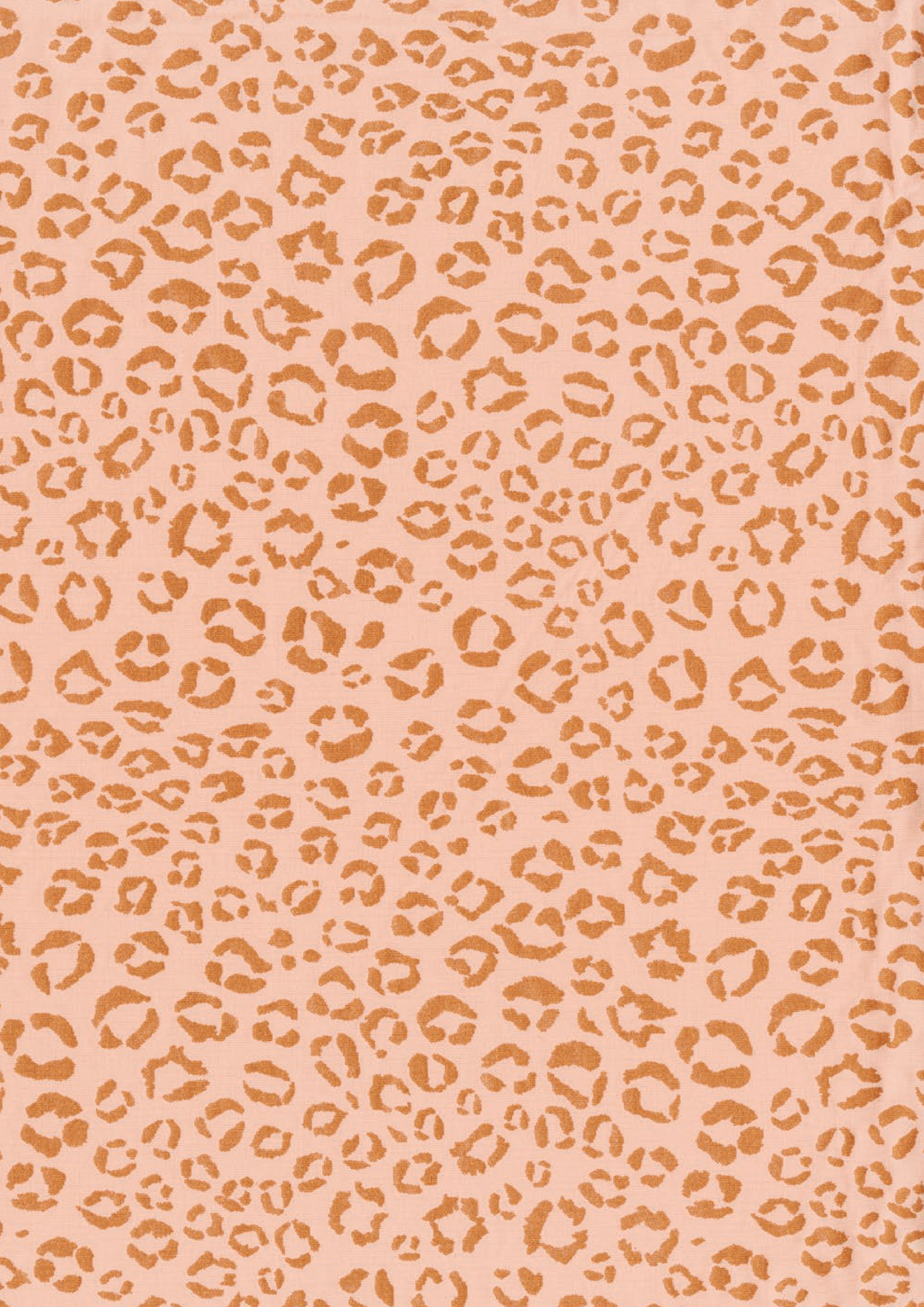
Van de Velde

Annual report 2023



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

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Dit jaarverslag is ook beschikbaar in het Nederlands in het hoofdkantoor

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


PRIMA
DONNA

1 | The year 2023

Message from the Chairman

Last year started optimistically, but the second half of the year proved tougher. Ultimately we are happy to close with modest growth, because uncertainty is the only certainty. That's why forecasting is so difficult. Unforeseen events like the crisis in the Middle East thwarted our various plans, which makes 2024 another year of uncertainty.

But despite last year's uncertainty, much was achieved. The acquisition of additional land means the Wichelen distribution center can be expanded as needed. The Tunisian branch was scaled up significantly and the design organization was reorganized. We are of course also proud of the high NPS (73), all the proof we need that our customers appreciate the high quality and creativity of our products, and our improved service levels.

We also wish to draw your attention to the repositioning of the Andres Sarda brand. Our goal is to attract a new, younger group of consumers to the premium segment with an updated collection under the Sarda brand name. This repositioning is in line with our complementary brand strategy.

Uncertainty and change will continue over the next few years. Globally, The Economist identifies three major trends, each of them relevant to our organization. The first is Artificial Intelligence, which is driving change at an incredible pace. Our company has to be creative in identifying areas where we can leverage this new technology because its impact will only grow going forward. The second trend is a constant talent shortage. Establishing a work environment that is both inspiring and meaningful will be key to attracting the right people. Lastly, climate change is the third, extremely concerning, trend that can only be broken with resolute action at all levels (politicians, the business community, individuals). Current production and consumption patterns are rightly being challenged and require a rethink, but the upcoming legislation to promote circularity will pose a huge challenge for the fashion industry. Our company remains committed to product longevity. This is the first and key step to improve the sustainability of fashion.

As every year, I would like to end by expressing my sincere thanks to our customers for their trust and to our employees for their daily dedication. Customers and employees are our most important stakeholders that we must cherish day in and day out.

Herman Van de Velde
Chairman of the Board of Directors


PRIMA
DONNA
TWIST

Activity report 2023

1. Design: brands and innovation

The complementarity of our Marie Jo, PrimaDonna and Andres Sarda brands was strengthened in 2023. The target audiences and collection architecture of each brand were clearly defined.

MARIE JO DESIGN

Fashionable, sexy & back to the roots

For more than 40 years Marie Jo has been the go-to label for lingerie fans who love surprising, on-trend designs that fit comfortably. In 2023 we focused our efforts in the collection architecture of Marie Jo on strengthening the 'Surprising & Sexy' segment. In doing so, we rejuvenated the brand and brought it back to its roots.

The statement look of our strong 2023 Junoo series was completely in line with the 'My Invisible Force' campaign. It shows that a matching Marie Jo set boosts women's self-confidence. We also rereleased the 1980s Etoile series. The very transparent, timeless designs include all details from back then, such as the small logo and jewel. We also added soft elastic pieces for added comfort.

The Marie Jo Swim collection was more aligned with the lingerie collection in 2023, targeting the same audience with a surprising look that gives women's self-confidence a boost.

PRIMADONNA DESIGN

Growth of the 'Light & Daring' segment

PrimaDonna's mission is to appeal to as many different types of women as possible. The common factor is a large cup size. Two collection architecture segments stood out in 2023. There were positive results in the 'Light & Daring' segment for audacious women who take large cups, which continued its upward growth curve. We also released swimwear in this segment for the first time. PrimaDonna Swim's more adventurous sexy beach look was well received.

The other highflier in 2023 was the 'Easy & Daily' segment. In March we released PrimaDonna series Montara with cup sizes up to M. The competitive price point of this pure-look, never-out-of-stock lingerie clearly appeals to lots of consumers. The innovative no-wire Montara bra was also successful.

ANDRES SARDA DESIGN

Part of your wardrobe

The trendsetting Andres Sarda collections are designed in Barcelona. The dividing lines between product categories were blurred in 2023. The collection included bodies and bras that can be worn as lingerie or as a visible part of a woman's outfit.

GENERAL DESIGN

Diverse design team

The design teams across our brands are made up of people of ten different nationalities and four generations (boomers, generation X, millennials, generation Z). That diversity is a strength: it ensures the balanced representation of different types of women and a better understanding of consumers and society as a whole.

Our design teams were also reorganised in 2023. We now collaborate on a function basis rather than on a brand basis. That allows us to raise the level of knowledge, assure quality and safeguard brand complementarity. The designers can also inspire and positively influence each other.

More sustainable choices

In 2023 we increased the share of sustainable materials in the collections (and this will continue going forward) and used existing material stock. In design we took the 'less is more' approach: every part of the design must be there for a reason. This approach is based on our sustainability goals.

INNOVATION

The Innovation department focuses on research and development in three axes: product, process and experience (in the fitting room). We introduced a number of innovations in 2023, showing that the many years' research makes a positive contribution to our business.

Product

Product research is predominantly concerned with the 3D components in bras that ensure a good fit. We constantly add to our knowledge based on a dataset of more than 12,000 anonymous, representative body scans.

Process

Technical design and production process are central to this axis. We have also invested in digitisation. In 2023 we were granted a patent on our unique production process for moulding and cutting cups, with subsequent quality control based on a 3D digital design.

Experience

In 2023 we completed the successful migration of our 3D mirror technology – on which our whole digital fitting room is based – to a scalable tablet app: 'Scan@Shop'. We are now testing this at our own stores ahead of offering it to our partners.

2. Marketing

The focus of our marketing strategy is activating consumers by means of the ultimate fit experience. There were four key initiatives in 2023.

'You Shine in PrimaDonna' launch

We launched a new campaign for PrimaDonna, which capitalises on the deep loyalty of consumers. 'You Shine in PrimaDonna' turns the spotlight on women who love PrimaDonna, because the voice and face of every woman who loves PrimaDonna shape our brand purpose. Inspiring women who take a large cup bear witness to how proud and self-confident they feel in our lingerie, explaining why they love how it fits and how it looks.

Engagement and authenticity are central to this campaign. We recruit the PrimaDonna lovers through our brand website and hold open auditions. In 2023 we shot videos featuring a dozen consumers. PrimaDonna is the brand with the most varied target audience and the most extensive collection architecture. We present that diversity in the campaign in an authentic way by showing genuine lingerie lovers.

'My Invisible Force' on TV for the first time

Mario Jo's 'My Invisible Force' campaign hit TV screens for the first time in 2023. The storytelling approach was a clear success. Research shows that our investment in the campaign was well worth it, as it helped us attract new consumers. We increased brand awareness and improved our brand image with a focus on the contemporary, fashionable and feminine character of Marie Jo. The campaign also had a positive impact on buying intent.

Growth on social media

The deep loyalty we inspire in consumers is increasingly mirrored by strong engagement on social media. Our brand social media channels once again received a lot of attention in 2023. And that paid dividends, as follower numbers continued to rise with reach generally topping 60%, and even peaking at 90% on occasion.

We held our first live shopping event for PrimaDonna on 14 December 2023, giving practical styling advice and tips on wearing PrimaDonna lingerie under a party outfit. This is a perfect fit with our optichannel strategy. Our goal with live shopping is to tighten direct ties with consumers while also giving our retail partners food for thought.

3D-printed life-size dummy

Our Innovation team drew on anonymous data from the fittings of thousands of women to create two life-size 3D-printed dummies – one for Marie Jo and one for PrimaDonna. By presenting our lingerie on our own dummies we can show what a matching set really does for your body and your self-confidence.

3. Sales

B2B

We saw a positive trend at our retail partners – independent specialty lingerie boutiques – in the first half of 2023. The personal specialised service those boutiques provide remains very attractive for a large group of loyal premium consumers. The macroeconomic situation in the second half of the year affected sales and footfall in stores. The downward trend was particularly pronounced in North America.

We continued to invest in providing the very best support to our retail partners, including trainings at the Van de Velde Academy. The VDV Media app, which gives our retail partners instant access to all marketing tools, was also enthusiastically welcomed. This media platform was launched in 2022 and more than 50% of retail partners were using it by the end of 2023. All these efforts to support our retail partners were rewarded in the year under review with a high net promoter score (NPS) of 73.

The omnichannel department stores experienced strong growth. We worked to drive growth in this segment in 2023 by improving the working relationship in terms of consumer activation. This included joint campaigns and fitting events.

There was healthy growth in the e-tail segment in the first half of the year. We strengthened marketing relationships in this segment too, focusing on brand presentation and fitting advice. We developed online fitting tools specially for our brands, enabling consumers to very easily determine their size on their own. Again, the second half of the year was less successful for e-tail.

D2C

The D2C segment experienced growth in 2023. Seamlessly aligning collection and marketing scheduling in the sales channel enabled us to present our brands to consumers in an optimal way. Our websites play an important role here, as many consumers gather information online before they purchase lingerie.

We have invested a lot of time and effort to create a premium consumer experience and brand presentation on our brand websites. These websites were revamped in 2023 based on consumer research findings.

We also invested in digital fitting tools in 2023. Our aim is to also offer our premium fitting room experience online, with advice on the right size and fit. The effect of all these efforts is clear in the very high net promoter scores awarded by consumers, with an NPS of 86 for www.mariejo.com and an NPS of 84 for www.primadonna.com.

In 2023 we continued to tighten our grip on the products and brand experience on marketplaces. For example, we are active on Zalando Germany. As well as giving us access to a large group of consumers, this channel also offers us a premium brand presentation opportunity.

Our own stores began the year well, but saw a decline in sales in the second half of 2023. We upgraded our retail concept in four stores – Amsterdam (Gelderlandplein), Woerden, Hamburg and Dusseldorf – to ensure we continue to inspire consumers and attract a younger audience. The new open retail concept has a premium look and feel, with the emphasis on accessibility and plenty to stimulate all the senses.

4. Value chain

We focused on reducing stock in the year under review. We also wanted to protect the stability of the value chain. That helps ensure we keep our delivery promises while also safeguarding premium product quality. We did this within an acceptable cost structure.

Focus on quality

The quality of our end products is our number one concern. This remained the most important criterion for decisions that affect the value chain in 2023. The supply chain was disrupted by shortages of key raw materials and capacity limitations. However, we could continue to guarantee the quality of our products thanks to the commitment of our suppliers and production partners.

Delivery promise

Summer collection deliveries were controlled by our new Warehouse Management System (WMS) for the first time in early 2023. Implemented at the end of 2022, the job of the WMS software is to support the logistics process. The first peak season went very smoothly, not least thanks to our people.

Winter collection orders in the second half of the year were also delivered in full and on time. The new collection was delivered in a shorter than usual period to facilitate the product sales. All products were available in stores by the end of September.

Operating processes

We also made big strides in data analysis. We were able to harness the benefits of machine learning and intelligent techniques to improve the accuracy of our forecasting based on historical and product-related data. This makes patterns and trends much easier to identify. Those insights help generate a better forecast of our fashion products at various levels. Results include less overstock, which fits in with our sustainability goals.

Various teams in the Value Chain department made adjustments to support our optichannel strategy. They included the Customer Service department, which is now able to meet various service needs in various sales channels in a targeted way.

Distribution centre

Further steps were taken with regard to the plans to enlarge the distribution centre. The land has now been purchased, while the logistics concept and the building plans have been worked on further. This enlargement will strengthen our local connections. In the next phase of the project we will develop automation solutions.

Production

Virtually all production is still done in Belgium. Only stitching and assembly are based abroad. There were no problems with the supply of raw materials to the Wichelen production site in 2023, though our suppliers did receive smaller orders, which they had to adapt to. To protect the continuity of the business, we have switched to double sourcing for critical materials.

There is enough capacity in the cutting room to guarantee flexibility. We began replacing existing infrastructure in 2023. We made the decision to replace our old cutting robots with state-of-the-art technology. More accurate cutting will reduce waste (fabric offcuts) in the future. The full impact of this investment in the cutting room will be seen in 2024.

Assembly of finished products continues to be consolidated in two regions. In Tunisia we have our own site and we work with two suppliers. In Asia we have a partnership with Top Form. We primarily work out of its sites in China and Thailand. Both of these approaches offer good value for money. We opened our new plant in Tunisia, an enlargement of our existing site, in the autumn of 2023. In 2024 we will continue to drive through vertical integration to protect both our quality and regional logistics services.

5. IT, digital development and data

Our digital strategy is also focused on our optichannel strategy with the aim of making further improvements to the premium brand & customer experience in all channels.

Digital transformation

We develop various tools to offer our retail partners the best possible support in their digital transformation. The VDV Media App, which was first released in 2022, remains a powerful tool to give our partners access to all marketing assets.

We also ran trials at our partners to activate live shopping on social media. And we developed Scan@Shop, an accessible, easy-to-use scanning tool. This iPad app can do a full body scan in less than a minute, give size advice and recommend relevant products. We are now testing this at our own stores ahead of offering it to our retail partners.

Marketplaces

We equipped our IT platform with a scalable marketplace integrator optimised to fit our needs to offer the best possible brand experience on marketplaces.

Personal consumer experience on our own websites

The brand and customer experience on our own brand websites remains a priority. We are constantly enhancing the online consumer experience. In the year under review, for example, we added a clutch of interesting features: ratings & reviews, wish lists and product recommendations. As a result, consumers have a more personal experience. They can share their product experiences, save their preferences and wish lists, and are shown products that fit their profile.

As well as these initiatives, security remains a high priority as it always has been.

6. People and Culture

Our values

Our values remain unchanged:

- We are driven by **passion**: our heart beats faster for our products and the women who wear them.
- We breathe **quality**: we strive for the highest quality in our products, our work and our service, without compromises.
- We focus on **consumers and customers**: we understand, meet and exceed the needs and expectations of our customers and consumers.
- We act with **entrepreneurial spirit**: we look for solutions, we endeavour to excel, we learn constantly, with a focus on results.
- We are **stronger together**: we work with each other with respect and trust, both in-house and externally.
- We are **authentic**: we are reliable, honest and practical in everything we do.

Personal growth and development

We focus on the growth and development of our people, and we talk with them at various times on an individual basis. In these interviews we discuss personal skills and ambitions. The right to training has been included in the company collective agreement in Belgium. Van de Velde is committed to internal mobility. Various employees found a new job within the company in 2023.

Engagement

We also continued to invest in engagement in 2023. Van de Velde is actively committed to a working environment in which employees feel they are listened to and kept in the loop, and can get the best out of themselves. We hold a monthly anonymous satisfaction and needs survey among employees to help us keep improving as an organization.

We welcomed 48 new employees in Belgium in 2023. We believe that retention starts on day one, which is why we made improvements to our onboarding programme in the year under review. We give new hires a multi-day introduction to the company, our strategy, products, brands and values, with the aim of quickly forging relationships between new employees. Onboarding also includes a visit to the production centre and the distribution centre.

Engagement remained a key concept in our corporate culture in 2023. The inhouse VdV Connect Team, which covers various departments, launched lots of initiatives to create and tighten ties between employees and strengthen the purpose and values of Van de Velde. They included the Walk & Bike Challenge, which raises funds for Plan International, various sessions of the Van de Velde Café, a family day at Pairi Daiza and various workshops. Van de Velde also provided space for a Red Cross blood drive among Van de Velde employees and people in the neighbourhood. At the end of the year, employees organised a Christmas market for national fundraiser 'De Warmste Week'.

7. Review of the key audited consolidated figures

Turnover

On a comparable basis (including comparable seasonal deliveries), the consolidated turnover shows a 0.3% increase in 2023, from m€ 211.4 to m€ 212.1. The reported turnover experienced a 0.2% decrease, dropping from m€ 211.7 to m€ 211.3.

Comparable turnover (in m€)	2023	2022
Turnover	211.3	211.7
Deliveries summer collection in the second half of 2023 and 2022	-4.6	-5.4
Deliveries summer collection in the second half of 2022 and 2021	5.4	5.0
Comparable turnover	212.1	211.4

In the B2B segment, the comparable turnover decreases by 2.3% to m€ 164.3 and in the D2C segment, there is once again an increase (10.6%) in comparable turnover to m€ 47.8. This result confirms the successful implementation of our optichannel strategy, completed by additional marketing efforts.
The following trends are noticeable:

- In the first half of the year, we still experienced a sales growth of 4.3% driven by the resurgence in swim sales. This growth outpaced lower lingerie sales due to high inventory levels with our retail partners at the end of 2022. In the second half of the year, sales ended at m€ 89.6, down 4.6% compared to the second half of 2022. Characteristic of the slow recovery of retail traffic in 2023.
- A substantial growth of 10.6% in the D2C segment, which includes our own store network, our own e-commerce websites, concession sales in department stores and marketplaces.

EBITDA

On a comparable basis (including comparable seasonal deliveries), the consolidated EBITDA in 2023 drops by 2.3%, from m€ 58.0 in 2022 to m€ 56.6. The reported EBITDA decreases by 3.7%, from m€ 58.2 in 2022 to m€ 56.1 in 2023.

Comparable EBITDA (in m€)	2023	2022
EBITDA (Operating profit + depreciation and amortization)	56.1	58.2
EBITDA on comparable deliveries	0.5	-0.3
Comparable EBITDA	56.6	58.0

The EBITDA on a comparable basis equals 26.7% of the turnover. This strong EBITDA came about through a positive price impact combined with strict cost control. This without cutting back on essential marketing efforts, in a difficult economic environment subject to volume and inflationary pressures.

Working capital
Working capital (current assets excluding cash and cash equivalents less current liabilities excluding financial debts) declines and totals up to m€ 41.0 in 2023 versus m€ 48.1 in 2022. This drop is the result of lower inventory levels leading to a more normal stock position than last year.

Risks
The conflict between Ukraine and Russia has no direct impact on Van de Velde. The ongoing geopolitical turmoil does affect consumer confidence.

Prospects

The past few years have been challenging ones for the fashion industry. Van de Velde has continued to invest and innovate. We remain confident about our long-term vision and committed to rolling out our strategic plan, with a focus on three pillars:

1) Continuing to set the standard in premium fashion lingerie
We have three strong, unique and complementary brands in our portfolio: PrimaDonna, Marie Jo and Andres Sarda. In 2023 we boosted the complementarity of our brands through both collection designs and marketing.

We also constantly enhance the brand experience on our websites. We have taken our socials to the next level with live shopping, influencer marketing, TikTok videos and more.

We will reposition the Andres Sarda brand in 2024. Since its creation in 1962 Andres Sarda has always been a visionary brand with a reputation for trailblazing design. **Andres Sarda becomes SARDA in 2024**. A revamped and reinforced strategy will enable us to be true to our DNA, more than ever. The collection turns heads with easy-to-wear bras that double as fashion statement: daring, sexy, empowering and very comfortable. Presales start in January 2024, with the official launch scheduled for the second half of 2024. The goal of the repositioning is to reach a new target audience for our brand portfolio. In doing so, we aim to drive growth at Van de Velde and at our retail partners.

2) Strong focus on consumers
We win consumers over with our fit. We continue to target activation through our ultimate fitting room experience, both at our retail partners and in other channels. Innovative **digital fitting tools** ensure that consumers are given the very best fitting advice, regardless of their specific consumer journey. We continue to grow by strengthening our personal ties with consumers in all channels and developing a community for each brand.

3) Strengthening our optichannel strategy
The **various sales channels complement each other** and we continue to reach both new and loyal consumers with a 360° approach and targeted support in each channel.

We remain committed to investing in the huge strength of independent specialty lingerie retailers. We support them in various ways, including the VDV Media app, intensive social media training and the digital fitting tools.

In 2023 we upgraded four stores to a contemporary retail concept targeting a young millennials audience. We will optimise this concept and continue to roll it out.

Our own websites also continue to evolve. The various departments – Sales, Marketing, IT – have joined forces to offer the very best digital (pre-) shopping experience.

We will also continue to roll out and strengthen our offer and brand experience in the various marketplaces in 2024.

Investing in the long term
We are strengthening our processes and infrastructure to achieve long-term growth.

Prompted by future requirements, sustainability is part of various corporate processes. That is why sustainability is included, among other things, in our digital roadmap. This focus on sustainability is a logical choice for the future and an opportunity for our company. Our digital roadmap also includes the digitisation of various processes in our design activities and the preparation of the migration of our ERP system to the cloud.

Our infrastructure in Tunisia has been enlarged so that we can work on vertical integration in our most important hub and growing our expertise. In 2023 we also purchased the land adjacent to our distribution centre in Wichelen. We will continue to develop our plans to expand the site in 2024.

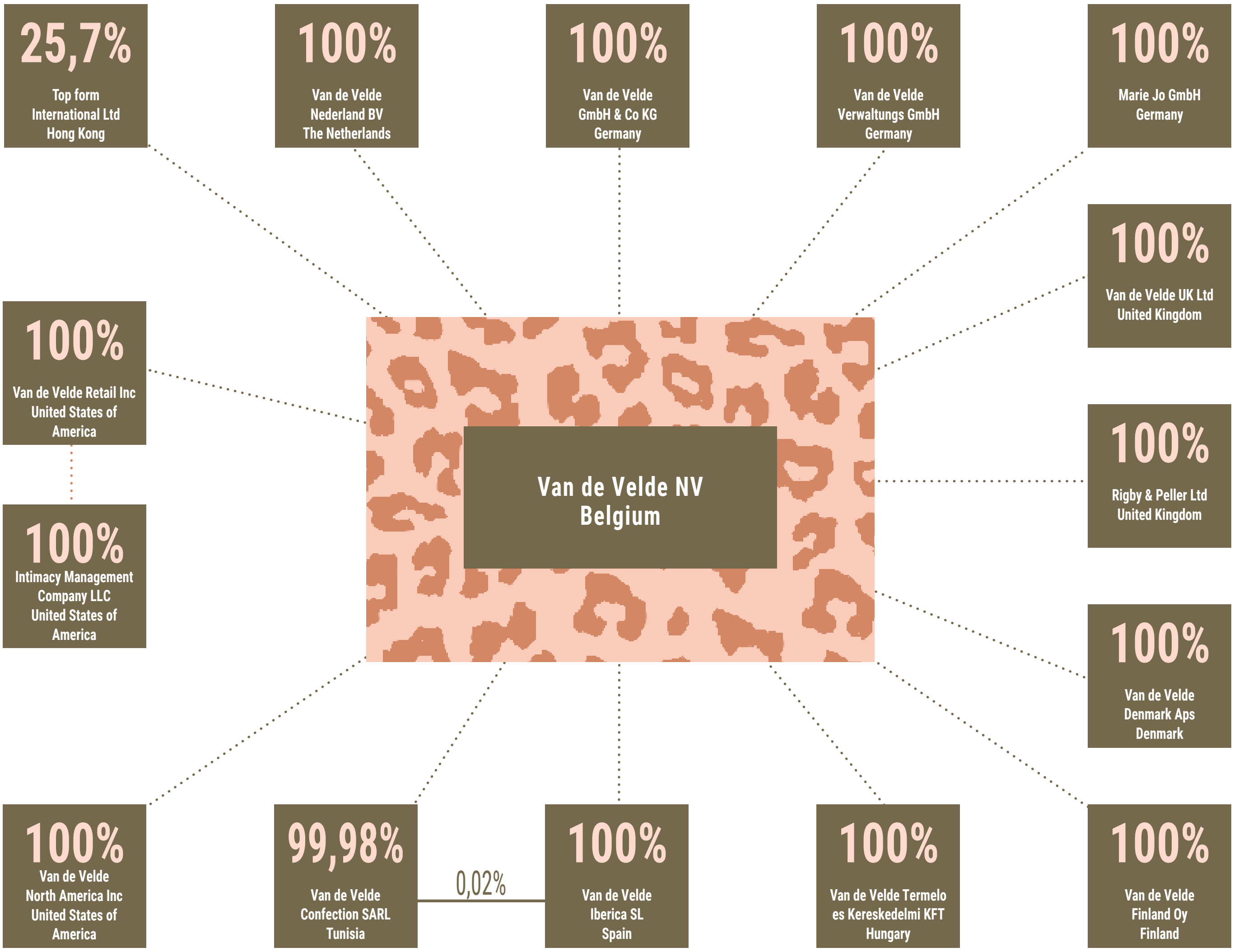

PRIMA
DONNA
SWIM


MARIE JO
My Invisible Force

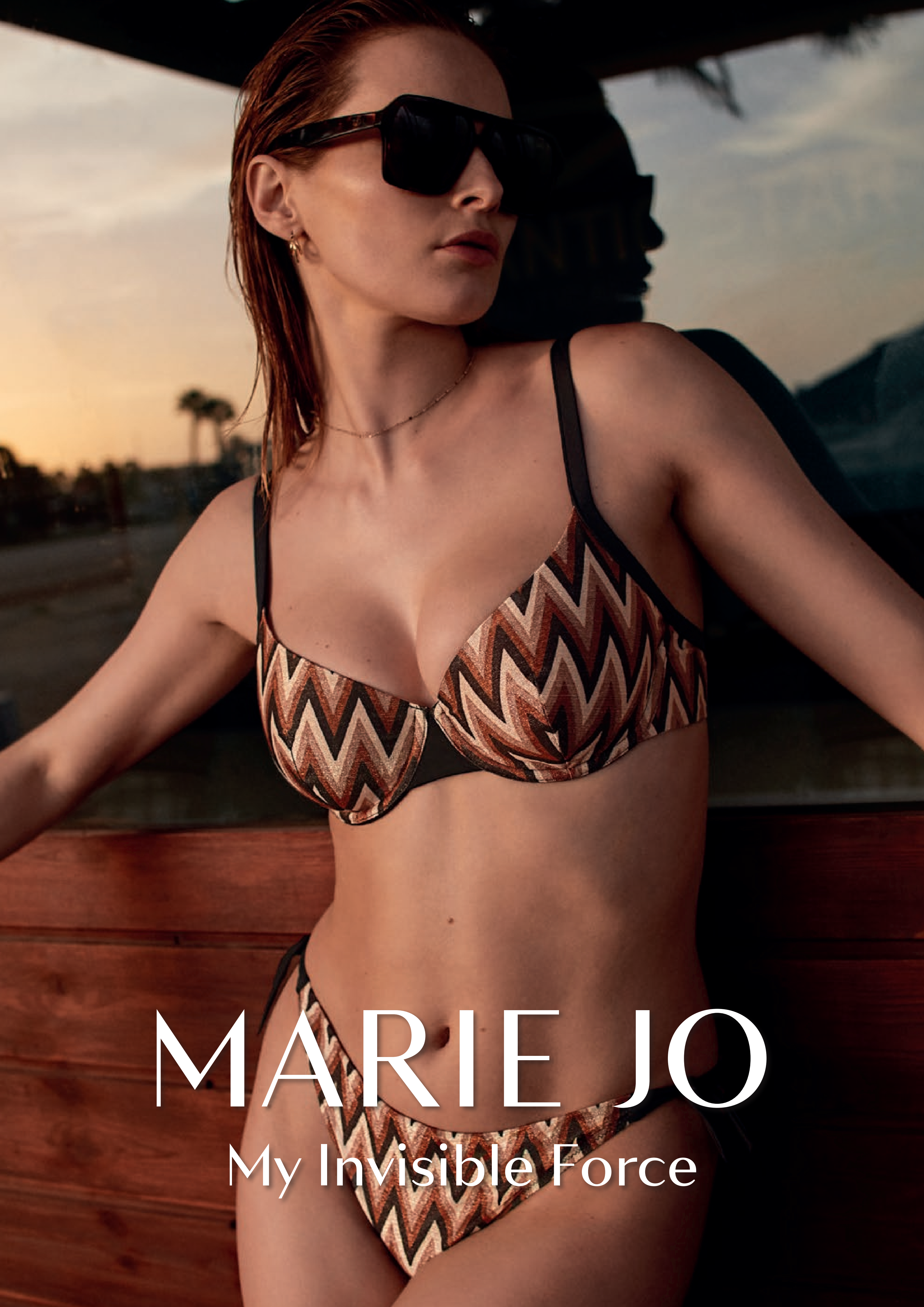
2 | Description of the company and its activities

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

The Group structure as at 31 December 2023 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 21 November 2023 the Board of Directors of Van de Velde NV approved an adapted Corporate Governance Charter, which is available on the company's website.

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

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

The Board of Directors

Composition of the Board of Directors

The Board of Directors of Van de Velde NV is composed as follows:

- Herman Van de Velde NV, always represented by Herman Van de Velde, chairman (tenure expires at the Ordinary General Meeting of 2024);
- Lucas Laureys, director (resigned on 27 April 2023);
- Benedicte Laureys, director (tenure expires at the Ordinary General Meeting of 2024);
- Executive NV (successor of Fidigo NV), always represented by Dirk Goeminne, director (tenure expires at the Ordinary General Meeting of 2024);
- YJC BV, always represented by Yvan Jansen, director (tenure expires at the Ordinary General Meeting of 2024);
- 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 2026);
- 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 2026);
- BVHX BV, always represented by Bruno Vanhoorickx, director (tenure expires at the Ordinary General Meeting of 2026);
- PARCinvest BV, always represented by Christian Salez, director (tenure expires at the Ordinary General Meeting of 2026);
- Karel Verlinde CommV, always represented by Karel Verlinde, managing director (tenure expires at the Ordinary General Meeting of 2026).

☆ Herman Van de Velde NV, always represented by
Herman Van de Velde (m, 1954°), chairman and director;
Having obtained his degree in economics (KULeuven) and a postgraduate 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 The Fashion Company, Brands-On, 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 (v, 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 Augmented Anatomy.

☆ YJC BV, represented by
Yvan Jansen (m, 1963°), independent director;
Yvan has a licentiate in law (KULeuven), a master's degree in economics (UCL) and an MBA (Chicago Booth). He is a director in various family owned businesses and 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 BCG.

☆ Executive NV, represented by
Dirk Goeminne (m, 1955°), independent director;
Dirk studied applied economics and commercial engineering. He is currently chairman of the Board of Directors of 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 What's Cooking and until April 2023, Dirk was chairman of the Board of Directors of Wereldhave Belgium NV.

- 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 built up a career at Procter & Gamble and Sara Lee. She was CEO at Greenyard for five years. Marleen was CEO of Van de Velde from December 2018 until May 2022. She sits on various boards of directors as an independent director.

- Veronique Laureys (v, 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°), independent director;
  Isabelle studied commercial engineering (KULeuven). She is CMO of Lotus Bakeries and CEO of Lotus Bakeries Natural Foods. Previously, she was active as CFO at Lotus Bakeries and Barry Callebaut Belgium and as Senior Auditor at PWC.

- Greet Van de Velde (v, 1956°), director;
  Greet has a licentiate in economic science and was operationally active at Van de Velde for more than 28 years, holding positions such as production and demand planning manager and sales and project account.

- BVHX BV, represented by
  Bruno Vanhoorickx (m, 1981°), independent director;
  Bruno obtained a master's degree in applied economics (KULeuven), International Business Economics (Sorbonne) and Technology & Innovation (Sussex). He is a member of the management team of Zalando SE in Berlin, and responsible for the commercial activities and strategy in all 25 European markets. Until the end of 2019 he was a member of the leadership team of the investment fund Bain Capital Europe in London, where he was responsible for the Retail & Consumer portfolio. Previously he was active with Boston Consulting Group in Brussels and New York.

- PARCinvest BV, represented by
  Christian Salez (m, 1966°), independent director;
  After his economics and marketing studies (UCL, Vlerick), Christian held management positions at TBWA, De Post, Delvaux and Apple. He is a director at various Belgian and international (Paris and London) fashion, retail and luxury brands, and since the end of 2023, he is also director of Europalia.

- Karel Verlinde CommV, represented by
  Karel Verlinde (m, 1982°), 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 CEO.

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

Valseba BV, Executive NV, YJC BV and BVHX BV are considered to be independent directors.

Benedicte Laureys, Veronique Laureys, Greet Van de Velde, Mavac BV, PARCinvest BV, Lucas Laureys and Herman Van de Velde NV 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.

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

Herman Van de Velde NV chairs the Board of Directors.

The company secretary is Lore Werbrouck, general counsel.

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

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, among 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.

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 2023 the Board of Directors met five times. There were two additional meetings of the Board of Directors attended only by the non-executive directors:

1. for the purpose of discussing the remuneration of Karel Verlinde CommV;
2. for the purpose of evaluating the interaction between the Board of Directors and the Management Team;

Lucas Laureys was excused from two board meetings.
Otherwise, all board meetings were fully attended.

Committees within the Board of Directors

(a) Audit and Risk Committee

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

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

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

The Audit and Risk Committee is composed as follows:

- Lucas Laureys (resigned on 27 April 2023);
- Veronique Laureys (from 28 August 2023)
- YJC BV, always represented by Yvan Jansen (independent director);
- Executive NV, always represented by Dirk Goeminne (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 CMO of Lotus Bakeries and CEO of Lotus Bakeries Natural Foods. Previously, she was active as CFO of Lotus Bakeries and Barry Callebaut Belgium and as senior auditor at PWC. She therefore has the necessary knowledge of accounting and auditing.

The Audit and Risk Committee meets no fewer than four times a year and as often as considered necessary for its proper operation. In 2023 the Audit and Risk Committee met four times. Executive NV was excused from one Audit and Risk Committee. Otherwise, all Audit and Risk Committees were fully attended.

(b) Nomination and Remuneration Committee

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

The Nomination and Remuneration Committee is composed as follows:

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

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

The Nomination and Remuneration Committee meets as often as is needed for its proper operation, but never fewer than two times every year. The Nomination and Remuneration Committee met four times in 2023. All 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 Team

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 has 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, CEO;
- Skrapa BV, always represented by Wim Schelfhout, CFO (from 16 October, 2023);
- 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;
- Carole Lambert, Head of Brands and Design (from 1 July 2023);
- Karen Van Bockstaele BV, always represented by Karen Van Bockstaele, interim Head of HR and Facilities.

- 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 CEO.

- Wim (m, 1982°)
  Wim was appointed CFO at Van de Velde in 2023. He obtained a master's degree in business engineering at KULeuven and subsequently obtained a post graduate in Finance and Accounting. He started his career at Honeywell, where he held different roles within Finance & Controlling. Thereafter he became regional finance director at Etex, and CFO at Lamifil.

- 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 at the 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.

- Carole (f, 1982°)
  Carole was appointed Head of Brands & Design on 1 July 2023. She graduated as a fashion designer at La Cambre-Mode in Brussels. After her studies, she started as a lingerie designer for Van de Velde, where she held various roles in the design department, including Brand Design Manager for PrimaDonna and Creative Manager. In 2019 she obtainted an MBA in Global Fashion Management at the Institut Français de la Mode.

- 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.

Liesbeth Van de Velde, Head of Brands & Design, left the Management Team on 1 July 2023.

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.

(d) 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.

(e) Evaluation

At least every three years, the Board of Directors, headed by its chairman, conducts an evaluation of its size, composition and performance, and the size, composition and performance of its committees, as well as the interaction with the Management 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 2023 and approved by the General Meeting of 26 April 2023 is published on the website of the company.

2. Total remuneration of non-executive directors
In accordance with the applicable policy, in 2023 the non-executive directors received only fixed basic remuneration for their membership or chairmanship of the Board of Directors, plus 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, always represented by Herman Van de Velde (Chairman)	40,000 €	0 €	7,500 €	47,500 €
YJC BV, always represented by Yvan Jansen (Independent director)	20,000 €	5,000 €	5,000 €	30,000 €
Valseba BV, always represented by Isabelle Maes (Independent director)	20,000 €	7,500 €	5,000 €	32,500 €
Fidigo NV[(1)], always represented by Dirk Goeminne (Independent director)	20,000 €	5,000 €	0 €	8,333 €
Executive NV[(2)], always represented by Dirk Goeminne (Independent director)	20,000 €	5,000 €	0 €	16,667 €
Lucas Laureys[(1)]	20,000 €	5,000 €	0 €	8,333 €
Benedicte Laureys	20,000 €	0 €	0 €	20,000 €
Veronique Laureys	20,000 €	5,000 €	0 €	25,000 €
Greet Van de Velde	20,000 €	0 €	0 €	20,000 €
Mavac BV, always represented by Marleen Vaesen	20,000 €	0 €	0 €	20,000 €
BVHX BV[(2)], always represented by Bruno Vanhoorickx (Independent director)	20,000 €	0 €	0 €	13,333 €
PARCinvest BV[(2)], always represented by Christian Salez	20,000 €	0 €	0 €	13,333 €

(1) Pro rata from 01.01.2023 up to and including 26.04.2023.
(2) Pro rata from 27.04.2023 up to and including 31.12.2023.

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

In 2023 the executive management was entrusted to the Management Team, 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 (2)	5. Total remunera-tion	6. Fixed/ veriable remuneration ratio
	Basic remuneration	Additional benefits (1)	One year variable	Multi-year variable				
Karel Verlinde CommV (CEO), always repre-sented by Karel Verlinde (management company)	360,000 €	0 €	55,008 €	0 €	0 €	0 €	415,008 €	87% fixed remuneration 13% variable remuneration
Other members of the Management Team together (excluding CEO)(3)	1,230,392 €	85,222 €	95,823 €	0 €	0 €	37,137 €	1,448,574 €	Between 80% and 100% fixed remuneration Between 20% and 0% variable remuneration

(1) Only applicable to the member of the Management Team 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 Team who works on the basis of an employment contract.
(3) If remunerated through an employment contract, the social security charges paid by the employer are not included. If remunerated through a management agreement, the total cost for the company is included.

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

4.1. Variable remuneration

A) Short-term variable remuneration

As stated in the remuneration policy, the targets for short-term variable remuneration are based partly on objective parameters closely linked to the results of the Group (collective targets) and partly on individual targets closely linked to the responsibility of the member in question. The collective targets represent 80% of the total targets, the individual targets 20%. Three collective targets were set for 2023: 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 2023 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 20 % of the collective target bonus.

Performance criteria (PC)	Relative weight	a)	Measured performance
		b)	Corresp. Payment level (*)
Turnover	40%	a)	Below target
		b)	0.00%
EBITDA	40%	a)	Below target
		b)	0.00%
	20%	a)	On target
NPS (Retail partners)		b)	20.00%

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

B) Long-term variable remuneration
No long-term variable remuneration was granted in 2023.

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[1] and 5% of the annual salary exceeding the pension ceiling.

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.

(1) For 2023, 76,395.98 euro.

Name, Position	Most important provisions of the share option plan			
	1	2	3	
	Identification of the Plan	Offer date	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	
	2020	04.10.2023	04.12.2023	
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	
	2020	04.10.2023	04.12.2023	
Céline Soto Perez	2020	04.10.2022	03.12.2022	
Skrapa BV	2020	04.10.2023	04.12.2023	
Marijke Goossens	2020	04.10.2023	04.12.2023	

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 2023	8 a) Number of optioins offered in 2023 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 2023
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[1]	01.01.2027-08.03.2032	32.40 €	10,000	a) n/a b) n/a	n/a	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	01.01.2023 01.10.2032	32.40 €	5,000	a) n/a b) n/a	n/a	5,000
31.12.2026	01.01.2027-04.10.2033	32.25 €	0	a) 5,000 b) 161,250 €	a) 5,000 b) 161,250 € c) 161,250 € 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 €	5,000	a) n/a b) n/a	n/a	5,000
31.12.2025	01.01.2026-04.10.2032	32.40 €	5,000	a) n/a b) n/a	n/a	5,000
31.12.2026	01.01.2027-04.10.2033	32.25 €	0	a) 5,000 b) 161,250 €	a) 5,000 b) 161,250 € c) 161,250 € d) 0	5,000
31.12.2025	01.01.2026-04.10.2027	32.40 €	5,000	a) n/a b) n/a	n/a	5,000
31.12.2026	01.01.2027-04.10.2033	32.25 €	0	a) 5,000 b) 161,250 €	a) 5,000 b) 161,250 € c) 161,250 € d) 0	5,000
31.12.2026	01.01.2027-04.10.2033	32.25 €	0	a) 5,000 b) 161,250 €	a) 5,000 b) 161,250 € c) 161,250 € 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 2023 no severance pay was awarded to any director or member of the executive management.

7. Use of the right of claw-back

During 2023 no variable remuneration was clawed back.

8. Departures from the remuneration policy

During 2023, there were two departures from the remuneration policy.

It is stipulated in the remuneration policy that, in as far as a member of executive management is a management company, the total remuneration of members of executive management comprises fixed compensation, variable compensation and a share-based compensation (options).

- Contrary to this, because of the ad interim character of the position of Head of HR and Facilities, the management agreement with Karen Van Bockstaele BV determines that no annual variable compensation is due. Furthermore, no options were granted to Karen Van Bockstaele BV during 2023.
- Contrary to this, the management agreement with Skrapa BV determines that, with regard to fiscal year 2023, guaranteed variable compensation of 25% of the fixed compensation is due. This guaranteed variable compensation is calculated pro rata the period that Skrapa BV was active for Van de Velde during 2023, from 16 October 2023 until and including 31 December 2023.

During 2023, there were no other departures from the remuneration policy.

9. Ratio of highest to lower remuneration

The highest remuneration is 5.94 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 from 2020 and so figures from prior to 2020 are not required in the comparison. That is why the company will show that trend in the remuneration report as from 2020, but not from the years prior to 2020.

The remuneration of the members of the Board of Directors, the CEO and the members of the Management Committee and the main performance criteria evolved as follows in the period 2022-2023:

euro	2023	2022
Chairman of the Board of Directors	40,000	40,000
Member of the Board of Directors	20,000	20,000
Chairman of the Audit and Risk Committee	7,500	7,500
Member of the Audit and Risk Committee	5,000	5,000
Chairman of the Nomination and Remuneration Committee	7,500	7,500
Member of the Nomination and Remuneration Committee	5,000	5,000
CEO (fixed remuneration + short-term variable remuneration)	415,008	963,181
Other members of the Management Committee together (fixed remuneration + short-term variable remuneration + benefits (3)	1,448,574	1,834,668
Comparable turnover (in million euro)	212.1	211.4
Comparable EBITDA (in million euro)	56.6	58.0

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

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

euro	2023	2022
Average gross salary of a full-time equivalent in Belgium	3,633	3,458

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 13,016,417 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 (57,39%) 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%. Following the acquisition of own shares Van de Velde crossed the statutory threshold of 3% on 13 March 2023. Due to the destruction of 260.063 own shares on 8 September 2023, Van de Velde went under the statutory threshold of 3% again.

Information about specific safeguards

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

Miscellanea

Insider trading

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

Insiders are not permitted to trade in securities in the following periods:

(i) The period as from 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 2023.

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 2023 for auditing of the statutory financial statements of Van de Velde NV was 85,500 euro (excl. VAT). The total costs for 2023 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 185,500 euro (excl. VAT), including the aforementioned 85,500 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 2023.

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 2023 the Code on Corporate Governance was departed from as follows:

- 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 [1] 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.

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

Conflict of Interests Scheme

In 2023, one conflict of interest under article 7:96 of the CCA occurred within the Board of Directors or the Management Team. This concerned the granting of a fixed and variable remuneration to Karel Verlinde CommV as managing director and chair of the Management Team by the Board of Directors on 1 March 2023.

The except 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.

"Karel Verlinde CommV, duly represented by Karel Verlinde, 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. He pointed out that this decision related to a matter of a financial nature, namely the granting of a fixed and variable remuneration to Karel Verlinde CommV as CEO and chair of the Management Team.

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 modalities of remuneration of Karel Verlinde CommV as CEO and chair of the Management Team, specifically the granting of a fixed and variable remuneration.

b) Financial impact of the decision

The remuneration that is granted to Karel Verlinde CommV as CEO and chairman of the Management Team as from 1 January 2023 is:

- A fixed yearly remuneration of 360,000 euro excl. VAT;
- a variable yearly remuneration of maximum 50% of the fixed remuneration.

c) Grounds justifying the decision

The fixed yearly remuneration and variable remuneration of maximum 50% of the fixed remuneration are a part of the remuneration package as offered to the CEO from 1 January 2023. This remuneration package replaces the remuneration package that was provided to Karel Verlinde CommV for his services as CFO and member of the Management Team up until 31 December 2022.

The Board of Directors is of the opinion that this higher remuneration is justified in view of the additional responsibilities due to his appointment of CEO and chairman of the Management Team."

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 9.65% at the end of 2023.

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 27 April 2022, 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 10 May 2022 if the acquisition is necessary to avoid a serious threatened disadvantage and (ii) five years as from 10 May 2022 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 1 March 2023. The buy-back programme started on 2 March 2023 and has an anticipated duration of one year.

In 2023, 173,575 of its own shares were acquired by Van de Velde NV and at the end of 2023, Van de Velde NV had 249,401 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.

Destruction of own shares

On 26 April 2023, the Extraordinary General Meeting of Shareholders authorized the Board of Directors to destroy its own shares without a limitation in time.

One 12 June 2023, the Board of Directors approved a destruction of 260,063 own shares. On 8 September 2023 these own shares were destroyed, causing a change of nominator to take place from 13,322,480 shares (before 8 September 2023) to 13,062,417 shares (from 8 September 2023).

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 2023.

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. As per 31 December 2023, this concerns 249,401 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 13,062,417 to 12,813,016 [(1)] 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 1.101 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 2023 this implies that the Board of Directors will propose to the General Meeting the payment of a gross dividend for the fiscal year 2023 of 2.40 euro per dividend entitled share. After the payment of withholding tax, this represents a net dividend of 1.68 euro per dividend entitled share.

After approval by the General Meeting of Shareholders, the final dividend will be paid out as from 4 May 2024.

Financial Calendar	
Closing of fiscal year 2023	31 December 2023
Announcement of annual results 2023	29 February 2024
Publication of annual financial report 2023	22 March 2024
General Meeting of Shareholders	24 April 2024
Ex-coupon date	2 May 2024
Record date	3 May 2024
Dividend payment date	4 May 2024
Publication of 2024 half-year results	28 August 2024
Closing of fiscal year 2024	31 December 2024

(1) Provided that the number of own shares remains unchanged, namely 249,401.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4 | Consolidated key figures 2023

Profit and loss account (in millions of euro)	2023	2022	2021	2020	2019
Operating income	217.3	217.2	200.3	156.7	200.3
Turnover	211.3	211.7	195.3	152.3	195.5
Turnover on a comparable basis (1)	212.1	211.4	191.2	160.5	196.7
EBITDA (2)	56.1	58.2	55.0	34.7	47.6
EBITDA on a comparable basis (3)	56.6	58.0	52.3	40.1	48.6
EBIT (4)	45.3	48.1	41.8	19.6	32.9
Consolidated results without result of equity method and before taxes (5)	45.1	46.7	40.8	19.3	29.5
Consolidated results without result of equity method and after taxes (5)	36.0	37.5	32.5	16.1	23.1
Profit for the period (6)	33.6	36.8	32.0	14.7	21.2
Operating cash flow (7)	54.3	30.0	50.6	30.3	51.8

(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.

Balance sheet (in millions of euro)	2023	2022	2021	2020	2019
Fixed assets	76.4	72.1	73.3	80.2	93.0
Current assets	126.5	136.4	133.9	105.1	104.7
Shareholders' equity	165.9	168.1	163.1	144.7	143.8
Balance sheet total	203.0	208.4	207.2	185.3	197.7
Net debt position (1)	-51.0	-50.6	-61.3	-33.2	-18.9
Working capital (2)	41.0	48.1	31.7	35.4	36.3
Capital employed (3)	117.4	120.1	105.0	115.6	129.3

(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)	2023	2022	2021	2020	2019
Return on equity (1)	21.5	22.7	21.1	11.1	16.7
Return on capital employed (2)	30.3	33.3	29.5	14.3	18.3
Solvency (3)	81.7	80.7	78.7	78.1	72.7
Liquidity (4)	4.5	4.2	4.1	4.3	3.3

(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.

Margin analysis and tax rate (in %)	2023	2022	2021	2020	2019
EBITDA (1)	26.5	27.5	28.2	22.8	24.4
EBITDA on a comparable basis (2)	26.7	27.4	27.4	25.0	24.7
EBIT (3)	21.5	22.7	21.4	12.8	16.8
Tax rate (4)	20.2	19.7	20.3	16.6	21.7

(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	2023	2022	2021	2020	2019
Average daily volume in pieces	4,028	3,825	5,537	5,044	4,968
Number of shares at year end	13,062,417	13,322,480	13,322,480	13,322,480	13,322,480
Number of traded shares	1,027,043	982,922	1,428,603	1,296,210	1,266,845
Velocity	7.9%	7.4%	10.7%	9.7%	9.5%
Turnover (in thousands of euro)	34,073	34,208	38,862	29,599	33,550
(in euro per share)					
Highest price	37.15	39.80	35.80	30.85	32.65
Lowest price	30.70	29.70	21.65	18.38	22.55
Closing price	33.75	30.20	34.30	22.90	29.90
Average price	33.32	34.61	26.52	22.54	26.47

Key figures per share (in euro)	2023	2022	2021	2020	2019
Book value (1)	12.9	12.9	12.4	10.8	10.8
EBITDA (2)	4.3	4.4	4.1	2.6	3.6
EBITDA on a comparable basis (3)	4.3	4.4	3.9	3.0	3.6
Profit for the period (4)	2.6	2.8	2.4	1.1	1.6
Gross interim dividend (5)	0.00	0.00	0.00	1.00	0.00
Net interim dividend (5)	0.00	0.00	0.00	0.70	0.00
Gross dividend (6)	2.40	2.20	2.00	1.00	0.00
Net dividend (6)	1.68	1.54	1.40	0.70	0.00
Dividend yield (7)	7.11%	7.28%	5.83%	4.37%	0.00%
Pay-out percentage (8)	87%	78%	82%	83%	0%

(1) Shareholders' equity / Number of shares at year end (excluding own treasury shares).
(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 euro per share remains.
(6) Gross dividend, as will be proposed by the Board of Directors to the General Meeting of Shareholders, is 2.40 euro per dividend entitled share. Net dividend is 1.68 euro per dividend entitled share.
(7) Gross dividend / Closing price.
(8) Pay-out percentage of the consolidated profit, Group share, excluding result based on the equity method and excluding impairment on financial fixed assets.

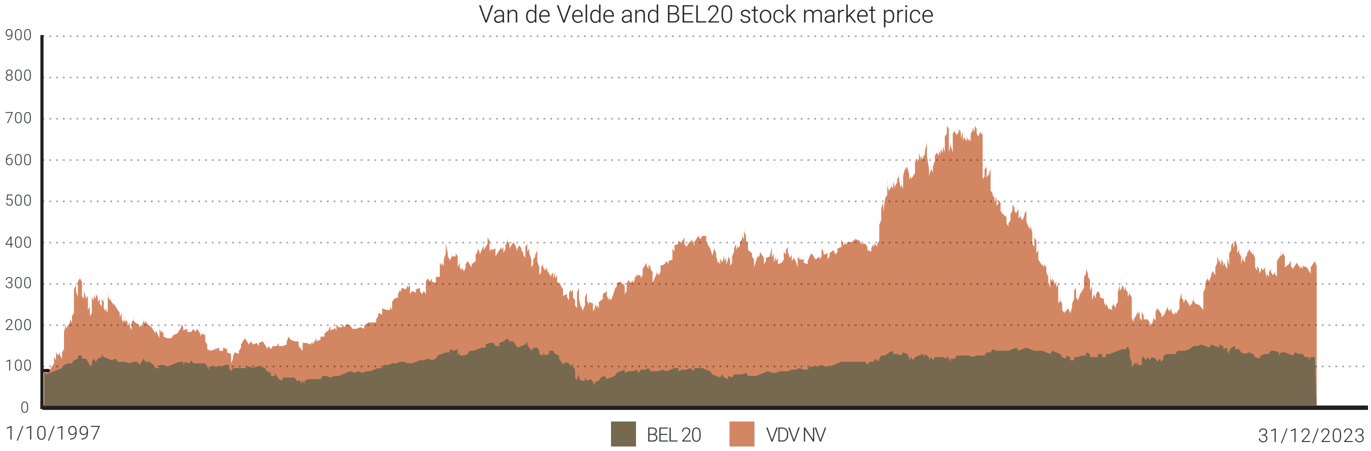
Value determination (in millions of euro)	2023	2022	2021	2020	2019
Book value (1)	165.9	168.1	163.1	144.7	143.8
Market capitalization (2)	440.9	402.3	457.0	305.1	398.3
Enterprise value (EV) (3)	379.2	338.2	381.9	259.4	367.8

(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).

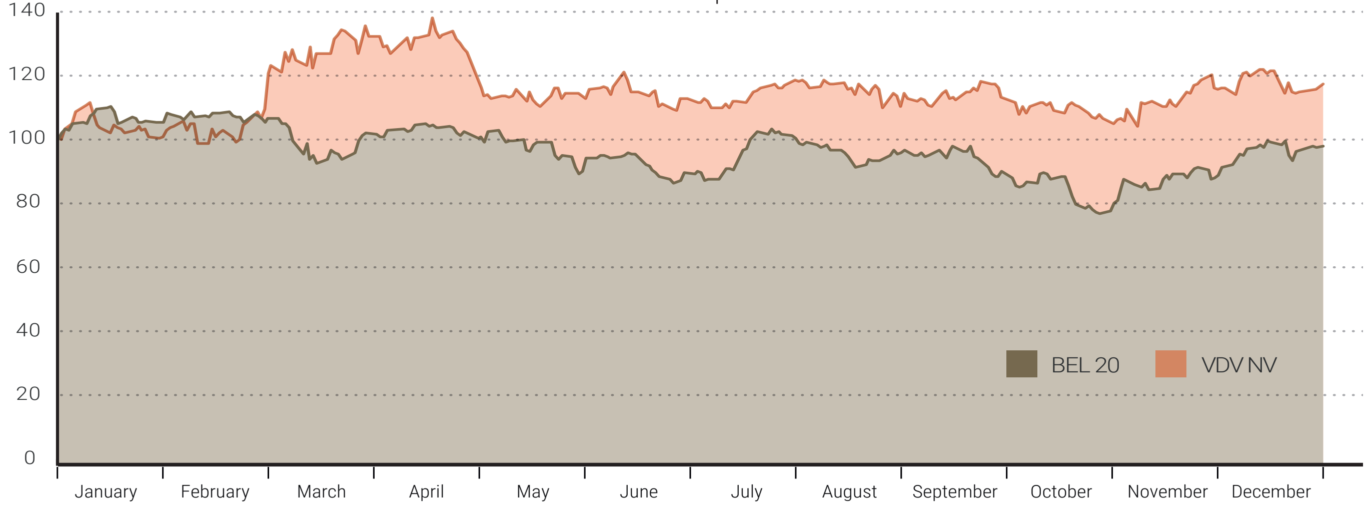
Multiples	2023	2022	2021	2020	2019
EV/EBITDA (1)	6.8	5.8	6.9	7.5	7.7
EV/EBITDA on comparable basis (2)	6.7	5.8	7.3	6.5	7.6
Price/Profit (3)	13.1	10.9	14.3	20.7	18.8
Price/Book value (4)	2.7	2.4	2.8	2.1	2.8

(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 2023

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5 | Consolidated financial statements and related notes

Consolidated balance sheet

000 euro	2023	2022	(Note)
Assets			
Total fixed assets	**76,424**	**72,053**	
Goodwill	4,558	4,529	3
Intangible assets	20,415	20,575	4
Tangible fixed assets	29,902	23,631	5
Right-of-use assets	9,519	8,153	26
Participations (equity method)	10,646	13,556	6
Deferred tax asset	199	227	17
Other fixed assets	1,185	1,382	7
Total current assets	**126,548**	**136,382**	
Inventories	45,950	54,158	9
Trade receivables	13,973	14,347	10
Other current assets	6,029	8,354	11
Cash and cash equivalents	60,595	59,524	12
Total assets	202,971	208,435	
Equity and liabilities			
Shareholder's equity	**165,920**	**168,112**	
Share capital	1,936	1,936	13
Treasury shares	-6,596	-9,668	13
Share premium	743	743	13
Other comprehensive income	-4,515	-3,580	
Retained earnings	174,352	178,681	
Non-controlling interests	**0**	**0**	
Grants	**122**	**203**	8
Total non-current liabilities	**9,044**	**8,008**	
Provisions	204	239	14
Provisions lease liability	734	572	26
Pensions	1,431	1,280	15
Lease liability	6,675	5,549	26
Deferred tax liability	0	367	17
Total current liabilities	**27,885**	**32,112**	
Trade and other payables	21,911	25,594	18
Lease liabilities	2,952	3,350	26
Other current liabilities	1,682	1,763	19
Income tax payable	1,340	1,404	19
Total equity and liabilities	202,971	208,435	

Consolidated income statement and Other comprehensive income

000 euro	2023	2022	(Note)
Turnover	**211,293**	**211,745**	**28**
Other operating income	6,053	5,436	16
Cost of materials	-40,522	-34,091	9
Other expenses	-73,115	-77,661	16
Personnel expenses	-47,625	-47,213	22
Depreciation and amortization[1]	-10,757	-10,139	4, 5, 26
Operating profit	**45,327**	**48,077**	
Finance income	3,013	3,200	21, 26
Finance costs	-3,282	-4,540	21, 26
Share in result of associates	-2,328	-697	6
Profit before taxes	**42,730**	**46,041**	
Income taxes	-9,102	-9,222	23
Profit for the year	**33,628**	**36,819**	
Other comprehensive income			
Currency translation adjustments related to Group entities and non-controlling interests	-654	-145	
- Gain and losses related to Group entities[2]	-135	-984	
- Gain and losses related to associated companies	-519	839	6
Share in other comprehensive income to participations (equity method)	-86	-438	6
Total other comprehensive income (fully recyclable in the income statement)	**-740**	**-584**	
Remeasurement gains/(losses) on defined benefit plans	-292	10	15
Deferred taxes on defined benefit plans	73	-2	23
Total other comprehensive income (not recyclable in the income statement)	**-219**	**7**	
Total of profit for the period and other comprehensive income	**32,669**	**36,242**	
Profit for the year	**33,628**	**36,819**	
Attributable to the owners of the company	33,628	36,819	
Attributable to non-controlling interests	0	0	
Total of profit for the period and other comprehensive income	**32,669**	**36,242**	
Attributable to the owners of the company	32,669	36,242	
Attributable to non-controlling interests	0	0	
Basic earnings per share (in euro)	2.61	2.82	24
Diluted earnings per share (in euro)	2.61	2.81	24
Weighted average number of shares	12,873,338	13,064,354	24
Weighted average number of shares for diluted profit per share	12,900,362	13,095,210	24
Proposed dividend[3] (in euro)	2.40	2.20	25
Total proposed dividend (in 000 euro)	**30,751**	**29,309**	**25**

(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.
(3) For 2023 this is "Proposed dividend per dividend entitled share" and for 2022 this is "Proposed dividend per share".

Consolidated statement of changes in equity

000 euro Change in equity	Shareholder's equity of the company: Capital	Treasury shares[2]	Share premium	Pension reserve	Cumulated comprehensive income	Retained earnings	Revaluation reserve of shares[1]	Participations (equity method): Share in revaluation reserve Top Form	Cumulated comprehensive income	Total equity
Equity at 31/12/2021	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 (note 13)		-4,913								**-4,913**
Granted and accepted stock options						237				**237**
Dividends (note 25)						-26,645				**-26,645**
Equity at 31/12/2022	1,936	-9,668	743	-163	2,377	178,681	-6,406	1,369	-757	168,112
Profit for the period						33,628				**33,628**
Other comprehensive income				-219	-654	8		24	-86	**-927**
Transactions on treasury shares (note 13)		3,072				-8,927				**-5,855**
Granted and accepted stock options						272				**272**
Dividends (note 25)						-29,309				**-29,309**
Equity at 31/12/2023	1,936	-6,596	743	-382	1,722	174,352	-6,406	1,394	-843	165,920

(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.
(2) In 2023, the transaction on treasury shares involves both purchase and cancellation of treasury shares.

Consolidated cash flow

000 euro	2023	2022	(Note)
Operating activities			
Profit before tax	42,730	46,041	
Depreciation and amortization of (in)tangible and right-of-use assets	10,757	10,139	4, 5, 26
Capital gains and losses on realizations of fixed assets	-390	-42	
Net valuation allowance current assets	1,679	2,871	9, 10
Provisions	-12	-195	14, 18, 26
Result based on the 'equity method'	2,328	697	6
Loss / (gain) on sale of subsidiaries, associates and assets held for sale	0	0	
Financial profit and loss	91	805	21
Other non cash-items	-20	22	
Gross cash flow provided by operating activities	57,164	60,337	
Decrease / (Increase) in inventories	6,813	-13,934	9
Decrease / (Increase) in trade accounts receivable	89	-979	10
Decrease / (Increase) In other assets	-52	-534	11
(Decrease) / Increase in trade accounts payable	-977	31	18
(Decrease) / Increase in other liabilities	-1,633	-466	16, 18
Change in operating working capital	4,239	-15,881	
Income tax paid	-7,052	-13,680	
Interests	-91	-805	21, 26
Net cash flow provided by operating activities	54,260	29,972	
Investment activities			
(In)tangible assets - acquisitions	-13,126	-8,075	4, 5
Realization of fixed assets	44	54	
Investment in associated companies	0	0	6
Net cash flow used in investing activities	-13,082	-8,021	
Net cash flow before financing activities	41,178	21,950	
Financing activities			
Dividends paid	-29,309	-26,645	25
Dividends received	0	0	6
Sale of treasury shares for stock options	0	0	13
Purchase of treasury shares	-5,855	-4,912	13
Reimbursement of lease liabilities	-4,996	-4,455	26
Proceeds / (Reimbursement) of short-term borrowings	0	0	
Net cash flow used in financing activities	-40,161	-36,012	
Net change in cash and cash equivalents	1,017	-14,062	
Cash and cash equivalents on 1 January	59,524	73,546	12
Effect of exchange rate fluctuations	54	40	
Cash and cash equivalents on 31 December	60,595	59,524	12
Net change in cash and cash equivalents	1,017	-14,062	

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 28 February 2024, subject to approval of the statutory non-consolidated accounts by the shareholders at the Ordinary General Meeting to be held on 24 April 2024. 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 the 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.

Inventory write-down

Inventory held by the Group is composed of raw materials, work in progress, finished goods and merchandise. The provision for economic obsolescence is calculated based on the age of the stock, identification of the collection (seasonal collection or long-term collection) and an estimate of future sales of the related stock items.

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 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 2023:

- 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 International Tax Reform – Pillar Two Model Rules
- 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 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

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

Consolidation principles

Subsidiaries

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

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

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

Associated companies

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

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

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

Foreign currencies

Foreign currency transactions

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

Financial statements of foreign activities

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

The Group treats goodwill and intangible assets with an indefinite useful life, arising from business combinations, as 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
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.

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

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

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

The depreciation rates used are as follows:

Buildings	15-25 years
Production machinery and equipment	2-10 years
Electronic office equipment (1)	3-5 years
Furniture (1)	5-10 years
Vehicles (1)	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.

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.

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

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 commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

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

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

Derivative financial instruments

Hedges

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

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

Cash and cash equivalents

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

Share capital

(1) Change in capital

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

(2) Dividends

Dividends are recognized as a liability in the period in which they are approved by the General Meeting.

Provisions

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

Employee benefits

(1) Pension plan

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

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

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

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

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

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

(2) Share-based payments

The fair value of the share options awarded under the Group's share option plan is established on the grant date, with due consideration for the terms and conditions under which the options are granted and using a valuation technique corresponding to generally accepted valuation methods for establishing the price of financial instruments and with due consideration for all relevant factors and assumptions. The fair value of the share options is recognized as personnel expenses for the period until the beneficiary acquires the option unconditionally (i.e. vesting date). This concerns equity settled option plans being incorporated 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 B2B and revenue from D2C. 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 2023

The Group has not early-adopted any standards or interpretations issued but not yet effective as at 31 December 2023.

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 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures, effective 1 January 2024 (not yet endorsed by the EU as per 20 December 2023)
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability, effective 1 January 2025 (not yet endorsed by the EU as per 20 December 2023)
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback, effective 1 January 2024

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. Cash-generating units are determined based on revenue generated (digital and owned retail) in the markets in which they operate.

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

000 euro	Andres Sarda	Intimacy	Rigby & Peller	Re-tail (1)	Total
Carrying value, gross					
At 01/01/2023	6,357	26,189	1,732	2,797	37,075
Acquisition through business combinations	0	0	0	0	0
Exchange differences	0	0	29	0	29
At 31/12/2023	**6,357**	**26,189**	**1,761**	**2,797**	**37,104**
Impairment and other adjustments (revaluation)					
At 01/01/2023	6,357	26,189	0	0	32,546
Adjustments	0	0	0	0	0
At 31/12/2023	**6,357**	**26,189**	**0**	**0**	**32,546**
At 31/12/2023					
Accumulated acquisitions	6,357	26,189	1,761	2,797	37,104
Accumulated adjustments	6,357	26,189	0	0	32,546
Goodwill, net 31/12/2023	**0**	**0**	**1,761**	**2,797**	**4,558**

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

(b) Brand names with indefinite useful life

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

000 euro	Andres Sarda	Intimacy	Rigby & Peller	Re-tail (1)	Total
Carrying value, gross					
At 01/01/2023	11,000	7,784	6,670	0	25,454
Acquisition through business combinations	0	0	0	0	0
Exchange differences	0	0	113	0	113
At 31/12/2023	**11,000**	**7,784**	**6,783**	**0**	**25,567**
Impairment and other adjustments (revaluation)					
At 01/01/2023	5,531	7,784	0	0	13,315
Adjustments	0	0	0	0	0
At 31/12/2023	**5,531**	**7,784**	**0**	**0**	**13,315**
At 31/12/2023					
Accumulated acquisitions	11,000	7,784	6,783	0	25,567
Accumulated adjustments	5,531	7,784	0	0	13,315
Brand names with indefinite useful life, net 31/12/2023	**5,469**	**0**	**6,783**	**0**	**12,252**

(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 impaired 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 2023:

000 euro	Andres Sarda	Intimacy	Rigby & Peller	Re-tail	Total
Goodwill	0	0	1,761	2,797	4,558
Brands with indefinite useful life	5,469	0	6,783	0	12,252
Total intangible assets	5,469	0	8,544	2,797	16,810

Result of the impairment test
In 2023 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 year in the forecast period (2024), the growth plan as approved by the Board of Directors is used as the basis.
  - ☆ For the subsequent years (2025-2027), a cash flow projection is drawn up based on realistic assumptions.
- For Andres Sarda, this was based on the 2024-2028 strategic plan, which was approved by the Board of Directors on 12 June 2023.
- The discount rate used to calculate the present value of the future expected cash flows is based on the market assessments and is explained below.

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

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

Turnover assumptions for the forecast period

For the three cash-generating units, the growth plan as approved by the Board of Directors is the starting point in the forecast period (2024).

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

For the planning period (2024-2027) 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 in Germany and the United States of America under the Rigby & Peller brand name. B2B sales to franchise shops are included in Re-tail.

(1) Operating profit before depreciation and amortization.

EBITDA development and EBITDA margins applied to the turnover forecast

In 2024 we reposition the Andres Sarda brand after a detailed and intensive preparation period that began in 2022. Since its launch in 1962, the Andres Sarda brand has been seen as visionary and lauded for its groundbreaking designs. The new, stronger strategy allows us to express the brand's DNA even more. The target group is looking for easy-to-wear lingerie that makes a fashion statement. To reinforce the repositioning, we will change the name Andres Sarda to Sarda. Pre-sales started in January, with the official launch scheduled for the second half of 2024.

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. B2B sales to franchise shops are included in Re-tail.

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 (2025-2027);
- 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
Intangible assets, gross						
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
Amortization and impairment						
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
Intangible assets, net 31/12/2022	20,575	241	12,139	0	8,183	12
Intangible assets, gross						
At 01/01/2023	65,244	4,801	25,454	3,734	30,938	317
Investments	3,568	35	0	0	3,533	0
Disposals	0	0	0	0	0	0
Other adjustments	0	0	0	0	0	0
Exchange adjustments	113	0	113	0	0	0
At 31/12/2023	68,925	4,836	25,567	3,734	34,471	317
Amortization and impairment						
At 01/01/2023	44,669	4,560	13,315	3,734	22,755	305
Amortization	3,841	157	0	0	3,676	8
Impairment	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
Exchange adjustments	0	0	0	0	0	0
At 31/12/2023	48,510	4,717	13,315	3,734	26,431	313
Intangible assets, net 31/12/2023	20,415	119	12,252	0	8,040	4

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 2023 concern the further development of the digital platforms as well as the implementation of our 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 (789 thousand euro in 2023) 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
Tangible fixed assets, gross				
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
Depreciation and impairment				
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
Tangible fixed assets, net 31/12/2022	23,631	15,596	5,280	2,755
Tangible fixed assets, gross				
At 01/01/2023	96,253	43,681	49,817	2,755
Investments	9,558	3,457	4,940	1,161
Transfer	0	2,564	107	-2,671
Disposals	-257	0	-257	0
Exchange adjustments	14	0	14	0
At 31/12/2023	105,568	49,702	54,621	1,245
Depreciation and impairment				
At 01/01/2023	72,622	28,085	44,537	0
Depreciation	3,287	1,456	1,831	0
Disposals	-243	0	-243	0
Exchange adjustments	0	0	0	0
At 31/12/2023	75,666	29,541	46,125	0
Tangible fixed assets, net 31/12/2023	29,902	20,161	8,496	1,245

The investments in tangible fixed assets mainly concern various investments in the improvement and maintenance of buildings and materials. The investments in machines mostly involve investments in our distribution centre. We also initiated the expansion of our production plant in Tunisia. In 2023, 3.18% of the investments contributed 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 2.9 million euro lower than at the end of 2022.

Net carrying amount 000 euro	Top Form Ltd.
At 01/01/2022	13,745
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
At 31/12/2022	13,556
At 01/01/2023	13,556
Results of the fiscal year	-2,328
Capital increase	0
Dividend received	0
Share in the revaluation reserve	24
Share in other comprehensive income (conversion impact)	-86
Conversion profit and losses	-519
At 31/12/2023	10,646

Key figures per participation are as follows:

Key figures 000 euro	Top Form Ltd. (31/12/2023)	Top Form Ltd. (31/12/2022)
Tangible fixed assets	17,963	19,804
Other fixed assets	22,560	23,708
Right of use asset	3,306	3,075
Current assets	53,987	50,888
Non current liabilities	4,778	6,210
Current liabilities	41,927	31,603
Lease liabilities	3,382	1,168
Total net assets	47,723	58,494
Unrealized result in equity	9,883	10,529
Turnover	123,902	149,355
Profit/(Loss) attributable to owners of the company	-8,586	-1,255

The figures for Top Form International Ltd. refer to the closing situation on 31 December 2023 (first half of fiscal year 2023-2024). 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. (31/12/2023)
Participation percentage	25.66%
Total equity (in 000 HKD)	358,079
Participation in equity (in 000 HKD)	91,883
Cumulative exchange differences (in 000 euro)	3,293
Investment in association (book value) (in 000 euro)	10,646

The book value of the 25.66% participation in Top Form was 10,646 thousand euro at 31 December 2023 and the value of this participation based on the share price on that date was 3,132 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.

Falling sales volumes in the United States have had a negative impact on Top Form's results. Taking into account the implemented realignments and growth expectations, we believe in the 2.5% predetermined growth.

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 2023, and no share transactions were noted on the vast majority of trading days on the Hong Kong Stock Exchange in 2023.

The first half of Top Form's fiscal year 2023-2024 ended on 31 December 2023 with a loss of € 1.4m, reflecting declining sales in the United States. Customers in the United States are currently struggling with high inventories and declining consumer demand. In the meantime, TopForm has adjusted its capacity such that the current cost structure was adjusted to current demand, but also accommodates the planned increase in demand from the second half of fiscal year 2023-2024. Based on all available input at the close of the year, Van de Velde remains confident that the share in the underlying equity most accurately reflects the value of the participation in Top Form. Neither was it necessary to recognize any impairment on 31 December 2023 based on the impairment indicators in paragraph 41 of IAS 28. This was 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 2024-2027, 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 10% 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 4,168 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 by 5%. The headroom in this test is positive at 3,225 thousand euro.
- The growth percentage used to extrapolate cash flows beyond the planning period was reduced to 1%. The headroom in this case is 2,684 thousand euro.
- The discounting rate was increased to 12%. The headroom is 1,598 thousand euro in this case.

The sensitivity tests described above show there is sufficient headroom. As a result, the recoverable amount of Van de Velde's participation in Top Form, based on the calculations and tests, is higher than the carrying amount included in the balance sheet as per 31 December 2023.

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	2023	2022
Security deposits for VAT	218	218
Other security deposits	814	945
Other participating interests	38	75
Borrowings	115	144
Other fixed assets, net	1,185	1,382

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 2022 and 2023, 81 thousand euro of the grant was recognized in the income statement.

9. INVENTORIES

Inventories by major components are as follows:

000 euro	2023	2022
Finished and merchandise goods	34,495	30,009
Work in progress	9,041	18,530
Raw materials	12,451	14,271
Inventories, gross	55,987	62,810
Less: Allowance for obsolescence	-10,037	-8,652
Inventories, net	45,950	54,158

The allowance for obsolescence in 2023 concerns finished products (5,447 thousand euro) and raw materials (4,591 thousand euro). The allowance for obsolescence in 2022 concerns finished products (5,274 thousand euro) and raw materials (3,379 thousand euro). The higher depreciation comes as a result of a review on the classification of our permanent collection.

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	2023	2022
Purchase of raw materials	32,314	45,044
Change in inventories	6,823	-13,946
Change in allowance for obsolescence	1,385	2,993
Cost of materials	40,522	34,091

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	2023	2022
Trade receivables, gross	14,642	14,732
Less: allowance for impairment losses on trade receivables	-669	-385
Trade receivables, net	13,973	14,347

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 2023 there was a loss of 250 thousand euro with respect to trade receivables (145 thousand euro in 2022). 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 405 thousand euro (86 thousand euro in 2022). The total increase of impairment losses on trade receivables, 284 thousand euro, is recognized in the income statement under 'Other expenses'.

The table below summarizes a global view of the allowances for impairment losses on trade receivables:

000 euro	2023	2022
At 1 January	-385	-495
Applied losses	250	145
Additions	-535	-35
At 31 December	-669	-385

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
2023	14,642	10,875	2,213	780	774
2022	14,732	11,242	2,237	777	476

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	2023	2022
Prepaid expenses [1]	2,253	2,006
Tax receivables (VAT and corporate income tax)	3,755	6,170
FX forward contracts (note 20)	21	178
Overige vlottende activa, netto	6,029	8,354

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

Tax receivables relate to corporate income tax to be recovered for the years 2022 and 2023. This has decreased because less tax has been overpaid in the installments.

12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

000 euro	2023	2022
Cash at banks and in hand	19,836	39,524
Marketable securities	40,759	20,000
Cash and cash equivalents	60,595	59,524

Marketable securities predominantly consist of saving accounts at financial institutions. A small part refers to a financial investment.

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

13. SHARE CAPITAL

000 euro	2023	2022
Nominative shares	7,563,892	7,562,672
Dematerialized shares	5,498,525	5,759,808
Total number of shares	13,062,417	13,322,480

On 31 December 2023 Van de Velde NV's share capital was 1,936 thousand euro (fully paid), represented by 13,062,417 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

On 27 April 2022, 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 10 May 2022 if the acquisition is necessary to avoid a serious threatened disadvantage and (ii) five years as from 10 May 2022 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 1 March 2023. The buy-back programme started on 2 March 2023 and has an anticipated duration of one year.

At the end of 2022 Van de Velde NV held 335,889 treasury shares.

In 2023, 173,575 of its own shares were acquired (worth 5,855 thousand euro) and 260,063 destroyed (worth 8,927 thousand euro) by Van de Velde NV. During 2023 no options were exercised under the option plan.

At the end of 2023 Van de Velde NV held 249,401 treasury shares with a total value of 6,596 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 accumulated cash no longer needed for business operations.

000 euro	2023	2022
Share capital	1,936	1,936
Treasury shares	-6,596	-9,668
Share premium	743	743

14. PROVISIONS

000 euro	Provisions
At 01/01/2022	463
Arising during the year	16
Utilized	0
Reversal	-240
Provisions 31/12/2022	239
At 01/01/2023	239
Arising during the year	0
Utilized	0
Reversal	-35
Provisions 31/12/2023	204

In 2023, there was an decrease of 35 thousand euro on the existing provision for sales agents.

15. PENSIONS

Van de Velde has seven 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 2023, the pension provision on the balance sheet was 24 thousand euro (24 thousand euro in 2022).

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 2022 and 31 December 2023 shows the following results:

	At 01/01/2022	Pension cost allocated to realized income	Return (1)	Gain/(loss) as a consequence of changes to calculation method allocated to other comprehensive income (2)	Employer contribution	Benefits paid	At 31/12/2022
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
Net liability in the balance sheet	**-1,236**	**-749**	**-9**	**-10**	**747**	**0**	**-1,256**

	At 01/01/2023	Pension cost allocated to realized income	Return (1)	Gain/(loss) as a consequence of changes to calculation method allocated to other comprehensive income (2)	Employer contribution	Benefits paid	At 31/12/2023
Defined pension entitlement liability	-7,356	-618	-291	-1,124	0	116	-9,274
Market value of the fund investments	6,100	0	258	832	793	-116	7,867
Net liability in the balance sheet	**-1,256**	**-618**	**-33**	**-292**	**793**	**0**	**-1,407**

(1) The 'Return' column includes the interest cost to the defined pension rights and the expected return on the asset.
(2) For the 2023 financial year, the change in calculation method allocated to other comprehensive income consists of 257 thousand euro in experience adjustments and -1,381 thousand euro in financial adjustments and there are no changes in demographic adjustments. For the 2022 financial year, the change in calculation method allocated to other comprehensive income consists of -53 thousand euro in experience adjustments, 4,448 thousand euro in financial adjustments and there are no changes 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 2023 is 793 thousand euro.

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

	2023	2022
Annual pay rises (excluding inflation)		
age 20-24:	6.00%	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%	2.30%
Annual discount rate	3.20%	4.00%
Pension age in years	65	65
Total number of members	1,025	1,015
Average age in years	44.9	44.7
Estimated duration in years	16.00	16.82

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 2024)	84
Between 2 and 5 years	1,335
Between 5 and 10 years	2,977
Total expected benefits	4,396

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	2.70%	3.20%	3.70%
Defined pension entitlement liability	9,746	9,274	8,525
Market value of the investment funds	8,377	7,867	7,394

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	9,274	10,674

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	2023	2022
Income from passed on costs	3,500	3,883
Income from recovered costs	1,735	1,167
Other income	818	386
Total other operating income	6,053	5,436
Subcontracting costs	19,195	27,083
Distribution costs	11,242	10,786
Sales and marketing costs	23,717	21,556
General administration costs	18,961	18,236
Total other expenses	73,115	77,661

Other operating income consists mainly of charged costs (import duties and transport costs) and recovered costs (personnel costs and insurance). The decrease in revenue from recharged costs is a result of lower volumes. The increase in revenues from recovered costs is due to the exceptional Covid premium received in Germany. The increase in other income relates to re-evaluation of contracts under IFRS16.

The decrease in expenses, consisting primarily of subcontracting, distribution, sales and marketing expenses, is mainly due to the lower inventory position at the end of 2023. The decrease in subcontracting is partially offset by higher marketing expenses.

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 01/01/2022	4,518	-3,811	-227	480
Changes	-611	271	0	-340
At 31/12/2022	3,907	-3,540	-227	140
At 01/01/2023	3,907	-3,540	-227	140
Changes	283	-772	150	-339
At 31/12/2023	4,190	-4,312	-77	-199

The net deferred tax asset of 199 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 2023 was 1,810 thousand euro. Finally, a deferred tax liability was determined on user fees in the amount of 2,380 thousand euro.

- The deferred taxes of 1,557 thousand euro were recorded on a revaluation of stock. Deferred taxes of 295 thousand euro are also recognized under IFRS 9 with regard to the pension liability at Van de Velde. In addition, deferred taxes related to write-downs on trade receivables for 79 thousand euro were recognized under IFRS 9. Finally, a deferred tax asset was determined on lease obligations in the amount of 2,380 thousand euro.

- The deferred tax assets of 77 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 1,600 thousand euro.

- The decrease of 339 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	2023	2022
Trade payables	10,281	11,258
Payroll, social charges	5,512	5,005
Gift cards and credits issued	204	190
Accrued charges[1]	5,733	7,800
Deferred income	94	622
FX forward contracts (note 20)	88	719
Trade and other payables	21,911	25,594

(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	2023	2022
Other current liabilities: taxes (VAT payable, local taxes, withholding taxes)	1,682	1,763
Taxes payable: corporate income taxes	1,340	1,404

Current liabilities and tax liabilities are in line with 2022. There is a limited decrease in outstanding VAT debt and estimated tax liabilities in 2023. The effective tax rate in 2023 is similar to the effective tax rate in 2022 (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 03/01/2024 and 03/06/2024 (maturity for 2022 : 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 2023, the fair value of these FX forward contracts was -68 thousand euro, comprising an unrealized income of 21 thousand euro and an unrealized loss of 88 thousand euro.

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

000 euro	2023	2022
Derivatives that do not qualify for hedge accounting:		
Other current assets	21	178
Other current liabilities	-88	-719
Real value	-68	-541

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	2023	2022
Interest income	843	47
Interest costs	-24	-107
Interest result, net	**819**	**-60**
Exchange gains[1]	2,082	3,153
Exchange losses[1]	-2,311	-3,687
Exchange result, net	**-229**	**-535**
Other financial income	88	0
Other financial costs	-524	-427
Other financial costs due to IFRS 16	-423	-318
Financial result	**-269**	**-1,340**

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

22. PERSONNEL EXPENSES

Personnel expenses are as follows:

000 euro	2023	2022
Wages	8,755	9,108
Salaries	29,233	28,988
Social security contributions	8,645	8,275
Other personnel expenses	992	841
Personnel expenses	**47,625**	**47,213**

Workforce at balance sheet date	2023	2022
White collars	556	528
Blue collars	1,002	982
Total	**1,558**	**1,510**

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 2023 was 272 thousand euro versus 237 thousand euro in 2022. 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 2020	PLAN 2020	PLAN 2020	PLAN 2020	PLAN 2020
Award date [1]	29/09/16	03/10/17	15/10/19	09/10/20	01/10/21	08/03/22	04/10/22	04/10/23
Dividend right as of the grant date	no	no	no	no	no	no	no	no
Contractual term of the options	5-10	5-10	7-10	5-10	5-10	10	5-10	5-10
Exercise price	63.02	45.13	23.36	22.60	28.75	32.40	32.40	32.25
Expected volatility	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%
Risk-free interest rate	-0.269%	-0.143%	-0.234%	-0.580%	-0.322%	1.141%	1.917%	2.389%
	-0.242%	-0.398%	-0.415%	-0.785%	-0.580%		1.888%	2.245%
Fair value of the share in options (in euro)	16.40	11.23	7.67	5.32	8.25	10.03	9.09	9.83

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

The share option plan has changed as follows:

Number of shares and options	Option plan 2010 - 2020
Outstanding at 01/01/2022	**121,000**
Exercisable at 01/01/2022	**36,000**
Movements during the year	
Accepted	67,000
Forfeited	30,000
Exercised	0
Expired	1,000
Outstanding at 31/12/2022	**157,000**
Exercisable at 31/12/2022	**35,000**
Movements during the year	
Accepted	25,000
Forfeited	0
Exercised	0
Expired	5,000
Outstanding at 31/12/2023	**177,000**
Exercisable at 31/12/2023	**50,000**

23. INCOME TAXES

The major components of income tax expense for the years ending 31 December 2023 and 2022 are:

000 euro	2023	2022
Current income tax	**9,439**	**9,560**
Current income tax charge	9,366	9,349
Adjustments in respect of current income tax of previous years	73	210
Deferred income tax	**-337**	**-337**
Relating to the origination and reversal of temporary differences	-337	-337
Income tax expense reported in the consolidated income statement	**9,102**	**9,222**
Taxes reported in the other comprehensive income	-2	2

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	2023	2022
Profit before taxes (1)	**45,058**	**46,738**
Parent's statutory tax rate of 25%	11,265	11,684
Higher income tax rates in other countries	0	0
Lower income tax rates in other countries	-546	-911
Utilization tax losses and unrecognized losses	-128	-202
Disallowed expenses	261	237
Tax credits	-1,750	-1,586
Total income taxes	**9,102**	**9,222**
Effective income tax rate	20.20%	19.73%

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

The effective tax rate in 2023 is 20.20 % compared to 19.73 % in 2022.

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).

	2023	2022
Profit attributable to shareholders (in 000 euro)	33,628	36,819
Weighted average number of ordinary shares	12,873,338	13,064,354
Dilutive effect of stock options	27,024	30,856
Weighted average number of shares after impact of dilution	12,900,362	13,095,210
Basic earnings per share (euro)	**2.61**	**2.82**
Diluted earnings per share (euro)	**2.61**	**2.81**

In 2023, the options awarded over the period 2019 - 2023 had a dilutive effect. In 2022, the options awarded over the period 2019 - 2022 had a dilutive effect.

25. DIVIDENDS PAID AND PROPOSED

000 euro	2023	2022
Dividend paid	29,309	26,645
- in 2023:		
-2.20 euro per share for fiscal year 2022.		
- in 2022:		
-2.00 euro per share for fiscal year 2021		
Dividend proposed	30,751	29,309
- 2.40 euro per dividend entitled share for fiscal year 2023.		
- No dividend rights are attached to treasury shares.		

26. 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 26 thousand euro was applicable in 2023 compared to 184 thousand euro in 2022. We estimate the future outflow for this contract at 118 thousand euro, spread over a period of six 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.

A number of renewal options exist on the current leases for which it is uncertain at present whether they would be exercised. If these renewal options were to be exercised, this would lead to an increase in the lease liability of 3,948 thousand euro. We do not expect to exercise options to terminate leases early.

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

000 euro	Total	Right-of-use on rental agreements for buildings	Right-of-use on rental agreements for passenger vehicles
Right-of-use assets, gross			
At 01/01/2022	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
Depreciation and impairment			
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
Right-of-use assets, net at 31/12/2022	8,152	6,466	1,686
Right-of-use assets, gross			
At 01/01/2023	21,619	17,418	4,201
Additions	4,576	2,732	1,845
Remeasurement	-985	-1,030	45
Other adjustments	0	0	0
Disposal	-1,518	-674	-844
Exchange rate effects	-98	-99	1
At 31/12/2023	23,594	18,347	5,247
Depreciation and impairment			
At 01/01/2023	13,467	10,953	2,514
Depreciations recorded	3,629	2,335	1,294
Impairment	0	0	0
Remeasurement	-1,454	-1,356	-98
Disposal	-1,500	-674	-826
Exchange rate effects	-65	-66	1
At 31/12/2023	14,077	11,191	2,885
Right-of-use assets, net at 31/12/2023	9,518	7,156	2,362

The investments in 2023 concern newly negotiated contracts in the United Kingdom and the Netherlands, the opening of a new store in the Netherlands, the relocation of own stores in the Netherlands and Germany and new car lease contracts. The reassessments concern the impact of the adjustment of the estimated end date of leases compared to 2022.

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
2023	3,374	6,453	1,028	10,855
2022	3,773	5,123	1,296	10,192

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

000 euro	2023	2022
At 01/01	**8,900**	**12,201**
Additions	4,415	528
Other changes (revaluations and exchange rate effect)	68	579
Payments	-3,755	-4,409
At 31/12	**9,628**	**8,900**
Current	2,952	3,350
Non-current	6,675	5,549

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

000 euro	2023	2022
Depreciation expense of right-of-use assets	3,629	3,855
Impairment lease liabilities	0	-502
Interest expense on lease liabilities	-423	-318
Expense relating to short-term leases (included in 'other expenses')	9	8
Expense relating to leases of low-value assets (included in 'other expenses')	54	26
Rent costs related to termination fees minus realized rent reductions (included in 'other expenses')	0	753
Rent costs related to reassessments (included in 'other operating income')	-346	0
Variable rent costs based on turnover	26	184

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 2023	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	Grabenstraße 3 40213 DUSSELDORF, Germany	100	0
VAN DE VELDE VERWALTUNGS GMBH	Grabenstraße 3 40213 DUSSELDORF, Germany	100	0
VAN DE VELDE TERMELO ES KERESKEDELMI KFT	Selyem U.4 7100 SZEKSZARD, Hungary	100	0
VAN DE VELDE UK LTD(1)	Ground Floor 22/22a Conduit Street W1S 2XT, LONDON United Kingdom	100	0
MARIE JO GMBH	Grabenstraße 3 40213 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	1 C7-8, 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	C/O Revisionscentret Møllegade 2B, st. 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	Ground Floor 22/22a Conduit Street W1S 2XT, LONDEN United Kingdom	100	0
VAN DE VELDE NEDERLAND BV	Beethovenstraat 28 1077 JH AMSTERDAM, the Netherlands	100	0

(1) Under liquidation.

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

Companies to which the equity method is applied

The equity method is applied to the following companies:

Name	Address	(%) Equity interest 2023	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 2023 transactions between the Group and TFI totalled 12,481 thousand US dollar. On 31 December 2023 the Group had trade payables to TFI in the amount of 572 thousand US dollar. 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.

Relationships with shareholders

42.61% 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 Dirctors, 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 255.0 thousand euro in 2023 and 230.0 thousand euro in 2022. The directors have not received any loan or advance from the Group.

Management Team Remuneration

For the year ended 31 December 2023, a total amount of 1,864 thousand euro (2,918 thousand euro in 2022) was awarded to the members of 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, a warrant plan and a share option 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 a severance payment.

000 euro	2023	2022
Basic remuneration	1,590	1,918
Variable remuneration	151	727
Group insurance premiums	37	47
Other benefits	85	106
Exceptional remuneration	0	120
Total	**1,864**	**2,918**

In addition to these cash benefits, share-based benefits were granted to the members of the Management Team through the share option plan. In 2023 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 2022). No calculated costs are linked to the options accepted by the members of the Management Team in 2023.

28. SEGMENT INFORMATION

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 is based, among 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 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.

Segment Income Statement	2023				2022			
000 euro	B2B	D2C	Unallocated	Total	B2B	D2C	Unallocated	Total
Segment revenues	163,244	48,049	0	211,293	168,657	43,088	0	211,745
Segment costs	-115,672	-39,537	0	-155,209	-117,806	-35,723	0	-153,529
Depreciation	0	0	-10,757	-10,757	0	0	-10,139	-10,139
Segment results	47,572	8,512	-10,757	45,327	50,851	7,365	-10,139	48,077
Net finance profit				-269				-1,340
Result from associates				-2,328				-697
Income taxes				-9,102				-9,222
Net income				33,628				36,819

Segment Balance Sheet	2023			2022		
000 euro	B2B	D2C	Total	B2B	D2C	Total
Segment assets	52,702	21,403	74,105	62,568	18,805	81,373
Unallocated assets			128,866			127,062
Consolidated total assets	52,702	21,403	202,971	62,568	18,805	208,435
Segment liabilities	20,815	14,201	35,016	23,925	14,256	38,181
Unallocated liabilities			167,955			170,254
Consolidated total liabilities	20,815	14,201	202,971	23,925	14,256	208,435

Breakdown by region - turnover	2023			2022		
000 euro	Eurozone	Elsewhere	Total	Eurozone	Elsewhere	Total
Turnover	153,456	57,837	211,293	151,333	60,412	211,745

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	23,232	6,670	29,902
Intangible assets	14,320	10,653	24,973
Right-of-use assets	1,970	7,548	9,519
Inventories	42,785	3,165	45,950

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	1.4578	1.4460
CHF	0.9416	0.9707
NOK	0.8680	0.8682
GBP	1.1042	1.0817
USD	3.4069	3.3560

The Group performed a sensitivity analysis in 2023 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	84	-84
CHF	88	-88
AUD	53	-53
GBP	38	-38
	263	-263

The Group performed a sensitivity analysis in 2023 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	312	-312
USD	1,541	-1,541
TND	1,597	-1,597
	3,450	-3,450

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 3.1% of the annual turnover of the Group.

Furthermore, the insolvency risk is covered by credit insurance. In accordance with IFRS 9, 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 action is taken as needed.

The inflation in 2023 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 tests on goodwill, brand names with indefinite useful lives and 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 was included in the budgets used for the impairment tests and 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 (60.6 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 27% of purchase costs, the second for approximately 10% and the third for 5%, 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 44,000 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.


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6 | Independent auditor's report to the general meeting of Van de Velde NV for the year ended 31 December 2023

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 2023, 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 2023 and the disclosures including material accounting policy information (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 26 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 2023, 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, including material accounting policy information, which show a consolidated balance sheet total of € 202.971 thousand and of which the consolidated income statement shows a profit for the year of € 33.628 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 2023, 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 € 4,6 million and € 12,3 million. The carrying value of goodwill and brands together represent 8,3% 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

Our audit procedures included, among others, the following:

- 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 € 46,0 million and represents 22,6% of the consolidated balance sheet total. This inventory value already takes into account an allowance of € 10,0 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 2023"
- 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 2023 are, in all material respects, in accordance with the ESEF requirements under the Delegated Regulation.

Due to the technical limitations inherent in the tagging of consolidated financial statements using the ESEF format, it is possible that the content of certain tags in the accompanying notes is not reproduced in an identical manner as in the consolidated financial statements attached to this report.

Other communications.

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

Gent, 22 March 2024

EY Bedrijfsrevisoren BV

Statutory auditor
Represented by

Francis Boelens *
Partner

* Acting on behalf of a BV/SRL

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Van de Velde
PRIMA DONNA
MARIE JO
My invisible force
ANDRES SARDA
Designed in Barcelona
Lincherie
LINGERIE STYLISTS
RIGBY & PELLER
LINGERIE STYLISTS LONDON


MARIE JO
My Invisible Force

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	2023	2022
Fixed assets	**96,942**	**94,089**
Intangible fixed assets	8,344	9,117
Tangible fixed assets	18,090	14,433
Financial fixed assets	70,508	70,539
Current assets	**129,711**	**139,735**
Amounts receivable after one year	1,721	1,546
Stocks and orders in production	49,308	56,247
Amounts receivable within one year	19,372	21,546
Financial investments	47,355	29,668
Cash and banks and in hand	10,314	29,596
Accrued income and deferred charges	1,641	1,132
Total assets	**226,653**	**233,823**
Shareholders' equity	**150,639**	**153,113**
Issued capital	1,936	1,936
Share premium	743	743
Reserves	134,575	136,967
Retained earnings	13,263	13,263
Grants	122	203
Provisions, deferred taxes and tax liabilities	**0**	**0**
Provisions for risks and costs	0	0
Liabilities	**76,014**	**80,710**
Amounts payable after one year	0	0
Amounts payable within one year	75,783	79,893
Accrued charges and deferred income	231	817
Total liabilities	**226,653**	**233,823**

Concise income statement

000 euro	2023	2022
Operating income	**203,796**	**221,207**
Turnover	202,236	201,523
Changes in stocks unfinished goods and finished goods	-3,911	14,360
Other operating income	5,472	5,324
Non recurring operating income	0	0
Operating costs	**175,081**	**191,008**
Goods for resale, raw materials and consumables	31,776	42,402
Services and other goods	102,251	107,221
Salaries, social charges and pension costs	32,924	32,017
Depreciations	6,681	6,154
Write-downs and provisions	1,188	2,924
Other operating costs	261	290
Non recurring operating costs	0	0
Operating profit	**28,715**	**30,199**
Financial result	**13,147**	**3,759**
Finance income	20,280	11,577
Finance costs	-7,133	-7,817
Pre-tax profit for the fiscal year	**41,862**	**33,959**
Tax on the profit	-4,576	-5,365
Profit for the year	**37,286**	**28,594**

Appropriation account

000 euro	2023	2022
Distributable profit	**37,286**	**28,594**
Distributable profit for the year	37,286	28,594
Addition to reserves	6,535	0
Transfer from reserves	0	716
Profit (loss) to be carried forward	0	0
Profit to be distributed	**30,751**	**29,309**

Statutory annual report Van de Velde NV Fiscal year 1/1/2023 - 31/12/2023

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

1. Comments on the financial statements

The financial statements show a balance sheet total of 226,653 thousand euro and a profit after tax for the fiscal year of 37,286 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 2023'.

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 2023 for auditing the statutory annual accounts of Van de Velde NV was 85,500 euro (excl. VAT). The total costs for 2023 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 185,500 euro (excluding VAT and including the 85,500 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 2023.

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 27 April 2022, 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 10 May 2022 if the acquisition is necessary to avoid a serious threatened disadvantage and (ii) five years as from 10 May 2022 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 1 March 2023. The buy-back programme started on 2 March 2023 and has an anticipated duration of one year.

At the end of 2022 Van de Velde NV held 335,889 treasury shares.

In 2023, 173,575 of its own shares were acquired (worth 5,855 thousand euro) and 260,063 destroyed (worth 8,927 thousand euro) by Van de Velde NV. During 2023 no options were exercised under the option plan.

At the end of 2023 Van de Velde NV held 249,401 treasury shares with a total value of 6,596 thousand euro.

000 euro	2023	2022
Share capital	1,936	1,936
Treasury shares	6,596	9,668
Share premium	743	743

8. Conflict of interests

In 2023, one conflict of interest under article 7:96 of the CCA occurred within the Board of Directors or the Management Team. This concerned the granting of a fixed and variable remuneration to Karel Verlinde CommV as managing director and chair of the Management Team by the Board of Directors on 1 March 2023.

The except 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.

"Karel Verlinde CommV, duly represented by Karel Verlinde, 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. He pointed out that this decision related to a matter of a financial nature, namely the granting of a fixed and variable remuneration to Karel Verlinde CommV as CEO and chair of the Management Team.

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 modalities of remuneration of Karel Verlinde CommV as CEO and chair of the Management Team, specifically the granting of a fixed and variable remuneration.

b) Financial impact of the decision
The remuneration that is granted to Karel Verlinde CommV as CEO and chairman of the Management Team as from 1 January 2023 is:

- A fixed yearly remuneration of 360,000 EUR excl. VAT;
- A variable yearly remuneration of maximum 50% of the fixed remunaration.

c) Grounds justifying the decision
The fixed yearly remuneration and variable remuneration of maximum 50% of the fixed remuneration are a part of the remuneration package as offered to the CEO from 1 January 2023. This remuneration package replaces the remuneration package that was provided to Karel Verlinde CommV for his services as CFO and member of the Management Team up until 31 December 2022.

The Board of Directors is of the opinion that this higher remuneration is justified in view of the additional responsibilities due to his appointment of CEO and chairman of the Management Team."

9. 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".

10. 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.

- 42.61% 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 relation- ship is ended as a consequence of a public offer.

11. Corporate Governance

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

12. Remuneration Report

The remuneration report provides transparent information on Van de Velde's reward policy for its directors and members of the 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).

13. Proposed profit distribution

The Board of Directors proposes to the General Meeting of Shareholders payment of a gross dividend of 2.40 euro per dividend entitled share. After payment of withholding tax, this represents a net dividend of 1.68 euro per dividend entitled share. After approval by the General Meeting of Shareholders the final dividend will be paid out as from 4 May 2024.

Proposed profit distribution in thousands of euro:

Distributable profit	37,286
Addition to reserves	6,535
Profit to be distributed	30,751
- Of this amount, proposed gross dividend of 2.40 euro per dividend entitled share on 12,813,016 (1) shares	30,751

(1) provided the number of treasury shares held remains unchanged at 249,401.

14. 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


ANDRES SARDA
Designed in Barcelona

8 | Statement of responsible persons

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

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

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

Karel Verlinde CommV, *always represented by* *Karel Verlinde* *Managing Director*	*Herman Van de Velde NV,* *always represented by* *Herman Van de Velde* *Chairman*


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Contents

Introduction

Sustainability report – Introduction by the CEO

Our sustainability strategy – *"We love the body you're in and the planet you're on"* –
has become an integral part of our corporate vision and strategy:

1. We are committed to tackling climate change and shrinking our ecological footprint. That's why we are working hard to achieve carbon neutrality and exploring the potential of circularity.
2. We act on the basis of our compelling purpose statement – "We ignite the power in women" – giving our people in house the room to develop their talents in a stimulating environment, while, in the wide world, focusing on our target consumers and the position of women in society
3. We encourage and monitor social and ethical enterprise throughout the value chain.

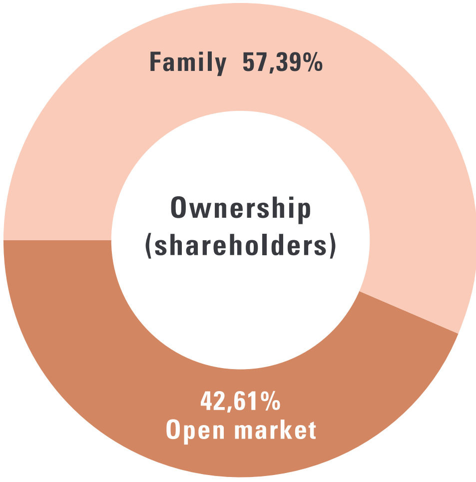
We set goals and build knowhow at the various departments,
so that sustainability is not just a slogan or a project, but a fundamental value at the company.
We are delighted to note that the foundations we have built over the past two years
are increasingly fostering a proactive sustainable mindset throughout the company.
[*GRI 102-14*]

About the company

Van de Velde NV designs fashionable lingerie and swimwear of superior quality under the PrimaDonna, Marie Jo and Sarda brands. These three brands complement each other perfectly. Our mission is releasing the power in women and making a difference by boosting their self-image. And, in doing so, giving them even more confidence with beautiful lingerie that fits perfectly.

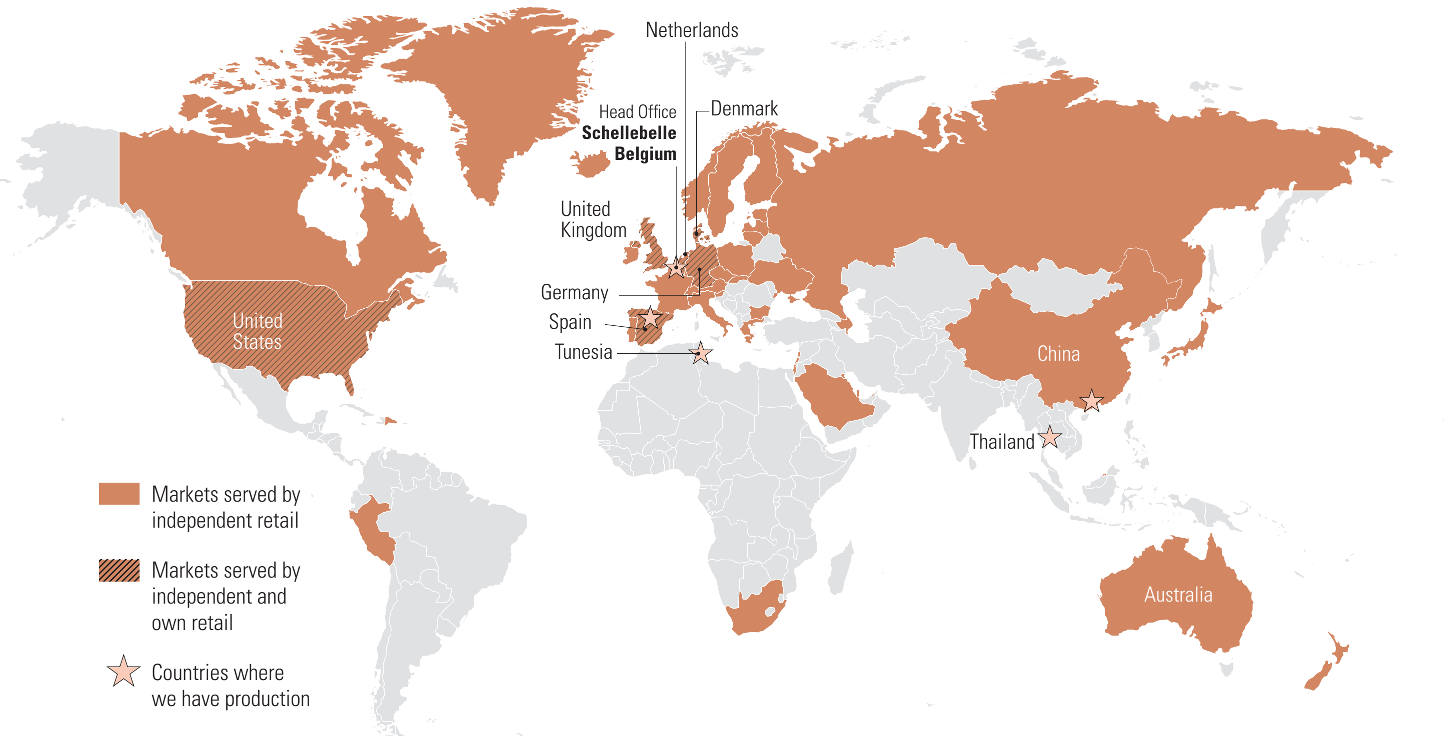
Impeccable service in store is also key. It's an approach we have consolidated in our Lingerie Styling concept. Van de Velde works closely with about 4000 independent lingerie boutiques around the globe. We have our own retail network with retail brands Rigby & Peller and Lincherie. We primarily focus on the European and North American market.

Van de Velde NV was originally a family business and 57.39% of shares still remain in family hands.



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

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



Setting our sustainability strategy

The current sustainability strategy was originally developed in 2022. The United Nations Sustainable Development Goals, the Green Deal, the GRI standards and the new Corporate Sustainability Reporting Directive (CSRD) were among the main sources for this exercise.

When assessing these **SDGs** we choose to focus on those goals we can make a significant contribution to through our daily business activities:

3 GOOD HEALTH AND WELL-BEING

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

4 QUALITY EDUCATION

We believe in the power and potential of people. That's why we organize specific trainings and (self-) deployment tools for our associates. 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.

5 GENDER EQUALITY

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.

8 DECENT WORK AND ECONOMIC GROWTH

We create good working conditions for all associates, 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.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

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.

13 CLIMATE ACTION

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.

17 PARTNERSHIPS FOR THE GOALS

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

We conducted our first **impact survey** among our major stakeholders (associates, customers and suppliers) in **2020 and 2021**. The most important social topics identified back then as highly material and important were also adopted in the sustainability strategy. These include product safety, fair working conditions, health and wellbeing, and combatting corruption.

A **new questionnaire** was sent to Van de Velde associates and retail partners in **2023** to see how the expectations of these stakeholder groups have changed in the meantime.

The impact domains included in the survey were updated in light of the new European Sustainability Reporting Standards (ESRS). Climate topics are among those that have been given more space.

A good mix of senior and middle management, white and blue collar workers were surveyed. Retail partners were selected in Belgium and the Netherlands.

We received 199 responses.
The top 20 topics were as follows:

TOP 20 SUSTAINABILITY PRIORITIES

1. Working conditions (including associate safety, health and wellbeing)
2. Gender equality
3. Product safety
4. High quality and longevity
5. Training and development
6. Water and air pollution (supply chain)
7. Waste reduction
8. Transparency and traceability
9. Breast health
10. Ethics policy in the supply chain
11. Energy management and use of renewable sources
12. Privacy (associates, customers, consumers)
13. Climate change (reduction of carbon emissions)
14. Inclusion and diversity
15. Use of eco-friendly materials
16. Report of non-compliance
17. Biodiversity
18. Anti-corruption
19. Code of conduct
20. Social engagement (sponsor projects)

ENVIRONMENT

- Product quality and longevity
- Water and air pollution (supply chain)
- Waste reduction
- Energy management and use of renewable sources
- Climate change (reduction of carbon emissions)
- Use of eco-friendly materials
- Biodiversity

PEOPLE & SOCIETY

- Working conditions (including associate safety, health and wellbeing)
- Gender equality
- Product safety
- Training and development
- Transparency and traceability
- Breast health
- Ethics policy in the supply chain
- Privacy (associates, customers, consumers)
- Inclusion and diversity
- Social engagement (sponsor projects)

GOVERNANCE

- Report of non-compliance (whistleblowing)
- Anti-corruption
- Code of conduct

After consultation with management, the various insights and perspectives were summarized in a **strategy** based on the following **four pillars**:

1

striving for
carbon neutrality

In the **first pillar** we group all initiatives that support the reduction of the carbon emissions of Van de Velde group. Specifically, these are projects to reduce waste, manage energy, make the fleet greener and optimize transport.

2

exploring the potential of
circularity

The **second pillar** covers all product-related aspects. First and foremost is the importance of product quality and longevity. Otherwise, indirect emissions connected with purchased raw materials and end-of-life product processing is a key concern in the fashion industry. The complexity of our product and the immaturity of circularity in our niche lingerie business drive us to take a more active role.

3

driven by
people and purpose

Our associates and consumers, both of which are mainly females, have always been at the very heart of everything we do at Van de Velde. Such topics as (mental) health, product safety, self confidence, (breast) health and gender equality are given the requisite attention here. The aim of this **third pillar** is to redouble our efforts, not least with even more concrete initiatives in the communities. In that we are led by our new mission statement – "We want to ignite the power in women".

4

the value chain
Due diligence

In the **fourth pillar** we want to take a more pro-active role in encouraging and monitoring our 1000-plus business partners. First and foremost we are focusing on social and ethical enterprise. The aim is not only mitigating risk, but also being more transparent and encouraging initiatives that help nurture a positive social culture.

Aligning with the new CSRD

In the second half of 2023 we launched a double materiality and gap analysis as part of our preparations ahead of the introduction of CSRD.

First base was a longlist of potential material industry-agnostic topics based on the ESRS, along with industry-specific topics, using the SASB as our guidelight.

This longlist was whittled down on the basis of interviews with external experts (sustainability managers in other industries, consultants).

Next, we held a workshop (moderated by a third party) with the members of the Management Team and the Sustainability Committee, plus a number of key users from the Finance & Legal department. Here, the various topics were explained, the downstream and upstream dimension defined and the possible (positive and negative) impacts of each identified. The result was a shortlist of material topics to which the participants could attribute their scores individually (scale, scope, remediable character) with regard to risks and opportunities.

A second workshop was held in February 2024 (again moderated by a third party) focusing on financial materiality.

Van de Velde also signed up for the EU Taxonomy pilot and Greenomy's CSRD accelerator program in 2023. These two initiatives have the following goals: acquiring and collating new and existing knowledge on EU Taxonomy and CSRD at VDV key users (finance, legal, data team, HR...) on the one hand, and, on the other, conducting the gap analysis to get clarity on what metrics we currently use and report (based on the GRI standards) and what metrics are mandatory under the CSRD.

The existing sustainability strategy can be updated where needed, in light of new insights into risks and opportunities.

Sustainable governance

The 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.

The first projects and areas of responsibility were identified in 2022, based on the new strategy. The projects are led by ambassadors at the various departments, with sponsorship by members of the management or leadership team. The sustainability manager touches base with the project leads to keep track of the progress.

A sustainability committee was also set up in 2023. Convening five times a year, its remit is to help develop the sustainability policy at the strategic and tactical level: setting goals and priorities, supporting implementation (by providing resources) and adjusting strategy where needed in light of new insights and trends.

The committee has 10 members, including the CEO, COO and HR director. The other members are part of the Leadership Team (innovation, legal...). The committee is chaired by the sustainability manager. The CEO or COO make regular reports to the Management Team.

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 Board of Directors once a year. This schedule can be revised in response to specific deadlines. [*GRI 102-18*]

1 FIRST PILLAR: STRIVE FOR CARBON NEUTRALITY

1.1. Why this priority?

We are confronted with the negative effects of climate change and the capacity limitations of our planet on a daily basis. Textile and apparel is one of the most polluting industries too. As a company we want to face up to this reality and acquire the knowhow needed to ensure we have the right input when making strategic decisions.

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.

These new insights and the upcoming new technologies and innovations gave us a positive feeling in 2023 again and bolster our belief that this transition is an opportunity that generates benefits for all stakeholders.

1.2. Carbon footprint calculation: 2022 as base year

The carbon footprint of Van de Velde group was calculated for the first time as part of the process of working out the strategy. The calculation covers scope 1, 2 and 3, given that the supply chain (indirect emissions) accounts for the largest part of the carbon footprint. The calculations are made on an annual basis at the beginning of the financial year. Van de Velde makes these calculations itself using specialist software. The calculation methodology follows the GHG Protocol and is in line with ISO 14064. [*GRI 305*]

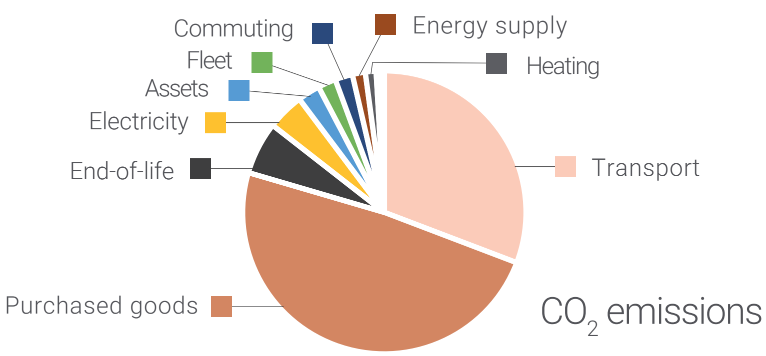
The following entities of the Van de Velde group are in scope:

- Schellebelle head office
- Wichelen distribution center
- Tunisia atelier
- owned & operated retail stores
- Our global sales force

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

- **Upstream activities:** purchased goods – energy surcharge – transport
- **Downstream activities:** end-of-life products
- **Resources:** business travel – associate commuting – assets – waste in operations

2022 was used as base year. We calculated total carbon emissions of **24,167 t** in **2022**.



These results clearly showed that our carbon emissions are concentrated in a few key areas:

- **Purchased goods and end-of-life:** the main fabrics used in our designs are blends of synthetics (primarily polyamide, polyester and elastane). These materials are not yet recyclable.
- **Freight:** we transport (inbound and outbound) to and from our subcontractor in Asia and our own production site and partners in Tunisia on a weekly basis.
- **Electricity:** the renewable energy volume in 2022 was still very low.
- **Vehicles and fuel:** the vast majority of the fleet was still powered by fossil fuels in 2022.

These findings show there are a lot of opportunities for improvement.
Some were identified as quick wins, others will be incorporated in our long-term strategy.

1.3. Reducing carbon emissions: 2023

In 2022 the first **targets** were set for **2023**

ENERGY CONSUMPTION

- 30%

*purchase of grey energy in **2023**: by reducing consumption and increasing the share of energy from renewable sources*

FLEET

- 5%

*diesel consumption in **2023**: by transitioning to hybrid and electric cars*

WASTE MANAGEMENT

- 8%

*non-recyclable waste tonnage in **2023**. by focusing on reducing operational waste*

TRANSPORT ACTIVITIES

identifying the options for reducing impact of inbound and outbound transport

The following results were **recorded at the end of 2023**

- 5%

purchase of grey energy
***Reason:** solar panels were not connected until October 2023*

- 5%

diesel
***Reason:** first diesel cars taken out of the fleet*

- 22%

non-recyclable
***Reason:** combination of adapted cutting (zero buffer) and smaller volumes in the cutting room*

No structural changes to the transport flows. Dialog with transport partners is ongoing.

As well as these categories, 2023 also saw efforts in relation to **purchased goods**. Given the size of this category, the direct connection with the USP and the complexity of our products, an in-depth study is required to be able to properly identify the emission reduction options.

To this end, projects were launched to study the feasibility of alternative yarns and eco-design for lingerie in collaboration with the innovation department. A study of new tools (such as LCA) is also part of this package.

In **2023** we calculated total carbon emissions of **19233** t. The biggest reductions were due to
1. the lower production volumes: fewer pieces were produced than in 2022 as part of efforts to reduce stocks.
   The trends for the most important indirect emissions, linked to raw materials, end of life and transport, are linear.
2. optimization of energy and waste management.

The **targets** for **2025** compared with 2022 were adjusted in 2023 as follows:

- 70%

*purchase of grey energy in **2025**: by reducing consumption and increasing the share of energy from renewable sources*

- 50%

*diesel consumption in **2025**: by transitioning to electric cars*

- 30%

*non-recyclable waste tonnage in **2025**. by focusing on reducing operational waste*

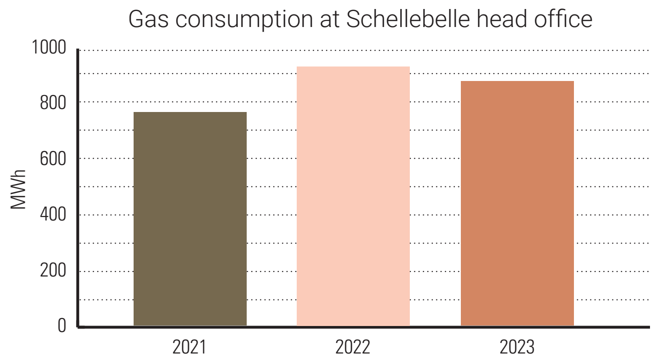
taking action to reduce impact of inbound and outbound transport

1.4. Facilities: gas & electricity [GRI 302]

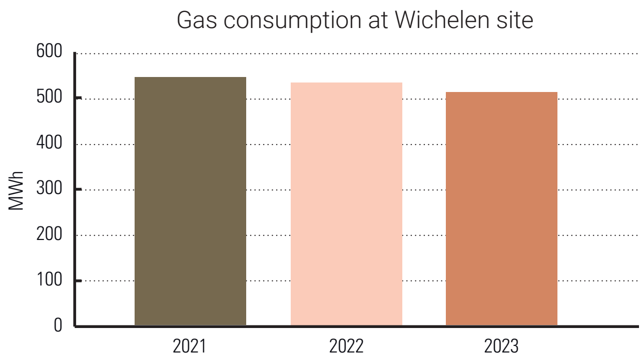
Sites in Belgium

Analysis of 2023

Gas consumption in Schellebelle decreased slightly compared with the previous year. Natural gas is primarily consumed to heat the offices. There were fewer cold peaks in 2023. The various spaces can be shut off again too, unlike during the pandemic. As a result, we can take a more targeted approach to heating the offices.

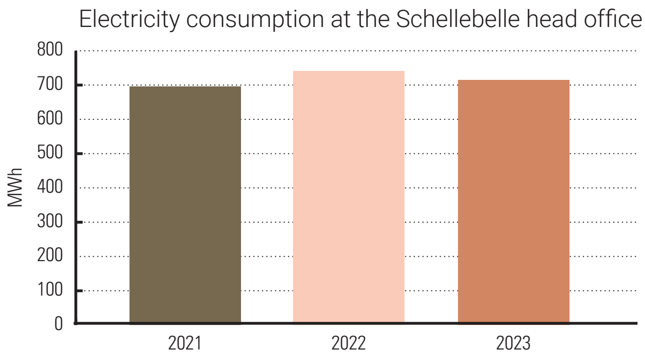


Gas consumption in Wichelen, which is also mainly connected with heating, also fell slightly. Here, too, we see the gradual positive impact of the initiatives of recent years (such as roof insulation and the installation of a heat pump).

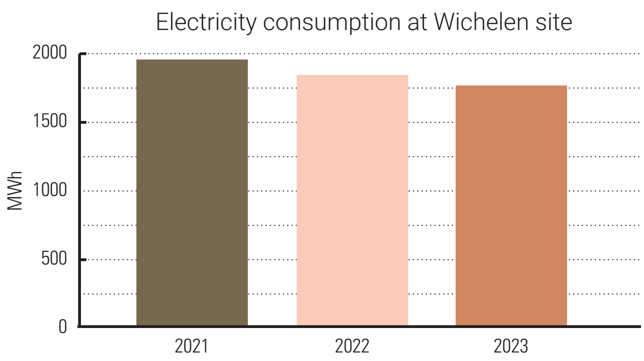


Electricity consumption at Schellebelle decreased compared to 2022:

An analysis of the standby power consumption enabled us to identify and neutralize specific energy guzzlers.
Some high-power equipment (compressors, molding machines) is now used at certain times rather than round the clock.
Some departments were also switched to LED lighting.
The targeted -30% reduction in the purchase of grey energy on the back of the installation of additional solar panels was not achieved in 2023, as they could only be connected in October.



The small decrease in **electricity consumption in Wichelen** compared with 2022 is due to the continued optimization of machine control, the switch to LED lighting at some departments and reduced activity in the cutting room.



Outlook in 2024

An investment was made in additional solar panels in the summer of 2023 to up the share of energy from renewable sources in Belgium. This should result in an estimated 70% reduction in purchased grey electricity by the end of 2025. Comparative research into new green energy contracts was conducted in the first half of 2024.

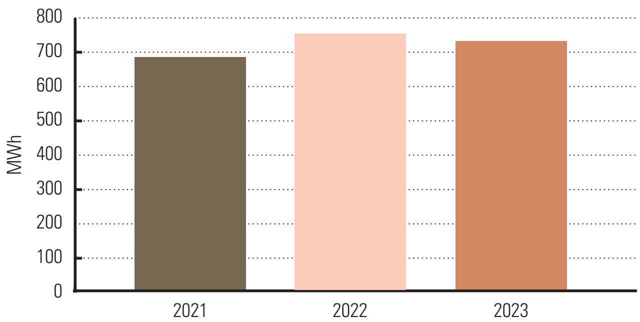
The Wichelen site is to be enlarged. The land has been purchased and the plans are beginning to take shape. The goal is the most energy-neutral newbuild possible based on the requirements of the BREEAM sustainability label, which apply during construction. The project also includes some optimizations of the old building. The purchase of the land is conditional on the achievement of challenging sustainable targets (including a specific green management plan), which will be met in full.

Sites in Tunisia

Analysis of 2023

Electricity consumption in Tunisia has gradually increased in recent years. First in 2021 with the installation of molding machines (which are used to mold fabrics at high temperatures) and then in 2022 due to activities connected with a newbuild. More generally, the high temperature peaks in the summer also result in the increased use of the air conditioning. Total consumption gradually stabilized in 2023.

Electricity consumption at Tunisia production site



Outlook in 2024

An investment in a newbuild in Tunisia doubled operational floor space. Among other things, the new building will house the following activities:

- Stitching technical prototypes for the design department in Schellebelle
- Cutting production components for the sites in Tunisia
- Expanding such operations as molding and quality checks

The newbuild project was launched in 2022 and the space is now ready for use, which will see energy consumption rise again.

Solar panels will be installed on the new building in mid-2024 to generate electricity for both the new and old wings. We expect to purchase an estimated 50% less grey electricity in the first year.

1.5. Fleet

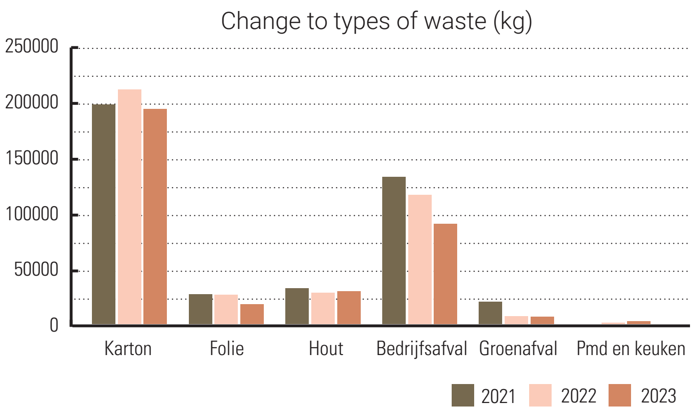
The fleet comprises more than 120 cars. Some company cars are used exclusively by associates working at the Belgian head office (mainly for commutes); others are used by sales representatives worldwide, who regularly visit our retail partners to present collections and take pre-orders. We organize the sales teams on a regional basis and use central showrooms to minimize the distances covered.

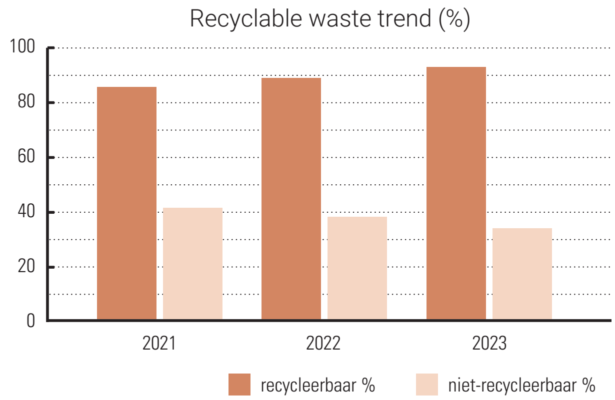
In 2023 it was decided to accelerate the transition to electric. The goal is for the fleet to be fully electric by 2027. Of the 50 new company cars that came into service in 2022, 40 were hybrid, 9 petrol-driven and one fully electric (internal transport). Action was taken in 2023 to ensure the success of the transition: the company car policy was revised and the preparations were made for a more wide-ranging mobility plan. We invested in 30 new charging stations at the head office for the convenience of associates and customers alike.

The fleet transition is expected to lead to the reduction in diesel consumption of at least 50% by 2025.

1.6. Waste management [GRI 306]

Sites in Belgium





Analysis of 2023

The ratio of recyclable waste to non-recyclable waste was improved once again compared with previous years. The provision of tools (mini-containers, sorting trays) and clear instructions across all departments has raised awareness of the need to sort waste properly. As a result, there is much less confusion about what is recyclable and non-recyclable, and the various waste streams are sorted more appropriately. This has a positive impact on the figures.

Cutting room fabric offcuts from the central cutting room in Wichelen continue to account for most non-recyclable industrial waste (>65% of the total).

The drive to decrease stock also means that the number of cut parts in 2023 was lower than the previous year. There was also clearly less corresponding operational waste as a consequence.

The largest waste volume comprises **cardboard** and **paper**. This is mainly made up of packaging used by subcontractors or fabric suppliers and protective cardboard layers from the cutting room. The cardboard waste volume also progressed in line with the production activities, which were lower in 2023. Bearing in mind how important paper and cardboard waste is, these streams are separated into three sorting routes depending on value and type. [*GRI 306-2*]

Outlook in 2024

The raw materials for our products are a mix of polyamide, polyester and elastomers. This means that **offcuts** are (currently) non-recyclable. This waste stream accounts for more than 65% of all non-recyclable waste.

Given the scale of offcuts involved, a study was started in 2022 with the manufacturer of the cutting robots to see whether the buffer between the parts of the pattern could be reduced. The study showed that this could be done and the first new zero-buffer cutter was installed in 2023, with the space between the parts of the pattern reduced from 3mm to 0.8mm. The switch makes a clear contribution to reducing fabric consumption and offcuts. Based on the initial results, funds have been released for the installation of another four cutters in 2024.

In 2023 we also had initial talks to explore the potential of offcut upcycling. A number of tests are ongoing to see whether the offcuts can be ground down and reworked into a raw material for further product development (other industries).

The largest waste stream at both sites is **paper/cardboard**, as shown in the table above. Some sources were identified and will be dealt with in the short term:

- Packaging material of raw material suppliers: associates are encouraged to reuse cardboard boxes for the on-site storage of (small) materials and their transport between different sites as much as possible.

- Paper/cardboard from marketing materials (POS, posters, brochures): a project was launched in 2023 to reduce seasonal POS and avoid surpluses.

An additional paper press was purchased for Schellebelle to eliminate the transport of paper and cardboard waste between sites.

A press was also purchased for plastics, which means that less storage space and fewer pick-ups are needed. This has a positive influence on the cost of waste treatment.

As well as the above initiatives, we regularly run small-scale campaigns to raise awareness of waste sorting and prevention among associates. Every associate was given a coffee mug at the beginning of 2023 and all plastic cups were removed from the water and coffee dispensers in Schellebelle.

Sites in Tunisia

We are making efforts to minimize waste at the production site in Tunisia too, including the avoidance of cardboard and plastic packaging for the weekly raw materials transports. The reusable containers bringing cut components from Belgium are always used to return finished products to the distribution centre in Belgium.

Textile waste (such as haberdasheries and offcuts) is sorted and collected separately. Average daily waste in 2023 was 100kg. That is comparable to 2022.

1.7. Transport

Inbound and outbound transport is the second biggest source of emissions for our company (indirect, scope 3).

The weekly transport to and from our assembly partner in the Far East is done by air. Trucks and ships are used for transports to and from our hub in Tunisia.

The transport of purchased raw materials to the cutting room in Belgium is mainly by road (not air), as we purchase more than 70% of them in Western Europe.

Total (indirect) transport-linked carbon emissions in 2023 were lower than the previous year because lower volumes were sent to the Far East.

No new transport scenarios were rolled out in 2023. However, talks are ongoing with the transport partners to explore the optimization options. The supply process for smaller quantities such as sample material and some specific raw materials has been studied to simulate the impact of bulking.

2 SECOND PILLAR: EXPLORE THE POTENTIAL OF CIRCULARITY

2.1. Responsible production: introduction and challenge

First and foremost, responsible production in the fashion industry means making products with a **long life**.

Key is designing products of very high quality that do not lose their shape or color after being worn or washed several times. All too often, consumers quickly discard low-quality (cheaper) products, replacing them with new ones. Recent studies show that the average European Union citizen throws away more than 14kg of textile (on an annual basis). Of this, 99% ends up at the dump or is incinerated; just 1% of textile waste is recycled. Breaking this trend of overconsumption and disposability, and encouraging consumers to use apparel for as long as possible, is a challenge for the industry. This is clearly only when products have a long life.

At Van de Velde our aim is never to compromise on longevity when making choices in the design phase.

Consumers are able to keep wearing our products for such a long time because of the **high quality** and **exceptional fit** of our products. This is the result of knowhow built up over the years. Initially, the development process was one of trial and error, with fitting followed by adjustment until the product was just right. We are now increasingly switching to an objective data-based design methodology, which is being developed at the Schellebelle head office in a tight collaboration between our product development teams and innovation experts.

Our functional **modular components** (such as wires and technical tricots) can be used across the seasons, as they are key to the continued quality and fit of the collections. The specific development of those material components is in the hands of our materials experts, working closely with our raw materials suppliers

We also market a large range of **timeless products**. These lingerie products are classically attractive, which means they can be worn regardless of the trend at any given time. 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.

Our end products are as yet **non-recyclable**. There are 40-plus components in the lingerie products, each comprising different materials. Most of them consist of blends that also contain elastomers. The different components are small, too, making them difficult to separate. Only some parts of the products can be repaired. Parts that are easy to replace, such as hooks and eyes or wires, are made available for retail partners for repairs.

For these reasons, rethinking the design to meet the principles of circularity (repair, recycle) is a huge challenge. But we are only getting started.

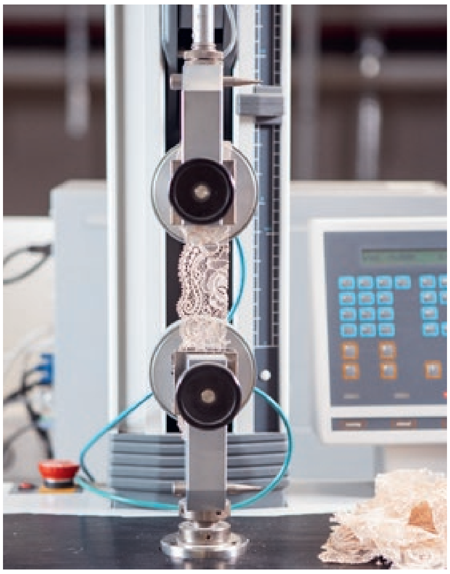
2.2. Key aspects: high quality and longevity

Our products last for years, **without loss of quality**. That is something we can guarantee due to our strict and intensive development process at our head office 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 components and premium quality is expected for every single component: for every piece of fabric and lace, as well as every single strap and ring.

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.



Product safety is another important aspect, given that lingerie and swimwear come into direct contact with the skin. With this in mind, nothing is left to chance in relation to harmful substances.

We only work with suppliers who are certified by REACH and OEKO-TEX® and able to provide proof of the regular inspection of their processes by third parties. Based on our quality labels, we are able to assure consumers that our 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 stitching), and various kinds of ready-to-wear articles, including all sorts of clothing and lingerie, linen, bedding and towelling. OEKO-TEX complies with the EU's REACH regulation and gives due consideration to the requirements set out in Annexes XVII and XIV of the EU's REACH chemicals regulation and the ECHA SVHC candidate list when the expert group of the OEKO-TEX® Association deems them relevant to fabrics, textile, clothing and accessories. Standard 100 by OEKO-TEX® improves consumer safety. In many cases, test criteria and limit values go far beyond applicable national and international standards. Extensive products checks and regular company audits also help ensure the industry is aware of the need for the responsible sustainable use of chemicals.

Every Van de Velde supplier of raw materials and finished articles must be able to present their OEKO-TEX certification to Van de Velde at all times. Certification is not only checked during screening. Valid OEKO-TEX certification must also be presented to Van de Velde upon its annual renewal. These are registered in our 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 swimwear***

For our lingerie and swimwear we mainly use synthetic fibers such as polyamide and polyester, mixed with elastomers. 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 excellent shape and color fastness means consumers can wear their lingerie and swimwear for a very long time, ensuring they have a long life.

In calculating our carbon footprint we identify the impact of the purchased goods (scope 3). The specific lingerie materials mentioned above account for an important share of the (indirect) emission, as the production of new synthetic yarns demands fossil fuel and lots of energy, among other things.

That's why we have launched a study into potential **alternatives** that have a smaller **ecological footprint**, 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.

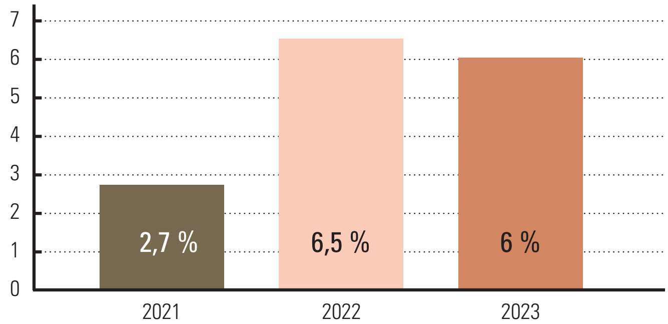
These materials are made from recycled polyamide or polyester and are GRS-accredited.

Global Recycled Standard

This Global Recycled Standard is accepted worldwide as a guarantee of an eco-friendly production process.

These new types of yarn are being gradually introduced into our collections. Development is in close collaboration with our regular raw material suppliers to ensure (strict) quality demands are met.

In recent years the share of these new yarns (as a total weight of purchased raw materials) was as follows:



We intend to continue this transition for future collections wherever possible. The first time we used these new types of yarn, new challenges also revealed themselves, such as availability, scaling, pricing and the need for new technologies.

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

Purchased goods: ***packaging and POS materials***

As announced, we revised the Van de Velde POS policy in 2023. The following steps were taken to reduce our ecological footprint and improve the service levels to our retail partners:

- Seasonal POS material:
  - No more standard packages; customers only receive the materials they need.
  - Window packages are now only sent out to customers who order them rather than being sent out as standard
  - Lower quantities of brochures; with maximum quantities set
  - POS packages are put together by Weerwerk, a workplace in Ghent that helps people who have been out of employment for a long time back into work.

- Paper sourcing project: purchase of paper from a Cradle2Cradle supplier
- FSC logo on all brochures and sales books since November 2023

We will continue to improve the sustainability of our trade marketing activities in 2024. Circular and sustainable materials have been consciously chosen for the new shop-in-shop concept, which is under development.

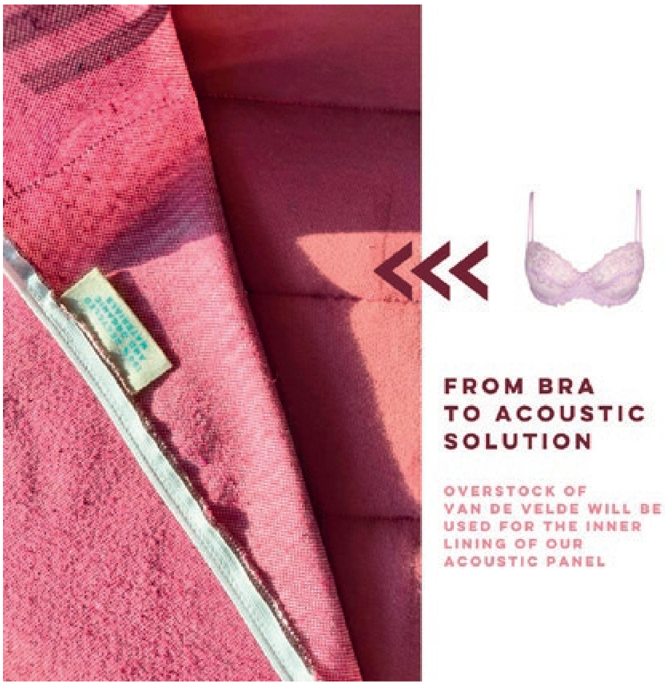
2.4. Fabric leftovers

The goal is to minimize the fabric leftovers at the end of the season. This is 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). That enables us to ensure consistent sizes and fits for all new season collections.

A bonus is that we use the same components every season, which means we are not left with any unusable overstock at the end of a season.



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 our three lingerie brands, which optimizes order quantities and drives flexibility in production.

Leftover fabrics: sell or upcycle

These design principles, among other things, enable us to keep (seasonal) fabric offcuts to an acceptable minimum. New uses are always sought for leftover fabrics, rather than simply discarding them as waste. These are high-quality fabrics, often with strong technical performance characteristics, which means they retain their high value and can be used in other applications. Van de Velde launched a number of pilot projects in 2023 to investigate this potential. These are primarily in the form of partnerships with start-ups that design circular products, with the greatest focus on fashion and interior design. Upcycling projects are also initiated by the Van de Velde design and marketing departments, including the limited editions using leftover fabrics and such promotional gifts as carrier bags and makeup bags. The makeup bags are produced by Ared, a Spanish enterprise that works to bring women back onto the labor market.

3 THIRD PILLAR: PEOPLE- AND PURPOSE-DRIVEN

We strongly believe in the power and potential of people, and in the power of women in particular.

First and foremost, the health and wellbeing of the 1500-plus Van de Velde *associates* is very important to us. There is no doubt in our minds that good (mental) health is key to the quality of work. Because we believe that when associates 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 launch initiatives to make Van de Velde an attractive place to work. We encourage personal and professional growth with a solid training and development policy.

Consumers are given a place at the heart of our company, alongside our associates. 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 *perfect fit* 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 concern for people and their position in *society*. We particularly want to work on creating opportunities for growth and self-development for women and women's health.

3.1. Our associates: our brand ambassadors

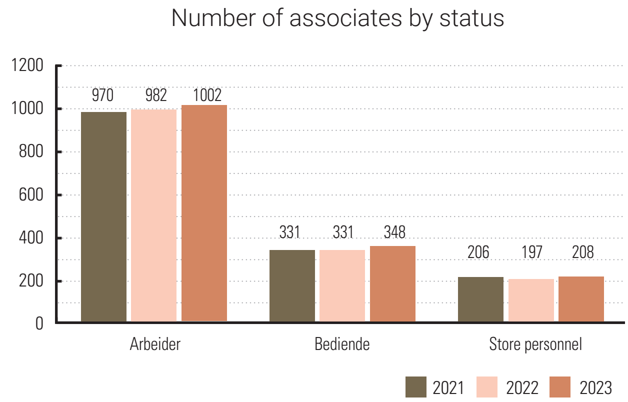
Who are our associates?

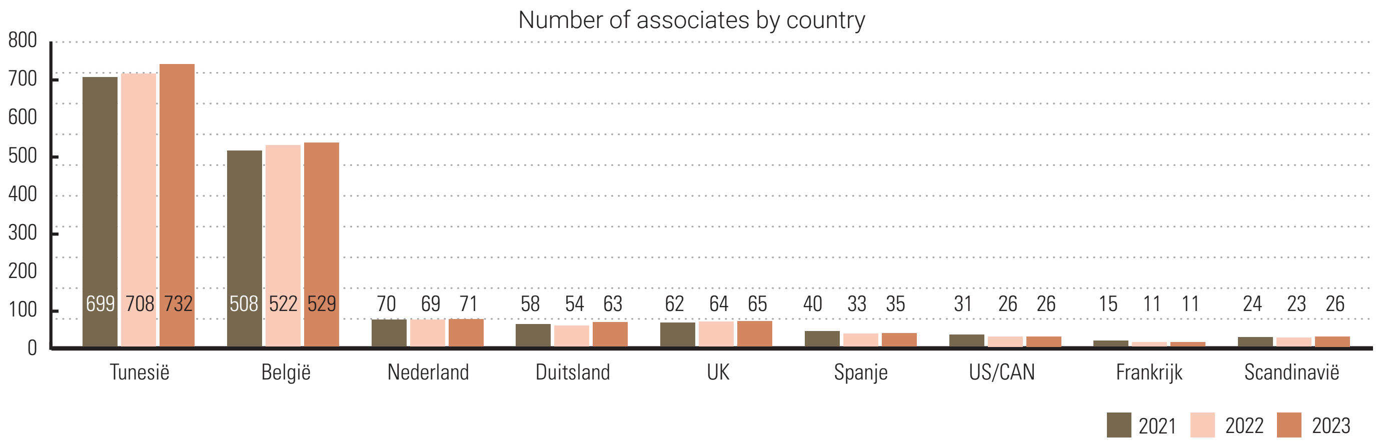
Van de Velde employs more than 1500 people worldwide and assumes responsibility for all of them, regardless of their status or location.

We primarily work with our own associates. The small number of freelancers is limited to our head office. These are mainly IT, HR profiles and digital experts who are working on transition projects.

The vast majority of members of staff are women. This is primarily due to the specific industry (lingerie). Women have greater affinity with the product.

Women are also well represented in senior management positions and on the Board of Directors (figures see below in pillar 4). [*GRI 102-8*]





Values [GRI 102-16]

Since 2020, Van de Velde Values have been defined as:

- 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 associates and express what we stand for and how we act. They also provide a starting point for associate decisions and growth.

Code of Conduct [GRI 102-16]

Van de Velde expects all associates 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.

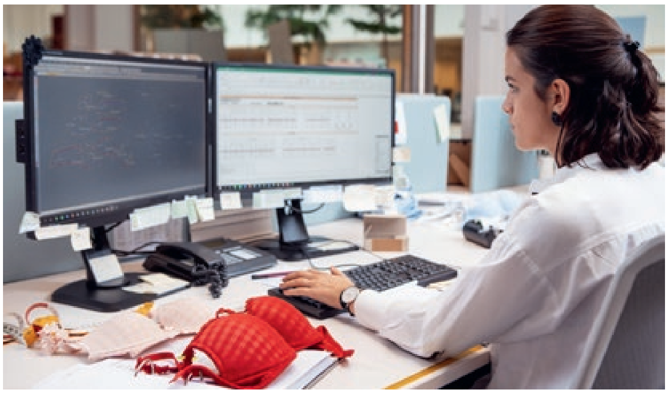
The most important aspects of integrity are:

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

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

Safety and (mental) health [GRI 403]

Safety and good working conditions at all Van de Velde 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 associates 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 includes an annual action plan and a general prevention plan (which is valid for five years).

The service is responsible for the following domains:

- Compliance with laws: following up all inspections and maintenance of safety 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*

Over the past two years, the internal service has drawn up an action plan in response to a risk analysis of the ergonomic burden on the group of blue-collar workers. The first step was an employee survey and an analysis of the absenteeism figures (based on recurring complaints linked to specific positions and age categories). The following actions were monitored throughout 2023:

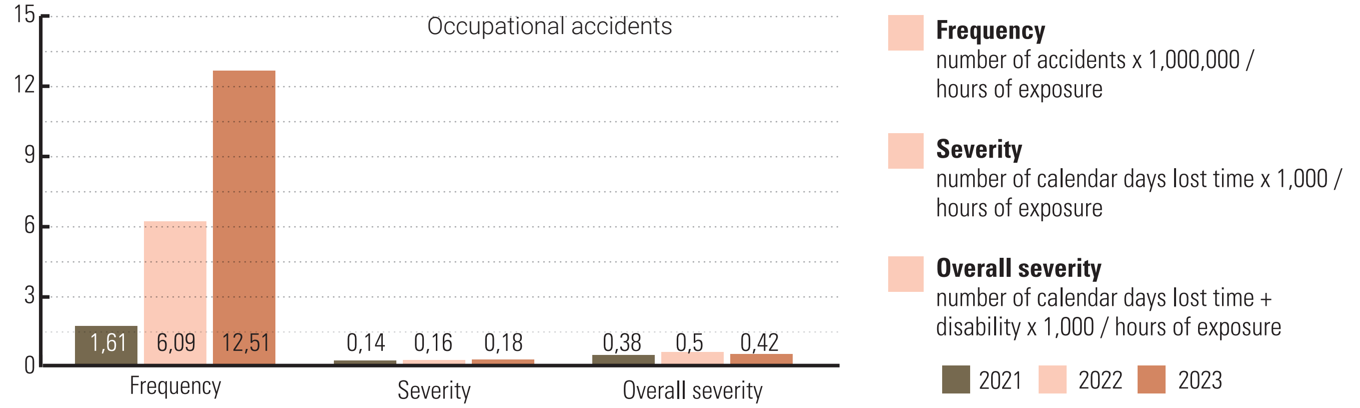
- Assessment of the various workstations
- Training courses were set up to provide tips on adopting good posture and minimizing strain.
- Special medical exams were arranged for people who do a lot of lifting (age-related).

The internal service is responsible for developing the methodology and furnishing the appropriate aids. Once they have been implemented knowledge will be shared with the line managers, who supervise the daily activities.

Example: *monitoring existing processes for occupational accidents*

The safety agents are the first point of contact for reporting possible risks at the departments. 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. If needed, an action plan will be drawn up to ensure it cannot happen again.

An investment was made in a new log system for potential risks and accidents in 2023. This system supports the internal services in the identification, monitoring and follow-up of improvement actions. The PDCA principle is applied for dealing with non-compliance. [*GRI 403-2*]

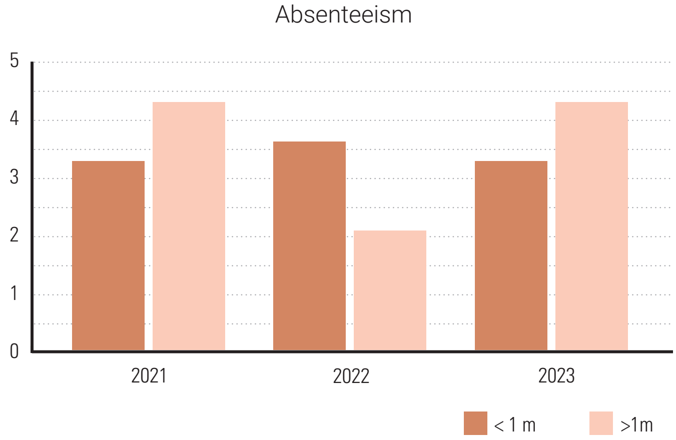


(Mental) health

Van de Velde implements initiatives in various domains to promote the (mental) wellbeing of associates and raise awareness.

Hybrid working: following the various periods of working from home during the pandemic, hybrid working was introduced on a structural basis (for most positions). This policy offers our associates more flexibility and can help them find a good work-life balance.

VDV Connect: alongside flexibility, special attention is also given to strengthening the connections among our employees. This is done through 'VdV Connect', a wellbeing project set up and supported by a team of Van de Velde associates. A wide range of activities was launched in 2023, including flower arranging, sporting challenges and – a first – a largescale blood donation campaign.



Confidents: Two new people took the confident training in 2023. These associates are there for colleagues who have concerns or want to talk about their mental health. An external occupational physician and a PAPSY (prevention advisor psychosocial aspects) are also available.

Surveys: we monitor absenteeism as a wellbeing indicator [*GRI 403-2*] and run a monthly engagement survey. Employee satisfaction is measured on a monthly basis in an anonymous survey on Intuo. Respondents are also 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.

Communication: communicating with our associates in a transparent and meaningful way is key. Associates are informed about developments in the organization, among other things through our 'Conversation Room' platform and our private working@vandevelde Facebook group.

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

- Weekly fresh fruit baskets
- Company bikes
- Walk & bike initiatives
- Showers at work
  Sport initiations (paddle, table tennis)

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 associates, 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.

Sites in Tunisia

Safety and Prevention:

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. Four occupational accidents were recorded in 2023. [*GRI 403-2*]

(Mental) health:

Initiatives are taken to make the lives of associates 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. In the newbuild that opened for use in 2024, extra attention has been given to facilities that promote associate comfort, hygiene and wellbeing.

Training and development

We are committed to personal development. We love identifying the talents that every associate 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 associates 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 encourage internal mobility and cross-department mobility. In 2023 internal candidates filled more than 20% of all vacancies.

Sites in Belgium

Onboarding

It is very important to us that new associates 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 starters to actively take part in the production process. It 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 associates. In 2023 the standard for each associate was 4 training days. [*GRI 404-1*] Each associate 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 2023.

Regular online courses and Lunch & Learn sessions are held to give every associate the opportunity to deepen or broaden their knowledge of topics connected with strategic projects.

Sites in Tunisia

Given that Tunisia is mainly an assembly site, training primarily focuses on the (technical) employability of the associates. Regular training refresher courses are held. Special attention is given to younger associates on two-year learning contracts. A total of 208,000 hours of training was given in 2023, of which 162,000 in connection with learning contracts.

Training efforts in 2024 will continue to be focused on the new activities housed in the newbuild. These new activities demand different knowledge and skills, which is a source of exciting growth and development opportunities for some associates [*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 associates.

All employees and freelancers are invited to report possible cases of corruption and bribery in a confidential internal procedure. In March 2023 this procedure was opened up to everyone eligible in a Van de Velde work-related context (suppliers, subcontractors). No reports were received in 2023. We have no knowledge of incidents of corruption either.

Most of the white-collar employees in Belgium followed our online anti-corruption training in 2019 and 2023. 14 new office-based or sales associates followed the training in 2023. [*GRI 205-1-2*]

GDPR

There were no breaches of customer privacy in 2023. Van de Velde has taken the necessary steps to comply with GDPR and ensure continuous vigilance, with monthly cross-departmental privacy meetings, regular GDPR posts and mandatory digital training for all white-collar workers across the group. 13 new office-based or sales associates followed the training in 2023. [*GRI 418-1*]

3.2. Our consumers: our brand lovers

Alongside associates, consumers are also the focal point of Van de Velde. 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. The collection architecture is also being adapted to ensure a wider range of price points. This helps us make our products more accessible for certain target groups.

We stopped using stereotypical dummies in 2023 to present a more coherent and compelling vision to consumers. We joined forces with our innovation department to develop new dummies based on real-life data (of various types of women who wear and test our products).

That's because our mission will only succeed when consumers are given the right fit and size advice. For that we can draw on the expertise of more than 4000 retail partners worldwide. To support them we set up the VdV Academy, which also gives a lot of attention to diversity.

Various online and offline services are provided, offering advice tailored to every type of consumer: fitting quiz, 3D mirror, scan@shop and personal advice.

3.3. Supporting women in society: our purpose is what drives us

Van de Velde is a listed company with strong family values and a great awareness of its social responsibility. We have always supported local projects and charities that help people realize their potential.

As a purpose-driven company, we believe we can do more to contribute to women's empowerment worldwide.

We are able to create new opportunities for women by supporting initiatives that encourage female development, female wellbeing and 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.

In September 2023 Van de Velde again held its annual Sport Challenge for associates, with the proceeds going to Plan International. Our donation helps fund a multi-year program in Rwanda to help girls get more out of sport. As well as the financial support, in 2024 Van de Velde will work with Plan International to provide operational support to a technical school that runs fashion industry courses for girls (materials, machines, training).

St Cyrille school in Kayonza

The school was set up in 2017 as a private initiative by a Belgian family with Rwandan heritage. In recent years investments have funded the construction of classrooms, offices for the educational staff, bathrooms for girls and boys, wells for drinking water and vegetable and fruit gardens. The school now has 182 students and a staff of 15. A parents committee has also been set up. The school's operations are funded by private donations and income from the garden produce. We gave the school financial support in 2023 to help the school continue its fine work.

Donations

Van de Velde donates its leftover stock to (local) organizations that help women in need, such as shelters and hospitals for women escaping abuse. Small-scale initiatives distributing products to women in a targeted way are also supported.

In 2023 a structural partnership was also set up with Doctors Without Borders, which distributes products to local underprivileged women in a controlled way.

De Katrol and SamenBergOp

We also want to help support local social projects that make a difference. In 2023 we gave emotional and financial support to De Katrol and SamenBergOp, two initiatives in the Wetteren region. De Katrol is an organization that has been devoted to home study and family support for many years. SamenBergOp is a new regional initiative that aims to fight deprivation by bringing jobseekers and employers together.

de Katrol
Studie & gezinsondersteuning aan huis

4 FOURTH PILLAR: DUE DILIGENCE IN THE WHOLE VALUE CHAIN

Fashion remains a very labor-intensive industry, making working conditions an important aspect of social responsibility at Van de Velde.

We take care to ensure 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 social and ethical charter from our website at www.vandevelde.eu/en/sustainability/people.

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

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

30% of associates work in Belgium: Design, Marketing, HR, Finance, Purchasing, Customer Service and 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 associates, regardless of job or location.

Belgium 30%

Tunisia 55%

Worldwide 15%

Specific management systems and certifications have been implemented at the more labor-intensive sites to ensure Van de Velde's 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 and associations, and certification bodies.

This certification proves that we safeguard the rights and wellbeing of our associates.

Principle 1: No discrimination [GRI 405-406]

Gender diversity

Due to the business activity, there is a high proportion of female associates: almost nine in ten Van de Velde associates 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.

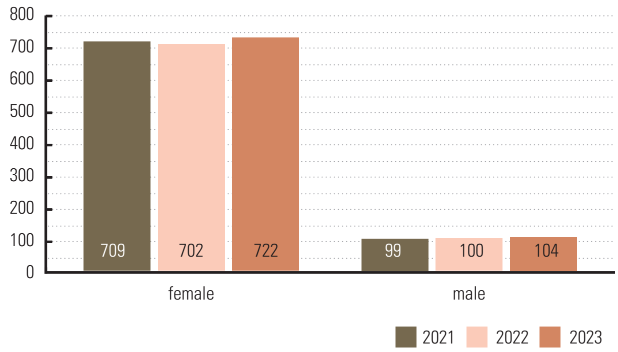
We are also heedful of the need to avoid any discrimination with regard to age, religion or any other characteristic that could be the basis of discrimination.

There were no formal reports of discrimination in 2022.

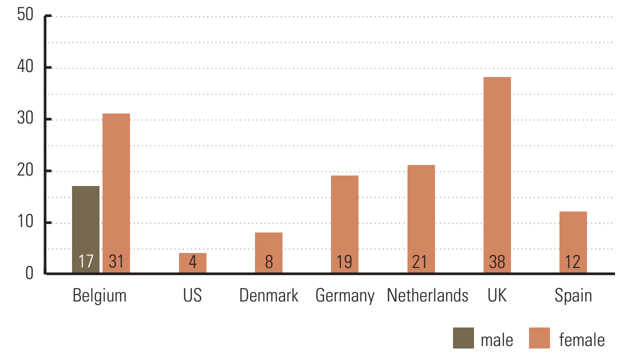
We have a strong female representation on the Board of Directors and in the Management Committee.

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.

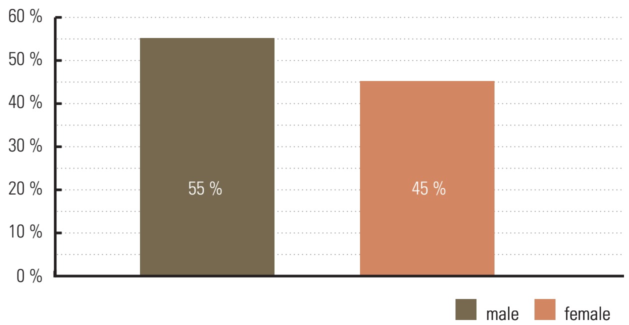
Number of associates: male/female split



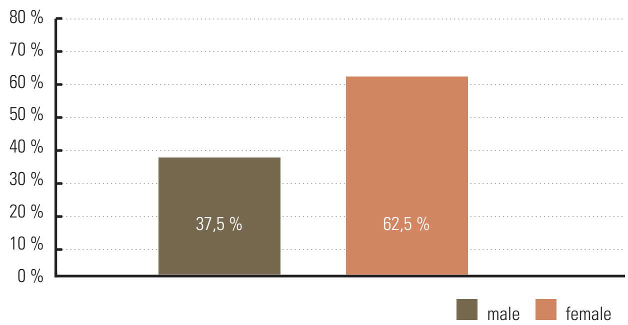
New hires in 2022 – male/female split



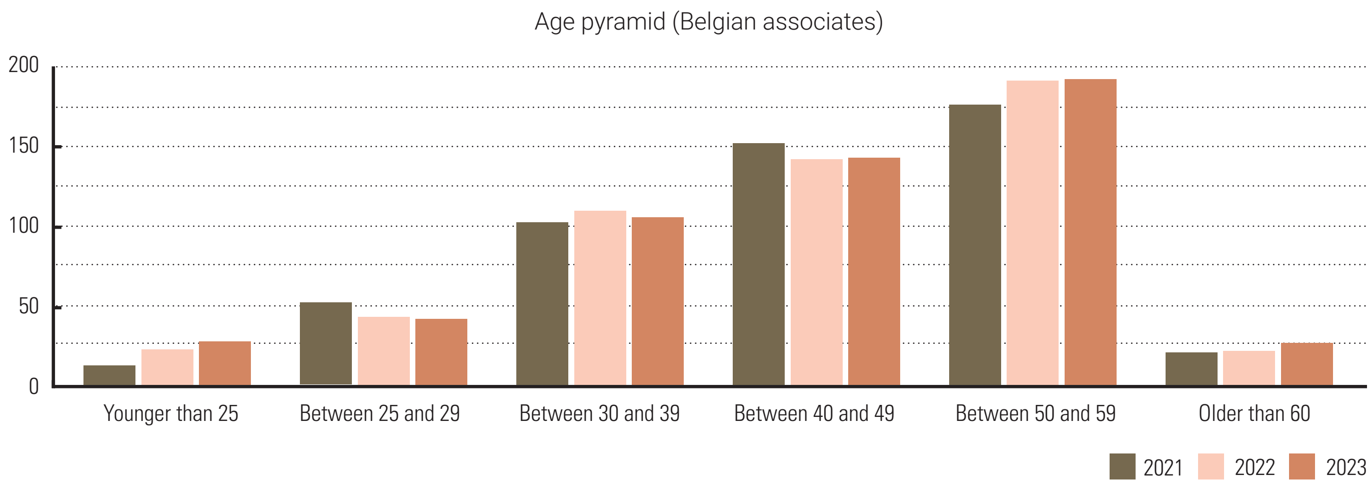
Board of directors (11 members)

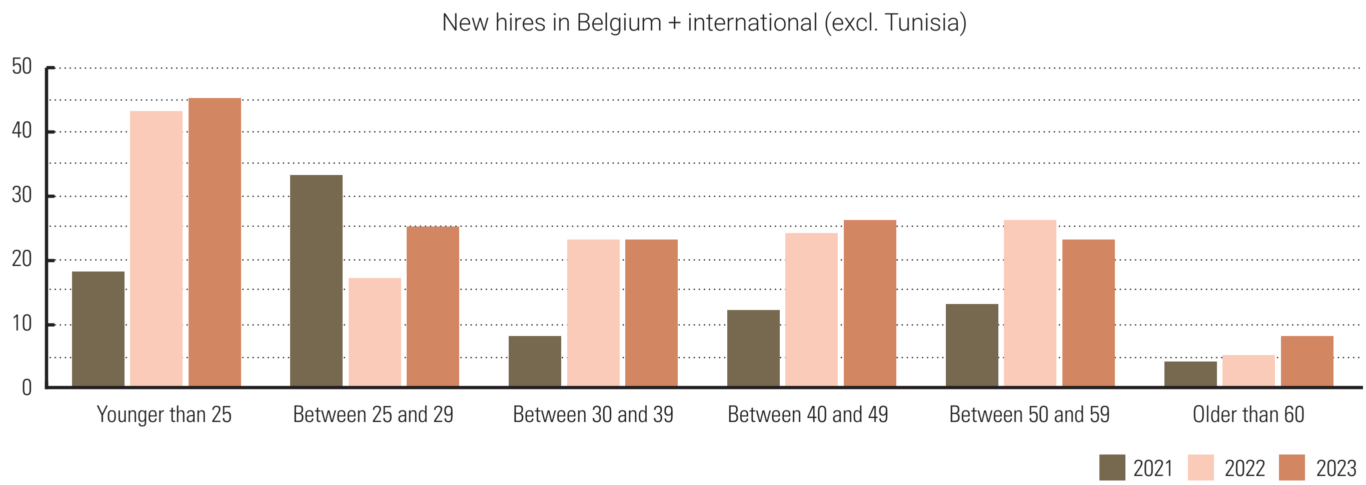


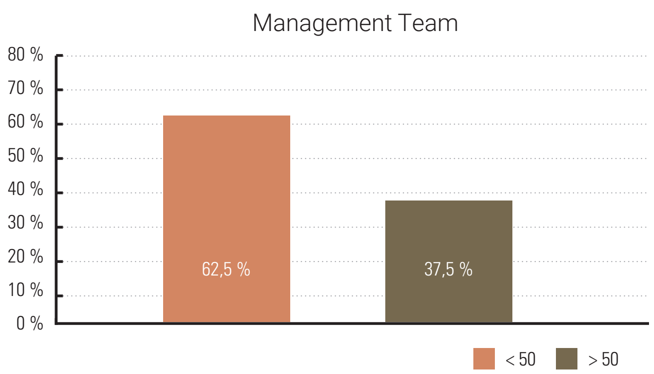
Management Team

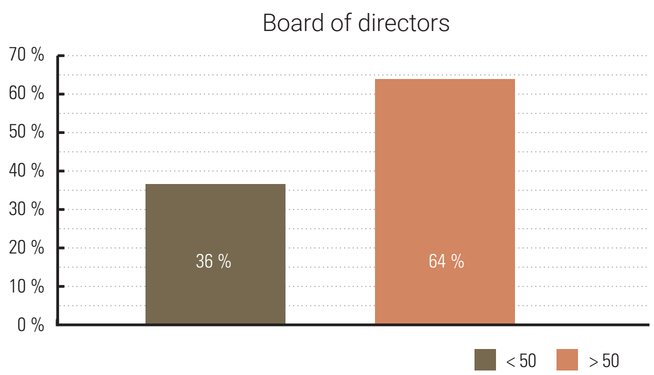


Age diversity









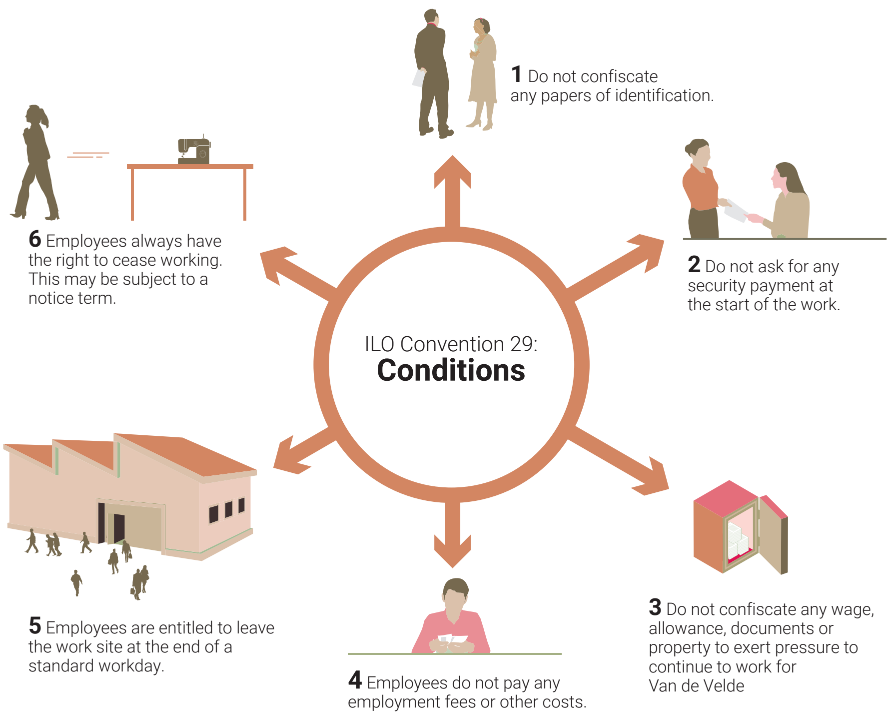
Principle 2: No child labour

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,
  which 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 labour

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 associate. The internal prevention and protection at work service gives advice on the organization of the workplace, the workstation, environmental factors, the use of work tools and personal 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 associates to find a solution to problematical situations. They can call upon the internal service and HR in the quest for reconciliation. An external service can also be called in as needed.

Principle 6: Respect for maximum working hours

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

Principle 7: A guaranteed liveable wage

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

Principle 8: Open dialogue with social partners

All our associates 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 associates 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 associates 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 year by an independent SGS auditor. The audits 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 associates and management.

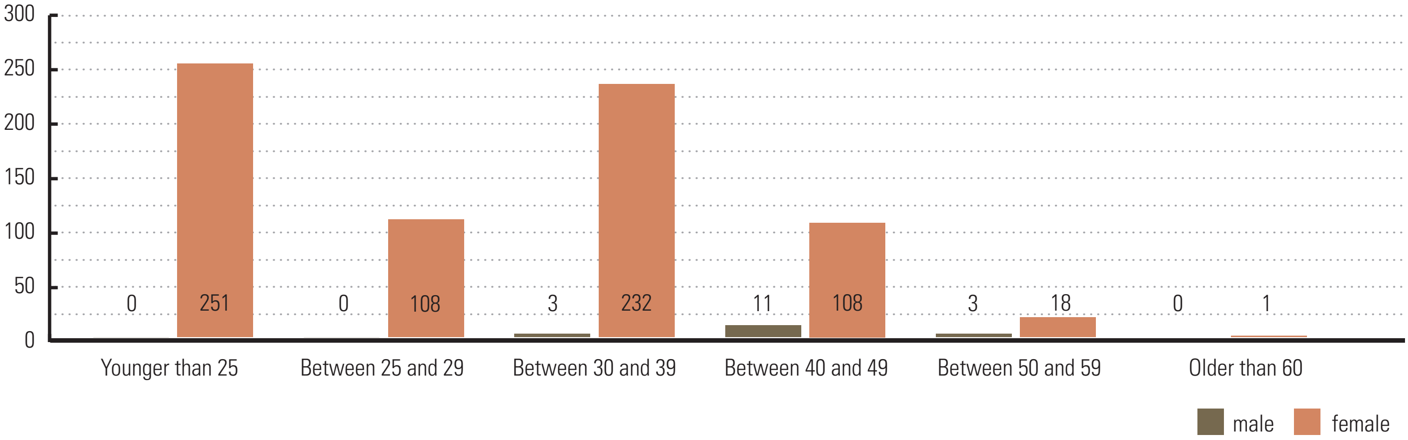
A re-certification audit was conducted in November 2021. The findings were positive, resulting in a recommendation that SA8000 certification can be extended until the end of December 2024.

Sites in Tunisia

By analogy with Belgium, we run and monitor the production company in Tunisia with due consideration for corporate social responsibility. Our SMETA certification confirms our adherence to human rights principles in our business practices.

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. Labour 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.

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

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

Our production plant in Tunisia is also audited regularly by an independent body such as SGS to ensure it complies with the SMETA principles. Another audit is scheduled for 2024. [*GRI 102-11/56*]

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 an 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. A risk score has been attributed to each pillar based on 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 a code of conduct, social and ethical charter, anti-bribery policy
- Availability of a social affairs label (SA8000, STeP by Oeko-Tex, Ecovadis...)
- Country of origin

In 2023 the emphasis was on surveying the first group of suppliers. We wrote to around 140 partners. We started with the partners with the largest turnover and the raw material suppliers (the group of highest risk).

- The response rate was 70% (100/140 responses after no more than two contacts).
- 24 suppliers have their own certification, which is audited by a third party (such as Ecovadis)

The results of the survey were registered in our ERP system and discussed with the persons responsible at the various business units. Performance dialogs were initiated with suppliers as needed. These insights will be included in the half-yearly assessment of the admitted supplier list kept by our design and purchasing departments at the new season collection launches.

The risk management score was 47 at the start of the project. The goal in 2023 was to get this to 50 at least (higher score = lower risk). Ultimately, the score at the end of 2023 was 54.

With that in mind, the screening of new suppliers was revised in 2023. A business code of conduct was established, comprising the following documents:

- Supplier Code of Conduct
- Environmental policy
- Supplier anti-corruption and whistleblowing policy

We created the accompanying procedure and explained it to the various business units with the aim of establishing a uniform Van de Velde approach to selecting and screening new suppliers, regardless of their activity domain (transport, raw materials, marketing, services).

4.3. 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 Belgium, 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.

Material purchasing
70% material sourcing in Europe | 30% material sourcing in Far East

Supplier partnerships
30% longer 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 set out in detail in the supplier handbook. To safeguard quality, Van de Velde conducts specific quality checks on all inbound goods 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. This eliminates unnecessary tests and checks.

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 2021, 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. The methodology was developed further in 2023.

Risk analysis

The importance of value chain reliability was brought into sharp focus in 2023. Van de Velde continued to invest in upgrading its relationships with suppliers into valuable long-term partnerships.

Special attention was also given to business continuity in 2023. Given the turbulent times this was not self-evident. As we worked towards economic stability after the pandemic, the situation was clouded by geopolitical tensions and the accompanying crises, including price hikes. However, no fundamental changes to the structure or location of suppliers were required.

Just like in previous years, in 2023 we experienced supply chain disruptions due to raw material shortages, and production and transport capacity limitations. We again invested in open communication and a long-term vision. This enabled us to retain the trust of our suppliers and partners, avoid delays and safeguard our services.

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 published the associated whistleblowing regulation on its corporate website at www.vandevelde.eu. This enables suppliers and their associates to report suspicions of 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.

4.4. Subcontractors: choosing continuity

Stitching high-quality lingerie is a complex process that requires special expertise. That is why Van de Velde is 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 partner 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. Marie Jo and PrimaDonna lingerie and swimwear is assembled at 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. 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. This way of working was continued in 2023. No breaches were identified in 2023.

4.5. Retail Partners

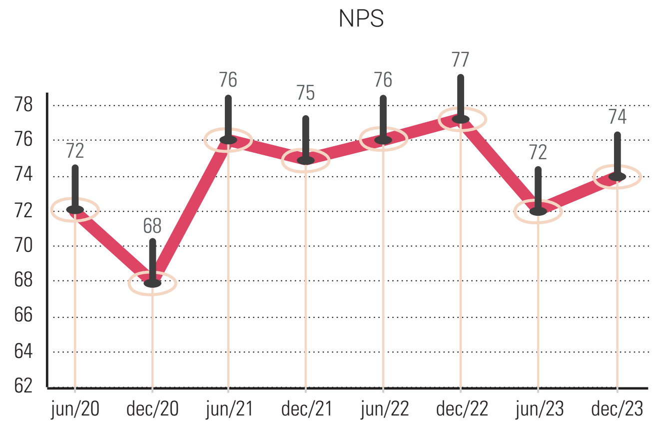
Our retail partners play an essential role in giving the right advice on size and fit and how to take care of our lingerie products. They constitute a vital link in getting specific product knowledge out to consumers. As a consequence, this continues to be our preferred channel.

Our retail partners 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.

Regular surveys are held to monitor the experiences and expectations of this important stakeholder group. One way of assessing satisfaction is NPS –

net promoter score – a measure of customer loyalty and satisfaction. The score reflects the likelihood that our customers – in our case our retail partners– will recommend a product, brand or organization to acquaintances, friends and family.

This score is determined every six months. Customer Service analyses the rise or fall, which is discussed with the Management Team. Adjustments and improvements are initiated based on the input. Recent years has seen initiatives with regard to collection architecture and the improvement of services in certain regions. The goal is to align our products and services to the changing market and the wishes of consumers in partnership with our retail partners.



5 NETWORK

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

This part covers the provision of information with regard to the EU taxonomy required under article 8 of Regulation 2020/852.

As a lingerie producer (NACE Code C14.14), none of the activities of the Van de Velde company are taxonomy-eligible.
The company does make sustainable investments, primarily to mitigate climate change.
These investments include:

- Installation of solar panels (D35.11)
- Installation of heat pumps (D35.30)
- Installation of EV charging stations (F42)
- Electric vehicles for internal goods transport (H49.41)

The CapEx-KPI reporting model in annex shows the total eligible investments that are aligned to technical screening criteria of the taxonomy. 100% of the substantial contribution is related to climate change mitigation and does not have any adverse impact on the other environmental targets. We can also confirm that we comply with the minimum social norms and human rights guarantee. When we purchase installations, certificates and declarations of origin are included in the selection. See elsewhere in this sustainability report for a more extensive account of how we monitor social and ethical policies of (new) suppliers.

Template: Share of CapEX from products and services connected with taxonomy-aligned economic activities – year N report

Financial year N	Year			Substantial contribution criteria						DNSH criteria ("Do no significant harm")									
Economic activities (1)	Code (2)	CapEx (3)	Share CapEx, year N (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Share of taxonomy-aligned (A.1.) or taxonomy-eligible (A.2.) CapEx, year N-1 (18)	Enabling activity category (19)	Transitional activities category (20)
		Currency	%	Y/N/NEL	Y/N/NEL	Y/N/NEL	Y/N/NEL	Y/N/NEL	Y/N/NEL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITY																			
A.1. Ecologically sustainable activities (taxonomy-aligned)																			
Solar panel installation		265850	2%	Y	N	N	N	N	N	Y	Y	Y	Y	Y	Y	Y	%		
Installation of heat pumps		53472	0.40%	Y	N	N	N	N	N	Y	Y	Y	Y	Y	Y	Y	%	E	
Zero buffer cutter				Y	N	N	N	N	N	Y	Y	Y	Y	Y	Y	Y			
Electric caddy for internal transport		25838	0.20%	Y	N	N	N	N	N	Y	Y	Y	Y	Y	Y	Y			
Installation of EV charging stations		75694	0.58%	Y	N	N	N	N	N	Y	Y	Y	Y	Y	Y	Y	%		T
CapEx ecologically sustainable activities (taxonomy-aligned) (A.1.)			3.18%	100%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	3%		
Of which enabling			%	%	%	%	%	%	%	Y	Y	Y	Y	Y	Y	Y	%	E	
Of which transitional			%	%						Y	Y	Y	Y	Y	Y	Y	%		T
A.2. For taxonomy-eligible but non-ecologically sustainable activities (taxonomy-non-aligned activities)																			
				EL;NEL	EL;NEL	EL;NEL	EL;NEL	EL;NEL	EL;NEL										
Activity 1 (e)			0%														%		
CapEx of taxonomy-eligible but non-ecologically sustainable activities (taxonomy-non-aligned activities) (A.2.)			0%	%	%	%	%	%	%								%		
A. Capex of taxonomy-eligible activities *(A.1 + A.2)*			3.18%	%	%	%	%	%	%										
B. TAXONOMY-NON-ELIGIBLE ACTIVITY																			
CapEx of taxonomy-non-eligible activities			96.82%																
TOTAL			100%																

[1] Activity 1 is fully taxonomy-eligible. However, only part of that is taxonomy-aligned. Activity 1 can accordingly be reported under both A1 and A2. That said, only the share reported under A1 can be counted as taxonomy-aligned in the CapEx KPI of the non-financial enterprise.
Columns 5-17 of the activities stated under A2 may be filled out by non-financial enterprises on a voluntary basis.

Given that no taxonomy-eligible activities are identified for the OpEx KPI and Turnover KPI, we register 0% for both these KPIs, as shown in the reporting models below.

Template: Share of OpEX from products and services connected with taxonomy-aligned economic activities – year N report

Financial year N	Year			Substantial contribution criteria						DNSH criteria ("Do no significant harm")									
Economic activities (1)	Code (2)	OpEx (3)	Share OpEx, year N (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Share of taxonomy-aligned (A.1.) or taxonomy-eligible (A.2.) OpEx, year N-1 (18)	Enabling activity category (19)	Transitional activities category (20)
		Currency	%	Y/N/NEL	Y/N/NEL	Y/N/NEL	Y/N/NEL	Y/N/NEL	Y/N/NEL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITY																			
A.1. Ecologically sustainable activities (taxonomy-aligned)																			
Activity 1			%							Y	Y	Y	Y	Y	Y	Y	%		
Activity 1 (*)			%							Y	Y	Y	Y	Y	Y	Y	%	E	
Activity 2			%							Y	Y	Y	Y	Y	Y	Y	%		T
OpEx of ecologically sustainable activities (taxonomy-aligned) (A.1.)			0%	%	%	%	%	%	%	Y	Y	Y	Y	Y	Y	Y	%		
Of which enabling			%	%	%	%	%	%	%	Y	Y	Y	Y	Y	Y	Y	%	E	
Of which transitional			%	%						Y	Y	Y	Y	Y	Y	Y	%		T
A.2. For taxonomy-eligible but non-ecologically sustainable activities (taxonomy-non-aligned activities)																			
				EL;NEL	EL;NEL	EL;NEL	EL;NEL	EL;NEL	EL;NEL										
Activity 1 (d)			%														%		
OpEx of taxonomy-eligible but non-ecologically sustainable activities (taxonomy-non-aligned activities) (A.2.)			%	%	%	%	%	%	%								%		
A. OpEx of taxonomy-eligible activities *(A.1 + A.2)*			0%	%	%	%	%	%	%										
B. TAXONOMY-NON-ELIGIBLE ACTIVITY																			
OpEx of taxonomy-non-eligible activities			100%																
TOTAL			100%																

Template: Share of turnover from products and services connected with taxonomy-aligned economic activities – year N report

Financial year N	Year			Substantial contribution criteria						DNSH criteria ("Do no significant harm")									
Economic activities (1)	Code (2)	Turnover (3)	Share turnover, year N (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Share of taxonomy-aligned (A.1.) or taxonomy-eligible (A.2.) turnover, year N-1 (18)	Enabling activity category (19)	Transitional activities category (20)
		Currency	%	Y/N/NEL	Y/N/NEL	Y/N/NEL	Y/N/NEL	Y/N/NEL	Y/N/NEL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITY																			
A.1. Ecologically sustainable activities (taxonomy-aligned)																			
Activity 1			%							Y	Y	Y	Y	Y	Y	Y	%		
Activity 1 (d)			%							Y	Y	Y	Y	Y	Y	Y	%	E	
Activity 2			%							Y	Y	Y	Y	Y	Y	Y	%		T
Turnover of ecologically sustainable activities (taxonomy-aligned) (A.1.)			0%	%	%	%	%	%	%	Y	Y	Y	Y	Y	Y	Y	%		
Of which enabling			0%	%	%	%	%	%	%	Y	Y	Y	Y	Y	Y	Y	%	E	
Of which transitional			0%	%						Y	Y	Y	Y	Y	Y	Y	%		T
A.2. For taxonomy-eligible but non-ecologically sustainable activities (taxonomy-non-aligned activities)																			
				EL;NEL	EL;NEL	EL;NEL	EL;NEL	EL;NEL	EL;NEL										
Activity 1 (e)			%	EL	EL			EL									%		
Turnover of taxonomy-eligible but non-ecologically sustainable activities (taxonomy-non-aligned activities) (A.2.)			0%	%	%	%	%	%	%								%		
A. Turnover of taxonomy-eligible activities *(A.1 + A.2)*			0%	%	%	%	%	%	%										
B. TAXONOMY-NON-ELIGIBLE ACTIVITY																			
Turnover of taxonomy-non-eligible activities			100%																
TOTAL			100%																

As set out in more detail in the report, the transition to a circular economy is an important goal alongside climate change mitigation. These two environmental targets have the highest priority.

Preventing and combatting the pollution of water and promoting the sustainable use and protection of water are goals that will be included in the second line in direct partnership with raw material suppliers (upstream).

Given the company's (main) activities, the protection and restoration of biodiversity and ecosystems are least eligible. Lastly, the company confirms that it does not conduct any nuclear energy or fossil gaseous activities.

Template 1: Nuclear energy or fossil gaseous activities

Row	Nuclear energy-related activities	
1.	"The enterprise conducts, finances or is exposed to research, development, demonstration and rollout of innovative electricity generation installations that produce energy from nuclear processes with a minimum of waste from the nuclear fuel cycle."	NO
2.	"The enterprise conducts, finances or is exposed to the construction and safe operation of new nuclear installations for the production of electricity or process heat, among other things, for urban heating or industrial processes such as hydrogen production, as well as the improvement of their safety, using the best available technologies."	NO
3.	"The enterprise conducts, finances or is exposed to the safe operation of existing nuclear installations that produce electricity or process heat, among other things, for urban heating or industrial processes such as hydrogen production from nuclear energy, as well as the improvement of their safety."	NO
	Fossil gaseous activities	
4.	"The enterprise conducts, finances or is exposed to the construction or operation of installations that produce electricity from fossil gaseous activities."	NO
5.	"The enterprise conducts, finances or is exposed to the construction, renovation and operation of heat/cool and power installations that produce electricity using fossil gaseous fuels."	NO
6.	"The enterprise conducts, finances or is exposed to the construction, renovation and operation of heat generation installations that produce heart/cold using fossil gaseous fuels."	NO

7 ABOUT THIS REPORT

This 2023 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

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