

A woman with dark hair is crouching, wearing black leggings and black high-heeled shoes. She is looking directly at the camera with a serious expression. Her hands are resting on her knees.

# ANNUAL *FINANCIAL STATEMENTS*

# 2024

## Overview of Key Figures (5 YEARS)

KEY EARNINGS FIGURES		2024	2023	2022 restated	2021*	2020**
Sales	in EUR million	88.37	125.80	124.93	108.95	68.04
EBIT	in EUR million	-42.63	-17.70	-30.62	-5.26	19.94
Loss before taxes	in EUR million	-51.48	-27.40	-36.86	-9.41	17.33
Loss after tax	in EUR million	-51.67	-30.75	-36.85	-12.33	12.77
Free cash flow	in EUR million	-19.39	-9.52	-8.82	-0.22	53.25
Employees (average)	Number	859	1,008	1,096	1,081	1,169

### KEY BALANCE SHEET FIGURES

		12/31/2024	12/31/2023	12/31/2022 restated	12/31/2021	12/31/2020
Equity	in EUR million	-88.44	-34.41	-21.03	15.24	28.54
Net debt	in EUR million	84.25	43.95	31.06	0.29	positive
Working capital	in EUR million	6.20	20.41	19.74	32.13	31.37
Balance sheet total	in EUR million	98.44	134.18	126.54	134.65	138.90
Equity ratio	in %	-89.8	-25.6	-16.6	11.3	20.5
Gearing	in %	-95.3	>100	>100	10.17	—

### KEY SHARE FIGURES

		2024	2023	2022 restated	2021*	2020**
Loss per share	in EUR	-5.40	-3.34	-5.26	-1.86	1.93
Dividend per share	in EUR	0.00	0.00	0.00	0.00	0.00
Equity per share	in EUR	0.00	0.00	0.00	0.00	4.30
Annual high	in EUR	5.00	7.10	7.60	10.30	8.80
Annual low	in EUR	2.20	4.30	5.15	6.55	4.82
Share price at end of period	in EUR	3.90	4.76	5.70	7.20	7.45
Numbers of shares (weighted average)	in thousands shares	9,654	9,196	6,631	6,631	6,631
Market capitalization at end of period	in EUR million	37.65	45.95	37.80	47.74	49.40

\* 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 163 monobrand points of sale and more than 1,100 retail partners, we have a global presence in around 45 countries. Our company has been listed on the Vienna Stock Exchange since 1995.**

# 01

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## WOLFORD GROUP MANAGEMENT REPORT

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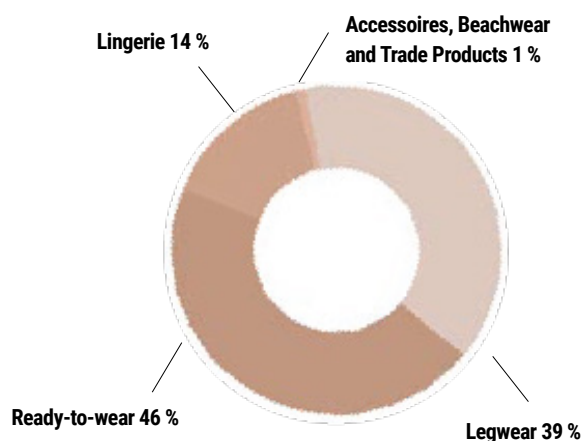
# About the Group

## WOLFORD IN FOCUS

Wolford Group (hereinafter also Wolford) is a market leader in high-quality skinwear. The brand is represented in 45 countries worldwide at 163 monobrand points of sale and by 1,100 wholesale 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 783 people (FTE) at the end of the fiscal year, including 197 employees (FTE) at the corporate headquarters in Bregenz. Wolford was founded in Bregenz in 1950 and is listed on the stock exchanges in Vienna and Frankfurt in over-the-counter trading. The brand is part of the global luxury fashion group Lanvin Group, which was founded by Wolford's Chinese majority shareholder Fosun.

## 02 // SALES BY PRODUCT GROUP, IN PERCENT



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

## PRODUCTS WITH HIGH QUALITY STANDARDS

Wolford generates around 39% of its revenue with its core product group Legwear, to which all other product groups are aligned. The strongest product group is ready-to-wear (46%) with body-hugging products such as bodysuits 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 by 1% to sales. Wolford makes a distinction between

fashionable Trend products and its Essential Collection, which includes all 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

During the fiscal year 2024, the Wolford Group has started a significant reorganization of its business model, with a particular emphasis on the wholesale channel, but also including the Retail and e-commerce sectors. The main objectives of the Group's business reorganization project are focused on streamlining operations, enhancing efficiency, and reinforcing the Group's ability to respond swiftly to market trends.

The key goals of this reorganization are as follows:

1. Wolford Italia S.r.l. (hereinafter also Wolford Italy) as the Entrepreneur-Principal: the subsidiary Wolford Italy S.r.l. has been designated as the principal entity responsible for managing all wholesale distribution and e-commerce activities. This includes overseeing all significant functions related to wholesale, such as sales, marketing, product design and development, human resources, and finance. By centralizing these functions under Wolford Italy S.r.l., the Group aimed at creating a more agile structure, enabling greater control and better strategic alignment for the wholesale channel.
2. Wolford Aktiengesellschaft (hereinafter also Wolford AG) as the Holding Company: Wolford AG continuing to serve as the holding company of the Group, retaining its role as the main manufacturing center and the owner of the marketing-related Intangible Properties ("IPs"). This structure ensures that the Group maintains its strong manufacturing capabilities while also preserving the ownership of key intellectual property, critical for ongoing brand development and market positioning.

In this context, on 19 August 2024, the Holding Wolford AG transferred to Wolford Italia, by means of Wolford's Italia capital increase to be satisfied via contribution in kind, the business unit involving sales, marketing, design, product development, HR and finance activities/functions currently carried out by Holding (the "Business Unit") and, as a result, Holding will receive respective quotas in Wolford Italia. This transaction had no accounting impact at the consolidated level.

The Wolford Group's business model continues to be based on covering the entire part of the value chain – from design and development to manufacturing/sourcing and global omnichannel distribution including its own retail stores. 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 and product development teams work together hand in hand. Product management analyses 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, too.

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 ambitious 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 is 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.

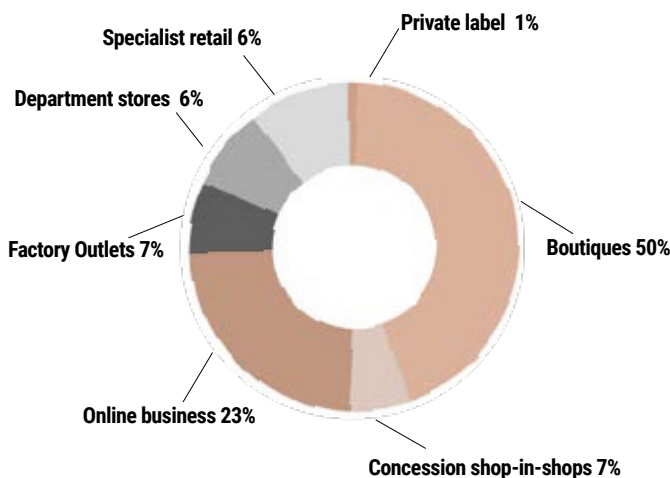
## 03 // PRODUCT DEVELOPMENT



## GLOBAL SALES

Wolford's products are sold in 45 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 (58%) in the 2024 financial year with its international network of boutiques. At the end of December 2024, Wolford had 112 monobrand points of sales, while 51 were managed by partners. Overall, the Wolford Group controls around 76 % of sales itself. Alongside bricks-and-mortar retail, online business is also playing an increasingly significant role, accounting for 23 % of sales in the 2024 financial year.

## 04 // SALES BY DISTRIBUTION CHANNEL, in percent



**Boutiques:** stores that are 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 retailers:** exclusive fashion and specialist shops that offer Wolford products.

**Online business:** own online boutiques.

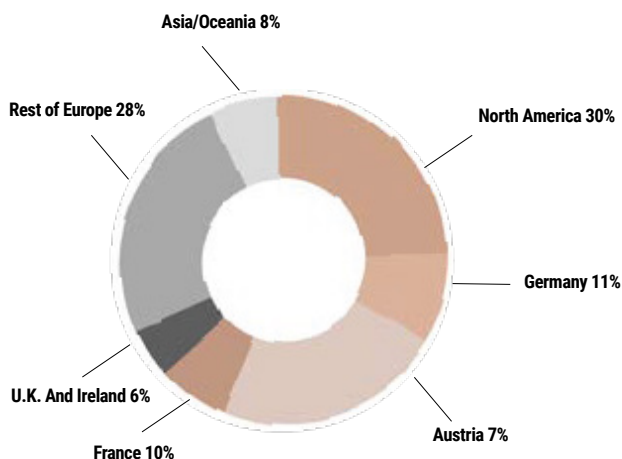
**Private label:** products manufactured for other brands or sold in shops under a different brand name.

**Factory outlets:** outlets where Wolford collections from previous seasons or discounted goods are sold.

## EUROPE – THE MOST IMPORTANT MARKET

Accounting for around 62 % of revenue, the European market is the most important sales region for the Wolford Group. Above all Germany (11%), France (10%), Austria (7%) and Great Britain and Ireland (6%) contributed for the majority of sales. The most important individual market is North America with a sales share of 30%. Asia/Oceania accounts for 8%.

## 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 long-term goal is to improve sustainable growth and an increase in free cash flow, while the company's internal control system supports management in aligning corporate processes to this long-term goal.

The main objectives of the Group are focused on increasing sales and operating income (EBIT), while stabilizing the Group's cash position. For example, in the second half of 2024, the Group successfully negotiated and established a repayment plan with its vendors amounting to approximately €10 million, and it continues to pursue further flexibility throughout 2025.

One of the most important performance indicators is sales (absolute and like-for-like, i.e., excluding those of sales areas newly opened or closed) and free cash flow. 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 regarding all key performance indicators and the corresponding action plans for achieving the targets.



# Financial Review

The financial year of Wolford is a calendar year and ends on December 31, 2024.

## EARNINGS

Wolford's financial year is a calendar year. Wolford recorded revenue of € 88.4 million for the 2024 financial year, i.e. 30% less than the comparative figure for the 2023 financial year (€125.8 million).

In the course of navigating through challenging market conditions characterized by geopolitical tensions, inflationary pressures, production stops and difficulties in deliveries, Wolford's revenue decreased by 30%.

At 46%, the Ready-to-wear product group's share in revenue also represented the largest share in consolidated revenue in the 2024 financial year (2023 financial year: 45%). With a share of 39% (2023 financial year: 39%) in the 2024 financial year, the Legwear product group again takes second place. In the Lingerie product group, which generated 14% of consolidated revenue (2023 financial year: 15%), sales were level with the previous year. Accessories, Beachwear and Trade goods had a share in sales of 1% sales (2023 financial year: 1% share in sales).

KEY EARNINGS FIGURES in %	2024	2023
Cost of materials ratio*	-25.08	-19.35
Personnel expense ratio**	-56.92	-42.75
Other operating expenses as a % of revenue	-51.23	-45.52
EBITDA margin***	-27.79	-0.02
EBIT margin****	-48.24	-14.07

\* 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 -25.08 is in line with the value of the year 2024.

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 2024 is mainly related to the reduction in personnel costs recorded in 2024 by 6% from € 53.8 million in financial statement 2023 to € 50.3 million in financial statement 2024 due to reorganization and optimization applied in 2024.

Other operating expenses as a percentage of revenues ratio decreased by 5.71 percentage points in 2024 compared to 2023. This is linked to the decrease in operating expenditure due to lower consultancy costs and marketing expenses.

Wolford is facing some significant challenges due to the global situation, including cost increases and supply chain disruptions exacerbated by the

conflict in Ukraine, leading to liquidity shortfalls. Adapting to these uncertainties requires strategic planning and flexibility that the company triggers for instance through payment term renegotiation with its suppliers.

Other operating income decreased by 39.25% to €5.9 million (financial year 2023: €9.7 million), whereby an amount of €4.2 million is attributable to income from the modification of lease contracts.

The cost of materials and other purchased services fell by €10.9 million to €14.5 million (financial year 2023: €24.6 million) driven by turnover decrease.

Depreciation and amortization decreased from €-13.8 million in the financial year 2023 to €-12.6 million in the financial year 2024. Impairment losses decreased from €-6.2 million in financial year 2023 to €-5.8 million in financial year 2024, primarily related to impairments on right-of-use assets. On the other hand, income from the reversal of impairment losses decreased from €2.3 million to €0.3 million. In total, depreciation and amortization, including the net effect of impairments and reversal of impairments, showed a slight increase by 2% from €-17.7 million to €-18.1 million in financial year 2024.

Financial loss decreased from €-9.7 million in financial year 2023 by €0.8 million to €-8.9 million in financial year 2024. This decrease is mainly due to an increase in other financial income, while other financial expenses, which mainly include interest on shareholder loans, which remained unchanged at a 12% rate.

Income tax expense decreased by €-3.2 million to €-0.2 million in financial year 2024, compared to €-3.4 million the 2023 financial year. As the Loss before taxes amounting to €-50.9 million, deferred tax assets on tax losses carry forwards were not considered in the financial statements of 2024.

Overall, loss after taxes increased from €-30.8 million in the 2023 financial year to €-51.7 million in the 2024 financial year. The loss per share amounted to €-5.40 in the financial year 2024 after €-3.34 in the 2023 financial year.

#### INCOME STATEMENT (ABRIDGED) in EUR million

INCOME STATEMENT (ABRIDGED) in EUR million	2024	2023
<b>Revenue</b>	<b>88.37</b>	<b>125.80</b>
Other operating income	5.88	9.67
Changes in inventories	-8.47	0.21
Cost of materials	-13.69	-24.55
Personnel expenses	-50.30	-53.78
Other operating expenses	-45.27	-57.26
Valuation allowances on trade receivables	-1.07	-0.11
Depreciation, amortization and net impairments*	-18.08	-17.67
<b>EBIT</b>	<b>-42.63</b>	<b>-17.70</b>
Financial result	-8.85	-9.70
<b>Loss before tax</b>	<b>-51.48</b>	<b>-27.40</b>
Income tax	-0.19	-3.36
<b>Net loss</b>	<b>-51.67</b>	<b>-30.75</b>

\*Depreciation plus impairments less reversals of impairment



## FINANCIAL POSITION AND FINANCIAL PERFORMANCE

At €98.4 million, the Wolford Group's total assets at the December 31, 2024, reporting date have decreased by 35.7 million compared to the level at the end of the previous year (€134.2 million). The decrease is due to the lower level of Property, plant and equipment and a lower level in inventories.

Non-current assets amounted to €49.9 million at the reporting date (December 31, 2023: €69.3 million), representing 50.72% of total assets (December 31, 2023: 51.63%). The decrease of Right of use assets by

€23.2 million in 2024 refers to the termination of lease agreements for the closing or relocation of retail stores and the modification of existing lease agreements, mainly in the EMEA and AMERICAS regions.

Current assets accounted for 49.28% of total assets as of December 31, 2024 (previous year: 48.37%). The decrease in trade receivables to €8.7 million (December 31, 2023: €12.1 million) is linked to the revenue reduction.

### KEY BALANCE SHEET FIGURES in EUR million / in %

KEY BALANCE SHEET FIGURES in EUR million / in %	12/31/2024	12/31/2023
Equity in EUR million	-88.44	-34.41
Net debt in EUR million	84.25	43.95
Working capital in EUR million	6.20	20.41
Equity ratio** in %	-89.84%	-25.64%
Degree of fault / Gearing*** in %	-95.3%	-127.7%
Working capital as a shares of revenue in %	7.02%	16.24%

\* 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 €6.20 million compared with €20.41 million as of 31 December 2023. The decrease in net working capital is mainly driven by a decrease in inventory and in trade receivables. The Wolford Group's equity amounted to €-88.44 million as of December 31, 2024, which was lower than the comparable figure in the consolidated financial statements as of December 31, 2023 (€-34.41 million) due to the negative result in the reporting year. As a result, the equity ratio deteriorated to -89.84% (December 31, 2023: -25.64%).

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	2024	2023
Non-current financial liabilities	0.5	0.80
Current financial liabilities	88.26	50.69
- non-current financial assets	-1.05	-1.08
- cash and cash equivalents	-3.44	-6.47
<b>Net debts (excluding leases)</b>	<b>84.25</b>	<b>43.95</b>

Due to the raising of new shareholder loans in the amount of €29.1 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 €84.25 million as of December 31, 2024 (December 31, 2023: €43.95 million).

## CASH FLOW

At €-17.43 million, the cash flow from operating activities (operating cash flow) was significantly below the level of the 2023 financial year (€-7.97 million), with the significant decline in 2023 mainly driven by higher loss reported in 2024.

Cash flow from investing activities amounted to €-1.96 million in the reporting period, compared to €-1.56 million in 2023. Cash outflows for investments amounted to €-2.13 million in 2024 and €-2.66 million in 2023. By contrast, in the financial year 2024 proceeds from the disposal of property, plant and equipment were €0.18 million, stemming from the sale of property, plant and equipment.

Cash flow from financing activities increased from €12.23 million in financial year 2023 to €16.47 million in financial year 2024. In 2023 proceeds from capital increase of € 17.43 million were included in financing cash flow. In 2024 increases in shareholder loans of €29.05 million and a new bank loan of €1.8 million lead to an inflow of € 30.91 million, compared to € 11.61 million

in the financial year 2023. As no interest on shareholder loans was paid in 2024, interest paid amounting to €3.61 million solely result from lease liabilities and other interest paid. Lease payments (excluding interests) amount to €10.83 million in the financial year 2024 (2023 financial statement: €12.39 million).

Cash and cash equivalents decreased during the financial year from €6.47 million as of December 31, 2023, to €3.44 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 2024 and €0.11 million in financial year 2023.

## STATEMENT OF CASH FLOWS (CONDENSED) in EUR million

STATEMENT OF CASH FLOWS (CONDENSED) in EUR million	2024	2023	CHANGE IN %
Cashflow from operating activities*	-17.43	-7.97	-124%
Cashflow from investing activities	-1.96	-1.56	-26%
<b>Free cashflow</b>	<b>-19.39</b>	<b>-9.52</b>	<b>-108%</b>
Cashflow from financing activities	16.47	12.22	38%
Change in cash and cash equivalents	-2.92	2.70	-208%
Effects of exchange rate changes on cash and cash equivalents	-0.11	0.11	-196%
Cash and cash equivalents at the beginning of the period	6.47	3.66	-77%
<b>Cash and cash equivalents at the end of the period</b>	<b>3.44</b>	<b>6.47</b>	<b>47%</b>

\* 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 reports based on the following segmentation:

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

## **Austria**

External revenue (revenue less intercompany revenue) in the Austria segment decreased from €28.99 million (2023 financial year) to €13.35 million in the reporting period. This segment comprises the production and revenue activities in Austria as well as the revenue activities in all countries in which Wolford does not have its own subsidiaries, as well as online retailing until August 19, 2024. The significant decrease is primarily due to the transfer of the business unit comprising wholesale and online channels from the holding company Wolford AG to Wolford Italia as of August 19, 2024, as previously described. The segment contributed 15% to consolidated revenue (2023 financial year: 23%). The operating result (EBIT) decreased in the 2024 financial year by € 14.64 million from €-17.40 million to €-32.04 million.

## **Germany**

External revenue in the Germany segment decreased from €11.14 million in the previous financial year to €6.68 million in the 2024 financial year. The segment contributed 8% to consolidated revenue (2023 financial year: 9%). EBIT came to € 0.4 million, as against €0.93 million in the 2023 financial year.

## **Italy**

Following the reorganization of the business model, the Italy segment gained greater importance in the last quarter of 2024, as from August 19, 2024, wholesale and online channel sales have been reported under Wolford Italia rather than Wolford AG.

External revenue in the Italian segment increased from €6.37 million in the previous financial year to €12.36 million in the 2024 financial year. The segment contributed 14% to consolidated revenue (2023 financial year: 5%). EBIT came to € -5.50 million, as against € 0.28 million in the 2023 financial year.

## **Rest of Europe**

External revenue to companies in the Rest of Europe segment decreased from €44.77 million in the 2023 financial year to €23.40 million. This segment includes the European revenue companies outside Austria, Germany and Italy as well as the production company in Slovenia. This segment contributed 26% to consolidated revenue (2023 financial year: 36%). EBIT decreased to € - 1.36 million compared to the 2023 financial year (€4.43 million).

## **North America**

External revenue at the group companies in the North America segment decreased from €31.61 million in the 2023 financial year to € 25.93 million. The North America segment includes the revenue companies in the U.S. and Canada. At 29%, this segment contributed the largest share to consolidated revenue (2023 financial year: 25%). EBIT increased to €-5.10 million after €-6.28 million in the 2023 financial year.

## **Asia**

At €6.66 million, external revenue at companies in the Asia segment was lower than the level of the 2023 financial year (€9.28 million). This segment includes the revenue companies in Hong Kong and China. The segment contributed 8% to consolidated revenue (2023 financial year: 7%). EBIT of -1.54 million was in line with the level of the 2023 financial year (€-1.51 million).

# Outlook and Targets

## DEVELOPMENT OF THE ECONOMIC ENVIRONMENT

After a positive trajectory along 2023, Wolford has faced unprecedented challenges during fiscal year 2024. In particular, the disruption experienced in Q2 due to the transition to a new logistics provider, together with a fragile global market influenced by conflicts and economic challenges, leading to a significant slowdown also in the second half of 2024. The liquidity challenges that followed, exacerbated by the abrupt disruption suffered in the supply chain, have been partially mitigated through significant cash loans by the majority Shareholder (€ 29.05 million) along the course of 2024.

Along the course of 2025, market conditions are expected to remain uncertain and volatile due to geopolitical tensions, evolving trade policies and economic shifts. Falling inflation and increased tourism in Europe, the resilience of high-net-worth individuals in the United States and new growth engines in Asia (to counteract the uncertainty around the consumer spending in China, experiencing a slowdown after a long period of solid expansion) also require a careful monitoring of the regional shifts in place.

According to *Osservatorio Altagamma* the global luxury market showed in 2024 a contraction by 2% versus prior year, while 2025 estimates foresee a limited growth, that in Europe should stabilize in the low-single digits. Also, according to McKinsey, the fashion industry is expected to remain modest in 2025 but increase slightly from the prior year.

## WOLFORD'S DEVELOPMENT

Despite the foreseen economic headwinds, Wolford remains committed to achieving its goals, navigating through unpredictable market conditions while maintaining its commitment to quality and innovation. One of the key goals will be represented by the stabilization of its operations after the discontinuation suffered in 2024, aiming at supporting both its Wholesale business - establishing higher level of services and faster deliveries for its key accounts - and its Direct-To-Consumer business, getting the right product at the right time.

In such context, a robust reorganization of its distribution channel is envisaged, in particular for the Retail channel through the closure of a significant number of non-strategic stores, while its On-line business is planned to be strengthened through better service and effective product selection.

Product wise, in the short term the company aims at focusing on its Essential product lines, already representing 69% of its revenues, enabling higher agility, faster deliveries, reduced working capital investments, while initiatives dedicated to newness will be more efficient through a streamlined and more-balanced product offer.

Great attention will remain on the cost structure. Wolford's management has developed strategic initiatives to specifically address the current challenges; these are mitigation measures that go from organizational adjustments, ambitious cost cutting and higher flexibility on financial execution.

Thanks to the constant support of its shareholders, including the significant capital increase expected in the 1st half of 2025 (as resolved during the company's Annual General Meeting held on 17th December 2024), Wolford remains confident to be able to achieve its goals.

For the operating result (EBIT), Wolford still expects a challenging 2025, not yet projecting profitability in the current financial year, which will be focused on reestablishing its operations, executing and consolidating all the initiatives dedicated to gain higher efficiency and financial sustainability in the following year.

# 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.

An auditor was not assigned to evaluate the effectiveness of the risk management system based on documents provided by the Management Board. Consequently, and with the consent of the Chair of the Supervisory Board, they do 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 two 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 are 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 act appropriately 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 is regularly aligned with management and reviewed on an ongoing basis.

### Risks related to the industry and markets in which the Group operates

Due to changing macroeconomic conditions, shifting client preferences and continuing economic uncertainty, the luxury industry is facing a significant slowdown. In case the significant economic downturn since 2024, rising inflation as well as geopolitical instability continues, the slowdown may continue which may further result in reduced spending by consumers and adversely impacting demand for luxury goods in general and the Group's products in particular. Additionally, industry-wide slowdowns may be intensified by increasing market saturation, evolving consumer preferences and competition from both established luxury brands and newly emerging companies. The growing popularity of alternative luxury consumption models – such as second-hand markets, rental fashion, and digital fashion – further intensifies market competition and could shift consumer spending away from new luxury goods.

The economic conditions may deteriorate due to the global political and economic instability, in particular the wars in Gaza and of Russia against Ukraine. Global conflicts, including the war of Russia against Ukraine and economic sanctions implemented by the United States, the European

Union and other countries against Russia in response thereto, negatively impact markets, increase energy and transportation costs, disrupt supply chains, have an adverse effect on the availability of materials and cause weaker macroeconomic conditions which may all have a material adverse effect on the Group's business. Political developments impacting government spending and international trade may also negatively impact markets and cause weaker macro-economic conditions. The Group's revenue, financial condition and results of operation are affected by geopolitical and macro-economic developments in the Group's core markets.

Recent developments of disruption and destabilization in political systems in various countries all over the world as well as governmental measures implemented in such changed political environments (e.g. punitive tariffs as recently imposed by the US government) may negatively impact the markets in which the Group operates. Trade measures by other countries as well as political uncertainties could limit the Group's market access, reducing demand for the Group's products. Adapting to these changed and/or uncertain conditions requires cost-intensive strategic planning which may have a material adverse effect on the Group's assets, financial condition and results of operations.

Intense competition, dependency on consumer sentiment as well as changing shopping habits and trends in the fashion industry could adversely affect the Group's business. The Group operates in the highly competitive fashion industry and is exposed to the risk that it may not be able to maintain its market share in its core markets or to develop anticipated market shares in its growth markets, including Asia and the online market. Considering itself as one of the quality leaders in terms of consumer perception, it is vital for the Group to set and/or recognize market trends, to analyse consumer preferences and sentiment and to differentiate itself from competition through product innovation.

Any negative macroeconomic trends, including economic crisis, increasing unemployment rates, lower salaries or increasing living costs and changing shopping habits may have a negative effect on the availability of free funds by consumers as well as their ability and willingness to spend money on fashion products in general or the Group's products.

### Risks in connection with the business/operations of the Group

The Group depends on a sufficient supply of raw materials, (semi-)finished products, and energy. Losing one or more of its key suppliers, may represent a risk that they cannot be substituted in a timely manner, in the required quality and/or at acceptable prices on short notice. This may negatively impact the timely manufacturing and the availability of Group products.

The Group's demand and resource planning may fail. The Group's demand and resource planning is implemented to avoid idle capacities, over-production and insufficient availability of raw materials or of stocks of finished products as well as incorrectly allocated manufactured products to different markets. In case it fails, the Group may be forced to either sell products in certain markets beyond the estimated retail prices or to ship unsold products to different markets at additional costs. This may risk also to lead to lost sale opportunities and reduced profitability.

The Group is dependent on its points of sale. As of the date of this Information Document, the Group operates 163 monobrand points of sale. Any decision to open new points of sale is associated with significant financial investments and therefore has an impact on the Group's liquidity.

Careful evaluations of each point of sale's potential turnover and profitability, also taking into account the attractiveness of the location, the frequency of potential customers, and the future development of the area and/or city where the point of sale is located, are conducted to minimize risks and optimize investment returns, yet risks to such extent remain and cannot be excluded.

The Group may not be able to develop and launch new products in a timely manner or may not be successful with its products and their marketing. Social media trends may negatively affect the Group's business. In particular in the legwear market segment, it is vital for the Group to set market trends and differentiate itself from the highly competitive market environment through product innovations. In the event that certain social media trends do not support some products and/or express negative comments on that, this may result in negative impacts on the Group's sales among younger customer groups, which are highly dependent on social media trends. Failure to develop and launch competitive new products may lead to a loss of sales opportunities and market share, causing the Group's revenue to decline.

The Company may be subject to negative publicity, including inaccurate adverse information. Social media and websites immediately publish posts from users, often on an anonymous basis, without filters or checks on the accuracy of the content. Negative publicity and complaints could have a highly adverse effect on the Group's customer base and in return on its financial condition, results of operations and prospects.

The Group faces the risk of materially adverse effect of any disruption of operations caused by technical, IT or logistical failures of the Group's or its suppliers' or service providers' IT systems, including the unsuccessful implementation of standardized processes, inadequate data protection, loss of data, hacking or cyber-security breaches and hard- or software malfunction and/or manipulation.

The Group's activities in some countries where the Group operates or might operate business involve specific risks due to the economic, legal and political framework, substantially differing from those in Austria. Also, the Group's activities in such countries depend on collaboration with local customers and on approvals being granted by the local authorities. Additionally, the Group might not receive equal treatment with its local competitors in these markets and there is also an increased risk of corruption or organized crime negatively affecting business activities in these areas. These circumstances as well as specifics of legal systems in some countries where the Group is actively selling its products (e.g. in terms of rights, remedies and protections creditors are accustomed to under the bankruptcy regimes) could have a material effect on the Group's assets, financial condition and results of operations.

The Group depends on the uninterrupted business operations. The Group's operations and its financial success depend on its ability to maintain continuing, uninterrupted production at its manufacturing facilities in Bregenz, Austria, and in Murska Sobota, Slovenia. This includes dependency on supply chains, stability of the cooperation with the Group's service providers and storage capacities for raw materials. For example, recent political and economic developments (e.g., war in Ukraine and Gaza, energy crisis, economic recession, inflation, punitive tariffs) have shown that global raw material and energy supply chains become increasingly unstable.

Potential labour disputes and work stoppages could have an impact the Group's financial performance. The Group can neither guarantee that it will reach new agreements on satisfactory terms when existing collective bargaining agreements expire, nor that it is able to reach such new

agreements without work stoppages, strikes or similar industrial actions which could impair its ability to provide products within the production schedules to its shops and/or customers.

The Group depends on its personnel to grow and to operate its business and may not be able to retain and replace existing personnel.

## Risks related to the Group's financial situation

The Group is currently in an adverse financial situation. Cash flow from operating activities and other liquid resources from existing sources of financing available to the Group maybe are not to be sufficient to cover its future foreseeable payment obligations. If a liquidity shortfall materializes, the Group could not be able to meet essential financial obligations such as shop leases, raw material costs, taxes, employee salaries or social security contributions. This could lead to severe operational constraints, potentially resulting in a downsizing of business activities or even insolvency.

The Group incurred a net loss of €51,674T during the year ended December 31, 2024 and, as of that date, the Company's current liabilities exceeded its total assets by €43,562T. These events or conditions, along with other matters, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Current cash flow budgets demonstrate the need for further internal and external financing, such as a capital increase, which was resolved during the Annual General Meeting held on December 17, 2024. The process is currently underway, with effectiveness expected by the first half of 2025. These and other measures are intended to enable the Group to meet its liabilities at any time when they fall due and to secure the Group's continued existence for the near future.

In addition, the main shareholder Lanvin Group Holdings Limited is continuing to provide financial support to Wolford as needed; to this extent it has also 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 granted loans to the Company which as of 31 December 2024 amount in total €86,081T including unpaid interests. The total of all these loans (including interest) are subordinated until the Company has completed its "Restructuring" or in case of liquidation or insolvency, until all creditors have been satisfied. According to such letter of comfort Lanvin Group Holdings Limited undertakes to provide additional liquidity totaling €50,000T from January 1, 2025 to December 31, 2026 at the request of the company management ("liquidity injection"). By the end of April 2025 €300T had already been provided, reducing the guaranteed liquidity injection from €50,000T to €49,700T. Currently companies of Wolford Group are negotiating financing lines with third party financial institutions in the total volume of €9,800T (the "Third-Party Financing"). In case Third-Party Financing is achieved before end of 2025 the volume of the committed Liquidity Injection shall be reduced by the proportional amount of Third-Party Financing raised, up to €9,800T. In the event of the Third-Party Financing value fluctuates the volume of committed Liquidity Injection amount shall be adjusted accordingly. In regard to Third Party Financing there is no reduction of committed Liquidity Injection beyond a maximum of €9,800T. The Liquidity Injection is unconditional and can be granted as an increase of capital reserve (equity) or as a subordinated loan.

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. In the event that financial support is required, Lanvin Group Holdings Limited undertakes to enforce the guarantee in full.



Having mentioned that it cannot be excluded some remaining likelihood that the max amount guaranteed in the comfort letter may be transferred with delay or may not suffice if the current budgets/forecasts are not met, leading to the Company's inability to pay its debt when due and, specifically, to the Company's inability to continue as a going concern, the Management Board- after having reviewed all facts and circumstances as mentioned above- concludes that the company's annual and consolidated financial statements for 2024 should be prepared using the going concern principle.

The Group is exposed to counterparty default risk. The Group may suffer significant losses if many of its wholesale customers were unable to meet their payment obligations when due or at all. The Group is thus exposed to the risk that their counterparties' credit quality deteriorates and customers default on outstanding receivables. Monitoring and further risk management techniques such as setting strict credit lines may fail. In addition, there is a default risk in connection with purchases by end consumers in the online business.

Currency exchange rates are subject to fluctuations. The Group's indebtedness is denominated in Euro as it manufactures all its products in the Euro zone or purchases (semi-)finished products usually in Euro. As the Group's worldwide sale of products also takes place in currencies other than the Euro (mainly US Dollars, Swiss Franc, British Pound, Danish Crown and Hong Kong Dollar) relevant adverse changes of exchange rates could lead to increased financing costs and losses of earnings.

Significant changes in interest rates could materially and adversely affect the Group's business and financial performance. Rising interest rates may increase the cost of capital, resulting in higher financing costs for business expansion, store openings, supply chain improvements and digital transformation initiatives. Moreover, fluctuations in interest rates and returns may also have an impact on consumer behaviour, in particular higher interest rates can affect the availability of disposable income for investment in luxury products.

The Group's operating business is exposed to foreign currency (translation) risk. The Group's consolidated financial statements are stated in Euro, whereas the revenue and expenses of parts of the Group's operations are earned and paid, and assets and liabilities of parts of the Group's operations are held, in currencies other than the Euro. The exchange rate between these currencies and the Euro can fluctuate, causing fluctuations of asset values, liabilities and Group results. At the moment, the Group is not able to enter any hedging transactions. If hedging transactions are entered into again, the Group would be subject to risks in connection with corresponding hedging transactions.

### **Legal, compliance and tax risks relating to the Group's business**

The Group may become subject to judicial and extrajudicial litigation, mainly due to complex financial situation, such as those involving customers and suppliers, as well as administrative proceedings before various courts, arbitral tribunals and governmental agencies arising from the ordinary course of business involving various contractual, labour and other matters, including claims and lawsuits. This may have an impact on the Group's reputation, assets, financial condition and results of operations.

The Group is subject to increasingly stringent laws, regulations and standards in various jurisdictions that relate to, among other things, environmental, health and safety, water and waste disposal standards. This forces the Group to invest resources to comply with these laws and regulations. Failure of compliance may trigger significant fines, penalties and/or damage claims or, at worst, cause a shutdown of the Group's production facilities. Additional legal obligations may be introduced in the future that further increase costs of compliance. Furthermore, it cannot be excluded that the Group might fail to maintain a compliance management system that ensures compliance with all laws and regulations applicable to the Group in Austria and abroad.

The Group is exposed to changes in tax laws or regulations as well as to tax and payroll tax risks. The Group operates in several international markets and is therefore subject to different tax laws and regulations. Changes in tax laws or regulations as well as tax audits by the competent tax authorities may affect its tax liabilities as well as the Group's strategic decisions for future operations. Similarly, social security authorities could charge supplementary social security contributions.

The Group's internal control mechanisms may be not sufficient to fully prevent corruption or other illegal or unethical practices by its employees. This could significantly damage the Group's reputation or result in penalties or criminal liability for the Group and its employees.

The company is exposed to risks related to customs regulations, tariffs, and import/export compliance. Changes in customs laws, trade policies, or the imposition of new tariffs in the countries where we operate could negatively impact on supply chain and overall cost structure. Additionally, any delays or issues with customs clearance may lead to disruptions in operations and potential fines or penalties. The company continuously monitors developments in international trade regulations to mitigate these risks and ensure compliance with applicable laws.

### **Climate-Related Risks**

The Group faces potential risks arising from climate change, including both physical and transitional risks. Physical risks may involve disruptions to supply chains, operations, or retail locations due to extreme weather events, while transitional risks may stem from evolving regulations, shifts in consumer preferences towards sustainable products, and the need to reduce carbon emissions. These risks could impact the Group's financial performance, reputation, and ability to adapt to changing market conditions. The Group is actively working to mitigate these risks by integrating sustainability into its business strategy and operations.

### **Risks Related to the Offer and the New Shares**

In the event of insolvency of the Company, the Company's shareholders could suffer a total loss in the value of their Shares as, under applicable insolvency law, all or substantially all of the Company's assets would be used to satisfy the claims of its creditors. Any material adverse effect on the Group's assets, financial condition and results of operations may therefore increase insolvency risks and the risk for shareholders that they suffer a total loss in the value of their Shares.

The market price and trading volume of the Shares on the Official Market of the Vienna Stock Exchange may be volatile and may fluctuate significantly, which can result in substantial losses if shares need to be sold. Factors that could negatively affect the Company's share price or result in fluctuations include variations in the Group's actual or projected operating results/earnings or those of its competitors, changes in earnings estimates or failure to meet investors' or security analysts' earnings expectations, negative analysts' coverage or negative press, investors' evaluation of the related risks, unfavourable developments in litigation, governmental investigations and administrative proceedings, changes in general economic conditions and changes in the shareholder base. Moreover, sales of large numbers of Shares in the market (e.g. by FFG, holding at least approx. 61%, or Ralph Bartel ("RB"), holding more than 30% of the Existing Shares) or the perception that such sales could occur, may have a negative effect on the market price of the Shares.

### **Strategic opportunities**

Wolford operates in a dynamic, rapidly changing market environment. It is therefore important to develop a suitable strategy. In the long term, without a clear strategy, the company risks losing its competitive. To remain consistent and responsive to market conditions, it's crucial to establish a cohesive strategy and, not least, ensure that it is effectively communicated

internally so that it is supported by all employees. Wolford constantly monitors the development of the market environment, the behavior of target groups and current trends and adapts its own strategy accordingly. In view of the continuing trend towards online shopping, for example, Wolford has for some time been focusing on the systematic expansion of its own online business and on cooperations with relevant providers in this area. As the growth of the luxury brands is expected to take place in Asia, particularly in China, as well as in the U.S., the company has invested heavily in expanding its market presence in these countries in recent years.

### Market communications

For a company like Wolford, which lives from the appeal of its brand, the brand image is of immense importance and thus an opportunity to boost sales. It therefore requires targeted market communication with a stringent marketing strategy. A suitable market presence is also required to appeal to younger potential consumers. Further investments in the global market presence are essential for Wolford and have been made accordingly.

### Retail environment

Wolford's network of Wolford-owned retail locations is continuously reviewed for profitability, and thus, Wolford has recently disengaged from more than 31 non-strategic stores by end of 2024.

### Liquidity

The effects of ongoing inflation and the ongoing restructuring with one-off costs continue to force Wolford to focus on tight cash management. The resulting uncertainty is taken into account by increased monitoring of liquidity. In 2024 and in the beginning of 2025 the tight cash situation has been limiting Wolford in its efforts to further expand into marketing activities and product launches. To mitigate this risk, Wolford plans a capital increase in the second quarter of 2025 aiming to raise a significant amount of capital. This injection will offer an opportunity to accelerate again the company's expansion plans.

### Human Resources

For Wolford, employees are the company's most important resource. Therefore, protecting and promoting them is a natural priority. Employee working conditions and qualifications directly impact development, production performance, and sales success. Well-trained sales staff, in particular, play a crucial role in driving sales growth.

Above all, Wolford thrives on the recognized quality of its products, which is closely tied to working conditions in production and manufacturing at its two sites in Austria and Slovenia. A major risk is not only the loss of key personnel but also the challenge of attracting, recruiting, and retaining well-trained and motivated employees. This challenge is further intensified by the company's financial situation, staff reductions due to restructuring, and cost pressures.

In Austria, we have implemented a professional outplacement program, including a handout and HR support for preparing application documents, to assist employees affected by reorganization.

Wolford operates in a dynamic and competitive environment where demands for flexibility, mobility, and adaptability are evolving rapidly. To stay competitive, the company has been refining its recruitment process to attract well-trained and adaptable employees in a highly competitive labor market.

## INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM WITH REGARD TO THE ACCOUNTING PROCESS

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

This manual sets out standardized Group-wide accounting and reporting requirements based on IFRS as adopted by the EU.

Software solutions are used to record, book and settle all business transactions within the Group. Wolford accounting is performed internally, except in China and Hong Kong where accounting is carried out by local tax consultants outside the Group system. These subsidiaries deliver 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 reviewed at Group level in the Corporate Accounting and Corporate Controlling departments and forms the basis for the Wolford Group's IFRS reporting. Established planning and reporting software is used for internal management reporting. Automated interfaces have been created for the transfer of actual data from the primary systems, and the values for the forecasts are entered in a standardized process. Reporting is done by region and per company. In the past financial year, a rolling full-year forecast was prepared for each month in addition to a report on operating earnings performance. The financial information described above, together with the respective quarterly figures, forms the basis for the Management Board's reporting to the Supervisory Board. The Supervisory Board is informed about economic developments at regular meetings. This information is provided in the form of consolidated figures, which include segment reporting, key earnings figures with budget/previous year comparisons, forecasts, consolidated financial statements, personnel and order development data and selected key financial figures.

The accounts are prepared every month to maintain constant control of it. The cash register systems, i.e. income and expenditure, are automatically uploaded to the system. The online business, including accounting, customer service and accounts receivable management, is managed by an external service provider and the cash register sales are automatically uploaded. There is another cash register system in China, which is also connected to the Wolford system landscape and supplies data to the Wolford systems via interfaces. An annual inventory of raw materials, semi-finished and finished goods is carried out at all warehouse locations. After the stocktaking, a reconciliation is carried out and Wolford books the deviations after the reconciliation. Returned goods are returned to the warehouse after a proper inspection and destroyed if the quality is not guaranteed. Invoices are automatically approved and sent to the end customer after being checked by the sales department and customer service. A report on accounts receivable is reviewed monthly by credit management. Invoices from suppliers are duly authorized by the department that placed the order and then forwarded them to the accounting department. The accounting department requests formal authorization from the relevant department. Payments are made on a weekly basis based on the amounts due and after proper coordination with the Management Board, the CFO and the department responsible. Following the appointment of a new CFO, Wolford AG has implemented a disciplined cash flow planning process to recognize liquidity bottlenecks at an early stage and ensure timely financing.

Even though the main shareholder is listed on the New York Stock Exchange, there is currently no need for Wolford to be Sarbanes-Oxley compliant.

# Research and Development (R&D)

Innovations are at the heart of the product world and part of Wolford's DNA. The product portfolio is clearly focused on the company's core competence: body-hugging circular knit products such as legwear and bodysuits, so-called skinwear, with high wearing comfort in first-class quality.

With Nao Takekoshi ([www.naotakekoshi.com](http://www.naotakekoshi.com)), Wolford continues its collaboration with an Artistic Director who is taking innovation in the company to a new level. With the introduction of Japanese Wholegarment® technology to Wolford products, he has succeeded in offering our customers products that combine the latest technology with the familiar Wolford design.

New products such as The WOW leggings, which were launched by the end of 2023, prove that our prominent level of innovation can lead to commercial success. Functionality and fashion are harmoniously combined, transforming leggings from a casual, comfortable garment into an essential basic that is simply perfect for even the most glamorous occasions.

Other completed R&D projects include the further development of the Scuba Tailor Jacket, that uses high-stretch jersey with a technical coating imitating the appearance of neoprene without sacrificing Wolford's signature second-skin fit and whisper-soft finish.

Furthermore, by using the innovative EMANA® smart polyamide yarn containing far infrared technology which uses body heat to improve the skin well-being Wolford has succeeded in combining fashion with its important characteristics such as climate regulation, thermal, dry, comfort, stretch, care and lightness.

Besides Wolford continues to challenge itself of further developing its success story item such as the fatal dress. Thus, since recently we are using BLUFIBRE® Yarn, which is based on upcycled tire waste. Special knitting techniques allow us to use an additional elastane thread, which mixes with the knitted fabric with different tensions to shape it in the right place. We have also succeeded in developing new production techniques that make it possible to manufacture garments with extra fine and soft metallic yarns without compromising on the desired Wolford fit.

A key issue in this area is the development of recyclable, sustainable products. Wolford is committed to the vision of closed material cycles so that the generation of waste can be completely avoided in the future. Two cycles are at the center of this: the technical and the biological. Products are designed in such a way that they can be returned to a biological cycle as "nutrients" after use (after wearing), while non-biodegradable products (made from synthetic fibers) are processed into new, assorted products in the technical cycle.

Closing the loop at the end of the cycle is currently still a major challenge for the circular economy, as there are still too few systems for taking back and recycling products. Wolford is working continuously with external partners on this issue to find a solution as quickly as possible. Wolford contributes to the circular economy regarding after-sales service. By setting up an innovative returns management system, Wolford refurbishes almost 100% of all returned items. All returns are collected centrally at Wolford's own production facility in Slovenia and returned to their original condition.

## More Efficient Development Process through 3D Integration

The integration of the 3D process not only enables a more efficient development cycle, but also new possibilities for product presentation. Design decisions can be made directly on the screen and from any location

Different colors, patterns or shapes can be implemented at short intervals. This reduces the number of physical prototypes and shortens process times. At the same time, our team is working on rendering photorealistic collections. This can reduce the need for photo shoots. In a digital studio, there are no physical and creative boundaries. To summarize, this digital process offers new and exciting possibilities: Accelerating the design process through digital imaging, reducing physical samples, shortening the development cycle, high-end rendering of photorealistic product images, and research and development.

At Wolford, we attach foremost importance to innovation. We will continue to embrace challenges and not simply settle for the status quo. Together with universities (e.g. the University of Innsbruck, Austria) and various suppliers, we have further projects in the pipeline to maintain our position as an innovation leader in our industry.

## Environment

In addition to the information below, please refer to the separate consolidated non-financial report in accordance with Section 267a (6) of the Austrian Commercial Code (UGB). Impacts on the environment arise primarily in the areas of "Emissions and energy consumption", "Wastewater and waste avoidance" and "Efficient use of water". To reduce the consequences of global warming, there are legal requirements throughout Europe regarding the permissible energy consumption per sector and the general reduction of CO<sub>2</sub> emissions. The Austrian Federal Energy Efficiency Act (EEffG) required Wolford to regularly analyse its energy consumption and continuously improve its energy performance since 2020. Wolford further works on the continuous improvement of its energy efficiency. (3-3) Wolford consumes the most energy at its two production sites in Bregenz and Murska Sobota, Slovenia, which are regularly monitored and evaluated accordingly. The administration and production building at the Bregenz

site was sold in its entirety in 2020 to the Vorarlberg-based fittings manufacturer Blum, which has since been responsible for all areas of management. Wolford AG is a tenant in parts of the building and obtains all its energy from Blum.

In order to make further progress in the area of energy efficiency, there is a regular dialogue with the Blum company so that further measures can be implemented in this regard.

In Bregenz, the operation of two steam boilers in production results in emissions on a relevant scale. The steam boilers with an output of 7.9 and 4.5 megawatts generate steam for the dyeing and molding processes as well as for heating at the Bregenz site. By contrast, energy consumption and the potential for climate-damaging emissions at the sales locations are comparatively low, which is why they are not included in the external reporting.

In November 2023, all general administration employees moved into a new office that is state of the art in terms of heating and cooling efficiency as well as electricity consumption.

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



In 2024, Wolford has continued its journey to consolidating space at its production plant. Thus, Wolford was able to reduce space used by more than 50% compared to 2022. The company has also further reduced its knitting machines with the aim of reducing energy consumption by 20% in the future compared to 2022. In parallel with the consolidation of space, Wolford has continued its efforts to switch to LED lighting. When it comes to waste, the company focuses on waste avoidance, waste separation and recycling. All employees are encouraged to minimize the waste they produce and to separate it properly. Residual materials are to be recycled wherever possible. Other waste is disposed of appropriately by specialized companies. Wolford's work in the Cradle to Cradle® project also plays a key role in the context of recycling. As the dye 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 reports regularly to the Executive Board and monitors the water quality, which exceeds the legal requirements.

In 2025 Wolford aims to certify both own production plant in Austria and Slovenia with Hohenstein SteP®, which is known as one most acknowledged certificate for corporate social responsibility. At the production site in Bregenz, Wolford uses groundwater for its processes and for air conditioning in the building. Water as a resource is therefore at the center of many of Wolford's environmental protection measures.

## Human Resources

Wolford has proactively aligned its operations with evolving market conditions by taking decisive actions to optimize its retail network, streamline its corporate structure, and enhance operational efficiency. Consequently, most HR initiatives have focused on reviewing processes and organizational structures to reduce complexity and gradually adapt the company's size to new business needs. The transformation process is still ongoing and will continue throughout 2025.

### Protection and Promotion of Employees

At Wolford, protecting and promoting employees is a fundamental priority, as they are crucial to the company's long-term success. Employee working conditions and qualifications directly impact development, production performance, and sales success. Well-trained sales staff, in particular, play a key role in driving sales growth.

To support our employees, we have introduced additional training initiatives for our retail teams. The focus is on equipping them with in-depth knowledge of our products and product quality through "learning nuggets." Our goal is to provide customers with a unique shopping experience. Training sessions are conducted both online and in person.

Recently, we also launched an induction program for new corporate hires, which includes hands-on training in our stores. This allows new employees to immerse themselves in the retail environment and understand the customer experience firsthand.

Above all, Wolford's success is built on the recognized quality of its products, which is closely linked to working conditions in production and manufacturing at its two sites in Austria and Slovenia. Beyond providing safe workplaces, employee protection also includes compliance with rest periods, minimizing overtime, and optimizing workplace design. This is complemented by targeted training and development programs aimed at keeping sickness rates and staff turnover low, strengthening Wolford's employer brand, and attracting and retaining top talent.

A key aspect of our approach is time management systems to monitor working hours and help prevent excessive overtime. The system alerts employees if they exceed ten working hours per day, ensuring a healthy work-life balance.

Wolford is also committed to fair compensation, flexible working models, and employee well-being. We continue to offer breakfast and lunch benefits to our employees.

To recruit skilled labor, we invest in dual apprenticeship training. The HR department sets the framework for training and development, while managers oversee implementation. Each of Wolford's five apprenticeship programs has a dedicated trainer. The apprenticeship program also includes general training, organized excursions, and job rotation opportunities, allowing apprentices to gain experience in different departments. Since 2023, we have introduced regular feedback meetings with apprentices to discuss their training, review business overviews, and align mutual expectations.

Wolford ensures strict compliance with legal regulations, including the Working Hours and Maternity Protection Act, the Child and Youth Labour Protection Act, and other workplace safety standards, such as the Employee Protection Act, the Workplace and Work Equipment Ordinance, and the General Employee Protection Ordinance. These regulations cover various aspects, including protection against explosive atmospheres (VEXAT) and safeguards against noise and vibrations.

The quality of our working conditions is assessed through monthly sick leave reports and regular staff turnover analyses. Wolford continuously strives to enhance working conditions and maintains an open dialogue with the Works Council. These topics are regularly discussed in management meetings, and all improvement suggestions are forwarded to senior leadership.

At the Bregenz site, the turnover rate has primarily been influenced by remodeling projects carried out in recent financial years. In the retail sector, turnover naturally tends to be higher than in administrative departments.

### Focus on Health and Safety

In a production plant, there is always a risk of workplace accidents. To mitigate this, Wolford has implemented comprehensive accident prevention systems at both of its production sites.

When new employees join the production or administrative teams, they receive induction training covering workplace safety, health protection, environmental considerations, and mobility. Additionally, department-specific hazards are highlighted, and regular evacuation drills are conducted to ensure preparedness.

By contrast, employees at sales locations face a lower risk of accidents. However, to maintain high safety standards, our internal safety expert visits Austrian branches twice a year to assess and evaluate safety measures. The Wolford Group strictly complies with all applicable laws in the countries where it operates, ensuring that all necessary preventive measures are in place to protect and promote employee health.

Wolford has upheld workplace safety as a core value for decades, recognizing that only healthy and motivated employees can maintain the high quality standards of Wolford products. Special attention is given to optimal working conditions for pregnant employees. If a workplace does not meet the necessary safety requirements for pregnancy, Wolford immediately provides an alternative position upon learning of the pregnancy. Pregnant employees are also informed about workplace behaviors and safety measures to protect their unborn child.

Another key workplace risk is psychological stress, which can arise from time pressure or increased performance demands. Such stress not only raises the risk of workplace accidents but can also lead to reduced productivity and employee well-being. To address this, Wolford has introduced part-time retirement options that facilitate a smooth transition into retirement, ensuring a mutually beneficial outcome for both employees and the company.

Wolford counters workplace risks with systematic occupational health and safety measures. Every new workplace undergoes a health and safety evaluation, which is repeated whenever significant changes occur. Near misses are systematically reported, documented, and used to reassess workplace safety measures. The company's safety management system also includes an annual workplace inspection. For example, in Bregenz, regular assessments determine whether heat levels in the forming department remain tolerable for employees or if ergonomic conditions in administrative offices meet required standards.

Wolford's occupational safety team consists of a trained specialist at its head offices in Bregenz and Hard, ten safety officers, 26 first aiders, and a company fire brigade with an integrated first responder team. A company doctor performs all necessary occupational health examinations and oversees preventive health measures. Employees at production sites receive continuous training on potential accident risks, while all machines and systems undergo regular safety compliance checks. The company is committed to continuously improving workplace equipment and materials to ensure the highest safety standards.

### **Wolford Collects Detailed Accident Statistics**

Wolford systematically collects and analyses accident statistics to evaluate the areas and circumstances in which workplace accidents occur. Based on these findings, targeted preventive measures are implemented, such as specialized training programs to improve the handling of work equipment and optimize work processes.

The managing director responsible for commercial operations ensures compliance with all legal and internal safety requirements. Additionally, the internal occupational health and safety committee meets annually to discuss potential improvements and identify further optimization measures.

In Austria, compliance with legal regulations is monitored by the General Accident Insurance Institution (AUVA), the Labour Inspectorate (the higher-level state authority responsible for overseeing employee protection regulations), and the local fire prevention authority.

## Diversity and Equal Opportunities

Wolford firmly believes that diverse teams are more innovative, effective, and ultimately achieve better results than homogeneous groups. In management teams, diversity fosters a more informed decision-making process by encouraging the exchange of different perspectives and arguments.

Cultural diversity, in particular, plays a crucial role in the business success of an international company. For example, when Wolford's sales staff share cultural proximity with local customers, they are better able to understand their needs and enhance customer satisfaction. Similarly, when product development aligns closely with the preferences of Wolford's predominantly female clientele, new products are more likely to succeed in the market.

Finally, Wolford's commitment to equal opportunities is a key driver of employee satisfaction, strengthening its employer brand and making it more attractive to top talent.

## Diversity in Action at Wolford

At Wolford, diversity extends beyond gender balance to include a mix of nationalities and a well-balanced age structure. Although the company has not formally defined a diversity strategy, it has actively practiced diversity and equal opportunities for decades.

Given its product range primarily aimed at women and its predominantly female sales teams, Wolford's workforce consists of over 80% women at the Group level. In light of this, the company is particularly committed to offering flexible parental leave and part-time working options, enabling employees to better balance their professional and personal 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, 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, 2024, 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, 2024: Fosun Fashion Group Wisdom (Luxembourg) S.à.r.l. held around 61%. Ralph Bartel held around 30% of the shares. As of December 31, 2024, 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 Relations.

Bregenz, April 30, 2025



Domenico Giordano  
CHRO  
Chief Human Resources Officer

Ralf Polito  
COO  
Chief Operating Officer





# 02

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## **WOLFORD GROUP**

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# **CONSOLIDATED** ACCOUNTS

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# Consolidated Statement of Comprehensive Loss

IN EUR T	NOTE NO.	2024	2023
<b>Revenue</b>	(1)	<b>88,374</b>	<b>125,797</b>
Other operating income	(2)	5,876	9,673
Changes in inventories of finished goods and work in progress		-8,474	209
Cost of materials and purchased services	(3)	-13,686	-24,552
Personnel expenses	(4)	-50,301	-53,780
Other operating expenses	(5)	-45,274	-57,259
Impairments of trade receivables	(6)	-1,074	-111
Depreciation and Amortization	(7)	-12,644	-13,760
Impairments	(7)	-5,757	-6,205
Reversals of impairment losses	(7)	332	2,290
<b>EBIT</b>		<b>-42,628</b>	<b>-17,698</b>
Interest and similar income	(8)	9	40
Interest and similar expenses	(8)	-9,948	-8,099
Interests on provisions for employee benefits	(8)	-424	-471
Other financial income	(8)	1,539	61
Other financial expense	(8)	-30	-1,231
<b>Financial result</b>	<b>(8)</b>	<b>-8,854</b>	<b>-9,700</b>
<b>Loss before income taxes</b>		<b>-51,482</b>	<b>-27,398</b>
Income tax	(9)	-192	-3,357
<b>Net loss</b>		<b>-51,674</b>	<b>-30,755</b>
<b>Other comprehensive loss/income*</b>			
Amounts that will not be reclassified to profit or loss in future periods		18	-1,261
of which actuarial gains and losses periods	(10)	18	-1,653
of which deferred tax	(10)	0	392
Amounts that may be reclassified to profit or loss in future periods		-2,370	1,202
of which currency translation adjustment	(10)	-2,370	1,202
<b>Other comprehensive loss/income*</b>		<b>-2,352</b>	<b>-59</b>
<b>Total comprehensive loss</b>		<b>-54,026</b>	<b>-30,814</b>
Loss per share in EUR (basic = diluted)	(11)	-5.40	-3.34

\* Other comprehensive loss is reported after tax.



# Group Cash Flow

IN EUR T	NOTE NO.	2024	2023
<b>Loss before income tax</b>		-51,482	-27,398
Depreciation and impairments of property, plant and equipment and amortization of intangible assets	(7)	18,401	19,965
Reversals of impairment losses	(7)	-332	-2,290
Gains on disposals of non-current assets	(2)	-66	-1,965
Interest expenses/interest income	(8)	10,363	8,059
Other non-cash items	(8)	-6,443	-2,028
Changes in inventories		10,583	338
Changes in trade receivables		3,391	-2,003
Changes in other receivables and assets		-867	1,423
Changes in trade payables		1,116	1,464
Changes in other provisions and employee benefits		-1,046	-159
Changes in other liabilities, reimbursement and contract liabilities		-1,061	-2,566
Interest received		9	40
Income tax paid		1	-848
<b>Cash flow from operating activities</b>		<b>-17,433</b>	<b>-7,967</b>
Payments for investments in property, plant and equipment		-835	-1,941
Payments for investments in other intangible assets		-1,293	-715
Proceeds from disposals of property, plant and equipment and other intangible assets		180	536
Proceeds from repayments of long term deposits		-9	563
<b>Cash flow from investing activities</b>		<b>-1,957</b>	<b>-1,557</b>
Proceeds from increase in share capital	(22)	0	17,427
Proceeds of current and non-current financial liabilities	IV	30,911	11,610
Repayment of current and non-current financial liabilities		0	0
Payment of lease liabilities (excluding interests)	IV	-10,830	-12,388
Interest paid		-3,610	-4,424
<b>Cash flow from financing activities</b>		<b>16,471</b>	<b>12,225</b>
<b>Cash-effective change in cash and cash equivalents</b>		<b>-2,919</b>	<b>2,701</b>
Cash and cash equivalents at beginning of period	IV	6,471	3,656
Effects of exchange rate movements on cash and cash equivalents	IV	-111	114
<b>Cash and cash equivalents at end of period</b>		<b>3,441</b>	<b>6,471</b>



# Consolidated Balance Sheet

IN EUR T	NOTE NO.	2024	2023
<b>Assets</b>			
Property, plant and equipment (including right-of-use assets)	(12)	42,918	63,114
Goodwill	(13)	30	83
Other intangible assets	(14)	1,750	922
Non-current financial assets	(15)	1,054	1,075
Non-current receivables and assets	(16)	2,752	2,724
Deferred tax assets	(17)	1,422	1,363
<b>Non-current assets</b>		<b>49,926</b>	<b>69,280</b>
Inventories	(18)	25,449	36,033
Contract assets	(30)	19	38
Trade receivables	(19)	8,712	12,102
Other receivables and assets	(20)	10,892	10,256
Cash and cash equivalents	(21)	3,441	6,471
<b>Current assets</b>		<b>48,513</b>	<b>64,901</b>
<b>Total assets</b>		<b>98,439</b>	<b>134,181</b>
<b>Equity and Liabilities</b>			
Share capital		46,338	46,338
Capital reserves		3,740	3,740
Other reserves		-126,600	-74,926
Treasury Shares		-4,195	-4,195
Accumulated other equity		-7,721	-5,370
<b>Equity</b>	(22)	<b>-88,438</b>	<b>-34,413</b>
Non current financial liabilities	(25)	487	800
Lease liabilities, non-current	(32)	31,474	48,981
Other non-current liabilities	(24)	763	846
Provisions for long-term employee benefits	(23)	12,012	12,658
Other non-current provisions		133	128
Deferred tax liabilities	(17)	7	15
<b>Non-current liabilities</b>		<b>44,876</b>	<b>63,428</b>
Current financial liabilities	(25)	88,255	50,694
Lease liabilities	(31)	12,675	13,542
Trade payables	(26)	25,083	23,968
Other liabilities	(29)	13,785	14,054
Income tax liabilities	(28)	570	567
Other provisions	(27)	406	135
Reimbursement and contract liabilities	(30)	1,227	2,207
<b>Current liabilities</b>		<b>142,001</b>	<b>105,166</b>
<b>Total equity and liabilities</b>		<b>98,439</b>	<b>134,181</b>

# Consolidated Statement of Changes in Equity

ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY ACCUMULATED EQUITY								
IN EUR T	NOTE NO.	SHARE CAPITAL	CAPITAL RESERVES	OTHER RESERVES	TREASURY SHARES	ACTUARIAL LOSS	CURRENCY TRANSLATION	EQUITY
01/01/2023	(21)	32,252	398	-44,171	-4,195	-3,873	-1,438	-21,028
Capital increase		14,086	3,341	0	0	0	0	17,427
Net loss	(21)	0	0	-30,755	0	0	0	-30,755
Other comprehensive loss	(21)	0	0	0	0	-1,261	1,202	-59
12/31/2023	(21)	46,338	3,740	-74,926	-4,195	-5,134	-235	-34,413
01/01/24	(21)	46,338	3,740	-74,926	-4,195	-5,134	-235	-34,413
Net loss	(21)	0	0	-51,674	0	0	0	-51,674
Other comprehensive loss	(21)	0	0	0	0	18	-2,370	-2,352
12/31/2024	(21)	46,338	3,740	-126,600	-4,195	-5,116	-2,605	-88,438

# Notes to the Consolidated Financial Statements

The Wolford Group is an international group specialized in the production and marketing of Legwear, Ready-to-wear and Lingerie, Beachwear, Accessories, and Trade Goods, and is specialized in the affordable luxury product segment. The parent company, Wolford AG, is a stock corporation that is headquartered in Austria, 6900 Bregenz, Wolfordstraße 1, and registered with the district court of Feldkirch, Austria, under FN 68605s. Wolford AG prepares consolidated financial statements for the smallest group of Group companies and is included in the superordinate consolidated financial statements of Fosun International Limited, Shanghai, China, which is also the ultimate controlling party.

Apart from the subsidiary in Slovenia, the business activities of the subsidiaries primarily focus on marketing products purchased from the Group. The subsidiary in Slovenia acts as a production company for the Group.

## I. ACCOUNTING PRINCIPLES

### 1. BASIS OF PREPARATION

The consolidated financial statements of Wolford AG as of December 31, 2024, 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 2024 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 (€T). 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 2024 financial year:

STANDARD / INTERPRETATION	DESCRIPTION	DATE OF FIRST APPLICATION
<b>STANDARDS ALREADY ADOPTED BY THE EU</b>		
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	1/1/2024
IAS 1	Amendment to IAS 1: Non-current liabilities with covenants	1/1/2024
IAS 7 and IFRS 7	Supplier Finance Arrangements	1/1/2024

The amendments have no significant impact on the consolidated financial statements of the year 2024.

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

STANDARD / INTERPRETATION	DESCRIPTION	DATE OF FIRST APPLICATION
<b>STANDARDS NOT YET ADOPTED BY THE EU</b>		
IAS 21	The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	1/1/2025
IFRS 18	Presentations and Disclosure in Financial Statements	1/1/2027*
IFRS 19	Subsidiaries without Public Accountability Disclosures	1/1/2027*
Annual Improvements	Annual Improvements to IFRS Accounting Standards – Volume 11	1/1/2026*
IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1/1/2026*
IFRS 9 and IFRS 7	Contracts referencing nature-dependent electricity	1/1/2026*

\*EU Endorsement not yet passed

The standards to be applied from January 1, 2025 or later which have been adopted by the EU have not been applied early.

The requirements of IFRS 18 are currently evaluated in detail as they will have a major impact on the Consolidated Financial Statement of Wolford Group. IFRS 18 will replace IAS 1 "Presentation of Financial Statements" and will have an impact on the structure of the consolidated statement of comprehensive income. IFRS 18 requires to classify income and expenses into five categories, operating, investing, financing, income tax and discontinued operations. This new structure will most probably have an impact on key performance indicators. Furthermore, IFRS 18 foresees the disclosure of management-defined performance measures (MPMs) in a single note to the financial statement which are subject to audit. In terms of aggregation and disaggregation IFRS 18 provides enhanced guidance like enhanced principles of aggregation vs. disaggregation and it also discourages entities from labeling items as "other", requiring to determine whether a more informative label exists. IFRS 18 may have potential effects on the presentation and structure of the consolidated statement of profit and loss and the consolidated statement of cash flows of the Wolford Group and may also require new or amended disclosures in the notes. The specific effects are currently still being analysed. Application is mandatory retrospectively for financial years beginning on or after 1 January 2027; EU endorsement is currently still pending. Earlier application is permitted but is not currently planned for the consolidated financial statements of Wolford.

The other standards and interpretations are also evaluated; however, we do not expect any significant impacts on the consolidated financial Statements.

### Going Concern

Wolford remained in a difficult financial position also in 2024. 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. Wolford has covered its past financing requirements mainly through shareholder loans from its main shareholder.

The Group incurred a net loss of €51,674T during the year ended December 31, 2024 and, as of that date, the Company's current liabilities exceeded its total assets by €43,562T. These events or conditions, along with other matters, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

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 main shareholder. Wolford is and has been in close contact with financial institutions and the parent company regarding further financing models. In the financial year 2024, Fosun Fashion Group (Cayman) Limited granted additional shareholder loans of €29,050T thus confirming its financial commitment.

Moreover, a double-digit million € capital increase is planned for the first half of the year 2025, which was already resolved at the general meeting on 17th December 2024. This injection will offer an opportunity to accelerate again the company's expansion plans.

In addition, the main shareholder Lanvin Group Holdings Limited is continuing to provide financial support to Wolford as needed; to this extent it has also 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 granted loans to the Company which as of 31 December 2024 amount in total €86,081T including unpaid interests. The total of all these loans (including interest) are subordinated until the Company has completed its "Restructuring" or in case of liquidation or insolvency, until all creditors have been satisfied. According to such letter of comfort Lanvin Group Holdings Limited undertakes to provide additional liquidity totaling €50,000T from January 1, 2025 to December 31, 2026 at the request of the company management ("liquidity injection"). By the end of April 2025 €300T had already been provided, reducing the guaranteed liquidity injection from €50,000T to €49,700T. Currently companies of Wolford Group are negotiating financing lines with third party financial institutions in the total volume of €9,800T (the "Third-Party Financing"). In case Third-Party Financing is achieved before end of 2025 the volume of the committed Liquidity Injection shall be reduced by the proportional amount of Third-Party Financing raised, up to €9,800T. In the event of the Third-Party Financing value fluctuates the volume of committed Liquidity Injection amount shall be adjusted accordingly. In regard to Third Party Financing there is no reduction of committed Liquidity Injection beyond a maximum of €9,800T. The Liquidity Injection is unconditional and can be granted as an increase of capital reserve (equity) or as a subordinated loan.

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. In the event that financial support is required, Lanvin Group Holdings Limited undertakes to enforce the guarantee in full.

Having mentioned that it cannot be excluded some remaining likelihood that the max amount guaranteed in the comfort letter may be transferred with delay or may not suffice if the current budgets/forecasts are not met, leading to the Company's inability to pay its debt when due and, specifically, to the Company's inability to continue as a going concern, the Management Board- after having reviewed all facts and circumstances as mentioned above- concludes that the company's annual and consolidated financial statements for 2024 should be prepared using the going concern principle.

Wolford is currently working intensively on strengthening its presence and visibility. This is being achieved through targeted marketing activities, a focused product pipeline, rationalization of the retail fleet and significant investments in e-commerce, IT and systems. However geopolitical uncertainties in Ukraine and Israel still persist and further distortions in the global economy, like the volatile tariff with USA, cannot be excluded. 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 first months of 2025 despite the continuous cost control and mitigation action in place, the Group is currently behind budget on the turnover side mainly driven by delayed deliveries, negatively affected by the cash constrain and subsequent operations and system disruption experienced in the last quarter of 2024. The backlog that resulted is planned to be eliminated in the early stage of second half 2025.

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

## 2. DISCLOSURES ON SPECIAL FACTORS AFFECTING THE CONSOLIDATED FINANCIAL STATEMENTS

### 2.1. 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

As already happened in 2023, Wolford Group was again faced with warm weather conditions in autumn 2024. Due to trend of a shortening of the period of cold weather, the business model has been already adopted. Thus Wolford focused on highlighting the visibility of the brand and adopted the product portfolio accordingly. Wolford intensively monitors 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 most of its products within its own production network. All legwear and a major part of the ready-to-wear products are knitted and dyed in Wolford's production plants in Austria and Slovenia and have bluesign® approved status. About 90% of the company's material suppliers are located in Europe, mainly in Germany Italy, Austria and France, which enables for short transportation routes. All of Wolford's suppliers must 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 Wolford's Code of Conduct, 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, which could lead to production bottlenecks. Since changes in materials or the search for new suppliers to meet legal and self-imposed targets could lead to delays, Wolford's procurement team has established processes to initiate the necessary steps in good time.

In terms of material use, the main aim is to gradually increase the share of recyclable materials, either biodegradable or technologically recyclable. 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. By autumn 2025 Wolford will have reached a new milestone in terms of social and environmental responsibility, as the company targets to have all of its own production plans Hohenstein SteP©-certified, which is one of the most reputable certificates for corporate social responsibility. After reaching this milestone 90 percent of Wolford's products are eligible to be marketed as Hohenstein Made in Green© products.

To mitigate the consequences of global warming, statutory regulations exist in Europe which specify the permissible energy consumption per sector and call for a general reduction of CO<sub>2</sub> emissions. Since 2015, Wolford has been required by the Austrian Energy Efficiency Act (EEffG) to regularly analyse 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 regarding energy savings. Wolford does not currently have any further information on this. As part of the Hohenstein Step® certification process, current measures to minimize energy consumption go beyond current regulations and therefore further reduce the risk of being affected by stricter regulations.

## 2.2. DISCLOSURES RELATING TO MACROECONOMIC CONDITIONS

Following the outbreak of the Ukraine war in 2022 and Gaza war in 2023, the macroeconomic conditions in the 2024 financial year are characterized by a recovery of inflation and accompanying interest rates compared to the financial year 2023. However, there still is 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 – Impairment testing:** The recovery in the level of interest rates worldwide compared to 2023 was considered accordingly in the 2024 financial year impairment test. For further information, please see Note (7) and the information in Chapter 4 Significant Accounting Policies. It was not necessary to adjust the sensitivity analysis 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 2024 consolidated financial statements due to a legal or constructive obligation pursuant to IAS 37.10.

The cost of materials and purchased services decreased by 44.3% compared to the 2023 financial year (€-24,552T) to €-13,686T in the 2024 financial year. The decrease is mainly caused by difficulties in production during year 2024. 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 2024 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. For further information we refer to Note (3) and Chapter 4 Significant Accounting Policies.

**IAS 19 - Employee benefits:** The macroeconomic conditions were taken into account by adjusting the parameters applied to determine the pension, severance and anniversary obligations. For information in regard to employee benefits, see Note (23) and Chapter 4 Significant Accounting Policies.

**IFRS 9 and 7 – Financial Instruments and Disclosures:** For more information on Financial Instruments and Disclosures see Note (25) and Chapter 4 Significant Accounting Policies.

**IFRS 9 - ECL measurement:** The ECL valuation model applied at Wolford adequately reflects the macroeconomic circumstances and related impact on credit risk and ECL valuation. For information concerning bad debt allowances see Note (19) and Chapter 4 Significant Accounting Policies.

## 2.3. ESTIMATION UNCERTAINTIES AND JUDGEMENTS

- For detailed information about Going Concern see Chapter Going Concern above.
- 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 €-5,757T (FY 2023: € -6,205) were recognized in the 2024 financial year. 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.
- 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 deferred tax assets arising from deductible temporary differences was not recognized or impaired. For further information on deferred taxes please refer to Note (17).

### 3. SCOPE OF CONSOLIDATION AND CONSOLIDATION PRINCIPLES

The scope of consolidation is determined in accordance with IFRS 10 (Consolidated Financial Statements). Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as of December 31, 2024. Wolford AG as parent company has the control over the following subsidiaries according to IFRS 10 and therefore are fully consolidated:

COMPANY NAME	REGISTERED OFFICE	DIRECT INTEREST IN %
Wolford Deutschland GmbH	Bielefeld	
Wolford (Schweiz) AG	Opfikon	
Wolford Paris S.A.R.L.	Paris	
Wolford Berangere S.A.R.L.	Paris	
Wolford London Ltd.	London	
Wolford Italia S.r.L.	Milan	
Wolford España S.L.	Madrid	
Wolford Scandinavia ApS	Copenhagen	
Wolford America Inc.	New York	
Wolford Nederland B.V.	Amsterdam	
Wolford Canada Inc.	Vancouver	
Wolford Asia Limited	Hong Kong	
Wolford Belgium N.V.	Antwerp	
Wolford (Shanghai) Trading Co., Ltd.	Shanghai	
Wolford proizvodnja in trgovina d.o.o.	Murska Sobota	

Branch offices are operated in Finland and 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, 2023.

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 using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. If 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 Group's consolidated financial statements are presented in thousand euros (€T). Euro is also the parent company's functional currency. For inclusion in the consolidated financial statements, the assets and liabilities of those companies whose functional currency is not the euro are translated at the closing rate on the balance sheet date, while the income statement is translated at the annual average of the reference rate. All resulting currency translation differences are recognized directly in equity under currency translation differences in other comprehensive income. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

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

CURRENCIES	AVERAGE RATE ON THE BALANCE SHEET DATE		AVERAGE RATE FOR THE YEAR	
	12/31/2024	12/31/2023	2024	2023
1 EUR/USD	1.0389	1.1078	1.0824	1.08705
1 EUR/GBP	0.82918	0.8706	0.8466	0.8665
1 EUR/CHF	0.9412	0.9261	0.9526	0.97458
1 EUR/DKK	7.4578	7.453	7.4589	7.45055
1 EUR/SEK	11.4590	11.0894	11.4325	11.40133
1 EUR/NOK	11.7950	11.2785	11.6290	11.40593
1 EUR/CAD	1.4948	1.4664	1.4821	1.4632
1 EUR/HKD	8.0686	8.6418	8.4454	8.50726
1 EUR/CNY	7.5833	7.87464	7.7875	7.67225
1 EUR/MOP	8.2800	8.93336	8.6826	8.77011



#### 4. SIGNIFICANT ACCOUNTING POLICIES

##### Property, plant and equipment, Goodwill, Leases and Impairment

Property, plant and equipment is 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

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 in exchange for consideration. From the commencement date onwards the Group recognizes on balance sheet an asset for the granted right of use of the underlying asset and a lease liability.

The right-of-use asset is initially valued at cost, which is the initial value of the lease liability, adjusted for payments made on or before the commencement date, 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 of IFRS 16.

The measurement of the lease liability is performed in accordance with the accounting rules of IFRS 16, i.e. it is discounted to the present value of the lease payments to be made over the lease term at inception of the lease. The lease payments include fixed lease payments less any lease incentive receivable, variable lease payments that depend on an index or (interest) rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. In calculating the present value of the lease payments, the Group uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. Furthermore, 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 been reduced to zero. During the subsequent assessment of the lease arrangement, the carrying amount of lease liabilities is remeasured 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 leases. The utilization of the contractually agreed-upon option to return such areas, leads to a reassessment of the lease liability and to a reduction of the carrying amount of the right-of-use asset. The additional effects are recognized as gains or losses.

Regarding the leasing of stores the term “key money” refers to a fee paid by a tenant to a landlord, a former tenant or property owner in order to secure, renew or extend a lease. The key money is accounted for as a right-of-use asset according to IFRS 16 and is generally amortized over the lease period. In case the key money relates to 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 right-of-use asset for the respective store location. Impairment is only recognized if the recoverable residual value is lower than the carrying amount of the asset.

In case the key money is used as a synonym for 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 applies the short-term lease recognition exception to its short-term leases with a maximum lease term of 12 months which do not contain a purchase option. It also applies the lease of low-value assets exception (generally €5T, depending on the type of asset). Lease payments on short-term leases and leases of low value assets are recognized as expense on a straight-line basis over the lease term. The IFRS 16 accounting option not to separate lease and non-lease components (e.g., operating costs in the case of rental agreements) is not applied 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 right-of-use assets 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.

**Impairment of non-financial assets:** The Group assesses at each reporting date, whether there is any indication that an asset may be impaired. Assets with an infinite useful life (e.g. goodwill) are subject to mandatory impairment testing at least once a year. If there is an indication for an impairment, the company has to estimate the recoverable amount of the asset. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the assets recoverable amount. The Group generally performs impairment tests for its assets on the level of cash-generating units (CGUs).

The CGUs used in impairment tests are the individual stores, including the rights of use assets, fixtures and key money associated with them. Working capital is not considered in the calculation, as stock in the stores is usually not paid before the sale of the products.

An CGU's recoverable amount is the higher of the CGU's fair value less costs of disposal and its value in use. Impairment losses are recognized in a separate position "Impairments" within the consolidated statement of comprehensive loss.

Regarding potential indications for an impairment the following triggering events have been defined for Wolford Group: significant deterioration in the net cash flow from the use of CGUs 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.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate, that reflects current market assessments for the time value of money and the risk specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. The impairment tests performed are based on business plans and forecasts considering the current market conditions (if relevant also considering the specific conditions of the CGU) as well as economic growth expectations for the different markets and regions. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

The assumed growth rates for sales in 2025 is 3% (FY 2023: between 2% and 6%) based on the actual sales of 2024. For the subsequent years, growth rates equivalent to the expected inflation rates for the various countries were assumed (for the years 2026: 3.1% - 4%; from 2027: 2%-4%; from 2028 onwards 2%: for all regions).

Cost of goods sold change proportionally to sales increases. 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 which have been forecasted with a growth rate of 2.5% from 2025 ongoing until 2029. Depending on market conditions, operating costs are considered with an annual growth rate based on estimated inflation of 1% in 2025 ongoing until 2029. These costs are not directly related to the development of sales revenue, as the scope of the respective business activities remains unchanged.

Long-term replacements and maintenance investments were included in the terminal year equaling the depreciation, therefore representing renewal of the asset base in perpetuity. During the forecasted period, no investments were assumed, due to the changes in market dynamics and strategic focus on online retail business.

The discount factors used for impairment tests (WACC after tax) are between 7.8% and 10.0% (FY 2023: 8.02% - 12.57%). The WACC is derived from the following factors: 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 BBB rating, and applicable tax rates.

The remaining opening period of the boutique stores 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.

The cash-generating units used to determine impairment are individual stores, including the rights of use assets, fixtures and key money associated with them. Working capital is not considered in the calculation, as stock in the stores is usually not paid before the sale of the products.

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.

If the reason for impairment no longer applies in a subsequent period, a reversal is recognized (except for goodwill). The increased carrying amount related to the reversal of an impairment shall not exceed the carrying amount that would have been determined (net of amortization and depreciation) had no impairment loss been recognized in prior years.

#### Inventories:

Inventories are valued at the lower of cost and net realizable value. The net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

The valuation of raw materials and supplies is based on the moving average

method. Finished goods and services as well as work in progress include directly attributable material and labour costs as well as a portion of production overheads (based on the normal operating capacity) but exclude borrowing costs.

The measurement of inventories is carried out annually as of the balance sheet date. Impairment requirements are performed by checking whether the net realisable prices are higher than the inventory value.

#### Financial instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments recognised as financial assets or financial liabilities are generally recognised separately.

Financial assets: At the initial recognition, financial assets are measured at fair value. In the subsequent measurement, the financial assets are allocated to one of the measurement categories listed in IFRS 9:

- financial assets at amortised cost
- financial assets at fair value through other comprehensive income (OCI) (with recycling)
- financial assets at fair value through profit or loss

In the case of financial assets classified as equity instruments, there is an option to measure them at fair value (without recycling) through issued capital.

As of December 31, 2024 as well as in the previous year, there were no financial instruments voluntarily designated to Fair Value through profit or loss (Fair Value Option).

The classification of financial assets at initial recognition depends on the contractual cash flow characteristics of the financial assets and the business model of the Group for managing them.

Financial assets valued at amortised cost (debt instruments): Financial assets at amortised cost are non-derivative financial assets with contractual payments that consist solely of interest and principal payments on the outstanding nominal amount and are held for the purpose of collecting the contractual cash flows, e.g. trade receivables or cash and cash equivalents (business model "hold").

After initial recognition, these financial assets are measured at amortised cost using the effective interest rate method less impairment for expected losses. Profits and losses are recognised in the financial result of the Group, when the asset is derecognised, modified or impaired. The interest income as well as effects from currency translation are also recognised in the financial result of the year.

Financial assets at fair value through profit or loss: The group of financial assets at fair value through profit or loss includes financial assets that are initially designated at fair value through profit or loss or that are mandatorily recognised at fair value through profit or loss.

Financial assets at fair value through profit or loss are recognised in the statement of financial position at fair value, with net changes in fair value recognised in the financial result in the statement of Comprehensive Loss.

Impairment of financial assets: An allowance for expected credit losses (ECLs) must be recognised for all debt instruments not held at fair value through profit or loss. Expected credit losses (ECLs) are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows include cash flows from the sale of collateral held or other credit enhancements that form an integral part of the contractual terms.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The credit risk is the risk of financial losses in case the debtors do not meet the financial contribution. The book value of financial instruments equals the maximum credit risk.

Financial liabilities: All financial liabilities are initially measured at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The financial liabilities of the Group specifically include trade and other payables as well as loans and borrowings.

Financial liabilities measured at amortised cost: After initial recognition, the Group measures loans and borrowings, trade payables and other financial liabilities at amortised cost using the effective interest rate method.

The Group has no financial liabilities that are measured at fair value through profit or loss.

Amortised cost is calculated by taking into account any premium or discount on acquisition and any fees or costs that are an integral part of the effective interest rate. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

#### Derivative financial instruments

As in the previous year, Wolford AG did not conclude any hedging transactions or standalone derivatives in the current reporting period.

#### Factoring Agreements

In prior years Wolford has entered into factoring agreements in Austria, U.S., and Canada and as a result all relating trade receivables were derecognized according to the derecognition rules in IFRS 9. All factoring agreements ended in the financial year 2023, therefore in the financial year 2024 there are no more factoring agreements.

#### Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand as well as short-term highly liquid deposits with a maturity of three months or less, that are held for the purpose of meeting short-term cash commitments and are readily convertible to a known amount of cash and subject to an insignificant risk of change in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

Treasury shares:

Consistent with IAS 32, treasury shares are recognized in the balance sheet as a deduction from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in the share premium.

Income taxes:

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

For domestic entities, the measurement of deferred taxes is based on a tax rate of 23% (FY 2023: 24%). For entities outside Austria, the respective local tax rate range of 12.00% to 31.05% is applied (FY 2023: 12.00% to 31.05%).

Deferred tax is provided using the balance sheet liability method prescribed by IAS 12. This involves the recognition of deferred taxes for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The Group offsets deferred tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

Employee benefits

Employees of the parent who commenced their employment before December 31, 2002 are entitled to severance compensation provisions when they reach the pensionable age or when they are dismissed. The entitlement depends on the number of years of service and the amount of the last earned salary and is accounted for as a defined benefit plan. For employees who commenced their employment after December 31, 2002, severance entitlements are provided for in defined contribution plans. Apart from Austria there are severance compensation provisions in Switzerland, France, Italy and Slovenia, however of subordinate value compared to Austria. In accordance with IAS 19 the projected unit credit method, is used to calculate the severance compensation provisions regarding the defined benefit plan:

BIOMETRIC PRINCIPLES		2024: AVÖ 2018-P (2023: AVÖ 2018-P)
Discount rate		3.37% p.a. (2023: 3.49%)
Wage/salary trend		3.00% p.a. (2023: 3.00%)

The discount rate for severance compensation provisions decreased from 3.49% to 3.37% from the financial year 2023 to 2024. The obligations for severance compensation provisions and anniversaries were based on a growth rate of 4% for 2025 (FY 2023: 8%) in Austria, for the following year of 4% (FY 2023: 6%) and then 3% (FY 2023: 3%). In the other countries, depending on the market, the salary trend is from 0.82% to 5% for 2024 and a uniform rate of 3% for 2025.

The calculation of severance compensation provisions at subsidiaries is based on locally applicable biometric principles, interest rates, wage and salary trends, and suitably adjusted retirement ages. Actuarial gains and losses for obligations from severance compensation provisions are recognized in full in other comprehensive income (OCI), as incurred without subsequent reclassification to the statement of profit or loss ("no recycling").



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:

<b>BIOMETRIC PRINCIPLES</b>	<b>2024: AVÖ 2018-P (2023: AVÖ 2018-P)</b>
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Discount rate	3.25% p.a. (2023: 3.44%)
Wage/salary trend	3.00% p.a. (2023: 3.00%)
Retirement age (m/f)	64-65 / 59-65
Staggered employee turnover:	
0-2 years	24% (2023: 24%)
3-4 years	22% (2023: 22%)
5-9 years	16% (2023: 16%)
10-14 years	14% (2023: 14%)
15-19 years	9% (2023: 9%)
20-29 years	3% (2023: 3%)
30 years or more	0% (2023: 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:

<b>BIOMETRIC PRINCIPLES</b>	<b>2024: AVÖ 2018-P (2023: AVÖ 2018-P)</b>
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Discount rate	3.45% p.a. (2023: 3.51%)
Valorization of salaries	1.79% to 4.00% p.a. (2023: 1.70% to 3.00% p.a.)

The actuarial gain (before deferred taxes) of €18T (FY 2023: loss: €-1,653T) was recorded in the OCI.

#### Provisions

Provisions are recognized in accordance with IAS 37 when the Group has a present obligation arising from a past event and it is probable that an outflow of resources will be required to settle this obligation. Non-current provisions are discounted if the interest component of the obligation is material.

Restructuring provision: Restructuring provisions are recognized only when the Group has a constructive obligation, which is when:

- There is a detailed formal plan that identifies the business or part of the business concerned, the location and the number of employees affected, the detailed estimate of the associated costs and their timeline, and
- Employees affected have been notified of the plan's main features

Onerous contracts: If the Group has a contract that is onerous, the present obligation under the contract is recognized and measured as provision. However, before a separate provision for an onerous contract is established, the group recognizes any impairment loss that has occurred on assets dedicated to that contract. An onerous contract is a contract under which the unavoidable cost of meeting the obligations under the contract exceeds the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the cost that relates directly to the contract.

#### Loss per share

Loss 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.

#### Revenues from contracts with customers

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 at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods and services. In the event that a contract with a customer contains more than one service obligation, the transaction price is allocated to the performance obligation based on relative stand-alone selling price.

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 the rights of return of customers.

In some cases, contracts with customers include variable consideration, e.g. 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.

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from the customer before the Group transfers the related goods or services to the customer. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control over the related goods or services to the customer).

#### Foreign currency translation

Currency differences arising from the translation of monetary items resulting from exchange rate changes between the transaction date and the balance sheet date are recognized through profit or loss in the respective period.

#### Current vs. non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. 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 the next twelve months. Deferred tax assets and liabilities are classified as non-current assets respectively liabilities.

#### Government grants:

Wolford received government grants as defined in IAS 20 in 2023 or the years before, mainly in the form of Covid-19 grants. These grants are recognized as soon as there is reasonable assurance that all support conditions are met and the subsidy is awarded in full. The grants are subsequently recognized within other current liabilities and are released to profit or loss over the useful life of the relevant intangible asset or in accordance with the terms of the subsidies.

#### Fair value measurement:

The fair value is a market-based measurement. For some assets and liabilities identifiable market transactions or market information are available, while for other assets and liabilities, identifiable market transactions or market information may not be available. If a price for an identical asset or liability is not identifiable then a different measurement method is used. To increase the consistency and comparability in the fair value measurement, there are three levels of fair value hierarchy.

- Level 1: quoted market prices in active markets for identical assets or liabilities
- Level 2: the input factors used for the measurement are directly or indirectly observable in the market
- Level 3: the input factors are unobservable in the market

For further information on fair value and financial instruments please refer to Chapter V.

#### Significant accounting estimates and assumptions

To a certain degree, the preparation of the consolidated financial statements requires the Management to make estimates and assumptions that affect 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. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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 in 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 to 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 cancellable basic lease period and taken into account periods resulting from lease extension options that are deemed reasonably certain to be exercised. Discretionary decisions are made when assessing whether it is reasonably 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 lease terms, which may result in a reassessment of the respective lease liabilities and right of use assets.

As described in Note (32) Leasing in the consolidated balance sheet, some lease modifications led to a change of carrying amounts of lease liabilities and of the right of use assets. The main reasons for those modifications were mainly early terminations of leases or extensions of the lease term not considered in the initial measurement.

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 the Chapter Going Concern at the beginning of the Notes.

## 5. SEGMENT REPORTING

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

The Wolford Group has six reportable segments: Austria, Germany, Italy, Rest of Europe, North America, and Asia, consisting of the legal entities located there. As of 2024 Italy will be shown separately and not as part of "Rest Europe". The Austrian 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 until August 19, 2024. As previously reported, following a reorganization of the business model, on 19 August 2024 the subsidiary Wolford Italy S.r.l. has been designated as the principal entity responsible for managing all wholesale distribution and e-commerce activities of the Group.

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, Germany and Italy, as well as the production company in Slovenia. 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 €6,735T or 23% (FY 2023: €8,998T or 20%), UK (including the Ireland branch) at €3,472T or 12% (FY 2023: €7,104T or 16%), Scandinavia at €2,044T or 7% (FY 2023: €5,863T or 13%), Spain (including the Portugal branch) at €4,289T or 15% (FY 2023: €5,283T or 12%) as well as other European states at €12,495T or 43% (FY 2023: €11,152T or 25%). Of the €25,930T revenue in the North America segment, €25,442T or 98% (FY 2023: €30,655T or 97%) was attributable to the U.S., and €488T or 2% (FY 2023: €959T or 3%) to Canada. Segment information is prepared by reference to the same accounting, recognition, and measurement methods as applied in the consolidated financial statements. The amounts shown in the consolidation column are the result of Group consolidation procedures.

# Segment Reporting

2024 IN EUR T	AUSTRIA	GERMANY	ITALY	REST OF EUROPE	NORTH AMERICA	ASIA	RECONCILIATION	GROUP
Revenue	28,604	6,672	16,565	29,035	25,930	6,675	-25,107	88,374
of which intersegmental sales	15,257	0	4,206	5,630	0	14	-25,107	0
External sales	13,346	6,672	12,360	23,405	25,930	6,661	0	88,374
EBIT	-32,040	401	-5,496	-1,365	-5,103	-1,793	2,768	-42,628
Segment assets	40,435	9,802	74,593	47,426	23,494	5,217	-102,528	98,439
Segment liabilities	126,206	7,417	21,073	33,807	59,366	20,414	-81,406	186,877
Investments (excl. modifications, incl. additions of right-of-use assets)	286	340	1,613	785	2,293	180	0	5,497
Depreciation and amortization	-1,987	-960	-1,249	-3,427	-4,066	-955	0	-12,644
Impairment losses	0	-222	-433	-2,790	-1,597	-715	0	-5,757
Reversal of impairment losses	0	67	0	265	0	0	0	332
Employees (FTE)*	222	45	84	301	91	41	0	784

\* as of December 31

2023 IN EUR T	AUSTRIA	GERMANY	REST OF EUROPE	NOTH AMERICA	ASIA	RECONCILIATION	GROUP
<b>Revenue</b>	<b>67,922</b>	<b>11,144</b>	<b>52,438</b>	<b>31,614</b>	<b>9,284</b>	<b>-46,605</b>	<b>125,797</b>
of which intersegmental sales	38,936	0	7,669	0	0	-46,605	0
<b>External sales</b>	<b>28,986</b>	<b>11,144</b>	<b>44,769</b>	<b>31,614</b>	<b>9,284</b>	<b>0</b>	<b>125,797</b>
<b>EBIT</b>	<b>-17,396</b>	<b>933</b>	<b>4,427</b>	<b>-6,283</b>	<b>-1,518</b>	<b>2,138</b>	<b>-17,698</b>
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



## II. NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

### (1) Revenue

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

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

IN EUR T	2024	2023
Legwear	34,650	48,926
Ready-to-wear	40,426	56,222
Lingerie	12,663	18,948
Accessories, Beachwear, and Trade Goods	635	1,701
<b>Total</b>	<b>88,374</b>	<b>125,797</b>

With a contribution of 46% in the 2024 financial year (FY 2023: 45%) the Ready-to-wear product section accounts for the largest share of sales. With a sales contribution of 39% (FY 2023: 39%) Legwear was the second-largest product group in the 2024 financial year. Lingerie, Beachwear, Accessories, and Trade goods generated a total sales share of 15% (FY 2023: 16%).

IN EUR T	2024	2023
Boutiques	44,209	55,143
Concession shop-in-shops	6,420	7,696
Online business	19,934	30,106
Factory Outlets	6,076	8,786
Department stores	5,776	9,672
Specialist retail	5,163	12,947
Private label	796	1,447
<b>Total</b>	<b>88,374</b>	<b>125,797</b>

## (2) Other operating income

IN EUR T	2024	2023
Grants and subsidies	0	3,383
Gains from modification of lease contracts	4,221	3,532
Gains on disposals of non-current assets	66	1,965
Gains from currency differences	1,026	0
Restaurant revenue	329	320
Other	234	472
<b>Total</b>	<b>5,876</b>	<b>9,673</b>

In financial year 2023, the Group received grants from Covid 19 public aid programs ("Fixkostenzuschuss") which were already applied in fiscal year 2021 totaling to €2,849T. As an amount of €1,176T 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 €1,673T. In addition, in the year 2023 the group received subsidies for research and development projects as well as for personnel compensation amounting to €1,710T. In 2024, there were no government grants.

Due to a decrease in scope of leased buildings or early termination of lease contracts, modification gains amounting to €4,221T (FY 2023: €3,532T) were recorded in fiscal year 2024.

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 previous years, the reversal of the impairment from the past led to gains amounting to €705T for leasehold improvements and €84T for other equipment. In 2024 there have only been minor disposals leading to a gain of €66T.

Whereas there was an foreign currency loss in 2023 of €-656T there was a gain in 2024 of €1,026T due to intercompany currency differences which mainly result from USD.

## (3) Cost of materials and purchased services

IN EUR T	2024	2023
Raw material	11,529	20,795
Energy	1,390	1,538
Services	767	2,218
<b>Total</b>	<b>13,686</b>	<b>24,552</b>

The cost of materials and purchased services decreased by -45% (FY 2023: -20.9%) due to a stop in production within the year which was caused by difficulties with the new logistics supplier, and further stop experience on late 2024 due to financial constraints.

#### (4) Personnel expenses

IN EUR T	2024	2023
Wages	5,254	6,306
Salaries	34,509	36,253
Expenses for statutory social security contributions, payroll-based duties, and other mandatory contributions	8,170	9,387
Expenses for severance compensation and pensions	1,250	771
of which for management	0	0
Other employee benefits	1,118	1,063
<b>Total</b>	<b>50,301</b>	<b>53,780</b>

The decrease in personnel cost is linked also to completion of the individual measures as part of Wolford's reorganization. As a result of additional shop closures and administrative measures, the average number of full-time employees decreased to 859 (FY 2023: 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 (FTE)	2024	2023
Total average number	859	1,008
of which wages employees	175	283
of which salaried employees	678	714
of which apprentices	7	11

## (5) Other operating expenses

IN EUR T	2024	2023
Legal and consulting fees	6,468	9,995
Marketing expenses	5,281	8,616
Freight costs	7,866	8,821
Rent and lease expenses	4,357	4,871
Online distribution	3,402	3,903
IT costs	6,164	5,575
Customs duties	1,132	2,694
Credit card fees and bank charges	1,481	1,934
Commissions	1,640	3,015
Insurance premiums	885	1,048
Taxes (excluding income tax)	596	199
Maintenance expenses	320	631
Travel costs	677	523
Fees and charges	654	569
Telephone expense	655	571
Other	3,696	4,296
<b>Total</b>	<b>45,274</b>	<b>57,259</b>

Other operating expenses decreased by €11,985T to €-45,274T (FY 2023: €-57,259T). The main reasons for the decrease were lower consultancy costs and marketing expenses.

The line item "Other" equal to €3,696T includes charge backs for €554T (FY 2023: €480T), car costs for €260T (FY 2023: €327T), stationery cost for €172T (FY 2023: €215T) and postage expenses for €133T (FY 2023: €194T).

## (6) Impairments of trade receivables

The impairment loss of €-1,074T was recognized on trade receivables in the financial year (FY 2023: expense of €-111T). 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 €-18,069T in the 2024 financial year (FY 2023: €-17,675T).

The recovery in the level of interest rates worldwide compared to 2023 was considered accordingly in the 2024 financial year impairment test. The country specific discount factors used for the impairment tests (WACC after taxes) were 7.8% - 10.0% (FY 2023: 7.67% - 12.57%).

Revenue for the retail stores was planned based on the actual revenues of 2024, considering a moderate increase in the coming years. Assumptions are based on past experiences, the expected development in the market based on public studies or inflation expectations, respectively. Country-specific differences were particularly taken into account:

IN EUR T	2024	2023
Impairment on right of use assets	-4,804	-5,634
Impairment on tangible assets	-953	-571
<b>Impairment losses:</b>	<b>-5,757</b>	<b>-6,205</b>
Reversal on right of use assets	280	2,220
Reversals on tangible assets	52	70
<b>Reversal of impairments from the past</b>	<b>332</b>	<b>2,290</b>

Impairments are distributed among the segments North America €1,597T (FY 2023: €3,456T), Asia €715T (FY 2023: €326T), Germany €222T (FY 2023: €213T), Rest of Europe €2,790T (FY 2023: €1,790T including Italy), and Italy €433T (FY 2023: €438T). Main reason for the material result of the impairment test of the assets were the negative macroeconomic outlook and unchanged high level of market interest rates. Therefore, free cash flows derived on the basis of the budgeted figures 2025 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 perpetual growth rate by -1% and in the WACC by +1% would result in an impairment losses.

The reversals of impairment losses of €332T (FY 2023: €2,290T) related entirely to property, plant and equipment (including right-of-use assets) and are distributed among the segments as follows: Rest of Europe at €265T (FY 2023: €1,491T), Germany at €67T (FY 2023: €0T).



**(8) Financial result**

IN EUR T	2024	2023
Interest and similar income	9	40
Interest on shareholder loans	-6,337	-4,145
Interest on lease liabilities	-3,184	-3,550
Interest and similar expenses	-427	-405
Interest on employee benefit obligations	-424	-471
Income from securities	29	62
Foreign exchange losses on intercompany loans	1,510	-1,231
Expenses from securities	-30	0
<b>Financial Result</b>	<b>-8,854</b>	<b>-9,700</b>

Since the financial 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 €32,500T. Including interest, the balance as of this date was €35,700T. Subsequently, further loans amounting to €15,000T were granted in 2022 in various tranches and with different repayment dates, the maturities of which were extended at the end of November 2022 into 2023, with the exception of one tranche of €2,000T. Reference is made to (25) Financial liabilities.

In 2024, Fosun Fashion Group (Cayman) Limited granted various additional shareholder loans, totaling to €29,050T (FY 2023: €9,700T and \$1,200T) each at an interest rate of 12% per annum, each with a maturity of one year.

In the 2024 financial year, interest of €-6,337T (FY 2023: €-4,145T) was accrued on these loans. Interest was not paid but increased the financial liabilities.

In financial year 2024, other financial gain amounting to €1,510T (FY 2023: loss €-1,231T) result from the valuation of intercompany loans denominated in currencies other than € were recognized.

(9) **Income taxes**

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

IN EUR T	2024	2023
<b>Statement of comprehensive loss</b>		
Current tax expense	-253	-676
Deferred tax expense	61	-2,681
<b>Total</b>	<b>-192</b>	<b>-3,357</b>

Current tax expenses include taxes in the amount of €-8T from previous periods (FY 2023: €-142T).

IN EUR T	2024	2023
<b>Development of net deferred taxes</b>		
Net deferred tax assets and deferred tax liabilities as of January 1	1,348	3,697
Currency differencesloss after tax	5	-60
Deferred taxes recognized in loss after tax	61	-2,681
Deferred taxes recognized in other comprehensive loss	0	392
<b>Net deferred tax assets and deferred tax liabilities as of December 31</b>	<b>1,414</b>	<b>1,348</b>

The reconciliation of the income tax charge based on the Austrian corporate tax rate of 23% (FY 2023: 24%) with the effective tax rate for the period is as follows:

IN EUR T	2024	2023
<b>Loss before tax</b>	-51,482	-27,398
Tax expenses/income at 23% (financial year 2024) and 24% (financial year 2023) tax rate	11,841	6,576
Effects of changes in tax rate	0	0
Divergent foreign tax rates	386	379
Tax effects due to divergences in tax assessment base	-1,475	-917
Taxes from prior periods	-8	-142
Losses in current year for which no deferred tax assets were recognized	-11,699	-8,052
Impairment on deferred tax assets	0	-2,060
Deferred taxes not recognized in previous periods	757	906
Other	6	11
<b>Effective tax burden</b>	<b>-192</b>	<b>-3,299</b>
<b>Effective tax rate</b>	<b>0%</b>	<b>12%</b>

The low effective tax rate 0% (FY 2023: 12%) is attributable to the non-recognition of deferred tax assets.

The Eco-Social Tax Reform in Austria was enacted on January 20, 2022. It envisages an incremental lowering of the corporation tax rate in Austria from 25.0% to 23.0% (FY 2023: 24.0%; from 2024 onward: 23.0%).

#### (10) Notes to the comprehensive loss

Wolford AG recognized actuarial gain before tax of €18T in the 2024 financial year (FY 2023: loss of €-1,653T). No deferred taxes are attributable to this gain in 2024 (FY 2023: €392T). Together with the result of €-2,370T from currency translation of operations outside Austria (FY 2023: €1,202T), this resulted in other comprehensive loss of €-2,352T (FY 2023: €-59T).

### (11) Loss per share/proposed appropriation of profit

Loss per share is calculated by dividing the loss after tax of €-51,674T (FY 2023: €-30,755T) by the weighted average number of common shares, adjusted for treasury shares held on a pro rata basis. In 2023, share capital was increased 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; 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 2024 amounted to 9,653,666 (FY 2023: 9,195,697).

Loss per share for the 2024 financial year amounted to €-5.40 (undiluted = diluted) (FY 2023: €-3.34 (undiluted = diluted)). 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 T	2024	2023
Issued shares as the end of financial year	9,653,666	9,653,666
Weighted total number of shares in circulation	9,653,666	9,283,837
Less average number of treasury shares	-88,140	-88,140
	<b>9,565,526</b>	<b>9,195,697</b>

## 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 €521T (FY 2023: €521T) 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 2024, the related tangible assets were disposed of.

### (13) Goodwill

No impairments were recognized on goodwill in the 2024 financial year (FY 2023: €0T).

### (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 2024 financial year, as was also the case in the 2023 financial year.

No intangible assets are pledged as security.

# Consolidated Non-current Asset Schedule

IN EUR T	ACQUISITION/PRODUCTION COSTS				
	AS OF 01/01/2024	CURRENCY DIFFERENCES	ADDITION	DISPOSAL	AS OF 12/31/2024
Property, plant and equipment					
Land, leasehold rights and buildings, including buildings on third-party land	22,868	671	661	-1,169	23,031
Technical equipment and machinery	27,141	0	0	-307	26,834
Other equipment, furniture and fixtures	30,014	315	138	-851	29,616
Right-of-use assets	87,879	2,332	9,519	-35,058	64,672
Prepayments made on assets under construction	1,879	0	36	0	1,915
	169,781	3,318	10,354	-37,385	146,068
Goodwill	825	46	0	-841	30
Other intangible assets					
Concessions, industrial property rights, and similar rights and values, as well as licenses to such	16,293	13	1,293	0	17,599
	16,293	13	1,293	0	17,599
Total	186,899	3,377	11,647	-38,226	163,697



ACCUMULATED DEPRECIATION AND AMORTIZATION (RESTATED)						CARRYING AMOUNTS		
AS OF 01/01/2024	CURRENCY DIFFERENCES	IMPAIRMENT	REVERSALS OF THE IMPAIRMENT LOSSES	ADDITION	DISPOSAL	AS OF 12/31/2024	AS OF 01/01/2024	AS OF 12/31/2024
16,876	540	529	-29	756	-1,125	17,547	5,992	5,484
26,268	0	0	0	304	-303	26,269	872	563
28,803	151	423	-23	349	-843	28,860	1,206	758
32,984	1,233	4,804	-280	10,769	-20,768	28,743	54,896	35,930
1,731	0	0	0	0	0	1,731	149	184
<b>106,663</b>	<b>1,924</b>	<b>5,757</b>	<b>-332</b>	<b>12,178</b>	<b>-23,040</b>	<b>103,150</b>	<b>63,114</b>	<b>42,918</b>
<b>742</b>	<b>47</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-789</b>	<b>0</b>	<b>83</b>	<b>30</b>
				0	0		0	0
15,370	12	0	0	466	0	15,848	922	1,750
<b>15,370</b>	12	0	0	<b>466</b>	<b>0</b>	<b>15,848</b>	<b>922</b>	1,750
<b>122,776</b>	<b>1,983</b>	<b>5,757</b>	<b>-332</b>	<b>12,644</b>	<b>-23,829</b>	<b>118,998</b>	<b>64,119</b>	<b>44,698</b>

# Consolidated Non-current Asset Schedule

in EUR T	ACQUISITION/PRODUCTION COSTS				
	AS OF 01/01/2023	CURRENCY DIFFERENCES	ADDITION	DISPOSAL	AS OF 12/31/2023
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			CARRYING AMOUNTS		
OF THE AS OF 01/01/2023	CURRENCY DIFFERENCES	IMPAIRMENT (RESTATED)	REVERSALS OF THE IMPAIRMENT LOSSES (RESTATED)	ADDITION	DISPOSAL	AS OF 12/31/2023 RESTATED	AS OF 01/01/2023	AS OF 12/31/2023 RESTATED
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	1,731	22	149
<b>129,610</b>	<b>-1,224</b>	<b>6,205</b>	<b>-2,290</b>	<b>13,538</b>	<b>-39,172</b>	<b>106,668</b>	<b>56,350</b>	<b>63,114</b>
<b>768</b>	<b>-26</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>742</b>	<b>86</b>	<b>83</b>
				0		0	0	0
15,158	-10	0	0	222	0	15,370	430	922
<b>15,158</b>	<b>-10</b>	<b>0</b>	<b>0</b>	<b>222</b>	<b>0</b>	<b>15,370</b>	<b>430</b>	<b>922</b>
<b>145,537</b>	<b>-1,260</b>	<b>6,205</b>	<b>-2,290</b>	<b>13,760</b>	<b>-39,172</b>	<b>122,781</b>	<b>56,866</b>	<b>64,119</b>

#### (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 2024 financial year amounted to €21T (FY 2023: €48T).

#### (16) Non-current receivables and assets

The amounts recognized in this item are mainly security deposits amounting to €1,635T (FY 2023: €1,702T) and restricted long-term cash and cash equivalents for security deposits and customs guarantees (December 31, 2024: €1,116T, FY 2023: €1,022T).

#### (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 T	12/31/2024		12/31/2023	
	ASSETS	LIABILITIES	ASSETS	LIABILITIES
Property, plant and equipment (including rights of use)	3,070	3,802	1,007	6,997
Other intangible assets	0	0	0	0
Inventories	401	38	451	69
Trade receivables and other receivables and assets	630	75	787	140
Provisions for long-term employee benefits	842	14	972	19
Other provisions	146	282	119	288
Lease liabilities	1,724	1,227	5,360	0
Other liabilities	72	27	296	131
Other	-5	0	0	0
<b>Deferred tax assets/deferred tax liabilities</b>	<b>6,880</b>	<b>5,465</b>	<b>8,992</b>	<b>7,644</b>
<b>Offset for items due to same tax authority</b>	<b>-5,458</b>	<b>-5,458</b>	<b>-7,629</b>	<b>-7,629</b>
<b>Net deferred tax assets and liabilities</b>	<b>1,422</b>	<b>7</b>	<b>1,363</b>	<b>15</b>

Deferred tax assets on temporary differences in the amount of €8,252T (FY 2023: €6,917T) 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 €1,420T (FY 2023: €1,363T) 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.

For undistributed profits from subsidiaries of Wolford AG amounting to €4,486T no deferred liabilities were accounted for, as the requirements of IAS 12.39 are not met. Wolford AG is able to control the timing of the reversal of the temporary difference, however there are no disbursements planned in the foreseeable future.

As of the balance sheet date, the company had unutilized tax loss carryforwards of €242,765T (FY 2023: €167,801T). Of the unutilized tax loss carry forwards, no deferred taxes were capitalized on €242,765T (FY 2023: €167,801T). Loss carryforwards of €239,705T (FY 2023: €164,727T) are non-forfeitable. Losses of €3,060T (FY 2023: €3,074T) are forfeitable within 1 to 5 years.

## (18) Inventories

Inventories are structured as follows:

IN EUR T	12/31/2024	12/31/2023
Finished products and trade goods	18,494	25,684
Works in progress	3,945	5,229
Raw materials and supplies	3,010	5,120
<b>Total</b>	<b>25,449</b>	<b>36,033</b>

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 6,002T (FY 2023: €6,580T). The change of allowance shows a decrease of €578T in the 2024 financial year (FY 2023: increase of €3,079T); 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 T	12/31/2024	12/31/2023
Trade receivables	12,031	14,763
Impairment losses	-3,319	-2,661
<b>Trade receivables after impairment losses</b>	<b>8,712</b>	<b>12,102</b>

The expense for bad debt allowances amounted to €-1,074T in 2024 financial year (FY 2023: €-111T). For trade receivables, allowances were recognized due to lifetime expected credit losses (ECL according to simplified approach).

Trade receivables mainly relate to the wholesale business of Wolford AG. To monitor default risk, customers are structured into categories according to their creditworthiness. When determining the recoverability of trade receivables, accounts are 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 decrease in trade receivables is due to different timing in collection in comparison to the 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.

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.



Receivables are impaired at the latest upon being handed over to an attorney/debt collector/court (level 3). The allowances recognized on trade receivables developed as follows:

IN EUR T	12/31/2023	12/31/2023
<b>Jan. 1</b>	2,661	<b>2,269</b>
Added (+) / reversed (-)	1,322	831
Utilized	-697	-437
Currency differences	33	-3
<b>Dec. 31</b>	<b>3,319</b>	<b>2,661</b>

The following tables present information about the default risk and the expected credit losses for trade receivables at December 31, 2024, and December 31, 2023

12/31/2024 in EUR T	LOSS RATE	GROSS CARRYING AMOUNT	IMPAIRMENT LOSSES
<b>Wholesale</b>	<b>27.15%</b>	<b>11,893</b>	<b>3,229</b>
ECL receivables	0.65%	5,982	40
Receivables (credit impaired)	53.95%	5,911	3,189
<b>Online</b>	<b>65.40%</b>	<b>138</b>	<b>90</b>

12/31/2023 in EUR T	LOSS RATE	GROSS CARRYING AMOUNT	IMPAIRMENT LOSSES
<b>Wholesale</b>	<b>17.77 %</b>	<b>14,467</b>	<b>2,571</b>
ECL receivables	0.55%	10,935	60
Receivables (credit impaired)	71.09 %	3,532	2,511
<b>Online</b>	<b>30.41%</b>	<b>296</b>	<b>90</b>

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, were considered in the 2023 figures. 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 €5,000T, with the first transactions taking effect in 2022 under the agreement with a volume of €6,660T. 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 \$5,500T each for a twelve-month period starting in September 2020, which were extended in December 2022 (for at least \$4,000T for a twelve-month period from September 2022 and for at least \$5,500T for a twelve-month period from January 2023). As of 31.12.2024 there are no existing factoring agreements on group level anymore.

in EUR T	12/31/2024	12/31/2023
<b>Trade receivables after impairment losses</b>	<b>8,712</b>	<b>12,102</b>
Not due	1,380	7,474
Due in 1-30 days	1,257	1,559
Due in 31–60 days	495	587
Due in 61–90 days	2,949	824
Due in 91–120 days	1,151	15
Due in > 121 days	1,480	1,643

**(20) Other receivables and assets**

Other receivables were composed primarily of the following line items:

in EUR T	12/31/2024	12/31/2023
Direct business to customers (B2C)	2,229	3,496
Creditors with debit balances	1,954	2,734
Prepaid expenses and deferred charges	2,472	2,005
Deposits	1,376	1,275
Receivables from other taxes	1,559	103
Income tax receivables	119	373
Other receivables	1,183	270
<b>Total</b>	<b>10,892</b>	<b>10,256</b>

The total Other receivables and asset is €10,892T of which €4,788 are current financial asset.

Receivables from direct business to customers (B2C) are due from credit card institutions or other online payment services.

## (21) Cash and cash equivalents

The caption is composed by cash at banks for €2,977T (FY 2023: €5,917T) and cash on hands for €463T (FY 2023: €553T).

## (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 €17,607T.

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.

### Capital reserves

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

#### Accumulated other equity

IN EUR T	12/31/2024	12/31/2023
<b>Jan. 1</b>	<b>-5,370</b>	<b>-5,311</b>
Actuarial gains (+) and losses (-) for the financial year	18	-1,653
of which deferred tax	0	392
Currency translation adjustments	-2,370	1,202
<b>Dec. 31</b>	<b>-7,721</b>	<b>-5,370</b>

The actuarial gain (before deferred taxes) of €18T (FY 2023: loss: €-1,653T) was recorded in the OCI.

#### Treasury shares

Wolford AG holds 88,140 treasury shares (FY 2023: 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 (FY 2023: 0.9%).

#### (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 T	12/31/2024	12/31/2023
Pension provisions	4,382	4,582
Severance compensation provisions	6,374	6,723
Provisions for anniversary payments	1,256	1,353
<b>Total</b>	<b>12,012</b>	<b>12,658</b>

### Provisions for Pensions and Severance Compensation

Wolford AG has direct pension obligations based on individual commitments to three former Management Board members. More than 80% of the severance compensation provisions originate from the Austrian parent company.

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 compensation provision exist to a minor extent in Italy and Slovenia.

### Provisions for pensions developed as follows:

in EUR T	12/31/2024	12/31/2023
<b>Present value of obligation as of January 1</b>	<b>4,582</b>	<b>3,981</b>
Interest expenses	161	165
Pension payments	-288	-284
Actuarial gains (-)/losses(+)	-73	721
<b>Present value of obligation as of December 31</b>	<b>4,382</b>	<b>4,582</b>

### Provisions for severance compensation developed as follows:

in EUR T	12/31/2024	12/31/2023
<b>Present value of obligation as of January 1</b>	<b>8,077</b>	<b>7,631</b>
Exchange rate differences	-25	94
Service cost	518	505
Past service cost	0	277
Interest expenses	293	316
Severance compensation payments	-1,335	-1,678
Actuarial gains (-)/losses(+)	55	933
<b>Present value of obligation as of December 31 (gross obligation)</b>	<b>7,583</b>	<b>8,077</b>



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

in EUR T	12/31/2024	12/31/2023
<b>Fair value of plan assets as of January 1</b>	<b>1,354</b>	<b>1,430</b>
Exchange rate differences	-25	85
Paid-in contributions	92	120
Interest income/return on plan assets	74	66
Payments made	-286	-347
<b>Fair value of plan assets as of December 31</b>	<b>1,209</b>	<b>1,354</b>

The net obligation for severance compensation is structured as follows:

in EUR T	12/31/2024	12/31/2023
<b>Net obligation as of January</b>	<b>6,723</b>	<b>6,201</b>
Exchange rate differences	0	9
Service cost/contributions received	518	385
Past service costs	0	277
Interest	219	250
Payments	-1,141	-1,331
Actuarial loss/profit	55	933
<b>Net obligation as of December 31</b>	<b>6,374</b>	<b>6,723</b>

Plan assets comprise as follows:

in EUR T	2024	2023
Equity investments	622	634
Bonds	139	127
Real estate	290	377
Alternative investments	106	109
Liquid funds	52	107
<b>Total</b>	<b>1,209</b>	<b>1,354</b>

For employees in Austria who started an employment on or after 1 January 2003, contributions of 1.53% of gross wage are paid to an external employee severance fund.

Defined benefit payments are planned for provisions for pensions amounting to €313T and severance compensation of €81T in the coming 2025 financial year. For the period 2026 until 2029 severance payments of €1,292T are due and €8,541T are due in 2030 or later.

Severance payments are as follows:

in EUR T	Severance payments expected Austria 2024	Severance payments expected Austria 2023
2024	0	229
2025	81	88
2026	235	245
2027	439	640
2028	273	324
2029	345	0

#### Provision for Anniversary Payments

The provision for anniversary payments developed as follows:

in EUR T	12/31/2024	12/31/2023
<b>Present value of obligation as of January 1</b>	1,353	1,368
Service cost	55	60
Past service costs	0	70
Interest cost	45	56
Pension & severance payments made	-98	0
Anniversary payments	-7	-116
Actuarial gains	-91	-85
<b>Present value of obligation as of December 31</b>	<b>1,256</b>	<b>1,353</b>

Defined benefit payments from anniversary provisions of €208T are planned for the 2025 financial year (planned for 2024: €118T).

The actuarial gains and losses result from changes due to adjustments from past experiences 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. For the financial year 2024 there was only a minor actuarial effect of €18T, as there were only minimal changes in assumptions compared to the previous year. In the financial year 2023 however, the high actuarial loss of €1,653T was due to the increased interest rate levels.

The following sensitivities were determined for the Austrian defined benefit obligations (corresponding to €10,756T, FY 2023: €11,305T, a significant portion of the total net obligations of €12,012T, FY 2023: €12,658T), each of which relates to the level of the provision:

in EUR T	2024		2023	
	INCREASE	REDUCTION	INCREASE	REDUCTION
Discount rate (1% change)	-934	1,087	-1,148	1,281
Future wage and salary increases (1% change)	545	-489	700	-620
Future pension increases (1% change)	395	-341	402	-395

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 duration of the anniversary obligations is 7.4 years (FY 2023: 7.7 years). The average duration of the pension obligations is 11.0 years (FY 2023: 10.9 years). The average duration of the severance compensation obligations is 9.3 years (FY 2023: 9.8 years).

#### (24) Other non-current liabilities

Other non-current liabilities are structured as follows:

IN EUR T	12/31/2024	12/31/2023
Slovenia project subsidy	584	615
Other	179	231
<b>Total</b>	<b>763</b>	<b>846</b>

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) Current financial liabilities**

Current financial liabilities are structured as follows:

IN EUR T	12/31/2024	12/31/2023
Shareholder loans (from Fosun Fashion Group (Cayman) Limited and subsidiaries - 12%)	86,081	50,694
Bank loans	2,661	800
<b>Total</b>	<b>88,742</b>	<b>51,494</b>
of which non-current	487	800
of which current	88,255	50,694

Wolford AG's debt financing consists of shareholder loans in the amount of €86,081T (including accrued interest) as of December 31, 2024 (FY 2023: €50,694T) at fixed interest rates (12%) (FY 2023: 12%) and a bank loan of €2,661T (FY 2023: €800T). The tranches of shareholder loans mature at different dates in 2025 or are already overdue but will not need to be repaid in short term because of the subordination of the loans. An increase in interest expense due to the changed interest rate environment is not expected in the short term.

The shareholder loans, some of which are already due but subordinated, total €86,081T (FY 2023: €50,700T) are treated as short-term as depending 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 €13,720T (FY 2023: €7,383T).

The following table sets forth shareholder loans received:

AMOUNT IN EUR T	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
<b>32,500</b>	<b>12/31/2022</b>	
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
<b>42,200</b>	<b>12/31/2023</b>	
1,500	03/28/2024	03/28/2025
2,000	04/17/2024	04/18/2025
1,500	04/23/2024	04/24/2025
2,000	05/29/2024	05/30/2025
1,000	06/14/2024	06/15/2025
250	06/21/2024	06/21/2025
1,000	07/05/2024	07/06/2025
1,000	08/01/2024	08/01/2025
1,000	08/13/2024	08/14/2025
2,000	09/09/2024	09/10/2025
1,300	09/27/2024	09/25/2025
2,000	10/09/2024	10/10/2025
1,000	11/15/2024	11/15/2025
1,000	11/21/2024	11/22/2025
6,000	11/25/2024	11/25/2025
4,500	12/04/2024	12/04/2025
<b>71,250</b>	<b>12/31/2024</b>	
AMOUNT IN USD T	GRANTED	MATURITY
1,200	12/08/2023	12/07/2024
1,200	12/31/2023	

As indicated in the table above, the loans would have been predominantly due as of December 31, 2024, according to their maturity. All loans are unsecured.

In May 2021, Fosun Fashion Group (Cayman) Limited again granted a shareholder loan with a term until the end of 2022 totaling €10,000T, which was paid out in two tranches in May (€3,500T and €4,000T) and one tranche in July (€2,500T). Interest expense of €697T 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 €2,500T 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 €5,000T was granted subject to the same conditions. The maturities of the loans in the amount of €10,000T 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 €4,000T and €1,500T 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 €1,000T and €2,500T were granted at the same interest rate as those due on October 2, 2022, including interest, as well as another €2,000T. The loans due in October were revolved and no repayment was made. A further shareholder loan in the amount of €2,000T 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: €1,000T, July 28, 2023: €1,000T, October 24, 2023: €500T, October 30, 2023: €1,500T, October 31, 2023: €1,500T, November 17, 2023: €3,000T, November 28, 2023: €1,200T. In total Fosun Fashion Group (Cayman) Limited granted additional shareholder loans of €9,700T plus \$1,200T in financial year 2023.

During 2024, the following loans were granted by Fosun Fashion Group (Cayman) Limited with an interest rate of 12% p.a.: March 29, 2024: €1,500T, April 17, 2024: €2,000T, April 23, 2024: €1,500T, May 29, 2024: €2,000T, June 14, 2024: €1,000T, June 20, 2024: €0,250T, July 5, 2025: €1,000T, August 13, 2024: €1,000T, September 9, 2024: €2,000T, September 30, 2024: €1,300T, October 9, 2024: €2,000T, November 21, 2024: €3,000T, December 12, 2024: €10,500T.

In total Fosun Fashion Group (Cayman) Limited granted additional shareholder loans of €29,050T in financial year 2024.

## (26) Trade payables

Trade accounts payable are all due in the short term.

This line includes an amount of €1,229 thousand payable to Lanvin Group Fashion (America) Inc., a company classified as related party. For further details, please refer to the section 'Transactions with Related Parties'.



(27) Current provisions

in EUR T	AS OF 01/01/2024	CURRENCY DIFFERENCES	UTILIZED	REVERSED	ADDED	CHANGE OF STATEMENT	AS OF 12/31/2024
Restructuring	73	0	-37	0	0	0	37
Provision for onerous contracts	62	0	-15	-49	370	3	370
Total	135	0	-52	-49	370	3	406

in EUR T	AS OF 01/01/2023	CURRENCY DIFFERENCES	UTILIZED	REVERSED	ADDED	CHANGE OF STATEMENT	AS OF 12/31/2023
Restructuring	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

## 28) Income taxes

Income tax liabilities amounting to €570T (FY 2023: €567T) 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 T	12/31/2024	12/31/2023
Liabilities to tax authorities	5,421	6,334
Outstanding vacation entitlement	975	1,298
Wage and salary obligations	538	338
Other accrued payments	147	724
Liabilities for social security	1,337	1,148
Liabilities for tax advice and audit	1,140	1,239
Liabilities from variable salary components	630	493
Special payments	577	591
Overtime	0	156
Other	3,020	1,732
<b>Total</b>	<b>13,785</b>	<b>14,054</b>
Thereof other current non-financial liabilities	8,301	9,528
Thereof other current financial liabilities	5,484	4,526

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 €19T (FY 2023: €38T) 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 €1,098T (FY 2023: €1,382T) and accruals for revenue bonuses and customer returns not yet paid of €129T (FY 2023: €825).

**(31) Contingent liabilities**

There are rental guarantees amounting to €250T (FY 2023: €224T).

**(32) Leasing**

In the 2024 financial year, the following amounts were recognized through profit or loss in the context of lease contracts:

IN EUR T	2024	2023
Depreciation and amortization on right-of-use assets	10,769	11,701
Reversals of impairment losses	-280	-2,220
Impairments on right-of-use assets	4,804	5,634
Expenses for right-of-use assets	3,006	3,343
Operating costs in connection with rights of use	1,367	1,528
Interest	3,184	3,550
<b>Total</b>	<b>22,850</b>	<b>23,536</b>

The expense for right-of-use assets primarily concerns lease contracts with variable lease payments that are neither dependent on an index or a rate. The tables below set forth the development of the acquisition costs and accumulated depreciation of right-of-use assets:

Costs

in EUR T	AS OF 01/01/2024	CURRENCY DIFFERENCES	ADDITION	DISPOSAL	AS OF 12/31/2024
Right of use buildings	87,507	2,332	9,270	-34,685	64,423
Right of use on technical equipment and machinery	51	0	0	-51	0
Right of use on other equipment, furniture and fixtures	321	0	249	-321	249
Total	87,879	2,332	9,519	-35,058	64,672

in EUR T	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

Accumulated depreciation

in EUR T	AS OF 01/01/2024	CURRENCY DIFFERENCES	IMPAIRMENT	REVERSAL OF IMPAIRMENT LOSSES	ADDITION	DISPOSAL	AS OF 12/31/2024
Right of use buildings	32,703	1,233	4,804	-280	10,703	-20,445	28,719
Right of use on technical equipment and machinery	43	0	0	0	9	-51	0
Right of use on other equipment, furniture and fixtures	238	0	0	0	58	-272	24
Total	32,984	1,233	4,804	-280	10,769	-20,768	28,743

in EUR T	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

## Carrying amounts

in EUR T	AS OF 12/31/2024	AS OF 12/31/2024
Right to use buildings	35,704	54,804
Right of use on technical equipment and machinery	0	9
Right of use on other equipment, furniture and fixtures	226	83
<b>Total</b>	<b>35,930</b>	<b>54,896</b>

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

From additions to right of use amounting to €9,519T (FY 2023: €30,341T), an amount of €3,398T (FY 2023: €12,085T) relates to additions from new rental and relocation of leasing agreements, while €6,121T (FY 2023: €18,256T) relate to additions from modifications. Disposals amounting to €35,058T (acquisition cost) (FY 2023: €45,201T) or €20,768T (cumulative depreciation) (FY 2023: €36,793T) 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 €4,221T were recorded as other income in fiscal year 2023. (FY 2023: €3,532T).

As of December 31, 2024, the lease liabilities comprised a portion due in the long term (more than 12 months) in the amount of €31,474T (FY 2023: €48,981T) and a portion due in the short term in the amount of €12,675T (FY 2023: €13,542T). 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, 2024, restricted cash in the amount of €1,116T (FY 2023: 1,022T) is reported under other non-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 T	01/01/2024	INTEREST ADDITION (NON-CASH)	ADDITION RIGHT-OF-USE ASSETS (NON-CASH)	CASH-FLOW	OTHER (NON-CASH)	12/31/2024
Current financial liabilities	51,494	6,377	0	30,911	0	88,742
Lease liabilities	62,522	0	3,368	-10,830	-10,911	44,149
<b>Total financial liabilities</b>	<b>114,016</b>	<b>6,377</b>	<b>3,368</b>	<b>20,081</b>	<b>-10,911</b>	<b>132,891</b>

in EUR T	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
<b>Total financial liabilities</b>	<b>92,956</b>	<b>4,145</b>	<b>11,022</b>	<b>-778</b>	<b>6,672</b>	<b>114,016</b>

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 €14,013 (FY 2023: €15,938T) comprise repayment portion of €10,830T (FY 2023: €12,388T) and the interest payment of €-3,184T (FY 2023: €3,550T).

Interest paid by €3,610T includes interest paid for lease contracts amounting to €-3,184T (FY 2023: €3,550T) as well as interest payments for bank loans and other interest paid amounting to €426T (FY 2023: €874T).

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 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 2024 and 2023 financial years.

#### Capital Risk Management

The preservation of liquidity and the achieving a healthy financial basis are the main focus of the corporate strategy of the Group. The management of the liquidity is carried out, among others, through ongoing liquidity planning by the Management and the corresponding regular monitoring of key performance indicators.

In general, the capital management across the Group strongly correlates with the liquidity planning. Accordingly, a weekly reporting about the group-wide liquidity takes place, the basis for deriving the freely available liquidity. This report is transferred to the Management Board. The weekly report is the basis of further future-oriented forecasts. The liquidity forecasts are prepared regularly and include a time frame of 3 months. The Group initiates measures, e.g. cost savings programmes, if there are deviations from the minimum requirements between the actual and the scheduled key figures and an improvement of the key figures is not expected in the short or medium term. One of the further operative measures, in addition to cost saving and cost shifting programs, is intercompany financing within the Group. However, if this is not possible, the Group refers to financing by third parties. In this case the capital/liquidity requirement is covered by interest-bearing loans.

In the previous years Wolford was facing a difficult financial position. Cash flows from operating activities and other sources of financing were not sufficient to meet its regular payment obligations. Capital management has therefore been a challenge, but was and is a highly important focus

area with the clear target to lead the group to a stable growth situation and overcome the financial challenges.

Currently, the Wolford Group is dependent on borrowed capital and external financing granted on favourable terms. Wolford has covered its past financing requirements through shareholder loans from its main shareholder. For further information on shareholder loans and amounts outstanding please refer to Note (25).

The management and adjustment of the capital structure of the Group is carried out in accordance with changes in economic conditions. The central corporate goal is profitable growth and an increase in free cash flow.

The primary objective of capital risk management is to minimize the company's financing costs by achieving 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	12/31/2024	12/31/2023
Financial liabilities	88.74	51.49
- Financial assets	-1.05	-1.08
- Cash and cash equivalents	-3.44	-6.47
<b>Net debt (excl. leases)</b>	<b>84.25</b>	<b>43.95</b>
Equity	-88.44	-34.41
Gearing in %	-95.3	-127.7

As a result of increased financial liabilities in the financial year and the negative total comprehensive loss in 2024 and 2023, 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. 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).

There are no factoring agreements anymore as of 31.12.2024.

### Interest Rate Risk Management

Shareholder loans are fixed-interest (12%). Interest of long term bank loans are variable and fixed. 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, as well as from 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.

### 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 chapter Going Concern in this respect.

In the fiscal year 2024, additional shareholder loans with an interest rate of 12% per annum were granted by Fosun Fashion Group (Cayman) Limited. For further information please refer to Note (25) Financial Liabilities.

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 T	CARRYING AMOUNT, 12/31/2024	CASH FLOW 2025 Q1	CASH FLOW 2025/Q2-Q4	CASH FLOW 2026-2029	CASH FLOW 2030 AND BEYOND
Lease liabilities	44,149	3,606	10,819	15,848	21,583
Financial liabilities	88,742	0	2,661	106,740	0
Trade payables	25,083	1,100	23,983	0	0
Other financial liabilities (current)	5,483	2,307	3,176	0	0
<b>Total</b>	<b>163,457</b>	<b>7,013</b>	<b>40,639</b>	<b>122,588</b>	<b>21,583</b>

in EUR T	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)	4,527	2,477	1,909	0	0
<b>Total</b>	<b>142,511</b>	<b>70,129</b>	<b>25,241</b>	<b>25,675</b>	<b>33,128</b>

## Primary Financial Instruments

The primary financial instruments held by the Wolford Group are reported on 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 on 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. As in the previous year, no items were reclassified between Levels 1 and 3 in 2024 and 2023 financial year.

12/31/2024 in EUR T	LEVEL 1	LEVEL 2	LEVEL 3
<b>Non-current assets</b>			
Non-current financial assets	1,054	0	0
<b>Total</b>	<b>1,054</b>	<b>0</b>	<b>0</b>

12/31/2023 in EUR T	LEVEL 1	LEVEL 2	LEVEL 3
<b>Non-current assets</b>			
Non-current financial assets	1,075	0	0
<b>Total</b>	<b>1,075</b>	<b>0</b>	<b>0</b>

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 financial assets are as follows:

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12/31/2024 in EUR T	ACQUISITION COSTS	FAIR VALUE = CARRYING AMOUNT	REALIZED PROFITS/LOSSES
<b>Non-current assets</b>			
Non-current financial assets	1,398	1,054	-344
<b>Total</b>	<b>1,398</b>	<b>1,054</b>	<b>-344</b>

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

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

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

12/31/2024 in EUR T	VALUATION CATEGORY IN ACCORDANCE WITH IFRS9	CARRYING AMOUNT	FAIR VALUE	CURRENT	NON-CURRENT
Cash and cash equivalents	AC	3,441	3,441	3,441	0
Trade receivables	AC	8,712	8,712	8,712	0
Other financial receivables and assets	AC	7,540	7,540	0	7,540
Non-current financial assets	FVPL	1,054	1,054	0	1,054
<b>Total</b>		<b>20,747</b>	<b>15,959</b>	<b>12,153</b>	<b>3,806</b>
Trade payables	AC	25,083	25,083	25,083	0
Financial liabilities	AC	88,742	88,742	88,255	487
Other financial liabilities (non-current)	AC	0	0	0	0
Other financial liabilities (current)	AC	5,483	5,483	5,483	0
<b>Total</b>		<b>119,308</b>	<b>119,308</b>	<b>118,821</b>	<b>487</b>

12/31/2023 in EUR T	VALUATION CATEGORY IN ACCORDANCE WITH IFRS 9	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
<b>Total</b>		<b>27,414</b>	<b>27,414</b>	<b>23,615</b>	<b>3,799</b>
Trade payables	AC	23,968	23,968	23,968	0
Financial liabilities	AC	51,494	51,494	50,694	800
Other financial liabilities (non-current)	AC	0	0	0	0
Other financial liabilities (current)	AC	4,527	4,527	4,527	0
<b>Total</b>		<b>79,988</b>	<b>79,988</b>	<b>79,188</b>	<b>800</b>

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, 2023 or December 31, 2024.



## Net Results by Class

2024 in EUR T	FROM INTEREST	FROM SUBSEQUENT MEASUREMENT AT FAIR VALUE	FROM ALLOWANCES	TOTAL RECOGNIZED IN PROFIT AND LOSS
Cash and cash equivalents (AC)	9	0	0	9
Trade receivables (AC)	0	0	-1,074	-1,074
Assets measured at fair value through profit or loss (FVPL)	0	-21	0	-21
Financial liabilities and lease liabilities (AC)	-9,948	0	0	-9,948
<b>Net results</b>	<b>-9,939</b>	<b>-21</b>	<b>-1,074</b>	<b>-11,034</b>

2023 in EUR T	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
<b>Net results</b>	<b>-8,059</b>	<b>47</b>	<b>-111</b>	<b>-8,123</b>

#### IV. OTHER DISCLOSURES

##### Auditor's fees

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

IN EUR T	2024	2023
Fees for consolidated and annual financial statements	360	300
Other services	0	35
<b>Total</b>	<b>360</b>	<b>335</b>

At the Annual General Meeting on December 17, 2024, RSM Austria Wirtschaftsprüfung GmbH, Tegetthoffstraße 7, 1010 Vienna, was appointed as auditor for the company's annual financial statements in accordance with the Austrian Company Code (UGB) for the 2024 financial year and as auditor of the IFRS consolidated financial statements for 2024.

##### 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 €511T was paid to FFBM in the financial year (FY 2023: €655T); the amount of outstanding payables as of December 31, 2024, is €289T (FY 2023: €776T).

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, 2024, shareholder loans totaling to €72,361T (FY 2023: €43,311T) were granted from Fosun Fashion Group (Cayman) Limited and its subsidiaries. As of December 31, 2024, interest for those shareholder loans of €13,720T (FY 2023: €7,383T) was accrued. During financial year 2024 and 2023, 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 2024 of €6,337T (FY 2023: €-4,145T). As of December 31, 2024, there is a financial liability to the shareholder in the amount of €86,081T (FY 2023: €50,694T) (including interest).

As of December 31, 2024 there are trade payables in the amount of €1,229 thousand to Lanvin Group Fashion (America) Inc., a company controlled by the ultimate parent company.

## Disclosures on the Management and Supervisory Boards

2024 in EUR T	( CURRENT) REMUNERATION	OTHER REMUNERATION	SEVERANCE COMPENSATION	PENSIONS	TOTAL REMUNERATION
Expenses for members of the Management Board	824	72	663	0	1,559
of which variable	0	0	0	0	0
Former members of the Management Board	0	0	0	296	296
<b>Total</b>	<b>824</b>	<b>72</b>	<b>663</b>	<b>296</b>	<b>1,885</b>

In 2024, no bonuses (FY 2023: €0T) were paid for the 2023 financial year, and no bonus was accrued for the financial year 2024 (FY 2023: €0T).

2023 in EUR T	(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
<b>Total</b>	<b>883</b>	<b>13</b>	<b>0</b>	<b>0</b>	<b>896</b>

Expenses for remuneration to the Supervisory Board amounted to €53T in the financial year (FY 2023: €120T). No advances were paid out in 2024 and 2023 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 2024 financial year were:

- Silvia Azzali, Chief Commercial Officer, Chief Executive Officer (CEO as of July 1, 2023, until June 14, 2024)
- Ralf Polito, Chief Operating Officer (COO) since April 17, 2023
- Rimbart Regis, member of the management board since May 6, 2024; Chief Executive Officer since June 14, 2024 until January 17, 2025
- Giordano Domenico, Chief Human Resource Officer (CHRO) since August 1, 2024

Silvia Azzali was appointed as CEO as of 1 July 2023, responsible for the 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. As of January 17th, 2025 Regis Rimbart decided to terminate his Executive Board mandate early.

The members of the Supervisory Board in the 2024 financial year have been:

- David Chan, chairman until September 17, 2022, deputy of chairman since June 27, 2024
- Eric Chan, chairman as of June 27, 2024
- Thomas Dressendörfer, member until June 14, 2024
- Chenling Zhang, member until April 30, 2024
- Wu Jianhua, member as of June 27, 2024
- Wu Yun, member as of June 27, 2024

The Annual General Meeting took place on December 17, 2024.

The Work Council's representatives on the Supervisory Board in the 2024 financial year were:

- Alexander Greußing since February 02, 2021
- Christian Greußing since February 21, 2023

The terms of office of the Supervisory Board members and the composition of the Supervisory Board committees are presented in the Corporate Governance Report.

## Events After the Balance Sheet Date

As of January 10, 2025 Wolford Belgium N.V. which includes the Luxemburg Belgium branch was voluntarily liquidated due to unprofitability.

On January 17, 2025 Regis Rimbart effective stepped down as a Director of the Board and Chief Executive Officer (CEO).

On April 10, 2025, the Supervisory Board and Ralf Polito agreed to extend his mandate as Chief Operating Officer until December 31, 2025.

In April 2025, Wolford received a shareholder loan in the amount of €300T from Fosun Fashion Group (Cayman) Limited.

In April 2025 a comfort letter from Fosun Fashion Group was issued 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.

In the first half of 2025 a capital increase is planned.

In January 2025 Donald Trump was inaugurated as the new president of the United States. He has threatened to increase United States tariffs from 10% to 20% on imports from the European Union. If this threat is enforced it will have a negative impact on good deliveries to the subsidiary in the United States.

The Management Board of Wolford AG approved the consolidated financial statements for submission to the Supervisory Board on April 30, 2025. The Supervisory Board is required to perform its own review of the consolidated financial statements and to declare whether it has approved them.

Bregenz, April 30, 2025

Domenico Giordano  
CHRO  
Chief Human Resources Officer

Ralf Polito  
COO  
Chief Operating Officer




# 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, 2024, 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, 2024, give a true and fair picture of the financial position, financial performance and cash flows of the parent company as required by the applicable accounting standards and that the Management Report presents the business earnings and the position of the company in such a way that creates a true and fair view of its financial position, financial performance and cash flows, together with a description of the principal risks and uncertainties to which the company is exposed.

Bregenz, April 30, 2025

**Domenico Giordano**  
CHRO  
Chief Human Resources Officer

A handwritten signature in black ink, appearing to read "D. Giordano", written over a light blue horizontal line.

**Ralf Polito**  
COO  
Chief Operating Officer

A handwritten signature in black ink, appearing to read "R. Polito", written over a light blue horizontal line.

# Auditor's report

## REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

### Audit Opinion

We have audited the consolidated financial statements of

#### **Wolford Aktiengesellschaft, Bregenz,**

and its subsidiaries (the Group), comprising the consolidated statement of financial position as of 31.12.2024, the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the 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 31.12.2024 and its financial performance for the year then ended in accordance with the International Financial Reporting Standards, as adopted by the EU (IFRS), and the additional requirements of § 245a UGB.

### Basis for Opinion

We conducted our audit in accordance with the regulation (EU) no. 537/2014 (in the following "EU regulation") and 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, the special legal 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 draw attention to Note (1) "Accounting Principles" subsection "Going Concern", which indicates that the Group incurred a net loss of MEUR 51.7 for the year ended 31.12.2024, and, as of that date, the Group's current liabilities exceeded its total assets by MEUR 43.6.

As stated in Note (1) "Accounting Principles" subsection "Going Concern" these events or conditions, along with other matters as set forth, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in 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 of the current period. These 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 addition to the matter described in the Material Uncertainty Related to Going Concern section above, we have determined the matters described below to be the key audit matters to be communicated in our report.

#### (1) Impairment of non-current assets

##### *Reasons why the matter was determined as key audit matter*

Wolford Aktiengesellschaft reports property, plant and equipment including right-of-use-assets of MEUR 42.9 in its consolidated financial statements as of 31.12.2024. Property, plant and equipment includes MEUR 35.9 of right of use assets from lease contracts, which are assessed for impairment when impairment indicators are identified.

During the year ended 31.12.2024, Wolford Aktiengesellschaft recognized and recorded net impairment charges of MEUR 5.4.

Refer to Notes section (7) "Depreciation and amortization, impairment losses and reversals of impairment losses" for the corresponding financial statements disclosures.

The assessment of the recoverable amount requires significant judgment, in particular relating to estimated cash flow projections and discount rates. Due to the level of judgment, market environment and significance to the Group's financial position, this is considered a key audit matter.

##### *How we addressed the matter in the audit*

As part of our audit procedures, in addition to other procedures, we have:

- tested the controls and review procedures around the identification of impairment indicators.
- evaluated the robustness of budgeting process, which is basis for the valuation.
- evaluated management's methodologies in preparing impairment models and documented basis for key assumptions.
- performed procedures on those Cash Generating Units where management has identified impairment indicators, or where the recoverable amount is close to carrying value.
- assessed the assumptions contained within the calculations including growth assumptions, discount rates and implications of industry changes. In addition, we have analyzed earlier estimates against actual business development.

## Other Information

Management is responsible for the other information. 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, as adopted by the EU (IFRS) and the additional requirements of § 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 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.

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

## Auditor's Responsibilities for the Audit of the Consolidated Financial

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 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 with Austrian Standards on Auditing, which require the application of ISAs, we exercise professional judgment and maintain professional skepticism 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- plan and perform the group audit obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 Group Management Report

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 the group management report was prepared in accordance with the applicable legal regulations.

Regarding the consolidated non-financial statement contained in the group management report, it is our responsibility to examine whether it has been prepared, to read it and to evaluate whether it is, based on our knowledge obtained in the audit, materially inconsistent with the consolidated financial statements or otherwise appears to be materially misstated.

Management is responsible for the preparation of the group 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 management reports.

### Opinion

In our opinion, the group management report was prepared in accordance with the valid legal requirements comprising accurate disclosures 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 management report came to our attention.

### Supplemental information

Regarding the material uncertainty related to going concern, we refer to the Group Management Report section "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", where Management describes 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 of the EU regulation

We were elected as auditor by the ordinary general meeting on 17.12.2024. We were appointed by the Supervisory Board on 17.12.2024. Our appointment as auditors for the year ended 31.12.2024 is our initial appointment.

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 (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 Florian Eder, Certified Public Accountant.

Vienna, 30.04.2025

**RSM Austria Wirtschaftsprüfung GmbH**

Mag. Florian Eder  
CPA Wirtschaftsprüfer  
(Austrian Certified Public Accountant)

This report is a translation of the original report in German, which is solely valid. Publication or sharing with third parties of the 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**

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## **ANNUAL ACCOUNTS**

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# Balance Sheet

## ASSETS

	12/31/2024 in EUR	12/31/2023 in EUR
<b>A. Fixed Assets</b>		
I. Intangible assets		
1. Rental rights and software	228,739.00	341,171.00
2. Advance payments made	50,610.50	148,002.88
	<b>279,349.50</b>	<b>489,173.88</b>
II. Tangible Assets		
1. Land and Buildings	43,380.70	217,200.70
2. Technical equipment and machinery	507,393.00	762,995.00
3. Other equipment, operating and office equipment	289,942.71	444,669.71
	<b>840,916.41</b>	<b>1,424,865.41</b>
III. Financial assets		
1. Shares in affiliated companies	5,390,786.43	8,419,293.39
2. Reorganization surplus	5,471,058.77	5,471,058.77
3. Loans to associated companies	700,000.00	5,896,604.62
4. Security held as fixed assets	1,054,145.63	1,075,517.20
	<b>12,615,990.83</b>	<b>20,862,473.98</b>
<b>B. Current Assets</b>		
I. Inventories		
1. Raw materials, supplies, and consumables	3,010,434.03	5,119,600.89
2. Works in progress	3,945,074.90	5,229,424.17
3. Finished goods and merchandise	781,808.11	10,546,932.96
	<b>7,737,317.04</b>	<b>20,805,958.02</b>
II. Receivables and Other assets		
1. Trade receivables	977,691.42	2,357,804.12
of which with a remaining term of more than one year	0.00	0.00
2. Receivables from affiliated companies	10,046,667.56	21,781,915.89
of which with a remaining term of more than one year	0.00	0.00
3. Other receivables and assets	3,437,325.44	3,113,382.81
of which with a remaining term of more than one year	0.00	0.00
	<b>14,461,684.42</b>	<b>27,253,102.82</b>
III. Cash on hand and bank balances	598,821.51	1,811,352.12
	<b>22,797,822.97</b>	<b>49,870,412.96</b>
<b>C. Prepaid Expenses</b>	1,023,389.65	1,088,483.91
<b>Total</b>	<b>37,557,269.36</b>	<b>73,735,410.14</b>

## LIABILITIES

	12/31/2024 in EUR	12/31/2023 in EUR
<b>A. Negative Equity</b>		
I. Issued, called-up and paid-in share capital		
1. Called-up share capital	46,337,596.80	46,337,596.80
2. Less nominal value of own shares	-423,072.00	-423,072.00
	45,914,524.80	45,914,524.80
II. Tied capital reserves	4,929,110.48	4,929,110.48
III. Retained earnings		
1. Legal reserve	1,817,500.00	1,817,500.00
	1,817,500.00	1,817,500.00
IV. Tied reserves for own shares	423,072.00	423,072.00
V. Balance sheet loss	-145,725,902.78	-92,622,027.97
of which loss carried forward	92,622,027.97	37,593,605.00
	<b>-92,641,695.50</b>	<b>-39,537,820.69</b>
<b>B. Provisions</b>		
1. Provisions for severance payments	5,205,295.51	5,554,413.03
2. Provisions for pensions	4,329,029.65	4,539,056.43
3. Other provisions	2,406,986.42	3,653,515.81
	<b>11,941,311.58</b>	<b>13,746,985.27</b>
<b>C. Liabilities</b>		
of which with a remaining term of up to one year	118,257,653.28	99,526,245.56
of which with a remaining term of more than one year	0.00	0.00
1. Trade payables	13,437,077.39	17,462,763.00
of which with a remaining term of up to one year	13,437,077.39	17,462,763.00
of which with a remaining term of more than one year	0.00	0.00
2. Liabilities to affiliated companies	99,282,542.38	78,395,898.39
of which with a remaining term of up to one year	99,282,542.38	78,395,898.39
of which with a remaining term of more than one year	0.00	0.00
3. Other liabilities	5,538,033.51	3,667,584.17
of which with a remaining term of up to one year	5,538,033.51	3,667,584.17
of which with a remaining term of more than one year	0.00	0.00
of which from taxes	340,021.64	2,059,567.57
of which within the framework of social security	292,695.84	381,821.15
	<b>118,257,653.28</b>	<b>99,526,245.56</b>
<b>Total</b>	<b>37,557,269.36</b>	<b>73,735,410.14</b>



# Income Statement

	12/31/2024 in EUR	12/31/2023 in EUR
<b>1. Revenue</b>	32,352,523.10	68,181,655.06
<b>2. Changes in inventories of finished goods and work in progress</b>	-4,223,740.23	-2,124,798.12
<b>3. Other operating income</b>		
a) Income from the disposal and write-up of fixed assets, excluding financial assets	82,442.33	27,242.05
b) Income from the reversal of provisions	191,243.99	336,159.30
c) Other	483,044.19	4,166,872.96
	756,730.51	4,530,274.31
<b>4. Expenses for materials and other acquired production services</b>		
a) Cost of materials	-11,434,628.92	-22,417,893.93
b) Cost of purchased services	-6,102,447.04	-8,374,667.06
	-17,537,075.96	-30,792,560.99
<b>5. Personnel expenses</b>		
a) Wages	-1,938,054.70	-2,437,275.25
b) Salaries	-12,842,888.33	-15,527,866.59
c) Social expenses		
aa) Expenses for pensions	73,372.71	-746,581.23
bb) Expenses for severance payments and contributions to employee benefit funds	-456,130.74	-1,164,980.49
cc) Expenses for statutory social security contributions and other pay-related contributions and mandatory contributions	-3,811,079.17	-4,700,736.18
dd) Other	0.00	-121,173.03
	-18,974,780.23	-24,698,612.77
<b>6. Depreciation and Amortization</b>		
a) On intangible assets and property, plant, and equipment	-739,402.66	-826,670.38
b) On current assets, to the extent that these exceed the usual depreciation in the company	0.00	-15,383,744.76
	-739,402.66	-16,210,415.14
<b>7. Other operating expenses</b>		
a) Taxes, to the extent that they are not included under item 1b	-156,439.76	-91,969.68
b) Other	-24,877,775.42	-37,748,593.57
	-25,034,215.18	-37,840,563.25
<b>8. Subtotal of lines 1 to 7 (loss)</b>	<b>-33,399,960.65</b>	<b>-38,955,020.90</b>
<b>9. Income from other securities and loans of financial assets</b>	20,308.70	12,846.51
of which from affiliated companies	0.00	0.00

	12/31/2024 in EUR	12/31/2023 in EUR
<b>10. Other interest and similar income</b>	1,987,653.63	2,973,256.23
of which from affiliated companies	1,984,842.31	2,970,656.16
<b>11. Income from the write-up of financial assets</b>	9,026.08	47,845.20
<b>12. Expenses from financial assets</b>	-24,249,234.17	-14,341,204.14
a) of which depreciation	-24,249,234.17	-14,341,204.14
b) of which expenses from affiliated companies	-24,249,234.17	-14,341,204.14
<b>13. Interest and similar expenses</b>	-7,007,016.12	-4,760,895.87
of which related to affiliated companies	-6,337,453.60	-4,144,502.34
<b>14. Subtotal of lines 9 to 13 (Financial result)</b>	<b>-29,239,261.88</b>	<b>-16,068,152.07</b>
<b>15. Loss before taxes (Subtotal from items 8 and 14)</b>	<b>-62,639,222.53</b>	<b>-55,023,172.97</b>
<b>16. Income taxes</b>	-8,078.00	-5,250.00
of which tax allocation	-8,078.00	-5,250.00
<b>17. Net loss</b>	<b>-62,631,144.53</b>	<b>-55,028,422.97</b>
<b>18. Income from capital reduction</b>	0.00	0.00
<b>19. Income from the dissolution of capital reserves</b>	0.00	0.00
<b>20. Income from the dissolution of retained earnings</b>	0.00	0.00
<b>21. Loss carried forward from the previous year</b>	-92,622,027.97	-37,593,605.00
<b>22. Income from the dissolution of hidden reserves</b>	9,527,269.72	0.00
<b>Total comprehensive loss</b>	<b>-145,725,902.78</b>	<b>-92,622,027.97</b>



# NOTES to the 2024 financial year

Wolford Aktiengesellschaft (hereinafter also referred to as "Wolford AG") is a stock corporation headquartered in Austria, 6900 Bregenz, Wolfordstraße 1, and is registered with the Regional Court of Feldkirch, Austria, under FN 68605s. Wolford AG prepares the 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 (largest group).

The financial year of Wolford AG is a calendar financial year covering the period from 1 January to 31 December. The consolidated financial statements of Wolford AG are published on its website. 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 website.

In the 2024 financial year, the Wolford Group completed a comprehensive reorganization of its business model and moved its operating business to Italy. For further explanations, please refer to the management report. In the context of this transaction, as of August 18, 2024, there was a transfer of long-term receivables from associated companies amounting to €35,831,434.67, finished goods amounting to €7,602,229.00, short-term receivables from associated companies amounting to €39,856,446.61, and cash amounting to €799,007.53 from Wolford AG to Wolford Italia Srl. As a result, the total assets of Wolford AG were significantly reduced. Furthermore, this transaction uncovered hidden reserves amounting to €9,527,269.72, which are presented in the item "22. Income from the dissolution of hidden reserves" in the income statement.

## I. ACCOUNTING POLICIES

The annual financial statements have been prepared in accordance with the Standards of Accounting and the general standard of providing a true and fair view of the financial position, financial performance, and cash flows of the company. The accounting and valuation methods have not been changed compared to the previous year.

The annual financial statements were prepared on the basis of the principle of completeness. The principle of individual valuation was compiled in the valuation of the individual assets and liabilities and a going concern was assumed. All identifiable risks and anticipated losses were taken into account. The principle of prudence is taken into account in that only profits already realized as at the balance sheet date were reported. All identifiable risks and anticipated losses - as legally required - have been taken into account. Wolford Aktiengesellschaft closed the financial year with negative result after taxes of € 62,631,144.53 (2023: negative result after taxes of € 55,028,422.97).

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 measured at acquisition costs less amortization or depreciation 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 depreciated over 3 - 10 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 asset.

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 € 1,000.00 (prior year: € 1,000.00) are recognized as additions and disposals in the year of acquisition. Impairment losses are recognized if the impairment is 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. The securities in financial assets are held as a cover pool for the pension provision.

Raw materials and supplies are measured at the lower of cost or market price on the reporting date or fair value. Work in progress and finished goods are measured at the lower of production cost or market price on the reporting date or fair value. Production costs include all expenses that can be directly allocated to the product as well as all variable and fixed overheads incurred in connection with 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 on the reporting date or fair value.

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. The average rate of exchange is the average of the closing rates for the past financial year.

Valuation allowances are recognized for trade receivables due to expected losses depending on the age structure. In individual cases, if there are indications of impaired creditworthiness or comparable risks, meaning that the receivables are not expected to be fully recoverable, additional specific valuation allowances are recognized for such receivables. When determining recoverability, any change in creditworthiness since the payment term was granted up to the balance sheet date is taken into account. A receivable is derecognized upon becoming uncollectible. A receivable is considered definitively "uncollectible" when a lawyer, collection officer or court confirms that it is uncollectible. An appropriate impairment loss is recognized for expected defaults on all other receivables.

Prepaid expenses include expenses incurred prior to the balance sheet date if they are expenses for a specific period after this date.

The provision for severance payments and the provision for anniversary payments are calculated on the basis of recognized actuarial in accordance with the calculation requirements of IAS 19. The discount rates correspond to those published by Mercer. The distribution of the service cost begins when the employee joins the company up to the point at which further service no longer leads to an increase in entitlement (25 years of service). The following parameters were used to calculate the provisions recognized in accordance with the projected unit credit method:

Biometric accounting principles		Years	2024: AVÖ 2018 – P	2023: AVÖ 2018 – P
Discount rate			3.25 % and 3.37 % p.a.	3.44 % and 3.49 % p.a.
Wage/salary trend			4.00 % 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 years		0%	0%

The provision for pensions is calculated based on recognized actuarial principles in accordance with the calculation rules of IAS 19. The discount rate corresponds to the Mercer publication. The following parameters were used to calculate the provisions recognized using the Projected Unit Credit Method:

BIOMETRIC PRINCIPLES		2024: AVÖ 2018 – P	2023: AVÖ 2018 – P
Discount rate		3.45 % p.a.	3.51 % p.a.
Valorization of salaries		1.70 % and 3.00 % p.a.	1.70 % and 3.00 % p.a.

The changes in provisions for severance payments, anniversary payments and pensions are recognized in personnel expenses. The interest expenses identified in the reports have been recorded in financial results.

In accordance with the principle of commercial prudence, other provisions take into account all recognizable risks at the time the balance sheet is prepared as well as uncertain liabilities in terms of amount and reason with the expected settlement amounts.

Liabilities are recognized at the nominal value or the higher of settlement amount. Foreign currency liabilities are recognized at the higher of the purchase price or the mean exchange rate on the balance sheet date.

Deferred taxes are recognized at the current corporation tax rate of 23% without discounting. Deferred taxes are recognized on tax loss carryforwards to the extent that their utilization in the next financial year is sufficiently certain.

Wolford AG is not affected by the geopolitical conflicts (Russia-Ukraine conflict and Gaza-Israel conflict), as there are no business activities in these countries.

## II. GOING CONCERN AND MATERIAL UNCERTAINTIES

Wolford remained in a difficult financial situation in 2024. Cash flow from operating activities and other sources of financing were not sufficient to fulfil current payment obligations. The Wolford Group was reliant on borrowed capital and external financing on favorable terms. Wolford has largely covered its financing requirements to date with shareholder loans from its main shareholder.

The Wolford AG incurred a net loss of €62,631,144.53 during the year ended December 31, 2024 and, as of that date, the Company's current liabilities exceeded its total assets by €80,700,383.92. These events or conditions, along with other matters, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Wolford has taken further measures to increase operational efficiency. Processes are being further optimized and the focus on cost control and sales activities is being intensified once again. The business results achieved on the cost side are not yet sufficient to stabilize the company's cash flow, particularly as investments are required in the IT and retail areas. To ensure sufficient liquidity, the company has secured further access to loans from its main shareholder. Wolford is in close contact with financial institutions and the parent company regarding further financing models. In the 2024 financial year, Fosun Fashion Group (Cayman) Limited granted additional shareholder loans totaling € 29,050,000 which will be made available in the current 2025 financial year, thus confirming its financial commitment.

In addition, a capital increase in the double-digit million range is planned for the first half of 2025, which was already approved at the Annual General Meeting on 17 December 2024. This injection offers the opportunity to accelerate the company's expansion plans again.

In addition, the main shareholder Lanvin Group Holdings Limited is continuing to provide financial support to Wolford as needed; to this extent it has also 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 granted loans to the Company which as of 31 December 2024 amount in total €86,081,000.00 including unpaid interests. The total of all these loans (including interest) are subordinated until the Company has completed its "Restructuring" or in case of liquidation or insolvency, until all creditors have

been satisfied. According to such letter of comfort Lanvin Group Holdings Limited undertakes to provide additional liquidity totaling €50,000,000.00 from January 1, 2025 to December 31, 2026 at the request of the company management ("liquidity injection").

By the end of April 2025 €300,000.00 had already been provided, reducing the guaranteed liquidity injection from €50,000,000.00 to €49,700,000.00. Currently companies of Wolford Group are negotiating financing lines with third party financial institutions in the total volume of €9,800,000.00 (the "Third-Party Financing"). In case Third-Party Financing is achieved before end of 2025 the volume of the committed Liquidity Injection shall be reduced by the proportional amount of Third-Party Financing raised, up to €9,800,000.00. In the event of the Third-Party Financing value fluctuates the volume of committed Liquidity Injection amount shall be adjusted accordingly. In regard to Third Party Financing there is no reduction of committed Liquidity Injection beyond a maximum of €9,800,000.00. The Liquidity Injection is unconditional and can be granted as an increase of capital reserve (equity) or as a subordinated loan.

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. In the event that financial support is required, Lanvin Group Holdings Limited undertakes to enforce the guarantee in full.

Having mentioned that it cannot be excluded some remaining likelihood that the max amount guaranteed in the comfort letter may be transferred with delay or may not suffice if the current budgets/forecasts are not met, leading to the Company's inability to pay its debt when due and, specifically, to the Company's inability to continue as a going concern, the Management Board- after having reviewed all facts and circumstances as mentioned above- concludes that the company's annual and consolidated financial statements for 2024 should be prepared using the going concern principle.

Wolford is currently working intensively to strengthen its presence and visibility. This is being achieved through targeted marketing activities, a focused product pipeline, the rationalization of the store network and significant investments in e-commerce, IT and systems. However, geopolitical uncertainties in Ukraine and Israel persist and further upheavals in the global economy, such as the volatile tariffs with the USA, cannot be ruled out. The company is continuing its targeted efforts to improve personnel cost efficiency, reduce consulting costs, reduce collection volumes and increase the efficiency of demand planning and the production process.

Wolford's systems and IT infrastructure are outdated and pose a further risk to the continuation of business operations. Wolford has therefore planned and finalized numerous IT infrastructure projects despite the strained financial situation.

In the first few months of 2025, the Group is currently behind budget on the sales side despite the continued cost control and reduction measures, which is mainly due to delivery delays that were negatively impacted by the liquidity bottlenecks and the resulting operational and system disruptions in the last quarter of 2024. The resulting backlog is to be reduced in the first half of 2025.

Successfully positioning the brand on international markets remains crucial for Wolford's further development. The company will continue to drive forward the global positioning of its brand through the continuation of successful collaborations, limited capsule collections developed in cooperation with international star designers and the utilization of growth opportunities in the USA and China.

### III. NOTES TO THE BALANCE SHEET

#### Non-current Assets

Intangible assets are rental rights for acquired boutiques and software.

For the development of fixed assets, see the statement of changes in fixed assets pursuant to Section 226 UGB (Appendix 1 to the Notes).

Loans to associated companies all have a remaining maturity of more than five years.

#### Current Assets

Of the receivables from affiliated companies, € 267,493.33 (2023: € 15,594,618.09) related to trade receivables and € 9,779,174.23 (2023: € 6,187,297.80) to other receivables as of the reporting date of 31 December 2024. The impairment of receivables from affiliated companies as of 31 December 2024 amounts to € 0.00 (2023: € 16,124,870.56). The decrease is due to the transfer of the operating business from Wolford AG to Wolford Italia Srl in August 2024.

#### Negative Equity

The called-up nominal capital within the share capital amounts to € 46,337,596.80 (2023: € 46,337,596.80). The treasury stock of 88,140 shares remained unchanged as of 31 December 2024 compared to 31 December 2023. Insolvency due to over-indebtedness generally occurs when a debtor's assets no longer cover existing liabilities unless it is highly probable that the company will be able to continue as a going concern under the circumstances.

Please refer to the sections "Going concern and material uncertainties" and "Events after the balance sheet date" for further information on the company's ability to continue as a going concern.

#### Provisions

The development of other provisions is shown in the following overview:

in EUR	as of 01/01/2024	Utilized	Reversed	Added	As of 31/12/2024
Anniversary payments	1,299,207.32	0.00	90,188.41	0.00	1,209,018.91
Outstanding vacation entitlement	675,567.75	0.00	0.00		412,831.34
Bonuses and special remuneration	100,000.00	100,000.00	0.00	128,710.00	128,710.00
Consultancy	561,500.00	561,500.00	0.00	364,000.00	364,000.00
Overtime	115,768.74	115,768.74	0.00	0.00	41,174.17
Sales returns	447,472.00	445,720.00	0.00	0.00	1,752.00
Other	454,000.00	298,525.91	57,974.09	152,000.00	249,500.00
<b>Total</b>	<b>3,653,515.81</b>				<b>2,406,986.42</b>

Other provisions mainly include expenses for publications (annual report) and Supervisory Board remuneration.

## Liabilities

The liabilities and their maturities can be found in the balance sheet structure. As of 31. December 2024 and 31. December 2023, there are no liabilities with a remaining term of more than 5 years.

Other liabilities as of the reporting date include € 321,944.09 (2023: € 416,992.23) in liabilities that were not cash relevant.

Liabilities to affiliated companies result from trade payables to the production company in Slovenia and the sales companies as well as from the loan from Fosun Fashion Group (Cayman) Limited in the amount of € 71,250,000.00 and USD 1,200,000.00 and interest of € 13,725,939.70 (previous year: EUR 42,200,000.00 and USD 1,200,000.00 and interest of € 7,383,157.02).

The shareholder loans, including interest, are fully subordinated in accordance with the comfort letter dated April 2025. Repayment may only be made in future if Wolford AG's annual financial statements once again meet the key figures under the Austrian Corporate Reorganisation Act (URG). No insolvency proceedings are to be opened in respect of these liabilities. The loans of the Fusion Fashion Group (Cayman) have the following maturities.

Amount in EUR	Granted	Maturity
10,000,000	Before 1.1.2022	12/31/2023
2,500,000	01/28/2022	12/31/2023
5,000,000	05/23/2022	12/31/2023
2,000,000	06/28/2022	02/18/2023
4,000,000	07/20/2022	03/12/2023
1,500,000	07/29/2022	03/21/2023
3,500,000	05/08/2022	01/28/2023
2,000,000	08/30/2022	12/21/2022
2,000,000	11/29/2022	01/27/2023
<b>32,500,000</b>	<b>12/31/2022</b>	
1,000,000	07/24/2023	12/20/2023
1,000,000	07/28/2023	12/20/2023
500,000	10/24/2023	10/23/2024
1,500,000	10/30/2023	10/29/2024
1,500,000	10/31/2023	10/30/2024
3,000,000	11/17/2023	11/19/2024
1,200,000	11/28/2023	11/27/2024
<b>42,200,000</b>	<b>12/31/2023</b>	
1,500,000	03/28/2024	03/28/2025
2,000,000	04/17/2024	04/18/2025
1,500,000	04/23/2024	04/24/2025
2,000,000	05/29/2024	05/30/2025
1,000,000	06/14/2024	06/15/2025
250,000	06/21/2024	06/21/2025
1,000,000	07/05/2024	07/06/2025
1,000,000	08/01/2024	08/01/2025
1,000,000	08/13/2024	08/14/2025
2,000,000	09/09/2024	09/10/2025
1,300,000	09/27/2024	09/25/2025
2,000,000	10/09/2024	10/10/2025
1,000,000	11/15/2024	11/15/2025
1,000,000	11/21/2024	11/22/2025
6,000,000	11/25/2024	11/25/2025
4,500,000	12/04/2024	12/04/2025
<b>71,250,000</b>	<b>12/31/2024</b>	
<b>Amount in USD</b>	<b>GRANTED</b>	<b>MATURITY</b>
1,200,000	12/08/2023	12/07/2024
<b>1,200,000</b>	<b>12/31/2023</b>	

As in the previous year, no repayment was made in 2024.

#### 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	2024	2023
Domestic	6,121,558.43	8,625,893.16
Undomestic	26,230,964.68	59,555,761.90
	<b>32,352,523.10</b>	<b>68,181,655.06</b>

The decline in sales within Austria and undomestic countries results from the general decline of sales and additionally in case of the sales within Austria the transfer of the operating business from Wolford AG to Wolford Italia srl.

b) by product group

in EUR	2024	2023
Legwear	10,089,91.57	25,572,980.04
Ready-to-wear	16,892,566.80	31,924,106.64
Lingerie	4,905,071.22	9,846,102.34
Swimwear	329,537.25	353,737.45
Accessories	135,434.25	321,901.16
Trade goods	0.00	162,827.43
	<b>32,352,523.10</b>	<b>68,181,655.06</b>

**Other operating income**

in EUR	2024	2023
Gains on disposal of non-current assets	82,442.33	363,401.35
Income from the reversal of provisions	191,243.99	0.00
Labour market promotion	151,433.83	0.00
Covid-19 subsidies (grant)	0.00	1,673,123.32
AMS short-term work allowance	92,199.63	0.00
Exchange rate differences	42,061.49	50,209.29
Reversal of individual allowances	0.00	33,193.47
Insurance income	0.00	182,838.33
Other subsidies	0.00	142,981.28
Marketing contribution	0.00	362,000.00
Research income	0.00	1,347,827.11
Other	197,349.24	374,700.06
	<b>756,730.51</b>	<b>4,530,274.31</b>

The main item in "Other" relates to a compensation payment for the termination of a lease, cost of materials and other purchased production services.

**Expenses for materials and other acquired production****Expenses for materials**

Expenses for materials in EUR	2024	2023
Yarns	1,788,878.43	3,221,319.21
Bought-in goods	3,508,792.28	10,582,272.60
Fabrics	1,205,714.37	3,050,788.33
Accessories, elastic	414,347.04	798,185.48
Energy and water	1,212,131.95	1,394,380.57
Other cost of materials	3,321,457.70	3,446,786.76
Cash discount income	-16,692.74	-75,839.02
	<b>11,434,628.92</b>	<b>22,417,893.93</b>

Other expenses for materials mainly include costs for packaging, costs for dyes, freight costs and customs duties.

**Expenses for other acquired production services**

Expenses for materials in EUR	2024	2023
Contract work	5,817,327.94	7,843,809.12
Freight	58,553.96	222,878.69
Replacement parts	24,744.77	37,379.93
Other	201,820.37	270,599.32
	<b>6,102,447.04</b>	<b>8,374,667.06</b>



## Personnel expenses

Expenses for severance payments and pensions

	2024		2023	
EXPENSES FOR SEVERANCE COMPENSATION AND PENSIONS in EUR	Severance Compensation	Pensions	Severance Compensation	Pensions
Breakdown of expenses for				
Member of the Management Board	0.00	0.00	0.00	0.00
Former members of the Management Board	0.00	73,372.71	0.00	746,581.23
	0.00	73,372.71	0.00	746,581.23
Management	0.00	0.00	0.00	0.00
Other employees	456,130.74	0.00	1,164,980.49	0.00
	456,130.74	73,372.71	1,164,980.49	746,581.23

Of the expenses for pensions in the amount of €73,372.71, €295,974.96 are expenses in the form of pension payments to former members of the Management Board and €-369,347.67 are expenses from other effects.

## Expenses for severance compensation and company pension funds

EXPENSES FOR SEVERANCE COMPENSATION AND COMPANY PENSION FUNDS in EUR	2024	2023
Expenses for severance compensation	339,381.21	1,010,118.14
Company pension fund contributions	116,749.53	154,862.35
	<b>456,130.74</b>	<b>1,164,980.49</b>

For 2024, the expenses for severance payments include a reversal in the amount of € 539,481.50 (2023: allocation € 206,989.13).

For 2024, personnel expenses for anniversary bonus provisions include a reversal of €92,872.98 (2023: reversal €9,783.34).

## Depreciation and Amortization

Depreciation and amortization of intangible fixed assets and depreciation of property, plant and equipment amounted to € 739,402.66 (2023: € 826,670.38). In the 2024 financial year, depreciation and amortization of current assets amounting to € 0.00 (2023: €15,383,744.76) was incurred on receivables from affiliated companies that exceed the company's usual depreciation and amortization.

## Other operating expenses

in EUR	2024	2023
Legal and consulting fees	2,246,146.89	5,345,023.00
Marketing	1,754,081.45	5,822,728.97
Freight	6,559,174.87	7,314,498.88
Intercompany settlements	4,673,945.00	6,650,502.29
IT including maintenance	3,696,970.53	4,528,378.98
Leases	2,480,797.23	3,635,752.43
B2C expenses	676,186.82	1,089,784.43
Insurance	541,184.27	695,497.36
Foreign commissions	30,115.24	445,788.79
Repairs	171,569.02	259,608.78
Credit card fees	177,802.36	259,608.78
Phone, fax	224,027.69	223,032.84
Currency differences	59,963.94	159,509.71
Individual allowances on receivables	257,479.83	97,121.97
Other	1,484,770.04	1,184,552.52
	<b>25,034,215.18</b>	<b>37,840,563.25</b>

The lower expenses in the areas of legal and consulting expenses and marketing in the 2024 financial year are attributable to the general cost-cutting program. In addition, tasks that were outsourced were increasingly carried out in-house again. The "Other" item mainly comprises other expenses of €182,288.19 (2023: €141,276.14), fees and stamp duties of €131,386.59 (2023: €68,704.17), travel expenses of €271,515.08 (2023: €101,901.35), bank charges of €55,867.66 (2023: €129,121.78), the carrying amount of retired investments of €180,523.00 (2023: €0.00) and investor relations expenses of €104,496.66 (2023: €294,595.98).

## Auditor Expenses

Please refer to the information in the notes to the consolidated financial statements for details of these expenses.

## Results from Financial Assets

The financial expenses include € 6,337,453.60 in interest from the company loans (2023: € 2,535,945.21). In 2024, company loans of € 29,050,000.00 (2023: € 9,700,000.00 and USD 1,200,000.00) were taken out. A write-up of € 9,026.08 was recognized on securities held as fixed assets in 2024 and a write-up of € 47,845.20 was recognized in 2023.

In the financial year, shares in affiliated companies, loans and receivables from affiliated companies were tested for impairment. This resulted in a write-down of shares in affiliated companies in the amount of € 24,218,836.52 (2023: € 2,717,904.10), a write-down of financial assets (loans) in the amount of € 30,397.65 (2023: € 11,623,300.04) and a write-down of receivables in the amount of € 0.00 (2023: € 15,383,744.76.)

## Tax on income and earnings

As at the balance sheet date, deferred tax assets and liabilities exist for temporary differences between the tax base and the carrying amount under company law for the following items:

	Assets	Liabilities
	2024	2024
Property, plant and equipment	0.00	20,448.43
Financial assets	624,128.63	0.00
Personnel Provisions	798,166.39	0.00
Other provisions	0.00	0.00
Total difference	1,422,295.02	20,448.43
Recognition of tax loss carryforward	0.00	0.00
<b>Recognition amount</b>	<b>1,422,295.02</b>	<b>20,448.43</b>
Deferred taxes (23%)	327,127.85	4,703.14
Netting	-4,703.14	-4,703.14
<b>Asset-side surplus</b>	<b>322,424.72</b>	<b>0.00</b>
Impairment losses	-322,424.72	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>

As at the reporting date, the deferred tax assets were fully impaired due to the economic development and the resulting uncertainty, and a deferred tax asset was not capitalized. As of 31 December 2023, the following deferred tax assets and liabilities existed for temporary differences between the tax base and the carrying amount under company law for the following items.

	Assets	Liabilities
	2023	2023
Property, plant and equipment	0.00	227,499.11
Financial assets	2,893,680.51	0.00
Personnel Provisions	4,052,543.32	0.00
Other provisions	0.00	0.00
Total difference	6,946,223.83	227,499.11
Recognition of tax loss carry forward	0.00	0.00
<b>Recognition amount</b>	<b>6,946,223.83</b>	<b>227,499.11</b>
Deferred taxes (23%)	1,597,631.48	52,324.80
Netting	-52,324.80	-52,324.80
<b>Asset- side surplus</b>	<b>1,545,306.68</b>	<b>0.00</b>
Impairment losses	-1,545,306.68	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>

## V. ADDITIONAL DISCLOSURES

### I. Other financial obligations

The following obligations exist from long-term rental agreements and operating leases.

in EUR	2024	2023
Minimum, rental, and lease fees due		
up to one year	1,488,339	1,972,093
more than one year, up to five years	2,899,644	5,380,931
more than five years	156,667	964,235

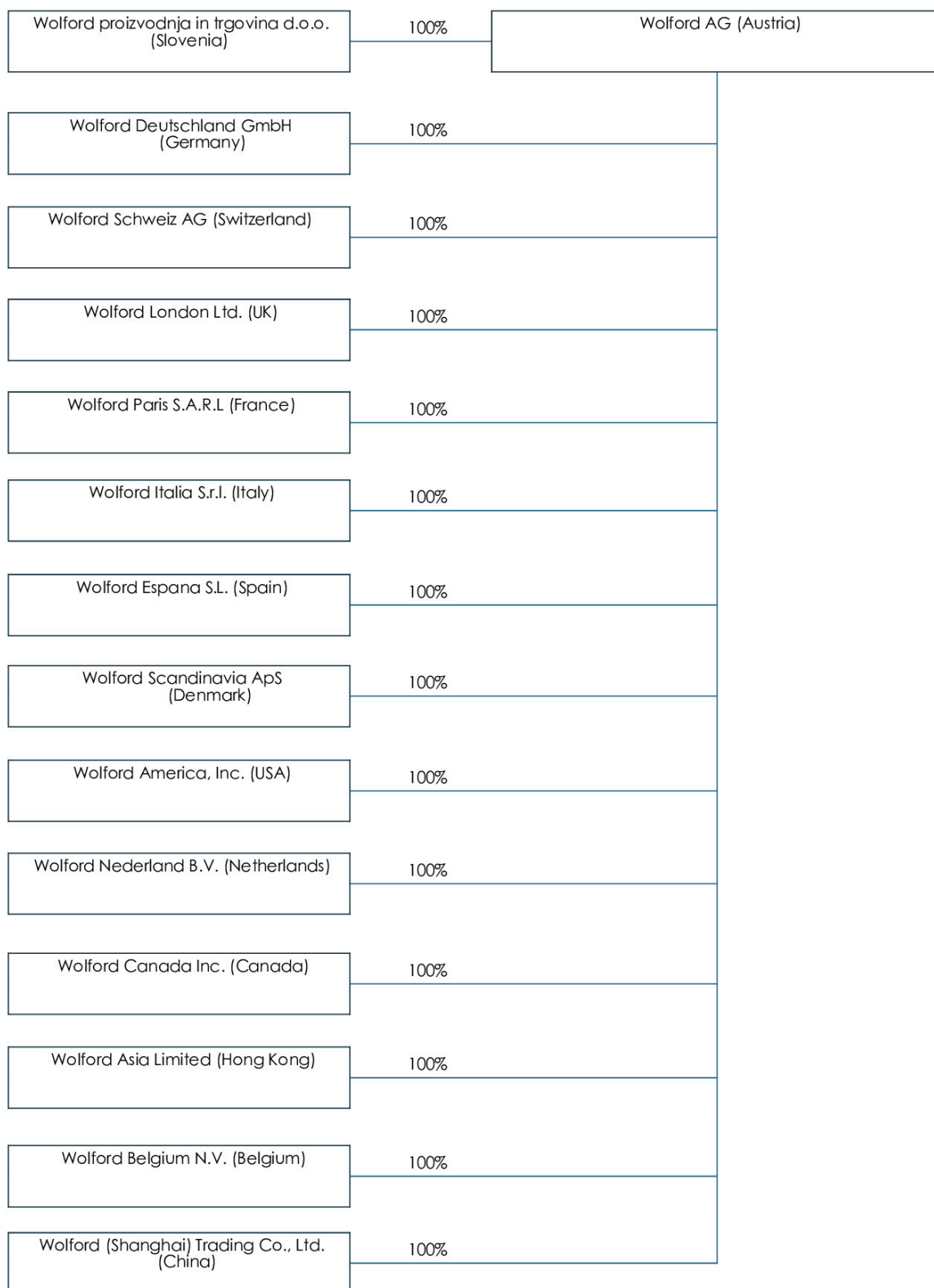
In the 2024 financial year, as in the 2023 financial year, the obligations were determined on the basis of the contractual terms, partially taking into account extension options.

## 2. Shares in affiliated companies

Wolford AG in Bregenz is the parent company and the company that prepares the consolidated financial statements.

Company name	Country	% Ownership	Currency	Equity in Local Currency 2024	Equity in Local Currency 2023	Result in Local Currency 2024	Result in Local Currency 2023
Wolford proizvodnja in trgovina d.o.o.	Slovenia	100	EUR	8,165,891	7,704,473	467,961	443,401
Wolford Germany GmbH	Germany	100	EUR	2,663,729	2,664,681	1,094	37,855
Wolford (Switzerland) AG	Switzerland	100	CHF	1,177,821	1,186,236	-8,415	93,222
Wolford London Ltd.	Great Britain	100	GBP	1,654,478	1,658,237	-3,759	70,356
Wolford Paris S.A.R.L.	France	100	EUR	2,045,973	1,992,707	53,266	55,310
Wolford Italia S.r.l.	Italy	100	EUR	17,851,557	1,197,184	-4,535,957	214,237
Wolford Espana S.L.	Spain	100	EUR	-90,186	-156,258	66,072	126,612
Wolford Scandinavia ApS	Denmark	100	DKK	18,421,847	18,280,688	141,159	692,945
Wolford America, Inc.	USA	100	USD	-31,033,915	-11,587,712	-19,446,203	-4,571,611
Wolford Nederland B.V.	The Netherlands	100	EUR	1,114,849	1,065,364	49,485	67,544
Wolford Canada Inc.	Canada	100	CAD	-2,782,046	1,409,324	-4,191,3703	161,979
Wolford Asia Limited	China - Hong Kong	100	HKD	-33,727,448	-23,861,154	-6,066,294	121,555
Wolford Belgium N.V.	Belgium	100	EUR	851,185	1,676,667	-825,482	13,683
<b>Wolford (Shanghai) Trading Co., Ltd.</b>	China - Shanghai	100	CNY	-57,687,325	-37,713,353	-15,517,494	-11,435,696

## The Wolford Group at a Glance



### 3. Derivative financial instruments

No derivative financial instruments were used as of 31 December 2024 or 31 December 2023.

### 4. Headcount

The number of employees as of 31. December 2024 was 222 (2023: 332), of which 39 (2023: 67) were blue-collar workers, 176 (2023: 253) salaried employees and 7 (2023: 12) apprentices, which represents a reduction of 110

employees as of the reporting date. The calculation was made on a full-time basis. The average number of employees in the 2024 financial year was 242 (2023: 367), of which 45 (2023: 79) were blue-collar workers, 190 (2023: 277) were salaried employees and 7 (2023: 11) were apprentices.

### 5. Organs

Breakdown of expenses for:

2024 in EUR	Remuneration	Other remuneration	Severance Payment	Pension	Total remuneration
Member of the Management Board	388,000.00	0.00	248,000.00	0.00	636,000.00
of which variable	0,00	0.00	0.00	0.00	0.00
Former members of the Management Board	0,00	0.00	0.00	296,000.00	296,000.00
	<b>388,000.00</b>	<b>0.00</b>	<b>248,000.00</b>	<b>296,000.00</b>	<b>932,000.00</b>
2023 in EUR	Remuneration	Other remuneration	Severance Payment	Pension	Total remuneration
Member of the Management Board	433,702.19	12,959.29	0.00	0.00	446,661.48
of which variable	23,148.00	0.00	0.00	0.00	23,148.00
Former members of the Management Board	283,451.18	0.00	0.00	0.00	283,451.18
	<b>717,153.37</b>	<b>12,959.29</b>	<b>0.00</b>	<b>0.00</b>	<b>730,112.66</b>

In the 2024 financial year, bonuses of €100,000.00 were paid out for the 2023 financial year (2023: € 0.00) and € 128,710.00 was reserved for bonuses for the 2024 financial year (2023: €100,000.00).

Pension payments of € 295,974.96 (2023: € 283,451.18) were made to former members of the Management Board. No advances were paid out in the 2024 financial year and there are no liabilities for members of the Management Board and Supervisory Board.

In addition, members of the Management Board received current remuneration of € 436,000.00 in 2024 (2023: €166,209.00) from affiliated companies of Wolford AG.

The following Members of the Management Board were appointed in the 2024 financial year:

- Silvia Azzali, Chief Commercial Officer, Chief Executive Officer (CEO from 1 July 2023 to 14 June 2024)
- Ralf Polito, Chief Operating Officer (COO) from 17 April 2023
- Rimbert Regis, member of the Management Board since 6 May 2024; Chief Executive Officer from 14 June 2024 to 17 January 2025
- Giordano Domenico from 01 August 2024

Silvia Azzali was appointed CEO as of 1 July 2023. She remained responsible for the tasks she already held as CCO, namely sales in all channels and markets, design, creative product development, merchandising, brand & marketing, HR and finance. Silvia Azzali stepped down from the Management Board on 14 June 2024.

The Supervisory Board consisted of the following members in the 2024 financial year:

- David Chan, Chairman until 17.09.2022, Deputy Chairman since 27.06.2024
- Eric Chan, Chairman from 27.06.2024
- Chenling Zhang, member until 30.04.2024
- Thomas Dressendörfer, member until 14.06.2024
- Wu Jianhua, member from 27.06.2024
- Wu Yun, member from 27.06.2024

The representatives of the Works Council on the Supervisory Board for the financial year 2024 are:

- Alexander Greußing since 02.02.2021
- Christian Greußing since 21.02.2023

## 6. Contingent liabilities

in EUR	31.12.2024	31.12.2023
Various rental guarantees	93,779.00	223,851.23
	93,779.00	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. Proposed appropriation of earnings

The accumulated loss recognized in the income statement for the 2024 financial year will be carried forward to new account.

## 8. Events After the Balance Sheet Date

On 10 January 2025, Wolford Belgium N.V., which also includes the Luxembourg Belgium branch, was voluntarily liquidated due to unprofitability.

On 17 January 2025, Regis Rimbert stepped down as a member of the Management Board and Chief Executive Officer (CEO).

On April 10, 2025, the Supervisory Board and Ralf Polito agreed to extend his mandate as Chief Operating Officer until December 31, 2025.

In April 2025, Wolford received a shareholder loan in the amount of €300T from Fosun Fashion Group (Cayman) Limited.

In April 2025, a letter of comfort was issued by the Fosun Fashion Group to provide Wolford with financial support. This is intended to enable the company to meet its liabilities as they fall due and to secure the company's continued existence for the foreseeable future.

In the first half of 2025 a capital increase is planned.

In January 2025 Donald Trump was inaugurated as the new president of the United States. He has threatened to increase United States tariffs from 10% to 20% on imports from the European Union. If this threat is enforced it will have a negative impact on good deliveries to the subsidiary in the United States.

The Management Board of Wolford AG approved the annual financial statements for submission to the Supervisory Board on 30 April 2025. The Supervisory Board is responsible for examining the annual financial statements and declaring whether it approves them.

Bregenz, April 30, 2025

The Management Board

Ralf Polito  
COO  
Chief Operating Officer



Domenico Giordano  
CHRO  
Chief Human Resources Officer



# Asset Analysis

ITEM	ACQUISITION/PRODUCTION COSTS							ACCUMULATED DEPRECIATION AND AMORTIZATION										Carrying amount 12/31/24	Carrying amount 12/31/23
	As of					Reclassification as of 12/31/24	As of	As of					Reclassification n as of 12/31/24		Appreciation	As of			
	01/01/24	Addition	Merger Effect	Disposal			12/31/24	01/01/24	Addition	Merger Effect	Disposal					12/31/24			
I. Intangible assets																			
1. Rental rights and software	18,406,518.44	0.00	0.00	0.00	0.00	128,411.57	18,534,930.01	18,065,347.44	240,843.57	0.00	0.00	0.00	0.00	0.00	0.00	18,306,191.01	228,739.00	341,171.00	
2. Advance payments	148,002.88	50,610.50	0.00	0.00	0.00	-148,002.88	50,610.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	50,610.50	148,002.88	
Total intangible assets	18,554,521.32	50,610.50	0.00	0.00			18,605,131.82	18,065,347.44	240,843.57	0.00					0.00	18,306,191.01	279,349.50	750,919.04	
II. Property, plant and equipment																			
1. Buildings	1,014,712.78	0.00	0.00	-246,430.29	0.00	0.00	768,282.49	797,512.08	47,015.00	0.00	-119,625.29	0.00	0.00	0.00	0.00	724,901.79	43,380.70	217,200.70	
2. Technical equipment and machinery	25,570,113.90	0.00	0.00	-296,184.35	0.00	19,591.31	25,293,520.86	24,807,118.90	275,121.31	0.00	-296,112.35	0.00	0.00	0.00	0.00	24,786,127.86	507,393.00	762,995.00	
3. Other equipment, furniture and fixtures	13,478,287.98	3,107.78	0.00	-734,118.41	0.00	0.00	12,747,277.35	13,033,618.27	88,560.78	0.00	-664,844.41	0.00	0.00	0.00	0.00	12,457,334.64	289,942.71	444,669.71	
Total property, plant and equipment	40,063,114.66	3,107.78	0.00	-1,276,733.05	0.00	19,591.31	38,809,080.70	38,638,249.25	410,697.09	0.00	-1,080,582.05	0.00	0.00	0.00	0.00	37,968,364.29	840,716.41	1,424,865.41	
III. Financial assets	58,617,635.98	53,718.28	0.00	-1,276,733.05	0.00	0.00	57,394,621.21	56,703,596.69	651,540.66	0.00	-1,080,582.05	0.00	0.00	0.00	0.00	56,274,555.30	1,120,065.91	1,914,039.29	
1. Interests in associated companies	12,914,898.50	21,190,329.56	0.00	0.00	0.00	0.00	34,105,228.06	4,495,605.11	24,218,836.52	0.00	0.00	0.00	0.00	0.00	0.00	28,714,441.63	5,390,786.43	8,419,293.39	
2. Restructuring surplus	7,225,381.37	0.00	0.00	0.00	0.00	0.00	7,225,381.37	1,754,322.60	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,754,322.60	5,471,058.77	5,471,058.77	
3. Loans to associated companies	36,094,112.41	0.00	0.00	-29,497,507.79	0.00	0.00	6,596,604.62	30,197,507.79	5,196,604.62	0.00	-29,497,507.79	0.00	0.00	0.00	0.00	5,896,604.62	700,000.00	5,896,604.62	
4. Investment securities	1,398,564.14	0.00	0.00	0.00	0.00	0.00	1,398,564.14	323,046.94	30,397.65	0.00	0.00	0.00	0.00	0.00	9,026.08	344,418.51	1,054,145.63	1,075,517.20	
	57,632,956.42	21,190,329.56	0.00	-29,497,507.79	0.00	0.00	49,325,778.19	36,770,482.44	29,445,838.79	0.00	-29,497,507.79	0.00	0.00	0.00	9,026.08	36,709,787.36	12,615,990.83	20,862,473.98	
TOTAL NON-CURRENT ASSETS	116,250,592.40	21,244,047.84	0.00	-30,774,240.84	0.00	0.00	106,720,399.40	93,474,079.13	30,097,379.45	0.00	-30,578,089.84	0.00	0.00	0.00	9,026.08	92,984,342.66	13,736,056.74	22,776,513.27	

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**WOLFORD AG**

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## **MANAGEMENT REPORT**

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# General Information about the Company

## WOLFORD AT A GLANCE

Wolford is the market leader for high-quality skinwear. The brand is represented in 45 countries worldwide at 163 monobrand points of sale and by over 1.100 wholesale 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, Wolford AG employed 222 people (FTE) at the end of the fiscal year. 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 revenue with its core product group Legwear, to which all other product groups are aligned. The strongest product group is ready-to-wear (46%) with body-hugging products such as bodysuits 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 as well as 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 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 spring/summer period, 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

During the fiscal year 2024, the Wolford Group has started a significant reorganization of its business model, with a particular emphasis on the wholesale channel, but also including the Retail and e-commerce sectors. The main objectives of the Group's business reorganization project are focused on streamlining operations, enhancing efficiency, and reinforcing the Group's ability to respond swiftly to market trends.

The key goals of this reorganization are as follows:

1. Wolford Italia S.r.l. (hereinafter also Wolford Italy) as the Entrepreneur-Principal: the subsidiary Wolford Italy S.r.l. has been designated as the principal entity responsible for managing all wholesale distribution and e-commerce activities. This includes

overseeing all significant functions related to wholesale, such as sales, marketing, product design and development, human resources, and finance. By centralizing these functions under Wolford Italy S.r.l., the Group aimed at creating a more agile structure, enabling greater control and better strategic alignment for the wholesale channel.

2. Wolford Aktiengesellschaft (hereinafter also Wolford AG) as the Holding Company: Wolford AG continuing to serve as the holding company of the Group, retaining its role as the main manufacturing center and the owner of the marketing-related Intangible Properties ("IPs"). This structure ensures that the Group maintains its strong manufacturing capabilities while also preserving the ownership of key intellectual property, critical for ongoing brand development and market positioning.

In this context, on 19 August 2024, the Holding Wolford AG transferred to Wolford Italia, by means of Wolford's Italia capital increase to be satisfied via contribution in kind, the business unit involving sales, marketing, design, product development, HR and finance activities/functions currently carried out by Holding (the "Business Unit") and, as a result, Holding will receive respective quotas in Wolford Italia.

The Wolford Group's business model continues to be based on covering a large part of the value chain - from design and development to manufacturing/sourcing and global omnichannel distribution, including its own retail stores. This makes the company highly independent and enables it to react quickly to current 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 work hand in hand. Product management analyses trends and which products will be in demand on the market - 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 - gluing technology. The world's first bonded tights - Pure Tights - are a result of this collaboration.

Product and merchandise 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 need 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 ambitious 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 is 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. 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 45 countries - 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 revenue (58%) in the 2024 financial year with its international network of boutiques. At the end of December 2024, Wolford had 112 monobrand points of sale, 51 of which were managed by partners. Overall, the Wolford Group controls around 76% of sales itself. Alongside bricks-and-mortar retail, online business is becoming increasingly important, accounting for 23% of sales in the 2024 financial year

- Boutiques: stores that are 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.
- Specialist retailers: exclusive fashion and specialist shops that offer Wolford products.
- Online business: own online boutiques.
- Private label: products manufactured for other brands or sold in shops under a different brand name.
- Factory outlets: outlets where Wolford collections from previous seasons or discounted goods are sold.

## CENTRAL MANAGEMENT

With its two bodies, Management Board and Supervisory Board, Wolford AG 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 long-term goal is to improve sustainable growth and an increase in free cash flow, while the company's internal control system supports management in aligning corporate processes to this long-term goal.

The main objectives of Wolford AG are focused on increasing sales and operating income (EBIT). Accordingly, the key performance indicators are sales (absolute and "like for like", i.e. irrespective of newly added or closed sales areas) and free cash flow (net cash flow from operating activities plus cash flow from investing activities). Herein free cash flow does not include lease payments. Other key performance indicators are working capital and the net debt of Wolford AG.

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 regarding 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.

Wolford AG's financial year is a calendar year. Wolford AG recorded revenue of EUR 32.35 million in the 2024 financial year, i.e. 53% less than the comparative figure for the 2023 financial year (EUR 68.18 million). This decline in sales is due to the restructuring of the business model with the transfer of the business area described in the section "The Business Model" to Wolford Italia and production stoppages.

KEY EARNINGS FIGURES in %	2024	2023
Cost of materials ratio*	-48.40	-36.00
Personnel expense ratio**	-58.65	-36.22
Other operating expenses as a % of revenue	-77.38	-55.50
EBITDA margin***	-105.52	-80.91
EBIT margin****	-103.24	-57.13

\* 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

Other operating income fell by 83% to EUR 0.76 million (2023: EUR 4.53 million), whereby an amount of EUR 0.19 million is attributable to income from the reversal of provisions. In the 2024 financial year, inventories of works in progress decreased by EUR 1.28 million to EUR 3.95 million (2023: EUR 5.23 million) and inventories of finished goods and merchandise decreased by EUR 9.68 million to EUR 0.78 million (2023: EUR 10.46 million). This decline in finished goods and merchandise results from the transfer of the operating business to Italy, whereby finished goods are recognized in the balance sheet in Italy and only merchandise amounting to EUR 0.78 million remains at Wolford AG.

The cost of materials and other purchased services fell by EUR 11.69 million to EUR 19.10 million (2023: EUR 30.79 million). Personnel expenses decreased by EUR 5.66 million to EUR 19.04 million (2023: EUR 24.70 million). The wage and salary increase agreed upon as part of collective bargaining in the textile sector amounted to between 6.5% and 7.1% (2023: between 9.5% and 9.75%). As of 31 December 2024, the company had 222 (2023: 332) employees, of which 39 (2023: 67) were blue-collar workers, 176 (2023: 253) were salaried employees and 7 (2023: 12) were apprentices. Overall, this represents a decrease of 110 employees as of the reporting date (compared to 31 December 2023: -30 employees). This calculation was made on a full-time basis. The average number of employees in the 2024 financial year was 242 (2023: 367), of which 45 (2023: 79) were blue-collar workers, 190 (2023: 277) were salaried employees and 7 (2023: 11) were apprentices.

Amortization of intangible assets and depreciation of property, plant and equipment amounted to EUR 0.74 million (2023: EUR 0.83 million). In the 2024 financial year, depreciation and amortization of current assets (receivables from affiliated companies) amounted to EUR 0 million, which exceeds the company's usual depreciation and amortization (2023: EUR 15.38 million).

Other operating expenses of EUR 25.03 million (2023: EUR 37.84 million) decreasing by 34% are largely comprised of legal and consulting costs of EUR 2.25 million (2023: EUR 5.35 million), marketing costs of EUR 1.54 million (2023: EUR 5.82 million), freight costs of EUR 6.56 million (2023: EUR 7.31 million), intercompany charges of EUR 4.67 million (2023: EUR 6.65 million), IT costs of EUR 3.70 million (2023: EUR 4.53 million), rent of EUR 2.48 million (2023: EUR 3.63 million) and B2C expenses of EUR 0.68 million (2023: EUR 1.09 million). The operating result (EBIT) improved by EUR 5.49 million compared to the 2023 financial year to EUR -33.47 million (2023: EUR -38.96 million).

The financial result fell by EUR 13.17 million to EUR -29.24 million in 2024 (2023: EUR -16.07 million). Interest of EUR 6.33 million was incurred in the 2024 financial year (2023: EUR 4.14 million) for the loans taken out by Fosun Fashion Group (Cayman) Limited. New shareholder loans were granted in the 2024 financial year, which led to a decrease in interest income from affiliated companies of EUR 0.99 million to EUR 1.98 million (2023: EUR 2.97 million). The other financial result of EUR 0.69 million in 2024 (2023: EUR 0.56 million) and consisted of income from securities amounting to EUR 0.02 million (2023: EUR 0.01 million), depreciation of financial assets amounting to EUR 24.25 million. (2023: EUR 14.34 million.), other interest expenses amounting to EUR 0.28 million (2023: EUR 0.28 million) (2023: EUR 0.28 million) and interest expenses from actuarial calculations of the expert opinions on personnel provisions in the amount of EUR 0.39 million (2023: EUR 0.44 million). Profit before taxes therefore adds up to EUR 62.64 million (2023: EUR 55.02 million), which corresponds to a deterioration of EUR 7.62 million.

Non-current assets decreased to EUR 13.74 million as at the reporting date of 31 December 2024 (2023: EUR 22.78 million), with amortization of intangible assets and depreciation of property, plant and equipment amounting to EUR 0.74 million (2023: EUR 0.83 million).

## KEY BALANCE SHEET FIGURES in EUR million / in %

KEY BALANCE SHEET FIGURES in EUR million / in %	12/31/2024	12/31/2023
Equity in EUR million	-92.64	-39.54
Net debt in EUR million	231.71	188.21
Working capital* in EUR million	-6,82	5.15
Equity ratio** in %	-246.67%	-53.62%
Degree of fault / Gearing*** in %	-2.50	-4.76
Working capital as a shares of revenue in %	0.00%	7.55%

\* 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

Current assets decreased by EUR 27.07 million to EUR 22.80 million (2023: EUR 49.87 million). This is due to the reduction in inventories by EUR 13.07 million to EUR 7.74 million (2023: EUR 20.81 million) and in receivables by EUR 12.79 million to EUR 14.46 million (2023: EUR 27.25 million). The loans to affiliated companies from the previous year in the amount of EUR 28.70 million were transferred to Italy as of 18 August 2024. Total assets decreased by EUR 36.18 million to EUR 37.56 million as of 31 December 2024 (2023: EUR 73.74 million). Negative equity amounted to EUR -92.64 million (2023: EUR -39.54 million). The equity ratio fell from -54% to -247%.

Provisions decreased by EUR 1.81 million to EUR 11.94 million (2023: EUR 13.75 million). This mainly relates to personnel provisions in the amount of EUR 11.34 million (2023: EUR 12.17 million) and other provisions in the amount of EUR 0.60 million (2023: EUR 1.58 million).

Trade payables decreased by EUR 4.03 million to EUR 13.44 million (2023: EUR 17.46 million). Liabilities to affiliated companies increased from EUR 78.40 million as of 31 December 2023 to EUR 99.28 million as of 31 December 2024, mainly due to new loans from Fosun Fashion Group (Cayman) Limited in the amount of EUR 29.1 million in the 2024 financial year and the interest incurred on the entire loan amount.

As of 31 December 2024, loan liabilities amounted to EUR 88.07 million (2023: EUR 50.69 million), EUR 86.08 million of which is reported under affiliated companies. Other liabilities to affiliated companies consist of trade payables in the amount of EUR 13.20 million (2023: EUR 15.91 million) and other liabilities in the amount of EUR 86.08 million (2023: EUR 11.79 million). Other liabilities increased by EUR 1.87 million to EUR 5.54 million (2023: EUR 3.67 million). Cash and cash equivalents decreased by EUR 1.21 million to EUR 0.60 million (2023: EUR 1.81 million).

## CALCULATION OF NET DEBT

CALCULATION OF NET DEBT (EXCLUDING LEASES) in EUR million	2024	2023
Non-current financial liabilities	9.53	10.09
Current financial liabilities	236.52	202.71
- non-current financial assets	13.74	22.78
- cash and cash equivalents	0.60	1.81
<b>Net debts (excluding leases)</b>	<b>231.71</b>	<b>188.21</b>



# Outlook and Targets

## DEVELOPMENT OF THE ECONOMIC ENVIRONMENT

After a positive trajectory along 2023, Wolford has faced unprecedented challenges during fiscal year 2024. In particular, the disruption experienced in Q2 due to the transition to a new logistics provider, together with a fragile global market influenced by conflicts and economic challenges, lead to a significant slowdown also in the second half of 2024. The liquidity challenges that followed, exacerbated by the abrupt disruption suffered in the supply chain, have been partially mitigated through significant cash loans by the majority Shareholder (€ 29.05 million) along the course of 2024.

Along the course of 2025, market conditions are expected to remain uncertain and volatile due to geopolitical tensions, evolving trade policies and economic shifts. Falling inflation and increased tourism in Europe, the resilience of high-net-worth individuals in the United States and new growth engines in Asia (to counteract the uncertainty around the consumer spending in China, experiencing a slowdown after a long period of solid expansion) also require a careful monitoring of the regional shifts in place.

According to Osservatorio Altgamma the global luxury market showed a contraction by 2% in 2024 versus the prior year, while 2025 estimates foresee a limited growth, that should stabilize in the low-single digits in Europe. Also, according to McKinsey, the fashion industry is expected to remain modest in 2025 but to increase slightly from the prior year.

## WOLFORD'S DEVELOPMENT

Despite the foreseen economic headwinds, Wolford remains committed to achieving its goals, navigating through unpredictable market conditions while maintaining its commitment to quality and innovation. One of the key goals will be represented by the stabilization of its operations after the discontinuation suffered in 2024, aiming at supporting both its Wholesale business - establishing higher level of services and faster deliveries for its key accounts - and its Direct-To-Consumer business, getting the right product at the right time.

In such context, a robust reorganization of its distribution channel is envisaged, in particular for the retail channel through the closure of a significant number of non-strategic stores, while its online business is planned to be strengthened through better service and effective product selection.

Product wise, in the short term the company aims at focusing on its Essential product lines, already representing 69% of its revenues, enabling higher agility, faster deliveries, reduced working capital investments, while initiatives dedicated to innovation will be more efficient through a streamlined and more-balanced product offer.

Great attention will remain on the cost structure. Wolford's management has developed strategic initiatives to specifically address the current

challenges, namely mitigation measures spanning from organizational adjustments and ambitious cost cutting to higher flexibility on financial execution.

Thanks to the constant support of its shareholders, including the significant capital increase expected in the first half of 2025 (as resolved during the company's Annual General Meeting held on 17th December 2024), Wolford remains confident in its ability to achieve its goals.

For the operating result (EBIT), Wolford still expects a challenging 2025, not yet projecting profitability in the current financial year, which will be focused on reestablishing its operations, executing and consolidating all the initiatives dedicated to gain higher efficiency and financial sustainability in the following year.

# 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. Consequently, and with the consent of the Chairman of the Supervisory Board, they do 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 two 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 are 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 act appropriately 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 is regularly aligned with management and reviewed on an ongoing basis.

## EXPLANATION OF THE MAIN RISKS AND OPPORTUNITIES

### Risks related to the industry and the markets in which the company operates

Due to changing macroeconomic conditions, shifting client preferences and continuing economic uncertainty, the luxury industry is facing a significant slowdown. In case the significant economic downturn since 2024, rising inflation as well as geopolitical instability continues, the slowdown may continue which may further result in reduced spending by consumers and adversely impacting demand for luxury goods in general

and the Group's products in particular. Additionally, industry-wide slowdowns may be intensified by increasing market saturation, evolving consumer preferences and competition from both established luxury brands and newly emerging companies. The growing popularity of alternative luxury consumption models – such as second-hand markets, rental fashion, and digital fashion – further intensifies market competition and could shift consumer spending away from new luxury goods.

The economic conditions may deteriorate due to the global political and economic instability, in particular the wars in Gaza and of Russia against Ukraine. Global conflicts, including the war of Russia against Ukraine and economic sanctions implemented by the United States, the European Union and other countries against Russia in response thereto, negatively impact markets, increase energy and transportation costs, disrupt supply chains, have an adverse effect on the availability of materials and cause weaker macroeconomic conditions which may all have a material adverse effect on the Group's business. Political developments impacting government spending and international trade may also negatively impact markets and cause weaker macro-economic conditions. The Group's revenue, financial condition and results of operation are affected by geopolitical and macro-economic developments in the Group's core markets.

Recent developments of disruption and destabilization in political systems in various countries all over the world as well as governmental measures implemented in such changed political environments (e.g. punitive tariffs as recently imposed by the US government) may negatively impact the markets in which the Group operates. Trade measures by other countries as well as political uncertainties could limit the Group's market access, reducing demand for the Group's products. Adapting to these changed and/or uncertain conditions requires cost-intensive strategic planning which may have a material adverse effect on the Group's assets, financial condition and results of operations.

Intense competition, dependency on consumer sentiment as well as changing shopping habits and trends in the fashion industry could adversely affect the Group's business. The Group operates in the highly competitive fashion industry and is exposed to the risk that it may not be able to maintain its market share in its core markets or to develop anticipated market shares in its growth markets, including Asia and the online market. Considering itself as one of the quality leaders in terms of consumer perception, it is vital for the Group to set and/or recognize market trends, to analyse consumer preferences and sentiment and to differentiate itself from competition through product innovation. Any negative macroeconomic trends, including economic crisis, increasing unemployment rates, lower salaries or increasing living costs and changing shopping habits may have a negative effect on the availability of free funds by consumers as well as their ability and willingness to spend money on fashion products in general or the Group's products.

## Risks in connection with the business/operations

The Group depends on a sufficient supply of raw materials, (semi-)finished products, and energy. Losing one or more of its key suppliers may represent a risk that they cannot be substituted in a timely manner, the required quality and/or at acceptable prices on short notice. This may negatively impact the timely manufacturing and the availability of Group products.

The Group's demand and resource planning may fail. The Group's demand and resource planning is implemented to avoid idle capacities, over-production and insufficient availability of raw materials or of stocks of finished products as well as incorrectly allocated manufactured products to different markets.

In case it fails, the Group may be forced to either sell products in certain markets beyond the estimated retail prices or to ship unsold products to different markets at additional costs. This may lead to lost sale opportunities and reduced profitability.

The Group is dependent on its points of sale. As of the publication date, the Group operates 163 monobrand points of sale. Any decision to open new points of sale is associated with significant financial investments and therefore has an impact on the Group's liquidity. Careful evaluations of each point of sale's potential turnover and profitability, also taking into account the attractiveness of the location, the frequency of potential customers, and the future development of the area and/or city where the point of sale is located, are conducted to minimize risks and optimize investment returns, yet risks to such extent remain and cannot be excluded.

The Group may not be able to develop and launch new products in a timely manner or may not be successful with its products and their marketing. Social media trends may negatively affect the Group's business. In particular in the Legwear market segment, it is vital for the Group to set market trends and differentiate itself from the highly competitive market environment through product innovations. In the event that certain social media trends do not support some products and/or express negative comments on that, this may result in negative impacts on the Group's sales among younger customer groups, which are highly influenced by social media trends. Failure to develop and launch competitive new products may lead to a loss of sales opportunities and market share, causing the Group's revenue to decline.

The Company may be subject to negative publicity, including inaccurate negative information. Social media and websites immediately publish posts from users, often on an anonymous basis, without filters or checks on the accuracy of the content. Negative publicity and complaints could have a highly adverse effect on the Group's customer base and in return on its financial condition, results of operations and prospects.

The Group faces the risk of materially adverse effect of any disruption of operations caused by technical, IT or logistical failures of the Group's or its suppliers' or service providers' IT systems, including the unsuccessful implementation of standardized processes, inadequate data protection, loss of data, hacking or cyber-security breaches and hard- or software malfunction and/or manipulation.

The Group's activities in some countries where the Group operates or might operate business involve specific risks due to the economic, legal and

political framework, substantially differing from those in Austria. Moreover, the Group's activities in such countries depend on collaboration with local customers and on approvals being granted by the local authorities. Additionally, the Group might not receive equal treatment with its local competitors in these markets and there is also an increased risk of corruption or organized crime negatively affecting business activities in these areas. These circumstances as well as specifics of legal systems in some countries where the Group is actively selling its products (e.g. in terms of rights, remedies and protections creditors are accustomed to under the bankruptcy regimes) could have a material effect on the Group's assets, financial condition and results of operations.

The Group depends on the uninterrupted business operations. The Group's operations and its financial success depend on its ability to maintain continuing, uninterrupted production at its manufacturing facilities in Bregenz, Austria, and in Murska Sobota, Slovenia. This includes dependency on supply chains, stability of the cooperation with the Group's service providers and storage capacities for raw materials. For example, recent political and economic developments (e.g., war in Ukraine and Gaza, energy crisis, economic recession, inflation, punitive tariffs) have shown that global raw material and energy supply chains become increasingly unstable. There can be no guarantee that the Group has adequate insurance cover against such losses.

Potential labour disputes and work stoppages could have an impact the Group's financial performance. The Group can neither guarantee that it will reach new agreements on satisfactory terms when existing collective bargaining agreements expire, nor that it is able to reach such new agreements without work stoppages, strikes or similar industrial actions which could impair its ability to provide products within the production schedules to its shops and/or customers.

The Group depends on its personnel to grow and to operate its business and may not be able to retain and replace existing personnel.

## Risks related to the Group's financial situation

The Group is currently in an adverse financial situation. Cash flow from operating activities and other liquid resources from existing sources of financing available to the Group maybe are not to be sufficient to cover its future foreseeable payment obligations. If a liquidity shortfall materializes, the Group could not be able to meet essential financial obligations such as shop leases, raw material costs, taxes, employee salaries or social security contributions. This could lead to severe operational constraints, potentially resulting in a downsizing of business activities or even insolvency.

Wolford AG incurred a net loss of €62,631T during the year ended December 31, 2024 and, as of that date, the Company's current liabilities exceeded its total assets by €80,700T. These events or conditions, along with other matters, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Current cash flow budgets demonstrate the need for further internal and external financing, such as a capital increase, which was resolved during the Annual General Meeting held on December 17, 2024. The process is currently underway, with effectiveness expected by the first half of 2025.

These and other measures are intended to enable the Group to meet its liabilities at any time when they fall due and to secure the Group's continued existence for the near future.

In addition, the main shareholder Lanvin Group Holdings Limited is continuing to provide financial support to Wolford as needed; to this extent it has also 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 granted loans to the Company which as of 31 December 2024 amount in total €86,081,000.00 including unpaid interests. The total of all these loans (including interest) are subordinated until the Company has completed its "Restructuring" or in case of liquidation or insolvency, until all creditors have been satisfied. According to such letter of comfort Lanvin Group Holdings Limited undertakes to provide additional liquidity totaling €50,000,000.00 from January 1, 2025 to December 31, 2026 at the request of the company management ("liquidity injection").

By the end of April 2025 €300,000.00 had already been provided, reducing the guaranteed liquidity injection from €50,000,000.00 to €49,700,000.00. Currently companies of Wolford Group are negotiating financing lines with third party financial institutions in the total volume of €9,800,000.00 (the "Third-Party Financing"). In case Third-Party Financing is achieved before end of 2025 the volume of the committed Liquidity Injection shall be reduced by the proportional amount of Third-Party Financing raised, up to €9,800,000.00. In the event of the Third-Party Financing value fluctuates the volume of committed Liquidity Injection amount shall be adjusted accordingly. In regard to Third Party Financing there is no reduction of committed Liquidity Injection beyond a maximum of €9,800,000.00. The Liquidity Injection is unconditional and can be granted as an increase of capital reserve (equity) or as a subordinated loan.

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. In the event that financial support is required, Lanvin Group Holdings Limited undertakes to enforce the guarantee in full.

Having mentioned that it cannot be excluded some remaining likelihood that the max amount guaranteed in the comfort letter may be transferred with delay or may not suffice if the current budgets/forecasts are not met, leading to the Company's inability to pay its debt when due and, specifically, to the Company's inability to continue as a going concern, the Management Board- after having reviewed all facts and circumstances as mentioned above- concludes that the company's annual and consolidated financial statements for 2024 should be prepared using the going concern principle.

The Group is exposed to counterparty default risk. The Group may suffer significant losses if many of its wholesale customers are unable to meet their payment obligations when due or at all. The Group is thus exposed to the risk that their counterparties' credit quality deteriorates and customers default on outstanding receivables. Monitoring and further risk management techniques such as setting strict credit lines may fail. In addition, there is a default risk in connection with purchases by end consumers in the online business.

Currency exchange rates are subject to fluctuations. The Group's indebtedness is denominated in Euro as it manufactures all its products in the Euro zone or purchases (semi-)finished products usually in Euro. As the Group's worldwide sale of products also takes place in currencies other than the Euro (mainly US Dollars, Swiss Franc, British Pound, Danish Crown and Hong Kong Dollar) relevant adverse changes of exchange rates could lead to increased financing costs and losses of earnings.

Significant changes in interest rates could materially and adversely affect the Group's business and financial performance. Rising interest rates may increase the cost of capital, resulting in higher financing costs for business expansion, store openings, supply chain improvements and digital transformation initiatives. Moreover, fluctuations in interest rates and returns may also have an impact on consumer behaviour, in particular higher interest rates can affect the availability of disposable income for investment in luxury products.

The Group's operating business is exposed to foreign currency (translation) risk. The Group's consolidated financial statements are stated in Euro, whereas the revenue and expenses of parts of the Group's operations are earned and paid, and assets and liabilities of parts of the Group's operations are held, in currencies other than the Euro. The exchange rate between these currencies and the Euro can fluctuate, causing fluctuations of asset values, liabilities and Group results. At the moment, the Group is not able to enter any hedging transactions. If hedging transactions are entered into again, the Group would be subject to risks in connection with corresponding hedging transactions.

#### Legal, compliance and tax risks relating to the Group's business activities

The Group may become subject to judicial and extrajudicial litigation, mainly due to complex financial situations, such as those involving customers and suppliers, as well as administrative proceedings before various courts, arbitral tribunals and governmental agencies arising from the ordinary course of business involving various contractual, labour and other matters, including claims and lawsuits. This may have an impact on the Group's reputation, assets, financial condition and results of operations.

The Group is subject to increasingly stringent laws, regulations and standards in various jurisdictions that relate to, among other things, environmental, health and safety, water and waste disposal standards. This forces the Group to invest resources to comply with these laws and regulations. Failure of compliance may trigger significant fines, penalties and/or damage claims or, at worst, cause a shutdown of the Group's production facilities. Additional legal obligations may be introduced in the future that further increase the costs of compliance. Furthermore, it cannot be excluded that the Group might fail to maintain a compliance management system that ensures compliance with all laws and regulations applicable to the Group in Austria and abroad.

The Group is exposed to changes in tax laws or regulations as well as to tax and payroll tax risks. The Group operates in several international markets and is therefore subject to different tax laws and regulations. Changes in tax laws or regulations as well as tax audits by the competent tax authorities may affect its tax liabilities as well as the Group's strategic decisions for future operations. Similarly, social security authorities could charge supplementary social security contributions.

The Group's internal control mechanisms may not be sufficient to fully prevent corruption or other illegal or unethical practices by its employees. This could significantly damage the Group's reputation or result in penalties or criminal liability for the Group and its employees.

The company is exposed to risks related to customs regulations, tariffs, and import/export compliance. Changes in customs laws, trade policies, or the imposition of new tariffs in the countries where we operate could negatively impact on supply chain and overall cost structure.

Additionally, any delays or issues with customs clearance may lead to disruptions in operations and potential fines or penalties. The company continuously monitors developments in international trade regulations to mitigate these risks and ensure compliance with applicable laws.

### Climate-Related Risks

The Group faces potential risks arising from climate change, including both physical and transitional risks. Physical risks may involve disruptions to supply chains, operations, or retail locations due to extreme weather events, while transitional risks may stem from evolving regulations, shifts in consumer preferences towards sustainable products, and the need to reduce carbon emissions. These risks could impact the Group's financial performance, reputation, and ability to adapt to changing market conditions. The Group is actively working to mitigate these risks by integrating sustainability into its business strategy and operations.

### Risks related to the Offer and the New Shares

In the event of insolvency of the Company, the Company's shareholders could suffer a total loss in the value of their Shares as, under applicable insolvency law, all or substantially all of the Company's assets would be used to satisfy the claims of its creditors. Any material adverse effect on the Group's assets, financial condition and results of operations may therefore increase insolvency risks and the risk for shareholders that they suffer a total loss in the value of their Shares.

The market price and trading volume of the Shares on the Official Market of the Vienna Stock Exchange may be volatile and may fluctuate significantly, which can result in substantial losses if shares need to be sold. Factors that could negatively affect the Company's share price or result in fluctuations include variations in the Group's actual or projected operating results/earnings or those of its competitors, changes in earnings estimates or failure to meet investors' or security analysts' earnings expectations, negative analysts' coverage or negative press, investors' evaluation of the related risks, unfavourable developments in litigation, governmental investigations and administrative proceedings, changes in general economic conditions and changes in the shareholder base. Moreover, sales of large numbers of Shares in the market (e.g. by FFG, holding at least approx. 61%, or Ralph Bartel ("RB"), holding more than 30% of the Existing Shares) or the perception that such sales could occur, may have a negative effect on the market price of the Shares.

### Strategic opportunities

Wolford operates in a dynamic, rapidly changing market environment. It is therefore important to develop a suitable strategy. In the long term, without a clear strategy, the company risks losing its competitiveness. To remain consistent and responsive to market conditions, it's crucial to establish a cohesive strategy and if nothing else, ensure that it is effectively communicated internally so that it is supported by all employees. Wolford constantly monitors the development of the market environment, the behavior of target groups and current trends and adapts its own strategy accordingly. In view of the continuing trend towards online shopping, for example, Wolford has been focusing on the systematic expansion of its own online business for some time and on cooperations with relevant providers in this area. As the growth of the luxury brands is expected to take place in Asia, particularly in China, as well as in the U.S., the company has invested heavily in expanding its market presence in these countries in recent years.

### Market communications

For a company like Wolford, which lives from the appeal of its brand, the brand image is of immense importance and thus an opportunity to boost sales. It therefore requires targeted market communication with a stringent marketing strategy. A suitable market presence is also required to appeal to younger potential consumers. Further investments in the global market presence are essential for Wolford and have been made accordingly.

### Retail environment

Wolford's network of Wolford-owned retail locations is continuously reviewed for profitability, and thus, Wolford has recently disengaged from more than 31 non-strategic stores by the end of 2024. Simultaneously, Wolford continues to observe opportunities in its retail network and is therefore also planning on opening a number of stores in 2025 in areas that promise store profitability.

### Liquidity

The effects of ongoing inflation and the ongoing restructuring with one-off costs continue to force Wolford to focus on tight cash management. The resulting uncertainty is taken into account by increased monitoring of liquidity. In 2024 and in the beginning of 2025 the tight cash situation has been limiting Wolford in its efforts to further expand into marketing activities and product launches. To mitigate this risk, Wolford plans a capital increase

in the second quarter of 2025 aiming to raise a significant amount of capital. This injection will offer an opportunity to accelerate again the company's expansion plans. Furthermore, reference is made to the hard patronage and subordination declaration from Larvin Group Holdings Limited (Comfort Letter) in the section entitled 'Going Concern'.

### Human Resources

For Wolford, employees are the company's most important resource. Therefore, protecting and promoting them is a natural priority. Employee working conditions and qualifications directly impact development, production performance, and sales success. Well-trained sales staff, in particular, play a crucial role in driving sales growth.

Above all, Wolford thrives on the recognized quality of its products, which is closely tied to working conditions in production and manufacturing at its two sites in Austria and Slovenia. A major risk is not only the loss of key personnel but also the challenge of attracting, recruiting, and retaining well-trained and motivated employees. This challenge is further intensified by the company's financial situation, staff reductions due to restructuring, and cost pressures.

In Austria, we have implemented a professional outplacement program, including a handout and HR support for preparing application documents, to assist employees affected by reorganization.

Wolford operates in a dynamic and competitive environment where demands for flexibility, mobility, and adaptability are evolving rapidly. To stay competitive, the company has been refining its recruitment process to attract well-trained and adaptable employees in a highly competitive labor market.



## **INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM WITH REGARD TO THE ACCOUNTING PROCESS**

The Management Board is responsible for setting up and organizing the accounting-related internal control and risk management system and for ensuring compliance with all legal requirements. In organizational terms, the Wolford Group's accounting department is located within Wolford AG. The Group Accounting department (responsible for external reporting) and Group Controlling department (responsible for internal reporting) regularly report directly to the Group's Management Board. The Group's accounting and reporting processes are based on an accounting manual issued by Wolford AG, which is updated as required.

Software solutions are used to record, book and settle all business transactions within the Wolford AG. Established planning and reporting software is used for internal management reporting. Automated interfaces have been created for the transfer of actual data from the primary systems, and the values for the forecasts are entered in a standardized process. Reporting is done by region and per company. In the past financial year, a rolling full-year forecast was prepared for each month in addition to a report on operating earnings performance. The financial information described above, together with the respective quarterly figures, forms the basis for the Management Board's reporting to the Supervisory Board. The Supervisory Board is informed about economic developments at regular meetings. This information is provided in the form of consolidated figures, which include segment reporting, key earnings figures with budget/previous year comparisons, forecasts, consolidated financial statements, personnel and order development data and selected key financial figures.

The accounts are prepared every month to maintain constant control. The cash register systems, i.e. income and expenditure, are automatically uploaded to the system. The online business, including accounting, customer service and accounts receivable management, is managed by an external service provider and the cash register sales are automatically uploaded. There is another cash register system in China, which is also connected to the Wolford system landscape and supplies data to the Wolford systems via interfaces. An annual inventory of raw materials, semi-finished and finished goods is carried out at all warehouse locations. After the stocktaking, a reconciliation is carried out and Wolford books the deviations after the reconciliation. Returned goods are returned to the warehouse after a proper inspection and destroyed if the quality is not guaranteed. Invoices are automatically approved and sent to the end customer after being checked by the sales department and customer service. A report on accounts receivable is reviewed monthly by credit management. Invoices from suppliers are duly authorized by the department that placed the order and then forwarded to the accounting department. The accounting department requests formal authorization from the relevant department. Payments are made on a weekly basis based on the amounts due and after proper coordination with the Management Board, the CFO and the department responsible. Following the appointment of a new CFO, Wolford AG has implemented a disciplined cash flow planning process to recognize liquidity bottlenecks at an early stage and ensure timely financing.

Even though the main shareholder is listed on the New York Stock Exchange, there is currently no need for Wolford to be Sarbanes-Oxley compliant.

## Research and Development (R&D)

Innovations are at the heart of the product landscape and part of Wolford's DNA. The product portfolio is clearly focused on the company's core competence: body-hugging circular knit products such as Legwear and Bodysuits, so-called Skinwear, with high wearing comfort in first-class quality.

With Nao Takekoshi ([www.naotakekoshi.com](http://www.naotakekoshi.com)), Wolford continues its collaboration with an Artistic Director who is taking innovation in the company to a new level. With the introduction of Japanese Wholegarment® technology to Wolford products, he has succeeded in offering our customers products that combine the latest technology with the familiar Wolford design.

New products such as the WOW-Leggings, which were launched by end of 2023, proof, that our prominent level of innovation can lead to commercial success. Functionality and fashion are harmoniously combined, transforming leggings from a casual, comfortable garment into an essential basic that is simply perfect for even the most glamorous occasions.

Other completed R&D projects include the further development of the Scuba Tailor Jacket, that uses high-stretch jersey with a technical coating imitating the appearance of neoprene without sacrificing Wolford's signature second-skin fit and whisper-soft finish.

Furthermore, by using the innovative EMANA® smart polyamide yarn containing far infrared technology which uses body heat to improve the skin well-being Wolford has succeeded in combining fashion with its important characteristics such as climate regulation, thermal, dry, comfort, stretch, care and lightness.

Besides Wolford continues to challenge itself of further developing its success story item such as the "fatal dress". Thus, since recently we are using BLUFIBRE® Yarn, which is based on upcycled tire waste. Special knitting techniques allow us to use an additional elastane thread, which mixes with the knitted fabric with different tensions to shape it in the right place.

We have also succeeded in developing new production techniques that make it possible to manufacture garments with extra fine and soft metallic yarns without compromising on the desired Wolford fit.

A key issue in this area is the development of recyclable, sustainable products. Wolford is committed to the vision of closed material cycles so that the generation of waste can be completely avoided in the future. Two cycles are at the center of this: the technical and the biological. Products are designed in such a way that they can be returned to a biological cycle as "nutrients" after use (after wearing), while non-biodegradable products (made from synthetic fibers) are processed into new, assorted products in the technical cycle.

Closing the loop at the end of the cycle is currently still a major challenge for the circular economy, as there are still too few systems for taking back and recycling products. Wolford is working continuously with external partners

on this issue to find a solution as quickly as possible. Wolford contributes to the circular economy regarding after-sales service. By setting up an innovative returns management system, Wolford refurbishes almost 100% of all returned items. All returns are collected centrally at Wolford's own production facility in Slovenia and returned to their original condition.

### More Efficient Development Process through 3D Integration

The integration of the 3D process not only enables a more efficient development cycle, but also new possibilities for product presentation. Design decisions can be made directly on the screen and from any location. Different colors, patterns or shapes can be implemented at short intervals. This reduces the number of physical prototypes and shortens process times. At the same time, our team is working on rendering photorealistic collections. This can reduce the need for photo shoots. In a digital studio, there are no physical and creative boundaries. To summarize, this digital process offers new and exciting possibilities: Accelerating the design process through digital imaging, reducing physical samples, shortening the development cycle, high-end rendering of photorealistic product images, and research and development.

At Wolford, we attach foremost importance to innovation. We will continue to embrace challenges and not simply settle for the status quo. Together with universities (e.g. the University of Innsbruck, Austria) and various suppliers, we have further projects in the pipeline to maintain our position as an innovation leader in our industry.



## The environment

In addition to the information below, please refer to the separate consolidated non-financial report in accordance with Section 267a (6) of the Austrian Commercial Code (UGB). Impacts on the environment arise primarily in the areas of "Emissions and energy consumption", "Wastewater and waste avoidance" and "Efficient use of water". To reduce the consequences of global warming, there are legal requirements throughout Europe regarding the permissible energy consumption per sector and the general reduction of CO<sub>2</sub> emissions. The Austrian Federal Energy Efficiency Act (EEffG) required Wolford to regularly analyse its energy consumption and continuously improve its energy performance since 2020. Wolford further works on the continuous improvement of its energy efficiency. (3-3) Wolford consumes the most energy at its two production sites in Bregenz and Murska Sobota, Slovenia, which are regularly monitored and evaluated accordingly. The administration and production building at the Bregenz site was sold in its entirety in 2020 to the Vorarlberg-based fittings manufacturer Blum, which has since been responsible for all areas of management. Wolford AG is a tenant in parts of the building and obtains all its energy from Blum.

In order to make further progress in the area of energy efficiency, there is a regular dialogue with the Blum company so that further measures can be implemented in this regard.

In Bregenz, the operation of two steam boilers in production results in emissions on a relevant scale. The steam boilers with an output of 7.9 and 4.5 megawatts generate steam for the dyeing and molding processes as well as for heating at the Bregenz site. By contrast, energy consumption and the potential for climate-damaging emissions at the sales locations are comparatively low, which is why they are not included in the external reporting.

In November 2024, all general administration employees have moved into a new office that is state of the art in terms of heating and cooling efficiency as well as electricity consumption.

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

In 2024, Wolford has continued its journey to consolidating space at its production plant. Thus, Wolford was able to reduce space used by more than 50 % compared to 2022. The company has also further reduced its machinery with the aim to reduce energy consumption by 20 % in the future compared to 2022. Parallel to the consolidation of space, Wolford has continued its efforts to switch to LED lighting. When it comes to waste, the company focuses on waste avoidance, waste separation and recycling. All employees are encouraged to minimize the waste they produce and to separate it properly. Residual materials are to be recycled wherever possible. Other waste is disposed of appropriately by specialized companies. Wolford's work in the Cradle to Cradle® project also plays a key role in the context of recycling. As the dye 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 reports regularly to the Management Board and monitors the water quality, which exceeds the legal requirements.

In 2025 Wolford aims to certify both own production plant in Austria and Slovenia with Hohenstein SteP®, which is known as one most acknowledged certificate for corporate social responsibility.

At the production site in Bregenz, Wolford uses groundwater for its processes and for air conditioning in the building. Water as a resource is therefore at the center of many of Wolford's environmental protection measures.

# Human Resources

Wolford has proactively aligned its operations with evolving market conditions by taking decisive actions to optimize its retail network, streamline its corporate structure, and enhance operational efficiency. Consequently, most HR initiatives have focused on reviewing processes and organizational structures to reduce complexity and gradually adapt the company's size to new business needs. The transformation process is still ongoing and will continue throughout 2025.

## PROTECTION AND PROMOTION OF EMPLOYEES

At Wolford, protecting and promoting employees is a fundamental priority, as they are crucial to the company's long-term success. Employee working conditions and qualifications directly impact development, production performance, and sales success. Well-trained sales staff, in particular, play a key role in driving sales growth. To support our employees, we have introduced additional training initiatives for our retail teams. The focus is on equipping them with in-depth knowledge of our products and product quality through "learning nuggets." Our goal is to provide customers with a unique shopping experience. Training sessions are conducted both online and in person.

Recently, we also launched an induction program for new corporate hires, which includes hands-on training in our stores. This allows new employees to immerse themselves in the retail environment and understand the customer experience firsthand.

Above all, Wolford's success is built on the recognized quality of its products, which is closely linked to working conditions in production and manufacturing at its two sites in Austria and Slovenia. Beyond providing safe workplaces, employee protection also includes compliance with rest periods, minimizing overtime, and optimizing workplace design. This is complemented by targeted training and development programs aimed at keeping sickness rates and staff turnover low, strengthening Wolford's employer brand, and attracting and retaining top talent.

A key aspect of our approach is a time management system that monitors working hours and helps prevent excessive overtime. The system alerts employees if they exceed ten working hours per day, ensuring a healthy work-life balance.

Wolford is also committed to fair compensation, flexible working models, and employee well-being. We continue to offer breakfast and lunch benefits to our employees.

To recruit skilled labor, we invest in dual apprenticeship training. The HR department sets the framework for training and development, while managers oversee implementation. Each of Wolford's five apprenticeship programs has a dedicated trainer. The apprenticeship program also includes general training, organized excursions, and job rotation opportunities, allowing apprentices to gain experience in different departments. Since 2023, we have introduced regular feedback meetings with apprentices to discuss their training, review business overviews, and align mutual expectations.

Wolford ensures strict compliance with legal regulations, including the Working Hours and Maternity Protection Act, the Child and Youth Labour Protection Act, and other workplace safety standards, such as the Employee Protection Act, the Workplace and Work Equipment Ordinance, and the General Employee Protection Ordinance. These regulations cover various aspects, including protection against explosive atmospheres (VEXAT) and safeguards against noise and vibrations.

## Focus on Health and Safety

In a production plant, there is always a risk of workplace accidents. To mitigate this, Wolford has implemented comprehensive accident prevention systems at both of its production sites.

When new employees join the production or administrative teams, they receive induction training covering workplace safety, health protection, environmental considerations, and mobility. Additionally, department-specific hazards are highlighted, and regular evacuation drills are conducted to ensure preparedness.

By contrast, employees at sales locations face a lower risk of accidents. However, to maintain high safety standards, our internal safety expert visits Austrian branches twice a year to assess and evaluate safety measures. The Wolford AG strictly complies with all applicable laws in the countries where it operates, ensuring that all necessary preventive measures are in place to protect and promote employee health.

Wolford has upheld workplace safety as a core value for decades, recognizing that only healthy and motivated employees can maintain the high quality standards of Wolford products. Special attention is given to optimal working conditions for pregnant employees. If a workplace does not meet the necessary safety requirements for pregnancy, Wolford immediately provides an alternative position upon learning of the pregnancy. Pregnant employees are also informed about workplace behaviors and safety measures to protect their unborn child.

Another key workplace risk is psychological stress, which can arise from time pressure or increased performance demands. Such stress not only raises the risk of workplace accidents but can also lead to reduced productivity and employee well-being. To address this, Wolford has introduced part-time retirement options that facilitate a smooth transition into retirement, ensuring a mutually beneficial outcome for both employees and the company.

Wolford counters workplace risks with systematic occupational health and safety measures. Every new workplace undergoes a health and safety evaluation, which is repeated whenever significant changes occur. Near misses are systematically reported, documented, and used to reassess workplace safety measures. The company's safety management system also includes an annual workplace inspection. For example, in Bregenz, regular assessments determine whether heat levels in the forming department remain tolerable for employees or if ergonomic conditions in administrative offices meet required standards.

Wolford's occupational safety team consists of a trained specialist at its head offices in Bregenz and Hard, ten safety officers, 26 first aiders, and a company fire brigade with an integrated first responder team. A company doctor performs all necessary occupational health examinations and oversees preventive health measures. Employees at production sites receive continuous training on potential accident risks, while all machines and systems undergo regular safety compliance checks. The company is committed to continuously improve workplace equipment and materials to ensure the highest safety standards.

#### **Wolford collects detailed accident statistics**

Wolford systematically collects and analyses accident statistics to evaluate the areas and circumstances in which workplace accidents occur. Based on these findings, targeted preventive measures are implemented, such as specialized training programs to improve the handling of work equipment and optimize work processes.

The managing director responsible for commercial operations ensures compliance with all legal and internal safety requirements. Additionally, the internal occupational health and safety committee meets annually to discuss potential improvements and identify further optimization measures. In Austria, compliance with legal regulations is monitored by the General Accident Insurance Institution (AUVA), the Labour Inspectorate (the higher-level state authority responsible for overseeing employee protection regulations), and the local fire prevention authority.

## **Diversity and equal opportunities**

Wolford firmly believes that diverse teams are more innovative, effective, and ultimately achieve better results than homogeneous groups. In management teams, diversity fosters a more informed decision-making process by encouraging the exchange of different perspectives and arguments.

Cultural diversity, in particular, plays a crucial role in the business success of an international company. For example, when Wolford's sales staff share cultural proximity with local customers, they are better able to understand their needs and enhance customer satisfaction. Similarly, when product development aligns closely with the preferences of Wolford's predominantly female clientele, new products are more likely to succeed in the market.

Finally, Wolford's commitment to equal opportunities is a key driver of employee satisfaction, strengthening its employer brand and making it more attractive to top talent.

#### **Wolford collects detailed accident statistics**

At Wolford, diversity extends beyond gender balance to include a mix of nationalities and a well-balanced age structure. Although the company has not formally defined a diversity strategy, it has actively practiced diversity and equal opportunities for decades.

Given its product range primarily aimed at women and its predominantly female sales teams, Wolford's workforce consists of over 80% women at the Group level. In light of this, the company is particularly committed to offering flexible parental leave and part-time working options, enabling employees to better balance their professional and personal 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 within the meaning of section 1 no. 2 BörseG 2018 (BörseG 2018, BGBl) I No. 107/2017, and, if applicable, an indication of the different classes of shares and, for each class of shares, an indication of the rights and obligations associated with this class and the proportion of this class in the share capital;

Wolford AG is listed on the Standard Market of the Vienna Stock Exchange. As at the balance sheet date of 31 December 2024, the company had share capital of €46,337,596.80, divided into 9,653,666 no-par value bearer shares.

2. All restrictions relating to voting rights or the transfer of shares, even if they are contained in agreements between shareholders, insofar as they are known to the company's Management Board;

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

3. Direct or indirect equity interests of at least 10 %;

According to the information available to the company, the following direct or indirect shareholdings in the capital of Wolford AG amounted to 10 % or more as of 31 December 2024: Fosun Fashion Group Wisdom (Luxembourg) S.à r.l. held around 61 %. Ralph Bartel held around 30 % of the shares. As of 31 December 2024, Wolford AG held 88,140 treasury shares (excluding voting rights), which corresponds 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 these rights;

The Management Board is not aware of any such rights.

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

Wolford AG has neither an employee share ownership programme nor an employee share ownership scheme in which employees do not directly exercise voting rights for their shares in Wolford AG.

6. The provisions that do not arise directly from the law on the appointment and dismissal of members of the Management Board and Supervisory Board and on 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 that do not arise directly from the law, in particular with regard to the option to issue or buy back shares;

The members of the Management Board do not have the legally prescribed authorizations, in particular the option to issue or buy back shares. There is no authorized capital.

8. All material agreements to which the company is a party and which come into force, change or end in the event of a change of control in the company as a result of a takeover bid, as well as their effects, with the exception of agreements whose disclosure would be materially disadvantageous to the company, unless the company is expressly obliged to disclose such information under other statutory provisions;

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

9. Existence and material content of remuneration 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 statement in accordance with Sections 243b and 267a UGB.

Wolford AG prepares a separate consolidated non-financial report that fulfils the legal requirements of Section 243b in conjunction with Section 267a UGB, § Section 267a of the Austrian Commercial Code. The report is available on the company's website under "Investor Relations".

Bregenz, April 30, 2025  
The Management Board

Ralf Polito  
COO  
Chief Operating Officer



Domenico Giordano  
CHRO  
Chief Human Resources Officer



# 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, 2024, 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, 2024, give a true and fair picture of the financial position, financial performance and cash flows of the parent company as required by the applicable accounting standards and that the Management Report presents the business earnings and the position of the company in such a way that creates a true and fair view of its financial position, financial performance and cash flows, together with a description of the principal risks and uncertainties to which the company is exposed.

Bregenz, April 30, 2025

**Ralf Polito**  
COO  
Chief Operating Officer



**Domenico Giordano**  
CHRO  
Chief Human Resources Officer



# Auditor's report

## Report on the Financial Statements

### Audit Opinion

We have audited the financial statements of

#### **Wolford Aktiengesellschaft, Bregenz,**

comprising the statement of financial position as of 31.12.2024, the income statement for the year then ended and the notes to the financial statements.

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 31.12.2024 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 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, the special legal 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 draw attention to Section II "Going Concern and Material Uncertainties" of the notes to the financial statements, which indicates that the Company incurred a net loss (before changes in reserves) of MEUR 62.6 for the year ended 31.12.2024, and, as of that date, the Company's liabilities exceeded its total assets by MEUR 92.6.

As stated in Section II "Going Concern and Material Uncertainties" of the notes to the financial statements, these events or conditions, along with other matters as set forth, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in 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 of the current period. These 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 addition to the matter described in the Material Uncertainty Related to Going Concern section above, we have determined the matters described below to be the key audit matters to be communicated in our report.

#### (1) Impairment of financial assets

##### *Reasons why the matter was determined as key audit matter*

Wolford Aktiengesellschaft reports investments in subsidiaries of MEUR 10.9 in its financial statements as of 31.12.2024. Financial assets are not subject to pro-rated depreciation but rather assessed for impairment when respective impairment indicators are identified.

In the year ended 31.12.2024, Wolford Aktiengesellschaft recognized impairment charges of MEUR 3 as expenses.

Refer to Section I "Accounting Policies" and Section IV. Profit and Loss Account, subsection "Financial Result" of the notes to the financial statements for the corresponding financial statements disclosures.

Management's assessment of the recoverable amount requires significant judgment, in particular relating to estimated cash flow projections and discount rates. Due to the level of judgment, market environment and significance to the Company's financial position, this is considered a key audit matter.

##### *How we addressed the matter in the audit*

As part of our audit procedures, in addition to other procedures, we have:

- tested the internal controls and review procedures around the identification of impairment indicators;
- evaluated the robustness of budgeting process, which is basis for the valuation;
- evaluated management's methodologies in preparing impairment models and documented basis for key assumptions;
- performed procedures on those subsidiaries where management has identified impairment indicators or where the recoverable amount is close to carrying value;
- assessed the assumptions contained within the calculations including growth assumptions, discount rates and implications of industry changes. In addition, we have analyzed earlier estimates against actual business development.

## 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 Company's 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 with Austrian Standards on Auditing, which require the application of ISAs, we exercise professional judgment and maintain professional skepticism 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

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.

Regarding the non-financial statement contained in the management report, it is our responsibility to examine whether it has been prepared, to read it and to evaluate whether it is, based on our knowledge obtained in the audit, materially inconsistent with the financial statements or otherwise appears to be materially misstated.

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 management reports.

### Opinion

In our opinion, the management report was prepared in accordance with the valid legal requirements comprising accurate disclosures 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 and its circumstances no material misstatements in the management report came to our attention.

### Supplemental information

Regarding the material uncertainty related to going concern, we refer to the Management Report section "Financial Review", which covers the analysis of the Company's financial position. We refer further to the section "Outlook and Targets" and "Wolford's Development", where Management describes the expected development of the Company, and to the section "Explanation of Material Risks and Opportunities" 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 on 17.12.2024. We were appointed by the Supervisory Board on 17.12.2024. Our appointment as auditors for the year ended 31.12.2024 is our initial appointment.

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. Florian Eder, Certified Public Accountant.

Vienna, 30.04.2025

**RSM Austria Wirtschaftsprüfung GmbH**

Mag. Florian Eder  
CPA Wirtschaftsprüfer  
(Austrian Certified Public Accountant)

This report is a translation of the original report in German, which is solely valid. Publication or sharing with third parties of the 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**

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## **FURTHER INFORMATION**

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# Contact & Imprint

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**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.



| 2024 |

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