses	-59.21	-44.81	32.14
Impairments of trade receivables	-0.83	-0.04	> 100.0
Depreciation and amortization	-16.82	-13.80	21.89
EBIT	**-28.64**	**-5.26**	**>-100.0**
Financial result	-6.24	-4.15	50.27
Loss before tax	**-34.88**	**-9.41**	**>-100.0**
Income tax	0.01	-2.92	>-100.0
Loss after tax	**-34.87**	**-12.33**	**>-100.0**

FINANCIAL POSITION AND FINANCIAL PERFORMANCE

At €128.52 million, the Wolford Group's total assets at the December 31, 2022, reporting date were slightly below the level at the end of the previous year (€134.65 million). While trade receivables remain almost unchanged, the increase in inventories is offset by the decrease in other receivables and assets, in particular due to settlement of receivables from the legal entitlement to fixed-cost subsidies and loss compensation, and in cash and cash equivalents.

Non-current assets amounted to €65.73 million at the reporting date (December 31, 2021: €65.56 million), representing 51.2% of total assets (December 31, 2021: 49%). At €7.39 million (excluding rights of use under IFRS 16), capital expenditure in the 2022 financial year was above the level of the previous year (€0.74 million). Investments were made predominantly in land, leasehold rights and buildings, including buildings on third-party land.

Current assets accounted for 48.8% of total assets as of December 31, 2022 (previous year: 51%). The €5.50 million increase in inventories to €36.37 million (December 31, 2021: €30.87 million) is mainly due to the increase in inventories and higher manufacturing costs. The €5.00 million decrease in other receivables to €12.02 million (December 31, 2021: €17.02 million) is mainly due to the predominant settlement of claims for fixed cost subsidies (December 31, 2021: €8.18 million).

The Wolford Group's equity amounted to €-19.05 million as of December 31, 2022, which was lower than the comparable figure in the consolidated financial statements as of December 31, 2021 (€15.24 million) due to the negative result in the reporting year. As a result, the equity ratio deteriorated to -14.83% (December 31, 2021: 11.3%).

KEY BALANCE SHEET FIGURES in EUR million/in %	12/31/2022	12/31/2021
Equity in EUR million	-19.05	15.24
Net debt in EUR million	31.06	0.29
Working capital* in EUR million	21.02	32.13
Total assets in EUR million	128.52	134.65
Equity ratio** in %	-14.83	11.3
Gearing*** in %	> 100.0	10.17
Working capital as a share of sales in %	16.75	29.49

* Inventories plus trade receivables plus other current receivables and assets minus trade payables minus other liabilities
** Equity in relation to the balance sheet total
*** Ratio between balance sheet borrowed debt and equity

CALCULATION OF NET DEBT (EXCLUDING LEASES) in EUR million	12/31/2022	12/31/2021	CHANGE IN %
Current financial liabilities	35.74	10.70	> 100.0
- non-current financial assets	-1.02	-1.26	-10.4
- Cash and cash equivalents	-3.66	-9.15	-62.89
Net Debt (Excluding Leases)	**31.06**	**0.29**	**> 100.0**

Due to the raising of new shareholder loans in the amount of €22.50 million and the associated increase in interest liabilities, as well as the decrease in cash and cash equivalents, net debt (excluding leasing liabilities) amounted to €31.06 million as of December 31, 2022 (December 31, 2021: €0.29 million).

CASH FLOW

At €-5.57 million, the cash flow from operating activities (operating cash flow) was significantly below the level of the 2021 financial year (€-0.51 million), with the significant decline in 2022 being due in particular to the increased expenses described above in connection with materials expenses, cost of purchased services, and other expenses.

Cash flow from investing activities amounted to €-3.30 million in the reporting period, down €3.59 million on the previous year's figure (2021 financial year: €0.29 million). Cash outflows for investments amounted to €7.39 million in the 2022 financial year. By contrast, proceeds from the disposal of property, plant and equipment were €4.09 million, largely stemming from the sale of a lease right (key money) in France.

Also in contrast was the rise of €8.55 million in cash flow from financing activities to €3.21 million (2021 financial year: €-5.34 million) due to the renewed taking up of shareholders' loans of €22.50 million in 2022.

Cash and cash equivalents decreased during the financial year from €9.15 million as of December 31, 2021, to €3.66 million at the end of the reporting period.

STATEMENT OF CASH FLOWS (CONDENSED) in EUR million	2022	2021	CHANGE IN %
Cash flow from operating activities	-5.57	-0.51	> -100.0
Cash flow from investing activities	-3.30	0.29	> -100.0
Free cash flow	**-8.87**	**-0.22**	**> -100.0**
Cash flow from financing activities	3.21	-5.34	> 100.0
Change in cash and cash equivalents	-5.66	-5.56	>100
Effects of exchange rate movements on cash and cash equivalents	0.17	0.58	> -100.0
Cash and cash equivalents at beginning of period	9.15	14.13	
Cash and cash equivalents at end of period	**3.66**	**9.15**	**> -100.0**

Development of the Business Areas

In accordance with the requirements of IFRS 8 (management approach), Wolford AG reports on the basis of the following segmentation:

- **Austria**
- **Germany**
- **Rest of Europe**
- **North America**
- **Asia**

Austria
External sales (sales less intercompany sales) in the Austria segment increased from €29.84 million (2021 financial year) to €31.72 million in the reporting period. This segment comprises the production and sales activities in Austria as well as the sales activities in all countries in which Wolford does not have its own subsidiaries, as well as online retailing. The segment contributed 25% to consolidated revenue (2021 financial year: 27%). The operating result (EBIT) decreased in the 2022 financial year by €15.58 million from €-10.36 million to €-25.94 million.

Germany
External sales in the Germany segment increased from €10.86 million in the previous financial year to €12.21 million in the 2021 financial year. The segment contributed 10% to consolidated revenue (2021 financial year: 10%). EBIT came to €0.37 million, as against €0.42 million in the 2021 financial year.

Rest of Europe
External sales to companies in the Rest of Europe segment also increased significantly from €39.45 million in the 2021 financial year to €43.86 million. This segment includes the European sales companies outside Austria and Germany, as well as the production company in Slovenia. At 35%, this segment contributed the largest share to consolidated revenue (2021 financial year: 36%). Despite the increase in sales, EBIT deteriorated to €-0.1 million compared to the 2021 financial year (€3.23 million). The high production and freight costs were, among others, the most decisive factors.

North America
External sales at the group companies in the North America segment increased almost 50% from €21.68 million in the 2021 financial year to €31.20 million. The North America segment includes the sales companies in the U.S. and Canada. At 25%, the companies in this segment contributed significantly more to consolidated revenue than in the 2021 financial year (20%). As a result of the good sales situation, EBIT rose to €-0.74 million after €-1.18 million in the 2021 financial year, despite the increase in costs.

Asia
At €6.52 million, external sales at the companies in the Asia segment were slightly below the level of the 2021 financial year (€7.11 million). This segment includes the sales companies in Hong Kong and China. The segment contributed 5% to consolidated revenue (2021 financial year: 7%). EBIT of €-3.25 million was well below the level of the 2021 financial year (€0.12 million), due to the coronavirus-related lockdowns in 2022, during which costs for stores, marketing and personnel were incurred and continued without corresponding sales being generated.

Outlook and Targets

DEVELOPMENT OF THE ECONOMIC ENVIRONMENT

The global economy saw the end of the coronavirus pandemic in 2022. Despite ongoing supply chain difficulties and inflationary pressures, global manufacturing achieved growth of 3.8% in 2022 (source: interact analysis, control engineering). On February 24, 2022, Russia marched into Ukraine, escalating the war between the two states that had been simmering since 2014. The invasion has claimed tens of thousands of lives on both sides and triggered the largest refugee crisis in Europe since the Second World War.

The war caused a massive shock to the world economy. On the energy and food markets in particular, supply became tight, and prices rose to unprecedented levels. Compared to other economic regions, the euro area was particularly vulnerable to the economic consequences of the Russian invasion of Ukraine. This is mainly due to the euro area's very high dependence on energy imports, which accounted for more than half of its energy consumption in 2020. Before the start of the Russian invasion, Russia and Ukraine also played an important role in importing food and fertilizers. In general, the euro area, with its very open economies, is vulnerable to disruptions in global markets and supply chains. The war contributed significantly to inflationary pressures that built up during the recovery from the pandemic, pushing up consumer prices, particularly for energy and food. Headline inflation increased from 0.3% in 2020 to 2.6% in 2021 and again to 8.4% in 2022. Energy and food prices accounted for two-thirds of this inflation record in 2022 (Source: International Monetary Fund).

At the end of 2022, GDP growth in the U.S. Had failed to meet expectations, and high inflation and rising interest rates could send the economy into a spin in 2023. Consumer spending in the U.S. declined in real terms in the final months of 2022, a trend that may continue in the coming quarters. In addition, further interest rate hikes by the Federal Reserve could cause foreign investment to become negative, domestic investment to decline further, and overall GDP to fall. The economic outlook for the United States is characterized by weaker growth, rapid monetary tightening and a decline in inflation (source: trading-economics)

India and China will contribute half of global growth in 2023, while the U.S. and the euro area together will contribute only one tenth. Global inflation is expected to decline this year, but even for 2024, projections for overall and core inflation are still above pre-pandemic levels in 80% of countries.

EURATEX announced that the textile industry in the EU has fully recovered from its sharp decline due to the Covid-19 pandemic, and that apparel companies had almost returned to their pre-pandemic levels. EURATEX estimates that sales in the textile and apparel industry in the 27 EU member states will total €147 billion in 2021, an 11% increase over 2020.

McKinsey expects global sales growth of between 5% and 10% for the luxury fashion segment in 2023 and growth of between minus 2% and plus 3% for the rest of the industry. The dichotomy that used to define the fashion business will therefore return. In addition to the differences between luxury suppliers and players in other segments, there will be pronounced regional differences. Despite the slowdown, the U.S. economy is set to be more robust than other major global economies. In China, Covid-19 outbreaks and precautionary measures continue, while Europe is feeling the effects of the energy crisis and a weakened euro against the U.S. dollar.

WOLFORD'S DEVELOPMENT

After double-digit sales growth in 2022, Wolford expects a further increase in sales in 2023. In terms of the product, the strategy is to strengthen the luxury athleisure line, focus on reviving core icons, and to reduce the seasonal trend risk. In terms of retail, the strategy is to close unprofitable stores as quickly as possible, reduce the retail footprint over the next three years, and to focus on flagship stores. In terms of online, the strategy is : reset Wolford X, scale up online as we shrink retail, focus on replenishment and athleisure. For wholesale, the strategy is to focus on key accounts, retain them as a cash flow resource, and limit discounts and special pricing.

For the operating result (EBIT), the company expects a turnaround that will bring the company into profitability in the current financial year. This assumes that the situation in Eastern Europe does not lead to further distortions in the global economy.

A number of cost drivers and higher inflation still stand in the way of better earnings development this year. This is putting pressure on the economy as a whole and thus also on Wolford. Supply chains also remain a weak point, and the Ukraine conflict is further exacerbating the situation.

In view of the uncertain situation in Eastern Europe, the cost situation will not improve; at the same time, however, our focus on improving the efficiency of the company will have a positive impact.

Given that the restructuring projects have been successfully implemented in full and that the effects are already being felt in the current year, the management is optimistic for the coming year and beyond. Without exception, the measures taken are of a sustainable nature and thus permit transparent end-to-end cost management. In order to reach profitability, Wolford will be pushing forward its lean manufacturing project, focusing on eliminating inefficient production and logistics processes. The lower demand plan will consequently reduce production quantities and costs. In addition, Wolford is designing a new and more efficient process for return handling with faster access to saleable stock. Key in 2023 will be the reduction of inventory, while focusing on fast selling never-out-stock products, as well as improving our delivery performance from on-time-in-full (OTIF) 85% to higher than 90%. In logistics Wolford needs to improve the outsourced services and processes, while delivering a cost reduction in relation to sales. Wolford has outdated systems and IT infrastructures, making operations inefficient and expensive, as well as making scaling difficult. The management has identified 14 key projects to be implemented over the next two years. Mandatory projects , to insure business continuity. Business driver projects , to allow Wolford to scale. Efficiency projects to save on cost.

Wolford has reduced, or will reduce, consulting costs and personnel expenses. Wolford is expecting a saving of €10 million as a result of all these measures. The company generated net sales of €31 million in the first quarter, exceeding the previous year's figure.

Management has developed strategic initiatives to specifically address the current challenges. These are mitigation measures to increase efficiency and avoid costs, as well as other optimization measures.

A decisive factor for the further development of Wolford is the successful positioning of the brand in the international markets. To this end, the company is stepping up its efforts to position the brand globally with its The W and W Lab extensions. In addition, Wolford will continue its existing and successful collaborations in the current financial year, as well as launching more capsule collections in collaboration with international star designers.

Wolford sees excellent growth opportunities with healthy double-digit annual growth rates in the U.S. and Chinese markets. Accordingly, an important operational focus is on measures to tap this potential.

Based on the measures taken, the management believes that Wolford is well positioned to achieve its planned sales growth while at the same time increasing profitability.

Opportunity and Risk Management

The timely recognition of opportunities and risks has a major influence on the achievement of Wolford AG's targets. Wolford defines risks as internal or external events that may have a negative impact on the achievement of the company's objectives. On the other hand, Wolford defines opportunities as internal or external events that can positively influence the achievement of corporate targets. Accordingly, the company has elicited opportunities and risks with selected managers from a wide range of departments. Based on this, the management team discussed both the potential top opportunities and the top risks. The audit assignment did not include an evaluation of the effectiveness of the risk management system. The Supervisory Board took this decision in agreement with the Management Board. However, a management letter from the auditors, which also reports on certain aspects of the accounting-related internal control system, was submitted to the Chair of the Supervisory Board and discussed in detail by the Supervisory Board. In addition, the Audit Committee held three meetings in the past financial year, at which it dealt with the results of the top management. Overall, the Supervisory Board is therefore in a good enough position to form its own opinion on the effectiveness of the risk management system.

OPPORTUNITY AND RISK MANAGEMENT SYSTEM

Opportunity and risk management is discussed by management with the Management Board to ensure comprehensive, holistic and effective management of all material opportunities and risks. The aim of risk management is to identify at an early stage risks that could jeopardize the achievement of corporate goals and opportunities that could facilitate the achievement of corporate goals, and to take appropriate measures to achieve these goals. Defining the respective targets is therefore a key component of the opportunity and risk management system.

To ensure that the opportunity and risk management system can be implemented effectively, it has been aligned to the requirements of the internationally established framework 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). Opportunity and risk management is adapted to Wolford's size, structure and risk environment on an ongoing basis.

EXPLANATION OF MATERIAL RISKS AND OPPORTUNITIES

Global inflation, along with the mild recession and its impact on the global economy and our main markets, pose significant risks to the further development of Wolford's business. It is currently difficult to grasp the business risks, as these depend heavily on the duration and intensity of the crises and the further consequences for the global economy. Although there was an improvement in the sales situation in the financial year, business development continues to be influenced by inflation. The further effects of the war between Russia and Ukraine and the resulting political measures are difficult to assess from today's perspective. To mitigate the risk, Wolford implemented a strategy of price increase of approximately 20%.

Development of a Strategy

Wolford is in a dynamic, rapidly changing market environment, consequently it is important to develop a suitable strategy. A lack of strategy jeopardizes competitiveness in the long term and thus the future of the company. It is therefore of central importance to develop a consistent strategy for the company and, not least, to communicate it internally so that it is supported by all employees. One material risk when developing such a strategy involves failure to respond to, or misinterpretation of, current trends. Wolford constantly monitors the development of the market environment, the behavior of target groups and current trends and adjusts its own strategy accordingly. In view of the ongoing trend toward online purchasing, for example, Wolford has for some time been focusing on the systematic expansion of its own online business and on cooperative ventures with relevant suppliers in this area. Since the growth of the luxury brands will foreseeably take place in Asia, above all in China, increased investment has been made in recent years in expanding our market presence in China.

Market Communications

For a company like Wolford, which thrives on the appeal of its brand, brand image is of great importance. For this reason, targeted market communications with a strong marketing strategy are needed. A suitable market presence is also needed to appeal to younger potential consumers. Further investments in its global market presence are essential for Wolford and have been made accordingly.

Personnel Development

For Wolford, employees are the company's most important resource. It is therefore a given that Wolford protect and foster its employees. The working conditions and training of employees influence performance in development and production as well as success at the point of sale; well-trained sales staff have a decisive influence on sales performance. Above all, however, Wolford thrives on the recognized quality of its products made in-house, and this is closely linked to the working conditions in production and manufacturing at its two plants in Austria and Slovenia. Not only the loss of key personnel represents a major risk, but so too the possibility of not being able to find, recruit and retain a sufficient number of well-trained and motivated employees. The personnel issue is further complicated by the financial situation, the reduction in the workforce in the course of restructuring and the cost pressure. Wolford operates in a dynamic competitive environment, and the demands on the company as a whole and on its employees in particular in terms of flexibility, mobility and adaptability are in rapid flux. Consequently, Wolford must systematically invest in the training and further education of its employees and also continuously optimize its recruiting in order to be able to attract well-trained and flexible employees in a highly competitive labor market (war of talents).

IT Implementation

Today, the demands on IT are constantly increasing, which is why an efficient and process-oriented IT system is needed. The coexistence of different IT systems represents a potential risk for the company. Wolford uses numerous independent IT systems and databases from procurement to production planning through to sales, all of which are compatible only to a limited extent. As a result, data reconciliation and general IT support are time-consuming and personnel-intensive, potentially making Wolford AG's overall system prone to errors. System failures can lead to the loss of important data and consequently to financial losses. Against this background, Wolford plans to standardize its IT landscape in the medium term through the company-wide introduction of ERP standard software.

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 globally operating company, Wolford is dependent on economic developments in international markets and on consumer behavior. Any decline in demand due to economic developments or other external factors (such as the Covid-19 pandemic in the 2020 short financial year and the past 2021 financial year, and political conflicts such as the Ukraine crisis) may lead to excess capacity in the company's production plans. To avoid this, Wolford analyzes capacity utilization on an ongoing basis and adjusts it to market requirements where necessary. Short-term work subsidies were also utilized as a measure in this context in the 2021 financial year. Wolford also focuses on optimizing the various processes within the company as part of the projects set up specifically for this purpose. Furthermore, the underlying conditions in the fashion retail sector remain difficult, as increasing globalization and the advance of digitalization 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. The extensive, growing network of Wolford-owned retail locations is continuously reviewed for profitability, and insufficiently profitable boutiques are closed when corresponding lease agreements expire. Wolford has also been systematically expanding its own online business for a long time and also cooperates with the relevant e-tailers.

In the current financial year, the management will continue to systematically pursue the path of sales growth and significantly improve profitability with the help of the implemented and planned restructuring steps. The focus will be on further implementing the restructuring measures already defined and showing clear signs of success, as well as targeted measures to expand sales, such as the further expansion of the online business.

Political and Social Risks

As a globally active company, Wolford AG is exposed to political and social risks. Consumer behavior may for example be adversely affected by changes in the political or regulatory framework, geopolitical tension, or terrorist attacks. Uncertainties due to political and social upheavals are also expected worldwide in 2023, as demonstrated not least by the Ukraine crisis in February 2022. Potential direct consequences is the increasing inflation. These developments also involve risks for providers of luxury goods in particular and lie outside the control of individual companies.

Financial Risks

Wolford is exposed to financial risks from changes in interest rates and exchange rate fluctuations. As a consequence of the international orientation of its business model, however, Wolford is also subject to the risk of exchange rate fluctuations. Changes in the material foreign currency exposures is monitored constantly, and hedging through derivatives is not currently performed.

Liquidity Risk

In February 2023, Wolford AG received a capital increase of €17.6 million to secure its solvency. However, the impact of sustained inflation and restrictions on business activity on the liquidity of the Wolford Group is currently difficult to assess. The resulting uncertainty is taken into account by intensified monitoring of liquidity. Wolford has risk related to payment defaults, returns processing, and accounts receivable management capacities. As a result, customer payments may be delayed. There is a risk from purchase of raw materials and inventory management; moreover the economic situation may force suppliers to switch to cash in advance. Due to the cyclical nature of the business, there is generally a need for financing in the first half of the year, which can represent a risk. If a financing gap should occur, Wolford is counting on support from shareholders and external financing. Shareholders have not yet demanded repayment and the interest of 12% is not currently being paid or demanded.

Going Concern risk

The Management Board has submitted positive budget planning for 2023 based on realistic parameters to the Supervisory Board. Given the operational restructuring initiated August 2022 is taking effect, the management expects a lasting turnaround in the current financial year. The economic development in the first quarter of 2023 supports this forecast. The raised sales expectations for the months January through March 2023 were achieved. On the earnings side, the Group is also on budget.

To stabilize the course, the Group's parent company carried out a capital increase in November 2022, from which the company received funds of €17.6 million in the first quarter of 2023. In addition, the company received a letter of comfort from the main shareholder, assuring the company of further support where necessary.

Supported by these two pillars, sustainable restructuring and financing, the management expects that Wolford can and will continue its business operations in 2023 and beyond.

Credit Risks

Credit risk represents the risk arising from the non-fulfillment of contractual obligations by business partners, which may lead to losses. Potential credit risks exist vis-à-vis wholesale customers as a result of the granting of payment terms with the associated risk of bad debts. This risk is partially covered by a credit insurer. In addition, there is a default risk in connection with purchases by end consumers in the online business. For this reason, the Company works with an external provider of credit checks, so that customers are checked for creditworthiness when they place their orders. In addition, the respective online shop managers monitor and review incoming orders on an ongoing basis.

Climate-Related Risks

The climate related risks Wolford is exposed to are availability of raw materials, logistic transportation, and the collaboration with logistics partners in terms of sustainability. As an international company in the field of high quality skinwear, Wolford feels responsible toward customers, employees, shareholders, suppliers, business partners, the public, and the environment. Wolford pursues its goals in the areas of environment, social affairs and governance in order to make an active contribution to better environmental and climate protection. Our motto *because we care* makes clear Wolford's intention to produce fashion that has a less harmful impact on the environment and enables consumers to choose more sustainable products and to wear them for longer. Wolford has adopted a Code of Conduct relating to environmental protection, social affairs and governance. Wolford has developed products based on the Cradle to Cradle® design principle, which have been optimized with regard to their material health and recyclability. The products are made from sustainable materials that can be returned to circulation. Wolford's material strategy is currently being intensively revised, bringing the company closer to its goal of making half of its products 'circular' by 2025. The 2030 Agenda commits us to protecting the planet so that future generations can live a good life in an intact environment. Protecting water is very important to Wolford, and the company is proud to be a bluesystem partner, which means that the chemicals are used responsibly and the water quality is significantly less affected. To allow transparent reporting on its goals and measures, Wolford is working on implementing the new CSRD guideline.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM WITH REFERENCE TO THE ACCOUNTING PROCESS

The Management Board is responsible for designing and implementing the accounting-related internal control and risk management system and ensuring compliance with all legal requirements. In organizational terms, the Wolford Group's accounting is located within Wolford AG. The Group Accounting department (responsible for external reporting) and Group Controlling department (responsible for internal reporting) report directly to the Management Board of Wolford AG.

The Group's accounting and reporting processes are based on an accounting manual issued by Wolford AG, which is updated as necessary. This manual uniformly regulates the main accounting and reporting requirements throughout the Group on the basis of IFRS.

Software solutions are used to record, book and account for all business transactions in the Group. In China and Hong Kong, accounting carried out by local tax consultants outside the Group system. These subsidiaries provide monthly reporting packages containing all relevant accounting data on the income statement, balance sheet and cash flow. This data is entered into the central consolidation system. This financial information is verified at Group level by the Corporate Accounting and Corporate Controlling departments and forms the basis for the IFRS reports issued by the Wolford Group. Tried and tested budgeting and reporting software is used for the internal management reporting. Automated interfaces have been created for adopting actual data from primary systems, and values for forecasts have been input in a standardized process. Reports are issued based on regions and for each company. In the past financial year, in addition to a report on the development of operating earnings, a rolling full-year forecast was prepared for each elapsed month. In combination with the respective quarterly figures, the described financial information is the basis of the Management Board's reports to the Supervisory Board. The Supervisory Board is informed of business development in regular meetings. This information is provided in the form of consolidated figures comprising segment reporting, key earnings figures with budget/previous year comparisons, forecasts, consolidated financial statements, data on personnel and order trends, and selected key financial figures.

Wolford AG's accounting is carried out internally in Bregenz. For the other accounts of the European subsidiaries and branches, cooperation is maintained with external tax advisors who post the respective national companies in Wolford AG's accounting software. The accounts are drawn up each month in order to maintain constant control. This process was not carried out during the first half of 2022, but was carried out regularly from August. The previous month's accounts are drawn up within the first ten days of the following month, with the exception of January and February, when the accounting team is focused on the annual financial statements. Cash register systems, i.e. receipts and payments, are uploaded to the system automatically. The online business, including accounting, customer service and accounts receivable management, is managed by an external service provider, and cash sales are automatically uploaded. In China, there is a different cash register system, but this is also connected to Wolford's system landscape and supplies data to Wolford's systems via interfaces. An annual inventory of raw materials, semi-finished and finished goods is carried out at all storage locations. Following the inventory-taking, a reconciliation is performed, after which Wolford books the variances. Returned goods are put back in the warehouse after a proper check, and destroyed if the quality is not guaranteed. Invoices are released automatically and sent to the end customer after review by the sales department and customer service. In Austria, Germany and the U.S., receivables are sold to a factoring partner. Outstanding accounts are covered by contingency insurance. An outstanding accounts report is checked on a monthly basis by credit management. Invoices from suppliers are duly approved by the department who submitted the order, then sent to the accounting department. The accounting department asks the responsible department for formal approval. Payments are made weekly on the basis of the amounts due and after proper coordination with the Management Board, CFO and the relevant department. A liquidity plan has been prepared as of November 2022. This cash monthly forecast report is submitted to the Supervisory Board and covers a period of twelve months.

Despite the fact that the main shareholder is listed in the New York Stock Exchange, there is currently no need for Wolford to be Sarbanes Oaxley compliant.

Research and Development (R&D)

Innovation is at the heart of Wolford's product worlds and part of its DNA. The product portfolio is clearly aligned with the company's core competence: body-hugging circular knit products such as legwear and bodysuits, skinwear, with high wearing comfort in first-class quality.

A central topic in this area is the development of recyclable, sustainable products. The Cradle to Cradle® (C2C) concept pursues the vision of closed material cycles, aiming to completely avoid generating waste in the future. The focus is on both technical and biological cycles. Products are designed in such a way that after use (after being worn) they can be returned a biological cycle as nutrients, while non-biodegradable products (made from synthetic fibers) are further processed to create new, different products in the technical cycle. Wolford AG now offers a wide range of certified C2C products. The products are made from a biodegradable elastane specially developed for Wolford (ROICATM from the Japanese Asahi Kasei Group), from a suitably modified polyester fiber from the German company Lauffenmühle, and from the TENCELTM brand modal fiber from Austrian textile manufacturer Lenzing, which is obtained from sustainable forestry.

The range of sustainable products was further expanded in the 2022 financial year. A total of 59 Cradle to Cradle® Gold-certified items have been launched to date.

A major challenge for the circular economy is currently still closing the loop at the end, as there are still too few systems for returning and recycling products. Wolford is continuously working on this issue with external partners in order to bring about a solution as quickly as possible.

In the area of recycled materials, it was possible to produce the entire Twenties net stocking line with yarns made from recycled polyamide.

Further projects are currently underway to use yarns made from 100% scrap tires. Research is also underway to develop an antithrombotic agent.

In the past financial year, there were a number of interesting and ambitious collaborations with international designers. The major task for the development team is to implement the designers' wishes and requirements in the best possible way. This requires perfect interaction between the partners and a high level of skill on the part of the employees in development as well as in patterning and production.

The collaboration with Thierry Mugler was part of a high-tech solution. A silicone print on fabric combined with a shaping function enabled the perfect realization of the elegant design.

The collaboration between Alberta Ferretti and Wolford was also of the highest level. The combination of the simplicity of minimal lines and the curves of the female body created unexpected effects, which were further emphasized by the fine ajour lace. Wolford's expertise and the high-performance, elastic materials, always allow products that perfectly fit the body and offer maximum comfort.

The collaboration with Italian street wear brand GCDS was Wolford's first athleisure collection, which includes both men's and women's collections. A pair of leggings and a T-shirt with two different color variants were created, as well as a pair of shorts, which were set off to great effect by a camouflage pattern in neon green. The design of the women's collection picks up on GCDS' signature graphic patterns and mesh inserts. The items were all developed with Cradle to Cradle® certified yarns.

The collaboration with Sergio Rossi also presented the development team with the challenge of meeting the demands and requirements of a shoe designer, as the tights were developed to match the shoes. A special high-gloss fabric was developed for this purpose, which meets the quality requirements of the designer and allows for a very comfortable feel due to the material used. As a special highlight for the Christmas season, some of the products were also decorated with rhinestones and studs.

Thermal tights with a high heat retention capacity were developed especially for the fall/winter 2022/2023 season.

More Efficient Development Process through 3D Integration

The integration of the 3D process not only facilitates a more efficient development cycle but also opens up more options in terms of product presentation. Design decisions can be made directly on the screen from anywhere. Different colors, patterns or shapes can be implemented in a short time. This not only reduces the number of physical prototypes but also shortens process times and opens up a broader range of possibilities. At the same time, our team is working on rendering photo-realistic collections, potentially reducing the need for photo shoots. A digital studio has neither physical nor creative limits. In summary, this digital process opens up new and exciting possibilities, from accelerating the design process through digital imaging, reducing reliance on physical samples, shortening the development cycle, high-end rendering of photorealistic product images, and research and development into digital showrooms.

Human Resources

PROTECTING AND FOSTERING EMPLOYEES

The need to protect and foster its employees is self-evident to Wolford, as they are crucial to the company's long-term success.

The working conditions and training of employees influence performance in development and production as well as success at the point of sale; well-trained sales staff have a decisive influence on sales performance.

Above all, however, Wolford thrives on the recognized quality of its products made in-house, and this is closely linked to the working conditions in production and manufacturing at its two plants in Austria and Slovenia. In addition to providing safe workplaces, the protection of employees also requires us to respect rest periods, avoid overtime, and optimize workplace design. This also includes targeted training and development courses. On the one hand, this ensures that the company has sufficient junior staff, and on the other, it increases employee motivation. Wolford's objective is to keep sick leave and staff turnover at a low level, position the company as an attractive employer brand and thus acquire and retain highly qualified employees.

Management of Material Topics

Wolford sees the training and development of its employees as a supportive personnel development measure based on development goals agreed individually between managers and employees. Personal development and the expansion of leadership skills are just as important as technical training, and the opportunities are correspondingly diverse. However, all corresponding investment and possible temporary release of employees require the individual to agree to a mutually defined career development path and to utilize the acquired training to the benefit of the company. Guidance in this context is provided by the Group Guidelines and regular employee appraisals, followed by a multi-stage internal process of approving specific further training measures. In this process, it is also always examined whether further training is possible directly at the workplace, i.e. on the job, or whether external offers are required. There are various approaches to ensuring appropriate working conditions – although here, too, the Group guidelines serve as a guide. One important aspect is the time management system used to monitor working hours. Overtime is largely avoided due to the warning system which is activated when employees work more than ten hours per day.

Wolford also attaches great importance to fair pay, flexible working time models and an appropriate work-life balance for the benefit of its employees, by offering online yoga courses for example. At the headquarters in Bregenz, there is also a canteen and in-house restaurant offering employees meals at discounted prices.

The HR department sets the framework in terms of training and development, with responsibility for execution resting with the managers. The relevant trainer is responsible for the trainees. There is also a central coordination point in the HR department. There is a trainer for each of the five apprenticeships at Wolford. The apprenticeship program itself also includes general training, field trips are organized, and job rotation programs allow apprentices to get to know other Wolford departments.

In addition, of course, there is compliance with statutory regulations, such as the Working Hours and Maternity Protection Act or the Child and Youth Employment Act. In addition, the Employee Protection Act, the Workplace and Work Equipment Ordinance and the General Employee Protection Ordinance must also be complied with, including detailed ordinances on protection against explosive atmospheres (VEXAT) or the protection of employees from the hazards of noise and vibration.

The quality of working conditions is measured by monthly recording of sick leave and a regular turnover report. Working time management is continuously monitored and remuneration is checked with the help of general remuneration benchmarks. Wolford works continuously to improve working conditions and maintains an ongoing exchange with the members of the Works Council. Working conditions are also a regular topic in management team meetings. All suggestions for improvement are passed on to management.

The turnover rate at the Bregenz site is primarily due to restructuring measures implemented over recent financial years. In retail, i.e. in the sales companies, the fluctuation rate is also generally higher than in administration, for example.

Focus on Health and Safety

In a production plant, there is a risk of occupational accidents. To counteract this risk, appropriate accident prevention systems have been implemented at both Wolford production sites.

New employees receive introductory training when they start work in production or administration, during which their attention is drawn to safety aspects, health protection, the environment, and mobility. Work-specific hazards are then pointed out in the individual departments. Evacuation drills are conducted under the direction of the company fire department. At the sales locations, on the other hand, employees are subject to lower accident risks, so there is no specific safety management here. The Wolford Group complies with applicable laws in all countries in which it operates. This includes all preventive measures to maintain and promote the health of employees.

Such measures have been standard practice at Wolford for decades. It is clear that only healthy employees are motivated and capable of successfully performing their assigned tasks and meeting the high qualitative standards of all Wolford products. Wolford attaches particular importance to optimal working conditions for pregnant employees. If the workplace in question does not meet the requirements for the special protection of pregnant women, Wolford will provide an alternative workplace immediately after the pregnancy becomes known. Pregnant employees are instructed on conduct and how to protect their unborn child. Fundamental risks also include the psychological stress of working under time pressure or intensified performance pressure. In such cases, the danger of occupational accidents increases, as does the risk of a corresponding drop in productivity or of diminished employee performance.

In 2022 too, Wolford consistently and fully implemented all government regulations on Covid-19 in their respective areas of application. Given the number of Covid-19 cases around the world, central monitoring was introduced at Wolford. In the event of a suspected case, there is still the possibility of being tested for Covid-19 by the company doctor using a rapid antigen test. In addition, it is possible to be vaccinated against Covid-19.

Wolford counters these risks with systematic occupational health and safety measures. For example, every new workplace is evaluated with a view to maintaining the health of employees and is also re-evaluated should working conditions change substantially. Near-accidents are systematically reported and documented, and feed into reassessment of the workplace. Wolford's safety management system also includes an annual workplace inspection. In Bregenz, for example, checks are carried out to ensure that the heat generated at workstations in the molding workshop remains tolerable for employees and that ergonomic requirements are met in the administration department.

Prevention specialists work together to focus on workplace safety, with two trained occupational safety specialists at the central office in Bregenz, ten safety officers, 32 first-aiders and a company fire service with integrated first responder team.

Two company doctors perform all of the necessary occupational health and safety checks and oversee preventative health measures. All employees at the production sites are continuously trained to identify potential accident hazards. Equipment and machinery are also regularly checked to ensure compliance with all safety standards. The company attaches great importance to the ongoing optimization of all tools, equipment, and materials in use.

Wolford Collects Detailed Accident Statistics

Accident statistics are used to systematically analyze and evaluate the areas and contexts in which accidents occur. Special preventive measures are accordingly implemented, e.g. special training to improve the handling of work equipment or to optimize workflows.

The relevant managing director under commercial law is responsible for compliance with all statutory and internal requirements. The internal health and safety committee meets once a year to discuss possible measures for optimization. Compliance with all statutory requirements in Austria is monitored by the General Accident Insurance Institute [Allgemeine Unfallversicherungsanstalt, AUVA], the Labor Inspectorate (the government authority that monitors compliance with legally binding occupational safety provisions) and the local fire prevention agency.

Diversity and Equal Opportunities

Wolford believes that diverse teams have greater innovative strength and effectiveness, and thus achieve better results than homogeneous working groups. In management teams, diversity also leads to a more informed decision-making process through the exchange of different perspectives and arguments.

For example, cultural diversity has a major impact on the business success of an internationally operating company. For example, the closer Wolford sales personnel are to the culture of local customers, the more likely they are to understand those customers' needs and the more likely they are to achieve a high level of customer satisfaction. The closer development is to the needs of the mostly female clientele, the more likely it is that new products will be successful on the market. Last but not least, the culture of equal opportunities that exists at Wolford is an important factor contributing to employee satisfaction. The employer brand also benefits from this.

Diversity in Action at Wolford

The diverse composition of the workforce means not only a good gender balance but also the inclusion of different nationalities and a balanced age structure. In this sense, Wolford has had a culture of diversity and equal opportunity for decades, even without the Group having formulated a diversity concept. The Management Board duo consists of one male and one female member. The BCG Gender Diversity Index Austria 2022, which analyzes the gender ratio on the management and supervisory boards of Austria's 50 largest listed companies, confirms Wolford's good position when it comes to diversity and Wolford is still in their top ten, ranked 7th, and even 2nd in a five-year comparison. In view of the product range geared primarily to women and the often female sales staff at the point of sale, the proportion of women at Group level is also above average at over 80%. Against this backdrop, Wolford has a strong commitment to offering flexible parental leave and part-time working models to its employees so that they can achieve a positive balance between their professional and family lives.

Nothing works without women was the motto under which 16 Wolford employees took part in the Women's Run in Bregenz. As every year, the many participants are not just interested in running, but also in setting an example. Solidarity, courage, recognition and visibility of women can all be achieved with a strong community.

A total of 48 nationalities are represented in the Wolford Group. Employees from 29 nations are employed at the parent company Wolford AG, around 35% of whom come from outside Austria. Six nationalities are represented among the executives. In the sales subsidiaries, all age groups between 20 and 60 are represented almost equally. About 42% of the employees at the Murska Sobota plant are women between the ages of 40 and 50.

(Women's Run 2022)

More Details

Disclosures Pursuant to Section 243a (1) UGB

1. the composition of the capital, including shares that are not traded on a regulated market as defined by Section 1 Z (2) of the Austrian Stock Exchange Act 2018 (BörseG 2018, BGBl) I no. 107/2017, as well as, if applicable, an indication of the different classes of shares and, for each class of shares, an indication of the rights and obligations attached to that class as well as the share of that class in the share capital;

   Wolford AG is listed on the Standard Market of the Vienna Stock Exchange. At the balance sheet date of December 31, 2022, the company had share capital of €32,251,924.80, which was divided into 6,719,151 no-par value bearer shares.

2. any restrictions affecting voting rights or the transfer of shares, even if contained in agreements between shareholders, to the extent known to the company's Management Board;

   The Management Board is not aware of any restrictions affecting voting rights or the transfer of shares.

3. direct or indirect shareholdings in the capital amounting to at least 10%;

   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 December 31, 2022: Fosun Fashion Group Wisdom (Luxembourg) S.à r.l. held around 58%. Ralph Bartel held over 28% of the shares. As of December 31, 2022, Wolford AG held 88,140 treasury shares (excluding voting rights), equivalent to around 2% of the share capital. The remaining shares were in free float.

4. the holders of shares with special control rights and a description of such rights;

   The Management Board is not aware of any such rights

5. the type of control of voting rights in the case of employee shareholdings, if they do not exercise voting rights directly;

   At Wolford AG, there is neither an employee stock ownership plan nor a system of employee capital sharing in which an employee does not directly exercise the voting rights for their shares in Wolford AG.

6. the provisions not arising directly from the law concerning the appointment and dismissal of members of the Management Board and the Supervisory Board and concerning amendments to the company's Articles of Association;

   The Management Board is not aware of any such rights or agreements

7. the powers of the members of the Management Board not arising directly from the law, in particular with regard to the option to issue or buy back shares;

Management Board members do not hold any authorizations over and above those stipulated by law, particularly in respect of the possibility of issuing or buying back shares. There is no authorized capital.

8. all significant agreements to which the company is party and which take effect, change or terminate upon a change of control in the company as the result of a takeover bid, as well as their effects, except for agreements the disclosure of which would be materially detrimental to the company, unless the company is expressly required to disclose such information under other legal provisions;

   The Management Board is not aware of any significant agreements with change-of-control clauses.

9 Existence and material content of compensation agreements between the company and its Management Board and Supervisory Board members or employees in the event of a public takeover bid.

   The Management Board is not aware of any such agreements.

Non-Financial Declaration pursuant to Section 243b and Section 267a of the Austrian Commercial Code (UGB)

Wolford AG compiles a separate consolidated non-financial report that meets the legal requirements of Section 243b in conjunction with Section 267a of the Austrian Commercial Code (UGB). The report is available on the company website under the heading Investor Relations.

Bregenz, April 11, 2023

Paul Kotrba
COO

Responsible for Supply Chain and Production, Legal & Compliance, Investor Relations, IT and Digital, as well as PMO

Silvia Azzali
CCO

Responsible for Sales & Merchandising, Marketing, Finance, Human Resources and Design

03

Consolidated ACCOUNTS

€128,5 million

The balance sheet total decreased by 4.8% year-over-year.

Consolidated Statement of Comprehensive Loss

in EUR k	NOTE NO.	2022	2021
Revenue	**(1)**	**125,514**	**108,945**
Other operating income	(2)	3,900	12,602
Changes in inventories of finished goods and work in progress		6,296	-2,360
Cost of materials and purchased services	(3)	-31,040	-18,623
Personnel expenses	(4)	-56,449	-47,185
Other operating expenses	(5)	-59,210	-44,809
Impairments of trade receivables	(6)	-831	-35
Depreciation and Amortization	(7)	-15,664	-14,421
Impairments	(7)	-1,823	-380
Reversals of impairment losses	(7)	669	1,003
EBIT		**-28,638**	**-5,263**
Interest and similar income	(8)	46	32
Interest and similar expenses	(8)	-5,915	-4,014
Income from securities	(8)	11	13
Expenses from securities	(8)	-231	-64
Interest cost of employee benefit liabilities	(8)	-151	-119
Financial result	**(8)**	**-6,240**	**-4,153**
Loss before tax		**-34,878**	**-9,415**
Income tax	(9)	11	-2,917
Loss after tax		**-34,867**	**-12,332**
Other comprehensive loss*			
Amounts that will not be recognized through profit and loss in future periods		1,319	-78
of which actuarial gains and losses	(10)	1,690	-120
of which deferred tax	(10)	-371	42
Amounts that will potentially be recognized through profit and loss in future periods		-741	-894
of which currency translation for foreign operations	(10)	-741	-894
Other comprehensive loss*	**(10)**	**578**	**-972**
Total comprehensive loss		**-34,289**	**-13,305**
Attributable to owners of the parent company		-34,289	-13,305
Loss after tax attributable to owners of the parent company		-34,867	-12,332
Loss per share in EUR (basic = diluted)	**(11)**	**-5.26**	**-1.86**

* Other comprehensive loss is reported after tax.

Group Cash Flow

in EUR k	NOTE NO.	2022	2021
Loss before tax		**-34,878**	**-9,415**
Depreciation and impairments of property, plant and equipment and amortization of intangible assets	(7)	17,487	14,801
Reversals of impairment losses	(7)	-669	-1,003
Gains on disposals of non-current assets	(2)	-2,037	-790
Interest expenses/interest income	(8)	5,858	3,982
Other non-cash income and expenses	(8)	232	64
Changes in inventories		-5,323	3,563
Changes in trade receivables		1,257	-2,985
Changes in other receivables and assets		4,178	-9,754
Changes in trade payables		9,379	1,759
Changes in other provisions and employee benefits		-1,367	-4,331
Changes in other liabilities		435	3,883
Interest received		46	32
Interest paid		-47	-41
Income tax paid		-119	-273
Cash flow from operating activities		**-5,568**	**-507**
Payments for investments in property, plant and equipment and other intangible assets		-7,386	-741
Proceeds from disposals of property, plant and equipment and other intangible assets		4,086	1,033
Cash flow from investing activities		**-3,300**	**292**
Proceeds from current and non-current financial liabilities	IV.	22,500	10,000
Repayment of current and non-current financial liabilities		0	0
Repayment of and interest payments on lease liabilities	IV.	-19,293	-15,341
Cash flow from financing activities		**3,207**	**-5,341**
Cash-effective change in cash and cash equivalents		**-5,661**	**-5,557**
Cash and cash equivalents at beginning of period	IV.	9,148	14,126
Effects of exchange rate movements on cash and cash equivalents		169	579
Cash and cash equivalents at end of period		**3,656**	**9,148**

Consolidated Balance Sheet

in EUR k	NOTE NO.	12/31/2022	12/31/2021
Assets			
Property, plant and equipment (including right-of-use assets)	(12)	57,046	56,209
Goodwill	(13)	86	89
Other intangible assets	(14)	450	719
Non-current financial assets	(15)	1,028	1,259
Non-current receivables and assets	(16)	3,286	3,281
Deferred tax assets	(17)	3,837	4,001
Non-current assets		**65,733**	**65,557**
Inventories	(18)	36,371	30,874
Contract assets	(29)	55	44
Trade receivables	(19)	10,679	12,007
Other receivables and assets	(20)	12,023	17,024
Cash and cash equivalents		3,656	9,148
Current assets		**62,784**	**69,097**
Total assets		**128,517**	**134,654**
Liabilities			
Share capital		32,252	48,848
Capital reserves		398	10,533
Other reserves		-42,190	-39,028
Treasury Shares		-4,195	-4,413
Accumulated other equity		-5,318	-704
Negative equity	**(21)**	**-19,053**	**15,236**
Lease liabilities	(31)	42,161	43,169
Other liabilities	(23)	926	1,007
Provisions for long-term employee benefits	(22)	11,550	14,592
Other non-current liabilities		213	133
Deferred tax liabilities	(17)	140	110
Non-current liabilities		**54,990**	**59,011**
Current financial liabilities	(24)	35,739	10,697
Trade payables	(25)	22,503	13,058
Lease liabilities	(31)	15,056	17,199
Other liabilities	(28)	15,602	14,716
Income tax liabilities	(27)	401	1,304
Other provisions	(26)	1,511	1,277
Reimbursement and contract liabilities	(29)	1,768	2,156
Current liabilities		**92,580**	**60,407**
Total equity and liabilities		**128,517**	**134,654**

Consolidated Statement of Changes in Equity

			ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY					
			ACCUMULATED EQUITY					
in EUR k	NOTE NO.	SHARE CAPITAL	CAPITAL RESERVES	OTHER RESERVES	TREASURY SHARES	ACTUARIAL LOSS	CURRENCY TRANSLATION	EQUITY
01/01/2021	**(21)**	**48,848**	**10,533**	**-21,503**	**-4,413**	**-5,115**	**190**	**28,541**
Loss after tax	(21)	0	0	-12,332	0	0	0	-12,332
Other comprehensive loss	(21)	0	0	0	0	-78	-894	-972
12/31/2021	**(21)**	**48,848**	**10,533**	**-33,835**	**-4,413**	**-5,193**	**-704**	**15,236**
01/01/2022	**(21)**	**48,848**	**10,533**	**-33,835**	**-4,413**	**-5,193**	**-704**	**15,236**
Loss after tax	(21)	0	0	-34,867	0	0	0	-34,867
Other comprehensive loss	(21)	0	0	0	0	1,319	-741	578
Capital reduction	**(21)**	-16,596	-10,135	26,513	218	0	0	0
12/31/2022	**(21)**	**32,252**	**398**	**-42,189**	**-4,195**	**-3,874**	**-1,445**	**-19,053**

Segment Reporting

2022 in EUR k	AUSTRIA	GERMANY	REST OF EUROPE	NORTH AMERICA	ASIA	RECON-CILIATION	GROUP
Revenue	**70,696**	**12,214**	**52,101**	**31,199**	**6,520**	**-47,216**	**125,514**
of which intersegmental sales	38,978	0	8,238	0	0	-47,216	0
External sales	**31,718**	**12,214**	**43,863**	**31,199**	**6,520**	**0**	**125,514**
EBIT	**-25,935**	**374**	**-102**	**-737**	**-3,247**	**1,009**	**-28,638**
Segment assets	101,525	9,090	51,740	25,769	3,195	-71,858	119,461
Segment liabilities	31,656	2,899	21,696	21,818	13,152	-48,297	42,924
Investments (including modifications and additions of right-of-use assets)	1,568	552	7,833	10,982	693	0	21,628
Depreciation and amortization, including impairments and reversals of impairment losses	-2,594	-2,116	-6,611	-4,026	-1,471	0	-16,818
Employees (FTE)*	362	71	528	124	21		1,106

* as of December 31

2021 in EUR k	AUSTRIA	GERMANY	REST OF EUROPE	NORTH AMERICA	ASIA	RECON-CILIATION	GROUP
Revenue	**61,206**	**10,864**	**46,700**	**21,678**	**7,105**	**-38,608**	**108,945**
of which intersegmental sales	31,361	0	7,247	0	0	-38,608	0
External sales	**29,845**	**10,864**	**39,453**	**21,678**	**7,105**	**0**	**108,945**
EBIT	**-10,362**	**423**	**3,237**	**-1,176**	**122**	**2,493**	**-5,263**
Segment assets	101,982	16,240	57,466	14,258	6,987	-76,687	120,246
Segment liabilities	24,639	8,510	23,853	13,757	13,092	-52,358	31,493
Investments (including modifications and additions of right-of-use assets)	518	1,307	6,100	1,957	801	0	10,683
Depreciation and amortization, including impairments and write-backs	2,853	1,796	5,089	3,192	868	0	13,798
Employees (FTE)*	392	78	518	71	22		1,081

* as of December 31

Consolidated Non-current Asset Schedule

	ACQUISITION/PRODUCTION COSTS				
in EUR k	AS OF 01/01/2022	CURRENCY DIFFERENCES	ADDITION	DISPOSAL	AS OF 12/31/2022
Property, plant and equipment					
Land, leasehold rights and buildings, including buildings on third-party land	20,027	380	3,579	-601	23,384
Technical equipment and machinery	28,615	0	321	-1,790	27,146
Other equipment, furniture and fixtures	30,060	196	913	-1,328	29,841
Right-of-use assets	90,761	1,224	16,717	-4,866	103,836
Prepayments made on assets under construction	1,747	0	21	-15	1,753
	171,210	**1,800**	**21,551**	**-8,601**	**185,960**
Goodwill	**1,540**	**42**	**0**	**-728**	**855**
Other intangible assets					
Concessions, industrial property rights, and similar rights and values, as well as licenses to such	15,995	7	77	-471	15,608
	15,995	**7**	**77**	**-471**	**15,608**
Total	**188,746**	**1,849**	**21,628**	**-9,800**	**202,423**

ACCUMULATED DEPRECIATION AND AMORTIZATION							CARRYING AMOUNTS	
AS OF 01/01/2022	CURRENCY DIFFERENCES	IMPAIRMENT	REVERSALS OF THE IMPAIRMENT LOSSES	ADDITION	DISPOSAL	AS OF 12/31/2022	AS OF 01/01/2022	AS OF 12/31/2022
16,219	367	333	0	1,192	-513	17,598	3,807	5,786
27,249	0	0	0	431	-1,779	25,901	1,367	1,246
28,597	191	69	-406	1,337	-1,180	28,609	1,463	1,232
41,204	606	1,421	-263	12,358	-251	55,075	49,557	48,761
1,731	0	0	0	0	0	1,731	16	22
115,001	**1,164**	**1,823**	**-669**	**15,318**	**-3,723**	**128,915**	**56,209**	**57,046**
1,451	**44**	**0**	**0**	**0**	**-727**	**768**	**89**	**86**
15,277	6	0	0	346	-470	15,159	719	449
15,277	**6**	**0**	**0**	**346**	**-470**	**15,159**	**719**	**449**
131,729	**1,214**	**1,823**	**-669**	**15,664**	**-4,920**	**144,842**	**57,017**	**57,581**

Consolidated Non-current Asset Schedule

	ACQUISITION/PRODUCTION COSTS				
in EUR k	AS OF 01/01/2021	CURRENCY DIFFERENCES	ADDITION	DISPOSAL	AS OF 12/31/2021
Property, plant and equipment					
Land, leasehold rights and buildings, including buildings on third-party land	19,475	675	401	-524	20,027
Technical equipment and machinery	28,903	0	14	-302	28,615
Other equipment, furniture and fixtures	29,681	444	301	-366	30,060
Right-of-use assets	81,437	2,553	9,942	-3,171	90,761
Prepayments made on assets under construction	1,731	0	16	0	1,747
	161,227	**3,672**	**10,674**	**-4,363**	**171,210**
Goodwill	**1,481**	**59**	**0**	**0**	**1,540**
Other intangible assets					
Concessions, industrial property rights, and similar rights and values, as well as licenses to such	15,995	19	9	-28	15,995
	15,995	**19**	**9**	**-28**	**15,995**
Total	**178,704**	**3,750**	**10,683**	**-4,391**	**188,746**

			ACCUMULATED DEPRECIATION AND AMORTIZATION				CARRYING AMOUNTS	
AS OF 01/01/2021	CURRENCY DIFFERENCES	IMPAIRMENT	REVERSALS OF THE IMPAIRMENT LOSSES	ADDITION	DISPOSAL	AS OF 12/31/2021	AS OF 01/01/2021	AS OF 12/31/2021
15,219	672	34	-385	989	-310	16,219	4,256	3,807
27,072	0	0	0	479	-302	27,249	1,831	1,367
27,303	417	11	-40	1,243	-337	28,597	2,378	1,463
28,776	1,428	335	-578	11,254	-11	41,204	52,661	49,557
1,731	0	0	0	0	0	1,731	0	16
100,101	**2,517**	**380**	**-1,003**	**13,965**	**-960**	**115,001**	**61,125**	**56,209**
1,395	**56**	**0**	**0**	**0**	**0**	**1,451**	**86**	**89**
14,830	19	0	0	456	-28	15,277	1,165	719
14,830	**19**	**0**	**0**	**456**	**-28**	**15,277**	**1,165**	**719**
116,326	**2,592**	**380**	**-1,003**	**14,421**	**-988**	**131,729**	**62,376**	**57,017**

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 Trade Goods, and is specialized in the affordable luxury product segment. The parent company, Wolford AG, is a stock corporation that is headquartered in Austria, 6900 Bregenz, Wolfordstraße 1, and registered with the district court of Feldkirch, Austria, under FN 68605s. Wolford AG prepares consolidated financial statements for the smallest group of Group companies and is included in the superordinate consolidated financial statements of Fosun International Limited, Shanghai, China.

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 December 31, 2022, were prepared pursuant to Section 245a Austrian Commercial Code (UGB) in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). All valid and binding standards issued by the IASB and interpretations of the IFRS Interpretations Committee that are applicable in the EU have been applied for the 2022 financial year.

The financial year of Wolford AG is a calendar financial year covering the period from January 1 to December 31.

The consolidated financial statements of Wolford AG comprise the consolidated statement of comprehensive loss, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of changes in equity, and the notes to the consolidated financial statements. The consolidated financial statements are presented in euros (reporting currency). Unless otherwise indicated, all amounts are stated in thousand euros (EUR k). The consolidated financial statements include comparative information for the previous reporting period. The Management Board is responsible for the preparation of the consolidated financial statements. Due to commercial rounding, rounding differences may occur.

The following standards and interpretations require application in the EU for the first time in the 2022 financial year:

STANDARD/ INTERPRETATION	DESCRIPTION	DATE OF FIRST APPLICATION
IAS 16	Changes to IAS 16: Property, Plant and Equipment – Proceeds before Intended Use	01/01/2022
IFRS 3	Changes to IFRS 3: Reference to the IFRS Conceptual Framework	01/01/2022
IAS 37	Changes to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract	01/01/2022
Annual improvements to IFRS	2018-2020 cycle	01/01/2022
IFRS 1	Amendment to IFRS 1: First-time adoption by a subsidiary	01/01/2022
IFRS 9	Amendment to IFRS 9: Charges in the 10% cash value test before derecognition of financial liabilities	01/01/2022
IFRS 16	Lease incentives	01/01/2022
IFRS 41	Amendments to IFRS 41: Taxation of fair value measurements	01/01/2022

Overview of standards and interpretations requiring application in subsequent financial years (adoption by the EU is still outstanding for some elements):

STANDARD/ INTERPRETATION	DESCRIPTION	DATE OF FIRST APPLICATION
STANDARDS ALREADY ADOPTED BY THE EU		
IFRS 17	Insurance contracts (incl. amendments)	01/01/2023
IFRS 17	First-time Adoption of IFRS 17 and IFRS 9 – Comparative information	01/01/2023
Changes to IAS 1 and IFRS Practice Statement 2	Definition of Material in connection with accounting and valuation principles	01/01/2023
Changes to IAS 8	Definition of accounting estimates and their distinction from changes in accounting policies	01/01/2023
Changes to IAS 12	Counter-exception from initial recognition exemption for leases recognized by the lessee and disposal and/or restoration obligations	01/01/2023
STANDARDS NOT YET ADOPTED BY THE EU		
IAS 1	Changes to IAS 1: Classification of liabilities as current or non-current	01/01/2024
IFRS 16	Amendment to IFRS 16: Lease liabilities in a sale and leaseback relationship	01/01/2024
IAS 1	Amendment to IFRS 1: Non-current liabilities with covenants	01/01/2024
IFRS10/IAS 28	Amendment to IFRS 10/IAS 28: Transactions with an associate or joint venture	open

The standards to be applied from January 1, 2023 and adopted by the EU have not been applied early.

In May 2020, the IASB (International Accounting Standards Board) issued the final amendments to IAS 37 related to onerous contracts, which clarify the meaning of costs to fulfill a contract. Accordingly, the direct costs of fulfilling a contract (e.g., direct labor and material costs) and an allocation of those costs that are directly related to fulfilling the contract (e.g., allocation of depreciation expense for items of property, plant and equipment, and used to fulfill the contract. These amendments, which are effective for financial years beginning on or after January 1, 2022, unless voluntarily implemented earlier, include a higher cost calculation, resulting in higher provisions in the consolidated financial statements. This change had no effect on the present consolidated financial statements, as directly attributable costs and proportionate administrative costs were already taken into account in the measurement of obligations from onerous contracts. The provision recognized for onerous leases amounted to €478k as of the reporting date (December 31, 2021: €602k) and mainly relates to stores in Ireland, Italy, Germany, the Netherlands and the U.S.

The other new or revised standards/interpretations had no material impact on the consolidated financial statements of the Wolford Group and no material impact is expected from the standards/interpretations to be applied in the future.

IFRS 16 – Covid-19-Related Rent Concessions and Extension of the Application Period of IFRS 16 in 2021
As a result of the Covid-19 pandemic, rent concessions were granted in various forms (e.g., payment exemptions and deferral of lease payments). In May 2020, the IASB published the amendments to IFRS 16 in connection with Covid-19. The amendments provide optional, temporary Covid-19-related relief for lessees. This allowed lessees, under certain conditions, to waive the assessment of whether a lease concession is a modification of the lease under IFRS 16 and instead to account for the lease concession as if it were not a modification but variable lease payments. This relief only applied to rent concessions that arise as a direct result of the Covid-19 pandemic and only if certain conditions are met. With the extension of the application period, lease payments due as of June 30, 2021, were affected.

The Group implemented the amendments and also applied the practical expedient for qualifying rent concessions in 2021 (€80k) consistently.

Going Concern
Due to operational restructuring measures that have not yet delivered the desired results and increased input costs for the procurement of raw materials, Wolford's earnings remain negative. EBIT for the whole of 2022 amounts to €-28.6 million. The increase in operating costs, driven by inflation and shortages in the procurement market, has led to higher prices for materials, energy and logistics. As a result of collective wage agreements, costs have also increased for personnel. In addition, expenses are being incurred in connection with the future organizational and structural transformation of our company.

In 2022, the Wolford Group was in a difficult financial position. Cash flow from operating activities and other liquidity resources from existing financing sources available to the Wolford Group were insufficient to meet its unforeseen payment obligations. The Wolford Group was dependent on borrowed capital and external financing provided on favorable terms. The Wolford Group did not have sufficient working capital to cover its capital requirements.

The Wolford Group has covered its past financing needs through shareholder loans that the company has entered into. The Group relies on current shareholder loans granted to the company by its principal shareholder or on the refinancing of existing shareholder loans. In addition, the Wolford Group relies on the extension of its maturing liabilities, involving amounts of considerable magnitude that are rolled over or not called in.

Wolford has taken measures to increase its operational efficiency. Processes are being further optimized and the focus on cost control has once again been intensified. However, the business results achieved on the cost side are not yet sufficient to stabilize the company with regards to its earnings. To ensure adequate liquidity, the company has gained access to loans from the majority shareholder. In addition, Wolford initiated a capital increase in 2022, carried out in early 2023, which was subscribed by both largest shareholders. Following a simplified capital reduction to cover losses of €16,596,302.97 to €32,251,924.80, the share capital was increased to

€46,337,596.80 through the issue of 2,934,515 new shares with a par value of €4.80 per share. As a result of the capital increase, which was entered in the commercial register on February 15, 2023, Wolford AG received an inflow of €17.6 million before deduction of the costs incurred. Wolford is also in close contact with banks regarding further financing in Italy.

Wolford is currently working intensively to strengthen its presence and visibility. This is being done with the help of targeted marketing activities, a focused product pipeline, geographic expansion of distribution, rationalization of the retail fleet and significant investments in e-commerce, IT and systems. In addition, Wolford is reducing fixed and variable costs in all functions. Given the double-digit increase in sales in 2022, Wolford is confident that it will be able to build on the trend in 2023 and present a strongly improved EBIT result in the 2023 financial year. The prerequisite for this is that no macroeconomic events beyond our control further worsen the situation.

From 2023, all restructuring measures implemented by Wolford will start to take effect, which will have a positive impact on future earnings. The company is also in the process of reversing the trend to improve its operating earnings (EBIT) and achieve sustainable profitability. This assumes that the uncertain situation in Eastern Europe does not lead to further distortions in the global economy. While the situation in Eastern Europe is not expected to improve the cost situation, the company is working specifically to improve the efficiency of personnel costs, reduce consultant costs, reduce the collection and make demand planning and the manufacturing process more efficient. The new reduced and focused product strategy SPACER is already being implemented with the aim of creating "space" in the company and increasing "speed". To achieve this, there will be a focus on "hero" products and bestsellers. An improved operating model is expected to increase cash flows and to limit inventory risks. An initial collection edit reduced the number of items by 40%, which generated 18% of sales.

Systems and IT infrastructure at Wolford are outdated. This makes operations inefficient and expensive and also makes scaling difficult. 14 major IT projects will be implemented over the next two years. Wolford will accelerate the lean manufacturing project and focus on eliminating inefficient production and logistics processes.

The plan for a reduced range will subsequently reduce production volumes and costs. Wolford is also planning a new, more efficient process for returns handling with faster access to saleable inventory. A key factor in 2023 will be the reduction of inventories. At the same time, the focus will be on high-selling "never out of stock" products and on improving delivery performance. In logistics, Wolford will work specifically on improving outsourced services. At the same time, costs are to be reduced in relation to sales. Based on these measures, management expects to achieve revenue of €150 million and positive EBITDA and EBIT.

The first couple months of 2023 are showing a positive trend compared to the 2023 budget. The raised sales expectations for the months January through March were achieved. On the earnings side, the Group is also on budget. Management is optimistic about the future as restructuring projects have so far been successfully implemented and will have an impact in the current year. The measures taken are sustainable and allow transparent and consistent cost control. Strategic initiatives have been developed to address upcoming challenges and increase efficiency while avoiding costs and optimizing operations. Successful brand positioning in international markets is crucial to Wolford's further development. The company will continue to pursue the global positioning of its brand in a targeted manner through its "The W" and "The W Lab" lines. This includes the continuation of successful cooperation, limited capsule collections developed in collaboration with international star designers, and the targeted exploitation of growth opportunities in the U.S. and Chinese markets. Based on these measures, management believes Wolford is well positioned to further increase sales and be profitable through improved operations.

In addition, Lanvin Group Holdings Limited has issued a letter of comfort to provide financial support to Wolford. This is intended to enable the company to meet its liabilities as they fall due and to ensure the company's continued existence for the foreseeable future. This guarantee cannot be revoked until the end of 2024. In the event that financial support from Lanvin is required, both parties undertake to enforce the guarantee in full. The outstanding shareholder loans granted by Fosun Fashion Group (Cayman) Limited to the Company have been subordinated in the amount of €16.3 million. Repayment can only be demanded once the restructuring of Wolford has been completed. Similarly to the provisions of the Austrian Business Reorganization Act (URG), an equity ratio of 8% and a debt repayment period of 15 years are applicable for the Wolford Group. In the event of liquidation, repayment of the shareholder loan up to an amount of €16.3 million will only be made after all other creditors have been satisfied. It is also stipulated that no insolvency proceedings need to be opened in respect of these liabilities. The guarantor Lanvin Group Holdings Limited and the Management Board conclude that the consolidated financial statements of the company for 2022 should be prepared using the going concern principle.

2 DISCLOSURES ON SPECIAL FACTORS AFFECTING THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 DISCLOSURES RELATING TO THE COVID-19-PANDEMIE PANDEMIC

The consequences of the Covid-19 pandemic have significant effects on these financial statements, which are presented in summary below.

Sales Performance

As in 2020 and 2021, the global Covid-19 outbreak brought some containment measures, such as curfews and store closures, especially in Asia (China) in 2022. Despite these framework conditions and the temporary closures as a result of local lockdowns in Asia, a significant increase in sales of 15.2% (€108,945k in 2021) to €125,514k was recorded in the financial year. Sales in the Asia segment, on the other hand, decreased by 8.2% from €7,105k in 2021 to €6,520k in the 2022 financial year.

Government Subsidies
Government subsidies were claimed where the relevant requirements could be met, predominantly in Austria, to mitigate the negative effects of Covid-19 (mainly fixed-cost subsidy, loss compensation, and short-time working), of which €1,176k remains outstanding as a receivable. Only insignificant amounts were received in the 2022 financial year following the expiry of significant subsidy programs.

Impact of the Covid-19 Crisis on Estimation Uncertainties and Discretionary Decisions
The Covid-19 crisis has impacted the IFRS consolidated financial statements, particularly with regard to assumptions, estimates and discretionary decisions in the following areas.

Following lockdowns in Asia, which mainly impacted the Wolford Group's operations in the first half of 2022, Covid-19 measures have been largely lifted globally and therefore restrictions have not been included in the updated planning calculations. However, if restrictions were to reappear in the individual markets in future financial years, this would have an impact in particular on the measurement of rights of use, deferred taxes and receivables.

2.2 DISCLOSURES IN CONNECTION WITH CLIMATE-RELATED MATTERS

Wolford's sustainability strategy is continually developed on the basis of the materiality matrix created in 2017. This process also involves the definition and implementation of specific targets. These targets are based on the United Nation's SDGs, which focus on achieving the circular economy as one of the key components of the European Green Deal – Europe's new agenda for achieving sustainable growth.

Sales Aspects
Wolford is intensively concerned with the demand patterns of its customers for sustainable products, among other things through cooperation with sustainability-oriented bloggers and influencers, and takes these into account by developing appropriate products. In addition, Wolford aims to offer its customers forward-looking alternatives to non-sustainably produced products, including those from other manufacturers, and to encourage a change in consumer behavior, e.g. through longer product use.

Production and Material Aspects
The special feature of the business model is clearly for Wolford's benefit, given that Wolford manufactures a lot of its products itself. All legwear products knitted and dyed by Wolford itself on a cotton and polyamide basis for the Essential collection have bluesign®-approved status. 90% of the company's suppliers are also located in Europe, of which the majority come from Germany, Italy, Austria and France, making for short transportation routes. All of Wolford's suppliers have to fulfill prevailing social and environmental standards. Wolford has employed environmentally friendly practices for many years. As a means of ensuring adherence to environmental and social standards above and beyond the respective statutory regulations, all suppliers are obliged to comply with the Code of Conduct of the German textile and fashion industry, the STANDARD 100 by OEKO-TEX® and the EU's REACH Regulation. At present, Wolford does not see any risk that essential materials may not be used for production due to climate

and environmental concerns or are no longer available, which could lead to production bottlenecks. Changes in materials or the search for new suppliers to meet legal and self-imposed targets could lead to delays, which are taken into account by initiating the necessary processes in good time.

In terms of material use, the main aim is the gradual switch-over of all Wolford products. The goal is for 50% of all Wolford products to be recyclable by 2025, i.e., either biodegradable or technologically recyclable. In this respect, Wolford is doing pioneering work in the development of recyclable products in line with the Cradle to Cradle® approach. Furthermore, Wolford is increasingly using environmentally friendly packaging materials.

The fact that Wolford's production process meets the highest global standards for sustainability in the textile industry is proved by the partnership concluded in April 2015 with bluesign® technologies AG, a globally active network. Its system stands for safe textiles, environmentally compatible production and the prudent use of natural resources. As such, the focus is not only on evaluating individual end products, as is the case for many eco-labels, but also on ensuring transparency along the entire textile value chain. As part of its partnership with bluesign® technologies AG, Wolford only uses chemicals and dyes that fulfill these high requirements.

To mitigate the consequences of global warming, statutory regulations exist in Europe which specify the permissible energy consumption per sector and call for a general reduction of CO_2 emissions. Since 2015, Wolford has been required by the Austrian Energy Efficiency Act (EEffG) to regularly analyze its energy consumption and continually improve its energy performance. It is possible that the expiry of the Energy Efficiency Act, which is currently still in force, will result in stricter requirements for companies with regard to energy savings. Wolford does not currently have any further information on this.

In relation to IAS 36 - Impairment in the context of the impairment of non-financial assets: There are no indications of impairment with regard to climate-related issues.

It was not necessary to adjust the sensitivity analyses with regard to the effects of climate-related risks and obligations on the assumptions made.

IAS 37 Provisions, Contingent Liabilities and Contingent Assets: There is no need for a provision for climate-related aspects in the 2022 consolidated financial statements due to a legal or constructive obligation pursuant to IAS 37.10.

2.3 DISCLOSURES IN CONNECTION WITH THE WAR IN UKRAINE

Wolford operates in both Russia and Ukraine through a trading partner, but generates only insignificant sales there, which means that the war in Ukraine cannot have a significant direct impact on the company's sales and earnings. To date, there are also no indications of an increased need for impairment on receivables from sales in Russia or Ukraine. Wolford has no subsidiaries or own boutiques in the countries concerned.

Wolford does not purchase any production materials from Russia or Ukraine. The increase in price and reduced availability of energy, in particular gas, due to a shortage of supply from Russia in 2022 is counteracted by the energy supply contract concluded with the landlord of the property in Bregenz at fixed prices until the end of 2023. The increase in costs driven by inflation and energy prices were taken into account in the impairment test based on available forecast data.

2.4 DISCLOSURES RELATING TO MACROECONOMIC CONDITIONS

Following the outbreak of the Ukraine war, the macroeconomic conditions in the 2022 financial year are characterized by inflation and accompanying interest rate increases, an energy crisis and supply chain problems both nationally and internationally. This also affects the Wolford Group's business activities and consolidated financial statements. The following aspects have been taken into account:

IAS 36 - For impairment carried out as part of impairment tests, the following aspects in particular must be taken into account:

The increased level of interest rates worldwide was taken into account accordingly in the 2022 financial year impairment test. The country-specific discount factors used for the impairment tests (WACC after taxes) were increased to 7.29% - 12.71% (December 31, 2021: 5.0% - 8.5%).

The cost of materials and purchased services increased by 66.68% compared to the 2021 financial year (€18,623k) to €31,040k in the 2022 financial year. Approximately 50% of the increase is due to sales increases and approximately 50% is due to price increases mainly for raw materials, energy and purchased services.

The increased production costs were (largely) offset by price increases of approximately 10% in November 2022. With the launch of new collections, prices are set in the future in such a way that the planned contribution margin can be achieved. The price increases have so far not had any negative impact on the general sales development. Government measures in this connection have not been utilized.

Rising personnel costs were taken into account in the impairment test with an annual growth rate of 7.5% for 2023 and 6% for 2024 in Austria and in the other countries, depending on the market, of 2% to 5% for 2023 and a uniform 3% for 2024. From 2025 onward, an annual growth rate of 3% is assumed in all countries.

IAS 19 - Employee benefits: The macroeconomic conditions were taken into account by adjusting the parameters applied to determine the pension, severance and anniversary obligations. The discount rate increased between 0.99% and 1.23% for the calculation as of December 31, 2021 to over 4% for the calculation as of the balance sheet date, and the wage and salary trend was increased from 2.30% as of December 31, 2021 to 3.00% as of December 31, 2022. The obligations for severance payments and anniversaries were based on a growth rate of 7.5% for 2023 and 6% for 2024 in Austria and, depending on the market, of 2% to 5% for 2023 and a uniform rate of 3% for 2024 in the other countries. Pension, severance and anniversary obligations decreased by €3,042k to €11,550k as of December 31, 2022. Actuarial net gains of €1,319k were recognized in OCI.

IFRS 9 and 7 – Financial Instruments and Disclosures

Wolford AG's debt financing consists of shareholder loans in the amount of €35,739k (including accrued interest) as of December 31, 2022 at fixed interest rates (12%). The tranches mature at different dates in 2023, so an increase in interest expense due to the changed interest rate environment is not expected in the short term.

IFRS 9 - ECL measurement: There are no indications of an increased need for impairment on receivables arising from Wolford's sales in the financial year. The ECL valuation model applied at Wolford adequately reflects the macroeconomic circumstances and related impact on credit risk and ECL valuation. The expense for impairment charges amounted to €831k in 2022 financial year (2021 financial year: €35k).

Effects of the Covid-19 Crisis, Mainly in Asia, Climate-Related Issues, the Ukraine War and Macroeconomic Conditions on Estimation Uncertainties and Discretionary Decisions

- As of the reporting date, an overall update of the planning was carried out with regard to the changed economic and political environment, although the further restructuring measures decided at the end of 2022 were taken into account. As a result, impairment losses of €1,823k (2021 financial year: €380k) were recognized in the 2022 financial year, which were offset by reversals of impairment losses of €669k (2021 financial year: €1,003k).

- Valuation of receivables: The development of receivables is subject to close monitoring as a result of the negative economic development and the increase in online sales. Due to the high level of coverage provided by the existing credit insurance, no need to adjust the existing fundamental allowance system was identified; however, the percentages for the allowance were adjusted depending on days overdue in 2021.

- Recognition of deferred tax assets: As per IAS 12.56, deferred tax assets were valued on the basis of an estimate of the expected annual income tax rate in the updated medium-term planning.

3 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 companies have been directly included in the consolidated financial statements by way of full consolidation:

COMPANY NAME	REGISTERED OFFICE	DIRECT INTEREST IN %
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:

COMPANY NAME	REGISTERED OFFICE	DIRECT INTEREST IN %
Wolford Deutschland GmbH	Bielefeld	100
Wolford (Schweiz) AG	Opfikon	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 Finland, Norway 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 scope of consolidation is unchanged with respect to the business operations of the Wolford Group compared to the last reporting date as of December 31, 2021.

The acquisition of Wolford Berangere L is an acquisition of a group of assets in the form of a company without operations and therefore does not fall under the application of IFRS 3. Of the total purchase price paid of €2,773k, €2,189k relates to the acquisition of the shares and €585k to the repayment of a loan from the former shareholder. The purchase price exceeding the carrying amount of equity was allocated to the right to use buildings included in this company. This difference represents the additional acquisition cost of the key money in the amount of €2,637k.

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.

Business acquisitions are accounted for based on the requirements of IFRS 3. This requires the assets, liabilities and contingent liabilities at subsidiaries identifiable to be measured at fair value as of the acquisition date. Where the acquisition costs for the respective company exceed the fair value of the identifiable acquired assets, liabilities, and contingent liabilities, the difference is recognized as goodwill. Negative differences are recognized immediately as profit or loss. Companies acquired or sold during the financial year must be 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 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 loss.

The major exchange rates used for financial currency translation developed as follows:

	AVERAGE RATE ON THE BALANCE SHEET DATE		AVERAGE RATE FOR THE YEAR	
CURRENCIES	12/31/2022	12/31/2021	2022	2021
1 EUR/USD	1.070300	1.134600	1.058490	1.181830
1 EUR/GBP	0.885600	0.838100	0.849140	0.860270
1 EUR/CHF	0.986600	1.032100	1.009330	1.081640
1 EUR/DKK	7.438700	7.437000	7.439500	7.437170
1 EUR/SEK	11.117000	10.242600	10.561880	10.136360
1 EUR/NOK	10.505100	10.002200	10.067810	10.166150
1 EUR/CAD	1.443700	1.444000	1.369610	1.485610
1 EUR/HKD	8.324400	8.845200	8.288040	9.184790
1 EUR/CNY	7.375100	7.215800	7.072640	7.630300
1 EUR/MOP	8.606350	9.109000	8.529270	9.452490

4 ACCOUNTING POLICIES

Property, plant and equipment are measured at cost pursuant to IAS 16. Depreciation is generally recognized on a straight-line basis over the expected useful life of the asset.

Straight-line depreciation of property, plant and equipment and amortization of intangible assets is based on the following useful lives:

Buildings, including buildings on third-party land	10–50 years
Technical equipment and machinery	4–20 years
Other equipment, furniture and fixtures	2–10 years
Concessions, industrial property rights and similar rights and values, as well as licenses to such	4–10 years
Right-of-use assets	Depending on the expected term of the lease

Where necessary, material reductions in value exceeding depreciation or amortization are accounted for by recognizing impairment losses, which are also recognized in Depreciation and Amortization, pursuant to IAS 36 (Impairment of Assets).

Repair and maintenance costs relating to property, plant and equipment are generally recognized as expenses. These costs are capitalized if the expenditures are likely to increase the future economic benefits from use of the respective asset.

Leases: At the start of the contractual agreement, the Group assesses whether the contract constitutes or contains a lease. This is the case if the contract gives the right to control the use of an identified asset for a certain period of time against payment of a fee. From the date on which the object is made available, the Group recognizes an asset for the granted right of use and a lease liability. The right-of-use asset is initially valued at acquisition cost, which is the initial value of the lease liability, adjusted for payments made on or before the date of availability, plus any initial direct costs and the estimated costs of dismantling or removing the underlying asset or restoring the underlying asset or the site on which it is located, less any lease incentives granted.

The right of use is depreciated over the expected term of the relevant lease in accordance with the specifications for property, plant and equipment. The lease liability is recognized in accordance with the provisions of IFRS 16 and reduced by the lease payments made and increased by the interest expense. Among other elements, the lease liabilities were composed of the total of not-yet-paid fixed lease payments, variable lease payments that are coupled to an index or (interest) rate, and amounts that are expected to be due in the framework of residual value guarantees. In the case of index-based payments, indexation is taken into account as of the effective date of the lease payment adjustment. In addition, lease extension options and any lease termination payments are included if there is sufficient certainty. If the lease liability is subsequently revalued, a corresponding adjustment is made to the carrying amount of the right of use or it is recognized in profit or loss if the carrying amount of the right of use has decreased to zero. In accordance with IFRS 16, the lease liability is amortized over the term using the effective interest method.

Key money refers to a fee paid by a tenant to a landlord, former tenant or property owner to secure, renew or extend a lease. The key money is accounted for as a right of use under the lease agreement and is generally amortized over the term of the lease. In the case of the key money relating to the French leases, no depreciation is recognized due to the local legal conditions, as the tenant either has a replacement right upon termination of the lease by the landlord or the option to pass on the lease right to a new tenant in return for a transfer fee. Key money is in this case treated as a separate component of the right to use the building. Depreciation is only recognized if the recoverable residual value is lower than the carrying amount of the asset.

In the case where key money is considered synonymous with a security deposit, the amount may be used to cover unpaid rent or damages to the rental unit. In this case, the security deposit is usually held in an escrow account. The net amount (security deposit less unpaid rent and damage deductions) is returned to the tenant at the end of the lease.

Wolford AG has opted not to recognize short-term leases with a maximum term of 12 months or leases for low-value leased assets (generally €5k, depending on the type of asset). The option not to separate lease and non-lease components (e.g., operating costs in the case of rental agreements) is not practiced and, accordingly, the non-lease component is not taken into account in determining the lease liability and the right of use. In some countries, the store rents are fully variable and are not based on any index or interest rate. In accordance with IFRS 16, no rights of use or lease liabilities were recognized in the statement of financial position for these leases; instead, the rent payments continue to be recognized as an expense in the consolidated statement of comprehensive loss.

In accordance with the extension of the application period for the amendments to IFRS 16 Covid-19-related rent concessions, Wolford AG applied the amendments to IFRS 16 in the 2021 financial year. Accordingly, it was not assessed whether permitted rent concessions as a direct result of the Covid-19 pandemic constitute a lease modification. Wolford AG uniformly applies the practical expedient to contracts with similar characteristics and in similar circumstances. For rent concessions under leases to which the practical expedient is not applicable, the Group assessed whether a lease modification exists.

Goodwill resulting from acquisitions 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.

As of each balance sheet date, Wolford AG is required to assess whether any triggering event has occurred that could indicate that an asset is impaired. If there is an indication that this is the case, the company has to estimate the recoverable amount of the asset. The following triggering events have been defined for Wolford AG: Significant deterioration in the net cash flow from the use of cash-generating units or failure to achieve budgeted net cash flows. The impairment tests performed on property, plant and equipment and intangible assets are based on the corporate planning in accordance with the planning calculation for 2023 from the most recent budget presented to the Supervisory Board. In the further planning for 2024 to 2026, sales growth is assumed depending on regional and structural changes. Growth rates of between 3.3% and 11.8% (December 31, 2021: 3.3% and 19.5%) are planned for global sales for each year 2023 through 2025, a significant portion of which will result from price increases. After 2026, a 1% (December 31, 2021: 1%) increase in sales is applied to all regions. The cost of sales will increase in line with sales revenues, while price increases for materials and purchased services will be countered by rising selling prices. Rising personnel costs were taken into account in the impairment test with an annual growth rate of 7.5% for 2023 and 6% for 2024 in Austria and in the other countries, depending on the market, of 2% to 5% for 2023 and a uniform 3% for 2024. From 2025 onward, an annual growth rate of 3% (December 31, 2021: 5%) is assumed in all countries. Depending on the respective market conditions, operating costs are considered at an annual growth rate of up to 12% for 2023 and a uniform 2% from 2024 (December 31, 2021: 2%) are not directly related to the development of revenue, as the scope of the respective business operations remains unchanged. Replacement and maintenance investments were included in the calculation according to the size of the boutiques (clustering by m^2) based on historical experience. Expansion investments or complete store refurbishments were not taken into account in line with current budget planning. Forecasts based on past experience, current operating results, consultant analyses, and management's best estimate of future developments, as well as market assumptions, were used to determine the budget planning calculations. The discount factors (WACC after tax) of 7.29%–12.71% (December 31, 2021: 5.0%–8.5%) used for impairment tests are derived from regional interest rates, taking into account the risk-free base interest rate with maturities matching the average remaining opening period of the boutiques in the respective country, market and country risk premiums, credit spreads with matching maturities based on corporate bonds with a BB rating, and different tax rates.

The remaining opening time of the boutique locations is evaluated on a boutique-by-boutique basis, taking into account the remaining lease term, possible termination options, expected performance, and economic and strategic considerations. Impairments are recognized under Depreciation and Amortization.

The cash-generating units used to determine impairment are the individual stores, including the rights of use, fixtures and key money associated with them.

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 the criteria listed in IAS 38. As was also the case in the 2021 financial year, there were no development costs eligible for capitalization in the 2022 financial year.

Inventories: Raw materials and supplies are measured at the lower of acquisition cost or net realizable value. Work in progress and finished goods are also measured at the lower of production 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 any inventory risks resulting from the storage duration and reduced marketability.

Financial instruments: Transactions involving financial instruments are recognized as of the settlement date in accordance with IFRS 9. The Non-current financial assets line item comprises other securities and investment funds. These are measured at fair value with changes in value through profit or loss (FVTPL) in accordance with IFRS 9. The fair value corresponds to the market value of the shares at the reporting date. The gain or loss arising from valuation is recognized in the financial result.

Trade receivables and other receivables and assets: In accordance with IFRS 9, receivables are recognized at acquisition cost and subsequently measured at amortized acquisition cost. Other assets are capitalized at acquisition cost. Should there be any indications of credit impairment and the receivables are not expected to be fully collectible, then individual allowances (Level 3 impairment) are recognized for such receivables. Receivables are derecognized upon becoming uncollectible. A receivable is deemed definitively "uncollectible" when an attorney/debt collector/court confirms it as such. For all other receivables, any expected losses are accounted for by recognizing a suitable impairment, where the allowances are valued in the amount of the credit loss to be expected over the term (Level 2 impairment).

Wolford has entered into factoring agreements in Austria, U.S., and Canada. The accounting treatment of the respective factoring agreement depends on the type of factoring, non-recourse or recourse. Non-recourse factoring involves the complete purchase of a receivable or the assignment of a receivable to a new creditor, the purchaser of the receivable (factor), who assumes the default risk. All rights and obligations are ceded with the sale of the receivable. In the case of recourse factoring, the company also receives financial compensation for the transfer of the receivable, but it is liable in the event that the receivable defaults. In November 2021, Wolford AG entered into a factoring agreement for a total amount of €5,000k, which is to be classified as non-recourse factoring. Accordingly, receivables are derecognized against the corresponding receipt of payment from the factor. Furthermore, in August 2020, the subsidiaries Wolford America Inc. and Wolford Canada Inc. entered into factoring agreements as master agreements for a minimum of $5.50 million each for a twelve-month period starting in September 2020, which were adjusted in December 2022. The classification of these agreements as non-recourse or recourse factoring depends on the applicable terms according to the contract for the individual transactions under this master agreement.

The first time they are recognized, liabilities are in principle classified as financial liabilities through profit or loss at fair value, as loans, as liabilities, or as derivatives that have been designed as a hedging instrument and are effective as such. Upon first recognition, all financial liabilities are valued at fair value and, in the case of loans and liabilities, minus the directly attributable transaction costs. The Group’s financial liabilities concern trade payables and other liabilities and loans including overdrafts.

Following first recognition, interest-bearing loans are valued under application of the effective interest method, at amortized acquisition cost. Profits and losses are recorded through profit or loss if the liabilities are derecognized, as well as in the framework of amortization using the effective interest method. Amortized acquisition costs are calculated taking into account a premium or discount in the event of acquisition as well as any fees or costs that represent an integral component of the effective interest rate. Amortization using the effective interest method is included in the profit and loss statement as part of finance expenses.

Consistent with IAS 32, treasury shares are recognized in the balance sheet as a deduction from equity.

Income taxes: Income taxes include all tax obligations that exist on the balance sheet date. In addition, 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 accounting 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 tax loss carryforwards that are realistically expected to be utilized and that are expected to be recoverable. For domestic entities, the measurement of deferred taxes is based on a tax rate of 23% (2021 financial year: 25%). For entities outside Austria, the respective local tax rate range of 12.00% to 31.04% is applied, as in the previous year.

Provisions for employee benefits: In accordance with IAS 19 revised and the projected unit credit method, the following parameters were used to calculate the obligations for severance payments at the Austrian parent company (equivalent to approximately 83% of the obligations recognized in the balance sheet):

BIOMETRIC PRINCIPLES	2022: AVÖ 2018-P (2021: AVÖ 2018-P)
Discount rate	4.14% p.a. (2021: 1.13%)
Wage/salary trend	3.00% p.a. (2021: 2.30%)

The calculation of severance pay provisions at subsidiaries is based on locally applicable biometric principles, interest rates, wage and salary trends, and suitably adjusted retirement ages.

Provisions for anniversary bonuses at the Austrian parent company (corresponds to approximately 96% of the obligations recognized in the balance sheet) are measured in accordance with the requirements of IAS 19 and the projected unit credit method. The following parameters were applied:

BIOMETRIC PRINCIPLES	2022: AVÖ 2018-P (2021: AVÖ 2018-P)
Discount rate	4.09% p.a. (2021: 0.99%)
Wage/salary trend	3.00% p.a. (2021: 2.30%)
Retirement age	64–65 / 59–65
Staggered employee turnover:	
0–2 years	24% (2021: 24%)
3–4 years	22% (2021: 22%)
5–9 years	16% (2021: 16%)
10–14 years	14% (2021: 14%)
15–19 years	9% (2021: 9%)
20–29 years	3% (2021: 3%)
30 years or more	0% (2021: 0%)

The provision for pensions is calculated in accordance with recognized actuarial principles taking due account of the calculation requirements of IAS 19. The calculation of the provision recognized using the projected unit credit method (corresponds to around 98% of the obligations recognized in the balance sheet) was based on the following parameters:

BIOMETRIC PRINCIPLES	2022: AVÖ 2018-P (2021: AVÖ 2018-P)
Discount rate	4.16% p.a. (2021: 1.23%)
Valorization of salaries	1.70% to 3.00% p.a. (2021: 1.70% to 2.30% p.a.)

Provisions: Provisions were 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: Earnings per share are calculated by dividing loss after tax by the weighted average number of ordinary shares issued and in circulation in the reporting period.

Revenue recognition: IFRS 15 provides for a uniform five-step revenue recognition model that is generally applicable to all contracts with customers. Accordingly, revenue is only recognized upon the transfer of control to the customer.

Wolford AG essentially generates revenue by selling apparel, with a distinction made between the three business models of wholesale, online, and retail. Different goods are not bundled in single contracts and consideration is not dependent on prices in other contracts. Sales are recognized in accordance with the uniform five-step revenue recognition model in IFRS 15 that is generally applicable to all contracts with customers and determines the amount and time at which revenue is recognized.

Wolford AG generally recognizes sales upon the transfer of control. In all of the company's distribution channels, this is generally the time at which the contract is satisfied by supplying or selling products. The transfer of risk is determined in individual cases by reference to the respective supply clauses. Corresponding liabilities are recognized for returns.

In some cases, contracts with customers include variable consideration which may, for example, take the form of sales bonuses. In this respect, the expected rebate is estimated on the basis of past experience. Contributions, i.e. grants provided to retailers for the acquisition of shop fittings customary for Wolford AG, are demarcated and recognized as profit or loss on a pro rata basis over the term of the respective contract. These contributions are recognized as a reduction in sales. For vouchers sold, the portion that, based on the management team's assessment, is not expected to be redeemed is credited to earnings.

Contracts with customers do not exceed a period of one year. It is therefore not necessary to account for any major financing components. The payment terms for wholesale are generally 30 or 60 days. Various payment options are offered for online sales: credit card (Visa, Mastercard, Diners American Express), PayPal, Klarna, invoice or instant bank transfer. Except for invoicing, payment is made with order or upon shipment. In the case of invoicing, the payment period is 14 days from the date of shipment of the goods.

Foreign currency translation: Currency 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 differences of €612k were recognized in profit or loss in the 2022 financial year (2021 financial year: €1,833k).

Derivative financial instruments: As was also the case in the previous year, Wolford AG did not conclude any hedging transactions or stand-alone derivatives in the year under report.

Assets and liabilities with terms to maturity of up to one year are classified as current, and items with terms to maturity of more than one year are classified as non-current.

Wolford received government grants as defined in IAS 20, mainly in the form of Covid-19 measures, in the financial year under report. These grants are recognized as revenue on the basis of binding commitments, official notifications, and legal entitlement. Around €0k (2021 financial year: €2,758k) of subsidies granted relate to short-time working, and were netted directly with personnel expenses in 2021. For a further €84k (2021 financial year: €8,177k) in loss compensation, the eligibility criteria were met as of the reporting date, and as a result they were recognized as profit under other operating income and demarcated under other receivables. In addition, Wolford Group received subsidized public sector loans in Slovenia that were recognized under non-current liabilities.

Uncertainties involved in estimates, and sensitivities: To a certain degree, the preparation of the consolidated financial statements requires 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 revenue 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, intangible assets, and right-of-use assets, the forecasts and assumptions used for impairment tests, the recognition of impairment losses for receivables and inventories (Notes 18 and 19), the recognition and measurement of deferred taxes (Note 17) and of provisions (section 26). 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 affect earnings. The calculation of allowances for receivables is 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 the future. Potential changes in tax rates or deviations between actual and expected taxable earnings may result in deferred tax assets being written down.

Lease terms are determined by reference to the non-terminable basic lease term and take into account periods resulting from lease extension options that are deemed sufficiently certain. Discretionary decisions are made when assessing whether it is sufficiently certain that the option to extend or terminate the lease will be exercised or not. These decisions consider all relevant factors that present an economic incentive. These are reviewed and reassessed whenever new information arises. This may lead to adjustments being made to the term of the leases, as well as to the amounts stated for lease liabilities and the right of use.

5 Segment Reporting

The Wolford Group is organized in regions in order to achieve the maximum possible level of market penetration. Each sales company has a sales director who is best able to evaluate the country-specific circumstances locally and manage business operations accordingly. The country-specific companies are responsible for the distribution of all products developed by Wolford as well as trade goods. These products are high-quality Legwear, Ready-to-wear, Lingerie, Beachwear, and Accessories.

The Wolford Group has five reportable segments: Austria, Germany, Rest of Europe, North America, and Asia, consisting of the legal entities located there. The Austria segment includes production and sales activities for Austria and for those countries which do not have their own Wolford subsidiaries, as well as the online business. 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 Rest of 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 through Wolford AG. The North America segment pools the company's activities in the U.S. and Canada, while the Asia segment represents 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 proprietary 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. Inter-segment pricing is based on standard wholesale prices less country-specific discounts.

Revenue in the Rest of Europe segment is distributed as follows: France at €8,485k or 19% (2021 financial year: 17%), UK (including the Ireland branch) at €8,217k or 19% (2020 financial year: 12%), Scandinavia at €6,947k or 16% (2021 financial year: 13%), Italy at €6,371k or 15% (2021 financial year: 13%), Spain (including the Portugal branch) at €4,150k or 9% (2021 financial year: 8%) as well as other European states at €9,693 or 22% (2021 financial year: 37%). Of the €31,486k revenue in the North America segment, €30,567k or 97% (2021 financial year: 96%) was attributable to the U.S., and €979k or 3% (2021 financial year: 4%) to Canada. 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 sales. The amounts shown in the consolidation column are the result of Group consolidation procedures. With a contribution of 46% in the 2022 financial year (2021 financial year: 44%) the Ready-to-wear product section accounts for the largest share of sales. With a sales contribution of 39% (2021 financial year: 37%) Legwear was the second-largest product group in the 2022 financial year. Lingerie, Beachwear, Accessories, and Trade goods generated a total sales share of 15% in the past financial year (2021 financial year: 19%).

II. NOTES TO THE STATEMENT OF COMPREHENSIVE LOSS

(1) Revenue

Wolford generates its sales almost exclusively from the sale of Legwear, Ready-to-wear, Lingerie, Beachwear, Accessories, and Trade Goods.

Revenue from contracts with customers is broken down into the most important product groups and distribution channels in the tables below. The breakdown into the company's main geographical markets can be found in the information about operating segments contained in "I. Accounting principles" under "5. Segment reporting."

Sales by Product Group and Distribution Channel

in EUR k	2022	2021
Legwear	48,282	40,621
Ready-to-wear	57,926	47,279
Lingerie	17,379	17,013
Accessories, Beachwear, and Trade Goods	1,927	4,032
Total	**125,514**	**108,945**

in EUR k	2022	2021
Boutiques	57,184	46,414
Concession shop-in-shops	7,853	5,954
Online business	30,238	28,307
Factory Outlets	5,936	6,991
Department stores	8,157	7,650
Specialist retail	14,703	11,285
Private label	1,443	2,344
Total	**125,514**	**108,945**

(2) Other operating income

in EUR k	2022	2021
Gains on disposals of non-current assets, grants and subsidies	2,037	790
Gains from currency differences	617	1,851
Restaurant revenue	280	184
Grants and subsidies	141	8,177
Other	825	1,600
Total	**3,900**	**12,602**

The high revenue from grants and subsidies in the 2021 financial year is from fixed cost grants and loss compensation received in the context of Covid-19. Income from the disposal of non-current assets in the 2022 reporting year relates in particular to income from the disposal of key money, especially in the French company (€826k), in Germany (€600k), and in Denmark (€538k). In the 2021 financial year, a book profit of €780k was generated from the sale of a property.

The profits and losses from currency differences arise from the translation of claims and liabilities into foreign currency as of the balance sheet date or at the transaction date, e.g. for payment, in local financial statements.

(3) Cost of materials and purchased services

in EUR k	2022	2021
Raw material	25,906	13,678
Energy	1,950	1,065
Services	3,184	3,880
Total	**31,040**	**18,623**

In addition to the increase in sales, the rise in the cost of materials and purchased services is primarily due to price increases as a result of inflation and energy shortages.

(4) Personnel expenses

in EUR k	2022	2021
Wages	6,551	6,842
Salaries	38,164	30,324
Expenses for statutory social security contributions, payroll-based duties, and other mandatory contributions	9,529	8,736
Expenses for severance compensation and pensions	1,190	369
of which for management	0	0
Other employee benefits	1,015	914
Total	**56,449**	**47,185**

Personnel expenses in the 2021 financial year included net grants in the form of short-time work subsidies amounting to approximately €2,758k. No material subsidies were received in the 2022 financial year. Consequently, and also as a result of rehiring the majority of personnel in the U.S. following coronavirus-related terminations in 2021 and of wage and salary increases under collective bargaining agreements, personnel expenses increased disproportionately to full-time employees.

In addition, approximately 2/3 of the planned individual personnel measures were implemented by the end of the 2022 financial year as part of the resolved restructuring, or were provided for with new provisions in the amount of €1,033k. The individual measures are likely to be completed by mid-2023.

Personnel

The Wolford Group had the following average number of employees on a full-time basis:

Head count on a full-time basis (FTE)	2022	2021
Total average number	1,096	1,091
of which waged employees	317	342
of which salaried employees	766	736
of which apprentices	13	13

(5) Other operating expenses

in EUR k	2022	2021
Legal and consulting fees	14,023	11,053
Marketing expenses	9,797	6,644
Freight costs	8,752	3,896
Rent and lease expenses	5,011	3,097
Online distribution	3,820	4,715
IT costs	3,805	3,073
Customs duties	2,305	1,577
Credit card fees and bank charges	1,885	1,682
Commissions	1,270	495
Insurance premiums	929	828
Taxes (excluding income tax)	749	429
Maintenance expenses	689	450
Travel costs	688	345
Fees and charges	573	741
Telephone expense	544	385
Other	4,370	5,399
Total	**59,210**	**44,809**

The proportionately higher rent and lease expenses are due, in part, to the higher proportion of contracts with variable, sales-dependent rent and lease terms. The increase in marketing costs is the result of investments into expanding existing markets, including through cooperation with influencers, and to develop new markets, particularly in Asia. Legal and consulting costs include costs for accounting and tax advice and auditing in the amount of €2,954k (2021 financial year: €3,052k), for legal advice in the amount of €1,142k (2021 financial year: €734k) and other consulting in the amount of €9,926k (2021 financial year: €7,267k), including for the further development of IT projects. The increased freight costs are attributable to the high energy costs in 2022. The high expenses for commissions are due to the cooperation with agencies, primarily in Scandinavia, Spain and Portugal, which began in the 2022 financial year.

In March 2021, an externally managed fraud incident ("Fake President Incident") resulted in an unlawful outflow of cash and cash equivalents of €1,151k from the Group, which was recognized in profit or loss (other).

In the 2022 financial year, the following amounts were recognized through profit or loss in the context of lease contracts:

in EUR k	2022	2021
Depreciation and amortization on right-of-use assets	12,358	11,254
Reversals of impairment losses	-263	-578
Impairments on right-of-use assets	1,421	335
Expenses for right-of-use assets	3,439	2,052
Operating costs in connection with rights of use	1,572	1,047
Interest	3,326	3,276
Total	**21,853**	**17,384**

The expense for right-of-use assets primarily concerns leases with variable lease payments.

The expenses for services performed by the auditor of the respective consolidated financial statements are structured as follows:

in EUR k	2022	2021
Fees for consolidated and annual financial statements	484	229
Other assurance services	0	0
Other services	0	0
Total	**484**	**229**

At the Annual General Meeting on July 20, 2022, Grant Thornton Austria GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Gertrude-Fröhlich-Sandner-Straße 1/Top 13, 1100 Vienna, was appointed as auditor for the company's annual financial statements in accordance with the Austrian Company Code (UGB) for the 2022 financial year and as auditor of the IFRS consolidated financial statements for the 2022 financial statements.

The total expenses for services rendered by the auditor of the consolidated financial statements amounting to €484k include expenses for Grant Thornton Austria GmbH (€255k) as well as subsequently invoiced expenses for the former auditor Ernst & Young (€229k).

(6) Impairments of trade receivables

The impairment loss of €831k was recognized on trade receivables in the financial year (2021 financial year: expense of €35k). For details on impairment losses for trade receivables as well as IFRS 9 disclosures, see III. Notes to the balance sheet, (19) Trade receivables.

(7) Depreciation and amortization, impairment losses and reversals of impairment losses

Depreciation and amortization amounted to €15,664k in the 2022 financial year (2021 financial year: €14,421k).

In the 2022 financial year, the impairment tests performed led to the recognition of impairments of €1,823k (2021 financial year: €380k) and reversals of impairment losses of €669k (2021 financial year: €1,003k). Impairment losses of €1,823k (2021 financial year: €380k) relate exclusively to property, plant and equipment (including right-of-use assets) and are distributed among the segments Asia €313k (2021 financial year: €73k), North America €0k (2021 financial year: €0k), Rest of Europe €1,041k (2021 financial year: €277k), and Germany €401k (2021 financial year: €21k). Impairment of €68k was recognized in Austria in the financial year (2021 financial year: €9k). The reason for the impairment test of the assets was the negative current business development due to high production and selling costs and the increased market interest rates. The free cash flows derived on the basis of the 2023 budget and the increased WACCs resulted in individual cases in the value in use falling below the carrying amount.

In addition, a sensitivity analysis was carried out in which the sales development for 2023 less the increase driven by price increases was adjusted to the OECD estimate. The sales development in Europe remained unchanged, which for the North America region resulted in an 11.2% reduction in the rate and for Asia 7.4%. The potential additional effect of this on EBIT was calculated at approximately €-0.5 million.

The reversals of impairment losses of €669k (2021 financial year: €1,003k) related entirely to property, plant and equipment (including right-of-use assets) and are distributed among the segments as follows: Rest of Europe at €254k (2021 financial year: €614k), North America at €378k (2021 financial year: €272k), Austria at €0k (2021 financial year: €0k), Germany at €0k (2021 financial year: €12k), and Asia at €37k (2021 financial year: €105k). The write-backs were attributable to the sustained improvement in the cost structure resulting from the restructuring program and the associated improvement in business performance in the segments of Rest of Europe and North America, especially in the retail business. In individual cases, this resulted in the value in use exceeding the carrying amount reduced by impairment losses from previous periods.

(8) Financial result

in EUR k	2022	2021
Interest and similar income	46	32
Interest on shareholder loans	-2,542	-697
Interest and similar expenses	-47	-41
Income from securities	11	13
Expenses from securities	-231	-64
Interest on lease liabilities	-3,326	-3,276
Interest on employee benefit liabilities	-151	-119
Financial result	**-6,240**	**-4,153**

In January 2022, Fosun Fashion Group (Cayman) Limited granted a further shareholder loan in the amount of €2,500k at an interest rate of 12% p.a., with a term until the end of 2022. In May 2022, a further loan in the amount of €5,000k was granted subject to the same conditions.

The terms of the loans of €10,000k at an interest rate of 12% provided by Fosun Fashion Group (Cayman) Limited in three tranches in May and July 2021 and the above-mentioned financing were extended in June 2022 to December 31, 2023.

Subsequently, further loans amounting to €15,000k were granted in 2022 in various tranches and with different repayment dates, the maturities of which were extended at the end of November 2022 into 2023, with the exception of one tranche of €2,000k. Compare (25) Financial liabilities.

In the 2022 financial year, interest of €2,542k (2021 financial year: €697k) was accrued on these loans.

(9) Income taxes

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

in EUR k	2022	2021
Statement of comprehensive loss		
Current tax expense	-37	-367
Deferred tax expense	48	-2,550
Total	**11**	**-2,917**

Current tax expenses include taxes in the amount of €316k from previous periods (2021 financial year: €-37k).

in EUR k	2022	2021
Development of net deferred taxes		
Net deferred tax assets and deferred tax liabilities as of January 1	3,891	6,090
Currency differences	129	309
Deferred taxes recognized in loss after tax	48	-2,550
Deferred taxes recognized in other comprehensive loss	-371	42
Net deferred tax assets and deferred tax liabilities as of December 31	**3,697**	**3,891**

The reconciliation of the income tax charge based on the Austrian corporate tax rate of 25% (2021 financial year: 25%) with the effective tax rate for the period is as follows:

in EUR k	2022	2021
Loss before tax	**-34,878**	**-9,415**
Tax expenses/income at 25% tax rate	8,719	2,354
Effects of changes in tax rate	101	253
Divergent foreign tax rates	-7	-36
Tax effects due to divergences in tax assessment base	-308	315
Taxes from prior periods	316	-37
Losses in current year for which no deferred tax assets were recognized	-7,955	-3,332
Non-recognition of deferred taxes/differences due to utilization of deferred taxes not recognized in previous periods	-859	-2,506
Other	4	72
Effective tax burden	**11**	**-2,917**
Effective tax rate	**0%**	**-31%**

In the financial year, deferred tax assets on temporary differences in the amount of €2,670k (December 31, 2021: €1,966k) were fully impaired due to the economic development and the resulting uncertainty.

The “Other” line item also includes corrections for currency differences. The effective tax burden of 0% (2021 financial year: -31%) is mainly attributable to the non-recognition of deferred tax assets.

The Eco-Social Tax Reform was enacted on January 20, 2022. It envisages an incremental lowering of the corporation tax rate in Austria from 25.0% to 23.0% (2023: 24.0%; from 2024 onward: 23.0%). This change to the corporation tax rate does not have a significant impact on the calculation of deferred taxes from 2023 onward.

By tax assessment notice dated August 16, 2006, Wolford AG’s application for the specification of a Group in accordance with Section 9 (8) 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 the Group and tax-sharing agreement dated April 15, 2008. The agreement was amended in the short financial year as a result of the changed balance sheet date, while retaining the existing settlement logic.

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 the loss is held evident. Should Wolford Beteiligungs GmbH generate a taxable profit once again in subsequent years, then this 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-related offsetting generated by Wolford Beteiligungs GmbH during the period in which the Group was in effect.

(10) Notes to the comprehensive loss

Wolford AG recognized an actuarial profit before tax of €1,690k in the 2022 financial year (2021 financial year: loss of €120k). Deferred taxes of €-371k are attributable to this loss (2021 financial year: €42k). Together with the result of €-741k from currency translation of operations outside Austria (2021 financial year: €-894k), this resulted in other comprehensive loss of €578k (2021 financial year: €-972k).

(11) Loss per share/proposed appropriation of profit

Loss per share are calculated by dividing the loss after tax of €-34,867k (2021 financial year: €-12,332k) by the weighted average number of common shares, adjusted for treasury shares held on a pro rata basis (6,631,011; 2021 financial year: 6,631,011). Loss per share for the 2022 financial year amounted to €-5.26 (undiluted = diluted) (2021 financial year: €-1.86 (undiluted = diluted). The capital reduction at the end of December did not affect the weighted average number of ordinary shares. The Management Board of Wolford Aktiengesellschaft proposes that the balance sheet loss be carried forward to new account.

The basis for calculating loss per share (undiluted) is as follows:

	2022	2021
Weighted total number of shares in circulation	6,719,151	6,719,151
Less average number of treasury shares	-88,140	-88,140
	6,631,011	**6,631,011**

As a result of the capital increase carried out in 2023, according to the publication of the total voting rights and capital pursuant to Section 135 (1) of the Austrian Stock Exchange Act (BörseG) of March 16, 2023, the share capital as of February 15, 2023 amounts to €46,337,596.80 divided into 9,653,666 ordinary bearer shares with a nominal value of €4.80 each.

III. NOTES TO THE BALANCE SHEET

(12) Property, plant and equipment (including right-of-use assets)

The development in this line item is presented in detail in the non-current asset schedule. Land with a carrying amount of €521k (December 31, 2021: €521k) is presented within the line item "Land, leasehold rights and buildings, including buildings on third-party land."

No items of property, plant and equipment are pledged as security.

Total obligations for the purchase of property, plant and equipment amounted to €0k at the balance sheet date (December 31, 2021: €16k). For explanations of recognized impairments, refer to (II.) Notes to the Statement of Comprehensive loss, Note (7) Depreciation and Amortization.

(13) Goodwill

No impairments were recognized on goodwill in the 2022 financial year (2021 financial year: €0k).

(14) Other intangible assets

The development in this line item is presented in detail in the non-current asset schedule. There were no commitments for the acquisition of intangible assets in the current or previous financial year. Intangible assets primarily consist of software.

No impairment requirements were identified for intangible assets in the 2022 financial year, as was also the case in the 2021 financial year.
No intangible assets are pledged as security.

(15) Non-current financial assets

Non-current financial assets include shares in investment funds recognized at fair value through profit or loss in accordance with IFRS 9, with changes in value recognized in profit or loss.

The change in fair value recognized through profit or loss in the 2022 financial year amounted to €-231k (financial year 2021: €-64k).

(16) Non-current receivables and assets

The amounts recognized in this item are mainly security deposits (December 31, 2022: €2,214k, December 31, 2021. €1,576k) and restricted long-term cash and cash equivalents for security deposits and customs guarantees (December 31, 2022: €936k, December 31, 2021. €1,505k).

(17) Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities result from temporary accounting differences between the carrying amounts recognized in the IFRS financial statements and the corresponding tax measurement base for the respective items.

IN EUR K	12/31/2022 ASSETS	12/31/2022 LIABILITIES	12/31/2021 ASSETS	12/31/2021 LIABILITIES
Property, plant and equipment (including rights of use)	1,678	6,525	1,019	12,581
Other intangible assets	17	35	2,051	40
Inventories	497	144	625	284
Trade receivables and other receivables and assets	1,058	1,644	854	1,807
Provisions for long-term employee benefits	753	23	1,545	0
Other provisions	298	145	133	677
Lease liabilities	7,871	228	12,989	189
Other liabilities	427	158	526	291
Other	0	0	18	0
Deferred tax assets/ deferred tax liabilities	**12,599**	**8,902**	**19,760**	**15,869**
Offset for items due to same tax authority	**-8,762**	**-8,762**	**-15,759**	**-15,759**
Net deferred tax assets and liabilities	**3,837**	**140**	**4,001**	**110**

Deferred tax assets and deferred tax liabilities result from temporary accounting differences between the carrying amounts recognized in the IFRS financial statements and the corresponding tax measurement base for the respective items.

In the financial year, deferred tax assets on temporary differences in the amount of €2,670k (December 31, 2021: €1,966k) were fully impaired due to the economic development and the resulting uncertainty. Excess deferred tax assets over deferred tax liabilities amounting to €3,837k (December 31, 2021: €4,001k) have been recognized. These were considered to be recoverable, as future taxable profits are expected for the companies concerned. No deferred tax assets are recognized for tax loss carryforwards, as it is not sufficiently probable that they will be utilized in the future.

Deferred tax liabilities have not been recognized for undistributed profits of subsidiaries of Wolford AG in the amount of €26,592k due to existing control under IAS 12.39 and non-planned distribution for the foreseeable future.

As of the balance sheet date, the company had unutilized tax loss carryforwards of €138,590k (December 31, 2021: €90,116k). Of this amount, no deferred taxes were capitalized on €138,590k (December 31, 2021: €90,116k).

Loss carryforwards of €136,264k (December 31, 2021: €87,661k) are non-forfeitable. Losses of €2,326k (December 31, 2021: €2,455k) are forfeitable within 1 to 5 years.

(18) Inventories

Inventories are structured as follows:

in EUR k	12/31/2022	12/31/2021
Finished products and trade goods	24,706	20,313
Works in progress	5,992	5,268
Raw materials and supplies	5,673	5,293
Total	**36,371**	**30,874**

Inventories are measured separately by product. This measurement procedure accounts for the different resale potential of the essentials and trend products, as well as for the age of the finished products. As of the reporting date, the allowance for finished goods and merchandise, work in progress and raw materials amounts to €3,501k (December 31, 2021: €1,734k). An expense of €1,767k was recognized for this in the 2022 financial year; no write-ups were recognized. Inventories are measured on the basis of moving averages. No inventories were pledged as security.

(19) Trade receivables

in EUR k	12/31/2022	12/31/2021
Trade receivables	12,949	14,456
Impairment losses	-2,270	-2,449
Trade receivables after impairment losses	**10,679**	**12,007**

For trade receivables, Level 2 allowances of €44k (December 31, 2021: €24k) were recognized due to expected credit losses (ECL Level 2) and Level 3 allowances of €2,226k were also recognized (December 31, 2021: €2,425k).

Trade receivables mainly relate to the wholesale business of Wolford AG. To monitor default risk, customers are structured into these categories according to their creditworthiness. 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 there is no correlation between individual items. The decrease in trade receivables is due to the factoring of receivables in Austria, the U.S. and Canada, despite the larger volume of business activities.

The payment terms granted vary from customer to customer but nevertheless remain within a customary range. Customer creditworthiness is checked in advance before entering into any business relationship. Trade receivables are monitored continuously and external service providers are used to collect overdue payments.

In the wholesale business, the risk of receivables default is partly reduced by concluding credit insurance policies which are subject to a deductible of 10%. The ECL recognized is based on specific country and customer risks, supported by external ratings. The allowances recognized for receivables in the online business were based on historic default statistics.

A Level 3 allowance is recognized for credit-impaired receivables. Receivables are assigned to this category at the latest upon being handed over to an attorney/debt collector/court. The allowances recognized on trade receivables developed as follows:

in EUR k	2022	2021
Jan. 1	**2,449**	**2,670**
Added (+) / reversed (-)	831	35
Utilized	-1,005	-274
Currency differences	-5	18
Dec. 31	**2,270**	**2,449**

The following tables present information about the default risk and the expected credit losses for trade receivables at December 31, 2022, and December 31, 2021.

12/31/2022 in EUR k	LOSS RATE	GROSS CARRYING AMOUNT	IMPAIRMENT LOSSES
Wholesale	**17.82%**	**12,740**	**2,270**
ECL receivables	0.47%	9,229	44
Receivables (credit impaired)	63.40%	3,511	2,226
Online	**0.0%**	**209**	**0**
ECL receivables	0.0%	0	0
Receivables (credit impaired)	0.0%	0	0

12/31/2021 in EUR k	LOSS RATE	GROSS CARRYING AMOUNT	IMPAIRMENT LOSSES
Wholesale	**17.14%**	**14,287**	**2,449**
ECL receivables	0.23%	10,584	24
Receivables (credit impaired)	65.49%	3,703	2,425
Online	**0.0%**	**169**	**0**
ECL receivables	0.0%	0	0
Receivables (credit impaired)	0.0%	0	0

Allowances with a flat-rate approach have been separated from allowances under the pure ECL approach for this presentation in 2021 and allocated to "Receivables (credit impaired)." This resulted in an "ECL receivables" allowance of €24k. Of the impairment losses of €2,449k in the previous year, €24k related to allowances under the pure ECL approach.

Uncollectible receivables are derecognized. A receivable is deemed definitively "uncollectible" when an attorney/debt collector/court confirms it as such. The insurance income from credit insurance has already been taken into account here. 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.

In November 2021, a factoring agreement for receivables was concluded by Wolford AG, which provides for the sale of receivables worth up to €5,000k, with the first transactions taking effect in 2022 under the agreement with a volume of €6.66 million. Furthermore, in August 2020, the subsidiaries Wolford America Inc. and Wolford Canada Inc. entered into factoring agreements as master agreements for a minimum of $5.50 million each for a twelve-month period starting in September 2020, which were adjusted in December 2022.

in EUR k	12/31/2022	12/31/2021
Trade receivables after impairment losses	**10,679**	**12,007**
Not due	4,366	7,749
Due in < 30 days	3,146	2,046
Due in 31–60 days	876	958
Due in 61–90 days	714	670
Due in 91–120 days	392	237
Due in < 121 days	1,185	347

(20) Other receivables and assets

Other receivables were composed primarily of the following line items:

in EUR k	12/31/2022	12/31/2021
Direct business to customers (B2C)	3,149	1,067
Creditors with debit balances	2,607	984
Prepaid expenses and deferred charges	1,809	2,032
Deposits	1,563	1,327
Receivables from grants	1,177	10,639
Receivables from other taxes	489	226
Income tax receivables	0	147
Other receivables	1,229	602
Total	**12,023**	**17,024**

Receivables from direct business to customers (B2C) are due from credit card institutions or other online payment services. The 195% increase in creditors with debit balances is due to the high level of advance payments for goods and services shortly before the end of the financial year. Receivables from subsidies concern remaining government subsidies from loss mitigation and fixed-cost subsidies in the context of the Covid-19 pandemic from 2021, which will be paid in 2023.

(21) Equity

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

Share Capital

The share capital consists of 6,719,151 no-par value shares, with each no-par share representing the same proportion of the share capital, and remaining unchanged in the financial year, as was also the case in the previous year. There are no shares with special preferential or control rights.

The extraordinary Annual General Meeting of Wolford AG of December 1, 2022, reduced the company's share capital of €48,848,227.77 million, for the purpose of covering losses while retaining the number of no-par value shares, by €16,596,302.97 to €32,251,924.80 million by way of a simplified capital reduction and resolved to increase the share capital to up to €48,377,884.80 by issuing up to 3,359,575 new no-par value shares while safeguarding subscription rights. The capital reduction was entered in the company register on December 30, 2022. The issue price of the new shares was set at €6.00 per share. The total issue amount was thus up to €20,157,450.00. The shareholders are granted the statutory subscription right. The capital increase by issuing 2,934,515 new shares was carried out in the first quarter of 2022 with an increase of the share capital to €46,337,596.80 and a gross inflow of €17,607,090.00. Please refer to section IV. Other information/events after the balance sheet date.

Capital reserves
Appropriated capital reserves result from the premiums (less issue costs) on the share issues in 1995 and 2018. The expenses of €791k that were incurred at that time to issue new shares have been deducted. As a result of the simplified capital reduction, the capital reserves were released to cover losses in accordance with the requirements of stock corporation law.

Other Reserves
No dividend was distributed for the 2021 financial year.

Reserve for actuarial gains/losses

in EUR k	2022	2021
Jan. 1	**-5,193**	**-5,115**
Actuarial gains (+) and losses (-) for the financial year	1,690	-120
of which deferred tax	-371	42
Dec. 31	**-3,874**	**-5,193**

Treasury shares
Wolford AG holds 88,140 treasury shares (December 31, 2021: 88,140). There were no movements in treasury shares in the financial year. As a result, 1.3% of share capital is still held by the company (December 31, 2021: 1.3%).

Going Concern
Due to operational restructuring measures that have not yet delivered the desired results and increased input costs for the procurement of raw materials, Wolford's earnings remain negative. EBIT for the whole of 2022 amounts to €-28.6 million. The increase in operating costs, driven by inflation and shortages in the procurement market, has led to higher prices for materials, energy and logistics. As a result of collective wage agreements, costs have also increased for personnel. In addition, expenses are being incurred in connection with the future organizational and structural transformation of our company.

In 2022, the Wolford Group was in a difficult financial position. Cash flow from operating activities and other liquidity resources from existing financing sources available to the Wolford Group were insufficient to meet its unforeseen payment obligations. The Wolford Group was dependent on borrowed capital and external financing provided on favorable terms. The Wolford Group did not have sufficient working capital to cover its capital requirements.

The Wolford Group has covered its past financing needs through shareholder loans that the company has entered into. The Group relies on current shareholder loans granted to the company by its principal shareholder or on the refinancing of existing shareholder loans. In addition, the Wolford Group relies on the extension of its maturing liabilities, involving amounts of considerable magnitude that are rolled over or not called in.

Wolford has taken measures to increase its operational efficiency. Processes are being further optimized and the focus on cost control has once again been intensified. However, the business results achieved on the cost side are not yet sufficient to stabilize the company with regards to its earnings. To ensure adequate liquidity, the company has gained access to loans from the majority shareholder. In addition, Wolford initiated a capital increase in 2022, carried out in early 2023, which was subscribed by both largest shareholders. Following a simplified capital reduction to cover losses of €16,596,302.97 to €32,251,924.80, the share capital was increased to €46,337,596.80 through the issue of 2,934,515 new shares with a par value of €4.80 per share. As a result of the capital increase, which was entered in the commercial register on February 15, 2023, Wolford AG received an inflow of €17.6 million before deduction of the costs incurred. Wolford is also in close contact with banks regarding further financing in Italy.

Wolford is currently working intensively to strengthen its presence and visibility. This is being done with the help of targeted marketing activities, a focused product pipeline, geographic expansion of distribution, rationalization of the retail fleet and significant investments in e-commerce, IT and systems. In addition, Wolford is reducing fixed and variable costs in all functions. Given the double-digit increase in sales in 2022, Wolford is confident that it will be able to build on the trend in 2023 and present a strongly improved EBIT result in the 2023 financial year. The prerequisite for this is that no macroeconomic events beyond our control further worsen the situation.

From 2023, all restructuring measures implemented by Wolford will start to take effect, which will have a positive impact on future earnings. The company is also in the process of reversing the trend to improve its operating earnings (EBIT) and achieve sustainable profitability. This assumes that the uncertain situation in Eastern Europe does not lead to further distortions in the global economy. While the situation in Eastern Europe is not expected to improve the cost situation, the company is working specifically to improve the efficiency of personnel costs, reduce consultant costs, reduce the collection and make demand planning and the manufacturing process more efficient. The new reduced and focused product strategy SPACER is already being implemented with the aim of creating "space" in the company and increasing "speed". To achieve this, there will be a focus on "hero" products and bestsellers. An improved operating model is expected to increase cash flows and to limit inventory risks. An initial collection edit reduced the number of items by 40%, which generated 18% of sales.

Systems and IT infrastructure at Wolford are outdated. This makes operations inefficient and expensive and also makes scaling difficult. 14 major IT projects will be implemented over the next two years. Wolford will accelerate the lean manufacturing project and focus on eliminating inefficient production and logistics processes.

The plan for a reduced range will subsequently reduce production volumes and costs. Wolford is also planning a new, more efficient process for returns handling with faster access to saleable inventory. A key factor in 2023 will be the reduction of inventories. At the same time, the focus will be on high-selling "never out of stock" products and on improving delivery performance. In logistics, Wolford will work specifically on improving outsourced services. At the same time, costs are to be reduced in relation to sales. Based on these measures, management expects to achieve revenue of €150 million and positive EBITDA and EBIT.

The first couple months of 2023 are showing a positive trend compared to the 2023 budget. The raised sales expectations for the months January through March were achieved. On the earnings side, the Group is also on budget. Management is optimistic about the future as restructuring projects have so far been successfully implemented and will have an impact in the current year. The measures taken are sustainable and allow transparent and consistent cost control. Strategic initiatives have been developed to address upcoming challenges and increase efficiency while avoiding costs and optimizing operations. Successful brand positioning in international markets is crucial to Wolford's further development. The company will continue to pursue the global positioning of its brand in a targeted manner through its "The W" and "The W Lab" lines. This includes the continuation of successful cooperation, limited capsule collections developed in collaboration with international star designers, and the targeted exploitation of growth opportunities in the U.S. and Chinese markets. Based on these measures, management believes Wolford is well positioned to further increase sales and be profitable through improved operations.

In addition, Lanvin Group Holdings Limited has issued a letter of comfort to provide financial support to Wolford. This is intended to enable the company to meet its liabilities as they fall due and to ensure the company's continued existence for the foreseeable future. This guarantee cannot be revoked until the end of 2024. In the event that financial support from Lanvin is required, both parties undertake to enforce the guarantee in full. The outstanding shareholder loans granted by Fosun Fashion Group (Cayman) Limited to the Company have been subordinated in the amount of €16.3 million. Repayment can only be demanded once the restructuring of Wolford has been completed. Similarly to the provisions of the Austrian Business Reorganization Act (URG), an equity ratio of 8% and a debt repayment period of 15 years are applicable for the Wolford Group. In the event of liquidation, repayment of the shareholder loan up to an amount of €16.3 million will only be made after all other creditors have been satisfied. It is also stipulated that no insolvency proceedings need to be opened in respect of these liabilities. The guarantor Lanvin Group Holdings Limited and the Management Board conclude that the consolidated financial statements of the company for 2022 should be prepared using the going concern principle.

(22) Provisions for long-term employee benefits

The provisions for pensions, severance compensation, and anniversary payments are calculated in accordance with the requirements of IAS 19.

in EUR k	12/31/2022	12/31/2021
Pension provisions	3,981	4,880
Severance compensation provisions	6,201	8,139
Provisions for anniversary payments	1,368	1,573
Total	**11,550**	**14,592**

Provisions for Pensions and Severance Compensation
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 compensation 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 up to that point. This plan is financed jointly by the employees and the employer, with the obligation being counterfinanced by the insurance company Swiss Life by way of qualified insurance policies that serve as plan assets. Further defined benefit plans for severance payments exist to a minor extent in Italy and Slovenia.

Provisions for pensions developed as follows:

in EUR k	2022	2021
Present value of obligation as of January 1	**4,880**	**5,275**
Interest expenses	62	47
Pension payments	-277	-247
Actuarial gains (-)/losses(+)	-684	-195
Present value of obligation as of December 31	**3,981**	**4,880**

Provisions for severance compensation developed as follows:

in EUR k	2022	2021
Present value of obligation as of January 1	**9,383**	**10,221**
Exchange rate differences	69	34
Service cost	387	608
Interest expenses	78	62
Severance compensation payments	-1,280	-2,035
Actuarial gains (-)/losses(+)	-1,006	492
Present value of obligation as of December 31 (gross obligation)	**7,631**	**9,383**

The plan assets relating to the provision for severance compensation developed as follows:

in EUR k	2022	2021
Fair value of plan assets as of January 1	**1,244**	**942**
Exchange rate differences	58	17
Paid-in contributions	117	100
Interest income	3	2
Payments made	8	6
Actuarial gains (-)/losses(+)	0	177
Fair value of plan assets as of December 31	**1,430**	**1,244**

The net obligation for severance compensation is structured as follows:

in EUR k	2022	2021
Net obligation as of January 1	**8,139**	**9,280**
Exchange rate differences	11	17
Service cost/contributions received	270	508
Interest	75	61
Payments	-1,288	-2,041
Actuarial loss/profit	-1,006	315
Net obligation as of December 31	**6,201**	**8,139**

Plan assets comprise:

in EUR k	2022	2021
Equity investments	666	614
Bonds	137	130
Real estate	423	323
Alternative investments	108	65
Liquid funds	96	112
Total plan assets	**1,430**	**1,244**

Defined benefit payments of €555k are planned for provisions for pensions and severance compensation in the coming 2023 financial year (2022: €630k).

Provision for Anniversary Payments
The provision for anniversary payments developed as follows:

in EUR k	2022	2021
Present value of obligation as of January 1	**1,573**	**1,746**
Service cost	-2	77
Interest expenses	15	11
Anniversary payments	-60	-76
Actuarial gains	-158	-185
Present value of obligation as of December 31	**1,368**	**1,573**

Defined benefit payments from anniversary provisions of €120k are planned for the 2023 financial year (2022: €56k).

Provisions for Retirement, Severance Compensation, and Anniversary Payments

The actuarial gains and losses result from changes due to adjustments from past experience and changes in financial assumptions and are reported under other comprehensive loss for retirement and severance compensation provisions and under personnel expenses for anniversary payment provisions. The high actuarial gains of €1,690k result from the adjustment of the related interest rates due to the increased interest rate level in 2022.

The actuarial gains of the 2022 financial year in the Wolford Group include financial adjustments of €1,690k (financial year 2021: €95k).

The following sensitivities were determined for the Austrian defined benefit obligations (corresponding to €10,348k, a significant portion of the total net obligations of €11,550k), each of which relates to the level of the provision:

	2022		2021	
in EUR k	Increase	Reduction	Increase	Reduction
Discount rate (1% change)	-940	1,098	-1,370	1,635
Future wage and salary increases (1% change)	615	-546	866	-760
Future pension increases (1% change)	398	-340	670	-558

The sensitivities with regard to loss before taxes for the Austrian defined benefit obligations are as follows:

	2022		2021	
in EUR k	Increase	Reduction	Increase	Reduction
Discount rate (1% change)	-33	44	-69	91
Future wage and salary increases (1% change)	-50	45	-45	39
Future pension increases (1% change)	-17	14	-8	7

Service cost is reported under “Expenses for severance compensation and pensions” (provision for severance compensation and pensions) or under “Wages” and “Salaries” (provision for anniversary payments), while interest expenses are included under “Interest on employee benefits.”

The average remaining term of the anniversary obligations is 7.6 years (December 31, 2021: 9.1 years). The average remaining term of the pension obligations is 11.0 years (December 31, 2021: 13.2 years). The average remaining term of the severance compensation obligations is 10.3 years (December 31, 2021: 11.0 years).

(23) Other non-current liabilities

Other non-current liabilities are structured as follows:

in EUR k	12/31/2022	12/31/2021
Slovenia project subsidy	646	679
Other	280	328
Total	**926**	**1,007**

The construction of the production facility in Slovenia was subsidized with a grant that is being reversed by way of depreciation and amortization and expenses (personnel expenses).

(24) Financial liabilities

Financial liabilities are structured as follows:

in EUR k	12/31/2022	12/31/2021
Loans from Fosun Fashion Group (Cayman) Limited (12%)	35,739	10,697
Total	**35,739**	**10,697**
of which non-current	0	0
of which current	35,739	10,697

In May 2021, Fosun Fashion Group (Cayman) Limited again granted a shareholder loan with a term until the end of 2022 totaling €10,000k, which was paid out in two tranches in May (€3,500k and €4,000k) and one tranche in July (€2,500k). Interest expense of €697k was recognized for the loan in the 2021 financial year, which was booked as a liability. In January 2022, Fosun Fashion Group (Cayman) Limited granted a further shareholder loan in the amount of €2,500k at an interest rate of 12% p.a., with a term until the end of 2022. In May 2022, a further loan in the amount of €5,000k was granted subject to the same conditions.

The maturities of the loans in the amount of €10,000k existing as of December 31, 2021, and the financing listed above were extended in June 2022 to December 31, 2023.

In July 2022, the Fosun Fashion Group (Cayman) Limited granted further loans in the amount of €4,000k and €1,500k with an interest rate of 12% p.a., which were due on September 16, 2022, and September 24, 2022. In August 2022, further loans of €1,000k and €2,500k were granted at the same interest rate as those due on October 2, 2022, including interest, as well as another €2,000k. The loans due in October were revolved and no repayment was made.

A further shareholder loan in the amount of €2,000k was paid out to the company in November 2022, also at an interest rate of 12%. All loans are unsecured.

Amount in EUR k	Granted	MATURITY
10,000	Before 01/01/2022	12/31/2023
2,500	01/28/2022	12/31/2023
5,000	05/23/2022	12/31/2023
2,000	06/28/2022	02/18/2023
4,000	07/20/2022	03/12/2023
1,500	07/29/2022	03/21/2023
3,500	08/5/2022	01/28/2023
2,000	08/30/2022	12/21/2022
2,000	11/29/2022	01/27/2023
32.2500		

Repayment of the tranche of €2,000k due on December 21 had not been made by the end of 2022.

Repayments and bullet interest payments from financial liabilities from 2022 must be paid in the following periods:

in EUR k	Up to 1 month	1–3 months	4–6 months	6–12 months
As of 12/31/2022	7,772	7,915	0	20,052
As of 12/31/2021	0	0	0	10,697*

* After the extension in June 2022 until December 31, 2023

At the beginning of April 2023, Lanvin Group Holdings Limited issued a letter of comfort to provide financial support to Wolford. This is intended to enable the company to meet its liabilities as they fall due and to ensure the company's continued existence for the foreseeable future. This guarantee cannot be revoked until the end of 2024. In the event that financial support from Lanvin is required, both parties undertake to enforce the guarantee in full. The outstanding shareholder loans granted by Fosun Fashion Group (Cayman) Limited to the Company have been subordinated in the amount of €16.3 million. Repayment can only be demanded once the restructuring of Wolford has been completed.

(25) Trade payables

Trade accounts payable are all due in the short term.

(26) Current provisions

Other material provisions recognized in accordance with IAS 37 developed as follows:

in EUR k	AS OF 01/01/2022	CURRENCY DIFFERENCES	UTILIZED	REVERSED	ADDED	CHANGE OF STATEMENT	AS OF 12/31/2022
Restructuring	675	0	-675	0	1,033	0	1,033
Other	602	0	0	-88	0	-36	478
Total	**1,277**	**0**	**-675**	**-88**	**1,033**	**-36**	**1,511**

in EUR k	AS OF 01/01/2021	CURRENCY DIFFERENCES	UTILIZED	REVERSED	ADDED	CHANGE OF STATEMENT	AS OF 12/31/2021
Personnel	1,121	31	-608	-241	109	-412	0
Restructuring	1,258	0	-646	0	63	0	675
Other	1,550	-3	-527	-213	1,048	-1,253	602
Total	**3,929**	**28**	**-1,781**	**-454**	**1,220**	**-1,665**	**1,277**

The restructuring provision mainly comprises severance scheme payments and severance compensation in connection with the company's realignment. The provision recognized as of December 31, 2021 was fully utilized in the financial year 2022. Provisions of €1,033k were recognized for the restructuring resolved at the end of 2022.

Other provisions as of December 31, 2022, comprise obligations from onerous contracts under leases in the amount of €478k (December 31, 2021: €602k).

(27) Income taxes

Income tax liabilities amounting to €401k (December 31, 2021: €k) mainly relate to liabilities of foreign subsidiaries in Germany and North America.

(28) Other current liabilities

Other current liabilities include the following owed amounts:

in EUR k	12/31/2022	12/31/2021
Liabilities to tax authorities	5,814	3,827
Outstanding vacation entitlement	1,600	2,244
Wage and salary obligations	357	2,054
Other accrued payments	558	1,583
Liabilities for social security	2,262	1,309
Liabilities for tax advice and audit	1,066	1,081
Liabilities from variable salary components	1,105	412
Special payments	393	336
Overtime	338	286
Other	2,109	1,584
Total	**15,602**	**14,716**
Thereof other current non-financial liabilities	10,572	9,219
Thereof other current financial liabilities	5,030	5,467

(29) Contract assets as well as reimbursement and contract liabilities

Contract assets include €55k (December 31, 2021: €44k) relating to grants provided to retailers for the acquisition of shop fittings typical for Wolford AG.

The contract liabilities recognized pursuant to IFRS 15 include voucher-related liabilities of €1,041k (December 31, 2021: €985k) and accruals for revenue bonuses and customer returns not yet paid of €727k (December 31, 2021: €1,171k).

(30) Contingent liabilities

There are rental guarantees amounting to €224k (December 31, 2021: €1,505k).

(31) Leasing in the consolidated balance sheet

As of December 31, the acquisition costs and accumulated depreciation and amortization on right-of-use assets were composed as follows:

Acquisition/production costs

in EUR k	AS OF 01/01/2022	CURRENCY DIFFERENCES	ADDITION	DISPOSAL	AS OF 12/31/2022
Rights to use buildings	89,773	1,223	16,451	-4,679	102,768
Rights of use on technical equipment and machinery	412	0	51	-98	366
Rights of use on other equipment, furniture and fixtures	576	1	215	-90	702
Total	**90,761**	**1,224**	**16,717**	**-4,866**	**103,836**

in EUR k	AS OF 01/01/2021	CURRENCY DIFFERENCES	ADDITION	DISPOSAL	AS OF 12/31/2021
Rights to use buildings	80,717	2,552	9,645	-3,141	89,773
Rights of use on technical equipment and machinery	400	0	12	0	412
Rights of use on other equipment, furniture and fixtures	320	1	285	-30	576
Total	**81,437**	**2,553**	**9,942**	**-3,171**	**90,761**

Depreciation and Amortization

in EUR k	AS OF 01/01/2022	CURRENCY DIFFERENCES	IMPAIRMENT	REVERSAL OF IMPAIRMENT LOSSES	ADDITION	DISPOSAL	AS OF 12/31/2022
Rights to use buildings	40,526	606	1,421	-263	12,124	-147	54,267
Rights of use on technical equipment and machinery	337	0	0	0	47	-53	332
Rights of use on other equipment, furniture and fixtures	341	0	0	0	186	-51	476
Total	**41,204**	**606**	**1,421**	**-263**	**12,357**	**-251**	**55,075**

in EUR k	AS OF 01/01/2021	CURRENCY DIFFERENCES	IMPAIRMENT	WRITE-BACKS	ADDITION	DISPOSAL	AS OF 12/31/2021
Rights to use buildings	28,409	1,427	335	-578	10,933	0	40,526
Rights of use on technical equipment and machinery	219	0	0	0	118	0	337
Rights of use on other equipment, furniture and fixtures	148	1	0	0	203	-11	341
Total	**28,776**	**1,428**	**335**	**-578**	**11,254**	**-11**	**41,204**

Carrying amounts

in EUR k	AS OF 12/31/2022	AS OF 12/31/2021 – 01/01/2022
Rights to use buildings	48,501	49,247
Rights of use on technical equipment and machinery	34	71
Rights of use on other equipment, furniture and fixtures	226	239
Total	**48,761**	**49,557**

The rights of use mainly relate to rights to use commercial buildings, including key money paid, store fixtures, production machinery and motor vehicles.

As of December 31, 2022, the lease liabilities comprised a portion due in the long term in the amount of €42,161k (December 31, 2021: €43,169k) and a portion due in the short term in the amount of €15,056k (December 31, 2021: €17,199k). For the development of lease liabilities, please refer to section V. Financial instruments.

IV. NOTES TO THE CASH FLOW STATEMENT

The cash flow statement of the Wolford Group shows the changes in cash and cash equivalents resulting from cash-effective transactions during the reporting period. Consistent with IAS 7, the cash flows are broken down by origin and use and separately for operating activities as well as for investing and financing activities. The inflows and outflows of funds from operating activities are derived indirectly based on the Group's profit before tax. By contrast, cash flows from investment and financing activities are calculated directly based on the respective inflows and outflows.

Financial funds correspond to the relevant cash and cash equivalents balance sheet line item and include credit balances and demand deposits at banks, and other financial funds. Restricted cash in the amount of €936k is reported under other current receivables.

The effects of exchange rate movements on cash and cash equivalents related to the subsidiaries in North America, the UK, Asia, Scandinavia, and Switzerland.

Non-cash expenses and income relate in particular to unrecognized foreign exchange gains and losses.

Cash Flow From Financing Activities in Respect of Financial Liabilities and Related Assets

in EUR k	01/01/2022	INTEREST (NON-CASH)	ADDITION RIGHT-OF-USE ASSETS (NON-CASH)	CASH FLOW	OTHER (NON-CASH)	12/31/2022
Current financial liabilities	10,697	2,542	0	22,500	0	35,739
Lease liabilities	60,368	3,326	8,751	-19,293	-4,065	57,217
Total financial liabilities	**71,065**	**5,868**	**8,751**	**3,207**	**-4,065**	**92,956**

in EUR k	01/01/2021	INTEREST (NON-CASH)	ADDITION RIGHT-OF-USE ASSETS (NON-CASH)	CASH FLOW	OTHER (NON-CASH)	12/31/2021
Current financial liabilities	0	697	0	10,000	0	10,697
Lease liabilities	64,852	3,276	9,942	-15,341	-2,361	60,368
Total financial liabilities	**64,852**	**3,973**	**9,942**	**-5,341**	**-2,361**	**71,065**

The movements in non-current and current financial liabilities are presented in the cash flow statement. Other non-cash movements mainly relate to disposals or revaluations of lease liabilities in connection with the retirement of rights of use in the current financial year, as well as to exchange rate effects.

Due to exchange rate translation, the changes in those balance sheet line items that are presented in the cash flow statement cannot be derived directly from the balance sheet.

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 uncertainty factors that could negatively impact 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.

Due to its use of financial instruments, the Wolford Group is exposed in particular to the following risks:

- Capital risk
- Credit and default risk
- Interest rate risk
- Currency risk
- Liquidity Risk

The Group is exposed to an increased liquidity risk due to the earnings situation.

Material primary financial liabilities as of the balance sheet date comprise trade payables and loan liabilities newly entered into in 2021 and 2022 with respect to the principal shareholder. Wolford has various financial assets such as trade accounts receivable and bank balances, cash in hand and short-term deposits resulting directly from its business activities.

Wolford was not party to any hedge transactions or stand-alone derivatives either in the 2021 financial year or in the year under review.

Capital Risk Management

The primary objective of capital risk management is to minimize the company's financing costs by maintaining a high equity ratio and a sound credit rating, thereby keeping any negative effects on earnings as low as possible. In this respect, there is no change compared to the previous year.

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 non-current financial assets and cash and cash equivalents. The development in this key figure in recent years is presented in the following table:

in EUR million	12/31/2022	12/31/2021
Current financial liabilities	35.74	10.70
- Financial assets	-1.02	-1.26
- Cash and cash equivalents	-3.66	-9.15
Net debt (excl. leases)	**31.06**	**0.29**
Equity	**-19.05**	**15.24**
Gearing in %	-168.3	10.2

As a result of again taking up financial liabilities in the financial year and the negative total comprehensive loss in 2022, there was increased net debt and a significant deterioration in the equity base.

Credit and Default Risk Management

The Wolford Group only concludes business transactions with creditworthy third parties. The creditworthiness of new customers is checked, particularly in the Group's wholesale business. Furthermore, trade receivables are continuously monitored and default risk is limited in part through credit insurance (quota share of 10% analogous to previous year).

Wolford does not have any credit insurance for receivables relating to its proprietary online business. In view of this, the company works with an external credit check provider so that the creditworthiness of customers can be checked when they place their orders. Furthermore, incoming orders are continually monitored and checked by the relevant online shop managers.

In November 2021, a factoring agreement for receivables was concluded, which provides for the sale of receivables worth up to €5.00 million, with the first transactions under the agreement with a volume of €6.66 million taking effect in 2022. Furthermore, the subsidiaries Wolford America Inc. and Wolford Canada Inc. entered into factoring agreements in August 2020 for at least $5.50 million each for a twelve-month period starting in September 2020, which were extended in December 2022 (for at least $4.00 million for a twelve-month period from September 2022 and for at least $5.50 million for a twelve-month period from January 2023).

Interest Rate Risk Management

The newly taken-up shareholder loans are fixed-interest. With regard to the interest rate sensitivity of personnel provisions, reference is made to Note 24.

Currency Risk Management

Currency risk refers to the risk of fluctuations arising in the value of financial instruments due to changes in exchange rates. This risk occurs when transactions are handled in currencies other than the company's functional (local) currency.

Risks relating to exchange rates from existing foreign currency receivables and planned sales are reviewed monthly by Group Treasury using liquidity planning. No hedging transactions were concluded either in the financial year or in the previous financial year.

Wolford’s subsidiaries generally conduct transactions, sales, leases, personnel expenses, including the purchase of goods from the manufacturing companies in Austria and Slovenia, in their functional currency. The exception is the intra-group purchase of goods by the Chinese company. Accordingly, the exchange rate risk on intra-Group sales lies predominantly with Wolford AG.

Liquidity Risk Management
At the Wolford Group, liquidity risks are managed and financial risks monitored by the central treasury department. This department compiles monthly liquidity forecasts for the overall Group and reports to the Management Board on the current financial status.

To ensure solvency, the Wolford Group holds liquidity in the form of bank balances, the majority of which are available on a daily basis, in order to be able to service expected operating expenses and financial liabilities. However, the impact of further lockdowns and restrictions on business activity as a consequence of Covid-19 and the macroeconomic change, including as a result of the Ukraine war, on the Wolford Group’s liquidity is currently difficult to assess. The resulting uncertainty is taken into account by intensified monitoring of liquidity. The Going Concern section is referenced in this respect.

In addition to the corporate loans received described below, Wolford AG carried out a capital increase in February 2023 with gross proceeds of €17.61 million (before costs of the capital increase). The inflow of funds will be used, among other things, to settle overdue trade payables as well as tax and social security liabilities.

In May and July 2021, Wolford AG utilized the credit line granted by Fosun Fashion Group (Cayman) Limited of €10.00 million in the form of a shareholder loan in several tranches.

In January 2022, Fosun Fashion Group (Cayman) Limited granted a further shareholder loan in the amount of €2,500k at an interest rate of 12% p.a., with a term until the end of 2022. In May 2022, a further loan in the amount of €5,000k was granted subject to the same conditions.

The maturities of the loans in the amount of €10,000k existing as of December 31, 2021, and the financing listed above were extended in June 2022 to December 31, 2023.

Further shareholder loans amounting to €15,000k were disbursed in several tranches with different maturities, the terms of which were extended in November 2022.

The following table is based on the undiscounted cash flows (interest and principal) of financial liabilities and shows the contractual terms of the financial liabilities held by the Wolford Group:

in EUR k	CARRYING AMOUNT, 12/31/2022	CASH FLOW 2023 Q1	CASH FLOW 2023 / Q2–Q4	CASH FLOW 2024–2027	CASH FLOW 2028 AND BEYOND
Lease liabilities	57,217	3,764	11,292	41,085	10,603
Financial liabilities	35,739	16,908	21,152	0	0
Trade payables	22,503	22,503	0	0	0
Other financial liabilities (non-current)	280	0	0	280	0
Other financial liabilities (current)	5,030	1,412	3,618		
Total	**120,769**	**44,587**	**36,062**	**41,365**	**10,603**

Payments of €23,401k were due for January 2023.

in EUR k	CARRYING AMOUNT, 12/31/2021	CASH FLOW 2022	CASH FLOW 2023–2026	CASH FLOW 2027 AND FOLLOWING
Lease liabilities	60,368	17,199	33,820	13,145
Financial liabilities	10,697	11,897	0	0
Trade payables	13,058	13,058	0	0
Other financial liabilities (non-current)	328	0	328	0
Other financial liabilities (current)	5,467	5,467	0	0
Total	**107,918**	**47,621**	**34,148**	**13,145**

No open credit lines exist as of December 31, 2021; this was also the case as of December 31, 2020.

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 interest-bearing 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.

Fair Value

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. No items were reclassified between Levels 1 and 3 in the 2022 financial year.

12/31/2022 in EUR k	LEVEL 1	LEVEL 2	LEVEL 3
Non-current assets			
Non-current financial assets	1,028	0	0
Total	**1,028**	**0**	**0**

12/31/2021 IN EUR K	LEVEL 1	LEVEL 2	LEVEL 3
Non-current assets			
Non-current financial assets	1,259	0	0
Total	**1,259**	**0**	**0**

The carrying amounts of cash and cash equivalents, trade accounts receivable and payable, and current liabilities can be considered reasonable estimates of their fair values due to the short-term nature of these assets and liabilities.

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

12/31/2022 in EUR k	ACQUISITION COSTS	FAIR VALUE = CARRYING AMOUNT	REALIZED PROFITS/LOSSES
Non-current financial assets			
Investment fund shares	1,398	1,028	-370
Total	**1,398**	**1,028**	**-370**

12/31/2021 in EUR k	ACQUISITION COSTS	FAIR VALUE = CARRYING AMOUNT	REALIZED PROFITS/LOSSES
Non-current financial assets			
Investment fund shares	1,398	1,259	-139
Total	**1,398**	**1,259**	**-139**

Carrying amounts and fair values of financial instruments based on measurement criteria, maturities, and classes

The following table shows the reconciliation of the carrying amounts of financial instruments with IFRS 9 measurement categories:

12/31/2022 in EUR k	VALUATION CATEGORY IN ACCORDANCE WITH IFRS 9	CARRYING AMOUNT	FAIR VALUE	CURRENT	NON-CURRENT
Cash and cash equivalents	AC	3,356	3,356	3,356	0
Trade receivables	AC	10,679	10,679	10,679	0
Other receivables and assets	AC	9,652	9,652	6,366	3,286
Non-current financial assets	FVPL	1,028	1,028	0	1,028
Total financial assets		**24,715**	**24,715**	**20,401**	**4,314**
Trade payables	AC	22,503	22,503	22,503	0
Financial liabilities	AC	35,739	35,739	35,739	0
Lease liabilities	AC	57,217	57,217	15,056	42,161
Other financial liabilities (non-current)	AC	280	280	0	280
Other financial liabilities (current)	AC	5,030	5,030	5,030	0
Total financial liabilities		**120,769**	**120,769**	**78,328**	**42,441**

12/31/2021 IN EUR K	VALUATION CATEGORY IN ACCORDANCE WITH IFRS 9	CARRYING AMOUNT	FAIR VALUE	CURRENT	NON-CURRENT
Cash and cash equivalents	AC	9,148	9,148	9,148	0
Trade receivables	AC	12,007	12,007	12,007	0
Other receivables and assets	AC	6,332	6,332	3,051	3,281
Non-current financial assets	FVPL	1,259	1,259	0	1,259
Total financial assets		**28,746**	**28,746**	**24,206**	**4,540**
Trade payables	AC	13,058	13,058	13,058	0
Financial liabilities	AC	10,697	10,697	10,697	0
Lease liabilities	AC	60,368	60,368	17,199	43,169
Other financial liabilities (non-current)	AC	328	328	0	328
Other financial liabilities (current)	AC	5,467	5,467	5,467	0
Total financial liabilities		**89,918**	**89,918**	**46,421**	**43,497**

Valuation categories in accordance with IFRS 9:

AC: Valuation at amortized cost

FVPL: Fair value through profit and loss

No financial assets have been pledged as of either December 31, 2021 or December 31, 2022.

Net Results by Class

2022 in EUR k	FROM INTEREST	FROM OTHER	FROM SUBSEQUENT MEASUREMENT AT FAIR VALUE	FROM ALLOWANCES	FROM DISPOSALS	TOTAL RECOGNIZED IN PROFIT AND LOSS
Cash and cash equivalents (AC)	46	0	0	0	0	46
Trade receivables (AC)	0	0	0	-831	0	-831
Assets measured at fair value through profit or loss (FVPL)	0	0	-231	0	0	-220
Financial liabilities (AC)	-5,915	0	0	0	0	-5,915
Net results	**-5,858**	**0**	**-231**	**-831**	**0**	**-6,920**

2021 in EUR k	FROM INTEREST	FROM OTHER	FROM SUBSEQUENT MEASUREMENT AT FAIR VALUE	FROM ALLOWANCES	FROM DISPOSALS	TOTAL RECOGNIZED IN PROFIT AND LOSS
Cash and cash equivalents (AC)	32	0	0	0	0	32
Trade receivables (AC)	0	0	0	-35	0	-35
Assets measured at fair value through profit or loss (FVPL)	0	0	-64	0	0	-64
Financial liabilities (AC)	-4,014	0	0	0	0	-4,014
Net results	**-3,982**	**0**	**-64**	**-35**	**0**	**-4,081**

VI. OTHER DISCLOSURES

Events After the Balance Sheet Date

On January 18, 2023, the Management Board of Wolford AG set the subscription period for the ordinary capital increase of the share capital decided on by the extraordinary Annual General Meeting of Wolford AG on December 1, 2022, from €32,251,924.80 by up to €16,125,960.00 to up to €48,377,884.80 by issuing up to 3,359,575 new shares to run from January 23 through February 6, 2023 (inclusive) and the value date is expected to be February 14, 2023.

As already resolved by the extraordinary Annual General Meeting, the subscription price per new share is €6.00 and the subscription ratio is 2:1 (2 subscription rights entitle the holder to subscribe to 1 new ordinary share). The subscription rights will be booked to the existing shareholders on January 23, 2023, according to the securities account balance on January 20, 2023, 11:59 pm. The subscription rights have the ISIN AT0000A32430. Subscription rights trading (auction trading) will be made possible on the Vienna Stock Exchange on January 27, 30 and 31, 2023 (inclusive). The reference request was sent on January 19, 2023, published in the Wiener Zeitung official gazette.

Following the subscription offer, those new shares of the company for which no subscription rights were exercised during the subscription period were offered to shareholders who have subscribed for at least 500,000 new shares in the subscription offer in a private placement at the subscription price.

The approval of the prospectus prepared in accordance with the Austrian Capital Market Act (Kapitalmarktgesetz, KMG) and the Prospectus Ordinance for the offering of the new shares in Austria was granted by the Austrian Financial Market Authority on January 18, 2023.

The admission of the new shares to official trading on the Vienna Stock Exchange was applied for on January 18, 2023. They are listed in the Standard Market Continuous segment of the Official Market of the Vienna Stock Exchange under the symbol WOL, ISIN AT0000834007.

On February 8, 2023, Wolford AG announced the result of the subscription offer that took place from January 23, 2023 to February 6, 2023 and announced that 2,934,515 new shares were subscribed for in the subscription offer through the exercise of subscription rights. No purchase offers were made for new shares as part of a rump placement. On the same day, the Management Board, with the approval of the Supervisory Board, decided on the final volume of the capital increase at a total of 2,934,515 new shares. Gross proceeds of €17,607k were generated in the capital increase.

Approximately 66.9% of the 2,934,515 new shares were subscribed by FFG Wisdom (Luxembourg) S.à r.l. as the beneficiary. Approximately 32.7% of the 2,934,515 new shares were subscribed by Ralph Bartel as the beneficiary. The remaining new shares were subscribed by other beneficiaries. FFG Wisdom (Luxembourg) S.à r.l. holds 61.02% of Wolford shares after the capital increase. If there were no further changes, Mr. Bartel would hold 29.62% of the shares.

The application to the Commercial Register for registration of the implementation of the capital increase was submitted to the Regional Court of Feldkirch (Commercial Register) on February 15, 2023.

The remaining individual personnel measures as part of the restructuring decided upon at the end of 2022, which comprise approximately 1/3 of the total number of persons affected, will result in expenses of €0.2 million for the 2023 financial year. The restructuring is likely to be completed by mid-2023.

Following the bankruptcy of Signature Bank and Silicon Valley Bank in mid-March 2023, a majority of the deposits and a portion of the loan portfolio were acquired by New York Community Bancorp and its subsidiaries. Wolford America Inc. had deposits of $ 1.00 million with Signature Bank at year-end 2022. The deposits are primarily restricted cash for security deposits and customs guarantees.

At the beginning of April 2023, Lanvin Group Holdings Limited issued a letter of comfort to provide financial support to Wolford. This is intended to enable the company to meet its liabilities as they fall due and to ensure the company's continued existence for the foreseeable future. This guarantee cannot be revoked until the end of 2024. In the event that financial support from Lanvin is required, both parties undertake to enforce the guarantee in full. The outstanding shareholder loans granted by Fosun Fashion Group (Cayman) Limited to the Company have been subordinated in the amount of €16.3 million. Repayment can only be demanded once the restructuring of Wolford has been completed.

Up to the point of publication, there were no further matters with a material impact on the financial position, financial performance, and cash flows of the Wolford Group.

Transactions with Related Parties

None of the Supervisory Board members maintain any business or personal relationships with the company or its Management Board that provides grounds for a material conflict of interests and is therefore suited to influence the conduct of the respective Supervisory Board member. The same applies to members of the Management Board.

As of February 1, 2019, the Wolford Group entered into a business relationship with Fosun Fashion Brand Management (FFBM) in order to reinforce and extend its market presence in China. FFBM is a subsidiary of Fosun Fashion Group and acts on behalf of Wolford as a full-service provider focusing on sales and marketing. As well as extending market access, FFBM is also responsible for the operating management of all wholesale and retail channels, as well as for online retail. The contract between FFBM and Wolford provides for monthly payment of a fixed amount and performance-based commission for each distribution channel (retail, wholesale, online). A total of €1,568k was paid to FFBM in the financial year (2021 financial year: €1,009k); the amount of outstanding balances as of December 31, 2022, is €185k (December 31, 2021: €1,185k) (liability for Wolford).

The ultimate beneficial owner of Fosun Fashion Brand Management (FFBM) is Mr. Guangchang Guo, who as of December 31, 2022, is also the ultimate beneficial owner of FFG Wisdom (Luxembourg) S.à r.l., which owns 58.45% of the shares in Wolford. With the capital increase in 2023, the share increased to 61.02%.

In May 2021, Fosun Fashion Group (Cayman) Limited granted a shareholder loan with a term until the end of 2022 totaling €10,000k, which was paid out in two tranches in May (€3,500k and €4,000k) and one tranche in July (€2,500k). Interest expense of €697k was recognized for the loan in the 2021 financial year, which was booked as a liability. In January 2022, Fosun Fashion Group (Cayman) Limited granted a further shareholder loan in the amount of €2,500k at an interest rate of 12% p.a., with a term until the end of 2022. In May 2022, a further loan in the amount of €5,000k was granted subject to the same conditions.

The maturities of the loans in the amount of €10,000k existing as of December 31, 2021, and the financing from 2022 listed above were extended in June 2022 to December 31, 2023.

Subsequently, further shareholder loans in the amount of €15,000k were disbursed to the company in several tranches with different maturities, which were extended to several repayment dates in November 2022.

As of December 31, 2022, there is a financial liability to the shareholder in the amount of €35,739k (including interest). The interest expense for the 2022 financial year amounts to €2,542k.

Disclosures on the Management and Supervisory Boards

2022 in EUR k	(CURRENT) REMUNERATION	OTHER REMUNERATION	SEVERANCE COMPENSATION	PENSIONS	TOTAL REMUNERATION
Expenses for members of the Management Board	823	45	200	0	1,068
of which variable	126	0	0	0	126
Former members of the Management Board	0	0	0	253	253
Total	**823**	**45**	**200**	**253**	**1,321**

In the 2022 financial year, €126k (2021 financial year: €67k) in bonuses were paid for the 2021 financial year for the 2021 financial year, and €235k was accrued for bonuses for the financial year.

2022 in EUR k	(CURRENT) REMUNERATION	OTHER REMUNERATION	SEVERANCE COMPENSATION	PENSIONS	TOTAL REMUNERATION
Expenses for members of the Management Board	657	24	0	0	681
of which variable	67	0	0	0	67
Former members of the Management Board	0	0	0	247	247
Total	**657**	**24**	**0**	**247**	**928**

Expenses for remuneration to the Supervisory Board amounted to €132k in the financial year (2021 financial year: €152k). No advances were paid out in the 2022 financial year, nor were there any liabilities for members of the Management Board or the Supervisory Board. There were no off-balance sheet transactions.

The **members of the Management Board** in the 2022 financial year were:

- Andrew Thorndike, Chief Operating Officer (COO), until July 31, 2022
- Paul Kotrba, Chief Operating Officer (COO), since August 1, 2022
- Silvia Azzali, Chief Commercial Officer (CCO)

On July 13, 2022, the member of the Management Board Andrew Thorndike and the Supervisory Board unanimously terminated Andrew Thorndike's Management Board mandate effective July 31, 2022. The Supervisory Board initiated the process for appointing a new member to the Management Board. Until that appointment, Silvia Azzali, member of the Management Board, is managing operations as sole member of the Management Board.

On August 2, 2022, the Supervisory Board appointed Paul Kotrba for a period of six months starting on August 1, 2022, as an (interim) member of the Management Board. During this period, the Supervisory Board was carrying out the process of appointing a new member to the Management Board.

As COO, Paul Kotrba will be responsible for supply chain and production, legal and compliance, investor relations, IT and digital, and PMO. As of August 1, 2022, Silvia Azzali took over Research & Development and Sustainability, Finance and HR (in addition to Sales, Merchandising, Brand & Marketing, and Design).

Ralf Polito was appointed by the Supervisory Board on November 28, 2022, as a member of the Management Board for two years with effect from July 1, 2023. From July 1, 2023, Ralf Polito will lead the company as Chief Operating Officer together with Chief Commercial Officer Silvia Azzali.

On December 7, 2022, the Supervisory Board and Paul Kotrba subsequently agreed on an extension of his mandate as Chief Operating Officer until June 30, 2023.

The members of the **Supervisory Board** in the 2022 financial year were:

- David Chan, Chair, since July 20, 2022
- Dr. Junyang Shao, Chair, until July 20, 2022
- Thomas Dressendörfer, Deputy Chair
- Yun Cheng, member, until July 20, 2022
- Dr. Prof. Matthias Freise, member, until July 20, 2022
- Shang Hsiu Koo, member, since July 20, 2022
- Chenling Zhang, member, since July 20, 2022

At the Annual General Meeting on July 20, 2022, David Chan, Executive President and Co-COO of Lanvin Group, and Shang Hsiu Koo, CFO of Lanvin Group, and Chenling Zhang were elected to the Supervisory Board with the votes of the major shareholder. Mr. Matthias Freise resigned as a member of the Supervisory Board effective with the close of this Annual General Meeting. Ms. Yun Cheng resigned as member of the Supervisory Board with the close of this Annual General Meeting. Dr. Junyang Shao's mandate ended at the close of this Annual General Meeting. There were thus three new members to be appointed at this Annual General Meeting in order to reach the current number of four members elected by the AGM again.

The **Work Council**'s representatives on the Supervisory Board in the 2022 financial year were:

- Anton Mathis until December 31, 2022
- Alexander Greußing
- Christian Greußing since January 1, 2023

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 of Wolford AG approved the consolidated financial statements for submission to the Supervisory Board on April 11, 2023. The Supervisory Board is required to perform its own review of the consolidated financial statements and to declare whether it has approved them.

Bregenz, April 11, 2023

Paul Kotrba
COO
Responsible for Supply Chain and Production,Legal & Compliance, Investor Relations, IT and Digital as well as PMO

Silvia Azzali
CCO
Responsible for Sales & Merchandising, Marketing and Design, Research & Development and Sustainability, Finance and HR

Declaration by the Management Board of Wolford AG

PURSUANT TO SECTION 124 (1) NO. 3 BÖRSEG

We hereby confirm to the best of our knowledge that the consolidated financial statements as of December 31, 2022, give a true and fair view of the financial position, financial performance and cash flows of the Group as required by the applicable accounting standards and that the Group management report presents the business earnings and the position of the Group in such a way that creates a true and fair view of its financial position, financial performance and cash flows, together with a description of the principal risks and uncertainties to which the Group is exposed.

We confirm to the best of our knowledge that the annual financial statements as of December 31, 2021, give a true and fair picture of the financial position, financial performance and cash flows of the parent company as required by the applicable accounting standards and that the Management Report presents the business earnings and the position of the company in such a way that creates a true and fair view of its financial position, financial performance and cash flows, together with a description of the principal risks and uncertainties to which the company is exposed.

Bregenz, April 11, 2023

Paul Kotrba
COO
Responsible for Supply Chain and Production,Legal & Compliance, Investor Relations, IT and Digital as well as PMOO

Silvia Azzali
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Responsible for Sales & Merchandising, Marketing and Design, Research & Development and Sustainability, Finance and HR

Auditor's Report

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Audit Opinion

We have audited the consolidated financial statements of

Wolford Aktiengesellschaft, Bregenz,

and of its subsidiaries (the Group) comprising the consolidated balance sheet as of December 31, 2022 the consolidated statement of comprehensive loss, the consolidated statement of changes in equity and the consolidated statement of cash flows for the fiscal year then ended and the notes to the consolidated financial statements.

Based on our audit the accompanying consolidated financial statements were prepared in accordance with the legal regulations and present fairly, in all material respects, the assets and the financial position of the Group as of December 31, 2022 and its financial performance for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU and with requirements stated in par. 245a UGB.

BASIS FOR OPINION

We conducted our audit in accordance with the regulation (EU) no. 537/2014 (in the following „EU regulation") and in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing (ISAs). Our responsibilities under those regulations and standards are further described in the „Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the Austrian General Accepted Accounting Principles and professional requirements and in accordance with any other regulations or requirements agreed and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained until the date of this auditor's report is sufficient and appropriate to provide a basis for our opinion by this date.

OTHER MATTERS

The Company's consolidated financial statements for the year ended December 31, 2021 were audited by another auditor who issued an unmodified opinion on June 14, 2022.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We refer to section I.1 (Accounting Principles - Basis of Preparation) and III. note (21) (Notes to the Balance sheet - Equity) of the notes to the consolidated financial statements, where the Management Board states that as of the financial year ending December 31, 2022, the Wolford Aktiengesellschaft Group was not able to achieve the planning assumptions contained in the going concern forecast of the previous year and achieved a negative annual result after tax of kEUR -34,867.

This was in particular due to increased raw material and personnel costs, restructuring measures not yet effective, Corona-related restrictions in China and logistics problems in online business. The Management Board moreover states that further restructuring measures were initiated and implemented in fiscal year 2022, focusing on efficiency improvements, cost savings and concentration on core products and growth markets, accompanied by an increase in sales prices. The 2023 budget prepared on this basis shows a positive EBIT.

Furthermore, the Management Board explains that in order to strengthen liquidity, a capital increase was successfully implemented at the beginning of financial year 2023, and the main shareholder has declared that he will provide Wolford AG and its subsidiaries with the funds required to continue operations as a going concern. In addition, a portion of the shareholder loans received was subordinated. On the basis of the measures described, and taking into account the current sales and results for the financial year 2023, the Management Board concludes that the 2022 consolidated financial statements should be prepared applying the going concern principle. We would like to point out that the Group's ability to continue as a going concern depends to a large extent on the implementation of the measures described, in particular on the achievement of the planned revenue increases and cost savings, which will enable the financing of ongoing business operations, also under the consideration of liquid funds from the capital increase and the shareholder's support letter, as well as on the ability to compensate for any budget variances that arise by taking appropriate countermeasures. The events and conditions described in the sections of the notes to the consolidated financial statements referred to above indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our audit opinion is not modified with respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year. In addition to the matter described in the section titled „Material Uncertainty Regarding Going Concern" the following matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In the following we present the audit matters that are key in our view:

Recoverability of property, plant and equipment

Reasons why the matter was determined as key audit matter

Wolford Aktiengesellschaft reports property, plant and equipment of MEUR 57.1 (previous year: MEUR 56.3) in its consolidated financial statements as of December 31, 2022. Property, plant and equipment include MEUR 48.8 of right of use assets from lease contracts.

The impairment test according to IAS 36 is executed in two-steps. The first step is to determine whether there are any triggers for impairment. Subsequently, the recoverable amount must be determined. In particular the triggers for impairment (in particular the decline of sales and earnings figures or the increase in interest rates), the selection of the valuation model, the determination of discount rates and the projection of future cash flows are to a high degree subject to estimates and assumptions of the management. For this reason, this audit area was determined as a particularly important audit matter (Key Audit Matter).

How we addressed the matter in the audit

Our audit procedures included among other elements the following:

- Assessing the concept and design of the impairment testing process;
- Reviewing the definitions of the cash-generating units and the allocation of assets and liabilities to them;
- Assessment of applied methodology and the mathematical accuracy of the documents and calculations submitted;
- Plausibility check of the discount rates;
- Review of the planning documents for consistency with the corporate planning adopted by the Management Board and approved by the Supervisory Board, as well as plausibility checks and analysis of key assumptions;
- Reconciliation of the planning figures per cash-generating unit to the budget;
- Review of completeness (calculation for all cash-generating units);
- Assessment of the appropriateness of the disclosures in the notes concerning impairment tests and the underlying assumptions.

Reference to related disclosures in the consolidated financial statements

The corresponding disclosures from Wolford Aktiengesellschaft for property, plant and equipment are included in the notes in section I.4 (Accounting and Valuation Methods) and section II.7 (Decreciation and Amortization) of the consolidated financial statements.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the Group's management report and the auditor's report thereon. The annual report is estimated to be provided to us after the date of the auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, as soon as it is available, and, in doing so, to consider whether - based on our knowledge obtained in the audit - the other information is materially inconsistent with the consolidated financial statements or otherwise appears to be materially misstated.

RESPONSIBILITIES OF MANAGEMENT AND OF THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU and with requirements stated in par. 245a UGB, for them to present a true and fair view of the assets, the financial position and the financial performance of the Group and for such internal controls as management determines are 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 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.

Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU regulation and in accordance with Austrian Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the EU regulation and in accordance with Austrian Standards on Auditing, which require the application of ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- 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 auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our 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.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Comments on the Management Report for the Group

Pursuant to 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 as to whether it was prepared in accordance with the applicable legal regulations.

Management is responsible for the preparation of the Group's management report in accordance with Austrian Generally Accepted Accounting Principles and other legal or regulatory requirements.

We conducted our audit in accordance with Austrian Standards on Auditing for the audit of the Group's management report.

Opinion

In our opinion, the management report for the group was prepared in accordance with the valid legal requirements a, comprising the details in accordance with section 243a UGB (Austrian Company Code), and is consistent with the consolidated financial statements.

Statement

Based on the findings during the audit of the consolidated financial statements and due to the thus obtained understanding concerning the Group and its circumstances no material misstatements in the Group's management report came to our attention.

Supplement

Regarding the material uncertainty related to going concern, we refer to the sections of the economic environment and the analysis of the results and the balance sheet in the Group management report, wich covers the analysis of the Group's position. We refer further to the section „Outlook and Targets" in the Group management report, which covers the expected development of the Group and the explanations of material risks in the Group management report.

ADDITIONAL INFORMATION IN ACCORDANCE WITH ARTICLE 10 EU REGULATION

We were elected as auditor by the ordinary general meeting at July 20, 2022. We were appointed by the Supervisory Board on December 15, 2022. We are auditors without cease since 2022.

We confirm that the audit opinion in the Section „Report on the consolidated financial statements" is consistent with the additional report to the audit committee referred to in Article 11 of the EU regulation.

We declare that no prohibited non-audit services were provided by us and that we remained independent of the group companies in conducting the audit.

RESPONSIBLE AUSTRIAN CERTIFIED PUBLIC ACCOUNTANT

The engagement partner on the audit resulting in this independent auditor's report is Mr Christoph Zimmel, Certified Public Accountant.

Vienna, 11. April 2023

Grant Thornton Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Christoph ZIMMEL mp
Certified Public Accountant

Lukas GLATTAUER mp
Certified Public Accountant

This report is a translation of the original report in German, which is solely valid.

Publication or sharing with third parties of the group financial statements together with our auditor's opinion is only allowed if the financial statements and the management report are identical with the audited version. This audit opinion is only applicable to the German and complete financial statements with the management report. Section 281 paragraph 2 UGB (Austrian Company Code) applies to alternated versions.

04

Additional INFORMATION

215

At our 215 monobrand points of sale, we bring our brands to customers worldwide.

The WOLFORD Group at a Glance

Wolford is a market leader in the area of high-quality skinwear.

The brand is present in **55 countries** worldwide, with **215 monobrand points of sale** and more than **1,900 wholesale partners.** The Austrian company manufactures products mainly in Europe, in compliance with the strictest ecological and socially sustainable standards. Wolford creates its designs in the Italian fashion metropolis of Milan and produces its creations at its headquarters in Bregenz, located near Lake Constance, as well as in the Slovenian town of Murska Sobota – both regions which have a long and illustrious tradition of textile production. The Wolford Group had a total of 1,081 employees (FTE) at the end of the financial year, of which 392 employees (FTE) worked at the corporate headquarters in Bregenz. Wolford was founded in Bregenz in 1950 and is listed on the stock exchanges in Vienna, Frankfurt, and New York. The brand is part of the global luxury fashion conglomerate Lanvin Group, which was founded by Wolford's Chinese majority shareholder Fosun.

Wolford generates more than 46% of its sales with Ready-to-wear, and the company's skinwear creations, supplemented by a small selection of accessories, are closely matched with the Group's core product.

Characteristics of the brand architecture include the fashionable Trend products and the Essential collections. The Essentials, which include all of Wolford's legendary, timeless classics, such as its Satin Touch tights, which have been on sale since 1988, account for around 67% of sales. The Trend products are represented by The W and The W Lab. The first of the two new brands, launched in 2019 and presenting the modern face of Wolford to a more youthful and leisure-oriented audience with innovative athleisure wear, now represents 24%. "The W Lab", with a lustrous history of partnerships in the past with the world's best-known designers, from Valentino to Karl Lagerfeld, Vivienne Westwood to Giorgio Armani, has evolved into an integral part of new business, increasing to 15%. Thanks to high-profile collaborations with external star designers, most recently the highly acclaimed capsule collections by Thierry Mugler and Sergio Rossi, this segment is continuing to expand.

Our Blend of Innovation and Tradition

Having started out in 1950 as a producer of pure silk and rayon stockings in Bregenz on Lake Constance, Wolford is now the epitome of exclusive skinwear for all women worldwide.

This success is based upon innovative seamless technology especially developed and constantly refined by Wolford, enhanced by sophisticated craftsmanship and rigorous quality checks. In combination with the finest yarns, this creates the specific comfort and product quality underlying the Wolford brand and its reputation. Built over generations, the industrial pole position is second to none; 264 individually customized seamless knitting machines are operating in Bregenz in a climatically controlled environment. Along with the R&D department, the company headquarters is also home to a doubling mill, steaming facility, dyeing room, molding workshop, and a proprietary color laboratory – all the essential elements for a complete cutting-edge and sustainable facility, all managed and controlled in-house.

Wolford's headquarters in Bregenz, Austria

We are the first and only company in our industry to receive Gold certification from Cradle to Cradle for the development of environmentally friendly products in both categories, biodegradable and technically recyclable.

Silvia Azzali, CCO

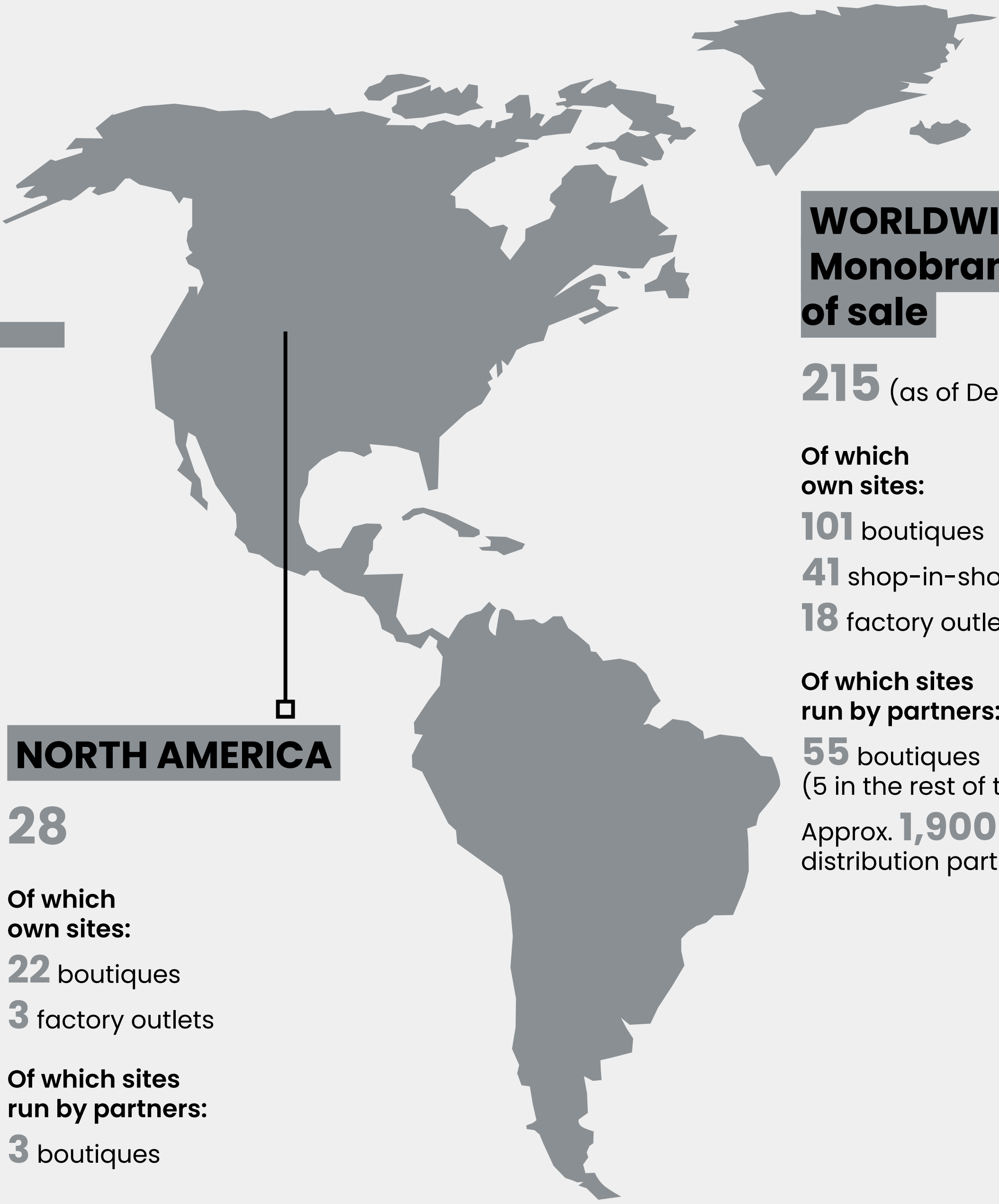
For over seven decades, Wolford has continually introduced **pioneering product innovations that have become bestsellers.** A plethora of tights have graced female fashion from **"Miss Wolford" (1977) to "Luxe 9" in the mid-2000s,** each first in offering numerous benefits such as transparencies, shaping, comfort, invisibility, adaptable waist size, etc. Textile research has led to the development of many unique yarns, but in particular, most worthy of note, those capable of creating the first seamless bodysuit (1992), a real revolution in the new market for intimate beauty and a continued success. The same with bras, for example the seamless 3W Skin Bra (on the market since January 2017) is made out of a single piece of material and is without clips, heightening its wearability and second-skin sensations, as with all of Wolford's unique quality creations.

In September 2018, Wolford launched its **first biodegradable sweaters, T-shirts, and leggings.** Developed within the Austrian smart textiles industry initiative, these products are fully eco-sustainable. In April 2019, the company received **the Cradle to Cradle Certified™ (Gold) award** for developing fully recyclable creations. In 2020, "Aurora 70" was launched, the first recyclable tights available. Wolford is so far the first and only company in the apparel and textile industry to receive gold certification from Cradle to Cradle for developing environmentally compatible products in both sustainable categories (biodegradable and technically recyclable). 2021 saw the introduction of the vegan leather collection, equal to the original but more stretchable, durable and machine-washable, as well as, above all, animal cruelty-free. This past financial year saw another incredible innovation, the introduction of a special textile Emana® that interacts with the skin on wearing, bringing many distinctive benefits and cosmetic results, including stimulating blood microcirculation and also reducing the appearance of cellulite.

Further information on sustainability at Wolford can be found in the Wolford AG Sustainability Report, which is available online at company.wolford.com under the heading "Investor Relations."

Global PRESENCE

Wolford has a well-connected network of monobrand boutiques in prestigious locations in the world's fashion capitals – a mix of partner boutiques and its own locations in strategically relevant cities. In late December 2022, the company had 215 monobrand points of sale, of which 161 were in Europe, 28 were in North America and 26 were in Asia. 55 of these stores are operated by business partners.



NORTH AMERICA

28

Of which own sites:

22 boutiques

3 factory outlets

Of which sites run by partners:

3 boutiques

WORLDWIDE Monobrand points of sale

215 (as of December 31, 2022)

Of which own sites:

101 boutiques

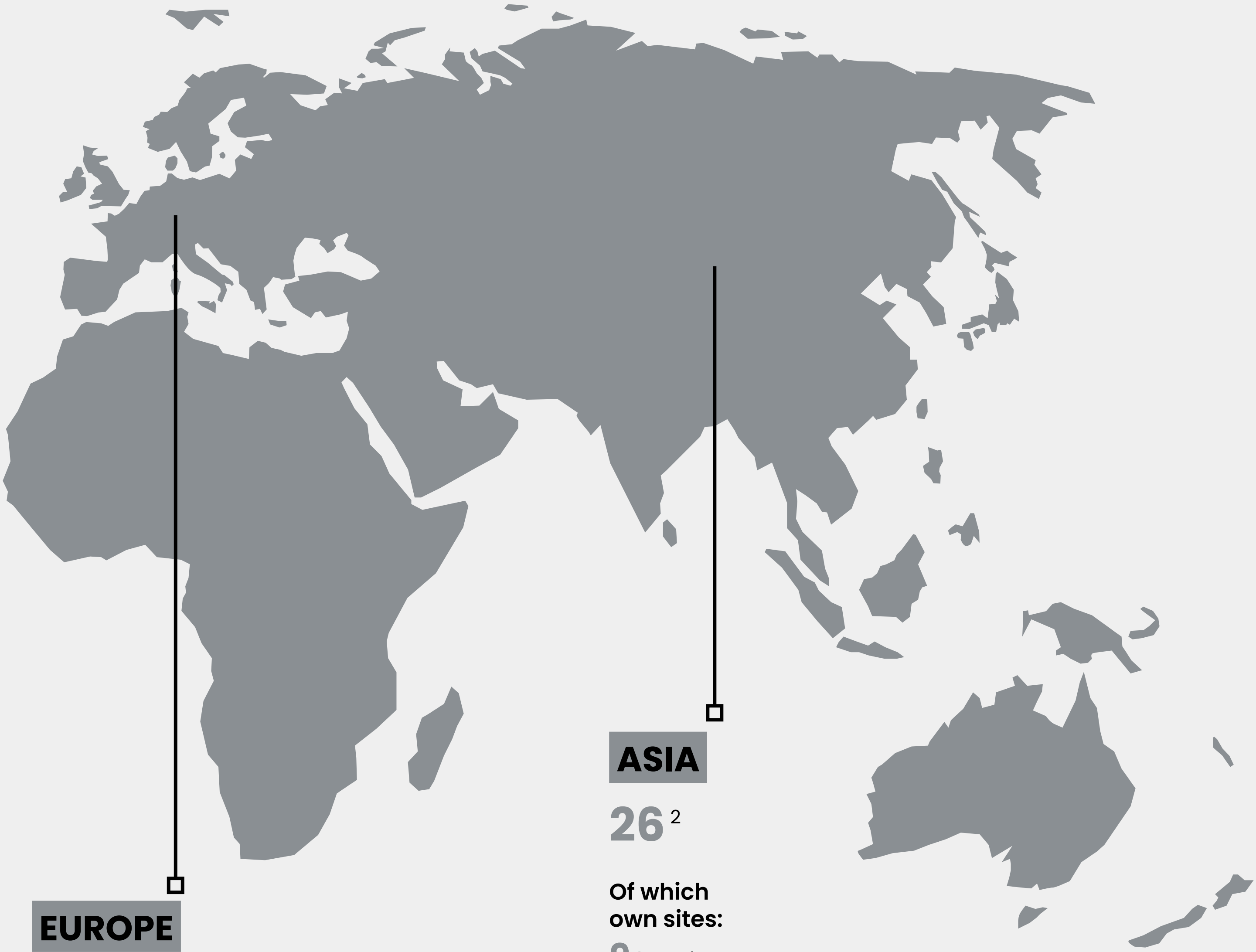
41 shop-in-shops

18 factory outlets

Of which sites run by partners:

55 boutiques
(5 in the rest of the world)

Approx. **1,900** other distribution partners



EUROPE

161[1]

Of which own sites:

70 boutiques
41 shop-in-shops
13 factory outlets

Of which sites run by partners:

37 boutiques

1 Excluding Russia and Ukraine.

ASIA

26[2]

Of which own sites:

9 boutiques
2 factory outlets

Of which sites run by partners:

15 boutiques

2 Excluding Russia.

Added to this are our own online boutiques in 16 countries and ten travel retail sites, for example, at airports. Wolford also sells its products via approximately 1,900 wholesale partners, such as department stores and specialist retail stores. (2-6)

Glossary

NON-FINANCIAL TERMS

Accessories	Textile and non-textile items that seasonally complete and complement the fashion collection
Beachwear	Bikinis and swimsuits that can also be worn as lingerie or outerwear, as well as pareos
Bodywear	Classic bodysuits and all close-fitting knitwear such as tops and shirts
B2B	Business to Business; sales of goods to other companies, such as wholesalers or department stores
B2C	Business to Customer; sales of goods directly to end consumers
Commission affiliation (COAFF)	A distribution concept for partner boutiques, offering far-reaching support in merchandise planning, storage, logistics, and marketing, as well as product training
Compliance	Adherence and measures to monitor adherence to laws, directives, and voluntarily recognized codices
Concession shop-in-shops	Sales areas operated by Wolford within department stores
Corporate design	Uniform brand image
Corporate governance	Rules of conduct and legal framework for responsible corporate management and supervision
Cradle to Cradle®	Cradle to Cradle® describes the safe and potentially unlimited circulation of materials and nutrients in cycles. Once a product has been worn or used, the raw materials used to manufacture it can be returned to either a biological or technical cycle to be reprocessed into new raw materials. (Source: EPEA)
Denier	Abbreviation: den or D; measure used to designate yarn density. The lower the denier value, the finer the yarn (1 den means that 9,000 m of a given yarn weigh 1 gram)
Department store	Store with broad, cross-sector assortment
Essentials	Includes all Wolford products which – unlike Trend products – form part of the assortment over several seasons and years
Factory outlets	Sales locations where Wolford collections from past seasons or reduced merchandise are sold.
Franchise	As independent companies, franchisees draw on their own capital to offer the goods of a given manufacturer in line with the manufacturer's own uniform marketing concept
FTE	Full-time equivalents
Trade goods	Products from exclusive brands which complement Wolford's product range and are offered at select boutiques and factory outlets
ISO 50001	Systematic energy management standard
Capsule collection	Limited collection produced on a one-off basis with a small number of articles relating to a specific topic
Controlled distribution	Proprietary and partner-operated boutiques, concession shop-in-shops, e-commerce and factory outlets where Wolford products are presented in a uniform corporate design
Legwear	Product group comprising hosiery products: tights, stockings, leggings, stay-ups, knee-highs and socks
Lingerie	Bras, briefs, bodies, garter belts and slips
Master franchise	Master franchisees receive a license from the manufacturer permitting them to build up a franchise network in a given region or country
Micro-sites	Small websites operating independently of the company website with low navigational depth and mostly dealing with just one topic
Monobrand distribution	Boutiques which only sell Wolford products (including online business)
Multi-channel distribution	Parallel deployment of several distribution channels, e.g., boutiques, online shops, and concession shop-in-shop areas

NOOS collection	Never-out-of-stock collection; articles that are permanently available
OePR	Österreichische Prüfstelle für Rechnungslegung (Austrian financial reporting enforcement panel)
Omnichannel distribution	Integration of all available distribution channels and customer touchpoints
Partner boutiques	Wolford boutiques that are operated by trading partners – in contrast to boutiques operated directly by Wolford itself
POS	Point of sale; sales location where Wolford products are offered
Private label	Products produced for other brands or sold in stores under a different brand name
Ready-to-wear	Product group comprising the established bodywear line as well as knitted and fabric items such as sweaters, dresses, skirts, and trousers
Retail	Proprietary points of sale; direct sales to end consumers
Season	The spring/summer collection is largely available for sale starting in January, the fall/winter collection in July
Shape & Control	Body-shaping products in the Legwear, Lingerie and Beachwear segments
Shop-in-shop	Separate sales areas at a department store or multibrand retailer specially dedicated to Wolford products
Stock-keeping unit	Abbreviation "SKU", product option (color, size)
Tights	Also known as pantyhose
Time-to-market	The timespan from the creation and development through to the final placement of products on the market
Travel retail	Points of sale mainly frequented by travelers, e.g., at airports or railroad stations
Trend products	All designs that (unlike Essentials) are only seasonal, i.e., offered only in the spring/summer or fall/winter collections; after the end of the season these designs are only available in factory outlets
USP	Unique selling proposition
Visual merchandising	Optic sales promotion relating to the visual regulation of sales directly at the points of sale (POS)
Wholesale	Direct sales to trading partners, including partner-operated boutiques, department stores, multibrand retailers, and private labels

FINANCIAL TERMS

ADR	American Depositary Receipt; an ADR securitizes part of foreign shares and is traded like shares on U.S. exchanges or over the counter. U.S. banks buy shares and issue ADRs to give foreign companies access to the U.S. capital market
AFRAC	Austrian Financial Reporting and Auditing Committee
AfS	Available for Sale; available-for-sale assets
Agio	Difference between the par value and the issue price of shares; to be recorded under capital reserves
ATX	Austrian Traded Index; the lead share index of the Vienna Stock Exchange
Subscription right	Right of an existing shareholder to subscribe to a portion of new shares corresponding to that shareholder's stake in the previous share capital in the event of a capital increase
GDP	Gross domestic product
Market capitalization	Number of shares in the company valued at the closing price on the reporting date
Capital employed	Shareholders' equity plus net debt
CFH	Cash flow hedging; used to hedge risks associated with fluctuations in cash flows
CGU	Cash-generating unit; smallest identifiable group of assets generating cash inflows largely independent of cash inflows from other assets
D&O insurance	Directors and Officers Insurance; financial loss liability insurance for executive and non-executive directors
EBIT	Earnings before interest and taxes
EBIT adjusted	Earnings before interest and taxes, adjusted to eliminate one-off income and expenses resulting from strategic realignment
EBITDA	Earnings before interest, taxes, depreciation and amortization
EBITDA adjusted	Earnings before interest and taxes, depreciation and amortization adjusted to eliminate one-off income and expenses resulting from strategic realignment
EBIT margin	EBIT as a percentage of sales
EBT	Earnings before taxes
Equity ratio	Shareholders' equity as a percentage of total assets
EPS	Earnings per share; net profit for the year divided by the number of shares with dividend entitlement
FL	Financial liabilities
Like-for-like	In order to make the productivity of different sales areas comparable, sales are calculated in relation to the size of the sales area.
Free cash flow	Cash flow from operating activities less cash flow from investing activities; the free cash flow is the amount available for acquisitions, dividend payments, and share buybacks
Gearing	Net debt-to-equity ratio
Share capital	Total par value of all shares issued/total number of shares issued multiplied by their par value
HfT	Held for Trading; held-for-trading assets
IFRS	International Financial Reporting Standards
Capital increase (against cash contribution)	Way of procuring equity by issuing new shares and increasing share capital
Deferred taxes	Line item to present temporary differences between tax items recognized in the IFRS and tax balance sheets
Like-for-like sales performance	Development in sales excluding points of sale newly opened or closed
L&R	Loans and Receivables; credit lines and customer receivables
LTI	Long-Term Incentive; long-term variable remuneration
Materials expense ratio	Cost of materials plus changes in inventories of finished goods and work-in progress as a percentage of sales
Net debt	Current and non-current financial liabilities less financial assets and cash and cash equivalents

Personnel expense ratio	Personnel expenses as a percentage of sales
Prospectus	Written document providing information about the type, object, and risks involved in securities: required, for example, when issuing new shares in the context of a capital increase
SAR	Stock Appreciation Rights; compensation model based on hypothetical stock options
STI	Short-term incentive; short-term variable compensation
Takeover bid	Public offer made by a bidder to shareholders to acquire the shares in a company at a specified price: mandatory offer if control gained
UGB	Unternehmensgesetzbuch (Austrian Commercial Code)
Sales	Net proceeds, i.e. gross sales less sales tax and all sales deductions
Working capital	Sum of inventories, trade receivables, and other current receivables and assets less trade payables and other current liabilities

Financial Calendar

The Wolford AG financial calendar can be found at https://company.wolford.com/investor-relations/financial-calendar/. Wolford AG publishes half-year and annual results in accordance with the regulations of the Standard Market.

INFORMATION ABOUT THE COMPANY AND ITS SHARES

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Reuters	WLFD.VI
Bloomberg	WOL:AV, WLFDY:US, WOF:GR

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Annual REPORT

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