

First half 2019 results:

- Revenue up 7% excluding non-recurring items¹ in 1st half 2018;
- Gross margin up 6 percentage point fuelled by ongoing Blaxtair® production cost reductions;
- US subsidiary and German office opened;
- Tech and sales alliance signed with Liebherr;
- Strengthening the commercial workforce to start a new growth cycle; Non-recurring costs on new debt;
- Comfortable level of cash;
- July 2019 record order entry and sharp growth expected in H2.

Arcure, specialised in AI-driven image processing solutions for industry, today reported its first half 2019 results. The Company's financial statements were adopted by the Management Board and reviewed by the Supervisory Board on 26 July 2019. The financial report including the H1 2019 financial statements and notes thereto will be available from 29 July after market close on the Company's website under the heading "Financial Documents" www.arcure-bourse.com.

FIRST HALF 2019 SUMMARY RESULTS

€000			Change	
	H1 2019 ²	H1 2018	€	%
Revenue	3,234	4,177	(943)	(23%)
Other income	750	699	51	+7%
Gross margin³	1,527	1,732	(168)	(10)%
<i>Gross margin as a % of sales</i>	47%	41%		+6 pp
Adjusted EBIT⁴	(976)	(7)	(969)	n/a
Net financial expense	(248)	(19)	(228)	n/a
Innovation tax credit	19	19	0	n/a
Net profit /(loss)	(1,205)	(7)	(1,198)	n/a

¹ See details of the restatements in the analysis of revenue

² For the first time, Arcure reports consolidated data including Blaxtair Inc. results

³ Gross margin = Revenue - Cost of goods and services sold

⁴ Including research tax credit of €321k in H1 2019 and €182k in H1 2018

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H1 2019 REVENUE OF €3.2 MILLION

Arcure's first half 2019 revenue amounted to €3.2 million, down from €4.2 million in H1 2018. While the Company's business fundamentals are robust and global demand for Blaxtair® is on the up, this revenue reduction is due to an adverse basis of comparison. In first half 2018, Arcure posted, as mentioned in IPO documents, high volumes (amounting to some €1.3 million) due to its Japanese distributor building stocks for the local market. After a long period of inventory rundown over second half 2018 and early 2019, Arcure posted first half 2019 order entry from Asia of €0.3 million. Furthermore, last year the Company earned €0.2 million non-recurring revenue from *Chantier du Grand Paris* with its WISE package.

Adjusting for both these non-recurring items, Arcure H1 2019 revenue came in up 7%.

GROSS MARGIN RATE UP AND EBIT HIT BY ROLL-OUT OF THE GROWTH STRATEGY

Arcure turned in H1 gross margin of €1.5 million representing 47% of revenue, which reflects a 6 percentage point year-on-year increase in gross margin as a percentage of revenue. Such increase confirms Arcure's capacity to constantly optimize production and sourcing costs.

Staff costs (up €0.5 million year-on-year) and other external expenses (up €0.5 million) rose as a result of investment in sales and R&D resources under the development plan announced during the IPO. Against this backdrop, the Company hired sales and marketing staff during the first half, in France and for the key US and German markets: its new US subsidiary - Chicago-based Blaxtair Inc. - and its new German office. As a result, the sales and marketing department now consists of 15 staff, up from 8 staff at 31 December 2018. The R&D department has also taken on new people increasing from 12 to 19 staff so as to shore up the Company's innovation pipeline.

After these investments for the future, adjusted EBIT including research tax credits amounted to a €1.0 million loss.

After first half 2019 interest expenses of €0.2 million due to bond conversion at the time of the IPO, the first half 2019 net loss was €1.2 million.

A HEALTHY CASH POSITION

At 30 June 2019, the Company held €5.8 million cash, €1.2 million financial debt and €10.3 million equity. This strong balance sheet means Arcure can continue to invest in ramping up the international roll-out of its offering and in carrying on R&D work designed to enhance its goods and services range and safeguard its technological lead.

2019 OUTLOOK

Looking forward to H2 2019, the Company has positive signals on the business with sustained demand and an increased capacity to address it due to new hiring in France and abroad.

Indeed, in July 2019 the Company enjoyed record order entry amounting to over €1 million, which will be delivered over the next few weeks.

ARCURE

The Company plans to take advantage of its investments over the last few months and to continue its major sales push with key account end-users (production plant operators) that it has already begun. This involves its Blaxtair® package along the lines of the recently announced alliance to equip all 900 forklifts of Faurecia's Clean Mobility and Seating operations at 80+ production plants around the world (see 14 March 2019 press release).

Similarly, the Company looks forward to sales growth from H2 2019 as a result of prior agreements signed with production forklift manufacturers including Jungheinrich, Kalmar and Liebherr. In April 2019, the market leading production forklift manufacturer introduced its latest wheel loaders assistance system, which includes Arcure's essential person detection components.

These agreements for OEM integration of the Blaxtair® solution represent considerable medium-term growth potential after a phase required to train manufacturing staff in Arcure products.

Lastly, the launch of a Blaxtair® smart version marketed from H2 2019 as per the planned timeline, should also contribute to the growth at end of the year, while the Oméga sensor, which has several PoC (proof of concept) tests in progress, confirms its growth potential in the medium term.

Buoyed by these upbeat developments, Arcure can look forward to a sharp increase in second half 2019 revenue while keeping a tight rein on costs.

For more information www.arcure-bourse.com

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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