

SMARTPHOTO GROUP N.V.

Non-consolidated annual accounts 2020

Report of the Board of Directors to the statutory annual accounts 2020 (*)

ASSETS AS AT DECEMBER 31, 2020

The non-current assets increased by EUR 89,131 due to:

- the decrease in the intangible assets of EUR 700,302 and the decrease in property, plant and equipment of EUR 109,567;
- the increase in the non-current financial assets of EUR 899,000 due to:
 - o investments in related parties for EUR 399,000,
 - o increase in the receivables on related parties for EUR 500,000 via transfer from the other receivables.

The non-current assets increased by EUR 4,314,501 due to:

- the decrease of the trade- and other receivables with EUR 470,384,
- the increase of treasury shares of EUR 2,775,434,
- the increase in cash and cash equivalents of EUR 1,932,279,
- the increase of the accruals of EUR 77,172.

According to article 7:220 of the Belgian Companies and Associations Code, it should be mentioned that the Company has one hundred ninety-three thousand one hundred and thirty-three (193,133) treasury shares at the end of 2020.

The 193,133 treasury shares represent 4.9% of the total amount of shares, which is 3,941,950 shares. The treasury shares are valued as follows:

- 707 treasury shares are valued at the share price as at December 31, 2020, being EUR 30; and
- 192,426 treasury shares are valued at the average purchase price at the moment of acquisition.

This package of treasury shares, held by smartphoto group NV, represents a net amount of EUR 3,310,301 and is included in the section 'Cash investments'.

The capital remains unchanged and amounts to EUR 41,381,403. It is represented by 3,941,950 shares.

EQUITY AND LIABILITIES AS AT DECEMBER 31, 2020

Equity increased by EUR 2,351,962 due to:

- The increase in accumulated profits of EUR 971,203, which can be explained by:
 - o the profit of the period for an amount of EUR 4,641,120,
 - o the appropriation to the other reserves for an amount of EUR 1,420,627, and
 - o the proposed dividend of EUR 0.60 per share entitled to dividend for an amount of EUR 2,249,290.

(*) This is a free translation of the official Dutch version.

- The increase in the reserves of EUR 1,380,759, which can be explained by:
 - the increase of the reserves not available for an amount of EUR 2,775,434 as a result of the purchase of treasury shares,
 - the decrease of the untaxed reserves for an amount of EUR 39,868, and
 - the decrease of the available reserves for an amount of EUR 1,354,806.

The liabilities increased by EUR 2,051,670, due to:

- the decrease of the financial debts payable after more than one year for an amount of EUR 345,191,
- the decrease of the current portion of amounts payable after more than one year falling due within one year for an amount of EUR 397,425,
- the increase of the trade debts for an amount of EUR 1,311,651,
- the increase of the taxes, remuneration and social security payables for an amount of EUR 336,551,
- the increase of the other amounts payable for an amount of EUR 1,144,894,
- the increase of the accruals and deferred income for an amount of EUR 1,190.

PROFIT AND LOSS ACCOUNT OVER 2020

The operating income increased in 2020 from EUR 29,940,814 to EUR 36,347,746, which is an increase of EUR 6,406,932. The operating charges evolved from EUR 28,705,465 to EUR 34,251,565, which is an increase of EUR 5,546,100.

This results in an operating profit of EUR 2,096,181 compared to an operating profit of EUR 1,235,349 the previous year.

The financial result decreased from EUR 3,369,008 to EUR 2,716,518.

The income taxes on the result amount to EUR -211,447. Following the transfer from the untaxed reserves, this results in a profit for the period to be appropriated for an amount of EUR 4,641,120.

APPROPRIATION OF THE RESULT

The Board of Directors proposes following appropriation of the result:

Profit of the period available for appropriation	EUR 4,641,120
Profit of the preceding period brought forward	<u>EUR 13,384,324</u>
Profit to be appropriated	EUR 18,025,444
Compensation for contributions	EUR 2,249,290
Appropriation to other reserves	<u>EUR 1,420,627</u>
Profit to be carried forward	EUR 14,355,527

FEE FOR THE STATUTORY AUDITOR

The Statutory Auditor of smartphoto group NV, Grant Thornton Bedrijfsrevisoren CVBA, represented by Mr Danny De Jonge, received a fee of EUR 29,294 for his mandate in 2020. In the 2020 financial year, no exceptional services or special assignments were executed by the Statutory Auditor which were not included in their mandate.

VALUATION IN CONTINUITY

Non-existent

DESCRIPTION OF THE SIGNIFICANT RISKS AND UNCERTAINTIES

The significant risks and uncertainties are included further, in the 'Corporate governance statement' under the heading 'Risk management and internal control'.

DIVIDEND

The Board of Directors will propose to the General Meeting of Shareholders of May 12, 2021 to distribute a gross dividend of EUR 0.60 per share entitled to dividend for the 2020 financial year.

SUBSEQUENT EVENTS

Since the closing of the 2020 financial year, no events occurred that could have a significant impact on the results of the Company.

During 2020, the economy, in general, is severely hit by the Covid-19 virus. Smartphoto group has taken all necessary measures. No negative impact is expected on the outlook for 2021.

RESEARCH AND DEVELOPMENT ACTIVITIES

Research activities

In view of the Company's nature and operations, there were no activities related to research in 2020.

Development activities

The activities related to development mainly relate to: (i) the mobile applications by increasing compatibility with browsers of different platforms, (ii) the migration of the smartphoto website to the Google Cloud platform, (iii) the automations related to the implementation of new designs on our website platform, and (iv) the optimisation of the user experience (UX) of the website.

These expenses amount to EUR 489,175 for the 2020 financial year.

BRANCH OFFICES

Smartphoto group NV has no branch offices.

USE OF FINANCIAL INSTRUMENTS

Smartphoto group NV did not use any derivative financial instruments in 2020.

APPLICATION OF ARTICLE 7:99 OF THE BELGIAN COMPANIES AND ASSOCIATIONS CODE

The composition of the Audit Committee fulfils the requirements stipulated in the Belgian Companies and Associations Code. Pursuant to Section 7:99, the Audit Committee is composed of 3 non-executive members of the Board of Directors, the members dispose of a collective expertise with

regard to the activities of the Company, at least one member is an independent director in the sense of Section 7:87 and at least one member disposes of the necessary expertise and professional experience in the field of accounting and auditing.

The Audit Committee is composed as follows: Mr Geert Vanderstappen, permanent representative of Pallanza Invest BV, Mrs Katya Degrieck, permanent representative of Fovea BV and Mr Hans Van Rijckeghem.

Fovea BV, permanently represented by Mrs Katya Degrieck, is an independent director.

Both Mr Geert Vanderstappen, permanent representative of Pallanza Invest BV, and Mr Hans Van Rijckeghem dispose of the necessary expertise and professional experience in the field of accounting and audit as a result of their career and current professional activities.

CORPORATE GOVERNANCE STATEMENT

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Risk management and internal control

Information pursuant to Section 14:4 of the act of May 2, 2007

Information pursuant to Section 34 of the Royal Decree of November 14, 2007

Corporate Governance Code

Smartphoto group NV undertakes to comply with all the relevant statutory provisions concerning Corporate Governance.

The new Belgian Companies and Associations Code as well as the new Belgian Corporate Governance Code 2020 (the 2020 Code) came into force on January 1, 2020.

Pursuant to Section 3:6, paragraph 2 of the Belgian Companies and Associations Code, the 2020 Code applies to smartphoto group NV and the Company uses the 2020 Code as a reference code. The Belgian Corporate Governance Code 2020 is available on the website of the Corporate Governance Committee, www.corporategovernancecommittee.be.

The main aspects of smartphoto group NV's corporate governance policy are listed in the Corporate Governance Charter, which can be consulted on the website www.smartphotogroup.com. The Corporate Governance Charter is updated on a regular basis.

Deviations from the 2020 Code

Because of the specific structure of the Company and the nature of its activities, the Company does deviate from the 2020 Code in a few stipulations:

The composition of the Board of Directors deviates from principle 3.4 of the 2020 Code which stipulates that at least 3 of the non-executive directors must be independent. The Board of Directors is currently composed of 1 executive director and 6 non-executive directors, 2 of which are independent directors. The Board of Directors is of the opinion that, in view of the limited size of the Company, the current size and composition of the Board of Directors, the required complementarity and diversity is achieved to efficiently and effectively make decisions in the company's best interest.

The composition of the Nomination Committee deviates from principle 4.19 of the 2020 Code, which stipulates that the Nomination Committee must be composed of a majority of independent non-executive directors. The current Nomination Committee is composed of non-independent, non-executive directors. The Board of Directors is of the opinion that the fact that the members are not independent does not weigh up against their experience as a member and Chairman of the Nomination Committee. This is even more justified in view of the division of powers between the Nomination Committee and the Remuneration Committee. The Board is of the opinion that these members therefore possess sufficient objectivity when exercising their function.

The remuneration of the non-executive directors deviates from principle 7.6 in the 2020 Code which stipulates that non-executive directors receive part of their remuneration in the form of shares of the company. Non-executive directors receive a fixed remuneration of EUR 12,500 per annum. The Board of Directors is of the opinion that the shareholders' non-current perspective is reasonably represented by: (i) the Chairman is the main shareholder of the companies that have united in the Midelco Consortium, which is holder of 701,195 shares of smartphoto group NV; (ii) three of the non-executive directors are connected to the main shareholders; (iii) the Nomination Committee is composed of the non-executive directors connected to the main shareholders.

The remuneration of the executive director is a deviation from principle 7.8 of the 2020 Code, which stipulates that the variable part of the executive director's remuneration package is linked to the overall performance of the company and the individual performance. Notwithstanding the fact that the variable remuneration of the executive director is in principle linked to the overall performance of the Company, the Board of Directors is of the opinion that it is the individual performance of the executive director that underlies the achievement of these overall goals. In fact, it is to his credit as managing director who is in charge of the day-to-day management of the Company

The remuneration of the executive director is also a deviation from principle 7.9 of the 2020 Code, which stipulates that a minimum threshold of shares must be adhered to. The Board of Directors is of the opinion that, despite the deviations from this principle of the 2020 Code, the interests of the executive director are sufficiently aligned with the objectives of sustainable value creation of the Company.

Contrary to principle 7.12 of the 2020 Code, there is no clawback clause between the executive director and the Company to reclaim paid variable remuneration, or withhold payment of variable remuneration, nor are circumstances specified in which this would be appropriate, insofar as legally enforceable.

Composition and operation of the Board of Directors

Current composition

The General Meeting of Shareholders of May 13, 2020 decided to reappoint as directors: Mr Philippe Vlerick; Acortis BV, with its registered office at Drève des Hêtres Rouges 10, 1430 Rebecq, RPR Nivelles 0472.845.009, represented by its permanent representative Mr Stef De corte; Pallanza Invest BV, with its registered office at Molenberg 44, 1790 Affligem, RPR Brussels 0808.186.578, represented

by its permanent representative Mr Geert Vanderstappen; Fovea BV, with its registered office at Vronerodelaan 103, 1180 Ukkel, RPR Brussels 0892.568.165, represented by its permanent representative Mrs Katya Degrieck; Mr Hans Van Rijckeghem; Alychlo NV, with its registered office at Lembergsesteenweg 19, 9820 Merelbeke, RPR Ghent, department Ghent 0895.140.645, represented by its permanent representative Mr Marc Coucke; and Mrs Alexandra Leunen; for a period of 3 years, with effect from May 13, 2020, and ending after the General Meeting of Shareholders of May 10, 2023.

Accordingly, the Board of Directors is composed of 7 members, of which 6 are non-executive members. The roles and responsibilities of the members of the Board of Directors, the composition, structure and organisation are described in detail in the Corporate Governance Charter of smartphoto group NV.

The roles and membership of the directors within the Board of Directors and the committees are as follows:

Name		Non-executive director	Independent director	Audit Committee	Nomination Committee	Remuneration Committee
Mr Philippe Vlerick	<>	x			<>	<>
Acortis BV, represented by its permanent representative Mr Stef De corte	x					
Pallanza Invest BV, represented by its permanent representative Mr Geert Vanderstappen	x	x		<>		
Fovea BV, represented by its permanent representative Mrs Katya Degrieck	x	x	x	x		x
Mr Hans Van Rijckeghem	x	x		x	x	
Alychlo NV, represented by its permanent representative Mr Marc Coucke	x	x			x	
Mrs Alexandra Leunen	x	x	x			x

<> Chairman

x Member

Not a single member of the Board of Directors has family connections with other members of the executive management or regulatory bodies of the company.

There are two independent directors in the Board of Directors.

The Board of Directors considers the following members to be independent directors:

- Fovea BV, represented by its permanent representative Mrs Katya Degrieck, and
- Mrs Alexandra Leunen.

Based on the information known to the company, as well as on the information provided by the directors, Mrs Katya Degrieck, permanent representative of Fovea BV, and Mrs Alexandra Leunen, are independent directors as they meet all the criteria regarding independence included in Article 7:87 of the Belgian Companies and Associations Code and the 2020 Code.

The General Meeting of Shareholders of May 13, 2020 confirmed the independence of Mrs Katya Degrieck, permanent representative of Fovea BV, and Mrs Alexandra Leunen, in accordance with article 7:87 of the Belgian Companies and Associations Code

By appointing Mrs Katya Degrieck, permanent representative of Fovea BV, and Mrs Alexandra Leunen, the composition of the Board of Directors complies with the requirements for gender diversity within the Board of Directors, in accordance with article 7:86 of the Belgian Companies and Associations Code.

Duration of the current appointments

The above mentioned directors are appointed until the General Meeting of Shareholders of 2023, which will take place on May 10, 2023.

Directorships at other companies

The brief biography of the members of the Board of Directors (see further in this report) also contains their main directorships at other companies.

Internal measures to promote proper Corporate Governance practices

Based on the indicative publication schedules related to the 2021 financial year, the 'closed periods' are the following:

- From July 25, 2021 until August 25, 2021;
- From February 3, 2022 until March 3, 2022;
- From March 8, 2022 until April 8, 2022.

Insiders will be informed about the closed periods and the corresponding statutory and administrative law obligations associated with the abuse or unauthorised disclosure of confidential information.

The people with managerial responsibilities and persons closely associated with them are informed of the obligation to inform the supervisory body, the FSMA (Financial Services and Markets Authority), of any personal transactions in financial instruments of the Company outside the closed periods. This reporting obligation pursuant to article 19 of the market abuse regulation (EU) No 596/2014 applies as soon as the total transaction amount within one calendar year has reached the EUR 5 000 threshold, and applies to each subsequent transaction.

Board of Directors' report on activities in 2020

In 2020, 6 meetings took place under the chairmanship of Mr Philippe Vlerick.

One meeting dealt mainly with the budget for 2020, two meetings dealt mainly with the approval of the financial statements as at December 31, 2019 and the half-yearly financial statements as at June 30, 2020. One meeting dealt mainly with the reappointment of the managing director, the Chairman of the Board of Directors and the composition of the committees, including the related remuneration corresponding to the proposal of the Remuneration Committee. At the other meetings, the Board of Directors mainly discussed the regular reporting concerning the results of the group and the company's financial position, the investment strategy, and the recommendations from the Board of Directors, such as the annual evaluation of the executive director. The Board of Directors deliberates on matters including the strategy and progress, the management structure, and proposals for acquisitions or divestments. More specifically, the pay-out of dividends, the share repurchase programme of May 2, 2019, the share repurchase programme of September 17, 2020, the start-up process of the additional production building and the impact of the measures regarding Covid-19 were discussed in the 2020 meetings. Furthermore, the ERM process was discussed and evaluated.

Of 42 possible attendances (6 meetings x 7 directors), there were 2 apologies. Mrs Alexandra Leunen apologised for her absence once. Alychlo NV, permanently represented by Mr Marc Coucke, apologised for its absence once and granted a vote by proxy to the Chairman. Although the Articles of Association state that the decisions must be made by a majority of votes, all decisions made by the Board of Directors were unanimous in 2020.

Conflict of interest

Directors' conflicts of interests of a proprietary nature in application of Section 7:96 of the Belgian Companies and Associations Code.

In 2020, the Board of Directors complied with the procedure in accordance with article 7:96 of the Belgian Companies and Associations Code, in the meeting of the Board of Directors on May 13, 2020.

The relevant parts of the minutes of this meeting of the Board of Directors are listed below:

"Article 7:96 of the Belgian Companies and Associations Code - declaration of the directors

Mr Stef De corte declares, with regard to agenda item 1, he is affected by a conflict of interest, as a decision must be taken on the reappointment of Acortis BV, of which Mr De corte is permanent representative, as managing director of smartphoto group NV, as well as on the corresponding remuneration. Mr Geert Vanderstappen (permanent representative and controlling shareholder of Pallanza Invest BV), Mr Hans Van Rijckeghem and Mrs Katya Degrieck (permanent representative and controlling shareholder of Fovea BV) declare that with regard to agenda item 5 they are also affected by a conflict of interest as a decision must be made on their appointment and related remuneration as a member of the Audit Committee. Consequently, the procedure included in Article 7:96 of the Belgian Companies and Associations Code must be complied with. Mr De corte will therefore leave the meeting during the discussion and decision-making of agenda item 1. Mr Vanderstappen, Mr Van Rijckeghem and Mrs Degrieck will also leave the meeting during the discussion and decision-making of agenda item 5.

Mr Philippe Vlerick also states that with regard to agenda item 2, he is affected by a conflict of interest as a decision must be made on his appointment and associated remuneration as Chairman of the Board of Directors. When deciding on this agenda item, Mr Philippe Vlerick will also leave the meeting.

The Statutory Auditor will be informed of these conflicts of interest.

DELIBERATIONS AND DECISIONS

- I. Reappointment of Acortis BV, of which Mr Stef De corte is permanent representative, as managing director

The members of the Board of Directors, with the exception of Mr Stef De corte, deliberate on the reappointment of Acortis BV, permanently represented by Mr Stef De corte, as managing director.

After deliberation, the Board of Directors unanimously decides to reappoint Acortis BV as

managing director for the term of his current mandate. The remuneration of his mandate as managing director is also approved, as proposed by the Remuneration Committee. Acortis BV, permanently represented by Mr Stef De corte, accepts the mandate of managing director.

II. Reappointment of Mr Philippe Vlerick as Chairman, and determination of the remuneration

After deliberation, the Board of Directors decides unanimously, with the exception of Mr Philippe Vlerick, who has left the meeting for this agenda item, to reappoint Mr Philippe Vlerick as Chairman of the Board of Directors for the term of his current mandate. The remuneration for his mandate as Chairman of the Board of Directors is determined at EUR 12,500 per year (in addition to the normal remuneration as a director). This fee is economically justified and in line with the market. There are no negative financial consequences for the company, as this is a continuation of the remuneration policy used to date. Moreover, the remuneration was itself proposed by the Nomination and Remuneration Committee.

Mr Philippe Vlerick rejoins the meeting.

V. Reappointment and remuneration of the members of the Audit Committee

Mr Geert Vanderstappen, Mr Hans Van Rijckeghem and Mrs Katya Degrieck leave the meeting.

After deliberation, the Board of Directors decides to reappoint the following members of the Audit Committee, for the duration of their current mandate as director:

- Pallanza Invest BV, permanently represented by Mr Geert Vanderstappen, Chairman;
- Mr Hans Van Rijckeghem;
- Fovea BV, permanently represented by Mrs Katya Degrieck.

The mandate of a member of the Audit Committee is remunerated in accordance with the decision of the Remuneration Committee (EUR 2,500 per year). This fee is economically justified and in line with the market. There are no negative financial consequences for the company, as this is a continuation of the remuneration policy used to date. Moreover, the remuneration was itself proposed by the Remuneration Committee.

Mr Geert Vanderstappen, Mr Hans Van Rijckeghem and Mrs Katya Degrieck rejoin the meeting.”

Relationships with affiliated companies

Transactions between the Company and its subsidiaries and affiliated companies in accordance with Article 7:97 of the Belgian Companies and Associations Code.

During the 2020 financial year, there were no situations as referred to in Article 7:97 of the Belgian Companies and Associations Code.

BRIEF BIOGRAPHY OF THE MEMBERS OF THE BOARD OF DIRECTORS

PHILIPPE VLERICK

Chairman, non-executive director

Office address: Vlerick Group - Doorniksewijk 49 - 8500 Kortrijk, Belgium

Holder of several degrees from domestic and foreign universities (philosophy, law, management, business administration). Extensive experience as a director and manager in numerous companies, of which several in the financial and industrial sector.

Active in sector federations and interest groups of the corporate world (VBO, Voka, etc.).

Non-executive director at the Company since 1995. Vice Chairman from November 28, 2005 to 2017. Chairman since May 10, 2017, also Chairman of the Nomination Committee and the Remuneration Committee.

His current mandate as director of the Company continues until the Annual General Meeting of Shareholders in 2023.

Current directorships at other companies:

- BIC Carpets NV (chairman);
- UCO NV (chairman, managing director);
- Raymond Uco Denim Private Limited (chairman);
- Exmar NV (director);
- KBC Groep (vice-chairman);
- Besix NV (director);
- BMT NV (director);
- Vlerick Business School (director);
- LVD Company NV (director);
- Pentahold NV (chairman);
- Concordia Textiles NV (director);
- Oxurion NV (director);
- Festival van Vlaanderen (chairman);
- Mediahuis (director).

In addition, Mr Philippe Vlerick is a director of various family companies. Mr Philippe Vlerick has no family ties with other members of the Company's administrative, management or supervisory bodies. Mr Philippe Vlerick is the main shareholder of the companies that have joined forces in the Consortium Midelco NV, which holds 701,195 shares (17.79%) of smartphoto group NV, of which 3,607 shares are held by Mr Philippe Vlerick personally .

Mr Philippe Vlerick does not hold any stock options of smartphoto group NV and does not hold any registered shares of the Company.

There is no agreement between the Company or its affiliates and Mr Philippe Vlerick, which provides for any benefit upon termination of the mandate.

STEF DE CORTE

Permanent representative of ACORTIS BV,

Managing director, CEO

Office address: smartphoto group NV - Kwatrechtsteenweg 160 - 9230 Wetteren, Belgium

Civil engineer. Active within the group since 1999, respectively as Finance & Administration Manager, then director of the Wholesale division which then had 18 labs in Europe, later as Chief Financial Officer and since December 2005 as Managing Director of smartphoto.

At the General Meeting of May 12, 2010, Mr Stef De corte was appointed director and on June 7, 2012 as managing director of smartphoto group NV. As of November 14, 2017, Acortis BV, permanently represented by Mr Stef De corte, was appointed managing director.

Previously active in various consultancy functions in the field of production, logistics and general business management at Bekaert-Stanwick and ABB Service.

His current mandate as managing director of the Company continues until the Annual General Meeting of Shareholders in 2023.

Current directorships at other companies:

- Roxette Photo NV (director);
- Daddy Kate NV (chairman).

Mr Stef De corte has no family ties with other members of the Company's executive, management or supervisory bodies.

Mr Stef De corte does not hold any personally registered shares in the Company. Acortis BV, permanently represented by Mr De corte, holds 5,250 shares. Acortis BV and Mr Stef De corte do not hold any stock options of smartphoto group NV.

There is an agreement that - only upon termination of the mandate at the request of the Company - provides for financial compensation of twelve months.

GEERT VANDERSTAPPEN

Permanent representative of PALANZA INVEST BV,

Non-executive director

Office address: Pentahold NV - Molenberg 44 - 1790 Affligem, Belgium

Civil engineer. Acted as Chief Financial Officer at the Company between 1993 and 1999, which is more than five years ago. As a partner at Pentahold NV and Buy-Out Fund CVA, Mr Vanderstappen has solid financial expertise.

Non-executive director since November 28, 2005. Director and Chairman of the Audit Committee. Mr Geert Vanderstappen has the necessary expertise in the field of accounting and auditing within the meaning of article 7:99 §2 of the Belgian Companies and Associations Code.

The current mandate of Pallanza Invest BV, permanently represented by Mr Geert Vanderstappen, as director of the Company continues until the Annual General Meeting of Shareholders in 2023.

Current directorships at other companies.

- Kinopolis NV;
- Garden Vision (Oh'green) NV;
- Pentahold NV;
- Devan International NV;
- Advipro Groep.

Mr Geert Vanderstappen has no family ties with other members of the Company's executive, management or supervisory bodies.

Pallanza Invest BV and Mr Geert Vanderstappen do not hold any registered shares in smartphoto group NV, do not hold any stock options, and do not have any other business links with the group.

There is no agreement between the Company or its affiliated companies and Mr Geert Vanderstappen, which provides for any benefit upon termination of the mandate.

KATYA DEGRIECK

Permanent representative of FOVEA BV,

Non-executive director

Office address: FOVEA BV - Vronerodelaan 103 - 1180 Brussels, Belgium

Commercial Engineer. MBA.

Started as a management consultant at Andersen Consulting and has been active in the media world for 25 years: including managing director of ECI, daughter of Bertelsmann, Corporate Director Business Development manager of Corelio, member of the Executive Committee of Corelio NV, later Mediahuis NV, and director of various media companies of the Corelio and/or Mediahuis holdings, and the Arkafund venture capital fund.

Today active at Google as Head of Revenue for Publishers and the News sector in Northern Europe.

Current directorships at other companies.

Director at Lannoo Group, one of the biggest book publishers of the Benelux.

Non-executive, independent director at UPG (Unified Post Group) as from September 8, 2020. Listed company Member of the Remuneration Committee and the M&A Committee.

Non-executive, independent director since May 8, 2013. Member of the Remuneration Committee and the Audit Committee since May 10, 2017. Mrs Katya Degrieck complies with the independence criteria in accordance with principle 5.3 of the Belgian Corporate Governance Code, referred to in Article 7:87 of the Belgian Companies and Associations Code.

The mandate of Fovea BV, permanently represented by Mrs Katya Degrieck, as director of the Company, continues until the Annual General Meeting of Shareholders in 2023.

Mrs Katya Degrieck has no family ties with other members of the Company's administrative, management or supervisory bodies.

Fovea BV and Mrs Katya Degrieck do not hold any registered shares in smartphoto group NV, do not hold any stock options of the Company, and do not have any other business links with the group.

There is no agreement between the Company or its affiliates and Mrs Katya Degrieck, which provides for any benefit upon termination of the mandate.

HANS VAN RIJCKEGHEM

Non-executive director

Office address: Locofin BV - Bunder 4 - 9080 Lochristi, Belgium

Licentiate in Commercial and Financial Sciences (VLEKHO - Brussels). PUB (Vlerick Business School - Ghent).

Since 2010 managing director of Shopinvest NV, Nr4 and various associated real estate companies. Also director at Concordia Textiles NV.

Mr Van Rijckeghem started his career in 1993 at KBC Bank NV. He then worked for ten years at the independent service provider Lessius Corporate Finance (partner until 2009). Also active as a director of VZW Karus, psychiatric center in Melle.

Non-executive director and member of the Nomination Committee and the Audit Committee at the Company since May 10, 2017. Mr Hans Van Rijckeghem has the necessary expertise in the field of accounting and auditing within the meaning of Article 7:99 §2 of the Belgian Companies and Associations Code.

His current mandate as director of the Company continues until the Annual General Meeting of Shareholders in 2023.

Mr Hans Van Rijckeghem has no family ties with other members of the Company's executive, management or supervisory bodies.

Mr Hans Van Rijckeghem is managing director of Shopinvest NV, which holds 719,000 shares (18.24%) of smartphoto group NV.

Mr Hans Van Rijckeghem does not hold any registered shares in smartphoto group NV, does not hold any stock options of the Company, and does not have any other business links with the group.

There is no agreement between the Company or its affiliated companies and Mr Hans Van Rijckeghem, which provides for any benefit upon termination of the mandate.

MARC COUCKE

Permanent representative of ALYCHLO NV,

Non-executive director

Office address: ALYCHLO NV - Lembergsesteenweg 19 - 9820 Merelbeke, Belgium

Master in Pharmaceutical Sciences (UGent) followed by Postgraduate Business Management (MBA Vlerick Business School - Ghent).

Founder and former CEO of Omega Pharma. After its sale, Mr Marc Coucke invested through Alychlo NV in various listed and unlisted companies.

Current most important directorships at other companies:

- Fagron NV (director);
- Animalcare Group Plc. (director)

Non-executive director and member of the Nomination Committee at the Company since May 10, 2017.

His current mandate as director of the Company continues until the Annual General Meeting of Shareholders in 2023.

Mr Marc Coucke has no family ties with other members of the Company's administrative, management or supervisory bodies.

Mr Marc Coucke is the main shareholder of Alychlo NV, which is the holder of 625,557 shares (15.87%) of smartphoto group NV. In addition, Mr Marc Coucke holds 900 shares (0.02%) of smartphoto group NV personally.

Alychlo NV and Mr Marc Coucke do not hold any registered shares in smartphoto group NV, do not hold any stock options of the Company, and do not have any other business links with the group.

There is no agreement between the Company or its affiliated companies and Mr Marc Coucke, which provides for any benefit upon termination of the mandate.

ALEXANDRA LEUNEN

Non-executive director

Address: Van Hamméestraat 41 - 1030 Brussel, Belgium

UX Design & Research Certificate (ULB), Digital Transformation Program «Take the Lead», Digital Disruption (Vlerick Business School), Graduate Marketing (EPHEC) Graduate International Advertising Association (IAA).

Head of Digital & Customer Experience at STIB/MIVB. Previously active as a Freelance Consultant (Patada Consult) in various companies in the field of marketing, communication and digitisation. Founder and Managing Partner of Lemon Crush BV, sold in 2013. Active in 'Woman on board' and 'Entrepreneurs WE'.

Current directorships at other companies:

- Ascencio CVA (director),
- Universum NV (director).

Non-executive, independent director and member of the Remuneration Committee since May 10, 2017. Mrs Alexandra Leunen fulfills the independence criteria in accordance with principle 5.3 of the Belgian Corporate Governance Code, referred to in article 7:87 of the Belgian Companies and Associations Code.

Mrs Alexandra Leunen's mandate, as director of the Company, continues until the Annual General Meeting of Shareholders in 2023.

Mrs Alexandra Leunen has no family ties with other members of the Company's administrative, management or supervisory bodies.

Mrs Alexandra Leunen does not hold any registered shares or stock options in smartphoto group NV, nor does she have any other business links with the group.

There is no agreement between the Company or its affiliates and Mrs Alexandra Leunen, which provides for any benefit upon termination of the mandate.

Composition and operation of the committees

The Board of Directors has established three committees: an Audit Committee, a Nomination Committee, and a Remuneration Committee.

The regulations of these committees have been incorporated in the Corporate Governance Charter.

Audit Committee

Composition of the Audit Committee

The following members of the Audit Committee have been appointed until the 2023 Annual General Meeting of Shareholders, which will take place on May 10, 2023:

- Pallanza Invest BV, permanently represented by Mr Geert Vanderstappen, director and Chairman of the committee;
- Fovea BV, permanently represented by Mrs Katya Degrieck, independent director;
- Mr Hans Van Rijckeghem, director.

In accordance with article 7:99 of the Belgian Companies and Associations Code, the Audit Committee is composed of 3 non-executive members of the Board of Directors. The members possess a collective expertise in the field of the Company's activities. At least one member is an independent director in the sense of article 7:87. Fovea BV, permanently represented by Mrs Katya Degrieck, is an independent director.

Also in accordance with article 7:99 of the Belgian Companies and Associations Code, at least one member of the Audit Committee possesses the necessary expertise and professional experience in the field of accounting and audit. Both Mr Geert Vanderstappen, permanent representative of Pallanza Invest BV, non-executive director, and Mr Hans Van Rijckeghem, non-executive director, possess the necessary expertise and professional experience in the field of accounting and audit as a result of their career and current professional activities.

The CEO and internal auditor attend the meetings of the Audit Committee.

Audit Committee's report on its activities in 2020

The Audit Committee met 4 times in 2020. Two meetings were mainly devoted to reviewing the consolidated financial statements as at December 31, 2019 and the half-yearly consolidated figures as at June 30, 2020. One meeting was devoted to the annual impairment tests in accordance with IAS 36 concerning the identified cash-generating unit e-commerce, to examine whether an impairment loss should be recognised. One meeting was mainly devoted to internal checks and risk management systems, more specifically the status and future monitoring of the ERM process. This also included

the discussion of the risks and the measures to mitigate the risks related to cybersecurity. Other important items on the agenda were: the start-up process of the additional production building, the impact of the measures related to Covid-19 and discussing the non-audit services of the Statutory Auditor. The Audit Committee also checked the findings and recommendations of the Statutory Auditor as well as his independence.

Of 12 possible attendances (4 meetings x 3 members) there were no apologies for absence, all members participated in the meetings.

Nomination Committee

Composition of the Nomination Committee.

The following members of the Nomination Committee have been appointed until the 2023 Annual General Meeting of Shareholders, which will take place on May 10, 2023:

- Mr Philippe Vlerick, Chairman of the Committee, non-executive director;
- Mr Hans Van Rijckeghem, non-executive director;
- Alychlo NV, permanently represented by Mr Marc Coucke, non-executive director.

The composition of the Nomination Committee deviates from principle 4.19 of the 2020 Code, which stipulates that the Nomination Committee must be composed of a majority of independent, non-executive directors. The current Nomination Committee is composed of non-independent, non-executive directors. The Board of Directors is of the opinion that the fact that the members are not independent does not weigh up against their experience as a member and Chairman of the Nomination Committee. This is even more justified in view of the division of powers between the Nomination Committee and the Remuneration Committee. The Board is of the opinion that these members therefore possess sufficient objectivity when exercising their function.

Nomination Committee's report on its activities in 2020

The Nomination Committee makes proposals concerning the evaluation and reappointment of directors and executive management, as well as the appointment and introduction of new directors.

In accordance with principle 4.5 of the 2020 Code, the Nomination Committee convenes when necessary in order to fulfil its tasks efficiently. In 2020, the Nomination Committee met once as a result of the reappointment of the directors, managing director, the Chairman of the Board of Directors and the members of the Committees.

Remuneration Committee

Composition of the Remuneration Committee

The following members of the Remuneration Committee have been appointed until the 2023 Annual General Meeting of Shareholders, which will take place on May 10, 2023:

Mr Philippe Vlerick, Chairman of the Committee, non-executive director;
Fovea BV, permanently represented by Mrs Katya Degrieck, independent non-executive director;
Mrs Alexandra Leunen, independent non-executive director.

The composition of the Remuneration Committee fulfils the requirements of article 7:100 of the Belgian Companies and Associations Code and the principles of the 2020 Code.

The members all possess the necessary expertise in the field of remuneration policy, in view of their prior and current professional activities.

Remuneration Committee's report on its activities in 2020

In accordance with article 7:100 of the Belgian Companies and Associations Code, the Remuneration Committee convenes when they deem it necessary to carry out their tasks effectively, and at least twice a year. The Remuneration Committee met twice in 2020 and dealt with issues including the general remuneration policy and individual remuneration for the executive management. They took into account the stipulations listed in article 3:6, §2 of the Belgian Companies and Associations Code. The remuneration policy was also tested against the requirements according to article 7:89/1 of the Belgian Companies and Associations Code. The remuneration policy will be submitted for approval to the General Meeting of May 12, 2021. Thereafter, for every material change and at least every four years, the remuneration policy will be submitted for approval to the General Meeting of Shareholders of the Company.

The Remuneration Committee makes recommendations to the Board of Directors about the individual remuneration of the directors, including the Chairman of the Board of Directors, the remunerations for the members of the committees and the people responsible for daily management, including variable remuneration and non-current performance premiums, whether or not linked to shares, in the form of share options or other financial instruments, and severance pay.

The recommendations of the Remuneration Committee are submitted to the Board of Directors and subsequently the General Meeting of Shareholders for approval.

All members attended the meetings.

Information regarding diversity

The composition of the Board of Directors takes into account the necessary diversity and complementarity concerning competencies, experience and knowledge for efficient and effective decision-making.

Gender and age diversity are also pursued when appointing a new director. The appointments of the members of the Board of Directors, confirmed by the General Meeting of Shareholders on May 13, 2020, met the criteria of the proposed diversity policy.

The current composition of the Board of Directors also complies with the legal requirements of gender diversity as provided for in Article 7:86 of the Belgian Companies and Associations Code. The legal requirements are included in the nomination process of the members of the Board of Directors.

Age diversity within the current Board of Directors

Age	40-45	46-50	51-55	56-60	>60	Total
Number of directors	1	0	3	2	1	7
In % of total	14.3%	0.0%	42.9%	28.6%	14.3%	100%

Age diversity



Gender diversity within the current Board of Directors

Gender	Woman	Man	Total
Number of directors	2	5	7
Breakdown	1/3	2/3	

Gender diversity



In the brief biography of the members of the Board of Directors, more information can be found concerning the competency, experience and expertise of the members.

Statutory Auditor

The General Meeting of Shareholders of May 13, 2020 has appointed Grant Thornton Bedrijfsrevisoren CVBA, represented by Mr Danny De Jonge, Auditor, as Statutory Auditor of the Company. This appointment of Grant Thornton Bedrijfsrevisoren CVBA runs for three years and expires after the General Meeting of 2023.

Day-to-day management

Managing director

In accordance with article 19 of the Articles of Association, the authorisation for the day-to-day management has been delegated to a managing director. The managing director, or two directors acting jointly, represent the enterprise legally and factually. Acortis BV, permanently represented by Mr Stef De corte, is acting as managing director of the Company as from November 14, 2017.

At smartphoto group there is no Executive Committee in the sense of article 7:104 of the Belgian Companies and Associations Code. The Company's Articles of Association include that the Board of

Directors is authorised to set up an Executive Committee in the future, if it deems this necessary, in accordance with Article 7:104 of the Belgian Companies and Associations Code.

Evaluation process of the Board of Directors, the committees and individual directors

The Board of Directors regularly evaluates its size, composition and performance; as well as those of the committees and individual directors. In this evaluation, the Board of Directors assesses how the Board of Directors and the committees operate, examines whether the important issues are thoroughly prepared and discussed, evaluates the performance of each director and, if necessary, the current composition of the Board of Directors or the committees is harmonised with the required composition of the Board of Directors or of the committees.

Remuneration report

The remuneration report provides a general overview of the remunerations granted to the executive and non-executive directors in 2020. The fees included below are in accordance with article 3:6, §3 of the Belgian Companies and Associations Code (the "CCA"), with the 2020 Belgian Corporate Governance Code ("2020 Code") and with the Company's remuneration policy, applicable as from 2020.

The Remuneration Committee makes recommendations to the Board of Directors on (i) the remuneration policy and (ii) the individual remuneration of the directors, the persons charged with day-to-day management as referred to in article 3:6, §3, last paragraph, and the persons charged with the day-to-day management. These recommendations are subject to the approval of the Board of Directors and the shareholders at the Annual General Meeting.

The remuneration policy of smartphoto group has been drawn up in accordance with article 7:89/1 of the CCA and, insofar no deviations have been included in the corporate governance statement, with the recommendations of the 2020 Code. The remuneration policy will be submitted for approval to the General Meeting of Shareholders of May 12, 2021. Thereafter, for every material change and at least every four years, the remuneration policy will be submitted for approval to the General Meeting of the Company.

Remuneration of the non-executive directors in 2020

In accordance with the remuneration policy of smartphoto group NV, the non-executive directors each receive a fixed remuneration of EUR 12,500 per year.

Mr Philippe Vlerick, appointed as Chairman, receives an additional fixed remuneration of EUR 12,500 per annum in his capacity as Chairman of the Board of Directors.

No separate remunerations are provided for the members of the committees, except for the members of the Audit Committee (Pallanza Invest BV, Fovea BV and Hans Van Rijckeghem). In addition to their general annual remuneration as a member of the Board of Directors, they each receive an annual fixed remuneration of EUR 2,500.

The total fees paid to non-executive directors for the 2020 financial year amount to EUR 95,000; for 2019, these fees also amounted to EUR 95,000.

There is no agreement between the Company or its affiliated companies and the non-executive members of the Board of Directors, which provides for any benefit upon termination of their mandate as directors.

The non-executive directors do not receive variable remunerations, pensions or other components of remuneration. Accordingly, the fixed remuneration granted to them, as described above, is the full remuneration granted to them.

The directors personally hold a total of 4,507 shares in the Company. Certain directors represent another main shareholder, and are indirect shareholders. A breakdown of these indirect interests can be found under the shareholders' structure.

None of the directors has received a loan granted by smartphoto group NV or any other related company.

Remuneration of the executive director in 2020

The remuneration of the executive director is determined by the Board of Directors at the recommendation of the Remuneration Committee, corresponding to the remuneration policy of smartphoto group NV.

In 2020, the fixed remuneration amounts to EUR 385 (000). The variable remuneration consists of a cash bonus which depends on the realised performance of the Company against the objectives pursued and amounts to EUR 147 (000) for the 2020 financial year. The other remuneration components amount to EUR 3 (000). The total remuneration for the executive director for the 2020 financial year thus amounts to EUR 535 (000).

Part of the remuneration of the current executive director is performance related as an incentive to support the short and long term performance of the group. The variable remuneration is directly linked to the achievement of the objectives of smartphoto group NV.

The executive director's remuneration is a deviation from principle 7.8 of the 2020 Code, which stipulates that the variable part of the executive director's remuneration package is linked to the overall performance of the Company and individual performances. Notwithstanding the fact that the variable remuneration of the executive director is in principle linked to the overall performance of the Company, it is the individual performance of the executive director that underlies the achievement of these overall goals. In fact, it is to his credit as managing director who is in charge of the day-to-day management of the Company.

Contrary to principle 7.12 of the 2020 Code, there is no clawback clause between Mr Stef De corte, permanent representative of Acortis BV and the Company to reclaim paid variable remuneration, or to withhold payment of variable remuneration, nor are circumstances specified in which this would be appropriate, insofar legally enforceable.

The remuneration components for the executive director are shown below. No guarantees or loans have been provided by smartphoto group NV or related companies to the executive director.

Remuneration and interests of the executive director (in €'000)

Executive Director	Fixed remuneration component ⁽¹⁾	Variable remuneration component ⁽¹⁾⁽²⁾	Other remuneration components ⁽³⁾
Stef De corte ⁽⁴⁾	-385	-147	-3

⁽¹⁾ Cost to the enterprise, i.e. gross amount including social security contributions.

⁽²⁾ The variable component is provided in the form of a bonus plan that is determined each year by the Remuneration Committee. This bonus plan includes financial and non-financial targets.

⁽³⁾ The other components refer to the costs for insurance policies, and the cash value of the other benefits in kind (expense allowances, company car, etc.).

⁽⁴⁾ Mr Stef De corte, permanent representative of Acortis BV.

As a result, the fixed and variable remuneration amounts respectively to 72% and 27% of the total remuneration received by the executive director.

Regardless of the aforementioned remuneration, Acortis BV, permanently represented by Stef De corte, holds shares in smartphoto group NV on December 31, 2020 (details can be found in the brief biography of the members of the Board of Directors). Contrary to principle 7.9 of the 2020 Code, no minimum threshold has been set for shares that should be held.

Information about the remuneration policy in accordance with article 7:91 of the Belgian Companies and Associations Code

The remuneration policy stipulates that the variable remuneration is one quarter or less of the total annual remuneration. For the 2020 financial year, the variable remuneration component amounts to 27% of the total remuneration and the fixed remuneration amounts to 72% of the total remuneration. In accordance with the remuneration policy and the Belgian Companies and Associations Code, the Board of Directors, on the advice of the Remuneration Committee, explicitly requests the approval of the General Meeting of Shareholders. The approval will be included as a separate agenda item at the General Meeting of May 12, 2021.

Severance payments

There is an agreement between Mr Stef De corte and the Company that - only upon termination at the request of the Company - provides for a financial compensation of twelve months.

Other information corresponding to article 3.6, §3

The annual evolution of the remuneration, of the development of the Company's performance and of the average remuneration of the other employees of the Company are presented in the table below; as well as the ratio between the highest and the lowest remuneration within the Company.

Evolution of the remuneration	2016	2017	2018	2019	2020
Yearly remuneration non-executive director ⁽¹⁾	0%	0%	0%	0%	0%
Executive director ⁽²⁾	10.0%	-8.1%	2.2%	2.2%	12.0%
Changes in the performance of the Company ⁽³⁾	7.1%	44.5%	5.3%	27.2%	34.9%
Changes in the average remuneration of the other employees ⁽⁴⁾	8.4%	-2.1%	0.4%	4.7%	-3.1%
Ratio between the highest and lowest remuneration ⁽⁵⁾	9.6%	9.8%	10.2%	10.3%	10.2%

⁽¹⁾ The evolution of the annual remuneration of the non-executive directors is calculated by dividing the annual remuneration for a non-executive director for the financial year by the annual remuneration for the previous financial year.

⁽²⁾ The evolution of the annual remuneration of the executive director is calculated by dividing the annual remuneration (fixed and variable) for the executive director for the financial year by the annual remuneration for the previous financial year.

⁽³⁾ The change in performance of the Company is calculated by dividing the EBITDA for the financial year by the EBITDA for the previous financial year.

⁽⁴⁾ Changes in average remuneration (expressed as full time equivalents) of the other employees.

⁽⁵⁾ Ratio between the fixed remuneration of the executive director and the lowest remuneration (in full time equivalents) of the other employees.

Risk management and internal control

The Board of Directors relies on the Audit Committee for the supervision of the proper operation of the risk management and internal control systems.

The internal control and risk management systems provide reasonable assurance regarding the achievement of the objectives, the reliability of the financial reporting and compliance with the applicable laws and regulations.

The management of risks forms an integral part of the way in which the group is managed. The group has taken (and will continue to take) measures to control any risks as efficiently as possible. There is no guarantee, however, that the measures taken will be completely efficient in all possible circumstances and it can therefore not be ruled out that some risks may occur and therefore may impact the Company. There may be other risks the Company is currently not aware of or which are currently not thought to be significant, and which may have a negative impact on the Company or the value of its shares.

The analysis of the risks surrounding the planning, organisation, managing and controlling of operations is being elaborated and structured in more detail. This Enterprise Risk Management process (ERM process) encompasses financial, strategic and operational risk management to minimise the chance of risks. This means that the business risks are being systematically identified, measured and controlled, so that the risk profile is in line with the risk appetite. The Audit Committee monitors the ERM project. The ERM system is systematically evaluated by the Audit Committee.

The internal audit department of smartphoto group ensures that the risk management process is complied with, that the minimum internal control requirements are met, and that the identification and management of the risks are implemented effectively. The Audit Committee subjects the company's systems for internal control and risk management to an annual assessment. The Audit Committee also evaluates the operation of the internal audit department on a biannual basis.

The external audit also assesses the internal controls contained in the business processes on an annual basis and reports regularly to the Audit Committee.

Description of the risks and uncertainties

Strategic risks

Market risks

The Company operates in a market that is highly susceptible to changes. The most important market-related risks are related to technological developments and their effect on consumer behaviour, the development of consumer prices, and the competitive position.

Smartphoto group's strategy is heavily based on the findings of prospective market research from which new opportunities emerge for the business. These findings have an inherent risk of error and may also be impacted by future technological developments not yet taken into account. The group manages these risks by permanently keeping in touch with the technological world, the market, and the consumers, in order to, if necessary, rapidly revise not only its strategy, but also its investment plans and business plans.

The future profitability of the Company is also determined by the selling prices that it can achieve for its products and services. The price elasticity of the demand, combined with the development of the margins, involves a risk for the group's profitability. Although the group assumes continued price pressure in its business plan, it continues to proactively manage risks by reducing its fixed overhead costs on the one hand and, on the other, by continuously offering new products. Thus the range of photo related products is increasingly being expanded with products such as photo books, cards, calendars, gifts, wall decoration, clothing and accessories, etc.

The group's future market share and business figures can be affected by campaigns of existing competitors or the entry of new competitors. By monitoring the position of competitors on a permanent basis, the group takes this factor into account for the further development of its plans and its operation.

Brexit

The United Kingdom left the European Union on January 31, 2020. The transition period, in which there were almost no changes, ended on December 31, 2020. As from January 1, 2021 the new trade and cooperation agreement between the United Kingdom and the European Union entered into force provisionally.

Smartphoto group, which operates on the British market, has analysed the risks related to Brexit. Because sales to customers in the United Kingdom are limited, Brexit will not have a significant impact on the future financial situation.

Operational risks

Dependency on strategic suppliers

Regarding the e-commerce activities, smartphoto group is only dependent on strategic suppliers to a limited extent. There are always several suppliers for each of the various product groups.

IT risks

The e-commerce activities are strongly dependent on the in-house development of IT systems and access to the internet in general.

The online ordering software is maintained by a team of specialists and is increasingly optimised to improve the functionality for the customer. To reduce the risk of the failure of the systems as much as possible, and to ensure the continuity of operations, continuity programmes have been developed in which several backup systems have been implemented and fallback scenarios have been elaborated.

The migration of our fixed data centre to the Google Cloud platform has further contributed to the increased optimisation of our websites' speed and accessibility. It also helped to increase the security of our platform.

Financial risks

Financial reporting

The quality of the reported financial figures is assured by the proper monitoring of the accounting closing processes and the related internal controls.

For management reporting purposes, the accounting is closed on a monthly basis. The financial figures are consolidated on a quarterly basis according to a formal consolidation process. The annual financial figures are also subject to the external auditor's review.

The financial figures are published by means of financial press releases on pre-announced dates in order to communicate and inform as transparently as possible.

Furthermore, the main financial risks the group is facing relate to outstanding trade receivables and transactions in currencies other than the euro.

Liquidity risk

The contractual obligations include the interest liabilities related to the interest-bearing and lease liabilities.

Based on the prognoses of the cash flow 'Liquidity forecast', the Company will be able to meet the financial obligations in 2021.

Neither in 2019, nor in 2020 there are derivative contracts.

Because the credit agreement with KBC Bank was entered into at a fixed interest rate, a sensitivity analysis of the current and non-current interest-bearing financial liabilities is not representative.

For the bank overdrafts, the interest rate is determined at the moment of withdrawal. This operating procedure enables smartphoto group NV to accept fluctuations in the financial expenses in accordance with the evolution of market interest rates. As at December 31, 2019 and 2020 there were no bank overdrafts. The cash and cash equivalents are invested free of risks.

Figures relating to the current and non-current interest-bearing financial liabilities, divided by their maturity, can be found in Note 33 'Risk factors' to the Consolidated Financial Statements of 2020.

Credit risk

The majority of smartphoto group's operations is conducted by means of 'remote sales' to end-consumers. This involves exposure to non-collectability of many, relatively small, trade receivables. The group manages this risk by encouraging online payment for its e-commerce activities on the one hand and, on the other, conducting proper credit management. In cases of non-payment on the due dates, additional costs are charged depending on the overdue periods. In due course, the collection of the receivables is handed over to debt-collection agencies.

There was no significant risk concentration as at December 31, 2019 and 2020.

Receivables of which collectability is partially or entirely not guaranteed are subject to write-downs. The carrying amount of these receivables does not differ significantly from their fair value, due to the short-term nature of these outstanding receivables.

Monthly, a provision for bad debt is recognised for the outstanding receivables that will mature in less

than 6 months, based on the loss percentage of the past 6 months. Receivables which have been outstanding for more than 6 months are fully written-down. The write-downs are calculated on the outstanding amounts excluding VAT. For other trade receivables, credit limits and payment terms are set for each customer. Deliveries are blocked to customers who have exceeded these terms and dunning procedures are started.

The write-downs on trade receivables are calculated, taking into account any known and expected credit losses, based on historical information regarding the losses incurred.

Exchange rate risk

As the Company operates mainly in a euro environment, the exchange rate risk is extremely limited.

Seasonal fluctuations

The activities of smartphoto group are subject to seasonal fluctuations. There is a strong peak in sales every fourth quarter, for example. As a result, it is not meaningful to make a comparison between revenue and results of different quarters and semesters of the same year and interim results are not a reliable indicator for future revenue and results over an entire year.

Legal risks

Risk related to the compliance with laws and regulations

The Company is subject to the applicable laws and regulations of each country in which it operates, as well as the European laws and regulations. As smartphoto group is listed on Euronext Brussels, the group is also subject to the Belgian and European legislation regarding publication requirements and insider trading. Smartphoto group endeavours to respect the imposed statutory requirements.

Smartphoto is in line with the European Regulation 2016/679 of April 27, 2016 regarding data protection and privacy (also General Data Protection Regulation or 'GDPR'). This Regulation, which entirely and directly applies to all European member states, relates to the management and protection of the personal data of European citizens. Also in accordance with this Regulation, a Data Protection Officer (DPO) has been appointed within the smartphoto group.

Risks related to tax disputes

Neither the Company nor its subsidiaries are currently involved in any tax disputes which have been brought before the Tax Courts. Therefore no provisions have to be established.

Changes in tax legislation can have both positive and negative effects on the group's result.

Risks related to disputes

A receivable concerning a claim or dispute is taken into account if it is virtually certain that an inflow of economic benefits will occur. If such an inflow is probable, the receivable is disclosed as a contingent asset. A provision must be recognised for existing liabilities to the extent that it is also probable that an outflow of funds will take place to resolve the obligation and a reliable estimate can be made of the amount of the liability.

Regular assessment is carried out on all claims and disputes. The outcome of this assessment determines what provisions or receivables will be recognised for which claims and disputes.

If a provision or a claim has to be recognised, an estimate of the chance and size of the outflow, respectively inflow of resources requires a significant amount of evaluation. This evaluation is partly supported by legal advice.

Currently, there are no material claims or disputes.

Force majeure risks

Covid-19

Due to the outbreak of Covid-19 and the subsequent measures, every one of us has been affected in one way or another - our colleagues, their families and our customers.

Since the outbreak of Covid-19 in Europe, smartphoto group has taken necessary measures to avoid contamination within the company, to protect employees and to limit the negative consequences of Covid-19. For example, the employees have temporarily switched to teleworking for those departments of the group, both in Belgium and in the foreign entities, for which this is possible. For both the production workers and the employees of the departments for which teleworking is not possible, the necessary adjustments were made within the company to optimise the protection against infections.

The impact of the measures concerning the Covid-19 virus (corona virus) has been re-evaluated, but for the time being it is expected that there will be no negative impact on the prospects for 2021.

Other risks concerning health, safety and the environment

Safety and prevention measures are used to avoid these risks as much as possible. These risks are also hedged by means of insurance policies with external insurers.

Risks as a result of fire and violence

These risks are avoided as much as possible thanks to fire safety and prevention measures and are covered by insurance policies with external insurers.

Risks as a result of power outages

As mentioned under the IT risks, these risks are taken care of by continuity programmes in which several backup systems have been implemented and fallback scenarios have been elaborated. The adverse consequences are also covered by insurance policies.

Information pursuant to article 14, paragraph 4 of the Act of May 2, 2007

Shareholding structure

The law and smartphoto group NV's Articles of Association require each shareholder whose voting rights, associated with the securities that grant voting rights, exceed or fall below the thresholds of 3%, 5% or any multiple of 5%, to notify this fact to the Company and the FSMA, the Belgian Financial Services and Markets Authority.

The company received the following notifications in 2020:

Notification received on May 27, 2020

Alychlo NV, controlled by Mr Marc Coucke, Lembergsesteenweg 19, 9820 Merelbeke, and Mr Marc Coucke, have informed the Financial Services and Markets Authority (FSMA) and smartphoto group NV that the joint percentage of the number of voting securities or voting rights acquired exceeded the 15% threshold on May 15, 2020 through the acquisition of 24,158 shares and 900 shares respectively. The total number of voting rights held after these transactions amounts to 591,551 or 15.01%.

Notification by a parent company or a controlling person.

Holders of voting rights	Latest notification Number of voting rights	After the transaction Number of voting rights	% of voting rights
Alychlo NV c/o Lembergsesteenweg 19, B-9520 Merelbeke	566,493	590,651	14.98%
Marc Coucke	0	900	0.02%
Subtotal	566,493	591,551	15.01%
TOTAL	566,493	591,551	15.01%

Total number of voting rights (the denominator) at the time of the transfer of the voting rights, in particular on May 15, 2020: 3,941,950.

Chain of controlled companies through which the shareholding is actually held:
Alychlo NV is controlled by Mr Marc Coucke.

Notification received on June 2, 2020

Mr Emmanuel Rolin Jacquemyns, CDG Development SA and Partfim SA, Montjoielaan 167 box 9, 1180 Brussels, have jointly informed the Financial Services and Markets Authority (FSMA) and smartphoto group NV that the percentage of the number of voting securities or voting rights held by Partfim SA fell below the 5% threshold due to the transfer of 60,000 voting securities or voting rights on May 27, 2020. The total number of voting rights held after this transaction is 141,500.

Notification by a parent company or a controlling person.

Holders of voting rights	Latest notification Number of voting rights	After the transaction Number of voting rights	% of voting rights
Emmanuel Rolin Jacquemyns	0	0	0.00%
Partfim SA c/o Montjoielaan 167 box 9, B-1180 Brussels	201,500	141,500	3.59%
Subtotal	201,500	141,500	3.59%
TOTAL	201,500	141,500	3.59%

Total number of voting rights (the denominator) at the time of the transfer of the voting rights, in particular on May 27, 2020: 3,941,950.

Chain of controlled companies through which the shareholding is actually held: Partfim SA is controlled by CDG Development SA, of which Mr Emmanuel Rolin Jacquemyns holds 99.99% of the shares.

The Company also issued the following notification in 2020:

Notification issued on May 29, 2020

Smartphoto group NV has informed the Financial Services and Markets Authority (FSMA) that the percentage of the number of voting securities or voting rights acquired on May 27, 2020 has exceeded the statutory threshold of 3% due to the additional acquisition of 60,000 treasury shares. The total number of treasury shares held after this transaction amounts to 150,058 or 3.81%.

Notification by a person who is notifying solely.

Holders of voting rights	Latest notification Number of voting rights	After the transaction Number of voting rights	% of voting rights
smartphoto group NV c/o Kwatrechtsteenweg 160, B-9230 Wetteren		150,058	3.81%
TOTAL		150,058	3.81%

Total number of voting rights (the denominator) at the time of the acquisition of the voting rights, in particular on May 27, 2020: 3,941,950.

Chain of controlled companies through which the participation is actually held: smartphoto group NV is not a controlled company.

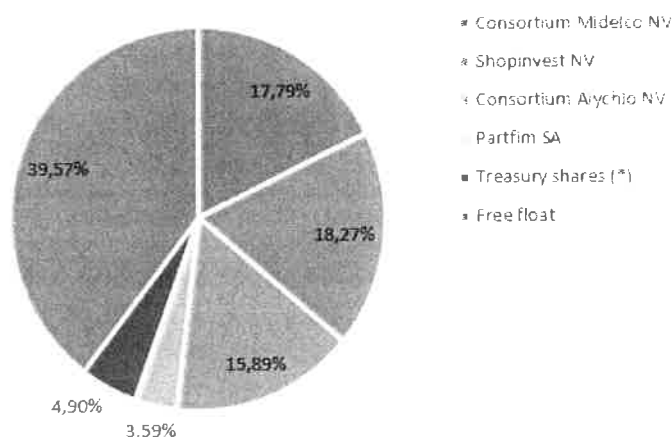
Shareholder structure as at the year-end closing date

Shareholders with a percentage $\geq 3\%$ of the total number of shares

	Latest notification date	% of total number of shares ⁽¹⁾	Number of shares	% of total number of shares ⁽²⁾
CONSORTIUM MIDELCO NV, CECAN INVEST NV, ISARICK NV and Philippe Vlerick c/o Doorniksewijk 49, B-8500 Kortrijk	24/08/2018	17.79% (701,195)	701,195	17.79%
- MIDELCO NV		11.86%	467,555	11.86%
- CECAN INVEST NV		5.51%	217,364	5.51%
- ISARICK NV		0.32%	12,669	0.32%
- PHILIPPE VLERICK		0.09%	3,607	0.09%
SHOPINVEST NV and controlling person Beukenlaan 1, B-9250 Waasmunster	16/09/2015	15.57% (570,000)	720,000	18.27%
- SHOPINVEST NV			719,000	18.24%
- Etienne Kaesteker			1,000	0.03%
ALYCHLO NV and controlling person Lembergsesteenweg 19, B-9820 Merelbeke	27/05/2020	15.01% (591,551)	626,457	15.89%
- ALYCHLO NV		14.98%	625,557	15.87%
- Marc Coucke		0.02%	900	0.02%
SMARTPHOTO GROUP NV Kwatrechtsteenweg 160, B-9230 Wetteren	29/05/2020	3.81% (150,058)	193,133	4.90%
PARTFIM SA Avenue Montjoie 167 bus 9, B-1180 Brussel	02/06/2020	3.59% (141,500)	141,500	3.59%

⁽¹⁾ Calculation with the total number of shares issued in accordance with the latest notification as the denominator.

⁽²⁾ Calculation with the current total number of shares issued, i.e. 3,941,950 shares, as the denominator.



(*) Number of treasury shares at the year-end closing date

Treasury shares

The total number of treasury shares evolved from 37,139 shares per December 31, 2019 to 193,133 shares per December 31, 2020, or 4.9% of the total number of issued shares (3,941,950). This increase of 155,994 treasury shares is the result of:

- The purchase of 114,413 treasury shares in the period from January 1, 2020 to August 7, 2020 for an amount of EUR 1,948,616 following the execution of the share purchase programme with start date May 2, 2019, of which 75,000 shares were purchased through block trades. A discretionary mandate was granted to Bank Degroof Petercam NV for the execution of this share repurchase programme. At completion of this repurchase programme, a total of 150,041 treasury shares were repurchased.
- The purchase of 41,581 treasury shares in the period from September 17, 2020 to December 31, 2020 for an amount of EUR 816,840 following the execution of the share purchase programme with start date September 17, 2020. For the execution of this share repurchase programme, a discretionary mandate, assigned by the Board of Directors, was granted to KBC Securities, who is responsible for the purchase of shares of smartphoto group on Euronext Brussels as well as outside the regulated market, but only in open periods. Block trades are also possible within this mandate. With the start of this programme, the previous programme to purchase treasury shares was terminated.

The total number of treasury shares (193,133 shares), held by smartphoto group NV, represents a net amount of EUR 3,310,301 and is included in the section 'Cash investments'.

As part of the current share repurchase programme, treasury shares can still be purchased until June 30, 2021, or until the predetermined value of EUR 3,000,000 shares has been acquired; being, for a remaining value of EUR 2,183,160.35.

Smartphoto group aims to use part of the free cash flow to create a pool of treasury shares as an investment and to finance possible future acquisitions.

The overview of all transactions related to the purchase of treasury shares is represented on our website www.smartphotogroup.com under the section: "Investors / Information for shareholders / Purchase of treasury shares".

General Meeting of Shareholders

The Annual General Meeting takes place on the second Wednesday of May at 2 pm. The right to participate in the General Meeting is only granted if the shareholder has complied with the legal requirements concerning companies whose shares are admitted to trading on a market as referred to in Article 1:11 of the Belgian Companies and Associations Code. In any case, the shareholder must indicate his intention to participate in the General Meeting no later than six days before the General Meeting.

The Board of Directors has decided that the Annual General Meeting of Shareholders on May 12, 2021 will not be organized electronically, but will take place physically. In view of the security measures regarding Covid-19, the Board of Directors emphasises that each shareholder has the possibility to use proxies.

Conditions for participation

The right to participate in the General Meeting will be granted on the basis of the accounting registration of the registered shares of the shareholder, on the registration date at midnight, either (i) by registration in the register of shares of the Company, or (ii) by registration in the accounts of a recognised account holder or a settlement organisation, for dematerialised securities.

The recognised account holder or the settlement organisation will provide the shareholder with a certificate or depository receipt showing the number of shares with which the shareholder wishes to participate at the General Meeting. Only the shareholders who are shareholders on the identified registration date and who can prove this by means of the certificate or depository receipt identified above, or the registration in the share register of the Company, are allowed to participate in the General Meeting. The intention to participate in the General Meeting must be notified to the Company no later than six days before the General Meeting on the basis of the submission of this depository receipt or certificate to the Board of Directors. Registered shareholders must also notify their intention to attend the General Meeting in writing to the Board of Directors, and do this no later than six days before the General Meeting.

Use of proxies

Each shareholder with voting rights can provide a proxy to represent him or her at the General Meeting by means of a document that bears his or her signature, including digital signature as referred to in article 1322:2 of the Belgian Civil Code, in which notice is provided by letter or email, or any other means specified in article 2281 of the Belgian Civil Code. The representative does not have to be a shareholder. Except as stipulated in article 7:143 of the Belgian Companies and Associations Code, only one proxy can be designated. The proxy has to vote in accordance with the instructions of the shareholder, for which each proxy maintains a special record.

In case of a potential conflict of interests between the shareholder and the proxy holder appointed, the proxy holder must disclose the precise facts that are important for the shareholder in order to assess whether there is a risk that the proxy holder pursues any interest other than the interest of the shareholder. Where applicable, the proxy holder can only vote on behalf of the shareholder on condition that the proxy holder has specific voting instructions for each item on the agenda. In particular, there is a conflict of interests when the proxy holder: 1° is the company itself or an entity controlled by it, or a shareholder that controls the company, or another entity that is controlled by such a shareholder; 2° is a member of the Board of Directors or of the management bodies of the company, of a shareholder that controls the company, or of a controlled entity as referred to in 1°; 3° is an employee or a statutory auditor of the company, of the shareholder that controls the company, or of a controlled entity as referred to in 1°; 4° has a parental relationship with a natural person as referred to

in 1° to 3°, or is the spouse or the legally cohabiting partner of such a person or of a relative of such a person.

An example of a proxy that takes into account the rules above has been made available on the website of the Company as indicated below.

The proxies must be deposited at the registered office of the Company, no later than six days before the General Meeting.

Rights of shareholders

For a comprehensive and detailed description of the specific terms and conditions of the rights of shareholders described below, please refer to the information made available on the website of the Company, as indicated below.

• Extension of the agenda

One or more shareholders, together holding at least 3% of the capital of the Company can request to add supplementary items to the agenda of the General Meeting and propose draft resolutions concerning the items included or to be included on the agenda. The Company must receive these requests no later than the 22nd day before the General Meeting. They can be sent to the Company by electronic means, to the following address: maggv.vandenstock@smartphoto.com. The Company confirms the receipt of the request within a period of 48 hours from its receipt. No later than 15 days before the General Meeting, an agenda will be published that has been supplemented with the additional items to be discussed and the corresponding draft resolutions that should be included, and/or merely with the draft resolutions that would be formulated.

• Right to ask questions

The shareholders have the right to ask questions to the directors and the Statutory Auditor during the General Meeting or prior to it, in writing, relating to their report or to the agenda items. These questions can be sent electronically to maggv.vandenstock@smartphoto.com, no later than six days before the General Meeting.

Remote voting by letter or electronically

Voting by letter or electronically is not allowed.

Information available for consultation and obtainment

The convocation, the annual financial report (in accordance with article 12 of the Royal Decree of November 14, 2007), the remuneration policy, the proxy form, additional information on the rights of shareholders and the other information provided for by law are made available 30 days before the General Meeting on the Company's website: www.smartphotogroup.com. These documents can also be obtained on simple request from the office of the Company as of the same date.

Communication with the shareholders

Smartphoto group values regular and transparent communication with its shareholders.

These communications include, among other:

- Publication of half-yearly results and yearly results.
- A separate 'Investor Relations' section on the website www.smartphoto.com.
- Free subscription to press releases for investors via the above mentioned website.

Remuneration and interests of the members of the supervisory bodies, see the Remuneration report.

Joint control

Smartphoto group is not aware of agreements between certain shareholders as a result of which a common policy is pursued with regard to smartphoto group.

Information pursuant to Section 34 of the Royal Decree of November 14, 2007

1° Capital structure

Capital

The capital is EUR 41,381,403.63, represented by 3,941,950 shares.

Changing the capital

The General Meeting, deliberating under the conditions required to amend the Articles of Association, can increase or decrease the capital.

The shares that are subscribed to in cash, must first be offered to the shareholders, in proportion to the portion of the capital represented by their shares during a period of at least fifteen days calculated from the first day of the subscription period. When a share has been split into bare ownership and usufruct, the pre-emptive rights can only be exercised by the bare owner. The General Meeting determines the subscription price at which, and the period during which, the pre-emptive rights can be exercised.

The General Meeting that has to decide on the capital increase, taking into consideration the statutory provisions and in the interest of the Company, can limit or cancel the pre-emptive rights, or deviate from the minimum period of fifteen days for exercising the pre-emptive rights.

In the event of a reduction of the issued share capital, the shareholders that are in an equal position must be treated in an equal manner, and the other provisions included in the articles 7:208, 7:209 and 7:210 of the Belgian Companies and Associations Code must be observed.

2° Legislative or statutory restrictions on transferring of securities

Not applicable.

3° Holders of securities with special control rights

Not applicable.

4° Control of any share plan for employees

Not applicable.

5° Legislative or statutory restriction on the exercise of voting rights

With respect to the Company, the shares are indivisible. If a share belongs to several persons, or if the rights associated with a share are divided among several persons, the Board of Directors may suspend the exercise of the rights associated with that share until one single person is designated as being the owner of the share with respect to the Company. In the event there is usufruct, the bare owner of the share is represented by the usufructuary.

6° Shareholders' agreements

Smartphoto group does not know of any existing shareholders' agreements. There are no direct or indirect relationships between the Company and its key shareholders.

7° Rules governing the appointment and replacement of the members of the managing body and for amending the Articles of Association of the issuers

The legal rules as provided in the Belgian Companies and Associations Code are applicable.

The General Meeting may suspend or dismiss a director at any time.

As long as the General Meeting, for any reason whatsoever, does not provide for a new appointment or reappointment, the directors whose mandates have expired will remain in their positions. Directors whose mandates have been terminated are eligible for reappointment. In the event of a premature vacancy on the Board of Directors, the remaining directors have the right to temporarily fill the vacancy until the General Meeting appoints a new director. The appointment will be placed on the agenda of the next General Meeting. Any director appointed in this way terminates the appointment of the director being replaced.

8° Authorities of the managing body, in particular concerning the possibility to issue or purchase treasury shares

Treasury shares

The Extraordinary General Meeting of May 9, 2018 explicitly authorised the Board of Directors in accordance with the provisions of the Belgian Companies and Associations Code, to acquire treasury shares or profit-sharing certificates by purchase or exchange, or to dispose of them, without a prior resolution of the General Meeting being required, directly or via a person acting under their own name but on behalf of the Company, or via a direct subsidiary as referred to in Article 7:221 of the Belgian Companies and Associations Code, if this acquisition or disposal is necessary to avoid an impending serious disadvantage for the Company.

This authorisation applies for a period of three years from the publication of this resolution in the Annexes to the Belgian Official Gazette, i.e. until May 31, 2021.

In accordance with Article 7:215, §1 of the Belgian Companies and Associations Code, this authorisation can be renewed.

The Company's treasury shares included in the 'Eurolist by Euronext' can be disposed of by the Board of Directors without the prior approval of the General Meeting.

The General Meeting of May 9, 2018 has also authorised the Board of Directors to obtain the maximum allowed number of shares pursuant to Article 7:215 of the Belgian Companies and Associations Code by purchase or exchange at a price equal to at least eighty-five percent (85%) and no more than one hundred and fifteen percent (115%) of the most recent closing rate these shares were listed for on the 'Eurolist by Euronext' on the day before that purchase or exchange. This authorisation applies for a period of five years from the publication of this resolution in the Annexes to the Belgian Official Gazette (until May 31, 2023), and can be renewed pursuant to Article 7:215, §1 of the Belgian Companies and Associations Code.

Share option plan

There is currently no share option plan.

Warrant plan

There are currently no outstanding warrants.

9° Significant agreements whereby the Company is an involved party relating to a public takeover bid
Not applicable.

10° Agreements between the Company and its directors or employees providing for compensation when, as a result of a public takeover bid, the directors resign or must be discharged without valid reason, or the employment of the employees is terminated
Not applicable.

CORPORATE SOCIAL RESPONSIBILITY

Smartphoto considers it important to do business in a socially responsible way, paying attention to economic added value and respect for people and the environment. In this context, our efforts are focused on the interests of all stakeholders: our customers, our employees, our business partners, our suppliers and our shareholders.

Our customers

Under our slogan 'smart.simple.smile', we help our customers make affordable, high quality, personalised products. We always put the needs of our customers first. We also regularly assess our customers' satisfaction. Using the Net Promoter Score (NPS), we measure what our customers really want and, based on their feedback, we can make adjustments and improvements to further increase our customers' satisfaction. Through the social media channels (Facebook, Twitter, Instagram, Pinterest, LinkedIn), we can also actively engage in dialogue with our customers and improve our services even further.

Customers who have any questions, suggestions or complaints about a smartphoto product or the smartphoto website can contact our customer service team, that is ready to help. The team can be reached by email, phone or letter. Some answers can already be found on our website in the list of Frequently Asked Questions

Another priority for smartphoto is the privacy and security of our customers' data. The General Privacy Policy on our website explains what smartphoto does with the data and the legal grounds this is based on. This "General Privacy Statement" regulates personal data processing in accordance with the European Regulation 2016/679 of April 27, 2016 regarding the protection of personal data (also General Data Protection Regulation or "GDPR"). This General Privacy Statement also contains the rights and obligations of the customer regarding smartphoto. It is revised or updated at regular intervals and when needed.

Our hard- and software is secured to prevent third parties from gaining access to confidential data.

Our employees

Diversity

As part of its HR policy, smartphoto group also focuses on diversity. Diversity among employees offers equal chances and equal remuneration, leading to a high level of engagement.

Smartphoto values a dynamic working environment where, in addition to the qualities and motivation of the employees, the diversity in terms of age, gender, orientation, disability, ethnic origin or nationality is also important.

At group level, women represent 63% of all employees compared to 37% for the men. Our colleagues at smartphoto are aged 21 to 66. 59.5% of the employees are younger than the age of 45. Smartphoto employs different nationalities. However, as the production activities and a number of support services are centralised in Wetteren (Belgium), approximately 82% of all employees have the Belgian nationality. Our employees generally have long-term employment and the average length of employment is 10 years. Approximately a quarter of all employees works part-time.

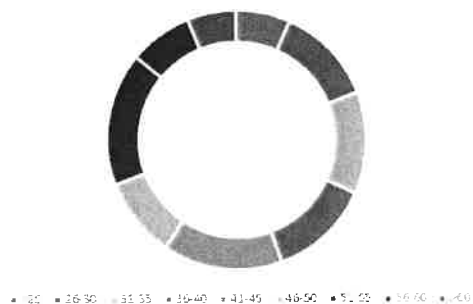
Gender diversity among employees in terms of FTEs

Gender	Woman	Man	Total
Number of employees	152	88	240
In % of total	63%	37%	100%



Age diversity among employees in terms of FTEs

Age	<25	26-30	31-35	36-40	41-45	46-50	51-55	56-60	>60	Total
Number of employees	16	30	31	30	36	24	40	19	15	240
In % of total	6,8%	12,3%	12,8%	12,7%	14,9%	9,9%	16,6%	7,9%	6,1%	100%



Employment type diversity among employees in terms of FTEs

Employment type	Full-time	Part-time	Total
Number of employees	180	60	240
In % of total	75%	25%	100%



Health and safety

A lot of employees spend a large part of the day at work, together with their colleagues. Smartphoto wants to make sure that the working hours are as safe and healthy as possible.

The following measures are examples of health and safety within our company:

- Operating and safety instructions have been drawn up for all machines in the production department.
- Employees are obliged to use all personal protective equipment (e.g. safety goggles, safety shoes, etc.) required for their work, according to the instructions provided.
- In the past year, smartphoto has taken the necessary Covid prevention measures to prevent possible contamination.
- Smartphoto offers all employees the option of a free flu vaccination in the autumn.
- Through preventive and corrective measures, we continually strive to monitor and improve ergonomics, for example by investing in custom-made ergonomic packaging tables.
- We raise awareness among our employees regarding work-related stress and burn-out.

Consultation with social partners

Formal consultations are held with the Committee for Prevention and Protection at Work (CPBW) and the Works Council on a monthly basis. These meetings provide employees with the opportunity to give feedback on how the company is being managed. They can exchange ideas resulting in finding solutions for any existing problems.

Communication

Good communication is essential for things to run smoothly. Smartphoto aims to provide its employees with more and better information about what goes on inside the company.

At the beginning of April 2020, a new social intranet was set up within smartphoto. With this new social intranet, smartphoto strengthens the group feeling, centralises all news and information across the different countries and provides a platform for a pleasant and optimal start of the working day for every employee. Such a social intranet has a number of advantages such as: an increase in employee involvement, more interaction between the different departments, an improved cooperation, a good flow of information from management to employees and vice versa (via Communities), a faster integration of new recruits in the organisation and more information available when teleworking.

Our partners and suppliers

It is important for smartphoto to deal with its partners in an open, honest and transparent manner. We also focus on a sustainable purchasing policy and inventory management.

Our shareholders

As a listed company, smartphoto group considers it important to have an open and simultaneous communication with the shareholders and investors, such as the publication of the Annual report and the Half-yearly financial report, the publication of press releases and the separate "Investor relations" section on the website www.smartphotogroup.com.

Our responsibility towards the environment

One of smartphoto's challenges for the coming years is to further reduce its ecological footprint. By continuously making efforts and launching new initiatives to improve our energy efficiency, we can reduce our impact on the environment. For example, the following adjustments have already made a contribution to achieving this goal:

- All our paper types are FSC-certified. The FSC label guarantees a responsible origin from sustainably managed forests and/or recycling.
- The packaging for sending our wall decoration and photo book products consists of recycled cardboard.
- We have taken further steps to reduce the use of plastic in our packaging as much as possible.
- Recycled material is used for the packaging of some fragile gift products.
- For the printing of products made of hard materials, such as canvas and metal boards, only latex and UV inks are used; these are less harmful types of ink than the solvent inks used in the past.
- There is a systematic switch to LED lighting, which drastically reduces electricity consumption.
- A lot of attention is given to the separation of the various waste flows, which improves recycling.

At smartphoto we continuously strive to develop processes that require less material or permit more ecologically friendly materials, reduce our energy consumption or reduce residual waste. Even minor adjustments contribute to this aim. All our offices have been equipped with motion sensor lighting. This, as well as a lot of other small initiatives, not only reduces our impact on the environment, but also leads to a better awareness of our possible impact on the environment among our employees.

Our social responsibility

Smartphoto supports initiatives that contribute to charity and community initiatives. This support is realised in various ways: a financial contribution, a doubling of the amounts collected by smartphoto employees, but also in the form of certain products or providing services as support.

During the first lockdown period, following the corona measures, Cartamundi, smartphoto and bpost have virtually joined forces in March 2020 and launched a heart-warming initiative through the 'I think of you' card game that children could personalise for their grannies and grandpas. At smartphoto.be, anyone could design his card game for free via the promo code provided, and this by a self-made drawing or photo that was printed on the back of the cards by Cartamundi. 10,000 personalised card games were sent out free of charge and delivered to the grandparents thanks to bpost's home delivery service. In this way, smartphoto has contributed to a lively contact between the generations, making the attention and love for each other tangible.

When it became clear that wearing mouth masks would become a widespread practice, smartphoto immediately got started. Since May 2020, you can go to smartphoto.be to personalise your own reusable mouth masks. As specialists in personalised products, smartphoto has used its expertise to give this new barrier a more human touch.

In 2020, smartphoto also donated part of the turnover from the sale of the personalised mouth masks to support Covid-19 research. The amounts collected were transferred to the research funds of the universities of Ghent (UGent) and Louvain-La-Neuve (UCLouvain). With the financial support, the researchers try to find ways to combat the virus based on their expertise. For instance, the donated money has gone to research aimed at preventive protection and thorough detection, at developing tools to help the medical services cope with this crisis and at unravelling the virus.

Also in 2020, smartphoto supported FEESTvarken vzw by lending one of its employees to create graphic material. This non-profit organisation is committed to tackling poverty in Belgium by offering birthday packages to families in poverty, and conducting awareness-raising campaigns for the general public.

The initiatives that smartphoto has supported in recent years are: Bednet vzw, Kinderkankerfonds vzw, Kom op tegen Kanker, the 'Rosspot' against Cancer, Think Pink vzw, FEESTvarken vzw and the Covid-19 research of UGent and UCLouvain.

PROPOSALS TO THE GENERAL MEETING

The Board of Directors proposes to the General Meeting:

- to approve the annual accounts closed on December 31, 2020, including the social balance sheet, in the form presented;
- to approve the appropriation of the results;
- to approve the remuneration policy;
- to approve the remuneration report;
- to approve the variable remuneration of Acortis BV, permanently represented by Mr Stef De corte, in accordance with Article 7:91 of the Belgian Companies and Associations Code;
- to grant discharge to the directors and the statutory auditor for the performance of their duties during the financial year ended December 31, 2020.

Wetteren, March 26, 2021



On behalf of the Board of Directors
Stef De corte,
Permanent representative of Acortis BV,
Managing Director