Van de Velde

Annual report 2020

OUR MISSION

Shaping the bodies and minds of women

Our gratitude goes out to all of our employees. Their involvement in the realization of the company objectives and their dynamism enable us to achieve the reported results and to have confidence in the future.

Photography
Liselore Chevalier (Marie Jo)
Martin Sweers (PrimaDonna)
Jonas Bresnan (Andres Sarda)

Printing and finishing
L.capitan
www.lcapitan.be

Deze jaarbrochure is eveneens beschikbaar in het Nederlands,
bij de hoofdzetel van de onderneming.

Contact
For clarification on the information contained in this annual report please contact:
Karel Verlinde
CFO
Tel.: +32 (0)9 365 21 00
info@vandevelde.eu

Editor
Van de Velde NV
Lageweg 4
9260 Wichelen
Tel.: +32 (0)9 365 21 00
info@vandevelde.eu
VAT number: BE0448 746 744
Company number RPR 0448 746 744
Dendermonde
website: www.vandevelde.eu

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* These chapters of the Board of Director’s report are consistent with the Consolidated Financial Statements and have been prepared in accordance with article 3:32 of Belgium’s Code of Companies and Associations.


PRIMA
DONNA

1 | The year 2020

Message from the Chairman

At the end of 2019, we celebrated the hundredth anniversary of our company: 2020 was to be our centenary year. To our frustration, the coronavirus had other ideas, holding our company and the rest of the world in its grip.

The virus has taxed us all. We were confronted, personally, with our vulnerability and, professionally, with the impact of circumstances beyond our control that badly affected our business.

Our turnover has of course suffered greatly during the pandemic. Due to the mandatory closure of our stores, sales were ground to a standstill and it was all hands on deck to deal with this sudden, unexpected crisis. The first few weeks of the lockdown were hectic, uncertain and worrying. Our management had to respond quickly and make the right decisions very fast: setting up strict procedures to keep employees safe, introducing working from home, controlling costs, communicating quickly and directly with customers, adapting the collections, rearranging delivery schedules and so on.

In the outside world, healthcare and care home workers have rightly been called the real heroes. In our company, our customers and employees were the heroes. There was no fatalism to be noted among our customers, on the contrary: they showed entrepreneurial spirit and creativity to stay on their feet and the firm will to come out of this crisis stronger. With their optimism, invention and energy, our customers deserve huge respect and make us very confident looking to the future.

Our employees also deserve a lot of respect. In difficult circumstances, they have given their all to protect the continuity of our company and to give our customers the very best support possible.

Once again, the financial solidity of our company proved to be an important asset. For years, the so-called experts have rejected the "cash is king" philosophy. We have never renounced it and we are glad to have a reassuring financial buffer.

This pandemic will continue to have an impact on our business in 2021, as customers are less ready to place orders. They do show a lot of appreciation for our direct and transparent communication and our willingness to work in partnership to overcome this crisis. This goodwill we have built up and a number of targeted investments to add new dimensions to the partnership with our customers strengthen our confidence in the future.

Herman Van de Velde
Chairman of the Board of Directors


PRIMA
DONNA
TWIST

Activity report

Draft: brands and innovation

2020 was a challenging year for the whole company, including the Design department.

In March we suspended deliveries of our summer lingerie and swimwear collection due to lockdowns around the world. We suddenly had to show a great deal of flexibility. We reshuffled our existing Spring/Summer '20 collection as much as possible, met the wishes of our customers and postponed our timeless families until next year. We also adapted our Fall/Winter '20 collection, which was completely finished, to the needs of the market.

Design: Marie Jo

Marie Jo focuses on modern trend-conscious women who value gorgeous designs, comfort and the perfect fit. The brand has a great many loyal fans. While the refined style and contemporary look are what catch the eye, the outstanding fit is Marie Jo's intrinsic strength.

We renewed the collection architecture in 2020 to meet the needs of existing and new consumers, with an eye to growth and clear positioning. We segmented the collection, marketing refined, elegant sets alongside seductive new seasonal series. The Marie Jo icons remain popular in the collection, tempting new younger consumers as well as regular fans. We continue to give our icons surprising new looks, even after more than 25 years.

The brand focuses on growth, not only by continually reimagining the fashion collections, but also by updating the never-out-of-stock lines. The pipeline in 2020 also included new projects for these basic lines, which play a key role in the fitting room in illustrating the brand's impeccable comfort and perfect fit.

2021 will be a special year for Marie Jo: the year marks the brand's 40th anniversary! Over the decades, various generations of women have come to appreciate the brand and remain loyal to this day. With that in mind, Design and Marketing have joined forces to turn the spotlight on the anniversary in an original way.

Design: PrimaDonna

The successful expansion of PrimaDonna continued in 2020. A success characterized by an unrivalled fit in the large cup sizes combined with fashion, colour and femininity. The brand reaches an ever bigger target group, gaining a strong foothold in the market. One of PrimaDonna's greatest assets is the loyal customer base. Once a woman has experienced the PrimaDonna fit and quality, she becomes a loyal customer.

Launched in 2019, the lifestyle collection of innovative products appealed to a much younger audience. That persuaded us to design even edgier series, specifically tailored to this target group. These products were successfully launched in 2020.

The second half of 2020 saw the first PrimaDonna Twist drop, a special limited edition available for immediate delivery in a limited number of countries. This concept, which was new for both us and our customers, was a big success. It gives us ideas to market products in new ways in the future.

The PrimaDonna Swim collection continues to hold its own, complementing the total look of the brand. New products were also added to PrimaDonna Sport, which was successfully launched in 2017. In 2020 PrimaDonna Sport became an official partner of the COIB. The brand will design lingerie for Team Belgium's female athletes at the Olympics. As the Olympics have been postponed, our partnership will be visible during the coming Tokyo games.

Lastly, in the second half of the year we turned the spotlight on the women behind the brand, in our "We are PrimaDonna" campaign. These include employees – both in Belgium and elsewhere – suppliers, family and retail partners of various countries. They all posed proudly and confidently in 'their' lingerie for top photographer Charlotte Abramov. The result is a unique and inclusive reportage, that many women will be able to identify with and that distils the essence of the brand.

Design: Andres Sarda

Sales of Andres Sarda fell due to the closure of stores in the high season and the absence of tourism in Spain. Results at the brick and mortar stores varied, depending on the market. Belgium proved more resilient, while the Netherlands posted growth. E-tailers experienced double-digit growth. Successful influencer campaigns and improved performance marketing helped reach new consumers.

Andres Sarda defied the pandemic, opening Madrid Fashion Week with 'Agua', a dreamy show featuring fantastic underwater beings, in front of a select audience of press and key opinion leaders. The show was opened by the world-class actress and friend of the brand Rossy de Palma.

We believe that Andres Sarda's creativity, luxury and wow factor will drive growth after a difficult and uncertain period.

Innovation

Continuous innovation is essential if we are to remain competitive. The innovations department prepares new R&D projects for successful implementation in the company, in close collaboration with various departments (Design, Digital and Supply Chain).

We focus on three domains:

- The fitting room of the future: as well as the physical fitting room, we give consumers a high-quality personal service experience in our digital channels.
- The product of the future: we deliver new and revamped lingerie concepts tailored to the needs of both existing customers (customer lifetime value) and new customers.
- The design and production process of the future: new digital design and production technologies shorten our time to market and deliver greater consistency and quality.

In spite of the unforeseen challenges, a large part of the Supply Chain (cup moulding) was successfully integrated into the production studio in 2020 as planned. The exceptional situation increased the demand for digital tools significantly among colleagues and partners (3D visualizations for internal communication) and among consumers (online measurements). The planned projects in these areas were fast-tracked. In 2021 the innovations team will continue to focus on digitising and objectivising Van de Velde's product and fit knowhow. With the support of specialized partners, the combination of 100 years' heritage and high technology is a source of added value for Van de Velde and its stakeholders.

Marketing

2020 was naturally a turbulent year for everyone, including our retail partners. With that in mind, more than ever we put them at the heart of our campaigns, to show them our support. We worked on changing people's mindset during the pandemic by promoting local retailers in our #ShopLocal campaign. We also called on consumers to share the love with their favourite local shop in our Boutique Bra-vo campaign. The response was overwhelming, with more than 10,000 consumers sending a heart-warming message to their local shop.

In 2020 we continued to focus our marketing strategy on enhancing consumer awareness and emotional engagement with regard to our brands. We do this by deploying the marketing mix to generate constant media pressure and an extra layer of content. One example is the successful launch of the "We are PrimaDonna" campaign, which generated unprecedented editorial coverage. We intend to target this extra layer of content for Marie Jo too in 2021.

Many consumers spent more time online in 2020. It was the ideal time to give the PrimaDonna website a makeover, with a main focus on inspiration and brand experience. The website strengthens the emotional connection with consumers by means of inspiring PrimaDonna visuals and stories. We also forefront our lingerie styling expertise with relevant information about the effect of high-quality, perfectly fitting lingerie and the importance of professional size and style advice in the boutique fitting room, in line with our opti-channel focus. The Marie Jo website is set for a similar makeover in early 2021.

Sales

Wholesale

Covid-19 had a big impact on the traditional independent lingerie boutiques. At the same time, it showed how strong and versatile that channel is. The closure of non-essential stores forced retailers to work on their digital sales and the number of stores selling online increased. Online shops, social selling through Instagram and Facebook, click and collect and home delivery are just a few of the ways independent lingerie boutiques found to sustain their relationship with consumers. We supported this digital evolution by offering new services (including drop shipment) and digital marketing support.

Local shopping initiatives ensured that consumers returned to their local lingerie boutique when high streets reopened. Loyal customers rewarded the boutiques with a higher average ticket size (ATS).

Tailored collections, permanent availability and support for retail partners and deliveries have ensured that the relationship with independent lingerie boutiques is strong, which has driven up the NPS-score significantly.

We experienced a heavy decline in footfall in large shopping destinations. Department stores, especially, suffered the most. That said, some department stores did quickly switch to online sales, with an accelerated transition to an opti-channel strategy.

The new consumer behaviour and the shift to online sales had a positive impact on e-tailers. Here again, the well-organized professional partners set themselves apart with strong growth, compared to the previous year.

Digital

More and more consumers started exploring the digital world this past year. We continued to invest our efforts in this area, given the growing importance of digital channels in the current situation.

Consumers are increasingly looking online for information. With that in mind, in November we gave our PrimaDonna website a full makeover. The new website takes consumers on an intuitive journey into the world of PrimaDonna. We also provide a lot of advice to answer consumers' initial questions online.

Our retail websites were also given a makeover. The Rigby & Peller website was successfully relaunched in the United States in May. We launched new retail websites in the other retail markets too. We are constantly assessing and improving them, by staying true to the service and expertise our consumers expect from us. In markets where visiting stores is difficult or impossible, consumers are able to make a virtual appointment with our stylists.

Going forward, our ambition is to continue to develop and optimize our digital service with content and advice tailored to the needs of our consumers.

Retail

2020 was a tough year due to the unprecedented drop in footfall and turnover, but it was also a fabulous year in terms of customer loyalty. All countries where we have brick and mortar stores were hit by Covid-19 lockdowns. They were imposed from April to June, the most important months of the year for swimwear and lingerie turnover, and in November and December, the main months for gift shopping.

The lockdowns, together with social distancing rules, working from home, staycations and the advice to shop local, had a big impact on our store portfolio even after retail reopened. This, both in terms of our product range and how we service consumers. Stores in large cities and shopping centres that depend on tourism and shopping as leisure activity were hit hard. They experienced an unparalleled decline in footfall as consumers prioritized safety and convenience.

The recovery went more smoothly in Europe (Netherlands and Germany) after the first lockdown. Our brands are better known there and our portfolio comprises stores on street locations in smaller cities. That is not the case in the biggest physical retail markets of the UK and the US, where stores are located in metropolises like London and New York, often in shopping malls.

With regard to products, we saw a clear shift in store lingerie stock towards fashionable product lines (vs. stayers) and a growth in the sports, loungewear and nightwear categories. Swimwear didn't perform so well.

Our 3D mirrors, the introduction of virtual shopping (phone and video styling) and our in-store "styling by appointment" offering ensured that we were able to continue to meet the service needs of our customers.

The lockdowns and the reduced footfall in stores were partly offset by cost management. As well as temporary operational measures, we also introduced structural measures and changes. In 2020 we closed two stores in Denmark, one store in Germany and three stores in the United States. Leases were also negotiated and, where expedient, stores were relocated.

Value chain

The focus of the activities in our value chain was on maintaining premium product quality and on maximum reliability of our delivery promise. All this within an acceptable cost structure.

Focus on quality

The quality of our end product remained a priority, as the most important criterion for decisions that affect the value chain. We made further progress in the rollout of our quality assurance programme in close partnership with our raw material suppliers, the stitching studios and our in-house teams. In 2020 we took the first steps to activate an in-house quality assurance process with the aim of managing quality in a proactive way, based on quality parameters and a consultation structure.

Delivery promise

The first Covid-19 lockdown was imposed in mid-March, in the middle of the Spring/Summer '20 delivery season. Our strong S&OP structure and short decision lines meant we were able to quickly adapt our delivery policy. In dialogue with the market we decided to postpone Spring/Summer '20 collection deliveries to later in the year, to reduce the volumes of our fashion collections and adapt the collection schedules for Fall/Winter '20. We were able to count on the high loyalty of our – mainly European – raw material suppliers, the result of long partnerships that have only been strengthened during this pandemic. Our quick response and transparent communication and the goodwill of our suppliers enabled us to keep our stock levels of both raw materials and finished goods under control. The lessons from the wave of spring lockdowns helped us calibrate an appropriate response when the second wave hit in the second half of the year. By then our focus was on continuing to offer delivery service to our customers and maintaining stable production for 2021. That enabled us to deliver Fall/Winter '20 without delays.

Operating processes

In 2020 we focused greatly on ensuring short-term business continuity. Extra meetings were held in addition to the existing process of start-the-day meetings and constant assessment based on performance indicators. This enabled us to notify our teams of frequent changes and take action quickly in the event of problems, be that in terms of staff numbers and workload at our production and distribution departments or in terms of extra flexibility with regard to value chain timings and planning. By the middle of the year we had decided to activate our long-term projects. A business team was set up to ensure sufficient cross-functional coordination. The main responsibility of this team is to translate Van de Velde's strategies and values into appropriate business processes and ensure their implementation, in close partnership with our IT department.

Production
Virtually all production steps, save pure stitching (assemblage), are done in Belgium. There is more than enough capacity in the cutting room to guarantee flexibility over the coming years. Assembly is consolidated in two regions: Asia and Tunisia. In Asia we partner with Top Form, working out of its site in China. In Tunisia we have our own site and work with two suppliers. Both offer good value for money. Both Top Form in China and our own site and our partners in Tunisia faced particularly big challenges, especially during the spring 2020 lockdowns. Their main priority was the safety of their staff and the implementation of important sanitary measures in consultation with the local authorities. By the summer of 2020 we could once again rely on maximum service and normal production strategy. Our site in Tunisia took on new duties as logistics and quality service provider for the region and will continue to develop in those areas going forward.

Sustainability
As a fashion company, we strive to make a positive impact on our stakeholders through sustainable and socially responsible initiatives. As we want to remain relevant to our consumer now and in the future, we launched "FORWARD by Van de Velde" in 2019.

In this project, we identify concrete sustainability objectives, and bring together initiatives for the entire company that lead to socially and ecologically meaningful actions. We encourage employees to actively participate and take responsibility, which we hope will also inspire other stakeholders.

Since then, we have been using 'FORWARD by Van de Velde' as a platform to communicate in a transparent way about what we achieve with the various actions, and the challenges we face. We strive for continuous improvement by testing, innovating, learning, and adjusting where necessary. "FORWARD by Van de Velde" focuses on the areas that are most relevant to our company and where we can make the biggest impact: the people we are connected to and the environment in which we work and live. All initiatives taken within these pillars will also support our business values.

In 2020, we mainly worked on transparency and various efficiency improvements to further reduce our footprint. We have, among other things, updated our corporate website with a chapter on sustainability. Since the start of the Covid-19 crisis, we have put extra effort into absolute respect for our employees, but also for our customers and our suppliers. Our sustainability strategy has been a guide in avoiding short-term decisions with a major impact. Awareness of the importance of valuable partnerships was reinforced by this global health crisis. We will include these experiences in our intention to further translate our sustainability ambitions into a multi-annual action plan in 2021.

For more information about our sustainability initiatives, we would like to refer to the last chapter of this annual report. This theme is discussed there in great detail.

IT, Digital Development and Data

The acceleration of digitization dominated the schedule in 2020 for the IT, Digital Development and Data teams. As a result, our opti-channel strategy continues to be the main focus. This enables us to support retail partners with a host of new digital features, so they can service consumers even better.

A good example is drop shipment, which allows retail partners to sell an article they do not have in stock to consumers by ordering it on our B2B website. Van de Velde then sends the order straight from the warehouse to the consumer in the name of the retail partner.

At the end of 2019 we migrated our B2B website to the better performing Azure platform. We will work on developing this platform into the most important digital channel for our retail partners in 2020. The closure of stores in certain periods led us to upgrade support to retail partners through this platform. We did so in various ways, including digital trainings on social selling, shop-local marketing tools and more (audio-) visual content. Retail partners can use these resources in their own digital media.

The retail websites of Rigby & Peller and Lincherie were migrated to this new platform in September 2020. The new PrimaDonna website was also launched in December. The Marie Jo website will go live at the end of March 2021.

As in 2019, in 2020 we passed the IT audit conducted by our corporate auditor. In 2021 we will continue to focus on improving the scalability, flexibility and performance of our IT infrastructure and application landscape. IT security continues to be a priority. We have launched various projects to protect application, data, users, systems, network and infrastructure.

The CRM application was upgraded to the latest version in 2020. As well as new hardware and improved performance, workflows were also optimized.

We also began building a new Consumer Data Platform in 2020. Consumer data from different sales and other channels can be consolidated on this platform, enabling us to gain better insight into consumer shopping behaviour and preferences. In the long run, we will be able to offer consumers a unique, personalized experience both online and offline.

Engagement, People and Culture

2020, which should have been a year of centenary celebrations at Van de Velde, was soon overshadowed by Covid-19. We responded by prioritising the health, wellbeing and safety of our employees.

The passion, flexibility, togetherness and solution-based mindset of our employees in their focus on continuing to serve our customers and consumers and to support each other were particularly high. With that in mind, we are very proud of what our teams have achieved together.

Safety and wellbeing were the main priorities. All appropriate sanitary measures were taken to ensure the safety of our employees and visitors. We ensured as many employees as possible were able to work from home, with the aim of minimising the number of people present on the workfloor. For those departments where working from home was less of an option, such as production and design, we implemented safety guidelines to enable our employees to work safely. We invested in direct, frequent, open communication and the presence and availability of management. With regard to wellbeing, we worked on strengthening the connection between our employees. To achieve this we launched VdVConnect, a wellbeing platform set up by and for our employees. It houses various initiatives (including exercise sessions, digital quizzes and lunch & learns), and stimulates employees to connect digitally.

We also continued to work on engagement through our VdV Engage programme. As an organization, it's very important to us to create a working environment in which employees feel they are listened to and kept in the loop, and can get the best out of themselves. We hold a monthly satisfaction and needs survey to help us keep improving as an organization. The drivers included in the survey are: the relationship with managers and colleagues, feedback and recognition, ambassadorship and alignment with strategy, empowerment and personal growth. A new driver was added in 2020 – Covid-19 measures – which enabled us to take action faster when needed, based on the input we received. A comparison of the engagement scores in 2019 and 2020 highlights a positive trend with impressive results. We scored best on Covid-19 measures, the relationship with managers and colleagues, and giving and receiving feedback (open culture). We will continue VdV Engage in 2021, with new action points also planned.

Our values – which strengthen the culture of the company – were also rolled out further in 2020:

- We are driven by Passion - Our hearts beat for our products and the women who wear them
- We breathe Quality - We strive for the highest quality in our products, our work and our service, without compromises
- We focus on Consumers and Customers - We understand, meet and exceed the needs and expectations of our customers and consumers
- We act Entrepreneurial - We look for solutions, we strive to excel, we learn constantly, with a focus on results
- We Connect to Cooperate - We work with each other with respect and trust, both in-house and externally
- We are Authentic - We are reliable, honest and practical in everything we do

We also worked on our performance management system. In 2019 we opted for a hybrid system with two formal meetings between manager and employee, alongside more informal feedback chats. Open, transparent communication in a relationship of trust and respect is central to this. In the formal reviews, the employee's three-year training plan and goals are set and the past year's performance is assessed in terms of goals and skills, among other things. We also discussed how well they live the corporate values, as set out above. At Van de Velde, what you have achieved is not the only thing that's important. How you achieve it is just as key. In 2020 we started with a pilot group, full rollout is scheduled for 2021.

In 2021 we will continue working on engagement, development, performance management and clear roles and responsibilities. HR data analytics will also be incorporated in 2021 to give us easier and more efficient access to HR data.

Explanation of the consolidated and audited financial key figures

On a comparable basis (including comparable seasonal deliveries), the consolidated turnover in 2020 decreased by 18.5% (from m€ 197.0 to m€ 160.5). The reported turnover decreased more sharply, namely by 22.1% (from m€ 195.5 to m€ 152.3). This is a timing difference resulting from the decision not to prematurely start the 2021 summer season delivery in November due to the Covid-19 pandemic.

This comparable turnover evolution consists of the following components:

- Comparable wholesale turnover of 2020 ends 14.6% lower or –m€ 23.6. In the first half of the year, there was a 23.5% decline in turnover as a result of the store closures from mid-March in all markets. The turnover decline in the second half of the year was 2%. In the second half of the year there was a strong recovery in turnover in the most important countries and markets, in the other countries the recovery was more limited. Turnover in e-commerce grew significantly at our independent retail partners and on the brand sites.

- The retail turnover (own store network) in 2020 decreased by 36.6% to m€ 22.3. In Europe, turnover fell by 26.8%, while the US was down 57.3%. In the first half of the year, turnover fell by 42.0%. Due to the Covid-19 pandemic, stores were closed from mid-March through

May or June, depending on the country. In the second half of the year, turnover fell by 30.7% and we see a stronger recovery in the Netherlands and Germany than in the United Kingdom and United States of America. The stores in Germany and the Netherlands have a more suburban location, and clearly perform better than those in shopping centers and busy shopping streets. The sales recovery in the second half of the year was held back by the lockdown measures at year-end in the Netherlands, Germany and United Kingdom.

On a comparable basis (including comparable seasonal deliveries), the consolidated EBITDA for 2020 fell by 17.4%, from m€ 48.6 in 2019 to m€ 40.1. The EBITDA on a non-comparable basis fell by 27.1% in 2020 from m€ 47.6 in 2019 to m€ 34.7.

- The EBITDA on a comparable basis amounts to 25.0% of turnover compared to 24.7% in 2019. The decrease in expenditure was in line with the decrease in turnover. The decrease in expenditure is the further result of the optimizations implemented in 2019, the discipline in discretionary spending, and the lower costs due to the mandatory closure of own stores due to the lockdown measures. In addition, costs also decreased due to the disappearance of volume-related expenses.

Outlook

After a difficult 2020, our ambition is to return to growth in 2021, as soon as the evolution of the Covid-19 pandemic allows for this. We have summarized our strategic vision as follows: 'Sustainable growth through brand activation and service to retail partners, with segmentation and digital acceleration'

The strategic plan covers three domains:

Focusing on consumer centricity and retail partners:

- Encouraging consumer-centricity:
  Digitization accelerated very fast in 2020. Consumers prefer retailers who are active online and offline. Brands play a very important role in this digitized world. We want to activate our brands across the various channels and in doing so raise awareness. We also want to strengthen the product portfolios by continuing to develop the right brand architecture. The brand architecture ensures that the broad needs of different consumers are correctly met. We will implement this in our marketing and commercial plans. We also continue to build a Consumer Data Platform. This will allow us to build a more personalized lifelong relationship with our consumers.

- Focus on our preferred partners, the retail partners:
  Retail partners, specialized lingerie boutiques, are the cornerstone of our business and we continue to prioritize them. They are the primary bridge to our consumers. The added value of the styling and fitting service we offer to consumers ensures our lingerie is presented in the best possible way. As a result, lingerie is worn with pleasure and women feel very good. We will tailor our services even more to the needs of the retail partners through segmentation. And we will continue our dedication to supporting and encouraging retail partners in this digitization process by offering e-services.

Focus on Direct To Consumer:

- We will integrate our own stores, our franchise stores and our retail partners in our 360° activation. We aspire to consistent communication and a consistent offer in all channels. That will enable us to strengthen the experience and impact of our brands. We also want to offer the best service to our consumers in our own stores, our franchise stores and our retail partners. This will be done by offering high-quality lingerie styling both in person and virtually. We also want to focus on our own retail stores with most potential, with the aim of improving profitability.

- On our websites, we want to offer consumers a more intense brand experience. This will be achieved through our new platforms. This gives consumers the opportunity to buy our brands online and offline according to their preferences. With our total solution for retail partners and our direct-to-consumer strategy, in 2021 we will continue to develop our opti-channel approach.

Enablers to put these plans into practice

- We are launching the ToGetHer project. In time, this will enable us to differentiate our offer in terms of consumers and channels and enable multi-channel differentiation in our supply chain.
- We are investing in efficient processes with an agile supply chain and a flexible distribution model. We continue to focus on supplying premium product quality and strengthening our supplier partner network.
- We will also invest heavily in our employees and organization. Their motivation and engagement are drivers in the pursuit of our targets. To this end, we give extra attention to enhancing our performance and development programme in order to further develop our talents. We are also working on aligning goals with KPIs to achieve the very best results. We encourage strong working relationships and solidarity between departments to achieve an optimal result, because together we achieve more.

It is our conviction that our strategic plans constitute strong foundations for Van de Velde's growth in 2021, as soon as the evolution of the Covid-19 pandemic allows for this.

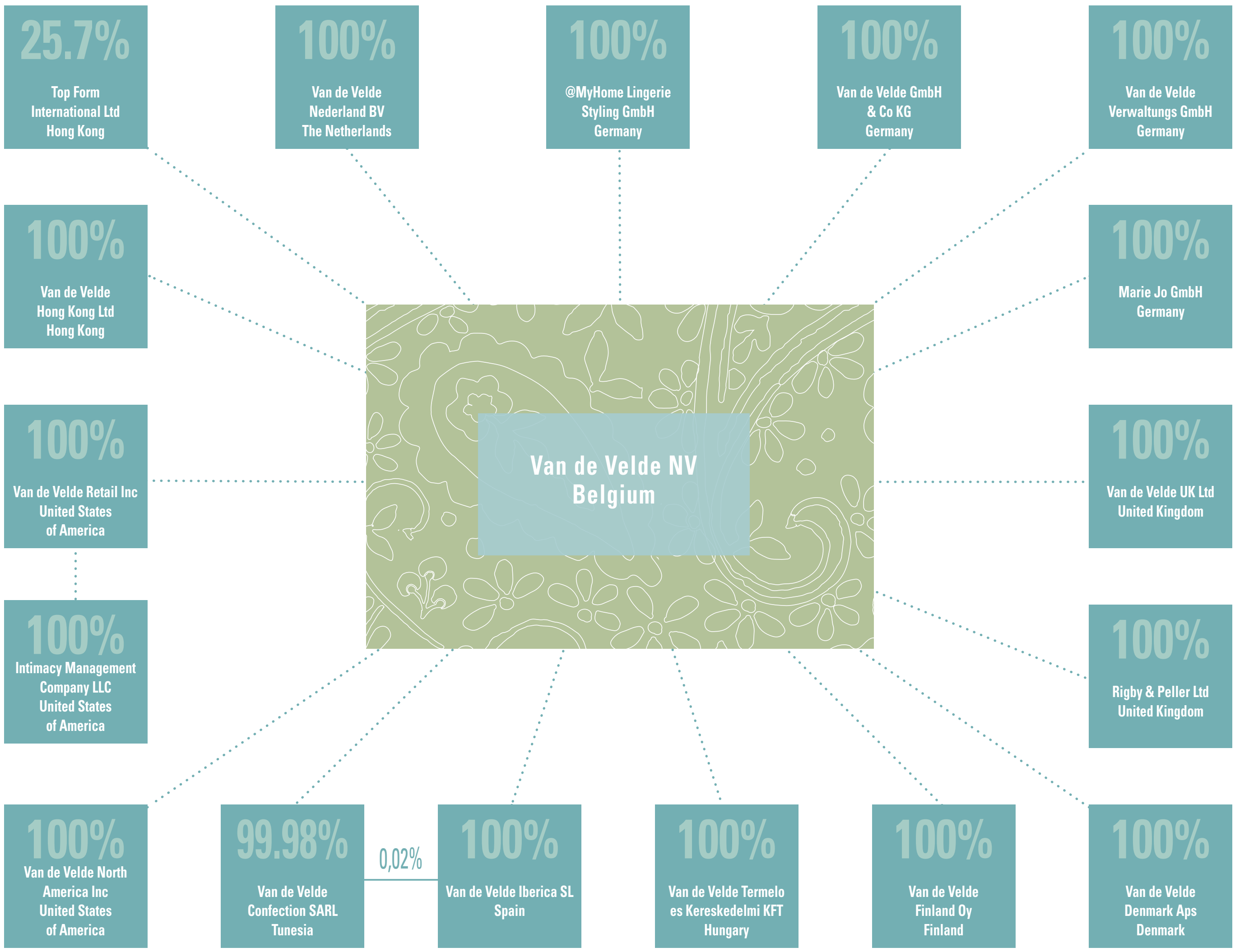
Marleen Vaesen, CEO
With thanks to all colleagues


PRIMA
DONNA
SWIM

2 | Description of the company and its activities

For a detailed description of the mission, core business and history, please visit our website at www.vandevelde.eu.

The Group structure as at 31 December 2020 is as follows:



In this annual report, all those entities together are referred to as the Group.


MARIE JO

3 | Corporate Governance

Van de Velde is a listed family company and as such it gives special attention to gearing its operations and organization to the provisions of the Corporate Governance Code (third edition).

On 29 February 2020 the Board of Directors of Van de Velde NV approved the Corporate Governance Charter, which is available on the company's website.

The company's family nature is also an important ingredient in good governance. The family has an interest in the company being managed in a professional and transparent way, which is expressed among other things by the presence of experienced family members on the Board of Directors.

Corporate governance and transparency are also discussed in other chapters of this annual report.

The Board of Directors

Composition of the Board of Directors

The Board of Directors of Van de Velde NV is composed as follows:
- Herman Van de Velde NV, always represented by Herman Van de Velde, chairman (tenure expires at the Ordinary General Meeting of 2021);
- Lucas Laureys, director (tenure expires at the Ordinary General Meeting of 2022);
- Bénédicte Laureys, director (tenure expires at the Ordinary General Meeting of 2021);
- BV Benoit Graulich, always represented by Benoit Graulich, director (tenure expires at the Ordinary General Meeting of 2020);
- BV Dirk Goeminne, always represented by Dirk Goeminne, director (tenure expires at the Ordinary General Meeting of 2021);
- YJC BV (successor of Emetico NV), always represented by Yvan Jansen, director (tenure expires at the Ordinary General Meeting of 2023);
- Mavac BV, always represented by Marleen Vaesen, managing director (tenure expires at the Ordinary General Meeting of 2022);
- Veronique Laureys, director (tenure expires at the Ordinary General Meeting of 2023);
- Valseba BV, always represented by Isabelle Maes, director (tenure expires at the Ordinary General Meeting of 2022);
- Greet Van de Velde, director (tenure expires at the Ordinary General Meeting of 2023).

- Herman Van de Velde NV, always represented by Herman Van de Velde (m, 1954°), chairman and director;
  After Herman obtained his degree in economics (KULeuven) and a postgraduate degree in development economics (UCL), he moved to Conakry, Guinea to work for Unido (United Nations Industrial Development Organization). In 1981 he joined the family firm founded by his grandfather. He was a member of the Board of Directors of Lotus Bakeries for twelve years and chairman of Etion, a platform for entrepreneurs, for seven years. He currently sits on the board of Brabantia, Alsico, Vigo, Artevelde University College and Volksvermogen. He is also chairman of IVOC (the institute for training and development in the clothing industry) and Vlajo (the organization for young Flemish companies).

- Lucas Laureys (m, 1945°), director;
  Lucas has a licentiate in economics (University of Ghent) and obtained a master's degree in business administration at Vlerick Business School and KUL. In 1971 he joined the family firm founded by his grandfather. More than 30 years he has been active as comanaging director and CEO with responsibilities in strategy, sales and marketing. He has also sat in various boards of directors, including those of Delta Lloyd Bank and Omega Pharma. At Omega Pharma he has been chairman for several years.

- Bénédicte Laureys (f, 1969°), director;
  Benedicte obtained a professional bachelor's degree in secondary education economics at University College Leuven. Before her appointment as director at Van de Velde, in 2006, she followed a course at Guberna, the institute for administrators. She has 25 years' experience in the lingerie business. She is currently director and managing director of Ambo Holding NV and Vogue BV. She also has a seat on the Board of Directors of Rigby & Peller US/UK and ADX Neurosciences NV.

- BV Benoit Graulich, represented by Benoit Graulich (m, 1965°), director;
  Benoit has qualifications in law, taxation and business administration. He is currently managing partner at Bencis Capital Partners BV and a member of various boards of directors, including Lotus Bakeries.

- BV YJC, represented by Yvan Jansen (m, 1963°), independent director;
  Yvan has a licentiate in law (KUL) and a master's degree in economics (UCL), as well as an MBA from Chicago Booth. Yvan Jansen is partner at Kearney and head of Belgium. He was previously a partner in private equity and senior partner & managing director at The Boston Consulting Group.

- BV Dirk Goeminne, represented by Dirk Goeminne (m, 1955°), independent director;
  Dirk studied applied economics and commercial engineering and is currently chairman of the Board of Directors of Ter Beke. He also sits on various boards of directors, including Wereldhave.

- Mavac BV, represented by Marleen Vaesen (f, 1959°), managing director;
  Marleen has a background in economics and supplemented her training with management courses at prestigious universities, including Harvard. She has built up a career at Procter & Gamble, Sara Lee and was CEO at Greenyard for five years. Marleen was appointed CEO of Van de Velde at the end of December 2018.

- Veronique Laureys (f, 1979°), director;
  Veronique has a background in economics. She has more than ten years' experience in the lingerie business and is director and managing director of Ambo Holding NV and Vogue BV. In 2017 she was appointed to the Board of Directors of Van de Velde.

- Valseba BV, represented by Isabelle Maes (f, 1974°), independent director;
  Isabelle studied commercial engineering and Is CEO of Lotus Bakeries Natural Foods. Before she was active as CFO with Lotus Bakeries and with Barry Callebout Belgium and Senior Auditor at PWC.

- Greet Van de Velde (f, 1956°), director;
  Greet has a licentiate in economic science and has been active at Van de Velde for more than 23 years, with positions including production manager, sales account and project manager and head of the demand unit.

Honorary director: Henri-William Van de Velde, son of the founder, Doctor of Laws.

Valseba BV, BV Dirk Goeminne and YJC BV are considered to be independent directors.

Lucas Laureys, Bénédicte Laureys, Veronique Laureys, Herman Van de Velde NV and Greet Van de Velde represent Van de Velde Holding NV, the majority shareholder of Van de Velde NV, and are non-executive directors.

Mavac BV is managing director.

In accordance with the Act of 28 July 2011[1], at least one third of the members of the Board of Directors are the opposite sex to the other members.

Herman Van de Velde NV chairs the Board of Directors.

The company secretary is Nathalie De Kerpel, legal counsel.

Operation and activity report of the Board of Directors

Van de Velde's Board of Directors directs the company in accordance with the principles laid down in Belgium's Companies Code and makes decisions on the general policy. These comprise the assessment and approval of strategic plans and budgets, supervision of reports and internal controls and other tasks assigned by law to the Board of Directors.

Pursuant to Article 524 bis of Belgium's Companies Code of 7 May 1999, the Board of Directors has established a Management Committee to which it has delegated its managerial powers, with the exception of general policy and all actions that are reserved to the Board of Directors by statutory provisions. With a view to ensuring continuity in its management and facilitating the smooth and adequate implementation of the provisions of the New Companies Code of 23 March 2019 (New BCC) in its management model at the appropriate time, Van de Velde NV decided to make use of the special transitional arrangement for the entry into force of the New BCC and to retain its Management Committee within the meaning of Article 524 bis of Belgium's Companies Code (also after 1 January 2020, until the next time the articles of association are amended, at which point the New BCC becomes applicable.

The Board of Directors has also established the following advisory committees: an Audit and Risk Committee and a Nomination and Remuneration Committee.

For a detailed description of the operation and responsibilities of the Board of Directors we refer you to the company's Corporate Governance Charter, which is published on the company's website.

In 2020 the Board of Directors met eight times. There was an additional meeting of the Board of Directors attended only by the non-executive directors for the purpose of evaluating the interaction between the Board of Directors and the Management Committee. Valseba BV was excused from one board meeting. Otherwise, all board meetings were fully attended.

Committees within the Board of Directors

(a) Audit and Risk Committee

The objective of the Audit and Risk Committee is to assist the Board of Directors in carrying out its control tasks with respect to Van de Velde's financial reporting process, including supervision of the integrity of the financial statements, and the qualifications, independence and performance of the statutory auditor.

The Audit and Risk Committee advises the Board of Directors on the following:

- Appointment (and dismissal) and remuneration of the statutory auditor;
- Preparation of bi-annual and annual results;
- Internal control and risk management;
- External audit.

The Audit and Risk Committee is composed as follows:

- Lucas Laureys;
- BV Dirk Goeminne, always represented by Dirk Goeminne (independent director);
- YJC BV, always represented by Yvan Jansen (independent director);
- Valseba BV, always represented by Isabelle Maes (independent director).

The members of the committee possess sound knowledge of financial management.

The chairman of the Audit and Risk Committee is Valseba BV, always represented by Isabelle Maes. Isabelle studied commercial engineering. She is CEO of Lotus Bakeries Natural Foods. In the past she has been CFO of Lotus Bakeries and Barry Callebout Belgium and senior auditor at PWC. As a result, she has the necessary knowledge of accounting and auditing.

The Audit and Risk Committee meets no fewer than four times a year and as often as considered necessary for its proper operation. In 2020 the Audit and Risk Committee met four times. All Audit and Risk Committees were fully attended.

(1) This Act aims to ensure that there is gender balance in board of directors.

(b) Nomination and Remuneration Committee

The Nomination and Remuneration Committee formulates recommendations to the Board of Directors concerning the company's remuneration policy, the remuneration of the directors and members of the Management Committee and the appointment of the directors and members of the Management Committee, and is responsible for the selection of suitable candidate directors.

The Nomination and Remuneration Committee is composed as follows:

- Herman Van de Velde NV, always represented by Herman Van de Velde;
- YJC BV, always represented by Yvan Jansen (independent director);
- Valseba BV, always represented by Isabelle Maes (independent director)

The chairman of the Nomination and Remuneration Committee is Herman Van de Velde NV, represented by Herman Van de Velde. All members of the committee possess sound knowledge of remuneration policy.

The Nomination and Remuneration Committee meets as often as is needed for its proper operation, but never fewer than two times every year. The Nomination and Remuneration Committee met five times in 2020. All members attended these meetings.

No director attends the meetings of the Nomination and Remuneration Committee in which his or her own remuneration is discussed or may be involved in any decision concerning his or her remuneration.

For a detailed summary of the responsibilities and the operation of the various committees established by the Board of Directors, see the company's Corporate Governance Charter, which is published on the company's website.

(c) Management Committee

In accordance with Article 23.4 of the Articles of Association and Article 524 bis of Belgium's Companies Code of 7 May 1999, the Board of Directors established a Management Committee on 2 March 2004.

The Management Committee meets on average every three weeks and is responsible for managing the company. It exercises the managerial powers that the Board of Directors has delegated to the Management Committee. Depending on the agenda points, the key persons of the company are invited to the meeting of the Management Committee.

The Management Committee is composed as follows:

- Mavac BV, always represented by Marleen Vaesen, CEO;
- Karel Verlinde CommV, always represented by Karel Verlinde, CFO;
- Liesbeth Van de Velde, Head of Design.

During 2020 the following persons left the Management Committee:

- Fenix BV, always represented by Bruce Humphreys, people & organization director.

- Marleen (f, 1959°)
  Marleen has a background in economics and supplemented her training with management courses at prestigious universities, including Harvard. She has built up a career at Procter & Gamble, Sara Lee and was CEO at Greenyard for five years.
- Liesbeth (f, 1962°)
  Liesbeth has a master's degree in law and has worked at Van de Velde since 1990. Liesbeth was appointed head of the design department in 2018.
- Karel (m, 1982°)
  Karel obtained a master's degree in economics at the University of Ghent and the University of Ireland Maynooth. He has built up a career with IGI Corporation and Brady Corporation. In 2017 he was appointed group controller and in 2018 CFO of IVC Group, a division of Mohawk Industries.

The chairman of the Management Committee (CEO) is Mavac BV, always represented by Marleen Vaesen.

The members of the Management Committee are appointed and dismissed by the Board of Directors on the basis of the recommendations of the Nomination and Remuneration Committee. The members of the Management Committee are appointed for an indefinite period, unless the Board of Directors decides otherwise. The ending of the tenure of a member of the Management Committee has no impact on the agreements between the company and the person involved in regard to additional duties over and above this tenure.

(d) Daily management

In addition to the Management Committee, Van de Velde's daily management is in the hands of Mavac BV, always represented by Marleen Vaesen, managing director.

(e) Evaluation

At least every three years, the Board of Directors, headed by its chairman, conducts an evaluation of its size, composition and performance, and the size, composition and performance of its committees, as well as the interaction with the Management Committee. The directors give their full cooperation to the Nomination and Remuneration Committee and any other persons, within or outside the company, responsible for this evaluation. Based on the findings of the evaluation, the Nomination and Remuneration Committee will, where applicable and in consultation with any external experts, submit to the Board of Directors a report of the strengths and weaknesses and any proposal to appoint new directors or refrain from renewing a directorship.

The Board of Directors evaluates the performance of the committees at least every three years.

The non-executive directors evaluate their interaction with the Management Committee annually.

The CEO together with the Nomination and Remuneration Committee evaluates the functioning and performance of the Management Committee annually.

Remuneration report

1. Introduction

The remuneration policy of the company applicable to the fiscal year 2020 is published in the 2019 annual report. Subject to its approval by the General Meeting of 28 April 2021, the remuneration policy applicable from 2021 will be published on the website of the company and in the Corporate Governance Charter of the company, which is also available on the website.

Given the uncertainty about the precise impact and duration of the Covid-19 pandemic, in March 2020, on the recommendation of the Nomination and Remuneration Committee, the Board of Directors decided to deviate from the remuneration policy as set down in the 2019 annual report and put all bonus plans linked to the fiscal year 2020 on hold. On 28 August 2020, on the recommendation of the Nomination and Remuneration Committee of 8 July 2020, the Board of Directors decided to draw up an adapted bonus plan, setting down a small number of group targets (turnover and EBITDA) in order to support the importance of solidarity and partnership in this uncertain situation. The Board of Directors also decided to limit the bonus to 50% of the regular bonus.

2. Total remuneration of non-executive directors

In accordance with the applicable policy, in 2020 the non-executive directors received only fixed basic remuneration for their membership of the Board of Directors and the advisory committees they are a member of, plus fixed remuneration for their membership of any advisory committees. The remuneration policy enabled the company to safeguard the necessary competence and experience on the Board of Directors and recruit specific new profiles.

Due to the impact of the Covid-19 pandemic and as a sign of solidarity with the employees, Herman Van de Velde NV and Lucas Laureys exceptionally waived their remuneration as directors in 2020.

Name, Position	Basic remuneration	Remuneration as a member of the Audit and Risk Committee	Remuneration as a member of the Nomination and Remuneration Committee	Total remuneration
Herman Van de Velde NV Chairman	€ 0	€ 0	€ 0	€ 0
YJC BV Independent director (1)	€ 10,000	€ 1,667	€ 1,666	€ 13,333
Valseba BV Independent director (2)	€ 15,000	€ 2,500	€ 1,666	€ 19,166
Dirk Goeminne BV Independent director (3)	€ 15,000	€ 2,500	€ 833	€ 18,333
Lucas Laureys	€ 0	€ 0	€ 0	€ 0
Bénédicte Laureys	€ 15,000	€ 0	€ 0	€ 15,000
Veronique Laureys	€ 15,000	€ 0	€ 0	€ 15,000
Greet Van de Velde (4)	€ 10,000	€ 0	€ 0	€ 10,000
Emetico NV Independent director (5)	€ 5,000	€ 0	€ 833	€ 5,833
Benoit Graulich BV (6)	€ 5,000	€ 833	€ 833	€ 6,666

(1) Appointed as director and member of the Audit and Risk Committee and the Nomination and Remuneration Committee as of 29 April 2020 (successor of Emetico NV).
(2) Member of the Audit and Risk Committee and as of 29 April 2020 the Nomination and Remuneration Committee.
(3) Member of the Audit and Risk Committee and until 29 April 2020 the Nomination and Remuneration Committee.
(4) Appointed as director as of 29 April 2020.
(5) Director and member of the Nomination and Remuneration Committee until 29 April 2020.
(6) Director and member of the Nomination and Remuneration Committee and the Audit and Risk Committee until 29 April 2020.

3. Total remuneration of the members of executive management (including the CEO)

In 2020 the executive management was entrusted to the Management Committee, which is chaired by the CEO.

In accordance with the applicable remuneration policy, the following remuneration was awarded to the members of the Management Committee:

	1. Fixed remuneration		2. Variable remuneration					
Name, Position	Basic remuneration	Additional benefits(1)	One year variable	Multi-year variable	3. Exceptional items	4. Pension cost (2)	5. Total renumeration	6. Fixed/variable renumeration
Mavac BV (CEO) always represented by Marleen Vaesen (independent)	€ 572,260	€ 0	€ 136,702	€ 0	€ 0	€ 0	€ 708,962	81% fixed remuneratie, 19% variable remuneratie
Other members of the Man-agement Committee on a global basis (excluding CEO) (3)	€ 589,879	€ 7,358	€ 48,912	€ 0	€ 0	€ 5,727	€ 651,876	Between 88% and 90% fixed remuneration, between 10% and 12% variable remuneration

(1) Only applicable to the member of the Management Committee who works with an employment contract. Include fixed reimbursement of expenses also meal vouchers, hospitalization insurance and company car.
(2) Only applicable to the member of the Management Committee who works with an employment contract.
(3) Includes the remuneration of Karel Verlinde CommV (self employed), Fenix BV (self employed and member of the Management Committee until 9 October) and Liesbeth Van de Velde (employee). Liesbeth is a member of the Management Committee as from 9 October 2020 but her annual remuneration was included in the global remuneration. If remunerated through an employment contract, the social security charges paid by the employer are not included. If remunerated through a management agreement, the total cost of company is included.

4. Note to the various components of the remuneration of the members of the Management Committee (including the CEO)

4.1. Variable remuneration

A) Short-term variable remuneration
As stated in point 1, there was an exceptional departure from the remuneration policy this year due to the Covid-19 pandemic. Only two collective targets (turnover and EBITDA) were set and the basis for calculating the bonus was limited to 50% of the normal salary. The Board of Directors, on the proposal of the Nomination and Remuneration Committee, established the turnover and EBITDA for 2020 and the extent to which the targets in the amended bonus plan were achieved. On this basis, the corresponding payment level was established. The corresponding payment level of both performance criteria combined is equal to 102,63% of the central target bonus and was applied to 50% of the normal bonus per individual.

B) Long-term variable remuneration
Insofar as she was still active at Van de Velde on 31 December 2020, the CEO was entitled to a bonus of up to 20% of the earned basic remuneration in 2019 and 2020. The bonus was calculated on the basis of the rise in the equity value of the company. The Board of Directors, on the proposal of the Nomination and Remuneration Committee, has established that the amount of this bonus is 0 euro, given that the targeted rise in the equity value was not achieved.

4.2. Pension
Members of the executive management who are employees are members of the company pension plan. This is a defined contribution pension plan to which the employer contributes 4% of the employee's reference remuneration. The other members of the executive management are not members of any company pension plan.

5. Share-related remuneration
The non-executive directors do not receive any remuneration in the form of shares. This means the company departs from Recommendation 7.6 of the Corporate Governance Code 2020. This departure is explained by the fact that the family directors, directly or indirectly, are stable shareholders of the company and, generally, the vision of the non-executive directors is currently deemed to be sufficiently focused on long-term value creation for the company. The award of the shares to the non-executive directors is deemed unnecessary for that reason. However, the company will evaluate this recommendation on a regular basis with an eye to possible need for compliance in the future.

No minimum threshold has been set for shares that must be held by the members of the executive management. This means the company departs from Recommendation 7.9 of the Corporate Governance Code 2020. This departure is explained by the fact that the interests of the executive management are currently deemed to be sufficiently oriented to long-term value creation in the company by means of an existing long-term incentive programme in the form of an option plan (see below).

Setting a minimum threshold for shares that must be held by the members of the executive management is deemed unnecessary for that reason. However, the company will evaluate this recommendation on a regular basis with an eye to possible need for compliance in the future.

The Board of Directors of 29 April 2020 approved the 2020 option plan. As a result, the Nomination and Remuneration Committee can award options on shares of the company to the executive management for five years. These options are awarded free of charge. The exercise price of the options is, per share, equal to the lowest amount of (i) the average of the closing prices of the share on the market over the thirty calendar days prior to the date of the offer or (ii) the closing price of the final trading day prior to the date of the offer. The options are valid for a term of ten years. The company and the option holder may decide by mutual agreement to reduce the term of validity of the options below ten years, but it can never be reduced below five years. The options are not exercisable before the end of the third calendar year following the year in which the options are offered.

	Most important provisions of the share option plan		
Name, Position	1. Identification of the Plan	2. Offer date	3. Acquisition date
Mavac BV	2015	15/10/19	14/12/19
	2020	09/10/20	08/12/20
Karel Verlinde CommV	2015	15/10/19	14/12/19
	2020	09/10/20	08/12/20
Liesbeth Van de Velde	2015	15/10/19	14/12/19
	2020	09/10/20	08/12/20

6. Severance pay

During 2020 no severance pay was awarded to any director or member of the executive management.

7. Use of the right of claw-back

During 2020 no variable remuneration was clawed back.

8. Departures from the remuneration policy

As stated above, there were departures from the remuneration policy as set out in the 2019 annual report due to the exceptional circumstances created by the Covid-19 pandemic. For example, on the recommendation

Remuneration in share optios								
			Information with regard to the financial year under review					
			Opening balance	In the course of the year (*)				Closing balance
4. End of the retention period	5. Exercise period	6. Exercise price	7. Options held at the beginning of 2020	8. a) Number of options offered in 2020 b) Value of underlying shares on offer date		9. a) Number of acquired options b) Value of underlying shares on acquisition date c)Value at exercise price d) Gain on acquisition date		10. Options held at the end of 2020
31/12/2022	01/01/2023-15/10/2029	€ 23.36	5,000	a)	N/A	N/A		5,000
				b)	N/A			
31/12/2023	01/01/2024-9/10/2030	€ 22.60	0	a)	5,000	a)	5,000	5,000
						b)	€ 113,000	
				b)	€ 113,000	c)	€ 113,000	
						d)	€ 0	
31/12/2022	01/01/2023-15/10/2029	€ 23.36	5,000	a)	N/A	N/A		5,000
				b)	N/A			
31/12/2023	01/01/2024-9/10/2030	€ 22.60	0	a)	5,000	a)	5,000	5,000
						b)	€ 113,000	
				b)	€ 113,000	c)	€ 113,000	
						d)	€ 0	
31/12/2022	01/01/2023-15/10/2026	€ 23.36	5,000	a)	N/A	N/A		5,000
				b)	N/A			
31/12/2023	01/01/2024-9/10/2025	€ 22.60	0	a)	5,000	a)	5,000	5,000
						b)	€ 113,000	
				b)	€ 113,000	c)	€ 113,000	
						d)	€ 0	

of the Nomination and Remuneration Committee dated 8 July 2020, the Board of Directors of 28 august 2020 decided to draw up an adapted bonus plan for the members of executive management and the other employees that are normally included in an individual bonus plan, setting down a small number of group targets (turnover and EBITDA) in order to stress the importance of solidarity and partnership in this uncertain situation. The Board of Directors also decided to limit the bonus to 50% of the regular bonus.

9. Ratio of highest to lower remuneration

The highest renumeration is six times that of the lowest remuneration.

10. Annual change

The company interprets article 3:6 §3, fifth paragraph New BCCWVV in such a way that the requirement to provide information on the changes in the remuneration, the performance of the company and the average remuneration of the employees over the past five years only applies as from 2020 and so figures from prior to 2020 are not required in the comparison. That is why the company will show that trend in the remuneration report as from 2020, but not from the years prior to 2020.

Major characteristics of internal control and risk management systems

The Management Committee leads the company within the framework of careful and effective control, which makes it possible to evaluate and manage risks. The Management Committee develops and maintains appropriate internal controls that offer reasonable assurance on the attainment of the goals, the reliability of the financial information, compliance with applicable laws and regulations, and the execution of internal control processes.

The Board of Directors oversees the proper functioning of the control systems through the Audit and Risk Committee. The Audit and Risk Committee evaluates the effectiveness of the internal control and risk management systems at least once a year. It must ensure that significant risks are properly identified, managed and brought to its attention.

In monitoring the financial reporting, the Audit and Risk Committee especially evaluates the relevance and coherence of the financial statement standards applied by the company and its Group. This entails an assessment of the accuracy, completeness and consistency of the financial information. The Audit and Risk Committee discusses significant financial reporting issues with executive management and the external auditor.

The Board of Directors bears responsibility for analysis, proactive measures and plans with regard to strategic risks. The Board of Directors approves the strategy and goals every year. An annual growth plan for the following year is presented to the Board of Directors for approval. The growth plan is monitored systematically during the meetings of the Board of Directors and may be adapted on the basis of changed prospects.

Operational risks are regularly identified, updated and evaluated. The operational risks are documented and a number of actions are taken to manage the risks. The financial department is responsible for monitoring and reporting these. The Management Committee bears the responsibility for analysis, proactive measures and plans with regard to operational risks.

For each process, internal controls should be in place guaranteeing, where possible, the proper functioning of this process. The effectiveness of the internal controls that are important for the completeness and correctness of the reported figures is regularly verified by the financial department through random sampling. An example is the permanent stock system for raw materials and finished products.

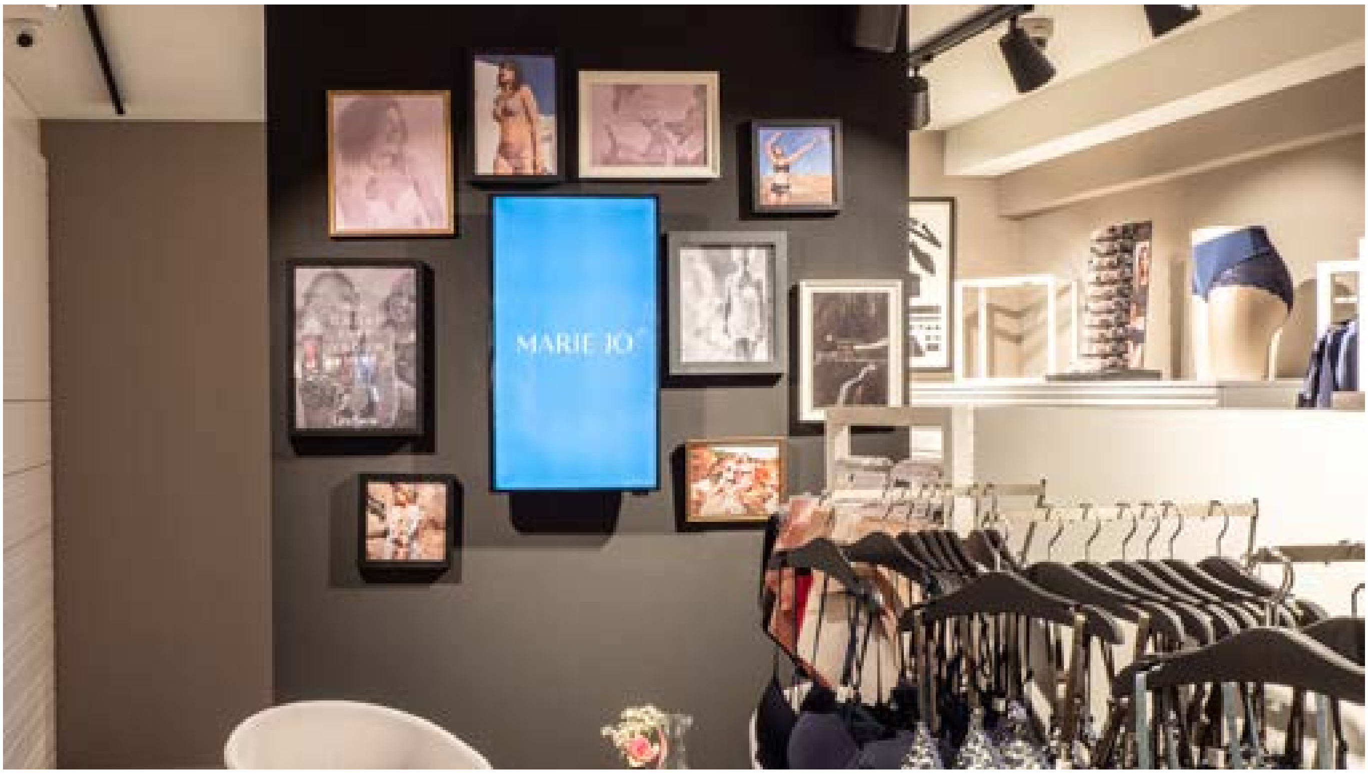
Additional information is provided in the company's Corporate Governance Charter as published on the website.

With respect to risk management, we also refer to note 30 on 'Business risks with respect to IFRS 7'.

Shareholding structure on the balance sheet date

The subscribed capital is 1,936,173.73 euro. It is represented by 13,322,480 shares (denominator).

Within the framework of Belgium's Transparency Act of 2 May 2007 stakes must be made public in accordance with the thresholds provided



for by the Articles of Association. The thresholds in Van de Velde's Articles of Association are:
- 3%;
- 5%;
- multiples of 5%.

Van de Velde Holding NV holds 7,496,250 (56.27%) shares. It does so through the Vesta foundation as well as Hestia Holding NV and Ambo Holding NV. Vesta foundation and Hestia Holding NV together represent the interests of the Van de Velde family. Ambo Holding NV represents the interests of the Laureys family.

Information about specific safeguards

A majority of Van de Velde NV's directors are appointed from the candidates nominated by Van de Velde Holding NV, as long as it directly or indirectly holds no less than 35% of the company's shares.

Miscellanea

Insider trading

The members of the Board of Directors and some employees that may possess important information ('insiders') have signed the protocol preventing abuse of privileged information. This means that anyone wishing to trade in Van de Velde shares must first request the permission of the Compliance Officer.

Insiders are not permitted to trade in securities in the following periods:
(i) The period between the final meeting of the Board of Directors prior to the end of the year and the moment the annual results are announced;
(ii) The period of two months immediately prior to the announcement of the company's half-year results or the period commencing at the time of closure of the half year in question and ending at the time of publication of the half-year results, whichever is shorter.

The Board of Directors can impose a general transaction ban on all insiders in other periods that may be considered to be sensitive.

All other staff at Van de Velde have been notified in writing of the statutory stipulations concerning abuse of insider knowledge.

Transactions between the company and its directors and members of the Management Committee

The company's Corporate Governance Charter, which is published on the company's website, explains the rules applicable to transactions and other contractual links between the company, including its affiliated companies, and its directors and members of the Management Committee that are not covered by the conflict of interests scheme.

There were no such transactions or other contractual links during 2020.

Statutory auditor

The General Meeting of 24 April 2019 of Van de Velde NV appointed Ernst & Young Bedrijfsrevisoren BV, Pauline Van Pottelsberghelaan 12, 9051 Ghent, represented by Francis Boelens, as the statutory auditor. This appointment runs until the Ordinary General Meeting of 2022.

Regular consultations are held with the statutory auditor, who is also invited to the Audit and Risk Committee for the half-year and annual reporting. The statutory auditor has no relationship with Van de Velde that could impact its opinion.

The annual remuneration in 2020 for auditing of the statutory and consolidated financial statements of Van de Velde NV was 67,600 euro (excl. VAT). The total costs for 2020 for the auditing of the annual accounts of all companies of the Van de Velde Group were 144,171 euro (excl. VAT, including the aforementioned 67,600 euro).

In accordance with Article 3:65 of Belgium's Companies Code, Van de Velde announces that the remuneration given to the statutory auditor for exceptional and special tasks and to the persons with whom the statutory auditor has a professional relationship was 34,570 euro (excl. VAT), all of which was for tax advice and compliance tasks.

Belgian Code on Corporate Governance

Van de Velde NV complies with the majority of the principles laid down in the Belgian Code on Corporate Governance. During 2020 the Code on Corporate Governance was deviated from as follows:

- In order to ensure continuity of its governance and to facilitate a smooth and adequate implementation of the provisions of the New BCC in its governance model at appropriate times, the Company has decided to make use of the special transition rules for the entry into force of the New BCC and to retain its current "formal" management committee (the Management Committee) within the meaning of Article 524bis of the Companies Code of 7 May 1999 (the C.C.) (also after 1 January 2020, and until subsequent amendments to the Articles of Association in which it will bring its articles into line with the New BCC). As such, the Company deviates from Recommendation 1.1 of the Code on Corporate Governance.
- Non-executive directors do not receive any part of their remuneration in the form of shares. As such, the Company deviates from Recommendation 7.6 of the Code on Corporate Governance. This deviation is explained by the fact that the family directors are, directly or indirectly, stable shareholders of the Company and, more generally, the views of the non-executive directors are currently considered to be sufficiently focused on long-term value creation for the Company. The granting of shares to the non-executive directors is therefore not considered necessary. However, the Company will evaluate this Recommendation on a regular basis for the purpose of any possible (need for) future compliance.
- No minimum threshold of shares to be held by the members of executive management is determined. As such, the Company deviates from Recommendation 7.9 of the Code on Corporate Governance. This derogation is explained by the fact that the interests of executive management are currently considered to be sufficiently focused on long-term value creation for the Company having regard to the existing long-term incentive programme in the form of an option plan. For these reasons, the determining of a minimum threshold of shares to be held by the members of executive management is

not considered necessary. However, the Company will evaluate this Recommendation on a regular basis for the purpose of any possible (need for) future compliance.

- The company deviates from the recommendation in Article 3.5.2 of the Code on Corporate Governance[2] with regard to one independent director. The Company concludes that this director, though no longer formally independent, acts in the spirit of an independent director and the maximum period was exceeded by one year only.
- There are no specific agreements or systems that give the Company the right to recover variable paid allowances if they are wrongly awarded on the basis of data that subsequently proves to be incorrect. As such, the company deviates from Recommendation 7.12 of the Code on Corporate Governance. This deviation is explained by the fact that the company will, if appropriate, rely on the possibilities of common law.

(2) To be qualified as independant director, you may have held a mandate as a non-excecutive director for a maximum of 12 years.

Conflict of Interests Scheme

In 2020, there was no conflict of interest in the sense of Article 7:96 of the Belgian Company's Code within the Board of Directors or Management Committee.

Information to shareholders

Share listing

The shares of Van de Velde have been quoted on the Brussels stock exchange, currently Euronext Brussels, since 1 October 1997, under the abbreviation 'VAN' (MNENO). Van de Velde's shares can be traded using the ISIN code BE 0003839561.

Euronext Brussels lists Van de Velde on the spot market (continuous market) of Euronext Brussels in compartment B (market capitalization between 150 million and 1 billion euro).

In line with its series of local indexes, Euronext Brussels maintains a BEL20, BEL Mid and BEL Small index, the components of which are selected on the basis of liquidity and free float market capitalization.

Van de Velde is listed in the BEL Small index. The weight in this index was 6.25% at the end of 2020.

Liquidity provider

Van de Velde concluded a liquidity agreement with Bank Degroof in July 2002.

A liquidity provider guarantees the constant presence of bid and offer prices at which investors can conduct transactions and sets a permanent maximum spread between purchase and selling price of 5%. This allows the increase in share velocity and the reduction of the spreads between bid and offer prices. Major price fluctuations can be avoided on small traded volumes and the listing on the continuous segment of Euronext Brussels can be guaranteed.

General Meeting

The General Meeting of Shareholders is held at the seat of the company (unless another place is mentioned in the convocation) at 5 pm on the last Wednesday of April. If this day is an official holiday the meeting is held on the next working day.

An Extraordinary General Meeting can be convened whenever the interests of the company so demand it and must be convened whenever the shareholders representing one fifth of the capital so demand it.

Authorized capital

The Board of Directors is authorized for a period of five years from the announcement in the annexes to Belgisch Staatsblad/Moniteur belge (3 January 2020) to raise the subscribed capital one or more times by a total amount of 1,936,173.73 euro, under the conditions stated in the Articles of Association.

Acquisition of own shares

On 11 December 2019 the Extraordinary General Meeting of Shareholders authorized the Board of Directors to buy or sell its own shares. This authorization is valid for a period of (i) three years as from 3 January 2020 if the acquisition is necessary to avoid a serious threatened disadvantage and (ii) five years as from 11 December 2019 if the Board of Directors, in accordance with Article 7:215 of Belgium's Companies Code, acquires the legally permitted number of its own shares at a price equal to the price at which they are listed on Euronext Brussels.

The Board of Directors approved a share buyback programme of up to 15 million euro on 25 February 2020. The buyback programme was suspended on 18 March 2020 due to the uncertainties caused by the Covid-19 pandemic. The Board of Directors decided to resume this programme on 4 September 2020 for a term of one year.

In 2020, 66,183 of its own shares were acquired by Van de Velde NV and at the end of 2020 Van de Velde NV had 77,183 of its own shares in its possession.

The treasury shares held by Van de Velde NV are held with the intention, on the one hand, of offering them to the management within the framework of a stock option programme initiated in 2005, and, on the other hand, to reduce the company's excessive cash pile. See note 13 to the consolidated financial statements for more information.

Dividend Policy

Van de Velde's objective is to pay out a yearly dividend. In doing so, it takes the following factors into consideration:

- Appropriate payment to shareholders in comparison with other companies listed on Euronext Brussels;
- Retention of sufficient self-financing capacity to respond to attractive investment opportunities;
- Remuneration proportionate to cash flow expectations.

The dividend policy of Van de Velde consists in paying out at least 40% of the consolidated profit, Group share, excluding the result based on the equity method. Furthermore, Van de Velde does not retain excess cash in the organization.

Financial Services

The financial services are provided by ING as main payment agent.

Notifications under article 74 § 7 of the Act of 1 April 2007 on public takeover offers.

Van de Velde did not receive any new notifications during 2020.

Proposed profit distribution

The dividend on distributable profit will be allocated to the shares with rights that are not suspended. In other words, the treasury shares held for which no profit share is retained are not taken into account to reduce distributable profit. This concerns 77,183 treasury shares purchased within the framework of the option programme (see above). Reference is made to Article 7:217 of Belgium's Companies Code.

The number of shares with dividend rights is accordingly reduced by 13,322,480 to 13,245,297 (3) shares.

The application of the pay-out percentage (40% of consolidated profit, Group share, excluding result based on the equity method) produces a dividend per share of 0.482 euro.

Van de Velde has the policy of not retaining excess cash in the organization but distributing it in one way or another to the shareholders. Cash required for operating and investing activities is evaluated on an annual basis. For 2020 this implies that the Board of Directors will propose to the General Meeting the payment of a gross dividend for the fiscal year 2020 of 1.00 euro per share. After the payment of withholding tax, this represents a net dividend of 0.70 euro per share.

After approval by the General Meeting of Shareholders, the final dividend of 1.006 euro per share (net dividend of 0.704 euro per share) will be paid out as from 6 May 2021.

In 2020 the Board of Directors approved the payment of an interim dividend (3) of 1.00 euro per dividend entitled share to compensate for the non-distribution of dividend for the 2019 fiscal year. The interim dividend payment date was 4 September 2020.

(3) Provided that the number of own shares remains unchanged, namely 77,183.

Financial Calendar

Closing of fiscal year 2020	31 December 2020
Announcement of annual results 2020	25 February 2021
Publication of annual financial report 2020	26 March 2021
General Meeting of Shareholders	28 April 2021
Ex-coupon date	4 May 2021
Record date	5 May 2021
Dividend payment date	6 May 2021
Publication of 2021 half-year results	31 August 2021
Closing of fiscal year 2021	31 December 2021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4 Consolidated key figures 2020 (1)

Profit and loss account (in millions of euro)	2020	2019	2018	2017	2016
Operating income	156.7	200.3	210.2	214.7	211.9
Turnover	152.3	195.5	205.2	209.0	206.6
Turnover on a comparable basis (1)	160.5	196.7	203.0	205.6	206.8
EBITDA (2)	34.7	47.6	37.2	55.7	61.9
EBITDA on a comparable basis (3)	40.1	48.6	35.8	53.5	62.0
EBIT (4)	19.6	32.9	30.2	48.0	53.6
Consolidated result before taxes (5)	19.3	29.5	30.2	47.7	53.3
Consolidated result after taxes (5)	16.1	23.1	26.6	34.2	34.0
Profit for the period (6)	14.7	21.2	25.5	33.9	33.6
Operating cash flow (7)	30.3	51.8	17.5	35.0	45.1

(1) Turnover on a comparable basis is turnover excluding early deliveries. to enable seasons to be compared.
(2) EBITDA is earnings before interest, taxes, depreciation and amortization on tangible and intangible assets.
(3) EBITDA on a comparable basis is EBITDA excluding the impact of early deliveries, to enable seasons to be compared.
(4) EBIT is earnings before interest and taxes.
(5) Result of the Group (Group share) before share in the profit / (the loss) of associates (equity method).
(6) Result of the Group (Group share) after share in the profit / (the loss) of associates (equity method).
(7) Operating cash flow is net cash from operating activities. From fiscal year 2019 we apply the indirect method instead of the direct method to calculate cash flow.

Balance sheet (in millions of euro)	2020	2019	2018	2017	2016
Fixed assets	78.2	93.0	75.3	69.7	71.9
Current assets	105.1	104.7	92.3	89.1	84.8
Shareholders' equity	142.6	143.8	133.4	121.8	116.6
Balance sheet total	183.3	197.7	167.6	158.8	156.7
Net debt position (1)	-33.2	-18.9(4)	-15.2	-21.5	-18.0
Working capital (2)	35.4	36.3(4)	47.9	36.1	32.2
Capital employed (3)	113.6	129.3(4)	123.2	105.8	104.1

(1) Financial debts less cash and cash equivalents (a negative position refers to a cash position; a positive position refers to a debt position).
(2) Current assets (excluding cash and cash equivalents) less current liabilities (excluding financial debts).
(3) Fixed assets plus working capital.
(4) The amounts for 2019 were updated to include IFRS 16 treatment.

(1) As from annual report 2019, the figures are included IFRS16.

Financial ratios (in %, except liquidity)	2020	2019	2018	2017	2016
Return on equity (1)	11.2	16.7	20.9	28.7	27.7
Return on capital employed (2)	13.2	18.3	23.3	32.6	32.3
Solvency (3)	77.8	72.7	79.6	76.7	74.4
Liquidity (4)	4.3	3.3	3.2	2.8	2.4

(1) Consolidated result after taxes (excluded equity method) / Average of equity at end of fiscal year and previous fiscal year.
(2) Consolidated result after taxes (excluded equity method) / Average of capital employed at end of fiscal year and previous fiscal year.
(3) Equity / Balance sheet total.
(4) Current assets / Current liabilities.

Margin analysis and tax rate (in %)	2020	2019	2018	2017	2016
EBITDA (1)	22.8	24.4	18.1	26.6	30.0
EBITDA on a comparable basis (2)	25.0	24.7	17.6	26.0	30.0
EBIT (3)	12.8	16.8	14.7	23.0	26.0
Tax rate (4)	16.6	21.7	11.9	28.6	36.4

(1) EBITDA on turnover.
(2) EBITDA on a comparable basis on turnover on a comparable basis.
(3) EBIT on turnover.
(4) Income taxes on Consolidated result befor taxes (excluding equity method).

Stock market data	2020	2019	2018	2017	2016
Average daily volume in pieces	5,044	4,968	6,664	9,947	9,304
Number of shares at year end	13,322,480	13,322,480	13,322,480	13,322,480	13,322,480
Number of traded shares	1,296,210	1,266,845	1,699,350	2,536,410	2,391,245
Velocity	9.7%	9.5%	12.8%	19.0%	17.9%
Turnover (in thousands of euro)	29,599	33,550	54,187	129,190	143,456
(in euro per share)					
Highest price	30.85	32.65	46.25	66.30	68.20
Lowest price	18.38	22.55	21.65	41.70	52.63
Closing price	22.9	29.9	25.60	44.45	66.16
Average price	22.54	26.47	31.83	50.35	62.18

Key figures per share (in euro)	2020	2019	2018	2017	2016
Book value (1)	10.7	10.8	10.0	9.1	8.8
EBITDA (2)	2.6	3.6	2.8	4.2	4.6
EBITDA on a comparable basis (3)	3.0	3.6	2.7	4.0	4.7
Profit for the period (4)	1.1	1.6	1.9	2.5	2.5
Gross interim dividend (5)	1.00	0.00	0.00	0.00	0.00
Net interim dividend (5)	0.70	0.00	0.00	0.00	0.00
Gross dividend (6)	1.00	0.00 (9)	1.03	1.03	3.50
Net dividend (6)	0.70	0.00 (9)	0.72	0.72	2.49
Dividend yield (7)	3.06%	0.00% (9)	2.82%	1.62%	3.76%
Pay-out percentage (8)	83%	0% (9)	52%	40%	137%

(1) Shareholders' equity / Number of shares at year end.
(2) EBITDA / Number of shares at year end.
(3) EBITDA on a comparable basis / Number of shares at year end.
(4) Profit for the period / Number of shares at year end.
(5) Interim dividend, paid in 2020, of 1.00 euros per dividend entitled share is to replace the 2019 dividend that was not paid out. After payment of the withholding tax, a net dividend of 0.70 euros per share remains.
(6) Gross dividend, as will be proposed by the Board of Directors to the General Meeting of Shareholders, is 1.00 euro per share. Net dividend is 0.70 euro per share.
(7) Net dividend / Closing price.
(8) Pay-out percentage of the consolidated profit, Group share, excluding result based on the equity method and excluding impairment,
(9) Referring to our press release of March 18, 2020 in which Van de Velde indicated that, "given the uncertainty surrounding the Covid-19 pandemic, the Board of Directors will propose to the General Meeting not to pay a dividend for the time being". Due to the cancellation of all references to the dividend proposal for the 2019 financial year, the figures have been adjusted compared to the published figures for 2019.

Value determination (in millions of euro)	2020	2019	2018	2017	2016
Book value (1)	142.6	143.8	133.4	121.8	116.6
Market capitalization (2)	305.1	398.3	341.1	592.2	881.4
Enterprise value (EV) (3)	261.4	367.8 (4)	313.1	556.4	849.3

(1) Shareholders' equity.
(2) Number of shares on 31 December multiplied by the closing price.
(3) Enterprise value is equal to market capitalization plus net debt position less participations (equity method).
(4) The amounts for 2019 were updated with due consideration for the impact of IFRS 16 on the net debt position.

Multiples	2020	2019	2018	2017	2016
EV/EBITDA (1)	7.5	7.7 (5)	8.4	10.0	13.7
EV/EBITDA on a comparable basis (2)	6.5	7.6 (5)	8.7	10.4	13.7
Price/Profit (3)	20.7	18.8	13.4	17.5	26.4
Price/Book value (4)	2.1	2.8	2.6	4.9	7.6

(1) Enterprise value / EBITDA.
(2) Enterprise value / EBITDA on a comparable basis.
(3) Closing price / Profit for the period.
(4) Market capitalization / Book value.
(5) The amounts for 2019 were updated with due consideration for the impact of IFRS 16 on the net debt position.

Van de Velde and BEL20 stock market price

Stock market price in 2020


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5 | Consolidated financial statements and related notes

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Consolidated balance sheet

000 euro	2020	2019	(Note)
Assets			
Total fixed assets	**78,154**	**92,992**	
Goodwill	4,546	4,546	3
Intangible assets	22,409	23,940	4
Tangible fixed assets	24,821	29,111	5
Right-of-use assets	14,710	22,560	26
Participations (equity method)	10,505	11,631	6
Other fixed assets	1,163	1,204	7
Total current aasts	**105,105**	**104,752**	
Inventories	39,350	36,946	9
Trade receivables	10,665	15,498	10
Other current assets	5,312	10,875	11
Cash and cash equivalents	49,778	41,433	12
Total assets	**183,259**	**197,744**	
Equity and liabilities			
Shareholder's equity	**142,630**	**143,831**	
Share capital	1,936	1,936	13
Treasury shares	-1,932	-427	13
Share premium	743	743	13
Other comprehensive income	-7,499	-6,289	
Retained earnings	149,382	147,868	
Non-controlling interests	**0**	**0**	
Grants	**366**	**380**	8
Total non-current liabilities	**15,997**	**21,415**	
Provisions	156	411	14
Provisions lease liability	662	785	26
Pensions	2,249	1,612	15
Other non-current liabilities	0	662	16
Lease liability	12,229	17,480	26
Deferred tax liability	701	465	17
Total current liabilities	**24,266**	**32,118**	
Trade and other payables	18,429	21,508	18
Lease liability	4,342	5,073	26
Other current liabilities	1,170	3,004	19
Income taxes payable	325	2,533	19
Total equity and liabilities	**183,259**	**197,744**	

Consolidated income statement and Other comprehensive income

000 euro	2020	2019	*(Note)*
Turnover	152,337	195,535	28
Other operating income	4,329	4,752	
Cost of materials	-30,674	-42,798	9
Other expenses	-49,969	-61,133	
Personnel expenses	-41,289	-48,711	22
Depreciation and amortization	-15,174	-14,769	4, 5, 26
Operating profit	**19,560**	**32,876**	
Finance income	2,279	1,851	21, 26
Finance costs	-2,571	-5,252	21, 26
Share in result of associates	-1,342	-1,867	6
Profit before taxes	**17,926**	**27,608**	
Income taxes	-3,207	-6,393	23
Profit for the year	**14,719**	**21,215**	
Other comprehensive income			
Currency translation adjustments related to Group entities and non-controlling interests	-1,073	1,851	
Currency translation adjustments related to participations (equity method)	217	147	6
Total other comprehensive income (fully recyclable in the income statement)	**-856**	**1,998**	
Remeasurement gains/(losses) on defined benefit plans	-443	-430	15
Deferred taxes on defined benefit plans	89	108	23
Total other comprehensive income (not recyclable in the income statement)	**-354**	**-322**	
Total of profit for the period and other comprehensive income	**13,509**	**22,891**	

000 euro	2020	2019	*(Note)*
Profit for the year	**14,719**	**21,215**	
Attributable to the owners of the company	14,719	21,215	
Attributable to non-controlling interests	0	0	
Total of profit for the period and other comprehensive income	**13,509**	**22,891**	
Attributable to the owners of the company	13,509	22,891	
Attributable to non-controlling interests	0	0	
Basic earnings per share (in euro)	1.11	1.59	24
Diluted earnings per share (in euro)	1.11	1.59	24
Weighted average number of shares	13,288,660	13,311,480	24
Weighted average number of shares for diluted profit per share	13,288,660	13,311,553	24
Interim dividend paid per dividend entitled share (in euro)	1.00	0.00	25
Proposed dividend per share (in euro)	1.00	0.00 (1)	25
Total dividend (in 000 euro)	**26,617**	**0 (1)**	25

(1) In our press release of 18 March 2020 we announced that, "in light of the uncertainties due to the Covid-19 pandemic, the Board of Directors intended to propose to the General Meeting that no dividend be paid". As a result, the figures have been adjusted compared to the figures published in 2019.

Consolidated statement of changes in equity

000 euro Change in equity	Attributable to the shareholders of the parent							
	Share capital	Treasury shares	Share premium	Other compre-hen-sive income	Retained earnings	Equity	Non- con-trolling interests	Total equity
Equity at 31/12/2018	1,936	-427	743	-9,114	140,244	133,382	0	133,382
Profit for the period					21,215	21,215		21,215
Other comprehensive income				1,849		1,849		1,849
Sale of treasury shares for stock options								
Purchase of treasury shares								
Amortization deferred stock compensation					131	131		131
Granted and accepted stock options								
Pension				-322		-322		-322
Reserves at Top Form				1,298		1,298		1,298
Dividends					-13,722	-13,722		-13,722
Equity at 31/12/2019	1,936	-427	743	-6,289	147,868	143,831	0	143,831
Profit for the period					14,719	14,719		14,719
Other comprehensive income				-1,073	-31	-1,104		-1,104
Sale of treasury shares for stock options						0		0
Purchase of treasury shares		-1,505				-1,505		-1,505
Amortization deferred stock compensation					120	120		120
Granted and accepted stock options						0		0
Pension				-354		-354		-354
Reserves at Top Form				217		217		217
Dividends					-13,294	-13,294		-13,294
Equity at 31/12/2020	1,936	-1,932	743	-7,499	149,382	142,630	0	142,630

Consolidated cash flow statement

000 euro	2020	2019	*(Note)*
Operating activities			
Profit before tax	17,926	27,608	
Depreciation and amortization of (in)tangible and right-of-use assets	15,174	14,769	4,5,26
Capital gains and losses on realizations of fixed assets	-113	0	
Net valuation allowance current assets	-430	1,460	9,10
Provisions	-821	-566	14,18,26
Result based on the 'equity method'	1,342	1,867	6
Loss / (gain) on sale of subsidiaries, associates and assets held for sale	222	222	
Financial profit and loss	995	3,178	21
Other non cash-items	-1,003	192	
Gross cash flow provided by operating activities	**33,292**	**48,730**	
Decrease / (Increase) in inventories	-1,786	7,979	9
Decrease / (Increase) in trade accounts receivable	4,645	2,636	10
Decrease / (Increase) in other assets	5,188	-572	11
(Decrease) / Increase in trade accounts payable	-1,503	-2,096	18
(Decrease) / Increase in other liabilities	-3,723	-1,587	16,18
Change in operating working capital	**2,821**	**6,360**	
Income tax paid	-4,802	-3,516	
Interests	-995	232	21,26
Net cash flow provided by operating activities	**30,316**	**51,806**	
Investment activities			
(In)tangible assets - acquisitions	-2,541	-5,446	4, 5
Realization of fixed assets	193	298	
Net cash flow used in investing activities	**-2,348**	**-5,148**	
Net cash flow before financing activities	**27,968**	**46,658**	
Financing activities			
Dividends paid	-13,294	-13,722	25
Dividends received	0	0	6
Sale of treasury shares for stock options	0	0	13
Purchase of treasury shares	-1,505	0	13
Reimbursement of lease liabilities	-4,716	-6,707	26
Proceeds / (Reimbursement) of short-term borrowings	0	-516	
Net cash flow used in financing activities	**-19,515**	**-20,945**	
Net change in cash and cash equivalents	**8,453**	**25,713**	
Cash and cash equivalents on 1 January	41,433	15,730	12
Effect of exchange rate fluctuations	-108	-10	
Cash and cash equivalents on 31 December	49,778	41,433	12
Net change in cash and cash equivalents	**8,453**	**25,713**	

Notes to the financial statements

1. General information

The Van de Velde Group designs, develops, manufactures and markets fashionable luxury lingerie together with its subsidiaries. The company is a limited liability company, with its shares listed on Euronext Brussels.

The company's main office is located in Wichelen, Belgium.

The consolidated financial statements were authorized for issue by the Board of Directors on 24 February 2021, subject to approval of the statutory non-consolidated accounts by the shareholders at the Ordinary General Meeting to be held on 28 April 2021. In compliance with Belgian law, the consolidated accounts will be presented for informational purposes to the shareholders of Van de Velde NV at the same meeting. The consolidated financial statements are not subject to amendment, except confirming changes to reflect decisions, if any, of the shareholders with respect to the statutory non-consolidated financial statements affecting the consolidated financial statements.

This annual report is in accordance with article 3:32 of Belgium's Companies Code. The various components as prescribed by article 3:32 are split across the various chapters in this annual report.

2. Summary of significant accounting policies

The accompanying consolidated financial statements have been prepared in compliance with 'International Financial Reporting Standards (IFRS)', as adopted for use in the European Union as of the balance sheet date.

The amounts in the financial statements are presented in thousands of euro unless stated otherwise. The financial statements were prepared in accordance with the historical cost principle, except for valuation at fair value of derivative financial instruments.

Use of estimates

The preparation of financial statements in conformity with IFRS requires that management make certain estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes.

Estimates made on each reporting date reflect the conditions that existed on those dates (e.g. market prices, interest rates and foreign exchange rates). Although these estimates are based on management's best knowledge of current events and actions that the Group may undertake, actual results may differ from those estimates.

The most important application of estimates relates to:

Impairment of intangible fixed assets with indefinite useful life as well as goodwill

Intangible fixed assets with indefinite useful life, as well as goodwill related to business combinations, are subject to an annual impairment test. This test requires an estimation of the value-in-use of these assets. The estimate of the value-in-use requires an estimate of the expected future cash flows related to these assets and the choice of an appropriate discount rate to determine the present value of these cash flows. For the estimate of the future cash flows, management must make a number of assumptions and estimates, such as expectations with regard to growth in revenues, development of profit margin and operating costs, period and amount of investments, development of working capital, growth percentages for the long term and the choice of a discount rate that takes into account the specific risks. More details are given in note 3.

Employee benefits – share-based payments

The Group values the costs of the share option programmes on the basis of the fair value of the instruments on the grant date. The estimate of the fair value of the share-based payments requires a valuation depending on the terms and conditions of the grant. The valuation model also requires input data, such as the expected life of the option, the volatility and the dividend yield. The assumptions and the model used to estimate the fair value for share-based payments are explained in note 22.

Employee benefits – pensions

The costs of the defined pension plans and other long-term employee benefits and the cash value of the pension liability are determined by actuarial calculations. To this end, various assumptions are used that could differ from the actual developments in the future. As a consequence of the complexity of the actuarial calculations and the long-term character of the liabilities, the employee liabilities are highly sensitive to changes in the assumptions. The main actuarial assumptions and the sensitivity analysis are included in note 15.

Change in accounting policies

The accounting policies adopted are consistent with those of the previous fiscal year except for the following new or revised IFRSs and interpretations effective as of 1 January 2020:

- Amendments to References to the Conceptual Framework in IFRS Standards, effective 1 January 2020
- Amendments to IFRS 3 Business Combinations – Definition of a Business, effective 1 January 2020
- Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures and IAS 39 Financial Instruments: Recognition and measurement – Interest Rate Benchmark Reform, effective 1 January 2020
- Amendments to IFRS 16 Leases – Covid-19 related rent concessions, effective 1 June 2020
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of material, effective 1 January 2020

The above changes did not have any material impact on the annual consolidated accounts of the Group.

Consolidation principles

Subsidiaries

Van de Velde NV has direct or indirect control over an entity if and only if it has all the following:

- Power over the investee;
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect the amount of the investor's returns.

The financial statements of subsidiaries are included in the consolidated financial statements of the Group from the date that control commences until the date that control ceases. They are prepared as of the same reporting date and using the Group accounting policies. Intragroup balances, transactions, income and expenses are eliminated in full.

Associated companies

Associated companies are companies in which Van de Velde NV directly or indirectly has a significant influence. This is assumed to be the case when the Group holds at least 20% of the voting rights attached to the shares. The financial statements of these companies are prepared in accordance with the same accounting policies used for the Group. The consolidated financial statements contain the share of the Group in the result of associated companies in accordance with the equity method from the day that the significant influence is acquired until the day it ends. If the share of the Group in the losses of the associated companies is greater than the carrying amount of the participation, the carrying amount is set at zero and additional losses are recognized only insofar as the Group has assumed additional obligations.

Participations in associated companies are revalued if there are indications of possible impairment or of the disappearance of the reasons for earlier impairments.

The participations valued in the balance sheet in accordance with the equity method also include the carrying amount of related goodwill.

Foreign currencies

Foreign currency transactions

The reporting currency of the Group is the euro. Foreign currency transactions are recorded at the exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currencies are converted at the exchange rate on the balance sheet date. Gains and losses resulting from the settlement of foreign currency transactions and from the conversion of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Non-monetary assets and liabilities denominated in foreign currencies are converted at the foreign exchange rate on the date of the transaction.

Financial statements of foreign activities

Van de Velde's foreign operations outside the euro zone are considered to be foreign activities. Accordingly, assets and liabilities are converted to euro at foreign exchange rates on the balance sheet date. Income statements of foreign entities are converted to euro at the average exchange rates of that currency over the past 12 months. The components of shareholders' equity are converted at historical rates. Exchange differences arising from the conversion of shareholders' equity to euro at year-end exchange rates are recorded in 'Other comprehensive income'. On sale or disposal of a foreign operation, the deferred cumulative amount recognized in equity relating to that particular foreign operation is recognized in the income statement.

The Group treats goodwill and intangible assets with an indefinite useful life, arising from business combinations, as assets of the parent. Therefore, those assets are already expressed in the functional currency and are treated as non-monetary items.

Intangible assets

(1) Research and development
The nature of the development costs within the Van de Velde Group is such that they do not meet the criteria set out in IAS 38 for recognition as intangible assets. They are therefore expensed when incurred.

(2) Acquired brands
Brands acquired as part of business combinations are deemed to be intangible assets with an indefinite useful life. These are measured at the value established as part of the allocation of fair value of the identifiable assets, obligations and contingent obligations on the acquisition date, less accumulated impairment losses. These brands are not amortized but are tested annually for impairment (for more details, see note 3). The correctness of classification as intangible assets with indefinite useful life is also evaluated.

(3) Other intangible assets
Other intangible assets (software and online platform) acquired by Van de Velde are recognized at cost (purchase price plus all directly attributable costs) less accumulated amortization and accumulated impairment losses. Expenses for the registration of trade names and designs are recorded as brands with finite useful life to the extent that this relates to new registrations in the country of registration. Other expenditures on internally generated goodwill and brands are recognized in the income statement when incurred. Amortization begins when the intangible asset is available using the straight-line method. The useful life of intangible assets with a finite life is generally estimated at three to five years. Other intangible assets include acquired distribution rights and similar rights, which are amortized over a period of five years. The rules of IAS 38 are met at the moment of activation of other intangible assets.

Goodwill

(1) Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that the asset might be impaired. Goodwill is treated by the Group as an asset of the parent and is considered as a non-monetary item. Goodwill is recorded at cost less accumulated impairment losses.

(2) Negative goodwill
If the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, Van de Velde will immediately recognize any negative difference through profit or loss.

Tangible fixed assets

(1) Initial expenditure
Tangible fixed assets are recognized at cost less accumulated depreciation and accumulated impairment losses. Cost is determined as being the purchase price plus other directly attributable acquisition costs, such as non-refundable tax and transport.

(2) Subsequent expenditure
Subsequent expenditures are capitalized only when it increases the future economic benefits embodied in the item of property, plant and equipment. Otherwise, it is recognized in profit or loss when incurred.

(3) Depreciation
The depreciable amount equals the cost of the asset less its residual value. Depreciation starts from the date the asset is ready for use, using the straight-line method over the estimated useful life of the asset. Residual value and useful life are reviewed at least at each fiscal year end.

The depreciation rates used are as follows:

Buildings	15-25 years
Production machinery and equipment	2-10 years
Electronic office equipment	3-5 years
Furniture	5-10 years
Vehicles	3-5 years

Land is not depreciated as it is deemed to have an indefinite life.

Impairment of assets

The carrying amount of Van de Velde's fixed assets, other than deferred tax assets, financial assets and other non-current assets are reviewed on each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment test is conducted annually on intangible assets that are not yet available for use, intangible assets with an indefinite useful life and goodwill, regardless of whether there is any indication of impairment. An impairment loss is recognized in profit or loss whenever the carrying amount of an asset exceeds its recoverable amount.

(1) Calculation of recoverable amount
The realizable value of an asset is the greater of its fair value less cost to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(2) Reversal of impairment

Impairment losses on goodwill and intangible fixed assets with indefinite useful life are not reversed. For any other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise.

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

Inventories

Raw materials, work in progress, merchandise and finished goods are valued at the lower of cost or net realizable value. Cost of inventories comprises all purchase costs, conversion costs and other costs incurred in bringing the inventories to their present location and present condition. The valuation method for the stocks is the first in first out (FIFO) method.

Purchasing costs include:
- Purchase price, plus
- Import duties and other taxes (if not recoverable), plus
- Transport, handling and other costs directly attributable to the acquisition of the goods, less
- Trade discounts, rebates and other similar items.

Conversion costs include:
- Costs directly related to the units of production, plus
- A systematic allocation of fixed and variable indirect production costs.

The provision for obsolescence is calculated consistently throughout the Group based on the age and expected future sales of the items at hand.

Trade and other receivables

Trade receivables are recognized at cost less impairment losses. If there is objective evidence that an impairment loss has been incurred on trade receivables, the impairment loss recognized is the difference between the carrying amount and the present value of estimated future cash flows. All trade receivables are individually assessed for impairment in excess of impairment according to the ECL model.

(a) Classification and valuation

Under IFRS 9, debt instruments are subsequently valued at fair value through profit or loss (FVTPL), amortized cost or fair value with recognition of value adjustments to unrealized results (FVTOCI). The classification is based on two criteria: the business model of the Group for the management of the assets; and whether the contractual cash flows of the instruments represent 'principal and interest payments only' on the outstanding principal. Trade receivables and other financial assets are held to collect contractual cash flows and lead to cash flows that represent only payments of principal and interest. These are classified and valued as debt instruments at amortized cost as explained in the 'Revenue from contracts with customers' section.

The Group has not designated financial obligations as FVTPL. There are no changes in the classification and valuation of the Group's financial liabilities.

(b) Impairment

IFRS 9 requires the Group to recognize a provision for expected credit losses (ECLs) for all debt instruments that are not held at fair value through profit or loss and contract assets. ECLs are based on the difference between the contractual cash flow that follows from the contract and all cash flows that the Group expects to receive, discounted on the basis of the effective interest rate. For trade receivables, the Group uses the simplified application for the calculation of the ECLs whereby an impairment is recognized on the basis of historical credit losses , adjusted for economic or credit conditions that are such that the actual losses are greater or less than suggested by historical trends.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases (<12 months) and leases of low-value assets (<EUR 5,000). The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets is valued at the initial value of the obligation. The cost increases with the lease payments on or before the start of the lease, decreases with the lease benefits, increases with the initial direct costs of the lessee and increases with the estimate of the costs for restoring the asset to its original condition. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Plant and machinery maximum 10 years
- Motor vehicles maximum 5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section(s) Impairment of non-financial assets.

ii) Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a 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. Every six months, an evaluation is made by the management together with the Board of Directors with regard to the extension and termination options of the lease agreements, based on the strategic plan. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

To determine the current value of the lease payments, the Group will discount future lease payments at the discount rate implicit contained in the lease. If the discount rate cannot be determined in the lease, the Group uses the incremental interest rate at the start date (i.e. the interest that the lessee would pay if he borrowed from the bank for a similar asset over a similar term). After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The interest is included in the consolidated cash flow statement under the heading 'Operating activities – interests'. In addition, 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 used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). The Group also applies the exemption for leases for which the underlying assets have a low value (value below EUR 5,000).

Derivative financial instruments

Hedges

Van de Velde applies derivative financial instruments only in order to reduce the exposure to foreign currency risk. These financial instruments are entered into in accordance with the aims and principles laid down by general management, which prohibits the use of such financial instruments for speculation purposes.

Derivative financial instruments are initially measured at fair value. Although they provide effective economic hedges, they do not qualify for hedge accounting under the specific requirements in IAS 39 (Financial Instruments: Recognition and Measurement). As a result, at reporting date all derivatives are measured at fair value with changes in fair value recognized immediately in the income statement. The fair value of derivatives is calculated by discounting the expected future cash flows at the prevailing interest rates. All spot purchases and sales of financial assets are recognized on the settlement date.

Cash and cash equivalents

Cash and cash equivalents include bank balances, available cash and short-term deposits. Interest income is recognized based on the effective interest rate of the asset.

Share capital

(1) Change in capital

When there is an increase or decrease in Van de Velde's share capital, all directly attributable costs relating to that event are deducted from equity and not recognized in profit or loss when incurred.

(2) Dividends

Dividends are recognized as a liability in the period in which they are declared.

Provisions

Provisions are recognized when Van de Velde has a present legal or constructive obligation as a result of past events, and it is probable that an outflow will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time-value of money and, where appropriate, the risks specific to the liability.

Employee benefits

(1) Pension plan

Van de Velde has group insurance plans for its Belgian employees and group insurance plans for its employees elsewhere. Under IAS 19 all pension plans are recognized as defined contribution plans or defined pension plans. A defined contribution plan is a pension plan in which a company pays fixed contributions to a separate company and has no legal or actual obligation to pay further contributions if the pension fund has inadequate assets to pay the benefits related to the years of service in the current or previous periods to all employees. A defined pension plan is a pension plan that is not a defined contribution plan.

The pension plans in foreign countries are defined contribution plans. The costs connected with these are recognized through profit and loss when incurred.

The Belgian pension plans were previously recognized as defined contribution plans. However, this classification has been changed in response to a clarification of the Belgian Act of 18 December 2015, which means that the Belgian pension plans will be recognized as defined pension plans from now on. The first actuarial calculation was made on 30 June 2016 and since then an annual update calculation is made as of 31 December in accordance with the principles of IAS 19 set out below. The company recognized the obligation ensuing from the first valuation against other comprehensive income, given that this is deemed to be a change in assumptions.

A liability was recognized in the balance sheet with regard to the Belgian pension schemes equal to the sum of the cash value of the gross liabilities on account of defined pension entitlements (including the tax due on contributions relating to pension costs) as at the balance sheet date, less the market value of the fund investments. An independent actuary made an actuarial calculation of this gross liability for the first time on 30 June 2016 using the projected unit credit method. This type of valuation is repeated on an annual basis.

The interest expense is calculated by applying a discount rate to the asset or the liability of the defined pension entitlements. This interest expense is recognized through profit and loss. In establishing an appropriate discount rate, the company bases itself on the interest rates applicable to high-grade corporate bonds in cash, which correspond to the currency in which the liability is expected to be paid in accordance with the expected duration of the defined pension liability.

Revaluations, including actuarial gains and losses and the return on fund investments (excluding net interest expense), are recognized in other comprehensive income when they occur. Revaluations must not be reclassified to profit and loss in later periods.

Past service pension cost is recognized through profit and loss when the plan is changed or when the related restructuring or termination benefits become payable by the company, whichever occurs first.

(2) Share-based payments

The fair value of the share options awarded under the Group's share option plan is established on the grant date, with due consideration for the terms and conditions under which the options are granted and using a valuation technique corresponding to generally accepted valuation methods for establishing the price of financial instruments and with due consideration for all relevant factors and assumptions. The fair value of the share options is recognized as personnel expenses for the period until the beneficiary acquires the option unconditionally (i,e, vesting date).

Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement except insofar as it relates to items included in shareholders' equity. In that case, income tax is included in shareholders' equity.

Current tax is the expected tax payable on the taxable income for the year, using applicable tax rates on the balance sheet date, and any adjustments to tax payables with respect to previous years.

For financial reporting purposes, deferred income tax is calculated using the liability method based on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts.

Deferred income tax assets are recognized only insofar as it is probable that taxable profit will be available against which the deductible temporary differences, the carry-forward of unused tax credits and unused tax losses can be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been implemented or substantively implemented at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset when a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Trade and other payables

Trade and other payables are stated at cost. Trade payables are non-interest bearing and are normally settled on 30-day terms. Other payables are non-interest bearing and have an average term of six months.

Revenue from contracts with customers

IFRS 15 provides a five-step model for the administrative processing of revenue from contracts with customers. Under IFRS 15, revenue is recognized in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

(1) Goods sold

The two biggest revenue streams of the Group are revenue from wholesale and revenue from retail. Within these revenue streams, it is usually expected that the sale of the goods represents the only performance obligation. Furthermore, the revenue is recognized when the control over the article is transferred to the customer, usually upon delivery of the goods.

Allowed discounts for cash payments are charged to the profit and loss account at the moment of the collection of the claim. This discount is included as a reduction in turnover.

Sales of products in the physical and digital stores are recorded when the sale is settled. The sale is recorded in revenue excluding taxes on sales and value added taxes and includes discounts and commercial promotions.

The necessary provisions for returns are recognized and revised every six months based on historical data.

(2) Gift cards and store credits

The Group's retail network sells gift cards and issues credits to its customers when merchandise is returned. The cards and credits either do not expire or have an expiry date of up to 24 months. In line with IFRS 15, the Group recognizes sales from gift cards when they are redeemed by the customer. The unused gift cards and credits are included in the profit and loss account in accordance with internally determined percentages. This recognition represents the estimate of the management of which the probability of use by the customer is estimated to be minimal. This profit is included in turnover.

Financial income

Financial income comprises dividend income and interest income. Royalties arising from the use by others of the company's resources are recognized when it is probable that the economic benefits associated with the transaction will flow to the company and the revenue can be measured reliably.

Dividend income is recognized in the income statement on the date that the dividend is declared. Interest income is recognized based on the effective interest rate of the asset.

Government grants

A government grant is recognized when there is reasonable assurance that it will be received and that the company will comply with the attached conditions. Grants that compensate the company for expenses incurred are recognized as revenue in the income statement on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the company for the cost of an asset are recognized as income over the life of a depreciable asset by means of a reduced depreciation charge.

Expenses

(1) Interest expenses

All interest and other costs incurred in connection with borrowings and finance lease liabilities are recognized in the income statement using the effective interest rate method.

(2) Research and development, advertising and promotional costs, and system development costs

Research, advertising and promotional costs are expensed in the year in which these costs are incurred. Development costs and system development costs are expensed in the year in which these costs are incurred if they do not meet the criteria for capitalization. If the development expenditure meets the criteria, it will be capitalized.

New and amended standards and interpretations, effective after year end 2020

The Group has not early-adopted any standards or interpretations issued but not yet effective as at 31 December 2020.

Standards and interpretations issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. Are listed below. Van de Velde doesn't expect a material impact on the annual consolidated accounts of the Group:

- Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current, effective 1 January 2023 (1)
- Amendments to IAS 16 Property, plant and equipment – Proceeds before intended use, effective 1 January 2022 (1)
- Amendments to IAS 37 Provisions, contingent liabilities and contingent assets – Onerous contracts – Cost of fulfilling a contract, effective 1 January 2022 (1)
- Amendments to IFRS 3 Business combinations – References to the conceptual framework, effective 1 January 2022 (1)
- Amendments to IFRS 4 Insurance Contracts – Deferral of IFRS 9, effective 1 January 2021 (1)
- Amendments to IFRS 9 Financial Instruments, IFRS 7 Financial Instruments: Disclosures, IAS 39 Financial Instruments: Recognition and measurement, IFRS 4 Insurance contracts and IFRS 16 Leases – Interest Rate Benchmark Reform – Phase 2, effective 1 January 2021 (1)
- IFRS 17 Insurance Contracts, effective 1 January 2023 (1)
- Annual Improvements Cycle - 2018-2020, effective 1 January 2022 (1)

(1) On 6 November 2020, this standard had not yet been approved for use in the EU.

3. Goodwill and intangible assets with indefinite useful life

(a) Goodwill

Goodwill is allocated and tested for impairment at the cash-generating unit level that is expected to benefit from synergies of the combination the goodwill resulted from.

The carrying value of goodwill (after impairment and other adjustments) was allocated to each of the cash-generating units (in thousand euro) as follows:

000 euro	Andres Sarda	Intimacy	Rigby & Peller	Re-tail (1)	Total
Carrying value, gross					
At 01/01/2020	**6,357**	**26,189**	**1,749**	**2,797**	**37,092**
Acquisition through business combinations	0	0	0	0	0
At 31/12/2020	**6,357**	**26,189**	**1,749**	**2,797**	**37,092**
Impairment and other adjustments					
At 01/01/2020	**6,357**	**26,189**	**0**	**0**	**32,546**
Adjustments	0	0	0	0	0
At 31/12/2020	**6,357**	**26,189**	**0**	**0**	**32,546**
At 31/12/2020					
Accumulated acquisitions	6,357	26,189	1,749	2,797	37,092
Accumulated adjustments	6,357	26,189	0	0	32,546
Goodwill, net 31/12/2020	**0**	**0**	**1,749**	**2,797**	**4,546**

(1) Re-tail refers to the former Donker stores and online store in the Netherlands, which subsequently became Lincherie stores under our own management.

(b) Brand names with indefinite useful life

The carrying value of brands with indefinite useful life (after impairment and other adjustments) was allocated to each of the cash-generating units (in thousand euro) as follows:

000 euro	Andres Sarda	Intimacy	Rigby & Peller	Re-tail (1)	Total
Carrying value, gross					
At 01/01/2020	**11,000**	**7,784**	**6,734**	**0**	**25,518**
Acquisition through business combinations	0	0	0	0	0
At 31/12/2020	**11,000**	**7,784**	**6,734**	**0**	**25,518**
Impairment and other adjustments					
At 01/01/2020	**5,531**	**7,784**	**0**	**0**	**13,315**
Adjustments	0	0	0	0	0
At 31/12/2020	**5,531**	**7,784**	**0**	**0**	**13,315**
At 31/12/2020					
Accumulated acquisitions	11,000	7,784	6,734	0	25,518
Accumulated adjustments	5,531	7,784	0	0	13,315
Brand names with indefinite useful life, net 31/12/2020	**5,469**	**0**	**6,734**	**0**	**12,203**

(1) Re-tail refers to the former Donker stores and online store in the Netherlands, which subsequently became Lincherie stores under our own management.

Brands with indefinite useful life are:
- the Andres Sarda brand acquired in 2008. In 2012 an impairment charge of 5,531 thousand euro was recognized on this brand.
- the Intimacy brand and concept acquired in 2010. This brand and concept is fully written off in 2014 (7,784 thousand euro).
- the Rigby & Peller brand and concept acquired in 2011, the fair value of which was determined as part of a business combination.

These brands are deemed to be brands with an indefinite useful life because the Group considers them to be full-fledged additions to its existing brand portfolio.

Impairment test

In the fourth quarter of every year, the Group conducts its annual impairment test for each cash-generating unit. The following intangible assets allocated to each of the cash-generating units were subject to an impairment test in 2020:

000 euro	Andres Sarda	Intimacy	Rigby & Peller	Re-tail	Total
Goodwill	0	0	1,749	2,797	4,546
Brands with indefinite useful life	5,469	0	6,734	0	12,203
Total intangible assets	**5,469**	**0**	**8,483**	**2,797**	**16,749**

Result of the impairment test

In 2020 the impairment test showed that the realizable value for all cash-generating units (Andres Sarda. Rigby & Peller and Re-tail) exceeded the carrying value and hence no impairment was required.

Methodology applied to the impairment test

This test aims to compare the realizable value and the carrying value of each cash-generating unit:
- A model-based approach determines the realizable value based on the calculated value-in-use, being the present value of the future expected cash flows from these cash-generating units:
  - For the first two years in the forecast period (2021-2022), the growth plan as approved by the Board of Directors is used as the basis.
  - For the subsequent years (2023-2024), a cash flow projection is drawn up based on realistic assumptions.
- The discount rate used to calculate the present value of the future expected cash flows is based on the market assessments and is explained below.

The calculation of the value-in-use for all cash-generating units is most sensitive to the following assumptions:
- Turnover assumptions for the forecast period;
- EBITDA [1] development and EBITDA margins applied to the turnover forecast;
- Growth rate used to extrapolate cash flows beyond the forecast period;
- Discount rate.

The assumptions related to turnover and EBITDA developments are based on available internal data as well as historical percentages on the basis of experience, which are determined for each of the cash-generating units separately. The growth rate and discount rates are checked against external sources insofar as possible and relevant.

Turnover assumptions for the forecast period

For the three cash-generating units, the growth plan as approved by the Board of Directors is the starting point for the first two years in the forecast period (2021-2022).

For Andres Sarda we expect turnover growth during the period 2023-2024.

For the planning period (2021-2024) moderate turnover growth on a like-for-like basis has been applied to the cash-generating units Rigby & Peller and Re-tail.

Fully aligned with the segment reporting, the turnover estimates for the cash-generating units Rigby & Peller and Re-tail include the retail turnover realized by the stores as well as the wholesale turnover for the Van de Velde products sold by these retail channels. Futhermore, the estimate for Rigby & Peller also takes into account the digital sales generated outside the United Kingdom under the Rigby & Peller brand name.

EBITDA development and EBITDA margins applied to the turnover forecast

A development towards the target EBITDA margin is assumed for Andres Sarda. The improved margin for Andres Sarda should mainly be achieved through turnover growth in the wholesale business and continued penetration of Andres Sarda in Van de Velde's own stores. The cost developments will also be monitored very strictly.

(1) Operating profit before depreciation and amortization.

A gradual increase in the EBITDA percentage towards the target EBITDA percentage for a (partially) integrated retail chain is assumed for the cash-generating units Rigby & Peller and Re-tail. This is achieved by means of a high gross margin, limited cost increases and the target market share of Van de Velde products. The contributions to EBITDA of digital sales under the Rigby & Peller brand in Germany and the United States of America were also included in the valuation.

Growth rate used to extrapolate cash flows beyond the forecast period

The long-term percentage applied to extrapolate cash flows beyond the forecast period is assessed in line with the expected long-term inflation for all cash-generating units (2%).

Discount rate

The discount rates represent the current market assessment of the risks specific to the Van de Velde Group on the one hand and the cash-generating units on the other. The discount rates are estimated on the basis of the weighted average cost of capital after tax and are for the three cash-generating units in a range between 7.4% and 8.6%. This corresponds to a cost of capital before tax of between 9.5% and 10.6%.

Sensitivity to changes in assumptions

With regard to the assessment of the value of the cash-generating unit Andres Sarda, Rigby & Peller and Re-tail, management is of the opinion, based on the sensitivity analysis, that a change to the basic assumptions would not currently lead to the book value of the unit material exceeding the realizable value. The test conducted at Andres Sarda shows greater sensitivity than that of Rigby & Peller and Re-tail. The tested sensitivities related to the following aspects:

- lower than planned turnover growth (of -4% or -5%) during the planning period (2021-2024);
- a reduction in the long-term percentage (from 2% to 1%) used to extrapolate the expected turnover;
- an increase in the weighted average cost of capital of 1%.

4. Intangible assets

000 euro	Total	Brands with finite useful life	Brands with indefinite useful life	Distribution rights and similar rights	Software	Key money
Intangible assets, gross						
At 01/01/2019	52,761	4,156	25,518	3,734	19,036	317
Investments	1,168	333	0	0	835	0
Disposals	0	0	0	0	0	0
Other adjustments	3,252	0	0	0	3,252	0
Exchange adjustments	27	27	0	0	0	0
At 31/12/2019	57,208	4,516	25,518	3,734	23,123	317
Amortization and impairment						
At 01/01/2019	29,648	3,848	13,315	3,734	8,534	217
Amortization	3,620	617	0	0	2,988	15
Impairment	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
Exchange adjustments	0	0	0	0	0	0
At 31/12/2019	33,268	4,465	13,315	3,734	11,522	232
Intangible assets, net 31/12/2019	23,940	51	12,203	0	11,601	85
Intangible assets, gross						
At 01/01/2020	57,208	4,516	25,518	3,734	23,123	317
Investments	1,622	85	0	0	1,537	0
Disposals	0	0	0	0	0	0
Other adjustments	282	0	0	0	282	0
Exchange adjustments	0	0	0	0	0	0
At 31/12/2020	59,112	4,601	25,518	3,734	24,942	317
Amortization and impairment						
At 01/01/2020	33,268	4,465	13,315	3,734	11,522	232
Amortization	3,435	-248	0	0	3,668	15
Impairment	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
Exchange adjustments	0	0	0	0	0	0
At 31/12/2020	36,703	4,217	13,315	3,734	15,190	247
Intangible assets, net 31/12/2020	22,409	384	12,203	0	9,752	70

The expenses of brands with a finite useful life relate among other things to registration costs of developed in-house brands.

The investment in software in 2020 concerns the development and successful activation of the new digital B2C platform. This new platform was launched In 2020 for our retail websites and our Andres Sarda and PrimaDonna brand websites. A new CRM system was also taken into use in 2020.

Key money relates to stores in Germany, Spain and the Netherlands. Key money refers to the 'droit au bail' or the right to rent the shops in Germany, the Netherlands and Spain and is recognized at cost.

Expenditure on research activities undertaken to acquire new scientific or technical knowledge and understanding, is recognized as expense when incurred.

5. Tangible fixed assets

000 euro	Total	Land and buildings	Installations, machinery and equipment	Assets under constructions
Tangible fixed assets, gross				
At 01/01/2019	**96,342**	**43,277**	**52,060**	**1,005**
Investments	4,133	510	1,017	2,606
Transfer	-3,252	0	0	-3,252
Disposals	-1,560	0	-1,560	0
Exchange adjustments	108	30	78	0
At 31/12/2019	**95,771**	**43,817**	**51,595**	**359**
Depreciation and impairment				
At 01/01/2019	**62,715**	**23,832**	**38,883**	**0**
Depreciation	5,321	1,253	4,068	0
Disposals	-1,376	0	-1,376	0
Exchange adjustments	0	0	0	0
At 31/12/2019	**66,660**	**25,085**	**41,575**	**0**
Tangible fixed assets, net 31/12/2019	29,111	18,732	10,020	359
Tangible fixed assets, gross				
At 01/01/2020	**95,771**	**43,817**	**51,595**	**359**
Investments	1,093	555	475	63
Transfer	-282	69	69	-420
Disposals	-3,141	-1,486	-1,655	0
Exchange adjustments	-129	-105	-24	0
At 31/12/2020	**93,312**	**42,850**	**50,460**	**2**
Depreciation and impairment				
At 01/01/2020	**66,660**	**25,085**	**41,575**	**0**
Depreciation	4,846	1,894	2,952	0
Disposals	-3,015	-1,470	-1,545	0
Exchange adjustments	0	0	0	0
At 31/12/2020	**68,491**	**25,509**	**42,982**	**0**
Tangible fixed assets, net 31/12/2020	24,821	17,341	7,478	2

The investments in tangible fixed assets mainly concern various investments in the improvement and maintenance of buildings. The investment in machines chiefly concerns investments in hardware.

6. Investments in associates

Investments in associates consist of the following Group interests:

- 25.7% in Top Form International Ltd.

Net carrying amount 000 euro	Top Form Ltd.
At 01/01/2019	12,008
Results for the fiscal year	-1,786
Dividend received	0
Unrealized results	1,409
Realized results	0
At 31/12/2019	11,631
At 01/01/2020	11,631
Results for the fiscal year	-1,342
Dividend received	0
Unrealized results	216
Realized results	0
At 31/12/2020	10,505

Key figures per participation are as follows:

Key figures	Top Form Ltd. 000 euro (31/12/2020)	Top Form Ltd. 000 euro (31/12/2019)
Tangible fixed assets	20,879	20,948
Other fixed assets	19,211	19,770
Right of use asset	3,119	3,832
Current assets	61,229	56,302
Non current liabilities	4,841	6,993
Current liabilities	43,611	29,717
Lease liabilities	3,165	3,821
Total net assets	52,820	60,320
Total net assets share Top Form Group	49,101	57,391
Unrealized result in equity	12,035	12,938
Turnover	129,948	144,064
Profit/(Loss) attributable to owners of the Company	-3,840	-1,668

The figures relating to Top Form International Ltd. in the table above refer to the closing at 31 December 2020 (first half of fiscal year 2020-2021). The turnover and net result refer to the result of a twelve month period.

Reconciliation with the net book value:

Reconciliaiton net book value 000 euro	Top Form Ltd. (31/12/2020)
Participation percentage	25.70%
Total equity	49,101
Participation in equity	12,619
Adjustment in the consolidation method (1)	-2,114
Investment in association (book value)	10,505

(1) Adjustment in consolidation method regards the change of accounting policies in 2008, as from then the equity method is applied.

7. Other fixed assets

Other fixed assets consist of the following:

000 euro	2020	2019
Security deposits for VAT	217	217
Other security deposits	765	832
Other participating interests	75	75
Prepaid rent expenses	12	31
Borrowings	94	49
Other fixed assets, net	1,163	1,204

8. Grants

An amount of 380 thousand euro was recognized as a grant at the end of 2019. The final tranche of 27 thousand euro was recognized as a grant in early 2020. This grant of 407 thousand euro was received from VLAIO (the Flemish Agency for Innovation and Entrepreneurship) in tranches in 2020, 2019, 2018 and 2017 in relation to an ongoing research and development project. The grant of 41 thousand euro was recognized in the income statement in 2020 pro rata the depreciations of the assets for which the grants were received.

9. Inventories

Inventories by major components are as follows:

000 euro	2020	2019
Finished and merchandise goods	21,589	23,590
Work in progress	11,468	8,974
Raw materials	12,001	10,733
Inventories, gross	**45,058**	**43,297**
Less: Allowance for obsolescence	-5,708	-6,351
Inventories, net	**39,350**	**36,946**

The allowance for obsolescence in 2020 concerns finished product (3,497 thousand euro) and raw materials (2,211 thousand euro). The allowance for obsolescence in 2019 concerns finished product (3,471 thousand euro) and raw materials (2,880 thousand euro).

The allowance for obsolescence and the additional write-downs are recorded in the income statement under 'Cost of materials'.

The cost of materials is as follows:

000 euro	2020	2019
Purchase of raw materials	33,078	33,041
Change in inventories	-1,761	7,680
Change in allowance for obsolescence	-643	2,077
Cost of materials	**30,674**	**42,798**

10. Trade and other receivables

Accounts receivable are as follows:

000 euro	2020	2019
Trade receivables, gross	11,353	15,999
Less: allowance for doubtful debtors	-688	-501
Trade receivables, net	**10,665**	**15,498**

Trade and other receivables are non-interest bearing. Standard payment terms are country-defined. In addition to payment terms, Van de Velde also applies customer-defined credit limits in order to assure proper follow-up. In the event of overdue invoices, a reminder procedure is initiated.

In 2020 there was a loss of 166 thousand euro with respect to trade receivables (541 thousand euro in 2019). This loss is recognized in the income statement under 'Turnover'.

Concerning the trade receivables, there are no indications that the debtors will not fulfil their payment obligations. Neither are there any customers that account for more than 10% of the consolidated turnover. Under IFRS 9 Van de Velde has an obligation to recognize expected losses on trade receivables. The application of this IFRS standard was included in the recognized impairment at an amount equal to 86 thousand euro. The net growth of the allowance for doubtful debtors, 187 thousand euro, is recognized in the income statement under 'Other expenses'.

The table below summerizes a global view of the allowances for doubtful debtors:

000 euro	2020	2019
At 1 January	-501	-712
Applied losses	166	541
Additons	-353	-672
At 31 December	-688	-501

The aging analysis of the trade receivables at year end is as follows:

000 euro	Total	Not past due	Past due 1-60 days	Past due 60-90 days	Past due > 90 days
2020	11,353	8,117	2,072	325	839
2019	15,999	12,360	2,392	493	754

11. Other current assets

Other current assets consist of the following:

000 euro	2020	2019
Prepaid expenses [(1)]	1,192	4,322
Tax receivables (VAT & corporate income tax)	4,118	6,426
FX forward contracts (note 20)	2	127
Other current assets, net	**5,312**	**10,875**

(1) The pre-paid expenses mainly concern pre-paid maintenance costs. In 2020 it was decided to allocate advertising and promotional costs in full to the fiscal year in which these costs were made, rather than carrying a portion of them over to the year in which the collection is put on the market. This generates a one-off extra cost of 1,293 thousand euro. In addition, the prepaid costs decreased as a result of the optimization of the costs implemented in 2019 and the strengthened discipline in discretionary spending.

12. Cash and cash equivalents

Cash and cash equivalents consist of the following:

000 euro	2020	2019
Cash at banks and in hand	49,778	41,433
Cash and cash equivalents	**49,778**	**41,433**

Currently, there are no marketable securities that consist of saving accounts and short-term investments at financial institutions.

Cash and cash equivalents recognized in the cash flow statement comprise the same elements as presented above.

13. Share capital

Authorized and fully paid	2020	2019
Nominative shares	7,627,208	7,619,988
Dematerialized shares	5,695,272	5,702,492
Total number of shares	**13,322,480**	**13,322,480**

At 31 December 2020 Van de Velde NV's share capital was 1,936 thousand euro (fully paid), represented by 13,322,480 shares with no nominal value and all with the same rights insofar as they are not treasury shares, whose rights have been suspended or cancelled. The Board of Directors of Van de Velde NV is authorized to raise the subscribed capital one or more times by a total amount of 1,936 thousand euro under the conditions stated in the Articles of Association. This authorization is valid for five years after publication in the annexes to Belgisch Staatsblad/Moniteur belge (3 January 2020).

The distributions from retained earnings of Van de Velde NV, the parent company, is limited to a legal reserve, which was built up in previous years, in accordance with Belgium's Companies Code, to 10% of the subscribed capital.

Treasury shares

At the end of 2019 Van de Velde NV held 11,000 treasury shares.

In accordance with Article 7:217 of Belgium's Companies Code, the Extraordinary General Meeting of Shareholders of 11 December 2019 gave the Board of Directors the power to acquire the company's own shares. This power is valid for a period of (i) three years, commencing on 3 January 2020, if the acquisition is necessary to prevent a serious imminent disadvantage and (ii) five years, commencing on 11 December 2019, if the Board of Directors acquires the legally permissible number of treasury shares at a price equal to the price at which they are quoted on Euronext Brussels, in accordance with article 7:215 of the Code of Companies and associations.

The Board of Directors approved a share buyback programme of up to 15 million euro on 25 February 2020. The buyback programme was suspended on 18 March 2020 due to the uncertainties caused by the Covid-19 pandemic. The Board of Directors decided to resume this programme on 4 September 2020 for a term of one year.

No options were exercised within the framework of the stock option plan in 2020.

At the end of 2020, Van de Velde NV held 77,183 treasury shares totalling 1,932 thousand euro. The treasury shares held by Van de Velde NV at the end of 2020 will, on the one hand, be offered to management under an option programme that has been running since 2005 and, on the other hand, be used to reduce the excessive cash pile.

000 euro	2020	2019
Share capital	1,936	1,936
Treasury shares	-1,932	-427
Share premium	743	743

14. Provisions

000 euro	Provisions
At 01/01/2019	**390**
Arising during the year	183
Utilized	-70
Reversal	-92
Provisions 31/12/2019	**411**
At 01/01/2020	**411**
Arising during the year	0
Utilized	-183
Reversal	-72
Provisions 31/12/2020	**156**

In 2019, 70 thousand euro of the provision was used and a reversal of 92 thousand euro was recognized. The expected timing of the corresponding outflow of cash depends on the progress and duration of the underlying negotiations with the sales agents. Furthermore, an additional provision was recognized in 2019 for the settlement of the termination agreement with Private Shop in the amount of 183 thousand euro. The provision for the settlement of the termination agreement with Private Shop was used in 2020. A reversal of 72 thousand euro was also recognized on the existing provision for the sales agents.

15. Pensions

Van de Velde has five defined pension plans in Belgium. These plans are clarified on a cumulative basis, as they are situated in the same geographical location and have the same attributes and risk characteristics, i.e. defined contribution plans.

As well as the Belgian pension plans, the company also has pension plans for its staff in foreign countries. These pension plans are defined contribution plans. In 2020 the pension provision on the balance sheet was 24 thousand euro (26 thousand euro in 2019).

The pension plan in Belgium is subject to Belgian legislation and is a group insurance plan with guaranteed return (Tak 21). From fiscal year 2016 the pension plan will be recognized as a defined pension plan, as a consequence of a clarification of Belgian law. The first actuarial valuation occurred on 30 June 2016. The resulting liability was recognized in the interim financial statements against other comprehensive income, as it is considered to be a change in assumptions. A second actuarial valuation occurred on 31 December 2016. Since then, an annual actuarial valuation occurred on 31 December.

The pension plan in Belgium is financed. If the fund investments are lower than the minimum guarantee set by law, the insurer will notify the employer. The latter can then pay an additional contribution into the plan.

The adjusted actuarial calculation on December 31, 2020 and December 31, 2019 shows the following results:

	At 01/01/2019	Pension cost allocated to realized income	Return [1]	Gain/(loss) as a consequence of changes to calculation method allocated to other comprehensive income	Employer contribution	Benefits paid	At 31/12/2019
Defined pension entitlement liability	-8,529	-832	-165	-1,197	0	143	-10,580
Market value of the fund investments	7,495	0	154	766	722	-143	8,994
Net liability in the balance sheet	**-1,034**	**-832**	**-11**	**-431**	**722**	**0**	**-1,586**

	At 01/01/2020	Pension cost allocated to realized income	Return [1]	Gain/(loss) as a consequence of changes to calculation method allocated to other comprehensive income	Employer contribution	Benefits paid	At 31/12/2020
Defined pension entitlement liability	-10,580	-890	-102	-1,440	0	705	-12,307
Market value of the fund investments	8,994	0	90	997	706	-705	10,082
Net liability in the balance sheet	**-1,586**	**-890**	**-12**	**-443**	**706**	**0**	**-2,225**

(1) The column return includes the interest cost on the defined pension rights and the expected return on the asset.

The investments primarily relate to qualifying insurance policies (99.9% of all investments). The expected contribution by the employer for the year ending 31 December 2021 is 706 thousand euro.

The main actuarial assumptions used in the valuation of the pension plans are shown in the table below:

	2020	2019
Annual pay rises (excluding inflation)	1.93%	1.00%
Annual inflation	1.90%	1.90%
Annual discount rate	0.45%	1.00%
Retirement age in years	65	65
Total number of members	991	1,113
Average age in years	43.89	42.83
Estimated duration in years	17.73	17.79

The expected duration of the non-discounted pension payments is broken down in the table below:

	Expected benefits
Within 12 months (fiscal year ending 31 December 2021)	102
Between 2 and 5 years	873
Between 5 and 10 years	1,599
Total expected benefits	**2,574**

The cash value of pension liabilities depends on a number of factors that are determined actuarially on the basis of a number of assumptions. The assumptions that are used when calculating the net pension costs (income) include the discount rate. Changes in the assumptions impact the carrying value of the pension liabilities.

Van de Velde determines the appropriate discount rate at the end of each year. This is the interest rate that must be applied to determine the cash value of the estimated future cash flows required to meet the pension liabilities. When determining the appropriate discount rate, Van de Velde uses the interest rate of high-value corporate bonds expressed in the currency in which the pensions will be paid out and with a duration comparable to the duration of the corresponding pension liabilities.

Other important assumptions for pension liabilities, such as the expected annual growth rate of salaries and expected withdrawals, are based partly on current market conditions and partly on proprietary parameters.

The table below shows the effect of the discount rate on the defined pension entitlement liability:

	Valuation trend -0,5%	Original	Valuation trend +0,5%
Discount rate	-0.05%	0.45%	0.95%
Defined pension entitlement liability	13,174	12,307	11,037
Market value of the fund investments	10,971	10,082	9,282

The table below shows the effect of the withdrawals from the plan on the defined pension entitlement liability:

	Original	Sensitivity
Withdrawals from the plan	Employer table	0.00%
Defined pension entitlement liability	12,307	13,121

The sensitivity analysis in the above tables is determined on the basis of a method that shows the impact on the liability due to the defined pension entitlements as a consequence of reasonable changes to significant assumptions occurring at the end of the period. This analysis is based on a change to a significant assumption that keeps all other assumptions constant. The sensitivity analysis may not be representative of actual changes in the defined pension entitlement liability because it is unlikely that changes to the assumptions could occur in isolation.

16. Other non-current liabilities

Other non-current liabilities consist of the following:

000 euro	2020	2019
Deferred rent and lease incentives	0	662
Other non-current liabilities	0	662

17. Deferred taxes

The deferred taxes, valued at the theoretical tax rate of 25%, consist of the following:

000 euro	Deferred tax liabilities on fixed assets	Deferred tax assets on assets / liabilities	Deferred tax assets on transferrable losses	Total
At 01/01/2019	2,281	-1,657	0	624
Changes	-461	302	0	-159
At 31/12/2019	1,820	-1,355	0	465
At 01/01/2020	1,820	-1,355	0	465
Changes	462	1	-227	236
At 31/12/2020	2,282	-1,354	-227	701

The net deferred tax liability of 701 thousand euro mainly concerns the following:

- With regard to the deferred tax liability on fixed assets, the depreciation amount of a tangible fixed asset must be spread over its life in a systematic way. In the statutory financial statements we use the double declining depreciation method, which is restated in the consolidation. The deferred tax on this at the end of 2020 was 2,282 thousand euro.
- The deferred tax assets concern the settlement of the partnership agreement with Private Shop and amount to 188 thousand euro. Deferred taxes are also recognized under IAS 19 with regard to the pension liability at Van de Velde and amount to 499 thousand euro. Finally, a deferred tax was also recorded on a revaluation of stock for 667 thousand euro.
- The deferred taxes on transferrable losses concern our German retail division.

18. Trade and other payables

Trade and other payables consist of the following:

000 euro	2020	2019
Trade payables	8,196	9,699
Payroll, social charges	4,514	5,298
Gift cards and credits issued	342	382
Accrued charges (1)	4,746	4,417
Deferred income	517	1,220
Fx forward contracts (note 20)	114	492
Trade and other payables	18,429	21,508

(1) In addition to the accrued bonuses to employees and directors as well as discounts to customers, accrued charges also includes the cost of external employees.

19. Other current liabilities and taxes payable

000 euro	2020	2019
Other current liabilities: taxes (VAT payable, local taxes, withholding taxes)	1,170	3,004
Taxes payable: corporate income taxes	325	2,533

The decrease in current liabilities and taxes payable in 2020 is mainly due to outstanding VAT payable. This decrease results from the decision not to prematurely start the 2021 summer season deliveries in November and December 2020 due to the Covid-19 pandemic. The reduction in corporate income taxes in 2020 is mainly due to the finalization of income taxes related to the French branch of the Group.

20. Financial instruments

The fair value of the financial assets and liabilities (including cash, trade receivables and trade liabilities) is essentially equal to the book value, with the exception of the derivatives, which are evaluated at fair value.

The Group applies derivative financial instruments to limit the risks of unfavourable exchange rate fluctuations originating from operations and investments.

Derivatives that do not qualify for hedge accounting

The company applies FX forward contracts to manage transaction risks. These have a maturity date between 18/01/2021 and 22/03/2021 (maturities at 31 December 2019: between 21/01/2020 and 21/12/2020). As these contracts do not meet the hedging criteria of IAS 39, they are valued at fair value and recognized as trading contracts through profit or loss.

On 31 December 2020 the fair value of these FX forward contracts was -112 thousand euro, comprising an unrealized income of 2 thousand euro and an unrealized loss of 114 thousand euro.

In summary, the various fair values are shown in the following table:

000 euro	2020	2019
Derivatives that do not qualify for hedge accounting:		
Other current assets	2	127
Other current liabilities	-114	-492
Real value	**-112**	**-365**

The valuation technique used to determine the fair value is level 2-compliant, with the various levels and related valuation techniques defined as follows:

- Level 1: quoted (and not adjusted) prices on active markets for identical assets and liabilities;
- Level 2: other techniques, in which all inputs that have a major impact on the recognized fair value are observable (directly or indirectly);
- Level 3: techniques, using inputs with a major impact on the fair value and for which no observable market data is available.

21. Financial result

The financial result breaks down as follows:

000 euro	2020	2019
Interest income	17	30
Interest costs	-51	-19
Interest result, net	**-34**	**11**
Exchange gains	2,217	1,758
Exchange losses	-1,498	-3,789
Exchange gains due to IFRS16	45	0
Exchange losses due to IFRS16	-61	62
Exchange result, net	**703**	**-1,969**
Income from investments (dividends)	0	0
Other financial income	0	1
Other financial costs	-250	-519
Other financial costs due to IFRS16	-711	-925
Financial result	**-292**	**-3,401**

22. Personnel expenses

Personnel expenses are as follows:

000 euro	2020	2019
Wages	7,438	8,555
Salaries	25,746	30,791
Social security contributions	7,438	8,463
Other personnel expenses	667	902
Personnel expenses	**41,289**	**48,711**

Workforce at balance sheet date	2020	2019
White collars	560	629
Blue collars	941	959
Total	**1,501**	**1,588**

Share-based payments

The Group applies IFRS 2 Share-based payments since 2008. The fair value of the options on the grant date is recognized for the period until the beneficiary acquires the option unconditionally in accordance with the gradual acquisition method.

The impact of IFRS 2 on the result of the year 2020 was 120 thousand euro versus 131 thousand euro in 2019.

The option plans were valued using the Black-Scholes-Merton model for call options. The following assumptions were used to determine the weighted average fair value at grant date:

	PLAN 2015	PLAN 2015	PLAN 2015	PLAN 2015	PLAN 2015	PLAN 2020
Award date (1)	12/10/15	29/9/16	03/10/17	N/A	15/10/19	9/10/20
Dividend right as of the grant date	no	no	no	N/A	no	no
Contractual term of the options	5-10	5-10	5-10	N/A	7-10	5-10
Exercise price	55.87	63.02	45.13	N/A	23.36	22.60
Expected volatility	35.00%	35.00%	35.00%	N/A	35.00%	35.00%
Risk-free interest rate	0.07%	-0.269% -0.242%	-0.143% -0.398%	N/A	-0.234% -0.415%	-0.580% -0.785%
Fair value of the share options (in euro)	14.45	16.40	11.23	N/A	7.67	5.32

(1) The exchange of property will take place on the 60th day after the award date and is called the grant date.

The share option plan has changed as follows:

Number of shares and options	**Option plan 2005 - 2020**
Outstanding at 01/01/2019	**42,000**
Exercisable at 01/01/2019	**10,000**
Movements during the year	
Accepted	20,000
Forfeited	0
Exercised	0
Expired	0
Outstanding at 31/12/2019	**62,000**
Exercisable at 31/12/2019	**11,000**
Movements during the year	
Accepted	30,000
Forfeited	0
Exercised	0
Expired	0
Outstanding at 31/12/2020	**92,000**
Exercisable at 31/12/2020	**22,000**

23. Income taxes

The major components of income tax expense for the years ending 31 December 2020 and 2019 are:

000 euro	2020	2019
Current income tax	**2,882**	**6,553**
Current income tax charge	2,864	6,553
Adjustments in respect of current income tax of previous years	18	0
Deferred income tax	**325**	**-160**
Relating to the origination and reversal of temporary differences	325	-160
Income tax expense reported in the consolidated income statement	**3,207**	**6,393**
Taxes reported in the other comprehensive income	-89	-108

The reconciliation of income tax expense applicable to income before taxes at the statutory income tax rate and income tax expense at the Group's effective income tax rate for each of the past two years ending 31 December is as follows:

000 euro	2020	2019
Profit before taxes (1)	**19,268**	**29,475**
Parent's statutory tax rate of 29.58% in 2019 and 25% in 2020	4,817	8,719
Higher income tax rates in other countries	0	0
Lower income tax rates in other countries	-745	-929
Utilization tax losses and unrecognized losses	-88	-319
Disallowed expenses	177	249
Notional interest deduction	-954	-1,327
Other		
Total income taxes	**3,207**	**6,393**
Effective income tax rate	**16.64%**	**21.70%**

(1) Profit before taxes excluding the share in the result of associates and impairment charges.

The decrease in the effective tax rate in 2020 is the result of the decrease in profit.

24. Earnings per share

Basic earnings per share are calculated by dividing the net income for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year, excluding the shares purchased by the Group and held as treasury shares (note 13).

Diluted earnings per share are calculated by dividing the net income for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year, both adjusted for the effects of dilutive potential ordinary shares (stock options).

	2020	2019
Profit attributable to shareholders (in 000 euro)	14,719	21,215
Weighted average number of ordinary shares	13,288,660	13,311,480
Dilutive effect of stock options	0	73
Weighted average number of shares after impact of dilution	13,288,660	13,311,553
Basic earnings per share (euro)	**1.11**	**1.59**
Diluted earnings per share (euro)	**1.11**	**1.59**

In 2019 only the options awarded over the period 2019 had a dilutive effect. In 2020 no options awarded over the period 2014-2020 had a dilutive effect.

25. Dividends paid and proposed

000 euro	2020	2019
Dividend paid	13,294	13,722
Dividend paid: – in 2020: - 1.00 euro per dividend entitled share as interim dividend for fiscal year 2020. – in 2019: - 1.03 euro per share for fiscal year 2018.		
Dividend proposed	13,323	0 (2)
Dividend proposed: – 1.00 (1) euro per share for fiscal year 2020. – No dividend rights are attached to treasury shares.		

(1) Higher than the pay-out ratio of 40%, namely 83% of the Group's consolidated profit plus the result based on the equity method

(2) In our press release of 18 March 2020 we announced that, "in light of the uncertainties due to the Covid-19 pandemic, the Board of Directors intended to propose to the General Meeting that no dividend be paid". As a result, the figures have been adjusted compared to the figures published in 2019.

26. Commitments and contingent liabilities

The Group has lease contracts for various assets such as vehicles and buildings used in its activities. The Group depreciates these assets on a straight-line basis over the shorter of the following periods: lease term in the contract or estimated useful life of the assets, with a maximum of 5 years for cars and a maximum of 10 years for buildings.

There are several lease contracts that include extension and termination options and variable lease payments. The contracts with variable lease payments are revenue-based and there were no variable lease payments applicable in 2020.

The Group also has certain leases of assets with short lease terms and leases of assets with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases. Contracts that do not relate to an identifiable asset also fall outside the scope as well as the variable rental obligations according to turnover.

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the period:

000 euro	Total	Right-of-use on rental agreements for buildings	Right-of-use on rental agreements for passenger vehicles
Right-of-use assets, gross			
At 01/01/2019	**24,512**	**23,665**	**847**
Additions	3,759	1,882	1,877
Other adjustments	117	117	0
Exchange rate effects	0	0	0
At 31/12/2019	**28,388**	**25,664**	**2,724**
Depreciation and impairment			
At 01/01/2019	**0**	**0**	**0**
Depreciations recorded	5,824	5,265	559
Impairment	0	0	0
Other adjustments	4	4	0
Exchange rate effects	0	0	0
At 31/12/2019	**5,828**	**5,269**	**559**
Right-of-use assets, net at 31/12/2019	22,560	20,395	2,165
Right-of-use assets, gross			
At 01/01/2020	**28,388**	**25,664**	**2,724**
Additions	1,755	970	785
Remeasurement	-1,727	-1,727	0
Other adjustments	0	0	0
Disposal	-2,011	-1,899	-112
Exchange rate effects	-1,259	-1,257	-2
At 31/12/2020	**25,146**	**21,751**	**3,395**
Depreciation and impairment			
At 01/01/2020	**5,828**	**5,269**	**559**
Depreciations recorded	5,400	4,522	878
Impairment	1,476	1,476	0
Other adjustments	15	15	0
Disposal	-2,002	-1,890	-112
Exchange rate effects	-281	-280	-1
At 31/12/2020	**10,436**	**9,112**	**1,324**
Right-of-use assets, net at 31/12/2020	14,710	12,639	2,071

The investments in 2020 concern a new showroom location in Germany and a contract renewal for a shop, including head office, in the United Kingdom. The revaluations mainly concern the United Kingdom, the United States of America, Germany and the Netherlands. These are due to the impact of the rental contracts that were negotiated and the adjustment of the presumed term of the rental contract compared to 2019. Six unprofitable stores were closed in our own retail network in 2020. The number of stores in the United States of America was reduced from nine to six, the two stores in Denmark were closed just as one store in Germany was closed.

The provision for lease liabilities relates to a provision for costs necessary to restore the leased assets to their original condition upon termination of the contract.

The table below summarizes the maturity profile of the Group's financial liabilities:

000 euro	3 to 12 months	1 to 5 years	More than 5 years	Total
2020	4,342	11,456	773	**16,571**
2019	5,073	15,807	1,673	**22,553**

Set out below are the carrying amounts of long- and short-term lease liabilities and the movements during the period: as they relate to IFRS16

000 euro	2020	2019
At 01/01	**22,553**	**0**
Additions	1,788	3,241
Other changes (revaluations and exchange rate effect)	-2,943	24,464
Payments	-4,827	-5,152
At 31/12	**16,571**	**22,553**
Current	4,342	5,073
Non current	12,229	17,480

The following are the amounts of IFRS16 in profit and loss:

000 euro	2020	2019
Depreciation expense of right-of-use assets	-5,400	-5,828
Impairment lease liabilities	-1,476	0
Movement ARO obligations	-139	0
Interest expense on lease liabilities	-711	-925
Exchange rate differences on lease obligations	-16	62
Expense relating to short-term leases (included in 'other expenses')	3	708
Expense relating to leases of low-value assets (included in 'other expenses')	20	35
Rent costs related to termination fees minus realized rent reductions (included in 'other expenses)	52	0
Reclass rent previous years	0	-995
Other (indexation, reclass, exchange rate)	0	200

27. Related party disclosures

Full consolidation

The consolidated financial statements include the financial statements of Van de Velde NV and the subsidiaries listed in the following table.

Name	Adress	(%) equity interest 2020	Change on previous year
VAN DE VELDE NV	Lageweg 4 9260 SCHELLEBELLE, Belgium VAT BE 0448.746.744	Parent company	
VAN DE VELDE GMBH & Co KG	Blumenstraße 24 40212 DUSSELDORF, Germany	100	0
VAN DE VELDE VERWALTUNGS GMBH	Blumenstraße 24 40212 DUSSELDORF, Germany	100	0
VAN DE VELDE TERMELO ES KERESKEDELMI KFT	Selyem U.4 7100 SZEKSZARD, Hungary	100	0
VAN DE VELDE UK LTD	Cannon Place, 78 Cannon Street, EC4N 6AF LONDON, United Kingdom	100	0
MARIE JO GMBH	Blumenstraße 24 40212 DUSSELDORF, Germany	100	0
VAN DE VELDE IBERICA SL	Calle Santa Eulalia, 5 08012 BARCELONA, Spain	100	0
VAN DE VELDE CONFECTION SARL	Route De Sousse BP 25 4020 KONDAR, Tunisia	100	0
VAN DE VELDE FINLAND OY	Yliopistonkatu 34, 4 krs huone 401 20100 TURKU, Finland	100	0
VAN DE VELDE NORTH AMERICA INC	104 Fifth Avenue NY 10011, NEW YORK, United States of America	100	0
VAN DE VELDE DENMARK APS	Lejrvejen 8 6330 PADBORG, Denmark	100	0
VAN DE VELDE RETAIL INC	104 Fifth Avenue NY 10011, NEW YORK, United States of America	100	0
INTIMACY MANAGEMENT COMPANY LLC	104 Fifth Avenue NY 10011, NEW YORK, United States of America	100	0
RIGBY & PELLER LTD	First Floor 22 Conduit Street W1S 2XR, LONDON United Kingdom	100	0

Name	Adress	(%) equity interest 2020	Change on previous year
VAN DE VELDE NEDERLAND BV	Beethovenstraat 28 1077 JH AMSTERDAM, Netherlands	100	0
@MYHOME LINGERIE STYLING GMBH (1)	Blumenstrasse 24 40212 DUSSELDORF, Germany	0	100
VAN DE VELDE HONG KONG LTD (2)	21/F Edinburgh Tower, The Landmark 15 Queen's Road, Central, Hong Kong	100	0

(1) The liquidation of @MyHome Lingerie Styling GmbH was completed in December 2020 and the company was removed from the trade register in early January 2021.
(2) In liquidation.

Sales of goods and services are at arm's length between Group companies.

Companies to which the equity method is applied

The equity method is applied to the following companies:

Name	Adress	(%) equity interest 2020	Change on previous year
TOP FORM INTERNATIONAL LTD	15/F., Tower A, Manulife Financial Centre No. 223-231 Wai Yip Street Kwun Tong, Kowloon, Hong Kong	25.7	0

Top Form International Ltd. ("TFI")

In 2020 transactions between the Group and TFI totalled 9,036 thousand US dollar. On 31 December 2020 the Group had trade payables to TFI in the amount of 24 thousand US dollar. In 2019 transactions between the Group and TFI totalled 10,532 thousand US dollar. On 31 December 2019 the Group had trade payables to TFI in the amount of 114 thousand US dollar.

Relationships with shareholders

43.73% of the shares of Van de Velde NV are held by the general public. These shares are traded on Euronext Brussels. Van de Velde Holding NV. which groups the interests of the Laureys and Van de Velde families, holds the remainder of the shares.

Relationship with key management personnel

See the remuneration report in chapter 3.

Director Remuneration

Due to the impact of the Covid-19 pandemic and as a sign of solidarity with the employees, Herman Van de Velde nv and Lucas Laureys exceptionally waived their remuneration as directors in 2020. As a consequence, the chairman of the Board of Directors (Herman Van de Velde NV) received no gross remuneration for his position as chairman or his membership of the Nomination and Remuneration Committee and the Strategic Committee. Lucas Laureys also received no remuneration for his membership of the Board of Directors or the Risk and Audit Committee. The other non-executive members (excluding the managing director) receive annual remuneration of 15,000 euro for their membership of the Board of Directors. All members of the Board of Directors (excluding the managing director) receive 2,500 euro for their membership of the Nomination and Remuneration Committee and the Risk and Audit Comitee respectively. The total remuneration for the directors (excluding the managing director) was 103.3 thousand euro in 2020 and 160.0 thousand euro in 2019. The directors have not received any loan or advance from the Group.

Management Committee Remuneration

For the year ended 31 December 2020, a total amount of 1,361 thousand euro (1,419 thousand euro in 2019) was awarded to the members of the Management Committee, including the managing director. See the remuneration report in chapter 3 for more details.

These total amounts include the following components:

- Basic remuneration: base salary earned in their position during the year under review;
- Variable remuneration: bonus acquired in the year under review. Payment is made at the discretion of the person concerned in cash or in warrant plan (OTC product);
- Group insurance premiums: insurance premium (invalidity, death, pension plan) paid by the Group;
- Other benefits are the private use of a company car and hospitalization insurance.

000 euro	2020	2019
Basic remuneration	1,162	1,111
Variable remuneration	186	305
Group insurance premiums	6	2
Other benefits	7	1
Total	**1,361**	**1,419**

In addition to these cash benefits, share-based benefits were granted to the members of the management committee through the share option plan. In 2020 the members of the management committee had the opportunity to participate in a share option plan by which they were granted 5,000 options (same in 2019). No calculated costs are linked to the options accepted by the members of the management committee in 2020.

28. Segment information

Van de Velde is a single-product business, being the production and sale of luxury lingerie. Van de Velde distinguishes two operating segments: Wholesale and Retail. No segments have been combined.

Van de Velde Group has identified the Management Committee as having primary responsibility for operating decisions and has defined operating segments on the basis of information provided to the Management Committee.

Wholesale refers to business with independent specialty retailers (customers external to the Group) and eCommerce through brand sites and stores linked to our wholesale brands. Retail refers to business through our own retail network (stores, franchisees and eCommerce through retail sites). The type of customer to which sales are made determines whether the customer is allocated to Wholesale or Retail. The integrated margin within the retail segment is shown for Van de Velde products sold through Van de Velde's own retail network. In other words, the retail segment comprises the wholesale margin on Van de Velde products and the results generated within the network itself.

Management monitors the results in the two segments to a certain level ('direct contribution') separately, so that decisions can be made on the allocation of resources and the evaluation of performance. Performance in the segments is evaluated on the basis of directly attributable revenues and costs. General costs (such as overhead), financial result, the result using the equity method, tax on the result and minority interests are managed at Group level and are not attributed to segments. Costs that are not attributed benefit both segments and any further division of the costs, such as general administration, IT and accountancy, would be arbitrary.

Assets that can be reasonably attributed to segments (goodwill and other fixed assets as well as inventories and trade receivables) are attributed. Other assets are reported as non-attributable, as are liabilities. Assets and liabilities are largely managed at Group level, so a large part of these assets and liabilities are not attributed to segments.

The accounting policies of the operating segments are the same as the key policies of the Group. The segmented results are therefore measured in accordance with the operating result in the consolidated financial statements.

Van de Velde does not have any transactions with a single customer in Wholesale or Retail worth more than 10% of total turnover.

Transactions between operating segments are on an arm's length basis, comparable with transactions with third parties.

In the following tables, the segmented information is shown for the periods ending on 31 December 2020 and on 31 December 2019.

Segment Income Statement	2020				2019			
000 euro	Wholesale	Retail	Unallocated	Total	Wholesale	Retail	Unallocated	Total
Segment revenues	130,029	22,308	0	**152,337**	160,355	35,180	0	**195,535**
Segment costs	-70,631	-23,934	-23,038	**-117,603**	-86,180	-34,564	-27,146	**-147,890**
Depreciation	0	-986	-14,188	**-15,174**	0	-1,084	-13,685	**-14,769**
Segment results	59,398	-254	-37,226	**19,560**	74,175	-468	-40,831	**32,876**
Net finance profit				**-292**				**-3,401**
Impairment				**0**				**0**
Result from associates				**-1,342**				**-1,867**
Income taxes				**-3,207**				**-6,393**
Non-controlling interest				**0**				**0**
Net income				**14,719**				**21,215**

Segment Balance Sheet	2020			2019		
000 euro	Wholesale	Retail	Total	Wholesale	Retail	Total
Segment assets	51,900	16,707	**68,607**	53,168	19,446	**72,614**
Unallocated assets			**114,652**			**125,130**
Consolidated total assets	51,900	16,707	**183,259**	53,168	19,446	**179,744**
Segment liabilities	0	0	**0**	0	0	**0**
Unallocated liabilities			**183,259**			**179,744**
Consolidated total liabilities	0	0	**183,259**	0	0	**179,744**

Capital expenditure	2020				2019			
000 euro	Wholesale	Retail	Unallocated	Total	Wholesale	Retail	Unallocated	Total
Tangible fixed assets	0	104	989	**1,093**	0	362	3,771	**4,133**
Intangible assets	0	0	1,622	**1,622**	0	0	1,168	**1,168**
Right-of-use assets	0	0	1,755	**1,755**	0	0	3,759	**3,759**
Depreciation	0	986	14,188	**15,174**	0	1,084	13,685	**14,769**

Breakdown by region – turnover	2020			2019		
000 euro	Eurozone	Elsewhere	Total	Eurozone	Elsewhere	Total
Turnover	112,577	39,760	**152,337**	134,576	60,959	**195,535**

The most important markets accounting for more than 10% of turnover are stated below in descending order of turnover:
- Germany, Belgium and the Netherlands for the Eurozone;
- United States for Elsewhere.

Further information about the assets of the company – location (000 euro)	Belgium	Elsewhere	Total
Tangible fixed assets	22,056	2,765	**24,821**
Intangible assets	15,591	6,818	**22,409**
Right-of-use assets	175	14,535	**14,710**
Inventories	35,793	3,557	**39,350**

29. Events after balance sheet date

No events after the balance sheet date had a major impact on the situation of the company.

30. Business risks with respect to IFRS 7

Besides the general strategic risks, Van de Velde has identified the following risks with respect to IFRS 7:

Currency risk

Due to its international character, the Group is confronted with various exchange rate risks on sale and purchase transactions.

In terms of currency risk, between 25% and 30% of Group turnover is generated in currencies other than the euro. In addition, a significant proportion of purchases and expenses are in foreign currency (e.g. purchases of raw materials and subcontractors, as well as local expenses within the retail network).

Where possible, currency risks are managed by offsetting transactions in the same currency or by fixing exchange rates through forward contracts. These risks are managed at the level of the parent company. The Group is aware that exchange risks cannot always be fully hedged.

Foreign operations increase the currency risk of the Group. Financial instruments are not used to hedge this risk.

The Group performed a sensitivity analysis in 2020 with regard to changes in foreign currencies for the positions EUR/GBP, EUR/CAD, EUR/DKK, EUR/CHF, EUR/NOK and EUR/USD. The outstanding trade receivables and trade payables of the Group at the balance sheet date have been converted with a sensitivity of 10%. In the event of a 10% rise or fall in the exchange rate, the impact on the financial statements will be presented as follows:

000 euro	+10%	-10%
GBP	44	-44
CAD	42	-42
DKK	-3	3
CHF	53	-53
NOK	17	-17
USD	63	-63
	216	-216

Credit risk

As a consequence of the large diversified customer portfolio, the Group does not have a significant concentration of credit risks. The Group has developed strategies and additional procedures to monitor and limit credit risk at its customers. Wholesale sales are generated through around 3,600 independent retailers and a small number of luxury department stores. No single customer accounts for more than 2.2% of the annual turnover of the Group.

Furthermore, the insolvency risk is covered by credit insurance. In accordance with IFRS9, the Group applies the ECL model to its trade receivables. For further explanation in this regard, we refer to note 10.

With respect to eCommerce activities, the credit risk is limited by using country-specific payment methods, and there is collaboration with an external partner who monitors the creditworthiness of potential eCommerce customers.

Liquidity and cash flow risk

The liquidity and cash flow risk is rather limited thanks to the large operational cash flow and the net cash position (49.8 million euro). Credit lines worth more than 10 million euro are also available. The Group has no borrowings with fixed repayments.

Risk of interruptions in the supply chain

Adequate measures have been taken in several areas to minimize interruptions in the supply chain and deal with any such interruptions that do occur. Examples of such measures are:

- The IT department has a disaster recovery plan designed to minimize the risk of damage from the failure of the computer infrastructure. Investments are also made to limit the risk of failure of the computer infrastructure.
- The risks of interruption in deliveries by a supplier and the possible alternatives (if available) have been identified and are regularly monitored. The creditworthiness of suppliers is also monitored.
- As far as possible, the concentration risk at suppliers is managed by sufficient diversification. The ten leading material suppliers account for approximately 60% of purchase costs of material. The largest supplier accounts for 26% of purchase costs, whereas all other suppliers account for maximum 7%.
- Assembly capacity is mainly spread over Tunisia, China and Thailand.
- The raw materials warehouse and the distribution centre are located at the same site. These warehouses are in separate buildings and both comply with high safety standards.
- Transparent chain management has been organized in which provisions and / or any interruptions are proactively identified and action can be taken.

Moreover, business risks as a consequence of a potential interruption are covered by insurance. Adequate measures have been taken in consultation with insurers who also regularly inspect the various locations.

Risk of overvalued stock

Van de Velde's business model entails risks with regard to raw materials and finished products. Raw materials are ordered and production launched before we have full insight into the orders. As far as possible, Van de Velde attempts to concentrate this risk at the level of raw materials rather than finished products.

Van de Velde also applies a strict policy regarding write-downs on inventories:

- The value of finished products for which sales are declining is written down at the end of the season or during the following season. These finished products are fully written off in the subsequent year.
- If there is no further need for additional production, the related raw materials are written off completely.

Product risk

Sales are spread over about 50,000 stock references, more than 10,000 of which are changed every season. Therefore, sales do not depend on the success of any one model.

Compliance and regulatory risks

Van de Velde Group is subject to federal, regional and local laws and regulations in each country in which it operates. Such laws and regulations relate to a wide variety of matters, such as data security, privacy, product liability, health and safety, import and export, occupational accidents, employment practices and the relationship with associates (regarding overtime and workplace safety among other things), tax matters, unfair competitive practices and similar regulations.

Compliance with, or changes in, these laws could reduce the revenues and profitability of the Group and could affect its business, financial conditions or the results of operations.

Van de Velde Group has been subject to and may in the future be subject to allegations of violating certain laws and/or regulations. Such allegations or investigations or proceedings may require the Group to devote significant management resources to defending itself. In the event that such allegations are proven, Van de Velde may be subject to significant fines, damages awards and other expenses, and its reputation may be harmed.

Van de Velde Group actively strives to ensure compliance with all laws and regulations to which it is subject. A degree of insurance has been taken out to cover some of the above-mentioned risks.

Other operational risks

The Group is also faced with other operational risks which (if possible) are monitored and for which (if available) correcting actions are taken.


ANDRES SARDA
Designed in Barcelona

6 | Independent auditor's report to the general meeting of Van de Velde NV for the year ended 31 December 2020

As required by law and the Company's articles of association, we report to you as statutory auditor of Van de Velde NV (the "Company") and its subsidiaries (together the "Group"). This report includes our opinion on consolidated balance sheet as at 31 December 2020, the consolidated income statement and overview of other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flows statement for the year ended 31 December 2020 and the disclosures (all elements together the "Consolidated Financial Statements") as well as our report on other legal and regulatory requirements. These two reports are considered one report and are inseparable.
We have been appointed as statutory auditor by the shareholders' meeting of 24 April 2019, in accordance with the proposition by the Board of Directors following recommendation of the Audit Committee and following recommendation of the workers' council. Our mandate expires at the shareholders' meeting that will deliberate on the Consolidated Financial Statements for the year ending 31 December 2021. We performed the audit of the Consolidated Financial Statements of the Group during 23 consecutive years.

Report on the audit of the Consolidated Financial Statements

Unqualified opinion

We have audited the Consolidated Financial Statements of Van de Velde NV, that comprise of the consolidated balance sheet on 31 December 2020, the consolidated income statement and overview of other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flows statement of the year and the disclosures, which show a consolidated balance sheet total of € 183,259 thousand and of which the consolidated income statement shows a profit for the year of € 14,719 thousand.

In our opinion, the Consolidated Financial Statements give a true and fair view of the consolidated net equity and financial position as at 31 December 2020, and of its consolidated results for the year then ended, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS") and with applicable legal and regulatory requirements in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the Consolidated Financial Statements" section of our report.

We have complied with all ethical requirements that are relevant to our audit of the Consolidated Financial Statements in Belgium, including those with respect to independence.

We have obtained from the Board of Directors and the officials of the Company the explanations and information necessary for the performance of our audit and we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.
Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current reporting period.

These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole and in forming our opinion thereon, and consequently we do not provide a separate opinion on these matters.

Valuation of goodwill and brands with an indefinite life

Description of the key audit matter

As a consequence of different acquisitions in the past, the Group has acquired goodwill and brands with an indefinite life. The carrying value of goodwill and brands with an indefinite life as at 31 December 2020 amounts to respectively € 4.5 million and € 12.2 million. The carrying value of goodwill and brands together represent 9 % of the consolidated balance sheet total. In accordance with IFRS, the Group is required to annually test for impairments on goodwill and brands with an indefinite life. The valuation of goodwill and brands with an indefinite life is significant for our audit because the valuation process is complex and is strongly influenced by management's expectations of expected growth, in particular of revenues and Earnings Before Interest Depreciation and Amortization ('EBITDA'), the expected evolution of the revenue post Covid-19 and other assumptions (growth rate, discount rate ('WACC') and tax rate) of the identified cash flow generating units.

Summary of the procedures performed

- We have analyzed the Group's impairment test model including the significant underlying assumptions (revenue growth and of the revenue post Covid-19, EBITDA percentage on revenue, long term growth rate beyond the projection period, discount rate), and we have verified the definition of the cash generating units according to IFRS;
- We have evaluated management's assumptions, and compared with the expected revenue growth, EBITDA percentage on revenue, for all cash generating units with the Group's business plan as adopted and approved by the Board of Directors;
- We have assessed the methodology, clerical accuracy, long term growth rate and discount rate by comparison to market information, the Group's cost of capital and relevant risk factors.
- We verified the sensitivity analyses prepared by management to understand the impact of reasonable changes in the key assumptions;
- We considered additional impairment triggers by reading board minutes, and holding regular discussions with management and the audit committee.
- We assessed the adequacy of note 3 of the Consolidated Financial Statements.

Inventory Valuation

Description of the key audit matter

The total inventory value of the Group amounts to € 39.4 million and represents 21.5% % of the consolidated balance sheet total. This inventory value already takes into account an allowance of € 5.7 million for inventory items that are considered obsolete. Inventory consists of raw materials, work in progress, finished goods and merchandise goods. The Group values inventory at the lower of cost or net realizable value. The allowance for obsolete inventory is calculated based on the ageing and the expected turnover of the inventory, taking into consideration the reshuffle of collections as a result of Covid-19.

The allowance for obsolete inventory is significant for our audit because of the magnitude of the amount, and due to the uncertainties related to management's judgment regarding turnover as well as the applied allowance percentages.

Summary of the procedures performed

Our audit procedures included, among others, the following:

- We have analyzed the calculation for the allowance for obsolete inventory and verified that the calculation was applied consistently;
- We have tested the accuracy of the applied ageing data of inventory by means of a sample test of inventory items;
- We have discussed the applied allowance percentages with management and analyzed based on the actual sales of impaired inventory in the past year;
- We have compared the evolution of the allowance of the inventory year over year relative to, on the one hand, the types of inventory items (raw materials versus finished product) and on the other hand relative to the fashion sensitivity of the items (stayers versus specific summer – winter collections, and reshuffle of collections;
- We have checked the completeness and adequacy of note 9 of the Consolidated Financial Statements.

Responsibilities of the Board of Directors for the preparation of the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the Consolidated Financial Statements that give a true and fair view in accordance with IFRS and with applicable legal and regulatory requirements in Belgium and for such internal controls relevant to the preparation of the Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of Consolidated Financial Statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, and provide, if applicable, information on matters impacting going concern, The Board of Directors should prepare the financial statements using the going concern basis of accounting, unless the Board of Directors either intends to liquidate the Company or to cease business operations, or has no realistic alternative but to do so.

Our responsibilities for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance whether the Consolidated Financial Statements are free from material misstatement, whether due to fraud or error, and to express an opinion on these Consolidated Financial Statements based on our audit. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements. As part of an audit in accordance with ISAs, we exercise professional judgment and we maintain professional skepticism throughout the audit.

We also perform the following tasks:

- identification and assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, the planning and execution of audit procedures to respond to these risks and obtain audit evidence which is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatements resulting from fraud is higher than when such misstatements result from errors, since fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining insight in the system of internal controls that are relevant for the audit and with the objective 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;
- evaluating the selected and applied accounting policies, and evaluating the reasonability of the accounting estimates and related disclosures made by the Board of Directors as well as the underlying information given by the Board of Directors;
- conclude on the appropriateness of the Board of Directors' use of the going-concern basis of accounting, and based on the audit evidence obtained, whether or not a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's or Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going-concern;
- evaluating the overall presentation, structure and content of the Consolidated Financial Statements, and evaluating whether the Consolidated Financial Statements reflect a true and fair view of the underlying transactions and events.

We communicate with the Audit Committee within the Board of Directors 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.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the audits of the subsidiaries. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities.

We provide the Audit Committee within the Board of Directors 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 within the Board of Directors, 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 report, unless the law or regulations prohibit this.

Report on other legal and regulatory requirements

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and the content of the Board of Directors' report on the Consolidated Financial Statements.

Responsibilities of the auditor

In the context of our mandate and in accordance with the additional standard to the ISAs applicable in Belgium, it is our responsibility to verify, in all material respects, the Board of Directors' report on the Consolidated Financial Statements, the non-financial information attached to the Board of Directors' report, as well as to report on these matters.

Aspects relating to Board of Directors' report

In our opinion, after carrying out specific procedures on the Board of Directors' report, the Board of Directors' report is consistent with the Consolidated Financial Statements and has been prepared in accordance with article 3:32 of the Code of companies and associations.

In the context of our audit of the Consolidated Financial Statements, we are also responsible to consider whether, based on the information that we became aware of during the performance of our audit, the Board of Directors' report contain any material inconsistencies or contains information that is inaccurate or otherwise misleading. In light of the work performed, there are no material inconsistencies to be reported.

The non–financial information required by article 3:32, § 2, of the Code of companies and associations has been included in the Board of Directors' report on the Consolidated Financial Statements. The Company has prepared this non-financial information based on the Global Reporting Initiative. However, we do not comment on whether this non-financial information has been prepared, in all material respects, in accordance with the Global Reporting Initiative. We do not express any form of reasonable assurance regarding the individual elements included in this non-financial information.

Independence matters

Our audit firm and our network have not performed any services that are not compatible with the audit of the Consolidated Financial Statements and have remained independent of the Company during the course of our mandate.

The fees related to additional services which are compatible with the audit of the Consolidated Financial Statements as referred to in article 3:65 of the Code of companies and associations were duly itemized and valued in the notes to the Consolidated Financial Statements.

Other communications.

This report is consistent with our supplementary declaration to the Audit Committee as specified in article 11 of the regulation (EU) nr. 537/2014.

Gent, 22 March 2021

EY Bedrijfsrevisoren BV
Statutory auditor
Represented by
*Francis Boelens**
Partner

* Acting on behalf of a BV/SRL


ANDRES SARDA
Designed in Barcelona

7 | Concise version of the statutory financial statements and the statutory annual report of Van de Velde NV

Statutory financial statements

In accordance with Article 3:17 of Belgium's Companies Act, the statutory financial statements are hereinafter presented in abbreviated form. The annual report and financial statements of Van de Velde NV and the auditor's report will be filed at the National Bank of Belgium within the month following approval by the General Assembly. A copy is available free of charge at the registered office.

The valuation rules applied for the statutory financial statements differ from accounting principles used for the consolidated financial statements: the statutory annual accounts are prepared in accordance with Belgian legal requirements, while the consolidated financial statements are prepared in accordance with International Financial Reporting Standards. There are no material changes to the accounting principles used for the statutory accounts.

The statutory auditor has issued an unqualified opinion in regard to the statutory financial statements of Van de Velde NV.

Concise balance sheet

000 euro	31/12/2020	31/12/2019
Fixed assets	**96,954**	**106,277**
Intangible fixed assets	11,846	14,673
Tangible fixed assets	15,875	18,820
Financial fixed assets	69,233	72,784
Current assets	**104,586**	**104,420**
Amounts receivable after one year	1,306	2,701
Stocks and orders in production	38,821	34,909
Amounts receivable within one year	15,711	26,673
Financial investments	1,933	428
Cash at banks and in hand	46,012	36,575
Accrued income and deferred charges	803	3,134
Total assets	**201,540**	**210,697**
Shareholders' equity	**150,061**	**165,165** (1)
Issued capital	1,936	1,936
Share premium	743	743
Reserves	133,863	148,953 (1)
Profit (loss) to be carried forward	13,153	13,153 (1)
Grants	366	380
Provisions, deferred taxes and tax liabilities	**156**	**228**
Provisions for risks and costs	156	228
Liabilities	**51,323**	**45,304** (1)
Amounts payable after one year	0	0
Amounts payable within one year	50,765	44,813 (1)
Accrued charges and deferred income	558	491
Total liabilities	**201,540**	**210,697**

(1) In our press release of 18 March 2020 we announced that, "in light of the uncertainties due to the Covid-19 pandemic, the Board of Directors intended to propose to the General Meeting that no dividend be paid". As a result, the figures have been adjusted compared to the figures published in 2019.

Concise income statement

000 euro	31/12/2020	31/12/2019
Operating income	**150,936**	**180,758**
Turnover	145,365	181,485
Changes in stocks unfinished goods and finished goods	1,948	-5,121
Other operating income	3,488	4,329
Non recurring operating income	135	65
Operating costs	**142,531**	**161,006**
Goods for resale, raw materials and consumables	30,479	31,666
Services and other goods	77,930	88,242
Salaries, social charges and pension costs	26,218	30,990
Depreciations	8,222	8,262
Write-downs and provisions	-666	1,539
Other operating costs	331	302
Non recurring operating costs	17	5
Operating profit	**8,405**	**19,752**
Financial result	**3,352**	**-3,055**
Finance income	11,319	13,232
Finance costs	-7,967	-16,287
Pre-tax profit for the fiscal year	**11,757**	**16,697**
Tax on the profit	-230	-3,544
Profit for the year	**11,527**	**13,153**

Appropriation account

000 euro	31/12/2020	31/12/2019
Distributable profit	**11,527**	**13,153**
Distributable profit for the fiscal year	11,527	13,153
Addition to reserves	0	0
Transfer from reserves	-15,090	0 (1)
Profit (loss) to be carried forward	0	13,153 (1)
Profit to be distributed	**26,617**	**0** (1)

(1) In our press release of 18 March 2020 we announced that, "in light of the uncertainties due to the Covid-19 pandemic, the Board of Directors intended to propose to the General Meeting that no dividend be paid". As a result, the figures have been adjusted compared to the figures published in 2019.

Statutory annual report Van de Velde NV
Fiscal year 1/1/2020 - 31/12/2020

The statutory report is in accordance with article 3:6 of Belgium's Companies Code.

1. Comments on the financial statements
The financial statements show a balance sheet total of 201,540 thousand euro and a profit after tax for the fiscal year of 11,527 thousand euro.

2. Important events after balance sheet date
No events after the balance sheet date had a major impact on the financial position of the company.

3. Expected developments
We refer readers to 'Prospects' in chapter 1, 'The year 2020'.

4. Research and development
The design department of Van de Velde also comprises a research and development unit. The design department is responsible for the launch of new collections, whereas the research and development unit and the design department investigate new materials, new production technologies, new products, new sales-supporting techniques and so on.

5. Additional tasks of the statutory auditor
The General Meeting of Shareholders of 29 April 2019 of Van de Velde NV appointed Ernst & Young Bedrijfsrevisoren BV. Pauline Van Pottelsberghelaan 12, 9051 Ghent, represented by Francis Boelens, as statutory auditor. The auditor is appointed until the annual meeting of 2022.

The annual remuneration in 2020 for auditing the statutory and consolidated annual accounts of Van de Velde NV was 67,600 euro (excl. VAT). The total costs for 2020 for the auditing of the annual accounts of all companies of the Van de Velde Group was 144,171 euro (excluding VAT and including the 67,600 euro mentioned above).

In accordance with Article 3:65 of Belgium's Companies Code, Van de Velde announces that the remuneration of the statutory auditor for exceptional and special tasks and to the persons with whom the statutory auditor has a professional relationship was 34,570 euro (excl. VAT), all of which relates to tax advisory and compliance tasks.

6. Description of risks and uncertainties
The following risks at Group-level were examined and, where necessary, possible coverage or preventive measures were taken (for more details, note 20):
- Currency risk;
- Credit risk;
- Liquidity and cash flow risk;
- Risk of interruptions in the supply chain;
- Risk of overvalued stock;
- Product risk;
- Compliance and regulatory risks;
- Other operational risks.

7. Acquisition of own shares
At the end of 2019 Van de Velde NV held 11,000 treasury shares.

In accordance with Article 7:215 of Belgium's Companies Code, the Extraordinary Meeting of Shareholders of 11 December 2019 gave the Board of Directors the power to acquire the company's own shares. This power is valid for a period of (i) three years, commencing on 3 January 2020, if the acquisition is necessary to prevent a serious imminent disadvantage and (ii) five years, commencing on 11 December 2019, if the Board of Directors acquires the legally permissible number of treasury shares at a price equal to the price at which they are quoted on Euronext Brussels, in accordance with article 7:215 of the Code of Companies and associations.

The Board of Directors approved a share buyback programme of up to 15 million euro on 25 February 2020. The buyback programme was suspended on 18 March 2020 due to the uncertainties caused by the Covid-19 pandemic. The Board of Directors decided to resume this programme on 4 September 2020 for a term of one year.

In 2020, 66,183 of its own shares were acquired by Van de Velde NV. During 2020, no options were exercised under the option plan.

At the end of 2020 Van de Velde NV held 77,183 treasury shares with a total value of 1,932 thousand euro.

000 euro	2020	2019
Share capital	1,936	1,936
Treasury shares	1,932	427
Share premium	743	743

8. Conflict of interests
In 2020 no conflict of interest occurred within the meaning of article 7:96 of Belgium's Companies Code.

9. Valseba BV, always represented by Isabelle Maes, was first appointed at the annual meeting of 2019 and, as independent director within the meaning of article 7:94 of Belgium's Code of Companies and Associations, is a member of the Audit and Risk Committee. Isabelle is a qualified commercial engineer. She Is CEO of Lotus Bakeries Natural Foods. She was previously CFO at Lotus Bakeries and Barry Callebaut Belgium, and Senior Auditor at PWC.

10. Branches
On 19 July 2011 Van de Velde formed a branch in Sweden (organization number 516407-5078), named "Van de Velde NV Belgium Filial Sweden". On 1 July 2017 Van de Velde formed a branch in France (organization number 831 118 146), named "Van de Velde NV Succursale France".

11. Enumeration within the framework of Article 34 of Belgium's Royal Decree of 14 November 2007 concerning the obligations of issuers of financial instruments that may be traded on a regulated market.

– 43.73% of the shares of Van de Velde NV are held by the general public. The remainder of the shares are held by Van de Velde Holding NV, which groups the interests of the Laureys and Van de Velde families. Different types of shares do not exist.
– There are no restrictions on the transfer of securities laid down by law or the Articles of Association.
– Holders of securities linked to special control: A majority of Van de Velde NV's directors are appointed from the candidates nominated by Van de Velde Holding NV, as long as it directly or indirectly holds no less than 35% of the company's shares.
– There are no employee share plans in which the controlling rights are not directly exercised by the employees.
– There are no restrictions on the exercise of voting rights laid down by law or the Articles of Association.
– Van de Velde NV is not aware of any shareholder agreements.
– Notwithstanding the abovementioned fact that a majority of Van de Velde NV's directors are appointed from the candidates nominated by Van de Velde Holding NV, as long as it directly or indirectly holds no less than 35% of the company's shares, there are no rules for the appointment or replacement of the members of the administrative bodies or restrictions on the exercise of voting rights laid down by the Articles of Association.
– With regard to the power of the administrative body to issuing shares, the Board of Directors is authorized, for a period of five years from announcement in the annexes to Belgisch Staatsblad/Moniteur belge (3 January 2020), to raise the subscribed capital one or more times by a total amount of 1,936,173.73 euro, under the conditions stated in the Articles of Association.
– The power of the administrative body with respect to the possibility of purchasing shares: see point 7 above.
– There are no major agreements to which Van de Velde NV is party that come into effect, are amended or expire in the event of a change in control of the issuer after a public offer.
– No agreements have been concluded between the issuer and its directors and/or employees that provide for a payment if the relationship is ended as a consequence of a public offer.

12. Corporate Governance

We refer to chapter 3 of the annual report for the Corporate Governance statement.

13. Remuneration Report

The remuneration report provides transparent information on Van de Velde's reward policy for its directors and members of the Management Committee, in accordance with the Belgian Corporate Governance Act of 17 February 2017 and the Belgian Corporate Governance Code. Please see chapter 3 (Corporate Governance).

14. Proposed profit distribution

The Board of Directors proposes to the General Meeting of Shareholders payment of a gross dividend of 1.00 euro per share. After payment of withholding tax, this represents a net dividend of 0.70 euro per share. After approval by the General Meeting of Shareholders the final dividend of 1.00 euro per share (net dividend of 0.70 euro per share) will be paid out as from 6 May 2021.

In 2020 the Board of directors approved, based on the power granted in the articles of association, the payment of an interim dividend of 1.00 euro per dividend entitled share to compensate for the dividend of the 2019 fiscal year that was not distributed. After deduction of withholding tax, a net dividend of 0.70 euro per share remains and this was paid out on 4 September 2020.

Proposed profit distribution in thousands of euro:

Distributable profit	11,527
Transfer from reserves	-15,090
Profit to be distributed	26,617
- Of this amount, paid gross dividend of 1.00 euro per dividend entitled share on 13,294,302 shares	13,294
- Of this amount, proposed gross dividend of 1.00 euro per share on 13,322,480 shares	13,323

15. Non financial information

We refer to the Sustainability report under chapter 9 of the annual report.

Mavac BV,
always represented by
Marleen Vaesen
Managing Director


ANDRES SARDA
Designed in Barcelona

8 | Statement of responsible persons

The undersigned declare that, to the best of their knowledge:

A) the financial statements, which have been prepared in compliance with the applicable standards, faithfully reflect the equity, the financial situation and the results of Van de Velde and the companies included in the consolidation.

B) the annual report faithfully reflects the developments and the results of Van de Velde and the companies included in the consolidation, as well as providing a description of the main risks and uncertainties it faces.

Mavac BV,
always represented by
Marleen Vaesen
CEO

Karel Verlinde CommV,
always represented by
Karel Verlinde
CEO


PRIMA
DONNA


PRIMA
DONNA


MARIE JO

9 | Sustainability report

Table of contents

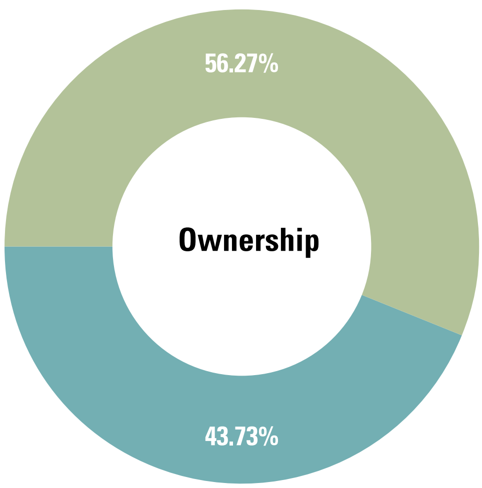
General Introduction

About Van de Velde

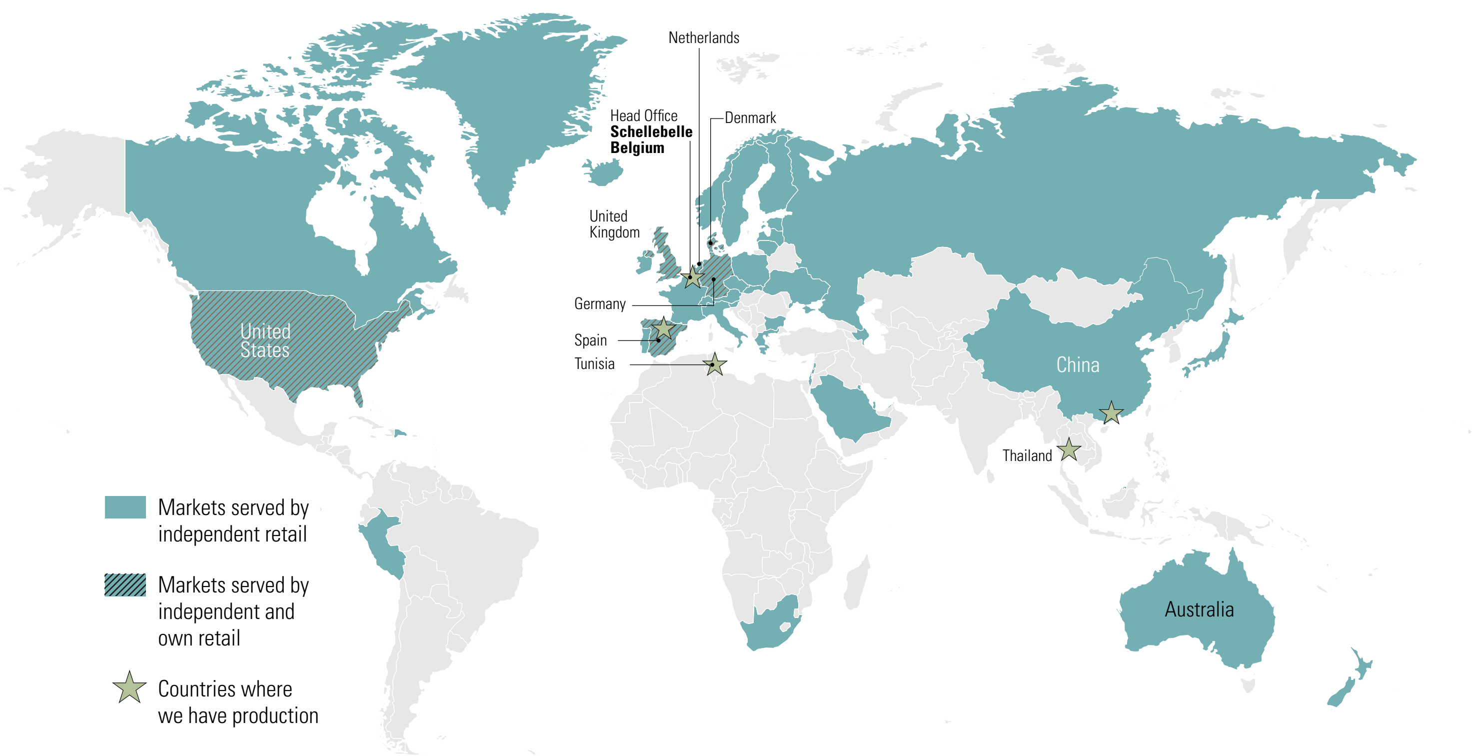
Van de Velde NV develops, produces and markets lingerie and swimwear for women. From our head office in Schellebelle (Belgium), we serve consumers across the globe, with our main markets mainly being in Europe. Our lingerie is sold in specialised boutiques, our own retail stores, department stores and online. *[GRI 102-1/2/3/4]*

Van de Velde NV began as a family business and a hundred years later, that continues to be reflected in our shareholder mix: 56.27 percent of shares is held by the family, with a minority of 43.73 percent available on the open market. This is one of the reasons why we are able to make sustainability an established value at the company – short-term profit must not be prioritised over the long-term goals and continuity of the company and its environment. *[GRI 102-5/6]*

Ownership (shareholders)



Markets and countries where we have our own retail and production



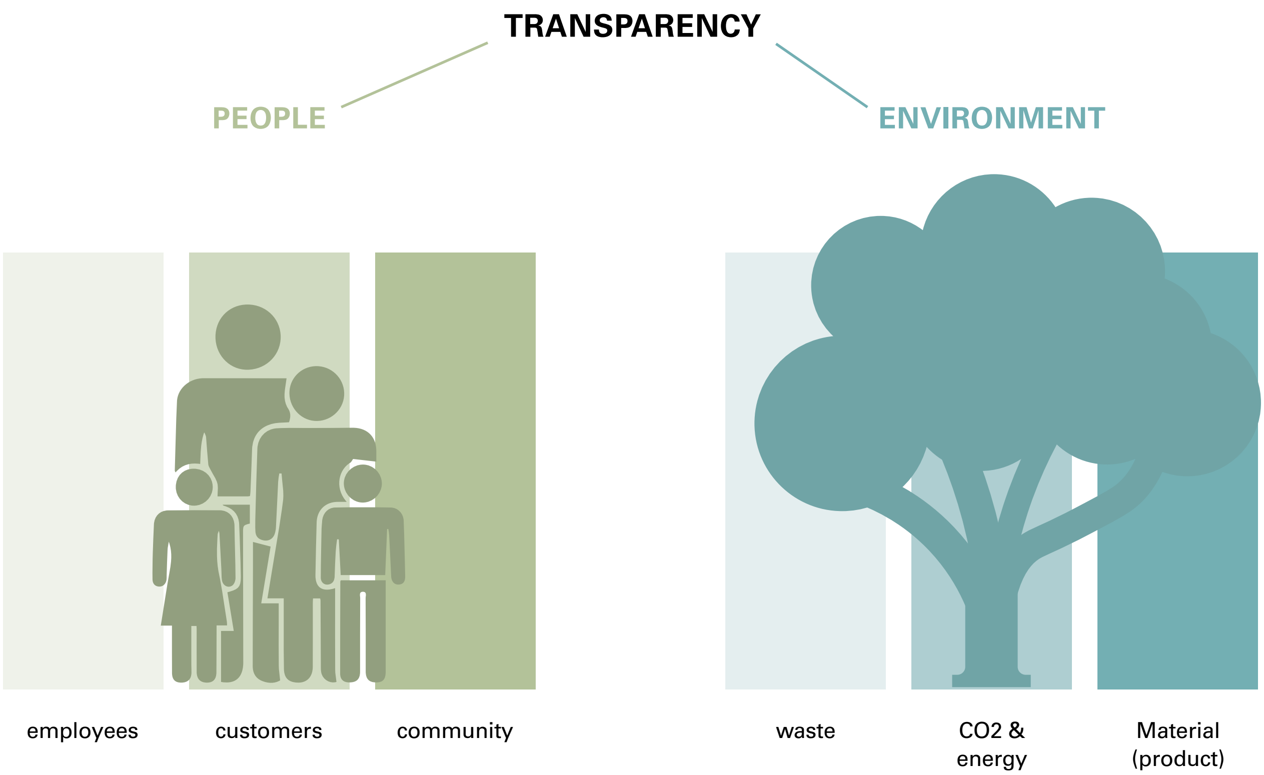
The basic reporting for the business activities takes place at the head office in Schellebelle, the distribution centre in Wichelen and our production company in Tunisia. The production of the subcontractors has been partially included throughout the report. *[GRI 102-54]*.

About the sustainability report

For more than one hundred years, Van de Velde has manufactured high-quality lingerie with the same mission: shaping the bodies and minds of women. Our aim is to stay relevant for consumers today and tomorrow. We do so by developing a vision on sustainable fashion that goes well beyond simply achieving financial targets. We are committed to doing business in a way that respects the environment and engages with society, and in doing so creates positive added value for our customers, suppliers, employees, shareholders and other stakeholders.
In 2019, Van de Velde took its environmental and social engagement efforts to the next level, with the launch of '*FORWARD by Van de Velde*'. 2020 was a continuation of this initiative. In this project we identify concrete sustainability goals and develop company-wide initiatives that lead to positive social and ecological action.

We encourage employees to actively participate and take responsibility, with the hope that this will inspire other stakeholders. We will use '*FORWARD by Van de Velde*' as a platform to spread information on our achievements in these domains and the challenges we face. We pursue continual improvement by testing, innovating, learning and adapting where needed.
'*FORWARD by Van de Velde*' focuses on the domains that are most relevant to our company, as determined by the materiality index. That enables us to have the greatest impact on the Van de Velde community and the environment we all live and work in. All initiatives taken in these domains will support the values of the company. For more information about this, see the activity report above.

The sustainability strategy



Materiality index

The materiality analysis was carried out in three phases. In the first phase, per pillar of the '*FORWARD by Van de Velde*' vision, the topics that Van de Velde's stakeholders could regard as material were determined.

For phase two subsequently, we determined Van de Velde's main stakeholder groups. These groups are the employees, retail partners, shareholders and suppliers.

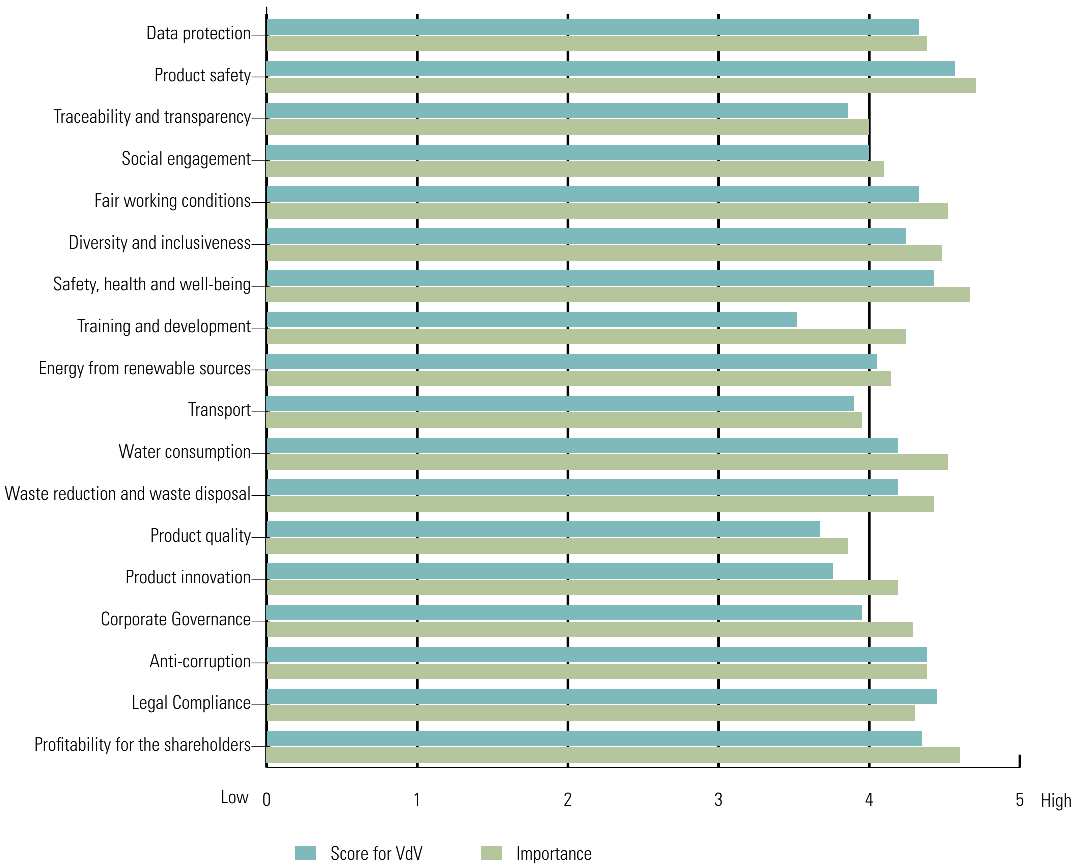
One of these groups, the employees, was selected to participate in an online survey in 2020 in which we asked them to score the selected topics according to importance. In 2021, retail partners, shareholders and suppliers will be questioned in the same way.

For the materiality survey of the employees, a group of 50 active Belgian employees was randomly selected. These 50 participants represent 10.59% of our active Belgian population (excluding long-term absentees due to illness). We received 33 responses, which resulted in a response rate of 62%. They were able to assign a score between 1 (low) and 5 (high) to the specified questions and this on two levels: 'how important do you think this theme is' on the one hand and 'how well does Van de Velde score on this' on the other hand.

The scores that the selected stakeholders gave to all groups are considered to be the 'external importance' for these topics.

In the final phase, 'internal importance' of each of the subjects was determined. This was done by defining the potential risk and impact on the business of the subjects during a workshop with management representatives.

The result is the following materiality index:



Our people

We are fully conscious of the fact that the activities of our company also bring responsibility for the livelihoods of a great many people. We are not simply responsible for Van de Velde employees; our responsibility extends to the employees of our subcontractors and suppliers around the world.

The health and well-being of all Van de Velde employees is key to sustainable growth. Because we believe that when employees are happy in their job it will have a positive impact on the quality of their work and their environment. With this in mind, we promote a high level of well-being at work, pursue a healthy work-life balance and launch initiatives to help us be a fantastic place to work. We guarantee honest working conditions for everyone involved in the creation of our beautiful products and believe that diversity is an important driver of success. We therefore encourage the professional development of men and women at every level of the company.

We are proud that we have been SA8000 accredited since 2003. This corporate social responsibility certificate is recognised all over the world. As well as following the SA8000 standard, we also have our own Social and Ethics Charter. Based on the principles of the SA8000 standard, this charter represents a responsible way of doing business, with respect for the quality of the work, the well-being and identity of each and every employee of Van de Velde, our subcontractors and our suppliers.

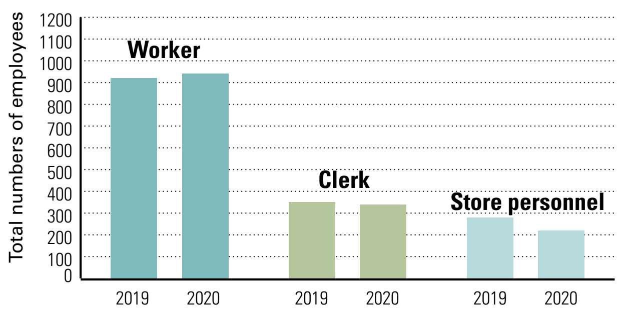
The charter is signed and respected by every production unit, every supplier and all our employees. It is a code of conduct that supports valuable long-term relationships with our suppliers. Over the coming years, we are committed to developing ways to monitor our performance here in order to provide greater transparency about our progress.

Our employees

Who are our employees?

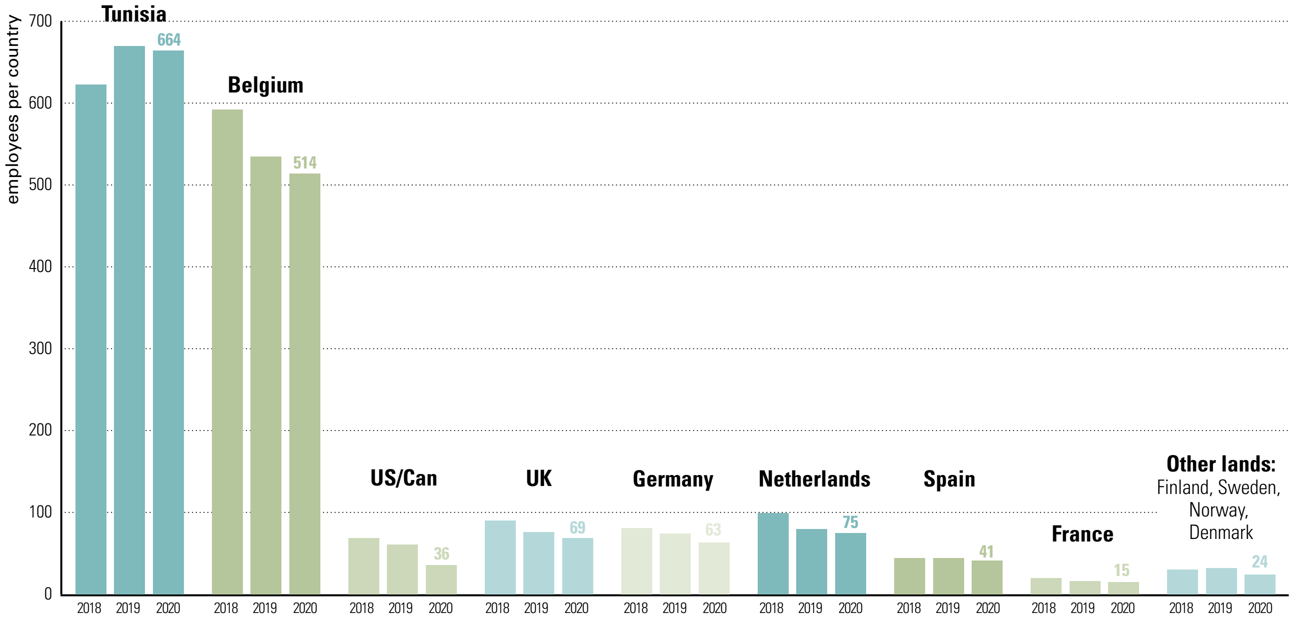
Van de Velde NV employs people around the globe *[GRI 102-8]*. Van de Velde not only makes products for women, but these products are also largely made by women.

Total numbers of employees (per status) (2019-2020)*



** all HR data and figures are consolidated internationally from the various HR tools and payroll systems.*

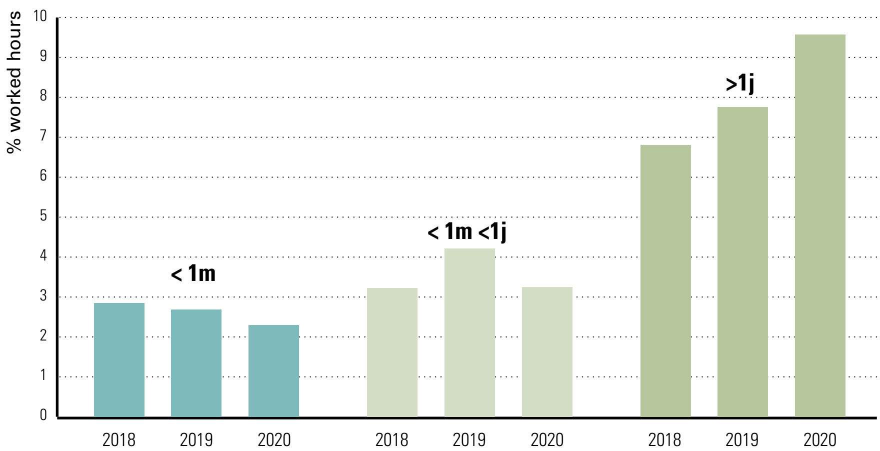
Number of employees per country (2018-2019-2020)



Van de Velde assumes its responsibility for all employees, regardless of the status or location of these employees. We mainly work with own employees. The number of free-lancers at the head office is limited and mainly focused on IT & Digital specialists in the context of ongoing projects. The past three years, we have continued to build on the long-term vision and strategy withing Van de Velde. As a result, the organisation and structure were also aligned. This responsibility, which goes beyond just preventing a negative social impact, is laid down in the Socio-Ethical Charter. In addition to these minimum objectives, however, Van de Velde is undertaking numerous additional actions to maximise well-being in the workplace and to stimulate continuous development. In 2019, for example, the possibility of working from home was introduced, offering further flexibility to our employees. In 2020, working from home gained momentum, due to Covid-19. Besides focusing on flexibility, extra attention was also paid to strengthening the connection between our employees in 2020, this by launching 'VdV Connect' a well-being project supported by, and set up for, Van de Velde employees.

As an indicator of well-being, we monitor absenteeism rates and have a monthly engagement survey.

Absenteeism rates Van de Velde NV



SA8000 and the Social-Ethics Charter

Van de Velde in Belgium – at the locations in Wichelen and Schellebelle – has been SA8000 certified since 2003. The SA8000 standard was established in consultation with NGOs, collective industrial organisations, the industry associations and certifying bodies. It is based on the ILO standards, the Universal Declaration of Human Rights and the UN Convention on the Rights of the Child. This certification proves that we safeguard the rights and well-being of our employees. Van de Velde established its own Social and Ethics Charter, based on the same principles as the SA8000 standard, to safeguard the rights and well-being of the people who work in our supply chain. We ask all our subcontractors and raw material suppliers to confirm that they comply with its principles by signing it.

You can download our Social and Ethics Charter from our website at www.vandevelde.eu.

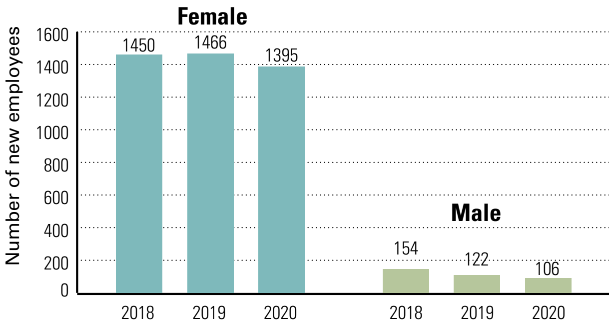
The nine principles of the Charter

Principle 1: No discrimination

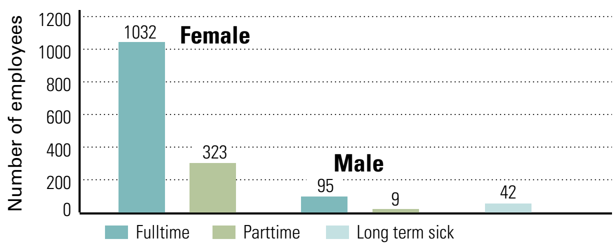
- *Gender diversity* *[GRI 405-1]*

Almost nine in ten Van de Velde employees are women. These women make our products for other women in countries where employee rights are not always self-evident. Our sales channels also have a predominantly female population. Van de Velde ensures that people are not discriminated against based on their gender. That also goes for age, religion or any other factor that can be the basis of discrimination. There have been no formal reports of discrimination in 2020.

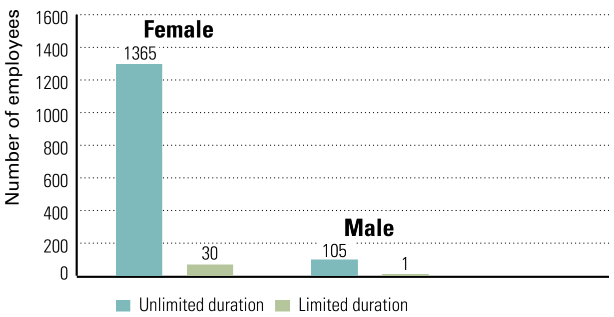
Male versus female employees



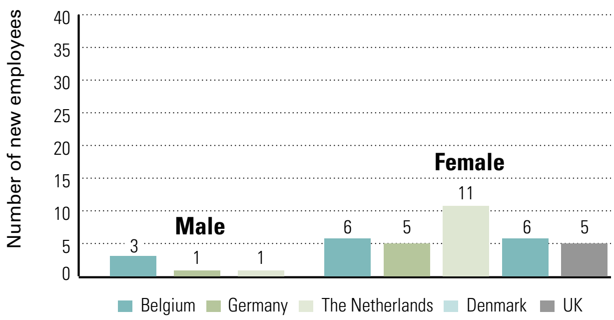
Male versus female employees per regime



Male versus female employees per contract type



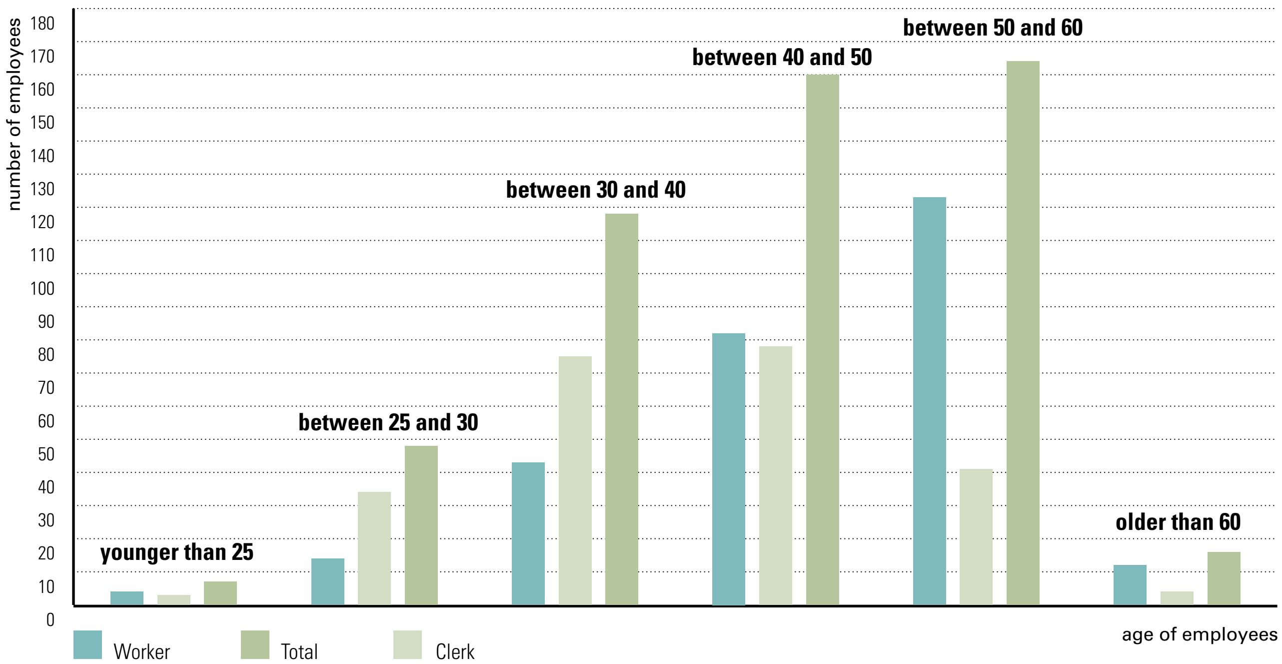
Number of new employees hired 2020 *[GRI 401-1]*



We also have a strong female representation on the Board of Directors (44%) and the Management Committee (66% per end of December 2020). The goal in both bodies is that each gender has at least 33% representation, which is currently the case. Our goal is to maintain this going forward.

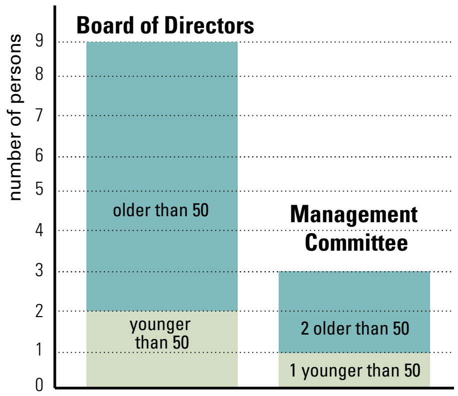
- Age diversity [GRI 405-1]

Age pyramid: Belgian employees



Number of new employees hired 2020 (international)

Age pyramid: Board of Directors and Management Committee



Principle 2: No child labour

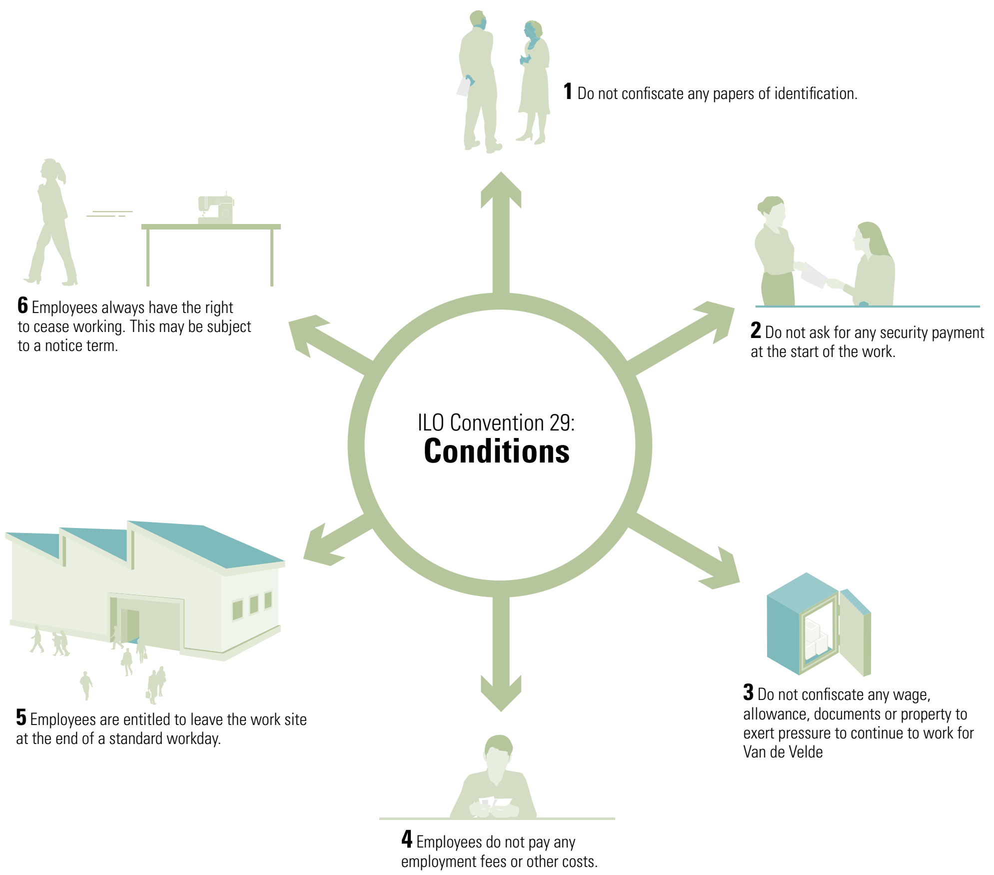
In general terms, Van de Velde does not expose children to unsafe situations at or around the workplace. The following basic principles apply at our own sites:

- Van de Velde does not employ children aged under 15 or the minimum legal age.
- Van de Velde does not employ children of school age. This does not include summer jobs that comply with local laws and customs.
- Young adults (aged under 18) can work at Van de Velde, but they are protected by additional regulations:
  - Children of school age are only permitted to work outside school hours.
  - Van de Velde sees to it that young adults on the payroll go to school and encourages them to complete their education.
  - They do not work during the night.
  - They do not work more than eight hours.

Van de Velde clearly takes its chain responsibility for preventing child labour. Some of our subcontractors and raw material suppliers are active in countries where child labour is a known risk factor. By signing the Social and Ethics Charter, suppliers and subcontractors confirm they do not employ children. We check compliance during company audits. *[GRI 408-1]*

Principle 3: No forced labour

It is our conviction that the well-being of our employees has a positive impact on the quality of our products. Forced labour is contrary to the philosophy of Van de Velde. We follow ILO Convention 29 to ensure that there is no forced labour anywhere in our production chain. All our suppliers and subcontractors mark their agreement with this by signing our terms and conditions. *[GRI 409-1]*



Principle 4: Health and safety

We guarantee a safe and healthy work environment and invest efforts to ensure the general well-being of each and every employee. The internal prevention and protection at work service gives advice on the organisation of the workplace, the work post, environmental factors, the use of tools, equipment and hygiene.

Principle 5: No disciplinary measures

We condemn all forms of violence, be they physical, mental or verbal.

Internal prevention advisors establish Van de Velde's prevention policy with regard to safety, health, ergonomics, hygiene, making the workplaces more attractive, stress and psychosocial strain. Safety agents and well-being coaches at the various departments act as a sensor for the internal service.

Confidants are also available at Van de Velde in the event of interpersonal grievances at work. They inform, listen, advise and help employees to find a solution to problematical situations. They can call upon the internal service and HR in the quest for reconciliation. An external service can also be called in as needed.

Principle 6: Respect for maximum working hours

We respect the maximum working hours limits and pursue a good work-life balance. The maximum working hours are laid down by relevant local laws. Overtime is limited. It must be voluntary and infrequent.

Principle 7: A guaranteed liveable wage

We guarantee each and every employee a liveable wage. We ensure wages comply with the applicable pay scales and that employees can do more than simply meeting their most basic needs.

Principle 8: Open dialogue with social partners

All our employees have a right to join or form a union and the right to organise in such a way that effective collective negotiations are possible. They can do so without fear of repercussions in any form.

The representatives of our employees deserve special attention. Van de Velde is fully committed to enabling them to carry out their representative tasks well. They have access to employees at the workplace and are able to work without fear of negative consequences.

Discrimination, intimidation and retribution are prohibited. If the freedom of trade unions is limited by law, the employees of Van de Velde are free to organise and choose their own representatives. *[GRI 407-1]*

Principle 9: Monitoring

We ensure the constant monitoring of the aforementioned principles by management to be certain they are complied with by internal and external stakeholders.

Compliance with the Charter

For our own employees

The Social Performance Team monitors compliance with the SA8000 standard at our sites in Belgium. As well as revealing any violations of the charter, the purpose of this management system of structured internal audits is to lay the foundations for continual improvement. Van de Velde is also audited twice a year by an independent inspector, SGS. Since May 2018 that is done against the SA8000:2014 standard. The 2019 audit resulted in the renewal of our certificate. The independent SA8000 audits check that the working conditions are respected, adapted and monitored throughout the value chain (from raw material by way of production to finished product delivered to the customer). The inspectors talk with people all over our company, not just management. *[GRI 102-11]*

For employees at our contractors in Tunisia, China and Thailand

Our main contractors are located in Tunisia and China. Following a production shift from Thailand to China, we have temporarily not been producing in Thailand since April '20.

Van de Velde Tunisia earned SMETA accreditation in 2016. SMETA (Sedex Members Ethical Trade Audit) is based on four pillars. The first two, labour and health & safety, are taken from the Ethical Trade Initiative (ETI) basic code and are similar to the SA8000 standard.

1. Labour is a free choice
2. The freedom to organise and the right to collective labour agreements are respected
3. Working conditions are safe and hygienic
4. Child labour is prohibited
5. Legal minimum wages are respected
6. Legally set working hours are respected
7. No form of discrimination whatsoever is tolerated
8. Employment is on a regular basis
9. Employees are not treated harshly or inhumanely

Companies that wish to obtain SMETA accreditation must also meet additional requirements regarding the environment and business ethics.

Our own Tunisian plant and the subcontractor we work with in Tunisia are both audited annually by an independent body (SGS) to ensure they comply with the SMETA principles.

Van de Velde carries out its own audit of subcontractors that are unable to present an external audit report to check that our Social and Ethics Charter is being complied with. In normal circumstances, Van de Velde's managers will visit the facilities several times a year so that they can continuously monitor the charter's compliance. However, since travel and visiting the various facilities was not possible in 2020 because of Covid-19, those responsible organised a regular (minimum weekly) digital consultation to keep their finger on the pulse and thus remain sufficiently informed about the current circumstances.

We also help our subcontractors to draw up action plans to ensure continual improvement. In doing so, we endeavour to convince our subcontractors to apply for independent certification (SA8000, SMETA or WRAP).

For employees at our raw materials suppliers

The first pillar of our sustainability vision includes everyone involved in the creation of our products. This includes our own employees, the employees of subcontractors and the employees of our raw materials suppliers. We therefore thoroughly screen each raw materials supplier before adding them to the admitted supplier list. As well as company data and technical product details, the screening also covers corporate social responsibility.

The textile sector is a sector in which the risk of poor working conditions is known. For this reason, Van de Velde strictly monitors that raw material suppliers comply with our own Ethical and Social Charter and are under independent supervision. This is the case for all raw materials suppliers *[GRI 102-12; GRI 414]*. By agreeing with the Social and Ethics Charter, the supplier undertakes to:

- Comply with the nine principles of the Charter and demand the same of its own suppliers

OUR PEOPLE

Clockwise starting upper left:
Marie-Rose, Sabrina and Hadewijch
Ana Iris, Carine and Kenneth

- Take part in the monitoring activities required by Van de Velde
- In the event of noncompliance, investigate the underlying reason and set up a corrective plan
- Notify Van de Velde immediately in full of relevant business relations with other suppliers and subcontractors

The supplier is added to the admitted supplier list when it formally accepts these conditions. Van de Velde subsequently implemented management routines to check whether these principles are followed. A fixed check of compliance with the Charter is conducted during every supplier visit. In 2019 Van de Velde conducted 23 of these checks and did not identify a single risk with regard to the Social and Ethics Charter.

In 2020, however, travelling to suppliers and auditing of production facilities was not possible because of Covid-19. The responsible purchasers and purchase manager organised a digital consultation together with the suppliers on a very regular basis, so that both parties could keep each other sufficiently informed about possible risks and problems in this Covid crisis situation in an open and transparent manner and so that together the best suitable solution could be sought. No cases of non-conformity with regard to the Socio-Ethical Charter were identified in 2020. For the coming period 2021-2025, Van de Velde aims to draw up a structured audit plan in which all suppliers are audited again, with the frequency of the audits determined by the risk factor per supplier.

Training and Development

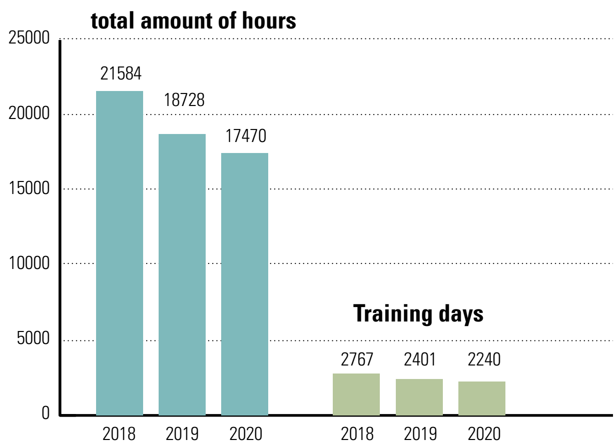
Training - education

The SA8000 standard and the Social and Ethics Charter form the bedrock of our social policy. However, the principles in the Charter are also supplemented with additional initiatives. Among other things we give our employees the chance to work on fulfilling their potential on the work floor.

There is a full week's training programme for new employees with an in-depth tour of the organisation, presenting the various steps in our production process in detail. This enables starters to actively take part in the production process and also includes information sessions at the various departments. The values and general corporate culture are also presented in detail. These were given extra attention in 2019 and 2020. Our "growth values" were reviewed in collaboration with a team of ambassadors in the organisation and were translated into "passion", "authenticity", "quality", "connect to cooperate", "entrepreneurship" and "consumer/customer centricity". In 2020 and 2021, we will continue to take further actions to ensure that these renewed values are continuously present in the organisation.

We continue to invest in the continual development of our employees. In 2020, the standard for each employee was 2.2 training days. Each employee can follow individual training – sometimes in association with our industry partner IVOC – or sign up for a company-wide training. An annual training calendar is developed based on the needs of the organisation.

Number of training courses (employees and hours) - available for Belgian employees



For our location in Tunisia, employees receive continuous further training. Since this is a production environment, investments are mainly made in training to promote versatility.

For permanent employees, expanding of technical skills and learning new models is focused on. We estimate that approximately 160,000 hours of training were given for these further training courses in 2020.

We also provide training opportunities for our location in Tunisia in a system of apprenticeships in which employees complete a full learning path for 2 years. This resulted in 87,000 hours of training in 2020.

Well-being and Safety

To safeguard well-being at work, we clearly have to ensure optimal safety on the work floor and healthy, pleasant working conditions. We pursue an active policy devoted to both the physical aspects (prevention of occupational accidents) and the mental aspects of well-being (psycho-social analysis). In 2020, many of our efforts were in the light of the Covid-19 pandemic. We made strenuous efforts to ensure that all employees worked safely at the Schellebelle and Wichelen sites. A safety plan was also drawn up for our own retail shops.

The whole world and every organisation have had to contend with Covid-19 in 2020, so has Van de Velde. Thanks to the involvement and vigilance of all our employees and our measures taken, we have fortunately been able to keep the number of infections limited.
Under the professional guidance and coordination of our Prevention Service, the necessary measures were taken in all branches and our own stores to ensure the safety and health of all our employees, customers and visitors. These were always in line with the government measures of the country concerned and were continuously evaluated and adjusted when necessary: the necessary protective equipment was made available (alcohol gel, mouth masks), one-way traffic was introduced, dispersion of breaks was implemented, door handles were provided with special elbow-tools, acrylic glass was installed... And we have ensured direct and frequent communication with our employees.

In the functions where it was possible, we put maximum effort into working from home to minimise staffing in the office.

In addition, we (our employees) also started producing mouth masks ourselves with the aim of making them available to our own employees and for the healthcare sector.
Van de Velde has switched very quickly to take preventive actions to protect its employees from Covid-19. At the end of February 2020, the standard precautions were already taken:
- Limited office presence (a shift system was set up with rotation of office presence and working from home)
- Protective equipment (hygienic)
- Distancing rules
- Circulation plan
- Follow-up of the measures in the various European countries, briefing/assisting employees and central management of data regarding the infections.

On March 20th, there was an inspection by the FPS, who evaluated the situation positively.

Occupational accidents

Preventing occupational accidents is a continuous improvement process. The safety agents and well-being coaches in the departments are the first point of contact for reporting possible risks.

In the case of each occupational accident, an investigation into the cause is carried out and, where possible, an action plan is drawn up to avoid this in the future.

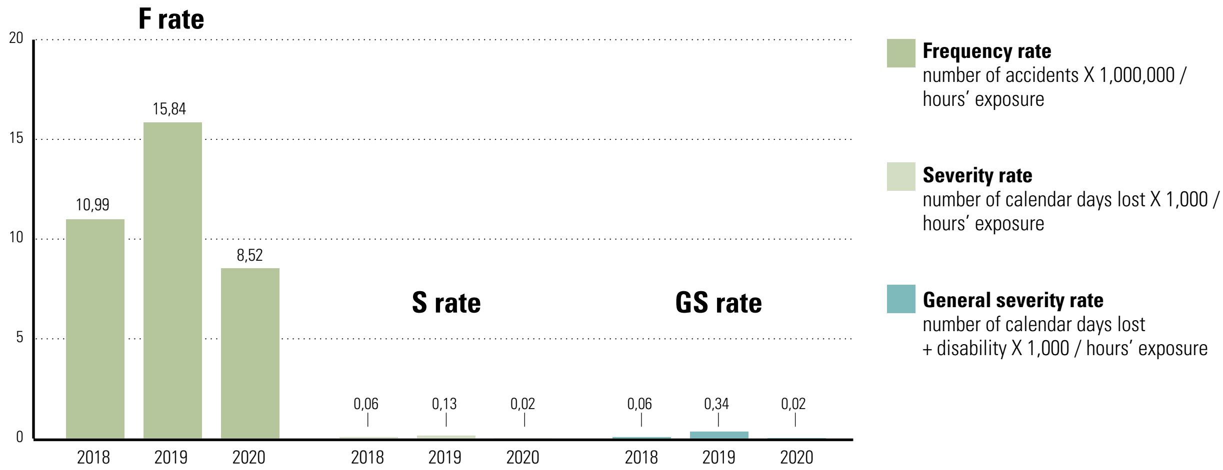
In 2020, several actions were taken to prevent occupational accidents. For example, all employees were encouraged to report risks and to be attentive to general order and cleanliness. On the basis of checklists, attention was paid to the work equipment during walkabouts.

For machines and installations, the instructions were updated, and the necessary inspections and maintenance were carried out. The certificates for forklifts and other rolling material were renewed, and the procedure 'lock out- tag out' for technicians was updated as well.
New for 2020 was providing instructions for the use of chemical agents.

By 2021, the Internal Service wants to focus even more on prevention, in addition to registration and corrective actions. This will be done in two important steps:

- Training the team leaders for registration and analysis of occupational accidents on the spot and taking corrective actions if possible
- Reporting incidents, risks and near-accidents through the start of the day meetings and the safety agents so that we can use this data preventively.

Occupational accidents 2020



- Number of accidents in 2020 with at least 1 day absence from work: 5
- Number of calendar days of absence from work in 2020: 14
- Hours of exposure in 2020 = 586,296
- Percentage of permanent unsuitability: 0
- Number of accidents commuting = 6

NACE 14 (manufacture clothing) 2019:

- 31 accidents	F rate: 7,48	(VdV: 15.84)	1100 accidents (35,48%)
- 1073 calendar days lost	S rate: 0,26	(VdV : 0.13)	92 lost calendar days (8,57%)
- 4,144,335 hours of exposure	GS rate: 0,96	(VdV: 0.34)	694,017 hours of exposure (16,74%)

Overview of incidents in 2020 where an insurance claim was filed for medical expenses and/or absence of work

DATE	DESCRIPTION	INJURY	DAYS	PLACE	DIRCOM	CPBW
13/01/20	Fell through pallet while manipulating ecom containers	sprain left foot	4	Distribution centre	17/01/20	07/02/20
14/01/20	Fell while riding bike on the way to work, hit chest on handlebars	contusion rib	4	Cutting room	17/01/20	07/02/20
20/01/20	Slipped on slippery spot	contusion knee, elbow	4	Quality control	23/01/20	07/02/20
14/02/20	Bar of fabric roll landed on right index finger	contusion right index finger	0	Cutting room	21/02/20	06/03/20
18/02/20	Hit right shin on platform folding table 6	contusion shin	2	Cutting room	21/02/20	06/03/20
04/03/20	Hit by a car from behind	physical recovery - check up	1	Stitching workshop		06/03/20
12/06/20	Head wound after contact with PTL shelf	laceration head	0	Distribution centre	18/06/20	02/07/20
03/09/20	Fell on stairs on the way to her car	bones in ankle shifted - cast	13	Quality	07/09/20	02/10/20
29/09/20	Cut in finger with scissors while cutting off bundle of fabric on robot	laceration finger	3	Cutting room	01/10/20	02/10/20
01/10/20	Stapled in hand	perforation between thumb and index finger	< 1	Cutting room	09/10/20	06/11/20
30/10/20	Tripped on container tarp	crack in shoulder	?	Cutting room	03/11/20	06/11/20
20/10/20	Splinter in finger while using wooden hand brush	tissue index finger damaged	1	Cutting room	26/11/20	04/12/20
16/11/20	Fell while riding bike, shoulder fracture	shoulder fracture	0	Finance	09/12/20	04/12/20
01/12/20	Cut on folding table	laceration left index finger	4	Cutting room	09/12/20	04/12/20

Overview of incidents in 2020 where an insurance claim was not necessary and internal treatment sufficed

CLAIM DOC.	DATE	DESCRIPTION	INJURY	ACTION
20200130	30/01/20	Hit shin on grey container while cleaning	abrasion	order and cleanliness
20200204	04/02/20	Hurt left knee on cutting robot (cogwheel)	abrasion	avoid climbing on robot
/	05/03/20	Grazed right thigh on protrusion	abrasion	cut off and polish protrusion
/	06/03/20	Hurt left knee on protruding rebar	contusion, bleed	WIP in combination with sudden waterlogging: shielding too late
/	10/03/20	Cut finger during fall on emergency stairs (while leaving building)	laceration	use double railing, emergency stairs in function of construction work at unloading area
/	18/03/20	Hit right shin on container during overly busy day due to Corona	laceration	order and cleanliness
20200323	20/03/20	Tripped on stairs in lunchroom MB24, trousers damaged	contusion	agreement with P&O about compensation
20200707	07/07/20	Hit lower leg on moving platform folding table 4	contusion	check sensors : OK
20200909	09/09/20	Hit head on iron of PTL (behind robot)	head bump	fix mistake in a different way
20201021	21/10/20	Splinter in finger from wooden brush stick	splinter wound	splinter removed / brush sticks polished
20201117	17/11/20	Cut finger on sharp edge of oil bin during drilling	laceration: cleaning, disinfecting, banadaging	shielding bin - to do
20201202	02/12/20	Box fell on arm - wristwatch broken	contusion	too high, lost hold, no idea about weight

In 2020, 5 occupational accidents were reported at our location in Tunisia. 2 occurred during commuting. The 2 employees were absent for 10 and 40 days respectively.
On our site there were 3 accidents:
- 1 person was absent for 3 days due to a broken needle that injured the finger
- 1 person cut her finger with scissors and could not work for 10 days
- 1 person slipped in the toilets and was incapacitated for 45 days

Corrective actions were set up for these incidents.

Mental well-being

We have both reactive and preventive action items for mental well-being too.

Confidants and well-being coaches are available to listen to concerns on the work floor. In 2021 we are committed to doubling the number of confidants, so that employees can always find someone to confide in. Continual training is also scheduled for safety agents and well-being coaches.

The study results of the psycho-social risk analysis have now been announced and a list of priorities has been drawn up. We are working with an external partner for this.

A project on ergonomics has been launched in 2020 in which, taking into account the individual employee and according to priority, we want to highlight ergonomics and actively improve it. All this according to the PDCA principle.

Anti-corruption *[GRI 205-1/2]*

Van de Velde is committed to preventing any type of bribery and corruption. An internal anti-corruption policy and whistle-blowing procedure was implemented in 2019. These apply to all Van de Velde group employees. All employees and freelancers are invited to report possible cases of corruption and bribery in a confidential internal procedure. No reports were received in 2020. We have no knowledge of incidents of corruption either.

In addition, 74% of Belgian and international employees have followed anti-corruption training through e-learning. In the course of 2021, it will be rolled out further among Belgian and international clerks. An awareness campaign was also organised around the whistle-blower procedure. An anti-corruption policy was also introduced for our business partners. It is an integral part of our supplier handbook and contract package.

Communication & Engagement

We have already described the efforts Van de Velde has made to create a pleasant environment for its employees to work in. We want to continue to grow and remain relevant in this. Good communication with our employees is key to that. We endeavour to keep our employees informed about developments in the organisation through our 'conversation room' platform and our working@vandevelde facebook group. And we also hold monthly Intuo satisfaction surveys to measure employee satisfaction. Respondents always have the chance to add more detailed comments. The questions that the employees answer in the tool are linked to "drivers" to which we as a company attach great importance: the relationship with colleagues, the relationship with executives, ambassadorship, feedback & recognition and empowerment & personal growth. The answers are shared within the Management Board and within the departments in order to be able to work on action plans to strengthen the aforementioned drivers.

Project Values *[GRI 102-16]*

In March 2020 we launched our new Van de Velde Values in the company:

- We are driven by Passion
- We are Authentic
- We breathe Quality
- We act Entrepreneurial
- We focus on Consumers & Customers
- We connect to Cooperate

These new Values form the DNA of Van de Velde: they connect all employees and express what we stand for and how we act. Moreover, they provide a basis from which each employee can make decisions and grow.
Although employees can already identify with these Values and they certainly proved to be very valuable during the Covid-19 crisis, we will strengthen and anchor them in the company in the coming years.

Suppliers and subcontractors

The relationship with suppliers is an important criterion for evaluating the success of the business enterprise. Plus, Van de Velde bears part of the responsibility for the impact of the supply chain on the two components of its sustainability strategy: people and planet. So, by tightening our ties with our suppliers we can drive our success and the success of our suppliers and achieve positive change in the supply chain. Van de Velde believes in sustainable long-term relationships and the benefits of close partnerships. With this in mind, we updated the supplier handbook and supplier contract in 2019, with due consideration for the various aspects of the relationships with our suppliers. *[GRI 102-10]*

During 2020, we worked on further deploying and implementing the supplier handbook at all raw material suppliers, with the aim of continuing to guarantee business continuity according to the salvaged principle to deliver the raw materials 'on time, in its completeness and according to the quality requirements and agreements'. Efforts were made to put collections on the market on time, and to maintain the superior high quality.

These objectives were achieved through years of cooperation and our long-term relationships with our suppliers and subcontractors.

During Covid-19, Van de Velde and its suppliers continued to deepen and strengthen these relationships into valuable partnerships. The Covid-19 crisis emphasised the importance of continuity in the value chain and we have therefore made a lot of effort to do so. No major structural changes have been made to the structure, nor to the location of suppliers. The only exception is that we no longer produce in Thailand since April 2020, at the request of our production partner. Temporarily, production volumes were returned to China to ensure stability in the process. However, the intention is to return to Thailand as soon as possible.

Furthermore, in 2020 we focused on improving efficiencies in the value chain. We committed to vertical integration, where certain raw materials are delivered directly to the production unit, and a project was launched to maximise fabric consumption and thus reduce waste.

Supplier-screening procedure

Van de Velde only works with suppliers that fulfil the principles of our sustainability vision. Every prospective supplier undergoes thorough screening, with due attention for general company details and the corporate social responsibility policy.

As we have already stated, agreement with our Social and Ethics Charter is a non-negotiable condition that Van de Velde suppliers must fulfil. Suppliers must also be able to present an OEKO-TEX® certificate and the Certificate of Country of Origin. Suppliers must sign the following documents to show that they accept them:

- Reach declaration
- Anti-corruption (agreement with Van de Velde's declaration)
- SA8000 (independent audit report or agreement with the Van de Velde Charter)

[GRI 102-42]

Van de Velde only accepts suppliers if no flags are raised in a risk assessment of the general and technical corporate details and the aforementioned conditions are met in full.

Procurement and supplier partnerships

The new supplier handbook was finalised and rolled out to our suppliers in 2019. It sets down clear guidelines as to the expectations and obligations, in line with our aim of improved transparency. *[GRI 204]*

Our aim is to reduce the number of raw materials suppliers we work with in 2021-2025. That will enable us to deepen our relationship with the suppliers we select and give both parties more peace of mind as to continuity.

The quality processes are described in detail in the new supplier handbook. To safeguard quality, Van de Velde conducts strict quality checks on all inbound goods.

One of the objectives is to focus heavily on Quality Assurance, in addition to Quality Control: targeted and efficient sampling based on analyses and process agreements, which ensure that quality is guaranteed, and this in close cooperation with our suppliers. This avoids unnecessary testing and checks as much as possible.

In recent years, Van de Velde has worked hard to introduce the LEAN method in its processes. We endeavour to transmit this method to our suppliers by working on a partnership based on mutual trust and knowledge of each other's processes. *[GRI 102-43]*

CASE STUDY: QUALITY ASSURANCE & PARTNERSHIPS WITH SUPPLIERS

CASE STUDY: QUALITY ASSURANCE & PARTNERSHIPS WITH SUPPLIERS

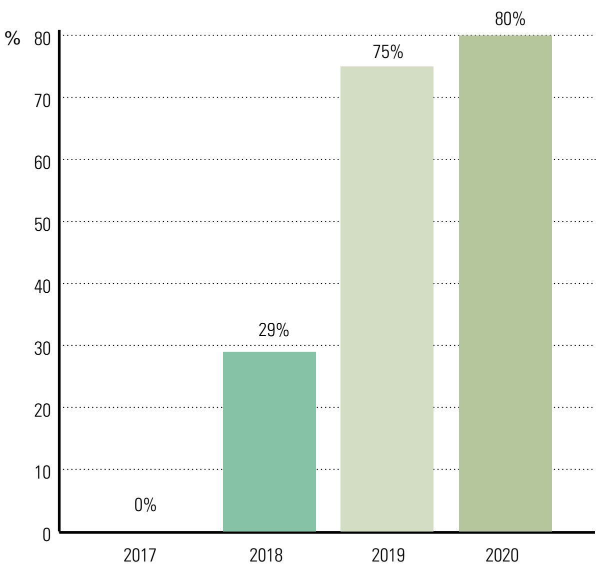
In 2018, the Quality Assurance (QA) programme started for raw materials. The objective of this programme is to check received products not only more efficiently, but more targeted too. In 2020, the QA programme was again an important point of focus and we were able to increase the amount of delivered materials anew.

In practice, redundant testing is eliminated without losing quality. This is done on the basis of several parameters. A first important parameter is testing reports from suppliers. Based on test results from raw material suppliers and targeted spot checks at entry check Van de Velde, we can continue monitoring suppliers.
A second crucial aspect is drawing up a Non-Conformity report at finding a specific defect. The supplier is required to conduct a Root Cause analysis and to inform Van de Velde about which corrective actions will be taken to prevent this defect in the future.

Within the QA programme, it is of crucial importance to rely on partnership and trusting relationships with suppliers. It is co-funded by collaborating with strategic partners, such as Liebaert NV, that we can gain these results.

The graph below describes the evolution of the amount of received materials according to QA principles from 2017 to the end of 2020.

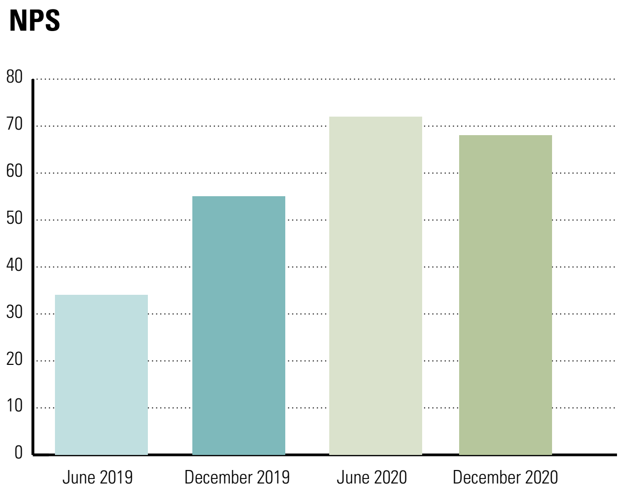
Evolution Materials QA



Customers

Retail Partners

Van de Velde considers its customer base of independent retail partners as its preferred channel. The focus on this channel was continued and remained unchanged in 2020. During the successive periods of lockdown in the various markets, we have taken various initiatives to strengthen the retail partners, for example through marketing actions or through the provision of digital solutions. We safeguarded to keep our collection variety strong and to place our products on the market at the right, customised, moments. We were rewarded with high NPS (Net Promoter Score) scores of 72 in June and 68 in December 2020. These scores reflect customer satisfaction and customer loyalty and both results in 2020 showed a sharp increase compared to 2019.



Consumers

Our customers are the focal point of our organisation. Van de Velde cherishes its unique all-female clientele. We are proud of providing these women with high-quality lingerie in any phase of their life.

We have a strong belief in inclusiveness, which drives us to make lingerie that fits perfectly whatever the size and stature. And specially for our retail partners we also created the Lingerie Styling programme, a tool that enables them to find the perfect fit for their consumers.

We support women with specific needs with specially designed products, such as the breast-feeding bra and the prosthesis pocket.

Quality labels

We guarantee the safety of all our products for consumers by requiring all our suppliers to comply with the REACH & OEKO-TEX® standards. This provides peace of mind that the products do not contain harmful chemicals or allergens. *[GRI 416-1]*

OEKO-TEX® STANDARD 100

STANDARD 100 by OEKO-TEX® is a global, coherent and independent testing and certification system for textile raw materials, semi-finished and finished textile products and accessories at all production stages. The products covered by standard 100 by OEKO-TEX® certification are unprocessed and dyed/glorified yarns, woven and knitted fabrics, accessories (buttons, zippers, sewing threads or labels), ready-to-wear articles of various types, such as all types of clothing and lingerie, household linen, bedding and bathing materials. OEKO-TEX® follows the REACH European Regulation and also takes into account the requirements set out in Annexes XVII and XIV of the European Chemicals Regulation REACH and of the ECHA SVHC Candidate List when assessed by the expert groups of the OEKO-TEX® Association as relevant in fabrics, textiles, clothing and accessories. OEKO-TEX® Standard 100 increases consumer safety. In many cases, test criteria and limit values far exceed the national and international standards that apply. Extensive product controls and regular company audits also contribute to the industry being aware of the sustainable and responsible use of chemicals. Every supplier of Van de Velde of both raw materials and finished articles must be able to present a valid OEKO-TEX® certificate to Van de Velde at all times.

Providing this evidence should not only be possible during the screening procedure that precedes any cooperation. A valid OEKO-TEX® document must also be submitted to Van de Velde annually when the certificate is renewed. The certificates are registered annually on the date of validity in our ERP system and frequent checks on validity date are carried out.

REACH is a European Union regulation adopted to better protect human health and the environment from chemical hazards and to strengthen the competitiveness of the EU chemical industry. REACH also aims at encouraging alternative methods of hazard assessment of substances in order to reduce the number of tests on animals. REACH stands for Registration, Evaluation, Authorisation and restriction of CHemicals. The Regulation came into effect on 1 June 2007. In principle, REACH applies to all chemicals, not only substances used in industrial processes, but also substances used in everyday products such as cleaning products, paints, clothes, furniture and electrical appliances. Therefore, the regulation affects most companies in the EU. Every supplier of Van de Velde, both our suppliers of raw materials and our suppliers of finished articles, must sign a REACH certificate specific to Van de Velde during the screening procedure prior to each possible future cooperation, whereby each potential new partner gives us the guarantee to meet REACH requirements and will at all times follow up on the updates and adjustments and implement them in their production process. The certificate is registered in our ERP system by date.

If necessary, we carry out extra spot checks and work closely with accredited laboratories such as Centexbel in Belgium. During 2021, we will further optimise and standardise the processes and procedures regarding certification. In 2020, there have been no incidents involving harmful chemicals and allergenic substances. *[GRI 416-2]*

GDPR

There were no breaches of customer privacy in 2020. Van de Velde has taken the steps needed to comply with GDPR and ensure continuous vigilance. In the latter case, with regular GDPR posts. *[GRI 418-1]*

Mai, Els and Marko

Various stakeholders

Charity

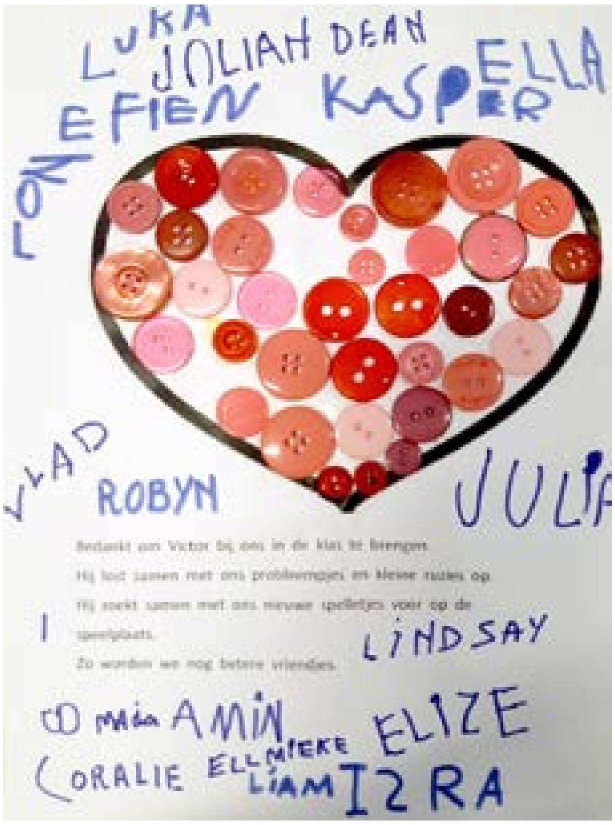
Van de Velde NV is a family firm with strong local roots and an intense awareness of its social responsibilities. For this reason, we support projects and charities that aim to improve the lives of women and children, often in our immediate vicinity. Van de Velde also encourages its own employees to take actions to support these types of projects, so that we can all give something back to society.

Van de Velde also contributed during the Covid-19 period. As a family business, Van de Velde highly values corporate social responsibility. Therefore, at the start of the pandemic, after an urgent demand from the hospital (A.S.Z.) in Aalst, it was decided to use part of the stitching workshop for the production of type 2 mouth masks for medical use. This way, the acute shortage of medical mouth masks was partially remedied. This fine initiative involved several partners who, like Van de Velde, cooperated completely free of charge.
In addition to the production of medical mouth masks, we also decided to give our employees and retail partners reusable mouth masks that the seamstresses in our Schellebelle workshop have made from fabric leftovers from our lingerie and swimwear collection. It will come as no surprise that our employees and retail partners proudly wear the carefully crafted, durable and fashionable masks to protect the people around them!

With our brands Marie Jo and PrimaDonna we wanted to thank all the heroines who have worked hard and/or supported others during this challenging period. That is why we launched the 'Thank Your Hero' campaign, where anyone could nominate a personal heroine to win a free swimwear set, by sharing her inspiring story. Our own Van de Velde heroes were also highlighted in the same way, because we gave each employee a free swimwear set.

In July 2020, Andres Sarda donated a swimwear set to more than 1,500 medical staff at the renowned 'Hospital Clinic' in Barcelona. The brand wanted to acknowledge these women and men for their courage and give them a small token of appreciation.

In 2020, Van de Velde NV also supported for the first time the multi-year project 'School zonder Pesten' (school without bullying). This non-profit organisation wants to make every school a feel-good school to prevent bullying as much as possible. As a 'compensation' for the financial support we offer to this organisation, the non-profit organisation has organised five school performances of 'Victor and his Feel-good Machine' in local schools. Each performance also included a Victor hand puppet and a large reading book. Primary school Het Belleveer in Schellebelle were the first to see the performance.



Van de Velde also participates in the 'social investment fund', which means that we contribute to the support of promising social entrepreneurs, in particular entrepreneurs who are committed to the employment of disadvantaged groups.

Industry organisations

As well as assuming its responsibility in the communities where our employees and customers live, Van de Velde is also highly active in professional circles. We are a member of numerous organisations, which are a source of information but also a chance to share our own knowhow and experience.

Van de Velde is member of the following organisations: *[GRI 102-13]*

FSMA

CENTEXBEL

etion

voka Kamer van Koophandel

Creamoda

Fedelir

VIL Empowering Logistics

Lieve and Natalie

The environment

It is obvious to Van de Velde that care for people is inextricably linked to care for their environment. Our products are designed to retain their high quality for a long time and in the production process we invest efforts to reduce their environmental impact. Van de Velde has a rich tradition of craftsmanship and pursues the highest quality. We are not in the fast fashion business; our products are designed to be worn for a long time. The long product lifecycle is one of our assets in the lively climate debate.

In our supply chain, we aim to continuously reduce waste in all steps of the production and distribution processes, as well as in the day-to-day activities within the company. This includes many action points, such as post-industrial waste, single-use plastics, the packaging of our products, etc.

On all its production sites, Van de Velde deals with water and energy as sparingly as possible. In the past we have been able to achieve a lot through adapted insulation, solar panels, adapted light, temperature control and noise reduction. This year, too, we want to further raise awareness among our employees, which allows us to reduce consumption even further.

The following issues will be addressed in 2021:

- We are working together with the municipality and the province on a project for the bat colony in Schellebelle by adapting the lighting and additional planting.

- The cooling units that still run on CFCs are being replaced by more environmentally friendly appliances.

- In collaboration with Aquafin, we are looking at whether we can create a heat grid based on the heat we recover from the purified wastewater. This heat grid would then be available over the entire industrial park (old and new part).

- In Meerbos 22 we will switch from city water to rainwater for the toilets. This conversion was finalised in Meerbos 24 during 2020.

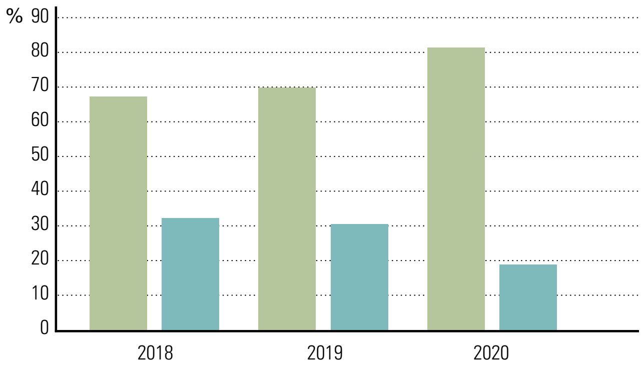
As a company we want to guarantee our customers that our products can be manufactured in a reliable, clean and sustainable supply chain. To do so, we make very deliberate decisions about where we buy our materials, where we manufacture our products and how we distribute them. The "*FORWARD by Van de Velde*" strategy will help us critically assess these decisions and develop new ideas, in order for us to move towards a sustainable future.

Waste

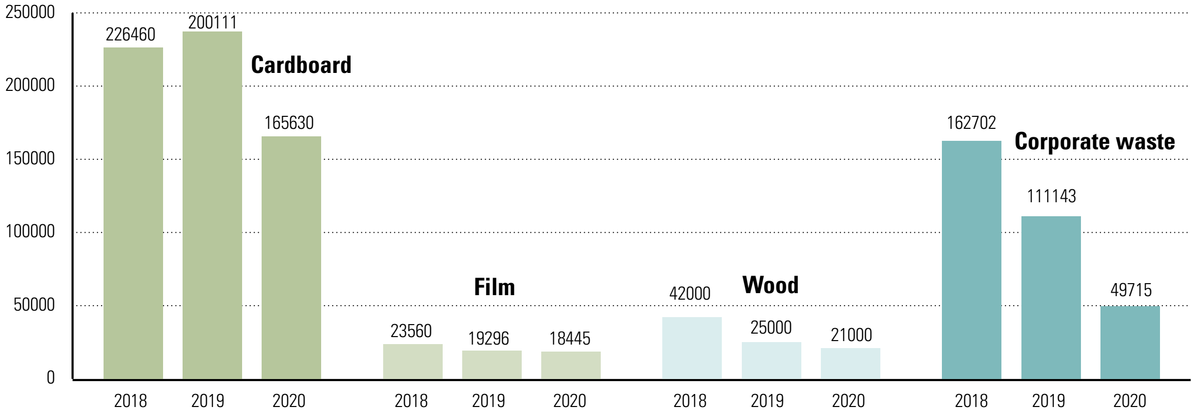
The downward trend in waste volume will continue in 2020 and the recyclable part has increased again *[GRI 306-2]*.

To be fair, we need to take into account the Covid-19 period; this year's downtime naturally adds to the lower figures and increases the result.

Recyclable versus non-recyclable waste



Changes in type of waste



Towards the future, we hope to see the residual fraction decrease even more through further awareness (including through the start of the day meetings) and through setting up "mini" waste bin parks at both sites, making recycling easier. Furthermore, we commit to purchasing recyclable goods and continue to look for applications of the residual fractions.

The production site in Tunisia is also making the necessary efforts to minimise the impact on the environment. We strive to continuously reduce waste during all steps of the production process. For example, boxes and cardboard are reused as much as possible. We have an agreement with the municipality who collects our limited waste for recycling. Exact figures are not available for this because it is not registered anywhere.

We handle water as sparingly as possible by, among other things, installing taps with push button.

There is a specialised company that collects the wastewater (toilet-normal) every month for recycling.

Energy

Energy is used throughout production and we can only have an indirect impact on the early stages of the supply chain through our relationship with our suppliers. However, where possible, we very consciously endeavour to reduce energy consumption and use more sustainable forms of energy.

In 2020, we reduced our gas consumption by 13% compared to 2019 and electricity consumption by 5% *[GRI 302-1]*. Again, we have to take into account the Covid-19 period, which means that the figures are obviously lower than previous years.

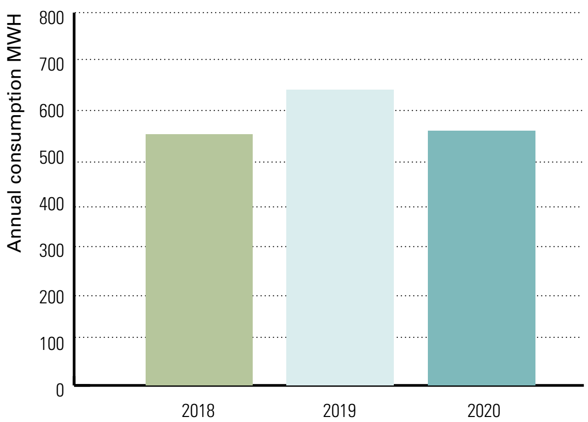
Nevertheless, we see the results of the efforts made.

The roof of Meerbos 22 was completely insulated and we started to replace the traditional lamps with the LED version.

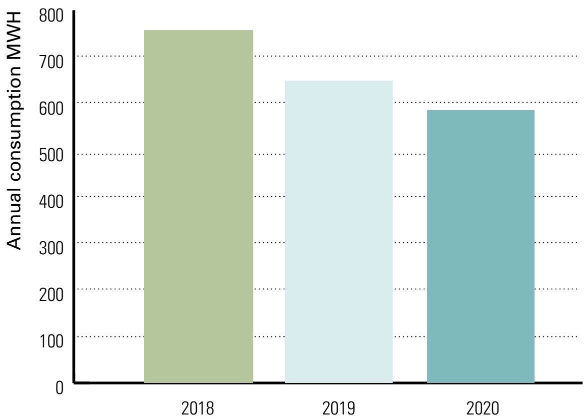
On both Belgian sites, the cooling units are being replaced, which is a good thing both in terms of the environment and consumption. We also continue optimisation by, among other things, replacing of traditional lamps by LED, checking electrical enclosures to avoid ‘leaking electricity’, ...

We will also split up the electricity meters of the Meerbos site in order to raise awareness at the different departments. In terms of renewable energy, we have our solar panels especially in Meerbos and a study is being carried out (with support by Aquafin) to realise a heat grid. The heat from the purified wastewater could be recovered.

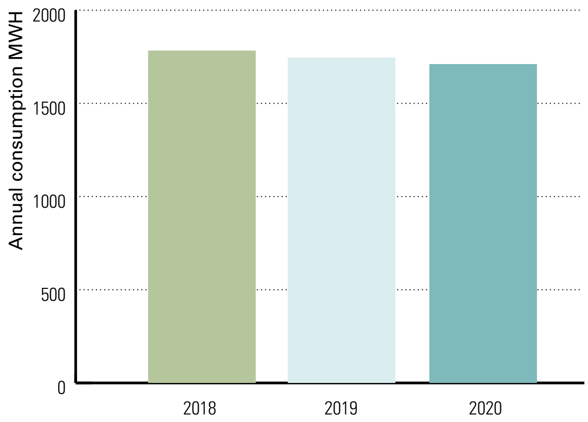
Gas consumption at the production site in Wichelen



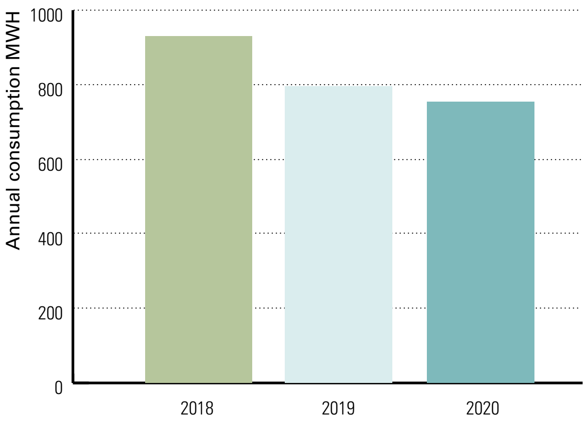
Gas consumption at the headquarters in Schellebelle



Electricity consumption at the production site in Wichelen



Electricity consumption at the headquarters in Schellebelle



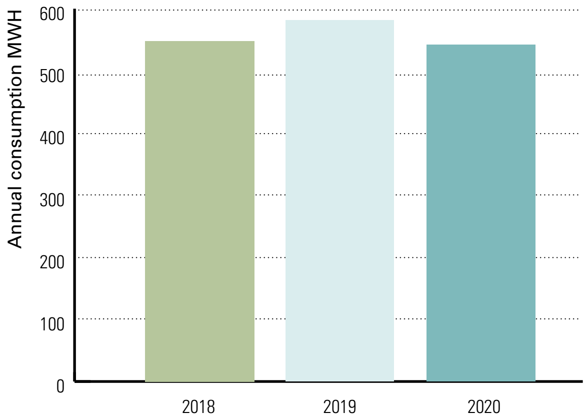
Making our contribution

Clockwise from top left:

1. *Solar panels on the roof in Wichelen.*
2. *Sorting waste.*
3. *Electric car battery charging station for employees and visitors.*
4. *Press that sucks up production waste according to type (paper and textile).*
5. *Electric car battery charging station for employees and visitors.*

Efforts were also made at our production facility in Tunisia with regard to energy. We have installed additional roof insulation and have already replaced some of the cooling units to reduce energy consumption. Where possible, we also try to reduce energy consumption by adjusting light and temperature control.
We are also systematically replacing the motors of the stitching machines, resulting in less consumption and therefore less heat production.
We also foresee a lot of renewable energy by installing solar poles.
In the future, the aim is to go even more towards sustainable and environmentally friendly forms of energy in the event of new investments.

Electricity consumption at the production site in Tunisia



Materials in our products

Van de Velde products are known for their excellent fit and quality. Our products last for years, without loss of quality. That is something we can guarantee because of our stringent, intensive development process. Each material is thoroughly inspected, and the products are extensively tested. The high quality prevents the creation of a disposable culture with regard to our products.

About this rapport

The subject of this sustainability report is Van de Velde and its consolidated associates. A full list of entities is provided in note 27 of chapter 5 of the annual report. This annual report, this time regarding 2020, is based on the GRI standard (core version). To provide insight, we selected the main stakeholders and KPIs. We have endeavoured to honour all reporting principles (completeness, stakeholder inclusiveness, materiality and sustainability context) when developing the materiality of the issues under discussion. *[GRI 102-46/50/52/54]*

Contact

Please email sustainability@vandevelde.eu with any queries you may have about this sustainability report or the actions Van de Velde takes as part of 'Forward by Van de Velde'. *[GRI 102-53]*

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