

**Van de Velde**



'we ignite the power in women'

Van de Velde thanks all employees for their involvement in achieving the company's objectives. The dynamism of the employees enabled us to achieve the reported results and gives us confidence in the future.

**Photography**

Liselore Chevalier (Marie Jo) and Marie Wynants (Marie Jo Swim)  
Martina Bjorn (PrimaDonna)  
Eduardo Rezende (Andres Sarda)

**Printing and finishing**

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**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](mailto:info@vandevelde.eu)

**Editor**

Van de Velde NV  
Lageweg 4  
9260 Wichelen  
Tel.: +32 (0)9 365 21 00  
[info@vandevelde.eu](mailto:info@vandevelde.eu)  
VAT number: BE0448 746 744  
Company number RPR 0448 746 744  
Chambre of Commerce Dendermonde  
website: [www.vandevelde.eu](http://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.

A close-up photograph of a woman with long, wavy brown hair, looking slightly to the right. She is wearing a vibrant pink lace bra with a scalloped edge. The background is a soft-focus outdoor setting with trees and a clear sky. The text 'PRIMA DONNA' is centered over the image in a bold, white, sans-serif font.

**PRIMA  
DONNA**

## Message from the Chairman

After the perils of covid-19 in recent years, we entered 2022 full of confidence. That optimism was quickly shattered by Russia's brutal invasion of Ukraine.

Many thought that Ukraine would be quickly overrun. The heroism, resilience and resourcefulness of the Ukrainian people was unanticipated and an example to every one of us. With their mobility, exceptional drive and ingenuity they were able to resist the Russian leviathan.

Scale is not always an advantage in business either. Hierarchy often leads to inertia, bureaucracy and demotivated employees. The Ukrainians show us the importance of agile organizational structures, short decision lines and motivated staff. Let's keep the following quote in mind: 'Unwilling people make working systems fail, willing people make failing systems work'.

But we're not only concerned by the situation in Ukraine. There's also rising inflation and the increasing economic nationalism that has brought the globalized world of the past 30 years to an end.

All too easily, people take aim at the excesses of globalization. People forget that globalization brought prosperity to millions of people in poor countries (including China and eastern Europe) and that inflation was kept in check for many decades. People pass over the fact that certain job profiles (such as stitchers and technical ready-made profiles) can no longer be found on the job market in western Europe.

The Belgian government must adjust its expenditure to boost competitiveness and rein in sovereign debt. We have an aging population so our pension burden and health care costs will rise alarmingly. Not a rosy outlook. Still, the government will have to take action.

Automatic indexation has been rightly called into question. We support this mechanism to protect purchasing power. However, the fact that, with inflation at 10%, employees who earn €2,000 per month see their pay rise to €2,200, while managers who earn €7,000 receive €7,700 after indexation is hard to defend.

Notwithstanding a slight slowdown in sales growth over the past few months, our company has experienced a strong year. The Board of Directors and the recently appointed CEO decided by mutual agreement to part ways at the end of November. Former CFO Karel Verlinde has taken on the role of CEO. Karel and the current management team have all the talents needed to continue to grow Van de Velde, as a trusted house, and ensure continuity.

Given the present social context, the future is challenging. In recent years we have proven that long-term thinking in challenging circumstances is a strength of ours. So the ambition for 2023 is to maintain this long-term focus by continuing to implement the strategic plan. Van de Velde wants to continue to set the standard in premium fashion lingerie. To do so we invest in three strong lingerie brands: Marie Jo, PrimaDonna and Andres Sarda. We continue to encourage a strong focus on consumers in our organization. And we are strengthening our optichannel strategy, with a focus on Germany.

Lastly, our sincere thanks to all our loyal customers and passionate employees. Customer belief in our products and our employees' hard work were key to our success in 2022.

*Herman Van de Velde*  
Chairman of the Board of Directors

A close-up photograph of a woman with long, dark, wavy hair, smiling with her eyes closed. She is wearing a blue and green floral lace bra. The background is a solid, warm-toned wall. The text 'PRIMA DONNA' is overlaid in large white letters, and 'TWIST' is overlaid in smaller white letters below it.

PRIMA  
DONNA  
TWIST

# Activity report 2022

## 1. Design: brands and innovation

### MARIE JO DESIGN

#### Marie Jo optimizes collection architecture, fit and modularity

For more than 40 years, Marie Jo has focused on modern trend-conscious women who appreciate design, quality and fit. By constantly safeguarding these USPs, Marie Jo ensures it continues to be the trusted and preferred brand of many women. Two years ago we conducted a large-scale market study with the aim of growing this target group. These insights were used to further enlarge the brand's collection architecture.

We also ensure that we continue to appeal to the preferred target group and maintain a sharp focus in each segment with targeted segmentation in the various collections. The L'Aventure collections were incorporated into the Marie Jo collection architecture, preventing cannibalization within the brands and raising SKU efficiency significantly. There were positive responses from retail partners and consumers, who had the opportunity to experience this partial collection renewal for the first time in 2022. The refinement of the collection architecture is a dynamic process that will be continued in 2023. The development of the collections takes 18 months, so these changes have only now become visible to consumers.

We also continued to work on the modular fit. The Marie Jo brand has a very loyal customer base, because of its familiar, recognizable fit. New digital tools ensure that this expertise is stored and can be accessed in an advanced objective way. This means the modular fit (the fit of a given style remains exactly the same regardless of the segment or season) can be increasingly guaranteed.

### PRIMADONNA DESIGN

#### PrimaDonna = 'Best Selling European Brand in Lingerie Stores'

The PrimaDonna brand continues to grow its target market by staying true to the core USP while presenting fashionable, head-turning lingerie designs that fit perfectly and are exceptionally comfortable. Segments were also added to the collection architecture to attract new consumers.

Introduced a few years ago, the Light & Daring segment, with its contemporary graphic designs and bolder sexy styles, continues to grow. Analysis shows that it appeals to a younger audience. 2022 saw a broadening of the collection architecture to target 'value buyers'. A large proportion of the potential PrimaDonna buyers worldwide is looking for very comfortable high-quality lingerie with an outstanding fit. At the same time they want more neutral lingerie that is less tightly aligned with current trends.

PrimaDonna's younger sister PrimaDonna Twist continues to develop successfully. As well as the extensive season collections, further efforts were invested in the basic 'Never Out of Stock' collection, which complements the fashion collection.

The swim collection has been developed along the same lines as the lingerie collection architecture, which helps make it more familiar to consumers.

We are also proud to note that PrimaDonna was named the 'Best Selling European Brand in Lingerie Stores' for the third year in a row. It is a won-

derful international distinction and an extra spur for the design team to work on the continued development of the collections in 2023.

### ANDRES SARDA

#### Glamorous luxury lingerie

Further efforts were invested in the new collection architecture implemented in 2021 to meet the wishes of luxury consumers the world over. The revamp was well-received by the market and consumers, and further refinements were made in 2022.

The trendsetting Andres Sarda collections were presented in two shows during Madrid's fashion weeks. The summer collection was revealed to the general public for the first time during the March fashion show. It is a reimagining of life in New York in the 1970s.

Andres Sarda added an extra dimension to the September 2022 fashion show with a collection devoted to 'love for cinema', featuring the renowned Spanish actress Najwa Nimri, who took part in the lingerie show. These events help develop awareness of the Andres Sarda brand and boost its luxurious, glamorous image.

### INNOVATION

#### New ideas in product, process and fitting room

The Van de Velde innovation department focuses on applied research and development in three clusters: Product, Process and Fitting Room. Technology is used to develop and digitize the existing Van de Velde fit and knowhow in a partnership with research institutions and other inhouse departments.

The following achievements in 2022 catch the eye:

- **Product redesign**  
The redesign of product concept and bra parts for new sizes in PrimaDonna. After the successful launch of K and L cups, the range of styles and sizes will be further expanded.
- **Unique production process based on a 3D library**  
Development of a unique patented production process that enables us to shape and finish bra cups based on our 3D shape library. Integration in our own production workshops saves time and money.
- **Ultimate fitting room experience**  
The first prototypes of the online size advice tool for mobile use show a lot of promise. This transforms the ultimate fitting room experience into an optichannel experience for consumers; from a brick-and-mortar fitting room with digital touchpoints to online platforms with personalized advice.

## 2. Marketing

### Consumer centricity and engaging global brands

'Consumer centricity' remains at the heart of Van de Velde's marketing strategy, with a laser focus on maximum impact based on a 360° marketing approach. Given the exceptional loyalty consumers show to our lingerie brands, we remain focused on boosting brand awareness and the emotional attachment of consumers to our brands.

We do so by working to give our PrimaDonna, Marie Jo and Andres Sarda brands greater media exposure with the aim of reaching the whole of our target audiences. By bringing our brand communication into focus, we are able to create engaging global brands and grab – and keep – the attention of target audiences.

### **'My Invisible Force' for fashionable lingerie lovers**

In the successful 'My Invisible Force' campaign we tell a story that people can identify with to position Marie Jo as the unmissable partner for every fashionable lingerie lover.

Such international fashion stylists as Anke De Jong (Netherlands) and Jana Krentzlin (Germany) have joined our community. For them, Marie Jo lingerie is an essential part of every woman's lingerie outfit.

The Marie Jo #MyInvisibleForce campaign is paying off. The rejuvenation of Marie Jo is underway.

### **About PrimaDonna muses and role models...**

For the past 150 years, the mission of PrimaDonna, the lingerie brand for women with large breasts, is to help women feel even better about themselves. Since 2019 inspiring women have posted sparkling selfies using the hashtag #WeArePrimaDonna, talking about their bodies and large breasts in an open and informal way. In doing so, these women become role models.

This year the community welcomed a number of international PrimaDonna muses, including the well-known German journalist and author Paula Lambert, Dutch actress Sanne Vogel and a number of US influencers from the network of former PrimaDonna model and photographer Myla Dalbesio.

A number of lingerie stylists also got behind PrimaDonna. They are proud of themselves and of the brand they present with passion to women who take a large cup size. They see the PrimaDonna effect every day, when women with large breasts leave their lingerie boutique feeling good about themselves.

### **Relevant attention for consumers results in a high engagement rate**

This strong consumer loyalty to our brands also gives us an opportunity to grow and develop the social media brand communities and produce content that is targeted to the women who buy our products. Our engagement rate is three times the market average, which shows that we have captured and continue to hold the interest of consumers.

This media strategy enables us to reach lots of potential consumers, who we direct to the appropriate platform on the basis of our omnichannel strategy. In a post-pandemic market, which has accelerated the digital transition, we focus on developing our digital touchpoints.

Consumer research shows that 70% of the pre-shopping experience takes place online. We are able to make our communications and brands as personal and relevant as possible by personalizing the website and implementing the Customer Data Platform.

### **Off-the-peg inspiration and pull with VdV Media**

We inspire consumers with compelling lingerie brands and our lingerie styling expertise. The professional size and style advice in the fitting rooms of our retail partners is key.

With powerful ready-to-go activations we try to help our retail partners as much as possible to attract consumers into their boutiques. We successfully launched a new media platform, **VdV Media**. This platform makes it very easy for our retail partners to present inspiring and engaging brand content on their digital touchpoints.

## **3. Sales**

### **B2B**

Sales improved considerably in the first half of 2022. We experienced a large-scale return to brick-and-mortar stores, benefiting independent lingerie boutiques. We also saw the same trend on the general market. The retail partners and omni-channel department stores are posting strong growth.

The spring/summer season collections were characterized by refreshing colors. The strong appetite for color among consumers gave the fashion collection an extra nudge.

Pent-up demand supercharged the travel industry, which also drove up swimwear in the 2022 spring/summer season. Van de Velde was able to provide a good response to this demand during the season.

The war in Ukraine and the energy crisis have made people cautious. After good sales in stores in the summer, sales slowed down in the autumn.

Van de Velde continues to work hard on service, with strong support for the retail partners in terms of deliveries, digitization and data-driven support by the sales teams. All these efforts were rewarded by the retail partners in 2022, with a high net promoter score (NPS) of 77.

### **D2C**

In 2022 we saw a clear resurgence of footfall to brick-and-mortar stores, but exploring options online remains a key factor in the buying behavior of lingerie consumers. A large majority of consumers get their bearings online before doing their shopping in a brick-and-mortar store. An intensive e-mail marketing campaign also drives sales on high streets.

That's why, at Van de Velde, we continue to invest in improving and growing our digital platforms. There is more and more inspiring content for consumers to discover, such as product videos and look books. This gives consumers even better insight into the look, feel and fit of our fashion products. Providing women with the clear information and advice they need to ensure their lingerie fits perfectly, is one of Van de Velde's most important USPs. The very high net promoter scores awarded by consumers, with an NPS of 80 for [www.mariejo.com](http://www.mariejo.com) and an NPS of 86 for [www.primadonna.com](http://www.primadonna.com), show just how successful the digital platforms are in ensuring the right online brand experience.

Personalization is an important new data-driven function that has been rolled out on the digital platforms. Visitors are shown products that are expected to appeal to them based on their individual profile. This optimizes the user experience. A 'reserve & fit' function was added to the retail websites, enabling consumers to seamlessly continue their consumer journey towards an optimal fit in a boutique.

The investments in digital media are focused on further improving consumer familiarity with the Marie Jo, PrimaDonna and Andres Sarda brands. Enabling digital consumers to discover our brands and products is a very important goal. This is a way to attract new consumers, who will



then find their way to the Van de Velde Retail Partner channel and our own stores. We also improved the efficiency of the media investments.

2022 was an exceptional year for brick-and-mortar retail in every country where Van de Velde has operations. This was due to the rationalization of our own retail portfolio during the pandemic and various other initiatives in 2021 to respond to changing consumer behavior.

In the first half of the year we noted a massive return to brick-and-mortar stores. This resulted in exceptional sales figures. The biggest challenge in this new era characterized by a 'war for talent' is recruiting and training sufficient stylists.

Despite a downward trend in consumer confidence in the second half of the year, with an upsurge in inflation and inevitable price increases as a result, our highly personalized consumer-oriented way of working ensured our growth remained on par with 2019 and 2021.

#### 4. Value chain

The aftereffects of the global pandemic continued to be felt fully in 2022. But in addition, we also had to deal with unexpected turbulence in the first half of the year. The challenge of restoring global supply chains disrupted by covid-19 was made even harder by the war in Ukraine, which also unleashed an energy crisis that fueled inflation.

As a result, we continued to focus on ensuring maximum delivery reliability in line with our promises, without compromising premium product quality. Within an acceptable cost structure, of course.

#### FOCUS ON QUALITY

The quality of our end products remained a priority, as the most important criterion for decisions affecting the value chain. The supply chain was disrupted by a shortage of key raw materials and capacity limitations. However, thanks to the unequivocal commitment of our suppliers and production partners we could continue to guarantee the quality of our lingerie products.

#### DELIVERY PROMISE

The opening months of the year were characterized by a combination of high volumes and a disrupted supply chain. We set and followed through on clear priorities with a focus on the commercial needs and wants of our retail customers, which helped keep the reliability of summer collection deliveries at an acceptable level.

Adjustments to the packing process cut lead times at the distribution center. That helped ensure deliveries were made without a hitch.

Winter collection orders in the second half of the year were delivered in full and on time, due to less disruption in the supply of finished products and the availability of temporary workers in the summer months.

Attracting talented people for permanent or temporary positions has remained a big challenge. Concern about diminishing consumer confidence at our retail partners caused delays. As a result, we were required to give extra attention to managing stock.

#### OPERATING PROCESSES

Alongside the focus on ensuring short-term business continuity, we also invested lots of time and resources into the long-term picture. We work

actively on risk management with regard to raw materials and suppliers. In the S&OP process we continue to work on gaining better insight into the various needs in individual sales channels and the reliability of our forecasts.

#### DISTRIBUTION CENTER

At the distribution center we completed a major upgrade of the automated storage system and we switched over to a new warehouse management system (WMS).

Many months of preparation by a multidisciplinary team ensured a successful launch. Around 200 employees, from project managers to end users on the work floor, were actively involved in this challenging project.

To protect delivery performance in the future, we also launched a project for the enlargement of the distribution center onto an adjacent plot of land in Wichelen. This initiative is confirmation of our goal of having strong local roots in an international context.

#### PRODUCTION

Virtually all production steps, with the exception of pure stitching (assembly), are still done in Belgium. There is enough capacity in the cutting room to guarantee flexibility.

Assembly of finished products is concentrated in two regions: 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. Both regions faced wave upon wave of covid-19 in the first half of the year. The disruptions gradually tapered off as the year wore on. To facilitate the volume increase in the long term, we started a search for a third production region in a nearshoring context.

The enlargement work at our Tunisia site is progressing well and the new building is still expected to be taken into use in mid-2023. The planned activities are primarily related to vertical integration to protect both our quality and regional logistics services.

## 5. IT, digital development and data

### Digital transformation

Van de Velde's digital roadmap remains an important topic. Providing maximum support to our retail partners for their digital transformation remains important.

The implementation of the VdV Media App was a significant milestone in this respect. Retail partners are now offered photos, videos and marketing campaign material in a flexible and customer-friendly way.

The B2B platform was also optimized and upgraded with new functions for the retail partners. The new return application makes it easy to report and track returns.

### Personalization of the digital consumer experience still key

We also made further progress in digitization for consumers. The focus here was on creating a more personalized consumer experience. Specific products and online content are displayed online, based on the individual consumer's preferences. Implementing this personalization technology ensures there will be more relevant customer interactions at our retail and brand sites.

### Digital security first!

In terms of security, we still aim to protect the confidentiality, integrity and availability of our digital assets. We endeavor to raise the awareness of security issues among our users with periodical phishing simulations and trainings. Based on this security roadmap, initiatives were launched to improve Van de Velde's network security, optimize the password policy and enable data encryption on all devices.

A periodic external security audit of the IT environment is conducted to identify additional improvements and implement them.

## 6. People and Culture

### 2022 focus on connection and engagement

2022 was a year in which, after two challenging years of pandemic, the passionate Van de Velde workforce started moving mountains again and working enthusiastically on a bright future. We owe our operating results to the hard work and focus of our staff. Engagement is key here. Our employee engagement score improved in 2022.

### Extra connection thanks to the VdV Connect Team

'Connection' is a hugely important aspect of Van de Velde's corporate culture. With that in mind, our inhouse cross-department VdV Connect Team launched another series of initiatives in 2022 to help employees reconnect and strengthen their mutual ties.

Van de Velde was one of the first companies in East Flanders to be rewarded with Sport Vlaanderen's 'Sportbedrijf 22-23' label after offering employees various sporting activities, including spinning, table tennis and paddle, and a Walk & Bike Challenge. Proof that Van de Velde engages with employees through a focus on health, sport and exercise. As a consequence of these initiatives Van de Velde was awarded the 'Sportbedrijf 22-23' label for an initial period of two years. Van de Velde will continue to invest in exercise and sport going forward.

### Sport for women with a plan, worldwide

In 2022 our employees showed their sporting prowess in the Walk & Bike Challenge. That target was to walk, run and cycle more than 25,000km. Ultimately they topped that, posting an impressive 26,521km. A fantastic effort by all Van de Velde employees worldwide. The Walk & Bike Challenge raised 10,000 euros for Plan International, which the NGO will use to give more opportunities to girls. Plan International Belgium runs sport/education projects in Bolivia, Benin and Senegal. Rwanda will be added to the list in the run-up to the World Cycling Championships in 2025.

## Colorful, warm engagement in 2022

The Van de Velde staff party could finally be held for the first time in years in 2022. 'Van de Velde parties in color' was a real celebration after two challenging pandemic years.

The VdV Connect Team also held Lunch & Learn sessions on such themes as sustainability and the launch of the new online VdV Media platform. Van de Velde employees were able to take part in various workshops.

Van de Velde employees wore their hearts on their sleeves at the end of 2022 by holding the 'warmest Christmas market' at the Belgian head office. We supported 'De Warmste Week', together against poverty.

These and many other **initiatives helped raise the engagement score from 74 % in 2021 to 75 % in 2022**. We will continue to poll Van de Velde employees for their anonymous feedback in 2023. It is our strong belief that employees can only give the best of themselves in a good working environment in which they can air their views and have a sense of belonging. In this monthly survey we gauge satisfaction, needs, ambassadorship, personal growth and much more, which helps us make adjustments and improvements where needed.

## Purpose: 'We ignite the power in women'

In 2022 we established the Van de Velde purpose, 'We ignite the power in women', based on the corporate values. These corporate values sprung from strong family foundations. They form the DNA of our organization, they connect us and express what we stand for and how we act. Day after day.

We are driven by Passion | We breathe Quality | We are Authentic | We focus on Consumers and Customers | We act Entrepreneurial | We are Strong together.

'We ignite the power in women': Van de Velde is a company that has always put employees first. We strongly believe in the power and potential of people, and in the power of women in particular. This is reflected in the relationship with employees, consumers and women in society. Our goal is to boost women's self-confidence by marketing premium fashionable lingerie and swimwear, backed by passionate personal service in our stores. Going forward, all Van de Velde employees will continue to encourage and activate the power in women.

## Performance management, annual growth conversation

Van de Velde believes in personal growth and the value of talking to employees about this in formal and nonformal settings. These growth conversations are scheduled in the first quarter of the year. They cover how employees stand in relation to the corporate values, competences, trainings and ambitions.

Last but not least, we welcomed 60 new employees in Belgium with a solid onboarding program in 2022.

## 7. Review of the key audited consolidated figures

### Turnover

On a comparable basis (including comparable seasonal deliveries), the consolidated turnover increases by 10.6 % in 2022 from m€ 191.2 to m€ 211.4. The reported turnover increases by 8,4% in 2022 from m€ 195.3 to m€ 211.7.

Comparable turnover (in €m)	2022	2021
Turnover	211.7	195.3
Summer collection deliveries in the second half of 2021 and 2020	-5.4	-5.0
Summer collection deliveries in the second half of 2020 and 2019	5.0	0.9
Comparable turnover	211.4	191.2

In the B2B segment, the comparable turnover grows by 10.1 % to m€ 168.2 and in the D2C segment by 12.2 % to m€ 43.2. In both segments, the following trends can be observed:

- In the first half of the year, there was a strong sales growth driven by the return of customers to physical stores.
- Swim sales recovered after two years of travel restrictions.
- In the second half of the year, the turnover was in line with last year.
- Sales were supported by an optichannel customer experience based on a 360° marketing activation throughout different channels and countries.

### EBITDA

On a comparable basis (including comparable seasonal deliveries), the consolidated EBITDA in 2022 increases by 10.8 %, from m€ 52.3 in 2021 to m€ 58.0. The reported EBITDA increases by 5.8 %, from m€ 55.0 in 2021 to m€ 58.2 in 2022.

Comparable EBITDA (in €m)	2022	2021
EBITDA (Operating profit + depreciation and amortization)	58.2	55.0
EBITDA on comparable deliveries	-0.3	-2.7
Comparable EBITDA	58.0	52.3

The EBITDA on a comparable basis amounts to 27.4 % of turnover and is in line with 2021. A positive price and exchange rate impact was offset by the negative impact of inflation and the higher depreciation of stock.

## Working capital

Working Capital (current assets excluding cash and cash equivalents less current liabilities excluding financial debts) increases and amounts to m€ 48.1 in 2022 versus m€ 31.7 in 2021. This increase is mainly caused by a planned higher inventory level, which supports further growth and guarantees delivery reliability. The stock value is also impacted by inflation. Furthermore, trade receivables increase in line with the turnover.

## Risks

The conflict between Ukraine and Russia has no direct influence on Van de Velde's operations. We don't purchase raw materials from suppliers in this region and our commercial activities in this region are very limited. The Group has no subsidiaries or branches in any of these regions.

## Prospects

In recent years we have proven that long-term thinking in challenging circumstances is a strength of ours. Van de Velde's ambition for 2023 is to maintain this long-term focus by continuing to implement the strategic plan.

### The strategic plan covers three choices:

1. Van de Velde wants to continue to set the standard in premium fashion lingerie. To do so we invest in three strong lingerie brands: Marie Jo, PrimaDonna and Andres Sarda.
2. We continue to encourage a strong focus on consumers in our organization. We attract consumers with styling and fit. The fitting room is our forte. We then build a personal relationship with the consumer. Recently, we took the next step by creating a community for each brand.
3. We are strengthening our optichannel strategy.

Our retail partners, specialized lingerie stores, continue to be our preferred partners. We continue to support these partners in three ways:

- Driving sell-out based on consultative selling. Consumers enter the lingerie store well-informed, based on our consistent marketing communication across the various channels. That is why it is vital that our retail partners stock the right mix of products at any given time. Only then can they gain new consumers and keep existing consumers satisfied.
- Offering digital features. These features help retail partners reach their customers through digital channels and strengthen the optichannel experience.
- We continue to invest in lingerie styling expertise: we share expertise on fitting, styling and store management in in-store and group training.

Our own stores in foreign countries and the stores of our franchisers are expected to exude lingerie styling expertise and be best in class. When renovated, stores adopt a new and inspiring contemporary concept.

A minority of consumers shop exclusively online. We aim to serve these consumers on our digital platform.

We have a strong focus on Germany. As well as being the biggest market in Europe, Germany is also the market with the greatest growth potential for Van de Velde. We are making advances in this market, and we are continuing to work hard to build our business there. Our core market is Belgium, which we continue to support strongly.

We back these three strategic choices with investments in infrastructure and organization. In 2022 we began enlarging and modernizing our stitching atelier and logistical hub in Tunisia. Both of these will be completed in 2023. The Van de Velde distribution center in Wichelen is also undergoing enlargement and modernization. Work is expected to begin in the second half of 2023, depending on how soon the preparatory procedures are wrapped up

Karel Verlinde, CEO  
with thanks to all colleagues



**PRIMA  
DONNA**  
SWIM



MARIE JO

My Invisible Force

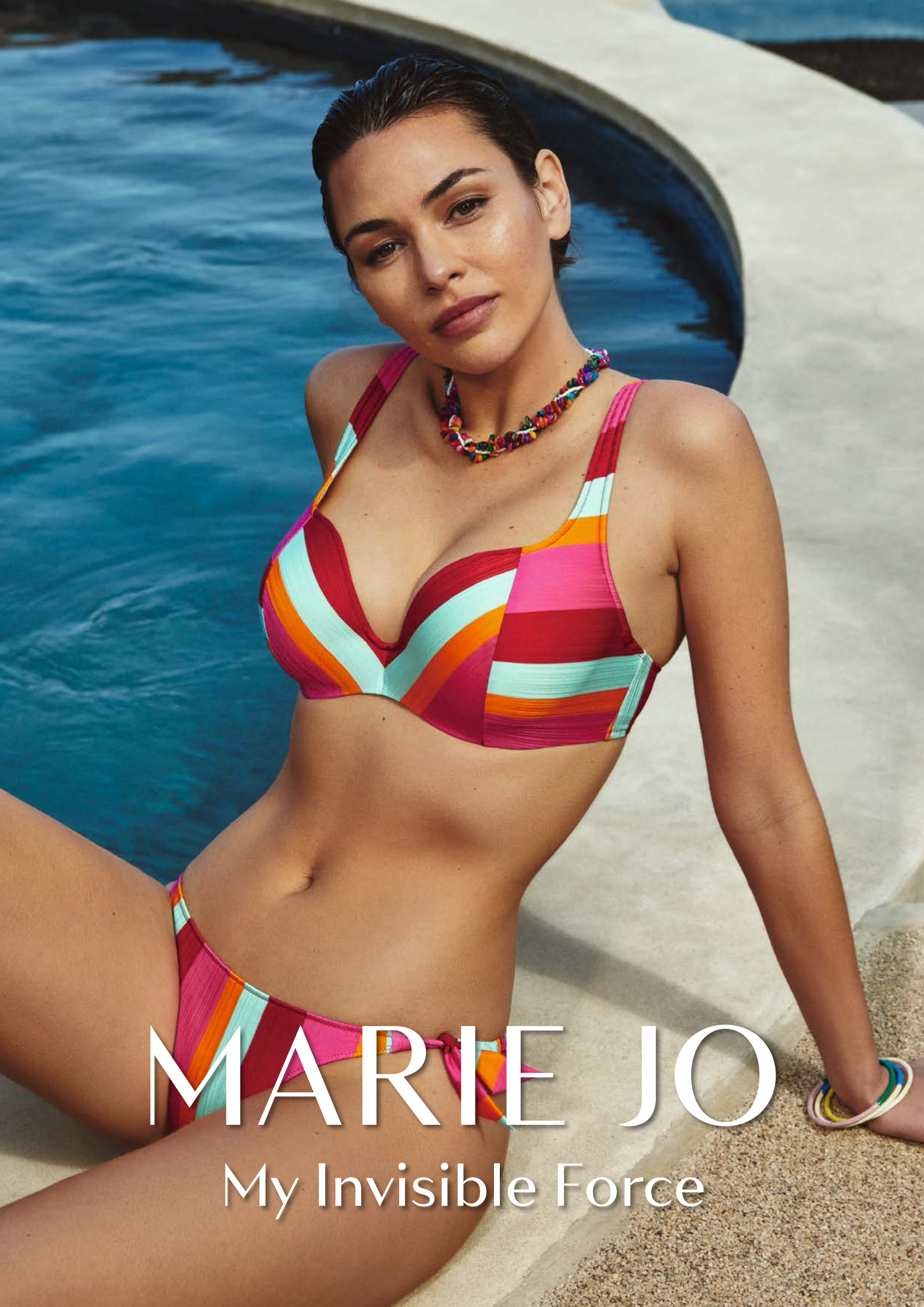
## 2 | Description of the company and its activities

For a detailed description of the mission, core business and history, please visit our website at [www.vandevelde.eu](http://www.vandevelde.eu).

The Group structure as at 31 December 2022 is as follows:



In this annual report, all above 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 20 April 2022 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**, permanently represented by Herman Van de Velde, chairman (mandate ends at the Ordinary General Meeting of 2024);
  - **Lucas Laureys**, director (tenure expires at the Ordinary General Meeting of 2025);
  - **Benedicte Laureys**, director (tenure expires at the Ordinary General Meeting of 2024);
  - **Fidigo NV**, always represented by Dirk Goeminne, director (tenure expires at the Ordinary General Meeting of 2023);
  - **YJC BV**, always represented by Yvan Jansen, director (tenure expires at the Ordinary General Meeting of 2023);
  - **Mavac BV**, always represented by Marleen Vaesen, director (tenure expires at the Ordinary General Meeting of 2025);
  - **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 2025);
  - **Greet Van de Velde**, director (tenure expires at the Ordinary General Meeting of 2023);
  - **Karel Verlinde CommV**, always represented by Karel Verlinde, managing director (tenure expires at the next General Meeting).
- ☆ Herman Van de Velde NV, represented by Herman Van de Velde (m, 1954°), chairman and director; Having obtained his degree in economics (KULeuven) and a post-graduate degree in development economics (UCL), Herman moved to Conakry, Guinea to work for Unido (United Nations Industrial Development Organization). In 1981 he joined the family business founded by his grandfather. He sits on the board of Brabantia, Alsico and Volksvermogen. He is also chairman of IVOC (the institute for training and development in the clothing industry).
  - ☆ Lucas Laureys (m, 1945°), director; Lucas has a licentiate in economics (UGent) and obtained a master's degree in business administration at Vlerick Business School and KULeuven. In 1971 he joined the family business 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.
  - ☆ Benedicte 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. 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 (KULeuven) and a master's degree in economics (UCL), as well as an MBA from Chicago Booth. Yvan Jansen is a business consultant in strategy and transformation. Until the end of 2022 he was Senior Partner at Kearney and head of the Belgium business. Previously he was active 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 Wereldhave Belgium NV and CRG NV (JBC, Mayerline, CKS). He also sits on various supervisory boards in the Netherlands. Until May 2022, Dirk was chairman of the Board of Directors of Ter Beke.
  - ☆ Mavac BV, represented by Marleen Vaesen (f, 1959°), 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 CEO of Van de Velde from December 2018 until May 2022.
  - ☆ Veronique Laureys (f, 1979°), director; Veronique has a background in economics. She has twenty years experience in the lingerie business and is director and managing director of Ambo Holding NV. In 2017, she was appointed to the Board of Directors of Van de Velde.

- ☆ Valseba BV, represented by Isabelle Maes (f, 1974<sup>°</sup>), independent director;  
Isabelle studied commercial engineering (KULeuven) and is CEO of Lotus Bakeries Natural Foods. Previously, she was active as CFO at Lotus Bakeries and Barry Callebaut Belgium and Senior Auditor at PWC.
- ☆ Greet Van de Velde (f, 1956<sup>°</sup>), 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 department.
- ☆ Karel Verlinde CommV, represented by Karel Verlinde (m, 1982<sup>°</sup>), managing director;  
Karel obtained a master's degree in economics at UGent and an MA in economics & finance (national university of Ireland Maynooth). Previously, he was CFO at IVC, a division of Mohawk Industries. Karel was CFO at Van de Velde from the beginning of 2019 to the end of 2022, when he was appointed interim CEO.

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

Karel Verlinde CommV is managing director. The Board of Directors of 29 November 2022 appointed Karel Verlinde CommV as director by co-optation to replace Vucastar BV, from 30 November 2022 to the next General Meeting, and as managing director. Mavac BV was managing director until 1 May 2022. Vucastar BV was managing director from 1 May 2022 to 30 November 2022.

In accordance with the Act of 28 July 2011<sup>(1)</sup>, 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 Lore Werbrouck, general 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 Code of Companies and Associations of 23 March 2019 (CCA) 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.

At the Extraordinary General Meeting of 27 April 2022, amendments to the Articles of Association implementing the CCA were approved, by which a monistic governance model was adopted. This monistic governance model consists of a board of directors, along with, amongst other things, an executive committee, which is not a Management Committee within the meaning of Articles 7:104 and 7:107 of the CCA.

The Board of Directors established an executive committee, known as the Management Team, in compliance with Article 23, paragraph 2 of the coordinated Articles of Association of 27 April 2022. The Board of Directors has delegated its managerial powers to the managing director and the Management Team, with the exception of general policy and all actions that are reserved to the Board of Directors by statutory provisions.

Until the amendment to Articles of Association of 27 April 2022, Van de Velde NV made use of the special transitional arrangement for the entry into force of the CCA to retain its Management Committee. The Management Committee was dissolved on 27 April 2022.

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 to the company's Corporate Governance Charter, which is published on the company's website.

In 2022 the Board of Directors met seven times. There were three additional meetings of the Board of Directors attended only by the non-executive directors:

1. for the purpose of discussing the exit arrangement with Mavac BV;
2. for the purpose of evaluating the interaction between the Board of Directors and the Management Team;
3. for the purpose of discussing the exit arrangement with Vucastar BV as well as the approval of the appointment of Karel Verlinde CommV as director (by co-optation) and managing director.

Greet Van de Velde, Vucastar BV, Mavac BV and Valseba BV were excused from one board meeting. Otherwise, all board meetings were fully attended.

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

## 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 (KULeuven). She is CEO of Lotus Bakeries Natural Foods. In the past, she has been CFO of Lotus Bakeries and Barry Callebaut Belgium and senior auditor at PWC. She therefore has the necessary knowledge of accounting and auditing.

The Audit and Risk Committee meets at least four times a year and as often as considered necessary for its proper operation. In 2022 the Audit and Risk Committee met four times. Fidigo NV was excused from one Audit and Risk Committee. All other 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).

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 at least two times every year. The Nomination and Remuneration Committee has formally met four times in 2022. Herman Van de Velde NV was excused from one meeting. All other meetings were fully attended.

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 (dissolved on 27 April 2022)

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

The Management Committee was responsible for managing the company. It exercised the managerial powers that the Board of Directors had delegated to the Management Committee.

Until the dissolution on 27 April 2022, the Management Committee was 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.

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

The members of the Management Committee were appointed and dismissed by the Board of Directors on the basis of the recommendations of the Nomination and Remuneration Committee.

### (d) Management Team (established on 27 April 2022)

In accordance with Article 23, paragraph 2 of the Coordinated Articles of Association of 27 April 2022, the Board of Directors has established an executive committee (subject to approval of the amendments to the Articles of Association on 27 April 2022), known as the Management Team, which is not a Management Committee in the sense of Articles 7:104 and 7:107 of the CCA.

The Management Team, which convenes at least every 14 days, is responsible for managing the company. It exercises the managerial powers that the Board of Directors had delegated to the Management Team. Depending on the agenda points, the key persons of the company are invited to the meeting of the Management Team.

The Management Team is composed as follows:

- **Karel Verlinde CommV**, always represented by Karel Verlinde, interim CEO and CFO;
- **MMW BV**, always represented by Willem Wijnen, Head of Commercial;
- **Stefanie Baesens**, Head of Strategy, IT and Digital;
- **Céline Soto Perez**, Head of Marketing;
- **Marijke Goossens**, Head of Operations and Supply Chain;
- **Liesbeth Van de Velde**, Head of Brands and Design;
- **Karen Van Bockstaele BV**, always represented by Karen Van Bockstaele, interim Head of HR and Facilities from 23 December 2022.

- **Karel (m, 1982°)**  
Karel obtained a master's degree in economic sciences at UGent and an MA in economics & finance (national university of Ireland Maynooth). Previously, he was CFO at IVC, a division of Mohawk Industries. Karel was CFO at Van de Velde from the beginning of 2019 to the end of 2022, when he was appointed interim CEO.
- **Willem (m, 1972°)**  
Willem was appointed Head of Commercial at Van de Velde at the beginning of 2021. He obtained a master's degree in business economics at Universiteit Maastricht. Previously, he was CMO at The Sting and CCO at North Sails Apparel.
- **Stefanie (f, 1983°)**  
Stefanie was appointed Head of Strategy, IT and Digital at Van de Velde in 2019. She obtained a master's degree in business engineering at KULeuven. Before her career at Van de Velde, she worked as a consultant at Accenture for 12 years.
- **Céline (f, 1984°)**  
Céline was appointed Head of Marketing at Van de Velde in 2020. She obtained a master's degree in economic sciences at UGent. She started her career at C&A Buying and was marketing director at L'Oréal.
- **Marijke (f, 1970°)**  
Marijke was appointed Head of Operations and Supply Chain at Van de Velde end of 2019. She obtained a master's degree in Japanology and a second master's degree in International Relations at KULeuven. Before she arrived at Van de Velde, she fulfilled Supply Chain management roles at various fashion companies, including Sara Lee Knit Products, Champion Europe and VF Corporation.
- **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.
- **Karen (f, 1969°)**  
Karen became interim Head of HR and Facilities at the end of 2022. She holds a master's degree in law (KULeuven), and obtained a licence spéciale en droit social (ULB) and a diploma HRM at UAMS. Karen has previously held various human resources roles at Becton Dickinson, JP Morgan and Euroclear. Prior to joining Van de Velde, Karen was Associate Director HR Benelux at Perrigo.

The following persons left the Management Team in the course of 2022:

- **Mavac BV**, always represented by Marleen Vaesen, CEO, from 1 May 2022;
- **Vucastar BV**, always represented by Peter Corijn, CEO, from 30 November 2022;
- **Caroline Vermeulen**, Head of HR and Facilities, on 24 December 2022.

The chairman of the Management Team (CEO) is Karel Verlinde CommV, always represented by Karel Verlinde.

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

#### (e) Daily management

In addition to the Management Team, Van de Velde's daily management is in the hands of Karel Verlinde CommV, always represented by Karel Verlinde, managing director.

#### (f) Evaluation

At least every three years, the Board of Directors, headed by its chairman, conducts an evaluation of its size, composition and performance, and that of its committees, as well as the interaction with the Management Team. 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 Team annually.

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

# Remuneration report

## 1. Introduction

The remuneration policy of the company applicable to the fiscal year 2022 and approved by the General Meeting of 27 April 2022 is published on the website of the company.

## 2. Total remuneration of non-executive directors

In accordance with the applicable policy, in 2022 the non-executive directors received only a fixed basic remuneration for their membership or chairmanship of the Board of Directors, plus a fixed remuneration for their membership or chairmanship 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	€ 40,000	€ 0	€ 7,500	€ 47,500
YJC BV	Independent director	€ 20,000	€ 5,000	€ 5,000	€ 30,000
Valseba BV	Independent director	€ 20,000	€ 7,500	€ 5,000	€ 32,500
Fidigo NV	Independent director	€ 20,000	€ 5,000	€ 0	€ 25,000
Lucas Laureys		€ 20,000	€ 5,000	€ 0	€ 25,000
Benedicte Laureys		€ 20,000	€ 0	€ 0	€ 20,000
Veronique Laureys		€ 20,000	€ 0	€ 0	€ 20,000
Greet Van de Velde		€ 20,000	€ 0	€ 0	€ 20,000
Mavac BV <sup>(1)</sup>		€ 20,000	€ 0	€ 0	€ 10,000

<sup>(1)</sup> Pro rata from 01.07.2022 up to and including 31.12.2022.

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

In 2022 the executive management was entrusted to the Management Committee (until 27.04.2022) and the Management Team (from 27.04.2022), 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 and the Management Team:

Name, Position	1. Fixed remuneration		2. Variable remuneration		3. Exceptional items	4. Pension Cost <sup>(2)</sup>	5. Total remuneration	6. Fixed/variable remuneration ratio
	Basic remuneration	Additional benefits <sup>(1)</sup>	One year variable	Multi-year variable				
Mavac BV (CEO), always represented by Marleen Vaesen (CEO)(management company) <sup>(3)</sup>	€ 295,998	€ 0	€ 158,063	€ 0	€ 0	€ 0	€ 451,061	65 % fixed remuneration 35 % variable remuneration
Vucastar BV (CEO) always represented by Peter Corijn (management company) <sup>(4)</sup>	€ 360,000	€ 0	€ 149,120	€ 0	€ 120,000	€ 0	€ 629,120	57 % fixed remuneration 43 % variable remuneration
Other members of the Management Committee together (excluding CEO) <sup>(3)</sup>	€ 1,262,343	€ 106,160	€ 419,505	€ 0	€ 0	€ 46,661	€ 1,834,668	Between 78 % and 83 % fixed remuneration Between 17 % and 22 % 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 or Management Team who works on the basis of an employment contract.

(3) Pro rata from 01.01.2022 up to and including 30.06.2022.

(4) Pro rata from 01.03.2022 up to and including 29.11.2022, and as of 01.05.2022 as CEO.

(5) 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. This includes the remuneration of Karel Verlinde CommV (management company) for the period as interim CEO.

## 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 %. Three collective targets were set for 2022: turnover, EBITDA and one quality-related target. The Board of Directors, on the proposal of the Nomination and Remuneration Committee, established the turnover and EBITDA for 2022 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 140 % of the collective target bonus.

#### B) Long-term variable remuneration

No long-term variable remuneration was granted in 2022.

### 4.2. Pension

Members of the executive management who have an employment contract participate 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<sup>(1)</sup> and 5 % of the annual salary exceeding the pension ceiling.

(1) For 2022, 71,519.98 euro.

Performance criteria (PC)	Relative weight	a)	Measured performance
		b)	Corresp. Payment level (*)
Turnover	40 %	a)	Above target
		b)	49.99 %
EBITDA	40 %	a)	Above target
		b)	60.00 %
NPS (Retail partners)	20 %	a)	Above target
		b)	30.00 %

The individual targets were set and evaluated for each individual Management Team member.



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## 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 on the 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.

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	
Vucastar BV	2020	08.03.2022	07.05.2022	
Karel Verlinde CommV	2015	15.10.2019	14.12.2019	
	2020	09.10.2020	08.12.2020	
	2020	01.10.2021	30.11.2021	
	2020	04.10.2022	03.12.2022	
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	
	2020	04.10.2022	03.12.2022	
MMW BV	2020	04.10.2022	03.12.2022	
Céline Soto Perez	2020	04.10.2022	03.12.2022	



## 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 2022	8. a) Number of options offered in 2022 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 2022
31.12.2022	01.01.2023-15.10.2029	€ 23.36	5,000	a) n/a b) n/a	n/a		5,000
31.12.2023	01.01.2024-09.10.2030	€ 22.60	5,000	a) n/a b) n/a	n/a		5,000
31.12.2024	01.01.2025-01.10.2031	€ 28.75	5,000	a) n/a b) n/a	n/a		5,000
31/12/2026 <sup>(1)</sup>	01.01.2027-08.03.2032	€ 32.40	0	a) 10,000 <sup>(2)</sup> b) € 324,000	a) 10,000 <sup>(2)</sup> b) € 324,000 c) € 324,000 d) € 0	10,000	
31.12.2022	01.01.2023-15.10.2029	€ 23.36	5,000	a) n/a b) n/a	n/a		5,000
31.12.2023	01.01.2024-09.10.2030	€ 22.60	5,000	a) n/a b) n/a	n/a		5,000
31.12.2024	01.01.2025-01.10.2031	€ 28.75	5,000	a) n/a b) n/a	n/a		5,000
31.12.2025	01.01.2026-01.10.2032	€ 32.40	0	a) 5,000 b) € 162,000	a) 5,000 b) € 162,000 c) € 162,000 d) € 0	5,000	
31.12.2022	01.01.2023-15.10.2026	€ 23.36	5,000	a) n/a b) n/a	n/a		5,000
31.12.2023	01.01.2024-09.10.2025	€ 22.60	5,000	a) n/a b) n/a	n/a		5,000
31.12.2024	01.01.2025-01.10.2026	€ 28.75	5,000	a) n/a b) n/a	n/a		5,000
31.12.2025	01.01.2026-04.10.2029	€ 32.40	0	a) 5,000 b) € 162,000	a) 5,000 b) € 162,000 c) € 162,000 d) € 0	5,000	
31.12.2025	01.01.2026-04.10.2032	€ 32.40	0	a) 5,000 b) € 162,000	a) 5,000 b) € 162,000 c) € 162,000 d) € 0	5,000	
31.12.2025	01.01.2026-04.10.2027	€ 32.40	0	a) 5,000 b) € 162,000	a) 5,000 b) € 162,000 c) € 162,000 d) € 0	5,000	

(1) Contrary to the 2020 option plan, the options are not exercisable before the end of the fourth calendar year following the year in which the options are offered.

(2) Contrary to the 2020 option plan, it was agreed that 10,000 of the options granted in 2022 remain exercisable in accordance with the normal exercise periods. The remaining 30,000 options granted in 2022 have expired.

## 6. Severance pay

During 2022 a severance pay of 120,000 euros was awarded to Vucastar BV (Peter Corijn). This severance pay was calculated on the basis of the (three months) notice provided for in his management agreement, with the entire notice period being converted into a severance pay. No severance pay was awarded to any other director or member of the executive management.

## 7. Use of the right of claw-back

During 2022 no variable remuneration was clawed back.

## 8. Departures from the remuneration policy

During 2022 there were three departures from the remuneration policy:

- It was stipulated in the management agreement with Mavac BV, the annual bonus plan and the remuneration policy that no annual variable remuneration would be payable if the CEO was no longer working for Van de Velde on 31 December of the year in question. Contrary to this, the Board of Directors decided to grant variable remuneration to Mavac BV for the year 2022 pro rata the term of the management agreement (in particular for the period 1 January 2022 to 30 June 2022).
- It was stipulated in the management agreement with Vucastar BV, the annual bonus plan and the remuneration policy that no annual variable remuneration would be payable if the CEO was no longer working for Van de Velde on 31 December of the year in question. Contrary to this, the Board of Directors decided to grant variable remuneration to Vucastar BV for the year 2022 from the start of the management agreement to the end of the relevant year (in particular for the period March 2022 to 31 December 2022).
- As Karel Verlinde CommV was appointed interim CEO at the end of 2022, it was decided not to change its remuneration for the remainder of 2022.

During 2022, there were no other departures from the remuneration policy.

## 9. Ratio of highest to lower remuneration

The highest remuneration is 6.5 times that of the lowest remuneration of a Belgian employee of the Group.

## 10. Annual change

The company interprets article 3:6 §3, fifth paragraph 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 of 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 of 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 2021-2022:

euro	2022	2021
Chairman of the Board of Directors	40,000	25,000
Member of the Board of Directors	20,000	15,000
Chairman of the Audit and Risk Committee	7,500	2,500
Member of the Audit and Risk Committee	5,000	2,500
Chairman of the Nomination and Remuneration Committee	7,500	2,500
Member of the Nomination and Remuneration Committee	5,000	2,500
CEO (fixed remuneration + short-term variable remuneration)	963,181	912,153
Other members of the Management Committee together (fixed remuneration + short-term variable remuneration + benefits in kind <sup>(1)</sup> )	1,834,668	544,207
Comparable turnover (in million euro)	211.4	191.2
Comparable EBITDA (in million euro)	58.0	52.3

(1) Insofar as the member in question is an employee.

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

euro	2022	2021
Average gross salary of a full-time equivalent in Belgium	3,458	3,134

## Major characteristics of internal control and risk management systems

The Management Team leads the company within the framework of careful and effective control, which makes it possible to evaluate and manage risks. The Management Team 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 Team 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 crossed the statutory threshold 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 of 1 January 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 2022.

## Statutory auditor

The General Meeting of 27 April 2022 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 2025. Since the total maximum duration of the mandate as statutory auditor is reached at the Ordinary General Meeting of 2024, the statutory auditor shall resign within no more than two years.

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 2022 for auditing of the statutory financial statements of Van de Velde NV was 80,515 euro (excl. VAT). The total costs for 2022 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 165,040 euro (excl. VAT), including the aforementioned 80,515 euro.

In accordance with Article 3:65 of the CCA, Van de Velde announces that no exceptional or special tasks by the statutory auditor and by other persons with whom the statutory auditor has a professional relationship were performed in 2022.

## 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 2022 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 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 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 27 April 2022, when it will bring its articles in line with the 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<sup>(1)</sup> 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 2022, one conflict of interest under article 7:96 of the CCA occurred within the Board of Directors, the Management Committee or the Management Team.

This concerned the granting of variable remuneration to Mavac BV as chair of the Management Committee, within the framework of the exit arrangement of Mavac BV, by the Board of Directors on 23 February 2022.

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.

(1) To be qualified as independent director, you may have held a mandate as a non-executive director for a maximum of 12 years.

"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 granting of variable remuneration to 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 termination arrangements for Mavac BV as chair and member of the Management Committee, specifically the granting of variable remuneration.

It was stipulated in the management agreement with Mavac BV, the annual bonus plan and the remuneration policy that no annual variable remuneration would be payable if the CEO was no longer working for Van de Velde on 31 December of the year in question.

Contrary to this, the Board of Directors decided to grant a variable remuneration to Mavac BV for the year 2022 pro rata the term of the management agreement (in particular for the period 1 January 2022 to 30 June 2022).

#### ***b) Financial impact of the decision***

The variable remuneration target is 45 % (up to a maximum of 55 %) of the fixed remuneration of Mavac BV during the period 1 January to 30 June 2022. The effective percentage will, in accordance with the predetermined targets, be calculated after the end of the financial year in question.

#### ***c) Grounds justifying the decision***

The Board of Directors is of the opinion that this variable remuneration is justified in view of the importance of a proper handover to the newly appointed CEO.

## **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 8.88 % at the end of 2022.

### **Liquidity provider**

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

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

### **General Meeting**

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

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

## Authorized capital

The Board of Directors is authorized for a period of five years from the announcement in the annexes to Belgisch Staatsblad/Moniteur belge (10 May 2022) 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 of 3 January 2020 if the acquisition is necessary to avoid a serious threatened disadvantage and (ii) five years as of 11 December 2019 if the Board of Directors, in accordance with Article 7:215 of the CCA, 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 buy-back programme of up to 15 million euro on 23 February 2022. The buy-back programme started on 1 March 2022 and has an anticipated duration of one year.

In 2022, 141,849 of its own shares were acquired by Van de Velde NV and at the end of 2022, Van de Velde NV had 335,889 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 executive 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 2022.

## 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 335,889 treasury shares purchased within the framework of the option programme (see above). Reference is made to Article 7:217 of the CCA.

The number of shares with dividend rights is accordingly reduced by 13,322,480 to 12,986,591 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 1.126 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 2022 this implies that the Board of Directors will propose to the General Meeting the payment of a gross dividend for the fiscal year 2022 of 2.20 euro per share. After the payment of withholding tax, this represents a net dividend of 1.54 euro per share.

After approval by the General Meeting of Shareholders, the final dividend<sup>(1)</sup> of 2.2569 euro per share (net dividend of 1.5798 euro per share) will be paid out as of 3 May 2023.

## Financial Calendar

Closing of fiscal year 2022	31 December 2022
Announcement of annual results 2022	2 March 2023
Publication of annual financial report 2022	24 March 2023
General Meeting of Shareholders	26 April 2023
Ex-coupon date	1 May 2023
Record date	2 May 2023
Dividend payment date	3 May 2023
Publication of 2023 half-year results	30 August 2023
Closing of fiscal year 2023	31 December 2023

(1) Provided that the number of own shares remains unchanged, namely 335,889.

## 4 | Consolidated key figures 2022<sup>(1)</sup>

Profit and loss account (in millions of euro)	2022	2021	2020	2019	2018
Operating income	217.2	200.3	156.7	200.3	210.2
Turnover	211.7	195.3	152.3	195.5	205.2
Turnover on a comparable basis <sup>(1)</sup>	211.4	191.2	160.5	196.7	203.0
EBITDA <sup>(2)</sup>	58.2	55.0	34.7	47.6	37.2
EBITDA on a comparable basis <sup>(3)</sup>	58.0	52.3	40.1	48.6	35.8
EBIT <sup>(4)</sup>	48.1	41.8	19.6	32.9	30.2
Consolidated results without result of equity method and before taxes <sup>(5)</sup>	46.7	40.8	19.3	29.5	30.2
Consolidated results without result of equity method and after taxes <sup>(5)</sup>	37.5	32.5	16.1	23.1	26.6
Profit for the period <sup>(6)</sup>	36.8	32.0	14.7	21.2	25.5
Operating cash flow <sup>(7)</sup>	30.0	50.6	30.3	51.8	17.5

(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 Activity 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 Activity 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)	2022	2021	2020	2019	2018
Fixed assets	72.1	73.3	80.2	93.0	75.3
Current assets	136.4	133.9	105.1	104.7	92.3
Shareholders' equity	168.1	163.1	144.7	143.8	133.4
Balance sheet total	208.4	207.2	185.3	197.7	167.6
Net debt position <sup>(1)</sup>	-50.6	-61.3	-33.2	-18.9	-15.2
Working capital <sup>(2)</sup>	48.1	31.7	35.4	36.3	47.9
Capital employed <sup>(3)</sup>	120.1	105.0	115.6	129.3	123.2

(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)	2022	2021	2020	2019	2018
Return on equity <sup>(1)</sup>	22.7	21.1	11.1	16.7	20.9
Return on capital employed <sup>(2)</sup>	33.3	29.5	14.3	18.3	23.3
Solvency <sup>(3)</sup>	80.7	78.7	78.1	72.7	79.6
Liquidity <sup>(4)</sup>	4.2	4.1	4.3	3.3	3.2

(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 %)	2022	2021	2020	2019	2018
EBITDA <sup>(1)</sup>	27.5	28.2	22.8	24.4	18.1
EBITDA on a comparable basis <sup>(2)</sup>	27.4	27.4	25.0	24.7	17.6
EBIT <sup>(3)</sup>	22.7	21.4	12.8	16.8	14.7
Tax rate <sup>(4)</sup>	19.7	20.3	16.6	21.7	11.9

(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	2022	2021	2020	2019	2018
Average daily volume in pieces	3,825	5,537	5,044	4,968	6,664
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	982,922	1,428,603	1,296,210	1,266,845	1,699,350
Velocity	7.4 %	10.7 %	9.7 %	9.5 %	12.8 %
Turnover (in thousands of euro)	34,208	38,862	29,599	33,550	54,187
(in euro per share)					
Highest price	39.80	35.80	30.85	32.65	46.25
Lowest price	29.70	21.65	18.38	22.55	21.65
Closing price	30.20	34.30	22.90	29.90	25.60
Average price	34.61	26.52	22.54	26.47	31.38

Key figures per share (in euro)	2022	2021	2020	2019	2018
Book value <sup>(1)</sup>	12.6	12.2	10.9	10.8	10
EBITDA <sup>(2)</sup>	4.4	4.1	2.6	3.6	2.8
EBITDA on a comparable basis <sup>(3)</sup>	4.4	3.9	3.0	3.6	2.7
Profit for the period <sup>(4)</sup>	2.8	2.4	1.1	1.6	1.9
Gross interim dividend <sup>(5)</sup>	0.00	0.00	1.00	0.00	0.00
Net interim dividend <sup>(5)</sup>	0.00	0.00	0.70	0.00	0.00
Gross dividend <sup>(6)</sup>	2.20	2.00	1.00	0.00	1.03
Net dividend <sup>(6)</sup>	1.54	1.40	0.70	0.00	0.72
Dividend yield <sup>(7)</sup>	5.10 %	4.08 %	3.06 %	0.00 %	2.82 %
Pay-out percentage <sup>(8)</sup>	78 %	82 %	83 %	0 %	52 %

(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 2.20 euro per share. Net dividend is 1.54 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)	2022	2021	2020	2019	2018
Book value <sup>(1)</sup>	168.1	163.1	144.7	143.8	133.4
Market capitalization <sup>(2)</sup>	402.3	457.0	305.1	398.3	341.1
Enterprise value (EV) <sup>(3)</sup>	338.2	381.9	259.4	367.8	313.1

(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	2022	2021	2020	2019	2018
EV/EBITDA <sup>(1)</sup>	5.8	6.9	7.5	7.7	8.4
EV/EBITDA on comparable basis <sup>(2)</sup>	5.8	7.3	6.5	7.6	8.7
Price/Profit <sup>(3)</sup>	10.9	14.3	20.7	18.8	13.4
Price/Book value <sup>(4)</sup>	2.4	2.8	2.1	2.8	2.6

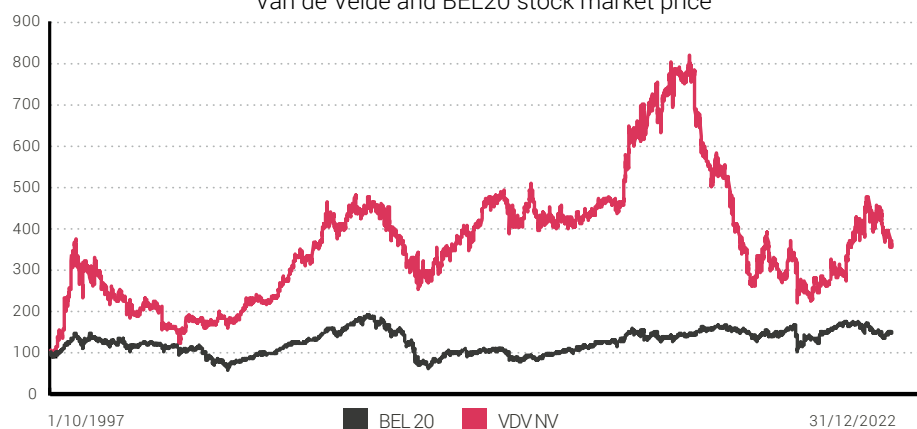
(1) Enterprise value / EBITDA.

(2) Enterprise value / EBITDA on a comparable basis.

(3) Market capitalization / Profit for the period.

(4) Market capitalization / Book value.

Van de Velde and BEL20 stock market price



Stock market price in 2022





**ANDRES SARDA**  
*Designed in Barcelona*

### **Consolidated balance sheet**

### **Consolidated income statement**

### **Consolidated statement of changes in equity**

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### **Notes to the financial statements**

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## Consolidated balance sheet

000 euro	2022	2021	(Note)
<b>Assets</b>			
<b>Total fixed assets</b>	<b>72,053</b>	<b>73,290</b>	
Goodwill	4,529	4,617	3
Intangible assets	20,575	20,276	4
Tangible fixed assets	23,631	22,997	5
Right-of-use assets	8,153	10,240	26
Participations (equity method)	13,556	13,744	6
Deferred tax assets	227	227	17
Other fixed assets	1,382	1,189	7
<b>Total current assets</b>	<b>136,382</b>	<b>133,887</b>	
Inventories	54,158	43,205	9
Trade receivables	14,347	13,258	10
Other current assets	8,354	3,878	11
Cash and cash equivalents	59,524	73,546	12
<b>Total assets</b>	<b>208,435</b>	<b>207,177</b>	
<b>Equity and liabilities</b>			
<b>Shareholder's equity</b>	<b>168,112</b>	<b>163,121</b>	
Share capital	1,936	1,936	13
Treasury shares	-9,668	-4,755	13
Share premium	743	743	13
Other comprehensive income	-3,580	-3,097	
Retained earnings	178,681	168,294	
<b>Non-controlling interests</b>	<b>0</b>	<b>0</b>	
<b>Grants</b>	<b>203</b>	<b>285</b>	<b>8</b>
<b>Total non-current liabilities</b>	<b>8,008</b>	<b>11,383</b>	
Provisions	239	463	14
Provisions lease liability	572	528	26
Pensions	1,280	1,260	15
Other non-current liabilities	0	0	26
Lease liability	5,549	8,425	17
Deferred tax liability	367	707	
<b>Total current liabilities</b>	<b>32,112</b>	<b>32,388</b>	<b>18</b>
Trade and other payables	25,594	25,365	26
Lease liabilities	3,350	3,776	19
Other current liabilities	1,763	1,676	19
Income tax payable	1,404	1,571	19
<b>Total equity and liabilities</b>	<b>208,435</b>	<b>207,177</b>	

## Consolidated income statement and Other comprehensive income

000 euro	2022	2021	(Note)
<b>Turnover</b>	<b>211,745</b>	<b>195,251</b>	<b>28</b>
Other operating income	5,436	5,093	16
Cost of materials	-34,091	-35,865	9
Other expenses	-77,661	-64,457	16
Personnel expenses	-47,213	-45,011	22
Depreciation and amortization <sup>(1)</sup>	-10,139	-13,237	4, 5, 26
<b>Operating profit</b>	<b>48,077</b>	<b>41,774</b>	
Finance income	3,200	1,632	21, 26
Finance costs	-4,540	-2,625	21, 26
Share in result of associates	-697	-438	6
<b>Profit before taxes</b>	<b>46,041</b>	<b>40,343</b>	
Income taxes	-9,222	-8,295	23
<b>Profit for the year</b>	<b>36,819</b>	<b>32,048</b>	
<b>Other comprehensive income</b>			
Currency translation adjustments related to Group entities and non-controlling interests:	-145	1,919	
- Gain and losses related to Group entities <sup>(2)</sup>	-984	965	
- Gain and losses related to associated companies	839	954	6
Share in other comprehensive income to participations (equity method)	-438	-463	6
<b>Total other comprehensive income (fully recyclable in the income statement)</b>	<b>-584</b>	<b>1,456</b>	
Remeasurement gains/(losses) on defined benefit plans	10	1,265	15
Deferred taxes on defined benefit plans	-2	-316	23
<b>Total other comprehensive income (not recyclable in the income statement)</b>	<b>7</b>	<b>949</b>	
<b>Total of profit for the period and other comprehensive income</b>	<b>36,242</b>	<b>34,453</b>	
<b>Profit for the year</b>	<b>36,819</b>	<b>32,048</b>	
Attributable to the owners of the company	36,819	32,048	
Attributable to non-controlling interests	0	0	
<b>Total of profit for the period and other comprehensive income</b>	<b>36,242</b>	<b>34,453</b>	
Attributable to the owners of the company	36,242	34,453	
Attributable to non-controlling interests	0	0	
Basic earnings per share (in euro)	2.82	2.43	24
Diluted earnings per share (in euro)	2.81	2.43	24
Weighted average number of shares	13,064,354	13,169,650	24
Weighted average number of shares for diluted profit per share	13,095,210	13,172,880	24
Proposed dividend per share (in euro)	2.20	2.00	24
<b>Total proposed dividend (in 000 euro)</b>	<b>29,309</b>	<b>26,645</b>	<b>25</b>

(1) This includes depreciation and write-downs on fixed assets. Write-downs on current assets, however, are included in other expenses.

(2) The result from currency translation differences relates mainly to GBP and TND.

## Consolidated statement of changes in equity

000 euro Change in equity	Shareholder's equity of the company							Participations (equity method)		Total equity
	Capital	Treasury shares	Share premium	Pension reserve	Cumulated comprehensive income	Retained earnings	Revaluation reserve of shares <sup>(1)</sup>	Share in revaluation reserve Top Form	Cumulated comprehensive income	
<b>Equity at 31/12/2020</b>	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				950	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
<b>Equity at 31/12/2021</b>	1,936	-4,755	743	-156	2,522	168,294	-6,406	1,262	-319	163,121
Profit for the period						36,819				36,819
Other comprehensive income				-7	-145	-24		107	-438	-508
Purchase of treasury shares		-4,912								-4,912
Granted and accepted stock options						237				237
Dividends						-26,645				-26,645
<b>Equity at 31/12/2022</b>	1,936	-9,668	743	-164	2,377	178,681	-6,406	1,369	-757	168,112

(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	2022	2021	(Note)
<b>Operating activities</b>			
Profit before tax	46,041	40,343	
Depreciation and amortization of (in)tangible and right-of-use assets	10,139	13,237	4, 5, 26
Capital gains and losses on realizations of fixed assets	-42	-83	
Net valuation allowance current assets	2,871	-284	9, 10
Provisions	-195	-723	14, 18, 26
Result based on the 'equity method'	697	438	6
Loss / (gain) on sale of subsidiaries, associates and assets held for sale	0	223	
Financial profit and loss	805	953	21
Other non cash-items	22	1,944	
<b>Gross cash flow provided by operating activities</b>	<b>60,337</b>	<b>56,049</b>	
Decrease / (Increase) in inventories	-13,934	-3,764	9
Decrease / (Increase) in trade accounts receivable	-979	-2,400	10
Decrease / (Increase) In other assets	-534	-549	11
(Decrease) / Increase in trade accounts payable	31	3,032	18
(Decrease) / Increase in other liabilities	-466	4,838	15, 18
<b>Change in operating working capital</b>	<b>-15,881</b>	<b>1,157</b>	
Income tax paid	-13,680	-5,630	
Interests	-805	-953	21, 26
<b>Net cash flow provided by operating activities</b>	<b>29,972</b>	<b>50,622</b>	
<b>Investment activities</b>			
(In)tangible assets - acquisitions	-8,075	-4,695	4, 5
Realization of fixed assets	54	110	
Investment in associated companies	0	-1,167	6
<b>Net cash flow used in investing activities</b>	<b>-8,021</b>	<b>-5,751</b>	
<b>Net cash flow before financing activities</b>	<b>21,950</b>	<b>44,871</b>	
<b>Financing activities</b>			
Dividends paid	-26,645	-13,323	25
Dividends received	0	0	6
Sale of treasury shares for stock options	0	0	13
Purchase of treasury shares	-4,912	-2,823	13
Reimbursement of lease liabilities	-4,455	-4,804	26
Proceeds / (Reimbursement) of short-term borrowings	0	0	
<b>Net cash flow used in financing activities</b>	<b>-36,012</b>	<b>-20,950</b>	
<b>Net change in cash and cash equivalents</b>	<b>-14,062</b>	<b>23,922</b>	
Cash and cash equivalents on 1 January	73,546	49,778	12
Effect of exchange rate fluctuations	40	-154	
Cash and cash equivalents on 31 December	59,524	73,546	12
<b>Net change in cash and cash equivalents</b>	<b>-14,062</b>	<b>23,922</b>	

# Notes to the financial statement

## 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 1 March 2023, subject to approval of the statutory non-consolidated accounts by the shareholders at the Ordinary General Meeting to be held on 26 April 2023. 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 makes 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, the 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 as well as 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.

### Determination of the lease term of contracts with extension and termination options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain that it will be exercised, or periods covered by an option to terminate the lease if it is reasonably certain that it will not be exercised. The Group has several leases with extension and termination options. The Group assesses whether or not it is reasonably certain to exercise the option to extend or terminate the lease. That is, it takes into account all relevant factors that create an economic incentive to exercise either the extension or the termination. Every six months, management, together with the Executive Board, evaluates the options for granting and terminating leases based on the strategic plan.



## 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 IAS 16 Property, plant and equipment - Proceeds before intended use, applicable from 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
- Annual Improvements Cycle - 2018-2020, effective 1 January 2022

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

## Consolidation principles

### Subsidiaries

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

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

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

### Associated companies

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

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

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

## Foreign currencies

### Foreign currency transactions

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

### Financial statements of foreign activities

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

The Group treats goodwill and intangible assets with an indefinite useful life, arising from business combinations, as 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 <sup>(1)</sup>	3-5 years
Furniture <sup>(1)</sup>	5-10 years
Vehicles <sup>(1)</sup>	3-5 years

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

## Impairment of assets

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

### (1) Calculation of recoverable amount

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

### (2) Reversal of impairment

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

## 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, with the underlying share in the net asset of Top Form International Ltd. being converted at the closing rate, and the conversion differences included in other comprehensive income.

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

## 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. The excess impairment is incorporated in the 'general administration' section under other expenses.

### (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. Every six months, the management, together with the Executive Board, evaluates the options for granting and terminating leases based on the strategic plan. 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 com-

mencement 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 into 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 approved by the General Meeting. 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 2022

The Group has not early-adopted any standards or interpretations issued but not yet effective as at 31 December 2022.

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 (the 2020 amendments and 2022 amendments), effective 1 January 2024
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies, effective 1 January 2023
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates, effective 1 January 2023
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a single transaction, effective 1 January 2023
- Amendments to IFRS 16 Leases – Lease Liability in a Sale and Leaseback, effective 1 January 2024
- Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information, effective 1 January 2023
- IFRS 17 Insurance Contracts, effective 1 January 2023

### 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 <sup>(1)</sup>	Total
<b>Carrying value, gross</b>					
At 01/01/2022	6,357	26,189	1,820	2,797	37,163
Acquisition through business combinations	0	0	0	0	0
Exchange differences	0	0	-88	0	-88
<b>At 31/12/2022</b>	<b>6,357</b>	<b>26,189</b>	<b>1,732</b>	<b>2,797</b>	<b>37,075</b>
<b>Impairment and other adjustments (revaluation)</b>					
At 01/01/2022	6,357	26,189	0	0	32,546
Adjustments	0	0	0	0	0
<b>At 31/12/2022</b>	<b>6,357</b>	<b>26,189</b>	<b>0</b>	<b>0</b>	<b>32,546</b>
<b>At 31/12/2022</b>					
Accumulated acquisitions	6,357	26,189	1,732	2,797	37,075
Accumulated adjustments	6,357	26,189	0	0	32,546
<b>Goodwill, net 31/12/2022</b>	<b>0</b>	<b>0</b>	<b>1,732</b>	<b>2,797</b>	<b>4,529</b>

(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 <sup>(1)</sup>	Total
<b>Carrying value, gross</b>					
At 01/01/2022	11,000	7,784	7,014	0	25,798
Acquisition through business combinations	0	0	0	0	0
Exchange differences	0	0	-344	0	-344
<b>At 31/12/2022</b>	<b>11,000</b>	<b>7,784</b>	<b>6,670</b>	<b>0</b>	<b>25,454</b>
<b>Impairment and other adjustments (revaluation)</b>					
At 01/01/2022	5,531	7,784	0	0	13,315
Adjustments	0	0	0	0	0
<b>At 31/12/2022</b>	<b>5,531</b>	<b>7,784</b>	<b>0</b>	<b>0</b>	<b>13,315</b>
<b>At 31/12/2022</b>					
Accumulated acquisitions	11,000	7,784	6,670	0	25,454
Accumulated adjustments	5,531	7,784	0	0	13,315
<b>Brand names with indefinite useful life, net 31/12/2022</b>	<b>5,469</b>	<b>0</b>	<b>6,670</b>	<b>0</b>	<b>12,139</b>

(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 2022:

000 euro	Andres Sarda	Intimacy	Rigby & Peller	Re-tail	Total
Goodwill	0	0	1,732	2,797	4,529
Brands with indefinite useful life	5,469	0	6,670	0	12,139
<b>Total intangible assets</b>	<b>5,469</b>	<b>0</b>	<b>8,402</b>	<b>2,797</b>	<b>16,668</b>

## Result of the impairment test

In 2022 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 (2023-2024), the growth plan as approved by the Board of Directors is used as the basis.
  - ☆ For the subsequent years (2025-2026), a cash flow projection is drawn up based on realistic assumptions.
- For Sarda, the 2023-2028 strategic plan was taken as the basis. This strategic plan was approved by the Board of Directors on 13 June 2022.
- 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<sup>(1)</sup> 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 (2023-2024).

For Andres Sarda we expect turnover growth during the period 2026-2028.

For the planning period (2023-2026) 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 D2C turnover realized by the stores as well as the B2B turnover for the Van de Velde products sold by these retail channels. Furthermore, the estimate for Rigby & Peller also takes into account the digital sales generated outside the United Kingdom under the Rigby & Peller brand name.

(1) Operating profit before depreciation and amortization.



### **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 B2B business and continued penetration of Andres Sarda in Van de Velde's own stores. The cost evolution will also be monitored very strictly.

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 8.5 % and 9.5 %. This corresponds to a cost of capital before tax of between 10.6 % and 11.9 %.

### **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 (2023-2028);
- 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 8 % or 9 % 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
<b>Intangible assets, gross</b>						
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
<b>Amortization and impairment</b>						
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
<b>Intangible assets, net 31/12/2021</b>	<b>20,276</b>	<b>356</b>	<b>12,483</b>	<b>0</b>	<b>7,418</b>	<b>19</b>
<b>Intangible assets, gross</b>						
At 01/01/2022	61,666	4,743	25,798	3,734	27,074	317
Investments	3,918	58	0	0	3,860	0
Disposals	0	0	0	0	0	0
Other adjustments	0	0	0	0	0	0
Exchange adjustments	-340	0	-344	0	4	0
At 31/12/2022	65,244	4,801	25,454	3,734	30,938	317
<b>Amortization and impairment</b>						
At 01/01/2022	41,390	4,387	13,315	3,734	19,656	298
Amortization	3,279	173	0	0	3,099	7
Impairment	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
Exchange adjustments	0	0	0	0	0	0
At 31/12/2022	44,669	4,560	13,315	3,734	22,755	305
<b>Intangible assets, net 31/12/2022</b>	<b>20,575</b>	<b>241</b>	<b>12,139</b>	<b>0</b>	<b>8,183</b>	<b>12</b>

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

The investments in software in 2022 concern the further development of the digital platforms as well as the implementation of a new warehouse management system. There were also 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 equipment	Assets under construction
<b>Tangible fixed assets, gross</b>				
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
<b>Depreciation and impairment</b>				
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
<b>Tangible fixed assets, net 31/12/2021</b>	<b>22,997</b>	<b>16,791</b>	<b>6,177</b>	<b>29</b>
<b>Tangible fixed assets, gross</b>				
At 01/01/2022	93,097	43,605	49,463	29
Investments	4,156	526	904	2,726
Transfer	0	0	0	0
Disposals	-1,000	-450	-550	0
Exchange adjustments	0	0	0	0
At 31/12/2022	96,253	43,681	49,817	2,755
<b>Depreciation and impairment</b>				
At 01/01/2022	70,100	26,814	43,286	0
Depreciation	3,506	1,717	1,789	0
Disposals	-984	-446	-538	0
Exchange adjustments	0	0	0	0
At 31/12/2022	72,622	28,085	44,537	0
<b>Tangible fixed assets, net 31/12/2022</b>	<b>23,631</b>	<b>15,596</b>	<b>5,280</b>	<b>2,755</b>

The investments in tangible fixed assets mainly concern various investments in the improvement and maintenance of buildings. The investments in machines mostly involve investments in the distribution centre. We also initiated the expansion of our production plant in Tunisia.

By 2022, 3% of the investments contribute to climate-change mitigation. We refer to chapter 9 of the annual brochure for the full sustainability report.

## 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, predominantly for 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 0.2 million euro lower than at the end of 2021.

Net carrying amount 000 euro	Top Form Ltd.
<b>At 01/01/2021</b>	<b>12,525</b>
Results of the fiscal year	-438
Capital increase	1,167
Dividend received	0
Share in other comprehensive income (conversion impact)	-463
Conversion profit and losses	954
<b>At 31/12/2021</b>	<b>13,745</b>
<b>At 01/01/2022</b>	<b>13,745</b>
Results of the fiscal year	-697
Capital increase	0
Dividend received	0
Share in the revaluation reserve	107
Share in other comprehensive income (conversion impact)	-438
Conversion profit and losses	839
<b>At 31/12/2022</b>	<b>13,556</b>

Key figures per participation are as follows:

Key figures 000 euro	Top Form Ltd. (31/12/2022)	Top Form Ltd. (31/12/2021)
Tangible fixed assets	19,804	19,420
Other fixed assets	23,708	25,593
Right of use asset	3,075	2,574
Current assets	50,888	59,800
Non current liabilities	6,210	6,029
Current liabilities	31,603	41,793
Lease liabilities	1,168	1,441
Total net assets	58,494	58,124
Unrealized result in equity	10,529	11,490
Turnover	149,355	170,714
Profit/(Loss) attributable to owners of the company	-1,255	-2,244

The figures for Top Form International Ltd. refer to the closing situation on 31 December 2022 (first half of fiscal year 2022-2023). 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. (31/12/2022)
Participation percentage	25.66 %
Total equity (in 000 HKD)	438,481
Participation in equity (in 000 HKD)	112,514
Cumulative exchange differences (in 000 euro)	3,813
Investment in association (book value) (in 000 euro)	13,556

The book value of the 25.66 % participation in Top Form was 13,556 thousand euro at 31 December 2022 and the value of this participation based on the share price on that date was 3,722 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. This was intensified by the consequences of covid-19 in the fiscal year ending on 30 June 2020, as the majority of Top Forms customers were forced to close stores worldwide.

A combination of these events, together with a very low share trade volume and significant fluctuations in the share price, due to a limited number of transactions, had an impact on the share price. Often, several consecutive days went by without any trading in the share in 2022, and relative to the total number of trading days on the Hong Kong Stock Exchange, a vast majority of trading days saw no trading in the stock in 2022.

In the first half of Top Form's fiscal year 2022-2023, ending 31 December 2022, there was a loss of m€ 2.1. The loss is a result of declining sales in the United States. Customers in the United States are currently struggling with high inventories and declining consumer demand. 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. Also based on the other impairment indicators included in IAS 28 paragraph 41, there are no indicators that an impairment would be necessary on 31 December 2022. This was also confirmed by an additional impairment test.

### Impairment test

A test was also performed on the value of the participation in Top Form at the same time as the impairment test on goodwill and brand names with indefinite useful life.

### Methodology for impairment tests

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

Budget and business plans prepared by Top Forms management for the years 2023-2026, as also approved by Top Forms board of directors and audit committee, were used for this test. These budgets include planned investments and changes in working capital.

In accordance with the requirements of IFRS, confirmation was also received that these budgets were prepared in accordance with the current financial and operational structure of the group, without taking into account any future reorganization or improvements or adjustments of the asset.

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

- A discounting rate of 12 % was used;
- Turnover estimates used a growth between 5 % and 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 2,967 thousand euro. The abovementioned sensitivities were subjected to various sensitivity tests. The following changes were made to the calculation models:

- The turnover estimates used during the period to which the expectations relate were reduced to 3% and 5%. The headroom in this test is negative at -1,334 thousand euro.
- The growth percentage used to extrapolate cash flows beyond the planning period was reduced to 1 %. The headroom in this case is 978 thousand euro.
- The discounting rate was increased to 13 %. The headroom is 1,191 thousand euro in this case.

The sensitivity tests described above show adequate headroom in two of the three sensitivity tests. 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 balance sheet as per 31 december 2022.

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	2022	2021
Security deposits for VAT	218	217
Other security deposits	945	780
Other participating interests	75	75
Prepaid rent expenses	0	0
Borrowings	144	117
<b>Other fixed assets, net</b>	<b>1,382</b>	<b>1,189</b>

## 8. Grants

A grant of 407 thousand euro was received in 2020, 2019, 2018 and 2017 in tranches from VLAIO (the Flemish Agency for Innovation and Entrepreneurship) 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. In both 2021 and 2022, 81 thousand euros of the grant was recognized in the income statement.

## 9. Inventories

Inventories by major components are as follows:

000 euro	2022	2021
Finished and merchandise goods	30,009	24,473
Work in progress	18,530	10,728
Raw materials	14,271	13,663
<b>Inventories, gross</b>	<b>62,810</b>	<b>48,864</b>
Less: Allowance for obsolescence	-8,652	-5,659
<b>Inventories, net</b>	<b>54,158</b>	<b>43,205</b>

The allowance for obsolescence in 2022 concerns finished products (5,274 thousand euro) and raw materials (3,379 thousand euro). The allowance for obsolescence in 2021 concerns finished products (2,674 thousand euro) and raw materials (2,985 thousand euro).

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

The cost of materials is as follows:

000 euro	2022	2021
Purchase of raw materials	45,044	39,720
Change in inventories	-13,946	-3,807
Change in allowance for obsolescence	2,993	-48
<b>Cost of materials</b>	<b>34,091</b>	<b>35,865</b>

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

## 10. Trade and other receivables

Accounts receivable are as follows:

000 euro	2022	2021
Trade receivables, gross	14,732	13,753
Less: allowance for doubtful debtors	-385	-495
<b>Trade receivables, net</b>	<b>14,347</b>	<b>13,258</b>

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 2022 there was a loss of 145 thousand euro with respect to trade receivables (193 thousand euro in 2021). 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 2021). The total reduction in the allowance for doubtful debtors, -110 thousand euro, is recognized in the income statement under 'Other expenses'.

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

000 euro	2022	2021
At 1 January	-495	-688
Applied losses	145	193
Additions	-35	0
<b>At 31 December</b>	<b>-385</b>	<b>-495</b>

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
2022	14,732	11,242	2,237	777	476
2021	13,753	10,420	1,954	686	693

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	2022	2021
Prepaid expenses <sup>(1)</sup>	2,006	1,786
Tax receivables (VAT & corporate income tax)	6,170	2,092
FX forward contracts (note 20)	178	0
<b>Other current assets, net</b>	<b>8,354</b>	<b>3,878</b>

(1) Pre-paid expenses mainly concern pre-paid maintenance costs.

The increase in taxes receivable relates to corporate income tax to be recovered for the years 2021 and 2022, as a result of an overpayment in instalments.

## 12. Cash and cash equivalents

Cash and cash equivalents consist of the following:

000 euro	2022	2021
Cash at banks and in hand	39,524	68,546
Marketable securities	20,000	5,000
<b>Cash and cash equivalents</b>	<b>59,524</b>	<b>73,546</b>

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	2022	2021
Nominative shares	7,562,672	7,562,477
Dematerialized shares	5,759,808	5,760,003
<b>Total number of shares</b>	<b>13,322,480</b>	<b>13,322,480</b>

On 31 December 2022 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 (10 May 2022).

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.

On 23 February 2022, the Governing Council adopted a share buy-back programme for up to 15 million euro. This buy-back programme started on 1 March 2022 and has an expected duration of one year.

At the end of 2021 Van de Velde NV held 194,040 treasury shares.

In 2022, 141,849 of its own shares were acquired by Van de Velde NV. During 2022 no options were exercised under the option plan.

At the end of 2022, Van de Velde NV held 335,889 treasury shares totalling 9,668 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	2022	2021
Share capital	1,936	1,936
Treasury shares	-9,668	-4,755
Share premium	743	743

## 14. Provisions

000 euro	Provisions
At 01/01/2021	156
Arising during the year	307
Utilized	0
Reversal	0
<b>Provisions 31/12/2021</b>	<b>463</b>
At 01/01/2022	463
Arising during the year	16
Utilized	0
Reversal	-240
<b>Provisions 31/12/2022</b>	<b>239</b>

In 2022, the provision of 240 thousand euros for the settlement of the covid-related support received in the Netherlands was fully reversed. In addition, there was an increase of 16 thousand euro on the existing provision for sales agents.

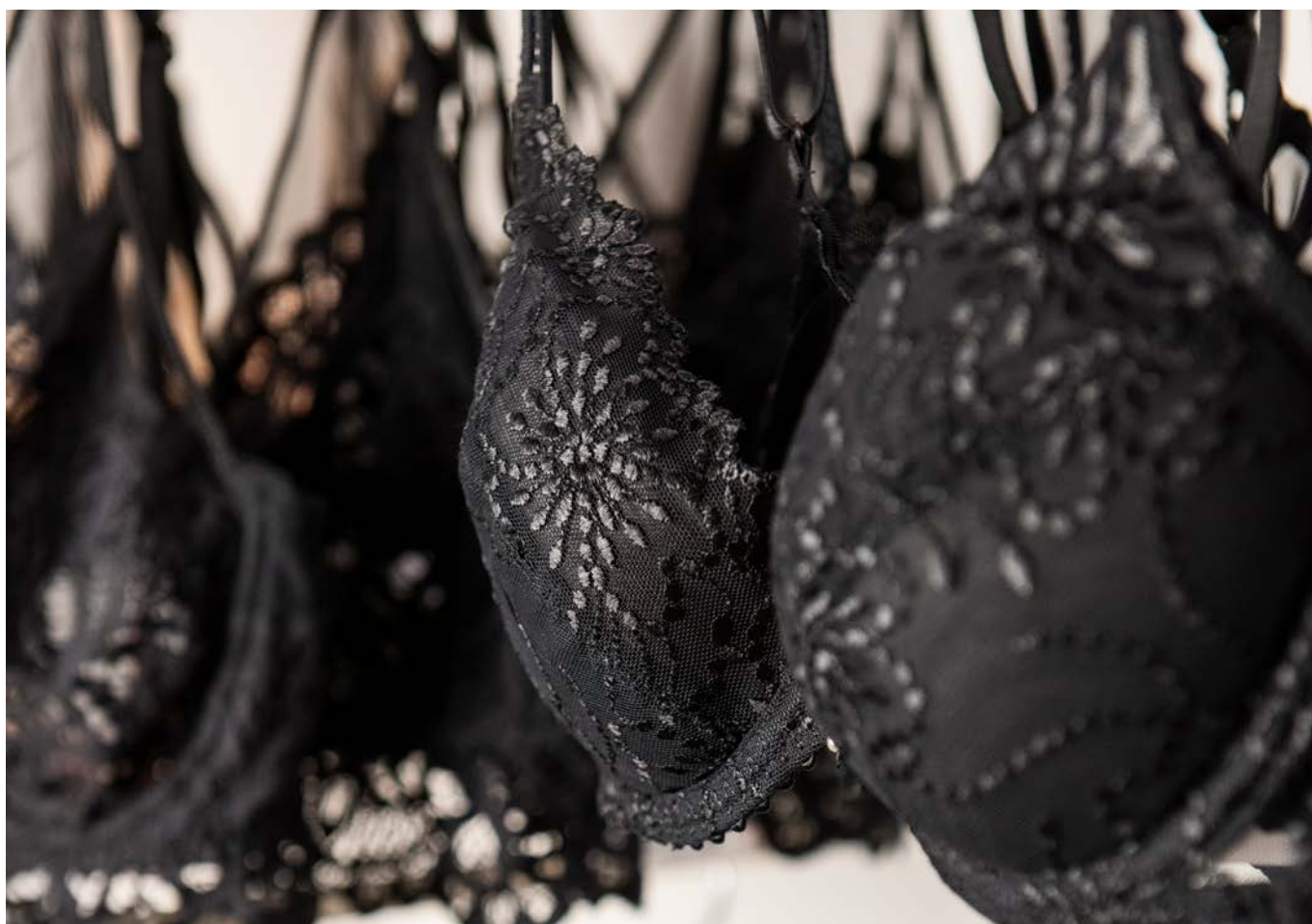
## 15. Pensions

Van de Velde has five defined pension plans in Belgium. These plans are clarified on a cumulative basis, as they are situated in the same geographical location and have the same attributes and risk characteristics, i.e. defined 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 2022, the pension provision on the balance sheet was 24 thousand euro (24 thousand euro in 2021).

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 2022 shows the following results:

	At 01/01/2021	Pension cost allocated to realized income	Return <sup>(1)</sup>	Gain/(loss) as a consequence of changes to calculation method allocated to other comprehensive income <sup>(2)</sup>	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
<b>Net liability in the balance sheet</b>	<b>-2,225</b>	<b>-976</b>	<b>-8</b>	<b>1,265</b>	<b>708</b>	<b>0</b>	<b>-1,236</b>

	At 01/01/2022	Pension cost allocated to realized income	Return <sup>(1)</sup>	Gain/(loss) as a consequence of changes to calculation method allocated to other comprehensive income <sup>(2)</sup>	Employer contribution	Benefits paid	At 31/12/2022
Defined pension entitlement liability	-11,082	-749	-110	4,395	0	189	-7,356
Market value of the fund investments	9,846	0	101	-4,405	747	-189	6,100
<b>Net liability in the balance sheet</b>	<b>-1,236</b>	<b>-749</b>	<b>-9</b>	<b>-10</b>	<b>747</b>	<b>0</b>	<b>-1,256</b>

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

(2) For the 2022 financial year, the change in calculation method allocated to other comprehensive income consists of -53 thousand euro in experience adjustments and 4,448 thousand euro in financial adjustments. For the 2021 financial year, the change in calculation method allocated to other comprehensive income consists of 185 thousand euro in experience adjustments, 951 thousand euro in financial adjustments and 901 thousand euro in demographic 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 2022 is 747 thousand euro.

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

	2022	2021
Annual pay rises (excluding inflation)		
age 20-24:	6.60 %	6.60 %
age 25-29:	5.10 %	5.10 %
age 30-34:	2.60 %	2.60 %
age 35-39:	2.10 %	2.10 %
age 40-44:	3.10 %	3.10 %
from age 45:	1.60 %	1.60 %
Annual inflation	2.30 %	1.90 %
Annual discount rate	4.00 %	1.00 %
Pension age in years	65	65
Total number of members	1,015	985
Average age in years	44.7	44.4
Estimated duration in years	16.82	17.79

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

	Expected benefits
Within 12 months (fiscal year ending 31 December 2023)	60
Between 2 and 5 years	904
Between 5 and 10 years	3,083
<b>Total expected benefits</b>	<b>4,047</b>

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 used when calculating the net pension costs (income) include the discount rate. Changes in the assumptions impact the carrying value of the pension liabilities.

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

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

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

	Valuation trend -0,5 %	Original	Valuation trend +0,5 %
Discount rate	3.50 %	4.00 %	4.50 %
Defined pension entitlement liability	7,873	7,356	6,881
Market value of the investment funds	6,493	6,100	5,734

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	7,356	8,729

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 consist of the following:

000 euro	2022	2021
Income from passed on costs	3,883	3,227
Income from recovered costs	1,167	1,286
Other income	386	580
<b>Total other operating income</b>	<b>5,436</b>	<b>5,093</b>
Subcontracting costs	27,083	20,504
Distribution costs	10,786	9,662
Sales and marketing costs	21,556	19,525
General administration costs	18,236	14,766
<b>Total other expenses</b>	<b>77,661</b>	<b>64,457</b>

Other operating income consists mainly of charged export duties and transport costs, and the recovered costs include primarily recovered personnel and insurance costs. The increase in revenue from charged costs is a result of a higher turnover. The decrease in income from recovered costs is the result of an exceptional intervention in personnel costs in 2021 due to covid.

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

The General administration costs mainly consists out of rent, utilities, interim work and external consultants. The increase is a result of inflation.

## 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 01/01/2021	2,282	-1,354	-227	701
Changes	-324	103	0	-221
<b>At 31/12/2021</b>	<b>1,958</b>	<b>-1,251</b>	<b>-227</b>	<b>480</b>
At 01/01/2022	1,958	-1,251	-227	480
Changes	-89	-251	0	-340
<b>At 31/12/2022</b>	<b>1,869</b>	<b>-1,502</b>	<b>-227</b>	<b>140</b>

The net deferred tax liability of 140 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 2022 was 1,869 thousand euro.
- The deferred taxes of 1,197 thousand euro were recorded on a revaluation of stock. Deferred taxes of 258 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 assets 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 1,716 thousand euro.
- The decrease of 340 thousand euro was recognized in the profit and loss account at -337 thousand euro, while 2 thousand euro was recognized in equity (see note 23).

## 18. Trade and other payables

Trade and other payables consist of the following:

000 euro	2022	2021
Trade payables	11,258	11,228
Payroll, social charges	5,005	4,785
Gift cards and credits issued	190	293
Accrued charges <sup>(1)</sup>	7,800	8,384
Deferred income	622	675
FX forward contracts (note 20)	719	0
<b>Trade and other payables</b>	<b>25,594</b>	<b>25,365</b>

(1) In addition to the accrued bonuses to employees and directors as well as discounts to customers, accrued charges also include 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	2022	2021
Other current liabilities: taxes (VAT payable, local taxes, withholding taxes)	1,763	1,676
Taxes payable: corporate income taxes	1,404	1,571

Current liabilities and tax liabilities are in line with 2021. On the one hand, there is a limited increase in outstanding VAT debt in 2022 as a result of growth in turnover. On the other hand, there is a limited decrease in estimated tax liabilities. The 2022 effective tax rate is similar to the 2021 one (note 23).

## 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 concluded FX forward contracts to manage transaction risks with a maturity date between 03/01/2023 and 01/06/2023. As these contracts do not meet the hedging criteria of IAS 39, they are, if applicable, valued at fair value and recognized as trading contracts through profit or loss.

On 31 December 2022, the fair value of these FX forward contracts was -541 thousand euro, comprising an unrealized income of 178 thousand euro and an unrealized loss of 719 thousand euro.

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

000 euro	2022	2021
Derivatives that do not qualify for hedge accounting:		
Other current assets	178	0
Other current liabilities	-719	0
<b>Real value</b>	<b>-541</b>	<b>0</b>

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	2022	2021
Interest income	47	11
Interest costs	-107	-105
<b>Interest result, net</b>	<b>-60</b>	<b>-94</b>
Exchange gains <sup>(1)</sup>	3,153	1,621
Exchange losses <sup>(1)</sup>	-3,687	-1,655
Exchange gains due to IFRS16	0	0
Exchange losses due to IFRS16	0	-5
<b>Exchange result, net</b>	<b>-535</b>	<b>-39</b>
Income from investments (dividends)	0	0
Other financial income	0	0
Other financial costs	-427	-406
Other financial costs due to IFRS 16	-318	-454
<b>Financial result</b>	<b>-1,340</b>	<b>-993</b>

(1) Exchange rate differences (gains and losses) mainly relate to USD, CHF and GBP.

## 22. Personnel expenses

Personnel expenses are as follows:

000 euro	2022	2021
Wages	9,108	8,617
Salaries	28,988	28,088
Social security contributions	8,275	7,838
Other personnel expenses	841	468
<b>Personnel expenses</b>	<b>47,213</b>	<b>45,011</b>

Workforce at balance sheet date	2022	2021
White collars	528	555
Blue collars	982	952
<b>Total</b>	<b>1,510</b>	<b>1,507</b>

## 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 2022 was 237 thousand euro versus 128 thousand euro in 2021. 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	PLAN 2020	PLAN 2020
Award date <sup>(1)</sup>	29.09.16	03.10.17	n/a	15.10.19	09.10.20	01.10.21	08.03.22	04.10.22
Dividend right as of the grant date	no	no	n/a	no	no	no	no	no
Contractual term of the options	5-10	5-10	n/a	7-10	5-10	5-10	10	5-10
Exercise price	63.02	45.13	n/a	23.36	22.60	28.75	32.40	32.40
Expected volatility	35.00 %	35.00 %	n/a	35.00 %	35.00 %	35.00 %	35.00 %	35.00 %
Risk-free interest rate	-0.269 %	-0.143 %	n/a	-0.234 %	-0.580 %	-0.322 %	1.141 %	1.917 %
	-0.242 %	-0.398 %	n/a	-0.415 %	-0.785 %	-0.580 %		1.888 %
Fair value of the share in options (in euro)	16.40	11.23	n/a	7.67	5.32	8.25	10.03	9.09

(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
<b>Outstanding at 01/01/2021</b>	<b>92,000</b>
<b>Exercisable at 01/01/2021</b>	<b>22,000</b>
<b>Movements during the year</b>	
Accepted	35,000
Forfeited	0
Exercised	0
Expired	6,000
<b>Outstanding at 31/12/2021</b>	<b>121,000</b>
<b>Exercisable at 31/12/2021</b>	<b>36,000</b>
<b>Movements during the year</b>	
Accepted	67,000
Forfeited	30,000
Exercised	0
Expired	1,000
<b>Outstanding at 31/12/2022</b>	<b>157,000</b>
<b>Exercisable at 31/12/2022</b>	<b>35,000</b>

## 23. Income taxes

The major components of income tax expense for the years ending 31 December 2022 and 2021 are:

000 euro	2022	2021
<b>Current income tax</b>	<b>9,560</b>	<b>8,832</b>
Current income tax charge	9,349	8,247
Adjustments in respect of current income tax of previous years	210	585
<b>Deferred income tax</b>	<b>-337</b>	<b>-537</b>
Relating to the origination and reversal of temporary differences	-337	-537
<b>Income tax expense reported in the consolidated income statement</b>	<b>9,222</b>	<b>8,295</b>
Taxes reported in the other comprehensive income	2	316

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	2022	2021
<b>Profit before taxes <sup>(1)</sup></b>	<b>46,738</b>	<b>40,781</b>
Parent's statutory tax rate of 25 %	11,684	10,195
Higher income tax rates in other countries	0	0
Lower income tax rates in other countries	-911	-219
Utilization tax losses and unrecognized losses	-202	0
Disallowed expenses	237	215
Tax credits	-1,586	-1,896
<b>Total income taxes</b>	<b>9,222</b>	<b>8,295</b>
Effective income tax rate	19.73 %	20.34 %

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

The effective tax rate in 2022 is 19.73 % compared to 20.34 % in 2021.

## 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).

	2022	2021
Profit attributable to shareholders (in 000 euro)	36,819	32,048
Weighted average number of ordinary shares	13,064,354	13,169,650
Dilutive effect of stock options	30,856	3,230
Weighted average number of shares after impact of dilution	13,095,210	13,172,880
<b>Basic earnings per share (euro)</b>	<b>2.82</b>	<b>2.43</b>
<b>Diluted earnings per share (euro)</b>	<b>2.81</b>	<b>2.43</b>

In 2022, the options awarded over the period 2019 - 2022 had a dilutive effect. In 2021 only the options awarded over the period 2019 and 2020 had a dilutive effect.

## 25. Dividends paid and proposed

000 euro	2022	2021
<b>Dividend paid</b>	<b>26,645</b>	<b>13,323</b>
- in 2022:		
-2.00 euro per share for fiscal year 2021.		
- in 2021:		
-1.00 euro per share for fiscal year 2020.		
<b>Dividend proposed</b>	<b>29,309</b>	<b>26,645</b>
- 2.20 euro per share for fiscal year 2022.		
- No dividend rights are attached to treasury shares.		

## 26. Commitments and contingent leases

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 184 thousand euros was applicable in 2022 compared to 154 thousand euros in 2021. We estimate the future outflow for this contract at 509 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 or passenger vehicles
<b>Right-of-use assets, gross</b>			
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
<b>Depreciation and impairment</b>			
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
<b>Right-of-use assets, net at 31/12/2021</b>	<b>10,240</b>	<b>8,056</b>	<b>2,184</b>
<b>Right-of-use assets, gross</b>			
At 01/01/2022	22,090	18,075	4,015
Additions	695	64	631
Remeasurement	463	463	0
Other adjustments	0	0	0
Disposal	-1,711	-1,270	-441
Exchange rate effects	83	87	-4
At 31/12/2022	21,619	17,418	4,201
<b>Depreciation and impairment</b>			
At 01/01/2022	11,850	10,019	1,831
Depreciations recorded	3,855	2,730	1,125
Impairment	-502	-502	0
Other adjustments	0	0	0
Disposal	-1,711	-1,270	-441
Exchange rate effects	-25	-24	-1
At 31/12/2022	13,467	10,953	2,514
<b>Right-of-use assets, net at 31/12/2022</b>	<b>8,152</b>	<b>6,466</b>	<b>1,686</b>



The investments in 2022 relate to the relocation of the showroom in Sweden as well as new car lease contracts replacing expired contracts. The revaluations concern the impact of rental contracts that were renegotiated and adjustments of the presumed rental agreement term compared to 2021. In 2022, this mainly relates to an agreement extension of a store in the United States of America and to a renewed agreement for the early closing of a store in the United Kingdom. The renewed agreement results in a partial reversal of impairment losses for an amount of 502 thousand euros. In 2022, one store was closed in the Netherlands and one in Germany.

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

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

000 euro	3 to 12 months	1 to 5 years	More than 5 years	Total
2022	3,773	5,123	1,296	10,192
2021	4,014	8,100	784	12,898

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

000 euro	2022	2021
<b>At 01/01</b>	<b>12,201</b>	<b>16,571</b>
Additions	528	1,862
Other changes (revaluations and exchange rate effect)	579	-1,360
Payments	-4,409	-4,872
<b>At 31/12</b>	<b>8,900</b>	<b>12,201</b>
Current	3,350	3,776
Non-current	5,549	8,425

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

000 euro	2022	2021
Depreciation expense of right-of-use assets	3,855	4,333
Impairment lease liabilities	-502	0
Movement ARO obligations	0	-190
Interest expense on lease liabilities	-318	-454
Exchange rate differences on lease obligations	0	-5
Expense relating to short-term leases (included in 'other expenses')	8	8
Expense relating to leases of low-value assets (included in 'other expenses')	26	14
Rent costs related to termination fees minus realized rent reductions (included in 'other expenses')	753	4
Variable rent costs based on turnover	184	154

## 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	Address	(%) Equity interest 2022	Change on previous year
VAN DE VELDE NV	Lageweg 4 9260 SCHELLEBELLE, Belgium Btw-nr. 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	First Floor 22/22a Conduit Street W1S 2XT, 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 22/22a Conduit Street W1S 2XT, LONDON United Kingdom	100	0
VAN DE VELDE NEDERLAND BV	Beethovenstraat 28 1077 JH AMSTERDAM, the Netherlands	100	0

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	Address	(%) Equity interest 2022	Change on previous year
TOP FORM INTERNATIONAL LTD	7/F., Port 33, 33 Tseuk Luk Street, San Po Kong, Kowloon, Hong Kong	25.7	0

### Top Form International Ltd ("TFI")

In 2022 transactions between the Group and TFI totalled 16,797 thousand US dollar. On 31 December 2022 the Group had trade payables to TFI in the amount of 1,503 thousand US dollar. 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.

### 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

Herman Van de Velde NV received an annual gross remuneration of 47,500 euro for his chairmanship of the Board of Directors, the Nomination and Remuneration Committee and for his membership of the Strategic Committee. The other non-executive members (excluding the managing director) receive an annual remuneration of 20,000 euro for their membership of the Board of Directors. All members of the Board of Directors (excluding the managing director) receive 5,000 euro for their membership of the Nomination and Remuneration Committee and the Audit and Risk Committee respectively, while the chairman receives a remuneration of 7,500 euro. The total remuneration for the directors (excluding the managing director) was 230.0 thousand euro in 2022 and 145.0 thousand euro in 2021. The directors have not received any loan or advance from the Group.

### Management Committee and Management Team Remuneration

For the year ended 31 December 2022, a total amount of 2,191 thousand euro (1,575 thousand euro in 2021) was awarded to the members of the Management Committee and the Management Team, 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 remuneration concerns a retention bonus or severance payment.

000 euro	2022	2021
Basic remuneration	1,918	985
Variable remuneration	727	459
Group insurance premiums	47	6
Other benefits	106	7
Exceptional remuneration	120	118
<b>Total</b>	<b>2,918</b>	<b>1,575</b>

In addition to these cash benefits, share-based benefits were granted to the members of the Management Committee and Management Team through the share option plan. In 2022 the members of the Management Team had the opportunity to participate in a share option plan by which they were granted 5,000 options (same in 2021 for the members of the Management Committee). No calculated costs are linked to the options accepted by the members of the Management Team in 2022.

## 28. Segment information

In 2022, Van de Velde decided to change the segments. The former wholesale and retail segments were replaced by the B2B and the D2C segment. Van de Velde distinguishes two operational segments based on the "management approach": the B2B (business to business) and the D2C (direct to consumer) distribution channel. This "management approach" stipulates that external segment reporting be based, amongst other things, on, internal organization, management structure and internal financial reporting. The management evaluates the performance of both segments at EBITDA-level to make decisions on the allocation of resources and the evaluation of the achievements.

The result of a segment includes the costs and revenues directly generated by the segment. Non direct costs or revenues are reasonably attributed to a segment, based on activities or volumes.

Assets and liabilities that can be reasonably attributed to segments (goodwill and other fixed assets as well as stock and trade receivables) are attributed. An important part of the assets and liabilities cannot be attributed to segments and is managed at Group level. The valuation principles of the operational segments are the same as the most important policies of the Group.

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

The selling price determines whether sales are attributed to the B2B or D2C segment.

The B2B segment refers to sales realized at wholesale price. Today this concerns the business with independent retail partners, e-tail partners, franchisees, marketplaces and department stores.

The D2C segment refers to sales realized at retail price. Today this concerns the business from our own store network, our own websites and the concession sales in department stores.

The comparable figures for 2021 are restated to align the following tables with the new segments.

Segment Income Statement	2022				2021 (Restated)			
000 euro	B2B	D2C	Unallocated	Total	B2B	D2C	Unallocated	Total
Segment revenues	168,657	43,088	0	211,745	156,687	38,564	0	195,251
Segment costs	-117,806	-35,723	0	-153,529	-108,005	-32,235	0	-140,240
Depreciation	0	0	-10,139	-10,139	0	0	-13,237	-13,237
<b>Segment results</b>	<b>50,851</b>	<b>7,365</b>	<b>-10,139</b>	<b>48,077</b>	<b>48,682</b>	<b>6,329</b>	<b>-13,237</b>	<b>41,774</b>
Net finance profit				-1,340				-993
Result from associates				-697				-438
Income taxes				-9,222				-8,295
<b>Net income</b>				<b>36,819</b>				<b>32,048</b>

Segment Balance Sheet	2022			2021 (Restated)		
000 euro	B2B	D2C	Total	B2C	D2C	Total
Segment assets	62,568	18,805	81,373	50,553	20,999	71,552
Unallocated assets			127,062			135,625
<b>Consolidated total assets</b>	<b>62,568</b>	<b>18,805</b>	<b>208,435</b>	<b>50,553</b>	<b>20,999</b>	<b>207,177</b>
Segment liabilities	23,925	14,256	38,181	23,829	17,977	41,806
Unallocated liabilities			170,254			165,371
<b>Consolidated total liabilities</b>	<b>23,925</b>	<b>14,256</b>	<b>208,435</b>	<b>23,829</b>	<b>17,977</b>	<b>207,177</b>

Breakdown by region - turnover 000 euro	2022			2021		
	Eurozone	Elsewhere	Total	Eurozone	Elsewhere	Total
Turnover	151,333	60,412	<b>211,745</b>	140,588	54,663	<b>195,251</b>

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	19,816	3,815	<b>23,631</b>
Intangible assets	13,820	6,755	<b>20,575</b>
Right-of-use assets	1,106	7,047	<b>8,153</b>
Inventories	51,293	2,865	<b>54,158</b>

## 29. Events after balance sheet

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

## 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 traded 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	1.4420	1.3710
CHF	0.9833	1.0012
AUD	1.5699	1.5158
NOK	0.8826	0.8556
GBP	1.0648	1.0518
USD	3.3344	3.2429

The Group performed a sensitivity analysis in 2022 on the outstanding trade receivables and trade payables of the Group, at the balance sheet date converted with a sensitivity of 10 %.

000 euro	10 %	-10 %
CAD	70	-70
CHF	78	-78
AUD	60	-60
GBP	75	-75
	<b>283</b>	<b>-283</b>

The Group performed a sensitivity analysis in 2022 on the equity components in the foreign currency of the Group, at the balance sheet date converted with a sensitivity of 10 %.

000 euro	10 %	-10 %
GBP	380	-380
USD	1,520	-1,520
TND	1,849	-1,849
	<b>3,749</b>	<b>-3,749</b>

### 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. B2B sales are generated through around 3,900 independent retailers and a small number of luxury department stores. No single customer accounts for more than 2.8 % 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.

### Macro-economic risk

The impact of the macro-economic environment is monitored by Management and actions are taken where necessary.

For 2022, inflation driven by increased gas prices was the main macro-economic risk. Inflation affects supply through costs and demand through purchasing power. Pricing takes into account both rising costs and declining purchasing power.

The macro-economic factors impact the impairment exercise on goodwill, on brand names with indefinite useful lives and on participations in associated companies, as well as on the calculation of the pension provision, in particular :

- increased interest rates and uncertainties in the market impact the discount rates to be applied;
- current market conditions are reflected in the WACC & discount rates applied in the impairment analyses and in the assumptions applied to the actuarial calculation of the pension provision;
- the impact of inflation & increased interest costs were included in the budgets used in the impairment exercises as well as in the sensitivity analyses.

### **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 (59.5 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 designed a disaster recovery plan to minimize the risk of damage from the failure of the computer infrastructure. Additionally, investments are made to limit the risk of failure of the computer infrastructure itself.
- 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 and third largest supplier for 6 %, whereas all other suppliers account for no more than 4 %.
- 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 47,000 stock references, more than 13,000 of which are changed every season. Therefore, sales do not depend on the success of any one model.

### **Compliance and regulatory risks**

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

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

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

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

### **Other operational risks**

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



**ANDRES SARDÁ**

*Designed in Barcelona*



## 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 2022

In the context of the statutory audit of the Consolidated Financial Statements of Van de Velde NV (the "Company") and its subsidiaries (together the "Group"), we report to you as statutory auditor. This report includes our opinion on the consolidated balance sheet as at 31 December 2022, the consolidated income statement and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year ended 31 December 2022 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 27 April 2022, 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 2024. We performed the audit of the Consolidated Financial Statements of the Group during 25 consecutive years. Pursuant to the Regulation on mandatory audit firm rotation, we must resign as statutory auditor of the Company after the audit of the financial year ending on 31 December 2023.

### 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 2022, the consolidated income statement and 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 € 208,435 thousand of which the consolidated income statement shows a profit for the year of € 36,819 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 2022, 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 ("ISA's") applicable in Belgium. In addition, we have applied the ISA's approved by the International Auditing and Assurance Standards Board ("IAASB") that apply at the current year-end date and have not yet been approved at national level. 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 expressed goodwill and brands with an indefinite life amounting to respectively € 4,5 million and € 12,1 million. The carrying value of goodwill and brands together represent 8 % of the consolidated balance sheet total.

The Group is required to perform an annual impairment test of the cash-generating units to which goodwill and brands with indefinite useful life belong.

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 influenced by management's expectations. More specifically regarding the expected growth, in particular of revenues, of Earnings Before Interest Depreciation and Amortization ("EBITDA") and other assumptions used (growth rate and discount rate ("WACC")) of the identified cash flow generating units.

### Summary of the procedures performed

- Supported by our internal valuation experts, we have analyzed the Company's impairment test model including the significant underlying assumptions (long term growth rate beyond the projection period, impact of the inflation 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 € 54,2 million and represents 26 % of the consolidated balance sheet total. This inventory value already takes into account an allowance of € 8,7 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 budgeted turnover as well as the applied allowance percentages.

### Summary of the procedures performed

Our audit procedures included, among others, the following:

- We have evaluated the design of the internal control process for inventory allowance.
- 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 evaluated management's estimates of budgeted sales on inventory products;
- 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 ISA's 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 ISA's, 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 ISA's 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 another information included in the Board of Director's report, namely:

- section "Consolidated key figures 2022"
- section "Concise version of the statutory financial statements and the statutory annual report of Van de Velde NV"

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 audit of the Consolidated Financial Statements 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>).

In 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 2022 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.

Ghent, 24 March 2023

EY Bedrijfsrevisoren BV

Statutory auditor  
Represented by



Francis Boelens \*  
Partner

\*Acting on behalf of a BV/SRL

23FB0155

# Van de Velde

**PRIMA  
DONNA**

**MARIE JO**  
My invisible force

**ANDRES SARDA**  
*Designed in Barcelona*

**Lincherie**  
LINGERIE STYLISTS

**RIGBY & PELLER**  
LINGERIE STYLISTS LONDON

A close-up photograph of a woman with long, wavy brown hair, looking slightly to the side. She is wearing a light blue and green lace bra with intricate floral patterns. The text 'PRIMA DONNA' is overlaid in the center of the image in a bold, white, sans-serif font. The background is a plain, light-colored wall with soft shadows.

**PRIMA  
DONNA**

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

### Statutory financial statements

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

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

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

### Concise balance sheet

000 euro	2022	2021
<b>Fixed assets</b>	<b>94,089</b>	<b>94,323</b>
Intangible fixed assets	9,117	8,973
Tangible fixed assets	14,433	14,951
Financial fixed assets	70,539	70,399
<b>Current assets</b>	<b>139,735</b>	<b>131,719</b>
Amounts receivable after one year	1,546	1,446
Stocks and orders in production	56,247	44,446
Amounts receivable within one year	21,546	17,163
Financial investments	29,668	9,755
Cash and banks and in hand	29,596	57,838
Accrued income and deferred charges	1,132	1,071
<b>Total assets</b>	<b>233,823</b>	<b>226,042</b>
<b>Shareholders' equity</b>	<b>153,113</b>	<b>153,910</b>
Issued capital	1,936	1,936
Share premium	743	743
Reserves	136,967	137,683
Retained earnings	13,263	13,263
Grants	203	285
<b>Provisions, deferred taxes and tax liabilities</b>	<b>0</b>	<b>0</b>
Provisions for risks and costs	0	0
<b>Liabilities</b>	<b>80,710</b>	<b>72,132</b>
Amounts payable after one year	0	0
Amounts payable within one year	79,893	72,028
Accrued charges and deferred income	817	104
<b>Total liabilities</b>	<b>233,823</b>	<b>226,042</b>

## Concise income statement

000 euro	2022	2021
<b>Operating income</b>	<b>221,207</b>	<b>194,908</b>
Turnover	201,523	186,197
Changes in stocks unfinished goods and finished goods	14,360	4,057
Other operating income	5,324	4,579
Non recurring operating income	0	75
<b>Operating costs</b>	<b>191,008</b>	<b>166,143</b>
Goods for resale, raw materials and consumables	42,402	36,039
Services and other goods	107,221	92,883
Salaries, social charges and pension costs	32,017	29,272
Depreciations	6,154	7,930
Write-downs and provisions	2,924	-256
Other operating costs	290	275
Non recurring operating costs	0	0
<b>Operating profit</b>	<b>30,199</b>	<b>28,765</b>
<b>Financial result</b>	<b>3,759</b>	<b>6,972</b>
Finance income	11,577	11,853
Finance costs	-7,817	-4,882
<b>Pre-tax profit for the fiscal year</b>	<b>33,959</b>	<b>35,736</b>
Tax on the profit	-5,365	-5,117
<b>Profit for the year</b>	<b>28,594</b>	<b>30,620</b>

## Appropriation account

000 euro	2022	2021
<b>Distributable profit</b>	<b>28,594</b>	<b>30,620</b>
Distributable profit for the year	28,594	30,620
Addition to reserves	0	3,975
Transfer from reserves	716	0
Profit (loss) to be carried forward	0	0
<b>Profit to be distributed</b>	<b>29,309</b>	<b>26,645</b>



## Statutory annual report Van de Velde NV Fiscal year 1/1/2022 - 31/12/2022

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 233,823 thousand euro and a profit after tax for the fiscal year of 28,594 thousand euro.

### 2. Important events after balance sheet date

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

### 3. Expected developments

We refer readers to 'Prospects' in chapter 1, 'The year 2022'.

### 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

On 27 April 2022, the General Meeting 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 2025. Seeing as the total maximum duration of the mandate as statutory auditor is reached at the Ordinary General Meeting of 2024, the statutory auditor shall resign within no more than two years.

The annual remuneration in 2022 for auditing the statutory annual accounts of Van de Velde NV was 80,515 euro (excl. VAT). The total costs for 2022 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 165,040 euro (excluding VAT and including the 80,515 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 2022.

### 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

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 buy-back programme of up to 15 million euro on 23 February 2022. The buy-back programme started on 1 March 2022 and has an anticipated duration of one year.

At the end of 2021 Van de Velde NV held 194,040 treasury shares.

In 2022, 141,849 of its own shares were acquired by Van de Velde NV. During 2022 no options were exercised under the option plan.

At the end of 2022 Van de Velde NV held 335,889 treasury shares with a total value of 9,668 thousand euro.

000 euro	2022	2021
Share capital	1,936	1,936
Treasury shares	9,668	4,755
Share premium	743	743

### 8. Conflict of interests

In 2022, one conflict of interest under article 7:96 of the CCA occurred within the Board of Directors, the Management Committee or the Management Team.

This concerned the granting of variable remuneration to Mavac BV as chair of the Management Committee, within the framework of the exit arrangement of Mavac BV, by the Board of Directors on 23 February 2022.

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 granting of variable remuneration to 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 termination arrangements for Mavac BV as chair and member of the Management Committee, specifically the granting of variable remuneration.

It was stipulated in the management agreement with Mavac BV, the annual bonus plan and the remuneration policy that no annual variable remuneration would be payable if the CEO was no longer working for Van de Velde on 31 December of the year in question.

Contrary to this, the Board of Directors decided to grant a variable remuneration to Mavac BV for the year 2022 pro rata the term of the management agreement (in particular for the period 1 January 2022 to 30 June 2022).

**b) Financial impact of the decision**

The variable remuneration target is 45 % (up to a maximum of 55 %) of the fixed remuneration of Mavac BV during the period 1 January to 30 June 2022. The effective percentage will, in accordance with the predetermined targets, be calculated after the end of the financial year in question.

**c) Grounds justifying the decision**

The Board of Directors is of the opinion that this variable remuneration is justified in view of the importance of a proper handover to the newly appointed CEO.

**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 Callebout 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 (10 May 2022), 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 and Management Team, 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 2.20 euro per share. After payment of withholding tax, this represents a net dividend of 1.54 euro per share. After approval by the General Meeting of Shareholders the final dividend of 2.20 euro per share (net dividend of 1.54 euro per share) will be paid out as from 3 May 2023.

Proposed profit distribution in thousands of euro:

Distributable profit	28,594
Withdrawal from reserves	716
Profit to be distributed	29,309
- Of this amount, proposed gross dividend of 2.20 euro per share on 13,322,480 shares	29,309

## 15. Non financial information

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

Karel Verlinde CommV.  
always represented by  
Karel Verlinde  
Managing Director



A close-up photograph of a woman with voluminous, curly brown hair. She is smiling and looking slightly to her right. She is wearing a white lace bra with a scalloped edge. The background is a soft, out-of-focus light blue.

**PRIMA  
DONNA**  
TWIST

## 8 | Statement of responsible persons

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

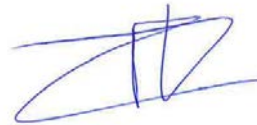
A) the financial statements, which have been prepared in compliance with the applicable standards, faithfully reflect the equity, the financial situation and the results of Van de Velde and the companies included in the consolidation.

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

*Karel Verlinde CommV,  
always represented by  
Karel Verlinde  
Managing director*



*Herman Van de Velde NV,  
always represented by  
Herman Van de Velde  
Chairman*





MARIE JO

My Invisible Force







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# General Introduction

## Sustainability report – Introduction by the CEO

The Van de Velde strategy was updated in June 2021, with sustainability identified as a strategic outcome. This is not at all by chance, as sustainability has always been in our DNA.

To realize our ambition to become more sustainable we needed to set goals based on our impact. In October 2021 the position of dedicated sustainability manager was established. In 2022 a sustainability roadmap was developed with a focus on four pillars.

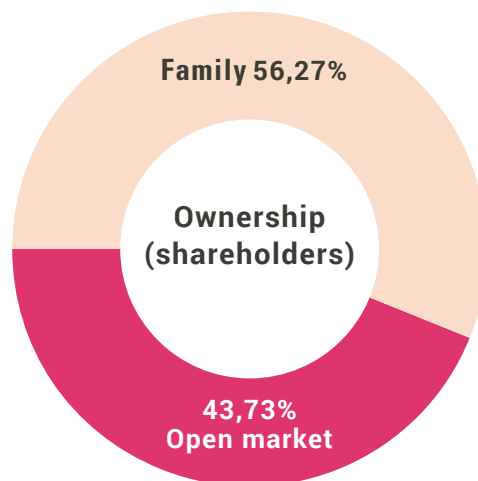
- We strive for carbon neutrality
- We explore the potential of circularity
- We ensure due diligence with all our partners
- We contribute as purpose driven company

We made a lot of progress in 2022. The organization gained insights into our impact and upcoming regulation. In the course of the year it became clear that sustainability is an opportunity for our company with very exciting win-win scenarios for all our stakeholders.<sup>[GRI 102-14]</sup>

## About the company

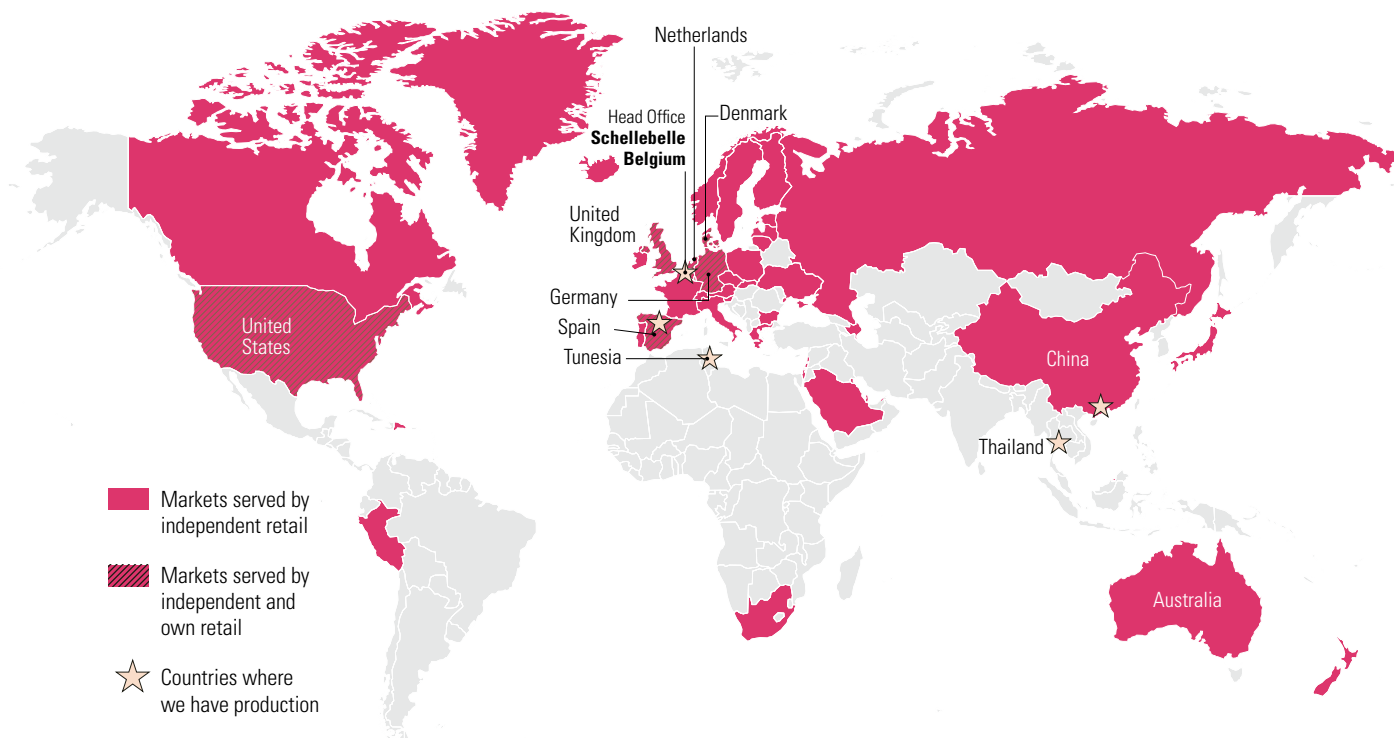
Van de Velde NV designs fashionable lingerie and swimwear of superior quality under the highly complementary brands PrimaDonna, Marie Jo and Andres Sarda. Our goal is to make a difference in the lives of women by improving their self-image and, in doing so, giving them even more confidence with beautiful lingerie that fits perfectly. Impeccable service in store is also key. It's an approach we have consolidated in our Lingerie Styling concept. Van de Velde works closely with about 4000 independent lingerie boutiques around the globe. We have our own retail network with retail brands Rigby & Peller and Lincherie. We primarily focus on the European and North American market.

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



A sustainable vision has always been important to the family; short-term financial profit will not be pursued at the expense of long-term goals. Business continuity and economic growth are the main motivators; positive social impact is the wider goal.

Operating activities are reported at the Schellebelle head office, the Wichelen distribution center and our Tunisia production company. Some production is also outsourced to subcontractors. This is covered in various sections of the report.



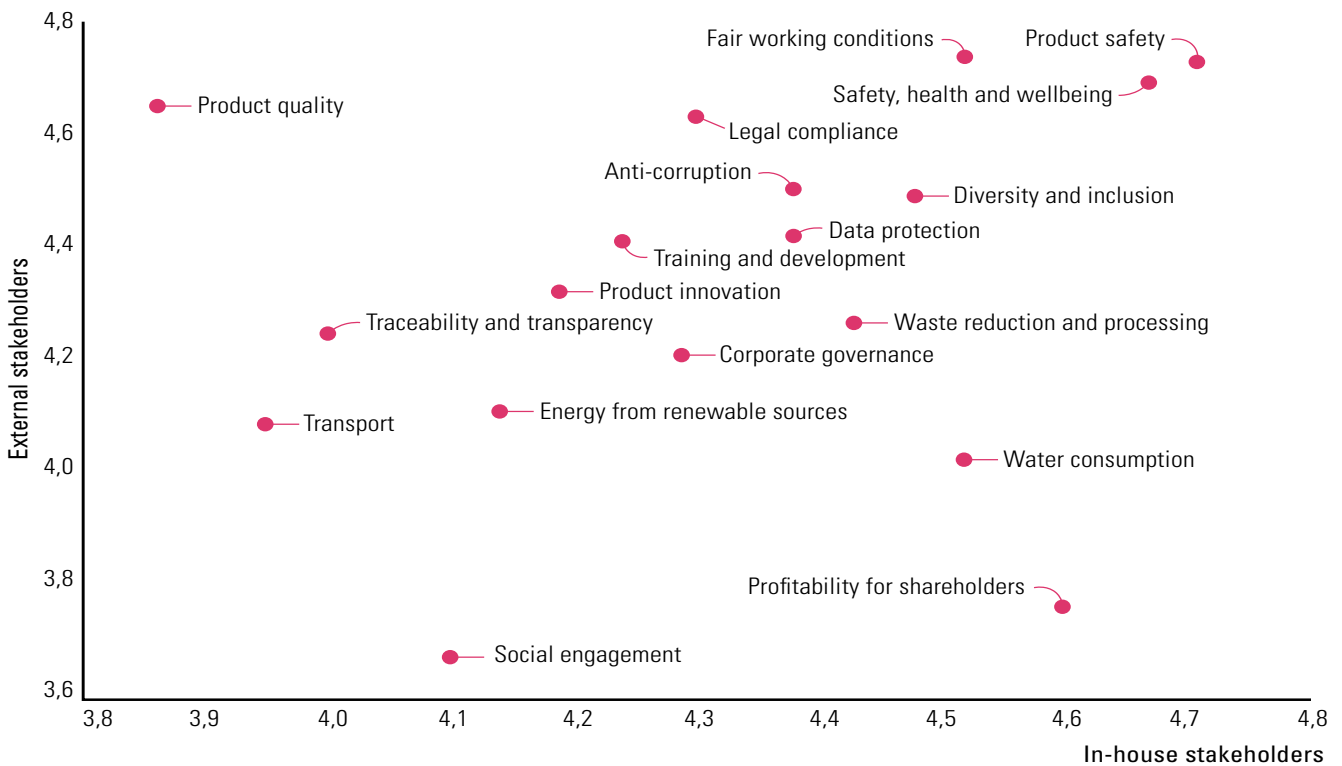
## Defining our sustainability strategy

To define the strategy and operating framework required for sustainability, we started with a round of thorough desk research. The Green Deal, the United Nations Sustainable Development Goals, GRI standards and the upcoming new CSRD were among the main sources for this exercise.

The Carbon Footprint Study of the Van de Velde group, which was conducted at the beginning of 2022, was also essential input for the new sustainability roadmap. Workshops with the management and leadership team were key to translating all new insights and learnings, always through the lens of our company.

In 2020-2021 a materiality survey was conducted with internal and external stakeholders. We asked them which material topics were important for them and what they thought our ambitions should be. We processed the input of 50 Belgian employees, 34 raw material suppliers, 148 retail partners and 14 shareholders [GRI 120-40]. A score between 1 (low) and 5 (high) was assigned. The results of this internal and external survey are shown in the materiality index below.

## Outcome of the materiality survey 2020-2021



At that time, social material topics were scored very high: fair working conditions, employee health and safety, anti-corruption, diversity and inclusion, alongside product quality and safety.

Environmental material topics were rated rather low. But we believe that the results of the survey might look different today, in the current context of climate change – and its negative effects that no one can ignore. A new materiality analysis will be conducted in 2023.

The main social topics, identified in this previous study as very material and important, are also adopted in the sustainability strategy. As such,

we continue the commitments we made in the past and we define new priorities in our updated strategy, taking into account the required sense of urgency.

The study of the United Nations Sustainable Development Goals was also an important starting point for defining the strategy: this framework constituted the basis for understanding and learning where and how we could have more impact as a company. [GRI 102-40/42/43/44/47]

We first focused on the SDGs where we could make a difference on a daily basis in our core activities. In various workshops with the management team, we aligned on following the SDGs:



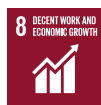
We pay special attention to good health and (mental) well-being for our more than 1500 employees. With our brands, we offer high quality and good fitting lingerie and swimwear that boosts women's self-confidence.



We believe in the power and potential of people. That's why we organize specific trainings and (self-) deployment tools for our employees. We share know-how with our partners and consumers on how to choose, wear and care for our products. We partner with organizations like Plan International that are specialized in training and education for (younger) women.



We believe in the power of people and in the power in women in particular. Our purpose – 'We ignite the power in women' – is the recurring theme throughout all our activities and in all our decisions.



We create good working conditions for all employees, regardless of position or location. We encourage the protection of human rights and promotion of health and safety at all partners throughout our value chain.



We develop high-quality products with longevity: our lingerie products last for years, they are not fast fashion. We build new knowledge on how to integrate more sustainable choices in the design and development process of new products. We strive to limit waste in all our operations and we study second-life applications for fabric and unsold finished goods.

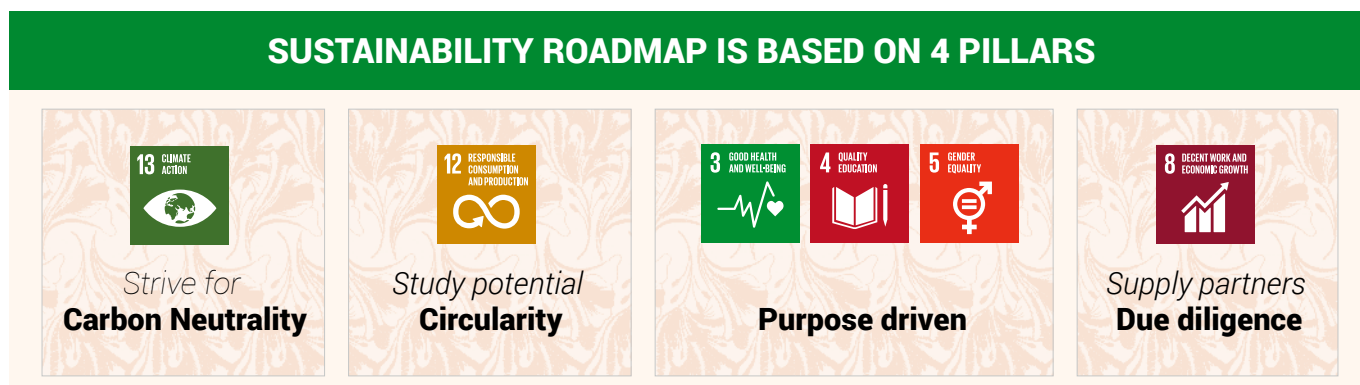


We study our carbon emissions to get a better understanding of how and where to act to reduce our ecological footprint. We integrate this information into our strategic decisions and we draw up action plans to reduce emissions in the coming decades.



We select partners willing and able to support our sustainable goals. We participate in (new) networks to find the specific expertise and knowhow needed to advance towards a more sustainable future.

Drawing on our research and consultation, our sustainability roadmap is based on four major pillars: striving for carbon neutrality; exploring the potential of circularity; ensuring due diligence at all our partners; contributing as a purpose-driven company.



In the **first pillar** we group all initiatives that support the reduction of our carbon emissions, related to facilities, fleet, waste and transport activities.

In the **second pillar** we cover product-related activities: purchased goods and end-of-life cycles are predominant in fashion industry, so we see this as an important domain to explore for future. The complexity of our product and the immaturity of circularity in our niche lingerie business, drive us to take a leadership position.

## Sustainable governance

The new role of sustainability manager was created in October 2021. The sustainability manager reports directly to the CEO and is responsible for setting and implementing the sustainability strategy.

Based on the new roadmap, the first projects and responsibilities were defined in 2022. The projects are led by key ambassadors in the various departments, with sponsorship by members of the management or leadership team. The sustainability manager regularly touches base with the project leads to keep track of the progress.

Our purpose – ‘We ignite the power in women’ – brings us to the next level of action: our employees and consumers, both of which are mainly females, have always been key. We believe we can strengthen our efforts in this **third pillar**, particularly with regard to reaching out to society.

In the **fourth pillar** we want to take a more pro-active role in supporting and managing due diligence at more than 1000 business partners. The aim is not only mitigating risk and gaining more transparency, but also encouraging initiatives to grow a positive social culture.

The sustainability manager is responsible for coordinating and reporting on the entire program and leading internal and external communication.

The sustainability manager reports to the management team four times a year and to the Board of Directors once a year. This schedule can be revised in response to specific deadlines. [GRI 102-18]

# **I** **First pillar: strive for carbon neutrality**



Strive for  
**Carbon Neutrality**

## **1.1. Why this priority?**

In a context in which we are confronted with the negative effects of the climate change and the limitations of the planet on a daily basis, we feel that doing our bit and contributing where we can is non-negotiable, particularly as Textiles & Apparel is one of the most polluting sectors.

The many new European Union regulations and directives, based on the Green Deal, show us that there is a real sense of urgency to act.

The new insights and the upcoming new technologies and innovations give us a positive feeling and bolster our belief that this transition is an opportunity that generates benefits for all stakeholders.



## 1.2. First step: Carbon footprint calculation

At the beginning of 2022 we calculated the carbon footprint of the Van de Velde Group. The study covers Scope 1 & 2 and also includes Scope 3 carbon emissions, given the supply chain accounts for the largest part of the carbon footprint. The calculation methodology follows the GHG Protocol and is in line with ISO 14064. [GRI 305]

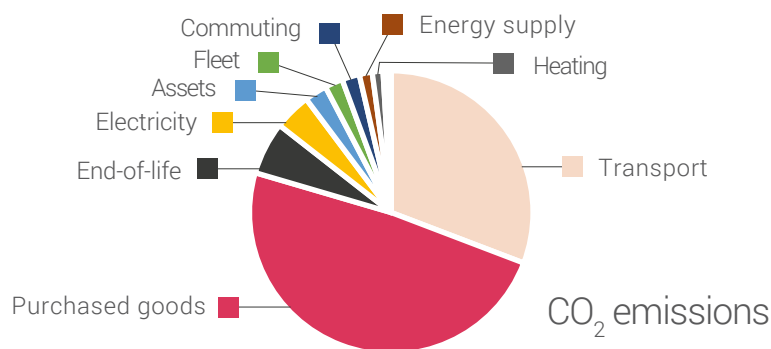
The following entities of the Van de Velde Group were in scope:

- Schellebelle headquarters
- Wichelen distribution center
- Tunisia atelier
- 28 own & operated retail stores
- Our global sales force

The activities relevant to Scope 1&2 carbon emissions were identified at all entities. The following selection was made for the Scope 3 calculation:

- **Upstream activities:** purchased goods & services – energy supply - transport
- **Downstream activities:** end-of-life products
- **Resources:** business travel – employee commuting – assets – waste in operations

The software was customized in line with process flows and data from 2020-2021. Due to the pandemic, these years were not representative in terms of business activities, so we took 2022 as the base year for reporting. We counted a total of 24.167 t CO<sub>2</sub> emissions for that year.



The 2022 results clearly showed our carbon emissions are concentrated in a few key areas:

- **Purchased goods and end-of-life:** the main fabrics used in our designs are a mix of synthetics (polyamide, polyester and elastane), which are not yet recyclable.
- **Freight:** on weekly base we transport (inbound and outbound) to and from our subcontractor in Asia and to and from our own production plant and partners in Tunisia.
- **Electricity:** we used a rather low volume of renewable energy sources in 2022.
- **Vehicles and fuel:** in our current business model our sales representatives visit customers around the world.

These findings reveal various opportunities for improvement. Some have been identified as quick wins, others will be part of our long-term strategy.



### 1.3. Next step: CO<sub>2</sub> emissions reduction strategy

In this chapter, we group the initiatives that support the reduction of our carbon emissions, related to facilities, fleet, waste and transport activities.



**Energy consumption:** how to reduce consumption and maximize use of renewable sources.



The transition of our **Fleet**, which comprises around 100 vehicles worldwide.



**Waste** management: with the greatest focus on non-recyclable operational waste

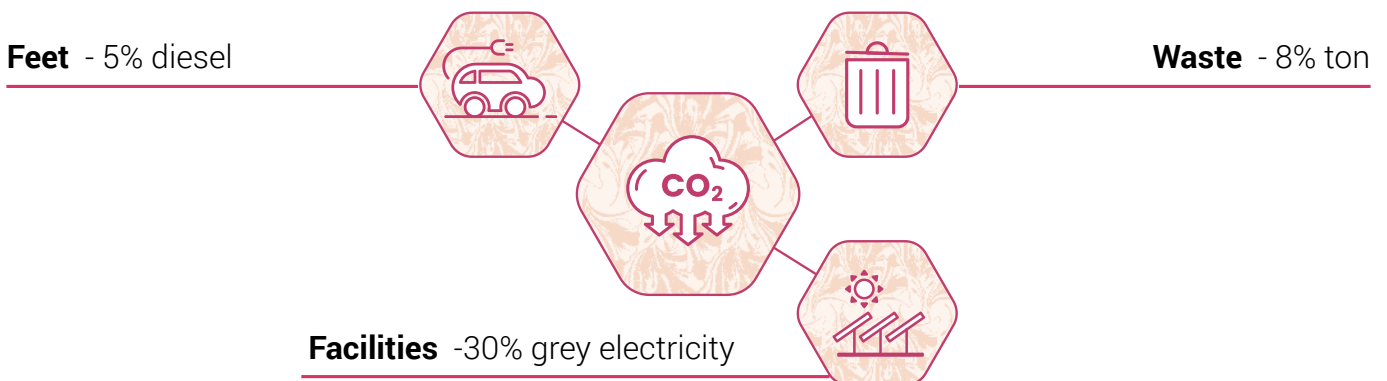


**Transport** activities: initiatives to lower the impact of our inbound and outbound activities.

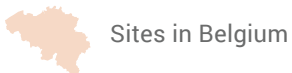
Greenhouse gas emissions related to *purchased goods* and *end-of-life* are covered separately in the second pillar (circularity), with due consideration for how important these categories are (1 and 3 on the emissions chart) and the direct link with the USP of our products.

Specific initiatives to reduce the emissions, will be assessed, adopted and planned based on simulations and feasibility studies. Some short term targets have been set, more longer term kpi's will be defined.

The following targets have been set for the end of 2025



## 1.4. Facilities: gas & electricity [GRI 302]

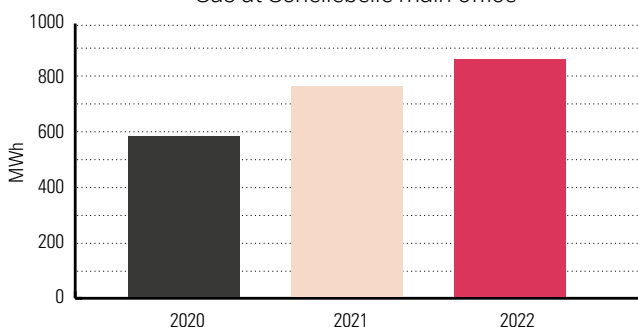


Sites in Belgium

### Analysis in 2022

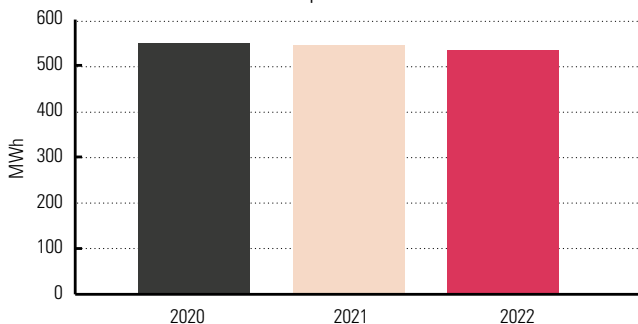
**Gas consumption** increased slightly in **Schellebelle** compared with the previous year. Gas is primarily consumed to heat the offices. We continued to keep internal doors open wherever possible to maximize ventilation. We also had a major cold snap at the end of the year. Taken together, these had a negative impact on gas consumption.

Gas at Schellebelle main office



**Gas consumption** in **Wichelen**, which is also mainly connected with heating, was similar to what it was in 2021. We continue to see a gradual positive impact over the years, due to previous actions, such as the insulation of the roof at Meerbos 22 and the installation of a heat pump.

Gas consumption at Wichelen site

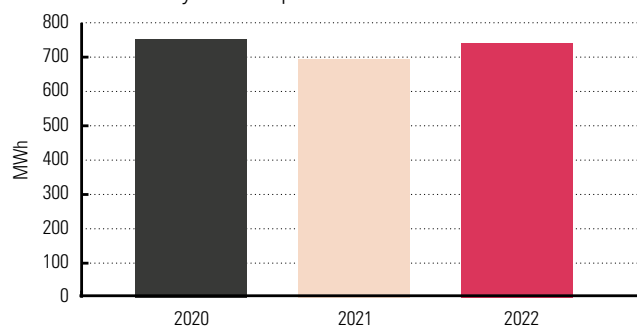


**Electricity** consumption in **Schellebelle** increased slightly compared to 2021. This is mainly due to:

- intensification of activities in general (post-COVID), including the return to the office of all employees and the resumption of sales activities;
- a long hot summer, which necessitated the cooling of the offices.

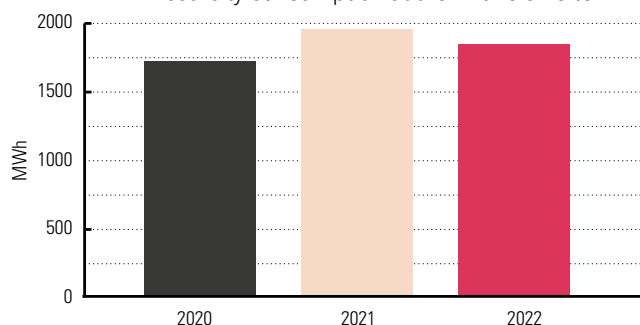
Since 2018 (where the consumption was more than 900 MWh) we have continued to see a general decline, thanks to the efforts made in the past years, such as the switch to LED lighting, the insulation of rooftops and the upgrade of the cooling systems.

Electricity consumption at the Schellebelle head office



The small decrease in electricity consumption in Wichelen compared to 2021 is mainly due to the switch to LED lighting in some departments.

Electricity consumption at the Wichelen site



### Outlook for 2023

The installation of additional solar panels in Schellebelle is planned in Q1 of 2023 to maximize the use of renewable energy sources in Belgium. This should result in an estimated 30% reduction in purchased grey electricity by the end of 2025. In the meantime, negotiations on new Green Energy contracts are also ongoing.

We are planning to enlarge our Wichelen site. Our goal is to build as energy efficient as possible. Optimizations of the older part of the facility will also be included in this project. The purchase of the land is conditional on the achievement of challenging sustainable targets, which will be met in full.



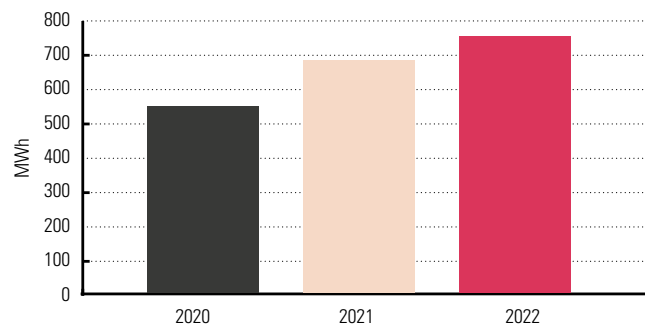
### Site in Tunisia [GRI 302]

#### Analysis of 2022

Electricity consumption in 2021 increased, mainly due to the installation of molding machines in Tunisia. Molding used to be outsourced, but was brought in-house to shorten supply and production chains (vertical integration). High temperatures are needed to preform synthetic fabrics, which impacts total electricity consumption.

- The remaining increase in 2022 was driven by two factors:
- Extreme high temperatures in the summer months. Extra air conditioning was necessary to continue working at a comfortable level.
- Extra energy was needed for the construction of the new building.

Electricity consumption at Tunisia production site



### Outlook 2023

A new building is under construction in Tunisia (the project launched in 2022): the operational floor space will be doubled and new activities will be integrated, such as sample making and cutting. Solar panels will

be installed on the new building to generate electricity for both the new and old wings. We estimate at least a 30% reduction in grey electricity generation in the first years.



## 1.5. Fleet


The Van de Velde fleet comprises more than 120 cars in total. Some company cars are used exclusively by associates working at the Belgian head office; others are used by sales representatives worldwide. The retail partners are the core of our business: our sales representatives frequently visit our local retail partners to present the collections, take pre-orders and general follow-up. The sales force is regionalized, so distances between reps and customers can be optimized.

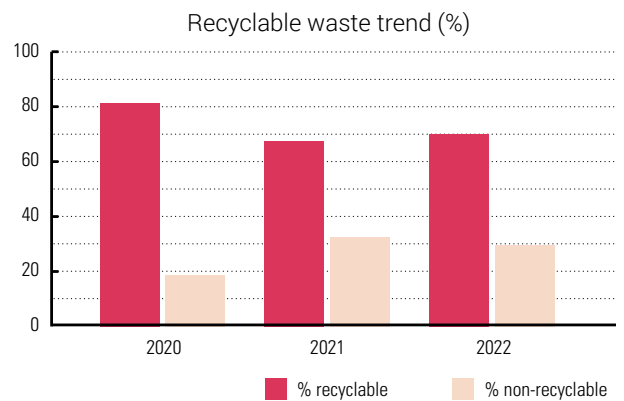
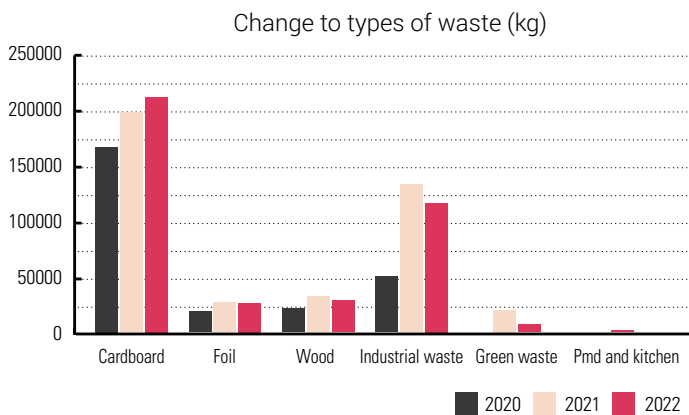
At the moment, only few vehicles are hybrid or electric. The transition to a more electric fleet has now been accelerated and our intention is for our whole fleet to be electric by 2030. More than 50 new company cars were ordered in 2022, 40 of which are hybrid or electric. Further preparations to support the transitions are scheduled for 2023. A new car policy will be drawn up and 30 charging stations will be installed at the Schellebelle head office.

The taking out of service of older company cars in 2022 should see diesel consumption decline by 5% in 2025.



## 1.6. Waste management [GRI 306]

 Sites in Belgium



### Analysis of 2022

The ratio of recyclable waste to non-recyclable waste increased compared with the previous year. The main reason for this is the improved sorting of waste streams. The use of mini-containers at the various sites and special sorting bins for employees precludes the mixing of recyclable and non-recyclable waste.

Cutting room fabric offcuts continue to account for most non-recyclable industrial waste (67% of the total). Special attention will be given to the treatment of this waste streams (see Outlook 2023).

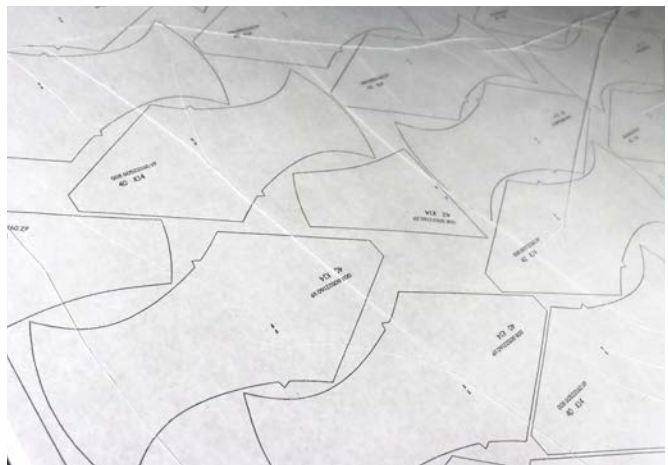
Cardboard waste is the largest waste stream by volume. It is mainly made up of packaging used by subcontractors or fabric suppliers and protective cardboard layers from the cutting room. These cardboard waste volumes have progressed in line with the increase in production activities in 2022. Bearing in mind how important paper and cardboard waste is, these stream are separated into three sorting routes depending on value and type. [GRI 306-2]

### Outlook 2023

The raw materials for our products are a mix of polyamide, polyester and elastane. This means that cutting waste is non-recyclable. This waste stream made up more than 60% of all non-recyclable waste in 2022.

Given the scale of this waste, we launched a study in 2022 for the upgrade of our cutting machines to reduce the buffer between patterns. If the results are positive, we plan to replace all five cutting lines over the next few years.

The potential for upcycling our cutting waste will also be explored. We will test whether our cutting waste could be used for the development of other products in partnership with other industries.



Paper and cardboard is the largest recyclable waste stream at both sites. In 2023 we will run a project to identify the sources and determine scenarios for reducing volumes.

As well as the abovementioned initiatives, we run specific awareness campaigns for our associates, focusing on both sorting and prevention. Mini-containers and special garbage bins have been introduced in all departments to facilitate proper sorting.





### Site in Tunisia

Efforts have also been made to reduce waste at the production plant in Tunisia. Cardboard and plastic packaging used for transporting raw materials are reused wherever feasible. The containers used to transport cut parts for assembly from Belgium return to the distribution center in Belgium fully loaded with finished products. Used textile (such as haberdasheries and offcuts) is sorted and collected separately. In 2022 average daily waste was 100kg.



## 1.7. Transport

The weekly transport between Belgium and Far East is mainly done by air, the transport to and from Tunisia by truck and boat. The transport of raw materials to the cutting department in Belgium is mainly by road (not air) , as we purchase more than 80% of goods in Western Europe.

With goods deliveries and transport activities having been disrupted by external circumstances such as lockdowns and the war in Ukraine, we decided not to touch the existing flows and partners in the short term.

We will review the situation and the stability of all factors in 2023 before making a decision on whether to examine new transport scenarios.

## 2 Second pillar: explore the potential of circularity



## Study of potential Circularity

### 2.1. Responsible production: introduction and challenge

First and foremost, responsible production in fashion means making products that can **last 'forever'**.

Key is developing products of very high quality that do not lose their shape or color after being worn or washed a few times. Low quality (cheaper) products are too often discarded and replaced by new ones. At Van de Velde our aim is never to compromise on longevity.

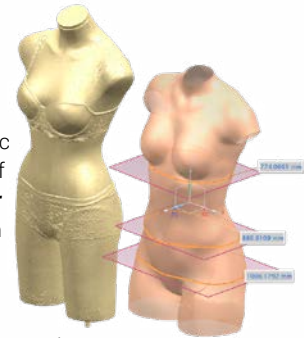
We also offer an extensive range of **timeless lingerie products** that can also last 'forever' from an aesthetic point of view. Some of our iconic designs, such as Avero (Marie Jo) and Deauville (PrimaDonna), have existed for more than 25 years and account for more than 20% of our turnover.

The **high quality** and fit of our products are the result of developing knowhow for many years. The development process that was once based on pure trial and error is now adopting an objective data-based methodology, developed in house in an intensive partnership between product development teams and innovation experts.

The engineering of the many (technical) fabric components is key to guaranteeing this level of quality and fit. The same functional **modular components** are essential to continuity season after season, so they are used for many years.

Our finished products cannot currently be recycled, as they comprise more than 40 components, each comprising different material compositions, mostly including elastane. The products are difficult to disassemble and only some parts can be repaired. Parts that are easy to replace, such as hooks and eyes or wires, are made available for retail partners.

For these reasons, rethinking the fabrics and the design of our products to meet the principles of circularity (repair, recycle) is a big challenge. We produce millions of pieces per year and we want to act responsibly. But we are only getting started.



### 2.2. Key aspects: high quality and longevity

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 strict and intensive development process that takes place at our headquarters in Belgium. During the design phase, our visual designers work closely with a specialized technical product development team. Our products consist of more than 40 parts and premium quality is expected for every single part: for every fabric and lace, as well as every single component, small ring or strap.

Before going into production, the raw materials are randomly inspected in the Van de Velde laboratory in Wichelen (Belgium). After assembly in the ateliers, the finished bras and briefs are again subjected to extensive quality controls at our Tunisian plant or our distribution center in Wichelen. By making high-quality products, we work against the creation of a throw-away culture.

We ensure all our products are safe for consumers by requiring all our suppliers to comply with the REACH & OEKO-TEX® standards to ensure products do not contain harmful chemicals or allergens. [GRI 416-1]





### 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 towel-ling. 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 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]

## 2.3. Purchased goods [GRI – 301]

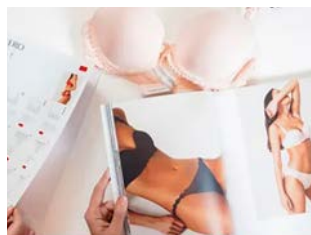
### Purchased goods: materials for our lingerie and swim products

For our lingerie and swimwear we mainly use synthetic fibers such as polyamide and polyester, mixed with elastane. This combination has the great advantage of resulting in a good fit and ultimate comfort. It also makes our products resistant to abrasion and easy to clean. This good shape and color fastness means our products can be worn for a very long time and do not quickly end up in the waste bin.

In calculating our carbon footprint we identified the impact of these types of raw material (scope 3). We learned that the fabrics we use have the biggest impact, as the production of virgin synthetic yarns is a high-energy process that requires fossil fuel consumption.

We have begun to study more eco-friendly alternatives, such as:

- Recycled (pre-consumer) yarns: made from residual streams from the production of polyamide or polyester;
- Bio-based yarns: for this production, a renewable biocomponent (such as starch) is used as an alternative to fossil fuel.







The materials made with the recycled polyamide are GRS-accredited. This Global Recycled Standard is accepted worldwide as a guarantee of an eco-friendly production process.



We have introduced these new yarns into some of the fabrics used in recent collections, which were developed in close collaboration with our regular raw materials partners.

We intend to continue this transition for future collections wherever possible. However, in these early stages we have already come up against quite a number of challenges, including availability, scaling, pricing and the need for new technologies.

Furthermore, no fully fledged alternatives currently exist for some essential functional components (such as foam cups and elastane). These are critical components in terms of comfort and fit, so more extensive research is needed before a switch can be made.

**Purchased goods: packaging and POS**

As a first step, we eliminated the single-use plastic packaging for finished products in 2021. Rather than the branded plastic bags previously used as packaging for the swimwear of our three brands, we now package them in a box made from recycled cardboard. This cut plastic use by more than 10,000kg over a twelve-month period. The plastic packaging of the Color Studio briefs was also withdrawn in 2021, replaced by a recycled cardboard box. This eliminated more than 100,000 plastic boxes on an annual basis.

The next step is to replace all branded cardboard boxes for lingerie with recycled versions by 2025.

Another project is the review of our POS policy in 2023. We have identified some opportunities here, given the fact that a lot of seasonal marketing material still is single used and ends up as waste after one season.



## 2.4. Fabric leftovers

Our aim is always to minimize fabric leftovers after seasonal production. This is also supported by a number of design principles.



### Modular components

For reasons of continuity in quality and fit, our products are designed with modular technical components (wires, foam cups, elastics). The same functional components are used in the products of every new season collection, resulting in consistent sizes and shaping effects. Another positive is these components are often interchangeable over seasons.



### Standard colors

A significant proportion of our turnover is also generated by standard colors such as Natural, Black, White and Nude. These timeless shades have the same positive advantage as some modular components: no specific season leftovers. These standard colors are the same for all our lingerie brands, which optimizes order quantities and drives flexibility in production.



### Resell or upcycle fabric leftovers

These design principles - amongst others - enable us to keep (seasonal) fabric leftovers to an acceptable minimum. Fabric leftovers are not handled as waste, but sold to third party buyers.

These are high-quality fabrics, often with strong technical performance characteristics, which means they can be a source of value for products made in other sectors. A project to identify pilot cases will be set up in 2023.

## 3 Third pillar: People- and purpose-driven



Purpose driven



Van de Velde is a company that has always put people first. We strongly believe in the power and potential of people and particularly in the **power in 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 on 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.

*Consumers* are put at the heart of our company alongside our employees. As stated above, we believe in the power in people, particularly **the power in women**. We want to do everything we can to support women, literally and metaphorically. This ambition is clearly expressed in our purpose statement: **'We ignite the power in women'**. Through our three brands we aim to provide the ultimate fitting 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 to people and their position in society. We want to contribute and help create new opportunities for women.

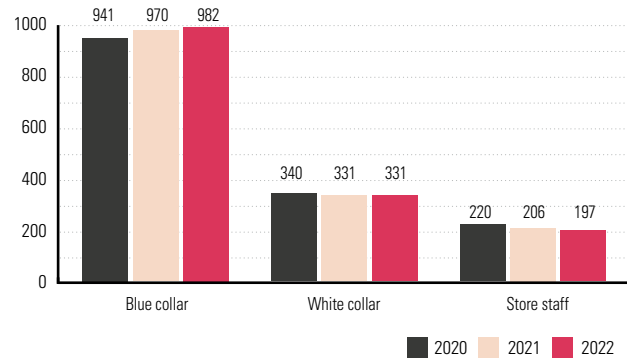
### 3.1. Our employees: our brand ambassadors

#### Who are our employees?

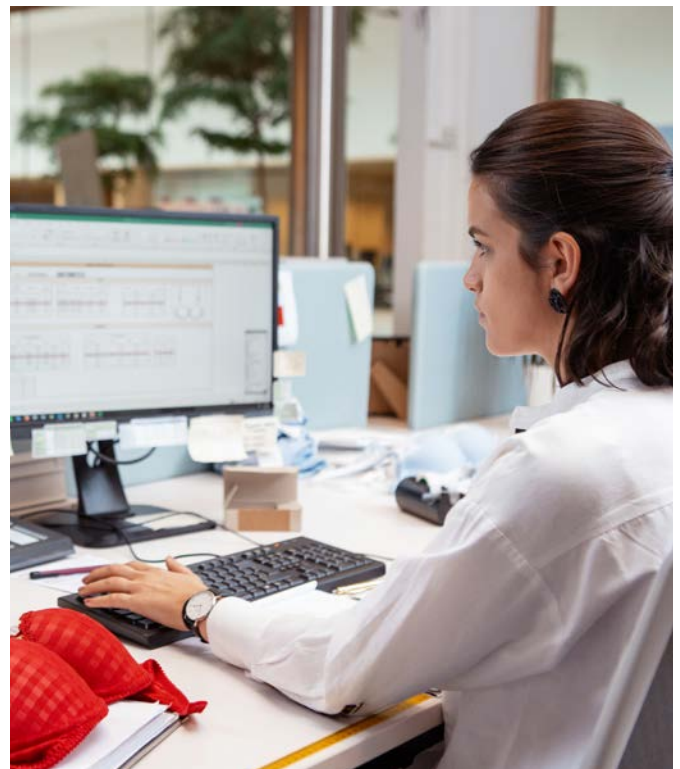
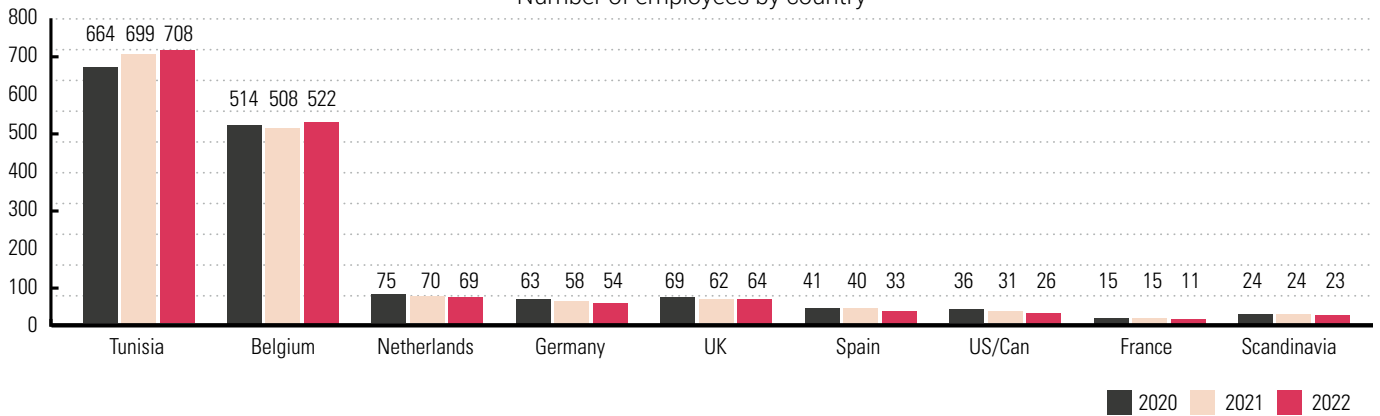
Van de Velde employs people around the globe. [GRI 102-8] We not only make products for women, these products are also largely made by women. Women are also well represented in senior management positions and on the Board of Directors (figures see below in pillar 4).

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, HR and digital specialists working on ongoing projects.

Number of employees by status



Number of employees by country



## Values [GRI 102-16]

Since 2020, Van de Velde Values have been defined as: [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 are 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 any other individual.

These rules are written down in the *Code of Conduct*, the purpose of which is to ensure we do business with integrity. All associates of Van de Velde are giving training on these rules in a specific training module.

The Code of Conduct is available at [www.vandavelde.eu/en/code-of-conduct](http://www.vandavelde.eu/en/code-of-conduct).

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

## Safety and (mental) health [GRI 403]

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 (prevention and protection) and mental aspects (psychosocial context) of wellbeing.

### 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 written 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:*

In recent years the in-house department has drawn 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 the day-to-day activities



*Example: adjusting existing processes*

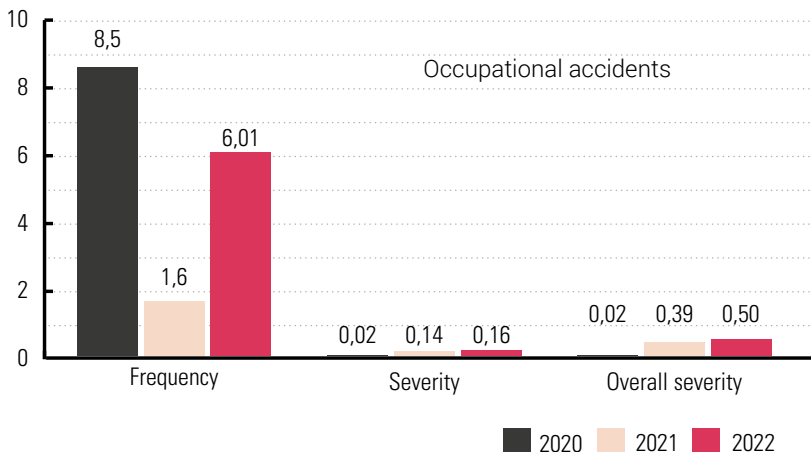
The pandemic and the mandatory work-from-home policy has disrupted the structural on-site presence of safety and prevention-related functions over the past two years. The following actions were taken in response to this new situation:

- 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 for 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 2023 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

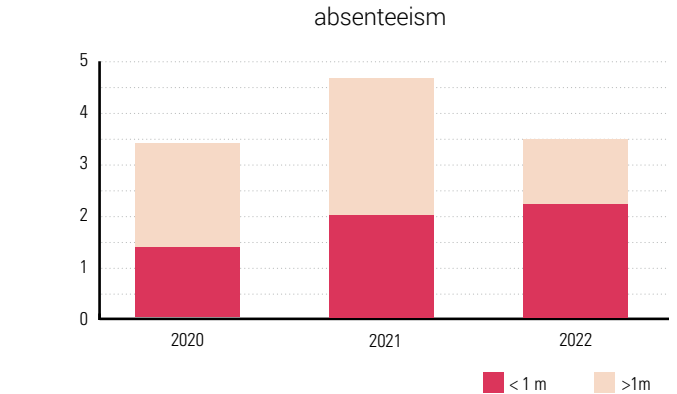
**Overall severity**  
number of calendar days lost time + disability x 1,000 / hours of exposure

**(Mental) health**

Van de Velde takes a lot of initiatives to improve and protect (mental) wellbeing. In recent years the option of hybrid working has been introduced for most jobs. This policy offers our associates 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 a PAPSY (prevention advisor psychosocial aspects) are also 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 on Intuo. Respondents are always able to add more detailed comments. The questions presented to employees on 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 team and within the departments, allowing us to work in a targeted way on action plans to strengthen the aforementioned drivers.

Communicating with our employees in a transparent and meaningful way is key. That's why we endeavor to keep our employees informed about developments in the organization, among other things through



our 'Conversation Room' platform and our private working@vandelde Facebook group. In 2022 a corporate communication manager was recruited, who will help reinforce internal communication, among other things.

We are also committed to encouraging employees to take up regular sport/exercise and adopt healthy eating habits. The following initiatives have been launched:

- Weekly fresh fruit baskets
- Company bicycles
- Walk & bike initiatives
- On-site showers
- Sport challenges (paddle, ping pong)



Van de Velde was one of the first companies in East Flanders to be awarded the 'Sportbedrijf 22-23' label by Sport Vlaanderen.

This award recognizes Van de Velde's commitment to its employees, with a focus on health, sport and exercise.

The label was awarded for two years, thanks to the work of our VdV Connect team, the efforts of the Internal Service and HR, and the active participation of our colleagues.



## Site in Tunisia

At the Tunisian site all safety aspects are monitored by one 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 where necessary. Two occupational accidents were recorded in 2022. [GRI 403-2]

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

## Training and development

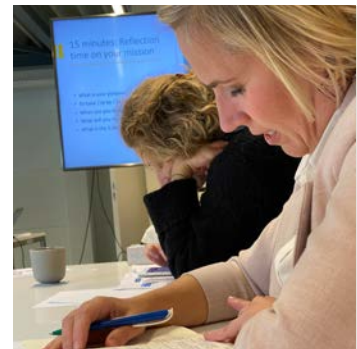
Development is something we do together. We strongly believe that Van de Velde can only grow if our employees are able to grow.

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.

To keep personal development at the front of people's minds Van de Velde organizes a performance cycle every year. Each first quarter of the year,

employees have a personal growth conversation with their line manager. Values and competences, required skills and personal ambitions are assessed during this conversation. A follow-up is scheduled in the third quarter.

We also encourage internal mobility and cross-department mobility. In 2022 internal candidates filled 28% of all vacancies.



## Sites in Belgium

### Onboarding

It is very important to us that new employees are integrated quickly. 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 is followed by a one-week training program presenting the various steps in

our production process in detail. This enables new hires to take an active 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 2022 the standard for each employee was 2.5 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 programs. Performance management trainings were held in 2022.

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 2022. These were given in both Dutch and English to ensure international colleagues could also benefit.





### Site in Tunisia

Permanent training and refresh courses are provided at our Tunisia site. This is first and foremost 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 76,000 hours of this training were given in 2022.

We also provide training opportunities as part of a learning contract system in which employees complete their learning pathway in two years. In 2022 this represented almost 167,000 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 2022. We have no knowledge of incidents of corruption either.

Our online anti-corruption training has been followed by most of the white-collar employees in Belgium in recent years. 22 new office-based employees followed the training in 2022. [GRI 205-1-2]

## GDPR

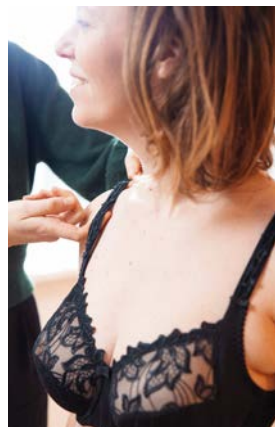
There were no breaches of customer privacy in 2022. Van de Velde has taken the necessary steps to comply with GDPR and ensure continuous

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

## 3.2. Our consumers: our brand lovers

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 every phase of their life.

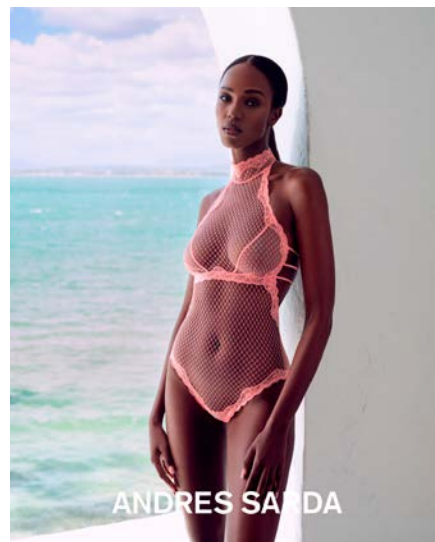
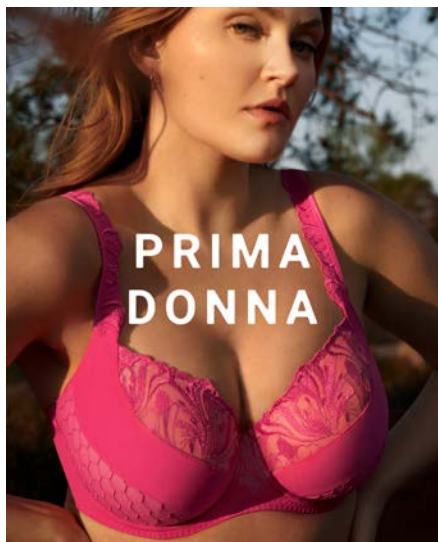
We value diversity and inclusion highly, which drives us to make lingerie that fits perfectly whatever the size and body shape. The range of sizes and styles continues to be enlarged. We continue to innovate in order to ensure an optimal fit and maximum comfort in the new additions to the range (such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



In order to help our retail partners inform our consumers in the best way, we have established the VdV Academy, which among other things helps them identify the perfect fit. Our goal is to pass our product knowhow to our retail partners in specific training modules, so they can advise consumers on how to wear and take care of their favorite lingerie.

We pursue the ultimate experience for every type of woman with our three complementary brands Marie Jo, PrimaDonna and Andres Sarda, each of which has its own specific focus.

**PrimaDonna** puts women who are proud of their body and large cup size in the spotlight  
**Marie Jo** promotes the incredible impact the right lingerie has on your self-image  
**Andres Sarda** emphasizes that life is like a catwalk and women can have everything they need to make their dreams come true



### 3.3. Support women in society: driven by our purpose

Van de Velde is a listed company with strong family roots and an intense awareness of its social responsibilities. The company has always supported local projects and charities that create added value for people and communities.

As a purpose-driven company, we believe we can do more to contribute to women's empowerment worldwide: we are able to create new oppor-

tunities for women by supporting initiatives that encourage female entrepreneurship.

Because we believe that **'igniting the power in women'** is the **fast track to positive change**.

### Plan International:

Plan International is an organization dedicated to **empowering the position of young women in society**. This mission is aligned with the purpose of Van de Velde.

We support specific projects, such as **'Unlock the power of Girls'**, which provides training for young girls in Benin. The Walk & Bike challenge organized by Van de Velde employees raised 10,000 euros in 2021. In September 2022 Van de Velde organized another sporting challenge that raised a similar amount for a new multi-year program in Rwanda.



### Donations

Van de Velde donates its stock leftovers to organizations that **help women in need**, such as shelters and hospitals where abused women find shelter.

In doing so, we aim to give these women some comfort at a very vulnerable moment in their life.



# 4 Fourth pillar: ensure due diligence with all our partners



Supply partners  
**Due diligence**

Apparel remains a very labor-intensive industry, making working conditions a very important aspect of social responsibility at Van de Velde. We are 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. 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.vandavelde.eu/en/sustainability/people](http://www.vandavelde.eu/en/sustainability/people).

## 4.1. Decent work for all Van de Velde associates [GRI 102 – 8]

There is a wide variety of jobs at Van de Velde.

30% of associates work in Belgium: Design, Marketing, HR, Finance, Purchase, IT are centralized at the Schellebelle head office. Such operational activities as quality control, raw material cutting, picking and shipping are centralized at the Wichelen distribution center.

55% of Van de Velde colleagues work at our production atelier in Tunisia, where a proportion of products are assembled.

15% of associates work worldwide in a sales position and have direct contacts with local retail partners.

Personal development and good working conditions are extremely important for all employees, regardless of job or location.



Belgium 30%



Tunesia 55%



Worldwide 15%

Specific management systems and certifications have been implemented at the more labor-intensive sites to ensure the Van de Velde Social and Ethical Charter activates a caring system with broad-based support rather than simply being a document.

Sites in Belgium: Schellebelle head office and Wichelen distribution center



Van de Velde in Belgium has been SA8000 certified since 2003 at its sites in Wichelen and Schellebelle. This certification 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.

**Principle 1: No discrimination** [GRI 405/406]

**Gender diversity**

Due to the business activity, there is a high proportion of female employees: 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 mainly staffed 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 see more interest in our vacancies among women, due to the nature of the business and the industry.

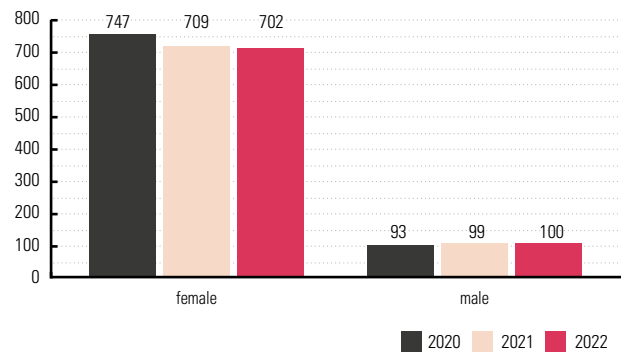
We are also heedful of the need to avoid any discrimination with regard to age, religion or any other characteristic that could be the basis of discrimination.

There were no formal reports of discrimination in 2022.

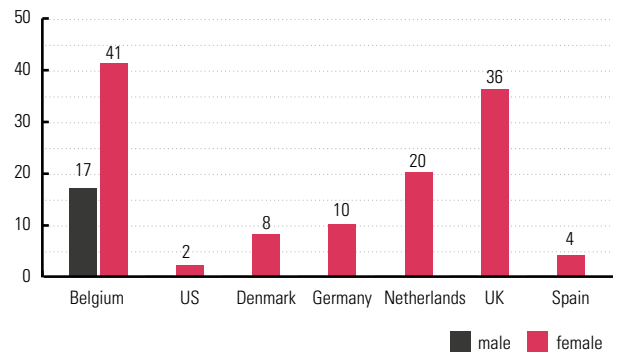
We have a strong female representation on the Board of Directors and in the Management Committee.

In line with the Law of 28 July 2011 we ensure that at least one-third of the Board has another gender. We adapt the same rule for the composition of the management team. If new members are appointed to the Board or the management team we give due consideration to finding the right balance and diversity of competences, experience, gender and age.

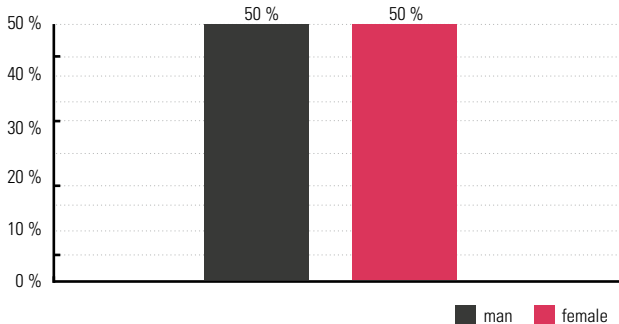
Number of employees: male/female split



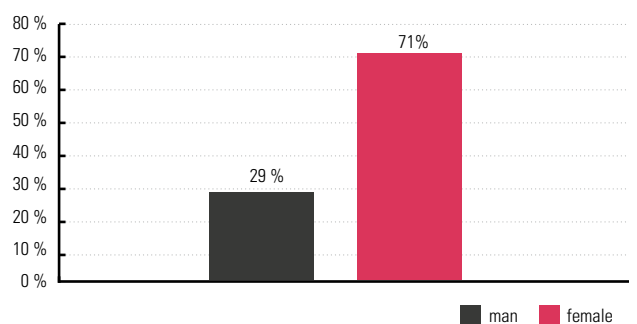
New hires in 2022 – male/female split



Board of directors (10 members)

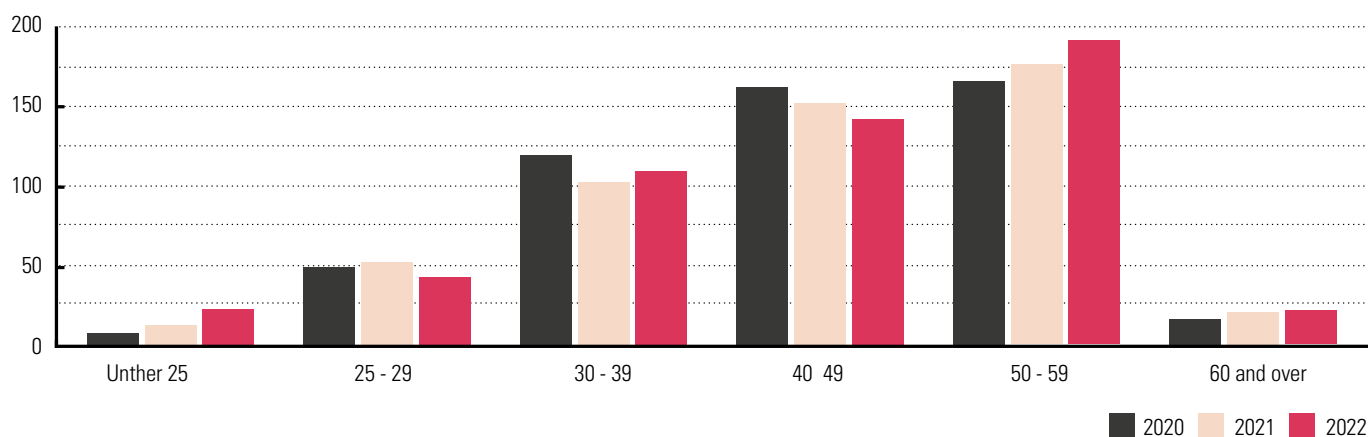


Management Board

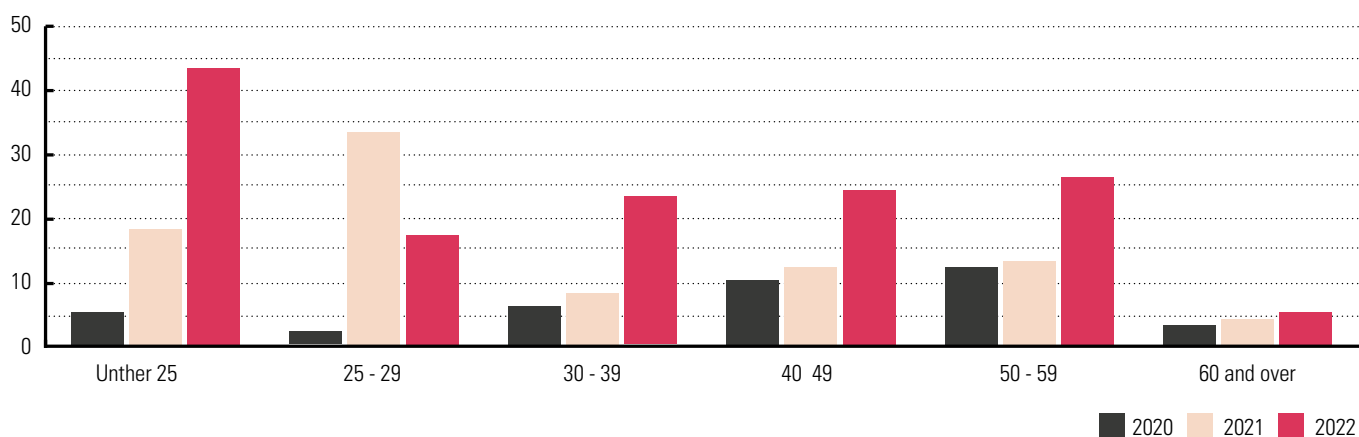


## Age diversity

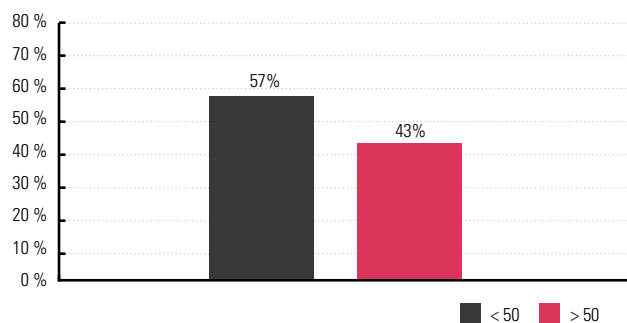
Age pyramid Belgian employees



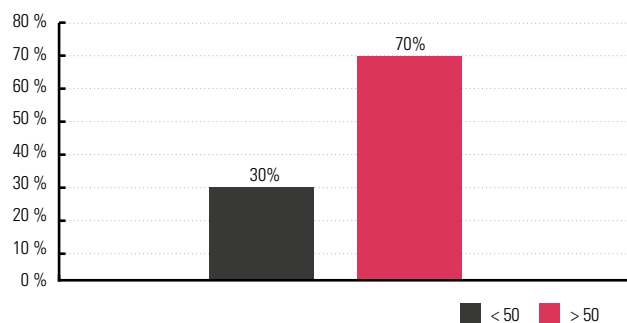
New hires Belgium and international (excl Tunisia)



Management Board



Directors Board



## Principle 2: No child labor

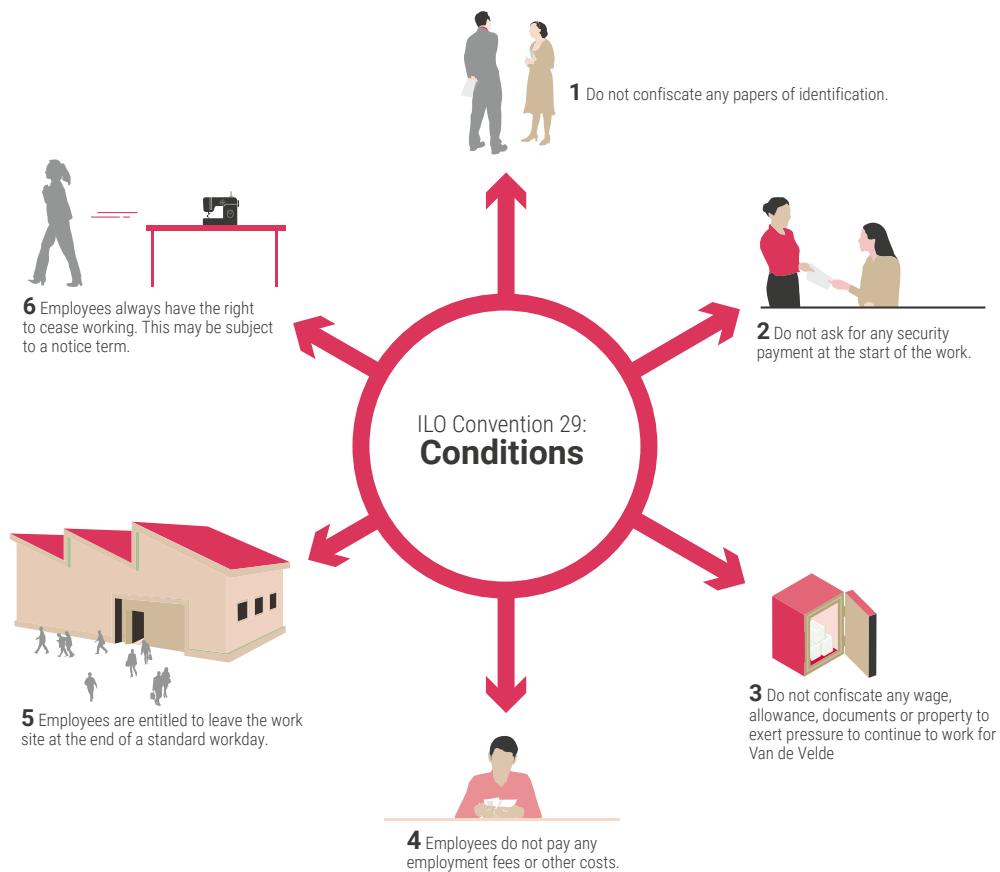
In general terms, Van de Velde does not expose children to unsafe situations in or around the workplace. The following basic principles apply at our own sites [GRI 408]:

- 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 (so 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 labor

It is our conviction that the wellbeing of our employees has a positive impact on the quality of our products. Forced labor is contrary to the philosophy of Van de Velde. We follow ILO Convention 29 to ensure that

there is no forced labor anywhere in our production chain. All our suppliers and subcontractors mark their agreement with this by signing our terms and conditions. [GRI 409]



## Principle 4: Health and safety

We ensure the work environment is safe and healthy, 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 organiza-

tion of the workplace, the workstation, environmental factors, the use of tools and equipment, and hygiene. This topic is discussed in more detail elsewhere 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 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 livable wage

We guarantee each and every employee a livable 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.[GRI 407]

Discrimination, intimidation and retaliation are prohibited. Where the freedom of trade unions is limited by law, the employees of Van de Velde are free to organize and choose their own representatives.

## 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.



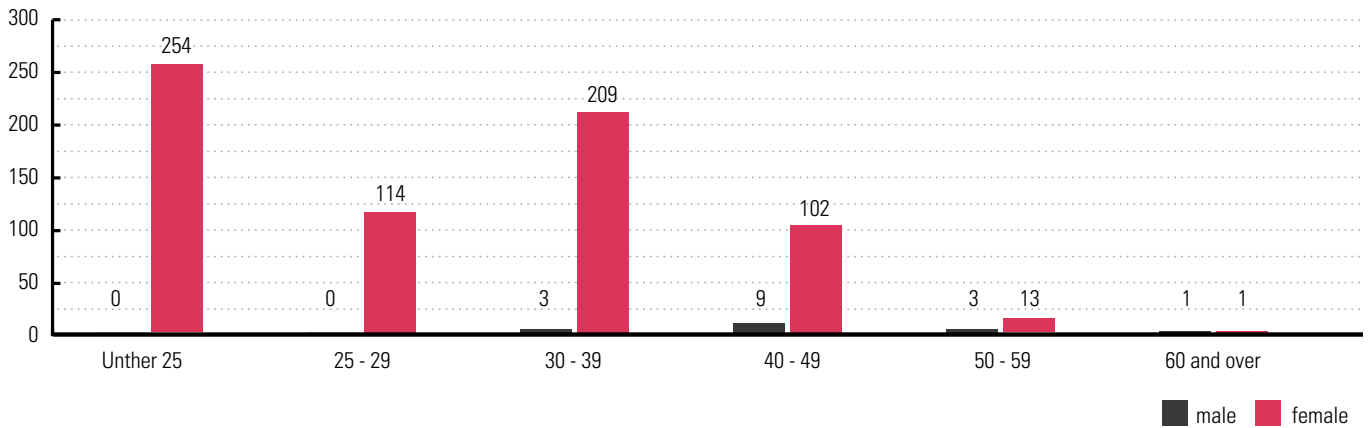
### Site in Tunisia

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 Tunisia received SMETA accreditation. SMETA (Sedex Members Ethical Trade Audit) is based on four pillars. The first two, labor and health & safety, are taken from the Ethical Trade Initiative (ETI) basic code and are similar to the SA8000-standard.



1. Labor is a free choice
2. The freedom to organize and the right to collective labor agreements are respected
3. Working conditions are safe and hygienic
4. Child labor 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 of Tunisian culture create large imbalances. The primary activity in Tunisia is assembly and most 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.

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 2023 once the new building is operational. [GRI 102-11/56]

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



## 4.2. Due diligence: the value chain, all our partners

Textiles and apparel is a labor-intensive sector with a clear risk of bad practices (such as child labor and low wages). As an international group with a global network of partners and activities, our aim is to take more of a proactive role in supporting and managing due diligence with our business partners. Not only to mitigate risk and improve transparency, but also to encourage initiatives to grow a positive social culture. We have more than 1000 suppliers, who are active in different sectors, mostly textile production and apparel assembly, but also transport, HR services, and business and IT consultancy. [GRI 414]



In 2022 a project was launched to measure social and ethical performance at all our business partners. A multidisciplinary team developed a methodology and dashboard to identify social risks at all our suppliers. The methodology was checked and approved by the external auditor SGS during the most recent SA8000 follow-up audit. The project was also set up in consultation with the Van de Velde social performance team.

The total supplier portfolio of Van de Velde was mapped by activity, with each pillar having its own risk score depending the activities, and existing regulations and systems. The next step was setting the criteria and weightings to determine the social risk. The following criteria are deemed important:

- Turnover
- Presence of Code of Conduct, social and ethical charter, anti-bribery policy
- Availability of social label or management system (SA8000, STEP by Oeko-Tex, Ecovadis)
- Country of origin

In 2023 the team will focus on gathering all necessary information from the suppliers and setting up a system to facilitate the monitoring of all data. The first group of suppliers was approached in December 2022 (top 20 in terms of turnover) and the questionnaires processed. Performance dialogues are the next step.

# 5 Partnerships for the goals



## 5.1. Fabric suppliers [GRI 102 – 9/10/15] [GRI 204]

At Van de Velde we are committed to bringing collections to market on time and ensuring the constant superior quality of our products. We can only do this because of our longstanding partnerships with suppliers and subcontractors.

Van de Velde primarily purchases raw materials from **European suppliers** in Belgium, France, Italy, Switzerland and Spain. We have been working with many of these partners for more than **30 years**. Our biggest raw material supplier is located in Deinze, Belgium, which is just 35km away.

We have worked together for so long that these suppliers have a good understanding of what we need in terms of creativity, innovation and technology. This allows us to keep innovating every season, while maintaining the high quality and longevity of our lingerie and swim products. The proximity of these European suppliers is a huge advantage with regard to flexibility and delivery. Most deliveries of raw materials to the **central cutting rooms in Belgium** are short-haul routes that do not require air transport.



### **Purchasing material**

*80% material sourcing in Europe | 20% material sourcing in Far East*



### **Cooperation with suppliers**

*30% for more than 20 years*

Van de Velde believes strongly in these long-term relationships and the benefits of partnerships. With this in mind, we have given a great deal of attention in the past to the supplier manual and supplier contract, with due consideration for the various aspects of the relations with our suppliers.

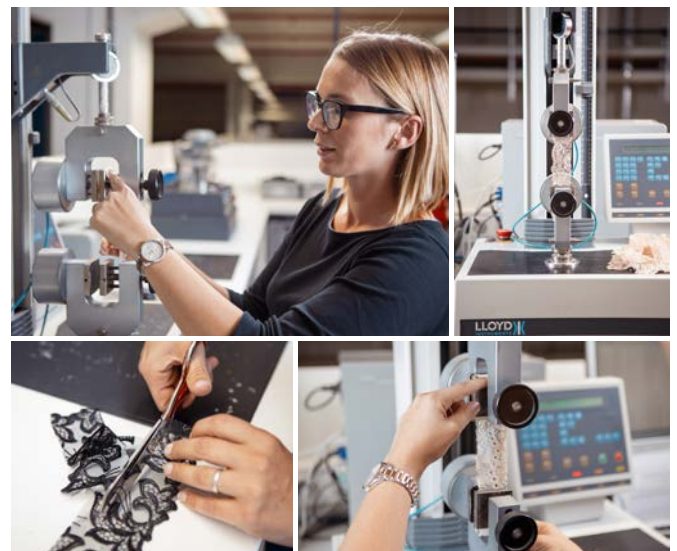
### **Supplier handbook**

The quality guidelines are described in detail in our supplier manual. To safeguard quality, Van de Velde conducts specific quality checks on all inbound goods at the control department in Wichelen.

Alongside quality control, one of the goals is to work on quality assurance in a more proactive way, with efficient, targeted spot checks based on process agreements, in close partnership with our suppliers. Unnecessary tests and checks are avoided as much as possible. Improvement initiatives are launched.

We have worked relentlessly in recent years to refine these agreements, strengthen partnerships and ensure the supplier manual is adopted at all raw materials suppliers, with the aim of safeguarding business continuity based on the principle of 'full on-time delivery in accordance with quality demands and agreements'.

A new supplier reporting system was set up in 2022, under which each supplier is given a quality rating. The supplier receives a report after any non-compliant delivery, with a request to take action. Five suppliers were identified as requiring 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.



Van de Velde is committed to adopting the LEAN methodology in all its processes. We endeavor to transmit this methodology to our suppliers while working on a partnership, based on mutual trust and knowledge of each other's processes.

### **Risk analysis**

The recent global events brought the importance of value chain reliability into sharp focus. Van de Velde has invested heavily in upgrading its relationships with suppliers into valuable long-term partnerships.

Business continuity was given a great deal of attention again in 2022, as did the path to full post-pandemic economic recovery. No fundamental changes were made to the structure or location of suppliers.

In recent years we have faced disruptions in the supply chain due to raw materials shortages, and production and transport capacity limitations. We again focused heavily on open communication and the establishment of 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 operations. In our analyses we identified raw materials that come from a single source. In the months to come we will continue to work on double sourcing.

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 into the supplier manual and the supplier contract. Van de Velde has published the related whistle-blowing regulation on its corporate website at [www.vandavelde.eu](http://www.vandavelde.eu), enabling suppliers, and their employees, to report suspected corruption to Van de Velde directly. Van de Velde has not received any such reports to date.

The management of the social and ethical performance of the suppliers, is included in the dialogue with our partners, as described in previous chapter.

## **5.2. Subcontractors**

Stitching high-quality lingerie is a complex process that requires special expertise. That is why we are very critical when selecting stitching workshops. We have limited the number of production houses. We choose to centralize knowhow to guarantee continuity.

This also explains why Van de Velde runs its own atelier in Tunisia and works with only one (permanent) partner in the Far East. 75% of all production is consolidated at these two locations.

A small volume (the swim series and accessories in particular) is produced by two other subcontractors in Tunisia with whom Van de Velde has worked for more than 15 years.

The dedicated partner for assembly in the Far East was originally selected because of its knowledge, commitment to quality and continuous pursuit of innovation. This company is not simply a producer, but a business partner that actively works with us to find ways to improve our products.

Van de Velde is a member of the full board of this company, which sets long-term vision and strategy. There is an open dialogue and new initiatives or challenges are discussed extensively.



## Risk analysis

Some of our subcontractors are located in regions where child labor and a livable wage remain risk factors. The management of social and ethical performance of our existing subcontractors is included in the total approach project set out in the previous chapter. This monitoring will also be part of the procedure when selecting new regions or subcontractors.

Our partner in the Far East is a publicly listed company that holds a WRAP label. at Marie Jo and PrimaDonna lingerie and swimwear is assembled in their sites in China (Long Nan and Nan Hai) and Thailand.

The subcontractors in Tunisia hold a SMETA label, as does our own plant. The managing director of Van de Velde Tunisia is in close contact with the subcontractors and monitors activities during visits.

In normal circumstances Van de Velde visits its subcontractors in Tunisia and China several times a year to conduct regular checks of compliance with our Charter. However, it was often impossible to travel to these facilities during the years of the pandemic. As a fallback, managers held regular virtual meetings – at least once a week – to stay up to date on the local situation. No breaches were identified in 2022.

## 5.3. Retail Partners

Van de Velde considers its customer base of independent retail partners to be its preferred channel.

The relationship with our retail partners is crucial to ensure product knowhow is shared with consumers properly. Our retail partners play an essential role in giving the right advice on size and fit and on how to take care of our lingerie products. They also support our design teams with constructive feedback on the fit, style and performance of our collections. We hold regular trainings (Van de Velde Academy) to help them give the very best advice to consumers.

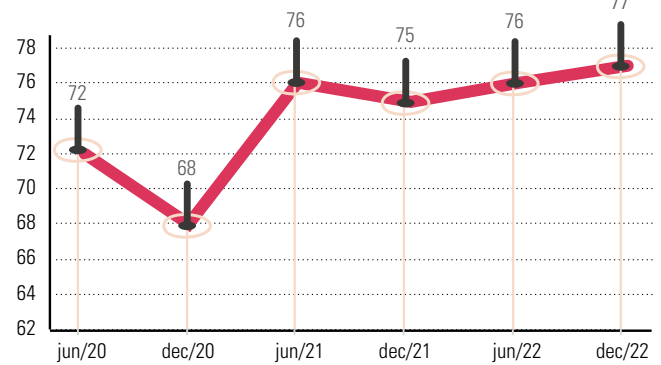
Based on this mutual cooperation, the current NPS is 76.

The **net promoter score** (NPS) is a measure of customer loyalty and satisfaction, based on the likelihood that our retail partners will recommend a product, brand or organization to acquaintances, friends and family.

This channel has been under heavy pressure over the past five years due to successive lockdowns. Various initiatives have been launched to help the retail partners, including marketing campaigns and support for

the digital transition. Collection schedules were also adjusted to ensure the delivery of reasonable volumes at the most appropriate times.

NPS



## 5.4. Network

As well as taking responsibility in the communities where our employees and customers live, Van de Velde is also highly active in industry circles. We are a member of numerous organizations, which are a source of

information but also an opportunity to share our own knowhow and experience. Van de Velde is a member of the following organizations: [GRI 102-13]



## 6 EU Taxonomy

In 2022 we studied the environmental objectives and technical screening criteria of the EU Taxonomy. We identified those activities and investments that make a substantial contribution to climate-change mitigation and adaptation, and checked DNSH performance for the other goals. Activities that were taxonomy-eligible and aligned were taken into account for calculation. These are only activities that contribute to climate-change mitigation, as no activities were qualified for climate-change adaptation. Activities were mainly related to: construction of buildings, electricity,

gas and steam supply, and transportation and storage. We can report following percentages for 2022:

- Capex 3%
- Opex 0%
- Turnover 0%

## 7 About this report

This 2022 annual sustainability report is based on the GRI standard (core version). We have endeavored to honor all reporting principles (completeness, stakeholder inclusiveness, materiality and ESG topics). Report compliance was checked by the ESG teams of E&Y. [GRI 102-50/52/53/54]

Any queries you may have about this report can be sent directly to our sustainability manager [Lieve.vermeire@vandevelde.eu](mailto:Lieve.vermeire@vandevelde.eu)

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**ANDRES SARDA**  
*Designed in Barcelona*