

PRESS RELEASE – Regulated information

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smartphoto group - Euronext Brussels: SMAR

HALF-YEARLY RESULTS 2023

smartphoto group realises further profitable growth

- Revenue over the first 6 months of 2023 increased by 2.5%, and evolved from 29 304K euro last year to 30 031K euro as at 30 June 2023. Both segments, smartphoto and naYan, contributed to this.
- The net profit over the first half of 2023 increased by 32.4% to 1 291K euro, compared to 975K euro a year earlier.
- Despite difficult market conditions, EBITDA increased from 3 238K euro over the first half of 2022 to 3 273K euro per 30 June 2023 (+1.1%) due to, among others, price adjustments, and this notwithstanding higher material, personnel and transport costs.
- Positive evolution of net cash on an annual basis from 2 076K euro* per 30 June 2022 to 4 586K euro per 30 June 2023, and this despite the dividend payment over 2022, the additional share buy-back and further investments.
- 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 2022	June 2023	Δ in %
Revenue	29 304	30 031	2.5%
Profit/loss (-) from operating activities (EBIT)	1 376	1 345	-2.3%
Depreciation, amortisation, write-downs, impairment and provisions from operating activities	1 861	1 928	3.6%
Profit/loss (-) from operating activities, corrected for depreciation, amortisation, write-downs, impairment and provisions (EBITDA)	3 238	3 273	1.1%
Financial result	-385	-53	86.3%
Profit/loss (-) before taxes (EBT)	991	1 292	30.4%
Income taxes expense (-)/income	-16	-1	94.1%
Profit/loss (-) for the period	975	1 291	32.4%

(in K euro)	June 2022*	Dec 2022	June 2023	Δ in % June 2022 - June 2023	Δ in % Dec 2022 - June 2023
Total assets	68 839	82 886	66 849	-2.9%	-19.3%
Gross financial debt (-)	-6 035	-5 736	-5 519	8.6%	3.8%
Net financial debt (-)/Net cash	2 076	18 407	4 586	120.9%	-75.1%
Total equity	45 733	48 627	44 943	-1.7%	-7.6%
Solvency ratio	66.4%	58.7%	67.2%	1.2%	14.6%
Current ratio	129.6%	127.8%	123.6%	-4.6%	-3.3%

* See note Business combinations on page 5 of this press release.

Explanatory notes

Over the first 6 months of 2023, revenue of smartphoto group, the innovative e-commerce group from Wetteren, amounts to 30 031K euro, compared to 29 304K euro over the first 6 months of previous year, or an increase of 2.5%. Both segments, smartphoto and naYan, contributed to this increase in revenue of 727K euro.

In the first half of the year, the product range of personalised products and gifts within the smartphoto segment was further expanded. Among others in the category of 'Embroidered products', in addition to a towel set, it is now possible to find a bath poncho, a backpack, a toiletry bag, a baseball cap or a fishing hat; personalisable with name or text. Attention was paid to sustainability when choosing these new products; for example, the backpack and toiletry bag are made from recycled PET bottles.

The expansion of products will continue in the second half of the year. In the month of July the product category 'Name labels & stickers' was added, where name labels, name stickers, name stamps or name plates can be personalised with a name, symbol, text and/or photo in order to identify items recognisably.

Within the naYan segment, revenue from the existing customer portfolio experienced a positive evolution. In the first half of the year, a number of new customers were attracted to its 'E-commerce as a Service' (EaaS) business.

Despite difficult market conditions, the traditionally lower volumes in the first half of the year compared to the second half, combined with higher material, personnel and transport costs, smartphoto group realised an increase in EBITDA from 3 238K euro over the first half of 2022 to 3 273K euro per 30 June 2023, or an increase of 1.1%. Among others, price adjustments contributed to the increase in profitability.



On 14 June 2023, smartphoto was rewarded for the second year in a row by the evaluation committee of the VOKA Charter Sustainable Business (VCDO) with the award of the [Sustainability Certificate Laureate 2023](#) for the translation of its sustainability strategy into concrete actions; a recognition of the sustainability efforts made in the past year. With the implementation of the Annual Action Plan, drawn up for 2023, smartphoto group is committed to achieving a third VCDO certificate.

More information on smartphoto group's sustainability policy can be found on our corporate website www.smartphotogroup.com, under the ESG section.



Financial result

The financial result improved by 333K euro from -385K euro as at 30 June 2022 to -53K euro as at 30 June 2023. This increase is mainly due to the positive impact of foreign exchange gains/losses of 329K euro and the decrease in financial costs resulting from interest-bearing financial liabilities and lease liabilities of 7K euro.

Income taxes

Income taxes expense (-)/income amounted to -16K euro over the first 6 months of 2022, compared to -1K euro as at 30 June 2023. The decrease of 15K euro consists mainly of a net decrease in deferred taxes.

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

As at 30 June 2023, net profit amounts to 1 291K euro, compared to 975K euro as at 30 June 2022. This positive evolution of the result with 316K euro over the first 6 months of 2023 compared to a year earlier, is mainly explained by:

- a stable profit/loss (-) from operating activities (-31K euro);
- a positive evolution of the financial result (+333K euro); and,
- a positive impact of the income taxes expense (-)/income (+15K euro).

The other comprehensive income after taxes amounts to -95K euro as at 30 June 2023, and relates to translation differences.

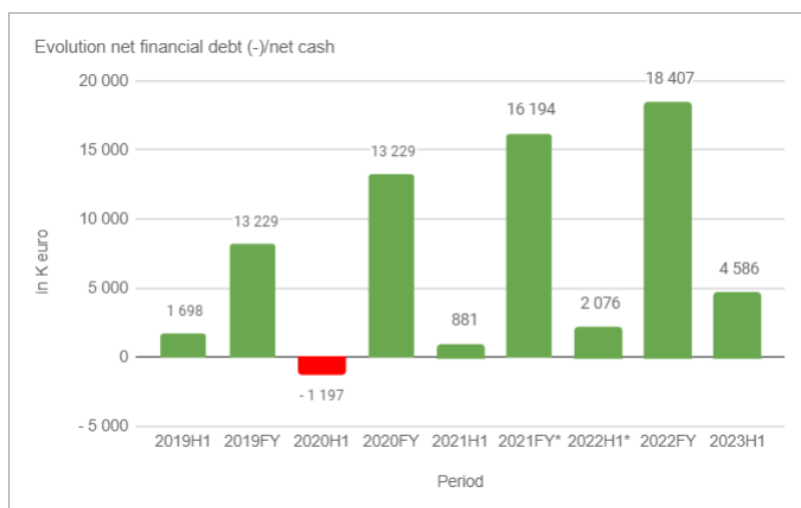
The profit or loss and other comprehensive income amount to 1 196K euro as at 30 June 2023, compared to 1 033K euro as at 30 June 2022, an increase of 163K euro.

Statement of financial position

The balance sheet total as at 30 June 2023 amounts to 66 849K euro, compared to 82 886K euro as at 31 December 2022. This decrease of 16 037K euro is mainly explained by the following elements:

- A decrease in the net carrying amount of **property, plant and equipment** of 130K euro. This decrease is mainly due to, on the one hand, investments of 719K euro, which are mainly investments in production machines and investments for renovations and furnishing of the dining area, multipurpose room and office spaces. On the other hand, the depreciation amounted to 849K euro over the first 6 months of 2023.

- An increase in the net carrying amount of the **right-of-use assets** of 8K euro. On the one hand, the investments amount to 406K euro, limited to vehicles. On the other hand, the depreciation amounts to 388K euro over the first half of 2023. Furthermore, there was a negative impact from sales and disposals of 10K euro.
- An increase in the net carrying amount of **intangible assets** of 159K euro, due to investments of 818K euro on the one hand - of which 678K euro was generated internally - and on the other hand amortisation over the first 6 months of 2023 of 659K euro.
- A decrease in **inventory** of 430K euro to 3 526K euro as at 30 June 2023. Compared to the inventory level as at 30 June 2022, which amounted to 3 593K euro, there is a net decrease of 66K euro.
- A decrease in the **current and non-current trade and other receivables** of 2 076K euro from 31 December 2022 to 30 June 2023, mainly due to the seasonal nature of the business.
- A positive evolution of the **net cash** on an annual basis from 2 076K euro* as at 30 June 2022 to 4 586K euro as at 30 June 2023, i.e. an increase of 2 511K euro. This positive evolution is the result of, on the one hand the realised free cash flow from smartphoto's regular activities, and on the other hand the dividend payment over 2022, the additional purchase of treasury shares over the period from 1 July 2022 to 30 June 2023, and the further investments in growth.



Compared to 31 December 2022 (cash surplus of 18 407K euro), net cash decreased by 13 821K euro in the first 6 months of 2023.

This decrease is due to the seasonal effect, with sales traditionally characterised by a seasonal peak in the last quarter of the year, which applies to both the smartphoto and the naYan business.

* See note Business combinations on page 5 of this press release.

- A decrease in **total equity** of 3 684K euro from 31 December 2022 to 30 June 2023. This decrease is mainly explained by:
 - on the one hand, the realised profit over the first 6 months of 2023 (1 291K euro); and
 - on the other hand, the payment of the dividend for 2022 in the month of May 2023 (3 609K euro), the purchase of treasury shares in the period from 1 January 2023 to 30 June 2023 (1 270K euro) and the negative impact of conversion differences (95K euro).

On 3 March 2023, a new share buy-back programme was initiated with starting date 6 March 2023. This buy-back programme has a maximum value of 1 500K euro in treasury shares and ends on 31 December 2023, or earlier, when the target value of treasury shares is acquired. 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.

As at 30 June 2023 smartphoto group NV holds 343 254 treasury shares, or 8.7% of the total number of shares issued (3 941 950).

- A decrease in the [current and non-current interest-bearing financial liabilities](#) of 237K euro over the first 6 months of 2023, as a result of the repayment of the loans relating to the acquisition of Aultmore NV in the context of the purchase of the additional production building in 2019.
- A net increase in the [current and non-current lease liabilities](#) of 21K euro from 3 372K euro as at 31 December 2022 to 3 393K euro as at 30 June 2023. 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 vehicles.
- A decrease in [current and non-current trade and other payables](#) by 11 479K euro from 31 December 2022 to 30 June 2023, mainly due to the seasonal nature of the business.

The financial statements and explanatory notes in accordance with IFRS, are included in the "[Half-yearly financial report 2023](#)", available on the website www.smartphotogroup.com.

Note Business combinations

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 on 2 December 2021. This business combination was hereby reported on the basis of provisional amounts. 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.

For further information, reference is made to note 1 Business combinations in the 2022 Annual report.

Outlook 2023⁽¹⁾

In 2023, the focus will continue to be on growth, both for the activities of smartphoto as well as for naYan. For smartphoto, this will include expansion of the product range, the implementation of price increases and the improvement of conversion. Besides focusing on growth by gaining new customers for its 'E-commerce as a Service' (EaaS), naYan will also focus on optimisations of the underlying processes and structures.

Definitions

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

EBITDA= Profit/Loss (-) from operating activities, adjusted for depreciation, amortisation, write-downs, impairment losses and provisions.

EBT= Profit/Loss (-) before taxes.

Cash surplus= Net financial debt (-)/net cash= Total cash and cash equivalents less current and non-current interest-bearing financial liabilities and lease liabilities.

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

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

Gross financial debt (-)= The total current and non-current interest-bearing financial liabilities increased by the total current and non-current lease liabilities.

Solvency ratio=The ratio of the total equity to the balance sheet total.

Current ratio= The ratio of the current assets to the current liabilities.

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).

Financial calendar

31 January 2024 ⁽²⁾	after trading hours	2023 trading update
4 March 2024 ⁽²⁾	after trading hours	2023 annual results
8 May 2024	at 2 p.m.	Annual General Meeting of Shareholders
22 August 2024 ⁽²⁾	after trading hours	Half-year results and half-yearly financial report 2024

For additional information

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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.

