Vusion (H1 2026 Results)
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Corporate Speakers

- Olivier Gernandt; Vusion; Investor Relations Officer
- Thierry Gadou; Vusion; Chairman, Chief Executive Officer
- Thierry Lemaitre; Vusion; Deputy Chief Executive Officer, Finance, Corporate

Participants

- Aurelien Sivignon; ODDO BHF; Analyst
- Gilles Crespel; Alizes; Analyst
- Loco Douza; Berenberg; Analyst
- Valentin-Paul Jahan; Stifel; Analyst
- Xavier Le Mene; Bank of America Securities; Analyst
- Laurent Gelebart; BNP Paribas; Analyst
- Hubert Mathet; Mathet & Cie; Analyst

PRESENTATION

Operator^ Good day. And thank you for standing by. Welcome to the Vusion First Half 2026 Results Conference Call and Webcast. (Operator Instructions) Please be advised that today's conference is being recorded. I would now like to hand the conference over to our first speaker today, Olivier Gernandt, Investor Relations Officer. Please go ahead.

Olivier Gernandt^ Thank you, Nadya. Ladies and gentlemen, good afternoon to you all. And welcome to our first half 2026 results presentation. With me today are Thierry Gadou, our Chairman and Chief Executive Officer; as well as Thierry Lemaitre, our Deputy CEO, Finance and Corporate.

Thierry Gadou will start with some remarks on the group's business performance. Thierry Lemaitre will then make some comments on our financial performance. And both Thierry's will end the presentation with some comments on our full year outlook. After these remarks, we will be happy to take your questions.

As a reminder, some of the information to be discussed on our call today is forward-looking and subject to important risks and uncertainties that could cause actual results to differ materially. For these, I refer you to the safe harbor statement included in our press release and on Slide 3 of this presentation.

This evening's release was issued a short while ago and is available in French and in English on Vusion's website, vusion.com. The slides of this presentation can also be found on our website in the Regulated Information section. A replay and a transcript will as usual also be made available on our website after the call. And with that, it's my pleasure to hand you over to Thierry Gadou for his opening remarks.

Thierry Gadou^ Thank you, Olivier. Good afternoon. Good morning, everyone. Thanks for joining our conference call. I'm very pleased to present with Thierry Lemaitre our results for the first half of the year. So in summary, you already know our sales figures.

We delivered around 30% organic revenue growth in H1 including an even higher growth in VAS revenues which are revenues from software services and non-ESL solutions. and recurring VAS were even up by over 70% year-on-year.

Our operating income grew sharply much faster than our top line as well as our net income, driven by our product mix and an improvement in both our VCM, our variable cost margin and OpEx ratios. And by the way, this is both true for IFRS and adjusted figures. Our operational free cash flow also surged by over 50%. Vusion's balance sheet is strong with a positive net cash position.

Finally, with this strong H1, we reiterate our full year '26 profitable growth guidance. So let's review the semester's performance. As you know the first half was in line with our expectations, delivering strong organic growth around 30% and even 37% at constant tariffs and foreign exchange rates. This growth was mostly driven by America, but with an improving momentum in Europe. EMEA revenues and order intakes grew in the first half.

The momentum is good in the region. We win more deals and expand the business with our large customer base. Higher growth and more wins are expected in the second half, both in the grocery sector and other verticals. We expect revenue growth of 15% to 20% for the full year in EMEA.

In the Americas, we will have soon completed the very successful deployment of EdgeSense at Walmart in the United States which is the first stream of a broader partnership. Other projects involving new solutions are underway as well as expansion in new geographies which will continue driving the activity. In addition, we have a strong pipeline with major North and South American retailers.

We anticipate good momentum in H2 and strong future adoption in the region over the coming years, especially as the strong value of our new EdgeSense platform and the impressive results it delivers are now beginning to be visible at scale. So I won't comment further on the detailed sales number. We did that during our last conference call at the end of July. But here are just a few additional comments from an overall market perspective.

First, our market share and leadership in the market has strengthened. In H1, our revenues are more than twice that of any of our competitors. And if you look at our leadership, it's even stronger in non-ESL revenues as our VAS revenues is worth several times the cumulated amount achieved by our main competitors.

Second, what makes us very proud of our performance since the beginning of the year and confident about the future is that, as I mentioned earlier, we begin to see at scale the value of the platform we created. I'd like to illustrate a few things around this idea. As you know over 50,000 stores are now operated in our cloud platform.

That's already two-thirds of our total store’s installed base and over 0.5 billion cloud-managed devices, ESLs, Smart Rails, AI cameras. Our cloud activity is massive with, for example, over 1.5 billion API calls last month. In terms of new use cases, with our technology, stores become guided stocking and picking environments, and we see a surge in the volume of guided tasks which are guided pick to light and guided stock to light tasks which have now reached over 0.5 billion events per month.

This is driving productivity, e-commerce growth and better on-shelf availability for our customers. We now begin to see shoppers using in-store product finding and shop-to-light features already at over 1 million times a week, and this is growing fast. You can see on social media, how shoppers are excited by these new features. And we have here a video with a selection of those. So we thought it might be interesting to have a two-minute video here.

Thierry Gadou^ And it's not only Walmart, also you've probably seen one of our large customers in France begin to test location-aware, real-time personalized promotions at the shelf. And here is another little video that you may not have seen on social media.

Thierry Gadou^ The shopper side, let's look at the computer vision dimension. We have now close to 200,000 shelf AI cameras processing millions of product pictures a day. We train our algorithm now and AI models with massive volumes and our strong competitive edge in this market is that we can leverage a comprehensive and unified IoT platform where digital labels, Smart Rails and AI cameras are synchronized and collaborate for more precise recognition and better insights, thanks to the compounding value of signals.

In this area, '26 is a major milestone as we're about to finalize the fifth generation of our CV AI technology which we plan to scale very fast next year. Vusion AI is the next big wave in in-store technology and Vusion is positioned to be the winner in this market. So you see all these new use cases are not just exciting concepts on PowerPoints or websites. For Vusion, they are already a reality at scale and no IoT platform in the world is even close to this functional scope and implementation scale. And it's just the beginning.

Finally, we're just starting to grow our Retail Media business. With the In-Store Media acquisition which should be finalized this semester, together with our partnership with Mediaperformances, we are becoming a leading European player in in-store retail media.

The goal here is to gradually digitize and connect stores to turn store traffic into media dollars and help our retail customers build true omnichannel digital media networks. So a lot is going on, and we clearly have completed our shift from a pure ESL company into a full platform and a retail digital transformation enabler. And that is very visible in this semester's performance. All this is obviously the engine driving our VAS revenue expansion. You know our target of VAS growth for the year is around 40%.

And if you take into account on top of that, the ISM acquisition which should be finalized this semester, our VAS business should end this year at a pro forma revenue of around EUR 400 million, a figure multiplied by four since '22 in just four years, representing at year-end over 20% of total Group revenues.

And as you know we target closer to 30% next year. So again, that's why H1 is such a milestone from a commercial and strategic standpoint. Let's see now with Thierry Lemaitre, why this is a major step also from a financial standpoint.

Thierry Lemaitre^ Thank you, Thierry, and we are really proud today to present our first half earnings. Beyond the revenue growth presented by Thierry, a significant increase in profitability was achieved, and this is visible on all the lines in the P&L: 34% growth in adjusted variable cost margin, plus 120 basis points; 38% growth in adjusted EBITDA, plus 240 bps; 82% growth in adjusted EBIT, plus 330 bps; and 81% growth in adjusted net income, plus 260 bps.

Profitability increased faster than revenues and the adjusted net income stood at EUR 77 million which is 9% of sales, up two points compared with H1 2025. On the following slide, as always, we are reporting both under IFRS standards and on an adjusted basis, and we show here the main adjustments on the key financial indicators.

The two adjustments impacting revenues, EBITDA and EBIT are those relating to the warrants fair value amortization impacting negatively the revenues. This IFRS entry should stop when Walmart has generated $3 billion of payments to Vusion which could take place much before the end of 2028, considering the current projects with Walmart.

The second impact relates to the average selling price, and this adjustment started reversing in Q3 last year. This explains that together, these two adjustments have a more limited impact in H1 2026 than in H1 2025. Two more adjustments are impacting the financial results.

First, the application of the IAS 21 standard applying on the intercompany receivable and payable between Vusion Inc., the U.S. entity and VusionGroup, the parent company; and second, the remeasurement of the fair value of the outstanding warrants granted to Walmart. This first half, the company's share price decrease translated into a lower liability under IFRS and therefore a profit in the financial income that amounted to EUR 96 million.

Let's now have a look at the drivers of the improvement of the adjusted EBITDA margin. It moved up by 2.4 points from 16.7% in H1 2025 to 19.1% in H1 2026, thanks to, first, the VCM improvement. Here, the main driver of the VCM rate improvement is the mix which gets more favorable to VAS. VAS represented 15% of the total revenues in H1 2026 versus 14% in H1 2025, and VAS show a significantly higher VCM rate than ESL, as previously mentioned.

Second impact is the operating expenses, which are increasing, but at a slower pace than revenues, reflecting our continued operational leverage. On the following slide, the items between EBITDA and EBIT are limited and mainly come from the IFRS 2 expense relating to the performance share plans at EUR 12.3 million and the amortization expense of the assets.

For the first time in H1 2026, EBIT margin exceeded 11% of sales, and this should continue to increase in the coming years. The financial income in H1 2026 stands at EUR 83 million, of which minus EUR 19 million and EUR 96 million are IFRS adjustments which we already presented before. The adjusted financial income stands at EUR 6.3 million, close to the EUR 6.1 million of H1 2025.

This is mainly the result of the net financial income coming from the net cash position for EUR 2 million and the exchange gains generated by the high volatility of the exchange rate. CapEx reached EUR 33.6 million in H1 this year compared with EUR 98.5 million last year.

As mentioned when we presented the full year 2025 results, the investment in the manufacturing lines was completed in H1 this year for EUR 3.6 million and the cash CapEx, or the CapEx funded by the group, which reached EUR 30 million, was slightly below 4% of sales.

Let's now move to the cash situation to end this financial presentation. The net cash position at the end of H1 stands at EUR 197 million which is a EUR 241 million decrease compared to the end of 2025. This was anticipated and shared with you previously. The main drivers of this

evolution are first, a continuous improvement of the operating free cash flow which we define as EBITDA minus CapEx funded by the group. This one reached EUR 127 million, a 50% increase compared to last year.

Then as anticipated, the down payment committed before 2026 started reversing in H1 and EUR 222 million out of the EUR 415 million of down payments on the balance sheet at the end of 2025 were reversed in H1 this year. Therefore there is only a more limited portion to be reversed in H2, closer to EUR 190 million.

The group also paid EUR 79 million in taxes in H1 which includes the full payment of 2025 income tax for EUR 53 million, plus EUR 26 million down payment for 2026. All these elements explain the negative free cash flow of EUR 221 million in H1. And in addition, the group paid EUR 15 million in dividends and EUR 15.5 million in share buybacks.

Regarding share buybacks, we are willing to launch a new share buyback program soon to reach the overall EUR 30 million envelope that we have said previously subject to market conditions, of course. When reviewing all the items impacting the change in net cash over H1, it is clear that two of them only impacted H1 and one will also impact H2, but to a lower extent. The full year 2025 tax paid in H1 for EUR 53 million will not impact H2.

The dividend paid in H1 for EUR 15 million will not impact H2 and the reversal of down payment in H1 for EUR 222 million should not exceed EUR 193 million in H2 which is a EUR 30 million improvement.

Considering the minus EUR 241 million change in net cash over H1 and the net cash position of EUR 197 million at the end of H1, the Group should end the year 2026 with a positive net cash position before M&A. I will now hand over to Thierry for his comments on the guidance.

Thierry Gadou^ Thank you, Thierry. Indeed, it's a great financial performance. And the good news is that it should continue in H2 because we reconfirm our target for the full year. First, an annual adjusted revenue growth expected between 15% and 20% at constant exchange rates and tariffs. And here, Thierry, you could give us a bit more insight on how to anticipate the impact of tariffs and current exchange on our H2 sales target figures.

Thierry Lemaitre^ Yes, of course. On this graph, we want to share with you what we expect for the full year revenues. We confirm that group revenues should grow between 15% to 20% at constant tariff conditions and a constant euro-dollar foreign exchange rate versus 2025 which means the full year adjusted revenue range at constant tariffs and euro dollar exchange rates should be between EUR 1.75 billion and EUR 1.83 billion.

We expect the ForEx impact between 2025 and '26 to be approximately EUR 50 million and the change in tariffs to be approximately EUR 100 million, of which EUR 70 million or $80 million credit notes issued to customers that we recharge for tariffs in 2025. This means that the full year adjusted revenue should stand between EUR 1.60 billion and EUR 1.68 billion.

Thierry Gadou^ Okay. So that's the way to take into account the changes in foreign exchange rates and the tariff change, in particular, the reimbursement of tariffs that were invoiced last year. And obviously these two changes were not anticipated when we issued our first guidance, right, at the end of February. So back to the outlook.

Total VAS revenue is expected, as I mentioned, to increase organically by around 40% with an even higher growth rate in recurring VAS. And as already said, with the ISM acquisition, we should end the year with a pro forma revenue in VAS of around EUR 400 million. i.e., over 20% of total revenue.

With our strong pipeline in Europe and America, we are expecting a positive momentum in H2 and a growth of order intakes for the full year '26. In other words, we target over EUR 1 billion in order entries in H2 with a particularly strong Q4.

So the news flow will intensify over the coming months. The group also targets improved profitability with adjusted EBITDA margin expected to increase by more than 100 basis points year-on-year.

And this improvement in profitability will be accompanied by an increasing operating free cash flow compared to '25. And the total free cash flow should improve in H2 versus H1, as Thierry mentioned, because operating cash flow should increase, and there will be in H2 around EUR 100 million less cash out than in H1 regarding the tax, the dividends and the lower down payment reversals.

So we will maintain a strong balance sheet at the end of the year with a substantially positive net cash position before ISM financing and even after the complete reversal of Walmart's down payments. And that strong balance sheet obviously is enabling us to finance our organic and external growth.

We saw recently a comment somewhere that a capital increase will be necessary sometime. So let's be clear here. There is no reason, no need, no plans for such a thing in the coming years. And I remind those of you who were with us in '22 that within our Vusion 27 projections, we mentioned that we would keep a very reasonable net debt level of maximum 2x EBITDA. Anyone can see today that we're in a much better position than that.

So this needed to be said. One last point we're announcing today, Thierry mentioned it briefly, we intend to launch a new share buyback mandate in H2. On March 3, at the beginning of the year, we launched the previous one which expired on September 14. We have acquired close to 150,000 shares for EUR 16.7 million. So the objective is to continue in order to reach the amount initially planned. That's it for H1. I will now hand over to you for questions.

QUESTIONS AND ANSWERS

Operator^ (Operator Instructions) And now we're going to take our first question. And the question comes from the line of Aurelien Sivignon from ODDO BHF. Your line is open please ask your question.

Aurelien Sivignon^ Hi good afternoon, thanks for taking my questions. I have three. The first one, you mentioned, I think, during the call that nearly 200,000 Captana cameras are now deployed compared with the full year target of 150,000 if I'm not mistaken. So does it give you confidence that VAS growth could come in above the around 30% currently expected for the full year? Then regarding the R&D investment related to the new solution you mentioned on EdgeSense for computer vision.

Should we expect a step-up in CapEx during H2? Or would you say that H1 was broadly more or less the run rate for the full year? And last one, has the development of this new solution correlated with the announcement of new contracts as was the case with EdgeSense and Walmart a couple of years ago? Thank you.

Thierry Gadou^ We will start with the first two questions, but I will ask you to repeat your last question because I didn't really get it. But anyway, let's start with the two first ones. No. The difference between the 150,000 and the 200,000 is mostly because, well among the 150,000, some which were supposed to be newly deployed cameras this year, some are still under deployment.

But the 200,000 is the total, I would say, the total fleet installed today. So it's just a difference between flows and stock, if you want, right? But nevertheless, this is a very, very exciting stream of activity for us. We are investing a lot in this field. We know it's the next big unlock in retail. All retailers need it.

There is still a lot to do. But this year, we're very excited about the next generation we are building and finalizing already in large-scale pilots. So our platform is really very promising. And as I already said, computer vision will show as a big driver of growth next year for sure, growth in our VAS, but also growth in our top line. Second, I think this one is for you Thierry. I don't believe there's going to be a big change in our CapEx.

Thierry Lemaitre^ No. Absolutely. R&D CapEx should increase in the course of H2 versus H1, but to a limited extent. So you should not expect a significant increase in R&D CapEx between H1 and H2.

Thierry Gadou^ And back to you now for the third question which we didn't get.

Aurelien Sivignon^ All right thanks for the color. The last one was related to the new solution that are currently under development, EdgeSense Captana or computer vision or others are linked to upcoming contract announcement? I mean similar to the relationship between EdgeSense and Walmart?

Thierry Gadou^ Well I don't know exactly how to interpret your question. Of course, everything we develop today is to engineer growth. And that means to sign contracts and preferably big contracts. So that would qualify for a lot of the things we do, innovation in Vusion is really focused on big problems of retailers.

And when we crack them, basically, big contracts follow. So the answer is yes, but it's not specific to any of the different solutions we are developing, whether it's in retail media, whether it's in computer vision, obviously the development of all our cloud features because of what you saw today, this is for me the most important thing.

When you see the usage of the platform on a number of features of the cloud platform, this is driving revenue. This is driving the value also for our customers. So that's very important. So I guess the short answer is yes.

Aurelien Sivignon^ Very clear. Thank you.

Operator^ (Operator Instructions) And now we're going to take our next question. And the question comes from the line of Gilles Crespel from Alizes. Your line is open please ask your question.

Gilles Crespel^ Good evening. Many thanks for taking my question and congrats for the good results. I have only one. You mentioned that you confirm that the Walmart rollout will be completed by end '26. When we look at bookings currently and sales trends, we can expect in '27 a somewhat substantial sales cliff in a way.

And I wanted to know if you could shed some color on how you prepare for that phase, how you consider SG&A will evolve at the beginning of next year. I do understand it's early to discuss the matter, but still it's going to be substantial. So keen to have your insights on this.

Thierry Gadou^ Yes. So I think the general point we made already at the end of July is that our pipeline is very substantial. We expect a quite substantial amount of order entries, new order entries for this year which obviously will fuel growth next year and an acceleration in H2, with around EUR 1 billion of orders in H2. They should come from both existing customers and new logos and also new products because we are significantly scaling today our non-ESL solutions revenue. And this is going to continue to accelerate.

I mean I think I mentioned the numbers. They are very impressive in terms of growth since we started that strategy. So there are several drivers of growth to compensate for the end of that part of the roadmap program which is the rollout of EdgeSense in the U.S.

So there are new projects around new solutions and new geographies. And there are a lot of existing customers who are expanding their business with us as well as opportunities with new customers. We have announced some in 2025 and in H1 2026. We will announce some new ones in H2 as well.

So it's just the overall growth of the portfolio of customers, of products, of projects with all customers. And at the end of the day, we consider that our pipeline is sufficient today to continue to target our initial plan which, again, initial ambition which we set ourselves in '22 at the end of '22 which is to be north of EUR 2 billion in revenue.

It was EUR 2.2 billion to be exact. We are obviously going to achieve that with a significant increase in the VAS business, but you see that business is increasing. And there will be new projects. So there is a lot of things contributing to the continuation. The market, again, is not finished with the Walmart rollout in the U.S. There is around 20% penetration in the market today. There is a lot to do, and there is a much lower penetration in our VAS solutions which are computer vision, digital retail media, obviously all the cloud services and the services that we deliver.

So I think it's multiple streams of business that will contribute to compensating the cliff, as you mentioned, and it's going to be gradually visible over time. But it's true that the acceleration of the Walmart program has been pulling in some revenue. And so it's more difficult to achieve. But nevertheless, the market is excellent. Our performance is excellent. And we have a very promising pipeline.

Gilles Crespel^ Okay thank you for that Thierry. What I hear is that you would focus on the top line and would not consider any lower cost reductions. Could this expectation not

materialize over the next quarters ? At this stage, we don't see such an upswing, we don't see bookings going up so much that this would be completely smooth and hence, my question, but I understand your point.

Thierry Gadou^ No. I understand your point. You mean starting to adjust our OpEx. Well as I said, we are confident on the top line. We have shown in the past, I remember the COVID period which showed that we know how to adjust. We've had those moments in our history where there were some ups and downs, and we've demonstrated our ability to adjust.

But frankly, in a market that has the potential that we will talk about in November at our CMD when we will talk about our Vusion '30 plan, it would be a very strange thing to start any restructuring as the market has very strong future potential.

There are still strong client needs. The stores, I don't know if you all realize how much the stores and the modernization of stores is becoming more and more central in the strategy of retailers all over the world, and we are embodying and enabling this strategy. So we're not at all in the mindset of wanting to implement any preventive restructuring at the moment.

There are some strong needs in the market. And I think we have shown that we care about profitability and that we make careful choices when it comes to managing our cash and our cost base. Did you know that we have tripled our revenue per employee over the last 15 years?

So we're very careful about managing our financial performance. But yet, we're in a growth business, and there is growth potential in our portfolio of solutions. So we need to be also betting on that and not looking only at a short-term sort of volatility, but also the structural growth. Sorry for this long answer.

Gilles Crespel^ Thank you very much for the answer Thierry.

Operator^ (Operator Instructions) And we take our next question -- and the question comes from the line of Loco Douza from Berenberg. Your line is open please ask your question.

Loco Douza^ Good evening. Just one question on my side on the guidance on the margin. So H1 adjusted EBITDA margin was up 2.4 points year-on-year, but your full year guidance is more than 100 bps of improvement. So should we expect the margin improvement to slow down in H2? I understand the instore media integration plays a part, but is there anything else?

Thierry Lemaitre^ Well I think that what drives the EBITDA margin up is on one side, the VCM rate and on the second side, the OpEx to sales ratio. We do not expect the VCM rate to significantly increase in H1 versus H2. And on the OpEx side, the OpEx to sales ratio used to improve the past year in H2 versus H1, but it was on the back of the strong growth of revenues between H1 and H2.

We do not anticipate a significant revenue growth this year between H1 and H2. Therefore the OpEx to sales ratio should show a limited improvement, and we do not feel the need to change the guidance that you've got on the EBITDA margin.

Loco Douza^ Thank you. Very clear thank you.

Operator^ (Operator Instructions) And the question comes from the line of Valentin-Paul Jahan from Stifel. Your line is open please ask your question.

Valentin-Paul Jahan^ Good evening everybody can you hear me well?

Thierry Lemaitre^ Yes. We can.

Valentin-Paul Jahan^ So I just wanted to say congratulations for the strong margin expansion in H1, because actually you answered my questions. So I would like to extend my congratulations.

Thierry Lemaitre^ Okay. Thanks. Next question please.

Operator^ (Operator Instructions) And now we're going to take our next question. And the question comes from the line of Xavier Le Mene from Bank of America Securities. Your line is open please ask your question.

Xavier Le Mene^ Yes thank you very much for taking my question. Hi Thierry and Thierry. Quick one for me actually, but you came with a target back to 2022 and you said, okay, EUR 2 billion or actually EUR 2.2 billion of sales by 2027 seems achievable. Now we are all -- I mean all the market is questioning the fact that after Walmart being done, the biggest retailer in the world, so it will be more challenging.

So can you help us potentially just to understand what you had in mind back in 2022? Were you expecting, of course, to sign Walmart? Did you have another plan and potentially if what you are expecting to happen next year is part of the plan that did not happen because of Walmart, if that makes sense?

Thierry Gadou^ It's a sophisticated question. I think we had planned, of course, to sign Walmart because even at the time of the presentation of our Vusion '27 plan, we had already announced that we had this strategic partnership, developing a new technology and that we were in a large-scale pilot because it had been announced at the beginning of the year 2022 and we had the Capital Market Days in November.

So of course, we had planned that. We have planned a longer deployment period. In '23, we had announced that it take between five to seven years because that's the sort of guidance we had. And therefore we had a smoother kind of revenue stream from that rollout. And of course, we had not planned this acceleration, and we certainly had not planned to do 50% revenue growth last year because of that acceleration.

We never planned anything. We had a plan of 20% to 30% growth in the long term. We had no plans for 50% growth or adding EUR 0.5 billion in revenue last year. But we are very happy about it because it shows the success of the program and the incredible value that it delivers. And I think the numbers that we showed and all the examples that we illustrated today prove that EdgeSense is a great technology.

It's a very advanced technology. There is nothing like it right now delivering such large benefits at this scale in the world. So that's great, but it did create a revenue pull in from '28 and '29 to '25 and '26. So that was unexpected. On the other hand, we have plenty of other customers.

You're right to say Walmart is big, but Walmart is in a global market and represents roughly 7% of the total market. So there is still a lot of room for growth in the market.

We estimate around 20% of penetration today in our total addressable market. And we think that penetration will move probably from 20% to 50% because you can see acceleration of adoption. And there is even more growth potential for all our VAS solutions which are all our non-ESL solutions. They are all the software and the services that drive new use cases, including computer vision, retail media, data analytics and AI solutions. So all this is even much more underpenetrated today, and we're investing a lot on this.

We have really shifted in the last four years from an ESL company, in fact, from the ESL leader that we are, to a much more diversified digital transformation enabler with a very rich platform of solutions.

I mentioned already VAS revenue of EUR 400 million in proforma terms at the end of this year. Do not forget that we were only at EUR 15 million in 2017, nine years ago. This is a big growth, right? And so this is going to continue because right now we're scratching the surface on computer vision and it is going to be a very important and complex technology.

We have done plenty of research. And I think we'll try to open a window on everything we do on November 18 at our CMD so that you realize the deep technology that we are developing in our nine research labs. And I think it's very important to understand that because we are cracking very complex problems which have a lot of scale.

So in summary, nothing goes as you plan five years ahead. And if I look at the plan that we set ourselves, well first, I believe that you don't manage growth and long-term growth without setting ambitious targets. Otherwise, you never engineer strong growth over a long period of time without ambitious and challenging targets.

A company like Vusion has delivered an average of 25% revenue growth per year over the last 15 years, and we are the champion in France's SBF 120 index in terms revenue growth over the period. So why? Because we set ourselves ambitious growth targets. But when I look at the reason why people may challenge that, well there was some revenue pull in, which creates a challenge to compensate for that pull in. But what were the big objectives of '27 when we announced them at the end of '22.

It was EUR 2.2 billion, out of which EUR 650 million in VAS. And frankly, when I look at our pipeline right now, I think those EUR 650 million in VAS are really achievable. They are even beatable, as a matter of fact, because there's so much needs in those new solutions that we have been working on for the past 5 to 10 years sometimes.

We had a target of 70,000 stores in our installed base, and we're already above that, at around 80,000 stores. We had an EBITDA margin of 22%, and four years later, we are at 19%. We also had a target of keeping a reasonable net debt-to-EBITDA ratio of less than two times net debt. And we're much better than that today.

And none of that would have happened if we had not set ourselves ambitious growth targets. I mean it's risky. You may miss a step. But in the end, you get much higher if you shoot for the moon, and then, as they say, you have a chance of landing among the stars. So that's really

what Vusion's DNA is all about. We're a high-growth company because we set ourselves difficult targets. Can we have the next question please?

Operator^ (Operator Instructions) And the next question comes from the line of Laurent Gelebart from BNP Paribas. Your line is open please ask your question.

Laurent Gelebart^ Yes good evening Thierry, yes, a few questions. So the first one regards order intakes. Are you still confident on the EUR 1 billion order intake to be achieved in H2? Or do you believe there is a risk of potential slippage into 2027? That's one. The second one also regards your order intake.

As you are clearly mentioning the rise of new solutions, maybe on this EUR 1 billion order intake you are expecting, can you share with us what could be the part of ESL and the other product lines? And the third one relates to the new use cases you were referring to for the shoppers being paid for that? I mean when a shopper looks for a product in a store for which you are going to be paid by the retailer or not?

Thierry Gadou^ Okay. Thank you, Laurent. On the third question, you were talking about the shopper solution, right?

Laurent Gelebart^ Yes.

Thierry Gadou^ So regarding the order entry, I don't have a complete crystal ball about the timing of every contract, but what I can judge is the progress of our pipeline. So we have a significant pipeline. And we have a higher target for this year internally. And we are confident.

You mentioned a possible slippage, well maybe you can have a two weeks or a one-month delay in signing a deal. It will not affect the ability, if it's a slippage from Q4 to Q1, it will not affect the possibility of delivering what we have as a target for '27.

But we are confident on this order entry number because the pipeline is big, both in Europe and in America, North, Central and South by the way. And moving to your second question, our order entries do incorporate a lot of new solutions.

I mean that's something that you are seeing really more and more clearly, we are becoming a much more diversified solutions company, a platform that has a number of product lines and those product lines are reaching critical scale. And therefore we have an increasing amount of new solutions in our pipeline.

Laurent Gelebart^ In this EUR 1 billion, can you quantify I mean 20% 30%, 35%?

Thierry Gadou^ I would say it's above 30% which is important because we're talking about a company with a set of VAS solutions which currently represents 15% of our revenue in H1. This should increase to around 20% for the full year on a proforma basis including the acquisition of ISM. So this means that it's over 30% of our short-term pipeline is in VAS solutions, which says a lot about where Vusion is heading in the near future.

And your third question is about one of these solutions. Everything about the activity of the platform is creating differentiation, cloud revenues because when we say cloud, we mean different products on the cloud platform.

So yes, it's obviously everything that is driving the usage means driving our revenue, but also driving the differentiation of the company. And therefore the attractiveness of the platform when people choose, they will more and more be willing to choose platforms that can deliver these kind of use cases because they are exciting because they see shoppers excited, and therefore they want to have the capability of providing these services to their customers, and I can tell you that they were not easy to develop.

And therefore it's a big differentiation. That's why it's a big milestone to see this excitement all of a sudden in '26. I wouldn't say we would have guaranteed that. We're very happy about it because it's showing. And of course, it's driving differentiation, revenue, premiumization of the company and diversification of our revenue flows which means also being less dependent on big one-off hardware revenues in ESL's. This is at the core of our strategy to have a much more balanced portfolio of solutions. I hope I have addressed your points, Laurent.

Laurent Gelebart^ You have. I have a last one regarding E Ink. As you know E Ink discovered this kind of product line, but I know you have been working with some of your key clients on such products. So when do you see kind of traction coming in for these kind of products?

Thierry Gadou^ You are totally right. There is a lot of excitement around E Ink, who is, as you know one of our large shareholders and also a big partner in this space. The whole thing is the maturity of full color displays. And we're getting there. It's getting better and better. In terms of the robustness of the solution required by retailers. It's not just about being scientifically ready, it's about the scalability and the robustness of the products in a retail environment. But we are getting close to that now.

It's really something that is going to be central. I can tell you that the digitization of retail media which is what we want to enable is going to be e-paper based. It's not going to be the only thing because you also need to have a platform that can orchestrate multi-touch points, multi-devices including LCDs and including plenty of different things in an overall orchestration of media in store. But e-Paper is going to be central because it's bringing a lot of value.

It's reducing the energy cost a lot. And also, it allows you to have many more touch points throughout the store because you can't have electricity everywhere and power drops everywhere in the store. So it's going to be very important. So we're going to see in '27 this kind of solution scale.

We've already signed a few contracts that are just waiting for rollout. And that's in Europe now but it's going to be also coming to the U.S. So it's also one of the streams of our business development.

Laurent Gelebart^ Thank you again.

Operator^ Thank you. And now we're going to take our last question for today. And the question comes from the line of Hubert Mathet from Mathet & Cie. Your line is open please ask your question.

Hubert Mathet^ Hey good evening Thierry, Can you hear me all right?

Thierry Gadou^ Yes, good evening Hubert.

Hubert Mathet^ I'm still amazed you are struggling with those questions for the 2027 piece. Maybe the point I will make is not relevant that you will tell us very quickly. How much time did it take SES then Vusion to, let's say, close the deal with Walmart, I mean the May 2023 deal. How much time had elapsed between the first pilot you realized at Walmart and the closing of the big contract in terms of years?

Thierry Gadou^ I think it depends, well I would say, probably up to four years. I mean it depends when you decide to start. Because, as you know we had already collaboration in international countries outside the U.S. with Walmart. So we knew the company. But I think the discussions about the U.S. and the need in terms of the technology roadmap and the requirements, started around 2019. And then, of course, there were prototypes, there were pilots, there were large-scale pilots.

You don't sign such an incredible first contract because it was the first EdgeSense contract. It was the first one and many others will follow. So it takes time to sign but this is the start of a very long-lasting relationship. That is what you have to realize. I mean we have customers who have been driving significant revenues for more than 20 years.

Hubert Mathet^ That's a good point. My other point is the following. Since 2023, when you signed with Walmart, have you experienced in the field an acceleration in terms of decision-making process by your current prospects in the U.S? I'm only talking about the U.S. here.

Thierry Gadou^ Well I think what is very clear is that I see is that we have a pipeline and a number of very advanced pilots and the type of conversation that has changed, and we can see things are accelerating because, at first, people were just watching what was happening at Walmart, which has by all means been very impressive.

The other thing is that there is a pressure on a number of KPIs, operational KPIs in retail, and they know that digitizing the store is a need. So yes, there is an acceleration. But I think what is also very interesting is there is a change in the level at which the conversations take place. Now we are at CXO level, CEO level in most of the cases.

Those are becoming strategic programs with a change in nature also. Retailers now believe that this is really a strategic transformation, not only an imperative from an economic standpoint, but also a strategic transformation that goes much beyond saving a little bit of time on price automation. That is why our platform is becoming really relevant.

With the videos I showed you during our presentation, I wanted to illustrate that people are really starting to understand what we are all about. We're changing operations in the store in many different processes. That's because of the holistic nature of the EdgeSense platform. So I think it takes a bit of time. But it's accelerating. Come to your third point, Hubert.

Hubert Mathet^ Third point and the last one. Thank you. I mean I'm trying to help people understand that your industry has always been back-end loaded and sometimes we've got to be a little bit more patient depending on the period. Now my last point is, unless I missed something in the course of the conference, what can you say about the pilot for Captana with Walmart? Can you disclose anything or it's too soon?

Thierry Gadou^ Well it's too soon. I mean it's too soon because, as always, things depend entirely on our customers. And so it would be very inappropriate to be telling you anything about a decision that entirely resides with our customer. But what I can say is that we have a sizable implementation of the pilot now which is really at a significant scale, and that it is performing very well. It's a very sophisticated and complex product.

As I said, it's the fifth generation we are piloting and it's also a leapfrog sophistication in terms of the solution. There are multiple pilots, and there is a lot of demand for this product which is now a bit more visible in stores. And so there are a lot of pilots which are about to start on that same product at fairly large retailers.

So anyway, computer vision, generally speaking, is going to be a fantastic stream of growth for us. We bet on this a long time ago. We knew retailers would need "an eye on the shelf" everywhere and artificial intelligence is now enabling this, and that's why it's so important.

Hubert Mathet^ Thank you, Thierry, and see you in November.

Thierry Gadou^ Yes, of course. I hope so. You should come. It's going to be very interesting. We'll have retailers. We'll have experts. We'll talk about real deep technology and business, of course, and we'll show you how we see the future with the whole team.

Before our CMD on the 18th of November, I think we will see each other again in a month on the 20th of October for our third quarter sales release. So we have plenty of meetings planned during the second half of the year. So Olivier, Thierry and I look forward to seeing you all again soon. We wish a good afternoon or a good evening. Thank you for your attention.

Operator^ This concludes today's conference call. Thank you for participating. You may now all disconnect. Have a nice day.