

SES-imagotag: 2022 Sales Outperform Growth Expectations

- Annual sales at €619m, up +46% vs FY 2021
- Growth across all regions
- VAS¹ Revenues up +46%, to €93m (15% of sales)
- Order entries amounted to €685m, up +14% year-on-year
- 2023 revenue expected at €800m, on-trajectory toward VUSION '27 objectives

Sales (€m)*	Europe	Rest of World	Total
H1 2022	221.3	64.6	285.9
H1 2021	157.1	45.7	202.8
Change (%)	40.8%	41.4%	41.0%
Q3 2022	138.3	43.5	181.8
Q3 2021	62.4	25.1	87.5
Change (%)	121.7%	73.5%	107.9%
Q4 2022	126.3	25.1	151.4
Q4 2021	97.7	35.0	132.6
Change (%)	29.3%	-28.2%	14.2%
H2 2022	264.6	68.6	333.2
H2 2021	160.0	60.1	220.1
Change (%)	65.4%	14.3%	51.4%
FY 2022	485.9	133.2	619.1
FY 2021	317.1	105.8	422.9
Change (%)	53.2%	26.0%	46.4%

*Audit procedures currently being finalized

Thierry Gadou, Chairman and CEO of the SES-imagotag group, commented: "Full year sales in 2022 have outperformed guidance with organic growth of more than +45%, in spite of the de-consolidation of our JV in China during the fourth quarter of the year. Electronic shelf label (ESL) sales and revenue from VAS¹ have both grown at the same pace, close to 50%. With regard to our geographic footprint, Germany and the United States were the main drivers of growth. Overall, most of our markets are growing significantly, with the exception of Asia, where we need to reboot our efforts as the region emerges from its COVID-driven isolation.

The share of sales contributed by VAS remained constant this year at 15%, due to the higher-than-expected growth of ESL sales. This dynamic growth was fueled by the impact of global inflation, requiring retailers to become more agile. Nevertheless, the top-line increase of solutions and services excl. ESLs is

¹ VAS: Software, services and non-ESL value-added solutions

progressing rapidly and should accelerate through organic and external growth. We ended 2022 with the strategic acquisition of In the Memory, a data analytics company. This acquisition will accelerate the uptake of the offer we are building around Captana, MarketHub and Engage, and collectively empower our customers to leverage all inherent advantages in the digitalization of their stores.

The year 2022 concluded with the presentation of VUSION '27, our 5-year plan, conceived to strengthen and grow SES-imagotag's position as the strategic partner behind the digital transformation of our customers, and as the unmatched global leader in our sector. We begin 2023 with great confidence, despite the global economic headwinds. During the past few years, we have proven the resilience and the strength of our model and thus reiterate our top-line guidance of €800m for this year, and the continued improvement in our profitability for the year 2023."

Sales grew +51% in H2 2022

Top-line growth accelerated in H2 2022 to +51%, a 10-point increase compared to the first half of the year. Sales of ESLs were driven – in particular – by the impact of global inflation, causing retailers to digitalize their operations.

For full-year 2022, top-line increased to €619.1m, for a growth rate of +46.4%, once again achieving SES-imagotag's highest-ever annual sales level. This strong growth was driven largely by Europe and North America.

Europe

Sales in the Europe region reached €485.9m for the full-year 2022, representing an increase of +53.2%. This very strong growth was fueled, in large part, by a substantial acceleration in Germany, an excellent performance in Italy, and the accelerating adoption of value-added solutions and services in more mature markets. Sales growth in the second half of the year accelerated to +65.4%.

Rest of World: Strong growth in North America

Sales outside of Europe also experienced robust growth, reaching €133.3m, a +26% increase for the full year. This growth took place in spite of the impact of the deconsolidation of SES-imagotag's subsidiary in China during Q4 2022, and more generally, within the context of contraction in the Asia region where activity had decreased in light of the long period of COVID-related lockdowns.

Conversely, sales in North America grew very strongly, surpassing the top-line milestone of €100m in 2022. As the implementation of major projects takes off, the United States market should continue to consolidate its position as an essential engine of growth for the years to come.

Order entries

Order entries reached €685m in 2022, for a +14% year-on-year increase. This more moderate growth rate compared to the previous year is mainly due to longer contract negotiations for large key accounts. Nonetheless, the number of commercial opportunities and the value of the portfolio are at an all-time high, as is the level of growth visibility for the coming year.

Software, Services and Non-ESL Solutions (VAS)

VAS (software, services and non-ESL solutions) sales grew +46% to €93m for the full year. This increase is set to accelerate through both organic and external growth. VAS share of revenue remained unchanged year-over-year, at 15%, in light of the higher-than-expected sales growth of ESLs. Going forward, the VAS top-line should accelerate and grow at a sustainably faster rate than ESLs. This acceleration should begin in 2023 and continue for the coming years, meeting a target of 30% of sales in 2027.

Outlook

For 2023, the existing order book and the opportunities with contracts currently in negotiation already cover more than 80% of our top-line objective of €800m, thus underscoring our high level of confidence in this target, as well as in the Group's ability to continue to improve profitability.

Within the context of possible headwinds caused by current global macroeconomic trends and ongoing geopolitical tensions, SES-imagotag is confident in its ability to continue on its trajectory toward the achievement of the five-year objectives set out in the recently published strategic plan, VUSION '27.

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 350 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 Platinum Sustainability Rating from EcoVadis, the world's reference of business sustainability ratings.

SES-imagotag is listed in compartment A of the Euronext™ Paris exchange and is included in the SBF 120 index.

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www.ses-imagotag.com

Investor Relations contact:

Labrador - Raquel Lizarraga / +33 (0)6 46 71 55 20 / raquel.lizarraga.ext@ses-imagotag.com