Vusion Group (Q3 Sales 2025)

October 22, 2025

Corporate Speakers:

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

Participants:

- Benjamin Thielmann; Berenberg; Analyst
- Hugo Paternoster; Kepler Cheuvreux; Analyst
- Flavien Baudemont; Bernstein; Analyst
- Aurelien Sivignon; ODDO BHF; Analyst

PRESENTATION

Operator^ Good day. And thank you for standing by. Welcome to the Vusion Group Q3 2025 Sales Conference Call. (Operator Instructions)

Please be advised that today's conference is being recorded.

I would now like to hand the conference over to your speaker today, Olivier Gernandt, Investor Relations Director.

Please go ahead.

Olivier Gernandt^ Thank you very much. Good afternoon, ladies and gentlemen. And welcome to our third quarter 2025 sales presentation.

With me today are Thierry Gadou, our Chairman and Chief Executive Officer; as well as Thierry Lemaitre, our Deputy CEO, Corporate and Finance.

Thierry Gadou will make some remarks on the group's operational highlights.

Thierry Lemaitre will then discuss our group's financial performance, and Thierry Gadou will conclude our presentation with some remarks on our full year outlook.

After this presentation, 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 English on VusionGroup'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 be also 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, everyone. Thanks for joining our conference call. Very pleased to present to you along with Thierry Lemaitre, our sales figures for the third quarter.

So let's start with the main highlights.

VusionGroup achieved an excellent third quarter with 59% growth in adjusted sales year-on-year at EUR 355 million. The nine months adjusted sales are just above EUR 1 billion, up 54%. The nine months VAS sales reached EUR 144 million, up 115% versus last year at the same period. And we had a continued good level of order entries, which are now just below EUR 1.8 billion over 12 months, an increase of 26%, and the momentum is good.

We just announced another important deal this morning.

So if we look at the performance by region now the strong growth outside Europe is particularly driven by the intensive rollout of EdgeSense at Walmart in the U.S., which is now reaching its cruising speed.

Over nine months, Europe is still showing a small decline, but the situation has stabilized in Q3, and the order entries are good too.

This morning, we announced the full fleet rollout of one of the largest British retailers, Morrisons.

It's about 500 supermarkets to be deployed as soon as next year.

And as you know after all that, this is our second win in the U.K. since the beginning of the month, after announcing Asda Express at the beginning of the month. And it's the third win in the U.K. since the beginning of the year, which if we include the full rollout contract for Co-op, makes over 3,000 stores to roll out in the U.K. thanks to new orders this year.

So the momentum is quite good in Europe in general. Both in new logos as well as with a large part of our existing customer base with plenty of infrastructure renewal to be installed next year.

Regarding VAS, our revenue more than doubled in the fist nine months, particularly driven by VusionCloud.

Our cloud installed base has more than doubled in the last year, thanks to both new rollouts on cloud and legacy customers migrating to the cloud. And we passed a very symbolic threshold in Q3 of more than 50% now of our total installed base in the cloud. And in Q3, there was also a significant increase in the VAS pipeline, in particular with computer vision projects and data solutions, which are both being more and more seen as a must-have technology for the future.

We are very well positioned there and very optimistic to play a big part in this future big wave.

We're also excited about the impact of AI in retail. And you've seen a number of announcements in that area over the past few weeks.

But on Monday, we also made an important announcement about the opening of our EdgeSense connected store platform to AI applications and generative models. This is really important.

I mean today, AI exist essentially online in the cloud.

Tomorrow, it will come to the physical world and in particular, to the physical stores.

As you know, EdgeSense our digital shelf system infrastructure, turns the store into a smart grid into a digital twin, where every product, every associate shopper is located, connected and synchronized.

So just as GPS enabled the smartphones to navigate and understand digital maps, EdgeSense provides a store context and data layer that generative AI models autonomous agents and soon AI wearables such as smart glasses will need to understand and interact intelligently in the physical store.

So EdgeSense AI now is making this data infrastructure available through APIs and developer partnerships. This is the core of the announcement of last monday. EdgeSense gives the self-learning real-world context.

It's been missing until now.

It's, we believe, a major step towards bridging the digital and the physical dimensions of commerce and bringing AI to physical retail.

So having said that, I hand over to Thierry for detailed comments on our figures, and I'll be back for our outlook.

Thierry Lemaitre^ Thank you, Thierry. Hello, everyone.

I will now go through the detail of the Q3 revenues on order entries. Q3 revenues this year stood at EUR 347 million in IFRS and EUR 355 million in adjusted terms, which is a 59% increase versus last year. You can see that the value of the adjustment in Q3 is now lower than due to the adjustment on the selling price starting to reverse in Q3 this year, as we mentioned earlier.

Over the first nine months, we exceeded EUR 1 billion total adjusted revenues, which is close to the full year adjusted revenues of last year, an increase of +54%.

Within the total revenues, our VAS (value-added services) revenues accounted for 14.3% of total sales versus 10% over the first nine months last year.

Our VAS revenue showed a strong growth of 115% versus last year. Both the recurring and the nonrecurring VAS revenues show strong growth of 37% and 238%, respectively.

Order entries are also solid at almost EUR 1.3 billion over the first nine months, showing an increase of 12% versus last year and 26% on a 12-month rolling basis.

I'll now hand over to Thierry for the outlook.

Thierry Gadou^ Thank you, Thierry.

So we're expecting a big quarter in Q4, our biggest quarter ever with revenue of around EUR 500 million to reach our full year target of EUR 1.5 billion.

So we do reiterate the guidance that we raised one month ago. VusionGroup also expects to exceed its initial VAS revenue growth target of 80% for the entire year.

And overall, with an excellent order book and pipeline, the visibility for next year is excellent and growth prospects are very good.

We will give you our detailed 2026 guidance at the end of February when we report our full year '25 results.

Thank you very much. And now we can take questions if there are.

QUESTIONS AND ANSWERS

Operator^ (Operator Instructions).

We will take our first question the question comes from the line of Ben Thielmann from Berenberg.

Benjamin Thielmann^ A few questions from my side.

First one would be on revenues.

In EMEA, it seems like revenues in Q3 are up 3%. You guys have flagged it already in Q1 and the Q2 earnings call that you expect an H2 recovery.

I was just wondering if you could guide us on how we should split the EUR 500 million in revenues in Q4 between EMEA and Americas?

Is it fair to say that the slight plus we have seen in Q3 is likely to be seen in Q4 as well for EMEA? That's the first one.

Thierry Gadou^ Yes. We gave a guidance but not by regions. In Europe, we've had a decline, which was due to a tough comparable basis. But in the past, as I have already indicated, we have experienced much higher growth than expected. So after a period with an unfavourable comparable basis, we're now back to a breakeven level.

We see, again, order entries growing in Europe, for the third consecutive quarter.

Since the end of Q3, we announced several deals including one this morning, which are not in these numbers, and they will be added in Q4.

So all this shows a good momentum.

On a quarter-on-quarter basis, we don't give any regional guidance numbers, but we see very good momentum in Europe. And so that's why we are positive. And we really are confident on our average growth guidance that we had given a number of years ago, of about 20% per annum.

We're still on that trend, by the way, and it will continue.

There's been a little bit of a decline but we see that more behind us now.

Benjamin Thielmann^ Okay. Perfect. And then maybe another question, which was related to something that you announced already a couple of weeks ago is in terms of M&A you guys took a minority stake in a German robotics company called Ubica. There was also a majority stake that you took in a data analytics company and I was just wondering maybe you could give us some color, what was the rationale behind it? As I understand it, it goes into the field of computer vision and maybe what is the revenue contribution from that on your 2025 numbers?

Thierry Gadou^ These are both relatively small entities and minority investments in order to bring on board either some skills that we may lack in some very important geographies or a foot in some of the technology areas where we were absent.

I'm thinking about the robotics company here. This is all part of our strategy to build our skills through a portfolio of technologies. But these are small size acquisitions.

Benjamin Thielmann^ Okay. And then third question would be, you mentioned the outlook and visibility for 2026 are excellent.

I know you're going to guide on next year officially in February, but -- maybe you can help us a little bit like what does that refer to? Is it revenues and earnings momentum? Or is that also referring to your cash generation capabilities?

Any color on that?

Thierry Gadou^ This is not really the call to talk about financials and cash flows, but maybe, Thierry, can say a few words anyway and elaborate on what we said at our latest conference call.

...

Thierry Lemaitre^ Of course, I don't want to give any potential guidance for 2026. This is not the right time to do it.

I can just reiterate what we said that in terms of cash flows for next year, there will be a reversal on the overall cash balance.

So there will be negative free cash flow at the group level next year, but this is not new and we explained this in detail when we presented our H1 results in September.

Thierry Gadou^ I think you said that our operational cash flow will continue to grow this year and next year, and that despite the reversal effect of some of the down payments, we will remain with a net cash positive position in the medium term, which tells you a lot about the company's free cash flow generation potential.

So we'll talk more about that when we present our H2 and full year results next February.

But we're already saying that in spite of having very strong growth this year, and having raised our guidance in the middle of the year, we are still seeing robust growth for next year.

We won't be more precise than that at this stage, Ben, sorry.

Benjamin Thielmann^ It's perfect and I am very happy with that.

Okay. That's it from my side.

I'm going back into the queue. Thank you.

Operator^ Your next question comes from the line of Hugo Paternoster from Kepler Cheuvreux.

Hugo Paternoster^ Great.

I would like to come back, first of all, on the deal that you announced this morning with Morrison. And I just wanted to focus not on the hardware, but potentially on the VAS initiative that you want to explore with Morrison, if you could shed some light or concrete example of what we are expecting to do with them ?

Thierry Gadou^ As usual, we have a customer development approach with every one of our customers which is to develop a roadmap with them about the digitalization of a number of processes and then that digitalization can enable new experiences in the store with the shoppers new relationship, new ways of delivering on loyalty, So we have, let's say, a pattern of developing our customers, but it always starts with the backbone of the digitization.

It always starts with putting the infrastructure first because then it becomes the backbone from which we can enable a number of additional functions.

So in that respect, Morrison is not different. We will start by rolling out the infrastructure over the next 12 to 18 months. Once their cloud-based infrastructure is in place, then we will work on a number of additional features. And we have a wide portfolio of solutions that we can propose. This is how we operate with all of our customers.

This will be the case with Morrison's but also with the other deal we announced at the beginning of the month in the UK. So I'm sure we'll do a lot of things with Morrisons in the future.

Hugo Paternoster^ Okay. Got it. And a question a little bit of follow-up on this. How do you think both ASDA and Morrison rollouts will impact potential decisions to invest from other retailers in the U.K. and potentially Tier one retailers like Tesco, Sainsbury's, or maybe even Aldi, do you feel that there is an impact already in the discussion?

Thierry Gadou^ Yes.

I think, Morrison and ASDA would not be happy to hear that they are not considered as Tier one by you because they are clearly all in the top five or top six including Co-op.

So when you are talking about the market of the size of the United Kingdom, the top five retailers are really big retailers. So they are all Tier 1s.

But to answer your question, yes, I think the momentum in the U.K. is excellent. And the pressure is high also to bring automation and to bring intelligence to the store. And so I think there will be a lot more announcements in the next 12 months.

Hugo Paternoster^ Okay.

And beyond the U.K., I just wonder what is happening apart from Walmart in North America currently? And what is the level of discussion that you may have with additional potential customers? And perhaps you could provide us with some information on the pilots that you may have there?

Thierry Gadou^ Well we have a big pipeline in America, in North America, particularly also a little bit in Latin America. And there are a number of things going on.

We don't make comments on our pipeline. For obvious reasons, this is a confidential matter and we are not only speaking to our investors here.

So I won't be very talkative about any individual deals, but we have a big pipeline in America.

Operator^ We will take our next question. Your next question comes from the line of Flavien Baudemont from Bernstein.

Flavien Baudemont^ Hello, gentlemen, good evening. My first question is a follow-up on Hugo's question. Last quarter, you mentioned that in terms of visibility in the U.S., you think that you can possibly sign a deal in H2 '2026? Is it still the case?

Thierry Gadou^ Yes. I didn't remember I was that precise. But I mean I will just follow up on the previous answer I made about the U.S.

We have a very significant pipeline in the U.S. and it is always uncertain in which quarter you may sign. But I'm sure that in the next 12 months, there will be deals signed, including in H2 '26.

Flavien Baudemont^ Okay. Then I have a second question on the order book.

It's still down in Q3 on a year on year basis by approximately 5%. Maybe you can give some color on that?

Thierry Gadou^ Well yes, the color is simple.

I personally think that for a third quarter, it's a really excellent quarter. This number, in absolute terms, is a little bit affected by a high comparative base because we were getting big multi-year orders in the previous comparable periods.

But it's a good absolute number, and we're happy with the level of our order entries.

And it's compatible with the level of the pipeline and completely consistent with our plan for 2027.

Flavien Baudemont^ Okay. Then on the VAS, your recurring VAS revenue per cloud ESL is again down quarter-to-quarter.

I'm mainly wondering because I think that there is a volume effect with Walmart. What is the dynamic of your recurring VAS sales, excluding Walmart?

What's basically the growth with this kind of clients?

Thierry Gadou^ Yes.

When looking at our dynamic of the cloud connected ESL's, you need to be taking into account different things. First, migrations. We did a lot of migrations, which is a very positive factor because we have this objective of being at some point very soon at 90% in the cloud.

So we are pushing a lot of migrations, and we did huge migrations since the beginning of the year.

Then you need to look at the average level of labels really when you make those comparisons because here you talk about revenues during a specific three-month period, and the fast pace of growth of our number of cloud connected ESL's makes it difficult to compare it to a different period. And these numbers will not help you see the big trend. As I don't want to enter into too many comparisons between customers in terms of pricing or revenue, I will leave it here.

But the growth of our recurring VAS is strong and is something that we feel very comfortable about.

I mentioned also that we are having an increase in the pipeline of our VAS recurring projects, particularly a strong increase in the pipeline of Captana, our Computer Vusion projects, which I mentioned is a particular pattern that we're very confident about the fast growth, which is quite consistent, which probably will be accelerating in our VAS recurring revenue momentum.

Flavien Baudemont^ And I have a last one regarding your slight growth in Europe.

Is it coming from new logos or mainly from existing customers and is it mainly due to a growth in ESL sales or VAS sales?

Thierry Gadou^ Well it's really, really coming from both ESL and VAS, but definitely VAS revenues first.

Second, it is coming from some new logos. Although the new logos we announced recently are only going to be feeding growth in 2026.

But it's also coming from our existing customers, and it's always important to remember that we have a very large base of customers, particularly in Europe and a huge installed base.

But even in that base of customers, we have only partial penetration of our customers.

So we continue to grow the coverage and the penetration of our existing customer base. And that is always driving growth. And also, we expand product categories or the number of products that our customers monitor through ESL's. So a big part of our growth is driven from our existing customer base and then we add new logos regularly, and we regularly announce new ones.

And I mentioned also that a number of our customers who have rolled out in 2017, 2018 and 2019 are also going to be upgrading refreshing and renewing the technology in their stores.

So this is also a growth driver for the next years.

So it's a perpetual sort of business cycle. And so we have a lot of growth in the customer base. And so if I look at our revenue growth prospects for 2027 and 2028, I would not be surprised if 70% of our revenue actually came from existing customers.

Operator^ (Operator Instructions) And the next question comes from the line of Aurelien Sivignon of ODDO BHF.

Aurelien Sivignon^ Good evening, gentlemen. Two follow-up questions from my side on the U.K.

First, on the Morrison contract, do you expect this rollout to be completed by the end of '26. And second one, finally, would you say the U.K. could quickly become your second largest country by revenue going forward?

And maybe from '26, I mean adding Morrison to Asda to up numbers are getting quite significant.

Thierry Gadou^ Yes. It could be.

I'm not making a promise here, but let's say, the intention is to go relatively fast in the rollout.

So yes, it could be done by the end of '26. Maybe it could roll over a little bit in '27, but it's a possibility.

Obviously if you look at GDP and retail density of the market. The U.K. is a big market and certainly will be one of the top three markets in Europe.

So it should really catch up. I've been waiting for this moment.

It should really catch up to be in the top three markets of Europe, whether it's going to be the second one, I don't know because there is a big competition between our key markets.

Germany is also a very important market for us. But it's going to be one of the top three definitely. And we are very excited about this market.

Aurelien Sivignon^ And just on the Morrison contract, does it make sense to think that this will be completed by the end of next year?

Thierry Gadou^ Yes. I believe I already answered that question.

I said, yes, it's not a promise, but it's very likely we can complete the rollout by the end of next year absolutely.

Operator^ And the next question comes from Flavien Baudemont from Bernstein.

Flavien Baudemont^ Yes.

Sorry, I forgot one question.

On the Asda deal, does the deal include any VAS sales?

Thierry Gadou^ Yes, of course, it's again, the full cloud deal plus a number of new services, which are additional services and solutions, which are not in the press release, but which are already being tested in many stores and very likely to be rolled out.

So there will be more announcements as we deploy our ESL’s. But yes, the opportunity is quite significant in terms of software solutions.

Operator^ Thank you. There seems to be no further questions.

I would like to hand back for closing remarks.

Thierry Gadou^ Thank you very much, everyone.

It was a pleasure to spend these minutes with you today, and we will be back on February 26th, for our full year 2025 financial results.

And in the meantime I wish you a great evening.

Thierry Lemaitre^ Bye, bye.

Operator^ This concludes today's conference call. Thank you for participating.

You may now disconnect.