

PRESS RELEASE – Regulated information

Wetteren, March 4, 2021 – 7:40 a.m.

ANNUAL RESULTS 2020
**Smartphoto group again achieves very strong growth in turnover and profitability
Dividend proposal**

- Revenue showed a double-digit growth of 19.2% from 51.5 million euro in 2019 to 61.4 million euro in 2020.
- Improved marketing efficiency leads to an EBITDA growth of 34.9% from 8.8 million euro in 2019 to 11.9 million euro in 2020.
- Net result evolves from 6.9 million euro in 2019 to 8.4 million euro in 2020.
- Increase in net cash of 5.0 million euro (+61.1%) from 8.2 million euro in 2019 to 13.2 million euro in 2020, despite the dividend payment, further purchase of treasury shares and the start-up of the new factory.
- Proposal to pay a gross dividend for 2020 of 0.60 euro per share (or an increase of 9%).

Key figures

Audited figures, prepared in accordance with IFRS

	(in €' 000)	2019	2020	Δ in % 2020
Revenue		51 466	61 364	19,2%
Profit/loss (-) from operating activities (EBIT)		5 108	8 343	63,33%
Depreciation, amortisation, write-downs and provisions from operating activities		3 682	3 517	-4,48%
<i>Profit/loss (-) from operating activities, corrected for depreciation, amortisation, write-downs and provisions (EBITDA)</i>		8 790	11 860	34,92%
Financial result		-250	-477	-91,10%
Write-offs and provisions from financial items		58	138	137,85%
Profit/loss (-) before tax		4 858	7 865	61,90%
<i>Profit/loss (-) before taxes, corrected for depreciation, amortisation, write-downs and provisions</i>		8 598	11 520	33,98%
Income taxes expense (-)/income		2 068	532	-74,29%
Deferred taxes		-2 533	-1 218	51,93%
Profit/loss (-) for the period		6 926	8 397	21,24%
Profit/loss (-) for the period, corrected for depreciation, amortisation, write-downs, provisions and deferred taxes		8 133	10 834	33,21%
Profit/loss (-) for the period attributable to equity holders of the parent company		6 926	8 397	21,24%

	(in €' 000)	2019	2020	Δ in % 2020
Total assets		64 221	71 095	10,7%
Gross financial debt (-)		-6 215	-4 717	24,1%
Net financial debt (-)/Net cash		8 211	13 229	61,1%
Total equity		40 458	45 477	12,4%
Solvency ratio		63,0%	64,0%	1,5%
Current ratio		115,8%	122,7%	5,9%

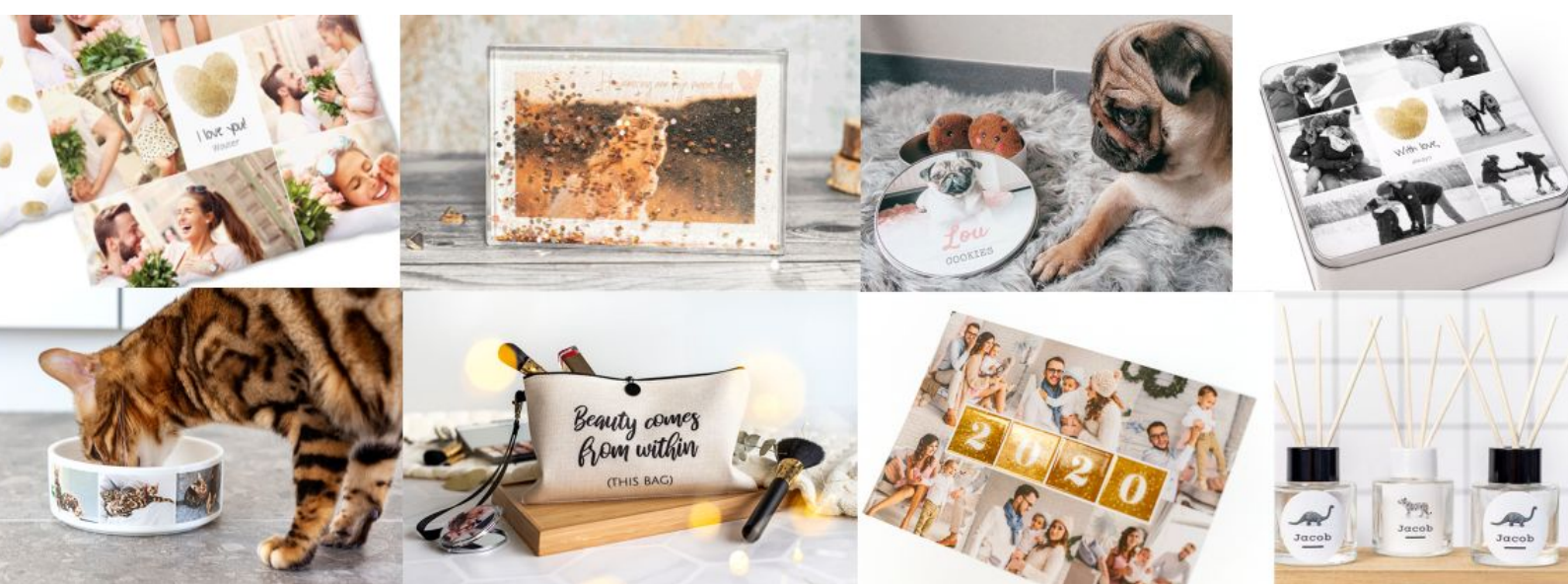
More detailed figures are included at the end of this press release.

Explanation

Smartphoto group, the innovative e-commerce group in Wetteren, continued its double-digit growth in revenue. With an increase of 9.9 million euro, revenue evolved from 51.5 million euro in 2019 to 61.4 million euro in 2020 (+19.2%).

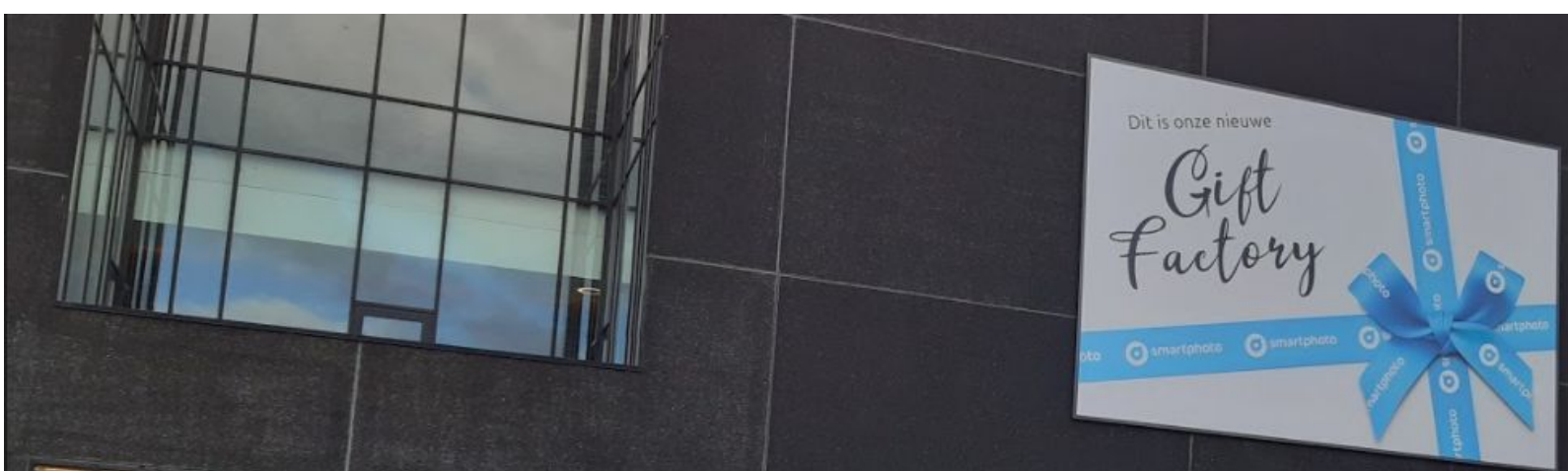
EBITDA grew by 34.9% from 8.8 million euro in 2019 to 11.9 million euro in 2020, i.e. an increase of 3.1 million euro.

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



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

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



Financial result

The financial result decreased from -0.3 million euro in 2019 to -0.5 million euro in 2020. This decrease is mainly due to the exchange rate losses arising from the translation differences following the deconsolidation of ExtraFilm A/S (-0.1 million euro) and the negative impact of exchange rate fluctuations related to the SEK, CHF and NOK (-0.1 million euro).

Income taxes

Income taxes evolved from 2.1 million euro in 2019 to 0.5 million euro in 2020. The income tax income of 0.5 million euro consist, on the one hand, of the 1.6 million euro increase in deferred tax assets as a result of further growth in profitability, which results in an accelerated recovery of the tax losses, and the increase of the deferred tax liabilities for 0.4 million euro related to taxable temporary differences. On the other hand, the income tax expense on the result amounted to 0.7 million euro.

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

As at December 31, 2020, the net profit amounted to 8.4 million euro, an increase of 21.2% compared to the net profit of 6.9 million euro as at December 31, 2019. This increase in profit for the period 2020 of 1.5 million euro can mainly be explained by:

- an increase in profit from operating activities of 3.2 million euro;
- a decrease in the financial result by 0.2 million euro; and,
- a decrease in income tax income of 1.5 million euro.

The other comprehensive income after tax amounted to 1.3 million euro at December 31, 2020 compared to 0.03 million euro at December 31, 2019. This other comprehensive income mainly concerns the revaluation gain on land and buildings after tax for 1.3 million euro.

The profit or loss (-) and other comprehensive income/loss (-), including the reclassification adjustments related to the translation differences following the deconsolidation of ExtraFilm (Norway) A/S (0.2 million euro), amounted to 9.9 million euro.

Dividend

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

Statement of financial position

The balance sheet total increased by 6.9 million euro to 71.1 million euro as at 31 December 2020. Mainly the following elements contributed to this:

Property, plant & equipment

The net book value of the property, plant & equipment has increased by 3 million euro. This increase can be explained by:

- the investments for 1.9 million euro, mainly consisting of the investments in production machines, the start-up of the additional production building in Vantegem (Wetteren) and renovations with regard to the building in Kwatrecht (Wetteren),
- the revaluation surplus with regard to the land and buildings in Wetteren for an amount of 2.4 million euro, and
- the depreciation of the property, plant & equipment for an amount of 1.3 million euro.

Right-of-use assets

The net book value of the right-of-use assets amounts to 1.4 million euro as at 31 December 2020, compared to a net book value of 2.0 million euro as at 31 December 2019. This decrease in the net book value includes on the one hand the investments for 0.2 million euro and on the other hand the depreciation over the period for 0.9 million euro.

Intangible assets

The net book value of the intangible assets has increased by 0.1 million euro to 2.8 million euro.

This increase is mainly related to the investments of 1.1 million euro, of which 0.5 million euro were generated internally, and the depreciation for 0.9 million euro. The investments mainly relate to:

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

Deferred tax assets

Deferred tax assets increased from 9.4 million euro as at December 31, 2019 to 11.1 million euro as at December 31, 2020, an increase of 1.6 million euro. This net increase is the result of the increase of deferred tax assets for 1.8 million euro on the one hand and the reversal and use of deferred tax assets for 0.2 million euro on the other.

Inventories

Inventories remained more or less stable at 2.5 million euro in 2020 compared to 2.4 million euro in 2019, notwithstanding a 19.2% increase in revenue.

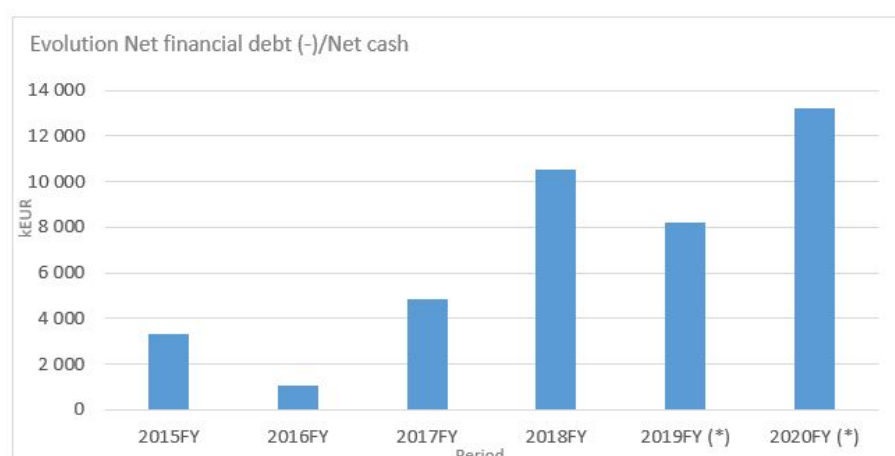
Trade and other receivables

Trade and other receivables (non-current and current) evolved from 3.5 million euro as at December 31, 2019 to 2.7 million euro as at December 31, 2020, a decrease of 0.8 million euro.

Net cash

Net cash evolved from a cash surplus of 8.2 million euro in 2019 to a cash surplus of 13.2 million euro in 2020, an increase of 5 million euro (+61.1%).

This increase in net cash is the result of, on the one hand, the realized substantial free cash flow from smartphoto's regular activities on an annual basis, and in particular in the second half of 2020, and, on the other hand, the investments in property, plant and equipment and intangible assets (2.5 million euro), the dividend payment (2.1 million euro) and the purchase of treasury shares (2.8 million euro).



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

Total equity

Total equity continued to strengthen by 5.0 million euro from 40.5 million euro in 2019 to 45.5 million euro in 2020.

This increase in equity is mainly due to:

- the net profit of the fiscal year 2020 for 8.4 million euro;
- the revaluation of the land and buildings for 1.3 million euro, consisting of 2.4 million euro revaluation surplus and 1.1 million euro recorded deferred tax liabilities;
- the payment of the 2019 dividend for 2.1 million euro;
- the purchase of 155 994 treasury shares for 2.8 million euro, consisting of:
 - The purchase of 114 413 treasury shares in the period from January 1, 2020 to August 7, 2020 for 1.9 million euro following the execution of the share purchase program with start date May 2, 2019, of which 75 000 shares (1.3 million euro) were purchased through block trades.
 - The purchase of 41 581 treasury shares in the period from September 17, 2020 to December 31, 2020 for 0.8 million euro following the execution of the share purchase program with start date September 17, 2020.

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

Non-current and current interest bearing financial liabilities

The interest bearing financial liabilities amount to 3.3 million euro as at December 31, 2020 compared to 4.2 million euro as at December 31, 2019.

During 2020, an amount of 0.4 million euro was repaid in relation to the fixed rate financing agreement entered into in 2015 with KBC Bank. This loan was entered into for a period of 5 years and was fully repaid as of June 30, 2020.

Furthermore, an amount of 0.5 million euro was repaid concerning the loans in the context of the acquisition of Aultmore NV following the purchase of the additional production building.

Non-current and current lease liabilities

The lease liabilities amount to 1.4 million euro as at December 31, 2020 compared to 2.0 million euro as at December 31, 2019. This net decrease of 0.6 million euro is the result, on the one hand, of the repayment of current lease liabilities, and, on the other hand, the entry into new lease agreements, mainly related to vehicles.

Non-current and current employee benefit liabilities

The employee benefit liabilities increased by 0.3 million euro and amount to 3.4 million euro at the end of 2020, of which 1.0 million euro were non-current employee benefit liabilities relating to the pension obligations of the companies in the consolidation scope.

Deferred tax liabilities

The deferred tax liabilities increased from 0.7 million euro as at December 31, 2019 to 2.2 million euro as at December 31, 2020, an increase of 1.5 million euro. This net increase is mainly due to the recognition of deferred tax liabilities on the revaluation surplus for 1.1 million euro, recognised through other comprehensive income and the recognition of taxable temporary differences on assets for 0.4 million euro.

Current trade payables and other payables

The current trade payables and other payables increased by 1.4 million euro and amounted to 14.8 million euro as at the end of 2020. The increase mainly includes an increase of 0.6 million euro in supplier payables and an increase of 0.9 million euro in payables related to value added taxes.

Opinion of the Statutory auditor

UNQUALIFIED OPINION WITH AN EMPHASIS OF MATTER PARAGRAPH

The statutory auditor, Grant Thornton Bedrijfsrevisoren CVBA, has confirmed that its auditing activities have been completed regarding the contents of this press release and that they did not reveal any significant adjustments concerning the consolidated amounts of the group concerning 2020, that should be included in the financial data of this press release. The statutory auditor remarks that the present valuation of the consolidation goodwill and of the deferred tax assets depends on the future positive development of the market conditions on which the business plan is based.

Antwerp, March 3, 2021

Grant Thornton Bedrijfsrevisoren CVBA
Statutory auditor
Represented by

Danny De Jonge
Certified auditor

Outlook 2021⁽¹⁾

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

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

Definitions

EBIT = Profit/Loss (-) from operating activities.

EBITDA = Profit/Loss from operating activities, corrected for depreciation, amortisation, write-downs and provisions.

Cash surplus = Net cash = Total cash and cash equivalents less current and non-current interest bearing financial liabilities and lease liabilities.

Dividend = The share of profits (or reserves) distributed to the shareholders.

Balance sheet total = Total assets = Total of equity and liabilities.

Gross financial debt = Current and non-current interest bearing financial liabilities.

Solvency ratio = The ratio of Total equity to Balance sheet total.

Liquidity Ratio = The ratio of Current assets to Current liabilities.

About smartphoto group

Smartphoto group, the innovative e-commerce group, operates in 12 European countries and primarily targets consumers. The shares of smartphoto group are traded on Euronext Brussels (ISIN BE0974323553, ticker symbol SMAR).

Smartphoto group is active in B2C e-commerce with affordable, high-quality personalized products such as photo books, personalized gifts, cards, calendars, wall decoration and prints.

Financial calendar

May 12, 2021	at 2 p.m.	Annual General Meeting of Shareholders
August 25, 2021 ⁽²⁾	after trading hours	Half-year results and half-yearly financial report for 2021
January 28, 2022 ⁽²⁾	after trading hours	Trading update 2021
March 3, 2022 ⁽²⁾	before trading hours	Annual results 2021

For additional information, please contact:

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⁽¹⁾This press release contains forward-looking information 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 release.

⁽²⁾Indicative dates

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



Audited financial statements

Income statement for the period

	(in € '000)	2019	2020
Revenue		51 466	61 364
Other operating income		753	1 083
Changes in inventory of finished goods & work in progress		4	13
Capitalisation of internally generated intangible assets		553	489
Trade goods, raw materials and consumables		-16 382	-20 319
Employee expenses		-11 631	-12 147
Depreciation, amortisation and write-downs		-3 044	-3 491
Other operating expenses		-16 611	-18 650
Operating profit/loss (-)		5 108	8 343
Financial income		56	90
Financial costs		-306	-567
Financial result		- 250	- 477
Profit/loss (-) before taxes		4 858	7 865
Income taxes expense (-)/ income		2 068	532
Profit/loss (-) for the period		6 926	8 397
Profit/loss (-) for the period attributable to equity holders of the parent company		6 926	8 397
	(in €)	2019	2020
Profit/loss (-) for the period per share in €		1,757	2,130
Profit/loss (-) for the period attributable to equity holders of the parent company per share in €		1,757	2,130

Income statement and other comprehensive income/loss (-) for the period

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

Statement of financial position as at the end of the period

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

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

Statement of changes in equity

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

(in € '000)	Balance as at 31.12.2019	Profit/loss (-) for the period	Reclassification adjustments	Other comprehensive income	Taxes on other comprehensive income	Total other comprehensive income	Dividend distributed to shareholders	Transactions relating to treasury shares	Balance as at 31.12.2020
Share capital	41 381								41 381
Retained earnings	-8 031	8 397				8 397	-2 131		-1 765
Revaluation surplus	5 640			2 447	-1 130	1 316			6 956
Treasury shares	-595							-2 765	-3 360
Currency translation adjustments	2 062		219	-21	5	203			2 265
Equity attributable to equityholders of the parent	40 458	8 397	219	2 426	-1125	9 916	-2 131	-2 765	45 477

Cash flow statement for the period

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

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