VusionGroup

Technologies for
Positive Commerce

2025 Half-Year Financial Report

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This half-year financial report is a translation in English of the official version of the half-year financial report in french filed with the AMF on September 18, 2025 and available on our website https://investor.vusion.com/French/informations-reglementees/Rapports-financiers-semestriels/default.aspx

Introduction and presentation of the Group's activities

About VusionGroup

Global leader*

in digitalization solutions for commerce

* Based on the Group’s revenue as of June 30, 2025 and the revenue published by the main players in the ESL market over the same period.

At VusionGroup, we invent IoT and digital technologies that create a positive impact on society by enabling sustainable and human-centered commerce.

VusionGroup is the global leader in digital solutions for physical retail.

The Group counts among its customers over 350 food and specialty retailers across Europe, Asia, and North America.

Key figures(1)

Founded in **1992**

19 subsidiaries and sales offices worldwide

1,000+ employees

(1) Figures at the end of June 2025.

First half year results: Strong increase in profitability
Upward revision of annual guidance

- **Revenue of €614m and €649m on an adjusted basis, up 51% vs. H1 2024**
- **Adjusted Variable Cost Margin (VCM) of €165m and €200m, up 66% vs. H1 2024, i.e., an adjusted VCM of 30.8% (+2.9 pts vs. H1 2024)**
- **Adjusted EBITDA of €73m and €108m (+84% vs. H1 2024), i.e., 16.7% of adjusted revenue**
- **Adjusted Net income of -€10m and €43m**
- **Free Cash Flow generation of €192m with a net cash position of €513m**
- **Upward revision of 2025 objectives:**
- **€1.5 billion in adjusted revenue (vs. €1.4 billion previously);**
- **Adjusted EBITDA margin up by +200 to 300 bps vs. 2024 (vs. +100 to 200 bps previously)**

VusionGroup H1 2025 performance

€649m (+51%)
H1 adjusted sales

€873m (+22%)
H1 order entries

€91m (+106%)
H1 VAS sales

+ 300bps
H1 adjusted EBITDA margin

+ €120m
Change in Net Cash

60,000
stores

600 million
smart labels

€1 billion
in annual revenue

350 customers
in more than 60 countries

Vision & Mission

Technology supporting retailers, consumers and brands

Physical retail is the world's largest industry. It alone accounts for more than 20% of global GDP and employment. It is therefore one of mankind's activities that has a sizable impact on our societies. However, it faces critical challenges: food security, food waste management, the carbon footprint of physical retail, and the impact of logistics and packaging operations. Today, consumers aspire to a new, positive, omnichannel, sustainable, transparent, secure, and fair retail environment that respects personal data.

Against this backdrop, it is imperative to put technology at the service of individuals and consumers. Retailers can now harness the power of IoT, Cloud and AI technologies to transform physical stores into high-value, data-driven digital assets that are increasingly automated, connected to consumers and suppliers, and able to deliver efficient and seamless services thanks to transparent, omnichannel and personalized information, while guaranteeing the integrity and confidentiality of personal data. The digitization of physical stores helps accurately analyze in-store events in real time, ushering in a new era of enhanced collaboration between suppliers and retailers to improve efficiency, transparency, security and resilience of the entire chain.

As the world's leading physical retail technology player, **VusionGroup's primary objective is to help retailers to achieve their digital transformation.**

Solutions VusionGroup

Operational Excellence

Local **E-Commerce**

Food Waste **Management**

Category **Optimization**

In-Store **Digital Retail Media**

Shopper **Services**

Key Events of 2025

The first half of 2025 was marked by a record level of orders of €873 million (+22%), with growth in the United States with the deployment of EdgeSense and VusionCloud solutions as part of the Walmart US contract and in Europe.

The British retail chain Co-op partnered with VusionGroup to equip its 2,400 stores. This partnership constitutes the largest ever deployment of electronic labels by a retailer in the United Kingdom and Ireland.

In Europe, the Group recorded numerous successes in the first half of the year, covering both grocery and non-grocery segments:

- Partnership with the Dr. Max pharmacy chain to digitize its 1,000 points of sale across six countries: the Czech Republic, Slovakia, Romania, Italy, Serbia and Poland;
- Launch of a strategic alliance with NielsenIQ, the global leader in consumer insights, offering brands and retailers the opportunity to maximize their sales by fully exploiting the potential of data and digitalization technologies in physical stores;
- Equipment of all the hypermarkets and stores of the Eroski cooperative, one of the main players in distribution in northern Spain;
- Partnership with Carrefour announced at the Vivatech trade show for the launch of a new generation of connected stores using EdgeSense and Captana technology to digitize the shelves. The solution is currently being tested in a pilot hypermarket.

Moreover, following a sale of shares by way of a private placement in May 2025, BOE Smart Retail (Hong Kong) Co. Limited's stake decreased from 32% to 25% of VusionGroup's share capital and voting rights. On this occasion, the Group acquired 101,123 VusionGroup shares under the terms of the placement.

Finally, the General Meeting of June 17, 2025, decided in particular to appoint two new independent directors, Andrea Bauer and Marcela Martin.

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2025 H1 audited results

1.1 Comments on financial results for the period ending June 30, 2025

The condensed half-yearly consolidated financial statements as of June 30, 2025, have been prepared in accordance with IFRS, as adopted by the European Union. The Statutory Auditors' report on the Group's half-yearly consolidated financial statements for the period ended June 30, 2025, is appended to this report.

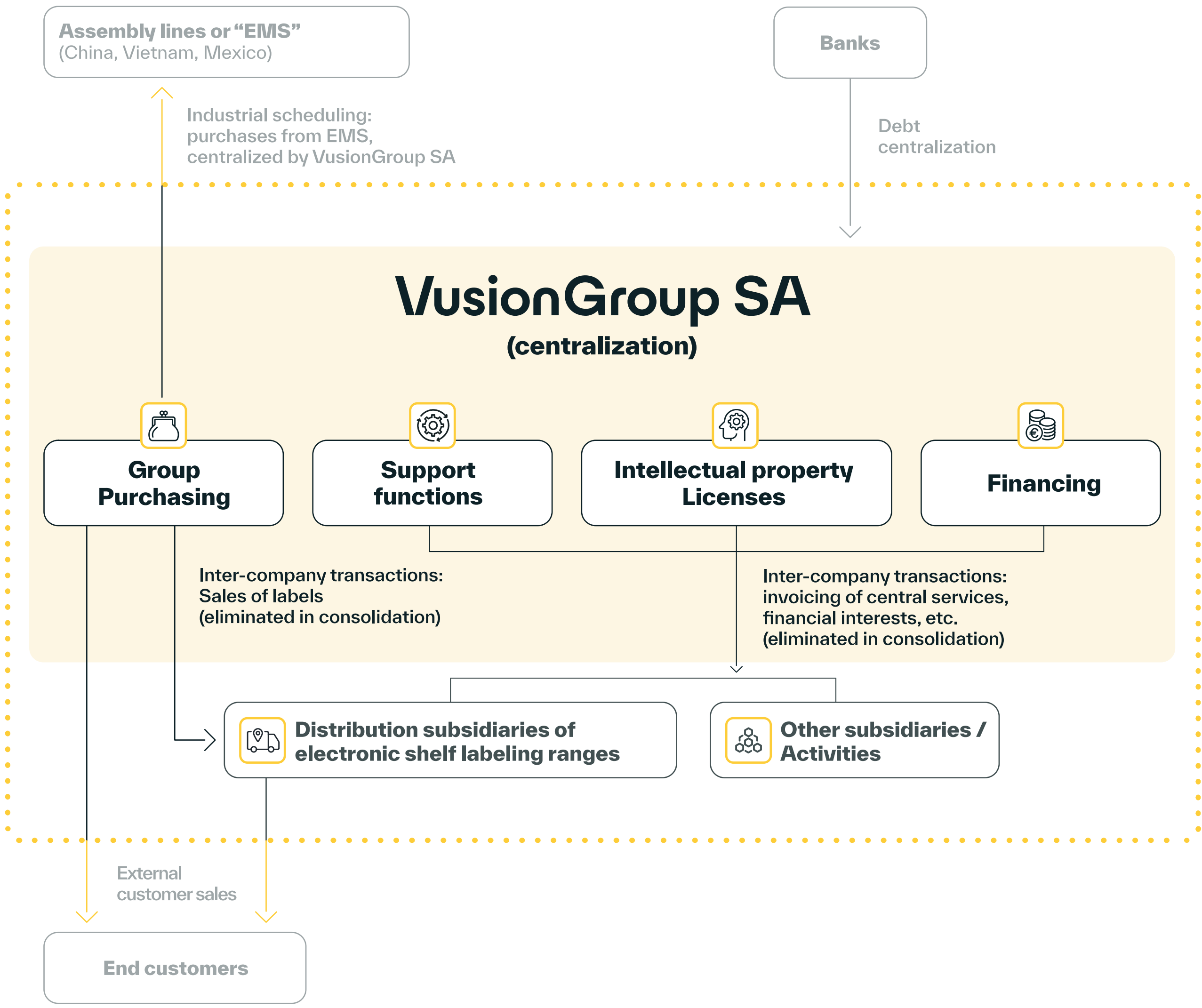
Income statement

In €M	**H1 2025**	IFRS adjust.(1)	**H1 2025 adjusted (1)**	H1 2024	H1 2024(1)	Change IFRS	Change adjusted
Revenue	**614.1**	**(35.2)**	**649.3**	**408.9**	**431.1**	**50 %**	**51 %**
Variable costs margin	164.8	(35.2)	200.0	98.3	120.5	68 %	66 %
% of revenue	26.8 %		30.8 %	24.0 %	27.9 %	2.8 pt	+2,9pts
Operating costs	(91.6)		(91.6)	(61.4)	(61.4)	49 %	49 %
% of revenue	14.9 %		14.1 %	15.0 %	14.2 %	(0.1pt)	(0,1 pt)
EBITDA	**73.2**	**(35.2)**	**108.4**	**36.9**	**59.0**	**98 %**	**84 %**
% of revenue	11.9 %		16.7 %	9.0 %	13.7 %	2,9 pts	+3 pts
Depreciation and amortization expense	(34.8)		(34.8)	(26.0)	(26.0)	34 %	34 %
Non-recurring items/ non-cash items	(21.0)		(21.0)	(9.3)	(9.3)	126 %	126 %
EBIT	**17.5**	**(35.2)**	**52.6**	**1.6**	**23.8**	**962 %**	**121 %**
% of revenue	2.8 %		8.1 %	0.4 %	5.5 %	2,5 pts	+2,6 pts
Net financial income (expense)	(13.8)	(19.9)	6.1	(23.0)	(10.0)	(40 %)	(161 %)
Taxes	(13.4)	2.6	(16.0)	(3.1)	(5.9)	332 %	174 %
Net profit (loss)	**(9.7)**	**(52.4)**	**42.8**	**(24.4)**	**7.9**	**(60 %)**	**441 %**
% of revenue	(1.6) %		6.6 %	(6.0)%	1.8 %	+4,4 pts	+4,8 pts

(1) Adjusted figures reflect the reported financials before adjusting for certain non-cash IFRS restatements related to the Walmart U.S. contract, which began in Q4 2023. The non-cash impact of these restatements was -€35.2 million for actual revenue invoiced on the Walmart U.S. contract. These adjustments also include, in total net financial income (expense), the revaluation of the fair value of the share subscription warrants granted, subject to exercise conditions, to Walmart as well as the impact related to the application of IAS 21 to reciprocal receivables and payables between the parent company and its US subsidiary related to the financing of production lines for Walmart for a total of -€19.9 million.

1.1.1 Group organization and main performance indicators

Group's Organization



VusionGroup SA, the Group's parent company, centralizes a number of transactions on behalf of the Group:

- Industrial scheduling: VusionGroup SA orders and purchases ESL from the Group's EMS that will be sold to external customers. The parent company centralizes these purchases and sells the ESL and IoT devices directly to its own customers and to the subsidiaries that market them abroad.
- Centralization of financing: most financing is provided by the parent company, which carries the debt and in turn centralizes the subsidiaries' cash positions through cash pooling agreements. Financing of subsidiaries is mainly provided, where applicable, by the parent company.
- Support functions: most support functions are carried by the parent company and rebilled to the subsidiaries through management fees.
- Ownership of industrial property: most of the industrial property relating to the products and solutions developed by the Group is held by the parent company, which protects them and rebills user fees to its subsidiaries.

All services provided by VusionGroup SA on behalf of its subsidiaries and rebilled to them, as such, are eliminated in the Group's consolidated financial statements.

Main performance indicators

The Group uses EBITDA as its main performance indicator.

EBITDA is not a standardized accounting aggregate that meets a single, generally accepted definition. It should not be considered a substitute for operating profit (loss), net profit (loss), cash flows from operating activities or a measurement of liquidity. Other issuers may calculate EBITDA differently from the breakdown used by the Group below.

For the Group, this is a performance indicator that presents operating income before the depreciation and amortization of fixed assets restated for the few items for the period that are detrimental to comparisons with previous fiscal years. It also represents a good approximation of the cash flow generated by operating activities before taking into account investments and changes in working capital. Consequently, restatements include significant non-recurring items or items that will never lead to a cash disbursement.

The Variable Cost Margin (VCM) consists in deducting the cost of goods sold, as well as a certain number of services such as installation costs and transportation costs, from total revenue.

A reconciliation table is proposed below between operating profit (loss) and EBITDA:

In €M	H1 2025	H1 2024
Operating profit (loss)	**17.5**	**1.6**
(-) Share-based payments (IFRS 2)	(21.0)	(8.0)
(-) Memory earn-out		(1.3)
(-) Depreciation and amortization expense of property, plant and equipment and intangible assets	(34.8)	(26.0)
=EBITDA	**73.2**	**36.9**

Net debt/Net cash

These indicators respectively define the Group's net financial debt or cash position calculated on the basis of the following aggregates in the consolidated balance sheet: (-) Borrowings (-) Current and non-current lease liabilities (IFRS 16) (+) Cash and cash equivalents.

If the result is negative, the level of long term loans and lease liabilities exceeds the level of cash and cash equivalents, and is therefore considered net debt or net financial debt. If, however, the result is positive, then the level of loans and lease liabilities is lower than the level of cash and cash equivalents and is considered a net cash surplus.

Working Capital Requirement

The working capital requirement is calculated based on the following aggregates from the consolidated balance sheet: receivables (gross value, before depreciation) (+) inventory and work-in-progress (gross value, before depreciation) (-) trade payables (+) current taxes (+) other current receivables (-) other debt and accrual accounts.

Order entries

Order entries represent the year-to-date cumulative value of ESL orders received from customers. These orders are valued based on negotiated selling prices, i.e. before any impact of IFRS 15. Order intake also includes year-to-date VAS revenues.

1.1.2 Comments on Operations

Revenue

In €M	H1 2025	H1 2024	Change
Europe and Middle East/Africa	197.6	238.4	(17)%
Asia and the Americas	416.5	170.5	144%
Total revenue	**614.1**	**408.9**	**50%**

The Group's revenue reached €614.1 million in the first half and €649.3 million on an adjusted basis, up by 50% compared to the first half of 2024, which is a performance exceeding the €600 million guidance communicated when the 2024 annual results were presented.

From a geographical perspective, growth was driven by North America.

The breakdown of revenue for the first half of the year is:

- 32% for the EMEA region (30% in adjusted data), i.e. €198 million, down 17% compared to the first half of 2024.

As already mentioned previously, deliveries in the EMEA zone are not yet benefiting from the contracts signed at the end of last year or the good momentum in terms of order entries achieved in the first half of 2025. The breakdown of deliveries over the year, which were lower in the first half of the year, should translate into a rebound in the second half of the year and beyond. The economic situation is weighing on retailers' investments and slowing down decision-making processes, but the portfolio of commercial opportunities is growing in this region.

- 68% for Asia-Pacific and the Americas (70% in adjusted data), or €416 million and €452 million on an adjusted basis, up 144% and 134% respectively compared to H1 2024, mainly in the United States. Growth is expected to continue at a fast pace in the coming quarters. This strong momentum is driven by the increased pace of deployment at Walmart.

Global order entries increased by 22% to €873 million in the first half of the year, and cumulative orders reached a level of €1,787 million at the end of the first half on a 12-month rolling basis. These order entries are increasing in both Europe and the United States.

Software, Services, and Non-ESL Value Added Solutions (VAS[1])

Revenue from Software, Services, and Non-ESL Solutions (VAS) reached €90 million in the first half of the year, a sharp increase of 106% compared to H1 2024. Recurring VAS revenue[2] reached €35 million, up 34% compared to the first half of 2024. Non-recurring VAS revenue[3] rose sharply, thanks in particular to the positive momentum in sales of the new IoT operating system VusionOX.

Our Cloud-installed base grew rapidly in the first half of the year to more than 220 million labels. This dynamic will accelerate in the coming quarters. As a reminder, the Cloud-installed base was approximately 110 million labels at the end of the first half of 2024.

Ongoing profitability improvement driven by growth in the variable cost margin

Continuing the trend observed in 2023, the Group's profitability increased significantly in the first half of 2025 with an adjusted EBITDA of €108.4 million at 16.7% of revenue, an improvement of 3 points of adjusted EBITDA margin compared to the first half of the previous year. This improvement comes from the improvement in the variable cost margin (VCM).

Restated for IFRS non-cash adjustments relating to the Walmart U.S. contract, the variable cost margin reached €200 million in the first half of 2025 compared to €120.5 million in the first half of 2024, an increase of +66%, and a VCM rate of 30.8% of revenue compared to 27.9% for the previous fiscal year, i.e. an increase of 2.9 points.

This improvement in the VCM rate is mainly linked to the Group's continuous investments in its R&D to develop innovative solutions with high added value and better profitability, as well as to economies of scale and product design efforts.

Operating expenses amounted to €91.6 million in the first half of 2025 compared to €61.4 million in the first half of 2024. As a percentage of revenue, operating expenses represented 14.1% of total revenue in the first half of 2025 compared to 14.3% in the first half of 2024. This increase was mainly due to significant recruitment to support sales of solutions as well as in the United States to support the strong growth in this market.

EBITDA, or operating result before depreciation, amortization expense and other non-recurring and non-cash items, was €73.2 million in the first half of 2025 compared to €36.9 million in the first half of 2024.

Excluding IFRS non-cash restatements of -€35.2 million (-€22.2 million in H1-2024), adjusted EBITDA in the first half of 2025 reached €108.4 million, up +84% compared to €59 million over the same period in 2024.

Thus, the adjusted EBITDA margin reached 16.7% of revenue in the first half of 2025, compared to 13.7% of revenue in the first half of 2024 and 11.4% in the first half of 2023. This represents an improvement of 3 points year-on-year and 5.3 points over two years, mainly driven by the improvement in variable cost margin.

Allowances for depreciation and amortization increased by +34% in the first half of 2025, reaching €34.8 million (*vs.* €26.0 million in the first half of 2024). This increase is directly related to (i) the significant level of R&D and innovation investments made by the Group and, in particular, the amortization of the development expenses of the new EdgeSense solution, as well as (ii) the amortization of a first production line dedicated to Walmart, fully financed by the latter and gradually put into service.

The non-recurring or non-cash items represent an expense of €21.1 million in the first half of 2025 compared to an expense of €9.3 million in the first half of 2024.

In the first half of 2025, this €21.1 million mainly consisted of the non-cash IFRS 2 expense related to the performance share plans allocated to the Group's employees between mid-2023 and mid-2024. We observe an almost doubling of this IFRS 2 charge due to a higher number of performance shares distributed as well as a higher share price.

Operating profit (EBIT) amounts to €17.5 million in the first half of 2025 and €52.6 million on an adjusted basis, an increase of 121% compared to the first half of 2024 at €23.8 million. The EBIT and adjusted EBIT margins in both cases increased by nearly 2.5 points, from 0.4% of revenue in the first half of 2024 to 2.8% in the first half of 2025 and from 5.5% of adjusted revenue in the first half of 2024 to 8.1% of adjusted revenue in the first half of 2025.

Net financial income (expense)

The total net financial income (expense) for the first half of 2025 was an expense of -€13.8 million compared to an expense of €23 million over the same period in 2024.

Restated for the non-cash IFRS adjustments detailed below, the total net financial income (expense) was an income of €6.1 million in the first half of 2025 compared to a loss of €10.0 million in the first half of 2024.

The interest expense on borrowings amounted to €4.6 million in the first half of 2025 compared to €6.4 million in the first half of 2024. It was partly offset by income from cash investments in the amount of €8.4 million in the first half of 2025.

The high volatility of the EUR/USD exchange rate generated foreign exchange gains of €2.5 million in the first half of 2025 compared to an expense of €3.3 million in the first half of 2024.

(1) VAS: Software, services, and non-ESL solutions.
(2) "Recurring VAS" revenue includes revenue generated by subscriptions to VusionCloud and its SaaS Computer vision (Captana and Belive) and Data Analytics (Markethub and Memory) solutions, as well as contracts for recurring services.
(3) "Non-recurring VAS" revenue includes the revenue generated by installation and non-recurring professional services; the sale of equipment such as Captana cameras, video rails and other screens used for retail media (Engage), as well as the sale of industrial and logistics solutions (PDidigital).

As was the case in 2023 and 2024, the IFRS net financial income (expense) also includes the impact of the change in fair value of the share subscription warrants granted, under specific conditions, to Walmart. Taking into account a certain number of criteria, the change in the fair value of these warrants between December 31, 2024, and June 30, 2025, constituted a financial expense, with no effect on cash, which impacted the net financial income (expense) by -€66.7 million.

In addition, the implementation of the Walmart contract required the financing by this customer of production lines invested by the Group. The US subsidiary, which has a contract with this customer, receives the financing of these lines, which are invested and carried by the parent company. Therefore, the parent company borrows the dollars collected by its US subsidiary to finance these lines on its balance sheet. The resulting reciprocal debt and receivables are eliminated in the consolidated financial statements, but under IAS 21, the exchange difference existing in the financial statements of the parent company, whose functional currency is the euro, must be recognized in the income statement, even if the underlying transaction is eliminated, in order to reflect the potential foreign exchange rate gain between the euro and the dollar at June 30, 2025. Therefore, it is a theoretical expense or income with no cash impact and does not reflect any gain in value for the Group; this amount of €46.8 million, as well as that related to the revaluation of the fair value of the warrants granted to Walmart, is presented in adjustments to profit (loss).

Net profit (loss)

VusionGroup's IFRS net profit amounted to -€9.7 million in the first half of 2025. Excluding the impact of IFRS restatements, the adjusted net profit amounted to €42.8 million compared to €7.9 million in the first half of 2024, i.e. an increase of €34.9 million over the period.

1.1.3 Investments

Capital expenditure

Capital expenditure (CAPEX) in €M	H1 2025	H1 2024
R&D and IT expenditure	**20.0**	**15.6**
Of which EdgeSense (HW)		
Industrial investments	**76.9**	**59.4**
Of which EdgeSense production lines financed by customers	76.3	54.5
Other	1.6	2.9
TOTAL CAPEX	**98.5**	**77.9**
Customer financing of production lines	(76.3)	(54.5)
Cash CAPEX (funded by the Group)	**22.2**	**23.4**
Cash Capex in % adjusted revenue	3.5 %	5.4 %

In the first half of 2025, the Group's capital expenditure reached €98.5 million including customer pre-financing and €22.2 million in terms of cash investment (net of customer pre-financing), compared to €23.4 million in the first half of 2024.

Investments in R&D and IT amounted to €20 million in the first half of 2025.

R&D and IT expenditure increased in the first half of the year, with new developments on the EdgeSense platform to integrate Computer Vision, in particular, very high-resolution reading (e.g. barcodes) with location and interactivity features. At the same time, VusionGroup is continuing to develop its fresh produce traceability solution, "Farm-to-Store," with pilots in the USA and Europe.

The Group is also continuing to develop the Data & AI layer of its VusionLive platform and refine its Computer Vision solutions with features using generative AI and a "full mobile" version of the application (without fixed cameras).

Finally, VusionGroup is picking up the pace and will soon have finalized the design of its new Retail Media platform. This will include a CMS software solution as well as new special LCD and e-Paper "Vusion Ads" screens, which are currently undergoing operational testing. It will be deployed to the first European customers, recently won by the VusionGroup-MédiaPerformances alliance, in 2026.

The other main investment item lies in industrial production lines. As a reminder, the Group invested directly in production lines operated by its assembly partners to produce the EdgeSense range of products. This investment, which will continue in 2025, aims to guarantee sufficient levels of production capacity to ensure the large volumes required by the first large customer to roll out the new solution. This customer has agreed to pre-finance the entire investment, as their volume needs will absorb a large portion of the production capacity. To date, all pre-financed production lines are operational.

Consequently, the Group distinguishes between total capital expenditure (CAPEX) and capital expenditure with an impact on cash and cash equivalents (CAPEX financed by the Group), i.e. total capital expenditure net of customer pre-financing.

1.1.4 Cash Flows

The Group ended the first half of 2025 with a positive net cash position of €513 million, which was an improvement of €120 million compared to the positive net position of €393 million at year-end 2024.

Consolidated Cash Flow Statement excluding IFRS 16 impact (€M)	**H1 2025**	H1 2024
Adjusted EBITDA	108.4	59.1
Impact of IFRS 16	(2.2)	(1.8)
Capex financed by the Group (excl. production lines)	(22.2)	(23.4)
Operating free cash flow	***84.0***	***33.9***
Capex financed by customers (Production lines)	(76.3)	(54.5)
Change in Working Capital	184.8	225.9
Taxes	(0.3)	(2.3)
Free Cash flow	**192.2**	**203.0**
Net financial income (expense)	6.3	(8.9)
Acquisitions	(7.0)	(1.5)
Share buybacks	(2.2)	
Share buybacks	(16.8)	
Dividends	(9.6)	(4.8)
Other	12.3	(0.1)
Impact of changes in foreign currency exchange rates	(55.0)	
Change in Net Debt	**120.2**	**187.7**
Net Cash / (Debt) before IFRS 16	*513.1*	*214.9*
Cash and cash equivalents	644.1	379.5
Financial debt (before impact of IFRS 16)	(131.0)	(164.6)

In the first half of 2025, operating free cash flow (adjusted EBITDA - cash CAPEX) increased sharply, from €34 million in the first half of 2024 to €84 million in the first half of 2025, due to the sharp increase in adjusted EBITDA.

Operating free cash flow is a good indicator for measuring cash generation, because it is calculated before the effect of changes in working capital requirements and in particular (i) sometimes significant prepayments on large deployment contracts and (ii) pre-financing of capex by customers. This is expected to continue to increase in the future.

The total free cash flow amounted to €192 million compared to €203 million in the first half of 2024.

This slight decrease is explained by:

(i) an increase in investment spending for the equipment of production lines;

(ii) a lesser contribution from working capital, related to lower advance payments received in the first half of 2025 than in the first half of 2024, which is partially offset by the reduction of the traditionally high accounts receivable at the end of the year.

NB: Total free cash flow, excluding prepayments and (pre-)financing of production lines, amounted to €58 million, i.e. 53% conversion of adjusted EBITDA, taking into account a working capital requirement ratio of 6% of adjusted revenue actually recorded at the end of H1 2025.

The other items contributing to the increase in net cash were as follows:

- Financial result of €6.3M mainly due to cash income (€8.4M) exceeding interest paid on debt (-4.6M)
- Minority stake of 11.9% in the capital of Ubica Robotics GmbH for €7M
- Majority stake in a data analytics company resulting in a perimeter variation effect of -€2.2M
- Share buybacks amounting to €16.8M, particularly in relation to the sale of a block by BOE in the first half of 2025
- Payment of the 2025 dividend on the 2024 results totaling €9.6M
- Non-monetary elements in EBITDA and monetary elements related to the performance share plans (social package) amounting to €12M
- Effect of the EUR/USD exchange rate variation on the cash position in USD totaling -€55M. However, this variation has no impact on the Group as the cash position in USD will be used to pay the Group's future expenses in USD, particularly to its industrial assemblers (EMS).

VusionGroup anticipates the continued generation of positive free cash flow throughout 2025.

Thanks to the generation of operating free cash flow, and despite the future consumption of the prepayments received, the Group's net cash position should continue to be positive in the medium term, which constitutes an additional asset in the pursuit of a dividend policy and the financing of any external growth projects.

1.2 Post-closing events

On June 2, 2023, the Group's General Shareholders' Meeting approved the allocation of 1,761,200 share subscription warrants to Walmart.

Walmart exercised 650,000 of these share subscription warrants on June 30, 2025, and then sold these shares by way of an accelerated private placement. This sale of shares is part of Walmart's strategy to monetize its investment in VusionGroup over time.

Following this operation at the beginning of July, VusionGroup's share capital stood at 16,721,708 ordinary shares and VusionGroup's share of the free float was thus increased by 2 points. The Group's cash position was increased by €72.8 million.

Walmart retains 1,111,200 share subscription warrants that, subject to certain conditions, can give access to approximately 6.5% of VusionGroup's share capital.

For information, the statement of shareholding at July 2, 2025, was as follows:

VusionGroup SA shareholding table at July 2, 2025

Main shareholders > 5%	Number of shares	Percentage
BOE Smart Retail (Hong Kong) Co	4,007,754	23.97 %
SESIM	1,733,247	10.37 %
LAC I SLP	1,310,199	7.84 %
Yuanhan Materials Inc. (E-Ink Group)	966,666	5.78 %
Subtotal	***8,017,866***	***47.95 %***
Other shareholders (public)	8,601,491	51.44 %
Treasury shares	102,351	0.61 %
Total	**16,721,708**	**100.00 %**

1.3 Recent developments and outlook

Following a record first half in terms of sales and profitability, VusionGroup, which still enjoys a high level of visibility and confidence, has raised its annual guidance announced during the release of its 2024 annual results.

As a result, the Group has now set itself an annual revenue target of around €1.5 billion on an adjusted basis, compared to €1.4 billion previously, which implies +50% growth over the year.

VusionGroup is also aiming to exceed its initial target of an 80% growth in VAS revenue for the whole year.

Finally, the Group is also confident in its ability to continue to improve its profitability with an adjusted1 EBITDA margin now expected to increase by 200 to 300 basis points over the whole year (compared to 100 to 200 basis points previously).

This increase in profitability should be accompanied by positive free cash flow generation.

VusionGroup’s commercial momentum supports the outlook for solid growth in 2026.

The increase in customs tariffs in the United States since April 2025 is likely to impact the Group's profitability in the medium term.

At this stage, the Group is only impacted by the products it imports from Vietnam to the United States, but this increase could also affect products imported from Mexico.

These products are currently mainly intended for a customer with whom it has contractually agreed that these customs duties will be fully re-invoiced.

Therefore, in the short term, the Group does not anticipate any impact on the profitability of its operations in the United States.

Furthermore, discussions are underway with other customers in the United States, which could lead to the Group relocating the assembly of its finished products to reduce its exposure to these customs measures.

2

Risk factors and uncertainties

2.1 Risk factors and associated risk management measures

The group has set up a Risk Committee, composed of managers and executives of the Group, which regularly monitors:

- the identification of the Company's risks, including environmental risks, that could have an impact on its business, image and financial income (loss);
- actions to reduce or control them.

The Audit Committee reviews and assesses:

- significant risks that could affect the Group's activities;
- the appropriateness of the procedures implemented to deal with them.

The Audit Committee's findings and conclusions are presented to the Board of Directors, which approves the main risk factors included in this Universal Registration Document (URD).

Pursuant to European Regulation No. 2017/1129 of June 14, 2017, the risk factors are:

- presented by type (strategic, operational, etc.);
- assessed on a net criticality basis after assessing their severity and probability of occurrence, and taking into account the action plans put in place (see "Risk management").

Within each risk category, the risk factors that the Company deems the most significant and the most critical at the date of this Universal Registration Document are mentioned first.

Summary of the main risk factors

The following table classifies the main and specific risks to which VusionGroup is exposed into three categories:

1) strategic risks;
2) operational risks; and
3) legal, financial and compliance-related risks.

For each category, the risks are indicated in decreasing order of importance, according to a four-level scale: critical, high, moderate and low.

Risk categories	Risk factors	Identified risks	Net criticality
Strategic risks	Price competition	Pressure on hardware margins	*High*
	Geopolitical tensions	Industrial and logistical reorganization due to geopolitical tensions	*High*
	Economic environment	Slower growth in our main markets (decrease in consumption)	*Moderate*
	Products and services	Delayed deployment of new services/solutions for our customers	*Moderate*
	Technological disruption	Major technological disruption in one of our products or solutions	*Moderate*
	Climate and decarbonization	Adaptation to climate change and evolution of the business model (decarbonization)	*Low*
Operational risks	Cyber attacks	Cyber attacks and data theft	*High*
	Component sourcing	Supply chain failure Failure of significant suppliers	*High*
	Customer dependency	Growth and dependence on major customers	*High*
	Quality	Quality of products or services: manufacturing or operating defects	*Moderate*
	Business forecasts	Impairment of inventories due to innovation or erroneous business forecasts	*Moderate*
	Key personnel	Loss of key personnel	*Moderate*
	Technology skills attraction	Attracting and retaining technical/technological skills	*Low*
Legal, financial and compliance-related risks	Intellectual property	Counterfeiting	*High*
	Activism	Exposure to destabilization campaigns	*High*
	Ethics and compliance	Corruption: non-compliant internal or third-party behavior	*Moderate*
	Currency	Risks related to exchange rates	*Moderate*

The main risks specific to the Group, as well as their negative impacts and the measures implemented to manage them, are described below.

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2.1.1 Strategic risks

2.1.1.1 Pressure on hardware margins

The Group faces intense competition from international players, mainly from Asia, seeking to acquire market share by charging very competitive prices.

These competitive pressures, affecting, in particular, the selling prices of hardware equipment, could erode the Group's sales and profitability and undermine its outlook.

Consolidation of the various market players, particularly among industrial assemblers or component suppliers, could change the competitive landscape of the electronic shelf label industry and lead to pressure on prices, costs and margins.

Price Competition risk management

The Group applies a strategy to prevent these risks based on several key areas:

- Active and global competitive monitoring: ongoing efforts to improve industrial competitiveness and reduce costs have been made, based in particular on strong purchasing expertise and a leadership strategy regarding market share maximizing economies of scale;
- A strengthened "design-to-cost" approach intended to create a range of "low-cost" products that meet a significant share of global demand and make it possible to be even more dynamic in the face of our competitors;
- Significant investments in R&D and innovation that aim to establish strong differentiation and add value, reinforced by an active policy in terms of filing and defending the Group's intellectual property;
- Support from Chinese subcontractors, in addition to the Group's European, American and Taiwanese R&D centers to be as close as possible to the ecosystem of Chinese suppliers (product design);
- A focus on targeted markets where our differentiation strategy through services can play out favorably and where we aim at a significant market leadership and market share;
- The Group is developing close ties, along with capital ownership, with key players in the value chain (BOE technology and E Ink group, in particular), in order to deepen its cooperation and converge its interests with these key players.

2.1.1.2 Industrial and logistical reorganization due to geopolitical tensions

Major geopolitical events can generate:

- effects that jeopardize the security of our activities;
- significant economic disruptions;
- failures in our organization.

The criticality of these disruptions depends on the location and scale of the geopolitical events.

The identified subjects for consideration are:

- the safety of the Group's employees;
- supply and logistics scheduling difficulties, both in terms of available capacities and available transport routes;
- cyber risks (see 2.1.2.1);
- collection risks in relation to customers located in the affected area;
- a slowdown in commercial growth in this same region.

Due to the situation in Ukraine and the Middle East, the Group has not planned any significant commercial development in these areas.

The land routes connecting Asia to Europe cross China, Kazakhstan, Russia, Ukraine and Poland and the shipping route crosses the Red Sea disrupted by the Houthis attacks. Organizational (logistical) disruptions are therefore the main effect of the Ukraine crisis and the crisis in the Middle East.

Furthermore, increasing geopolitical tensions, exacerbated by recent events such as changes in trade policies — particularly from the United States — and international conflicts, could create new short-term risks. The rise in customs barriers and protectionist policies could lead to a contraction in the Group's product exports to certain regions of the world.

Risk management associated with geopolitical events

- Implementation of a strategy to diversify sources and suppliers of critical components as well as main industrial partners (see 2.1.2.2);
- Constant monitoring of the difficulties that service providers may face by the managers of the Global Manufacturing Operations and Sourcing and Logistics departments;
- Existence of a proven alert and crisis management system aimed at rapidly mobilizing the organization in the event of a major event;
  - Multiple options of alternative sea and land routes for logistics flows:
    - the context of the Ukraine and Middle East crises, the Group has established alternative routes through the Baltics with the help of its logistics service providers and in coordination with its insurance broker. It has also carefully managed the number of trucks per convoy;
    - other shipping routes remain operational as long as passage through the Red Sea remains impracticable;
    - the Group has also inaugurated new modes of land transport by rail, further diversifying its transport options from China.

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2.1.1.3 Slower growth in our main markets

According to the International Monetary Fund's July 2025 forecasts, despite a slight upward revision, global growth is expected to be slightly below its historical average in 2025, masking certain disparities between developed economies: the rise in forecasts for the United States has offset the fall in forecasts for other developed countries, particularly the largest European countries.

The medium-term outlook is marked by considerable uncertainty for many developing countries due to:

- slower growth in most major economies;
- the sluggishness of global retail;
- more restrictive financial conditions than in decades;
- the still uncertain impact of the increase in customs duties, particularly in the United States.

If the current economic environment were to deteriorate, this could have a material adverse effect on the Group and its business, financial position, results and outlook.

Changes in demand for products offered by the Group are generally linked to changes in macroeconomic conditions, in particular changes in gross domestic product in the countries where the Group markets its products and services. Periods of recession or deflation, potential increases in customs barriers and other trade restrictions by certain countries may dampen demand, the growth of the global economy and, consequently, the Group's business.

In addition, during periods of economic recession, some of the Group's customers are likely to experience financial difficulties that could lead to payment delays or even arrears.

The strategy of having a geographically diversified portfolio proved its relevance during the health crisis, with some regions remaining very dynamic while others were severely affected by the crisis, enabling the Group to maintain strong overall growth.

The Group was able to record revenue growth of 50% during the first half of 2025.

In order to reduce its exposure to risk, in particular when regional dependence becomes significant, in 2024 the Group continued and accelerated a regional rebalancing of activity between the Americas and Europe, seeking to limit the risk of exposure to the global economic slowdown due to:

- a better macroeconomic situation in the United States and a more favorable economic outlook than in the rest of the world;
- the very low penetration rate of IoT solutions in American stores;
- the increase of major contracts with American retail leaders, thus launching a strong equipment dynamic.

Economic risk management

- Monitoring the global economic environment and in particular the countries in which the Group markets its products and services;
- On-going geographical diversification of the business portfolio;
- Establishment of a global network of specialized correspondents (lawyers, tax specialists) to monitor regulatory changes in trade restrictions.

2.1.1.4 Delayed deployment of new services and solutions for our customers

Certain services and solutions (Computer Vision, Data Analytics, Industrial Solutions, etc.) could be subject to marketing delays which could in turn affect projected revenue due to their later adoption by customers. Due to the significant share that these solutions and services represent in the Group's growth plan and their strong contribution to the operating margin, this delay would have an impact on the Group's revenue and EBITDA.

Managing the risk of delayed deployment of new services and solutions

The Group applies a strategy to prevent these risks based on several key areas:

- Significant investments in its historical ESL business by improving their margins thanks to revenues from software and related services;
- New matrix organization guided by "ranges and lines of products and services" intended to promote the launch of new lines and the creation of "solution lines", each combining several of the Group's products, thus leading to better promotion and increased sales of VAS-type products (including software);
- Support for investment in R&D and commercial activity to facilitate the prioritization of projects and their deployment.

2.1.1.5 Major technological disruption in one of the Group's products or solutions

Certain technological innovations introduced by competitors or new entrants could make it possible to meet the expectations of the Group's customers in a more efficient or cost-effective manner, and thus weaken the Group's financial and business position.

Technology risk management

In order to maintain its advantage in terms of technological advances, the Group is constantly innovating and bringing new solutions to the market.

Thus, it:

- Conducts an active global technology watch in areas related to its business: digital display technologies, radio protocols, connected objects, Computer Vision, artificial intelligence, etc.;
- Invests significant amounts in R&D and intellectual property;
- Makes acquisitions of patents or companies with missing and significant technologies (Imagotag, Findbox, PDI, MarketHub, In The Memory, Belive.ai, Yagora); or
- Establishes strategic technological partnerships to benefit from a strong ecosystem (Microsoft, SAP, Google, Blue Yonder, Qualcomm, BOE, E Ink, etc.).

The Group's intellectual property policy and protective measures are detailed in section 2.1.3.

2.1.1.6 Adaptation to climate change and the evolution of the business model (decarbonization)

The Group strengthens its commitments year after year to contribute to a decarbonized world and to develop solutions for more sustainable and responsible commerce.

The main identified risks are:

- Increased financial efforts (OPEX and CAPEX) related to investments in the greenhouse gas emissions reduction plan.
- The impact on the Group's profitability resulting from new environmental regulations and/or taxes (producer liability, carbon taxation).
- Reputational risk for a company that does not demonstrate a sufficient sustainability strategy and commitment: the recurring demands from our stakeholders, particularly our customers and investors are a constant demonstration.
- By 2050, if the global ecological transition does not occur quickly enough, rising temperatures and water scarcity could have a direct impact on the Group's upstream supply chain, its organization (subcontracting locations, storage, R&D centers), its data server centers, and their energy supply.

The risks and opportunities related to climate change are part of a timetable set by the Group at 2030, which also corresponds to the end of its decarbonization objectives, approved in 2024 by the SBTi (Science Based Target initiative).

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Risk management related to changes in the business model

The Group has made the following commitments as part of its climate strategy (refer to the Sustainability Statement in section 4.2 of the 2024 Universal Registration Document for more information):

- Promoting the decarbonization of retail, thanks to functionalities developed by the Group (fight against food waste, preparation of e-commerce orders in stores, etc.);
- Decarbonizing its solutions (SBTi commitments - see section 4), with carbon intensity decreasing by 25.4% in 2024 compared to 2022;
- Structure its own label recycling sector, allowing them to have a "second life" and thus promote a circular economy.

The Group participates in numerous evaluations of its sustainable development action plan by specialized rating agencies and continuously works on its improvement. The Group also focused in 2024 on meeting the regulatory requirements of the CSRD.

Risk management associated with the climate and more frequent and extreme natural events and disasters

The climate risk analysis strategy is developed in section 4.2. of the 2024 Universal Registration Document.

1) Suppliers of electronic components and labels also have their own supply chains and could encounter similar issues. The Group has initiated mitigation measures since 2021, thanks to its active multi-sourcing policy and the opening of label assembly sites on the American continent.
2) The most critical partners are audited annually to ensure that natural disasters are taken into account in the business continuity plans (BCPs) and that regular exercises are carried out.
3) Effective analysis of the Group's business model resilience and its adaptation to the impacts of climate change will be key elements in responding to natural disaster risks. The Group has already assessed climate risks at its main sites (see section 4.2.1).

2.1.2 Operational risks

2.1.2.1 Cyber attacks and data theft

Gaining visibility, the Group is more exposed to the risks of cyber attacks, for example, ransomware, data theft, identity theft, denial of service, etc. The occurrence of one of these events could have a negative impact on its operational activity, its commercial offering and, therefore, on its performance.

The evolution of the methods used by hackers, such as the use of social engineering or phishing coupled with new technologies easily available on the darknet (EvilProxy, “DDOS on demand” etc.), and the advent of artificial intelligence, expose the Group to new threats and a growing number of players. Computer attacks and intrusion attempts, which are becoming more and more structured and targeted, can affect the Company as well as its customers and private or public partners.

In addition, if VusionGroup’s strategic suppliers were to become victims of fraud or hacking, this could compromise the services or solutions used by the Group.

More generally, system failure could lead to:

- loss or leakage of confidential or commercial information;
- operational delays; or even
- discredit the Company’s reputation by blocking solutions for the Group’s customers;
- which would generate additional costs that could harm the Group’s strategy or image.

Despite the procedures put in place by the Group, it cannot guarantee hedging against these technological and IT risks and could encounter difficulties in the normal course of business should one of these events occur. This could have a detrimental impact on its business, results, financial position and ability to achieve its objectives.

Risk management related to the security of information systems

As part of its transformation towards the distribution of digital solutions, the Group has implemented a series of organizational, operational and technical measures to protect its various solutions:

- Regular audits and intrusion tests by the Information Systems Department to assess its maturity in terms of securing the networks, and the systems and applications necessary for the continuity of the Group's business;
- Implementation of an information security management system (ISMS) aligned with the expectations of ISO 27001 and enabling the continuous implementation of an action plan adapted to identified risks;
- Investment in various analysis and security tools guaranteeing the security of its systems and data. In conjunction with its internal control and security policy, these organizational, functional, technical and legal security measures are subject to regular checks;
- Significant reinforcement during 2024 and 2025 of the operational teams dedicated to information systems security, as well as the creation of a Risk and Security Department in charge of managing, regularly testing and continuously strengthening the security programs of the various Group locations;
- Regular and up-to-date IT hygiene awareness training for employees.

Data security risk management

The Information Systems and Research and Development Departments are responsible for data security:

- Establishment of classification rules and strict procedures for defining and allocating access to data, ensuring their confidentiality (principle of least privilege);
- Using leading Cloud hosting solutions to ensure a high level of availability;
- Regular backups on various media;
- Training of all employees and IT and R&D stakeholders in development rules and best practices to ensure that solutions comply with the "Privacy by Design" and "Security by Design" rules.

2.1.2.2 Supply chain failure

The Group relies on a good supply of electronic components and screens in order to carry out industrial scheduling with its industrial assembly subcontractors.

The potential causes of supply chain failures, which could have an impact on the Group's activities, results, financial position or outlook, can be multiple:

- failure of one or more suppliers of components or screens;
- major social movements;
- unforeseen stock-outs;
- quality defects;
- natural disaster;
- import/export restrictions or sanctions;
- health crisis;
- geopolitical tensions;
- more generally, any disruption in supply, in particular, due to possible tensions on the supply of electronic components.

The cost of components represents a substantial portion of the Group's consumed purchases.

As a result, a substantial increase in the cost of components due, in particular, to a contraction in the Group's supply or a concentration of suppliers could, therefore, have a significant impact on the Group's variable cost margin. More generally, it could have a material adverse effect on its business, financial position, results and outlook if it were not in a position to pass it on to its customers within a reasonable time.

In addition, supply also depends on smooth and timely supply chain and logistic flows. The failure or delay of a transport service provider or any tension in the logistics chain, due to disruptions in the availability of resources or means of transport, in particular containers, due for example to major strikes, import/export restrictions, health crises or disruptions to shipping routes, could result in the Group's inability to deliver to its industrial subcontractors or customers, and result in additional costs or even order cancellations, leading to a negative impact on its business, results, financial position or outlook.

Management of component sourcing risk

The Group applies a strategy to prevent these risks based on several key areas:

- Component source and supplier diversification policy;
- 360-degree monitoring of supply chain risks to anticipate potential supplier difficulties;
- A component requirement optimization policy by ensuring that industrial forecasts are consistent with commercial forecasts in order to prevent any risk of component shortages;
- Multimodality of logistics flows from Asia (air transport, maritime transport and land transport – Silk Road – by truck and train);
- Annual audits to ensure that the quality management system is deployed, that business continuity plans (BCP) are in place and regular exercises are carried out.

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2.1.2.3 Failure of significant suppliers

The Group has outsourced all of its equipment production (ESLs, digital screens, Digital Shelf System, cameras, etc.) to several leading industrial partners specializing in the assembly of electronic products (External Manufacturing Services or EMS), including BOE, a shareholder with approximately 24% of the capital.

In the event of an increase in demand or if the Group needs to replace an existing EMS, it cannot be certain of the existence or availability of additional production capacity on acceptable terms. Similarly, the use of new production units may lead the Group to:

- experience production delays; and
- bear additional costs due to the time it will have had to spend training new EMSs in the Group's methods, products, quality control, environmental footprint and health and safety standards.

In addition, production by one or more EMS could be interrupted or delayed, temporarily or permanently, due to economic, social, or technical problems, in particular:

- the insolvency of an EMS;
- the failure of production sites; or
- an interruption of the production process due to social movements beyond the control of the Group, or due to health crises such as the Covid-19 pandemic.

Any delay or interruption in the production of the Group's products could have a material adverse effect on its business, results, financial position, or its ability to achieve its objectives.

Risks related to supplier dependency

- Production management based on first-tier subcontractors with a diversification and multi-sourcing strategy;
- A 360-degree risk monitoring strategy aims to anticipate difficulties among key partners;
- Existence of a proven alert, escalation and crisis management framework to quickly mobilize the organization in the event of a major event;
- Possible switching of production capacities thanks to the diversified location of factories in Asia or Mexico.

2.1.2.4 Growth and dependence on major customers

Although the Group's revenue is distributed among a large number of customers, some of them account for a substantial portion of its revenue.

For the fiscal year ended December 31, 2024:

- the Group's top ten customers represented approximately 76% of the Group's consolidated revenue.

The loss or contraction of the activity of one or more of these customers, a concentration of players in the sector in which they operate, or the failure of one of these customers, could reduce revenue by the same proportion. This could have a material adverse effect on the Group's business, financial position, results and outlook.

The 2027 strategic plan includes several major deals to be signed with a small number of key customers, which will likely lead to an increased rate of dependence on its top ten customers.

Risk management related to customer dependency

- Maintaining a geographically diversified customer portfolio;
- Seeking new customers in under-equipped sectors or territories
- Regular monitoring/specific review of major customers;
- Researching new business sectors to equip with our solutions;
- Strengthening of recurring VAS in proportion to the Group's revenue.

2.1.2.5 Quality and safety of products or services: manufacturing or operating defects

The Group may occasionally be confronted with a manufacturing or operating defect or an assembly of defective components in one of the Group's products and systems. If applicable, this could lead to liability claims of varying importance that could damage the Group's reputation and have significant financial consequences. In this context, the Group has been, may or may be required to carry out recall campaigns or to adapt or replace the equipment in question.

These complaints may harm the reputation and quality image of the products concerned and the Group. In addition, the costs and financial consequences associated with these claims would likely have a material effect on the Group's business, results, financial position and ability to achieve its objectives.

Risk management associated with manufacturing or functional defects

- The drafting of design data sheets by the R&D and Industrial Purchasing Departments that the Quality Department ensures are respected as part of a test program (at the end of production in particular);
- Monitoring focused on new product launches;
- Traceability policy for all production batches allowing, where necessary, targeted product recalls.

2.1.2.6 Impairment of inventories due to innovation or erroneous sales forecasts

Due to long supply cycles for production and transport, the Group may build up large inventories to ensure acceptable delivery times for its customers. If the sales forecasts used for production orders given to assemblers are subject to last-minute adjustments by customers, the Group may find itself with customer-specific products that are difficult to sell to other customers.

Similarly, the introduction of new equipment ranges may lead to accelerated obsolescence of certain standard products still in stock.

In both cases, this could lead to the impairment of the Group's inventories and therefore negatively impact its income.

Risk management

- The Group ensures the relevance of the "request" before confirming the purchases of components and transmitting production plans to the assemblers to avoid overproducing either standard products or specific products related to a particular customer that would be difficult to sell to other customers.
- For standard products, the Group regularly reviews security inventory levels to avoid overstock.

In addition, the turnover rates of inventory items are regularly analyzed, at the time of:

- permanent inventories *via* our information systems;
- biannual physical inventories.

Slow rotations are the subject of campaigns:

- of a commercial nature known as "stock push"; or
- of an industrial nature known as "rework";
- to facilitate their distribution.

For product references that cannot be covered by these targeted campaigns, the Finance Department records provisions for the impairment of inventory with low turnover, as described in section 6 of the consolidated financial statements for the year ending December 31, 2024.

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2.1.2.7 Loss of key personnel

The Group's success depends to a certain extent on the continuity and skills of Mr. Thierry GADOU, Chairman and CEO, and his management team.

In the event of an accident or the departure of one or more of these executives or other key employees, their replacement could be difficult and could hamper the Group's operational performance.

More generally, competition for the recruitment of senior executives in the Group's line of business is fierce and the number of qualified candidates is limited.

The Group may not be able to:

- retain some of its executives or key employees; or
- attract and retain experienced managers and key employees in the future.

In addition, in the event that its executives or other key employees join a competitor or create a competing business, the Group could lose some of its know-how and the risk of losing customers could increase. These circumstances could have a material adverse effect on the Group's business, financial position, results and outlook.

Risk management associated with the loss of key personnel

- The Nomination and Remuneration Committee reviewed the succession plan for the Chairman and CEO.
- Since 2012, the Group has pursued a policy of retaining management teams through performance share plans (free shares). These plans have helped to ensure good stability in the management team.
- The Group has two members of the executive committee acting as Deputy CEOs in order to support the Chairman and CEO in the management and transformation of the Group for the execution of the Vusion'27 strategic five-year plan.

2.1.2.8 Attracting and retaining technical and technological skills

In the perspective of the strategic plan for 2027, and in the context of a competitive and evolving technology industry, attracting, developing, and retaining the necessary skills is an important challenge.
The Group must respond to qualitative and quantitative challenges in terms of talent management:

- strengthen its pool of technical skills (and especially in the field of software engineering, Data and Computer Vision) to support growth and enable the delivery of new value-added services on a global scale;
- identify, attract, train, retain and motivate qualified personnel;
- build leadership capabilities at all levels to support its continued growth and transformation;
- integrate new employees.

This involves anticipating and planning the acquisition and development of the skills that will drive the Group's future success and ensure its proper development.

If the Group fails to meet these human resource challenges, this could have a material adverse effect on its business, financial position, results, or outlook

Programs and initiatives are implemented to prevent this risk:

- A people review to precisely define the need for new skills with regard to the current pool of skills;
- The development of an employer brand, for example with an increased use of social networks;
- Regular and close monitoring of each employee's objectives and managerial assessments and sharing of the value in the form of long-term Group remuneration plans;
- The development and monitoring over time of employee commitment barometers by department, business line and subsidiary (Employee Net Promoter Score).

2.1.3 Legal, financial and compliance related risks

2.1.3.1 Intellectual property risks

The Group is exposed to intellectual property risks, particularly patent risks, which could affect its reputation and financial position.

These risks include, firstly, counterfeiting, of which the Group could become a victim at the hands of a third party.

If the Group is victim to counterfeiting, it could harm the quality image of the products concerned and significantly adversely affect the Group's reputation, business, financial position, results and outlook.

In addition, the Group could unintentionally be found guilty of counterfeiting, given:

- the period during which patent applications are not made public;
- the continuous shortening of development times.

This situation would affect the project margin and force the Group to:

- modify the product by increasing the research and development costs of the project; or
- negotiate the rights to use the patented element and, therefore, bear the associated costs.

The Group is or may also be involved in disputes relating to counterfeiting, whether as a defendant or a claimant.

In general, the Group's defense of its intellectual property rights or response to litigation may expose it to potentially significant amounts of damages (in the event of the loss of a lawsuit brought against it for infringement), to the inability to prevent the marketing of its patented inventions by its competitors (in the event of the loss of a lawsuit filed by VusionGroup for infringement of its patents), as well as, in certain regions (particularly in the United States), significant legal advice costs.

Lastly, the Group may be subject to claims from patent trolls, particularly in the United States and Russia and in the field of new technologies.

Counterfeiting risk management

- Intellectual property monitoring system;
- Registration of the Group's trademarks and patents and respect for third-party rights through prior and systematic research of prior art;
- Protection of the Group's intellectual property interests through legal or administrative actions against counterfeiters.

2.1.3.2 Exposure to external destabilization campaigns

Although the Group takes great care to ensure the quality, completeness, and accuracy of the information published in the marketplace, it could be subject to destabilization campaigns or disputes from third parties (notably short-sellers), which could be extremely detrimental to the Company's reputation and stock market price. This risk has already materialized before, notably during the month of July 2023, when the Group was the subject of a destabilization campaign led by a short-seller.

In return, the Company strongly refuted the false and misleading allegations of the said short-seller. The Company also filed a complaint in July 2023 with the French Public Prosecutor's Office against the said short-seller for disseminating false or misleading information, manipulating prices and carrying out and recommending an insider deal.

Risk management related to listed company status:

- Regular monitoring of the level of securities lending and borrowing;
- Recruitment in 2024 and 2025 in the functions relating to investor relations and securities law.

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2.1.3.3 Ethics and compliance

In the course of its business, the Group may be exposed to risks related to corruption, particularly in some of the emerging countries in which it operates.

Despite the Group's efforts to implement systems and raise awareness of its ecosystem, it cannot guarantee that its employees, suppliers, subcontractors, or other business partners will comply with the regulations in force regulations and the strict requirements to which it adheres in terms of anti-corruption regulations and international sanctions.

Any behavior that contravenes these values or applicable regulations could seriously engage the Group's liability and have repercussions on its reputation. This could have a material adverse effect on its business, image and reputation, financial position, results or outlook.

Ethics and compliance risk management

- The Group has a mapping that lists all of its vulnerabilities and implements action plans dedicated to their remediation.
- A code of ethics and a supplier code of conduct, published on our website, formalize the rules of behavior expected in the Group from all employees, suppliers, subcontractors and our network of partner-distributors.
- To ensure that any suspected breach of our Code of Ethics is reported and investigated, the Code of Ethics is signed every year by each employee and a whistleblowing process is available to our employees, with the option of anonymity.
- Awareness-raising and training systems have been set up; all Group employees are regularly reminded of the applicable rules and the Group's values.
- To assess the ethics of a majority of our suppliers, a supplier code of conduct signature campaign is organized annually by the "Industrial Purchasing" Department as well as an EcoVadis evaluation campaign.
- Since 2024, the Group was strengthened by the creation of the Risk, Control and Internal Audit Department, which intervenes in particular on compliance and fraud prevention.

2.1.3.4 Exchange rate risks

The Group conducts some of its sales in euros, while most of its production costs are denominated in US dollars (USD). The Group is thus exposed to fluctuations in the euro/US dollar exchange rate that may affect its consolidated financial statements.

The depreciation of the USD could reduce the consolidated revenue when converting sales made into dollars and the Group's cash position for the part denominated in USD. This conversion effect, which purely relates to accounting, has not altered the Group's operational performance but may change the presentation of its net financial income (expense) and, consequently, investors' perception.

However, the decrease in the USD rate has also contributed to a reduction in production costs denominated in this currency, thereby mitigating the overall impact on the Group's profitability.

Risks related to exchange rate

- The practice of "netting" currency flows as the Group's business grows in the USA, supplemented by the signature of contracts in Europe but denominated in USD. These actions provide a natural hedge and gradually balance sales invoiced and expenses denominated in USD.

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2025 Financial Statements

Condensed consolidated financial statements as of June 30, 2025 (IFRS standards)

VusionGroup is a company with a Board of Directors listed on Eurolist Euronext Paris (Compartment B, ISIN code FR 0010282822).

The consolidated financial statements of the VusionGroup group (hereinafter "the Group") at June 30, 2025, cover a period of six months and present a balance sheet total of €1,756,970 thousand and a consolidated net profit of -€9,686 thousand. They were approved by the Board of Directors on September 15, 2025.

3.1 Consolidated financial statements of the Group as of June 30, 2025

I.1 Consolidated balance sheet

Assets

In € '000	Notes	06/30/2025	12/31/2024	06/30/2024
Intangible fixed assets	1	291,993	291,972	293,038
Property, plant and equipment	2	208,188	144,270	92,608
Rights of use	2	16,260	8,947	10,584
Financial assets	3	29,085	20,594	20,486
Deferred tax assets	22	14,799	22,918	14,710
Non-current assets		**560,325**	**488,701**	**431,426**
Inventories and Work In Progress	4	162,729	147,426	155,315
Trade receivables	5	252,255	329,294	208,219
Current taxes	6	7,300	8,708	4,996
Other current receivables	6	130,275	159,483	191,867
Cash and cash equivalents	7	644,086	535,634	379,510
Current assets		**1,196,645**	**1,180,545**	**939,907**
TOTAL ASSETS		**1,756,970**	**1,669,245**	**1,371,332**

Liabilities and shareholders' equity

In € '000	Notes	06/30/2025	12/31/2024	06/30/2024
Capital	8	32,143	32,143	31,917
Consolidated reserves		179,401	216,343	227,472
Equity attributable to owners of the parent		211,544	248,486	259,389
Non-controlling interests		(5,043)	(4,510)	(4,101)
Equity		**206,501**	**243,977**	**255,288**
Non-current provisions	10	29,584	16,026	12,324
Deferred tax liabilities	22	16,599	17,392	18,049
Loans	11	131,013	142,866	164,650
Non-current lease liabilities	11	11,764	5,994	7,581
Other non-current liabilities	12	13,969	12,494	12,386
Non-current liabilities		**202,918**	**194,772**	**214,990**
Trade payables	13	245,456	219,684	238,494
Current lease liabilities	11	4,777	3,884	3,883
Other debts and accrual accounts	14	1,097,315	1,006,928	658,678
Current liabilities		**1,348,550**	**1,230,495**	**901,055**
TOTAL EQUITY & LIABILITIES		**1,756,970**	**1,669,245**	**1,371,332**

I.2 Consolidated income statement

Income statement

In € '000	Notes	06/30/2025	12/31/2024	06/30/2024
Revenue	15	**614,105**	**954,708**	**408,916**
Purchases consumed	16	(441,631)	(692,442)	(300,727)
External expenses	17	(54,425)	(80,310)	(37,305)
Staff costs	18	(62,901)	(95,509)	(42,189)
Taxes and duties		(1,962)	(2,910)	(1,237)
Depreciation and amortization expense	1 & 2	(34,757)	(57,544)	(25,974)
Other operating expenses	19	(948)	(3,195)	162
Other operating income	20	0	496	
Operating profit (loss)		**17,483**	**23,295**	**1,647**
Other financial income	21	119,992	19,426	6,338
Other financial expenses	21	(133,667)	(68,887)	(29,126)
Leasing related interest expenses	21	(109)	(541)	(196)
Net financial income (expense)		**(13,785)**	**(50,003)**	**(22,984)**
Tax expense or income	22	(13,385)	(2,187)	(3,089)
Net profit (loss)		**(9,686)**	**(28,895)**	**(24,426)**
Group share		(9,128)	(27,758)	(23,857)
Non-controlling interests		(558)	(1,137)	(569)

Earnings per share	06/30/2025	12/31/2024	06/30/2024
Profit (Loss) - Group share in € '000	(9,128)	(27,758)	(23,857)
Earnings per share (in €)			
• before dilution	(0.57)	(1.73)	(1.49)
• after dilution	(0.57)	(1.73)	(1.49)

I.3 Net income and comprehensive income

In € '000	06/30/2025	06/30/2024
Net profit (loss)	**(9,686)**	**(24,426)**
Items potentially classified to profit or loss (recyclable)	*(9,748)*	*1,317*
Translation differences		283
Cash flow hedge		1,034
Items not reclassified as profit or loss (non-recyclable)	*0*	
Actuarial gains and losses on retirement plans		
Comprehensive income	**(19,434)**	**(23,109)**
• parent company's share	(18,876)	(22,540)
• non-controlling interests' share	(558)	(569)

I.4 Consolidated statement of changes in equity

In € '000	Capital	Consolidated reserves and profit (loss)	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Equity
Equity at 12/31/2023	**31,917**	**248,562**	**280,479**	**(3,532)**	**276,947**
Capital Increase	226	(4,156)	(3,930)		(3,930)
Treasury shares		4,907	4,907		4,907
Change in scope		401	401	159	560
Dividends[1]		(4,936)	(4,936)		(4,936)
Other changes[2]		(1,123)	(1,123)		(1,123)
Shareholders' transactions	**226**	**(4,907)**	**(4,681)**	**159**	**(4,522)**
2024 profit (loss)		(27,758)	(27,758)	(1,137)	(28,895)
Other comprehensive income		446	446		446
Total comprehensive income for the period	**0**	**(27,312)**	**(27,312)**	**(1,137)**	**(28,449)**
Equity at 12/31/2024	**32,143**	**216,343**	**248,486**	**(4,510)**	**243,976**
Capital Increase		8,788	8,788		8,788
Treasury shares		(16,805)	(16,805)		(16,805)
Change in scope			0		0
Dividends[3]		(9,582)	(9,582)		(9,582)
Other changes		(468)	(468)	25	(443)
Shareholders' transactions	**0**	**(18,066)**	**(18,066)**	**25**	**(18,042)**
06/30/2025 profit (loss)		(9,128)	(9,128)	(558)	(9,686)
Other comprehensive income		(9,748)	(9,748)		(9,748)
Total comprehensive income for the period	**0**	**(18,876)**	**(18,876)**	**(558)**	**(19,434)**
Equity at 06/30/2025	**32,143**	**179,401**	**211,544**	**(5,043)**	**206,501**

(1) Of which €4,771 thousand in dividends were paid by VusionGroup S.A in 2024 in respect of the 2023 results, i.e. €0.30 per share (excluding own equity shares).
(2) The other changes mainly correspond to the acquisition of a minority stake in the subsidiaries Pdi Digital Gmbh for an amount of €1,356 thousand and Belive for an amount of €455 thousand, i.e. an impact of -€1,811 thousand.
(3) Of which €9,582 thousand in dividends were paid by VusionGroup S.A in 2025 in respect of the 2024 results, i.e. €0.60 per share (excluding own equity shares).

I.5 Consolidated statement of cash flows

In € '000	06/30/2025	12/31/2024	06/30/2024
- Consolidated net income (including non-controlling interests)	(9,686)	(28,895)	(24,426)
+/- Net increase in amortization/depreciation and provisions	49,757	67,314	26,789
-/+ Other calculated income and expenses	63,886	100,949	44,067
-/+ Gains and losses on disposals and financial instrument profit or loss		0	1,020
Cash flow after cost of net financial debt and tax	103,945	139,368	47,450
+/- Tax expense (including deferred taxes)	13,385	2,187	762
= Cash flow from operations after cost of net financial debt and before tax	**117,330**	**141,555**	48,212
+/- Change in WCR related to operations	194,338	403,080	225,925
= Net cash flow generated by operations	**311,668**	**544,635**	274,137
- Disbursements related to acquisitions of property, plant and equipment and intangible assets	(98,540)	(157,986)	(77,872)
- Disbursements related to the acquisition of long-term investments	(7,018)	(327)	(118)
+ Proceeds from disposals of long-term investments	(2,151)	13	12
- Impact of changes in scope		(15,271)	(1,517)
= Net cash flow from investment activities	**(107,709)**	**(173,571)**	**(79,495)**
+ Loan issues	(11,853)	92	46
+ Loan repayments		(29,881)	(8,051)
+ Lease debt repayments	(2,264)	(572)	(1,646)
- Dividend distribution	(9,604)	(4,771)	(4,771)
-/+ Treasury share buybacks and resales	(16,805)	(678)	(910)
= Net cash flow from financing activities	**(40,526)**	**(35,810)**	**(15,332)**
+/- Impact of changes in foreign currency exchange rates	**(54,980)**	463	283
= Change in cash flow	**108,452**	**335,718**	**179,594**
Opening cash position	**535,634**	**199,916**	**199,916**
Closing cash position	**644,086**	**535,634**	**379,510**

3.2 Notes to the consolidated financial statements

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II.1 Accounting rules and policies

II.1.1 Basis of preparation of the consolidated financial statements

II.1.1.1 Consolidated financial statements - Basis of preparation

As stated in the European Regulation 1606/2002 dated July 19, 2002 on international accounting standards, the VusionGroup's condensed consolidated financial statements for the H1 2025 period are prepared in accordance with international accounting (IFRS) standards applicable by the European Union on June 30, 2025 and as approved at the closing date of these financial statements on September 15, 2024.
The 2025 half-year condensed consolidated financial statements are prepared in accordance with the international standard IAS 34 "Interim Financial Reporting". They do not include all of the information required by the IFRS framework for the preparation of annual financial statements and must be read jointly with the Group's financial statements at year-end 2024.

The condensed half-yearly consolidated financial statements for the first half of 2025 are prepared in accordance with the same accounting principles as for the 2024 consolidated annual statements, with the exception of potential new mandatory provisions applicable as of January 1, 2025.

The presentation currency of the consolidated financial statements is the euro. All values are rounded to the nearest thousand (€'000), unless otherwise indicated.

The financial statements are prepared on a historical cost basis with the exception of a certain number of asset and liability accounts which have been measured at fair value.

The consolidated financial statements include the financial statements of the subsidiaries, listed in § II.6. The financial statements of the subsidiaries are prepared for the same reference period as those of the parent company, using the same accounting policies.

The Group's companies prepared their half-year financial statements as of June 30, 2025. All intra-group balances, intra-group transactions and unrealized proceeds, expenses and gains and losses included in the carrying amount of assets arising from internal transactions are eliminated in full.

The company accounts of each of the Group's companies are prepared in accordance with the accounting principles and regulations in force in their respective countries. They are restated to comply with the Group's consolidation principles.

New mandatory regulation applicable from January 1, 2025, and applied for the first time by the Vusion (SES-imagotag) Group:

None.

New mandatory regulation applicable from January 1, 2025, and concerning the Group did not have a significant impact on the consolidated financial statements. They concern:

- Amendment to IAS 21 - New guidance where there is a lack of exchangeability.

New published IFRS standards, interpretations and amendments that are not yet applicable or that have not been applied by the Group in advance:

Amendments to IFRS 9 and IFRS 7 "Classification and Measurement of Financial Instruments" (published by the IASB on May 30, 2024) applicable from January 1, 2026

- Amendments to IFRS 9 and IFRS 7 "Renewable Power Purchase Agreements" (published by the ISAB on December 18, 2024)
- Annual improvements – IFRS 1, IFRS 7, IFRS 9; IFRS 10 and IAS 7 (published by the IASB on July 18, 2024)
- IFRS 18 – already mentioned in the HYFR

IFRS 19 "Disclosures by Subsidiaries without Public Reporting Obligations" (published by the IASB on May 9, 2024)

The Group did not apply other standards and interpretations that were not mandatory in 2025 but which may be applied in advance during the fiscal year.

However, the Group reviewed all new standards, amendments, and interpretations that will apply at a later date. In particular, the IASB published IFRS 18 on the presentation and information to be disclosed in financial statements. This new standard will be mandatory for fiscal years beginning on or after January 1, 2027, retrospectively with restatement of the comparative, subject to its adoption by the European Union. Given the structural changes that this standard introduces, an impact study will be initiated in 2025.

Assessment of the effects of climate change

Considering:

- the Group's activities and its geographical location;
- the nature and magnitude of current and potential impacts of climate change risks and opportunities as identified and assessed in the risk factors and sustainability report; and
- commitments being defined by the Group in this area,

The Group has not identified any significant effects for the 2024 fiscal year. In particular, no significant provision for environmental risks and expenses was recorded in the consolidated balance sheet at December 31, 2024. As the climate change mitigation and adaptation plan has not been finalized (see section 4 of the sustainability report in the 2024 Universal Registration Document), the Group has not identified any significant effects of the commitments made in this area on the value of its tangible assets.

II.1.1.2 Business combinations

Business combinations are dealt with under IFRS 3 revised, which assesses the notion of "takeover" in the application to securities acquisition transactions. The impacts are recognized in shareholders' equity.

In a business combination, the fair value of the consideration transferred is allocated to the identifiable assets acquired and the liabilities assumed. Liabilities are measured at fair value on the acquisition date.

Fair value is the price that would be received for the sale of an asset or paid for the transfer of a liability in a normal transaction between market participants at the measurement date.

In this context, goodwill represents the residual excess of the consideration transferred plus non-controlling interests, and for business combinations carried out in stages, the revaluation of the former owned share over the fair value of the identifiable assets and liabilities and any contingent liabilities that can be reliably measured at the acquisition date.

The allocation period is limited to the period required to identify and measure the assets and liabilities of the acquired company, the non-controlling interests, the price paid and the fair value of the previously acquired share but cannot exceed 12 months.

Subsequently, goodwill is measured annually at its cost, less any impairment losses based on a decrease in value determined as indicated in the paragraph below "Intangible assets", in accordance with IAS 36. In the event of a decrease in value, the impairment is recorded as an operating loss in the income statement.

With regard to puts on non-controlling interests issued after first-time application of IFRS 3R and IAS 27R, the Group recognizes subsequent changes in debt in equity (transactions between the controlling shareholder and non-controlling interests, which involve equity securities but have no impact on control).

II.1.1.3 Estimates and judgments

The financial statements have been prepared according to the historical cost principle except for financial instruments which are recognized at fair value. The preparation of the financial statements requires, in accordance with the conceptual framework of IFRS, the making of estimates and use of assumptions that affect the amounts appearing in these financial statements. The significant estimates made by Vusion (SES-imagotag) for the preparation of the financial statements mainly relate to:

- fair value measurement of assets, liabilities and contingent liabilities obtained during an acquisition (IFRS 3 "Business Combinations");
- the measurements used for impairment tests on assets, in particular the recoverable amount of goodwill;
- the fair value measurement of financial instruments;
- the estimate of price discounts on future volumes, the amount of future royalties to be paid to customers and the measurement of the fair value of the share subscription warrants constituting a discount paid in advance to the customer, as part of the recognition of revenue;
- valuation of the recoverable amount of receivables and inventories;
- estimates of liabilities, in particular for litigation and uncertain tax positions;
- the assumptions used to recognize deferred tax assets;
- put obligations;
- rights-of-use and lease obligations resulting from leases;
- fair value of equity instruments;
- share-based payment expense.

Due to the uncertainties inherent in any valuation process, Vusion (SES-imagotag) revises its estimates on the basis of regularly updated information. It is possible that the future results of the operations concerned may differ from these estimates.

II.1.2 Intangible assets (IAS 38)

Intangible assets include:

- development expenses;
- patents;
- software;
- ERP;
- goodwill;
- customer databases;
- technologies.

Intangible assets acquired separately are recognized at their acquisition cost and are amortized.

Amortization is calculated using the straight-line method based on the estimated useful lives of the assets, on the following basis:

	Amortization period
Technologies	**6 to 15 years**
Development expenses	**5 years**
Patents	**10 years**
ERP	**6 to 10 years**
Customer base	**15 years**
Software	**2 to 5 years**

No residual value is used to determine the basis for amortization.

Impairment testing

In accordance with IAS 36, goodwill is tested for impairment annually and other amortizable intangible assets are tested when there is evidence of impairment. The existence of this evidence is examined at each annual and interim reporting date.

Given the overall management of Vusion's (SES-imagotag) activities from a technological and geographical point of view, it is impossible to allocate assets and cash flow to clearly identified subgroups within the Group. Goodwill is monitored on the basis of a single cash-generating unit.

The impairment test consists of comparing the net carrying amount of the asset with its recoverable amount, determined as the higher of its fair value less costs to sell and its value in use.

Fair value less disposal costs is preferred in the rare cases where a recent transaction on the assets concerned makes the information available and reliable. In most cases, the value-in-use is estimated by using cash flow projections based on existing operating forecasts for a period of five years, including growth and profitability rates that are considered reasonable. The assumptions made are those of sustained market growth, driven by a current low penetration of ESL solutions and growing strongly under the effect of equipment from major global retailers as currently observed. In this context, the growth rate is high, above 20% per year until 2028, the rate of operating expenses decreased and the gross margin increased, thanks to the development of higher-margin recurring services.

The main assumptions used are:

- the five-year activity forecast, carried out by management;
- the long-term growth rate of 3% reflects the growth rate of a technological market that is still dynamic at this time;
- a discount rate of 11.5% applied to cash flows.

The recoverable amount resulting from the impairment test is higher than the carrying amount of the assets.

The sensitivity of the result to variations of plus or minus 1 point in the assumptions used does not impact the results of the goodwill impairment test.

An impairment loss is recognized in the event of a loss of value. Impairment losses may be reversed when conditions have changed, except for goodwill. With the exception of goodwill, impairment losses affect the amortization schedule prospectively since they are charged against the amortizable base.

Development expenses

Vusion's (SES-imagotag) development expenses are recorded as expenses for the period during which they are incurred, with the exception of development expenses for projects that meet the following criteria:

- the product or process is clearly identified and the costs can be reliably segregated;
- the technical feasibility of the product is demonstrable;
- the product or process will be marketed or used internally and will generate probable future economic benefits;
- there is a potential market for the product or its internal utility has been demonstrated;
- the resources required to complete the project are available.

Development expenses that do not meet the above criteria are recognized as expenses in the year in which they are incurred. Capitalized development expenses are amortized on a straight-line basis over their useful life.

Patents

Concerning the assessment of patents, the Group used the acquisition cost method in the event there is no active market.

II.1.3 Property, plant and equipment (IAS 16)

Property, plant and equipment are recorded at cost less depreciation and any impairment losses.

Depreciation is calculated on a straight-line basis over the following useful lives:

	Depreciation period
Industrial tools and equipment	**3 to 5 years**
Fixtures and fittings	**5 to 10 years**
Furniture, office supplies and IT hardware	**1 to 10 years**

No residual value is used to determine the basis for amortization.

Depreciation periods are reviewed annually at the end of each accounting period. Any change in duration is treated as a change in estimate applied prospectively in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” and gives rise to the recognition of additional impairment.

The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes indicate that the carrying amount may not be recoverable. If there is any such indication and if the carrying amounts exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

The recoverable amount of property, plant and equipment is the higher of the selling price net of disposal costs and the value-in-use. To measure value-in-use, the estimated future cash flows are discounted using a pre-tax discount rate that reflects current market assessments, time value, money and the risks specific to the asset.

II.1.4 Leases (IFRS 16)

IFRS 16 “Leases”, whose application was mandatory as of January 1, 2019, replaces IAS 17 “Leases” and related interpretations. When entering into a lease with fixed payments, this standard requires the recognition of a liability in the balance sheet corresponding to the discounted future payments, in exchange for rights- of-use to the asset depreciated over the term of the contract.

The Group applied the so-called “modified retrospective” transition method by which a liability is recognized at the transition date equal to only the discounted residual rents, in exchange for a right-of-use amount adjusted for the amount of rents paid in advance or recorded as accrued expenses, and the costs of refurbishment.

In line with the various simplification approaches provided for by the standard, the Group has excluded leases with a residual term of less than 12 months.

Leases include offices and warehouses, production lines and industrial equipment, vehicles and IT equipment.

The lease term used is the non-cancellable term during which the Group has the right to use the underlying asset, to which are added, if their exercise is deemed reasonably certain, the renewal options or termination options provided for in the contracts. The discount rate is determined for each contract by reference to the incremental borrowing rate, for the residual term of the contract.

II.1.5 Inventories (IAS 2)

Inventories are valued, in accordance with IAS 2, at the lower of cost and net realizable value.

The valuation of finished products consists of the following items:

- cost of components valued at the weighted average unit cost;
- cost of the assembly service by the subcontractor;
- additional costs mainly consisting of storage costs for components;
- label transit costs.

The net realized value is the estimated selling price in the normal course of business, decreased by estimated costs for completion and the estimated costs required to complete the sale.

When the net realizable value is lower than the value of the inventory, a provision for impairment is recognized according to the following method:

The depreciation of inventories is determined according to the category of the product and the related rotation rules as described below:

For each category, the rule consists of:

1) Calculating the rotation of the products concerned. This gives the number of days since an article within a given category was last consumed;
2) Only products that have not been rotated for more than six months may be subject to a provision for impairment:

A. New products not refurbished:

- 50% of the gross value for assets that have not been rotated for more than six months,
- 80% of the gross value for assets that have not been rotated for more than 12 months,
- 100% of the gross value for assets that have not been rotated for more than 18 months,
- 100% of the gross value for assets that have never been rotated.
- Among these, the following items are excluded from the calculation of the provision, namely:
  - Products for which there is a firm order for the coming 12 months or a minimum 90% chance of a business opportunity for the coming six months that would cover at least 50% of the inventory quantities,
  - Products subject to refurbishing or reworking in order to sell the products in question,
  - innovative products for future products ranges.

B. Refurbished or refurbishable goods

- depreciation of 50% of the gross value of these goods in the inventory exceeding 18 months past or future consumption if the product has yet been rotating over the last 12 months,
- depreciation of 100% of the gross value of these goods in the inventory exceeding 18 months past or future consumption if the product has not been rotating over the last 12 months,
- depreciation of 100% of the gross value of these goods that have never been rotated.

II.1.6 Financial assets, receivables and other current assets (IFRS 9)

For financial assets, upon initial recognition of an equity security that is not held for trading purposes, the Group may irrevocably elect to present in other comprehensive income subsequent changes in fair value of the security. This choice is made for each investment. At June 30, 2025, the Group held a minority stake (Note 3 financial assets) to which this choice was applied.

For trade receivables including contract assets, the Group has assessed the losses actually incurred in recent years on its customer portfolio and concluded that the new IFRS 9 impairment model as of January 1, 2019 has no material effect on the Group's financial statements compared to the IAS 39 model.

Regarding the provision for impairment of trade receivables, the Company estimates, on an individual basis, the risk of expected credit losses.

II.1.7 Financial instruments (IFRS 9)

IFRS 9 sets out the requirements for the recognition and measurement of financial assets and liabilities, as well as certain contracts for the purchase or sale of non-financial assets.

All derivative instruments are valued in the balance sheet at their fair value, in accordance with IFRS 9.

Derivative financial instruments consist of forward foreign exchange contracts.

The management of financial risks by the Vusion (SES-imagotag) Group (interest rate risk, foreign exchange risk, counterparty risk and liquidity risk) is described in Note 26 of this document as well as in Chapter 2.1.4 of the "Risk factors and uncertainties" section.

Derivative financial instruments are contracted by the Group as part of its foreign exchange risk management policy. The recognition of financial instruments as hedging instruments then depends on whether or not they are eligible for hedge accounting.

The Group has implemented a factoring contract that ensures the legal transfer of rights to assigned receivables to the extent that the assignment is made in accordance with the provisions of Article 1346-1 of the Civil Code and Articles L. 313-23 to L. 313-34 of the French Monetary and Financial Code. The contract also provides for the substantial transfer of the credit risk and late payment associated with these same claims taking into account the collateral approvals granted by the factoring company covering both the risk of non-payment (from the due date) as well as the risk of insolvency of the debtor, thus limiting the factoring company's right of recourse to the Group in the event of non-payment. In addition, the dilution risk, retained by the Group, was analyzed in light of the actual level of non-values on the basis of historical data on the scope of the receivables assigned. The terms of the remuneration are fixed and not revisable after the transfer of the invoices. Thus, the result of these various analyses (transfer of contractual rights to receive cash flows and substantial transfer of risks and benefits) made it possible to conclude on the deconsolidating nature of the contract.

II.1.8 Forward purchases

The Group has opted for cash flow hedge accounting for its forward purchases.

Forward exchange contracts used by the Group may be qualified as cash flow hedges. A cash flow hedge is used to protect against changes in the value of cash flows denominated in foreign currencies. Derivatives are measured at their fair value upon initial recognition. Subsequently, at each reporting date, the fair value of the derivatives is re-estimated. The fair value of forward foreign exchange contracts is determined by reference to what the Group would receive (or pay) to unwind the current contracts at the reporting date.

Hedge accounting is applicable if, and only if, the following conditions are met:

- the hedging relationship is composed solely of items eligible for hedge accounting;
- a hedging relationship is clearly identified, formalized and documented from the date it is set up;
- the hedging relationship complies with the following effectiveness criteria:
  - there is an economic relationship between the hedged item and the hedge,
  - there is no preponderance of credit risk in the change in fair value of the hedging item and the hedged item,
  - the hedging ratio of the hedging relationship is equal to the ratio between the amount of the hedged item that is actually hedged by the entity and the amount of the hedging instrument that the entity actually uses to hedge that amount of the hedged item.

Changes in the value of the effective portion of cash flow hedges are recognized in Other comprehensive income. The ineffective portion of hedging derivatives is recognized in the income statement.

The deferral/discount component is excluded from the hedging relationship, and changes in value are recognized in profit or loss under "Other financial income and expenses".

II.1.9 Cash and cash equivalents

Cash and cash equivalents include:

- financial investments, which are highly liquid and have a very limited risk of changes in value;
- bank accounts;
- cash accounts.

Marketable securities (SICAV money market funds) are recognized at fair value at the reporting date (fair value level 1).

Term deposit accounts are recognized at amortized cost.

II.1.10 Treasury shares (IAS 32)

According to IAS 32 “Financial Instruments”, if an entity repurchases its own equity instruments, they must be deducted from equity. No gain or loss should be recognized in profit or loss on the purchase, sale, issue or cancellation of the entity’s equity instruments.

Such treasury shares may be acquired and held by the entity or by other members of the consolidated group. The consideration paid or received must be recognized directly in equity.

II.1.11 Provisions (IAS 37)

In accordance with IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”, the Group recognizes a provision when, at the reporting date, it has an obligation (legal or constructive) vis-à-vis a third party resulting from a past event whose settlement is likely to result in an outflow of resources representing economic benefits for the Group, and when the amount of the loss or liability can be reliably measured.

In the event that this loss or liability is neither probable nor reliably measurable, but remains possible, the Group recognizes a contingent liability in its commitments.

Provisions are intended, in particular, to cover the probable costs that may be incurred due to ongoing lawsuits or litigation, the operative event of which existed at the reporting date.

II.1.12 Stock options and allocation of bonus shares (IFRS 2)

IFRS 2 “Share-Based Payment” provides for the recording of an expense in return for services obtained under share subscription plans (and similar) granted to employees.

The Group has set up stock option plans, bonus shares or share purchase plans and has issued warrants to certain employees. The purchase or subscription option prices are set by the Board of Directors, which grants the options.

Changes in values subsequent to the grant dates have no impact on the initial valuation of the options; the number of options taken into account to value the plans is adjusted at each closing date to take into account the presence of the beneficiaries and the achievement of internal performance conditions for the purposes of vesting periods.

The valued benefit is equivalent to remuneration paid to the beneficiaries, which is therefore recognized in staff costs on a straight-line basis over the vesting period, with a corresponding adjustment in shareholders’ equity.

Stock option subscription plans were valued by reference to the fair value of the instruments granted.

The fair value of the bonus shares granted corresponds to the value of the share on the day of the grant less the assumption of a dividend distribution during the vesting period. The overall plan expense corresponds to the estimated fair value multiplied by the number of shares granted over the vesting periods envisaged in the plan, multiplied by the probability of achieving the performance objectives.

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II.1.13 Employee benefits (IAS 19 revised)

End-of-career benefits

The provision for employee benefits relates exclusively to retirement benefits that are legally payable to employees in France.

The calculation is made in accordance with the revised version of IAS 19, using the projected unit credit method. Under this method, entitlements are allocated to periods of service according to the plan's vesting formula, taking into account a linearization effect when the rate of entitlement is not uniform over the course of the subsequent periods of service.

The amount of future payments corresponding to the benefits granted to employees is measured on the basis of assumptions for changes in salaries, retirement age and mortality, then reduced to their present value on the basis of interest rates on long-term bonds of first-class issuers.

The expense for the fiscal year corresponding to the change in the cost of services rendered is recognized in staff costs; the cost of discounting is recognized in finance expenses.

In addition, actuarial gains and losses resulting from experience-related adjustments and changes in actuarial assumptions are now recognized in "Other comprehensive income".

II.1.14 Deferred taxes (IAS 12)

Deferred taxes result from temporary differences between the carrying amount and tax value of assets and liabilities in the balance sheet. In accordance with IAS 12 "Income Taxes", they are accounted for using the liability method, based on the future tax rates adopted at reporting date on June 30, 2025.

The Group recognizes a deferred tax asset for tax losses and unused tax credits carried forward, to the extent that it is probable that future taxable profits will be available against which these unused tax losses and tax credits can be offset, taking into account the carry-forward periods and applicable tax rates in each country.

II.1.15 Research tax credit (IAS 20)

The research tax credit is a tax incentive similar to a subsidy. It therefore falls within the scope of IAS 20. According to this standard, the research tax credit must be allocated according to whether R&D expenditure is recognized as an asset (recognition of development expenses as intangible assets according to IAS 38) or as a profit or a loss (for development expenses that cannot be recognized as an asset and research expenses).

For the share of capitalized development expenses, the recognition in the income statement of the research tax credit generated is deferred over time over the amortization period of the underlying capitalized development expenses. For the share of research expenses recognized as expenses, the research tax credit is recognized immediately in the income statement. The Group has opted to recognize the entire research tax credit as a deduction from expenses recognized in the income statement, under other external expenses.

II.1.16 Translation of foreign currency items

The consolidated financial statements at June 30, 2025, were prepared in euros, which is the parent company's functional currency.

Each Group entity determines its own functional currency and the items included in the financial statements of each entity are measured using this functional currency.

Recognition of foreign currency transactions in the financial statements of consolidated companies

Foreign currency transactions recognized in the income statement are translated at the exchange rate prevailing on the transaction date, with the exception of transactions for which the Company has hedges (USD). On initial recognition, hedged items are recognized at the current exchange rate. However, if the hedged item is a purchase that will be held in inventory, the impact of hedges is recognized in the initial amount of the inventory. Monetary items expressed in foreign currencies, recognized in the balance sheet, are translated at the exchange rate prevailing at the reporting date, with the exception of debts denominated in US dollars which are translated at the hedge rate. The resulting exchange differences are recorded in the income statement.

Conversion of foreign subsidiaries' financial statements

The financial statements of Group companies, whose functional currency is different from the consolidation currency, are converted into euros:

- assets and liabilities are translated into euros at the exchange rate prevailing on the closing date;
- income and expenses are translated at the average exchange rate for the period as long as this is not affected by significant changes in exchange rates;
- the resulting translation differences are recognized in other items in the profit (loss).

II.1.17 Earnings per share

The Group reports basic earnings per share and diluted earnings per share.

Net earnings per share are obtained by dividing net profit (loss) by the weighted average number of shares outstanding during the year. Diluted earnings per share are calculated by using the conversion into ordinary shares of dilutive instruments outstanding at the reporting date.

II.1.18 Revenue from contracts with customers (IFRS 15)

Revenue is recognized and presented in accordance with IFRS 15 "Income from Contracts with Customers".

The Group's revenue can be broken down into revenue from goods and services. The operative event is the transfer of control to the customer. Depending on the services provided, this translates into:

- when the Group is in charge of installing the shelf label systems, revenue is recognized when the system becomes operational. At the closing of the accounts, for installations invoiced but not yet completed, deferred income is recognized, and for installations completed but not yet invoiced, accrued income is recognized;
- when the Group only delivers labels, revenue recognition is based on the transfer of control to the customer, taking into account contractual provisions and incoterms;
- the substantial rights granted to the customer result in the deferral of revenue to subsequent periods;
- training services are invoiced and recognized when the service is provided, independently of the delivery of the labels;
- annual lump-sum rebates granted to customers are recorded as a reduction of revenue;
- maintenance contracts are invoiced in advance for quarterly or six-month periods. Deferred income is recognized to cancel the revenue related to the following fiscal year on a *pro rata* basis;
- specific development expenses incurred in connection with the acquisition of new customer contracts are expensed in the year in which they are incurred, and consideration paid to customers is recognized as a reduction in revenue, where applicable, except for those meeting the following criteria:
  - the costs of obtaining contracts (specific incremental),
  - contract fulfillment costs.

At the end of each fiscal year, the specific incremental costs of obtaining contracts are capitalized and amortized in accordance with the expected recognition of revenue (IFRS 15 compliant).

In April 2023, the Group signed a deployment contract with Walmart to equip its stores in the United States.

This contract, consisting of three successive fulfillment orders (Statements Of Work or SOW), is of an unprecedented scale for the Group and provides for the equipment of all stores in the United States with EdgeSense, the new hardware solution developed by the Group, as well as the subscription to Cloud-hosted services developed by the Group.

As part of the IFRS 15 analysis of this contract, the Company has identified points of attention in particular:

- payments to customers and the pre-financing of production lines similar to an advance payment on future deliveries;
- discounts on volumes sold;
- the issuance of share subscription warrants (BSA) exercisable according to the future volumes to be delivered, similar to a discount granted in advance on future revenue.

In order to ensure significant production volumes, Walmart and the Group have agreed to invest in four production lines. This investment is supported by VusionGroup and appears in its capital expenditure but it is fully pre-financed by Walmart. The Group considered this advance payment to be a contract liability recognized in the Other current debts section (Other debts and accrual accounts) on the date of the advance payment to the Group, for a provisional amount of $323 million. The contract provides that the amount received as part of this pre-financing may be partially repaid if Vusion uses these lines for other customers. This reimbursement was treated as a "consideration payable to the customer" and recognized as a contract liability in the balance sheet, for the maximum amount expected. Any subsequent change in this amount will impact revenue. The estimated non-repayable portion of this advance is recognized in revenue as and when deliveries are made.

As this is a multi-year deployment agreement, Walmart and VusionGroup also agreed on a price reduction mechanism based on volumes. As a result, the Group has used an average volume-weighted selling price calculated from estimated volumes and projected revenue over the term of the contract to recognize hardware solutions sales in its revenue.

Lastly, in connection with the signing of this deployment agreement, the shareholders of VusionGroup agreed at the General Meeting of June 2, 2023 to allocate 1,761,200 Share subscription warrants (BSA) to Walmart. These share subscription warrants are exercisable subject to the achievement of a minimum of $700 million in expenditure incurred with VusionGroup. Once this amount of expenditure has been reached, Walmart may exercise its warrants pro rata to the expenses for the benefit of VusionGroup, with 100% of the warrants being exercisable if this amount of expenditure with VusionGroup reaches $3 billion. These share subscription warrants are exercisable over a maximum period of seven years from the time the expenditure threshold of $700 million is reached. The threshold was reached in August 2024. As the share subscription warrants were issued at a higher value than their subscription cost in conjunction with the sales contract, they are equivalent to a payment in kind made to the customer. Payments in kind to customers must be measured at fair value. IFRS 15 does not specify the date on which the payment in kind must be measured. The Company considered that this valuation should be made at the date of the decision of the General Meeting. This amount of €163 million, which will not be reassessed at a later date, was recognized as a discount paid in advance and presented under Other current receivables in the balance sheet, and will be deducted from revenue as and when the corresponding deliveries are made.

The BSA contracts do not meet the conditions to be recognized in equity instruments (variable number of shares). Consequently, they have been recognized as financial liabilities and will be remeasured at each closing date, with changes being recognized in total net financial income (expense).

Principal or agent

The Group has conducted an analysis of the nature of its relationships with its customers in order to determine whether it is acting as a principal or as an agent in the performance of the contract or part of the contract when the Group sells equipment, software or services.

Under IFRS 15, the Group is considered as acting as principal since it bears the primary responsibility with respect to the end customer and the inventory risk with respect to suppliers.

II.1.19 Operating segments (IFRS 8)

The Vusion (SES-imagotag) Group has only one operating segment corresponding to a homogeneous activity of installing and maintaining electronic shelf labels (ESLs).

Operating results are reviewed at Group level. The objective is to make decisions about the allocation of resources and the evaluation of performance. Isolated information at the lower level is not available, given the overall management of the activities, technologies, and geographical areas.

II.2 Highlights of the year

In the first half of 2025, the Group acquired a majority stake in a data analytics company for 51% granting voting rights. This acquisition was integrated into the scope of consolidation as of June 30. Additionally, the Group obtained a minority stake in Ubica Robotics GmbH for €7 million, which represents 11.92% of the voting rights.

II.3 Post-closing events

On June 2, 2023, the Group's General Shareholders' Meeting approved the allocation of 1,761,200 shares to Walmart.

Walmart exercised 650,000 of these share subscription warrants on June 30, 2025, and then sold these shares by way of an accelerated private placement. This sale of shares is part of Walmart's strategy to monetize its investment in VusionGroup over time.

Following this transaction in early July, VusionGroup's share capital stood at 16,721,708 ordinary shares, and VusionGroup's share of the free float was thus increased by 2 points. The Group's cash position was increased by €72.8 million.

Following this transaction, Walmart retained 1,111,200 share purchase warrants that may give access to an aggregate amount of approximately 6.5% of VusionGroup's share capital, subject to certain conditions.

II.4 Notes to the financial statements

Notes to the balance sheet

Note 1 – Intangible assets

Gross Fixed Assets in € '000	Opening	Increase	Transfer between line items	Decrease	Closing
Goodwill	122,849	2,480	–	–	125,329
Development	171,543	–	21,423	–	192,966
Patents and similar rights	105,156	34	10,335	(221)	115,305
Intangible assets in progress	35,992	17,555	(31,758)	(4)	21,785
TOTAL	**435,540**	**20,069**	**–**	**(225)**	**455,385**

At June 30, 2025, the amount of goodwill breaks down as follows:

- SES-ESL merger: €12.6 million;
- acquisition of SES-Imagotag GmbH: €13.4 million;
- acquisition of Pervasive Displays Inc. (PDi): €18.3 million;
- acquisition of Findbox (now Captana GmbH): €6.7 million;
- acquisition of Market Hub: €0.3 million;
- acquisition of In The Memory: €63.2 million;
- acquisition of Belive: €8.3 million;
- acquisition of Yagora: €2.5 million

The amount of goodwill recognized as of June 30, 2025 in respect of the acquisition of a stake in Yagora amounted to €2,480 thousand and was calculated as follows:

- value of the shares: €3,000 thousand
- fair value of identifiable assets and liabilities: €520 thousand

Under IFRS 3, VusionGroup has a period of one year from the acquisition date to allocate the realizable assets and liabilities. Consequently, the amount of goodwill recognized as of June 30, 2025, is provisional and will be allocated definitively over the 12 months following the acquisition.

Research and development expenses represent the cost of research and innovation expenses incurred by the Group and which have enabled it to improve and diversify its product offering.

Transfers between line items during the year mainly correspond to:

- the capitalization of other development expenses, totaling €21,423 thousand, incurred mainly as part of the ongoing development of the Cloud software and new listings in the Vusion range, and the Captana program;
- the capitalization of part of the development projects for the Group's information systems and IT infrastructure for an amount of €10,335 thousand.

Intangible assets in progress mainly correspond to expenses incurred in the context for projects to develop marketable solutions for an amount of €11,128 thousand and the development of the Group's IT infrastructure for an amount of €5,126 thousand.

Amortization in € '000	Opening	Allowance	Transfer between line items	Reversal	Closing
Development	93,532	14,944		4	108,481
Patents and similar rights	50,037	4,891		(16)	54,912
TOTAL	**143,569**	**19,835**	**–**	**(12)**	**163,393**

Note 2 – Property, plant and equipment

Gross Fixed Assets in € '000	Opening	Increase	Transfer between line items	Decrease	Closing
Building and fixtures	6,792	43	529	(197)	6,917
Machinery, equipment, and tools	107,876	–	33,454	(23)	141,307
Other property, plant and equipment and assets in progress	86,748	**78,402**	(34,894)	(523)	129,733
TOTAL	**201,416**	**78,445**	**(1,161)**	**(743)**	**277,957**

The increase in property, plant and equipment during the year is mainly due to the equipment of industrial production lines for an amount of €76,287 thousand, of which €42,856 thousand were in progress at June 30, 2024.

This amount includes acquisitions made for the new EdgeSense range fully pre-financed by customers.

Depreciation in € '000	Opening	Allowance	Transfers between line items	Reversal	Closing
Building and fixtures	3,104	399	0	(13)	3,490
Machinery, equipment, and tools	31,456	10,582	0	(17)	42,021
PPE - Other	22,587	2,035	0	(373)	24,249
TOTAL	**57,146**	**13,016**	**0**	**(403)**	**69,760**

Rights of use

Gross Fixed Assets in € '000	Opening	Increase	Decrease	Closing
Buildings and improvements	17,319	8,927	(766)	25,480
Production line and industrial equipment	14,727	0	0	14,727
Vehicles and other property, plant and equipment	1,762	0	0	1,762
TOTAL	**33,809**	**8,927**	**(766)**	**41,970**

The increase in rights of use during the year is mainly due to the renewal or extension of existing leases, particularly in the United States.

Depreciation in € '000	Opening	Increase	Decrease	Closing
Buildings and improvements	8,808	1,546	(699)	9,655
Production line and industrial equipment	14,727	0	0	14,727
Vehicles and other property, plant and equipment	1,327	0	0	1,327
TOTAL	**24,862**	**1,546**	**(699)**	**25,709**

Note 3 – Financial assets

Financial Assets in € '000	Opening	Increase	Change in scope	Decrease	Closing
Non-consolidated investments(1)	18,668	8,470	0	0	27,138
Deposits and sureties	1,089	140	12	(71)	1,170
Other loans	732	44	0	0	776
Miscellaneous	104		0	(104)	0
TOTAL	**20,594**	**8,654**	**12**	**(175)**	**29,085**

(1) The amount of non-consolidated equity investments corresponds, on the one hand, to the value of the shares received in exchange for the Group's stake in the BOE Technology JV sold to Yi-Yun for €18,668 thousand. Since that date, the percentage of ownership has remained below 10%.On the other hand, it corresponds to the €7 million and €1.5 million acquisitions made in the first half of 2025 for Ubica and Yagora, respectively.

Note 4 – Inventories

Inventories in € '000	06/30/2025	12/31/2024
Inventory of raw material	8,167	8,240
Inventory of finished products	154,116	139,314
Inventory of goods purchased for resale	26,263	16,156
Impairment of inventory	(25,817)	(16,284)
TOTAL	**162,729**	**147,426**

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Note 5 – Trade receivables

Trade receivables in € '000	06/30/2025	12/31/2024
Gross trade receivables	253,156	330,267
Provision for impairment	(901)	(973)
TOTAL	**252,255**	**329,294**

The provision for impairment of trade receivables breaks down as follows:

Breakdown of the provision for impairment of trade receivables in € '000	Gross value	Impairment
Receivables overdue less than 90 days	4,894	(3)
Receivables overdue between 91 days and 360 days	41,017	
Receivables overdue more than 361 days	7,640	(898)
Receivables not yet due	199,605	0
TOTAL	**253,156**	**(901)**

Note 6 – Other current receivables and current taxes

Current tax receivables amounted to €7,300 thousand at June 30, 2025. They correspond to the payment of interim income tax on companies.

Other current receivables break down as follows:

Other current receivables in € '000	06/30/2025	12/31/2024
Tax receivables	6,075	9,477
Social receivables	67	52
Suppliers – advance and prepayments	11	9
Suppliers – credit note	455	1,678
Other current receivables	117,367	141,078
Prepaid expenses	6,300	7,189
TOTAL	**130,275**	**159,483**

Tax receivables mainly correspond to VAT receivables on purchases.

The amount in Other current receivables of €117,367 thousand mainly corresponds to the discount paid in advance in respect of Walmart share subscription warrants for an amount of €115,588 thousand recognized in Contract assets and which will be reported as a reduction of revenue as and when deliveries are made as described in paragraph II.2 Highlights of the year in section 6.1.2 of the 2023 Universal Registration Document.

The amount of credit note receivables is from our main suppliers of finished products and components and amount to €455 thousand, compared to €1,674 thousand at December 31, 2024.

Prepaid expenses relate to the Company's current operating expenses invoiced but relating to the following fiscal year.

Note 7 – Cash and cash equivalents

Cash in € '000	06/30/2025	12/31/2024
Short-term investments	3,417	15
Cash and cash equivalents	640,669	535,619
TOTAL	**644**	**535,634**

The improvement in the cash position is due to the increase in cash flow generated by operations and deposits received from customers.

Note 8 – Capital

Number of shares variation	Number	Nominal value in €	Share capital in €
Shares at the beginning of the period	16,071,708	2	32,143,416
Securities issued	0	2	0
Number of shares at the end of the period	**16,071,708**	**2**	**32,143,416**

At June 30, 2025, the Company held a total of 103,351 treasury shares. Treasury shares are restated as a deduction from equity in accordance with IAS 32.

Note 9 – Other Equity Instruments

Stock options and Performance shares

Allocation of stock options

The Company intends to make value sharing the primary driver of the Company's performance: involving employees in the Company's capital promotes a sense of belonging and long-term commitment. For several years now, the Company has been developing a dynamic policy of involving its employees in its financial performance.
In this respect, the Group implements free performance share plans (in accordance with the provisions of Articles L. 225-197-1 et seq. of the French Commercial Code). The mechanism consists of establishing a long-term allocation program (four years), in annual tranches, which focuses the teams on intermediate performance milestones, measured each year, in order to achieve, step-by-step, the Group's long-term performance milestones, in line with the strategic plan communicated to the market.

Thus, the "Vusion 27" free share program was launched at the end of 2023 and runs until 2027. It succeeds the "Vusion" program, which covered the 2020-2023 period. The "Vusion 27" free share program refers to the strategic plan formalized by the Group in the "Vusion 27" plan presented to the market in November 2022 (see section 1 of the 2024 Universal Registration Document).

The Board of Directors therefore decided to grant free performance shares to certain eligible beneficiaries, subject to the authorization of the Extraordinary General Meeting of June 29, 2020 (24th resolution) and of June 23, 2023 (17th resolution), with delivery of the shares subject to compliance with demanding performance conditions and a condition of continued presence until the delivery date of the free shares.

The grant conditions are decided by the Board of Directors at the time of the grant, and are described in each corresponding plan. For each of these plans, the vesting period is two years between the grant and the delivery of the shares.

The performance conditions are assessed each year (see tables in section 7.1.3 of the 2024 Universal Registration Document). By way of illustration, the plan awarded in July 2024 will be delivered in July 2026 depending on the performance of the Group assessed in 2025 for the 2024 fiscal year.

The shares are not subject to any holding period from the date of delivery (with the exception of the obligation for the Chairman and CEO to retain a portion of their shares until the termination of their duties).

As of June 30, 2025, 311,362 free shares allocated under these plans remain to be delivered subject to compliance with their performance and presence conditions, including 7,978 shares under the plan allocated on June 17, 2025, to the Chairman and Chief Executive Officer.

Note 10 – Non-current provisions

Non-current provisions in € '000	Opening	Allowance	Release of allowance	Change in scope	Closing
Warranty provisions	2,443		(107)		2,336
Provisions for leased assets refurbishment	870				870
Provisions for retirement benefits	997	56		809	1,862
Other provisions for risks	11,717	12,669		130	24,516
TOTAL	**16,026**	**12,724**	**(107)**	**939**	**29,584**

Provisions for the repair of leased assets relate to leases under IFRS 16. The balancing entry is recognized in property, plant and equipment, as an increase in the right of use.

The other provisions for risks mainly concern quality problems identified during the previous fiscal year for an amount of €10,267 thousand and during this half year for €12,662 thousand. These provisions relate to the launches of new products marketed in recent years.

Note 11 – Loans and lease liabilities

Loans are recognized at the amortized cost using the effective interest rate method.

		With cash impact		No cash impact			
Loans and lease liabilities in € '000	Opening	Increase	Decrease	Change in scope	Translation differences	Other	Closing
Bond issues	49,944						49,944
Loans from credit institutions	92,922		(11,853)				81,069
Current and non-current lease liabilities	9,878		(2,264)	8,927			16,542
TOTAL	**152,743**	**1**	**(14,117)**	**8,927**	**0**	**0**	**147,555**

The cash decrease mainly relates to the repayment of the first installment of the loan for an amount of €11,250 thousand.

At June 30, 2025, the Group complied with the consolidated leverage ratio (covenant) which refers to the ratio between net financial debt and EBITDA of less than 3.5 for Euro PP amounting to €10 million maturing in July 2025, and less than 2.5 for the €150 million bank loan and the €40 million Euro PP tranche raised in December 2023. The impact of the recognition of the lease liability following the application of IFRS 16 is excluded from the definition of financial debt for the purpose of calculating covenants.

Loans and lease liabilities in € '000	**06/30/2025**	Less than 1 year	1-5 years	More than 5 years
Loans	131,013	33,353	57,660	40,000
Current and non-current lease liabilities	16,542	4,777	11,764	
TOTAL	**147,555**	**38,130**	**69,424**	**40,000**

Note 12 – Other non-current liabilities

Other non-current liabilities in € '000	**06/30/2025**	12/31/2024
Other payables relating to acquisitions	9,882	8,407
Research tax credit	4,087	4,087
TOTAL	**13,696**	**12,494**

The amount of other payables relating to earn-outs corresponds mainly to the estimated amount of the earn-out as part of the acquisition of In The Memory, i.e. €7.9 million and the €1.5 million acquisition price of the minority share in the company Yagora.

Note 13 – Trade payables

Trade payables in € '000	**06/30/2025**	12/31/2024
Trade payables	150,013	151,292
Suppliers – accrued expenses	95,445	68,392
TOTAL	**245,458**	**219,684**

At June 30, 2025, trade payables correspond to purchases during the last 50 days of the year.

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Note 14 – Other debts and accrual accounts

Other debts and accrual accounts in € '000	06/30/2025	12/31/2024
Customers – prepayments	564,597	780,019
Customers – accrued income	4,303	3,688
Social security and tax liabilities	42,780	29,472
Fair value of share subscription warrants	203,414	136,687
Fair value of financial instruments		31
Deferred income and other liabilities	282,220	55,507
TOTAL	**1,097,315**	**1,005,404**

The fair value of the subscription warrants corresponds to the reassessment made at each closing of the fair value of the shares subscription warrants granted to Walmart as described in paragraph II.2 Highlights of the year in section 6.1.2. of the 2023 Universal Registration Document. No share subscription warrants granted to Walmart have been exercised at June 30, 2025.

Deferred revenue corresponds to sales made during the first half of the year but for which the contractual obligations had not been fully met by June 30, 2025. The revenue from these sales will be recognized in the second half of the year.

Notes to the income statement

Note 15 – Revenue

Revenue for the period breaks down as follows:

Revenue by geographical area in € million	06/30/2025		06/30/2024	
France	41.5	7%	40.9	10%
EMEA (excluding France)	156.1	25%	197.5	48%
Asia and the Americas	416.5	68%	170.5	42%
TOTAL	**614.1**		**408.9**	

Revenue in France correspond to ESL revenue generated with French retailers for their shops in France and abroad, as well as the corresponding VAS activities also generated by In The Memory and Belive

Revenue by sector in € million	06/30/2025		06/30/2024	
Electronic labels	523.5	85%	364.9	89%
Services, software and other value-added solutions	90.6	15%	44.0	11%
TOTAL	**614.1**		**408.9**	

The Group's annual revenue for the first half of 2025 reached €614.1 million. This value includes the effect of two IFRS 15 restatements with no effect on cash, related to the Walmart contract and relating to (i) the granting of equity warrants with conditions, and (ii) scheduled reductions in selling prices indexed on volumes. These two restatements negatively impacted IFRS revenue by -€35.2 million in the first half of 2025 and -€22.2 million in the first half of 2024. They only relate to Asia and the Americas. In order to provide a broader economic view, the Group also presents adjusted revenue data for these two restatements. Adjusted revenue in the first half of 2025 amounted to €649.3 million, up 50.6% compared to adjusted revenue in the first half of 2024.

In EMEA, the top line decreased almost 17% versus the previous year to €198 million and accounted for 30% of the Group's total annual revenue. This previously commented change is due to a timing effect of contracts signed by the end of last year and orders made during the first half of this year.

Revenue in the Americas and Asia-Pacific region (Rest of the world) amounted to €417 million and €452 million in adjusted data, showing strong growth of, respectively +144% and +134% compared to the first half of 2024. This remarkable dynamic is driven, in particular, by the acceleration of the pace of deployment at Walmart.

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Note 16 – Purchases consumed

The amount of purchases consumed is composed of the following:

- consumption of purchases of raw materials, goods purchased for resale and finished product inventories;
- allowances and reversals of provisions on these purchases;
- transportation and incidental expenses relating to these purchases.

Note 17 – External expenses

Other external expenses in € '000	**06/30/2025**	06/30/2024
Variable external expenses	(17,995)	(11,625)
External staff costs and recruitment fees	(4,685)	(3,851)
Travel Expenses and Travel	(4,932)	(4,263)
Marketing	(7,397)	(5,508)
Fees	(10,291)	(7,096)
IT and telecom expenses	(5,762)	(3,976)
Other external expenses	(3,363)	(987)
TOTAL	**(54,425)**	**(37,305)**

Note 18 – Staff costs

Staff costs in € '000	**06/30/2025**	06/30/2024
Staff costs	(41,977)	(34,104)
Performance shares (IFRS 2)	(20,874)	(8,035)
Retirement benefits	(50)	(50)
TOTAL	**(62,901)**	**(42,189)**

The IFRS 2 expense recognized at June 30, 2025, relates to the performance shares plans issued by VusionGroup SA to the Group's employees in 2023 and 2024.

The IFRS 2 expense recognized at June 30, 2024, relates to the performance shares plans issued by VusionGroup SA as well as a new plan issued in 2024.

Note 19 – Other operating expenses

Other operating expenses were not significant over the period.

Note 20– Other operating income

Other operating income were not significant over the period.

Note 21 – Other financial income and expenses

Net financial income/(expense) in € '000	06/30/2025	06/30/2024
Foreign exchange gains	103,643	5,642
Other financial income	16,349	696
Other financial income	**119,992**	**6,338**
Financial instruments	0	(1,020)
Bank interest expenses	(4,172)	(5,847)
Leasing related interest expenses	(109)	(196)
Foreign exchange losses	(54,365)	(8,930)
Other financial expenses	(75,129)	(13,329)
Other financial expenses	**(133,776)**	**(29,322)**
TOTAL	**(13,785)**	**(22,984)**

The amount of foreign exchange gains and losses is mainly due to the fluctuation of the dollar exchange rate over the period.

Note 22 – Income tax and deferred taxes

In € '000	06/30/2025	06/30/2024
Income tax expense	**(13,385)**	**(3,089)**

Income tax and deferred tax in € '000	06/30/2025	06/30/2024
Tax loss carryforwards	0	6,121
Temporary differences	14,799	8,589
Total deferred tax assets	**14,799**	**14,710**
Amortization of technologies	6,561	7,637
Capitalization of R&D expenses	7,244	6,934
Temporary differences	2,783	3,478
TOTAL DEFERRED TAX LIABILITIES	**16,588**	**18,049**

Deferred tax assets relating to tax loss carryforwards mainly concern the French entity. They were fully allocated at June 30, 2025, taking into account the expected results at the end of the fiscal year.

The amount of permanent differences mainly concerns a portion of IFRS non-cash restatements on the Walmart US contract that will not give rise to a tax liability or receivable in subsequent years.

Deferred tax liabilities relating to identified technologies following the goodwill allocation break down as follows:

- Pervasive Displays Inc: €518 thousand;
- Captana GmbH: €257 thousand;
- SES-imagotag Gmbh: €301 thousand;
- In The Memory: €5,485 thousand

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Note 23 – Total net profit (loss) – Earnings per share

Net loss for the year amounted to -€9,686 thousand.

Effect of potential dilution on the capital

Earnings per share	06/30/2025	06/30/2024
Profit (Loss) - Group share in € '000	(9,128)	-23,857
Weighted average number of shares	16,071,708	15,958,658
Performance shares(1)	311,362	271,198
Share subscription warrants	1,761,200	1,761,200
Earnings per share		
• before dilution	(0.57)	(1)
• after dilution	(0.57)	(1)

(1) Concerns shares granted but not delivered at the reporting date. As of June 30, 2025, this corresponded to 125,848 shares under the 2023 plan, 177,536 shares under the 2024 plan and 7,978 shares under the plan allocated on June 17, 2025, to the Chairman and Chief Executive Officer.

II.5 Other information

Note 24 – Off-balance sheet commitments

Commitments given:

- comfort letter in favor of VusionGroup GmbH, a wholly-owned subsidiary of the Company;
- rent payment guarantee for an amount of €376 thousand (CIC);
- Bank guarantee on a foreign transaction for an amount of €65 thousand;
- at June 30, 2025, the Group complied with the consolidated leverage ratio (covenant) which refers to the ratio between net financial debt and EBITDA of less than 3.5 for Euro PP amounting to €10 million maturing in July 2025, and less than 2.5 for the €150 million bank loan and the €40 million Euro PP tranche raised in December 2023.

Note 25 – Degree of exposure to market risks

In financial terms, the Company is mainly exposed to changes in interest rates on its variable-rate loans. Interest rate hedging instruments were subscribed in 2024.

Degree of exposure to market risk in $ '000	At 06/30/2025
	–
Hedging portfolio at end-December 2024	65,000
Settled in H1 2024	–
Hedging portfolio at the end of June 2025	**65,000**

Note 26 – Research and development expenditure

Over the period, €11,128 thousand of research and development expenses were capitalized in the balance sheet under fixed assets in progress.

Note 27 – Transactions with related parties

The related parties identified by the Group are:

- Group shareholders owning more than 10% of the share capital;
- members of the Board of Directors.

During the first half of 2025, the Vusion (SES-imagotag) Group carried out the following transactions with its shareholder BOE Smart Retail (Hong Kong) Co. Ltd or companies related to this company:

- $122.5 million in purchases from Chongqing BOE Smart Electronic System Co. Ltd relating to an industrial supply and sub-contracting agreement ("Master Service Agreement");
- $1.7 million in purchases with Ewin Digital Technology (Beijing) CO., relating to a component supply and industrial subcontracting contract.

Note 28 – Corporate officer remuneration and retirement plan

The gross remuneration paid to the Chairman and CEO amounts to €200 thousand in respect of his H1 2025 fixed remuneration.

A contract under the Social Guarantee of Chief Executive Officers (GSC) was signed during 2012 to the benefit of the Chairman and CEO. The annual contribution for the year 2025 amounted to €23 thousand.

This contract includes the basic plan as well as a supplementary plan providing for compensation coverage over a 12-month period (former plan).

The remuneration of the Chairman and CEO is detailed as follows:

In €	06/30/2025	06/30/2024
Short-term benefits	215,287	200,000
Post-employment benefits	0	0
Other long-term benefits	0	0
End of contract indemnities	0	0
Share-based payment	0	0

Note 29 – Credit, liquidity, and cash flow risks

The Company does not hold risky investments.

II.6 Scope of consolidation

Company name	Registered Office	Consolidation method(1)	% controlled 06/30/2025	% of interest 06/30/2025	% of interest 12/31/2024
VusionGroup S.A.	Nanterre (France)	(Parent)	(Parent)	(Parent)	(Parent)
SES-imagotag Pte Ltd	Singapore	FC	100	100	100
SES-imagotag Mexico srl. de cv	Mexico	FC	99	99	99
VusionGroup Srl.	Italy	FC	100	100	100
VusionGroup GmbH	Austria	FC	100	100	100
Solutions Digitales SES-imagotag Ltée	Canada	FC	100	100	100
VusionGroup Ltd	Ireland	FC	100	100	100
VusionGroup INC.	United States	FC	100	100	100
VusionGroup BV	Netherlands	FC	100	100	100
VusionGroup Aps.	Denmark	FC	100	100	100
VusionGroup S.L	Spain	FC	100	100	100
Captana GmbH	Germany	FC	100	100	100
Pervasive Displays Inc	Taiwan	FC	100	100	100
PDi Digital GmbH	Austria	FC	90	90	90
VusionGroup Pty Ltd	Australia	FC	100	100	100
VusionGroup K.K.	Japan	FC	100	100	100
VusionGroup RDC d.o.o.	Croatia	FC	100	100	100
VusionGroup Limited	Hong Kong	IC	100	100	100
In The Memory SAS	France	FC	100	100	100
Belive SAS	France	FC	71.67	71.67	71.67
Yagora GmbH(2)	Germany	FC	100	51	NA

(1) FC: Fully consolidated
(2) The Company was acquired in June 2025 and therefore entered the scope of consolidation in the first half of 2025.

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Statutory Auditors’ Review Report on the Half-yearly Financial Information

Statutory Auditors' Review Report on the Half-yearly Financial Information

For the period from January 1, 2025 to June 30, 2025

To the shareholders of VusionGroup,

In compliance with the assignment entrusted to us by your Shareholders' Meeting and in accordance with the requirements of Article L. 451-1-2-III of the French Monetary and Financial Code (*Code monétaire et financier*), we hereby report to you on:

- the limited review of the half-yearly consolidated financial statements of VusionGroup, for the period from January 1, 2025 to June 30, 2025 ;
- the verification of the information presented in the Half-yearly management report.

These half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our limited review.

Conclusion on the financial statements

We conducted our limited review in accordance with professional standards applicable in France.

A limited review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical procedures. This work is substantially less in scope than an audit conducted in accordance with professional standards applicable in France. Consequently, the level of assurance that the financial statements, taken as a whole, are free from material misstatement obtained from a limited review is moderate, and lower than that obtained from an audit.

Based on our limited review, we did not identify any material misstatements that would call into question the compliance of the summarized consolidated half-year financial statements with IAS 34 – the standard of the IFRS framework as adopted in the European Union relating to interim financial reporting.

Specific verification

We have also verified the information presented in the half-yearly activity report on the half-yearly consolidated financial statements subject to our limited review.

We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Paris - La Défense, September 18, 2025

Statutory Auditors

KPMG S.A.	Deloitte & Associés
Mathilde FIMAYER	Hélène DE BIE

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Certificate of the person responsible for the half-year financial report

I hereby certify that, to the best of my knowledge, the consolidated financial statements for this half year have been drawn up in accordance with the applicable accounting standards and provide a true and fair view of the assets and liabilities, the financial position and the profits of the company and all companies included in the scope of consolidation, and that the Activity Report attached provides a true and fair view of the major events having occurred during the first six months of the fiscal year, their impact and the main transactions between related parties, as well as a description of the main risks and uncertainties to which the Group is exposed for the six months to come for that same fiscal year.

Thierry GADOU

Chairman and CEO

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