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## Press release

Paris, 22 October 2024



EthiFinance  
ESG ratings

### **LightOn, a leading European player in generative artificial intelligence for businesses, announces the approval of its registration document by the Autorité des Marchés Financiers (AMF) as part of its planned IPO on Euronext Growth® Paris**

- **Turnkey generative AI for businesses: personalized, simple, efficient, quickly actionable and sovereign**
- **Solutions are already marketed directly to majors accounts in France, in the United States and in EMEA**
- **Strategic partnerships with Orange Business & Hewlett-Packard Enterprise (HPE) to boost business development through indirect channel**
- **A SaaS-type revenue model capitalizing on a revenue base already embedded over several years**
- **2027 ambitions: achieve revenue of c.40m, an ARR<sup>1</sup> of c. €35m and an EBITDA margin of around 40%**
- **A subscription commitment for €3m from an institutional investor, representing c.30% of the targeted capital increase**

**LightOn (the “Company”), a leading European player in generative AI for businesses,** today announces the approval of its registration document by the Autorité des Marchés Financiers (AMF) under number I.24-012 dated 21 October 2024 (the “Registration Document”).

The approval of the Registration Document marks the first step in LightOn’s planned IPO on the Euronext Growth® market in Paris, which remains subject to market conditions and AMF approval of the relevant prospectus.

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<sup>1</sup> Annual Recurring Revenue



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### Igor Carron and Laurent Daudet, co-CEOs and co-founders of LightOn, comment:

*“Generative AI will radically transform how companies operate. The promise of this revolutionary technology is huge and the potential global market is gigantic. At the cutting edge of its technology sector, LightOn is a commercial company with solutions used by top-tier private and public businesses. But the adventure has only just begun. Our market is taking off at a pace exceeding all our expectations. Our strategic partnerships with Orange Business and Hewlett Packard Enterprise will enable us to step up our commercial offensive, particularly in the important SME and mid-cap market, and to quickly gain market share in order to position ourselves as a preferred partner for companies in Europe and beyond in terms of generative AI. On the back of the strong demand and sales momentum we are currently seeing, we are now ready to set ambitious targets: to achieve c. €40m in sales, combined with an EBITDA margin of around 40% of revenue and an ARR of c. €35m by 2027. To support this rapid development, we are today announcing the launch of our IPO. We need to accelerate now in order to increase our positions while retaining our independence to guide our development.”*



**Igor Carron**  
co-founder & co-CEO

Graduated in Nuclear Engineering from Texas A&M University  
Assistant Director of the NASA-funded Spacecraft Technology Center



**Laurent Daudet**  
co-founder & co-CEO

Degree in Physics from the Ecole Normale Supérieure (Ulm)  
Doctorate in Applied Mathematics from the University of Marseille – Professor at Paris Cité University

## Generative AI: an in-depth transformation of business practices

**Generative AI will disrupt the business world.** From services to industry and trade, all sectors will be affected by the numerous benefits provided.

Automation of the most repetitive tasks, sharing of information, faster working, acceleration of business processes, creativity – workers are set to reap the powerful benefits of LLMs.

According to McKinsey, **the potential productivity gains enabled by generative AI will automate nearly half of the hours worked in Europe and the United States by 2035.**<sup>2</sup> A new era is opening up for companies that want to offer their employees a way to reinvent work.

**The promises of generative AI are huge and the global market is gigantic**, estimated at more than \$1.3 trillion in 2032<sup>3</sup>.

## LightOn, a leading European player in generative AI for businesses

**Founded in 2016** by Igor Carron and Laurent Daudet, two experts with background in top-level French and American academic research and with experience in the world's largest engineering sciences laboratories, up until 2020 LightOn developed an optical processor

<sup>2</sup> McKinsey & Company, The Economic Potential of Generative AI: The Next Productivity Frontier, June 2023

<sup>3</sup> Bloomberg Intelligence, eMarketer, Statista



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(Optical Processing Unit) designed to rapidly process data in AI applications, with low energy consumption.

**Focused on generative AI since 2020**, LightOn has designed 12 Large Language Models (LLMs) in only four years, capable of working with more than 100 billion parameters, thanks to its ability to access European supercomputers and the computing power of cloud giants, making the Company one of the few players in the world with this technological capacity. LightOn has also developed generative IA functionalities combined with these LLM.

During this period, LightOn has also structured its workforce with 41 employees to date, two-thirds of whom are dedicated to technology **and one-third dedicated to accelerating the marketing of its solutions** used by top-tier private and public businesses. In addition to the management team, all of LightOn's employees – who are highly qualified (11 PhDs) and multicultural (10 nationalities) – contribute to the success of its developments and solutions thanks to their complementary skills.

### Forge and Paradigm: sovereign and tailored solutions

LightOn has developed and markets two software solutions.

**Forge, marketed since 2022, is a technological support for a customized generative AI aimed at companies and organizations** who want to develop their own language model, improve an existing language model or integrate new technological building blocks like RAG<sup>4</sup> or agents.

**Paradigm, marketed in 2024, is a ready-to-use generative AI platform designed to meet all the needs of businesses and the public sector.** It harnesses the power of generative AI to optimize and enhance business productivity by automating various business processes. **This software platform stands out through its customization capabilities, user-friendliness, and powerful features, enabling rapid integration within organizations.** As a complete turnkey solution, Paradigm is built on an advanced architecture that combines a LLM with multimodal Retrieval-Augmented Generation (RAG), allowing intelligent interaction with the company's document corpus through natural language queries. Furthermore, it includes highly specialized intelligent agents capable of autonomously creating and managing complex workflows, such as responding to requests for proposals.

### Solutions already marketed directly to major accounts in France, in the United States and in EMEA

**In 2023, Forge was rolled out to several major organizations**, including a Silicon Valley company in the United States developing medical assistant AI that used LightOn's bespoke technological support to build its first LLM prototype, to run its virtual health workers, in four months. Forge was previously deployed at a research institute in EMEA.

**In 2024, Paradigm has also been adopted by businesses, with numerous major French accounts already deploying the solution, convinced by its capabilities**, in an initial test and evaluation phase (POC – proof of concept). Notable clients include: the Ile-de-France

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<sup>4</sup> RAG: Retrieval augmented generation



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region, Safran, Groupama, the French General Directorate of Public Finance, CNES (French Space Agency), French Space Command and Verlingue. The first production implementations and full-scale deployments following certain POCs are scheduled by the end of 2024.

### Strategic partnerships to boost sales efforts through indirect channel

In addition to its direct approach, which has already won over numerous companies, **LightOn has secured two strategic partnerships in the first half of 2024 with major hardware players** to combine its generative AI software solution with their cloud or hardware offerings:

- **Orange Business (30,000 corporate clients worldwide):** a comprehensive offering covering the entire lifecycle of generative AI projects, combining LightOn's Paradigm software platform with Hewlett Packard Enterprise servers and Orange Business's very high bandwidth hosting in its French data centers. **Alexandre Bord, Key Account Director at Orange Business, states regarding this partnership:** *"We are extremely confident about the future of our relationship with LightOn. We have signed several orders worth multiple millions of euros since March [for Orange Business]."* ;
- **Hewlett Packard Enterprise (27,000 corporate clients worldwide):** integration of Paradigm with Hewlett Packard Enterprise servers, enabling rapid adaptation of generative AI to business use cases.

This indirect sales model will leverage these partners' sales force, who will market a complete, integrated solution combining software and hardware to their corporate clients. This translates into a potential of millions of individual users within these corporate clients. Advanced discussions with other players in Infrastructure, Computer Hardware, Cloud, and IT Services sectors are ongoing and could lead to new agreements in the coming quarters.

### A committed approach to corporate social responsibility

LightOn has taken a proactive approach to corporate social responsibility (CSR). This commitment is illustrated in the 50/100 rating issued by the extra-financial rating agency Ethifinance in May 2024, a level of performance described as "advanced". With this rating, LightOn is more than six points ahead of the average for comparable companies in terms of headcount and business sector.

### Two strategic pillars for acceleration: Business development and international expansion

Driven by its ambition to position itself among the leading players in generative AI by being among the first to benefit from the generative AI market takeoff, LightOn has defined an ambitious development strategy centered around two key priority areas:

- **Accelerate business development in the most promising markets.** LightOn has identified 5 priority vertical markets that are likely to adopt generative AI faster than



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others: banking-insurance, defense, healthcare, industry and the public sector as they handle large volumes of data and their regulatory and sector-specific requirements make them particularly sensitive to data confidentiality issues. To achieve this, LightOn will leverage both direct and indirect sales channels, through strategic partnerships with Infrastructure and IT hardware providers such as Hewlett Packard Enterprise, Cloud providers like Orange Business, and IT Services companies, to optimize its sales efforts.

- **Expand internationally.** To seize all opportunities arising from the global excitement around generative AI, LightOn has identified two priority regions in which the Company intends to expand: **(i) Europe**, where LightOn is already recognized and aims to have at least one representative in four countries by the end of 2025, **(ii) the Middle East**, which aspires to position itself at the heart of the global AI ecosystem and where LightOn plans to open a commercial office by the end of 2025.

To achieve these objectives, LightOn will rely on two key assets:

- Its inherent attractiveness and ability to continue attracting talents, with the goal of recruiting approximately 50 new employees by 2027;
- Continuous improvement of the value delivered by its solutions, staying at the forefront of the latest technological advances in its field.

The Company's growth trajectory would be financed by the completion of a targeted c.€10m capital increase (base deal) in the context of the IPO, notably through:

- Investment in the development of the Company: recruitment of engineers, development of sales and marketing force, associated sales expenses;
- Technology investments: development of Paradigm new features (development of agents, RAG multimodal capabilities, etc.), fine-tuning of specialized models dedicated to priority sectors and geographies, purchase of computing power for R&D purposes.

### **2027 ambition: achieve revenue of c. €40m, an ARR of c. €35m and an EBITDA margin of around 40%**

While LightOn has historically achieved a significant share of its revenue from its Forge solution, **its commercial development strategy for its Paradigm solution is driven by very strong demand from companies for generative AI.** Paradigm, launched in end-2023, is currently in the testing and evaluation phase in French public and private companies. **These organizations are expected to quickly initiate the first production releases and full-scale deployments by late 2024.**

The marketing of the Paradigm solution in the form of an annual renewable or multi-year non-renewable software license should ensure both visibility and recurrence of the majority of LightOn's revenues. LightOn benefits from a revenue base already embedded until 2027 via its already sold multi-year licenses.

Marketing of the Forge solution, essentially linked to the implementation of tailored projects with high technological expertise, makes it possible to generate additional revenues that are less recurring but individually higher.



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Following a 2023 year that benefited from Forge contracts, enabling the company to generate revenue of €8m and achieve profitability, LightOn has evolved its sales model and revenue structure in 2024 towards SaaS license revenues generated from its Paradigm offering. This model transition, which will temporarily impact revenue during the fiscal year while building a foundation of recurring revenue, is already showing positive results with accelerating commercial momentum month after month. Indeed, with 4 clients already secured as of July 31, 2024, representing an ARR of €0.9m, LightOn aims to double this ARR by the end of 2024 to reach approximately 10 clients.

For 2025, LightOn aims to accelerate revenue growth, with a strong contribution from Paradigm and an additional contribution from Forge, allowing LightOn to aim an ARR at the end of the fiscal year of c. €6m.

In 2026, LightOn aims to generate positive EBITDA and free cash flow.

From 2027, the acceleration should be even more marked with a revenue target of c. €40m, an ARR of c. €35m at the end of the fiscal year, around two-third of which to be generated by indirect sales of Paradigm via strategic partners, combined with an EBITDA margin of around 40%.

These targets are expressed at constant scope.

### Subscription commitment of €3m

As of the date of the Registration Document and in the context of its planned IPO on Euronext Growth Paris, the Company has received a subscription commitment from Axon Partners Group for an amount of €3m. This subscription commitment will be valid for an equity valuation of the Company of €50 million (prior to the IPO). This subscription commitment is intended to be allocated in full. This subscription commitment will become void if the IPO does not take place before 31<sup>st</sup> December 2024.

**READ ALL THE INFORMATION ON LIGHTON'S PLANNED IPO AT:**

<https://investir.lighton.ai>

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### Availability of the Registration Document

A Registration Document was approved by the AMF on October 21, 2024 under number I.24-012. The listing of LightOn's shares on the Euronext Growth® Paris market is expected to take place shortly, depending on market conditions and subject to the approval by the AMF of the Prospectus relating to the offer. The Registration Document is available on the AMF website (<https://www.amf-france.org>) and LightOn's website (<https://investir.lighton.ai>). Investors' attention is drawn to the risk factors section of the Registration Document.

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