

04 November 2024

Vianet Group plc

("Vianet" or the "Group")

Trading Update and Notice of Results

Vianet Group plc (AIM: VNET), the international provider of actionable data and business insights through an integrated ecosystem of connected hardware devices, software platforms and smart insights portals, today announces a trading update, and notifies that it will release its results for the six months ended 30 September 2024 on Tuesday, 3 December 2024.

Financial and Operational Update

The Group's performance in H1 2025 reflects the strength of its business model, with recurring revenues accounting for an impressive 84% of total income and supported by healthy gross margins. EBITDA increased markedly by 26.6% to £1.55 million (H1 2024: £1.22 million), in line with management's expectations. This growth comes after a strategic investment of £0.25 million in our Beverage Metrics operations in the U.S., underscoring our commitment to both strategic and geographical expansion.

Financial highlights:

- **Revenue Growth:** H1 2025 revenue increased to £7.69m, up from £7.19m in H1 2024.
- **Strong Recurring Revenue:** H1 2025 recurring revenue of £6.45m maintaining a solid 84% of total income (H1 2024: 87%)
- **Robust Gross Margin:** Gross Margin remains very robust at 67% (H1 2024: 69%)
- **Increased Operating Profit:** Adjusted operating profit rose 10.1% to £1.43m (H1 2024: £1.3m)
- **Good Operational Cash Generation:** Operational cash generation after working capital was £1.92m (H1 2024: £1.28m) demonstrating strong cash conversion at approximately 124% of EBITDA.
- **Reduced Net Debt:** Net Debt has been reduced to £1.0m (H1 2024: £2.09m) and cash balances increased to £2.25m (H1 2024: £1.32m)

These results underscore our strategic initiatives and operational efficiency, positioning the Group well for continued growth and success in the upcoming periods.

Market Developments

The Group's initiatives have driven continued customer acquisition and strengthened existing relationships, building a solid sales pipeline to support future recurring revenue growth. Our expansion into new industry verticals is advancing well, particularly in the forecourt sector, where we are seizing promising opportunities among manufacturers and retailers.

In our unattended retail division, we took a proactive approach to the transition from 3G-to-4G which has led to a substantial pipeline for 4G LTE readers. Although the slow pace of 3G shutdown by mobile network operators has impacted short-term pipeline conversion, Smart Machines achieved a commendable 6.2% revenue growth. The anticipated 3G network shutdown, initially anticipated for December 2024, is now expected in summer 2025, however our contract extensions and footprint expansion with both new clients, such as Lucozade, and existing clients leaves us strongly positioned for H2 2025 and FY2026.

Our hospitality division posted a 7.3% year-on-year revenue increase, bolstered by several long-term contract renewals and new client wins, including Marston's. Ongoing collaborations with Fintech and Oxford Partnership are yielding positive outcomes, enhancing our growth prospects in the hospitality sector across the UK and the U.S.

James Dickson, Chair & CEO of Vianet commented:

"We are witnessing a notable improvement in the Group's performance, driven by our strategic investments in sales, technology, new market verticals, and expanded product lines. These initiatives, along with our strategic partnerships, have established a strong foundation for growth, unlocking exciting commercial opportunities across all areas of our business.

Our collaboration with Suresite, alongside the recent exit of a competitor is creating substantial new opportunities within the unattended retail sector, particularly in expanding our market share and subscription revenues. While the slow pace of the 3G network shutdown presents certain short-term challenges, it has not impeded our ability to build a strong pipeline. We remain optimistic about our capacity to double the size of this business within the next 18-24 months.

Our U.S. acquisition, Beverage Metrics Inc., acquired in May 2023, is now fully integrated, enhancing our leading beverage management solution and driving growth in both the UK and US hospitality markets. With our U.S. operations continuing to progress towards profitability, we are encouraged by the advancements and high engagement levels in key customer pilot programs in this significant market.

The strengthening of our balance sheet positions the Group to consistently deliver growth in recurring revenues and earnings, generate strong free cash flow, and support dividend distributions.

As we execute on our long-term strategic plan, I look ahead with great optimism and confidence in our future. Thank you for your continued support"

- Ends -

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About Vianet

Vianet Group is a leading provider of actionable management information and business insight created through combining data from our smart Internet of Things ('IOT') solutions and external information sources.

Since Admission to AIM in 2006, the Group has grown from its core beer monitoring business both organically and through strategic acquisitions to widen its offering and develop new businesses, especially in vending telemetry and contactless payment solutions particularly for the premium coffee sector.

Servicing over three hundred customers across the world and rendering live data to our IOT platform from over 250,000 connected machines daily, Vianet is one of the largest business to business (b2b) connected solutions providers in Europe with established long-term relationships with blue chip customers and growing recurring revenues which are over 85% of our total revenues.

In our **Smart Machines** division, we connect a single data gathering device with its own on-board communication capability to a customer's asset or system. The device then sends data back via our IOT platform to cloud based servers. The technology was originally developed for automated retailing machines; however, the flexibility and functionality of the device means the technology can be applied to any machine which has the capability to output data. The device is also used to connect our contactless payment solution and communicate payment terms to our cloud-based payment services providers where that application is also required.

The **Smart Zones** division is where we connect multiple data gathering devices into one or more systems or assets with the data from those devices being communicated back to our IOT platform and cloud-based servers via a single 3G communications hub. The technology was originally developed for flow monitoring devices, temperature sensors, and asset management in drinks retailing but any data gathering device with a digital output could be connected to the communications hub where required such as gaming machines, utilities management and EPOS.

For further information, please visit www.vianetplc.com

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