Half-year financial report as of June 30, 2019

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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

LOCATIONS

STRASBOURG
(headquarter office)

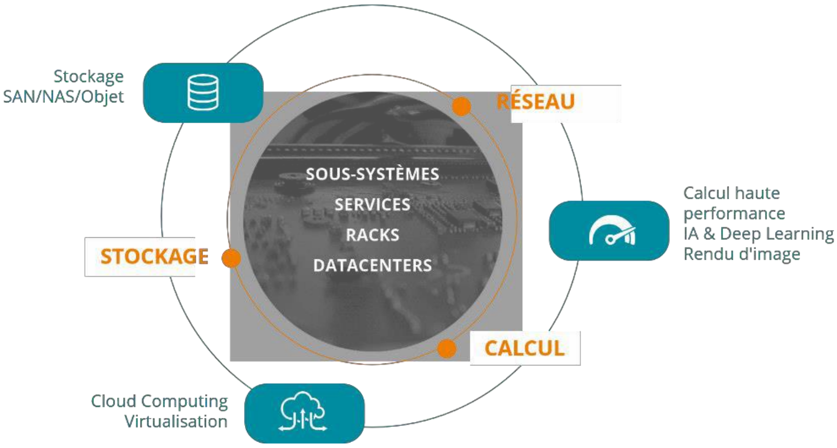
NANTERRE

MANCHESTER

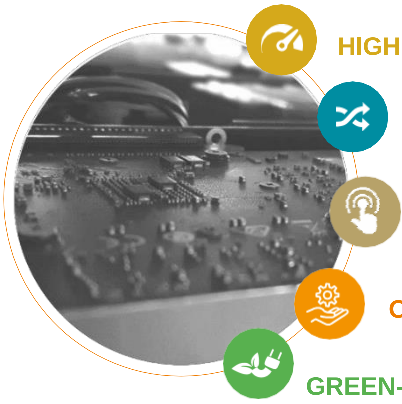
DUBAI

SAN JOSÉ

SCOPE



EXPERTISE



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

OCtoPu

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 TranquilPC's know-how, 2crsi is developing a new version of the OpenBlade, entirely in aluminium. This version should overcome some of the constraints of the previous version to offer a modular solution of blade servers, with network, management and centralised power integration.

SLS

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

Energy recovery

2crsi is involved in projects aimed at recycling the heat released by IT infrastructures for reuse in preheating water networks.

By reusing this heat from manufacturers or local authorities, 2crsi is helping to build the sustainable data centres of tomorrow.

I. ACTIVITY REPORT: SUMMARY OF THE HALF-YEAR CONSOLIDATED FINANCIAL ACCOUNTS SUMMARIES PREPARED IN ACCORDANCE WITH IAS 34 AND COMMENTS FROM MANAGEMENT

1. Main highlights during the first half of 2019

Partnership in the Middle East

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

Creation of the Green Data subsidiary

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

Green Data SAS, created on March 15, 2019, leased the property in Nanterre on April 15, 2019. Its purpose is to:

- develop and operate data centers, market a *Housing* service
- deploy on-demand service platforms for 3D *rendering* in film studios, risk calculations for banks and insurance companies, scientific calculations for industry, *cloud gaming*, ...

Structuring of the company and group

2019 is a pivotal year for the 2CRSi Group with one priority: change its size in order to prepare the acceleration of growth that will make it possible to achieve the objectives set at the time of the initial public offering. This transformation, which required significant investments, was at the heart of the first half-year.

In order to achieve this transformation, the Company continued its investments and a few recruitments in operations, particularly in the United Kingdom (2CRSI UK), in order to set up the structure necessary for the future growth of the TranquilPC brand's activity.

The sales team has been reorganised and strengthened in Europe, with the objective of setting up a dedicated customer experience team to monitor major projects. The recruitment of senior executives, which began in the last quarter of 2018, continued in order to set up a full operational committee with the arrival of a CFO, a Research and Development Director and a Human Resources Director.

2. Summary of the accounts for the first half of 2019

The following table summarises the Company's financial statements (under IFRS) for the first half of 2018 and 2019:

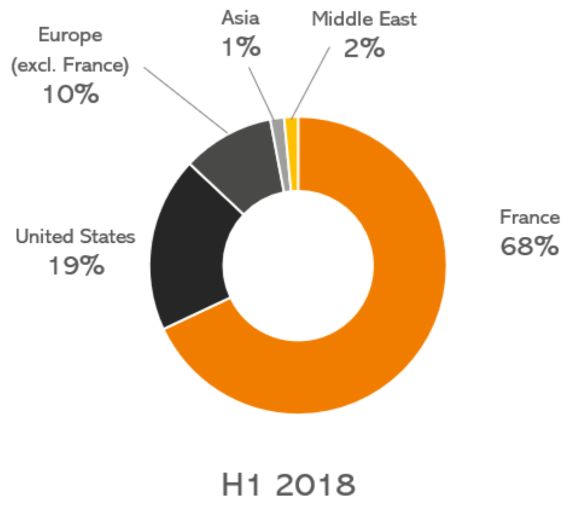
In thousands of Euros	30/06/2019	30/06/2018	Change in value	Variation in %	FY 2018 (12 months)
Turnover	21,471	25,339	(3,868)	-15%	65,177
Other operating revenue	1,033	2,486	(1,454)	-58%	54
Consumed purchases	(17,552)	(22,492)	(4,939)	-22%	(49,706)
Gross margin as a percentage of sales	*23.1%*	*21.0%*			*23.8%*
External charges	(1,939)	(1,358)	581	43%	(4,195)
Employee charges	(3,673)	(1,759)	1,913	109%	(4,823)
Other operating income and expenses	(180)	(186)	(6)	-3%	(453)
EBITDA	**(840)**	**2,030**	**(2,870)**	**-141%**	**4,344**
EBITDA/turnover ratio	*-3.9%*	*8.0%*			*6.7%*
Current operating profit	**(2,207)**	**1,238**	**(3,445)**	**-278%**	**4,344**
Operating income	**(2,207)**	**480**	**(2,687)**	**-560%**	**3,680**
Financial result	**(220)**	**(277)**	**57**	**-20%**	**(510)**
Consolidated net income - Group share	**(2,181)**	**273**	**(2,454)**	**-899%**	**3,690**

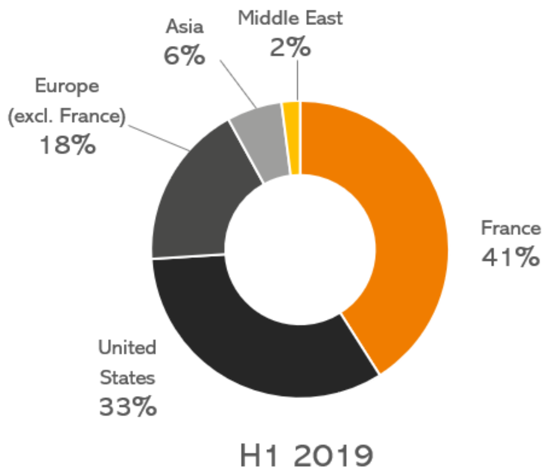
Turnover and other income

Turnover consists of the sale of servers, components, finance leases (for the Blade customer) and, to a lesser extent, services (installation, testing and maintenance). It stands at 21,471 k€, down by 15% compared to the first half of 2018.

As of June 30, 2019, Blade's share of revenues felledl sharply compared to the first half of 2018, falling to 6% compared to 49% in the first half of 2018. The Company continues its commercial efforts to diversify its customer portfolio.

The share of revenue generated in France continues to decline, accounting for 41% of the total in the first half of 2019 compared with 68% in the first half of 2018. The breakdown of turnover by geographic area has evolved as follows:





Other income decreased by €1,454k to €1,033k as of June 30, 2019, mainly due to a lower change in stocked production compared to June 30, 2018.

Current operating income

Current operating income decreased by €3,445k between June 30, 2018 and June 30, 2019 due to the decrease in the value margin (-€381k) and the increase in the Group's structural expenses.

Indeed, external expenses and personnel expenses increased by € 581k and € 1,914k respectively, representing a total increase of € 2,495k compared to the first half of 2018.

The increase of staff costs is related to the recruitments carried out in order to structure and support the Group's future growth. The total workforce stood at 136 as of June 30, 2019 compared to 93 as of June 30, 2018, with a higher proportion of experienced employees and senior managers than last year, as the Company formed its management team between September 2018 and June 2019.

The amount of personnel expenses capitalized in development costs have increased from €496 k as of June 30, 2018 to €508 k as of June 30, 2019.

The increase in external expenses is primarily due to marketing and sales efforts. The Company strengthened its presence at major international trade fairs (23 events scheduled for the year, including 12 in the first half of the year) and trade fair and marketing expenses increased by €116k compared to the first half of 2018. The strengthening of the sales teams and the recruitment of new employees increased travel expenses by €60k compared to the first half of 2018 and the Company incurred €90k in recruitment expenses in the first half of 2019. Fees also increased by €220k in the first half of 2019 compared to 2018 as the Company fully bears for the first time the fees related to the regulation of listed companies (€95k), it also paid during the first half of the year the fees for setting up the allocation of free shares (€60k) as well the fees related to the lease of the Nanterre data center (€100k).

Depreciation and amortization have increased from €792k as of June 30, 2018 to €1,368k as of June 30, 2019. This increase of €576k is mainly due to the charges relating to user rights recognized for new premises leased in accordance with IFRS16 (Nanterre and Strasbourg premises).

Operating Income

Operating income has decreased from €480 k as of June 30, 2018 to € - 2,207k as of June 30, 2019. As a reminder, the non-current operating expenses, for €758k as of June 30, 2018, was mainly a part of the expenses relating to the Company's initial public offering that are not deductible from the share premium.

EBITDA[1]

The table below presents the reconciliation between operating income and EBITDA for the periods ended June 30, 2019 and June 30, 2018:

EBITDA (Amounts in K€)	H1 2019	H1 2018
Operating Income	**(2,208)**	**480**
Net allocations to depreciation and provisions	1,368	792
Other non-current income and expenses	-	758
EBITDA	**(840)**	**2,030**
EBITDA/turnover ratio	-3.9%	8.0%

Financial result

The financial result is mainly composed of the Company's cost of debt. It represents a charge of €220k as of June 30, 2019 compared with a charge of €277k in the previous period, i.e. a decrease of €57k. This decrease is mainly due to:

- The decrease in interest on financing granted by banking institutions (on products sold to Blade) for €53k (interest amounted to €320k as of June 30, 2019 compared with €373k as of June 30, 2018)

[1] 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.

- The decrease in financial income relating to Blade's financial receivable by €103k (€245k as of June 30, 2019 compared to €348k as of June 30, 2018)

Taxes

The first half of 2019 shows a tax income of €231k compared to a tax income of €84k as of June 30, 2018

The Group has capitalised the tax losses attributable to ADIMES and 2CRSi as of June 30, 2019 for a total amount of €1,395k.

NB: The Research Tax Credit is not recognized on the tax line. It is recognized in "Other income from ordinary activities" in operating income at the rate at which the capitalised investments that generated it are amortized.

Main risks and uncertainties for the remaining 6 months of the financial year

The main risks and uncertainties to which the Group considers itself exposed are described in the paragraph of Chapter 8.4 entitled "Financial Risk Management and Assessment" of the 2018 Annual Financial Report filed with the French Financial Markets Authority (*Autorité des Marchés Financiers*). This description of the main risks remains valid at the date of publication of this half-yearly financial report for the assessment of the main risks and uncertainties that could affect the end of the current financial year.

Transactions with related parties

No agreements between 2CRSI and related parties that had a material impact on the Company's financial position or results of operations were concluded during the first half of 2019. Similarly, there were no changes in related party transactions that would have a material impact on the Company's financial position or results during the period.

II. HALF-YEAR CONSOLIDATED ACCOUNTS

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 part 2 below.

Consolidated balance sheet

In thousands of Euros	Notes	30/06/2019	31/12/2018	30/06/2018
Assets				
Goodwill	6.1	1,915	1,960	1,978
Intangible assets		1,385	1,074	1,009
Property, plant and equipment	6.2 & 6.3	20,968	6,428	5,455
Financial receivables (long-term)	6.4	2,783	6,033	8,678
Other long-term financial assets		1,666	1,248	130
Deferred tax assets		982	639	87
Non-current assets		**29,699**	**17,382**	**17,337**
Inventories	6.5	22,738	20,503	15,004
Receivables	6.6	33,813	37,482	7,402
Other current assets	6.7	3,933	3,773	10,855
Financial receivables (short-term)	6.4	5,761	5,707	6,165
Cash and cash equivalents		5,482	14,511	37,693
Current assets		**71,727**	**81,975**	**77,119**
Total assets		**101,426**	**99,357**	**94,455**
In thousands of Euros		**30/06/2019**	**31/12/2018**	**30/06/2018**
Equity and liabilities				
Capital		1,282	1,282	1,214
Issue premiums		46,084	46,084	
Reserves		3,901	(84)	39,667
Profit for the year attributable to the owners of the company		(2,181)	3,705	273
Equity attributable to the owners of the company		**49,085**	**50,986**	**41,154**
Reserves of non-controlling interests		87	97	98
Results of non- controlling interests		(16)	(15)	13
Non-controlling interests		**71**	**82**	**111**
Total equity		**49,157**	**51,069**	**41,265**
Borrowings and financial liabilities	6.9	14,531	15,943	13,354
Non-current lease liabilities	6.9	14, 746	3,637	3,396
Employee benefits		301	208	192
Deferred tax liabilities		262	95	99
Non-current liabilities		**29,841**	**19,884**	**17,041**
Current financial liabilities	6.9	9,140	8,236	9,461
Current lease liabilities	6.9	2,373	541	1,055
Provisions for litigation		0	35	9
Trade payables	6.11	7,324	17,214	18,134
Other current liabilities		3,592	2,378	7,489
Current liabilities		**22,428**	**28,405**	**36,148**
Total equity and liabilities		**101,426**	**99,357**	**94,455**

Consolidated income statement

In thousands of Euros	Notes	:0/06/2019	30/06/18	2018 (12 months)
Turnover	5.2	21,471	25,339	65,177
Other operating income	5.3	1,033	2,486	54
Rev. from ordinary activities		**22,504**	**27,825**	**65,231**
Consumed purchases	5.4	(17,552)	(22,492)	-49,706
External expenses	5.4	(1,939)	(1,358)	-4,195
Personnel expenses	5.5	(3,673)	(1,759)	-4,823
Taxes and duties		(164)	(116)	-364
Depreciation, amortization and provisions		(1,368)	(792)	-1,710
Other current operating income and expenses		(16)	(70)	-89
Current operating income		**(2,208)**	**1,238**	**4,344**
Other non-current income and expenses			(758)	-664
Operating Income		**(2,208)**	**480**	**3,680**
Cost of gross financial debt	5.7	(552)	(632)	-1,264
Other financial income and exp.	5.7	332	355	754
Net cost of financial indebtedness		**(220)**	**(277)**	**-510**
Result before tax		**(2,428)**	**203**	**3,170**
Income tax	5.8	67	(1)	-123
Deferred taxes	5.8	164	85	642
Consolidated net profit		**(2,197)**	**286**	**3,690**
Income for the period attributable to:				
the owners of the company		(2,181)	273	3,705
Non-controlling interests		(16)	13	-15
Basic earnings per share (Euros)	5.9	(0.15)	0.03	0.26
Diluted earnings per share		(0.15)	0.03	0.26

STATEMENT OF COMPREHENSIVE INCOME (Amounts in K€)	**30/06/2019**	**30/06/2018**
Net income	**(2,197)**	**286**
Translation adjustments	26	(1)
Recyclable elements in the income statement	**26**	**(1)**
Actuarial gains and losses on pension commitments net of deferred taxes	(31)	
Non-recyclable elements in the income statement		
Comprehensive income for the period	**(2,202)**	**285**
Group share	(2,186)	273
Attributable to non-controlling interests	(16)	13

Cash flow statement

Cash flow statement			
In thousands of Euros	30/06/2019	FY 2018 (12 months)	30/06/2018
Net income	(2,197)	3,690	286
Elimination of depreciation and provisions	1,433	1,780	789
Capital gains & losses from disposals	581		
Neutralisation of the financial result	441	510	277
Other non-cash income and expenses	93	(44)	158
Elimination of the tax expense / income	(231)	(641)	(85)
Cash flow position	**120**	**5,295**	**1,425**
Tax paid	(886)		
Changes in financial receivables	3,228	1,039	(1,977)
Changes in working capital requirements	(7,525)	(38,718)	(4,276)
Net cash flow from operating activities	**(5,063)**	**(32,384)**	**(4,828)**
Acquisitions of tangible and intangible fixed assets	(1,333)	(2,534)	(828)
Holdings (Gamestream, non-consolidated)		(1,000)	
Impact of changes of scope	5	(2,480)	(2,481)
Disposal of tangible and intangible fixed assets	17		
Financial interest received			332
Change in loans and advances granted	(280)		
Net cash used in (used by) investing activities	**(1,591)**	**(6,014)**	**(2,977)**
Dividends paid by the consolidating company	-	(175)	
Capital increases (decreases)		46,250	39,523
Bond issues	3,888	15,511	10,511
Repayment of loans	(6,048)	(10,687)	(6,672)
Interest paid	(465)	(1,261)	(506)
Financial interest received	245	667	
Factoring	-	(1,092)	(1,058)
Net cash used in (used by) financing activities	**(2,381)**	**49,213**	**41,798**
Impact of changes in currency rates	15	21	
Change in cash	**(9,020)**	**10,836**	**33,993**
Cash & cash equivalents at the beginning of the year	*14,493*	*3,666*	*3,666*
Cash & cash equivalents at the end of the year	*5,473*	*14,493*	*37,659*

DETAILS OF CHANGES IN Working Capital

(Amounts in K€)	30/06/2019	31/12/2018	30/06/2018
Inventories (net of depreciation)	(2,242)	(11,894)	(6,395)
Trade and related receivables (net of depreciation)	3,666	(32,875)	(2,797)
Other current assets	879	(743)	(7,825)
Trade payables and related accounts	(11,041)	9,823	10,743
Other current liabilities	1,213	(3,028)	2,084
Total variations	(7,525)	(38,718)	(4,190)

2. Notes to the consolidated financial statements

NOTE 1. PRESENTATION OF THE ACTIVITY AND SIGNIFICANT EVENTS

1.1. Information on the Company and its activity

2CRSI is a public limited company governed by French law, listed on Euronext Paris, compartment C. The Company and its subsidiaries are hereinafter referred to as "the Group" or "the 2CRSI Group". The Company's registered office is at 32, rue Jacobi-Netter, 67200 Strasbourg, France.

The half-year consolidated financial statements for the half-year ended June 30, 2019 reflect the accounting position of the Company and its subsidiaries.

On September 24, 2019, the Board of Directors approved and authorized the publication of the half-year consolidated financial statements of 2CRSI as of June 30, 2019.

1.2. Significant events

Creation of the Green Data subsidiary

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 a property complex in the "Le Capitole" building, located at Parc des Fontaines, 55 avenue des Champs Pierreux in Nanterre.

Green Data SAS, created on March 15, 2019, leased the property in Nanterre on April 15, 2019. Its purpose is to:

- develop and operate data centers, market a *Housing* service
- deploy on-demand service platforms for 3D *rendering* in film studios, risk calculations for banks and insurance companies, scientific calculations for industry, *cloud gaming*, etc.

In accordance with IFRS 16, the Group recognised a right of use of €10.1 million under this lease, presented in the balance sheet under Buildings as part of property, plant and equipment, in exchange for a lease debt.

Structuring of the Company and Group

2019 is a pivotal year for the 2CRSi Group with one priority: change its size in order to prepare the acceleration of growth that will make it possible to achieve the objectives set at the time of the initial public offering.

The sales team has thus been reorganised and strengthened in Europe, with the objective of setting up a dedicated customer experience team to monitor major projects. The recruitment of senior executives, which began in the last quarter of 2018, continued in order to set up a full operational committee with the arrival of a CFO, a Research and Development Director and a Human Resources Director.

1.3. Post-closing events

None

NOTE 2. GENERAL PRINCIPLES

The financial statements are presented in thousands of Euros (K 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. Accounting standards

The half-year consolidated financial statements have been prepared in accordance with International Financial Reporting Standard IAS 34 ("Interim Financial Reporting"). They do not include all the information and appendices as presented in the annual financial statements. They should therefore be read in conjunction with the Group's consolidated financial statements as of December 31, 2018, which are available on request from the Company's registered office or on the website www.2crsi-finance.com

The accounting principles used to prepare the half-year consolidated financial statements as of June 30, 2019 are identical to those applied to the annual consolidated financial statements for the year ended December 31, 2018.

Following the decision of the Board of Directors on December 12, 2018, the Company granted free shares to its managers and employees on January 20, 2019 under certain conditions. The total expense corresponding to these allocations is estimated at €1.4 million. In accordance with IFRS 2, it is recognized as a personnel expense over the vesting period, i.e. on a straight-line basis over

5 years in the half-year consolidated financial statements for the six months ended June 30, 2019, the expense recognized in this respect represents €125k.

In addition, the amendments to standards that are mandatory as from January 1, 2019 and not applied early are as follows:

- IFRIC 23 - Uncertainty over Income Tax Treatments (published in June 2017). This interpretation adopted by Europe on October 23, 2018 clarifies the application of the recognition and measurement provisions of IAS 12 "Income Taxes" when there is uncertainty about the treatment of income tax.
- Amendments to IAS 28 - Long-term interests in associates and joint ventures. These amendments were approved by the European Union Regulation on February 8, 2019;
- Amendments to the annual improvements to the IFRS 2015-2017 cycle (published on December 2017). These amendments were adopted by the EU by the Regulation on March 14th, 2019;
- Amendments to IAS 19 entitled Plan Amendment, Curtailment or Settlement (published on February 2018). These amendments were approved by the EU on March 13, 2019;
- Amendments to IFRS 9 - Prepayment Features with Negative Compensation (published on October 2017). These amendments were approved by the EU on March 22, 2019;

Regarding the texts mentioned above, they have no significant impact on the Group's consolidated financial statements.

In addition, the Group does not apply the following texts, which are not mandatory in 2019:

- Amendments to the IFRS conceptual framework (published on March 2018). These amendments should be mandatory as of January 1, 2020 subject to their adoption by Europe;
- Amendments to IFRS 3 - Business Combinations, Definition of a "Business" (published in October 2018). These amendments are intended to clarify the application guide in order to help stakeholders distinguish between a company and a group of assets. They should be mandatory as of January 1, 2020 subject to their adoption by Europe;
- Amendments to IAS 1 and IAS 8: Definition of Materiality (published in October 2018). These amendments should be mandatory as of January 1, 2020 subject to their adoption by Europe;

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.

In preparing these half-years consolidated financial statements, the main judgements made by management and the main assumptions used to update material estimates are as follows:

- Accounting treatment of development costs;
- Priority dividend shares;
- Allocations of free shares;
- Discount rate and lease term;

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

The Group considers that Brexit should not have a material impact on its financial statements.

2.3. Valuation methods specific to the interim consolidated financial statements

Provisions for post-employment benefits

The expense for the first half of the year for post-employment benefits is calculated on actuarial valuations basis performed at the end of the previous financial year. These valuations are adjusted, where necessary, to take into account reductions, liquidations or other material non-recurring events that occurred during the half-year period.

Income tax

For the consolidated interim financial statements, the deferred tax charge is calculated by applying the following rates to the accounting income for the period, tax entity by tax entity:

- 25% for France,
- 21% for the United States,
- 17% for the United Kingdom.

This expense is, where applicable, adjusted for the tax consequences of exceptional items during the period.

NOTE 3. SCOPE OF CONSOLIDATION

3.1 Operation of the first half of 2019

As indicated in Note 1.2, the Group has held sole control of Green Data SAS since March 15, 2019 following the creation of this company. The contribution of this company to the Group's revenue and net income for the period from March 15 to June 30, 2019 was €339k and €132k respectively.

3.2 Scope of consolidation

At June 30, 2019, the Group consisted of 6 entities, all fully consolidated.

Companies	Country	% of shares held	Group control (%)
2CRSi SA	France		Parent company
2CRSi Corporation	United States	100%	Wholly-owned subsidiary
Adimes	France	100%	Wholly-owned subsidiary
2CRSI Limited	United Kingdom	100%	Wholly-owned subsidiary
2CRSI UK	United Kingdom	80%	Wholly-owned subsidiary
2CRSI ME FZE	Dubai	100%	Wholly-owned subsidiary
Green Data SAS	France	55%	Wholly-owned subsidiary

Translation of the financial statements of subsidiaries

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

	1€ equals	30/06/2019 Average rate	30/06/2019 Closing rate	30/06/2018 Average rate	30/06/2018 Closing rate	31/12/2018 Average rate	31/12/2018 Closing rate
US Dollars	USD	1.1298	1.1380	1.2103	1.1658	1.1815	1.1450
Pound Sterling	GBP	0.8736	0.8966	0.8761	0.8861	0.8881	0.8945
United Arab Emirates Dirham	AED	4.2460	4.1764	N.A.	N.A.	4.2236	4.2174

Source: Banque de France

N.A. : Not applicable

NOTE 4. SEGMENT INFORMATION

IFRS 8 "Operating Segments" has led the Group to present only one activity, "sale of components and/or finished products". The breakdown of turnover by geographic area is presented in Note 5.2.

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

NON-CURRENT ASSETS	30/06/2019 K€			31/12/2018 K€		
	Outside France	France	Total	Outside France	France	Total
Goodwill	1,915		1,915	1,960	-	1,960
Intangible assets	-	1,385	1,385	-	1,074	1,074
Property, plant and equipment	985	19,984	20,968	994	5,434	6,428
Financial receivables	259	2,524	2,783	785	5,248	6,033
Other financial assets excluding deferred taxes	40	1,626	1,666	15	1,233	1,248
Total non-current assets	**3,198**	**25,519**	**28,717**	**3,754**	**12,989**	**16,743**

NOTE 5. INFORMATION ON THE INCOME STATEMENT

5.1. Seasonality of the activity

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, the latter being the strongest of the year.

This 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, and 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.

Consequently, the Group's results as of June 30, 2019 are not indicative of those that could be expected for the entire 2019 financial year.

5.2. Income from ordinary activities

Income from ordinary activities 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:

- Sales of servers
- Sales of components
- Leasing of servers
- Sales of services for which the duration of the contracts is less than twelve months.

Regarding its server leasing activity, the Group applies the rules relating to manufacturer distributors, and consequently presents the rental income 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 185 server bays delivered in 2017 and 2018, mainly in France and in the United States. These contracts provide for the payment by Blade of down payments, increased rents and fixed rents.

The balance of the corresponding financial receivable relating to these operations amounted to 8,512 K€ on June 30, 2019 (vs. 11,740 K€ on December 31, 2018), discounted at the implicit average rate of the contract. The financial income from the net investment related to the finance lease, which amounted to 245 K€ over the first half of 2019, was recognized in financial income.

In order to finance the production of these servers, 2CRSI signed in parallel finance contracts with several banking institutions.

This financing received from banks is recorded under financial liabilities.

The balance amounted to 11,072 K€ on June 30, 2019 compared to 14,440 K€ on December 31, 2018 (note 6.9). The financing rate granted by banks ranges from 3 to 6%.

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€)	H1 2019	H1 2018	Posting period
France	2,584	5,053	Revenues from finance leases are recognised when control of the computer bays is transferred to the customer, i.e. on delivery.
Outside France	549	-	
Finance lease	**3,134**	**5,053**	
France	5,818	12,096	Revenues from finance leases are recognised when control of the equipment is transferred to the customer, i.e. on delivery.
Outside France	11,827	7,198	
Equipment delivery	**17,645**	**19,294**	
France	437	78	Revenue from services is recognised gradually, as the obligation to provide services is fulfilled.
Outside France	256	914	
Provisions of services	**692**	**992**	
TOTAL	**21,471**	**25,339**	

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

5.3. Other current operating income

OTHER OPERATING INCOME (Amounts in K€)	H1 2019	H1 2018
Stocked production	781	2,277
Other	252	209
TOTAL	**1,033**	**2,486**

5.4. Consumed purchases and external expenses

CONSUMED PURCHASES (Amounts in K€)	H1 2019	H1 2018
Inventory changes (goods)	2,134	3,393
Purchases of goods and raw materials	(19,599)	(25,558)
Exchange gains and losses	3	(222)
Other	(90)	(105)
TOTAL	**(17,552)**	**(22,492)**

EXTERNAL CHARGES (Amounts in K€)	H1 2019	H1 2018
External services	(1,831)	(1,312)
Other	(108)	(46)
TOTAL	**(1,939)**	**(1,358)**

5.5. Workforce and payroll

PAYROLL (Amounts in K€)	H1 2019	H1 2018
Gross compensations Social	(3,033)	(1,665)
contributions	(964)	(590)
Other personnel expenses (including Capitalised production)	324	496
TOTAL	**(3,673)**	**(1,759)**

The number of employees by function and country is as follows:

Workforce	30/06/2019	30/06/2018
Operations	48	39
Customer relations, sales & marketing	49	28
R&D	16	14
Support functions	23	12
TOTAL	**136**	**93**

Workforce	30/06/2019
France	103
United States	11
United Kingdom	14
Dubai	8
TOTAL	**136**

5.6. 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 fixed assets disposals, restructuring costs, workforce adjustment measures, and fees relating to the IPO project.

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

EBITDA (Amounts in K€)	H1 2019	H1 2018
Operating Income	**(2,208)**	**480**
Net allocations to depreciation and provisions	1,368	792
Other non-current income and expenses	-	758
EBITDA	**(840)**	**2,030**
EBITDA/turnover ratio	-3.9%	8.0%

5.7. Financial result

The financial result includes:

- The cost of debt
- Financial income related to finance leases for servers Blade (see note 5.2)

FINANCIAL INCOME AND EXPENSES (Amounts in K€)	H1 2019	H1 2018
Cost of gross financial debt	**(552)**	**(632)**
Other net financial income	332	355
Financial result	**(220)**	**(277)**

5.8. Income tax

Tax proof (Amounts in K€)	H1 2019	H1 2018
Net income	(2,197)	86
Consolidated tax	231	84
Result before tax	**(2,428)**	**3**
Current tax rate in France	33%	28%
Theoretical tax charge at the current rate in France	**809**	**(1)**
Impacts on the theoretical tax:		
	H1 2019	**H1 2018**
Permanent differences	(6)	(5)
Temporary differences	(29)	
Impact of tax losses carried forward	(267)	
Consumption entries with no tax consequences	(46)	
Impact of the tax rate of foreign companies	(196)	3
Impact of the 25% corporation tax rate	(42)	
Tax credit	67	
Variable carryover	(60)	86
Actual income tax expense	**231**	**84**

5.9. 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 net consolidated earnings per share.

BASIC EARNINGS PER SHARE	H1 2019	H1 2018
Result - Group share (in K€)	(2,197)	286
Weighted average number of ordinary shares outstanding	14,243,430	8,638,730
Basic earnings per share (€/share)	**(0.15)**	**0.03**
Weighted average number of shares outstanding	14,411,152	8,638,730
Diluted earnings per share (€/share)	**(0.15)**	**0.03**

The weighted average number of shares outstanding includes 167,722 free shares.

NOTE 6. DETAILS OF THE FINANCIAL SITUATION

6.1 Goodwill

The acquisition in 2018 of Tranquil PC Ltd generated the recognition of a goodwill of €1,960k on December 31, 2018, revalued at €1,915k on June 30, 2019. This became definitive over the period.

6.2 PROPERTY, PLANT AND EQUIPMENT

PROPERTY, PLANT AND EQUIPMENT

Gross values (Amounts in k€)	**31/12/2018**	**Changes in scope**	**Acquisitions**	**Disposals**	**Reclassifications**	**Translation adjustments**	**30/06/2019**
Buildings	3,171	-	14,677	(780)	-	3	17,070
Tech. installations, equipment, and tools	888	-	913	(3)	(61)	1	1,738
Tech. installations, equipment, and tools in CB/ Leasing	101	-	-	-	-	1	102
Other plant, property and equipment	1,721	46	61	-	(1,130)	(4)	694
Office equipment	17	-	271	-	777	-	1,065
Transport equipment	426	-	192	(24)	28	-	622
IT equipment	2,456	-	53	(1)	391	(0)	2,898
Current tangible fixed assets	44	-	19	-	-	-	62
Advances and deposits on tangible fixed assets	-	-	87	-	-	-	87
Total non-current assets	**8,823**	**46**	**16,272**	**(809)**	**5**	**0**	**24,338**

Depreciation and amortisation (Amounts in k€)	**31/12/2018**	**Changes in scope**	**Acquisitions**	**Disposals**	**Reclassifications**	**Translation adjustments**	**30/06/2019**
Amort/Dep buildings	(859)	-	(697)	211	(12)	0	(1,357)
Amort/Dep tech. installations, equipment, and tools	(354)	-	(76)	1	-	1	(428)
Amort/Dep tech. installations, equipment, and tools in CB/ Leasing	(2)	-	(1)	-	-	(0)	(4)
Amort/Dep. other tangible assets	(441)	-	(80)	-	268	0	(252)
Amort/Dep Office equipment	(3)	-	(42)	-	(32)	-	(76)
Amort/Dep Transport equipment	(248)	-	(57)	0	(3)	-	(307)
Amort/Dep IT equipment	(487)	-	(220)	0	(239)	(0)	(946)
Total non-current assets	**(2,395)**	**-**	**(1,172)**	**212**	**(17)**	**1**	**(3,370)**
Net carrying amount	**6,428**	**46**	**15,101**	**(597)**	**(12)**	**2**	**20,968**

Acquisitions during the period include in particular the recognition of the right of use related to the signature of a lease for the "Le Capitole" property complex for €10.1 million.

Within property, plant and equipment, rights of use recognised as an acquisition amounted to a net value of €14.8 million at the end of June 2019 (compared to €4.2 million at the end of December 2018). In addition to the lease of the "Le Capitole" property complex, the group signed several leases during the period, notably for administrative premises.

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

As of June 30, 2019, no indication of impairment was identified. No impairment of assets is recognized.

6.4 Financial receivables

The change in financial receivables is related to the finance lease with Blade (see note 5.2).

FINANCIAL RECEIVABLES (Amounts in K€)	30/06/2019	31/12/2018
Long-term financial receivables	2,783	6,033
Impairments	-	-
Long-term financial receivables, net	**2,783**	**6,033**
Short-term financial receivables	5,761	5,707
Impairments	-	-
Short-term financial receivables, net	**5,761**	**5,707**
Total	**8,544**	**11,740**

6.5 Inventories

INVENTORIES (Amounts in K€)	30/06/2019	31/12/2018
Inventories of finished products and work in progress	2,501	1,116
Inventories of goods and raw materials	20,452	19,614
Total gross inventories	**22,953**	**20,730**
Impairment of inventories of finished products		(23)
Impairment of inventories of goods and raw materials	(214)	(205)
Total inventory write-downs	**(214)**	**(228)**
Total net inventories	**22,739**	**20,502**

6.6 Trade receivables

The Group's exposure to credit risk is mainly influenced by the individual characteristics of the various customers.

Within trade receivables (excluding finance lease receivables), the Blade customer's receivable amounted to 19,803 K€ on June 30, 2019, of which 16,351 K€ was outstanding. Late interest amounted to 102 K€ for the first half of 2019.

6.7 Other current assets

OTHER CURRENT ASSETS (Amounts in K€)	30/06/2019	31/12/2018
Advances and prepayments	463	259
Receivables from staff and social organisations	436	-
Tax receivables	436	1,560
Corporate income tax	953	23
Prepaid expenses	964	1,344
Miscellaneous	187	188
Current loans and guarantees	494	395
Other current financial assets	-	4
Total other current assets	**3,933**	**3,773**

Prepaid expenses consist of goods invoiced but not received on June 30, 2019.

6.8 Equity

Dividends paid

No dividend was paid during the period presented.

Elements on the share capital

CHANGES IN EQUITY

(Amounts in K€)	Capital	Capital premiums	Reserves	Actuarial difference	Financial year income	Equity - Group share	Interest non group	Total equity
Position at the end of the financial year 2017.12	**765**	**352**	**(409)**	**(35)**	**683**	**1,356**	**-**	**1,356**
Allocation of result of FY 2017.12,	-	-	683	-	(683)	-	-	-
Change in exchange rates	-	-	-	7	-	7	(1)	6
non-recyclable OCI Result	-	-	-	11	-	11	-	11
2018.12	-	-	-	-	3,705	3,705	(15)	3,690
Overall result	-	-	-	18	3,705	3,723	(16)	3,707
Changes in scope	-	-	-	-	-	-	97	97
Changes in capital	517	45,732	-	-	-	46,249	-	46,249
Liquidity contract	-	-	(292)	-	-	(292)	-	(292)
Other changes	-	-	(49)	-	-	(49)	-	(49)
Position at the end of the financial year 2018.12	**1,282**	**46,084**	**(67)**	**(17)**	**3,705**	**50,986**	**82**	**51,068**
Allocation of income for the financial year	-	-	3,705	-	(3,705)	-	-	-
2018.12 Change in exchange rates	-	-	-	26	-	26	0	26
Non-recyclable OCI	-	-	-	(31)	-	(31)	-	(31)
Result	-	-	-	-	(2,181)	(2,181)	(16)	(2,197)
Overall result	-	-	-	(5)	(2,181)	(2,186)	(16)	(2,202)
Changes in scope	-	-	-	-	-	-	5	5
Liquidity contract	-	-	119	-	-	119	-	119
Other changes	-	-	166	-	-	166	-	166
Position at the end of the financial year 2019.06	**1,282**	**46,084**	**3,922**	**(22)**	**(2,181)**	**49,085**	**71**	**49,156**

Other movements affecting reserves in the half-yearly consolidated financial statements as of June 30, 2019 mainly correspond to the expense recognized for the allocation of free shares for 125 K€.

6.9 Current and non-current borrowings

CURRENT AND NON-CURRENT BORROWINGS (Amounts in K€)	30/06/2019	31/12/2018
Repayable advances	311	341
Preference shares	3,354	3,325
Borrowings from lending institutions	3,879	4,595
Lease debts	14,746	3,636
Blade financing liabilities	4,196	7,683
Other financing liabilities	2,791	-
Non-current borrowings	**29,277**	**19,580**
Borrowings from lending institutions	1,379	1,471
Current bank loans and accrued interest	107	9
Lease debts	2,371	541
Blade financing liabilities	6,876	6,757
Other financing liabilities	780	
Current borrowings	**11,513**	**8,778**
Total financial liabilities	**40,790**	**28,358**

The maturities of financial liabilities are as follows:

Terms and repayment schedule for financial liabilities

(Amounts in K€)	30/06/2019			
	Total	< 1 year	From 1 to 5 years	> 5 years
Borrowings from credit institutions	**5,083**	1,204	3,879	
Interest on preference shares	**175**	175		
Repayable advances	**311**		311	
IFRS16 rental liabilities and finance leases	**17,117**	2,371	7,478	7,268
Blade financing liabilities	**11,072**	6,876	4,196	
Other financing liabilities	**3,571**	780	2,791	
Debts related to preference shares	**3,354**			3,354
Accrued interest on borrowings	**107**	107		
Position at the end of the financial year 2019.06	**40,790**	**11,513**	**18,655**	**10,622**

The increase in rental debts is mainly due to the signature of a lease for the "Le Capitole" property complex for 9.8 M€ as of June 30, 2019.

(Amounts in K€)	31/12/2018	Cash and cash equivalents collected	Cash and cash equivalents disbursed	Other	30/06/2019
Borrowings from credit institutions	6,066		(808)		5,258
Overdrafts and accrued interest	9	245	(465)	318	107
Repayable advances	341			(30)	311
Blade financing liabilities	14,440		(3,308)	(60)	11,072
Other financing liabilities		3,888	(317)		3,571
Preference shares	3,325			29	3,354
Lease debts	4,177		(1,615)	14,555	17,117
Total	**28,358**	**4,133**	**(6,513)**	**14,812**	**40,790**

The main changes during the period were as follows:

- Under the Blade contract, reimbursements on all contracts for the period amounted to 3,368 K€ (see note 5.2);
- A new 5 M€ lease financing contract was signed with BNP and only 3.9 M€ were used as of June 30, 2019. This 60-month contract bears interest at a rate of 4.48% for 1.5 M€ and 1.12% for 2.4 M€.

The "Other" movements mainly concern changes in accrued interest not yet due and the increase in rental liabilities following the signature of new contracts in the first half of 2018, mainly in France (Green Data and 2CRSi real estate contracts).

6.10 Fair value of financial instruments

Regarding the fair value of financial assets and liabilities, no material events occurred during the first half of 2019. With the exception of the change in the titles of the various asset categories (see Note 2.4.), the implementation of IFRS 9 did not result in any significant change in the methods used to measure the carrying amounts and fair value levels presented as of December 31, 2018.

In addition, none of the Group's financial debts are subject to covenants.

6.11 Trade payables

TRADE PAYABLES (Amounts in K€)	30/06/2019	31/12/2018
Trade payables	6,921	16,544
Invoices not received	403	670
Total trade payables	**7,324**	**17,214**

NOTE 7. OTHER INFORMATION

7.1. Related parties

During the first half of 2019, there was no significant change in the nature of transactions with related parties compared to December 31, 2018.

7.2. Contingent liabilities

No contingent liabilities are known at the date of preparation of these summarised half-yearly consolidated financial
statements.

7.3. Off-balance sheet commitments

Off-balance sheet commitments in k€ (excluding rental liabilities and overdrafts)	**Commitments given**	**Commitments received**
Pledges of goodwill	26	
2CRSi joint and several guarantee (Green Data lease)	1,452	
BPI guarantee		91
Personal guarantee, natural persons		18

Under the free share allocation decided in December 2018 by the Board of Directors and carried out in January 2019, the Group's total commitment is estimated at 1,376 K€, of which 125 K€ was recognized as a payroll expense over the period.

III. STATUTORY AUDITORS' REPORT ON THE HALF-YEARLY INFORMATION AND DECLARATION BY THE INDIVIDUALS RESPONSIBLE FOR THE HALF-YEARLY FINANCIAL REPORT

1. Statutory Auditors' Report

SOCIETE FIDUCIAIRE DE REVISION ERNST & YOUNG Audit

2CRSI
Period from January 1 to June 30, 2019

Statutory Auditors′ report on the half-year financial information

SOCIETE FIDUCIAIRE DE REVISION
2, avenue de Bruxelles
68350 Didenheim
S.A. with a capital of € 76,225
339 304 230 R.C.S. Mulhouse

Statutory Auditor
Member of the Regional
Company of Paris

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
Company of Versailles

2CRSI

Period from January 1 to June 30, 2019

Statutory Auditor’s report on the half-yearly financial information

Dear Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting and in application of Article L. 451-1-2 III of the Monetary and Financial Code, we have performed:

- a limited review of the half-year consolidated financial statements of 2CRSI, relating to the period from January 1 to June 30, 2019, as they are attached to this report;
- the verification of the information provided in the interim management report.

These half-year consolidated accounts have been prepared under the responsibility of the Board of Directors.
Our role, on the basis of our limited review, is to express an opinion on these financial statements.

1. Conclusion on the accounts

We conducted our limited review according to the standards of professional practice applicable in France. A limited review consists essentially in meeting with the members of the management in charge of accounting and financial matters and to implement analytical procedures. This work is less extensive than that required for an audit carried out according to the standards of professional practice applicable in France. Accordingly, the assurance that the accounts, taken as a whole, do not contain any material misstatement, obtained in the framework of a limited review is a moderate insurance, lower than that obtained in the framework of an audit.

Based on our review, we have not identified any material misstatement that would call into question the conformity of the summarised consolidated half-year financial statements with IAS 34 - IFRS standard as adopted by the European Union relating to interim financial information.

2. Specific check

We also verified the information provided in the interim management report commenting on the consolidated half-year financial statements which were subject to a limited review by us.

We have no observations to report as to their sincerity and consistency with the half-year consolidated accounts.

Didenheim and Strasbourg, September 30, 2019

The Statutory Auditors

SOCIETE FIDUCIAIRE DE REVISION ERNST & YOUNG Audit

Thierry Liesenfeld Veronique Habe Alban de Claverie

2. Declaration by the individuals responsible for the half-year financial report

2.1 Person responsible for the half-year financial report

Alain Wilmouth, Chairman and Chief Executive Officer of the Company

2.2 Manager's statement

"I certify, to my knowledge, that the half-year consolidated accounts for the previous half-year have been prepared in accordance with the applicable accounting standards and give a faithful image of the assets, financial positions and results of the Company and all the consolidated companies, and that the interim management report gives a faithful presentation of the important events which have occurred over the first six months of the financial year, their impact on the half-year financial statements, the main related party transactions as well as a description of the main risks and uncertainties for the remaining six months of the financial year. "