



2022 ANNUAL REPORT SMARTPHOTO GROUP

PART 1



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

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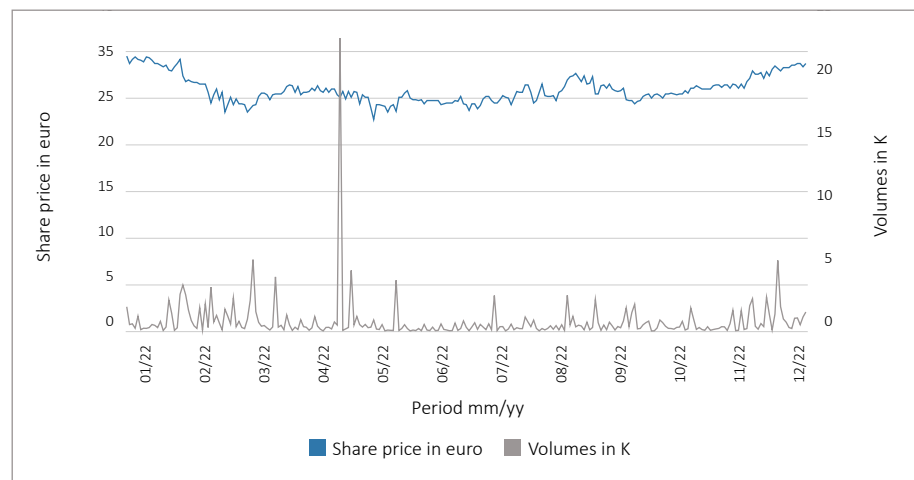
Organisation chart



INFORMATION ABOUT THE SHARE

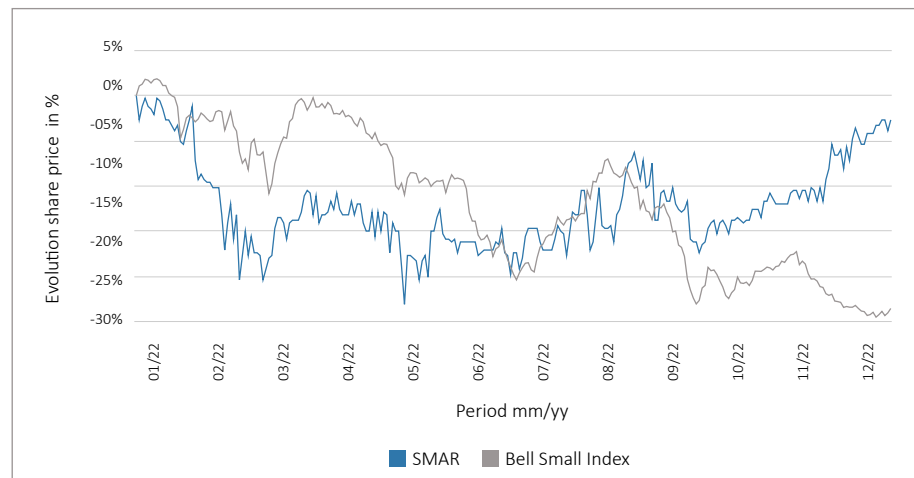
Evolution share price and traded volumes smartphoto group

January to December 2022



Evolution share price in % smartphoto group/BEL Small Index

January to December 2022



Relevant figures relating to the share

	2021	2022
Closing price at the end of December	32.50 euro	32.50 euro
Average closing price	31.87 euro	29.33 euro
Highest closing price	36.00 euro	33.40 euro
Highest intraday notification	36.80 euro	33.50 euro
Lowest closing price	28.80 euro	25.70 euro
Lowest intraday notification	28.20 euro	24.70 euro
Total traded volume in units	398 763	282 824
Average daily volume traded in units	1 552	1 164
Total turnover	12 616 499 euro	8 336 425 euro
Estimated average daily turnover	49 091 euro	34 306 euro
Rotation ⁽¹⁾	25.52%	20.03%

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

Shareholders' agenda

10 May 2023	14H00	Annual General Meeting of Shareholders
22 August 2023*	After trading hours	2023 half-year results and half-yearly financial report
31 January 2024*	After trading hours	2023 trading update
4 March 2024*	After trading hours	2023 annual results

* Indicative dates

Communication with shareholders and investors

Smartphoto group values regular communication with shareholders and investors.

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

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

Stock exchange listing

The share of smartphoto group is listed on Euronext Brussels.

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

Legal Entity Identifier (LEI)

LEI code smartphoto group NV: 529900EKGNL8HWTMT081

Number of shares

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⁾	3 696 547

⁽¹⁾ The weighted average number of treasury shares purchased in 2022 amounts to 55 375. 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 total weighted average number of shares entitled to dividend amounts to 3 696 547.

The shareholders' structure as at year-end can be found on page 47 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

2022 has also been quite a special year. A year with different aspects: we were soon able to leave Covid-19 behind us so that everyone could travel and party freely again, but at the same time Europe was plunged into a war that we all felt through the energy crisis and accompanying inflation.

As a company, we also felt both those elements. Travelling nicely boosted our sales of prints and books, but the expenses also continued to rise strongly throughout the year.

In the end, we did manage to make it a strong year by going for it together, supporting each other 'smile by smile', and giving energy to each other. As a result, smartphoto group, including naYan and the foreign teams, again received the 'Great Place to Work®' certificate, which is great news; for which a 'thank you' to all our employees.

“

In the end, we did manage to make it a strong year by going for it together, supporting each other 'smile by smile', and giving energy to each other.

In the summer of 2022, smartphoto again achieved the 'Best of the Test' label on photo books, awarded by Test Aankoop. We also won the Safeshops Award for 'Brilliant Concept' in the category of large Belgian webshops for the third time!

In cooperation with the Sustainability team within smartphoto group, the proposed actions according to the 2022 action plan were realised. Meanwhile, the evaluation committee of the Voka Charter for Sustainable Entrepreneurship (VCDO) conducted its audit and concluded positively. This committee awarded smartphoto the certificate of "Laureate 2022 Sustainable Business" in recognition of our sustainable business operations.

At naYan, business is also going well. We were able to expand the teams even more, and we welcomed some interesting new customers.

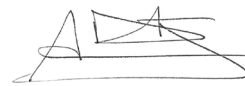
Given the significant stronger position of the group as a result of the successful integration of naYan, we are again already looking further ahead to growth through acquisitions. Always in terms of synergy, commercial new ways and strengthening our teams across the group.

So for 2023, as a group, we are further committed to growth, both for the activities of smartphoto as well as naYan.

For smartphoto, expanding the product range, implementing price increases and improving conversion will contribute to this. Besides focusing on growth by gaining new customers for its EaaS ('E-commerce as a Service'), naYan will also continue to pay attention to optimisation of the underlying processes and structures.

Smartphoto could not achieve its goals without the commitment and trust of its employees, its customers, its suppliers and its shareholders. We therefore wish to thank them in particular for this. Off to another strong 2023!

Stef De corte
Permanent representative of Acortis BV,
CEO



Philippe Vlerick
Chairman of the Board of Directors





Little things make

Big things happen

WELLMA

2022 CONSOLIDATED KEY FIGURES

Audited figures

The figures of the 2021 financial year were revised. In the remainder of this Annual Report, it is opted to use the revised amounts for the figures at the end of 2021, in comparison with the figures of the 2022 financial year. For the revision of the 2021 figures, reference is made to note 1 Business combinations.

Statement of profit or loss for the period

(in K euro)	2021	2022	Δ in % 2022
Revenue	63 052	76 295	21.0%
Profit/loss (-) from operating activities, before non-recurring items (REBIT)	7 433	9 850	32.5%
Profit/loss (-) from operating activities (EBIT)	7 116	9 850	38.4%
Depreciation, amortisation, write-downs, impairment and provisions from operating activities	3 073	3 119	1.5%
Profit/loss (-) from operating activities, before non-recurring items, corrected for depreciation, amortisation, write-downs, impairment and provisions (REBITDA)	10 506	12 969	23.4%
Non-recurring items from operating activities	-317		
Profit/loss (-) from operating activities, corrected for depreciation, amortisation, write-downs, impairment and provisions (EBITDA)	10 189	12 969	27.3%
Financial result	-195	-1 416	-625.6%
Write-offs and provisions from financial result	128	-1 353	-
Profit/loss (-) before taxes (EBT)	6 921	8 434	21.9%
Profit/loss (-) before taxes, corrected for depreciation, amortisation, write-downs, impairment and provisions	10 121	10 200	0.8%
Income taxes expense (-)/income	-1 421	-2 944	-107.2%
Deferred taxes	666	2 301	245.6%
Profit/loss (-) for the period	5 500	5 490	-0.2%
Profit/loss (-) for the period, corrected for depreciation, amortisation, write-downs, impairment, provisions and deferred taxes	9 367	9 558	2.0%
Profit/loss (-) for the period attributable to shareholders of the parent company	5 500	5 490	-0.2%

Statement of financial position for the period

(in K euro)	2021 ⁽¹⁾	2022	Δ in % 2022
Total assets	82 362	82 886	0.6%
Gross financial debt (-)	-3 800	-5 736	-51.0%
Net financial debt (-)/net cash	16 194	18 407	13.7%
Total equity	48 939	48 627	-0.6%
Solvency ratio	59.4%	58.7%	-1.3%
Current ratio	128.7%	127.8%	-0.7%

⁽¹⁾ The figures of the 2021 financial year concern revised figures; for more information, reference is made to note 1 Business combinations.

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 is 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 is 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 is 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.

EBT

EBT (Earnings Before Taxes) is an indicator of the profit/loss (-) before taxes.

EBIT, EBITDA, REBITDA and EBT are measures frequently used by investment analysts and investors or other stakeholders to compare companies within the same sector, to determine a company's credit-worthiness 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.

Cash conversion ratio

The ratio of cash flow from operating activities and EBITDA. This ratio measures the efficiency to convert earnings into cash.

Organic growth

The organic growth reflects the one-year evolution of operating income without the impact of changes in growth due to mergers, acquisitions or divestments. Presenting the organic growth increases the comparability of the evolution of revenue for the reporting period, compared to the previous reporting 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)	2021 ⁽¹⁾	2022	Δ in % 2022
Non-current interest-bearing financial liabilities	-2 363	-1 888	20.1%
Non-current lease liabilities	-514	-2 690	-423.2%
Current interest-bearing financial liabilities	-473	-476	-0.5%
Current lease liabilities	-449	-682	-51.9%
Gross financial debt (-)	-3 800	-5 736	-51.0%

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)	2021 ⁽¹⁾	2022	Δ in % 2022
Cash and cash equivalents	19 994	24 143	20.8%
Non-current interest-bearing financial liabilities	-2 363	-1 888	20.1%
Non-current lease liabilities	-514	-2 690	-423.2%
Current interest-bearing financial liabilities	-473	-476	-0.5%
Current lease liabilities	-449	-682	-51.9%
Net cash	16 194	18 407	13.7%

⁽¹⁾ The figures of the 2021 financial year concern revised figures; for more information, reference is made to note 1 Business combinations.

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)	2021 ⁽¹⁾	2022	Δ in % 2022
Current assets	33 293	34 243	2.9%
Current liabilities	25 873	26 786	3.5%
Current ratio	128.7%	127.8%	-0.7%

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)	2021 ⁽¹⁾	2022	Δ in % 2022
Total equity	48 939	48 627	-0.6%
Total assets	82 362	82 886	0.6%
Solvency ratio	59.4%	58.7%	-1.3%

⁽¹⁾ The figures of the 2021 financial year concern revised figures; for more information, reference is made to note 1 Business combinations.



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 across the two production sites, Kwatrecht and Vantegem, located in Wetteren, Belgium. With the start-up of the second factory in 2020, smartphoto doubled 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.

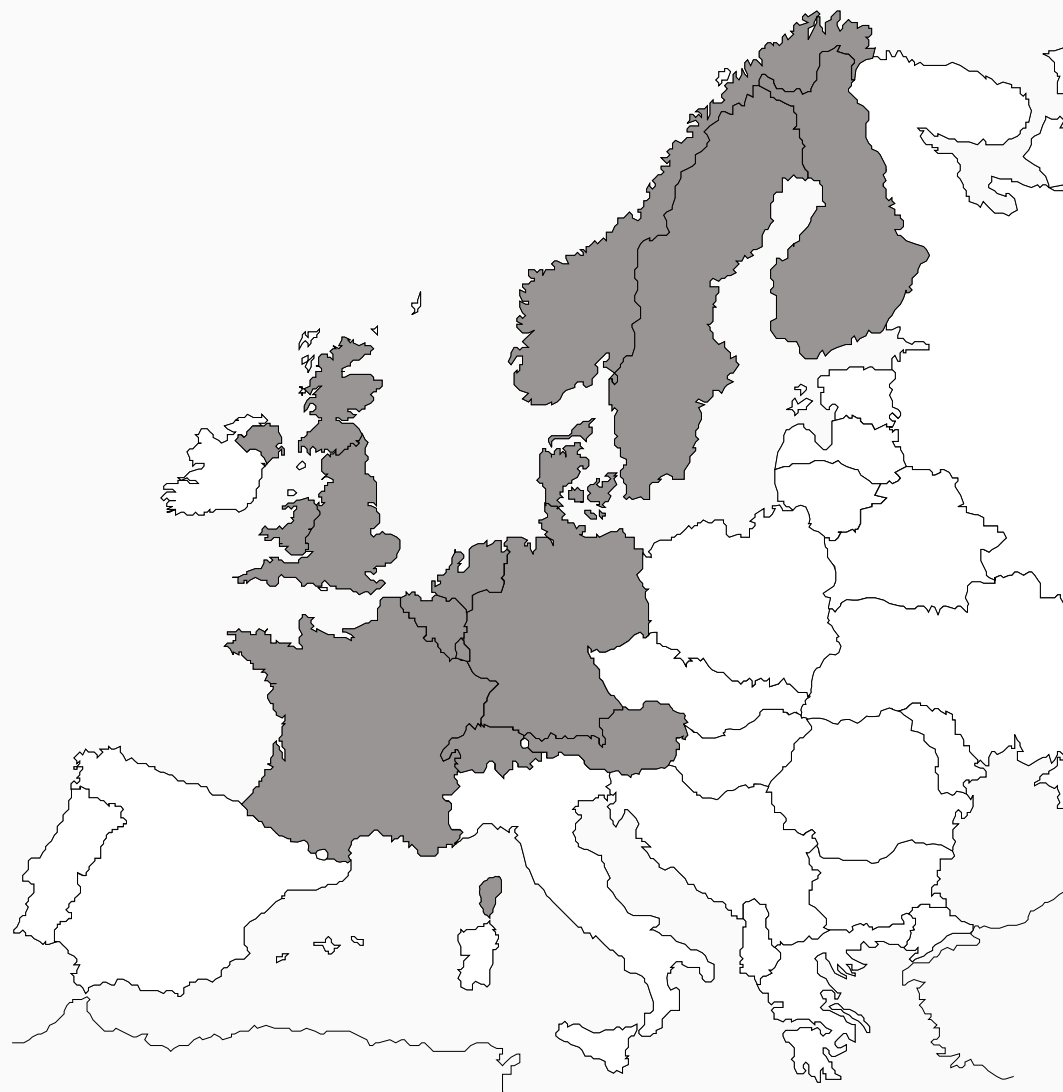
Furthermore, smartphoto group is, through naYan, one of the market leaders in e-commerce distribution in Europe by offering a unique 'E-commerce as a Service' (EaaS) for international brands looking for growth, and the sale to companies of personalised gift packages with chocolate, alcohol, fruit or flowers through websites such as Gift.be and GiftsforEurope.com. NaYan, mainly active in B2B e-commerce, is located in Ardoie (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 41,8 million euro.
- 2006: Litto-Color, the lab in Ostend, is divested.
Sacap SA is closed.
- 2007: The brand names ExtraFilm, Maxicolor and Wistiti are combined under the name ExtraFilm. The two photo retail channels Filmobel (hardware) and Spector (photo service), are centralised as one organisation located in Wetteren.

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 is not only active in Europe, but also in the United States of America.

- 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 Főfoto 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.
- 2022: Name change of Frucon² NV to naYan NV.





THE WORLD OF SMARTPHOTO



The world of smartphoto

Our mission at smartphoto still is to help socially active young mums and families to create, give and share affordable, high-quality personalised products, using smart and simple 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 personalised with a nice text or quote, in different, fun ways.

smart.simple.smile

Day after day, we try to find **smart** ways to help you get the most out of those special moments in life, whether it's birth, birthday, Communion or spring party, wedding, Mother's Day, Father's Day, or any celebration for any other occasion.

Our products have to be of high and reliable quality, but must also remain affordable and, above all, offer solutions for your daily needs.

In the summer of 2022, smartphoto again achieved the 'Best of the Test' label on photo books, awarded by 'Test Aankoop', based on comparative and independent test results and analysis.

We also make it as easy as possible for our customers 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 within the product categories, 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 optimises our data security level.

Every year, an average of 50 new products is added, ranging from completely new products to new variants of existing products. For example, you can organise a themed party where the cards, the thank-you gifts and the decorations are of the same personalised theme.

In 2022, the category 'Smart2Give - Personalisable gift boxes' was further expanded, meanwhile already offering the following gift boxes to choose from: the gift package Apero Gin (alcoholic or non-alcoholic), the gift package Granola, the gift package Bubbles, three variants of the gift package Relax (moss green, cotton green or terracotta), the gift package BBQ, the gift package Bath and the gift package Whisky. 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, an apron in the BBQ gift package, a toiletry bag in the Bath 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!

Recently the category of Communion or spring party products was further expanded with personalisable products for before, during and after the party, with the possibility of personalising within the same theme: invitations, table and other decoration, a guest book, a small gift as a thank-you for the guests, souvenirs for the godfather and godmother, ...

Not only are new products continuously launched, but also new themed designs which can be used in our webshop for a lot of various popular products.

Smartphoto, as an innovative e-commerce company, is also evolving with the new developments in technology and launched, at the end of 2022, the innovative product where it looks like a gift comes to life by adding a video message via 'Augmented Reality' (AR) during the ordering process on the webshop. The receiver can then, after installing smartphoto's 'smartmotion' app on his or her smartphone, point the camera at the personalised side of the gift, bringing the video to life on the gift.

Oops, made a typo?

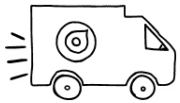
We offer free reprints. That is how far we go!



We are only satisfied when our customer is satisfied, so even if the customer made a typo, forgot a word in the text, or accidentally selected the wrong pictures, the customer can make the 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.

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 gift. In principle, there is nothing wrong with this, but it can be different! Smartphoto offers you the opportunity to design a nice personalised gift today, and to have it delivered tomorrow!

Both in terms of countries and in number of products, the possibility of super fast delivery "Ordered today, delivered tomorrow" is further expanded. We managed to deliver at least 125 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.



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 2022, for the fifth time in a row.

We are also in the top 5 of photo e-commerce 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 meanwhile account for over half of all orders. This is only possible because of our strong focus on mobile, both in terms of websites and product development.

In 2022, the mobile creator was further improved, 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: more and more mobile, even more personalised, and even faster delivery. In 2023 we will continue to further ensure this 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. After the investments in 2021 in new printers and machines to print, package and deliver your products to your home at the best quality, in 2022 investments were made in machines to offer products with new capabilities, such as lasering, engraving and embroidery. In addition,



investments were made in co-bots, that help employees in production perform repetitive operations and sort products, which facilitates and accelerates the production process.

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 better and better.

At smartphoto, smiling is the essence of our existence. We are obsessed with satisfied customers, which can only be received with satisfied employees. We are a human company, without big noisy actions. A company where direct contact with our customers is valuable, and where we appreciate our colleagues. Through our 'smile by smile' approach, we encourage everyone to put a smile on all faces.

In 2022, smartphoto could call itself a Great Place to Work® for the second time.

Smartphoto group, including naYan and the foreign teams, meets the high standards for what distinguishes a good workplace, and, after a thorough evaluation, again received the Great Place To Work® certificate. This shows that our employees clearly appreciate the many actions around corporate sustainability and climate, our commitment to maintaining and increasing colleague bonding, and the informal and dynamic work environment with attention to an optimal work-life balance. This also all fits within our ESG strategy.

By analysing our NPS (Net Promoter Score), we measure what you, as our customer, really want, and we know where we can go the extra mile. 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

NaYan, located in Ardoie, Belgium, 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 gifts, 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, and 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.

Similarly, naYan is an experienced partner in launching, managing and growing marketplaces for multinational brands, with special expertise in cross-border processing, multilingual customer service and copywriters, in-house marketers, and experience in delivering Brexit solutions for brands.

In addition to this 'E-commerce as 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 programmes for customers or employees, and send these in Belgium or across Europe.

What better way to show you care about your employees, customers and relations than with an unforgettable and personalised gift?

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. Our brand offering, ranging from well-known, established brands to rising stars, from international to local, guarantees a premium and surprising product experience.

Thanks to our personal approach and excellent service, we are a unique player on the market.

By including naYan in the smartphoto family, smartphoto group, as a leading company for personalised products in Europe, can continue to grow and offer an even better service and quality to our customers.

Thanks to all of you, we are able to continue on the path of further growth. Thank you for your trust!

Stef De corte
Permanent representative of Acortis BV, CEO





REPORT OF THE BOARD OF DIRECTORS



2022 ANNUAL RESULTS

Smartphoto group again grows strongly in turnover and profitability

Dividend proposal

- Increase in revenue from 63 052K euro in 2021 to 76 295K euro in 2022 (+21.0%).
- EBITDA increases from 10 189K euro in 2021 to 12 969K euro in 2022 (+27.3%).
- With a turnover of 15 472K euro and an EBITDA of 2 735K euro, the B2B division (naYan) also contributes to the group's growth and profitability from the first full year.
- Net result amounts to 5 490K euro in 2022 and thus remained stable compared to 2021.
- Increase in net cash of 2 213K euro (+13.7%) from 16 194K euro in 2021⁽¹⁾ to 18 407K euro in 2022, and this notwithstanding the dividend payment, the further purchase of treasury shares and continued investment in growth.
- As the group is significantly stronger due to the successful integration of naYan, proposal to pay a gross dividend for 2022 of 1,0 euro per share (or an increase of 53.8%).

⁽¹⁾ The figures of the 2021 financial year concern revised figures; for more information, reference is made to note 1 Business combinations.

NOTES TO THE ANNUAL RESULTS

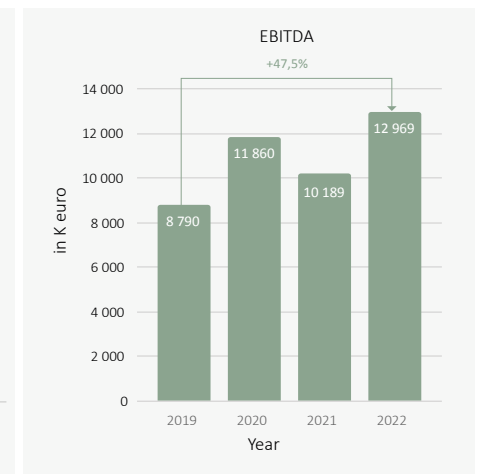
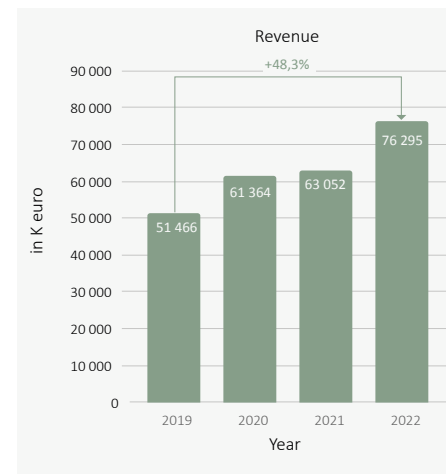
Smartphoto group, the innovative e-commerce group from Wetteren, realised an increase in revenue to 76 295K euro in 2022. This increase of 21.0% (or 13 243K euro) is the result of the organic growth of smartphoto (+1.5%) on the one hand, and of the inclusion of the figures of naYan for the entire year 2022 on the other. In 2021, the naYan figures were included in the consolidated figures for the month of December only.

Smartphoto succeeded to increase the profitability in 2022 compared to 2021, through, among others, a better product mix and further price adjustments, notwithstanding higher production, transport and material costs. Moreover, in 2022 there were no longer Covid restrictions and all festive occasions like Communion, Mother's Day and Christmas could be fully celebrated.

The B2B division naYan also contributed to the group's growth and profitability with sales of 15 472K euro and an EBITDA of 2 735K euro from the first full year onwards. At naYan, which already had strong profitability, both systems and processes were further improved, and the first results of a higher focus on growth became visible in the second half of the year. For instance, naYan realised a strong increase in its international footprint as well as great omnichannel projects at existing and new customers.

For the full year 2022 the EBITDA amounts to 12 969K euro, compared to 10 189K euro in 2021, or an increase of 27.3%. Organic EBITDA growth, excluding naYan for both 2021 and 2022, amounts to 9.6%.

Taking 2019 as a comparable year, without any impact of Corona, the revenue of smartphoto group has increased from 51 466K euro to 76 295K euro, an increase of 48.2%. The EBITDA has increased from 8 790K euro in 2019 to 12 969K euro in 2022, an increase of 47.5%.



With a compound annual growth rate (CAGR) of 14.0% in revenue over the period from 2019 to 2022, and 13.8% in EBITDA, smartphoto group again confirms solid growth in 2022.

Financial result

The financial result decreased by 1 221K euro from -195K euro in 2021 to -1 416K euro in 2022. This decrease is mainly due to the negative impact of foreign exchange gains/losses of 308K euro, the increase in financial expenses from interest-bearing financial liabilities and lease liabilities of 35K euro, a loss on the realisation of other receivables for 845K euro regarding the receivable from the seller of naYan NV, and the increase in other financial expenses of 34K euro.

Income taxes expense (-)/income

The balance of income taxes expense (-)/income evolved from -1 421K euro in 2021 to -2 944K euro in 2022.

Income taxes expense of -1 421K euro in 2021 consists, on the one hand, of the net decrease in deferred tax assets of 666K euro and, on the other hand, of current income taxes expense of 755K euro. The income taxes expense of -2 944K euro in 2022 consists, on the one hand, of the net decrease in deferred tax assets of 2 301K euro, and, on the other hand, of the current income taxes expense of 642K euro.

Profit and loss and other comprehensive income

In 2022, the net profit amounts to 5 490K euro, thus remaining stable compared to 2021.

The profit for 2022 is mainly explained by:

- an increase in profit from operating activities of 2 734K euro;
- a negative change in financial result of 1 221K euro; and,
- a negative impact of income taxes income/expense by 1 523K euro.

The other comprehensive income after taxes amounts to -98K euro in 2022 and relates to translation differences. In the 2021 financial year, the other comprehensive income after taxes amounts to 91K euro and also relates to translation differences.

Profit and loss and other comprehensive income amount to 5 392K euro.

Dividend

The Board of Directors will propose to the General Meeting of Shareholders on 10 May 2023 to distribute a gross dividend for 2022 of 1,0 euro per share (or a 53.8% increase).

As the group is significantly stronger due to the successful integration of naYan, it is logical that this results in a proposal for a substantial increase in the dividend. A further steady positive evolution of the dividend remains the company's long-term objective.

Provided that the profit distribution is approved by the General Meeting of Shareholders on 10 May 2023, this dividend is payable as from 17 May 2023.

The timetable for the payment of the dividend is as follows:

Ex-dividend date	15 May 2023
Registration date	16 May 2023
Payment date	17 May 2023

Statement of financial position

The balance sheet total increased by 524K euro, and amounts to 82 886K euro as at 31 December 2022. Mainly the following elements contributed to this:

Property, plant and equipment

The net book value of property, plant and equipment decreased by 243K euro. This decrease can be explained by:

- the investments for 1 434K euro, mainly consisting of investments in production machinery, renovations relating to the building at Kwatrecht (Wetteren), and the installation of solar panels on the building at Vantegem (Wetteren).
- the depreciation of property, plant and equipment for the amount of 1 659K euro.

Right-of-use assets

The net book value of the right-of-use assets amounts to 3 350K euro as at 31 December 2022, compared to a net book value of 954K euro as at 31 December 2021, an increase in the net book value of 2 395K euro. Investments amount to 3 123K euro, and mainly relate to the new agreement on the building in Pratteln (Switzerland), the renewed agreement on the building in Ardoois (Belgium) and vehicles. On the other hand, the depreciation for the period amounts to 759K euro.

Goodwill

In accordance with IFRS 3, the identifiable assets acquired and liabilities assumed of naYan NV and its subsidiary, Frucon International Inc., 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 determined amounts of the identifiable assets acquired and liabilities assumed, was recognised as goodwill and amounted to 455K euro. Following the revision of the

provisional amounts during the measurement period, the identifiable assets acquired and liabilities assumed were revised by 614K euro to 3 591K euro. This results in a revision of goodwill by 614K euro, leading to a revised goodwill of 1 069K euro. See further in note 1 Business combinations.

This revised goodwill is allocated to the cash-generating unit naYan.

Intangible assets

The net book value of the intangible assets has increased by 58K euro to 3 194K euro. This increase is mainly related to investments of 1 301K euro on the one hand, and depreciation for the period of 1 242K euro, on the other. The investments mainly relate to investments in mobile applications, such as the further migration of the web platform to 'mobile first' and the cloud, the modernisation of underlying control tools and the upgrade of the customer service software. An amount of 1 271K euro of these investments was generated internally. This expenditure meets the recognition criteria for capitalisation in accordance with IAS 38.57.

Deferred tax assets

Deferred tax assets decreased from 10 341K euro as at 31 December 2021 to 7 995K euro as at 31 December 2022, a decrease of 2 346K euro. This net decrease is mainly due to the reversal and use of deferred tax assets on deferred tax benefits due to tax loss carryforwards.

Inventories

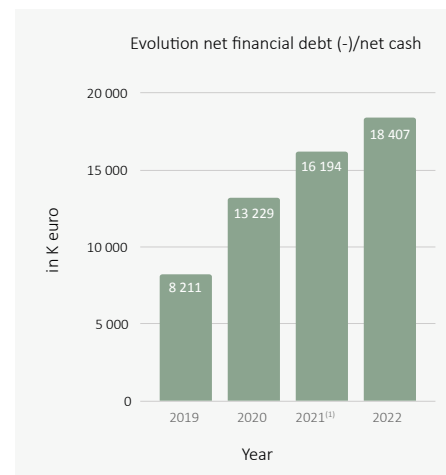
The inventories remained almost stable at 3 956K euro.

Trade and other receivables

The non-current and current trade receivables and other receivables evolved from 9 634K euro as at 31 December 2021 to 6 149K euro as at 31 December 2022, a decrease of 3 486K euro. This decrease is due to a decline in, on the one hand, trade receivables by 1 063K euro and, on the other hand, other receivables by 2 351K euro. The decline in other receivables includes a decrease of 845K euro regarding the receivable from the seller of naYan NV recognised at acquisition date in the amount of 1 108K euro. This receivable was withdrawn in 2022 in proportion to the settlement of the VAT regularisations.

On the other hand, the provisions relating to the VAT regularisations were also reduced proportionally; the impact on net profit is almost nil.

Net cash



⁽¹⁾ The figures of the 2021 financial year concern revised figures; for more information, reference is made to note 1 Business combinations.

Net cash increased from 16 194K euro in 2021⁽¹⁾ to 18 407K euro in 2022.

This increase in net cash is due to the realised free cash flow on the one hand, and on the other hand, to the investments in property, plant and equipment and intangible assets (2 735K euro), the dividend payment (2 421K euro), the purchase of treasury shares (3 284K euro), the repayment of interest-bearing financial liabilities (473K euro), and the net increase in lease liabilities (2 409K euro).

Cash flow from operating activities amounts to 13 812K euro in 2022, compared to 6 384K euro in 2021. The cash conversion ratio for 2022 amounts to 106.5%.

Total equity

Total equity remained more or less stable at 48 627K euro. The following elements contributed to this:

- the net profit for the 2022 financial year of 5 490K euro;
- the translation differences after taxes of -98K euro;
- the payment of the 2021 dividend of -2 421K euro; and
- the purchase of treasury shares for -3 284K euro, being 60 551 treasury shares for -1 784K euro under the share purchase programme with start date 17 September 2020, and 49 631 treasury shares for -1 500K euro under the share purchase programme with start date 17 June 2022.

Non-current and current interest-bearing financial liabilities

Interest-bearing financial liabilities amount to 2 363K euro as at 31 December 2022, compared to 2 836K euro as at 31 December 2021.

During 2022, an amount of 471K euro was repaid regarding the loans in the context of the acquisition of Aultmore NV, following the purchase of the additional production building.

No new interest-bearing financial liabilities were incurred during 2022.

Non-current and current lease liabilities

The lease liabilities amount to 3 372K euro as at 31 December 2022, compared to 963K euro as at 31 December 2021. This net increase of 2 409K euro is the result of the repayment of current lease obligations, on the one hand, and the entry into new lease agreements regarding the buildings in Pratteln and Ardoio, as well as vehicles, on the other.

Non-current and current employee benefit liabilities

The employee benefit liabilities increased by 183K euro and amount to 3 693K euro at the end of 2022. An amount of 594K euro relates to long-term employee benefit liabilities concerning the pension obligations of the companies in the consolidation scope.

Deferred tax liabilities

The deferred tax liabilities remained more or less stable as at 31 December 2022, compared to 31 December 2021, amounting to 2 183K euro. These mainly relate to deferred tax liabilities on revaluation gains, taxable temporary differences on property, plant and equipment and intangible assets, and translation differences.

Trade payables and other payables

The trade and other payables increased by 462K euro, amounting to 22 208K euro as at the end of 2022.

This net increase includes, on the one hand, a decrease in other liabilities from 1 500K euro to 750K euro regarding the outstanding balance of the purchase price related to the acquisition of naYan NV; and, on the other hand, an increase of 1 212K euro in trade payables, being mainly supplier debts.

Outlook 2023

In 2023, 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, 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 due 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 44.

Subsequent events

No events have occurred since the 2022 financial year-end that could have a significant impact on the company's results.

Research and development activities

Research activities

In view of the company's nature and operations, there were no activities related to research in 2022.

Development activities

The activities related to development mainly relate to the migration of the web platform to mobile first and the cloud, the modernisation of underlying management tools, and the upgrade of the customer service software.

These expenses meet the recognition criteria for capitalisation pursuant to IAS 38.57, and amount to 1 271K euro for the 2022 financial year.

Branch offices

Smartphoto group NV has no branch offices.

Use of financial instruments

In 2022, the exchange rate fluctuations in the Swiss franc were covered by forward contracts, valued at fair value. As at 31 December 2022, the related change in value of 52K euro was recognised as an expense in the result.

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 13 May 2020 for a period of 3 years. The auditor's mandate expires after the 2023 Annual General Meeting.

The Statutory Auditor received a remuneration of 32K euro for its mandate in 2022. In addition, a total fee of 89K euro was granted to the Statutory Auditor and his network for work concerning the audits of the subsidiaries with which smartphoto group forms a group. During the 2022 financial year, the Statutory Auditor and his network received a fee of 13K euro for work outside the scope of their engagement. This work mainly involved the review of the ESEF-reporting.

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 Degriek, and Mr Hans Van Rijckeghem.

Fovea BV, represented by its permanent representative Mrs Katya Degriek, is an independent director. Both Mr Geert Vanderstappen, permanent representative of Pallanza Invest BV, and Mr Hans Van Rijckeghem dispose of the necessary expertise and professional experience in the field of accounting and audit as a result of their career and current professional activities.

Corporate Governance statement

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Corporate Governance Code

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, and 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 737 470 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 takes on 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 Board of Directors is composed of the following members: 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 Degriek; 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.

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

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

Name		Non-executive director	Independent director	Audit Committee	Nomination Committee	Remuneration Committee
Mr Philippe Vlerick	◊	x			◊	◊
Acortis BV, represented by its permanent representative Mr Stef De corte	x					
Pallanza Invest BV, represented by its permanent representative Mr Geert Vanderstappen	x	x		◊		
Fovea BV, represented by its permanent representative Mrs Katya Degriek	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 13 May 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 10 May 2023.

It is proposed to the General Meeting of Shareholders on 10 May 2023 to:

- renominate as director: 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; 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 three years; and
- renominate as director: 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; and Fovea BV, with its registered office at Vronerodelaan 103, 1180 Ukkel, RPR Brussels 0892.568.165, represented by its permanent representative Mrs Katya Degrieck; for a period of two years.

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.

Given the proposed reappointments of 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.

Directorships at other companies

The brief biography of the members of the Board of Directors (see pages 33 until 39 of this document) also include their main directorships at other companies.

Internal measures to promote proper Corporate Governance practices

Based on the indicative publication schedules related to the 2023 financial year, the closed periods are the following:

- from 22 July 2023 until 22 August 2023;
- from 4 February 2024 until 4 March 2024.

Insiders are 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 2022

In 2022, 6 meetings took place under the chairmanship of Mr Philippe Vlerick. One meeting dealt mainly with the budget for 2022, two meetings dealt mainly with the approval of the financial statements as at 31 December 2021 and the half-yearly financial statements as at 30 June 2022. One meeting dealt mainly with (i) the agenda of the Annual General Meeting of Shareholders of 11 May 2022, including the proposal to approve the variable remuneration of the executive director in accordance with the proposal of the Remuneration Committee; (ii) the agenda of the Extraordinary General Meeting of Shareholders of 11 May 2022; and (iii) the proposal of dividend distribution over the 2021 financial year. 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, the ESG-reporting and the recommendations from the Board of Directors' committees, such as the annual evaluation of the executive director.

The Board of Directors deliberates, amongst other things, on the management structure, the strategy concerning ERM, and proposals for acquisitions or divestments. More specifically, the share repurchase programme of 17 September 2020, which was fully completed on 4 May 2022, and the share repurchase programme of 17 June 2022 were discussed in the 2022 meetings.

The Board of Directors meets regularly in order to discharge its duties effectively. In 2022, the Board of Directors met six times. The individual attendance rate of the directors regarding the meetings of the Board of Directors in 2022 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 Degriek	83%
Mr Hans Van Rijckeghem	100%
Alychlo NV, represented by its permanent representative Mr Marc Coucke	100%
Mrs Alexandra Leunen	100%

The Articles of Association state that the decisions must be made by a majority of votes. In 2022 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 2022, 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 25 March 2022. 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 that he is affected by a conflict of interest, with regard to agenda item 4, as a decision has to be taken on the remuneration of Acortis BV, permanently represented by Mr De corte.

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 4.

The Statutory Auditor will be informed of this conflict of interest.

DELIBERATIONS AND DECISIONS

IV. Discussion and approval 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 (variable remuneration component).

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 actual performance over the 2021 financial year did not meet the objectives pursued; therefore, there is no variable remuneration granted over 2021.

The Remuneration Committee is of the opinion that the acquisition of Frucon² NV (meanwhile, the name has been changed to naYan NV) and its US subsidiary Frucon International Inc. could be realised with signing the sale-purchase agreement on 2 December 2021 thanks to the efforts and commitment of the executive director in the months prior to the acquisition. As remuneration for the realisation of this acquisition, the Remuneration Committee proposes a success fee of 125K euro.

The Remuneration Committee proposed the following remuneration package for Acortis BV over 2021:

- a fixed remuneration component of 385K euro - consistent with previous years,
- a non-recurring remuneration component of 125K euro, and
- other remuneration components of 2K euro.

The Board of Directors refers to the fact that the executive director's commitment and efforts to realise the company's investment policy come on top of the executive director's day-to-day management activities, which brings additional pressure. Therefore, when these efforts can lead to a successful acquisition, a success fee is justified. The Board of Directors believes that the size of the fee is in line with market conditions. In view of the expected positive impact of the acquisition of the shares of Frucon² NV (at present naYan NV) on the overall results of the group, there are no negative patrimonial consequences for the company. Consequently, the Board of Directors believes that the attribution of the success fee is justified, and approves the proposal.

The Board of Directors determines that the non-recurring remuneration is one quarter or less of the total annual remuneration. Over the 2021 financial year, the currently proposed non-recurring remuneration component amounts to 24%, and the fixed remuneration component amounts to 75% of the total remuneration.

Therefore, attributing the non-recurring remuneration is in accordance with article 7:91 of the Belgian Companies and Associations Code, and does not need to be submitted to the General Meeting for approval.

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."

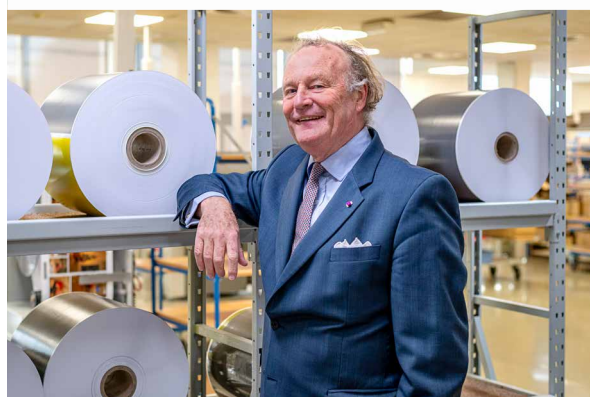
Relationships with affiliated companies

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 2022 financial year, there were no situations as referred to in Article 7:97 of the Belgian Companies and Associations Code.



BRIEF BIOGRAPHY OF THE MEMBERS OF THE BOARD OF DIRECTORS



PHILIPPE VLERICK

Chairman,
non-executive director

Office address:
Vlerick Group
Doorniksewijk 49
8500 Kortrijk, Belgium

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

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

Non-executive director at the company since 1995. Vice-Chairman from 28 November 2005 to 2017. Chairman since 10 May 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.

To the Annual General Meeting of Shareholders on 10 May 2023 will be proposed to reappoint Mr Philippe Vlerick as a non-executive director for a period of 3 years, ending after the Annual General Meeting of Shareholders on 13 May 2026.

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 737 470 shares (18.71%) of smartphoto group NV, of which 3 607 shares are held by Mr Philippe Vlerick personally.

The shares smartphoto group NV, held by the companies united in the Consortium Midelco NV and Mr Philippe Vlerick, are partly dematerialised (52 551), and partly registered shares registered in the company's shareholders' register (684 919). Neither the companies united in the Consortium Midelco NV, nor Mr Philippe Vlerick hold any stock options of smartphoto group NV, nor do they have any business links with the group.

Mr Philippe Vlerick 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 12 May 2010, Mr Stef De corte was appointed as director, and on 7 June 2012 as managing director of smartphoto group NV. As of 14 November 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.

To the Annual General Meeting of Shareholders on 10 May 2023 will be proposed to reappoint Acortis BV, represented by its fixed representative Mr Stef De corte, as executive director for a period of 3 years, ending after the Annual General Meeting of Shareholders on 13 May 2026.

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 a financial compensation of twelve months.



GEERT VANDERSTAPPEN

Permanent representative
of Pallanza 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 28 November 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.

To the Annual General Meeting of Shareholders on 10 May 2023 will be proposed to reappoint Pallanza Invest BV, represented by its fixed representative Mr Geert Vanderstappen, as a non-executive director for a period of 2 years, ending after the Annual General Meeting of Shareholders on 14 May 2025.

Current directorships at other companies:

- Kinopolis NV,
- Garden Center Holding (Oh'green) NV,
- Pentahold NV,
- Optimum Sorting Groep,
- Impossible Germany NV.

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.

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

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

To the Annual General Meeting of Shareholders on 10 May 2023 will be proposed to reappoint Fovea BV, represented by its fixed representative Mrs Katya Degriecq, as a non-executive director for a period of 2 years, ending after the Annual General Meeting of Shareholders on 14 May 2025.

Current directorships at other companies:

- Non-executive, independent director at Lannoo Group, one of the biggest book publishers of the Benelux.
- Non-executive, independent director at UPG (Unified Post Group) as from 8 September 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.

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

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



HANS VAN RIJCKEGHEM

Non-executive director

Office address:
Locofin BV
Bunder 4
9080 Lochristi, Belgium

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

Since 2010 managing director of Shopinvest NV, Nr4 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 10 May 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.

To the Annual General Meeting of Shareholders on 10 May 2023 will be proposed to reappoint Mr Hans Van Rijckeghem as a non-executive director for a period of 3 years, ending after the Annual General Meeting of Shareholders on 13 May 2026.

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.

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

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

To the Annual General Meeting of Shareholders on 10 May 2023 will be proposed to reappoint Alychlo BV, represented by its fixed representative Mr Marc Coucke, as a non-executive director for a period of 3 years, ending after the Annual General Meeting of Shareholders on 13 May 2026.

Current most important directorships at other companies:

- Animalcare Group Plc. (director).

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 629 001 shares (15.96%) 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 and Mr Marc Coucke personally, are dematerialised 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 Brussel, Belgium

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

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

Non-executive, independent director and member of the Remuneration Committee since 10 May 2017. Mrs Alexandra Leunen fulfils 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.

To the Annual General Meeting of Shareholders on 10 May 2023 will be proposed to reappoint Mrs Alexandra Leunen as a non-executive director for a period of 3 years, ending after the Annual General Meeting of Shareholders on 13 May 2026.

Current directorships at other companies:

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

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 10 May 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, the CFO and the internal auditor attend the meetings of the Audit Committee.

Audit Committee's report on its activities in 2022

The Audit Committee met 4 times in 2022. Two meetings were mainly devoted to the review of the consolidated financial statements as at 31 December 2021 and the half-yearly consolidated figures as at 30 June 2022. One meeting was devoted to the annual impairment tests in accordance with IAS 36 concerning the identified cash-generating units smartphoto and naYan, 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 cyber security were discussed. Other important items on the agenda were: the discussion of the non-audit services of the Statutory Auditor and its network, and the findings and recommendations of the Statutory Auditor as well as his independence. Further topics discussed during the meetings in 2022 included the update of the quarterly reporting, the status of the integration of naYan within the smartphoto group, GDPR matters and the EU Whistleblower Directive.

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 10 May 2023:

- Mr Philippe Vlerick, Chairman of the Committee, non-executive director;
- Mr Hans Van Rijckeghem, non-executive director; and
- 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 2022

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 2022, 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 to 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 10 May 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; and
- 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 2022

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 2022 and dealt with issues including the individual remuneration for the executive director, more specifically, the approval of the variable remuneration over 2021, 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 12 May 2021. This remuneration policy will be submitted for approval to the General Meeting of Shareholders of the company, for every material change and at least every four years.

All members attended the meetings.

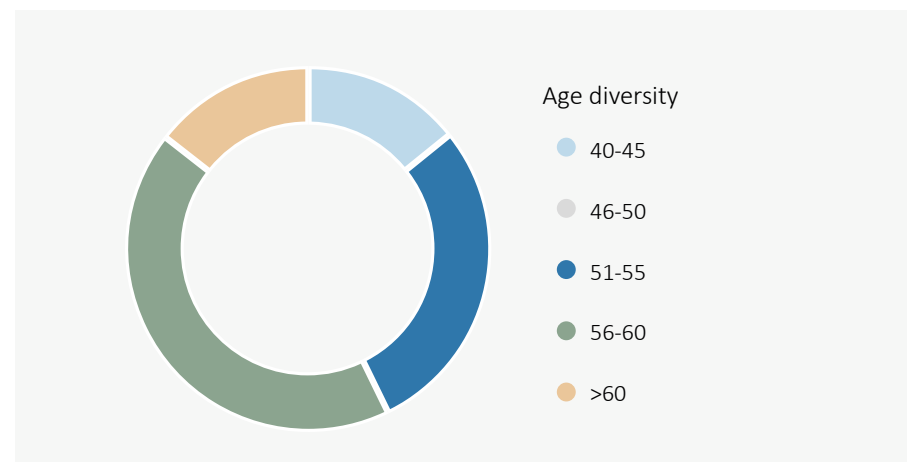
Information regarding diversity

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 13 May 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.

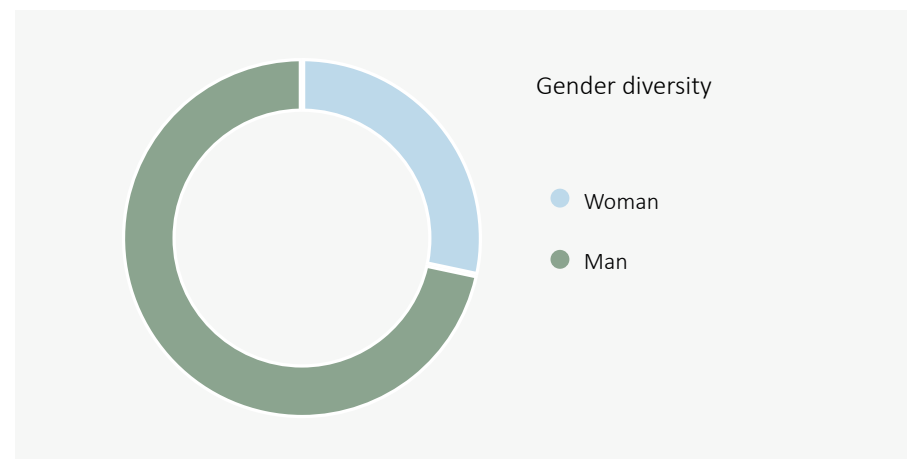
Age diversity within the current Board of Directors

Age	40-45	46-50	51-55	56-60	>60	Total
Number of directors	1		2	3	1	7
In % of total	14.3%	0.0%	28.6%	42.9%	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 13 May 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.

Following a tendering procedure, the Board of Directors, on the recommendation of the Audit Committee, has decided to propose to the General Meeting of Shareholders of 10 May 2023 to appoint Deloitte Bedrijfsrevisoren, with registered office at Brussels National Airport 1J, 1930 Zaventem, Belgium, IBR nr 025, RPR BE 0429.053.863, represented by Mrs Charlotte Vanrobaeys, as Statutory Auditor of the company. The mandate of Deloitte Bedrijfsrevisoren runs for three years, and expires after the General Meeting of Shareholders of 2026.

Day-to-day management

Managing director

In accordance with Article 20 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, has been managing director of the company since 14 November 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 and evaluates the performance of each director. 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 2022. 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 12 May 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 2022

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 2022 financial year amount to 95 000 euro; for 2021, 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 47 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 2022

The remuneration of the executive director is determined by the Board of Directors upon 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 takes on the daily management.

In 2022, the fixed remuneration amounts to 405K 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. Taking into account the actual performance for the 2022 financial year against the predetermined targets for 2022, and the fact that thanks to the commitment of the CEO, the year 2022 turned out to be a successful year with a strong increase in EBITDA, the total variable remuneration of 125K euro is granted to the CEO. The other remuneration components amount to 4K euro. The total remuneration for the executive director for the 2022 financial year thus amounts to 534K 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)}	Other remuneration components ⁽³⁾
Stef De corte ⁽⁴⁾	-405	-125	-4

⁽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 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.

⁽⁴⁾ 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, and 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 2022 financial year, the variable remuneration component amounts to 125K euro, which is 23% of the total remuneration, and the fixed remuneration amounts to 76% of the total remuneration.

Severance payments

There is an agreement between Acortis BV, represented by its permanent representative, 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	2018	2019	2020	2021	2022
Yearly remuneration non-executive directors ⁽¹⁾	0%	0%	0%	0%	0%
Executive director ⁽²⁾	2.2%	2.2%	12.0%	-3.8%	4.3%
Changes in the performance of the company ⁽³⁾	5.3%	27.2%	34.9%	-14.1%	27.3%
Changes in the average remuneration of the other employees ⁽⁴⁾	0.4%	4.7%	-3.1%	5.0%	4.8%
Ratio between the highest and lowest remuneration ⁽⁵⁾	10.2%	10.3%	10.2%	10.2%	10.0%

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

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

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

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 fact that the smartphoto website is hosted on the Google Cloud platform has further contributed to the increased optimisation of our websites' speed and accessibility, and increases the security of our platform. This also facilitates capturing the peaks during the year.

Cyber risks are mitigated through, among others, cyber security awareness training for employees, combining automated phishing simulations with interactive training on cybersecurity. Furthermore, these risks are covered through insurance policies with external insurers.

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.

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 at 31 December 2021, nor as at 31 December 2022.

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.

Liquidity risk

The net cash evolved from a cash surplus of 16 194K euro at the end of 2021, based on revised amounts, to a cash surplus of 18 407K euro at the end of 2022.

Non-current payables are measured at amortised cost which approximates 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 2023.

There are no derivative contracts in 2021. In 2022, the exchange rate fluctuations in the Swiss franc were covered by forward contracts. Further information on this can be found under 'Exchange rate risk'.

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 31 December 2021 and 2022 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.

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 mainly relate to the Swedish krona, the Swiss franc, the Norwegian krone, the Danish krone, the British pound and the American dollar. In 2022, the exchange rate fluctuations in the Swiss franc were covered by forward contracts. They were valued at fair value. As at 31 December 2022, the related change in value of 52K euro was recognised as an expense in the result.

The other 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, 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 called the 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**

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

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, the Russian invasion of Ukraine had little direct impact on the commercial activities of smartphoto group.

On the contrary, higher energy and raw material prices, higher shipping costs and wage indexations, caused by inflation, automatically impacted costs from smartphoto group's business activities. Through, amongst others, a better product mix and sales price adjustments, smartphoto group managed to increase profitability in 2022, compared to 2021.

Developments regarding the energy and Ukraine crisis, and the impact of possible further inflation, are closely monitored, enabling smartphoto group to take the necessary measures in time.

Other risks concerning health, safety and the environment

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

Risks as a result of fire and violence

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

Risks as a result of power outages

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

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

Shareholders' 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 prepared the following notification in 2022:

Notification made on 31 January 2022

Smartphoto group NV has informed the Financial Services and Markets Authority (FSMA) that the percentage of voting securities or voting rights acquired on 28 January 2022 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 198 641 or 5.04%.

The details of this notification are displayed below.

Notification by a person that notifies alone.

Holders of voting rights	Previous notification	After the transaction	%
	Number of voting rights	Number of voting rights	
smartphoto group NV	188 497	198 641	5.04%
c/o Kwatrechtsteenweg 160, B-9230 Wetteren			
TOTAL	188 497	198 641	5.04%

Total number of voting rights (the denominator) at the time of the acquisition of the voting rights, i.e. on 28 January 2022: 3 941 950.

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

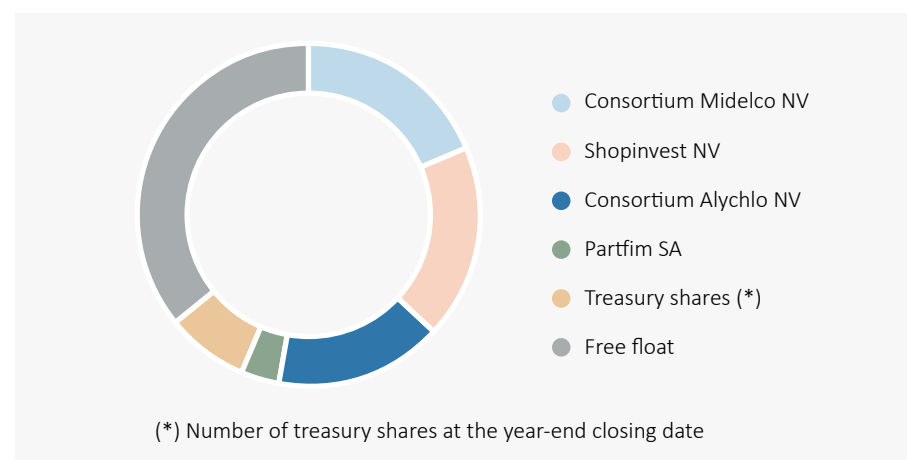
Shareholders' structure as at the year-end closing date

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

	Most recent notification	% of total ⁽¹⁾ (number of shares)	Number of shares	% of total ⁽²⁾
CONSORTIUM MIDELCO NV, CECAN INVEST NV, ISARICK NV and Philippe Vlerick c/o Doorniksewijk 49, B-8500 Kortrijk	24/08/2018	18.71% (701 195)	737 470	18.71%
- MIDELCO NV		12.78%	503 830	12.78%
- CECAN INVEST NV		5.51%	217 364	5.51%
- ISARICK NV		0.32%	12 669	0.32%
- PHILIPPE VLERICK		0.09%	3 607	0.09%
SHOPINVEST NV and controlling person Beukenlaan 1, B-9250 Waasmunster	16/09/2015	15.65% (570 000)	720 945	18.29%
- SHOPINVEST NV			719 000	18.24%
- Etienne Kaesteker			1 945	0.05%
ALYCHLO NV and controlling person Lembergsesteenweg 19, B-9820 Merelbeke	27/05/2020	15.01% (591 551)	629 901	15.98%
- ALYCHLO NV		14.98%	629 001	15.96%
- Marc Coucke		0.02%	900	0.02%
SMARTPHOTO GROUP NV Kwatrechtsteenweg 160, B-9230 Wetteren	31/02/2022	5.04% (198 641)	300 210	7.62%
PARTFIM SA Avenue Montjoie 167 bus 9, B-1180 Brussel	02/06/2020	3.59% (141 500)	141 500	3.59%

⁽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.



Treasury shares

The total number of treasury shares evolved from 190 028 shares per 31 December 2021 to 300 210 shares per 31 December 2022, or 7.62% of the total number of issued shares (3 941 950). This increase of 110 182 treasury shares is the result of:

- The purchase of 60 551 treasury shares in the period from 1 January 2022 to 4 May 2022, following the execution of the share purchase programme with start date 17 September 2020;
- The purchase of 49 631 treasury shares in the period from 17 June 2022 to 30 December 2022, following the execution of the share purchase programme with start date 17 June 2022.

For the execution of the share repurchase programmes, 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.

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 10 May 2023 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 of 26 April 2023 at 24H00, 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 of 26 April 2023 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 4 May 2023 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 no later than 4 May 2023, as follows:

- by letter, addressed to NV smartphoto group, for the attention of Marjan Janssens, Kwatrechtsteenweg 160, 9230 Wetteren (to be received no later than 4 May 2023).
- 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 4 May 2023, 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 8.1 2° (former Article 1322:2) of the Belgian Civil Code, in which notice is provided by letter or e-mail (or any other means specified in Article 1.5 (former 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 holder maintains a special register of the voting instructions.

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.

A template 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 4 May 2023. This can be done by letter or e-mail at the same coordinates as stated in the aforementioned 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 18 April 2023. 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 25 April 2023, 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 4 May 2023.

Remote voting by letter or electronically

Remote 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 14 November 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, as from 7 April 2023. These documents can also be obtained at the company's registered office upon simple request as of the same date.

Communication with the shareholders

Smartphoto group values regular and transparent communication with its shareholders.

These communications include, amongst others:

- 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 42 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 14 November 2007

1° Capital structure

Issued capital

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

Changing the capital

The General Meeting, deliberating under the conditions required to amend the Articles of Association, can increase or decrease the 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 transfer 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 11 May 2022 explicitly authorised the Board of Directors in accordance with the provisions of the Belgian Companies and Associations Code, to acquire treasury shares or profit-sharing certificates by purchase or exchange, or to dispose of them, without a prior resolution of the General Meeting being required, directly or via a person acting under their own name but on behalf of the company, or via a direct subsidiary as referred to in Article 7:221 of the Belgian Companies and Associations Code, if this acquisition or disposal is necessary to avoid an impending serious disadvantage for the company.

This authorisation applies for a period of three years from the publication of this resolution in the Annexes to the Belgian Official Gazette, i.e. until 2 June 2025. In accordance with Article 7:215, §1 of the Belgian Companies and Associations Code, this authorisation can be renewed.

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

The General Meeting of 11 May 2022 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 2 June 2027), and can be renewed pursuant to Article 7:215, §1 of the Belgian Companies and Associations Code.

Share option plan

There is currently no share option plan.

Warrant plan

There are currently no outstanding warrants.

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

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

Statement of non-financial information

The statement of non-financial information is included in a separate section of the 2022 Annual Report: refer to the Statement of non-financial information - Sustainability Report (ESG), included on pages 57 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 529900EKGNL8HWTMT081.

1.2. Foundation and duration

Smartphoto group NV was founded for an indefinite period on 23 December 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 15 January 1965. The Articles of Association were last updated by deed executed in the presence of Benjamin Van Hauwermeiren, Civil-law notary in Oordegem, on 11 May 2022, published in the Annexes to the Belgian Official Gazette of 2 June 2022, on the occasion of, amongst others, the amendment of the Articles of Association to the new Belgian Companies and Associations Code, the inclusion of the company's website and e-mail address in the Articles of Association, and submission, perusal and discussion of the report prepared in accordance with Article 7:199 in conjunction with 7:202 of the Belgian Companies and Associations Code concerning the proposal to renew the authorisation of the Board of Directors to increase the capital within the framework of the authorised capital, including the possibility of a capital increase following a notification from the Financial Services and Markets Authority regarding a public takeover bid.

1.3. Legal form

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

1.4. Object of the company

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

- 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;
- 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;
- 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;
- the investing, managing and using of capital assets;
- establishing 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;
- 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 at 31 December 2022 amounts to 41 381 403.63 euro and is represented by 3 941 950 registered shares with no nominal value, entirely paid-up. The accountable par amounts to 10.50 euro.

2.2. Authorised capital, convertible bonds

Article 36 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 11 May 2022 in the Annexes to the Belgian Official Gazette (i.e. 2 June 2022), to increase the issued authorised capital on one or more occasions, within the statutory limitations, and this for a maximum global amount of forty-one million three hundred and eighty-one thousand four hundred and three euro sixty-three cents (41 381 403.63 euro). This authorisation of the Board of Directors applies also to contributions in kind as well as by means of the incorporation of reserves or other company resources such as issue premiums, revaluation surpluses, accumulated profits and - to the extent permitted by the prevailing legislation - statutory not available and legal reserves or other company resources, by issuing shares without voting rights and shares with preferential dividend and liquidation rights. The Board of Directors is authorised to limit or suspend the pre-emptive rights to the benefit of one or more specified persons, even if they are not employees of the company or its subsidiaries. This authority to issue convertible bonds or subscription rights, bonds with subscription rights, shares without voting rights and shares with preferential dividend and liquidation privileges, is also explicitly granted to the Board of Directors. This maximum amount of 41 381 403.63 euro (forty-one million three hundred and eighty-one thousand four hundred and three euro sixty-three cents) applies, with regard to the issue of bonds convertible into shares, bonds with subscription rights or subscription rights attached to another security or not, to the amount of capital increases that could result from the conversion of those bonds or from the exercise of those subscription rights.

The Board of Directors is hereby authorised by the General Meeting to require an issue premium in the event of a capital increase within the framework of the authorised capital. If the Board of Directors decides so, this share premium should be recorded to a non-distributable account called 'share premiums', which can only be disposed of under the conditions required for the capital reduction.

The Board of Directors determines 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. The Board of Directors is authorised to use the authorised capital when the amount of capital appears to be insufficient, or in the circumstances defined in the law on the alarm bell procedure, in order to the absorption of losses in case of insufficiency of its net assets.

The Board of Directors is authorised to increase the issued capital of the company on one or more occasions, as from the date of the communication by the Financial Services and Markets Authority (FSMA) to the company that it has been notified of a public takeover bid for the securities of that company, by cash contribution with removal or limitation of the pre-emptive right of the existing shareholders or by contributions in kind in accordance with the relevant provisions. This authority is granted for a period of 3 years from the date of the Extraordinary General Meeting of 11 May 2022 is renewable, and is granted within the legal conditions.

2.3. Profit sharing certificates

None.

2.4. Conditions concerning changes in the capital

Statutory conditions.

2.5. Transactions

a) 8 November 1991 (publication Belgian Official Gazette of 29 November 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) 5 June 1992 (publication Belgian Official Gazette of 27 June 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) 29 December 1992 (publication Belgian Official Gazette of 23 January 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) 9 June 1993 (publication Belgian Official Gazette of 3 July 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 2 October 1993): In view of the planned merger with Prominvest on 29 October 1993, the Extraordinary General Meeting of 7 September 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) 29 October 1993 (publication Belgian Official Gazette of 23 November 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) 15 February 1994 (publication Belgian Official Gazette of 15 March 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) 10 May 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) 4 October 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) 5 October 1996 (publication Belgian Official Gazette of 29 October 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) 8 November 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) 13 May 1998 (publication Belgian Official Gazette of 6 June 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) 23 June 1998 (publication Belgian Official Gazette of 21 July 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 a 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) 14 June 2000 (publication Belgian Official Gazette of 6 July 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) 30 March 2001 (publication Belgian Official Gazette of 20 April 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, regarding 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) 19 July 2002 (publication Belgian Official Gazette of 15 August 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 is 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) 14 December 2005 (publication Belgian Official Gazette of 5 January 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) 6 November 2007 (publication Belgian Official Gazette of 21 November 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) 14 June 2011 (publication Belgian Official Gazette of 8 July 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) 27 June 2016 (publication Belgian Official Gazette of 18 July 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) 14 November 2017 (publication Belgian Official Gazette of 6 December 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) 9 May 2018 (publication Belgian Official Gazette of 31 May 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.

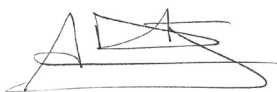
w) 11 May 2022 (publication Belgian Official Gazette of 2 June 2022): (i) Inclusion of the company's website and e-mail address in the Articles of Association, and amendment of Article 1 of the Articles of Association; (ii) Renewal of the authorisation regarding: a) the authority of the Board of Directors to increase the capital in one or more times within the framework of the authorised capital by an amount equal to the capital of the company on the date of renewal of this authorisation or 41 381 403.63 euro; and (b) the authority of the Board of Directors to increase the capital following notification by the FSMA of a takeover bid; and c) the replacement of the text of the relevant temporary provision (being the current Article 34) in the Articles of Association of the company with the text of the newly proposed Article 36 of the Articles of Association; (iii) Renewal of the authorisations regarding the authority of the Board of Directors concerning the acquisition, pledge or disposal of treasury shares or profit-sharing certificates, or certificates relating thereto, and consequently replacing the text of the relevant temporary provision (being the current Article 35) in the company's Articles of Association with the text of the newly proposed Article 37 of the Articles of Association including transitional provisions; (iv) Adoption of an amended text of Articles of Association to bring them in line with: a) the decisions mentioned above, and b) the Belgian Companies and Associations Code, opting for a monistic board model, and c) replacement of the text in the Articles of Association of association accordingly.

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 31 December 2022.

Wetteren, 24 March 2023



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



THANK YOU

CHARLOTTE
&
HARRY







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.

On 28 November 2022, the Council of the European Union adopted the 'Corporate Sustainability Reporting Directive' (CSRD), published in the Official Journal of the European Union on 14 December 2022.

For smartphoto group, as a large listed company with less than 500 employees, the sustainability report has to comply with the CSRD directive, and report in accordance with the ESRS standards (European Sustainability Reporting Standards) as of 2026, over financial year 2025.

Apart from this, smartphoto group is voluntarily compiling this sustainability report because it is convinced that by doing so it contributes to increasing collective commitment to 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, active in B2B e-commerce, 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 and GiftsforEurope.com, additional services to companies such as individual or grouped delivery of large quantities of gifts, personalised packages and gifts, and complete loyalty programmes for customers or employees, and all of this with delivery 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 21 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 "Risks and internal control" on pages 44 to 46 of this Annual Report.

About the sustainability policy

Smartphoto group is committed 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 ('VCDO'). The basis of this plan is the model of the United Nations Sustainable Development Goals (SDGs).

Meanwhile, the evaluation committee of the 'VCDO' conducted its audit and concluded positively. This committee awarded smartphoto the certificate of "Laureate 2022 Sustainable Business" in recognition of our sustainable business practices.

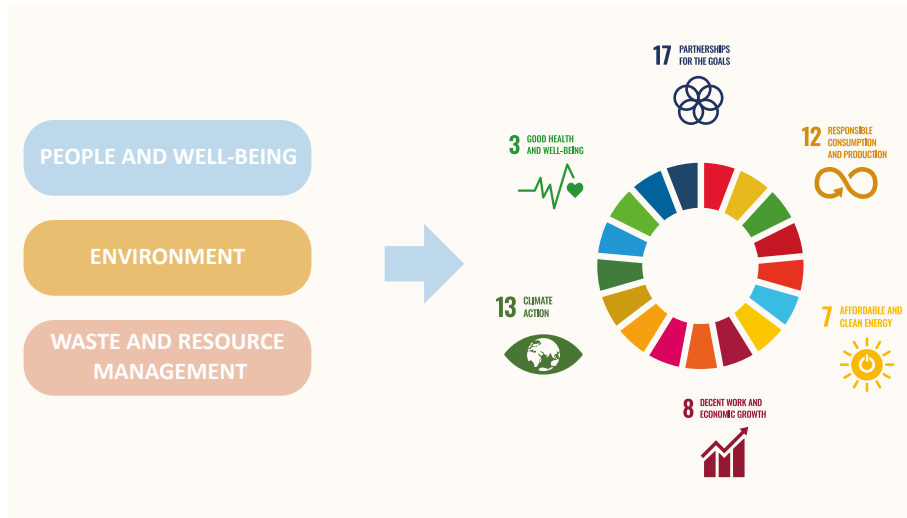
Sustainability at smartphoto

To determine the content of this report, the management conducted an analysis that, on the one hand, took into account the positive or negative impact of smartphoto group's activities on the environment and society. On the other hand, the analysis took into account sustainability-related risks that could have a material impact on our activities. From this, 6 targets were retained within the following three areas: People and well-being, Environment and Waste and Resource management.



OUR DOMAINS

OUR FOCUS SDGs



2022 achievements

People and well-being

- Investigating for a health programme for employees
- Promoting the importance of healthy food
- Conducting ethical business practices among our suppliers
- Supporting local initiative for people in need



- 3 Promoting mental health and well-being
- 3 Ensuring healthy lives and promote well-being at all ages
- 12 Ensuring that people are aware about lifestyles in harmony with nature
- 8 Promoting decent work for all
- 8 Taking action to eliminate forced labour and to end child labour
- 17 Encouraging and promoting effective public, public-private and civil society partnerships

Environment

- Increasing the sustainability awareness with 2-monthly workshops
- Implementing bicycle lease plans for all employees
- Installing a new bicycle shed
- Reducing energy consumption by 5%
- Installing solar panels



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

Waste and resource management

- Increasing knowledge on CO² calculations
- Measuring CO² footprint
- Shipping CO² neutral for 65% of our packages
- Reducing consumption of paper in the production
- Promoting local production
- Replacing packaging materials with more sustainable variants
- Analysing silver recovery and chemical waste from the silver halide process
- Sharing ideas on recycling



- 12 Reducing emissions to air, water and soil
- 12 Integrating sustainability information into the reporting cycle
- 12 Reducing waste generation through prevention, reduction, recycling and reuse
- 8 Improving global resource efficiency in consumption and production
- 12 Achieving environmentally friendly management of chemicals and all waste throughout their life cycle
- 17 Sharing knowledge, expertise, technology and financial resources relating to sustainable development

People and well-being



Our employees

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 the group:

- 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.) as required during the job, in accordance with the instructions provided.
- 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. Furthermore, in the month of November 2022, an informative session was held on ergonomics at the desk in the office and at the home workplace. Good ergonomics prevents and remedies health problems. To give employees additional support in this, smartphoto group also offered the possibility of ordering the right materials so that the workplace in the office and at home can be ergonomically equipped.
- 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 certificate of First Aid industrial helper. 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” organised by the General Belgian Cleaning Union).

In 2022, considerable attention was given to promoting the importance of healthy eating. This was achieved, among others, by organising vegan workshops, providing vegetarian and vegan alternatives during company events, and regularly providing fruit and fresh soup for employees.

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.



In 2022, it was decided to renovate the dining area and adjacent areas for employees in Kwatrecht, Belgium. The design of this renovation project was based on creating an attractive, sustainable and healthy place for a qualitative lunch break, where cosiness and tranquillity ensure greater well-being. The adjacent areas will be fleshed out with a multi-purpose room equipped with all the facilities needed to organise receptions, staff parties or meetings for large groups; a sanitary block with showers for employees coming to work by bike; and meeting rooms equipped with the latest communication technology.

Work-life balance

Because a good atmosphere at work is only possible if everything is also fine at home, smartphoto guarantees an optimal 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

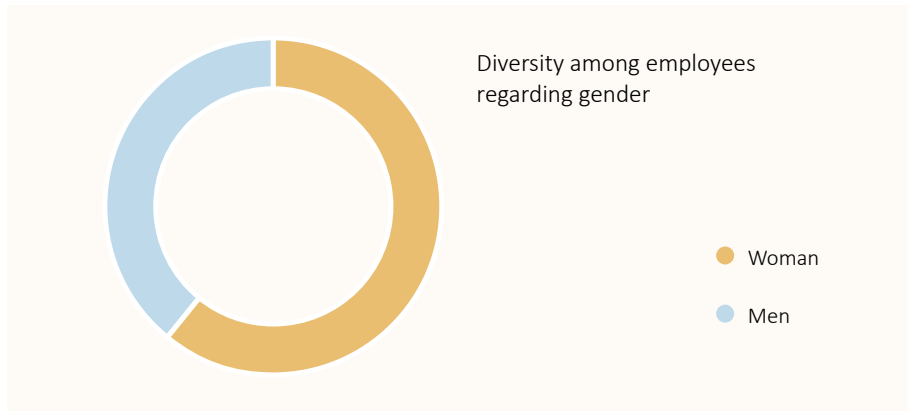
The focus on diversity is part of the HR policy of smartphoto as a group. Offering equal opportunities and fair remuneration leads to a higher level of employee commitment.

Smartphoto values 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 61% of the employees, compared to 39% men. At smartphoto, we have employees ranging in age from 19 to 69. 63% of the employees is 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), and the naYan activities are carried out in Ardoois (Belgium), results in about 82% of the employees having the Belgian nationality. Our employees generally have long employment contracts. About one fourth of the employees are employed part-time.

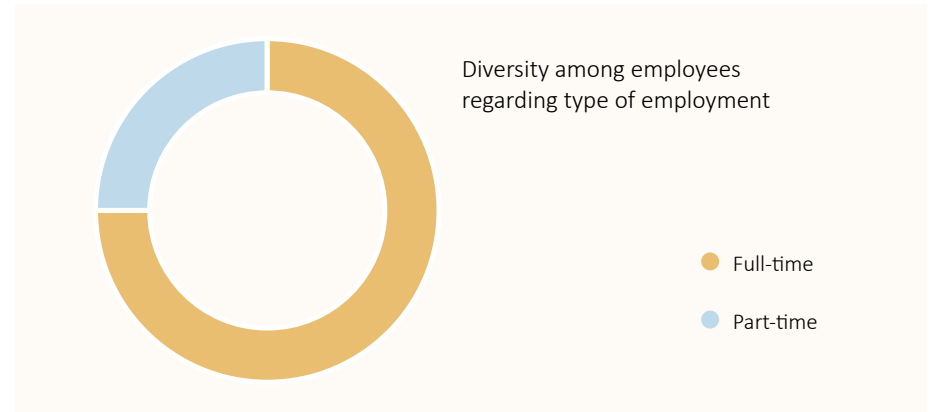
Diversity among employees regarding gender in FTEs

Gender	Woman	Men	Total
Number of employees	185	119	304
In % of total	61%	39%	100%



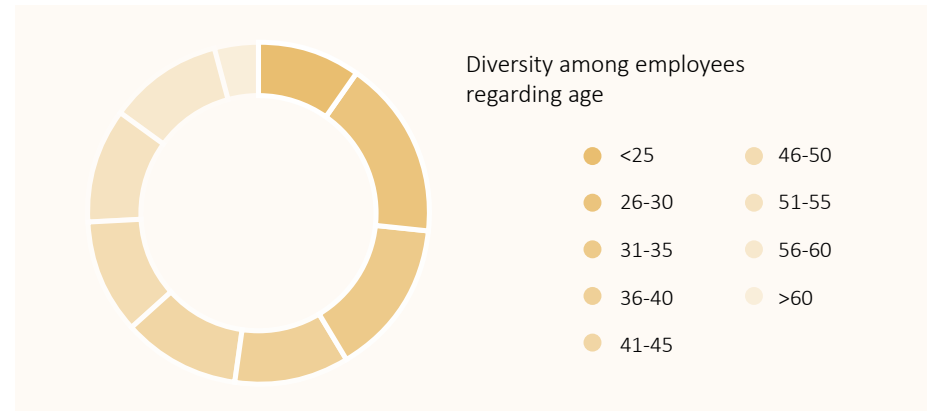
Diversity among employees regarding type of employment in FTEs

Type of employment	Full-time	Part-time	Total
Number of employees	229	75	304
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	31	50	45	34	32	32	35	33	11	304
In % of total	10%	17%	15%	11%	11%	11%	11%	11%	4%	100%



Diversity within the Board of Directors

The information regarding diversity in the Board of Directors is included in the Corporate Governance Statement on page 28 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 what is going on in our company.

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 organisation, and more information available when working at home.

Using Google Chat, communicating with employees on certain topics, common interests or projects is encouraged. This can be done one-on-one or in groups via Google Spaces, increasing the group spirit.

Not only attention is paid to communicating with each other digitally, but also to personal contact. Four times a year, a 'smartbreak' is organised where all employees are invited to a lunch that alternately takes place in both locations in Wetteren. This gives employees a chance to get in touch or catch up with colleagues from the other departments.

During the 'smartlunches', which take place about three times a year, our CEO, Stef De corte, has lunch with nine randomly selected employees. A perfect time to have a good chat in a small group about the ins and outs of the company, but also about any issues that arise.

Consultation with social partners

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

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. In so doing, our values under the principles of fairness, honesty, integrity and respect are relied upon.

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 to notice such risks through employee awareness initiatives, combining automated phishing simulations in combination with interactive training on cyber security. Additionally, guidelines on safe internet use are passed on at regular intervals.

Protection of 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 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 27 April 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.

Great Place to Work®



Our employees clearly appreciate the many actions around sustainable entrepreneurship and the climate, our commitment to maintaining and increasing the connection between colleagues, and the informal and dynamic working environment where attention is also paid to an optimal work-life balance.

In September 2022, we launched an employee survey to all our colleagues within smartphoto group, including naYan and the foreign teams. The Trust Index employee survey is based on the five values of the universal Great Place to Work® model: respect, pride, camaraderie, fairness and credibility. Thanks to the results of this survey, which show that we meet the high standards for

what distinguishes a good workplace, smartphoto group may once again call itself a Great Place to Work®!

But what makes us a Great Place To Work®?

At smartphoto, we strive for happy customers, a goal we can only achieve through happy employees. Through our 'smile by smile' approach, we encourage everyone to put a smile on all faces.

With the feedback received from the survey, we are going to make sure to remain a great workplace, and become an even better one, 'smile by smile'!



Our customers

Through our motto 'smart.simple.smile' we help our customers to make affordable personalised products of high quality. The customer's needs are always our main focus. We regularly survey 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.

Both smartphoto and naYan customers can ask questions, make suggestions or formulate complaints about a product, a service or the website to the customer service teams that are ready to help. The teams can be reached via e-mail, telephone or letter. Customers might already be able to find an answer on the websites in the list of frequently asked questions.

Our suppliers

Within smartphoto group, we do business in an ethical manner; we therefore expect the same from all our direct and indirect suppliers or business partners. To stipulate this, we have asked our key suppliers to sign our ethical code of conduct to ensure that the values and standards set out are applied as effectively as possible throughout the supply chain. Our code of conduct includes, among others, the following principles: no form of forced labour, slavery or non-voluntary labour, safe and hygienic working conditions, no child labour, a fair remuneration, no discrimination, no harsh or inhumane treatment, protection of the environment, and ethical entrepreneurship.

Smartphoto group counts on the support of its suppliers to achieve the goal of ethical business.

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 disclose 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 starting as of page 28.

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 the 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.

On 27 September 2022, smartphoto group organised its first Investor Day for investors, analysts and financial media. The invitees were given a tour of the Gift Factory in Vantegem, followed by a presentation that provided an update on smartphoto group, including an explanation of its strategic plan and growth ambitions.

Social commitment

Smartphoto supports initiatives that contribute to charities and community initiatives. This support is realised in various ways: through financial contributions and collections by the employees, as well as in the form of products or offering services as a way of 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. Besides meeting moments and 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. Thanks to the warm, enthusiastic orders from our customers, we were able to surprise Villa Samson at the beginning of 2022 with a cheque, which we could give to the volunteers, along with some nicely filled biscuit boxes.

- Support to ‘SamenBergOp’

Smartphoto supports ‘SamenBergOp’, a project fighting against underprivileged poverty and social exclusion. With the help of the municipal council of Wetteren, Rotary Wetteren, the non-profit organisation ‘ArmenTeKort’, and a number of supporting local companies, including smartphoto, Wetteren wants to support 30 underprivileged residents for a certain period of time to break out of the poverty trap (permanently), and to restore their self-esteem and resilience.

During the training programme, the ‘opportunity-offering buddy’ is formed to provide the necessary support during the buddy process. The training is provided by the organisation ‘ArmenTeKort’, with a focus on gaining insight into the social map and living environment of someone in underprivileged poverty, making a connection with themselves and the buddy, (re)discovering and reinforcing strengths and the network, and the buddyhood itself through practical sessions.



A study of such projects, which have already been, and are still being, developed in several places in Belgium, indicates that the daily life of opportunity-seeking buddies in poverty is made more comfortable by human interaction, friendship and recognition.



Smartphoto supports this project by, amongst others: (i) helping in the search for 'opportunity-offering buddies' who will be matched with 'help-seeking buddies', and who will accompany these buddies for a certain period of time in order to gradually pick up their lives again; (ii) helping to support the project financially by donating a fixed annual amount; and (iii) supporting the project practically by offering promotional material and designing logo and flyers.

Other charities smartphoto group supported in 2022 included the following:

- Beyond the Moon

Beyond the Moon accomplishes two complementary projects to brighten and make the lives of families with a seriously ill child more enjoyable. Through the main project 'Offer a Vacation', the organisation offers families with a sick child an unforgettable holiday experience, before or after medical treatment, far away from the hospital. And through the side project 'Paint a Smile', the organisation brings a colourful and vibrant holiday experience of an animal family to the often dull, chilly hospital rooms through interactive 3D murals, offering a sick child something beautiful to look at, during a hospitalisation or consultation at the children's hospital.

- 'UZ Brussel' Foundation

'UZ Brussel' Foundation engages in efforts to raise funds for UZ Brussels and its patients. These funds support projects that provide a warm, humane caring environment and create added value for patients and their families. In addition, through the funds raised, pioneering clinical scientific research is made possible.

- Move for Children (Child Focus)

Through the Move for Children campaign, Child Focus collected support for the 116000 emergency line during the month of May 2022. The organisation Child Focus makes every effort 24/7 to find missing children, and to fight against the sexual exploitation of minors.

- Make-A-Wish®

The organisation Make-A-Wish® fulfils the heart's desire of children aged between 3 and 18 with a life-threatening medical condition, giving them strength to continue the fight against their illness. Because if a child can believe its wish will come true, it can also believe it will get better.

- 'Warmste Week 2022'

'De Warmste Week' is VRT's solidarity campaign, organised annually in the week before Christmas. In 2022, the theme was 'Underprivileged Poverty'. All the money collected during 'The Warmest Week' went to the DWW Fund, and will be used entirely to enable concrete projects within the central theme.

Environment



ESG awareness

Increasing sustainability awareness is achieved through various initiatives by the Sustainability team, in collaboration with the Communications team. For instance, as of 2022 onwards bi-monthly workshops are organised, such as, for example: 'Deforestation' (workshop through our Swedish partner Holmen/Iggesund, supplier of cardboard for the production of the 'Cards', explaining how they produce cardboard in a truly sustainable way); 'Well-being@work', 'Plant-based nutrition', or 'Packaging myths dismantled'.

Energy efficiency in the company

Reducing power consumption

Both in the production and office areas, a systematic switch to LED lighting with motion sensors is being made, resulting in a significant reduction in power consumption. A 5.7% reduction in electricity consumption was achieved in 2022, compared to 2021.

Reducing fossil fuel consumption

Energy consumption is reduced by, amongst others, lowering the desired temperature in both the production, office, and server rooms in the winter, and increasing it in the summer, the installation of so-called 'smart' thermostat heads, and the installation of a high-speed gateway in the production department Wall-deco.



Use of energy from renewable sources

Installation of photovoltaic panels

Smartphoto aims to reduce its CO² emissions by investing in renewable energy. For our Vantegem production site, a feasibility study was carried out in 2021 to use renewable energy by installing photovoltaic panels for electricity production. For this site, the main production hours are between 6 am and 6 pm. We installed nearly 500 kWp of solar panels at the production site in Vantegem (Wetteren). These have been operational since December 2022.

Car policy

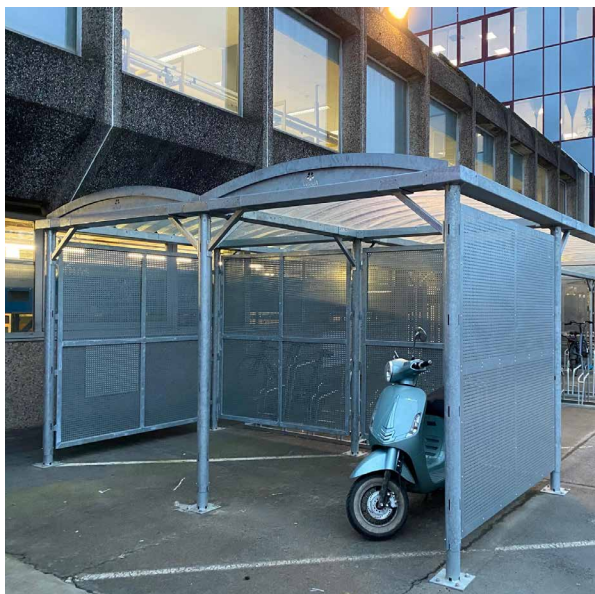
In 2021, the Car policy was adjusted to give hybrid or electric company cars preference over diesel or gasoline cars. Of the company cars ordered in 2021, 85% were fully electric or hybrid, which means that more than 40% of our fleet will be fully electric or hybrid in 1 year. The company cars ordered from 2022 onwards are all hybrid or fully electric.

Smartphoto also offers the possibility of charging electric cars. Smartphoto has 10 double charging stations (a total of 20 spots). Some of these charging points are also made available to third parties.

Bicycle lease plans

To ensure that we all cycle to work more, it is obviously important to be able to use a well-equipped bicycle. Getting to work by bike therefore has only advantages, such as: reduction of CO² emissions, and faster arrival at work, if the home-work distance is less than 10 km. Moreover, cycling is an ideal outlet to clear one's mind after a busy working day, and one gets a free work-out on top of it. These are just a few reasons why smartphoto makes it possible to lease a bike of one's choice for 3 years, on favourable terms.

In addition, investments are also made to improve accommodation for bicyclists, including the construction of a new bike shed, a dressing area with lockers, and charging points for e-bikes.



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 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, where a choice of three variants can

be made; the glass carafe as a replacement for plastic bottles, where a name or a quote can be laser-engraved; the personalised shopper made of soft and strong polylinen, possibly combined with a pouch made of the same material for storing smaller items; the refillable metal lighter; the tin storage jars with wooden lids, available in two different sizes; the 100% cotton fabric bags; the glass jars that can be filled with sweets, chocolates, dried flowers or our new bath salts, as a thank-you gift for guests at a party, ...



At smartphoto, we are doing our best to be more environmentally friendly in the future, in as many areas of the production process as possible. Through small adjustments, we are also doing our bit for a more sustainable society in our product selection.

Since 2022, our photo magnets are no longer available in plastic. The material was replaced by FSC-certified hardboard, which is more environmentally friendly!

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.

Our CO² footprint

In 2022, investments were made to increase knowledge of CO² calculations so that the CO² footprint of smartphoto group's operations can be measured more accurately. This includes the following emissions: domestic fuel oil and natural gas for heating; petrol, diesel and electricity for the leased cars; leakage of cooling gases for the HP cooling machines; nuclear, fossil and green electricity.

Reducing the CO² footprint of shipping

The shipment of parcels is based on 2 parts:

- Linehaul= transport from the Wetteren production site to the distribution centre, and
- Last mile= transport from the distribution centre to the final consumer.

In 2021, 16% of our parcels were shipped CO² neutral, and 45% had at least a CO² neutral last mile. In 2022, 68% of our parcels were already shipped CO² neutral, and at least 32% had a CO² neutral last mile. For 2023, the target is to ship 95% of our parcels completely CO² neutral ('Linehaul' and 'Last mile').

Sustainable product development

Use of inks during the production process

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.

Local production

Local production is promoted as much as possible. Thus, since 2022, cushions, which were previously imported from Poland, are now also manufactured centrally at the production sites in Wetteren. A modification that not only contributes to more work for local people, but also ensures less transport, and thus lower CO² emissions.

In the coming years, we will continue to look at ways to import as many basic materials as possible from within Europe.

Analysis of silver recovery

The silver halide processes were analysed. This confirmed that silver recovery and handling of related chemical waste from the process is under control.

Sustainable packaging

At our site in Vantegem, we ship 900 000 parcels a year, all in solid 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 dimensions in height. To further reduce packaging waste, we additionally invested in 2 types of boxes with the same footprint. Through the low or high boxes, we can ship packages that vary in height from 3 cm to 25 cm. This drastically reduces the amount of air shipped.



On an annual basis, we ship 2.5 million parcels. All packaging is made of FSC-certified cardboard. Our paper used is also 'FSC'-certified. The FSC label guarantees responsible origin from sustainably managed forests and/or recycling.

We have also taken further steps to minimise the use of plastic in our packaging by systematically replacing certain packaging materials with more sustainable variants. Recycled materials are used for packaging some fragile products. For example, we have already set the target of reducing the use of bubble wrap by half by 2023.

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. In 2022, the remaining waste amounted to 135 tons, or a 9% decrease compared to 2021.

Reducing paper consumption

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

For example, improving the positioning of cards on a sheet of paper resulted in a structural saving of 168 000 sheets of SRA3 paper format.

Creating awareness among employees around waste sorting

Employees are regularly informed about waste sorting and collection. Within the company, PMD, paper and cardboard, organic waste and residual waste are collected separately. To achieve this, personal waste baskets at desks or workplaces were removed. These were replaced by centrally placed waste containers in which paper and cardboard, PMD (plastic, metal and drink cartons), 'GFT' (vegetable, fruit and garden waste), and residual waste can be deposited separately. This measure not only improves recycling of waste, but also reduces the consumption of plastic bags and reduces the work of the cleaning personnel. Besides, it also encourages more exercise from employees occupying a seated function.

Digital corporate housekeeping and communication with stakeholders

The aim to reduce paper consumption is also reflected in the endeavour to have all communication between the company and its shareholders and/or directors take place electronically, in application of Article 2:32 of the Belgian Companies and Associations Code. To this end, a specific e-mail address was created, corporate@smartphoto.com, which was included in Article 1 of the Articles of Association in accordance with Article 3:31 of the Belgian Companies and Associations Code.

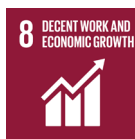
Shareholders are thus encouraged to refrain from making company law documents available by ordinary mail.



2023 action plan

People and well-being

- Improving infrastructure of the dining area for employees in Kwatrecht (Belgium)
- Supporting local projects/work for people with a disability
- Sharing a common library in the workplace



- 3 Ensuring healthy lives and promote well-being at all ages
- 8 Promoting decent work for all, for people with a disability

Environment

- Drafting a roadmap for the HVAC installation (heating, ventilation and air conditioning) for the Kwatrecht buildings
- Promoting sustainable products on the website
- Creating a more enduring green zone outside



- 7 Increasing the share of renewable energy
- 8 Improving global resource efficiency in consumption and production
- 12 Achieving sustainable governance and efficient use of natural resources
- 13 Improving awareness relating to climate change
- 8 Promoting safe and healthy working environments

Waste and resource management

- Drafting a CO² footprint roadmap
- Shipping CO² neutral for 95% of our packages
- Reducing the use of bubble wrap by 50%
- Sourcing more basic supplies made in Europe



- 8 Improving global resource efficiency in consumption and production
- 12 Reducing emissions to air, water and soil
- 12 Reducing waste generation through prevention, reduction, recycling and reuse





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.

A handwritten signature in black ink, appearing to read 'Stef De corte', written over a horizontal line.

Stef De corte
Permanent representative of Acortis BV, CEO







STATUTORY AUDITOR'S REPORT



Christmas Cookies

- 1 cup (226g) unsalted butter
- 1 cup (200g) granulated white sugar
- 1 egg, room temperature
- 1 tsp Pure Vanilla Extract
- 1/2 tsp. Almond Extract
- 2 tsp. baking powder
- 3 cups (360g) all-purpose flour

1. Preheat oven to 350° F
2. Add butter to the bowl of your stand mixer and cream on medium-high for 1-2 minutes, or until butter is smooth and lighter in color.
3. With the mixer on low, slowly add the sugar and then the egg.
4. Scrape the bowl with the mixer and
5. Turn mixer back on low and add in extracts.
6. Allow all ingredients to combine fully.
7. Add the baking powder and then the flour, 1/2 cup at a time, until fully incorporated.
8. Remove bowl from mixer and drop dough onto a floured countertop. Roll out into a flat disc, about 1/2 inch thick.
9. Cutout cookies into Christmas inspired shapes and bake at 350°F for 6-9 minutes.
10. Let cool on the cookie sheet until firm enough to transfer to a cooling rack.
11. Frost with buttercream or glaze icing.



smartphoto group NV

Kwatrechtsteenweg 160
9230 WETTEREN
RPM: 0405.706.755

Statutory auditor's report on the consolidated financial
statements as per 31 December 2022

Grant Thornton Réviseurs
d'Entreprises SCRL

Registered office
Uitbreidingstraat 72 bus 7
2600 Antwerp
Belgium

www.grantthornton.be

FREE TRANSLATION

Statutory auditor's report to the general meeting of smartphoto group NV for the year ended 31 December 2022 (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 six 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 2022, 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€ 82.886 and of which the consolidated statement of profit or loss shows a profit for the year of k€ 5.490.

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 2022, 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.

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
<p>Revenue recognition</p> <p>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.</p> <p>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.</p>	<p>Audit response related to revenue mainly exists of :</p> <ul style="list-style-type: none"> - 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

	-
<p>Valuation of consolidation goodwill</p> <p>The consolidation goodwill concerns a significant amount on the company's balance sheet (k€ 17.220). The company is obliged, on the basis of EU-IFRS, to perform an annual impairment test.</p> <p>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.</p> <p>The main assumptions and the sensitivity analysis are disclosed in note 17 of the Consolidated Financial Statements.</p>	<p>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.</p> <p>The expectations with regard to the developments of the activities of the companies of the group were challenged and discussed with management.</p> <p>We verified the mathematical accuracy of the valuation and the reasonableness of the discount rate, the long-term growth rate and the assumptions.</p> <p>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.</p> <p>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.</p>
<p>Valuation of deferred tax assets</p> <p>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.</p> <p>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.</p>	<p>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.</p> <p>We also verified whether the compensation periods that were set and the rates used are consistent with tax laws and regulations.</p>

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 2022 (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.

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 of smartphoto group NV per 31 December 2022 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 2023

Grant Thornton Réviseurs d'Entreprises SCRL
Statutory Auditor
Represented by



Danny De Jonge
Registered auditor



2022 ANNUAL REPORT SMARTPHOTO GROUP

PART 2







2022 CONSOLIDATED
FINANCIAL STATEMENTS



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Much Love



Yours, Tim



Statement of profit or loss for the period

(in K euro)	Note	2021	2022
Revenue	3	63 052	76 295
Other operating income	4	1 006	1 313
Changes in inventory of finished goods and work in progress	5	-16	6
Capitalisation of internally generated intangible assets	6	681	1 271
Trade goods, raw materials and consumables	7	-20 968	-22 984
Employee benefits	8	-12 930	-17 073
Depreciation, amortisation, write-downs and impairment	9	-3 519	-3 125
Other operating expenses	10	-19 873	-25 852
Profit/loss (-) from operating activities, before non-recurring items		7 433	9 850
Non-recurring items from operating activities		-317	
Profit/loss (-) from operating activities	11	7 116	9 850
Financial income		308	449
Financial expenses		-503	-1 865
Financial result	12	-195	-1 416
Profit/loss (-) before taxes		6 921	8 434
Income taxes expense (-)/ income	13	-1 421	-2 944
Profit/loss (-) for the period		5 500	5 490
Profit/loss (-) for the period attributable to equity holders of the parent company		5 500	5 490
(in euro)	Note	2021	2022
Profit/loss (-) for the period per share in euro	26	1.3953	1.3927
Profit/loss (-) for the period attributable to equity holders of the parent company per share in euro	26	1.3953	1.3927

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

(in K euro)	Note	2021	2022
Profit/loss (-) for the period		5 500	5 490
<u>Other comprehensive income:</u>			
Items which possibly will be reclassified to profit or loss			
Translation differences		115	-120
Taxes on translation differences		-25	22
Total of items which possibly will be reclassified to profit or loss		91	-98
Other comprehensive income, net of taxes	14	91	-98
Total other comprehensive income before reclassification adjustments		5 591	5 392
Reclassification adjustments			
Translation differences recognised in income/loss (-)		10	
Total of profit or loss and other comprehensive income		5 601	5 392
Total of profit or loss and other comprehensive income for the period attributable to equity holders of the parent company		5 601	5 392



Statement of financial position as at the end of the period

ASSETS (in K euro)	Note	2021 ⁽¹⁾	2022
<u>Non-current assets</u>			
Property, plant and equipment	15	17 031	16 789
Right-of-use assets	16	954	3 350
Goodwill	17	17 220	17 220
Intangible assets	18	3 136	3 194
Other financial assets	19		
Trade and other receivables	20	386	96
Deferred tax assets	21	10 341	7 995
Total non-current assets		49 069	48 643
<u>Current assets</u>			
Inventories	22	4 030	3 956
Trade and other receivables	23	9 248	6 052
Other financial assets		3	3
Cash and cash equivalents	24	19 994	24 143
Current tax assets	25	18	88
Total current assets		33 293	34 243
TOTAL ASSETS		82 362	82 886

EQUITY AND LIABILITIES (in K euro)	Note	2021 ⁽¹⁾	2022
<u>Total equity</u>			
Capital		41 381	41 381
Reserves and retained earnings/accumulated loss (-)		1 615	4 684
Revaluation surplus		6 956	6 956
Treasury shares (-)		-3 379	-6 663
Currency translation adjustments		2 366	2 268
Shareholder's equity		48 939	48 627
Total equity	26	48 939	48 627
<u>Non-current liabilities</u>			
Interest-bearing financial liabilities	27	2 363	1 888
Lease liabilities	28	514	2 690
Trade and other payables	29	750	
Employee benefit liabilities	30	584	594
Provisions	31	1 133	118
Deferred tax liabilities	32	2 205	2 183
Total non-current liabilities		7 550	7 473
<u>Current liabilities</u>			
Interest-bearing financial liabilities	27	473	476
Lease liabilities	28	449	682
Trade and other payables	33	20 996	22 208
Employee benefit liabilities	30	2 926	3 099
Current tax liabilities	34	1 028	322
Total current liabilities		25 873	26 786
TOTAL EQUITY AND LIABILITIES		82 362	82 886

⁽¹⁾ The figures of the 2021 financial year concern revised figures; for more information, reference is made to note 1 Business combinations.



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 31.12.2020	41 381	-1 765	6 956	-3 360	2 265	45 477
Profit/loss (-) for the period		5 500				5 500
<u>Other comprehensive income:</u>						
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

(in K euro)	Capital	Reserves and retained earnings/ accumulated loss (-)	Revaluation surplus	Treasury shares (-)	Currency translation adjustments	Shareholder's equity
Balance as at 31.12.2021	41 381	1 615	6 956	-3 379	2 366	48 939
Profit/loss (-) for the period		5 490				5 490
<u>Other comprehensive income:</u>						
Items which possibly will be reclassified to profit or loss						
Translation differences					-120	-120
Taxes on translation differences					22	22
Total of items which possibly will be reclassified to profit or loss					-98	-98
Other comprehensive income, net of taxes					-98	-98
Total of profit or loss and other comprehensive income		5 490			-98	5 392
Total of profit or loss and other comprehensive income for the period attributable to equity holders of the parent company		5 490			-98	5 392
Dividend distributed to shareholders		-2 421				-2 421
Transactions relating to treasury shares				-3 284		-3 284
Balance as at 31.12.2022	41 381	4 684	6 956	-6 663	2 268	48 627

Statement of cash flows for the period

(in K euro)	Note	Explanation	2021 ⁽¹⁾	2022
Operating activities				
Net result			5 500	5 490
Depreciation, write-downs, impairment of property, plant and equipment	9-15		1 523	1 659
Depreciation, write-downs, impairment of right-of-use assets	9-16		695	759
Depreciation, amortisation, write-offs, impairment of intangible assets	9-18		1 055	1 242
Write-downs, impairment on current and non-current assets	9-22-23		245	1 155
Provisions	8		-446	-851
Net interest income (-)/expense	12		151	187
Loss/gain (-) on sale of property, plant and equipment			-20	-29
Income tax expenses	13		1 421	2 944
<i>Operating cash flow before changes in working capital</i>		(1)	10 125	12 555
Decrease/increase (-) in trade and other receivables and current income tax assets			1 459	2 234
Decrease/increase (-) in inventories			-534	95
Increase/decrease (-) in trade and other payables			-4 200	-314
Increase/decrease (-) in working capital		(2)	-3 275	2 016
<i>Operating cash flow after changes in working capital</i>			6 849	14 571
Interest paid (-)			-154	-141
Interest paid (-) on lease liabilities			-36	-32
Income tax paid (-)			-276	-586
Cash flow from operating activities		(1)	6 384	13 812

(in K euro)	Note	Explanation	2021 ⁽¹⁾	2022
Investing activities				
Proceeds from sale of property, plant and equipment			48	48
Acquisition of property, plant and equipment	15		-2 020	-1 434
Acquisition of other intangible assets	18		-1 296	-1 300
Acquisition of a business combination, net of cash acquired	1		2 710	
Cash flow from investing activities		(3)	-558	-2 687
Financing activities				
Acquisition of treasury shares	26		-399	-3 284
Repayment of financial liabilities	27		-470	-473
Repayment of financial lease liabilities	28		-702	-746
Dividends paid	26		-2 249	-2 421
Cash flow from financing activities		(4)	-3 821	-6 923
Increase/decrease (-) in cash and cash equivalents			2 005	4 202
Effect of exchange rate fluctuations			42	-53
Net increase/decrease (-) in cash and cash equivalents			2 047	4 149
Cash and cash equivalents at the beginning of the year			17 946	19 994
Cash and cash equivalents at the end of the period			19 994	24 143
Total cash and cash equivalents	24	(5)	19 994	24 143

⁽¹⁾ The figures of the 2021 financial year concern revised figures; for more information, reference is made to note 1 Business combinations.

Note to the statement of cash flows

(1) Cash flows from operating activities

In the 2022 financial year, the depreciation and impairment losses on property, plant and equipment amount to 1 659K euro, compared to 1 523K euro in the 2021 financial year.

The depreciation and impairment losses on right-of-use assets amount to 759K euro in the 2022 financial year, compared to 695K euro in the 2021 financial year.

The amortisation and impairment losses on intangible assets amount to 1 242K euro in the 2022 financial year, compared to 1 055K euro in the 2021 financial year.

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 2022 financial year, the write-downs and impairment losses on current and non-current assets amount to 1 155K euro, of which write-downs recorded on trade receivables in the amount of 331K euro, a reversal of other receivables of 845K euro, and a reversal of write-downs on inventories in the amount of -22K euro.

In the 2021 financial year, the decrease in provisions amounts to 446K euro, being a reversal of -5K euro relating to provisions concerning schemes of unemployment with corporate allowance in various underlying entities, and a reversal of -440K euro of the provision as part of the pension plans held. In the 2022 financial year, the decrease in provisions amount to 851K euro, being a reversal of -4K euro relating to provisions concerning schemes of unemployment with corporate allowance in various underlying entities, a reversal of -2K euro of the provision as part of the pension plans held, and a reversal of the provision related to the VAT regularisations concerning naYan NV for the period prior to acquisition of -845K euro.

The net interest expenses amount to 187K euro in 2022, compared to 151K euro in 2021, of which 173K euro paid interest in 2022, compared to 190K euro in 2021.

The profit (-)/loss on the realisation of property, plant and equipment amounts to -29K euro in 2022, compared to -20K euro in 2021.

The income taxes expense (-)/income amounts to 2 944K euro for the 2022 financial year, compared to 1 421K euro for the 2021 financial year. This difference is mainly explained by the reversal of deferred tax assets in 2022, compared to 2021.

The income taxes paid amount to 586K euro in 2022, compared to 276K euro in the 2021 financial year.

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

At group level in 2021, the trade receivables, other receivables, and current income tax assets decreased by 1 459K euro, of which 58K euro concerning 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 amounted to -77K euro.

At group level in 2022, the trade receivables, other receivables, and current income tax assets decreased by 2 234K euro, of which -75K euro concerning the closing exchange rates for the foreign subsidiaries at the financial year-end. The inventories decreased by 95K euro. The trade and other payables decreased by 314K euro, of which the impact of the closing exchange rates for the foreign subsidiaries at the 2022 financial year-end amounted to -2K euro.

(3) Cash flows from investing activities

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 2 710K euro and relate to the acquisition of naYan NV and its subsidiary. This concerns revised amounts as explained in note 1 Business combinations. The amount of 2 710K euro 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 5 360K euro. In accordance with IAS 7.40, more information is included in note 1 Business combinations.

Cash flows from investing activities related to the 2022 financial year

In the 2022 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 1 434K euro and are mainly related to the investments in production machinery, renovations relating to the building in Kwatrecht (Wetteren), and the installation of solar panels on the building at Vantegem (Wetteren).

Investments in intangible assets amount to 1 300K euro, of which 1 271K euro was internally generated. These investments mainly relate to investments in mobile applications, such as the further migration of our web platform to 'mobile first' and the cloud, the modernisation of underlying control tools and the upgrade of the customer service software.

(4) Cash flows from financing activities

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.

The cash flows from financing activities in 2022 consist of:

- the acquisition of treasury shares for 3 284K euro;
- the repayment of the interest-bearing financial liabilities amounting to 473K euro;
- the payments in terms of the lease liabilities by applying IFRS 16, amounting to 746K euro;
- the payment of the dividend for the 2021 financial year of 2 421K euro.

(5) Total cash and cash equivalents

In 2021, the cash and cash equivalents increased by 2 047K euro to 19 994K euro at the financial year-end. This concerns revised amounts as explained in note 1 Business combinations.

In 2022, the cash and cash equivalents increased by 4 149K euro to 24 143K 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, 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 24 March 2023.

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 1 January 2022, as issued by the International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC) of the IASB.

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 1 January 2022.

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 1 January 2022:

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

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

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

Nor has the group proceeded with an early adoption of the new standards and amendments 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 and Non-current liabilities with covenants: applicable for annual periods beginning on or after 1 January 2024.

Amendments to IFRS 16: Leases: Lease liability in a Sale and Leaseback: applicable for annual periods beginning on or after 1 January 2024.

Key changes in the consolidation scope

The key changes in the consolidation scope between 2021 and 2022 are summarised below:

On 15 March 2022, the name of the legal entity Frucon² NV was changed to **naYan NV**.



Summary of the most significant accounting policies

Basis of presentation

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

The consolidated financial statements include the financial statements of smartphoto group NV and its subsidiaries, prepared as per 31 December of each year. The consolidated financial statements are prepared before the appropriation of the profit of the parent company as proposed to the General Meeting of Shareholders.

Consolidation principles

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

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

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

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

A list of the group's key subsidiaries is included in note 39.

Income statement

Sale of goods

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

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

Rendering of services

If the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised according to the percentage of completion of the services rendered as at the end of the reporting period.

Revenues are measured at the fair value of the payment for the sale of goods and services, minus value-added tax, trade rebates or volume discounts, and after eliminating sales within the group.

Interest, royalties, and dividends

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

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

Dividends are recognised at the time 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%
Computer hardware	20% - 33%
Furniture and fixtures	14%
Vehicles	20%

Assets no longer recognised in the financial statements

The carrying amount of an item of property, plant, and equipment 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 when 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.

No provisions are recognised for future operating losses.

Operating segments

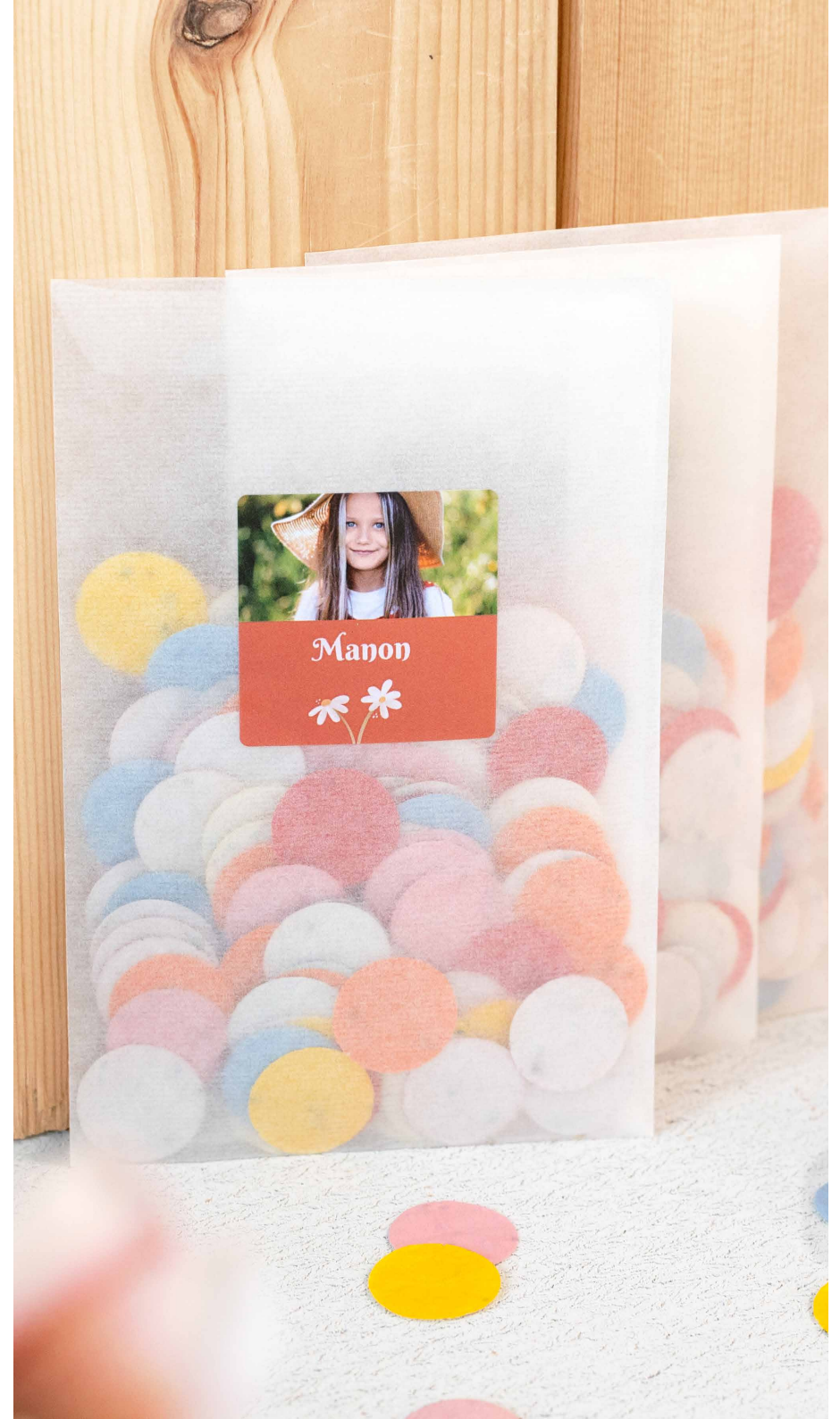
The group's internal organisational and management structure and its system of internal reporting are based on the nature of the products and services provided or groups of interrelated products and services that the businesses produce.

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.







NOTES TO THE 2022 CONSOLIDATED FINANCIAL STATEMENTS



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1. Business combinations

On 2 December 2021, smartphoto group acquired 100% of the shares of naYan NV, previously Frucon² NV.

NaYan NV is located in Ardoorie, 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 amounted 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 paid. Of the remaining balance of the consideration in cash of 1 500K euro, payable in tranches, the first tranche was settled on 30 September 2022. The last tranche of 750K euro is payable on 30 September 2023.

The acquisition of naYan NV and its subsidiary Frucon International Inc. was, in accordance with IFRS 3 Business Combinations, recognised in the consolidated figures as from the acquisition date. This business combination was hereby reported on the basis of provisional amounts for several items relating to the opening statement of the financial position, which could possibly have an impact on the equity at the acquisition date and the goodwill included in the initial recognition. The accounting of these items was incomplete at the reporting date, due to the impossibility of accurately recording the amounts in a secure and reliable manner as there were, at that moment, insufficient objective assessment criteria.

In accordance with IFRS 3, the identifiable assets acquired and the liabilities assumed were recognised separately from goodwill and measured at fair value at the acquisition date.

During the measurement period, the provisional amounts recognised at the acquisition date were retrospectively adjusted to reflect new information obtained about facts and circumstances existing at the acquisition date that, if known, would have affected the measurement of the recognised amounts. This information led to retrospectively revising the provisional net identifiable assets and liabilities, at fair value.

The provisional amount of cash and cash equivalents at acquisition date included 819K euro incorrectly recognised as cash and cash equivalents. Cash and cash equivalents at acquisition date were revised accordingly, resulting in a revised value at acquisition date of 5 366K euro. This revision also has an impact on the current tax liabilities, attributable to the opening statement of the financial position for an amount of 205K euro. The total impact of the revision of the provisional net identifiable assets and liabilities at fair value amounts to 614K euro.

The net identifiable assets and liabilities at fair value, including the revised amounts, are shown in the table below.

Net identifiable assets and liabilities at fair value

(in K euro)	At acquisition date provisional amounts	Revision provisional amounts	At acquisition date revised amounts
Property, plant and equipment	10		10
Right-of-use assets	157		157
Intangible assets	92		92
Non-current trade and other receivables	484		484
Inventories	981		981
Current trade and other receivables	7 899		7 899
Cash and cash equivalents	6 184	-819	5 366
Non-current lease liabilities	-84		-84
Provisions	-1 133		-1 133
Deferred tax liabilities	-19		-19
Current lease liabilities	-73		-73
Current trade and other payables	-9 016		-9 016
Current employee benefit liabilities	-670		-670
Current tax liabilities	-608	205	-403
Total net identifiable assets and liabilities	4 205	-614	3 591

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 was recorded under the current other receivables in the consolidated statement of financial position. As at 31 December 2022, this receivable still amounts to 194K euro.

With regard to this indemnity, the balance of the consideration in cash of 750K euro, payable on 30 September 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 trade and other payables comprised 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 naYan NV. This contingent liability was settled in the 2022 financial year.

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

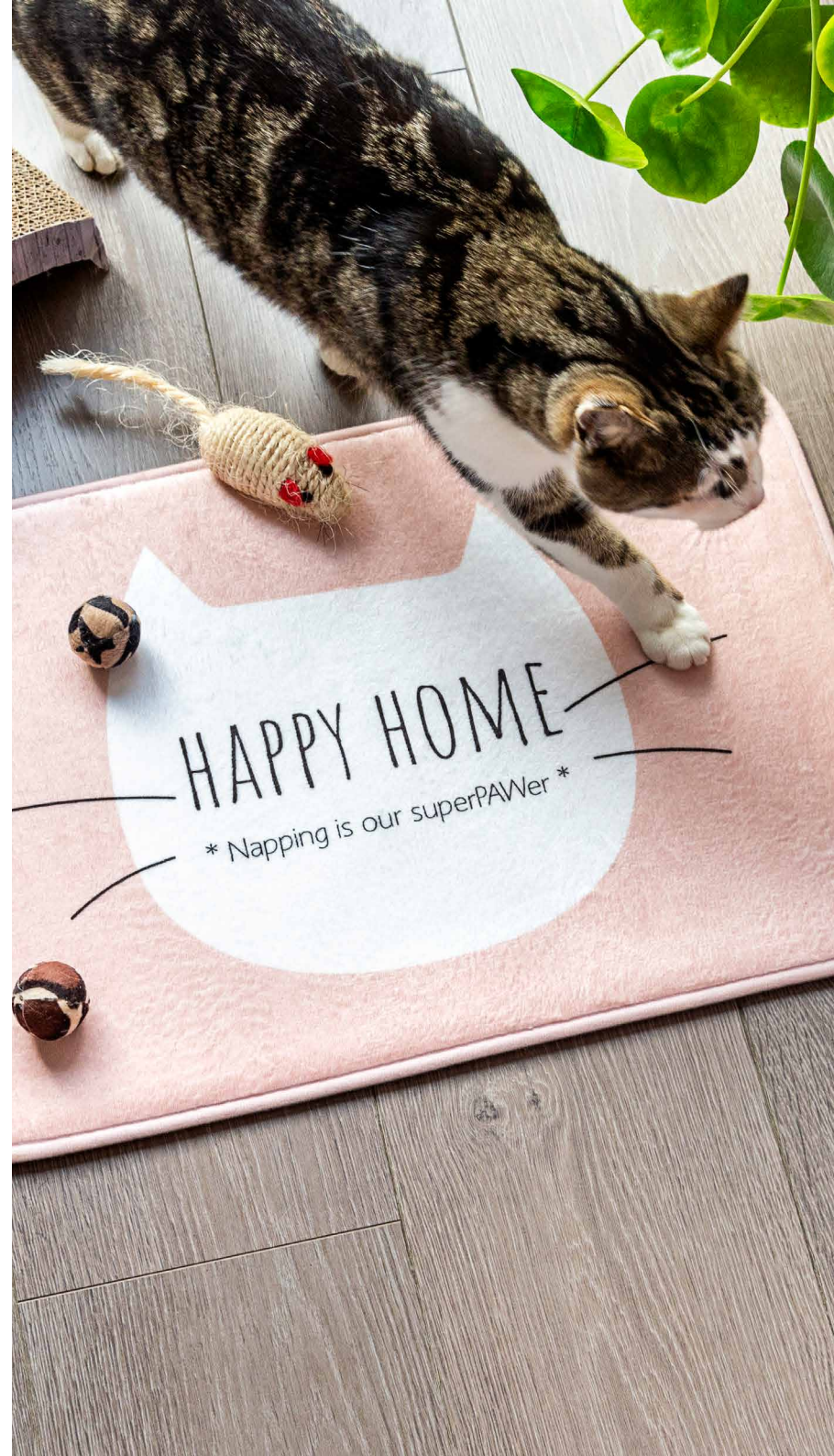
The amount by which the consideration transferred of 4 659K euro exceeded the amount of net identifiable assets acquired and liabilities assumed of 4 205K euro, was recognised as goodwill, being 455K euro. During the measurement period, additional information was obtained about the facts and circumstances underlying the provisional amounts for various items relating to the opening statement of the financial position. This information resulted in the identifiable assets acquired and liabilities assumed being revised by 614K euro to 3 591K euro. This leads to a revision of the goodwill by 614K euro, bringing the revised goodwill to 1 069K 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, including the revised amounts, and reconciliation with the statement of cash flows

(in K euro)	At acquisition date provisional amounts	Revision provisional amounts	At acquisition date revised amounts
Consideration in shares smartphoto group	509		509
Consideration settled in cash (1)	4 150		4 150
Consideration transferred	4 659		4 659
Net identifiable assets and liabilities	-4 205	614	-3 591
Goodwill	455	614	1 069
Cash and cash equivalents acquired (2)	6 179	-819	5 360
Remaining balance to be paid according to the sale-purchase agreement (3)	-1 500		-1 500
Acquisition of business combination, net of cash acquired, in the statement of cash flows (2)-(1)-(3)	3 529	-819	2 710

These adjustments, which are retrospectively implemented on the opening balance, also have an impact on the figures as per 31 December 2021, as presented in the 2021 Annual Report. In the remainder of this Annual Report, it is opted to use the revised amounts for the figures at the end of 2021, in comparison with the figures of the 2022 financial year. For the revision of the 2021 figures, reference is made to this note.



A summary of the adjustments to the figures as of 31 December 2021 is provided in the tables below.

Statement of financial position as at the end of the period, including the revision of the provisional amounts

ASSETS (in K euro)	2021 Provisional amounts	2021 Revision provisional amounts	2021 Revised amounts
<u>Non-current assets</u>			
Property, plant and equipment	17 031		17 031
Right-of-use assets	954		954
Goodwill	16 606	614	17 220
Intangible assets	3 136		3 136
Other financial assets			
Trade and other receivables	386		386
Deferred tax assets	10 341		10 341
Total non-current assets	48 455	614	49 069
<u>Current assets</u>			
Inventories	4 030		4 030
Trade and other receivables	9 248		9 248
Other financial assets	3		3
Cash and cash equivalents	20 812	-819	19 994
Current tax assets	18		18
Total current assets	34 112	-819	33 293
TOTAL ASSETS	82 566	-205	82 362

EQUITY AND LIABILITIES (in K euro)	2021 Provisional amounts	2021 Revision provisional amounts	2021 Revised amounts
<u>Total equity</u>			
Capital	41 381		41 381
Reserves and retained earnings/accumulated loss (-)	1 615		1 615
Revaluation surplus	6 956		6 956
Treasury shares (-)	-3 379		-3 379
Currency translation adjustments	2 366		2 366
Shareholder's equity	48 939		48 939
Total equity	48 939		48 939
<u>Non-current liabilities</u>			
Interest-bearing financial liabilities	2 363		2 363
Lease liabilities	514		514
Trade and other payables	750		750
Employee benefit liabilities	584		584
Provisions	1 133		1 133
Deferred tax liabilities	2 205		2 205
Total non-current liabilities	7 550		7 550
<u>Current liabilities</u>			
Interest-bearing financial liabilities	473		473
Lease liabilities	449		449
Trade and other payables	20 996		20 996
Employee benefit liabilities	2 926		2 926
Current tax liabilities	1 233	-205	1 028
Total current liabilities	26 077	-205	25 873
TOTAL EQUITY AND LIABILITIES	82 566	-205	82 362

Statement of cash flows for the period, including the revision of the provisional amounts

(in K euro)	2021 Provisional amounts	2021 Revision provisional amounts	2021 Revised amounts
Operating activities			
Net result	5 500		5 500
Depreciation, write-downs, impairment of property, plant and equipment	1 523		1 523
Depreciation, write-downs, impairment of right-of-use assets	695		695
Depreciation, amortisation, write-offs, impairment of intangible assets	1 055		1 055
Write-downs, impairment on current and non-current assets	245		245
Provisions	-446		-446
Net interest income (-)/expense	151		151
Loss/gain (-) on sale of property, plant and equipment	-20		-20
Income tax expenses	1 421		1 421
<i>Operating cash flow before changes in working capital</i>	<i>10 125</i>		<i>10 125</i>
Decrease/increase (-) in trade and other receivables and current income tax assets	1 459		1 459
Decrease/increase (-) in inventories	-534		-534
Increase/decrease (-) in trade and other payables	-4 200		-4 200
Increase/decrease (-) in working capital	-3 275		-3 275
<i>Operating cash flow after changes in working capital</i>	<i>6 849</i>		<i>6 849</i>
Interest paid (-)	-154		-154
Interest paid (-) on lease liabilities	-36		-36
Income tax paid (-)	-276		-276
Cash flow from operating activities	6 384		6 384

(in K euro)	2021 Provisional amounts	2021 Revision provisional amounts	2021 Revised amounts
Investing activities			
Proceeds from sale of property, plant and equipment	48		48
Acquisition of property, plant and equipment	-2 020		-2 020
Acquisition of other intangible assets	-1 296		-1 296
Acquisition of a business combination, net of cash acquired	3 529	-819	2 710
Cash flow from investing activities	261	-819	-558
Financing activities			
Acquisition of treasury shares	-399		-399
Repayment of financial liabilities	-470		-470
Repayment of financial lease liabilities	-702		-702
Dividends paid	-2 249		-2 249
Cash flow from financing activities	-3 821		-3 821
Increase/decrease (-) in cash and cash equivalents	2 824	-819	2 005
Effect of exchange rate fluctuations	42		42
Net increase/decrease (-) in cash and cash equivalents	2 866	-819	2 047
Cash and cash equivalents at the beginning of the year	17 946		17 946
Cash and cash equivalents at the end of the period	20 812	-819	19 994
Total cash and cash equivalents	20 812	-819	19 994

2. Operating segments

As a result of the acquisition of naYan NV on 2 December 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 operational entities of the segment. 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.

Segment reporting for the 2021⁽¹⁾ financial year

(in K euro)	smartphoto	naYan	Not assigned	Intersegment	Consolidated
External revenue	59 922	3 130			63 052
Total revenue	59 922	3 130			63 052
Net interest income (-)/expense	151				151
Profit/loss (-) before taxes	6 298	967	-344		6 921
Assets	57 668	13 227	11 467		82 362
Liabilities	15 511	12 936	4 975		33 423
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			313
Depreciation and amortisation	3 264	10			3 274
Non-cash items other than depreciation and amortisation	-196		-5		-201
Number of full-time equivalent employees as of the end of the period	244	56			299

⁽¹⁾ The adjustments, which are retrospectively implemented on the opening balance, as discussed in note 1 Business combinations, also have an impact on the segment reporting per 31 December 2021 as presented in the 2021 Annual Report. The amounts mentioned in the table above are the revised amounts. The revision has an impact on the assets assigned to the naYan segment on the one hand, which amounted to 13 432K euro based on the provisional amounts, compared to 13 227K euro based on the revised amounts, and on the liabilities not assigned on the other hand, which amounted to 5 180K euro based on the provisional amounts, compared to 4 975K euro based on the revised amounts.

Segment reporting for the 2022 financial year

(in K euro)	smartphoto	naYan	Not assigned	Intersegment	Consolidated
External revenue	60 823	15 472			76 295
Intersegment revenue	416	43			
Total revenue	61 239	15 515		-460	76 295
Net interest income (-)/expense	140	46			187
Profit/loss (-) before taxes	7 418	2 290	-1 274		8 434
Assets	65 563	16 891	8 277	-7 847	82 886
Liabilities	24 065	9 889	3 501	-3 197	34 259
Total investments in property, plant and equipment	1 352	82			1 434
Total investments in intangible assets	1 300				1 300
Total investments in right-of-use assets	908	2 216			3 123
Additions to the non-current part of trade and other receivables	-14	-277			-290
Depreciation and amortisation	3 374	286			3 660
Non-cash items other than depreciation and amortisation	308	-845	840		303
Number of full-time equivalent employees as of the end of the period	238	66			304

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 and Aultmore NV. 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 texts, 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 naYan 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 Ardoois. 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 naYan NV on 2 December 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 31 December 2021. For the 2022 financial year, naYan contributed for a full 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)	2021	2022
Revenue		
Prints	5 753	5 778
Books & stationery	24 201	26 394
Merchandising	32 168	33 657
E-commerce as a Service	930	10 466
Total	63 052	76 295

The revenue amounts to 76 295K euro in 2022, compared to 63 052K euro in 2021. 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)	2021	2022
Revenue		
Belgium	25 347	31 892
Switzerland	14 747	15 052
Other countries	22 958	29 351
Total	63 052	76 295
Fixed assets other than financial instruments and deferred tax assets		
Belgium	37 275	39 695
Other countries	452	858
Total	37 728	40 553

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 delivery of the goods or services.

Information about major customers

IFRS 8.34 is not applicable.

3. Revenue

The revenue amounts to 76 295K euro in 2022, compared to 63 052K euro in 2021. This increase of 21.0% (or 13 243K euro) is the result of the organic growth of smartphoto (+1.5%) on the one hand, and of the inclusion of the figures of naYan for the entire year 2022 on the other. In 2021, the naYan figures were included in the consolidated figures for the month of December only.

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 313K euro in 2022, compared to 1 006K euro in 2021. 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 6K euro for the 2022 financial year, compared to -16K euro in 2021.

6. Capitalisation of internally generated intangible assets

The capitalisation of internally generated intangible assets in 2022 amounts to 1 271K euro, compared to 681K euro in 2021. The expenses eligible for capitalisation mainly relate to investments in mobile applications, such as the further migration of our web platform to 'mobile first' and the cloud, the modernisation of underlying control tools and the upgrade of the customer service software. These expenses meet the recognition criteria for capitalisation 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 9.6% in 2022, compared to 2021. This increase is mainly due to the rise in expenses as a result of the growth in revenue and higher delivery costs.

8. Employee benefits

(in K euro)	2021	2022
Wages and salaries	-10 006	-13 142
Social security contributions	-2 451	-3 043
Other employee benefits	-704	-674
Contribution to defined contribution plans	-213	-220
Increase/decrease (-) in the other non-current employee benefit liabilities	446	6
Total	-12 930	-17 073

In 2022, the employee expenses increased by 32.0%, compared to 2021. This increase is mainly the result of, on the one hand, the inclusion of naYan for a full year, the indexation of the salaries of the production employees, the increase in the number of employees and, on the other hand, a net decrease in provisions related to the pension plans of 6K euro in 2022, compared to 446K euro in 2021. 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, is 304 at the end of 2022, compared to 299 at the end of 2021, which is an increase of 1.6%.

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⁾	Other remuneration components ⁽³⁾
Stef De corte ⁽⁴⁾	-405	-125	-4

⁽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 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.

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

9. Depreciation, amortisation, write-downs and impairment

(in K euro)	2021	2022
Depreciation and impairment of property, plant and equipment	-1 523	-1 659
Depreciation and impairment of right of use assets	-695	-759
Amortisation and impairment of intangible assets	-1 055	-1 242
Write-downs on inventories	34	22
Write-downs on trade receivables	-278	-331
Reversal of provisions for other risks and charges		845
Total of depreciaton, amortisation, write-downs and impairment of fixed and current assets	-3 519	-3 125

In 2022, the depreciation, write-downs, amortisation and impairment from operating activities amount to 3 125K euro, compared to 3 519K euro in 2021.

The depreciation and impairment of property, plant and equipment increased from 1 523K euro in 2021 to 1 659K euro in 2022, which is an increase of 8.9%. This is mainly due to the higher investments in property, plant and equipment over the years.

The depreciation and impairment on right-of-use assets increased from 695K euro in 2021 to 759K euro in 2022. This is due to new agreements for buildings and vehicles, compensated by the expiration of leases related to machinery.

The amortisation and impairment on intangible assets have increased to 1 242K euro, which is a 17.7% 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 22K euro in 2022, compared to 34K euro in 2021, write-downs on trade receivables in the amount of 331K euro in 2022, compared to 278K euro in 2021, and a withdrawal of provisions for other risks and charges of -845K euro. This withdrawal of provisions is related to the settlement of VAT regularisations regarding naYan NV, with respect to the period prior to the acquisition date. More information on this is included in note 31.

10. Other operating expenses

(in K euro)	2021	2022
Services	-19 418	-25 290
Business taxes	-88	-336
Loss on disposal of intangible assets, property, plant and equipment	-11	-15
Loss on disposal of trade receivables		-42
Other operating charges	-356	-169
Total	-19 873	-25 852

In 2022, the other operating expenses increased by 30.1%. The services mainly include marketing costs, rental costs, overhead and interim costs. The change is mainly attributable to the inclusion of naYan for a full year and an increase in energy prices.

11. Profit/loss (-) from operating activities

The smartphoto group achieved a positive profit from operating activities of 9 850K euro, compared to 7 116K euro in 2021.

12 Financial result

(in K euro)	2021	2022
Financial expenses from interest-bearing financial liabilities	-97	-107
Financial expenses from lease liabilities	-54	-79
Net gain/loss (-) on realisation of other receivables and non-current financial assets	-33	-876
Net exchange gains/losses (-)	8	-300
Other financial income/expenses (-)	-20	-54
Net financial expenses	-195	-1 416

The financial result decreased by 1 221K euro from -195K euro in 2021 to -1 416K euro in 2022. This decrease is mainly due to the negative impact of the exchange gains/losses (-) of 308K euro, and a loss on the realisation of other receivables of 876K euro. An amount of 845K euro of this loss is related to the receivable from the seller of naYan NV, which was accounted for at acquisition date for an amount of 1 108K euro. This receivable was withdrawn in 2022 in proportion to the settlement of the VAT regularisations.

In 2021, the exchange gains/losses (-) amount to 8K euro, compared to -300K euro in 2022. The exchange gains/losses (-) 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, the US dollar, the Danish krone and the pound sterling.

In 2022, forward contracts, measured at fair value, were entered into to hedge the Swiss franc exchange rate. As at 31 December 2022, the related change in value of 52K euro was recognised as an expense in profit or loss for the period.

The financial statements are prepared using the following exchange rates:

Currency exchange rates	Closing rate		Average rate	
	2021	2022	2021	2022
Swiss franc	1.0331	0.9847	1.0799	1.0017
Norwegian krone	9.9888	10.5138	10.1639	10.1122
Swedish krona	10.2503	11.1218	10.1562	10.6571
US dollar	1.1326	1.0666	1.1816	1.0500
Danish krone	7.4364	7.4365	7.4368	7.4396
Pound sterling	0.8403	0.8869	0.8584	0.8548
Hungarian forint	369.1900	400.8700	358.6083	393.1108
Polish zloty	4.5969	4.6808	4.5720	4.6868
Czech koruna	24.8580	24.1160	25.6486	24.5378



13. Income taxes expense (-)/income

Amounts recognised in the income statement

(in K euro)	2021	2022
Current taxes expense (-)/income		
Taxes on the result for the financial year	-768	-653
Adjustments to taxes for preceding periods	13	11
	-755	-642
Deferred taxes		
Originating and reversal of temporary differences	-666	-2 301
	-666	-2 301
Income taxes expense (-)/income recognised in the statement of profit or loss	-1 421	-2 944

(in K euro)	2021	2022
Theoretical tax rate ⁽¹⁾	24.50%	24.08%
Taxes calculated at the theoretical tax rate	-2 266	-2 405
Profit/loss (-) before tax	6 921	8 434
Impact of tax exempt revenues	838	983
Impact of non-deductible expenses	-446	-513
Impact of utilised tax losses	1 018	1 014
Impact of tax incentives	136	312
Surplus/deficit (-) taxes previous financial years	13	-155
Other	-47	-13
Current income taxes expense (-)/income	-755	-642
Impact of deferred taxes	-666	-2 301
Effective tax rate ⁽²⁾	20.53%	34.91%
Income taxes expense (-)/income recognised in the income statement of profit or loss	-1 421	-2 944

⁽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.

The components included under IAS 12.80 (e), (f) and (h) are not applicable to the 2021 or the 2022 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 395K euro is 15.0% in 2022. For the portion of profits starting at 395K euro, the rate is 25.8%.

Application of IAS 12.80 (d): The deferred tax liabilities/assets recognised in the income statement amounted to -2 301K euro in 2022, compared to -666 in 2021.

The 2022 tax result amounts to -2 944K euro and includes: (i) the growth of the deferred tax assets of 356K 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 -1K euro with regard to the reversal of provisions for the pension plans, (iii) the use of deferred tax assets in the amount of -2 678K euro, (iv) the use of deferred tax liabilities in the amount of 22K euro, and (v) the current taxes on the result of -642K euro, of which 11K euro relates to previous financial years.

14. Other comprehensive income/loss (-)

The 2022 other comprehensive income/loss (-) amounts to -98K euro after tax, compared to 91K euro in 2021.

The 2021 other comprehensive income/loss (-), after tax, includes the following: (i) the result of the exchange gains/losses (-) 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 exchange gains/losses (-).

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

The 2022 other comprehensive income/loss (-), after tax, includes the following: (i) the result of the exchange gains/losses (-) 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 120K euro, and (ii) a positive effect of 22K euro as a result of the applicable income taxes expense on exchange gains/losses (-).

The total other comprehensive income, including the reclassification adjustments, amounts to 5 392K euro in 2022, compared to 5 601K euro in 2021.

15. Property, plant and equipment

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
<u>Movements for the period</u>				
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
<u>Movements for the period</u>				
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

Movements for the 2022 financial year

(in K euro)	Land & buildings	Plant, machinery & equipment	Furniture, fixtures & vehicles	Total
Acquisition value				
Balance at end of previous year	27 172	14 267	810	42 249
<u>Movements for the period</u>				
Acquisitions	43	1 251	140	1 434
Sales and disposals (-)		-276		-276
Translation differences		1	2	4
Balance at end of current period	27 215	15 244	952	43 411
Depreciation and impairment				
Balance at end of previous year	13 821	10 626	770	25 217
<u>Movements for the period</u>				
Depreciation and impairment	569	1 061	30	1 659
Sales and disposals (-)		-257		-257
Translation differences			2	3
Balance at end of current period	14 390	11 430	802	26 622
Carrying amount				
at end of previous year	13 351	3 641	39	17 031
at end of current period	12 825	3 814	149	16 789

The carrying amount of property, plant and equipment is 16 789K euro for the 2022 financial year, compared to 17 031K euro for the 2021 financial year.

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 naYan 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.

2022 financial year

The investments in property, plant and equipment amount to 1 434K euro, of which 1 251K euro is invested in production machines and the furnishing of buildings, 43K euro in the renovation of buildings and 140K euro in furniture. The depreciation and impairment losses amount to 1 659K euro and the sales and disposals amount to -19K euro.

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 1 January 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 2021 financial year-end would amount to 4 976K euro instead of 13 351K euro. At the 2022 financial year-end, this would result in a carrying amount of 4 737K euro instead of 12 825K 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 12 109K 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 351K euro as at 31 December 2021, compared to 12 825K euro as at 31 December 2022. The movements in 2022 are related to investments for an amount of 43K euro, and depreciation, write-downs and impairment losses related to the 2022 financial year in the amount of 569K 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 sales 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 sales 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 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
<u>Movements for the period</u>		
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
<u>Movements for the period</u>		
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

Movements for the 2022 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	16 148
<u>Movements for the period</u>		
Acquisitions		43
Balance at end of current period	1 231	16 191
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		13 821
<u>Movements for the period</u>		
Depreciation and impairment included in the statement of profit or loss		569
Balance at end of current period		14 390
Carrying amount		
At end of previous year	2 901	10 449
At end of current period	2 901	9 924

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 31 December 2011, 31 December 2015 and 30 September 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 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
<u>Movements for the period</u>				
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
<u>Movements for the period</u>				
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

Movements for the 2022 financial year

(in K euro)	Land & Buildings	Plant, machinery & equipment	Furniture, fixtures & vehicles	Total
Acquisition value				
Balance at end of previous year	777	702	798	2 278
<u>Movements for the period</u>				
Acquisitions	2 589		534	3 123
Sales and disposals (-)	-230	-670	-128	-1 027
Translation differences	-1			-1
Other changes			29	29
Balance at end of current period	3 135	32	1 234	4 402
Depreciation and impairment				
Balance at end of previous year	391	548	384	1 323
<u>Movements for the period</u>				
Depreciation and impairment	336	146	277	759
Sales and disposals (-)	-230	-670	-128	-1 027
Translation differences	-3			-3
Balance at end of current period	494	24	534	1 052
Carrying amount				
At end of previous year	386	154	414	954
At end of current period	2 641	8	701	3 350

The carrying amount of the right-of-use assets is 3 350K euro in 2022, compared to 954K euro in 2021.

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 naYan 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 2021: Maturity analysis IFRS 16.59

	Number of right-of-use assets	Remaining term varying between (in years)	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

2022 financial year

Investments in right-of-use assets amount to 3 123K euro and concern, on the one hand, investments in buildings for an amount of 2 589K euro, mainly related to the new agreement on the building in Pratteln (Switzerland), and the renewed agreement on the building in Ardoioe (Belgium) and, on the other hand, investments in vehicles for an amount of 534K euro. Depreciation and impairment losses amount to 759K euro. The other changes are related to the renewal of existing agreements, previously already recognised as a right-of-use asset, of which the initial term expired during 2022.

Qualitative and quantitative information 2022: Maturity analysis IFRS 16.59

	Number of right-of-use assets	Remaining term varying between (in years)	Average residual maturity	Number of contracts with purchase options	Number of contracts with extension options	Number of contracts with termination options
Land and buildings	4	2-9	6		4	
Property, plant and equipment	1	1	1		1	
Furniture, fixtures and vehicles	87	1-5	2	2		85

17. Goodwill

Movements for the 2021 financial year

(in K euro)	2021 ⁽¹⁾
Acquisition value	
Balance at end of previous year	38 540
Movements during the period	
Acquisitions through business combinations	1 069
Balance at end of current period	39 608
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	17 220

⁽¹⁾ The figures of the 2021 financial year concern revised figures; for more information, reference is made to note 1 Business combinations.

Movements for the 2022 financial year

(in K euro)	2022
Acquisition value	
Balance at end of previous year	39 608
Balance at end of current period	39 608
Impairment	
Balance at end of previous year	22 388
Balance at end of current period	22 388
Carrying amount	
At end of previous year	17 220
At end of current period	17 220

Taking into account the requirements of IFRS 8, total goodwill in the amount of 17 220K euro can be attributed to the cash-generating unit smartphoto for an amount of 16 151K euro, and for 1 069K euro to naYan.

The increase in goodwill in the 2021 financial year was the result of the first consolidation of naYan NV.

In accordance with IFRS 3, the identifiable assets acquired and the liabilities assumed of naYan NV and its subsidiary Frucon International Inc. 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 was recognised as goodwill and amounted to 455K euro. Following the revision of the provisional amounts during the measurement period, the identifiable assets acquired and liabilities assumed were revised by 614K

euro to 3 591K euro. This results in a revision of goodwill by 614K euro, leading to a revised goodwill of 1 069K euro. Additional information is provided in note 1 Business combinations.

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.

In accordance with IAS 36, the company performed impairment tests at the end of December in both 2021 and 2022, 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 31 December 2022.

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 2023 correspond to the budgets approved by the Board of Directors. The projections for 2024, 2025, 2026 and 2027 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 8.75% before taxes for the next 5 years. In 2021, this discount rate before taxes amounted to 6.88%.

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	2022
Risk free interest rate	1.14%	3.12%
Beta factor	0.57	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 9.0%. When the discount rate increases by 1.0%, the recoverable amount decreases by 12.4%. 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 1 069K euro as at 31 December 2022.

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: (i) an increase in the number of customers by entering into new agreements with brands that want to rely on the EaaS services (E-commerce as a Service) 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 marketing efforts needed to achieve the estimated growth.
- The replacement investments.

The projections for 2023 correspond to the budgets approved by the Board of Directors. The projections for 2024, 2025, 2026 and 2027 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 6.65% before taxes for the next 5 years. In 2021, this discount rate before taxes amounted to 6.90%. 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	2022
Risk free interest rate	1.14%	3.12%
Beta factor	0.57	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 9.3%. When the discount rate increases by 1.0%, the recoverable amount decreases by 16.2%. 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 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
<u>Movements for the period</u>				
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
<u>Movements for the period</u>				
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 194K euro in 2022, compared to 3 136K euro in 2021.

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 naYan 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.

Movements for the 2022 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	9 019	2 680	3 531	15 230
<u>Movements for the period</u>				
Additions from internal development		1 271		1 271
Acquisitions	30			30
Translation differences			-146	-146
Balance at end of current period	9 049	3 951	3 384	16 384
Amortisation and impairment				
Balance at end of previous year	7 341	1 252	3 501	12 094
<u>Movements for the period</u>				
Amortisation and impairment	591	634	17	1 242
Translation differences			-146	-146
Balance at end of current period	7 932	1 886	3 372	13 190
Carrying amount				
At end of previous year	1 678	1 429	29	3 136
At end of current period	1 117	2 065	13	3 194

2022 financial year

Investments in intangible assets amount to 1 301K euro and are exclusively attributable to the smartphoto segment. The investments mainly relate to investments in mobile applications, such as the further migration of our web platform to 'mobile first' and the cloud, the modernisation of underlying control tools, and the upgrade of the customer service software. An amount of 1 271K euro of those investments is generated internally.

The amortisation and impairment losses amount to 1 242K euro, and mainly attribute to concessions, patents and licences for an amount of 591K euro, and to internally generated intangible assets for an amount of 634K euro (see also note 9). 1 215K euro of the amortisation and impairment losses is attributable to the smartphoto segment, 27K euro is attributable to the naYan segment.

19. Other financial assets

(in K euro)	2021	2022
Other financial assets	50	50
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.

There are no movements on the other financial assets for the 2022 financial year

20. Non-current trade and other receivables

(in K euro)	2021	2022
Cash guarantees	386	96
Net carrying amount	386	96

The non-current trade and other receivables consist of the cash guarantees. These have decreased by 290K euro in 2022.

21. Deferred tax assets

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.

Movements for the 2022 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	72	-1		4	74
Tax effect on translation adjustments	14		24	-2	36
Tax effect of tax losses carried forward	10 255	-2 322		-48	7 885
	10 341	-2 324	24	-47	7 995

In the 2022 financial year, the deferred tax assets consist of the following movements: (i) an amount of -72K 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 -2 606K euro as tax losses were gradually absorbed in the companies involved; (iii) 356K 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 -1K euro because of the decrease of the provisions related to pension liabilities; (v) 24K euro deferred tax assets on currency translation differences; and (vi) -47K 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 8 256K euro. If the tax rate decreases by 1%, the tax assets would amount to 7 609K 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 and the deferred tax liabilities, as well as the net effect.

(in K euro)	Deferred tax assets		Deferred tax liabilities		Net deferred taxes	
	2021	2022	2021	2022	2021	2022
Property, plant and equipment			2 001	2 005	-2 001	-2 005
Intangible assets			156	130	-156	-130
Provisions	72	74			72	74
Tax effect on translation adjustments	14	36	48	48	-34	-12
Tax effect of tax losses carried forward	10 255	7 885			10 255	7 885
Deferred tax assets and liabilities	10 341	7 995	2 205	2 183	8 135	5 811

The tax losses carried forward for which no deferred tax asset is recognised, amount to 57 782K euro in the 2022 financial year; these are not limited in time. The tax losses carried forward for which no deferred tax asset was recognised, amounted to 52 498K euro in the 2021 financial year.

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 2023 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 2021 and/or 2022, the recognised deferred tax assets amount to 78K euro in the 2022 financial year, compared to 181K euro in the 2021 financial year. For the 2022 financial year, these tax assets can mainly be attributed to Filmobel NV. 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 2022 and 2023, 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 10 May 2023 to distribute a gross dividend of 1.0 euro per share entitled to dividend over 2022, does not have any tax implications for the company.

22. Inventories

(in K euro)	2021	2022
Trade goods	480	346
Raw materials and consumables	3 675	3 707
Work in progress	6	11
Total gross carrying amount	4 161	4 065
Trade goods		
Raw materials and consumables	-131	-109
Total write-downs (-)	-131	-109
Carrying amount	4 030	3 956

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			
Raw materials and consumables	-164	33	-131
Carrying amount 2021	-164	34	-131
Trade goods			
Raw materials and consumables	-131	22	-109
Carrying amount 2022	-131	22	-109

Inventory decreased by 74K euro to 3 956K euro in the 2022 financial year. This decrease is due to the reduction of inventory to normal levels after a temporary increase in stocks to ensure continuity of supplies in the corona crisis.

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

In 2022, a reversal of write-downs was recognised via the profit/loss (-) from operating activities for an amount of 22K euro.

No inventories were provided as security for liabilities.

23. Current trade and other receivables

(in K euro)	2021	2022
Trade receivables, gross	6 516	5 453
Other receivables, gross	3 691	1 801
Accruals and deferrals	482	339
Gross carrying amount	10 688	7 593
Accumulated write-downs on doubtful debts: trade receivables (-)	-1 122	-1 194
Accumulated write-downs on doubtful debts: other receivables (-)	-318	-346
Carrying amount	9 248	6 052

Write-downs on 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 doubtful debts: trade receivables (-)	-1 173	-278	355	-24		-1 121
Accumulated write-downs on doubtful debts: other receivables (-)	-294				-24	-318
Carrying amount 2021	-1 467	-278	355	-24	-24	-1 440
Accumulated write-downs on doubtful debts: trade receivables (-)	-1 121	-331	289	-31		-1 194
Accumulated write-downs on doubtful debts: other receivables (-)	-318	-28				-346
Carrying amount 2022	-1 440	-359	289	-31		-1 540

The current part of the trade and other receivables has decreased from 9 248K euro as at 31 December 2021 to 6 052K euro as at 31 December 2022, i.e. a decrease of 3 196K euro. The movement mainly consists of a decrease of the trade receivables in the amount of 1 063K euro, a decrease of the other receivables in the amount of 1 889K euro, and a decrease of the accruals and deferrals in the amount of 143K euro.

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 naYan 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 naYan NV in the period prior to the acquisition date; (iii) 1 207K euro other receivables; and (iv) 482K euro deferred expenses and accrued income.

In 2022 the net other receivables, accruals and deferrals of 1 794K euro consist of the following elements: (i) 139K euro receivables relating to value-added taxes; (ii) a receivable on the seller of naYan NV, reduced to 194K 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 naYan NV in the period prior to the acquisition date; (iii) 383K euro cash guarantees; (iv) 739K euro other receivables; and (v) 339K euro deferred expenses and accrued income.

An amount of 278K euro of the accumulated write-downs on doubtful trade receivables was recognised in profit/loss (-) from operating activities in 2021, compared to 331K euro in 2022.

24. Cash and cash equivalents

The cash and cash equivalents increased from 19 994K euro in the 2021 financial year to 24 143K euro in the 2022 financial year. The balance as at 31 December 2021 represents the balance based on the revised amounts. Further information can be obtained in note 1 Business combinations. These cash and cash equivalents are directly available.

See also the statement of cash flows on page 97 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 88K euro in the 2022 financial year, compared to 18K euro in the 2021 financial year.

26. Total equity

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

Total equity in 2021

- (1) The capital is 41 381K euro as at 31 December 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 following the acquisition of naYan 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 treasury shares (4.8%) as at 31 December 2021. In the 2021 financial year, 13 321 treasury shares were purchased following the execution of the share purchase programme with start date 17 September 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 naYan NV on 2 December 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, with an impact on 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.

Total equity in 2022

- (1) The capital is 41 381K euro as at 31 December 2022. This is represented by a total of 3 941 950 shares.

The capital and the total number of shares remained unchanged in 2022.

- (2) The change in the reserves and retained earnings/accumulated losses (-) includes the net profit of the financial year in the amount of 5 490K euro and the dividend payment of -2 421K euro with respect to the 2021 financial year.

- (3) Of the total number of shares, the group owns 300 210 (7.6%) as at 31 December 2022. In the 2022 financial year, 110 182 treasury shares were purchased, consisting of: (i) the purchase of 60 551 treasury shares in the period from 1 January 2022 to 4 May 2022 following the execution of the share purchase programme with start date 17 September 2020, of which 28 109 shares were purchased through block trades, and (ii) the purchase of 49 631 treasury shares in the period from 17 June 2022 to 30 December 2022, following the execution of the share purchase programme with start date 17 June 2022, of which 10 459 shares were purchased through block trades.

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. 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 6 663K euro is deducted from equity.

- (4) The changes in the exchange differences result from the euro conversion of the equity, compared to the exchange rate at the end of the reporting period, with an impact on the other comprehensive income in the amount of -98K euro.

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 diluted)	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 diluted) (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

Calculation of the profit/loss (-) per share in 2022

1. Number of shares	
1.1. Total number of shares	3 941 950
1.2. Weighted average number of shares (ordinary and diluted)	3 941 950
1.3. Weighted average number of shares entitled to dividend ⁽¹⁾	3 696 547

⁽¹⁾ The weighted average number of treasury shares purchased in 2022 amounts to 55 375. 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 3 696 547.

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)	5 490	5 392
2.2. Per share based on the total amount of shares (in euro)	1.3927	1.3680
2.3. Per share based on the weighted average amount of shares (ordinary and diluted) (in euro)	1.3927	1.3680
2.4. Per share based on the weighted average amount of shares entitled to dividend (in euro)	1.4852	1.4588

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

The interest-bearing financial liabilities amount to 2 363K euro as at the end of 2022, compared to 2 836K euro as at the end of 2021.

Breakdown between current and non-current in 2021

(in K euro)	2021							
	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, entered into 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.

Breakdown between current and non-current in 2022

(in K euro)	2022							
	Up to 1 year	2024	2025	2026	2027	2028	More than 5 years	Total
Interest-bearing financial liabilities								
Secured bank loans	476	478	481	456	158	158	158	2 363
Total interest-bearing borrowings according to their maturity	476	478	481	456	158	158	158	2 363

In 2022, the current and non-current interest-bearing financial liabilities amount to 2 363K euro, a decrease of 473K 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 7 years. An amount of 316K euro is repaid related to the fixed interest rate loan, agreed on in 2019 with KBC Bank, with a residual maturity of 4 years.

In 2022 the secured bank loans for an outstanding amount of 2 363K euro were guaranteed by mortgages on land and buildings, of which the registration amount is 12 109K euro. The carrying amount of the respective land and buildings is 12 825K euro.

28. Current and non-current lease liabilities

Note to the lease liabilities of 2021

(in K euro)	2021							
	Up to 1 year	2023	2024	2025	2026	2027	More than 5 years	Total
Lease liabilities								
Land and buildings	101	90	57	47	48	49	8	401
Plant, machinery and equipment	145							145
Furniture, fixtures and vehicles	203	133	61	19	1			417
	449	223	118	66	49	49	8	963

The 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.

Note to the lease liabilities of 2022

(in K euro)	2022							Total
	Up to 1 year	2024	2025	2026	2027	2028	More than 5 years	
Lease liabilities								
Land and buildings	403	380	378	387	300	246	575	2 670
Furniture, fixtures and vehicles	279	199	152	72				702
	682	579	530	459	300	246	575	3 372

The total current and non-current lease liabilities amount to 3 372K euro in 2022, which is an increase of 2 409K euro. This increase is due to, on the one hand the increase of the lease liabilities on buildings of 2 589K euro, mainly relating to the new agreement on the Pratteln building (Switzerland) and the renewed agreement on the Ardooi building (Belgium), and on vehicles for an amount of 563K euro because of investments and changes due to the extension of existing lease obligations, and, on the other hand, the payments during the year for an amount of 743K euro.

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

(in K euro)	2021	2022
Short term leases	88	268
Leases for which the underlying asset is of low value	61	54
Total lease-related expenses classified under the profit or loss from operating activities	149	322

(in K euro)	2021	2022
Total lease-related expenses classified under the profit or loss from operating activities	149	322
Up to one year	85	30
Between one and five years	10	54

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.

Note related to 2022

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 322K euro.

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

The future non-current lease liabilities regarding 'Furniture, fixtures and vehicles' amount to 1 041K euro, and the future current lease liabilities amount to 100K 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)	2021	2022
Non-current other payables	750	

The non-current other payables at the end of the 2021 financial year consisted of the non-current part of the outstanding balance of the purchase price related to the acquisition of naYan NV, due on 30 September 2023.

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 594K euro in the 2022 financial year, compared to 584K euro in the 2021 financial year. These liabilities increased by 10K euro.

The current employee benefit liabilities amount to 3 099K euro for the 2022 financial year, compared to 2 926K euro in 2021. 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 31 December 2022.

Warrant plans

There are no outstanding warrants as at 31 December 2022.

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 31 December 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 at 1 January 2015 and 0.75% to 0.25% as at 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 18 December 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 2022, 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 2021 and 2022 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)	2021	2022
Sum guaranteed minimum reserves	2 463	2 591
Sum of the maximum guaranteed minimum reserves and the mathematical reserves	2 965	3 080
Sum mathematical reserves	2 957	3 068
Deficit (-)/surplus	-8	-12

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 2022. A 2.0% discount rate was taken into account for this actuarial calculation. The defined benefit liabilities exceed the fair value of the plan assets by 347K euro; this decrease was recognised via the profit or loss from operating activities.

	2021	2022
Discount rate used	0.35%	2.00%
Percentage pay rise	1.5%	2.0%
Pension increase rate	0%	0%
Number of employees	16	15
Average remaining years of service	n/a	n/a
Duration of the plan liabilities	17.6	14.9

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)	2021	2022
Balance at end of previous financial year	1 015	584
Increase/decrease (-) of liability recognised in the statement of profit or loss	-446	-6
Effect of exchange rate changes	15	16
As at the financial year-end	584	594

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 246K euro in 2022, compared to 242K euro in 2021;
- (ii) Early retirement provisions in the various underlying entities. In 2022 there was a reversal of 4K euro, and the outstanding liability amounts to 1K 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 347K euro at the end of 2022, compared to 337K euro in 2021.

31. Provisions

The provisions amount to 118K euro for the 2022 financial year and mainly include provisions related to the pending VAT regularisations regarding naYan, with respect to the period prior to the acquisition date. At acquisition date, this provision amounted to 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 as at 31 December 2021 was recorded under the current other receivables. This receivable was withdrawn in the 2022 financial year in proportion to the settlement of the VAT regularisations, and amounts to 194K euro as at 31 December 2022.

32. Deferred tax liabilities

Movements in temporary differences throughout the period

2021				
(in K euro)	Balance at end of previous financial year	Recognised in the statement of profit or loss	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 as at 31 December 2020 to 2 205K euro as at 31 December 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.

2022				
(in K euro)	Balance at end of previous financial year	Recognised in the statement of profit or loss	Other comprehensive income	Balance at the end of current period
Property, plant and equipment/ Revaluation surplus	2 023	-19		2 005
Intangible assets	134	-4		130
Tax impact on translation differences	48			48
	2 205	-22		2 183

The deferred tax liabilities decreased from 2 205K euro as at 31 December 2021 to 2 183K euro as at 31 December 2022. This decrease of 22K euro is due to the decrease of taxable temporary differences on property, plant and equipment and intangible assets for -22K euro, recognised in profit or loss.

33. Current trade and other payables

(in K euro)	2021	2022
Trade payables: suppliers	13 689	14 623
Prepayments received on contracts in progress	830	586
Dividends payable	120	121
Debentures & matured coupons	341	341
Other amounts payable	750	1 533
Accrual and deferrals	814	670
Subtotal	16 543	17 873
Other taxes and VAT payable	4 453	4 335
Carrying amount	20 996	22 208

In 2022, the current trade and other payables increased by 1 212K euro. This movement is mainly due to: (i) an increase of suppliers' debt of 935K euro, (ii) the decrease in advances received on orders of -244K euro, (iii) an increase of the other trade payables of 783K euro, (iv) a decrease of accruals and deferrals in the amount of -144K euro, and (v) a decrease of the value-added tax related debt in the amount of -118K euro.

The other amounts payable comprise 750K euro regarding the current portion of the outstanding balance of the purchase price relating to the acquisition of naYan NV, payable as at 30 September 2023.

34. Current tax liabilities

The current tax liabilities for the 2022 financial year amount to 322K euro, compared to 1 028K euro in 2021, based on the revised amounts. 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 13 May 2020.

Fee for the mandate of Statutory Auditor in 2022: 32K euro.

Fees for the audit of the subsidiaries performed by the Statutory Auditor and his network: 89K euro.

Remuneration related to extraordinary activities or special assignments carried out by the Statutory Auditor and his network: 13K euro. These activities mainly included the review of the ESEF reporting.

36. Risk factors

The general risk factors are described in more detail in the chapter 'Corporate Governance statement' on page 28 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 trade receivables	Net current trade receivables	Other current receivables	Current accruals and deferrals	Total current trade and other receivables	Other non-current receivables	Total other non-current receivables
Not due	2 838	-137	2 701	3 373	482	8 939	386	386
Less than 30 days	486	-52	434			107		
Between 30 and 59 days	436	-22	414			16		
Between 60 and 89 days	1 708	-30	1 678			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

2022								
(in K euro)	Gross current trade receivables	Write-downs on trade receivables	Net current trade receivables	Other current receivables	Current accruals and deferrals	Total current trade and other receivables	Other non-current receivables	Total other non-current receivables
Not due	3 645	-122	3 523	1 455	339	5 317	96	96
Less than 30 days	641	-53	588			588		
Between 30 and 59 days	54	-20	34			34		
Between 60 and 89 days	48	-21	27			27		
Between 90 and 179 days	116	-69	47			47		
Between 180 and 359 days	229	-216	13			13		
More than 359 days	719	-694	25			25		
	5 453	1 194	4 258	1 455	339	6 052	96	96

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 at 31 December 2021 and 2022.

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:

2021 financial year

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

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 s.r.l., the Italian lab, which operates in the photofinishing market. As of the 4th quarter of 2008 the group no longer has joint control over this lab. This participation is accounted for in accordance with IFRS 10 as a financial asset, and is fully depreciated. The company is already put into liquidation as per 30 December 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.

2022 financial year

2022				
(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	-1 122	-318
Accumulated write-downs: additions (-), reversals			-331	
Utilisation			289	
Translation differences			-31	
Other changes				-28
Balance at end of current period	-1 689	-50	-1 194	-346

There are no changes in the sections 'Available for sale investments' and in the 'Other financial assets', compared to the 2021 financial year. The write-downs on the other receivables amount to -28K euro.

The amount of -1 689K euro under the section 'Available for sale Investments' relates to FLT s.r.l., the Italian lab, which operates in the photofinishing market. As of the 4th quarter of 2008 the group no longer has joint control over this lab. This participation is accounted for in accordance with IFRS 10 as a financial asset and is fully depreciated. The company is already put into liquidation as per 30 December 2020, but has not been dissolved up to now.

Regarding the trade receivables, write-downs are recognised in 2022 via the profit/loss (-) from operating activities for an amount of 331K euro (Note 8). The other mutations relate to utilisations of 289K euro and -31K euro due to the effect of translation differences.

Liquidity risk

The net cash increased from a cash surplus of 16 194K euro at the end of 2021, based on the revised amounts, to a cash surplus of 18 407K euro at the end of 2022.

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.

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

2022									
(in K euro)	Carrying amount	Contractual cash flows including finance costs	Up to 1 year	2024	2025	2026	2027	2028	More than 5 years
Interest-bearing financial liabilities									
Secured bank loans	2 363	2.583	536	528	521	486	178	171	163
Lease liabilities									
Land & buildings	2 670	2 893	459	427	416	416	322	262	591
Furniture, fixtures & vehicles	702	702	279	199	152	72			
Trade and other payables	22 208	22 208	22 208						
Total	27 944	28 386	23 482	1 154	1 089	975	501	432	754

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 2023.

There are no derivative contracts in 2021. In 2022, the exchange rate fluctuations in the Swiss franc were covered by forward contracts. For more information, reference is made to 'Exchange rate risk' below.

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, 2021 and 2022 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 Swiss franc, the Norwegian krone, the Swedish krona, the American dollar, the Danish krone and the British pound. In 2022, the exchange rate fluctuations in the Swiss franc were covered by forward contracts. They were valued at fair value. As at 31 December 2022, the related change in value of 52K euro was recognised as an expense in the result.

The other 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 2021) would have an impact on the profit/loss (-) before tax of -230K euro or 281K euro respectively as at 31 December 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 31 December 2021.

An increase/decrease of the euro/non-euro currencies by +10% or -10% (reference rate= average rate for 2022) would have an impact on the profit/loss (-) before tax of -157K euro or 192K euro respectively as at 31 December 2022. An increase/decrease by +10% or -10% (reference rate= closing rate for 2022) would have an impact on the carrying value of -15K euro or 101K euro respectively as at 31 December 2022.

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, amongst 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.

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

No events have occurred as from the closing of the 2022 financial year that could have a significant impact on the company's results.





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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 2021 and 2022.

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
FRUCON INTERNATIONAL INC. 333 Fayetteville Street, Suite 500, 27601 NC Raleigh, United States of America	1057419	100.00
NAYAN NV Pittensestraat 58D, 8850 Ardoonie, Belgium	BE 0806.661.106	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, the Netherlands	NL 821156469B01	100.00
SMARTPHOTO NORDIC AB Östergatan 39, 4 Van, 211 22 Malmö, Sweden	SE 556334-8100	100.00

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 Milan, Italy	IT 13146200152	49.00
SPECTOR VERWALTUNG GmbH ⁽²⁾ Müßmattstrasse 49, 79618 Nürnberg, 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, but has not been dissolved up to now. Spector Verwaltung GmbH is an inactive company that operated in the wholesale photofinishing market until 2001.



SMART
— 2 —
GIVE
by smartphoto

BARBECUE
PARTY



SMOKEY
OLIVE WOOD

3



SMART
— 2 —
GIVE
WHOLE GRAIN
COUSCOUS 810G
390G



SMART
— 2 —
GIVE
PROVENCAL HERBS
40G

PROVENCAL HERBS
40G



SMART
— 2 —
GIVE
BARBECUE HERBS
100G

BARBECUE HERBS
100G



SMART
— 2 —
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2022 STATUTORY ANNUAL ACCOUNTS



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Abridged version of the statutory annual accounts



Balance sheet after profit allocation

ACTIVA (in euro)	2021	2022
FIXED ASSETS	74 808 033	72 501 517
Intangible fixed assets	11 101 571	9 662 445
Tangible fixed assets	554 755	474 035
Land and buildings	456 409	398 477
Plant, machinery and equipment	98 346	75 558
Financial fixed assets	63 151 707	62 365 037
Affiliated companies	63 133 707	62 365 037
Participating interests	49 333 707	49 265 037
Amounts receivable	13 800 000	13 100 000
Other financial fixed assets	18 000	
Amounts receivable and cash guarantees	18 000	
CURRENT ASSETS	16 279 793	22 558 316
Amounts receivable within one year	4 380 617	2 970 198
Trade debtors	2 123 406	1 907 251
Other amounts receivable	2 257 211	1 062 947
Current investments	3 382 460	6 666 627
Own shares	3 379 263	6 663 430
Other investments and deposits	3 197	3 197
Cash at bank and in hand	8 432 874	12 780 373
Deferred charges and accrued income	83 842	141 118
TOTAL ASSETS	91 087 826	95 059 833

EQUITY AND LIABILITIES (in euro)	2021	2022
EQUITY	68 183 594	68 334 860
Capital	41 381 403	41 381 403
Issued capital	41 381 403	41 381 403
Reserves	10 348 416	13 592 823
Reserves not available	7 517 404	10 801 571
Legal reserve	4 138 141	4 138 141
Purchase of own shares	3 379 263	6 663 430
Untaxed reserves	2 831 012	2 791 252
Accumulated profits/losses (-)	16 453 775	13 360 634
AMOUNTS PAYABLE	22 904 232	26 724 973
Amounts payable after more than one year	2 141 658	1 042 549
Financial liabilities	1 391 658	1 042 549
Financial debts	1 260 774	942 666
Other debts	130 884	99 883
Other liabilities	750 000	
Amounts payable within one year	20 619 540	25 618 077
Current portion of amounts payable after more than one year falling due within one year	315 539	318 108
Trade debts	8 080 407	8 144 821
Suppliers	8 080 407	8 144 821
Taxes, remuneration and social security	1 861 447	1 979 886
Taxes	881 627	861 015
Remuneration and social security	979 820	1 118 871
Other amounts payable	10 362 147	15 175 262
Accruals and deferred income	143 034	64 347
TOTAL LIABILITIES	91 087 826	95 059 833

Profit and loss account

(in euro)	2021	2022
Operating income	35 936 910	37 545 113
Turnover	34 774 945	35 924 354
Produced fixed assets	596 737	830 715
Other operating income	565 228	790 044
Operating charges	-35 049 317	-36 140 264
Goods for resale, raw materials and consumables	-17 157 515	-17 260 744
Purchases	-17 157 515	-17 260 744
Services and other goods	-9 019 746	-9 634 040
Remuneration, social security and pensions	-5 634 190	-5 853 770
Amortisations of and other amounts written down on formation expenses, intangible and tangible fixed assets	-2 791 805	--2 831 627
Amounts written down on stocks, contracts in progress and trade debtors: additions(-)/write-backs	66 933	139 477
Other operating charges	-512 994	-467 581
Non-recurring operating charges		- 231 979
Operating profit/loss (-)	887 593	1 404 849
Financial income	10 552 937	4 186 220
Recurring financial income	3 961 188	4 186 220
Income from financial fixed assets	3 230 834	3 453 136
Income from current assets	713 967	722 199
Other financial income	16 387	10 885
Non-recurring financial income	6 591 749	
Financial charges	-6 785 807	-1 794 676
Recurring financial charges	-314 079	-294 676
Debt charges	-122 098	-162 729
Amounts written down on current assets other than stocks, contracts in progress and trade debtors: additions (-)/write-backs	1 221 786	- 27 951
Other financial charges	-1 413 767	- 103 996
Non-recurring financial charges	-6 471 728	-1 500 000
Profit/Loss(-) for the period before taxes	4 654 723	3 796 393
Income taxes on the result	-106 718	-35 705
Taxes	-120 496	-45 199
Adjustments of income taxes and write-back of tax provisions	13 778	9 494
Profit/Loss(-) of the period	4 548 005	3 760 688
Transfer from untaxed reserves	39 760	39 760
Profit/Loss(-) of the period available for appropriation	4 587 765	3 800 448

Appropriation account

(in euro)	2021	2022
Profit/Loss(-) to be appropriated	18 943 292	20 254 223
Profit/Loss (-) of the period available for appropriation	4 587 765	3 800 448
Profit/Loss (-) of the preceding period brought forward	14 355 527	16 453 775
Appropriations to equity	68 963	3 284 167
to other reserves	68 963	3 284 167
Profit/Loss(-) to be carried forward	16 453 775	13 360 634
Profit to be distributed	2 420 554	3 609 422
Compensation for contributions	2 420 554	3 609 422

Structure of the shareholdership of the company as at 31 December 2022

Aandeelhouders met een percentage \geq 3% van het totaal aantal aandelen

	Most recent notification	% of total ⁽¹⁾ (number of shares)	Number of shares	% of total ⁽²⁾
CONSORTIUM MIDELCO NV, CECAN INVEST NV, ISARICK NV and Philippe Vlerick c/o Doorniksewijk 49, B-8500 Kortrijk	24/08/2018	18.71% (701 195)	737 470	18.71%
- MIDELCO NV		12.78%	503 830	12.78%
- CECAN INVEST NV		5.51%	217 364	5.51%
- ISARICK NV		0.32%	12 669	0.32%
- PHILIPPE VLERICK		0.09%	3 607	0.09%
SHOPINVEST NV and controlling person Beukenlaan 1, B-9250 Waasmunster	16/09/2015	15.65% (570 000)	720 945	18.29%
- SHOPINVEST NV			719 000	18.24%
- Etienne Kaesteker			1 945	0.05%
ALYCHLO NV and controlling person Lembergsesteenweg 19, B-9820 Merelbeke	27/05/2020	15.01% (591 551)	629 901	15.98%
- ALYCHLO NV		14.98%	629 001	15.96%
- Marc Coucke		0.02%	900	0.02%
SMARTPHOTO GROUP NV Kwatrechtsteenweg 160, B-9230 Wetteren	31/02/2022	5.04% (198 641)	300 210	7.62%
PARTFIM SA Avenue Montjoie 167 bus 9, B-1180 Brussel	02/06/2020	3.59% (141 500)	141 500	3.59%

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

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

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	6 663 433	300 210
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.





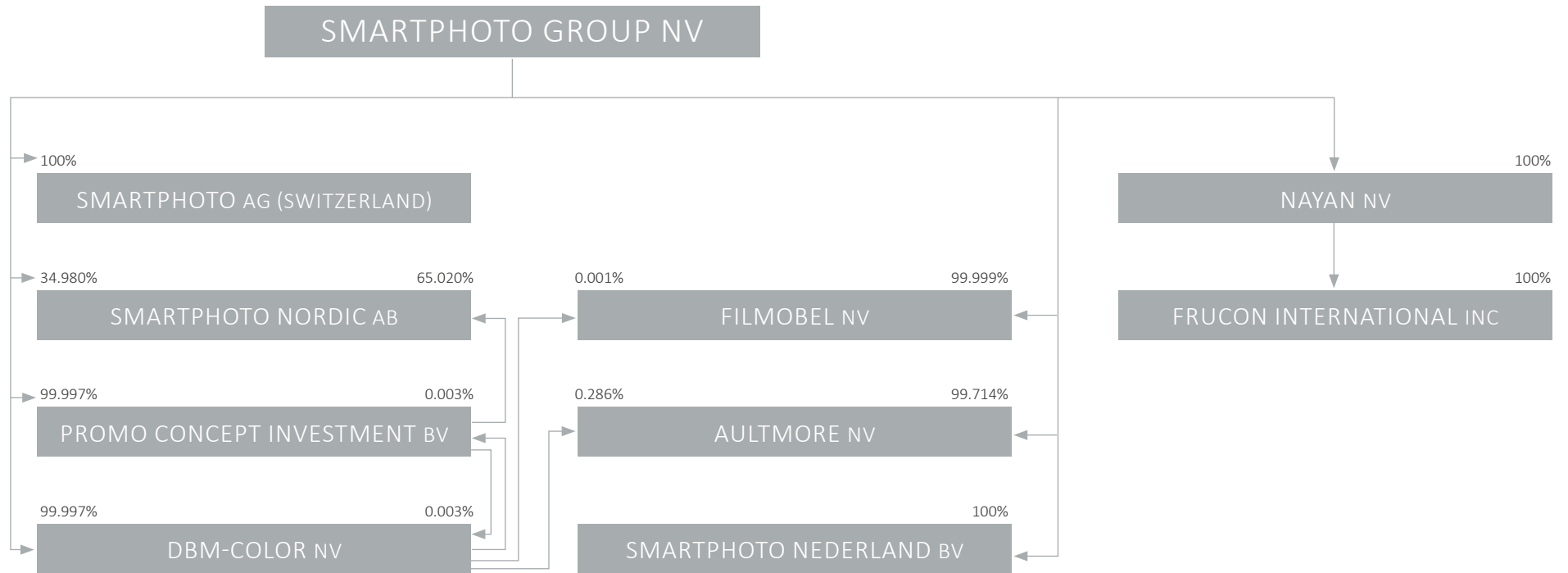
ORGANISATION CHART



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".



CHARLOTTE
& HARRY