SES-imagotag H1 2023 Sales

- **Q2 2023 sales at €221m (+33%)**

- **H1 2023 sales at €380m (+33%)**

- **12-month rolling sales growth of 41% to €715m**

- **VAS[1] sales in H1 2023 of €53m (+18%), representing 14% of total revenue**

- **H1 order entries at €518m (+35%)**

- **Performance and outlook in-line with full-year guidance**

Sales in € m	EMEA	Rest of the world	Total
H1 2023	**317.1**	**63.0**	**380.1**
H1 2022	221.3	64.6	285.9
Change (in %)	*+43.3%*	*-2.5%*	*+33.0%*
2023 Rolling 12-month	**582.5**	**132.6**	**715.1**
2022 Rolling 12-month	381.2	124.7	505.9
Change (in %)	*+52.8%*	*+6.3%*	*+41.4%*

Order entries in € m	2023	2022	%
H1	**518.0**	**385.0**	***+34.5%***
Rolling 12-month	818.0	677.0	*+20.8%*

Thierry Gadou, Chairman and CEO of SES-imagotag, commented: *"As previously announced, the first half of 2023 marked yet another period of record-breaking achievements for SES-imagotag. During the period, the top-line increased more than +30%, in line with our published target. Order entries – which totaled more than half a billion euros in H1 2023 – also grew dynamically, fueled by several wins in the United States, including the large Walmart contract. SES-imagotag's sales performance in H1 2023 was accomplished despite a challenging environment for retailers. This economic reality has had a negative impact on new investments, but at the same time reflects the increasingly strategic nature and acceptance of our solutions by our customers. Our margins have also evolved positively, enabling the company to continue improving its profitability. SES-imagotag expects to achieve its full-year top-line objective of €800m in 2023, and to continue its solid growth trajectory in 2024, driven notably by accelerating business in the United States."*

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[1] *VAS = revenues from software, services and non-ESL solutions. VAS is the acronym for Value-Added Solutions & Services. VAS revenue includes: VUSION Software licenses and SaaS platform; maintenance contracts; professional services (installation, set-up fees, project management, engineering services for custom solutions, etc.); Captana revenues from cameras, sensors and SaaS; Pulse and In the Memory Data Analytics SaaS platform; Engage solution (video rail, digital signage and V-ads SaaS platform); and Industrial IoT solutions (PDi Digital).*

Q2 and H1 2023 sales set new record highs

As previously announced, Q2 2023 set a new record, with quarterly sales of €221m surpassing the €200m mark for the first time, a +33% increase compared to the previous year. Second quarter order entries of €297m grew +38% year-on-year.

In the first half of 2023, sales increased by +33% versus the previous year, to €380m, in line with the full-year target. H1 2023 order entries totaled €518m, a year-on-year increase of +35%, driven by wins in the United States.

This performance was accomplished despite a challenging environment for retailers, with high inflation, lower consumption in terms of volumes, and downward pressure on margins.

Challenging environment for the global retail industry, resulting in slower VAS growth (+18%)

Despite the difficult economic circumstances they faced in H1 2023, retailers continued to deploy electronic shelf labels (ESLs)[2] for ongoing projects. However, some retailers have slowed down or postponed innovation projects, resulting in a lower growth rate for VAS sales, which increased +18% during the first half of the year. The recurring portion of VAS sales has continued to grow strongly, but revenues from new projects decreased slightly. At the same time, ESL sales increased +36% in H1 2023, leading to a VAS rate of 14% of total sales for the period.

Sales momentum by region

Sales in the **EMEA** region (Europe, Middle East and Africa) reached €317m in the first half of the year, constituting a strong growth rate of +43% compared to the previous year. The spike in the region's sales was driven by top-line growth in the DACH region (Germany, Austria and Switzerland), where the deployment rate of ESLs increased amidst retailers' concerns regarding inflation and a tight job market.

Sales in the first half of the year benefited from the continuation of large ESL deployments in Europe, including the signature of several new large contracts with food retail and non-food retail chains in the UK, Benelux, and Italy.

Top-line in the **Americas and Asia-Pacific** regions (ROW) was €63m in H1 2023, a slight decrease versus the previous year, but showing strong growth of +27% on a like-for-like basis, driven primarily by North America. As a reminder, in the first half of 2023, the company no longer consolidates sales of the Chinese subsidiary (sold by SES-imagotag in September 2022) which reported sales of €15m in H1 2022. NB: the company's consolidated sales do not include sales to BOE.

In the United States, the company had several wins in H1 2023, including a large contract signed with Walmart, and several deployments in food retail, specialized retail, and convenience stores. Given the execution of these contracts, and the positive sales momentum growth, the United States now represents a large majority of ROW sales. This growth is expected to accelerate, thus leading the United States to become the largest contributor to SES-imagotag sales as of 2024.

Outlook

For the coming semester, SES-imagotag expects to continue driving its solid growth, and confirms its 2023 full-year revenue target of €800m.

As previously announced, the favorable margin trends discussed at the beginning of the year have confirmed themselves and support the company's guidance for improved profitability for 2023.

Next scheduled press release: September 11, 2023 – H1 2023 Earnings Results

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[2] *ESL revenue includes sales from electronic shelf labels, fixings, and accessories.*

Financials

Sales (€ m)	Europe	Rest of World	Total
Q1 2023	**130.2**	**29.1**	**159.3**
Q1 2022	91.4	28.8	120.2
Change (%)	*+42.4%*	*+1.0%*	*+32.5%*
Q2 2023	**186.9**	**33.9**	**220.8**
Q2 2022	129.9	35.8	165.6
Change (%)	*+43.9%*	*-5.3%*	*+33.3%*
H1 2023	**317.1**	**63.0**	**380.1**
H1 2022	221.3	64.6	285.9
Change (%)	*+43.3%*	*-2.5%*	*+33.0%*
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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 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.

Ticker symbol: SESL – ISIN code: FR0010282822 – Reuters: SESL.PA – Bloomberg: SES

www.ses-imagotag.com

Investor Relations contact:

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

Press contacts

Europe:
Publicis Consultants
Audrey Malmenayde / +33 6 76 93 11 45 / audrey.malmenayde@publicisconsultants.com
Louis Silvestre / +33 6 24 31 06 76 / louis.silvestre@publicisconsultants.com

International:
Kekst CNC
Jeremy Fielding / jeremy.fielding@kekstcnc.com
Nick Capuano / nicholas.capuano@kekstcnc.com
Arnaud Salla / arnaud.salla@kekstcnc.com

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