

PRESS RELEASE – Regulated information

Wetteren, 4 March, 2024 – 6.00 p.m.

smartphoto group - Euronext Brussels: SMAR

2023 ANNUAL RESULTS

Smartphoto group shows resilience and confirms with growth in turnover and profitability

Dividend proposal

- Increase in revenue from 76.3 million euro in 2022 to 77.3 million euro (+1.4%) in 2023, and this under difficult economic conditions.
- The EBITDA amounts to 13.1 million euro in 2023, an increase of 1.2%, compared to 2022 (13.0 million euro), due to strict cost control and increased margins.
- Increase in net profit from 5.5 million euro in 2022 to 6.9 million euro in 2023 (+26.2%).
- Increase in net cash of 1.3 million euro (+6.9%) from 18.4 million euro in 2022 to 19.7 million euro in 2023, and this notwithstanding the increased dividend payment and additional purchase of treasury shares.
Net cash, excluding lease liabilities pursuant to IFRS 16, amounts to 23.3 million euro as at 31 December 2023, compared to 21.8 million euro as at 31 December 2022 (+6.9%).
- Proposal to pay a gross dividend for 2023 of 1.05 euro per share (or a 5.0% increase).

Key figures

Audited figures, prepared in accordance with IFRS

	(in K euro)	2022	2023	Δ in % 2023
Revenue		76 295	77 346	1.4%
Profit/loss (-) from operating activities (EBIT)		9 850	9 207	-6.5%
Depreciation, amortisation, write-downs, impairment and provisions from operating activities		3 119	3 923	25.8%
Profit/loss (-) from operating activities, corrected for depreciation, amortisation, write-downs, impairment and provisions (EBITDA)		12 969	13 130	1.2%
Financial result		-1 416	-383	73.0%
Profit/loss (-) before taxes (EBT)		8 434	8 824	4.6%
Income taxes expense (-)/income		-2 944	-1 896	35.6%
Profit/loss (-) for the period		5 490	6 928	26.2%

	(in K euro)	2022	2023	Δ in % 2023
Total assets		82 886	81 383	-1.8%
Cash and cash equivalents		24 143	25 179	4.3%
Gross financial debt (-)		-5 736	-5 495	-4.2%
Net financial debt (-)/Net cash		18 407	19 683	6.9%
Total equity		48 627	49 294	1.4%
Solvency ratio		58.7%	60.6%	3.2%
Current ratio		127.8%	133.7%	4.5%

The audited financial statements in accordance with IFRS, with more detailed figures, are included at the end of this press release.

Explanation

Smartphoto group, the innovative e-commerce group from Wetteren, realised an increase in revenue to 77.3 million euro in 2023. This increase of 1.4% (or 1.0 million euro) was achieved in a year that was characterised by very difficult economic conditions, due to, among other things, the continuation of the war in Ukraine, the return of the war in the Middle East, and the still high inflation that weighed on consumer behaviour.

In this context, smartphoto group realised an EBITDA of 13.1 million euro in 2023, compared to 13.0 million euro in 2022 (+1.2%).

The smartphoto division achieved sales of 61.0 million euro^(*) and an EBITDA of EUR 10.2 million euro^(*). The division managed to limit the increase in operating costs despite higher personnel costs due to wage indexations and higher production, transport and material costs. By implementing strict cost control and smart price increases, margins could still be increased and profitability preserved.

As planned, the B2B division was able to expand its business. NaYan experienced an increase in revenue from 15.5 million euro^(*) in 2022 to 16.8 million euro^(*) in 2023, and an increase in EBITDA from 2.7 million euro^(*) to 2.9 million euro^(*). The teams were further expanded and a number of new business customers could be welcomed.

Net cash increased from 18.4 million euro in 2022 to 19.7 million euro in 2023. As at 31 December 2023, net cash, without taking into account lease liabilities under IFRS 16, amounts to 23.3 million euro, or an increase of 6.9% compared to 21.8 million euro as at 31 December 2022. This 6.9% increase was achieved through a positive free cash flow, versus investments in property, plant and equipment and intangible assets, the increased dividend payment and additional purchase of treasury shares.

Smartphoto group, together with the Sustainability team, managed to implement the planned actions according to the 2023 action plan. The evaluation committee of the Voka Charter Sustainable Business (VCDO) will carry out its audit during March 2024. Also in 2024, further actions will be undertaken as part of sustainability. Smartphoto group will also already take the necessary steps this year in preparation of the implementation of the upcoming CSRD reporting applicable as of 2025.

In December 2023, smartphoto was recognised by Test Aankoop as the best and cheapest online photo printing service, based on comparative and independent test results and analyses. For smartphoto, this is a confirmation of the quality of our services and products.

^(*)excluding intercompany eliminations



Financial result

The financial result evolved positively from -1.4 million euro in 2022 to -0.4 million euro in 2023. This increase is mainly due to the decrease in foreign exchange gains/losses (-) from -0.3 million euro to -0.2 million euro, and the decrease in the loss on realisation of other receivables of 0.8 million euro, regarding the amount receivable towards the seller of naYan NV.

Income taxes expense (-)/income

The balance of income taxes expense (-)/income evolved from -2.9 million euro in 2022 to -1.9 million euro in 2023.

Income taxes expense of -2.9 million euro in 2022 consists, on the one hand, of the net decrease in deferred tax assets of 2.3 million euro, and, on the other hand, of current income taxes expense of 0.6 million euro. The income taxes expense of -1.9 million euro in 2023 consists, on the one hand, of the net decrease in deferred tax assets of 0.8 million euro, and, on the other hand, of the current taxes expense on income of 1.1 million euro.

Profit and loss and other comprehensive income

As at 31 December 2023, the net profit amounts to 6.9 million euro, an increase of 26.2% compared to the net profit of 5.5 million euro as at 31 December 2022.

This positive evolution of the realised profit for the 2023 period, with an increase of 1.4 million euro, is mainly explained by:

- a negative evolution of the profit from operating activities of 0.6 million euro;
- a positive evolution of the financial result of 1.0 million euro; and,
- a positive impact of the income taxes expense (-)/income of 1.0 million euro.

The other comprehensive income after taxes amounts to -0.02 million euro in 2023 and relates, on the one hand, to the remeasurement of the net defined benefit liability (asset), also taking into account income taxes payable, for a net amount of -0.1 million euro; and, on the other hand, to translation differences for a net amount, after income taxes, of 0.1 million euro. Other comprehensive income after taxes amounted to -0.1 million euro in 2022, and related purely to translation differences.

Total other comprehensive income amounts to 6.9 million euro as at 31 December 2023, compared to 5.4 million euro a year earlier.

Dividend

The Board of Directors will propose to the General Meeting of Shareholders on 8 May 2024 to distribute a gross dividend for 2023 of 1.05 euro per share (or a 5.0% increase).

Statement of financial position

The balance sheet total decreased by 1.5 million euro, and amounts to 81.4 million euro as at 31 December 2023. Mainly the following elements contributed to this:

Property, plant and equipment

The carrying amount of property, plant and equipment decreased by 0.8 million euro. This decrease can be explained by:

- the investments for 0.9 million euro, mainly consisting of investments in production machinery and renovations relating to the building at Kwatrecht (Wetteren).
- the depreciation of property, plant and equipment for the amount of 1.7 million euro.

Right-of-use assets

The carrying amount of the right-of-use assets amounts to 3.6 million euro as at 31 December 2023, compared to a carrying amount of 3.4 million euro as at 31 December 2022. The increase of 0.2 million euro consists, on the one hand, of investments for 0.8 million euro relating to the new agreement on a building in Malmö (Sweden) and new agreements on vehicles, as well as changes due to index adjustments for 0.2 million euro. On the other hand, depreciation for the period amounts to 0.8 million euro.

Goodwill

The goodwill remained unchanged at 17.2 million euro.

Intangible assets

The carrying amount of the intangible assets has increased by 0.4 million euro and amounts to 3.6 million euro as at 31 December 2023.

This increase is mainly related to investments of 1.8 million euro on the one hand, and depreciation for the period of 1.4 million euro, on the other. The investments mainly relate to investments to improve the web platform and underlying control tools. This expenditure meets the recognition criteria for capitalisation in accordance with IAS 38.57.

Deferred tax assets

The deferred tax assets decreased from 8.0 million euro as at 31 December 2022 to 5.9 million euro as at 31 December 2023, a decrease of 2.1 million euro. This net decrease is mainly due to the reversal and utilisation of deferred tax assets relating to deferred tax benefits due to tax loss carryforwards (-0.8 million euro), and netting with deferred tax liabilities (-1.3 million euro).

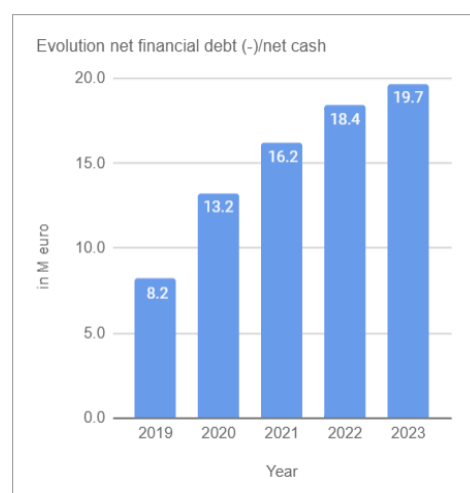
Inventories

The inventory decreased slightly from 4.0 million euro as at 31 December 2022 to 3.7 million euro as at 31 December 2023.

Trade and other receivables

Trade receivables and other receivables (non-current and current) decreased slightly from 6.1 million euro as at 31 December 2022 to 6.0 million euro as at 31 December 2023, or a decrease of 0.1 million euro. This decline is due to an increase of 0.1 million euro in trade receivables on the one hand, and a decrease of 0.2 million euro in other receivables on the other. The decline in other receivables includes a decrease of 0.1 million euro regarding the receivable against the seller of naYan NV, which was further withdrawn in 2023 in proportion to the further settlement of VAT regularisations.

Net cash



Net cash increased from 18.4 million euro in 2022 to 19.7 million euro in 2023.

This increase in net cash is due to the realised free cash flow on the one hand, and on the other hand, to the investments in property, plant and equipment and intangible assets (2.7 million euro), the increased dividend payment (3.6 million euro), and the additional purchase of treasury shares (2.6 million euro).

Cash flow from operating activities amounts to 11.2 million euro in 2023, compared to 13.8 million euro in 2022. The cash conversion ratio for 2023 amounts to 85.0%. Excluding the payment of the remaining portion of the purchase price related to the acquisition of naYan NV (0.8 million euro), the cash conversion ratio would amount to 90.7%.

See also the 2023 cash flow statement at the end of this press release.

Total equity

Total equity increased by 1.4% to 49.3 million euro as at 31 December 2023. The following elements contributed to this:

- the net profit of 6.9 million euro in the 2023 financial year;
- the other comprehensive income, net of taxes for -0.02 million euro;
- the payment of the 2022 dividend for -3.6 million euro; and
- the purchase of treasury shares for -2.6 million euro, being 51 629 treasury shares for -1.5 million euro under the share purchase programme with start date 6 March 2023, and 39 704 treasury shares for -1.1 million euro under the share purchase programme with start date 19 October 2023.

Non-current and current interest-bearing financial liabilities

Interest-bearing financial liabilities amount to 1.9 million euro as at 31 December 2023, compared to 2.4 million euro as at 31 December 2022.

During 2023, an amount of 0.5 million euro was repaid regarding the loans in the context of the acquisition of Aultmore NV, following the purchase of the additional production building.

No new interest-bearing financial liabilities were incurred during 2023.

Non-current and current lease liabilities

The lease liabilities amount to 3.6 million euro as at 31 December 2023, compared to 3.4 million euro as at 31 December 2022. This net increase of 0.2 million euro is the result of the repayment of current lease liabilities on the one hand, and the entry into new lease agreements regarding a building in Malmö (Sweden), changes due to index adjustments, and the entry into new lease agreements regarding vehicles, on the other.

Non-current and current employee benefit liabilities

The employee benefit liabilities increased by 0.2 million euro and amount to 3.9 million euro at the end of 2023. An amount of 0.7 million euro relates to long-term employee benefit liabilities concerning the pension obligations of the companies in the consolidation scope.

Deferred tax liabilities

The deferred tax liabilities decreased from 2.2 million euro as at 31 December 2022 to 0.8 million euro as at 31 December 2023. This decrease of 1.4 million euro mainly relates to the netting with deferred tax assets (-1.3 million euro).

The deferred tax liabilities relate to the revaluation gains of land and buildings, taxable temporary differences on property, plant and equipment and intangible assets, and translation differences.

Trade payables and other payables

The trade and other payables decreased by 0.7 million euro, and amount to 21.5 million euro at the end of 2023.

This net decrease includes, on the one hand, a decrease in trade payables of 0.4 million euro, a decrease in other liabilities of 1.7 million euro, of which 0.8 million euro relating to the outstanding balance of the purchase price relating to the acquisition of naYan NV, and the decrease in accrued expenses and deferred income of 0.4 million euro; and, on the other hand, an increase of 1.8 million euro relating to value added tax payables.

Opinion of the Statutory auditor

The Statutory Auditor Deloitte Bedrijfsrevisoren BV, represented by Charlotte Vanrobaeys, has confirmed that its audit work has been substantially completed. The audit work did not reveal any significant corrections that should be applied to the consolidated comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity and the consolidated cash flow statement as included in this press release.

Outlook 2024⁽¹⁾

In 2024, 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 EaaS ('E-commerce as a Service'), naYan will also focus on optimisations of the underlying processes and structures.

Definitions

Turnover= Total revenue recognised in the statement of profit or loss for the period.

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

EBT= Profit/loss (-) before taxes.

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

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

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

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

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

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

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

About smartphoto group

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

Additionally, smartphoto group, through naYan, active in B2B e-commerce, 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 businesses of personalised gift packages containing chocolate, alcohol, fruit or flowers through websites such as Gift.be and GiftsforEurope.com.

Smartphoto group's shares are traded on Euronext Brussels (ISIN BE0974323553, ticker symbol SMAR).

Financial calendar

8 May 2024	at 2 p.m.	Annual General Meeting of Shareholders
22 August 2024	after trading hours	Half-year results and half-yearly financial report for 2024
3 February 2025 ⁽²⁾	after trading hours	Trading update 2024
4 March 2025 ⁽²⁾	after trading hours	Annual results 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.



Audited financial statements

Statement of profit or loss for the period

	(in K euro)	2022	2023
Revenue		76 295	77 346
Other operating income		1 313	871
Changes in inventory of finished goods and work in progress		6	-6
Capitalisation of internally generated intangible assets		1 271	1 619
Trade goods, raw materials and consumables		-22 984	-20 710
Employee benefits		-17 073	-19 196
Depreciation, amortisation, write-downs and impairment		-3 125	-3 960
Other operating expenses		-25 852	-26 758
Profit/loss (-) from operating activities		9 850	9 207
Financial income		449	424
Financial expenses		-1 865	-807
Financial result		-1 416	-383
Profit/loss (-) before taxes		8 434	8 824
Income taxes expense (-)/ income		-2 944	-1 896
Profit/loss (-) for the period		5 490	6 928
Profit/loss (-) for the period attributable to equity holders of the parent company		5 490	6 928
	(in euro)	2022	2023
Profit/loss (-) for the period per share based on the weighted average number of shares with dividend rights		1.4852	1.9232
Profit/loss (-) for the period per share attributable to equity holders of the parent company based on the weighted average number of shares		1.4852	1.9232

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

	(in K euro)	2022	2023
Profit/loss (-) for the period		5 490	6 928
<u>Other comprehensive income:</u>			
Items which will not be reclassified to profit or loss			
Remeasurement of the net defined benefit liability (asset)			-137
Taxes on remeasurement of the net defined benefit liability (asset)			25
Total of items which will not be reclassified to profit or loss			-111
Items which possibly will be reclassified to profit or loss			
Translation differences		-120	103
Taxes on translation differences		22	-14
Total of items which possibly will be reclassified to profit or loss		-98	89
Other comprehensive income, net of taxes		-98	-23
Total of profit or loss and other comprehensive income		5 392	6 905
Total of profit or loss and other comprehensive income for the period attributable to equity holders of the parent company		5 392	6 905

Statement of financial position as at the end of the period

ASSETS	(in K euro)	2022	2023
<u>Non-current assets</u>			
Property, plant and equipment		16 789	15 967
Right-of-use assets		3 350	3 555
Goodwill		17 220	17 220
Intangible assets		3 194	3 614
Other financial assets		0	0
Trade and other receivables		96	111
Deferred tax assets		7 995	5 858
Total non-current assets		48 643	46 325
<u>Current assets</u>			
Inventories		3 956	3 748
Trade and other receivables		6 052	5 918
Other financial assets		3	3
Cash and cash equivalents		24 143	25 179
Current tax assets		88	211
Total current assets		34 243	35 058
TOTAL ASSETS		82 886	81 383

EQUITY AND LIABILITIES	(in K euro)	2022	2023
<u>Total equity</u>			
Capital		41 381	41 381
Reserves and retained earnings/accumulated loss (-)		4 684	8 003
Revaluation surplus		6 956	6 956
Remeasurement of the net defined benefit liability (asset)		0	-111
Treasury shares (-)		-6 663	-9 292
Currency translation adjustments		2 268	2 357
Shareholder's equity		48 627	49 294
Total equity		48 627	49 294
<u>Non-current liabilities</u>			
Interest-bearing financial liabilities		1 888	1 409
Lease liabilities		2 690	2 809
Employee benefit liabilities		594	716
Provisions		118	93
Deferred tax liabilities		2 183	831
Total non-current liabilities		7 473	5 858
<u>Current liabilities</u>			
Interest-bearing financial liabilities		476	478
Lease liabilities		682	798
Trade and other payables		22 208	21 499
Employee benefit liabilities		3 099	3 179
Current tax liabilities		322	276
Total current liabilities		26 786	26 231
TOTAL EQUITY AND LIABILITIES		82 886	81 383

Statement of changes in equity for the period

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

(in K euro)	Capital	Reserves and retained earnings/ accumulated loss (-)	Revaluation surplus	Remeasurement of the net defined benefit liability (asset)	Treasury shares (-)	Currency translation adjustments	Shareholder's equity
Balance as at 31.12.2022	41 381	4 684	6 956		-6 663	2 268	48 627
Profit/loss (-) for the period		6 928					6 928
Other comprehensive income:							
Items which will not be reclassified to profit or loss							
Remeasurement of the net defined benefit liability (asset)				-137			
Taxes on remeasurement of the net defined benefit liability (asset)				25			
Total of items which will not be reclassified to profit or loss				-111			-111
Items which possibly will be reclassified to profit or loss							
Translation differences						103	103
Taxes on translation differences						-14	-14
Total of items which possibly will be reclassified to profit or loss						89	89
Other comprehensive income, net of taxes				-111		89	-23
Total of profit or loss and other comprehensive income		6 928		-111		89	6 905
Total of profit or loss and other comprehensive income for the period attributable to equity holders of the parent company		6 928		-111		89	6 905
Dividend distributed to shareholders		-3 609					-3 609
Transactions relating to treasury shares					-2 628		-2 628
Balance as at 31.12.2023	41 381	8 003	6 956	-111	-9 292	2 357	49 294

Statement of cash flows for the period

(in K euro)	2022	2023
Operating activities		
Net result	5 490	6 928
Depreciation, write-downs, impairment of property, plant and equipment	1 659	1 703
Depreciation, write-downs, impairment of right-of-use assets	759	832
Depreciation, amortisation, write-offs, impairment of intangible assets	1 242	1 357
Write-downs, impairment on current and non-current assets	1 155	109
Provisions	-851	-36
Net interest income (-)/expense	187	111
Loss/gain (-) on sale of property, plant and equipment	-29	
Income tax expenses	2 944	1 896
<i>Operating cash flow before changes in working capital</i>	<i>12 555</i>	<i>12 899</i>
Decrease/increase (-) in trade and other receivables and current income tax assets	2 234	211
Decrease/increase (-) in inventories	95	145
Increase/decrease (-) in trade and other payables	-314	-893
Decrease/increase (-) in working capital	2 016	-538
<i>Operating cash flow after changes in working capital</i>	<i>14 571</i>	<i>12 361</i>
Interest paid (-)	-141	-82
Interest paid (-) on lease liabilities	-32	-97
Interest received		63
Income tax paid (-)	-586	-1 085
Cash flow from operating activities	13 812	11 162
Investing activities		
Proceeds from sale of property, plant and equipment	48	
Acquisition of property, plant and equipment	-1 434	-871
Acquisition of other intangible assets	-1 300	-1 777
Cash flow from investing activities	-2 687	-2 649
Financing activities		
Acquisition of treasury shares	-3 284	-2 628
Repayment of financial liabilities	-473	-476
Repayment of financial lease liabilities	-746	-808
Dividends paid	-2 421	-3 609
Cash flow from financing activities	-6 923	-7 521
Increase/decrease (-) in cash and cash equivalents	4 202	992
Effect of exchange rate fluctuations	-53	44
Net increase/decrease (-) in cash and cash equivalents	4 149	1 035
Cash and cash equivalents at the beginning of the year	19 994	24 143
Cash and cash equivalents at the end of the period	24 143	25 178
Total cash and cash equivalents	24 143	25 178