Van de Velde

Annual report 2021

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 have enabled us to achieve the reported results and to have confidence in the future.

Photography

Liselore Chevalier and Marie Wynants (Marie Jo)
Martina Bjorn (PrimaDonna)
Miguel Reveriego (Andres Sarda)

Printing and finishing

Graphius
www.graphius.com

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

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
Chambre of Commerce 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 Companies Code.


PRIMA
DONNA

Message from the Chairman

2021 was characterized by periods of great optimism but also of great uncertainty. After mandatory store closures in many countries and far-reaching restrictions, vaccines came to the rescue sooner than expected, giving us a sense and taste of freedom again. Consumers responded with enthusiasm and the economy was revived. But that optimism was fragile and uncertainty reared its head again. There is a risk that we will once again become hostage to external factors we cannot control.

That said, we remain positive and we continue to have confidence in the various parties that impact our operations.

- In the government, which in difficult and unprecedented circumstances has to find a balance between protecting the health of the (older) population, on the one hand, and allowing economy and society in general to function properly, on the other.
- In scientists, who have greater insight into how aggressive the virus is and who have managed to quickly develop vaccines.
- In our suppliers. It will be a tough year for the supply chain. Both production and lines have been impacted and suppliers have to contend with supply issues. Fortunately, our partnership model and our long-term relationships with suppliers have protected us from major disruptions and delays. It remains a challenging environment, however, and getting goods to our retail partners on time demands a lot of energy.
- In our shareholders, who have continued to support us over recent years. We will do everything within our power to reward this trust over the coming years.
- In our management and in our employees, who give their all each and every day, often in difficult circumstances.
- Last but not least: in our retail partners. They have rated us highly in satisfaction surveys. We are grateful to them for this and we realize that we have to continue to earn their satisfaction every single day. Maintaining such a high level of satisfaction is a challenge. We endeavour to do this by consistently offering trendy, creative products of impeccable quality that fit perfectly. Service also plays an important role. We continue to focus on the satisfaction of our retail partners and do our utmost to get through these turbulent times together.

In 2022 we will continue to implement our optichannel strategy, going all in on digital communication and digital technology. This will enable us to bring consumers to the fitting rooms faster, where they can be convinced of our products based on professional styling advice.

Lastly, in a spirit of hope and optimism, we want to thank everyone who contributed to the recovery in 2021. Here's to a successful 2022.

I thank you sincerely for your trust.

Herman Van de Velde
Chairman of the Board of Directors


PRIMA
DONNA
TWIST

Activity report

Design: brands and innovation

Design: Marie Jo

We continued to refine the new collection architecture in 2021. The needs of new and existing consumers are changing. An extensive international consumer study was conducted in 2020, focused on both existing and potential Marie Jo target groups. The resulting insights were used for the new collection architecture. The segmentation of both main brand Marie Jo and sub-brand Marie Jo L'Aventure was adapted. That enables us to optimize the lingerie collections – new season fashion trends and stayers – and ensure a compelling offer. Both consumers and our retail partners appreciate the new collection approach. The lingerie is more original, more playful and more colourful, without compromising on the fit, comfort and quality.

As well as the visually distinctive range, we are also strengthening the modularity of our collections. One of the USPs of our brands is consistency in size and style. Once the consumer knows her size and style she will be able to find the perfect fit in various lines of current and future collections. Over the years we have built up valuable know-how on fit, comfort and quality. Digital tools developed in partnership with our Innovation department are used in the design process. The intense partnership between the Design and Innovation departments ensures our knowhow is applied in a consistent and objective way by the modelling team.

Design: PrimaDonna

PrimaDonna provides an outstanding fit and a fashionable look to women with larger breasts. As such, PrimaDonna is unique in the plus-size market. Our collections are developed on the foundations of a strong collection architecture. That allows us to make every woman with larger breasts happy with lingerie that fulfills her personal preferences. We make sure that every woman, younger or older, traditional or provocative, can express her femininity.

PrimaDonna already has a strong presence in the traditional, romantic and colourful segment. To be sure that we appeal to new consumers too, we have added daring sets with the tried-and-true PrimaDonna fit to our collections.

The basic range was refreshed in 2021. Less strong products will also make way for more trendy contemporary products in 2022. The range of stayers remains in line with the expectations of our heterogeneous consumer group. These stayers are available in various designs, colours, styles and sizes. The positive results generated by this diverse stayer collection are clearly seen in our stocks and supplies.

Our marketing campaigns are also characterized by diversity. We address various types of woman in our WeArePrimaDonna campaigns, which showcase real stories from real PrimaDonna women.

PrimaDonna is inclusive and authentic. That's why it was decided to offer a range of sizes. The average cup size is increasing and lingerie is evolving in lockstep. In response, we have added a K cup to our range. In doing so we are keeping our promise to offer beautiful, on-trend lingerie that ensures the best support and fit for large breasts.

PrimaDonna Twist, the youngest PrimaDonna segment, is very successful. We appeal to even more consumers with this younger line, without obstructing the growth of the main brand PrimaDonna. Like PrimaDonna, the PrimaDonna Twist stayer range was also refined. A stayer does not always have to be traditional, it can also make a statement. Our 'First Night' series is a perfect example. The Swim collection is aligned to the lingerie range to ensure that women are able to find their ideal fit. In the Sport collection we introduced two new stayers in neutral colours.

Design: Andres Sarda

Andres Sarda – the lingerie and swimwear brand that helps women feel glamorous and striking – has reconfirmed its brand essence and reinforced its luxury positioning. A new collection architecture was implemented to meet the wishes of luxury consumers the world over. Andres Sarda sales increased in 2021. This is primarily due to the success of its head-turning lingerie collections.

Andres Sarda opened the Madrid Fashion Week with eye-catching shows not once but twice in 2021. Actress Lali Esposito, as seen on Netflix, starred in one of the shows in the form of a cabaret, which the press and leading stakeholders in the front row clearly loved.

Andres Sarda's renewed creativity, luxury and originality will continue to drive growth in 2022.

Innovation

Three innovation axis projects were completed in 2021:

1. Product
   In early 2021 extensive consumer research in our key markets provided new insights: the importance of ultra-comfortable lingerie across consumer groups, a response, among other things, to the covid-19 pandemic. To meet these newly identified consumer expectations, last year more research was conducted into new material and production technologies that were originally developed for the booming sports textiles sector. The feasibility of using these new technologies will be explored over the coming year, based on tests of prototypes and new product concepts.

2. Process
   The innovation team is also working on the establishment and application of clear and objective fit standards, based on user-friendly 3D tools and models.

3. Fitting room
   As well as the physical fitting room, we give consumers a high-quality personal service experience in our digital channels. 2021 saw the roll-out of the first state-of-the-art advice tools in our digital channels: the 'fit quiz' at primadonna.com and 'measure@home' at mariejo.com. The advice tools were positively received by the consumer.

Marketing

Consumer-centricity remains the heart of our marketing strategy. We put the consumer first by trying to understand her as well as possible and making our brands as relevant for her as possible. We focus on enhancing consumer awareness and emotional engagement with regard to our brands. We do this with a marketing mix that targets increased media presence in our key markets and an extra layer of emotional content.

We launched an original new campaign for Marie Jo in the autumn: Marie Jo | My Invisible Force. The campaign was launched to turn women's heads and put a smile of recognition on their faces. We present a clothed self-confident women who admires herself in the mirror with satisfaction. Under her outfit she's wearing her favourite Marie Jo set. It makes her feel good and even more self-assured. What she's feeling is her invisible force. For 40 years now it's been Marie Jo's mission to enable women to feel good about themselves. We do that by listening to women, to get to know and understand them so that we can put their interests first at every step we take in the design process.

At PrimaDonna, the lingerie brand for women with large breasts, we continue to work hard on our successful "close to the body" campaigns. Since 2019 we have been highlighting women with the tag #WeArePrimaDonna. They talk about their body and their large breasts in an open and informal way. In doing so, they become role models for other women. We have strengthened our community with a number of international PrimaDonna muses. We have also turned the spotlight on women who do not typically see themselves in the media. We invited five unknown women to a lingerie fitting session and photo shoot with PrimaDonna ambassador Siska Schoeters. #WeArePrimaDonna chimes perfectly with PrimaDonna's mission: ensuring that women feel good about themselves.

The second important driver of consumer centricity in our marketing strategy is developing powerful 360° activation campaigns. Our optichannel approach is key here. Consumer research shows that 70% of the preshopping experience takes place online. On the other hand, our research and experience tells us that a visit to a lingerie boutique is the fastest route to a good brand experience and the ultimate fit for consumers. That's why we connect those two key aspects in our campaigns. We endeavour to inspire consumers with our strong brands on our revamped websites, on social media and in newsletters. We also forefront the importance of our lingerie styling expertise with relevant information about the effect of high-quality, perfectly fitting lingerie and the vital role of professional size and style advice in the boutique fitting room. With powerful activations we try to help our retail partners as much as possible to attract consumers into their stores.

Sales

Wholesale

The first half of 2021 was a challenging period for independent lingerie boutiques and department stores alike, due to the pandemic restrictions, including regional and national lockdowns. The closures of brick-and-mortar stores drove the growth of online shopping, which is clearly reflected in the strong growth of our omnichannel customers and e-tailers. Bricks-and-mortar stores focused on consumer centricity also achieved strong growth.

Pre-orders for spring/summer were impacted by the situation in 2020. The higher demand for high-quality products and designer fashion after reopening led to strong growth in follow-up orders of trendy products and our compelling stayers.

The trend in strong results continued into the autumn. The autumn/winter collection was well received by consumers, who continue to be keen on trendy wear and new products. However, more pandemic restrictions in December resulted in lower end-of-year sales.

The sales of swimwear were effected by travel restrictions, uncertainty, and large swimwear stocks in stores.

Footfall was down on pre-pandemic levels in brick-and-mortar stores, but this was offset by the particularly loyal customer base and higher spend per customer.

The Van de Velde Academy relaunched its training courses, a move that was very enthusiastically welcomed by our retail partners. The focus was on fitting and styling in stores to capitalize on Van de Velde's USP: providing consumers with the optimal lingerie styling experience.

Further acceleration and professionalization was seen at lingerie boutiques that are open for business online. We support our retail partners with digital services, including EDI, API connections, drop shipments and the online Lingerie Styling partner platform that enables them to serve consumers better regardless of the channel.

As in 2020, in the year under review we continued to provide solid support to our retail partners with on-time deliveries and full-fledged collections. They showed their appreciation by awarding us high net promoter scores (NPS). We continue to support our partners in their digital acceleration and focus on consumer centricity. We support specific customer groups with data-driven purchasing advice to ensure their stock is always tailored to their needs. In the new Sales Excellence Development Program we help our representatives adopt a more efficient approach to providing their customers with support and advice, aimed at strengthening the partnership.

Digital

More than ever, digital plays a key role in consumer decision-making and purchasing, both online and offline. With that in mind, Van de Velde has accelerated its move to digital in recent years with high-impact projects and the results have been impressive.

The Marie Jo website was recently given a platform makeover, which means that all Van de Velde sites are now running on our new scalable digital platform. Consumers are served up a balanced mix of inspiring and informative content and are immersed in the brand story.

New functions have been added to the existing brand and retail websites to better respond to consumer needs. As well as shopping, retail website visitors can also check lingerie stocks in individual stores and book an in-store appointment.

Our investments in digital media are increasingly tailored to evolving media use, with rising cost-effective investments in social networks, search machines and innovative online channels. We have been able to reach new consumers with high-impact digital campaigns.

Retail: Owned & operated, franchise and brick-and-mortar stores

After a tough first six months of the year, with store closures in all countries except the United States, our brick-and-mortar retail channel was awarded a high consumer satisfaction score as well as contributing to profit.

Retail's complete integration into the optichannel sales and marketing structure was an important first step in that journey.

Brick-and-mortar stores fulfill an advisory role for consumers and this had to be adapted during the lockdowns, with due consideration for the changing consumer needs. A new online appointment tool was implemented. It can be used to make both in-person and virtual appointments. Our 3D mirror is used as a secure measuring tool during appointments. We see that appointments in which the 3D mirror is used generate higher consumer spend.

More and more consumers start their shopping journey online, so our retail websites now show what products a given brick-and-mortar store has in stock. Consumers use this function often and they really appreciate it. We also deliver sizes or articles that are not in stock at a given store straight to consumers.

The optichannel strategy that is used for retail communication is fully aligned to 360° activation. This is rolled out and optimised in our Space Management project, which ensures our products are presented in an optimal way with an optimal range tailored to the brand experience.

The restructuring of the owned and operated retail portfolio was completed in 2021, with the reduction of rental costs and the relocation of stores to sites that fit in optimally with the targeted consumer profiles.

Value chain

The global pandemic continued to have a negative impact on the value chain in 2021. As the pandemic began to recede, we remained focused on ensuring maximum delivery reliability in line with our promises, without compromising premium product quality. This was achieved while maintaining 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. The supply chain was disrupted by a shortage of key raw materials and capacity limitations. Based on the trust built up with suppliers during the darkest days of the pandemic in 2020 and determination, we were able to count on excellent service from suppliers. Close consultations between suppliers, our stitching studios and our in-house teams enabled us to safeguard the quality of our products.

Delivery promise

The first few months of 2021 brought further mandatory store closures in various markets. In consultation with independent retail partners, we rescheduled deliveries of the summer collections to a later date in the year. When stores opened again we released the most popular collections first, so that our retail partners were able to ramp up sales immediately. That demanded more flexibility from the in-house teams, but resulted in earlier follow-up orders. It also meant that we were ready to deliver our Swim collections as restrictions were eased and summer tourism started to pick up.

When the winter season launched in June the distribution centre in Wichelen was surprised by the speed at which sales increased. This created operational challenges in July and August. Our staff worked hard to ensure that orders were shipped as quickly as possible. The new winter collections were available in full on time, thanks to earlier decisions made by our S&OP structure. In the autumn we focused on the infrastructure updates needed to ensure that we continue to keep our delivery promises at Wichelen. That included the optimization of the packing process. As of September we were once again able to guarantee a fast response based on the stocks of both trendy and stayers.

It is the first time in a long while that we have had to deal with a shortage of people on the job market. Attracting new recruits was a big part of our activity and will remain a focal point going forward.

Operating processes

In 2021 our focus remained on ensuring short-term business continuity. As well as the existing routine of start-the-day meetings and continuous assessment based on performance indicators, we also held meetings to update our teams on frequent changes. That ensured that we were able to respond fast in the event of problems, be that in terms of staff numbers and workload at our production and logistics departments or in terms of extra flexibility with regard to value chain timings and planning.

We also worked on long-term business continuity. We improved demand forecasting, worked on our return flows and – after carefully assessing several IT solutions – we greenlit the implementation of a new warehouse management system (WMS). We incorporated the multichannel vision into the S&OP process, making the specific needs of each distribution channel transparent in order to manage supplies better.

Production

No significant changes occurred. Virtually all production steps, save pure stitching (assemblage), are done in Belgium. There is 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, primarily working out of its sites in China and Thailand. In Tunisia we have our own site and we work with two suppliers. Both of these approaches offer good value for money.

Top Form in China, our own site and our partners in Tunisia all faced particularly big challenges once again due to the pandemic. Their main priority was the safety of their staff and the implementation of important health-related measures in consultation with the local authorities. Things started to improve considerably once vaccination programmes got underway in the second half of the year. We began planning the expansion of our premises at our Tunisia site to support additional logistics and quality assurance activities in the region.

Sustainability

Sustainability is a priority at Van de Velde. We pursue a long-term vision and want to add value for society. A sustainability manager was appointed in September 2021 to roll out our sustainability policy further. A clear framework, collective engagement and acquisition of specific knowledge are the tools needed to be able to make progress. Taking our lead from the sustainable development goals (SDGs), we are fleshing out a multi-year action plan in line with the mission, values and ambitions of Van de Velde.

In 2021 work continued on projects with a positive social and environmental impact. Van de Velde's Social and Ethical Charter was updated in the autumn and an external audit was held in connection with SA8000 recertification. This is proof of a company's respect for human rights and local laws. Staff ecology awareness campaigns were conducted, the energy performance of our buildings and sites was improved, and we made a change to our packaging. Innovative eco-friendly threads were adopted for use in the collections.

IT, Digital Development and Data

Digital acceleration was at the top of the agenda for the IT and data teams again in 2021. The optichannel strategy continues to be the main focus, as it enables us to support our retail partners with new digital functions to improve the customer experience. Our retail partners that wish to sell their wares online have various options, including an online store. We offer a range of e-services to simplify the online sales process for them. They can upload product information, photos, prices and more to the online system. We offer retail partners that do not sell online a digital alternative on our Lingerie Styling Partner platform. These retail partners can refer consumers to the platform in their social media channels and newsletters. Consumers can shop there or simply use it as a source of inspiration.

The B2B platform has also been optimized. The aim was to improve the user experience on the platform, including the look and feel. We use the B2B platform to give retail partners information about new collections, marketing campaigns and other fashion topics. This has led to a further increase in the volume of orders through this platform.

New functions have been developed for our own retail network with Rigby & Peller and Lincherie. Consumers can now check the availability of specific items in their preferred store online before setting out on a shopping trip.

We continue to work to make our websites as inspiring and as user-friendly as they can be. The Marie Jo and corporate Van de Velde websites were migrated to the Microsoft Azure platform in 2021.

We completed some important IT security projects, including implementing multi-factor authentication (MFA), setting up a new firewall around our Azure environment and installing BitLocker on all our hardware. IT security remains a hot item on our agenda. The same goes for the scalability and flexibility of our IT infrastructure and architecture. Focusing on our logistics infrastructure, the first big step is the implementation of a new WMS at the central distribution centre in Wichelen.

The construction of the Consumer Data Platform got underway in 2020. The goal is to gain better insights into consumer behaviour. We set up consumer segmentation to enable us to align the content of our communication with the needs of the various types of consumer. This project will continue in 2022, with the aim of facilitating a personalized consumer experience. The sales dashboards have been refined to give the sales teams improved insight into consumer needs. These data-driven insights enable us to provide our retail partners with support to optimize their sales advice support and product range.

People and Culture

Our values:

- **Passion**: Our heart beats faster for our products and the women who wear them.
- **Quality**: We strive for the highest quality in our products, our work and our service, without compromises.
- **Consumers and Customers first**: We understand, meet and exceed the needs and expectations of our customers and consumers.
- **Entrepreneurial**: We look for solutions, we endeavour to excel and we learn constantly. Our increasing focus is on achieving results.
- **Stronger together**: We work together with respect and trust, both in-house and externally.
- **Authentic**: We are reliable, honest and practical.

We are proud of our teams. All our employees have managed to achieve impressive results in 2021, a year on which covid-19 cast a dark shadow. That is down to the engagement and drive of our employees, who continue to serve and support our partners and consumers.

The health, wellbeing and safety of our employees remained our highest priority. We implemented the appropriate health measures, introduced working from home wherever possible and closely followed government restrictions to protect employees and visitors. Communication by and availability of management remained key.

Remaining connected was critical. Our cross-department VdV Connect team launched various initiatives to maintain and strengthen connections between our employees and teams. Examples include a charity Walk & Bike Challenge in association with Plan International, exercise sessions, digital coffee breaks, Lunch & Learn sessions and Secret Santa.

We introduced hybrid working for relevant jobs in the second half of the year. This approach is focused on finding a good balance between working at the office and working from home. The ultimate aim is to protect collective wellbeing while ensuring optimal individual, team and company goals and targets are achieved.

We have also continued to invest in engagement over the past year. We want 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 anonymous satisfaction and needs survey among employees 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 specific driver relating to covid-19 measures was also retained after being included for the first time in 2020. The input this generates is used to determine our responses, which can be rolled out swiftly. The general engagement score remains at a stable high level.

The implementation of the performance management process continued across the organization. A mix of formal interviews and informal chats, the process targets employee development as well as the achievement of optimal individual and company results. These meetings and chats are held in a context of trust and respect to ensure open, transparent communication.

Employee training was also high on the agenda. We are convinced that Van de Velde can only grow if our employees are able to grow. We do that together. That's why various trainings were offered to help employees acquire technical and job-related skills and strengthen their management, interpersonal and communication skills. We did this in close partnership with IVOC, our industry's training fund.

We were able to welcome many new colleagues to support our growth. A lot of attention was given to onboarding and integration. We work on both external recruitment and internal mobility to offer career paths within our organization.

Review of the key audited consolidated figures

Turnover

On a comparable basis (including comparable seasonal deliveries), the consolidated turnover increases in 2021 by 19.1% from m€ 160.5 to m€ 191.2 The reported turnover increases more sharply, namely by 28.2% from m€ 152.3 to m€ 195.3 This is due to a timing difference resulting from the postponement of the deliveries for summer 2021 at the end of 2020.

Comparable turnover (in m€)	31.12.2021	31.12.2020
Turnover	**195.3**	**152.3**
Deliveries summer collection in the second half of 2021 and 2020	-5.0	-0.9
Deliveries summer collection in the second half of 2020 and 2019	0.9	9.1
Comparable turnover	**191.2**	**160.5**

The comparable wholesale turnover increases by 18.4% to m€ 163.6 and the retail turnover grows by 23.7% to m€ 27.6 In Europe, the retail turnover increases by 17.8% and in the United States by 49.4%. The stronger growth in the United States reflects the fact that there were no lockdowns in 2021 compared to long lockdowns in 2020.

In both segments, wholesale and retail, the following trends can be observed:

- Lingerie sales recovered strongly and even grow compared to 2019. This growth is driven by a strong performance in the second half of the year.
- Swim sales have not yet recovered due to uncertainties and restrictions related to travelling in spring 2021 and to high stock levels with our Retail Partners.
- Sales are highly stimulated by the optichannel marketing strategy based on a 360° marketing activation through the different channels and improved digital platforms. The different campaigns positively impacted all channels, both physical and digital.

EBITDA

On a comparable basis (including comparable seasonal deliveries), the consolidated EBITDA for 2021 increases by 30.3%, from m€ 40.1 in 2020 to m€ 52.3 in 2021. The EBITDA on a non-comparable basis increase by 58.4% from m€ 34.7 in 2020 to m€ 55.0 in 2021.

Comparable EBITDA (in m€)	31.12.2021	31.12.2020
EBITDA (Operating profit + depreciation and amortizatoin)	**55.0**	**34.7**
EBITDA on comparable deliveries	-2.7	5.4
Comparable EBITDA	**52.3**	**40.1**

The EBITDA on a comparable basis amount to 27.4% of the turnover compared to 25.0% in 2020. The main reason for this positive evolution is the turnover increase of 19.1%. Furthermore, there is a positive price effect due to a different mix and the improvement in production efficiency.

Working capital

Working capital (current assets excluding cash and cash equivalents fewer current liabilities excluding financial debts) decreases and amounts to m€ 31.7 in 2021 versus m€ 35.4 in 2020. This is due to an increase in the short-term liabilities because of increased business activity and a decrease in tax and VAT receivables.

COVID-19 update

In 2020, companies around the world were hit by the effects of the COVID-19 pandemic. The consequences of this pandemic also had an impact on 2021. At the beginning of 2021, many of our Retail Partners were again confronted with several weeks of shop closures and other restrictions. Just like last year, we optimally supported our Partners through various measures. This led to a further increase in customer satisfaction.

Prospects

After beginning to turn things round in 2021 our ambition is to return to growth in 2022. We have summarized our strategic vision for 2022 as follows: "accelerated growth by activating our premium brands, personalized service to retail partners and consumers, and upscaling the supply chain".

The strategic plan for 2022-2023 covers the following key domains: growth through markets, consumer focus and strengthening the optichannel strategy. We are convinced that these strategic priorities will generate further growth.

Focus on our premium lingerie brands and consumer centricity

- Premium Fashion Lingerie Activation: our premium lingerie brands PrimaDonna, Marie Jo and Andres Sarda will be strengthened. We will continue to develop PrimaDonna as the leading lingerie brand for women with a larger cup size. The focus remains on enabling women to be proud of their femininity by designing on-trend lingerie that fits perfectly. We want to strengthen Marie Jo's market position by allowing women to be themselves. At Andres Sarda we are building on glamour and the brand's Barcelona roots. We deploy 360° activation to ensure a consistent message is shared with consumers about our brands in various channels.
- Encouraging consumer centricity: we continue to claim "the moment of truth" when consumers try on our lingerie by offering the ultimate fitting experience through our lingerie styling programme. We are building a lifelong relationship with consumers through personalization and loyalty programmes.

Strengthening the optichannel strategy and brands

We continue to strengthen our optichannel strategy by aligning online channels and brick-and-mortar stores. Our retail partners' brick-and-mortar stores are our priority. We give consumers the opportunity to buy our brands where and when it suits them: in-store or online. Most consumers start their lingerie shopping journey online, but most transactions are completed in brick-and-mortar stores. We will focus on:

- Our retail partners, specialized lingerie stores, continue to be our preferred partners. They are the cornerstone of our business and the primary bridge to consumers. The added value of the styling and fitting service offered to consumers in stores ensures our lingerie is presented in the best possible way. We will tailor our services ever more to the needs of the retail partners through segmentation, and support and encourage them in the continued digitization through e-services.
- Own stores and franchises: we will continue to integrate them into our 360° activations. We aim for consistent communication and want to strengthen the experience and impact of our brands by presenting the collection in all channels in the same way. In addition, we want to provide the very best service in our own stores and the franchise stores based on lingerie styling, with the aim of developing and testing a best-in-class concept that responds to consumer needs. Our store portfolio will remain stable.
- Accelerated growth. We are focusing on France and Germany, which are markets with growth potential for Van de Velde. The growth plan for Germany was successfully launched but delayed by the protracted lockdowns.

Strategic enablers to put these strategic plans into practice

- Upscaling our supply chain by raising efficiency and capacity to support further growth. We are upgrading our WMS to guarantee the right service level. The ToGetHer project will be rolled out further to differentiate our offer for consumers and through the various channels. Production capacity will be enlarged over the next few years.
- Investing in our employees and organization. The motivation and engagement of our employees are drivers in the pursuit of our targets. We continue to measure their engagement by means of monthly surveys and related actions. We constantly work on employer branding to present a clear image of Van de Velde as an employer. This is important in the context of low unemployment, which makes attracting talent challenging. We will continue to expand and enlarge our performance and talent development programme. We are working on aligning goals with KPIs across the departments to achieve the best possible results. In doing so, we are working on strong partnerships and a sense of solidarity between departments. Together we achieve much more and we want to continue to encourage this.

It is our conviction that our strategic vision with clear priorities and plans constitute strong foundations for Van de Velde's continued growth in 2022.

Marleen Vaesen, CEO
With thanks to all colleagues


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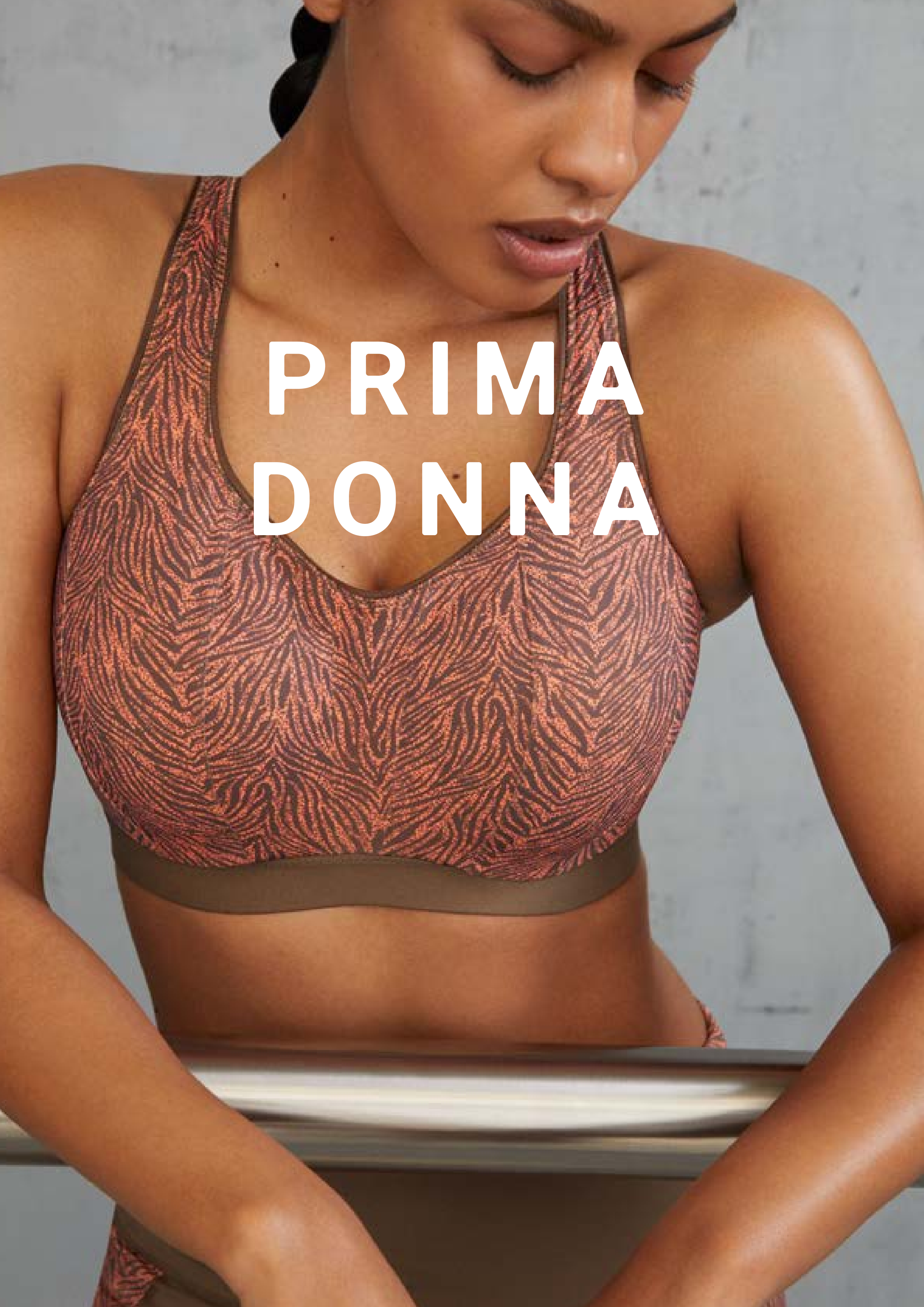
PRIMA
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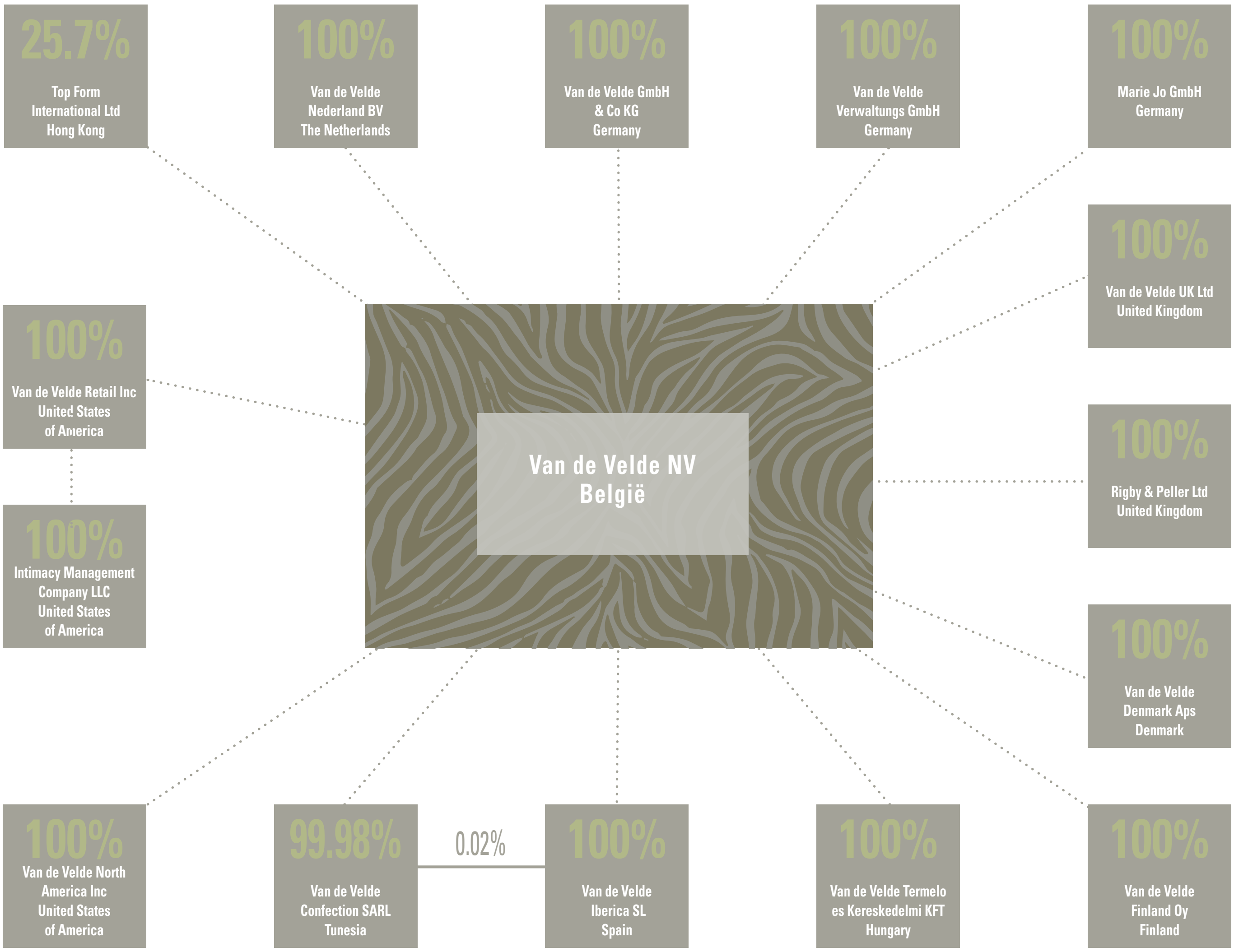
2 | Description of the company and its activities

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 2021 is as follows:



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


MARIE JO
My invisible force

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 corporate 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 2024);
- Lucas Laureys, director (tenure expires at the Ordinary General Meeting of 2022);
- Bénédicte Laureys, director (tenure expires at the Ordinary General Meeting of 2024);
- Fidigo NV (successor of BV Dirk Goeminne), always represented by Dirk Goeminne, director (tenure expires at the Ordinary General Meeting of 2022);
- YJC BV, 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 co-managing director and CEO with responsibilities in strategy, sales and marketing. He has also sat on 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 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.
  - Fidigo NV, 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, Fidigo NV 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 (which is foreseen at the General Meeting of Shareholders dated April 27, 2022), 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 2021 the Board of Directors met six 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;
- Fidigo NV, 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 2021 the Audit and Risk Committee met four times. All Audit and Risk Committees were fully attended.

(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).

(1) This act aims to ensure that there is gender balance in Board of Directors.

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 has formally met four times in 2021. 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.
  - 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 2021 as approved by the General Meeting of 28 April 2021 is published on the website of the company.

2. Total remuneration of non-executive directors

In accordance with the applicable policy, in 2021 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.

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	€ 25,000	0	0	€ 25,000
YJC BV Independent director	€ 15,000	€ 2,500	€ 2,500	€ 20,000
Valseba BV Independent director	€ 15,000	€ 2,500	€ 2,500	€ 20,000
Dirk Goeminne BV Independent director (1)	€ 5,000	€ 833	0	€ 5,833
Fidigo NV Independent director (2)	€ 10,000	€ 1,666	0	€ 11,666
Lucas Laureys	€ 15,000	€ 2,500	0	€ 17,500
Bénédicte Laureys	€ 15,000	0	0	€ 15,000
Veronique Laureys	€ 15,000	0	0	€ 15,000
Greet Van de Velde	€ 15,000	0	0	€ 15,000

(1) Director and member of the Audit and Risk Committee until 28 April 2021.
(2) Appointed as director and member of the Audit and Risk Committee as of 28 April 2021 (successor of Dirk Goeminne BV).

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

In 2021 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		3. Exceptional items	4. Pension Cost (2)	5. Total remuneration	6. Fixed/variable remuneration ratio
Name, Position	Basic remuneration	Additional benefits (1)	One year variable	Multi-year variable				
Mavac BV (CEO), always represented by Marleen Vaesen (independent)	€ 592,000	0	€ 320,154	0	€ 118,400	0	€ 1,030,554	57% fixed remuneration, 43% variable remuneration
Other members of the Management Committee together (excluding CEO) (3))	€ 392,279	€ 7,358	€ 138,883	0	0	€ 5,727	€ 544,247	Between 74% and 76% fixed remuneration, between 26% and 24% variable remuneration

(1) Only applicable to the member of the Management Committee who works on the basis of an employment contract. Fixed reimbursement of expenses also includes meal vouchers, hospitalization insurance and company car.
(2) Only applicable to the member of the Management Committee who works on the basis of an employment contract.
(3) Includes the remuneration of Karel Verlinde CommV (self-employed) and Liesbeth Van de Velde (employee). 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 for the 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 the remuneration policy, the targets for short-term variable remuneration are based partly on objective parameters closely linked to the results of the Group (collective targets) and partly on individual targets closely linked to the responsibility of the member in question. The collective targets represent 80% of the total targets, the individual targets 20%. Four collective targets were set for 2021: turnover, EBITDA and two quality-related targets. The Board of Directors, on the proposal of the Nomination and Remuneration Committee, established the turnover and EBITDA for 2021 and the extent to which the targets were achieved. On this basis, the corresponding payment level was established. The corresponding payment level of the collective targets combined is equal to 144.25 % of the collective target bonus.

Performance - criteria (PC)	Relative weight	a) b)	Measured performance Corresp. Payment level (*)
Turnover	40%	a)	Above target
		b)	54.50%
EBITDA	40%	a)	Above target
		b)	60.00%
Qualitative targets	20%	a)	Above target
		b)	29.75%

The individual targets were set and evaluated on an individual member basis.

B) Long-term variable remuneration

Insofar as she was still active at Van de Velde on 31 December 2021, the CEO was entitled to a one-time retention bonus of € 118,400 (not including VAT). The Board of Directors, on the proposal of the Nomination and Remuneration Committee, has established that the conditions for the payment of this retention bonus were fulfilled.

4.2. Pension

The members of the executive management who has an employment contract participates in the company pension plan. This is a defined contribution pension plan to which the employer contributes 4% of the employee's fixed remuneration limited to the amount of the pension ceiling[2] and 5% of the annual salary exceeding the pension ceiling. The other members of the executive management are not members of any company pension plan.

(2) For 2021, € 60.026,75

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 are, directly or indirectly, long-term shareholders of the company and, in general, the non-executive directors are 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 in regard to any (mandatory) 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 table right). 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 in regard to any (mandatory) 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.

6. Severance pay

During 2021 no severance pay was awarded to any director or member of the executive management.

7. Use of the right of claw-back

During 2021 no variable remuneration was clawed back.

8. Departures from the remuneration policy

During 2021 there were no departures from the remuneration policy.

9. Ratio of highest to lower remuneration

The highest remuneration is 6.6 times that of the lowest remuneration of a Belgian employee of the Group.

Name, Position	Most important provisions of the share option plan		
	1. Identification of the Plan	2. Offer date	3. Acquisition date
Mavac BV	2015	15/10/2019	14/12/2019
	2020	09/10/2020	08/12/2020
	2020	01/10/2021	30/11/2021
Karel Verlinde CommV	2015	15/10/2019	14/12/2019
	2020	09/10/2020	08/12/2020
	2020	01/10/2021	30/11/2021
Liesbeth Van de Velde	2015	15/10/2019	14/12/2019
	2020	09/10/2020	08/12/2020
	2020	01/10/2021	30/11/2021

Remuneration in share options								
			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 2021	8. a) Number of options offered in 2021 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 2021
31/12/2022	01/01/2023-15/10/2029	€ 23.36	5,000	a)	NVT		NVT	5.000
				b)	NVT			
31/12/2023	01/01/2024-09/10/2030	€ 22.60	5,000	a)	NVT	NVT		5.000
				b)	NVT			
31/12/2024	01/01/2025-01/10/2031	€ 28.75	0	a)	5,000	a)	5,000	5.000
						b)	€ 143,750	
				b)	€ 143,750	c)	€ 143,750	
						d)	€ 0	
31/12/2022	01/01/2023-15/10/2029	€ 23.36	5,000	a)	NVT		NVT	5.000
				b)	NVT			
12/31/2023	01/01/2024-9/10/2030	€ 22.60	5,000	a)	NVT	NVT		5.000
				b)	NVT			
31/12/2024	01/01/2025-01/10/2031	€ 28.75	0	a)	5,000	a)	5,000	5.000
						b)	€ 143,750	
				b)	€ 143,750	c)	€ 143,750	
						d)	€ 0	
31/12/2022	01/01/2023-15/10/2026	€ 23.36	5,000	a)	NVT		NVT	5.000
				b)	NVT			
31/12/2023	01/01/2024-09/10/2025	€ 22.60	5,000	a)	NVT	NVT		5.000
				b)	NVT			
31/12/2024	01/01/2025-01/10/2026	€ 28.75	0	a)	5,000	a)	5,000	5.000
						b)	€ 143,750	
				b)	€ 143,750	c)	€ 143,750	
						d)	€ 0	

10. Annual change

The company interprets article 3:6 §3, fifth paragraph New BCC 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.

The remuneration of the members of the Board of Directors, the CEO and the members of the Management Committee and the main performance criteria evolved as follows in the period 2020-2021:

	2020	2021
Chairman of the Board of Directors	€ 0 (1)	€ 25,000
Member of the Board of Directors	€ 15,000 (2)	€ 15,000
Member of the Audit and Risk Committee	€ 2,500 (2)	€ 2,500
Member of the Nomination and Remuneration Committee	€ 2,500	€ 2,500
CEO (fixed remuneration + short-term variable remuneration)	€ 708,962	€ 912,153
Other members of the Management Committee together (fixed remuneration + short-term variable remuneration + benefits in kind (3)	€ 651,876	€ 544,207
Comparable turnover (€ m)	€ 160.5m	€ 191.2m
Comparable EBITDA (€ m)	€ 40.1m	€ 52.3m

(1) Due to the impact of the covid-19 pandemic and as a sign of solidarity, the Chairman exceptionally waived his remuneration as director in 2020.
(2) Due to the impact of the covid-19 pandemic and as a sign of solidarity, Lucas Laureys exceptionally waived his remuneration as director and member of the Audit and Risk Committee in 2020.
(3) Insofar as the member in question is an employee.

The average remuneration of the employees in Belgium changed as follow:

	2020	2021
Average gross salary of a full-time equivalent in Belgium	€ 3,053	€ 3,134

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 two years 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 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 and a control report.

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. On 11 March 2021 Lazard Frères Gestion SAS has crossed the statutory treshold of 3%.

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 they directly or indirectly hold 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 as from January 1 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 2021.

Statutory auditor

The General Meeting of 29 April 2019 of Van de Velde NV appointed EY 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 2021 for auditing of the statutory financial statements of Van de Velde NV was 69,615 euro (excl. VAT). The total costs for 2021 for the auditing of the annual accounts of all companies of the Van de Velde Group and the consolidated annual accounts of Van de Velde NV were 161,635 euro (excl. VAT), including the aforementioned 69,915 euro.

In accordance with Article 3:65 of Belgium's Companies Code, Van de Velde announces that no exceptional and special tasks by the statutory auditor and by other persons with whom the statutory auditor has a professional relationship were executed in 2021.

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 2021 the Code on Corporate Governance was departed 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 (which is foreseen on April 27, 2022 in which it will bring its articles into line with the New BCC). As such, the Company departs 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 departs from Recommendation 7.6 of the Code on Corporate Governance. This departure 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 departs 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 in view of 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 (need for) future compliance.

- The company departs from the recommendation in Article 3.5.2 of the Code on Corporate Governance(3) 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.

- 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 departs from Recommendation 7.12 of the Code on Corporate Governance. This departure is explained by the fact that the company will, if appropriate, rely on the possibilities of common law.

Conflict of Interests Scheme

In 2021, there was one conflict of interest under article 7:96 of the Code of Companies and Associations within the Board of Directors or the Management Committee. This concerned the granting of a one-off retention bonus to the CEO by the Board of Directors on 24 February 2021.

The excerpt from the minutes relating to this decision is presented below, stating the reason for the conflict of interest, and the nature, justification and financial impact of the decision.

"Mavac BV, duly represented by Marleen Vaesen, reported in advance a conflict of interest with regard to the abovementioned agenda item under article 7:96 §1 of the Code of Companies and Associations and will therefore not participate in these deliberations. She pointed out that this decision related to a matter of a financial nature, namely the remuneration of Mavac BV as chair of the Management Committee.

In compliance with the relevant legal stipulations, the following is included in the current minutes of the Board of Directors:

- the nature of the decision
- the financial impact of the decision;
- the grounds justifying the decision.

a) *Nature of the decision*
The decision concerns the remuneration of Mavac BV as chair and member of the Management Committee.

b) *Financial impact of the decision*
The remuneration that is granted to Mavac BV as chair and member of the Management Committee, starting 1 January 2021, is the following:

- Annual fixed compensation of € 592,000 excl. VAT;
- Annual variable compensation up to 55% of the fixed compensation;
- A one-off and exceptional retention bonus of € 118,400 excl. VAT provided Mavac BV still works for Van de Velde on a date set by mutual agreement.

c) *Grounds justifying the decision*
The first two components of the remuneration (annual fixed compensation and variable compensation up to 55% of the fixed compensation) are part of the remuneration package as agreed upon when the CEO was appointed.

With regard to the one-off retention bonus, the Board of Directors is of the opinion that this compensation is competitive and justified, because (i) the stability of the management of the organization is critical during the covid-19 pandemic and (ii) the CEO is no longer awarded a long-term bonus."

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 8.03% at the end of 2021.

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.

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

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 2021, 116,857 of its own shares were acquired by Van de Velde NV and at the end of 2021 Van de Velde NV had 194,040 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 2010, 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 Belfius 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 2021.

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 194,040 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 13,128,440[4] 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 0.975 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 2021 this implies that the Board of Directors will propose to the General Meeting the payment of a gross dividend for the fiscal year 2021 of 2.00 euro per share. After the payment of withholding tax, this represents a net dividend of 1.40 euro per share.

After approval by the General Meeting of Shareholders, the final dividend[4] of 2.0296 euro per share (net dividend of 1.4207 euro per share) will be paid out as from 5 May 2022.

Financial Calendar	
Closing of fiscal year 2021	31 December 2021
Announcement of annual results 2021	24 February 2022
Publication of annual financial report 2021	25 March 2022
General Meeting of Shareholders	27 April 2022
Ex-coupon date	3 May 2022
Record date	4 May 2022
Dividend payment date	5 May 2022
Publication of 2022 half-year results	31 August 2022
Closing of fiscal year 2022	31 December 2022

(4) Provided that the number of own shares remains unchanged, namely 194,040.


MARIE JO

4 | Consolidated key figures 2021[1]

Profit and loss account (in millions of euro)	2021	2020	2019	2018	2017
Operating income	200.3	156.7	200.3	210.2	214.7
Turnover	195.3	152.3	195.5	205.2	209.0
Turnover on a comparable basis (1)	191.2	160.5	196.7	203.0	205.6
EBITDA (2)	55.0	34.7	47.6	37.2	55.7
EBITDA on a comparable basis (3)	52.3	40.1	48.6	35.8	53.5
EBIT (4)	41.8	19.6	32.9	30.2	48.0
Consolidated results without result of equity method and before taxes (5)	40.8	19.3	29.5	30.2	47.7
Consolidated results without result of equity method and after taxes (5)	32.5	16.1	23.1	26.6	34.2
Profit for the period (6)	32.0	14.7	21.2	25.5	33.9
Operating cash flow (7)	50.6	30.3	51.8	17.5	35.0

(1) Turnover on a comparable basis is turnover excluding early deliveries to enable seasons to be compared. For the reconciliation of the amount we refer to the Activety Report.
(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. For the reconciliation of the amount we refer to the Activety Report.
(4) EBIT is earnings before interest and taxes.
(5) Result of the Group (Group share) before share in the profit / (loss) of associates (equity method).
(6) Result of the Group (Group share) after share in the profit / (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)	2021	2020	2019	2018	2017
Fixed assets	73.3	80.2	93.0	75.3	69.7
Current assets	133.9	105.1	104.7	92.3	89.1
Shareholders' equity	163.1	144.7	143.8	133.4	121.8
Balance sheet total	207.2	185.3	197.7	167.6	158.8
Net debt position (1)	-61.3	-33.2	-18.9	-15.2	-21.5
Working capital (2)	31.7	35.4	36.3	47.9	36.1
Capital employed (3)	105.0	115.6	129.3	123.2	105.8

(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.

Financial ratios (in %, except liquidity)	2021	2020	2019	2018	2017
Return on equity (1)	21.1	11.1	16.7	20.9	28.7
Return on capital employed (2)	29.5	14.3	18.3	23.3	32.6
Solvency (3)	78.7	78.1	72.7	79.6	76.7
Liquidity (4)	4.1	4.3	3.3	3.2	2.8

(1) Consolidated result after taxes (excluding equity method) / Average of equity at end of fiscal year and previous fiscal year.
(2) Consolidated result after taxes (excluding 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.

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

Margin analysis and tax rate (in %)	2021	2020	2019	2018	2017
EBITDA [(1)]	28.2	22.8	24.4	18.1	26.6
EBITDA on a comparable basis [(2)]	27.4	25.0	24.7	17.6	26.0
EBIT [(3)]	21.4	12.8	16.8	14.7	23.0
Tax rate [(4)]	20.3	16.6	21.7	11.9	28.6

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

Stock market data	2021	2020	2019	2018	2017
Average daily volume in pieces	5,537	5,044	4,968	6,664	9,947
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	1,428,603	1,296,210	1,266,845	1,699,350	2,536,410
Velocity	10.7%	9.7%	9.5%	12.8%	19.0%
Turnover (in thousands of euro)	38,862	29,599	33,550	54,187	129,190
(in euro per share)					
Highest price	35.80	30.85	32.65	46.25	66.30
Lowest price	21.65	18.38	22.55	21.65	41.70
Closing price	34.30	22.90	29.90	25.60	44.45
Average price	26.52	22.54	26.47	31.38	50.35

Key figures per share (in euro)	2021	2020	2019	2018	2017
Book value [(1)]	12.2	10.9	10.8	10.0	9.1
EBITDA [(2)]	4.1	2.6	3.6	2.8	4.2
EBITDA on a comparable basis [(3)]	3.9	3.0	3.6	2.7	4.0
Profit for the period [(4)]	2.4	1.1	1.6	1.9	2.5
Gross interim dividend [(5)]	0.00	1.00	0.00	0.00	0.00
Net interim dividend [(5)]	0.00	0.70	0.00	0.00	0.00
Gross dividend [(6)]	2.00	1.00	0.00	1.03	1.03
Net dividend [(6)]	1.40	0.70	0.00	0.72	0.72
Dividend yield [(7)]	4.08%	3.06%	0.00%	2.82%	1.62%
Pay-out percentage [(8)]	82%	83%	0%	52%	40%

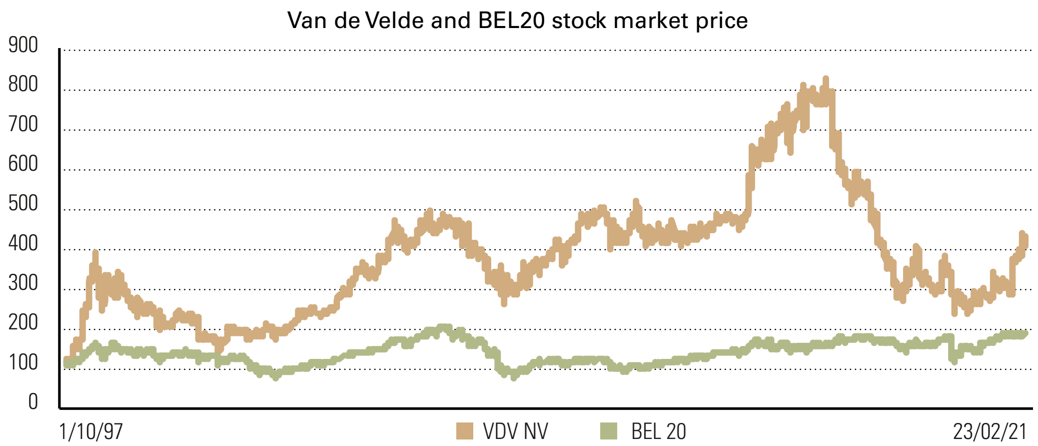
(1) Shareholders' equity / Number of shares at year end.
(2) EBITDA / Number of shares at year end.
(3) EBITDA on a comparable basis / Number of shares at year end.
(4) Profit for the period / Number of shares at year end.
(5) Interim dividend, paid in 2020, of 1.00 euro per dividend entitled share is 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 2.00 euro per share. Net dividend is 1.40 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.

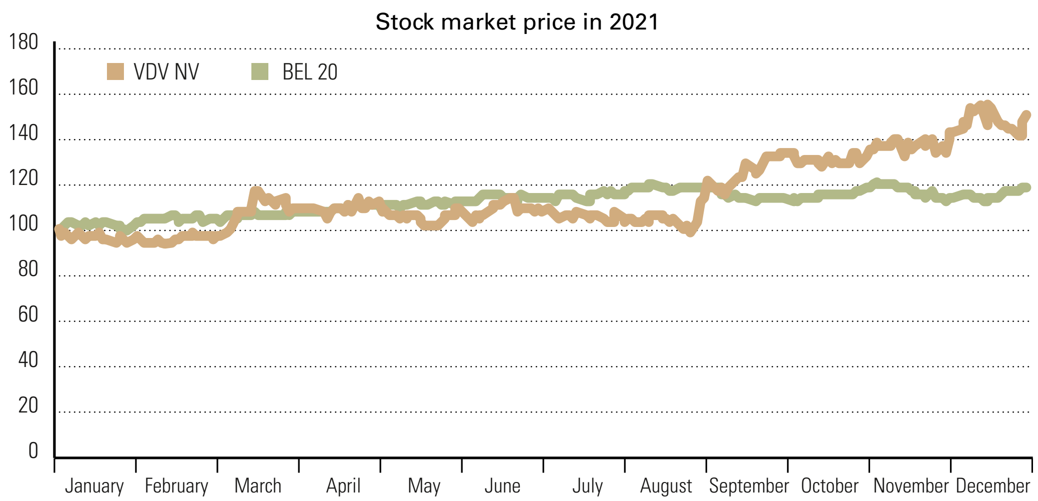
Value determination (in millions of euro)	2021	2020	2019	2018	2017
Book value (1)	163.1	144.7	143.8	133.4	121.8
Market capitalization (2)	457.0	305.1	398.3	341.1	592.2
Enterprise value (EV) (3)	381.9	259.4	367.8	313.1	556.4

(1) Shareholders' equity.
(2) Number of shares on 31 December multiplied by the closing price.
(3) Market capitalization plus net debt position less participations (equity method).

Multiples	2021	2020	2019	2018	2017
EV/EBITDA (1)	6.9	7.5	7.7	8.4	10.0
EV/EBITDA on comparable basis (2)	7.3	6.5	7.6	8.7	10.4
Price/Profit (3)	14.3	20.7	18.8	13.4	17.5
Price/Book value (4)	2.8	2.1	2.8	2.6	4.9

(1) Enterprise value / EBITDA.
(2) Enterprise value / EBITDA on a comparable basis.
(3) Market capitalization / Profit for the period.
(4) Market capitalization / Book value.






MARIE JO

5 | Consolidated financial statements and related notes

Consolidated balance sheet

000 euro	2021	2020[1]	(Note)
Assets			
Total fixed assets	**73,290**	**80,174**	
Goodwill	4,617	4,546	3
Intangible assets	20,276	22,409	4
Tangible fixed assets	22,997	24,821	5
Right-of-use assets	10,240	14,710	26
Participations (equity method)	13,744	12,525	6
Deferred tax asset	227	0	17
Other fixed assets	1,189	1,163	7
Total current assets	**133,887**	**105,105**	
Inventories	43,205	39,350	9
Trade receivables	13,258	10,665	10
Other current assets	3,878	5,312	11
Cash and cash equivalents	73,546	49,778	12
Total assets	**207,177**	**185,279**	
Equity and liabilities			
Shareholder's equity	**163,121**	**144,650**	
Share capital	1,936	1,936	13
Treasury shares	-4,755	-1,932	13
Share premium	743	743	13
Other comprehensive income	-3,097	-5,502	
Retained earnings	168,294	149,405	
Non-controlling interests	**0**	**0**	
Grants	**285**	**366**	8
Total non-current liabilities	**11,383**	**15,997**	
Provisions	463	156	14
Provisions lease liability	528	662	26
Pensions	1,260	2,249	15
Other non-current liabilities	0	0	16
Lease liability	8,425	12,229	26
Deferred tax liability	707	701	17
Total current liabilities	**32,388**	**24,266**	
Trade and other payables	25,365	18,429	18
Lease liabilities	3,776	4,342	26
Other current liabilities	1,676	1,170	19
Income tax payable	1,571	325	19
Total equity and liabilities	**207,177**	**185,279**	

(1) The numbers of 2020 were restated in accordance with IAS8. This restatement has no impact on the income statement, but will be incorporated into the unrealized results. For details of the restatement we refer to note 2 on page 41.

Consolidated income statement and other comprehensive income

000 euro	2021	2020	(Note)
Turnover	**195,251**	**152,337**	28
Other operating income	5,093	4,329	16
Cost of materials	-35,865	-30,674	9
Other expenses	-64,457	-49,969	16
Personnel expenses	-45,011	-41,289	22
Depreciation and amortization[1]	-13,237	-15,174	4, 5, 26
Operating profit	**41,774**	**19,560**	
Financial income	1,632	2,279	21, 26
Financial expenses	-2,625	-2,571	21, 26
Share in result of associates	-438	-1,342	6
Profit before taxes	**40,343**	**17,926**	
Income taxes	-8,295	-3,207	23
Profit for the year	**32,048**	**14,719**	
Other comprehensive income			
Currency translation adjustments related to Group entities and non-controlling interests:	1,919	-2,171	
- gain and losses related to Group entities	966	-1,073	6
- gain and losses related to associated companies	953	-1,098	6
Share in other comprehensive income to participations (equity method)	-463	217	6
Total other comprehensive income (fully recyclable in the income statement)	**1,456**	**-1,954**	
Remeasurement gains/(losses) on defined benefit plans	1,265	-443	15
Deferred taxes on defined benefit plans	-316	89	23
Total other comprehensive income (not recyclable in the income statement)	**949**	**-354**	
Total of profit for the period and other comprehensive income	**34,453**	**12,411**	
Profit for the year	**32,048**	**14,719**	
Attributable to the owners of the company	32,048	14,719	
Attributable to non-controlling interests	0	0	
Total of profit for the period and other comprehensive income	**34,453**	**12,411**	
Attributable to the owners of the company	34,453	12,411	
Attributable to non-controlling interests	0	0	
Basic earnings per share (in euro)	2.43	1.11	24
Diluted earnings per share (in euro)	2.43	1.11	24
Weighted average number of shares	13,169,650	13,288,660	24
Weighted average number of shares for diluted profit per share	13,172,880	13,288,660	24
Interim dividend paid per dividend entitle share (in euro) [2]	0.00	1.00	25
Proposed dividend per share (in euro)	2.00	1.00	25
Total interim dividend (in 000 euro) [2]	**0**	**13,294**	25
Total proposed dividend (in 000 euro)	**26,645**	**13,323**	25

(1) This includes depreciation and write-downs on fixed assets, however the write-downs on current assets are included in other expenses.
(2) Interim dividend, paid in 2020, of 1.00 euro per dividend entitled share is to replace the 2019 dividend that was not paid out.

Consolidated statement of changes in equity

	Shareholder's equity of the company							Affiliates		
000 euro Change in equity	Share capital	Treasury shares	Share premium	Pension reserve	Cumulated comprehen-sive income (restated)	Retained earnings	Revaluation reserve of shares[1]	Share in revaluation reserve Top Form	Cumulated comprehen-sive income	Total equity
Equity at 31/12/2019	1,936	-427	743	-752	2,774	147,891	-6,406	1,262	-72	146,949
Profit for the period						14,719				14,719
Other comprehensive income				-354	-2,171	-31			217	-2,339
Purchase of treasury shares		-1,505								-1,505
Granted and accepted stock options						120				120
Dividends						-13,294				-13,294
Equity at 31/12/2020	1,936	-1,932	743	-1,106	603	149,405	-6,406	1,262	145	144,650
Profit for the period						32,048				32,048
Other comprehensive income				949	1,919	36			-463	2,441
Purchase of treasury shares		-2,823								-2,823
Granted and accepted stock options						128				128
Dividends						-13,323				-13,323
Equity at 31/12/2021	1,936	-4,755	743	-157	2,522	168,294	-6,406	1,262	-318	163,121

(1) The revaluation reserve of shares relates to a not realized revaluation reserve of Top Form International Ltd shares, when the interest in Top Form International Ltd. was not yet included in accordance with the equity method, but as available-for-sale financial assets. This not realized reserve remains unchanged until the sale of the interest in Top Form International Ltd.

Consolidated cash flow

000 euro	2021	2020	(Note)
Operating activities			
Profit before tax	40,343	17,926	
Depreciation and amortization of (in)tangible and right-of-use assets	13,237	15,174	4, 5, 26
Capital gains and losses on realizations of fixed assets	-83	-113	
Net valuation allowance current assets	-284	-430	9, 10
Provisions	-723	-821	14, 18, 26
Result based on the 'equity method'	438	1,342	6
Loss / (gain) on sale of subsidiaries, associates and assets held for sale	223	222	
Financial profit and loss	953	995	21
Other non cash-items	1,944	-1,003	
Gross cash flow provided by operating activities	**56,048**	**33,292**	
Decrease / (Increase) in inventories	-3,764	-1,786	9
Decrease / (Increase) in trade accounts receivable	-2,400	4,645	10
Decrease / (Increase) In other assets	-549	5,188	11
(Decrease) / Increase in trade accounts payable	3,032	-1,503	18
(Decrease) / Increase in other liabilities	4,838	-3,723	16, 18
Change in operating working capital	**1,157**	**2,821**	
Income tax paid	-5,630	-4,802	
Interests	-953	-995	21, 26
Net cash flow provided by operating activities	**50,622**	**30,316**	
Investment activities			
(In)tangible assets - acquisitions	-4,694	-2,541	4, 5
Realization of fixed assets	110	193	
Investment in other participations	-1,167	0	6
Net cash flow used in investing activities	**-5,751**	**-2,348**	
Net cash flow before financing activities	**44,871**	**27,968**	
Financing activities			
Dividends paid	-13,322	-13,294	25
Dividends received	0	0	6
Sale of treasury shares for stock options	0	0	13
Purchase of treasury shares	-2,823	-1,505	13
Reimbursement of lease liabilities	-4,804	-4,716	26
Proceeds / (Reimbursement) of short-term borrowings	0	0	
Net cash flow used in financing activities	**-20,949**	**-19,515**	
Net change in cash and cash equivalents	**23,922**	**8,453**	
Cash and cash equivalents on 1 January	49,778	41,433	12
Effect of exchange rate fluctuations	-154	-108	
Cash and cash equivalents on 31 December	73,546	49,778	12
Net change in cash and cash equivalents	**23,922**	**8,453**	

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 23 February 2022, subject to approval of the statutory non-consolidated accounts by the shareholders at the Ordinary General Meeting to be held on 27 April 2022. 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 (including goodwill)

Intangible fixed assets with indefinite useful life including goodwill 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 IFRS standards and IFRIC interpretations effective as of 1 January 2021:

- Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9, effective 1 January 2021
- 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
- Amendments to IFRS 16 Leases – Covid-19 related rent concessions beyond 30 June 2021, effective 1 April 2021

The above changes did not have any material impact on the annual consolidated accounts of the Group, with exception for IFRS 16 Leases. A rent discount was received in 2021 of 596 thousand euro.

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 a monetary item. As a result, these assets are converted based on the exchange rate in effect on the balance sheet date.

Intangible assets

(1) Research and development

The nature of the development costs within the Van de Velde Group, primarily product and process innovation, 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. Development costs within the Group in relation to research and development of software are capitalized under software. The depreciation begins when the intangible assets are available for use, and this by a straight-line depreciation over a period of five years. When the activation starts, the conditions of IAS38 are fulfilled.

(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 monetary item. As a result, these assets are converted based on the rate in force at the balance sheet date. 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 positive 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(1)	3-5 years
Furniture(1)	5-10 years
Vehicles	3-5 years

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

(1) In note 5, this is included in plant, machinery and equipment.

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.

Investments in associates

In 2021, Van de Velde changed the method of converting the share in the net asset of Top Form International Ltd. to bring it in line with the requirement of IAS 21 39 a and c. whereby the underlying share in the net asset of Top Form International Ltd. is converted at the closing rate, and the conversion differences are included in other comprehensive income.

To keep the figures comparable, this IAS 8 restatement has been made in the opening balance sheet as of 1 January 2020, as well as in the other comprehensive income for the 12-month period ended 31 December 2020. This restatement has no impact on the profit and loss account of this period or for the comparable periods but is recognized in other comprehensive income.

Participation in associates (in 000 euro)	01.01.2020	31.12.2020
Book value before adjustment	11,631	10,505
Impact change in calculation of conversion associated company	3,117	2,025
Book value after adjustment	14,748	12,525
Equity - Other comprehensive income (in 000 euro)	01.01.2020	31.12.2020
Book value before adjustment	-6,312	-7,518
Impact change in calculation of conversion associated company	3,117	2,025
Bookvalue after adjustment	-3,195	-5,493

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 excess 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 (<€ 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. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event that triggers the payment occurs.

To determine the current value of the lease payments, the group will discount future lease payments at the incremental interest rate on the start date (i.e. the interest that the lessee would pay if he took out a loan with the bank for a similar asset over a similar duration). After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. 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 € 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 approved by the General Meeting.

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. Retirement plans in Belgium are defined retirement plans.

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 makes on an annual basis an actuarial calculation of this gross liability using the projected unit credit method.

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). This concerns equity settled option plans being incorporated in the equity.

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. Van de Velde has applied the practical expedient for allowed discounts for cash payments. That is, the promised amount of consideration is not adjusted for the effects of a significant financing component if the period between the transfer of the promised good or service and the payment is one year or less.

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. 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, spread out over the depreciation period of the asset in question, included in the income statement under other operating income.

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 2021

The Group has not early-adopted any standards or interpretations issued but not yet effective as at 31 December 2021.

Standards and interpretations issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. Van de Velde expects no material impact on the Group consolidated financial statements:

- Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current, effective 1 January 2023 (1)
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies, effective 1 January 2023(1)
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates, effective 1 January 2023(1)
- Amendments to IAS 12 Income Taxes: Deferred tax related to assets and liabilities arising from a single transaction, effective 1 January 2023(1)
- Amendments to IAS 16 Property, plant and equipment – Proceeds before intended use, effective 1 January 2022
- Amendments to IAS 37 Provisions, contingent liabilities and contingent assets – onerous contracts – cost of fulfilling a contract, effective 1 January 2022
- Amendments to IFRS 3 Business combinations – References to the conceptual framework, effective 1 January 2022
- Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information, effective 1 January 2023(1)
- IFRS 17 Insurance Contracts, effective 1 January 2023
- Annual Improvements Cycle - 2018-2020, effective 1 January 2022

(1) Not yet approved by the EU as of December 28, 2021. On November 19, 2021, the IASB published a new draft for discussion regarding the following subject: Amendments to IAS 1 Presentation of Financial Statements – Classification of short-term or long-term debt

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 01/01/2021	**6,357**	**26,189**	**1,749**	**2,797**	**37,092**
Acquisition throug business combinations	0	0	0	0	0
Exchange differences	0	0	71	0	71
At 31/12/2021	**6,357**	**26,189**	**1,820**	**2,797**	**37,163**
Impairment and other adjustments					
At 01/01/2021	**6,357**	**26,189**	**0**	**0**	**32,546**
Adjustments	0	0	0	0	0
At 31/12/2021	**6,357**	**26,189**	**0**	**0**	**32,546**
At 31/12/2021					
Accumulated acquisitions	6,357	26,189	1,820	2,797	37,163
Accumulated adjustments	6,357	26,189	0	0	32,546
Goodwill, net 31/12/2021	0	0	1,820	2,797	4,617

(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 01/01/2021	**11,000**	**7,784**	**6,734**	**0**	**25,518**
Acquisition throug business combinations	0	0	0	0	0
Exchange differences	0	0	280	0	280
At 31/12/2021	**11,000**	**7,784**	**7,014**	**0**	**25,798**
Impairment and other adjustments					
At 01/01/2021	**5,531**	**7,784**	**0**	**0**	**13,315**
Adjustments	0	0	0	0	0
At 31/12/2021	**5,531**	**7,784**	**0**	**0**	**13,315**
At 31/12/2021					
Accumulated acquisitions	11,000	7,784	7,014	0	25,798
Accumulated adjustments	5,531	7,784	0	0	13,315
Brand names with indefinite useful life, net 31/12/2021	5,469	0	7,014	0	12,483

(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 considered to have an indefinite useful life because the Group sees them as a fully fledged extension of 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 2021:

000 euro	Andres Sarda	Intimacy	Rigby & Peller	Re-tail	Total
Goodwill	0	0	1,820	2,797	4,617
Brands with indefinite useful life	5,469	0	7,014	0	12,483
Total intangible assets	**5,469**	**0**	**8,834**	**2,797**	**17,100**

Result of the impairment test

In 2021 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 (2022-2023), the growth plan as approved by the Board of Directors is used as the basis.
  - For the subsequent years (2024-2025), 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 (2022-2023).

For Andres Sarda we expect turnover growth during the period 2024-2025.

For the planning period (2022-2025) 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 exceeding the realizable value. The tested sensitivities related to the following aspects:

- Lower than planned turnover growth (of -4% or -5%) during the planning period (2022-2025);
- 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 7% or 8% to 12% on average.

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 01/01/2020	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
Intangible assets, gross						
At 01/01/2021	59,112	4,601	25,518	3,734	24,942	317
Investments	2,274	142	0	0	2,132	0
Disposals	0	0	0	0	0	0
Other adjustments	0	0	0	0	0	0
Exchange adjustments	280	0	280	0	0	0
At 31/12/2021	61,666	4,743	25,798	3,734	27,074	317
Amortization and impairment						
At 01/01/2021	36,703	4,217	13,315	3,734	15,190	247
Amortization	4,687	170	0	0	4,466	51
Impairment	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
Exchange adjustments	0	0	0	0	0	0
At 31/12/2021	41,390	4,387	13,315	3,734	19,656	298
Intangible assets, net 31/12/2021	20,276	356	12,483	0	7,418	19

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 2021 concerns the further development and successful activation of the digital B2C platform and the B2B platform. In addition, there were additional investments in the further expansion of the Customer Data Platform.

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 equip-ment	Assets under construction
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
Tangible fixed assets, gross				
At 01/01/2021	**93,312**	**42,850**	**50,460**	**2**
Investments	2,374	755	1,590	29
Transfer	0	0	2	-2
Disposals	-2,735	0	-2,735	0
Exchange adjustments	146	0	146	0
At 31/12/2021	**93,097**	**43,605**	**49,463**	**29**
Depreciation and impairment				
At 01/01/2021	**68,491**	**25,509**	**42,982**	**0**
Depreciation	4,217	1,305	2,912	0
Disposals	-2,608	0	-2,608	0
Exchange adjustments	0	0	0	0
At 31/12/2021	**70,100**	**26,814**	**43,286**	**0**
Tangible fixed assets, net 31/12/2021	22,997	16,791	6,177	29

The investments in tangible fixed assets mainly concern various investments in the improvement and maintenance of buildings and materials. The investments in machines mostly concerns investments in our distribution centre.

6. Investments in associates

Investments in associates consist of the following Group interests:

- 25.7% in Top Form International Ltd.
  Top Form is a company based in Hong Kong with operations in several Asian countries. The main activity is the production of lingerie for mainly major European and American fashion brands. The company is listed on the Hong Kong Stock Exchange. Van de Velde invested in Top Form in 2007 and has held 25.66% of shares since 2011.

The participation in the associated company Top Form International Ltd. is € 1.2m higher than at the end of 2020.

Net carrying amount 000 euro	Top Form Ltd.
At 01/01/2020	14,748
Results of the fiscal year	-1,342
Dividend received	0
Unrealized results	217
Realized results	0
Conversion profit and losses	-1,098
At 31/12/2020	**12,525**
At 01/01/2021	12,525
Results of the fiscal year	-438
Capital increase 2021	1,167
Dividend received	0
Share in other comprehensive income (conversion impact)	-463
Conversion profit and losses	953
At 31/12/2021	**13,744**

Key figures per participation are as follows:

Key figures 000 euro	Top Form Ltd. (31/12/2021)	Top Form Ltd. (31/12/2020)
Tangible fixed assets	19,420	20,879
Other fixed assets	25,593	19,211
Right of use asset	2,574	3,119
Current assets	59,800	61,229
Non current liabilities	6,029	4,841
Current liabilities	41,793	43,611
Lease liabilities	1,441	3,165
Total net assets	58,124	52,820
Unrealized result in equity	11,490	12,035
Turnover	170,714	129,948
Profit/(Loss) attributable to owners of the company	--2,244	-3,840

The figures for Top Form International Ltd. refer to the closing situation on 31 December 2021 (first half of fiscal year 2021-2022). Turnover and net result refer to the result over a period of 12 months.

Reconciliation with the net book value:

Reconciliation net book value	Top Form Ltd. (31/12/2021)
Participation percentage	25.66%
Total equity (in 000 HKD)	471,721
Participation in equity (in 000 HKD)	121,044
Cumulative exchange differences	2,974
Investment in association (book value) (in 000 euro)	13,744

The book value of the 25.66% participation in Top Form was 13,744 thousand euro at 31 December 2021 and the value of this participation based on the share price on that date was 4,122 thousand euro. Van de Velde maintains the book value of the participation in Top Form based on the share in the underlying equity of Top Form rather than on the share price.

The transformation of Top Form (including major relocations within Asia and the transition in the customer portfolio) had a substantial negative impact on the results of Top Form in the fiscal years ending on 30 June

2019 and 30 June 2020. This was intensified in the fiscal year ending on 30 June 2020 by consequences of covid-19, as the majority of Top Forms customers were forced to close stores worldwide.

These events had an impact on the share price, together with a very low share trade volume and significant fluctuations in the share price due to the limited number of transactions. In the past calendar year there were often several consecutive days without any trading in the share, and a significant part of the transactions in the past calendar year were linked to 1 person who increased his stake for 5% to 8.98%.

Top Form moved back into profit in the fiscal year ending 31 December 2021 and the transformation and related investment plans were continued. Based on all input available when the year was closed, Van de Velde continues to feel that the share in the underlying equity continues to reflect the value of the participation in Top Form most accurately. At the closing of the year, the methodology was updated for identifying an impairment on Top Form

Impairment test

In parallel with the impairment test on goodwill and brand names with indefinite useful life, a test was also performed on the value of the participation in Top Form.ests

Methodology for impairment tests

This test consists in comparing the value according to the equity method as included in het balance sheet of Van de Velde share (25.66%) in the underlying recoverable amount of Top Form, whereby the recoverable amount is determined on the basis of the present value of the future expected cash flows from the activities of Top Form.

For this test, budget and business plans prepared by Top Forms management for the years 2022-2025, as also approved by Top Forms board of directors and audit committee, were used. These budgets include planned investments and changes in working capital.

In order to check the reliability of the estimated cash flows, the budget exercise made for the years 2018, 2019 and 2020 was compared with the actual results. This exercise showed that Top Form is able to estimate their results in a reliable way. In accordance with the requirements of IFRS, confirmation was also received that these budgets have been prepared in accordance with the current financial and operational structure of the group, without taking into account any future reorganisation or improvements or adjustments of the asset.

The main assumptions used in the calculation, which are also most sensitive in determining the recoverable amount are:

- A discounting rate of 11% was used for this test.
- Turnover estimates used a growth between 5 to 7%
- Growth percentage used to extrapolate cash flows beyond the planning period was set at 2.5%.

The headroom in the base case scenario is 6,045 keur. The abovementioned sensitivities were subjected to various sensitivity tests. The following changes were made to the calculation models.

- Turnover estimates used during the period to which the expectations relate were reduced to 3% and 5%. The headroom amounts in the case 1,183 keur.
- Growth percentage used to extrapolate cash flows beyond the planning period was reduced to 1%. The headroom amounts 3,864 keur in this case.
- Discounting rate was increased to 13%. The headroom is 2,628 keur in this case.

The sensitivity tests described above show that there is sufficient headroom. As a result, the recoverable amount of Van de Velde's participation in Top Form, based on the calculations and tests, is higher than the carrying amount included in the closing balance sheet of 2021.

Based on the various valuation models used, there is currently no need to recognize an impairment on the financial assets as included on the balance sheet of Van de Velde NV.

The abovementioned test is conducted annually to check for indications of an impairment on the asset, or more frequently if additional indicators of impairment should emerge.

7. Other fixed assets

Other fixed assets consist of the following:

000 euro	2021	2020
Security depostis for VAT	217	217
Other security deposits	780	765
Other participating interests	75	75
Prepaid rent expenses	0	12
Borrowings	117	94
Other fixed assets, net	1,189	1,163

8. Grants

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 is recognized in the income statement pro rata the depreciation of the underlying asset for which the grant was received. The grant of 41 thousand euro was recognized in the income statement in 2020. In 2021, 81 thousand euro was recognized in the income statement.

9. Inventories

Inventories by major components are as follows:

000 euro	2021	2020
Finished and merchandise goods	24,473	21,589
Work in progress	10,728	11,468
Raw materials	13,663	12,001
Inventories, gross	**48,864**	**45,058**
Less: Allowance for obsolescence	-5,659	-5,708
Inventories, net	43,205	39,350

The allowance for obsolescence in 2021 concerns finished product (2,674 thousand euro) and raw materials (2,985 thousand euro). The allowance for obsolescence in 2020 concerns finished product (3,497 thousand euro) and raw materials (2,211 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	2021	2020
Purchase of raw materials	39,720	33,078
Change in inventories	-3,806	1,761
Change in allowance for obsolescence	-49	-643
Cost of materials	35,865	30,674

The evolution in the components of the working capital was explained in the activity report.

10. Trade and other receivables

Accounts trade receivable are as follows:

000 euro	2021	2020
Trade receivables, gross	13,753	11,353
Less: allowance for doubtful debtors	-495	-688
Trade receivables, net	13,258	10,665

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 2021 there was a loss of 193 thousand euro with respect to trade receivables (166 thousand euro in 2020). 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 (86 thousand euro in 2020). The total reduction in the allowance for doubtful debtors, -193 thousand euro, is recognized in the income statement under 'Other expenses'.

The table below summarizes the allowances for doubtful debtors:

000 euro	2021	2020
At 1 January	-688	-501
Applied losses	193	166
Additions	0	-353
At 31 December	-495	-688

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
2021	13,753	10,420	1,954	686	693
2020	11,353	8,117	2,072	325	839

The evolution in the components of the working capital was explained in the activity report.

11. Other current assets

Other current assets consist of the following:

000 euro	2021	2020
Prepaid expenses (1)	1,786	1,192
Tax receivables (VAT & corporate income tax)	2,092	4,118
FX forward contracts (note 20)	0	2
Other current assets, net	**3,878**	**5,312**

(1) The pre-paid expenses mainly concern pre-paid maintenance costs.
The decrease in tax receivables is the result of a decrease in the corporate income tax to be recovered at the end of 2021 compared to the end of 2020.

12. Cash and cash equivalents

Cash and cash equivalents consist of the following:

000 euro	2021	2020
Cash at banks and in hand	68,546	49,778
Marketable securities	5,000	0
Cash and cash equivalents	**73,546**	**49,778**

The marketable securities consist entirely of saving accounts at financial institutions.

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

13. Share capital

000 euro	2021	2020
Nominative shares	7,562,477	7,627,208
Dematerialized shares	5,760,003	5,695,272
Total number of shares	**13,322,480**	**13,322,480**

At 31 December 2021 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

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. And last but not least on 28 August 2020, the Board of Directors decided to restart the programme from 4 September 2020 and with a anticipated term of 1 year.

On 23 February 2022, the Governing Council adopted a programme for the repurchase of own shares approved for a maximum of €15 m. This repurchase programme will start on 1 March 2022 and has an expected duration of one year.

At the end of 2020 Van de Velde NV held 77,183 treasury shares.

In 2021, 116,857 of its own shares were acquired by Van de Velde NV. During 2021 no options were exercised under the option plan.

At the end of 2021, Van de Velde NV held 194,040 treasury shares totalling 4,755 thousand euro. The treasury shares held by Van de Velde NV will, on the one hand, be offered to management under an option programme that has been running since 2010 and, on the other hand, be used to reduce the excessive cash pile.

000 euro	2021	2020
Share capital	1,936	1,936
Treasury shares	-4,755	-1,932
Share premium	743	743

14. Provisions

000 euro	Provisions
At 01/01/2020	411
Arising during the year	0
Utilized	-183
Reversal	-72
Provisions 31/12/2020	156
At 01/01/2021	156
Arising during the year	307
Utilized	0
Reversal	0
Provisions 31/12/2021	463

In 2021, a provision of 240 thousand euros was booked for the settlement of the covid-related payment received in The Netherlands. In addition, the provision already in place for sales agents was increased by 67 thousand euros.

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 retirement 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 2021 the pension provision on the balance sheet was -24 thousand euro (24 thousand euro in 2020).

The pension plan in Belgium is subject to Belgian legislation and is a group insurance plan with guaranteed return (Tak 21). Since 2016, an annual actuarial valuation occurred on 31 December by an independent actuary.

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 31 December 2021 and 31 December 2020 shows the following results:

	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[2]	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**

	At 01/01/2021	Pension cost allocated to realized income	Return [1]	Gain/(loss) as a consequence of changes to calculation method allocated to other comprehensive income[2]	Employer contribution	Benefits paid	At 31/12/2021
Defined pension entitlement liability	-12,307	-976	-55	2,037	-26	245	-11,082
Market value of the fund investments	10,082	0	47	-772	734	-245	9,846
Net liability in the balance sheet	**-2,225**	**-976**	**-8**	**1,265**	**708**	**0**	**-1,236**

(1) The 'Return' column includes the interest cost to the defined pension rights and the expected return on the asset.
(2) For the 2021 financial year, 185 thousand euro of the change in calculation method allocated to other comprehensive income consists of experience adjustments, 951 thousand euro financial adjustments and 901 thousand euro demographic adjustments. For the 2020 financial year, the change in calculation method allocated to other comprehensive income consists of 49 thousand euro experience adjustments and -1,889 thousand euro financial adjustments.

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 708 thousand euro.

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

	2021	2020
Annual pay rises (excluding inflation)		1.93%
age 20-24:	6.60%	
age 25-29:	5.10%	
age 30-34:	2.60%	
age 35-39:	2.10%	
age 40-44:	3.10%	
from age 45:	1.60%	
Annual inflation	1.90%	1.90%
Annual discount rate	1.00%	0.45%
Pension age in years	65	65
Total number of members	985	991
Average age in years	44.4	43.98
Estimated duration in years	17.79	17.73

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)	99
Between 2 and 5 years	790
Between 5 and 10 years	2,040
Total expected benefits	2,929

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 com-parable 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	0.50%	1.00%	1.50%
Defined pension entitlement liability	12,040	11,082	10,217
Market value of the investment funds	10,663	9,846	9,104

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	11,082	12,886

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 operating income and other expenses

Other operating income and other expenses consists of the following:

000 euro	2021	2020
Income from passed on costs	3,227	1,998
Income from recovered costs	1,286	1,823
Other income	580	508
Total other operating income	**5,093**	**4,329**
Subcontracting costs	20,504	14,414
Distribution costs	9,662	6,105
Sales and marketing costs	19,525	16,284
General administration costs	14,765	13,166
Total other expenses	**64,456**	**49,969**

The other operating income consisting mainly of charged export duties and transport costs and the recovered costs include primarily recovered personnel costs. The increase of revenue from charged costs is a result of a higher turnover.

The increase in expenses (subcontracting, distribution, sales, and marketing) are mainly the result of higher sales volumes and marketing efforts.

17. Deferred taxes assets and liabilities

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 01/01/2020	**1,820**	**-1,355**	**0**	**465**
Changes	462	1	-227	236
At 31/12/2020	**2,282**	**-1,354**	**-227**	**701**
At 01/01/2021	**2,282**	**-1,354**	**-227**	**701**
Changes	-324	103	0	-221
At 31/12/2021	**1,958**	**-1,251**	**-227**	**480**

The net deferred tax liability of 480 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 on assets purchased until 31 December 2019, which is restated in the consolidation. The deferred tax on this at the end of 2021 was 1,958 thousand euro.

- The deferred taxes of 951 thousand euro were recorded on a revaluation of stock. Deferred taxes of 253 thousand euro are also recognized under IAS 19 with regard to the pension liability at Van de Velde. Finally the deferred tax assets of 47 thousand euro concern the settlement of the partnership agreement with Private Shop.

- The deferred tax asset of 227 thousand euro on transferrable losses concern our German retail division. For our division in the United States, Intimacy Management Company LLC, it was decided not to provide for a deferred tax asset as there is no certainty that we will be able to use this in the future against future profits. The current estimated unrecognized latency is 1,650 keur.

- The decrease of -221 keur was recognized in the profit and loss account for -537 keur and 316 keur was recognized in equity (see note 23).

18. Trade and other payables

Trade and other payables consist of the following:

000 euro	2021	2020
Trade payables	11,228	8,196
Payroll, social charges	4,785	4,514
Gift cards and credits issued	293	342
Accrued charges[1]	8,384	4,746
Deferred income	675	517
Fx forward contracts (note 20)	0	114
Trade and other payables	**25,365**	**18,429**

(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.

The evolution in the components of the working capital was explained in the activity report.

19. Other current liabilities and taxes payable

000 euro	2021	2020
Other current liabilities: taxes (VAT payable, local taxes, withholding taxes)	1,676	1,170
Taxes payable: corporate income taxes	1,571	325

The increase in 2021 is due to the growth in turnover, which results in a higher taxable base and therefore also a higher actual tax rate (explanatory note 23) than in 2020. This growth in turnover also leads to an increase in the outstanding VAT debt at the end of 2021.

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 valued 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 applied FX forward contracts to manage transaction risks. No FX forward contracts were concluded for 2021. 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 2021 the fair value of these FX forward contracts was zero as no contracts were entered into. 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	2021	2020
Derivatives that do not qualify for hedge accounting:		
Other current assets	0	2
Other current liabilities	0	-114
Real value	**0**	**-112**

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	2021	2020
Interest income	11	17
Interest costs	-105	-51
Interest result, net	-94	-34
Exchange gains	1,621	2,217
Exchange losses	-1,655	-1,498
Exchange gains due to IFRS16	0	45
Exchange losses due to IFRS16	-5	-61
Exchange result, net	-39	703
Income from investments (dividends)	0	0
Other financial income	0	0
Other financial costs	-406	-250
Other financial costs due to IFRS 16	-454	-711
Financial result	**-993**	**-292**

22. Personnel expenses

Personnel expenses are as follows:

000 euro	2021	2020
Wages	8,617	7,438
Salaries	28,088	25,746
Social security contributions	7,838	7,438
Other personnel expenses	468	667
Personnel expenses	**45,011**	**41,289**

Workforce at balance sheet date	2021	2020
White collars	555	560
Blue collars	952	941
Total	**1,507**	**1,501**

Share-based payments

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 2021 was 128 thousand euro versus 120 thousand euro in 2020.

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 2020	PLAN 2020
Award date [1]	29.09.16	03.10.17	n/a	15.10.19	09.10.20	01.10.21
Dividend right as of the grant date	no	no	n/a	no	no	no
Contractual term of the options	5-10	5-10	n/a	7-10	5-10	5-10
Exercise price	63.02	45.13	n/a	23.36	22.6	28.75
Expected volatility	35.00%	35.00%	n/a	35.00%	35.00%	35.00%
Risk-free interest rate	-0.269%	-0.143%	n/a	-0.234%	-0.580%	-0.322%
	-0.242%	-0.398%	n/a	-0.415%	-0.785%	-0.580%
Fair value of the share in options (in euro)	16.40	11.23	n/a	7.67	5.32	8.25

(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 2010 - 2020
Outstanding at 01/01/2020	**62,000**
Exercisable at 01/01/2020	**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**
Movements during the year	
Accepted	35,000
Forfeited	0
Exercised	0
Expired	6,000
Outstanding at 31/12/2021	**121,000**
Exercisable at 31/12/2021	**36,000**

23. Income taxes

The major components of income tax expense for the years ending 31 December 2021 and 2020 are:

000 euro	2021	2020
Current income tax	**8,832**	**2,882**
Current income tax charge	8,247	2,864
Adjustments in respect of current income tax of previous years	585	18
Deferred income tax	**-537**	**325**
Relating to the origination and reversal of temporary differences	-537	325
Income tax expense reported in the consolidated income statement	**8,295**	**3,207**
Taxes reported in the other comprehensive income	316	-89

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	2021	2020
Profit before taxes [(1)]	**40,781**	**19,268**
Parent's statutory tax rate of 25%	10,195	4,817
Higher income tax rates in other countries	0	0
Lower income tax rates in other countries	-219	-745
Utilization tax losses and unrecognized losses	0	-88
Disallowed expenses	215	177
Tax credits	-1,896	-954
Total income taxes	**8,295**	**3,207**
Effective income tax rate	20.34%	16.64%

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

The effective tax rate in 2021 is 20.34% compared to 16.64% in 2020 as a result of a higher taxable basis.

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).

	2021	2020
Profit attributable to shareholders (in 000 euro)	32,048	14,719
Weighted average number of ordinary shares	13,169,650	13,288,660
Dilutive effect of stock options	3,230	0
Weighted average number of shares after impact of dilution	13,172,880	13,288,660
Basic earnings per share (euro)	**2.43**	**1.11**
Diluted earnings per share (euro)	**2.43**	**1.11**

In 2021 only the options awarded over the period 2019 and 2020 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	2021	2020
Dividend paid	**13,323**	**13,294**
Dividend paid		
- in 2021:		
1.00 euro per share for fiscal year 2020.		
- in 2020:		
1.00 euro per dividend entitled share as interim dividend for fiscal year 2020.		
Dividend proposed	26,645	13,323
Dividend proposed:		
- 2.00 euro per share for fiscal year 2021.		
- No dividend rights are attached to treasury shares.		

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. One variable lease payment of 154 thousand euro was applicable in 2021. We estimate the future outflow for this contract at 697 thousand euros, spread over a period of four years. The other contracts with variable lease payments are currently expected to generate no additional outflow. There are currently no known future obligations under the extension and termination options that are not included in the current liabilities on the balance sheet.

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 01/01/2020	**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
Right-of-use assets, gross			
At 01/01/2021	**25,146**	**21,751**	**3,395**
Additions	1,763	658	1,105
Remeasurement	-1,599	-1,659	60
Other adjustments	0	0	0
Disposal	-4,202	-3,655	-547
Exchange rate effects	982	980	2
At 31/12/2021	**22,090**	**18,075**	**4,015**
Depreciation and impairment			
At 01/01/2021	**10,436**	**9,112**	**1,324**
Depreciations recorded	4,333	3,300	1,033
Impairment	0	0	0
Other adjustments	0	0	0
Disposal	-3,401	-2,876	-525
Exchange rate effects	482	483	-1
At 31/12/2021	**11,850**	**10,019**	**1,831**
Right-of-use assets, net at 31/12/2021	10,240	8,056	2,184

The investments in 2021 concern a new showroom location in both Denmark and Finland, and a contract renewal for a shop in both the United Kingdom and The Netherlands. The revaluations 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 2020. In 2021 this primarily relates to the closure of the store in the United States. Six unprofitable stores were closed in our own retail network in 2021. Two stores were closed in both Germany and the United States, with one closing in both The Netherlands and the United Kingdom.

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 undiscounted Group's financial liabilities:

000 euro	3 to 12 months	1 to 5 years	More than 5 years	Total
2021	4,014	8,100	784	12,898
2020	5,381	11,057	1,842	18,280

Set out below are the carrying amounts of long- and short-term lease liabilities and the movements during the period:

000 euro	2021	2020
At 01/01	16,571	22,553
Additions	1,862	1,788
Other changes (revaluations and exchange rate effect)	-1,360	-2,943
Payments	-4,872	-4,827
At 31/12	12,201	16,571
Current	3,776	4,342
Non-current	8,425	12,229

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

000 euro	2021	2020
Depreciation expense of right-of-use assets	4,333	-5,400
Impairment lease liabilities	0	-1,476
Movement ARO obligations	-190	-139
Interest expense on lease liabilities	-454	-711
Exchange rate differences on lease obligations	-5	-16
Expense relating to short-term leases (included in 'other expenses')	8	3
Expense relating to leases of low-value assets (included in 'other expenses')	14	20
Rent costs related to termination fees minus realized rent reductions (included in 'other expenses')	4	52
Variable rental cost based on turnover	154	0

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 2021	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	1B25A, Fashion Center, Härkähaankuja 14 01730 Vantaa, Finland	100	0
VAN DE VELDE NORTH AMERICA INC	1252 Madison Avenue NY 10128, 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	1252 Madison Avenue NY 10128, NEW YORK, United States of America	100	0
INTIMACY MANAGEMENT COMPANY LLC	1252 Madison Avenue NY 10128, NEW YORK, United States of America	100	0
RIGBY & PELLER LTD	First Floor 22 Conduit Street W1S 2XR, LONDON United Kingdom	100	0
VAN DE VELDE NEDERLAND BV	Beethovenstraat 28 1077 JH AMSTERDAM, The Netherlands	100	0
VAN DE VELDE HONG KONG LTD [1]	21/F Edinburgh Tower, The Landmark 15 Queen's Road, Central, Hong Kong	0	100

(1) The liquidation of Van de Velde Hong Kong Ltd. was completed on 19 February 2021.

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 2021	Change on previous year
TOP FORM INTERNATIONAL LTD	7/F., Port 33, 33 Tseuk Luk Street, San Po Kong, Kowloon, Hongkong	25.7	0

Top Form International Ltd. ("TFI")

In 2021 transactions between the Group and TFI totalled 6,925 thousand US dollar. On 31 December 2021 the Group had trade payables to TFI in the amount of 346 thousand US dollar. 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.

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

For his chairmanship of the Nomination and Remuneration Committee, the Audit and Risk Committee and the Strategic Committee, the chairman of the Board of Directors (Herman Van de Velde NV) received annual gross remuneration of 25,000 euro. 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 Audit and Risk Committee respectively. The total remuneration for the directors (excluding the managing director) was 145.0 thousand euro in 2021 and 103.3 thousand euro in 2020. The directors have not received any loan or advance from the Group.

Management Committee Remuneration

For the year ended 31 December 2021, a total amount of 1,575 thousand euro (1,361 thousand euro in 2020) 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. There are various pay-out forms, including cash, deferred payment or a complementary pension plan;
- 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.
- Exceptional compensation concerns a retention bonus.

000 euro	2021	2020
Basic remuneration	985	1,162
Variable remuneration	459	186
Group insurance premiums	6	6
Other benefits	7	7
Exceptional remuneration	118	0
Total	1,575	1,361

In addition to these cash benefits, share-based benefits were granted to the members of the management committee through the share option plan. In 2021 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 2020). No calculated costs are linked to the options accepted by the members of the management committee in 2021.

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 2021 and on 31 December 2020.

Segment Income Statement	2021				2020			
000 euro	Wholesale	Retail	Unallocated	Total	Wholesale	Retail	Unallocated	Total
Segment revenues	167,666	27,585	0	**195,251**	130,029	22,308	0	**152,337**
Segment costs	-84,154	-25,649	-30,437	**-140,240**	-70,631	-23,934	-23,038	**-117,603**
Depreciation	0	-778	-12,459	**-13,237**	0	-986	-14,188	**-15,174**
Segment results	83,512	1,158	-42,896	**41,774**	59,398	-2,612	-37,226	**19,560**
Net finance profit				**-993**				**-292**
Result from associates				**-438**				**-1,342**
Income taxes				**-8,295**				**-3,207**
Net income				**32,048**				**14,719**

Segment Balance Sheet	2021			2020		
000 euro	Wholesale	Retail	Total	Wholesale	Retail	Total
Segment assets	58,970	15,683	**74,653**	51,900	16,707	**68,607**
Unallocated assets			**132,524**			**116,672**
Consolidated total assets	**58,970**	**15,683**	**207,177**	**51,900**	**16,707**	**185,279**
Segment liabilities	0	0	**0**	0	0	**0**
Unallocated liabilities			**207,177**			**185,279**
Consolidated total liabilities	**0**	**0**	**207,177**	**0**	**0**	**185,279**

Capital expenditure	2021				2020			
000 euro	Wholesale	Retail	Unallocated	Total	Wholesale	Retail	Unallocated	Total
Tangible fixed assets	0	363	2,011	**2,374**	0	104	989	**1,093**
Intangible fixed assets	0	0	2,274	**2,274**	0	0	1,622	**1,622**
Right-of-use assets	0	0	1,763	**1,763**	0	0	1,755	**1,755**
Depreciation	0	778	12,459	**13,237**	0	986	14,188	**15,174**

Breakdown by region - turnover	2021			2020		
000 euro	Eurozone	Elsewhere	Total	Eurozone	Elsewhere	Total
Turnover	140,588	54,663	**195,251**	112,577	39,760	**152,337**

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, United Kingdom and Switzerland for Elsewhere.

Further information about the assets of the company - location (000 euro)	Belgium	Elsewhere	Total
Tangible fixed assets	20,692	2,305	**22,997**
Intangible assets	15,510	4,766	**20,276**
Right-of-use assets	1,656	8,584	**10,240**
Inventories	40,433	2,772	**43,205**

29. Events after balance sheet

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

On 1 May 2022, a new CEO will start at Van de Velde after an induction period. More details on this in a separate press release of 24 February 2022.

30. Business risks with respect to IFRS7

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.

	Closing rate	Average rate
CAD	1.4466	1.4804
CHF	1.0368	1.0795
AUD	1.5575	1.5758
NOK	0.8394	0.8577
GBP	1.1295	1.1810
USD	3.2518	3.2818

The Group performed a sensitivity analysis in 2021 on the outstanding trade receivables and trade payables of the Group at the balance sheet date have been converted with a sensitivity of 10%.

000 euro	+10%	-10%
CAD	62	-62
CHF	81	-81
AUD	30	-30
GBP	66	-66
	239	**-239**

The Group performed a sensitivity analysis in 2021 on the the equity components in the foreign currency of the Group at the balance sheet date have been converted with a sensitivity of 10%.

000 euro	+10%	-10%
GBP	353	-353
USD	1,363	-1,363
TND	1,238	-1,238
	2,954	**-2,954**

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 (73.5 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 approximately 26% of purchase costs and the second largest supplier for 9% , whereas all other suppliers account for maximum 5%.
- 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 set up in which provisions and/or any interruptions are proactively identified so that 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 is 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.

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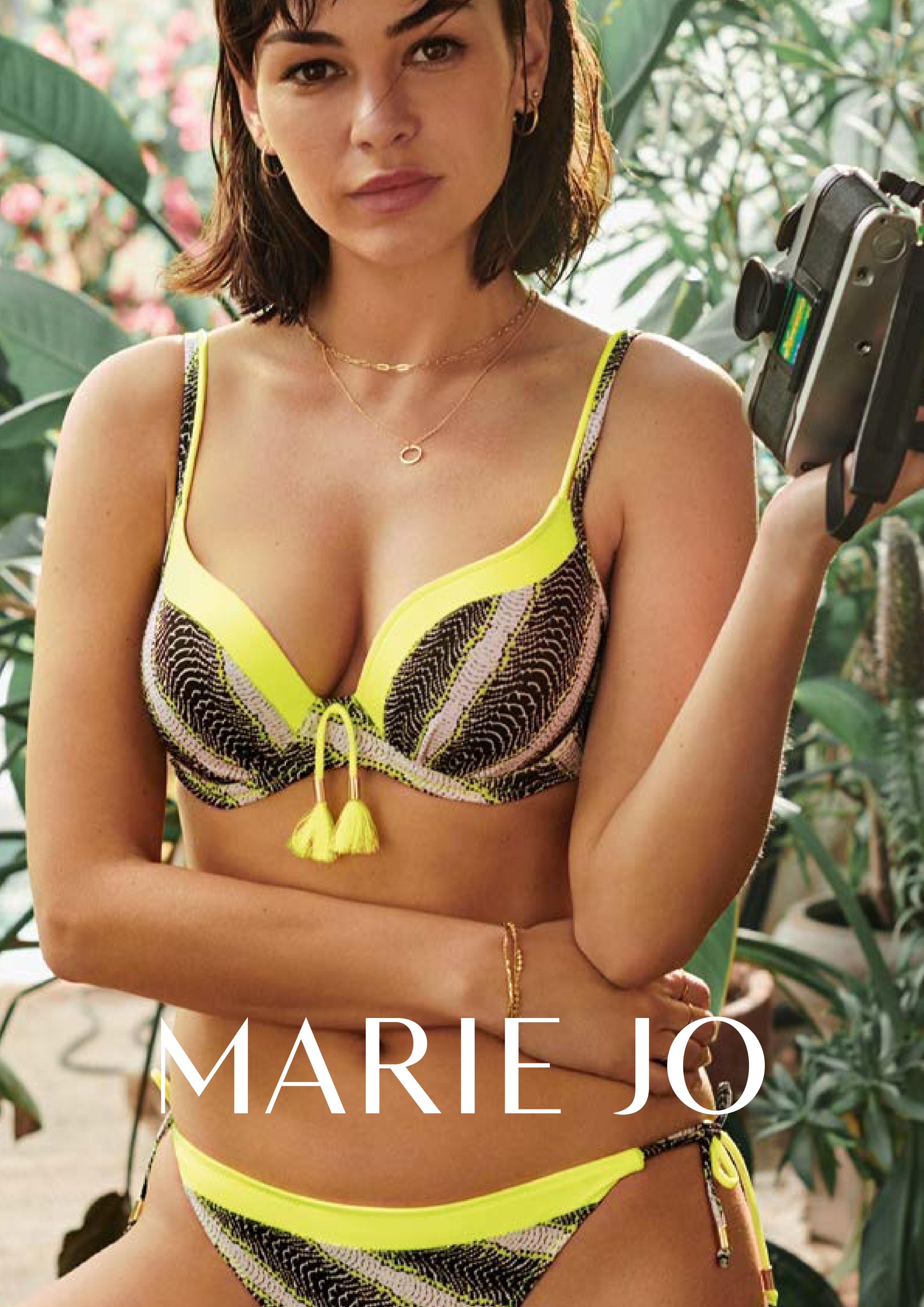
MARIE JO

6 | Statutory auditor's report to the general meeting of shareholders of Van de Velde NV on the consolidated financial statements for the year ended 31 December 2021

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 the consolidated balance sheet as at 31 December 2021, the consolidated income statement and overview of other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year ended 31 December 2021 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 24 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 2021, the consolidated income statement and overview of other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement of the year and the disclosures, which show a consolidated balance sheet total of € 207,177 thousand and of which the consolidated income statement shows a profit for the year of € 32,048 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 2021, 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 result 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 2021 amounts to respectively € 4.6 million and € 12.5 million. The carrying value of goodwill and brands together represent 8.2% 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 and therefore considered a key audit matter, because the valuation process is complex and is strongly influenced by management's expectations. More specifically regarding the expected growth, in particular of revenues and Earnings Before Interest Depreciation and Amortization ("EBITDA") and other assumptions used (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 recovery of the revenue post Covid-19, EBITDA percentage on revenue, long term growth rate beyond the projection period and the discount rate), by comparison to market information, the Group's cost of capital and relevant risk factors;
- 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 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 notes 3 and 4 of the Consolidated Financial Statements.

Allowance for obsolete inventory

Description of the key audit matter

The total inventory value of the group amounts to € 43.2 million and amounts to 20.8% 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 items.

The allowance for obsolete inventory is significant for our audit, and therefore considered a key audit matter, 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 obtained an understanding of the internal control process around inventory write-down.
- 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);
- 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.

In performing our audit, we comply with the legal, regulatory and normative framework that applies to the audit of the Consolidated Financial Statements in Belgium. However, a statutory audit does not provide assurance about the future viability of the Company and the Group, nor about the efficiency or effectiveness with which the board of directors has taken or will undertake the Company's and the Group's business operations. Our responsibilities with regards to the going concern assumption used by the board of directors are described below.

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 Global Reporting Initiative. However, we do not comment on whether this non-financial information has been prepared, in all material respects, in accordance with Global Reporting Initiative.

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.

No additional services, that are compatible with the statutory audit of the Annual Accounts as referred to in Article 3:65 of the Code of companies and associations and for which fees are due, have been carried out.

European single electronic format ("ESEF")

In accordance with the standard on the audit of the conformity of the financial statements with the European single electronic format (hereinafter "ESEF"), we have carried out the audit of the compliance of the ESEF format with the regulatory technical standards set by the European Delegated Regulation No 2019/815 of 17 December 2018 (hereinafter: "Delegated Regulation").

The board of directors is responsible for the preparation, in accordance with the ESEF requirements, of the consolidated financial statements in the form of an electronic file in ESEF format (hereinafter 'the digital consolidated financial statements') included in the annual financial report available on the portal of the FSMA (https://www.fsma.be/en/data-portal).

It is our responsibility to obtain sufficient and appropriate supporting evidence to conclude that the format and markup language of the digital consolidated financial statements comply in all material respects with the ESEF requirements under the Delegated Regulation.

Based on the work performed by us, we conclude that the format and tagging of information in the digital consolidated financial statements included in the annual financial report available on the portal of the FSMA (https://www.fsma.be/en/data-portal) of Van de Velde NV per 31 December 2021 are, in all material respects, in accordance with the ESEF requirements under the Delegated Regulation.

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, 24 March 2022

EY Bedrijfsrevisoren BV

Statutory auditor

Represented by

Francis Boelens *

Partner

*Acting on behalf of a BV/SRL

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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 finan-cial 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	2021	2020
Fixed assets	**94,323**	**96,954**
Intangible fixed assets	8,973	11,846
Tangible fixed assets	14,951	15,875
Financial fixed assets	70,399	69,233
Current assets	**131,719**	**104,586**
Amounts receivable after one year	1,446	1,306
Stocks and orders in production	44,446	38,821
Amounts receivable within one year	17,163	15,711
Financial investments	9,755	1,933
Cash and banks and in hand	57,838	46,012
Accrued income and deferred charges	1,071	803
Total assets	**226,042**	**201,540**
Shareholders' equity	**153,910**	**150,061**
Issued capital	1,936	1,936
Share premium	743	743
Reserves	137,683	133,863
Retained earnings	13,263	13,153
Grants	285	366
Provisions, deferred taxes and tax liabilities	**0**	**156**
Provisions for risks and costs	0	156
Liabilities	**72,132**	**51,323**
Amounts payable after one year	0	0
Amounts payable within one year	72,027	50,765
Accrued charges and deferred income	105	558
Total liabilities	**226,042**	**201,540**

Concise income statement

000 euro	2021	2020
Operating income	**194,908**	**150,936**
Turnover	186,197	145,365
Changes in stocks unfinished goods and finished goods	4,056	1,948
Other operating income	4,579	3,488
Non recurring operating income	76	135
Operating costs	**166,143**	**142,531**
Goods for resale, raw materials and consumables	36,039	30,479
Services and other goods	92,883	77,930
Salaries, social charges and pension costs	29,272	26,218
Depreciations	7,930	8,222
Write-downs and provisions	-256	-666
Other operating costs	275	331
Non recurring operating costs	0	17
Operating profit	**28,765**	**8,405**
Financial result	**6,971**	**3,352**
Finance income	11,853	11,319
Finance costs	-4,882	-7,967
Pre-tax profit for the fiscal year	**35,736**	**11,757**
Tax on the profit	5,116	-230
Profit for the year	**30,620**	**11,527**

Appropriation account

000 euro	2021	2020
Distributable profit	**30,620**	**11,527**
Distributable profit for the year	30,620	11,527
Addition to reserves	3,975	0
Transfer from reserves	0	-15,090
Profit (loss) to be carried forward	0	0
Profit to be distributed	**26,645**	**26,617**

Statutory annual report Van de Velde NV
Fiscal year 1/1/2021 - 31/12/2021

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 226,042 thousand euro and a profit after tax for the fiscal year of 30,620 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.

On 1 May 2022, a new CEO will start at Van de Velde after an induction period. More details on this in a separate press release of 24 February 2022.

3. Expected developments

We refer readers to 'Prospects' in chapter 1, 'The year 2021'.

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 EY 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 2021 for auditing the statutory annual accounts of Van de Velde NV was 69,615 euro (excl. VAT). The total costs for 2021 for the auditing of the annual accounts of all companies of the Van de Velde Group and the consolidated annual accounts of Van de Velde NV was 161,635 euro (excluding VAT and including the 69,915 euro mentioned above).

In accordance with Article 3:65 of Belgium's Companies Code, Van de Velde announces that no exceptional or special tasks were performed by statutory auditor or by persons with whom the statutory auditor has a professional relationship in 2021.

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 further details see note 30):

- 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

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. And last but not least on 28 Augsut 2020, the Board of Directors decided to restart from 4 September 2020 and with a anticipated term of 1 year.

On 23 February 2022, the Governing Council adopted a programme for repurchase of own shares approved for a maximum of €15 m. This repurchase programme will start on 1 March 2022 and has an expected duration of one year.

At the end of 2020 Van de Velde NV held 77,183 treasury shares.

In 2021, 116,857 of its own shares were acquired by Van de Velde NV. During 2021 no options were exercised under the option plan.

At the end of 2021 Van de Velde NV held 194,040 treasury shares with a total value of 4,755 thousand euro.

000 euro	2021	2020
Share capital	1,936	1,936
Treasury shares	4,755	1,932
Share premium	743	743

8. Conflict of interests

In 2021, there was one conflict of interest under article 7:96 of the Code of Companies and Associations within the Board of Directors or the Management Committee. This concerned the granting of a one-off retention bonus to the CEO by the Board of Directors on 24 February 2021.

The excerpt from the minutes relating to this decision is presented below, stating the reason for the conflict of interest, and the nature, justification and financial impact of the decision.

"Mavac BV, duly represented by Marleen Vaesen, reported in advance a conflict of interest with regard to the abovementioned agenda item under article 7:96 §1 of the Code of Companies and Associations and will therefore not participate in these deliberations. She pointed out that this decision related to a matter of a financial nature, namely the remuneration of Mavac BV as chair of the Management Committee.

In compliance with the relevant legal stipulations, the following is included in the current minutes of the Board of Directors:

– the nature of the decision
– the financial impact of the decision;
– the grounds justifying the decision.

a) Nature of the decision
The decision concerns the remuneration of Mavac BV as chair and member of the Management Committee.

b) Financial impact of the decision
The remuneration that is granted to Mavac BV as chair and member of the Management Committee, starting 1 January 2021, is the following:
– Annual fixed compensation of € 592,000 excl. VAT;
– Annual variable compensation up to 55% of the fixed compensation;
– A one-off and exceptional retention bonus of € 118,400 excl. VAT provided Mavac BV still works for Van de Velde on a date set by mutual agreement.

c) Grounds justifying the decision
The first two components of the remuneration (annual fixed compensation and variable compensation up to 55% of the fixed compensation) are part of the remuneration package as agreed upon when the CEO was appointed.

With regard to the one-off retention bonus, the Board of Directors is of the opinion that this compensation is competitive and justified, because (i) the stability of the management of the organization is critical during the covid-19 pandemic and (ii) the CEO is no longer awarded a long-term bonus.

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 2.00 euro per share. After payment of withholding tax, this represents a net dividend of 1.40 euro per share. After approval by the General Meeting of Shareholders the final dividend of 2.00 euro per share (net dividend of 1.40 euro per share) will be paid out as from 5 May 2022.

Proposed profit distribution in thousands of euro:

Distributable profit	30,620
Transfer to reserve	3,975
Profit to be distributed	26,645
- Of this amount, proposed gross dividend of 2.00 euro per share on 13,322,480 shares	26,645

15. Non financial information

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

Mavac BV,
always represented by
Marleen Vaesen
Gedelegeerd bestuurder


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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 consoli-dation, 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
CFO


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9 | Sustainability Report

Contents

General introduction

Message from the CEO

Van de Velde is a listed company with deep family roots. The family has always given a great deal of attention to sustainable business. Long-term added value, not short-term profit, is the touchstone. This is evidenced by the premium quality of our lingerie, the care for our people, the long-term relations with our business partners and the constant pursuit of efficiency wins in our processes.

The past two years have been shaped by the covid-19 pandemic and the consequences of climate change. We have all been forced to acknowledge our vulnerability as an individual, family, company, community, planet. As a result, it is clearer than ever that a company's responsibilities extend beyond its employees, consumers, business partners and shareholders.

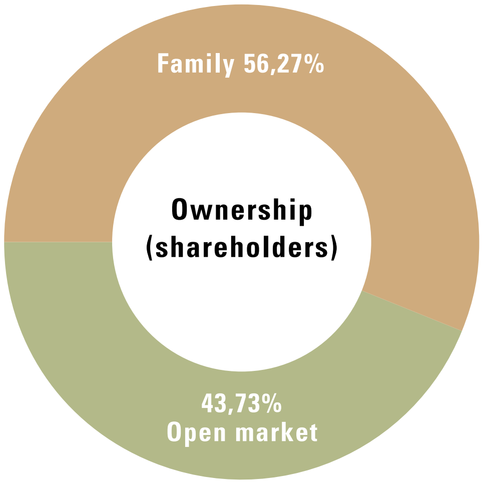
We therefore want to strengthen our commitment to sustainability. In 2021 sustainability was identified as one of the main drivers in the strategic 5-year plan. A roadmap has been developed and a sustainability manager installed, reporting directly to the CEO. This will further embed sustainability at Van de Velde.

About Van de Velde

Van de Velde NV designs fashionable lingerie and swimwear of superior quality under the highly complementary brands PrimaDonna, Marie Jo and Andres Sarda. We believe in "Shaping the bodies and minds of women": we want to make a difference in the lives of women by improving their self-image and, in doing so, giving them more confidence with beautiful lingerie that fits perfectly. Impeccable service in store is key. It's an approach we have consolidated in our Lingerie Styling concept. Van de Velde works closely with 3600 independent lingerie boutiques around the globe. We also have our own retail network with retail brands Rigby & Peller and Lincherie. We primarily focus on the European and North American market. *[GRI 102-1/2/3/4/7]*

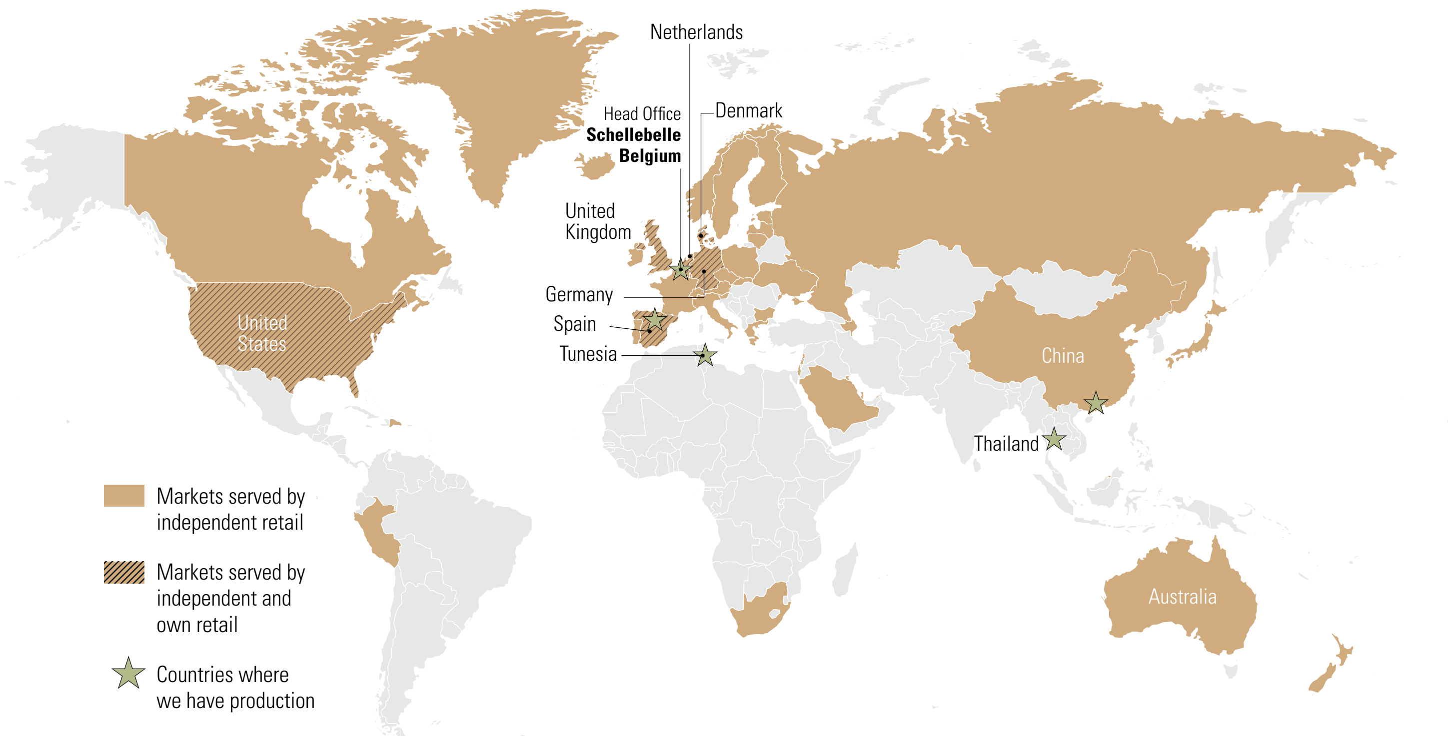
Van de Velde NV was originally a family business and 56.27 percent of shares remain in family hands.

This is one reason why sustainability is a big part of the strategy. Short-term financial profit will not be pursued at the expense of long-term goals. Business continuity is the main motivation; the positive social impact or profit is the wider goal. *[GRI 102-5/6]*



The operating activities are reported at the Schellebelle head office, the Wichelen distribution centre and our Tunisia production company. Some of the production of subcontractors is covered in various sections of the report. *[GRI 102-54]*

Markets and countries where we have production capacity



About the sustainability report

In its operations, Van de Velde is committed to achieving more than purely financial targets. The company wants to create value for society and contribute to the efforts to meet climate targets.

In doing so, Van de Velde creates value for everyone involved and fulfils the wider expectations of employees, consumers, shareholders and other relevant stakeholders.

The new position of sustainability manager, reporting to the CEO, was created in September 2021 with the task of setting out in more detail, structuring and implementing the sustainability policy.

The social and environmental ambitions and targets are based on:

- The fundamentals of our company – our mission, values and core businesses – to ensure impact and relevance for everyone involved
- The results of materiality analyses, which clarify the expectations of stakeholders inside and outside the company
- The UN's Sustainable Development Goals (SDGs), indicating the direction of travel
- The active participation of various stakeholders

Van de Velde is convinced that a clear framework, collective involvement and specific knowledge acquisition are the right tools to take further steps.

Materiality index

The materiality analysis was conducted in three steps. In the first step, the *topics* that could be appointed material by Van de Velde's stakeholders were identified.

In the second step, the most important *stakeholder groups* were identified. These groups are employees, retail partners, shareholders and suppliers. *[GR102-40]* Lastly, an actual *survey* was conducted.

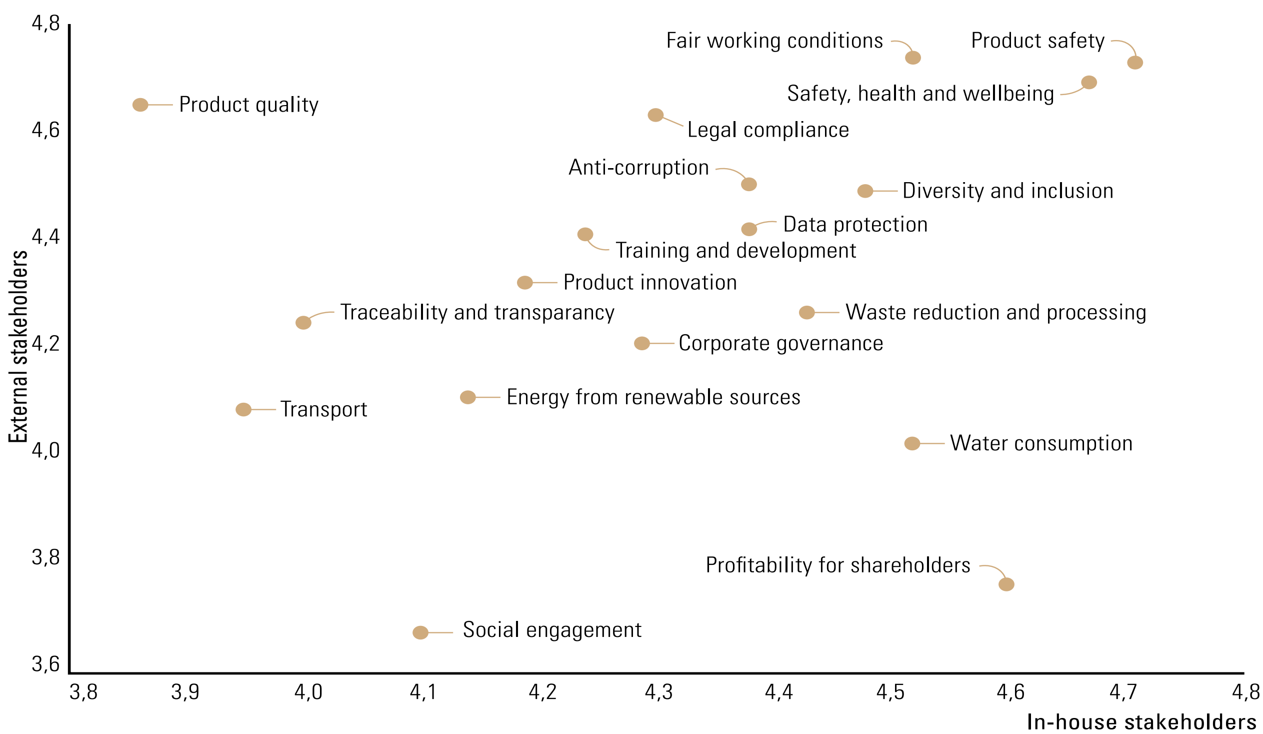
In 2020 a group of employees was selected to take part in an online survey to rate the importance of selected topics.

In 2021 retail partners, shareholders and suppliers were invited to take the same survey.

A random group was selected in each category for this external materiality survey.

- Suppliers: The survey was sent to 52 raw material suppliers in various countries. We received 34 responses.
- Retail partners: the survey was sent to customers in Belgium, the Netherlands and Germany. We received 148 responses.
- Shareholders: 38 people were selected and we received 14 responses.

A score between 1 (low) and 5 (high) was assigned to each of the 19 topics in response to the following question: "How important is this topic to you?". The results for in-house and external stakeholders are shown in the materiality index below.



Such topics as product safety, product quality, fair working conditions, employee health and safety and legal compliance are rated very important. These main themes are discussed in detail in the report.

The results of this survey are also taken into account when drawing up the multi-year sustainability plan.

Sustainable Development Goals (SDGs)

We use the 17 Sustainable Development Goals (SDGs) of the United Nations as indicators of our direction in working out a multi-year action plan in line with the mission, values and ambitions of the company. The impact and effectiveness of the sustainability efforts will be measured and assessed against these SDGs.

This sustainability report sets out the activities currently situated around three pillars:

- Focus on PEOPLE
- Our relations with PARTNERS
- Respect for the ENVIRONMENT

FOCUS ON PEOPLE

Van de Velde is a company that has always put people first. We strongly believe in the power and potential of people. Particularly women. This is reflected in various dimensions:

First and foremost in the working relationship with **our employees**.
The health and wellbeing of all Van de Velde employees is key to sustainable growth. Because we believe that when employees are happy in their job this will have a positive impact on the quality of their work and their environment. With this in mind, we promote a high level of wellbeing at work, pursue a healthy work-life balance and launch initiatives to help us be a fantastic place to work. We encourage personal and professional growth with a solid training and development policy.

We ensure good working conditions for all employees and pursue diversity and equality, regardless of their location or role in our organization.

The principles of this socially responsible human resources policy are set down in Van de Velde's Ethical and Social Charter. This charter is itself based on the fundamental principles of the SA8000 standard.

Consumers are put at the heart of our company alongside our employees. As stated above, we believe in the power of people, particularly women. We want to do everything we can to support women, literally and metaphorically. This ambition is clearly expressed in our mission statement: **'Shaping the bodies and minds of women'**. Through our three brands we aim to provide the ultimate experience, with the underlying objective of empowering women. Each brand does this in its own way.

The third dimension in our focus on people is general attention for people and their position in **society**. We want to contribute and where possible help create new opportunities for women.

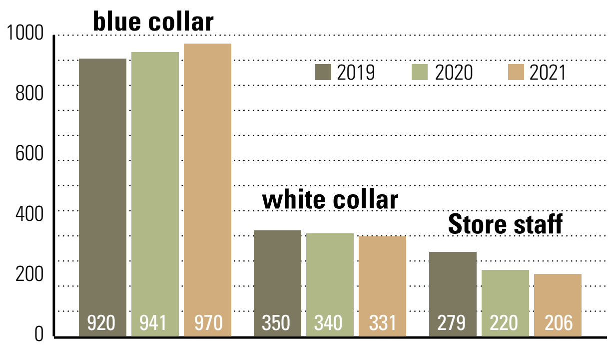
Focus on our employees

Who are our employees?

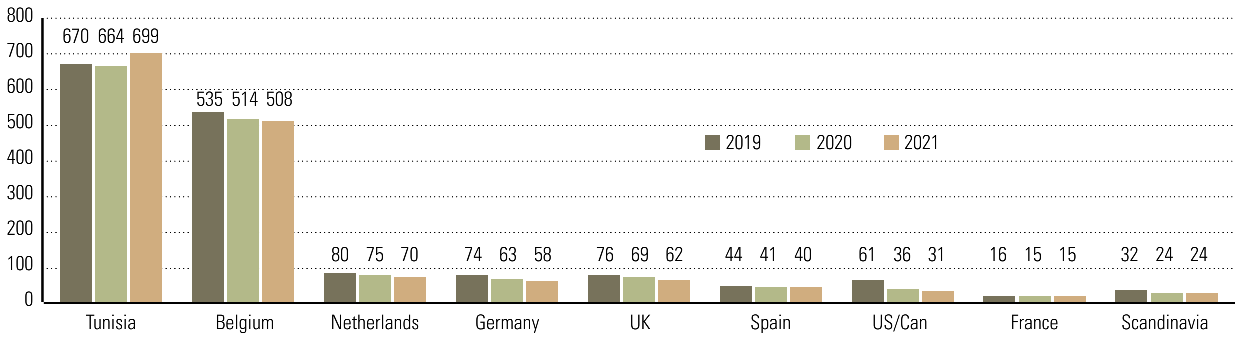
Van de Velde employs people around the globe. *[GRI 102-8]* We not only make products for women, these products are also largely made by women.

Van de Velde assumes its responsibilities for everyone it works with, regardless of their status or location. We primarily work with our own employees. There are a limited number of freelancers at the head office, primarily IT and digital specialists working on ongoing projects. Work has continued on the long-term vision and strategy at Van de Velde this past year.

Number of employees by status



Number of employees by country



Values *[GRI 102-16]*

In March 2020 we launched our **Van de Velde Values** in the company: *[GRI 102-16]*

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

These Values form the DNA of Van de Velde: they are shared by all employees and express what we stand for and how we act. They also provide a starting point for employee decisions and growth.

Code of Conduct *[GRI 102-16]*

Van de Velde expects all employees to follow the rules of conduct in their everyday duties and in their relations with others, be they colleagues, customers, consumers, suppliers or whoever.

The most important aspects of integrity are:

- How we handle information
- How we treat colleagues
- How we treat customers and suppliers
- How we handle the work-life balance
- How we use company resources

The Code of Conduct is available at www.vandevelde.eu/en/code-of-conduct.

These rules are set down in the *Code of Conduct*, the purpose of which is to ensure we do business with integrity.

Ethical and Social Charter

Working conditions are a very important – social and ethical – aspect of Van de Velde's corporate social responsibility.

This means that, as a company, Van de Velde is committed to ensuring that all activities are conducted in accordance with legal standards and with due respect for human rights in all circumstances. Van de Velde also expects all of its suppliers and subcontractors to follow these human rights principles in everything they do (for more information, see 'Partners'). Only then we can be certain that our products are manufactured and distributed in a responsible way.

You can download our Ethical and Social Charter from our website at www.vandevelde.eu/en/about-van-de-velde/sustainability.

The following systems and certifications have been implemented in a number of divisions to ensure this charter is properly interpreted in practice with regard to all employees who fall under Van de Velde's operational control.

Sites in Belgium: Schellebelle head office and Wichelen distribution centre

Van de Velde in Belgium – at the locations in Wichelen and Schellebelle – has been SA8000 certified since 2003. It is based on the ILO standards, the Universal Declaration of Human Rights and the UN Convention on the Rights of the Child.

The SA8000 standard was established in consultation with NGOs, collective industrial organizations, the industry associations and certifying bodies.
This certification proves that we safeguard the rights and wellbeing of our employees.

The nine principles of the SA8000 standard

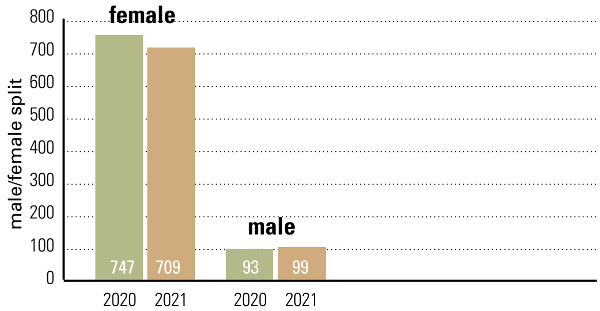
Principle 1: No discrimination [GRI 405-1]

- Gender diversity

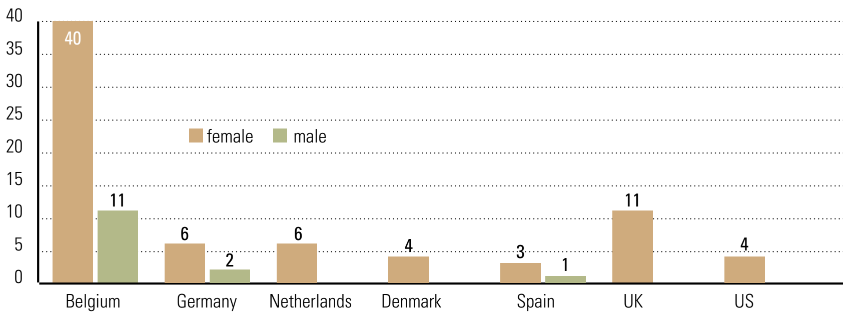
Due to the business activity, the representation of female employees is high: almost nine in ten Van de Velde employees are women. These women make our products for other women in countries where employee rights are not always self-evident. Our sales channels are also staffed mainly by women. Van de Velde ensures that people are not discriminated against on the basis of their gender. All vacancies are open to people of any gender. However, we observe more interest in vacancies among women, due to the nature of the business and the industry. We are also vigilant on preventing any discrimination on age, religion or any other factor that can be the basis of discrimination. There were no formal reports of discrimination in 2021. *[GRI 406-1]*

We also have a strong female representation on the Board of Directors (55%) and the Management Committee (66%).

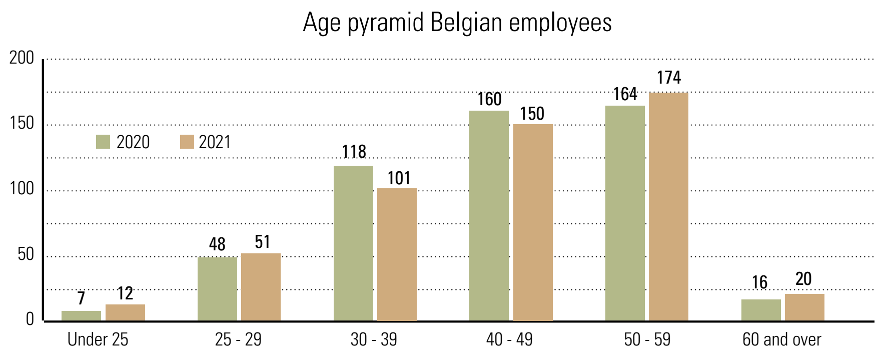
Number of employees: male/female split

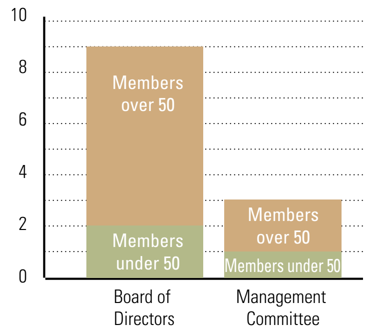


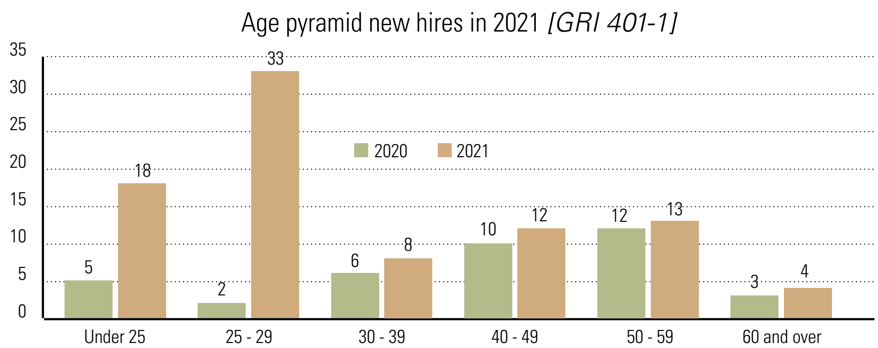
New hires in 2021 – male/female split



- Age diversity







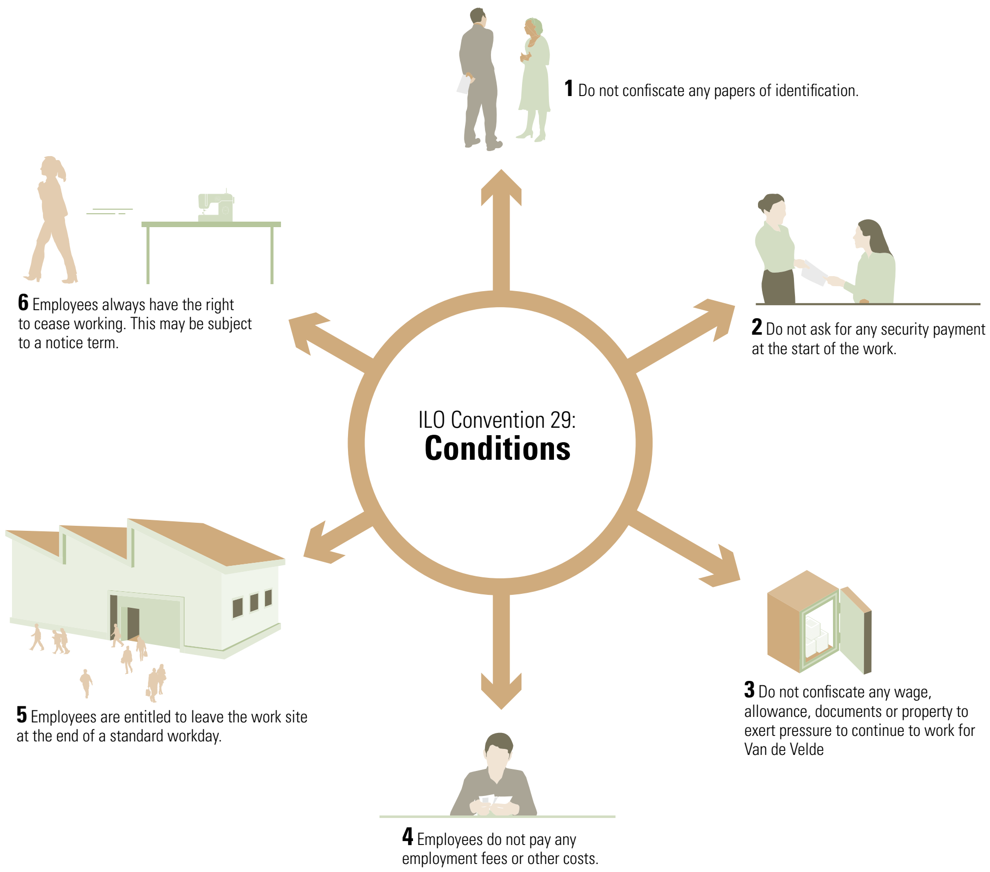
Principle 2: No child labour

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 *[GRI 408-1]*:

- 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 (e.g. students aged 16 and over may work in Wichelen)
  - 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.

Principle 3: No forced labour

It is our conviction that the wellbeing 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 wellbeing of each and every employee. The internal prevention and protection at work service gives advice on the organization of the workplace, the work post, environmental factors, the use of tools, equipment and hygiene. This topic is discussed in more detail further in this report.

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 wellbeing coaches at the various departments act as an early-warning system 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 organize 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 retaliation are prohibited. If the freedom of trade unions is limited by law, the employees of Van de Velde are free to organize and choose their own representatives. *[GRI 407-1]*

Principle 9: Monitoring

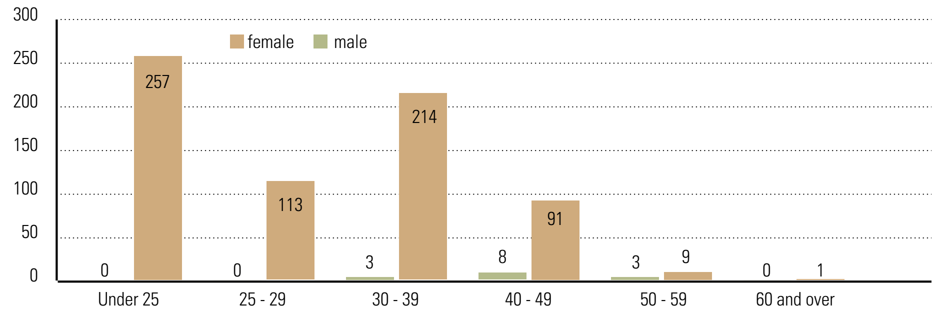
We ensure the constant monitoring of the aforementioned principles by management to be certain they are complied with by internal and external stakeholders.
The Social Performance Team monitors compliance with the SA8000 standard at our sites in Belgium. As well as revealing any violations of the charter, the purpose of this management system of structured internal audits is to lay the foundations for continual improvement.
Van de Velde is audited every six months by an independent SGS auditor. The audits also include a check of whether the basic principles of SA8000 are followed at the various departments. This is done on the basis of inspections, work floor visits and interviews with employees and management.
A re-certification audit was conducted in November 2021. The findings were positive, resulting in a recommendation that SA8000 certification can be extended for three years. *[GRI 102-11/56]*

Site in Tunisia

By analogy with Belgium, the production company in Tunisia is managed and monitored in terms of corporate social responsibility. Our compliance with human rights principles when doing business is confirmed by SMETA certification.

In 2016 Van de Velde Tunesia received the SMETA accreditation. 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 organize 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



We do not discriminate in terms of gender or age in our hiring process. However, the nature of our activities and Tunisian culture do result in large imbalances. The primary activity in Tunisia is assembly and most of these stitchers are female. The large proportion of young people is primarily a cultural phenomenon, as many women do not work outside the home after marriage.

8. Employment is on a regular basis
9. People we work with are not treated harshly or inhumanely.

Companies that wish to obtain SMETA accreditation must also meet additional requirements with regard to the environment and business ethics.
Our production plant in Tunisia is also audited regularly by an independent body such as SGS to ensure it complies with the SMETA principles. Another audit is scheduled for 2022. *[GRI 102-11/56]*

Safety and (mental) health

Safety and good working conditions at the sites are very important to safeguard wellbeing at work. Van de Velde actively pursues a policy oriented to both the physical (e.g. prevention and protection) and mental aspects of wellbeing (psychosocial context).

Sites in Belgium

Safety and Prevention

An in-house department is responsible for safety and prevention at the Schellebelle and Wichelen sites. This is headed by a prevention level 1 advisor, assisted by two employees and a number of safety agents (who conduct these duties alongside their regular job duties). The department is supervised by the CEO and the prevention and protection at work committee. The safety and prevention policy is set down in an Annual Action Plan and a General Prevention Plan (valid for five years

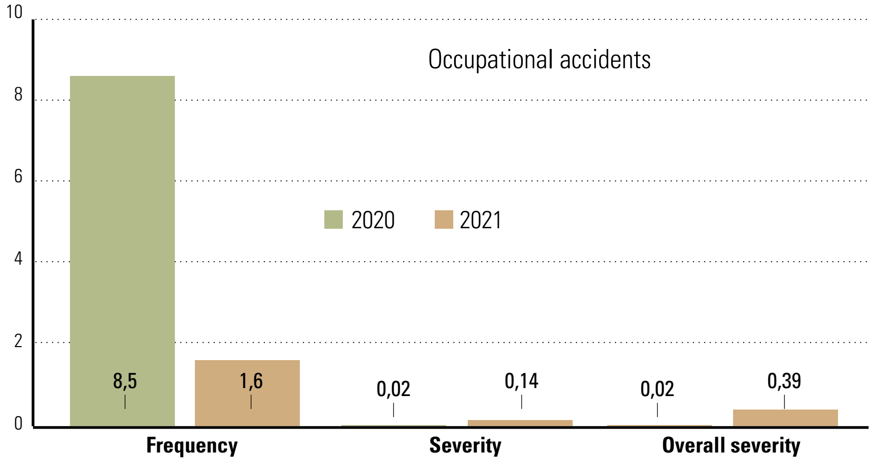
This department is responsible for the following domains:
- Legal compliance: following all inspections and servicing of security and technical systems
- Prevention-related projects: developing the methodology and tools, and implementation in the organization
- Adapting existing processes when circumstances change

Example: Ergonomics Study Project:
This project was launched in 2019. The in-house department drew up an action plan in response to ergonomics-related complaints, based on an employee survey and an analysis of the absence statistics (including recurring complaints in specific jobs). The following steps were taken:
- Specific workstations were adapted or made adjustable
- A course was set up to provide tips on adapting good posture and minimizing strain.
- Special medical exams were introduced for people who do a lot of lifting.

After implementation by this department, the methodology and tools are shared with the line managers, who are responsible for monitoring for day-to-day activities

Example: adjusting existing processes
The pandemic and the mandatory working from home orders have disrupted the structural presence on site of safety and prevention-related functions over the past two years. The following actions were taken in response to this new situation
- First aid: training for additional employees to ensure that qualified first-aiders are always available
- Response teams: a shift system was implemented to ensure constant monitoring
- Evacuation: evacuation procedures and the register of attendance for the evacuation lists were adapted in line with the new system of hybrid working

Example: monitoring existing processes Occupational accidents.
At the departments, the safety agents and wellbeing coaches are the first point of contact for reporting possible risks. The line managers are also responsible for day-to-day follow-up. An investigation is always conducted after an occupational accident to identify the causes. Whenever possible, an action plan will be drawn up to ensure it cannot happen again.
The goal in 2022 is to set up a uniform system for reporting potential risks. This will make it easier to identify and manage risks. *[GRI 403-2]*



Frequency
number of accidents x 1,000,000 / hours of exposure

Severity
number of calendar days lost time x 1,000 / hours of exposure

Globale Ernstgraad
number of calendar days lost time + disability x 1,000 / hours of exposure

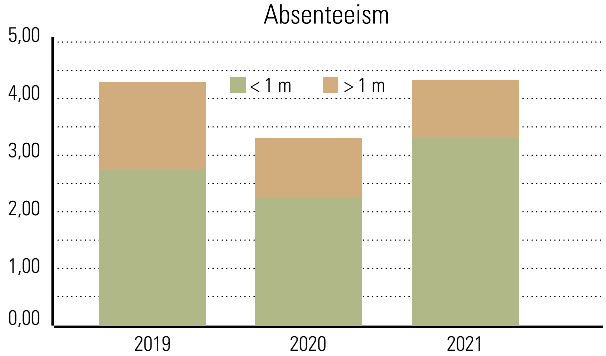
(Mental) health:

Van de Velde takes a whole host of actions to maximize (mental) wellbeing and encourage continuous development. For example, in 2021 we introduced the possibility of hybrid working, which offers our employees more flexibility. Alongside flexibility, special attention is also given to strengthening the connection between our employees. This is done through 'VdV Connect', a wellbeing project set up and supported by Van de Velde employees.

Confidants and wellbeing coaches are available to listen to concerns on the work floor.

An external occupational physician and PAPSY (prevention advisor psychosocial aspects) are available.

We monitor absenteeism as an indicator for wellbeing *[GRI 403-2]* and conduct a monthly engagement survey. Employee satisfaction is measured on a monthly basis in an anonymous survey in Intuo. Respondents are always able to add more detailed comments. The questions put to employees in Intuo are linked to drivers that are very important to the company: the relationship with colleagues, the relationship with managers, ambassadorship, feedback and recognition, and empowerment and personal growth. The answers are shared within the Management Board and within the departments in order to be able to work specifically on action plans to strengthen the aforementioned drivers.



Good communication with our employees is key. That's why we endeavour to keep our employees informed about developments in the organization, among other things through our 'Conversation Room' platform and our private working@vandevelde Facebook group.

We are also committed to encouraging employees to take regular exercise and eat healthily. The following initiatives have been launched:

- Fruit baskets
- Company bicycles
- Walk & Bike
- Showers

Site in Tunesië

At the Tunisian site all safety aspects are monitored by one responsible person under the direct supervision of management. Safety and health aspects are reported in structural meetings. An external advisory doctor regularly attends these meetings.

Occupational accidents are registered and investigated. Corrective action is taken if necessary.

Three occupational accidents were recorded in 2021. *[GRI 403-2]*

Initiatives are also taken to make the lives of employees easier. These include organizing state bus services for commutes, enlarging the sanitary facilities, optimizing air conditioning and ventilation to combat the spread of covid-19.

Training and development

Development is something we do together. We strongly believe that Van de Velde can only grow if our employees are able to grow.

We are committed to personal development. We love identifying the talents that every employee has and helping develop them. To do this we invest in courses, on-the-job training and experience-oriented learning (by working on a project, for example). Every year we draw up a training plan with a good mix of group trainings and individual initiatives, so that employees can acquire new (technical) knowhow or improve their communication and management skills.

We also encourage internal mobility and cross-department mobility. In 2021 internal candidates filled 40% of all vacancies.

Sites in Belgium

Onboarding

It's very important to us that new employees are quickly integrated. If they hit the ground running they will gain confidence and be able to work toward results quickly.

Onboarding starts with a word of welcome from the CEO. That's followed by a one-week training programme 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, Ethical and Social Charter, sustainability strategy and general corporate culture are also presented.

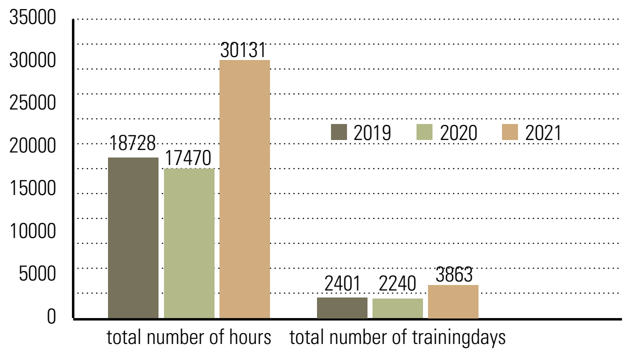
Continual Development

We continue to invest in the permanent development of our employees. In 2021, the standard for each employee was 2.2 training days. *[GRI 404-1]* 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 prepared, based on the needs of the organization.

Special attention is also given to effective leadership training programmes. Performance management trainings were held in 2021.

Regular online courses and Lunch & Learn sessions are held to give every employee the opportunity to deepen or broaden their knowledge of topics connected with strategic projects. For example, Lunch & Learn sessions on data and digitization, sustainability, demand forecasting were held in 2021. These were given in both Dutch and English to ensure international colleagues could also benefit.

Number of trainings (employees and hours) available to Belgian employees *[GRI 404-1]*



Site in Tunisia

Permanent training and refresher courses are provided at our Tunisia site. This is purely a production environment, so investments are primarily focused on promoting versatility.

Training for permanent employees is focused on learning new technical skills and models.

Around 130,000 hours of this training were given in 2021.

We also provide training opportunities as part of a learning contract system in which employees complete their learning pathway in two years. In 2021 this represented 115.000 hours of training. *[GRI 404-1]*

Anti-corruption

Van de Velde is committed to preventing any type of bribery and corruption. An internal anti-corruption policy and whistleblowing 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 2021. We have no knowledge of incidents of corruption either.

Online anti-corruption training was followed by 74% of white-collar employees in Belgium and abroad in 2020. More office-based employees will follow the training in 2022. *[GRI 205-1-2]*

GDPR

There were no breaches of customer privacy in 2021. Van de Velde has taken the steps needed to comply with GDPR and ensure continuous vigilance.

In the latter case, with regular GDPR posts and mandatory digital training for all white-collar workers across the group. *[GRI 418-1]*

Focus on consumers

Consumers are the focal point of our organization. Van de Velde cherishes its unique clientele, who are practically all women. We are proud of providing these women with high-quality lingerie in any phase of their life.

We value diversity and inclusion highly, which drives us to make lingerie that fits perfectly whatever the size and bodyshape. The range of sizes and styles continues to be enlarged. We continue to innovate in order to ensure an optimal fit and maximum comfort in the new additions to the range (such as K cup in PrimaDonna).

And specially for our retail partners we also created the VdV Academy, a tool that enables them to find the perfect fit for their customers.

Support for (adolescents and) women in society

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

School Zonder Pesten

Van de Velde committed to supporting a long-term project to stamp out bullying at schools in 2020. The aim of the School Zonder Pesten charity is to turn every school into a FeelGoodSchool by banishing bullying as much as possible. The financial support we offer the organization was used by School Zonder Pesten to put on five performances of 'Victor and his Feelgood Machine' at local schools. Each performance features a Victor hand puppet and a big book. This initiative was continued in 2021.

Plan International: Unlock the Power of Girls project

In September 2021 the VdV Connect team launched a "Walk & Bike Challenge". The target was to get as many employees as possible walking or cycling a total of 20,000km throughout September.

The management team promised to donate EUR 10,000 to Plan International if that target was achieved.

We choose to contribute to the project "Unlock the power of Girls" which is very closely related to our mission "Shaping the bodies and minds of women". In this project young girls in Benin are educated and thus an opportunity to become more empowered women is provided.

The target was met. The EUR 10,000 we raised for this project were subsequently bumped up to EUR 50,000 by the European Regional Development Fund.

Social investment fund

Van de Velde has also taken part in the 'social investment fund' for several years, helping support promising social entrepreneurs, particularly those working to improve the job market opportunities of less privileged groups.

OUR RELATIONS WITH PARTNERS

Van de Velde is a strong believer in building long-term relationships in the context of sustainable development. This goes for raw materials suppliers and service providers, as well as customers around the world. The relationship with our industry partners is also key.

Suppliers and subcontractors

The relationship with suppliers is an important criterion for evaluating the success of the business. By strengthening the relationship with our suppliers we can help increase the positive impact on the whole value chain and the industry.

Supplier handbook

Van de Velde is committed to bringing collections to the market on time and ensuring the constant superior quality of our products. We do this thanks to our longstanding partnerships with suppliers and subcontractors.

Van de Velde believes in sustainable long-term relationships and the benefits of close partnerships. With this in mind, since 2019 we have given a great deal of attention to the supplier handbook and supplier contract, with due consideration for the various aspects of the relations with our suppliers. *[GRI 102-10]*

The quality guidelines are described in detail in this new supplier handbook. To safeguard quality, Van de Velde conducts specific quality checks on all inbound goods. Alongside quality control one of the goals is to work hard on quality assurance, with efficient, targeted spot checks based on analyses and process agreements that ensure quality is assured at all times, in close partnership with our suppliers. Unnecessary tests and checks are avoided as much as possible.

Since 2019 we have constantly worked to refine agreements, strengthen partnerships and implement the supplier handbook at all raw materials suppliers, with the aim of safeguarding business continuity at all times in accordance with the principle of 'full on-time delivery in accordance with quality demands and agreements'.

In 2021 supplier reporting was set up, in which each supplier is given a quality rating. The supplier receives a report asking it to take improvement actions after any non-compliant delivery.

Five suppliers were identified as being in need of structural improvement. Van de Velde initiated a transparent dialogue with these five suppliers on their general quality performance. The performance dialogues lead to action plans aimed at improving the supplier's quality rating. Suppliers are contacted every three months to check their progress and reinforce the long-term relationship. *[GRI 204]*

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]*

Risk analysis

The lockdowns in response to the covid-19 pandemic in 2020 brought the importance of value chain continuity into sharp focus. Van de Velde has invested heavily in upgrading its relationships with suppliers into valuable long-term partnerships.
Business continuity was also given a great deal of attention in 2021, along with the path to full economic recovery post pandemic. No fundamental changes were made to the structure or location of suppliers.

For the first time in a long while we faced disruptions in the supply chain due to raw materials shortages and capacity limitations in terms of both production and transport. We again focused heavily on open communication and a long-term vision, which enabled us to secure the complete trust of our suppliers and partners. As a result, we were able to minimize delays and safeguard our service. In our analyses we identified raw materials that come from a single source. In the months to come we will work further on double sourcing so that we have more options when purchasing some components in the future.

Van de Velde is committed to preventing any type of bribery and corruption. As well as the anti-corruption policy that applies to group employees, Van de Velde has also drawn up an anti-corruption policy that must be signed by all business partners. This is incorporated in the supplier handbook and the supplier contract. Van de Velde has published the related whistle-blowing regulation on its corporate website at www.vandevelde.eu, enabling suppliers, including their employees, to report suspected corruption to Van de Velde directly. Van de Velde has not received any such reports to date.

Corporate social responsibility with the Ethical and Social Charter as guide

Van de Velde only works with suppliers that fulfil the principles of our sustainability vision. The following management systems have been put in place to monitor this compliance:

1. *Screening of **new** suppliers or service providers*

Every prospective supplier undergoes thorough screening, with due attention for general company details and the corporate social responsibility policy *[GR 414-1]*. Compliance with the nine basic human rights principles in all activities at all locations is non-negotiable.

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 off the Social and Ethics Charter, suppliers and subcontractors confirm they do not employ children. We check compliance during company audits. *[GRI 408-1]*

Suppliers must also be able to present an OEKO-TEX® certificate (see 'Sustainable products' for more information) and the Certificate of Country of Origin.

Suppliers must sign the following documents to show that they accept them:

- Reach declaration (see also "Sustainable Products" for more details)
- Anti-corruption (agreement with Van de Velde's declaration)
- SA8000 or other social certification (independent audit report or agreement with the Van de Velde Charter)

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. *[GRI 102-42]*

2. *Continual monitoring of **existing** suppliers or service providers*

There is a known risk of poor working conditions in the textile industry. That's why Van de Velde strictly monitors supplier compliance with the principles of the Ethical and Social Charter and requires them to be under independent supervision. *[GRI 102-12; GRI 414]*

By agreeing with the Ethical and Social Charter, each supplier undertakes to:

- Comply with the nine principles of the Charter and demand the same of its own suppliers
- 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 in order to realign with the expectations in the Charter
- Notify Van de Velde immediately in full of relevant business relations with other suppliers and subcontractors.

Van de Velde is currently developing the following management routines to check whether these principles are followed:

Suppliers of raw materials:

Development of a methodology is ongoing to identify risk factors at existing goods suppliers. In doing so, criteria and weighting are established that could have an impact on their social and ethical rating. A record is kept of such factors as location, turnover trend, what social certifications (including SA8000 and SMETA) are held and when they expire, and the details of visits by Van de Velde.

We're currently looking at how we can structure this monitoring methodology, at least make it less ad hoc, for all goods suppliers, including their own subsuppliers.

The continuing covid-19 pandemic made it impossible to conduct in-situ audits in 2021. This, among other things, has forced us to think about alternative systems and ways of working with our suppliers that provide the required transparency.

[GRI 102-12]

Subcontractors (production)

Alongside our own site in Tunisia, Top Form is the second most important source of PrimaDonna and Marie Jo lingerie and swimwear production. TopForm has been a production partner in South East and East Asia for more than 30 years. The group has sites in Hong Kong, China, Thailand and elsewhere. TopForm holds a number of social certifications itself. Just as at our own plant in Tunisia, the independent subcontractor we work with in Tunisia is audited annually by an independent body (SGS) to ensure it complies with the SMETA principles.

Van de Velde carries out its own audit of other subcontractors that are unable to present an external audit report to check that our Ethical and Social Charter is being complied with.

In normal circumstances Van de Velde managers visit subcontractors in Tunisia and China several times a year to conduct regular checks of compliance with the Charter. However, given that restrictions in response to the covoid-19 pandemic meant that it remained impossible to travel to these facilities in 2021, the managers held a regular virtual meeting – at least once a week – to stay up to speed on the situation. No breaches were identified in 2021. 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).

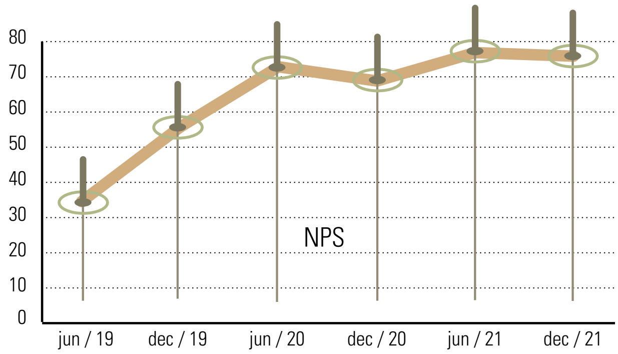
Other categories

As well as goods suppliers and (production) subcontractors, Van de Velde has an extensive portfolio of other business partners. An increased risk has been identified in a number of specific categories in recent years, including transport companies. These categories will be given more attention in the structural monitoring plan we are drawing up.

Customers

Retail Partners

Van de Velde considers its customer base of independent retail partners to be its preferred channel. The focus on this channel was continued unchanged in 2021. During the successive periods of lockdown in the different markets, we have taken various initiatives to strengthen the retail partners, for example through marketing campaigns or by offering support in the acceleration to digitization. We have also made sure to keep our collection range strong and to place our products on the market at the right, appropriate moments. We were rewarded for this with high NPS (Net Promoter Score) of 76 in June 2021 and 75 in December 2021. Our customer satisfaction and customer loyalty scores both improved again in 2021.



Industry organizations

As well as taking 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 organizations, which are a source of information but also a chance to share our own knowhow and experience. Van de Velde is a member of the following organizations: *[GRI 102-13]*

PROTECTING THE ENVIRONMENT

It is obvious to Van de Velde that care for people is directly connected to the duty 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 life-cycle is one of our assets given the changes to the climate. In our supply chain, we set the goal of reducing waste in every step of production and distribution, and in our day-to-day activities. This covers a host of action items, including production (post-industrial) waste, single-use plastics and production packaging.

Van de Velde targets the efficient consumption of water and energy at all our sites. Waste and energy consumption at our own production facilities in Belgium and Tunisia are covered elsewhere in this report. We have been able to make a lot of improvements in the past with adapted insulation, solar panels, tailored light and temperature regulation and noise reduction. This year again we want to continue to raise awareness among our employees, which will able us to reduce consumption.
As a company we want to guarantee our customers that our products are 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.

Sustainable products

Long life

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 throwaway culture with regard to our products.

Quality certifications

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 consistent, independent global test and certification system for textile raw materials, semifinished and finished textile products and accessories in all stages of production. Products covered by STANDARD 100 by OEKO-TEX® certification are unprocessed and painted/refined threads, woven and knitted fabrics, accessories (buttons, zippers, sewing threads and labels), and various kinds of ready-to-wear articles, including all sorts of clothing and lingerie, linen, bedding and towelling. OEKO-TEX complies with the EU's REACH regulation and gives due consideration to the requirements set out in Annexes XVII and XIV of the EU's REACH chemicals regulation and the ECHA SVHC candidate list when the expert group of the OEKO-TEX® Association deems them relevant to fabrics, textile, clothing and accessories. Standard 100 by OEKO-TEX® improves consumer safety. In many cases, test criteria and limit values go far beyond applicable national and international standards. Extensive products checks and regular company audits also help ensure the industry is aware of the need for the responsible sustainable use of chemicals.

Every Van de Velde supplier of raw materials and finished articles must be able to present their OEKO-TEX certification to Van de Velde at all times. Certification is not only checked during screening. Valid OEKO-TEX certification must also be presented to Van de Velde upon its annual renewal. These are registered in our ERP system with their expiry date and frequent checks are conducted on the expiry date.

REACH is a European Union regulation that protects people and the environment against harmful chemicals and strengthens the competitive position of the EU's chemicals industry. REACH is focused on stimulating alternative methods for assessing the danger posed by substances to reduce the volume of animal testing. REACH stands for registration, evaluation, authorization and restriction of chemicals. It became effective on 1 June 2007. In principle, REACH applies not only to chemicals used in industrial processes but to all chemicals in everyday products, such as cleaning products, paint, clothing, furniture and electrical appliances. That means that the regulation has consequences for most companies in the EU.

Every Van de Velde supplier of raw materials or finished products must sign its own REACH certificate during the screening procedure prior to any potential partnership. In doing so, the supplier provides us with assurance that it fulfils REACH requirements and will take action whenever needed to ensure its production process complies with REACH updates and amendments. The certificate with date is registered in our ERP system.

Where necessary we will conduct additional spot checks in association with accredited laboratories, such as Centexbel in Belgium. *[GRI 416-2]*

Replacement of materials with more environmentally friendly alternatives

For our lingerie and swimwear we primarily use synthetic fabrics such as polyamide and polyester, mixed with elastics. The big advantage of this combination is that they produce a good fit and provide an ultimate level of comfort, while being durable and easy to clean.

Given their specific advantageous characteristics and the scarcity of natural fabrics, synthetics remain the best choice for our products. Our lingerie holds its shape well and is colourfast, so they are worn for a long time before they are thrown away. This is a big plus within the context of the circular economy, where the focus is on ensuring a long product life. These products often end up in the secondary circuit through clothes banks and vintage stores.

The traditional polyamide and polyester fibres are made from oil derivatives. Based on the circular philosophy, alternatives that promote closed material recycling loops are also investigated to reduce demand for these primary natural resources. For example, in recent years there has been a fast-accelerating trend towards manufacturing polyamide and polyester fabrics from production offcuts (recycled variant) or even biomass (bio-based variants). These eco-friendlier fabrics were used for the first time in the spring/summer 2022 swimwear collections and the autumn/winter 2022 lingerie collections. These new variants were developed in close collaboration with our regular raw materials partners.

Materials made from recycled polyamide are also GRS-accredited. This Global Recycled Standard is accepted the world over as a guarantee of an eco-friendly production process. This eco-friendly polyamide is already used in 14 series (three brands) in the autumn/winter 2022 collection.

For the moment there are no valuable eco-friendly alternatives to elastane and polyurethane (used for cups), which remain key components in the quest for comfort and a good fit. Extensive research is needed to assess the feasibility of any switch.

End product packaging

We started to eliminate the use of single-use plastic for finished product packaging in 2021. All branded plastic bags – in which the swimwear of the 3 brands were packed – have been replaced by a box made of recycled cardboard. In 1 year time, more than 10,000 kg of plastic was saved.

The packaging of the Color Studio briefs was also tackled in 2021: the plastic box was replaced by recycled cardboard. This is a saving of more than 100,000 plastic boxes on an annual basis.

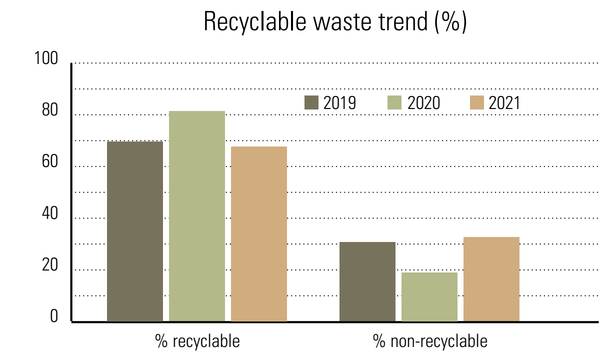
Waste management facilities

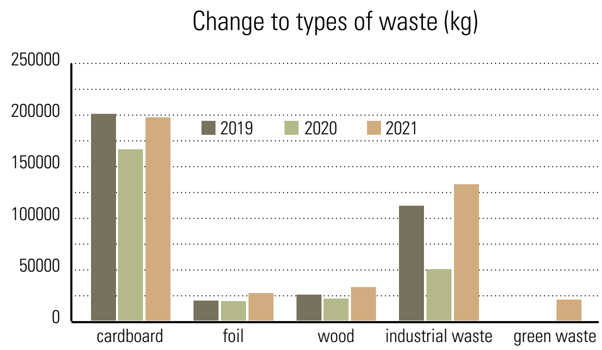
Sites in Belgium

The volume and ratio of recyclable to unrecyclable waste in 2021 were comparable with the 2019 values. The volume of unrecyclable industrial waste and cardboard was lower in 2020 due to the reduced production volume and the smaller workforce (because of the pandemic).

The majority of unrecyclable industrial waste is fabric offcuts from the cutting room (62% of the total). Cardboard waste mainly comes from packaging used by contractors, the cutting room and other staff. These waste flows are in proportion to the production activities. *[GRI 306-2]*

Green waste is a non-recurring item due to the rebuilding of the parking lot.





In the future, we aim to continue to reduce waste by raising awareness among employees, including specific training, ensuring the proper use of the mini-container stations at both sites and setting up projects with clear targets at various departments. These projects will be incorporated into an overall sustainability plan.

Site in Tunisia

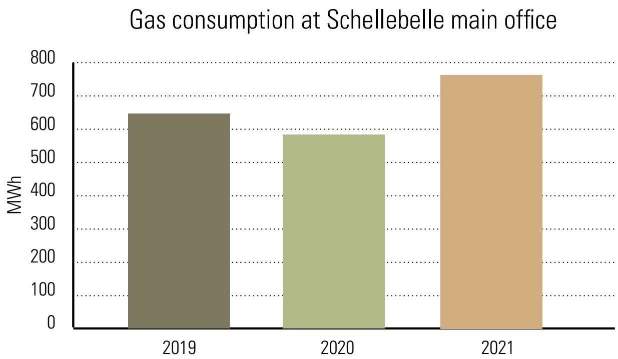
Best efforts are also made to limit waste at the production plant in Tunisia. For instance, carboard and plastic packaging (used for raw materials) are reused as much as possible. The same reusable containers are used as much as possible for the transport of the cut parts to our production site in Tunisia and for the return of the finished products to Belgium. Used textile (such as haberdasheries or offcuts) is sorted and collected separately.

Energy

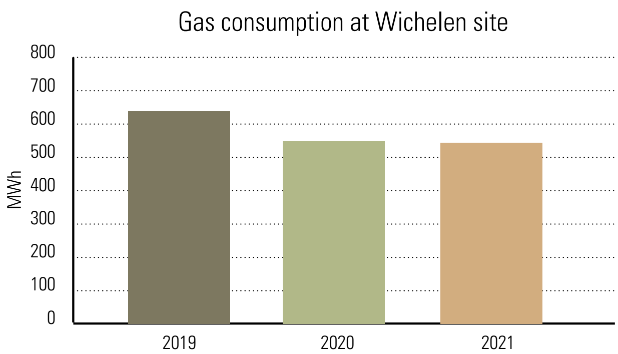
Energy is used throughout production and we can only have an indirect impact on the early stages of the supply chain through our relationship with our suppliers. However, where possible, we very consciously endeavour to reduce energy consumption and use more sustainable forms of energy. *[GRI 302-1]*

Sites in Belgium

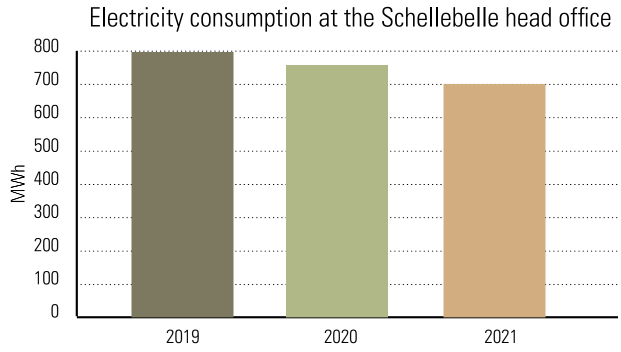
Gas consumption increased in Schellebelle compared with recent years, mainly caused by the pandemic. Gas is primarily consumed to power the heating in the offices. The heat recovery system was deactivated, as the supply of clean air was preferred to optimize the air quality. The inside doors were kept open wherever possible to maximize ventilation and prevent the spread of the coronavirus as much as possible. Taken together, these actions had a negative impact on gas consumption, but helped keep the number of infections at a low level.



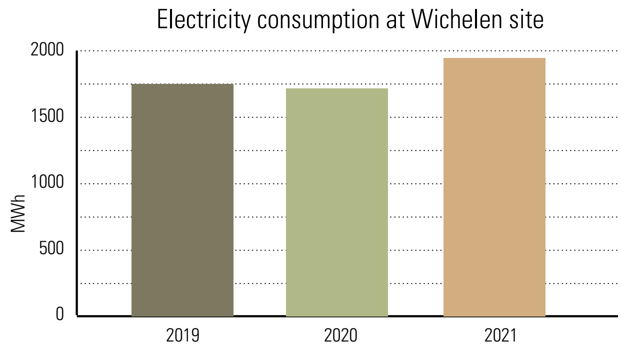
Gas consumption in Wichelen, which is also mainly heating-related, remained at the 2020 level. The difference compared with 2019 is due to the gradual positive impact of earlier measures, such as the full insulation of the roof at Meerbos 22 and the installation of a heat pump.



Electricity consumption in the Schellebelle offices continued to decrease, due to previous initiatives in which adjustments were made to the air conditioning and the LED lighting was installed in a number of departments.



The rise at the Wichelen distribution centre is primarily due to increased ventilation to ensure a good supply of clean air.



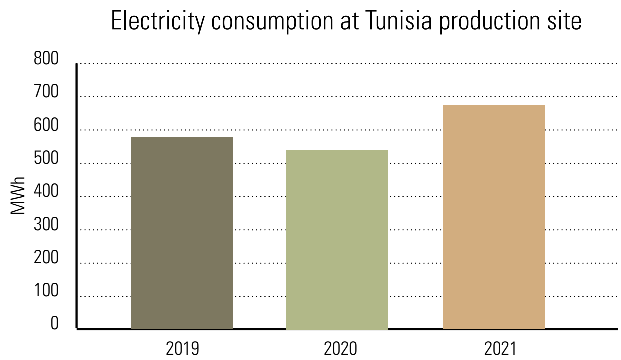
Site in Tunisia

A number of steps have been taken in recent years to optimize energy consumption: additional roof insulation was installed and part of the air conditioning system was replaced. The light and temperature settings were also adjusted.

Energy consumption increased this year:

- A new production process was installed for moulding fabric into cups. This process used to be outsourced, but it was brought in-house two years ago to shorten supply and production chains (vertical integration). High temperatures are needed to mould synthetics. This impacts the total energy consumption of the site.
- The increased ventilation and air conditioning during the height of the pandemic also led to a slight rise in consumption.

In the future we will look to the most sustainable, eco-friendly energy forms for new investments.



Carbon emissions

A study was launched in association with an external consultancy at the end of December 2021 to gain clear insight into Van de Velde's carbon footprint at group level. The study covers the calculation of scope 1 and 2 carbon emissions from all activities that are under the group's operational control. Scope 3 has been included from the start, given that the supply chain accounts for a large part of the carbon footprint. The calculation is based on the GHG Protocol.

A carbon reduction plan will be developed with feasible targets and a choice of initiatives with a positive impact, based on the results of this report.

EU Taxonomy

Van de Velde's activities cannot be directly linked to the sectors listed, so they are currently appointed to be ineligible.

The calculation was skipped this year, based on the assumption that the percentages would always be lower, as there were no special climate change mitigation or adaptation investments in 2021. The decision was made to report 0% for the KPIs Turnover, Capex and Opex.

Preparations are ongoing to align future activities and reporting with the EU Taxonomy (detailed mapping and actual percentages). Attention will also be given to how Turnover, Capex and Opex are linked to the activities.

ABOUT THIS REPORT

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 2021, 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

Any queries you may have about this sustainability report can be sent to info@vandevelde.eu or directly to the sustainability manager. *[GRI 102-53]*

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