

Arcure releases increased half-year results: profitability improved, driven by the growth of revenue

- A net income of €1.2 million, or 12% of revenue (€ 0.1 million for the 2023 first semester) and a gross operating surplus of €2.2 million for the half-year, almost doubled compared to the first half of 2023.
- An increased gross margin rate of 58%, increased by 2 points, for a total value of €5.8 million.
- A revenue target confirmed at €20 million for the year 2024, i.e. doubling compared to 2021.
- A solid financial structure, allowing to contract €1.750 million debt since the end of June.

Arcure, a specialist in artificial intelligence for improving safety and productivity in the industry, today publishes its results for the first half of 2024. As of June 30, the Company recorded an increase in profitability, with a Gross operating surplus of 22% this semester, thanks to revenue growth of 24.5% and cost control. Arcure, a French technological company, is following its roadmap for growth and profitability on the rapidly growing market of embedded AI in the industry.

SUMMARY OF 2024 HALF-YEAR RESULTS

In thousands of euros	30 June 2024	30 June 2023 (proforma ⁴)	Variation
Revenue	10,089	8,106	1,983
Gross margin ¹	5,803	4,518	1,285
Gross margin rate	58%	56%	n/a
Other operating income ²	1,997	1,692	305
Gross operating surplus ³	2,212	1,183	1,029
Gross operating surplus rate	22%	15%	n/a
Depreciation, amortization and provisions	(1,403)	(1,323)	(80)
Operating profit / (loss)	809	(140)	949
Net financial income / (expenses)	(149)	(186)	(37)
Net non-recurring income / (expenses)	86	87	(1)
Income tax ⁴	467	371	96
Net income / (expenses) from consolidated companies	1,214	133	1,081

¹ Gross margin = revenue – costs of sold services and products.

² Including capitalized production for K€ 1,192 as of 30 June 2024 and K€ 1,013 as of 30 June 2023.

³ EBE (Gross operating surplus) corresponds to the Operating Profit restated of depreciation and amortization.

⁴ In accordance with ANC 2020.01, the Research Tax Credit can no longer be recognized as operating income, as it was until now, but only as a tax.

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Franck GAYRAUD, Chairman and co-founder of Arcure, comments these good results: “ After a historic 2023 financial year, this first half of 2024 once again confirms our trajectory of profitability: with a net income of 12% of revenue this half-year, compared to 10% for the year 2023, our profitability has never been so high. On the strength of our healthy financial situation, we are continuing to invest in R&D to accelerate our development and maintain our technological lead. As a historical benchmark player in embedded AI for industrial vehicles safety and productivity, we intend to maintain our lead to convince the highest number of OEMs clients to adopt our solutions.”

STRONG ORGANIC GROWTH DRIVEN BY INTERNATIONAL BUSINESS

During the first half of 2024, Arcure demonstrated substantial business growth once again, delivering €10.1 million in revenue, up +24.5% compared to the first half of 2023, building on an already exceptionally strong fiscal year and second half of 2023.

The first half of the year was characterized by unwavering international expansion, 81% of the revenue being generated outside France. This figure is on par with 2023 (84%), a well-earned reward for the hard work realized these last years to grow international sales both in Europe and in North America. Arcure has grown all distribution channels, with a marked increase in business among franchise dealers, distributors, and machinery manufacturers.

Regarding sales, the product mix is dominated by Blaxtair® Origin, the awarded version launched in 2022, which was the primary growth driver during the first half of the year. Blaxtair's® fifth and latest version to-date, launched in April 2024, will generate its first sales during the second half of 2024.

RESULTS AND PROFITABILITY IMPROVED

This first semester confirmed improved profitability. As of 30 June, Arcure achieved a historic gross margin of €5.8 million, compared to €4.5 million during the first half of 2023 (58% of gross margin rate). This performance underscores the high Blaxtair® Origin sales and the hard work done to streamline production costs.

Gross operating surplus strongly progressed to €2.2 million, compared to €1.2 million for the first half of 2023 (on a like-for-like basis with CIR recognized under taxes rather than operating income), to reach 22% of revenue, increased by 12 basis points. This result stemmed from the business growth, the high gross margin, and the ability to control operating expenses while supporting sales efforts. Personnel expenses remained moderate at €3.3 million during the first half of 2024, compared to €3.0 million over the same period last year. At the same time, other operating expenses also remained under control at €2.1 million, versus €1.8 million one year ago.

Net profit totaled €1.21 million as of 30 June 2024, or 12% of revenue—a 6-month record for Arcure, both in value and rate.

A SOUND FINANCIAL STRUCTURE TO PREPARE FOR THE FUTURE

Self-financing capabilities net of fixed assets amounted to €1.1 million over the half-year. To be noted, the Company has continued investing in R&D (-€1.2 million), which is necessary to maintain its technological leadership. The contribution to the change in cash from the change in working capital amounted to -€1,5 million, related to an increase in trade receivables (-€0.8 million), in Research Tax Credit (CIR, -€0.5 million), inventories (-€0.8 million) and trade payables (+€0.6 million).

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The impact of financial expenses paid amounted to -0.1 million. The Company has also continued to decrease its debt steadily and viably (-€0.5 million). Therefore, cash declined by €1 million over the half-year. As of 30 June 2024, gross cash amounted to €2.7 million and financial debt totaled €7.3 million, which comprised a majority of long maturity convertible bonds (2027). Post-closing, Arcure has secured two additional credit lines for €1.750 million to be cashed in the second half of the year.

PROSPECTS CONFIRMED FOR 2024

This first half of the year is in line with business growth forecasts for 2024. As a result, the Company is confirming it can meet its goal — €20 million in revenue by the end of the year, doubling what was made in 2021, and continuing to improve profitability.

To continue its development, Arcure intends to capitalize on its technological leadership such as algorithms and onboard AI functionalities in industrial vehicles that meet global industrial companies' needs. To do that, Arcure is following a business strategy focusing on its core expertise and added value: AI and software.

Over the medium term, the industrial vehicle market will experience a technological change, trending toward equipping industrial machinery with increasingly smarter features and functions to ensure greater safety, autonomy, and productivity. As a pioneer and long-standing leader in industrial vehicle digitalization, Arcure is ready to tackle the numerous challenges this new market presents. As a result, the Company is continuing to lead numerous discussions with prominent stakeholders (OEMs and industrial companies) regarding new international business partnerships.

Over the shorter term, the extensive range of products and services covered by the 5th generation of Blaxtair® should continue to support the leading position of Arcure. The market of industrial vehicles digitalization is growing rapidly, which supports strong business prospects for Arcure's range of products and services, within an uncertain global macroeconomic environment. With more than 80% of its revenue generated outside France, the geographical diversification of Arcure's activity is a factor of solidity and resilience.

About Arcure

Founded in 2009, Arcure is an international group, specialized in artificial intelligence applied to perception technology for the industry, which develops and markets solutions to enhance the autonomy and safety of industrial machines and robots.

In particular, Arcure has developed Blaxtair®, a state-of-the-art intelligent pedestrian detection solution, improving safety around commercial vehicles in many contexts, including the most difficult environments. Already sold more than 20,000 units in more than 50 countries, Blaxtair® is used by the world's leading industrial companies and is gradually being adopted by machine manufacturers.

Arcure is headquartered in the Paris area, R&D offices and operational units in France, has a subsidiary in the United States and has sales offices in Germany, Spain and Asia.

Arcure is listed on Euronext Growth (ISIN: FR0013398997 - Ticker: ALCUR). The group recorded an annual €18.2 million revenue in 2023 (84% of which was generated outside France), growing 40% compared to 2022.

More information at www.blaxtair.com

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