



Remuneration Report Financial Year 2023

This remuneration report has been prepared by the Management Board and Supervisory Board of Wolford Aktiengesellschaft ("**Wolford AG**") and provides a comprehensive overview of all compensation granted or owed to current and former members of the Management Board and Supervisory Board in the financial year 2023. All monetary amounts in the remuneration report are stated as gross amounts.

1. Introduction - economic development

In the financial year 2023, the Wolford Group generated sales of EUR 125.80 million, which was 0.7% higher than in the previous year (EUR 124.93 million in the financial year 2022).

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). Earnings nevertheless remained negative equal to EUR -17.70 million (EUR -30.62 million in the financial statement 2022) but showed a significant improvement. 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



2. Compensation report for remuneration of members of the Management Board

Basic principles of the compensation policy. The total remuneration of the members of the Management Board of Woldford AG is in line with the tasks and performance of the individual Management Board members, the situation of the company and the remuneration customary in the industry. The aim of the remuneration system is to remunerate the members of the Management Board appropriately by national and international comparison in accordance with their area of activity and responsibility. The remuneration system for the Management Board consists of fixed and variable remuneration. Currently, the remuneration of the Management Board does not include any share-based compensation.

Fixed compensation. The fixed remuneration is a contractually specified monetary amount received by a Management Board member. The amount of the fixed remuneration is not performance-related. The amount of the fixed remuneration depends on the scope of duties and responsibilities of the respective Management Board member and on the overall structural situation of Woldford AG. The fixed basic remuneration of Management Board members is paid out as a salary in 14 monthly payments per year.

Variable compensation. The Management Board members are entitled to variable remuneration. The variable remuneration depends on the economic development of Woldford AG and the achievement of individually agreed targets. The performance criteria are to be aligned with the company's sustainable growth strategy, ensure performance-related compensation and promote a responsible management culture. The performance criteria are set annually by the Supervisory Board. In addition to quantitative criteria, there are also qualitative criteria, such as in the area of product innovation and market development or strategic corporate development. The variable remuneration is capped at 150% of the respective gross base salary (excluding special bonuses).

Quantitative targets. The quantitative targets (financial performance criteria) comprise net sales targets (annual bonus I), EBIT targets (annual bonus II), and operating cash flow targets (annual bonus III) set in advance on the basis of reasonable judgment. The audited consolidated financial statements for the year under review are used as the basis for assessing the achievement of the quantitative targets. If all three targets are exceeded, the Management Board member receives a special bonus.

Qualitative targets. The qualitative targets (non-financial performance criteria) are redefined annually on an individual basis between the Management Board member and the Supervisory Board (Annual Bonus IV).

Payment of variable remuneration. The variable remuneration is paid out in full in the following year on the basis of the assessment of target achievement, whereby the audited consolidated financial statements for the year under review are to be used for the quantitative targets. Fairness is ensured by payment in the following year on the basis of audited and reported criteria.

Other benefits. For the duration of a Management Board member's employment contract, the company may provide a member of the Management Board with an upper mid-range passenger car, which may also be used privately. Woldford AG has taken out Directors & Officers (D&O) insurance for the members of the Management Board with a liability amount of EUR 5 million, as well as legal protection insurance for managers and group accident insurance, and bears the costs thereof. The company pays the legally required contributions to the VBV Vorsorgekasse.

Management Board members require the approval of the Supervisory Board to take up side-line activities. This ensures that neither the time spent nor the remuneration granted for such activities lead to a conflict with the duties performed for Woford AG.

Overview of the total remuneration entitlements of the Management Board members (based on the respective financial year).

Ongoing Management Board remuneration in EUR	2023 fix	2023 variable	2023 total	2022 total
Silvia Azzali	338,937	11,574	350,511	351,615
Paul Kotrba	100,420	11,574	111,994	125,108
Ralf Polito	152,257	-	152,257	-
Andrew Thorndike	-	-	-	545,729
Total	591,614	23,148	614,762	1,022,452

The fixed remuneration of the Management Board members for the financial year 2023 thus amounts to a total of EUR 591,614 (previous year: EUR 1,022,452). The variable compensation will be assessed in the course of the financial year 2024 on the basis of the defined performance criteria.

In the financial year 2023, the variable remuneration entitlements of the Management Board members from the financial year 2022, totaling EU 23,148, were paid out.

Total remuneration of EUR 614,762 was therefore paid to Management Board members of Woford AG in the financial year 2023.

Remuneration (pensions) of EUR 283,454 was paid to former members of the Management Board in the financial year 2023 (previous year: EUR 252,443).

3. Compensation report for remuneration of members of the Supervisory Board

Basic features of the remuneration policy. The remuneration system for the Supervisory Board is determined by the Annual General Meeting. For the reporting period, the remuneration scheme approved by the 27th Annual General Meeting with effect from the 2014/15 financial year applies. The total remuneration is made up of the following remuneration components; no performance-related remuneration or share-based remuneration is granted. The annual fixed remuneration and attendance fees are paid in full after the Annual General Meeting.

Remuneration of Supervisory Board meetings: The remuneration of the members of the Supervisory Board for preparing and attending the four ordinary meetings of the Supervisory Board per financial year is as follows:

- Chairman of the Supervisory Board: EUR 50,000
- Deputy Chairman of the Supervisory Board: EUR 35,000
- Other members of the Supervisory Board: EUR 25,000

Any special meetings are remunerated at a uniform rate of EUR 4,000 per member and meeting.

Remuneration for Audit Committee meetings. The remuneration for Audit Committee members for preparing and attending the two ordinary Audit Committee meetings per financial year is (in addition):

- Audit Committee Chairman: EUR 5,500
- Other audit committee members: EUR 5,000

Any special meetings are remunerated at a uniform rate of EUR 4,000 per member and meeting.

Remuneration for meetings of the Strategy and Marketing Committee. The remuneration for the preparation of and participation in the two ordinary meetings of the Strategy and Marketing Committee per financial year amounts to (in addition):

- Chairman: EUR 5,500
- Other members EUR 5,000

Any special meetings are remunerated at a uniform rate of EUR 4,000 per member and meeting.

Remuneration for Personnel Committee meetings. Preparation for and participation in Personnel Committee meetings is remunerated as a special meeting and thus uniformly at EUR 4,000 per member and meeting.

Other benefits. Woford AG has taken out Directors & Officers (D&O) insurance for the members of the Supervisory Board with a liability amount of EUR 5 million and bears the costs thereof.

Overview of total remuneration of active Supervisory Board members.

Supervisory Board compensation in EUR	2023	2022
David K. Chan, Chairman (5 Supervisory Board meetings, 4 Audit Committee meetings)	67,000	25,000
Thomas Dressendörfer, Deputy Chairman (5 Supervisory Board meetings, 4 Audit Committee meetings)	52,500	48,500
Paul Kotrba, AR Member from June 15, 2023 (3 Supervisory Board meetings)	20,833	-
Chenling Zhang, (5 Supervisory Board meetings)	29,000	12,500
Total	140,333	161,500

The remuneration of the Supervisory Board members for the financial year 2023 thus amounts to a total of EUR 140,333 (previous year: EUR 161,500).

In the financial year 2023, the remuneration claims of the Supervisory Board members from the financial year 2022 in the total amount of EUR 73,238 were paid out. The payment of the remuneration claims of the Supervisory Board members from the financial year 2023 in the amount of EUR 140,333 will be made in full after the Annual General Meeting.

4. Other information and explanations

The annual change in the total remuneration of the Management Board, the economic performance of the Company and the remuneration of other employees of Woford AG on the basis of full-time equivalents is as follows:

Woford AG generated EBIT of TEUR -17.70 in the financial year 2023 (2022: TEUR -30.62). The consolidated loss before tax in the financial year 2023 was TEUR -27.40 (2022: TEUR -36.86).

The fixed remuneration of the Management Board members amounted to EUR 591,614 in financial year 2023. The amount of the total remuneration of the Management Board members has not (yet) been determined, as the assessment of the variable compensation will be carried out in the course of the financial year 2024 on the basis of the defined performance criteria. In 2022, the total remuneration of the Management Board members amounted to EUR 1,022,452 (including bonuses for FY 2021). The average total remuneration of the Management Board in 2023 was EUR 307,381 (2022: EUR 232,243).

The average remuneration of the Company's other employees on a full-time equivalent basis was EUR 51,089 in 2023 (2022: EUR 49,308).

On September 30, 2020, the 33rd Annual General Meeting of Woford AG adopted the remuneration policy for members of the Management Board and Supervisory Board. There were no deviations from the remuneration policy in the financial year 2023.