

SES-imagotag: COVID-19 Update

- **Activity still impacted in Q2 by the COVID crisis, subject to variation according to geographies**
- **Q2 expected sales circa €60m, firmly up on Q1 but down vs. Q2 2019**
- **New client wins showing excellent momentum indicating strong prospect of return to growth in H2, driven by particularly sharp jump in sales in the Americas**

Thierry Gadou, Chairman and CEO of the SES-imagotag group comments: "After a marked slowdown in activity in April, the gradual easing of lockdowns and the return to normal production in China will see Q2 sales improving compared to the previous quarter and allow us to make Sales of around €110-115m in H1, slightly down from H1 2019 (€121m). France and Southern Europe have been the most affected geographies, however SES-imagotag now benefits from a very balanced geographic portfolio that includes regions which are still showing growth such as Germany, Northern Europe, North America and Asia. Order entries remained very active throughout this period, demonstrating the Group's potential to recover strongly in H2 and in 2021. Several new major deals have been signed in recent weeks in three continents. Once we are through the short-term impact of the crisis, we expect to see an accelerating adoption of digital in physical commerce across the globe. In the meantime, we have put in place contingency plans to protect our teams and secure the future of the company."

SES-imagotag, (Euronext: SESL, FR0010282822) the global leader in Electronic Shelf Labels (ESLs) and digital solutions for physical retail, today provides a business update relating to the Covid-19 pandemic.

Activity still under pressure in Q2, with variations across different regions

April 2020 was severely affected in all regions as a result of the measures put in place by governments to contain the Covid-19 pandemic. However, the gradual easing of lockdown measures since then has allowed activity to restart, albeit at different rates depending on the region.

Production capacity has also returned to normal levels after two months of significant disruption.

Subject to further progress in easing lockdown measures, Q2 sales are expected to be around the €60m level, an increase of +20% compared to the previous quarter, but down year-over-year as several projects have been interrupted or postponed during this period.

Some geographies are performing better than others: the decline is more marked in France and Southern Europe, while Northern Europe, America and Asia continued to grow over the period. In particular, the United States has been growing strongly.

SES-imagotag is now benefiting from its increasingly global footprint, which clearly strengthens its resilience.

Excellent order entries momentum

In this period of slowdown in activity, order entries are the most reliable indicators of the potential for recovery.

Following a very positive first quarter (+52% YoY and +38% on a rolling 12 months basis to the end of Q1), new orders continued to grow, showing that retailers see the digitization of stores as an increasingly important strategic priority.

Several major new contracts have been signed in recent weeks, including a significant roll-out with a leading grocery retailer in Scandinavia; a first large contract in South America with one of the continent's largest food retailer; several new projects in North America as well as a major contract in China.

Risk prevention

In this context of continued uncertainty, SES-imagotag is maintaining its contingency plan to prevent health risks, to control costs and investments, and to strengthen its financial capacity.

- The gradual lifting of lockdowns in France (May 11) and in other countries has been accompanied by strict rules on workplace hygiene and health measures as a result of which there have been to date no cases of COVID-19 among the workforce;
- The cost control plan currently in place, combined with a return to growth in H2, should lead to a significant improvement in profitability relative to last year;
- As part of its operational performance improvement plan, the Group is currently switching its global information system to SAP. Although the switch was subject to some delay because of the pandemic, implementation is currently only a few weeks behind the original schedule;
- Finally, with pressure on working capital as a result of lengthening customer payment periods and the increase in inventory due to certain projects being postponed or delayed, the Group is actively working with its financial partners to access the French Government guaranteed loan scheme (*the Prêt Garanti par l'État or PGE*) to support operations through the crisis and enable activity to restart rapidly as conditions permit.

Outlook

The Group expects H1 sales of around €110-115m (vs. €121m in H1 2019), with a recovery in H2, subject to a continued easing of lockdown measures and the pandemic continuing to recede.

For FY 2020, SES-imagotag still expects growth in Sales compared to 2019, thanks to strong momentum in the Americas and Asia-Pacific.

In the medium / long-term, this crisis has demonstrated the essential role that is played by physical stores and the urgent need for their digitization. Although certain non-food chains have unsurprisingly been seriously weakened by recent events, the past few months will have intensified the pressure globally to digitize physical commerce, the market that SES-imagotag exists to serve.

Next Monthly Update and Shareholders' Meeting on June 29, 2020

On May 12, 2020, SES-imagotag informed its shareholders that the Company's Board of Directors, by deliberation on the same day, decided to postpone the Shareholders' Meeting initially planned on June 4, 2020, to June 29, 2020 at 9.00am.

SES-imagotag will publish its next monthly update at that time.



About SES-imagotag and the VUSION Retail IoT platform

SES-imagotag is a fast-growing retail tech company, listed on the Euronext Paris stock exchange, with revenues around €250 million. The company is the world leader in smart digital labels and IoT solutions for physical retail, serving over 300 large retailers around the world in Europe, Asia and America.

SES-imagotag has developed the VUSION Retail IOT technology platform to help retailers transform their physical stores into high value digital assets, more automated, data-driven, and connected in real-time to suppliers and consumers. VUSION improves pricing agility, accuracy and integrity; enables omni channel synchronization of prices, product information and marketing content; and increases the productivity of shelf replenishment and in-store picking for online orders. VUSION improves employee satisfaction by freeing up time from cumbersome low value-added tasks and allowing them to focus on customer service and merchandizing tasks. VUSION connects shelves to the cloud, providing real-time accurate information on product availability and location, allowing for reduced inventory, out-of-stock and waste, as well as improved on-shelf availability and merchandizing compliance. VUSION empowers consumers with better product, nutritional and traceability information at the shelf and enables a frictionless in-store shopping experience with features such as product search, pathfinding and cashier-less scan & pay features.

www.ses-imagotag.com

SES-imagotag is listed in compartment B of the Euronext™ Paris

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