Press release
First half 2020-2021 results

First half trading update and results:

- Revenue of €78.5m, in line with the objective of €170-200m revenue for the full year
- EBITDA of €1.1m despite strong increase in procurement costs due to COVID and structuring costs

Stronger business momentum in the second half of the year

2020-21 annual target confirmed: full year revenue of €170-200m expected

Strasbourg (France), 30 November 2020 – 2CRSi, a designer and manufacturer of high-performance, energy-efficient servers, today presents its results for the first half of 2020-2021 (from 1 March 2020 to 31 August 2020).

The Board of Directors met on 30 November 2020 to approve the Group's financial statements for the period ended on 31 August 2020. The auditors' limited review of the consolidated financial statements is ongoing. The consolidated financial statements will be released within the next few days.

Due to the integration of Boston Limited, which did not previously produce interim figures, and the alignment of 2CRSi and Boston's reporting dates on 28 February (with the 2019/2020 financial year exceptionally lasting 14 months), comparable data for the first half of 2020/21 are not available.

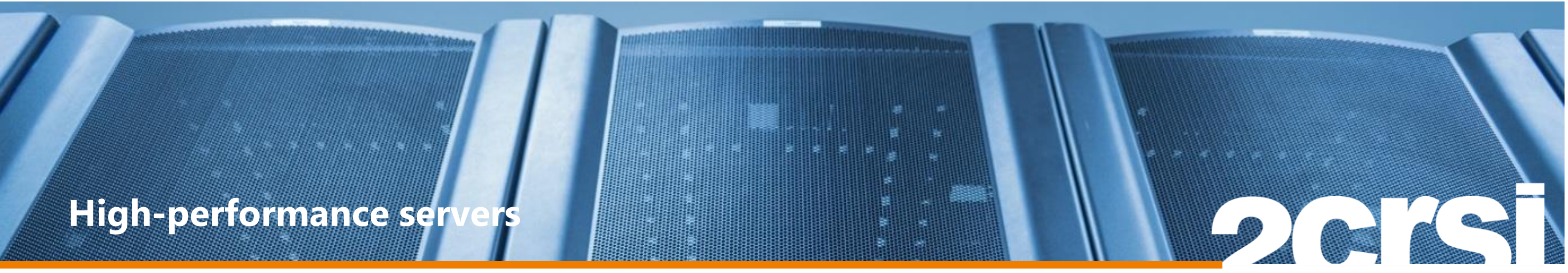
H1 2020-21 RESULTS

A satisfactory level of activity

As announced in the publication of H1 revenue on 13 October 2020, 2CRSi generated a satisfactory level of business, with revenue of €78.5m over the period. The historic reporting scope recorded an increase in revenue to €24.5m, compared with €21.5m in the first half of 2019 (from 1 January to 30 June 2019).

Trading is in line with the Group's targets for the full year. Business is traditionally stronger at the end of the calendar year.

In addition, 2CRSi made further progress on all its strategic priorities over the period: (i) internationalisation of business, (ii) diversification of the client portfolio and (iii) the ramping up of business activity, the impact of which is not yet fully reflected in first half revenue.



EBITDA of €1.1m despite the impact of COVID on procurement costs and investments in staff to support growth

2CRSi recorded EBITDA of €1.1m in the first half of 2020-21. As well as reflecting a satisfactory level of business, this profitability reflects a combination of factors.

First, the health crisis caused a temporary increase in procurement and transport costs, which has continued in the second half of the year. This increase in costs was only partially offset by the improved purchasing terms arising from the acquisition of Boston Limited. Overall, this had a negative impact on the gross margin on orders during the period.

Secondly, as expected, the Group's profitability reflects recent structural expenses incurred by the Group. Attracting the best talents is in fact key to support and accelerate growth and seize all opportunities on its markets. These expenses included the hiring of more experienced staff, especially in the marketing and sales teams. In addition, the large number of new hires made at the end of the previous period had an impact over the entire first half of the year compared with just a few months in the 14-month 2019-20 financial year.

Simplified income statement – ongoing limited review **In millions of EUR - IFRS**[1]	**H1 2020-21** **6 months**	**FY 2019-20** ***pro forma***[i] **12 months**	**H1 2019** **6 months**
	1 March 2020 – 31 August 2020	*1 March 2019 – 29 February 2020*	*1 January 2019 – 30 June 2019*
Revenue	**78.5**	**141.1**	**21.5**
Change in finished goods inventories	1.1	0.2	0.8
Other ordinary operating income	0.2	0.8	0.3
Revenue from ordinary activities	**79.8**	**142.0**	**22.5**
Consumed purchases	(65.6)	(109.0)	(17.6)
External charges	(4.2)	(11.7)	(1.9)
Personnel expenses	(8.5)	(16.8)	(3.7)
Tax	(0.4)	(0.6)	(0.2)
EBITDA	**1.1**	**3.8**	**(0.8)**
EBITDA margin	*1.5%*	*2.7%*	*(3.9)%*
Other current operating income and expenses	-	(0.6)	-
Depreciation, amortisation and impairment	(3.2)	(4.8)	(1.4)
Current operating income	**(2.1)**	**(1.6)**	**(2.2)**
Operating profit	**(2.1)**	**(1.7)**	**(2.2)**
Financial income (expense)	(1.0)	0.9	(0.2)
Consolidated net income (expense)	**(2.6)**	**(0.6)**	**(2.2)**
Net income (Group share)	**(2.5)**	**(0.8)**	**(2.2)**

[1] The application of IFRS 16 (recognition of leases in the consolidated financial statements) had no impact on the financial statements of the period, as the standard was already applied by the Group on all fiscal presented here.

In the first half of 2020-21, current operating income amounted to €(2.1)m, for revenue of €78.5m, compared with €(2.2)m in the first half of 2019, when revenue came to €21.5m. For the full year 2019-20 (*pro forma*), the loss came to €(1.6)m, for revenue of €141.1m. The change in current operating income was mainly due to the increase in depreciation, amortisation and impairment recorded for the amortisation of right-of-use assets on real estate leases (IFRS 16), in particular in Nanterre and Strasbourg, over the period.

Taking into account net financial income, which includes the cost of debt and financial income from server finance leases, and taxes on benefits, consolidated net income Group share came to €(2.5)m in the first half of the year.

Financial position

Simplified consolidated balance sheet – ongoing limited review In millions of EUR - IFRS	31 August 2020	29 February 2020
Goodwill	6.7	7.1
Intangible assets	15.5	15.8
Property, plant & equipment	22.1	23.6
Non-current financial receivables	15.1	10.9
Other non-current assets	4.7	4.0
Total non-current assets	**64.1**	**61.4**
Inventories	38.9	34.5
Trade receivables	22.7	21.8
Other current assets	11.4	17.8
Current financial receivables	11.6	11.8
Cash and cash equivalents	5.3	10.2
Total current assets	**89.9**	**96.1**
TOTAL ASSETS	**153.9**	**157.5**
Capital attributable to equity holders of the parent	43.5	47.2
Non-controlling interests	(0.2)	(0.1)
Consolidated capital	**43.3**	**47.1**
Borrowings and financial debt (including lease liabilities)	52.6	53.0
Other non-current liabilities	3.2	3.5
Total non-current liabilities	**55.7**	**56.5**
Trade payables	22.3	20.3
Financial liabilities (including lease liabilities)	16.9	16.6
Other current liabilities	15.7	17.0
Total current liabilities	**54.9**	**53.9**
TOTAL LIABILITIES	**153.9**	**157.5**

At 31 August, inventories had risen to €38.9m, compared with €34.5m as of end-February, mainly due to business growth and the building of inventories for forthcoming deliveries. The level of inventories at 31 August 2020 was equivalent to just over three months of revenue (on an annual basis).

The strong level of business was also reflected in the increase in trade accounts receivable to €22.7m (versus €21.8m at the end of February) and the rise in trade accounts payable to €22.3m (from €20.3m at the end of February). Current and non-current financial receivables, comprising finance leases signed with clients (in particular Blade and Linkoffice), also increased to €26.7m, compared with €22.7m at 29 February, reflecting the fact that order deliveries rose at a stronger pace than the settlement of these financial receivable.

Gross financial liabilities excluding lease liabilities (IFRS 16) at 30 August 2020 were stable at €52.9m, versus €51.9m at end-February 2020. It includes €11.6m of a liability related to minority shareholders in Boston Limited recorded as debt (earn-out and exit option), as well as €3.5m of debt related to preference shares.

The Group's net cash position stood at €3.1m at 31 August 2020. In addition to cash, the Group also has available undrawn credit lines totalling €7.9m. Furthermore, at the end of September, after the reporting date, the Group has secured a State-guaranteed loan (PGE) of close to €10m. Taking into account increasing available cash and undrawn credit lines at end of November, the Group does not anticipate any cash flow issues in the short term.

Impact of the health crisis in the short term

In addition to impacts on procurement and transport costs mentioned above, the health crisis has also disrupted the timetable of certain projects with longer customer investment decision-making, and delivery and installation delays. The length of delays depends on the restrictions in place in the countries concerned.

However, while the health crisis remains a source of uncertainty for the short term, market fundamentals remain strong.

OUTLOOK

2CRSi's products and services fulfil market expectations more than ever. On top of its positioning on high performance energy-efficient servers, 2CRSi proceeds further with its innovation policy to maintain a clear technological edge.

As mentioned above, although the health crisis has affected the Group's results in the short term, it will also accelerate in the long term the requirements 2CRSi intends to meet.

In the months to come and beyond, the Group anticipates an escalation in demand in its five key vertical segments: cloud computing and 5G, gaming (two markets that have been boosted by the current crisis), financial services, industry and defence, and cyber security. 2CRSi will also begin to reap the rewards of its acquisition of Boston Limited in the coming months. This integration, which was inevitably hampered by the health crisis, is now advancing well and the teams are beginning to implement the synergies arising from the new Group and to promote the complementary nature of their products and services.

With its solid fundamentals and the sales efforts made in recent years, 2CRSi has already noted an upturn in its business momentum. Following the orders taken in from Linkoffice and Blade (€25m of which 60% is expected in the second half), new recent wins including 2CRSi being chosen by OVH, European cloud leader, to supply servers for its Asian data centers, and go2cloud, a major European provider of high performance computing (HPCaaS), to supply additional server capacity in Europe and in the Middle East. These successes are displays of the recognition of 2CRSi's products and solutions by market leaders.

Furthermore, the Group should also benefit from the traditional seasonal increase in activity at the end of the calendar year. Its outlook is thus positive, despite enduring uncertainties caused by the public health crisis.

Based on its current position, and with a close eye on developments in the health crisis, 2CRSi maintains its target for full year 2020-21 revenue of between €170m and €200m. This growth in revenue should automatically increase its profitability.

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About 2CRSi

Founded in Strasbourg (France), 2CRSi group develops, produces and sells high-performance customised and environment-friendly servers. In the financial year 2019/2020, the Group achieved *pro forma* turnover of €145.3m. The Group today has approximately 350 employees and markets its offer of innovative solutions (processing, storage and network) in more than 50 countries. 2CRSi has been listed since June 2018 on the regulated market of Euronext in Paris (ISIN Code: FR0013341781) and is included in the European Rising Tech label. For further information please visit: www.2crsi.com

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i The pro forma income statement for the 12 month-period running from March 1, 2019 to February 29, 2020 was based on:

- Group 2CRSi's historical consolidated accounts for the 14-month period from which were deducted the consolidated accounts prepared for the period running from January 1, 2019 to February 28, 2019 on the same scope of consolidation basis.
- The addition of Boston Limited group's consolidated income statement for the period from March 1, 2019 to February 29, 2020, assuming adjustments to fair value as measured at November 18, 2019 would have been identical at March 1, 2019.