

2018 annual results: revenue up nearly 50% with results nearing breakeven

Arcure, specialised in AI-driven image processing solutions for industry, today announced its 2018 annual results. The Company's financial statements for the period ended 31 December 2018 ("FY 2018") have been adopted and reviewed by its Management Board and the Supervisory Board. The audit procedures for the annual financial statements have been performed and the auditors' report will be issued in April after completion of the procedures required for the publication of the annual financial report.

2018 FINANCIAL HIGHLIGHTS

In € '000s

	2018	2017 ⁽¹⁾	Change	
			(€)	%
Revenue	7,446	5,015	2,431	48%
Other income	1,441	957	484	51%
Gross margin⁽²⁾	3,127	1,900	1,227	65%
<i>Gross margin as a % of sales</i>	42%	38%		
Adjusted EBIT⁽³⁾	(83)	(196)	113	(57)
Net financial expense	(46)	(18)	(28)	158%
Net exceptional items	-	96	(96)	(100)
Innovation Tax Credit	39	34	5	14%
Net Profit	(90)	(84)	(6)	8%

(1) The 2017 financial statements were restated to prepare the prospectus for the Company's IPO.

(2) *Gross Margin = Revenue - Cost of goods and services sold*

(3) *Adjusted EBIT which includes the research tax credit of €489k in 2018 and €319k in 2017.*

2018 REVENUE UP NEARLY 50%

Arcure's revenue grew nearly 50% in 2018 to €7.4 million. Sales in France (46% of revenue) rose sharply in 2018 by 73%. This performance reflects growing demand from direct customers and distributors of industrial vehicles for the Blaxtair® solution highlighted by partnerships with major players to equip all their sites.

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International sales (54% of revenue) also displayed good momentum with a strong acceleration in the US market and a successful commercial deployment in Europe. Asia and, in particular, Japan, Arcure's historic market with strong growth in H1 2018 in response to inventory stocking by a distributor in the region, registered more moderate gains for the full year.

GROWTH IN THE GROSS MARGIN WITH ADJUSTED EBIT NEAR BREAKEVEN

Arcure's gross margin in the period rose to €3.1 million, up 65% from one year earlier. As a percentage of sales, it gained 4 percentage points, highlighting Arcure's capacity to achieve continuing production and purchasing cost efficiencies.

Increases in staff costs and other external expenses were driven by investments in business development and R&D to scale up the company to prepare for strong growth in line with the business plan presented at the time of the IPO. Adjusted EBIT, integrating the research tax credit, registered a notable improvement in relation to 2017 with a marginal loss for the year of €83k.

Net income was close to breakeven with a loss of €90k.

€10.9 MILLION TO FINANCE GROWTH

At 31 December 2018, before the IPO, the Company's equity stood at €2,198k and net financial debt at €2,238k.

In February 2019, pursuant to its IPO on Euronext Growth®, Arcure significantly strengthened its equity, with a capital increase in the amount of €7.9 million, raising total funds of €10.9 million (including the convertible bonds issued in January 2019). For information, these funds will be devoted to accelerating the international commercial deployment of Arcure's offering and continuing R&D to enhance the range of products and services to maintain its technological advance.

2019 OUTLOOK

In 2019, the company wants to continue the ramp up already in progress with key account end-users (operators of industrial sites) with the Blaxtair® solution as exemplified by the partnership recently announced to equip all forklifts of Faurecia's Clean Mobility and Seating operations (see press release of 14 March 2019) covering 81 of its sites. Increasing contributions from these contracts will add to sales growth in 2019.

Similarly, the company is expecting growth in sales from two agreements with machinery manufacturers, and notably the agreement with Jungheinrich. Arcure, is currently in advance stages of discussions with several leading global manufacturers and looking to finalise a new agreement of this type for OEM integration of the Blaxtair solution and several proof-of-concept projects for the Oméga sensor.

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For more information www.arcure-bourse.com

Next publication: Press release on H1 2019 on 31 July 2019

About Arcure

Founded in 2009, Arcure is specialised in the development and sale of solutions to increase the autonomy and safety of industrial machinery and robots based on cutting-edge technology in artificial intelligence applied to image processing for manufacturing sectors.

In collaboration with CEA's research teams, Arcure developed notably Blaxtair®, a cutting-edge pedestrian detection solution guaranteeing the safety of industrial vehicles in a multitude of situations and particularly in the most challenging environments. With over 5,000 units already sold in more than 30 countries and used by global manufacturing leaders, Blaxtair® is gradually being adopted by machinery manufacturers.

More recently, Arcure has expanded its offering with Oméga, a 3D vision sensor based on the Blaxtair technology destined exclusively for manufacturers and integrators of intelligent systems for Industry 4.0.

Arcure, listed on Euronext Growth (ISIN : FR0013398997 - Ticker: ALCUR) had revenue of €7.4 million in 2018 (with 54% of from international markets), an increase of nearly 50%.

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