

## VusionGroup - Q3 2024 Sales:

### Accelerating growth in the third quarter. Full-year guidance confirmed.

- Q3 sales of €207 million under IFRS, and €223 million on an adjusted basis<sup>1</sup>, up 22%
- 9-month sales of €616 million under IFRS, and €654 million on an adjusted basis<sup>1</sup>, up 16% and in line with guidance
- Record level of orders in the first nine months of the year of €1,156 million (up 63%) driven by strong momentum in the United States and several commercial successes in Europe
- Recurring VAS<sup>2</sup> sales over the first nine months of €41 million, up 31% and representing approximately 60% of total VAS sales
- Full-year 2024 outlook confirmed for adjusted sales of €1 billion and improved profitability

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 <sup>1</sup> due to Walmart contract	Adjusted Sales <sup>1</sup>
<b>Q3 2024</b>	<b>207.1</b>	<b>-15.8</b>	<b>222.9</b>
Q3 2023	182.5	-	182.5
Change (in %)	+13%	N/A	+22%
<b>9 months 2024</b>	<b>616.0</b>	<b>-38.0</b>	<b>654.0</b>
9 months 2023	563.2	-	563.2
Change (in %)	+9%	N/A	+16%

*Unaudited figures*

Commenting on the figures, **Thierry Gadou, Chairman and CEO of VusionGroup**, stated:

*"Our growth has accelerated in recent months and allowed us to achieve the best third quarter in our history in terms of turnover thanks to our leadership in the digitalization of physical commerce and to our development in North America.*

*Order intake continues to grow very rapidly and has now reached 1.4 billion euros over the last 12 months, with new contracts in North America and Europe.*

*The deployment at Walmart is in line with our plan and should continue to ramp up in 2025 and 2026 thanks to significant new production capacities added during the third quarter.*

*Overall, the fourth quarter should deliver a new all-time high for VusionGroup, with expected growth higher than that of the third quarter to conclude a year in line with our ambition for growth and profitability."*

<sup>1</sup> Adjusted sales incorporate 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.

## Sales

In €m and in adjusted <sup>1</sup> figures	EMEA	Americas & Asia-Pacific	Total
Q3 2024	98.1	124.8	222.9
Q3 2023	156.2	26.4	182.5
Change (in %)	-37.2%	+373%	+22.1%
<b>9 months 2024</b>	<b>336.5</b>	<b>317.5</b>	<b>654.0</b>
9 months 2023	473.9	89.3	563.2
Change (in %)	-29.0%	+256%	+16.1%
<b>Order entries in €m</b>	<b>2024</b>	<b>2023</b>	<b>%</b>
<b>9 months</b>	<b>1 156</b>	<b>710</b>	<b>+63%</b>
Rolling 12-month	1 396	848	+65%

### Q3 and 9-month sales growth in line with expectations and record order entries

The Group's IFRS revenue reached €207 million in the 3<sup>rd</sup> quarter, and €223 million on an adjusted basis<sup>1</sup>, up +22% compared to the 3<sup>rd</sup> quarter of 2023, and in line with the guidance communicated during the presentation of the 2023 annual results.

This is the Group's best 3<sup>rd</sup> quarter ever. Given the timing of deployments, and the traditional seasonality of the business, the expected growth will be stronger in the 4<sup>th</sup> quarter.

The Group's IFRS revenue reached €616 million in the first nine months of the year, and €654 million on an adjusted basis<sup>1</sup>, up +16% compared to the first nine months of 2023.

In terms of geography, growth was driven by North America. In accordance with the forecasts announced, the breakdown of revenue in the first nine months was:

51% for **EMEA**, or €337 million, down -29% due to the planned and announced finalization of the deployment phase of a major European customer. This cyclical effect will only be temporary in 2024 as the many contracts signed in recent months in Europe will generate robust growth again in 2025. In addition, order entries increased in the region in the first nine months of the year, which supports our scenario of a rebound in activity in Europe from the 4<sup>th</sup> quarter of 2024.

49% for **Americas and Asia-Pacific**, or €318 million on an adjusted basis, up +256%, driven by the rapid expansion in the United States, which will become the Group's largest market in 2024. Growth is expected to continue at a sustained pace in the coming quarters. This excellent momentum is due to the acceleration of the deployment at Walmart but also by several major new contracts.

**Global order entries** increased by +63% to €1,156 million in the first nine months of the year; the level of orders reached a level of €1,396 million at the end of September 2024 on a 12-month rolling basis. This record figure is explained by the strong momentum of new contract signings in both Europe and the United States.

## **VAS<sup>2</sup> Sales**

Revenue from software and recurring services reached €41 million in the first nine months of the year, up sharply (+31% compared to the first nine months of 2023). It represents nearly 60% of the total VAS revenues, the total amount of which stands at €67 million (-17% compared to the first nine months of 2023).

Recurring revenues<sup>3</sup> for the 3<sup>rd</sup> quarter (€14.9 million) were in line with the target annual rate of €60 million.

Non-recurring services<sup>4</sup> declined due to a difficult economic context where retailers slowed down some projects or internalized certain services. This situation is in line with the forecasts announced and is expected to continue throughout the year before reversing in 2025 thanks to the continued strong growth of recurring services.

Our cloud installed base grew rapidly in the first nine months of the year to reach approximately 23,000 stores and 135 million labels. This dynamic will accelerate in the coming quarters. As a reminder, the cloud installed base was around 15,000 stores and 72 million labels at the end of September 2023.

## **Outlook and objectives for 2024**

With an order book at an all-time high, VusionGroup confidently reiterates its objective of crossing the €1 billion mark in revenue (on an adjusted basis), and to pursue a strong growth trajectory in 2025.

Given the timing of deployments and the traditional seasonality of the business, the Group's revenue growth will be more marked in the fourth quarter.

Regarding the geographic distribution of annual sales, VusionGroup targets around 50% of revenue to be generated in EMEA and around 50% in Americas and APAC. The momentum of the latter should be supported by the new contracts signed in the United States this year.

Total annual VAS revenue is anticipated to reach around €100-110 million, a target revised downwards due to a difficult economic context affecting non-recurring services, which still includes €60 million in recurring VAS business.

After a significant improvement in its variable cost margin rate in the first half (+380 basis points), the Group is expecting this improving trend to continue in the second half.

VusionGroup also confirms the continued improvement in its profitability with an adjusted<sup>1</sup> EBITDA margin now expected to increase by 100 to 200 basis points over the whole year.

After generating positive free cash flow in the first half of the year, the Group confirms this positive trajectory in the second half of the year.

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<sup>2</sup> VAS: Software, services and non-ESL solutions

<sup>3</sup> "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.

<sup>4</sup> "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 logistics solutions (PDiDigital).

## Note on the IFRS Restatements related to the new Walmart contract

Two IFRS restatements related to the new Walmart contract impact 2024 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 restatement has no impact on the Group's cash flow. It impacts revenue and 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 restatement.

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 restatement in 2023 impacts reported revenue (IFRS) compared to the revenue invoiced, 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. Finally, it is important to note that cost reductions have already been negotiated with suppliers to guarantee at least the same level of margin on this contract in 2025.

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## 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 PDigital (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.

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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.

### **Net Financial Debt / Net Cash**

These indicators define, respectively, the Group's net financial debt or net cash position, calculated based on the following consolidated balance sheet items: (-) Loans (-) Current and non-current lease liabilities (IFRS16) (+) Cash and cash equivalents. If the result is negative, the level of Loans and lease liabilities exceeds the level of Cash and Cash equivalents, and is therefore considered net debt or net financial debt. If, however, the result is positive, then the level of Loans and lease liabilities is lower than the level of Cash and Cash equivalents and is considered Net Cash.

### **Change in Net Financial Debt / Net Cash**

It is the change between the Net Financial Debt / Net Cash between 2 periods. It also corresponds to the Free Cash-Flow of the period.

### **Free Cash-Flow**

The Group considers EBITDA to be a performance indicator that is calculated based on the following items: Adjusted EBITDA (-) Capital Expenditure (-) Change in Working Capital (-) Taxes.

### **Change in Working Capital**

Change in working capital is calculated based on the following items from the consolidated balance sheet: (+) Receivables (gross value, before depreciation) (+) inventory and works-in-progress (gross value, before depreciation) (-) trade payables (+) current taxes (+) other current receivable (-) other debt and accrual accounts.

### **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.

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## Disclaimer

This press release contains unaudited financial data. The aggregates presented are those normally used and communicated on markets by VusionGroup. These statements include financial projections, synergies, estimates and their underlying assumptions, statements regarding plans, expectations and objectives with respect to future operations, products and services, and statements regarding future performance. Such statements do not constitute forecasts regarding VusionGroup's results or any other performance indicator, but rather trends or targets, as the case may be. No guarantee can be given as to the achievement of such forward-looking statements and information. Investors and holders of VusionGroup securities are cautioned that forward-looking information and statements are subject to various risks and uncertainties, which are difficult to predict and generally beyond the control of VusionGroup, and that such risks and uncertainties may entail results and developments that differ materially from those stated or implied in forward-looking information and statements. These risks and uncertainties include, but are not limited to, those discussed or identified in the public documents filed with the Autorité des Marchés Financiers (AMF), the French Financial Markets Authority. Investors and holders of VusionGroup securities should consider that the occurrence of some or all of these risks may have a material adverse effect on VusionGroup. VusionGroup is under no obligation and does not undertake to provide updates of these forward looking statements and information to reflect events that occur or circumstances that arise after the date of this press release. More comprehensive information about VusionGroup may be obtained on its Internet website ([www.vusion.com](http://www.vusion.com)). This press release does not constitute an offer to sell, or a solicitation of an offer to buy VusionGroup securities in any jurisdiction.