



ANNUAL

*FINANCIAL
STATEMENTS*

| 2023 |



Overview of Key Figures (Konzern)

KEY EARNINGS FIGURES		2023	2022 restated	2021	2020*	2019/20**
Sales	in EUR million	125.80	124.93	108.95	68.04	118.54
EBIT	in EUR million	-17.70	-30.62	-5.26	19.94	-28.68
Loss before taxes	in EUR million	-27.40	-36.86	-9.41	17.33	-35.02
Loss after tax	in EUR million	-30.75	-36.85	-12.33	12.77	-27.42
Free cash flow	in EUR million	-9.52	-8.82	-0.22	53.25	4.27
Employees (average)	Number	1,008	1,096	1,081	1,169	1,243

KEY BALANCE SHEET FIGURES

		12/31/2023	12/31/2022 RESTATED	12/31/2021	12/31/2020	04/30/2020
Equity	in EUR million	-34.41	-21.03	15.24	28.54	15.02
Net debt	in EUR million	43.95	31.06	0.29	positive	33.16
Working capital	in EUR million	20.41	19.74	32.13	31.37	38.05
Balance sheet total	in EUR million	134.18	126.54	134.65	138.90	161.69
Equity ratio	in %	-25,64	-16.6	11.3	20.5	9.3
Gearing	in %	>100	>100	10.17	–	>100

KEY SHARE FIGURES

		2023	2022 RESTATED	2021	2020*	2019/20**
Earnings per share	in EUR	-3.34	-5.26	-1.86	1.93	-4.14
Equity per share	in EUR	0	0	0	4.30	2.26
Annual high	in EUR	7.10	7.60	10.30	8.80	11.40
Annual low	in EUR	4.30	5.15	6.55	4.82	3.20
Share price at end of period	in EUR	4.76	5.70	7.20	7.45	6.00
Numbers of shares (weighted average)	in thousands shares	9,196	6,631	6,631	6,631	6,631
Market capitalization at end of	in EUR million	45.95	37.80	47.74	49.40	39.79

* May to December

** May to April



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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 202 monobrand points of sale and more than 1,800 retail partners, we have a global presence in around 55 countries. Our company has been listed on the Vienna Stock Exchange since 1995.

01

WOLFORD GROUP MANAGEMENT REPORT

About the Group	08
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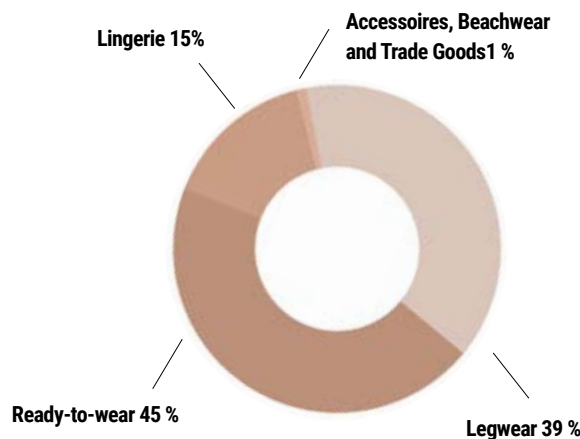
About the Group

WOLFORD IN FOCUS

Wolford is a market leader in high-quality skinwear. The brand is represented in 55 countries worldwide at 202 monobrand points of sale and by over 1,800 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 1,008 people (FTE) at the end of the fiscal year (1,106 in the financial year 2022), including 250 employees (FTE) at the corporate headquarters in Bregenz (362 in the financial year 2022). 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



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

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 (45%) 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 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.

Wolford's logistics is outsourced to a third-party logistics vendor. The central warehouse located in Munich, Germany, which has started its operations for Wolford in March 2024. The change of external service provider led to the relocation of the central warehouse from northern Germany to the new warehouse in southern Germany. In addition to this warehouse Wolford operates two warehouses in the United States and one in China, serving the local markets only. With respect to the shipment of products, third-party transportation specialists are engaged to transport goods by road, air or sea, based on factors such as distance to destination and urgency of the shipment.

03 // PRODUCT DEVELOPMENT



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 (44%) in the 2023 financial year with its international network of boutiques. At the end of December 2023, 151 of Wolford's 202 boutiques were autonomous, while 51 were managed by partners. Overall, the Wolford Group controls around 66% of sales itself. Alongside bricks-and-mortar retail, online business is also playing an increasingly significant role, accounting for 24% of sales in the 2023 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

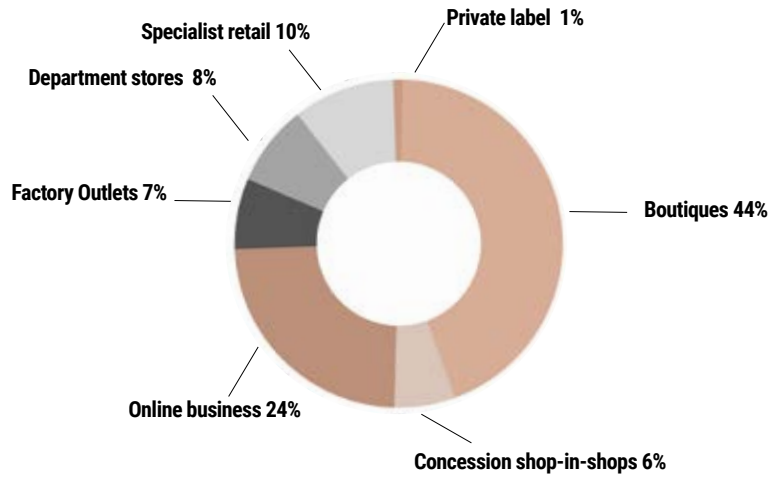
Private label:

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

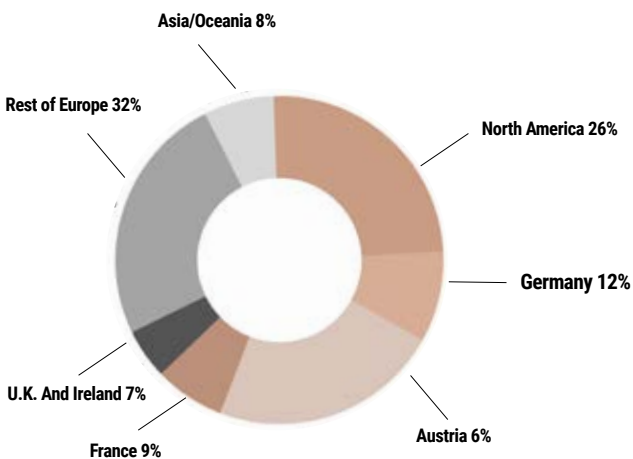
04 // SALES BY DISTRIBUTION CHANNEL, in percent



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 Austria (6%), where the company is based, Germany (12%), France (9%) and Great Britain and Ireland (7%) contribute the majority of sales. The most important single market is North America with a sales share of 26%. 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; it needs to be considered that free cash flow does not include the lease payments). 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, 2023.

EARNINGS

In the 2023 financial year, the Wolford Group achieved sales of € 125.80million, putting it 0.7% above the previous restated year's figure (€124.93 million).

In the course of navigating through challenging market conditions characterized by geopolitical tensions and inflationary pressures, Wolford achieved a modest 0.7% sales growth in 2023, following three consecutive years of double-digit growth. Particularly noteworthy was the +1.4% growth in North America and the double-digit increase of 12% in wholesale revenue, attributed to strategic collection alignment by Artistic Director Nao Takekoshi and the acquisition of significant new wholesale customers. The Asia-Pacific (APAC) region reported an impressive 32% growth, while the EMEA region faced macroeconomic challenges.

At 45%, the Ready-to-wear product group's share in revenue also represented the largest share in consolidated revenue in the 2023 financial year (2022 financial year: 46%). With a share of 39% (2022 financial year: 38%) in the 2023 financial year, the Legwear product group again takes second place. In the Lingerie product group, which generated 15% of consolidated revenue (2022 financial year: 14%), sales were roughly level with the previous year. Accessories, Beachwear and Trade goods had a share in sales of 1% sales (2022 financial year: 1% share in sales).

The 2022 financial statement shows restated figures according to the audit review performed by the Austrian Financial Reporting Enforcement Panel (OePR), as better explained in the section "5 CORRECTION OF AN ERROR".

KEY EARNINGS FIGURES in %	2023	2022 restated
Cost of materials ratio*	-19.35	-19.81
Personnel expense ratio**	-42.75	-45.18
Other operating expenses as a % of revenue	-45.52	-47,96
EBITDA margin***	-0.02	-10.49
EBIT margin****	-14.07	-24.51

* Cost of materials and purchased services plus changes in inventories of finished goods and work in progress in relation to revenue

** Personnel expenses in relation to revenue

*** Loss before tax, depreciation, amortization and impairments in relation to revenue

**** Earnings before income and taxes in relation to revenue

The Cost of Material ratio is calculated as cost of materials plus changes in stocks in relation to revenue. The ratio equal to -19.35 is in line with the value of the year 2022.

The personnel expense ratio is a business indicator that puts the personnel expenses reported in the income statement in relation to the total revenue. The reduction in the indicator in 2023 is mainly related to the reduction in personnel costs recorded in 2023 by 5% from €56.449k in financial statement 2022 to €53.780k in financial statement 2023 due to restructuring measures applied in 2023.

Other operating expenditure as a percentage of revenues ratio decreased by 1.87 percentage points in 2023 compared to 2022. This is linked to the decrease in of the other operating expenditure due to lower consultancy costs and marketing expenses.

The main driver for EBITDA margin and EBIT margin improvement is due to an EBITDA near to breakeven point achieved in 2023,

which is increased of more than 13million compared to 2022. The improvement of the result is linked to a double effect: important cost reduction addressed by management and positive impact of other income related to the grants and subsidies received in the year.

Wolford is facing some significant challenges due to the global situation, including cost increases and supply chain disruptions exacerbated by the conflict in Ukraine, but also due to liquidity shortfalls that hindered the flexibility in that regard. Adapting to these uncertainties requires strategic planning and flexibility.

The decrease in the cost of materials and services purchased from €-31,040 million in the 2022 financial year to €-24,552 million is primarily attributable to more efficiency brought into the organization by the new management.

On operational cost Wolford demonstrates to successfully fight against personnel cost increases, which are driven by collective bargain agreements. Personnel expenses decreased from €-56,449 million in the 2022 financial year to €-53,780 million,

which is linked also to completion of the individual measures as part of the resolved restructuring. As a result of additional shop closures, the average number of full-time employees decreased to 1.008 (2022 financial year 1.096).

Other operating expenses decreased by -4.4% to €-57,259 million in the 2023 financial year compared to the restated previous year (2022 financial year: €-59,916 million). The main reasons for the decrease were lower value adjustments due to tighter debt management, especially in Italy, lower consultancy costs and marketing expenses. On the other hand, IT and consulting expenses for the first half of 2023 were characterized by high consultancy costs related to the preparation of the consolidated financial statements.

Depreciation and amortization decreased from €-15.81 million in financial year 2022 restated to €-13.76 million in financial year 2023. Impairment losses increased from €-1.91 million in financial year 2022 restated to €-6.21 million in financial year 2023, mainly due to increased impairments on right of use assets in USA. On the other hand, income from the reversal of impairment losses also increased from €0.21 (restated) million to €2.29 million due to write-ups on right of use assets including Key Money mainly in France and UK. In total, depreciation and amortization including the net effect of impairments and reversal of impairments, showed a slight increase by 0.9% from €-17.51 million (restated) to €-17.67 million in financial year 2023.

Financial loss increased from €-6.24 million in financial year 2022 by €-3.46 million to €-9.70 million in financial year 2023. The increase is due to increased interest on shareholder loans (from

€-2.54 to €-4.14 in financial year 2023) as the granted loans increased from €35.74 million as of December 31, 2022 to €50.69 million as of December 31, 2023, with interest rate on shareholder loans remaining unchanged at 12%. In addition, part of intercompany trade receivables were converted to intercompany loans as of January 1, 2023 and related foreign exchange effects of €-1.23 million were shown as financial expense (2022: €0). Due to increase interest rate level in Europe, interest expense on long term employee benefit obligations increase from €0,15 million to €0,47 million in financial year 2023.

Income tax expense increased by €-3.37 million to €-3.36 million in financial year 2023, compared to €0.01 million the 2022 financial year. As the Loss before taxes amounting to €-27.40 million, deferred tax assets on tax losses carryforwards were not considered in the financial statements of 2023. In addition, valuation allowances on deferred tax assets from the deductible temporary differences amounting to €2,1 million led to additional deferred tax expense in financial year 2023.

Overall, loss after taxes decreased from €-36.85 million in the 2022 financial year to €-30.75 million in the 2023 financial year. The earnings per share amounted to €-3.34 in financial year 2023 after €-5.56 in the 2022 financial year

INCOME STATEMENT (ABRIDGED) in EUR million

INCOME STATEMENT (ABRIDGED) in EUR million	2023	2022 restated
Revenue	125.80	124.93
Other operating income	9.67	3.90
Changes in inventories	0.21	6.30
Cost of materials	-24.55	-31.04
Personnel expenses	-53.78	-56.45
Other operating expenses	-57.26	-59.92
Valuation allowances on trade receivables	-0.11	-0.83
Depreciation, amortization and net impairments *	-17.67	-17.51
EBIT	-17.70	-30.62
Financial result	-9.70	-6.24
Loss before tax	-27.40	-36.86
Income tax	-3.36	0.01
Net loss	-30,75	-36.85

*Depreciation plus impairments less reversals of impairment

FINANCIAL POSITION AND FINANCIAL PERFORMANCE

At €134.18 million, the Wolford Group's total assets at the December 31, 2023, reporting date have increased by 7.64 compared to the level at the end of the previous year (€126.54 million). The increase is due to the higher level of Property, plant and equipment, trade receivables and cash and cash equivalents, despite a simultaneous decrease in deferred tax asset, non-current receivables and assets and other receivables and assets. Non-current assets amounted to €69.28 million at the reporting date (December 31, 2022 restated: €65.04 million), representing 51.6% of total assets (December 31, 2022: 51.2%). At €2.65 million (excluding rights of use under IFRS 16), capital expenditure in the 2023 financial year was below the level of the previous year (€7.39

million). Investments were made predominantly in land, leasehold rights and buildings, including buildings on third-party land. The increase in line Right of use for €6.48 million in 2023 refers to new lease agreements for the opening or relocation of retail stores and the renewal of existing lease agreements, mainly in the EMEA and AMERICAS regions.

Current assets accounted for 48.4% of total assets as of December 31, 2023 (previous year: 48.8%). The increase in trade receivables to €12.10 million (December 31, 2022 restated: €10.10 million) is due to the different date of collection compared to the previous year.

KEY BALANCE SHEET FIGURES in EUR million / in %

KEY BALANCE SHEET FIGURES in %	12/31/2023	12/31/2022 RESTATED
Equity in EUR million	-34.41	-21.03
Net debt in EUR million	43.95	31.05
Working capital in EUR million	20.41	19.74
Equity ratio** in %	-25.64%	-16.6%
Degree of fault / Gearing*** in %	-127.7 %	-147.7%
Working capital as a shares of revenue in %	16.24%-	15.8%-

* Inventories plus trade receivables plus other current receivables and assets plus contract assets minus trade payables minus other liabilities

** Negative Equity in relation to the balance sheet total

*** Ratio between balance sheet borrowed debt (excluding lease liabilities) and negative equity

Consolidated working capital is equal to € 20.41 million compared with EUR 19,74 million as of 31 December 2022. The increase in net working capital was mainly driven by the trade receivables. The Wolford Group's equity amounted to €-34,41 million as of December 31, 2023, which was lower than the comparable figure in the consolidated financial statements as of December 31, 2022 (€-21.03 million) due to the negative result in the reporting year. As a result, the equity ratio deteriorated to -25.64% (December 31, 2022: -16,62%).

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 (excluding lease liabilities) less non-current financial assets and cash and cash equivalents, as reported in the table below:

CALCULATION OF NET DEBT

CALCULATION OF NET DEBT (EXCLUDING LEASES) in EUR million	2023	2022 RESTATED
Non-current financial liabilities	0.80	0
Current financial liabilities	50.69	35.74
- non-current financial assets	-1.08	-1.02
- cash and cash equivalents	-6.47	-3.66
Net debts (excluding leases)	43.95	31.06

Due to the raising of new shareholder loans in the amount of €10.8 million and the associated increase in interest liabilities, as well as the increase in cash and cash equivalents, net debt (excluding leasing liabilities) amounted to € 43.95 million as of December 31, 2023 (December 31, 2022 : €31.06 million).

CASH FLOW

At €-7.97 million, the cash flow from operating activities (operating cash flow) was significantly below the level of the 2022 financial year (€-5.52 million), with the significant decline in 2023 being due in particular to the increased trade receivables as described above.

Cash flow from investing activities amounted to €-1.56 million in the reporting period, compared to €-3.30 million in restated 2022 financial year. Cash outflows for investments amounted to €2.66 million in the 2023 financial year and €-7.39 million in 2022 restated. By contrast, in financial year 2022 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.

Cash flow from financing activities increased from €3.16 million in financial year 2022 to €12.22 million in financial year 2023. In,

2023 proceeds from capital increase of € 17.4 million are included in financing cash flow. Increases in shareholder loans of €10.8 million and a new bank loan of €0.8 million lead to an inflow of € 11.6 million, compared to € 22.5 million in financial year 2022. As no interest on shareholder loans was paid in 2023, interest paid amounting to €4.4 million solely result from lease liabilities and other interest paid. Lease payments (excluding interests) amount to €12.4 million in financial year 2023 (2022 financial statement restated : €16.0 million).

Cash and cash equivalents increased during the financial year from €3.66 million as of December 31, 2022, to €6.47 million at the end of the reporting period.

The Effects of exchange rate changes on cash and cash equivalents amounted to €0.11million in financial year 2023 and €0.17 million in financial year 2022 shows a decrease of 33%.

STATEMENT OF CASH FLOWS (CONDENSED) in EUR million

STATEMENT OF CASH FLOWS (CONDENSED) in EUR million	2023	2022 restated	CHANGE IN %
Cashflow from operating activities	-7.97	-5.52	-44%
Cashflow from investing activities*	-1.56	-3.30	53%
Free cashflow	-9.52	-8.82	-8%
Cashflow from financing activities	12.22	3.16	-287%
Change in cash and cash equivalents	2.70	-5.66	148%
Effects of exchange rate changes on cash and cash equivalents	0.11	0.17	33%
Cash and cash equivalents at the beginning of the period	3.66	9.15	60%
Cash and cash equivalents at the end of the period	6.47	3.66	-77%

** Interest paid is shown in cashflow from financing activities

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 decreased from €31.66 million (2022 financial year) to €28.98 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 23% to consolidated revenue (2022 financial year: 25%). The operating result (EBIT) increased in the 2023 financial year by €8.58 million from €-25.97 million to €-17.40 million.

Germany

External sales in the Germany segment decreased from €12.01 million in the previous financial year to €11.14 million in the 2023 financial year. The segment contributed 9% to consolidated revenue (2022 financial year: 10%). EBIT came to €0.93 million, as against €0.37 million in the 2022 financial year.

Rest of Europe

External sales to companies in the Rest of Europe segment increased from €43.55 million in the 2022 financial year to €44.77 million. This segment includes the European sales companies

outside Austria and Germany, as well as the production company in Slovenia. At 36%, this segment contributed the largest share to consolidated revenue (2022 financial year: 35%). EBIT increased to €4.43 million compared to the 2022 financial year (€1.70 million).

North America

External sales at the group companies in the North America segment increased from €31.20 million in the 2022 financial year to €31.61 million. The North America segment includes the sales companies in the U.S. and Canada. At 25%, the companies in this segment contributed to consolidated revenue as in 2022 financial year (25%). EBIT decreased to €-6.28 million after €-1.35 million in the 2022 financial year.

Asia

At €9.28 million, external sales at the companies in the Asia segment were above the level of the 2022 financial year (€6.52 million). This segment includes the sales companies in Hong Kong and China. The segment contributed 7% to consolidated revenue (2022 financial year: 5%). EBIT of €-1.52 million was well above the level of the 2022 financial year (€-2.60 million).

Outlook and Targets

Despite facing a fragile global market influenced by conflicts and economic challenges, we are optimistic about Wolford's prospects in 2024. This year marks the culmination of our significant restructuring efforts initiated in 2022.

While market conditions remain uncertain due to geopolitical tensions and rising inflation, we are committed to achieving substantial progress. Although the pace of sales growth may be moderate compared to previous years, it remains pivotal for solidifying our new Brand and Product Strategy.

Building on the positive results of our reorganization program in 2023, which saw us achieve an improvement in the EBITDA despite the significant negative starting point, our focus in 2024 is to conclude this program and ensure the company's solidity and reliability across EBIT and Cash Flow levels, despite ongoing challenges.

A key milestone for 2024 is the optimization of our supply chain, aiming to enhance time-to-market, gross margin, reduce working capital and agility in response to market dynamics. We are dedicated to navigating through unpredictable market conditions while maintaining our commitment to quality and innovation.

Our progress in 2023 demonstrates that our growth trajectory is on the right path, even amidst adversity. While our top-line growth saw a modest increase of 0.7% compared to the previous year, our bottom-line performance improved significantly, showcasing the positive impact of our strategic measures.

McKinsey expects that in 2024, fashion companies will face economic headwinds, technology shifts and an evolving competitive landscape, alongside urgent sustainability and regulatory agendas. However, shifting consumer priorities will continue to offer opportunities. The segment is forecast to grow globally by 3 to 5 percent, compared with 5 to 7 percent in 2023, as consumers rein in spending after a post pandemic surge. European and Chinese growth is set to slow, while US growth is expected to pick up after a relatively weak 2023, reflecting the slightly more optimistic outlook there.

WOLFORD'S DEVELOPMENT

Wolford expects to achieve double digit growth in sales in 2024. 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, channel expansion and improvement of exiting channel output, the optimization of production strength and category structure, cost control.

In terms of retail, the strategy is the optimization retail network based on profitability and alignment to brand strategy; establish a retail profitable and scalable business model. In terms of online, the strategy is to accelerate digital plan with focus on US and marketplaces; leverage on New Website and Omnichannel project fully operational. For wholesale, the strategy is to focus on key accounts, further development of new markets acquisition, boutique and department stores expansion, growth in multiband channel, growth distributors. 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.

Building on the positive results of our reorganization program in

2023, our focus in 2024 is to conclude this program and ensure the company's solidity and reliability across EBIT and Cash Flow levels, despite ongoing challenges.

Wolford has reduced, or will reduce, consulting costs and personnel expenses.

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. 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.

Now that the essential strategic path has been defined, we are focusing more on further improving our operational processes. We want to reduce the time-to-market and set up our organization so that we can react more flexibly to the unpredictable market conditions of the future. One thing is certain: The markets are getting faster and faster and will remain challenging for the time being.

Opportunity and Risk Management System

The timely recognition of opportunities and risks has a major influence on the achievement of Wolford Group'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 auditor was not assigned to evaluate the effectiveness of the risk management system based on documents provided by the Management Board. As a consequence and with the consent of the Chair of the Supervisory Board he does not receive a report on that matter from the auditor. However, during the meeting of the Audit Committee the auditors usually report on certain aspects of the accounting related internal control system which are then discussed in detail by the members of the Audit Committee.

In addition, the Audit Committee held four 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 in Europe and in particular in Germany, also impact our main markets posing 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. Despite the fact that Wolford managed to maintain turnover levels, business development

continues to be influenced by inflation. The further effects of the war between Russia and Ukraine as well as in Gaza and the resulting political measures are difficult to assess from today's perspective. To mitigate the risk, Wolford implemented a strategy of diversifying by focusing increasing its share of wholesale and online business.

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 and other Asian countries.

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 communication 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 Group 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 slowdown in China and the and political conflicts in Ukraine and Israel) 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. 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 communication. The extensive, growing network of Wolford-owned retail locations is continuously reviewed for profitability, and thus Wolford at the end of 2023 Wolford identified more than 20 boutiques with insufficient profitability and is currently reviewing legal, financial and operational consequences of closure. Wolford has also been systematically expanding its own online business for a long time and also cooperates with the relevant e-tailers. In the financial year 2024, the management will continue to systematically pursue the path of sales growth and significantly improve profitability with the help of the implemented and planned steps. The focus will be to continue the path of successful supply chain renovation, that is already 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 Group 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 2024, as demonstrated not least by the ongoing Ukraine war or the Gaza crisis escalated in October 2023. 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. This decision is driven by the fact that Wolford enjoys a natural hedge by frequently having spending (in particular for retail stores and materials) and sales income in the same country.

Liquidity Risk

Next to a capital increase of €17.6 million Euro in February 2023, Wolford received further financing from the main shareholder to secure its solvency of a total of EUR 10.8 million (EUR 9,7 million and USD 1,2 million) in the financial year 2023 and to date EUR 9.25 million in the current financial year. However, the impact of sustained inflation and the ongoing restructuring with one time cost continues to force Wolford to focus on tight cash management. 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. To mitigate these risks Wolford has started several initiatives to reduce working capital, which have already resulted in a significant decrease of inventories as well as overdue accounts receivables. 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. Wolford is in constant exchange with its stakeholders and also examines external financing opportunities, to identify financing gaps at an early stage and ensure the necessary liquidity. The main shareholder has placed all loans and interest on a subordinated basis, so that no repayment is required in the current situation until further notice. Current cash flow budgets demonstrate Wolford's ability to, assuming that sales expectations are met, costs remain under control and liquidity gaps are covered by the main shareholder or third party financing in the period until the end of September 2024 to achieve sustainable positive cash flows.

Going Concern risk

The Executive Board has presented an EBITDA-positive budget plan for 2024, which shows the need for further internal and external financing. Due to the measures still to be taken, the need to reduce supplier liabilities and the seasonality of the business, Wolford will require further funding support from the main shareholder. This financing requirement is known to the main shareholder and covered by the commitments in the comfort letter (hard patronage and subordination declaration). The Management Board is optimistic that it will reach the forecast sales level despite the supply shortages in the first quarter of 2024.

To stabilise the price, the parent company already carried out a capital increase in November 2022, from which the company received funds of 17.6 million in the first quarter of 2023. Further shareholder loans of EUR 9.7 million and USD 1.2 million were received in the financial year 2023, and a further EUR 9.25 million were received in the current fiscal year 2024. The firm declaration of patronage and subordination by the main shareholder ensures that the company receives further support up to a certain amount in case of need, and provides the existing and qualifying subordinated future shareholder financing.

Based on these two pillars, sustainable restructuring and financing, management expects Wolford to continue its business in 2024 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 to which Wolford is exposed are the availability of raw materials and unforeseen weather.

In terms of weather, Wolford has seen a significantly slower start to the winter season in October, as temperatures across Europe were well above average. Wolford will continue to be exposed to this risk in 2024. As the weak start of the winter season was also offset in the year under review by significantly stronger subsequent months, Wolford described the risk as low. Wolford also considers the limited availability of raw materials due to climatic influences to be low, as the company has a global network of sources for raw materials that can replace unavailable goods. The same applies to transport roads. Wolford works exclusively with international transport service providers who have networks in the event of failures that provide alternatives for standard delivery routes.

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) regularly reports to the Management Board of Wolford AG through formal financial reviews.

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. Starting from 2024 also the accounting of the European subsidiaries will be performed internally. The accounts are drawn up each month in order to maintain constant control. The previous month's accounts have been regularly drawn up within the first fifteen days of the following month. 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 or refurbished if damaged. Invoices are released automatically and sent to the end customer after review by the sales department and customer service. 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. Following the appointment of a new CFO, Wolford AG has implemented a disciplined cash flow planning process to identify liquidity bottlenecks at an early stage and timely financing. 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 Oxley 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, skin-wear, with high wearing comfort in first-class quality.

With Nao Takekoshi (www.naotakekoshi.com) Wolford AG has appointed an artistic director who is moving innovation to a new level within the company. By introducing the Japanese wholegarment® technology on Wolford products, he was able to offer products to our clientele, which combine latest technology with seamless wolford design.

The recently presented WOW-leggings is the latest example within our product portfolio that could prove how our high innovation capabilities can lead to commercial success. It combines functionality and fashion in a seamless way, transforming leggings from a casual, comfortable garment into an essential basic that is perfect for even the most glamorous occasion.

Further completed R&D production comprises the development of yarn made of car tires and the introduction of an exclusive three-color-knitting technology.

Furthermore, we have been able to develop a production technique for making bodies out of 100 % of wool completely renouncing elastane fibers, but keep the desired Wolford shape.

A central topic in this area is the development of recyclable, sustainable products. Wolford supports 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.

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 to bring about a solution as quickly as possible. With regard to the after-sales period Wolford is contributing to a circular economy, too. By having established an innovative return management process, Wolford is able to replenish close to 100 % of all returned goods. Thus, all returns are centrally collected in Wolford's own production plant in Slovenia and brought back into its original condition.

More Efficient Development Process through 3D Integration

The integration of the 3D process not only facilitates a more efficient development cycle but also opens 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 reduces the number of physical prototypes and shortens process times. 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 offers 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. We at Wolford are eager for innovation and will continue challenging ourselves not accepting the status quo. Together with Universities (e.g. University of Innsbruck, Austria) and various suppliers we have further projects in the pipeline to ensure we will keep our position as innovation leader in our industry.

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. As a company, we have therefore decided to create further training initiatives for our employees in the stores. Our new Sales Excellence department focuses on using learning nuggets to provide our employees with the necessary expertise for our products and product quality. It is important to us that our customers receive a unique shopping experience. Our training courses are delivered both online and in person.

Above all, however, Wolford thrives on the recognized quality of its products made inhouse, 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. At the headquarters in Bregenz, there is also a canteen and inhouse restaurant offering employees meals at discounted prices.

At our location in Milan, we have also been offering a restaurant ticket system since 2023 so that our employees receive a discount on their lunch.

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 twelve 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 2023, we also introduced regular feedback sessions with our apprentices. Here we reflect on the training, work on business overviews and clarify mutual expectations.

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.

Wolford counters 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.

One company doctor performs all of the necessary occupational health and safety checks and oversees 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.

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, 2023, the company had share capital of 46.337.596,80 Euro, which was divided into 9,653,666 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, 2023: Fosun Fashion Group Wisdom (Luxembourg) S.à r.l. held around 61%. Ralph Bartel held around 30% of the shares. As of December 31, 2023, Wolford AG held 88,140 treasury shares (excluding voting rights), equivalent to around 1% 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 Relation.

Bregenz, July 26 2024

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

 Ralf Polito
 COO


 Regis Rimbert
 CEO
 Responsible for Sales all channels and markets, Design, Creative Product Development, Merchandising, Brand & Marketing, Human Resources as well as Finance

02

WOLFORD GROUP

CONSOLIDATED ACCOUNTS

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Consolidated Statement of Comprehensive Loss

IN EUR K	NOTE NO.	2023	2022 RESTATED
Revenue	(1)	125,797	124,934
Other operating income	(2)	9,673	3,900
Changes in inventories of finished goods and work in progress		209	6,296
Cost of materials and purchased services	(3)	-24,552	-31,040
Personnel expenses	(4)	-53,780	-56,449
Other operating expenses	(5)	-57,259	-59,916
Impairments of trade receivables	(6)	-111	-831
Depreciation and Amortization	(7)	-13,760	-15,814
Impairments	(7)	-6,205	-1,905
Reversals of impairment losses	(7)	2,290	206
EBIT		-17,698	-30,619
Interest and similar income	(8)	40	46
Interest and similar expenses	(8)	-8,099	-5,915
Interests on provisions for employee benefits	(8)	-471	-152
Other financial income	(8)	61	11
Other financial expense	(8)	-1,231	-231
Financial result	(8)	-9,700	-6,240
Loss before income taxes		-27,398	-36,859
Income tax	(9)	-3,357	11
Net loss		-30,755	-36,848
Other comprehensive income/loss*			
Amounts that will not be reclassified to profit or loss in future periods		-1,261	1,319
of which actuarial gains and losses periods	(10)	-1,653	1,690
of which deferred tax	(10)	392	-371
Amounts that may be reclassified to profit or loss in future periods		1,202	-734
of which currency translation adjustment	(10)	1,202	-734
Other comprehensive income/loss*		-59	585
Total comprehensive loss		-30,814	-36,262
Attributable to owners of the parent company		-30,814	-36,262
Net loss attributable to owners of the parent company		-30,755	-36,848
Loss per share in EUR (basic = diluted)	(11)	-3.34	-5.56

* Other comprehensive loss is reported after tax.

Group Cash Flow

IN EUR K	NOTE NO.	2023	2022 RESTATED
Loss before tax		-27,398	-36,859
Depreciation and impairments of property, plant and equipment and amortization of intangible assets	(7)	19,965	17,719
Reversals of impairment losses	(7)	-2,290	-206
Gains on disposals of non-current assets	(2)	-1,965	-2,037
Interest expenses/interest income	(8)	8,059	5,858
Other non-cash items	(8)	-2,028	602
Changes in inventories		338	-5,323
Changes in trade receivables		-2,003	1,837
Changes in other receivables and assets		1,423	4,884
Changes in trade payables		1,464	9,379
Changes in other provisions and employee benefits		-159	-1,367
Changes in other liabilities, reimbursement and contract liabilities		-2,566	905
Interest received		40	46
Income tax paid		-848	-959
Cash flow from operating activities		-7,967	-5,521
Payments for investments in property, plant and equipment		-1,941	-7,309
Payments for investments in other intangible assets		-715	-77
Proceeds from disposals of property, plant and equipment and other intangible assets		536	4,086
Proceeds from repayments of long term deposits		563	0
Cash flow from investing activities		-1,557	-3,300
Proceeds from increase in share capital	(22)	17,427	0
Proceeds from current and non-current financial liabilities	IV	11,610	22,500
Payment of lease liabilities (excluding interests)	IV	-12,388	-15,967
Interest paid		-4,424	-3,373
Cash flow from financing activities		12,225	3,160
Cash-effective change in cash and cash equivalents		2,701	-5,661
Cash and cash equivalents at beginning of period	IV	3,656	9,148
Effects of exchange rate movements on cash and cash equivalents	IV	114	169
Cash and cash equivalents at end of period		6,471	3,656

Consolidated Balance Sheet

IN EUR K	NOTE NO.	12/31/2023	12/31/2023 RESTATED
Assets			
Property, plant and equipment (including right-of-use assets)	(12)	63,114	56,350
Goodwill	(13)	83	86
Other intangible assets	(14)	922	450
Non-current financial assets	(15)	1,075	1,028
Non-current receivables and assets	(16)	2,724	3,286
Deferred tax assets	(17)	1,363	3,837
Non-current assets		69,280	65,037
Inventories	(18)	36,033	36,371
Contract assets	(29)	38	55
Trade receivables	(19)	12,102	10,099
Other receivables and assets	(20)	10,256	11,325
Cash and cash equivalents	(21)	6,471	3,656
Current assets		64,901	61,506
Total assets		134,181	126,543
Liabilities			
Share capital		46,338	32,252
Capital reserves		3,740	398
Other reserves		-74,926	-44,171
Treasury Shares		-4,195	-4,195
Accumulated other equity		-5,370	-5,311
Negative equity	(22)	-34,413	-21,027
Non current financial liabilities	(32)	800	0
Lease liabilities, non-current	(32)	48,981	42,161
Other non-current liabilities	(24)	846	926
Provisions for long-term employee benefits	(23)	12,658	11,550
Other non-current provisions		128	213
Deferred tax liabilities	(17)	15	140
Non-current liabilities		63,428	54,990
Current financial liabilities	(25)	50,694	35,739
Lease liabilities	(31)	13,542	15,056
Trade payables	(26)	23,968	22,503
Other liabilities	(29)	14,054	15,602
Income tax liabilities	(28)	567	401
Other provisions	(27)	135	1,511
Reimbursement and contract liabilities	(30)	2,207	1,768
Current liabilities		105,166	92,580
Total equity and liabilities		134,181	126,543

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
01/01/2022	(21)	48,848	10,533	-33,835	-4,413	-5,193	-704	15,236
Net loss as restated	(21)			-36,848				-36,848
Other comprehensive loss as restated	(21)					1,319	-734	585
Total comprehensive loss as restated				-36,848	0	1,319	-734	-36,263
Capital reduction	(21)	-16,596	-10,135	26,513	218			0
12/31/2022 restated	(21)	32,252	398	-44,171	-4,195	-3,873	-1,438	-21,028
01/01/2023 restated	(21)	32,252	398	-44,171	-4,195	-3,873	-1,438	-21,028
Capital increase	(21)	14,086	3,341					17,427
Net loss	(21)			-30,755				-30,755
Other comprehensive loss	(21)					-1,261	1,202	-59
Total comprehensive loss				-30,755	0	-1,261	1,202	-30,814
12/31/2023	(21)	46,338	3,740	-74,926	-4,195	-5,134	-235	-34,413

Segment Reporting

2023 IN EUR K	AUSTRIA	GERMANY	REST OF EUROPE	NOth AMERICA	ASIA	RECONCILIATION	GROUP
Revenue	67,922	11,144	52,438	31,614	9,284	-46,605	125,797
of which intersegmental sales	38,936	0	7,669	0	0	-46,605	0
External sales	28,986	11,144	44,769	31,614	9,284	0	125,797
EBIT	-17,396	933	4,427	-6,283	-1,518	2,138	-17,698
Segment assets	112,028	9,077	65,225	28,677	7,457	-88,283	134,181
Segment liabilities	101,074	6,886	49,846	53,623	18,872	-61,707	168,594
Investments (excl. modifications, incl. additions of right-of-use assets)	936	38	2,551	7,076	2,080	581	13,263
Depreciation and amortization	-2,087	-1,290	-5,116	-4,727	-724	184	-13,760
Impairment losses	-420	-213	-1,790	-3,456	-326	0	-6,205
Reversal of impairment losses	0	0	1,491	800	0	0	2,290
Employees (FTE)*	278	55	466	104	49	0	952

* as of December 31

2022 RESTATED IN EUR K	AUSTRIA	GERMANY	REST OF EUROPE	NOTH AMERICA	ASIA	RECONCILIATION	GROUP
Revenue	70,643	12,011	51,784	31,195	6,517	-47,216	124,934
of which intersegmental sales	38,978	0	8,238	0	0	-47,216	0
External sales	31,665	12,011	43,546	31,195	6,517	0	124,934
EBIT	-25,977	374	1,704	-1,350	-2,597	-2,773	-30,619
Segment assets	103,341	9,470	56,790	27,591	5,035	-75,683	126,544
Segment liabilities	88,638	7,683	43,905	41,411	14,230	-48,297	147,570
Investments (excl. modifications, incl. additions of right-of-use assets)	1,568	552	7,833	10,982	693	0	21,628
Depreciation and amortization	-2,568	-1,715	-5,825	-4,403	-1,195	-108	-15,814
Impairment losses	-68	-401	-1,040	0	-313	-83	-1,905
Reversal of impairment losses	0	0	254	378	37	-463	206
Employees (FTE)*	362	71	528	124	21	0	1,106

* as of December 31

Consolidated Non-current Asset Schedule

IN EUR K	ACQUISITION/PRODUCTION COSTS					AS OF 12/31/2023
	AS OF 01/01/2023	CURRENCY DIFFERENCES	ADDITION	DISPOSAL		
Property, plant and equipment						
Land, leasehold rights and buildings, including buildings on third-party land	23,384	-382	1,085	-1,220		22,868
Technical equipment and machinery	27,146	0	25	-31		27,141
Other equipment, furniture and fixtures	29,841	-153	666	-339		30,014
Right-of-use assets	103,836	-1,097	30,341	-45,201		87,879
Prepayments made on assets under construction	1,753	-1	165	-38		1,879
	185,961	-1,634	32,282	-46,828		169,781
Goodwill	855	-30	0	0		825
Other intangible assets						
Concessions, industrial property rights, and similar rights and values, as well as licenses to such	15,588	-10	715	0		16,293
	15,588	-10	715	0		16,293
Total	202,403	-1,673	32,997	-46,828		186,899

ACCUMULATED DEPRECIATION AND AMORTIZATION (RESTATED)

CARRYING AMOUNTS

AS OF 01/01/2023	CURRENCY DIFFERENCES	IMPAIRMENT	REVERSALS OF THE IMPAIRMENT LOSSES	ADDITION	DISPOSAL	AS OF 12/31/2023	AS OF 01/01/2023	AS OF 12/31/2023
17,749	-319	399	-44	1,016	-1,925	16,876	5,636	5,992
25,901	0	0	0	398	-31	26,268	1,245	872
28,809	-145	172	-26	422	-424	28,808	1,032	1,206
55,420	-759	5,634	-2,220	11,701	-36,793	32,984	48,415	54,896
1,731	-1	0	0	0	0	1,730	22	149
129,610	-1,224	6,205	-2,290	13,538	-39,172	106,667	56,350	63,114
768	-26	0	0	0	0	742	86	83
15,158	-10	0	0	222	0	15,370	430	922
15,158	-10	0	0	222	0	15,370	430	922
145,537	-1,260	6,205	-2,290	13,760	-39,172	122,780	56,866	64,119

Consolidated Non-current Asset Schedule

IN EUR K - RESTATED	ACQUISITION/PRODUCTION COSTS				AS OF 12/31/2022
	AS OF 01/01/2022	CURRENCY DIFFERENCES	ADDITION	DISPOSAL	
Property, plant and equipment					
Land, leasehold rights and buildings, including buildings on third-party land	20,026	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	103,837
Prepayments made on assets under construction	1,747	0	22	-15	1,753
	171,210	1,800	21,551	-8,601	185,961
Goodwill	1,541	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	57	-471	15,589
Prepayments made	0	0	20	0	20
	15,995	7	76	-471	15,608
Total	188,746	1,849	21,627	-9,800	202,423

ACCUMULATED DEPRECIATION AND AMORTIZATION						CARRYING AMOUNTS		
OF THE AS OF 01/01/2022	CURRENCY DIFFERENCES	IMPAIRMENT (RESTATED)	REVERSALS OF THE IMPAIRMENT LOSSES (RESTATED)	ADDITION	DISPOSAL	AS OF 12/31/2022 RESTATED	AS OF 01/01/2022	AS OF 12/31/2022 RESTATED
16,219	367	332	0	1,343	-512	17,749	3,807	5,636
27,249	0	0	0	431	-1,779	25,901	1,367	1,245
28,597	191	69	-206	1,338	-1,180	28,809	1,462	1,032
41,204	606	1,504	0	12,357	-251	55,420	49,557	48,416
1,731	0	0	0	0	0	1,731	16	22
115,001	1,164	1,905	-206	15,469	-3,723	129,610	56,209	56,350
1,451	44	0	0	0	-727	768	90	86
15,277	6	0		346	-470	15,159	719	430
0	0	0	0	0	0	0	0	20
15,277	6	0	0	346	-470	15,159	719	449
131,729	1,214	1,905	-206	15,815	-4,919	145,538	57,017	56,885

Notes to the 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, 2023, 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 that are applicable in the EU and interpretations of the IFRS Interpretations Committee have been applied for the 2023 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 2023 financial year:

STANDARD / INTERPRETATION	DESCRIPTION	DATE OF FIRST APPLICATION
STANDARDS ALREADY ADOPTED BY THE EU		
IFRS 17	Insurance contracts (incl. amendments)	1/1/2023
IFRS 17	First-time Adoption of IFRS 17 and IFRS 9 – Comparative information	1/1/2023
Changes to IAS 1 and IFRS Practice Statement 2	Definition of Material in connection with accounting and valuation principles	1/1/2023
Changes to IAS 8	Definition of accounting estimates and their distinction from changes in accounting policies	1/1/2023
Amendment IAS 12*	International Tax Reform-Pillar 2 Model	1/1/2023
Changes to IAS 12	Counter-exception from initial recognition exemption for leases recognized by the lessee and disposal and/or restoration obligations	1/1/2023

*The Group is in scope of the new tax legislation. However, the legislation in certain jurisdictions were enacted close to the reporting date or have not yet been enacted. Therefore, the Group is still in the process of assessing the potential impact to Pillar 2 model income taxes.

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

STANDARD / INTERPRETATION	DESCRIPTION	DATE OF FIRST APPLICATION
STANDARDS NOT YET ADOPTED BY THE EU		
IAS 1	Changes to IAS 1: Classification of liabilities as current or non-current	1/1/2024
IFRS 16	Amendment to IFRS 16: Lease liabilities in a sale and leaseback relationship	1/1/2024
IAS 1	Amendment to IFRS 1: Non-current liabilities with covenants	1/1/2024
IAS 7 / IFRS 7	Disclosures Supplier Finance Arrangements	1/1/2024
IAS 21	Lack of Exchangeability	1/1/2025

The standards to be applied from January 1, 2024 and adopted by the EU have not been applied early.

The 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 already applied in the future.

Going Concern

As a result of successful restructuring measures with significant improvement in operational expenses vs. previous year Wolford Group is able to improve EBITDA, close to breakeven point. Even though Wolford AG was subject to wage increases of 9,6 % on average in Austria, operating cost was significantly reduced in all areas. Nevertheless, EBIT for the full year 2023 amounted to EUR -17.69 million and therefore continues to be negative.

Thus, Wolford remained in a difficult financial position also in 2023. Cash flows from operating activities and other sources of financing were not sufficient to meet its regular payment obligations. The Wolford Group was dependent on borrowed capital and external financing granted on favorable terms. Wolford has covered its past financing requirements through shareholder loans from its main stakeholder.

Wolford has taken further measures to increase operational efficiency. Processes are being further optimized and the focus on cost control and sales activities has been intensified again. The business results achieved on the cost side are not yet sufficient to stabilize the company's cash flows, particularly because investments need to be made in the IT and retail areas. To ensure adequate liquidity, the company has gained further access to loans from the majority shareholder. As a result of the capital increase, which was entered in the commercial register on February 15, 2023, Wolford AG received EUR 17.6 million before deduction of the resulting costs., Wolford is and has been in close contact with financial institutions and the parent company regarding further financing models. In the financial year 2023, Fosun Fashion Group (Cayman) Limited granted additional shareholder loans of 9,700T€

plus 1,200 T\$, as well as 9,250T€ made available in the current 2024 financial year, thus confirming its financial commitment.

Wolford is currently working intensively on strengthening its presence and visibility. This is being achieved through 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. Despite significant geopolitical challenges, Wolford was able to marginally increase its revenue in 2023 compared to 2022. In addition, it reduces fixed and variable costs in all functions. Based on the restructuring measures already implemented and the current revenue trend, Wolford is confident that it will be able to build on this trend in 2024 and present a further improvement in EBIT earnings in the 2024 financial year. The prerequisite for this is that no macroeconomic events beyond the company's control further worsen the situation. Thus, it also presupposes that the geopolitical uncertainties in Ukraine and Israel do not lead to further distortions in the global economy. The company is continuing its targeted efforts to improve the efficiency of personnel costs, reduce consulting costs, reduce collection size, and make demand planning and the production process more efficient.

Wolford's systems and IT infrastructure are outdated and pose a further risk to continued business operations. Wolford has therefore planned and completed numerous projects within the IT infrastructure despite the tight financial situation. In the 2024 budget, Wolford AG has foreseen the introduction of a new ERP system to standardize this critical IT landscape.

The first months of 2024 continue to show a positive trend regarding all cost-saving measures. The Group is currently behind budget on the turnover side.- Part of it is due to delayed deliveries, caused by the switch from Wolford AG's existing to a new logistics service provider. This backlog is planned to be eliminated by the end of July. Further reason for underperformance of turnover are supply chain problems caused by late payments to suppliers.

Successful brand positioning in international markets is crucial for Wolford's further development. The company will continue to pursue the global positioning of its brand through its "The W" and

“The W Lab” lines. This includes the continuation of successful cooperations, limited capsule collections developed in collaboration with international star designers and the exploitation of growth opportunities in the US and Chinese markets. Based on these measures, management believes Wolford is well positioned to return to revenue growth and profitability.

In addition, Lanvin Group Holdings Limited has issued a comfort letter (hard letter of patronage) and agreed to continue to provide financial support to Wolford as needed. The stakeholder has also committed to the qualified subordination of all loans granted to date in the amount of €62.69 million and those made available under the comfort letter, including accrued interest. Fosun Fashion Group (Cayman) Limited has also signed the comfort letter and committed to provide liquidity for the total amount of EUR 33,25 Mio (“Liquidity Injection”) from 1st January 2024 to 31st July 2026 upon the request of Company’s management. Until end of June 2024 EUR 9,25 Mio have already been provided which reduces the guaranteed Liquidity Injection as of 30. June 2024 from EUR 33,25 Mio to EUR 24,0 Mio.. Third party loans granted on the basis of pledged working capital up to EUR 9,6 Mio would depending on the drawing reduce or increase shareholder’s commitment. This is intended to put the company in a position to meet its liabilities as they fall due at any time and ensure the company’s continued existence for the foreseeable future. This comfort letter cannot be revoked until the end of July 2026. In the event that financial support is required, Lanvin Group Holdings Limited undertake to enforce the guarantee in full. The Management Board therefore conclude that the company’s annual and consolidated financial statements for 2023 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 world economy in 2023 saw continued recovery from the impacts of the COVID-19 pandemic, with many countries experiencing robust growth in various sectors. The most important effects on these financial statements are presented in summary below.

Sales Performance

The economic environment continued to be difficult in the 2023 financial year, but sales increased due to improved sales in the U.S. in particular, especially in the online business. After sales in Asia were still affected by store closures due to the Covid-19 pandemic in the first half of 2022, Wolford was able to return to growth in the first half of 2023, especially due to successful collaborations and campaigns.

Government Subsidies

Provided the relevant conditions were met, government subsidies were used to cushion the negative effects of Covid-19, mainly in Austria (mainly subsidies for fixed costs, loss compensation and short-time work). In fiscal year 2023, the group received the last payment of Covid-19 grants totaling to €2,849k. As thereof €1,176k was already shown as other receivables as of December 31, 2022, an amount of €1,673k is included as other income in

fiscal year 2023. Following the expiry of the Covid-19 subsidy programs, no further amounts can be received.

Impact of the Covid-19 Crisis on Estimation Uncertainties and Discretionary Decisions

After the lockdowns in Asia, which mainly affected the Wolford Group’s business activities in the first half of 2022, the Covid-19 measures were largely lifted worldwide and therefore the restrictions were, as it was also done in the past year, not taken into account in the planning calculations of both 2023 and 2022.

2.2 DISCLOSURES IN CONNECTION WITH CLIMATE-RELATED MATTERS

The Corporate Sustainability Reporting Directive (CSRD) adopted by the EU Parliament in November 2022 will profoundly change the scope and nature of sustainability reporting by companies. To firmly integrate the requirements of the Corporate Sustainability Reporting Directive into the organization, several processes are currently being revised and measures adapted. In order to report transparently on our goals and actions, we are currently working on implementing the new CSRD directive.

Sales Aspects

In 2023, Wolford Group was faced with a decreased demand during start of autumn due to the warm weather in October. Due to the fact of the shortening of the period of cold weather, the business model was changed and Wolford focused on highlighting the visibility of the brand and adopted the product portfolio. 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 CO2 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, the following has to be applied: In 2023, a shortening of the period with cold weather was noted, which may lead to sales reduction in the future due to a deferred start of fall/winter season. In case that this could not be compensated through changes in the product range, this may lead to higher impairments on tangible non-financial assets in particular on the rights of use, in the long run.

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

IAS 37 Provisions, Contingent Liabilities and Contingent Assets: There is no need for a provision for climate related aspects in the 2023 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 business partner, but only makes insignificant sales there, so the war in Ukraine cannot have a significant direct impact on sales and profits.

There are also no indications so far of an increased need for impairment losses on receivables from sales in Russia or Ukraine. Wolford has no subsidiaries or boutiques in the countries concerned.

Wolford does not purchase production materials from Russia or Ukraine. The price increase and lower availability of energy, in particular gas, in 2022 and 2023 due to the shortage of supplies from Russia are compensated for by the energy supply contract concluded with the owner of the Bregenz property at a fixed price

until the end of 2023, which also covers production at the site.

2.4 DISCLOSURES RELATING TO MACROECONOMIC CONDITIONS

Following the outbreak of the Ukraine and Gaza war, the macroeconomic conditions in the 2023 financial year are characterized by inflation and accompanying interest rate increases, a persistent 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 testing, the following aspects in particular had been taken into account:

The increased level of interest rates worldwide was considered accordingly in the 2023 financial year impairment test. The country specific discount factors used for the impairment tests (WACC after taxes) were 7.67% - 12.57% (December 31, 2022: 7.29% - 12.71%). Revenue for the retail stores was planned based on the actual revenues of 2023, which were increased using percentages based on public studies or inflation expectations, respectively. Country-specific differences were particularly taken into account. The cost of materials and purchased services decreased by 20.9% compared to the 2022 financial year (€-31,040k) to €-24,552k in the 2023 financial year. The decrease is due to more efficiency brought into the organization by the new management.

With the launch of new collections, prices are set to achieve the expected contribution margin. So far, price increases have not had a negative impact on the overall sales trend.

Planning assumptions of rising personnel costs were taken into account in the impairment test with an annual growth rate of 3% in Austria and in the other countries, depending on the market, based on a store specific ratio actual personnel 2023 to actual sales. Overhead costs (central IT expenses, marketing expenses and staff expenses) were included in the impairment test as a percentage of cost of sales per store.

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 decreased from 4.09% and 4.16% for the calculation as of December 31, 2022 to 3.44% and 3.49% for the calculation as of the balance sheet date. The obligations for severance payments and anniversaries were based on a growth rate of 8% for 2024 in Austria, for the following year of 6% and then 3%. In the other countries, depending on the market, the salary trend is of 2% to 5% for 2024 and a uniform rate of 3% for 2025. Pension, severance and anniversary obligations increased by €1.108k to €12,658k as of December 31, 2023. The actuarial gain (before deferred taxes) of EUR -1,653 thousand (FY 2022: loss: EUR 1690 thousand) was recorded in the OCI.

IFRS 9 and 7 – Financial Instruments and Disclosures

Wolford AG's debt financing consists of shareholder loans in the amount of €50,694k (including accrued interest) as of December 31, 2023 at fixed interest rates (12%) and a bank loan of €800k at a variable rate of 7.64% as of December 31, 2023. The tranches of shareholder loans mature at different dates in 2024 or are already overdue, but will not need to be repaid in short term because of the subordination of the loans. According to the subordination

declaration of July 2024, a repayment of the shareholder loan can be made until successful (Compliance with the key figures in analogous application of the Corporate Reorganisation Act URG) of the group. 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 bad debt allowances amounted to €-111k in 2023 financial year (2022: €-831k).

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

- For purposes of the impairment test, planning was revised due to the difficult market situation and current development of the Group. As a result, impairment losses of €-6.205k (2022: €-1.905k) were recognized in the 2023 financial year, which were offset by reversals of impairment losses of €2,290k (2022: €206k). Climate-related risks do not result

in any additional impairments at present due to the limited duration of the lease contracts.

- Valuation of receivables: The development of receivables is subject to close monitoring as a result of the negative economic development. However, there is no need for an adjustment of the existing receivables valuation system overall, also considering the partial coverage of default risk through credit insurance.
- Recognition of deferred tax assets: The deferred tax assets were recorded was in accordance with IAS 12.56 based on an estimation of future taxable profits and the expected tax rate. Due to the economic development and the resulting uncertainty, a significant portion of the active deferred tax assets arising from deductible temporary differences was not recognized or impaired.

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 Deutschland GmbH	Bielefeld	100
Wolford (Schweiz) AG	Opfikon	100
Wolford Paris S.A.R.L.	Paris	100
Wolford Berangere 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
Wolford proizvodnja in trgovina d.o.o.	Murska Sobota	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, 2022.

Until 2022 financial statement, Wolford Beteiligungs GmbH holds all of the shares in the companies, excepted Wolford proizvodnja in trgovina d.o.o. , whose shares are directly held by Wolford AG. During 2023 fiscal year Wolford Beteiligungs GmbH was merged into Wolford AG – an intragroup transaction having no impact on the consolidated financial statements.

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:

CURRENCIES	AVERAGE RATE ON THE BALANCE SHEET DATE		AVERAGE RATE FOR THE YEAR	
	12/31/2023	12/31/2022	2023	2022
1 EUR/USD	1.1078	1.0703	1.08705	1.0585
1 EUR/GBP	0.8706	0.8856	0.8665	0.84914
1 EUR/CHF	0.9261	0.9866	0.97458	1.0093
1 EUR/DKK	7.453	7.4387	7.45055	7.4395
1 EUR/SEK	11.0894	11.117	11.40133	10.5619
1 EUR/NOK	11.2785	10.5051	11.40593	10.0678
1 EUR/CAD	1.4664	1.4437	1.4632	1.3696
1 EUR/HKD	8.6418	8.3244	8.50726	8.28804
1 EUR/CNY	7.87464	7.3751	7.67225	7.07264
1 EUR/MOP	8.93336	8.60635	8.77011	8.5293

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 recoverable amounts exceeding depreciation or amortization are accounted for by recognizing impairment losses, pursuant to IAS 36 (Impairment of Assets).

Repair and maintenance costs relating to property, plant and equipment are generally 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. After the commencement date of a lease, the carrying amount of lease liabilities is remeasured if there is a modification, a change

in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate) or a change in the assessment of an option to purchase the underlying asset.

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. During the subsequent assessment of the lease arrangement, the carrying amount of lease liabilities is re-evaluated when a modification, such as a contract amendment, is agreed upon that does not constitute a separate lease arrangement and results in changes to the scope, consideration, or term of the lease. Changes resulting from this are to be recognized as income or expense or by adjusting the right-of-use asset.

Due to specific provisions in the lease agreement for the headquarter in Bregenz, it is determined that several separate areas within the building, which are used differently and are distinguishable, should be treated as separate lease assets. The utilization of the contractually agreed-upon option to return such areas leads to the Wolford Group reassessing the lease liability and reducing the carrying amount of the right-of-use asset for the lease asset. The additional effects are recognized as gains or losses.

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 Group 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. 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 as well as increasing interest rates. In the opening year of a store these triggers are not applied.

The impairment tests performed on property, plant and equipment including right of use assets and intangible assets are based on the current market conditions (if relevant also considering the specific conditions of the CGU) and on economic growth expectations for the different markets. In case of fixed and variable lease payments the latter are considered when sales thresholds are exceeded.

The assumed growth rates for sales in 2024 range from 2% to 6% based on the actual sales of 2023. For the subsequent years, growth rates equivalent to the expected inflation rates for the various countries were assumed (December 31, 2022: Budget 2023; for the years 2024 – 2025: between 3.3% and 11.8%; from 2026 onwards: 1% for all regions). Cost of goods sold changes proportionally to sales increase. Increases in prices for materials and related services are offset by higher selling prices. Personnel costs are considered in impairment testing using a store-specific rate, determined from personnel expenses as a percentage of sales (December 31, 2022: Austria: 2023: 7.5%; 2024: 6%; other regions: 2023: 2% – 5%; 2024: 3%; from 2025 onwards: uniform: 3%). Depending on market conditions, operating costs are considered with an annual growth rate based on estimated inflation of up to 3% for 2024 and with a uniform growth rate of 2% from 2025 onwards (December 31, 2022: 2023: up to 12% from 2024 onwards: 2%). These costs are not directly related to the development of sales revenue, as the scope of the respective business activities remains unchanged. Overhead costs were accounted for as a percentage of cost of goods sold.

Replacement and maintenance investments were included in the calculation according to the size of the boutiques (clustering by m²) 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 8.02% - 12.57% (December 31, 2022: 7.29%–12.71%) 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 shown in a separate line in the income statement. The cash-generating units used to determine impairment are the individual stores, including the rights of use assets, fixtures and key money associated with them. Working capital is not considered as stock in the stores is usually not paid before the sale of the products is effected. The amount by which the carrying amount of the cash-generating unit exceeds its recoverable amount, is recorded as impairment loss (expense) in the current year.

A reversal of an impairment loss for an asset or cash-generating unit is recognized in profit or loss immediately as reversal of impairment losses (gain). The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of its recoverable amount (if determinable); and the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior periods.

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. A factoring agreement for EMEA receivables was terminated effective 31 December 2023.

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).

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, 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 liabilities 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 balances and the IFRS balances 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% (2022 financial year: 23%). 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 main severance payments:

BIOMETRIC PRINCIPLES	2023: AVÖ 2018-P (2022: AVÖ 2018-P)
Discount rate	3.49% p.a. (2022: 4.14%)
Wage/salary trend	3.00% p.a. (2022: 3.00%)

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 (mainly at the Austrian parent company) are measured in accordance with the requirements of IAS 19 and the projected unit credit method. The following parameters were applied:

BIOMETRIC PRINCIPLES	2023: AVÖ 2018-P (2022: AVÖ 2018-P)
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Discount rate	3.44% p.a. (2022: 4.09%)
Wage/salary trend	3.00% p.a. (2022: 3.00%)
Retirement age (m/f)	64-65 / 59-65
Staggered employee turnover:	
0-2 years	24% (2022: 24%)
3-4 years	22% (2022: 22%)
5-9 years	16% (2022: 16%)
10-14 years	14% (2022: 14%)
15-19 years	9% (2022: 9%)
20-29 years	3% (2022: 3%)
30 years or more	0% (2022: 0%)

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

BIOMETRIC PRINCIPLES	2023: AVÖ 2018-P (2022: AVÖ 2018-P)
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Discount rate	3.51% p.a. (2022: 4.16%)
Valorization of salaries	1.70% to 3.00% p.a. (2022: 1.70% to 3.00% p.a.)

Provisions: Provisions were recognized in accordance with IAS 37 when the company has a present 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 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.

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.

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

Assets and liabilities with terms to maturity of up to one year at balance sheet date are classified as current, and items with terms to maturity of more than one year are classified as non-current. In the case of short-term loans that are subordinated, it must be assessed whether reasons for subordination will cease to apply within next twelve months.

Wolford received government grants as defined in IAS 20, mainly in the form of Covid-19 grants and subsidies for research and development measures taken by the Group. These grants are recognized as other income on the basis of binding commitments, official notifications, and legal entitlement.

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 inventories and trade receivables (Notes 18 and 19), the recognition and measurement of deferred taxes (Note 17) and of provisions (Note 27). 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 allowance for returns reflects management's best estimate of the asset arising from expected product returns and the associated liability for future refunds. The sales bonus calculation represents management's best estimate of the probable amount to pay according to the agreement and on basis of historical trend. 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 recorded 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. As described in Note (32) Leasing in the consolidated balance sheet, lease modification led to additions and disposals of the right of use assets, which were mainly due to early terminations of lease agreements or contract extensions.

Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern is also subject to uncertainty. We refer to note (22) Going Concern in this respect.

5 CORRECTION OF AN ERROR

In the context of a random audit review performed by the Austrian Financial Reporting Enforcement Panel (OePR), the Wolford Group's consolidated financial statements as of December 31, 2022 were reviewed pursuant to § 2 (1) No. 2 of the Austrian Accounting Inspection Act (audit without particular cause). During the enforcement review performed from September 2023 onwards, the following errors were identified. Consequently, these errors were adjusted retrospectively and the consolidated statement of comprehensive loss and the consolidated balance sheet covering the period January 1, to December 31, 2022 were restated in accordance with IAS 8. These retrospective adjustments did finally not have implications for the information presented in the opening balance sheet for the preceding period (December 31, 2021) as it was impracticable to determine the allocation of fixed assets impairment (including right of uses assets) to prior period or the opening balance. The implications of these retrospective adjustments for individual line items are presented in the tables below and summarizes as follows:

- 1) Misstatements amounting to €580k have already been included in the 2022 summary of unadjusted misstatements and confirmed in the management representation letter. This was mainly caused by an IT cyber attack at the logistic partner so that deliveries near year end 2022 have not been effected and the transport to the customer did not take place in 2022 (cut-off issue). Despite goods were not derecognized from inventory, revenues were booked. The misstatement was corrected in the restated statement of comprehensive loss of 2022, resulting in a decrease in sales of €580k.
- 2) For certain assets in the US, depreciation expense was not booked, although the assets were already available for use. This error relates to missing data in the fixed assets' register and leads to additional depreciation in fiscal year 2022 of €150k.
- 3) A reversal of impairment already recognized in financial year 2021 was not considered when determining the potential write-ups for financial year 2022. As a consequence, a reversal of previously booked reversal of impairments of €545k needed to be corrected retrospectively.

- 4) The impairment test performed on CGU level was based on cash flow projections that were basically management's best estimate. Given Wolford's development of the past years the causes for the differences between past cash flow projections and actual cash flows were not sufficiently considered in the assumptions for the planning and external evidence was not given greater weight as required by IAS 36. In addition, regional and structural differences between the CGUs were in part not reflected in the determination of growth rates. During the impairment test of 2023, the underlying planning was adopted accordingly and regional and structural differences between the CGUs were considered in the calculation. At end of year 2023 this resulted in an impairment loss of € 6,2 million and an appreciation of € 2,29 million. As the method to determine the cash flow projections, which turned out not to be fully in compliance with IAS 36, was constantly applied over the past years the management board concluded that it was impracticable to determine either the period-specific impairment loss or its cumulative effect in particular, since cash flows deviating from the approved financial statement would have had to be determined retroactively for several periods. With reference to IAS 8.43 the Group corrected the error prospectively in the current year 2023.

- 5) In addition to the errors detected during the enforcement audit, the Group realized in 2023 that payment provider fees and charges of €706k EUR were booked in 2023, although they belonged to fiscal year 2022. Accordingly, these costs were included in the 2022 financial statements, leading to a further restatement. With the exception of impairment losses on property, plant and equipment (point 4.), the above errors were corrected by adjusting the previous year's figures for the items concerned.

The following table sets forth the effects of the restatement on consolidated income statement.

IN EUR K	2022 AS REPORTED	ADJUSTMENTS	2022 RESTATED
Revenue	125,514	-580	124,934
Other operating income	3,900		3,900
Changes in inventories of finished goods and work in progress	6,296		6,296
Cost of materials and purchased services	-31,040		-31,040
Personnel expenses	-56,449		-56,449
Other operating expenses	-59,210	-706	-59,916
Impairments of trade receivables	-831		-831
Depreciation and Amortization	-15,664	-150	-15,814
Impairments	-1,823	-82	-1,905
Reversals of impairment losses	669	-463	206
EBIT	-28,638	-1,981	-30,619
Interest and similar income	46		46
Interest and similar expenses	-5,915		-5,915
Interests on provisions for employee benefits	-152		-152
Other financial income	11		11
Other financial expense	-231		-231
Financial result	-6,240	0	-6,240
Loss before income taxes	-34,878	-1,981	-36,859
Income tax	11		11
Net loss	-34,867	-1,981	-36,848
Amounts that will not be reclassified to profit or loss in future periods	1,319	0	1,319
of which actuarial gains and losses	1,690		1,690
of which deferred tax	-371		-371
Amounts that may be reclassified to profit or loss in future periods	-741	7	-734
of which currency translation adjustment	-741	7	-734
Other comprehensive income/loss*	578	7	585
Total comprehensive loss	-34,289	-1,974	-36,263
Attributable to owners of the parent company	-34,289	-1,974	-36,263
Net loss attributable to owners of the parent company	-34,867	-1,981	-36,848
Loss per share in EUR (basic = diluted)	-5.26	-0.30	-5.56

The following table sets forth the effects of the restatement on consolidated balance sheet:

IN EUR K	12/31/2023 AS REPORTED	ADJUSTMENTS	12/31/2022 RESTATED
Assets			
Property, plant and equipment (including right-of-use assets)	57,046	-696	56,350
Goodwill	86	0	86
Other intangible assets	450	0	450
Non-current financial assets	1,028	0	1,028
Non-current receivables and assets	3,286	0	3,286
Deferred tax assets	3,837	0	3,837
Non-current assets	65,733	-696	65,037
Inventories	36,371	0	36,371
Contract assets	55	0	55
Trade receivables	10,679	-580	10,099
Other receivables and assets	12,023	-698	11,325
Cash and cash equivalents	3,656	0	3,656
Current assets	62,784	-1,278	61,506
Total assets	128,517	-1,974	126,543
Share capital	32,252	0	32,252
Capital reserves	398	0	398
Other reserves	-42,190	-1,981	-44,171
Treasury Shares	-4,195	0	-4,195
Accumulated other equity	-5,318	7	-5,311
Negative equity	-19,053	-1,974	-21,027
Lease liabilities, non-current	42,161	0	42,161
Other non-current liabilities	926	0	926
Provisions for long-term employee benefits	11,550	0	11,550
Other non-current provisions	213	0	213
Deferred tax liabilities	140	0	140
Non-current liabilities	54,990	0	54,990
Current financial liabilities	35,739	0	35,739
Lease liabilities	15,056	0	15,056
Trade payables	22,503	0	22,503
Other liabilities	15,602	0	15,602
Income tax liabilities	401	0	401
Other provisions	1,511	0	1,511
Reimbursement and contract liabilities	1,768	0	1,768
Current liabilities	92,580	0	92,580
Total equity and liabilities	128,517	-1,974	126,543

The following table sets forth the effects of the restatement on consolidated cash flow statement:

IN EUR K	2022 AS REPORTED	ADJUST-MENTS	2022 RESTATED
Loss before tax	-34,878	-1,981	-36,859
Depreciation and impairments of property, plant and equipment and amortization of intangible assets	17,487	232	17,719
Reversals of impairment losses	-669	463	-206
Gains on disposals of non-current assets	-2,037	0	-2,037
Interest expenses/interest income	5,858	0	5,858
Other non-cash income and expenses	232	370	602
Changes in inventories	-5,323	0	-5,323
Changes in trade receivables	1,257	580	1,837
Changes in other receivables and assets	4,178	706	4,884
Changes in trade payables	9,379	0	9,379
Changes in other provisions and employee benefits	-1,367	0	-1,367
Changes in other liabilities	435	470	905
Interest received	46	0	46
Income tax paid	-119	-840	-959
Interest paid	-47	47	0
Cash flow from operating activities	-5,568	47	-5,521
Payments for investments in property, plant and equipment	-7,386	77	-7,309
Payments for investments in other intangible assets	0	-77	-77
Proceeds from disposals of property, plant and equipment and other intangible assets	4,086	0	4,086
Cash flow from investing activities	-3,300	0	-3,300
Proceeds from current and non-current financial liabilities	22,500	0	22,500
Payment of lease liabilities (excluding interests)	-19,293	3,326	-15,967
Interest paid		-3,373	-3,373
Cash flow from financing activities	3,207	-47	3,160
Cash-effective change in cash and cash equivalents	-5,661	0	-5,661
Cash and cash equivalents at beginning of period	9,148		9,148
Effects of exchange rate movements on cash and cash equivalents	169		169
Cash and cash equivalents at end of period	3,656	0	3,656

In addition to the changes due to the restatement, two changes were made in the presentation of the cash flow statement. Firstly, the presentation of "interest paid" was changed retrospectively. In the 2022 cash flow as reported, part of interest paid was included in operating cash flow and part in financing cash flow. In 2022 as restated, the total amount of interest paid is now shown as "cash flow from financing activities" and includes interest paid on lease liabilities as well as interest paid on other financial liabilities. Secondly, the payments for the acquisition of tangible and intangible assets is no longer shown in one line (as reported in 2022), but splitted into two lines within the section "investing cashflow". Furthermore, some minor regroupings were made within the cash flow from operating activities.

The error corrections were made accordingly in all related disclosures in the notes to the financial statements, with the prior year restated. In addition, in the segment reporting, the presentation of segment assets and segment liabilities for the financial year 2022 was adjusted to match the presentation in financial year 2023. The total segment assets in this report for the years 2023 and 2022 correspond to the consolidated balance sheet of the group. The segment liabilities correspond to the long-term and short-term liabilities in the group. Additionally, there was a clarification of the content of investments.

6 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. Intersegment pricing is based on standard wholesale prices less

country-specific discounts. Revenue in the Rest of Europe segment is distributed as follows: France at €8,998k or 20% (2022 financial year: 19%), UK (including the Ireland branch) at €7,104k or 16% (2022 financial year: 19%), Scandinavia at €5,863k or 13% (2022 financial year: 16%), Italy at € 6,369k or 14% (2022 financial year: 15%), Spain (including the Portugal branch) at €5,283k or 12% (2022 financial year: 9%) as well as other European states at €11,152 or 25% (2022 financial year: 22%). Of the €31,614k revenue in the North America segment, €30,655k or 97% (2022 financial year: 97%) was attributable to the U.S., and €959k or 3% (2022 financial year: 3%) 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 45% in the 2023 financial year (2022 financial year: 46%) the Ready-to-wear product section accounts for the largest share of sales. With a sales contribution of 39% (2022 financial year: 38%) Legwear was the second-largest product group in the 2023 financial year. Lingerie, Beachwear, Accessories, and Trade goods generated a total sales share of 16% in the past financial year (2022 financial year: 14%).

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 "6. Segment reporting."

IN EUR K	2023	2022 RESTATED
Legwear	48,926	47,702
Ready-to-wear	56,222	57,926
Lingerie	18,948	17,379
Accessories, Beachwear, and Trade Goods	1,701	1,927
Total	125,797	124,934

IN EUR K	2023	2022 RESTATED
Boutiques	55,143	57,184
Concession shop-in-shops	7,696	7,853
Online business	30,106	30,238
Factory Outlets	8,786	5,936
Department stores	9,672	7,577
Specialist retail	12,947	14,703
Private label	1,447	1,443
Total	125,797	124,934

(2) **Other operating income**

IN EUR K	2023	2022
Grants and subsidies	3,383	141
Gains from modification of lease contracts	3,532	0
Gains on disposals of non-current assets	1,965	2,037
Gains from currency differences	0	617
Restaurant revenue	320	280
Other	472	825
Total	9,673	3,900

In fiscal year 2023, the Group received grants from Covid 19 public aid programs (“Fixkostenzuschuss”) which were already applied for in fiscal year 2021 totaling to €2,849k. As an amount of €1,176k was already shown as other receivable from grants as of December 31, 2022 and 2021, the effect in the income statement from Covid 19-grants received in 2023 is €1,673k. In addition, the group received subsidies for research and development projects as well as for personnel compensation amounting to €1.710k.

Due to a decrease in scope of leased buildings or early termination of lease contracts, modification gains amounting to €3,532k were recorded in fiscal year 2023.

Part of the gain is related to a lease contract for the building of the headquarter in Bregenz, with the overall usable area divided into at least 8 different clusters, with several sub-areas allocated to each cluster. These areas serve diverse functions, both administrative and production. The rent is not proportional to the square meters of the specific area but has been specifically agreed upon for each distinct area. The Lessee, but not the lessor, is entitled to partial terminations of the Rental Agreement at any time, with observance of a 3-month notice period. According to the lease contract, management concluded that the identifiable assets within the Rental Agreement are more than one and can be segregated from the overall building.

The Rental Agreement includes a clause allowing the return of separate parts of the building, with an explicitly associated rent reduction, but does not scheduled potential releases, nor does it specify the timing or the specific areas to be returned. After the commencement date, Wolford has progressively returned partial areas multiple times, renegotiating lease conditions based on specific areas resulting in changes in rent payments.

In 2023, partial terminations were executed based on the existing contract, resulting from a clause in the original lease agreement allowing for the premature termination of parts of the lease and

reduction of rental payments. At the time of the amendment, Wolford recognized the difference between the lease liability and the right-of-use asset amounting to TEUR 2,080 for the returned portion as a gain in the income statement. In this context, there was a legal dispute between Wolford and the landlord regarding the admissibility of terminating certain areas. Wolford and Blum reached an agreement on the final amount of the rent reduction and open rent laid down in a court settlement in January 2024 before the District Court of Bregenz.

In July 2023, agreements were signed to transfer intercompany trade receivables denominated in currencies other than EUR into intercompany loans. In particular these agreements comprised trade receivables of Wolford AG against her subsidiaries Wolford U.S. (USD 20.0 mio), Wolford Shanghai (CNY 43,5 mio) and Wolford Hongkong (HKD 38.0 mio). As these subsidiaries have not been able to fulfill these obligations from trade payables right from the beginning and Wolford AG in return never requested it. The switch to intercompany loans was effected from January 2023 onwards. Consequently, foreign exchange differences resulting from the valuation of these intercompany loans amounting to €1,231k are shown as other financial expenses. Nevertheless, foreign currency gains or losses from the valuation of trade or other receivables/payables are unchanged presented in other operating income or other operating expense.

Due to the closure of various shops in the financial year 2023, the related tangible assets were disposed of. As part of the assets were already impaired in the previous years, the reversal of the impairment from the past led to gains amounting to €705k for leasehold improvements and €84 for other equipment.

(3) Cost of materials and purchased services

IN EUR K	2023	2022
Raw material	20,795	25,906
Energy	1,538	1,950
Services	2,218	3,184
Total	24,552	31,040

The cost of materials and purchased services decreased by 20,9% due to more efficiency brought into the organization by the new management.

(4) Personnel expenses

IN EUR K	2023	2022
Wages	6,306	6,551
Salaries	36,253	38,164
Expenses for statutory social security contributions, payroll-based duties, and other mandatory contributions	9,387	9,529
Expenses for severance compensation and pensions	771	1,190
Other employee benefits	1,063	1,014
Total	53,780	56,449

The decrease in personnel cost is linked also to completion of the individual measures as part of the Wolford's restructuring plan. As a result of additional shop closures and administrative measures, the average number of full-time employees decreased to 1.008.

Personnel

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

HEAD COUNT ON A FULL-TIME BASIS	2023	2022
Total average number	1,008	1,096
of which wages employees	283	317
of which salaried employees	714	766
of which apprentices	11	13

(5) Other operating expenses

IN EUR K	2023	2022 RESTATED
Legal and consulting fees	9,995	14,023
Marketing expenses	8,616	9,797
Freight costs	8,821	8,752
Rent and lease expenses	4,871	5,011
Online distribution	3,903	3,820
IT costs	5,575	3,806
Customs duties	2,694	2,305
Credit card fees and bank charges	1,934	2,216
Commissions	3,015	1,270
Insurance premiums	1,048	929
Taxes (excluding income tax)	199	749
Maintenance expenses	631	689
Travel costs	523	688
Fees and charges	569	573
Telephone expense	571	544
Other	4,296	4,744
Total	57,259	59,916

Other operating expenses decreased by €2.66 million to €-57.26 million (2022: €-59.92 million). The main reasons for the decrease were lower consultancy costs and marketing expenses. On the other hand, IT expenses increase is the result of investments in order to improve processes. The line item "Other" equal to € 4.3 million includes mainly exchange rate difference for €0.6 million (2022: €0.0 million), charge backs for € 0.5 million (2022: €0.5 million), car costs for €0.3 million (2022: €0.4 million), stationary cost for €0.2 million (2022: €0.2 million) and postage expenses for €0.2 million (2022: €0.1 million).

In the 2023 financial year, the following amounts were recognized through profit or loss in the context of lease contracts:

IN EUR K	2023	2022 RESTATED
Depreciation and amortization on right-of-use assets	11,701	12,357
Reversals of impairment losses	-2,220	0
Impairments on right-of-use assets	5,634	1,504
Expenses for right-of-use assets	3,343	3,439
Operating costs in connection with rights of use	1,528	1,572
Interest	3,550	3,326
Total	23,536	22,198

The expense for right-of-use assets primarily concerns lease contract with variable lease payments.
 The expenses for services performed by the auditor of the respective consolidated

IN EUR K	2023	2022
Fees for consolidated and annual financial statements	300	484
Other services	35	0
Total	335	484

At the Annual General Meeting on June 15, 2023, 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 2023 financial year and as auditor of the IFRS consolidated financial statements for 2023.

(6) Impairments of trade receivables

The impairment loss of €-0.11k was recognized on trade receivables in the financial year (2022 financial year: expense of €-0.83). 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 as well as net impairment effects amounted to €-17,675k in the 2023 financial year (2022 financial year: €-17,513k).

IN EUR K	2023	2022 RESTATED
Impairment on right of use assets	-5,634	-1,504
Impairment on tangible assets	-571	-401
Impairment losses:	-6,205	-1,905
Write-ups on right of use assets	2,220	0
Write-ups on tangible assets	70	206
Reversal of impairments from the	2,290	206

With reference to the OePR findings regarding planning assumptions and the consideration of regional and structural differences between the CGUs, adjustments were made in the planning for the impairment test 2023. This led to the recognition of impairment losses of €-6,205k (2022 financial year: €-1,905k) and reversals of impairment losses of €2,290k (2022 financial year: €206k).

Since the method of cash flow planning and the determination of relevant parameters were found not to be in line with the requirements of IAS 36 and have been applied in this form in previous years, the Board of Directors of Wolford AG concluded that determining the resulting period-specific effect or cumulative effect is impracticable. In accordance with IAS 8.43, the error was corrected prospectively in the current fiscal year 2023.

Impairments are distributed among the segments Asia €326k (2022: €313k), North America €3.072k (2022: €0k), Rest of Europe €2.051k (2022: €1,041k), and Germany €185k (2022: €401k). Main reason for the material result of the impairment test of the assets were beside the adjusted method to determine cashflow planning assumptions, the negative macroeconomic outlook and unchanged high level of market interest rates. Therefore, free cash flows derived on the basis of the actual figures 2023 applying the parameters relevant for the planning and the continued high WACCs resulted in individual cases in a value in use dropping below the carrying amount.

Furthermore, a sensitivity analysis was conducted. A change in the revenue growth rate by +1%/-1% would result in a change in impairment losses of TEUR +179/ TEUR -768. A change in the WACC by +1%/-1% would lead to a change in impairment losses of TEUR -954/ TEUR 429.

The reversals of impairment losses of €2,290k (2022 financial year: €206k) related entirely to property, plant and equipment (including right-of-use assets) and are distributed among the segments as follows: Rest of Europe at €1.490k (2022 financial year: €254k), North America at €800k (2022 financial year: €378k), Austria at €0k (2022 financial year: €0k), Germany at €0k (2021 financial year: €0k), and Asia at €37k (2022 financial year: €0k). The write-ups were attributable to the sustained improvement in the cost structure resulting from the implemented restructuring program and the associated improvement in business performance of specific retail stores in the segments of Rest of Europe and North America. In individual cases, this resulted in the value in use exceeding the carrying amount reduced by impairment losses from previous periods. In this case the reversal of impairment loss is limited to the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior periods.

(8) Financial result

IN EUR K	2023	2022
Interest and similar income	40	46
Interest on shareholder loans	-4.145	-2,542
Interest on lease liabilities	-3,550	-3,326
Interest and similar expenses	-405	-47
Interest on employee benefit obligations	-471	-152
Income from securities	62	11
Foreign exchange losses on intercompany loans	-1,231	0
Expenses from securities	0	-231
Financial Result	-9,700	-6,240

Since the fiscal year 2021, Fosun Fashion Group (Cayman) Limited has granted several shareholder loans with a term of one year at an interest rate of 12% per annum and partially extended their term. As of December 31, 2022, the loans granted amounted to EUR 32.5 million. Including interest, the balance as of this date was EUR 35.7 million. In 2023, Fosun Fashion Group (Cayman) Limited granted various additional shareholder loans, totaling to €9,700k and \$1,200k, each at an interest rate of 12% per annum, each with a maturity of one year.

In the 2023 financial year, interest of €-4,145k (2022 financial year: €-2,542k) was accrued on these loans. Interest was not paid but increased the financial liabilities.

In fiscal year 2023, other financial expenses amounting to €-1,231 (2022: -231) primarily result from the valuation of intercompany loans denominated in currencies other than EUR were recognized. In 2023, intercompany trade receivables were transferred to

intercompany loans (USD 20 mio, CNY 43,5 mio, HKD 38 mio); the related foreign exchange differences amounting to €-1,231k are no longer shown as other operating expenses (reference is made to II. Notes to income statement (2) other operating income) but are shown within financial result. The contracts were concluded effective January 1, 2023, on July 1, 2023, taking into account the existing condition whereby the subsidiaries were already unable to settle their delivery liabilities to Wolford AG at the beginning of the year, and this was not demanded by Wolford AG either.

(9) Income taxes

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

IN EUR K	2023	2022
Statement of comprehensive loss		
Current tax expense	-676	-37
Deferred tax expense	-2,681	48
Total	-3,357	11

Current tax expenses include taxes in the amount of €-142k from previous periods (2022: financial year: €316k).

IN EUR K	2023	2022
Development of net deferred taxes		
Net deferred tax assets and deferred tax liabilities as of January 1	3,697	3,891
Currency differences loss after tax	-60	129
Deferred taxes recognized in loss after tax	-2,681	48
Deferred taxes recognized in other comprehensive loss	392	-371
Net deferred tax assets and deferred tax liabilities as of December 31	1,348	3,697

The reconciliation of the income tax charge based on the Austrian corporate tax rate of 24% (2022: 25%) with the effective tax rate for the period is as follows:

IN EUR K	2023	2022
Loss before tax	-27.398	-36,859
Tax expenses/income at 25% tax rate	6,576	8,846
Effects of changes in tax rate	0	101
Divergent foreign tax rates	379	-7
Tax effects due to divergences in tax assessment base	-917	-308
Taxes from prior periods	-142	316
Losses in current year for which no deferred tax assets were recognized	-8,052	-7,955
Impairment on deferred tax assets	-2,060	0
Deferred taxes not recognized in previous periods	906	-859
Other	11	4
Effective tax burden	-3,299	11
Effective tax rate	12%	0%

Deferred tax assets on temporary differences in the amount of €6,917k (December 31, 2022: €2,670k) were not recognized due to ongoing loss making situation and the resulting uncertainty. In financial year 2023, deferred tax assets from the previous year amounting to €2,060k (2022: €0k) were impaired.

The low effective tax rate 12% (2022 financial year: 0%) is attributable to the non-recognition of deferred tax assets from current losses and the recognition of valuation allowances on deferred tax assets from the past amounting to €2.060k, hereby mainly attributable to the entity in US.

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 its only member. 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. Due to the merger of Wolford AG and Wolford Beteiligungs GmbH in 2023, the tax group was dissolved, thereby terminating the group and tax pooling agreement.

(10) Notes to the comprehensive loss

Wolford AG recognized actuarial loss before tax of €-1,653k in the 2023 financial year (2022: gain of €1,690k). Deferred taxes of €392k are attributable to this loss (2022: €-371k). Together with the result of €1,202k from currency translation of operations outside Austria (2022: €-734k), this resulted in other comprehensive loss of €-59k (2022: €585k).

(11) Loss per share/proposed appropriation of profit

Loss per share are calculated by dividing the loss after tax of €-30,755k (2022: €-36,848k) by the weighted average number of common shares, adjusted for treasury shares held on a pro rata basis. In 2023, share capital was increase by the issuance of 2,934,515 new shares as of February 8, 2023, ending up with a number of issued shares of 9,653,666 (2022: 6,719,151); share capital increased to €46,337,596.80 and a net inflow of

€17,427,105.00 was achieved. Weighted average number of shares outstanding in financial year 2023 amounted to 9,195,697 (2022: 6,631,011).

Loss per share for the 2023 financial year amounted to €-3.34 (undiluted = diluted) (2022: €-5.56 (undiluted = diluted)). The capital reduction at the end of December 2022 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 = deluted) is as follows:

IN EUR K	2023	2022
Issued shares as the end of financial year	9,653,666	6,719,151
Weighted total number of shares in circulation	9,283,837	6,719,151
Less average number of treasury shares	-88,140	-88,140
	9,195,697	6,631,011

III. NOTES TO THE BALANCE SHEET

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

The development of property, plant and equipment is presented in detail in the non-current asset schedule. Land with a carrying amount of €521k (December 31, 2022: €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. For explanations of recognized impairments, refer to (II.) Notes to the Statement of Comprehensive loss, Note (7) Depreciation and Amortization.

Due to the closure of various shops in the financial year 2023, the related tangible assets were disposed of. As part of the assets were already impaired in the previous years, the release of the impairment from the past led to an income of €705k for leasehold improvements and €84 for other equipment.

(13) Goodwill

No impairments were recognized on goodwill in the 2023 financial year (2022: €0k).

(14) Other intangible assets

The development of other intangible assets 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 2023 financial year, as was also the case in the 2022 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.

The change in fair value recognized through profit or loss in the 2023 financial year amounted to €48k (2022: €-231k).

(16) Non-current receivables and assets

The amounts recognized in this item are mainly security deposits (December 31, 2023: €1,702k, December 31, 2022: €2,214k) and restricted long-term cash and cash equivalents for security deposits and customs guarantees (December 31, 2023: €1,022k, December 31, 2022 €936k). Following the bankruptcy of Signature Bank in mid-March 2023, the deposit at Signature bank of \$ 1,0 mio. was taken over by New York Community Bancorp and its subsidiaries.

(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	12/31/2023		12/31/2022	
	ASSETS	LIABILITIES	ASSETS	LIABILITIES
Property, plant and equipment (including rights of use)	1,007	6,997	1,678	6,525
Other intangible assets	0	0	17	35
Inventories	451	69	497	144
Trade receivables and other receivables and assets	787	140	1,058	1.644
Provisions for long-term employee benefits	972	19	753	23
Other provisions	119	288	298	145
Lease liabilities	5,360	0	7,871	228
Other liabilities	296	131	427	158
Deferred tax assets/deferred tax liabilities	8,992	7,644	12,599	8,902
Offset for items due to same tax authority	-7,629	-7,629	-8,762	-8,762
Net deferred tax assets and liabilities	1,363	15	3,837	140

Deferred tax assets on temporary differences in the amount of €6,917k (December 31, 2022: €2,670k) were not or never recognized as deferred tax asset due to ongoing loss-making situation and the resulting uncertainty. Excess deferred tax assets over deferred tax liabilities amounting to €1,363k (December 31, 2022: €3,837k) 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 carry forwards, as it is not sufficiently probable that they will be utilized in the future.

As of the balance sheet date, the company had unutilized tax loss carryforwards of €167,801k (December 31, 2022: €138,590k). Of this amount, no deferred taxes were capitalized on €167,801k

(December 31, 2022: €138,590k).

Loss carryforwards of €164,727 (December 31, 2022: €136,264k) are non-forfeitable. Losses of €3,074k (December 31, 2022: €2,326k) are forfeitable within 1 to 5 years.

(18) Inventories

Inventories are structured as follows:

IN EUR K	12/31/2023	12/31/2022
Finished products and trade goods	25,684	24,706
Works in progress	5,229	5,992
Raw materials and supplies	5,120	5,673
Total	36,033	36,371

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 trade goods, work in progress and raw materials amounts to €6,580k (December 31, 2022: €3,501k). An expense of €3,079k was recognized for this in the 2023 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	12/31/2023	12/31/2022 RESTATED
Trade receivables	14,763	12,369
Impairment losses	-2,661	-2,270
Trade receivables after impairment losses	12,102	10,099

For trade receivables, Level 2 allowances of €60k (December 31, 2022: €44k) were recognized due to expected credit losses (ECL Level 2) and Level 3 allowances of €2,601k were also recognized (December 31, 2022: €2,225k).

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 and subsequently. 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 increase in trade receivables is due to different timing in collection in comparison of previous year.

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 also 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. Credit insurance was terminated by December 31, 2023.

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	12/31/2023	12/31/2022 RESTATED
Jan. 1	2,269	2,449
Added (+) / reversed (-)	831	830
Utilized	-437	-1,005
Currency differences	-3	-5
Dec. 31	2,661	2,269

The following tables present information about the default risk and the expected credit losses for trade receivables at December 31, 2023, and December 31, 2022

12/31/2023 in EUR K	LOSS RATE	GROSS CARRYING AMOUNT	IMPAIRMENT LOSSES
Wholesale	17.77 %	14,467	2,571
ECL receivables	0,55%	10,935	60
Receivables (credit impaired)	71,09 %	3,532	2,511
Online	30.41%	296	90

12/31/2022 in EUR K RESTATED	LOSS RATE	GROSS CARRYING AMOUNT	IMPAIRMENT LOSSES
Wholesale	18.67%	12,160	2,270
ECL receivables	0.51%	8,649	44
Receivables (credit impaired)	63.40%	3,511	2,226
Online	0.00%	209	0

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, which was in place until December 31, 2023, 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. The factoring agreement was terminated effective December 31, 2023.

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.

in EUR K	12/31/2023	12/31/2022 RESTATED
Trade receivables after impairment losses	12,102	10,099
Not due	7,474	3,786
Due in < 30 days	1,559	3,146
Due in 31–60 days	587	876
Due in 61–90 days	824	714
Due in 91–120 days	15	392
Due in < 121 days	1,643	1,185

(20) Other receivables and assets

Other receivables were composed primarily of the following line items:

in EUR K	12/31/2023	12/31/2022 RESTATED
Direct business to customers (B2C)	3,496	3,149
Creditors with debit balances	2,734	2,607
Prepaid expenses and deferred charges	2,005	1,809
Deposits	1,275	1,563
Receivables from grants	0	1,177
Receivables from other taxes	103	489
Income tax receivables	373	33
Other receivables	270	498
Total	10,256	11,325

Receivables from direct business to customers (B2C) are due from credit card institutions or other online payment services. Receivables from grants concern remaining government subsidies from loss mitigation and fixed-cost subsidies in the context of the Covid-19 pandemic from 2021, which were received in 2023.

(21) Cash and cash equivalents

The caption is composed by cash at banks for €5.9 million and cash on hands for € 0.5 million.

(22) 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 9,653,666 no-par value shares, with each no-par share representing the same proportion of the share capital. There are no shares with special preferential or control rights.

The Extraordinary General Meeting of Wolford AG on December 1, 2022, reduced the share capital of the company in the amount of €48,848,227.77 by means of a simplified capital reduction for the purpose of loss coverage, maintaining the number of no-par value shares of €16,596,302.97 to €32,251,924.80 and resolved to increase the share capital up to €48,377,884.80 by issuing a maximum of 3,359,575 new no-par value shares, maintaining the subscription rights. The capital reduction was entered in the commercial register on December 30, 2022. The issue price of the new shares was set at €6.00 per share. The total issue amount thus reached €20,157,450.00. Shareholders were granted the statutory subscription right.

On January 18, 2023, the Management Board of Wolford AG set the subscription period for the ordinary share capital increase from €32,251,924.80 by a maximum of €16,125,960.00 to €48,377,884.80 by issuing a maximum of 3,359,575 new shares from January 23 to February 6, 2023 (inclusive) and the value date to February 14, 2023, as resolved by the Extraordinary General Meeting of Wolford AG on December 1, 2022.

As already resolved by the Extraordinary General Meeting, the subscription price per new share was €6.00 and the subscription ratio was 2:1 (2 subscription rights entitle holders to subscribe for 1 new ordinary share). The subscription rights were booked to existing shareholders on January 23, 2023, based on the balance of the securities account as of January 20, 2023, at 23:59. The subscription rights have the ISIN code AT0000A32430.

Trading of the subscription rights (auction trading) was possible on the Vienna Stock Exchange on January 27, 30 and 31, 2023 (inclusive). The invitation to subscribe was published in the Official Gazette of the Wiener Zeitung on January 19, 2023. After the subscription offer, the new shares of the company for which subscription rights were not exercised during the subscription period were offered to shareholders who subscribed for at least 500,000 new shares in the subscription offer in a private placement at the subscription price. The prospectus for the offer

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

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

Approximately 66.9% of the 2,934,515 new shares were subscribed by FFG Wisdom (Luxembourg) S.à r.l. as beneficiary. Approximately 32.7% of the 2,934,515 new shares were subscribed for by Ralph Bartel as assignee. The remaining number of new shares was subscribed by other beneficiaries. FFG Wisdom (Luxembourg) S.à r.l. holds 61.02% of the Wolford shares after the capital increase.

In the absence of further changes, Mr. Bartel would hold 29.62% of the shares. The application for registration of the execution of the capital increase in the commercial register was filed with the Regional Court of Feldkirch (commercial register) on February 15, 2023. With effect of that day, the capital was increased by the issuance of 2,934,515 new shares, resulting in an inflow of € 17,607,090, less of related expenses of €179,985. The capital increase lead to an increase in share capital of €14,085,672 and additional paid in capital of €3,341,433.

Capital reserves*

Appropriated capital reserves result from the premiums (less issue costs) on the share issues in 1995, 2018 and 2023. The capital which took place in 2023 led to an increase in additional paid in capital of €3,521 less of cost incurred of €180, thus increasing capital reserves by €3,341k. Total expenses of €971 (December 31, 2022: €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 2022 financial year.

Accumulated other comprehensive loss

IN EUR K	12/31/2023	12/31/2022
Jan. 1	-5,311	-5,896
Actuarial gains (+) and losses (-) for the financial year	-1,653	1,690
of which deferred tax	392	-371
Currency translation adjustments	1,202	-734
Dec. 31	-5,370	-5,311

Treasury shares

Wolford AG holds 88,140 treasury shares (December 31, 2022: 88,140). There were no movements in treasury shares in the financial year. As a result, 0.9% of share capital is still held by the company (December 31, 2022: 1.3%).

Going Concern

As a result of successful restructuring measures with significant improvement in operational expenses vs. previous year Wolford Group is able to improve EBITDA, close to breakeven point. Even though Wolford AG was subject to wage increases of 9,6 % on average in Austria, operating cost was significantly reduced in all areas. Nevertheless, EBIT for the full year 2023 amounted to EUR -17.69 million and therefore continues to be negative. Thus, Wolford remained in a difficult financial position also in 2023. Cash flows from operating activities and other sources of financing were not sufficient to meet its regular payment obligations. The Wolford Group was dependent on borrowed capital and external financing granted on favorable terms. Wolford has covered its past financing requirements through shareholder loans from its main stakeholder.

Wolford has taken further measures to increase operational efficiency. Processes are being further optimized and the focus on cost control and sales activities has been intensified again. The business results achieved on the cost side are not yet sufficient to stabilize the company's cash flows, particularly because investments need to be made in the IT and retail areas. To ensure adequate liquidity, the company has gained further access to loans from the majority shareholder. As a result of the capital increase, which was entered in the commercial register on February 15, 2023, Wolford AG received EUR 17.6 million before deduction of the resulting costs., Wolford is and has been in close contact with financial institutions and the parent company regarding further

financing models. In the financial year 2023, Fosun Fashion Group (Cayman) Limited granted additional shareholder loans of €9,700T plus \$ 1,200T, as well as €9,250T made available in the current 2024 financial year, thus confirming its financial commitment.

Wolford is currently working intensively on strengthening its presence and visibility. This is being achieved through 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. Despite significant geopolitical challenges, Wolford was able to marginally increase its revenue in 2023 compared to 2022. In addition, it reduces fixed and variable costs in all functions. Based on the restructuring measures already implemented and the current revenue trend, Wolford is confident that it will be able to build on this trend in 2024 and present a further improvement in EBIT earnings in the 2024 financial year. The prerequisite for this is that no macroeconomic events beyond the company's control further worsen the situation. Thus, it also presupposes that the geopolitical uncertainties in Ukraine and Israel do not lead to further distortions in the global economy. The company is continuing its targeted efforts to improve the efficiency of personnel costs, reduce consulting costs, reduce collection size, and make demand planning and the production process more efficient.

Wolford's systems and IT infrastructure are outdated and pose a further risk to continued business operations. Wolford has therefore planned and completed numerous projects within the IT infrastructure despite the tight financial situation. In the 2024 budget, Wolford AG has foreseen the introduction of a new ERP system to standardize this critical IT landscape.

The first months of 2024 continue to show a positive trend regarding all cost-saving measures. The Group is currently behind budget on the turnover side.- Part of it is due to delayed deliveries, caused by the switch from Wolford AG's existing to a new logistics service provider. This backlog is planned to be eliminated by the

end of July. Further reason for underperformance of turnover are supply chain problems caused by late payments to suppliers.

Successful brand positioning in international markets is crucial for Wolford's further development. The company will continue to pursue the global positioning of its brand through its "The W" and "The W Lab" lines. This includes the continuation of successful cooperations, limited capsule collections developed in collaboration with international star designers and the exploitation of growth opportunities in the US and Chinese markets. Based on these measures, management believes Wolford is well positioned to return to revenue growth and profitability.

In addition, Lanvin Group Holdings Limited has issued a comfort letter (hard letter of patronage) and agreed to continue to provide financial support to Wolford as needed. The stakeholder has also committed to the qualified subordination of all loans granted to date in the amount of €62.69 million and those made available under the comfort letter, including accrued interest. Fosun Fashion Group (Cayman) Limited has also signed the comfort letter and committed to provide liquidity for the total amount of EUR 33,25 Mio ("Liquidity Injection") from 1st January 2024 to 31th July 2026 upon the request of Company's management. Until end of June 2024 EUR 9,25 Mio have already been provided which reduces the guaranteed Liquidity Injection as of 30. June 2024 from EUR 33,25 Mio to EUR 24,0 Mio.. Third party loans granted on the basis of

pledged working capital up to EUR 9,6 Mio would depending on the drawing reduce or increase shareholder's commitment. This is intended to put the company in a position to meet its liabilities as they fall due at any time and ensure the company's continued existence for the foreseeable future. This comfort letter cannot be revoked until the end of July 2026. In the event that financial support is required, Lanvin Group Holdings Limited undertake to enforce the guarantee in full. The Management Board therefore conclude that the company's annual and consolidated financial statements for 2023 should be prepared using the going concern principle.

(23) 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	12/31/2023	12/31/2022
Pension provisions	4,582	3,981
Severance compensation provisions	6,723	6,201
Provisions for anniversary payments	1,353	1,368
Total	12,658	11,550

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	12/31/2023	12/31/2022
Present value of obligation as of January 1	3,981	4,880
Interest expenses	165	62
Pension payments	-284	-277
Actuarial gains (-)/losses(+)	721	-684
Present value of obligation as of December 31	4,582	3,981

Provisions for severance compensation developed as follows:

in EUR K	12/31/2023	12/31/2022
Present value of obligation as of January 1	7,631	9,383
Exchange rate differences	94	69
Service cost	505	387
Past service cost	277	
Interest expenses	316	78
Severance compensation payments	-1,678	-1,280
Actuarial gains (-)/losses(+)	933	-1,006
Present value of obligation as of December 31 (gross obligation)	8,077	7,631

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

in EUR K	12/31/2023	12/31/2022
Fair value of plan assets as of January 1	1,430	1,244
Exchange rate differences	85	58
Paid-in contributions	120	117
Interest income/return on plan assets	66	3
Payments made	-347	8
Actuarial gains (-)/losses(+)	0	0
Fair value of plan assets as of December 31	1,354	1,430

The net obligation for severance compensation is structured as follows:

in EUR K	12/31/2023	12/31/2022
Net obligation as of January	6,201	8,139
Exchange rate differences	9	11
Service cost/contributions received	385	270
Past service costs	277	0
Interest	250	75
Payments	-1,331	-1,288
Actuarial loss/profit	933	-1,006
Net obligation as of December 31	6,723	6,201

Plan assets comprise as follows:

in EUR K	2023	2022
Equity investments	634	666
Bonds	127	137
Real estate	377	423
Alternative investments	109	108
Liquid funds	107	96
Total	1,354	1,430

Defined benefit payments of €732k are planned for provisions for pensions and severance compensation in the coming 2024 financial year (planned for 2023: €555k).

Provision for Anniversary Payments

The provision for anniversary payments developed as follows:

in EUR K	12/31/2023	12/31/2022
Present value of obligation as of January 1	1,368	1,573
Service cost	60	-2
Past service costs	70	
Interest expenses	56	15
Anniversary payments	-116	-60
Actuarial gains	-85	-158
Present value of obligation as of December 31	1,353	1,368

Defined benefit payments from anniversary provisions of €118k are planned for the 2024 financial year (planned for 2023: €120k).

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 loss of €-1,653k mainly result from the adjustment of

the related interest rates due to the increased interest rate level in 2023 (2022: actuarial gain of 1,690 due to increased interest rate level).

The following sensitivities were determined for the Austrian defined benefit obligations (corresponding to €11,305k, a significant portion of the total net obligations of €12,658k), each of which relates to the level of the provision:

in EUR K	2023		2022	
	INCREASE	REDUCTION	INCREASE	REDUCTION
Discount rate (1% change)	-1,148	1,281	-940	1,098
Future wage and salary increases (1% change)	700	-620	615	-546
Future pension increases (1% change)	402	-395	398	-340

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

IN EUR K	2023		2022	
	INCREASE	REDUCTION	INCREASE	REDUCTION
Discount rate (1% change)	-40	65	-33	44
Future wage and salary increases (1% change)	-46	40	-50	45
Future pension increases (1% change)	-9	19	-17	14

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 7.7 years (December 31, 2022: 7.6 years). The average remaining term of the pension obligations is 10.9 years (December 31, 2022: 11.0 years). The average remaining term of the severance compensation obligations is 9.8 years (December 31, 2022: 10.3 years).

(24) Other non-current liabilities

Other non-current liabilities are structured as follows:

IN EUR K	12/31/2023	12/31/2022
Slovenia project subsidy	615	646
Other	231	280
Total	846	926

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).

(25) Financial liabilities

Financial liabilities are structured as follows:

IN EUR K	12/31/2023	12/31/2022
Shareholder loans (from Fosun Fashion Group (Cayman) Limited and subsidiaries - 12%)	50,694	35,739
Bank loans	800	0
Total	51,494	35,739
of which non-current	800	
of which current	50,694	35,739

The shareholder loans, some of which are already due but subordinated, total EUR 50.7 million (December 31, 2022: EUR 16.3 million) are treated as short-term because they depend on the economic development of the group and the support measures of the main shareholder the criteria for subordination can be eliminated.

Financial liabilities include accrued interest on shareholder loans amounting to € 7,383k (December 31, 2022: €3,239).

The following table sets forth shareholder loans received:

AMOUNT IN EUR K	GRANTED	ORIGINAL MATURITY
10,000	Before 1.1.2022	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	05/08/2022	01/28/2023
2,000	08/30/2022	12/21/2022
2,000	11/29/2022	01/27/2023
32,500	12/31/2022	
1,000	07/24/2023	12/20/2023
1,000	07/28/2023	12/20/2023
500	10/24/2023	10/23/2024
1,500	10/30/2023	10/29/2024
1,500	10/31/2023	10/30/2024
3,000	11/17/2023	11/19/2024
1,200	11/28/2023	11/27/2024
42,200	12/31/2023	
AMOUNT IN USD K		MATURITY
1,200	12/08/2023	12/07/2024
1,200	12/31/2023	

All shareholder loans were granted at an interest rate of 12%. As indicated in the table above, the loans would have been predominantly due as of December 31, 2023, according to their maturity. All loans are unsecured. Of the loans granted as of December 31, 2022, EUR 16.3 million are subordinated, making repayment legally impossible.

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, 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.

During 2023, the following loans were granted by Fosun Fashion Group (Cayman) Limited with an interest rate of 12% p.a.: July 24, 2023: €1,000k, July 28, 2023: €1,000k, October 24, 2023: €500k, October 30, 2023: €1.500k, October 31, 2023: €1.500, November 17, 2023: €3.000k, November 28, 2023: €1,200k. In total Fosun Fashion Group (Cayman) Limited granted additional shareholder loans of €9,700k plus \$ 1,200 in financial year 2023.

End of March Wolford received a shareholder loan in the amount of €1.5 million from Fosun Fashion Group (Cayman) Limited. Mid of April the company received another €3.5 million as shareholder loan from Fosun Fashion Group (Cayman) Limited, an additional €2 million in May, an additional €1.25 million in June and an additional €1 million in the beginning of July.

in EUR K	overdue*)	Up to 1 month	1-3 months	4-6 months	6-12 months
As of 12/31/2023*)	41,691	39,673	0	0	9,003
As of 12/31/2022	0	7,772	7,915	0	20,052

*) overdue: Since no repayment of shareholder loans occurred in the fiscal year 2023, an amount of TEUR 35,739 was overdue as of January 1, 2023; of which EUR 16.3 million are subordinated in April 2023. The amount of overdue loan liabilities has increased due to further loans maturing in the 2023 financial year and unpaid interest. In July 2024, all shareholder loans including interest rate limits were placed on a subordinated basis.

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. As of December 31, 2022, 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. At end of financial year 2023 the conditions to lift subordination are not met.

In July 2024, Lanvin Group Holdings Limited has issued a comfort letter (hard letter of patronage) and agreed to continue to provide financial support to Wolford as needed. The stakeholder has also committed to the qualified subordination of all loans granted to date in the amount of €62.69 million and those made available

under the comfort letter, including accrued interest. Fosun Fashion Group (Cayman) Limited has also signed the comfort letter and committed to provide liquidity for the total amount of EUR 33,25 Mio ("Liquidity Injection") from 1st January 2024 to 31st July 2026 upon the request of Company's management. Until end of June 2024 EUR 9,25 Mio have already been provided which reduces the guaranteed Liquidity Injection as of 30. June 2024 from EUR 33,25 Mio to EUR 24,0 Mio.. Third party loans granted on the basis of pledged working capital up to EUR 9,6 Mio would depending on the drawing reduce or increase shareholder's commitment. This is intended to put the company in a position to meet its liabilities as they fall due at any time and ensure the company's continued existence for the foreseeable future. This comfort letter cannot be revoked until the end of July 2026. In the event that financial support is required, Lanvin Group Holdings Limited undertake to enforce the guarantee in full.

(26) Trade payables

Trade accounts payable are all due in the short term.

(27) Current provisions

in EUR K	AS OF 01/01/2023	CURRENCY DIFFERENCES	UTILIZED	REVERSED	ADDED	CHANGE OF STATEMENT	AS OF 12/31/2023
Restructuring (personell)	1,033	0	-960	0	0	0	73
Provision for onerous contracts	478	-1	-483	6	62	0	62
Total	1,511	-1	-1,443	6	62	0	135

in EUR K	AS OF 01/01/2022	CURRENCY DIFFERENCES	UTILIZED	REVERSED	ADDED	CHANGE OF STATEMENT	AS OF 12/31/2022
Restructuring (personell)	675	0	-675	0	1,033	0	1,033
Provision for onerous contracts	602	0	0	-88	0	-36	478
Total	1,277	0	-675	-88	1,033	-36	1,511

28) Income taxes

Income tax liabilities amounting to €567k (December 31, 2022: €401k) mainly relate to liabilities of foreign subsidiaries in Germany and North America and Italy.

(29) Other current liabilities

Other current liabilities comprise the following:

IN EUR K	12/31/2023	12/31/2022
Liabilities to tax authorities	6,334	5,814
Outstanding vacation entitlement	1,298	1,600
Wage and salary obligations	338	357
Other accrued payments	724	558
Liabilities for social security	1,148	2,262
Liabilities for tax advice and audit	1,239	1,124
Liabilities from variable salary components	493	1,105
Special payments	591	393
Overtime	156	338
Miscellaneous other	1,732	2,051
Total	14,054	15,602
Thereof other current non-financial liabilities	9,528	10,573
Thereof other current financial liabilities	4,526	5,029

Miscellaneous other liabilities primarily comprise debtors with credit balances, accrued taxes, fees, supervisory expenses as well as publishing costs.

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

Contract assets include €38k (December 31, 2022: €55k) 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 €1,382k (December 31, 2022: €1,041) and accruals for revenue bonuses and customer returns not yet paid of €825 (December 31, 2022: €728).

(31) Contingent liabilities

There are rental guarantees amounting to €224k (December 31, 2022: €224k).

(32) Leasing in the consolidated balance sheet

The tables below set forth the development of the acquisition costs and accumulated depreciation of right-of-use assets:

Costs

in EUR K	AS OF 01/01/2023	CURRENCY DIFFERENCES	ADDITION	DISPOSAL	AS OF 12/31/2023
Right of use buildings	102,768	-1,100	30,322	-44,484	87,507
Right of use on technical equipment and machinery	365	0	0	-314	51
Right of use on other equipment, furniture and fixtures	702	3	19	-403	321
Total	103,836	-1,097	30,341	-45,201	87,879

in EUR K	AS OF 01/01/2022	CURRENCY DIFFERENCES	ADDITION	DISPOSAL	AS OF 12/31/2022
Right of use buildings	89,773	1,223	16,451	-4,679	102,768
Right of use on technical equipment and machinery	412	0	51	-98	365
Right of use on other equipment, furniture and fixtures	576	1	215	-90	702
Total	90,761	1,224	16,717	-4,867	103,835

Accumulated depreciation

in EUR K	AS OF 01/01/2023	CURRENCY DIFFERENCES	IMPAIRMENT	REVERSAL OF IMPAIRMENT LOSSES	ADDITION	DISPOSAL	AS OF 12/31/2023
Right of use buildings	54,612	-760	5,634	-2,220	11,515	-36,077	32,703
Right of use on technical equipment and machinery	331	0	0	0	26	-314	43
Right of use on other equipment, furniture and fixtures	476	2	0	0	161	-402	238
Total	55,419	-758	5,634	-2,220	11,701	-36,793	32,984

in EUR K	AS OF 01/01/2022	CURRENCY DIFFERENCES	IMPAIRMENT	REVERSAL OF IMPAIRMENT LOSSES	ADDITION	DISPOSAL	AS OF 12/31/2022
Right of use buildings	40,526	606	1,503	0	12,124	-147	54,612
Right of use on technical equipment and machinery	337	0	0	0	47	-53	331
Right of use on other equipment, furniture and fixtures	341	0	0	0	186	-51	476
Total	41,204	606	1,503	0	12,357	-251	55,419

Carrying amounts

in EUR K	AS OF 12/31/2023	AS OF 12/31/2022 RESTATED 01/01/2023 RESTATED
Right to use buildings	54,804	48,155
Right of use on technical equipment and machinery	9	34
Right of use on other equipment, furniture and fixtures	83	226
Total	54,896	48,415

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

Impairment and reversal of previously booked impairments are displayed in the table of tangible assets. Due to the restatement of 2022, right of use assets were restated by €345k.

From additions to right of use amounting to TEUR 30,341, an amount of TEUR 12,085 relates to additions from newly concluded rental and leasing agreements, while TEUR 18,256 relate to additions from modifications. Disposals amounting to TEUR 45,201 (acquisition cost) or TEUR 36,793 (cumulative depreciation) result from early terminations of rental and leasing agreements due.

Due to the decrease in scope of the leased area of a building or early termination of lease contracts, modification gains amounting to €3,532k were recorded as other income in fiscal year 2023. In particular, the reduction in scope of the office building in Bregenz lead to a gain of €2,080.

As of December 31, 2023, the lease liabilities comprised a portion due in the long term in the amount of €48,981k (December 31, 2022: €42,161k) and a portion due in the short term in the amount of €13,542k (December 31, 2022: €15,056k). 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. As of

December 31, 2023, restricted cash in the amount of €1,022k (December 31, 2022: 936k) is reported under other current receivables.

The effects of exchange rate movements on cash and cash equivalents are 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, gain from modification of lease contracts and effects from disposal of assets and depreciation, amortization and impairment of assets and deferred tax movements.

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

in EUR K	01/01/2023	INTEREST ADDITION (NON-CASH)	ADDITION RIGHT-OF- USE ASSETS (NON-CASH)	CASH-FLOW	OTHER (NON-CASH)	12/31/2023
Financial liabilities	35,739	4,145	0	11,610	0	51,494
Lease liabilities	57,217	0	11,022	-12,388	6,672	62,522
Total financial liabilities	92,956	4,145	11,022	-778	6,672	114,016

in EUR K	01/01/2022	INTEREST ADDITION (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	0	8,751	-15,967	4,065	57,217
Total financial liabilities	71,065	2,542	8,751	6,533	4,065	92,956

The movements in non-current and current financial liabilities are presented in the cash flow statement. Other non-cash movements mainly relate to modifications of lease liabilities due to changes in existing lease contracts in the current financial year, as well as to exchange rate effects.

Cash flow from lease liabilities amounting to €15,938 (2022: €19,293k) comprise repayment portion of €12,388k (€15,967) and the interest payment of €3.550k (2022: €3,326k).

Interest paid includes interest paid for lease contracts amounting to €3,550k (2022: €3,326k) as well as interest payments for bank loans and other interest paid amounting to €874k (2022: €47k).

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 shareholder loans entered into in from 2021 onwards. 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 2023 and 2022 financial years.

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	12/31/2023	12/31/2022
Financial liabilities	51.49	35.74
- Financial assets	-1.08	-1.02
- Cash and cash equivalents	-6.47	-3.66
Net debt (excl. leases)	43.95	31.06
Equity	-34.41	-21.03
Gearing in %	-127.7	-147.7

As a result of increased financial liabilities in the financial year and the negative total comprehensive loss in 2023 and 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 was limited in part through credit insurance (quota share of 10% analogous to previous year). Credit insurance was terminated by December 31, 2023.

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 credit-worthiness of customers can be checked when they place their orders. Furthermore, incoming orders are continually monitored and checked by the relevant online shop managers. A factoring agreement for EMEA receivables was terminated effective 31 December 2023.

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

Shareholder loans are fixed-interest (12%). Interest of long term bank loans are variable, based on 3 months-EURIBOR plus spread of 4%. Due to the subordinate importance of variable-rate liabilities, there is no significant interest rate risk. 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 payables; 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 intragroup purchase of goods by the Chinese company. Accordingly, the exchange rate risk on intra-Group sales lies predominantly with Wolford AG. In July 2023, part of trade receivables from Wolford AG due from subsidiaries in US, Hongkong and Shanghai were transferred to intercompany loans. As the amounts outstanding

were treated as loans already from January 1, 2023 onwards, the transfer from trade receivables to intercompany loans was effected retrospectively beginning January 1, 2023. Consequently, foreign currency differences related to these loans are treated as other financial expense/income, whereas foreign currency differences from intercompany trade and other receivables are still accounted for as other operating expenses/income.

Liquidity Risk Management

At the Wolford Group, liquidity risks are managed and financial risks monitored by the central treasury department. This department compiles weekly and 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. The world economy in 2023 was recovering slowly and inequality and geopolitical tensions between major economies (the United States, China, Russia) and wars like in Ukraine or Gaza, resulted in uncertainties that lead to intensified monitoring of liquidity.

We refer to note (22) Equity - Going Concern in this respect.

In the fiscal year 2023, additional shareholder loans with an interest rate of 12% per annum were granted by Fosun Fashion Group (Cayman) Limited in the amount of TEUR 9,700 plus TUSD 1,200, which are due in the fiscal year 2024.

At the end of March 2024, Wolford received further shareholder loans amounting to EUR 1.5 million, and in mid-April 2024, an additional EUR 3.5 million from Fosun Fashion Group (Cayman) Limited, an additional EUR 2 million in May, an addition EUR 1,25 million in June and an additional EUR 1 million in July.

The shareholder loans were disbursed in several tranches with different maturities. According to the original maturity, the loans granted as of December 31, 2022, were generally due in 2023 but were not repaid. All loans are unsecured. In April 2023, an amount of EUR 16.3 million was subordinated until certain conditions are met. In July 2024, the remaining shareholder loans granted up to that point, along with interest accruals, were subordinated (see Note (25) Financial Liabilities or (VI.) Other Disclosures - Events After Balance Sheet date).

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, 12/31/2023	CASH FLOW 2024 Q1	CASH FLOW 2024/Q2-Q4	CASH FLOW 2025-2028	CASH FLOW 2029 AND BEYOND
Lease liabilities	62,522	3,800	11,401	24,695	33,128
Financial liabilities	51,494	39,884	11,931	980	0
Trade payables	23,968	23,968	0	0	0
Other financial liabilities (current)	4,526	2,477	1,909	0	0
Total	142,510	70,129	25,241	25,675	33,128

Payments of €14,454k were due for January 2024.

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 FOLLOWING
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)	5,029	1,412	3,618	0	0
Total	120.768	44,587	36,062	41,365	10,603

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

Primary Financial Instruments

The primary financial instruments held by the Wolford Group are reported in the balance sheet. On the asset side, financial instruments comprise securities, cash and cash equivalents, trade receivables and other financial receivables. On the liabilities side, financial instruments comprise interest-bearing financial liabilities, trade payables and other 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 credit-worthiness 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 2023 and 2022 financial year.

12/31/2023 in EUR K	LEVEL 1	LEVEL 2	LEVEL 3
Non-current assets			
Non-current financial assets	1,075	0	0
Total	1,075	0	0

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

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:

12/31/2023 in EUR K	ACQUISITION COSTS	FAIR VALUE = CARRYING AMOUNT	REALIZED PROFITS/LOSSES
Non-current assets			
Non-current financial assets	1,398	1,075	-323
Total	1,398	1,075	-323

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

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:

in EUR K 12/31/2023	VALUATION CATEGORY IN ACCORDANCE WITH IFRS9	CARRYING AMOUNT	FAIR VALUE	CURRENT	NON-CURRENT
Cash and cash equivalents	AC	6,471	6,471	6,471	0
Trade receivables	AC	12,102	12,102	12,102	0
Other financial receivables and assets	AC	7,765	7,765	5,042	2,724
Non-current financial assets	FVPL	1,075	1,075	0	1,075
Total	0	27,414	27,414	23,615	3,799
Trade payables	AC	23,968	23,968	23,968	0
Financial liabilities	AC	51,494	51,494	50,694	800
Other financial liabilities (current)	AC	4,526	4,526	4,526	0
Total	0	79,987	79,987	79,187	800

12/31/2022 RESTATEd in EUR K	VALUATION CATEGORY IN ACCORDANCE WITH IFRS 9	CARRYING AMOUNT	FAIR VALUE	CURRENT	NON-CURRENT
Cash and cash equivalents	AC	3,656	3,656	3,656	0
Trade receivables	AC	10,099	10,099	10,099	0
Other financial 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		24,436	24,436	20,121	4,315
Trade payables	AC	22,503	22,503	22,503	0
Financial liabilities	AC	35,739	35,739	35,739	0
Other financial liabilities (non-current)	AC	280	280	0	0
Other financial liabilities (current)	AC	5,029	5,029	5,029	0
Total		63,551	63,551	63,271	0

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 Classby Class

2023 in EUR K	FROM INTEREST	FROM SUBSEQUENT MEASUREMENT AT FAIR VALUE	FROM ALLOWANCES	TOTAL RECOGNIZED IN PROFIT AND LOSS
Cash and cash equivalents (AC)	40	0	0	40
Trade receivables (AC)	0	0	-111	-111
Assets measured at fair value through profit or loss (FVPL)	0	47	0	47
Financial liabilities and lease liabilities (AC)	-8,099	0	0	-8,099
Net results	-8,059	47	-111	-8,123

12/31/2022 RESTATEd in EUR K	FROM INTEREST	FROM SUBSEQUENT MEASUREMENT AT FAIR VALUE	FROM ALLOWANCES	TOTAL RECOGNIZED IN PROFIT AND LOSS
Cash and cash equivalents (AC)	46	0	0	46
Trade receivables(AC)	0	0	-831	-831
Assets measured at fair value through profit or loss (FVPL)	0	-231	0	-231
Financial liabilities and lease liabilities (AC)	-5,915	0	0	-5,915
Net results	-5,868	-231	-831	-6,931

IV. OTHER DISCLOSURES

Events After the Balance Sheet Date

End of March Wolford received a shareholder loan in the amount of €1.5 million from Fosun Fashion Group (Cayman) Limited. Mid of April the company received another €3.5 million as shareholder loan from Fosun Fashion Group (Cayman) Limited, an additional €2 million in May, an additional €1.25 million in June and an additional €1 million in the beginning of July.

In July 2024, 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 July 2026. In the event that financial support is required, Lanvin Group Holdings Limited undertake to enforce the guarantee in full. The outstanding shareholder loans so far granted by Fosun Fashion Group (Cayman) Limited to the Company have been subordinated in the total amount of €62.69 million. Repayment can only be demanded once the restructuring of Wolford has been completed and no insolvency proceedings needs to be opened in respect of these liabilities.

There was a legal dispute between Wolford and the landlord regarding the admissibility of terminating certain areas. Wolford and Blum reached an agreement on the final amount of the rent reduction and open rent laid down in a court settlement in January 2024 before the District Court of Bregenz.

In April 2024, the OePR enforcement audit was completed. The result of the audit was communicated by the OePR in a letter dated April 23, 2024. The management board has until May 7, 2024, to agree to the audit findings. The findings of the OePR are reflected in the present financial statements. Reference is made to disclosure (I.5) Corrections of an error for the adjustments made. On May 3, 2024, the company announced that Regis Rimbart had been appointed to the Management Board with effect from May 6, 2024. On June 13, 2024, the Supervisory Board and CEO Silvia Azzali agreed to terminate her Executive Board mandate by mutual consent with effect from June 14, 2024. At the same time, Regis Rimbart was appointed as the new CEO for 3 years. In an extraordinary shareholder meeting on June 14, 2024, Eric Chan, Alex Wu and Sebastian Yun Wu have been elected as members to the Supervisory Board of Wolford AG, after Paul Kotrba, Chenling

Zhang and Thomas Dressendörfer have resigned. 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 € 655k was paid to FFBM in the financial year (2022 financial year: €1,568k); the amount of outstanding payables as of December 31, 2023, is €776k (December 31, 2022: €1.225k).

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%.

As of December 31, 2023, shareholder loans totaling to €43,311k consisting of €42,200k and \$1,200k (December 31, 2022: €32,500k were granted from Fosun Fashion Group (Cayman) Limited and its subsidiaries. As of December 31, 2023, interest of € 7,383k (December 31, 2022: €3,239k) was accrued. During fiscal year 2023 and 2022, no repayments of the loans or interest payments were made. All loans have been granted at an interest rate of 12% p.a. resulting in interest expense for fiscal year 2023 of €-4,145k (2022: €-2,542k).

As of December 31, 2023, there is a financial liability to the shareholder in the amount of €50,694 (December 31, 2022: €35,739k (including interest)).

Disclosures on the Management and Supervisory Boards

2023 IN EUR K	(CURRENT) REMUNERATION	OTHER REMUNERATION	SEVERANCE COMPENSATION	PENSIONS	TOTAL REMUNERATION
Expenses for members of the Management Board	600	13	0	0	613
of which variable	23	0	0	0	23
Former members of the Management Board	283	0	0	0	283
Total	883	13	0	0	896

In 2023, no bonuses were paid for the 2022 financial year (2022 fiscal year: EUR 126 k) and EUR 100 k was accrued for the 2023 financial year.

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

Expenses for remuneration to the Supervisory Board amounted to €120k in the financial year (2022 financial year: €132k). No advances were paid out in 2023 and 2022 financial years, 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 2023 financial year were:

- Silvia Azzali, Chief Commercial Officer, Chief Executive Officer (CEO as of July 1, 2023, until June 14, 2024)
- Ralf Polito, Chief Commercial Officer (COO) since April 17, 2023
- Paul Kotrba, Chief Operating Officer (COO), until April 16, 2023

On April 12, 2023, Ralf Polito and the Supervisory Board unanimously agreed that Ralf Polito will take up the mandate as COO ahead of schedule already on April 17, 2023. Initially Ralf Polito, appointed to the Executive Board as of July 1, 2023 with responsibility for Supply Chain and Production, Legal, Investor Relations, IT as well as PMO. Interim COO Paul Kotrba left the Wolford AG Executive Board early on April 16, 2023.

Silvia Azzali was appointed as CEO as of 1 July 2023. She remained responsible for the tasks she was already responsible for as CCO, which are Sales all channels and markets, Design, Creative Product Development, Merchandising, Brand & Marketing, Human Resources as well as Finance.

On May 3, 2024, the company announced that Regis Rimbart had been appointed to the Management Board with effect from May 6, 2024. On June 13, 2024, the Supervisory Board and CEO Silvia Azzali agreed to terminate her Executive Board mandate by mutual consent with effect from June 14, 2024. At the same time, Regis Rimbart was appointed as the new CEO for 3 years.

The members of the Supervisory Board in the 2023 financial year have been:

- David Chan, Chair
- Thomas Dressendörfer, Deputy Chair
- Chenling Zhang
- Paul Kotrba, member, since June 15, 2023 until December 31, 2023
- Shang Hsiu Koo, member, until January 31, 2023

At the Annual General Meeting on June 15, 2023, Paul Kotrba, former COO of Wolford AG, and Thomas Dressendörfer, were elected respectively reappointed to the Supervisory Board with the votes of the major shareholder. Shang Hsiu Koo resigned as a member of the Supervisory Board effective with January 31, 2023. The mandate of Thomas Dressendörfer ended at the close of this Annual General Meeting. There were thus two new members to

be appointed at this Annual General Meeting in order to reach the number of four members elected by the AGM again. The Work Council's representatives on the Supervisory Board in the 2023 financial year were:

- Alexander Greußing
- Christian Greußing

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 July 26, 2024. The Supervisory Board is required to perform its own review of the consolidated financial statements and to declare whether it has approved them.

Bregenz, July 26, 2024



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



Regis Rimbart
Responsible for Sales all channels and markets, Design, Creative Product Development, Merchandising, Brand & Marketing, Human Resources as well as Finance

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, 2023, 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, 2023, 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, July 26, 2024



Regis Rimbart CEO

Responsible for Sales all channels and markets, Design, Creative Product Development, Merchandising, Brand & Marketing, HR as well as Finance.

Ralf Polito COO



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

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, 2023, the consolidated statement of comprehensive income, 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, 2023 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.

Material Uncertainty Related to Going Concern

We refer to section I.1 (Accounting Principles - Basis of Preparation) and section III. note (22) (Notes to the Balance sheet - negative Equity) of the notes to the consolidated financial statements, where the Management Board states that Wolford Aktiengesellschaft due to lower-than-budgeted sales generated a negative net result of EUR -30.755 thousand in the financial year ending 31 December 2023 despite savings in operating costs.

The management further states that they have taken further measures to increase operational efficiency. Processes are

being further optimized and the focus on cost control and sales activities has been intensified again. The business results achieved on the cost side are not yet sufficient to stabilize the company's cash flows, particularly to cover investment needs to be made in the IT and retail areas. To ensure adequate liquidity, the company has gained further access to loans from the majority shareholder. In the 2023 financial year, liquid funds were raised through a capital increase in the amount of EUR 17.6 million and further shareholder loans from Fosun Fashion Group (Cayman) Limited in the amount of EUR 9.7 million and USD 1.2 million. In the current financial year 2024, the shareholder has provided further loans of EUR 9.25 million, thereby reaffirming its financial commitment. The first months of 2024 continue to show a positive trend in all cost-saving measures. On the sales side, the Group is currently behind budget - part of this is due to delivery delays caused by the switch from the previous to the new logistics service provider. This backlog is to be reduced by the end of July 2024. Another reason for the below-average sales performance is problems in the supply chain caused by late payments to suppliers.

The main shareholder Lanvin Group Holdings Limited has issued a letter of comfort and subordination (hard letter of patronage) to secure Wolford's continued existence and has agreed to continue to support Wolford financially if necessary. Fosun Fashion Group (Cayman) Limited has also signed the letter of comfort and subordination and has committed to a qualified subordination of all loans granted to date (July 2024) in the amount of EUR 62.69 million as well as the funds made available in the future under the letter of comfort, including accrued interest. Lanvin Group Holdings Limited undertakes to provide additional liquidity totaling EUR 33.25 million from January 1, 2024 to July 31, 2026 at the request of the company management ("liquidity injection"). EUR 9.25 million had already been provided by the end of June 2024, reducing the guaranteed liquidity injection as of June 30, 2024 from EUR 33.25 million to EUR 24.0 million. Should Wolford AG receive loans of up to EUR 9.6 million from third parties on the basis of pledged trade receivables and goods, these would reduce or increase the shareholder's obligation depending on utilization. These measures are intended to enable the company to meet its liabilities at any time when they fall due and to secure the company's continued existence for the foreseeable future. This hard letter of comfort cannot be revoked until the end of July 2026. In the event that financial support is required, Lanvin Group Holdings Limited undertakes to enforce the guarantee in full. Based on the commitments received and a liquidity plan, the Executive Board concludes that the company's consolidated financial statements for 2023 should be prepared on a going concern basis.

We would like to point out that the group is overindebted based on book values and therefore group's ability to continue as 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, that enable the financing of ongoing business operations, also under the consideration of the shareholder's support commitment, 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 (including right-of-use-assets according to IFRS 16)

Reasons why the matter was determined as key audit matter

Wolford Aktiengesellschaft reports property, plant and equipment including right-of-use-assets of MEUR 63.1 (previous year (adjusted): MEUR 56.4) in its consolidated financial statements as of December 31, 2023. Property, plant and equipment include MEUR 54,9 (previous year (adjusted): MEUR 48,4) 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:

- Assessment of the suitability and reliability of the design and organisation 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 check and analysis of the key assumptions, particularly with regard to sales development in line with market expectations;
- 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 Policies) and section II.7 (Depreciation and amortization, impairment losses and reversals of impairment losses) of the consolidated financial statements.

Correction of an Error

In the course of a random audit by the Austrian Financial Reporting Enforcement Panel (OePR), errors were identified. These related to the following matters

- Uncorrected cut-off errors in the course of the financial year 2022 audit
- Missing depreciation of property, plant and equipment that was already ready for use
- Multiple recognition of write-ups, whereby development of the amortised cost was not taken into account
- Selection of impairment testing parameters not in line with market conditions

In the course of our audit we encountered following error allocated to prior period:

- Failure to recognise fees and credit card costs

How we addressed the matter in the audit

Our audit procedures included, among others, the following activities:

- Assessment of the impact of the errors
- Review of recognition and presentation in the financial statements in accordance with IAS 8

Reference to related disclosures in the consolidated financial statements

The corresponding disclosures from Wolford Aktiengesellschaft regarding IAS 8 are included in the notes in section I.5 (Correction of an Error) 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.

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 and, in doing so, to consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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.

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, 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 "Financial Review", which covers the analysis of the Group's financial position. We refer further to the section "Outlook and Targets" and "Wolford's Development" in the Group management report, which covers the expected development of the Group and to the section "Explanation of Material Risks and Opportunities" 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 June 15, 2023. We were appointed by the Supervisory Board on December 21, 2023. 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.

We provided the following services, in addition to the statutory audit, to the audited company and its controlled undertakings, which have not been disclosed in the financial statements or in the management report.

- Support in the course of the OePR audit

Responsible Austrian Certified Public Accountant

The engagement partner on the audit is Mr Christoph Zimmel, Certified Public Accountant.

Vienna, July 29, 2024

**Grant Thornton Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft**

MMag Christopf ZIMMEL mp
Wirtschaftsprüfer und Steuerberater

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

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

03

WOLFORD AG

ANNUAL ACCOUNTS

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Balance Sheet

ASSETS

	12/31/2023 in EUR	12/31/2022 in EUR K
A. Non-current assets		
I. Intangible assets		
1. Rental rights and software	341,171.00	445
2. Advance payments	148,002.88	0,00
	489,173.88	445
II. Property, plant and equipment		
1. Land and buildings	217,200.70	266
2. Technical equipment and machinery	762,995.00	1,122
3. Other equipment, furniture and fixtures	444.669,71	546
	1,424,865.41	1,934
III. Financial assets		
1. Interests in associated companies	8,419,293.39	13,552
2. Restructuring surplus	5,471,058.77	0
3. Loans to associated companies	5,896,604.62	8,257
4. Investment securities	1,075,517.20	1,028
	20,862,473.98	22,837
	22,776,513.27	25,216
B. Current Assets		
I. Inventories		
1. Raw materials and supplies	5,119,600.89	5,673
2. Works in progress	5,229,424.17	5,992
3. Finished products and goods	10,546,932.96	11,904
	20,805,958,02	23,569
II. Receivables and other assets		
1. Trade receivables	2,357,804.12	3,489
of which with a residual term of more than one year	0.00	0
2. Receivables from associated companies	21,781,915.89	23,682
of which with a residual term of more than one year	0.00	0
3. Other receivables and assets	3,113,382.81	3,890
of which with a residual term of more than one year	0.00	0
	27.253.102,82	31,061
III. Cash assets and credit with banks	1,811,352.12	887
	49.870.412,96	55,517
C. Accruals and deferred income	1,088,483.91	1,326
Total	73.735.410,14	82,059

LIABILITIES

	12/31/2023 in EUR	12/31/2022 in EUR K
A. Negative Equity		
I. Issued called-up and paid-in share capital		
1. Called-up nominal capital	46,337,596.80	32,252
2. Less: Nominal amount of treasury shares	-423,072.00	-423
	45,914,524.80	31,829
II. Appropriated capital reserves	4,929,110.48	1,408
III. Retained earnings		
1. Statutory reserve	1,817,500.00	1,818
	1,817,500.00	1,818
IV. Reserves for treasury shares	423,072.00	423
V. Net loss	-92,622,027.97	-37,594
of which loss carried forward	37,593,605.00	49,078
	-39,537,820.69	-2,117
B. Provisions		
1. Provisions for severance compensation	5,554,413.03	5,126
2. Provisions for pensions	4,539,056.43	3,913
3. Other provisions	3,653,515.81	4,388
	13,746,985.27	13,427
C. Liabilities		
of which with a residual term of up to one year	99,526,245.56	70,748
of which with a residual term of more than one year	0.00	0.00
1. Trade payables	17,462,763.00	15,538
of which with a residual term of up to one year	17,462,763.00	15,538
of which with a residual term of more than one year	0.00	0
2. Liabilities to associated companies	78,395,898.39	49,022
of which with a residual term of up to one year	78,395,898.39	49,022
of which with a residual term of more than one year	0.00	0
3. Other liabilities	3,667,584.17	6,188
of which with a residual term of up to one year	3,667,584.17	6,188
of which with a residual term of more than one year	0.00	0
of which from taxes	2,059,567.57	2,627
of which in the framework of social security	381,821.15	1,511
	99,526,245.56	70,748
Total	73,735,410.14	82,059

Income Statement

	01/01/2023 – 12/31/2023 in EUR	01/01/2022 – 12/31/2022 in EUR K
1. Revenue	68,181,655.06	71,016
2. Changes in inventories of finished goods and work in progress	-2,124,798.12	3,322
3. Other operating income		
a) Income from disposal of and appreciation in non-current assets with the exception of financial assets	27,242.05	54
b) Income from the reversal of provisions	336,159.30	75
c) Other	4,166,872.96	877
	4,530,274.31	1,006
4. Expenses for materials and other acquired production services		
a) Cost of materials	-22,417,893.93	-25,691
b) Expenses for acquired services	-8,374,667.06	-9,622
	-30,792,560.99	-35,313
5. Personnel expenses		
a) Wages	-2,437,275.25	-2,593
b) Salaries	-15,527,866.59	-17,527
c) Social security contributions		
aa) Expenses for retirement benefits	-746,581.23	-253
bb) Expenses for severance compensation and payments to company employee pension funds	-1,164,980.49	-1,440
cc) Expenses for statutory social security contributions, payroll-based duties, and other mandatory contributions	-4,700,736.18	-5,407
dd) Other	-121,173.03	-154
	-24,698,612.77	-27,374
6. Depreciation and amortization duties, and other mandatory contributions		
a) on intangible non-current assets and property, plant and equipment	-826,670.38	-1,101
b) on current assets	-15,383,744.76	-13,467
	-16,210,415.14	-14,568
7. Other operating expenses		
a) Taxes in as far as they do not fall under line 16	-91,969.68	-22
b) Other	-37,748,593.57	-37,735
	-37,840,563.25	-37,757
8. Subtotal of lines 1 to 7 (loss)	-38.955.020,90	-39,668
9. Income from other securities and lending classified as financial assets	12,846.51	11
of which from affiliated companies	0.00	0

	01/01/2023 – 12/31/2023 in EUR	01/01/2022 – 12/31/2022 in EUR K
10. Other interest and similar income	2,973,256.23	146
of which from affiliated companies	2,970,656.16	146
11. Income from appreciation on financial assets	47,845.20	0,00
12. Expenses from long-term financial assets	-14,341,204.14	-1,031
a) of which depreciation and amortization	-14,341,204.14	-1,031
b) of which expenses from affiliated companies	-14,341,204.14	-1,031
13. Interest and similar expenses	-4,760,895.87	-2,547
of which concerning affiliated companies	-4,144,502.34	-2,536
14. Subtotal of lines 9 to 13 (loss)	-16,068,152.07	-3,421
15. Loss before tax (subtotal of line 8 and line 14)	-55,023,172.97	-43,089
16. Tax on income and earnings	-5,250.00	829
of which tax allocation	-5,250.00	829
17. Loss after tax = net loss for the year	-55,028,422.97	-42,260
18. Income from the capital reduction	0.00	16,378
19. Income from the reversal of capital reserves	0.00	9,917
20. Income from the reversal of retained earnings	0.00	27,450
21. Loss carryforward from the previous year	-37,593,605.00	-49,078
Net loss	-92,622,027.97	-37,593

NOTES for the 2023 financial year

Wolford Aktiengesellschaft (hereinafter also Wolford AG), is a stock corporation 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 (the largest group).

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 are published on its home page. The company applies Section 243b (6) Austrian Company Code (UGB) and prepares a separate non-financial report which is also published on the Wolford AG home page.

I. ACCOUNTING POLICIES

The annual financial statements have been prepared in accordance with the Standards of Accounting and in due consideration of the general standard of providing a true and fair view of the financial position, financial performance, and cash flows of the company. The accounting policies remained the same compared with the previous year.

Due to the merger of Wolford Beteiligung GmbH with Wolford AG during the 2023 financial year, the present figures are only partially

comparable. Additionally, reclassifications were made in liabilities to banks, received advance payments, and other liabilities, and the prior year values were also adjusted accordingly.

The annual financial statements were prepared on the basis of the principle of completeness. The single valuation method is used and continuation of the company as a going concern assumed in the valuation of individual assets. All identifiable risks and anticipated losses were taken into account. Wolford Aktiengesellschaft closed the financial year with a negative result after tax of €-55,028,422.97 (2022 financial year: negative result after tax of €-42,260,518.35). Refer to Section II, "Going Concern and Material Uncertainties," in this appendix, where the sources of significant uncertainties regarding business continuity are described.

Acquired intangible assets are valued at acquisition costs which are reduced by depreciation or amortization within the useful life. Depreciation or amortization is recognized on a straight-line basis. The useful life of special software is calculated on a basis of ten years. Standard software is depreciated over four years. Lease rights are amortized over three to ten years, depending on the lease term.

Property, plant and equipment are valued at acquisition or production costs which are reduced by depreciation. No interest on debt is capitalized when calculating acquisition or production costs. Depreciation and amortization is recognized on a straight-line basis and is based on the typical useful life of the relevant non-current assets.

Straight-line depreciation and amortization are based on the following useful lives:

Buildings	10 to 50 years
Technical equipment and machinery	5 to 20 years
Other equipment, furniture and fixtures	2 to 10 years

Depreciation is recognized on a monthly basis. Low-value assets amounting to €1,000 (previous year: EUR 800) are recognized as additions and disposals in the year of acquisition.

Impairment losses are recognized if the impairments are expected to be long-term. Financial assets are valued at acquisition cost. Impairment losses are recognized if the impairments are expected to be long-term. Investment recoverability is calculated using the investment's discounted cash flows based on planned values and their equity capital structure. Due to the merger of Wolford Beteiligung GmbH with Wolford AG during the 2023 financial year, a negative difference of restructuring surplus was capitalized under the modified book value. This amount was allocated to the acquired participations and is therefore not amortised.

Raw materials and supplies are measured at the lower cost or market price at the reporting date. Work in progress and finished goods are measured at the lower cost or market price at the reporting date. Production costs include all expenses that can be directly allocated to the product, and all variable and fixed overheads incurred in relation to production. Appropriate allowances are recognized to reflect any inventory risks resulting from the storage duration and reduced marketability. Purchased goods are measured at the lower of cost or market price at the reporting date.

Receivables and other assets are recognized at par value. Foreign currency receivables are valued at their original exchange rate or the lower average exchange rate as of the balance sheet date.

For trade receivables, allowances are made for expected losses based on the aging structure. 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. Should there be any indications of credit impairment and the receivables are not expected to be fully collectible, then individual allowance 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. An appropriate impairment loss is recognized for expected losses on all other receivables.

Prepaid expenses comprise expenses incurred prior to the reporting date to the extent that they represent expenses for a certain period after that date.

The provision for severance compensation and provision for anniversary payments are calculated in accordance with recognized actuarial principles, while taking due account of the calculation requirements of IAS 19. The following parameters are used to calculate the provision recognized according to the projected unit credit method:

Biometric accounting principles	Years	2023: AVÖ 2018 – P	2022: AVÖ 2018 – P
Discount rate		3.44% and 3.49% p.a.	4.09% and 4.14% p.a.
Wage/salary trend		3.00% p. a	3.00% p. a
Retirement age		64 – 65	64 – 65
Staggered employee turnover (Provision for anniversary payments)	0–2 years	24%	24%
	3–4 years	22%	22%
	5–9 years	16%	16%
	10–14 years	14%	14%
	15–19 years	9%	9%
	20–29 years	3%	3%
	from 30	0%	0%

The provision for pensions is calculated in accordance with recognized actuarial principles taking due account of the calculation requirements of IAS 19. The following parameters are used to calculate the provision formed according to the projected unit credit method:

BIOMETRIC PRINCIPLES	2023: AVÖ 2018 – P	2022: AVÖ 2018 – P
Discount rate	3,51 % p.a.	4,16 % p.a.
Valorization of salaries	1.70% and 3.00% p.a.	1,70 % and 3,00 % p.a.

Changes to provisions regarding severance compensation, anniversary payments and pensions are recognized in personnel expenses. The interest expenses identified in the actuarial reports were recognized as such.

All identifiable risks as of the balance sheet date and contingent liabilities in terms of amount and merit, together with the expected settlement amounts, are recognized in other provisions in line with the caution principle.

Liabilities are recognized at the higher of their par value or settlement amount. Foreign currency liabilities were valued at acquisition price or the higher average exchange rate as of the balance sheet date.

Deferred taxes are valued at the corporation tax rate of 23% without consideration of discounting. Deferred taxes are recognized in tax loss carryforwards if their utilization is reasonably certain during the next financial year. The Eco-Social Tax Reform was enacted on January 20, 2022. It envisages an incremental lowering of the corporation tax rate in Austria from 25.00% to 23.00% (2023: 24.00%; from 2024 onward: 23.00%). This change in the corporate income tax rate has no significance for the calculation of deferred taxes, as the surplus assets and possible tax savings from tax loss carryforwards have been fully written down.

II. GOING CONCERN AND MATERIAL UNCERTAINTIES

As a result of successful restructuring measures with significant improvement in operational expenses vs. previous year the Wolford Group is able to improve EBITDA, close to breakeven point. Even though Wolford AG was subject to wage increases of 9,6 % on average in Austria, operating cost was significantly reduced in all areas. Nevertheless, Group EBIT for the full year 2023 amounted to EUR -17.69 million and therefore continues to be negative. Wolford AG ended the fiscal year with a standalone net loss after taxes of 55,028,422.97 euros (fiscal year 2022: net loss after taxes of 42,260,518.35 euros).

Thus, Wolford remained in a difficult financial position also in 2023. Cash flows from operating activities and other sources of financing were not sufficient to meet its regular payment obligations. The Wolford Group was dependent on borrowed capital and external financing granted on favourable terms. Wolford has covered its past financing requirements through shareholder loans from its main stakeholder.

Wolford has taken further measures to increase operational efficiency. Processes are being further optimized and the focus on cost control and sales activities has been intensified again. The business results achieved on the cost side are not yet sufficient to stabilize the company's cash flows, particularly because investments need to be made in the IT and retail areas. To ensure adequate liquidity, the company has gained further access to loans from the majority shareholder. As a result of the capital increase, which was entered in the commercial register on February 15, 2023, Wolford AG received EUR 17.6 million before deduction of the resulting costs., Wolford is and has been in close contact with financial institutions and the parent company regarding further financing models. In the financial year 2023, Fosun Fashion Group (Cayman) Limited granted additional shareholder loans of €9,700T plus \$ 1,200T, as well as €9,250T made available in the current 2024 financial year, thus confirming its financial commitment.

Wolford is currently working intensively on strengthening its presence and visibility. This is being achieved through 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. Despite significant geopolitical challenges, Wolford was able to marginally increase its revenue in 2023 compared to 2022. In addition, it reduces fixed and variable costs in all functions. Based on the restructuring measures already implemented and the current revenue trend, Wolford is confident that it will be able to build on this trend in 2024 and present a further improvement in EBIT earnings in the 2024 financial year. The prerequisite for this is that no macroeconomic events beyond the company's control further worsen the situation. Thus, it also presupposes that the geopolitical uncertainties in Ukraine and Israel do not lead to further distortions in the global economy. The company is continuing its targeted efforts to improve the efficiency of personnel costs, reduce consulting costs, reduce collection size, and make demand planning and the production process more efficient.

Wolford's systems and IT infrastructure are outdated and pose a further risk to continued business operations. Wolford has therefore planned and completed numerous projects within the IT infrastructure despite the tight financial situation. In the 2024 budget, Wolford AG has foreseen the introduction of a new ERP system to standardize this critical IT landscape.

The first months of 2024 continue to show a positive trend regarding all cost-saving measures. The Group is currently behind budget on the turnover side. - Part of it is due to delayed deliveries, caused by the switch from Wolford AG's existing to a new logistics service provider. This backlog is planned to be eliminated by the end of July. Further reason for underperformance of turnover are supply chain problems caused by late payments to suppliers.

Successful brand positioning in international markets is crucial for Wolford's further development. The company will continue to pursue the global positioning of its brand through its "The W" and "The W Lab" lines. This includes the continuation of successful cooperations, limited capsule collections developed in collaboration with international star designers and the exploitation of growth opportunities in the US and Chinese markets. Based on these measures, management believes Wolford is well positioned to return to revenue growth and profitability.

In addition, Lanvin Group Holdings Limited has issued a comfort letter (hard letter of patronage) and agreed to continue to provide financial support to Wolford as needed. The stakeholder has also committed to the qualified subordination of all loans granted to date in the amount of €62.69 million and those made available under the comfort letter, including accrued interest. Fosun Fashion Group (Cayman) Limited has also signed the comfort letter and committed to provide liquidity for the total amount of EUR 33,25 Mio ("Liquidity Injection") from 1st January 2024 to 31st July 2026 upon the request of Company's management. Until end of June 2024 EUR 9,25 Mio have already been provided which reduces the guaranteed Liquidity Injection as of 30. June 2024 from EUR 33,25 Mio to EUR 24,0 Mio.. Third party loans granted on the basis of pledged working capital up to EUR 9,6 Mio would depending on the drawing reduce or increase shareholder's commitment. This is intended to put the company in a position to meet its liabilities

as they fall due at any time and ensure the company's continued existence for the foreseeable future. This comfort letter cannot be revoked until the end of July 2026. In the event that financial support is required, Lanvin Group Holdings Limited undertake to enforce the guarantee in full. The Management Board therefore conclude that the company's annual and consolidated financial statements for 2023 should be prepared using the going concern principle.

III. NOTES TO THE BALANCE SHEET

Non-current Assets

Intangible assets relate to tenancy rights for acquired boutiques and to software. For development of non-current assets, see asset analysis pursuant to Section 226 UGB (Annex 1 to the Notes). Loans to associated companies all have a term to maturity of more than one year. As at January 1, 2023, loans were granted to Wolford America, Inc. in the amount of USD 20,000,000.00, to Wolford Asia Limited in the amount of HKD 38,000,000.00 and to Wolford (Shanghai) Trading Co, Ltd. in the amount of CNY 43,500,00.00 at an interest rate of 10%. These loans were written down by 100%. The interest rate for loans granted before 2023 was 1.4%. As in the previous year, currency risk was not hedged by derivative financial instruments as at 31 December 2023.

Current Assets

The maturity structure of receivables and other assets can be found in the balance sheet. In November 2021, a factoring agreement for receivables was concluded for sale of receivables worth up to €5,000k, with the first transactions under the agreement taking effect in 2022. The factoring agreement was terminated as of December 31, 2023.

Of the receivables from associated companies amounted to €15,594,618.09 as of reporting date December 31, 2023 (December 31, 2022: €20,043,388.69) for trade receivables and €6,187,297.80 (December 31, 2022: €3,638,075.34) for other receivables. The impairment test of receivables from affiliated companies amounted to €16,124,870.56 as at December 31, 2023 (December 31, 2022: €18,652,655.81).

As at December 31, 2022, other receivables included receivables from Covid-19 subsidies such as loss compensation in the amount of €1,176,742.02 were recorded. The final payment of €1,673,123.32 was made in December 2023, meaning that no Covid-19 funding is outstanding.

Negative Equity

On January 18, 2023, the Management Board of Wolford AG set the subscription period for the ordinary share capital increase from €32,251,924.80 by a maximum of €16,125,960.00 to €48,377,884.80 by issuing a maximum of 3,359,575 new shares from January 23 to February 6, 2023 (inclusive) and the value date to February 14, 2023, as resolved by the Extraordinary General Meeting of Wolford AG on December 1, 2022. As already resolved by the Extraordinary General Meeting, the subscription price per new share was €6.00 and the subscription ratio was 2:1 (2 subscription rights entitle holders to subscribe for 1 new

ordinary share). The subscription rights were booked to existing shareholders on January 23, 2023, based on the balance of the securities account as of January 20, 2023, at 23:59. The subscription rights have the ISIN code AT0000A32430. Trading of the subscription rights (auction trading) was possible on the Vienna Stock Exchange on January 27, 30 and 31, 2023 (inclusive). The invitation to subscribe was published in the Official Gazette of the Wiener Zeitung on January 19, 2023.

After the subscription offer, the new shares of the company for which subscription rights were not exercised during the subscription period were offered to shareholders who subscribed for at least 500,000 new shares in the subscription offer in a private placement at the subscription price. The prospectus for the offer of the new shares in Austria, prepared in accordance with the Austrian Capital Market Act (Kapitalmarktgesetz, KMG) and the Prospectus Ordinance, was approved by the Financial Market Authority on January 18, 2023.

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

Approximately 66.9% of the 2,934,515 new shares were subscribed by FFG Wisdom (Luxembourg) S.à r.l. as beneficiary. Approximately 32.7% of the 2,934,515 new shares were subscribed for by Ralph Bartel as assignee. The remaining number of new shares was subscribed by other beneficiaries. FFG Wisdom (Luxembourg) S.à r.l. holds 61.02% of the Wolford shares after the capital increase.

In the absence of further changes, Mr. Bartel would hold 29.62% of the shares. The application for registration of the execution of the capital increase in the commercial register was filed with the Regional Court of Feldkirch (commercial register) on February 15, 2023. With effect of that day, the capital was increased by the issuance of 2,934,515 new shares, resulting in an inflow of € 17,607,090, less of related expenses of €179,985. The capital increase led to an increase in share capital of €14,085,672 and additional paid in capital of €3,341,433. The called-up nominal capital within the share capital amounts to €46,337,596.80 (December 31, 2022: €32,251,924.80). The number of treasury shares, totaling 88,140 shares, remained unchanged as of December 31, 2023, compared to December 31, 2022. Insolvency due to over-indebtedness generally occurs when a debtor's assets no longer cover existing liabilities, unless it is highly likely that the business will continue operations. The operations is supported by the capital increase carried out in February 2023, which resulted in a gross inflow of 17,607,090.00 euros, as well as a comfort letter provided by the shareholder in July 2024. For further details, see the section "Going Concern and Material Uncertainties."

Provisions

Development of other provisions is presented as follows:

in EUR	as of 01/01/2023	Utilized	Reversed	Added	As of 31/12/2023
Anniversary payments	1,308,990.66	111,647.32		101,863.98	1,299,207.32
Restructuring measures	603,000.00	603,000.00			0.00
Outstanding vacation entitlement	962,663.83	287,096.08			675,567.75
Bonuses and special remuneration	335,000.00		335,000.00	100,000.00	100,000.00
Consultancy	370,000.00	370,000.00		561,500.00	561,500.00
Overtime	122,662.86	18,262.77		11,368.65	115,768.74
Sales returns	221,123.00	221,123.00		447,472.00	447,472.00
Other	464,982.68	463,823.38	1,159.30	454,000.00	454,000.00
Total	4,388,423.03	2,074,952.55	336,159.30	1,676,204.63	3,653,515.81

The restructuring provision in 2022 mainly comprised severance scheme payments and severance compensation in connection with the company's realignment. The provision recognized as of December 31, 2022, amounting to €603,000.00, was fully utilized in the 2023 financial year.

Other provisions include mainly sales bonus expenses, publications (Annual Report) and Supervisory Board remuneration.

Liabilities

Liabilities and their maturity structures can be found in the balance sheet structure. As of December 31, 2023, as was the case at December 31, 2022, there are no liabilities with a term to maturity of more than 5 years. The liabilities to associated companies result from trade payables to the production company in Slovenia and the sales companies as well as from the shareholder loans from Fusion Fashion Group (Cayman) Limited amount to €42,200,000.00 and USD 1,200,000.00 plus interest in the amount of €7,383,157.02 (previous year: EUR 32,500,000.00 and interest of EUR 3,238,604.69). No repayments were made in the 2023 financial year. The shareholder loans, along with accrued interest, are fully subordinated according to the comfort letter from July 2024. Repayment can only occur if an annual financial statement of Wolford AG again meets the criteria specified by the Corporate Reorganization Act (URG). No insolvency proceedings should be opened for these liabilities. The loans of Fusion Fashion Group (Cayman) have the following maturities.

Amount in EUR k	Granted	Maturity
10,000	Before 1.1.2022	31.12.2023
2,500	28.01.2022	31.12.2023
5,000	23.05.2022	31.12.2023
2,000	28.06.2022	18.02.2023
4,000	20.07.2022	12.03.2023
1,500	29.07.2022	21.03.2023
3,500	08.05.2022	28.01.2023
2,000	30.08.2022	21.12.2022
2,000	29.11.2022	27.01.2023
32,500	31.12.2022	
1,000	24.07.2023	20.12.2023
1,000	28.07.2023	20.12.2023
500	24.10.2023	23.10.2024
1,500	30.10.2023	29.10.2024
1,500	31.10.2023	30.10.2024
3,000	17.11.2023	19.11.2024
1,200	28.11.2023	27.11.2024
42,200	31.12.2023	
Amount in USD k	GRANTED	MATURITY
1,200	8.12.2023	07.12.2024
1,200	31.12.2023	

In 2023, no repayment was made. The final interest payments from financial liabilities from 2023 are due in the following periods:

in EUR K	Overdue as 31.12.*)	Up to 1 Month	1–3 Months	4–6 Months	6–12 Months
As of 12/31/2023	41.691	0	0	0	9.003
As of 12/31/2022	0	7.772	7.915	0	20.052

*) overdue: Since no repayment of shareholder loans occurred in the fiscal year 2023, an amount of TEUR 35,739 was overdue as of January 1, 2023; of which EUR 16.3 million are subordinated in April 2023. The amount of overdue loan liabilities has increased due to further loans maturing in the 2023 financial year and unpaid interest. In July 2024, all shareholder loans including interest rate were placed on a subordinated basis.

IV. NOTES TO THE INCOME STATEMENT

Total Cost Method

The income statement is prepared in accordance with the total cost method.

Revenues Breakdown

a) by location

in EUR	2023	2022
Within Austria	8,625,893.16	9,955,940.98
Outside Austria	59,555,761.90	61,059,948.12
	68.181.655,06	71,015,889.10

b) by product group

in EUR	2023	2022
Legwear	25,572,980.04	27,614,129.96
Ready-to-wear	31,924,106.64	32,534,159.07
Lingerie	9,846,102.34	9,753,771.45
Swimwear	353,737.45	393,328.64
Accessories	321,901.16	376,422.11
Trade goods	162,827.43	344,077.87
	68.181.655,06	71,015,889.10

Other operating income

in EUR	2023	2022
Gains on disposals of non-current assets	27,242.05	53,552.24
Income from the reversal of provisions	336,159.30	74,922.62
Covid-19 subsidies (grant)	1,673,123.32	0
Austrian Public Employment Service (AMS) short-time work allowance	0	8,987.95
Currency differences	50,209.29	510,213.63
Reversed individual allowances	33,193.47	0
Insurance income	182,838.33	0
Other subsidies	142,981.28	73,456.91
Marketing contributions	362,000.00	0
Research income	1,347,827.11	0
Other	374,700.16	284,593.58
	4,530,274.31	1,005,726.93

The main item in other items is a compensation for the termination of a lease.

Expenses for materials and other acquired production

Expenses for materials

Expenses for materials in EUR	2023	2022
Yarns	3,221,319.21	4,454,802.81
Bought-in goods	10,582,272.60	10,685,268.40
Fabrics	3,050,788.33	3,886,391.38
Accessories, elastic	798,185.48	1,580,707.39
Energy and water	1,394,380.57	1,788,423.16
Other cost of materials	3,446,786.76	3,368,749.44
Cash discount income	-75,839.02	-73,363.69
	22,417,893.93	25,690,978.89

Other cost of materials mainly includes costs for get-up, costs for dyes, freight costs and customs duties.

Expenses for other acquired production services

Expenses for materials in EUR	2023	2022
Contract work	7,843,809.12	8,659,738.72
Freight	222,878.69	422,854.58
Replacement parts	37,379.93	198,654.12
Other	270,599.32	341,115.90
	8,374,667.06	9,622,363.32

Personnel expenses

Expenses for severance compensation and pensions

EXPENSES FOR SEVERANCE COMPENSATION AND PENSIONS in EUR	2023		2022	
	Severance Compensation	Pensions	Severance Compensation	Pensions
Breakdown of expenses for				
Member of the Management Board	0	0	200,000.00	0
Former members of the Management Board	0	746,581.23	0	252,441.00
Management	0	746,581.23	200,000.00	252,441.00
Other employees	1,164,980.49	0	1,240,316.02	0
	1,164,980.49	746,581.23	1,440,316.02	252,441.00

Expenses for severance compensation and company pension funds

EXPENSES FOR SEVERANCE COMPENSATION AND COMPANY PENSION FUNDS in EUR	2023	2022
Expenses for severance compensation	1,010,118.14	1,260,971.67
Company pension fund contributions	154,862.35	179,344.35
	1,164,980.49	1,440,316.02

For 2023, the expenses for severance payments include a grant of €206,989.13.

Depreciation and Amortization

Depreciation and amortization on non-current intangible assets and property, plant and equipment was €826,670.38 (2022 financial year: €1,100,712.95). In the 2023 financial year, depreciation and amortization of current assets (receivables from affiliated companies) in excess of the company's usual depreciation and amortization were also incurred in the amount of €15,383,744.76 (2022 financial year: 13,467,201.59).

Other operating expenses

in EUR	2023	2022
Legal and consulting fees	5,345,023.00	8,128,400.34
Marketing	5,822,728.97	7,135,036.42
Freight	7,314,498.88	7,081,429.17
Intercompany settlements	6,650,502.29	5,073,355.81
IT including maintenance	4,528,378.98	3,665,995.56
Leases	3,635,752.43	3,086,509.36
B2C expenses	1,089,784.43	807,531.04
Insurance	695,497.36	564,905.36
Foreign commissions	445,788.79	549,406.57
Repairs	259,608.78	384,926.88
Credit card fees	388,782.30	381,745.75
Phone, fax	223,032.84	379,068.27
Currency differences	159,509.71	239,192.44
Individual allowances on receivables	97,121.97	85,880.42
Other	1,184,552.52	193,990.01
	37 840 563.25	37 757 373.40

The decrease of the line Other operating expenses is linked to the reduction of legal and consulting cost and marketing expenses in the 2023 financial year. In addition, activities that had been outsourced in the past, were increasingly switched back to being carried out in-house. The line "Others" mainly includes other taxes, duties, and stamp duties amounting to €92 thousand, other contributions of €155 thousand, travel expenses of €102 thousand, bank charges of €129 thousand, supervisory board remuneration of €120 thousand, and investor relations expenses of €294 thousand.

The decrease of the line Other operating expenses is linked to the reduction of legal and consulting cost and marketing expenses in the 2023 financial year. In addition, activities that had been outsourced in the past, were increasingly switched back to being carried out in-house.

Auditor Expenses

Please refer to the disclosures in the notes to the consolidated financial statements with regard to these expenses.

Results from Financial Assets

Financial expenses include €4,144,502.34 in interest on shareholder loans (2022 financial year: €2,535,945.21). In 2023, shareholder loans were taken out in the amount of €9,700,000.00 (2022 financial year: €22,500,000.00) and USD 1,200,000.00. A write-up of €47,845.20 was recognized on investment securities held as fixed assets in 2023 (an impairment of €231,396.80 in financial year 2022). During the financial year, interests in associated companies and loans, as well receivables from associated companies were reviewed for recoverability. This resulted in devaluation of shares in associated companies of €2,717,904.10 (Financial year 2022 EUR 0.00), a write-down of financial assets (loans) amounting to €11,623,300.04 (Financial year 2022 EUR 1.031.396,80), and a write-down of receivables in the amount of €15,383,744.76 (Financial year 2022 EUR 13.467.201,59). The latter is reported under item 6 Depreciation and amortisation b) on current assets to the extent that they exceed usual depreciation in the company.

Tax on income and earnings

As of the balance sheet date, there are deferred tax assets and deferred tax liabilities for temporary differences between the financial valuation and the valuation under corporate law for the following line items:

	Assets	Liabilities
	2023	2023
Property, plant and equipment		227.499,11
Financial assets	2.893.680,51	
Personnel Provisions	4.052.543,32	
Other provisions	0	
Total difference	6.946.223,83	227.499,11
Recognition of tax loss carryforward	0,00	227.499,11
Recognition amount	6.946.223,83	227.499,11
Deferred taxes (23%)	1.597.631,48	52.324,80
Netting	-52.324,80	-52.324,80
Asset- side surplus	1.545.306,68	0,00
Impairment losses	-1.545.306,68	
Total	0,00	0,00

As of the reporting date, deferred tax assets were fully impaired due to the economic development and the resulting uncertainty. or, a deferred tax asset was not capitalised.

In the previous year, the reconciliation of temporary differences and deferred taxes from the fiscal year 2021 was not updated, as there were no value adjustments in the fiscal year 2022 due to the economic developments. Consequently, the disclosure from the fiscal year 2021 was adopted unchanged for the fiscal year 2022 as follows:

	Assets	Liabilities
	2022	2022
Property, plant and equipment		277,629.00
Financial assets	224,544.00	
Personnel Provisions	3,320,685.56	
Other provisions	603,000.00	
Total difference	4,148,229.56	277,629.00
Recognition of tax loss carryforward	0,00	
Recognition amount	4,148,229.56	277,629.00
Deferred taxes (25%)	954,092.80	63,854.67
Netting	-63,854.67	-63,854.67
Asset-side surplus	890,238.13	0.00
Impairment losses	-890,238.13	
Total	0.00	0.00

V. ADDITIONAL DISCLOSURES

1. Other financial obligations

The following liabilities from long-term leases and operating leases exist.

in EUR	2023	2022
Minimum, rental, and lease fees due		
up to one year	1,972,093	2,667,435
more than one year, up to five years	5,380,931	8,353,602
more than five years	964,235	626,720.00

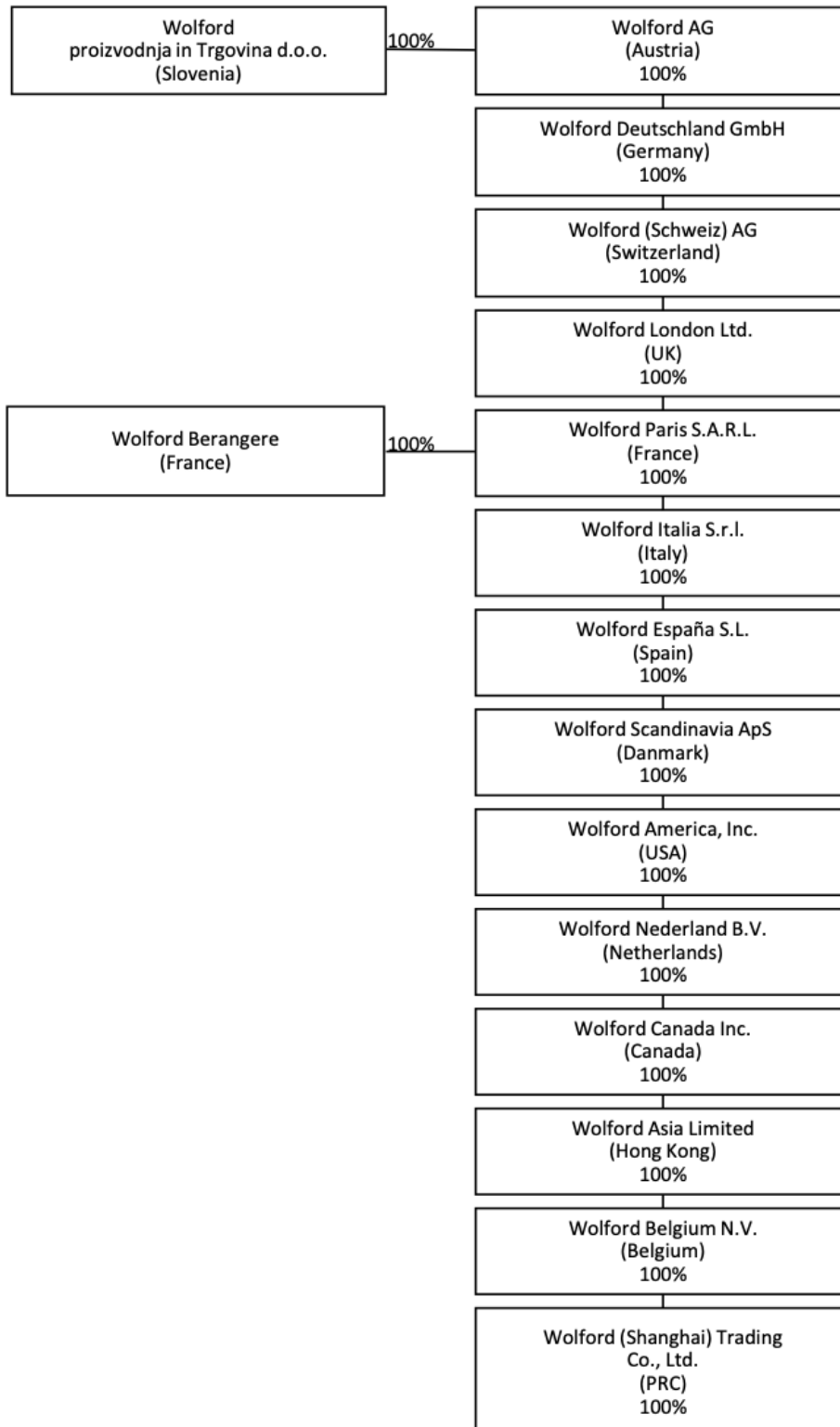
In the 2023 financial year, as in the 2022 financial year, the obligations were determined on the basis of the contractual maturities, taking partial account of extension options.

2. Interests in Associated Companies

Wolford AG in Bregenz is the parent company and the company that prepares the consolidated financial statements. Until now, the ownership share in sales subsidiaries were held through Wolford Beteiligungs GmbH. This entity was merged upstream with Wolford AG, retroactive to January 1, 2023, so that the shares in the sales subsidiaries are now held directly by Wolford AG. This also resulted in the termination of the tax group between Wolford AG and Wolford Beteiligungs GmbH with retroactive effect as of 31 December 2022

Company name	Country	% Ownership	Currency	Equity in Local Currency	Result of the Period in Local Currency
Wolford proizvodnja in trgovina d.o.o.	Slowenien	100	EUR	7.704.473	443.401
Wolford Deutschland GmbH	Deutschland	100	EUR	2.664.681	37.855
Wolford (Schweiz) AG	Schweiz	100	CHF	1.186.236	93.222
Wolford London Ltd.	Großbritannien	100	GBP	1.658.237	70.356
Wolford Paris S.A.R.L.	Frankreich	100	EUR	1.992.707	55.310
Wolford Italia S.r.l.	Italien	100	EUR	1.197.184	214.237
Wolford Espana S.L.	Spanien	100	EUR	- 156.258	126.612
Wolford Scandinavia ApS	Dänemark	100	DKK	18.280.688	692.945
Wolford America, Inc.	USA	100	USD	- 11.587.712	- 4.571.611
Wolford Nederland B.V.	Niederlande	100	EUR	1.065.364	67.544
Wolford Canada Inc.	Kanada	100	CAD	1.409.324	161.979
Wolford Asia Limited	China - Hongkong	100	HKD	- 23.861.154	121.555
Wolford Belgium N.V.	Belgien	100	EUR	1.676.667	13.683
Wolford (Shanghai) Trading Co., Ltd.	China - Shanghai	100	CNY	- 37.713.353	- 11.435.696

The Wolford Group at a Glance



3. Derivative financial instruments

As of December 31, 2023, and December 31, 2022, no derivative financial instruments were in use.

4. Personnel

The head count as of December 31, 2023 was 332 (December 31, 2022: 362) employees, 67 of which (December 31, 2022: 77) are hourly- paid workers, 253 (December 31, 2022: 272) salaried staff, and 12 (December 31, 2022: 13) apprentices. This overall

represents a reduction by 30 employees as at the reporting date. The calculation is based on a full-time employment. On average, the head count in the 2023 financial year was 367 (2022 financial year: 374), 79 of which (2022 financial year: 79) are hourly – paid workers, 277 (2022 financial year: 282) salaried staff, and 11 (2022 financial year: 13) apprentices.

5. Management and Supervisory Board

Breakdown of expenses for:

2023 in EUR	Remuneration	Other remuneration	Severance Compensation	Total remuneration
Member of the Management Board	433,702.19	12,959.29	0.00	446,661.48
of which variable	23,148.00	0.00	0.00	23,148.00
Former members of the Management Board	283,451.18	0.00	0.00	283,451.18
			0.00	
	717,153.37	12,959.29	0.00	730,112.66

2022 in EUR	Remuneration	Other remuneration	Severance Compensation	Total remuneration
Member of the Management Board	822,726.00	44,420.79	200,000.00	1,067,146.79
of which variable	126,000.00	0.00	0.00	126,000.00
Former members of the Management Board	252,441.00	0.00	0.00	252,441.00
	1,075,167.00	44,420.79	200,000.00	1,319,587.79

In the 2023 financial year, no bonuses was paid out for the 2022 financial year (2022 financial year: €126k) and €100,000.00 was set aside for bonuses for the 2023 financial year.

Pension payments amounting to €283,451.18 (2022 financial year: €252,441.00) were made to former members of the Management Board. No advances were paid out in the 2023 financial year, nor were there any liabilities for members of the Management Board or the Supervisory Board.

Furthermore, members of the Board received ongoing salaries in 2023 amounting to € 166,209.00 from affiliated companies of Wolford AG.

The following persons were appointed as members of the Management Board in the 2023 financial year:

- Silvia Azzali, Chief Commercial Officer, Chief Executive Officer (CEO as of July 1, 2023, until June 14, 2024)
- Ralf Polito, Chief Operating Officer (COO) from April 17, 2023
- Paul Kotrba, Chief Operating Officer (COO), until April 16, 2023

On April 12, 2023, Ralf Polito and the Supervisory Board unanimously agreed that Ralf Polito would take up his position as COO ahead of schedule on April 17, 2023. Ralf Polito was initially be appointed to the Management Board on July 1, 2023 and is responsible for Supply Chain and Production, Legal, Investor Relations, IT and PMO. The Interim COO Paul Kotrba left the Wolford AG Management Board prematurely on April 16, 2023.

Silvia Azzali was appointed CEO with effect from July 1, 2023. She continues to hold responsibility for duties that she was previously

responsible for as CCO, namely sales of all channels and markets, design, creative product development, merchandising, brand & marketing, human resources and finance.

The members of the Supervisory Board in the 2023 financial year are:

- David Chan, Chair
- Thomas Dressendörfer, Deputy Chair
- Chenling Zhang
- Paul Kotrba, member since June 15, 2023 to December 31, 2023
- Shang Hsiu Koo, member until January 31, 2023

Shang Hsiu Koo resigned from the Supervisory Board effective January 31, 2023. Thomas Dressendörfer's term ended at the close of the general meeting. Thus, two new members were appointed during the general meeting on June 15, 2023, to maintain the number of four members elected by the general meeting. At the June 15, 2023, general meeting, Paul Kotrba, former COO of Wolford AG, and Thomas Dressendörfer were elected or reappointed to the Supervisory Board with the votes of the major shareholder.

The representatives of the Works Council on the Supervisory Board for the 2023 financial year are:

- Alexander Greussing
- Christian Greussing

6. Contingent liabilities

in EUR	12/31/2022	12/31/2022
Various rental guarantees	223,851.23	223,851.23
	223,851.23	223,851.23

Intercompany pricing agreements are in place with European subsidiaries; these have a defined target margin. In the event that there are deviations from the target margin, the relevant settlement payments are received or made by Wolford AG.

7. Proposal for the Appropriation of Profit

The accumulated loss reported in the profit and loss statement for the fiscal year 2023 is carried forward to the next fiscal year.

8. Events After the Balance Sheet Date

End of March Wolford received a shareholder loan in the amount of €1.5 million from Fosun Fashion Group (Cayman) Limited. Mid of April the company received another €3.5 million as shareholder loan from Fosun Fashion Group (Cayman) Limited, an additional €2 million in May, an additional €1.25 million in June and an additional €1 million in the beginning of July.

In July 2024, 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 July 2026. In the event that financial support is required, Lanvin Group Holdings Limited undertake to enforce the guarantee in full. The outstanding shareholder loans so far granted by Fosun Fashion Group (Cayman) Limited to the Company have been subordinated in the total amount of €62.69 million. Repayment can only be demanded once the restructuring of Wolford has been completed and no insolvency proceedings needs to be opened in respect of these liabilities.

On May 3, 2024, the company announced that Regis Rimbart had been appointed to the Management Board with effect from May 6, 2024. On June 13, 2024, the Supervisory Board and CEO Silvia Azzali agreed to terminate her Executive Board mandate by

mutual consent with effect from June 14, 2024. At the same time, Regis Rimbart was appointed as the new CEO for 3 years.

In an extraordinary shareholder meeting on June 14, 2024, Eric Chan, Alex Wu and Sebastian Yun Wu have been elected as members to the Supervisory Board of Wolford AG, after Paul Kotrba, Chenling Zhang and Thomas Dressendörfer have resigned.

There was a disagreement between Wolford as tenant and B-W1 Immobilien GmbH as landlord as to whether partial terminations by Wolford in 2023 were effective. Blum filed an action for rent and eviction due to rent arrears in July 2023. In January 2024, Wolford and Blum reached a court settlement before the Bregenz District Court re-garding the final amount of the rent reduction and the outstanding interest on rent.

As of the time of publication, there were no further matters to be reported with material impact on the financial position, financial performance, and cash flows of the Wolford AG.

Bregenz, July 26, 2024

The Management Board

Ralf Polito
COO

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

Regis Rimbart
CEO

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

Asset Analysis

ITEM	ACQUISITION/PRODUCTION COSTS						ACCUMULATED DEPRECIATION AND AMORTIZATION								
	As of 01/01/23	Addition	Merger Effect	Disposal	Reclassification as of 12/31/2023	As of 31/12/23	As of 01/01/23	Addition	Merger Effect	Disposal	Reclassification as of 12/31/2023	Appreciation	As of 31/12/23	Carry amount 12/31/2023	Carry amount 12/31/2022
I. Intangible assets															
1.Rental rights and software	18.292.776,16	113.742,28				18.406.518,44	17.847.385,85	217.961,59					18.065.347,44	341.171,00	445.390,31
2.Advance payments	-	148.002,88				148.002,88	-						-	148.002,88	-
Total intangible assets	18.292.776,16	261.745,16				18.554.521,32	17.847.385,85	217.961,59					18.065.347,44	489.173,88	445.390,31
II. Property, plant and equipment															
1. Buildings															
Building value	1.014.712,78					1.014.712,78	748.661,08	48.851,00					797.512,08	217.200,70	266.051,70
	1.014.712,78	-		-	-	1.014.712,78	748.661,08	48.851,00		-		-	797.512,08	217.200,70	266.051,70
2.Technical equipment and machinery	25.601.012,59			30.760,00		25.570.252,59	24.479.174,59	358.843,00		30.760,00		-	24.807.257,59	762.995,00	1.121.838,00
3.Other equipment, furniture and fixtures	13.458.171,55	98.068,43		77.952,00		13.478.287,98	12.912.255,84	201.014,79		79.652,36		-	13.033.618,27	444.669,71	545.915,71
Total property, plant and equipment	40.073.896,92	98.068,43		108.712,00		40.063.253,35	38.140.091,51	608.708,79		110.412,36			38.638.387,94	1.424.865,41	1.933.805,41
III. Financial assets															
1.Interests in associated companies	18.907.644,17		10.414.898,50	16.407.644,17	*)	-	12.914.898,50	5.356.031,44	963.581,50	3.532.023,61	5.356.031,44	*)	-	4.495.605,11	8.419.293,39
2.Restructuring surplus	-		7.225.381,37				7.225.381,37	-	1.754.322,60	-			-	1.754.322,60	5.471.058,77
3.Loans to associated companies	9.057.604,62		700.000,00	2.361.000,00		28.697.507,79	36.094.112,41	800.000,00	11.623.300,04	700.000,00			17.074.207,75	5.896.604,62	8.257.604,62
4.Investment securities	1.398.564,14					-	1.398.564,14	370.892,14					47.845,20	323.046,94	1.027.672,00
	29.363.812,93		18.340.279,87	18.768.644,17		28.697.507,79	57.632.956,42	6.526.923,58	14.341.204,13	4.232.023,61	5.356.031,44		17.074.207,75	47.845,20	36.770.482,43
TOTAL NON-CURRENT ASSETS	87.730.486,01	359.813,59	18.340.279,87	18.877.356,17		28.697.507,79	116.250.731,09	62.514.400,94	15.167.874,51	4.232.023,61	5.466.443,80		17.074.207,75	47.845,20	93.474.217,81
													22.776.513,28	22.776.513,28	25.216.085,07

*)Disposal from merger

**)Conversion of trade receivables into loans

04

WOLFORD AG

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General Information About the Company

THE WOLFORD GROUP AT A GLANCE

Wolford is a market leader in high-quality skinwear. The brand is represented in 55 countries worldwide at 202 monobrand points of sale and by over 1,800 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 1,008 people (FTE) at the end of the fiscal year (1,106 in the financial year 2022), including 250 employees (FTE) at the corporate headquarters in Bregenz (362 in the financial year 2022). 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.

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 (45%) 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 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.

Wolford's logistics is outsourced to a third-party logistics vendor with the central warehouse located in Munich, Germany, which has started its operations for Wolford in March 2024 after operations have been moved from a third-party-service provider Northern Germany to the new one in Southern Germany. In addition to this warehouse Wolford operations two warehouses in the United States and one in China, serving the local markets only. With respect to the shipment of products, third-party transportation specialists are engaged to transport goods by road, air or sea, based on factors such as distance to destination and urgency of the shipment.

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 (44%) in the 2023 financial year with its international network of boutiques. At the end of December 2023, 151 of Wolford's 202 boutiques were autonomous, while 51 were managed by partners. Overall, the Wolford Group controls around 66% of sales itself. Alongside bricks-and-mortar retail, online business is also playing an increasingly significant role, accounting for 24% of sales in the 2023 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

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; it needs to be considered that free cash flow (derived from the IFRS figures used as the basis for controlling) does not include the lease payments). 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 the calendar year.

In the fiscal year 2023, Wolford AG achieved sales of €68.18 million, which is a decrease of 4% compared to the previous year's revenue of €71.02 million.

Other operating income increased by 350% to €4.53 million (FY 2022: €1.01 million). This includes €0.34 million from the reversal of provisions. Key sources of other income in 2023 were the remaining COVID-19 fixed cost subsidy amounting to €1.67 million and research premiums for the years 2018, 2019, and 2020 totaling €1.35 million. The inventory of finished and unfinished products and goods decreased by €2.21 million to €15.69 million (FY 2022: increase of €3.32 million). Material expenses and other acquired production services decreased by €4.52 million to €30.79 million (FY 2022: €35.31 million).

Personnel expenses decreased by €2.67 million to €24.70 million (FY 2022: €27.37 million). Wage and salary increase agreed upon during collective bargaining negotiations in the textile sector ranged between 9.5% and 9.75%. As of December 31, 2023, the company employed 332 staff members (December 31, 2022: 362), comprising 67 workers (December 31, 2022: 77), 253 salaried employees (December 31, 2022: 272), and 12 apprentices (December 31, 2022: 13). This marks a total reduction of 30 employees compared to the previous year. These figures are calculated on a full-time basis. The average number of employees during FY 2023 was 367 (FY 2022: 374), including 79 workers (FY 2022: 79), 277 salaried employees (FY 2022: 282), and 11 apprentices (FY 2022: 13).

Depreciation on intangible assets and property, plant, and equipment amounted to €0.83 million (FY 2022: €1.10 million). In FY 2023, additional depreciation on current assets (receivables from affiliated companies) amounting to €15.38 million was recognized, which exceeds the usual depreciation within the company (FY 2022: €13.47 million).

Other operating expenses amounted to €37.84 million (fiscal year 2022: €37.76 million) and were thus at the previous year's level. Other operating expenses were largely attributable to legal and consulting costs of €5.35 million (fiscal year 2022: €8.13 million) marketing costs of €5.82 million (fiscal year 2022: €7.14 million) freight in the amount of €7.31 million (fiscal year 2022: €7.08 million) Group settlements of €6.65 million (fiscal year 2022: €5.07 million) IT costs of €4.53 million (fiscal year 2022: €3.67 million), rents of €3.63 million (fiscal year 2022: €3.09 million) and B2C expenses of €1.09 million (fiscal year 2022: €0.81 million) combined.

The operating result (EBIT) decreased by €0.71 million to €-38.96 million compared to the fiscal year 2022.

The financial result decreased in 2023 by €12.64 million to €-16.07 million (fiscal year 2022: €-3.42 million). In fiscal year 2023, interest expenses of €4.14 million (fiscal year 2022: €2.54 million) were incurred for the loans taken from Fosun Fashion Group (Cayman) Limited. In fiscal year 2023, new shareholder

loans were granted, leading to an increase in interest income from affiliated companies by €2.82 million to €2.97 million (fiscal year 2022: €0.15 million). The other financial result amounted to €-0.56 million in 2023 and consisted of securities income of €0.01 million, revaluations of financial assets of €0.05 million, other interest expenses of €-0.18 million, and interest expenses from actuarial calculations of expert opinions on personnel provisions of €-0.44 million. The result after tax amounted to €-55.02 million (fiscal year 2022: €-43.09 million), representing a deterioration of €11.93 million.

As of December 31, 2023, long-term assets decreased to €22.78 million (Financial year 2022: EUR 25.22 million), with depreciation on intangible assets and property, plant, and equipment amounting to €0.83 million (Financial year 2022: EUR 1.10 million). Due to the merger of Wolford Beteiligungs GmbH with Wolford AG, the investments held by Wolford Beteiligungs GmbH with a book value of €6.90 million were included in the long-term assets of Wolford AG. At the same time, the loan to Wolford Beteiligungs GmbH amounting to €2.36 million and the equity investment amounting to €11.05 million were removed from the long-term assets.

The current assets decreased by €5.65 million to €49.87 million (December 31, 2022: €55.52 million). This is explained by the reduction in inventories by €2.76 million to €20.81 million (December 31, 2022: €23.57 million) and receivables by €3.81 million to €27.25 million (December 31, 2022: €31.06 million). Receivables from deliveries and services to affiliated companies amounting to €28.70 million were converted into loans. The balance sheet total decreased by €8.32 million to €73.74 million as of December 31, 2023 (December 31, 2022: €82.06 million). The equity amounted to €-39.54 million (December 31, 2022: €-2.12 million). The equity ratio fell from -2.58% to -53.62%.

Provisions increased by EUR 0.32 million to EUR 13.75 million (December 31, 2022: EUR 13.43 million). These mainly consist of personnel provisions amounting to EUR 12.17 million (December 31, 2022: EUR 12.25 million) and other provisions amounting to EUR 1.58 million (December 31, 2022: EUR 1.18 million).

Trade payables increased by EUR 1.92 million to EUR 17.46 million (December 31, 2022: EUR 15.54 million). Liabilities to affiliated companies increased from EUR 49.02 million as of December 31, 2022, to EUR 78.40 million as of December 31, 2023. This increase is primarily due to new loans from Fosun Fashion Group (Cayman) Limited amounting to EUR 9.70 million and USD 1.20 million in the fiscal year 2023, as well as accrued interest on the total loan amount. As of December 31, 2023, loan liabilities amounted to EUR 50.69 million (December 31, 2022: EUR 35.74 million). Other liabilities to affiliated companies consist of trade payables amounting to EUR 15.91 million and other liabilities amounting to EUR 11.79 million. Other liabilities decreased by EUR 2.52 million to EUR 3.67 million (December 31, 2022: EUR 6.18 million). The cash balance increased by EUR 0.92 million to EUR 1.81 million (December 31, 2022: EUR 0.89 million).

Outlook and Targets

DEVELOPMENT OF THE ECONOMIC ENVIRONMENT

Despite facing a fragile global market influenced by conflicts and economic challenges, we are optimistic about Wolford's prospects in 2024. This year marks the culmination of our significant restructuring efforts initiated in 2022.

Building on the positive results of our reorganization program in 2023, our focus in 2024 is to conclude this program and ensure the company's solidity and reliability across EBIT and Cash Flow levels, despite ongoing challenges.

A key milestone for 2024 is the optimization of our supply chain, aiming to enhance time-to-market, gross margin, reduce working capital and agility in response to market dynamics. We are dedicated to navigating through unpredictable market conditions while maintaining our commitment to quality and innovation.

Our progress in 2023 demonstrates that our growth trajectory is on the right path, even amidst adversity. McKinsey expects that in 2024, fashion companies will face economic headwinds, technology shifts and an evolving competitive landscape, alongside urgent sustainability and regulatory agendas. However, shifting consumer priorities will continue to offer opportunities. The segment is forecast to grow globally by 3 to 5 percent, compared with 5 to 7 percent in 2023, as consumers rein in spending after a post pandemic surge. European and Chinese growth is set to slow, while US growth is expected to pick up after a relatively weak 2023, reflecting the slightly more optimistic outlook there.

WOLFORD'S DEVELOPMENT

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, channel expansion and improvement of exiting channel output, the optimization of production strength and category structure, cost control.

In terms of retail, the strategy is the optimization retail network based on profitability and alignment to brand strategy; establish a retail profitable and scalable business model. In terms of online, the strategy is to accelerate digital plan with focus on the US and marketplaces; leverage on New Website and Omnichannel project fully operational. For wholesale, the strategy is to focus on key accounts, further development of new markets acquisition, boutique and department stores expansion, growth in multiband channel, growth distributors. 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. Wolford has reduced, or will reduce, consulting costs and personnel expenses. 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. 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. Now that the essential strategic path has been defined, we are focusing more on further improving our operational processes. We want to reduce the time-to-market and set up our organization so that we can react more flexibly to the unpredictable market conditions of the future. One thing is certain: The markets are getting faster and faster and will remain challenging for the time being.

Opportunity and Risk Management System

The timely recognition of opportunities and risks has a major influence on the achievement of Wolford Group'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 auditor was not assigned to evaluate the effectiveness of the risk management system based on documents provided by the Management Board. As a consequence and with the consent of the Chair of the Supervisory Board he does not receive a report on that matter from the auditor. However, during the meeting of the Audit Committee the auditors usually report on certain aspects of the accounting related internal control system which are then discussed in detail by the members of the Audit Committee.

In addition, the Audit Committee held four 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 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 in Europe and in particular in Germany, also impact our main markets posing 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. Despite the

fact that Wolford managed to maintain turnover levels, business development continues to be influenced by inflation. The further effects of the war between Russia and Ukraine as well as in Gaza and the resulting political measures are difficult to assess from today's perspective. To mitigate the risk, Wolford implemented a strategy of diversifying by focusing increasing its share of wholesale and online business.

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 and other Asian countries.

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 slowdown in China and the and political conflicts in Ukraine and Israel) 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. 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 communication. The extensive, growing network of Wolford-owned retail locations is continuously reviewed for profitability, and thus Wolford at the end of 2023 Wolford identified more than 20 boutiques with insufficient profitability and is currently reviewing legal, financial and operational consequences of closure. Wolford has also been systematically expanding its own online business for a long time and also cooperates with the relevant e-tailers. In the financial year 2024, the management will continue to

systematically pursue the path of sales growth and significantly improve profitability with the help of the implemented and planned steps. The focus will be to continue the path of successful supply chain renovation, that is already 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 2024, as demonstrated not least by the Gaza crisis in October 2023. 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 addition to a capital increase of €17.6 million in February 2023 Wolford received additional financing through the main shareholder to ensure its solvency in the amount of EUR 10.8 million (EUR 9.7 million and USD 1.2 million) in the financial year 2023 and in the current financial year so far EUR 9.25 million. - However, the impact of continued inflation and ongoing restructuring with one-off costs continues to force Wolford to focus on tight cash management. The resulting uncertainty is addressed by enhanced liquidity monitoring. Wolford has risks related to payment defaults, returns processing and accounts receivable management. As a result, customer payments can be delayed and there are risks associated with the purchase of raw materials and stock management. In addition, the economic situation of Wolford may force suppliers to switch to prepayment. To mitigate these risks, Wolford has launched several initiatives to reduce working capital, which have already led to a significant decline in inventories, and overdue receivables. Due to the cyclical nature of the business, there is usually a need for financing in the first half of the year, which can represent an additional risk to liquidity.

Wolford is in constant exchange with its stakeholders and also examines external financing opportunities, to identify financing gaps at an early stage and ensure the necessary liquidity. The main shareholder has placed all loans and interest on a subordinated basis, so that no repayment is required in the current situation until further notice. Current cash flow budgets demonstrate Wolford's ability to, assuming revenue expectations are met, keep

costs under control and liquidity gaps in the period up to the end of September 2024 by the main shareholder or through third-party financing, to achieve sustainable positive cash flows.

Going Concern risk

The Management Board has submitted positive budget planning for 2024 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. 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. Further shareholder loans of EUR 9,7 million and USD 1,2 million were granted during 2023 financial year and another EUR 9,25 million in the current 2024 financial year, the company has received a comfort letter from the main shareholder (hard letter of patronage) which assures the company of further support up to a certain limit if necessary and places the existing shareholder financing in a qualified subordinated position.

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) regularly reports to the Management Board of Wolford AG through formal financial reviews.

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. Starting from 2024 also the accounting of the European subsidiaries will be performed internally. The accounts are drawn up each month in order to maintain constant control. The previous

month's accounts have been regularly drawn up within the first fifteen days of the following month. 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 or refurbished if damaged. Invoices are released automatically and sent to the end customer after review by the sales department and customer service. 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 on the basis of the amounts due and after proper coordination with the Management Board, CFO and the relevant department. Following the appointment of a new CFO, Wolford AG has implemented a disciplined cash flow planning process to identify liquidity bottlenecks at an early stage and timely financing.

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 Oxley 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, skin-wear, with high wearing comfort in first-class quality.

With Nao Takekoshi (www.naotakekoshi.com) Wolford AG has appointed a Artistic Director who is moving innovation to a new level within the company. By introducing the Japanese wholegarment®-technology on Wolford products, he was able to offer products to our clientele, which combine latest technology with seamless wolford design.

The recently presented WOW-leggings is the latest example within our product portfolio that could prove how our high innovation capabilities can lead to commercial success. It combines functionality and fashion in a seamless way, transforming leggings from a casual, comfortable garment into an essential basic that is perfect for even the most glamorous occasion.

Further completed R&D production comprises the development of yarn made of car tires and the introduction of an exclusive three-color-knitting technology.

Furthermore, we have been able to develop a production technique for making bodies out of 100 % of wool completely renouncing elastane fibers, but keep the desired Wolford shape.

A central topic in this area is the development of recyclable, sustainable products. Wolford supports 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.

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 to bring about a solution as quickly as possible.

With regard to the after-sales period Wolford is contributing to a circular economy, too. By having established an innovative return management process, Wolford is able to replenish close to 100 % of all returned goods. Thus, all returns are centrally collected in Wolford's own production plant in Slovenia and brought back into its original condition.

More Efficient Development Process through 3D Integration

The integration of the 3D process not only facilitates a more efficient development cycle but also opens 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 reduces the number of physical prototypes and shortens process times. 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 offers 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. We at Wolford are eager for innovation and will continue challenging ourselves not accepting the status quo. Together with Universities (e.g. University of Innsbruck, Austria) and various suppliers we have further projects in the pipeline to ensure we will keep our position as innovation leader in our industry.

The environment

By way of supplementing the disclosures below, we make reference to the separate consolidated non-financial report in accordance with Section 267a Para. 6 Austrian Company Code (UGB).

Effects on the environment result first and foremost in the "emissions and energy consumption", "wastewater and waste avoidance" and "efficient use of water" areas.

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 CO₂ emissions.

Under the Austrian Energy Efficiency Act (EEffG), Wolford was required to regularly analyze its energy consumption and continuously improve its energy performance by 2020. Wolford continued to work on continuously improving its energy efficiency.

Both production facilities in Bregenz and Murska Sobota account for the majority of the energy consumed by Wolford. For this reason, they are subject to continuous monitoring and evaluation.

The administration and production building at the Bregenz site was sold in its entirety to the hardware manufacturer Blum based in Vorarlberg in 2020, which has since been responsible for all areas of management. Wolford AG is accommodated as a tenant in parts of the building and obtains all its energy from Blum. In order to continue to make progress in the area of energy efficiency, there is regular discussion with Blum to facilitate the implementation of further relevant measures.

The largest single producer of emissions is the Bregenz site due to the two steam boilers it uses for production purposes. The boilers at the Bregenz site, with an output of 7.9 and 4.5 MW respectively, generate steam for the dyeing and molding processes as well as for heating purposes. In contrast, the potential to reduce energy consumption and climate-damaging emissions is comparatively low at Wolford's points of sale. For this reason, they are not included in the company's external reporting.

By November 2023 all employees in general admin have moved to a new office, which is state-of-the art in terms of heating and cooling efficiency as well as power consumption.

The last energy audit highlighted several long-term measures, such as switching over to LEDs in warehouses and manufacturing facilities, which have been implemented in some areas. The aim of the external audit is to continuously improve energy efficiency and reduce emissions. To this end, appropriate targets and measures were defined and implemented as part of the audit.

In 2023 Wolford had started and completed a completely new production set-up in its plant in Bregenz. By consolidating and moving machines as well as labs and offices Wolford could reduce used space by close to 50 % versus the space consumed in 2022.

Furthermore, the company has reduced its machine park from more than 300 to 220 knitting machines. Through these measures Wolford expects a reduction in energy consumption in 2024 of 20 % vs. 2022. Along with the space consolidation, Wolford AG has continued its efforts to switch to LED lighting. Thus, in our dyeing facility we have already reached our goal to move to 100 % LED.

With respect to waste, the company focuses on waste prevention, waste separation and recycling. All employees are urged to minimize the quantities of waste they generate and to properly separate their garbage. Residual materials are to be recycled if possible. Other waste is disposed of appropriately by corresponding specialist companies. Wolford's work in the Cradle to Cradle® projects also plays a decisive role in the recycling of materials. Given that the dyeing mill works with both chemicals and dyes, wastewater management is an important part of Wolford's environmental Management. A dedicated wastewater manager at the Bregenz site regularly reports to the Management Board and supervises water quality which exceeds legal regulatory requirements.

At the production site in Bregenz, Wolford uses the groundwater for its processes and the building's air conditioning. As a result, the resource of water is at the core of many of Wolford's environmental protection measures.

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. As a company, we have therefore decided to create further training initiatives for our employees in the stores. Our new Sales Excellence department focuses on using learning nuggets to provide our employees with the necessary expertise for our products and product quality. It is important to us that our customers receive a unique shopping experience. Our training courses are delivered both online and in person.

Above all, however, Wolford thrives on the recognized quality of its products made inhouse, 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. At the headquarters in Bregenz and Hard, 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 at least one 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 improved. 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 turnover 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 regularly conducted.

At the sales locations, on the other hand, employees are subject to lower accident risks, so there is no specific safety management

here. The Woford 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 Woford 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 Woford products. Woford 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, Woford 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, Woford 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 Woford.

Woford 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. Woford'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 offices in Bregenz and Hard, ten safety officers, 27 first-aiders and a company fire service with integrated first responder team.

One external company doctor performs all of the necessary occupational health and safety checks and oversees 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.

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

Woford 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 Woford 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 Woford is an important factor contributing to employee satisfaction. The employer brand also benefits from this.

Diversity in Action at Woford

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, Woford 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 Woford's good position when it comes to diversity and Woford 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, Woford 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.

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, BG-Bl 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, 2023, the company had share capital of € 46,337,596.80, which was divided into 9,653,666 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, 2023: Fosun Fashion Group Wisdom (Luxembourg) S.à.r.l. held around 61%. Ralph Bartel held a good 30% of the shares. As of December 31, 2023, Wolford AG held 88,140 treasury shares (excluding voting rights), equivalent to just under 1% 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.

Bregenz, July 26, 2024

Ralf Polito COO
Responsible for Supply Chain and Production,
Legal & Compliance, Investor Relations, IT
and Digital as well as PMD

Regis Rimbart CEO
Responsible for Sales all channels and markets,
Design, Creative Product Development,
Merchandising, Brand & Marketing, HR as well as Finance

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, 2023, 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, 2023, 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, July 26, 2024

Ralf Polito COO

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

Regis Rimbert CEO

Responsible for Sales all channels and markets, Design, Creative Product Development, Merchandising, Brand & Marketing, HR as well as Finance

Auditor's Report

REPORT ON THE FINANCIAL STATEMENTS

Audit Opinion

We have audited the financial statements of

Wolford Aktiengesellschaft,
Bregenz,

These financial statements comprise the statement of financial position as of December 31, 2023, the income statement for the fiscal year then ended and the notes.

Based on our audit the accompanying 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 Company as of December 31, 2023 and its financial performance for the year then ended in accordance with Austrian Generally Accepted Accounting Principles.

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 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.

Material Uncertainty Related to Going Concern

We refer to section II. (Going Concern and Material Uncertainty) and section III. (Notes to the Balance Sheet - negative Equity) of the notes to the financial statements, where the Management Board states that Wolford Aktiengesellschaft due to lower-than-budgeted sales generated a negative net result of EUR -55.028 thousand in the financial year ending 31 December 2023 despite savings in operating costs.

The management further states that they have taken further measures to increase operational efficiency. Processes are being further optimized and the focus on cost control and sales activities has been intensified again. The business results achieved on the cost side are not yet sufficient to stabilize the company's cash flows, particularly to cover investment needs in the IT and retail areas. To ensure adequate liquidity, the company has gained further access to loans from the majority shareholder.

In the 2023 financial year, liquid funds were raised through a capital increase in the amount of EUR 17.6 million and further shareholder loans from Fosun Fashion Group (Cayman) Limited in the amount of EUR 9.7 million and USD 1.2 million. In the current financial year 2024, the shareholder has provided further loans of EUR 9.25 million, thereby reaffirming its financial commitment. The first months of 2024 continue to show a positive trend in all cost-saving measures. On the sales side, the Group is currently behind budget - part of this is due to delivery delays caused by the switch from the previous to the new logistics service provider. This backlog is to be reduced by the end of July 2024. Another reason for the below-average sales performance is problems in the supply chain caused by late payments to suppliers.

The main shareholder Lanvin Group Holdings Limited has issued a letter of comfort and subordination (hard letter of patronage) to secure Wolford's continued existence and has agreed to continue to support Wolford financially if necessary. Fosun Fashion Group (Cayman) Limited has also signed the letter of comfort and subordination and has committed to a qualified subordination of all loans granted to date (July 2024) in the amount of EUR 62.69 million as well as the funds made available in the future under the letter of comfort, including accrued interest. Lanvin Group Holdings Limited undertakes to provide additional liquidity totaling EUR 33.25 million from January 1, 2024 to July 31, 2026 at the request of the company management ("liquidity injection"). EUR 9.25 million had already been provided by the end of June 2024, reducing the guaranteed liquidity injection as of June 30, 2024 from EUR 33.25 million to EUR 24.0 million. Should Wolford AG receive loans of up to EUR 9.6 million from third parties on the basis of pledged trade receivables and goods, these would reduce or increase the shareholder's obligation depending on utilization. These measures are intended to enable the company to meet its liabilities at any time when they fall due and to secure the company's continued existence for the foreseeable future. This hard letter of comfort cannot be revoked until the end of July 2026. In the event that financial support is required, Lanvin Group Holdings Limited undertakes to enforce the guarantee in full. Based on the commitments received and a liquidity plan, the Executive Board concludes that the company's annual financial statements for 2023 should be prepared on a going concern basis.

We would like to point out that the company is overindebted based on book values and therefore company'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, that enable the financing of ongoing business operations under the consideration of the shareholder's support commitment, 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 section of the notes to the financial statements referred to above indicate that a material uncertainty exists that may cast significant doubt on the ability of Wolford Aktiengesellschaft 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 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 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:

- Impairment of shares in affiliated companies including the restructuring surplus (Umgründungsmehrwert) as well as loans to and receivables from affiliated companies

Reasons why the matter was determined as key audit matter

The financial statements of Wolford Aktiengesellschaft as of December 31, 2023 discloses shares in affiliated companies MEUR 8,4 (prior year: MEUR 13.6), a restructuring surplus (Umgründungsmehrwert) of MEUR 5,5 (prior year: MEUR 0,00) as well as loans to of MEUR 5,9 (prior year: MEUR 8.3) and receivables from affiliated companies MEUR 21,8 (prior year: MEUR 23.7).

The items are subject to a special risk assessment with regard to impairment. This assessment results in particular from the ability of the companies to generate income respectively cash flows that cover the carrying amounts or are available for repayment. The cash flow projections contain assumptions that depend on future market and economic developments and may be subject to fluctuations. In particular, the current macroeconomic environment amplifies these effects. The estimates and assumptions are of particular relevance from an auditing perspective. The assessment of the impairment of these carrying amounts is therefore based on significant assumptions about the planned figures and estimates used by the Management Board to assess whether an impairment exists at the end of the financial year. At the same time, the current situation of the respective company (equity, liquidity status, annual result) is also of particular importance. For this reason, this matter was qualified as a key audit matter.

How we addressed the matter in the audit

Our audit procedures to address this risk included the following activities:

- Assessment of the suitability and reliability of the process (concept and design) for impairment testing;
- Reviewing whether indicators of potential impairment exist;
- Reviewing the methodology used and the mathematical accuracy of the documents and calculations presented, as well

as checking the plausibility of discount rates;

- Review of the calculations for consistency with the 2024 budget figures and plausibility check and analysis of the main assumptions (growth rates, interest rate) in order to verify the appropriateness of the cash flow plans;
- Reconciliation of the carrying amounts of shares in affiliated companies with the equity shown in the balance sheets of these companies;
- Verification of the appropriateness and completeness of the disclosures in the notes.

Reference to related disclosures in the financial statements

Regarding the Company's disclosures on the accounting treatment of shares in affiliated companies, including the restructuring surplus (Umgründungsmehrwert), as well as loans to and receivables from affiliated companies we refer to the notes of the financial statements in sections I. (Accounting Policies); III. (Notes to the Balance Sheet) and V. (Supplementary Disclosures).

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 financial statements, the management report and the auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, to consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and of the Audit Committee for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with Austrian Generally Accepted Accounting Principles for them to present a true and fair view of the assets, the financial position and the financial performance of the Company and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 International 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 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 ISA, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the 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 Company'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 Company'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 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 Company to cease to

continue as a going concern.

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

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 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.

Comments on the Management Report for the Company

Pursuant to Austrian Generally Accepted Accounting Principles, the management report is to be audited as to whether it is consistent with the financial statements and as to whether the management report was prepared in accordance with the applicable legal regulations.

Management is responsible for the preparation of the management report in accordance with Austrian Generally Accepted Accounting Principles.

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

Opinion

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

Statement

Based on the findings during the audit of the financial statements and due to the thus obtained understanding concerning the

Company and its circumstances no material misstatements in the management report came to our attention.

Supplement

Regarding the material uncertainty relating to going concern we refer to the section "Financial Review" of the management report, which covers the analysis of the Company's financial position. Further, we refer to the "Outlook and Targets" section, which deals with the expected development of the Company, and the comments on "Liquidity Risk" and "Going Concern Risk" in the management report.

Additional information in accordance with article 10 of the EU regulation

We were elected as auditor by the ordinary general meeting at June 15, 2023. We were appointed by the Supervisory Board on December 21, 2023. We are auditors without cease since 2022. We confirm that the audit opinion in the section "Report on the

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 (article 5 par. 1 of the EU regulation) were provided by us and that we remained independent of the audited company in conducting the audit.

Responsible Austrian Certified Public Accountant

The engagement partner is Mr Christoph Zimmel, Certified Public Accountant.

Vienna, July 29, 2024

**Grant Thornton Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft**

Christoph ZIMMEL mp
Wirtschaftsprüfer und Steuerberater

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

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

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WOLFORD AG

FURTHER INFORMATION

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The German and English versions of this report can be downloaded at company.wolford.com

DISCLAIMER

This report has been prepared with the greatest possible care. All data have been carefully checked. Nevertheless, rounding, typesetting and printing errors cannot be excluded. This English version of the annual report has been prepared for information purposes only. Please note that only the German version of the report is official and legally binding. This report contains forward-looking statements which reflect the opinions and expectations of the Management Board and include risks and uncertainties that could have a significant impact on actual circumstances and thus on actual results. Readers are therefore cautioned not to place undue reliance on these forward-looking statements. Wolford AG is not required to publish any updates or revisions of the forward-looking statements contained in this report unless required by law.

This Annual Report is published in German and English. In cases of doubt, the audited German version shall prevail.



| 2023 |

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