ANNUAL REPORT

SMARTPHOTO GROUP 2021 - PART 1

TABLE OF CONTENT - PART 01

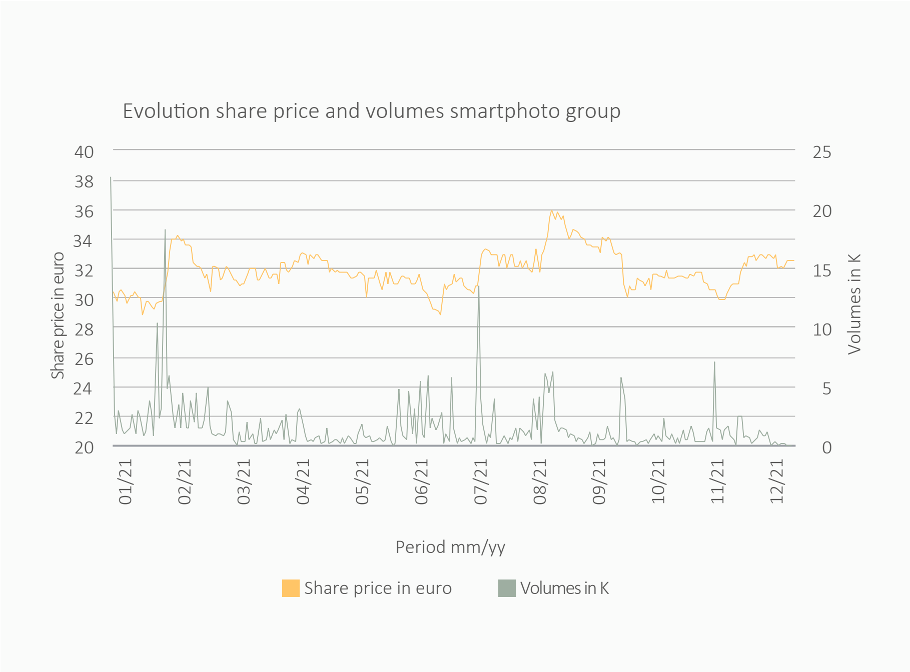
This report is a free English translation of the official Dutch version.

TABLE OF CONTENT - PART 02

INFORMATION ABOUT THE SHARE

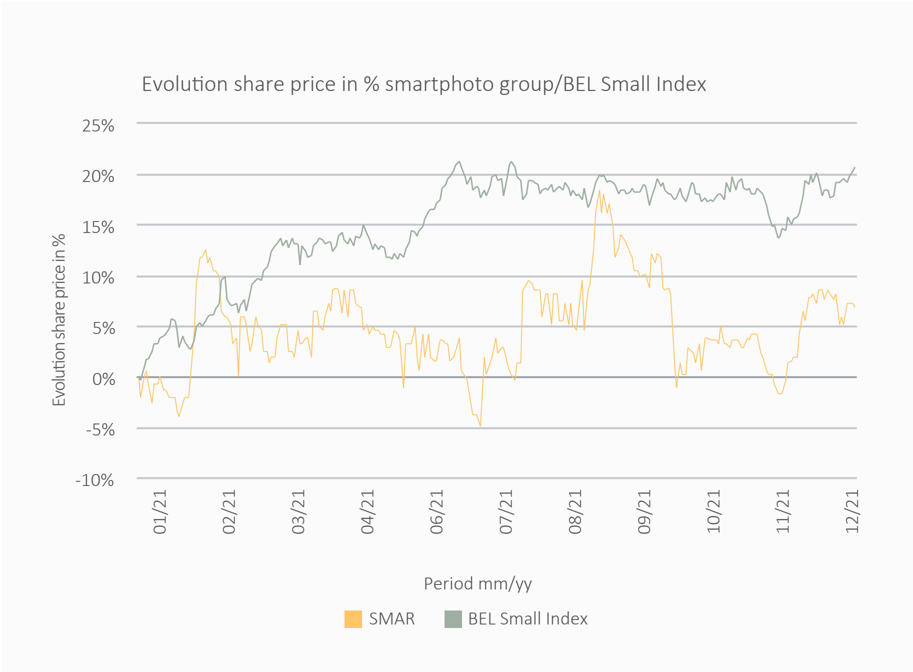
Evolution share price and volumes smartphoto group

January to December 2021



Evolution share price in % smartphoto group/BEL Small Index

January to December 2021



Relevant figures relating to the share

	2020	2021
Closing price at the end of December	30.00 euro	32.50 euro
Average closing price	18.54 euro	31.87 euro
Highest closing price	30.00 euro	36.00 euro
Highest intraday notification	30.00 euro	36.80 euro
Lowest closing price	14.30 euro	28.80 euro
Lowest intraday notification	14.00 euro	28.20 euro
Total traded volume in units	707 661	398 763
Average daily volume traded in units	2 786	1 552
Total turnover	13 183 305 euro	12 616 499 euro
Estimated average daily turnover	51 903 euro	49 091 euro
Rotation (1)	45.37%	25.52%

(1) *Rotation calculated on the total number of freely tradable shares as at December 31 taking into account the number of shares held with a percentage ≥ 3% of the total number of shares, and taking into account the treasury shares.*

Shareholders' agenda

May 11, 2022	14H00	Annual General Meeting of Shareholders
	15H00	Extraordinary General Meeting of Shareholders
August 24, 2022*	After trading hours	2022 half-yearly results and half-yearly financial report
January 31, 2023*	After trading hours	2022 trading update
March 3, 2023*	Before trading hours	2022 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: 529900EKGNL8HWTMTO81

Number of shares

Total number of shares	3 941 950
Weighted average number of shares (ordinary or dilutive)	3 941 950
Weighted average number of shares entitled to dividend (1)	3 746 388

(1) *The weighted average number of treasury shares purchased in 2021 amounts to 3 734. This is calculated as follows: the total number of outstanding days is multiplied by the number of treasury shares purchased, and divided by 365. The weighted average number of treasury shares transferred in 2021 amounts to -1 305 in 2021. The total weighted average number of shares entitled to dividend amounts to 3 746 388.*

The shareholders' structure as at year-end can be found on page 50 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.

WORD FROM THE CEO AND THE CHAIRMAN

The past year 2021 was a year of hope as well as of disillusion. On the one hand, we all hoped for the ‘world of freedom’ as of the summer; on the other hand, there was the disillusion when the delta variant of the Covid-19 virus again prevented everything in the autumn.

As a company, we have also felt and experienced these trends. Working all day with a face mask, or meeting online while the children are at home in quarantine, 2021 has not been easy for anyone.
Fortunately, together we found the energy and team spirit to go for it and in the end we managed to make another great year out of it.

In 2021, we also welcomed the employees of Nayan (Frucon²) into the group. We are therefore delighted to be able to combine our strengths for the benefit of our customers across Europe. Their strong competences as one of the market leaders in e-commerce distribution in Europe by offering a unique ‘e-commerce as a service’ (EAAS) for international brands looking for growth, and the sale to companies of personalised gift packages, all combined with a corporate culture that, like ours, focuses on customer satisfaction and growth, allows us to grow to a new level.

As an innovative e-commerce company, we continued to encourage social connection and sharing family moments, with a continued focus on our customers and their needs. Our investments in the migration of the web platform to mobile first and the cloud, and the transformation of our website in terms of UX to a shop-in-shop concept, are only a few examples which ensure improvements in quality and ease of use for our customers.

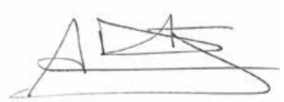
Smartphoto values not only the social aspects, but also the ecological and social challenges facing our planet. In order to focus even more on sustainability and to improve awareness about this, sustainable development goals have been drawn up for 2021 and the following years.

Unfortunately, in February of this year, a new crisis occurred, the Ukraine crisis, of which the consequences have an enormous impact, especially on a human level, but which are also being felt for us, as a company, with, among other things, rising energy and raw material prices.

As the smartphoto team, we were strong enough to cope with the corona crisis. Now, with just as much team spirit and perseverance, we will cope with the impact of this Ukrainian crisis on smartphoto group.

In these turbulent times, we, more than ever, want 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

In 2021, we also welcomed the employees of Nayan (Frucon²) into the group.

We are therefore delighted to be able to combine our strengths for the benefit of our customers across Europe.


CLOVER
GIN
500 ml
40% vol


LOVE YOU
TO THE
MOON AND
BACK!
XXX


Smile!
It's a
Manon
13 MAY 2021

2021 CONSOLIDATED KEY FIGURES

Audited figures

Statement of profit or loss for the period

(in K euro)	2020	2021	Δ in % 2021
Revenue	61 364	63 052	2.8%
Profit/loss (-) from operating activities, before non-recurring items (REBIT)	8 343	7 433	-10.9%
Depreciation, amortisation, write-downs, impairment and provisions from operating activities	3 517	3 073	-12.6%
Profit/loss (-) from operating activities, before non-recurring items, corrected for depreciation, amortisation, write-downs, impairment and provisions (REBITDA)	*11 860*	*10 506*	*-11.4%*
Non-recurring items from operating activities		-317	
Profit/loss (-) from operating activities, corrected for depreciation, amortisation, write-downs, impairment and provisions (EBITDA)	*11 860*	*10 189*	*-14.1%*
Financial result	-477	-195	59.1%
Write-offs and provisions from financial result	138	128	-7.5%
Profit/loss (-) before tax	7 865	6 921	-12.0%
Profit/loss (-) before taxes, corrected for depreciation, amortisation, write-downs, impairment and provisions	*11 520*	*10 121*	*-12.1%*
Income taxes expense (-)/income	532	-1 421	-367.2%
Deferred taxes	-1 218	666	154.7%
Profit/loss (-) for the period	8 397	5 500	-34.5%
Profit/loss (-) for the period, corrected for depreciation, amortisation, write-downs, impairment, provisions and deferred taxes	*10 834*	*9 367*	*-13.5%*
Profit/loss (-) for the period attributable to shareholders of the parent company	8 397	5 500	-34.5%

Statement of financial position

(in K euro)	2020	2021	Δ in % 2021
Total assets	71 095	82 566	16.1%
Gross financial debt (-)	-4 717	-3 800	19.4%
Net financial debt (-)/Net cash	13 229	17 013	28.6%
Total equity	45 477	48 939	7.6%
Solvency ratio	64.0%	59.3%	-7.3%
Current ratio	122.7%	130.8%	6.6%

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.

REBITDA

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

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

CAGR

CAGR ('Compound Annual Growth Rate') measures the average year-on-year growth rate over a multi-year period.

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 (-)

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

(in K euro)	2020	2021	Δ in % 2021
Non-current interest-bearing financial liabilities	-2 836	-2 363	16.7%
Non-current lease liabilities	-767	-514	33.0%
Current interest-bearing financial liabilities	-470	-473	-0.5%
Current lease liabilities	-643	-449	30.2%
Gross financial debt (-)	-4 717	-3 800	19.4%

Net financial debt (-)/net cash

The 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 the cash and cash equivalents. When the cash and cash equivalents exceed the aforementioned liabilities, this measure is referred to as net cash or cash surplus.

(in K euro)	2020	2021	Δ in % 2021
Cash and cash equivalents	17 946	20 812	16.0%
Non-current interest-bearing financial liabilities	-2 836	-2 363	16.7%
Non-current lease liabilities	-767	-514	33.0%
Current interest-bearing financial liabilities	-470	-473	-0.5%
Current lease liabilities	-643	-449	30.2%
Net cash	13 229	17 013	28.6%

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 sufficient own resources to finance its investments.

(in K euro)	2020	2021	Δ in % 2021
Current assets	23 063	34 112	47.9%
Current liabilities	18 800	26 077	38.7%
Current ratio	122.7%	130.8%	6.6%

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 dependency towards creditors.

(in K euro)	2020	2021	Δ in % 2021
Total equity	45 477	48 939	7.6%
Total assets	71 095	82 566	16.1%
Solvency ratio	64.0%	59.3%	-7.3%

PROFILE SMARTPHOTO GROUP

Smartphoto group, the innovative e-commerce group, is active under the brand name smartphoto™ in 12 European countries in B2C e-commerce offering affordable, high quality personalised products such as gifts, cards, photo books, photo calendars, prints and wall decoration. The group has local teams in Hengelo, Pratteln and Malmö for customer service and marketing, which enables a closer customer relationship.

Production is centralised and located in Wetteren (Belgium). The second smartphoto factory became up and running in 2020. This doubles its production capacity to support future growth. The full e-commerce site is hosted on the Google Cloud platform, which increases the scalability and the security of data; this also enables the many peaks throughout the year to be easily handled.

Furthermore, smartphoto group is, through Nayan, one of the market leaders in e-commerce distribution in Europe by offering a unique ‘e-commerce as a service’ (EAAS) for international brands looking for growth, and the sale to companies of personalised gift packages with chocolate, alcohol, fruit or flowers through websites such as Gift.be and GiftsforEurope.com. Nayan, mainly active in B2B e-commerce, is located in Ardooie (Belgium).

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.
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.

GEOGRAPHICAL PRESENCE

Belgium	smartphoto
	Spector
Luxembourg	smartphoto
The Netherlands	smartphoto
France	smartphoto
Sweden	smartphoto
Norway	smartphoto
Finland	smartphoto
Denmark	smartphoto
Switzerland	smartphoto
Germany	smartphoto
Austria	smartphoto
The United Kingdom	smartphoto
The European Union	smartphoto

Through Nayan, smartphoto group is not only active in Europe, but also in the United States of America.

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).

2021: Expansion of the operating activities through the acquisition of Frucon² NV, operating under the brand name Nayan.


Hooray!

THE WORLD OF
SMARTPHOTO

The world of smartphoto

Our mission at smartphoto still is to help socially active young mums and families create and give affordable, high-quality personalised products using smart and simple apps and websites.

We want everyone to enjoy their family photos again and again. We only deem our mission successful when you can transform your pictures into unique personal products without too much effort. Inspiring is very important to us, because we know how busy everyone is and how little time there is left to create personalised products.

Therefore our motto is 'smart.simple.smile', and every day we look for better solutions so you can enjoy your pictures or your favourite products which you personalised with a nice text or personal quote, in different, fun ways.

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.

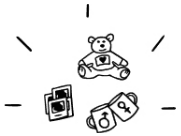
Our products therefore have to be affordable, of high-quality, but also offer solutions for your daily needs.

We also make it simple for everyone to enjoy their pictures by making sure that designing your product on our website is as simple as possible. For example, we pay a lot of attention to the speed of our websites, their accessibility from all kinds of devices (smartphone, tablet, laptop, PC), and we continuously expand our product range, as well as our designs and models, so you are sure to find something you like.

We are only satisfied when we have brought a smile to your face as you rediscover your pictures or personal text or quotes on all kinds of 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. We also like to inspire you to get more out of your pictures. We do this not only through the increasing range of our products, but also through our blog where you can find a lot of creative ideas, tips & tricks and a lot of inspiration.

The widest choice of (photo)products



On the smartphoto website you can find over 500 different products, which are fully hosted on the Google Cloud platform. This increases our scalability, which enables us to handle the many peaks throughout the year even more easily and further increases our data security level.

Every year, an average of 50 new products are added, ranging from completely new products to new variants of existing products.

In 2021, the new product category 'Smart2Give personalisable gift boxes' was launched, and already offers a choice of different packages: the gift package Apero Gin (alcoholic or non-alcoholic), the gift package Granola, the gift package Bubbles, and two variants of the gift package Relax (cotton green or terracotta). Each gift package contains 1 product you can personalise completely according to your wishes, such as gin glasses, champagne flutes, storage jars in the breakfast gift package, or a glass perfume diffuser in the relax packages. Of course, you can just buy a present, but a gift package that you can personalise and is completely ready to give, is extra fun!

In 2021, our collection of pet gifts was also further expanded in order to create nice personalised accessories for both pet and owner, featuring your favourite pictures of your pet.

Not only new products were launched, but also a whole series of new theme designs, which can be used in our webshop for a lot of popular products and, of course, also for the latest products from the pet shop.

Oops, made a typo?

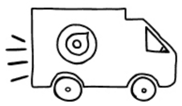
We offer free reprints. That is how far we go!

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. You trusted us with your most beautiful memories, so you definitely deserve the best possible product as a result. In the unlikely event that you are not 100% satisfied with your order, we will make sure you can be.

After all, we are only satisfied when you are!

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. We ship more than 2 million parcels a year with up to 40 000 items on peak days during the Christmas period! We deliver throughout Europe at lightning speed, within a few days after production.

It has happened to each and every one of us that we have to look for a gift at the last minute. When there is little time left to come up with a personalised gift, we tend to choose a less original one. In principle, there is nothing wrong with this, but it can be different! Smartphoto offers you the opportunity to design a nice personalised photo gift today, and to have it delivered tomorrow!

In 2021, we have further expanded this possibility of super fast delivery “Ordered today, delivered tomorrow”, both in terms of countries as in number of products. We managed to deliver at least 48 different products at home within 1 day. Knowing that each product has to be made individually for our customers before it can be shipped, this can be called a real masterpiece. And in 2022, we will of course continue this trend!

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). Furthermore, we received the BeCommerce Award Best Website in our category 4 times in a row and in 2021 we won the BeCommerce Advertising Award. We were also the winner of a SafeShops Award in 2021, for the fourth time 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, Pratteln and Malmö provide customer service and marketing assistance, so we can be closer to our customers.

In a few years, we have switched from prints to a full e-commerce site. The market in which we operate has evolved from ‘prints that you *needed* to have printed’ in the analogue period to ‘printing as *added value*’ for our customers.

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.

One of the main improvements in 2021 is a much improved mobile creator, which allows you to easily personalise and order your product via your smartphone, without getting stuck or experiencing problems. You can even personalise a puzzle via your mobile phone.

The three pillars on which we further develop our future are therefore: more and more mobile, even more personalised and even faster delivery. In 2022 we will continue to further ensure to do so in the most optimal and cost-efficient way.

In this process, the quality of your product remains essential, this is something we take very seriously at smartphoto. Taking care of each product as a unique item is something that is embedded in the minds of our production staff.

Due to the additional factory, which is fully operational as from the third quarter of 2020, we are able to invest in state-of-the-art machinery. We did this, more than ever, in 2021. We invested in new printers and machines to print, package and deliver your products to your home at the best quality.

Our packaging also got a new look so that we now can send all products in a recognisable way. And a new packaging machine ensures that the new packaging is always adapted to the size of the product, in order we can also send our packages in a sustainable way. In addition, the new packaging is extra solid which ensures safe transport.

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.

At smartphoto, smiling is the essence of our existence. We are obsessed with satisfied customers. As a 'Great Place to Work' we aim for happy employees. We are a human company, without any big noises. A company where direct contact with our customers is valuable, and where we appreciate our colleagues. This is how we take care of a smile going from one person to another, 'smile by smile'.

By analysing our NPS (Net Promoter Score), we measure what you, as our customer, really want, and what we can do to make our service even better. We carefully read all your feedback, so we can do something about it. This is the real power of improvement!

Furthermore, the many positive reactions confirm that we do the right thing at smartphoto. That we succeed in bringing people a little closer to each other when so many other things in the world seem to divide us.

The world of Nayan

On December 2, 2021, smartphoto group acquired 100% of the shares of Frucon² NV. The company, operating under the brand name Nayan, is located in Ardooie, Belgium, and is one of the market leaders in e-commerce distribution in Europe by offering a unique 'e-commerce as a service' (EAAS) for international brands looking for growth, and the sale to companies of personalised gift packages with chocolate, alcohol, fruit or flowers through websites such as Gift.be and GiftsforEurope.com. The operational activities mainly consist of B2B (Business-to-Business).

By merging the business activities of Nayan with smartphoto, Nayan's knowledge of the market of giftings, its customer focus and e-commerce know-how is combined with smartphoto's knowledge of consumers, technology, marketing and production of personalised products. The combination of these strengths allows smartphoto as a group to be taken to a new level.

At Nayan, we are an international team of omnichannel specialists, dedicated to help brands sell directly to their end-consumers. As an entrepreneurial and ambitious team, we use our knowledge and experience to generate data-driven, sustainable and profitable growth for the brands with whom we work.

In an increasingly complex world, our business model is refreshingly simple: we only grow when you grow. Our model allows us to build and manage digital marketing, sales and customer service solutions for premium consumer brands. By combining the right people, technology and operational processes, we provide brands direct access to their end consumers, across any channel, in an entirely scalable way.

In addition to this 'e-commerce a service', through Gift.be, we also offer companies additional services such as individual or grouped delivery of large quantities of gifts, personalised packages and gifts and complete loyalty programs for customers or employees, and send these in Belgium or across Europe.

Our team of specialists is continuously looking for new ideas to provide our customers with extraordinary experiences. They closely monitor the market trends and continuously look for innovating gift ideas.

After all, we want nothing less than to exceed the customers' expectations. In addition to our wide range of gift packages, we also offer customised business gifts. This way, you can compose your own package according to your wishes and budget. As an extra, we can wrap each gift with a personalised ribbon and gift message including your company logo. Thanks to our personal approach and excellent service, we are a unique player on the market.

So it's clear that there are a lot of new and exciting things to look forward to in 2022 as well. For smartphoto, there are again many new products scheduled, and we are determined to make the webshop experience even better and more pleasant. And by including Nayan in the smartphoto family, we can continue to grow as a leading company for personalised products in Europe.

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


NINA
10.05.2021

REPORT OF THE BOARD OF DIRECTORS

2021 ANNUAL RESULTS

Smartphoto group grows further in 2021

Dividend proposal

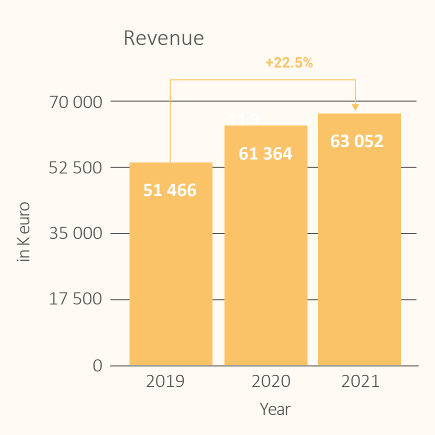
- Increase in revenue to 63 052K euro compared to 61 364K euro in the exceptionally strong year 2020 (+2.8%), and 51 466K euro in 2019 (+22.5%).
- The REBITDA amounts to 10 506K euro in 2021 compared to 11 860K euro in 2020 (-11.4%), and 8 790K euro in 2019 (+19.5%).
- Compound annual growth rate (CAGR) over the last 3 years of revenue is equal to 10.7%, and of the REBITDA is equal to 9.3%.
- Net result amounts to 5 500K euro in 2021 compared to 8 397K euro in 2020.
- Increase in net cash of 3 784K euro (+28.6%) from 13 229K euro in 2020 to 17 013K euro in 2021, and this notwithstanding the dividend payment, the further purchase of treasury shares and the acquisition of Frucon² NV (Nayan).
- Proposal to pay a gross dividend for 2021 of 0.65 euro per share (or an increase of 8.3%).

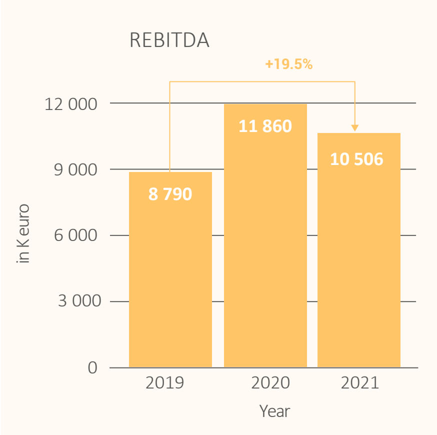
NOTES TO THE ANNUAL RESULTS

Smartphoto group, the innovative e-commerce group from Wetteren, realised in 2021 an increase in revenue to 63 052K euro compared to 61 364K euro in 2020. This growth in revenue is the combination of the organic evolution and the 1-month contribution of Nayan. The strict lockdown measures in 2020 resulted in exceptionally strong sales of books and prints in the spring and of gifts in the fall. Due to the loosening of the measures around the Covid-19 virus, the demand for these products fell back to normal levels in the year 2021.

Compared to 2019, as a reference without the influence of Corona, the group's revenue increased from 51 466K euro to 63 052K euro, an increase of 22.5%.

On an annual basis, the REBITDA amounts to 10 506K euro in 2021 compared to 11 860K euro in 2020 (-11.4%), and 8 790K euro in 2019 (+19.5%). For comparability purposes, the EBITDA was adjusted for the non-recurring costs relating to the acquisition of Nayan for 317K euro. These non-recurring costs relate to the acquisition-related costs that were incurred in order to realise the business combination.
The EBITDA amounts to 10 189K euro in 2021 compared to 11 860K euro in 2020 (-14.1%), and 8 790 euro in 2019 (+15.9%).





In the first half-year of 2021, the traditionally lower volumes over the first 6 months, combined with higher fixed costs due to the opening of the new factory and the expansion of the teams to support growth, put pressure on profitability.

In the second half-year, improvements in production and the partial recharge of increasing labour and material costs ensured better profitability. The REBITDA for the second half of 2021, including Nayan's activities for the month of December 2021, evolved positively by 380K euro compared to the second half of 2020.

in K euro	2019	H1 2020	H2 2020	2020	H1 2021	H2 2021	2021
Revenue	51 466	21 167	40 197	61 364	21 060	41 992	63 052
% growth	10.6%	11.5%	23.8%	19.2%	-0.5%	4.5%	2.8%
REBITDA	8 790	2 699	9 161	11 860	965	9 541	10 506
% of revenue	17.1%	12.8%	22.8%	19.3%	4.6%	22.7%	16.7%

With a compound annual growth rate (CAGR) over the last 3 years of revenue equal to 10.7% and of the REBITDA equal to 9.3%, smartphoto, after the temporary boost from Covid-19 in 2020, confirms further steady growth in 2021.

The continued focus on an extensive product range of personalised products and gifts, with photo and/or text, led to further growth in revenue and profitability. The expansion of the number of products with superfast delivery, 'Ordered today, delivered tomorrow', also contributed to this. With the start-up of the new factory in the third quarter of 2020, it was possible to realise efficiency improvements and automations in production in 2021, providing further potential for the projected growth.

Financial result

The financial result evolved positively from -477K euro in 2020 to -195K euro in 2021. This positive evolution is mainly due to the positive impact of the exchange rate gains/losses (-) by 283K euro. The financial costs from interest-bearing financial liabilities and other financial costs remained quasi stable.

Income taxes

Income taxes evolved from 532K euro in 2020 to -1 421K euro in 2021. The income taxes expense of -1 421K euro consists, on the one hand, of the decrease in deferred tax assets for -666K euro and, on the other hand, of the taxes expense on the result for 755K euro.

Profit or loss and other comprehensive income

As at December 31, 2021, the net profit amounted to 5 500K euro compared to a net profit of 8 397K euro as at December 31, 2020. This decrease in profit of 2 897K euro for the period 2021 is mainly due to:

- a decrease in the profit from operating activities, before non-recurring items of 909K euro;
- the non-recurring costs related to the acquisition of Nayan of 317K euro;
- a positive change in the financial result of 282K euro; and
- a negative impact of income taxes expense (-)/ income of 1 952K euro.

The other comprehensive income after taxes amounts to 91K euro as at December 31, 2021 and relates to translation differences. As at December 31, 2020, the other comprehensive income after taxes amounted to 1 300K euro. These related mainly to the revaluation gain on land and buildings after taxes.

The profit or loss and other comprehensive income, including the reclassification adjustments related to the translation differences following the deconsolidation of Spector Nederland BV (10K euro), amount to 5 601K euro.

Dividend

The Board of Directors will propose to the General Meeting of Shareholders on May 11, 2022 to distribute a gross dividend for 2021 of 0.65 euro per share (or an increase of 8.3%).

Provided that the profit distribution is approved by the General Meeting of Shareholders on May 11, 2022, this dividend is payable as from May 18, 2022.

The timetable for the payment of the dividend is as follows:
Ex-dividend date .... May 16, 2022
Registration date .... May 17, 2022
Payment date .... May 18, 2022

Statement of financial position

The balance sheet total increased by 11 471K euro, and amounts to 82 566K euro as at December 31, 2021. Mainly the following elements contributed to this:

Property, plant and equipment

The net book value of the property, plant and equipment has increased by 479K euro. This increase can be explained by:

- the investments of 2 020K euro, mainly consisting of investments in production machines and renovations related to the building in Kwatrecht (Wetteren), and
- the depreciation on property, plant and equipment for an amount of 1 523K euro.

Right-of-use assets

The net book value of the right-of-use assets amounts to 954K euro as at December 31, 2021 compared to a net book value of 1 395K euro as at December 31, 2020. This decrease in net book value includes, on the one hand, investments of 72K euro and the acquisitions through business combinations as a result of the acquisition of Nayan for an amount of 157K euro, and on the other hand, the depreciation for the period of 695K euro.

Goodwill

In accordance with IFRS 3, the identifiable assets acquired and the liabilities assumed of Frucon² NV (Nayan) and its subsidiary were recognised separately from goodwill and measured at fair value at the acquisition date. The amount by which the consideration transferred of 4 650K euro exceeds the net balance of the identifiable assets acquired and liabilities assumed is recognised as goodwill and amounts to 455K euro. This goodwill is allocated to the Nayan cash generating unit.

Intangible assets

The net book value of the intangible assets has increased by 333K euro to 3 136K euro.

This increase is mainly attributable to the investments of 1 296K euro - of which an amount of 681K euro was generated internally -, the acquisitions through business combinations as a result of the Nayan acquisition for a net amount of 93K euro, and the depreciation for the period of 1 055K euro. The investments mainly relate to:

- the migration of our web platform to mobile first and the cloud;
- the modernisation of underlying management tools via web applications;
- the transformation of our websites in terms of UX to a shop-in-shop concept, including the underlying databases and structures; and
- the development of new production software.

Deferred tax assets

Deferred tax assets decreased from 11 057K euro as at December 31, 2020 to 10 341K euro as at December 31, 2021, a decrease of 716K euro. This net decrease is mainly due to the reversal and use of deferred tax assets.

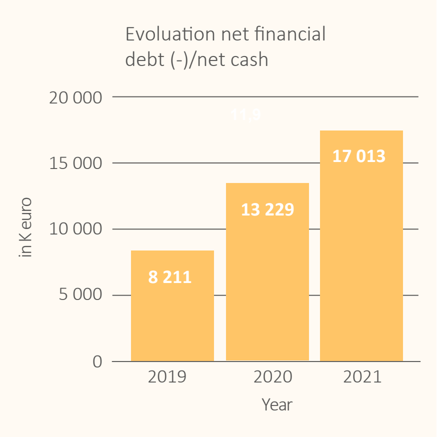
Inventories

Inventories increased by 1 549K euro to 4 030K euro as at December 31, 2021. This increase is due to both the acquisition of Nayan, as well as the temporary increase in inventories to ensure security of supply during the corona crisis.

Trade and other receivables

Trade and other receivables (non-current and current) evolved from 2 687K euro as at December 31, 2020 to 9 634K euro as at December 31, 2021, an increase of 6 948K euro. This increase is mainly due to the acquisition of Nayan.

Net cash



Net cash increased from 13 229K euro in 2020 to 17 013K euro in 2021, an increase of 3 784K euro (+28.6%).

This increase in net cash is the result of the realised free cash flow from smartphoto's regular activities on an annual basis - in particular in the second half-year of 2021 -, and the acquisition of Nayan, including the cash acquired (3 529K euro) on the one hand, and on the other hand, the investments in property, plant and equipment and intangible assets (3 316K euro), the dividend payment (2 249K euro) and the purchase of treasury shares (399K euro).

Total equity

Total equity has been further strengthened by 3 462K euro from 45 477K euro in 2020 to 48 939K euro in 2021. This increase in equity is mainly due to:

- the net profit of 5 500K euro in the 2021 financial year;
- the translation differences after income taxes for 101K euro;
- the transfer of treasury shares following the acquisition of Nayan for 509K euro;
- the payment of the 2020 dividend for 2 249K euro; and
- the purchase of 13 321 treasury shares for 399K euro as part of the share purchase programme with start date September 17, 2020.

Non-current and current interest-bearing financial liabilities

The interest-bearing financial liabilities amount to 2 836K euro as at December 31, 2021 compared to 3 307K euro as at December 31, 2020.

During 2021, an amount of 471K euro was repaid concerning the loans in the context of the acquisition of Aultmore NV, following the purchase of the additional production building.

Non-current and current lease liabilities

The lease liabilities amount to 963K euro as at December 31, 2021, compared to 1 410K euro as at December 31, 2020. This net decrease of 447K euro is the result of, on the one hand, the repayment of current lease liabilities, and on the other hand, the entry into new leases, mainly relating to vehicles.

Non-current and current employee benefit liabilities

The employee benefit liabilities have increased by 77K euro and amount to 3 510K euro at the end of 2021. An amount of 584K euro relates to non-current employee benefit liabilities concerning the pension obligations of the companies included in the consolidation scope.

Deferred tax liabilities

The deferred tax liabilities remained stable as at December 31, 2021 compared to December 31, 2020.

Current trade payables and other payables

The current trade and other payables increased by 6 174K euro, reaching 20 996K euro at the end of 2021. The increase mainly includes the increase due to the acquisition of Nayan. These liabilities mainly include supplier debts and debts related to value added taxes.

Outlook 2022

In 2022, we will continue to focus on growth, both for the activities of smartphoto as well as for Nayan. For smartphoto, the expansion of the product range, the implementation of price increases and the improvement of conversion, supported by a fully mobile-friendly site, will further support this. Besides the focus on growth by adding new customers for its EAAS ('e-commerce as a service'), Nayan will also pay the necessary attention to optimising the underlying processes and structures.

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 45.

Subsequent events

Impact of the Ukraine crisis
The outbreak of the military aggression of Russia against Ukraine is a subsequent event which is not reflected in the statement of profit or loss and other comprehensive income as at December 31, 2021 (non-adjusting subsequent event).

Smartphoto group analysed the risks of the consequences of the conflict between Russia and Ukraine, and the impact of this crisis to the operating activities, the market, the financial situation and the economic performance.

Considering smartphoto group is not active on the Ukrainian market, nor on the Russian market, no direct or indirect impact on revenue is expected. The crisis however is causing increases in the prices of energy and raw materials, which could have an impact on the expenses from operating activities.

The impact on an annual base can not yet be estimated at the moment of approval of the financial statements. However, the management of smartphoto is convinced that it takes the necessary measures to limit the impact of this crisis.

Research and development activities

Research activities
In view of the Company's nature and operations, there were no activities related to research in 2021.

Development activities
The activities related to development mainly relate to: (i) the migration of the smartphoto web platform to mobile first and the cloud, (ii) the modernisation of underlying management tools via web applications, (iii) the transformation of the smartphoto website in terms of UX to a shop-in-shop concept, including the underlying databases and structures, (iv) and the development of new production software.

These expenses meet the recognition criteria for capitalisation pursuant to IAS 38.57, and amount to 681K euro for the 2021 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 2021, nor in 2020.

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 32K euro for its mandate in 2021. In addition, local auditors were granted total fees of 34K euro for work concerning the audits of the subsidiaries with which smartphoto group forms a group. During the 2021 financial year, the Statutory Auditor and his network received a fee of 4K euro for work outside the scope of their engagement. These activities included, amongst others, the audit engagement following the exit from the consolidation scope of Spector Nederland BV, a report regarding the contribution in kind in Aultmore NV, and tax-related services.

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: Pallanza Invest BV, represented by its permanent representative Mr Geert Vanderstappen, Fovea BV, represented by its permanent representative Mrs Katya Degrieck, and Mr Hans Van Rijckeghem. Fovea BV, represented by its permanent representative 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

Corporate Governance Code

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.

Smartphoto group NV complied with all stipulations from the Corporate Governance Code 2020, except those of which are deviated because of a reason mentioned elsewhere in this corporate governance statement.

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.

In this annual report, we report on the practical application of the Corporate Governance Charter.

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 in order to make decisions efficiently and effectively in the Company's best interest.

In deviation from principle 3.11 of the Code 2020, no formal meeting of the non-executive directors is held in absence of the CEO. The Board is of the opinion that, to evaluate the interaction with the CEO, such a meeting is not valuable, given the open and continuous dialogue with the CEO, both informally and at meetings of the Board of Directors and its committees. When the Board of Directors has to deliberate on matters of concern to the CEO, he is requested to leave the meeting.

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 12 500 euro per annum. The Board of Directors is of the opinion that the shareholders' long-term 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, and (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. After all, this is the merit of the managing director who is in charge of the daily management.

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. The executive director is, through Acortis BV, represented by its permanent representative Mr Stef De corte, holder of 5 250 shares of the Company. Refer to the brief biography of the member of the Board of Directors.
In addition, the fact that the executive director already receives a remuneration in his capacity as CEO, and that the variable part of the remuneration is not only dependent on the individual performance, but also related to the overall performance of the Company, means that the interests of the executive director are aligned with the objectives of sustainable value creation of the Company.

Composition and functioning of the Board of Directors

The Board of Directors is the main decision-making body of the Company and disposes of all authorities which are not preserved for the General Meeting of Shareholders by law or by the articles of association. Smartphoto group NV has opted for a monistic governance structure, in the sense of article 7:85 of the Belgian Companies and Association Code.

Current composition of the Board of Directors
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
De heer 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, Fovea BV, represented by its permanent representative Mrs Katya Degrieck, 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 Fovea BV, represented by its permanent representative Mrs Katya Degrieck, and Mrs Alexandra Leunen, in accordance with Article 7:87 of the Belgian Companies and Associations Code.

By appointing Fovea BV, represented by its permanent representative Mrs Katya Degrieck, 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 2022 financial year, the closed periods are the following:
- From July 24, 2022 until August 24, 2022;
- From February 3, 2023 until March 3, 2023.

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 5 000 euro threshold, and applies to each subsequent transaction.

Board of Directors' report on activities in 2021
In 2021, 9 meetings took place under the chairmanship of Mr Philippe Vlerick.
One meeting dealt mainly with the budget for 2021, two meetings dealt mainly with the approval of the financial statements as at December 31, 2020 and the half-yearly financial statements as at June 30, 2021. One meeting dealt mainly with the agenda of the Annual General Meeting of Shareholders, including the proposal to approve the variable remuneration of the executive director in accordance with the proposal of the Remuneration Committee. At the other meetings, the Board of Directors mainly discussed the periodic reporting concerning the results of the group and the Company's financial position, the investment strategy, and the recommendations from the Board of Directors' committees, such as the annual evaluation of the executive director. The Board of Directors deliberates on matters including the strategy and progress, the management structure, the strategy concerning ERM, and proposals for acquisitions or divestments. More specifically, the dividend payment, the share repurchase programme of September 17, 2020, the impact of the measures regarding Covid-19, and the acquisition of Frucon² NV were discussed in the 2021 meetings.

The Board of Directors meets at least four times a year. In 2021, the Board of Directors met nine times. The individual attendance rate of the directors regarding the meetings of the Board of Directors in 2021 was as follows:

Name	Attendance rate
Mr Philippe Vlerick	100%
Acortis BV, represented by its permanent representative Mr Stef De corte	100%
Pallanza Invest BV, represented by its permanent representative Mr Geert Vanderstappen	100%
Fovea BV, represented by its permanent representative Mrs Katya Degrieck	89%
Mr Hans Van Rijckeghem	100%
Alychlo NV, represented by its permanent representative Mr Marc Coucke	67%
Mrs Alexandra Leunen	78%

Although the Articles of Association state that the decisions must be made by a majority of votes, in 2021 the Board of Directors took all decisions by full consensus.

Conflict of interests

Directors' conflict of interests of a patrimonial nature in application of Article 7:96 of the Belgian Companies and Associations Code.

In 2021, 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 March 26, 2021.

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 5, he is affected by a conflict of interest, as a decision must be taken on the remuneration of Acortis BV, of which Mr De corte is permanent representative.
>
> 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 5.
>
> The Statutory Auditor will be informed of this conflict of interest.
>
> DELIBERATIONS AND DECISIONS
>
> V. Discussion and approval variable remuneration Acortis BV
>
> Mr Stef De corte leaves the meeting.
>
> The Board of Directors refer to the Remuneration policy. The remuneration of the executive director consists, on the one hand, of a fixed component as a remuneration for the responsibilities related to the function and for certain competencies and experience; which is compared to remunerations of comparable functions, and annually evaluated. On the other hand, the remuneration consists of a performance-related remuneration which is related to the realisation of objectives of the Company and of individual objectives.
>
> These objectives include both financial and non-financial objectives, of which the combination ensures a balanced package, whereby value is created for the shareholder, based on cash flow and growth.
>
> The Remuneration Committee proposed the following remuneration package for Acortis BV over 2020:
>
> - a fixed remuneration component of 385K euro - consistent with previous years
> - a variable remuneration component of 147K euro, and
> - other remuneration components of 3K euro.
>
> The Board of Directors is of the opinion that this proposal is economically justified and in line with market conditions, and thus justified. There are no negative patrimonial consequences for the Company. Consequently, the Board of Directors approves the proposal.
>
> The Remuneration policy stipulates that, in accordance with article 7:91 of the Belgian Companies and Associations Code, the variable remuneration is one quarter or less of the total annual remuneration. For the 2020 financial year, the proposed variable remuneration component amounts to 27%, and the fixed remuneration component amounts to 72% of the total remuneration. As a consequence, the remuneration of the executive director must be submitted for approval to the General Meeting of Shareholders. The approval will be included as a separate agenda item at the General Meeting of Shareholders of May 12, 2021.

Moreover, the remuneration of the executive director is part of the Remuneration report, which is also subject to approval of the Annual Shareholders Meeting.

Mr Stef De corte rejoined 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 2021 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 (chairman),
- 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, initially 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, represented by its permanent representative Mr Stef De corte, was appointed as 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, represented by its permanent representative 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 in the sense of Article 7:99, §2 of the Belgian Companies and Associations Code.

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

Current directorships at other companies:

- Kinepolis NV,
- Garden Vision (Oh'green) NV,
- Pentahold NV,
- Advipro Groep,
- Optimum Sorting 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 Large Publishers 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.
- Member of the International Advisory Board IconicHouses.org, a global platform and network for house musea.

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

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

Mrs Katya Degrieck has no family ties with other members of the Company's administrative, management or supervisory bodies. Fovea BV and Mrs Katya Degrieck do not hold any registered shares in smartphoto group NV, do not hold any stock options of the Company, and do not have any other business links with the group.

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

HANS VAN RIJCKEGHEM

Non-executive director

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

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

Since 2010 managing director of Shopinvest NV, Nr4 NV 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 chairman-director of VZW Karus, psychiatric centre in Melle and Ghent.

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 in the sense 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.

The shares of smartphoto group NV, held by Alychlo NV are registered shares, and are recorded in the shareholders' register of the Company. The shares held by Mr Marc Coucke personally, are not registered shares. Alychlo NV and Mr Marc Coucke, 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 Brussels, 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 2020, 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 functioning 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, represented by its permanent representative Mr Geert Vanderstappen, director and Chairman of the Committee;
- Fovea BV, represented by its permanent representative Mrs Katya Degrieck, independent director;
- Mr Hans Van Rijckeghem, director.

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

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

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

Audit Committee's report on its activities in 2021
The Audit Committee met 4 times in 2021. Two meetings were mainly devoted to the review of the consolidated financial statements as at December 31, 2020 and the half-yearly consolidated figures as at June 30, 2021. 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 controls and risk management systems, more specifically the risks and the measures taken to mitigate the risks related to cybersecurity were discussed. Other important items on the agenda were: the discussion of the acquisition of Frucon² NV, the impact of the measures related to Covid-19 and the discussion of the non-audit services of the Statutory Auditor and its network. 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, represented by its permanent representative 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 2021
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 2021, the Nomination Committee did not meet.

Remuneration Committee

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 long-term performance bonuses, 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.

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, represented by its permanent representative 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 2021
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 2021 and dealt with issues including the individual remuneration for the executive director, more specifically, the approval of the variable remuneration over 2020, and the terms and conditions of the fixed and variable remunerations for the current financial year. Moreover, the remuneration for the non-executive directors and the executive director are reviewed according to the stipulations of the Belgian Companies and Associations Code and the principles of the 2020 Code.

The remuneration policy of the Company was approved by 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 Shareholders of the Company.

All members attended the meetings.

Information regarding diversity

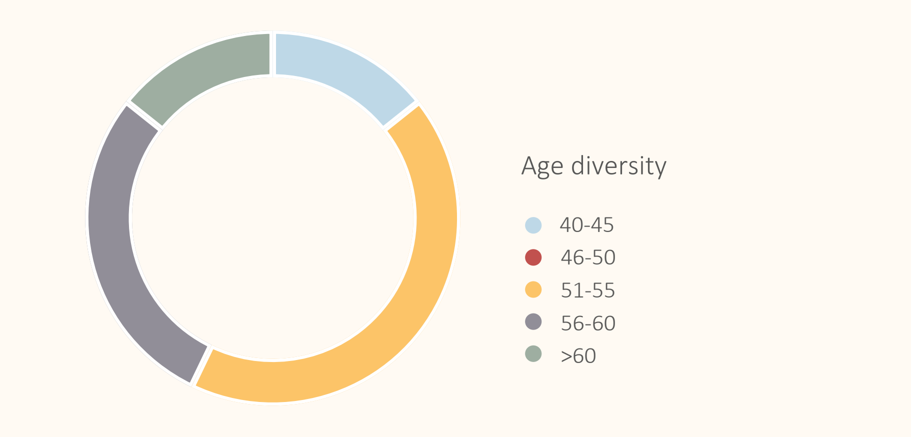
The composition of the Board of Directors takes into account the necessary diversity and complementarity concerning competencies, experience and knowledge for efficient and effective decision-making.

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		3	2	1	7
In % of total	14.3%	0.0%	42.9%	28.6%	14.3%	100.0%



Gender diversity within the current Board of Directors

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

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, represented by its permanent representative Mr Stef De corte, is acting as managing director of the Company as from November 14, 2017.

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

The Board of Directors regularly evaluates its size, composition and performance; as well as those of the committees and the 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 2021. The fees included below are in accordance with Article 3:6, §3 of the Belgian Companies and Associations Code, 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 is approved by the General Meeting of Shareholders of May 12, 2021. This policy will, for every material change and at least every four years, be submitted for approval to the General Meeting of Shareholders of the Company.

Remuneration of the non-executive directors in 2021
In accordance with the remuneration policy of smartphoto group NV, the non-executive directors each receive a fixed remuneration of 12 500 euro per year.

Mr Philippe Vlerick, appointed as Chairman, receives an additional fixed remuneration of 12 500 euro 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 2 500 euro.

The total fees paid to non-executive directors for the 2021 financial year amount to 95 000 euro; for 2020, these fees also amounted to 95 000 euro.

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 non-executive 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 50 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 2021
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.

A part of the remuneration of the present 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. In accordance with principle 7.12 of the 2020 Code, there is a clawback clause between Acortis BV, represented by its permanent representative Mr Stef De corte, and the Company to withhold payment of variable remuneration in case the proposed objectives, which are set up at the start of the financial year, and are proposed by the Remuneration Committee, are not realised.

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. After all, this is the merit of the managing director who is in charge of the daily management.

In 2021, the fixed remuneration amounts to 385K euro. The variable remuneration consists of a cash bonus which depends on the realised performance of the Company against the objectives pursued, as determined by the Remuneration Committee. The actual performance over the 2021 financial year did not meet the objectives pursued, therefore, there is no variable remuneration granted over 2021. The remuneration of the executive director for 2021 includes a one-off success fee for the realisation of the acquisition of Frucon² NV and Frucon International Inc. Thanks to the efforts and commitment of the executive director in the months prior to the acquisition, the acquisition was completed on December 2, 2021, by signing the sale-purchase agreement. This non-recurring component amounts to 125K euro. The other remuneration components amount to 2K euro. The total remuneration for the executive director for the 2021 financial year thus amounts to 512K euro.

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.

Remunerations and interests of the executive director (in K euro)

Executive Director	Fixed remuneration component [1]	Variable remuneration component [1] [2]	Non-recurring remuneration component [3]	Other remuneration components [4]
Stef De corte [5]	-385		-125	-2

[1] *Cost to the Company, i.e. gross amount including social security contributions.*

[2] *The variable component is determined in the form of a bonus plan that is assessed each year by the Remuneration Committee. This bonus plan includes financial and non-financial targets.*

[3] *The non-recurring component includes a one-off success fee for the realisation of the acquisition of Frucon² NV and Frucon International Inc., as determined by the Remuneration Committee.*

[4] *The other components refer to the costs for insurance policies, and the cash value of the other benefits in kind, i.e. expense allowances, company car, etc.*

[5] *Mr Stef De corte, fixed representative of Acortis BV.*

Regardless of the aforementioned remuneration, Acortis BV, represented by its permanent representative Mr Stef De corte, holds 5 250 shares of smartphoto group NV. See 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. 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. Moreover, the fact that the executive director already receives a remuneration in his capacity as CEO, an that the variable component of the remuneration not only depends on the individual performance, but also relates to the overall performance of the Company, means that the interests of the executive director are sufficiently aligned with the objectives of sustainable value creation of the Company.

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 2021 financial year, the variable remuneration component was nil. The non-recurring remuneration component amounts to 125K euro, which is 24% of the total remuneration and the fixed remuneration amounts to 75% of the total remuneration.

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 12 months.

Other information corresponding to Article 3.6, §3 of the Belgian Companies and Associations Code
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	2017	2018	2019	2020	2021
Yearly remuneration non-executive directors [1]	0%	0%	0%	0%	0%
Executive director [2]	-8.1%	2.2%	2.2%	12.0%	-3.8%
Changes in the performance of the Company [3]	44.5%	5.3%	27.2%	34.9%	-14.1%
Changes in the average remuneration of the other employees [4]	-2.1%	0.4%	4.7%	-3.1%	5.0%
Ratio between the highest and lowest remuneration [5]	9.8%	10.2%	10.3%	10.2%	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 is based to a large extend 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.

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 net cash evolved from a cash surplus of 13 229K euro at the end of 2020 to a cash surplus of 17 013K euro at the end of 2021.

The contractual obligations include, in addition to the current and non-current liabilities, the interest liabilities related to these current and non-current liabilities.

Non-current payables are measured at amortised cost which approaches the fair value. Also for the current payables, the fair value of the current payables is also comparable to 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 2022.

Neither in 2020, nor in 2021 there are derivative contracts.

Because the credit agreements with KBC Bank and BNP Paribas Fortis Bank (Note 27) were entered into at a fixed interest rate, a sensitivity analysis of the current and non-current interest-bearing financial liabilities is not representative.

For the bank overdrafts, the interest rate is determined at the moment of withdrawal. This operating procedure enables smartphoto group to accept fluctuations in the financial expenses in accordance with the evolution of market interest rates. As at December 31, 2020 and 2021 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 liabilities, including the lease liabilities, divided by their maturity, can be found in Note 36 'Risk factors' to the Consolidated Financial Statements of 2021.

Credit risk

The majority of the smartphoto group's activities 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, 2020 and 2021.

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 defined 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, which are based on historical information from the past 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 36 'Risk factors' to the Consolidated Financial Statements of 2021.

Exchange rate risk

The Company publishes its consolidated financial statements in euro. 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, the Swiss franc and the American dollar. 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 36 'Risk factors' to the Consolidated Financial Statements of 2021, additional information about the sensitivity analysis of exchange rates is included.

Seasonal fluctuations

The activities of smartphoto group are subject to seasonal fluctuations. Sales, for example, show a strong peak every fourth quarter. 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 additional provisions have to be recognised.

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.

There are no material claims or disputes pending for which no provision has been made.

Force majeure risks

Covid-19

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 employees 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.

Smartphoto group continues to monitor the epidemiological situation and, if required, will again take the necessary measures to protect the Company and its employees and limit any negative consequences.

Impact of the Ukraine crisis

The outbreak of the military aggression of Russia against Ukraine is a subsequent event which is not reflected in the statement of profit or loss and other comprehensive income as at December 31, 2021 (non-adjusting subsequent event).

Smartphoto group analysed the risks of the consequences of the conflict between Russia and Ukraine, and the impact of this crisis to the operating activities, the market, the financial situation and the economic performance.

Considering smartphoto group is not active on the Ukrainian market, nor on the Russian market, no direct or indirect impact on revenue is expected. The crisis however is causing increases in the prices of energy and raw materials, which could have an impact on the expenses from operating activities.

The impact on an annual base can not yet be estimated at the moment of approval of the financial statements. However, the management of smartphoto is convinced that it takes the necessary measures to limit the impact of the crisis.

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 scenar

Information pursuant to Article 14, §4 of the Act of May 2, 2007

Shareholder 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 2021:

Notification made on June 28, 2021

Smartphoto group NV has informed the Financial Services and Markets Authority (FSMA) that the percentage of voting securities or voting rights acquired on June 24, 2021 has exceeded the legal and statutory threshold of 5% due to the additional acquisition of treasury shares. The total number of voting securities held in treasury amounts to 197 759 or 5.02%.

Notification by a person that notifies alone.

Holders of voting rights	Previous notification	After the transaction	
	Number of voting rights	Number of voting rights	% of voting rights
smartphoto group NV c/o Kwatrechtsteenweg 160, B-9230 Wetteren	150 058	197 759	5.02%
TOTAL	150 058	197 759	5.02%

Total number of voting rights (the denominator) at the time of the acquisition of the voting rights, i.e. on June 24, 2021: 3 941 950.

Chain of controlled undertakings through which the holding is effectively held: smartphoto group NV is not a controlled undertaking.

Notification made on December 8, 2021
Smartphoto group NV has informed the Financial Services and Markets Authority (FSMA) that the percentage of voting securities or voting rights held by the company on December 2, 2021 has fallen below the legal and statutory threshold of 5% due to the transfer of treasury shares following the acquisition of Frucon² NV (see press release dated December 2, 2021). The total number of voting securities held by the company amounts to 188 497 or 4.78%.

Notification by a person that notifies alone.

Holders of voting rights	Previous notification	After the transaction	
	Number of voting rights	Number of voting rights	% of voting rights
smartphoto group NV c/o Kwatrechtsteenweg 160, B-9230 Wettere	197 759	188 497	4.78%
TOTAL	197 759	188 497	4.78%

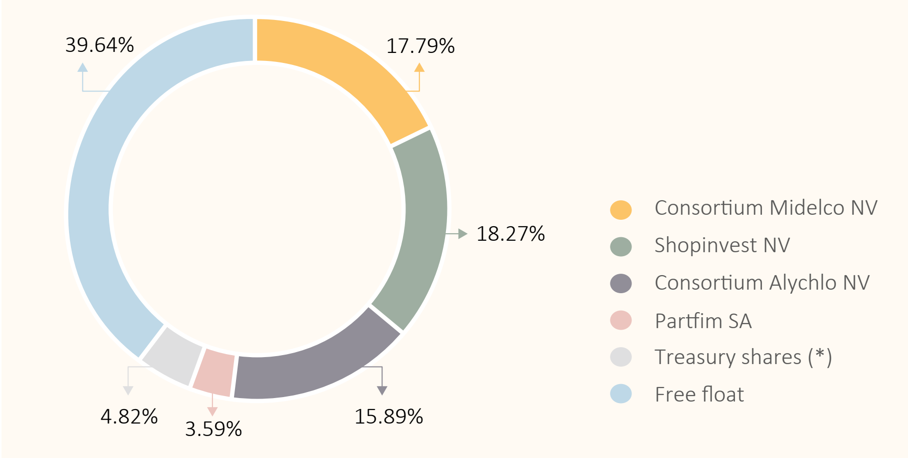
Total number of voting rights (the denominator) at the time of the transfer of the voting rights, i.e. on December 2, 2021: 3 941 950.

Chain of controlled undertakings through which the holding is effectively held: Smartphoto group NV is not a controlled undertaking.

Shareholder structure as at the year-end closing date
Shareholders with a percentage ≥ 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	24/08/2018	17.79%	701 195	17.79%
c/o Doorniksewijk 49, B-8500 Kortrijk		(701 195)		
- 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	16/09/2015	15.57%	720 000	18.27%
Beukenlaan 1, B-9250 Waasmunster		(570 000)		
- SHOPINVEST NV			719 000	18.24%
- Etienne Kaesteker			1 000	0.03%
ALYCHLO NV and controlling person	27/05/2020	15.01%	626 457	15.89%
Lembergsesteenweg 19, B-9820 Merelbeke		(591 551)		
- ALYCHLO NV		14.98%	625 557	15.87%
- Marc Coucke		0.02%	900	0.02%
SMARTPHOTO GROUP NV	08/12/2021	4.78%	190 028	4.82%
Kwatrechtsteenweg 160, B-9230 Wetteren		(188 497)		
PARTFIM SA	02/06/2020	3.59%	141 500	3.59%
Avenue Montjoie 167 bus 9, B-1180 Brussel		(141 500)		

(1) *% of shares held of the total number of issued shares in accordance with the latest notification.*
(2) *current % of shares held of the current total number of issued shares, being 3 941 950 shares.*



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

Treasury shares
The total number of treasury shares evolved from 193 133 shares per December 31, 2020 to 190 028 shares per December 31, 2021, or 4.82% of the total number of issued shares (3 941 950). This decrease of 3 105 treasury shares is the result of:

- The purchase of 13 321 treasury shares in the period from January 1, 2021 to December 31, 2021 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.
- The transfer of 16 426 treasury shares following the acquisition of 100% of the shares of Frucon² NV as at December 2, 2021.

As part of the current share repurchase programme, with start date September 17, 2020, as published on September 16, 2020, the Board of Directors decided, during the meeting of June 15, 2021, to extend the duration until May 31, 2023. The other modalities of this purchase programme remain unchanged. Treasury shares can still be purchased until that date, or until the predetermined value of 3 000 000 shares has been acquired; being, as at December 31, 2021 for a remaining value of 1 784 197.21 euro.

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 11, 2022 will not be organised electronically, but will take place physically.

Conditions for participation
Registration procedure
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.

Notification procedure
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, above mentioned, 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, as follows:

- by letter, addressed to NV smartphoto group attn. Marjan Janssens, Kwatrechtsteenweg 160, 9230 Wetteren (to be received no later than six days before the General Meeting), or
- by e-mail, sent to the e-mail address corporate@smartphoto.com This e-mail must reach the indicated e-mail address no later than six days before the General Meeting, at midnight.

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 www.smartphotogroup.com.
The proxies must be deposited at the registered office of the Company, no later than six days before the General Meeting. This can be done by letter or e-mail at the same coordinates as stated in the above-mentioned notification procedure.

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 www.smartphotogroup.com.

• 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: corporate@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 corporate@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 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 release service for investors via the above mentioned website.

Remuneration and interests of the members of the supervisory bodies: see page 43 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 41 381 403.63 euro, 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 a 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 applied 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 renewal of this authorisation will be proposed to the Extraordinary General Meeting of Shareholders of May 11, 2022. Please refer to the convocation to the Ordinary General Meeting and Extraordinary General Meeting of May 11, 2022, which is made available on the Company’s website: www.smartphotogroup.com.

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.

The renewal of this authorisation will be proposed to the Extraordinary General Meeting of Shareholders of May 11, 2022. Please refer to the convocation to the Ordinary General Meeting and Extraordinary General Meeting of May 11, 2022, which is made available on the Company’s website: www.smartphotogroup.com.

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.

Statement of non-financial information

The statement of non-financial information is included in a separate section of the 2021 Annual Report: refer to the Statement of non-financial information- Sustainability Report (ESG), included on pages 61 to 71 of this document.

General information concerning smartphoto group

1. General information about the Company

1.1. Identity
The company's name is 'smartphoto group NV'. 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 NV' 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, 2021 amounts to 41 381 403.63 euro and is represented by 3 941 950 registered shares with no nominal value, fully paid-up. The accountable par amounts to 10.50 euro.

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 41 381 403.63 euro. 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

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 17 729 525.41 euro so the issued authorised capital after conversion is 17 729 525.41 euro.
p) July 19, 2002 (publication Belgian Official Gazette of August 15, 2002): (i) Capital increase by an amount of 3 749 778.97 euro, taking it from 17 729 525.41 euro to 21 479 304.38 euro 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 913 057.14 euro, taking it from 21 479 304.38 euro to 22 392 361.52 euro without issuing new shares.
q) December 14, 2005 (publication Belgian Official Gazette of January 5, 2006): (i) Capital increase by an amount of 39 999 999.20 euro, taking it from 22 392 361.52 euro to 62 392 360.72 euro by the issue at 1.40 euro 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 1 801 555.00 euro, taking it from 62 392 360.72 euro to 64 193 915.72 euro, 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 1.40 euro 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 3.36 euro 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 64 193 915.72 euro.
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 2 100 000 euro, taking it from 64 193 915.72 euro to 66 293 915.72 euro by issuing 2 800 000 new ordinary shares, each issued at an issue price of 0.75 euro, taking the total number of shares to 39 419 505; (ii) Capital reduction of 46 584 163.22 euro, reducing it to 19 709 752.50 euro to reduce the fractional value of the outstanding shares to 0.50 euro, 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 19 709 752.50 euro. This is represented by 3 941 950 shares.”

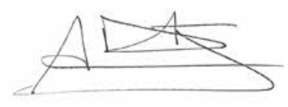
v) May 9, 2018 (publication Belgian Official Gazette May 31, 2018): (i) Capital increase of 46 584 163.22 euro, taking it from 19 709 752.50 euro to 66 293 915.72 euro without issuing any new shares by incorporating the existing non-distributable reserve; (ii) Absorption of the losses as a result of a capital reduction of 24 912 512.09 euro, taking it from 66 293 915.72 euro to 41 381 403.63 euro without cancellation of shares; (iii) Amendment of Article 5 of the Articles of Association to the following: “The authorised capital is 41 381 403.63 euro. 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 euro
2002	6 761 253	22 392 361.52 euro
2005	36 619 505	64 193 915.72 euro
2016	39 419 505	19 709 752.50 euro
2017	3 941 950	19 709 752.50 euro
2018	3 941 950	41 381 403.63 euro

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, 2021.

Wetteren, March 25, 2022



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


EVERYTHING
UNDER
THE SUN
EVERYTHING


NICOLAS
15 May 2022

STATEMENT OF NON-FINANCIAL INFORMATION - SUSTAINABILITY REPORT - (ESG)

STATEMENT OF NON-FINANCIAL INFORMATION - SUSTAINABILITY REPORT (ESG)

Article 3:6 §4 of the Belgian Companies and Associations Code is not applicable to smartphoto group since the threshold of an average workforce of 500 employees was not exceeded during the fiscal year.

Apart from that, smartphoto group voluntarily drew up this sustainability report because it is convinced that in this way it is contributing to increasing the collective commitment regarding sustainability.

About smartphoto group

Smartphoto group is, under the brand name smartphoto™, active in B2C e-commerce offering affordable, high quality personalised products such as gifts, cards, photo books, photo calendars, prints and wall decoration. Our mission is to help socially active young mums and families create and give affordable, high-quality personalised products using smart and simple apps and websites. We only deem our mission successful when you can transform your pictures into unique personal products without too much effort.

This also means that our products have to be of high quality, but also need to be affordable. The products of smartphoto should not only be fun to make, they should also be fun to receive and share.

Furthermore, smartphoto group is, through Nayan, one of the market leaders in e-commerce distribution in Europe by offering a unique 'e-commerce as a service' (EAAS) for international brands looking for growth, and the sale to companies of personalised gift packages with chocolate, alcohol, fruit or flowers through websites such as Gift.be and GiftsforEurope.com.

At Nayan, an international team of omnichannel specialists is dedicated to help brands sell directly to their end-consumers. An entrepreneurial and ambitious team uses its knowledge and experience to generate data-driven, sustainable and profitable growth for the brands with whom they work. In addition to this 'e-commerce as a service', Nayan also offers, through Gift.be, additional services to companies such as individual or grouped delivery of large quantities of gifts, personalised packages and gifts and complete loyalty programs for customers or employees, and sends these in Belgium or across Europe.

More information about the activities and the markets on which the smartphoto group is active, can be found on pages 11 to 20 of this Annual Report.

The general risk factors related to the Company's business activities are described in the report of the Board of Directors under the Corporate Governance statement under the heading "Description of the risks and uncertainties" on pages 45 to 48 of this Annual Report.

About the sustainability policy

Smartphoto group attaches importance to corporate social responsibility, with attention to economic added value and respect for people and the environment. We therefore want to strengthen our commitment to sustainability, which is part of the corporate strategy. To further implement the sustainability policy, a roadmap was developed in 2021 with the appointment of a Sustainability team reporting directly to the CEO.

For smartphoto group, the policy is not limited to achieving the financial objectives. The proposed social and ecological objectives also form part of the strategy. These objectives are partly determined by the mission, the company values and the core of the business activities.

Sustainable Development Goals of the United Nations
In order to build up a clear reference frame around our sustainability policy, smartphoto opted in 2021 to develop an action plan within the Voka Charter for Sustainable Entrepreneurship. The basis of this plan is the model of the United Nations Sustainable Development Goals (SDGs).

Sustainability at smartphoto

To determine the content of this report, the management conducted an analysis that took into account the issues that could have a material impact on our business. From this, 6 objectives were retained within the three domains People and well-being, Environment, and Waste and resource management.

2021 achievements

People and well-being

Supporting career development of employees
Offering a training package to employees
Improving awareness amongst employees about the importance of sustainable food
Improve work-life balance
Modernising the company's infrastructure

- Promoting safe and secure working environments for all workers
- Improving awareness relating to climate change
- Encouraging to adopt sustainable practises and to integrate sustainibility information
- Promoting decent work for all
- Ensuring healthy lives and promote well-being at all ages

Environment

Electrifying the company car fleet
Offering the possibility to charge electric cars
Feasibility study of renewable energy
Reducing amount of shipped air
Stop the use of harmful cleaning products in office
Increasing envolvement with environment and society

- Increasing the share of renewable energy
- Improving the energy efficiency
- Promoting safe and secure working environments for all workers
- Improving global resource efficiency in consumption and production
- Achieving the sustainable management and efficient use of natural resources
- Achieving an environmentally sound management of chemicals and all wastes
- Reducing emissions to air, water and soil
- Improving awareness relating to climate change

Waste and resource management

Increasing the use of FSC certified packaging material
Reducing the CO^2 footprint in transport
Setting goals for energy, water and waste reduction

- Improving global resource efficiency in consumption and production
- Reducing emissions to air, water and soil
- Achieving the sustainable management and efficient use of natural resources
- Reducing waste generation through prevention, reduction, recycling and reuse

People and well-being

Health and Safety

A lot of employees spend a large part of the day at work, together with their colleagues. Smartphoto ensures that this working time is as safe and healthy as possible.

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

- In the production department, operating and safety instructions have been developed for all machines.
- Employees are obliged to use all personal protective equipment (e.g. safety goggles, safety shoes, etc.) that is required for the job, according to the given instructions.
- Smartphoto has taken the necessary Covid prevention measures in the past 2 years to prevent possible contamination.
- Smartphoto is offering all of its employees the opportunity for a free flu vaccine in the fall.
- Through preventive and corrective measures, we continuously strive to monitor and improve ergonomics, for example by investing in custom-made ergonomic packing tables.
- We raise awareness among our employees about work-related stress and burn-out.
- Across the two plants in Wetteren, there are 20 employees with the E.H.B.O. industrial helper certificate. They receive regular refreshment training so that they can provide first aid in cases of emergency.
- A policy was developed around the use of dangerous chemicals at the workplace. The company responsible for cleaning the offices and production buildings in Wetteren uses environmentally friendly products, both for daily interior cleaning and for cleaning the sanitary facilities, and has the ISO 14001:2015 certification (highest award concerning “Attestation of Sustainable Development” organized by the General Belgian Cleaning Union).

Modernisation of business infrastructure

Part of the offices at Kwatrecht (Wetteren) was modernised in 2021 to improve the working environment for employees and to utilise unused infrastructure. In the process, plenty of natural light was brought into the offices. Further renovations will take place in 2022.

Work-life balance

Most of our employees have flexible working hours: an employee can choose when to start and stop working. He/she can decide to work more hours on certain days and less on others. With the help of a time registration system, everything can be measured objectively.

Homework is also allowed for those departments where it is possible, with a maximum of 50% per week. Agreements are made per team to schedule certain days on which the majority of people come to work, in order to keep the group spirit high.

Career development and employee training

Smartphoto supports the career development of its employees and offers them a training package. A career path is mapped out for both white-collar and production employees. This consists of various components such as salary structure, transparency, objective parameters, growth opportunities and the provision of internal and/or external training.

Diversity of employees

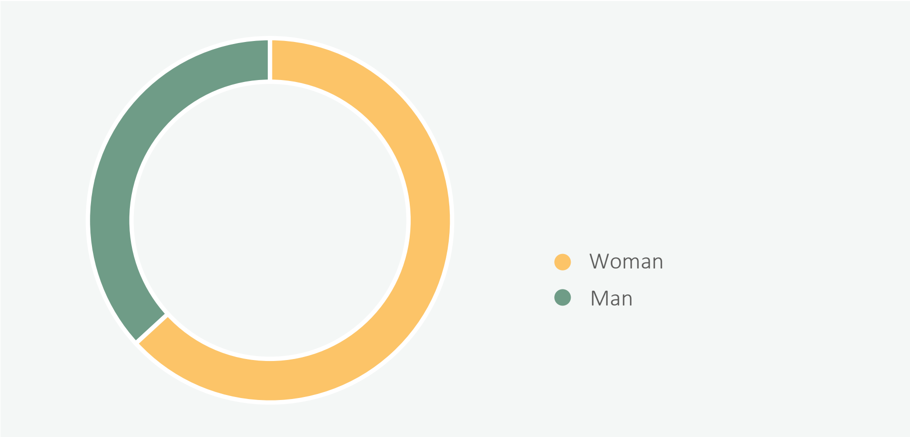
The focus on diversity is part of the HR policy of smartphoto as a group. Offering equal opportunities and fair remuneration leads to a higher level of employee commitment.

Smartphoto attaches importance to a dynamic work environment in which, in addition to the qualities and motivation of the employees, there is also sufficient diversity in terms of age, gender, orientation, disability, ethnic origin or nationality.

At group level, women represent 63% of the employees compared to 37% men. At smartphoto, we have employees ranging in age from 19 to 68. Here, 65.2% of the employees are younger than 45 years. Smartphoto employs different nationalities. However, the fact that the production activities and a number of support services are centralised in Wetteren (Belgium) means that around 81.4% of the employees have the Belgian nationality. Our employees generally have long employment contracts. About one fourth of the employees are employed part-time.

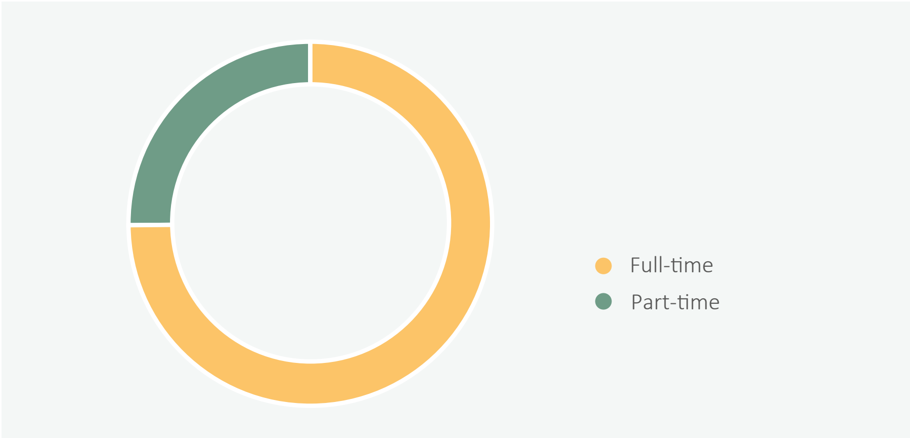
Diversity among employees regarding gender in FTEs.

Gender	Woman	Man	Total
Number of employees	189	110	299
In % of total	63%	37%	100%



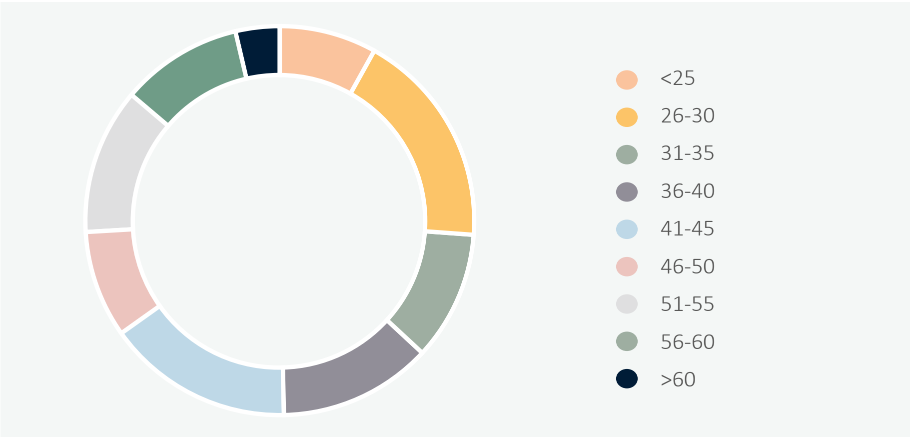
Diversity among employees regarding type of employment in FTEs.

Employment type	Full-time	Part-time	Total
Number of employees	224	75	299
In % of total	75%	25%	100%



Diversity among employees regarding age in FTEs.

Age	<25	26-30	31-35	36-40	41-45	46-50	51-55	56-60	>60	Total
Number of employees	24	54	32	38	46	27	36	30	11	299
In % of total	8.1%	18.1%	10.7%	12.8%	15.5%	8.9%	12.1%	10.1%	3.7%	100%



Diversity in the Board of Directors

The information regarding diversity in the Board of Directors is included in the 'Corporate Governance statement' on page 29 of this Annual Report.

Internal communication

Good communication is essential for things to run smoothly. At smartphoto, we want to provide our employees with more and better information about the ins and outs of our business.

Through the internal social intranet, smartphoto strengthens the group feeling, centralises all news and all information across the countries (where smartphoto's local teams are located), and provides a platform for a nice and optimal start of each employee's working day. Such a social intranet has a number of benefits, for example, increased employee engagement, more interaction between different departments, improved collaboration, good flow of information from management to employees and back, faster integration of new people into the organization, and more information available when working at home.

Consultation with social partners

On a monthly basis, formal consultations are held with the Committee for Prevention and Protection at Work (CPBW) and the Works Council. During these meetings, employees give feedback on the policy. Thoughts are exchanged, leading to solutions of problems. The reports of the Works Council and of the Committee for Prevention and Protection at Work are always accessible to smartphoto employees.

Communication with shareholders and investors

As a listed company, smartphoto group attaches importance to open and simultaneous communication with 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 "Investors" section on the website www.smartphotogroup.com. Investors or interested parties can subscribe to the press release service for free. This can be done via the above mentioned website.

Whistleblower policy

Through the company's whistleblower policy, all smartphoto group employees are encouraged to report their sincere suspicion of possible wrongdoing with respect to our business operations, and this both in the area of financial reporting and other serious irregularities, such as fraud, corruption, criminal violations, failure to comply with legal or regulatory obligations, endangering the health or safety of an individual, damage to the environment or concealment of any of the above.

The whistleblower policy pursues the following objectives: (i) to assure employees that they can report suspected wrongdoing without fear of punishment, and (ii) to provide a transparent and confidential process for dealing with such reports. This relies on our values according to the principles of fairness, honesty, integrity and respect.

Cyber security

Our internal IT team monitors cyber security risks daily. Quarterly meetings are held with the finance team to discuss the measures taken, possible issues, as well as the reporting to the Audit Committee. Furthermore, our employees are trained in noticing such risks through employee awareness initiatives, and they regularly get guidelines on safe internet use.

Securing personal data

Smartphoto group attaches great importance to the adequate protection of the security and confidentiality of all personal data of its current, former and possible future employees, as well as those of other persons, such as clients, customers and suppliers.

Therefore, smartphoto is fully committed to comply with the requirements of the applicable data protection legislation. The purpose of the data protection policy, according to the European Regulation 2016/679 of April 27, 2016, hereinafter referred to as the General Data Protection Regulation or "GDPR", is to further explain our general practices regarding the lawful processing of personal data, including the types of information we collect, how we use this information and how you can correct it. On the one hand, there is the internal policy on the processing of personal HR data that is available to our employees, and on the other hand, there is our General Privacy Statement to third parties, in particular to our customers. This is included on the smartphoto website.

This General Privacy Statement also contains the rights and obligations of customers with respect to smartphoto. This statement is revised or updated periodically, and whenever necessary.

Our hardware and software are secured to prevent outside parties from accessing confidential data.

Corporate Governance

The main aspects of the corporate governance policy of smartphoto group NV are set out in the Corporate Governance Charter which can be consulted on the website www.smartphotogroup.com. The Corporate Governance Charter is updated regularly.

In this Annual Report, we report the actual applications of the Corporate Governance Charter.

Smartphoto group NV complies with all provisions of the Corporate Governance Code 2020, except for those provisions that are deviated from for the reasons explained in the Corporate Governance Statement, as included in this Annual Report 2021 starting on page 29.

Our customers

Through our motto 'smart.simple.smile' we help our customers to make affordable personalised products of high quality. The needs of the customer are always central. We regularly gauge the satisfaction of our customers. Via the Net Promoter Score (NPS) we measure what our customers really want, and on the basis of their comments we can make adjustments and incorporate improvements that will further increase our customers' satisfaction. Through the social media channels (Facebook, Twitter, Instagram, Pinterest, LinkedIn) we can also actively engage in a dialogue with our customers which allows us to further improve our services.

For questions, suggestions or complaints about a smartphoto product or the smartphoto website, the customer can contact our customer service, who is ready to help. The team can be reached via e-mail, telephone or letter. The customer may also already find an answer on the website in the list of frequently asked questions.

Social commitment

Smartphoto supports initiatives that contribute to charities and community initiatives. This support is realised in various ways: through financial contributions, collections by the employees, where smartphoto doubles the amount collected; but also in the form of products or offering services as support.

- Support to Villa Samson

Villa Samson is a warm house next to the UZ Brussels where hospitalised patients can meet their pet, or enjoy the healing effect of contact with a therapy animal. These encounters with animals have a beneficial effect on people's mental well-being and on their healing process. In addition to the meeting moments and the therapy, Villa Samson also wants to focus more on scientific research concerning therapy with animals and its effect on the mindset and the healing process of a patient.

In the month of October 2021 smartphoto organised an action for this charity. For every order with one or more products from our pet collection we donated 1 euro to Villa Samson.

- Closer involvement with the society

For people from the neighborhood, relatives of employees and others, we participated in the "Open Company Day" organised by Voka. On October 2, 2021, we welcomed our employees and their relatives, and on October 3, 2021, nearly 900 people from the neighborhood and the surrounding area were able to get to know our activities a little bit better.

Environment

Energy efficiency in the company

Reduction of power consumption for lighting.
There is a systematic switch to LED lighting with motion sensors, which significantly reduces power consumption.

Use of energy from renewable sources

Smartphoto also strives to limit its CO² emissions by investing in renewable energy. For our production site at Vantegem, a feasibility study was done to use renewable energy by installing photovoltaic panels for electricity production. For this site, the main production hours are between 6 a.m. and 6 p.m.

Car policy

In 2021, the Car policy was adjusted to give hybrid or electric company cars preference over diesel or gasoline cars. Of the company cars ordered in 2021, 85% were fully electric or hybrid, which means that more than 40% of our fleet will be fully electric or hybrid in 1 year.

Smartphoto also offers the possibility of charging electric cars. In 2021, smartphoto invested in 10 double charging stations (20 spots in total). Some of these charging points will also be made available to third parties.

Waste and resource management

Sustainable water consumption

Water consumption is very low since we hardly use any water in our production process. Nevertheless, attention is also paid to this, for example, by placing drinking fountains that are connected to the tap water.

Sustainable product development

Only latex ink and UV ink are used to print products made from hard materials, such as canvas and plate metal; these are less harmful inks than the solvent inks previously used.

Our products

Our extensive product range makes it easy to make eco-friendly choices when selecting a gift. Several of our personalised products are made from natural materials, such as a bread box with bamboo lid made from BPC (Bamboo Plastic Composite), where the plastic composite is melamine-free and contains only polypropylene; or a personalised wine box with photo and text printed on wood from FSC-certified birch; or a gift box with engraved wooden lid. Our range also includes several reusable products that are a better alternative to the disposable versions. Examples include the personalised drinking bottle, travel mug, storage box, shopping bag, tote bag, ...

Sustainable packaging

At our site in Vantegem, we ship 900K packages per year, all in fixed boxes and envelopes. Because we are only allowed to use a limited number of packaging types, the packaging was often inefficient and a lot of air was sent. In 2021, smartphoto invested in a packaging line that allows us to pack items in boxes with variable heights. To further reduce the amount of packaging waste, we additionally invested in 2 types of boxes with the same footprint. The high or low boxes allow us to ship packages that vary in height from 3 cm to 25 cm. This drastically reduces the amount of air shipped.

We ship 2.5 million packages on an annual basis. All packaging is made of FSC-certified cardboard. Our paper types used are also 'FSC' approved. The FSC label guarantees responsible sourcing from sustainably managed forests and/or recycling.

We have also taken further steps to reduce the use of plastic in our packaging as much as possible. Recycled material is used for packaging some fragile gift products.

Reduction of the CO^2 footprint of the shipping process

The shipment of packages is based on 2 parts:

- 'Linehaul'= transport from the production site Wetteren to the distribution centre
- 'Last mile'= transport from the distribution centre to the end consumer

In 2021, 16% of our packages were shipped CO^2-neutral, and 45% had at least a CO^2-neutral 'last mile'.

In the next two years, smartphoto aims to evolve from CO^2-neutral to CO^2-free shipping.

Waste reduction/processing

For the two plants in Wetteren, the various waste streams (PMD, cardboard, white paper, paint, etc.) are separated. The remaining waste is collected as general industrial waste. In 2021, this amounted to 149 tons. The goal is to reduce this by 5% per year over the next 3 years, resulting in a 15% decrease.

Regarding paper waste for the production of books, cards and calendars, our goal is also to reduce this by 5% per year over the next 3 years.

Digital corporate housekeeping and communication with stakeholders

The desire to reduce the use of paper is also reflected in the commitment to ensure that all communication between the Company and its shareholders/directors takes place electronically, in accordance with Article 2:32 of the Belgian Companies and Associations Code. To this end, a specific e-mail address has been created, corporate@smartphoto.com, which will be included in article 1 of the Articles of Association in accordance with article 3:31 of the Belgian Companies and Associations Code. Shareholders are thus encouraged to renounce the sending of company documents by ordinary mail.

2022 action plan

People and well-being

Investigating for a health programme for employees

- Promoting mental health and well-being
- Ensuring healthy lives and promote well-being at all ages

Environment

Increasing the sustainability awareness with 2-monthly workshops

Implementing bicycle lease plans for all employees

Installing a new bicycle shed

Saving on electricity and gas consumption with 5%

Installing solar panels

- Encouraging to adopt sustainable practises and to integrate sustainibility information
- Reducing emissions to air, water and soil
- Ensuring healthy lives and promote well-being at all ages
- Improving global resource efficiency in consumption and production
- Increasing the share of renewable energy
- Improving awareness relating to climate change

Waste and resource management

Shipping CO² neutral for 60% of our packages

Reducing paper waste with 5%

Sharing of ideas relating recycling

Analysing silver recovery and chemical waste from the silver halide process

- Reducing emissions to air, water and soil
- Reducing waste generation through prevention, reduction, recycling and reuse
- Improving global resource efficiency in consumption and production
- Sharing knowledge, expertise, technology and financial resources relating to sustainanle development

Partnership

Demanding ethical business practices from our suppliers

Cooperating with a good cause- entering into partnerships

- Encouraging and promoting effective public, public-private and civil society partnerships
- Promoting decent work for all
- Improving awareness relating to climate change


Jacob
Jacob

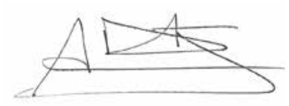
MANAGEMENT RESPONSIBILITY STATEMENT

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:

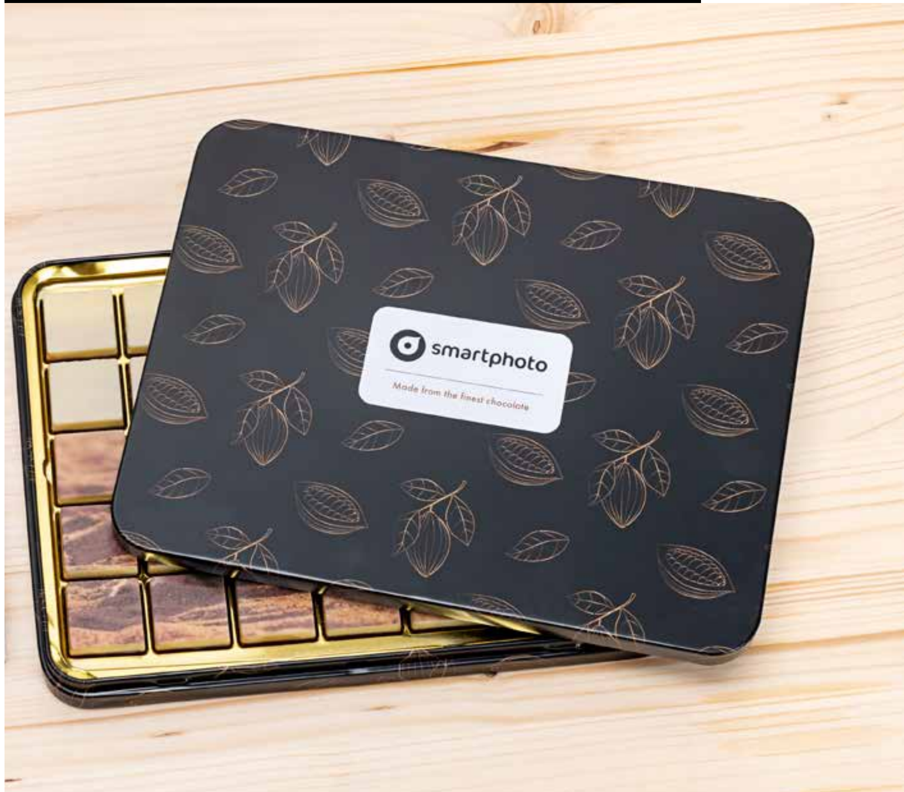
- the audited financial statements, prepared in accordance with the applicable accounting standards, give a true and fair view of the assets, the liabilities, the financial situation and the results of smartphoto group NV and the companies included in the consolidation;

- 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


Max & Ollie
The best things in life are furry



STATUTORY AUDITOR'S REPORT

FREE TRANSLATION

Statutory auditor's report to the general meeting of smartphoto group NV for the year ended 31 December 2021 (consolidated financial statements)

In the context of the statutory audit of the consolidated financial statements of smartphoto group NV (the Company), and its subsidiaries (together 'the Group'), we hereby present our statutory auditor's report. It includes our report on the consolidated financial statements as well as other legal and regulatory requirements. This forms a whole and is indivisible.

We have been appointed as statutory auditor by the general meeting of 13 May 2020, following the proposal formulated by the board of directors and issued upon recommendation of the Audit Committee. Our statutory auditor's mandate expires on the date of the general meeting deliberating on the financial statements closed 31 December 2022. We have performed the statutory audit of the consolidated financial statements of the Group for 5 consecutive years.

Report on the consolidated financial statements

Unqualified opinion

We have audited the Consolidated Financial Statements of the group , that comprise of the consolidated statement of financial position on 31 December 2021, the consolidated statement of profit or loss for the period, the consolidated statement of profit or loss and other comprehensive income for the period, the consolidated statement of changes in equity for the period and the consolidated statement of cash flows for the period and the disclosures, which show a consolidated balance sheet total of k€ 82.566 and of which the consolidated statement of profit or loss shows a profit for the year of k€ 5.500.

In our opinion, the consolidated financial statements give a true and fair view of the Group's net equity and financial position as at 31 December 2021, as well as of its consolidated results and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as approved by the European Union and with the legal and regulatory requirements applicable in Belgium.

Basis for unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Belgium. In addition, we have applied the IAASB-approved international auditing standards that are applicable on the current closing date and have not yet been approved at the national level. Our responsibilities under those standards are further described in the 'Statutory auditor's responsibilities for the audit of the consolidated financial statements' section in this report. We have complied with all the ethical requirements that are relevant to the audit of consolidated financial statements in Belgium, including those concerning independence.

We have obtained from the board of directors and company officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

Without prejudice to our above mentioned audit opinion,, we draw the attention to the notes 17 and 21 of the Consolidated Financial Statements regarding the consolidation goodwill and the deferred tax assets where the Board of Directors justifies the valuation of the consolidation goodwill and the deferred tax assets, taking into account the changing market conditions. The valuation of the consolidation goodwill and the deferred tax assets depends on the future positive market conditions on which the business plan is based.

Grant Thornton

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current reporting period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole and in forming our opinion thereon, and consequently we do not provide a separate opinion on these matters.

Key audit matter (description)	How our audit addressed the key audit matters
Revenue recognition Revenue is recognized in accordance with the International Financial Reporting Standards (IFRS 15). Revenue mainly consists of internet sales, namely the placing of orders by end customers on the various websites. These orders initiate further processing and ultimately also trigger revenue recognition within the accounting software. This process is highly automated and there is little manual intervention. Regular reconciliations between the different systems provide certainty about the completeness and accuracy of the data. Revenue is one of the most important factors that can influence the results of the group, which is why we have identified revenue recognition (occurrence) as a significant risk.	Audit response related to revenue mainly exists of : - Description of the internal procedures related to the sales process with a focus on internal controls; - Walkthrough on a sales transaction to verify that the process description of the sales is consistent with the sales process in reality; - Data analytics verifying whether the input in the website sales matches the revenue in the accounting software; - Aging analysis of open customers per year-end. - Subsequent follow up of outstanding receivables by review of the aging report after year-end - Analytical review of sales and gross margins

Grant Thornton

	-
Valuation of consolidation goodwill The consolidation goodwill concerns a significant amount on the company's balance sheet (k€ 16.606). The company is obliged, on the basis of EU-IFRS, to perform an annual impairment test. The impairment test of consolidation goodwill is considered a key audit matter since the estimation of the future cash flows and the determination of the discount rate is complex and subjective and based on assumptions related to market and economic developments. Based on the impairment test, the Board of Directors has concluded that no impairment needs to be recorded. The main assumptions and the sensitivity analysis are disclosed in note 17 of the Consolidated Financial Statements.	Our audit procedures include an assessment of the assumptions which are the basis for the estimation of the future cash flows. These assumptions were challenged for reasonableness and consistency with internal budgets and long-term plans. The expectations with regard to the developments of the activities of the companies of the group were challenged and discussed with management. We verified the mathematical accuracy of the valuation and the reasonableness of the discount rate, the long-term growth rate and the assumptions. We performed a sensitivity analysis with regard to the most important assumptions to determine if changes in those assumptions, either individually or aggregated, would lead to an impairment of the consolidation goodwill. In addition, we also paid attention to the accuracy and adequacy of the disclosures of the Company related to the assumptions and the outcome of the impairment test.
Valuation of deferred tax assets The valuation of the deferred tax assets with regard to the recoverable losses in Belgium, Sweden and The Netherlands is based on the settlement with the expected future taxable results for the coming five years. We have identified the valuation of the deferred tax assets as a key audit matter due to the degree of estimation uncertainty related to the future taxable results within the maximum compensation period and the significance of the amount.	Our audit procedures include a review of the assumptions used to determine the future taxable results. These assumptions were challenged for reasonableness and consistency with budgets and long term business plans. We also verified whether the compensation periods that were set and the rates used are consistent with tax laws and regulations.

Responsibilities of the board of directors for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards (IFRS) as approved by the European Union and the financial reporting framework applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the board of directors is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Statutory auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a statutory auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

When performing our audit, we comply with the legal, regulatory and normative framework that applies to the audit of the financial statements in Belgium. A statutory audit does not, however, provide any assurance as to the future viability of the Group or the efficiency or effectiveness with which the Board of directors has undertaken or will undertake the management of the Group. Our responsibilities in respect of the going concern assumption used by the Board of directors are set out below

.As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;
- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated financial statements and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of entities or company activities within the group aimed at expressing an opinion on the consolidated financial statements. We are responsible for the guidance, supervision and execution of the group audit. We remain fully responsible for our opinion.

We communicate with the audit committee, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and we communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, on the related measures to safeguard our independence..

From the matters communicated to the Audit Committee, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our report, unless prohibited by law or regulations.

Other legal and regulatory requirements

Responsibilities of the board of directors

The board of directors is responsible for the preparation and the content of the annual report on the consolidated financial statements and of the other information included in the annual report on the consolidated financial statements.

Responsibilities of the statutory auditor

In the context of our mandate and in accordance with the Belgian standard (revised in 2020) which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, it is our responsibility to verify, in all material aspects, the annual report on the consolidated financial statements and the other information included in the annual report, as well as to report on these elements.

Aspects related to the annual report on the consolidated financial statements and to the other information included in the annual report on the consolidated financial statements

After having performed specific procedures in relation to the annual report on the consolidated financial statements, we are of the opinion that this annual report is consistent with the consolidated financial statements for the same financial year, and that it is prepared in accordance with article 3:32 of the Code of Companies and Associations.

In the context of our audit of the financial statements, we are also responsible for considering, in particular based on the knowledge we have obtained during the audit, whether the management report on the consolidated financial statements and the other information included in the annual report on the consolidated financial statements, namely

- Word from the CEO and chairman (page 6)
- Consolidated key figures 2021 (page 8-10)

contain a material misstatement, i.e. information which is inadequately disclosed or otherwise misleading. Based on the procedures we have performed, there are no material misstatements we have to report to you.

Statement related to independence

- Our audit firm and our network did not provide services that would be incompatible with the statutory audit of the financial statements, and our audit firm remained independent of the Group during the term of our mandate.
- The fees for the complementary engagements that are compatible with the statutory audit referred to in article 3:65 of the Code of Companies and Associations have been correctly disclosed and are detailed in the notes to the consolidated financial statements

European single electronic format ("ESEF")

In accordance with the standard on the audit of the conformity of the financial statements with the European single electronic format (hereinafter "ESEF"), we have carried out the audit of the compliance of the ESEF format with the regulatory technical standards set by the European Delegated Regulation No 2019/815 of 17 December 2018 (hereinafter: "Delegated Regulation").

The board of directors is responsible for the preparation, in accordance with the ESEF requirements, of the consolidated financial statements in the form of an electronic file in ESEF format (hereinafter 'the digital consolidated financial statements') included in the annual financial report available on the portal of the FSMA (https://www.fsma.be/en/ data-portal).

It is our responsibility to obtain sufficient and appropriate supporting evidence to conclude that the format and markup language of the digital consolidated financial statements comply in all material respects with the ESEF requirements under the Delegated Regulation.

Based on the work performed by us, we conclude that the format and tagging of information in the digital consolidated financial statements included in the annual financial report available on the portal of the FSMA (https://www.fsma.be/en/data-portal) of smartphoto group NV per 31 December 2021 are, in all material respects, in accordance with the ESEF requirements under the Delegated Regulation.

Other statements

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

Antwerp, 7 April 2022

Grant Thornton Réviseurs d'Entreprises SCRL
Statutory Auditor
Represented by

Danny De Jonge
Registered auditor


Lily

ANNUAL REPORT

SMARTPHOTO GROUP 2021 - PART 2


Smiles
in a box

2021 CONSOLIDATED FINANCIAL STATEMENTS

TABLE OF CONTENT - PART 02


Elise
Thank you!
Elise
Thank you!
Elise
Thank you!


JULIETTE
15 MEI 2019

Statement of profit or loss for the period

(in K euro)	Note	2020	2021
Revenue	3	61 364	63 052
Other operating income	4	1 083	1 006
Changes in inventory of finished goods and work in progress	5	13	-16
Capitalisation of internally generated intangible assets	6	489	681
Trade goods, raw materials and consumables	7	-20 319	-20 968
Employee benefits	8	-12 147	-12 930
Depreciation, amortisation, write-downs and impairment	9	-3 491	-3 519
Other operating expenses	10	-18 650	-19 873
Profit/loss (-) from operating activities, before non-recurring items		8 343	7 433
Non-recurring items from operating activities			-317
Profit/loss (-) from operating activities	11	8 343	7 116
Financial income		90	308
Financial expenses		-567	-503
Financial result	12	-477	-195
Profit/loss (-) before taxes		7 865	6 921
Income taxes expense (-)/ income	13	532	-1 421
Profit/loss (-) for the period		8 397	5 500
Profit/loss (-) for the period attributable to equity holders of the parent company		8 397	5 500
(in euro)	**Note**	**2020**	**2021**
Profit/loss (-) for the period per share in euro	26	2.1302	1.3953
Profit/loss (-) for the period attributable to equity holders of the parent company per share in euro	26	2.1302	1.3953

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

(in K euro)	Note	2020	2021
Profit/loss (-) for the period		8 397	5 500
Other comprehensive income:			
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		-21	115
Taxes on translation differences		5	-25
Total of items which possibly will be reclassified to profit or loss		-16	91
Other comprehensive income, net of taxes	14	1 300	91
Total other comprehensive income before reclassification adjustments		9 697	5 591
Reclassification adjustments			
Translation differences recognised in income/loss (-)		219	10
Total of profit or loss and other comprehensive income		9 916	5 601
Total of profit or loss and other comprehensive income for the period attributable to equity holders of the parent company		9 916	5 601

Statement of financial position as at the end of the period

ASSETS (in K euro)	Note	2020	2021
Non-current assets			
Property, plant and equipment	15	16 552	17 031
Right-of-use assets	16	1 395	954
Goodwill	17	16 151	16 606
Intangible assets	18	2 803	3 136
Other financial assets	19		
Trade and other receivables	20	74	386
Deferred tax assets	21	11 057	10 341
Total non-current assets		48 032	48 455
Current assets			
Inventories	22	2 481	4 030
Trade and other receivables	23	2 613	9 248
Other financial assets		3	3
Cash and cash equivalents	24	17 946	20 812
Current tax assets	25	20	18
Total current assets		23 063	34 112
TOTAL ASSETS		71 095	82 566

EQUITY AND LIABILITIES (in K euro)	Note	2020	2021
Total equity			
Capital		41 381	41 381
Reserves and retained earnings/accumulated loss (-)		-1 765	1 615
Revaluation surplus		6 956	6 956
Treasury shares (-)		-3 360	-3 379
Currency translation adjustments		2 265	2 366
Shareholder's equity		45 477	48 939
Total equity	26	45 477	48 939
Non-current liabilities			
Interest-bearing financial liabilities	27	2 836	2 363
Lease liabilities	28	767	514
Trade and other payables	29		750
Employee benefit liabilities	30	1 015	584
Provisions	31		1 133
Deferred tax liabilities	32	2 199	2 205
Total non-current liabilities		6 818	7 550
Current liabilities			
Interest-bearing financial liabilities	27	470	473
Lease liabilities	28	643	449
Trade and other payables	33	14 823	20 996
Employee benefit liabilities	30	2 418	2 926
Current tax liabilities	34	447	1 233
Total current liabilities		18 800	26 077
TOTAL EQUITY AND LIABILITIES		71 095	82 566

Statement of changes in equity

(in K euro)	Capital	Reserves and retained earnings/ accumulated loss (-)	Revaluation surplus	Treasury shares (-)	Currency translation adjustments	Shareholder's equity
Balance as at 31.12.2019	41 381	-8 031	5 640	-595	2 062	40 458
Profit/loss (-) for the period		8 397				8 397
Other comprehensive income:						
Items which will not be reclassified to profit or loss						
Revaluation surplus land and buildings			2 447			2 447
Taxes on revaluation surplus land and buildings			-1 130			-1 130
Total of items which will not be reclassified to profit or loss			1 316			1 316
Items which possibly will be reclassified to profit or loss						
Translation differences					-21	-21
Taxes on translation differences					5	5
Total of items which possibly will be reclassified to profit or loss					-16	-16
Other comprehensive income, net of taxes			1 316		-16	1 300
Total of profit or loss and other comprehensive income before reclassification adjustments		8 397	1 316		-16	9 697
Reclassification adjustments						
Translation differences recognised in income/loss (-)					219	219
Total of profit or loss and other comprehensive income		8 397	1 316		203	9 916
Total of profit or loss and other comprehensive income for the period attributable to equity holders of the parent company		8 397	1 316		203	9 916
Dividend distributed to shareholders		-2 131				-2 131
Transactions relating to treasury shares				-2 765		-2 765
Balance as at 31.12.2020	**41 381**	**-1 765**	**6 956**	**-3 360**	**2 265**	**45 477**

(in K euro)	Capital	Reserves and retained earnings/ accumulated loss (-)	Revaluation surplus	Treasury shares (-)	Currency translation adjustments	Shareholder's equity
Balance as at 31.12.2020	41 381	-1 765	6 956	-3 360	2 265	45 477
Profit/loss (-) for the period		5 500				5 500
Other comprehensive income:						
Items which possibly will be reclassified to profit or loss						
Translation differences					115	115
Taxes on translation differences					-25	-25
Total of items which possibly will be reclassified to profit or loss					91	91
Other comprehensive income, net of taxes					91	91
Total of profit or loss and other comprehensive income before reclassification adjustments		5 500			91	5 591
Reclassification adjustments						
Translation differences recognised in income/loss (-)					10	10
Total of profit or loss and other comprehensive income		5 500			101	5 601
Total of profit or loss and other comprehensive income for the period attributable to equity holders of the parent company		5 500			101	5 601
Dividend distributed to shareholders		-2 249				-2 249
Transactions relating to treasury shares		129		-19		110
Balance as at 31.12.2021	**41 381**	**1 615**	**6 956**	**-3 379**	**2 366**	**48 939**

Statement of cash flows for the period

(in K euro)	Note	Explanation	2020	2021
Operating activities				
Net result			8 397	5 500
Depreciation, write-downs, impairment of property, plant and equipment	9-15		1 313	1 523
Depreciation, write-downs, impairment of right-of-use assets	9-16		872	695
Depreciation, amortisation, write-offs, impairment of intangible assets	9-18		934	1 055
Write-downs, impairment on current and non-current assets	9-22-23		373	245
Provisions	8		26	-446
Net interest income (-)/expense	12		170	151
Loss/gain (-) on sale of property, plant and equipment			22	-20
Income tax expenses	13		-532	1 421
Other non-cash expenses			77	
Operating cash flow before changes in working capital and provisions		*(1)*	*11 651*	*10 125*
Decrease/increase (-) in trade and other receivables and current income tax assets			581	1 459
Decrease/increase (-) in inventories			-38	-534
Increase/decrease (-) in trade and other payables			1 404	-4 200
Increase/decrease (-) in working capital		(2)	1 947	-3 275
Operating cash flow after changes in working capital and provisions			*13 598*	*6 849*

(in K euro)	Note	Explanation	2020	2021
Interest paid (-)			-108	-154
Interest paid (-) on lease liabilities			-39	-36
Income tax paid (-)			-390	-276
Cash flow from operating activities		**(1)**	**13 060**	**6 384**
Investing activities				
Proceeds from sale of property, plant and equipment			5	48
Acquisition of property, plant and equipment	15		-1 898	-2 020
Acquisition of other intangible assets	18		-1 083	-1 296
Acquisition of business combination, net of cash acquired	1			3 529
Cash flow from investing activities		**(3)**	**-2 977**	**261**
Financing activities				
Acquisition of treasury shares	26		-2 765	-399
Repayment of financial liabilities	27		-868	-470
Repayment of financial lease liabilities	28		-871	-702
Dividends paid	26		-2 131	-2 249
Cash flow from financing activities		**(4)**	**-6 636**	**-3 821**
Increase/decrease (-) in cash and cash equivalents			3 447	2 824
Effect of exchange rate fluctuations			74	42
Net increase/decrease (-) in cash and cash equivalents			3 521	2 866
Cash and cash equivalents at the beginning of the year			14 425	17 946
Cash and cash equivalents at the end of the period			17 946	20 812
Total cash and cash equivalents	**24**	**(5)**	**17 946**	**20 812**

Note to the statement of cash flows

(1) Cash flows from operating activities
In the 2021 financial year, the depreciation and impairment losses on property, plant and equipment amount to 1 523K euro, compared to 1 313K euro in the 2020 financial year.

The depreciation and impairment losses on right-of-use assets amount to 695K euro in the 2021 financial year, compared to 872K euro in the 2020 financial year.

The amortisation and impairment losses on intangible assets amount to 1 055K euro in the 2021 financial year, compared to 934K euro in the 2020 financial year.

In the 2020 financial year, the write-downs and impairment losses on current and non-current assets amount to 373K euro, of which write-downs recorded on trade receivables in the amount of 374K euro and a reversal of write-downs on inventories in the amount of -1K euro. In the 2021 financial year, the write-downs and impairment losses on current and non-current assets amount to 245K euro, of which write-downs recorded on trade receivables in the amount of 278K euro and a reversal of write-downs on inventories in the amount of -34K euro.

In the 2020 financial year, the increase in provisions amount to 26K euro, being a reversal of -30K euro relating to provisions concerning schemes of unemployment with corporate allowance in various underlying entities on the one hand, and a provision recorded in the amount of 56K euro as part of the pension plans held, on the other hand. In the 2021 financial year, the decrease in provisions amount to 446K euro, being a reversal of -5K euro relating to provisions concerning schemes of unemployment with corporate allowance in various underlying entities on the one hand, and a reversal of-440K euro of the provision as part of the pension plans held, on the other hand.

The net interest expenses amount to 151K euro in 2021, compared to 170K euro in 2020, of which 190K euro paid interest in 2021, compared to 148K euro in 2020.
The profit (-)/loss on the realisation of property, plant and equipment amount to -20K euro in 2021, compared to 22K euro in 2020.

The income taxes expense (-)/income amounts to 1 421K euro for the 2021 financial year, compared to -532K euro for the 2020 financial year. This difference is largely explained by the reversal of deferred tax assets in 2021, compared to 2020.
The income taxes paid amount to 276K euro in 2021, compared to 390K euro in the 2020 financial year.

In the 2020 financial year, the other non-cash expenses amount to 77K euro 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 in 2020, the trade receivables, other receivables, and current income tax assets decreased by 581K euro, of which 14K euro concerned the closing exchange rates for the foreign subsidiaries at the financial year-end. The inventories increased by 38K euro. The trade and other payables increased by 1 404K euro, of which the impact of the closing exchange rates for the foreign subsidiaries at the 2020 financial year-end was -78K euro.

At group level in 2021, the trade receivables, other receivables, and current income tax assets decreased by 1 459K euro, of which 58K euro concerned the closing exchange rates for the foreign subsidiaries at the financial year-end. The inventories increased by 534K euro. The trade and other payables decreased by 4 200K euro, of which the impact of the closing exchange rates for the foreign subsidiaries at the 2021 financial year-end was -77K euro.

(3) Cash flows from investing activities
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 5K euro.

The investments in property, plant and equipment amount to 1 898K euro 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 1 083K euro, of which 489K euro was internally generated. 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 the smartphoto website.

Cash flows from investing activities related to the 2021 financial year
In the 2021 financial year, proceeds from the sale of property, plant and equipment mainly relate to the sale of machinery in the amount of 48K euro.

The investments in property, plant and equipment amount to 2 020K euro and are mainly related to the investments in production machines and renovations with regard to the building in Kwatrecht (Wetteren).

Investments in intangible assets amount to 1 296K euro, of which 681K euro was internally generated. These investments mainly relate to the migration of the web platform to mobile first and the cloud, the modernisation of underlying management tools via web applications, the transformation of the smartphoto website in terms of UX to a shop-in-shop concept, including the underlying databases and structures, and the development of new production software.

The investments regarding the acquisition of a business combination for the 2021 financial year amount to 3 529K euro and relate to the acquisition of Frucon² NV and its subsidiary. This concerns on the one hand the amount already paid in cash of the consideration transferred of 2 650K euro, and on the other hand the acquired cash for an amount of 6 179K euro. In accordance with IAS 7.40, more information is included in note 1 Business combinations.

(4) Cash flows from financing activities
The cash flows from financing activities in 2020 consist of:
- the acquisition of treasury shares for 2 765K euro;
- the repayment of the interest-bearing financial liabilities amounting to 868K euro;
- the payments in terms of the lease liabilities by applying IFRS 16, amounting to 871K euro;
- the payment of the dividend for the 2019 financial year of 2 131K euro.

The cash flows from financing activities in 2021 consist of:
- the acquisition of treasury shares for 399K euro;
- the repayment of the interest-bearing financial liabilities amounting to 470K euro;
- the payments in terms of the lease liabilities by applying IFRS 16, amounting to 702K euro;
- the payment of the dividend for the 2020 financial year of 2 249K euro.

(5) Total cash and cash equivalents
In 2020, the cash and cash equivalents increased by 3 521K euro to 17 946K euro at the financial year-end.
In 2021, the cash and cash equivalents increased by 2 866K euro to 20 812K euro 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 25, 2022.

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, 2021, as issued by the International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC) of the IASB.

Amendments to IFRS 16: Leases: Covid-19-related Rent Concessions beyond June 30, 2021: applicable as of April 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.

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

Those new Standards, Interpretations and Changes have 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, 2021:

Amendments to IFRS 3 Business combinations, IAS 16 Property, plant and equipment, IAS 37 Provisions, contingent liabilities and contingent assets and annual improvements to IFRS (cycle 2018 - 2020): applicable for annual periods beginning on or after January 1, 2022.

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.

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

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:

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

Amendments to IAS 12: Income taxes: Deferred tax related to assets and liabilities arising from a single transaction: applicable for annual periods beginning on or after January 1, 2023.

Amendments to IFRS 17: Insurance contracts: Initial application of IFRS 17 and IFRS 9 - Comparative information: applicable for annual periods beginning on or after January 1, 2023.

Key changes in the consolidation scope

The key changes in the consolidation scope between 2020 and 2021 are summarised below:

As per July 10, 2021 Spector Nederland BV, the company formerly active in offering photo products through independent photographers, was dissolved with immediate liquidation.

Due to the acquisition of Frucon² NV on December 2, 2021 (see also the press release of December 2, 2021), whereby smartphoto group acquired 100% of the shares, and thus gained control, the figures of Frucon² NV and its subsidiary, Frucon International Inc., are included in the consolidation of smartphoto group as from the acquisition date.

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 39.

Statement of profit or loss

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.
Revenue is 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 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%
- Production 5%

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. A present obligation that arises from events prior to the acquisition date, and of which the fair value can be measured reliably, is recognised as a contingent liability.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, provisional amounts are reported for the items for which the accounting is incomplete. During the measurement period, the provisional amounts recognised at the acquisition date are retrospectively adjusted to reflect new information. The measurement period ends at the date at which all information about the facts and circumstances is available, and shall not exceed one year from the acquisition date.

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.

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

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 licences

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 licences 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 that may or may not yet be 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 so 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 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 (substantively) been enacted in legislation at the end of the reporting period.

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.

Operating 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.

The result of an operating segment comprises the revenue and expenses directly generated by the operating segment, including revenue and expenses from transactions with other operating segments of the group, as well as the relevant part of revenue and expenses which can be reasonably attributed to the operating segment. The result of an operating segment is reviewed on a regular basis by the chief operating decision maker about the resources to be awarded to the operating segment and, to evaluate the financial performance of the operating segment.

The assets and liabilities of an operating segment include the assets and liabilities which are directly or reasonably attributable to the operating segment.

The result, and the assets and liabilities of an operating segment do not include income taxes expense or income.

Transfer prices between operating segments are determined 'at arm's length', similar to transactions with third parties.


Luke
13 May 2021
Luke
13 May 2021

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2021

TABLE OF CONTENT - PART 02

1. Business combinations

On December 2, 2021, smartphoto group acquired 100% of the shares of Frucon² NV. Frucon² NV is located in Ardooie, Belgium, and is one of the market leaders in e-commerce distribution in Europe by offering a unique 'e-commerce as a service' (EAAS) for international brands looking for growth, and the sale to companies of personalised gift packages with chocolate, alcohol, fruit or flowers through websites such as Gift.be and GiftsforEurope.com. The company, operating under the brand name Nayan, is one of the pioneers in e-commerce for brands in Belgium.

The consideration transferred for this acquisition amounts to 4 659K euro, of which 4 150K euro in cash and 509K euro in treasury shares smartphoto group, at fair value on the acquisition date. At the end of December 2021, an amount of 2 650K euro of the total consideration payable in cash of 4 150K euro was already paid. The balance of the consideration in cash will be paid in tranches of which 750K euro on September 30, 2022 and 750K euro on September 30, 2023.

The acquisition of Frucon² NV and its subsidiary Frucon International Inc. is, in accordance with IFRS 3 Business Combinations, recognised in the consolidated figures as from the acquisition date. This business combination is hereby reported on the basis of provisional amounts for several items relating to the opening statement of the financial position, which can possibly have an impact on the equity at the acquisition date and the goodwill included in the initial recognition. The accounting of these items is incomplete at the reporting date, due to the impossibility of accurately recording the amounts in a secure and reliable manner as there are currently insufficient objective assessment criteria. During the measurement period, the provisional amounts recognised at the acquisition date will, if necessary, be adjusted retrospectively to reflect new information obtained about facts and circumstances that existed at the acquisition date and, if known, would have affected the measurement of the amounts recognised. The measurement period starts after the date of acquisition, December 2, 2021, and ends at the date when complete information about the facts and circumstances will be available, and shall not exceed one year from the acquisition date.

In accordance with IFRS 3, the identifiable assets acquired and the liabilities assumed of Frucon² NV (Nayan) and its subsidiary were recognised separately from goodwill and measured at fair value at the acquisition date. The consideration for the acquisition of Frucon² NV and its subsidiary Frucon International Inc. was determined based on the activities and value of the company as a whole and not based on the future cash flows from a customer database. Thus, the customer database can not be identified as a customer related intangible asset. The goodwill consists of the value of the company as a whole, including the knowledge and skills of the employees. The merger of the business activities combines Frucon²'s knowledge of the gifting market, customer focus and e-commerce know-how with smartphoto's knowledge of consumers, technology, marketing and production of personalised products. The combination of these strengths allows smartphoto to take the group to a new level.

Net identifiable assets and liabilities at fair value

(in K euro)	At acquisition date
Property, plant and equipment	10
Right-of-use assets	157
Intangible assets	92
Non-current trade and other receivables	484
Inventories	981
Current trade and other receivables	7 899
Cash and cash equivalents	6 184
Non-current lease liabilities	-84
Provisions	-1 133
Deferred tax liabilities	-19
Current lease liabilities	-73
Current trade and other payables	-9 016
Current employee benefit liabilities	-670
Current tax liabilities	-608
Total net identifiable assets and liabilities	4 205

The provisions mainly include provisions related to the pending VAT regularisations with respect to the period prior to the acquisition date for an amount of 1 108K euro. With regard to these amounts, possibly due, which were estimated as accurately as possible based on the available assessment criteria and information, the seller has committed to indemnify and compensate the buyer, as stated in the sale-purchase agreement. As a result of this indemnity, a receivable against the seller of 1 108K euro is recorded under the current other receivables in the consolidated statement of financial position. With regard to this indemnity, the balance of the consideration in cash, payable in tranches of 750K euro on September 30, 2022 and 750K euro on September 30, 2023, can be legally declared payable prematurely up to the amount required to proceed to debt settlement as provided for in the sale-purchase agreement.

The fair value of the receivables is mentioned in the table above. It is expected that these receivables will be collected.

The trade and other payables comprise an amount of 275K euro related to a contingent liability, recognised at fair value in accordance with IFRS 3.23, in respect of a liability which exists in the business combination arising from events prior to the acquisition date of Frucon² NV. This contingent liability is expected to be settled in the 2022 financial year.

No other assets and liabilities were identified that were not previously recognised as assets and liabilities.

The amount by which the consideration transferred of 4 659K euro exceeds the amount of net identifiable assets and liabilities of 4 205K euro, is recognised as goodwill, being 455K euro. This goodwill, recognised on initial consolidation, is attributable to the cash generating unit Nayan and will be subject to annual - or in case there are indications that an asset may be impaired - impairment tests in accordance with IAS 36.

Calculation of goodwill and reconciliation with the statement of cash flows

(in K euro)	At acquisition date
Consideration in shares smartphoto group	509
Consideration settled in cash (1)	4 150
Consideration transferred	4 659
Net identifiable assets and liabilities	-4 205
Goodwill	455
Cash and cash equivalents acquired (2)	6 179
Remaining balance to be paid according to the sale-purchase agreement (3)	-1 500
Acquisition of business combination, net of cash acquired, in the statement of cash flows (2)-(1)-(3)	3 529

As from the inclusion in the consolidation scope, Nayan contributed in the revenue of the group for 3 130K euro and for 967K euro in the profit/loss (-) before taxes of the group.

2. Operating segments

As a result of the acquisition of Frucon² NV on December 2, 2021, the activities of the group are reported in two operating segments as from the acquisition date: the smartphoto segment and the Nayan segment.

The valuation of the result of the segments is handled in the same way as the valuation of the result of the entity. This also applies to the valuation of the assets and liabilities. The accounting policy for transactions between reporting segments has been determined at arm's length.

There is no dependency of important customers regarding the different operating segments.

	smartphoto	Nayan	Not assigned	Total
(in K euro)	2021	2021	2021	2021
Revenue				
External revenue	59 922	3 130		63 052
Total revenue	59 922	3 130		63 052
Interest expenses	151			151
Profit/loss (-) before taxes	6 298	967	-344	6 921
Segment assets	57 668	13 432	11 467	82 566
Segment liabilities	15 511	12 936	5 180	33 627
Total investments in property, plant and equipment	2 020			2 020
Total investments in intangible assets	1 296			1 296
Total investments in right-of-use assets	53	19		72
Additions to the non-current part of trade and other receivables	36	277		312
Depreciations	3 264	10		3 274
Other non-cash costs	-196		-5	-201
Number of full-time equivalent employees as at the end of the period	244	56		299

Both segments are centrally structured under smartphoto group NV and are centrally managed on operational level by the 'Chief Operating Decision Maker', i.e. Stef De corte, CEO. He is the most senior officer and assesses the results from operating activities and makes important operational decisions, in order to make decisions about the resources to be awarded to the segments and to evaluate the financial performance of the segments. Therefore, there is no financial information available for the 'Chief Operating Decision Maker' at a lower level than the operating segments smartphoto and Nayan.

smartphoto segment

This segment comprises the operational activities of the legal entities smartphoto group NV, smartphoto AG, smartphoto Nordic AB, smartphoto Nederland BV, DBM-Color NV, Filmobel NV, Promo Concept Investment BV, Aultmore NV en Spector Nederland BV (for the period until the liquidation). The operational activities of this segment mainly consist of B2C (Business to Consumer) e-commerce activities of personalised products.

Within this segment, the nature of the products and services is similar. It mainly concerns products and services related to the creation of personalised prints of photos and text, such as photo books, personalised gifts, cards, calendars, wall decoration and prints.

The production process 'photofinishing' is the common element throughout the entities: the processing of photo images into photo prints. These photo prints are processed centrally for the entire group in the production buildings in Wetteren (Belgium). Central teams perform all the marketing and other back-office activities. Only one person is responsible for the general management, i.e. the 'Chief Executive Officer'.

One of the main challenges is to significantly reduce the overhead costs. This goal can only be achieved within the constellation of this segment, and not within a smaller context.

The ultimate customers of the products and services within this segment are always the consumers in the countries in which the entities of this segment are active. 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 sales to the end consumer through the photographers' distribution channel, is levelled out in the digital market.

A consumer uploading photo prints on the website, for example, will order home delivery by post one time and opt to pick up the prints 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.

Nayan segment

This segment comprises the legal entities Frucon² NV and its 100% subsidiary Frucon International Inc. The operational activities of this segment mainly consist of B2B (Business to Business) e-commerce activities by offering 'e-commerce as a service' (EAAS) for brands looking for growth or online support.

Within this segment, the nature of the products and services is similar, i.e. e-commerce distribution to companies. The business process is similar for all customers, where the scope of the services rendered is determined by the need of the customers, varying from running a full e-commerce business, including the purchase and sale of products - such as the sale to companies of personalised gift packages with chocolate, alcohol, fruit or flowers through websites - to only offering services and managing a website.

The supporting teams, who help the brands sell directly to end consumers in a fully scalable way, by deploying the right people and technology as well as by combining operational processes, mainly operate from the central headquarter in Ardooie. They provide solutions such as digital marketing, sales and customer service for consumer brands. There is only one person responsible for the general management, i.e. the Chief Executive Officer.

The customers of the products and services within this segment are companies.

The Nayan segment is part of the group as from the acquisition of Frucon² NV on December 2, 2021. The contribution of this segment in the figures of the 2021 financial year is therefore limited to the period from the acquisition date until December 31, 2021. Therefore, on the reporting date, the Nayan segment does not meet the quantitative thresholds in accordance with IFRS 8.13 where the reported revenue, the reported profit or loss, or the assets are 10% or more of the combined operational segments. Because of the expectation that the Nayan segment in the future, when contributing to the figures for an entire financial year, will meet these quantitative thresholds, separate information is also reported for the 2021 financial year.

In accordance with IFRS 8.15, the total external revenue reported by the operating segments constitutes more than 75% of total revenue of the smartphoto group. Therefore, no additional operating segments must be identified.

Information about products and services

(in K euro)	2020	2021
Revenue		
Prints	6 367	5 753
Books & stationery	25 392	24 201
Merchandising	29 604	32 168
E-commerce as a service		930
Total	61 364	63 052

The revenue amounts to 63 052K euro in 2021, compared to 61 364K euro in 2020. 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. The 'E-commerce as a service' section includes the consideration for services rendered to offer solutions for brands, such as digital marketing, sales or other online support services.

Information about geographic areas

(in K euro)	2020	2021
Revenue		
Belgium	25 193	25 347
Switzerland	14 618	14 747
Other countries	21 553	22 958
Total	61 364	63 052
Fixed assets other than financial intruments and deferred tax assets		
Belgium	36 326	37 275
Other countries	576	452
Total	36 902	37 728

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.

3. Revenue

The revenue amounts to 63 052K euro in 2021, compared to 61 364K euro in 2020. This growth in revenue is the combination of the organic evolution and the contribution of Nayan for the period as from the acquisition date. The strict lockdown measures in 2020 resulted in exceptionally strong sales of books and prints in the spring, and of gifts in the fall. Due to the loosening of the measures around the Covid-19 virus, the demand for these products fell back to normal levels in the year 2021.

IFRS 15.114: Not applicable.
E-commerce activities do not distinguish categories of operating activities.

IFRS 15.119: Performance obligations
The performance obligations for the smartphoto segment are fulfilled upon shipment of the products. Ordered products are paid in cash, either online via a secured payment system or by bank transfer, as also mentioned in the payment terms.

The performance obligations for the Nayan segment are fulfilled as the services are provided, or, where appropriate, upon shipment of the products. Invoices for services rendered are payable within 30 days of the invoice date. Products ordered via websites are paid in cash, online via a secured payment system.

4. Other operating income

The other operating income amounts to 1 006K euro in 2021, compared to 1 083 in 2020. The main components are: the sale of waste material from the production process to recycling companies, the recovered overdue payments, unused credit notes of e-commerce customers and revenue from the realisation of property, plant and equipment and intangible assets.

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

Changes in inventory of finished goods and work in progress amount to -16K euro for the 2021 financial year, compared to 13K euro in 2020.

6. Capitalisation of internally generated intangible assets

The capitalisation of internally generated intangible assets in 2021 amounts to 681K euro compared to 489K euro in 2020. The expenses eligible for capitalisation relate to the migration of our web platform to mobile first and the cloud, the modernisation of underlying management tools via web applications, the transformation of the smartphoto website in terms of UX to a shop-in-shop concept, including the underlying databases and structures, and the development of new production software. Those expenses meet the recognition criteria for activation in accordance with IAS 38.57. More information can be found under the intangible assets (Note 18).

7. Trade goods, raw materials and consumables

The costs of trade goods, raw materials and consumables increased by 3.2% in 2021 compared to 2020. This increase is due to the rise in expenses as a result of the growth in revenue and higher transport costs.

8. Employee benefits

(in K euro)	2020	2021
Wages and salaries	-9 164	-10 006
Social security contributions	-2 214	-2 451
Other employee benefits	-531	-704
Contribution to defined contribution plans	-212	-213
Increase/decrease (-) in the other non-current employee benefit liabilities	-26	446
Total	-12 147	-12 930

In 2021, the employee expenses increased by 6.4% compared to 2020. This increase is mainly the result of, on the one hand, an increase in the number of employees, mainly due to the acquisition of Frucon² NV and, on the other hand, a net decrease in provisions related to the pension plans of 446K euro in 2021 compared to a net increase 26K euro in 2020. More information about this provision can be found under the current and non-current employee benefit liabilities (Note 30).

The total number of employees in the group, expressed in full-time equivalents, was 299 at the end of 2021 compared to 240 at the end of 2020, which is an increase of 24.6%.

In accordance with IAS 19.7 the remuneration for the performance of the executive director is shown here.

Remunerations and interests of the executive director (in K euro)

Executive Director	Fixed remuneration component [1]	Variable remuneration component [1] [2]	Non-recurring remuneration component [3]	Other remuneration components [4]
Stef De corte [5]	-385		-125	-2

[1] *Cost to the company, i.e. gross amount including social security contributions.*

[2] *The variable component is determined in the form of a bonus plan that is assessed each year by the Remuneration Committee. This bonus plan includes financial and non-financial targets.*

[3] *The non-recurring component includes a one-off success fee for the realisation of the acquisition of Frucon² NV and Frucon International Inc., as determined by the Remuneration Committee.*

[4] *The other components refer to the costs for insurance policies, and the cash value of the other benefits in kind, i.e. expense allowances, company car, etc.*

[5] *Mr Stef De corte, fixed representative of Acortis BV.*

9. Depreciation, amortisation, write-downs and impairment

(in K euro)	2020	2021
Depreciation and impairment of property, plant and equipment	-1 313	-1 523
Depreciation and impairment of right-of-use assets	-872	-695
Amortisation and impairment of intangible assets	-934	-1 055
Write-downs on inventories	1	34
Write-downs on trade receivables	-374	-278
Total of depreciaton, amortisation, write-downs and impairment of non-current and current assets	-3 491	-3 519

In 2021, the depreciation, write-downs, amortisation and impairment from operating activities amount to 3 519K euro compared to 3 491K euro in 2020.
The depreciation and impairment of property, plant and equipment increased from 1 313K euro in 2020 to 1 523K euro in 2021, which is an increase of 16.0%. This is mainly due to the revaluation of the land and buildings per September 30, 2020 and the higher investments in property, plant and equipment over the years.
The depreciation and impairment on right-of-use assets decreased from 872K euro in 2020 to 695K euro in 2021. This is mainly due to the expiration of leases related to plant, machinery and equipment.
The amortisation and impairment on intangible assets have increased to 1 055K euro, which is a 13.0% increase. This is the result of the higher investments in intangible assets in recent years.
In addition, the non-cash flows include a reversal of write-downs recorded on inventories in

the amount of 34K euro in 2021, compared to 1K euro in 2020, and write-downs on trade receivables in the amount of 278K euro in 2021 compared to 374K euro in 2020.

10. Other operating expenses

(in K euro)	2020	2021
Services	-17 943	-19 418
Business taxes	-413	-88
Loss on disposal of intangible assets, property, plant and equipment	-26	-11
Loss on disposal of trade receivables	4	
Other operating charges	-271	-356
Total	-18 650	-19 873

In 2021, the other operating expenses increased by 6.6%. The services mainly include marketing costs, rental costs, overhead and interim costs. The change is mainly attributable to an increase in marketing expenses and interim costs.

11. Profit/loss (-) from operating activities

The smartphoto group achieved a positive profit from operating activities of 7 116K euro, compared to 8 343K euro in 2020.

12. Financial result

(in K euro)	2020	2021
Financial expenses from interest-bearing financial liabilities	-105	-97
Financial expenses from lease liabilities	-65	-54
Net gain/loss (-) on realisation of other receivables and non-current financial assets	-32	-33
Net exchange gains/losses (-)	-275	8
Other financial income/expenses (-)		-20
Net financial expenses	-477	-195

The financial result increased by 282K euro from -477K euro in 2020 to -195K euro in 2021. This increase is mainly due to the positive impact of the exchange gains/losses (-) of 283K euro.

In 2020, the exchange gains/losses (-) amount to -275K euro. 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, the Swedish krona and the American dollar.

In 2021, the exchange gains/losses (-) amount to 8K euro and mainly relate to the Swiss franc, Swedish krone and the American dollar.

The financial statements are prepared using the following exchange rates:

Currency exchange rates	Closing rate		Average rate	
	2020	2021	2020	2021
Swiss franc	1.0802	1.0331	1.0709	1.0799
Norwegian krone	10.4703	9.9888	10.7821	10.1639
Swedish krona	10.0343	10.2503	10.4815	10.1562
American dollar	1.2271	1.1326	1.1470	1.1816

13. Income taxes expense (-)/income

Amounts recognised in the income statement

(in K euro)	2020	2021
Current taxes expense (-)/income		
Taxes on the result for the financial year	-665	-768
Adjustments to taxes for preceding periods	-21	13
	-686	-755
Deferred taxes		
Originating and reversal of temporary differences	1 218	-666
	1 218	-666
Income taxes expense (-)/income recognised in the statement of profit or loss	532	-1 421

(in K euro)	2020	2021
Theoretical tax rate [1]	23.95%	24.50%
Taxes calculated at the theoretical tax rate	-2 436	-2 266
Profit/loss (-) before tax	7 865	6 921
Impact of tax exempt revenues	577	838
Impact of non-deductible expenses	-438	-446
Impact of utilised tax losses	1 453	1 018
Impact of tax incentives	99	136
Surplus/deficit (-) taxes previous financial years	-21	13
Other	80	-47
Current income taxes expense (-)/income	-686	-755
Impact of deferred taxes	1 218	-666
Effective tax rate [2]	-	20.53%
Income taxes expense (-)/income recognised in the income statement of profit or loss	532	-1 421

(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 2020 because of the positive tax result.*

The components included under IAS 12.80 (e), (f) and (h) are not applicable to the 2020 or the 2021 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 245K euro is 15% in 2021. For the portion of profits starting at 245K euro, the rate is 25%.

Application of IAS 12.80 (d): The deferred tax liabilities/assets recognised in the income statement amounted to -666K euro in 2021 compared to 1 218 in 2020.

The 2021 tax result amounts to -1 421K euro and includes: (i) the growth of the deferred tax assets of 57K euro 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 -93K euro with regard to the reversal of provisions for the pension plans, (iii) the use of deferred tax assets in the amount of -670K euro, (iv) the use of deferred tax liabilities in the amount of 40K euro, and (v) the current taxes on the result of -755K euro, of which 13K euro relates to previous financial years.

14. Other comprehensive income/loss (-)

The 2021 other comprehensive income/loss (-) amounts to 91K euro after tax, compared to 1 300K euro in 2020.

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 -21K euro; (ii) a positive effect of 5K euro as a result of the applicable income taxes expense on currency translation differences, (iii) the revaluation gain on land and buildings for 2 447K euro; and (iv) a negative effect of -1 130K euro as a result of the applicable profit tax costs on this revaluation surplus.

The reclassification adjustments in 2020 relate to the translation differences following the deconsolidation of ExtraFilm A/S and amount to 219K euro.

The 2021 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 115K euro, and (ii) a negative effect of 25K euro as a result of the applicable income taxes expense on currency translation differences.

The reclassification adjustments in 2021 relate to the translation differences following the deconsolidation of Spector Nederland BV, and amount to 10K euro.

The total other comprehensive income, including the reclassification adjustments, amounts to 5 601K euro in 2021, compared to 9 916K euro in 2020.

15. Property, plant and equipment

Movements for the 2020 financial year

(in K euro)	Land & buildings	Plant, machinery & equipment	Furniture, fixtures & vehicles	Total
Acquisition value				
Balance at end of previous year	24 435	13 197	574	38 206
Movements for the period				
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
Movements for the period				
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

Movements for the 2021 financial year

(in K euro)	Land & buildings	Plant, machinery & equipment	Furniture, fixtures & vehicles	Total
Acquisition value				
Balance at end of previous year	26 909	12 463	592	39 964
Movements for the period				
Acquisitions	263	1 750	7	2 020
Acquisitions through business combinations		124	208	332
Sales and disposals (-)		-70		-70
Translation differences			2	3
Balance at end of current period	27 172	14 267	810	42 249
Depreciation and impairment				
Balance at end of previous year	13 262	9 597	553	23 412
Movements for the period				
Depreciation and impairment	558	951	14	1 523
Acquisitions through business combinations		120	202	322
Sales and disposals (-)		-43		-43
Translation differences			2	3
Balance at end of current period	13 821	10 626	770	25 217
Carrying amount				
at end of previous year	13 647	2 866	39	16 552
at end of current period	13 351	3 641	39	17 031

The carrying amount of property, plant and equipment is 17 031K euro for the 2021 financial year, compared to 16 552K euro for the 2020 financial year.

2020 financial year
The investments in property, plant and equipment amount to 1 898K euro, of which 1 851K euro is invested in production machines and the furnishing of buildings. The revaluation surplus on land and buildings amounts to 2 447K euro. The depreciation and impairment losses amount to 1 313K euro, and the sales and disposals amount to -26K euro.

2021 financial year
The investments in property, plant and equipment amount to 2 020K euro, of which 1 750K euro is invested in production machines and the furnishing of buildings, and 263K euro in the renovation of buildings. These investments relate only to the smartphoto segment. The net acquisitions through business combinations amount to 10K euro as a result of the acquisition of Frucon² NV. The depreciation and impairment losses amount to 1 523K euro, of which 1 522K euro related to the smartphoto segment and 1K euro to the Nayan segment. The sales and disposals amount to -27K euro and relate only to the smartphoto segment.

Land and buildings

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 1 715K euro 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 the fact 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 2 447K euro.

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 2020 financial year-end would amount to 4 877K euro instead of 13 647K euro. At the 2021 financial year-end, this would result in a carrying amount of 4 976K euro instead of 13 351K euro. The revaluation surplus, after the impact of deferred taxes, amounts to 6 956K euro and is not distributed to the shareholders.

The secured loans are guaranteed by mortgages on land and buildings, of which the registration amount is 10 294K euro.

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 13 647K euro as at December 31, 2020 compared to 13 351K euro as at December 31, 2021. The movements in 2021 are related to investments for an amount of 263K euro, and depreciation, write-downs and impairment losses related to the 2021 financial year in the amount of 558K euro. The depreciation, write-downs and impairment losses are recognised in the statement of profit or loss 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: 752K euro for a total of 15 639 m² of surface area.
- Rental charges for the owner: 8%.
- Net rental value per year: 692K euro.
- 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) 2 257K euro, determined based on comparison with the usual sale prices for land with comparable physical, economic and legal characteristics.
- Buildings and outside infrastructure 15 372K euro, 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: 9 085K euro.

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: 339K euro for a total of 7 218 m² of surface area.
- Rental charges for the owner: 6%.
- Net rental value per year: 318K euro.
- 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) 1 364K euro, determined based on comparison with the usual sale prices for a land with comparable physical, economic and legal characteristics.
- Buildings and outside infrastructure 4 643K euro, 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: 4 792K euro.

Comparative figures of the quantitative data for the land and buildings will be included in the annual accounts when the next revaluation takes place.

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

(in K euro)	Revalued land	Revalued buildings
Acquisition value		
Balance at end of previous year	1 231	15 858
Movements for the period		
Acquisitions		27
Balance at end of current period	1 231	15 885
Revaluation surplus		
Balance at end of previous year	1 314	6 032
Movements for the period		
Increase/ decrease (-) due to revaluation	356	2 091
Balance at end of current period	1 670	8 123
Depreciation and impairment		
Balance at end of previous year		12 798
Movements for the period		
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

Movements for the 2021 financial year related to revalued tangible assets, in accordance with IFRS 13.93 (e)

(in K euro)	Revalued land	Revalued buildings
Acquisition value		
Balance at end of previous year	1 231	15 885
Movements for the period		
Acquisitions		263
Balance at end of current period	1 231	16 148
Revaluation surplus		
Balance at end of previous year	1 670	8 123
Balance at end of current period	1 670	8 123
Depreciation and impairment		
Balance at end of previous year		13 262
Movements for the period		
Depreciation and impairment included in the statement of profit or loss		559
Balance at end of current period		13 821
Carrying amount		
at end of previous year	2 901	10 745
at end of current period	2 901	10 449

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.

16. Right-of-use assets

Movements for the 2020 financial year

(in K euro)	Land & buildings	Plant, machinery & equipment	Furniture, fixtures & vehicles	Total
Acquisition value				
Balance at end of previous year	861	1 635	421	2 917
Movements for the period				
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
Movements for the period				
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

Movements for the 2021 financial year

(in K euro)	Land & buildings	Plant, machinery & equipment	Furniture, fixtures & vehicles	Total
Acquisition value				
Balance at end of previous year	867	1 437	618	2 922
Movements for the period				
Acquisitions			72	72
Acquisitions through business combinations			157	157
Sales and disposals (-)		-735	-76	-811
Translation differences	8			8
Other changes	-98		28	-70
Balance at end of current period	777	702	798	2 278
Depreciation and impairment				
Balance at end of previous year	320	926	282	1 528
Movements for the period				
Depreciation and impairment	160	357	178	695
Sales and disposals (-)		-735	-76	-811
Translation differences	8			8
Other changes	-97			-97
Balance at end of current period	391	548	384	1 323
Carrying amount				
at end of previous year	547	511	336	1 395
at end of current period	386	154	414	954

The carrying amount of the right-of-use assets is 954K euro in 2021, compared to 1 395K euro in 2020.

2020 financial year
Investments in right-of-use assets amount to 239K euro and are exclusively related to vehicles. Depreciation and impairment losses for the period amount to 872K euro.

2021 financial year
Investments in right-of-use assets amount to 72K euro and are exclusively related to vehicles, of which 53K euro relates to the smartphoto segment and 19K euro to the Nayan segment. The net acquisitions through business combinations amount to 157K euro as a result of the acquisition of Frucon² NV. Depreciation and impairment losses amount to 695K euro, of which 689K euro attributable to the smartphoto segment and 6K euro to the Nayan segment. The other changes are, on the one hand, related to the renewal of existing agreements which expired during 2021 for an amount of 162K euro and, on the other hand, the reduction in the term of existing agreements for an amount of -232K euro

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 and buildings	3	1-8	4		3	
Property, plant and equipment	5	1-2	1		2	3
Furniture, fixtures and vehicles	51	1-4	4	2		49

Qualitative and quantitative information 2021: 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 and buildings	3	1-7	4		3	
Property, plant and equipment	2	1	1			2
Furniture, fixtures and vehicles	66	1-5	2	3		63

17. Goodwill

Movements for the 2020 financial year

(in K euro)	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

Movements for the 2021 financial year

(in K euro)	2021
Acquisition value	
Balance at end of previous year	38 540
Movements during the period	
Acquisitions through business combinations	455
Balance at end of current period	38 994
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	16 606

In accordance with IFRS 3, the identifiable assets acquired and the liabilities assumed of Frucon² NV and its subsidiary were recognised separately from goodwill and measured at fair value at the acquisition date. The amount by which the consideration transferred of 4 650K euro exceeds the net balance of the identifiable assets acquired and liabilities assumed is recognised as goodwill and amounts to 455K euro. This goodwill is, in accordance with IAS 36, allocated to the Nayan cash-generating unit, where the expected cash flows are realised by the business activities of Nayan as a whole.

Taking into account the requirements of IFRS 8, total goodwill in the amount of 16 606K euro can be attributed to the cash-generating unit smartphoto for an amount of 16 151K euro, and for 455K euro to Nayan.
In accordance with IAS 36, the Company performed an impairment test at the end of December in both 2020 and 2021 concerning the identified cash-generating units to examine whether they had suffered any impairment loss. These tests demonstrated that the recoverable amount for the units is higher than the carrying amount. Consequently, no impairment losses should be recognised.

The cash-generating units, smartphoto and Nayan, represent the total carrying amount of the goodwill. The cash-generating unit smartphoto 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. The cash-generating unit Nayan includes the B2B activities of e-commerce distribution by offering a unique 'e-commerce as a service' (EAAS) for international brands looking for growth, and the sale of personalised gifts to companies.

smartphoto
The recoverable amount of the cash-generating unit smartphoto 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 16 151K euro as at December 31, 2021.
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 2022 correspond to the budgets approved by the Board of Directors. The projections for 2023, 2024, 2025 and 2026 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.

The projections are made in the functional currency of the countries and discounted at 6.88% before taxes for the next 5 years. In 2020, this discount rate before taxes amounted to 6.46%.
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.

	2020	2021
Risk free interest rate	0.48%	1.14%
Beta-factor	0.55	0.57
Equity risk premium	4.50%	4.50%

The impairment test described above was also subject to sensitivity analyses with, on the one hand, a 10.0% decrease of the annual EBIT and, on the other hand, a 1.0% increase of the discount rate. When the EBIT decreases by 10.0%, the recoverable amount decreases by 9.4%. When the discount rate increases by 1.0%, the recoverable amount decreases by 17.0%. 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 relating to the smartphoto cash-generating unit.

Nayan
The recoverable amount of the cash-generating unit Nayan 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 the goodwill that is attributed to this unit amounts to 455K euro as at December 31, 2021.

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 1%.
- The growth rates in the projections result from: (i) an increase in the number of customers by entering into new agreements with brands that want to rely on the EAAS-services in order to generate data-driven, sustainable and profitable growth, and (ii) an increase in the average operating income per customer due to the increasing range of products related to the sale to businesses of personalised gift packages.
- The replacement investments.

The projections for 2022 correspond to the budgets approved by the Board of Directors. The projections for 2023, 2024, 2025 and 2026 are based on prudent extrapolations by the management.
The continuing annual growth (terminal growth) of 1% 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.

The projections are made in the functional currency of the countries and discounted at 6.90% before taxes for the next 5 years.
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.

	2021
Risk free interest rate	1.14%
Beta-factor	0.57
Equity risk premium	4.50%

The impairment test described above was also subject to sensitivity analyses with, on the one hand, a 10.0% decrease of the annual EBIT and, on the other hand, a 1.0% increase of the discount rate. When the EBIT decreases by 10.0%, the recoverable amount decreases by 9.0%. When the discount rate increases by 1.0%, the recoverable amount decreases by 13.5%. 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 relating to the Nayan cash-generating unit.

18. Intangible assets

Movements for the 2020 financial year

(in K euro)	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
Movements for the period				
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
Movements for the period				
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

Movements for the 2021 financial year

(in K euro)	Concessions, patents and licenses	Internally generated intangible assets	Other intangible assets	Total
Acquisition value				
Balance at end of previous year	8 170	2 000	3 515	13 684
Movements for the period				
Additions from internal development		681		681
Acquisitions	615			615
Acquisitions through business combinations	234		56	290
Translation differences			-40	-40
Balance at end of current period	9 019	2 680	3 531	15 230
Amortisation and impairment				
Balance at end of previous year	6 605	810	3 467	10 881
Movements for the period				
Amortisation and impairment	594	442	19	1 055
Acquisitions through business combinations	142		56	197
Translation differences			-40	-40
Balance at end of current period	7 341	1 252	3 501	12 094
Carrying amount				
at end of previous year	1 565	1 190	48	2 803
at end of current period	1 678	1 429	29	3 136

The carrying amount of the intangible assets is 3 136K euro in 2021, compared to 2 803K euro in 2020.

2020 financial year
Investments in intangible assets amount to 1 083K euro 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. 489K euro 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 1 048K euro 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 for the 2020 financial year amount to 934K euro and mainly attribute to concessions, patents and licences, for an amount of 573K euro, and to internally generated intangible assets for an amount of 341K euro (Note 9).

2021 financial year
Investments in intangible assets amount to 1 296K euro and are exclusively attributable to the smartphoto segment. The investments mainly relate to the migration of the web platform to mobile first and the cloud, the modernisation of underlying management tools via web applications, the transformation of the smartphoto website in terms of UX to a shop-in-shop concept, including the underlying databases and structures, and the development of new production software. An amount of 681K euro of those investments is generated internally.
The net acquisitions through business combinations amount to 93K euro as a result of the acquisition of Frucon² NV. The amortisation and impairment losses amount to 1 055K euro and mainly attribute to concessions, patents and licences, for an amount of 594K euro, and to internally generated intangible assets for an amount of 442K euro (Note 9). 1 053K euro of the amortisation and impairment losses is attributable to the smartphoto segment, 2K euro is attributable to the Nayan segment.

19. Other financial assets

(in K euro)	2020	2021
Other financial assets	69	50
Decreases due to sales and other movements (-)	-20	
Total gross amount other financial assets	50	50
Accumulated impairment losses (-)	-69	-50
Decreases due to sales and other movements	20	
Total accumulated impairment losses (-)	-50	-50
Carrying amount other financial assets	-	-

This heading refers to participating interests 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 participating interest 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 statement of financial position (20K euro) because of the liquidation of the company. This participating interest was fully impaired.

There are no movements on the other financial assets for the 2021 financial year.

20. Non-current trade and other receivables

(in K euro)	2020	2021
Cash guarantees	74	386
Net carrying amount	74	386

The non-current trade and other receivables consist of the cash guarantees. These have increased by 312K euro in 2021, mainly as a result of the acquisition of Frucon² NV.

21. Deferred tax assets

Movements for the 2020 financial year

(in K euro)	Balance at end of previous financial year	Recognised in the statement of profit or loss	Recognised in other comprehensive income	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 -74K euro is no longer retained 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 -89K euro as the tax losses were gradually absorbed in the companies involved, (iii) 1 777K euro of new active deferrals was recognised based on the budgeted figures and the fiscal planning of the relevant tax jurisdictions, (iv) a decrease of-20K euro which consists of an increase in the deferred tax assets of 11K euro because of the increase of the provisions related to pension liabilities, offset by a decrease of -31K euro due to the decrease in the income tax rate of Switzerland from 25.71% to 21.40%, (v) 5K euro deferred tax assets on currency translation differences, and (vi) 30K euro 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 11 282K euro. If the tax rate decreases by 1%, the tax assets would amount to 10 381K euro.

Movements for the 2021 financial year

(in K euro)	Balance at end of previous financial year	Recognised in the statement of profit or loss	Recognised in other comprehensive income	Effect of exchange rate changes	Balance at the end of current period
Provisions	162	-93		3	72
Tax effect on translation adjustments	13		1		14
Tax effect of tax losses carried forward	10 881	-613		-14	10 255
	11 057	-706	1	-11	10 341

In the 2021 financial year, the deferred tax assets consist of the following movements: (i) an amount of -121K euro is no longer retained 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 -548K euro as tax losses were gradually absorbed in the companies involved, (iii) 57K euro of new active deferrals was recognised based on the budgeted figures and the fiscal planning of the relevant tax jurisdictions, (iv) a decrease of -93K euro because of the decrease of the provisions related to pension liabilities, (v) 1K euro deferred tax assets on currency translation differences, and (vi) -11K euro 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 10 679K euro. If the tax rate decreases by 1%, the tax assets would amount to 9 846K euro.

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	Deferred tax assets		Deferred tax liabilities		Net deferred taxes	
(in K euro)	2020	2021	2020	2021	2020	2021
Property, plant and equipment			2 105	2 001	-2 105	-2 001
Intangible assets			74	156	-74	-156
Provisions	162	72			162	72
Tax effect on translation adjustments	13	14	20	48	-8	-34
Tax effect of tax losses carried forward	10 881	10 255			10 881	10 255
Deferred tax assets and liabilities	11 057	10 341	2 199	2 205	8 858	8 135

The tax losses carried forward for which no deferred tax asset was recognised, amount to 52 498K euro in the 2021 financial year, compared to 53 831K euro in the 2020 financial year.

The tax losses carried forward which are not limited in time amount to 45 084K euro in 2021. The tax losses carried forward which are limited in time, with an expiry date in 2026, amount to 7 414K euro.

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 2022 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 2020 and/or 2021, the recognised deferred tax assets amount to 181K euro in the 2021 financial year compared to 245K euro 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 2021 and 2022, as well as 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 11, 2022 to distribute a gross dividend of 0.65 euro per share entitled to dividend over 2021, does not have any tax implications for the Company.

22. Inventories

(in K euro)	2020	2021
Trade goods	7	480
Raw materials and consumables	2 616	3 675
Work in progress	22	6
Total gross carrying amount	2 645	4 161
Raw materials and consumables	-164	-131
Total write-downs (-)	-164	-131
Carrying amount	2 481	4 030

Write-downs, impairment losses

(in K euro)	Balance at end of previous financial year	Recognised in profit/ loss (-) from operating activities	Balance at the end of the period
Trade goods	-1	1	
Raw materials and consumables	-164		-164
Carrying amount 2020	-165	1	-164
Raw materials and consumables	-164	33	-131
Carrying amount 2021	-164	34	-131

Inventory increased by 1 549K euro to 4 030K euro in the 2021 financial year. This increase is due to both the acquisition of Frucon² NV, as well as the temporary implementation of an increase in stocks to ensure continuity of supplies in the corona crisis.

In 2020, a reversal of write-downs was recognised via the profit/loss (-) from operating activities for an amount of 1K euro.
In 2021, a reversal of write-downs was recognised via the profit/loss (-) from operating activities for an amount of 34K euro.

No inventories were provided as security for liabilities.

23. Current trade and other receivables

(in K euro)	2020	2021
Trade receivables, gross	3 455	6 516
Other receivables, gross	372	3 691
Accruals and deferrals	253	482
Gross carrying amount	4 081	10 688
Accumulated write-downs on bad and doubtful trade receivables (-)	-1 174	-1 122
Accumulated write-downs on bad and doubtful other receivables (-)	-294	-318
Carrying amount	2 613	9 248

Write-downs on bad and doubtful trade and other receivables

(in K euro)	Balance at end of previous financial year	Recognised in the statement of profit or loss (-)	Utilisation	Effect of exchange rate changes	Other changes	Balance at the end of the period
Accumulated write-downs on bad and doubtful trade receivables (-)	-1 061	-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
Accumulated write-downs on bad and doubtful trade receivables (-)	-1 173	-278	355	-24		-1 121
Accumulated write-downs on bad and doubtful other receivables (-)	-294				-24	-318
Carrying amount 2021	-1 467	-278	355	-24	-24	-1 440

The current part of the trade and other receivables has increased from 2 613K euro as of December 31, 2020 to 9 248K euro as of December 31, 2021, i.e. an increase of 6 635K euro. The movement mainly consists of an increase of the trade receivables in the amount of 3 060K euro, an increase of the other receivables in the amount of 3 319K euro, and an increase of the accruals and deferrals in the amount of 228K euro.

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

In 2021 the net other receivables, accruals and deferrals of 3 855K euro consist of the following elements: (i) 1 057K euro receivables relating to value-added taxes, (ii) a receivable on the seller of Frucon² NV of 1 108K euro related to an indemnification, as stated in the sale-purchase agreement, where the seller has committed to indemnify and compensate the buyer for the amount due related to pending VAT regularisations with respect to Frucon² NV in the period prior to the acquisition date, (iii) 1 207K euro other receivables, and (iv) 482K euro deferred expenses and accrued income.

An amount of 374K euro of the accumulated write-downs on bad and doubtful trade receivables was recognised in profit/loss (-) from operating activities in 2020, compared to 278K euro in 2021.

24. Cash and cash equivalents

The cash and cash equivalents increased from 17 946K euro in the 2020 financial year to 20 812K euro in the 2021 financial year.

These cash and cash equivalents are directly available.

See also the statement of cash flows on page 98 of this annual report.

25. Current tax assets

This heading mainly refers to income tax assets in certain entities of the consolidation scope and should be considered jointly with the current tax liabilities under the heading ‘Equity and liabilities’. The current tax assets amount to 18K euro in the 2021 financial year compared to 20K euro in the 2020 financial year.

26. Total equity

See also the statement of changes in equity on page 96.

Total equity in 2020

(1) The capital is 41 381K euro 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 reserves and retained earnings/accumulated losses (-) includes the net profit of the financial year in the amount of 8 397K euro and the dividend payment of -2 131K euro with respect to the 2019 financial year.

(3) As of September 30, 2020, land and buildings were revalued for an amount of 1 316K euro, consisting of 2 447K euro revaluation surplus and 1 130K euro 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.
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 3 360K euro 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 -16K euro, 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 219K euro.

Total equity in 2021

(1) The capital is 41 381K euro as of December 31, 2021. This is represented by a total of 3 941 950 shares.
The capital and the total number of shares remained unchanged in 2021.

(2) The change in the reserves and retained earnings/accumulated losses (-) includes the net profit of the financial year in the amount of 5 500K euro, the dividend payment of -2 249K euro with respect to the 2020 financial year and the difference between the carrying amount and the fair value of the treasury shares transferred in accordance to the acquisition of Frucon² NV for an amount of 129K euro, included through the reserves and retained earnings/accumulated losses (-).

(3) Of the total number of shares, the group owns 190 028 (4.8%) as of December 31, 2021. In the 2021 financial year, 13 321 treasury shares were purchased 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 KBC Securities. As a result of the acquisition of Frucon² NV on December 2, 2021, 16 426 treasury shares were transferred.
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 3 379K euro is deducted from equity.

(4) 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 91K euro, and (ii) the reclassification adjustments related to the translation differences following the deconsolidation of Spector Nederland BV, with an impact on the realised and unrealised results of 10K euro.

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 shares (ordinary and dilutive)	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 K euro)	8 397	9 916
2.2. Per share based on the total amount of shares (in euro)	2.1302	2.5155
2.3. Per share based on the weighted average amount of shares (ordinary and dilutive) (in euro)	2.1302	2.5155
2.4. Per share based on the weighted average amount of shares entitled to dividend (in euro)	2.1982	2.5959

Calculation of the profit/loss (-) per share in 2021

1. Number of shares	
1.1. Total number of shares	3 941 950
1.2. Weighted average number of shares (ordinary and dilutive)	3 941 950
1.3. Weighted average number of shares entitled to dividend (1)	3 746 388

(1) The weighted average number of treasury shares purchased in 2021 amounts to 3 734. 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 weighted average number of shares transferred in 2021 amounts to -1 305 in 2021. The total weighted average number of shares entitled to dividend amounts to 3 746 388.

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 K euro)	5 500	5 601
2.2. Per share based on the total amount of shares (in euro)	1.3953	1.4210
2.3. Per share based on the weighted average amount of shares (ordinary and dilutive) (in euro)	1.3953	1.4210
2.4. Per share based on the weighted average amount of shares entitled to dividend (in euro)	1.4681	1.4952

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

The interest-bearing financial liabilities amount to 2 836K euro as at the end of 2021 compared to 3 307K euro as at the end of 2020.

Breakdown between current and non-current in 2020

	2020							
(in K euro)	**Up to 1 year**	**2022**	**2023**	**2024**	**2025**	**2026**	**More than 5 years**	**Total**
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 3 307K euro, a decrease of 868K euro. This decrease is the result of the capital repayments during the financial year.

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

An amount of 158K euro 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. An amount of 310K euro is repaid related to the fixed interest rate loan, agreed on in 2019 with KBC Bank, with a residual maturity of 6 years.

Breakdown between current and non-current in 2021

	2021							
(in K euro)	**Up to 1 year**	**2023**	**2024**	**2025**	**2026**	**2027**	**More than 5 years**	**Total**
Interest-bearing financial liabilities								
Secured bank loans	473	476	478	481	456	158	315	2 836
Total interest-bearing borrowings according to their maturity	473	476	478	481	456	158	315	2 836

In 2021, the current and non-current interest-bearing financial liabilities amount to 2 836K euro, a decrease of 471K euro. This decrease is the result of the capital repayments during the financial year.

An amount of 158K euro 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 8 years. An amount of 313K euro is repaid related to the fixed interest rate loan, agreed on in 2019 with KBC Bank, with a residual maturity of 5 years.

In 2021 the secured bank loans for an outstanding amount of 2 836K euro were guaranteed by mortgages on land and buildings, of which the registration amount is 10 294K euro. The carrying amount of the respective land and buildings is 13 351K euro.

28. Current and non-current lease liabilities

Note to the lease liabilities of 2020

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

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

Note to the lease liabilities of 2021

	2021							
(in K euro)	**Up to 1 year**	**2023**	**2024**	**2025**	**2026**	**2027**	**More than 5 years**	**Total**
Leaseverplichtingen								
Terreinen en gebouwen	101	90	57	47	48	49	8	401
Installaties, machines en uitrusting	145							145
Meubilair, inrichtingen en rollend materieel	203	133	61	19	1			417
	449	223	118	66	49	49	8	963

Total current and non-current lease liabilities amount to 963K euro in 2021, which is a decrease of 447K euro. This decrease is due to, on the one hand the payments during the year for an amount of 702K euro and, on the other hand, the increase of the lease liabilities on vehicles for an amount of 255K euro because of: (i) investments, (ii) acquisitions through business combinations, and (iii) changes due to the extension of existing lease obligations.

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

(in K euro)	2020	2021
Short term leases	129	88
Leases for which the underlying asset is of low value	57	61
Total	186	149

(in K euro)	2020	2021
Rent during the financial year	186	149
Up to one year	14	85
Between one and five years	21	10

Note related to 2020
The payments related to short term leases and the payments for leases for which the underlying asset is of low value are classified under the profit or loss from operating activities for an amount of 186K euro.

Note related to 2021
The payments related to short term leases and the payments for leases for which the underlying asset is of low value are classified under the profit or loss from operating activities for an amount of 149K euro.

IFRS 16.59: Leases not yet commenced to which the group is committed.
The future non-current lease liabilities regarding ‘Land & buildings’ and ‘Vehicles’ amount to 1 067K euro, and the future current lease liabilities amount to 127K euro.

Leasing as a lessor
There are no contractual rentals from leases to be received, neither at more than one year, nor at up to one year.

29. Non-current trade and other payables

(in K euro)	2020	2021
Non-current other payables		750

The non-current other payables consist of the non-current part of the outstanding balance of the purchase price related to the acquisition of Frucon² NV.

30. Current and non-current employee benefit liabilities

The non-current employee benefit liabilities concern the post-employment benefits of the consolidated companies and amount to 584K euro in the 2021 financial year compared to 1 015K euro in the 2020 financial year. These liabilities decreased by 431K euro.
The current employee benefit liabilities amount to 2 926K euro for the 2021 financial year compared to 2 418K euro 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.

Share option plans
There are no outstanding share options as at December 31, 2021.

Warrant plans
There are no outstanding warrants as at December 31, 2021.

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. From 2016 to 2021, 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 2020 and 2021 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 K euro)	2020	2021
Sum guaranteed minimum reserves	2 581	2 463
Sum of the maximum guaranteed minimum reserves and the mathematical reserves	3 067	2 965
Sum mathematical reserves	3 062	2 957
Deficit (-)/surplus	-5	-8

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 Schweiz AG agency made an actuarial calculation for the post-employment benefits of smartphoto AG in 2021. A 0.35% discount rate was taken into account for this actuarial calculation. The defined benefit liabilities exceed the fair value of the plan assets by 337K euro; this decrease was recognised via the profit or loss from operating activities.

	2020	2021
Discount rate used	0.10%	0.35%
Percentage pay rise	0%	1.5%
Pension increase rate	0%	0%
Number of employees	16	16
Average remaining years of service	n/a	n/a
Duration of the plan liabilities	21.28	17.6

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 K euro)	2020	2021
Balance at end of previous financial year	986	1 015
Increase/decrease (-) of liability recognised in the statement of profit or loss	26	-446
Effect of exchange rate changes	3	15
As at the financial year-end	1 015	584

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 – concerning the pension liabilities for 7 already retired former employees at an advanced age. Based on the annual actuarial calculations, this pension liability amounts to 242K euro in 2021, compared to 245K euro in 2020;
(ii) early retirement provisions in the various underlying entities. In 2021 there was a reversal of 5K euro, and the outstanding liability amounts to 5K euro. 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. Based on the actuarial calculation, these pension liabilities amount to 337K euro at the end of 2021 compared to 759K euro in 2020.

31. Provisions

The provisions amount to 1 133K euro for the 2021 financial year and mainly include provisions related to the pending VAT regularisations regarding Nayan with respect to the period prior to the acquisition date for an amount of 1 108K euro. With regard to these amounts, possibly due, which were estimated as accurately as possible based on the available assessment criteria and information, the seller has committed to indemnify and compensate the buyer, as stated in the sale-purchase agreement. As a result of this indemnity, a receivable against the seller of 1 108K euro is recorded under the current other receivables.

32. Deferred tax liabilities

Movements in temporary differences throughout the period

2020				
(in K euro)	Balance at end of previous financial year	Recognised in the statement of profit or loss	Recognised in 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

In 2020 1 130K euro of the deferred tax liabilities on the revaluation surplus on the buildings was recognised and recorded via the other comprehensive income. The recognition of taxable temporary differences on property, plant and equipment and intangible assets for 377K euro, is recognised via profit or loss. The translation differences of -1K euro were recorded via the other comprehensive income.

2021				
(in K euro)	Balance at end of previous financial year	Recognised in the statement of profit or loss	Recognised in other comprehensive income	Balance at the end of current period
Property, plant and equipment/ Revaluation surplus	2 105	-82		2 023
Intangible assets	74	61		134
Tax impact on translation differences	20		27	48
	2 199	-21	27	2 205

The deferred tax liabilities increased from 2 199K euro per December 31, 2020 to 2 205K euro per December 31, 2021. This increase of 6K euro is due to the recognition of taxable temporary differences on property, plant and equipment and intangible assets for -21K euro, recognised in profit or loss, and the deferred tax liability on translation differences for an amount of 27K euro, recognised through other comprehensive income.

33. Current trade and other payables

(in K euro)	2020	2021
Trade payables: suppliers	11 220	13 689
Prepayments received on contracts in progress		830
Dividends payable	120	120
Debentures & matured coupons	342	341
Other amounts payable		750
Accrual and deferrals	328	814
Subtotal	12 010	16 543
Other taxes and VAT payable	2 813	4 453
Carrying amount	14 823	20 996

In 2021, the current trade and other payables increased by 6 174K euro, and is mostly related to the acquisition of Frucon² NV. This movement is mainly due to: (i) an increase of suppliers' debt of 2 469K euro, of which 275K euro relates to a contingent liability, recognised at fair value in accordance with IFRS 3.23, in respect of a liability which exists in the business combination arising from events prior to the acquisition date of Frucon² NV, (ii) the recognition of advances received on orders of 830K euro, (iii) an increase of the other trade payables of 750K euro regarding the current portion of the outstanding balance of the purchase price relating to the acquisition of Frucon² NV, (iv) an increase of accruals and deferrals in the amount of 486K euro, and (v) an increase of the value-added tax related debt in the amount of 1 640K euro.

34. Current tax liabilities

The current tax liabilities for the 2021 financial year amount to 1 233K euro compared to 447K euro 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.

35. 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 mandate of Statutory Auditor in 2021: 32K euro.

Fees for the audit of the subsidiaries performed by the Statutory Auditor and his network: 34K euro.

Remuneration related to extraordinary activities or special assignments carried out by the Statutory Auditor and his network: 4K euro. These activities included, amongst others, the audit engagement following the exit from the consolidation scope of Spector Nederland BV, a report regarding the contribution in kind in Aultmore NV, and tax-related services.

36. Risk factors

The general risk factors are described in more detail in the chapter 'Corporate Governance statement' on page 29 and following.
Due to the application of IFRS 7 and IFRS 9, further disclosures are provided 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 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.

2021								
(in K euro)	Gross current trade receivables	Write-downs on current trade receivables	Net current trade receivables	Other current receivables	Current accruals and deferrals	Total current trade and other receivables	Non-current other receivables	Total non-current other receivables
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

2021								
(in K euro)	Gross current trade receivables	Write-downs on current trade receivables	Net current trade receivables	Other current receivables	Current accruals and deferrals	Total current trade and other receivables	Non-current other receivables	Total non-current other receivables
Not due	2 838	-137	5 085	3 373	482	8 939	386	386
Less than 30 days	486	-52	107			107		
Between 30 and 59 days	436	-22	16			16		
Between 60 and 89 days	1 708	-30	20			20		
Between 90 and 179 days	110	-65	46			46		
Between 180 and 359 days	282	-186	97			97		
More than 359 days	654	-631	23			23		
	6 516	-1 122	5 394	3 373	482	9 248	386	386

The majority of the smartphoto group's activities 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, 2020 and 2021. 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 defined 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, 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:

2020				
(in K euro)	Available for sale investment	Other non-current financial assets	Trade receivables	Other current receivables
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

2021				
(in K euro)	Available for sale investment	Other non-current financial assets	Trade receivables	Other current receivables
Balance at end of previous year	-1 689	-50	-1 174	- 294
Accumulated write-downs: additions (-), reversals			-278	
Utilisation			355	
Translation differences			-24	
Other changes				-24
Balance at end of current period	-1 689	-50	-1 122	-318

2020 financial year
There are no changes in the sections '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 -22K euro.
The amount of -1 689K euro under the section 'Available for sale Investments' relates to FLT srl, 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 written-down. The company is put into liquidation as per December 30, 2020.
Regarding the trade receivables, write-downs are recognised in 2020 via the profit/loss (-) from operating activities for an amount of 374K euro (Note 8). The other mutations relate to utilisations of 251K euro and 10K euro due to the deconsolidation of ExtraFilm A/S.

2021 financial year
There are no changes in the sections 'Available for sale investments' and in the 'Other financial assets' compared to the 2020 financial year. The write-downs on the other receivables amount to -24K euro.
The amount of -1 689K euro under the section 'Available for sale Investments' relates to FLT srl, 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 already put into liquidation as per December 30, 2020, but has not been dissolved up to now.

Regarding the trade receivables, write-downs are recognised in 2021 via the profit/loss (-) from operating activities for an amount of 278K euro (Note 8). The other mutations relate to utilisations of 355K euro and -24K euro due to the effect of translation differences.

Liquidity risk

The net cash increased from a cash surplus of 13 229K euro at the end of 2020 to a cash surplus of 17 013K euro at the end of 2021.

The contractual obligations, recorded in the tables mentioned below, include, in addition to the current and non-current liabilities, the interest liabilities related to these current and non-current liabilities.

2020										
(in K euro)	**Carrying amount**	**Contractual cash flows including finance 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
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			
Trade and other payables	14 823	14 823	14 823						
Total	19 540	19 951	16 032	913	728	601	571	536	571

2021									
(in K euro)	**Carrying amount**	**Contractual cash flows including finance costs**	**Up to 1 year**	**2023**	**2024**	**2025**	**2026**	**2027**	**More than 5 years**
Interest-bearing financial liabilities									
Secured bank loans	2 836	3 127	543	536	528	521	486	178	334
Lease liabilities									
Land & buildings	401	428	111	97	61	50	50	50	8
Plant, machinery & equipment	145	146	146						
Furniture, fixtures & vehicles	417	417	203	133	61	19	1		
Trade and other payables	20 996	20 996	20 996						
Total	24 796	25 114	22 000	766	651	590	537	228	342

Non-current payables are measured at amortised cost which approaches the fair value. Also for the current payables, the fair value is comparable to 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 2022.

Neither in 2020, nor in 2021 there are derivative contracts.

Because the credit agreements with KBC Bank and BNP Paribas Fortis Bank (Note 27) were entered into at a fixed interest rate, a sensitivity analysis of the current and non-current interest-bearing financial liabilities is not representative.

The lease liabilities were recognised at the starting date, following the initial application of IFRS 16 on January 1, 2019, 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 to accept fluctuations in the financial expenses in accordance with the evolution of market interest rates. As at December 31, 2020 and 2021 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 euro. 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, the Swiss franc and the American dollar. 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% (reference rate= average rate for 2020) would have an impact on the profit/loss (-) before tax of -136K euro or 195K euro respectively as at December 31, 2020. An increase/decrease by +10% or -10% (reference rate= closing rate for 2020) would have an impact on the carrying value of -51K euro or 365K euro respectively as at December 31, 2020.

An increase/decrease of the euro/non-euro currencies by +10% or -10% (reference rate= average rate for 2021) would have an impact on the profit/loss (-) before tax of -230K euro or 281K euro respectively as at December 31, 2021. An increase/decrease by +10% or -10% (reference rate= closing rate for 2021) would have an impact on the carrying value of -87K euro or 174K euro respectively as at December 31, 2021.

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.

37. 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 is any indication that an asset may be impaired.

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 liabilities 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 liabilities to the extent it is also probable that an outflow of funds will take place to resolve the liability 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.

38. Subsequent events

Impact of the Ukraine crisis
The outbreak of the military aggression of Russia against Ukraine is a subsequent event which is not reflected in the statement of profit or loss and other comprehensive income as at December 31, 2021 (non-adjusting subsequent event).

Smartphoto group analysed the risks of the consequences of the conflict between Russia and Ukraine, and the impact of this crisis to the operating activities, the market, the financial situation and the economic performance.

Considering smartphoto group is not active on the Ukrainian market, nor at the Russian market, no direct or indirect impact on revenue is expected. The crisis however is causing increases in the prices of energy and raw materials, which could have an impact on the expenses from operating activities.

The impact on an annual base can not yet be estimated at the moment of approval of the financial statements. However, the management of smartphoto is convinced that it takes the necessary measures to limit the impact of the crisis.

39. 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 2020 and 2021.

Companies belonging to the group

Name and address	VAT - or national number	Share in the capital (in %)
AULTMORE NV Vantegemstraat 21, 9230 Wetteren, Belgium	BE 0888.480.111	100.00
DBM-COLOR NV Kwatrechtsteenweg 160, 9230 Wetteren, Belgium	BE 0402.247.617	100.00
FILMOBEL NV Kwatrechtsteenweg 160, 9230 Wetteren, Belgium	BE 0408.058.709	100.00
FRUCON² NV (**) Pittemsestraat 58D, 8850 Ardooie, Belgium	BE 0806.661.106	100.00
FRUCON INTERNATIONAL INC. 333 Fayetteville Street, Suite 500, 27601 NC Raleigh, United States of America	1057419	100.00
PROMO CONCEPT INVESTMENT BV Kwatrechtsteenweg 158, 9230 Wetteren, Belgium	0423.852.188	100.00
SMARTPHOTO AG Salinenstrasse 59, 4133 Pratteln, Switzerland	CHE-100.365.169	100.00
SMARTPHOTO NEDERLAND BV Beursstraat 1A, 7551 HP Hengelo, Netherlands	NL 821156469B01	100.00
SMARTPHOTO NORDIC AB Östergatan 39, 4 Van, 211 22 Malmö, Sweden	SE 556334-8100	100.00
SPECTOR NEDERLAND BV (*) Beursstraat 1A, 7551 HP Hengelo, Netherlands	NL 6511004B01	

(*) *Dissolved and liquidated per July 10, 2021*

(**) *The name of the legal entity Frucon² NV was changed to Nayan NV as of March 15, 2022.*

Subsidiaries not included in the consolidation

Name and address	VAT - or national number	Share in the capital (in %) [1]
FLT srl [2] Viale Andrea Doria 17, 20124 Milaan, Italy	IT 13146200152	49.00
SPECTOR VERWALTUNG GmbH [2] Müßmattstrasse 49, 79618 Rheinfelden, Germany.	214 116 20551	100.00

(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 srl 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.*


Lily
Quinn
10 May 2020
Noor
21 May 2020
Thanks!
Quinn

2021 STATUTORY ANNUAL ACCOUNTS

TABLE OF CONTENT


Matteo
Matteo
Matteo
Matteo
Lilly
Lilly
Lilly

Balance sheet after profit allocation

ASSETS (in euro)	2020	2021
FIXED ASSETS	70 403 956	74 808 033
Intangible fixed assets	12 509 852	11 101 571
Tangible fixed assets	392 346	554 755
Land and buildings	309 943	456 409
Property, plant and equipment	82 403	98 346
Financial fixed assets	57 501 758	63 151 707
Affiliated companies	57 483 758	63 133 707
Participating interest	44 683 758	49 333 707
Amounts receivable	12 800 000	13 800 000
Other financial assets	18 000	18 000
Amounts receivable and cash guarantees	18 000	18 000
CURRENT ASSETS	20 533 077	16 279 793
Amounts receivable within one year	3 128 524	4 380 617
Trade debtors	2 053 081	2 123 406
Other amounts receivable	1 075 443	2 257 211
Current investments	3 313 498	3 382 460
Own shares	3 310 301	3 379 263
Other investments and deposits	3 197	3 197
Cash at bank and in hand	13 910 244	8 432 874
Deferred charges and accrued income	180 811	83 842
TOTAL ASSETS	90 937 033	91 087 826

EQUITY AND LIABILITIES (in euro)	2020	2021
EQUITY	66 056 143	68 183 594
Capital	41 381 403	41 381 403
Issued capital	41 381 403	41 381 403
Reserves	10 319 213	10 348 416
Reserves not available	7 448 441	7 517 404
Legal reserve	4 138 140	4 138 141
Purchase of own shares	3 310 301	3 379 263
Untaxed reserves	2 870 772	2 831 012
Accumulated profits/losses (-)	14 355 527	16 453 775
AMOUNTS PAYABLE	24 880 890	22 904 232
Amounts payable after more than one year	1 740 097	2 141 658
Financial liabilities	1 740 097	1 391 658
Financial debts	1 576 314	1 260 774
Other debts	163 783	130 884
Other liabilities		750 000
Amounts payable within one year	23 002 275	20 619 540
Current portion of amounts payable after more than one year falling due within one year	312 991	315 539
Trade debts	8 682 073	8 080 407
Suppliers	8 682 073	8 080 407
Taxes, remuneration and social security	1 753 447	1 861 447
Taxes	847 019	881 627
Remuneration and social security	906 428	979 820
Other amounts payable	12 253 764	10 362 147
Accruals and deferred income	138 518	143 034
TOTAL LIABILITIES	90 937 033	91 087 826

Profit and loss account

(in euro)	2020	2021
Operating income	36 347 746	35 936 910
Turnover	35 391 764	34 774 945
Produced fixed assets	404 112	596 737
Other operating income	551 870	565 228
Operating charges	-34 251 565	-35 049 317
Goods for resale, raw materials and consumables	-17 807 750	-17 157 515
Purchases	-17 807 750	-17 157 515
Services and other goods	-8 170 156	-9 019 746
Remuneration, social security and pensions	-5 131 035	-5 634 190
Amortisations of and other amounts written down on formation expenses, intangible and tangible fixed assets	-2 650 945	-2 791 805
Amounts written down on stocks, contracts in progress and trade debtors: additions(-)/write-backs	-31 575	66 933
Other operating charges	-460 104	-512 994
Operating profit/loss (-)	2 096 181	887 593
Financial income	8 358 782	10 552 937
Recurring financial income	3 148 582	3 961 188
Income from financial fixed assets	2 320 714	3 230 834
Income from current assets	818 306	713 967
Other financial income	9 562	16 387
Non-recurring financial income	5 210 200	6 591 749
Financial charges	-5 642 264	-6 785 807
Recurring financial charges	-432 064	-314 079
Debt charges	-125 419	-122 098
Amounts written down on current assets other than stocks, contracts in progress and trade debtors: additions (-)/write-backs	-271 383	1 221 786
Other financial charges	-35 262	-1 413 767
Non-recurring financial charges	-5 210 200	-6 471 728
Profit/Loss(-) for the period before taxes	4 812 699	4 654 723

(in euro)	2020	2021
Income taxes on the result	-211 447	-106 718
Taxes	-211 447	-120 496
Adjustments of income taxes and write-back of tax provisions		13 778
Profit/Loss(-) of the period	4 601 252	4 548 005
Transfer from untaxed reserves	39 868	39 760
Profit/Loss(-) of the period available for appropriation	4 641 120	4 587 765

Appropriation Account

(in euro)	2020	2021
Profit/Loss(-) to be appropriated	18 025 444	18 943 292
Profit/Loss (-) of the period available for appropriation	4 641 120	4 587 765
Profit/Loss (-) of the preceding period brought forward	13 384 324	14 355 527
Appropriations to equity	1 420 627	68 963
to other reserves	1 420 627	68 963
Profit/Loss(-) to be carried forward	14 355 527	16 453 775
Profit to be distributed	2 249 290	2 420 554
Compensation for contributions	2 249 290	2 420 554

Structure of the shareholdership as at December 31, 2021

Shareholders with a percentage ≥ 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	24/08/2018	17.79%	701 195	17.79%
c/o Doorniksewijk 49, B-8500 Kortrijk		(701 195)		
- 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	16/09/2015	15.57%	720 000	18.27%
Beukenlaan 1, B-9250 Waasmunster		(570 000)		
- SHOPINVEST NV			719 000	18.24%
- Etienne Kaesteker			1 000	0.03%
ALYCHLO NV and controlling person	27/05/2020	15.01%	626 457	15.89%
Lembergsesteenweg 19, B-9820 Merelbeke		(591 551)		
- ALYCHLO NV		14.98%	625 557	15.87%
- Marc Coucke		0.02%	900	0.02%
SMARTPHOTO GROUP NV	08/12/2021	4.78%	190 028	4.82%
Kwatrechtsteenweg 160, B-9230 Wetteren		(188 497)		
PARTFIM SA	02/06/2020	3.59%	141 500	3.59%
Avenue Montjoie 167 bus 9, B-1180 Brussels		(141 500)		

(1) *% of shares held of the total number of issued shares in accordance with the latest notification.*
(2) *current % of shares held of the current total number of issued shares, being 3 941 950 shares.*

Statement of capital

(in euro)	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		1 423 111
• Dematerialised shares		2 518 839
TREASURY SHARES		
• Held by the company itself	3 379 263	190 028
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.

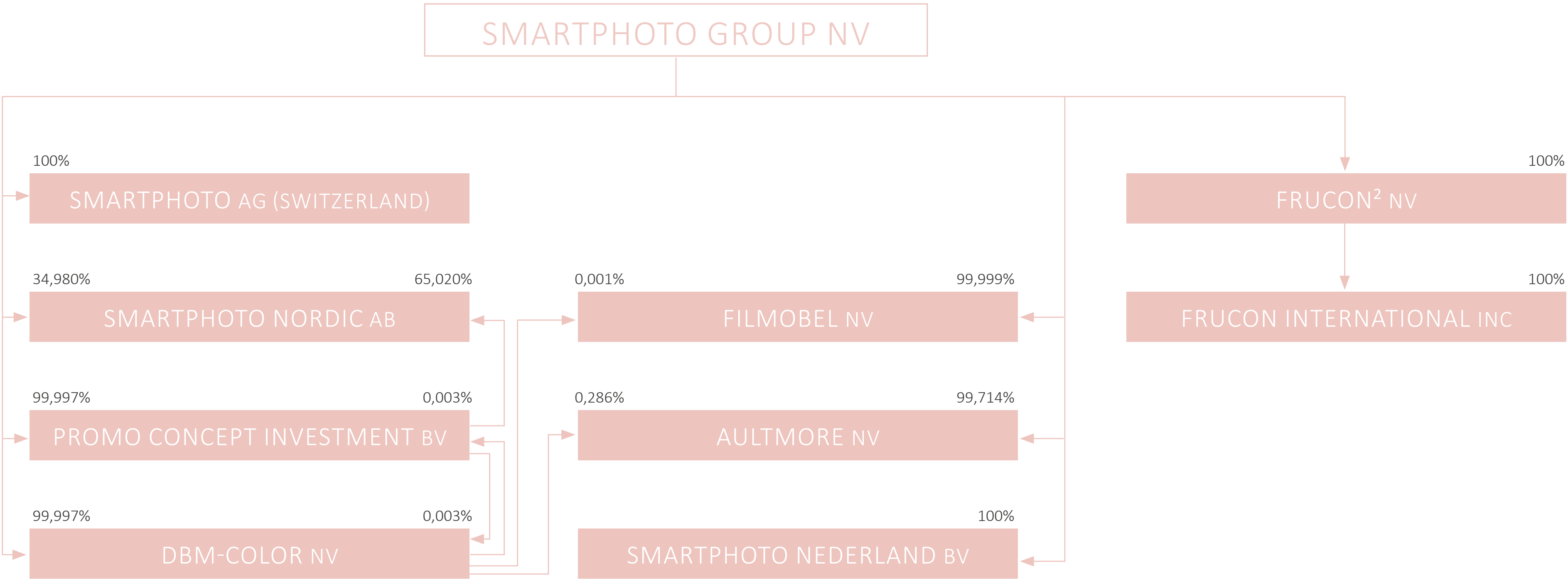

SMART
2
GIVE
by smartphoto
CLOVER
MINERAL
0%
Mr
Mrs
Leroy
smartphoto

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”.