

FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR FIRST HALF YEAR 2018
REGULATED INFORMATION

CONSOLIDATED INCOME STATEMENT AND COMPREHENSIVE INCOME STATEMENT

(in € 000)	30.06.2018	30.06.2017
Turnover	110,887	115,348
Other operating income	2,539	2,815
Cost of materials	-23,456	-25,699
Other expenses	-40,462	-35,376
Personnel expenses	-23,126	-21,887
Depreciation	-3,287	-3,825
Operating profit	23,095	31,376
Impairment on goodwill and brand names with indefinite life	0	0
Finance income	1,679	1,808
Finance costs	-1,979	-1,942
Result based on equity method	-654	-557
Profit before taxes	22,141	30,685
Income taxes	-7,151	-10,700
Profit for the period	14,990	19,985
Attributable to the owners of the company	14,990	20,033
Attributable to non-controlling interests	0	-48
Profits and losses from the conversion of foreign entities (equity method)	791	-386
Profits and losses from the conversion of interests of third parties	0	118
Total comprehensive income (fully recyclable in the income statement)	0	-268
Profits and losses from the recalculation of pension plans	0	0
Total comprehensive income (not recyclable in the income statement)	0	0
Total of profit for the period and other comprehensive income	15,781	19,717
Basic earnings per share (in euro)	1.13	1.50
Diluted earnings per share (in euro)	1.13	1.50

TURNOVER

In the first half of the year of 2018, the consolidated turnover at Van de Velde decline with 3.9% (from €115.3m to €110.9m) compared with the year before.

On a comparable basis (including comparable season deliveries), the consolidated turnover fell by 2.3% (from €116.9 to €114.2m). At constant exchange rates, on a comparable basis turnover decreased with by 0.6%. This turnover trend comprises the following components:

- The comparable turnover in wholesale (including comparable season deliveries) fell by 2.9% and by 1.4% at constant exchange rates.
- On a like-for-like store basis, retail turnover rose by 0.6% and by 4.3% at constant exchange rates.

EBITDA

The reported EBITDA (defined as earnings before income tax, financial results, depreciation and amortisation and any impairments and excluding the result based on the equity method) declined in the first half of the year of 2018 with 25.1% from €35.2m to €26.4m. On a comparable basis (including comparable deliveries) consolidated EBITDA fell by 21.5%, from €36.3m to €28.5m. The main reason for this decrease is:

- The contribution of wholesale to EBITDA on a comparable basis decreased with €6.2m. The contribution to reported EBITDA fell by €7.2m.
- The contribution of retail to reported EBITDA rose by €0.7m.
- Unallocated costs increased by €2.3m, mainly due to project costs to support future growth.

IMPAIRMENT ON GOODWILL AND BRAND NAMES WITH INDEFINITE LIFE

No impairments were recognized in the first half of 2018.

FINANCIAL RESULT

The financial result is slightly lower than it was the year before.

RESULT BASED ON EQUITY METHOD

The result based on the equity method was €0.1m lower than last year, mainly due to the lower contribution of Top Form and Private Shop.

- The contribution of Top Form (negative contribution of €0.5m compared with the negative contribution of €0.3m last year) is based on the change in equity up to and including 30 June 2018 over the past six months.
- The contribution of Private Shop (negative contribution of €0.2m compared with the negative contribution of €0.3m last year) is based on the change in equity up to and including 30 June 2018 over the past six months.

INCOME TAX AND NET PROFIT

Income tax was lower than the same period last year, due to both the lower profit before tax and a lower effective tax rate of 32.3% (compared with 34.2% over the same period last year).

In the first half of 2018, the group profit declined with 25.0% from €20.0 to €15.0m. This resulted in a decline of in the profit per share of €1.50 to €1.13.

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CONSOLIDATED BALANCE SHEET

(in € 000)	30.06.2018	31.12.2017
Total fixed assets	73,572	69,698
Goodwill	4,546	4,546
Intangible fixed assets	19,883	13,908
Tangible fixed assets	34,159	35,750
Participations (equity method)	13,601	14,293
Deferred tax assets	0	0
Other fixed assets	1,383	1,201
Current assets	83,917	89,100
Inventories	40,426	41,983
Trade and other receivables	24,525	19,314
Other current assets	6,067	5,960
Cash and cash equivalents	12,899	21,843
Total assets	157,489	158,798
Shareholders' equity	124,019	121,808
Share capital	1,936	1,936
Treasury shares	427	0
Share premium	743	743
Other comprehensive income	-7,627	-8,418
Retained earnings	128,540	127,547
Non-controlling interest	0	458
Grants	152	152
Total non-current liabilities	4,734	4,881
Provisions	464	609
Pensions	771	771
Other non-current liabilities	743	743
Deferred tax liabilities	2,756	2,758
Total current liabilities	28,584	31,499
Trade and other payables	20,459	20,026
Other current liabilities	2,369	1,552
Income taxes payable	5,756	9,921
Total equity and liabilities	157,489	158,798

FIXED ASSETS

The fixed assets increased by 5.6% compared with the end of 2017. The change in fixed assets is primarily due to the following factors:

- The intangible fixed assets were 43.0% higher than at the end of 2017. The new investments in intangible fixed assets amounts m€ 6.0. The main projects are the development of the eCommerce platform and the upgrade the ICT systems.
- The tangible fixed assets were in line with the end of last year. The new investments in tangible fixed assets for the first half of 2018 amounts m€ 1.7 and are related to the ICT infrastructure, the continuous improvement of the shops and the entire value chain.
- The stakes in associated companies were lower, due to the share of Van de Velde in the loss of associated of €0.6m.
- The other fixed assets were also in line with the end of 2017.

CURRENT ASSETS

The current assets fell by 5.8% compared with the end of 2017 for the following reasons:

- Stocks are lower compared with the end of 2017, but 1.7% higher than in June 2017.
- Higher trade receivables compared with the end of 2017. However, due to the seasonal effect, this should be compared with the balance sheet on June 2017 (€29.8m). The trade receivables in June 2018 were lower than in the same period last year due to the lower turnover and the early deliveries.
- The sum of other current assets was in line with the sum at the end of 2017.
- Lower cash position than at the end of 2017. For more details, see the statement of cash flows.

SHAREHOLDERS' EQUITY

Total shareholders' equity was €124.0m at 30 June 2018. The following aspects can be noted:

- Shareholders' equity accounts for 78.7% of total equity and obligations.
- The rise in shareholders' equity is a consequence of the combination of profit for the period of €15.0m and the paid out dividend of €13.7m.
- For more details, see the statement of changes in equity.

NON-CONTROLLING INTEREST

There were no non-controlling interests at the end of June 2018. Van de Velde is 100% owner of Rigby & Peller Ltd, so there are no longer any non-controlling interests on the balance sheet. Non-controlling interests have been included in shareholders' equity.

NON-CURRENT AND CURRENT LIABILITIES

Non-current and current liabilities were €4.7m and €28.6m respectively:

- Non-current liabilities remained stable compared with the end of 2017.
- Current liabilities fell by 9.3% compared with the end of 2017 for the following reasons:
 - o Trade and other payables were in line with the situation at the end of 2017.
 - o Other current liabilities rose compared with the end of 2017 and compared with June 2017 due to higher payable VAT liabilities.
 - o Lower tax obligation, with due consideration for the paid tax for the fiscal year 2016 (see balance sheet at the end of 2017) and the balance of the current income tax charge. In 2018 no advance payments were made up to and including 30 June 2018.
- The company used currency forwards to control the transaction risk. At 30 June 2018 the fair value of these currency forwards had no material impact on the result.

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STATEMENT OF CHANGES IN EQUITY

(in € 000)	Attributable to the shareholders of the parent							Shareholders' equity	Non-controlling interest	Total equity
	Share capital	Share premium	Treasury shares	Pensions	Retained earnings	Share-based payments	Other comprehensive income			
Equity at 31.12.2016	1,936	743	0	-293	122,470	256	-8,492	116,620	609	117,229
Profit for the period					20,033			20,033	-48	19,985
Other comprehensive income							137	137	-19	118
Purchase of treasury shares			614					614		614
Sale of treasury shares for stock options			-614	0				-614		-614
Amortisation deferred stock compensation						84		84		84
Other reserves										
Granted and accepted stock options					113	-113		0		0
Reserves at Top Form					-386		0	-386		-386
Dividends					-28,645			-28,645		-28,645
Equity at 30.06.2017	1,936	743	0	-293	113,585	227	-8,355	107,843	542	108,385

(in € 000)	Attributable to the shareholders of the parent							Shareholders' equity	Non-controlling interest	Total equity
	Share capital	Share premium	Treasury shares	Pensions	Retained earnings	Share-based payments	Other comprehensive income			
Equity at 31.12.2017	1,936	743	0	-293	127,530	310	-8,418	121,808	458	122,266
Profit for the period					14,990			14,990	0	14,990
Other comprehensive income							791	791	0	791
Purchase of treasury shares			-602					-602		-602
Sale of treasury shares for stock options			175	0				175		175
Amortisation deferred stock compensation						116		116		116
Other reserves					458			458	-458	0
Granted and accepted stock options					45	-45		0		0
Reserves at Top Form					0	0	0	0		0
Dividends					-13,717			-13,717		-13,717
Equity at 30.06.2018	1,936	743	-427	-293	129,306	381	-7,627	124,019	0	124,019

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CONSOLIDATED STATEMENT OF CASH FLOWS

(in € 000)	30.06.2018	30.06.2017
Cash flows from operating activities		
Cash receipts from customers	116,446	110,762
Cash paid to suppliers and employees	-90,176	-81,560
Cash generated from operations	26,270	29,202
Income taxes paid	-10,532	-7,654
Other taxes paid	-3,258	-3,349
Interest and bank costs paid	-178	-180
Net cash from operating activities	11,413	18,019
Cash flows from investing activities		
Interests received	3	18
Received dividends	287	333
Purchase of fixed assets	-7,671	-1,977
Investments in other participating interests	0	-828
Net sale / (purchase) of treasury shares	-432	-230
Net cash used in investing activities	-7,813	-2,684
Cash flows from financing activities		
Dividends paid	-13,736	-28,643
Repayment of long-term borrowings / increase in financial debt	0	0
Repayment of short-term borrowings / increase in financial debt	-23	-203
Net financing of customer growth fund	-4	23
Net cash used in financing activities	-13,763	-28,823
Net increase / (decrease) in cash and cash equivalents	-9,274	-13,488
Cash and cash equivalents at beginning of period	21,843	18,538
Exchange rate differences	330	1,618
Net increase / (decrease) in cash and cash equivalents	-9,274	-13,488
Cash and cash equivalents at end of period	12,899	6,668

SEGMENT INFORMATION

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

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

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

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

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

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

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

Transaction prices between operating segments are on an arms length basis, comparable with transactions with third parties.

The segment information is shown for the period closed on 30/06/2018 and 30/06/2017 in the following tables:

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Segment Income Statement								
(in € 000)	2018				2017			
	Wholesale	Retail	Unallocated	Total	Wholesale	Retail	Unallocated	Total
Segment revenues	91,273	19,614	0	110,887	95.758	19.590	0	115.348
Segment costs	-49,632	-16,378	-18,495	-84,505	-46.927	-17.046	-16.175	-80.147
Depreciation	0	-769	-2,518	-3,287	0	-829	-2.996	-3.825
Segment results	41,641	2,467	-21,013	23,095	48.831	1.715	-19.171	31.376
Impairment				0				0
Net finance profit				-300				-134
Result from associates				-654				-557
Income taxes				-7,151				-10,700
Non-controlling interest				0				48
Net income				14,990				20,033

Segment Balance Sheet						
(in € 000)	2018			2017		
	Wholesale	Retail	Total	Wholesale	Retail	Total
Segment assets	65,325	21,120	86,445	69,709	22,436	92,145
Unallocated assets			71,044			59,535
Consolidated total assets	65,325	21,120	157,489	69,709	22,436	151,680
Segment liabilities	0	0	0	0	0	0
Unallocated liabilities			157,489			151,680
Consolidated total liabilities	0	0	157,489	0	0	151,680

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Capital expenditure:								
(in € 000)	2018				2017			
	Wholesale	Retail	Unallocated	Total	Wholesale	Retail	Unallocated	Total
Tangible fixed assets	0	87	1,609	1,696	0	512	1,230	1,742
Intangible fixed assets	0	0	5,975	5,975	0	6	229	235
Depreciation	0	769	2,518	3,287	0	829	2,996	3,825

Breakdown by region – turnover						
(in € 000)	2018			2017		
	Eurozone	Elsewhere	Total	Eurozone	Elsewhere	Total
Turnover	77,586	33,301	110,887	79,462	35,886	115,348

The most important markets, determined on the basis of the quantitative IFRS criteria, are:

- Belgium, Germany and the Netherlands for the Eurozone
- United States and Elsewhere.

Further information about the assets of the company - location			
(in € 000)	Belgium	Elsewhere	Total
Tangible fixed assets	28,634	5,525	34,159
Intangible fixed assets	12,517	7,366	19,883
Inventories	35,488	4,938	40,426

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OUTLOOK

Van de Velde expects a modest decrease in turnover on a comparable basis over the year as a whole. This is expected to result in a very strong profit decline in comparison with historic results (based on comparable EBITDA) of Van de Velde in 2018, as a consequence of the expenditures with regard to the initiatives for future growth.

RISK

No specific risks are to be noted other than the risk stated in the 2017 annual report.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

This interim consolidated financial information was prepared in compliance with the applicable international standard for interim consolidated financial information, IAS 34.

The same accounting policies and calculation methods were used as in the consolidated financial statements at 31 December 2017, with the exception of new standards and interpretations effective from 1 January 2018. The new standards and interpretations effective from 1 January 2018 are:

- Amendments to IFRS 2 Share-based Payments – Classification and Measurement of Share-based Payment Transactions, effective from 1 January 2018
- Amendments to IFRS 4 Insurance Contracts – Application of IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts, effective from 1 January 2018
- IFRS 9 Financial Instruments, effective from 1 January 2018
- IFRS 15 Revenue from Contracts with Customers, including amendments to IFRS 15: Effective date of IFRS 15 and Clarification of IFRS 15, effective from 1 January 2018
- Amendments to IAS 40 Investment Property – Reclassification of investment property, effective from 1 January 2018
- IFRIC 22 Foreign Currency Transactions and Advance Consideration, effective from 1 January 2018
- Annual improvements – 2014–2016 cycle, effective from 1 January 2018

These have no impact on the consolidated half year results of the group.

As of the date of this half year financial report there were no important events notified after the balance sheet date.

In addition to risks described in the above notes, the material risks and uncertainties with regard to the rest of 2018 were primarily the same as described on pages 65-66 ('Business risks under IFRS 7') of the 2017 annual report.

In the first half of 2018, there were no material transactions with associated companies other than those described in this report or within the normal course of events.

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The IFRS 15 and IFRS 9 rules have no impact on Van de Velde. For the turnover breakdown per segment, we refer you to the segment reporting.

Van de Velde continues to monitor the impact related to the amendments to IFRS 16 and for domains in which an impact may be felt we refer you to the 2017 annual report (page 43). In 2018 we conducted a further analysis and the group decided to apply the standard in accordance with the cumulative catch-up method with recalculation on the transition date (modified B). In order to find a sustainable solution, Van de Velde is currently integrating the data in a module that will perform the calculations. Van de Velde will make use of the two exemptions; short-term leases (less than 12 months) and limited values (less than USD 5,000).

DECLARATION OF THE RESPONSIBLE PERSONS

The undersigned declare that:

- The financial overviews in this report, 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.
- The interim financial report faithfully reflects the development, the results and the position of Van de Velde and the companies included in the consolidation, as well as providing a description of the main risks and uncertainties Van de Velde has to deal with.

Schellebelle, 31 August 2018

Positron BVBA, always represented by
Erwin Van Laethem
Chairman of the Board

Bart Rabaey Consulting VOF, always represented by
Bart Rabaey
Chief Financial Officer

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Van de Velde NV (the "Company"), and its subsidiaries as at 30 June 2018 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the 6 month period then ended, and explanatory notes, collectively, the "Interim Condensed Consolidated Financial Statements". These statements show a consolidated balance sheet total of € 157.489 thousand and a net income for the six month period then ended of € 14.990 thousand. The board of directors is responsible for the preparation and presentation of these Interim Condensed Consolidated Financial Statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting as adopted by the European Union. Our responsibility is to express a conclusion on these Interim Condensed Consolidated Financial Statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim Condensed Consolidated Financial Statements are not prepared, in all material aspects, in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union.

Ghent, 31 August 2018

Ernst & Young Reviseurs d'Entreprises SCC

Statutory auditor

Represented by

Paul Eelen

Partner

*Acting in the name of a BVBA

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CONTACTS

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Positron BVBA, always represented by
Erwin Van Laethem
Chairman of the Board

Bart Rabaey Consulting VOF, always represented by
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Chief Financial Officer

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VAN DE VELDE

Van de Velde is one of the global leaders in lingerie, swimwear and sportswear, with its strong brands PrimaDonna, Marie Jo and Andres Sarda. Our mission is to offer every woman the ultimate fitting room experience. Our long-term strategy is based on building brands around the Lingerie Styling fitting room strategy, which brings together fit, style and fashion. We work with 5000 multi-brand lingerie stores worldwide, both online and offline, with a strong focus on core markets Europe and North America. Our own retail channel is run under the labels Rigby & Peller, Lincherie and Private Shop. These stores are classic examples of Lingerie Styling fitting room service. Van de Velde is listed on Euronext Brussels.

FINANCIAL CALENDAR

31.12.2018

End of fiscal year 2018

27.02.2019

Announcement of results for 2018

22.03.2019

Interactive 2018 annual report online

24.04.2019

General Meeting of Shareholders