Vusion - FY 2025 Results Conference Call Transcript

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Corporate Speakers:

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

Participants:

- Hugo Paternoster; Kepler Cheuvreux; Analyst
- Aurelien Sivignon; Oddo BHF; Analyst
- Benjamin Thielmann; Berenberg; Analyst
- Flavien Baudemont; Bernstein; Analyst
- Valentin-Paul Jahan; Stifel; Analyst
- Gilles Crespel; Alizés AM; Analyst

PRESENTATION

Operator^ Good day. And thank you for standing by.

Welcome to the Vusion Full Year 2025 Results Conference Call and Webcast. (Operator Instructions)

Please be advised today's conference is being recorded.

I would now like to hand the conference over to Olivier Gernandt, Vusion's Investor Relations Officer.

Please go ahead, sir.

Olivier Gernandt^ Thank you very much, Nadia. Good afternoon everyone. And welcome to our full year 2025 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 and operational highlights.

Thierry Lemaitre will then make some comments on our financial performance, and Thierry Gadou 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'swebsite, 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 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 to you along with Thierry Lemaitre, our excellent performance for the full year 2025.

So first, in a nutshell we delivered over 50% organic growth in '25 and reached over EUR 1.5 billion in adjusted revenue which was our target.

Order entries reached EUR 1.7 billion, up 5% versus the record level of 2024. VAS revenues doubled year-on-year to EUR 211 million, representing 14% of total sales.

Our EBITDA increased by 73% and our EBITDA margin improved by more than two points to reach over 18% of sales.

Operating income and net income also rose significantly.

Our adjusted net income was close to EUR 100 million, with a very similar number for our IFRS net income.

Our cash flow generation was positive and our financial structure is stronger than ever with EUR 480 million in cash and only EUR 41 million in debt. Hence, we have a strong balance sheet that gives us the means to pursue an ambitious growth and innovation strategy. After this exceptional growth rate in '25, we are forecasting another year of revenue growth of around 15% to 20% in '26, along with at least a one point, or 100 basis points improvement in EBITDA margin, and a positive operating cash flow.

Now let’s look at our performance in a bit more detail.

Thanks to another fantastic fourth quarter, we passed the EUR 1.5 billion mark in annual sales, adding $0.5 billion of revenue in just one year, which implies a 10-year CAGR of 30% of our top line growth. Regarding VAS, i.e., software services and non-ESL solutions, our VAS revenues doubled driven by the strong growth in both recurring and non-recurring services.

In Q4, our VAS annualized recurring revenue reached EUR 105 million per year.

Our cloud installed base has grown by over 200% in the last year, thanks to new rollouts.

So new logos, and legacy customers accelerated migrations. And we passed in Q3 last year, the mark of 50% of our total installed base now fully managed in the cloud.

Regarding, our Order entries. In Q4, we booked over EUR 400 million of new orders.

Our global order entries for the full year '25 reached an excellent level of EUR 1.7 billion, up 5% over the record level of '24. The growth in order entries was concentrated in Europe, where several new logos were signed.

So many new logos in the U.K., in Germany, and throughout Europe in different verticals, and as well as obviously significant new orders from our large customer base which is also a very strong driver of growth for us. And I will come back to that later.

If we now focus on our performance by region, revenues in Europe still show a minus 16% decrease on a full year basis. But order entries have continued to grow there as we signed many wins over the past few months.

So we will get back to growth in Europe in '26.

And with a much diversified and balanced revenue structure with plenty of VAS, from new logos, and also with excellent momentum and high revenues from our existing customer base as they extend their store coverage.

We still have less than 50% penetration at our existing customer base as they increase store coverage and their VAS adoption. And as they begin to renew and upgrade their installed base in the coming years to Edge Sense.

And EdgeSense will be a big driver of growth. Let’s talk about EdgeSense.

Obviously the strong growth outside Europe is particularly driven by the intensive rollout of EdgeSense at Walmart in the U.S. which is now halfway through and running at full speed. The program is very successful and contributes to the impressive results of Walmart in the U.S., particularly to the stellar growth of in-store fulfilled ecommerce and to the improvement of the operational leverage of the company. This U.S. rollout should be completed in about a year in the U.S.

We are working on several other solutions with Walmart U.S., which could become new rollouts in the coming years.

We are also working intensively with Walmart on the international expansion of EdgeSense.

This deployment confirms the excellent performance of our EdgeSense platform on a very large scale. EdgeSense has no equivalent in the world today for optimizing productivity, speed and accuracy in sales management tasks, on-shelf inventory monitoring and ecommerce fulfillment.

We are proving that our platform enables much broader use cases and delivers much higher ROI than standard ESL solutions.

We've announced in '25 a few partnerships involving EdgeSense including with DM, a major pan-European retailer based in Germany.

And of course with Carrefour, I will come back to Carrefour in a minute.

Several other EdgeSense pilots are underway around the world.

Innovation has continued to be at the heart of our priorities in '25 with a 20% increase in our R&D investments. Advancing our powerful roadmap to make the store even more efficient, automated, data-driven and omni-channel, and to turn the strong traffic into media dollars and to enable AI for both associates' efficiency and shopper experience.

We've worked in '25 on further enhancements on EdgeSense.

We've worked also on new products around data, AI and retail media.

In the past months, we have signed our first deals with our newest retail media solutions, and that's a very promising avenue of growth for Vusion, as it is a top priority for retailers today.

We've significantly worked and enhanced our Captana solutions portfolio from agnostic computer vision to ESL synchronized solutions and mobile solutions.

We are achieving very promising results and are extremely confident on our technological edge in this field in which we have invested heavily over the past few years and we see great traction.

And '26 will be a year of acceleration of Captana, and we expect to deploy over 150,000 new AI cameras this year. A perfect example of this overall momentum is the announcement of the Carrefour deal because it is the first large-scale deployment in Europe of EdgeSense, but also the first large-scale simultaneous deployment of EdgeSense and Captana, in other words our full platform.

This partnership is significant because it is at the core of Carrefour's 2030 strategic plan. And also because alongside the digital transformation of Carrefour's hypermarkets and supermarkets, Carrefour and Vusion are creating a joint innovation lab and are going to collaborate on new solutions to invent the future of retail together.

So we will now show you a short video on this recent Carrefour announcement, in which we have put in a lot of work in '25.

You all remember that we announced our partnership in June last year when we started our pilots.

I will now hand over to Thierry for the detailed analysis of our financial figures.

Thierry Lemaitre^ Thank you Thierry. I will now present the results for the year 2025. And as you are now accustomed to, I will present the main financial items under IFRS and in adjusted terms for certain IFRS adjustments that impact the accounting for the contract with our largest clients in the United States. The details of these adjustments are presented on the following slide.

But first, let's start by celebrating our excellent performance in 2025 with revenues increasing more than 50%, both in IFRS and adjusted terms, and standing at EUR 1.527 billion in adjusted terms. The adjusted variable cost margin increased by 60%, faster than sales, and reached nearly 31% of sales, an improvement of 1.6 points compared to the previous year.

Our Operating Expense (OpEx) grew by 43% and represented 12.7% of adjusted sales, 0.7 points less than last year. This translates into a significant growth in adjusted EBITDA of + 73% to EUR 277 million which gives an adjusted EBITDA margin of 18.2%, up 2.3 points compared to the previous year.

Depreciation and amortization also increased significantly mainly due to the last three manufacturing lines starting to get amortized in 2025 on top of the first line which started to get amortized in 2024.

Adjusted EBIT more than doubled at EUR 164 million, reaching 10.7% of sales, up 2.9 points from the previous year.

Overall, adjusted Net Income is close to EUR 100 million at EUR 98.7 million, up 6.5% of sales.

The following slide shows the main adjustments between the IFRS and the adjusted accounts. The nature of the adjustments has not changed and remain the same as for last year. Two adjustments impact the revenue down to the net income. First, the amortization of the fair value of warrants conditionally granted to Walmart. The first effect is directly proportional to the sales generated by Walmart. It negatively impacted the IFRS revenues in '23, '24 and '25, and will continue to negatively impact the revenues in '26.

Second, the recognition in the IFRS accounts of a volume-averaged selling price over the entire term of the contract. The second effect had a negative impact in '23 and '24, and started to reverse in Q3, 2025. It generated over the full year of 2025, a small positive effect which will be even higher in 2026.

Financial income is impacted by two restatements identical to those of the previous year.

The first consisting of the revaluation of the fair value of the warrants, given the average share price of VusionGroup over the last six months of 2025 compared to the last six months of 2024, and despite the decrease in the number of warrants remaining to be exercised, this fair value increased by EUR 7.3 million compared to December 31, 2024 which translates into a financial expense of the same amount in the 2025, the IFRS accounts.

IAS 21 adjustment of the intercompany between the parent company and the U.S. entity also impacts the IFRS accounts by + EUR 48.7 million. These impacts, plus the different tax effect on these restatements totaled a - EUR 14.5 million impact on net income in 2025.

If we now go more into detail in the analysis of our Revenue.

2025 showed a 51% growth in adjusted revenue, driven by the Americas and APAC region. Given the volatility of the euro-dollar exchange rate over the year 2025, Group revenues were negatively impacted for the portion denominated in dollars.

At constant 2024 euro-dollar exchange rate, 2025 adjusted revenue would have stood at EUR 1.580 billion which is EUR 54 million more than our reported figure. VAS revenue increased twice as fast as group revenue, at plus 100%, driven mainly by VusionOX (the EdgeSense operating system) one-off revenues, but also by recurring revenues which in Q4 reached EUR 105 million on an annualized recurring revenue basis.

On the following slide, our Adjusted EBITDA margin grew by 2.3 points of sales, mainly driven by the variable gross margin.

And more specifically, by the revenue mix effect, and to a lower extent by a lower OpEx to sales ratio. Despite the significant impact on sales, the euro-dollar FX impact was limited on the profitability.

Financial income stood at EUR 29.5 million in '25, versus minus EUR 60 million in '24.

Before the IFRS impact that we presented before, the adjusted financial result was minus EUR 11.9 million in '25, of which minus EUR 11.2 million has a cash impact. This minus EUR 11.2 million are mainly driven by exchange losses due to the high volatility of the euro-dollar exchange rate.

But more importantly, the financial income, largely driven by cash investments stood at EUR 17.5 million in '25, versus EUR 4.7 million in 2024, thanks to a higher level of cash being invested, while the interest expense decreased from EUR 12.6 million to EUR 8.5 million, thanks to lower interest rates and the reduction in the Group’s financial debt.

Total CapEx stood at EUR 137 million, compared to EUR 158 million last year.

EUR 77.5 million were invested in 2025 in the manufacturing lines, pre-financed by Walmart, and the last manufacturing line has been running at full capacity since Q3, 2025. The three other ones started earlier in H2 2024 and H1 2025. Hence, we now have four production lines running at full capacity.

Cash CapEx, corresponding to CapEx financed by the group, amounted to EUR 60 million in '25 versus EUR 40 million in ‘24, representing around 4% of adjusted sales.

Let's now have a look at the cash flow and the cash situation.

At the end of 2025, the Group showed a positive net cash position amounting to EUR 439 million, compared to EUR 393 million last year which is a EUR 46 million increase.

As mentioned previously the operating free cash flow, defined as EBITDA minus CapEx funded by the group, grew in '24, as well as in '25, and should continue to grow in 2026.

In 2025, operating free cash flow grew by 83% compared to 2024.

Total free cash flow was impacted by: (1) the increase of the operating free cash flow just disclosed but also, (2) by the consumption of the down payments collected and this negative impact will increase in 2026. (3) The investment in the manufacturing lines that were prefinanced in '23 and '24, and (4) by the tax expense of EUR 52.9 million compared to EUR 4.7 million in '24, when the Group still had cash losses which could be used to offset part of the taxable income. There was a limited amount of net operating losses (NOLs) left at the end of 2024, that the group could enjoy in '25.

This is no longer the case at the end of 2025.

On top of these elements, Group proceeded with share buybacks, some acquisitions and collected EUR 73 million from the exercise by Walmart as part of their warrants.

Also to be noted, the Foreign Exchange impact on the cash position in dollars which is minus EUR 45.6 million.

To finish this financial presentation, the Board decided to propose at the shareholders' meeting in June to pay out a $0.90 dividend in '26 which would be a third consecutive increase since 2024. That's it for the presentation of the 2025 financial results, and I'll now hand over to Thierry Gadou for the outlook.

Thierry Gadou^ Thank you, Thierry.

So for 2026, based on the strong backlog we have, and our strong pipeline, we anticipate further growth this year in spite of the exceptional acceleration of '25. We expect to deliver an annual adjusted revenue growth of 15% to 20% at constant exchange rates and constant tariffs.

This is in line with our average historical growth trajectory of around 30% per annum, which we have delivered since 2022, but also over the last decade. This growth should be both benefiting Europe and the rest of the world.

Regarding VAS revenues, they are expected to continue to grow significantly around 40% in ‘26, at more than twice the Group’s top line growth and with strong performance in both recurring and non-recurring VAS.

Vusion also aims to continue improving its profitability with an adjusted EBITDA margin which is expected to grow by more than 100 basis points.

And this increase in profitability will be accompanied by continued growth in operational free cash flow compared to '25. And we are determined to keep a strong balance sheet, and a positive net cash position at the end of the year, excluding any potential acquisitions.

So given this positive business momentum, the Group maintains the ambitions that we set ourselves during the fall of '22 in our Vusion '27 strategic plan.

Also note that we will shortly launch a share buyback program of EUR 30 million, the details of which will be communicated at the time of the launch.

Finally, I'd like to say a word about the strengthening of our governance. The Board of Directors today co-opted Ms. Lyne Castonguay as an independent director. Lyne will be replacing Candace Johnson, for the remainder of her term, until the next general meeting of June 4th 2026, which will be called to ratify this co-option and renew her term for a period of three years.

Mrs. Johnson, as you know, was no longer considered as an independent director under the AFEP-MEDEF code, having served on the Board of Directors for more than 12 years. She will be replaced by Lyne. I would like to thank Ms. Johnson for having brought considerable value to our company.

I'm pleased to welcome Lyne Castonguay to our Board as an independent director.

This strengthens our governance and increases the proportion of independent members from 64% to 73%.

Lyne is a Canadian and American National with more than 20 years of leadership experience, primarily in retail and consumer goods.

She has held senior executive roles at Home Depot, Sobeys and Starbucks.

She now also serves on the Board of the Canadian Tire Corporation, one of the leading retailers in Canada. Her deep expertise in North American retail will further reinforce our strategic capabilities in the region which is, as you know a key growth driver for Vusion.

With this, we are now ready to take your questions.

QUESTIONS AND ANSWERS

Operator^ (Operator Instructions) And now we're going to take our first question, and it comes to line of Hugo Paternoster from Kepler Cheuvreux.

Hugo Paternoster^ I have three questions, if I may. And the first one revolves around your guidance. You mentioned that the growth will come from both North America and Europe. I wanted to have a better view on what do you expect in terms of organic growth for Europe for next year? The second one is on the working capital.

How much of your 2026 revenue is already prepaid and what working capital swing should we expect for next year? And the last one is on Walmart. You mentioned that you are in discussion for potential additional rollout and potentially incremental cross-sell.

Could you come back on it, whether it's for computer vision, if it's for international expansion, what does it mean in terms of timing, if you can share anything?

And in terms of CapEx also. Those are my three questions.

Thierry Gadou^ Thank you.

For the first question on the organic growth.

So yes, we see 15% to 20% growth this year. And we consider that this growth will be balanced between Europe and the rest of the world.

So we expect to deliver double-digit growth in both regions.

I think your question was particularly focused on Europe. We have won many deals in Europe over the last few months of last year, and the momentum continues to be good since the start of the year. That is why we believe all regions will benefit from this growth.

Thierry, on the working capital question?

Thierry Lemaitre^ On the working capital, so the net between the down payments collected this year in '25, and the down payments that were reversed in '25 has roughly a positive impact of approximately EUR 30 million. And this year, we expect this to reverse and have a negative impact of above EUR 400 million.

Thierry Gadou^ On your Walmart question. Walmart is a very large company and you might have seen their results last week. Walmart is a EUR 700 billion plus

company in terms of revenue, and they are adding about EUR 40 billion of revenue every year. In other words, they are adding a big retailer every year. So it is a huge company where we are completing the rollout of our EdgeSense infrastructure in the US right now.

We are working on different directions and new solutions beyond the EdgeSense infrastructure in the U.S., and that includes topics like computer vision and some others that I have mentioned previously, like ecommerce acceleration and retail media. We are also working on the international dimension which covers a number of countries outside the US. Some of them have been mentioned recently in the press.

So we are working well on all these topics. Obviously, the fact that John Furner, their former CEO for the US, has recently been appointed Global CEO should be supportive. And we think they will want to expand their winning operating model internationally.

So we'll update you on this as we confirm rollouts in their international division.

There is also Sam's Club, which is also part of the Walmart Group which we haven't mentioned, and which could represent another development opportunity for our Group.

Anyway, we expect Walmart to remain a big customer for many years. And the partnership is extremely appreciated by both sides.

Operator^ Now we'll take our next question. The question comes from the line of Aurelien Sivignon from ODDO BHF.

Aurelien Sivignon^ I have four questions. The first one is regarding the 40% VAS growth guidance for '26.

Could you clarify the expected VAS mix between recurring and nonrecurring. And regarding the 150,000 cameras, I think you mentioned during the call should this be treated as nonrecurring or recurring VAS revenue? Then my second question will be about the Carrefour contract.

I believe Carrefour mentioned an investment of at least EUR 150 million. Do you confirm this amount? And maybe you could walk us through the operational assumptions? I mean country coverage, and if Captana is included in this figure.

My third question concerns the confirmation of your '27 ambition.

On the revenue side, what makes you confident that you will be able to more than offset the Walmart U.S. contract ramp down? Does it imply that you are already seeing a clear reacceleration in order intake in the coming months? And the last one will be on the share buyback program you mention in your press release. Could you say over what timeframe we should expect it to be done?

Thierry Gadou^ So regarding VAS, we are expecting 40% growth this year. And we said it's going to benefit both recurring solutions and non-recurring services. I think contrary to ’25 we might even see our recurring VAS revenue grow faster than our non-recurring part in ’26. Obviously, the growth we are expecting in Computer Vision (at Captana), but also in cloud services will be significant growth drivers.

You mentioned the hardware part of Captana and the number of cameras we are expecting to sell in ‘26. The sale of a camera is a non-recurring service, whereas the subscription fee we charge our customers to use the Captana service is a software-based recurring revenue.

We believe Captana and Computer Vision is the next big technology wave in retail.

This is why we have been investing in the space.

We are very happy with the work we've done on many pilots which are now reaching significant scale. And of course, the upcoming Carrefour rollout, which is the first simultaneous full platform rollout of both EdgeSense and Captana.

On your Carrefour specific question, the number was mentioned by Carrefour and that number does not include the VAS component and only includes France. The scope of the project is European and we will be starting first implementations in Spain soon.

I do not want to comment this number because it's part of the communication of our client, but what I can say is that this figure is only for the hardware part and only for France. It does not include the VAS and there is a significant portion of our contract which relates to VAS. What is very exciting about this partnership is that it concerns a major transformation project which is very strategic for Carrefour and this is at the core of the type of work that we do for our customers.

Such a transformation covers many dimensions and a full digital transformation. It is sold and supported by the C-suite of the client. Only then can we sell a broad project that covers such a large part of our portfolio of solutions as communicated with Carrefour last week.

Regarding our ’27 ambition. The end of ’27 is two years from now. And Vusion has two major growth drivers. The first one is our ability to sign deals with new customers, we call them new logos. We will win plenty of new logos over the next two years and think we started 2026 with a great example of that capability. Our second growth driver is our large customer base. Most of our customers currently have less than 50% penetration. So covering the full fleet of stores of our existing clients will be a significant driver in the future. Their increasing adoption of VAS services will also be a significant growth driver. And finally, many of our largest customers will begin to upgrade their existing hardware infrastructure to EdgeSense. This is why our existing customer base is a very significant future growth driver.

When we think about new logos, we obviously think of unequipped markets with low ESL penetration levels. As an example, the US market excluding Walmart is a 2 billion ESL market opportunity, where we will play a key role in helping retailers switch from paper labels to ESL’s and this digitalization process will happen over several years but sooner rather than later.

So these exciting market prospects as well as our current pipeline of opportunities makes us really confident about our ’27 ambition, which was a long-term ambition we set ourselves in the fall of ’22. So to achieve this ambition, we need to accelerate our order entries and win a lot of new deals and we will.

Your final question was about our share buyback program. Thierry?

Thierry Lemaitre^ Based on the market conditions, we are likely to launch it in the next 10 to 15 days maximum.

Operator^ And the next question comes the line of Benjamin Thielmann from Berenberg.

Benjamin Thielmann^ This is Ben from Berenberg. I have four questions if I may.

My first question is about Captana. You mentioned on one of the slides you expect more than 150,000 cameras to be deployed in '26.

I was just wondering, are these already signed? Or is this a mix of already signed deals last year and what you expect in terms of pipeline conversion to go through 2026? That’s the first one.

Thierry Gadou^ Okay Ben. You do them one by one. No. It's mostly signed. Those are things that we've been scaling our go-to-market and so it's mainly signed.

But this includes, of course the beginning of the Carrefour rollout, which will start this year as it has been signed recently.

Benjamin Thielmann^ Yes, maybe a follow-up on that.

Could you give us some guidance, how much of those 150,000 plus could be driven by Carrefour?

Thierry Gadou^ No. We do not give any give any customer specific information.

But Carrefour is a very significant rollout where the whole fleet of stores, hypermarkets first then supermarkets, are going to be covered both by EdgeSense and Captana.

So I mean you can figure out the number, but I don't want to give too much detail on a customer by customer basis.

Benjamin Thielmann^ Understood. I had to try. My next question is you mentioned that you guys have an edge in computer vision compared to your competitors.

I was just wondering where do you exactly see this edge?

Is it in terms of lower or shorter lead times because you have better production capacity? Is there a big difference in underlying technology? Any color on how you see yourself compared to the competition would be very helpful.

Thierry Gadou^ Yes. Well, it is a bit similar to EdgeSense, we're in the world of connected IoT and that means that the real performance comes from multiple things.

It comes from hardware and miniaturization and design, and embedded software in the hardware. That's a very strong expertise of our company.

And the whole end-to-end cloud-to-edge software, and then all the AI engines that are running and to have a really well-performing solution in retail which is a very specific use case of computer vision.

We are not in video security cameras, we are in observing shelves which is a very special use case. And that's where our technological edge lies. The combination of the IoT expertise, the embedded software, the end-to-end cloud management, and the AI is really where this combination is and where the magic sauce appears. And when comparing ourselves with the competition, we think we're really advanced.

And we started our computer vision over eight years ago. So this edge is something we have been working on with dedicated teams for a long time.

I know you might think it's slow, but when it takes off, this will be a big thing. And we think today a lot of retailers are seeing this as the next big way to unlock productivity and supply chain management in their operations.

Benjamin Thielmann^ Interesting. And then maybe one more question on the pick-to-light function. I've seen it in the video.

I was just wondering whether there is a potential use case that Carrefour may be providing its shoppers in France or in other European countries in the Carrefour stores an access to the software that they could also use for the pick to light functionality on the ESL's? Or is that not planned in the foreseeable future?

Thierry Gadou^ This pick to light functionality is a fundamental feature of our hardware and software platform that enables very fast, accurate picking and stocking because both are equally important.

Stocking means replenishing the shelf and going very fast and identifying where to stock each product. This is very labor-intensive work and error intensive work. And then pick to light for the preparation of ecommerce orders.

So this functionality is very central to our offering. Why? Because simply - and I think the lesson given by Walmart to the world is actually that the store is a fantastic ecommerce weapon.

Today and you've seen the numbers last week. And Ben, I think you were with Walmart with us in January and you heard them speak about store-fulfilled ecommerce.

Just look at the numbers they published: 50% growth in store-fulfilled ecommerce.

Now among the three million orders that they prepare every day in their stores, they are already able to deliver a third of them, 35% of them, in less than three hours just because these orders are all local ecommerce fulfilled out of their stores. This is the next big growth driver of ecommerce, and we see a number of retailers basically realizing that they've made mistakes in building very automated warehouses for ecommerce. A number of them as you know are shutting them down, actually, and there was even an announcement by a retailer earlier today.

So we believe it's going to be the time of store fulfilled ecommerce growth. And for that, you need to enable your store, you need to digitize your store, you need to locate products very accurately, you need to make sure you got the right availability

when you're doing your picking and you need to go super fast at picking. The statistics for the usage of our solution by the internal staff at Walmart and their shoppers are just impressive.

So we're talking about tens of millions of triggers of pick-to-light every day today. And we've only deployed our solutions in half of their store fleet.

So this is all rather like what I said about computer vision.

It's something that combines IoT design, infrastructure, protocol, it's all, sort of, in many dimensions of the solution that you can actually trigger this. Not even mentioning the power efficiency that you need in order to be using these devices intensively throughout the day and 24/7, so you need a very power efficient system which again is one of the things that are at the core of the competitive edge of EdgeSense.

But for sure, this has been central in the choice of Carrefour. Ecommerce is central today in the choice, and we'll be increasingly so in the future of retail. I think more and more retailers think about this when they decide to invest into ESL's.

It's true that retailers who are considering investing into ESL's are increasingly thinking about how that can also improve their ecommerce strategy and carefully evaluate the different options and solutions available to them. And we saw a turning point in the market in that respect.
Benjamin Thielmann^ Interesting. Thank you, Thierry. Maybe a quick one for CFO Thierry. There was a EUR 54.9 million warrants related value amortization which also embedded in average price opponent that were driving it.

And it was written on the slide that you expect this to phase out by the end of 2028.

I was just wondering whether you could split those EUR 55 million into how much of that was actually the amortization component? And what run rate can we expect until the end of 2028, or maybe how much is the total fair value amortization that you expect between '25 and '28?

Thierry Lemaitre^ Well actually, I will give you the figure we are expecting for '26. It's approximately 40 million for both combined.

So the negative impact arising from the warrant fair value amortization will obviously continue. But then you get a positive impact which is partly offsetting it due to the weighted average price. So the net impact for '26 should be approximately EUR 40 million negative versus the minus EUR 55 million.

Benjamin Thielmann^ Okay. And then maybe a very quick last one. You mentioned it on the slide with the free cash flow reconciliation. There was customer finance CapEx of EUR 77.5 million in full year 2025.

I was wondering what was the total amount of prepayments that you got in 2025?

Thierry Lemaitre^ We did not disclose that figure, but there were only some prepayments for the hardware in 2025. The prepayments for the production lines were entirely paid at the end of 2024 for approximately $320 million.

Operator^ Now we'll go to the next question. And the question comes Flavien Baudemont from Bernstein.

Flavien Baudemont^ I have two questions. The first one is on the Carrefour rollout. How long will the rollout take? They mentioned that it will last until 2030. Do you confirm that? And for Captana are you planning to lend them or sell them the cameras?

And on the second question, can we have a broader outlook on, let's say the end of 2026 and 2027. Do you see any big movement in the U.S.? Or are you planning to at least announce a massive contract by the end of the year to support 2027 growth?

Thierry Gadou^ So regarding Carrefour, I know it's been presented as part of their 2030 plan. So it's been assumed that, that was the timing of the project.

But if you look at the interviews of the CEO of Carrefour since, he also said that they wanted to go fast and we are going to go faster, which is often the case.

If you look at our big contract in America, we were supposed to be deploying over several years and then it went faster just because it's delivering high returns and people want to accelerate. And even if there were headwinds such as tariffs, they did not want to slow down, they wanted to accelerate.

So I think the Carrefour rollout is going to be faster and will include several countries and different solutions. And there’s going to be plenty of developments because we are joining forces in some solutions development together, and those solutions will be rolled out because they will be codeveloped with Carrefour.

About Captana, we don't want to be too customer specific here, but know that it actually doesn't make a big difference. Whether we rent or we sell the cameras is not so relevant, because the proportion of hardware versus the software part in Captana contract is much in favour of the software.

And about the broader outlook for '27, I have already mentioned this earlier. The market is big. We have growth coming from new logos that we will continue to win on a regular basis. We have a tremendous customer base for which we have plenty of penetration coverage extension potential, VAS new projects and some migration potential to EdgeSense through big swap projects.

And we have two years before the end of the '27. So we have plenty of time to win a lot of deals, and we will.

Flavien Baudemont^ Okay. Maybe a follow-up on Carrefour.

I didn't see in the press release that you're going to sell them your Engage solution. Are you selling any retail media services to Carrefour?

Thierry Gadou^ Yes. We are. Retail media is mentioned in the press release, if you look at the number of the items that are part of the scope of cooperation.

It is not specifically mentioned like that because Carrefour is not, per se, buying themselves retail media solutions because they have their joint venture with Publicis Unlimitail. So it's a different setup. But a number of the Carrefour stores are already fitted with some of our technologies in retail media.

But it's a different setup because it will go through our partners.

Operator^ Now we're going to take our next question. And the question comes line of Valentin-Paul Jahan from Stifel.

Valentin-Paul Jahan^ I have three sets of questions, and I will try to be short, to go one by one. The first set of questions relates to Captana that you said is the next big growth driver potentially. The large-scale Carrefour contract computer vision appears to demonstrate the company payback for retailer and that the solution is now retail-ready.

So I am wondering what is the Captana development potential, especially for 2027 in the event of major successes in the coming months with additional clients. And what obstacles will limit its development despite strong client appetite?

So could you please provide more detail on camera, the industrial setup you have for producing camera, producing capacities where it is produced, is it in Chihuahua with Jabil?

Please help us assess the growth potential of the solutions going forward in the case of major success to come if any, I mean assuming you successfully convert Walmart, for example, just as an hypothetic example as you mentioned in previous

answers. Will a very large-scale camera roll out with the retailer already fully equipped with EdgeSense be as gradual as the EdgeSense rollout has been? Or could it be much faster, for example, in one year? What level of volumes you currently -- your current industrial setup with Jabil in camera is partially ready to absorb on a yearly basis.

Can you please give a little bit more colour on all of that?

Thierry Gadou^ I thought I had given a lot of colour already. So first, on the industrial setup, you should feel comfortable because the way we've ramped up such a sophisticated and new technology as EdgeSense indicates that we have a certain know-how in how to scale IoT innovations industrially. And we have excellent partners. You mentioned one.

We have other EMS partners. And those are the ones with whom we will scale this solution. We're already working with our EMS on the industrial setup for Captana. And we're phasing it. And for sure, we will be ready for millions of cameras in '27 and more in the following years.

The scale of a computer vision solution is significant because you have a number of SKUs. And you need one way or another, one camera for 50 to 100 SKUs. And so you can make the math easily. It's a very significant business. Now we're still at small scale because it's a complex technology.

It takes a bit of time to really make something completely robust and mature for a world like autonomous drive in the street, or simply the physical stores which are very complex environment for technology.

So it takes time but it's naturally big projects. We are quite secure in terms of the industrial setup. We are already working on it because obviously a number of projects will be big in '27 and will continue to grow.

And the business case associated with that which is basically managing with very high accuracy, shelf execution, planogram compliance and out of stocks. It's very important items in the P&L and the balance sheet of retailers.

So it is, as I said, we believe it's going to be big. So now having said that, you never know what's going to be exactly the shape of the exponential curve.

But we see extreme interest from retailers. And I think the many interviews of the CEO of Carrefour mention out-of-stock management every time as the number one priority for them as it's related to revenues immediately. You have a second set of questions, because you don't have questions you have sets of questions.

Valentin-Paul Jahan^ Yes.

So it will be more about EdgeSense production lines which are dedicated to Walmart and located at Jabil factories, if I'm correct.

So could you clarify the new profitability model you have, I mean historically, all ESL, all electronic shelf labels, production costs were included in variable gross margins. And now with these full lines which are within your balance sheet, the depreciation costs, obviously. And likely, it has reduced fixed costs to cover the general and administrative expenses that Jabil incur for hosting these lines in their own factories, but they are your lines.

So as the Walmart U.S. rollout on EdgeSense solutions normalize and decrease in 2027 and utilization rates of these four lines should decrease, obviously from the 2026 peak. How sophisticated is your EBIT margin and your free cash flows to lower its production volumes?

What would be the breakeven utilization rate in volumes for EdgeSense going forward?

Thierry Lemaitre^ Just on that, Valentin.

We have a fixed cost, and this fixed cost was already fully prepaid by Walmart.

So now the utilization rates of the lines is not really an issue for us.

Of course we are going to keep using them for other customers than Walmart after the completion of the Walmart rollout.

But since they have been fully paid by Walmart, we don't have any topics around the utilization rate.

Utilization rate, and eventually left spare capacity, would be an issue if we had fully funded the line and we were not able to use them which is not the case in this situation.

So it's not an issue. It's rather an opportunity for us.

Because we've got lines which have been fully funded that we're going to be able to use for other customers and to accelerate the availability of the product.

So that's rather an opportunity than a threat for us.

Valentin-Paul Jahan^ It's fully funded in terms of CapEx, in the future, you probably have OpEx also with these lines, no?

Thierry Lemaitre^ No. The usage of the line is in the variable costs.

Thierry Gadou^ It's in the variable cost that is in our VCM.

Thierry Lemaitre^ We have already delivered a certain level of volume of sales to Walmart, and we have already incurred the cost, the full cost for the tags that we have delivered.

Thierry Gadou^ Yes. I think in fact, the business model of change reflects perfectly in our accounts already. It's going to be the same moving forward. And it is a very differentiated product. And I think it shows that it's a more profitable product.

So maybe a last set of questions?

Valentin-Paul Jahan^ So just in these lines amortized over five years.

It's the depreciation that you're considering. I mean do we have to expect the same amount of CapEx around 2030? I mean it was, if my memory is correct, it was around or between EUR 250 million and EUR 300 million for all of the lines, or something like that? Is it something that you will have to pay again to upgrade it, to make it available and up to date on a long-term basis? And is it something that will be recurring every five years in your CapEx or?

Thierry Lemaitre^ No. No, not at all.

But at, the only reason why we invested is because Walmart had to make this capacity available in order to be able to complete their rollout in a short time frame.

Once it's completed, it's done. So we are not going to reinitiate another cycle of CapEx on this. So the CapEx moving forward is going to be the cash CapEx.

The CapEx funded by the group essentially driven by R&D and IT investment and also some manufacturing equipment that we can invest in which are essentially the manufacturing molds, and the testing equipment. But we are not going to reinvest in manufacturing lines.

Thierry Gadou^ In other words, we have a fabless model which we basically went out of temporarily because some lines were prefunded by Walmart to achieve very high capacity in a short amount of time. That was the only reason. Our model remains fabless and we will resume that model after the amortization of these lines. And the amortization is in our accounts, and that's in our EBIT. You can follow our

EBIT, which is after the depreciation of these lines. So there is nothing that's going to change in our business model.

Thierry Lemaitre^ The only thing Valentin is that we didn't have a full year amortization of the four lines in 2025. That will be the case starting in 2026.

So the amortization expense is going to slightly increase in 2026, compared to 2025.

Operator^ And now we're going to take our last question for today. And the question comes line of Gilles Crespel from Alize.

Gilles Crespel^ I'll try to be very short. First congratulations for the margins which have been impressive for the year and for keeping your bearing while Vusion was a bit shaken on the market.

If you allow me three very quick questions. The first one would be on the U.S. market besides Walmart which has great potential and many good things, we have seen no significant new logo. Could you comment on that? About new orders in '25.

Second would be about the EBIT margin and the guidance for '26. Do you see its continued improvement coming from the gross margin or something more split between the gross margin and your operating leverage?

And the third would be on your VAS. There is still limited progress if I may say so although the second semester looked promising in '25. So what do you expect when you guide for 40% plus growth in '26? Do you expect this to be balanced between recurring and installations? Or is one side going to be stronger than the other? And if you allow me, what makes you more confident on this rather strong growth than you have been earlier because it has been a bit of a challenge to increase also obviously it needs to be progressive?

So thanks for taking those short questions.

Thierry Gadou^ So for the US. I think we saw a slowdown in the market last year due to tariffs. And I think we see a cautious adoption. Of course, the Walmart deployment was going well. I think everyone in the market realizes now that Walmart is going fast because the number of stores equipped surged during '25, and Walmart was not so vocal about it at the beginning.

So I think it's an adoption which has been slow. We need a certain time to implement a pilot with EdgeSense, which connects the different entities in a retailer

which are ecommerce, store operations, merchandising to really materialize the superior returns that our solution brings.

And if we just focus on the people who usually buy ESLs for price automation, we don't really capture that. So it's a bit longer development time that is required.

Also none of the retailers who have chosen a standard ESL solution or started with one, had yet tested EdgeSense. So I think it's just a timing of development issue.

This happens in the U.S. sometimes. I think Walmart is shaking the market now because they are delivering such impressive results. I mean you may not be experts in that, but for competing retailers in the US, when they see the numbers Walmart published last week, they can barely understand how it is possible to deliver such an impressive performance.

So I think it's going to change. The market is really big. I mean I mentioned the whole market potential outside Walmart, and I'm only talking about the top 100 retailers.

So it's really big. And we're very excited about this market. And we think nevertheless, it's going to be extremely exciting and we shouldn't see a year without new logos.

On the EBIT margin, Thierry ?

Thierry Lemaitre^ It's a balanced contribution between the VCM and the OpEx.

Thierry Gadou^ And the VAS is actually balanced as well. We started this journey on VAS eight years ago. And our VAS revenue were $15 million then. Last year, it was $211 million.

It's fast growth. And it's bound to accelerate because we expect a lot of adoption from existing customers. So not only do we see customers who are starting to roll out immediately in multiple products. So you can see that from the outset, our customer development involves more VAS now.

But also all our installed base as they migrate to cloud becomes a development field for our VAS. And some of the products are just at the beginning.

So I know you're impatient, but we see great traction. And some of the products like retail media or even Captana, which we talked a lot about, are only at the beginning of their growth journeys.

And these solutions are just like EdgeSense. For a number of years, it was just development with a lot of testing and there was not much revenue. Now it's more revenue and it will be the same for Captana.

So we are confident that this is a strong growth driver but also a strong profitability driver, and a strong stickiness driver for our customers. And also bringing stickiness to the ESL and our digital shelf system. Because when we renew those customers and upgrade them, we have a much higher loyalty.

So this is what we hope to see in the coming years with an expansion of the mix of VAS towards more recurring. And as mentioned before, we expect our recurring VAS business to grow faster than non- recurring in ‘26.

Operator^ Dear speakers, there are no further questions for today. I would now like to hand the conference over to Thierry Gadou for any closing remarks.

Thierry Gadou^ Well thank you very much for your participation tonight. We will speak again on the 21st of April for the Q1 sales. And in the meantime I wish you all a nice evening. Thank you.

Thierry Lemaitre^ Bye.

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

You may now all disconnect.

Have a nice day.