

SES-imagotag: Record H1 2021 sales and order entries

- > H1 sales at €203m up +71% vs. H1 2020 and +67% vs. H1 2019
- > Order entries up +87% at €309m
- > Sales grew to €375m (+53%) and orders to €599m (+58%) on a 12-month rolling basis
- > Net debt at -€1m (excluding IFRS 16), i.e. low cash consumption despite strong growth
- > FY target of €400m with enhanced profitability confirmed, subject to the COVID-19 situation in Asia and current shortages of certain components

Sales (€m)	Europe	Rest of World	Total
H1 2021	157.1	45.7	202.8
H1 2020	81.2	37.3	118.4
Change (%)	+93.6%	+22.6%	+71.3%
2021 12-month rolling	282.6	92.0	374.6
2020 12-month rolling	184.0	60,5	244.5
Change (%)	+53.6%	+52.1%	+53.3%

Order entries (€m)	2021	2020	%
H1	309.3	165.6	+86.9%
12-month rolling	599.3	378.2	+58.4%

Thierry Gadou, Chairman and CEO of the SES-imagotag group commented: *"The strong momentum of H1 is a clear indication of the acceleration we are seeing in the digitization of physical commerce, which is still in its infancy and which has been amplified by the ongoing pandemic. All regions are showing solid growth. In addition to sales, record order entry levels bear witness to the sustainability of our growth. Our technological leadership and innovations are playing a decisive role in recent wins, notably with Walmart Canada and several major German retailers. This record first semester combined with our record order book give us confidence in our guidance for growth and profitability for the year ahead. We remain cautious due to ongoing tensions in the supply of electronic components as the current resurgence of the pandemic is already impacting industrial activity in several Asian countries. Regular updates on these topics will be issued as needed to address this evolving situation."*

H1 activity

The second quarter not only confirmed but increased the strong momentum of Q1, with record sales that have crossed the €100m mark, at €118.7m, for QoQ growth of +41%, +71% YoY.

Total sales for the first half of the year amounted to €202.8m, up by +71%. On a 12-month rolling basis, total sales were €374.7m, gaining +53%.

H1 Order entries hit a record level of €309m, up +87% compared with the previous year. Rolling 12-month order entries also set a new record at close to €600m, up +58% YoY.

Europe

Growth in Europe is back to impressive levels (€157m in H1 / +94%) across all regions (North and South). Demand is being driven by an increased appetite for digitalization, accelerated by the COVID-19 crisis. Sales in Europe during the first half of the year largely escaped supply-chain limitations on component availability, thanks to corresponding orders made as early as 2020, thus allowing planning security. Also, in Europe, order entries grew briskly (€235.6m / +76%), demonstrating SES-imagotag's strong potential for long-term growth in its home market. Especially noteworthy were the massive orders received in Germany from several of the region's largest retailers.

Rest of World

In the rest of the world, growth was also solid for the first half of the year, at +22.5% in H1. Deliveries in the United States bore the brunt of component shortages, due to the later arrival of orders towards the end of 2020 / beginning of 2021. In the current context of component shortages and longer lead times, this has made it necessary to postpone certain deliveries by several months or even quarters.

Nonetheless, demand outside of Europe (particularly in America) remains very strong, with order entries growing to €73.7m (+134%) for the half-year. Most of these recent orders come from leading North American retailers. Forecasts for the continent continue to strengthen with each passing quarter. All new customers in the region are using the VUSION platform and benefitting from the various new innovative solutions it offers.

Value-Added Solutions (VAS)

Growth for the first half of the year was strong for innovative solutions (exclusive of ESLs), at €27.5m (13.3% of sales). This growth was particularly driven by revenues from cloud-computing and services. The successful launch of Captana —a computer vision and artificial intelligence solution for shelf monitoring and automatic out-of-shelf detection— has confirmed the strong demand for this type of solution and the technological superiority of its eponymous subsidiary Captana (formerly Findbox, acquired in Germany in 2017). In just a few short months, dozens of retailers (in Europe and the United States) have tested the solution and begun operational installations in stores.

Net Debt / Cash Position

Net debt before IFRS 16 stood at €1m at June 30. This represents a net cash consumption of just €5m in H1 despite strong growth. This moderate cash consumption reflects a strong effort by the group on receivables, thus netting the Group an available cash position of more than €80m.

Outlook

The worrying evolution of the health crisis, particularly in Asia, and persistent tensions in the supply chain for electronic components could affect the Group's activity in the second half of the year.

At this stage, however, and despite this context, the Group remains confident in its revenue target for 2021 at around €400 million, for a second half-year comparable to the first thanks to the strong momentum of its order entries.

Furthermore, despite the continuing price inflation of components, SES-imagotag remains confident in its ability to improve year-on-year profitability and operating margins.

Financials

Sales (€m)	Europe	Rest of World	Total
Q1 2021	62.6	21.5	84.1
Q1 2020	39.2	11.6	50.8
Change (%)	+59.7%	+85.4%	+65.6%
Q2 2021	94.5	24.2	118.7
Q2 2020	42.0	25.6	67.6
Change (%)	+125.2%	-5.7%	+75.6%
H1 2021	157.1	45.7	202.8
H1 2020	81.2	37.3	118.4
Change (%)	+93.6%	+22.6%	+71.3%
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About SES-imagotag and the VUSION Retail IoT Cloud platform

SES-imagotag is a fast-growing retail tech company, listed on the Euronext Paris stock exchange, with revenues of €290 million. The company is the world leader in smart digital labels and IoT solutions for physical retail, serving over 300 large retailers around the world in Europe, Asia, and 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 pricing agility, accuracy, and integrity; enables omni channel synchronization of prices, product information and marketing content; and increases the productivity of shelf replenishment and in-store picking for online orders. VUSION improves employee satisfaction by freeing up time from cumbersome low value-added tasks and allows 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.



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www.ses-imagotag.com

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