Half-yearly financial report as of 31 August 2020

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2CRSI

Public limited company with a capital of €1,596,908.70

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DESCRIPTION OF THE BUSINESS

1. Design, manufacture and marketing of high-performance, energy-efficient and local computer server solutions

Founded in 2005 in Strasbourg by Alain and Michel Wilmouth, 2CRSi has become a leading international group in the design, production and marketing of high-performance, energy-efficient and locally produced computer servers.

In the age of the cloud, of big data, of blockchains and of artificial intelligence, our IT servers support the financial world's biggest players (OVH, CGG, Blade, Free, Caltech etc.), providing them with the computing power they need to grow.

We make the difference with our technological solutions that combine power with energy economy. The latter characteristic is at the heart of our DNA: we designed all of our solutions with the aim of providing specific responses to our customers' financial and ecological challenges.

Our latest generation of immersion servers therefore reduces electrical consumption by 40 to 60% compared to equivalent traditional systems. This strong commitment to "Green IT" is a major competitive advantage for our customers, whose energy consumption may represent up to about 40% of their server use costs.

Since 2018, 2CRSi has expanded its activities by offering robust edge computing products as well as hosting and computing power rental services. A new milestone was reached in 2019 with the acquisition of Boston Limited. This international Group of British origin is a worldwide benchmark in the integration and marketing of IT equipment that benefits from the most advanced technologies on the market. Apart from the considerable expansion of the Group's international positions through Boston Limited, the merger of the two companies will generate strong commercial synergies and significant economies of scale.

The Group's pro forma revenue for the 2019/20 financial year was €141.1 million. It was €78.5 million for the six months of the first half of 2020/21.

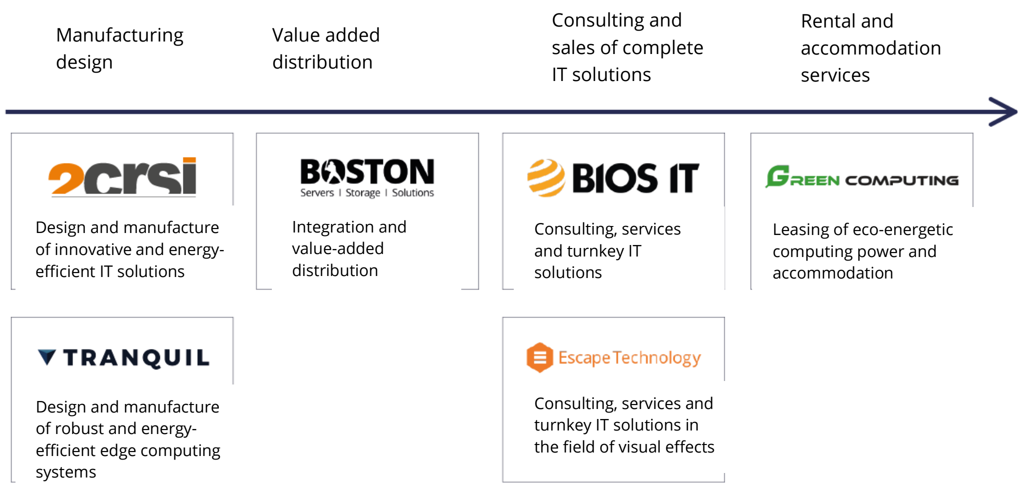
At the end of August 2020, 346 employees were implementing 2CRSi's vision of a new, more responsible IT and delivering the Group's innovative solutions (computing, storage and network) in more than 50 countries.

2. A group with a presence across the entire value chain

To meet customer needs, 2CRSi offers more than just products. The Group has developed its capacity to sell complete solutions comprising applicative elements as well as the services the customer may need: rental of computing power and of data storage, installation, maintenance, etc. The Group's teams are also more and more sought after by major companies to provide them advisory or diagnostic services upstream of the phases of investment in new IT infrastructures.

The Group comprises six established brands, each with a clear positioning:

- 2CRSi: designer and manufacturer of eco-energy IT servers
- Tranquil: designer and manufacturer of rugged servers
- Boston: value-added integrator and distributor
- BIOS IT: value-added reseller of complete IT solutions and provider of services (advice, design, installation)
- Escape Technology: value-added reseller of complete IT solutions in the field of audiovisual creation
- Green Computing: housing and rental of computing power and of data storage



Six strong brands:

2CRSi: designer and manufacturer of high-performance servers based on R&D expertise and an OCP approach (Open Compute Project, a community advocating sharing of hardware knowledge). The solutions offered are particularly appreciated for their capacity to reduce customers' OPEX costs by up to 25% and their CAPEX costs bu 40%. Our technical know-how is concentrated in France, in Strasbourg. Manufacturing can be carried out locally at one of the Group's sites.

Tranquil: manufacturer of rugged servers and of on-board computers with low energy consumption. The entire production chain is internalised (R&D, manufacturing, tests), as a sign of quality. The products are top of the range and the company has the capacity to develop tailor-made products.

Boston: value-added distributor offering a wide range of server/storage/workstation solutions. Boston Limited offers complete product personalisation as well as all-in-one solutions bringing different technologies together. Boston Limited has been a Supermicro premium partner for over 20 years.

BIOS IT: activity in advising and integration with an expertise particularly well developed in sectors requiring high-performance computing (HPC) such as finance, artificial intelligence, *deep learning*, research centres or *cloud* services.

Escape Technology: re-seller of IT solutions dedicated to the graphics creation, cinema and special effects sector.

Green Computing: rental and housing of ecological computing power, *bare metal offer, HPC as a Service.* The society operates two data centres in France: one in Nanterre and the other in Sophia Antipolis. A new centre will soon be inaugurated in the United States.

The synergy of these six brands meets the most specific and most demanding needs of customers and users, including data centres, publishers of independent software, distributors and other companies in need of reliable, high-quality, high-performance IT solutions that also economise on energy.

The Group's success is based on solid experience in research and development, with know-how combining megatronics, electronics, thermodynamics and software genius. These internal skills allow us to develop our own products and technologies. Our ecosystem of key international technological partners such as Intel®, AMD, Western Digital®, Supermicro®, allied with experts such as Submer, GRC, Open IO, Vcinity, Kalray, NVIDIA®, allows us to provide state-of-the-art solutions, even tailor-made ones, for our customers throughout the world.

Ergonomics is the ultimate level of a smart approach that is near to our hearts and serves the needs of our customers, the work of whose technicians is greatly facilitated.

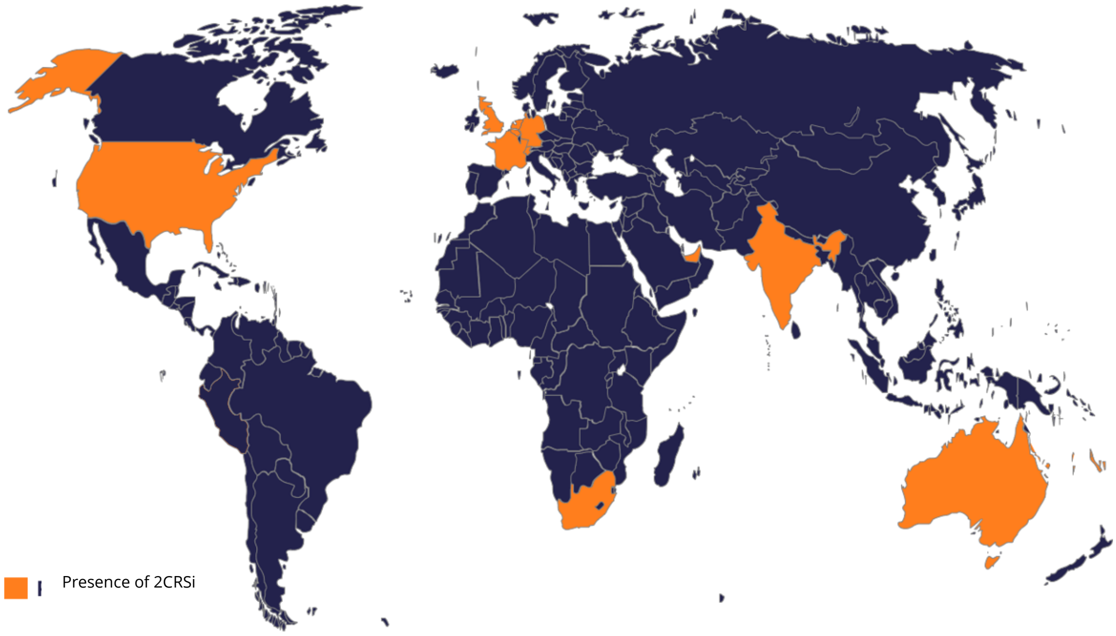
Today, we are reducing energy consumption. Tomorrow, we will recycle heat by reusing it. The day after tomorrow, we want to produce electricity, so using heat as an alternative energy source for other uses.

3. A multi-local, customer-focused approach

2CRSi's goal is to meet the needs of its international customers in order to offer them the opportunity to access local technical teams but also to anticipate regulatory obstacles (technical standards, customs fees and other barriers to entry). Numerous customers need this support in new geographical areas. For example, the software publishers for which the Group creates specific *appliances* want the Group to offer them identical services regardless of their geographical area. Likewise, the Group's customers in the military world need a partner who can project their teams beyond seas and continents, speaking the same language and with the same working methods.

This wish to support customers has always guided the Group's new international installations. It remains the chief vector of this strategy.

The Group's vocation is to be a multi-local company, with production sites close to target markets. The goal of this vision is better to serve customers thanks to the responsiveness of skilled local teams. Moreover, it is participating in increasing collaborators' sense of the meaning of the work insofar as the customer is a company established in their region. Finally, it is contributing to the development of the areas where the Group is established with a local team formation and local employment development initiative.



Beyond its current positions, 2CRSi also wishes to expand its coverage to new, high-potential markets in order to take up market share there, in particular with *hyperscalers* (actors in big data and the Internet/cloud) who are developing their activities on these markets.

In this way, the Group intends to expand its geographic presence to new countries, in Asia as a priority. New geographical regions are also being studied. The new countries targeted, mainly in the Southern hemisphere, have certain points in common: a sustained rhythm of economic growth, expensive electricity, a high average temperature even in winter, etc.

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

1. Main highlights of the first half of 2020

1.1 New customer orders

Confirmation of the Blade order

Following the intention to order announced in the press release of 24 January 2020, at the end of April 2020, 2CRSi announced that it had accepted an order from Blade for a total amount of €24.9 million.
For this order, to equip the mid and high-end PC service packages in the "Shadow" cloud, 2CRSi developed a brand-new type of calculation server, with even higher efficiency both in terms of the resources used to manufacture them and in terms of energy consumption, with an expected gain of more than 30% compared to market standards.

2CRSi and Linkoffice sign a contract for a total amount of €6.5M

On 26 May, 2CRSi and Linkoffice, the VDI B2B expert, announced the signing of a €6.5M contract for the supply of calculation and storage servers.

The contract covers the supply of a hardware and software infrastructure that integrates the Xeon Platinum processors, the best ever produced by Intel to date. The first firm order (about a quarter of the total) will be delivered in 2020. Subsequent stages will be subject to the perfect execution of this first stage, inter alia. The contract has a term of four years.

Under the signed contract, Linkoffice will receive business support from 2CRSi: the Linkoffice solution will now be offered through the Group's entire distribution network in France and abroad, both in the world of chartered accountants and in many other fields of activity where information confidentiality is a critical issue.

Thanks to this order, Linkoffice, a new 2CRSi customer, will be among the top 20 French customers in 2020.

1.2 Expanded strategic positions

2CRSi is boosting its presence on the Asian market with the opening of a subsidiary in Singapore

On 13 May 2020, 2CRSi announced the opening of a subsidiary in Singapore. This new commercial establishment is part of the Group's development strategy aimed at extending its market presence to take advantage of the very strong growth prospects of the Asian market.

The creation of the subsidiary "2CRSi Singapore PTE Ltd", which will initially employ a local team of 3 people, reflects the Group's desire to expand its commercial coverage in South-East Asia. This expansion was preceded by orders totalling more than €2 million delivered in the region in 2018 and 2019. In addition to these orders, this expansion is also motivated by the sustained pace of sales consultations necessitating a permanent presence in the country, to fully benefit from opportunities in this buoyant market as well as in the countries in the zone.

In just a few years, Singapore has become a world-class centre of technological innovation and a strategic area in the deployment of cutting-edge infrastructures for both Chinese (BATX, i.e. Baidu, Alibaba, Tencent and Xiaomi) and American (GAFAM) tech giants. According to a report published in August 2019 by Cushman & Wakefield, Singapore boasts the strongest prospects in Southeast Asia in the data centre sector and is the third largest market in the world.

With the incorporation of the Boston Limited distribution network and this new subsidiary, the Group now has 25 sales offices in 11 countries.

Accompanying Gamestream in its capital injection

On 19 May 2020, 2CRSi announced its participation in the capital injection of Gamestream, the world leader in B2B video game streaming services, in the amount of €400k.

This support is part of a long-term partnership between 2CRSi and Gamestream including an initial investment by 2CRSi of approximately €1m at the end of December 2018 and the use by Gamestream of 2CRSi servers since 2018. Following this second transaction, 2CRSi's stake in Gamestream's capital is 14.4%.

Founded in 2015 and commercially launched in 2019, in less than two years Gamestream has become the world leader in cloud gaming solutions for the B2B market. The start-up provides telecom and hospitality professionals (hotels, hospitals, etc.) with its turnkey, multi-device (TVs, smartphones, PCs and tablets) solutions in Europe, Asia and the Middle East. As such, Gamestream offers its services to giants such as Etisalat (leading telecom operator in the UAE), Telkom Indonesia (leading operator in Indonesia), Sunrise (leading 5G telecom operator in Europe) and Medion (leading PC brand in Germany).

To deliver the best gaming experience in high resolution (up to 4K), Gamestream exclusively uses 2CRSi servers. This allows users to access a catalogue of video games from the market's leading publishers at very high speed.

The €3.5 million fund-raising campaign that has just been completed marks a decisive step in Gamestream's development, with the company aiming to double in size in two years. The company intends to pursue an aggressive strategy to consolidate its lead by strengthening its development teams, expanding its content catalogue and opening a branch in Asia in the near future.

2CRSi to conquer the United States and Asia with the recruitment of Wally Liaw as *President*

On 4 June 2020, 2CRSi announces the appointment of Wally Liaw as *President* of 2CRSi Corporation. This appointment marks an important step in the achievement of 2CRSi's global growth ambitions. Wally will be responsible for the United States and East Asia.

Wally Liaw (Yih-Shyan Liaw) is one of the three co-founders of Supermicro (Super Micro Computer, Inc, NASDAQ: SMCI): until his departure in 2018, Wally Liaw was a member of the Board of Directors (since the creation of the group in September 1993), General Secretary and Senior Vice President in charge of international sales. In 2019, Supermicro, the world leader in computer servers, generated sales of more than $3.5 billion, a compound annual growth rate of 21% over 10 years.

Creation of a subsidiary in Netherlands

On 23 June 2020, the subsidiary 2CRSi BV was established in the Netherlands. It is 100% owned by 2CRSi SA.

1.3 Impact of the Covid-19 pandemic

Impact on the Group's supply capacity

From February to July 2020, the company encountered supply difficulties related to Covid-19:

- Suppliers in the Asian zone ceased production, resulting in an almost complete shutdown of supplies;
- Suppliers located in the United States were no longer able to deliver due to the suspension of flights, which had a major impact on the transport of components;
- Some local suppliers stopped production in March 2020.

The scarcity of supply has naturally been accompanied by a rise in the market price of certain components, particularly memory components (DDR4), data storage components (NAND Flash), graphics processors (GPUs) and processors (CPUs).

In addition, the virtual cessation of international air travel has sharply reduced freight availability, which has both increased delivery times and greatly increased the cost of transport.

As early as February[1], the company estimated that the significant delivery delays induced by the epidemic would impact the Group's ability to deliver certain orders due for execution in the first quarter of 2020, negatively impacting business at the end of the 2019/20 financial year and the beginning of the 2020/21 financial year.

Moreover, the increase in the price of certain components and/or transport automatically reduced gross margin levels, although this effect was partially offset by the efforts made to improve the Group's purchasing conditions from its suppliers.

Mixed impact on commercial activity

As a result of an uncertain economic context, major sales discussions have been postponed due to the effects of the pandemic, as customers or prospects have themselves put their infrastructure investments on hold.

However, the sales teams that are still operational are now seeing increased interest in certain sectors such as the *cloud*, *cloud* computing (with the possibility of viewing and using a workspace hosted in the cloud on a personal computer) or online video games.

Impact on the ability to provide on-site services to customers

Aside from supply difficulties impeding our ability to deliver orders, health restrictions have been a source of difficulties in accessing customer sites: if the data centres are closed, the technical teams cannot carry out their installations or maintenance or after-sales service operations.

Impact on the integration of the Boston group

Boston's integration process has also been slowed down by travel constraints:

- The training sessions for Boston sales staff on 2CRSi products, which began in Strasbourg at the end of January, finally had to be held with several videoconferences up to August.
- The managers' last face-to-face meeting took place in February 2020. Since then, discussions have continued remotely.

Measures implemented by the group

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[1]Press release of 26 February 2020 "Expected impacts of the closure of many Asian factories due to COVID-19"

Since the beginning of 2020, the health crisis has spread to Europe and the United States. The Group has taken additional measures to protect the health of all its employees while ensuring the continuity of its activities.

The Group has benefited from support measures introduced by the French government (deferral of employer social security payments for two months, deferment of certain lease payments for six months and a partial business continuity plan) and the UK government (furlough plan).

A state-guaranteed loan (PGE) was obtained by the parent company 2CRSi SA at the end of September 2020 for an amount of approximately 10 million euros.

Cash

The Group's cash position was impacted by the need to finance working capital, while the time taken to execute an order and deliver it was longer due to the health situation.

On 31 August 2020, the Group had a net cash position of €3.1 million, to which must be added the amount of €7.9 million in available financing lines (bank overdraft, factoring, credit line). In addition, at the end of September, the Group obtained a state-guaranteed loan (PGE) of nearly €10m. Given the increase in available cash and unused lines of credit at the end of November (€9.5m), the Group does not anticipate any short-term cash flow problems.

2. Summary of the financial statements for the first half of 2020

Summary income statement (under IFRS) of the Group for the first half of 2020/21 (1 March 2020 - 31 August 2020):

In thousands of euros	31/08/2020 6 months	30/06/2019 6 months	29/02/2020 Proforma 12 months
Turnover	78,477	21,471	141,081
Production transferred to inventory	1,123	781	170
Other income from the activity	154	253	773
Consumables purchased	-65,587	-17,552	-109,013
Margin rate on turnover	*17.9%*	*21.9%*	*22.9%*
External costs	-4,150	-1,939	-11,748
Staff costs	-8,471	-3,673	-16,804
Taxes and duties	-225	-164	-631
Other operating income and expenses	-181	-16	0
EBITDA	**1,141**	**-840**	**3,829**
EBITDA margin rate on turnover	*1.5%*	*-3.9%*	*2.7%*
Current operating income	**-2,094**	**-2,208**	**-1,624**
Operating income	**-2,094**	**-2,208**	**-1,715**
Financial income	**-950**	**-220**	**917**
Net income	**-2,638**	**-2,197**	**-614**
Group share	**-2,531**	**-2,181**	**-827**
Minority shareholders	**-107**	**-16**	**213**

Notes:
Margin rate on turnover = (Turnover + production transferred to inventory - purchases consumed) / turnover
2019 was marked by the acquisition of Boston Limited, completed in November 2019, and by the change in the balance sheet date of the financial year from 31 December to the end of February. In light of these factors, the Group presented a pro forma income statement for the 12 months from 1 March 2019 to 29 February 2020 in its financial statements for the year ending 29 February 2020. It was prepared:

- Based on the consolidated financial statements of the former 2CRSi group for the 14-month period from 1 January 2019 to 29 February 2020, less the consolidated accounts drawn up for the period from 1 January 2019 to 28 February 2019 for the same structure.
- By adding the consolidated income statement of the Boston Ltd group for the period from 1 March 2019 to 29 February 2020, considering that the fair value adjustments determined on 18/11/2019 would have been identical on 1 March 2019 (without taking into account, over 12 months, the amortization of the customer relationship, and the accretion of the debt related to the put).

Turnover

Revenues consist of sales of servers, components, funding leasing contracts (for the Blade customer) and, to a lesser extent, services (installation, testing and maintenance). It amounted to €78,477 thousand for the six months from 1 March to 31 August 2020.

On a historical basis alone, it rose to €24.5m, compared with €21.5m in the first half of 2019 (1 January to 30 June 2019).

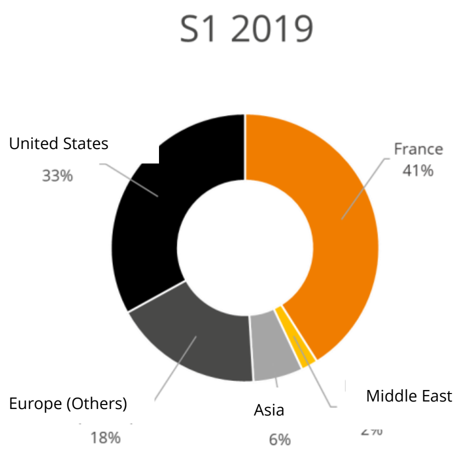
Business is in line with the targets set by the Group for the full year, with the level of business traditionally stronger at the end of the year.

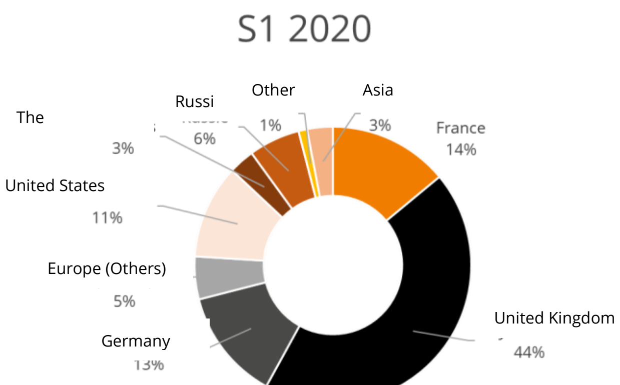
Building on its new commercial successes, the Group continues to diversify its customer portfolio:

- While the 10 largest customers in H1 2019 accounted for nearly 72% of total sales, this share has now been reduced to 49%, or €38.1 million.
- Similarly, while the Group's biggest customer in H1 2019 accounted for 44% of total revenue, the share of the Group's first customer in H1 2020/21 is now only 13%.

The Group notes that in the first half of the year, only about 40% of the Blade order, announced on 27 April 2020 for nearly €25 million, was delivered and booked as revenue. Deliveries of the remaining 60% have been postponed due to delays in Blade's preparation of the data centres to accommodate the servers; these are scheduled for the third quarter of 2020, and can be delivered as soon as the customer is ready.

The acquisition of Boston Limited also helped to accelerate the Group's internationalisation, which is ongoing. While France was the Group's leading country in the first half of 2018, accounting for 68% of its business, it accounted for only 41% in the first half of 2019 and just 14% today. The United Kingdom, where Boston generated most of its revenue, is now the Group's leading country with 44% of business. Finally, 13% and 11% of the Group's sales are generated in Germany and the United States respectively.





EBITDA of €1.1m despite the effects of COVID on supply conditions and the human investments made to ensure the Group's growth

In the first half of 2020-21, the Group recorded EBITDA of €1.1m. Alongside satisfactory business activity, this rate of profitability over the period is the result of a combination of factors.

On the one hand, the health crisis led to a temporary increase in supply and transport costs, which continued in the second half of the year. This increase in costs was only partially offset by the gains on purchasing terms and conditions made since the acquisition of Boston Limited. Overall, the gross margin on orders for the period was negatively impacted.

On the other hand, as expected, profitability reflects the Group's recent structuring efforts. Attracting the best talent is key to sustaining and accelerating growth and seizing all opportunities in our markets. These efforts have resulted in new hires of more experienced staff, mainly in the marketing and sales teams. In addition, last year's new hires, which were more numerous at the end of the period, had an impact over the entire half-year, as opposed to a few months during the 14-month 2019-20 financial year.

For the first half of 2020-21, profit from recurring business amounted to €(2.1) million on sales of €78.5 million, as against a loss of €(2.2) million in the first half of 2019, relative to sales for the period of €21.5 million. For the year 2019-20 pro forma, the loss amounted to €(1.6)m based on sales of €141.1m. The change in operating profit from ordinary activities is mainly due to the increase in net allocations due to the amortisation of the rights of use of property leases, particularly in Nanterre and Strasbourg, over the entire half-year period.

After taking into account net financial income, which includes the cost of debt and financial income related to server funding leases, and income tax, the group share of consolidated net profit amounted to €2.5 million over the half year.

3. Main risks and uncertainties for the remaining six months of the financial year

As previously communicated, 2CRSi is still exposed to uncertainties related to the health crisis and its collateral effects on the economy. The associated risks are described in chapter 5.2.5 “Risks related to Covid-19” and chapter 5.2.4 “Financial risks” of the 2019/20 Universal Registration Document filed with the French Financial Market Authority (Autorité des Marchés Financiers).

More generally, 2CRSi does not anticipate any change in its risks for the rest of the 2020 financial year as described in chapter 5 “Risk Management” of the Universal Registration Document 2019/20 approved by the AMF on 31 August 2020.

II. HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

1. The Group's key figures

The Group's consolidated figures are presented in the tables below.

The Notes are cross-references to the notes to the financial statements.

Consolidated balance sheet

In thousands of euros	Notes	31/08/2020	29/02/2020
Assets			
Goodwill	7.1	6,715	7,062
Intangible fixed assets	7.1 & 7.3	15,468	15,750
Tangible fixed assets	7.2 & 7.3	22,117	23,637
Financial offsetting receivables (non-current)	7.4	15,091	10,925
Non-current offsetting receivables		-	
Derivative instruments for non-current assets		-	
Other non-current financial assets		3,439	3,000
Deferred tax assets	6.7	1,230	1,035
Non-current assets		**64,060**	**61,408**
Inventories	7.5	38,859	34,520
Customers	7.6	22,713	21,820
Other current assets	7.7	11,356	17,770
Financial offsetting receivables (current)	7.4	11,646	11,796
Cash flow and cash equivalents		5,314	10,175
Current assets		**89,889**	**96,082**
Total assets		**153,949**	**157,490**
In thousands of euros		**31/08/2020**	**29/02/2020**
Shareholders' equity and liabilities			
Capital		1,282	1,282
Issuance premiums		46,084	46,084
Reserves		(1,304)	4,155
Profit for the year attributable to the owners of the company		(2,531)	(4,314)
Shareholders' equity attributable to owners of the company	7.8	**43,531**	**47,207**
Non-controlling equity reserves		(118)	120
Income from non-controlling equity		(107)	(229)
Non-controlling equity		**(225)**	**(110)**
Total shareholders' equity		**43,306**	**47,097**
Loans and financial debts	7.9	37,700	37,425
Non-current lease liabilities	7.9	14,853	15,525
Employee benefits	7.12	421	386
Deferred tax liabilities	6.7	2,768	3,115
Non-current liabilities		**55,741**	**56,451**
Current financial debts	7.9	15,183	14,460
Current lease liabilities	7.9	1,711	2,137
Other current provisions		300	265
Payables	7.10	22,273	20,336
Other current liabilities	7.11	15,435	16,742
Current liabilities		**54,903**	**53,941**
Total shareholders' equity and liabilities		**153,949**	**157,490**

Consolidated income statement

In thousands of euros	*Notes*	31/08/2020 6 months	30/06/2019 6 months
Turnover	*6.1*	78,477	21,471
Production transferred to inventory	*6.2*	1,123	781
Other income from the activity	*6.2*	154	253
Consumables purchased	*6.3*	-65,587	-17,552
Margin rate on turnover		*17.9%*	*21.9%*
External costs	*6.3*	-4,150	-1,939
Staff costs	*6.4*	-8,471	-3,673
Taxes and duties		-225	-164
Other operating income and expenses		-181	-16
EBITDA	*6.5*	**1,141**	**-840**
EBITDA margin rate on turnover		*1.5%*	*-3.9%*
Other current operating incomes and costs		0	0
Depreciation allowance and provisions	*6.5*	-3,235	-1,368
Current operating income		**-2,094**	**-2,208**
Other non-current operating income and costs		0	0
Operating income		**-2,094**	**-2,208**
Cost of gross financial debt		-1,377	-552
Other net financial income		428	332
Financial income	*6.6*	**-950**	**-220**
Income before tax		**-3,044**	**-2,428**
Taxes	*6.7*	406	231
Net income		**-2,638**	**-2,197**
Group share		**-2,531**	**-2,181**
Minority shareholders		**-107**	**-16**
Basic earning per share (EUR/share)	*6.8*	**-0.18**	**-0.15**
Diluted earnings per share (EUR/share)	*6.8*	**-0.17**	**-0.15**

Global income statement	**31/08/2020 6 months**	**30/06/2019 6 months**
(Amounts in EUR k)		
Net income	**-2,638**	**-2,197**
Conversion differences	-817	26
Items recyclable to profit or loss	-817	26
Actuarial gains and losses on net retirement commitments of deferred taxes	-616	-31
Items non-recyclable to profit or loss	**-616**	**-31**
Comprehensive income for the period	**-4,071**	**-2,202**
Group share	-3,874	-2,186
Share of non-controlling interests	-197	-16

Cash flow statement

In thousands of euros	31/08/2020	30/06/2019
Net income	(2,638)	(2,197)
Elimination of depreciation allocations and provisions	2,937	1,433
Capital gain or loss on disposal	24	581
Neutralization of the financial performance	644	441
Other income and expenses with no impact on cash flow	(1,220)	93
Elimination of tax expense/income	(406)	(231)
Self-financing capacity	**(659)**	**120**
Tax paid	(124)	(886)
Variation in financial receivable	(4,017)	3,228
Variation in needs regarding the working capital	3,118	(7,525)
Net cash flow from operational activities	**(1,682)**	**(5,063)**
Acquisition of intangible and tangible fixed assets	(2,868)	(1,333)
Securities representing participating interests	(439)	-
Impact of changes in structure	-	5
Sale of tangible and intangible assets	-	17
Financial interest received	-	-
Variation in agreed loans and advances	(30)	(280)
Net cash flow related to (used in) investing activities	**(3,337)**	**(1,591)**
Dividends paid by the consolidating company	-	-
Capital increases (reductions)	-	-
Net disposal (acquisition) of own shares	22	-
Loan issuance	4,206	3,888
Loan repayments	(5,546)	(6,048)
Interest paid	68	(465)
Financial interest received	-	245
Factoring	(199)	-
Net cash flow from (used in) funding activities	**(1,449)**	**(2,380)**
Impact of exchange rate variation	(183)	15
Cash flow change	**(6,651)**	**(9,019)**
Cash flow and cash equivalents at opening up of share capital	9,779	14,493
Cash flow and cash equivalents at balance sheet date	3,128	5,473
of which cash flow and cash equivalents	5,314	5,482
of which current bank loans	(2,186)	(9)

DETAIL OF VARIATION IN WORKING CAPITAL		
(Amounts in EUR k)	31/08/2020	30/06/2019
Inventories (net of depreciation)	(4,934)	(2,242)
Offsetting receivables and related accounts (net of write-downs)	3,238	3,666
Other current assets	-	879
Trade payables and related	4,813	(11,041)
Other current liabilities	-	1,213
Total variations	**3,117**	**(7,525)**

2. Notes to the consolidated financial statements

NOTE 1. OVERVIEW OF ACTIVITIES AND MAJOR EVENTS

1.1. Information relating to the Company and their activity

2CRSI is a public limited company incorporated under French law, listed on Euronext Paris, compartment C. The Company and their subsidiaries are hereinafter referred to as "the Group" or "the 2CRSI group". The headquarters of the Company is located at 32, rue Jacobi Netter, 67200 Strasbourg, (France).

The condensed interim consolidated financial statements as of 31 August 2020 reflect the financial position of the Company and its subsidiaries.

On 4 December 2020, the Board of Directors approved and authorised the publication of 2CRSI's condensed interim consolidated financial statements for the six months ending 31 August 2020.

Following the decision of the Shareholders' Meeting of December 2019 to change the balance sheet date of the financial year to the end of February, the previous financial year had an exceptional period of 14 months, from January 1, 2019 to February 29, 2020, with a first half year from January 1 to June 30, 2019. The half-yearly information at 30 June 2019 is also presented for reference. It does not include the operating results for Boston Limited, but only those of the entities in the historical 2CRSi structure (before the acquisition).

<u>SEASONALITY OF THE BUSINESS</u>

The sector in which the Group operates is subject to seasonal variations. Thus, the Group's sales are generally higher in the second and fourth calendar quarters, with the latter being the strongest quarter of the year.

Seasonality is due in particular to slower activity in the third quarter because companies take advantage of the summer break to deploy equipment acquired during the second quarter, and because some of the Group's customers or users of its products have to set up certain infrastructures ahead of larger purchases at Christmas time (*cloud gaming*), or because weather conditions make it more difficult to deliver products in the first quarter.

Consequently, the Group's results as of 31 August 2020 are not indicative of those that could be expected for the full 2020/21 financial year.

1.2. Important events

1.2.1 New customer orders

Confirmation of the Blade order

Following the intention to order announced in the press release of 24 January 2020, at the end of April 2020, 2CRSi announced that it had accepted an order from Blade for a total amount of €24.9 million.
For this order, to equip the mid and high-end PC service packages in the "Shadow" cloud, 2CRSi developed a brand-new type of calculation server, with even higher efficiency both in terms of the resources used to manufacture them and in terms of energy consumption, with an expected gain of more than 30% compared to market standards.

2CRSi and Linkoffice sign a contract for a total amount of €6.5M

On 26 May, 2CRSi and Linkoffice, the VDI B2B expert, announced the signing of a €6.5M contract for the supply of calculation and storage servers.

The contract covers the supply of a hardware and software infrastructure that integrates the Xeon Platinum processors, the best ever produced by Intel to date. The first firm order (about a quarter of the total) will be delivered in 2020. Subsequent stages will be subject to the perfect execution of this first stage, inter alia. The contract has a term of four years.

Under the signed contract, Linkoffice will receive business support from 2CRSi: the Linkoffice solution will now be offered through the Group's entire distribution network in France and abroad, both in the world of chartered accountants and in many other fields of activity where information confidentiality is a critical issue.

Thanks to this order, Linkoffice, a new 2CRSi customer, will be among the top 20 French customers in 2020.

1.2.2 Expanded strategic positions

2CRSi is boosting its presence on the Asian market with the opening of a subsidiary in Singapore

On 13 May 2020, 2CRSi announced the opening of a subsidiary in Singapore. This new commercial establishment is part of the Group's development strategy aimed at extending its market presence to take advantage of the very strong growth prospects of the Asian market.

The creation of the subsidiary "2CRSi Singapore PTE Ltd", which will initially employ a local team of 3 people, reflects the Group's desire to expand its commercial coverage in South-

East Asia. This expansion was preceded by orders totalling more than €2 million delivered in the region in 2018 and 2019. In addition to these orders, this expansion is also motivated by the sustained pace of sales consultations necessitating a permanent presence in the country, to fully benefit from opportunities in this buoyant market as well as in the countries in the zone.

In just a few years, Singapore has become a world-class centre of technological innovation and a strategic area in the deployment of cutting-edge infrastructures for both Chinese (BATX, i.e. Baidu, Alibaba, Tencent and Xiaomi) and American (GAFAM) tech giants. According to a report published in August 2019 by Cushman & Wakefield, Singapore boasts the strongest prospects in Southeast Asia in the data centre sector and is the third largest market in the world.

With the incorporation of the Boston Limited distribution network and this new subsidiary, the Group now has 25 sales offices in 11 countries.

Accompanying Gamestream in its capital injection

On 19 May 2020, 2CRSi announced its participation in the capital injection of Gamestream, the world leader in B2B video game streaming services, in the amount of €400k.

This support is part of a long-term partnership between 2CRSi and Gamestream including an initial investment by 2CRSi of approximately €1m at the end of December 2018 and the use by Gamestream of 2CRSi servers since 2018. Following this second transaction, 2CRSi's stake in Gamestream's capital is 14.4%.

Founded in 2015 and commercially launched in 2019, in less than two years Gamestream has become the world leader in cloud gaming solutions for the B2B market. The start-up provides telecom and hospitality professionals (hotels, hospitals, etc.) with its turnkey, multi-device (TVs, smartphones, PCs and tablets) solutions in Europe, Asia and the Middle East. As such, Gamestream offers its services to giants such as Etisalat (leading telecom operator in the UAE), Telkom Indonesia (leading operator in Indonesia), Sunrise (leading 5G telecom operator in Europe) and Medion (leading PC brand in Germany).

To deliver the best gaming experience in high resolution (up to 4K), Gamestream exclusively uses 2CRSi servers. This allows users to access a catalogue of video games from the market's leading publishers at very high speed.

The €3.5 million fund-raising campaign that has just been completed marks a decisive step in Gamestream's development, with the company aiming to double in size in two years. The company intends to pursue an aggressive strategy to consolidate its lead by strengthening its development teams, expanding its content catalogue and opening a branch in Asia in the near future.

2CRSi to conquer the United States and Asia with the recruitment of Wally Liaw as *President*

On 4 June 2020, 2CRSi announces the appointment of Wally Liaw as *President* of 2CRSi Corporation. This appointment marks an important step in the achievement of 2CRSi's global growth ambitions. Wally will be responsible for the United States and East Asia.

Wally Liaw (Yih-Shyan Liaw) is one of the three co-founders of Supermicro (Super Micro Computer, Inc, NASDAQ: SMCI): until his departure in 2018, Wally Liaw was a member of the Board of Directors (since the creation of the group in September 1993), General Secretary and Senior Vice President in charge of international sales. In 2019, Supermicro, the world leader in computer servers, generated sales of more than $3.5 billion, a compound annual growth rate of 21% over 10 years.

Creation of a subsidiary in Netherlands

On 23 June 2020, the subsidiary 2CRSi BV was established in the Netherlands. It is 100% owned by 2CRSi SA.

1.3. Post-closing events

Implementation of a state-guaranteed loan worth approximately €10 million

At the end of September 2020, 2CRSi received the agreements of a group of banking partners for a loan of around €10 million, 90% guaranteed by the French State (PGE). This new funding was obtained from leading banks, which are long-standing partners of the Group. The loan, which is non-dilutive for shareholders, carries a fixed annual interest rate of 0.25% for the first year; it has an initial maturity of one year and an extension option, exercisable by 2CRSi, for up to 5 additional years.

Appointment of a new independent director to the Board of Directors

2CRSi's Board of Directors welcomes Mr Dominique Henneresse as an independent director.

His appointment follows the adoption of the fifth resolution tabled on the agenda of the General Meeting of 25 September 2020.

Dominique Henneresse, 68, a graduate of Sciences Po Strasbourg and MBA HEC, has held positions as Management Controller, then Administrative and Financial Director in subsidiaries of major groups such as Alcatel, Steelcase Strafor and Point P. After managing an industrial SME, Dominique Henneresse joined the De Dietrich Group in 1996, first as DAF Group and then, from 2000, as CEO of De Dietrich Thermique (DDT). When DDT was sold, he also became co-manager of the Dutch group De Dietrich Remeha (DDR). Since 2010, he has been active in business consulting. He has held numerous positions on ETI's supervisory boards and strategic committees.

In accordance with the recommendations of the Middlenext code, the Board of Directors of the 2CRSi Group now includes 2 independent directors out of a total of 7 directors, 4 men and 3 women.

OVHcloud joins forces with 2CRSi for its Asian data centres

OVHcloud, the European leader in the cloud, has chosen 2CRSi to supply servers for its Public Cloud in Singapore and Australia.

With more than 1.5 million customers and a presence in more than 30 data centres on 4 continents, OVHcloud is a global leader in the cloud market. As part of its multi-local development strategy, the French group sees 2CRSi's high-performance server solutions as a response to the speed and reliability requirements posed by its Public Cloud solution, which is now offered in its shared data centres in Singapore and Australia.

With 2CRSi's OCtoPus 3 servers, also known for their low energy consumption, OVHcloud will benefit from the most advanced technologies in the sector. The servers will be installed in OCtoRack 42 SL modular racks, designed by 2CRSi to increase the available computing density per m² while maintaining modular dimensions in line with the usual data centre standards.

The first deliveries are scheduled for December 2020, but the bulk of the investment planned by OVHcloud is expected from 2021, in line with the Group's growth plan. 2CRSi will communicate on orders as they are delivered.

go2cloud chooses 2CRSi as its preferred partner to provide high performance servers

go2cloud, a European provider of High Performance Computing (HPC) services, has chosen 2CRSi as its preferred partner to develop its capabilities in Europe and the Middle East.

The partnership entails three orders that will be delivered to go2cloud data centres in Europe by the end of 2020. These new multi-processor servers will provide additional capacity for go2cloud customers.

go2cloud has already expressed strong interest in the energy efficient 2CRSi servers. In the future, 2CRSi expects this partner to become one of its top 10 customers.

NOTE 2. IMPACT OF THE COVID-19 PANDEMIC

Impact on the Group's supply capacity

From February to July 2020, the company encountered supply difficulties related to Covid-19:

- Suppliers in the Asian zone ceased production, resulting in an almost complete shutdown of supplies;
- Suppliers located in the United States were no longer able to deliver due to the suspension of flights, which had a major impact on the transport of components;

- Some local suppliers stopped production in March 2020.

The scarcity of supply has naturally been accompanied by a rise in the market price of certain components, particularly memory components (DDR4), data storage components (NAND Flash), graphics processors (GPUs) and processors (CPUs).

In addition, the virtual cessation of international air travel has sharply reduced freight availability, which has both increased delivery times and greatly increased the cost of transport.

As early as February[2], the company estimated that the significant delivery delays induced by the epidemic would impact the Group's ability to deliver certain orders due for execution in the first quarter of 2020, negatively impacting business at the end of the 2019/20 financial year and the beginning of the 2020/21 financial year.

Moreover, the increase in the price of certain components and/or transport automatically reduced gross margin levels, although this effect was partially offset by the efforts made to improve the Group's purchasing conditions from its suppliers.

[2]Press release of 26 February 2020 "Expected impacts of the closure of many Asian factories due to COVID-19"

Mixed impact on commercial activity

As a result of an uncertain economic context, major sales discussions have been postponed due to the effects of the pandemic, as customers or prospects have themselves put their infrastructure investments on hold.

However, the sales teams that are still operational are now seeing increased interest in certain sectors such as the *cloud*, *cloud* computing (with the possibility of viewing and using a workspace hosted in the cloud on a personal computer) or online video games.

Impact on the ability to provide on-site services to customers

Aside from supply difficulties impeding our ability to deliver orders, health restrictions have been a source of difficulties in accessing customer sites: if the data centres are closed, the technical teams cannot carry out their installations or maintenance or after-sales service operations.

Impact on the integration of the Boston group

Boston's integration process has also been slowed down by travel constraints:

- The training sessions for Boston sales staff on 2CRSi products, which began in Strasbourg at the end of January, finally had to be held with several videoconferences up to August.
- The managers' last face-to-face meeting took place in February 2020. Since then, discussions have continued remotely.

Measures implemented by the group

Since the beginning of 2020, the health crisis has spread to Europe and the United States. The Group has taken additional measures to protect the health of all its employees while ensuring the continuity of its activities.

The Group has benefited from support measures introduced by the French government (deferral of employer social security payments for two months, deferment of certain lease payments for six months and a partial business continuity plan) and the UK government (furlough plan).

A state-guaranteed loan (PGE) was obtained by the parent company 2CRSi SA at the end of September 2020 for an amount of approximately 10 million euros.

Cash

The Group's cash position was impacted by the need to finance working capital, while the time taken to execute an order and deliver it was longer due to the health situation.

On 31 August 2020, the Group had a net cash position of €3.1 million, to which must be added the amount of €7.9 million in available financing lines (bank overdraft, factoring, credit line). In addition, at the end of September, the Group obtained a state-guaranteed loan (PGE) of nearly €10m. Given the available cash and credit facilities available at the date of this document, the Company considers that it will be able to meet its obligations over the next 12 months.

NOTE 3. GENERAL PRINCIPLES

The financial statements are presented in thousands of euros (k euros) unless otherwise indicated. Rounding is done for the calculation of certain financial data and other information contained in these accounts. As a result, figures shown as totals in some tables may not be the exact sum of the figures preceding them.

3.1. Baseline

The condensed interim consolidated financial statements, presented in summary form, have been prepared in accordance with International Financial Reporting Standard IAS 34 ("Interim Financial Reporting"). They do not include all the information and notes as presented in the annual financial statements. Therefore they should be read in conjunction with the Group's consolidated financial statements at 29 February 2020 which are available on request from the Company's headquarters or on the website investors.2crsi.com/en/annual reports and prospects/.

The accounting principles used to prepare the condensed interim consolidated financial statements for the six months ended 31 August 2020 are identical to those applied for the annual consolidated financial statements for the year ended 29 February 2020.

In addition, the amendments to standards that are mandatory as of 1 January 2020, and not applied in advance, are as follows:

- Amendments to IFRS 3 - Business combinations, the definition of a "business" (published in October 2018). These amendments, approved by Europe on 21 April 2020, aim to clarify the application guide of the standard to help stakeholders differentiate between a company and a group of assets.

- Amendments to IFRS 9, IAS 39, IFRS 7 as part of the interest rate reference reform. These amendments were adopted by the European Union regulation of 15 January 2020 and aim to improve the financial reporting of entities during the period of uncertainty related to the IBOR reform.
- Amendments to IAS 1 and IAS 8: definition of materiality (published in October 2018). These amendments were adopted by the European Union regulation of 29 November 2019.
- Amendments to the IFRS conceptual framework (published in March 2018). The document adopted by Europe on 29 November 2019 aims to replace existing references to previous frameworks in several standards and interpretations with references to the revised conceptual framework.

The above-mentioned texts 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 2020:

- Amendments to IAS 1 - Presentation of Financial Statements: classification of liabilities as current or non-current (published in January 2020). The purpose of these amendments is to postpone the effective date of the amendments to IAS 1 concerning the classification of current and non-current liabilities to fiscal years beginning on or after 1 January 2023, subject to its adoption by Europe.

Amendment to IFRS 16 on rent relief related to Covid-19 (published on 28 May 2020). The amendment is a relaxation measure that allows tenants not to treat such reliefs as lease amendments even though they should qualify as such. This amendment does not affect lessors. The amendment entered into force on 1 June 2020 but has not yet been adopted by Europe.

3.2. Use of judgements and estimates

In order to prepare the financial statements in accordance with IFRS, management uses estimates and judgments 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 under income and expenses for the year.

These estimates are based on the assumption of continuity of operation and are established on the basis of the information available at the time of their establishment. They are evaluated on an ongoing basis, based on past experience, as well as various other factors considered reasonable, which form the basis when assessing 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 performance could differ materially from these estimates, depending on different assumptions or conditions. The impact of these changes in the estimate is accounted during the period, or over the subsequent periods affected.

In preparing these condensed interim consolidated financial statements, the main judgements made by management and the main assumptions used in updating significant estimates are as follows:

- Accounting treatment of development costs;
- Allocation of share subscription warrants;
- Repayable advances;
- Discount rates and lease terms;
- The highly advantageous nature of the purchase option granted to customers in connection with server funding leases;
- Measurement at fair value of assets and liabilities acquired in business combinations;
- Measurement at fair value of debts to minority shareholders recorded in the context of business combinations;
- Absence of indication of impairment of intangible assets and goodwill

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

At the date of this report, the Group believes that Brexit is not expected to have a significant impact on its accounts. Indeed, as part of its multi-local strategy, the Group already has regional production sites, including two sites in the United Kingdom (including one for Tranquil products), two sites in the European Union, one site in the United States and one site in India. The creation of a second Tranquil production site in Europe is under consideration. It is therefore possible to serve each market from a local base.

3.3. Valuation methods specific to the interim consolidated financial statements

Provisions for post-employment obligations

The half-yearly charge for post-employment obligations is calculated on the basis of the actuarial valuations performed at the end of the previous year. These valuations are adjusted, if necessary, to take into account any curtailments, settlements or other significant non-recurring events that occurred during the half-year period.

Corporate income tax

The rate of tax applicable to the Company is the rate applicable in France, i.e. 28%.

2CRSi ME FZE is tax-exempt, being located in a free zone of Dubai.

For other companies, the applicable rates are:

- 29.84% for the United States (federal rate),
- 19% for subsidiaries in the United Kingdom
- 15.83% for Boston GmbH
- 32.05% for Escape Technology GmbH
- 27.5% for Australia.

NOTE 4. SCOPE OF CONSOLIDATION

4.1. Operation in the first half of 2020/21

On 23 June 2020, a new subsidiary, 2CRSi BV, was established in the Netherlands. It is 100% owned by 2CRSi SA.

4.2. Consolidation structure

At 31 August 2020, the Group was made up of 16 entities, all fully consolidated:

Companies	Country	% holding	Control of the Group (in %) of interest	% of interest	Consolidation method
2CRSi SA	France		Parent company		
2CRSi Corporation	United States	100%	Subsidiary company 100%	100%	Overall integration
Boston France (Adimes)	France	100%	Subsidiary company 100%	100%	Overall integration
2CRSi Ltd	United Kingdom	100%	Subsidiary company 100%	100%	Overall integration
2CRSi UK	United Kingdom	80%	Subsidiary company 100%	100%	Overall integration
2CRSi ME FZE	Dubai	100%	Subsidiary company 100%	100%	Overall integration
Green Data SAS	France	55%	Subsidiary company 100%	100%	Overall integration
2CRSi London Ltd	United Kingdom	100%	Subsidiary company 100%	100%	Overall integration
Boston Ltd	United Kingdom	70%	Subsidiary company 100%	100%	Overall integration
Boston Server & Storage Solutions Gmbh	Germany	70%	Subsidiary company 100%	100%	Overall integration
Escape Technology Ltd	United Kingdom	70%	Subsidiary company 100%	100%	Overall integration
Escape Technology Gmbh	Germany	70%	Subsidiary company 100%	100%	Overall integration
Boston IT Solutions Australia Pty Ltd	Australia	70%	Subsidiary company 100%	100%	Overall integration
Boston SARL	France	35%	Subsidiary company 50%	50%	Overall integration
2CRSi Singapore	Singapore	100%	Subsidiary company 100%	100%	Overall integration
2CRSi Bv	The Netherlands	100%	Subsidiary company 100%	100%	Overall integration

During the period from 1 March to 31 August 2020, the structure of consolidation changed as follows:

- Creation of the entity 2CRSi BV on 23 June 2020

The financial year from 1 January 2019 to 29 February, 2020 had seen a change in the consolidation structure, with the acquisition of 70% of Boston Group Ltd. This operation includes price revision clauses and cross options to buy and sell the remaining securities, namely 30% valid for 5 years. The put on minority shareholding, discounted according to the IRR of the transaction, was registered in financial debt. In the interim financial statements, a charge of €616k was registered in financial income for the accretion of the debt.

In addition, since minority shareholders do not have access to dividends, Boston Ltd's income is recorded at 100% Group share.

The purchase price allocation was not changed during the period. As it remained unchanged, it became definitive on 18 November 2020.

To facilitate reading and understanding of the Group's performance in 2020 compared to 2019, the effect of the acquisition of Boston over the period from 1 March to 31 August 2020 is detailed below:

Half-yearly financial statements In thousands of euros	**Group**	2CRSI previous structure	Boston structure
Turnover	**78,477**	24,546	53,931
EBITDA	**1,141**	272	869
Operating income	**-2,094**	-1,814	-280

Conversion of subsidiary financial statements

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

		31/08/2020		29/02/2020		30/06/2019	
	€1 is equivalent to	**Average rate**	**Closing rate**	**Average rate**	**Closing rate**	**Average rate**	**Closing rate**
US Dollar	USD	1.1828	1.1940	1.1168	1.0977	1.1298	1.1380
Pound sterling	GBP	0.9008	0.8960	0.8773	0.8532	0.8736	0.8966
United Arab Emirates Dirham	AED	4.1648	4.3482	4.1012	4.0503	4.2460	4.1764
Australian dollar	AUD	1.6432	1.6214	1.6220	1.6875	N.A.	N.A.
Pound sterling (Boston entry)	GBP	0.9008	0.8960	0.8488	0.8532	N.A.	N.A.

Note: the average rate for the pound sterling (from the addition of Boston to the structure) corresponds to the period from 18/11/2019 to 29/02/2020.

Source: Bank of France

N/A: Not applicable

NOTE 5. SECTORIAL INFORMATION

The IFRS 8 "Operating sectors" regulation has led the Group to present only one activity "sale of components and/or finished products". The breakdown of revenue by geographical area is shown in Note 6.1.

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

NON-CURRENT ASSETS (excluding deferred taxes)	31/08/2020 (Amounts in EUR k)				29/02/2020 (Amounts in EUR k)			
	France	United Kingdom	Others	**Total**	France	United Kingdom	Others	**Total**
Goodwill	200	6,515		6,715	200	6,862		7,062
Intangible fixed assets	2,305	13,068	95	15,468	1,630	111	14,008	15,750
Tangible fixed assets	18,179	3,200	738	22,117	19,116	3,531	990	23,637
Financial offsetting receivables	14,748	323	20	15,091	10,676	406	(157)	10,925
Other financial assets excluding deferred taxes	3,439			3,439	3,000		-	3,000
Total non-current assets (excluding deferred taxes)	**38,871**	**23,106**	**853**	**62,830**	**34,622**	**10,910**	**14,841**	**60,373**

NOTE 6. INFORMATION ON THE INCOME STATEMENT

6.1. Income from ordinary activities

Except for their lease funding activity, the Group applies IFRS 15 for the registration of their income from ordinary activities. As such, the income is registered when the Group fulfils a performance 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 revenue from the following main sources:

- server sales;
- component sales;
- server funding leases;
- sales of services for which the duration of the contracts is less than twelve months.

Regarding their server lease funding business, the Group applies IFRS 16 and, in particular, the rules relating to manufacturer distributors and therefore, presents the rental income in turnover, and the production cost as an expense, at the start date of the lease.

Server funding lease operations

The overall balance of the offsetting receivables related to server funding leases (with 3 customers to date) amounted to €13 million as of 31 August 2020 (vs. 5.4 million as of 29 February 2020 for Blade alone), with each of the offsetting receivables discounted at the average rate specified in the contract. This increase can be explained by the following transactions A+B-C=D, where

Financial offsetting receivables as at 29/02/2020 (A)	Offsetting receivables relating to deliveries made during the first half of the year (B)	Amounts of offsetting receivables collected over the half-year period (C)	Financial offsetting receivables as at 31/08/2020 (D)
€5.4 million	€11.5 million	€3.4 million	€13 million

Note: the difference of €0.5M is due to the exchange difference of the dollar-denominated offsetting receivables as at 31/08/2020.

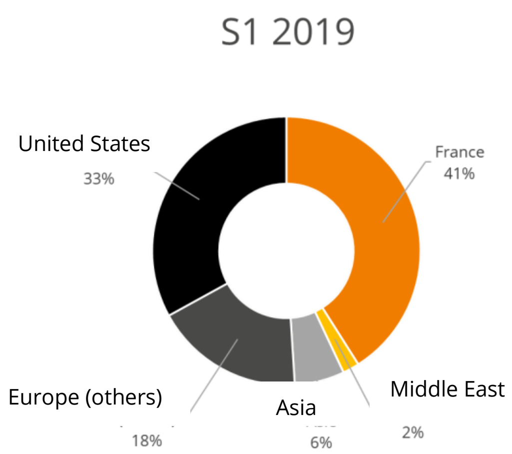
2CRSi has also signed funding agreements with several banking institutions to fund some of the production of these servers.

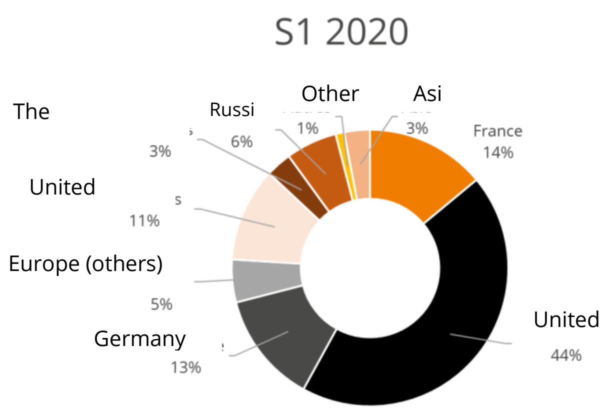
This funding received from the banks is recorded as financial charges. The balance stood at €12.4 million as at 31 August 2020. The funding rate granted by the banks is between 3 and 7%. Some funding has been subject to a 6-month maturity extension (from March to September) as support from the banks during the Covid-19 period.

Net financial income relating to all funding leases totalled €43k over the half year (€113k in expenses and €156k in income) and was recorded in the financial income.

Breakdown of turnover

During the six months of the first half of 2020/21, the Group generated sales of €78.5m, broken down by geographical area of delivery as follows:





6.2. Other current operating income

OTHER PROFITS AND OPERATING CHARGES (Amounts in EUR k)	30/08/2020 6 months	30/06/2019 6 months
Production transferred to inventory	1,123	781
Others	154	253
TOTAL	**1,277**	**1,033**

The variation in production transferred to inventory is mainly due to the high level of work in progress in France as of 31/08/2020.

6.3. Purchases consumed and external charges

CONSUMABLES PURCHASED (Amounts in EUR k)	31/08/2020 6 months	30/06/2019 6 months
Variation in inventory of goods	4,110	2,134
Purchases of goods and raw materials	(69,554)	(19,599)
Exchange gains and losses	(142)	3
Others	-	(90)
TOTAL	**(65,587)**	**(17,552)**

EXTERNAL COSTS (Amounts in EUR k)	31/08/2020 6 months	30/06/2019 6 months
External services	(3,779)	(1,831)
Others	(371)	(108)
TOTAL	**(4,150)**	**(1,939)**

6.4. Workforce and payroll

TOTAL PAYROLL (Amounts in EUR k)	31/08/2020 6 months	30/06/2019 6 months
Gross compensation	(7,272)	(3,033)
Social security contributions	(1,775)	(964)
Other personnel costs (including capitalized production)	577	324
TOTAL	**(8,471)**	**(3,673)**

Following the decision of the Board of Directors of 12 December 2018, on 20 January 2019, the Company allocated free shares to their officers and employees under certain conditions.

The total costs corresponding to these allocations is estimated at €1.2 million. In accordance with IFRS2, it is registered as a personnel expense over the purchasing period, or linearly over 5 years. In the condensed interim consolidated financial statements for the six months ended 31 August 2020, the expense recorded in this respect amounts to €110 thousand.

Following the decision of the Board of Directors on 18 March 2020, the Company granted free shares to certain employees in Boston. The total expense corresponding to this grant is valued at €250k, spread over the vesting period, i.e. on a straight-line basis over 2 years. Over the first half of the year, it amounted to €57k.

The actual complement at the end of the period can be broken down as follows:

Workforce	31/08/2020	29/02/2020	30/06/2019
Operations	103	109	48
Relations clients, sales & marketing	142	146	49
R&D	30	27	16
Support functions	71	68	23
TOTAL	**346**	**350**	**136**

Workforce	31/08/2020	29/02/2020	30/06/2019
France	122	126	103
United States	13	11	11
United Kingdom	160	162	14
Dubai	8	8	8
Germany	41	40	-
Australia	2	3	-
TOTAL	**346**	**350**	**136**

6.5. Operational performance

The Group has chosen to present EBITDA ("*Earnings Before Interests, Taxes, Depreciation and Amortization*") to facilitate the reader's analysis. EBITDA is not a standardized indicator under IFRS and is not an accounting measure of the Group's financial performance. It must be considered as additional information, not substitutable for any other operational and financial performance measure 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 allocations and provisions and other current and non-current operating expenses and income. Non-current operating income and expenses include, in particular, depreciation of intangible assets, the profit produced by the sale of capital assets, restructuring costs, costs relating to staff adjustment measures and fees relating to the proposed introduction into the stock exchange. Other current operating income and expenses include acquisition costs incurred during business combinations.

EBITDA for the period is as follows:

EBITDA (Amounts in EUR k)	31/08/2020 6 months	30/06/2019 6 months
Operating income	**(2,094)**	**(2,208)**
Net depreciation allocations and provisions	3,235	1,368
Other current income and expenses	-	-
Other non-current income and expenses	-	-
EBITDA	**1,141**	**(840)**
EBITDA margin rate on turnover	1.5%	-3.9%

Other current income and expenses corresponding to the company's current management income and expenses.

Other non-recurring income and expenses corresponding mainly to the recognition of unrealised foreign exchange gains and losses on foreign currency offsetting receivables and payables.

Net depreciation allocations and provisions break down as follows:

Net depreciation allowance and provisions (Amounts in EUR k)	
Net provisions allocations	**-421**
Net depreciation allocations	**-1,403**
Allocations to IFRS16 restatements and credit lease	**-1,411**
TOTAL	**-3,235**

6.6. Financial income

The financial income includes:

- The cost of debt
- Financial income from the leasing funding for servers (see Notes 6.1 and 7.4)

FINANCIAL INCOME AND EXPENSES (Amounts in EUR k)	31/08/2020 6 months	30/06/2019 6 months
Cost of gross financial debt	**(1,377)**	**(552)**
Other net financial income	428	332
Financial income	**(950)**	**(220)**

6.7. Income tax

Income tax corresponds to the cumulative tax payable by the various companies in the Group, adjusted for deferred taxation. Tax is registered in profit or loss, except if it relates to items that are registered in other comprehensive income, or directly in shareholders' equity. It is then also registered in other comprehensive income or in shareholders' equity.

Deferred taxes are measured using the balance sheet approach at the amount that the entity expects to pay or recover from tax administrations. Where applicable, the deferred taxes thus determined are influenced by any change in the tax rate, adopted or almost adopted, at the balance sheet date of the financial statements.

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

- The entity has sufficient taxable temporary differences with the same tax authority and the same taxable entity or the same tax group that will generate taxable amounts, against which tax losses and unused tax credits can be charged before they do not expire;
- It is probable that the entity will generate taxable profits before the expiration of tax losses or unused tax credits;
- Unused tax losses result from identifiable causes which are unlikely to recur;
- Opportunities related to the entity's tax management will generate taxable profit during the year in which tax losses or unused tax credits can be charged.

DEFERRED TAX ASSETS AND LIABILITIES

The rate of tax applicable to the Company 2CRSi is the rate applicable in France, i.e. 28%.

2CRSi ME FZE is tax-exempt, being located in a free zone of Dubai.

For other companies, the applicable rates are:

- 29.84% for the United States (federal rate),
- 19% for subsidiaries in the United Kingdom,
- 15.83% for Boston GmbH,
- 32.05% for Escape Technology GmbH,
- 27.5% for Australia.

Proof of tax (Amounts in EUR k)	31/08/2020	30/06/2019
Net income	(2,638)	(2,197)
Consolidated tax	406	231
Income before taxes	**(3,044)**	**(2,428)**
The current tax rate in France	28%	33%
Theoretical tax charge at the current rate in France	**852**	**809**
Implications for theoretical tax:	**31/08/2020**	**30/06/2019**
Permanent differences	-	(6)
Temporary differences	65	(29)
Impact of deferrable deficits	(278)	(267)
Consumption registrations without tax impact	-	(46)
Incidence of foreign corporation tax rate	(304)	(196)
Incidence ID rate at 25%	-	(42)
Tax credit	71	67
Variable carry-over	-	(60)
Actual income tax charge (income if positive)	**406**	**231**

Deferred taxes by type (Amounts in EUR k)	31/08/2020		29/02/2020	
	IDA	IDP	IDA	IDP
Deferred tax on retirement indemnities		114	105	
Deferred tax on leases IFRS 16	1,230		445	
Deferred tax on development costs		(308)		
Deferred tax on other temporary differences		89	89	
Deferred tax on revaluation of assets (IFRS 3)		(2,610)		(2,661)
Other deferred taxes		(53)	396	(453)
Total	**1,230**	**(2,768)**	**1,035**	**(3,114)**

6.8. Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to holders of Group shares by the weighted average number of ordinary shares outstanding during the period.

Diluted earning per share is determined by adjusting the income attributable to holders of ordinary shares, and the weighted average number of ordinary shares, outstanding for the effects of all dilutive instruments being acquired. For the calculation of diluted earnings per share, the 2017 preference shares have not been taken into account because there is no automatic conversion mechanism, and this cannot be done by simple decision of the holders of converting these preference shares into shares.

The table below shows the calculation of consolidated net earning per share:

BASIC EARNINGS PER SHARE	31/08/2020 6 months	30/06/2019 6 months
Group share income (in EUR k)	(2,531)	(2,181)
Weighted average number of ordinary shares outstanding	14,243,430	14,243,430
Basic earning per share (EUR/share)	**(0,18)**	**(0,15)**
Weighted average number of shares outstanding	14,525,983	14,411,152
Diluted earnings per share (EUR/share)	**(0,17)**	**(0,15)**

The weighted average number of shares in circulation includes 282,553 free shares in the process of being acquired.

NOTE 7. DETAILS OF THE FINANCIAL POSITION

7.1. Intangible assets and goodwill

The acquisition in 2018 of Tranquil PC Ltd (2CRSi UK to date) resulted in the recording of goodwill of €2,055k, which became definitive during the financial year ending 29 February 2020. It was converted at the closing rate (EUR/GBP) and amounted to €1,956k on 31 August 2020.

On 18 November 2019, the Group acquired a 70% stake in Boston Ltd. The recorded goodwill amounts to €4,940 k on 31 August 2020 (compared to €4,807 k on 29 February 2020). The allocation of the purchase price of Boston Ltd is unchanged and became definitive on 18 November 2020.

Intangible assets include:

- Development costs
- Software licenses

In accordance with the IAS 38 standard, development costs incurred by the Group must be capitalized when the following criteria are met:

- The Group has the intention and the technical capacity to bring the development project to fruition;
- There is a high probability that the future economic benefits arising from the development expenditure will accrue 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 as an expense for the year in which they are incurred.

The cost of acquiring software licenses is capitalised on the basis of the cost of acquisition and the cost of installation. These costs are amortized over the estimated life of the software.

Intangible assets are amortized using the straight-line method over their estimated useful life and are presented below:

- Development costs: 3 years
- Software licenses: 1 to 6 years
- Customer base: 7 years

The following tables illustrate the transactions during the period:

INTANGIBLE ASSETS Gross values (Amounts in EUR k)	29/02/2020	Variation in structure	Acquisitions	Sales	Others	31/08/2020
Development costs	2,948	-	1,099	-	(2)	4,046
Concessions, patents & similar rights	296	-	-	-	-	296
Software	266	(0)	11	-	-	277
Brand	10,215	-	-	-	(489)	9,726
Customer base	3,952	-	-	-	(189)	3,763
Other intangible fixed assets	7	-	-	-	-	7
Intangible fixed assets in progress	-	-	-	-	-	-
Total non-current assets	**17,685**	**(0)**	**1,111**	**-**	**(681)**	**18,114**

Amortization and depreciation (Amounts in EUR k)	29/02/2020	Variation in structure	Allocations	Sales	Others	31/08/2020
Amortization/Depreciation of development costs	(1,528)	-	(392)	-	2	(1,918)
Amortizations/Depreciation concessions, patents & similar rights	(198)	-	(6)	-	-	(204)
Software amortizations/depreciation	(51)	-	(54)	-	-	(104)
Amortizations/depreciation customer base	(158)	-	(270)	-	8	(420)
Amortization / Depreciation of other intangible assets	(0)	-	-	-	-	(0)
Total non-current assets	**(1,935)**	**-**	**(722)**	**-**	**10**	**(2,647)**
Net book value	**15,750**	**(0)**	**389**	**-**	**(671)**	**15,468**

The "Other" column mainly includes currency conversion differences on brand and customer portfolio items resulting from the acquisition of the Boston Limited group.

7.2. Tangible fixed assets

Tangible fixed assets are valued at their acquisition cost, less accumulated depreciation and any impairment losses. Subsequent expenses are included in the book value of the asset or, where applicable, registered as a separate asset, whether it is probable that the future economic benefits associated with the asset will flow to the Group, and that the cost of the asset can be measured reliably. All repair and maintenance costs are expensed.

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

- General installations, fixtures and fittings: 8 to 10 years
- Technological installations: 9 to 20 years
- Industrial equipment and tools: 5 to 10 years
- Transport equipment: 5 years
- Office and IT equipment: 3 to 5 years
- Equipment: 8 to 10 years

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

The costs of acquiring fixed assets are expensed.

The table below shows the transactions of tangible fixed assets during the financial year:

TANGIBLE ASSETS Gross values (Amounts in EUR k)	29/02/2020	Variation in structure	Acquisitions	Sales	Reclassifications	Other transactions	31/08/2020
Land and land improvements	873	-		-	-	(41)	832
Buildings	1,728		5	-		(60)	1,672
Tech installations, equipment & tools							-
Tech installations, equipment & tools in credit lease/Rental							-
ITMOI and other tangible assets	5,986	-	249	-	15	(89)	6,161
Office and IT equipment	1,035	-	24	-		(16)	1,043
Transport equipment	420	-	58	-	-	(3)	475
Credit lease / Rental of transport equipment							-
Hardware							-
Computer equipment in credit lease/rental							-
Right of use	18,972	-		-	-	(129)	18,843
Intangible assets in progress	357	-	427	-	(15)	-	770
Total non-current assets	**29,372**	**-**	**763**	**-**	**-**	**(338)**	**29,796**

Amortization and depreciation (Amounts in EUR k)	29/02/2020	Variation in structure	Allocations	Sales	Reclassifications	Other transactions	31/08/2020
Amortization/Depreciation of land and land improvements	(1)		-				(1)
Amortization/ Depreciation of buildings	(112)		(55)			2	(166)
Amortization/Depreciation of technical installation, equipment, and tools							-
Amortization/Depreciation of technical installations, equipment, and tools in credit lease/rental							-
Amortization / Depreciation of other tangible assets	(929)		(410)	-		65	(1,274)
Amortization/ Depreciation of office supplies and IT equipment	(969)		(98)	-		9	(1,058)
Amortization/ Depreciation of transport equipment	(65)		(39)	-		3	(101)
Amortization/Depreciation of transport equipment in credit lease/rental	-						-
Amortization/Depreciation of hardware	-						-
Amortization/Depreciation of computer equipment in credit lease/rental	-						-
Amortization/Depreciation of right of use	(3,658)		(1,490)			70	(5,078)
Total non-current assets	**(5,734)**	**-**	**(2,092)**	**-**	**-**	**149**	**(7,678)**

Net book value	**23,638**	**-**	**(1,330)**	**-**	**-**	**(190)**	**22,118**

Within tangible fixed assets, the user rights amounted to a net value of €18.8 million at the end of August 2020. These rights correspond to the rental of the Group's offices or business premises, including “Le Capitole” in Nanterre leased by Green Data, for which the net user rights represent €7.2 million).

7.3. Impairment of intangible and tangible assets

As the Covid19 health crisis did not have a negative impact on the underlying trends in the market in which the Group's companies operate, no indication of impairment had been identified as of 31 August 2020. No impairment of assets is registered.

7.4. Current and non-current financial offsetting receivables

Current and non-current financial assets comprise

- the €2.2 million financial offsetting receivables relating to server funding leases in France and the United States that took effect in 2017 with Blade
- trade offsetting receivables from Blade rescheduled at the end of 2019 for an amount of €12.8 million (including accrued interest),
- financial offsetting receivables relating to new funding leases signed with three customers during the first half of the year for €10.8m,
- loans, deposits, guarantees and cash subject to restrictions.

FINANCIAL RECEIVABLES (Amounts in EUR k)	31/08/2020	29/02/2020
Non-current financial offsetting receivables	15,094	10,927
Depreciations	(2)	(2)
Non-current financial offsetting receivables, net	**15,092**	**10,925**
Current financial offsetting receivables	11,646	11,796
Depreciations	-	-
Current financial offsetting receivables, net	**11,646**	**11,796**
Total	**26,738**	**22,721**

7.5. Inventories

Inventories are valued using the last purchase price method.

Finished products are valued at their production cost with the exception of those which, during the product launch phase, have a cost price higher than their selling price, as well as obsolete or surplus products.

A provision for depreciation reduces the inventory of goods and raw materials to its realizable value, after deduction of proportional selling costs.

Works in progress were assessed according to the same principles, depending on their progress in manufacturing.

The inventories break down as follows:

INVENTORIES (Amounts in EUR k)	31/08/2020	29/02/2020
Inventories of finished products, and products in progress	7,273	2,276
Inventories of goods and raw materials	34,089	34,535
Gross total inventory	**41,362**	**36,811**
Depreciation of finished product inventories	-	-
Depreciation of inventories of goods and raw materials	(2,503)	(2,290)
Total inventory depreciation	**(2,503)**	**(2,290)**
Net total inventory	**38,859**	**34,521**

Total inventories of goods and raw materials include €5.5m of lease-financed components.

Inventories at the end of the period increased (€38.9m on 31 August 2020, compared with €34.5m at the end of February 2020). This inventory level represents 3.3 months of Group sales.

7.6. Customers

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

As of 31/08/2020, Blade's receivable is null and void as trade receivables (excluding financial lease receivables), with the entirety of the offsetting receivables having been recognised as a financial offsetting 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 registered at fair value. Subsequent assessments take into account the probability of recovering receivables, which may lead to the registration of a specific impairment loss for doubtful debts, determined as follows:

- receivables in litigation are fully depreciated when certain and precise probative elements demonstrate the impossibility of recovery;
- for other doubtful receivables, impairment losses are recorded to adjust the recoverable amounts, estimated on the basis of information available during the preparation of the financial statements.

Uncollectible receivables are registered in profit or loss, and existing provisions are reversed.

CUSTOMERS (Amounts in EUR k)	31/08/2020	29/02/2020
Customers and related accounts	22,646	21,404
Unbilled revenue from customers	650	889
Total gross accounts receivable	**23,296**	**22,293**
Depreciation of trade receivables and related accounts	(583)	(473)
Total net customers	**22,713**	**21,820**

On 31 August 2020, offsetting receivables thus amounted to €22.7m (compared with €21.8m at the end of February 2020), representing just under 2 months of Group sales (*pro forma* annual basis).

7.7. Other current assets

OTHER CURRENT ASSETS (Amounts in EUR k)	31/08/2020	29/02/2020
Advances and deposits paid	2,252	4,506
Offsetting receivables from staff and corporate organizations	246	234
Tax receivables	3,111	5,902
Company taxes	1,488	1,233
Prepaid expenses	837	1,809
Miscellaneous	3,422	4,086
Current loans and guarantees	-	-
Other current financial assets	-	-
Total other current assets	**11,356**	**17,770**

The “Other” line corresponds to the balance of offsetting receivables outstanding with affiliated companies (mainly Boston IT Solutions Pvt. Limited India).

7.8. Shareholders’ equity

SHARE CAPITAL

The capital of 2CRSI amounts to €1,596k. It is divided into 17,743,430 shares of €0.09 each, divided into two categories:

- 14,243,430 ordinary shares of €0.09 each, i.e. €1,282k, recorded under Capital

- 3,500,000 preference shares of €0.09, i.e. €315k, recorded under Debt

DIVIDENDS PAID

No dividend was paid during the period.

INFORMATION ON THE SHARE CAPITAL

VARIATION IN SHAREHOLDERS' EQUITY								
(Amounts in EUR k)	**Capital**	**Premiums linked to capital**	**Reserves**	**Actuarial gaps**	**The income of the financial year**	**Group share of shareholders' equity**	**Non-group interests**	**Total owner's equity**
The situation at the end of the 2018.12 financial year	**1,282**	**46,084**	**(67)**	**(17)**	**3,705**	**50,986**	**82**	**51,069**
Appropriation of income of 2018.12 financial year			3,705	-	(3,705)	-	-	-
Variation in exchange rates			33			33	18	51
Non-recyclable OCI [Other Comprehensive Income]				25		25	16	41
Income					(4,314)	(4,314)	(229)	(4,543)
Global income	-	-	33	25	(4,314)	(4,256)	(195)	(4,451)
Change in structure								
Liquidity contract								
Other transactions			477			477	5	482
The situation at the end of the 2020.02 financial year	**1,282**	**46,084**	**4,148**	**8**	**(4,314)**	**47,207**	**(108)**	**47,098**
Appropriation of income of 2020.02 financial year			(4,314)	-	4,314	-	-	-
Variation in exchange rates			(727)			(727)	(90)	(817)
Non-recyclable OCI [Other Comprehensive Income]				(616)		(616)	-	(616)
Income					(2,531)	(2,531)	(107)	(2,638)
Global income	-	-	(727)	(616)	(2,531)	(3,874)	(197)	(4,071)
Change in structure								
Liquidity contract								
Other transactions			197			197	84	281
The situation at the end of the 2020.08 financial year	**1,282**	**46,084**	**(696)**	**(608)**	**(2,531)**	**43,530**	**(221)**	**43,306**

The other transactions affecting reserves in the interim consolidated financial statements for the six months ended 31 August 2020 mainly correspond to the expense recorded in respect of free share grants for €167k.

7.9. Current and non-current financial debts

CURRENT AND NON-CURRENT FINANCIAL DEBTS (Amounts in EUR k)	**31/08/2020**	**29/02/2020**
Repayable advances	340	340
Preference shares	3,537	3,421
Loans from credit institutions	16,207	18,143
Other financial debts	11,599	11,536
Lease liabilities	14,853	15,525
Funding debts	6,016	3,985
Non-current financial debts	**52,552**	**52,950**
Repayable advances	113	113
Other loans	122	131
Loans from credit institutions	4,407	4,828
Current bank loans	2,187	396
Accrued interest	33	33
Factoring debts	1,981	2,287
Lease liabilities	1,711	2,137
Funding debts	6,340	6,672
Current financial debts	**16,894**	**16,598**
Total financial debts	**69,446**	**69,548**

REPAYABLE ADVANCES AND SUBSIDIES

In accordance with IAS 20, the benefit of a public loan at an interest rate below that of the market 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 was registered and valued in accordance with the provisions of IAS 39. Consequently, the Group records the debt corresponding to their fair value, that is to say with a discount (corresponding to the interest rate differential, discounted at the market rate), so as to reduce their effective interest rate (EIR) to that of a normal debt.
- The benefit from the lower than 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 registered in profit or loss at the rate of the expenses incurred by the Group, and which are the subject of this subsidy.

2017 SPD PREFERENCE SHARES

In order to finance their activity, 2CRSI SA carried out a capital increase voted at the GM of 24 April 2017. As such, 350,000 BSAs (each giving the right to a 2017 SPD preference share) were subscribed and exercised by the holding companies managed by the management company Audacia.

The 2017 SPDs have a par value of €10, including a share premium of €910. They are perpetual and do not include a contractual mechanism for reimbursement or conversion. On the other hand, they give a right to a priority dividend, which 2CRSI must pay in the event of distributable profits. In the event that there have been no distributable profits for more than 6 consecutive years, the 2017 SPDs entitle the holder to the payment of a cumulative priority dividend, equal to the priority dividends not paid after the 7^{th} financial year (7^{th} financial year included) capitalized annually at 15%.

In accordance with IAS 32, 2CRSI has registered a debt on their balance sheet for the entire subscription price of the SPDs, taking into account the payment of the dividend for perpetuity.

Thus, when the SPDs were allocated, the amount of €3,500k (before issuance costs) was registered as a debt, after deduction of issuance costs of €341k. These issuance costs are spread over a period of 6 years, corresponding to the period during which the SPDs carried a priority dividend, and the estimated period of holding by the current holders.

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

- Payment of dividends over each period
- 5% rate

Accounting for SPD 2017 (Amounts in EUR k)	31/12/2017	31/12/2018	29/02/2020	28/02/2021	28/02/2022	28/02/2023	29/02/2024
Financial expenses	258	175	205	175	175	175	175
Financial charges for amortization of issue costs	27	57	66	57	57	57	20
Non-current financial debts	**3,268**	**3,325**	**3,421**	**3,449**	**3,506**	**3,564**	**3,556**

DEBTS TO CREDIT INSTITUTIONS

Below is a list of loans not yet due at the end of the financial year (including those repaid in advance to close a bank account):

Bank	Purpose	Par value in thousands	Currency	Date issued	Maturity date	Rate	Nature of rate	Balance sheet value at 31/08/2020 in thousands of euros	Fair value at 31/08/2020 in thousands of euros
BPI	Export loan	194	€	30/04/2015	30/04/2022	4.20%	fixed	78	78
CIC	Works loan	50	€	05/08/2015	05/01/2021	2.00%	fixed	4	4
BPI	Export loan	150	€	31/08/2015	28/02/2023	4.54%	fixed	75	75
Caisse d'Epargne	Premises development loan	75	€	22/10/2015	01/08/2021	1.00%	fixed	8	8
SG	Premises development loan	50	€	01/04/2016	01/09/2021	0.90%	fixed	8	8
Caisse d'Epargne	R&D Project	250	€	19/09/2016	05/04/2022	1.60%	fixed	96	96
BNP	Investments	500	€	07/03/2018	16/02/2021	1.50%	fixed	85	85
BNP	Investments	5,000	€	06/12/2018	06/12/2023	1.00%	fixed	3,530	3,530
BNP	External growth	15,000	€	04/12/2019	04/11/2024	2.25%	variable 1-month Euribor index (currently 0%)	15,000	15,000
HSBC	Material	665	£	27/08/2020	27/08/2027	1.40%	variable + Bank of England base rate (0.1% currently)	328	328
								19,212	**19,212**

LEASE LIABILITIES

The lease for the “Le Capitole” property complex accounts for €8.5 million of lease liabilities. The share of the Boston Ltd sub-group represents €1,168k (of which €820k in non-current liabilities) in rental debts on 31 August 2020.

FUNDING DEBTS

In order to ensure the funding of certain contracts (such as those with Blade, for example), the Group has set up sale and lease-back contracts with banking institutions for the servers made available to the customer.

These contracts operate as follows:

- All or part of each delivery of servers to the customer is backed by a sale and leaseback transaction with a banking institution. In this context, the bank finances the servers delivered to the customer and this funding is reimbursed over 36 to 48 months.

- In accordance with IFRS 15, the legal transaction of transfer to banking organizations is not classified as a sale and therefore no turnover is recorded by the Group. The funding received is registered as debt.

There is no guarantee or real security that is given on the funded goods.

These contracts were treated as funding obtained by the Group and the amounts received from banking organizations were treated as financial debts.

Regarding funding debts, the main variations during the period concern:

- Repayments on all contracts for the period totalled €2,210k;
- Two new lease funding contracts for a total amount of €3,416k were signed with Natixis;
- Two new lease funding contracts for a total amount of €517k were signed with Exclu Capital.

The maturities of financial debts break down as follows:

Banks	Amount financed excl. VAT [Amount received]	Lease duration	1st rent increased	Quarterly rent	Term	Start date	End date	Purchase option	Rate
LIXXBAIL ETICA	4,030,000	48 months	600,000	237,604	Due	15/10/2017	14/04/2022	None	4.92%
LIXXBAIL ETICA	2,500,562	36 months	375,084	193,891	Due	15/01/2018	14/07/2021	None	7.64%
LIXXBAIL ETICA	3,003,763	36 months	450,564	235,648	Due	01/06/2018	30/11/2021	None	8.55%
CM CIC	2,074,644	36 months		182,315	Due	16/10/2017	16/04/2021	20,956	8.91%
NCM	1,314,582	36 months		118,273	Due	01/10/2017	01/10/2020	13,148	5.04%
NCM	2,629,164	36 months		236,645	Due	31/10/2017	31/10/2020	26,292	5.02%
NCM	1,450,800	36 months		130,485	Due	30/11/2017	30/11/2020	14,508	5.02%
NCM	624,000	36 months		56,141	Due	01/01/2018	31/12/2020	6,240	5.34%
NCM	1,999,980	60 months		114,960	Due	01/03/2018	01/03/2023	20,000	5.83%
NCM	1,600,408	60 months		87,718	Due	01/12/2019	01/12/2024	8,002	3.67%
NCM	534,125	60 months		83,719	Due	25/04/2019	25/04/2024	7,578	12.13%
NCM	2,372,203	60 months		131,017	Due	29/03/2019	29/03/2024	11,861	3.99%
LEASE EXPANSION	1,999,979	36 months		175,539	Due	01/06/2018	01/12/2021	None	5.90%
LEASE EXPANSION	2,958,027	36 months		250,830	Due	01/12/2017	01/06/2021	150	4.34%
LEASE EXPANSION	899,111	36 months		78,719	Due	01/08/2020	31/07/2023	None	3.23%
LEASE EXPANSION	2,516,786	36 months		220,349	Due	01/07/2020	30/06/2023	None	3.23%
EXCLUSIVE CAPITAL	486,580	48 months		32,605	Due	27/07/2020	30/09/2024	None	5.31%
EXCLUSIVE CAPITAL	30,820	48 months		2,122	Due	27/07/2020	30/09/2024	None	6.60%

The "Other" transactions mainly relate to variations in accrued interest not yet due, and the increase in lease liabilities, following the signing of new contracts, mainly in France (Green Data and 2CRSi real estate contracts).

"Other financial debts" are debts vis-à-vis minority shareholders, registered in the context of business combinations. The debt accretion expense amounted to €616 thousand for the first half of the year, offset by €553 thousand in unrealised foreign exchange gains recorded under financial income. These debts are measured at fair value on the basis of forecasts of the future results of the entities acquired. Failure to achieve the results contractually forecast for 2020 could lead to a reduction in debt of up to €0.9 million in respect of the price supplement related to the current financial year.

CLAUSES

The €15 million loan contracted on 4 December 2019 is subject to compliance with certain clauses.

The three financial ratios (R1, R2, and R4) below must be maintained, at each test date for the test period considered, at a level lower than those indicated in the table below:

- R1 = Net Financial Debt / EBITDA for the Boston Ltd Group Structure calculated semi-annually and for the first time on 29/02/2020
- R2 = Net Financial Debt / EBITDA for the Group's Consolidated Structure calculated semi-annually and for the first time on 28/02/2021
- R4 = Net Financial Debt / Equity, for the Structure of the former 2CRSi calculated semi-annually and for the first time on 29/02/2020

Date of test	R1 ratio less than	R2 ratio less than	R4 ratio less than
29/02/2020 and 30/08/2020	3 x	N/A	60%
from 28/02/2021 to 30/08/2024	2.5 x	2.5 x	60%

The R1 and R4 ratios are met as of 31/08/2020.

The company also undertakes to maintain a gross cash level (increased by the confirmed portion not drawn from any short-term debt) greater than €10 million, within the structure of the former 2CRSi group, at the balance sheet date of each accounting quarter, and for the first time on 31/05/2020, until the date of reimbursement of all amounts due.

As of 31/05/2020 and 31/08/2020, this minimum level of gross liquidity had not been reached. When it was informed that this commitment had not been met, the lending bank confirmed that it would waive the early repayment of the debt.

7.10. Payables

PAYABLES (Amounts in EUR k)	31/08/2020	29/02/2020
Payables	20,811	16,986
Invoices not received	1,462	3,350
Total trade payables	**22,273**	**20,336**

The slight increase in trade payables is mainly due to a higher level of activity than in February 2020, which was impacted by supply difficulties.

7.11. Other current liabilities

OTHER CURRENT LIABILITIES (Amounts in EUR k)	31/08/2020	29/02/2020
Advances and advance deposits on customer orders	639	1,662
Customer credit notes and trade creditors discounts, remissions, and concessions	1,335	1,194
Liabilities on non-monetary contracts	2,989	3,560
Corporate debts	2,097	2,488
Fiscal debts	4,432	5,778
Dividends payable	719	755
Income tax payable	225	75
Other payables	2,998	1,230
Total other current liabilities	**15,434**	**16,742**

7.12. Employee benefits

SHORT-TERM BENEFITS AND DEFINED CONTRIBUTION POST-EMPLOYMENT BENEFIT PLANS

The Group registered in "Staff costs" the amount of short-term benefits, as well as the contributions payable under general and mandatory retirement schemes. Not being committed beyond these contributions, the Group does not record any provision for these schemes.

DEFINED BENEFIT FROM POST-EMPLOYMENT BENEFIT PLANS

Pension schemes, similar allowances, and other social benefits, which are analysed as defined benefit schemes (a scheme in which the Company undertakes to guarantee a defined amount, or level of benefit) are registered in the balance sheet on the basis of an actuarial valuation of commitments 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 differences are registered in shareholders' equity, under "other comprehensive income".

Employee benefit obligations are made up of the provision for end-of-career allowances, assessed on the basis of the provisions provided for by the applicable collective agreement, namely, for employees of the 2CRSI company, the National collective agreement for technical design offices, consulting engineering firms, and consulting firms and, for employees of Boston France (eg Adimes), the National Collective Agreement for Wholesale Trade.

This commitment only concerns employees governed by French law and amounts to €421k as at 31 August 2020 compared with €386k as at 29 February 2019. It takes into account past service costs of €88k, financial costs of €2k and actuarial costs of €56k.

8.1. Rental contracts as lessee

MANAGEMENT ESTIMATES AND PRACTICAL EXPEDIENT

As permitted by IFRS 16, the Group has chosen not to apply the provisions of the standard to their short-term leases, and to their contracts where the underlying assets are of low value.

The rental periods used by the Group reflect the non-cancellable terms of each contract, to which have been added any extension option, or any option to terminate contracts, which the Group is reasonably certain to exercise or not to exercise. Thus, for real estate leases, the maximum duration of which is of 9 years, with a possible exit at 3 and 6 years, the period retained is of 6 years, with the exception of a commercial lease, for which the last three-year period is committed, and for which the period retained is thus of 9 years. Indeed, the management is not reasonably certain of keeping their premises beyond this period, given (i) the lack of strategic nature of the location and (ii) the prices which do not present any incentive advantage, compared to market prices. For rental contracts for vehicles and servers used internally, as part of research and development activities, the period used is that of the contracts.

Finally, the discount rate used for valuing the rental obligation is the loan rate, which the Lessee would have obtained if they had used their bank to finance the acquisition of the leased property.

VARIATION OF USER RIGHTS BY CATEGORY:

RIGHTS OF USE (Amounts in EUR k)	Real estate leases	Transport equipment	Others	Total
Gross value on 31 December 2018	2,902	315	2,656	5,873
Cumulative amortization and depreciation	- 810	- 224	- 600	- 1,634
Net value on 31 December 2018	**2,092**	**91**	**2,056**	**4,239**
Investments	2,804			2,804
Entry into scope of consolidation	10,295			10,295
Gross value on 29 February 2019	16,001	315	2,656	18,972
Amortization and depreciation	- 1,575	- 72	- 377	-
Net value on 29 February 2020	**13,616**	**19**	**1,679**	**15,314**
Amortization and depreciation	- 1,273	- 17	- 200	- 1,490
Net impact of conversion differences	- 59			- 59
Net value on 31 August 2020	**12,284**	**2**	**1,479**	**13,765**

8.2. Related parties

TRANSACTIONS WITH RELATED PARTIES

According to IAS 24, “Information relating to related parties”, a related party is a natural or legal person that is related to the entity that presents their financial statements.

These can be any of the following:

- A person or company that exercises control over the Group;
- An associated company of the Group;
- An important member of the Company's management team (or a member of their family).

A transaction with a related party involves a transfer of goods, services or obligations between the Group and the related party.

During the half year, there was no significant variation in the nature of transactions with related parties compared to 29 February 2020.

8.3. Financial risk management and assessment

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

CREDIT RISK

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

The Group assesses the solvency risk of their customers. This solvency takes into account both elements purely internal to the Group, but also contextual elements, such as their geographical location, the global economic situation, and the prospects for sector development.

The Group is exposed to a credit risk, which is mainly concentrated on trade offsetting receivables (including financial offsetting receivables). The net book value of receivables registered reflects the fair value of net cash flows to be received, estimated by management, based on information at the balance sheet date. The Group has not taken into account any guarantees or any compensation agreements with liabilities of the same maturity to perform impairment tests on financial assets.

There are no significant non-impaired mature financial assets.

The banks with which the Group has closed relations have all met the requirements of the solvency tests provided for by EU regulations.

Credit risk exists when a possible loss can occur if a customer cannot honour their obligations on time. The Group requires their customers to pay down payments on each first order, or if the authorized customer outstanding is exceeded.

INTEREST RATE RISK AND CURRENCY 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 that records them.

Because of their international presence, the Group is naturally exposed to fluctuations in foreign currencies (excluding the Euro, their functional and reporting currency), in which their operations are carried out (profit transaction and conversion risks), and in which their assets and liabilities are denominated. The Group makes nearly 80% of their supplies in USD and invoices nearly 55% in USD.

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

At the end of August 2020, the Group had no forward currency purchase commitments.

As the group's debt is mainly fixed rate, the group does not face much interest rate risk.

A list of borrowings and their characteristics is provided in Note 7.9.

LIQUIDITY RISK

Liquidity risk corresponds to the Group's ability to have financial resources in order to meet their commitments, namely the risk for the Group of not being able to repay their debts.

The Group uses diversified sources of funding, in particular:

- loans from banking institutions;
- funding and guarantees from the BPI;
- repayable advances and subsidies; and
- sale-leaseback contracts.

Net financial debt amounted to €60m on 31 August 2020 and includes €16.6m of lease liabilities (IFRS 16) and €15.1m of financial debts related to earn-out clauses and put options granted to the minority shareholders of Boston Ltd and preference shares.

The €15 million loan used to finance the acquisition of Boston Ltd securities in December 2019 is subject to clauses relating to the Group's cash flow as well as debt ratios (see section 7.9). On 31/05/2020 and 31/08/2020, the former 2CRSi Group did not comply with the cash flow agreed in the senior loan contract concluded on 05/12/2019. Informed of the noncompliance with this commitment, the bank confirmed that they were waiving the early repayment of the debt.

Thus, the Group has entered into a cash flow agreement with all of their subsidiaries enabling them, where applicable, to optimize the management of their resources.

At the end of September 2020, 2CRSi obtained the authorisations for a State Guaranteed Loan of around €10m.

Given the available cash and credit facilities available at the date of this document, the Company considers that it will be able to meet its obligations over the next 12 months.

8.4. Contingent liabilities

No contingent liabilities are known at the date of preparation of these condensed interim consolidated financial statements.

Two labour disputes arose during the financial year ending on 29 February 2020. A provision of €21k was maintained for a labour dispute. The company believes that the claims on the second one, amounting to a total of €321k, are unfounded and, as a result, no provision has been recorded.

No new disputes arose during the half-year. The other provisions correspond to provisions for guarantees at Boston.

8.5. Off-balance sheet commitments

Off-balance sheet commitments in € k **(excluding rental debts and credit lease)**	**Outstanding commitments**	**Liabilities received**
Green Data Security Collaterals	6	
Boston Security Collaterals	15,000	
2CRSi joint surety (Green Data lease)	1,452	
Caution BPI		57
Loan insurance delegation		5,000
BPI guarantee on overdraft authorisation		2,025
Personal surety natural person		10
Guarantee given to a supplier	503	
Guarantee to CERN	159	
Guarantee on import line	2,137	
Guarantee on customer discount line	1,114	
Loan guarantee	258	

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

1. Report of the auditors

AUDITING TRUST COMPANY

ERNST & YOUNG Audit

2CRSI

Period from 1 March to 31 August 2020

Report of the auditors
on half-yearly financial information

AUDITING TRUST COMPANY
2, avenue de Bruxelles
68350 Didenheim
S.A. with a capital of EUR 76,225
339 304 230 R.C.S. Mulhouse

Statutory Auditor
Regional company member
of Colmar

ERNST & YOUNG Audit
Tour Europe
20, place des Halles
BP 80004
67081 Strasbourg cedex
S.A.S. with variable capital
344 366 315 R.C.S. [Trade and Companies Register]
Nanterre

Statutory Auditor
Regional company member
for Versailles and Central

2CRSI

Period from 1 March to 31 August 2020

Statutory auditors' report on the half-yearly financial information

To the Shareholders,

In accordance with the mission entrusted to us by your general meeting and by decisions of the partners, and in application of article L. 451-1-2 III of the French Monetary and Financial Code, we have carried out the following procedures:

a limited review of the accompanying interim consolidated financial statements of 2CRSI, for the period from 1 March to 31 August 2020;

the verification of the information given in the half-yearly management report.

These interim consolidated financial statements were prepared under the responsibility of your Board of Directors on 4 December 2020 based on the information available at that date in the evolving context of the crisis related to Covid-19 and the difficulties in assessing its impact and future prospects. It is our responsibility to express our conclusion regarding these financial statements based on our review.

1. Conclusion regarding the accounts

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists principally of making inquiries with management responsible for financial and accounting matters and applying analytical and other review procedures. This work is less extensive than that required for an audit conducted in accordance with the professional standards applicable in France. Consequently, the assurance that the financial statements, taken as a whole, are free from material misstatement obtained from a limited review is a moderate assurance, lower than that obtained from an audit.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements are not a true and fair view of the assets and liabilities and of the financial position of the Group as of the end of the six-month period and of the results of its operations for the six-month period then ended, in accordance with International Financial Reporting Standards as adopted by the European Union.

2. Specific verification

We have also verified the information given in the interim management report prepared on 4 December 2020 commenting on the interim consolidated financial statements that were the subject of our review.

We have no comment to make as to their accuracy and consistency with the interim consolidated financial statements.

Didenheim and Strasbourg, on 4 December 2020

Statutory Auditors

AUDITING TRUST COMPANY	ERNST & YOUNG Audit
Véronique Habé	Alban de Claverie

2. Declaration of the natural persons who assume responsibility for the interim financial report

2.1. Person responsible for the interim financial report

Alain WILMOUTH - Chief Executive Officer of the Company

2.2. Certification of the person responsible for the report

"I certify that, to the best of my knowledge, the condensed interim consolidated financial statements for the past six months have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the company and all the companies included in the group, and that the interim management report gives a true and fair view of the events that occurred during the first six months of the financial year, their impact on the interim financial statements, the main transactions with related parties and a description of the main risks and uncertainties for the remaining six months of the financial year."