ANNUAL FINANCIAL REPORT

FINANCIAL YEAR ENDED DECEMBER 31, 2018

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2CRSI

Société anonyme au capital de 1.596.908,70 €

Siège social : 32, rue Jacobi Netter – 67200 Strasbourg

483 784 344 RCS Strasbourg

MISSION

An innovative company that designs and produces high-performance, bespoke and sustainable IT servers

IMPLANTATION

STRASBOURG (head office)

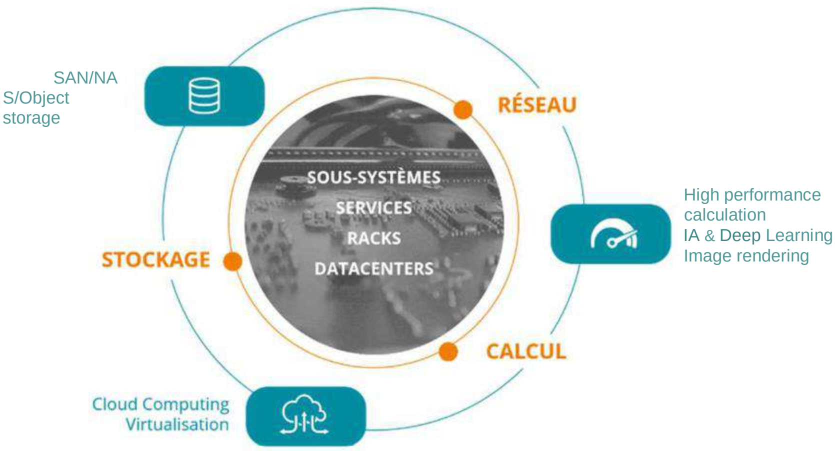
NANTERRE

MANCHESTER

DUBAI

SAN JOSÉ

CHAMPS D'APPLICATION



SAVOIR FAIRE

HIGH PERFORMANCE High-end, unique and turnkey solutions

TAILORED Optimized, customized products

SMART DESIGNS Simple, flexible and scalable designs

OPERATIONAL AGILITY Allocation of Project Specific Resources

GREEN-IT Reduction of investments and operating costs

MARKETED

OCtoPus

A high-performance data calculation solution

OCtoPus reduces power consumption by 23% compared to a standard solution.

This solution provides a concrete answer to the problems of energy consumption of datacenters.

Atlantis

Data calculation solution based on immersion cooling.

The calculation servers are installed in trays filled with a non-conductive liquid and that pushes the limits of density and energy saving. With this solution, datacenters do not need to invest in highly costly and polluting air-conditioning systems.

TPC

The TranquilPC range consists of hardened computer systems intended to be used mainly outside datacenters. Their aluminium designs give them strength and durability over time. The choice of internal components allows the use of products in unconventional environments.

IN THE RESEARCH PHASE

OpenBlade

By capitalising on the know-how of TranquilPC, 2crsi has developed a new Version of the OpenBlade, entirely in aluminium, This version will make it possible to overcome some of the constraints of the previous version to offer a modular solution for blade servers, with network integration, management and a centralised power supply.

SLS

The SLS is an ultra-compact data storage solution integrating 96 nano-servers. Developed in collaboration with the CEA, this solution guarantees a turnkey, high-performance and very dense storage, in the spirit of the OctoPus.

Energy recovery

2crsi invests in projects to recycle the heat generated by IT infrastructures for reuse in the pre-heating of water networks.

By recovering this heat from industrialists or local authorities, 2crsi participates in the construction of the sustainable datacentres of tomorrow.

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I. STATEMENT BY THE PERSON RESPONSIBLE FOR THE ANNUAL FINANCIAL REPORT

1. Person responsible for the information

Alain WILMOUTH, Chairman and Chief Executive Officer of the Company

2. Declaration of the responsible person

I hereby certify that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, financial position and results of the Company and the Group, and that the attached management report gives a true and fair view of the evolution of the businesses, the results and financial position of the Company and a description of the main risks and uncertainties that the Company and the Group are facing.

Mr. Alain WILMOUTH, Chairman and Chief Executive Officer of the Company.

II. MANAGEMENT REPORT OF THE BOARD OF DIRECTORS ON THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2018

Including the Group management report

Ladies and Gentlemen,

Before submitting for your approval the annual and consolidated financial statements for the year ended December 31, 2018 and the allocation of the result, we present to you our consolidated results, the activities of the Group and those of the Company during the past financial year, as well as the other information required by law.

1. The key figures of the Group

The Group's consolidated figures are presented in the tables below. The Notes are references to the notes to the accounts in Chapter V.

Consolidated financial position	Notes	31/12/2018 K€	31/12/2017 K€
ASSETS			
Goodwill	3.1 & 5.1	1,960	-
Intangible assets	5.12	1,074	857
Property, plant and equipment	5.3	6,428	2,259
Financial receivables		6,033	8,606
Other financial assets	5.5	1,248	139
Deferred taxes	6.7	639	88
Total non-current assets		17,382	11,950
Inventories	5.6	20,503	8,609
Trade receivables	5.7	37,482	4,605
Other current assets	5.8	3,773	3,030
Financial receivables	5.5	5,707	4,173
Cash & cash equivalents	5.9	14,511	3,679
Total current assets		81,974	24,096
Total Assets		99,356	36,046
EQUITY AND LIABILITIES			
Capital		1,282	765
Reserves - Group share		45,999	- 52
Income - Group share		3,705	643
Equity - Group share		50,985	1,356
Reserves - share of non-controlling interests		97	-
Income - share of non-controlling interests		- 15	-
Equity -- share of non-controlling interests		82	-
Total equity	5.10	51,068	1,356
Employee benefits	5.13	208	159
Deferred taxes	6.7	95	186
Borrowings and financial debts	5.12	15,944	13,496
Lease liabilities	5.12	3,636	1,447
Other liabilities			
Non-current liabilities		19,884	15,288
Provisions for litigation	5.11	35	28
Trade payables	5.14	17,214	7,391
Other liabilities	5.14	2,378	5,406
Financial liabilities	5.12	8,236	6,187
Lease liabilities	5.12	541	390
Current liabilities		28,405	19,403
Total equity and liabilities		99,356	36,046

Consolidated Income Statement	Notes	12,2018 K€	12,2017 K€
Turnover	6.1	65,177	30,558
Other current operating income	6.2	54	875
Income from ordinary activities		65,231	31,433
Consumed purchases	6.3	- 49,706	- 25,007
External expenses	6.3	- 4,195	- 1,714
Taxes and duties		- 364	- 120
Employee charges	6.4	- 4,823	- 2,337
Other operating income and expenses		- 89	- 19
Net allocations to depreciation and provisions		- 1,710	- 548
Current operating profit		4,344	1,687
Other non-recurring income and expenses		- 664	-
Operating income		3,681	1,687
Cost of gross financial debt	6.6	- 1,264	- 518
Other financial income	6.6	754	86
Other financial expenses	6.6	-	-
Financial result		- 510	- 432
Result before tax		3,171	1,255
Current tax income (expenses)	6.7	- 122	- 30
Deferred tax income (expenses)	6.7	641	- 582
Consolidated net profit		3,690	643
Net income - Group share		3,705	643
Net income - share of non-controlling interests		- 15	-
Basic earnings per share	5.10	0.32	0.76
Diluted earnings per share		0.32	0.76

2. Group activity

Presentation of the Group's activity

2CRSI (the "Company") is a company created in 2005 by two brothers, Michel and Alain Wilmouth. Originally a consulting and design company for innovative IT solutions, 2CRSI is now a recognised manufacturer of computer servers. Its products, designed and industrialised in France, the United States and the United Kingdom, are used all over the world for data storage and execution of calculations, with uses such as cloud computing, virtualization, big data, CCTV, broadcast, HPC, Internet of Things, cloud gaming, 3D rendering, deep learning and artificial intelligence.

The Group consists of two companies in France, 2CRSI SA and its subsidiary ADIMES SARL, as well as three foreign subsidiaries, 2CRSI Corporation, which manages operations in the United States, 2CRSI ME FZE, which manages distribution in the Middle East and 2CRSI Ltd. which owns 80% of 2CRSI UK (formerly Tranquil PC) which manages operations in the United Kingdom (the "Group").

The Group's success is based on its strong history of research and development and its expertise in mechatronics, electronics, thermodynamics, software engineering and HPC, which enable it to develop its own products and technologies by combining them with components already on the market. From its origins as a consulting and IT solutions design company, 2CRSI has retained the agility and ability to revisit existing technologies and offer disruptive solutions, both in terms of computing (computing power) and energy consumption. 2CRSI thus has an agnostic approach that allows it to always be at the forefront of trends and technological developments.

2CRSI designs, develops and manufactures products in France, more particularly those based on mechatronics and specific electronics. Added to this are the service offerings and the software solutions, to meet the specific needs of all types of customers and users: data centres, software publishers, research institutes, universities, strategic industries (oil and gas exploration, aeronautics, defence, telecoms and internet, finance, health, cinema, etc.).

The Group considers that its products offer better performance, lower operating costs and therefore a faster return on investment for its customers, thanks to:

- Significantly reduced energy consumption,
- A density/capacity pair adapted to the cost of space for the use of the product,
- Decrease in the number of certain components (fans, switches) and simplification of wiring,
- The use of redundant equipment to limit the consequences of a breakdown,
- Easier integration into users' infrastructures,
- Simplified maintenance operations, and
- The use of off-shelf components (COTS).

2CRSI is listed on the regulated EURONEXT market in Paris (Compartment C).

- Significant events of financial year 2018

Transformation into a public limited company

The general meeting on April 26, 2018 decided to transform 2CRSI into a public limited company.

IPO on the Euronext Paris market

In order to be able to finance its various research and development projects and to pursue its external growth, the Group decided to launch an IPO process on the Euronext market in Paris during the 1st quarter.

As part of the IPO offer, the Group created 4,994,287 new shares, before exercise of the over-allotment option, representing an amount of approximately € 43.7 million.

On July 5, 2018, Natixis, acting on its own account and on behalf of Portzamparc Groupe BNP Paribas, exercised in full the over-allotment option, giving rise to the issue of 749,143 new additional shares for a total amount of €6.6 million, at the offer price, i.e. 8.75 Euros per share.

As a result, the total number of 2CRSI shares offered as part of its IPO amounted to 5,743,430 shares, i.e. 32% of the Company's share capital, bringing the size of the offer to €50.3 million, following the settlement and delivery of additional new shares on July 10, 2018.

All of the Group's ordinary shares were traded on June 26, 2018 on Euronext Paris, Compartment C, under the name "2CRSI".

Acquisition of Tranquil PC Limited

On April 4, 2018, the Group, through its wholly-owned English-law subsidiary "2CRSI Ltd" created specifically for this transaction on March 29, 2018, acquired 80% of the shares in Tranquil PC. Limited (whose name has been since March 4, 2019 "2CRSI UK"), located in Manchester in the United Kingdom, for an amount of €2.4 million financed by a loan granted by BNP Paribas on April 4, 2018, which was fully repaid on June 29, 2018 following the Company's IPO (note 3.2 and 5.12).

Tranquil PC designs and produces portable mini datacenters (compact multi-node clusters) and IT solutions suitable for use in unconventional environments (embedded and hardened systems). This acquisition strengthens 2CRSI's position as a manufacturer of innovative IT solutions.

Liquidity agreement

On July 3, 2018, the Group entrusted Portzamparc Groupe BNP Paribas with the implementation of a liquidity contract in accordance with the AMAFI Code of Ethics approved by the Decision of the French financial markets authority (AMF) on March 21, 2011 relating to 2CRSI securities admitted to trading on the regulated market of Euronext in Paris as of July 6, 2018. This liquidity agreement was concluded for a period of one year, renewable by tacit agreement. For the implementation of this contract, the sum of €300,000 was allocated to the liquidity account.

Creation of a subsidiary in Dubai

2CRSI Middle East FZE, a company incorporated under the laws of Dubai Silicon Oasis Authority with a capital of 10.00 Dirham of the United Arab Emirates, was created on July 3, 2018 to enable the Group to expand in the Middle East.

Acquisition of a stake in Gamestream

On December 29, 2018, the Company acquired a 12.45% interest in Gamestream, a company that provides high quality streaming gaming solutions. Gamestream plans to raise funds for 2019, launch its products in Asia and the Middle East and then expand into the European and American markets.

2CRSI becomes a Platinum member of Open Compute Project Strasbourg,

On October 8, 2018, 2CRSI announced that it had joined the Open Compute Project (OCP) community as a Platinum member. The Open Compute Project (OCP), a global community that is revisiting the design of IT servers, offers more efficient, flexible and scalable solutions. With this new commitment, 2CRSI is now closer to the developments of the Open Compute Project community and will be involved in the OCP products of tomorrow.

BNP Financing Agreement

As part of the support for the development of the Group and the Company, a €10 million financing package has been made available:

- €5 million as a standard credit line released on December 17, 2018
- €5 million as part of a lease financing budget from ARIUS

Implementation of a free share allocation plan

In accordance with the legal provisions of Articles L. 225-197-1 *et seq*. of the French Commercial Code governing the allocation of free shares, the Company's shareholders authorised, at the combined general meeting of May 24, 2018 (twenty-second resolution), the allocation of free shares existing or to be issued to employees of the Company or companies directly or indirectly affiliated to it within the meaning of Article L. 225-197- 2 of the French Commercial Code and/or corporate officers who meet the conditions set by Article L. 225-197-1 of the French Commercial Code.

Using the authorisation and the powers granted to it by the decision of the Combined General Meeting of May 24, 2018 (twenty-second resolution), the Board of Directors of the Company decided on December 12, 2018 to put in place a share ownership plan.

Beneficiaries are staff members with an employment contract (fixed-term contract or permanent, excluding staff in training and holders of an apprenticeship or professionalization contract) currently working within the Group as at December 12, 2018, which also respect, at that date, the seniority condition defined by the Board of Directors of the Company and who do not hold, moreover, on the same date, more than 10% of the capital of the Company or any of its subsidiaries.

This seniority condition at the grant date is at least 1 year.
The maximum number of free shares allocated to each beneficiary is determined in relation to his professional contribution to the development of the Company's and the Group's business. It is assessed collectively according to their status within the Group and their actual presence, as follows:

- The status of employee corresponds to an allocation of forty-one (41) shares per month of effective presence in the Group;
- The status of supervisor corresponds to an allocation of eighty (80) shares per month of effective presence in the Group;
- The status of executive corresponds to an allocation of one hundred and five (105) shares per month of effective presence in the Group.

The free shares will effectively vest at the end of a period of five (5) years from the decision of the Company's Board of Directors' to grant free shares, i.e. December 13, 2023, subject to their presence within the Group in accordance with the provisions of Plan Rules No. 1 2018.

Subsidiaries and equity interests

As at December 31, 2018, the Company directly or indirectly controlled the following companies:

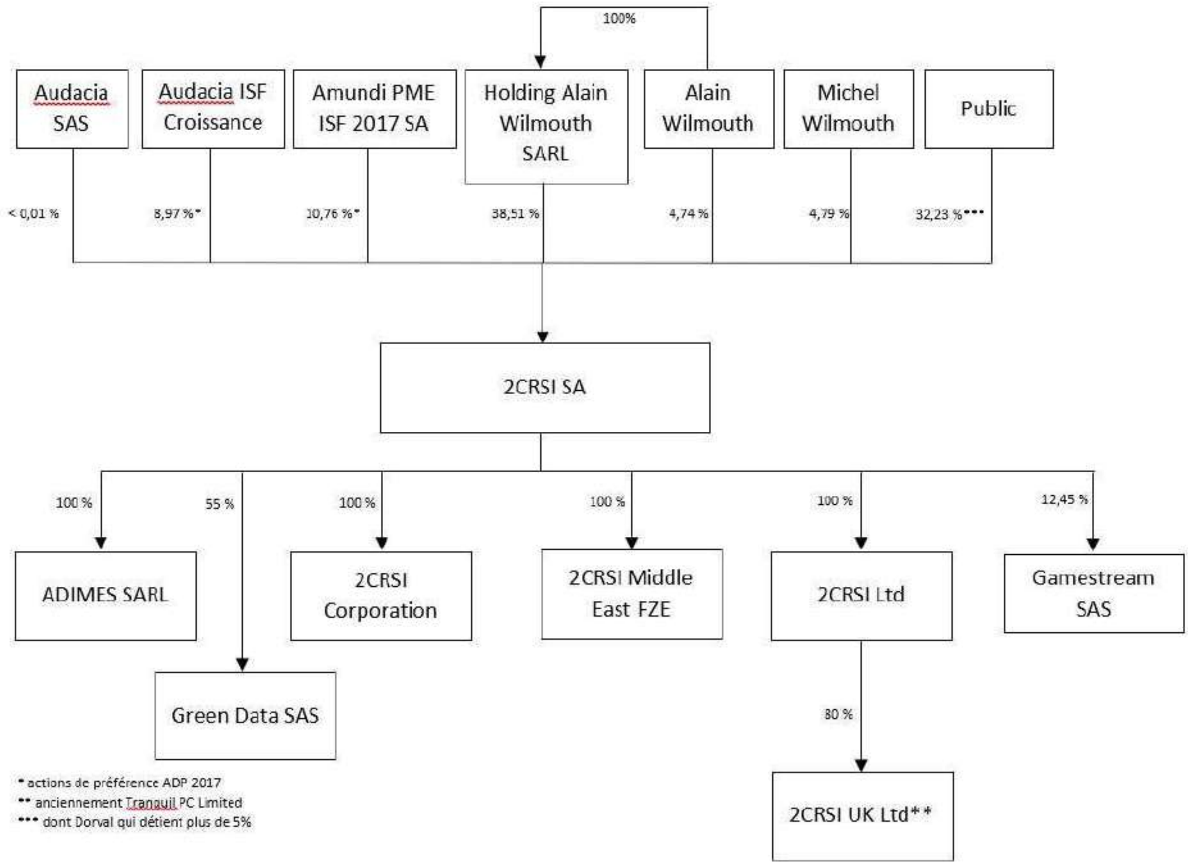
- ADIMES SARL is a limited liability company with a sole shareholder under French law, with a capital of 75,000 Euros, whose registered office is located at 4 rue Elsa Barraine, 67200 Strasbourg, France and registered under number 519 630 008 in the Strasbourg Trade and Companies Register.
- 2CRSI Corporation is a US company with a capital of $1,000, whose registered office is located at 2711 Centreville Road, Suite 400, City of Wilmington County of New Castle, Delaware 19808 and registered under number 5670175 in Delaware, USA.
- 2CRSI Ltd is a British company whose registered office at 1 New York Street, Manchester M1 4AD, United Kingdom, registered with the Companies House under number 11283455.
- 2CRSI UK Ltd (formerly Tranquil PC Limited) is a company incorporated under English law with a share capital of £1,000, whose registered office is at Queensmead Place, Trafford Park, Manchester, M17 1PH, United Kingdom and registered with the Companies House under number 4750746. The company's management decided to change the company's name on March 4, 2019.
- 2CRSI Middle East FZE, a company incorporated under the laws of Dubai Silicon Oasis Authority with a capital of AED 10,000 whose registered office is located at PO BOX 25775, Oud Metha - 18th street, Dubai, United Arab Emirates.
- Gamestream SAS is a simplified joint-stock company governed by French law, with a share capital of 127,493 Euros whose registered office is located at 18, rue des Haies, 75020 Paris, France and registered under number 815 338 199 in the Paris Trade and Companies Register.

ADIMES SARL, 2CRSI Corporation, 2CRSI Ltd and 2CRSI Middle East FZE are wholly owned by the Company.

2CRSI UK Ltd (formerly Tranquil PC) is 80% owned by the Company (through its subsidiary 2CRSI Ltd).

On March 15, 2019, Green Data, a simplified joint-stock company governed by French law, with a share capital of 10,000 Euros, whose registered office is located at 65, rue de la Croix, 92000 Nanterre, France, was registered under number 849 167 895 in the Nanterre Trade and Companies Register. The Company holds 55 % of the share capital of Green Data.

The Group's capital structure as at April 25, 2019 is schematically as follows:



3. Company's activity

- Presentation of the Company's activity

The Company's activity part of the Group's activity, which is presented in paragraph 2 above and to which it is referred.

- Acquisition of a minority stake in Gamestream

On December 29, 2018, the Company subscribed to 15,873 Gamestream ordinary shares with a par value of € 1, issued at a price of € 63, with an issue premium of € 62 per share and a total issue premium amounting to 984,126 Euros (i.e. an overall investment of 999,999 Euros and a 12.45% stake in Gamestream).

Based in Paris and Nancy, Gamestream is a company specialised in high definition video game streaming services. The deployment of these services is carried out in partnership with Telecom Operators and international hotel groups, to which Gamestream provides a turnkey solution on various media (TV, PCs, Smartphones, Tablets).

This equity investment was financed entirely from the Company's own funds.

- Results

For the financial year ended December 31, 2018:

- The turnover (before tax) amounted to 70,191,773 Euros compared with 32,709,865 Euros for the previous financial year;
- The total operating income amounted to 71,186,426 Euros compared with 33,772,549 Euros for the previous financial year;
- The operating expenses of the financial year amounted to 65,176,661 Euros compared with 32,672,733 Euros for the previous financial year.

The net operating result amounted to 5,469,765 Euros compared with 1,099,816 Euros for the previous financial year.

Salaries and waged amounted to 2,716,066 Euros as compared with 1,411,064 Euros for the previous financial year.

Social contributions amounted to 1,091,946 Euros compared with 489,284 Euros for the previous financial year;

Taking into account a financial result of -448.669 Euros (compared with -66.315 Euros for the previous financial year), the current result before tax for the financial year stands at 5,021,096 Euros (compared to 1,033,501 Euros for the previous financial year).

Taking into account the above items, the extraordinary result of -697,102 Euros and a tax credit of 417,908 Euros, the result for the year ended with a profit of 4,741,902 Euros (against a profit of 442,058 Euros for the previous financial year).

At December 31, 2018, the Company's balance sheet total stood at 87,830,824 Euros compared to 30,708,953 Euros for the previous financial year.

- Dividend distribution over the last three financial years

The distributable profit is at the disposal of the General Meeting, which decides on its allocation. Over the last three financial years, dividends paid per share were:

Financial years ended	Income eligible for the rebate		Income not eligible for the rebate
	Dividends	Other distributed income	
31/12/2017	175,000 € (1)	-	-
31/12/2016	175,000 € (1)	-	-
31/12/2015	-	-	-

(1) The dividends paid relate to the 3,500,000 preference shares with priority dividends, i.e. €0.05 per ADP (see paragraph 5.12 of this document). The dividend payment period is 9 months from the closing date of the financial year. Unclaimed dividends are prescribed for the benefit of the State after a period of five years from the date of payment.

- Indication of non-deductible expenses

The total amount of expenses and charges referred to in Articles 39-4 of the French General Tax Code amounts to €11,097 and the corresponding tax to €3,107.

- Risk management

The risks and uncertainties facing the Company are the same as those to which the Group is exposed in the "risk factors" section below, with 2CRSI having a predominant weight in the scope of consolidation.

- Payment terms for customers and suppliers

In accordance with the provisions of Articles L. 441-6-1 and D. 441-4 of the French Commercial Code, you will find in the notes the information relating to customer and supplier payment terms.

- Existing branches

The Company has the following branches:

- Massy, located at 3B rue René Cassin, 91300 Massy, France
- Terracota, located at 11 rue Madeleine Reberioux, 67200 Strasbourg, France

- Inter-company loans

The Company does not have any inter-company loans.

- Table of results for the last five financial years

Attached to this report is the table of results provided for in Article R 225-102 of the French Commercial Code.

4. Foreseeable developments of the Group and of the Company

The Group operates in a market whose needs, particularly in view of the development of digitalization of services (autonomous cars, gaming, artificial intelligence, etc.), will continue to grow in the future.

Based on our experience, the technical and technological advantages of our products (whose particularities include lower energy consumption and better performance than market standards) and, since the initial public offering, the resources available to the Company, we are convinced of our ability to gain market share and to differentiate ourselves from our competitors and historical players.

To face the growth of the Group that we anticipate for the current year, we are strengthening our scientific, commercial and administrative teams.

Beyond that, we plan to continue our growth and to best meet the needs of our customers by opening new offices abroad, particularly in Asia, where demand is growing.

5. Risk factors

- Risks related to the shortage of essential IT electronic components

We remind you that the Group's products are manufactured using various essential electronic components, such as processors, graphics cards, dynamic random access memories, rewritable semiconductor mass memories and hard disks for which the Group obtains supplies from third parties.

The market for electronic and computer components has been experiencing shortages for several years due, on the one hand, to difficulties in the supply of rare earths and metals and, on the other hand, to undercapacity in production among manufacturers, which suddenly causes a disruption in supply chains and creates speculation on available parts.

These shortages lead to delays in delivery and significant variations in component prices.

To limit this risk and to be able to meet the demands of our customers, we have significantly increased our inventories over the past year.

- Risks related to the competitive environment

The IT server market is a competitive market, in which well-established players operate with resources, research and development personnel, facilities and experience superior to those of the Group, as well as a higher level of notoriety. Among the Group's competitors are IBM, Hewlett Packard Enterprise, Dell EMC, Lenovo, Huawei Technologies, Inspur, SuperMicro, Fujitsu, QCT, ASUS, GIGABYTE Technology Co., Ltd., TYAN Computer Corp., ASRock Rack Inc. or CRAY Inc. In comparison, the Group only started marketing its products in 2005 in France and has more recently expanded its international presence, notably by opening subsidiaries in the United States in 2015, the United Kingdom and Dubai in 2018.

The Group's competitiveness depends on several factors, including:

- A technological know-how allowing it to create innovative, high-performance solutions with optimized ownership costs;
- An ability to offer tailor-made solutions;
- Industrial know-how allowing the implementation of turnkey solutions;
- A loyal and established clientele composed of experts in their field;
- An ambitious and attractive growth trajectory; and
- An expert management team supported by dynamic and cosmopolitan teams.

The Group cannot guarantee that it will be able to maintain these advantages and increase or maintain its current market share. Similarly, the Group cannot guarantee that its competitors will not succeed in developing or marketing technologies that are more efficient or less costly than those developed or marketed by the Group or that may make its technology or business model obsolete or uncompetitive. Nor can it guarantee that its competitors will not succeed in bringing to market products which, even if they are less innovative and efficient than those of the Group, will be available before or in greater numbers, and will therefore reduce the Group's market share.

If any of the risks mentioned above were to materialize, it would have a material adverse effect on the Group's business, results, financial position, development and outlook.

- Risks related to dependence on certain customers

During the year ended December 31, 2018, the Group generated a significant portion of its sales with a limited number of customers. The Group's top ten active customers accounted for 80% of consolidated revenue (compared with 90% in 2017).

- Risks related to seasonality and other variations in turnover

The sector in which the Group operates is subject to seasonal variations. As a result, the Group's turnover is higher in the second and fourth calendar quarters. This seasonality is mainly due to a slowdown in business in the third quarter due to the fact that companies take advantage of the summer break to deploy equipment acquired during the second quarter, to the fact that some of the Group's customers or users of its products must set up certain infrastructures prior to larger purchases at Christmas time (cloud gaming), or even due to weather conditions that make it more difficult to deliver products in the first quarter.

Any factor affecting revenues in the second and fourth quarters, including adverse economic conditions affecting the level of customer or user spending, will have an even greater negative impact on the Group's revenues and financial position.

In addition, there may be significant delays and delays between the commitment of the expenses necessary for the production and delivery of the products, the payment of the value-added tax on the products sold and the collection of the corresponding turnover. An excessive delay increases the Group's working capital requirement, deteriorates its cash position and therefore has a negative impact on its financial position. In addition, in this case, the Group will be exposed to counterparty risk: late payments or even the non-payment of large sums would have a significant negative impact on the Group's results and financial position.

- Risks of dependence on key managers or employees, including its Chairman and Chief Executive Officer and founder, Alain Wilmouth

The Group's success will depend in part on its ability to attract, retain and motivate highly qualified management, research and development, production, sales and marketing personnel as well as the expertise of management and key personnel. In particular, the Group's success has historically been based on Alain Wilmouth, founder and Chairman and Chief Executive Officer of the Company, a well-known personality on the market. Alain Wilmouth is thus largely responsible for the Group's commercial success.

Nor can it guarantee that its customers will follow the Group, while Alain Wilmouth will be less present because of the strengthening of the management team.

In addition, a large number of the Group's senior executives have developed, during their professional careers within the Group, significant technical and commercial experience that is difficult to replace.

The departure of certain members of the management and key employees could lead to a loss of know-how and the weakening of certain activities, all the more so in the event of a transfer to competition, as well as deficiencies in terms of technical and commercial skills that could slow down the activity and could ultimately affect the Group's ability to achieve its objectives.

To date, the Group has taken out several so-called "key person" guarantees, including one for Alain Wilmouth in his capacity as Chairman and Chief Executive Officer, Michel Wilmouth, co-founder of the Group (permanent disability/death insurance policy), but the Group cannot guarantee that these insurances will be sufficient to cover the negative consequences of the loss of Alain Wilmouth or Michel Wilmouth.

The departure or disappearance of Alain Wilmouth, but also of many other senior executives of the Group, would have a material adverse impact on its activities, results, financial position, development and prospects.

- Risks related to the research tax credit and innovation tax credit

To partially finance its activities, the Group uses the French research tax credit ("CIR") and the innovation tax credit ("CII"). These schemes allow the Group, when it meets the eligibility conditions, to benefit from a tax credit in return for research and development expenses, or in innovation, i.e. the design/realisation of a prototype of a tangible or intangible asset (software) that has not yet been made available on the market at the date of launch of operations and differs from existing or previous products by superior technical performance (reliability, accuracy etc.), on eco-design, ergonomics in use or its functionalities.

At December 31, 2017, the Group's receivables relating to the CIR and CII amounted to 337 thousand Euros and 10 thousand Euros respectively; at December 31, 2018, they amounted to 545 thousand Euros and 24 thousand Euros respectively.

It cannot be excluded that the tax authorities, following an audit sanctioning non-compliance with the conditions of eligibility for the CIR or CII, may question the amount or methods of calculation of research and development or innovation expenses retained by the Group

It cannot also be excluded that the CIR and CII may be called into question following a change in regulations even though the Group complied with the documentation and expense eligibility requirements in force at the time. If such a situation were to occur, it could have a material adverse effect on results and cash flow and could impact the Group's ability to pursue its research and development efforts.

- Risks related to the preferential dividend attached to preference shares

Following the reduction of the nominal value of the Company's shares, the Company's share capital is made up of 17,743,430 shares, of which 3,500,000 priority dividend preference shares are called "ADP 2017".

Each holder of 2017 ADP is entitled to a priority and accrued annual dividend paid in preference to and in priority to all other shares of the Company, paid out of the distributable amount and paid no later than July 10 of each year (the " Priority Dividend "). The Priority Dividend is equal to the rate of the Priority Dividend multiplied by 10 Euros. This rate is 5% for financial years ending before January 2023, i.e. a total of 175 thousand Euros per year, and 12 months Euribor + 15%, for subsequent financial years.

In the event of non-payment of a Priority Dividend, the payment of the latter is deferred and will be made at the same time as the next Priority Dividend payment. Its amount (the "Accrued Dividend") will be equal to the sum of the amount of Priority Dividends not paid during a period of up to five financial years preceding the financial year in which the Priority Dividend is paid, to which amount will be applied an annual capitalization rate of 15%.

For all financial years starting from the financial year ending December 31, 2016, once the amount of the Priority Dividend and, where applicable, the Accrued Dividend has been voted and paid, the Company may vote and pay a dividend to the other issued and to be issued shares of the Company (the "Ordinary Dividend "). The Ordinary Dividend will be deducted solely from the distributable profit defined in Article L. 232-11 of the French Commercial Code, within the limit of the net income for the financial year less financial income and extraordinary income for the same financial year, unless prior written consent is obtained from the ADP 2017 Shareholders' Representative. The 2017 ADPs are not entitled to receive an ordinary dividend from the Company.

In addition, for all financial years as of and including the financial year ending December 31, 2022, in the event that the Alain Wilmouth Holding (or any other person replacing it) does not exercise its option to repurchase all the 2017 ADPs, if an Ordinary Dividend is paid on the Company's other issued and to be issued shares, this Ordinary Dividend may not exceed, at equal par value, the amount of the Priority Dividend, unless an additional dividend (the "Additional Dividend") is paid simultaneously to the 2017ADP shareholders, deducted from the distributable profit for the financial year, the distributable reserves or retained earnings, and equal in the event of a par value equality, to the difference between the Ordinary Dividend and the Priority Dividend. In case of inequality of par values between the ADP 2017 and the other shares, the Additional Dividend will be adjusted accordingly

Consequently, if the Company's results do not allow it to pay the Priority Dividend (and, if applicable, the Accrued Dividend), it will not be able to pay Ordinary Dividends. In addition, even if the Company has the sums to pay an Ordinary Dividend, as of the financial years ending on December 31, 2022 and if the call option is not exercised, the amount thereof will be reduced by the fact that these same sums will have to be shared between the Ordinary Dividend and the Additional Dividend.

- Exchange rate risks

Currency risk is described in the notes to the Consolidated Financial Statements (note 8.4) The Group does not hold any financial debt denominated in foreign currency, or any significant investment outside France, the foreign exchange risk is solely related to its operations. Purchases of bought-in goods and raw materials is US dollars and the turnover in US dollars presents a "natural" coverage of the exchange risk, which is partial.

In order to hedge part of the foreign exchange risk related to these purchases in foreign currencies and to secure its margin, the Group sets up financial instruments: forward purchases (including budgets which can be gradually used over a given period and at the latest at maturity of the operation) and accumulators. The financial instruments put in place cover a purchase budget in USD over a 12-month horizon. It may happen, though not frequently, that the Group decides to postpone the term of its hedging due to a better opportunity on the spot foreign exchange market.

In addition, the Group's financial statements are prepared in Euros. As a result, the Group is exposed to currency risk when translating the value of non-Euro denominated assets and liabilities and the results of its non-Euro denominated subsidiaries into Euros, as described in the notes to the Consolidated Financial Statements.

6. Internal control procedure and risk management

The Company has good management practices that have not yet been formalised. In 2019, a major effort will be made in internal control to draft procedures and formalise the controls put in place.

7. Significant events since the end of the financial year 2018 Middle East Partnerships

The Company and the IT distributor "SNB Middle East" announced the signing of a distribution agreement in the Middle East. This strengthened partnership is an important step for the growth of the Group's activities in the region. "SNB Middle East" is a distributor of value-added software and hardware that supports resellers and integrators in the field of information and communications technology (ICT). This new agreement extends the partnership to the Group's entire product portfolio

Leasing of commercial premises in Nanterre - creation of a joint Green Data subsidiary with Azur Datacenter

On February 28, 2019, the Board of Directors authorised the incorporation of a company 55% owned by the Company and 45% owned by Azur Datacenter for the purpose of leasing property together called "Le Capitole ", located at Fontaines Park, 55 avenue des Champs Pierreux in Nanterre.

Green Data leased the premises on April 15, 2019.

8. The Company's research and development activities

The ability to innovate is part of the DNA of the Company, which aims to offer solutions that meet the needs of its customers. Since 2006, the Company has acquired design capabilities in mechatronics and business intelligence in the server and industrial computing sectors.

Since 2013, the Group has strengthened its research and development efforts, by increasing the scope of action of its engineering teams in order to develop, ever more effectively, a line of innovative solutions that will enable the Group to continue to gain market share over its competitors, including:

OCtoPus range: The OCtoPus product has been developed into a complete range that can meet many uses such as cloud-gaming, HPC, Hosting or Artificial Intelligence. OCtoPus remains a multi-server solution delivered in complete bays, with integration of data and management networks, equipped with redundant and shared power supplies and an external cooling system intelligently controlled by a server dedicated to the monitoring of the server activity.

2CRSI became a Platinum member of the OCP community in 2018, which will allow it to influence the OCP of tomorrow.

OpenBlade™: In 2018, the research and development efforts combined with the acquisition of 2CRSI UK (formerly Tranquil PC) will soon make it possible to offer the OpenBlade in an all-aluminium version and thus overcome some constraints of the previous version. The OpenBlade is a modular server blade solution with network integration, management and a central power supply.

Atlantis: Developed by 2CRSI in 2018, Atlantis servers are the first OCP (21-inch) format servers optimized for liquid immersion cooling.

In addition to its engineering skills, since 2015, the Company has implemented a research-applied strategy that will enable the development of major technological evolutions, in the areas of the reuse of thermal energy produced by the servers. even the ultimate heat recycling in electric current.

9. Information about the Company and its capital

- General information about the Company

Company name

2CRSI

Place and registration number of the Company

2CRSI is registered with the Strasbourg Trade and Companies Register, under number RCS B 483 784 344.

Date of incorporation and term

2CRSI was founded in September 2005 for a period of 99 years, unless it is dissolved early or extended by a collective decision of the shareholders in accordance with the law and the Articles of Association, expiring on September 19, 2104.

The financial year begins on January 1 and ends on December 31 of each year.

Registered office, legal form and applicable law

The Company's registered office is at 32, rue Jacobi Netter, 67200 Strasbourg, France.

By decision of April 16, 2018, the shareholders decided to transform the Company into a public limited company with a Board of Directors and to adapt its Articles of Association accordingly.

The Company is governed by French law.

Listing - LEI Code

The 2CRSI share is listed on Euronext compartment B. It is part of the CAC Small, CAC Mid & Small and CAC All-Tradable of Euronext.

Its LEI code is: 969500PMJR23G2GLP639

- Statutory Auditors

Principal Statutory Auditors KPMG S.A.

9, avenue de l'Europe
Espace Européen de l'Entreprise 67800
Schiltigheim
Represented by Frédéric Piquet

KPMG SA was appointed by decision of the shareholders on December 30, 2013 for a term of six financial years ending following the general meeting called to approve the financial statements for the year ended December 31, 2018.

KPMG S.A. is a member of the Regional Association of Statutory Auditors of Strasbourg.

It is specified that the term of office of KPMG S.A. as principal statutory auditor will not be proposed for renewal at the combined general meeting of June 13, 2019. At this meeting, shareholders will be asked to appoint the Fiduciaire de Révision, located at 2 avenue de Bruxelles 68350 Didenheim, as principal statutory auditor for a term of six financial years ending following the general meeting called to approve the financial statements for the year ending December 31, 2024.

Ernst & Young Audit 1-
2, place des Saisons
Paris la Défense 1 92400
Courbevoie
Represented by Alban de Claverie

Ernst & Young Audit was appointed by decision of the shareholders on September 25, 2017 for a term of six financial years ending following the general meeting called to approve the financial statements for the year ended December 31, 2022.

Ernst & Young Audit Est is a member of the Regional Association of Statutory Auditors of Versailles.

Alternate Statutory Auditor KPMG Audit Est
9, avenue de l'Europe
Espace Européen de l'Entreprise 67800
Schiltigheim
Represented by Olivier Franck

KPMG Audit Est was appointed by decision of the shareholders on December 30, 2013 for a term of six financial years ending following the general meeting called to approve the financial statements for the year ended December 31, 2018.

KPMG Audit Est is a member of the Regional Association of Statutory Auditors of Strasbourg

It is specified that the term of office of KPMG S.A. as alternate statutory auditor will not be proposed for renewal at the combined general meeting of June 13, 2019. In addition, in accordance with the provisions of the Sapin 2 Law of December 9, 2016, it will not be proposed to replace the term of office of KPMG Audit Est as alternate statutory auditor.

- General information about the Company's capital

Composition of the Company's capital

The subscribed capital, fully paid up, amounted to € 1,596,908.70 at December 31, 2018, divided into 17,743,430 shares with a par value of € 0.09 divided into two share classes in the following proportions: (i) 14,243,430 common shares and (ii) 3,500,000 preferred shares "ADP 2017".

Each holder of 2017 ADP is entitled to a priority and accrued annual dividend paid in preference to all other shares of the Company, paid out of the distributable amount and paid no later than July 10 of each year (the " Priority Dividend "). The Priority Dividend is equal to the rate of the Priority Dividend multiplied by 10 Euros. This rate is 5% for financial years ending before January 2023, i.e. a total of 175 thousand Euros per year, and 12 months Euribor + 1.5 %, for subsequent financial years.

In the event of non-payment of a Priority Dividend, the payment of the latter is deferred and will be made at the same time as the next Priority Dividend payment. Its amount (the "Accrued Dividend") will be equal to the sum of the amount of Priority Dividends not paid during a period of up to five financial years preceding the financial year in which the Priority Dividend is paid, to which amount will be applied an annual capitalization rate of 15%.

For all financial years starting from the financial year ending December 31, 2016, once the amount of the Priority Dividend and, where applicable, the Accrued Dividend has been voted and paid, the Company may vote and pay a dividend to the other issued and to be issued shares of the Company (the "Ordinary Dividend”). The Ordinary Dividend will be deducted solely from the distributable profit defined in Article L. 232-11 of the French Commercial Code, within the limit of the net income for the financial year less financial income and extraordinary income for the same financial year, unless prior written consent is obtained from the ADP 2017 Shareholders' Representative. The 2017 ADPs are not entitled to receive an ordinary dividend from the Company.

In addition, for all financial years as of and including the financial year ending December 31, 2022, in the event that the Alain Wilmouth Holding (or any other person replacing it) does not exercise its option to repurchase all the 2017 ADPs, if an Ordinary Dividend is paid on the Company's other issued and to be issued shares, this Ordinary Dividend may not exceed, at equal par value, the amount of the Priority Dividend, unless an additional dividend (the "Additional Dividend") is paid simultaneously to the 2017ADP shareholders, deducted from the distributable profit for the financial year, the distributable reserves or retained earnings, and equal in the event of a par value equality, to the difference between the Ordinary Dividend and the Priority Dividend.

Priority Dividend In case of inequality of par values between the ADP 2017 and the other shares, the Additional Dividend will be adjusted accordingly.

Consequently, if the Company's results do not allow it to pay the Priority Dividend (and, if applicable, the Accrued Dividend), it will not be able to pay Ordinary Dividends. In addition, even if the Company has the sums to pay an Ordinary Dividend, as of the financial years ending on December 31, 2022 and if the call option is not exercised, the amount thereof will be reduced by the fact that these same sums will have to be shared between the Ordinary Dividend and the Additional Dividend.

Distribution of the Company's capital and voting rights at April 25, 2019

In accordance with the provisions of Article L. 233-13 of the French Commercial Code and taking into account the information received pursuant to Articles L. 233-7 and L. 233-12 of this Code, the identity of the shareholders holding, to the knowledge of the Company directly or indirectly more than one-twentieth, one-tenth, three-twentieths, one-fifth, one-quarter, one-third, one-half, two-thirds, eighteen-twentieths or nineteen-twentieths of the share capital or voting rights the general meetings of the Company on April 25, 2019 is given below.

Shareholders	Number of shares	Percentage of the capital	Share class	Number of actual voting rights	Percentage of actual voting rights	Number of theoretical voting rights	Percentage of theoretical voting rights
Holding Alain Wilmouth (a)	6,833,320	38.51%	common shares	13,666,640	52.11%	13,666,640	52.08%
Alain Wilmouth	841,527	4.74%	common shares (b)	1,658,197	6.32%	1,658,197	6.32%
Michel Wilmouth	850,000	4.79%	common shares	1,700,000	6.48%	1,700,000	6.48%
Amundi SME ISF 2017 (managed by Audacia)	1,909,100	10.76%	ADP 2017 preference shares	1,909,100	7.28%	1,909,100	7.27%
Audacia ISF Croissance (managed by Audacia)	1,590,900	8.97%	ADP 2017 preference shares	1,590,900	6.07%	1,590,900	6.06%
Audacia (d)	10	0.00%	common shares	10	0.00%	10	0.00%
Dorval Asset Management	887,667	5.00%	common shares	887,667	3.38%	887,667	3.38%
Public	4,813,952	27.13%	common shares	4,813,952	18.36%	4,813,952	18.34%
Treasury shares	16,954	0.10%	common shares	-		16,954	0.06%
	17,743,430	100.00%		26,226,466	100.00%	26,243,420	100.00%

(a) Company directly wholly-owned by Alain Wilmouth.

(b) Of which 441,527 ordinary shares pledged

(c) Does not take into account the 2017 ADP buyback option available to Alain Wilmouth Holding from January 1, 2023 to March 31, 2023.

(d) Ten (10) shares held by Audacia as representative of the holders of the ADP 2017 preference shares covered by a share loan concluded with Holding Alain Wilmouth. Once its role as representative of the holders has ended, Audacia will have to return the securities lent on first request.

The difference between the number of shares and voting rights corresponds to the existence of a double voting right conferred on shares held in registered form for at least two years by the Combined General Meeting of May 24, 2018.

The difference between theoretical and actual voting rights corresponds to the number of treasury shares held by the Company.

To the Company's knowledge, no other shareholder owns, directly or indirectly, alone or in concert, more than 5% of the Company's share capital or voting rights.

As of the date of this document, there has been no significant change in the distribution of the Company's share capital and voting rights.

By mail received on July 20, 2018, the limited company Dorval Asset Management (1 rue de Gramont, 75002 Paris), acting on behalf of the funds it manages, declared that it had increased, on July 18, 2018, the threshold 5% of the capital of the Company and holds, on behalf of the said funds, 887,667 shares of the Company representing as many voting rights, i.e. 5.003% of the capital and 3.38% of the voting rights of the Company. This threshold crossing results from an acquisition of 2CRSI shares on the market (AMF notice 218C1326).

As of the date of this document, there are no securities giving access to the share capital other than the 14,243,430 common shares, the 3,500,000 preference shares (see development above) and the free shares allocated (chapter 3 paragraph 2.2 of this document). The exercise of all the rights giving access to the Group's capital could lead to the creation of 177,072 new shares generating a maximum dilution of 1%.

- Treasury shares and cross-shareholdings

There are no treasury shares or cross-shareholdings.

- Disposals of shares to regularize cross-shareholdings

We inform you that the Company has not had to dispose of any shares in order to put an end to the cross-shareholdings prohibited by Articles L. 233-29 and L. 233-30 of the French Commercial Code.

- Status of employee shareholdings in the share capital at the balance sheet date

There is no employee entitlement to mention in this report pursuant to the provisions of Article L. 225-102 of the French Commercial Code.

- Mention of Dutreil commitments

Some of the Company's shareholders have signed a collective undertaking to hold shares subscribed for pursuant to Article 787 B of the French Tax Code, the main terms of which are detailed below:

	Dutreil Pact
Regime	Art. 787 B of the French Tax Code
Date of signature	25 February 2019
Duration of the collective undertaking	2 years
Terms of renewal	Tacitly extended from quarter to quarter
Percentage of capital covered by the agreement on the date of signature	40.85%
Percentage of voting rights covered by the agreement on the date of signature[1]	55.23%
Names of signatories who are authorised officers and/or directors	Mr. Alain Wilmouth, Chairman and Chief Executive Officer, Mr. Michel Wilmouth, Director HAW, Director
Names of signatories holding at least 5% of the capital and voting rights that do not have the status of manager, officer, representative and/or director	n/a

- Adjustment of the conversion bases for securities giving access to the capital, subscription and purchase options and free shares

During the past financial year, no adjustment was made to the conversion bases and conditions for subscribing to or exercising securities giving access to the capital or options to subscribe for or purchase shares.

[1] Based on a capital composed of 17,743,430 shares representing 26,243,420 theoretical voting rights in accordance with the Company's press release dated October 5, 2018.

10. Summary of transactions carried out by corporate officers, high-level managers and their relatives on the Company's shares

The summary statement of the transactions carried out by corporate officers on the Company's shares mentioned in Article L 621-18-2 of the French Monetary and Financial Code, performed during the last financial year, is as follows:

For the financial year ended December 31, 2018, the following transactions were reported to the AMF:	Alain Wilmouth
Positions held within the issuer	Chief Executive Officer
Transactions carried out by a person related to the above-mentioned person	-
Description of the financial instrument	Shares
Disposals of financial instruments: Total amount of disposals:	-
Acquisitions of financial instruments: Total amount of acquisitions	2.000 shares 19.681,20 €
Transfer of financial instruments to a family holding company: Total amount of the transfer:	-

11. Share buyback programme and description of the share buyback programme

A liquidity agreement in accordance with the code of ethics established by the French Financial Markets Association (AMAFI) was signed on July 3, 2018 and filed with the regulatory authorities (Euronext Paris - AMF), between the Company and Portzamparc Groupe BNP Paribas. An amendment was signed on September 24, 2018.

Number of treasury shares purchased and sold by the company during the financial year

The share buyback programme valid in 2018 was authorised by the shareholders' meeting of May 24, 2018. In accordance with Articles L. 225-209 *et seq*. of the French Commercial Code, the General Shareholders' Meeting of May 24, 2018 authorised the Board of Directors to operate on its own shares, except during a public offering of the Company, for a period of 18 months, in accordance with the objectives and terms of the share buyback programme.

The maximum purchase price is set at 300% of the price of the first listing of the Company's shares on the Euronext regulated market in Paris. The maximum amount that the Company could devote to the share buyback programme may not exceed € 15 million, but the number of shares to be acquired may not exceed 10% of the capital at any time.

The Company has not used derivatives.

In 2018, as part of the liquidity agreement, PORTZAMPARC:

- Purchased 88,798 shares for a total amount of €842,735 and a weighted average unit value of €9.49; and
- Sold 58,041 shares for a total amount of €550,291 and a weighted average unit value of €9.48.
- For a total amount of 0 Euros in negotiation fees.

As at December 31, 2018, the Company directly held 30,757 treasury shares (representing approximately 0.2% of the share capital) with a value of €291,896.23 valued at the purchase price.

100% of the acquisitions made during the past financial year (88,798 shares) were made to meet the objective of promoting the share.

No reallocation was carried out during the financial year ended on December 31, 2018.

As the authorisation granted by the General Shareholders' Meeting of May 24, 2018 expires on November 24, 2019, it will be proposed to the next General Shareholders' Meeting to renew it.

Description of the share buyback programme

In accordance with the provisions of Article 241-2 of the AMF General Regulation, the purpose of this document is to describe the purposes and terms of the Company's share buyback programme. This programme will be subject to the authorisation of the Combined General Meeting of June 13, 2019.

Breakdown by objective of equity securities held as at December 31, 2018:

- Price management through an AMAFI liquidity contract: 30,757 shares
- External growth operations: 0
- Stock option hedging or other employee share ownership scheme: 0
- Hedging of securities giving the right to the allocation of shares: 0
- Cancellation: 0

New share buyback programme

Programme authorisation: General Meeting of June 13, 2019

Securities concerned: common shares

Maximum share of capital authorised for redemption: 10% of the capital (i.e. 1,774,343 shares to date), it being specified that this limit is assessed on the date of the redemptions in order to take into account any capital increase or reduction operations that may occur during the term of the programme. The number of shares taken into account for the calculation of this limit corresponds to the number of shares purchased, less the number of shares resold during the term of the programme as part of the liquidity objective.

Since the company cannot hold more than 10% of its capital, it will have to take into account the number of shares already held at the award of the next programme.

Terms of redemptions: These purchases of shares may be made by any means, including by acquiring blocks of shares, and at such times as the Board may determine. These transactions may not be carried out during a public offering period. The company does not intend to use options or derivatives.

Maximum purchase price and maximum amount of the programme: The maximum purchase price would be set at €30 per share. In the event of a capital transaction, including the division or consolidation of shares or the free allocation of shares, the price indicated above will be adjusted by a multiplier equal to the ratio between the number of shares comprising the capital before the operation and the number of shares after the operation. The maximum amount of the transaction would thus be set at
53.230.290 €.

The objectives of the programme: Acquisitions may be made for any purpose permitted by law, including:

- To promote the secondary market or the liquidity of the 2CRSI share through an investment services provider within the framework of a liquidity contract in accordance with the practice allowed by the regulations;
- Retain the shares purchased and subsequently use them in exchange or as payment in connection with any external growth operations, it being specified that the shares acquired for this purpose may not exceed 5% of the company's share capital,
- Ensure the coverage of stock option plans and / or free share plans (or similar plans) for the benefit of employees and / or corporate officers of the group as well as any allocations of shares under a corporate or group savings plan (or similar plan), in respect of participation in the results of the company and/or any other form of allocation of shares to employees and/or officers of the group.
- Ensure the coverage of securities giving right to the allocation of shares of the company under the regulations in force,
- Implement any market practice that may be approved by the AMF, and more generally carry out any other transaction in accordance with applicable regulations,
- Cancel any shares acquired, subject to the authorisation to be granted by this General Meeting in its eleventh extraordinary resolution.

Duration of the programme: 18 months from the general meeting of June 13, 2019, i.e. until December 13, 2020.

12. Presentation of the resolutions of the combined general meeting of June 13, 2019

1. Approval of the parent company and consolidated financial statements for the year ended December 31, 2018 - Approval of non-deductible expenses

We kindly ask you to approve the parent company financial statements for the year ended December 31, 2018 resulting in a profit of 4,741,902 Euros and the consolidated financial statements for the year ended December 31, 2018 resulting in a profit (group share) of 3,705 thousand Euros.

We also ask you to approve the total amount of expenses and charges referred to in 4° of Article 39 of the French Tax Code, i.e. the sum of 11,097 Euros and the corresponding tax of 3,107 Euros.

2. Allocation of profits of the year and determination of the dividend

The allocation of the result of our Company which we propose is in accordance with the law and our Articles of Association.

Origin

- Profit of the financial year	4.741.902 €
- Retained earnings	€ 0
i.e. at distributable total of	4,741,902 €.

Allocation

- Legal reserve (to bring it to 10% of the share capital)	84.842 €
- Dividends to shareholders holding 2017 preference shares	175,000 €
- Retained earnings	4,482,060 €

Thus, the gross dividend per 2017 performance share would be 0.05 Euros.

It is recalled that for natural persons domiciled in France for tax purposes, this dividend is subject to the single flat-rate tax at a global rate of 30%, unless they opt for the taxation of such income according to the progressive income tax scale. In the latter case, the entire amount thus distributed will be eligible for the 40% tax relief resulting from the provisions of Article 158 3-2° of the French Tax Code.

In accordance with the provisions of Article 243 bis of the French Tax Code, the following table shows the amount of dividends and other income distributed for the three previous financial years, as well as their possible eligibility for the 40% tax reduction under the provisions of Article 158 3-2° of the French Tax Code, which, if applicable, benefit individuals who are tax residents in France.

For financial year	Income eligible for the allowance under Article 158-3-2° of the FTC		Income not eligible for the allowance under Article 158-3-2° of the FTC	
	DIVIDENDS	OTHER INCOME	DIVIDENDS	OTHER INCOME
2015	-	-	-	-
2016	175,000 €	-	-	-
2017	175,000 €	-	-	-

3. Acknowledgement of the absence of a new agreement

We inform you that no regulated agreements or commitments were entered into during the financial year ended on December 31, 2018. We invite you to simply acknowledge this.

4. Appointment of a new principal statutory auditor / Non-renewal and non-replacement of an alternate statutory auditor

KPMG SA's term of office as principal statutory auditor and that of its alternate, KPMG AUDIT EST SAS, expire at the end of this Meeting.

On the proposal of the Board held in the form of an audit committee, we propose:

- To appoint the Fiduciaire de Révision, replacing KPMG SA, as principal statutory auditor, for a term of six financial years, i.e. until the end of the Annual Ordinary General Meeting to be held in 2025 to approve the financial statements for the year ending December 31, 2024;
- Not to renew or replace KPMG AUDIT EST SAS as alternate statutory auditor in order to take into account the provisions of the SAPIN II law of December 9, 2016 that no longer allow the appointment of an alternate statutory auditor when the principal statutory auditor is neither a natural person nor a single-member company.

We inform you that Fiduciaire de Révision has not audited in the last two years any contribution or merger transactions in the Company or the companies it controls within the meaning of Article L. 233-16 of the French Commercial Code.

5. Compensation policy for corporate officers: Approval of the principles and criteria for the determination, distribution and allocation of fixed, variable and exceptional elements comprising the total remuneration and benefits of any nature attributable to the corporate officers (Chairman and Chief Executive Officer and Deputy Chief Executive Officer)

Pursuant to Article L.225-37-2 of the French Commercial Code, the Board invites you to read the compensation policy for corporate officers (Chairman and Chief Executive Officer and Deputy Chief Executive Officer) and to approve the principles and the criteria for the determination, distribution and allocation of fixed, variable and exception elements comprising the total remuneration and benefits of any kind attributable to corporate officers for their mandate as described in paragraph III, 2.1 of the Company's annual financial report.

6. **Authorisation to set up a share buyback programme and reduce the share capital by cancelling treasury shares (Article L. 225-209 of the French Commercial Code)**

We propose that you grant the Board of Directors, for a period of eighteen months, the powers necessary to proceed with the purchase, in one or more times at the times determined by it, of Company shares within the limit of 10% of the number of shares making up the share capital, if necessary adjusted to take into account any capital increase or reduction operations that may occur during the term of the programme.

This authorisation would terminate the authorization granted to the Board of Directors by the General Meeting of May 24, 2018 in its eighth ordinary resolution.

Acquisitions could be made in order to:

- To promote the secondary market or the liquidity of the 2CRSI share through an investment services provider within the framework of a liquidity contract in accordance with the market practice allowed by the regulations;
- Retain the shares purchased and subsequently use them in exchange or as payment in connection with any external growth operations, it being specified that the shares acquired for this purpose may not exceed 5% of the Company's share capital,
- Ensure the coverage of stock option plans and / or free share plans (or similar plans) for the benefit of employees and / or corporate officers of the group as well as any allocations of shares under a corporate or group savings plan (or similar plan), in respect of participation in the results of the company and/or any other form of allocation of shares to employees and/or officers of the group.
- Ensure the coverage of securities giving right to the allocation of shares of the Company under the regulations in force,
- Implement any market practice that may be approved by the AMF, and more generally carry out any other transaction in accordance with applicable regulations,
- Cancel any shares acquired, subject to the authorisation to be granted by this General Meeting in its eleventh extraordinary resolution.

These purchases of shares could be made by any means, including by acquiring blocks of shares, and at such times as the Board may determine.

These transactions could not be carried out during a public offering period.

The Company does not intend to use options or derivatives.

We propose that you set the maximum purchase price at 30 Euros per share and, consequently, the maximum amount of the operation at 53,230,290 Euros.

As a consequence of the cancellation objective, we ask you to authorise the Board of Directors, for a period of 24 months, to cancel, on its sole decisions, one or more times, within the limit of 10% of capital, calculated on the day of the cancellation decision, after deduction of any shares cancelled during the last 24 months, the shares that the Company holds or may hold as a result of redemptions made under its buyback programme and to reduce the share capital to the extent required in accordance with the legal and regulatory provisions in force.

The Board of Directors would therefore have the necessary powers to take the necessary measures in this respect.

7. Amount of directors' fees allocated to Board members

We propose that you increase the total annual amount of directors' fees to be allocated to the Board of Directors to €60,000 for the current financial year and until a new decision is taken.

8. Financial delegations

8.1 Delegation of authority to increase the capital for the benefit of members of a company savings plan (PEE)

We submit to your vote this resolution, in order to comply with the provisions of Article L. 225-129-6 of the French Commercial Code, according to which the Extraordinary General Meeting must also decide on a resolution concerning the performance of a capital increase under the conditions provided for in Articles L. 3332-18 *et seq*. of the French Labour Code, when it delegates its competence to carry out a capital increase in cash.

Within the framework of this delegation, we propose that you authorise the Board of Directors to increase the share capital, in one or more times by the issue of ordinary shares or securities giving access to the Company's capital in favour of members of one or more company or group savings plans established by the Company and/or the French or foreign companies related to it under the conditions of Article L.225-180 of the French Commercial Code and Article L.3344-1 of the Labour Code.

Pursuant to Article L.3332-21 of the Labour Code, the Board of Directors may allocate to the beneficiaries, free of charge, shares to be issued or already issued or other securities giving access to the Company's capital to issue or already issued, under (i) the employer's contribution that may be paid pursuant to the regulations of the company or group savings plans, and/or (ii) where applicable, the discount;

In accordance with the law, the General Meeting would cancel the shareholders' preferential subscription rights.

The maximum nominal amount of capital increases that may be made through the use of the authorisation would be 810,000 Euros, it being specified that this amount would be independent of any other ceiling provided for the delegation of capital increases. Where applicable, the additional amount of the ordinary shares to be issued will be added to this ceiling to preserve, in accordance with the law and any contractual provisions provided for other cases of adjustment, the rights of holders of securities giving access to shares of the Company.

This delegation would last for 26 months.

It is specified that, in accordance with the provisions of Article L. 3332-19 of the Labour Code, the price of the shares to be issued may not be less than 20% (or 30% when the lock-up period provided for by the plan pursuant to Articles L. 3332-25 and L. 3332-26 of the Labour Code is greater than or equal to ten years) than the average of the first share prices during the 20 trading days preceding the decision of the Board of Directors relating to the capital increase and the corresponding issue of shares, nor greater than this average.

The Board of Directors would have, within the limits set above, with the power to sub-delegate, the necessary powers to set the conditions of the issue(s), record the resulting capital increases, proceed with the corresponding amendment of the Articles of Association, charge, on its own initiative, the costs of capital increases to the amount of related premiums and deduct from this amount the sums necessary to increase the legal reserve to one tenth of the new capital after each increase and, more generally, do all that is necessary.

8.2 Employee shareholding

To enable us to pursue an employee share ownership incentive policy that will support the company's development, we propose that you authorise the Board of Directors,

- to issue share subscription warrants (BSA), warrants to subscribe for and/or acquire new and/or existing shares (BSAANE) and/or warrants to subscribe for and/or acquire new and/or existing redeemable shares (BSAAR) for the benefit of a category of persons,
- to grant (i) stock options and / or share purchase options to the employees and / or certain corporate officers of the Company or related companies,
- to grant free shares (AGA) to employees and / or certain corporate officers of the Company or related companies,
- to allocate business creator share warrants (BSPCEs) to a category of persons.

- Delegation to issue share subscription warrants (BSA), warrants to subscribe for and/or acquire new and/or existing shares (BSAANE) and/or warrants to subscribe for and/or acquire new and/or existing redeemable shares (BSAAR) for the benefit of a category of persons,

We have decided to submit to you a draft resolution concerning a delegation to be given to the Board of Directors to issue to a category of persons:

- Share subscription warrants (BSA),
- Warrants to subscribe for and/or acquire new and/or existing shares (BSAANE),
- Warrants to subscribe for and/or acquire new and/or existing redeemable shares (BSAAR).

This delegation would be granted for a period of eighteen months, starting from the date of the General Meeting and would have the characteristics specified below.

If this delegation is used by the Board of Directors, it shall prepare, in accordance with Article L. 225-138 of the French Commercial Code, an additional report, certified by the Statutory Auditors, describing the final terms of the transaction.

A delegation is proposed to you to issue BSA, BSAANE and / or BSAAR for the following reasons: to enable certain employees or corporate officers of the Company or a Group company to participate in the evolution of the share price, provided that they agree to take a risk by subscribing for the warrant.

With this in mind, we propose that you decide to waive your preferential subscription right in favour of the category of persons with the following characteristics under the conditions of Article L. 225-138 of the French Commercial Code:

i. Employees and / or corporate officers of the Company or a Group company within the meaning of Article L.233-3 of the French Commercial Code; and or
ii. Service providers or consultants who have signed a contract with the Company or a Group company within the meaning of Article L. 233-3 of the French Commercial Code.

It would be the responsibility of the Board of Directors implementing the delegation to determine the list of beneficiaries within the category of persons defined above and the number of warrants to be granted to each of them.

The BSA, BSAANE and/or BSAAR may be issued on one or more occasions, in the proportions and at the periods determined by the Board of Directors, and entitle them to subscribe and/or purchase 2CRSI shares at a price fixed by the Board of Directors at the time of the issue decision in accordance with the pricing terms set out below.

The delegation would thus entail the waiver by the shareholders of their preferential subscription rights to the shares of the Company that may be issued upon exercise of the warrants in favour of the holders of BSA, BSAANE and/or BSAAR.

The characteristics of the BSA, BSAANE and/or BSAAR that may be issued pursuant to the delegation would be determined by the Board of Directors at the time of their issue decision.

The Board would have all the necessary powers, under the conditions set by law and provided for above, to issue BSA, BSAANE and/or BSAAR and in particular to establish the precise list of beneficiaries within the category of persons defined above, the nature and number of warrants to be granted to each of them, the number of shares to which each warrant would give entitlement, the issue price of the warrants and the subscription and/or acquisition price of the shares to which the warrants would entitle the holder under the conditions provided for above, the conditions and deadlines for subscribing and exercising the warrants, their adjustment procedures, and more generally all the terms and conditions of the issue;

The subscription and / or acquisition price of the shares to which the warrants would give entitlement would be at least equal to the average of the closing prices of the 2CRSI share over the 20 trading days preceding the day of the decision to issue the warrants.

This price would be determined by the Board of Directors deciding on the issue of the warrants.

The total nominal amount of the shares to which the warrants issued pursuant to this delegation are likely to give entitlement may not exceed 10% of the share capital on the day of the first allocation. Where applicable, the par value of the ordinary shares to be issued will be added to this ceiling to preserve, in accordance with the law and, if applicable, the contractual provisions provided for other cases of adjustment, the rights of holders of BSA, BSAANE and BSAAR. This ceiling would be reduced by the total number of shares to which the shares (i) awarded free of charge could give entitlement, and (ii) the share subscription and / or purchase options that may be granted by the Board of Directors pursuant to the authorisations provided for by this Meeting.

If the subscriptions have not absorbed the entire issue, the Board of Directors may use the following options:

- Limit the amount of the issue to the amount of subscriptions,
- Freely allocate, within the category of persons defined above, all or part of the unsubscribed BSA, BSAANE, BSAAR.

In this respect, the Board of Directors would have all powers to record the completion of the capital increase that may result from the exercise of the BSA, BSAANE and/or BSAAR warrants and to amend the Articles of Association accordingly. It may, at its sole initiative, deduct the costs of capital increases from the amount of the premiums relating to these increases and deduct from this amount the necessary sums to bring the legal reserve to one tenth of the new capital amount after each increase;

□ Authorisation to grant stock options and/or share purchase options

We propose to authorise the Board of Directors, for a period of 38 months, to grant share subscription and / or purchase options to employees, some of them, or certain categories of employees of both the Company and the companies or economic interest groups associated with it under the terms of Article L. 225-180 of the French Commercial Code, and/or corporate officers who meet the conditions set by the Article L. 225-185 of the French Commercial Code.

The total number of options that may be granted by the Board of Directors under this authorisation may not entitle the holder to subscribe for or purchase a number of shares in excess of 10% of the existing share capital at the date of this Meeting, it being specified that from this ceiling may be deducted the total number of shares to which the (i) shares awarded free, and (ii) the BSA, BSAANE, BSAAR, that may be granted by the Board of Directors under the authorisations provided for by this Meeting may give entitlement.

The subscription and / or purchase price of the shares by the beneficiaries would be fixed on the day on which the options will be granted by the Board of Directors as follows: (i) in the event of granting of subscription options, this price cannot be less than 95% of the average opening price of the Company's share on the Euronext Paris regulated market during the twenty trading days preceding the date the subscription options are granted and (ii) in the case of share purchase options, this price cannot be less than the value indicated in (i) or 95% of the average purchase price of shares held by the Company under Articles L.225-208 and L.225-209 of the Commercial Code.

The term of the options set by the Board of Directors may not exceed a period of five years from the grant date.

Thus, the Board of Directors would have, within the limits set above, with the power to subdelegate, all powers to set the other terms and conditions for the granting of options and their exercise and in particular to set the conditions under which the options will be granted and determine the list or categories of beneficiaries as provided above, fix the exercise period(s) of the options thus granted, perform or cause to be performed all acts and formalities for the purpose of making any capital increases that may be carried out final, amend the Articles of Association accordingly and generally do all that is necessary.

- **Authorization to award free shares to employees (and / or certain corporate officers)**

We propose that you authorise the Board of Directors, for a period of 38 months, to proceed, pursuant to Article L 225-197-1 of the French Commercial Code, to the free allocation of new shares resulting from a capital increase by incorporation of reserves, bonuses or profits, or existing shares.

The beneficiaries of these allocations may be employees of the Company or companies directly or indirectly related to it within the meaning of Article L. 225-197-2 of the French Commercial Code, and / or corporate officers who meet the conditions of Article L. 225-197-1 of the French Commercial Code.

The number of shares that may be allocated free of charge by the Board of Directors under this authorisation may exceed 10% of the existing share capital at the date of this Meeting, it being specified that from this ceiling may be deducted the total number of shares to which the (i) share subscription and/or purchase options and (ii) the BSA, BSAANE, BSAAR, that may be granted by the Board of Directors under the authorisations provided for by this Meeting may give entitlement.

The allocation of shares to the beneficiaries would be final at the end of a vesting period, the duration of which would be fixed by the Board of Directors, which cannot be less than one year. The beneficiaries should then retain these shares for a period set by the Board of Directors, it being specified that the retention period may not be less than one year from the final allocation of the shares.

However, the Board of Directors would be authorised, insofar as the vesting period for all or part of one or more grants is at least two years, not to impose any retention period for the shares in question.

Exceptionally, the final allocation would take place before the end of the vesting period in case of disability of the beneficiary corresponding to a classification in the second and third categories provided for in Article L. 341-4 of the Social Security Code.

This authorisation would automatically entail a waiver of your preferential subscription right to new shares issued by incorporation of reserves, premiums and profits.

Thus, the Board of Directors would have, within the limits set above, with the power of subdelegation, all powers to set the conditions and, if applicable, the criteria for the allocation of shares, to determine the identity of the beneficiaries of the free allocations among the persons fulfilling the conditions set out above and the number of shares allocated to each of them, to determine the effects on the beneficiaries' rights, on transactions modifying the capital or likely to affect the value of the shares to be allocated and realized during the vesting and retention periods, if necessary to record the existence of sufficient reserves and to proceed at the time of each allocation to the transfer to an unavailable reserve account of the sums required for the payment of the new shares to be granted, to decide the capital increase(s) by capitalization of reserves, premiums or profits, correlative to the issue of the new shares allotted free of charge, to proceed with the acquisition of the necessary shares under the share buyback programme and allocate them to the allocation plan and generally, within the framework of the regulations in force, do all that the implementation of this authorisation may require.

- Delegation to issue business creator share subscription warrants (BSPECE)

We have decided to submit to you a draft resolution concerning a delegation to be given to the Board of Directors to issue to a category of persons business creator share subscription warrants (BSPECE).

This delegation would be granted for a period of eighteen months, starting from the date of the General Meeting and would have the characteristics specified below.

If this delegation is used by the Board of Directors, it would prepare, in accordance with Article L. 225-138 of the French Commercial Code, an additional report, certified by the Statutory Auditors, describing the final terms of the transaction.

We therefore propose that you authorise the Board of Directors, for a period of 18 months, to

issue, on one or more occasions, BSPCE, giving the right to subscribe for new ordinary shares of the Company to be issued as a capital increase, for the benefit of employees and/or corporate officers subject to the tax regime for employees of the Company and companies in which the Company holds the portion of capital or voting rights required by Article 163 bis G of the Tax Code in compliance with the conditions provided for therein and, subject to the promulgation of the law on the growth and transformation of companies known as the "PACTE Law", to the Company's directors.

We will therefore ask you, in accordance with the provisions of Article 163 bis G of the French Tax Code, to authorise that the maximum number of ordinary shares resulting from the exercise of BSPCE that may be allocated by the Board of Directors may not be exceed 10%

of the share capital existing on the date of the Combined General Meeting of June 13, 2019 (i.e. a maximum of 1,774,343 ordinary shares based on the current par value of the ordinary shares), it being specified that one warrant will entitle its holder to subscribe to one ordinary share with a par value of €0.09. This ceiling would be independent of the other authorisations provided for by this Meeting.

The BSPCEs would be allocated free of charge to the beneficiaries and would be non-transferable.

The price to be paid upon exercise of the BSPCE would be set by the Board of Directors on the day on which they are granted, it being specified that this price should be at least equal to the highest of the following amounts:

- Either the issue price of the shares during any capital increase carried out by the Company in the six months preceding the allocation of the BSPCE;
- In the absence of such a capital increase, the average closing price of the last twenty trading days preceding the date of allocation of the BSPCE.

We also inform you that the BSPCEs must be exercised within a maximum period of 5 years from the date of issue of the BSPCEs.

In accordance with the provisions of Articles L.228-91 and L. 225-138 of the Commercial Code, we propose that you delete, for all the BSPCE, the preferential subscription right for the benefit of employees and/or corporate officers subject to the tax regime for employees of the Company and companies in which the Company holds the portion of capital or voting rights required by Article 163 bis G of the Tax Code in compliance with the conditions provided for therein on the grant date and, subject to the promulgation of the law on the growth and transformation of companies known as the "PACTE Law", to the Company's directors.

All powers would be granted to the Board of Directors, with the possibility of sub-delegation, to implement this authorisation under the conditions and within the limits set above and in particular:

- To designate the beneficiaries of the BSPCE in accordance with the legal provisions, as well as the number of BSPCE allocated to each one free of charge;
- To set the exercise price and conditions for exercising the BSPCE, and in particular the time limit and dates for exercising the BSPCE, the terms and conditions for paying up the shares subscribed for in exercise of the BSPCE, as well as their dividend entitlement date, even retroactively;
- To determine the procedure according to which, in particular by way of adjustment, the rights of the holders of the BSPCE would be reserved if the Company proceeded, as long as there are BSPCE

valid, to operations that can only be carried out by reserving the
rights of said holders;

- Where applicable, to limit, suspend, restrict or prohibit the exercise of the BSPCE or the transfer or conversion to bearer form of the shares obtained by the exercise of the BSPCE during certain periods or as from certain events. Its decision may concern all or part of the BSPCE or the shares or concern all or part of the beneficiaries;
- To inform the beneficiaries of the BSPCE, collect subscriptions and payments of the price of the shares issued in exercise of the BSPCE, record any payment by offset, record the corresponding capital increases and amend the Articles of Association accordingly;
- On its sole decision, if it deems it appropriate, proceed, where applicable, with any deductions from the issue premiums of the costs incurred in carrying out the issues and deduct from them the sums necessary for the full appropriation of the legal reserve;
- More generally, to enter into all agreements and, in general, take all measures to carry out all necessary formalities in connection with the issuance of BSPCE;
- To take all measures and carry out all formalities required for the admission of the new shares thus issued to trading on the Euronext regulated market in Paris.

9. Amendment of Article 11 "Rights and obligations attached to shares" of the Company's Articles of Association

In order to best meet the requirements of the tax authorities in the event of a share split and the use of the partial exemption provisions provided for in Article 787 B of the French Tax Code (Dutreil Pact), we propose to amend Article 11 "Rights and obligations attached to ordinary shares - vote" of the Company's Articles of Association by adding a paragraph 11.4 as follows, the rest of the article remaining unchanged:

"11.4 In the event of a share split, the voting right is allocated as follows:

- When the bare owner benefits, during the transmission of bare ownership with a usufruct reserve for the benefit of the donor, from provisions relating to the partial exemption, provided for by Article 787B of the French Tax Code, the voting right belongs to the usufructuary for decisions concerning the allocation of profits and to the bare owner for all other decisions.
  This allocation applies without limitation in time.
  To ensure its execution, this distribution of voting rights between usufructuary and bare owner will be mentioned on the account where their rights are recorded.
- In other cases, the voting right belongs to the usufructuary at Ordinary General Meetings. and the bare owner at Extraordinary General Meetings. "

10. Delegation of authority to harmonise the Company's Articles of Association

We ask you to give a delegation to the Board of Directors with a view to harmonising the Company's Articles of Association with the legislative and regulatory provisions, subject to ratification of these amendments by the next Extraordinary General Meeting.

Your Board of Directors invites you to approve, by your vote, the text of the resolutions it proposes.

III. REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS ON CORPORATE GOVERNANCE

At its meeting on April 25, 2019, the Board of Directors decided on the terms of the present report on corporate governance, which includes information relating to the governance of the Company, executive compensation and other factors. likely to have an influence in the event of a public offer.

1. Administration and management bodies

1.1 Composition of the Board of Directors

2CRSI is administered by a Board of Directors composed, at the date of this document, of six members, two of whom are considered independent. Three women are represented, thus meeting the gender parity requirement. The term of office of directors is three years, renewable. The number of directors having reached the age of 75 may not exceed one third of the members of the Board of Directors. When this threshold is exceeded, the oldest director is deemed to have automatically resigned at the end of the next general meeting.

The tables below summarize the mandates and functions of the members of the Board of Directors at the date of this document. For the purposes of their function within the Group, the members of the Board of Directors are domiciled at the Company's registered office:

ALAIN WILMOUTH	
Alain Wilmouth holds a DEUG in Economics. Self-taught and entrepreneur, for over 25 years he has built his technical expertise and reputation in the computer world. His vast experience in management positions in the IT sector have allowed him to acquire a solid management and business management experience while increasing his technical knowledge. After several company creations, he founded 2CRSI in 2005.	
Chairman - Chief Executive Officer - Director Age: 47 Nationality: French First appointment: April 26, 2018 His term of office expires at the end of the 2021 General Meeting called to approve the accounts for the previous year Number of Company shares held: 841,527	Positions held: Outside the Group: Manager of the SCI du NNORD Chairman of ALISPALU SAS Within the Group: Manager of the Holding Alain Wilmouth Manager of ADIMES SARL Chairman 2CRSI Middle East FZE Chairman 2CRSI CORP Chairman of 2CRSI UK (formerly Tranquil PC) Chairman of 2CRSI Limited Mandates which have expired during the last 5 financial years: Outside the Group: n/a Within the Group: Manager of 2CRSI before transformation into a SAS

HAW represented by Jean-Louis Wilmouth

Permanent representative of Alain Wilmouth Holding, Jean-Wilmouth, 80, is retired. After training as a carpenter and cabinetmaker, Mr. Jean-Louis Wilmouth became a Master Carpenter and Cabinetmaker in 1961. He joined the Stadler carpentry in Forbach in 1964 and then was head of the Moeser Furniture Company in Forbach until 1970. From 1971 until his retirement, Mr. Jean-Louis Wilmouth managed the family business "Meubles WILMOUTH".

Director

Age: 80 Nationality:
French
First appointment: April 26, 2018
His term of office expires at the end of the 2021 General Meeting called to approve the accounts for the previous year Number of Company shares held: 6,833,320

Positions held:

Outside the Group: n/a

Within the Group: n/a

Mandates which have expired during the last 5 financial years:

Outside the Group: n/a
Within the Group: n/a

Marie-Estelle SCHANG

41 years old, she holds a BTS in Real Estate. A first experience between 1997 and 2001 as an assistant in rental management for a Strasbourg agency, led her to a sales position this time for a real estate developer from 2003. Five years later, she joined 2CRSI to take over the administrative and financial management. She became Vice Chairman of the Group in 2017.

Director - Vice-Chairman

Age: 41 Nationality:
French
First appointment: April 26, 2018
His term of office expires at the end of the 2021 General Meeting called to approve the accounts for the previous year Number of Company shares held: 487

Positions held:

Outside the Group: n/a

Within the Group: Employee of 2CRSI

Mandates which have expired during the last 5 financial years:

Outside the Group: n/a
Within the Group: n/a

Michel WILMOUTH

54 years old. Self-taught, Mr Michel Wilmouth is co-founder of 2CRSI. He was Manager from 2005 to 2010 and Chief Executive Officer from 2017 to 2018. He is still an employee of the Company. Previously, Mr. Michel Wilmouth was responsible for assembly and the after-sales service at Allen Computers France. In 2010, he co-founded the subsidiary ADIMES SARL. Since 2015 he has been in charge of the after-sales service at ALISPALU.

Director

Age: 54 Nationality: French
First appointment: 24 May 2018
His term of office expires at the end of the 2021 General Meeting called to approve the accounts for the previous year Number of Company shares held: 850,000

Positions held:

Outside the Group: n/a

Within the Group: Employee of 2CRSI

Mandates which have expired during the last 5 financial years:

Outside the Group: n/a
Within the Group:
Chief Executive Officer of 2CRSI until April 26, 2018

Monique JUNG

54 years old, she holds a Master's degree in International Relations from the University of Strasbourg, ENA Cycle of European Studies, Director of Adira where she has been working since 1988. After fifteen years abroad for economic prospecting, she works for the economic development of companies based in Alsace. She held political mandates in the Alsace Region between 2004 and 2015, as VP in charge of the environment and energy transition.

Independent Director

Age: 54 Nationality: French
First appointment: 24 May 2018
His term of office expires at the end of the 2021 General Meeting called to approve the accounts for the previous year Number of Company shares held: 0

Positions held:

Outside the Group:
Director of ADIRA

Within the Group: n/a

Mandates which have expired during the last 5 financial years:

Outside the Group: n/a
Within the Group: n/a

Marie de LAUZON

41 years old. Marie de Lauzon graduated from HEC Paris and holds a CEMS Master's degree from the University of St. Gallen. She began her career in investment banking at Citigroup, where she spent 7 years in London and Zurich. She then joined PwC as Chief of Staff of the Chief Executive Officer for 3 years, then became COO of an investment fund and Managing Director of a French management company.
Secretary General of Voltalia (an international renewable energy player) since 2014, Marie de Lauzon is also in charge of Voltalia's communication, information systems and CSR department.

Independent Director

Age: 41 Nationality:
French
First appointment: 24 May 2018
His term of office expires at the end of the 2021 General Meeting called to approve the accounts for the previous year Number of Company shares held: 500

Positions held:

Outside the Group:
Director of Voltalia Greece S.A (Greece).

Within the Group: n/a

Mandates which have expired during the last 5 financial years:

Outside the Group: n/a
Within the Group: n/a

Stanislas JANNET

37 years old. A graduate of EM Lyon and the University of Paris-Dauphine, Stanislas Jannet began his career in investment banking in London at UBS Investment Bank where he carried out M&A transactions in the TMT sector. He then joined an investment fund created by former UBS bankers as an Investment Associate and co-founded a primary bond desk at a US broker. Stanislas is currently Director of Equity Capital Markets at Portzamparc BNP Paribas, in charge of IPOs, capital increases and public offerings for French SMEs/ETIs.

Censor Age: 37 Nationality: French First appointment: December 12, 2018 End of the term: December 12, 2021 Number of company shares held: 0	Positions held: Outside the Group: n/a Within the Group: n/a Mandates which have expired during the last 5 financial years: Outside the Group: n/a Within the Group: n/a

According to the third recommendation of the Middlenext Code on the composition of the Board and the presence of independent members, five criteria can be used to presume the independence of a Board member which is characterized by the absence of a financial, contractual, family or significant proximity relationship that could affect the independence of judgement:

	Alain Wilmouth	Michel Wilmouth	Jean-Louis Wilmouth (representing HAW)	Marie-Estelle Schang	Marie de Lauzon	Monique Jung
Not to have been in the last five years and not to be an employee or corporate officer of the company or a company in its group	no	no	yes	no	yes	yes
Not to have been in over the last two year and not to be in a significant business relationship with the company or its group (customer, supplier, competitor, service provider, creditor, banker, etc.)	no	no	yes	no	yes	yes
Not to be a reference shareholder of the company or hold a significant percentage of voting rights	no	no	no	no	yes	yes
Not to have a close relationship or close family relationship with a corporate officer or a reference shareholder	no	no	no	no	yes	yes
Not to have been an auditor of the company in the last six years	yes	yes	yes	yes	yes	yes
	Not independent	Not independent	Not independent	Not independent	Independent	Independent

With regard to these criteria, Ms. Monique Jung and Ms. Marie de Lauzon were qualified by the Board of Directors on March 26, 2019 as independent members.

1.2 Declarations relating to administrative bodies - conflicts of interest

Alain Wilmouth, Chairman and Chief Executive Officer of the Company and Michel Wilmouth, employee and director of the Company, are brothers.

Jean-Louis Wilmouth, representing Alain Wilmouth Holding on the Company's Board of Directors, is the father of Alain Wilmouth, Chairman and Chief Executive Officer of the Company, and Michel Wilmouth, employee and director of the Company.

Marie-Estelle Schang, director, is the sister of the partner of Alain Wilmouth, Chairman and Chief Executive Officer of the Company.

In addition, to the Company's knowledge and at the date of preparation of this document, over the last five years:

- No conviction for fraud has been pronounced against its members of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officer
- None of the members of the Board of Directors, the Chief Executive Officer or the Deputy Chief Executive Officer has been associated with a bankruptcy, receivership or liquidation,
- No incrimination and / or official public sanction has been pronounced against its members of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officer by statutory or regulatory authorities
- And none of the members of the board of directors, the Chief Executive Officer and the Deputy Chief Executive Officer have been prevented by a court from acting as a member of an administrative, management or supervisory body of an issuer nor to take part in the management or conduct of the business of an issuer.

To the best of the Company's knowledge, there are no conflicts of interest between the duties of the members of the Board of Directors and the management and their private interests as of the date of preparation of this document.

In addition, to the best of the Company's knowledge, at the date of this document, there is no arrangement or agreement with major shareholders, customers, suppliers or others, pursuant to which one of the members of the Board of Directors has been selected as a member of the Board of Directors or a member of the Executive Board of the Company.

At the date of the preparation of this document, there is no restriction accepted by the members of the board of directors and senior management regarding the sale, within a certain period of time, of their stake in the Company's share capital.

1.3 General Management

Alain Wilmouth is Chairman of the Board of Directors and Chief Executive Officer of the Company.

Emmanuel Ruffenach has been appointed Deputy Chief Executive Officer.

EMMANUEL RUFFENACH

Emmanuel Ruffenach is a graduate in finance from ESDES Lyon Business School. After a first stint from 2000 to 2005 and a position of Director of European Operations at Pimkie (Mulliez Group, 280 people), he returned in 2011 to FM Logistic as Site Director. In 2013, Katoen Natie entrusted him with the position of Chief Executive Officer and the supervision of 350 people. He joined 2CRSI in 2017 as Deputy Chief Executive Officer.

Deputy Chief Executive Officer Age: 44 Nationality: French First appointment: April 26, 2018 End of the term of office: at the end of the General Meeting called to approve the financial statements of the previous year Number of company shares held: 0 Number of company shares held: 0	Positions held: Outside the Group: n/a Within the Group: n/a Mandates which have expired during the last 5 financial years: Outside the Group: n/a Within the Group: n/a

2. Compensation of corporate officers

2.1 Compensation policy - Principles and criteria for determining the remuneration of executive corporate officers

In accordance with Article L. 225-37-2 of the French Commercial Code, we present below the principles and criteria for determining, allocating and allocating the fixed, variable and exceptional items comprising the total remuneration and benefits of any kind attributable to the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer by virtue of their office.

□ General principles

It is recalled that the Board of Directors takes into account and applies the principles recommended by the Middlenext Code namely, completeness, benchmark, consistency, legibility of the rules, measurement and transparency. These principles apply to all elements of the compensation of corporate officers.

The Board of Directors ensures that none of the elements of the compensation of executive corporate officers is disproportionate and analyses the remuneration as a whole by taking into account all of its components (fixed, annual and multi-year variable remuneration).

On April 25, 2019, the Board of Directors decided as follows on the general principles on which the remuneration and benefits of corporate officers would be determined:

- Compliance with the recommendations of the MiddleNext Code
- No severance pay or non-compete indemnity is paid in case of departure
- There is no supplementary pension plan
- The level and difficulty of the corporate officer's responsibilities are taken into account, as well as his seniority in the Company

The Board of Directors provides for an incentive and balanced compensation structure, broken down as follows:

- A fixed remuneration
- An annual variable remuneration for the Deputy Chief Executive Officer
- Free allocations of shares are possible subject to making the final allocation conditional at least in part on performance conditions.
- Benefits in kind consisting of the provision of a company car, company accommodation and/or executive insurance in the event of loss of employment may, where applicable, be granted.

The Chairman and Chief Executive Officer does not hold an employment contract. Alain Wilmouth has never been an employee of the Company or its subsidiaries.

The Board considers that the methods for determining the compensation of the Chairman and Chief Executive Officer are in accordance with the principles defined in recommendations R13 (on the principle of definition and transparency of the compensation of executive corporate officers), R15 (on the accumulation of the employment contract and corporate mandate) and R18 (on the free allocation of shares) of the MiddleNext Corporate Governance Code.

The Deputy Chief Executive Officer, Mr. Emmanuel Ruffenach, holds an employment contract.

The Board considers that the procedures for setting the remuneration of the Deputy Chief Executive Officer are in line with the principles set out in recommendations R13 (on the principle of definition and transparency of the remuneration of executive corporate officers), R15 (on the accumulation of the employment contract and corporate mandate) and R18 (on the free allocation of shares) of the MiddleNext Corporate Governance Code.

In accordance with Article L225-37-2 of the French Commercial Code, the possible payment of variable and exceptional remuneration items for the year ended December 31, 2019 would be subject to the approval of the remuneration of the persons concerned by the annual general meeting to be held in 2020 to approve the financial statements for the year ended December 31, 2019.

Criteria and methods used by the Board of Directors to determine, distribute and allocate the fixed, variable and exceptional components of the total compensation and benefits of any kind of the Chairman and Chief Executive Officer

The compensation policy for the Chairman and Chief Executive Officer for the 2019 financial year, as described below, will be proposed to the Combined General Meeting of June 13, 2019

Fixed remuneration:

The Board of Directors determines the fixed portion of the Chairman and Chief Executive Officer's compensation for a period of twelve (12) months on the basis of the responsibilities assumed and market practices. This remuneration is paid in twelve monthly instalments.

This fixed remuneration is reviewed annually by the Board of Directors. It may be modified, taking into account the Company's economic and financial results for the previous financial year.

Annual variable compensation:

The Chairman and Chief Executive Officer does not receive any annual variable compensation.

Multi-year variable compensation:

The Chairman and Chief Executive Officer does not receive any multi-year variable compensation.

Free allocation of shares:

The Combined General Meeting of May 24, 2018 authorised the Board of Directors to allocate free shares to the employees of the Company or companies directly or indirectly related to it within the meaning of Article L. 225-197-2 of the French Commercial Code, and / or corporate officers who meet the conditions of Article L. 225-197-1 of the French Commercial Code.

Under this authorisation and in accordance with applicable regulations, corporate officers could benefit from performance share grants that would be decided by the Board of Directors. These allocations would be made under conditions of presence and performance.

Share subscription or purchase option:

The combined general meeting of May 24, 2018 authorised the Board of Directors to issue share subscription or purchase options. The Board of Directors may decide, under this authorisation, to issue stock options to the Chairman and Chief Executive Officer.

Indemnities, benefits and remuneration granted to the Chairman and Chief Executive Officer in respect of the termination or change of his duties:

It is specified that the Chairman and Chief Executive Officer does not benefit from these remunerations.

Non-competition payment:

It is specified that the Board of Directors decided that the Chairman and Chief Executive Officer could not benefit from a non-competition payment.

Directors' fees:

The Chairman and Chief Executive Officer does not receive directors' fees.

Remunerations, indemnities, or benefits due or which may be due on taking office

The Board of Directors has decided not to award any remuneration, indemnities or benefits due or which may be due on taking office.

Exceptional compensation:

The Board of Directors has decided that the Chairman and Chief Executive Officer may receive exceptional compensation in certain exceptional circumstances, which must be precisely detailed and justified.

In accordance with Article L.225-37-2 of the French Commercial Code, the payment of the exceptional compensation is subject to the approval by an ordinary general meeting of the remuneration components of the Chairman and Chief Executive Officer under the conditions set out in Article L.225-100 of the Commercial Code.

Compensation and benefits of any kind due or likely to be due to a Corporate Officer, pursuant to agreements entered into, directly or through an intermediary, on the grounds of his mandate, with the company in which the mandate is exercised, any company controlled by it, within the meaning of Article L. 233-16 of the French Commercial Code, any company that controls it, within the meaning of the same article, or any company under the same control as it, within the meaning of this Article:

The Board of Directors has decided that the Chairman and Chief Executive Officer will not receive any compensation in this respect.

Pension:

The Board of Directors decided that the Chairman and Chief Executive Officer would not benefit from any supplementary pension plan.

Benefits in kind:

The Board of Directors has decided that the Chairman and Chief Executive Officer could benefit from a company car.

Any other compensation attributable to the mandate:

The entire compensation policy for the Chairman and Chief Executive Officer is described above. He cannot receive any other remuneration for his mandate.

Criteria and methods used by the Board of Directors to determine, distribute and allocate the fixed, variable and exceptional components of the total compensation and benefits of any kind of the Deputy Chief Executive Officer

We inform you that it will be proposed to the combined general meeting of June 13, 2019 to vote on the compensation policy for the Deputy Chief Executive Officer for the 2019 financial year, as described below.

Fixed remuneration:

The Board of Directors determines the fixed portion of the Deputy Chief Executive Officer's compensation for a period of twelve (12) months on the basis of the responsibilities assumed and market practices. This remuneration is paid in twelve monthly instalments.

This fixed remuneration is reviewed annually by the Board of Directors. It may be modified, taking into account the Company's economic and financial results for the previous financial year.

Annual variable compensation:

The Board may decide to grant the Deputy Chief Executive Officer an annual variable compensation representing a maximum of 50% of the fixed remuneration. The variable compensation is determined according to the level of achievement of the collective and / or individual objectives as determined by the Board of Directors.

These objectives are both quantitative and/or qualitative, based on the achievement of the company's strategic objectives and in particular on the following criteria:

- Achievement of an Ebitda objective, with linked variable compensation not exceeding 25% of the fixed compensation
- Customer satisfaction rate, the related variable compensation not exceeding 25% of the fixed compensation

In accordance with Article L.225-37-2 of the French Commercial Code, the payment of the variable annual compensation is subject to the approval by an ordinary general meeting of the remuneration components of the Chairman and Chief Executive Officer under the conditions set out in Article L.225-100 of the Commercial Code.

Multi-year variable compensation:

It is specified that the Deputy Chief Executive Officer does not receive any multi-year variable compensation.

Free allocation of shares:

The Combined General Meeting of May 24, 2018 authorised the Board of Directors to allocate free shares to the employees of the Company or companies directly or indirectly related to it within the meaning of Article L. 225-197-2 of the French Commercial Code, and / or corporate officers who meet the conditions of Article L. 225-197-1 of the French Commercial Code.

Under this authorisation and in accordance with applicable regulations, corporate officers could benefit from performance share grants that would be decided by the Board of Directors. These allocations would be made under conditions of presence and performance.

Share subscription or purchase option:

The combined general meeting of May 24, 2018 authorised the Board of Directors to issue share subscription or purchase options. The Board of Directors may decide, under this authorisation, to issue stock options to the Deputy Chief Executive Officer.

Indemnities, benefits and remuneration granted to the Deputy Chief Executive Officer in respect of the termination or change of his duties:

It is specified that the Deputy Chief Executive Officer does not benefit from these remunerations.

Non-competition payment:

It is specified that the Board of Directors decided that the Deputy Chief Executive Officer could not benefit from a non-competition payment.

Directors' fees:

The Deputy Chief Executive Officer, if he is a director, may receive directors' fees.

Remunerations, indemnities, or benefits due or which may be due on taking office

The Board of Directors has decided not to award any remuneration, indemnities or benefits due or which may be due on taking office.

Exceptional compensation:

The Board of Directors has decided that the Deputy Chief Executive Officer may receive exceptional compensation in certain exceptional circumstances, which must be precisely detailed and justified.

In accordance with Article L.225-37-2 of the French Commercial Code, the payment of the variable annual compensation is subject to the approval by an ordinary general meeting of the remuneration components of the Deputy Chief Executive Officer under the conditions set out in Article L.225-100 of the Commercial Code.

Compensation and benefits of any kind due or likely to be due to a Corporate Officer, pursuant to agreements entered into, directly or through an intermediary, on the grounds of his mandate, with the company in which the mandate is exercised, any company controlled by it, within the meaning of Article L. 233-16 of the French Commercial Code, any company that controls it, within the meaning of the same article, or any company under the same control as it, within the meaning of this Article:

The Board of Directors has decided that the Deputy Chief Executive Officer will not receive any compensation in this respect.

Pension:

The Board of Directors decided that the Deputy Chief Executive Officer would not benefit from any supplementary pension plan.

Benefits in kind:

The Board of Directors may decide that the Deputy Chief Executive Officer will receive benefits in kind consisting of the provision of a vehicle, company accommodation and / or executive insurance in the event of loss of employment.

Any other compensation attributable to the mandate:

The entire compensation policy for the Deputy Chief Executive Officer is described above. He cannot receive any other remuneration for his mandate.

2.2 Compensation paid for the financial year ended December 31, 2018 to corporate officers and members of the Board

- Compensation of corporate officers

The tables below detail the compensation paid to Mr. Alain Wilmouth, Chairman and Chief Executive Officer, and Mr. Emmanuel Ruffenach, Deputy Chief Executive Officer, by the Company and by any Group company during the financial years ended December 31, 2018 and 2017:

Table 1 (AMF nomenclature)

Table summarising compensation, options and shares allocated		
(Amounts paid in Euros)	FY 2018	FY 2017
Alain Wilmouth, Chairman and Chief Executive Officer		
Compensation due for the financial year	240,000 Euros (1)	181,500 Euros (1)
Valuation of the multi-year variable remuneration allocated during the financial year	n/a	n/a
Valuation of options granted during the financial year	n/a	n/a
Valuation of free shares granted	n/a	n/a
Total	240,000 Euros (1)	181,500 Euros (1)

(1) Including remuneration received indirectly through Holding Alain Wilmouth (HAW), it being specified that until April 26, 2018, HAW was remunerated in its capacity as Chairman of 2CRSI. Following the transformation of the Company from an SAS into an SA, this remuneration ceased as the mandate ended. Similarly, Mr Alain Wilmouth's compensation as manager of HAW ceased on the same date. Mr. Alain Wilmouth is now remunerated in his capacity as Chairman and Chief Executive Officer. The Board of Directors' meeting of April 26, 2018 decided to set Mr. Alain Wilmouth's gross fixed monthly compensation for his term of office as Chairman and Chief Executive Officer at €20,000, it being specified that no variable compensation has been granted.

Table summarising compensation, options and shares allocated		
(Amounts paid in Euros)	FY 2018	FY 2017
Emmanuel Ruffenach, Deputy Chief Executive Officer		
Compensation due for the financial year	120,000 Euros n/a (1)	29,713 Euros (1)
Valuation of the multi-year variable compensation granted during the financial year	n/a (1)	n/a
Valuation of options granted during the financial year		n/a
Valuation of free shares granted	17,161 Euros	n/a
Total	137,161 Euros	29,713 Euros (1)

Gross monthly remuneration of 10,000 Euros, prorated to the time spent in the company since September 2017.

Table 2 (AMF nomenclature)

Table summarising the compensation paid to each corporate officer				
(Amounts paid in Euros)	FY 2018		FY 2017	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Alain Wilmouth, Chairman and Chief Executive Officer				
Fixed remuneration	240,000 Euros (1)	240,000 Euros (1)	181,500 Euros (1)	181,500 Euros (1)
Annual variable compensation	n/a	n/a	n/a	n/a
Multi-year variable compensation	n/a	n/a	n/a	n/a
Exceptional remuneration	n/a	n/a	n/a	n/a
Directors' fees	n/a	n/a	n/a	n/a
Benefits in kind	n/a	n/a	n/a	n/a
Total	240,000 Euros (1)	240,000 Euros (1)	181,500 Euros (1)	181,500 Euros (1)

Of which remuneration received indirectly through Holding Alain Wilmouth.

Table summarising the compensation paid to each corporate officer				
(Amounts paid in Euros)	FY 2018		FY 2017	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Emmanuel Ruffenach, Deputy Chief Executive Officer				
Fixed remuneration	120,000 Euros	120,000 Euros	29,713 Euros (1)	29,713 Euros (1)
Exceptional compensation	n/a	n/a	n/a	n/a
Exceptional compensation	n/a	n/a	n/a	n/a
Exceptional remuneration	n/a	n/a	n/a	n/a
Directors' fees	n/a	n/a	n/a	n/a
Benefits in kind	n/a	n/a	n/a	n/a
Total	120,000 Euros	120,000 Euros	29,713 Euros (1)	29,713 Euros (1)

Gross monthly remuneration of 10,000 Euros, prorated to the time spent in the company since September 2017.

Table 11 (AMF nomenclature)

Corporate Officers and Executive Directors	Employment contract		Supplementary pension plan		Payments of benefits due or likely to be payable as a result of termination or change of duties		Indemnities relating to a non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Alain Wilmouth, Chairman and Chief Executive Officer,		X		X		X		X
Emmanuel Ruffenach, Deputy Chief Executive Officer	X(1)			X		X		X

(1) Under his employment contract, Mr. Emmanuel Ruffenach remains subordinate to Mr. Alain Wilmouth.

No bonuses or exceptional compensation were paid to corporate officers in connection with the completion of the initial public offering.

- Remuneration of the members of the Board of Directors

The table below details the amount of directors' fees paid to the members of the Company's Board of Directors by the Company or by any Group company during the financial years ended December 31, 2018 and 2017:

Table 3 (AMF nomenclature)

Table of directors' fees and other compensation received by the members of the Board of Directors		
Member of the Board of Directors	Amounts paid during the financial year 2017	Amounts paid during the financial year 2018
Michel Wilmouth	-	-
Holding Alain Wilmouth represented by Mr. Jean-Louis Wilmouth	-	-
Marie-Estelle Schang	-	-
Monique Jung	-	-
Marie De Lauzon	-	-

- Share subscription of purchase options granted or exercised during the year (Tables 4, 5, 8 and 9)

n/a

- Free share awards

The Company's Board of Directors decided, at its meeting of December 12, 2018, on the basis of the 22nd resolution of the Combined General Meeting of May 24, 2018, to implement a free share allocation plan for the benefit of all the Group's employees, subject in particular to seniority and presence.

Table 6 (AMF nomenclature)

Shares allocated free of charge to each corporate officer (under his employment contract)						
	Number and date of the	Number free share allocation plan during the financial year	*Valuation of shares depending on the method retained for the consolidated accounts	Final vesting date	Date of availability	Performance conditions
Emmanuel Ruffenach, Deputy Chief Executive Officer	Board of Directors' meeting of December 12, 2018 - plan no. 1 2018	1,575	17,161 Euros	13 December 2023	13 December 2023	n/a
Michel Wilmouth director		16.800	183.053 Euros			n/a
Marie-Estelle Schang director		11.745	127.974 Euros			n/a
TOTAL	-	30.120	328.188 Euros	-	-	-

* Calculated on the basis of the price on January 20, 2019, date of notification of allocation plan no. 1 to the employees, i.e. 9.08 Euros, to which are added the employer charges, i.e. 10.90 Euros per share. In accordance with IFRS2, the corresponding expense will be recognised in the consolidated financial statements from January 20, 2019, the date on which the plan is notified to the persons concerned.

It should be noted that no free shares granted became available during the financial year (Table 7 not applicable)

Table 10 (AMF nomenclature)

HISTORY OF FREE SHARE ALLOCATIONS	
INFORMATION ON SHARES GRANTED FREE OF CHARGE	
	Plan no. 1 2018
Meeting date	May 24 2018
Date of the Board of Directors	December 12, 2018
Total number of shares granted free of charge o/w	178,179
The corporate officers (in their capacity as employees of 2CRSI)	
Emmanuel Ruffenach,	1,575
Michel Wilmouth, Director	16,800
Marie-Estelle Schang, Director	11,745
Definitive vesting date for the shares	December 13, 2023(1)
End of the lock-up period	No lock-up period
Number of shares subscribed for on the date of the reference document	0
Total number of cancelled or lapsed shares	1,107
Remaining free shares granted on April 25, 2019	177,072

(1) The final grant is subject to the employee's presence at the end of the vesting period

3. Agreements entered into, directly or through an intermediary

It is specified that no agreement was entered into, during the 2018 financial year, directly or through an intermediary between, on the one hand, one of the corporate officers or one of the shareholders holding more than 10% of the voting rights of a company and, on the other hand, another company, the former of which directly or indirectly owns more than half of the share capital, with the exception of agreements relating to current transactions concluded under normal conditions.

4. Summary table of valid delegations granted by the general meeting of shareholders in the area of capital increases

At the date of this document, the Board of Directors of the Company has the following authorisations and financial delegations adopted by the Company's General Meeting of May 24, 2018:

Nature of the delegation	Maximum duration	Maximum nominal amount	Share issue price / use during 2018
Authorisation to trade the Company's shares (8th resolution)	18 months	10% of the number of shares making up the share capital or 5% of the number of shares	The maximum purchase price is set at 300% of the price of the first listing of the Company's shares on the Euronext regulated market in Paris.

		to hold them and subsequently use them as payment or exchange in connection with external growth transactions	The maximum amount that the Company may spend on the share buyback programme may not exceed 15 million Euros.
Delegation of authority to the Board of Directors to increase the share capital by issuing shares and / or securities giving access, immediately and / or in the future, to equity securities (existing or to be issued) with cancellation of the preferential subscription right for the benefit of the members of a company savings plan (12th resolution)	26 months	810,000 Euros Independent ceiling	As long as the company's shares are not admitted to trading on Euronext in Paris: the price of the shares to be subscribed will be determined in accordance with the methods indicated in Article L. 3332-20 of the French Labour Code. From the admission of the Company's securities to trading on Euronext in Paris: the price of the shares or securities giving access to the Company's share capital to be issued may not exceed the average of the opening prices of the share during the 20 trading days preceding the decision of the Board of Directors fixing the opening date of the subscription, nor less by more than 20% or 30% of this average, when the unavailability period provided for in the plan in accordance with Articles L. 3332-25 and L. 3332-26 of the Labour Code is greater than or equal to ten years.
Authorization given to the Board of Directors to cancel the shares redeemed by the Company pursuant to the provisions of Article L. 225-209 of the French Commercial Code (13th resolution)	18 months	10% of the capital per 24-month period	-
Delegation of authority to the Board of Directors to increase the share capital by capitalization of reserves, profits, premiums or other sums whose capitalization is permitted (14th resolution)	26 months	810,000 Euros Independent ceiling	-
Delegation of authority to the Board of Directors to issue common shares and / or securities giving access, immediately and / or	26 months	For shares: 1,080,000 € (1) For debt securities: 1,000,000 € (2)	The issue price will be determined by the Board of Directors in the ceilings set by the meeting.

in the future, to equity securities or giving the right to the allocation of debt securities and / or securities giving access, immediately and / or in the future, to equity securities to be issued with preferential subscription rights (15th resolution)			
Delegation of authority to the Board to issue ordinary shares and/or securities giving access, immediately and/or in the future, to equity securities or giving the right to the allocation of debt securities and/or securities giving access, immediately and/or in the future, to equity securities to be issued, with cancellation of preferential subscription rights (with the possibility of introducing a priority period) by public offering (16th resolution)	26 months	For shares: 1.080.000 € (1) For debt securities: 1,000,000 € (2)	At least equal to the minimum value set by the legal and regulatory provisions applicable at the time this delegation is used, i.e. currently the weighted average of the Company's share prices on the Euronext regulated market in Paris during the last three trading days preceding the determination of the issue price, possibly reduced by a maximum discount of 5% after adjustment, if necessary, of this amount to take into account the difference in the dividend entitlement date.
Delegation of authority to the Board of Directors to issue ordinary shares and/or securities giving access, immediately and/or in the future, to equity securities or giving the right to the allocation of debt securities and/or securities giving access, immediately and/or in the future, to equity securities to be issued, with cancellation of preferential subscription rights by an offer referred to in II of Article L. 411-2 of the Monetary and Financial Code (17th resolution)	26 months	For shares: 20% of the capital per year € (1) For debt securities: 1,000,000 € (2)	At least equal to the minimum value set by the legal and regulatory provisions applicable at the time this delegation is used, i.e. currently the weighted average of the Company's share prices on the Euronext regulated market in Paris during the last three trading days preceding the determination of the issue price, possibly reduced by a maximum discount of 5% after adjustment, if necessary, of this amount to take into account the difference in the dividend entitlement date.

Authorisation given to the Board of Directors, in case of issue with cancellation of preferential subscription rights (16th and 17th resolutions), to set the issue price in accordance with the conditions determined by the Meeting (18th resolution)	26 months	10% of the capital per year at the time of the issue (it being specified that this limit is assessed on the day of the decision to increase the capital)	The issue price of the ordinary shares or any securities giving immediate and / or future access to the Company's capital will be at least equal to the volume-weighted average (in the central order book and outside the off-market block) of the Company's share price on the Euronext Paris regulated market for the last three trading days preceding the fixing of the issue price, which average may be corrected if necessary to take into account the differences in the date of entitlement to dividends and be reduced by a maximum discount of 15%; It is specified, as necessary, that the three last trading sessions above will be those immediately preceding the determination of the issue price of the shares, determination which takes place, if applicable, at the end of the period during which investors place subscription orders, firm or indicative (so-called "bookbuilding" period) and therefore in view of the price appearing in these orders.
Authorisation given to Board of Directors to increase the amount of issues in case of excess demands (3) (19th resolution)	26 months	Within the limit of the ceiling of the delegation used (15th, 16th and 17th resolutions) and 15% of the amount of the initial issue (1) (2)	-
Delegation granted to the Board of Directors to increase the share capital by issuing ordinary shares and/or securities giving access, immediately and/or in the future, to equity securities (existing or to be issued), up to a maximum of 10% of the capital in order to remunerate contributions in kind, equity securities or securities giving access to the capital (5) (20th resolution)	26 months	For shares: 10% of the share capital on the date of the decision to increase the share capital (1) For debt securities: 1,000,000 € (2)	-
Authorisation given to the Board of Directors to award free of charge existing shares and/or shares to be issued to employees and corporate officers of the Company and of related companies (22nd resolution)	38 months	10% of the share capital on the day of the decision of their award by the Board (4)	The Company's Board of Directors decided on December 12, 2018 to award free of charge 178,179 ordinary shares to the members of staff with an employment contract in progress within the Group, i.e. approximately 1% of the share capital. The Company may therefore still award free of charge a number of shares representing 9% of the share capital.

Authorisation given to Board of Directors to grant share subscription and/or purchase options to employees and corporate officers of the Company and of related companies (6) (23rd resolution)	38 months	10% of the share capital on the day of the decision of their award by the Board (4)	The subscription and/or purchase price of shares by the beneficiaries will be fixed on the date on which the options are granted by the Board of Directors as follows: (i) in the case of the granting of subscription options, this price may not be less than 95% of the average of the first listed prices of the Company's share on the Euronext Paris regulated market during the twenty trading days preceding the date on which the subscription options are granted and (ii) in the case of share purchase options, this price may not be less than the value indicated in (i) or 95% of the average purchase price of shares held by the Company under Articles L. 225-208 and L. 225-209 of the Commercial Code.
Delegation give to the Board of Directors to issue share subscription warrants (BSA), subscription and/or purchase warrants for new and/or existing shares (BSAANE) and/or subscription and/or purchase warrants for new and/or existing redeemable shares (BSAAR) with cancellation of the preferential subscription right for a category of persons (7) (24th resolution)	18 months	10% of the share capital on the day of the decision of their award by the Board (4)	The subscription and/or acquisition price of the shares to which the warrants will give entitlement, after taking into account the warrant issue price, will be at least equal to the average closing price of the 2CRSI share during the 20 trading days preceding the date of the warrant issue decision.

(1) The amount of the capital increases that may be carried out immediately and/or in the future may not exceed a total nominal amount of 1,080,000 Euros, to which shall be added, where applicable, the additional amount of shares to be issued to preserve, in accordance with the law and, where applicable, the contractual provisions providing for other cases of adjustment, the rights of holders of securities giving entitlement to shares ("Global Ceiling I"). (21st resolution).

(2) The amount of debt securities giving access by any means, immediately and / or in the future may not exceed a total nominal amount of 100,000,000 Euros ("Global Ceiling II"). (21st resolution)

(3) The amount of increases that may be made immediately under this delegation is deducted from the amount of the Global Ceiling I and II (mentioned above), within 30 days of the closing of the subscription of the initial issue. The issue price will be the same as the one used for the initial issue.

(4) Common ceiling between the 22nd, 23rd and 24th resolutions. As a result, because of the use of the 22nd resolution, the ceiling of the 23rd and 24th resolutions is about 9%.

(5) The free allocation of existing or future ordinary shares of the Company would be made to: (i) employees of the Company or companies directly or indirectly related to it within the meaning of Article L. 225-197-2 of the French Commercial Code, and / or (ii) corporate officers who meet the conditions of Article L. 225-197-1 of the French Commercial Code.

(6) The beneficiaries of these options can only be: (i) the employees, or certain of them, or certain categories of employees, of the Company and, as the case may be, of the companies or economic interest groups which are related to it under the conditions of the Article L. 225-180 of the French Commercial Code; and (ii) the corporate officers who meet the conditions set out in Article L. 225-185 of the French Commercial Code.

(7) The BSA, BSAANE, BSAAR would be issued to the following category of persons: (i) employees and / or corporate officers of the Company or a Group company within the meaning of Article L. 233-3 of the French Commercial Code; and / or (ii) service providers or consultants who have signed a contract with the Company or a Group company within the meaning of Article L. 233-3 of the French Commercial Code.

5. Method of exercise of the General Management

Duties and powers of the Chief Executive Officer and the Deputy Chief Executive Officers - limitations on the powers of the Chief Executive Officer

The Board of Directors, at its meeting held on April 26, 2018, decided to entrust the General Management to the Chairman of the Board of Directors, namely Mr. Alain Wilmouth for the duration of his term of office as director, i.e. until the end of the Annual General Meeting to be held in the year 2021 and called to approve the financial statements for the year ended December 31, 2020.

On the proposal of the Chairman and Chief Executive Officer, the Board of Directors, at its meeting of April 26, 2018, decided to appoint a Deputy Chief Executive Officer in the person of Mr. Emmanuel Ruffenach to assist the Chief Executive Officer in his duties for the duration of his mandate.

As Chairman of the Board of Directors, Mr. Alain Wilmouth organises and directs the work of the Board, which he reports on to the General Meeting. He oversees the proper functioning of the Company's bodies and ensures, in particular, that the directors are able to fulfil their mission. The term of office of the Chairman of the Board of Directors may not exceed that of his term of office as a director.

As Chief Executive Officer, Mr. Alain Wilmouth has the broadest powers to act in all circumstances on behalf of the Company.

No restrictions have been placed on the powers of the Chief Executive Officer.

The Deputy Chief Executive Officer has the same powers vis-à-vis third parties as the Chief Executive Officer.

The Board of Directors, at its meeting on April 26, 2018, decided that as an internal measure, not enforceable against third parties, the Deputy Chief Executive Officer cannot make the following decisions without the prior authorisation of the Board of Directors:

(i) Approval of the business plan, the annual budget and any other strategic decisions ;

(ii) Any sale or acquisition of assets, securities, or business or entity assets, or any non-budgeted investment, for a unit amount greater than 50,000 Euros;
(iii) Conclusion, material modification, or termination of any contract outside the normal course of business for an amount exceeding 50,000 Euros;
(iv) The granting of any pledge, bond, endorsement or guarantee to a third party (excluding bonds and guarantees granted in the course of the normal business of the company and for commitments provided for in the budget), as well as any transfer of all or part of the shares, securities or other rights as a result of the realization of said pledges or other security interests
;
(v) Any decision to subscribe to securities of an entity outside the group to which the company belongs, or any decision to authorise a third party to subscribe to the company's capital
;
(vi) Any contract between a company in the group to which the Company belongs and a shareholder or officer, or any affiliate, controlled or managed by a shareholder or officer of a company of the group to which the Company belongs. This limitation does not apply to agreements relating to current operations concluded under normal conditions.
(vii) Conclusion or amendment of loan agreements or equivalent (in particular loans, leases or bond issues) not provided for in the budget and whose unit amount is greater than 50,000 Euros;
(viii) Any decision involving the amendment of the Company's articles of association and any transformation or restructuring of the company (including mergers, divisions, lease-management, company contribution, dissolution, liquidation);
(ix) Any distribution of interim dividends by the company;
(x) Any decision relating to the initiation of bankruptcy proceedings by the company;
(xi) Any decision relating to the profit-sharing of an employee or officer.

Finally, the powers of the Chief Executive Officer or Deputy Chief Executive Officer are, however, exercised within the limit of the corporate purpose and subject to those which the law expressly grants to shareholders' meeting and the Board of Directors.

6. Conditions for the preparation and organisation of the Board's work

CORPORATE GOVERNANCE CODE

In terms of corporate governance code, the Company refers to the Middlenext Corporate Governance Code of September 2016 (hereinafter the "Code"). Indeed, the Board of Directors of the Company considered that it was more suited to the size of the Company and the structure of its shareholding. This code is available on the MiddleNext website (www.middlenext.com).

At its meeting on April 25, 2019, the Board of Directors reviewed the areas of vigilance contained in the Code. In this respect, the Board noted in particular that there was no known conflict of interest.

The Company's objective is to comply with all recommendations of the Middlenext Code.

The table below presents the Company's position in relation to all the recommendations enacted by the Middlenext Code.

Middlenext Code Recommendations	Adopted	Will be adopted	Under consideration
OVERSIGHT			
R 1: Professional conduct of Board members	x		
R 2: Conflicts of interest	x		
R 3: Composition of the Board	x		
R 4: Board member information	x		
R 5: Organisation of board and committee meetings	x		
R 6: Setting up of committees	x		
R 7: Establishing the internal regulations of the Board	x		
R 8: Choice of each Board member	x		
R 9: Term of office of Board members			x(1)
R 10: Remuneration of Board members	x(2)		
R 11: Implementation of an evaluation of the Board's work	x		
R 12: Relations with shareholders	x		
EXECUTIVE POWER			
R 13: Definitions and transparency of the remuneration of corporate officers	x		
R 14: Preparation of the succession of managers	x		
R 15: Concurrent holding of an employment contract and corporate office	x		
R 16: Severance payments	x(3)		
R 17: Supplementary pension plans	x(4)		
R 18: Stock options and free share allocations	x		
R 19: Review of areas requiring attention	x		

(1) The Company is already in compliance with two of the three recommendations contained therein: the statutory term of office is adapted to the Company's specific characteristics and terms of office are clearly stated in the required documentation. However, the staggering of the renewal of directorships has not yet been introduced at this stage. The Company is considering the introduction of such a staggering in order to set it up at a future general meeting.

(2) The general meeting of May 24, 2018 decided on a total amount of 30,000 Euros in directors' fees. It is proposed to the general meeting of June 13, 2019 to increase this budget from 30,000 to 60,000 Euros.

(3) See Chapter III paragraph 2.2: No severance payments to an executive director if he leaves the company at his own initiative to perform new functions, or changes function within the Group.

(4) See Chapter III paragraph 2.2: No supplementary pension plan is provided for the Company's executive officers.

POWERS OF THE BOARD OF DIRECTORS

The Board of Directors determines the orientations of the Company's activity and ensures their implementation.

Subject to the powers expressly granted to the shareholders and within the limit of the corporate purpose, any matters concerning the smooth running of the Company are referred to the Board of Directors. It settles matters that concern it through its deliberations. The Chairman carries out the controls and verifications he deems appropriate.

In accordance with the provisions of Article L 225-35 of the French Commercial Code, the Board of Directors must first authorise any bond, endorsement or guarantee issued by the Company.

FUNCTIONING OF THE BOARD OF DIRECTORS

The Board of Directors meet as often as the interest of the Company requires, on the convocation of its Chairman. The convocations can be made by any means. Except in special circumstances, they are sent at least eight days before each meeting.

The provisional schedule of Board meetings for the coming year is established at the end of the previous year. There are 4 scheduled meetings, and the other meetings are decided according to the topics to be discussed and the decisions to be taken.

If the Board of Directors has not met for more than two months, directors representing at least one third of its members may ask the Chairman to call a meeting on a specific agenda.

Meetings are held at the registered office or in any other place indicated in the meeting notice.

The Board of Directors meets under the chairmanship of its Chairman, or by the author or the oldest author of the meeting notice. Otherwise, the Board elects the acting chairman itself.

For the Board of Directors to validly deliberate, at least one-half of its members must be present. Decisions are taken at the majority of the members who are present or represented. In the event of a tie, the Chairman has the casting vote.

In accordance with the internal regulations of the Company, the directors may also participate in the deliberations of the Board of Directors by videoconference or means of telecommunication within the limits and under the conditions set by the laws and regulations in force.

Any director may give mandate to another director to represent him at a Board meeting. At the same meeting, each director can only have one proxy.

To enable Board members to usefully prepare meetings and ensure that they receive high-quality information in accordance with the Board of Directors' internal regulations and Recommendation 4 of the Middlenext Code, the Chairman provides them with all documents and information relating to the items on the agenda and necessary for the performance of their duties in sufficient time before each meeting.

The deliberations of the Board of Directors are recorded in minutes signed by the Chairman of the meeting and by at least one director who attended the meeting. In the absence of the Chairman, they are signed by at least two directors.

In general, after review and approval of the minutes relating to the deliberations and decisions of the previous meeting, the Board deliberates and decides on the items proposed on its agenda. The Chairman ensures that all items on the agenda are examined by the members of the Board.

Any person called to attend meetings of the Board of Directors are bound to secrecy in respect of information of a confidential nature and given as such by the Chairman and by a general duty of discretion.

During the previous financial year, the Board of Directors met 10 times: The attendance rate of directors at Board meetings was 96.67 %. The meetings were held at the Company's registered office or at outside venues.

The Board of Directors was able to exchange views without the presence of the managers.

In accordance with the provisions of Article L 823-17 of the French Commercial Code, the statutory auditors were convened to attend the Board meetings at which the annual and half-yearly financial statements were examined and approved.

During the past financial year, the Board of Directors was called upon to deliberate on the following subjects in particular:

- Terms of exercise of the general management (combination of the functions of Chairman of the Board of Directors and Chief Executive Officer);
- Appointment of a Deputy Chief Executive Officer, determination of his powers and compensation;
- Approval of the half-yearly financial statements as at June 30, 2018;
- Free allocation of shares;
- Review of the Company's and the Group's development projects.

Advice in the form of an audit committee

In accordance with the Articles of Association and the sixth recommendation of the Middlenext Code, the Board of Directors may decide to create committees to examine the issues that it or its Chairman submit, for opinion, for their review. In accordance with the provisions of the Board's internal regulations, it determines the composition and powers of the committees that carry out their activities under its responsibility. It also determines the remuneration of the members of these committees.

The Company considered that its organisation and size did not require the creation of ad hoc specialised committees, it being specified that the Company is not required to set up an audit committee insofar as the Board of Directors fulfils the functions of the audit committee (in accordance with the provisions of Article L. 823-20 4° of the Commercial Code). Sitting as an audit committee, the Board of Directors is chaired by an independent director.

Also, the company's Board of Directors met 3 times during the past financial year, as an audit committee, under the chairmanship of Ms. Marie de Lauzon. The attendance rate of directors at Board meetings was 86.67%.

The Board of Directors, in the form of an audit committee, performs the duties assigned to the audit committee as presented in the report of the working group chaired by Mr. Poupart Lafarge on the audit committee.

During the past financial year, the Board of Directors meeting in the form of an audit committee was called upon to deliberate on the following subjects in particular:

- Review of the half-yearly financial statements;
- Approval of the provision by Ernst & Young Audit of an audit service;

In accordance with the recommendations of the report of the aforementioned working group, with the Chairman of the Board exercising executive functions, he refrains from attending the meetings of the Board sitting as an audit committee, even if he may be invited to participate in part of the meeting.

Internal regulations

The Board of Director has drawn up its internal regulations. It determines the role of the Board and the operations subject to its prior authorisation, its operating rules and reminds the directors of the ethical rules to be observed in the exercise of their mandate and their various obligations (such as their obligation of loyalty, non-competition or abstention from trading in the company's securities if privileged information is held). Each director signs the internal regulations.

These internal regulations, established on May 7, 2018, are available on the company's website (https://investors.2crsi.com/fr/bienvenue/).

Management of conflicts of interest

In accordance with its internal regulations and recommendation No. 1 of the Middlenext Code, in a situation where a conflict between the corporate interest and his direct or indirect personal interest or the interest of the shareholder or group of shareholders he represents appears or may appear, the director concerned must inform the Board as soon as he is aware of it, and draw any conclusions regarding the exercise of his mandate. Thus, depending on the case, he must either refrain from participating in the vote on the corresponding resolution, or not attend the meetings of the Board of Directors for the period during which he is in a conflict of interest situation, or resign from his duties as a director.

A lack of information is equivalent to the recognition that no conflict of interest exists. Failure to comply with these rules of abstention or even withdrawal could incur the director's liability.

Evaluation of the Board

In accordance with its internal regulations and recommendation No. 11 of the Middlenext Code, the Board of Directors devotes one item on its agenda each year to evaluating its operation.

At the date of this report, the Board of Directors has not yet deliberated on this item and will review it in the second half of 2019.

7. Diversity policy applied to members of the Board of Directors

At its meeting of April 25, 2019, the Board of Directors examined the composition of the Board of Directors and approved the diversity policy applicable to the Board.
In this respect, after carefully analysing the composition of the Board with regard to criteria such as age, gender, skills, professional experience, nationality and independence, and taking into account the evolution of the composition of the Board during the year, it set the following objectives:

(a) Age of the directors: In 2018, the Board considered that the average age was satisfactory and decided to remain attentive to the limit of one third of the directors over the age of 75;
(b) Parity: In 2018, the Board was composed of 3 men and 3 women. The Board considered that the ratio was very satisfactory and aims to maintain the ratio at 50%, allowing a perfectly equal representation of men and women; some of them have professional experience in various sectors of activity and in high-level positions, some of them hold or have held positions as directors or corporate officers in other companies, some of which are listed on the stock exchange, and (ii) the diversity of skills is reflected in the variety of profiles of Board members who have different experiences and backgrounds.
(c) Consequently, the Board considered that the diversity of skills within it was satisfactory and should be maintained;
(d) Diversity in terms of nationalities: In 2018, all the members of the Board are French nationals, but some of them have strong international professional experience and benefit from a bi-national culture.
(e) Independence of directors: At the date of this report, there are two independent directors on the Board in accordance with the recommendation of the Middlenext Code.

8. Specific procedures relating to the participation of shareholders in general meetings

Detailed information on the specific procedures relating to the participation of shareholders in the General Meeting is set out in the Company's Articles of Association (Article 15 - Shareholders' Meetings).

Pursuant to Article 15 of the Articles of Association, all shareholders have the right to participate personally in general meetings, or to be represented at them, under the conditions set by the regulations in force, or to vote by mail, regardless of the number of their shares, as soon as their shares are paid up in their name on the second business day preceding the meeting, at midnight, Paris time, either in the registered share accounts kept by the Company, or in the bearer share accounts kept by the authorised intermediary.

9. Elements likely to have an impact in the event of a public offer

The following information is given, pursuant to the provisions of Article L 225-37-5 of the French Commercial Code:

- The Company's capital structure as well as the direct or indirect shareholdings in the Company's capital known to the Company pursuant to Articles L. 233-7 and L. 233-12 of the French Commercial Code, and all relevant information, are described in paragraph II-9 of this document;
- There are no statutory restrictions on share transfers;
- There are no statutory restrictions on the exercise of voting rights other than the deprivation of voting rights that may be requested by one or more shareholders holding at least 5% of the voting rights, in the event of non-declaration of the crossing of the statutory or legal threshold, for a period of two years after the notification is made (Article 8 of the Articles of Association);
- To the Company's knowledge, with the exception of the commitment to hold the Company's shares subscribed, on February 25, 2019, for the application of Article 787 B of the French General Tax Code (see paragraph 1.9 of this document), there are no covenants and other commitments signed between shareholders (notably between the executives) that may lead to restrictions on the transfer of shares and the exercise of voting rights;
- There are no securities conferring specific control rights;
- There are no provisions that could have the effect of delaying, deferring or preventing a change of control of the Company. However, in accordance with Article 11.3 of our Articles of Association, fully paid-up shares which have been registered for at least two years in the name of the same shareholder, have double the voting rights conferred on the other shares, each of which gives entitlement to one vote;
- There are no control mechanisms provided for an employee shareholding system, with control rights which are not exercised by it;
- The rules governing the appointment and replacement of members of the Board of Directors are the legal and statutory rules provided for in Article 12 of the Company's Articles of Association;
- With regard to the powers of the Board of Directors, the valid delegations and authorisations granted for capital increases are described in Chapter III, paragraph 4 of this document; the elements relating to the share buyback programme are described in Chapter II, paragraph 9 of this document;
- The Company's Articles of Association are amended in accordance with the legal and regulatory provisions;
- There is no special agreement providing for compensation for members of the Board of Directors in the event of termination of their duties or for employees in the event of resignation, dismissal without real and serious cause or if their employment ends due to a public offering;
- With the exception of banking contracts, there are no agreements entered into by the company that are amended or terminate in the event of a change of control of the company.

IV. IFRS CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018 AND STATUTORY AUDITORS' REPORT

(Unless otherwise indicated, the amounts indicated in this annex are in thousands of Euros)

Statement of financial position

Consolidated financial position	Notes	31/12/2018 K€	31/12/2017 K€
ASSETS			
Goodwill	3.1 & 5.1	1,960	-
Intangible assets	5.12	1,074	857
Property, plant and equipment	5.3	6,428	2,259
Financial receivables		6,033	8,606
Other financial assets	5.5	1,248	139
Deferred taxes	6.7	639	88
Total non-current assets		17,382	11,950
Inventories	5.6	20,503	8,609
Trade receivables	5.7	37,482	4,605
Other current assets	5.8	3,773	3,030
Financial receivables	5.5	5,707	4,173
Cash & cash equivalents	5.9	14,511	3,679
Total current assets		81,974	24,096
Total Assets		99,356	36,046
EQUITY AND LIABILITIES			
Capital		1,282	765
Reserves - Group share		45,999	- 52
Income - Group share		3,705	643
Equity - Group share		50,985	1,356
Reserves - share of non-controlling interests		97	-
Income - share of non-controlling interests		- 15	-
Equity -- share of non-controlling interests		82	-
Total equity	5.10	51,068	1,356
Employee benefits	5.13	208	159
Deferred taxes	6.7	95	186
Borrowings and financial debts	5.12	15,944	13,496
Lease liabilities	5.12	3,636	1,447
Other liabilities			
Non-current liabilities		19,884	15,288
Provisions for litigation	5.11	35	28
Trade payables	5.14	17,214	7,391
Other liabilities	5.14	2,378	5,406
Financial liabilities	5.12	8,236	6,187
Lease liabilities	5.12	541	390
Current liabilities		28,405	19,403
Total equity and liabilities		99,356	36,046

Income statement

Consolidated income statement	Notes	12 2018 K€	12 2017 K€
Turnover	6.1	65,177	30,558
Other current operating income	6.2	54	875
Income from ordinary activities		65,231	31,433
Consumed purchases	6.3	- 49,706	- 25,007
External expenses	6.3	- 4,195	- 1,714
Taxes and duties		- 364	- 120
Employee charges	6.4	- 4,823	- 2,337
Other operating income and expenses		- 89	- 19
Net allocations to depreciation and provisions		- 1,710	- 548
Current operating profit		4,344	1,687
Other non-recurring income and expenses		- 664	-
Operating income		3,681	1,687
Cost of gross financial debt	6.6	- 1,264	- 518
Other financial income	6.6	754	86
Other financial expenses	6.6	-	-
Financial result		- 510	- 432
Result before tax		3,171	1,255
Current tax income (expenses)	6.7	- 122	- 30
Deferred tax income (expenses)	6.7	641	- 582
Consolidated net profit		3,690	643
Net income - Group share		3,705	643
Net income - share of non-controlling interests		- 15	-
Basic earnings per share	5.10	0.32	0.76
Diluted earnings per share		0.32	0.76

Statement of Comprehensive Income

Statement of Comprehensive Income	2018 K€	2017 K€
Net income	3,690	643
Translation adjustments	- 0	41
Recyclable elements in the income statement	- 0	41
Actuarial gains and losses on pension commitments net of deferred taxes	17	- 17
Non-recyclable elements in the income statement	17	- 17
Comprehensive income for the period	3,707	667
Group share	3,721	667
Attributable to non-controlling interests	- 15	-

Changes in equity

Changes in equity (Amounts in K€)	accounts	Number of ordinary shares	Capital	Result	Reserves	Actuarial differences net of deferred taxes	Total equity	Equity - Group share	Equity -- share of non-controlling interests
At January 1, 2018		850,000	765	-	625	-35	1,356	1,356	-
Net result at December 31, 2018				3,690			3,690	3,705	-15
Other elements of the overall result				-0			-0	-0	-
Overall result				3,690			3,690	3,704	-15
Changes in share capital (1)		13,393,430	517		45,733		46,250	46,250	
Liquidity agreement					-292		-292	-292	
Other movements					-49	17	-32	-32	
Changes in ownership interests related to the takeover of subsidiaries					97		97		97
At 31 December 2018		14,243,430	1,282	3,690	46,114	-18	51,068	50,986	82

Changes in equity (Amounts in K€)	Number of ordinary shares	Capital	Result	Reserves	Actuarial gains and losses, net of deferred taxes	Total equity	Equity - Group share	Equity -- share of non-controlling interests
At January 1, 2017	76,500	765	0	-58	-17	689	689	-
Net result 2017			643			643	643	-
Other elements of the overall result			41		-17	23	23	-
Overall result			683		-17	667	667	-
Changes in share capital (1)	773,500							-
Dividend distribution						0	0	-
At December 31, 2017	850,000	765	683	-58	-35	1,356	1,356	-

(1) On May 24, 2018, the nominal value of the shares was reduced from €0.9 to €0.09; the number of ordinary shares thus rose from 850,000 to 8,500,000.

On June 26, 2018, as part of the initial public offering, 4,994,287 ordinary shares were created. Thus, the share capital increased by €449k and the share premium by €43,251k based on an issue premium of €8.66 per share.

On July 5, 2018, as part of the exercise of the over-allotment option, 749,143 ordinary shares were created. Thus, the share capital increased by €67k and the share premium by €6,487k based on an issue premium of €8.66 per share.

The amount of issue costs deducted from the share premium amounted to €4,005k at December 31, 2018.

Cash flow statement

Consolidated cash flow statement	Notes	31/12/2018 K€	31/12/2017 K€
Net income		3,690	643
(+) Elimination of depreciation of tangible assets			
(+) Elimination of depreciation of property, plant and equipment			
(+) Depreciation, amortization and provisions	5.2 and 5.3	1,780	714
(-) Reversals of provisions		-	-
(-) Financial interest amortised cost			
(-) Capital gains & losses from disposals of fixed assets		-	-
Other non-cash income and expenses		- 44	70
Financial result		510	432
Other			39
Corporation tax not disbursed	6.7	- 641	576
Cash flow position		5,295	2,474
(-) Financial receivable	5.5	- 5,053	- 16,559
(+) Repayment of the financial receivable	5.5	6,092	3,836
(+) Financial interest received			-
(-) Changes in working capital requirement (net of impairment of trade receivables and inventories) (1)	5.14	- 38,718	- 1,470
(-) Costs of the initial public offering and capital increase not disbursed			
Cash flow generated by operational activities		- 32,384	- 11,719
Acquisition of fixed assets	5.2 and 5.3	- 2,534	- 667
Disbursement equity investments	1.3	- 1,000	- 189
Financial interest received			30
Impact of changes in scope with change of control		- 2,480	-
Changes in other non-current financial assets		-	- 53
Cash flow generated by investment operations		- 6,014	- 879
Capital increase and issue premiums		46,250	-
Dividends paid		- 175	-
Collection of new borrowings	5.12	15,511	18,128
Financial interest paid		- 1,261	- 299
Financial interest received		667	
Repayment of loans and conditional advances	5.12	- 10,687	- 2,453
Factoring		- 1,092	1,018
Cash flow generated by financing operations		49,213	16,394
Impact of currency fluctuations on cash flow		21	7
Overall change in cash position		10,836	3,796
Opening cash and cash equivalents at the start of the year (including bank overdrafts)		3,666	- 136
Closing cash and cash equivalents at year end (including bank overdrafts)		14,501	3,666
Increase (decrease) in cash and cash equivalents		10,835	3,795

The change in the financial receivable relating to the finance lease with Blade, in respect of lease payments receivable, is shown on the line "financial receivable" in proportion to the increase in the financial receivable, following the signing of the amendments and on the line "repayments of the financial receivable" for payments received from Blade. These two lines are included in cash flows from operating activities.

These flows should be compared with the financing flows for financing debts (see Note 5.12). In 2018, the Group obtained financing of €7,611k and repaid €6,636k.

1. Presentation of the activity and significant events

1.1 Information on the Company and its activity

2CRSI (the "Company" or "2CRSI"), a company incorporated under French law, was incorporated as a limited liability company in September 2005 and was transformed into a public limited company in April 2018. The consolidated Group (the "Group") includes the parent company 2CRSI and its subsidiaries 2CRSI Corporation, Adimes, 2CRSI Limited, Tranquil PC and 2CRSI ME FZE. The financial year is of a duration of twelve months, covering the period from January 1 to December 31, 2015. 2CRSI's business is consulting and designing IT solutions.

The registered office is at 32, rue Jacobi Netter, 67200 Strasbourg (France). Registration number with the Registry of Trade and Companies: 483 784 344 RCS Strasbourg.

1.2 Publication context

On April 25, 2019, the Board of Directors approved and authorised the publication of the consolidated financial statements of 2CRSI for the year ended December 31, 2018.

These consolidated financial statements of the Group for the years ended December 31, 2018 and December 31, 2017 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

1.3 Significant events during the financial year ended December 31, 2018

Transformation into a public limited company

The general meeting on April 26, 2018 decided to transform 2CRSI into a public limited company.

IPO on the Euronext Paris market

In order to be able to finance its various research and development projects and to pursue its external growth, the Group decided to launch an IPO process on the Euronext market in Paris during the 1st quarter.

As part of the IPO offer, the Group created 4,994,287 new shares, before exercise of the over-allotment option, representing an amount of approximately € 43.7 million.

On July 5, 2018, Natixis, acting on its own account and on behalf of Portzamparc Groupe BNP Paribas, exercised in full the over-allotment option, giving rise to the issue of 749,143 new additional shares for a total amount of €6.6 million, at the offer price, i.e. 8.75 Euros per share.

As a result, the total number of 2CRSI shares offered as part of its IPO amounted to 5,743,430 shares, i.e. 32% of the Company's share capital, bringing the size of the offer to €50.3 million, following the settlement and delivery of additional new shares on July 10, 2018.

All of the Group's ordinary shares were traded on June 26, 2018 on Euronext Paris, Compartment C, under the name "2CRSI".

Acquisition of Tranquil PC Limited

On April 4, 2018, the Group, through its wholly-owned subsidiary under English law "2CRSI Ltd" specially created for this transaction on March 29, 2018, acquired 80% of the shares of Tranquil PC Limited (whose name has been changed to "2CRSI UK" since March 4, 2019
"), located in Manchester, United Kingdom, for an amount of €2.4m financed by a loan granted by BNP Paribas on April 4, 2018, which was fully repaid on June 29, 2018 following the Company's initial public offering (Notes 3.2 and 5.12).

Tranquil PC designs and produces portable mini datacenters (compact multi-node clusters) and IT solutions suitable for use in unconventional environments (embedded and hardened systems). This acquisition strengthens 2CRSI's position as a manufacturer of innovative IT solutions.

Liquidity agreement

On July 3, 2018, the Group entrusted Portzamparc Groupe BNP Paribas with the implementation of a liquidity contract in accordance with the AMAFI Code of Ethics approved by the Decision of the French financial markets authority (AMF) on March 21, 2011 relating to 2CRSI securities admitted to trading on the regulated market of Euronext in Paris as of July 6, 2018. This liquidity agreement was concluded for a period of one year, renewable by tacit agreement. For the implementation of this contract, the sum of €300,000 was allocated to the liquidity account.

Creation of a subsidiary in Dubai

2CRSI Middle East FZE, a company incorporated under the laws of Dubai Silicon Oasis Authority with a capital of AED 10,000 was created on July 3, 2018 to enable the Group to develop in the Middle East.

Acquisition of a stake in Gamestream

On December 29, 2018, the Company acquired a 12.45% interest in Gamestream, a company that provides high quality streaming gaming solutions. Gamestream plans to raise funds for 2019, launch its products in Asia and the Middle East and then expand into the European and American markets.

2CRSI becomes a Platinum member of Open Compute Project Strasbourg,

On October 8, 2018, 2CRSI announced that it had joined the Open Compute Project (OCP) community as a Platinum member. The Open Compute Project (OCP), a global community that is revisiting the design of IT servers, offers more efficient, flexible and scalable solutions. With this new commitment, 2CRSI is now closer to the developments of the Open Compute Project community and will be involved in the OCP products of tomorrow.

BNP Financing Agreement

As part of the support for the development of the Group and the Company, a €10 million financing package has been made available:

- €5 million as a standard credit line released on December 17, 2018
- €5 million as part of a lease financing budget from C ARIUS

Implementation of a free share allocation plan 1st tranche

In accordance with the legal provisions of Articles L. 225-197-1 *et seq*. of the French Commercial Code governing the allocation of free shares, the Company's shareholders authorised, at the combined general meeting of May 24, 2018 (twenty-second resolution), the allocation of free shares existing or to be issued to employees of the Company or companies directly or indirectly affiliated to it within the meaning of Article L. 225-197- -2 of the French Commercial Code and/or corporate officers who meet the conditions set by Article L. 225-197-1 of the French Commercial Code.

Using the authorisation and powers granted to it by decision of the Combined General Meeting of May 24, 2018 (twenty-second resolution), on December 12, 2018 the Board of Directors of 2CRSI decided to set up a shareholding plan for all Group employees with more than one year's seniority and not holding more than 10% of the share capital of the Company or one of its subsidiaries.

Beneficiaries are staff members with an employment contract (fixed-term contract or permanent, excluding staff in training and holders of an apprenticeship or professionalization contract) currently working within the Group as at December 12, 2018, which also respect, at that date, the seniority condition defined by the Board of Directors of the Company and who do not hold, moreover, on the same date, more than 10% of the capital of the Company or any of its subsidiaries.

This seniority condition at the grant date is at least 1 year.
The maximum number of Free Shares allocated to each beneficiary is determined in relation to his professional contribution to the development of the Company's and the Group's business. It is assessed collectively according to their status within the company and their actual presence, as follows:

- The status of employee corresponds to an allocation of forty-one (41) shares per month of effective presence in the Group;
- The status of supervisor corresponds to an allocation of eighty (80) shares per month of effective presence in the Group;
- The status of executive corresponds to an allocation of one hundred and five (105) shares per month of effective presence in the Group.

The Free Shares will effectively vest at the end of a period of five (5) years from the decision of 2CRSI's Board of Directors' to grant free shares, i.e. December 13, 2023, subject to their presence within the 2CRSI Group in accordance with the provisions of Plan Rules No. 1 2018.

The company notified the employees on January 20, 2019. As a result, no expense was recorded in 2018.

1.4 Post-closing events 2018 Middle East partnerships

2SCRI and the IT distributor "SNB Middle East" announced the signing of a distribution agreement in the Middle East. This strengthened partnership is an important step for the growth of the 2CRSI's activities in the region. "SNB Middle East" is a distributor of value-added software and hardware that supports resellers and integrators in the field of information and communications technology (ICT). This new agreement extends the partnership to 2CRSI's entire product portfolio

Leasing of commercial premises in Nanterre - creation of a joint Green Data subsidiary with Azur Datacenter

On February 28, 2019, the Board of Directors adopted the decision to set up a company 55% owned by 2CRSi and 45% by Azur Datacenter, which will sign a lease for the real estate complex called "Le Capitole", located Parc des Fontaines, 55 avenue des Champs Pierreux in Nanterre. Green Data leased the premises on April 15, 2019.

2. General principles

The financial statements are presented in thousands of Euros, unless stated otherwise. Rounding is used to calculate certain financial data and other information contained in these accounts. As a result, the figures shown as totals in some tables may not be the exact sum of the preceding figures.

2.1 Principle for the preparation of the Group's IFRS consolidated financial statements Declaration of conformity

These consolidated financial statements have been prepared in accordance with the IFRS (International Financial Reporting Standard), as adopted in the European Union on December 31, 2018.

This standard, available on the European Commission website (http://ec.europa.eu/internal_market/accounting/ias_fr.htm), incorporates international accounting standards (IAS and IFRS), interpretations of the Standing Interpretations Committee (SIC) and the International Financial Interpretations Committee (IFRIC).

The general principles, accounting methods and options adopted by the Group are described below.

Principle of the preparation of financial statements

The Group's consolidated financial statements have been prepared on the basis of historical cost, with the exception of certain categories of assets and liabilities, in accordance with the provisions of IFRS: employee benefits measured using the projected credit method, borrowings and loans. financial debt measured using the amortized cost method and derivative financial instruments measured at fair value.

Going concern

The principle of going concern has been retained by the shareholders on the basis of available cash at December 31, 2018 and the financing to be obtained, which is intended to cover the Group's projected cash requirements.

Accounting methods

The accounting principles used to prepare the consolidated financial statements for the year ended December 31, 2018 are identical to those applied for the annual consolidated financial statements for the year ended December 31, 2017, except for the accounting changes related to the following new texts applicable as from January 1, 2018:

- IFRS 9 – Financial instruments
- IFRIC 22 – Foreign currency transactions and advance consideration
- Amendments to IAS 40 - Transfers of investment property
- Amendments to IFRS 2 - Classification and measurement of share-based payment transactions
- Annual improvements of IFRS - cycle 2014-2016

The texts have had no impact on the Group's consolidated financial statements.

IFRS 15 - Revenue from Customer Contracts and IFRS 16 - Leases, applicable for annual periods beginning on or after January 1, 2018 and January 1, 2019, respectively, have been applied early from the date of transition to IFRS, i.e. January 1, 2016.

2.2 Use of judgments and estimates

In order to prepare financial statements in accordance with IFRS, management uses estimates and judgements in the application of IFRS accounting policies. These judgments and/or estimates have an impact on the amounts of assets and liabilities, contingent liabilities at the date of preparation of the financial statements, and the amounts presented in respect of income and expenses for the year.

These estimates are based on the assumption of going concern and are based on information available at the time of preparation. They are continuously assessed based on past experience and various other factors deemed reasonable, which form the basis of the assessments of the book value of assets and liabilities. Estimates may be revised if the circumstances on which they were based change or as a result of new information. Actual results could differ significantly from these estimates according to different assumptions or conditions. The impact of these changes in estimate is recognised in the period, or in subsequent periods affected.

Judgements, estimates and assumptions made on the basis of information available at the balance sheet date relate in particular to:

- Accounting treatment of development costs (Note 5.2);
- Award of warrants (Note 5.10).
- Repayable advances (Note 5.12);
- Discount rate and term of lease agreements (Note 8.1), highly advantageous nature of the purchase option granted to Blade under the server leasing contract (Note 6.1)
- Impairment tests on non-current assets

These assumptions, which involve significant estimates and judgements, are described in the notes to these financial statements.

Impact of first-time application of IFRS 9 "Financial instruments"

The new IFRS 9 "Financial Instruments" standard is mandatory since January 1, 2018. The Group has elected not to restate the comparative periods 2016 and 2017, as permitted by the transitional provisions of the standard.

IFRS 9 has three main components: the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Classification and measurement of financial assets

The new classification proposed by IFRS 9 determines how assets are recognised and their valuation method. The classification of financial assets selected is based on two cumulative criteria:

- The Group's business model for financial asset management; and
- The contractual cash flow characteristics of the financial asset (whether or not corresponding to principal repayments and interest payments only).

Based on the combinatorial analysis of the two criteria, IFRS 9 provides for three types of economic model:

- Either financial assets are measured at fair value through profit or loss;
- Or assets are measured at fair value with changes in value recognised in equity (recyclable or non-recyclable);
- Or financial assets are measured at the end of the financial year at amortised cost.

The adoption of IFRS 9 had no impact on the Group's accounting policies for financial assets and liabilities.

Financial asset impairment

The main change resulting from the application of the standard concerns the application of the new impairment model for financial assets (including contract assets), which consists of recognising expected credit losses at maturity instead of losses incurred under the IAS 39 model.

For trade receivables, the Group has applied the simplified method. The application of this method did not result in the recognition of an impairment loss adjustment for trade receivables.

Regarding the financial receivable, the Group estimated that there are no expected credit losses at the date of publication of the annual consolidated financial statements as at December 31, 2018.

Hedge accounting

The adoption of the IFRS 9 hedge accounting model has not changed the Group's hedging policy.

3. Scope of consolidation

3.1 Accounting principles related to the scope of consolidation

Consolidation principles

The Group applies IFRS 10, "Consolidated Financial Statements", IFRS 11, "Partnerships" and IFRS 12, "Disclosures of interests in other entities".

IFRS 10, which deals with the recognition of consolidated financial statements, presents a single consolidation model that identifies control as the criterion for consolidating an entity. An investor exercises control over an investee, if it has power over that entity, if it is exposed to the variable returns of the entity, or if it has rights to those variable returns because of its involvement in that entity, and whether it has the ability to use its power over the entity to affect the amount of those returns.

Subsidiaries are entities over which the Group exercises control. They are fully consolidated from the date on which the Group obtains control and are deconsolidated from the date on which they cease to be controlled by the Group. Intra-group balances and transactions are eliminated.

The parent company 2CRSI SA exercises control over 2CRSI Corporation, Adimes, 2CRSI Limited, Tranquil PC and 2CRSI ME FZE.

Operations 2018

As indicated in Note 1.3, the Group has held sole control of Tranquil PC Limited since April 4, 2018 following the acquisition of 80% of the company's shares for €2.4m. As a result, Tranquil PC Limited has been fully consolidated since its acquisition date, April 4, 2018.

On the basis of a net asset acquired provisionally valued at €489,000, this transaction generated the recognition of provisional goodwill of €1,960,000. The Group had 12 months from the date of acquisition to revalue this goodwill, i.e. until April 3, 2019.

2CRSI Middle East FZE is a wholly owned subsidiary of 2CRSI since July 3, 2018. It has been fully consolidated since the date of creation.

Translation of the financial statements of subsidiaries

The elements included in the financial statements of each Group entity are valued using the currency of the primary economic environment in which the entity operates (the "functional currency").

The Group's financial statements are prepared in Euros, the presentation currency of the Group's consolidated financial statements and the Company's functional currency.

The financial statements of foreign companies, whose functional currency is not the Euro, are translated into Euros as follows:

- At the closing rate in force at the end of the period for assets and liabilities;
- At the exchange rate prevailing on the transaction date for income and expenses, or at the average exchange rates during the period if this exchange rate is close to the exchange rates prevailing on the transaction date.

Translation differences resulting from the application of this method are recognised in consolidated shareholders' equity under "Other comprehensive income".

The rates used for the conversion of foreign currencies are presented below:

	1€ equals	31/12/2018		31/12/2017	
		Average rate	Closing rate	Average rate	Closing rate
US Dollars	USD	1.1793	1.1450	1.1365	1.2002
Pound Sterling	GBP	0.8881	0.8945	N.A.	N.A.
United Arab Emirates Dirham	AED	4.2236	4.2174	N.A.	N.A.

Source: Banque de France
N.A. : Not applicable

Translation of foreign currency transactions

Transactions carried out by consolidated companies and denominated in a currency other than their functional currency are translated at the exchange rate prevailing at the date of the various transactions.

Trade receivables, payables and payables denominated in a currency other than the entities' functional currencies are translated at the exchange rate prevailing at the balance sheet date. Unrealised gains and losses resulting from this translation are recognised in operating income.

Exchange gains and losses resulting from the translation of intra-group transactions or receivables and payables denominated in a currency other than the entities' functional currency are recognised in the income statement.

3.2 Scope of consolidation

At December 31, 2018, the Group consisted of 6 entities (including 2CRSI SA), all fully consolidated.

Companies	Country	Group control (%)	Interest (%)
2CRSI SA	France	Parent company	
2CRSI Corporation	United States	Subsidiary	100%
Adimes	France	Subsidiary	100%
2CRSI Limited	United Kingdom	Subsidiary	100%
Tranquil PC Limited	United Kingdom	Subsidiary	80%
2CRSI ME FZE	Dubai	Subsidiary	100%

4. Segment information

IFRS 8 "Operating Segments" has led the Group to present only one operating segment, "sale of components and/or finished products". The breakdown of turnover by geographic area is presented in Note 6.1.

The breakdown of non-current assets by geographical area is as follows:

Non-current assets	31/12/2018 K€			31/12/2017 K€		
	Outside France	France	Total	Outside France	France	Total
Goodwill	1,960	-	1,960	-	-	-
Intangible assets	-	1,074	1,074	1	856	857
Property, plant and equipment	994	5,434	6,428	75	2,184	2,259
Financial receivables	785	5,248	6,033	2,521	6,085	8,606
Other financial assets excluding deferred taxes	15	1,233	1,248	29	110	139
Total non-current assets	3,754	12,989	16,743	2,626	9,235	11,862

In 2018, two of the Group's customers each accounted for more than 10% of total revenue, for a total amount of €43.6 million (i.e. approximately 67% of total revenue), including €33.1 million with the customer Blade. In 2017, a single customer represented more than 10% of the Group's revenue, for an amount of €16,559k (approximately 54% of total revenue).

5. Details of the financial situation

5.1 Goodwill

The acquisition of Tranquil PC Ltd generated the recognition of provisional goodwill in the amount of €1,960k (see Note 3.2).

5.2 Intangible assets

Intangible assets include:

- Development costs
- Software licences

In accordance with IAS 38, development costs incurred by the Group must be capitalised as soon as the following criteria are met:

- The Group has the intention and the technical capacity to continue the development project to completion;
- There is a high probability that the future economic benefits attributable to development expenditures will flow to the company, which is generally supported by the existence of orders or contracts;
- Costs can be measured reliably;
- The Group has the ability to use or sell the intangible asset;
- The Group has the necessary resources to complete the project.

Development costs that do not meet the above criteria and research costs are recorded in the income statement in the year in which they are incurred.

The acquisition cost of software licences is capitalized on the basis of the acquisition cost and the installation cost. These costs are amortized over the estimated useful life of the software.

Intangible assets are amortized on a straight-line basis over their estimated useful lives and are presented below:

- Development costs: 3 years
- Software licences: 1 to 6 years

The following tables illustrate the changes that occurred during the two years:

GROSS VALUE OF INTANGIBLE ASSETS (Amounts in K€)	Development costs	Software licences	Trademarks patents	Total
Statement of the financial position at December 31, 2018	792	146	-	938
Acquisition	456	40	-	496
Disposal	-	-	-	-
Statement of the financial position at December 31, 2017	1,248	186	-	1,434
Acquisition	618	25	20	663
Disposal	-	-	-	-
Change in scope / impact of exchange rate fluctuations	40	-	-	40
Statement of the financial position at December 31, 2018	1,906	211	20	2,137
DEPRECIATION				
Statement of the financial position at December 31, 2018	- 251	- 92	0	- 343
Impairments	-	-	-	-
Provision	- 232	- 2	-	- 234
charges/reversals	-	-	-	-
Statement of the financial position at December 31, 2017	- 483	- 94	-	- 577
Depreciation,	-	-	-	-
Provision	- 385	- 52	- 9	- 446
charges/reversals	-	-	-	-
Change in scope / impact of exchange rate fluctuations	- 40	-	-	- 40
Statement of the financial position at December 31, 2018	- 908	- 146	- 9	- 1,063
NET BOOK VALUES				
At December 31, 2016	541	54	-	595
At December 31, 2017	765	92	-	857
At December 31, 2018	998	65	11	1,074

Development expenses incurred during the year mainly concerned 3 projects:

1. OCtoPus V2: new generation of OCtoPus: 252 k€
2. OpenBlade: technological improvements of the existing product: 130 k€
3. SLS: high-performance storage solution: 96 k€

5.3 Property, plant and equipment

Property, plant and equipment are measured at their acquisition cost minus accumulated depreciation and impairment losses. Subsequent expenses are included in the carrying amount of the asset or, if applicable, recognised as a separate asset if it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be reliably measured. All repair and maintenance costs are expensed.

Depreciation is calculated using the straight-line method over the following estimated useful lives:

- Miscellaneous general facilities, fixtures and amenities: 8 to 10 years
- Technical facilities: 9 to 20 years
- Industrial equipment and tooling: 5 to 10 years
- Transport equipment: 5 years
- Office and IT equipment: 3 to 5 years
- Furniture: 8 to 10 years

The residual values, useful lives and depreciation methods of assets are reviewed at each annual closing and modified if necessary on a prospective basis.

Fixed asset acquisition costs are expensed.

The following table presents the movements in property, plant and equipment over the three periods presented:

GROSS VALUE OF PROPERTY, PLANT AND EQUIPMENT (Amount in K€)	Office equipment and furniture	Transport equipment	Right-to-use assets	Other tangible fixed assets (technical facilities, etc.)	Total
Statement of the financial position at December 31, 2018	325	3	1,518	255	2,101
Acquisition	76	6	905	86	1,073
Disposals, retirements	- 5	-	-	-	- 5
Impact of exchange rate fluctuations	- 4	-	-	-	- 4
Statement of the financial position at December 31, 2017	392	9	2,423	341	3,165
Acquisition	822	24	2,975	916	4,737
Disposals, retirements	- 7	-	-	-	- 7
Change in scope / impact of exchange rate fluctuations	-	-	474	454	928
Statement of the financial position at December 31, 2018	1,207	33	5,872	1,711	8,823

DEPRECIATION (Amount in K€)	Office equipment and furniture	Transport equipment	Right of use of asset	Other tangible fixed assets (technical facilities, etc.)	Total
Statement of the financial position at December 31, 2018	- 132	- 2	- 240	- 64	- 438
Impairments	-	-	-	-	-
Allocations	- 50	- 3	- 375	- 40	- 468
Reversals	-	-	-	-	-
Change in scope / impact of exchange rate fluctuations	-	-	-	-	-
Statement of the financial position at December 31, 2017	- 182	- 5	- 615	- 104	- 906
Impairments	-	-	-	-	-
Allocations	- 90	- 3	- 1,016	- 89	- 1,198
Reversals	-	-	-	-	-
Change in scope / impact of exchange rate fluctuations	-	-	-	- 291	- 291
Statement of the financial position at December 31, 2018	- 272	- 8	- 1,631	- 484	- 2,395

NET BOOK VALUES (Amount in K€)	Office equipment and furniture	Transport equipment	Right-to-use assets	Other tangible fixed assets (technical facilities, etc.)	Total
At December 31, 2016	193	1	1,278	191	1,663
At December 31, 2017	210	4	1,808	237	2,259
At December 31, 2018	935	25	4,241	1,227	6,428

Right-to-use assets correspond to the lease agreements for buildings, cars and servers used internally and are related to the application of IFRS 16 (see Note 8.1)

5.4 Impairment losses on intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are tested for impairment when there is an indication that they may be impaired.

In accordance with IAS 36, the criteria used to assess impairment indicators may include lower than expected performance, a significant change in data, a significant change in market value, or a material deterioration not provided for in the depreciation plan.

The recognition of an impairment loss results in a revision of the depreciable base and possibly the depreciation plan of the fixed assets concerned.

Impairment losses relating to property, plant and equipment or intangible assets may be reversed at a later date if the recoverable amount becomes higher than the net carrying amount. The value of the asset after reversal of the impairment loss is capped at the carrying amount that would have been determined (net of depreciation) if no impairment loss had been recognised during previous years.

As at December 31, 2018, 2017 and 2016, there were no intangible assets with indefinite useful lives.

In 2018, no indication of impairment was identified. No impairment of assets is recognised.

5.5 Other financial assets

The Group's financial assets consist of loans and receivables and equity securities.

Equity securities

The valuation of equity securities is based on an analysis based on the expected fair value of the assets. This valuation is subject to periodic reviews at each closing date.

Loans and receivables

These are non-derivative financial assets with fixed or determinable payments, which are not listed on an active market. This category does not include:

- assets that the entity intends to sell immediately or in the near future that are classified as held for trading or that were designated at fair value on initial recognition as options;

- available-for-sale assets.

They are recognised at cost.

Current and non-current financial assets mainly consist of the financial receivable relating to the customer contract for the lease of servers in France and the United States effective in 2017 (see Note 6.1 "Revenue from ordinary activities"), but also loans, deposits and guarantees and cash subject to restrictions.

IAS 39 "Financial Instruments: Recognition and Measurement" (see IAS 39-58 *et seq.*
"Impairment and Uncollectibility of financial assets") requires assessing at each reporting date whether there is objective evidence of impairment of a financial asset or group of financial assets. If such an indication exists, the entity shall apply the provisions of the standard for each class of financial assets to determine the amount of the impairment loss to be recognised.

FINANCIAL ASSETS (Amount in K€)	Loans, sureties, and other receivables	Financial receivables	Investments in equity affiliates
Statement of the financial position at December 31, 2018	86	-	-
Acquisition	61	-	-
Disposal	- 8	-	-
Financial receivables	-	8,606	-
Statement of the financial position at December 31, 2017	139	8,606	-
Acquisition	1,000	-	1,000
Disposal	- 891	-	-
Change in financial receivables		- 2,573	-
Statement of the financial position at December 31, 2018	248	6,033	1,000

SHORT-TERM FINANCIAL RECEIVABLES (Amount in K€)	31/12/2018	31/12/2017
Financial receivables	5,707	4,173
Total financial receivables	5,707	4,173

Financial receivables (€6,033k in long-term and €5,707k in short-term at the end of 2018) are entirely related to the server lease contract, with payment over 36 months that began in 2017, to Blade (see 6.1.1).

In the cash flow statement, the change in this financial receivable, in respect of lease payments receivable, is shown on the line "financial receivable" in respect of the receivable arising in 2018 (€5,053k), and on the line "repayments of the financial receivable" in respect of payments received from Blade (€6,092k). These two lines are included in cash flows from operating activities, the net amount standing at 1,039 K€ in 2018 (vs. 12,723 K€ in 2017).

These flows should be compared with the financing flows for financing debts (see Note 5.12). In 2017, the Group obtained financing of 14,970 K€ and repaid 1,566 K€. In 2018, the Group obtained financing of 7,611 K€ and repaid 6,636 K€.

5.6 Inventories

Inventories are valued according to the latest acquisition cost method.

Finished products are valued at their production cost except for those which, at the production start-up stage, have a cost price higher than their selling price as well as obsolete or surplus products.

A provision for depreciation reduces the stock of goods and raw materials to their realizable value less proportional selling expenses.

Work-in-progress has been valued according to the same principles, based on their progress in production.

The following tables illustrate the changes that occurred during the last two years:

INVENTORIES (Amount in K€)	31/12/2018	31/12/2017
Inventories of finished products and work in progress	1,116	3,521
Inventories of goods and raw materials	19,614	5,171
Total gross inventories	20,730	8,692
Impairment of inventories of goods and raw materials	- 227	- 83
Total inventory write-downs	- 227	- 83
Total net inventories	20,503	8,609

Inventories of goods and raw materials are mainly made up of electronic components. The increase in inventories at December 31, 2018 is due to an anticipation of purchases on components that are difficult to replenish in order to meet orders and avoid any stock shortages.

5.7 Trade receivables

Trade receivables, whose maturities vary according to the nature of the contracts, are generally between 30 and 90 days. Trade receivables and related accounts are initially recognised at fair value. Subsequent valuations take into account the probability of recovery of receivables that may lead to the recognition of a specific impairment loss for doubtful receivables determined as follows:

• disputed receivables are fully impaired when there is clear and definitive evidence that recovery is not possible;

• for other doubtful receivables, impairment losses are recognised to adjust the estimated recoverable amounts based on information available at the time the financial statements are prepared.

Bad debts are recognised in the income statement and existing provisions are reversed.

Trade receivables break down as follows:

TRADE RECEIVABLES AND RELATED ACCOUNTS	31/12/2018	31/12/2017
(Amount in K€)	37,296	4,609
Trade receivables and related	193	74
accounts Trade receivables -	- 7	- 78
invoice to be issued		
Depreciation of trade receivables and related accounts		
Total net trade receivables and related accounts	37,482	4,605

Allocations of trade receivables by maturity	31/12/2018	31/12/2017
Part not due	33,115	2,364
Due within 90 days Due between	195	2,150
90 days and six months	3,652	58
Due between six months and twelve months	520	32
Total customer receivables	37,482	4,605

Trade receivables over 90 days relate mainly to the customer Blade (€4,069k). During the first quarter of 2019, Blade paid €2 million in receivables.

5.8 Other current assets

OTHER CURRENT ASSETS (Amount in K€)	31/12/2018	31/12/2017
Advances and down payments	259	28
paid Tax receivables	1,560	199
Corporate income tax	23	666
Prepaid expenses Miscellaneous	1,344	1,985
Other current financial assets	583	149
Total other current assets	4	4
	3,773	3,030

2CRSI benefits from the provisions of Articles 244 quater B and 49 septies F of the French Tax Code relating to the research tax credit. The research tax credit is recognised in "Other Income" during the year to which the eligible research expenses relate.

Tax receivables consist mainly of the receivable relating to the CIR for €568k and €907k of VAT credit at December 31, 2018.

Other current assets have a maturity of less than one year.

5.9 Cash and cash equivalents

The positive cash flow stands as follows:

CASH AND CASH EQUIVALENTS (Amount in K€)	31/12/2018	31/12/2017
Bank accounts	14,511	3,679
Term accounts	-	-
Total cash and cash equivalents	14,511	3,679

The reconciliation of cash and cash equivalents with the amount presented in the cash flow statement is as follows:

	31/12/2018 K€	31/12/2017 K€
Cash and cash equivalents	14,511	3,679
Bank overdrafts	- 9	- 13
Closing cash and cash equivalents at year end including bank overdrafts)	14,501	3,666

5.10 Equity and earnings per share

Equity instruments

The classification of a financial instrument or its components as equity depends on the analysis of its contractual financial characteristics. When the entity that issued the financial instrument does not have a contractual obligation to deliver cash or another financial asset to the holder, the financial instrument is an equity instrument.

Equity transaction costs

External costs directly attributable to capital transactions or equity instruments are recognised, net of tax, as a deduction from shareholders' equity. Other costs are expensed as incurred.

Share capital

The share capital of 2CRSI amounts to 1,282 k€. It is divided into 14,243,430 ordinary shares of 0.09 € each, fully paid-up.

COMPOSITION OF THE SHARE CAPITAL	31/12/2018	31/12/2017
Share capital (in €)	1,281,909	765,000
Number of ordinary shares	14,243,430	850,000
Nominal value of ordinary shares (in €)	0.09	0.9

Dividends paid

Dividends paid in 2018 amounted to 175 K€ for preference shares. They have been recorded in net financial debt costs. A dividend of 175 K€ was paid in 2017 under these same ADPs.

Share subscription warrants

In 2017, the Company proceeded with the allocation of share subscription warrants for the benefit of Audacia's principals, which resulted in the issuance of 350,000 ADP 2017 preference shares for the benefit of these principals. The preference shares (the "ADP 2017") will not be the subject of an application for admission to trading on the Euronext Paris regulated market. Holding Alain Wilmouth has an option to buy back the ADP 2017 in 2023. The redemption price of the ADP 2017 is equal to 110% of the nominal amount of the ADP 2017 (110% x 10 Euros) plus, where applicable, the cumulative dividend.

The 2017 ADPs are not entitled to receive an ordinary dividend from the Company. However, each 2017 ADP is entitled to a priority and accrued annual dividend paid in preference to all other shares of the Company, paid out of the distributable amount and paid no later than July 10 of each year.

The Priority Dividend is equal to the rate of the Priority Dividend multiplied by 10 Euros. For all financial years ending before January 1, 2023, the Priority Dividend rate is 5%.

For fiscal years ending after this date, the rate of the Priority Dividend is equal to Euribor 12 months + 1.5%. In the event of an extension of the duration of a financial year beyond twelve months, the amount of the Priority Dividends will be increased pro rata temporis.

As the BSA have made it possible to subscribe to the 2017 ADPs, which are not themselves equity instruments within the meaning of IAS 39, the BSA are analysed as debt instruments. Consequently, in accordance with IAS 32, at the time of their issue, these BSA are treated as derivatives, measured at fair value, with subsequent changes in fair value through profit or loss. No change in fair value is recorded for this year as the BSA were issued and subscribed in 2017.

Earnings per share

The basic earnings per share is calculated by dividing the profit or loss attributable to the Group's shareholders by the average weighted number of ordinary shares outstanding during the period. The diluted earnings per share is calculated by adjusting the result attributable to owners of ordinary shares and the weighted average number of outstanding shares for the effects of all potential dilutive ordinary shares. For the calculation of diluted earnings per share, the 2017 ADPs were not taken into account because there is no automatic conversion mechanism or on the simple decision of the holders of the ADPs in shares.

The table below shows the calculation of the earnings per share.

BASIC EARNINGS PER SHARE	12 2018	12 2017
Result - Group share (in K€)	3,690	643
Weighted average number of ordinary shares outstanding	11,430,675	607,207
Basic earnings per share (€/share)	0.32	1.06
Weighted average number of shares outstanding	11,430,675	607,207
Diluted earnings per share (€/share)	0.32	1.06

Liquidity agreement

On July 3, 2018, the Company entered into a liquidity agreement with BNP Portzamparc, providing 300,000 Euros. At the end of the year, treasury shares are restated as a deduction from shareholders' equity.

Gains and losses on the purchase and resale of treasury shares are reclassified from income to shareholders' equity net of tax.

5.11 Provisions

A provision is recognised when the Group has an obligation to a third party as a result of a past event, and when it is probable that it will result in an outflow of resources to that third party, and future cash outflows can be reliably estimated.

The amount recognised as a provision is the estimate of the expenditure required to settle the obligation, discounted if necessary on the balance sheet date. Provisions for risks include provisions for ongoing litigation. The amount of provisions corresponds to the most probable estimate of the risk.

A provision for risks was recorded in the financial statements at December 31, 2018 for an amount of 35 K€, relating to labour disputes. A provision of 28 K€ relating to labour disputes had been recognised at December 31, 2017.

5.12 Financial liabilities and lease debts

CURRENT AND NON-CURRENT FINANCIAL LIABILITIES (Amount in K€)	31/12/2018	31/12/2017
Repayable advances	341	336
Preference shares	3,325	3,268
Borrowings from lending institutions	4,595	664
Lease debts	3,636	1,447
Financing liabilities	7,683	9,228
Non-current borrowings	19,581	14,943
Borrowings from lending institutions	1,471	449
Bank overdrafts	9	13
Lease debts	541	390
Financing liabilities	6,757	4,238
Factoring	0	1,487
Current financial liabilities	8,778	6,577
Total financial liabilities	28,359	21,520

In 2017, factoring concerned two contracts signed with CM-CIC and BPI. As these contracts do not provide for the transfer of substantially all risks to the factoring companies, they were not considered to be deconsolidating.

The maturities of financial liabilities break down as follows during the years presented:

CURRENT AND NON-CURRENT FINANCIAL LIABILITIES IN REPAYMENT VALUE (Amount in K€)	31/12/2018			
	Total	Portion due in less than one year	From 1 to 5 years	More than 5 years
Repayable advances	341		341	-
Preference shares	3,325	-	-	3,325
Bank borrowings	9	9	-	-
Borrowings from lending institutions	6,066	1,471	4,595	-
Lease debts Financing	4,177	541	3,636	0
debts	14,440	6,757	7,683	-
Factoring	0	0	-	-
Total financial liabilities	28,359	8,778	16,256	3,325
Current borrowings	8,778			
Non-current borrowings	19,581			

CURRENT AND NON-CURRENT FINANCIAL LIABILITIES IN REPAYMENT VALUE (Amount in K€)	31/12/2017			
	Total	Portion due in less than one year	From 1 to 5 years	More than 5 years
Repayable advances	336	-	-	336
Preference shares	3,268	-	-	3,268
Bank borrowings	13	13	-	-
Borrowings from lending institutions	1,113	449	664	-
Lease debts Financing	1,837	390	1,195	252
debts	13,466	4,238	9,228	-
Factoring	1,487	1,487	-	-
Total financial liabilities	21,520	6,577	11,086	3,856
Current borrowings	6,577			
Non-current borrowings	14,943			

The main changes during the period were as follows:

- Under the Blade contract, two new financing contracts were signed with the banks for a total amount of 7,611 K€; repayments on all contracts for the period amounted to 6,637 K€ (see Note 5.5);

- Three loans were contracted by 2CRSI from BNP for amounts of 500 K€, 5,000 K€ and 2,400 K€, the last of which was fully repaid in June 2018 (see Note 5.12).

Debts with lending institutions

Debts with lending institutions consist of the following items:

- Loans to fit out premises

2CRSI took out 3 loans from CIC, Caisse d'Epargne and Société Générale to finance the renovation of its premises. These loans were signed respectively:

- In June 2012, for an amount of 70 K€, a term of 7 years and at a fixed rate of 4.00%. The CIC loan will be fully repaid on July 5, 2019.
- In October 2015, for an amount of 75 K€, a term of 5 years and at a fixed rate of 1.00%. The Caisse d'Epargne loan will be fully repaid on February 1, 2021.
- In April 2016, for an amount of 50 K€, a term of 4 years and at a fixed rate of 0.90%. The Société Générale loan will be fully repaid on March 1, 2021.

- Bpifrance loans for international development financing

To finance its international development, 2CRSI has taken out 3 loans from BPI France. These loans were signed respectively:

- In January 2013, for an amount of 150 K€, a term of 6 years and at a fixed rate of 2.98%. The loan will be fully repaid on October 31, 2018.
- In April and August 2015, for amounts of 194 K€ and 150 K€ respectively, a term of 7 years and fixed annual rates of 4.20% and 4.54% respectively. These two export loans will be fully repaid on January and August 31, 2022 respectively.

- Bank loans from CIC

2CRSI has taken out 3 loans from CIC for various reasons. These loans were signed respectively:

- In April 2013, for an amount of 165 K€, a term of 5 years and at a fixed rate of 2.00%. The loan used to finance computer workstations and CAD software will be fully repaid on March 5, 2020.
- In August 2015, for an amount of 50 K€, a term of 5 years and at a fixed rate of 2.00%. The loan taken out for the purpose of financing the works will be fully repaid on July 5, 2020.

- Bank loan from HSBC

2CRSI has taken out 3 loans from HSBC for various reasons. These loans were signed respectively:

- In February 2016, for an amount of 48 K€, a term of 5 years and at a fixed rate of 1.38%. The loan taken out to finance licences and computer modules will be fully repaid on February 1, 2021.
- In August 2012, for an amount of 150 K€, a term of 7 years and at a fixed rate of 3.52%. The loan taken out to finance equipment will be fully repaid on August 1, 2019.
- In March 2016, by Adimes SARL for an amount of 20 k€, a term of 5 years and a fixed rate of 1.38%. The loan taken out to finance maintenance equipment will be fully repaid on January 1, 2021.

- Loans related to the Lustork R & D project

In May and September 2016, 2CRSI SA signed two loans respectively with the Caisse d'Epargne and BNP, for amounts of 250 K€ and 450 K€, for terms of 5 and 3 years and at fixed rates of 1.60 and 1.50 respectively, to finance its Lustork research and development project. These loans will be fully repaid on October 5, 2021 and May 23, 2019 respectively.

- Loan for external growth

In April 2018, 2CRSI SA signed a loan with BNP for an amount of 2,400 K€ for a period of 7 years at a variable rate of Euribor 3 months Floored 1.6% to finance the acquisition of Tranquil PC. This loan was fully repaid at the end of June 2018.

- Bank loan from BNP

2CRSI has taken out 2 loans from BNP for various reasons. These loans were signed respectively:

- In February 2018, for an amount of 500 K€, a term of 3 years and at a fixed rate of 1.5%. The loan taken out to finance the working capital will be fully repaid on February 16, 2021.

- In December 2018, for an amount of 5,000 K€, a term of 5 years and a variable rate of Euribor 3 months floored 1%. The loan taken out to finance a Capex line will be fully repaid on December 6, 2023.

The Group borrows mainly in Euros and is not subject to currency risk on these borrowings.

Repayable advances and subsidies

In accordance with IAS 20, the benefit of a public loan at a lower interest rate than the market rate is treated as a public subsidy.

Thus, conditional advances granted at low interest rates are restated according to the following rules:

- The "loan" granted by the government has been recognised and measured in accordance with the provisions of IAS 39. As a result, the Group records the corresponding debt at fair value, i.e. with a discount (corresponding to the interest rate differential, discounted at market rate), in order to reduce its effective interest rate (EIR) to that of a normal debt.
- The benefit of the below-market interest rate (corresponding to the "discount") was measured as the difference between the initial carrying amount of the loan determined in accordance with IAS 39 and the income received. The identified benefit is treated as a public subsidy. This subsidy is recognised in income at the rate of the expenses incurred by the Group and which are the subject of this subsidy.

CHANGES IN REPAYABLE ADVANCES AND SUBSIDIES Amount (in K€)	BPI France 250 K€	BPI Region 250 K€	Total
At December 31, 2016	166	166	331
(+) Collection			-
(-) Repayment			-
Subsidies			-
Financial expenses	2	2	5
(+/-) Other movements			-
At December 31, 2017	168	168	336
(+) Collection			-
(-) Repayment			-
Subsidies			-
Financial expenses	3	3	5
(+/-) Other movements			-
At December 31, 2018	171	171	341

- Bpifrance zero interest loan

On March 1, 2016, 2CRSi obtained from BPI France and BPI France Region two zero-rate innovation loans for 250 K€ each, for the development of a high-performance, low-cost IT server. A minimum repayment of 100 K€ is mandatory, the balance being required only if the technology financed is successful; these repayable advances are not subject to interest payments. However, in the event that 2CRSI receives income from 2018 onwards relating to the assets/activities financed by the advances, 21% of this income should be contributed to BPI France once a year as early repayment of the advances (these repayments bringing forward the last repayment deadline).

The initial schedule provided for repayment from December 31, 2018 over a period of 31 months as follows:

- Quarterly repayment of 12.50 K€ from 31/12/2018 to 31/12/2019 (in advance)
- Quarterly repayment of 18.75 K€ from 31/12/2019 to 31//12/2020 (in advance)
- Quarterly repayment of 31.25 K€ from 31/12/2020 to 30/09/2021 (in advance).

An extension of the deadline to March 1, 2019 was granted to finalise the total expenditure statement attributable to this project. The fair value of each advance of 175 K€ was estimated at 163 K€ based on an estimated interest rate of 1.5% per annum. The impact of 11 K€ was considered as a grant. The balance of these two debts in repayment value amounts to 350 K€ at December 31, 2018.

Debts relating to financing contracts

In order to ensure the financing of the contract with Blade, the Group has set up sales and lease-back contracts with banking institutions for the servers received by the customer Blade.

The operation is as follows:

- Each delivery of servers to Blade is backed by a sale transaction by sale-leaseback transaction with a bank. In this context, this organisation finances the servers delivered to Blade and this financing is reimbursed over 36 to 48 months.
- In accordance with IFRS 15, the legal transfer transaction to banking institutions is not classified as a sale and therefore no sales are recognised by the Group. The financing received is recognised as a liability in accordance with IAS 39.

There are no guarantees or security interests on the goods financed.

These contracts were treated as financing obtained by the Group and the amounts received from banking institutions were treated as financial liabilities. The main characteristics are presented as follows:

Banks	Amount financed excl. VAT [Amount collected]	Lease period	1st increased rent	Quarterly rent	Term	Starting date	Date of completion	Purchase option	Rate
NCM	1,314,582	36 months		118,272.92	In arrears	01/10/2017	01/10/2020	13,146	6.4%
LIXXBAIL ETICA	4,000,000	48 months	600,000.00	79,201.16	In arrears	15/10/2017	15/10/2021	n/a	1.6%
CM CIC	2,095,600	36 months		182,315.31	In arrears	16/10/2017	16/10/2020	20,956	3.9%
NCM	2,629,164	36 months		236,466.88	In arrears	31/10/2017	31/10/2020	26,292	6.3%
NCM	1,450,800	36 months		130,484.88	In arrears	30/11/2017	30/11/2020	14,508	6.3%
NCM	624,000	36 months		56,141.00	In arrears	01/01/2018	31/12/2020	6,240	6.3%
LIXXBAIL ETICA	2,500,539	36 months	375,084.00	193,891.02	In arrears	15/01/2018	15/12/2020	n/a	5.9%
LIXXBAIL ETICA	3,003,763	36 months	450,564.00	235,647.57	In arrears	01/06/2018	01/05/2021	n/a	6.7%
LEASE EXPANSION	1,999,979	36 months		175,539.26	In arrears	01/06/2018	01/05/2021	n/a	3.2%
LEASE EXPANSION	2,856,000	36 months		250,830.26	In arrears	01/12/2017	01/12/2020	150	3.3%

ADP 2017 preference shares

In order to finance its activity, 2CRSI SA carried out a capital increase voted at the General Meeting of April 24, 2017. In this respect, 350,000 BSA (each giving the right to one ADP 2017) were subscribed and exercised by the holding companies managed by the management company Audacia.

The ADP 2017 have a nominal value of €10, including an issue premium of €910. They are perpetual, do not include any contractual mechanism for repayment or conversion. On the other hand, they entitle the holder to a preferential dividend, which 2CRSI must pay in the event of distributable results. In the event that there have been no distributable results for more than 6 consecutive financial years, the ADP 2017 give the right to the payment of a cumulative preferential dividend equal to the priority dividends not paid beyond the 7th financial year (including the 7th financial year), capitalised annually at 15%.

In accordance with IAS 32, 2CRSI recorded a liability on its balance sheet for the full subscription price of the ADPs, taking into account the perpetual payment of the dividend.

Thus, upon allocation of the ADPs, the amount of 3,500 K€ (before issuance costs) was recognised as debt, less issuance costs of 341 K€. These issue costs are spread over a period of 6 years, corresponding to the period during which the ADPs carried a priority dividend and the estimated carrying period by the current holders.

The table below has been prepared on the basis of the following assumptions:

- Payment of dividends over each period
- Rate of 5%

RECOGNITION OF ADP 2017 (Amount in K€)	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023
Financial expenses	258	175	175	175	175	175	175
Financial expenses spreading of issue costs	27	57	57	57	57	57	30
Accrued interest at the end of the period	83	83	83	83	83	83	83
Financial liabilities	3,268	3,325	3,382	3,439	3,496	3,553	3,583

The amount of financial liabilities includes accrued interest not yet due.

5.13 Employee benefits

Short-term benefits and defined contribution post-employment benefit plans

The Group recognises in "Personnel expenses" the amount of short-term benefits, as well as contributions payable under general and mandatory pension plans. As the Group is not committed beyond these contributions, it does not recognise any provision for these plans.

Defined benefit post-employment benefit plans

Pension plans, similar indemnities and other employee benefits that are analysed as defined benefit plans (a plan in which the Company undertakes to guarantee a defined amount or level of benefits) are recognised in the balance sheet on the basis of an actuarial valuation of the obligations at the balance sheet date.

This assessment is based on the use of the projected unit credit method, taking into account staff turnover and mortality probabilities. Any actuarial gains and losses are recognised in shareholders' equity under "other comprehensive income".

Staff commitments consist of the provision for retirement indemnities, assessed on the basis of the provisions of the applicable collective agreement, i.e., for employees of 2CRSI, the national Collective Agreement of Technical Design Firms, Consulting Engineer Firms and Consulting Firms, and for the employees of Adimes, the National Collective Agreement for of Wholesale Trade.

This commitment applies only to employees governed by French law. The key actuarial assumptions used to assess retirement benefits are as follows:

ACTUARIAL ASSUMPTIONS	31/12/2018	31/12/2017
Retirement age and departure procedure	Age full rate / Voluntary retirement	Age full rate / Voluntary retirement
Discount rate	1.75%	1.45%
Mortality table	TG M/W 2005	TG M/W 2005
Wage revaluation rate	3.60%	3.60%
Turnover rate	Decreasing with age and almost zero from age 50	Decreasing with age and almost zero from age 50
Rate of social charges	2CRSI 45% ADIMES : 40%	2CRSI 45% ADIMES: 40%

The provision for pension commitments has changed as follows:

COMMITMENTS TO STAFF (Amount in K€)	Retirement benefits
At December 31, 2016	95
Past service costs	40
Financial costs	1
Actuarial gains (losses)	23
At December 31, 2017	159
Past service costs	64
Financial costs	2
Actuarial gains (losses)	(17)
At December 31, 2018	208

The company distributes stock options and free shares to its officers and employees. The expense corresponding to these distributions is evaluated and spread over time according to the principles of IFRS 2; it does not apply in 2018 because the generating event (the announcement) took place in 2019.

5.14 Other liabilities

Other non-current liabilities

Other non-current liabilities consist of the seller's credit on the Adimes shares at December 31, 2016. There are no other non-current liabilities in 2017 and 2018.

Trade payables

TRADE PAYABLES (Amount in K€)	31/12/2018	31/12/2017
Trade payables	16,544	7,391
Invoices not received	670	-
Total trade payables	17,214	7,391

Other current liabilities and tax and social security liabilities

OTHER CURRENT LIABILITIES (Amount in K€)	31/12/2018	31/12/2017
Advances and down payments on customer orders	484	1,711
Liabilities on non-monetary contracts	1,085	729
Social debts	885	452
Tax debts	- 75	2,527
Other liabilities	-	- 14
Total other current liabilities	2,378	5,405

Advances and down payments on orders are mainly due to down payments received from customers in connection with server rental operations for the portion of servers not installed (for which no revenue has been recognised).

At 31/12/18, the "Liabilities on non-monetary contracts" line included 615 K€ of deferred income for the CIR related to development costs in accordance with IAS 20.

Reconciliation of WCR balances with the cash flow statement

	31/12/2018 K€	31/12/2017 K€
Details of changes in WCR		
Inventories (net of depreciation)	-11,894	-6,531
Trade receivable and related accounts (net of depreciation)	-32,876	-3,119
Other current assets	-743	-1,967
Trade payables and related accounts	9,823	5,689
Other current liabilities	-3,028	4,458
Total variations	-38,718	-1,470

5.15 Fair value of financial instruments

The fair value of trade receivables and payables is assimilated at their balance sheet value, taking into account the very short payment terms of these receivables. The same applies to other current receivables and payables.

Financial liabilities are classified into two categories and include:

- Borrowings at amortised cost
- Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at amortised cost

Borrowings and other financial liabilities are recorded at amortised cost, calculated using the effective interest rate. The fraction due in less than one year of financial liabilities is presented in "current financial liabilities".

Hierarchy of fair values

IFRS 13 "Fair value measurement" establishes a hierarchy of fair values and distinguishes three levels:

- Level 1: fair value based on active market prices for the same instrument (without modification or repackaging).
- Level 2: fair value based on quoted prices in active markets for similar assets or liabilities and valuation techniques for which all significant inputs are based on observable market information.
- Level 3: fair value based on valuation techniques whose significant inputs are not all based on observable market information.

The Group's assets and liabilities are measured as follows for each year according to the measurement categories defined by IAS 39:

(Amount in K€)	31/12/2018		Value - statement of financial position in accordance with IAS 39			Non-financial instruments
Balance sheet items	Statement of financial position value	Fair value	Fair value through the income statement	Loans and receivables	Debts at amortised cost	
Non-current financial assets Other	6,033	6,033	-	6,033	-	-
non-current assets Customers	1,248	1,248	-	1,248	-	-
Current financial assets	37,482	37,482	-	37,482	-	-
Cash and cash equivalents	3,773	3,773	-	3,773	-	-
	14,511	14,511	14,511	-	-	-
Total headings under an asset item	63,046	63,046	14,511	48,536	-	-
Non-current borrowings	15,944	15,944	-	-	15,944	-
Non-current long-term rental liabilities Current	3,636	3,636	-	-	3,636	-
financial liabilities	8,236	8,236	-	-	8,236	-
Trade payables	17,214	17,214	-	-	17,214	-
Current long-term rental liabilities Other current	541	541	-	-	541	-
liabilities	2,378	2,378	-	-	2,378	-
Total headings under a liability item	47,950	47,950	-	-	47,950	-

Cash and cash equivalents are valued at fair value level 1.

6. Information on the income statement

6.1 Income from ordinary activities

Except for its finance leasing activity, the Group applies IFRS 15 to the recognition of revenue. As such, it is recognised when the Group discharges a service obligation by transferring a promised good or service to a customer. An asset is transferred when the customer obtains control of the asset.

The Group derives its revenues from the following main sources:

- Leasing of servers
- Sales of servers
- Sales of components
- Sales of services related to the installation of equipment
- Sales of maintenance services under long-term contracts

With regard to its server leasing activity, the Group applies IFRS 16 and in particular the rules relating to manufacturer distributors, and consequently presents the rental income in revenue and the production cost in expenses at the date of commencement of the rental contract.

Blade Operations

In the second half of 2017, 2CRSI signed a finance lease agreement with Blade for 184 servers, mainly in France and also in the United States. These contracts provide for the payment by Blade of down payments, increased rents and fixed rents.

In order to finance the production of these servers, 2CRSI has signed sale and leaseback agreements with several banking institutions. In accordance with IFRS 15, as control of servers is not transferred to banks, no revenue has been recognised under these contracts. Indeed, as stated in paragraph B66 of IFRS 15, "if an entity has an obligation or a right to redeem the asset (forward or call option), the customer does not obtain control of the asset, because its ability to decide on the use of the asset and derive substantially all the remaining benefits is limited, even though it may have physical possession." Financing received from banks was recognised as financial liabilities in accordance with IAS 39 for an amount of 13,466 K€ at the end of 2017 and 14,440 K€ at the end of 2018 (see Note 5.12). The financing rate granted by banks ranges from 3 to 6%.

As part of this lease agreement between 2CRSI, the company has identified two main service obligations;

- The provision of servers for 36 months;
- The maintenance of the service for the duration of the contract.

Since the lease agreement between 2CRSI and Blade includes an option purchase for Blade at a price considered highly advantageous, it was considered as a finance lease and consequently the obligation to provide servers was recognised in accordance with IFRS 16. Since the Company is considered as a manufacturer-distributor lessor, the finance lease income is recognised as revenue and the cost of the equipment is recorded as consumed purchases. The amount of revenue recognised in 2017 amounts to 16,559 K€ and corresponds to the fair value of servers delivered in 2017. The balance of the corresponding financial claim at the end of 2017 amounts to 12,779 K€, discounted at an average rate of 4.99%, corresponding to the implicit average rate of the contract.

In 2018, the turnover recognised in respect of this contract amounts to 5,053 K€. The balance of the corresponding financial receivable at the end of 2018 amounts to 11,738 K€.

The financial income from the net investment related to the finance lease, which amounted to 86 K€ in 2017 and 667 K€ in 2018, was recognised in financial income.

The contract also includes a portion of maintenance services recorded in accordance with IFRS 15, the amount of which has been spread over the term of the contract. The turnover in respect of maintenance amounted to 7 K€ in 2017 and 45 K€ in 2018.

Breakdown of turnover

The breakdown of revenue by nature of activity and geographical area, and its recognition period in the related income statement, is as follows:

BREAKDOWN OF TURNOVER (Amounts in K€)	2018	2017	Posting period
Finance lease - Lessor	5,053	16,559	
France	5,053	13,839	Revenues from finance leases are recognised when control of the computer bays is transferred to the customer, i.e. on delivery.
Outside France	-	2,720	
Equipment delivery	57,225	13,529	
France	30,749	7,736	Revenues from finance leases are recognised when control of the equipment is transferred to the customer, i.e. on delivery.
Outside France	26,476	5,793	
Services - Installation of equipment	2,719	464	
France	380	49	Revenues from finance leases are recognised gradually, as the obligation to provide services is fulfilled.
Outside France	2,339	415	
Services - Maintenance	180	7	
France	36	5	Revenues from finance leases are recognised gradually, as the obligation to provide services is fulfilled.
Outside France	144	2	
TOTAL	65,177	30,559	
France	56%	71%	
Outside France	44%	29%	

The delivery of equipment means the delivery of components and assembled servers, and the services correspond to the installation of the servers.

Information on contract balances

The amount of revenue recognised in 2018 and in 2017 related to service obligations fulfilled or partially fulfilled in prior years is nil.

Outstanding service obligations

At the end of 2018, the amount of service obligations still to be fulfilled under contracts signed before the balance sheet date was 263 K€, compared with 1,658 K€ in 2017. The "other" line corresponds to the customer Sogitec at 31/12/18.

Obligations still to be fulfilled (Amounts in K€)	31/12/2018			
	Total	2019	2020	2021
Blade contract - Maintenance	108	57	50	1
Other	155	155		
Total	263	212	50	1

Obligations still to be fulfilled (Amounts in K€)	31/12/2017			
	Total	2018	2019	2020
Blade contract - Maintenance	138	48	48	42
Other	1,520	1,520		
Total	1658	1568	48	42

6.2 Other current operating income

OTHER OPERATING INCOME (Amount in K€)	2018	2017
Subsidies received	-	-
Income from research tax credits	114	219
Stocked production	- 251	338
Other	191	318
TOTAL	54	875

- Bpifrance region subsidy

On June 1, 2016, 2CRSI obtained from BPI France a 200 K€ innovation grant from the region for a technical and economic feasibility project to recover heat generated by servers and convert it into electricity to reduce data centre energy consumption. The payment is scheduled on two dates: a first amount of 140 K€ was paid in December 2016 and a second additional amount of 60 K€ is expected to be paid in early 2019, upon finalisation of the statement of total expenditure attributable to this project.

6.3 Consumed purchases and external expenses

CONSUMED PURCHASES (Amount in K€)	2018	2017
Inventory changes (goods)	10,104	6,256
Purchases of goods and materials	- 59,405	- 31,557
Exchange gains and losses	- 126	367
Other	- 279	- 73
TOTAL	- 49,706	- 25,007

EXTERNAL CHARGES (Amount in K€)	2018	2017
External services	- 4,067	- 1,622
Other	- 128	- 118
Capitalised production	-	27
TOTAL	- 4,195	- 1,714

The increase in external services in 2018 is related to the increase in temporary work expenses and the increase in the number of employees (recruitment fees and increased travel expenses).

6.4 Workforce and payroll

The workforce at the end of each financial year of the Group over the last two financial years is as follows:

AVERAGE WORKFORCE at December 31	2018	2017
Executives	53	36
Non-	39	39
Total average workforce at December 31 *	92	75

*Excluding corporate officers

PAYROLL (Amount in K€) Gross	2018	2017
compensation Social security	- 3,988	- 1,900
charges Capitalised	- 1,423	- 621
production	589	185
Payroll	- 4,823	- 2,337

Personnel expenses are offset by CICE income of 109 K€ in 2018 (81 K€ in 2017).

6.5 Operational performance

The Group has chosen to present an EBITDA ("Earnings Before Interests, Taxes, Depreciation and Amortization") to facilitate the reader's analysis. EBITDA is not a standard indicator under IFRS and is not an accounting measure of the Group's financial performance. It should be considered as additional information, not substitutable for any other measure of operational and financial performance of a strictly accounting nature, as presented in the Group's consolidated financial statements and their accompanying notes.

EBITDA is defined as operating income before depreciation, amortization and provisions and other non-current operating income and expenses. These non-current operating expenses and income include, in particular, impairment of intangible assets, results of disposals of fixed assets, restructuring costs, costs relating to workforce adjustment measures and fees relating to the IPO project.

The evolution of Ebitda over the two periods is as follows:

EBITDA (Amount in K€)	2018	2017
Operating income	3,681	1,687
Net depreciation, amortization and provisions	1,710	548
Other non-current income and expenses	664	
EBITDA	6,055	2,235
EBITDA margin (*)	9.3%	7.3%

(*) The EBITDA margin corresponds to the EBITDA / Turnover ratio.

Other non-recurring income and expenses correspond to the portion of expenses related to the IPO that is not deducted from the share premium.

6.6 Financial result

The financial result includes:

- The cost of debt
- Financial income related to the Blade server financing lease (see Note 6.1)

FINANCIAL INCOME AND EXPENSES (Amount in K€)	2018	2017
Cost of gross financial debt	- 1,264	- 518
Other net financial income	754	86
Financial result	- 510	- 432

Over the 2018 period, the cost of net financial debt includes interest charges on bank loans, finance leases and the issue of preference shares. Financial income is related to the financial component of server sales.

6.7 Income tax

Income tax corresponds to the aggregate of the current taxes payable by the various Group companies, adjusted for deferred taxes. The tax is recognised in the result unless it is attached to items posted in other elements of the overall result or directly in equity. It is then also recognised in other comprehensive income or in shareholders' equity.

Deferred taxes are measured using the balance sheet approach at the amount the entity expects to pay or recover from tax administrations. The deferred taxes thus determined are, if applicable, influenced by a possible change in the tax rate adopted or virtually adopted at the financial statement closing date.

A deferred tax asset is recognised if the following conditions are met:

- The entity has sufficient taxable temporary differences with the same tax authority and the same taxable entity or group, which will generate taxable amounts against which unused tax losses and tax credits can be offset before they expire;
- It is likely that the entity will generate taxable profits before the expiry of unused tax losses or tax credits;
- Unused tax losses result from identifiable causes that are unlikely to recur;
- Opportunities related to the tax management of the entity will generate taxable income in the year in which unused tax losses or unused tax credits can be applied.

Deferred tax assets and liabilities

The tax rate applicable to the Company is the rate applicable in France, i.e. 28% up to €500k and 33% thereafter.

The rate applicable to its subsidiary 2CRSI Corporation is 21% (federal rate).

The subsidiary Adimes benefits from the reduced rate of 15%.

2CRSI ME FZE is exempt from taxes being located in a free zone of Dubai.

Reconciliation between theoretical tax and actual tax:

Tax proof (Amount in K€)	31/12/2018	31/12/2017
Net income	3,690	643
Consolidated tax	519	-612
Result before tax	3,171	1,255
Current tax rate in France	33.33%	33.33%
Theoretical tax at the current rate in France	-1,057	-418
Change in tax rates	0	0
Rate differential on temporary differences related to foreign subsidiaries	45	-27
Permanent differences	1,068	119
Other	463	-285
Tax income (expenses)	520	-611
Effective tax rate	-16.40%	48.71%

In 2018, permanent differences include in particular the tax effect on IPO expenses recognised directly as an issue premium for 1.2 M€.

The "Other" line includes the sum of the tax credits for 502 K€.

Nature of deferred taxes:

Nature of deferred taxes (Amount in K€)	31/12/2018	31/12/2017
Other temporary differences	2,248	285
Tax losses carried forward	0	1
Total items of a deferred tax asset nature	2,248	286
Temporary differences on repayable advances	87	0
Other temporary differences	258	557
Total items of a deferred tax liability nature	345	557
Total items of a deferred tax nature	1,903	-271

The "other temporary differences" line mainly corresponds to the restatement of Blade's revenue for 1.9 M€.

7. Off-balance sheet commitment

COMMITMENTS GIVEN (Amount in K€)	31/12/2018	31/12/2017
Sureties and bank guarantees given	68	740

COMMITMENTS RECEIVED (Amount in K€)	31/12/2018	31/12/2017
Guarantees received	187	353

8. Other information

8.1 Leases as lessee

Management estimates and practical expedient

As permitted by IFRS 16, the Group has elected not to apply the provisions of the standard to its short-term leases and contracts with low value underlying assets.

The lease terms used by the Group reflect the non-cancellable terms of each contract, plus any extension or termination options that the Group is reasonably certain to exercise or not to exercise. Thus, for real estate leases, whose maximum duration is 9 years with a possible exit at 3 and 6 years, the duration chosen is 6 years, with the exception of a commercial lease for which the last three-year period is engaged. and for which the duration chosen is thus 9 years. Indeed, management is not reasonably certain to keep its premises beyond this period, given:
(i) the non-strategic nature of the location and (ii) prices that do not offer an incentive advantage over market prices. For leases of vehicles and servers used internally for research and development activities, the duration used is that of the contracts.

Finally, the discount rate used to value the lease obligation is the borrowing rate that the Company would have obtained if it had used its bank to finance the acquisition of the leased property.

Change in rights of use by category

In thousands of Euros	Real estate leases	Vehicles	Other	Total
Gross value	1,702	263	457	2,422
Accumulated depreciation and impairment	- 285	- 154	- 176	- 615
Net value at January 1, 2018	1,417	109	281	1,807
Investments	1,200	52	2,219	3,471
Depreciation and impairments	- 525	- 70	- 444	- 1,039
Net value at December 31, 2018	2,092	91	2,056	4,239
Gross value	2,902	315	2,676	5,893
Accumulated depreciation and impairment	- 810	- 224	- 620	- 1,654

In thousands of Euros	Real estate leases	Vehicles	Other	Total
Gross value	846	214	457	1,517
Accumulated depreciation	- 127	- 88	- 26	- 241
Net value at January 1, 2017	719	126	431	1,276
Investments	856	49	-	905
Depreciation and impairments	- 158	- 66	- 150	- 374
Net value at 31 December 2017	1,417	109	281	1,807
Gross value	1,702	263	457	2,422
Accumulated depreciation	- 285	- 154	- 176	- 615

8.2 Leases as lessor

(Amounts in K€)	31/12/2018			
	Total	Share less than 1 year	From 1 to 2 years	More than 2 years
Undiscounted lease payments	14,440	5,394	5,394	3,652

(Amounts in K€)	31/12/2017			
	Total	Share less than 1 year	From 1 to 2 years	More than 2 years
Undiscounted lease payments	13,749	4,678	4,678	4,394

8.3 Related parties

Transactions with related parties

According to IAS 24, "Related Party Disclosures", a related party is a natural or legal person who is related to the entity that presents its financial statements.

It can be any of the following persons:

- A person or company that exercises control over the Group;
- An associate company of the Group;
- A significant member of the Company's management team (or a member of his family). A transaction with a related party involves a transfer of goods, services or obligations between the Group and the related party.

The related parties identified at December 31, 2018 and December 31, 2017 are as follows:

RELATED PARTIES	HAW		ALIS PALU		Other related parties.	
(Amounts in K€)	2018	2017	2018	2017	2018	2017
Other income	2	2	127	60	1	2
External expenses	- 80	- 182	-	-	-	-
Purchases of goods	-	-	-	-	-	-
Consumed purchases	-	-	- 101	- 50	-	-
TOTAL	- 78	- 180	26	10	1	2

- Relations with HAW

Transactions with HAW, SARL, whose manager is Mr. Alain Wilmouth, and which holds 100% of the shares of 2CRSI, mainly concern the re-invoicing to 2CRSI of the executive's remuneration for an amount of €80k in 2018 and €182k in 2017.

- Relations with ALISPALU

Transactions with ALISPALU, whose Chairman is Mr. Alain Wilmouth, mainly concern (i) the re-invoicing of goods by 2CRSI for €127k in 2018 and €57k in 2017 and (ii) the re-invoicing to 2CRSI of after-sales services for €65k in 2018 and €50k in 2017.

Remuneration of corporate officers

The officers are composed of the Chairman and Chief Executive Officer, the Deputy Chief Executive Officer and the directors appointed by the General Meeting.

The remuneration granted to these executives amounted to €491k in 2018 compared to €367k in 2017.

These remunerations include short-term benefits (fixed, variable remuneration and benefits in kind excluding employer contributions) and directors' fees granted and include the amounts paid to HAW for the re-invoicing of the executive's duties. They do not include the free shares notified on January 20, 2019.

8.4 Management and assessment of financial risks

2CRSI may be exposed to different types of financial risks: market risk, credit risk and liquidity risk. If necessary, 2CRSI implements simple and proportionate measures to minimize the potentially adverse effects of these risks on financial performance. 2CRSI's policy is not to subscribe to financial instruments for speculative purposes.

Credit risk

Credit risk represents the risk of financial loss to the Group in the event that a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group assesses the solvency risk of its customers. This solvency takes into account both elements that are purely internal to the Group, but also contextual elements such as its geographical location, the overall economic situation and sectoral outlook.

The Group is not exposed to any significant credit risk, which is mainly concentrated on trade receivables. The net book value of the receivables recorded reflects the fair value of the net cash receivables estimated by the Management, based on the information at the closing date. The Group has not taken into account any guarantees or netting agreements with liabilities of the same maturity when performing impairment tests on financial assets.

There are no significant unimpaired matured financial assets.

The Group's customer banks have all met the solvency test requirements of EU regulations.

Trade receivables

A credit risk exists when a potential loss may occur if a customer is unable to meet its commitments on time. The Group requires its customers to pay down payments on each first order or if the authorised customer outstanding is exceeded.

Foreign exchange risk

The Group is exposed to the risk of exchange rate fluctuations on commercial and financial transactions that are carried out in a currency other than the functional currency of the Group entity recording them.

Distribution of turnover in foreign currency

Consolidated revenue at December 31, 2018 are mainly invoiced in EUR (64%) and USD (36%).

Consolidated revenue at December 31, 2017 is invoiced mainly in EUR (77%) and USD (23%).

Intra-group transactions are mainly carried out in the currencies of the company issuing the invoice. This ensures self-coverage.

Breakdown of expenses in foreign currencies

Expenditure is mainly denominated in Euros and dollars.

Indeed, even if the local expenses incurred by the company in the United States and denominated in USD are relatively low, the group as a whole is an importer of parts and electronic components that are purchased in dollars.

In order to hedge part of the foreign exchange risk related to these purchases in foreign currencies and to secure its margin, 2CRSI sets up financial instruments: forward purchases (including budgets which can be gradually used over a given period and at the latest at maturity of the operation) and accumulators. The financial instruments put in place do not cover specific contracts but a purchase budget in USD over a 12-month maximum horizon.

At the end of 2018, the Group had no forward currency purchase commitments.

Interest rate risk

As the Group's debt is mainly at fixed rates, the Group has little exposure to interest rate risks.

The company also took on debt at market (variable) rates as part of a €5m loan to finance a CAPEX line. As at December 31, 2018, the total commitment on this contract amounts to €129k.

Liquidity risk

Net cash at December 31, 2018 amounted to 14,502 K€ (see Note 5.9). Business continuity was analysed (see Note 2.1).

The Company has carried out a specific review of its liquidity risk and considers, at December 31, 2018, that it is in a position to meet its future maturities over the next twelve months.

None of the Group's financial debts are subject to covenants.

8.5 Contingent liabilities

Contingent liabilities are defined by IAS 37 as:

- either possible obligations that arise from past events and whose existence will be confirmed only be the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity;
- or current obligations resulting from past events but not counted because: (i) it is not probable that an outflow of resources embodying economic benefits will be required to extinguish the obligations, or (ii) the amount of the obligations cannot be measured with sufficient reliability.

No contingent liabilities are known at the balance sheet date.

8.6 Statutory Auditors' fees

STATUTORY AUDITORS' FEES (Amounts in K€)	At 31/12/2018		At 31/12/2017	
	EY	KPMG	EY	KPMG
Statutory audit, certification, limited review of individual and consolidated accounts	148	130	186	171
Parent company	130	130	186	171
- Fully-consolidated subsidiaries	18	-	-	-
Services other than statutory audit	227	181	-	-
Parent company	227	181	-	-
Fully-consolidated subsidiaries	-	-	-	-
Total	375	311	186	171

Services other than the certification of accounts mainly concern:

- The services provided by Ernst & Young Audit and its network in connection with the public offering and admission of 2 CRSI S.A. shares on Euronext and proposed acquisitions by the group.
- The services provided by KPMG Audit in connection with the public offering and admission of 2 CRSI S.A. shares on Euronext

V. PARENT COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018 AND RELATED STATUTORY AUDITORS' REPORT

Balance sheet assets

Headings	Gross amount	Depreciation	Net amount N	Net amount N-1
Share capital subscribed but not called				
Start-up costs	*1,205,753*	*729,013*	*476,740*	*489,644*
Development costs				
Concessions, patents and similar rights	*206,873*	*130,044*	*76,829*	*92,250*
Goodwill				
Other intangible assets Advances, prepayments on intangible assets	*588,645*		*588,645*	
Land				
Constructions	*276,363*	*51855*	*224,508*	*34,526*
Technical installations, equipment and industrial tooling	*628,369*	*202,903*	*425,466*	*563,259*
Other property, plant and equipment				
Assets under construction	*1,543,490*	*346,626*	*1,196,864*	*249,889*
Advances and prepayments	*43,501*		*43,501*	
Shareholdings valued using the equity method				
Other equity interests	*1191 579*	*188,400*	*1,003,179*	*189,239*
Receivables from equity interests Other long-term investment securities				
Loans				
Other financial assets	*477453*	*16,209*	*461,244*	*101199*
Fixed assets	***6162026***	***1,665,050***	***4,496,976***	***1,720,005***
Inventories of raw materials, supplies				
Work in progress - goods Work in progress -	*6,434*		*6434*	
services Intermediate and finished products	*218,003*		*218,003*	*469,268*
Goods inventory				
Advances, deposits paid on orders	*898,344*	*22544*	*875,800*	*90,746*
Trade receivables and related accounts	*17,684,821*	*204885*	*17,479,936*	*4,530,068*
Other receivables	*400*		*400*	*27,433*
Capital subscribed and called, not paid	*41,173,679*		*41,173,679*	*15,424,602*
Investment securities	*8,355,068*	*524,359*	*7,830,709*	*2,285,466*
(of which treasury shares:				
Cash and cash equivalents				
Prepaid expenses	*12,809,920*		*12,809,920*	
				3,282,433
	2,862,085		*2,862,085*	*2,867,948*
Current assets	***84,008,754***	***751,788***	***83,256,966***	***2,8977,964***
Costs for issuance of loans to be amortised				
Bond redemption premium				
Unrealised foreign exchange losses	***76,882***		***76,882***	***10,984***
TOTAL	**9,0247,662**	**2,416,838**	**87,830,824**	**30,708,953**

Balance sheet liabilities

Headings	Net amount N	Net amount N-1
Corporate or individual capital (of which paid: 1,080,000)	*1,596,909*	*1,080,000*
Issue, merger, contribution premiums, etc.	*48,576,864*	*2 843594*
Revaluation surplus (o/w equity accounting reserve:)		
Legal reserve	*75,209*	*53,106*
Statutory or contractual reserves	*16,036*	
Regulated reserves (o/w special provisions reserve for price fluctuations:)		
Other reserves (including the reserve for the purchase of original works;)	*1,040,006*	*811,087*
Retained earnings		
RESULT OF THE FINANCIAL YEAR	**4,741,902**	**442,058**
Investment subsidies		
Regulated provisions		
Equity	***56,046,926***	***5,229,846***
Income from the issue of equity securities		
Conditional advances	*350,000*	*350,000*
Other equity	***350,000***	***350,000***
Provisions for contingencies	*111882*	*20,984*
Provisions for charges		
Provisions for risks and charges	***111,882***	***20984***
Convertible bonds Other bonds		
Borrowings and debts with credit institutions		
Miscellaneous borrowings and financial debts (o/w equity loans:)	*6,016,378*	*1075050*
Advances & down payments received on orders in progress	*7780*	*4,704*
Trade payables and related accounts		*47,056*
	20530759	*7,550,140*
Tax and social debts	*878,886*	*4,035,433*
Amounts payable on fixed assets and related accounts	*179,747*	
Other liabilities	*482,809*	*6,078,044*
Prepaid income	*2,970,500*	*6 221973*
Liabilities	***31066 859***	***25 012400***
Unrealized foreign exchange gains	***255157***	***95723***
TOTAL	**87,830,824**	**30708 953**

Income Statement

Headings	France	Export	Amount N	Amount N-1
Sales of goods	*19,458,539*	*14,155,399*	*33,613,938*	*10,285,662*
Production sold (goods)	*15,216,245*	*13,290,678*	*28,506,923*	*21,242,193*
Production sold (services)	*6,179,078*	*1,891,835*	*8,070,913*	*1,182,009*
Net turnover	***40,853,862***	***29,337,912***	***70,191,773***	***32,709,865***
Inventoried production			*-251,265*	*337,701*
Capitalised production			*588,645*	*147,588*
Operating subsidies				
Write-backs of depreciation and provisions, expense transfers, Other			*167,896*	*32,600*
income			*489,377*	*544,795*
Operating income			***71,186,426***	***33,772,549***
Purchases of goods (including customs duties) Changes in			*60,877,874*	*30,646,900*
inventories (goods)			*-12,469,543*	*-3,599,856*
Purchases of raw materials and other supplies (including customs duties) Changes in			*621,581*	*347,947*
inventories (raw materials and supplies)			*-731,032*	*-124,547*
Other purchases and external charges			*11,139,010*	*2,753,405*
Taxes, duties and similar payments			*317,895*	*102,866*
Salaries and wages			*2,716,066*	*1,411,064*
Social security contributions			*1,091,946*	*489,284*
Depreciation of fixed assets			*669,705*	*280,312*
Provisions for fixed assets				
Provisions for current assets			*751,788*	*86,200*
Provisions for risks and charges			*111,882*	
Other expenses			*619,490*	*279160*
Operating expenses			***65716661***	***32672733***
Operating result			***5,469,765***	***1,099,816***
Profit allocated or loss transferred				
Loss borne or profit transferred				
Income from holdings				
Income from other securities and long-term receivables			*1104*	*923*
Other interest and similar income			*88868*	*1,520*
Reversals of provisions and expense transfers				*11,517*
Foreign exchange gains			*392,851*	
Net income on transfers of investment securities				
Financial products			***482823***	***13960***
Depreciation allowance and provisions			*204,609*	*10,984*
Interest and similar expenses			*99438*	*69,291*
Foreign exchange losses			*627,445*	
Net expenses on sales of investment securities				
Financial expenses			***931492***	***80275***
Financial result			**-448,669**	**-66,315**
Current result before taxes			***5021096***	***1033501***

Profit and Loss Account (cont.)

Headings	Amount N	Amount N-1
Extraordinary income on management operations	*38,571*	*14,521*
Extraordinary income on capital transactions	*12,710*	
Reversals of provisions and expense transfers		
Extraordinary income	***51281***	***14,521***
Extraordinary expenses on management operations	*54,998*	*1,698*
Extraordinary expenses on capital transactions	*693,385*	
Extraordinary depreciation and provisions		*790,386*
Extraordinary expenses	***748,383***	***792084***
Extraordinary result	**-697102**	**-777,562**
Employee profit-sharing		
Income tax	***-417908***	***-186119***

Total income	***71,720,530***	***33,987,149***
Total expenses	**66,978,*628***	***33,545,092***
Profit or loss	**4,741,902**	**442,058**

1. Significant events of the year and post-closing events

SIGNIFICANT EVENTS

Transformation into a public limited company

The general meeting on April 26, 2018 decided to transform 2CRSI into a public limited company.

IPO on the Euronext Paris market

On June 21, 2018, the company announced the successful completion of its initial public offering on the Euronext Paris market. As part of this transaction, the company issued 4,994,287 shares at a price of €8.75 (including a par value of €0.09), representing a gross amount of €43,700,011.25 before taking into account the costs related to this transaction. These shares were subscribed by new shareholders, individuals and institutions, as well as by its historical shareholders.

In addition, on July 5, 2018, the over-allotment option was fully exercised, resulting in the issue of 749,143 additional new shares for an amount of €6,555,001.25 at the offer price, i.e. €8.75 per share.

Acquisition of Tranquil PC Limited

On April 4, 2018, the Group, through its wholly-owned subsidiary under English law "2CRSI Ltd" specially created for this transaction on March 29, 2018, acquired 80% of the shares of Tranquil PC Limited (whose name has been changed to "2CRSI UK" since March 4, 2019
"), located in Manchester, United Kingdom, for an amount of €2.4m financed by a loan granted by BNP Paribas on April 4, 2018, which was fully repaid on June 29, 2018 following the Company's initial public offering (Notes 3.2 and 5.12).

Tranquil PC designs and produces portable mini datacenters (compact multi-node clusters) and IT solutions suitable for use in unconventional environments (embedded and hardened systems). This acquisition strengthens 2CRSI's position as a manufacturer of innovative IT solutions.

Liquidity agreement

On July 3, 2018, the Group entrusted Portzamparc Groupe BNP Paribas with the implementation of a liquidity contract in accordance with the AMAFI Code of Ethics approved by the Decision of the French financial markets authority (AMF) on March 21, 2011 relating to 2CRSI securities admitted to trading on the regulated market of Euronext in Paris as of July 6, 2018. This liquidity agreement was concluded for a period of one year, renewable by tacit agreement. For the implementation of this contract, the sum of €300,000 was allocated to the liquidity account.

Creation of a subsidiary in Dubai

2CRSI Middle East FZE, a company incorporated under the laws of Dubai Silicon Oasis Authority with a capital of 10.00 Dirham of the United Arab Emirates, was created on July 3, 2018 to enable the Group to expand in the Middle East.

Acquisition of a stake in Gamestream

On December 29, 2018, the Company acquired a 12.45% interest in Gamestream, a company that provides high quality streaming gaming solutions. Gamestream plans to raise funds for 2019, launch its products in Asia and the Middle East and then expand into the European and American markets.

2CRSI becomes a Platinum member of Open Compute Project Strasbourg,

On October 8, 2018, 2CRSI announced that it had joined the Open Compute Project (OCP) community as a Platinum member. The Open Compute Project (OCP), a global community that is revisiting the design of IT servers, offers more efficient, flexible and scalable solutions. With this new commitment, 2CRSI is now closer to the developments of the Open Compute Project community and will be involved in the OCP products of tomorrow.

BNP Financing Agreement

As part of the support for the development of the Group and the Company, a €10 million financing package has been made available:

- €5 million as a standard credit line released on December 17, 2018
- €5 million as part of a lease financing budget from C ARIUS

Implementation of a free share allocation plan 1st tranche

In accordance with the legal provisions of Articles L. 225-197-1 *et seq*. of the French Commercial Code governing the allocation of free shares, the Company's shareholders authorised, at the combined general meeting of May 24, 2018 (twenty-second resolution), the allocation of free shares existing or to be issued to employees of the Company or companies directly or indirectly affiliated to it within the meaning of Article L. 225-197- -2 of the French Commercial Code and/or corporate officers who meet the conditions set by Article L. 225-197-1 of the French Commercial Code.

Using the authorisation and powers granted to it by decision of the Combined General Meeting of May 24, 2018 (twenty-second resolution), on December 12, 2018 the Board of Directors of 2CRSi decided to set up a shareholding plan for all Group employees with more than one year's seniority and not holding more than 10% of the share capital of the Company or one of its subsidiaries. The Free Shares, allocated to the Beneficiaries at the end of a vesting period of 5 years and provided that the conditions for the grant are fulfilled, will be new shares to be issued by way of capital increase by capitalization of reserves. As such, the sum of € 16,036.11 is recorded in the unavailable reserve account at 31/12/18 corresponding to the total nominal amount of the shares that may be issued.

POST-CLOSING EVENTS

Middle East Partnerships

2SCRi and the IT distributor "SNB Middle East" announced the signing of a distribution agreement in the Middle East. This strengthened partnership is an important step for the growth of the 2CRSi's activities in the region. "SNB Middle East" is a distributor of value-added software and hardware that supports resellers and integrators in the field of information and communications technology (ICT). This new agreement extends the partnership to 2CRSi's entire product portfolio

Leasing of commercial premises in Nanterre - creation of a joint Green Data subsidiary with Azur Datacenter

On February 28, 2019, the Board of Directors adopted the decision to set up a company 55% owned by 2CRSi and 45% by Azur Datacenter, which will sign a lease for the real estate complex called "Le Capitole", located Parc des Fontaines, 55 avenue des Champs Pierreux in Nanterre. Green Data leased the premises on April 15, 2019.

2. Accounting rules and methods

The annual financial statements for the period have been prepared and presented in accordance with the general rules applicable in this respect and in compliance with the principle of prudence.

The annual financial statements have been prepared in accordance with the provisions of the French Commercial Code and the general chart of accounts in Regulation ANC no. 2014-03.

The balance sheet for the period shows a total of 87,830,824 Euros.

The income statement, presented in the form of a list, shows total income of 71,720,530 Euros and total expenses of 66,978,628 Euros, resulting in a profit of 4,741,902 Euros.

The period under consideration begins began on 01/01/2018 and ended on

31/12/2018. It has a duration of 12 months.

The general accounting policies have been applied in accordance with the basic assumptions:

- Going concern
- Permanence of accounting methods from one year to the next;
- Independence of financial years.

The basic method adopted for the valuation of the elements recorded in the accounts is the method of historical costs.

The principal methods used are the following:

2.1 Intangible assets

Intangible assets are recorded at their acquisition cost, minus discounts and rebates and cash discounts or at their production cost.

An impairment loss is recognised when the present value or probable selling price of an asset is less than its carrying amount.

Development costs are capitalized when the following criteria are met:

- The company has the intention and the technical capacity to continue the development project to completion;
- There is a high probability that the future economic benefits attributable to development expenditures will flow to the company, which is generally supported by the existence of orders or contracts;
- Costs can be measured reliably;
- The company has the ability to use or sell the intangible asset;
- The company has the necessary resources to complete the project.

Development costs that do not meet the above criteria and research costs are recorded in the income statement in the year in which they are incurred.

Development costs are amortized over 3 years, corresponding to the average period of operation and sale of a solution at 2CRSi.

Depreciation is calculated based on the normal period of use of the goods. The depreciation periods are indicated below:

Types of fixed assets	*Mode*	*Term*
Development expenses	Straight-line	3 years
Software	Linear	1 to 6 years
Patents	Linear	3 to 5 years

2.2 Property, plant and equipment

Property, plant and equipment are recorded at their acquisition cost, minus discounts and rebates and cash discounts or at their production cost.

An impairment loss is recognised when the present value of an asset is less than its carrying amount.

Depreciation is calculated based on the normal period of use of the goods. The depreciation periods are indicated below:

Types of fixed assets	*Mode*	*Term*
Constructions	Linear	6 years
Technical facilities	Straight-line	9 to 20 years
Industrial tools	Straight-line	5 to 10 years
General fixtures and fittings	Straight-line	8 to 10 years
Transport equipment	Straight-line	5 years
Office and IT equipment	Linear	3 to 5 years
Furniture	Linear	5 to 10 years

Non-depreciable items of fixed assets are recorded at their gross value, which consists of the purchase cost excluding incidental expenses. When the value in use is less than the gross value, a provision for impairment is recorded for the amount of the shortfall.

2.3 Financial assets

They consist of equity securities in companies and security deposits.

Equity securities are recorded in the balance sheet at their acquisition cost excluding acquisition expenses. Their value is reviewed at the end of each period by reference to the value in use. This is estimated on the basis of the proportion of equity represented by the securities, translated at the closing exchange rate for foreign companies, adjusted where necessary to take into account the intrinsic value of the companies.

If the value in use of these securities falls below their carrying amount, an impairment loss is recognised for the difference.

2.4 Inventories and work in progress

Raw materials and goods are valued at their acquisition cost (purchase cost and incidental costs, minus rebates and discounts).

In-process products have been valued at their production cost.

A provision for depreciation reduces the stock of goods and raw materials to their realizable value less proportional selling expenses.

2.5 Operating receivables

Receivables and payables have been valued at their nominal value.

Where appropriate, investment securities have been impaired through provisions to take into account any collection difficulties to which they may give rise.

Trade receivables presented in the cash flow statement have been stated at their gross value, in accordance with accounting principles.

2.6 Factoring contracts

As part of its short-term financing, the company has entered into factoring contracts with factoring companies. Under these programmes:

- Assigned receivables are maintained in trade receivables to the extent that the collection risk is not fully transferred;
- Drawing rights used at the end of the financial year are recorded under other liabilities;
- Holdbacks are presented under other receivables;
- The interest inherent in these contracts is classified as financial expenses while commissions are classified as external expenses.

2.7 Cash and cash equivalents

Cash available at banks or on hand was valued at its nominal value.

2.8 Provisions for risks and charges

Provisions for risks and charges are intended to cover risks identified at the balance sheet date that may generate quantifiable expenses. They are evaluated individually.

Retirement indemnities are recognised as an expense when paid in the parent company financial statements. They are not subject to any provisions.

2.9 Purchases

Ancillary costs paid to third parties have not been included in the purchase accounts, but have been recorded in the various expense accounts corresponding to their nature.

2.10 Foreign currency transactions

Expenses and income in foreign currency are recognised for their counter-value on the date of the transaction. Debts, claims, cash and cash equivalents in foreign currency are included in the balance sheet for their counter-value at the end of the financial year. The difference resulting from the discounting of receivables and payables in foreign currency at this closing rate is recorded in the balance sheet under "translation adjustments". Unrealised exchange losses which are not off-set are subject to a provision for risks.

The degree of exposure to market risks is relatively low. Only the exchange rate can have an impact that is controlled with the solutions implemented by the company (exchange rate hedging).

3. Notes on the balance sheet

3.1 Fixed assets

Headings	Gross value at the start of the year	Increases by remeasurement	Acquisitions contributions, creation Transfers	Decreases	Gross value at year end
Start-up and development costs	*937,395*		*268,358*		*1,205,753*
Other intangible assets	*161,528*		*633,990*		*795,518*
Land					
Buildings on own land			*204,690*		
Buildings on un-owned land					
Construction of general facilities			*43,640*		*628,369*
Technical facilities and industrial tools	*584,729*				
General facilities, fixtures and fittings, misc.	*154,347*		*212,171*		*366,518*
Transport equipment	*3,332*		*24,273*		*27,605*
Office and IT equipment, furniture	*307,298*		*842,068*		*1,149,366*
Recoverable packaging and miscellaneous					
Tangible fixed assets in progress			*43,501*		*43,501*
Advances and payments					
Total property, plant and equipment	*1,121,378*		*1,370,343*		*2,491,721*
Investments in associates					
Other investments	*189,239*		*1,002,340*		*1,191,579*
Other long-term securities					
Loans and other financial assets	*101,199*		*1,855,617*	*1,479,363*	*477,453*
Total financial assets	*290,438*		*2,857,957*	*1,479,363*	*1,669,032*
TOTAL	**2,510,740**		**5,130,648**	**1,479,363**	**6,162,026**

Property, plant and equipment includes equipment leased to a customer. The net value of this equipment stood at 326,782 Euros at December 31, 2018.

In 2018, 88,798 treasury shares were purchased and 58,041 were sold. Treasury shares amounted to 30,757 at 31/12/18 for a value of 275,605 Euros. The company recorded a net capital loss on the redemption of shares of 16,840 Euros in 2018.

3.2 Depreciation

Headings	Amount at the start of the year	Increases in allocations	Decreases reversals	Amount at year end
Start-up and development costs	*447751*	*281262*	*0*	*729013*
Other intangible assets	*69279*	*60765*	*0*	*130044*
Land				
Buildings on own land				
Buildings on un-owned land				
Constructions of general facilities, Fixtures and fittings of buildings ;	*37146*	*14,708*		*51855*
Technical installations, equipment and industrial tooling	*21,470*	*181,433*		*202,903*
General facilities, fixtures and fittings and miscellaneous	*31,513*	*41,739*		*73,252*
Transport equipment	*1,961*	*707*		2,668
Office and IT equipment, moveable property	*181,614*	*89092*		*270,706*
Recoverable packaging and misc.				
Total depreciation of property, plant and equipment	*273,705*	*327679*	*0*	*601384*
Grand Total	**790,735**	**669,706**	**0**	**1460441**

3.3 Breakdown of depreciation charges for the financial year

All depreciation charges recorded during the year ended December 31, 2018 are of an economic nature.

	Straight-line	**Declining balance**
Intangible assets	342,027	0
Property, plant and equipment	327,679	0
TOTAL	**669,706**	**0**

The breakdown between straight-line and declining balance depreciation is as follows:

3.4 Inventories

	Gross amount	**Depreciation**	**Net amount**
Raw materials and other supplies	*6,434*		*6434*
Work in process	*218,003*		*218,003*
Finished products	*898,344*	*22,544*	*875,800*
Goods	*17684821*	*204,885*	*17,479,936*
Total	**18,807,602**	**227,459**	**18580173**

3.5 Subordinated loans

On March 1, 2016, 2CRSi obtained two innovation grants from BPI France, each worth €250k, for the development of a high-performance, low-cost IT server, which expired on March 1, 2019.

A first payment of €175k in advance was received in 2016. A minimum repayment of €100k is required for each advance, the balance being required only if the technology financed is successful. However, in the event that 2CRSi receives income from 2018 onwards relating to the assets/activities financed by the advances, 21% of this income should be contributed to BPI France once a year as early repayment of the advances (these repayments bringing forward the last repayment deadline).

The balance of these two advances in repayment value amounts to €350k at December 31, 2018.

3.6 Provisions

Provisions for risks and charges				
Headings	**Amount at the start of the year**	**Increases in allocations**	**Decreases reversals**	**Amount at year end**
Provisions for litigation	*10,000*	*35000*	*10000*	*35000*
Provisions for guarantees granted to customers				
Provisions for losses on forward markets				
Provisions for fines and penalties				
Provisions for exchange losses	*10,984*	*76,882*	*10,984*	*76882*
Provisions for pensions and similar obligations				
Provisions for taxes				
Provisions for the renewal of fixed assets				
Provisions for major repairs and large-scale modifications				
Provisions for social and tax charges on leave to be paid				
Other provisions for risks and charges				
TOTAL	**20984**	**111882**	**20984**	**111,882**

Provision for depreciation				
Headings	**Amount at the start of the year**	**Increases in allocations**	**Decreases reversals**	**Amount at year end**
Provisions on intangible assets				
Provisions on property, plant and equipment				
Provisions on investments in equity affiliates				
Provisions on investment securities		*188,400*		*188,400*
Provisions on other financial assets		*16,209*		*16,209*
Provisions on inventories and work in progress	*83,000*	*227,429*	*83,000*	*227,429*
Provisions on accounts receivable	*7,222*		*7,222*	
Other provisions for depreciation		*524,359*		*524,359*
TOTAL	**90222**	**956,397**	**90222**	**956,397**
Grand total	**111,206**	**1,068,279**	**111,206**	**1,068,279**

The provisions for risks and for depreciation of inventories reversed during the financial year were not used during the financial year.

The reversal of the provision for impairment of trade receivables was used for €3,200.

3.7 Information on liabilities and receivables

Receivables			
Description	**Gross amount**	**Due in 1 year at most**	**Due in more than 1 year**
Receivables from equity interests Loans			
Other financial assets	*417,453*	*9,100*	*468,353*
Total fixed assets	***477,453***	***9,100***	***468,353***
Doubtful or disputed trade receivables			
Other trade receivables	*41,173,679*	*41,173,679*	
Receivable representing securities lent or pledged			
Employees and related accounts	*75*	*75*	
Social security and other social bodies	*8,716*	*8,716*	
State - Income taxes State -	*503,700*	*503,700*	
Value added tax	*1,394,403*	*1,394,403*	
State - Other taxes, duties and assimilated payments			
State- Miscellaneous	*60,000*	*60,000*	
Group and shareholders	*5,627,326*	*5,627,326*	
Miscellaneous debtors (a)	*760,848*	*560,848*	*200,000*
Total current assets	***49,528,747***	***49,328,747***	***200,000***
Prepaid expenses	***2,862,085***	***2862085***	
TOTAL	**52,868,285**	**52199932**	**668,353**

Liabilities				
Description	**Gross amount**	**Due in 1 year at most**	**Due in more than 1 year and 5 years at the most**	**Due in more than 5 years**
Convertible bond issues				
Other bond issues				
<u>With credit institutions:</u>				
- up to 1 year at outset	*9128*	*9128*		
- more than 1 year at outset	*6,007,250*	*1,452,403*	*4,554,847*	
Miscellaneous borrowings and financial debts				
Trade payables and related accounts	*20,530,759*	*20,530,759*		
Staff and related accounts	*260,004*	*260,004*		
Social security and other social security bodies	*421,046*	*421,046*		
Income taxes				
Value added tax	*20,299*	*20,299*		
Guaranteed bonds				
Other taxes, duties and similar	*177,537*	*177,537*		
Amounts payable on fixed assets and related accounts	*179,747*	*179,747*		
Group and shareholders	*7,780*	*7,780*		
Other liabilities ()	*482,809*	*482,809*		
Debt representing securities lent or pledged as collateral				
Prepaid income	*2,970,500*	*2,970,500*		
TOTAL	31,066,859	26,512,012	4,554,847	

(a) Details of miscellaneous receivables:
- o Trade payables: 59 k€
- o C/ debtor ALISPALU: 150 k€

- Factor guarantee fund: 265 k€
- Credit notes to establish and prepayments to suppliers: 260 k€
- Other accrued income: 27 k€

(b) Details of other liabilities:
- Accounts payable: 24 k€
- Factor advance: 184 k€
- Credit notes to establish - Customers: 240 k€
- Other accrued expenses: 31 K€ (including 30 K€ in directors' fees)
- Charitable works: 3 k€

3.8 Translation adjustments

	Assets	Liabilities
Non-group suppliers	***66644***	***82,292***
Group suppliers	***10,238***	
Group customers		***156,612***
Non-group customers		***16,225***
Other receivables		*23*
Other liabilities		*5*
TOTAL	76882	**255,157**

3.9 Adjustment accounts

Prepaid expenses	Amount
Blade Lease Rent	*1874393*
Lease Rent	*78,887*
Real estate lease rent and rental charges	*51418*
Insurance	*50,069*
Miscellaneous overheads	*164,834*
Goods, raw materials not delivered	*642,484*
TOTAL	**2 862085**

Deferred income	Amount
Sale of finished products	*82,730*
Equipment rent	*2,608,176*
Sale of components	*279,594*
TOTAL	**2970 500**

Accrued expenses	Amount
Borrowings, interest to pay	*5,393*
Accounts payable	*1592 609*
Tax and social security liabilities	*631,721*
Rebates, discount to grant	*240,474*
Cash and cash equivalents accrued expenses	*9128*
Other accrued expenses (including directors' fees)	*30,900*
TOTAL	**2,510,225**

Accrued income	Amount
Trade receivables and related accounts	*226,150*
Supplier credit notes and rebates and discounts to receive	*259,028*
Social security organisations reimbursements to receive	*954*
Subsidy to receive	*60,000*
Other repayments to receive	*26,715*
TOTAL	**572847**

3.10 Equity

The share capital is composed of 17,743,430 shares with a par value of €0.09 divided into two categories of shares in the following proportions:

- 14,243,430 ordinary shares and
- 3,500,000 preference shares called "ADP 2017".

Changes in shareholders' equity during the year were as follows:

	Capital	*Issue premium*	*Legal reserves*	*Other reserves*	*Unavailable reserves*	*Result*	*Total equity*
Net situation at 31/12/2017	**1,080,000**	**2,843,594**	**53,106**	**811,087**	**0.00**	**442,058**	**5,229,846**
Change in scope		49,738,104					49,738,104
Other changes (1)	516,909	-4,004,834		-16,036	(2) 16,036		-3,487,925
Allocation							-175,000.00
Result N-1			22,103.00	244,955		-422,058	
Result 2018						4,741,902	4,741,902
Net situation at 31/12/2018	**1,596,909**	**48,576,864**	**75,290.00**	**1,040,006**	**16,036**	**4,741,902**	**56,046,926**

	December 31, 2017	December 31, 2018
In number of shares		
Capital at the start of the period	76,500	1,200,000
Reduction in the nominal value	773,500	10,800,000
Capital increase by increase of the nominal value		5,743,430
Capital increase	350,000	
Capital at year end (3)	1,200,000	17,743,430

(1) Initial public offering by creation of 4,994,287 shares on June 21, 1818 and capital increase related to the exercise of the over-allotment option by creation of 749,143 shares on July 10, 18
(2) Reserve set aside for the allocation of free shares (1st tranche)
(3) Including 3,500,000 preference shares

In accordance with the general chart of accounts, capital increase costs of €4,004,834 were charged to the issue premium. The residual costs related to this transaction were recognised as extraordinary expenses for 663,835 Euros.

The ADP 2017 have a nominal value of €10, including an issue premium of €9.10. They are perpetual, do not include any contractual mechanism for repayment or conversion. On the other hand, they entitle the holder to a preferential dividend, which 2CRSI must pay in the event of distributable results. This priority dividend amounts to 175 K€ per year.

4. Notes on the Profit and Loss Account

4.1 Turnover

2CRSi SA's turnover is generated in France and abroad. It breaks down as follows:

	2018	2017
Sales France	34,674,784	28,986,290
Sale EU	4,362,057	149,581
Sales outside the EU	23,084,020	2,391,984
Rental services France	5,865,893	647,075
Rental services Outside the EU	987,714	247,596
Other services France	332,950	179,690
Other services Outside the EU	868,979	107,649
Other services EU	15,376	
TOTAL	70,191,773	32,709,865

4.2 Income tax

Tax result	Fluent	Extraordinary	Total
Accounting profit after tax	5,439,004	-697,102	4,7,41,902
Reinstatements			
Provisions with deferred deductibility	76,882		76,882
Gifts and patronage	105,900		105,900
Excess amortisations and company vehicle tax	14,440		14,440
Foreign exchange gains	255,157		255,157
Gamestream acquisition costs	18,000		18,000
Directors' fees	11,417		11,417
Provision for depreciation of securities	188,400		188,400
Penalties, taxes and fines	121179		337,024
Deductions			
Provisions with deferred deductibility	-10,984		-10,984
Additional depreciation Macron Law	-64,802		-64,802
Capital increase costs	-4,004,834		-4,004,834
CICE	-69,748		-69,748
CI Apprenticeship and Patronage	-65,540		-65,540
CIR	-568214		-568,214
Foreign exchange loss N	-76,882		-76,882
Foreign exchange loss/gain N-1	-84,769		-84,769
TAX RESULT	1,500,454	-697102	803,351

Provisions with deferred deductibility	Deductions	Reinstatement
Provision for foreign exchange losses	10,984	76882
TOTAL	10984	76,882

CICE

The Tax Credit for Competitiveness and Employment (CICE) recorded in the accounts of our company at the end of the financial year amounted to 69,748 Euros.

In the income statement, our entity has retained the recognition of the CICE as a decrease in staff expenses.

In accordance with Article 244c C of the French Tax Code, the tax credit was used to finance the improvement of the company's competitiveness, particularly through investment efforts.

Research tax credit

In 2018, our company made expenditures eligible for the research tax credit and the innovation tax credit for 6 research projects that were carried out. At 31/12/18, the CIR (including CII) amounted to €568,214 and was deducted from the amount of tax.

4.3 Other expenses and income

Nature of other expenses	*Amount*
Directors' fees	30,000
Irrecoverable debts	3,868
Foreign exchange losses	576,146
Miscellaneous expenses	9476
TOTAL	**619,490**

Nature of other income	*Amount*
Exchange gains	367,431
Participation CEA R&D project	120,000
Miscellaneous income	1,946
TOTAL	**489,377**

4.4 Financial result

The financial results stands at (448,169 €). It is broken down as follows:

Nature of other expenses	*Amount*
Provision for impairment Financial assets	204 609
Interests on loans	48 15,7
Foreign exchange losses	6,2,7 445
Interest on current bank account	42 49,3
Other financial expenses (factoring)	8 788
TOTAL	**931492**

Nature of income	*Amount*
Income from long-term receivables	1,104
Interest on trade receivables	81,223
Exchange gains	392,851
Other financial income	7,645
TOTAL	**482,823**

4.5 Extraordinary result

The extraordinary result stands at (697,102) €. It is broken down as follows:

Nature of other expenses	*Amount*
Penalties/fines	33 767
Prior year expenses	21 231
Loss on share buyback	29 550
IPO extraordinary expenses	663 835
TOTAL	**748,383**

Nature of income	*Amount*
Prior year expenses Gain from share purchases	38,571 12,710
TOTAL	**51281**

4.6 Expense transfers

Nature of income	*Amount*
Insurance reimbursement Benefits in kind Electric vehicle bonus and training reimbursement	26,553 22,386 7,750
TOTAL	**56,689**

5. Other information

5.1 Workforce at 31/12/2018

	Total
Executive staff	42
Non-executive staff	14
TOTAL	56

5.2 Related-party transactions

Companies	Trade receivables and related accounts	Overdrawn current account	Other receivables	Trade payables and related accounts	Financial expenses	Financial income
ADIMES	2,277,343	50,862		1,138,476		
ALISPALU			150,000	40,588		
HAW		64,034				
2CRSi Corp	2,594,143	2,915,232		2,656,154		
2CRSi MiddleEast FZE	4,367	85,274				
2CRSi Ltd		2411924				
Tranquil PC Lld				19,490		
TOTAL	4,875,853	5,627,326	150,000	3,854,708	0	0

2CRSi, ADIMES, 2CRSi CORP, HAW and ALISPALU have Alain Wilmouth as their common leader.

ADIMES, 2CRSi Ltd, 2CRSi Middle East FZE and 2CRSi CORP are wholly-owned subsidiaries of 2CRSi SA.

5.3 Retirement benefits

Under French labour legislation, employees of the company will be entitled to a retirement indemnity if they are part of the workforce at the time of their retirement.

The company's commitment in this respect is estimated at 166,764 euros at December 31, 2018.

5.4 Off-balance sheet commitments

The company benefits from several overdraft facilities for a total amount of € 2,945,415 from all banking institutions and € 5 million of additional financing from ARIUS.

Type	*Commitment given*	*Commitments received*
Retirement indemnities	166,764	
Pledge of business assets on CIC loan	42,808	
Pledge of business assets on BNP loan	25,000	
BPI counter-guarantee on HSBC loan		6,431
BPI guarantee on Caisse d' Epargne loan		107,237
BPI guarantee on BNP and CIC loans		40,805
Personal surety bond on HSBC CIC and CE loans		32,969
Leasing commitment (remaining instalments)	16,664,345	

5.5 Statutory Auditors' fees

The fees of the Statutory Auditors charged during the financial year amount to:

STATUTORY AUDITORS' FEES (Amounts in K€)	At 31/1212018		At 31/12/2017	
Statutory audit, certification, limited review of company and consolidated accounts	130	130	186	171
Services other than statutory audit	227	181	186	171

Services other than the certification of accounts mainly concern:

- The services provided by Ernst & Young Audit and its network in connection with the public offering and admission of 2 CRSI S.A. shares on Euronext and proposed acquisitions by the group.
- The services provided by KPMG Audit in connection with the public offering and admission of 2 CRSI S.A. shares on Euronext

5.6 Remuneration of corporate officers

The compensation of the management bodies is not provided because this would amount to indirectly giving an individual remuneration.

5.7 Special report on the free allocation of shares during the year ended December 31, 2018

Statement of free share allocations as at December 31, 2018 Free shares allocations that were definitively allocated at December 31, 2018

n/a

5.8 Table

Table showing the invoices received and issued an not paid at the closing date and which are past due

In accordance with the provisions of Articles L. 441-6-1 and D. 441-4 I of the French Commercial Code, you will find below the breakdown of payment periods for the company's customers and suppliers (expressed in €):

- For suppliers, the number and total amount of invoices received and not paid on the closing date of the financial year and which are past due; this amount is broken down by late payment tranches and reported as a percentage of the total amount of purchases for the year;
- For customers, the number and total amount of invoices issued and not paid on the closing date and which are past due; this amount is broken down by late payment tranches and reported as a percentage of revenue for the financial year.

	Article D. 441-4 I. 1: Invoices received but not paid at the closing date and which are past due						Article D. 441-4 I. 2: Invoices issued but not paid at the closing date and which are past due					
	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total (1 day and over)	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total (1 day and over)
A) Late payment tranches												
Number of invoices concerned	437					142	131					85
Total amount of invoices concerned (specify: excl. VAT or incl. VAT)	14,964,052 incl. VAT	2,117,813 incl. VAT	327,591 incl. VAT	357,680 incl. VAT	1,350,362 incl. VAT	19,117,497 incl. VAT	31,629,434 incl. VAT	394,209 incl. VAT	241,018 incl. VAT	93,615 incl. VAT	8,382,639 inc. VAT(1)	40,740,915 incl. VAT
Percentage of the total amount of purchases for the year												

(specify: excl. VAT or incl. VAT)												
Percentage of turnover for the year (specify: excl. VAT or incl. VAT)							37 %	1 %			10 %	48 %
B) Invoices excluded from (A) relating to disputed and unrecorded debts and receivables												
Number of invoices excluded												
Total amount of invoices excluded (specify: excl. VAT or incl. VAT)												
C) Reference payment periods used (contractual or statutory period - Article L. 441-6 or Article L. 443-1 of the Commercial Code)												
Reference payment periods used to calculate late payments	30 days ☐ Contractual periods: (specify) ☐ Statutory periods: (specify)						30 days ☐ Contractual periods: (specify) ☐ Statutory periods: (specify)					

(1) Including €4,238,241 of intra-group receivables and €4,068,539 of Blade receivables paid in the amount of €2 million during the 1st quarter 2019. Late interest is recorded in Customers - invoices to issue at 31/12/18 for €68,327

6. Annexes

6.1 Company's results over the last five financial years

NATURE OF INDICATIONS	FINANCIAL YEAR ENDED 31/12/2014	FINANCIAL YEAR ENDED 31/12/2015	FINANCIAL YEAR ENDED 31/12/2015	FINANCIAL YEAR ENDED 31/12/2017	FINANCIAL YEAR ENDED 31/12/2018
I. Capital at year end					
Share capital	765,000	765,000	765,000	1,080,000	1,596,909
Number of existing ordinary shares	76,500	76,500	850,000	850,000	14,243,430
Number of preference shares				350,000	350,000
Maximum number of future shares to create - By conversion of bonds - By the exercise of subscription rights					
II. Operations and results of the year					
Turnover before tax	5,961.750	8,412,426	11,874,191	32,709,865	70,191,773
Result before tax, employee shareholding and depreciation and provisions	254,776	40,076	664,458	1,397,859	5,950,772
Income tax	-104,162	-222,454	-271,455	-186,120	-417,908
Employee shareholding for the year					
Result after tax, employee shareholding and depreciation and provisions	273,494	68,620	659,922	442,058	4,741,902
Result distributed			175,000	175,000	175,000
III. Earnings per share					
Result after tax, employee shareholding but before depreciation and provisions	4.69	3.43	1.04	1.32	0.36
Result after tax, employee shareholding and depreciation and provisions	3.57	0.90	0.78	0.37	0.27
Dividend allocated to each share (a)			0.50	0.50	0.05
IV. Personnel					
Average number of employees employed during the year	13	18	26	34	49
Payroll amount for the year	403,183	636,328	1,112,285	1,411,064	2,716,066
Amount of sums paid in respect of employee benefits for the year (social security, social bodies, etc.)	124,379	177,936	337,053	489,284	1,091,946

7. Statutory Auditors' reports to the Combined General Meeting of June 13, 2019 2019

KPMG S.A. ERNST & YOUNG Audit

2CRSI

Financial year ended December 31, 2018

Statutory Auditor's report on the consolidated financial statements

KPMG S.A.
Espace Européen de l'Entreprise
9, avenue de l'Europe
CS 50033 Schiltigheim
67013 Strasbourg cedex
S.A. with a capital of 5,497,100 € R.C.S. Nanterre

Statutory Auditor Member of the Regional Association of Versailles

ERNST & YOUNG Audit
Tour Europe 20,
place des Halles
BP 80004
67081 Strasbourg cedex
S.A.S. with a variable capital 344 366 315 R.C.S. Nanterre

Statutory Auditor Member of the Regional Association of Versailles

2CRSI

Financial year ended December 31, 2018

Statutory Auditor's report on the consolidated financial statements

To the General Meeting of 2CRSI,

Opinion

In execution of the mission entrusted to us by your general meeting and collective decisions of the shareholders, we have audited the consolidated financial statements of 2CRSI for the financial year ended December 31, 2018, as attached to this report.

We certify that the consolidated financial statements, with respect to the IFRS standards as adopted in the European Union, are true and fair and are a faithful reflection of the operations of the previous year and the financial position and assets of the group made up of the persons and companies included within the scope of the consolidation.

The opinion expressed above is consistent with the content of our report to the audit committee.

Basis of the opinion

■ Audit standards

We conducted our audit according to the applicable professional standards in France. We believe that we have obtained sufficient and appropriate evidence on which to base our opinion.

The responsibilities incumbent upon us under these standards are indicated in the section "Responsibilities of the statutory auditors for the audit of the consolidated accounts" of this report.

■ **Independence**

We carried out our audit mission in accordance with the independence rules applicable to us, over the period from January 1, 2018 to the date of issuance of our report, and in particular we did not provide services prohibited by Article 5, paragraph 1 of EU Regulation no. 537/2014 or by the Code of Ethics of the Audit Profession.

Justification of the assessments - Key points of the audit

Pursuant to the provisions of Articles L. 823-9 and R. 823-7 of the Commercial Code on relating to the justification of our assessments, we bring to your attention the key points of the audit relating to significant risks of anomalies which, in our professional judgement, were the most important for the audit of the consolidated financial statements of the year, as well as our responses to these risks.

These assessments were made as part of our audit of the consolidated accounts taken as a whole and the opinion we formed which is expressed above. We express no opinion on the elements of these consolidated accounts taken separately.

■ **Existence and exhaustiveness of recorded inventories**

Risk identified	Our response
Inventories of raw materials and goods represent a gross amount of 19.6 M€ and finished goods and work in progress represent a gross value of 1.1 M€ at the end of the year. As indicated in Note 5.6 to the consolidated accounts, inventories of raw materials and goods, mainly composed of electronic components, are valued at their acquisition cost (purchase price and ancillary costs). Finished products are valued at their production cost and work in progress has been valued according to the same principles, depending on their progress in the production process Given the importance of these assets in the balance sheet and the significant number of references stored by the entity, we consider that there is a risk of the existence and completeness of the inventories (reference recorded at zero or not counted) that we considered to be a key point of the audit.	The work we carried out mainly consisted of: ► attending the physical inventories of the main companies included in the scope of the consolidated financial statements (2CRSI SA, Adimes and 2CRSI Corp) and performing sample counts using the inventory listing (existence test) and physical inventory (completeness test); ► reconciling our counts with the quantities in book stocks at the end of the year; ► carrying out detailed tests, by sampling, on the correct charging of the last deliveries and shipments to the financial year.

■ **Correct recognition of equipment delivery revenue for the financial year**

Risk identified	Our response
'At December 31, 2018, the company generated a turnover of M € 70.2, of which M € 62.1 corresponded to	The work we carried out mainly consisted of:

sales of finished products and goods (equipment deliveries). Note 6.1 to the consolidated financial statements describes the revenue recognition method for equipment deliveries. Equipment deliveries means the delivery of components and assembled servers. We considered the correct charging of the turnover relating to the delivery of equipment to the accounting year as a key point of the audit in terms of seasonality of the activity (high activity at the end of the year) and the sensitivity of the achievement of the objectives communicated to the market	► taking cognizance of the internal control procedures for the recognition of turnover; ► examining the methods for recognising sales related to contracts containing specific clauses likely to impact revenue recognition, particularly at the end of the year; ► obtaining external confirmations for a sample of invoices not yet paid as at December 31, 2018; ► from the end-of-year and post-closing sales journals, carrying out detailed tests on the correct recognition and reality of sales for the financial year by reconciling them with supporting documents (delivery notes and acceptance reports issued by the customer and invoices).

■ Evaluation of turnover and trade receivables related to transactions with the customer Blade

Risk identified	Our response
At December 31, 2018, the company generated a turnover of M € 70.2, of which M € 62.1 corresponded to the lease contract concluded with the customer Blade. At December 31, 2018, the receivable outstanding for more than 90 days amounted to Note 6.1 to the financial statements describes the revenue recognition method for this finance lease as revenue. The lease contract includes a call option for xxx at a price considered by the group as highly advantageous, which led the group to consider it as a finance lease. Thus, like a manufacturer-distributor lessor, the group records the revenue from finance leases when the bays are delivered. We considered the valuation of the revenue relating to the finance lease and the trade receivables related to the transactions carried out before the lease with the customer Blade as a key point of the audit because of their significant value in the group's accounts	We examined the conformity of the revenue recognition with the accounting principles set out in the notes to the financial statements. We have also: ► taken cognizance of the various contracts related to these operations (with Blade and with the banking institutions); ► verified the methods used to calculate the turnover and financial income recognised for a sample of transactions; ► reconciled on a test basis the sales recorded with the equipment acceptance reports signed by the customer Blade; ► obtained proof of payment for claims settled after the closing date.

Specific checks

In line with professional standards applicable in France, we have also performed the specific verifications required by the legal and regulatory texts concerning the information given about the Group in the Board of Director's management report.

We have no observations to report as to their sincerity and consistency with the consolidated accounts.

Information on other legal or regulatory obligations

Appointment of the Statutory Auditors

We were appointed statutory auditors of 2CRSI by your general meeting of December31, 2013 for KPMG S.A. and September 25, 2017 for ERNST & YOUNG Audit.

As at December 31, 2018, KPMG S.A. was in the sixth year of its engagement without interruption and ERNST & YOUNG Audit in the second year, including one year since the company's shares were admitted to trading on a regulated market.

Responsibilities of management and the persons constituting the corporate governance relating to the consolidated accounts

It is the responsibility of management to prepare consolidated accounts presenting a true and fair view in accordance with the IFRS standards as adopted in the European Union and to set up the internal control that it deems necessary for the preparation of consolidated accounts that do not contain any significant anomalies, whether due to fraud or errors.

When preparing the consolidated accounts, it is the responsibility of management to assess the ability of the company to continue as a going concern, to present in these accounts, where appropriate, the necessary information relating to the continuity of operations and apply the going concern accounting policy unless it is intended to wind up the company or cease its activity.

The audit committee is responsible for monitoring the process of preparing financial information and for monitoring the effectiveness of internal control and risk management systems, as well as, where applicable, internal audit, with respect to procedures relating to the preparation and processing of accounting and financial information.

The consolidated financial statements have been drawn up by the Board of Directors.

Responsibilities of the statutory auditor for the audit of the consolidated accounts

Audit objective and approach

It is our responsibility to prepare a report on the consolidated accounts. Our objective is to obtain reasonable assurance that the consolidated accounts taken as a whole do not contain any material misstatements. Reasonable assurance is a high level of assurance, but does not guarantee that an audit performed in accordance with professional standards will systematically detect any material misstatement. Anomalies may arise from fraud or error and are considered significant where it can reasonably be expected that, taken individually or cumulatively, they may influence the economic decisions that account users take based on them.

As specified in Article L. 823-10-1 of the Commercial Code, our mission of certification of the accounts does not consist in guaranteeing the viability or quality of the management of your company.

Within the framework of an audit conducted in accordance with the professional standards applicable in France, the statutory auditor exercises his professional judgement throughout this audit. In addition:

► he identifies and assesses the risks that the consolidated accounts contain material misstatements, whether due to fraud or error, defines and implements audit procedures to address such risks, and collects elements he considers sufficient and appropriate on which to base his opinion. The risk of non-detection of a significant misstatement due to fraud is higher than that of a significant misstatement resulting from an error, since fraud may involve collusion, forgery, voluntary omissions, misrepresentation or circumventing internal control;

► he takes note of the internal control relevant for the audit to define appropriate audit procedures in the circumstances, and not to express an opinion on the effectiveness of the internal control;

► he assesses the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as the information concerning them provided in the consolidated accounts;

► he assesses the appropriateness of management's application of the going concern accounting policy and, depending on the evidence gathered, the existence or otherwise of significant uncertainty related to events or circumstances likely to question the company's ability to continue as a going concern. This assessment is based on the information gathered up to the date of his report, but it is recalled that subsequent circumstances or events could jeopardise the continuity of operations. If he concludes that there is significant uncertainty, he draws the attention of the readers of his report to the information provided in the consolidated accounts about this uncertainty or, if this information is not provided or is not relevant, he formulates a certification with reservations or a refusal to certify;

► he evaluates the overall presentation of the consolidated accounts and assesses whether the consolidated accounts reflect the underlying transactions and events so as to give a true and fair view;

► concerning the financial information of the persons or entities included in the scope of consolidation, he collects information that he deems sufficient and appropriate to express an opinion on the consolidated financial statements. He is responsible for the management, supervision and execution of the audit of the consolidated financial statements as well as the opinion expressed on these accounts.

■ **Report to the Audit Committee**

We provide the audit committee with a report that includes the scope of the audit work and the work programme implemented, as well as the conclusions arising from our work. We also bring to its attention, as the case may be, the significant weaknesses in internal control that we have identified with respect to the procedures relating to the preparation and processing of accounting and financial information.

Among the elements communicated in the report to the Audit Committee are the risks of material misstatement, which we consider to have been the most important for the audit of the consolidated financial statements for the year and which therefore constitute the key audit issues, which we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537-2014 confirming our independence, within the meaning of the rules applicable in France as set out in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the Code of Ethics of the Audit Profession. If necessary, we discuss with the Audit Committee the risks to our independence and the safeguards applied.

Schiltigheim and Strasbourg, April 30, 2019

The Statutory Auditors

KPMG S.A.	ERNST & YOUNG Audit
Frédéric Piquet	Alban de Claverie

KPMG S.A. ERNST & YOUNG Audit

2CRSI

Financial year ended December 31, 2018

Statutory Auditor's report on the annual accounts

KPMG SA
Espace Européen de l'Entreprise
9, avenue de l'Europe
CS 50033 Schiltigheim
67013 Strasbourg cedex
S.A. with a capital of 5,497,100 € R.C.S. Nanterre

Statutory Auditor Member of the Regional Association of Versailles

ERNST & YOUNG Audit
Tour Europe 20,
place des Halles
BP 80004
67081 Strasbourg cedex
S.A.S. with a variable capital 344 366 315 R.C.S. Nanterre

Statutory Auditor Member of the Regional Association of Versailles

2CRSI

Financial year ended December 31, 2018

Statutory Auditor's report on the annual accounts

To the General Meeting of 2CRSI,

Opinion

In execution of the mission entrusted to us by your general meeting and collective decisions of the shareholders, we have audited the annual financial statements of 2CRSI for the financial year ended December 31, 2018, as attached to this report.

We certify that the annual accounts are, with respect to French accounting rules and principles, regular and accurate and provide an faithful image of the result of the operations of the previous financial year as well as the financial situation and assets of the company at the end of this financial year.

The opinion expressed above is consistent with the content of our report to the audit committee.

Basis of the opinion

Audit standards

We conducted our audit according to the applicable professional standards in France. We believe that we have obtained sufficient and appropriate evidence on which to base our opinion.

The responsibilities incumbent upon us under these standards are indicated in the section "Responsibilities of the statutory auditors for the audit of the annual accounts" of this report.

Independence

We carried out our audit mission in accordance with the independence rules applicable to us, over the period from January 1, 2018 to the date of issuance of our report, and in particular we did not provide services prohibited by Article 5, paragraph 1 of EU Regulation
no. 537/2014 or by the Code of Ethics of the Audit Profession.

Justification of the assessments - Key points of the audit

Pursuant to the provisions of Articles L.823-9 and R.823-7 of the Commercial Code relating to the justification of our assessments, we bring to your attention the key points of the audit relating to significant risks of anomalies which, in our professional judgement, were the most important for the audit of the financial statements of the year, as well as our responses to these risks.

These assessments were made as part of our audit of the annual accounts taken as a whole and the opinion we formed which is expressed above. We express no opinion on the elements of these annual accounts taken separately.

■ Existence and exhaustiveness of recorded inventories

Risk identified	Our response
Inventories of raw materials and goods represent a gross amount of 18.4 M€ and finished goods and work in progress represent a gross value of 0.2 M€ at the end of the year. As indicated in Note 2.4 to the financial statements, inventories of raw materials and goods, mainly composed of electronic components, are valued at their acquisition cost (purchase price and ancillary costs). Finished products are valued at their production cost and work in progress has been valued according to the same principles, depending on their progress in the production process Given the importance of these assets in the balance sheet and the significant number of references stored by the entity, we consider that there is a risk of the existence and completeness of the inventories (reference recorded at zero or not counted) that we considered to be a key point of the audit.	The work we carried out mainly consisted of: ► attending the physical inventory and performing sample counts based on the listing of stocks (existence test) and physical inventories (completeness test); ► reconciling our counts with the quantities in book stocks at the end of the year; ► carrying out detailed tests, by sampling, on the correct charging of the last deliveries and shipments to the financial year.

■ Correct recognition of equipment delivery revenue for the financial year

Risk identified	Our response
"At December 31, 2018, the company generated a turnover of M € 70.2, of which M € 62.1 corresponded to sales of finished products and goods (equipment deliveries) Note 4.1 to the financial statements describes the revenue recognition method	The work we carried out mainly consisted of: ► taking cognizance of the internal control procedures for the recognition of turnover; ► reviewing the accounting treatment of sales related to contracts containing clauses

relating to the delivery of equipment. The delivery of equipment means the delivery of components and assembled servers.

We considered the correct charging of the turnover relating to the delivery of equipment to the accounting year as a key point of the audit in terms of seasonality of the activity (high activity at the end of the year) and the sensitivity of the achievement of the objectives communicated to the market likely to impact the recognition of revenue, particularly at the end of the year;

- obtaining external confirmations for a sample of invoices not yet paid as at December 31, 2018;
- from the end-of-year and post-closing sales journals, carrying out detailed tests on the correct recognition and reality of sales for the financial year by reconciling them with supporting documents (delivery notes and acceptance reports issued by the customer and invoices).

Specific checks

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by the laws and regulations.

Information given in the management report and in other documents on the financial situation and annual accounts addressed to shareholders

We have no observations to report as to the accuracy and consistency with the annual accounts of the information provided in the board of director's management report and in the documents addressed to the shareholders on the financial situation and the annual accounts.

We certify that the information relating to payment periods mentioned in Article D.441-4 of the Commercial Code is true and fair and consistent with the annual financial statements.

Information on corporate governance

We certify that the section of the management report of the Board of Directors devoted to corporate governance contains the information required by Articles L. 225-37-3 and L. 225-37-4 of the Commercial Code;

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the Code de commerce (French Commercial Code) relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling your Company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the holders of the capital and voting rights have been properly disclosed in the management report.

Information on other legal or regulatory obligations

■ Appointment of the Statutory Auditors

We were appointed statutory auditors of 2CRSI by your general meeting of December31, 2013 for KPMG S.A. and September 25, 2017 for ERNST & YOUNG Audit.

As at December 31, 2018, KPMG S.A. was in the sixth year of its engagement without interruption and ERNST & YOUNG Audit in the second year, including one year since the company's shares were admitted to trading on a regulated market.

Responsibilities of management and the persons constituting the corporate governance relating to the annual accounts

It is the responsibility of management to prepare annual accounts presenting a true and fair view in accordance with French accounting rules and principles and to set up the internal control that it deems necessary for the preparation of annual accounts that do not contain any significant anomalies, whether due to fraud or errors.

When preparing the annual accounts, it is the responsibility of management to assess the ability of the company to continue as a going concern, to present in these accounts, where appropriate, the necessary information relating to the continuity of operations and apply the going concern accounting policy unless it is intended to wind up the company or cease its activity.

The audit committee is responsible for monitoring the process of preparing financial information and for monitoring the effectiveness of internal control and risk management systems, as well as, where applicable, internal audit, with respect to procedures relating to the preparation and processing of accounting and financial information.

The annual accounts have been approved by the Board of Directors.

Responsibilities of the Statutory Auditors for the audit of the consolidated accounts

■ Audit objective and approach

It is our responsibility to prepare a report on the annual accounts. Our objective is to obtain reasonable assurance that the financial statements taken as a whole do not contain any material misstatements. Reasonable assurance is a high level of assurance, but does not guarantee that an audit performed in accordance with professional standards will systematically detect any material misstatement. Anomalies may arise from fraud or error and are considered significant where it can reasonably be expected that, taken individually or cumulatively, they may influence the economic decisions that account users take based on them.

As specified in Article L. 823-10-1 of the Commercial Code, our mission of certification of the accounts does not consist in guaranteeing the viability or quality of the management of your company.

Within the framework of an audit conducted in accordance with the professional standards applicable in France, the statutory auditor exercises his professional judgement throughout this audit. In addition:

► he identifies and assesses the risks that the annual accounts contain material misstatements, whether due to fraud or error, defines and implements audit procedures to address such risks, and collects elements he considers sufficient and appropriate on which to base his opinion. The risk of non-detection of a significant misstatement due to fraud is higher than that of a significant misstatement resulting from an error, since fraud may involve collusion, forgery, voluntary omissions, misrepresentation or circumventing internal control;

► he takes note of the internal control relevant for the audit to define appropriate audit procedures in the circumstances, and not to express an opinion on the effectiveness of the internal control;

► he assesses the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as the information concerning them provided in the annual accounts;

► he assesses the appropriateness of management's application of the going concern accounting policy and, depending on the evidence gathered, the existence or otherwise of significant uncertainty related to events or circumstances likely to question the company's ability to continue as a going concern. This assessment is based on the information gathered up to the date of his report, but it is recalled that subsequent circumstances or events could jeopardise the continuity of operations. If he concludes that there is significant uncertainty, he draws the attention of the readers of his report to the information provided in the annual accounts about this uncertainty or, if this information is not provided or is not relevant, he formulates a certification with reservations or a refusal to certify;

► he evaluates the overall presentation of the annual accounts and assesses whether the annual accounts reflect the underlying transactions and events so as to give a true and fair view.

■ **Report to the Audit Committee**

We provide the audit committee with a report that includes the scope of the audit work and the work programme implemented, as well as the conclusions arising from our work. We also bring to its attention, as the case may be, the significant weaknesses in internal control that we have identified with respect to the procedures relating to the preparation and processing of accounting and financial information.

Among the elements communicated in the report to the Audit Committee are the risks of material misstatement, which we consider to have been the most important for the audit of the annual financial statements for the year and which therefore constitute the key audit issues, which we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537-2014 confirming our independence, within the meaning of the rules applicable in France as set out in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the Code of Ethics of the Audit Profession. If necessary, we discuss with the Audit Committee the risks to our independence and the safeguards applied.

Schiltigheim and Strasbourg, April 30, 2019

The Statutory Auditors

KPMG S.A.	ERNST & YOUNG Audit
Frédéric Piquet	Alban de Claverie

KPMG SA

ERNST & YOUNG Audit

2CRSI

General meeting to approve the accounts for the financial year ended December 31, 2018

Statutory auditor's special report on regulated agreements and commitments.

KPMG SA
Espace Européen de l'Entreprise
9, avenue de l'Europe
CS 50033 Schiltigheim
67013 Strasbourg Cedex SA
au capital de € 5497100 775
726 417 R.C.S. Nanterre

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place des Halles
BP 80004
67081 Strasbourg cedex
S.A.S. with a variable
capital 344 366 315 R.C.S.
Nanterre

Statutory Auditor Member
of the Regional
Association of Versailles

2CRSI

General meeting to approve the accounts for the financial year ended December 31, 2018

Statutory auditor's special report on regulated agreements and commitments.

To the General Meeting of 2CRSI,

In our capacity as Statutory Auditors of your company, we hereby report on the regulated agreements and commitments.

We are required to inform you, based on the information we have been given, of the characteristics, essential terms and conditions and reasons justifying the interest for the company of the agreements and commitments indicated to us or that we may have discovered during our assignment. We are not required to comment on whether they are beneficial or appropriate nor to ascertain if any other agreements and commitments exist. It is your responsibility, under the terms of Article R. 225-31 of the Commercial Code, to evaluate the benefits for the company of these agreements and commitments in view of their approval.

Furthermore, we are required, where appropriate, to provide you with the information provided for in Article R. 225-31 of the Commercial Code relating to the performance, during the previous financial year, of agreements and commitments already approved by the General Meeting.

We have performed the procedures that we deemed necessary to comply with the professional guidelines issued by the French Institute of Statutory Auditors with regards to this assignment.

Agreements and commitments submitted for approval by the General Meeting

We inform you that we have not been notified of any agreement or commitment authorised and concluded during the previous year to be submitted for the approval of the General Meeting pursuant to the provisions of Article L. 225-38 of the Commercial Code.

Agreements and commitments already approved by the General Meeting

■ Agreements and commitments approved during previous years

We inform you that we have not been notified of any agreement already approved by the General Meeting whose performance was continued during the previous financial year.

Schiltigheim and Strasbourg, April 30, 2019

The Statutory Auditors

KPMG SA	ERNST & YOUNG Audit
Frédéric Piquet	Alban De Claverie