

SES-imagotag: Sales growth accelerates in Q3

- Q3 sales of €181.8m, up +108% vs Q3 2021
- 9-month sales reached €467.7m, up +61% vs. previous year
- VAS sales up +63% year-on-year in Q3 and YTD
- 9-month order entries increased +22% YTD to €547m
- Full-year 2022 sales expected at €600m+, with sequential profitability improvement vs. H1
- With a backlog and pipeline at an all-time high, SES-imagotag remains confident in its ability to reach its 2023 top-line target of €800m

Sales (€m)*	Europe	Rest of World	Total
Q3 2022	138.3	43.5	181.8
Q3 2021	62.4	25.1	87.5
Change (%)	121.7%	73.5%	107.9%
9M 2022	359.6	108.1	467.7
9M 2021	219.5	70.8	290.2
Change (%)	63.8%	52.8%	61.1%
2022 12-month rolling	457.2	143.1	600.3
2021 12-month rolling	296.4	92.3	388.7
Change (%)	54.3%	55.0%	54.4%

Thierry Gadou, Chairman and CEO of the SES-imagotag group, commented: "I am very pleased to present a quarter of exceptionally strong top-line growth, as Q3 surpassed all previous quarterly sales figures. Our 9-month revenue is now well over last year's full-year sales and we are on track to meet our 40%+ growth and €600m+ revenue targets for 2022. We attribute this performance to an accelerated demand for ESL and in-store digital solutions combined with an increasing recognition of the many competitive advantages of our VUSION platform. Some of our customers also opted to accelerate the pace of their ESL deployments in order to address the impact of increasing inflation. Our VAS revenue growth accelerated to 60+% year-over-year (both for the quarter and year-to-date), in line with our expectations, and we expect this trend to further accelerate in the last quarter of the year.

With continued strong new orders reaching €700m over the past 12 months and €2bn over the past 12 quarters, combined with a weighted pipeline that has never been so high, we have unprecedented strong visibility into future growth and remain confident in our ability to reach next year's sales target of €800m."

Record growth in Q3

In Q3 2022, total sales reached €181.8m, once again breaking all previous records for quarterly revenue, and increasing +108% versus Q3 2021.

Total sales for the first nine months of 2022 stood at €467.7m, representing growth of +61.1% year-to-date versus Q3 year-to-date in 2021. On a 12-month rolling basis, sales grew by +54.4% to €600.3m.

This record top-line increase reconfirms an accelerating trend, across both Europe and the rest of the world driven by the growing need among retailers to implement omnichannel strategies in the face of ever-increasing e-commerce sales. ESL top-line increased +119% in Q3 as some clients also decided to accelerate shelf-edge digitization to address the impact of increasing inflation.

Order entries in Q3 2022 increased +16% to €162m. Growth for the nine-month period was +22% to €547m. Over the past 12 months, new orders reached €700m and the symbolic milestone of €2 billion was reached for the past 12 quarters.

Europe

Sales in Europe during Q3 2022 totaled €138.3m, for growth of +121.7%, driven by a strong increase in the sale of ESLs in Germany, and ongoing dynamic activity in France and southern Europe. Year-to-date sales at Q3 2022 stood at €359.6m representing year-over-year growth of +63.8%

On a 12-month rolling basis at the end of Q3 2022, sales in Europe increased by +54.3% to €457.2m.

Rest of World (RoW)

Q3 2022 sales in RoW increased by +73.5% versus the previous year to €43.5m, essentially driven by the Americas – once again the company's fastest growing region.

Top-line totaled €108.1m in the first nine months of 2022, for growth of +52.8% compared to the same period during the previous year.

On a 12-month rolling basis at Q3 2022, sales in RoW increased by +55% to €143.1m.

Continued strong growth of VAS revenues

The steep growth trajectory of SES-imagotag's software, services and non-ESL solutions (VAS) continued into the third quarter of 2022. VAS top-line saw robust growth of +62.6% during the period – underscoring an accelerating trend – to reach over €27m.

For the first nine months of 2022, VAS revenues reached €72m, an increase of 63% year-over-year and similar to the Q3 growth rate. The VAS ratio stands at 15.5% of total sales, compared to 15.3% during the same period a year ago. This percentage share of revenues generated by VAS is slightly lower than in H1 (15.8%) as a consequence of the exceptional 100%+ growth of ESL installations during the third quarter. Over a longer period, the growth rate of VAS revenues will continue to significantly exceed that of ESLs, driving a steady increase in the revenue mix, and the average profitability, in line with our strategy.

Outlook

Despite the complex geopolitical context and inflationary headwinds, SES-imagotag's order backlog and pipeline of opportunities are both at an all-time high.

Therefore, the Group is very confident in its ability to deliver its 2022 target of 40%+ global top-line growth and annual sales in excess of €600m, together with further improvement in profitability.

Moreover, looking into 2023, the level of backlog and confirmed deals (under final contractual negotiation) so far exceeds 80% coverage of the €800m revenue target, thus supporting a strong degree of confidence in that objective as well, and in the Group's ability to continue to grow its profitability.

Capital Markets Day

On November 9, 2022, SES-imagotag's management will host a Capital Markets Day in Paris to discuss the company's current operations, and to present a strategic plan to follow on the heels of the current Vusion-23 plan. The presentations will also be accessible simultaneously via webcast. For information concerning this event, please contact ses-imagotag@labrador-company.com.

Financials

Sales (€m)	Europe	Rest of World	Total
Q1 2022	91.4	28.8	120.2
Q1 2021	62.6	21.5	84.1
Change (%)	46.0%	34.0%	42.9%
Q2 2022	129.7	35.2	164.8
Q2 2021	94.5	24.2	118.7
Change (%)	37.2%	45.3%	38.9%
Q3 2022	138.3	43.5	181.8
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About SES-imagotag and the VUSION Retail IoT platform

SES-imagotag is a world leader in smart digital labels and IoT solutions for physical retail, serving over 300 large retailer groups around the world in Europe, Asia and North America.

SES-imagotag has developed the VUSION Retail IOT technology platform to help retailers transform their physical stores into high value digital assets, more automated, data-driven, and connected in real-time to suppliers and consumers. VUSION improves the agility, precision and accuracy of prices, whilst ensuring the omnichannel synchronization of prices, product information and marketing campaigns. The platform developed by SES-imagotag also optimizes in-store order preparation and restocking. VUSION improves employee satisfaction by freeing up time from cumbersome low value-added tasks and allowing them to focus on customer service and merchandizing tasks. VUSION connects shelves to the Cloud, providing real-time accurate information on product availability and location, allowing for reduced inventory, out-of-stock and waste, as well as improved on-shelf availability and merchandizing compliance. VUSION empowers consumers with better product, nutritional and traceability information at the shelf and enables a frictionless in-store shopping experience with features such as product search, pathfinding and cashier-less scan & pay features.

SES-imagotag supports the United Nations' Global Compact initiative and has received in 2022 the Gold Sustainability Rating from EcoVadis, the world's reference of business sustainability ratings

SES-imagotag is listed in compartment B of the Euronext™ Paris

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