



ANNUAL REPORT
SMARTPHOTO GROUP
2020 - PART 1

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This report is a free English translation of the official Dutch version.

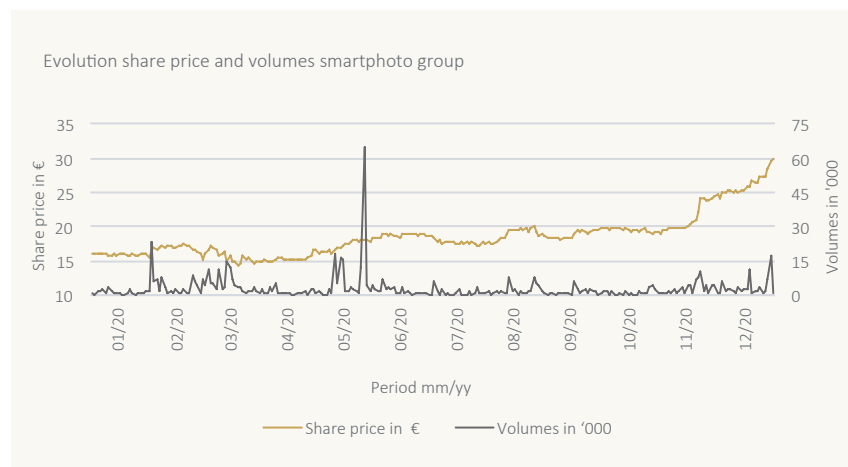
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INFORMATION ABOUT THE SHARE

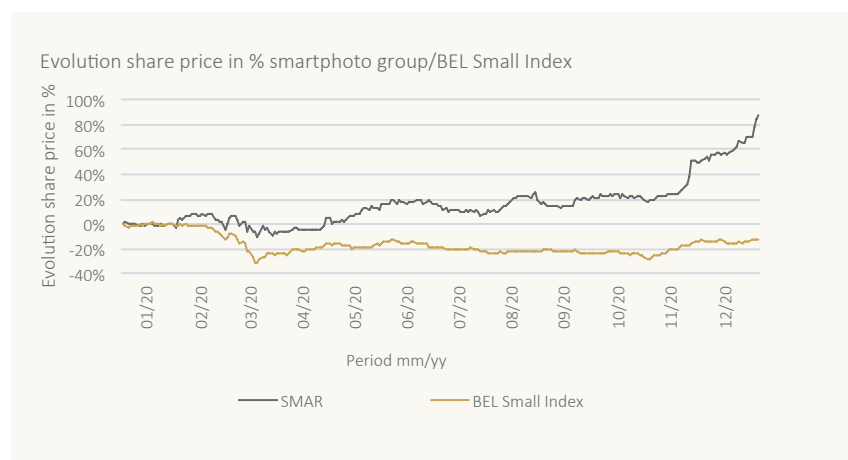
Evolution share price and volumes smartphoto group

January to December 2020



Evolution share price in % smartphoto group/BEL Small Index

January to December 2020



Key data of the share

	2019	2020
Closing price at the end of December	€ 16.20	€ 30.00
Average closing price	€ 13.55	€ 18.54
Highest closing price	€ 16.20	€ 30.00
Highest intraday notification	€ 16.20	€ 30.00
Lowest closing price	€ 11.15	€ 14.30
Lowest intraday notification	€ 11.15	€ 14.00
Total traded volume in units	276 254	707 661
Average daily volume traded in units	1 088	2 786
Total turnover in EUR	€ 3 797 116	€ 13 183 305
Estimated average daily turnover	€ 14 949	€ 51 903
Rotation ⁽¹⁾	15.81%	45.37%

⁽¹⁾ Rotation calculated on the total number of freely tradable shares based on the most recent shareholder notifications with a percentage $\geq 3\%$ of the total number of shares and taking into account treasury shares.

Shareholders' agenda

May 12, 2021	14H00	Annual General Meeting of Shareholders
August 25, 2021*	After trading hours	Half-yearly results and half-yearly financial report 2021
January 28, 2022*	After trading hours	Trading update 2021
March 3, 2022*	Before trading hours	2021 annual results

* Indicative dates

Communication with shareholders and investors

Smartphoto group values regular communication with shareholders and investors.

- Publication of the half-yearly results and annual results (see 'Shareholders' agenda').
- A separate "Investor Relations" section on the website www.smartphotogroup.com.
- Free registration for investors to receive press releases via the website identified above.

Smartphoto group's share is currently monitored by Guy Sips, Executive Director Research - Small & Midcaps Benelux, KBC Securities

Stock exchange listing

The share of smartphoto group is listed on Euronext Brussels.

- ISIN code: BE0974323553
- Stock code: SMAR
- Reuters code: SMAR.BR

Legal Entity Identifier (LEI)

LEI code smartphoto group NV: 529900EKGNL8HWTMT081

Number of shares

The total number of shares amounts to 3,941,950.

The shareholders' structure at year-end can be found on page 51 of this annual report.

Financial services

The financial services of the shares are provided by KBC Bank. In case the company should change its policy, it will be announced in the Belgian financial media.





Growing together,
putting the
customer and his
needs first, with
strong yet simple
solutions: that's
what we keep
going for!

WORD FROM THE CEO AND CHAIRMAN

Looking back to 2020, we cannot ignore Covid-19. The virus affected our lives throughout the whole year.

As a company we had a top year, both in revenue growth and profitability, partly due to the boost in e-commerce in which smartphoto is well positioned to play its part. But as individuals, we all had difficult times.

Working in production with a face mask for 8 hours, which our employees still do today, is really not obvious. As a parent with children, or all by yourself joining video conferences all day, is not obvious either.

As an innovative e-commerce company, with encouraging social connection and sharing family moments in our DNA, we have fully taken up our role. We did this by responding quickly to new needs, such as sending a gift to family and friends, through offering personalised and affordable face masks, or by delivering a number of products the very next day.

The continuous focus on what can create added value for our customers still proves to be a winning strategy. We will continue to follow this path in 2021.

In 2021, we will continue to roll out 'Ordered today, delivered tomorrow' for a wide range of products as there is a high demand for this. Such leaps forward are only possible thanks to the relentless efforts and "enthusiasm" of all our employees: they really continue to make the difference!

Covid-19 still affects the whole world, but fortunately the end of this difficult period is near. Once enough people have been vaccinated, life will return to "normal".

As a team we were strong enough to get through this dark period; everything will be alright again and we really have many ideas for further growth!

We are also committed to thank all our employees, our customers, our suppliers and also our shareholders for their continued trust.

Stef De corte,
Permanent representative of Acortis BV,
CEO

Philippe Vlerick
Chairman of the Board of Directors



2020 CONSOLIDATED KEY FIGURES

Audited figures

Statement of profit or loss for the period

(in € '000)	2019	2020	Δ in % 2020
Revenue	51 466	61 364	19.2%
Profit/loss (-) from operating activities (EBIT)	5 108	8 343	63.33%
Depreciation, amortisation, write-downs, impairment and provisions from operating activities	3 682	3 517	-4.48%
<i>Profit/loss (-) from operating activities, corrected for depreciation, amortisation, write-downs, impairment and provisions (EBITDA)</i>	<i>8 790</i>	<i>11 860</i>	<i>34.92%</i>
Financial result	-250	-477	-91.10%
Write-offs and provisions from financial result	58	138	137.85%
Profit/loss (-) before tax	4 858	7 865	61.90%
<i>Profit/loss (-) before taxes, corrected for depreciation, amortisation, write-downs, impairment and provisions</i>	<i>8 598</i>	<i>11 520</i>	<i>33.98%</i>
Income taxes expense (-)/income	2 068	532	-74.29%
Deferred taxes	-2 533	-1 218	51.93%
Profit/loss (-) for the period	6 926	8 397	21.24%
<i>Profit/loss (-) for the period, corrected for depreciation, amortisation, write-downs, impairment; provisions and deferred taxes</i>	<i>8 133</i>	<i>10 834</i>	<i>33.21%</i>
Profit/loss (-) for the period attributable to shareholders of the parent company	6 926	8 397	21.24%

Statement of financial position

(in € '000)	2019	2020	Δ in % 2020
Total assets	64 221	71 095	10.7%
Gross financial debt (-)	-6 215	-4 717	24.1%
Net financial debt (-)/Net cash	8 211	13 229	61.1%
Total equity	40 458	45 477	12.4%
Solvency ratio	63.0%	64,0%	1.5%
Current ratio	115.8%	122,7%	5.9%

Alternative Performance Measures (APMs)

The measures listed below are used systematically in our financial reporting, but are not defined in any law or the generally accepted accounting principles (GAAP). These measures are considered Alternative Performance Measures (APMs), as described by the European Securities and Markets Authority (ESMA) in its guidelines on the use and the explanation of the alternative performance measures.

These APMs are used in addition to the figures prepared in accordance with the International Financial Reporting Standards (IFRS). They provide additional insights in the financial results of the group and offer useful information for investors. The presentation of interrelationships based on comparative figures about the current period and the previous period also provides information about the financial evolution.

Turnover

Total revenue included in the statement of profit or loss for the period.

EBIT

EBIT ('Earnings Before Interest and Taxes') is an indicator for the operational result and defined as the profit/loss (-) from operating activities. This performance measure does not take into account the effect of the capital structure, nor the various aspects of corporate taxes.

EBITDA

EBITDA ('Earnings before Interest, Taxes, Depreciation and Amortisation') is an indicator for the operational result and defined as the profit/loss (-) from operating activities adjusted for depreciation, amortisation, write-downs, impairment losses and provisions. This performance measure does not take into account the effect of the capital structure, nor the various aspects of corporate taxes; and, additionally, disregards the non-cash items, being depreciation, amortisation, write-downs, impairment losses and provisions.

EBIT and EBITDA are measures frequently used by stock analysts and investors or other stakeholders to compare companies within the same sector, to determine a company's creditworthiness or to obtain an impression of the company's ability to generate cash.

Dividend

The part of profit (or reserves) which is distributed to the shareholders.

Balance sheet total

The balance sheet total equals 'Total assets' or 'Total equity and liabilities'.

Gross financial debt (-)

Gross financial debt is defined as total current and non-current interest-bearing financial liabilities increased by total current and non-current lease liabilities.

(in € '000)	2019	2020	Δ in % 2020
Non-current interest-bearing financial liabilities	-3 307	-2 836	14.2%
Non-current lease liabilities	-1 207	-767	36.5%
Current interest-bearing financial liabilities	-868	-470	45.8%
Current lease liabilities	-833	-643	22.8%
Gross financial debt (-)	-6 215	-4 717	24.1%

Net financial debt (-)/Net cash and cash equivalents

Net financial debt (-) is the total of the current and non-current interest-bearing financial liabilities and the current and non-current lease liabilities less cash and cash equivalents. When cash and cash equivalents exceed the aforementioned liabilities, this measure is referred to as net cash and cash equivalents or cash surplus.

(in € '000)	2019	2020	Δ in % 2020
Cash and cash equivalents	14 425	17 946	24.4%
Non-current interest-bearing financial liabilities	-3 307	-2 836	14.2%
Non-current lease liabilities	-1 207	-767	36.5%
Current interest-bearing financial liabilities	-868	-470	45.8%
Current lease liabilities	-833	-643	22.8%
Net Cash and cash equivalents	8 211	13 229	61.1%

Current ratio

The current ratio is the ratio of the 'Current assets' to the 'Current liabilities'.

This ratio provides insight into the ability of a company to meet its current liabilities and also indicates whether the company has enough own resources to finance its investments.

(in € '000)	2019	2020	Δ in % 2020
Current assets	20 343	23 063	13.4%
Current liabilities	17 569	18 800	7.0%
Current ratio	115.8%	122.7%	5.9%

Solvency ratio

The solvency ratio is the ratio of the 'Total equity' to the 'Balance sheet total'.

This ratio provides insight into the ability of a company to meet its non-current liabilities and also indicates its level of dependence on creditors.

(in € '000)	2019	2020	Δ in % 2020
Total equity	40 458	45 477	12.4%
Total assets	64 221	71 095	10.7%
Solvency ratio	63.0%	64.0%	1.5%

In this annual report, the explanation related to IFRS 16 is no longer retained as it was only applicable on the occasion of the first application of IFRS 16 in order to make the comparability between the figures of December 31, 2019, applying IFRS 16, and December 31, 2018, more transparent.





PROFILE SMARTPHOTO GROUP

Smartphoto group is an innovative e-commerce company, active in 12 European countries and focuses mainly on consumers. The group has local teams in Hengelo, MuttENZ (Basel) and Malmö for customer service and marketing, which enables a closer customer relationship.

Production is centralised and located in Wetteren (Belgium). In November 2019, smartphoto doubled its production capacity to support future growth by purchasing an additional production building, also located in Wetteren (Belgium). In 2019, the physical data center also migrated to the Google Cloud platform, which has increased the scalability and makes it even easier to handle peaks during the year. This migration also increased the data's security level.

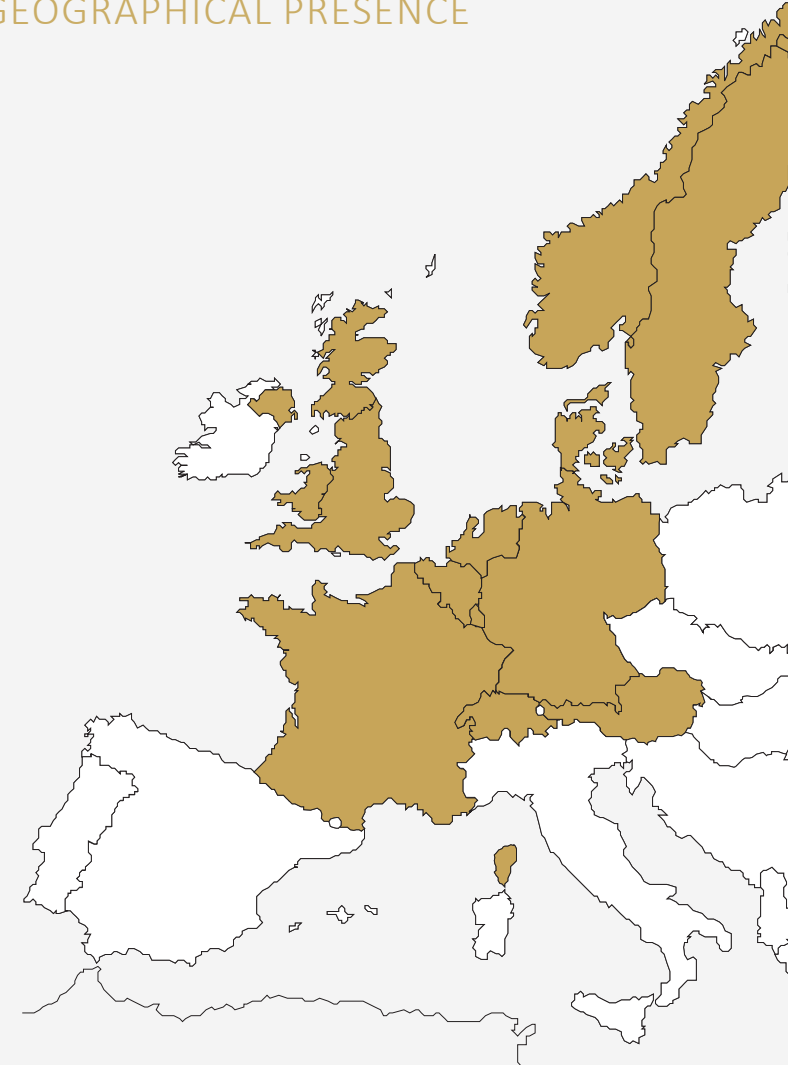
Smartphoto group is a B2C e-commerce company, offering affordable, high quality personalised products such as photo books, personalised gifts, cards, calendars, wall decoration and prints.

The e-commerce website currently offers over 500 different products.

Milestones

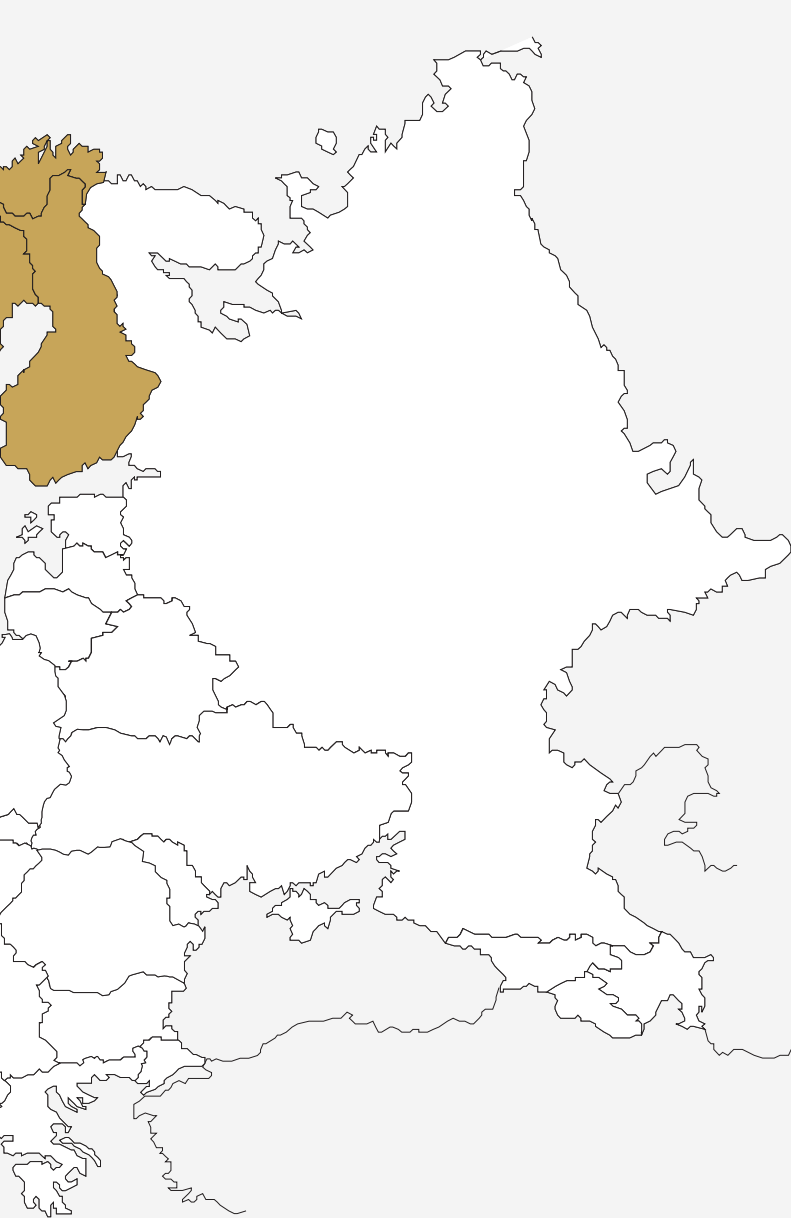
- 1964: Foundation of DBM-Color.
 1965: Start of the business activities of DBM-Color.
 1976: Creation of the Spector logo.
 1977: Creation of the Spector™ brand name and link with the logo.
 1982: Expansion into the Netherlands.
 1984: Joint venture for mail-order activities in France under the name Extra Film, a joint venture between DBM-Color and Extra Film in Sweden.
 1988: Acquisition of Tecnocrome, a photofinishing company in Belgium.
 1990: Extra Film (Sweden) joined the group. The French Extra Film joint venture becomes a fully owned subsidiary.
 1991: The group acquires a majority interest in Prominvest, a holding company listed on the Brussels stock exchange. Via a reverse takeover, the group becomes part of Prominvest. As a result, the group indirectly obtains a stock-exchange listing.
 1993: The group changes its name to Spector Photo Group and merges with Prominvest by absorbing the company.
 1994: Acquisition of photofinishing labs in France.
 1995: Expansion into Austria and acquisition of a majority interest in Extra Film Switzerland.
 1996: An agreement with the Swiss holding Interdiscount provides access to the Hungarian and German market and Spector takes 100% control of Extra Film Switzerland.
 Acquisition of Photo Hall (Belgium).
 Takeover of the French mail-order company Maxicolor.
 1997: Maxicolor expands its activities into Belgium and the Netherlands
 1998: Listing of Photo Hall, followed by the acquisition of Hifi International (Luxembourg).
 1999: Participation in Italian photo lab FLT.
 2001: Withdrawal from the German and Austrian markets, and streamlining of the photofinishing division to 5 labs in Belgium, Sweden, France, Hungary, and Italy.
 2002: Merger by absorption of Photo Hall by Spector Photo Group, followed by the start of a programme to remodel the Hungarian organisation to match the Belgian Photo Hall concept.
 2003: Start of programme to expand ExtraFilm to become the group's brand name for 'web-to-post' activities in Europe.
 2004: Acquisition of the business of KodaPost (Scandinavia), and of Litto-Color (photofinishing lab in Belgium with commercial activities in Benelux and France).
 Closing of the lab in Hungary.

GEOGRAPHICAL PRESENCE



Belgium	smartphoto
	Spector
Luxembourg	smartphoto
The Netherlands	smartphoto, previously Webprint
France	smartphoto

Sweden	
Norway	
Finland	
Denmark	
Switzerland	



smartphoto
smartphoto
smartphoto
smartphoto
smartphoto

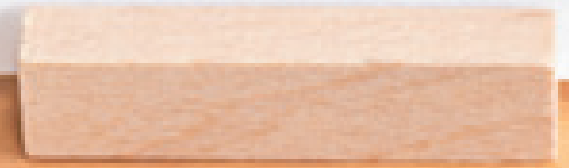
Germany	smartphoto
Austria	smartphoto
The United Kingdom	smartphoto
The European Union	smartphoto

- 2005: ExtraFilm becomes the preferred photo print partner for Windows XP in France, Germany, Great Britain and Spain.
Closing of the lab in Munster (France).
Capital increase of EUR 41.8 million.
- 2006: Litto-Color, the lab in Ostend, is divested.
Sacap SA is closed.
- 2007: The brand names ExtraFilm, Maxicolor and Wistiti are combined under the name ExtraFilm. The two photo retail channels Filmobel (hardware) and Spector (photo service), are centralised as one organisation located in Wetteren.
- 2008: Completion of the restructuring of the e-commerce organisation by centralising the Extra Film (France) support services in Belgium. The marketing department remained in France (Paris).
- 2009: Sale of the Hungarian Föfoto via an MBO.
- 2010: Closure of the lab in Tanumshede (Sweden).
Centralisation and automation of the production activities in Wetteren.
- 2011: ExtraFilm™ becomes smartphoto™.
- 2012: Transfer of Hifi International and various parts of Photo Hall Multimedia under the judicial reorganisation procedure.
End of the judicial reorganisation procedure, followed by the bankruptcy of Photo Hall Multimedia.
- 2013: The group changes its name from Spector Photo Group to smartphoto group.
- 2014: Phasing out and finally termination of the wholesale activities of Filmobel NV.
Liquidation of smartphoto SAS and integration of the French customer base into the Belgian company smartphoto NV.
- 2016: Stronger commercial position in Europe because of the acquisition of Webprint in the Netherlands.
- 2017: Integration of production activities of the Netherlands in Belgium.
Simplification of the structure through the merger through acquisition of smartphoto services NV by smartphoto group NV, followed by the merger through acquisition of smartphoto NV by smartphoto group NV, and finally split-off of the ICT department from DBM-Color NV to smartphoto group NV.
- 2018: Name change from Webprint BV to smartphoto Nederland BV.
- 2019: Production capacity doubled by purchasing an additional production building at Vantegem (Wetteren, Belgium).
- 2020: Start-up of the additional production building at Vantegem (Wetteren, Belgium).



Bo

18.06.2020





THE WORLD OF SMARTPHOTO

The world of smartphoto

We want everyone to enjoy their family photos again.

We only deem our mission successful when you can transform your pictures into unique personal products without too much effort.

We are passionate about making this as accessible as possible for everyone. We look for better solutions every day to help you enjoy your pictures or your favourite products which you personalised with a nice text or personal quote, in different, fun ways.

In other words, we help socially active young mums and families make high-quality, affordable, personalised products using smart and simple apps and websites.

Smart.simple.smile

We are passionate about your pictures!

Day after day, we try to find **smart** ways to help you get the most out of those special moments in life.

Our products therefore have to be affordable, of high-quality, and, above all, offer solutions for your everyday problems. That's why we developed the Family Planner, which shows all members of your family at a glance who needs to be where. As of May 2020, we offer personalised reusable face masks. Via the smartphoto creator you can add your own design or a fun children's drawing.

We also make it **simple** for everyone to enjoy their pictures by making sure that designing your product is as easy as possible, both on our website and in our apps. There are countless possibilities and you can be sure that the final result will be amazing! We pay a lot of attention to the speed of our websites, for example, accessibility from all kinds of devices (smartphone, tablet, PC) and we continuously expand our styles and models, so you are sure to find something you like. A great example are our popular smartphone covers. They are really something to show off with!

We are not satisfied until we have put a **smile** on your face as you rediscover your photos on all kinds of photo products.

We therefore believe that our products should not only be fun to make (no menus, software to be installed or difficult choices), they should also be fun to receive and share (our 'Gifts' category is the most extensive you will find).

The lockdown period is not easy for anyone, but with photos we have clearly found a way to get through this time together. You can use your photos to creatively connect with your loved ones or just make the best of it together.



We have certainly not forgotten our four-legged friends in these times, with nice products to give them not only a place in your heart, but also a beautiful place in your interior.

Inspiring is very important to us, because we know how busy you are and how little time you can or want to spend making products.

Therefore our motto is 'smart.simple.smile'!

Oops, made a typo?

We offer free reprints. That is how far we go!

We want to keep our customers happy, so even if you made a typo, you can make your product again for free, thanks to our smart guarantee!

Because your product should look exactly the way you imagined it. It's that simple!

This smart guarantee came in handy over the past year for many families whose children's communion or spring celebrations could not take place on the scheduled date. Smartphoto offers the guarantee that the invitations to the party only have to be paid once. Has the date of your party changed after all? Then you can always order new cards for free.

Do you have questions, suggestions or complaints about your smartphoto product or our website?

Our team is ready to help you on 'www.smartphoto.be/nl/contacteer-ons'.



The largest range
of photo products

Super easy
to make

Fastest delivery
in Belgium

Made a typo?
Free reprints!!

Fast delivery

We also guarantee the fastest delivery: your pictures are sent to our printers as soon as you place your order. Thanks to our central location in Belgium, we are able to deliver your parcel very quickly, so it reaches you in no time. And there you go, enjoy!

Each product is unique and produced within an average of 48 hours. For example, we ship more than 2 million parcels a year with up to 40,000 items on peak days in the end-of-year period! We deliver lightning fast throughout Europe, within a few days of production.

In 2020, we introduced the option of super fast delivery for a large number of products, "Ordered today, delivered tomorrow", both in Belgium and in the Netherlands. A real feat if you know that we have to make each product individually for our customers. This will be further expanded in 2021, both in terms of countries and number of products.



A real e-commerce company

Smartphoto is an innovative e-commerce company.

We feature in the top 10 e-commerce companies in Belgium (across all sectors) and received the BeCommerce Award in our category 4 times in a row. We are also in the top 5 photo e-commerce websites in Europe with over 1 million unique visitors per month, sometimes peaking at 2 million.

Our local teams in Hengelo, Muttentz and Malmö provide customer service and marketing assistance, so we can be closer to our customers.

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Customers are ordering more and more using their mobile devices. In some countries, mobile purchases, in the meantime, account for over half of all orders. This is only possible because of our strong focus on mobile, both in terms of websites and product development. In 2020, we took this even further with the launch of a 'mobile first' editor for gifts and a further improvement of the entire flow on our websites.

In a few years' time we evolved from prints to a full e-commerce website with currently over 500 different products available on our website, which is fully hosted on the Google Cloud platform, which increases our scalability. This enables us to handle the many peaks throughout the year even more easily and further increases our data security level.

The three pillars on which we further develop our future are therefore: increasingly mobile, even more personalised and even faster delivery. In 2021 we will continue to further ensure that all this runs as optimally and cost-efficiently as possible.



Of course, we cannot achieve all of this without the efforts of our employees. At smartphoto we therefore want everyone to be able to work in the best conditions. To listen to how our employees feel within our company and within their team, we launched an employee survey that was conducted in collaboration with Vlerick Business School and the Great Place To Work® Institute Belgium. Smartphoto group participated for the first time and was immediately awarded the 'Great Place To Work®' certificate in recognition of our people-oriented organisational culture and employee satisfaction. We are therefore very proud to be confirmed by our own employees as a great employer upon this first participation.



After several months of relocation and extensive testing, our additional production building has also been fully operational since the third quarter of 2020. Only a few kilometers further than the current factory in Wetteren, we now also have a brand new factory! An ever-increasing demand for personalised products, combined with a strongly increasing range, prompted us to look for a new, additional location. This will give us literally and figuratively more space for our current and future growth. Not only can we better position everything in both buildings, we can now also easily place new machines on the production floor, which gives us even more opportunities to launch new products.

More focus on the customer and a more human smartphoto in this digital world

We are an emotional company. We 'work' with photo products and we are passionate about it. We believe in the power of dialogue with you, our customers, and we want to meet your needs more and more.

Our customer service representatives therefore reply to your emails in person and sign with their own name. Because they want you to know that we will do anything in our power to help. We don't employ robots or machines, but real people!

And every now and then, we send our customers some flowers or a nice card, just because we can and because we love having them as customers. Of course, we continuously measure what our customers really want, because we want to know what we can do to make our service even better. We implemented our NPS (Net Promoter Score), for example, and we carefully read all your feedback, so we can do something about it. This is the real power of improvement!

We also keep getting better at expanding our customer base and an increasing number of customers come back to us after their first order.

Thanks to all of you, we keep building to make our service better and better!
Thank you for your trust!

Stef De corte,
permanent representative of Acortis BV, CEO



Magical Moments

Sarah & Alex





**REPORT OF
THE BOARD OF
DIRECTORS**

2020 ANNUAL RESULTS

Smartphoto group again achieves very strong growth in turnover and profitability

Dividend proposal

- Revenue showed a double-digit growth of 19.2% from EUR 51,466 (000) in 2019 to EUR 61,364 (000) in 2020.
- Improved marketing efficiency leads to an EBITDA growth of 34.9% from EUR 8,790 (000) in 2019 to EUR 11,860 (000) in 2020.
- Net result evolves from EUR 6,926 (000) in 2019 to EUR 8,397 (000) in 2020.
- Increase in net cash of EUR 5,019 (000) (+61.1%) from EUR 8,211 (000) in 2019 to EUR 13,229 (000) in 2020, despite the dividend payment, further purchase of treasury shares and the start-up of the new factory.
- Proposal to pay a gross dividend for 2020 of 0.60 euro per share (or an increase of 9%).



NOTES TO THE ANNUAL RESULTS

Significant elements concerning the statement of profit or loss for the period

Smartphoto group, the innovative e-commerce group in Wetteren, continued its double-digit growth in revenue. With an increase of EUR 9,898 (000), revenue evolved from EUR 51,466 (000) in 2019 to EUR 61,364 (000) in 2020 (+19.2%).

EBITDA grew by 34.9% from EUR 8,790 (000) in 2019 to EUR 11,860 (000) in 2020, i.e. an increase of EUR 3,070 (000).

The continued focus on expanding our product range of personalised products and gifts, supported by more efficient marketing, leads to this growth in revenue and profitability. Also the launch in the first half year of a super-fast delivery service for a number of products, 'Ordered today, delivered tomorrow', has certainly contributed to this growth. This will be further expanded in 2021.

With the start-up of the new factory in the third quarter of 2020, only a few kilometres further than the current factory in Wetteren, we created more space for our growth. Moreover, this has already led to a number of efficiency improvements in production during the peak season.

Not only can we better position everything in both buildings, we can now also easily place new machines on the production floor, which gives us even more opportunities to launch new products.

Financial result

The financial result decreased from EUR -250 (000) in 2019 to EUR -477 (000) in 2020. This decrease is mainly due to the exchange rate losses arising from the translation differences following the deconsolidation of ExtraFilm A/S (EUR -144 (000)) and the negative impact of exchange rate fluctuations related to the SEK, CHF and NOK (EUR -131 (000)).



Income taxes

Income taxes evolved from EUR 2,068 (000) in 2019 to EUR 532 (000) in 2020. The income taxes income of EUR 532 (000) consists, on the one hand, of the EUR 1,594 (000) increase in deferred tax assets as a result of further growth in profitability, which results in an accelerated recovery of the tax losses, and the increase of the deferred tax liabilities for EUR 377 (000) related to taxable temporary differences. On the other hand, the income taxes expense on the result amounted to EUR 686 (000).

Profit or loss and other comprehensive income/loss (-)

24 As at December 31, 2020, the net profit amounted to EUR 8,397 (000); an increase of 21.2% compared to the net profit of EUR 6,926 (000) as at December 31, 2019. This increase in profit for the period 2020 of EUR 1,471 (000) can mainly be explained by:

- an increase in profit from operating activities of EUR 3,235 (000);
- a decrease in the financial result by EUR 228 (000); and,
- a decrease in income taxes income of EUR 1,536 (000).

The other comprehensive income after tax amounted to EUR 1,300 (000) as at December 31, 2020 compared to EUR 27 (000) as at December 31, 2019. This other comprehensive income mainly concerns the revaluation gain on land and buildings after tax for EUR 1,316 (000).

The profit or loss (-) and other comprehensive income/loss (-), including the reclassification adjustments related to the translation differences following the deconsolidation of ExtraFilm (Norway) A/S (EUR 219 (000)), amounted to EUR 9,916 (000).

Dividend

The Board of Directors will propose to the General Meeting of Shareholders on May 12, 2021 to distribute a gross dividend for 2020 of 0.60 euro per share (or an increase of 9%).

Provided that the profit distribution is approved by the General Meeting of Shareholders on May 12, 2021, this dividend is payable as from May 19, 2021.

The pay-out schedule for the dividend is as follows:

Ex-dividend date.....	May 17, 2021
Registration date	May 18, 2021
Payment date	May 19, 2021

Statement of financial position

The balance sheet total increased by EUR 6,875 (000) to EUR 71,095 (000) as at December 31, 2020. Mainly the following elements contributed to this:

Property, plant & equipment

The carrying amount of the property, plant & equipment has increased by EUR 3,006 (000). This increase can be explained by:

- the investments for EUR 1,898 (000), mainly consisting of the investments in production machines, the start-up of the additional production building in Vantegem (Wetteren) and renovations with regard to the building in Kwatrecht (Wetteren);
- the revaluation surplus with regard to the land and buildings in Wetteren for an amount of EUR 2,447 (000); and
- the depreciation of the property, plant & equipment for an amount of EUR 1,313 (000).

Right-of-use assets

The carrying amount of the right-of-use assets amounts to EUR 1,395 (000) as at 31 December 2020, compared to a carrying amount of EUR 2,025 (000) as at 31 December 2019. This decrease in the carrying amount includes on the one hand the investments for EUR 239 (000) and on the other hand the depreciation over the period for EUR 872 (000).

Intangible assets

The carrying amount of the intangible assets has increased by EUR 150 (000) to EUR 2,803 (000).

This increase is mainly related to the investments of EUR 1,083 (000), of which EUR 489 (000) was generated internally, and the depreciation for EUR 934 (000). The investments mainly relate to:

- the mobile applications by increasing the compatibility with browsers of different platforms;
- the migration of the smartphoto website to the cloud platform;
- the automations related to the implementation of new designs on our website platform; and
- the optimisation of the user experience (UX) of our website.

Deferred tax assets

Deferred tax assets increased from EUR 9,427 (000) as at December 31, 2019 to EUR 11,057 (000) as at December 31, 2020, an increase of EUR 1,630 (000). This net increase is the result of the increase of deferred tax assets for EUR 1,777 (000) euro on the one hand and the reversal and use of deferred tax assets for EUR 147 (000) on the other.

Inventories

Inventories remained more or less stable at EUR 2,481 (000) in 2020 compared to EUR 2,442 (000) in 2019, notwithstanding a 19.2% increase in revenue.

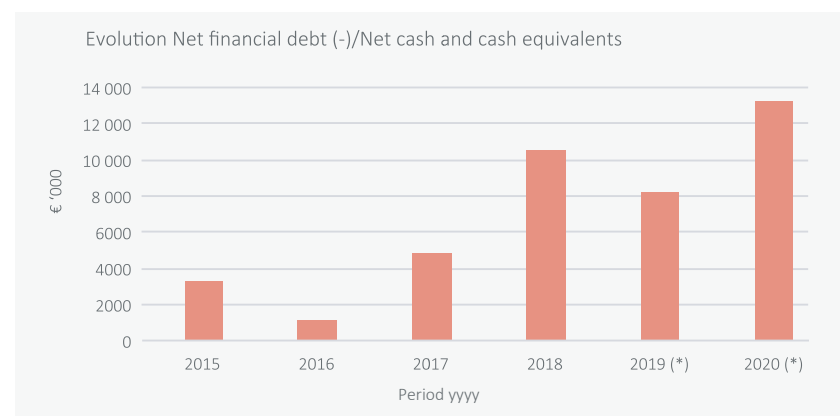
Trade and other receivables

Trade and other receivables (current and non-current) evolved from EUR 3,491 (000) as at December 31, 2019 to EUR 2,687 (000) as at December 31, 2020, a decrease of EUR 804 (000).

Net cash and cash equivalents

Net cash and cash equivalents evolved from a cash surplus of EUR 8,211 (000) in 2019 to a cash surplus of EUR 13,229 (000) in 2020, an increase of EUR 5,019 (000) (+61.1%).

This increase in net cash and cash equivalents is the result of the realised substantial free cash flow from smartphoto's regular activities on an annual basis, and in particular in the second half of 2020, offset by the investments in property, plant and equipment and intangible assets (EUR 2,492 (000)), the dividend payment (EUR 2,131 (000)) and the purchase of treasury shares (EUR 2,765 (000)).



(*) As of 2019, IFRS 16 is applicable and lease liabilities are included in the current and non-current liabilities

Total equity

Total equity continued to strengthen by EUR 5,020 (000) from EUR 40,458 (000) in 2019 to EUR 45,477 (000) in 2020. This increase in equity is mainly due to:

- the net profit of the fiscal year 2020 for EUR 8,397 (000);
- the revaluation of the land and buildings for EUR 1,316 (000), consisting of EUR 2,447 (000) revaluation surplus and EUR 1,130 (000) recorded deferred tax liabilities;
- the payment of the 2019 dividend for EUR 2,131 (000);
- the purchase of 155,994 treasury shares for EUR 2,765 (000), consisting of:
 - The purchase of 114,413 treasury shares in the period from January 1, 2020 to August 7, 2020 for EUR 1,949 (000) following the execution of the share purchase programme with start date May 2, 2019, of which 75,000 shares (EUR 1,323 (000)) were purchased through block trades.

- The purchase of 41,581 treasury shares in the period from September 17, 2020 to December 31, 2020 for EUR 817 (000) following the execution of the share purchase programme with start date September 17, 2020.

On December 31, 2020, smartphoto group NV held 193,133 treasury shares, or 4.9%.

Current and non-current interest bearing financial liabilities

The interest bearing financial liabilities amount to EUR 3,307 (000) as at December 31, 2020 compared to EUR 4,175 (000) as at December 31, 2019.

During 2020, an amount of EUR 400 (000) was repaid in relation to the fixed rate financing agreement entered into in 2015 with KBC Bank. This loan was entered into for a period of 5 years and was fully repaid as of June 30, 2020.

Furthermore, an amount of EUR 468 (000) was repaid concerning the loans in the context of the acquisition of Aultmore NV following the purchase of the additional production building.

Current and non-current lease liabilities

The lease liabilities amount to EUR 1,410 (000) as at December 31, 2020 compared to EUR 2,040 (000) as at December 31, 2019. This net decrease of EUR 630 (000) is the result, on the one hand, of the repayment of current lease liabilities, and, on the other hand, the entry into new lease agreements, mainly related to vehicles.

Current and non-current employee benefit liabilities

The employee benefit liabilities increased by EUR 279 (000) and amount to EUR 3,433 (000) at the end of 2020, of which EUR 1,015 (000) were non-current employee benefit liabilities relating to the pension obligations of the companies in the consolidation scope.

Deferred tax liabilities

The deferred tax liabilities increased from EUR 693 (000) as at December 31, 2019 to EUR 2,199 (000) as at December 31, 2020, an increase of EUR 1,506 (000). This net increase is mainly due to the recognition of deferred tax liabilities on the revaluation surplus for EUR 1,130 (000), recognised through other comprehensive income and the recognition of taxable temporary differences on assets for EUR 377 (000).

Current trade payables and other payables

The current trade payables and other payables increased by EUR 1,435 (000) and amount to EUR 14,823 (000) as at the end of 2020. The increase mainly includes an increase of EUR 555 (000) in supplier payables and an increase of EUR 870 (000) in payables related to value added taxes.

Outlook 2021

In 2021, we will continue to focus on growth. Not only should the launch of new products contribute to this, but the continued focus on the sale of products such as gifts, home decoration and books will also support this. Furthermore, the websites will be made even more mobile-friendly, including an editor specifically developed for smartphone users. Finally, the range of products that can be delivered the next day will be significantly expanded.

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

This forward-looking information is based on current internal estimates and expectations. The forward-looking statements involve inherent risks and speak only as of the date they are communicated. It cannot be excluded that actual results differ materially from the forward-looking expectations contained in this report.

Description of the most significant risks and uncertainties

The most significant risks and uncertainties are included in the 'Corporate Governance statement' under the 'Risk management and internal control' heading on page 46.

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 meet the recognition criteria for capitalisation pursuant to IAS 38.57, and amount to EUR 489 (000) for the 2020 financial year.

Branch offices

Smartphoto group NV has no branch offices.

Use of financial instruments

The group did not use financial instruments to hedge the currency and/or interest rate risk in 2020, nor in 2019.

Remuneration of the Statutory Auditor

Smartphoto group NV's Statutory Auditor, Grant Thornton Bedrijfsrevisoren CVBA, represented by Mr Danny De Jonge, was appointed by the General Meeting of Shareholders of May 13, 2020 for a period of 3 years.

The Statutory Auditor received a remuneration of EUR 30 (000) for its mandate in 2020. In addition, local auditors were granted total fees of EUR 33 (000) for work concerning the audits of the subsidiaries with which smartphoto group forms a group. During the 2020 financial year, the Statutory Auditor and his network received a fee of EUR 6 (000) for work outside the scope of their engagement. This mainly concerned tax-related work and the audit engagement related to the exit scope of ExtraFilm A/S.

Apart from these amounts, no remunerations or benefits in kind were granted, either by smartphoto group NV, or by any of its subsidiaries. There were also no payments made to persons with whom the Statutory Auditor entered into a cooperation agreement.

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 Article 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 Article 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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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 Article 3:6, § 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 pages 34 until 40 of this document) 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 Article 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 Degriek.

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.

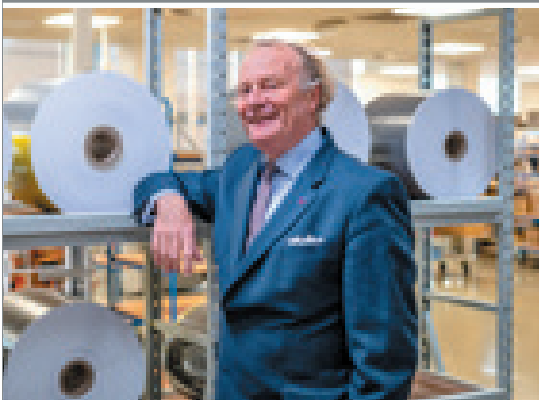
Mr Geert Vanderstappen, Mr Hans Van Rijckeghem and Mrs Katya Degriek rejoin the meeting.”

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.





PHILIPPE VLERICK

Chairman,
Non-executive director

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

BRIEF BIOGRAPHY OF THE MEMBERS OF THE BOARD OF DIRECTORS

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.

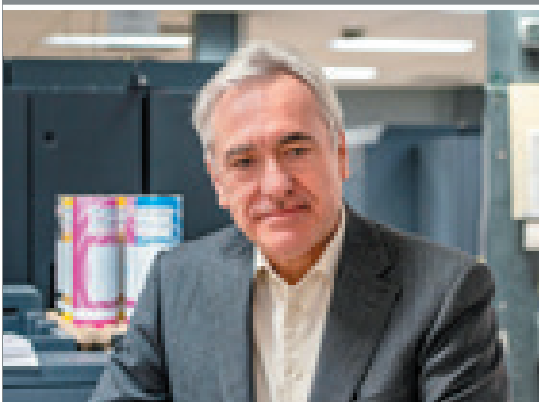
Current directorships at other companies:

- 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:

- Kinapolis 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.

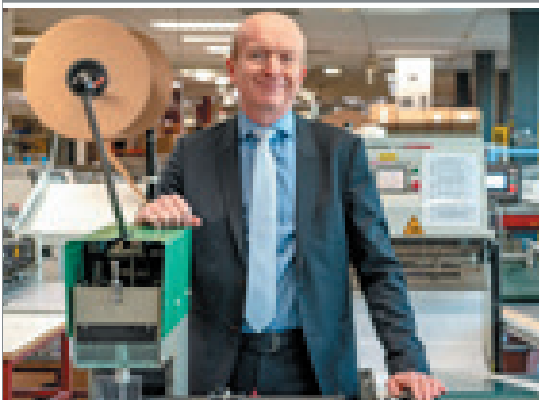
Non-executive, independent director since May 8, 2013. Member of the Remuneration Committee and the Audit Committee since May 10, 2017. Mrs Katya Degriecq complies with the independence criteria in accordance with principle 5.3 of the Belgian Corporate Governance Code 2020, referred to in Article 7:87 of the Belgian Companies and Associations Code.

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

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

Fovea BV and Mrs Katya Degriecq 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 Degriecq, 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.

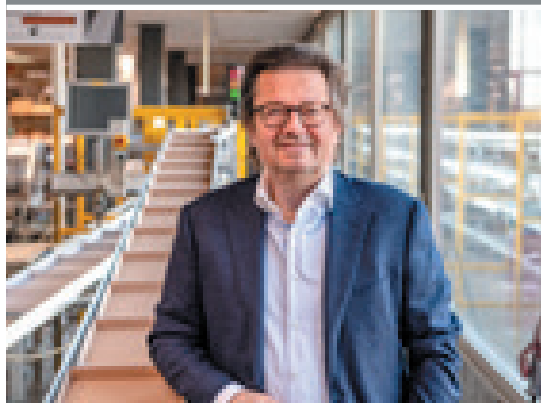
His current mandate as director of the Company continues until the Annual General Meeting of Shareholders in 2023.

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%) in 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

Office 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 Degriecq, 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 Degriecq, 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

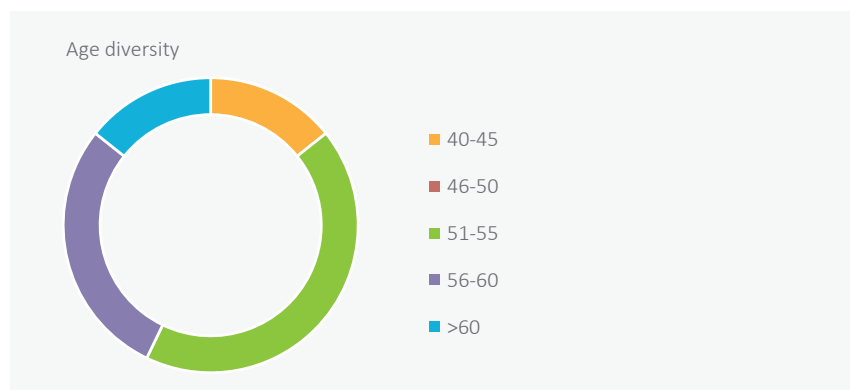
The composition of the Board of Directors takes into account the necessary diversity and complementarity concerning competencies, experience and knowledge for efficient and effective decision-making.

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.

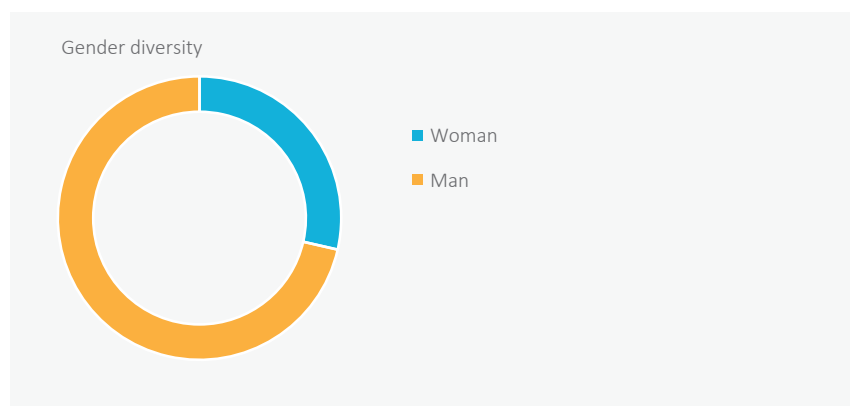
Age diversity within the current Board of Directors

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%



Gender diversity within the current Board of Directors

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



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 on page 51 of this document.

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 directors ⁽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 likelihood 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 embodied 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 based to a large extent 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

Inventory risks

Inventory risks can arise due to technological development or obsolescence, by theft or by price and currency fluctuations. The risks due to technological changes and the price risks are limited by optimising the inventory. The inventory is also continuously evaluated, and if needed sufficient amortisation and depreciation is applied to cover the risks. Risks of loss of inventory by theft are covered by stock insurances. Due to the nature of the activities, these risks are limited.

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.

The net cash and cash equivalents evolved from a cash surplus of EUR 8,211 (000) at the end of 2019 to a cash surplus of EUR 13,229 (000) at the end of 2020.

Non-current payables are measured at amortised cost which approaches the fair value. The fair value of the current payables is also comparable with the carrying amount.

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

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

Because the credit agreements with KBC Bank and BNP Paribas Fortis Bank (Note 26) were entered into at a fixed interest rate, a sensitivity analysis of the current and non-current interest-bearing financial liabilities is not representative.

As a result of the first application of IFRS 16 on January 1, 2019, the lease liabilities were recognised at the starting date at the present value of the lease payments, which were not carried out at that date, and recognised separately from the other liabilities under the lease liabilities. The lease payments were discounted at a 1.5% discount rate for leases with a lease period up to five years and a 2.25% discount rate for leases with a lease period of more than five years, determined based on the average interest rates for external financing.

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 and lease 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.

As a result of the adoption of IFRS 7 and IFRS 9, additional information regarding the financial assets and liabilities, which give more information to readers of the financial statements, are included. Those figures can be found in Note 33 'Risk factors' to the Consolidated Financial Statements of 2020.

Exchange rate risk

The Company publishes its consolidated financial statements in euros. As the Company operates mainly in a euro environment, the exchange rate risk is extremely limited.

The current exchange rate risks relate to the Swedish krona, the Norwegian krone and the Swiss franc. The exchange rate fluctuations are not covered by forward contracts, nor by currency options. As a result, exchange rate fluctuations of these currencies may be advantageous or disadvantageous for the smartphoto group.

In Note 33 'Risk factors' to the Consolidated Financial Statements of 2020, additional information about the sensitivity analysis of exchange rates is included.

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

Risks 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, § 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 bus 9, B-1180 Brussel	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.

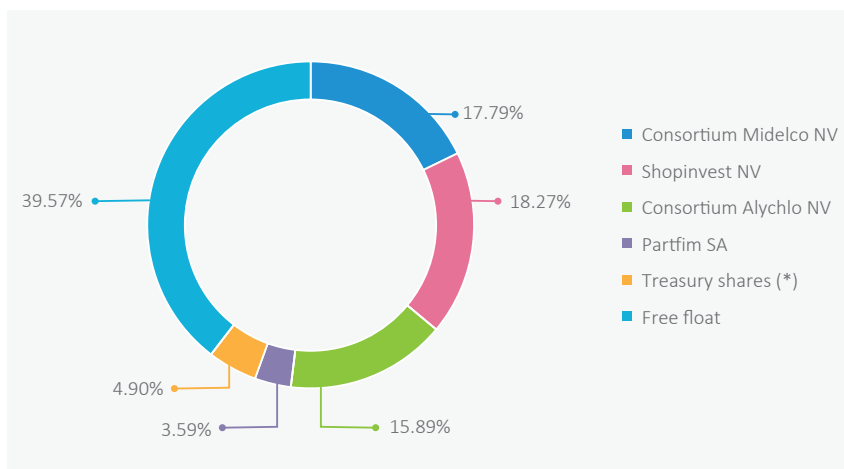
Shareholder structure as at the year-end closing date

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

	Most recent notification	% of total ⁽¹⁾ (number of shares)	Number of shares	% of total ⁽²⁾
CONSORTIUM MIDELCO NV, CECAN INVEST NV, ISARICK NV and Phiippe Vlerick c/o Doorniksewijk 49, B-8500 Kortrijk - MIDELCO NV - CECAN INVEST NV - ISARICK NV - PHILIPPE VLERICK	24/08/2018	17.79% (701 195)	701 195	17.79%
		11.86%	467 555	11.86%
		5.51%	217 364	5.51%
		0.32%	12 669	0.32%
		0.09%	3 607	0.09%
SHOPINVESEET NV and controlling person Beukenlaan 1, B-9250 Waasmunster - SHOPINVEST NV - Etienne Kaesteker	16/09/2015	15.57% (570 000)	720 000	18.27%
			719 000	18.24%
			1 000	0.03%
ALYCHLO NV and controlling person Lembergsesteenweg 19, B-9820 Merelbeke - ALYCHLO NV - Marc Coucke	27/05/2020	15.01% (591 551)	626 457	15.89%
		14.98%	625 557	15.87%
		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 Brussels	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 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 Degroef 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 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.

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".

In accordance with IFRS, treasury shares are included as a deduction from shareholders' equity.

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 organised 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: maggy.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 maggy.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 on the Company's website, www.smartphotogroup.com, 30 days before the General Meeting. 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.smartphotogroup.com.
- Free subscription to press releases for investors via the above mentioned website.

Remuneration and interests of the members of the supervisory bodies: see page XX of this document.

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 Article 34 of the Royal Decree of November 14, 2007

*1° Capital structure**Issued capital*

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

Changing the issued capital

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

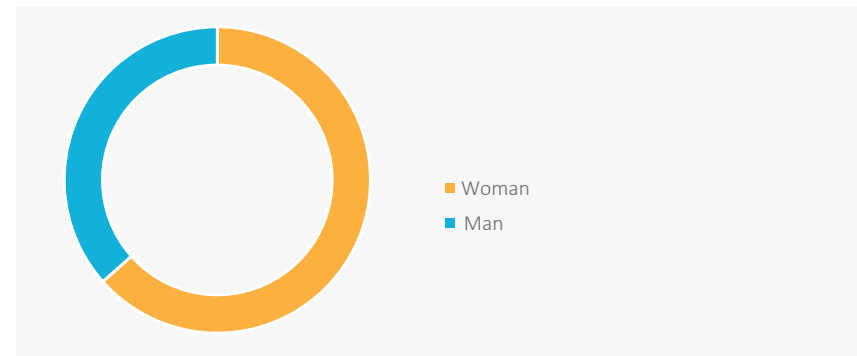
As part of its HR policy, smartphoto group also focuses on diversity. Diversity among employees offers equal chances and equal remuneration, leading to a high level of engagement.

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.

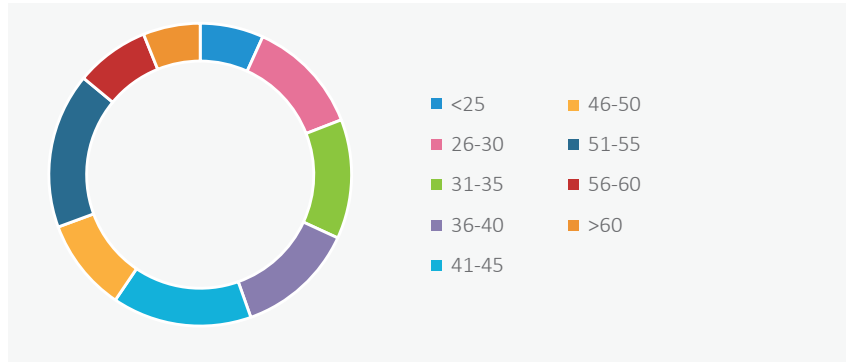
Gender diversity among employees in terms of FTEs

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



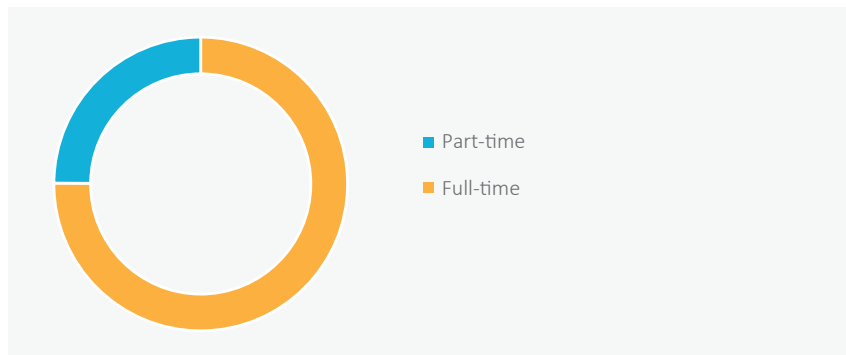
Age diversity among employees in terms of FTEs

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. 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 'Rospot' against Cancer, Think Pink vzw, FEESTvarken vzw and the Covid-19 research of UGent and UCLouvain.



General information concerning smartphoto group

1. General information about the Company

1.1. Identity

The company's name is 'smartphoto group N.V.'. Its registered office is at Kwatrechtsteenweg 160, 9230 Wetteren, Belgium.

The LEI code is 529900EKGNL8HWTMTO81.

1.2. Foundation and duration

Smartphoto group NV was founded for an indefinite period on December 23, 1964 under the name 'DBM-Color N.V.' by deed executed in the presence of Civil-law notary Luc Verstraeten at Assenede, Belgium, published in the Annexes to the Belgian Official Gazette of January 15, 1965. The Articles of Association were last updated by deed executed in the presence of Benjamin Van Hauwermeiren, Civil-law notary in Oordegem, on May 9, 2018, published in the Annexes to the Belgian Official Gazette of May 31, 2018, on the occasion of the capital increase by incorporation of reserves, followed by a capital decrease by incorporation of losses and the renewal of authorised capital and the authorisation for the acquisition and taking in pledge of own shares.

1.3. Legal form

Smartphoto group NV was founded as a limited company under Belgian law.

1.4. Company objective

The objective of the company is defined in Article 3 of the Articles of Association as follows:

- a) the production, import, purchase, sale, supply, renting out, leasing and storage of all products, materials, and equipment for recording and reproduction of pictures, signals and sound, and in the field of electronic equipment, IT, multimedia, sound and picture media, telecommunications, office equipment, photography, photo engraving, film and software, as well as their accessories and the associated services and related products;
- b) the acquisition, production, use and development of every brand image, trade name and patent that may or may not be related to the operations identified above, and provision of licences;
- c) the purchase, sale, reconstruction, letting, subletting, finance leasing, leasing, concession and operation, in any form whatsoever, of all movable and immovable property and machines, plants, equipment, commercial vehicles and passenger cars, which are relevant to the company's operations;
- d) the investing, managing and using of capital assets;

e) the setting up of and cooperation with enterprises and companies, the purchase and management of participating interests or shares in companies or enterprises of which the objective is similar or related to the objective defined above, or is of a nature to promote achieving it, and in financial companies; the financing of such companies or enterprises by loans, guarantees or any other similar form whatsoever; the participation as member of the Board of Directors or of any other similar body for the management and the observation of the position of liquidator for the companies identified above;

f) the performance of all operations, studies and management services of administrative, technical, commercial and financial nature, chargeable to companies of which it is a shareholder or chargeable to third parties. The company may carry out any industrial, trade or financial transactions on their own behalf or for third parties, in Belgium and abroad, which may directly or indirectly expand or improve its enterprise.

1.5. Register

Smartphoto group NV is registered in the Trade Register of Ghent, Dendermonde department, RPR 0405.706.755. Its number for Value Added Tax (VAT) is BE 0405.706.755.

2. General information about the capital

2.1. Capital

Smartphoto group NV's capital as of December 31, 2020 amounts to EUR 41,381,403.63 and is represented by 3,941,950 registered shares with no nominal value, fully paid-up. The accountable par amounts to EUR 10.50.

2.2. Authorised capital, convertible bonds

Article 34 of the Articles of Association provides that the Board of Directors is authorised for a term of five years starting from the publication of the resolution of the General Meeting of May 9, 2018 in the Annexes to the Belgian Official Gazette (i.e. May 31, 2023), to increase the issued authorised capital on one or more occasions, within the statutory limitations, both by contributions in cash and by contributions in kind as well as by means of the incorporation of reserves and/or issue premiums, with or without issuing new authorised shares, as well as by means of issuing, once or several times, bonds convertible into shares, bonds with warrants or warrants connected or not connected to another security, and all this for a maximum global amount of EUR 41,381,403.63. This maximum global amount applies to the issue of bonds convertible into shares, bonds with warrants, or warrants that are connected or

not connected to another security, to the amount of the capital increases that could result from the conversion of these bonds or the exercising of these warrants.

The Board of Directors was hereby authorised by the General Meeting, based on a resolution taken in accordance with the provisions of Article 7:155 of the Belgian Companies and Associations Code, within the framework of issuing securities within the authorised capital, to modify the respective rights of the existing categories of shares or securities that do or do not represent the capital. This authorisation is valid in so far as it is in accordance with the applicable statutory provisions. The Board of Directors will not, in any case, use this authorisation in such a way that this aims to or results in a disadvantage to the rights of the existing shareholders. The Articles of Association also provide that the Board of Directors is explicitly authorised for a term of three years starting from the publication of the resolution of the General Meeting in the Annexes to the Belgian Official Gazette on May 31, 2018, to use the authorisation granted by the existing provision to increase the capital in the circumstances, under the conditions and within the restrictions of Article 7:202 of the Belgian Companies and Associations Code.

The Board of Directors determine the dates and the conditions of the capital increases that it has resolved to implement pursuant to the previous paragraphs, including the possible payment of the share premiums. It determines the conditions of the bond loans it has resolved to pursuant to the previous paragraphs. Based on the previous paragraphs, the Board of Directors determine the term and other conditions for the shareholders' exercise of their pre-emptive rights, when they are legally entitled to it, in accordance with Articles 7:188 and following of the Belgian Companies and Associations Code.

The Board of Directors can also, in accordance with the same Articles 7:188 and following, in the interest of the Company and under the conditions stipulated by law, restrict or exclude the pre-emptive rights of the shareholders, in favour of one or more specific persons selected by the Board of Directors, regardless whether these persons are staff members of the Company or of its subsidiaries.

When a share premium is paid as a consequence of the existing provision, this will automatically be transferred to a non-distributable account called 'share premiums', which can only be disposed of under the conditions required for the capital reduction. However, the premium can always be incorporated into the capital at any time; this resolution can be made by the Board of Directors in accordance with the first paragraph.

2.3. Profit sharing certificates

None

2.4. Conditions concerning changes in the capital

Statutory conditions

2.5. Transactions

a) November 8, 1991 (publication Belgian Official Gazette of November 29, 1991): Capital increase in the context of the share option plan, by cash contribution worth BEF 2,872,620 and creation of 23,609 new shares. Accordingly, the authorised capital amounted to BEF 1,016,633,457, represented by 1,425,510 shares of which 205,140 were AFV shares.

b) June 5, 1992 (publication Belgian Official Gazette of June 27, 1992): Capital increase by cash contribution worth BEF 117,166,543 by creation of 68,921 new shares. Accordingly, the capital amounted to BEF 1,133,800,000, represented by 1,494,431 shares of which 205,140 were AFV shares.

c) December 29, 1992 (publication Belgian Official Gazette of January 23, 1993): Capital increase in the context of the share option plan, by cash contribution worth BEF 3,569,693 by creation of 29,907 new shares. Accordingly, the capital amounted to BEF 1,137,369,693, represented by 1,524,338 shares of which 205,140 were AFV shares.

d) June 9, 1993 (publication Belgian Official Gazette of July 3 1993): Capital increase in the context of the share option plan, by cash contribution worth BEF 1,497,581 by creation of 6,809 new shares. As a result the authorised capital was BEF 1,138,867,274, represented by 1,531,147 shares of which 205,140 AFV shares.

e) Conversion of shares (publication Belgian Official Gazette of October 2, 1993): In view of the planned merger with Prominvest on October 29, 1993, the Extraordinary General Meeting of September 7, 1993 decided to proceed with the conversion of all 1,531,147 existing Spector shares into 2,703,317 new shares, with each existing share giving right to 1.76555 new shares. As a result of this, the authorised capital would be represented by 2,703,317 new shares, of which 362,185 were AFV shares. This conversion was performed in order to create an exchange ratio of one Spector share to one Prominvest share. After this operation, Prominvest held 96% of the Spector shares.

f) October 29, 1993 (publication Belgian Official Gazette of November 23, 1993): Merger due to acquisition by Prominvest NV: in the merger, the capital of Prominvest was added to Spector's capital. This increased Spector's authorised capital to BEF 2,265,805,017 by the creation of 2,675,000 new shares, so that 5,378,317 shares represented the capital. After this, the capital was increased by BEF 341,690,111 and BEF 1,406,194,933

for the revaluation gains and share premiums respectively, each without issuing new shares, to an amount of BEF 4,013,690,061. Immediately after this transaction, the capital was reduced by BEF 3,050,082,500 and 2,596,810 Spector treasury shares were destroyed, including all AFV shares. After the merger, Spector's capital therefore amounted to BEF 963,607,561, represented by 2,781,507 shares.

g) February 15, 1994 (publication Belgian Official Gazette of March 15, 1994): Capital increase by exercising of warrants: due to the exercising of the warrants, the capital was increased to BEF 1,488,390,561, represented by 3,306,290 shares, of which 524,783 were VVPR shares.

h) May 10, 1995 (publication Belgian Official Gazette of 3 June 1995): Capital increase under suspensive condition amounting to the number of shares subscribed to by means of warrants, multiplied by the accounting parity of the existing authorised shares at the moment of exercising the warrants. The maximum number of shares to be created was 826,572 VVPR shares.

i) October 4, 1996: Bringing into line ordinary and VVPR shares by granting of the VVPR strip coupon sheet. As a result of this 524,783 VVPR strips were created and the capital was represented by 3,306,290 ordinary shares.

j) October 5, 1996 (publication Belgian Official Gazette of October 29, 1996): Capital increase due to exercising of 14,658 warrants, subscription at par of BEF 450 per share, supplemented with the payment of a share premium of BEF 1,125 per share, as a result of which 14,658 new ordinary shares with the same number of VVPR strips were created. As a result of this, the capital was increased by BEF 6,596,100 to BEF 1,496,986,661 represented by 3,320,948 ordinary shares, with 539,441 VVPR strips in circulation.

k) November 8, 1996 (publication Belgian Official Gazette of 3 December 1996): Capital increase in the context of the authorised capital by a cash contribution of BEF 2,159,176,311, which is BEF 664,189,650 as capital supplemented by a share premium of BEF 2,088,507,455 by creation of 1,475,977 new ordinary shares and the same number of VVPR strips. As result of this, the capital amounted to BEF 2,159,176,311, represented by 4,796,925 shares, with 2,015,418 VVPR strips in circulation.

l) May 13, 1998 (publication Belgian Official Gazette of June 6, 1998): (i) Capital increase by incorporation of BEF 2,104,997,705 of share premiums, without creation of new shares. As a result of this, the capital amounted to BEF 4,264,174,016, represented by 4,796,925 shares, with 2,015,418 VVPR strips in circulation; (ii) Issuing 600,000 transferable registered warrants, with suspension of the pre-emptive rights to the benefit of Fotoinvest CVBA or its legal successors. Each warrant gives the right to subscribe to 1 new share of the company at a price per share equal to the average of the closing prices of Spector shares during the 60 trading days that precede the exercising, with a minimum equal to the average of the stock exchange price during

30 days prior to the date of issue. The warrant can be exercised at every moment, individually or jointly, during a period of five years counting from the date of emission, (a) with effect from the notification by the Belgian Financial Services and Markets Authority of a public takeover bid on the shares of the company, or (b) with effect from the moment that an audit announcement is sent to the Belgian Financial Services and Markets Authority and/or the company receives knowledge of the purchase by one or more persons who, by mutual agreement, act with 20% or more of the voting-right securities of the company, or (c) as soon as the price of the company's shares on the Brussels Stock Exchange's First Market become identifiably and substantially affected by systematic buying orders or by constant rumours concerning a take-over bid on the shares of the company, subject to approval of the capital increase on condition and to the extent that the warrants identified above amounting to the maximum amount equal to the number of subscription rights represented by the warrants, multiplied by the fraction unit value of the share at the moment of subscription.

m) June 23, 1998 (publication Belgian Official Gazette of July 21, 1998): Capital increase due to exercising of 115 warrants, subscription at parity of BEF 889 per share, supplemented with the payment of a share premium of BEF 651 per share, as a result of which 115 new shares with the same number of VVPR strips were created. As result of this, the capital amounted to BEF 4,264,351,116, represented by 4,797,040 shares, with 2,015,533 VVPR strips in circulation.

n) June 14, 2000 (publication Belgian Official Gazette of July 6, 2000): Capital increase due to exercising of 812 warrants, subscription at parity of BEF 889 per share, supplemented with the payment of a share premium of BEF 651 per share, as a result of which 812 new shares with the same number of VVPR strips were created. As a result of this, the capital amounted to BEF 4,265,601,596, represented by 4,797,852 shares, with 2,016,345 VVPR strips in circulation.

o) March 30, 2001 (publication Belgian Official Gazette of April 20, 2001): (i) Capital reduction of BEF 3,850,394,314, reducing the authorised capital from BEF 4,265,601,596 to BEF 415,207,282 by absorption of the losses incurred on actually fully paid fiscal capital without cancellation of shares, with reduction of the fractional value of the shares, and approval to amend Article 5 of the Articles of Association accordingly in regards the amount of the authorised capital; (ii) Capital increase, with suspension of the pre-emptive rights, by a contribution of capital in the amount of BEF 300,000,000 and by issuing 783,046 registered shares without indicating their nominal value; (iii) Incorporation of issue premiums in the amount of BEF 232,235,199 in the capital increasing the issued authorised capital by an amount of BEF 232,235,199, taking it from BEF 482,972,083 to BEF 715,207,282 without creating new shares; (iv) Conversion of the issued authorised capital in the amount of BEF 715,207,282 to the rounded up amount of EUR 17,729,525.41 so the issued authorised capital after conversion is EUR 17,729,525.41.

p) July 19, 2002 (publication Belgian Official Gazette of August 15, 2002): (i) Capital increase by an amount of EUR 3,749,778.97, taking it from EUR 17,729,525.41 to EUR 21,479,304.38 by contribution in the context of the merger by acquisition of Photo Hall Multimedia NV, in which the entire capital of Photo Hall NV without exception or qualification transferred under universal title to Spector Photo Group NV, by issuing 1,180,355 new shares, coupon number 11 and following attached, without indication of nominal value, of the same nature and providing the same rights and benefits as the existing shares; (ii) Incorporation of a share premium amounting to EUR 913,057.14, taking it from EUR 21,479,304.38 to EUR 22,392,361.52 without issuing new shares.

q) December 14, 2005 (publication Belgian Official Gazette of January 5, 2006): (i) Capital increase by an amount of EUR 39,999,999.20, taking it from EUR 22,392,361.52 to EUR 62,392,360.72 by the issue at EUR 1.40 per newly created share of 28,571,428 newly created VVPR bearer shares without indication of their nominal value, offering the same rights and benefits as the Company's existing shares with reduced withholding taxes (the VVPR shares); (ii) Capital increase by EUR 1,801,555.00, taking it from EUR 62,392,360.72 to EUR 64,193,915.72, by contribution in kind of a receivable belonging to De Bommels NV, and of a receivable belonging to R.N.A. NV and of a receivable belonging to Olca NV, by issuing 1,286,824 new company bearer shares at an issue price of EUR 1.40 per share, without indicating their nominal value with the same rights and benefits as the company's existing shares with reduced withholding taxes (so-called VVPR shares); (iii) Determining the issue of a total of 600,000 warrants which, when exercised against their exercise price of EUR 3.36 per warrant, give right to one share, with the same rights and benefits as the company's existing shares with reduced withholding taxes (so-called VVPR shares); (iv) Determining the amount of the authorised capital on EUR 64,193,915.72.

r) November 6, 2007 (publication Belgian Official Gazette of November 21, 2007): (i) Approval of the resolution to amend the Articles of Association as a result of a change in the law with regard to the abolition of bearer securities and dematerialisation of securities; (ii) Amendment of Article 35 of the Articles of Association regarding acquisition or disposal of treasury shares.

s) June 14, 2011 (publication Belgian Official Gazette of July 8, 2011): (i) Authorisation to the Board of Directors to increase the capital within the restrictions of the authorised capital; (ii) Amendment of Article 34 of the Articles of Association regarding the authorisation for a capital increase in the amount of the maximum authorised capital; (iii) Amendment of Article 35 of the Articles of Association regarding acquisition or disposal of treasury shares.

t) June 27, 2016 (publication Belgian Official Gazette of July 18, 2016): (i) Capital increase by contribution in kind of the claim by Infestos Holding D BV of EUR 2,100,000,

taking it from EUR 64,193,915.72 to EUR 66,293,915.72 by issuing 2,800,000 new ordinary shares, each issued at an issue price of EUR 0.75, taking the total number of shares to 39,419,505; (ii) Capital reduction of EUR 46,584,163.22, reducing it to EUR 19,709,752.50 to reduce the fractional value of the outstanding shares to EUR 0.50, i.e. lower than the current stock price; (iii) Authorisation for the Board of Directors to increase the capital within the restrictions of the authorised capital; (iv) Amendment of Article 34 of the Articles of Association regarding the authorisation for a capital increase in the amount of the maximum authorised capital; (v) Amendment of Article 5 of the Articles of Association regarding issued capital; (vi) Amendment of Article 8 of the Articles of Association regarding the nature of the shares; (vii) Amendment of Article 10 of the Articles of Association regarding obligations and warrants; (viii) Amendment of Article 35 of the Articles of Association regarding acquisition or disposal of treasury shares.

u) November 14, 2017 (publication Belgian Official Gazette of December 6, 2017): (i) Regrouping of all outstanding Company shares by means of a 1:10 regrouping of shares; (ii) Purchase of the shares resulting from the consolidation of fractions by the Company; (iii) Cancellation of the shares that existed before the regrouping of shares; (iv) Amendment of Article 5 of the Articles of Association to the following: "The authorised capital is EUR 19,709,752.50. This is represented by 3,941,950 shares."

v) May 9, 2018 (publication Belgian Official Gazette May 31, 2018): (i) Capital increase of EUR 46,584,163.22, taking it from EUR 19,709,752.50 to EUR 66,293,915.72 without issuing any new shares by incorporating the existing non-distributable reserve; (ii) Absorption of the losses as a result of a capital reduction of EUR 24,912,512.09, taking it from EUR 66,293,915.72 to EUR 41,381,403.63 without cancellation of shares; (iii) Amendment of Article 5 of the Articles of Association to the following: "The authorised capital is EUR 41,381,403.63. It is represented by 3,941,950 shares."; (iv) Renewal of the authorisation regarding authorised capital: (a) Authorisation to the Board of Directors for a capital increase within the restrictions of the authorised capital; (b) Amendment of Article 34 of the Articles of Association regarding the authorisation for a capital increase in the amount of the maximum authorised capital; (v) Renewal of the authorisations to acquire and dispose of treasury shares: (a) Renewal of the authorisation to acquire and dispose of treasury shares to avoid the threat of a severe disadvantage to the Company; (b) Renewal of the authorisation to dispose of shares; (c) Renewal of the authorisation to acquire and dispose of treasury shares; (d) Amendment of Article 35 of the Articles of Association regarding the acquisition or disposal of treasury shares.

Year	Number of shares	Capital
1964	200	1 000 000 BEF
1966	400	2 000 000 BEF
1970	800	4 000 000 BEF
1976	1 124	8 000 000 BEF
1983	1 904	13 550 480 BEF
1987	500 752	50 864 428 BEF
1988	699 500	180 000 000 BEF
1989	791 402	383 000 000 BEF
1990	1 401 901	1 013 760 837 BEF
1991	1 425 510	1 016 633 457 BEF
1992	1 524 338	1 137 369 693 BEF
1993	2 781 507	963 607 561 BEF
1994	3 306 290	1 488 390 561 BEF
1996	4 796 925	2 159 176 311 BEF
1998	4 797 040	4 264 351 116 BEF
2000	4 797 852	4 265 601 596 BEF
2001	5 580 898	17 729 525.41 EUR
2002	6 761 253	22 392 361.52 EUR
2005	36 619 505	64 193 915.72 EUR
2016	39 419 505	19 709 752.50 EUR
2017	3 941 950	19 709 752.50 EUR
2018	3 941 950	41 381 403.63 EUR

Discharge of directors and Statutory Auditor

Pursuant to the statutory provisions and the Articles of Association, it is requested that the directors and the Statutory Auditor be granted discharge for the performance of their mandate during the financial year ending December 31, 2020.

Wetteren, March 26, 2021



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



Amélie

January

1	27	
2	28	
3	29	
4	30	Erwin
5	31	John
6	1	
7	2	
8	3	Alexander
9	4	
10	5	
11	6	
12	7	
13	8	
14	9	
15	10	
16	11	
17	12	
18	13	
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31	26	

MAY

The best time to
begin a journey is

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WAYS NEED A PLAN
JUST NEED TO
GO AND SEE
WHAT HAPPENS



MANAGEMENT RESPONSIBILITY STATEMENT

MANAGEMENT RESPONSIBILITY STATEMENT

Mr Stef De corte, permanent representative of Acortis BV, CEO, declares in the name of and on behalf of smartphoto group NV and its subsidiaries, that, to the best of his knowledge:

- the audited financial statements, prepared in accordance with the applicable accounting standards, give a true and fair view of the assets, the liabilities, the financial situation and the results of smartphoto group NV and the companies included in the consolidation;
- the annual report gives a true and fair view of the development, the results and the position of smartphoto group NV and the companies included in the consolidation, as well as a description of the risks and uncertainties with which they are confronted.



Stef De corte,
permanent representative of Acortis BV, CEO







FOREVER YOURS
Anélie



STATUTORY AUDITOR'S REPORT

Verslag van de commissaris aan de algemene vergadering van smartphoto group NV over de geconsolideerde jaarrekening betreffende het boekjaar afgesloten op 31 december 2020

In het kader van de wettelijke controle van de geconsolideerde jaarrekening van smartphoto group NV (de “Venootschap”) en haar filialen (samen “de Groep”), leggen wij u ons commissarisverslag voor. Dit bevat ons verslag over de geconsolideerde jaarrekening en de overige door wet- en regelgeving gestelde eisen. Dit vormt een geheel en is ondeelbaar.

72

Wij werden benoemd in onze hoedanigheid van commissaris door de algemene vergadering van 13 mei 2020, overeenkomstig het voorstel van het bestuursorgaan uitgebracht op aanbeveling van het auditcomité. Ons mandaat loopt af op de datum van de algemene vergadering die beraadslaagt over de geconsolideerde jaarrekening afgesloten op 31 december 2022. Wij hebben de wettelijke controle van de geconsolideerde jaarrekening van smartphoto group NV uitgevoerd gedurende 4 opeenvolgende boekjaren.

Verslag over de geconsolideerde jaarrekening

Oordeel zonder voorbehoud

Wij hebben de wettelijke controle uitgevoerd van de geconsolideerde jaarrekening van de Groep, die de geconsolideerde balans op 31 december 2020 omvat, alsook het geconsolideerd overzicht van de gerealiseerde en niet gerealiseerde resultaten over de periode, het geconsolideerd mutatieoverzicht van het eigen vermogen en het geconsolideerd kasstroomoverzicht over het boekjaar afgesloten op die datum en de toelichting, met de belangrijkste gehanteerde grondslagen voor financiële verslaggeving en overige informatievervalsing, waarvan het geconsolideerd balanstotaal k€ 71.095 bedraagt en waarvan het geconsolideerd overzicht van de gerealiseerde en niet-gerealiseerde resultaten afsluit met een winst van het boekjaar van k€ 8.397.

Naar ons oordeel geeft de geconsolideerde jaarrekening een getrouw beeld van het vermogen en de financiële toestand van de Groep op 31 december 2020, alsook van zijn geconsolideerde resultaten en van zijn geconsolideerde kasstromen over het boekjaar dat op die datum is afgesloten, in overeenstemming met de International Financial Reporting Standards (IFRS) zoals goedgekeurd door de Europese Unie en met de in België van toepassing zijnde wettelijke en reglementaire voorschriften.

Basis voor het oordeel zonder voorbehoud

Wij hebben onze controle uitgevoerd volgens de internationale controlestandaarden (ISA's), zoals van toepassing in België. Onze verantwoordelijkheden op grond van deze standaarden zijn verder beschreven in de sectie "Verantwoordelijkheden van de commissaris voor de controle van de geconsolideerde jaarrekening" van ons verslag. Wij hebben alle deontologische vereisten die relevant zijn voor de controle van de geconsolideerde jaarrekening in België nageleefd, met inbegrip van deze met betrekking tot de onafhankelijkheid.

Wij hebben van het bestuursorgaan en van de aangestelden van de vennootschap de voor onze controle vereiste ophelderingen en inlichtingen verkregen.

Wij zijn van mening dat de door ons verkregen controle-informatie voldoende en geschikt is als basis voor ons oordeel.

Benadrukking van een bepaalde aangelegenheid

Zonder afbreuk te doen aan bovenvermeld tot uitdrukking gebracht oordeel, vestigen wij de aandacht op de toelichtingen nummer 16 en 20 bij de geconsolideerde jaarrekening inzake de consolidatiegoodwill en de uitgestelde belastingvorderingen waar de Raad van Bestuur de waardering van de consolidatiegoodwill en de uitgestelde belastingvorderingen verantwoordt, rekening houdende met de veranderende marktomstandigheden. De waardering van de consolidatiegoodwill en de uitgestelde belastingvorderingen is afhankelijk van de toekomstige positieve marktomstandigheden waarop het business plan gestoeld is.

Kernpunten van de controle

Kernpunten van onze controle betreffen die aangelegenheden die naar ons professioneel oordeel het meest significant waren bij de controle van de geconsolideerde jaarrekening van de huidige verslagperiode. Deze aangelegenheden zijn behandeld in de context van onze controle van de geconsolideerde jaarrekening als geheel en bij het vormen van ons oordeel hierover, en wij verschaffen geen afzonderlijk oordeel over deze aangelegenheden.

Beschrijving van het kernpunt	Uitgevoerde werkzaamheden
<p>Omzeterkenning Omzet wordt erkend in overeenstemming met de International Financial Reporting Standards (IFRS 15). De meerderheid van de bedrijfsopbrengsten bestaat uit internet sales, namelijk het plaatsen van orders door particulieren op de diverse websites. Deze orders initiëren de verdere verwerking en uiteindelijk ook de omzeterkenning binnen de accountingsoftware. Dit proces is sterk geautomatiseerd en er is weinig manuele tussenkomst. Regelmatige reconciliaties tussen de verschillende systemen zorgen voor zekerheid omtrent de volledigheid en juistheid van de gegevens. De gerealiseerde bedrijfsopbrengst is één van de belangrijkste factoren die de resultaten van de groep kunnen beïnvloeden, daarom hebben we de omzeterkenning (bestaan) als significant risico geïdentificeerd.</p>	<p>Onze auditwerkzaamheden op bedrijfsopbrengsten bestaan voornamelijk uit:</p> <ul style="list-style-type: none"> - Beschrijvingen van de procedures met betrekking tot het verkoopproces met focus op interne beheersingsmaatregelen; - Walkthrough op een verkooptransactie om na te gaan of de procedurebeschrijving van de verkopen in overeenstemming is met het verkoopproces in realiteit; - Data-analyse waarbij wordt geverifieerd of de input in de website verkopen overeenstemt met de opbrengst in de accountingsoftware; - Ouderdomsanalyse van openstaande klanten per jaar - Afloopcontrole op openstaande vorderingen door nazicht ouderdomsrapport na jaareinde - Analytisch nazicht van de omzet en de brutomarges

<p>Waardering van de consolidatiegoodwill</p> <p>De goodwill betreft een significant bedrag op de balans van de vennootschap (€16.151). De vennootschap is, op basis van EU-IFRS, verplicht om jaarlijks het bedrag van de goodwill als onderdeel van de immateriële activa te onderzoeken op bijzondere waardeverminderingen (impairment). De beoordeling of er sprake is van een bijzondere waardevermindering van de goodwill wordt beschouwd als een kernpunt in de controle, omdat het inschattingsproces van de toekomstige kasstromen en de bepaling van de verdisconteringsvoet complex en subjectief is en gebaseerd is op veronderstellingen met betrekking tot markt- en economische ontwikkelingen. Op grond van de 'bijzonder waardeverminderingstest' heeft de Raad van Bestuur geconcludeerd dat er geen sprake is van een bijzondere waardevermindering. De belangrijkste veronderstellingen en de gevoeligheidsanalyse zijn toegelicht in toelichting 16 van de geconsolideerde jaarrekening..</p>	<p>Onze controlewerkzaamheden bestaan onder andere uit een beoordeling van de assumpties die ten grondslag liggen van de inschatting van de toekomstige kasstromen. Deze assumpties werden op redelijkheid en consistentie met interne budgetten en lange termijn plannen getest.</p> <p>De verwachtingen ten aanzien van de ontwikkelingen van de activiteiten van de vennootschappen van de groep werden getoetst en besproken met het management.</p> <p>We verifieerden de mathematische juistheid van de waardering en de redelijkheid van de verdisconteringsvoet, het groeipercentage op lange termijn en de assumpties.</p> <p>Wij hebben sensitiviteitsanalyses uitgevoerd ten aanzien van de belangrijkste assumpties om de mate van verandering vast te stellen bij deze assumpties, die ofwel individueel ofwel gezamenlijk zouden leiden tot een bijzonder waardeverminderingverlies op de consolidatiegoodwill.</p> <p>Daarnaast hebben wij ook aandacht besteed aan de juistheid en toereikendheid van de toelichtingen van de vennootschap over de veronderstellingen en de uitkomst van de bijzondere waardeverminderingstest.</p>
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<p>Waardering van de uitgestelde belastingvorderingen</p> <p>De waardering van de uitgestelde belastingvorderingen met betrekking tot compenseerbare verliezen in België, Zweden en Nederland is gebaseerd op de verrekening met de verwachte toekomstige fiscale resultaten voor de komende 5 jaar.</p> <p>We hebben de waardering van de latente belastingvorderingen als kernpunt in de controle geïdentificeerd vanwege de mate van schattingsonzekerheid over de toekomstige fiscale resultaten binnen de maximale compensatie periode en het significante bedrag.</p>	<p>Onze audit procedures omvatten een toetsing van de assumpties gehanteerd voor het bepalen van de toekomstige fiscale resultaten. Deze assumpties werden getoetst op redelijkheid en consistentie met budgetten en meerjarenplannen.</p> <p>We gingen ook na of de compensatieperiodes dewelke vooropgesteld werden en de gebruikte tarieven consistent zijn met de fiscale wet- en regelgeving.</p>
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Verantwoordelijkheden van het bestuursorgaan voor het opstellen van de geconsolideerde jaarrekening

Het bestuursorgaan is verantwoordelijk voor het opstellen van de geconsolideerde jaarrekening die een getrouw beeld geeft in overeenstemming met de *International Financial Reporting Standards* (IFRS) zoals goedgekeurd door de Europese Unie en met de in België van toepassing zijnde wettelijke en reglementaire voorschriften, alsook voor de interne beheersing die het bestuursorgaan noodzakelijk acht voor het opstellen van de geconsolideerde jaarrekening die geen afwijking van materieel belang bevat die het gevolg is van fraude of van fouten.

Bij het opstellen van de geconsolideerde jaarrekening is het bestuursorgaan verantwoordelijk voor het inschatten van de mogelijkheid van de Groep om haar continuïteit te handhaven, het toelichten, indien van toepassing, van aangelegenheden die met continuïteit verband houden en het gebruiken van de continuïteitsveronderstelling, tenzij het bestuursorgaan het voornemen heeft om de Groep te liquideren of om de bedrijfsactiviteiten te beëindigen of geen realistisch alternatief heeft dan dit te doen.

Verantwoordelijkheden van de commissaris voor de controle van de geconsolideerde jaarrekening

Onze doelstellingen zijn het verkrijgen van een redelijke mate van zekerheid over de vraag of de geconsolideerde jaarrekening als geheel geen afwijking van materieel belang bevat die het gevolg is van fraude of van fouten en het uitbrengen van een commissarisverslag waarin ons oordeel is opgenomen. Een redelijke mate van zekerheid is een hoog niveau van zekerheid, maar is geen garantie dat een controle die overeenkomstig de ISA's is uitgevoerd altijd een afwijking van materieel belang ontdekt wanneer die bestaat. Afwijkingen kunnen zich voordoen als gevolg van fraude of fouten en worden als van materieel belang beschouwd indien redelijkerwijs kan worden verwacht dat zij, individueel of gezamenlijk, de economische beslissingen genomen door gebruikers op basis van deze geconsolideerde jaarrekening, beïnvloeden.

Bij de uitvoering van onze controle leven wij het wettelijk, reglementair en normatief kader dat van toepassing is op de controle van de geconsolideerde jaarrekening in België na. Een wettelijke controle biedt evenwel geen zekerheid omtrent de toekomstige levensvatbaarheid van de Groep, noch omtrent de efficiëntie of de doeltreffendheid waarmee het bestuursorgaan de bedrijfsvoering van de Groep ter hand heeft genomen of zal nemen. Onze verantwoordelijkheden inzake de door het bestuursorgaan gehanteerde continuïteitsveronderstelling staan hieronder beschreven.

Als deel van een controle uitgevoerd overeenkomstig de ISA's, passen wij professionele oordeelsvorming toe en handhaven wij een professioneel-kritische instelling gedurende de controle. We voeren tevens de volgende werkzaamheden uit:

- het identificeren en inschatten van de risico's dat de geconsolideerde jaarrekening een afwijking van materieel belang bevat die het gevolg is van fraude of van fouten, het bepalen en uitvoeren van controlewerkzaamheden die op deze risico's inspelen en het verkrijgen van controle-informatie die voldoende en geschikt is als basis voor ons oordeel. Het risico van het niet detecteren van een van materieel belang zijnde afwijking is groter indien die afwijking het gevolg is van fraude dan indien zij het gevolg is van fouten, omdat bij fraude sprake kan zijn van samenspanning, valsheid in geschrifte, het opzettelijk nalaten om transacties vast te leggen, het opzettelijk verkeerd voorstellen van zaken of het doorbreken van de interne beheersing;
- het verkrijgen van inzicht in de interne beheersing die relevant is voor de controle, met als doel controlewerkzaamheden op te zetten die in de gegeven omstandigheden geschikt zijn maar die niet zijn gericht op het geven van een oordeel over de effectiviteit van de interne beheersing van de Groep;
- het evalueren van de geschiktheid van de gehanteerde grondslagen voor financiële verslaggeving en het evalueren van de redelijkheid van de door het bestuursorgaan gemaakte schattingen en van de daarop betrekking hebbende toelichtingen ;

- het concluderen of de door het bestuursorgaan gehanteerde continuïteitsveronderstelling aanvaardbaar is, en het concluderen, op basis van de verkregen controle-informatie, of er een onzekerheid van materieel belang bestaat met betrekking tot gebeurtenissen of omstandigheden die significante twijfel kunnen doen ontstaan over de mogelijkheid van de Groep om zijn continuïteit te handhaven. Indien wij concluderen dat er een onzekerheid van materieel belang bestaat, zijn wij ertoe gehouden om de aandacht in ons commissarisverslag te vestigen op de daarop betrekking hebbende toelichtingen in de geconsolideerde jaarrekening, of, indien deze toelichtingen inadequaat zijn, om ons oordeel aan te passen. Onze conclusies zijn gebaseerd op de controle-informatie die verkregen is tot de datum van ons commissarisverslag. Toekomstige gebeurtenissen of omstandigheden kunnen er echter toe leiden dat de Groep zijn continuïteit niet langer kan handhaven;
- het evalueren van de algehele presentatie, structuur en inhoud van de geconsolideerde jaarrekening, en van de vraag of de geconsolideerde jaarrekening de onderliggende transacties en gebeurtenissen weergeeft op een wijze die leidt tot een getrouw beeld;
- het verkrijgen van voldoende en geschikte controle-informatie met betrekking tot de financiële informatie van de entiteiten of bedrijfsactiviteiten binnen de Groep gericht op het tot uitdrukking brengen van een oordeel over de geconsolideerde jaarrekening. Wij zijn verantwoordelijk voor de aansturing van, het toezicht op en de uitvoering van de groepscontrole. Wij blijven ongedeeld verantwoordelijk voor ons oordeel.

Wij communiceren met het auditcomité onder meer over de geplande reikwijdte en timing van de controle en over de significante controlebevindingen, waaronder eventuele significante tekortkomingen in de interne beheersing die wij identificeren gedurende onze controle.

Wij verschaffen aan het auditcomité tevens een verklaring dat wij de relevante deontologische voorschriften over onafhankelijkheid hebben nageleefd, en wij communiceren met hen over alle relaties en andere zaken die redelijkerwijs onze onafhankelijkheid kunnen beïnvloeden en, waar van toepassing, over de daarmee verband houdende maatregelen om onze onafhankelijkheid te waarborgen.

Uit de aangelegenheden die met het auditcomité zijn gecommuniceerd bepalen wij die zaken die het meest significant waren bij de controle van de geconsolideerde jaarrekening van de huidige verslagperiode, en die derhalve de kernpunten van onze controle uitmaken. Wij beschrijven deze aangelegenheden in ons verslag, tenzij het openbaar maken van deze aangelegenheden is verboden door wet- of regelgeving.

Overige door wet- en regelgeving gestelde eisen

Verantwoordelijkheden van het bestuursorgaan

Het bestuursorgaan is verantwoordelijk voor het opstellen en de inhoud van het jaarverslag over de geconsolideerde jaarrekening en de andere informatie opgenomen in het jaarrapport over de geconsolideerde jaarrekening.

Verantwoordelijkheden van de commissaris

In het kader van ons mandaat en overeenkomstig de Belgische bijkomende norm (herziene versie 2020) bij de in België van toepassing zijnde internationale controlestandaarden (ISA's), is het onze verantwoordelijkheid om, in alle van materieel belang zijnde opzichten, het jaarverslag over de geconsolideerde jaarrekening en de andere informatie opgenomen in het jaarrapport te verifiëren, alsook verslag over deze aangelegenheden uit te brengen.

Aspecten betreffende het jaarverslag over de geconsolideerde jaarrekening en de andere informatie opgenomen in het jaarrapport over de geconsolideerde jaarrekening

Na het uitvoeren van specifieke werkzaamheden op het jaarverslag over de geconsolideerde jaarrekening, zijn wij van oordeel dat dit jaarverslag overeenstemt met de geconsolideerde jaarrekening voor hetzelfde boekjaar, en is opgesteld overeenkomstig het artikel 3:32 van het Wetboek van vennootschappen en verenigingen.

In de context van onze controle van de geconsolideerde jaarrekening zijn wij tevens verantwoordelijk voor het overwegen, in het bijzonder op basis van de kennis verkregen in de controle, of het jaarverslag over de geconsolideerde jaarrekening en de andere informatie opgenomen in het jaarrapport over de geconsolideerde jaarrekening, zijnde:

- Woord van de CEO en de voorzitter (pagina 6)
- Geconsolideerde kerncijfers 2020 (pagina 8-10)

een afwijking van materieel belang bevatten, hetzij informatie die onjuist vermeld is of anderszins misleidend is. In het licht van de werkzaamheden die wij hebben uitgevoerd, hebben wij geen afwijking van materieel belang te melden.

**Vermeldingen betreffende de onafhankelijkheid**

- Ons bedrijfsrevisorenkantoor en ons netwerk hebben geen opdrachten die onverenigbaar zijn met de wettelijke controle van de geconsolideerde jaarrekening verricht, en ons bedrijfsrevisorenkantoor is in de loop van ons mandaat onafhankelijk gebleven tegenover de Groep.
- De honoraria voor de bijkomende opdrachten die verenigbaar zijn met de wettelijke controle bedoeld in artikel 3:65 van het Wetboek van vennootschappen en verenigingen werden correct vermeld en uitgesplitst in de toelichting bij de geconsolideerde jaarrekening.

Andere vermeldingen

- Huidig verslag is consistent met onze aanvullende verklaring aan het auditcomité bedoeld in artikel 11 van de verordening (EU) nr. 537/2014.

Antwerpen, 7 april 2021

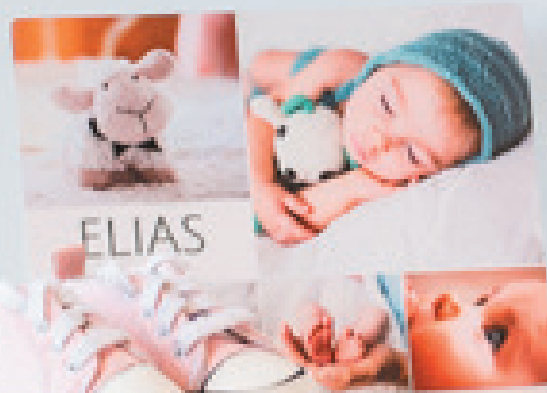
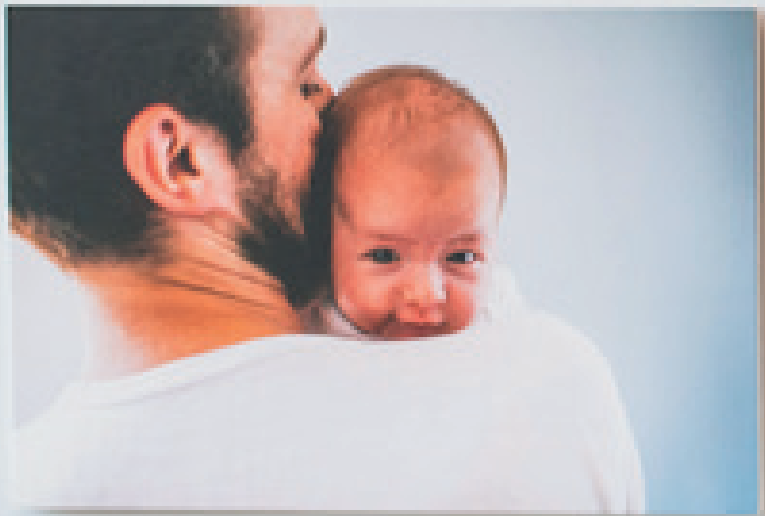
Grant Thornton Bedrijfsrevisoren CVBA
Commissaris
vertegenwoordigd door

A handwritten signature in blue ink, appearing to read "Danny De Jonge".

Danny De Jonge
Bedrijfsrevisor



ANNUAL REPORT
SMARTPHOTO GROUP
2020 - PART 2





2020 CONSOLIDATED FINANCIAL STATEMENTS

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Statement of profit or loss

(in € '000)	Note	2019	2020
Revenue	2	51 466	61 364
Other operating income	3	753	1 083
Changes in inventory of finished goods and work in progress	4	4	13
Capitalisation of internally generated intangible assets	5	553	489
Trade goods, raw materials and consumables	6	-16 382	-20 319
Employee expenses	7	-11 631	-12 147
Depreciation, amortisation, write-downs and impairment	8	-3 044	-3 491
Other operating expenses	9	-16 611	-18 650
Profit/loss (-) from operating activities	10	5 108	8 343
Financial income		56	90
Financial expenses		-306	-567
Financial result	11	-250	-477
Profit/loss (-) before taxes		4 858	7 865
Income taxes expense (-)/ income	12	2 068	532
Profit/loss (-) for the period		6 926	8 397
Profit/loss (-) for the period attributable to equity holders of the parent company		6 926	8 397
(in €)	Note	2019	2020
Profit/loss (-) for the period per share in €	25	1.7570	2.1302
Profit/loss (-) for the period attributable to equity holders of the parent company per share in €	25	1.7570	2.1302

Statement of profit or loss and other comprehensive income for the period

(in € '000)	Note	2019	2020
Profit/loss (-) for the period		6 926	8 397
<u>Other comprehensive income/loss (-):</u>			
Items which will not be reclassified to profit or loss			
Revaluation surplus land and buildings			2 447
Taxes on revaluation surplus land and buildings			-1 130
Total of items which will not be reclassified to profit or loss			1 316
Items which possibly will be reclassified to profit or loss			
Translation differences		37	-21
Taxes on translation differences		-10	5
Total of items which possibly will be reclassified to profit or loss		27	-16
Other comprehensive income/loss (-), net of taxes	13	27	1 300
Total other comprehensive income/loss (-) before reclassification adjustments		6 953	9 697
Reclassification adjustments			
Translation differences recognised in income/loss (-)			219
Total other comprehensive income/loss (-)		6 953	9 916
Total other comprehensive income/loss (-) for the period attributable to equity holders of the parent company		6 953	9 916

Statement of financial position as at the end of the period

ASSETS	Note	2019	2020
<u>Non-current assets</u>			
Property, plant & equipment	14	13 546	16 552
Right-of-use assets	15	2 025	1 395
Goodwill	16	16 151	16 151
Intangible assets	17	2 653	2 803
Other financial assets	18		
Trade and other receivables	19	74	74
Deferred tax assets	20	9 427	11 057
Total non-current assets		43 877	48 032
<u>Current assets</u>			
Inventories	21	2 442	2 481
Trade and other receivables	22	3 416	2 613
Other financial assets		3	3
Cash and cash equivalents	23	14 425	17 946
Current tax assets	24	57	20
Total current assets		20 343	23 063
TOTAL ASSETS		64 221	71 095

EQUITY AND LIABILITIES	Note	2019	2020
<u>Total equity</u>			
Capital		41 381	41 381
Reserves and retained earnings/ accumulated loss (-)		-8 031	-1 765
Revaluation surplus		5 640	6 956
Treasury shares (-)		-595	-3 360
Currency translation adjustments		2 062	2 265
Shareholder's equity		40 458	45 477
Total equity	25	40 458	45 477
<u>Non-current liabilities</u>			
Interest-bearing financial liabilities	26	3 307	2 836
Lease liabilities	27	1 207	767
Employee benefit liabilities	28	986	1 015
Deferred tax liabilities	29	693	2 199
Total non-current liabilities		6 194	6 818
<u>Current liabilities</u>			
Interest-bearing financial liabilities	26	868	470
Lease liabilities	27	833	643
Trade and other payables	30	13 387	14 823
Employee benefit liabilities	28	2 168	2 418
Tax liabilities	31	314	447
Total current liabilities		17 569	18 800
TOTAL EQUITY AND LIABILITIES		64 221	71 095

Statement of changes in equity for the period

(in € '000)	Note	Balance as at 31.12.2018	Profit/loss (-) for the period	Reclassification adjustments	Other comprehensive income	Taxes on other comprehensive income	Total other comprehensive income	Dividend distributed to shareholders	Transactions relating to treasury shares	Balance as at 31.12.2019
Capital	25-(1)	41 381								41 381
Retained earnings	25-(2)	-12 987	6 926				6 926	-1 970		-8 031
Revaluation surplus		5 640								5 640
Treasury shares	25-(3)	-84							-510	-595
Currency translation adjustments	25-(4)	2 035			37	-10	27			2 062
Equity attributable to Equity holder of the parent		35 985	6 926		37	-10	6 953	-1 970	-510	40 458

(in € '000)	Note	Balance as at 31.12.2019	Profit/loss (-) for the period	Reclassification adjustments	Other comprehensive income	Taxes on other comprehensive income	Total other comprehensive income	Dividend distributed to shareholders	Transactions relating to treasury shares	Balance as at 31.12.2020
Capital	25-(1)	41 381								41 381
Retained earnings	25-(2)	-8 031	8 397				8 397	-2 131		-1 765
Revaluation surplus	25-(3)	5 640			2 447	-1 130	1 316			6 956
Treasury shares	25-(4)	-595							-2 765	-3 360
Currency translation adjustments	25-(5)	2 062		219	-21	5	203			2 265
Equity attributable to Equity holder of the parent		40 458	8 397	219	2 426	-1 125	9 916	-2 131	-2 765	45 477

Statement of cash flows for the period

(in € '000)	Note	Explanation	2019	2020
<u>Operating activities</u>				
Net result			6 926	8 397
Depreciation and impairment of property, plant and equipment	8-14		1 055	1 313
Depreciation and impairment of right-of-use assets	8-15		893	872
Amortisation and impairment of intangible assets	8-17		865	934
Write-downs on current and non-current assets	8-21-22		231	373
Provisions	7		638	26
Net interest income (-)/expense	11		149	170
Profit (-)/loss on the realisation of property, plant and equipment			6	22
Income taxes expense (-)/income	12		-2 068	-532
Other non-cash costs				77
Other	17		-553	-489
<i>Operating cash flow before changes in working capital and provisions</i>		(1)	8 142	11 161
Decrease/increase (-) in trade and other receivables and income tax assets			-283	581
Decrease/increase (-) in inventories			-135	-38
Increase/decrease (-) in trade and other payables			1 468	1 404
Increase/decrease (-) in working capital		(2)	1 050	1 947
<i>Operating cash flow after changes in working capital and provisions</i>			9 192	13 108
Interest paid (-)			-36	-108
Interest paid (-) on lease liabilities			-38	-39
Income taxes paid (-)			-486	-390
Cash flow from operating activities		(1)	8 632	12 571

(in € '000)	Note	Explanation	2019	2020
<u>Investing activities</u>				
Proceeds from sale of property, plant and equipment			59	5
Acquisition of property, plant and equipment	14		-781	-1 898
Acquisition of other intangible assets	17		-765	-594
Acquisition of subsidiaries, net of cash acquired			-2 215	
Cash flow from investing activities		(3)	-3 702	-2 488
<u>Financing activities</u>				
Acquisition of treasury shares	25		-510	-2 765
Proceeds from interest-bearing financial liabilities	26		2 226	
Repayment of interest-bearing financial liabilities	26		-1 130	-868
Repayment of lease liabilities	27		-882	-871
Dividends paid	25		-1 970	-2 131
Cash flow from financing activities		(4)	-2 267	-6 636
Increase/decrease (-) in cash and cash equivalents			2 664	3 447
Effect of exchange rate fluctuations			44	74
Net increase/decrease (-) in cash and cash equivalents			2 708	3 521
Cash and cash equivalents at the beginning of the year			11 717	14 425
Cash and cash equivalents at the end of the period			14 425	17 946
Total cash and cash equivalents	23	(5)	14 425	17 946

Note to the statement of cash flows

(1) Cash flows from operating activities

The depreciation and impairment losses on property, plant and equipment amount to EUR 1,055 (000) in the 2019 financial year compared to EUR 1,313 (000) in the 2020 financial year.

The depreciation and impairment losses on right-of-use assets amount to EUR 893 (000) in the 2019 financial year compared to EUR 872 (000) in the 2020 financial year.

The amortisation and impairment losses on intangible assets amount to EUR 865 (000) in the 2019 financial year compared to EUR 934 (000) in the 2020 financial year.

In 2019, the write-downs on current and non-current assets amount to EUR 231 (000), of which write-downs recorded on trade receivables in the amount of EUR 194 (000) and write-downs on inventories in the amount of EUR 37 (000). In 2020, the write-downs on current and non-current assets amount to EUR 373 (000), of which write-downs recorded on trade receivables in the amount of EUR 374 (000) and a reversal of write-downs on inventories in the amount of EUR -1 (000).

In the 2019 financial year, the increase in provisions amount to EUR 638 (000), being a reversal of EUR -50 (000) relating to early retirement provisions in various underlying entities on the one hand, and a provision recorded in the amount of EUR 688 (000) as part of the pension plans held, on the other hand. In the 2020 financial year, the increase in provisions amount to EUR 26 (000), being a reversal of EUR -30 (000) relating to early retirement provisions in various underlying entities on the one hand, and a provision recorded in the amount of EUR 56 (000) as part of the pension plans held, on the other hand.

The interest expenses amount to EUR 149 (000) in 2019 compared to EUR 170 (000) in 2020, of which EUR 74 (000) paid interests in 2019 compared to EUR 148 (000) in 2020.

The profit (-)/loss on the realisation of property, plant and equipment was EUR 6 (000) in 2019 compared to EUR 22 (000) in 2020.

The income taxes expense (-)/income amounts to EUR -2,068 (000) for the 2019 financial year compared to EUR -532 (000) for the 2020 financial year. This difference is largely explained by a slowdown in the increase of deferred tax assets in 2020 compared to 2019.

The income taxes paid amount to EUR 486 (000) in 2019 compared to EUR 390 (000) in the 2020 financial year.

The other non-cash expenses of EUR -553 (000) in 2019 are the result of internally generated assets. In the 2020 financial year, the other non-cash expenses amount to EUR -412 (000), of which EUR -489 (000) is the result of internally generated assets; and EUR 77 (000) related to the deconsolidation of ExtraFilm A/S.

(2) Increase/decrease (-) in working capital

The cash flows are also affected in function of the increase/decrease (-) in working capital.

At group level, the trade receivables, other receivables, and current income tax assets increased by EUR 283 (000) in 2019, of which EUR 49 (000) concerned the closing exchange rates at the financial year-end for the subsidiaries located outside the eurozone. The inventories increased by EUR 135 (000). The trade and other payables increased by EUR 1,468 (000), of which the impact of the closing exchange rates at the 2019 financial year-end for the subsidiaries located outside the eurozone, is EUR -64 (000).

At group level in 2020, the trade receivables, other receivables, and current income tax assets decreased by EUR 581 (000), of which EUR 14 (000) concerned the closing exchange rates for the foreign subsidiaries at the financial year-end. The inventories increased by EUR 38 (000). The trade and other payables increased by EUR 1,404 (000), of which the impact of the closing exchange rates for the foreign subsidiaries at the 2020 financial year-end was EUR -78 (000).

(3) Cash flows from investing activities

Cash flows from investing activities related to the 2019 financial year

In the 2019 financial year, proceeds from the sale of property, plant and equipment mainly relate to the sale of machinery in the amount of EUR 59 (000).

The investments in property, plant and equipment amount to EUR 781 (000) and are mainly related to investments in production machines.

Investments in intangible assets amount to EUR 765 (000). These investments mainly relate to investments in mobile applications, such as further conversion of the editing module of our website to the HTML5 standard, the migration of our website to the cloud, adapting our website platform to implement the new designs and optimising our production software.

As a result of the investment in additional production space in 2019, there was a change in ownership interests in subsidiaries due to the acquisition of the shares from the real estate company Aultmore NV.

Net identifiable assets and liabilities

(in € '000)	At acquisition date
Property, plant and equipment	4 531
Trade and other receivables	5
Cash and cash equivalents	11
Interest-bearing financial liabilities	-1 879
Trade and other payables	-443
Total	2 226
Cash acquired	-11
Acquisition, excluding cash acquired, in the Statement of cash flows	2 215

Cash flows from investing activities related to the 2020 financial year

In the 2020 financial year, proceeds from the sale of property, plant and equipment mainly relate to the sale of machinery in the amount of EUR 5 (000).

The investments in property, plant and equipment amount to EUR 1,898 (000) and are mainly related to the investments in production machines, the start-up of the additional production building in Vantegem (Wetteren) and renovations with regard to the building in Kwatrecht (Wetteren).

Investments in intangible assets amount to EUR 594 (000). These investments mainly relate to the mobile applications by increasing compatibility with browsers of different platforms, the migration of the smartphoto website to the cloud platform, the automations related to the implementation of new designs on our website platform, and the optimisation of the user experience (UX) of our website.

(4) Cash flows from financing activities

The cash flows from financing activities in 2019 consist of:

- the acquisition of treasury shares for EUR 510 (000);
- a new loan agreement in the amount of EUR 2,226 (000) as part of the purchase of the additional building, via the acquisition of the shares of the real estate company Aultmore NV;
- the repayment of the interest-bearing financial liabilities amounting to EUR 1,130 (000);
- the repayment of the lease liabilities by the application of IFRS 16 amounting to EUR 882 (000); and
- the pay-out of the dividend for the 2018 financial year of EUR 1,970 (000).

The cash flows from financing activities in 2020 consist of:

- the acquisition of treasury shares for EUR 2,765 (000);
- the repayment of the interest-bearing financial liabilities amounting to EUR 868 (000);
- the repayment of the lease liabilities by the application of IFRS 16 amounting to EUR 871 (000); and
- the pay-out of the dividend for the 2019 financial year of EUR 2,131 (000).

(5) Total cash and cash equivalents

In 2019, the cash and cash equivalents increased by EUR 2,708 (000) to EUR 14,425 (000) at the financial year-end.

In 2020, the cash and cash equivalents increased by EUR 3,521 (000) to EUR 17,946 (000) at the financial year-end.

Basis for the preparation of the financial statements

Statement of compliance

Smartphoto group NV, Kwatrechtsteenweg 160, 9230 Wetteren, is a company established in Belgium. Smartphoto group's financial statements include the company and its subsidiaries (jointly called 'smartphoto group' or 'group').

The financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS), the standards for financial reporting and the interpretations issued by the International Accounting Standards Board (IASB), as approved by the European Union, and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) of the IASB. These financial statements were released for publication by the Board of Directors on March 26, 2021.

Application of IFRS standards and interpretations

The first application of the International Financial Reporting Standards (IFRS) to the consolidated financial statements of smartphoto group was performed with the preparation of the consolidated financial statements of 2005.

During the current financial year, the company applied all published new and revised standards and interpretations that are relevant to its activities and which are in force for the accounting period that started on January 1, 2020, as issued by the International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC) of the IASB.

Amendments to references to the Conceptual Framework in IFRS standards: applicable for annual periods beginning on or after January 1, 2020.

Amendments to IAS 1 and IAS 8: Definition of Material: applicable for annual periods beginning on or after January 1, 2020.

Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform - Phase 1: applicable for annual periods beginning on or after January 1, 2020.

Amendments to IFRS 3: Business Combinations: Definition of a Business: applicable for annual periods beginning on or after January 1, 2020.

Amendments to IFRS 16: Leases: Covid-19-Related Rent Concessions: applicable as from June 1, 2020 at the latest for annual periods beginning on or after January 1, 2020.

The application of the other new Standards, Interpretations and Changes has not resulted in any important changes to the group's principles for financial reporting.

The group has not yet proceeded with the early application of the new standards and amendments to existing standards and interpretations that had already been endorsed by the EU on the date of the financial statements' approval, but which were not compulsorily applicable for the period beginning on January 1, 2020:

Amendments to IFRS 4: Insurance Contracts - deferral of IFRS 9: applicable for annual periods beginning on or after January 1, 2021.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform - Phase 2: applicable for annual periods beginning on or after January 1, 2021.

The group did not carry out an early application of the new standards and changes to existing standards and interpretations that were not yet endorsed by the European Union:

IFRS 17: Insurance contracts: applicable for annual periods beginning on or after January 1, 2023.

Amendments to IAS 1: Presentation of Financial Statements: Classification of Liabilities as Current or Non-current: applicable for annual periods beginning on or after January 1, 2023.

Amendments to IAS 1: Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies: applicable for annual periods beginning on or after January 1, 2023.

Amendments to IAS 8: Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates: applicable for annual periods beginning on or after January 1, 2023.

Amendments to IAS 16: Property, Plant and Equipment: Proceeds before Intended Use: applicable for annual periods beginning on or after January 1, 2022.

Amendments to IAS 37: Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Cost of Fulfilling a Contract: applicable for annual periods beginning on or after January 1, 2022.

Amendments to IFRS 3: Business Combinations: Reference to the Conceptual Framework: applicable for annual periods beginning on or after January 1, 2022.

Annual improvements to IFRS Standards (2018 - 2020 cycle): applicable for annual periods beginning on or after January 1, 2022.

Key changes in the consolidation scope

The key change in the consolidation scope between 2019 and 2020 is summarised below:

As per December 1, 2020 [ExtraFilm A/S](#), the company responsible for the e-commerce activity in Norway, under the brand name smartphoto™, was dissolved and immediately liquidated. The e-commerce activity of the company was transferred to smartphoto group NV.



Summary of the most significant accounting policies

Basis of presentation

The consolidated financial statements' presentation currency is the euro, rounded to the nearest thousand. The consolidated financial statements have been prepared under the historical cost convention. Any exceptions to this historical cost convention will be disclosed in the measurement bases below.

The consolidated financial statements include the financial statements of smartphoto group NV and its subsidiaries, prepared as per 31 December of each year.

The consolidated financial statements are prepared before the appropriation of the profit of the parent company as proposed to the General Meeting of Shareholders.

Consolidation principles

Subsidiaries are those companies in which smartphoto group NV, directly or indirectly, has an interest of more than half of the voting rights or otherwise has control, directly or indirectly, over the operations.

Subsidiaries are recognised in the consolidation using the full consolidation method. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date control ceases.

Available-for-sale financial assets, and investments in associates over which smartphoto group NV exercises no control and holds less than 20% of the voting rights, are initially measured at fair value unless this cannot be reliably assessed. Investments that do not qualify for measurement at fair value are recognised at their historical cost. The changes in real value after the first inclusion are recognised in the income statement. On divestment, the accumulated changes previously recognised in equity, are transferred to the income statement.

All intercompany transactions, balances, and unrealised gains and losses on transactions between group companies are eliminated. If a group company uses different measurement bases, adjustments are made to the individual financial statements to ensure that these are consistent with the group's measurement bases.

A list of the group's key subsidiaries is included in Note 36.

Income statement

Sale of goods

Revenue from the sale of goods is recognised in the income statement:

- when the effective risks and benefits of ownership of the goods have been transferred to the buyer;
- when the entity does not retain the effective control or involvement that usually belongs to the owner concerning the goods sold;
- when the amount of the proceeds can be reliably established;
- when it is probable that the economic benefits related to the transaction will flow to the entity; and
- when the costs related to the transaction that have already been made or will be made, can be measured reliably.

Rendering of services

If the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised according to the percentage of completion of the services rendered as at the end of the reporting period. Revenues are measured at the fair value of the payment for the sale of goods and services, minus value-added tax, trade rebates or volume discounts, and after eliminating sales within the group.

Interest, royalties, and dividends

Interest is recognised in accordance with the effective interest rate method.

Royalties are recognised using the accrual basis of accounting in accordance with the economic reality of the agreements concerned.

Dividends are recognised at the time when the shareholder has obtained the right to receive the payment.

Financial expenses (-)/income

The financial expenses include interest on loans. Other non-operating expenses (-)/income include translation losses and gains related to non-operating activities. Borrowing costs are recognised as an expense in the period in which they incur. Interest expenses of repayments on finance leases are recognised in the income statement using the effective interest rate method. Operating lease payments are recognised as expenses in the income statement on a straight-line basis over the term of the lease.

Foreign currency translation

The functional and presentation currency of smartphoto group NV and its subsidiaries in countries of the eurozone is the euro.

Transactions in foreign currencies are recorded at the rates of exchange prevailing on the date of the transaction or at the end of the month before the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rates of exchange at the end of the reporting period. Gains and losses arising from transactions in foreign currencies and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Non-monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate applicable on the date of the transaction.

Assets and liabilities of foreign subsidiaries are translated to euro at the rates of exchange applicable at the end of the reporting period. Income, expenses, cash flows, and other mutations are translated at the average exchange rates for the period. The components of the shareholders' equity are translated at historical rates. Translation gains and losses arising from the conversion to euro of the equity at the rate at the end of the reporting period are recognised in the 'Currency Translation Adjustments' under the section 'Equity'.

Statement of financial position

Property, plant and equipment

The cost of a property, plant and equipment asset is capitalised if and only if it is probable that future economic benefits associated with the asset will flow to the entity, and the cost of the asset can be measured reliably. This principle applies both to initial costs incurred for the acquisition or manufacturing of the property, plant and equipment asset, and to the subsequent costs after initial recognition.

The cost of a property, plant and equipment asset is determined as the purchase price, including import duties and non-refundable taxes, less any trade discounts or rebates, and any costs directly attributable to bringing the asset to its working condition and location for its intended use.

The cost is discounted to present value if payment is deferred beyond normal credit terms.

Subsequent expenditure is capitalised when it can be clearly demonstrated that it has resulted in an increase in the future economic benefits expected to be obtained from the use of the asset of property, plant and equipment.

Measurement after recognition

Land and buildings: revaluation model

Subsequent to initial recognition as an asset of 'Property, plant and equipment' that is reliably measurable at fair value, land and buildings are carried at a revalued amount, which is the fair value at the date of the revaluation less subsequent accumulated depreciation in accordance with the remaining useful life, and any subsequent accumulated impairment losses.

Increases in the carrying amount of an asset because of revaluation, are taken directly to equity in the revaluation surplus via the other comprehensive income. However, the increase is recognised in the income statement to the extent that it reverses a decrease in revaluation surplus that had been recognised in the income statement for the same asset. If the carrying amount of an asset decreases because of a revaluation, the decrease is recognised in the income statement. However, the decrease is taken directly to equity as a revaluation surplus to the extent that the decrease does not exceed the amount recognised in the revaluation surplus for the same asset.

Depreciation

Buildings are depreciated using the straight-line method, proportionately on a monthly basis, and the estimated useful life is generally defined as follows:

- Administration.....3%
- Production5%

Improvements to buildings are capitalised and depreciated over the remaining useful life of the buildings themselves.

Other property, plant and equipment: cost model

For all other items of property, plant and equipment, the carrying amount is its cost reduced by any accumulated depreciation and impairment losses.

Depreciation

The amount to be depreciated on an asset is allocated on a systematic basis over the useful life of the asset. The depreciation costs are recognised in the income statement, unless they are included in the carrying amount of another asset. The residual value of an asset is often insignificant and therefore immaterial in the calculation of the amount to be depreciated. All other items of property, plant and equipment are depreciated using the straight-line method, pro rata on a monthly basis. The general depreciation rates applied, are as follows:

- Plant 10% - 20%
- Machinery 14% - 33%
- Office supplies, furniture, design 14%
- Company cars 20%
- Computer hardware 20% - 33%

Assets no longer recognised in the financial statements

The carrying amount of a property, plant, and equipment asset is derecognised on disposal, or when no future economic benefits are expected to flow from the asset's use or its disposal. Gains and losses ensuing from derecognition of property, plant and equipment are recognised in the income statement.

Right-of-use assets

A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. The lessee is the entity acquiring the right-of-use of an asset for a period of time in exchange for consideration, where the lessor is the entity providing the right-of-use of an asset for a period of time in exchange for consideration.

The right-of-use assets are measured at cost price on the start date.

These assets are capitalised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation, write-downs and impairment losses.

The minimal lease payments are recognised partially as financial expenses and partially as repayment of the outstanding obligation. The financial expenses are attributed to each period during the term of the lease so that this results in a constant regular rate of interest on the remaining balance of the obligation. The related liabilities are classified as non-current liabilities or current liabilities respectively, depending on the due date of these liabilities. Lease interest is charged to the income statement as a financial expense for the duration of the lease.

Measurement after recognition

Land and buildings: Revaluation model – Not applicable.

Depreciation

The right-of-use assets are depreciated using the estimated useful life on a straight-line basis and are consistent with the depreciation principles for depreciable assets owned.

Improvements to leased buildings are capitalised and depreciated over the shorter of the residual term of the lease or their expected useful life.

The payments for current leases and the payments for leases of low-value assets - and variable lease payments not included in the measurement of lease liabilities - are classified under the operating activities.

Goodwill

Goodwill acquired in a business combination is recognised as an asset and measured at its cost, being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

After the first recognition, the goodwill acquired in a business combination is measured at cost price, less any accumulated impairment losses.

When transferring to IFRS, the existing goodwill was still recognised as a gross value and recorded amortisation and depreciation until the 1st of January 2004. This goodwill is no longer depreciated after the 1st of January 2004.

Goodwill is tested for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying amount of the goodwill may have been impaired. An impairment loss recognised for goodwill cannot be reversed in a subsequent period.

Goodwill is allocated to the relevant cash-generating unit for the purpose of impairment testing.

If the interest of the acquiring party in the recognised net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination,

the identification and valuation of the identifiable assets, liabilities and contingent liabilities of the acquired party and the valuation of the cost of the business combination are re-evaluated, and any remaining surplus is immediately recognised in the income statement after this re-evaluation.

Intangible assets

An intangible asset is recognised if, and only if, it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity, and the cost of the asset can be measured reliably. An intangible asset is measured at cost upon recognition.

The cost is discounted if payment is deferred beyond normal credit terms.

Concessions, patents and licenses

These intangible assets acquired by the group are recognised at cost less any accumulated amortisation, depreciation and impairment losses.

Internally generated intangible assets

Research costs are recognised as an expense at the time they are incurred.

Expenditure on development activities, of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the group has sufficient resources available to complete development of the asset. Development costs are only capitalised if all requirements of IAS 38.57 have been met.

The capitalised costs include the cost of raw materials, direct labour costs and overhead costs if these can be directly attributed to the preparation of the asset.

Capitalised development expenditure is measured at cost less any accumulated amortisation and impairment losses.

Other development costs are recognised as expenses when incurred.

Other intangible assets

Other intangible assets acquired by the group are recognised at cost less any accumulated amortisation, depreciation, and impairment losses. Brand-related expenditure is recognised in the income statement as an expense when incurred.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction, or production of an asset requiring a long preparation period before its intended use or sale, are capitalised as part of the cost of this asset. Such borrowing costs are capitalised as part of the cost of the asset when it is probable that these will result in future economic benefits to the entity and the costs can be measured reliably. Other borrowing costs are recognised as an expense when incurred.

Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates (and if this expenditure can be measured and attributed to the asset reliably). All other expenditures are considered as expenses.

Depreciation

For an intangible asset with a limited useful life, the amount to be depreciated is allocated on a systematic basis over its estimated useful life. Intangible assets are depreciated using the straight-line method on a proportional monthly basis. The amortisation and depreciation costs are recognised in the income statement, unless they are included in the carrying amount of another asset. Intangible assets are generally depreciated using the following rates:

- Concessions, patents and licenses 20%
- Internally generated intangible assets 20%
- Other intangible assets 14% - 20%

Standard software packages are immediately taken to expenses.

Derecognition and disposal

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from its use nor from its subsequent disposal. Gains and losses ensuing from derecognition are recognised in the income statement.

Impairment of assets

At each reporting date, the group reviews whether there is any indication that assets may be impaired. If there is such an indication, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. A full impairment test is performed annually for assets and assets which are not yet available for use, by comparing their carrying amounts with their recoverable amounts.

The recoverable amount of an asset is the higher of its net selling price and its value in use. The value in use is the net present value of any cash flows arising from the use of an asset or a cash-generating unit. For an asset to which no cash flows can be directly attributed, the recoverable amount is calculated for the cash-generating unit to which the asset belongs. If an asset's recoverable amount is less than the carrying amount, the latter is reduced to the recoverable amount. The impairment is recognised directly in the income statement. If a previously recorded impairment is no longer justified, the carrying amount is partially or entirely increased to its recoverable amount. An impairment loss recognised for goodwill cannot be reversed in a subsequent period.

Inventories

Inventories are measured at the lower of cost or net realisable value. The cost of inventories comprises all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition. The cost of the inventories is calculated using the weighted-average cost formula. The group continually examines the inventories to identify damaged, obsolete or unmarketable stocks. Such inventories are written down to their net realisable value, provided this is less than the cost price according to the method stated above. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and any necessary selling costs.

The amount of any write-down of inventories to realisable value and all losses of inventories is recognised as an expense in the period that the write-down or loss occurs. When the circumstances that previously required inventory to be written down, no longer exist or, when there is clear evidence of increase in net realisable value because of changed economic conditions, this amount is reversed from the original write-down. The reversal is limited to the amount of the original write-down in order that the new

book value is equal to the lower of the cost or the revised net realisable value, if lower. When inventories are sold, the carrying amount of these inventories is recognised as an expense in the period in which the related revenue is recognised.

Trade and other receivables

Trade and other receivables are measured at nominal value less impairment losses. At each reporting date, an estimate is made of the bad debts if collectability of the receivables is doubtful. Bad debts are written down during the year in which they are identified as such.

Income taxes

Income taxes on the profit or loss for the year comprise both current and deferred taxes.

Current taxes for current and prior periods are, to the extent that they are still unpaid, recognised as a liability. If the amount already paid for current and prior periods exceeds the amount due for these periods, the net excess is recognised as an asset. The possible reclaiming of taxes paid in prior periods as a result of a tax loss in subsequent years is also recognised as an asset.

Current tax liabilities and assets for the current and previous periods are measured against the estimated amount that will be paid to (recovered from) the tax authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted in legislation on the balance sheet date.

Deferred income tax liabilities and assets are calculated using the 'balance sheet liability method', for all temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the unallocated tax losses and tax assets can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted in legislation on the balance sheet date.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, on-demand deposits with an original maturity of three months or less, and current highly liquid investments that are readily convertible to known values of cash and which are not subject to a material risk of changes in value. The cash and cash equivalents include bank overdrafts that are payable on demand at the request of the bank.

Share capital

Purchase of treasury shares

When share capital recognised as equity is purchased, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity. Purchased treasury shares are considered as a reduction in equity.

Dividends

Dividends are recognised at the moment the General Meeting of Shareholders approves their payment.

Interest-bearing financial liabilities

Interest-bearing financial liabilities at amortised cost are initially measured at fair value plus transaction costs. Subsequent to initial recognition, interest-bearing loans and borrowings are recognised at amortised cost, with any difference between the cost and the redemption value being recognised proportionately in the income statement over the period of borrowings on an effective interest rate basis.

Lease liabilities

The lease liabilities are recognised at the lease payments' cash value on their start date. This includes discounting the lease payments at the current discount rates, depending on their maturity. The cash payments for the interest element of the lease liabilities are recognised in the income statement, in accordance with the requirements which apply to interest paid.

Trade and other payables

Trade and other payables are measured at nominal value.

Employee benefits

Employee benefits are recognised as an expense when the entity uses the economic benefit arising from services provided by an employee in exchange for employee benefits, and as a liability when an employee has provided services in exchange for employee benefits to be paid in the future.

Current employee benefits

Current employee benefits are employee benefits that are entirely payable within twelve months after the end of the period in which the employees have provided the related services.

Post-employment benefits

Post-employment benefits include pensions and other payments after leaving the company's employment, such as post-employment life insurance and medical care benefits.

- Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the income statement for the year to which they are related.

For any contributions already paid prior to the end of the reporting period, which are in excess of the payable contribution for services, the surplus is recognised as an asset under prepaid expenses and accruals. If contributions to a defined contribution plan are not fully due within 12 months after the end of the period in which the employees perform the related services, they are discounted to their present value.

- Defined pension plans
For defined contribution plans with a legally guaranteed minimum return that are considered defined pension plans, an additional contribution is taken into account if the minimum guaranteed reserves are not covered by the insurance company.

Other non-current employee benefits

The other non-current employee benefits, except pension plans, life insurance policies, and medical assistance, consist of future benefits that employees have earned in return for their services in current or prior periods. These benefits are rewarded throughout the employees' active employment using similar accounting methods as for the defined pension plans with the difference that actuarial gains and losses and all pension costs from past employment are recognised immediately.

Termination benefits

Termination benefits are recognised as a liability and an expense when the group is demonstrably committed to either terminate the employment of an employee or group of employees before the normal retirement date according to a detailed formal plan, without possibility of withdrawal of this plan, or to pay termination benefits as a result of an offer made to employees to encourage voluntary termination. Termination benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Provisions

Provisions are recognised when the group has an existing legal or constructive obligation as a result of a past event, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

A reorganisation provision is recognised if the group has a detailed and formal reorganisation plan, which describes at least the following: the related activity or the related part of it; the main locations involved; the function and the estimated number of employees who will be compensated for the termination of their employment; the

related expenses and when this plan will be executed. Moreover, the group must have raised a valid expectation among those affected that the restructuring will be carried out. Costs relating to the continuing activities of the company are not provided for.

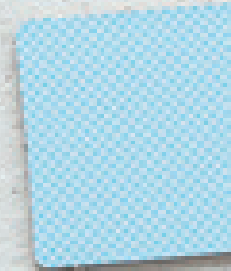
Provisions are not recognised for future operating losses.

Reporting segments

The group's internal organisational and management structure and its system of internal reporting are based on the nature of the products and services provided or groups of interrelated products and services that the businesses produce.



Time spent with dogs
is never wasted





**NOTES TO THE
CONSOLIDATED
FINANCIAL
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1. Operating segments

The group's activities are reported under one operating segment.

Smartphoto group's operational entities produce individual goods or a group of similar goods and/or provide individual services or a group of similar services. The nature of the products and services is therefore comparable. These are mainly products and services related to producing personalised prints of photos and text, such as photo books, personalised gifts, cards, calendars, wall decoration and prints.

The production process 'photofinishing' is the heart of the entities: the processing of photo shots into photo prints. These photo prints are processed for the entire group in two central labs in Wetteren (Belgium). Central teams perform all the marketing and other back-office activities. Only one person is responsible for general management - the 'Chief Executive Officer'.

One of the main challenges is significantly reducing the overhead costs. This goal can only be achieved within the constellation of the group, not within a smaller context.

The end customers are always the consumers. Although the distribution channels are tailored to the market characteristics, which are often determined on a national and cultural level, the differences between e-commerce and sale through photographers is erased on the digital market. A consumer uploading photo prints on our website, for example, will order home delivery by post one time and opt to pick up the pictures from a nearby collection point the next time. It is therefore essential that the activities of both distribution channels are jointly reported to the 'Chief Executive Officer' and the Board of Directors, so they make judicious decisions about awarding resources in the future, pursuant to IFRS 8.5.

The 'Chief Operating Decision Maker', i.e. Stef De corte, CEO, is responsible for the central operational management of the group. He is the most senior officer and assesses the operating results and makes important operational decisions, in order to make decisions about the resources to be awarded to the segment and to evaluate the financial performance of the segment. Therefore, there is no financial information available for the 'Chief Operating Decision Maker' at a lower level than the operating segment e-commerce.

Information about products and services

(in € '000)	2019	2020
Revenue		
Prints	5 854	6 367
Books & stationery	23 855	25 392
Merchandising	21 757	29 604
Total	51 466	61 364

The revenue amounts to EUR 61,364 (000) in 2020, compared to EUR 51,466 (000) in 2019. The 'Books & stationery' section includes the sale of books, paper and writing supplies. The 'Merchandising' section mainly includes the sale of gifts and decorative items.

Information about geographic areas

(in € '000)	2019	2020
Revenue		
Belgium	22 000	25 193
Switzerland	12 025	14 618
Other countries	17 442	21 553
Total	51 466	61 364
Fixed assets other than financial instruments and deferred tax assets		
Belgium	33 624	36 326
Other countries	752	576
Total	34 376	36 902

The revenue from third-party sales is divided between Belgium, Switzerland and all third-party countries that generate revenue. Pursuant to IFRS 8.33 the revenue from third-party sales attributable to individual third-party countries is recognised separately if it is material. The revenue from third-party sales is attributed to individual countries based on the location of the website where the third-party customer placed his or her order.

Information about major customers

IFRS 8.34 is not applicable.

2. Revenue

The revenue amounts to EUR 51,466 (000) in 2019, compared to EUR 61,364 (000) in 2020. The continued focus on mobile users and expanding our product range of personalized products and gifts, supported by more efficient marketing, leads to this growth in revenue and profitability. Also the launch in the first half year of a super fast delivery service for a number of products, 'Ordered today, delivered tomorrow', has contributed to this growth.

IFRS 15.114: Not applicable.

E-commerce activities are not separated into different categories of operating activities.

IFRS 15.119: Revenue from contracts with customers

Contracts with customers are fulfilled when the goods are sent. Ordered goods are paid in cash, online via a secured payment system or via bank transfer, as mentioned in the payment terms.

3. Other operating income

The other operating income amounts to EUR 753 (000) in 2019 compared to EUR 1,083 (000) in 2020. The main components are: the sale of waste material from the production labs to recycling companies, the recuperated overdue payments, unused credit notes of e-commerce customers and revenue from the realisation of property, plant and equipment and intangible assets.

4. Changes in inventory of finished goods and work in progress

Changes in inventory of finished goods and work in progress amount to EUR 4 (000) for the 2019 financial year compared to EUR 13 (000) in 2020.

5. Capitalisation of internally generated intangible assets

The capitalisation of internally generated intangible assets in 2019 amount to EUR 553 (000) compared to EUR 489 (000) in 2020. The expenses eligible for capitalisation relate to the migration of the smartphoto website to the cloud platform, the mobile applications by increasing compatibility with browsers of different platforms, the optimisation of the user experience (UX), and the automations related to the implementation of new designs. Those expenses meet the recognition criteria for activation in accordance with IAS 38.57. More information can be found under the intangible assets (Note 17).

6. Trade goods, raw materials and consumables

The costs of trade goods, raw materials and consumables increased by 24% in 2020 compared to 2019. This increase is due to the increase in expenses as a result of the increase in revenue and higher transport costs.

7. Employee expenses

(in € '000)	2019	2020
Wages and salaries	-8 218	-9 164
Social security contributions	-2 051	-2 214
Other employee expenses	-560	-531
Contribution to defined contribution plans	-164	-212
Increase/decrease (-) in the other non-current employee benefit liabilities	-638	-26
Total	-11 631	-12 147

In 2020, the employee expenses increased by 4.4% compared to 2019. This increase is mainly the result of an increase in the number of employees. On the other hand, the net increase in provisions related to the pension plans was limited to EUR 26 (000) in 2020 compared to EUR 638 (000) in 2019. More information about this provision can be found under the current and non-current employee liabilities (Note 28).

The total number of employees in the group, expressed in full-time equivalents, was 210 at the end of 2019 compared to 240 at the end of 2020, which is an increase of 14.3%.

Remunerations 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.

8. Depreciation, amortisation, write-downs and impairment

(in € '000)	2019	2020
Depreciation and impairment of property, plant and equipment	-1 055	-1 313
Depreciation and impairment of right of use assets	-893	-872
Amortisation and impairment of intangible assets	-865	-934
Write-downs on inventories	-37	1
Write-downs on trade receivables	-194	-374
Total of depreciaton, write-downs, amortisation, impairment of fixed and current assets	-3 044	-3 491

In 2019, the depreciation, write-downs, amortisation and impairment from operating activities amount to EUR 3,044 (000) compared to EUR 3,491 (000) in 2020.

The depreciation and impairment of property, plant and equipment increased from EUR 1,055 (000) in 2019 to EUR 1,313 (000) in 2020, which is an increase of 24.5%. This is mainly due to the revaluation of the land and buildings per 30 September 2020 and the higher investments in property, plant and equipment over the years.

The depreciation and impairment on right-of-use assets remained stable and amount to EUR 872 (000) in 2020. The amortisation and impairment on intangible assets have increased to EUR 934 (000), which is a 8% increase. This is the result of the higher investments in intangible assets the past years.

In addition, the non-cash flows include write-downs recorded on inventories in the amount of EUR 37 (000) in 2019, compared to a reversal of write-downs recorded on inventories of EUR 1 (000) in 2020, and write-downs on trade receivables in the amount of EUR 194 (000) in 2019 compared to EUR 374 (000) in 2020.

9. Other operating expenses

(in € '000)	2019	2020
Services	-16 178	-17 943
Other operating taxes	-128	-413
Loss on disposal of intangible assets, property, plant and equipment	-33	-26
Loss on disposal of trade receivables		4
Other operating charges	-272	-271
Total	-16 611	-18 650

In 2020, the other operating expenses increased by 12.3%. The services mainly include marketing costs, rental costs, overhead and interim costs. The movements can mainly be attributed to an increase in marketing expenses and interim costs.

10. Profit/loss (-) from operating activities

The smartphoto group achieved a profit from operating activities of EUR 5,108 (000) in 2019, compared to EUR 8,343 (000) in 2020, an increase of 63.3%.

11. Financial result

(in € '000)	2019	2020
Financial expenses from interest-bearing financial liabilities	-73	-105
Financial expenses from lease liabilities	-76	-65
Net gain/loss (-) on realisation of other receivables & non-current financial assets	-36	-32
Net exchange gains/losses (-)	-64	-275
Other financial income/expenses (-)	-1	
Financial expenses-net	-250	-477

The financial result dropped by EUR -227 (000) from EUR -250 (000) in 2019 to EUR -477 (000) in 2020. This decrease is mainly due to the positive impact of the financial cost from lease liabilities of EUR 10 (000) on the one hand, and, on the other hand, an increase of the financial cost from interest-bearing financial liabilities of EUR -31 (000) and the negative impact of the exchange gains/losses (-) of EUR -211 (000).

In 2020, the exchange gains/losses (-) amount to EUR -275 (000) and mainly consist of the exchange rate losses arising from the translation differences following the deconsolidation of ExtraFilm A/S (EUR 144 (000)) and the negative impact of exchange rate fluctuations of EUR 131 (000). The exchange rate differences are attributable to various transactions between smartphoto group NV and its subsidiaries in countries outside the eurozone, and primarily relate to the Swiss franc, the Norwegian krone and the Swedish krona.

The financial statements are prepared using the following exchange rates:

Currency exchange rates	Closing rate		Average rate	
	2019	2020	2019	2020
Swiss franc	1.0854	1.0802	1.1111	1.0709
Norwegian krone	9.8638	10.4703	9.8444	10.7821
Swedish krona	10.4468	10.0343	10.5824	10.4815

12. Income taxes expense (-)/income

Amounts recognised in the income statement

(in € '000)	2019	2020
Current taxes expense (-)/income		
Taxes on the result for the financial year	-535	-665
Adjustments to taxes for preceding periods	70	-21
	-465	-686
Deferred taxes		
Originating and reversal of temporary differences	2 533	1 218
	2 533	1 218
Income taxes expense (-)/income recognised in the statement of profit of loss	2 068	532

(in € '000)	2019	2020
Theoretical tax rate ⁽¹⁾	28.94%	23.95%
Taxes calculated at the theoretical tax rate	-2 300	-2 436
Profit/loss (-) before tax	4 858	7 865
Impact of tax exempt revenues	884	577
Impact of non-deductible expenses	-508	-438
Impact of utilised tax losses	1 280	1 453
Impact of tax incentives	113	99
Over/under (-) provided in preceding years	70	-21
Other	-5	80
Current income taxes expense (-)/income	-465	-686
Impact of deferred taxes	2 533	1 218
Effective tax rate ⁽²⁾	-	-
Income taxes expense (-)/income recognised in the statement of profit of loss	2 068	532

⁽¹⁾ The 'Theoretical tax rate' is calculated by means of the weighted average of the national theoretical tax rates that apply to the profits of taxable entities in the relevant tax jurisdiction.

'Taxes calculated at the theoretical tax rate' are calculated by multiplying the profits of those legal entities that made a profit with the tax rate of the relevant tax jurisdictions.

The non-deductible expenses consist mainly of write-downs on financial assets, non-deductible car expenses, reception expenses and restaurant expenses, non-deductible taxes, cash fines and social benefits such as meal vouchers.

⁽²⁾ The 'Effective tax rate' is calculated by dividing the tax profits and losses (-) by the profit before tax. Not applicable in 2019, nor in 2020 because of the positive tax result.

The components included under IAS 12.80 (e), (f) and (h) are not applicable to the 2019 or the 2020 figures.

Application of IAS 12.81: The applicable tax rates in the Netherlands have changed compared to the previous reporting period. The corporate income tax rate for the portion of profits up to and including EUR 200 (000) is 16.5% in 2020. For the portion of profits starting at EUR 200 (000), the rate is 25%. In the 2021 financial year, the tax rates evolve as follows: for the portion of profits up to and including EUR 245 (000), the rate is 15% in 2021. For the portion of profits starting at EUR 245 (000), the rate is 25%. The applicable tax rates in Switzerland have also changed compared to the previous reporting period. The income tax rate is currently 21.4%. In Belgium also the income tax rate changed to 25%.

Application of IAS 12.80 (d): The deferred tax liabilities/assets recognised in the income statement amounted to EUR 2,533 (000) in 2019 compared to EUR 1,218 (000) in 2020.

The 2020 tax result amounts to EUR 532 (000) and includes: (i) the growth of the deferred tax assets of EUR 1,777 (000) as a result of the increased growth in profitability, which results in a faster recuperation of tax losses, (ii) change of deferred tax assets of EUR -19 (000) with regard to the provisions for the pension plans, (iii) the use of deferred tax assets in the amount of EUR -163 (000), (iv) the increase of deferred tax liabilities in the amount of EUR -377 (000), (v) and the current taxes on the result of EUR -686 (000), of which EUR -22 (000) relates to previous financial years.

13. Other comprehensive income/loss (-)

The 2019 other comprehensive income/loss (-) amounts to EUR 27 (000) after tax, compared to EUR 1 300 (000) in 2020.

The 2019 other comprehensive income/loss (-), after tax, includes the following: (i) the result of the exchange rate differences arising from the translation in euro of the equity compared to the rate at the end of the reporting period, with a positive effect on the other comprehensive income in the amount of EUR 37 (000); (ii) and a negative effect of EUR 10 (000) as a result of the applicable profit tax costs on currency translation differences.

The 2020 other comprehensive income/loss (-), after tax, includes the following: (i) the result of the exchange rate differences arising from the translation in euro of the equity compared to the rate at the end of the reporting period, with a negative effect on the other comprehensive income in the amount of EUR -21 (000); (ii) a positive effect of EUR 5 (000) as a result of the applicable income taxes expense on currency translation differences, (iii) the revaluation gain on land and buildings for EUR 2 447 (000); (iv) and a negative effect of EUR -1,130 (000) as a result of the applicable profit tax costs on this revaluation surplus.

The reclassification adjustments relate to the translation differences following the deconsolidation of ExtraFilm A/S and amount to EUR 219 (000).

The total other comprehensive income, including the reclassification adjustments, amounts to EUR 9,916 (000) in 2020, compared to EUR 6,953 (000) in 2019.

14. Property, plant and equipment

Movements for the 2019 financial year

(in € '000)	Land & buildings	Plant, machinery & equipment	Furniture, fixtures & vehicles	Total
Acquisition value				
Balance at end of previous year	19 858	12 865	600	33 323
<u>Movements for the period</u>				
Acquisitions	4 577	730	5	5 312
Sales and disposals (-)		-398	-76	-474
Other transfers			44	44
Translation differences			1	1
Balance at end of current period	24 435	13 197	574	38 206
Depreciation and impairment				
Balance at end of previous year	12 498	10 927	571	23 996
<u>Movements for the period</u>				
Depreciation and impairment	299	737	18	1 055
Sales and disposals (-)		-333	-76	-409
Other transfers			17	17
Translation differences			1	1
Balance at end of current period	12 798	11 331	531	24 660
Carrying amount				
at end of previous year	7 360	1 938	30	9 327
at end of current period	11 637	1 866	43	13 546

Movements for the 2020 financial year

(in € '000)	Land & buildings	Plant, machinery & equipment	Furniture, fixtures & vehicles	Total
Acquisition value				
Balance at end of previous year	24 435	13 197	574	38 206
<u>Movements for the period</u>				
Acquisitions	27	1 851	20	1 898
Sales and disposals (-)		-2 585	-3	-2 588
Revaluation increase/decrease (-)	2 447			2 447
Translation differences				1
Balance at end of current period	26 909	12 463	592	39 964
Depreciation and impairment				
Balance at end of previous year	12 798	11 331	531	24 660
<u>Movements for the period</u>				
Depreciation and impairment	465	824	24	1 313
Sales and disposals (-)		-2 559	-3	-2 562
Translation differences				1
Balance at end of current period	13 262	9 597	553	23 412
Carrying amount				
at end of previous year	11 637	1 866	43	13 546
at end of current period	13 647	2 866	39	16 552

Recognition at fair value used as the deemed cost.

In accordance with IFRS 1, it was decided to measure land and buildings at the date of transition to IFRS at fair value and to use this fair value as the deemed cost at that date. As a result of this option in the transition to IFRS on January 1, 2004, an additional value of EUR 1,715 (000) was recognised for the land. This additional value concerned land of the subsidiary Promo Concept Investment BV.

The determination of the fair value of the land and buildings identified above was performed by the accredited assessor Valorem Expertises. In the measurement of the properties, they were valued as unencumbered by tenancy rights. The costs of the transaction, such as costs for registration, civil-law notary, any VAT, publicity and estate agent's fees, were not included. Since the assessor noted that there was no market data available, in view of the specialised category of the properties and that these assets are seldom sold, except as premises in use by a company, these assets were recognised at their 'depreciated replacement value' in accordance with IAS 16.

This means that the starting point is an estimate of the cost for rebuilding the property, including the cost of deeds, the costs of preparing the site, the construction costs and all applicable taxes. This initial recognition value is then depreciated for expenses including the commercial and physical age of the buildings, the cyclic economic conditions, and losses in value associated with any sale.

In the 2020 financial year, a revaluation was carried out and the fair value was determined by the accredited assessor Expertises Galtier Valorem for the land and buildings located in Wetteren, Kwatrechtsteenweg 160 and Vantegemstraat 21. The determination of the fair value at the end of 2020 took place on the same basis as with the transition to IFRS and the previous revaluations in 2011 and 2015. In 2020 revaluation gains were recognised for the land and the buildings, amounting to EUR 2,447 (000).

In 2019 smartphoto invested in additional production space by acquiring the shares of Aultmore NV, which owns real estate in a strategic location in Wetteren, Vantegemstraat 21, with a direct connection to the E40 and only a few minutes away from the current site.

If there would not have been opted to recognise land and buildings at their fair value, the carrying amount for the reevaluated land and buildings at the 2019 financial year-end would amount to EUR 5,048 (000) instead of EUR 11,637 (000). At the 2020 financial year-end, this would result in a carrying amount of EUR 4,877 (000) instead of EUR 13,647 (000). The revaluation surplus, after the impact of deferred taxes, amounts to EUR 6,956 (000) and is not distributed to the shareholders.

The secured loans are guaranteed by mortgages on land and buildings, of which the registration amount is EUR 10,294 (000).

Following information results from the application of IFRS 13:

Land and buildings are measured at fair value. IFRS 13 provides a fair value hierarchy with the valuations at fair value divided into different levels (level 1, 2 or 3). The fair value of the land and buildings is EUR 11,637 (000) as of December 31, 2019 compared to EUR 13,647 (000) as of December 31, 2020. The movements in 2020 are related to the revaluation for an amount of EUR 2,447 (000), investments for an amount of EUR 27 (000), and depreciation, write-downs and impairment losses related to the 2020 financial year in the amount of EUR 465 (000). The depreciation, write-downs and impairment losses are recognised in the income statement for the period. To determine the fair value, level 3 data was used.

There are no transfers between level 3 and 2. Because smartphoto group only uses level 3 data, the entity currently has no policy to determine when transfers between levels are deemed to have taken place.

The valuation is carried out by an expert, based on the 'depreciated replacement value', starting from an estimation of the replacement cost price of the real estate, followed by depreciation, write-downs and impairment losses for expenses including the commercial and physical age of the buildings.

The expert then makes an assessment of this valuation against a valuation based on the capitalisation of the potential rental income and based on depreciated replacement cost (DRC method).

Quantitative data used for the rental value capitalisation method for the building in Wetteren, Kwatrechtsteenweg 160:

- Rental value for offices, workplaces and warehouses: gross rental income, based on local market prices; EUR 752 (000) for a total of 15,639 m² of surface area.
- Rental charges for the owner: 8%.
- Net rental value per year: EUR 692 (000).
- Return on net operating income of expert valuation: 7%.

Quantitative data based on the depreciated formation expenses (replacement value):

Formation expenses:

- Land (incl. purchasing costs) EUR 2,257 (000), determined based on comparison with the usual sale prices for land with comparable physical, economic and legal characteristics.
- Buildings and outside infrastructure EUR 15,372 (000), determined by means of the current cost price of materials and labour in addition to the usual taxes and fees associated with the initial formation.

Fair value - continuing activities:

Taking into account the economic loss in value, depending on:

- Supply and demand of buildings in this sector, and the specific equipment needed for the current activities.
- Acquiring a property, rather than forming a new entity, of which the location is crucial.
- The size of the investment and the inherent acquisition costs.
- The versatility of the buildings (in case the activities are terminated) and any expansion options.

Total fair value - continuing activities of the land, buildings and outside infrastructure: EUR 9,085 (000).

Quantitative data used for the rental value capitalisation method for the building in Wetteren, Vantegemstraat 21:

- Rental value for offices, workplaces and warehouses: gross rental income, based on local market prices; EUR 339 (000) for a total of 7,218 m² of surface area.
- Rental charges for the owner: 6%.
- Net rental value per year: EUR 318 (000).
- Return on net operating income of expert valuation: 6%.

Quantitative data based on the depreciated formation expenses (replacement value):

Formation expenses:

- Land (incl. purchasing costs) EUR 1,364 (000), determined based on comparison with the usual sale prices for a land with comparable physical, economic and legal characteristics.
- Buildings and outside infrastructure EUR 4,643 (000), determined by means of the current cost price of materials and labour in addition to the usual taxes and fees associated with the initial formation.

Fair value - continuing activities:

Taking into account the economic loss in value, depending on:

- Supply and demand of buildings in this sector, and the specific equipment needed for the current activities.
- Acquiring a property, rather than forming a new entity, of which the location is crucial.
- The size of the investment and the inherent acquisition costs.
- The versatility of the buildings (in case the activities are terminated) and any expansion options.

Total fair value - continuing activities of the land, buildings and outside infrastructure: EUR 4,792 (000).

Comparative figures of the quantitative data for the land and buildings in Wetteren, Kwatrechtsteenweg 160, based on the expert valuation of 2015 and 2020

Wetteren, Kwatrechtsteenweg 160 (in € '000)	2015	2020
Quantitative data used for the rental value capitalisation		
Rental value for offices, workplaces and warehouses: gross rental income, based on local market prices for a total of 15 639 m ² of surface area	770	752
Rental charges for the owner	10%	8%
Net rental value per year	693	692
Return on net operating income of expert evaluation	8%	7%
Quantitative data based on the depreciated formation expenses (replacement value)		
Formation expenses		
Land (incl. purchasing costs), determined based on comparison with the usual sale prices	2 092	2 257
Buildings and outside infrastructure, determined by means of the current cost price of materials and labour in addition to the usual taxes and fees associated with the initial formation	14 058	15 372
Fair value - continuing activities of land, buildings and outside infrastructure, taking into account the economic loss in value, depending on:	7 882	9 085
- Supply and demand of buildings in this sector, and the specific equipment needed for the current activities		
- Acquiring a property, rather than forming a new entity, of which the location is crucial		
- The size of the investment and the inherent acquisition costs		
- The versatility of the buildings (in case the activities are terminated) and any expansion options		

Comparative figures of the quantitative data for the land and buildings in Wetteren, Vantegemstraat 21, based on the expert valuation of 2019 and 2020

Wetteren, Vantegemstraat 21 (in € '000)	2019	2020
Quantitative data used for the rental value capitalisation		
Rental value for offices, workplaces and warehouses: gross rental income, based on local market prices for a total of 7 218 m ² of surface area	325	339
Rental charges for the owner	6%	6%
Net rental value per year	305	318
Return on net operating income of expert evaluation	6%	6%
Quantitative data based on the depreciated formation expenses (replacement value)		
Formation expenses		
Land (incl. purchasing costs), determined based on comparison with the usual sale prices	1 315	1 364
Buildings and outside infrastructure, determined by means of the current cost price of materials and labour in addition to the usual taxes and fees associated with the initial formation	4 423	4 643
Fair value - continuing activities of land, buildings and outside infrastructure, taking into account the economic loss in value, depending on:	4 620	4 792
- Supply and demand of buildings in this sector, and the specific equipment needed for the current activities		
- Acquiring a property, rather than forming a new entity, of which the location is crucial		
- The size of the investment and the inherent acquisition costs		
- The versatility of the buildings (in case the activities are terminated) and any expansion options		

Movements for the 2019 financial year related to revalued tangible assets, in accordance with IFRS 13.93 (e)

(in € '000)	Revalued land	Revalued buildings
Acquisition value		
Balance at end of previous year	104	12 408
<u>Movements for the period</u>		
Acquisitions	1 127	3 450
Balance at end of current period	1 231	15 858
Revaluation surplus		
Balance at end of previous year	1 314	6 032
Balance at end of current period	1 314	6 032
Depreciation and impairment		
Balance at end of previous year		12 498
<u>Movements for the period</u>		
Depreciation and impairment included in the statement of profit or loss		300
Balance at end of current period		12 798
Carrying amount		
at end of previous year	1 418	5 942
at end of current period	2 545	9 092

Movements for the 2020 financial year related to revalued tangible assets, in accordance with IFRS 13.93 (e)

(in € '000)	Revalued land	Revalued buildings
Acquisition value		
Balance at end of previous year	1 231	15 858
<u>Movements for the period</u>		
Acquisitions		27
Balance at end of current period	1 231	15 885
Revaluation surplus		
Balance at end of previous year	1 314	6 032
<u>Movements for the period</u>		
Increase/decrease (-) due to revaluation included in other comprehensive income	356	2 091
Balance at end of current period	1 670	8 123
Depreciation and impairment		
Balance at end of previous year		12 798
<u>Movements for the period</u>		
Depreciation and impairment included in the statement of profit or loss		465
Balance at end of current period		13 262
Carrying amount		
at end of previous year	2 545	9 092
at end of current period	2 901	10 745

Sensitivity analysis of the valuation at fair value:

A decrease or increase of the net rental value will cause a respective decrease or increase of the fair value. A decrease or increase of the return on operating income will cause a respective increase or decrease of the fair value.

The fair value valuation processes used by the company, level 3:

The land and buildings will be measured at least once every 5 years, unless the market conditions require a faster valuation. The revaluations were carried out on December 31, 2011, December 31, 2015 and September 30, 2020. The valuation is carried out by a third party assessor based on the data provided by the company. These data are part of the internal control measures of the company.

The data used by the expert is verified by the CEO and the valuation is submitted to the Audit Committee.

Carrying amount of property, plant and equipment

2019 financial year

The carrying amount of property, plant and equipment is EUR 13,546 (000). The investments in property, plant and equipment amount to EUR 5,312 (000), of which EUR 4,577 (000) is mainly invested in additional production space and EUR 730 (000) in production machines. The depreciation and impairment losses amount to EUR 1,055 (000) and the transfers and sales and disposals amount to EUR -65 (000).

2020 financial year

The carrying amount of property, plant and equipment is EUR 16,552 (000). The investments in property, plant and equipment amount to EUR 1,898 (000), of which EUR 1,851 (000) is invested in production machines and infrastructure. The revaluation surplus on land and buildings amounts to EUR 2,447 (000). The depreciation and impairment losses amount to EUR 1,313 (000) and the transfers and sales and disposals amount to EUR -26 (000).



15. Right-of-use assets

Movements for the 2019 financial year

(in € '000)	Land & buildings	Plant, machinery & equipment	Furniture, fixtures & vehicles	Total
Acquisition value				
Balance at end of previous year		43		43
<u>Movements for the period</u>				
Acquisitions		32	86	118
Acquisitions through business divestiture	852	1 602	335	2 789
Other transfers		-44		-44
Translation differences	9	1		10
Balance at end of current period	861	1 635	421	2 917
Depreciation and impairment				
Balance at end of previous year		14		14
<u>Movements for the period</u>				
Depreciation and impairment	156	588	149	893
Other transfers		-17		-17
Translation differences	2			2
Balance at end of current period	158	585	149	892
Carrying amount				
at end of previous year		29		29
at end of current period	704	1 050	272	2 025

Movements for the 2020 financial year

(in € '000)	Land & buildings	Plant, machinery & equipment	Furniture, fixtures & vehicles	Total
Acquisition value				
Balance at end of previous year	861	1 635	421	2 917
<u>Movements for the period</u>				
Acquisitions			239	239
Sales and disposals (-)		-197	-42	-240
Translation differences	6			6
Balance at end of current period	867	1 437	618	2 922
Depreciation and impairment				
Balance at end of previous year	158	585	149	892
<u>Movements for the period</u>				
Depreciation and impairment	159	538	175	872
Sales and disposals (-)		-197	-42	-240
Translation differences	3			3
Balance at end of current period	320	926	282	1 528
Carrying amount				
at end of previous year	704	1 050	272	2 025
at end of current period	547	511	336	1 395

The carrying amount of the right-of-use assets is EUR 2,025 (000) as at December 31, 2019 compared to EUR 1,395 (000) in 2020.

2019 financial year

These assets were included in accordance with IFRS 16 - Leases, which applies to financial years starting on or after January 1, 2019. This standard was applied retroactively in accordance with paragraph C.5 (b) and the cumulative effect of this standard was included on January 1, 2019 for EUR 2,789 (000).

The corresponding assets are measured at cost price and depreciated using the estimated useful life on a straight-line basis.

The movements for the past financial year mainly relate to additional investments for EUR 118 (000) and depreciation and impairment losses for the period for EUR 893 (000).

2020 financial year

Investments in right-of-use assets amount to EUR 239 (000) and are related to vehicles. Depreciation and impairment losses for the period amount to EUR 872 (000).

Qualitative and quantitative information 2019: Maturity analysis IFRS 16.59

	Number of right-of-use assets	Remaining term varying between	Average residual maturity	Number of contracts with purchase options	Number of contracts with extension options	Number of contracts with termination options
Land & buildings	3	1-10	6		3	
Property, plant & equipment	8	1-4	3		2	6
Furniture, fixtures & vehicles	48	1-4	4	2		46

Qualitative and quantitative information 2020: Maturity analysis IFRS 16.59

	Number of right-of-use assets	Remaining term varying between	Average residual maturity	Number of contracts with purchase options	Number of contracts with extension options	Number of contracts with termination options
Land & buildings	3	1-8	4		3	
Property, plant & equipment	5	1-2	1		2	3
Furniture, fixtures & vehicles	51	1-4	4	2		49

16. Goodwill

Movements for the 2019 financial year

(in € '000)	2019
Acquisition value	
Balance at end of previous year	38 540
Balance at end of current period	38 540
Impairment	
Balance at end of previous year	22 388
Balance at end of current period	22 388
Carrying amount	
at end of previous year	16 151
at end of current period	16 151

Movements for the 2020 financial year

(in € '000)	2020
Acquisition value	
Balance at end of previous year	38 540
Balance at end of current period	38 540
Impairment	
Balance at end of previous year	22 388
Balance at end of current period	22 388
Carrying amount	
at end of previous year	16 151
at end of current period	16 151

Taking into account the requirements of IFRS 8, total goodwill in the amount of EUR 16,151 (000) can be attributed to the cash-generating unit e-commerce.

In accordance with IAS 36, the Company performed an impairment test at the end of December in both 2019 and 2020 concerning the identified cash-generating unit to examine whether it had suffered any impairment loss.

These tests demonstrated that the recoverable amount for the unit is higher than the carrying amount. Consequently, no impairment losses should be recognised.

The cash-generating unit e-commerce represents the total carrying amount of the goodwill: e-commerce includes all activities aimed at the end consumer and independent photographers concerning affordable personalised high-quality products, such as photo books, personalised gifts, cards, calendars, wall decoration and prints. E-commerce is the smallest identifiable group of assets that generates cash inflows.

The recoverable amount of the cash-generating unit e-commerce is higher than the carrying amount of all the operating assets and liabilities of this cash-generating unit, increased with the goodwill. The carrying amount of goodwill that is attributed to this unit amounts to EUR 16,151 (000) as at December 31, 2020.

The recoverable amount is calculated based on the value in use, which is the sum of the discounted free cash flows.

The main assumptions on which management builds its cash prognoses are:

- The calculations use projections of the future free cash flows for the five coming financial years, combined with a continuing annual growth (terminal growth) of 2%.
- The growth rates in the projections result from the evolutions of the customer database: (i) an increase in the number of customers according to the database model. This increase is the combination of attracting new customers on the one hand, and the dynamics in the composition of the customer database on the other hand, where the proportion of new customers compared to the total number of customers is decreasing year after year; (ii) an increase in the average operating income per customer. This increase is due to the increasing range of products, other than traditional photos (such as photo books, personalised gifts, cards, calendars and home decoration) with a higher price per order. The evolution in the market from traditional photos to new products is confirmed by various market studies.
- The marketing efforts needed to achieve the estimated growth.
- The continuous focus on the sale of products such as gifts, home decoration and books.
- The replacement investments, based on historical data.

The projections for 2021 correspond to the budgets approved by the Board of Directors. The projections for 2022, 2023, 2024 and 2025 are based on prudent extrapolations by the management.

The continuing annual growth (terminal growth) of 2% is justified by the permanent nature of the operations, being an increase in the overhead costs due to inflation and a conservative evolution in the operating income that takes into account the changing market conditions.

In these cash flow projections, the possible impact of the measures related to Covid-19 was evaluated. No material impact on the cash flows is expected, not even when this crisis would last longer than assumed.

The projections are made in the functional currency of the countries and discounted at 6.46% before tax for the next 5 years. In 2019, this discount rate before tax amounted to 6.28%.

This discount rate reflects the normal market remuneration for equity and debt, the current balance between equity and debt for this cash-generating unit and the estimation of additional risks and volatility for the possible evolutions in the market on which this unit operates. This discount rate is determined based on the theoretical parameters below.

	2019	2020
Risk free interest rate	0.66%	0.48%
Beta-factor	0.47	0.55
Equity risk premium	4.50%	4.50%
Cost of debt	2.12%	2.12%

The impairment test described above was also subject to sensitivity analyses with, on the one hand, a 10% decrease of the annual EBIT and, on the other hand, a 1% increase of the discount rate. When the EBIT decreases by 10%, the recoverable amount decreases by 9.4%. When the discount rate increases by 1%, the recoverable amount decreases by 18%. In both analyses the recoverable amount remains higher than the carrying amount.

The Board of Directors follows the opinion of the Audit Committee that there is no reason for a sustainable impairment of goodwill.



17. Intangible assets

Movements for the 2019 financial year

(in € '000)	Concessions, patents and licenses	Internally generated intangible assets	Other intangible assets	Total
Acquisition value				
Balance at end of previous year	8 370	957	5 214	14 542
<u>Movements for the period</u>				
Additions from internal development		553		553
Acquisitions	765			765
Sales & disposals (-)	-1 559		-604	-2 164
Translation differences			-25	-25
Balance at end of current period	7 576	1 511	4 586	13 672
Amortisation and impairment				
Balance at end of previous year	6 985	227	5 128	12 341
<u>Movements for the period</u>				
Amortisation and impairment	605	241	19	865
Sales and disposals (-)	-1 559		-604	-2 164
Translation differences			-25	-25
Balance at end of current period	6 031	469	4 518	11 019
Carrying amount				
at end of previous year	1 384	730	86	2 201
at end of current period	1 544	1 042	67	2 653

Movements for the 2020 financial year

(in € '000)	Concessions, patents and licenses	Internally generated intangible assets	Other intangible assets	Total
Acquisition value				
Balance at end of previous year	7 576	1 511	4 586	13 672
<u>Movements for the period</u>				
Additions from internal development		489		489
Acquisitions	594			594
Disposals through business divestiture (-)			-1 048	-1 048
Translation differences			-22	-22
Balance at end of current period	8 170	2 000	3 515	13 684
Amortisation and impairment				
Balance at end of previous year	6 031	469	4 518	11 019
<u>Movements for the period</u>				
Amortisation and impairment	573	341	19	934
Disposals through business divestiture (-)			-1 048	-1 048
Translation differences			-22	-22
Balance at end of current period	6 605	810	3 467	10 881
Carrying amount				
at end of previous year	1 544	1 042	67	2 653
at end of current period	1 565	1 190	48	2 803

The carrying amount of the intangible assets is EUR 2,653 (000) in 2019 compared to EUR 2,803 (000) in 2020.

2019 financial year

Investments in intangible assets amount to EUR 1,318 (000) and mainly relate to investments in mobile applications, such as the further conversion from the editing module of the website to the HTML5 standard, the migration of the website to the cloud, adapting the website platform to implement the new designs and optimising the production software. EUR 553 (000) of these investments was generated internally. These internally generated intangible assets mainly relate to the expenses of our internal developers: (i) to program the editing module within the HTML5 standard to create a module that is as complete as possible for an audience that is as broad as possible; (ii) to

achieve migration from the website to the cloud, and (iii) to achieve optimisation of the production software and implementation of the new designs.

An amount of EUR 2,164 (000) was no longer recognised in the balance. This relates to software and other intangible assets, fully depreciated.

The amortisation and impairment losses amount to EUR 865 (000) and are mainly attributed to concessions, patents and licences, for an amount of EUR 605 (000), and to internally generated intangible assets for an amount of EUR 241 (000) (Note 8).

2020 financial year

Investments in intangible assets amount to EUR 1,083 (000) and mainly relate to the mobile applications by increasing compatibility with browsers of different platforms, the migration of the smartphoto website to the cloud platform, the automations related to the implementation of new designs on the website platform and the optimisation of the user experience (UX) of the website. EUR 489 (000) of those investments are generated internally. Those internally generated intangible assets mainly relate to: (i) the mobile applications by increasing compatibility with browsers of different platforms, (ii) the migration of the smartphoto website to the cloud platform, (iii) the automations related to the implementation of new designs on the website platform, and (iv) the optimisation of the user experience (UX) of the website.

An amount of EUR 1,048 (000) was no longer recognised in the balance. This concerns intangible assets related to the deconsolidation of ExtraFilm A/S, fully depreciated.

The amortisation and impairment losses amount to EUR 934 (000) and mainly attribute to concessions, patents and licences, for an amount of EUR 573 (000), and to internally generated intangible assets for an amount of EUR 341 (000) (Note 8).

18. Other financial assets

(in € '000)	2019	2020
Other financial assets	69	69
Decreases due to sales and other movements (-)		-20
Total gross amount other financial assets	69	50
Accumulated impairment losses (-)	-69	-69
Decreases due to sales and other movements		20
Total accumulated impairment losses (-)	-69	-50
Carrying amount other financial assets	-	-

This heading refers to participations and social rights in other companies which represent less than 10% of the issued capital.

The fair value is considered to be equal to the cost adjusted for write-downs.

In the 2020 financial year, the participation in CPAC EUROPE NV, a company active in photo and film equipment and other optical products, with its registered office in Herentals, is no longer recognised in the balance sheet (EUR 20 (000)) because of the liquidation of the company. This participation was fully impaired.

There are no other movements on the other non-current financial assets for the 2020 financial year.

19. Trade and other receivables (non-current part)

(in € '000)	2019	2020
Cash guarantees	74	74
Carrying amount	74	74

The non-current receivables consist of the cash guarantees. These remain stable in the 2020 financial year compared to 2019.

20. Deferred tax assets

Movements for the 2019 financial year

(in € '000)	Balance at end of previous financial year	Recognised in result	Recognised in other comprehensive income 2019	Effect of exchange rate changes	Balance at the end of current period
Provisions		177		4	181
Tax effect on translation adjustments	4		3		7
Tax effect of tax losses carried forward	6 937	2 314		-12	9 239
	6 940	2 491	3	-7	9 427

The deferred tax assets in 2019 include the following movements: (i) EUR -85 (000) was used as the tax losses were gradually absorbed in the companies involved; (ii) EUR 2,399 (000) of new active deferrals was recognised based on the budgeted figures and the fiscal planning of the related tax jurisdictions arising from them; (iii) EUR 177 (000) deferred tax assets on provisions related to pension liabilities;

(iv) EUR 3 (000) deferred tax assets on currency translation differences; and (v) EUR -8 (000) effect of the exchange rate movements.

The deferred tax assets were also subject to sensitivity analyses in accordance with IAS 1.129. If the tax rate increases by 1%, the tax assets would amount to EUR 9,799 (000). If the tax rate decreases by 1%, the tax assets would amount to EUR 9,033 (000).

Movements for the 2020 financial year

(in € '000)	Balance at end of previous financial year	Recognised in result	Recognised in other comprehensive income 2019	Effect of exchange rate changes	Balance at the end of current period
Provisions	181	-20		1	162
Tax effect on translation adjustments	7		5	1	13
Tax effect of tax losses carried forward	9 239	1 614		28	10 881
	9 427	1 594	5	30	11 057

In the 2020 financial year, the deferred tax assets consist of the following movements: (i) an amount of EUR -74 (000) is no longer detained because of the evolution of the figures and the fact that it has become unlikely that sufficient taxable profit will be available in the foreseeable future to benefit from the tax benefit; (ii) a utilisation of EUR -89 (000) as the tax losses were gradually absorbed in the companies involved; (iii) EUR 1,777 (000) of new active deferrals was recognised based on the budgeted

figures and the fiscal planning of the related tax jurisdictions arising from them; (iv) a decrease of EUR -20 (000) which consists of an increase in the deferred tax assets of EUR 11 (000) because of the increase of the provisions related to pension liabilities, offset by a decrease of EUR -31 (000) due to the decrease in the income tax rate of Switzerland from 25,71% to 21,40%; (v) EUR 5 (000) deferred tax assets on currency translation differences; and (vi) EUR 30 (000) effect of the exchange rate fluctuations.

The deferred tax assets were also subject to sensitivity analyses in accordance with IAS 1.129. If the tax rate increases by 1%, the tax assets would amount to EUR 11,282 (000). If the tax rate decreases by 1%, the tax assets would amount to EUR 10,381 (000).

Deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the unallocated tax losses and tax assets can be utilised.

The below overview shows the deferred tax assets, the deferred tax liabilities, as well as the net effect.

Recognised deferred tax assets and liabilities (in € '000)	Deferred tax assets		Deferred tax liabilities		Net deferred taxes	
	2019	2020	2019	2020	2019	2020
Property, plant and equipment			672	2 105	-672	-2 105
Intangible assets				74		-74
Provisions	181	162			181	162
Tax effect on translation adjustments	7	13	21	20	-14	-8
Tax effect of tax losses carried forward	9 239	10 882			9 239	10 882
Deferred tax assets and liabilities	9 427	11 057	693	2 199	8 734	8 858

The tax losses carried forward for which no deferred tax asset was recognised, amounted to EUR 65,515 (000) in the 2019 financial year, compared to EUR 53,831 (000) in the 2020 financial year.

The tax losses carried forward without time limitation amount to EUR 48,115 (000) in 2020. The tax losses carried forward with time limitation, which expire in 2025, amount to EUR 5,716 (000).

No deferred tax asset was recognised for these losses, because the deferred tax assets were calculated based on the cash flow projections based on the 2021 budgets and the projections for the next four years, or because there is not enough reasonable assurance that there will be enough taxable profit to be able to benefit from.

The Board of Directors follows the opinion of the Audit Committee that there is no reason for a sustainable impairment of the deferred tax assets.

For the entities that suffered a loss in 2019 and/or 2020, the recognised deferred tax assets amount to EUR 1,016 (000) in the 2019 financial year compared to EUR 245 (000) in the 2020 financial year. These tax assets can mainly be attributed to Filmobel NV and smartphoto Nederland BV. This recognition is supported by the probability that there will be enough available profit to compensate for the losses. To assess the probability, estimations and assumptions were used based on the respective budgets for 2020 and 2021, and the projections for the subsequent four years, based on prudent extrapolations by management.

The Board of Director's decision to propose to the General Meeting of Shareholders on May 12, 2021 to pay out a gross dividend of EUR 0.60 per share entitled to dividend for 2020 does not have any tax implications for the company.

21. Inventories

(in € '000)	2019	2020
Trade goods	7	7
Raw materials and consumables	2 592	2 616
Work in progress	8	22
Total gross carrying amount	2 607	2 645
Trade goods	-1	
Raw materials and consumables	-164	-164
Total write-downs (-)	-165	-164
Carrying amount	2 442	2 481

Write-downs, impairment losses

(in € '000)	Balance at end of previous financial year	Recognised in operating result	Balance at the end of the period
Trade goods		-1	-1
Raw materials and consumables	-128	-36	-164
Carrying amount 2019	-249	-37	-165
Trade goods	-1	1	
Raw materials and consumables	-164		-164
Carrying amount 2020	-165	1	-164

Inventory increased by EUR 39 (000) to EUR 2,481 (000) in the 2020 financial year.

In 2019, an amount of EUR -37 (000) was recognised as write-downs via the operational result.

In 2020, a reversal of write-downs was recognised via the operational result for an amount of EUR 1 (000).

No inventories were provided as security for liabilities.



22. Trade and other receivables (current part)

(in € '000)	2019	2020
Trade receivables, gross	4 266	3 455
Other receivables, gross	277	372
Accruals and deferrals	206	253
Gross carrying amount	4 749	4 081
Accumulated write-downs on bad and doubtful trade receivables (-)	-1 061	-1 174
Accumulated write-downs on bad and doubtful other receivables (-)	-272	-294
Carrying amount	3 416	2 613

Write-downs on bad and doubtful trade and other receivables

(in € '000)	Balance at end of previous financial year	Recognised in result	Utilisation	Effect of exchange rate changes	Other changes	Balance at the end of the period
Accumulated write-downs on bad and doubtful trade receivables (-)	-1 145	-194	291	-13		-1 061
Accumulated write-downs on bad and doubtful other receivables (-)	-253				-19	-272
Carrying amount 2019	-1 398	-194	291	-13	-19	-1 333
Accumulated write-downs on bad and doubtful trade receivables (-)	-1 061	-374	251		10	-1 173
Accumulated write-downs on bad and doubtful other receivables (-)	-272				-22	-294
Carrying amount 2020	-1 333	-374	251		-11	-1 467

The current part of the trade and other receivables has decreased from EUR 3,416 (000) as of December 31, 2019 to EUR 2,613 (000) as of December 31, 2020, i.e. a decrease of EUR 804 (000). The movement mainly consists of a decrease of the trade receivables in the amount of EUR 924 (000), an increase of the other receivables in the amount of EUR 73 (000), and an increase of the accruals and deferrals in the amount of EUR 47 (000).

In 2019 the net other receivables and accruals and deferrals of EUR 211 (000) consist of: (i) EUR 3 (000) receivables relating to value-added taxes; (ii) EUR 206 (000) transferrable costs and acquired profits; and (iii) EUR 2 (000) other receivables.

In 2020 the net other receivables, accruals and deferrals of EUR 331 (000) consist of: (i) EUR 78 (000) receivables relating to value-added taxes; and (ii) EUR 253 (000) transferrable costs and acquired profits.

An amount of EUR 194 (000) of the accumulated write-downs on bad and doubtful trade receivables was recognised via operational result in 2019, compared to EUR 374 (000) in 2020.

23. Cash and cash equivalents

The cash and cash equivalents contain the directly available cash and increased from EUR 14,425 (000) in the 2019 financial year to EUR 17,946 (000) in the 2020 financial year.

Refer also to the Statement of cash flows on page 89 of this annual report.

24. Current tax assets

This heading mainly refers to income taxes in certain consolidated entities and should be considered jointly with the current tax liabilities under the heading 'Equity and liabilities'. The current tax assets amount to EUR 57 (000) in the 2019 financial year and EUR 20 (000) in the 2020 financial year.

25. Total equity

See also the statement of changes in equity on page 88.

Total equity in 2019

(1) The capital is EUR 41,381 (000) as of December 31, 2019. This is represented by a total of 3,941,950 shares.

The capital and the total number of shares remained unchanged in 2019.

(2) The change in the retained earnings includes the net profit of the financial year in the amount of EUR 6,926 (000) and the dividend payment of EUR -1,970 (000) with respect to the 2018 financial year.

(3) Of the total number of shares, the group owns 37,139 as of December 31 2019. In the 2019 financial year, 35,628 treasury shares were purchased as part of the share purchase programme as announced on April 30, 2019, with start date May 2, 2019.

These transactions were carried out on the regulated market NYSE Euronext Brussels, in accordance with the discretionary mandate assigned by the Board of Directors to Bank Degroof Petercam NV.

The total number of treasury shares is held by smartphoto group NV.

In accordance with IFRS, these shares are measured at cost price. An amount of EUR 595 (000) is deducted from equity.

(4) The changes in the exchange differences result from the euro conversion of the equity compared to the exchange rate at the end of the reporting period and impact the other comprehensive income in the amount of EUR 27 (000).

Total equity in 2020

(1) The capital is EUR 41,381 (000) as of December 31, 2020. This is represented by a total of 3,941,950 shares.

The capital and the total number of shares remained unchanged in 2020.

(2) The change in the retained earnings includes the net profit of the financial year in the amount of EUR 8,397 (000) and the dividend payment of EUR -2,131 (000) with respect to the 2019 financial year.

(3) As per September 30, 2020, land and buildings were revalued for an amount of EUR 1,316 (000), consisting of EUR 2,447 (000) revaluation surplus and EUR 1,130 (000) recorded deferred taxes.

(4) Of the total number of shares, the group owns 193,133 (4.9%) as of December 31, 2020. In the 2020 financial year, 155,994 treasury shares were purchased, consisting of: (i) the purchase of 114,413 treasury shares in the period from January 1, 2020 to August 7, 2020 following the execution of the share purchase program with start

date May 2, 2019, of which 75,000 shares were purchased through block trades and (ii) the purchase of 41,581 treasury shares in the period from September 17, 2020 to December 31, 2020 following the execution of the share purchase program with start date September 17, 2020.

These transactions were carried out on the regulated market NYSE Euronext Brussels, in accordance with the discretionary mandate assigned by the Board of Directors to, on the one hand, Bank Degroof Petercam NV for the transactions related to the share purchase program with start date May 2, 2019 and, on the other hand, KBC Securities, for the transactions related to the share purchase program with start date September 17, 2020.

Calculation of the profit/loss (-) per share in 2019

1. Number of shares	
1.1. Total number of shares	3 941 950
1.2. Weighted average number of ordinary shares	3 941 950
1.3. Weighted average number of shares entitled to dividend ⁽¹⁾	3 928 648

⁽¹⁾ The weighted average number of treasury shares purchased in 2019 amounts to 11,791. The calculation is as follows: the total number of outstanding days is multiplied by the number of treasury shares purchased, and divided by 365. The total weighted average number of shares entitled to dividend amounts to 3,928,648.

2. Profit/loss (-) of the period	Net result	Profit or loss (-) and other comprehensive income/loss (-)
2.1. Profit/loss (-) attributable to equity holders of the parent (in thousands of euros)	6 926	6 953
2.2. Per share based on the total amount of shares (in €)	1.7570	1.7638
2.3. Per share based on the weighted average amount of shares (in €)	1.7570	1.7638
2.4. Per share based on the weighted average amount of shares entitled to dividend (in €)	1.7629	1.7698

The total number of treasury shares is held by smartphoto group NV.

In accordance with IFRS, these shares are measured at cost price. An amount of EUR 3,360 (000) is deducted from equity.

(5) The changes in the exchange differences result from (i) the euro conversion of the equity compared to the exchange rate at the end of the reporting period and impact the other comprehensive income in the amount of EUR -16 (000) and (ii) the reclassification adjustments related to the translation differences following the deconsolidation of ExtraFilm A/S, with an impact on the realised and unrealised results of EUR 219 (000).

Calculation of the profit/loss (-) per share in 2020

1. Number of shares	
1.1. Total number of shares	3 941 950
1.2. Weighted average number of ordinary shares	3 941 950
1.3. Weighted average number of shares entitled to dividend ⁽¹⁾	3 819 856

⁽¹⁾ The weighted average number of treasury shares purchased in 2020 amounts to 84,955. The calculation is as follows: the total number of outstanding days is multiplied by the number of treasury shares purchased, and divided by 365. The total weighted average number of shares entitled to dividend amounts to 3,819,856.

2. Profit/loss (-) of the period	Net result	Profit or loss (-) and other comprehensive income/loss (-)
2.1. Profit/loss (-) attributable to equity holders of the parent (in thousands of euros)	8 397	9 916
2.2. Per share based on the total amount of shares (in €)	2.1302	2.5155
2.3. Per share based on the weighted average amount of shares (in €)	2.1302	2.5155
2.4. Per share based on the weighted average amount of shares entitled to dividend (in €)	2.1982	2.5959

26. Current and non-current interest-bearing financial liabilities

The interest-bearing financial liabilities amount to EUR 4,175 (000) as at the end of 2019 compared to EUR 3,307 (000) as at the end of 2020.

Breakdown between current and non-current in 2019

(in € '000)	2019							Total
	Up to 1 year	2021	2022	2023	2024	2025	More than 5 years	
Interest-bearing financial liabilities								
Secured bank loans	868	470	473	476	478	481	929	4 175
Total interest-bearing borrowings according to their maturity	868	470	473	476	478	481	929	4 175

The current and non-current interest-bearing financial liabilities amount to EUR 4,175 (000) in 2019, which is an increase of EUR 2,975 (000). As part of the purchase of the additional building, via the acquisition of the shares of the real estate company Aultmore NV, a new loan, with a fixed interest rate and monthly repayments, was closed by smartphoto group NV with KBC Bank in the amount of EUR 2,226 (000). This loan was granted for a period of 7 years and expires in November, 2026. As a result of the acquisition of the real estate company Aultmore NV on November 5, 2019, a loan was taken over for an amount of EUR 1,575 (000), with a residual maturity of

10 years. This fixed-interest rate loan was agreed with BNP Paribas Fortis Bank with semi-annual repayments. In the 2019 financial year, an amount of EUR 826 (000) is repaid, of which EUR 800 (000) related to the fixed interest rate loan, agreed on in 2015, with KBC Bank. In 2019 the secured bank loans for an outstanding amount of EUR 4,175 (000) were guaranteed by mortgages on land and buildings, of which the registration amount is EUR 10,294 (000). The carrying amount of the respective land and buildings is EUR 11,637 (000).

Breakdown between current and non-current in 2020

(in € '000)	2020							Total
	Up to 1 year	2022	2023	2024	2025	2026	More than 5 years	
Interest-bearing financial liabilities								
Secured bank loans	470	473	476	478	481	456	473	3 307
Total interest-bearing borrowings according to their maturity	470	473	476	478	481	456	473	3 307

In 2020, the current and non-current interest-bearing financial liabilities amount to EUR 3,307 (000), a decrease of EUR 868 (000). This decrease is the result of the capital repayments during the financial year.

During the 2020 financial year, an amount of EUR 400 (000) is repaid related to the fixed interest rate financing agreement, concluded with KBC Bank in 2015. This loan had a maturity of 5 years and is fully reimbursed as per June 30, 2020.

An amount of EUR 158 (000) is repaid related to the fixed interest rate loan, acquired in 2019 as a result of the acquisition of the real estate company Aultmore NV, closed with BNP Paribas Fortis Bank, with a residual maturity of 9 years, and an amount of EUR 310 (000) is repaid related to the fixed interest rate loan, agreed on in 2019 with KBC Bank, with a residual maturity of 6 years.

In 2020 the secured bank loans for an outstanding amount of EUR 3,307 (000) were guaranteed by mortgages on land and buildings, of which the registration amount is EUR 10,294 (000). The carrying amount of the respective land and buildings is EUR 13,647 (000).

27. Current and non-current lease liabilities

Note to the lease liabilities of 2019

2019								
(in € '000)	Up to 1 year	2021	2022	2023	2024	2025	More than 5 years	Total
Lease liabilities								
Land & buildings	153	124	116	119	46	47	106	711
Plant, machinery & equipment	543	368	143					1 054
Furniture, fixtures & vehicles	137	92	39	7				275
	833	584	298	126	46	47	106	2 040

Because of the application of IFRS 16 as of January 1, 2019, additional lease liabilities in the amount of EUR 2,016 (000) were included under the current and non-current lease liabilities.

The lease liabilities were listed against their start date and against the cash value of the lease payments not carried out on that date. They were included separately from the other liabilities. The lease payments were discounted at a 1.5% discount rate for leases with a lease period up to five years and a 2.25% discount rate for leases with a lease period of more than five years, determined based on the average interest rates for external financing.

To determine the lease term, the leases' non-cancellable term is taken into account as well as: a) the terms included in the option to extend the leases, if it can be reasonably

assumed that the lessee will exercise this option; b) and the terms included in the option to terminate the leases, if it can be reasonably assumed that the lessee will not exercise this option.

Corporate offices are rented in the active foreign entities. The leases cover a 3 to 5-year rental term with the option to extend the contract, and were included under the lease liabilities 'Land and buildings'.

Production machines are rented for a 4 to 5-year term and were included under the lease liabilities 'Property, plant and equipment'.

The fleet is also rented for a 4-year term and was included under the lease liabilities 'Furniture, fixtures and vehicles'. The figures of previous reporting periods were not adjusted for the application of IFRS 16, in accordance with paragraph C.5 (b).

Note to the lease liabilities of 2020

(in € '000)	2020							Total
	Up to 1 year	2022	2023	2024	2025	2026	More than 5 years	
Lease liabilities								
Land & buildings	125	116	119	46	47	48	58	559
Plant, machinery & equipment	366	144						511
Furniture, fixtures & vehicles	152	99	67	22				340
	643	360	186	68	47	48	58	1 410

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Total current and non-current lease liabilities amount to EUR 1,410 (000) in 2020, which is a decrease of EUR 630 (000). This decrease is due to the payments during the year for an amount of EUR 871 (000), offset by new lease liabilities related to vehicles for an amount of EUR 239 (000).

Disclosures in accordance with IFRS 16.53 (c)-(d)-(e)

(in € '000)	2019	2020
Short term lease agreements	225	129
Lease agreements of which the underlying asset has a low value	47	57
Total	272	186

(in € '000)	2019	2020
Rent during the financial year	272	186
Up to one year	16	14
Between one and five year	40	21

Note related to 2019

The payments related to short term lease agreements and the payments for leases for low-value assets - and variable lease payments not included in the measurement of lease liabilities - are classified under the operating activities. An amount of EUR 272 (000) was recorded under the operational results.

Note related to 2020

The payments related to short term lease agreements and the payments for leases for low-value assets - and variable lease payments not included in the measurement of lease liabilities - are classified under the operating activities. An amount of EUR 186 (000) was recorded under the operational results.

IFRS 16.59: Leases not yet commenced to which the group is committed.

The non-current lease liabilities will increase by EUR 103 (000) and the current lease liabilities will increase by EUR 33 (000).

Leasing as a lessor

There are no contractual rentals from lease agreements to be received, neither at more than one year, nor at up to one year.

28. Current and non-current employee benefit liabilities

The current employee benefit liabilities amount to EUR 2,168 (000) for the 2019 financial year compared to EUR 2,418 (000) in 2020. The current employee benefit liabilities mainly comprise the payable wages and salaries, as well as the corresponding social security contributions, payroll withholding tax and provisions for holiday pay.

The non-current employee benefit liabilities concern the post-employment benefits of the consolidated companies and amount to EUR 986 (000) in the 2019 financial year compared to EUR 1,015 (000) in the 2020 financial year. These liabilities increased by EUR 29 (000).

Share option plans

There are no outstanding share options as at December 31, 2020.

Warrant plans

There are no outstanding warrants as at December 31, 2020.

Post-employment benefits

Defined benefit pension plans:

Explanatory note regarding the Belgian pension plans

In Belgium, the pension plan contributions depend on the employee's function level. The employer's contributions to the group insurance are based on a fixed percentage of the employee's wage. Insurance companies in Belgium guarantee an interest rate between 3.25% and 4.75% up until December 31, 2014, depending on the retirement date.

For all new subscribers and for all contribution increases the interest rate is 1.75% to 2.25% as of January 1, 2015 and 0.75% to 0.25% as of 2016. When calculating the liability, the guaranteed minimum return until the end of the reporting period is taken into account.

The assets of these plans are held at the insurance companies. The contributions are recorded as a liability in the income statement under the heading 'Employee liabilities'. Belgian law was updated on December 18, 2015. This resulted in a change of the calculation of the legally guaranteed minimum return of the 'Fixed contribution' pension schemes. The guaranteed interest rate was 3.25% on the employer's contributions and 3.75% on the employee's contributions. This guaranteed return was retained until the end of 2015.

As of 2016, the amount of the legally guaranteed return is no longer determined by law, but is recalculated every year by the FSMA based on a formula. The interest rate to calculate the guaranteed return is linked to the 10-year interest on state loans (the so-called Linear Bonds or OLOs with a 10-year term). If the interest on state loans drops, the legally guaranteed return will also be reduced. Conversely, the guaranteed return will be higher when the interest on state loans is increased. However, the guaranteed return must be at least 1.75% and should not be higher than 3.75%. The interest rate for next year is determined every year on the 1st of January and can therefore vary from year to year. In 2016, 2017, 2018, 2019 and 2020 the legally guaranteed return was 1.75%.

Due to these minimum return requirements for the defined contribution plans in Belgium, there is a legal requirement to pay future contributions if the insurance company does not have sufficient assets. As a result, IAS 19 determines that Belgian pension plans should be classified and accounted for as defined benefit plans, because a specific minimum return is guaranteed.

The group applied the 'Intrinsic value method' for the 2019 and 2020 financial years. This method consists of calculating the minimum guaranteed reserve for each member separately, taking into account an interest rate and mathematical reserve, both at the end of the reporting period. If the guaranteed maximum reserve is higher than the mathematical reserve, a deficit is created. This alternative method shall be applied temporarily until the IASB takes up a final position. The quantitative notes are listed in the table below. With regard to the Belgian pension plans, the analysis shows that any possible liability is not material.

(in € '000)	2019	2020
Sum guaranteed minimum reserves	2 181	2 581
Sum of the maximum guaranteed minimum reserves and the mathematical reserves	2 523	3 067
Sum mathematical reserves	2 520	3 062
Deficit (-)/surplus	-3	-5

Explanatory note regarding the Swiss pension plans

Similar to Belgium, employers in Switzerland are obliged to provide a minimum pension plan for their staff. The contributions paid by the employer and the employee are determined as a fixed percentage of the insured wages. The employer must join a pension fund to meet the legal requirements. The pension fund must at least pay out the legally required pension benefits. In this regard, smartphoto AG has entered into an agreement with 'VZ Vorsorgelösung für Firmen'.

The Mercer agency made an actuarial calculation for the post-employment benefits of smartphoto AG in 2020. A 0.10% discount rate was taken into account for this actuarial calculation. The defined benefit liabilities exceed the fair value of the plan assets by EUR 759 (000); this increase was recognised via the operational results.

	2019	2020
Discount rate used	0.50%	0.10%
Percentage pay rise	0%	0%
Pension increase rate	0%	0%
Number of employees	14	16
Average remaining years of service	12.68	n/a
Duration of the plan liabilities	21.24	21.28

Defined contribution plans:

Explanatory note regarding pension plans in the Netherlands

The pension liability in the Netherlands is a so-called 'Available contribution scheme'. Employers are not liable for deficits in the provision of pension liabilities and/or fund reserves, either directly by means of additional payments or indirectly through future premium increases.

Movements in the non-current employee benefit liabilities recognised in the statement of financial position

(in € '000)	2019	2020
Balance at end of previous financial year	332	986
Increase/decrease (-) of liability recognised in the statement of profit or loss	638	26
Effect of exchange rate changes	16	3
As at the financial year-end	986	1 015

The non-current employee benefit liabilities include the following liabilities:

- (i) the post-employment benefits relating to Spector Verwaltung GmbH - German company that actively took part in the wholesale photofinishing activities until 2001 – relate to the pension liabilities for 7 already retired ex-employees at an advanced age. Based on the annual actuarial calculations, this pension liability amounts to EUR 241 (000) in 2019, compared to EUR 245 (000) in 2020;
- (ii) early retirement provisions in the various underlying entities. In 2020 there was a reversal of EUR 30 (000), and the outstanding liability amounts to EUR 11 (000). These early retirements were recognised as a liability and recorded as costs incurred when the company committed to terminating the employment contract of the relevant employees before the usual retirement age;
- (iii) pension liabilities related to smartphoto AG, EUR 704 (000) at the end of 2019 compared to EUR 759 (000) in 2020.

29. Deferred tax liabilities

Movements in temporary differences throughout the period

(in € '000)	2019			
	Balance at end of previous financial year	Recognised in result	Other comprehensive income	Balance at the end of current period
Property, plant and equipment/ Revaluation surplus	714	-42		672
Tax impact on translation differences	8		14	22
	722	-42	14	693

In 2019 EUR -42 (000) of deferred taxes from the deferred tax liabilities on the revaluation surplus on the buildings was used and recorded via the result. The translation differences of EUR 14 (000) were recorded via the other comprehensive income.

2020				
(in € '000)	Balance at end of previous financial year	Recognised in result	Other comprehensive income	Balance at the end of current period
Property, plant and equipment/ Revaluation surplus	672	303	1 130	2 105
Intangible assets		74		74
Tax impact on translation differences	22		-1	20
	693	377	1 129	2 199

The deferred tax liabilities increased from EUR 693 (000) per December 31, 2019 to EUR 2,199 (000) per December 31, 2020. This increase of EUR 1,506 (000) is due to (i) the recognition of deferred tax liabilities on the revaluation surplus for EUR 1,130 (000), recognised through other comprehensive income, (ii) the recognition of taxable temporary differences on property, plant and equipment and intangible assets for EUR 377 (000), recognised in result, and (iii) the deferred tax liability on translation differences for an amount of EUR -1 (000), recognised through other comprehensive income.

30. Current trade and other payables

(in € '000)	2019	2020
Trade payables: suppliers	10 665	11 220
Dividends payable	120	120
Debentures & matured coupons	341	342
Other amounts payable	1	
Accrual and deferrals	318	328
Subtotal	11 445	12 010
Other taxes and VAT payable	1 942	2 813
Carrying amount	13 387	14 823

In 2020, the 'Current trade and other payables' increased by EUR 1,435 (000). This movement is mainly due to (i) an increase of suppliers' debt of EUR 555 (000), (ii) an increase of the accruals and deferrals in the amount of EUR 10 (000); and (iii) an increase of the value-added tax related debt in the amount of EUR 870 (000).

31. Current tax liabilities

The current tax liabilities for the 2019 financial year were EUR 314 (000) compared to EUR 447 (000) in 2020. This amount is expected to be paid to the tax authorities based on the applicable tax rates at the end of the reporting period.

32. Remuneration of the Statutory Auditor and the members of their network for the group

Smartphoto group NV's Statutory Auditor, Grant Thornton Bedrijfsrevisoren CVBA, represented by Mr Danny De Jonge, was appointed during the Annual General Meeting of Shareholders on May 13, 2020.

Fee for the appointment of the Statutory Auditor in 2020: EUR 30 (000).

Fees for the audit of the subsidiaries performed by the Statutory Auditor and his network: EUR 33 (000).

Remuneration amounts related to extraordinary activities or special assignments carried out by the Statutory Auditor and his network: EUR 6 (000). These activities included tax-related activities and the audit engagement following the exit of ExtraFilm A/S from the consolidation scope.

33. Risk factors

The general risk factors are extensively described in the chapter 'Corporate Governance statement' on page 28 and following.

Due to the application of IFRS 7 and IFRS 9, further disclosures are made concerning the financial assets and liabilities, which provide additional information for readers of the financial statements.

Trade and other receivables and financial liabilities are measured and classified at amortised cost price under IFRS 9.

Credit risk

An overview of the due dates and the write-downs recognised in relation to the trade and other receivables is presented in the tables below.

2019								
(in € '000)	Gross trade receivables (current)	Write-downs on trade receivables	Net trade receivables (current)	Other receivables (current)	Accruals and deferrals (current)	Total trade and other receivables (current)	Other receivables (non-current)	Total other receivables (non-current)
Not due	2 793	-127	2 666	5	206	2 877	74	74
Less than 30 days	352	-50	302			302		
Between 30 and 59 days	71	-24	47			47		
Between 60 and 89 days	38	-20	18			18		
Between 90 and 179 days	99	-58	41			41		
Between 180 and 359 days	269	-167	102			102		
More than 359 days	644	-614	29			29		
	4 266	-1 061	3 206	5	206	3 416	74	74

2020								
(in € '000)	Gross trade receivables (current)	Write-downs on trade receivables	Net trade receivables (current)	Other receivables (current)	Accruals and deferrals (current)	Total trade and other receivables (current)	Other receivables (non-current)	Total other receivables (non-current)
Not due	2 123	-167	1 956	78	253	2 287	74	74
Less than 30 days	145	-59	86			86		
Between 30 and 59 days	48	-25	23			23		
Between 60 and 89 days	41	-27	14			14		
Between 90 and 179 days	116	-77	39			39		
Between 180 and 359 days	278	-181	98			98		
More than 359 days	705	-638	67			67		
	3 455	-1 174	2 282	78	253	2 613	74	74

The majority of the 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 adequate 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 concentration of risk as of December 31, 2019 and 2020. Receivables of which collectability is partially or entirely uncertain 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 based 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 forecast credit losses, which are based on historical information from the past regarding the losses incurred.



An overview of the accumulated write-downs of the financial assets, the trade and other receivables can be found in the tables below:

2019				
(in € '000)	Available for sale investment	Other financial assets (non-current)	Trade receivables	Other receivables (current)
Balance at end of previous year	-1 689	-69	-1 145	-253
Accumulated write-downs: additions (-), reversals			-194	
Utilisation			291	
Translation differences			-13	
Other changes				-19
Balance at end of current period	-1 689	-69	-1 061	-272

There are no changes in 'available for sale investments' and in the 'other financial assets' compared to the 2018 financial year. The write-downs on the 'other receivables' amount to EUR -19 (000). Regarding the trade receivables, write-downs are recognised

in 2019 via the operational results for an amount of EUR 194 (000) (Note 8). The other mutations relate to: (i) the use of EUR 291 (000), and (ii) the impact of the exchange rate fluctuations for the amount of EUR -13 (000).

2020				
(in € '000)	Available for sale investment	Other financial assets (non-current)	Trade receivables	Other receivables (current)
Balance at end of previous year	-1 689	-69	-1 061	-272
Accumulated write-downs: additions (-), reversals			-374	
Utilisation			251	
Other changes		20	10	-22
Balance at end of current period	-1 689	-50	-1 174	-294

There are no changes in 'available for sale investments' and in the 'other financial assets' compared to the 2019 financial year. The write-downs on the 'other receivables' amount to EUR -22 (000).

The amount of EUR -1,689 (000) under the section 'Investments and other available for sale' relates to FLT s.r.l., the Italian lab, which operates in the photofinishing market. As of the 4th quarter of 2008 the group no longer has joint control over this lab.

This participation is accounted for in accordance with IFRS 10 as a financial asset and is fully depreciated. The company is put into liquidation as per December 30, 2020.

Regarding the trade receivables, write-downs are recognised in 2020 via the operational results for an amount of EUR 374 (000) (Note 8). The other mutations relate to the use of EUR 251 (000) and EUR 10 (000) due to the deconsolidation of ExtraFilm A/S.

Liquidity risk

Current and non-current interest-bearing financial liabilities

2019									
(in € '000)	Carrying amount	Contractual liabilities including borrowing costs	Up to 1 year	2021	2022	2023	2024	2025	More than 5 years
Interest-bearing financial liabilities									
Secured bank loans	4 175	4 639	961	551	543	536	528	521	998
Current trade and other payables	13 387	13 387	13 387						
Total	17 562	18 026	14 349	551	543	536	528	521	998

2020									
(in € '000)	Carrying amount	Contractual liabilities including borrowing costs	Up to 1 year	2022	2023	2024	2025	2026	More than 5 years
Interest-bearing financial liabilities									
Secured bank loans	3 307	3 678	551	543	536	528	521	486	512
Current trade and other payables	14 823	14 823	14 823						
Total	18 129	18 500	15 374	543	536	528	521	486	512

Current and non-current lease liabilities

2019									
(in € '000)	Carrying amount	Contractual liabilities including borrowing costs	Up to 1 year	2021	2022	2023	2024	2025	More than 5 years
Lease liabilities									
Land & Buildings	711	760	168	135	125	125	50	50	108
Plant, machinery & equipment	1 054	1 071	554	373	144				
Furniture, fixtures & vehicles	275	275	137	92	39	7			
	2 040	2 106	858	600	308	132	50	50	108

2020									
(in € '000)	Carrying amount	Contractual liabilities including borrowing costs	Up to 1 year	2022	2023	2024	2025	2026	More than 5 years
Lease liabilities									
Land & buildings	559	595	136	125	125	50	50	50	58
Plant, machinery & equipment	511	516	371	145					
Furniture, fixtures & vehicles	340	340	152	99	67	22			
	1 410	1 451	659	369	192	72	50	50	58

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

The net cash increased from a cash surplus of EUR 8,211 (000) at the end of 2019 to a cash surplus of EUR 13,229 (000) at the end of 2020.

Non-current payables are measured at amortised cost which approaches the fair value. The fair value of the current payables is also comparable with the carrying amount.

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

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

Because the credit agreements with KBC Bank and BNP Paribas Fortis Bank (Note 26) were entered into at a fixed interest rate, a sensitivity analysis of the current and non-current interest-bearing financial liabilities is not representative.

As a result of the first application of IFRS 16 on January 1, 2019, the lease liabilities were recognised at the starting date at the present value of the lease payments, which were not carried out at that date, and recognised separately from the other liabilities under the lease liabilities. The lease payments were discounted at a 1.5% discount rate for leases with a lease period up to five years and a 2.25% discount rate for leases with a lease period of more than five years, based on the average interest rates for external financing.

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. Per December 31, 2019 and 2020 there were no bank overdrafts. The cash and cash equivalents are invested free of risks.

Exchange rate risk

The Company publishes its consolidated financial statements in euros. As the Company operates mainly in a euro environment, the exchange rate risk is extremely limited. The current exchange rate risks relate to the Swedish krona, the Norwegian krone and the Swiss franc. The exchange rate fluctuations are not covered by forward contracts, nor by currency options. As a result, exchange rate fluctuations of these currencies may be advantageous or disadvantageous for the smartphoto group.

An increase/decrease of the euro/non-euro currencies by +10% or -10% (main rate = average rate for 2019) would have an impact on the result before tax of EUR -58 (000) or EUR 70 (000) respectively as at December 31, 2019. An increase/decrease by +10% or -10% (main rate = closing rate for 2019) would have an impact on the book value of EUR -14 (000) or EUR 260 (000) respectively as at December 31, 2019.

An increase/decrease of the euro/non-euro currencies by +10% or -10% (main rate = average rate for 2020) would have an impact on the result before tax of EUR -136 (000) or EUR 195 (000) respectively as at December 31, 2020. An increase/decrease by +10% or -10% (main rate = closing rate for 2020) would have an impact on the book value of EUR -51 (000) or EUR 365 (000) respectively as at December 31, 2020.

Equity structure

The group optimises its equity structure, the combination of liabilities and equity. The most important objective of the equity structure is to obtain the best possible shareholder value, while simultaneously retaining the requisite financial flexibility to implement strategic projects. Maintaining a fundamentally healthy financial structure is essential.

When analysing the equity structure, the IFRS classification for the distinction between equity and liabilities is used.

34. Significant future assumptions and estimation uncertainties

In the application of accounting policies and determination of the result, estimates and assumptions are used that might affect the amounts, disclosures and other information included in the financial statements. The actual results can deviate from these estimates and assumptions.

The above applies to, among others:

Useful life and residual value of assets for operating activities

The assets for operating activities are a significant part of the total assets of the group. The costs of depreciation are a significant part of the annual operating costs. The useful lives and residual values adopted on the basis of estimates and assumptions have a significant effect on the measurement and determination of the result of assets for operating activities. The useful life of assets used for operating activities is partly estimated on the basis of the technical life, experiences with such assets, and the period over which economic benefits arising from the use of the assets will flow to the group. Every year-end there are checks on whether changes have occurred in estimates and assumptions that make it necessary to adjust the useful life and/or residual value.

Impairment of goodwill and other non-current assets

The carrying amount of non-current assets is tested against the recoverable amount at least once a year, and whenever there are indications that could indicate impairment.

To enable the determination of whether an impairment is required or a reverse is needed, the recoverable amount is determined. This involves the use of estimates and assumptions for determining the cash-generating unit, the future cash flows, and the discount rate. The underlying assessments can differ from year to year due to economic or market conditions, changes in the business environment or in the laws and regulations, and other factors beyond the company's control. If the forecasts for the recoverable amount need to be adjusted, this may result in impairment or, except for amortisation of goodwill, reversals of this impairment.

Deferred tax assets

Deferred tax assets are recognised if it is probable that sufficient taxable profits will be available against which losses can be offset. The assessment thereof uses estimates and assumptions that also affect the measurement of the receivable.

Post-employment defined benefit plans

Actuarial assumptions regarding provisions for pension liabilities
Provisions for pension commitments are determined actuarially. Assumptions regarding future trends in mortality and other basic principles are used.

Post-employment defined contribution plans

For defined contribution plans with a legally guaranteed minimum return, an additional contribution is taken into account if the minimum guaranteed reserves are not covered by the insurance company. The fact that the guaranteed minimum return must also be achieved in the future may have an impact on the future cash flows.

Receivables and obligations arising from claims and 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 obligations to the extent 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 assessments are carried out for 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 receivable should be recognised, the estimation of the likelihood and magnitude of the inflow or outflow of fund resources also requires a significant degree of assessment, which is also partly based on legal advice. There are currently no material claims or disputes.

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.

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 services for which teleworking is not possible, the necessary adjustments were made within the company to optimize the protection against infections.

The costs related to these measures are not material and are therefore not explicitly detailed in the consolidated financial statements.

35. Related parties

Except for transactions between consolidated companies, which are eliminated through the consolidation, and the fees paid to managers with a key position, for which we refer to the remuneration report, the transactions and outstanding balances of other related parties are negligible, for both 2019 and 2020.

Companies belonging to the group

Name and address	V.A.T. - or national number	Share in the capital (in %)
AULTMORE N.V. Vantegemstraat 21, 9230 Wetteren, Belgium	BE 0888.480.111	100.00
DBM-COLOR N.V. Kwatrechtsteenweg 160, 9230 Wetteren, Belgium	BE 0402.247.617	100.00
EXTRA FILM A/S (*) Postbox 364, 7601 Levanger, Norway	NO 919 322 942	
FILMOBEL N.V. Kwatrechtsteenweg 160, 9230 Wetteren, Belgium	BE 0408.058.709	100.00
PROMO CONCEPT INVESTMENT B.V. Kwatrechtsteenweg 158, 9230 Wetteren, Belgium	0423.852.188	100.00
SMARTPHOTO A.G. Hauptstrasse 70, 4132 Muttenz, Switzerland	CHE-100.365.169	100.00
SMARTPHOTO NEDERLAND B.V. Beursstraat 1A, 7551 HP Hengelo, the Netherlands	NL 821156469B01	100.00
SMARTPHOTO NORDIC AB Östergatan 39, 4 Van, 211 22 Malmö, Sweden	SE 556334-8100	100.00
SPECTOR NEDERLAND B.V. Beursstraat 1A, 7551 HP Hengelo, the Netherlands	NL 6511004B01	100.00

(*) Dissolved and liquidated per December 1, 2020

Subsidiaries not included in the consolidation


Name and address	V.A.T. - or national number	Share in the capital (in %) ⁽¹⁾
FLT s.r.l. ⁽²⁾ Viale Andrea Doria 17, 20124 Milan, Italy	IT 13146200152	49.00
SPECTOR VERWALTUNG GmbH ⁽²⁾ Laufamholzstrasse 171, 90482 Nürnberg, Germany	214 116 20551	100.00

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⁽¹⁾ Share in the capital of these companies held by companies included in the consolidation and by persons acting in their own name but on behalf of these companies.

⁽²⁾ FLT s.r.l. is the Italian lab, operating in the photofinishing market, over which the group has no longer joint control effective as from the fourth quarter of 2008. This participation is accounted for in accordance with IFRS 10 as a financial asset. This participation was fully written down. As from December 30, 2020, the company is put into liquidation. Spector Verwaltung GmbH is an inactive company that operated in the wholesale photofinishing market until 2001.





2021
My Diary



**2020 STATUTORY
ANNUAL ACCOUNTS**

INHOUDSTAFEL

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Abridged version of the statutory annual accounts





Balance sheet after appropriation

ASSETS (in €)	2019	2020
FIXED ASSETS	70 314 825	70 403 956
Intangible fixed assets	13 210 154	12 509 852
Tangible fixed assets	501 913	392 346
Land and Buildings	338 989	309 943
Property, Plant and equipment	162 924	82 403
Financial fixed assets	56 602 758	57 501 758
Affiliated companies	56 584 758	57 483 758
Participating interests	44 284 758	44 683 758
Amounts receivable	12 300 000	12 800 000
Other financial assets	18 000	18 000
Amounts receivable and cash guarantees	18 000	18 000
CURRENT ASSETS	16 218 576	20 533 077
Amounts receivable within one year	3 598 908	3 128 524
Trade debtors	2 183 183	2 053 081
Other amounts receivable	1 415 725	1 075 443
Current investments	538 064	3 313 498
Own shares	534 867	3 310 301
Other investments and deposits	3 197	3 197
Cash at bank and in hand	11 977 965	13 910 244
Deferred charges and accrued income	103 639	180 811
TOTAL ASSETS	86 533 401	90 937 033

EQUITY AND LIABILITIES (in €)	2019	2020
EQUITY	63 704 181	66 056 143
Capital	41 381 403	41 381 403
Issued capital	41 381 403	41 381 403
Reserves	8 938 454	10 319 213
Reserves not available	4 673 008	7 448 441
Legal reserve	4 138 140	4 138 140
Purchase of own shares	534 868	3 310 301
Untaxed reserves	2 910 640	2 870 772
Available reserves	1 354 806	
Accumulated profits/losses (-)	13 384 324	14 355 527
AMOUNTS PAYABLE	22 829 220	24 880 890
Amounts payable after more than one year	2 085 288	1 740 097
Financial debts	2 085 288	1 740 097
Financial debts	1 889 305	1 576 314
Other debts	195 983	163 783
Amounts payable within one year	20 606 604	23 002 275
Current portion of amounts payable after more than one year falling due within one year	710 416	312 991
Trade debts	7 370 422	8 682 073
Suppliers	7 370 422	8 682 073
Taxes, remuneration and social security	1 416 896	1 753 447
Taxes	566 906	847 019
Remuneration and social security	849 990	906 428
Other amounts payable	11 108 870	12 253 764
Accruals and deferred income	137 328	138 518
TOTAL LIABILITIES	86 533 401	90 937 033

Profit and loss account

(in €)	2019	2020
Operating income	29 940 814	36 347 746
Turnover	28 959 273	35 391 764
Produced fixed assets	465 788	404 112
Other operating income	515 753	551 870
Operating charges	-28 705 465	-34 251 565
Goods for resale, raw materials and consumables	-13 372 892	-17 807 750
Purchases	-13 372 892	-17 807 750
Services and other goods	-7 694 985	-8 170 156
Remuneration, social security and pensions	-4 747 446	-5 131 035
Amortisations of and other amounts written down on formation expenses, intangible and tangible fixed assets	-2 535 879	-2 650 945
Amounts written down on stocks, contracts in progress and trade debtors: additions(-)/write-backs	96 312	-31 575
Other operating charges	-406 457	-460 104
Operating profit/loss (-)	1 235 349	2 096 181
Financial income	3 764 820	8 358 782
Recurring financial income	3 764 820	3 148 582
Income from financial fixed assets	2 989 389	2 320 714
Income from current assets	775 087	818 306
Other financial income	344	9 562
Non-recurring financial income		5 210 200

(in €)	2019	2020
Financial charges	- 395 812	-5 642 264
Recurring financial charges	-395 812	-432 064
Debt charges	-122 026	-125 419
Amounts written down on current assets other than stocks, contracts in progress and trade debtors: additions (-)/write-backs	-260 479	-271 383
Other financial charges	-13 307	-35 262
Non-recurring financial charges		-5 210 200
Profit/Loss(-) for the period before taxes	4 604 357	4 812 699
Income taxes on the result	-108 354	-211 447
Taxes	-164 084	-211 447
Adjustments of income taxes and write-back of tax provisions	55 730	
Profit/Loss(-) of the period	4 496 003	4 601 252
Transfer from untaxed reserves	39 760	39 868
Profit/Loss(-) of the period available for appropriation	4 535 763	4 641 120

Appropriation account

(in €)	2019	2020
Profit/Loss (-) to be appropriated	15 515 713	18 025 444
Profit/Loss (-) of the period available for appropriation	4 535 763	4 641 120
Profit/Loss (-) of the preceding period brought forward	10 979 950	13 384 324
Appropriations to equity		1 420 627
To other reserves		1 420 627
Profit/Loss (-) to be carried forward	13 384 324	14 355 527
Profit to be distributed	2 131 389	2 249 290
Compensation for contributions	2 131 389	2 249 290

Shareholders' structure as at December 31, 2020

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

	Date latest notification	% of total ⁽¹⁾ (number of shares)	Amount of shares	% of total ⁽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	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%	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%	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%	193,133	4.90%
PARTFIM SA Avenue Montjoie 167 bus 9, B-1180 Brussel	02/06/2020	3.59%	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.

Statement of capital

(in €)	Amounts	Number of shares
CAPITAL		
Issued capital		
• At the end of the previous period	41 381 403	
• At the end of the period	41 381 403	
Structure of the capital		
Different categories of shares		
Ordinary shares without nominal value	41 381 403	3 941 950
• Registered shares		65 220
• Dematerialised shares		3 876 730
TREASURY SHARES		
• Held by the company itself	3 310 301	193 133
AUTHORISED CAPITAL, NOT ISSUED	41 381 403	

Note to the abridged version of the statutory annual accounts

According to Articles 3:16 and 3:17 of the Belgian Companies and Associations Code, this annual report includes only an abridged version of the separate financial statements of smartphoto group NV.

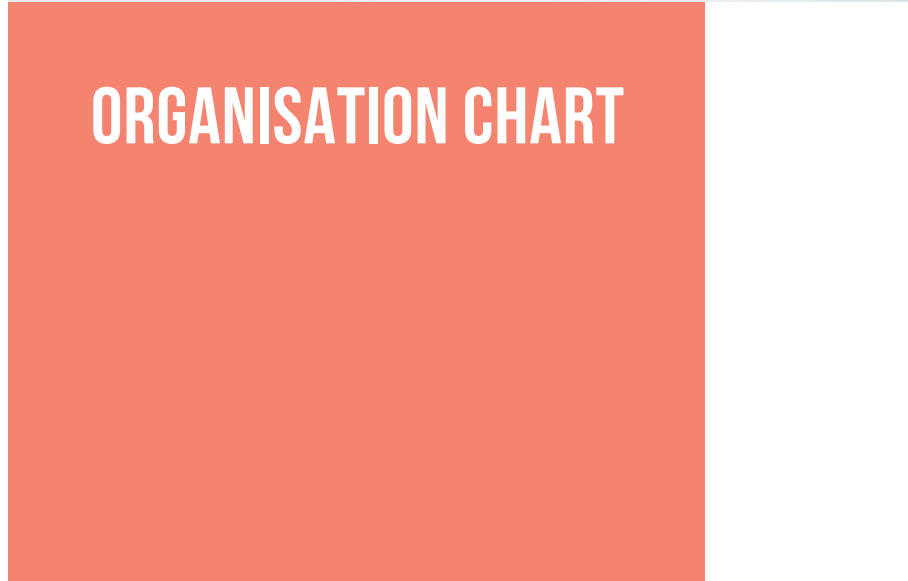
The annual report, statutory annual accounts of smartphoto group NV and the Statutory Auditor's Report will be deposited at the National Bank of Belgium.

The Statutory Auditor's Report includes an opinion on the true and fair view of the financial statements and provides an unqualified opinion with emphasis of matter, more specifically regarding the valuation of the participating interests and the non-current receivables on the participations.

The complete version of the statutory annual accounts and accompanying reports can be found on the website www.smartphotogroup.com and are available on request and free of charge.

Together
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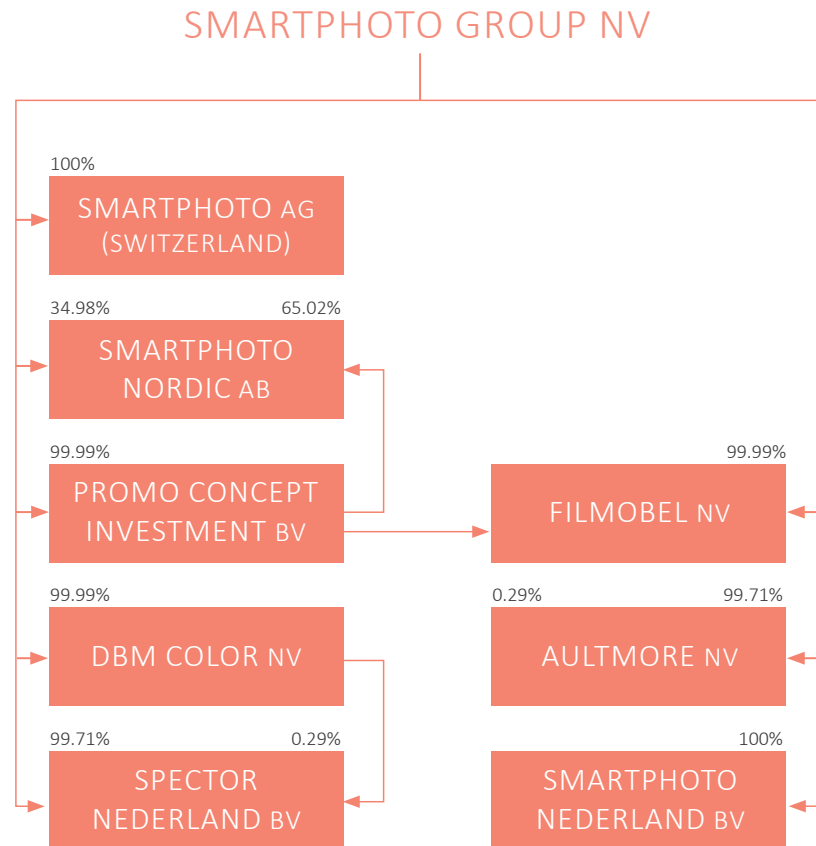
ORGANISATION CHART



ORGANISATION CHART

Fully consolidated subsidiaries

Smartphoto group NV holds directly or indirectly, through the companies included in the consolidation, 100% of the shares of these subsidiaries.





This annual report is presented to you as one of our products: the "Photo book Large landscape with personalised hard cover".