

VusionGroup - Q1 2024 Sales: Q1 2024 revenue in line with guidance

- Q1 revenue of €172m (€178m in adjusted¹ figures; +12% growth, in line with guidance)
- Record order entries at €274m (+24%), the second best-ever quarter
- Strong growth of recurring VAS to €12.5m (+33%), representing more than 60% of total VAS revenue of €19.5m (-20% vs. Q1 2023)
- Reconfirmed guidance in adjusted figures for H1 revenue in a range of €420m to 440m, and full-year 2024 revenue of €1bn

The following financial figures are presented under IFRS standards, as well as in adjusted terms before IFRS 15 adjustments, with no cash impact, related to the Walmart U.S. contract which began in Q4 2023. Details of these adjustments are provided at the end of this press release.

In €m	IFRS Sales	Adjustments ¹ to Walmart contract	Adjusted sales ¹
Q1 2024	171.9	-5.8	177.7
Q1 2023	159.3	-	159.3
% Change	+8%	N/A	+12%

Unaudited figures

Thierry Gadou, Chairman & CEO of VusionGroup, commented: "We delivered a first quarter according to plan in terms of shipments and sales, with on the one hand strong growth in North America, and on the other hand the impact of the finalization of the implementation phase of a large European client, not yet compensated by the many contracts signed in Europe over the past few months. In Q1, we continued the excellent momentum in order entries -- both in Europe and in the Americas & Asia-Pacific region -- and we expect this positive trend to continue in the coming quarters. The increased differentiation of our solutions reflects the significant work we continue to undertake in R&D and innovation, resulting in the strong momentum we are enjoying. Despite the remaining challenging environment for the global retail sector, we reiterate the recently provided 2024 guidance, both for sales and profitability growth."

Q1 growth in line with guidance, and record-breaking order entries

The Group's revenue grew to €172m in the first quarter, and €178m in adjusted¹ figures, representing an increase of +12% compared to Q1 2023, in line with guidance.

In €m (adjusted ¹ figures)	EMEA	Americas & Asia-Pacific	Total
Q1 2024	106.2	71.5	177.7
Q1 2023	130.2	29.1	159.3
% Change	-18%	+146%	+12%

Unaudited figures

¹ Adjusted sales incorporates IFRS standards before adjusting for certain non-cash IFRS 15 adjustments related to the Walmart US contract, which began in Q4 2023. These adjustments only impact the Americas & Asia-Pacific region. Please see the detailed explanatory note at the end of this press release.

In terms of geography, growth was driven by North America. As previously announced, the breakdown of revenue in the first quarter was:

60% of sales, or €106m, was generated in **EMEA**. This represents a -18% decrease, attributable to the planned and previously disclosed finalization of the implementation phase of a large European client. This cycle effect is expected to have a temporary impact in 2024, with sales growth resuming in 2025 on the back of the many contracts signed in Europe in recent months. Excluding the effect of this final phase of a major roll-out, the EMEA top-line grew in Q1;

40% of sales, or €71.5m in **Americas/APAC** in adjusted figures for growth of +146% mainly driven by the United States, which is set to become the Group's largest market in 2024. This robust growth momentum is expected to continue in the coming quarters.

Global order entries grew by +24% to €274m, the second strongest quarterly growth rate in VusionGroup's history, and a record-breaking level for a first quarter. This significant momentum in new deal signatures is present in both Europe and the United States.

VAS² Revenue

The revenue generated by recurring software and services³ was €12.5m in Q1 2024, showing strong growth (+33% vs. Q1 2023), and accounting for more than 60% of total VAS top-line, which stood at €19.5m for the first quarter (-20% versus the previous year). The decrease in total VAS was attributable to a decline in non-recurring services⁴ resulting from a difficult economic environment in which retailers have slowed down or postponed certain projects. This dynamic in VAS sales is in line with the previously announced outlook and is expected to continue throughout the year. It is expected to shift eventually, fueled by the strong growth of recurring services.

The Group's installed cloud base grew rapidly in Q1 2024 to reach more than 19,000 stores and a total of 94 million ESLs. This momentum is expected to continue to accelerate.

2024 Outlook and Objectives

With an order book at an all-time high, VusionGroup reiterates its confidence in reaching its objective of €1 bn revenue mark (in adjusted figures) in 2024.

The anticipated growth will be weighted toward H2 2024 due to the planned launch of new EdgeSense production lines in Q2 2024 to fulfill the Walmart contract. VusionGroup expects to generate adjusted revenue on the order of €420m to 440m in H1 2024 (for growth of +10-15%) followed by a record H2 2024 with sales revenue of €580-600m (+30-40%).

Regarding the geographic distribution of annual sales, VusionGroup targets 50 to 60% of revenue to be generated in EMEA and 40 to 50% Americas/APAC, primarily in the United States. This will continue to drive triple-digit growth and accelerating momentum.

² VAS: Software, services, and non-ESL solutions

³ "Recurring VAS" revenue includes revenue generated by subscriptions to VusionCloud and its SaaS computer vision (Captana and Believe) and data analytics (Markethub and Memory) solutions, as well as contracts for recurring services.

⁴ "Non-recurring VAS" revenue includes the revenue generated by installation and non-recurring professional services; the sale of equipment such as Captana cameras, video rails and other screens used for retail media (Engage), as well as the sale of industrial and logistical solutions (PDigital).

Total VAS revenue is anticipated to reach €120 - 140m. This target takes into consideration the ongoing difficult macroeconomic environment for commerce in Europe, weighing heavily on capex allocated by retailers to new and innovative projects, as well as on non-recurring VAS, which is expected to decrease. Despite this decline, particularly in H1, the Group anticipates an improvement in the adjusted VCM rate in the first half and for the full year compared to the same periods in 2023, driven in particular by the increase of recurring VAS. The recurring VAS objective is to continue to grow strongly compared to 2023, and to reach a year-end revenue target of €60m+. It should be noted that the 2024 forecast includes only a small part of the recurring revenues tied to the large rollouts planned during the year. This will ramp up in parallel of store installations and will only be visible in 2025. Based on the planned rollouts, recurring VAS revenue is forecast to more than double in 2025.

VusionGroup expects to generate robust growth in order intake in 2024.

VusionGroup also expects profitability improvement to continue, with adjusted EBITDA margin growing by 50 to 100 bps in 2024 and continued positive cash flow for the year.

Note on the IFRS Adjustments related to the new Walmart contract:

Two IFRS adjustments related to the new Walmart contract impact 2023 financial disclosures:

1. On June 2, 2023, at their Annual General Meeting, the Group's shareholders approved a grant to Walmart of 1,761,200 of stock warrants on the Group's shares. According to IFRS standards, the fair value of these warrants should be calculated. On June 2, 2023, the fair value of the warrants was established at €163m. A contract asset and a financial debt were thus recorded in the consolidated accounts for this amount.

The contract asset, which is a fixed amount, is amortized in proportion to the forecast revenue generated by the Walmart contract over the duration of the roll-out of the VusionGroup platform in Walmart stores. The reduced revenue impact is customary as the warrants will only have a potential dilutive effect, which was modeled and communicated during the allocation of the warrants in early June 2023. This does not impact the actual sales invoiced to Walmart. This adjustment has no impact on the Group's cash flow. It impacts all of the Group's income statement lines, in the same proportion. This negative impact to the Group's IFRS accounts will continue until the end of the Walmart contract, in direct proportion to the sales generated by this contract.

The financial debt is subject to revaluation at each closing, depending on the number of exercisable warrants and the market price of VusionGroup shares. Any change is recorded as financial income in the Group's consolidated accounts. VusionGroup will continue to communicate at each closing the impact on revenue and net income of this IFRS adjustment.

2. The impact of future price reductions indexed to the volumes agreed upon with Walmart from the first deliveries of electronic shelf labels (ESLs): The cost of the Group's hardware solutions is a function of the volume manufactured. A significant increase in volume might thus lead to lower cost. Therefore, it has been agreed with this customer that they will be granted price reductions in relation to the future sales volume to which they contribute. The IFRS standard (IFRS 15) requires prices to be averaged over the life of the contract. The application of this adjustment in 2023 impacts reported revenue (IFRS) and the margin, even though price reductions will only be granted if and when volumes will have reached certain thresholds. The application of this standard has a negative impact on revenue and all income statement lines, down to net profit.

About VusionGroup

VusionGroup (ex- SES-imagotag) is the global leader in providing digitalization solutions for commerce, serving over 350 large retailer groups around the world in Europe, Asia and North America. The Group develops technologies that create a positive impact on society by enabling sustainable and human-centered commerce.

By leveraging its IoT & Data technologies, VusionGroup empowers retailers to re-imagine their physical stores into efficient, intelligent, connected, and data-driven assets. The Group unlocks higher economic performance, facilitates seamless

collaboration across the value chain, enhances the shopping experience, creates better jobs, cultivates healthier communities, and significantly reduces waste and carbon emissions.

VusionGroup consist of six families of solutions which bring the full potential of IoT, Cloud, Data, and artificial intelligence (AI) technologies to the service of the modernization of commerce: SESimagotag (ESL & Digital Shelf Systems), VusionCloud, Captana (computer vision and artificial intelligence platform), Memory (data analytics), Engage (retail media and in-store advertising), and PDidigital (logistics and industrial solutions).

VusionGroup supports the United Nations' Global Compact initiative and has received in 2023 the Platinum Sustainability Rating from EcoVadis, the world's reference of business sustainability ratings.

VusionGroup is listed in compartment A of Euronext™ Paris and is a member of the SBF120 Index. Ticker: VU - ISIN code: FR0010282822

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Glossary

EBITDA

The Group considers EBITDA to be a performance indicator that presents operating income before depreciation and amortization of fixed assets, adjusted for some items during the period that affect comparability with previous reporting periods. It also represents a good approximation of the cash flow generated by operating activities before taking into account investments and changes in working capital. Consequently, restatements include significant non-recurring items or items that will never lead to a cash disbursement.

Order entries

Order entries represent the year-to-date cumulative value of ESL orders received from customers. These orders are valued based on negotiated selling prices, i.e. before any impact of IFRS 15. Order intake also includes year-to-date VAS revenues.

Dividend payment

The Board of Directors decided to propose to the next Annual General Meeting, which will be held on June 19, 2024, the payment of a dividend of 0.30 euros per share to be paid in cash. The proposed dividend payment will be made according to the following schedule:

- Ex-dividend date: June 25, 2024
- Payment date: June 27, 2024

2024 Calendar

June 19, 2024: Annual General Meeting

July 25, 2024: H1 2024 Sales

September 12, 2024: H1 2024 Results

October 28, 2024: Q3 2024 Sales