

# SMARTPHOTO GROUP

## HALF-YEARLY FINANCIAL REPORT 2022

Regulated information



# HALF-YEARLY FINANCIAL REPORT 2022

## TABLE OF CONTENT

Management responsibility statement	3
Key figures	4
About the first half-year	5
Abridged financial statements for the period ending June 30, 2022	6
Statement of profit or loss for the period	6
Statement of profit or loss and other comprehensive income for the period	6
Statement of financial position as at the end of the period	7
Statement of cash flows for the period	8
Statement of changes in equity for the period	9
Basis for the preparation of the half-yearly consolidated financial statements	9
Notes to the half-yearly consolidated financial statements	11
1. Operating segments	11
2. Revenue	12
3. Capitalisation of internally generated intangible assets	12
4. Trade goods, raw materials and consumables	12
5. Employee benefits	12
6. Depreciation, amortisation, write-downs and impairment	13
7. Other operating expenses	13
8. Financial result	13
9. Income taxes expense (-)/income	13
10. Other comprehensive income/loss (-)	13
11. Property, plant and equipment	14
12. Right-of-use assets	14
13. Goodwill	14
14. Intangible assets	15
15. Deferred tax assets	15
16. Inventories	15
17. Trade and other receivables	16
18. Cash and cash equivalents	16
19. Current tax assets	16
20. Total equity	16
21. Current and non-current interest-bearing financial liabilities	17
22. Current and non-current lease liabilities	17
23. Current and non-current trade and other payables	17
24. Current and non-current employee benefit liabilities	18
25. Provisions	18
26. Deferred tax liabilities	18
27. Current tax liabilities	18
28. Subsequent events	18
29. Seasonality of the interim business activity	18
30. Contingent receivables and liabilities and important future assumptions	19
31. Risk factors	19
32. Shareholders' structure	19
33. Related parties	20
34. Alternative performance measures (APM's)	20
Financial calendar	22
Outlook 2022	22
About smartphoto group	23

## Management responsibility statement

Mr Stef De corte, Chief Executive Officer, declares, in the name of and on behalf of smartphoto group, that, to the best of his knowledge:

- the half-yearly consolidated 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 interim half-yearly report gives a true and fair view of the development, the results of the first half of 2022, their impact on the abridged half-yearly consolidated financial statements, and the information that has to be communicated on the part of smartphoto group NV and the companies included in the consolidation, as well as a description of the risks and uncertainties they face with regard to the remaining months of the financial year.

## HALF-YEARLY RESULTS 2022

### smartphoto group realises strong profitable growth

- Revenue over the first 6 months of 2022 increased by 39.1% and evolved from 21 060K euro last year to 29 304K euro as at June 30, 2022. This increase was achieved through the company's internal organic growth (+8.5%) and through the integration of naYan.
- Over the first 6 months of 2022 profitability increased strongly compared to a year earlier due to a better product mix and price adjustments, this notwithstanding higher production, transport and material costs. EBITDA increased from 965K euro in the first half of 2021 to 3 238K euro as at June 30, 2022 (+235.5%).
- Net profit over the first half of 2022 of 975K euro compared to a net loss of 824K euro a year earlier.
- Positive evolution of net cash on an annual basis from 881K euro to 2 895K euro, and this despite the dividend payment over 2021, the additional share buy-back and further investments in growth.
- Despite the uncertain general economic outlook, smartphoto group expects further year-on-year growth in revenue and EBITDA.

## Key figures

Unaudited figures, prepared in accordance with IFRS

	(in K euro)	June 2021	June 2022	Δ in %
Revenue		21 060	29 304	39.1%
Profit/loss (-) from operating activities (EBIT)		-720	1 376	
Depreciation, amortisation, write-downs, impairment and provisions from operating activities		1 685	1 861	10.5%
<i>Profit/loss (-) from operating activities, corrected for depreciation, amortisation, write-downs, impairment and provisions (EBITDA)</i>		965	3 238	235.5%
Financial result		-106	-385	-263.6%
Write-offs and provisions from financial result		-47	245	
Profit/loss (-) before taxes		-826	991	
<i>Profit/loss (-) before taxes, corrected for depreciation, amortisation, write-downs, impairment and provisions</i>		812	3 097	281.4%
Income taxes expense (-)/income		2	-16	
Deferred taxes		-2	10	
Profit/loss (-) for the period		-824	975	
<i>Profit/loss (-) for the period, corrected for depreciation, amortisation, write-downs, impairment, provisions and deferred taxes</i>		812	3 091	280.7%
Profit/loss (-) for the period attributable to shareholders of the parent company		-824	975	

	(in K euro)	June 2021	Dec 2021	June 2022	Δ in % June 2021- June 2022	Δ in % Dec 2021- June 2022
Total assets		57 308	82 566	69 044	20.5%	-16.4%
Gross financial debt (-)		-4 266	-3 800	-6 035	41.5%	58.8%
Net financial debt (-)/Net cash		881	17 013	2 895	228.4%	-83.0%
Total equity		42 209	48 939	45 733	8.3%	-6.6%
Solvency ratio		73.7%	59.3%	66.2%	-10.1%	11.8%
Current ratio		117.2%	130.8%	133.6%	13.9%	2.1%

## About the first half-year

### Explanatory notes

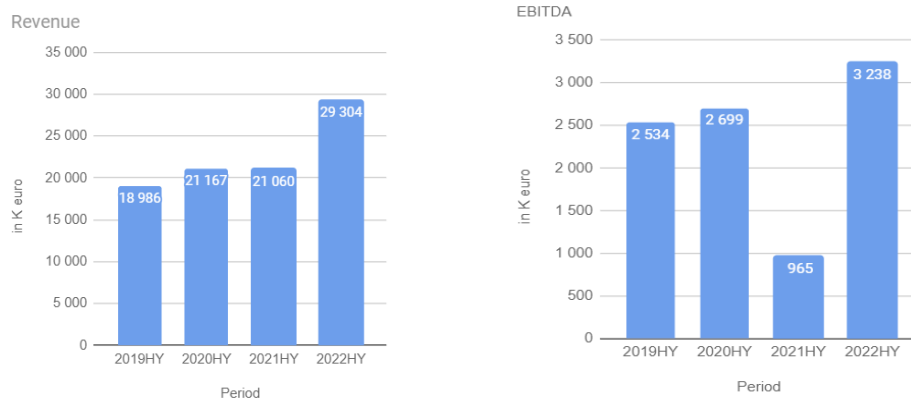
Smartphoto group, the innovative e-commerce group from Wetteren, realised a strong increase in revenue over the first 6 months of 2022 by 39.1%, with figures evolving from 21 060K euro last year to 29 304K euro as at June 30, 2022. This increase was achieved through its internal organic growth (+8.5%) and through the integration of naYan.

The further expansion of the product range of personalised products and gifts, with photo and/or text, including products for pets and pet owners and new designs in themes related to pets, gift boxes to surprise friends and family, products made of natural materials, etc., and an acceleration in the launch of new products, have led to this further growth in revenue and profitability. The further expansion of the number of products with fast delivery - 'Ordered today, delivered tomorrow' - also provides a positive contribution.

In 2022, there were no longer any Covid restrictions and all festive occasions such as communion and Mother's Day could be celebrated in full.

EBITDA increased from 965K euro in the first half of 2021 to 3 238K euro as at June 30, 2022, an increase of 235.5%.

Due to, among others, a better product mix and price adjustments, profitability over the first six months of 2022 increased compared to a year earlier, despite higher production, transport and material costs and traditionally lower volumes in the first half of the year compared to the second half.



On June 16, 2022, the evaluation committee of the Voka Charter Sustainable Entrepreneurship (VCDO) East Flanders awarded smartphoto group the certificate of 'Laureate 2022 Sustainable Entrepreneurship', in recognition of its commitment to sustainability and the successful completion of the 2021 annual action plan for more sustainable business operations. This plan was developed within the Voka Charter for Sustainable Business and in cooperation with the Sustainability team of smartphoto group. With the commitment to also realise the proposed actions in 2022, smartphoto group aims for a second Voka Charter for Sustainable Business certificate.

In the month of July 2022, smartphoto again obtained the 'Best of Test' label for its photo books, awarded by Test Aankoop on the basis of comparative and independent test results and analyses.



## Abridged financial statements for the period ending June 30, 2022

### STATEMENT OF PROFIT OR LOSS FOR THE PERIOD

	(in K euro)	Note	June 2021	June 2022
Revenue		2	21 060	29 304
Other operating income			492	713
Changes in inventory of finished goods and work in progress			-16	
Capitalisation of internally generated intangible assets		3	241	482
Trade goods, raw materials and consumables		4	-7 280	-8 841
Employee benefits		5	-6 306	-8 457
Depreciation, amortisation, write-downs and impairment		6	-1 689	-1 863
Other operating expenses		7	-7 223	-9 962
Profit/loss (-) from operating activities			-720	1 376
Financial income			80	76
Financial expenses			-186	-461
Financial result		8	-106	-385
Profit/loss (-) before taxes			-826	991
Income taxes expense (-)/ income		9	2	-16
Profit/loss (-) for the period			-824	975
Profit/loss (-) for the period attributable to equity holders of the parent company		10	-824	975
	(in euro)	Note	June 2021	June 2022
Profit/loss (-) for the period per share in euro			-0.209	0.247
Profit/loss (-) for the period per share based on the weighted average number of shares with dividend rights in euro <sup>(1)</sup>			-0.220	0.261

<sup>(1)</sup> The weighted average number of treasury shares purchased during the first half year of 2021 amounts to 51. The calculation is as follows: the total number of outstanding days is multiplied by the number of treasury shares purchased, and divided by 184. The total weighted average number of shares entitled to dividend amounts to 3 748 766.

<sup>(1)</sup> The weighted average number of treasury shares purchased during the first half year of 2022 amounts to 16 469. The calculation is as follows: the total number of outstanding days is multiplied by the number of treasury shares purchased, and divided by 184. The total weighted average number of shares entitled to dividend amounts to 3 735 453.

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD

	(in K euro)	Note	June 2021	June 2022
Profit/loss (-) for the period			-824	975
<u>Other comprehensive income:</u>				
Items which possibly will be reclassified to profit or loss				
Translation differences			-23	58
Total of items which possibly will be reclassified to profit or loss			-23	58
Other comprehensive income, net of taxes		10	-23	58
Total of profit or loss and other comprehensive income			-847	1 033
Total of profit or loss and other comprehensive income for the period attributable to equity holders of the parent company			-847	1 033



## STATEMENT OF FINANCIAL POSITION AS AT THE END OF THE PERIOD

ASSETS	(in K euro)	Note	Dec 2021	June 2022
<u>Non-current assets</u>				
Property, plant and equipment		11	17 031	16 676
Right-of-use assets		12	954	3 426
Goodwill		13	16 606	16 606
Intangible assets		14	3 136	3 257
Trade and other receivables		17	386	241
Deferred tax assets		15	10 341	10 319
Total non-current assets			48 455	50 525
<u>Current assets</u>				
Inventories		16	4 030	3 593
Trade and other receivables		17	9 248	5 781
Other financial assets			3	3
Cash and cash equivalents		18	20 812	8 930
Current tax assets		19	18	212
Total current assets			34 112	18 519
<b>TOTAL ASSETS</b>			<b>82 566</b>	<b>69 044</b>

EQUITY AND LIABILITIES	(in K euro)	Note	Dec 2021	June 2022
<u>Total equity</u>				
Capital			41 381	41 381
Reserves and retained earnings/accumulated loss (-)			1 615	169
Revaluation surplus			6 956	6 956
Treasury shares (-)			-3 379	-5 198
Currency translation adjustments			2 366	2 424
Shareholder's equity			48 939	45 733
Total equity		20	48 939	45 733
<u>Non-current liabilities</u>				
Interest-bearing financial liabilities		21	2 363	2 126
Lease liabilities		22	514	2 751
Trade and other payables		23	750	750
Employee benefit liabilities		24	584	595
Provisions		25	1 133	1 006
Deferred tax liabilities		26	2 205	2 217
Total non-current liabilities			7 550	9 445
<u>Current liabilities</u>				
Interest-bearing financial liabilities		21	473	474
Lease liabilities		22	449	684
Trade and other payables		23	20 996	8 959
Employee benefit liabilities		24	2 926	2 728
Current tax liabilities		27	1 233	1 020
Total current liabilities			26 077	13 866
<b>TOTAL EQUITY AND LIABILITIES</b>			<b>82 566</b>	<b>69 044</b>

## STATEMENT OF CASH FLOWS FOR THE PERIOD

	(in K euro)	June 2021	June 2022
<b>Operating activities</b>			
Net result		-824	975
Depreciation, write-downs, impairment of property, plant and equipment		735	824
Depreciation, write-downs, impairment of right-of-use assets		396	344
Depreciation, amortisation, write-offs, impairment of intangible assets		508	604
Write-downs, impairment on current and non-current assets		49	91
Provisions		-4	-2
Net interest income (-)/expense		82	93
Loss/gain (-) on sale of property, plant and equipment		2	-29
Income tax expenses		-2	16
<i>Operating cash flow before changes in working capital and provisions</i>		942	2 916
Decrease/increase (-) in trade and other receivables and current income tax assets		167	3 447
Decrease/increase (-) in inventories		-110	438
Increase/decrease (-) in trade and other payables		-9 654	-12 300
Increase/decrease (-) in provisions			-127
<i>Increase/decrease (-) in working capital</i>		-9 597	-8 542
<i>Operating cash flow after changes in working capital and provisions</i>		-8 655	-5 626
Interest paid (-)		-71	-47
Interest paid (-) on lease liabilities		-19	-15
Income tax paid (-)		-310	-185
<b>Cash flow from operating activities</b>		<b>-9 055</b>	<b>-5 873</b>
<b>Investing activities</b>			
Proceeds from sale of property, plant and equipment		9	48
Acquisition of property, plant and equipment		-161	-486
Acquisition of other intangible assets		-493	-725
<b>Cash flow from investing activities</b>		<b>-645</b>	<b>-1 162</b>
<b>Financing activities</b>			
Acquisition of treasury shares		-172	-1 819
Repayment of financial liabilities		-235	-236
Repayment of financial lease liabilities		-400	-343
Dividends paid		-2 249	-2 421
<b>Cash flow from financing activities</b>		<b>-3 056</b>	<b>-4 819</b>
Increase/decrease (-) in cash and cash equivalents		-12 756	-11 854
Effect of exchange rate fluctuations		-44	-29
Net increase/decrease (-) in cash and cash equivalents		-12 800	-11 882
Cash and cash equivalents at the beginning of the year		17 946	20 812
Cash and cash equivalents at the end of the period		5 147	8 930
<b>Total cash and cash equivalents</b>		<b>5 147</b>	<b>8 930</b>



## STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD

(in K euro)	Capital	Reserves and retained earnings/ accumulated loss (-)	Revaluation surplus	Treasury shares (-)	Currency translation adjustments	Shareholder's equity
<b>Balance as at 31.12.2020</b>	<b>41 381</b>	<b>-1 765</b>	<b>6 956</b>	<b>-3 360</b>	<b>2 265</b>	<b>45 477</b>
Profit/loss (-) for the period		-824				-824
<b>Other comprehensive income:</b>						
Items which possibly will be reclassified to profit or loss						
Translation differences					-23	-23
Total of items which possibly will be reclassified to profit or loss					-23	-23
Other comprehensive income, net of taxes					-23	-23
Total of profit or loss and other comprehensive income		-824			-23	-847
Total of profit or loss and other comprehensive income for the period attributable to equity holders of the parent company		-824			-23	-847
Dividend distributed to shareholders		-2 249				-2 249
Transactions relating to treasury shares				-172		-172
<b>Balance as at 30.06.2021</b>	<b>41 381</b>	<b>-4 839</b>	<b>6 956</b>	<b>-3 532</b>	<b>2 243</b>	<b>42 209</b>

(in K euro)	Capital	Reserves and retained earnings/ accumulated loss (-)	Revaluation surplus	Treasury shares (-)	Currency translation adjustments	Shareholder's equity
<b>Balance as at 31.12.2021</b>	<b>41 381</b>	<b>1 615</b>	<b>6 956</b>	<b>-3 379</b>	<b>2 366</b>	<b>48 939</b>
Profit/loss (-) for the period		975				975
<b>Other comprehensive income:</b>						
Items which possibly will be reclassified to profit or loss						
Translation differences					58	58
Total of items which possibly will be reclassified to profit or loss					58	58
Other comprehensive income, net of taxes					58	58
Total of profit or loss and other comprehensive income		975			58	1 033
Total of profit or loss and other comprehensive income for the period attributable to equity holders of the parent company		975			58	1 033
Dividend distributed to shareholders		-2 421				-2 421
Transactions relating to treasury shares				-1 819		-1 819
<b>Balance as at 30.06.2022</b>	<b>41 381</b>	<b>169</b>	<b>6 956</b>	<b>-5 198</b>	<b>2 424</b>	<b>45 733</b>

## Basis for the preparation of the half-yearly consolidated financial statements

### STATEMENT OF COMPLIANCE

The half-yearly consolidated financial statements as at June 30, 2022 were prepared in accordance with IAS 34 "Interim financial reporting", approved by the European Union. They do not contain all information necessary for the full financial statements and should therefore be read together with the consolidated financial statements for the financial year ended December 31, 2021, as published in the 2021 annual report.

The half-yearly consolidated financial statements were released for publication by the Board of Directors on August 22, 2022.

## CHANGES TO THE ACCOUNTING POLICIES AND BASIS OF PRESENTATION

The accounting policies and basis of presentation applied for the preparation of the half-yearly consolidated financial statements are identical to those applied for the financial year ended December 31, 2021, as included in the 2021 annual report, with exception of the new standards and interpretations mentioned below, applicable on or after January 1, 2022:

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

Smartphoto group NV applied all those published new and revised standards and interpretations that are relevant to its activities and which are in force for the accounting period that started on January 1, 2022, as issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB.

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

The group has not yet proceeded with the early application of the new standards and amendments to existing standards and interpretations that had already been endorsed by the EU on the date of the financial statements' approval, but which were not compulsorily applicable for the period beginning on January 1, 2022:

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

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

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

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

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

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

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

## CHANGES IN THE CONSOLIDATION SCOPE

The consolidation scope remained unchanged in the first half of 2022.

The name of the legal entity Frucon<sup>2</sup> NV, a company active 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 businesses of personalised gift packages containing chocolate, alcohol, fruit or flowers via websites such as Gift.be and GiftsforEurope.com, was changed to [naYan NV](#).

## Notes to the half-yearly consolidated financial statements

### 1. Operating segments

Taking into account the requirements of IFRS 8, as from the acquisition of naYan NV, the group's activities are reported under two operating segments: the smartphoto segment and the naYan segment.

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

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

	smartphoto		naYan		Not assigned		Total		
	(in K euro)	Dec 2021	June 2022	Dec 2021	June 2022	Dec 2021	June 2022	Dec 2021	June 2022
Revenue									
External revenue	59 922	22 851	3 130	6 453			63 052	29 304	
Intersegment		184		14					
Total revenue	59 922	23 036	3 130	6 467					
Interest expenses	151	73					151	73	
Profit/loss (-) before taxes	6 298	418	967	697	-344	-124	6 921	991	
Assets									
External assets	57 668	45 004	13 432	12 401	11 467	11 639	82 566	69 044	
Intersegment		111		2					
Total assets	57 668	45 115	13 432	12 404	11 467	11 639			
Liabilities									
External liabilities	15 511	6 939	12 936	11 393	5 180	4 979	33 627	23 311	
Intersegment		2		111					
Total liabilities	15 511	6 941	12 936	11 505	5 180	4 979			
Total investments in property, plant and equipment	2 020	479		6			2 020	486	
Total investments in intangible assets	1 296	725					1 296	725	
Total investments in right-of-use assets	53	671	19	2 135			72	2 806	
Additions to the non-current part of trade and other receivables	36	10	277	-155			313	-145	
Depreciations	3 264	1 673	10	99			3 274	1 772	
Other non-cash costs	-196	90			-5		-201	90	
Number of full-time equivalent employees as at the end of the period	244	236	56	55			300	291	

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

#### smartphoto segment

This segment comprises the operational activities of the legal entities smartphoto group NV, smartphoto AG, smartphoto Nordic AB, smartphoto Nederland BV, DBM-Color NV, Filmobel NV, Promo Concept Investment BV, Aultmore NV and Spector Nederland BV (for the period until the dissolution and liquidation as per July 10, 2021). The operational activities of this segment mainly consist of B2C (Business to Consumer) e-commerce activities of personalised products.

## 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 distribution by offering 'e-commerce as a service' (EAAS) for brands looking for growth or online support.

A description of the nature of the products and services, the production process, the main challenges and the ultimate clients of these operating segments can be found in the 2021 annual report.

For information about products and services regarding revenue from sales to external customers and information about geographic areas, we refer to the 2021 annual report.

IFRS 8.34 regarding information about major customers is not applicable.

## 2. Revenue

Revenue over the first 6 months of 2022 increased by 39.1%, with figures evolving from 21 060K euro last year to 29 304K euro as at June 30, 2022. This increase was achieved through its internal organic growth (+8.5%) and through the integration of naYan.

## 3. Capitalisation of internally generated intangible assets

The capitalisation of internally generated intangible assets amounts to 482K euro for the first half of 2022 compared to 241K euro for the first half of 2021.

For the first 6 months of 2022, these internally generated intangible assets mainly relate to the following applications:

- the migration of our web platform to 'mobile first' and the cloud;
- the modernisation of underlying management tools via web applications;
- the transformation of our websites in terms of UX to a shop-in-shop concept, including the underlying databases and structures, such as 'Article Management'; and
- the optimisation of the customer service software.

These expenditures meet the recognition criteria for capitalisation pursuant to IAS 38.57.

## 4. Trade goods, raw materials and consumables

The cost of trade goods, raw materials and consumables for the first half of 2022 increased by 21.4% compared to the first half of 2021. This increase is mainly due to the contribution of naYan and higher production, transport and material costs.

## 5. Employee benefits

Employee benefits for the first 6 months of 2022 are 34.1% higher than the first 6 months of 2021. This increase is mainly due to an increase in the number of staff, primarily caused by the acquisition of naYan, and an increase in the general salary cost.

The total number of employees - expressed in full-time equivalents - evolved from 248 on June 30, 2021 to 291 on June 30, 2022.

## 6. Depreciation, amortisation, write-downs and impairment

The depreciation, amortisation, write-downs and impairment from operating activities amounted to 1 863K euro in the first half of 2022 compared to 1 689K euro in the first half of 2021. This increase of 174K euro is partly due to the higher investments, mainly in intangible assets in recent years, and partly due to the contribution of naYan.

## 7. Other operating expenses

The other expenses amount to 9 962K euro as of June 30, 2022 compared to 7 223K euro as of June 30, 2021 (+37.9%). This increase of 2 739K euro is mainly due to the contribution of naYan and to the higher costs related to marketing expenses.

## 8. Financial result

The financial result decreased by 279K euro from -106K euro as at June 30, 2021 to -385K euro as at June 30, 2022. This decrease is mainly due to the negative impact of foreign exchange gains/losses of 267K euro and the increase in financial costs resulting from interest-bearing financial liabilities and lease liabilities of 10K euro.

The following exchange rates were used in preparing the 2021 half-year results:

Currency exchange rates	Closing rate		Average rate	
	June 2021	June 2022	June 2021	June 2022
Swiss franc	1.0980	0.9960	1.0969	1.0246
Norwegian krone	10.1717	10.3485	10.1805	9.9776
Swedish krona	10.1110	10.7300	10.1474	10.4938
American dollar	1.1884	1.0387	1.2025	1.0849

## 9. Income taxes expense (-)/income

The amount of income taxes expense (-)/income evolved from 2K euro for the first six months of 2021 to -16K euro as of June 30, 2022.

The tax result of 2K euro as of June 30, 2021 consists of a reversal of deferred tax assets. The tax result of -16K euro for the first 6 months of 2022 consists mainly of a net increase in deferred taxes.

There were no changes in the applicable tax rates compared to the previous reporting period.

## 10. Other comprehensive income/loss (-)

As at June 30, 2022, the net profit amounts to 975K euro compared to a net loss of 824K as at June 30, 2021.

This positive evolution of the result by 1 800K euro over the first 6 months of 2022 compared to a year earlier is mainly explained by:

- o an increase in the result from operating activities of 2 096K euro;
- o a negative evolution of the financial result by 279K euro; and,
- o a negative impact of the income taxes expense (-)/income of 17K euro.

The other comprehensive income/loss (-) after tax amounts to 58K euro as at June 30, 2022, and relates to translation differences.

The profit or loss and other comprehensive income/loss (-) after tax amount to 1 033K euro as at June 30, 2022 compared to -847K euro as at June 30, 2021; an increase of 1 880K euro.

## 11. Property, plant and equipment

The carrying amount of property, plant and equipment as at June 30, 2022 is 16 676K euro, and has decreased by 355K euro compared to December 31, 2021. This decrease is mainly due to, on the one hand, investments in property, plant and equipment for 486K euro. These mainly relate to investments in production machines and investments for renovations and furnishing of office buildings. On the other hand, the depreciation amounted to 824K euro over the first 6 months of 2022.

## 12. Right-of-use assets

The carrying amount of the right-of-use assets amounts to 3 426K euro as at June 30, 2022. This is an increase of 2 472K euro compared to the carrying amount as at December 31, 2021 of 954K euro. The investments amount to 2 806K euro, mainly regarding the new lease on the office space in Pratteln (Switzerland), the renewed lease on the building in Ardoois (Belgium) and vehicles. The depreciation amounts to 344K euro over the first half of 2022. There was also a positive impact from exchange rate fluctuations of 10K euro.

## 13. Goodwill

In accordance with IAS 36.12, the company performed impairment tests as at June 30, 2022 concerning the identified cash-generating units smartphoto and naYan to determine whether they had suffered any impairment loss. These impairment tests showed that the recoverable amount of these units exceeds their 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 gift packages 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 June 30, 2022. The recoverable amount is calculated based on the value in use, which is the sum of the discounted free cash flows.

As at June 30, 2022, the projections were discounted at 8.21% before tax for the next 5 years. As at December 31, 2021, the discount rate was 6.88%. This discount rate reflects: a market-based 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 in which this unit operates.

### naYan

The recoverable amount of the cash-generating unit naYan is higher than the carrying amount of all the operating assets and liabilities of this cash-generating unit, increased with the goodwill. The carrying amount of the goodwill that is attributed to this unit amounts to 455K euro as at June 30, 2022. The recoverable amount is calculated based on the value in use, which is the sum of the discounted free cash flows.



As at June 30, 2022, the projections were discounted at 5.82% before tax for the next 5 years. As at December 31, 2021, the discount rate was 6.90%. This discount rate reflects: a market-based 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 in which this unit operates.

The impairment tests were also subject to a sensitivity analysis in which the EBIT would be 10% lower each year or in which the discount rate would increase by 1%. This resulted in the recoverable amount still exceeding the carrying amount in both analyses.

More information about the determination of the projections and growth percentages, can be found in the 2021 annual report on pages 125 to 127.

## 14. Intangible assets

The carrying amount of intangible assets amounts to 3 257K euro as at June 30, 2022, and has increased by 121K euro compared to December 31, 2021. This increase is mainly due to investments (725K euro) offset by depreciation (-604K euro) over the first 6 months of 2022.

The investments mainly relate to investments in our mobile applications, such as the migration of our web platform to 'mobile first' and the cloud, the modernisation of underlying management tools via web applications, the transformation of our websites in terms of UX to a shop-in-shop concept - including the underlying databases and structures, such as 'Article Management' - and the optimisation of the customer service software. An amount of 482K euro of these investments was generated internally. These expenditures meet the recognition criteria for capitalisation under IAS 38.57.

More information regarding the internally generated intangible assets can be found in the 2021 annual report in Note 6 - Capitalisation of internally generated intangible assets, and Note 18 - Intangible assets.

## 15. Deferred tax assets

The deferred tax assets remained stable in the first half of 2022, amounting to 10 319K euro as at June 30, 2022 compared to 10 341K euro as at December 31, 2021.

## 16. Inventories

Compared to December 31, 2021, the item 'Inventories' has decreased slightly by 438K euro to 3 593K euro.

Compared to the inventory level as at June 30, 2021, there is a net increase of 980K euro. This increase can be attributed to price increases of mainly paper and cardboard, the launch of new and additional products and the contribution of naYan, which has been part of the group since December 2021.

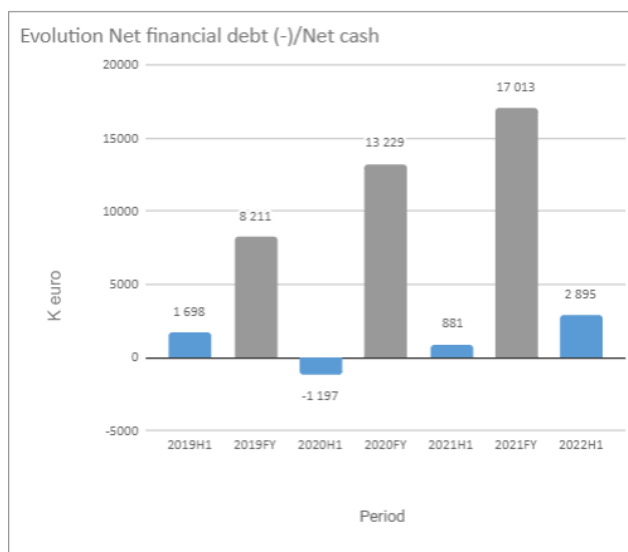
No inventories were provided as security for liabilities.

## 17. Trade and other receivables

The non-current trade and other receivables decreased by 145K euro in the first half of 2022 and amount to 241K euro. The current trade and other receivables decreased by 3 467K euro. This decrease from 9 248K euro as at December 31, 2021 to 5 781K euro as at June 30, 2022 is mainly due to the seasonal nature of the business. Revenue is peaking in the last weeks of the year; in particular the period around Christmas, resulting in a higher amount of unmatured outstanding trade receivables at year end.

## 18. Cash and cash equivalents

Cash and cash equivalents amount to 8 930K euro as at June 30, 2022, a decrease of 11 882K euro compared to December 31, 2021. In comparison to June 30, 2021, cash and cash equivalents increased by 3 783K euro.



Net cash also increased on an annual basis from 881K euro as at June 30, 2021 to 2 895K euro as at June 30, 2022, i.e. an increase of 2 014K euro. This positive evolution is the result of, on the one hand, the realised free cash flow from smartphoto's regular activities on an annual basis, as well as the contribution from naYan, and on the other hand, the dividend payment over 2021, the additional purchase of treasury shares for the period from July 1, 2021 to June 30, 2022, and the further investments in growth.

Compared to December 31, 2021 (a cash surplus of 17 013K euro), net cash for the first 6 months of 2022 decreased by 14 118K euro. This decrease is due to the seasonal effect where sales are traditionally characterised by a seasonal peak in the last quarter of the year, which applies to both the smartphoto business and the naYan business.

Please also see the statement of cash flows on page 8 of this report.

## 19. Current tax assets

This heading mainly refers to income tax assets in certain entities of the consolidation scope, and should be considered together with the current tax liabilities, included in the heading 'Equity and liabilities'. Current tax assets amount to 212K euro as at June 30, 2022, compared to 168K euro a year earlier.

## 20. Total equity

Please also see the Statement of changes in equity on page 9 of this report.

Compared to the end of 2021, total equity decreased by 3 206K euro from 48 939K euro as at December 31, 2021 to 45 733K euro as at June 30, 2022.

- (1) As at June 30, 2022, the capital amounts to 41 381K euro, and is represented by 3 941 950 shares. Both the capital and the number of shares remained unchanged for the first 6 months of 2022.
- (2) The change in reserves and retained earnings/accumulated losses (-) (-1 445K euro) includes the profit/loss (-) for the first 6 months of 2022 for an amount of 975K euro and the payment of the dividend over 2021 (-2 421K euro).
- (3) The treasury shares increased from -3 379K euro to -5 198K euro. In the period from January 1, 2022 to June 30, 2022, 61 801 treasury shares were additionally purchased for an amount of 1 819K euro, as a result of the share buy-back programmes with which smartphoto aims to create a pool of treasury shares as an investment, as well as to finance possible future acquisitions.

On May 4, 2022, the share buy-back programme with a starting date of September 17, 2020 was completed. Under this programme 115 453 treasury shares were purchased for a value of 2 999 980.08 euro, of which 28 109 shares (813K euro) were purchased through block transactions. On June 17, 2022 a new share buy-back programme was initiated with a maximum value of 1 500 000 euro in treasury shares. With this new programme, smartphoto group further aims to use the free cash flow partly to increase the pool of treasury shares as an investment, as well as to enable the financing of possible future acquisitions. The current share buy-back programme ends on June 30, 2023 or earlier, when the target value of treasury shares is acquired.

As at June 30, 2022 smartphoto group NV holds 251 829 treasury shares, or 6.39% of the total number of shares issued (3 941 950).

Please also see Note 32 of this report.

- (4) The changes in translation reserves result from the euro conversion of equity against the exchange rate on the closing date of June 30, 2022. The effect on other comprehensive income amounts to 58K euro.

## 21. Current and non-current interest-bearing financial liabilities

The interest-bearing financial liabilities amount to 2 600K euro as at June 30, 2022 compared to 2 836K euro as at December 31, 2021.

In the first half of 2022, an amount of 236K euro was repaid with respect to the loans as part of the acquisition of Aultmore NV following the purchase of the additional production building.

The interest-bearing financial liabilities will be further repaid as mentioned on page 136 of the 2021 annual report.

No new interest-bearing financial liabilities were entered into in the first half of 2022.

## 22. Current and non-current lease liabilities

The current and non-current lease liabilities amount to 3 435K euro as at June 30, 2022 compared to 963K euro as at December 31, 2021. This net increase is the result, on the one hand, of the repayment of current lease liabilities and, on the other, of entering into new lease agreements concerning the buildings in Pratteln and Ardoioie, as well as vehicles.

More information regarding lease liabilities can be found in the 2021 annual report under Note 28 - Current and non-current lease liabilities.

## 23. Current and non-current trade and other payables

The decrease in trade and other payables of 12 037K euro from 21 746K euro as at December 31, 2021 to 9 709K euro as at June 30, 2022 is mainly due to the seasonal nature of the business. As revenue is peaking in the last weeks of the year, especially the period around Christmas, the purchases of raw materials and consumables are also mainly concentrated in the last quarter. This results in a higher amount of outstanding trade payables which have not expired.

## 24. 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 595K euro as at June 30, 2022, compared to 584K euro as at December 31, 2021. The limited decrease in these liabilities of 11K euro is explained by translation differences.

The current employee benefit liabilities amount to 2 728K euro as at June 30, 2022, against 2 926K euro as at December 31, 2021. Current employee benefit liabilities mainly include salaries and wages payable, as well as the corresponding social security contributions, payroll withholding taxes and provisions for holiday pay. These liabilities remained stable with a decrease of 198K euro.

## 25. Provisions

The provisions amount to 1 006K euro as at June 30, 2022 compared to 1 133K euro as at December 31, 2021.

These provisions mainly include provisions relating to the pending VAT regularisations concerning naYan NV with respect to the period prior to the acquisition date for an amount of 1 108K euro. An amount of 127K euro thereof has been regularised as at June 30, 2022.

## 26. Deferred tax liabilities

The deferred tax liabilities amount to 2 217K euro as at June 30, 2022 compared to 2 205K euro as at December 31, 2021. The increase of 11K euro is mainly due to movements regarding taxable temporary differences on property, plant and equipment and intangible assets (10K euro), and translation differences (2K euro).

More information on the deferred tax liabilities can be found in the 2021 annual report under Note 32 - Deferred tax liabilities.

## 27. Current tax liabilities

As at June 30, 2022, current tax liabilities amount to 1 020K euro, compared to 1 233K euro as at December 31, 2021; a decrease of 213K euro.

## 28. Subsequent events

After June 30, 2022 no significant events occurred that could have an impact on the underlying half-yearly financial statements or that require disclosure.

## 29. Seasonality of interim business activities

The activities of the smartphoto group are subject to seasonality. Traditionally, revenue in the first half of the year is low compared to the second half. The revenue realised in the first half of the year amounts, rounded, to only one third of the total operating income on an annual basis.

Consequently, the interim results as at June 30, 2022 are not necessarily indicative of expectations for the entire financial year 2022.

## 30. Contingent receivables and liabilities and important future assumptions

Compared to December 2021 there are no changes in the contingent assets and liabilities.

Assumptions concerning the future

The assumptions concerning the future, as described in the 2021 annual report, still apply.

## 31. Risk factors

The risks, in particular credit risks, liquidity risks, exchange rate risks, interest rate risks and market risks, as described in the 2021 annual report, continue to apply for the remaining period of the financial year 2022.

### 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 to limit any negative consequences.

### Impact of the Ukraine crisis

Smartphoto group has evaluated the risks of the consequences of the conflict between Russia and Ukraine and the impact of this crisis on the company's activities, the market, the financial situation and economic performance. Since smartphoto group is not active on the Ukrainian market, nor on the Russian market, no direct or indirect impact on revenue is expected. The increasing energy and raw material prices, which also have an impact on the costs from smartphoto group's business activities, are closely monitored.

## 32. 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.

### Transparency notification

The Company issued the following notification in the first half of 2022:

#### Notification issued on January 31, 2022

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

Notification by a person that notifies alone.

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

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

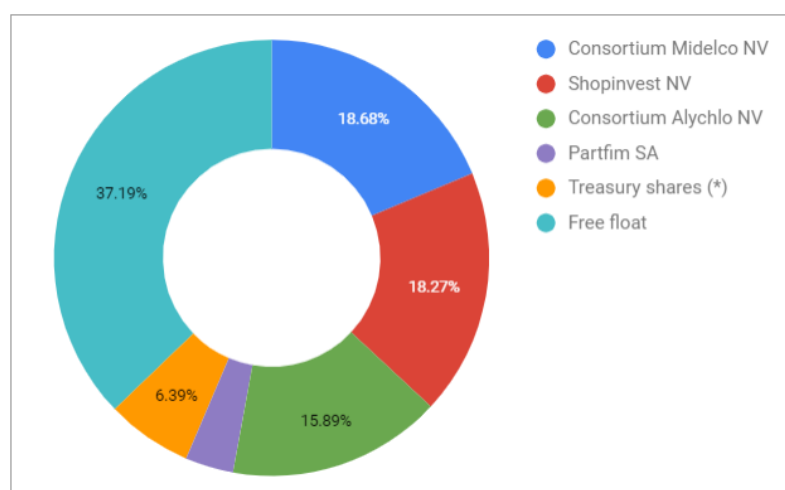
Chain of controlled undertakings through which the holding is effectively held:

smartphoto group NV is not a controlled undertaking.

The Company did not receive notifications in the first half of 2022.

## Shareholders' structure as at June 30, 2022<sup>(1) (2)</sup>

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



(\*) Number of treasury shares as at June 30, 2022

<sup>(1)</sup> % of shares held of the total number of issued shares in accordance with the latest notification.

<sup>(2)</sup> Current % of shares held of the current total number of issued shares, being 3 941 950 shares.

### Treasury shares

The number of treasury shares evolved from 190 028 shares as at December 31, 2021 to 251 829 shares as at June 30, 2022. This increase of 61 801 treasury shares is the result of the purchase of treasury shares related to the share buy-back programmes whereby a discretionary mandate was granted to KBC Securities, which is authorised to purchase smartphoto group shares both by trading on Euronext Brussels and outside the regulated market during open periods. Block trades are also possible within this mandate. Regarding the share buy-back programme with a starting date of September 17, 2020, 60 551 treasury shares were purchased over the period from January 1, 2022 to May 4, 2022. Pursuant to the new share buy-back programme starting on June 17, 2022, whereby also a discretionary mandate was granted to KBC Securities, 1 250 treasury shares were bought over the period from June 17, 2022 to June 30, 2022. This share buy-back programme runs until June 30, 2023 or until an amount of 1.5 million euro is reached.

As at June 30, 2022, smartphoto group NV holds 251 829 treasury shares, or 6.39% of the total number of issued shares (3 941 950).

In accordance with IFRS, treasury shares are deducted from equity.

## 33. Related parties

Except for transactions between consolidated companies, which are eliminated through the consolidation, and the fees paid to managers with a key position (described in the 2021 remuneration report, included in the 2021 annual report), the transactions and outstanding balances of other related parties are negligible.



## 34. Alternative performance measures (APM's)

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.

### EBIT

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

### EBITDA

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

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

### 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)	June 2021	June 2022	Δ in %
Non-current interest-bearing financial liabilities		-2 600	-2 126	-18.2%
Non-current lease liabilities		-691	-2 751	298.3%
Current interest-bearing financial liabilities		-472	-474	0.5%
Current lease liabilities		-503	-684	35.9%
Gross financial debt (-)		-4 266	-6 035	41.5%

## 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)	June 2021	June 2022	Δ in %
Cash and cash equivalents		5 147	8 930	73.5%
Non-current interest-bearing financial liabilities		-2 600	-2 126	-18.2%
Non-current lease liabilities		-691	-2 751	298.3%
Current interest-bearing financial liabilities		-472	-474	0.5%
Current lease liabilities		-503	-684	35.9%
Net cash		881	2 895	228.4%

## 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)	June 2021	June 2022	Δ in %
Current assets		10 098	18 519	83.4%
Current liabilities		8 613	13 866	61.0%
Current ratio		117.2%	133.6%	13.9%

## Solvency ratio

The solvency ratio is the ratio of the total equity to the balance sheet total.

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

	(in K euro)	June 2021	June 2022	Δ in %
Total equity		42 209	45 733	8.3%
Total assets		57 308	69 044	20.5%
Solvency ratio		73.7%	66.2%	-10.1%

## Financial calendar

January 31, 2023 <sup>(2)</sup>	after trading hours	2022 trading update
March 3, 2023 <sup>(2)</sup>	before trading hours	2022 annual results
May 10, 2023	at 2 p.m.	Annual General Meeting of Shareholders
August 22, 2023 <sup>(2)</sup>	after trading hours	Half-year results and half-yearly financial report 2023

## Outlook 2022<sup>(1)</sup>

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

## About smartphoto group

Smartphoto group, the innovative e-commerce group, is active under the name smartphoto™ in 12 European countries in B2C e-commerce with affordable, high-quality personalised products such as gifts, cards, photo books, photo calendars, prints and wall decoration.

Additionally, smartphoto group, through naYan, 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 shares of smartphoto group are traded on Euronext Brussels (ISIN BE0974323553, ticker symbol SMAR).

## For additional information

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\* Permanent representative of Acortis BV

<sup>(1)</sup> This report 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.

<sup>(2)</sup> Indicative dates

This half-yearly financial report is a free English translation of the official Dutch version.

