



PRESS RELEASE – Regulated information

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Half-yearly results 2021

Smartphoto confirms year-on-year growth

- The further increase in the 'gifts' category compensated for the return to a normal level in the sales of books and prints, after the exceptionally strong sales in 2020. As a result, the operating income for the first 6 months remained more or less stable compared to last year, and amounts to kEUR 21,060 as at June 30, 2021, compared to kEUR 21,167 as at June 30, 2020 (-0.5%).
- The opening of the new factory and the expansion of the teams to support the growth resulted in higher fixed costs, and as anticipated, put pressure on profitability over the first 6 months, with traditionally lower volumes. The EBITDA decreased from kEUR 2,699 to kEUR 965 (-64.2%).
- The net result amounts to kEUR -824 over the first half of 2021 compared to a net result of kEUR 863 over the first half of 2020.
- Positive evolution of the Net financial debt (-)/Net cash and cash equivalents on an annual basis from kEUR -1,197 to a cash surplus of kEUR 881, and this despite the dividend payment for 2020 (kEUR 2,249), the further purchase of treasury shares (kEUR 1,015), and the investments in property, plant and equipment and intangible assets (kEUR 2,104), of which mainly investments necessary to bring the additional production building into use.
- Despite the limited visibility over the past months, amongst others due to Covid-19, smartphoto confirms growth in revenue and EBITDA on an annual basis.

Key figures

Non-audited figures, prepared in accordance with IFRS.

	(in €' 000)	June 2020	June 2021	Δ in %
Revenue		21 167	21 060	-0.5%
Profit/loss (-) from operating activities (EBIT)		1 089	-720	
Depreciation, amortisation, write-downs and provisions from operating activities		1 611	1 685	4.6%
Profit/loss (-) from operating activities, corrected for depreciation, amortisation, write-downs, and provisions (EBITDA)		2 699	965	-64.2%
Financial result		-234	-106	-54.7%
Write-offs and provisions from financial items		120	-47	
Profit/loss (-) before taxes		855	-826	
Profit/loss (-) before taxes, corrected for depreciation, amortisation, write-downs and provisions		2 586	812	-68.6%
Income taxes expense (-)/income		8	2	-75.0%
Deferred taxes		-8	-2	-75.0%
Profit/loss (-) for the period		863	-824	
Profit/loss (-) for the period, corrected for depreciation, amortisation, write-downs, provisions and deferred taxes		2 586	812	-68.6%
Profit/loss (-) for the period attributable to equity holders of the parent company		863	-824	

	(in €'000)	June 2020	Dec 2020	June 2021	Δ in % June 2020- June 2021	Δ in % Dec 2020 - June 2021
Total assets		52 230	71 095	57 308	9.7%	-19.4%
Gross financial debt (-)		-5 295	-4 717	-4 266	-19.4%	-9.6%
Net financial debt (-)/Net cash		-1 197	13 229	881		-93.3%
Total equity		37 359	45 477	42 209	13.0%	-7.2%
Solvency ratio		71.5%	64.0%	73.7%	3.0%	15.1%
Current ratio		95.1%	122.7%	117.2%	23.2%	-4.4%

Explanation

Smartphoto group, the innovative e-commerce group from Wetteren, had a strong first quarter in 2021, following the exceptionally strong year of 2020. For the months of April and May 2021, the easing measures regarding the Covid-19 virus (coronavirus) led to normal sales volumes in books and prints compared to 2020. This decline was compensated by the continuous increase in the 'gifts' category, which once again registered a double-digit growth.

As a result, the revenue for the first 6 months of 2021 remained rather stable compared to June 30, 2020, and amounts to kEUR 21,060 as at June 30, 2021 compared to kEUR 21,167 as at June 30, 2020 (-0.5%).

The product range of smartphoto is constantly being expanded. For example, personalisable Belgian chocolate with a photo and/or text, or a chocolate telegram consisting of letters, spaces and icons (to create a personal message), now belong to the products of smartphoto. You can also call on smartphoto for personalisable fluorescent jackets so you can cycle in a fun way safely to school with your children. In addition, many new designs, new models or new materials were added to existing products, and the number of products with fast delivery "Ordered before 4.00 p.m., delivered tomorrow!" was further expanded.

Also in the second half of 2021, new products will further expand smartphoto's product range.



Revenue in the first half of the year is traditionally low compared to the second half, and amounts to, rounded, only one third of the total revenue on an annual basis. These low volumes over the first 6 months of the year, combined with higher fixed costs due to the opening of the new factory and the expansion of the teams to support the growth, put pressure on profitability, as anticipated. The EBITDA decreased from kEUR 2,699 as at June 30, 2020 to kEUR 965 as at June 30, 2021 (-64.2%).

The first half of 2021 was also characterised by a temporary shift in the product mix as a result of the Covid-19 measures that applied in these months. In the second half of the year, when it will again be possible to travel and have family gatherings and parties, the demand for photo products and personalised gifts will increase, on top of the traditionally most important half of the year for the activities of smartphoto group.

Taking into account the above, and the known seasonality, the net result amounted to kEUR -824 as at June 30, 2021, compared to a net result of kEUR 863 in the first half of 2020.

Financial result

The financial result improved by kEUR 127 from kEUR -234 as at June 30, 2020 to kEUR -106 as at June 30, 2021. This increase of the financial result is mainly due to the positive impact of the exchange rate gains/losses of kEUR 133, the decrease of the financial expenses from interest-bearing financial liabilities and lease liabilities of kEUR 8, and the negative impact of the other financial expenses of kEUR 14.

Income taxes

The amount of the income taxes expense (-)/income evolved from kEUR 8 for the first 6 months of 2020 to kEUR 2 as at June 30, 2021. The tax result of kEUR 8 as at June 30, 2020 consists of a reversal of deferred taxes. The tax result of kEUR 2 for the first 6 months of 2021 also concerns a reversal of deferred taxes.

Result of the period

As at June 30, 2021, the net loss amounted to kEUR 824, compared to a net profit of kEUR 863 in the first half of 2020.

This decrease in the result of the period of kEUR 1,688 can be explained by:

- o A decrease of the profit from operating activities of kEUR 1,809, amongst others, due to the return to a normal level of the sales of books and prints after the exceptional strong sales mainly in the first half of 2020, the higher fixed costs due to the opening of the new factory and the expansion of the teams to support the growth; this in combination with the seasonal character of the first half of the year with traditionally low volumes, whereby revenue is only one third of the total revenue on an annual basis.
- o A positive impact of the financial result of kEUR 127, mainly due to the positive impact of the exchange rate gains/losses.
- o A slight decrease in the income taxes expense (-)/income of kEUR 6.

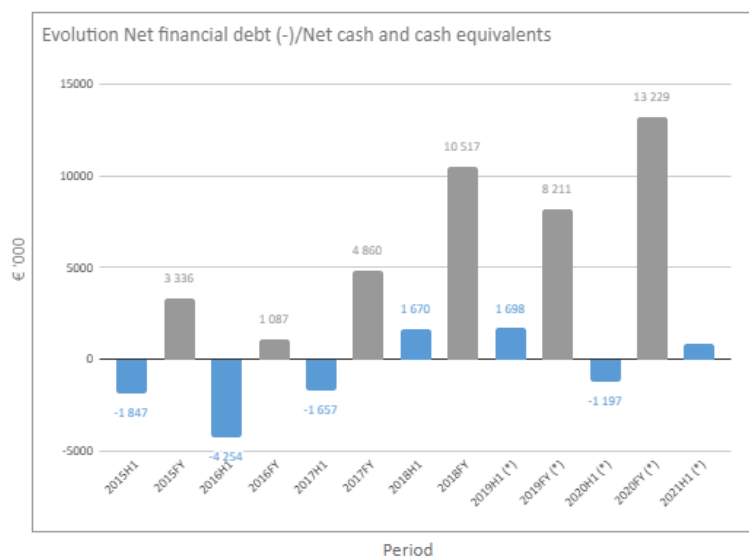
Statement of financial position

The balance sheet total as at June 30, 2021 amounts to kEUR 57,308 compared to kEUR 71,095 as at December 31, 2020. The main components explaining this decrease of kEUR 13,787 are:

- o A decrease in property, plant and equipment of kEUR 584. This decrease is mainly due to, on the one hand, investments in property, plant and equipment of kEUR 161, which mainly relate to investments in production machines. On the other hand, the depreciation in the first half of 2021 amounted to kEUR 735.
- o A decrease in the right-of-use assets of kEUR 212. The investments amounted to kEUR 53 and the depreciation over the first half of 2021 amounted to kEUR 396. Furthermore, there was an increase in the carrying amount of the right-of-use assets following a renewal of a lease of office space for kEUR 134 and a negative impact from exchange rate movements of kEUR 3.
- o A decrease of the intangible assets of kEUR 16, due to, on the one hand, investments in intangible assets for an amount of kEUR 493, and on the other hand, the depreciation for an amount of kEUR 509 over the first 6 months of 2021. The investments mainly relate to investments in our mobile applications such as the User Experience (UX) project, the further conversion of the editing module of our website to the HTML5 standard, the further migration of the website to the cloud and automations with regard to the implementation of new designs on the website platform. An amount of kEUR 241 of these investments was generated internally. These internally generated intangible assets mainly relate to the expenses of our internal developers to program the editing module within the HTML5 standard to create a module that is as complete as possible for an audience that is as broad as possible, to achieve migration from the website to the cloud, to implement the changes of the website platform and to elaborate the process within the UX-project. These expenditures meet the recognition criteria for capitalisation pursuant to IAS 38.57.
- o A limited increase in inventory of kEUR 131. The inventory levels were temporarily increased in the recent months to ensure security of supply during the corona crisis. As the situation is gradually stabilising, the inventory decreased again with kEUR 233 compared to the first 6 months of last year.
- o A decrease in the trade and other receivables of kEUR 447 for the period from December 2020 to June 2021, mainly due to the seasonal character of the activities.

- o The Net financial debt (-)/Net cash and cash equivalents showed a positive evolution on an annual basis, from a net financial debt of kEUR -1,197 to a cash surplus of kEUR 881. This positive evolution is the result of, on the one hand, the dividend payment over 2020 (kEUR -2,249), the purchase of treasury shares for the period of July 1, 2020 to June 30, 2021 (kEUR -1,015) and the investments in property, plant and equipment and intangible assets (kEUR -2,104), of which mainly the investments to make the additional production building operational in the third quarter of 2020 and, on the other hand, the decrease of the financial liabilities and lease liabilities, and the realised substantial free cash flow from smartphoto's regular activities on an annual basis.

Compared to December 31, 2020 (cash surplus of kEUR 13,229), the net cash and cash equivalents over the first 6 months of 2021 decreased with kEUR 12,348. This decrease over the first 6 months of the year is entirely due to the seasonal effect with sales traditionally peaking in the last quarter of the year.



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

- o Compared to the end of 2020, total equity decreased with kEUR 3,269. This decrease is mainly due to the profit/loss (-) of the year over the first 6 months of 2021 (kEUR -824), the negative impact of the translation differences (kEUR -23), the payment of the dividend for 2020 (kEUR -2,249) and the purchase of 5,856 treasury shares in the period from January 1, 2021 to June 30, 2021 (kEUR -172).

The treasury shares are purchased in execution of the share purchase programme of treasury shares with which smartphoto aims to create a pool of treasury shares as an investment, and to finance possible future acquisitions.

Currently, a discretionary mandate is granted to KBC Securities, which is authorised to purchase shares of smartphoto group on Euronext Brussels, as well as outside the regulated market, in open periods. Block trades are also possible within this mandate. The current mandate runs until May 31, 2023 or until an amount of EUR 3 million is reached. To achieve this, an amount of kEUR 2,011 in treasury shares can still be purchased.

As at June 30, 2021, smartphoto group NV holds 198,989 treasury shares, or 5.05% of the total amount of issued shares (3,941,950).

The financial statements and explanatory notes are included in the "[Half-yearly financial report 2021](#)", available on the website www.smartphotogroup.com.

Outlook 2021 ⁽¹⁾

Despite the lower profitability in the first 6 months of 2021, the management and the Board of Directors expect that there will be year-on-year growth in both turnover and EBITDA for 2021.

Not only is the second half of the year traditionally the most important for the activities of smartphoto group, but the return to opportunities such as travelling and having family gatherings and parties, will also lead to an increase in demand for photo products and personalised gifts.

The further expansion of the range of personalised products and gifts, supported by more efficient marketing, will contribute to the expected growth in revenue and profitability. In 2021, superfast delivery for a number of products, 'Ordered before 4 p.m., delivered tomorrow', will also be further expanded.

About smartphoto group

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

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

Financial calendar

March 3, 2022 ⁽²⁾	before trading hours	Annual results 2021
May 11, 2022	at 2 p.m.	Annual General Meeting of Shareholders
August 24, 2022 ⁽²⁾	after trading hours	Half-year results and half-yearly financial report 2022

Definitions

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

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

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

Net result= Profit/Loss (-) for the period attributable to equity holders of the parent company.

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

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

Gross financial debt (-)= 'Current and non-current interest-bearing financial liabilities' and 'Lease liabilities'.

Net financial debt (-)/Net cash and cash equivalents= Total of the 'Current and non-current interest-bearing financial liabilities' and the 'Current and non-current lease liabilities' less 'Cash and cash equivalents'. When 'Cash and cash equivalents' exceed the aforementioned liabilities, this measure is referred to as 'Net cash and cash equivalents' or 'Cash surplus'.

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

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

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.