ANNUAL FINANCIAL REPORT

2020 - 2021

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ANNUAL ACCOUNTS

1.1. INCOME STATEMENT OF 2CRSi SA

Headings	France	Export	At 28/02/2021 (12 months)	At 29/02/2020 (14 months)
Sales of goods and finished products	17,870,764	8,346,786	26,217,550	44,614,234
Sales of production services	5,496,459	3,291,483	8,787,942	10,102,414
Turnover	**23,367,223**	**11,638,269**	**35,005,492**	**54,716,648**
Production transferred to inventory			3,020,476	825,883
Capitalised production			15,670,577	726,054
Operating grants				
Write back of depreciation and provisions, transfer of expenses			1,157,761	1,022,844
Others products			398,823	1,155,987
Operating revenue			**55,253,129**	**58,447,416**
Purchases of goods, materials, raw materials and other supplies (including customs duties)			32,496,711	29,112,805
Inventory changes (raw materials, goods and supplies)			1,808,638	4,716,919
Other purchases and external expenses			14,970,573	16,763,572
Duties, taxes and similar levies			292,795	447,535
Wages and salaries			5,173,937	5,126,112
Social security costs			2,015,483	2,082,976
Allocations to depreciation of fixed assets			2,290,896	1,155,685
Allocations to fixed assets provisions				
Allocations to current assets provisions			2,553,880	870,955
Allocations to risks and charges provisions			171,251	100,720
Other expenses			519,702	361,971
Operating expenses			**62,293,866**	**60,739,250**
Operating Profit/Loss			**(7,040,737)**	**(2,291,834)**
Profit allocated or loss transferred				
Loss supported or profit transferred				
Income from financial investments				
Income from other securities and receivables from fixed assets				
Other interests and similar products			1,266,169	2,028,760
Write back of provisions and transfers of expenses			1,758	16,209
Realised foreign exchange revenue			56,487	149,850
Net income on sales of marketable securities				
Financial products			**1,324,414**	**2,194,819**
Financial allocations for depreciation and provisions			2,845,990	1,758
Interest and similar charges			405,228	177,003
Realised foreign exchange losses			174,715	61,426
Net expenses on sales of investment securities				
Financial expenses			**3,425,933**	**240,187**
Financial result			**(2,101,519)**	**1,954,632**
Result before taxes			**(9,142,256)**	**(337,202)**

Income statement (Continued)		
Headings	**at 28/02/2021 (12 months)**	**at 29/02/2020 (14 months)**
Exceptional income on management operations		20,796
Exceptional income on capital transactions	78,659	37,843
Write back of provisions and transfers of expenses		
Exceptional income	**78,659**	**58,639**
Exceptional expenses on management operations	2,759,506	17,452
Exceptional charges on capital transactions	54,388	170,937
Exceptional allocations to depreciation and provisions	89,789	
Exceptional charges	**2,903,683**	**188,389**
Exceptional income	**(2,825,024)**	**(129,750)**
Employee profit-sharing in the company's income		
Income taxes	**(369,500)**	**(645,708)**
Total revenue	**56,656,202**	**60,700,874**
Total expenses	**68,253,982**	**60,522,118**
Profit or loss	**(11,597,780)**	**178,756**

1.2. BALANCE SHEET OF 2CRSi SA

Balance Sheet Assets

Headings	Gross total	Amortisation and Depreciation	Net amount to 28/02/2021	Net amount to 29/02/2020
Subscribed capital uncalled				
Establishment costs				
Development costs	2,747,774	1,432,467	1,315,307	1,368,496
Concessions, patents and similar rights	371,360	238,650	132,710	74,050
Goodwill				
Other intangible assets	7,023	7,023	0	7,023
Advances and down payments on intangible assets				
Land				
Constructions	540,959	225,040	315,919	393,082
Industrial plants, machinery and tools	14,982,228	1,881,099	13,101,129	214,938
Other tangible fixed assets	2,086,639	918,926	1,167,713	1,314,887
Fixed assets under construction	901,167		901,167	
Advances and down payments				
Financial holdings accounted by the equity method				
Other shareholdings	3,669,854	2,227,251	1,442,603	3,008,580
Amounts due on shareholdings	11,272,956		11,272,956	16,123,389
Other long-term securities				
Loans				
Other financial assets	464,400	8,481	455,919	435,798
Fixed assets	**37,044,360**	**6,938,937**	**30,105,423**	**22,940,243**
Inventories of raw materials, supplies	2,594		2,594	3,038
Inventories of goods in progress	1,477,595		1,477,595	102,665
Inventories of services in progress				
Inventories of goods and finished products	14,648,217	274,801	14,373,416	14,389,463
Advances, deposits paid on orders	421,461		421,461	113,197
Receivables from customers and related accounts	10,532,373	2,279,078	8,253,295	6,989,965
Other receivables	33,525,012		33,525,012	37,073,885
Subscribed capital called and unpaid				
Marketable securities				
Including own shares:				
Cash on hand	1,378,878		1,378,878	3,781,061
Prepaid expenses	1,054,337		1,054,337	2,221,188
Current assets	**63,040,467**	**2,553,879**	**60,486,588**	**64,674,462**
Debt issuance costs to be spread				
Premiums on the redemption of securities				
Asset exchange losses	**851,032**		**851,032**	**7,303**
Total	**100,935,859**	**9,492,816**	**91,443,043**	**87,622,008**

Balance Sheet Liabilities		
Headings	**Net amount to 28/02/2021**	**Net amount to 29/02/2020**
Social or individual capital (including paid up: 1,596,909)	1,596,909	1,596,909
Share, merger, contribution premiums	48,576,864	48,576,864
Revaluation differences (including equivalence difference:)		
Legal reserve	160,051	160,051
Statutory or contractual reserves		
Regulated reserves (including special reserve provisions for price fluctuation:)	28,881	16,036
Other reserves (including reserve relating to the purchase of original works by living artists:)	1,027,161	1,040,006
Balance brought forward	4,485,816	4,482,060
INCOME FOR FINANCIAL YEAR	**(11,597,780)**	**178,756**
Investment grants		
Regulatory provisions		
Equity	**44,277,902**	**56,050,682**
Income from issue of participating stock		
Conditional advances	340,222	452,722
Other equity	**340,222**	**452,722**
Risk provisions	897,697	7,303
Expense provisions	72,213	
Provisions for risks and expenses	**969,910**	**7,303**
Convertible bond issues		
Other bond issues		
Loans and liabilities with credit institutions	26,213,105	19,532,613
Loans and other financial liabilities (including participatory loans:)	5,827	4,670
Payments received on account for orders in progress	2,242,908	466,822
Liabilities to suppliers and related accounts	12,248,774	5,633,822
Social security and tax liabilities	3,015,718	1,524,603
Liabilities on fixed assets and related accounts	49,200	6,370
Other liabilities	49,445	327,937
Prepaid income	2,008,426	3,356,908
Liabilities	**45,833,404**	**30,853,745**
Unrealised foreign exchange losses	*21,605*	*257,556*
Total	**91,443,043**	**87,622,008**

1.3. NOTES TO THE FINANCIAL STATEMENTS OF 2CRSi SA

1.3.1. KEY EVENTS - EVENTS SUBSEQUENT TO THE CLOSING

KEY EVENTS
BLADE

A long-standing customer of the Group, the Blade group specialises in cloud PCs for video game players. Since 2017, 2CRSi has supported Blade in its development by providing it with a high performance server infrastructure with reduced energy consumption.

The various contracts concluded with the Blade Group have concerned either the sale of servers with retention of title clauses until the equipment has been paid for, or the rental of servers with an option to purchase at the end of the contract. The equipment leased by 2CRSi has been partially financed through sale-leaseback contracts with banking establishments.

Over the 2020-21 fiscal year, sales with the entire Blade group represented € 7.8 million, mainly corresponding to rental invoices issued during the fiscal year.

On 2 March 2021, Blade went into receivership. On 1 March 2021, its American subsidiary, Blade Global Corp., was placed under "Chapter 11" protection of the United States of America Bankruptcy Law.

Since these announcements, the two companies have continued their activity while a disposal plan is put in place and a possible buyer is chosen.

On 30 April 2021, the Paris Commercial Court appointed the company hubiC, owned by Octave and Miroslaw Klaba, as the sole buyer of the Blade SAS activity. The court approved the plan to sell part of the assets used by Blade SAS, noting the settlement commitments in the amount of € 10.5 million excluding tax by hubiC to 2CRSi. This sum was actually received in full on 17 May 2021. The court also confirmed the principle of restitution of the equipment delivered by 2CRSi to Blade after 1 January 2020.

By decision of 3 May 2021, the United States Bankruptcy Court of California authorised the sale of part of the assets held by Blade Global Corporation to a US entity dependent of hubiC. The 2020 equipment owned by 2CRSi is excluded from this sale, its recovery from different datacentres started in May and should take several weeks.

In addition, 2CRSi submitted a "proof of claim" on 10 May with a view to obtaining the payment of all or part of its claims as part of the liquidation of Blade Global Corporation and a request is in progress to obtain the payment of the rents due to 2CRSi for the period after the bankruptcy filing in the context of the continuation of the activity.

The impacts on corporate accounts of 2CRSi on 28/02/21 are as follows:

1. In 2019, 2CRSi participated in the Blade SAS capital increase by investing € 2 million by offsetting receivables. Taking into account Blade's entry into bankruptcy proceedings, this investment was fully depreciated at the end of February 2021.

2. Regarding receivables relating to contracts prior to 31/12/2019 (equipment acquired by hubiC),
2CRSi had negotiated a trade receivables rescheduling agreement with the Blade Group at the end of 2019, and the corresponding receivable is presented as a receivable attached to an investment.

The balance of this receivable amounts to € 11.3 million (including tax) as of 28 February 2021, compared to € 16.1 million as of 29 February 2020. With the initiation of collective proceedings, this debt became payable at the start of the 2021/2022 financial year. The price paid by hubiC in exchange for this equipment (€ 10.5 million excluding tax / € 12.6 million including tax) will fully compensate for the impact in the corporate accounts of the cancellation of these receivables. No impairment of these receivables was therefore recognised as of 28 February 2021 in this regard.
Prepaid income associated with these receivables and relating to interest invoiced and due as of 28 February 2021 amounts to € 0.6 million.
The financing obtained by 2CRSi from financing organisations for the equipment taken over by hubiC has been or will be the subject of a procedure with financial organisations with a view to their early repayment. As such, all of the remaining instalments have been expensed for an amount of € 2.6 million.
In addition, there is a reversal of a prepaid charge of € 0.5 million, for a total charge of € 3.1 million.

At the end of February 2021, the total amount of debt recognised under financing contracts for this equipment amounted to € 3.1 million including tax.

3. With respect to rental contracts entered into after 1 January 2020, Blade is not the owner of the rented goods. In its agreement with 2CRSi, hubiC has undertaken to facilitate the return of this equipment, most of which is located in the United States.

Equipment owned by 2CRSi is included in property, plant and equipment for a net book value of € 9.2 million (€ 10.4 million gross). Part of the equipment is covered by a financing contract with banking organisations and is therefore not recorded as fixed assets in 2CRSi's accounts.

At this stage, the company considers that, taking into account the current period of shortage of computer components, it is probable that, once recovered, the equipment concerned can either be resold or operated by 2CRSi under satisfactory market conditions, and will make it possible to cover all of the fixed assets (€ 9.2 million) and any costs of restitution and restoration.
Receivables for unpaid rents (€ 1.8 million excluding tax, € 1.8 million including tax as of 28 February 2021) on rental contracts entered into after 1 January 2020 was fully depreciated at the end of February 2021.

In addition, the stocks related to the current order of Blade and not delivered consist of non-specific material that is easily marketable to other customers.

In summary, the balance sheet positions linked to the Blade group at the end of February 2021 in the company accounts of 2CRSi SA are as follows:

In Thousands of Euros - as of 28 February 2021	Assets			Liabilities
	Gross value	Amortisation Depreciation	Net Value	
1) Under contracts prior to 31 December 2019				
- Receivables related to participations (net PCA)	10,679	0	10,679	
- Debts under financing contracts				3,128
2) Under contracts after 1 January 2020				
- Tangible assets	10,361	(1,181)	9,180	
- Receivables related to shareholdings	0		0	
- Clients	1,782	(1,782)	0	
- Debts under financing contracts				0
3) Other items				
- Equity securities	2,038	(2,038)	0	
Total	**24,860**	**(5,001)**	**19,859**	**3,128**

The impacts of the Blade Group reorganisation on the 2020/21 income statement are as follows:

	In thousands of Euros
Charge for financing contracts (as of 31.12.2019, net CCA reversal)	(3,111)
Depreciation of receivables	(1,782)
Impact on operating profit	**(4,893)**
Impairment of equity securities	(2,038)
Impact on the financial result	**(2,038)**

Finally, in the context of the liquidation of Blade SAS in France and Blade Global Corporation in the United States, 2CRSi hopes to obtain financial compensation in the amount of several million Euros.

Taking into account the probable delay for the implementation of the liquidation and the uncertainty on the amount that the liquidators will be able to repay to 2CRSi, no income was recorded in this respect in the 2CRSi accounts as of 28 February 2021.

Error correction

As part of the preparation of its annual accounts as of 28 February 2021, 2CRSi noted that its operating expenses for the 2019-20 financial year were undervalued by 2,758,800 Euros following the erroneous recognition of an amount receivable. This error led to an overstatement of operating income and net income for the 2019-2020 financial year of 2,758,800 Euros.

Without this error, the items of the income statement impacted would have amounted to:

Headings	at 29/02/2020 (14 months)
Purchases of goods, materials, raw materials and other supplies	31,871,605
Total operating costs	**63,498,050**
Operating Profit/Loss	**(5,050,634)**
Result before taxes	**(3,096,002)**
Profit or loss	**(2,580,044)**

On the balance sheet, the balance of the "other receivables" item would have amounted to 34,315,085 Euros, the total current assets to 61,915,662 Euros and equity to 53,292,882 Euros as of 29 February 2020.

This error gives rise to the recognition in the accounts closed on 28 February 2021 of an expense over the previous financial year of 2,758,800 Euros recorded in exceptional result (item on the income statement: "exceptional expenses on management operations"). This entry impacts the "Other receivables" heading on the balance sheet. The closing work for the 2019-2020 financial year was constrained by the integration of the Boston Limited group, the direct consequences of the pandemic and the first lockdown. Since then, 2CRSi has strengthened its financial functions and initiated a process improvement and adaptation plan for the current situation.

Impacts of the COVID-19 pandemic

Impact on the Group's supply capacity

In the first half of 2020, the company encountered supply difficulties linked to Covid-19:

- Suppliers in the Asian zone have 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 very strongly impacted the transport of components;
- Certain local suppliers stopped their production in spring 2020.

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

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

Mixed impacts on commercial activity reserved

Due to an uncertain economic context, major commercial discussions have been postponed due to the effects of the pandemic, as customers or prospects themselves have suspended investments in their infrastructure. However, the company benefitted during the period from increased interest in certain sectors, such as the cloud, cloud computing (with the ability to view and use a workspace on a personal computer that is hosted in the cloud) and online video games.

Impact on the ability to service customers

In addition to the supply difficulties hampering the ability to deliver orders, health restrictions resulted in difficulties accessing customer sites during the first months of the year, with the closure of *datacentres* preventing the technical teams from performing installations, maintenance or after-sales service operations. In the second half of the year, the sanitary measures put in place and the lifting of lockdowns made it possible to again schedule service visits to our customers or to datacentres.

Impact on the integration of the Boston group

The Boston integration process was also slowed down by travel constraints, with training for Boston salespeople on 2CRSi products, as well as exchanges between the other teams having to be managed by videoconference. The last physical meeting between the management teams took place in February 2020, since when exchanges have continued remotely.

The measures implemented by the group

The pandemic has affected most of the countries in which the Group's activities take place. Offices in the Middle East and the United States were closed for over half of the year. The lockdown of employees in Germany and the United Kingdom lasted several months. The Group has taken further steps to safeguard the health of all its employees while ensuring continuity of its activities. The Group has benefitted from support measures put in place by the French government (2-month delay in the payment of employers' social security charges, 6-month postponement of certain leasing deadlines and partial activity aid scheme for a total amount of € 68k), and the British (partial activity aid and deferral of deadlines). A State Guaranteed Loan was obtained by 2CRSi SA at the end of September 2020 for an amount of € 9.7 million.

Global component shortage

The shortage linked to the Covid-19 pandemic continued in the second half of 2020 and early 2021 due to strong demand for components. There are several reasons for this strong demand:

a. increased demand resulting from new needs generated by the development of teleworking in response to the pandemic
b. renewal cycles for existing IT equipment
c. the sharp rise in the price of cryptocurrencies, generating a strong demand for compute servers and more recently storage for the mining of these currencies

Against this backdrop of strong demand there was also reduced supply; the closure of many component factories in Asia slowed production alongside climatic constraints (drought in Taiwan, cold snap in the United States, etc.). The increase in production capacities is limited to very few industrial players mastering the technology, requiring significant investments and with long production times.

While the shortage affected mostly power supplies, memory modules and graphics cards, it extended in early 2021 to all data storage related products (controllers, hard disks, flash) as well as processors.

While the Group has not lost any orders, some of them could not be delivered during the 2020-21 financial year as was initially planned.

In addition, the increase in the price of certain components and/or transport may have weighed on gross margin levels, even if this effect was partially offset by the work carried out to improve the Group's purchasing conditions from its suppliers and by passing these increases on to customers. The increase in component prices linked to this shortage is also an opportunity to use components currently in stock. Finally, following Blade's suspension of payment and the extension of project completion deadlines, the company experienced pressure on its working capital requirement which had a negative impact on the company's cash flow. This situation eased after the end of the financial year, in particular following the hubiC payment of € 12.6 million.

Creation of new international establishments

In May 2020, 2CRSi opened a subsidiary in Singapore. This new commercial establishment is part of the Group's development strategy aiming to expand its positions to take advantage of the very strong growth prospects in the Asian market. This reinforcement came after orders delivered to the zone in 2018 and 2019 for a total of more than 2 million Euros. Beyond these orders, the establishment of this subsidiary is also motivated by the sustained pace of commercial consultations requiring a permanent presence in the country, in order to take full advantage of the opportunities in this buoyant market and in the other countries of the zone. Singapore has become a centre for world-class technological innovation in just a few years, as well as a strategic zone in the deployment of advanced infrastructure for tech giants.

In June 2020, the 2CRSi BV subsidiary was created in the Netherlands. It is 100% owned by 2CRSi SA. On 22 July 2020, Boston IT Solutions South Africa, a 100% owned subsidiary of Boston Ltd, was established in Pretoria. It will be followed in November 2020 by the creation of a company in Belgium.

Gamestream capital increase

On 19 May 2020, 2CRSi announced its participation in the Gamestream capital increase, 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 a first investment by 2CRSi of around € 1 million at the end of December 2018 and the use by Gamestream of 2CRSi servers since 2018 . After this second operation, the 2CRSi stake amounts to 14.4% of the Gamestream capital.

Founded in 2015 and launched commercially in 2019, in less than two years Gamestream has risen to be world leader in *cloud gaming* solutions for the B2B market.

The start-up provides telecom and hospitality professionals (hotels, hospitals, etc.) its turnkey and "multi-device" solution (TV, smartphones, PCs and tablets) in Europe, Asia and the Middle East. Gamestream thus 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).
In order to provide the best high resolution gaming experience (up to 4K), Gamestream exclusively uses 2CRSi servers. Users can thus access a catalogue of video games from the main market publishers at very high speed.
The recently completed fundraising of € 3.5 million marks a decisive step in the development of Gamestream, which aims to double in size in two years. The company intends to pursue an offensive strategy to consolidate its progress by strengthening its development teams, enriching its content catalogue and finally the opening of a branch in Asia in the near future.

State guaranteed loans

2CRSi SA benefits from a loan of € 9.7 million guaranteed by the French State to 90% (PGE). This financing was obtained from leading banks, long-standing partners of the Group. The loan, which is non-dilutive for the shareholders, has a fixed annual interest rate of between 0.25% and 2.35% for the first year; it has an initial maturity of one year and an extension option of up to 5 additional years, exercisable by 2CRSi.

EVENTS SUBSEQUENT TO THE CLOSURE

Blade's situation

The price paid by the hubiC company in exchange for the equipment delivered to Blade before 31 December 2019 and of which 2CRSi was the owner, either in the form of rentals or in the form of sale with retention of title clause, was received by 2CRSi on 17 May 2021 for a total of € 12.6 million including tax.

Technology campus and green datacentre in the United States

At the start of 2021, 2CRSi chose Rouses Point, in New York State (USA), to establish a campus and a "green" datacentre in the United States. The technology campus is set to become the 2CRSi expertise centre in the United States, bringing together the production of computer equipment, sales, training, research and development and support functions, as well as a datacentre providing customers with green hosting services.

OTHER INFORMATION

The company 2CRSi SA is listed on Euronext Paris, compartment C. It is 38.51% owned by Holding Alain Wilmouth SASU.
On 28 February 2021, the company did not comply with certain ratios agreed in the senior loan agreement entered into on 05/12/2019, with a view to financing the acquisition of Boston Limited. The bank, warned of non-compliance with this commitment, confirmed its waiver of early repayment of the debt.
Disputes existing or arising during the 2020-2021 period were analysed and provisioned according to the probability of cash outflow that their resolution might generate.

1.3.2. ACCOUNTING RULES AND METHODS

The annual accounts for the period have been drawn up and presented in accordance with the general rules applicable in this area and in compliance with the principle of prudence.
The annual accounts have been drawn up in accordance with the provisions of the Commercial Code and the general accounting plan in ANC Regulation n° 2014-03.

The balance sheet for the period shows a total of 91,443,043 Euros.
The income statement, presented in the form of a list, shows a total income of 56,656,200 Euros and a total expenses of 68,253,982 Euros, thus generating a result of (11,597,782 Euros.

The period under consideration begins on 01/03/2020 and ends on 28/02/2021.

This is a duration of 12 months.

The duration of the previous financial year ended 29/02/2020 was 14 months, following the change in the closing date of the financial year. Consequently, the income statement from one financial year to another is not comparable.

The general accounting conventions have been applied in accordance with these basic assumptions:

- Business continuity
- Consistency of accounting methods from one financial year to another
- Independence of the financial periods.

The basic method used for the valuation of the items entered in the accounts is the historical cost method.

The main methods used are:

INTANGIBLE ASSETS

Intangible assets are stated at acquisition cost, net of discounts, rebates and cash discounts or production cost.
Depreciation is recognised when the present value or probable sale price of an asset is less than the net book value.
Development costs are capitalised when the following criteria are met:

- The company has the intention and the technical capacity to bring the development project to fruition;
- There is a high probability that the company will receive future economic benefits attributable to development spending, which is generally supported by the existence of an order or contract;
- The costs can be measured reliably;
- The company has the capability to use or sell the intangible asset;
- The company has the 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 during which they are incurred.
Depreciation is calculated based on the normal period of use of the goods. The depreciation periods are indicated below:

Types of assets	Mode	Duration
Development costs	Linear	3 to 5 years
Software	Linear	1 to 6 years
Patents	Linear	3 to 5 years

The amortisation period for development costs (including those activated in previous years) was revised during the 2020-21 financial year. The company has found that the time it takes for customers to renew hardware has increased as the return on investment for a hardware change tends to decrease.

This, combined with the impact of the pandemic on the 2020-21 fiscal year which may have slowed down the use of certain equipment, led the company to prospectively modify the amortisation period of development costs to 3 to 5 years instead of 3 years as previously done.

TANGIBLE ASSETS

Tangible assets are stated at acquisition cost, net of discounts, rebates and cash discounts or production cost.
Depreciation is recognised when the present value of an asset is less than the net book value.
Depreciation is calculated based on the normal period of use of the goods. The depreciation periods are indicated below:

Types of assets	Mode	Duration
Constructions	Linear	6 years
Technical installations	Linear	9 to 20 years
Industrial tools	Linear	5 to 10 years
General installation fittings	Linear	8 to 10 years
Transportation equipment	Linear	5 years
Office and IT equipment	Linear	3 to 5 years
Furniture	Linear	8 to 10 years

Non-depreciable items of fixed assets are recorded at their gross value consisting of the purchase cost excluding incidental costs. When the inventory value is lower than the gross value, a provision for depreciation is made for the amount of the difference.

FINANCIAL ASSETS

These consist of equity securities in companies and guarantee deposits.
Equity securities are entered in the balance sheet at their acquisition cost, excluding acquisition fees. Their value is examined at the end of each period by reference to value in use. This is estimated on the basis of the share of equity represented by the securities, converted at the closing exchange rate for foreign companies, adjusted if necessary to take account of the intrinsic value of the companies.

If the value in use of these securities falls below their book value, depreciation is recorded for the difference.

INVENTORIES AND WORK IN PROGRESS

Materials and goods were valued at their acquisition cost (last purchase price and incidental costs net of discount or rebates).
Work in progress was valued at their production cost.
A provision for depreciation reduces the stock of goods and raw materials to its realisable value less proportional selling costs. A provision for component depreciation is recognised when their market price is lower than their acquisition cost.

OPERATING RECEIVABLES

Receivables and payables have been valued at their nominal value.
Where applicable, receivables have been depreciated by means of a provision to take into account the collection difficulties to which they were likely to give rise.
Trade receivables presented in the cash flow table have been retained at their gross value, in accordance with accounting principles.

BPI ADVANCE CONTRACT

As part of its short-term financing, the company has entered into an “Avance +” contract with BPI. Under this contract:

- the assigned receivables are maintained in trade receivables to the extent that recovery risk is not transferred;
- the drawing rights used at the end of the financial year are shown in other debts;
- holdbacks are presented in other receivables;
- the interests inherent in these contracts are classified as financial charges while the commissions are classified as external charges.

CASH ON HAND

The cash available at the bank or in hand was assessed at nominal value.

PROVISIONS FOR RISKS AND EXPENSES

Provisions for risks and expenses aim to cover the risks identified at the closing date which may give rise to quantifiable charges. They are assessed individually.
Retirement indemnities are recorded as expenses in the company accounts when they are paid. They are not subject to provisions. The amount of the commitment at 28/02/2021 appears in the notes to the company accounts.

PURCHASES

The ancillary purchase costs paid to third parties were not incorporated in the purchase accounts, but were recorded in the various expense accounts according to their nature.

CURRENCY TRANSACTIONS

Expenses and income in foreign currencies are recorded at their equivalent on the date of the transaction. Debts, receivables and cash in foreign currencies appear in the balance sheet at their equivalent value at the end of the year. The difference resulting from the discounting of debts and receivables in foreign currencies at this last rate is entered in the balance sheet under "conversion difference". Uncompensated unrealised exchange losses are the subject of a risk provision.
The degree of exposure to market risks is relatively low. Only the exchange rate can have an impact, which is controlled with the solutions put in place by the company (one-off exchange hedging).

1.3.3. NOTES ON THE BALANCE SHEET

1.3.3.1. Fixed assets

Tangible and intangible fixed assets					
Headings Details	Figures				
	Gross value start of period	Increases by revaluation	Acquisitions, contributions, creation, transfers	Decreases	Gross value end of period
Intangible assets					
Start-up and development costs	2,597,099		439,118	288,443	2,747,774
Other intangible assets	258,196		120,320	132	378,384
Intangible assets in progress	0		901,167	0	901,167
Total Intangible Assets	**2,855,294**		**1,460,605**	**288,575**	**4,027,325**
Tangible assets					
Constructions on third party land	461,728		7,559	0	469,286
general plant construction	71,672			0	71,672
Technical installations and industrial tools	631,896		14,350,332	0	14,982,228
General installations, fittings and miscellaneous	438,768		19,575	0	458,343
Transportation equipment	281,167		29,499	2,782	307,885
Office and IT equipment, furniture	1,244,466		75,946	0	1,320,412
Total Tangible Assets	**3,129,697**		**14,482,910**	**2,782**	**17,609,826**
Grand total	**5,984,992**		**15,943,515**	**291,357**	**21,637,150**

Financial assets					
Headings Details	Figures				
	Gross value start of period	Increases by revaluation	Acquisitions, contributions, creation, transfers	Decreases	Gross value end of period
Financial assets					
Other shareholdings	3,196,980		472,874	0	3,669,854
Loans and other financial assets	16,123,389			4,850,433	11,272,956
Total Financial Assets	**19,320,369**		**472,874**	**4,850,433**	**14,942,810**
Grand total	**19,320,369**		**472,874**	**4,850,433**	**14,942,810**

Other financial assets				
Headings Details	Figures			
	Gross value start of period	Increases by revaluation	Decreases	Gross valueGross value end of period
Other financial assets				
Liquidity contract	160,104	63,189	45,675	177,617
Deposits and surety	277,452	11,870	2,539	286,782
Total Other Financial Assets	**437,556**	**75,058**	**48,215**	**464,400**
Grand total	**437,556**	**75,058**	**48,215**	**464,400**

During the year, 414,274 treasury shares were purchased and 435,246 shares were sold. As of 28/02/2021, the balance is 15,510 treasury shares for a closing price of 104,848 Euros. The company recognised a net capital gain in exceptional income of 17,513 Euros (gains 70,541 Euros - losses 53,028 Euros) during the financial year.

2CRSi acquired shares in Blade for € 2 million on 28 October 2019 by offsetting of debt. This participation was 100% depreciated in the accounts closed on 28/02/2021.

Blade's receivable relating to the payment instalment contract signed on 23/01/2020 is recorded in the item “Amounts due on shareholdings” for the respective amounts of $ 3,116,421.29 and 8,701,863.40 Euros, for a total of € 11.3 million as of 28 February 2021. Given the equipment repurchase agreement signed with hubiC in April 2021, the maturity of this receivable was considered to be less than one year (see “Key events - Blade”).

1.3.3.2. Depreciation

Headings Details	Figures			
	Start of year amount	**Increases in allocation**	**Decreases taken back**	**End of year amount**
Intangible assets				
Start-up and development costs	1,228,603	402,517	198,653	1,432,467
Other intangible assets	177,122	68,683	132	245,673
Total Intangible Assets	**1,405,725**	**471,201**	**198,786**	**1,678,140**
Tangible assets				
Constructions on third party land	87,646	77,587	0	165,233
general plant construction	52,672	7,135	0	59,807
Technical installations and industrial tools	416,958	1,464,141	0	1,881,099
General installations, fittings and miscellaneous	141,263	64,191	0	205,454
Transportation equipment	45,422	61,971	1,422	105,971
Office and IT equipment, furniture	462,830	144,671	0	607,501
Total Tangible Assets	**1,206,791**	**1,819,695**	**1,422**	**3,025,065**
Grand total	**2,612,516**	**2,290,896**	**200,207**	**4,703,205**

1.3.3.3. Breakdown of depreciation charges for the year

All of the depreciation charges applied during the fiscal year ended 28 February 2021 are of an economic nature. All depreciation is calculated using the straight-line method.

1.3.3.4. Stocks

	Gross total	Depreciation	Net total
Raw materials and other supplies	2,594		2,594
In production	1,477,595		1,477,595
Finished products	3,485,111		3,485,111
Merchandise	11,023,489	274,801	10,748,688
Stocks in transit	139,616		139,616
Total	**16,128,405**	**274,801**	**15,853,604**

1.3.3.5. Conditional advances

On 1 March 2016, 2CRSi obtained two innovation grants from BPI France, each of € 250k, for the development of a high performance low cost computer server, the programme expiring on 1st March 2019.

A first advance payment of € 175k was received in 2016 and a balance of € 128k was paid in 2019, i.e. a total received of € 478k.

A minimum repayment of € 100k is mandatory for each advance, i.e. a total of € 200k, the balance being required only in the event that the technology financed is successful. The company reimbursed € 112.5 k during this financial year and € 25k during the previous financial year.

The balance of these two advances in reimbursement value amounts to € 340k as of 28 February 2021.

1.3.3.6. Provisions

Provisions for risks and expenses				
Headings Details	**Figures**			
	Start of year amount	**Increases in allocation**	**Decreases taken back**	**End of year amount**
Provisions for risks and expenses				
Provisions for disputes	0	46,665	0	46,665
Provision for exchange losses	7,303	851,032	7,303	851,032
Other provisions	0	72,213	0	72,213
Total Provisions for risks and expenses	**7,303**	**969,910**	**7,303**	**969,910**
Provisions for depreciation				
Provisions on equity securities	188,400	2,038,851	0	2,227,251
Provisions on other financial assets	1,758	8,481	1,758	8,481
Provisions on inventories and work in progress	421,400	274,801	421,400	274,801
Provisions on accounts receivable	0	1,763,688	0	1,763,688
Other provisions for depreciation	449,554	515,390	449,554	515,390
Total Provisions for depreciation	**1,061,113**	**4,601,211**	**872,713**	**4,789,611**
Grand total	**1,068,416**	**5,571,121**	**880,016**	**5,759,521**

Provisions for depreciation of inventories and other depreciation provisions reversed during the year were not used during the year.

1.3.3.7. Information on debts and receivables

Receivables			
Categories	**Gross total**	**max 1 year**	**More than 1 year**
Amounts due on shareholdings	11,272,956	11,272,956	
Loans			
Other financial assets	464,400		464,400
Total fixed assets	**11,737,356**	**11,272,956**	**464,400**
Doubtful or disputed receivables	1,781,566	1,781,566	0
Other trade receivables	8,750,807	8,745,148	5,659
Receivable from securities loaned or given as collateral			
Payroll and related liabilities	22,482	22,482	
Social security and other welfare entities	21,547	21,547	
State - Income taxes	1,500,864	0	1,500,864
State - Value Added Tax	1,254,973	1,254,973	
State - Other taxes, duties and similar payments	102,760	102,760	
State - Miscellaneous	46,250	46,250	
Groups and associates	29,877,517	29,877,517	
Miscellaneous debtors *(a)*	1,120,080	920,080	200,000
Total current assets	**44,478,846**	**42,772,322**	**1,706,523**
Prepaid expenses	**1,054,337**	**1,054,337**	
Currency translation adjustment (assets)	**851,032**	**851,032**	
TOTAL	**58,121,570**	**55,950,647**	**2,170,923**

(a) Detail miscellaneous debtors: Debtors suppliers: € 106k; Civil enforcement procedure: € 42k; Factor Guarantee Fund: € 200k; Accounts receivable and deposits from suppliers: € 773k

Liabilities			
Categories	**Gross total**	**max 1 year**	**Between 1 and 5 years**
Convertible bond issues			
Other bond issues			
With credit organisations:			
- max 1 year from the start			
- more than 1 year from start	26,213,105	14,449,770	11,763,336
Loans and other financial liabilities	341,222	176,000	165,222
Supplier receivables	12,248,774	11,926,890	321,884
Payroll and related liabilities	740,408	740,408	
Social security and other welfare entities	856,200	856,200	
Income taxes			
Value Added Tax	1,150,761	1,150,761	
Guaranteed bonds			
Other duties, taxes and similar levies	268,348	268,348	
Liabilities on fixed assets and related accounts	49,200	49,200	
Group and associates	4,827		4,827
Other liabilities *(b)*	2,292,352	2,275,205	17,148
Debt on securities borrowed or given as collateral			
Prepaid income	**2,008,426**	**1,397,158**	**611,268**
Currency translation adjustment (liabilities)	**21,605**	**21,605**	
TOTAL	**46,195,230**	**33,311,546**	**12,883,685**

(b) Detail other liabilities: Trade creditors: € 4k; accounts receivable and credit notes to be issued: € 2,243k; Other accrued charges: € 39k (attendance fees); Charitable works: € 6k. Debts guaranteed by collateral amount of € 12 million.

The financial debt related to the acquisition of the Boston group is subject to covenants. Some of these covenants as of 28 February 2021 had not respected and the corresponding waiver had not been obtained. Pursuant to accounting rules, the part of this debt longer than one year (9,000,000 Euros out of a total of 12,000,000 Euros) was considered entirely as a debt of less than one year. The Bank has since approved the waiver, confirming that it renounces the early repayment of the debt (see 1.3.3.11 below).

1.3.3.8. Conversion differences

	Assets	Liabilities
Non-group suppliers	20,448	15,850
Group suppliers	103	16
Group customers	9,389	933
Non-group customers	22,432	2,363
Other non-group receivables	267,661	
Other group receivables	530,998	2,442
TOTAL	**851,032**	**21,605**

1.3.3.9. Accruals

Prepaid expenses	Amount
Blade Leasing	292,785
Other Leasing	237,405
Real estate rental and rental charges	360,301
Insurance	63,506
Various overheads	100,339
Total	**1,054,337**

Prepaid income	Amount
Sale of goods	341,342
Blade debt financial products	38,333
Equipment rents	1,628,751
Total	**2,008,426**

Accrued liabilities	Amount
Loans, interest payable	44,717
Trade payables	4,348,867
Social security and tax liabilities	906,537
RRR to be given	1,425,395
Other accrued charges (including attendance fees)	39,000
Cash on hand	1,640
Total	**6,766,157**

Accrued income	Amount
Interest accrued on amounts due on shareholdings	2,037,984
Trade receivables	1,367,194
RRR receivable	351,438
Partial activity compensation receivable	17,242
Welfare organisation reimbursements receivable	7,881
Current accounts	431,809
Total	**4,213,546**

1.3.3.10. Equity

The capital is made up of 17,743,430 shares with a par value of € 0.09, divided into two categories of shares in the following proportions:
• 14,243,430 ordinary shares and
• 3,500,000 preferred shares known as “ADP 2017”.
Shareholders' equity evolved over the year as follows:

	Capital	Issue Premium	Legal reserves	Unavailable reserve	Other reserves	Balance brought forward	Result	Total shareholders' equity	
Net situation on 01/03/2020	1,596,909	48,576,864	160,051	16,036	1,040,006	4,482,060	178,756	56,050,682	
Allocation of N-1 earnings	0	0	0	0	0	3,756	(178,756)	(175,000)	*(a)*
Capital increase	0	0	0	0	0	0	0	0	
Other variations	0	0	0	12,845	(12,845)	0	0	0	
Result 01/03/2020 to 28/02/2021	0	0	0	0	0	0	(11,597,780)	(11,597,780)	
Net situation at 28/02/2021	**1,596,909**	**48,576,864**	**160,051**	**28,881**	**1,027,161**	**4,485,816**	**(11,597,780)**	**44,277,902**	

(a) Payment of dividends

The ADP2017 have a nominal value of 10 Euros, including an issue premium of 9.10 Euros. They are perpetual, do not include contractual reimbursement or conversion mechanism. They do however give a right to a priority dividend, which 2CRSi must pay in the event of distributable income. This priority dividend amounts to € 175k per year.

FREE SHARE ALLOCATION PLAN (AGA)

The Combined General Meetings of 24 May 2018 and 13 June 2019 conferred a delegation of authority on the Board of Directors allowing it to proceed with the allocation of free shares. As part of this delegation, the Board of Directors of the Company decided on the following allocations:

- at the meeting of 12 December 2018, the Board of Directors decided to grant 178,179 free shares to a total of 58 beneficiaries. The acquisition of the shares is set for 13 December 2023, conditional on presence. 40,187 shares have lapsed since the allocation.

- at the meeting of 18 March 2020, the Board of Directors decided to grant 142,722 free shares to a total of 34 beneficiaries. The acquisition of the shares is set for 19 March 2022 without any condition of presence or performance.

PLAN FOR ALLOCATION OF COMPANY FOUNDERS' SHARES (BSPCE)

The Combined General Meeting of 13 June 2019 conferred a delegation of authority on the Board of Directors allowing it to proceed with the allocation of warrants to subscribe for company founders' shares (BSPCE). As part of this delegation, the Board of Directors of the Company decided on the following allocations during the meeting of 18 September 2020:

- Plan n° 1 “2020-2024” allocates 570,500 BSPCE to 89 beneficiaries. The acquisition date is set for 19 September 2024. It is subject to a presence condition as well as to four performance conditions: increase in the share price, the Group's financial performance (turnover and EBITDA) and level of customer satisfaction.

- Plan n° 2 “2020-2025” allocates 786,500 BSPCE to 89 beneficiaries. The acquisition date is set as the closing date of the 2024/25 accounts. It is subject to a presence condition as well as to four performance conditions: level of employee satisfaction, increase in the share price, the Group's financial performance (EBITDA) and level of customer satisfaction.

Since the allocation of these plans, 38,500 warrants have lapsed.
In accordance with accounting regulations, no entry is made until the warrant is executed.

1.3.3.11. Financial liabilities

The company signed a senior credit agreement on 04/12/2019 in the course of syndication with a banking pool, and the financial ratios (R1, R2 and R4) below must be maintained on each test date for the period of test considered, at a level lower than those indicated in the table below:

- R1 = Net Financial Debt / EBITDA for the Boston Ltd Group calculated semi-annually and for the first time on 28/02/2021
- R2 = Net Financial Debt / EBITDA for the consolidated group calculated semi-annually and for the first time on 28/02/2021
- R4 = Net Financial Debt / Equity for the historical 2CRSi calculated semi-annually and for the first time on 28/02/2021

Test date	R1 ratio less than	R2 ratio less than	R4 ratio less than
from 28/02/21 to 30/08/2024	2.5 x	2.5 x	60%

The company also undertakes to maintain a gross cash level (increased by the confirmed undrawn part of any short-term debt) greater than € 10 million for the 2CRSi historical group at the closing date of each accounting quarter until the date of reimbursement of all sums due.
As the 2CRSi historical group as of 28/02/2021 did not respect all the covenants provided for in the senior loan contract concluded on 05/12/2019, and had not obtained the corresponding waiver as of this date, the proportion of this debt with a maturity greater than one year is considered to be payable by application of accounting rules and has therefore been classified as short-term (9,000,000 Euros out of a total of 12,000,000 Euros). Since then, the bank has confirmed that it has waived the early repayment of the debt.

1.3.4. NOTES ON THE INCOME STATEMENT

1.3.4.1. Turnover

As of 28 February 2021, the company had a turnover of € 35.0 million, of which € 26.1 million corresponded to sales of finished products and merchandise (deliveries of equipment). The turnover of 2CRSi SA occurs in France and through export.
2CRSi SA turnover includes both deliveries and rental equipment (service delivery). The turnover relating to the delivery of equipment is recognised when control of the material is transferred to the customer, i.e. generally on delivery.
Equipment rental income is recognised on a straight-line basis over the term of the lease.

The breakdown of turnover is as follows:

	28/02/2021	29/02/2020
Sales France	17,870,764	20,080,368
Sales EU	6,198,538	7,110,851
Sales outside the EU	2,129,038	17,423,014
Rental services in France	5,090,112	7,063,057
Rental services in the EU	157,117	
Rental services outside the EU	3,007,493	1,228,029
Other services in France	406,347	268,226
Other services in the EU	82,699	1,126,786
Other services outside the EU	63,384	416,316
TOTAL	**35,005,492**	**54,716,648**

1.3.4.2. Income tax

As the company is in deficit, it is not liable for corporation tax for fiscal year 2020-21. The deficit carried forward to 29/02/2020 is 170,281 Euros before taking into account the error correction described in paragraph 1.3.1. "Key events".
The deficit carried forward to 28/02/2021 is 10,416,596 Euros.

RESEARCH TAX CREDIT

In 2020/21, our company incurred expenses eligible for research tax credit for 6 research projects. As of 31/12/2020, the Research Tax Credit totalled 354,500 Euros and is recognised as a reduction in the amount of tax.

1.3.4.3. Other expenses and income

Nature of other expenses	28/02/2021	29/02/2020
Royalties for concessions	1,264	
Reproduction right	712	781
Attendance fees	47,301	49,500
Exchange losses	467,617	310,246
Various expenses	2,807	1,444
TOTAL	**519,702**	**361,971**

Nature of the other gains	28/02/2021	29/02/2020
Exchange gains	396,755	1,114,855
CEA R&D project participation		40,000
Various income	2,068	1,132
TOTAL	**398,823**	**1,155,987**

1.3.4.4. Financial result

The financial result amounts to (2,101,519) Euros. It breaks down as follows:

Nature of the expenses	28/02/2021	29/02/2020
Provision for depreciation of financial fixed assets	2,845,990	1,758
Interest on loans	384,815	155,530
Exchange losses	174,715	61,426
Bank current account interest	20,413	21,155
Other financial charges (Early repayment HSBC loan)		318
TOTAL	**3,425,933**	**240,187**

Nature of the gains	28/02/2021	29/02/2020
Reversal of provision for depreciation of financial fixed assets	1,758	16,209
Interest on trade receivables		154,911
Exchange gains	56,487	149,850
Other financial income (Group + Blade accrued interest)	1,266,169	1,873,849
TOTAL	**1,324,414**	**2,194,819**

Allocations to provisions for depreciation of financial fixed assets relate to Blade equity securities for € 2m, unrealised exchange losses on current accounts for € 799k and treasury shares for € 8.5k.

1.3.4.5. Exceptional income

The exceptional result amounts to (2,825,024) Euros. It breaks down as follows:

Nature of the expenses	28/02/2021	29/02/2020
Penalties and fines	706	940
Expenses on previous years	2,758,800	16,513
Book value of assets sold	1,360	27,519
Losses on share buyback	53,028	143,418
Exceptional depreciation provisions	89,789	
TOTAL	**2,903,683**	**188,390**

Nature of the gains	28/02/2021	29/02/2020
Expenses on previous years		20,796
Proceeds from disposal of assets	8,118	17,481
Gains from share purchases	70,541	20,362
TOTAL	**78,659**	**58,639**

The charge for the previous financial year of 2,758,800 Euros corresponds to the error correction described in the "Key events - error correction".

1.3.4.6. Transfer of costs

Nature of the gains	28/02/2021	29/02/2020
Partial activity	140,744	
Insurance reimbursement	9,436	2,796
Apprenticeship contract	63,000	4,258
Benefits in kind	66,324	58,702
TOTAL	**279,504**	**65,756**

1.3.5. OTHER INFORMATION

1.3.5.1. Average staffing levels

Average staffing levels	28/02/2021	29/02/2020
Managerial staff	65	54
Non-managerial staff	38	25
Total	**103**	**79**

1.3.5.2. Retirement indemnities

Under French social legislation (ANC regulation n° 2013-02), the company's employees will be entitled to retirement indemnity if they are part of the workforce at the time of their retirement.
The company's obligation in this regard is estimated at € 477,434 as of 28 February 2021. As of 29 February 2020, this commitment was 373,482 Euros.
This obligation is estimated for all staff on the basis of accrued rights and a projection of current salaries, taking into account the risk of mortality, staff turnover and a discounting assumption.
The discount rates are determined by reference to the yields provided by bonds issued by first-class companies over terms equivalent to those of the commitments on the valuation date.
Actuarial differences are generated when differences are observed between actual data and previous forecasts, or as a result of changes in actuarial assumptions.

The main parameters used for the calculation are as follows:
- departure initiated by the employee (voluntary departure);
- calculation of the compensation according to the collective agreement in force (SYNTEC);
- assumed departure age 65 years for employees, technicians and supervisors (ETAM) and 67 years for executives;
- discount rate 0.80% (1% in fiscal year 2019/2020);
- charge rate 45%;
- turnover: depending on the length of service and average age of the staff;
- mortality: as per generation table TGH 05 for the male population and TGF 05 for the female population.

1.3.5.3. Off-balance sheet obligations

Type	Obligation given	Obligation received
End of career indemnities	477,434	
Green Data Securities pledge on BNP loan	5,500	
Boston Securities LTD pledge on BNP loan	12,000,000	
BNP loan insurance transfer € 15 million		5,000,000
BPI guarantee on Caisse d'Epargne loan		44,651
2CRSi joint surety (Green Data lease)	1,451,697	
Natural person surety on EC loans		7,442
Lease commitment (outstanding royalties)	10,924,886	
BNP overdraft authorisation guaranteed by BPI		2,025,000
State guarantee on PGE (90% loan and interest)		8,730,000

The company benefits from several authorised overdraft lines for a total amount of 2,777,877 Euros across all banking establishments.
As part of the acquisition of the Boston Group, 2CRSI SA has vouched for its subsidiary 2CRSI London Ltd for the payment of the potential acquisition price supplement and the purchase of an additional 30%. The fair value of these commitments is estimated at € 11.5 million.

1.3.5.4. Leasing contracts

During the year, the following new financing contracts were signed to finance IT equipment:

Financial lessor	Contract number	Contract period		Type of material	Value of property leased	Residual value
		Start	End			
NATIXIS LEASE EXPANSION	978898/00/137	01/08/2020	31/07/2023	Material and equipment	899,111	0
NATIXIS LEASE EXPANSION	978895/00/137	01/07/2020	30/06/2023	Material and equipment	2,516,786	0
EXCLUSIVE CAPITAL	2202011106	27/07/2020	30/09/2024	Material and equipment	486,580	0
EXCLUSIVE CAPITAL	2202011220	27/07/2020	30/09/2024	Material and equipment	30,820	0
LEASECOM	221L149213	01/03/2021	28/02/2026	Material and equipment	657,200	6,572
TOTAL					**4,590,496**	**6,572**

1.3.5.5. Leasing information table

Type of material	Value of goods leased	Royalties paid		Provision for depreciation		Royalties remaining to be paid			Residual value
		For the year	Cumulative	For the year	Cumulative	Up to 1 year	1 to 5 years	Over 5 years	
Material and equipment	27,664,187	5,059,214	18,862,821	5,920,328	18,324,264	5,758,484	5,114,643	0	75,119
Material and equipment *(contracts expired on 28/02/2021)*	6,018,546	1,138,873	6,496,391	1,055,091	5,978,245	0	0	0	60,187
Transportation equipment	154,275	25,865	115,250	33,890	112,476	31,431	20,328	0	50,571
TOTAL	**33,837,008**	**6,223,952**	**25,474,462**	**7,009,309**	**24,414,985**	**5,789,915**	**5,134,971**	**0**	**185,877**

1.3.5.6. Statutory auditors' fees

The fees paid to the Statutory Auditors during the financial year amount to:

Statutory auditors' fees (Amounts in € k)	AT 28/02/2021		AT 29/02/2020	
	EY	SFR	EY	SFR
Statutory audit, certification, limited review of individual and consolidated accounts:	**209**	**105**	**164**	**105**
Parent company	200	105	155	105
Fully consolidated subsidiaries	9	-	9	-
Services other than statutory audit	**4**	**6**	**146**	**6**
Parent company	4	-	146	6
Fully consolidated subsidiaries	-	-	-	-
Total	**213**	**111**	**310**	**111**

1.3.5.7. Directors' remuneration

The gross remuneration of corporate officers for just 2CRSi SA amounts to 414,933 Euros for the year. This includes 27,600 Euros in benefits in kind.
The Deputy Chief Executive Officer also benefitted from a BSPCE allocation during the fiscal year, amounting to 134,000 warrants for the "2020-2024" plan and 156,000 warrants for the "2024-2025" plan. For more information, refer to section 3.5.3.
The gross amount of the remuneration awarded to the directors for the 2019-2020 financial year and paid during the 2020/21 financial year amounts to 29,000 Euros, to which is added the remuneration granted to the non-voting director of 10,500 Euros.
At its meeting of 13 June 2019, the general meeting voted for an annual envelope of 60,000 Euros for the gross remuneration of the directors under of their mandate. A provision was made for this amount at the end of the period. The final remuneration amount has not yet been set at the end of the financial year.

1.3.5.8. Table of subsidiaries and holdings

Financial information / Subsidiaries and Holdings	Capital	Equity *(a)* (before profit for the year)	Share of capital held (%)	Book value of securities held		Loans and advances granted but not yet repaid	Amount of guarantees given	Sales excluding tax for the last financial year	Result of the last financial year	Dividends received by the company during the financial year	Observations
				Gross	Net						
Detailed information											
Subsidiaries: French											
Boston France (ex Adimes)	EUR 75,000	EUR 458,904	100.00%	EUR 188,400	EUR 0	EUR 619,927		EUR 2,679,965	EUR (86,486)		
Green Data	EUR 10,000	EUR 32,545	55.00%	EUR 5,500	EUR 5,500	EUR 1,664,158	EUR 1,451,697	EUR 2,655,478	EUR 216,069		
Foreign											
2CRSi Corporation	USD 1,000	USD (1,472,166)	100.00%	EUR 839	EUR 839	EUR 4,233,608		USD 2,785,618	USD (2,693,383)		
2CRSi Middle East FZE	AED 10,000	AED (3,361,983)	100.00%	EUR 2,340	EUR 2,340	EUR 1,681,583		AED 1,676,548	AED (3,308,935)		
2CRSi Ltd	GBP 1	GBP (129)	100.00%	EUR 1	EUR 1	EUR 2,479,873		GBP 0	GBP (70,995)		
2CRSi London Ltd	GBP 1	GBP (735,366)	100.00%	EUR 1	EUR 1	EUR 15,897,554		GBP 0	GBP (339,536)		
2CRSi Singapore PTE LTD	SGD 50,000	SGD 41,944	100.00%	EUR 31,990	EUR 31,990	EUR 28,275		SGD 0	SGD (74,761)		
2CRSi Belgium SRL	EUR 1,000	EUR 1,000	100.00%	EUR 1,000	EUR 1,000	EUR 15,069		N/A	N/A		First financial year closed 28/02/2022
2CRSi BV	EUR 1,000	EUR 1,000	100.00%	EUR 1,000	EUR 1,000	EUR 76,229		N/A	N/A		
Shareholdings											
Gamestream	EUR 151,217	EUR 3,119,428	14.39%	EUR 1,399,932	EUR 1,399,932	EUR 1,725		EUR 1,704,797	EUR 48,567		
Summary:											
French subsidiaries:				EUR 193,900	EUR 5,500	EUR 2,284,084	EUR 1,451,697				
Foreign subsidiaries:				EUR 37,171	EUR 37,171	EUR 24,412,191	EUR 0				
French shareholdings:				EUR 1,399,932	EUR 1,399,932	EUR 1,725	EUR 0				
Foreign shareholdings:				EUR 0	EUR 0	EUR 0	EUR 0				

(a) Equity including share capital

1.4. OTHER ITEMS RELATING TO THE FINANCIAL STATEMENTS

Table showing invoices received and issued but not paid at the end of the financial year whose term has expired

In accordance with the provisions of articles L. 441-6-1 and D. 441-4 I of the French Commercial Code, the breakdown of payment terms for the company's customers and suppliers is as follows (expressed in €):

- for suppliers, the number and total amount of invoices received but not paid at the closing date of the financial year whose term has expired; this amount is broken down into tranches of period of delay and reported as a percentage of the total amount of purchases for the year;
- for customers, the number and total amount of invoices issued but not paid at the closing date of the financial year whose term has expired; this amount is broken down into tranches of period of delay and reported as a percentage of the total amount of sales for the year;

	Article D. 441-4 I. 1°: Invoices received but not paid on the closing date of the financial year whose term has expired						Article D. 441-4 I. 2°: Invoices issued but not paid on the closing date of the financial year whose term has expired					
	0 day (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total (1 day and over)	0 day (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total (1 day and over)
A) Late payment periods												
Number of invoices concerned	391					250	68					226
Total amount of the invoices concerned incl. VAT	5,921,317	1,579,883	319,459	(151,981)	(246,695)	1,500,666	1,009,636	6,408,139	1,008,248	439,633	363,410	8,219,430
Percentage of total amount of purchases excluding VAT for the year	12.47%	3.33%	0.67%	-0.32%	-0.52%	3.16%						
Percentage of net sales for the financial year							2.88%	18.31%	2.88%	1.26%	1.04%	23.49%
B) Invoices excluded from (A) relating to debts and receivables in dispute or not recorded												
Number of excluded invoices												
Total amount of excluded invoices												
C) Reference payment terms used (contractual or legal deadline - article L. 441-6 or article L. 443-1 of the French Commercial Code)												
Reference payment terms used for calculating payment delays	30 days						30 days					

1.5. FINANCIAL RESULTS FOR THE LAST FIVE YEARS

Entry type	Financial year ended 31/12/2016	Financial year ended 31/12/2017	Financial year ended 31/12/2018	Financial year ended 29/02/2020	Financial year ended 28/02/2021
I. Capital at the end of the financial year					
Share capital	765,000	1,080,000	1,596,909	1,596,909	1,596,909
Number of existing ordinary shares	850,000	850,000	14,243,430	14,243,430	14,243,430
Number of preferred shares		350,000	3,500,000	3,500,000	3,500,000
Maximum number of future shares to be created:					
. By conversion of bonds					
. By exercise of subscription rights					
II. Operations and results of the financial year					
Turnover excluding taxes	11,874,191	32,709,865	70,191,773	54,716,648	35,005,493
Profit before tax, employee profit-sharing and depreciation and amortisation allocations	664,458	1,397,859	5,950,772	685,259	(4,895,488)
Income taxes	(217,455)	(186,120)	(417,908)	(645,708)	(369,500)
Employee profit-sharing due for the financial year	0	0	0	0	0
Profit after tax, employee profit-sharing and depreciation and amortisation allocations	659,992	442,058	4,741,902	178,756	(11,597,780)
Distributed profit	175,000	175,000	175,000	175,000	175,000
III. Earnings per share					
Profit after tax, employee profit-sharing but before depreciation and amortisation allocations	1.04	1.32	0.36	0.08	(0.26)
Profit after tax, employee profit-sharing and depreciation and amortisation allocations	0.78	0.37	0.27	0.01	(0.65)
Dividend allocated to each share *(a)*	0.50	0.50	0.05	0.05	0.05
IV. Staff					
Average number of personnel employed during the financial year	26	34	49	79	103
Payroll for the year	1,112,285	1,411,064	2,716,066	5,126,112	5,173,937
Amount paid for social benefits for the year (social security, charitable works, etc.)	337,053	489,284	1,091,946	2,082,976	2,015,483

(a) Where applicable, specify by category whether it is a gross or net dividend.

2

CONSOLIDATED ACCOUNTS

2.1. CONSOLIDATED ANNUAL INCOME STATEMENT AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The period considered begins on 01/03/2020 and ends on 28/02/2021, i.e. a period of 12 months.
The duration of the previous financial year ended 29/02/2020 was 14 months.

In thousands of Euros	Notes	Fiscal year 2020/2021 (12 months)	Fiscal year 2019/2020 (14 months) (*)
Turnover	2.5.4.1	163,339	76,972
Other income from the activity	2.5.4.2	3,877	1,676
Consumed purchases	2.5.4.3	(129,707)	(59,864)
Margin rate on turnover		*20.6%*	*22.2%*
External charges	2.5.4.3	(9,426)	(8,215)
Personnel expenditure	2.5.4.4	(19,534)	(12,405)
Taxes and duties		(598)	(555)
Other operating income and expenses		(590)	0
EBITDA	**2.5.4.5**	**7,361**	**(2,391)**
EBITDA margin rate on turnover		*4.5%*	*-3.1%*
Other current operating income and expenses	*2.5.4.5*	*(216)*	(605)
Net allocations for depreciation and provisions	2.5.4.5	(6,575)	(5,111)
Current operating income		**569**	**(8,107)**
Other non-current operating income and expenses		0	(195)
Operating income		**569**	**(8,302)**
Cost of gross financial debt		(2,491)	(2,029)
Other net financial income		2,009	2,676
Net provisions for depreciation of financial assets and other financial provisions		(4,532)	0
Financial result	**2.5.4.6**	**(5,015)**	**647**
Profit before taxes		**(4,445)**	**(7,655)**
Taxes	2.5.4.7	119	1,042
Net profit		**(4,326)**	**(6,613)**
Group share		(4,188)	(6,384)
Minority share		(139)	(229)

(*) Figures restated following the correction described in note *2.5.1.3.*

Compared to the 12-month *pro forma* of 2019-2020:

In thousands of Euros	Notes	Fiscal year 2020/2021 (12 months)	Fiscal year 2019-2020 *Pro forma* (12 months)(*)
Turnover	2.5.4.1	163,339	141,081
Other income from the activity	2.5.4.2	3,877	943
Consumed purchases	2.5.4.3	(129,707)	(111,772)
Margin rate on turnover		*20.6%*	*20.8%*
External charges	2.5.4.3	(9,426)	(11,748)
Personnel expenditure	2.5.4.4	(19,534)	(16,804)
Taxes and duties		(598)	(631)
Other operating income and expenses		(590)	0
EBITDA	**2.5.4.5**	**7,361**	**1,070**
EBITDA margin rate on turnover		*4.5%*	*0.7%*
Other current operating income and expenses	2.5.4.5	*(216)*	(606)
Net allocation to depreciation and provisions.	2.5.4.5	(6,575)	(4,847)
Current operating income		**569**	**(4,383)**
Other non-current operating income and expenses		0	(91)
Operating income		**569**	**(4,474)**
Financial result	**2.5.4.6**	**(5,015)**	**917**
Profit before taxes		**(4,445)**	**(3,557)**
Taxes	2.5.4.7	119	874
Net profit		**(4,326)**	**(2,683)**
Group share		(4,188)	(2,896)
Minority share		(139)	213

(*) Figures restated following the correction described in note 2.5.1.3.

The *pro forma* income statement over 12 months from 1 March 2019 to 29 February 2020 has been determined:

- Based on the consolidated accounts of the historic 2CRSi group over the 14-month period, from which the consolidated accounts established over the period 1 January 2019 to 28 February 2019 for the same scope were deducted.
- By adding the consolidated income statement of the Boston Ltd group for the period 1 March 2019 to 29 February 2020, considering that the fair value adjustments determined on 18 November 2019 would have been identical as at 1 March 2019 (without taking into account over the 12 months the amortisation of the customer relationship and the financial expense of accretion of the debt linked to the put).

The consolidated statement of comprehensive income is as follows:

In thousands of Euros	Fiscal year 2020/2021 (12 months)	Financial year 2019/2020 (14 months)*
Net profit	**(4,326)**	**(6,613)**
Conversion differences	(736)	51
Items recyclable to profit or loss	**(736)**	**51**
Actuarial gains and losses on retirement obligations net of deferred taxes	50	41
Items not recyclable to profit or loss	**50**	**41**
Comprehensive income for the period	**(5,013)**	**(6,521)**
Group share	(4,822)	(6,326)
Non-controlling interest share	(190)	(195)

** Figures restated following the correction described in note 2.5.1.3.*

2.2. ANNUAL CONSOLIDATED BALANCE SHEET

Statement of Financial Position			
In thousands of Euros	Notes	28/02/2021	29/02/2020 (*)
ASSETS			
Goodwill	2.5.5.1	7,763	7,062
Intangible assets	2.5.5.1	15,641	15,750
Tangible assets	2.5.5.2	22,186	23,637
Financial receivables (non-current)	2.5.5.4	7,163	10,925
Other non-current financial assets	2.5.5.7	1,401	3,000
Deferred tax assets		1,768	1,725
Non-current assets		**55,921**	**62,099**
Stocks	2.5.5.5	32,222	34,520
Customers	2.5.5.6	28,106	21,820
Other current assets	2.5.5.7	12,084	15,011
Financial receivables (current)	2.5.5.4	28,139	11,796
Cash and cash equivalents		4,544	10,175
Current assets		**105,096**	**93,322**
Total assets		**161,017**	**155,421**
In thousands of Euros		28/02/2021	29/02/2020
EQUITY AND LIABILITIES			
Capital	2.5.5.8	1,282	1,282
share premiums	2.5.5.8	46,084	46,084
Reserves	2.5.5.8	(2,429)	4,155
Profit for the year assignable to the owners of the company	2.5.5.8	(4,188)	(6,384)
Equity assignable to the owners of the company		**40,749**	**45,138**
Reserves for non-controlling interests		70	120
Result from non-controlling interests		(139)	(229)
Non-controlling interests		**(69)**	**(109)**
Total equity		**40,680**	**45,029**
Loans and financial liabilities	2.5.5.9	33,831	37,425
Non-current rental liabilities	2.5.5.9	14,005	15,525
Employee benefits	2.5.5.13	497	386
Deferred tax liabilities		2,732	3,115
Other non-current liabilities	2.5.5.14	1,342	0
Non-current liabilities		**52,407**	**56,451**
Current financial debts	2.5.5.9	23,112	14,460
Current rental debts	2.5.5.9	2,859	2,137
Other current provisions	2.5.7.4.	335	265
Trade payables	2.5.5.11	24,057	20,336
Other current liabilities	2.5.5.12	17,568	16,742
Current liabilities		**67,931**	**53,941**
Total equity and liabilities		**161,017**	**155,421**

(*) Figures restated following the correction described in note 2.5.1.3.

2.3. CHANGE IN ANNUAL CONSOLIDATED SHAREHOLDERS' EQUITY (*)

Changes in equity								
(Amounts in € k)	Capital	Premiums linked to capital	Reserves	Actuarial difference and currency effects	Profit/loss for the year	Shareholders' equity, group share	Non-group interests	Total shareholders' equity
Situation at closure of 2018.12	**1,282**	**46,084**	**(67)**	**(17)**	**3,705**	**50,986**	**82**	**51,069**
Allocation of income for the 2018.12 financial year			3,705	-	(3,705)	-	-	-
Variation in exchange rates				33		33	18	51
OCI not recyclable				25		25	16	41
Result					(6,381)	(6,381)	(229)	(6,610)
Overall result	-	-	-	58	(6,381)	(6,323)	(195)	(6,518)
Change in scope								
Liquidity contract								
Other movements			477			477	5	482
Situation at closure of 2020.02	**1,282**	**46,084**	**4,115**	**41**	**(6,381)**	**45,140**	**(108)**	**45,031**
Allocation of income for the 2020.02 financial year			(6,381)	-	6,381	-	-	-
Variation in exchange rates				-684		(684)	(52)	(736)
OCI not recyclable				50		50		50
Result					(4,188)	(4,188)	(139)	(4,326)
Overall result	-	-	-	(635)	(4,188)	(4,822)	(190)	(5,013)
Change in scope								
Liquidity contract								
Other movements			431			431	232	663
Situation at closure of 2021.02	**1,282**	**46,084**	**(1,835)**	**(594)**	**(4,188)**	**40,749**	**(67)**	**40,680**

(*) 2020.02 figures restated following the correction described in note 2.5.1.3.

"Other movements" in reserves amounted to € 431k. They are mainly impacted by the allocation of free shares (impact of € 446k) and changes in treasury shares.

Changes in exchange rates (€ 736k) are mainly linked to the change in the financial receivable.

2.4 ANNUAL CONSOLIDATED CASH FLOW STATEMENT

The “Loan issues” section is detailed in Note 2.5.5.9. The line “Financial interests received” is detailed in note 2.5.4.6.

In thousands of Euros	28/02/2021	29/02/2020 (*)
Net profit	(4,326)	(6,613)
Elimination of allocations for depreciation and provisions (including financial)	10,169	4,450
Capital gain or loss	148	229
Neutralisation of financial income (excluding depreciation and provisions)	489	1,045
Other income and expenses with no cash impact	653	329
Elimination of tax expense / income	(119)	(1,042)
Self-financing capacity	**7,014**	**(1,602)**
Tax paid	(158)	(1,362)
Change in financial receivable	(14,881)	8,364
Change in working capital requirement	5,898	6,838
Net cash from operating activities	**(2,127)**	**12,239**
Acquisition of intangible and tangible fixed assets	(4,268)	(3,514)
Equity securities	(440)	-
Impact of changes in scope	0	(13,845)
Disposal of tangible and intangible fixed assets	197	17
Change in loans and advances granted	(321)	(914)
Net cash from (used by) investment activities	**(4,832)**	**(18,256)**
Dividends paid by the consolidating company	(175)	(175)
Capital increases (reductions)		-
Net disposal (acquisition) of treasury shares	63	
Loan issues	14,767	25,191
Loan repayments	(14,684)	(17,533)
Interest paid	(2,048)	(3,575)
Financial interest received	2,019	-
Factoring	453	(2,621)
Net cash from (used by) finance activities	**395**	**1,287**
Impact of variation in exchange rates	(149)	8
Cash flow change	**(6,714)**	**(4,722)**
Cash and cash equivalents at opening	*9,779*	*14,501*
Cash and cash equivalents at closing	*3,066*	*9,779*

(*) Figures restated following the correction described in note 2.5.1.3.

The change in cash flow is strongly impacted by the change in financial receivables (- € 14.9 million over the year), taking into account new financial receivables related to finance leases (€ 26.2 million, of which € 16.6 million are linked to Blade) and payments recorded over the year in the amount of € 11.3 million.

As of 28 February 2021, the Group had € 3.2 million in authorised overdraft lines, used up to € 1.5 million, as well as € 9.9 million in financing of commercial transactions (excluding the € 2 million BPI advance).

2.5. NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS

Notes to the consolidated financial statements

2.5.1. OVERVIEW OF THE ACTIVITY AND KEY EVENTS

2.5.1.1. Information relating to the Company and its activity

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

The consolidated accounts at 28 February 2021 reflect the accounting situation of the Company and its subsidiaries. On 30 June 2021, the Board of Directors approved the annual consolidated accounts and the management report of 2CRSi.

The integration of Boston Limited into the Group's consolidated accounts carried out from 18 November 2019 is reflected for a full financial year to 28 February 2021.

The 2020-21 financial year shows consolidated Group turnover of € 163.3 million, including a contribution from Boston Limited of € 108.2 million and the historical 2CRSi group of € 55.1 million.

During the 2020-2021 fiscal year, the Group's global geographic coverage was further strengthened through increased sales forces and an expanded international distribution network. With 21 offices and more than 50 distribution and resale partnerships, the Group directly or indirectly covers more than 50 countries.

Over the 2020-21 fiscal year, 2CRSi confirmed its international positions with 84% of its business carried out outside France.

The Group posted a gross margin of 20.6% for the fiscal year, compared to 20.8% for the 2019-20 fiscal year.

External charges amount to € (9.4) million, down 20% compared to the previous year (*pro forma* 12 months). Marketing and travel costs have fallen significantly due to the pandemic.

Personnel costs amounted to € (19.5) million, i.e. 12.0% of turnover, compared to 11.9% in 2019-20. This increase reflects an overall increase in the workforce, with 373 employees versus 355 in 2019-2020. In particular, the sales and sales support teams were strengthened in the Middle East, the United States and in Europe. The amount is also impacted by € (0.5) million due to the inclusion of free allocation plans and BSPCE in application of accounting standards.

Thus, EBITDA stands at € 7.4 million. Depreciation and provisions are € (6.6) million. Depreciation charges increased by € 1.1 million and operating provisions increased by € 0.7 million.

Operating profit for the year came to € 0.6 million.

The financial result is negative at € (5.0) million. This was impacted in the main by the depreciation of Blade shares € (2) million, the depreciation of financial receivables on 2020 Blade leases € (2.5) million, exchange losses € (0.5) million and lower financial income associated with 2CRSi equipment rentals € (0.2) million.

With income tax income of € 0.1 million, group share of consolidated net income is € (4.2) million for the year.

2.5.1.2. Key events

COVID-19

The Group's sales were impacted by the effects of the COVID-19 pandemic which affected all the countries in which the Group is active. From January 2020, many component factories were closed and the transport supply greatly reduced. Some customers have postponed the delivery of their orders, the decision-making time has increased.
During the various phases of lockdown and limited movement, presence on sites was limited to production and logistics teams (France, United Kingdom and Germany) and teleworking was widely practiced by other functions. Boston's integration process was slowed down by the travel constraints. However, the sales teams continued their activities remotely and the relationships we have with our suppliers have made it possible to avoid major supply restrictions.
The impacts on commercial activity show strong contrast with sectors such as Automotive, Oil, Audiovisual Production and Advertising which suffered a reduction, while conversely the Cloud, Internet, Gaming and Telecommunications sectors grew strongly.
The group's companies have benefitted from the support measures put in place by the various governments, namely:

- in France, a delay in the payment of employer social security charges over the year and part of the leasing instalments (up to € 1.8 million), and the advantages linked to partial activity during the months of March, April and May 2020;
- in the United Kingdom, a deferred payment of VAT at the end of February (€ 1.2 million) and a partial activity scheme.

State Guaranteed Loans (PGE) were granted for a total amount of € 10 million.

BLADE

A long-standing customer of the Group, the Blade group specialises in *cloud* PCs for video game players. Since 2017, 2CRSi has supported Blade in its development by providing it with a high performance server infrastructure with reduced energy consumption.

The various contracts concluded with the Blade Group have concerned either the sale of servers with retention of title clauses until the equipment has been paid for, or the rental of servers with an option to purchase at the end of the contract. The equipment leased by 2CRSi has been partially financed through sale-leaseback contracts with banking establishments.

Over the 2020-21 fiscal year, sales with the entire Blade group amounted to € 17.9 million, mainly for deliveries to the United States.
On 2 March 2021, Blade went into receivership. On 1 March 2021, its American subsidiary, Blade Global Corp., was placed under "Chapter 11" protection of the United States of America Bankruptcy Law.
Since these announcements, the two companies have continued their activity while a disposal plan is put in place and a possible buyer is chosen.
On 30 April 2021, the Paris Commercial Court appointed the company hubiC, owned by Octave and Miroslaw Klaba, as the sole buyer of the Blade SAS activity. The court approved the plan to sell part of the assets used by Blade SAS, noting the settlement commitments in the amount of € 10.5 million excluding tax by hubiC to 2CRSi. This sum was actually received in full on 17 May 2021. The court also confirmed the principle of restitution of the equipment delivered by 2CRSi to Blade after 1 January 2020.
By decision of 3 May 2021, the United States Bankruptcy Court of California authorised the sale of part of the assets held by Blade Global Corporation to a US entity dependent of hubiC. The 2020 equipment owned by 2CRSi is excluded from this sale, its recovery from different *datacentres* started in May and should take several weeks. At the date of closing the accounts, the recovery of equipment in the various *datacentres*, mainly in the United States, is still in progress and hubiC is considering extending the rentals of certain equipment.
In addition, 2CRSi submitted a demand on 10 May with a view to obtaining the payment of all or part of its claims as part of the liquidation of Blade Global Corporation and a request is in progress to obtain the payment of the rents due to 2CRSi for the period after the bankruptcy filing in the context of the continuation of the activity.

The impacts on 2CRSi's consolidated accounts on 28/02/21 are as follows:

1. In 2019, 2CRSi participated in the Blade SAS capital increase by investing € 2 million by offsetting receivables. Taking into account Blade's entry into bankruptcy proceedings, this investment was fully depreciated at the end of February 2021.

2. Regarding receivables relating to contracts prior to 31/12/2019 (equipment acquired by hubiC), 2CRSi had negotiated a rescheduling agreement for trade receivables with the Blade Group at the end of 2019.
The balance of this receivable amounts to € 11.3 million (including tax) as of 28 February 2021, compared to € 16.1 million as of 29 February 2020.

With the initiation of insolvency proceedings, this receivable became payable at the start of the 2021/2022 financial year and was therefore presented as a current financial receivable. The price paid by hubiC in exchange for this equipment (€ 10.5 million net, € 12.6 million gross) fully compensates for the impact of the cancellation of these rescheduled receivables and the residual finance lease receivable for equipment delivered before 1 January 2020 (€ 0.7 million as of 28 February 2021). No impairment of these receivables was therefore recognised as of 28 February 2021 in this regard.

The financing obtained by 2CRSi from financing organisations for the equipment taken over by hubiC has been or will be the subject of a procedure with financial organisations with a view to their early repayment. At the end of February 2021, the total amount of debt recognised under financing contracts for this equipment amounted to € 2.8 million including tax.

3. With respect to rental contracts entered into after 1 January 2020, Blade is not the owner of the rented goods. In its agreement with 2CRSi, hubiC has undertaken to facilitate the return of this equipment, most of which is located in the United States.

The financial receivable associated with this equipment delivered after 1 January 2020 amounts to € 15.6 million (of a total financial receivable related to Blade under finance leases of € 16.3 million) to 28/02/2021.

The Group assessed the value of the financial receivable on the balance sheet by comparison with the market value of these assets, after deduction of the cost of recovering and restoring these materials. Given the uncertainties and fluctuations in the market, a depreciation of the financial receivable of € 2.5 million was recorded.

At this stage, the company considers that, taking into account the current period of shortage of computer components, it is probable that, once recovered, the equipment concerned can either be resold or operated by 2CRSi under satisfactory market conditions, and will make it possible to cover the value of the net financial debt (€ 13.1 million).

In addition, the stocks related to the current order of Blade and not delivered consist of non-specific material that is easily marketable to other customers.

In summary, the balance sheet positions linked to the Blade group at the end of February 2021 in the 2CRSi consolidated accounts are as follows:

In Thousands of Euros - as of 28 February 2021	Assets			Liabilities
	Gross value	Amortisation Depreciation	Value Net	
1) Under contracts prior to 31 December 2019				
Amounts due on shareholdings	11,272	0	11,272	
Financial receivables	707	0	707	
Debt under financing contracts				2,845
2) Under contracts after 1 January 2020				
Financial receivables	15,563	(2,487)	13,076	
Receivables related to shareholdings	0		0	
Customers	0	0	0	
Debts under financing contracts				1,910
3) Other items				
Equity securities	2,038	(2,038)	0	
Total	**29,580**	**(4,525)**	**25,055**	**4,755**

The impacts of the Blade Group reorganisation on the 2020/21 income statement are as follows:

	In thousands of Euros
Impact on operating profit	**0**
Depreciation of the financial receivable	(2,487)
Impairment of equity securities	(2,038)
Impact on the financial result	**(4,525)**

Finally, in the context of the liquidation of Blade SAS in France and Blade Global Corporation in the United States, 2CRSi hopes to obtain financial compensation of several million Euros. Taking into account the probable delay for the implementation of the liquidation and the uncertainty on the amount that the liquidators will be able to repay to 2CRSi, no income was recorded in this respect in the 2CRSi accounts as of 28 February 2021.

Acquisition of Boston Limited

The base price paid for the acquisition of the Boston Limited group was financed by a medium-term loan of € 15 million from BNP. € 3 million were reimbursed over the 2020-21 fiscal year.
In addition to this base price, price supplements may be added for the benefit of historical shareholders conditional on the achievement of EBITDA targets for fiscal years 2020 to 2023. No supplement is recognised for the achievement of EBITDA targets for the years ended February 2020 and February 2021. The contract also provides for an option to purchase the remaining 30% minority stake in Boston Limited; this option can be exercised until November 2029. The financial debt corresponding to these commitments amounts to € 11.4 million at the end of February 2021, and varies slightly over the financial year (decrease of € 0.1 million) given the reverse effects of the revision of the business plan and the unwinding of the debt.

Free share allocation plan for the benefit of certain employees of the Boston Ltd group

On 18 March 2020, the Board of Directors decided to allocate 142,722 shares to certain employees of the companies in the Boston Limited group, in accordance with an agreement made with the sellers during the acquisition. This allocation makes use of the fifteenth resolution voted by a combined general meeting on 13 June 2019. The final vesting of these shares is set for 19 March 2022; it is not subject to performance or presence conditions. The charge relating to the allocation of free 2CRSi shares to employees of the Boston sub-group granted on 18 March 2020 was assessed at € 256k. This was fully accounted for in personnel expenses in the annual consolidated accounts as of 28 February 2021, given the absence of any allocation condition.

Appointment of a new independent director to the Board

The 2CRSi Board of Directors welcomes Mr. Dominique Henneresse as independent director.
His appointment follows the adoption of the fifth resolution of the General Meeting of 25 September 2020.
Aged 68, graduate of Sciences Po Strasbourg and MBA HEC, Dominique Henneresse held the positions of management controller, then Administrative and Financial Director in subsidiaries of large groups such than Alcatel, Steelcase Strafor and Point P. After managing an industrial SME, Dominique Henneresse joined the De Dietrich group in 1996, first with DAF Group and then, from 2000, as CEO of De Dietrich Thermique. When the latter was sold, he also became co-manager of the Dutch group De Dietrich Remeha. Since 2010, he has been working as a business consultant. He has held numerous ETI mandates on supervisory boards or strategic committees.
In accordance with the recommendations of the Middlenext code, the Board of Directors of the 2CRSi Group now has 2 independent members out of a total of 7 directors, 4 men and 3 women.

Plan for allocation of company founders' shares (BSPCE)

The Combined General Meeting of 13 June 2019 conferred a delegation of authority on the Board of Directors allowing it to proceed with the allocation of warrants to subscribe for company founders' shares (BSPCE). As part of this delegation, the Board of Directors of the Company decided on the following allocations during the meeting of 18 September 2020:

- Plan n° 1 "2020-2024" allocates 570,500 BSPCE to 89 beneficiaries. The acquisition date is set for 19 September 2024 and the exercise price is € 3.28. It is subject to a presence condition as well as to four performance conditions: increase in the share price, the Group's financial performance (turnover and EBITDA) and level of customer satisfaction.

Plan n° 2 "2020-2025" allocates 786,500 BSPCE to 89 beneficiaries. The acquisition date is set as the closing date of the 2024-25 accounts and the exercise price is € 3.28. It is subject to a presence condition as well as to four performance conditions: level of employee satisfaction, increase in the share price, the Group's financial performance (EBITDA) and level of customer satisfaction.

Since the allocation of these plans, 27,500 warrants lapsed on 28 February 2021. As of 28 February 2021, the number of company founder share subscription warrants (BSPCE) amounted respectively to 559,250 for plan n° 1 and 770,250 for plan n° 2.

As of 28 February 2021, the fair value of the commitment made for the allocation of company founders' share warrants was assessed at € 458k. In the consolidated financial statements at 28 February 2021, the expense recognised in this regard amounts to € 48k.

2.5.1.3. Error correction

As part of the preparation of its annual accounts at 28 February 2021, 2CRSi noted that its purchases consumed in the 2019-20 financial year had been undervalued by € 2.8 million following the incorrect posting of a receivable credit. This error led to an overvaluation of the consolidated EBITDA by € 2.8 million and the consolidated net income on the part of the group of € 2.1 million in the accounts for the year ended 29 February 2020.

This error gives rise to a correction in EBITDA of (€ 2.8 million) and of consolidated income of (€ 2.1 million) for the year ended 29 February 2020. The consolidated balance sheet at 29 February 2020 is also modified. The comparative data for the 2019-20 fiscal year over 14 months and over 12 months *pro forma* have been updated in all the appendices to the accounts.

Integrating the consolidation of Boston Limited for the first time, the tasks to close the 2019-20 financial year were also constrained by the direct consequences of the pandemic and the first lockdown. Since then, 2CRSi has strengthened its financial functions in France and the United Kingdom and initiated a plan to improve and adapt the processes to the current situation.

Simplified income statement in millions of Euros - IFRS standards	2019-2020 14 months published	corrections	corrected
Turnover	**77.0**		**77.0**
Other current operating income	1.7		1.7
Income from normal activities	**78.6**	**0.0**	**78.6**
Consumed purchases	*(57.1)*	*(2.8)*	*(59.9)*
External charges	(8.2)		(8.2)
Personnel expenditure	(12.4)		(12.4)
Taxes and duties	(0.6)		(0.6)
EBITDA	**0.3**	**(2.8)**	**(2.4)**
EBITDA margin rate	*0.4%*		*(3.1%)*
Other current operating income and expenses	(0.6)		(0.6)
Net allocation to depreciation and provisions	(5.1)		(5.1)
Current operating income	**(5.4)**	**(2.8)**	**(8.1)**
Operating income	**(5.5)**	**(2.8)**	**(8.3)**
Financial result	0.6		0.6
Consolidated net income	**(4.5)**	**(2.1)**	**(6.6)**
Consolidated net income, group share	**(4.3)**	**(2.1)**	**(6.4)**
Basic earnings per share (€ / share)	**(0.3)**		**(0.4)**
Diluted earnings per share (€ / share)	**(0.3)**		**(0.4)**

Simplified income statement in millions of Euros - IFRS standards	29/02/2020 published	corrections	corrected
Goodwill	7.1		7.1
Intangible assets	15.8		15.8
Tangible assets	23.6		23.6
Non-current financial receivables	10.9		10.9
Other non-current assets	4.0	0.7	4.7
Total non-current assets	**61.4**	**0.7**	**62.1**
Stocks	34.5		34.5
Customers	21.8		21.8
Other current assets	17.8	(2.8)	15.0
Financial receivables	11.8		11.8
Cash and cash equivalents	10.2		10.2
Total current assets	**96.1**	**(2.8)**	**93.3**
TOTAL ASSETS	**157.5**	**(2.1)**	**155.4**
Group equity	47.2	(2.1)	45.1
Minority interests	(0.1)		(0.1)
Consolidated equity	**47.1**	**(2.1)**	**45.0**
Loans and financial liabilities	53.0		53.0
Other non-current liabilities	3.5		3.5
Total non-current liabilities	**56.5**	**0.0**	**56.5**
Trade payables	20.3		20.3
Financial liabilities (including rental debts)	16.6		16.6
Other current liabilities	17.0		17.0
Total current liabilities	**53.9**	**0.0**	**53.9**
TOTAL LIABILITIES	**157.5**	**(2.1)**	**155.4**

Annual consolidated cash flow statement in millions of Euros - IFRS standards	29/02/2020 published	corrections	corrected
Net profit	(4.5)	(2.1)	(6.6)
Elimination of tax expense / income	(0.4)	(0.7)	(1.0)
Self-financing capacity	**1.2**	**(2.8)**	**(1.6)**
Change in working capital requirement	4.1	2.8	6.8
Net cash from operating activities	**12.2**	**0.0**	**12.2**
Net cash from investment activities	**(18.3)**		**(18.3)**
Net cash from finance activities	**1.3**		**1.3**
Change in cash flow	**(4.7)**		**(4.7)**
Cash and cash equivalents at opening	*14.5*		*14.5*
Cash and cash equivalents at closing	*9.8*		*9.8*

2.5.1.4. Events subsequent to the closing

CHANGES IN THE SITUATION WITH THE CUSTOMER BLADE

The evolution of Blade's situation and the impact of its receivership and takeover by hubiC on 2CRSi's accounts are described in paragraph 6.7.1.2.
On 17 May 2021, 2CRSi received the sum of € 12.6 million including tax from hubiC in payment for the purchase of goods leased or sold to Blade with a retention of title clause before 31 December 2019. The recovery of equipment owned by 2CRSi is in ongoing.

EDGEMODE, HPC AND CRYPTOCURRENCY SPECIALIST, CHOOSES 2CRSI HIGH PERFORMANCE, LOW ENERGY SERVERS

On 31 March 2021, 2CRSi announced it has been chosen to deliver low-energy HPC cloud and cryptocurrency mining infrastructure to the North American market. A first order of US $ 1 million was placed in February 2021. This computing power has been deployed in a "green" datacentre in the United States. A second order for US $ 1.25 million was concluded in March.
In order to plan for the short-term deployment of additional capacity, EdgeMode has also announced its intention to order additional hardware to be supplied by 2CRSi over the next six months. These contracts mark the first step in a strategic partnership that will see EdgeMode and 2CRSi work closely together to deliver both green and cost-effective datacentre environments and HPC equipment across multiple industries in North America.

2CRSi WINS THE CALL FOR PROJECTS ON « INDUSTRY RECOVERY PLAN - STRATEGIC SECTORS »

On 14 April 2021, 2CRSi announced that it has been selected by the State as part of the "industry recovery plan - strategic sectors" with its project to relocate critical activities in the national territory.
In light of the unprecedented global health crisis, in September 2020 the French state implemented a massive recovery plan of 100 billion Euros, including 35 billion reserved for industry. The overall objective is the modernisation of production tools and support for digital and environmental transformation, plus also relocation of strategic sector production to France, including electronics.
In this context, and totally in line with a strategy of local production initiated 10 years ago, 2CRSi submitted its project called "2CRSindustrie 4.0", aimed at repatriating production from long-term partners in Asia to its Strasbourg site in France.
With these new customers and the markets opening up to 2CRSi, the project also includes the extension, modernisation and digitalisation of its industrial tooling, as well as the implementation of a new ERP. In total, the planned project represents a planned investment of € 2.1 million over the next 14 months. As winner of the call for projects from the Ministry for Industry in April 2021, 2CRSi receives support in the form of a subsidy of € 0.8 million.

2.5.1.5. 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.

2.5.1.5.1. Standards

DECLARATION OF CONFORMITY

These consolidated accounts were drawn up on 28 February 2021 in accordance with the IFRS (International Financial Reporting Standard), as adopted in the European Union.
This standard, available on the European Commission website (https://ec.europa.eu/info/index_fr), incorporates the international accounting standards (IAS and IFRS), the findings of the Standard Interpretations Committee (CIS) and the International Financial Reporting Interpretations Committee (IFRIC). These principles do not differ from IFRS standards as published by the IASB insofar as the texts published by the IASB but not yet adopted by the European Union have no significant impact on the 2CRSI Group.
The general principles, accounting methods and options used by the Group are described below.

PRINCIPLE OF PREPARATION OF FINANCIAL STATEMENTS

The Group's consolidated accounts have been drawn up according to the principle of historical cost, with the exception of certain categories of assets and liabilities in accordance with the provisions laid down by the IFRS: employee benefits valued using the projected credit method, borrowings and financial debts valued using the amortised cost method, and derivative financial instruments recorded at fair value.

BUSINESS CONTINUITY

The financial statements have been drawn up on the basis of business continuity.
As indicated in note 6.7.5.9, 2CRSI received the proceeds from the issuance of the loan guaranteed by the State for € 10 million, including € 9.7 million for 2CRSI SA. The Group thus has cash of € 3.1 million as of 28 February 2021.
At the end of February 2021, the Group did not comply with certain financial ratios agreed in the contract for a senior loan with an outstanding balance of € 12 million. The bank has since confirmed its waiver of the early repayment of the debt.
At the end of May, following the receipt of € 12.6 million from hubiC (see "Events subsequent to the closing"), the Group's cash amounted to € 10.9 million to which is added the mobilisable financing lines of € 7.2 million (bank overdraft, undrawn short-term credit lines) as well as an unused BPI advance line of € 2 million.
In view of this available cash, the group does not anticipate any short-term cash flow difficulties. This cash enables it both to meet its current needs and its financial commitments.

ACCOUNTING POLICIES

The accounting principles used for the preparation of the annual consolidated accounts as of 28 February 2021 are identical to those applied for the annual consolidated financial statements for the fiscal year ended on 29 February 2020.

The amendments to standards that are mandatory from 1 March 2020 and not applied in advance are as follows:

- **Amendments to IFRS 3 - Business combinations, definition of a "business" (published in October 2018).** These amendments approved by Europe on 21 April 2020 aim to clarify the guide for application of the standard in order to help stakeholders distinguish between a company and a group of assets.
- **Amendments to IFRS 9, IAS 39, IFRS 7 as part of the benchmark interest rate reform.** These amendments were approved by the European Union regulation of 15 January 2020 and aim to improve the financial information of entities during the period of uncertainty related to the reform of the IBOR.
- **Amendments to IAS 1 and IAS 8: definition of the term "significant" (published in October 2018).** These amendments were approved 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 with references to the revised conceptual framework in several standards and interpretations.
- **Amendment to IFRS 16 on rent reductions linked to Covid-19 (published 28 May 2020).** The amendment constitutes an easing measure which allows tenants not to count these reductions as modifications to leases even though they should be qualified as such. This amendment does not concern lessors. The amendment came into force on1 June 2020 and was adopted by Europe on 12 October 2020.

The texts mentioned above have no significant impact on the Group's consolidated financial statements.
The Group does not apply the following non-mandatory texts as of 28 February 2021:

- **Amendments to IAS 1 - Presentation of financial statements:** classification of liabilities as current or non-current liabilities (published January 2020). These amendments are intended to postpone the date of entry into force of amendments to IAS 1 concerning the classification of current and non-current liabilities to financial years beginning on or after 1 January 2023, subject to its adoption by Europe.

- **Amendments to IFRS 3, IAS 16, IAS 37, and annual improvements 2018-2020 (published on 14 May 2020)** relating to minor changes aimed at clarifying or correcting minor consequences between the provisions of the standards.

Amendments to:

- IFRS 3 update of a reference in the standard to the conceptual framework,
- IAS 16 prohibition of an enterprise from deducting amounts received from the sale of items produced while the enterprise is preparing the asset from the cost of property, plant and equipment
- IAS 37 specification of which costs a company records in its accounts when it assesses that a contract is onerous.

These amendments will apply from 1 January 2022, subject to their adoption by Europe.

- **Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 as part of the benchmark interest rate reform.** These amendments, applicable on 1 January 2022 subject to their adoption by Europe, complete those published in 2019 and aim to help companies provide investors with useful information on the effects of the reform in their financial statements.

2.5.1.5.2. Use of judgments and estimates

In order to prepare the financial statements in accordance with IFRS, management uses estimates and judgments in the application of IFRS accounting methods. These judgments 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 for income and expenses for the year.

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

The significant estimates used for the preparation of the financial statements relate mainly to:

- valuation of capitalised development costs (2.5.5.1);
- valuation of share subscription warrants awarded during the year (2.5.5.8);
- Recognition of rental contracts as revenue when control of goods is transferred and valuation of the associated revenue (discount rate, duration of the contract, etc.) (note 2.5.6.1);
- final measurement of the fair value of the assets acquired and liabilities assumed in the context of the acquisition of the Boston group;
- fair value measurement of debts to minorities recognised in the context of business combinations;
- valuation of the recoverable amount of the financial receivable with the Blade Group.

These assumptions, which underlie the main estimates and judgments, are described in the accompanying notes to these financial statements. The Group considers that Brexit has no significant impact on its accounts.

2.5.2. SCOPE OF CONSOLIDATION

2.5.2.1. Accounting principles related to the scope

PRINCIPLES OF CONSOLIDATION

The Group applies the standards IFRS 10, "Consolidated financial statements", IFRS 11, "Joint arrangements" and IFRS 12, "Disclosure of interests held in other entities".
IFRS 10, which deals with the recognition of consolidated financial statements, presents a unique consolidation model which identifies control as the criterion to be met in order to consolidate an entity. An investor exercises control over an entity held when they have power over that entity, when they are exposed to the variable returns of the entity, or if they have the rights to these variable returns by virtue of their involvement in that entity, and if they have the ability to use their power over the entity to influence the amount of those returns.

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

The parent company 2CRSi SA exercises control over the companies 2CRSi Corporation, Boston France SàRL (ex-Adimes), 2CRSi Ltd, 2CRSi UK Ltd, 2CRSi ME FZE, Green Data SAS, 2CRSi London Ltd, Boston Ltd, Boston Server & Storage Solutions GmbH, Escape Technology Ltd, Boston IT Solutions Australia Pty Ltd, Escape Technology GmbH, Boston SàRL, 2CRSi BV, 2CRSi Belgium SRL and Boston IT Solutions South Africa Pty Ltd.

CONSOLIDATION OF BOSTON LTD

The Group has held exclusive control of Boston Limited since 18 November 2019 following the acquisition of 70% of the shares of this company. Consequently, Boston Limited has been fully consolidated since its takeover date, which leads to the recognition of Boston's assets and liabilities at 100% on the basis of their fair value as of 18 November 2019.
Since minority shareholders do not receive dividends, the result of Boston Ltd is recognised at 100% as part of the Group. Following the definitive allocation of the acquisition price of Boston Ltd, the definitive goodwill amounts to € 5.5 million versus provisional goodwill of € 4.8m as of 29/2/2020.

CONVERSION OF THE FINANCIAL STATEMENTS OF SUBSIDIARIES

Items included in the financial statements of each of the Group's entities are valued using the currency of the main economic environment in which the entity operates ("working currency").
The Group's financial statements are prepared in Euros, the reporting currency of the consolidated financial statements and the working currency of the Company.
The financial statements of foreign companies, whose working currency is not the Euro, are converted into Euros as follows:

- At the closing price in effect at the end of the period for assets and liabilities;
- At the average exchange rate for the period for the income statement.

Conversion differences resulting from the application of this method are recognised in consolidated equity under "Other overall income".

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

	€ 1 equals	28/02/2021 Average rate	28/02/2021 Closing rate	29/02/2020 Average rate	29/02/2020 Closing rate
US dollar	USD	1.1601	1.2121	1.1168	1.0977
Pound sterling	GBP	0.8955	0.8705	0.8773	0.8532
United Arab Emirates Dirham	AED	4.2777	4.4339	4.1012	4.0503
Australian dollar	AUD	1.6456	1.5605	1.6220	1.6875.
Singapore dollar	SGD	1.5906	1.6106	N/A	N/A

Source: Bank of France
N/A: Not applicable

CONVERSION OF TRANSACTIONS IN FOREIGN CURRENCY

Transactions carried out by consolidated companies and denominated in a currency other than their working currency are converted at the exchange rate in force on the date of the various transactions.
Trade receivables, trade payables and payables denominated in a currency other than the working currency of the entities are converted at the exchange rate in effect on the closing date. Unrealised capital gains and losses resulting from this conversion are recognised in operating income.
Exchange gains and losses resulting from the conversion of intragroup transactions or receivables and payables denominated in a currency other than the working currency of the entities are recognised in profit or loss.

2.5.2.2. Scope of consolidation

As of 28 February 2021, the Group consisted of 18 entities, all fully consolidated except 2CRSi BV, 2CRSi Belgium and Boston South Africa whose contributions to the consolidated result and balance sheet were taken into account through the companies 2CRSi SA and Boston Ltd:

Companies	Country	% holding	Group control (%)	% interest
2CRSi SA	France		Parent company	
2CRSi Corporation	United States	100%	Subsidiary Company 100%	100%
Boston France SàRL (ex-Adimes)	France	100%	Subsidiary Company 100%	100%
2CRSi Ltd	UK	100%	Subsidiary Company 100%	100%
2CRSi UK Ltd	UK	80%	Subsidiary Company 100%	80%
2CRSi ME FZE	Dubai	100%	Subsidiary Company 100%	100%
Green Data SAS	France	55%	Subsidiary Company 100%	55%
2CRSi London Ltd	UK	100%	Subsidiary Company 100%	100%
Boston Ltd	UK	70%	Subsidiary Company 100%	100%
Boston Server & Storage Solutions GmbH	Germany	70%	Subsidiary Company 100%	100%
Escape Technology Ltd	UK	70%	Subsidiary Company 100%	100%
Escape Technology GmbH	Germany	70%	Subsidiary Company 100%	100%
Boston IT Solutions Australia Pty Ltd	Australia	70%	Subsidiary Company 100%	100%
Boston SàRL	France	50%	Subsidiary Company 100%	50%
2CRSi BV	Netherlands	100%	Subsidiary Company 100%	100%
2CRSi Belgium SRL	Belgium	100%	Subsidiary Company 100%	100%
2CRSi Singapore Pte. Ltd	Singapore	100%	Subsidiary Company 100%	100%
Boston IT Solutions South Africa Pty Ltd	South Africa	70%	Subsidiary Company 100%	100%

2.5.3. SECTOR INFORMATION

IFRS 8 "Operating sectors" has led the Group to present only the activity "sale of components and/or finished products". The breakdown of turnover by geographic area is presented in section 2.5.4.1.
The breakdown by geographic area of non-current assets is as follows:

Non-current assets (excluding deferred taxes)	28/02/2021 €k			29/02/2020 €k		
	Outside France	France	Total	Outside France	France	Total
Goodwill	7,563	200	7,763	6,862	200	7,062
Intangible assets	13,260	2,381	15,641	14,120	1,630	15,750
Tangible assets	3,915	18,271	22,186	4,521	19,116	23,637
Financial receivables	717	6,446	7,163	249	10,676	10,925
Other financial assets excluding deferred taxes	0	1,401	1,401	-	3,000	3,000
Total non-current assets (excluding deferred taxes)	**25,454**	**28,699**	**54,153**	**25,751**	**34,622**	**60,373**

2.5.4. NOTES TO THE INCOME STATEMENT

2.5.4.1. Income from normal activities

Except for its finance lease activity, the Group applies IFRS 15 for the recognition of its income from normal activities. As such, they are recognised when the Group fulfils a service obligation by transferring a promised good or service to a customer. An asset is transferred when the customer takes over control of the asset.
The Group applies IFRS 16 with respect to its server finance lease activity, and in particular the rules relating to manufacturer distributors; it therefore presents the rental income as revenue and the production cost as an expense on the date of commencement of the rental contract.

The Group mainly derives its income from the below sources:

- sale of servers;
- sale of components;
- finance lease of servers;
- sale of services for which the duration of the contracts is less than twelve months and hosting services.

FINANCE LEASE OPERATIONS

During the second half of 2017, 2CRSi signed a contract with Blade for the finance lease of 184 server racks delivered in 2017 and 2018, mainly in France and the United States. These contracts provided for Blade to make down payments, rental fees and fixed rental payments.
The balance of the financial receivable relating to these operations amounted to € 707k as of 28 February 2021 (vs. € 5,428k as of 29 February 2020) discounted at the average rate of 4.70%, corresponding to the average rate implicit in the contract. Following the agreement signed with hubiC, which buys back and pays for the equipment covered by these contracts in May 2021, the receivable has been recognised in current financial receivables.
During the 2020-21 fiscal period, additional finance leases were signed with Blade and other customers. The financial receivable related to these operations amounted to € 23,515k as of 28 February 2021, including a portion of € 18,102k over the short term, taking into account the classification of all Blade receivables as current. The corresponding turnover for the year amounted to € 26,180k.
In order to ensure the financing for the production of these servers, 2CRSi has at the same time signed financing contracts with several banking organisations.

This financing received from the banks is recorded in financial liabilities. The balance stood at € 9,351k as of 28 February 2021 compared to € 6,856k as of 29 February 2020. New financing associated with these receivables in 2021 amounts to € 4,590k. The financing rate granted by the banks is between 3 and 6%.

The net financial income relating to 2CRSi finance leases amounts to € 323k for the 2020/2021 fiscal year (€ 430k in expenses and € 753k in income), and was recognised in financial income. As of 29 February 2020, the Group had recognised a net financial expense of € 314k. The net financial income relating to the Boston finance leases generated a net impact of € 402k over the year.

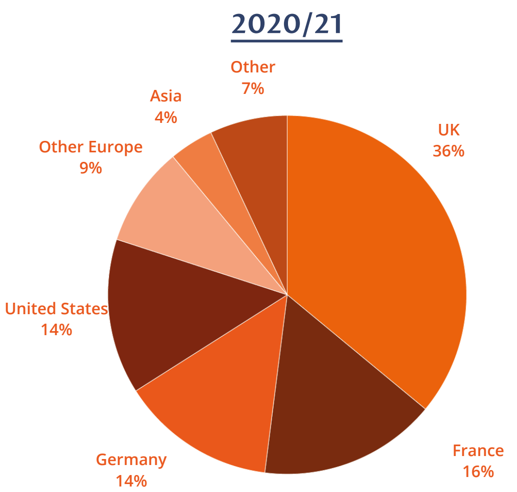
BREAKDOWN OF TURNOVER

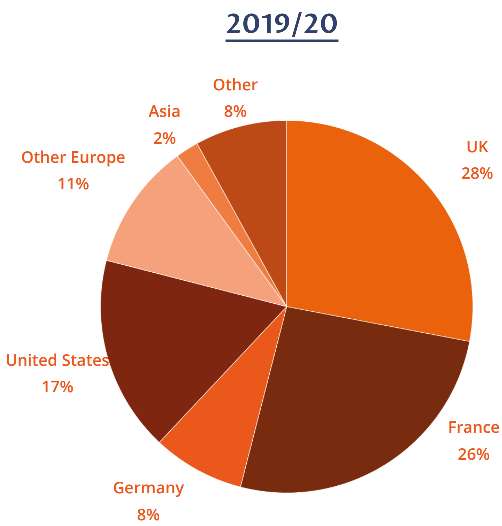
As of 28 February 2021, the Group achieved a turnover of € 163.3 million, broken down as follows:

Breakdown of turnover (Amounts in € k)	28/02/2021	Accounting period
Finance lease - lessor	26,180	Turnover relating to finance leases is recognised when control of IT equipment is transferred to the customer, i.e. when the equipment is delivered.
Delivery of equipment	128,388	The turnover relating to the delivery of equipment is recognised when the control of the equipment is transferred to the customer, i.e. on delivery.
Services	8,771	The turnover relating to the provision of services is recognised progressively, as the service obligation is fulfilled.
Total	**163,339**	

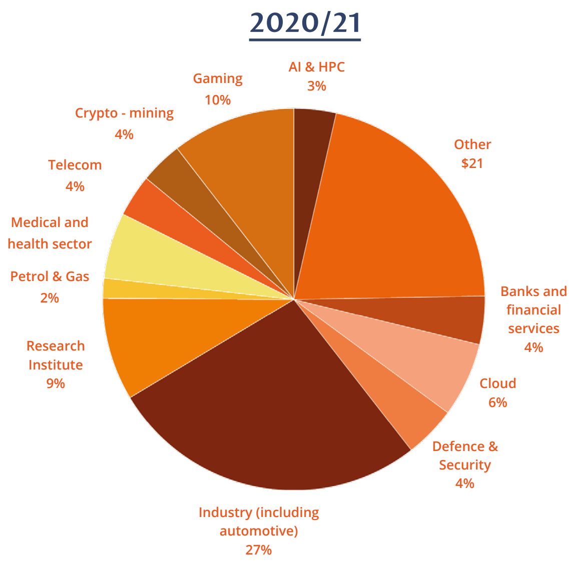
The breakdown of turnover by type of activity and by geographical area is as follows:

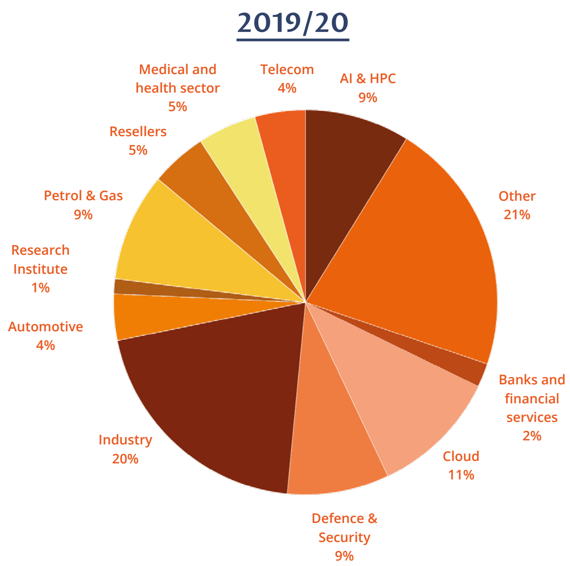
Breakdown of turnover by place of delivery





Breakdown of turnover by business sector





2.5.4.2. Other current operating income

Other current operating income (Amounts in € k)	28/02/2021	29/02/2020
Research tax credit	233	786
Production transferred to inventory	3,119	805
Other	525	85
Total	**3,877**	**1,676**

The variation in stored production is mainly due to higher work in progress in France than a year earlier (+ € 1.4 million) and the increase in stocks of finished products (€ 1.7 million). Deliveries of orders had to be postponed to the start of the following financial year while awaiting certain components.

2.5.4.3. Purchases consumed and external charges

Consumed purchases (In thousands of Euros)	28/02/2021	29/02/2020
Change in stocks of goods and raw materials	(6,588)	1,795
Purchases of goods and raw materials	(122,901)	(61,738)
Exchange gains and losses	(218)	80
Total	**(129,707)**	**(59,863)**

External charges (In thousands of Euros)	28/02/2021	29/02/2020
External services	(8,579)	(6,187)
Other	(847)	(2,028)
Total	**(9,426)**	**(8,215)**

The 2020-21 external service charges notably include transport costs for € 1.5 million,
fees of € 2.6 million, leases and related charges of € 1.6 million and insurance costs of € 0.6 million.

2.5.4.4. Workforce and payroll

Payroll (Amounts in € k)	28/02/2021	29/02/2020
Gross remuneration	(13,949)	(9,384)
Social security costs	(4,361)	(3,306)
Other personnel costs (including capitalised production)	(1,224)	285
Total	**(19,534)**	**(12,405)**

The workforce by function and by country breaks down as follows:

Workforce	28/02/2021	29/02/2020
Operations	109	95
Customer relations, sales & marketing	171	176
R&D	28	27
Support functions	65	57
Total	**373**	**355**

Workforce	28/02/2021	29/02/2020
France	136	126
united states	12	13
UK	168	165
Dubai	8	8
Germany	44	40
Australia	2	3
Singapore	1	-
Netherlands	1	-
Belgium	1	-
Total	**373**	**355**

The payroll is impacted by € 526k of expenses related to the plans for the allocation of free shares and by BSPCE. The average workforce for the year amounted to 364 people.

2.5.4.5. Operational performance

The Group has chosen to present an EBITDA ("Earnings Before Interests, Taxes, Depreciation and Amortisation") to facilitate the reader's analysis. EBITDA is not a standardised 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 measurement of operational and financial performance of a strictly accounting nature, as presented in the Group's consolidated financial statements and their accompanying notes.

EBITDA is defined as operating income before provisions for depreciation and amortisation and other current and non-current operating income and expenses. Non-current operating income and expenses include, in particular, depreciation of intangible assets, restructuring costs, costs relating to staff adjustment measures and fees relating to the IPO project.

The change in EBITDA over the 2 financial years is as follows:

EBITDA (In thousands of Euros)	28/02/2021	29/02/2020
Operating income	**569**	**(8,301)**
Net allocations for depreciation and provisions	6,575	5,111
Other current income and expenses	216	605
Other non-current income and expenses		195
EBITDA	**7,361**	**(2,390)**
EBITDA margin on turnover	4.5%	(3.1%)

Other current income and expenses for the year mainly include capital gains on the disposal of fixed assets entering into the group's current activity.

Depreciation, amortisation and net provisions break down as follows:

Net allocations for depreciation and provisions (Amounts in € k)	At 28/02/2021	at 29/02/2020
	Total	Total
Net provisions	(1,338)	(796)
Net depreciation	(2,324)	(1,875)
Depreciation of rights of use	(2,914)	(2,440)
Total	**(6,575)**	**(5,111)**

The allocations to net provisions are € 213k for operating provisions and € 1,125k for allowances net of depreciation of tangible assets, mainly on inventories. This provision mainly concerns Boston Limited.

2.5.4.6. Financial result

The financial result includes:

- Depreciation of shares held in Blade SA (€ 2 million)
- Provision on Blade financial receivables for equipment leased in 2020 (€ 2.5 million)
- The cost of debt

Financial products linked to the finance lease of servers

- Financial income related to the Blade debt rescheduling contract (€ 1.7 million)
- The effects of changes in exchange rates of the Group's currencies.

Financial income and expenses (Amounts in € k)	28/02/2021	29/02/2020
Cost of gross financial debt	**(2,491)**	**(2,028)**
Other net financial income	2,001	2,675
Net allocations to financial provisions	(4,525)	
Financial result	**(5,015)**	**647**

2.5.4.7. Income tax

Income tax corresponds to the cumulative tax payable by the various companies in the Group, corrected for deferred taxation. Tax is recognised in profit or loss unless it relates to items that are recognised in other overall income or directly in equity. It is then also recognised in other overall income or in equity.
Deferred taxes are measured using the balance sheet approach at the amount that the entity expects to pay or recover from tax administrations. The deferred taxes thus determined are, where applicable, influenced by a possible change in the tax rate adopted or virtually adopted at the closing date of the financial statements.

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

- The entity has sufficient taxable temporary differences with the same tax authority and the same taxable entity or the same tax group, which will generate taxable amounts against which unused tax losses and tax credits can be applied before they 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 in the year in which unused tax losses or tax credits can be charged.

DEFERRED TAX ASSETS AND LIABILITIES

The tax rate applicable to the Company for the current financial year is the rate in force in France, i.e. 28% up to € 500k and 31% for the remainder. The rates applied over the following years are 26.5% for 2021-2022 and 25% for the following years.

2CRSi ME FZE is exempt from taxes as it is located in a free zone of Dubai.

For other companies, the applicable rates are:

- 29.84% for the United States
- 19% for the United Kingdom
- 15.83% for Germany
- 27.5% for Australia
- 17% for Singapore

Tax details (Amounts in € k)	28/02/2021	2020.02
Net profit	(4,326)	(6,610)
Consolidated tax	119	1,042
Profit before taxes	**(4,445)**	**(7,653)**
Current tax rate in France	28%	28%
Theoretical tax burden at the current rate in France	**1,245**	**2,143**
Impacts on theoretical tax:		
Permanent differences	(754)	(248)
Rate impacts	200	(687)
Impact of unallocated deficits	(729)	(669)
Tax credit	58	143
Other	99	360
Actual income tax expense (positive if in profit)	**119**	**1,042**

The permanent differences mainly relate to the depreciation of Blade shares.
At the end of February, non-activated tax losses amounted to a base of € 2.9 million and concern France.

2.5.4.8. 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 earnings per share is determined by adjusting the income to allocate to holders of ordinary shares and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares. For the calculation of the diluted earnings per share, the 2017 ADPs have not been taken into account because there is no automatic or simple decision mechanism for holders of these ADP to convert them into shares.

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

Basic earnings per share	28/02/2021	29/02/2020
Result, group share (in € k)	(4,188)	(6,381)
Weighted average number of ordinary shares outstanding	14,243,430	14,243,430
Basic earnings per share (€ / share)	**(0.29)**	**(0.45)**
Weighted average number of shares outstanding	15,121,202	14,386,832
Diluted earnings per share (€ / share)	**(0.28)**	**(0.44)**

The weighted average diluted number of shares outstanding takes into account free shares and BSPCEs in the process of being acquired over the period.

2.5.5. NOTES ON THE BALANCE SHEET

2.5.5.1. Intangible assets and goodwill

The 2018 acquisition of Tranquil PC Ltd (currently 2CRSi UK Ltd) generated the recognition of goodwill which became definitive during the 2019-20 financial year in the amount of € 2,055k.
The group acquired a 70% stake in Boston Ltd on 18 November 2019. The definitive goodwill recognised at the closing rate amounts to € 5,549k, compared to € 4,811k as of 29 February 2020.

Intangible assets include:
- Development costs
- Software licences

In accordance with IAS 38, development costs incurred by the Group must be capitalised 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 company will receive future economic benefits attributable to development spending, which is generally supported by the existence of an order or contract;
- The costs can be measured reliably;
- The Group has the capacity 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 during which they are incurred.
The cost of acquiring software licences is capitalised on the basis of the cost of acquisition and the cost of installation. These costs are amortised over the estimated life of the software.

Intangible assets are amortised on a straight-line basis over their estimated useful life and are presented below:
- Development costs: 3 to 5 years
- Software licences: 1 to 6 years
- Clientele: 7 years

The amortisation period for development costs was revised during the 2020-21 financial year. The Group noted that the time it takes for customers to renew hardware has increased as the return on investment for a hardware change tends to decrease. This, combined with the impact of the pandemic on the 2020-21 fiscal year which may have slowed down the use of certain equipment, led the Group to prospectively modify the amortisation period of development costs to 3 to 5 years instead of 3 years as previously done.

The tables below illustrate the movements that occurred during the year:

Gross values (Amounts in € k)	29/02/2020	Changes in scope	Acquisitions	Disposals	Reclassifications	Conversion differences	28/02/2021
Development costs	2,948	-	439	-	(289)	-	3,098
Concessions, patents & similar rights	296	-	59	(2)	-	-	353
Software	266	(0)	29	(0)	-	-	295
Brand	10,215	-	-	-	-	(203)	10,012
Clientele	3,952	-	-	-		(79)	3,874
Other intangible assets	7	-	-	-	-	-	7
Intangible assets in progress	-	-	901	-	-	-	901
Total non-current assets	**17,685**	**(0)**	**1,428**	**(2)**	**(289)**	**(282)**	**18,539**

Depreciation and impairment (Amounts in € k)	29/02/2020	Changes in scope	Grants/ Subsidies	Disposals	Reclassifications	Conversion differences	28/02/2021
Amt/Dep. develop costs	(1,528)	-	(544)	-	289		(1,783)
Amt/Dep. conc, patents & similar dts	(198)	-	(48)	2	-		(244)
Amt/Dep. software	(51)	-	(105)	-	-		(156)
Amt/Dep. clientele	(158)	-	(538)	-	-	(12)	(709)
Amt/Dep. other intangible assets	(0)	-	(7)	-	-		(7)
Total non-current assets	**(1,935)**	**-**	**(1,243)**	**2**	**289**	**(12)**	**(2,899)**
Net book value	**15,750**	**(0)**	**186**	**(0)**	**(0)**	**(295)**	**15,641**

Acquisitions for the year mainly correspond to the activation of development costs (€ 1.3 million).

2.5.5.2. Tangible assets

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

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

- General installations and miscellaneous fixtures and fittings : 8 to 10 years
- Technical 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
- Furniture: 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 recognised as expenses.

The table below shows the movements of tangible fixed assets during the financial year.

Tangible assets

Gross values (Amounts in € k)	**29/02/2020**	**Changes in scope**	**Acquisitions**	**Disposals**	**Reclassifications**	**Conversion differences**	**Other Movements**	**28/02/2021**
Land and land improvements	873	-		-	-	(17)		856
Constructions	1,728		243	-		(42)	-	1,930
Other tangible fixed assets	5,986	-	1,068	(598)	596	(41)	(144)	6,868
IT, office and transport equipment	1,455	-	220	(36)	-	(12)	-	1,627
Right of use (real estate leases)	18,972	-	1,106	-	-	(86)	-	19,992
Fixed assets under construction	357	-	614	-	(596)		-	375
Total non-current assets	**29,372**	**-**	**3,250**	**(634)**	**-**	**(197)**	**(144)**	**31,647**

Depreciation and impairment (Amounts in € k)	**29/02/2020**	**Changes in scope**	**Grants/ Subsidies**	**Disposals**	**Reclassifications**	**Conversion differences**	**Other Movements**	**28/02/2021**
Amt/Dep. land improvements	(1)		(2)					(3)
Amt/Dep. construction	(112)		(116)			2		(226)
Amt/Dep. other tangible fixed assets	(929)		(771)	237		27	8	(1,428)
Amt/Dep. office and IT equipment	(969)		(650)	33		4		(1,582)
Amt/Dep. transport equipment	(65)		(124)	1		1		(187)
Amt/Dep. right of use (real estate leases)	(3,658)		(2,428)			50		(6,035)
Total non-current assets	**(5,734)**	**-**	**(4,090)**	**271**	**-**	**84**	**8**	**(9,461)**
Net book value	**23,637**	**-**	**(839)**	**(363)**	**-**	**(113)**	**(136)**	**22,186**

Acquisitions for the period include the costs of fitting out the datacentres for Green Data for € 1.8 million and the Rouses Point site in the United States (€ 0.2 million). Rights of use increased by € 0.4 million.
The tangible fixed assets include a rights of use amounted recorded at € 14 million in net value at the end of February 2021 (versus € 15.3 million at the end of February 2020).

2.5.5.3. Impairment losses on intangible and tangible fixed assets

As of 28 February 2021, no indication of impairment has been identified. No impairment of assets is recognised. The impairment tests carried out on goodwill did not result in any recognition of impairment.
The impairment test carried out on the Boston sub-group resulted in the discount and perpetual growth rates of 13.8% and 2% respectively. A variation of + 0.5% of the discount rate and - 0.5% of the perpetual growth rate would lead respectively to a depreciation of € 0.7 million and € 0.3 million of the goodwill.

2.5.5.4. Current and non-current financial receivables

Current and non-current financial assets consist of financial receivables relating to server finance leases, as well as the rescheduled trade receivable relating to Blade (see key events in note 6.7.1.2), and also loans, deposits and restricted guarantees and cash.

Financial receivables (In thousands of Euros)	28/02/2021	29/02/2020
Non-current financial receivables	7,171	10,927
Depreciations	(8)	(2)
Non-current financial receivables, net	**7,163**	**10,925**
Current financial receivables	30,626	11,796
Depreciations	(2,487)	0
Current financial receivables, net	**28,139**	**11,796**
Total other current assets	**35,302**	**22,721**

Breakdown of net financial receivables:

Net financial receivables at 28/02/2021	Current part	Non-current part
Finance lease contract with Blade	16,270	
Receivable rescheduled with Blade	11,272	
Other finance lease contracts	3,084	7,171
Depreciations	(2,487)	(8)
Net financial receivables	**28,139**	**7,163**

The schedule for non-current financial receivables is as follows:

MATURITY of non-current financial receivables (In thousands of Euros)	28/02/2022	28/02/2023	29/02/2024	28/02/2025	Total
Non-current financial receivables	2,778	2,368	1,804	221	7,171

The scheduled receivable with Blade was repaid in the amount of € 4.8 million during the year, interest included. It amounted to € 11.3 million as of 28 February 2021 and was classified in totality as current receivables following Blade's entry into receivership.

Financial receivables related to server finance leases amounted to € 24.2 million as of 28 February 2021, including a significant current portion of € 20.6 million.

This total includes a receivable of € 16.3 million on Blade mainly under contracts signed in 2020-21. Blade does not own this material. The agreement signed with the buyer of Blade as part of its receivership provides for 2CRSi to recover the equipment. The value of this financial claim on the balance sheet was measured by comparison with the market value of these goods less the cost of their recovery.

Given the uncertainties and market fluctuations, a depreciation of the receivable has been recorded in the amount of € 2.5 million. The entire Blade receivable was recognised as current.

Changes in financial receivables have an impact on cash flows for the year through payments obtained in the amount of € 11.9 million versus € 8.4 million in 2019-2020.

These flows should be looked at with respect to the financing flows for equipment financing debts. The balance of the financial debt amounted to € 10.1 million at 28 February 2021, including € 2.8 million for equipment delivered to Blade before 31 December 2019. The reimbursements made by 2CRSi during the year amounted to € 5.7 million.

2.5.5.5. Stocks

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 production launch phase, have a cost price higher than their selling price as well as obsolete or surplus products.

Depreciation reduces the inventory of goods and raw materials to its realizable value, less proportional selling costs.
Production in progress was assessed according to the same principles, depending on its progress through manufacturing.

The breakdown of stocks is as follows:

Stocks (Amounts in € k)	28/02/2021	29/02/2020
Stocks of finished products and work in progress	5,394	2,276
Stocks of goods and raw materials	29,844	34,535
Gross total stock	**35,238**	**36,811**
Depreciation of goods and raw material stocks	(3,016)	(2,290)
Total depreciation of stock	**(3,016)**	**(2,290)**
Net total inventory	**32,222**	**34,521**

Inventories of goods and raw materials include € 2.3 million of components which have been the subject of financing by credit balance and are recognised as assets by application of IFRS16.

Inventories at the end of the second period fell (€ 32.2 million against € 34.5 million a year earlier). The shortage of components on the market accelerated inventory turnover in the last quarter of the year.
This level of stocks represents 2 months of Group sales.

2.5.5.6. Customers

The Group's exposure to credit risk is influenced mainly by the individual characteristics of the various clients.
As of 28/02/2021, the receivable with the customer Blade was nil for trade receivables (excluding finance lease receivables). The entire receivable was recognised as a financial receivable.
The maturities of trade receivables, which vary according to the nature of the contracts, are generally between 30 and 90 days. Trade receivables and related accounts are initially recognised at fair value .

Subsequent assessments take into account the probability of recovery of debts which may lead to the recognition of a specific impairment loss for dubious debts determined as follows:
- disputed debts are entirely depreciated when certain and precise probative elements demonstrate the impossibility of recovery;
- for other dubious debts, impairment losses are recorded to adjust the recoverable amounts estimated on the basis of the information available during the preparation of the financial statements.

Bad debts are recognised in profit or loss, and existing provisions are reversed.

Customers (In thousands of Euros)	28/02/2021	29/02/2020
Customers and related accounts	27,128	21,404
Customers - invoices to be established	1,421	889
Gross total customer receivables	**28,549**	**22,293**
Impairment of customers and related accounts	(443)	(473)
Total net customers	**28,106**	**21,820**

As of 28 February 2021, trade receivables amounted to € 28.1 million, compared to € 21.8 million at the end of February 2020, which represents less than 2 months of Group turnover. The increase in the receivable is explained in particular by the delivery of equipment to a French banking group invoiced at the end of February 2021.

2.5.5.7. Other current and non-current assets

Other current assets (In thousands of Euros)	28/02/2021	29/02/2020
Advances and deposits paid	5,598	1,748
Receivables on staff and social security organisations	85	234
Tax receivables	1,500	5,902
Corporate taxes	1,610	1,233
Prepaid expenses	1,206	1,809
Other	2,084	4,086
Total Other current assets	**12,083**	**15,012**

The "Advances and deposits paid" item increased sharply due to the deterioration in outstanding payments already made by credit insurance companies at the start of 2020 when the Covid-19 crisis hit Asia. The Group must now pay certain component suppliers in advance.
Tax receivables are lower. This decrease mainly concerns Escape Technology Ltd. Excluding this impact, the decrease in tax receivables would be € 473k.

The "Other" item corresponds to the balance of open receivables with related companies (mainly Boston IT Solutions Pvt. Limited India).

2.5.5.8. Equity

SHARE CAPITAL

The capital of 2CRSi amounts to € 1,282k. It is divided into 14,243,430 Ordinary shares of € 0.09 each, fully paid.

DIVIDENDS PAID

Dividends paid in 2020/2021 amounted to € 175k for preference shares. These have been recognised under the costs of Net financial debt. A dividend of € 175k was paid in 2017, 2018 and 2019 in respect of these same ADP (see note 6.6.5.9).

SHARE SUBSCRIPTION WARRANTS

In 2017, the Company allocated share subscription warrants to Audacia principals, resulting in the issue of 350,000 ADP 2017 preference shares for the benefit of these principals. The preferred shares (the "ADP 2017") will not be the subject of an application for admission to trading on the regulated Paris Euronext market. Holding Alain Wilmouth benefits from a repurchase option for the 2017 ADP in 2023. The 2017 ADP repurchase price is equal to 110% of the 2017 ADP par value (110% x 10 Euros) increased, where applicable, by the cumulative dividend.

The 2017 ADP are not entitled to payment of the Company's ordinary dividend. On the other hand, each 2017 ADP is entitled to a priority and cumulative annual dividend, paid in preference to all the other Company shares, deducted from the distributable sums and paid no later than 10 July each year.

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

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

Given that the warrants give the option to subscribe to the 2017 ADP, which are not themselves equity instruments within the meaning of IAS 39, the warrants are analysed as debt instruments. Consequently, in accordance with IAS 32, when they are issued, these warrants are treated as derivatives, measured at fair value, with subsequent variations in fair value in profit or loss. No change in fair value is recorded for this fiscal year given that the warrants were issued and subscribed in 2017.

FREE SHARE ALLOCATION PLAN (”AGA”)

The Combined General Meetings of 24 May 2018 and 13 June 2019 conferred a delegation of authority on the Board of Directors allowing it to proceed with the allocation of free shares. As part of this delegation, the Board of Directors of the Company decided on the following allocations:

- at the meeting of 12 December 2018, the Board of Directors decided to grant 178,179 free shares to a total of 58 beneficiaries. The acquisition of the shares is set for 13 December 2023, conditional on presence. 40,187 shares have been cancelled or have lapsed since the grant. The total charge corresponding to these allocations is estimated at € 1.2 million. In accordance with IFRS2, it is recognised as a personnel expense over the vesting period, i.e. linearly over 5 years. In the annual consolidated accounts at 28 February 2021, the expense recognised in this respect amounts to € 228k.
- at the meeting of 18 March 2020, the Board of Directors decided to grant 142,722 free shares to a total of 34 beneficiaries, members of the Boston teams. The acquisition of the shares is set for 19 March 2020 without any condition of presence or performance. The corresponding charge was evaluated at € 256k. This charge was fully accounted for in personnel expenses in the annual consolidated accounts as of 28 February 2021, given the absence of conditions.

COMPANY FOUNDERS’ SHARE SUBSCRIPTION WARRANTS (“BSPCE”)

The Combined General Meeting of 13 June 2019 conferred a delegation of authority on the Board of Directors allowing it to proceed with the allocation of warrants to subscribe for company founders’ shares (BSPCE). As part of this delegation, the Board of Directors of the Company decided on the following allocations during the meeting of 18 September 2020:

- Plan n° 1 “2020-2024” allocates 570,500 BSPCE to 89 beneficiaries. The acquisition date is set for 19 September 2024. It is subject to a presence condition as well as to four performance conditions: increase in the share price, the Group's financial performance (turnover and EBITDA) and level of customer satisfaction.
- Plan n° 2 “2020-2025” allocates 786,500 BSPCE to 89 beneficiaries. The acquisition date is set as the closing date of the 2024/25 accounts. It is subject to a presence condition as well as to four performance conditions: level of employee satisfaction, increase in the share price, the Group's financial performance (EBITDA) and level of customer satisfaction.

As of 28 February 2021, 27,500 warrants have lapsed or have been cancelled.

The expense corresponding to the allocation of company founders' share warrants was estimated at € 458k. In the consolidated financial statements at 28 February 2021, the expense recognised in this regard amounts to € 48k.

LIQUIDITY CONTRACT

On 3 July 2018, the Company set up a liquidity contract with BNP Paribas Portzamparc with 300 thousand Euros made available. At closing date, treasury shares are restated as a reduction in shareholders' equity.

The results achieved on the purchase and resale of treasury shares are reclassified from income to equity, net of tax.

2.5.5.9. Current and non-current financial debts

Financial and non-current debts (In thousands of Euros)	28/02/2021	29/02/2020
Refundable advances	165	340
Preference shares	3,478	3,421
Loans from credit institutions	14,318	18,143
Other financial debts	11,429	11,536
Lease debts	14,005	15,525
Other financing debts (2CRSI)	4,441	3,985
Non-current financial debts	**47,836**	**52,950**
Refundable advances	175	113
Other loans	166	131
Loans from credit institutions	12,878	4,828
Current bank overdrafts and accrued interest	1,520	429
Factoring	2,683	2,287
Lease debts	2,859	2,137
Other financing debts (2CRSI)	4,910	6,672
Other financing debts (Boston Ltd)	779	
Current financial debts	**25,970**	**16,597**
Total financial debts	**73,806**	**69,547**

The table below shows the changes in financial debts during the year:

	29/02/2020	Cash received	Cash disbursed	Other	28/02/2021
Loans from credit institutions	22,971	10,177	(5,959)	5	27,196
Current bank overdrafts and accrued interest	429	1,154	0	(63)	1,520
Refundable advances	453			(113)	340
Financial debts	10,657	4,590	(6,562)	1,445	10,130
Preference shares	3,421			57	3,478
Factoring	2,287	454	0	58	2,683
Lease debts	17,662		(2,163)	1,365	16,864
Other financial debts	11,536			(107)	11,429
Other loans	131			35	166
Total	**69,547**	**16,375**	**(14,684)**	**2,569**	**73,806**

Loans from credit institutions rose by € 10.2 million, mainly due to taking out a State guaranteed loan (PGE) for € 10 million. The 2 loans from BNP of € 5 million and € 15 million respectively were subject to repayments of € 1 million and € 3 million. Current bank overdrafts reached € 1.5 million as of 28 February 2021.

Equipment financing debts are overall lower, with repayments of maturities (€ 6.6 million) exceeding new contract subscriptions (€ 4.6 million).

"Other" movements mainly relate to variations in accrued interest not yet due, the increase in rental debts following the signing of new contracts, mainly in France (Green Data and 2CRSi real estate contracts), as well as the increase in debt related to the Boston Company's leases. Following the final allocation of the acquisition price of Boston, an additional financing debt was recognised under finance leases. This debt amounts to € 0.8 million at the end of February 2021.

"Other financial debts" are debts to minority interests recognised in the context of business combinations. These are determined on the basis of an estimated level of EBITDA and EBITDA rate over the coming years, the non-achievement or exceeding of which could significantly vary the amount that would actually be disbursed in this respect compared to the amount recorded. For the fiscal year ended 28 February 2021, the accounts were prepared considering that the trigger threshold for the earn-out has not been reached. The earn-out debt for the next two fiscal years is valued at € 2.5 million at the end of February 2021. The maximum amount that could be disbursed in this regard in the event of the Boston sub-group's outperformance amounts to € 7.7 million. Concerning the minority put, the amount actually disbursed will be determined on the basis of a multiple of the average EBITDA for the two previous years. At the end of February 2021, the debt recognised in this regard amounted to € 8.8 million.

REFUNDABLE ADVANCES AND SUBSIDIES

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

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

- The "loan" granted by the government was recognised and measured in accordance with the provisions of IAS 39. Consequently, the Group records the debt corresponding to its fair value, i.e. with a discount (corresponding to the rate differential, discounted at the market rate), so as to reduce its effective interest rate (EIR) to that of a normal debt.
- The profit 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 perceived.

  The identified benefit is treated as a public subsidy. This subsidy is recognised in profit or loss at the rate of the expenses incurred by the Group and which are the subject of this subsidy.

ADP 2017 PREFERENCE SHARES

In order to finance its activity, 2CRSi SA carried out a capital increase voted on at the AGM of 24 April 2017. As such, 350,000 BSAs (each giving the right to a 2017 ADP) were subscribed and exercised by the holding companies managed by the Audacia management company.

The 2017 ADPs have a nominal value of € 10, including an issue premium of € 910. They are perpetual, do not include a contractual mechanism for reimbursement or conversion. They do however give a right to a priority dividend, which 2CRSi must pay in the event of distributable income. In the event that there are no distributable income for more than 6 consecutive years, the 2017 ADP entitles the holder to the payment of a cumulative priority dividend equal to the priority dividends not paid after the 7th financial year (7th financial year included) capitalised annually at 15%.

In accordance with IAS 32, 2CRSi has recognised a debt on its balance sheet for the entire subscription price of the ADP, taking into account the payment in perpetuity of the dividend.

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

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

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

Accounting for ADP 2017 (Amounts in € 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 expenses spread over issuance costs	27	57	66	57	57	57	21
Financial liabilities	**3,268**	**3,325**	**3,421**	**3,478**	**3,535**	**3,593**	**3,614**

DEBTS TO CREDIT INSTITUTIONS

Below is the list of loans not due at the end of the financial year (including those repaid early for bank account closure - data from corporate accounts):

Bank	Item	Nominal value in thousands	Currency	Date of issue	Due	Rate	Rate type	Balance sheet value at 28/02/2021 in thousands of Euros	Fair value at 28/02/2021 in thousands of Euros
BPI	Export loan	194	€	30/04/2015	31/01/2022	4.20%	Fixed	39	39
BPI	Export loan	150	€	31/08/2015	31/08/2022	4.54%	Fixed	53	53
Caisse d'Epargne	Local development loan	75	€	22/10/2015	01/02/2021	1.00%	Fixed	8	8
SG	Local development loan	50	€	01/04/2016	01/03/2021	0.90%	Fixed	6	6
Caisse d'Epargne	R&D project	250	€	19/09/2016	05/10/2021	1.60%	Fixed	75	75
BNP	Investments	5,000	€	06/12/2018	06/12/2023	1.00%	Fixed	3030	3030
BNP	External growth	15,000	€	04/12/2019	04/11/2024	2.25%	Variable 1-month Euribor (currently 0%)	12,000	12,000
Crédit Agricole	PGE	300	€	25/01/2021	ND	ND	Fixed	300	300
Caisse d'Epargne	PGE	1500	€	29/09/2020	D *(1)*	0.25%	Fixed	1500	1500
BNP	PGE	2500	€	16/10/2020	D *(1)*	0.5% *(2)*	Fixed	2500	2500
BPI	PGE	1000	€	02/11/2020	D *(1)*	2.35%	Fixed	1000	1000
LCL	PGE	1000	€	21/10/2020	D *(1)*	0.5% *(2)*	Fixed	1000	1000
CIC	PGE	1000	€	20/10/2020	D *(1)*	0.5% *(2)*	Fixed	1000	1000
Crédit Agricole	PGE	1300	€	19/10/2020	D *(1)*	0.5% *(2)*	Fixed	1300	1300
Société Générale	PGE	1400	€	13/10/2020	ND *(1)*	0.25%	Fixed	1400	1400
HSBC	Equipment		USD	11/01/2021	ND	2.03%	Fixed	2,136	2,136
HSBC	Equipment	665	£	27/08/2015	27/08/2022	1.40%	variable + Bank of England base rate (currently 0.1%)	209	209
Loyds Bank	Equipment	ND		ND	ND	ND	ND	70	70

(1) The Group has decided to take advantage of the additional amortisation periods provided for by these loans.
(2) Guarantee commission

PGE borrowings are classified under non-current borrowings and financial debts.
The line "Other financial debts" are debts to minority interests recognised in the context of business combinations.

RENTAL DEBTS

Rental debts were down € 0.8 million. The cash disbursed for this item amounts to € 2.2 million. The new rental contracts concern an area of 408 m^2 in Strasbourg for the creation of a prototyping area.

FINANCING DEBTS

In order to ensure the financing of certain rental contracts, the Group has set up sales and lease-back contracts with banking organisations relating to the servers received by customers. This operates as follows:

- Each delivery of servers is backed by a sale-leaseback operation with a banking organisation. In this context, this organisation finances the servers delivered and the funding is reimbursed over 36 to 48 months.
- In accordance with IFRS 15, the legal transaction of transfer to banking organisations is not classified as a sale and therefore no turnover is recorded by the Group. The funding received is recognised as debt.

There is no guarantee or collateral on the assets financed.
In 2020-21, other assets were the subject of sale-leaseback operations with banking organisations. The total amount of goods financed during the year is € 4.6 million, and no turnover is recorded for this in the Group's accounts. These contracts have a duration of 48 and 60 months. These contracts were treated as financing obtained by the Group and the amounts received from banking organisations were treated as financial debts.

The main characteristics of the operations are as follows:

Banks	Amount financed before tax [Amount collected]	Rental period	1st rent + fees	Quarterly rent	Term	Start date	End date	Purchase option	Rate
LIXXBAIL ETICA *(*)*	4,030,000	54 months	600,000	243,464	Due	15/10/2017	15/04/2022	None	4.61%
CM CIC *(*)*	2,095,600	42 months		186,031	Due	16/10/2017	14/04/2021	20,956	3.68%
LIXXBAIL ETICA *(*)*	2,500,562	42 months	375,084	197,279	Due	15/01/2018	14/07/2021	None	4.20%
LIXXBAIL ETICA *(*)*	3,003,763	42 months	450,564	241,601	Due	01/06/2018	30/11/2021	None	5.00%
NCM ARIUS *(*)*	1,999,980	60 months		114,960	Due	01/06/2018	28/02/2022	20,000	3.60%
LEASE EXPANSION *(*)*	2,958,027	42 months		250,830	Due	01/12/2017	31/08/2021	150	1.20%
NCM	1,600,408	60 months		87,718	Due	01/12/2019	30/11/2024	8,002	3.67%
NCM	534,125	60 months		28,219	Due	01/05/2019	30/04/2024	7,578	3.99%
NCM	2,372,203	60 months		131,017	Due	29/03/2019	29/03/2024	11,861	3.99%
LEASE EXPANSION	2,516,786	36 months		220,349	Due	01/07/2020	30/06/2023	0	ND
LEASE EXPANSION	899,111	36 months		78,719	Due	01/08/2020	31/07/2023	None	ND
Exclusive Capital	517,400	48 months		34,727	Due	27/07/2020	30/09/2024	0	5.80%

(*) contracts with Covid deadline postponements

In the context of the pandemic, 2CRSi benefitted from deadline extensions of 6 months for some of the contracts in progress. The impact of these deferments on cash flow for the year is € 1.8 million.

With respect to the financing debts, the main variations during the period are:

- reimbursements on all contracts for the period: € 5.7 million;
- new finance lease contracts: € 4.6 million

The breakdown of financial debt maturities is as follows:

Financial debt repayment terms and schedule (In thousands of Euros)	Total	< 1 year	1 to 5 years	> 5 years
Refundable advances	340	175	165	
Preference shares	3,478		3,478	
Bank overdrafts	4,203	4,203		
Rental debts	16,864	2,859	14,005	
Financial debts	10,130	5,689	4,441	
Other financial debts	11,429		11,429	
Loans from credit institutions	27,196	12,878	14,318	
Other loans	166	166		
Situation at the end of the financial year	**73,806**	**25,970**	**47,836**	**0**

The 1-year debts with credit institutions include a loan for which, at the date of closing, certain covenants had not been respected, but for which the Bank has since waived the demand for early repayment. Corrected for this impact, financial debts at < 1 year would be € 9 million lower and financial debts from 1 to 5 years € 9 million higher.

2.5.5.10. Fair value of financial instruments

No significant event occurred during the fiscal year ended 28 February 2021 to affect the fair value of financial assets and liabilities. With the exception of the modification of the titles of the various categories of assets and the discounting of the debt linked to the put, the implementation of IFRS 9 has not resulted in any significant change with regard to the valuation methods of the book values as well as the levels of fair value presented at 29 February 2020.

2.5.5.11. Covenants

The loan of € 15 million contracted on 4 December 2019, and the balance of which amounts to € 12 million as of 28 February 2021, is subject to compliance with covenants.
The financial ratios (R1, R2 and R4) below must be maintained on each test date for the period of test considered, at a level lower than those indicated in the table below:

- R1 = Net Financial Debt / EBITDA for the Boston Ltd Group calculated semi-annually and for the first time on 29/02/2020
- R2 = Net Financial Debt / EBITDA for the consolidated group calculated semi-annually and for the first time on 28/02/2021
- R4 = Net Financial Debt / Equity for the historical 2CRSi calculated semi-annually and for the first time on 29/02/2020

Test date	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 28/02/21 to 30/08/2024	2.5 x	2.5 x	60%

As of 28 February 2021, the company had not complied with certain ratios agreed in the senior loan agreement entered into on 05/12/2019, with a view to financing the acquisition of Boston Limited. As the Bank had not waived the early repayment of the debt as of 28/02/2021, the portion of the loan with a maturity of more than one year (€ 9,000,000) was considered as a current debt in strict application of accounting rules. The bank has since confirmed its waiver of the early repayment of the debt.
In addition, the loan contract with HSBC, the balance of which amounts to € 209k on 28/02/2021, is subject to a covenant.

2.5.5.12. Trade payables

Trade payables (In thousands of Euros)	28/02/2021	29/02/2020
Trade payables	22,095	16,986
Invoices not received	1,962	3,350
Total trade payables	**24,057**	**20,336**

The increase in trade payables mainly concerns the 2CRSi and Boston companies and is predominantly related to purchases on projects in progress.

2.5.5.13. Other current liabilities

Other current liabilities (in thousands of Euros)	28/02/2021	29/02/2020
Advances and down payments on customer orders	2,637	1,662
Customer credit notes and Rebates & Discounts	1,986	1,194
Liabilities on non-monetary contracts	1,785	3,560
Social debts	2,861	2,488
Tax debts	4,893	5,778
State - income taxes	599	75
Other liabilities	2,807	1,985
Total other current liabilities	**17,568**	**16,742**

2.5.5.14. Employee benefits

SHORT-TERM BENEFITS AND POST-EMPLOYMENT BENEFIT PLANS WITH DEFINED CONTRIBUTIONS

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

POST-EMPLOYMENT PLANS WITH DEFINED BENEFITS

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

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

Obligations to staff are made up of the provision for end-of-career indemnities, assessed on the basis of the provisions provided for by the applicable collective agreement, namely, for employees of the 2CRSi company, the *Convention collective nationale des bureaux d'études techniques, des cabinets d'ingénieurs-conseils et des sociétés de conseil*, and for employees of Boston France, the *Convention collective nationale de commerces de gros*.

This obligation only concerns employees subject to French law and amounts to € 496k as of 28 February 2021, compared to € 386k as of 29 February 2020. The impact on the financial year is a charge of € 110K. It takes into account past service costs of 175k, financial costs of 4k and positive variations related to actuarial costs of € 69k.

2.5.5.15. Provisions

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

The amount recognised as a provision is the estimate of the expense necessary to extinguish the obligation, updated if necessary at the closing date. Provisions for risks include provisions relating to pending litigation. The amount of provisions corresponds to the most probable estimate of the risk.

Provisions for risks are recognised in the accounts at 28 February 2021 in the amount of € 335k.

In addition, a tax audit is in progress at 2CRSi, covering the 2017 and 2018 financial years. The Group does not expect an unfavourable outcome from this audit.

2.5.5.15. Cash

in € m	28/02/2021	28/02/2020
Cash on hand	4,544	10,174
Marketable securities	0	
Gross cash	**4,544**	**10,174**
Bank assistance (overdraft)	1,477	396
Net cash	**3,067**	**9,777**

The decrease in available cash compared to 28/02/2020 is mainly explained by the increase in the financial receivable (refer to 2.5.5.4).

2.5.6. OTHER INFORMATION

2.5.6.1. Rental contracts as lessee

MANAGEMENT ESTIMATES AND APPLICATION

As permitted by IFRS 16, the Group has chosen not to apply the provisions of the standard to its short-term leases and to its contracts where the underlying assets are of low value. The rental periods used by the Group reflect the non-cancellable periods of each contract, plus any contract extension or termination options that the Group has the reasonable certainty of exercising or not exercising. Thus, for real estate leases, where the maximum term is 9 years with a possible exit at 3 and 6 years, the term retained is 6 years, with the exception of a commercial lease where a commitment has been made to the last three-year term, in which case the term retained is 9 years. In effect, the management is not reasonably certain of keeping its premises beyond this period, given (i) the lack of strategic nature of the location and (ii) the prices which do not present any incentive over market prices. For rental contracts on vehicles and servers used internally as part of research and development activities, the term retained is that of the contracts.
Finally, the discount rate used for the valuation of the rental obligation is the borrowing rate that 2CRSi would have obtained if it had had recourse to its bank to finance the acquisition of the leased property.

2.5.6.2. Related parties

TRANSACTIONS WITH RELATED PARTIES

According to IAS 24, "Related party information", a related party is a natural or legal person that is related to the entity that presents its financial statements.
It can be any of the following:

- A person or company that exercises control over the Group;
- An associate 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.
Transactions with related parties identified as of 28 February 2021 are as follows:

Related parties (Amounts in € k)	HAW		ALISPALU		GAMESTREAM		BLADE		BOSTON IT SOLUTIONS (India)	
	28/02/2021	29/02/2020	28/02/2021	29/02/2020	28/02/2021	29/02/2020	28/02/2021	29/02/2020	28/02/2021	29/02/2020
Others products		3		102	2	1				
External charges			(80)	-	-	-	-		-	-
Sales of products & merchandise		-	3,849		166	160	17,900	1260	1270	999
Consumed purchases		-	(7)	-	-	-	-		-	-
Financial products	1	-	-	-	1	1	753	1664		-
Total	**1**	**3**	**3,762**	**102**	**169**	**162**	**18,653**	**2,924**	**1270**	**999**

During fiscal year 2020/2021, there was no significant change in the nature of transactions with related parties compared to fiscal year 2019/2020.

EXECUTIVE REMUNERATION

The gross remuneration of corporate officers amounted to € 430,933 for the year, including € 27,600 in benefits in kind. The Deputy Chief Executive Officer also benefitted from an allocation of BSPCE during the financial year, amounting to 134,000 warrants for the "2020-2024 Plan" plan and 156,000 warrants for the "2024-2025 Plan". For more information, refer to section 3.5.3.
The gross amount of the remuneration awarded to the directors for the 2019-2020 financial year and paid during the 2020/21 financial year amounts to € 29,000, to which is added the remuneration granted to the non-voting director of € 10,500.
At its meeting of 13 June 2019, the general meeting voted for an annual envelope of € 60,000 for the gross remuneration of the directors under of their mandate. A provision was made for this amount at the end of the period. The final remuneration amount has not yet been set at the end of the financial year.

2.5.6.3. Financial risk management and assessment

The 2CRSi group can be exposed to different types of financial risk: market risk, credit risk and liquidity risk. The Group implements simple means commensurate with its size to minimise potential adverse effects of these risks on the financial performance. The Group's policy is to not 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 a counterparty to a financial instrument fails to meet its contractual obligations.
The Group assesses the solvency risk of its customers. This solvency takes into account both elements that are purely internal to the Group, as well as contextual elements such as its geographical location, the overall economic situation and the outlook for sector development.
The Group is not exposed to a significant credit risk, which is mainly concentrated on trade receivables and financial receivables. The net book value of receivables recognised reflects the fair value of net cash flows receivable estimated by management, based on information at the closing date. The Group has not considered any guarantees or any compensation agreements with liabilities of the same maturity to perform impairment tests on financial assets.
There are no significant past-due impaired financial assets.
The banks with which the Group has a relationship have all met the requirements of the solvency tests provided for by EU regulations.
A credit risk exists when a possible loss can occur if a customer cannot honour their commitments within the prescribed time limits. The Group requires its customers to make down payments on each first order or if the authorised outstanding amount for a customer is exceeded.

EXCHANGE RATE 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 working currency of the Group entity that records them. Due to its international presence, the Group is naturally exposed to fluctuations in foreign currencies (except the Euro which is its working and reporting currency) in which its operations are carried out (transaction and income conversion risks) and in which its assets and liabilities are denominated. Nearly 69% of the Group's supplies are made in USD and nearly 36% of its invoices are 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 February 2021, the Group had no forward currency purchase commitments.
As the Group's debt is mainly at fixed rate, the Group has little exposure to interest rate risks.
The list of loans and their characteristics is given in note 2.5.5.9.

LIQUIDITY RISK

Liquidity risk corresponds to the Group's ability to have the financial resources to meet its commitments, i.e. the risk for the Group of not being able to repay its debts.
The Group has access to diversified funding sources including:

- loans from banks;
- financing and guarantees from the BPI;
- refundable advances and subsidies; and
- leasing contracts.

Net financial debt stood at € 69.3 million as of 28 February 2021 and includes € 16.9 million in lease debts (IFRS 16) and € 14.9 million in financial debts linked to the price supplements clauses and put options granted to minority interests in Boston Ltd (€ 11.4 million) as well as to Preference Shares (€ 3.5 million).
The € 15 million loan which made it possible to finance the acquisition of the Boston Ltd shares in December 2019 is subject to covenants relating to the Group's cash level as well as to debt ratios. Requested by 2CRSi for non-compliance with some of these covenants, the arranging bank has confirmed that it waives the early repayment of the debt. The repayment of this loan will be made over 5 years; a first payment was made in November 2020 (€ 3 million).
In addition, the Group has entered into a cash flow agreement with most of its subsidiaries, allowing it to optimise the management of its resources where necessary.

At the end of May 2021, the Group's cash amounted to € 10.9 million to which is added the mobilisable financing lines of € 7.2 million (bank overdraft, undrawn short-term credit lines) as well as an unused BPI advance of € 2 million.
On the basis of the cash available and the lines that can be mobilised at the date of this document, as well as the financing to be obtained which should allow the Group to cover its forecast cash requirements, the Company considers that it is in a position to meet its due dates for the next 12 months.
The proper management of the receivership procedure for a major client (Blade) is likely to significantly reduce the group's financial mobilisations.

2.5.6.4. Contingent liabilities

No contingent liability is known at the date of closing of these consolidated accounts. No new litigation arose during the 2020-2021 fiscal year.

The dispute concerning a former manager of the company has not been the subject of a provision because the company considers the arguments to be unfounded.

2.5.6.5. Off-balance sheet obligations

Off-balance sheet commitments in € k (excluding rental debt and credit card)	Commitments given	Commitments received
Business pledges	3	
GREEN DATA pledged securities	6	
BOSTON pledged securities	12,000	
2CRSi joint surety (GREEN DATA lease)	1,452	
BPI security		64
Loan insurance commission		5,000
BPI guarantee on overdraft authorisation		2,025
Individual personal guarantee		11
Guarantee to CERN ($ 181,275)	165	
Other commitments vis-à-vis third parties (customer / supplier) ($ 1,736,206)	1,432	
Guarantee on import line (£ 1,901,640)	2,184	
Guarantee on customer discount line (£ 1,383,675)	1,590	
Loan Guarantee (£ 279,599)	328	
State guarantee loans (PGE)		9,000

2.5.6.6. Statutory auditors' fees

Statutory auditors' fees (Amounts in € k)	AT 28/02/2021		AT 29/02/2020	
	EY	SFR	EY	SFR
Statutory audit, certification, limited review of individual and consolidated accounts:	**209**	**105**	**196**	**105**
Parent company	200	105	187	105
Fully consolidated subsidiaries	9	-	9	-
Services other than statutory audit	**4**	**-**	**123**	**6**
Parent company	4	-	123	6
Total	**213**	**105**	**319**	**111**

3

STATUTORY AUDITORS' REPORT

FIDUCIAIRE DE REVISION S.A.

ERNST & YOUNG Audit

2CRSI
Financial year ended 28 February
2021

Statutory auditors' report on the annual accounts

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

Statutory Auditor
Member of the regional
company of Colmar

ERNST & YOUNG Audit
Tour Europe
20, place des Halles
BP 80004
67081 Strasbourg cedex
SAS with variable capital
344 366 315 R.C.S. Nanterre

Statutory Auditor
Member of the regional company
of Versailles and the Centre

2CRSI
Financial year ended 28 February 2021

Statutory auditors' report on the annual accounts

To the General Meeting of 2CRSI,

Opinion

In accordance with the task entrusted to us as resolved at your annual general meeting and by collective decision of the partners, we have audited the annual statements of the company 2CRSI for the financial year closed on 28 February 2021, which are attached hereto.

We hereby certify that the annual accounts are an honest and true representation, as regards the French rules and principles governing accounts, and paint a faithful picture of the results of transactions in the financial year which has just finished, as well as of the company's financial situation and assets at the end of this financial year.

The opinion expressed above is consistent with the content of our report to the audit committee.

Basis for the opinion

Audit framework

We have conducted our audit according to professional standards applicable to France. In our estimation, the details we have collected represent sufficient and suitable grounds on which to base our opinion.

Our responsibilities in accordance with these standards are indicated in the "Statutory auditor's responsibilities for the annual statements" section of this report.

Independence

We carried out our audit mission in compliance with the rules of independence provided for by the Commercial Code and by the Statutory Auditors' Code of ethics for the period from 1st March 2020 to the date of issue of our report, and in particular we have not provided services prohibited by Article 5, paragraph 1, of Regulation (EU) No 537/2014.

Justification of our assessments - Key points of the audit

The global crisis related to the Covid-19 pandemic creates special conditions for the preparation and audit of the accounts for this fiscal year. Indeed, this crisis and the exceptional measures taken under the state of health emergency created multiple consequences for companies, particularly with respect to their activity and their financing, as well as increased uncertainties on their future prospects. Some of these measures, such as travel restrictions and remote working, have also had an impact on the internal organisation of companies and on how audits are carried out.

It is in this complex and evolving context that, in application of the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to justification of our assessments, we bring to your attention the key points of the audit relating to the risks of material misstatement, which in our professional judgement, were the most important part of our audit of the year's financial statements, as well as the responses we have used to tackle these risks.

The assessments are within the context of our audit approach of the annual accounts, taken as a whole, and amount to our opinion as expressed above. We do not express any opinion on elements of these annual statements taken individually.

- Valuation of assets and liabilities related to contracts with Blade group entities

Risk identified	Our answer
The Blade group, your company's main client, entered into insolvency proceedings in March 2021. Note 3.1. "Key events - Events subsequent to the closing" in the notes to the annual accounts presents the impact of the Blade group bankruptcy proceedings taking place in France and the United States on your company's accounts. The equipment delivered to the Blade group prior to 31 December 2019 was taken over by the company huBic for € 10.5 million excluding taxes, paid directly to 2CRSI. Equipment rented after 1 January 2020 is being taken back by your company. Your company depreciated its stake in the Blade group for € 2.04 million, as well as the receivables for rent relating to contracts delivered after 1 January 2020 for € 1.78 million, and immediately recognised a debt for financing contracts in progress for the equipment sold to huBic within the framework of the collective procedure for € 3.1 million. At the end of February 2021, receivables related to equity interests towards the Blade group amounted to € 10.6 million and the equipment leased to the Blade group was capitalised for a net value of € 9.2 million.	The work we carried out mainly consisted of: ▶ obtaining the legal elements related to the reorganisation procedures and the disposal plan, such as the judgments of the courts referred to in France and the United States and the offer to transfer equipment to the buyer of the Blade company; ▶ analysing the accounting translation of the impact on your company's accounts of the procedures in progress; ▶ conducting interviews with management to find out their assessment of the quality and the possibilities of resale of equipment delivered after 1 January 2020 to the Blade group which is the subject of a takeover by your company; ▶ assessing the appropriateness of the information provided in the note to the annual accounts.

2CRSI
Financial year ended 28 February 2021

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Taking into account the impacts of the Blade group procedure on the accounts and the residual exposure of your company, we have considered the risk on the valuation of assets and liabilities in connection with the transactions carried out with the entities of the Blade group as a key point of the audit

Existence and completeness of recorded stocks

Risk identified	Our answer
Inventories of raw materials and merchandise represent a gross amount of € 1.5 million and finished products and work in progress represent a gross value of € 14.6 million at closing. As indicated in note 3.2 to the annual accounts, stocks of raw materials and goods are valued at their acquisition cost (purchase price and incidental costs). Taking into account the importance of these assets in the balance sheet, and in view of the significant number of references stored by your company, we consider that there is a risk on the existence and the exhaustiveness of the stocks which we considered to be a key point of the audit.	The work we carried out mainly consisted of: ▶ assisting with the physical inventory and carrying out counts, by sampling, from the listing of stocks (tests on existence) and physical stocks (tests on exhaustiveness); ▶ reconciling our counts of the quantities in accounting stocks at the date of closure; ▶ carrying out detailed tests, by sampling, on the correct linkage of the last deliveries and shipments to the financial year.

Correct linkage of revenue from the delivery of equipment to the financial year

Risk identified	**Our answer**
As of 28 February 2021, your company had a turnover of € 35 million, of which € 26.1 million correspond to sales of finished products and merchandise (deliveries of equipment). Note 3.4.1 of the notes to the annual accounts describes the methods for recording revenue relating to equipment deliveries. The delivery of equipment is understood to mean the delivery of assembled components and servers. We considered the correct linkage of the turnover relating to the deliveries of equipment to the financial year as a key point of the audit because of the seasonality of the activity and the sensitivity of the achievement of the objectives communicated to the market.	The work we carried out mainly consisted of: ▶ becoming familiar with the internal control procedures for recognising turnover; ▶ examining the methods for recording sales linked to contracts containing specific clauses likely to impact the recognition of turnover, in particular at the end of the year; ▶ obtaining external confirmations for a sample of invoices not yet paid at 28 February 2021; ▶ by using end-of-year sales journals and post-closing sales journals, performing detailed tests on the correct linkage and the reality of sales for the year by reconciling them with supporting documents (delivery notes and acceptance reports signed by the customer and invoices).

Specific checks

In accordance with the norms regulating professional activity in France, we also performed the specific checks required under legal statutes and regulations.

- **Information given in the management report and in other documents on the financial position and annual accounts addressed to the shareholders**

We have no observations to make on the annual accounts with respect to the fairness and consistency with the information given in the management report of the board of directors and in the other documents on the financial position and the annual accounts sent to shareholders.

We attest to the sincerity and consistency with the annual accounts of the information relating to the payment deadlines mentioned in article D. 441-6 of the Commercial Code.

- **Corporate Governance Report**

We certify that the Board of Directors' report on corporate governance contains the information required by Articles L. 225-37-4, L. 22-10-10 and L. 22-10-9 of the French Commercial Code.

Concerning information provided pursuant to the provisions of Article L. 22-10-9 of the Code of commerce on the compensation and benefits paid or allocated to corporate officers, as well as the undertakings agreed to in their favour, we checked that they were in line with the accounts or with the data used to compile these accounts, and where necessary, with the evidence collected by your company from companies controlled by it which are included in the scope of consolidation. On the basis of this work, we hereby confirm that this information is complete and accurate.

Other verifications or information provided for by legal and regulatory texts

- **Appointment of statutory auditors**

2CRSI appointed the statutory auditors through its general meeting of 13 June 2019 of the firm FIDUCIAIRE DE REVISION S.A., and that of 25 September 2017 of the firm ERNST & YOUNG Audit.

On 28 February 2021, the firm FIDUCIAIRE DE REVISION S.A. was in the second consecutive year of its mission and the firm ERNST & YOUNG Audit in its fourth year (including three years since the company's shares were admitted to trading on a regulated market).

Responsibilities of management and officers of the company for annual statements

Management must prepare accurate annual statements in accordance with French accounting rules and principles, and implement any internal control it deems necessary for those statements which do not contain any major anomalies, whether from fraud or error.

While the annual statements are prepared, management must assess the company's capacity to continue as a going concern, to include in its statements any necessary information on consistent operation and apply the accounting agreement on consistent operation, unless the company must be wound up or closed down.

It is the responsibility of the audit committee to follow the process for preparing the financial information and for monitoring the effectiveness of internal monitoring and risk management systems, as well as where applicable internal auditing as regards the procedures relating to the preparation and processing of accounting and financial information.

The annual accounts were ordered by the Board of Directors.

Statutory auditor's responsibilities for the annual statements

■ Audit objective and approach

It is our responsibility to prepare a report on annual statements. Our goal is to obtain a reasonable assurance that annual statements in their entirety do not contain any major anomalies. The reasonable assurance must be of a high level, yet without guaranteeing that an audit in accordance with professional standards will help systematically detect any major anomaly. Anomalies may come from fraud or result from errors and are deemed significant when we may reasonably assume that they may, either taken individually or cumulatively, influence the financial decisions which account users take on those grounds.

As specified by article L. 823-10-1 of the Commercial Code, our task of certifying statements does not consist of ensuring the viability or quality of the management of your company.

Within the framework of an audit in accordance with professional standards applicable to France, statutory auditors make their professional judgment throughout this audit. In addition:

- They identify and assess the risks posed by annual statements of major anomalies, from fraud or errors, define and implement audit procedures in the face of those risks, and gathers elements they deem sufficient and suitable to justify their opinion. The risk of non-detection of a significant anomaly from fraud is higher than that of a significant anomaly from an error, since the fraud may involve the collusion, forging, voluntarily omitting, misrepresenting or bypassing internal control;

- They take note of the internal control for the audit in order to define suitable auditing procedures under the circumstances, and not in order to issue an opinion on the efficiency of internal control;

- They assess the suitable nature of applicable accounting methods and the reasonableness of the accounting estimations by management, as well as the information regarding them and provided in annual statements;

- They assess the suitability of the application by management of the accounting consistent operating agreement, and, based on the collected elements, whether or not there is major uncertainty connected with events or circumstances which may question the company's capacity to continue as a going concern. This assessment depends on elements collected up to the date of their report, being nonetheless reminded that future circumstances or events could throw the consistency of operations into question. If they ascertain a significant uncertainty, they draw the attention of readers to their report on the information provided in annual statements for this uncertainty or if this information is not provided or is not relevant, they prepare a certification with reservations or refuse to prepare it;

- They assess the presentation of all annual statements and whether the annual statements accurately reflect the underlying operations and events.

■ Report to the audit committee

We submit a report to the audit committee which presents in particular the scope of the audit work and the work programme implemented, as well as the conclusions arising from our work. We also inform where appropriate significant weaknesses we have identified in internal control with respect to procedures relating to the preparation and processing of accounting and financial information.

Among the elements communicated in the report to the audit committee are the risks of material misstatement which we consider to be most important for the audit accounts for the financial year, and which as a result constitute the key points of the audit which is our responsibility to describe in this report.

We also provide the audit committee with the declaration provided for in Article 6 (EU) regulation no. 537/2014 confirming our independence, within the meaning of the rules applicable in France as laid down specifically by Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the Code of ethics of the profession of statutory auditor. Where applicable, we discuss with the audit committee the risks weighing on our independence and the safeguards applied.

Didenheim and Strasbourg, 02/07/2021

The Statutory Auditors

FIDUCIAIRE DE REVISION S.A.	ERNST & YOUNG Audit
Véronique Habé	Alban de Claverie

FIDUCIAIRE DE REVISION S.A.

ERNST & YOUNG Audit

2CRSI

Financial year ended 28 February 2021

Statutory auditors' report on the consolidated financial statements

FIDUCIAIRE DE REVISION SA
2, avenue de Bruxelles
68350 Didenheim
SA with capital of €
76,225,339
RCS Mulhouse 304 230

Statutory Auditor
Member of the regional
company of Colmar

ERNST & YOUNG Audit
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SAS with variable capital
RCS Nanterre 344 366 315

Statutory Auditor
Member of the regional company
of Versailles and the Centre

2CRSI

Financial year ended 28 February 2021

Statutory auditors' report on the consolidated financial statements

To the General Meeting of 2CRSI,

Opinion

In accordance with the task entrusted to us as resolved at your annual general meeting and by collective decision of the partners, we have audited the consolidated accounts of the company 2CRSI for the financial year closed on 28 February 2021, which are attached hereto.

We certify that the consolidated accounts are, with regard to the IFRS standards as adopted in the European Union, conformant and sincere and give a faithful image of the results of operations for the past financial year, as well as of the financial situation and assets at the end of the financial year, for the group made up of the persons and entities included in the consolidation.

The opinion expressed above is consistent with the content of our report to the audit committee.

Basis for the opinion

Audit framework

We have conducted our audit according to professional standards applicable to France. In our estimation, the details we have collected represent sufficient and suitable grounds on which to base our opinion.

Our responsibilities in accordance with these standards are indicated in the "Statutory auditor's responsibilities for the consolidated financial statements" section of this report.

Independence

We carried out our audit mission in compliance with the rules of independence provided for by the Commercial Code and by the Statutory Auditors' Code of ethics for the period from 1st March 2020 to the date of issue of our report, and in particular we have not provided services prohibited by Article 5, paragraph 1, of Regulation (EU) No 537/2014.

Justification of our assessments - Key points of the audit

The global crisis related to the Covid-19 pandemic creates special conditions for the preparation and audit of the accounts for this fiscal year. Indeed, this crisis and the exceptional measures taken under the state of health emergency created multiple consequences for companies, particularly with respect to their activity and their financing, as well as increased uncertainties on their future prospects. Some of these measures, such as travel restrictions and remote working, have also had an impact on the internal organisation of companies and on how audits are carried out.

It is in this complex and evolving context that, in application of the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to justification of our assessments, we bring to your attention the key points of the audit relating to the risks of material misstatement, which in our professional judgement, were the most important part of our audit of the year's consolidated financial statements, as well as the responses we have used to tackle these risks.

The assessments are within the context of our audit approach of the consolidated financial statements, taken as a whole, and amount to our opinion as expressed above. We do not express any opinion on elements of these consolidated financial statements taken individually.

Valuation of assets and liabilities related to contracts with Blade group entities

Risk identified	Our answer
The Blade group, your company's main client, entered into insolvency proceedings in March 2021. Note 6.7.1.2. "Key events" in the notes to the consolidated financial statements presents the impact on your company's financial statements of the Blade group's bankruptcy proceedings underway in France and the United States. It specifies that: ▸ the financial receivables from the Blade group amounted to € 25.1 million as of 28 February 2021; ▸ the equipment delivered to the Blade group prior to 31 December 2019 was taken over by the company huBic for € 10.5 million excluding taxes, paid directly to your company. ▸ the equipment delivered after 1 January 2020 is being taken back by your group and management has estimated the recoverable amount of these assets at € 13 million. Given the importance of the financial receivables with the Blade group as of 28 February 2021, which amount to € 25.1 million, we considered the valuation of these assets to be a key point of the audit.	The work we carried out mainly consisted of: obtaining the legal elements related to the reorganisation procedures and the disposal plan, such as the judgments of the courts referred to in France and the United States and the offer to transfer equipment to the buyer of the Blade company; analysing the accounting translation of the impact on your company's accounts of the procedures in progress; conducting interviews with management to find out their assessment of the quality and the possibilities of resale of equipment delivered after 1 January 2020 to the Blade group which is the subject of a takeover by your company; assessing the appropriateness of the information provided in the note to the annual accounts.

Existence and completeness of recorded stocks

Risk identified	Our answer

2CRSI
Financial year ended 28 February 2021 2

Inventories of raw materials and merchandise represent a gross amount of € 29.8 million and finished products and work in progress represent a gross value of € 5.4 million at closing. As indicated in note 6.7.5.5 to the consolidated financial statements, stocks of raw materials and goods are valued at their acquisition cost (purchase price and incidental costs). Taking into account the importance of these assets in the balance sheet, and in view of the significant number of references stored by your company, we consider that there is a risk on the existence and the exhaustiveness of the stocks which we considered to be a key point of the audit.	The work we carried out mainly consisted of: ▶ assisting with the physical inventories of the main companies within the scope of the consolidated accounts (2CRSI, Boston France, Boston Ltd and Boston GmbH) and carrying out counts, by sampling, from the listing of stocks (tests on existence) and physical stocks (tests on exhaustiveness); ▶ reconciling our counts of the quantities in accounting stocks at the date of closure; ▶ carrying out detailed tests, by sampling, on the correct linkage of the last deliveries and shipments to the financial year.

Correct linkage of revenue from the delivery of equipment to the financial year

Risk identified	Our answer
As of 28 February 2021, your Group achieved sales of € 163.3 million, of which € 128.4 million correspond to sales of finished products and merchandise (deliveries of equipment). Note 6.7.4.1 of the notes to the consolidated financial statements describes the methods for recording revenue relating to equipment deliveries. The delivery of equipment is understood to mean the delivery of assembled components and servers. We considered the correct linkage of the turnover relating to the deliveries of equipment to the financial year as a key point of the audit because of the seasonality of the activity (strong activity at the end of the year) and the sensitivity of the achievement of the objectives communicated to the market.	The work we carried out mainly consisted of: ▶ becoming familiar with the internal control procedures for recognising turnover; ▶ examining the methods for recording sales linked to contracts containing specific clauses likely to impact the recognition of turnover, in particular at the end of the year; ▶ obtaining external confirmations for a sample of invoices not yet paid at 28 February 2021; ▶ by using end-of-year sales journals and post-closing sales journals, performing detailed tests on the correct linkage and the reality of sales for the year by reconciling them with supporting documents (delivery notes and acceptance reports signed by the customer and invoices).

Specific checks

In accordance with the norms regulating professional activity in France, we also performed the specific checks required under legal statutes and regulations on the information given in the group management report from the board of directors.

We have no comments to make on their fairness and their consistency with respect to the consolidated financial statements.

Other verifications or information provided for by legal and regulatory texts

Appointment of statutory auditors

2CRSI appointed the statutory auditors through its general meeting of 13 June 2019 of the firm FIDUCIAIRE DE REVISION S.A., and that of 25 September 2017 of the firm ERNST & YOUNG Audit.

On 28 February 2021, the firm FIDUCIAIRE DE REVISION S.A. was in the second consecutive year of its mission and the firm ERNST & YOUNG Audit in its fourth year (including three years since the company's shares were admitted to trading on a regulated market).

Responsibilities of management and officers of the company for the consolidated financial statements

It is the responsibility of management to prepare consolidated accounts presenting a true and fair view, in accordance with IFRS standards as adopted in the European Union, and to put in place the internal control it deems necessary for the establishment of consolidated accounts that do not contain any material anomalies, whether these result from fraud or from error.

In preparing the consolidated accounts, management must assess the company's capacity to continue as a going concern, to include in its statements any necessary information on consistent operation and apply the accounting agreement on consistent operation, unless the company must be wound up or closed down.

It is the responsibility of the audit committee to follow the process for preparing the financial information and for monitoring the effectiveness of internal monitoring and risk management systems, as well as where applicable internal auditing as regards the procedures relating to the preparation and processing of accounting and financial information.

The consolidated financial statements were approved by the Board of Directors.

Responsibilities of the statutory auditors relating to the audit of the consolidated financial statements

Audit objective and approach

Our role is to prepare a report on the consolidated financial statements. Our objective is to obtain reasonable assurance that the consolidated financial statements taken as a whole do not contain any significant anomalies. The reasonable assurance must be of a high level, yet without guaranteeing that an audit in accordance with professional standards will help systematically detect any major anomaly. Anomalies may come from fraud or result from errors and are deemed significant when we may reasonably assume that they may, either taken individually or cumulatively, influence the financial decisions which account users take on those grounds.

As specified by article L. 823-10-1 of the Commercial Code, our task of certifying statements does not consist of ensuring the viability or quality of the management of your company.

Within the framework of an audit in accordance with professional standards applicable to France, statutory auditors make their professional judgment throughout this audit. In addition:

- They identify and assess the risks posed by the consolidated accounts of major anomalies, from fraud or errors, define and implement audit procedures in the face of those risks, and gathers elements they deem sufficient and suitable to justify their opinion. The risk of non-detection of a significant anomaly from fraud is higher than that of a significant anomaly from an error, since the fraud may involve the collusion, forging, voluntarily omitting, misrepresenting or bypassing internal control;

- They take note of the internal control for the audit in order to define suitable auditing procedures under the circumstances, and not in order to issue an opinion on the efficiency of internal control;

- They assess the suitable nature of applicable accounting methods and the reasonableness of the accounting estimations by management, as well as the information regarding them and provided in consolidated financial statements;

- They assess the suitability of the application by management of the accounting consistent operating agreement, and, based on the collected elements, whether or not there is major uncertainty connected with events or circumstances which may question the company's capacity to continue as a going concern. This assessment depends on elements collected up to the date of their report, being nonetheless reminded that future circumstances or events could throw the consistency of operations into question. If they ascertain a significant uncertainty, they draw the attention of readers to their report on the information provided in consolidated financial statements for this uncertainty or if this information is not provided or is not relevant, they prepare a certification with reservations or refuse to prepare it;

- They assess the presentation of all the consolidated accounts and whether they accurately reflect the underlying operations and events.

- They collect the elements they consider sufficient and appropriate on the financial information of the persons or entities included in the scope of consolidation in order to express an opinion on the consolidated financial statements. They are responsible for the management, supervision and performance of the audit of the consolidated accounts, as well as the opinion expressed on these accounts.

Report to the audit committee

We submit a report to the audit committee which presents in particular the scope of the audit work and the work programme implemented, as well as the conclusions arising from our work. We also inform where appropriate significant weaknesses we have identified in internal control with respect to procedures relating to the preparation and processing of accounting and financial information.

Among the elements communicated in the report to the audit committee are the risks of material misstatement, which we consider to have been the most important for the audit of the consolidated financial statements for the year, and which as a result constitute the key points of the audit which is our responsibility to describe in this report.

We also provide the audit committee with the declaration provided for in Article 6 (EU) regulation no. 537/2014 confirming our independence, within the meaning of the rules applicable in France as laid down specifically by Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the Code of ethics of the profession of statutory auditor. Where applicable, we discuss with the audit committee the risks weighing on our independence and the safeguards applied.

Didenheim and Strasbourg, 02/07/2021

The Statutory Auditors

FIDUCIAIRE DE REVISION S.A.	ERNST & YOUNG Audit
Véronique Habé	Alban de Claverie

FIDUCIAIRE DE REVISION S.A.

ERNST & YOUNG Audit

2CRSI

General meeting to approve the financial statements for the fiscal year ended 28 February 2021

Special statutory auditors' report on related-party agreements

FIDUCIAIRE DE REVISION SA
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SA with capital of €
76,225,339
RCS Mulhouse 304 230

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Member of the regional
company of Colmar

ERNST & YOUNG Audit
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SAS with variable capital
RCS Nanterre 344 366 315

Statutory Auditor
Member of the regional company
of Versailles and the Centre

2CRSI

General meeting to approve the financial statements for the fiscal year ended 28 February 2021

Special statutory auditors' report on related-party agreements

To the General Meeting of 2CRSI,

In our capacity as statutory auditors of your company, we present you our report related-party agreements.

On the basis of the information given to us, our role is to present you with the characteristics, essential methods and the reasons justifying the benefit for the company of the agreements of which we have been informed or that we have encountered during our mission, without having to pronounce on their usefulness and their merits nor to seek the existence of other agreements. It is your responsibility, according to the terms of article R. 225-31 of the French Commercial Code, to assess the benefit attached to entering into these agreements with a view to their approval.

In addition, where applicable it is our responsibility to supply you with the information provide for in article R. 225-31 of the French Commercial Code relating to the execution of agreements already approved by the general meeting that occurred during the past financial year.

We have implemented the due diligence that we deemed necessary with regard to the professional doctrine of the *Compagnie Nationale des Commissaires aux Comptes* relating to this mission. These procedures consisted in verifying that the information given to us was consistent with the basic documents from which it was taken.

Agreements for approval of the general meeting

We inform you that we have not been given notice of any agreement authorised and entered into during the past financial year to be submitted to the approval of the general meeting in application of the provisions of article L. 225-38 of the French Commercial Code.

Agreements already approved by the general assembly

Pursuant to article R. 225-30 of the French Commercial Code, we have been informed that the execution of the following agreement, already approved by the general meeting during previous years, continued during the past financial year.

- **With Ms. Marie de Lauzon, Deputy CEO and director of your company,**

Nature and purpose

Corporate officer agreement authorised by your board of directors on 30 August 2019.

Terms

Your Board of Directors, upon proposal from Mr. Alain Wilmouth, decided to appoint Ms. Marie de Lauzon as Deputy Chief Executive Officer with effect from 1 September 2019.

This designation was made for a period of four years.

In the event that the Chief Executive Officer ceases or is prevented from exercising their functions, the Deputy Chief Executive Officer will retain their functions and powers until the appointment of the new Chief Executive Officer, unless otherwise decided by your Board of Directors.

The Deputy Chief Executive Officer will have the same powers as the Chief Executive Officer with regard to third parties.

As an internal measure, that cannot be enforced by third parties, they may not take the following decisions without the prior authorisation of your board of directors:

- substantial change in the strategic direction or activity of your company or group;
- purchases, sales and exchanges of buildings, businesses or commercial establishments or the conclusion of leases relating to such goods;
- conclusion or termination of leases relating to buildings, whether as lessee or lessor, relating to an annual lease exceeding € 50,000;
- manage your company's business assets or manage a business asset;
- granting of mortgages, pledges and other real security on the assets of your company;
- granting of sureties, endorsements and guarantees, with the exception of those granted for the benefit of customers or suppliers within the framework of the operational activity of your company or controlled companies within the meaning of provisions of article L. 233-3 of the French Commercial Code, acquisition of a stake in the capital of all companies incorporated or to be constituted and total or partial disposal of holdings;
- acquire a stake in an economic interest group or a European economic interest group;
- approve annual budgets for investment, financing, etc.;
- borrow, with the exception of normal bank overdrafts and current account advances granted by shareholders;
- make investments outside the annual budget relating to an asset with a value greater than € 100,000;
- enter into contracts outside the annual budget for lease contracts, furniture leasing, etc. relating to furniture for which the total over the rental period exceeds € 100,000;
- consent to waivers of debts in favour of third parties;

- assign or acquire industrial rights, patents, know-how licences, brands, domain names or any other intellectual property rights;
- enter into an arrangement in any legal dispute between a third party and your company or one of its subsidiaries for which the amount or the stake is greater than € 100,000 per dispute, as well as any waiver without consideration by your company of the rights against third parties;
- hire, outside the annual budget, an employee whose gross annual remuneration exceeds € 60,000;
- decide, in their capacity as legal representative of your company, to modify the statutory provisions of direct or indirect subsidiaries relating to:
  - the terms of appointment, dismissal and remuneration of corporate officers;
  - limitations on the powers of corporate officers;
  - the establishment of management or control bodies.

Your board of directors has decided that Ms. Marie de Lauzon will benefit from the following remuneration terms:

- a fixed gross annual remuneration of € 140,000;
- annual variable remuneration for 2020 up to a maximum of 50% of gross annual remuneration based on quantitative and qualitative criteria set annually by your board of directors.

The achievement of the objectives will be noted annually by your board of directors at the same time as the determination of the new criteria. Your board of directors will decide on these points when closing the annual accounts.

In accordance with article L. 225-37-2 of the French Commercial Code, the payment of annual variable remuneration is subject to the approval by an ordinary general meeting of the remuneration elements for the Deputy CEO under the conditions provided for in Article L. 225-100 of the French Commercial Code:

- subscription to a complementary health plan;
- the provision of F6 type official accommodation paid for by your company for a monthly rent of € 2,000, excluding charges;
- the provision of a Renault Espace type company vehicle paid for by your company;
- subscription to the *garantie sociale des chefs d'entreprises* (GSC) at the level of 55% over twelve months, then 70% over eighteen months after the first year of membership, with a waiting period of twelve months.

This remuneration is for twelve months.

Your board of directors notes that Ms. Marie de Lauzon will not combine her mandate with an employment contract in your company.

In addition, Ms. Marie de Lauzon may claim for reimbursement of expenses incurred in the performance of her mandate, upon presentation of supporting documents.

Didenheim and Strasbourg, 02/07/2021

The Statutory Auditors

FIDUCIAIRE DE REVISION S.A	ERNST & YOUNG Audit
Véronique Habé	Alban de Claverie

4

MANAGEMENT REPORT

4.1. BUSINESS DEVELOPMENT ANALYSIS

4.1.1. KEY FIGURES FOR THE FINANCIAL YEAR AND CORRECTED 2019-2020 DATA

The year 2020-21 was notable for sustained commercial development in an unprecedented context of the COVID-19 pandemic. The internationalisation of activities and the diversification of the Group's customer portfolio contintues with the signing of significant contracts with new customers and the opening of new subsidiaries.

During the year, 2CRSi also had to deal with the financial difficulties of its long-time client Blade, placed in receivership on 2 March 2021, and whose activities were taken over by hubiC in May 2021.

In millions of Euros	2020-2021 12 months	2019-2020 14 months *(1)*	2019-2020 12 months *pro forma* *(2) (1)*
Turnover	**163.3**	**77.0**	**141.1**
EBITDA	**7.4**	**(2.4)**	**1.1**
EBITDA margin	*4.5%*	*-3.1%*	*0.8%*
Consolidated net income, group share	**(4.2)**	**(6.4)**	**(2.9)**

(1) Corrected data incorporating the error correction described below.

(2) The pro forma 12-month income statement of 1 March 2019 to 29 February 2020 has been established:

- *Based on the consolidated accounts of the historic 2CRSi group over the 14-month period, from which the consolidated accounts established over the period 1 January 2019 to 28 February 2019 for the same scope were deducted.*

By adding the consolidated income statement of the Boston Ltd group for the period 1 March 2019 to 29 February 2020, considering that the fair value adjustments determined on 18 November 2019 would have been identical as at 1 March 2019 (without taking into account over the 12 months the amortisation of the customer relationship and the financial expense of accretion of the debt linked to the put).

ERROR CORRECTION

As part of the preparation of its annual accounts at 28 February 2021, 2CRSi noted that its purchases consumed in the 2019-20 financial year had been undervalued by € 2.8 million following the incorrect recognition of a credit note to be received.

This error led to an overvaluation of the consolidated EBITDA by € 2.8 million and the consolidated net income on the part of the group of € 2.1 million in the accounts for the year ended 29 February 2020.

This error gives rise to a correction in EBITDA of (€ 2.8 million) and of consolidated income of (€ 2.1 million) for the year ended 29 February 2020. The consolidated balance sheet at 29 February 2020 is also modified.

The comparative data for the 2019-20 fiscal year over 14 months and over 12 months pro forma have been updated in all sections of this document. Integrating the consolidation of Boston Limited for the first time, the tasks to close the 2019-20 financial year were also constrained by the direct consequences of the pandemic and the first lockdown. Since then, 2CRSi has strengthened its financial functions in France and the United Kingdom and initiated a plan to improve and adapt the processes to the current situation.

Simplified income statement in millions of Euros - IFRS standards	2019-2020 14 months			2019-2020 12 months *pro forma*		
	published	corrections	corrected	published	corrections	corrected
Turnover	**77.0**		**77.0**	**141.1**		**141.1**
Other current operating income	1.7		1.7	0.94		0.9
Income from normal activities	**78.6**	**0.0**	**78.6**	**142.0**	**0.0**	**142.0**
Consumed purchases	*(57.1)*	*(2.8)*	*(59.9)*	*(109)*	*(2.8)*	*(111.8)*
External charges	(8.2)		(8.2)	(12)		(11.7)
Personnel expenditure	(12.4)		(12.4)	(17)		(16.8)
Taxes and duties	(0.6)		(0.6)	(1)		(0.6)
EBITDA	**0.3**	**(2.8)**	**(2.4)**	**3.8**	**(2.8)**	**1.1**
EBITDA margin rate	*0.4%*		*(3.1%)*	*2.7%*		*0.8%*
Other current operating income and expenses	(0.6)		(0.6)	(0.6)		(0.6)
Net allocation to depreciation and provisions	(5.1)		(5.1)	(4.8)		(4.8)
Current operating income	**(5.4)**	**(2.8)**	**(8.1)**	**(1.6)**	**(2.8)**	**(4.3)**
Operating income	**(5.5)**	**(2.8)**	**(8.3)**	**(1.7)**	**(2.8)**	**(4.5)**
Financial result	0.6		0.6	0.9		0.9
Consolidated net income	**(4.5)**	**(2.1)**	**(6.6)**	**(0.6)**	**(2.1)**	**(2.7)**
Consolidated net income, group share	**(4.3)**	**(2.1)**	**(6.4)**	**(0.8)**	**(2.1)**	**(2.9)**
Basic earnings per share (€ / share)	**(0.3)**		**(0.4)**	**(0.1)**		**(0.2)**
Diluted earnings per share (€ / share)	**(0.3)**		**(0.4)**	**(0.1)**		**(0.2)**

4.1.2. ACTIVITY UPDATE

	Accounting data		Figures *pro forma*	Variation vs *pro forma*
Period	01/03/20 - 28/02/21	01/01/19 - 29/02/20	01/03/19 - 29/02/20	
Duration	12 months	14 months	12 months	
Turnover (in millions of Euros)	163.3	77.0	141.1	15.8%

Group turnover amounted to € 163.3 million as of 28 February 2021 including the contribution of the historical 2CRSi scope of € 55.1 million and of Boston Limited of € 108.2 million, an increase of +15.8 % compared to 2019-20 pro forma for the fiscal year (+ 38% for the historical 2CRSi scope and + 8% for the Boston scope). By way of reminder, the 2019-20 financial year (1 January 2019 - 29 February 2020) showed consolidated Group turnover of € 77.0 million over 14 months, including a contribution of Boston Limited of € 32.5 million from 18 November 2019 to 29 February 2020.

EXPANSION AND DIVERSIFICATION OF THE CUSTOMER BASE

The Group reinforced the trend of broadening and diversifying its customer base: the Group's largest customer represents 11% of sales for the year, compared to 13% in the first half of 2020/21.
The top 10 customers of the Group account for 43% of turnover for the year, compared to 49% in the first half of 2020/21.

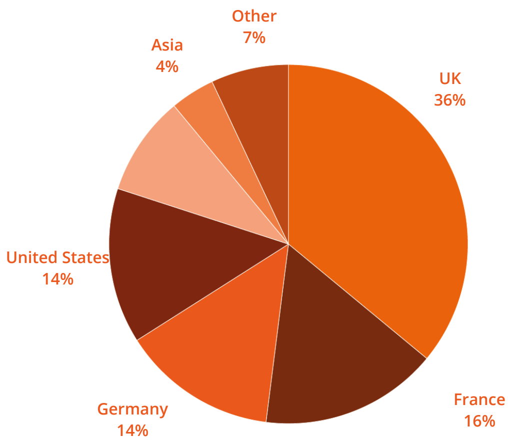
INTERNATIONAL EXPANSION

The good commercial dynamic of 2CRSi is also contributing to the internationalisation of activities with 84% of sales and services carried out outside France.

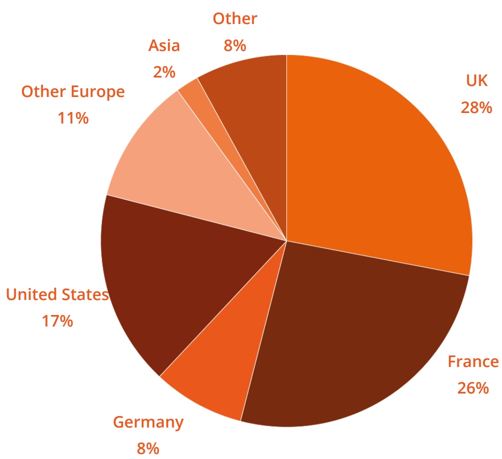
The United Kingdom has become the first country of destination over 12 months with the integration of the Boston group. This also explains the progress in Germany. The share in France is therefore diluted, while the corresponding sales increased by 57% from one year to the next. Sales in the United States are mainly related to deliveries to the datacentres hosting Blade activities, as well as to rental contracts hosted in the new Rouses Point datacentre. Russia represents 5% of the Group's turnover thanks to deliveries made by Boston Limited to a large industrial customer.

Breakdown of turnover by place of delivery

2020/21



2019/20

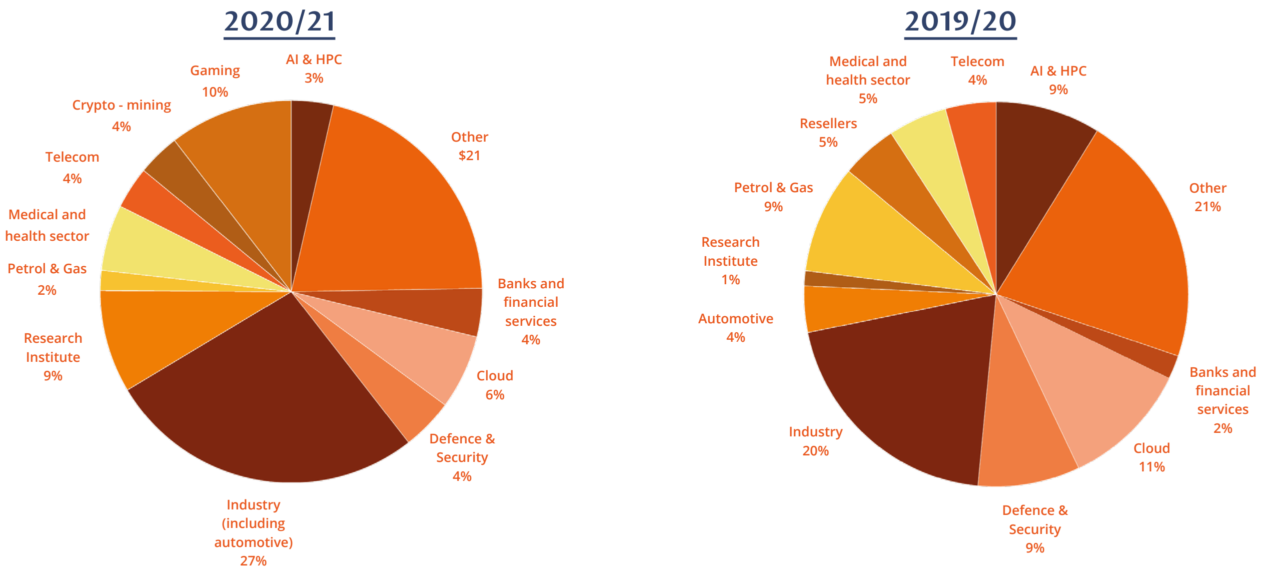


DIVERSIFIED CLIENTS

2020-21 saw major commercial successes with new clients in cloud computing, banking sector, HPC services (high performance computing) and cryptocurrencies, while the Group also continued its activities with its long-term clients such as OVHcloud.

In addition, the value-added distribution activity resulting from the acquisition of Boston Limited also contributed to growth over the year in the defence, research, industrial and IT services sectors, with a large part of its customers being affected by the pandemic.

Breakdown of turnover by business sector



4.1.3. UPDATE ON EXPENSES FOR THE YEAR

Period	2020-2021	2019-2020 (*)	2019-2020 (*)
Duration	**12 months**	**14 months**	**12 months *pro forma***
Turnover	163.3	77.0	141.1
Other income from the activity	3.9	1.7	0.9
Income from normal activities	**167.2**	**78.6**	**142.0**
Consumed purchases	(129.7)	(59.9)	(111.8)
External charges	(9.4)	(8.2)	(11.7)
Personnel expenditure	(19.5)	(12.4)	(16.8)
Taxes and duties	(0.6)	(0.6)	(0.6)
Other operating income & expenses	(0.6)	-	-
EBITDA	**7.4**	**(2.4)**	**1.1**

(*) Figures restated following the error correction as described in note 6.1.1.

For the 2020-21 financial year, 2CRSi posted a gross margin rate of 20.6% compared to 20.8% in 2019-20 (12 months *pro forma*).
External expenses amounted to € (9.4) million, which represents a decrease of 20% compared to 12 months 2019-20 *pro forma* mainly linked to the decrease in marketing and travel expenses from March 2020 due to the pandemic.

Personnel costs stand at € (19.5) million, 12.0% of Group turnover, against € (16.8) million and 11.9% of 2019-20 pro forma turnover. This increase reflects an overall increase in the workforce, which reached 373 employees compared to 355 at the end of February 2020.
In particular, sales teams and sales support were strengthened in the Middle East, the United States and Europe. This includes € (0.5) million in expenses related to the fair valuation of the allocations of free and BSPCE shares in application of accounting standards.
Thus, the EBITDA for the year came to € 7.4 million, up € 6.3 million compared to the pro forma 2019-20 financial year.

4.1.4. OTHER INCOME STATEMENT ITEMS

In millions of Euros	2020-2021 12 months	2019-2020 14 months	2019-2020 12 months *pro forma (*)*
EBITDA	**7.4**	**(2.4)**	**1.1**
Other current operating income and expenses	(0.2)	(0.6)	(0.6)
Net allocation to depreciation and provisions.	(6.6)	(5.1)	(4.8)
Current operating income	**0.6**	**(8.1)**	**(4.4)**
Operating income	**0.6**	**(8.3)**	**(4.5)**
Financial result	(5.0)	0.6	0.9
Consolidated net income	**(4.3)**	**(6.6)**	**(2.7)**
Consolidated net income, group share	**(4.2)**	**(6.4)**	**(2.9)**

Net allocations to depreciation and provisions are € (6.6) million. The increase compared to 2019-20 (12 months *pro forma*) is explained mainly by additional depreciation charges of € 1.1 million and an increase of € 0.7 million in operating and current asset depreciation provisions.
Operating profit for the year came to € 0.6 million.
The financial result is negative at € (5.0) million.

This was impacted in the main by the depreciation of Blade shares € (2) million, the depreciation of financial receivables on 2020 Blade leases € (2.5) million, exchange losses € (0.5) million and lower financial income associated with 2CRSi equipment rentals € (0.2) million.
With income tax on profits of + € 0.1 million, including + € 0.4 million related to deferred taxes, the consolidated net income on the part of the group is € (4.2) million for the year.

4.1.5. HIGHLIGHTS OF THE FINANCIAL YEAR

FIRST IMPACTS OF COVID-19

At 27 February 2020, 2CRSi highlighted the very significant effects of the crisis in Asia on many suppliers, with the closure or very sharp reduction in the activities of many factories of electronic components or sub-assemblies of computer servers. Added to this was the sharp reduction in freight supply linked to the cancellation of almost all international flights with China.

These effects of the pandemic negatively impacted the first months of calendar year 2020. In addition, the growing scarcity of supply has naturally been accompanied by a rise in the market price for certain components, particularly for memory components (DDR4), data storage components (NAND Flash), graphics processors (GPU) and processors (CPU).

From the end of February to the end of March, the health crisis then spread to Europe and the United States. The activity of Asian component manufacturers remained limited, between 15 and 30% of their production capacity.
While several major commercial negotiations were postponed due to COVID-19, the sales teams still operating saw increased interest in certain sectors, such as cloud computing and online video gaming.

BLADE ORDER OF € 24.9 MILLION

On 27 April 2020, 2CRSi announced that it had accepted an order from Blade for a total amount of € 24.9 million. This order was aimed at equipping the mid and high-end ranges of the PC service in the "Shadow" cloud. 2CRSi developed a whole new type of compute servers, even more efficient both in terms of the resources used for their manufacture and in terms of energy consumption, with an expected gain of over 30% compared to market standards.

2CRSi STRENGTHENS ITS PRESENCE IN 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 aiming to expand its positions to take advantage of the very strong growth prospects in the Asian market.
The creation of the “2CRSi Singapore PTE Ltd” subsidiary, which will host an initial local team of 3 employees, is part of the Group's desire to expand its commercial coverage in South-East Asia. This reinforcement came after orders delivered to the zone in 2018 and 2019 for a total of more than 2 million Euros. Beyond these orders, the establishment of this subsidiary is also motivated by the sustained pace of commercial consultations requiring a permanent presence in the country, in order to take full advantage of the opportunities in this buoyant market and in the other countries of the zone.
Singapore has become a centre for world-class technological innovation in just a few years, as well as a strategic zone in the deployment of advanced infrastructure for more so for Chinese tech giants (BATX, i.e. Baidu, Alibaba, Tencent and Xiaomi) than American (GAFAM). According to a report published in August 2019 by Cushman & Wakefield, Singapore has the strongest prospects in Southeast Asia in the datacentre sector and is the third largest market in the world.
With the integration of the Boston Limited distribution network and this new subsidiary, the Group now has 21 sales offices located in 11 countries.

2CRSi SUPPORTS THE GAMESTREAM CAPITAL INCREASE

On 19 May 2020, 2CRSi announced its participation in the Gamestream capital increase, 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 a first investment by 2CRSi of around € 1 million at the end of December 2018 and the use by Gamestream of 2CRSi servers since 2018 . After this second operation, the 2CRSi stake amounts to 14.4% of the Gamestream capital.
Founded in 2015 and launched commercially in 2019, in less than two years Gamestream has risen to be world leader in cloud gaming solutions for the B2B market. The start-up provides telecom and hospitality professionals (hotels, hospitals, etc.) its turnkey and “multi-device” solution (TV, smartphones, PCs and tablets) in Europe, Asia and the Middle East. Gamestream thus 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).
In order to provide the best high resolution gaming experience (up to 4K), Gamestream exclusively uses 2CRSi servers. Users can thus access a catalogue of video games from the main market publishers at very high speed.
The recently completed fundraising of € 3.5 million marks a decisive step in the development of Gamestream, which aims to double in size in two years. The company intends to pursue an offensive strategy to consolidate its progress by strengthening its development teams, enriching its content catalogue and finally the opening of a branch in Asia in the near future.

2CRSi AND LINKOFFICE ENTER INTO A CONTRACT FOR A TOTAL AMOUNT OF € 6.5M

On 26 May 2020, 2CRSi and Linkoffice, the B2B VDI expert, signed a contract for the supply of compute and storage servers.
The contract covers the supply of a hardware and software infrastructure integrating Intel® Xeon® Platinum processors, the best produced by Intel to date. The first firm order (around a quarter of the total) will be delivered in 2020. The following tranches will be conditioned, among other things, on the perfect execution of this first part. The duration of the contract is four years.
2CRSi's technical solution includes an innovative cooling system (direct liquid cooling) and a very large data storage capacity.

For reliability issues and national preference, the platform will be hosted in a French datacentre which, associated with a waste heat reuse system, will greatly reduce the ecological impact and the operating costs of Linkoffice.

The COVID-19 pandemic has triggered an acceleration in certain trends within companies. The generalisation of teleworking reinforces the need for a strong, permanent and secure "link to the office". During this unprecedented crisis, Linkoffice successfully supported all of its clients in setting up a home office work model (more than 10,000 employees in less than 48 hours). This success once again demonstrated the reliability and ease of use of its solution used by accounting firms.

As part of the contract signed, Linkoffice will benefit from commercial reinforcement from 2CRSi. The Linkoffice range will now be offered through the entire Group distribution network in France and internationally, both in the accountancy world as well as many other fields of activity where the confidentiality of information is a critical issue.

With this order, Linkoffice, a new 2CRSi customer, is among the top 20 French customers in 2020.

2CRSi TO CONQUER THE UNITED STATES AND ASIA WITH THE RECRUITMENT OF WALLY LIAW AS PRESIDENT

On 4 June 2020, 2CRSi announced the appointment of Wally Liaw, former co-founder of computer server manufacturer Supermicro ($ 3.5 billion in global revenue), as President of 2CRSi Corporation. This appointment marks an important step in the realisation of 2CRSi's growth ambitions on a global scale. Wally is in charge of the United States and also East Asia.

IMPLEMENTATION OF AN EMP FOR AN APPROXIMATE AMOUNT OF € 10 MILLION

On 29 September 2020, 2CRSi announced that it had received agreements from a group of banking partners for a loan of around 10 million Euros, 90% guaranteed by the French State (PGE).

This new financing was obtained from leading banks, long-standing partners of the Group. The loan, which is non-dilutive for the shareholders, has a fixed annual interest rate of 0.25% for the first year; it has an initial maturity of one year and an extension option of up to 5 additional years, exercisable by 2CRSi.

APPOINTMENT OF A NEW INDEPENDENT DIRECTOR TO THE BOARD

On 9 October 2020, 2CRSi announced the appointment of Mr. Dominique Henneresse as independent director on its Board of Directors.

This followed the adoption of the fifth resolution on the order of the General Meeting of 25 September 2020.

Aged 68, graduate of Sciences Po Strasbourg and MBA HEC, Dominique Henneresse held the positions of management controller, then Administrative and Financial Director in subsidiaries of large groups such than Alcatel, Steelcase Strafor and Point P. After managing an industrial SME, Dominique Henneresse joined the De Dietrich group in 1996, first with 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 working as a business consultant. He has held numerous ETI mandates on supervisory boards or strategic committees.

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

OVHCLOUD JOINS FORCES WITH 2CRSi FOR ITS ASIAN DATACENTRES

On 13 October 2020, 2CRSi announced that it had been chosen by OVHcloud, the European cloud leader, to supply the servers for its Public Cloud offer in Singapore and Australia.

With more than 1.5 million customers and more than 30 datacentres operating across 4 continents, OVHcloud is a global reference in the cloud market. As part of its multi-local development strategy, the French group sees 2CRSi's high performance server solutions as the answer to the speed and reliability requirements for its Public Cloud solution, now offered in its shared datacentres, in Singapore and Australia.

With the 2CRSi OCtoPus 3 servers, OVHcloud will benefit from the most advanced technologies in the sector, also recognised for their reduced energy consumption. The servers will be installed in OCtoRack 42 SL modular racks, designed by 2CRSi in order to increase the computing density available per m² while maintaining modular dimensions suitable for the usual datacentre standards.

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

UPDATE ON THE IMPACTS OF THE COVID-19 PANDEMIC

On 13 October 2020, during the publication of sales for the first half of 2020/21, 2CRSi examined the impact of the pandemic. This indicates that the Group's activity has been affected at different levels by the global health crisis since the start of 2020.
The impact, felt in January 2020, concerned both (i) supplies, which are still slightly impacted today in terms of delivery times and cost, and (ii) commercial activity. In fact, customers in certain sectors affected by the crisis, such as automotive, aeronautics and oil, have often preferred, out of prudence, to defer their investments, while other sectors, such as cloud computing, online video gaming and telecoms, have been overstretched in times of crisis and have invested in their IT infrastructures. The Group therefore believes that it is now sufficiently diversified to cope as well as possible with the situation.

GO2CLOUD CHOOSES 2CRSi AS PREFERRED PARTNER TO PROVIDE HIGH PERFORMANCE SERVERS

On 24 November 2020, 2CRSi announced that it had been chosen by go2cloud, the European leader in high performance computing services - HPC as a Service (HPSaaS), to provide additional capacities to equip its datacentres.
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 translates into three orders to be delivered to go2cloud datacentres in Europe by the end of 2020. These new multiprocessor servers will provide additional capacity for go2cloud customers.

2CRSi SIGNS CONTRACT OF NEARLY $ 6 MILLION TO SUPPLY COMPUTING POWER TO US FINTECH SPECIALIST COIN CITADEL

On 23 December 2020, 2CRSi announced that it had been chosen by Coin Citadel, an American company specialising in cryptocurrency and blockchain, in order to provide it with additional green computing power.
2CRSi will provide the American fintech company Coin Citadel with additional computing power as part of the focus placed by the Group on certain strategic verticals such as finance. In order to meet Coin Citadel's need for efficient servers, both from an environmental and financial standpoint, 2CRSi offered Octopus 1.4 servers equipped with 2 processors (CPU) and 4 graphics cards (GPU). This first order represents a total amount of nearly US $ 6 million.
Coin Citadel is an American technology company specialising in the supply of computing power for cryptocurrency mining; it very recently made the decision to also engage in peer-to-peer (P2P) payments and blockchain. The additional CPU/GPU computing power provided by 2CRSi will double the current Coin Citadel capacity and complement that of its ASIC miners.

2CRSi PARTICIPATES IN EUROPEAN DIGITAL SOVEREIGNTY

On 29 January 2021, 2CRSi announced that it had been selected by the European Commission to help design and manufacture 100% European high performance computing (HPC) systems.
2CRSi stated that it is part of the consortium selected by the European Commission to design and manufacture 100% European pilot systems based on RISC-V accelerators, a first step towards the realisation of future European “exascale” operating systems.
Over the past year, the COVID-19 crisis has exposed and exacerbated a number of European weaknesses. Europe thus began to recognise the need to defend its sovereignty. Digital sovereignty is one of the five priority issues identified.
The European PILOT project (acronym meaning Pilot using Independent, Local and Open Technologies) will be the first creation of two high performance computing (HPC) and high performance data analysis (HPDA) accelerators, fully designed, implemented and manufactured in Europe and owned by Europe. The project combines open-source software with proprietary, open-source hardware to form the first fully European “full-stack” integrated accelerator and ecosystem, based on a RISC-V architecture coupled with ordinary processors.

To produce a "full stack" research prototype (software and hardware), the PILOT project will use and complement the work already carried out within the framework of multiple European projects such as the European Processor Initiative, MEEP, POP2, CoE, EuroXA and ExaNeSt.
PILOT incorporates 20 public and private participants, each working on a specific part of the project. 2CRSi acts as a manufacturer of computer servers. 2CRSi will provide server solutions based on its OCtoPus platform for host systems and open compute accelerator solutions, and will also work on the integration of the solution in immersion tanks and on the communication between the system's different tanks.
The presence of 2CRSi within this consortium places the Group at the forefront of European technological players. It also demonstrates the interest in 2CRSi's strategy: designing low energy consumption servers that are also produced locally. Strong commitments which today allow 2CRSi to distinguish itself from the main market players.
The work of the 2CRSi teams within the consortium over the next 3 years will be rewarded with a grant of 2.4 million Euros.

2CRSi SIGNS AN IMPORTANT FIRST CONTRACT WITH ONE OF THE WORLD'S LEADING BANKING GROUPS

On 11 February 2021, 2CRSi announced that it had been selected by a global French banking group to provide a high performance and energy efficient computing solution, hosted in France.
The investment banking subsidiary of this leading French banking group performs daily risk calculations using complex algorithms developed in-house. These calculations are essential for banking establishments both from an operational and regulatory point of view. They require significant computing power.
With a capacity of 40,704 computing cores, integrating the latest generation of Intel®Xeon®Cascade Lake Advanced Performance processors, scalable on demand and coupled with a liquid cooling system allowing reduced operating energy requirements, the 2CRSi designed infrastructure combines technological prowess with ecological performance. The Group's solution is also novel for its recovery of the heat generated by its servers, which will be reused in the building's domestic hot water production system.
With the goal of reliability, proximity and sovereignty with respect to maintaining critical assets in the territory, the platform will be hosted in a French datacentre, located in Ile-de-France and operated by Green Data, a joint subsidiary of Azur Datacentre and 2CRSi.

With this first contract, 2CRSi enables this international bank to acquire a turnkey solution in France which combines (i) high computing performance, (ii) reduction of operating expenses and (iii) reduction of the environmental footprint linked to the bank's own operation.
The contract provides for the provision of the server infrastructure for a period of 5 years. This is reflected in fully recognised turnover up to the level of the equipment delivered. The corresponding collection, initially planned for the commissioning of the servers, finally took place in April 2021.

2CRSi GROUP SUCCESSES IN THE LATEST CERN CALLS FOR TENDERS WITH CONTRACTS WORTH OVER $ 15 MILLION

On 15 February 2021, 2CRSi won several contracts as part of calls for tenders organised by CERN (European Organization for Nuclear Research).
The 2CRSi Group has just signed new contracts with CERN, the largest particle physics centre in the world, for the supply of thousands of compute servers equipped with AMD EPYC processors as well as JBoD storage systems, in order to support the latest scientific projects of the Organization.
CERN is one of the most prestigious scientific laboratories in the world. Its vocation is fundamental physics, the discovery of the Universe's constituents and laws. The technological complexity of the CERN experiments is extreme and the computing resources are subject to severe constraints. By optimising computing times, the new servers and storage capacity provided by the 2CRSi Group will help meet the many challenges to come.
The 2CRSi Group cultivates close proximity to the world's largest scientific research centres as supplier to many leading research institutes and academic establishments. After being selected in July 2019 for its storage solutions, this new success with CERN strengthens the 2CRSi strategy of technological differentiation.
Following these calls for tenders, the 2CRSi Group won several CERN contracts, directly and via partner resellers, for a total turnover exceeding 15 million dollars. Due to the constraints imposed by the pandemic, deliveries can only start in April. Consequently, the Group expects to recognise the related revenue for the 2021-22 financial year (ending 28 February 2022).

This section on internal control and risk management is part of corporate governance in accordance with the reference framework of the *Autorité des Marchés Financiers* (AMF) on the risk management and internal control system.

4.2. INTERNAL CONTROL AND RISK MANAGEMENT

4.2.1. DEFINITION OF INTERNAL CONTROL

Internal control is a system applied to the Company and the subsidiaries within its scope of consolidation, the objectives of which are to ensure:

- compliance with the laws and regulations applicable to the Group's subsidiaries and establishments;
- the effective application of strategic guidelines, directives, internal policies and procedures, and best practices set by the Group's general management;
- safeguarding of the Group's assets;
- the reliability and fairness of the financial information and accounts communicated to corporate bodies and published;
- prevention and control of identified risks resulting from the Group's activity; and
- optimisation of operational activity.

The internal control system integrates risk management, the objectives of which are:

- to create and preserve the value, assets and reputation of the Group;
- to secure decision-making and Group processes with a view to promoting the achievement of objectives;
- to promote actions that are consistent with the values of the Group;
- to mobilise the Group's employees around a common vision of the main risks and to make them aware of the risks inherent in their activity.

While helping to prevent and control the risks to which the Group is exposed in the implementation of its strategy, the internal control system contributes to the management of the Group's activities, the effectiveness of its operations and the efficient use of the organisation's resources.

One of the objectives of internal control systems is to prevent and control all the risks arising from the Group's activity, in particular accounting and financial risks, including error or fraud, but also various operational risks, strategic risks and compliance risks. Like any control system, however, it cannot provide an absolute guarantee that these risks are completely eliminated.

4.2.2. DESCRIPTION OF THE INTERNAL CONTROL ENVIRONMENT

4.2.2.1. Components of internal control

The main internal control bodies are as follows:

AT GROUP LEVEL

The internal control system is based on a certain number of identified players, but remains the responsibility of everyone within the Group. Making all staff aware of the company's values is therefore the first link in the internal control system. This vertical transmission of values is ensured both through regular team meetings and through regular communications on the life of the Group and its strategy. Everyone, irrespective of their role, is thus able to ensure that their actions comply with the values and strategy of the Group at all times.

The internal control system involves:

the Board of Directors and the Audit and Risks Committee, whose operating procedures and main work are described in section 3.4 of the Universal Registration Document;	**the General Management: the Chairman-Chief Executive Officer and the Deputy Chief Executive Officer;**	**the Finance Department an-dother Corporate Departments.**

→ The Board of Directors and the Audit and Risks Committee

The **Board of Directors** ensures, on the basis of the work of the **Audit and Risks Committee**, the top level control for deployment of the strategy by the General Management. By authorising the structuring operations, it ensures the continuity of this deployment, and checks that it falls within the levels of risk and profitability that it, together with General Management, has considered acceptable.
The Board of Directors regularly monitors the operational performance and financial situation of the Group.
Along with the Audit and Risks Committee, the Board of Directors also plays a decisive role in monitoring the risk management system. In particular, the Audit and Risks Committee annually reviews the effectiveness of the internal control systems and the risk mapping, formalised in 2020.

→ The General Management: the Chairman-Chief Executive Officer and the Deputy Chief Executive Officer;

The **General Management** ensures the deployment of the strategy adopted by the Board of Directors and, within this framework, is responsible for the proper functioning of the internal control and risk management system that it is gradually putting in place, taking into account the objectives defined by the Board of Directors.

In the short term, the **General Management** ensures the performance of operations, monitors the achievement of objectives, prescribes the necessary corrective actions and controls their implementation within the framework of action plans. In the longer term, it also plays a decisive role in the dissemination of the Group's strategic axes and values.

→ the Finance Department and other Corporate Departments.

The **Finance Department**, to which Accounting, Consolidation, Reporting and Management Control are attached, is in particular a guarantor of the reliability, sincerity and fidelity of its activity of production of financial and accounting information within the framework of its operation. It is careful to preserve the separation between its activities to produce and supervise financial statements and uses independent experts for the valuation of complex accounting items or which involve subjective assumptions, as well as for the preparation of the consolidated accounts.
The Finance Department is also responsible for producing the monthly reporting, which forms the basis for permanent monitoring of activities.
Finally, the Finance Department plays a decisive role in defining the procedures to be put in place. For example, it initiated the establishment of a procedure for delegating powers to carry out purchases.

The other corporate departments:

- The **Marketing and Sales Departments** who oversee the preservation of the Group's brands and its development on a daily basis

- The **Human Resources Department** which implements the HR strategy in terms of recruitment, training, career management and remuneration in accordance with the strategy defined by the group.

- The **IT Department** which ensures that the Group's information systems offer a level of security that guarantees the integrity, confidentiality and conservation of data as well as access to it.

AT SUBSIDIARY LEVEL

-**The General Management of the Group and the Directors of the subsidiaries** are responsible for ensuring that the main risks that may affect the subsidiary are properly controlled.
-**The General Management of the Group and the Finance Department** are responsible for setting up internal control systems in order to prevent and control the risks resulting from the company's activity and in particular the accounting and financial risks, including error or fraud.

4.2.2.2. Identification and management of risks

The 2020/2021 financial year was devoted to continuing:

- formalisation of the financial cycle procedures and certain operational cycles,
- continuing efforts to prevent and protect risks in the various entities of the group.

Risk mapping allows:

- identification and assessment of the overall risks whose occurrence could threaten the achievement of objectives,
- a strategy for managing these risks to be defined,
- the effectiveness and efficiency of this management to be assessed through a criticality criterion,
- the "net" residual risk after management actions to be determined.

Criteria are rated on a scale of 1 (low impact and risk) to 5 (critical). Each risk is therefore assessed in matrix form by the combination of its financial impact and its probability of occurrence, making it possible to estimate the gross risk without taking into account existing action plans or control elements.

All the areas for improvement identified are the subject of specific action plans within each subsidiary and the Group, validated by the Audit and Risks Committee.

4.2.2.3. Key elements of the internal control procedures

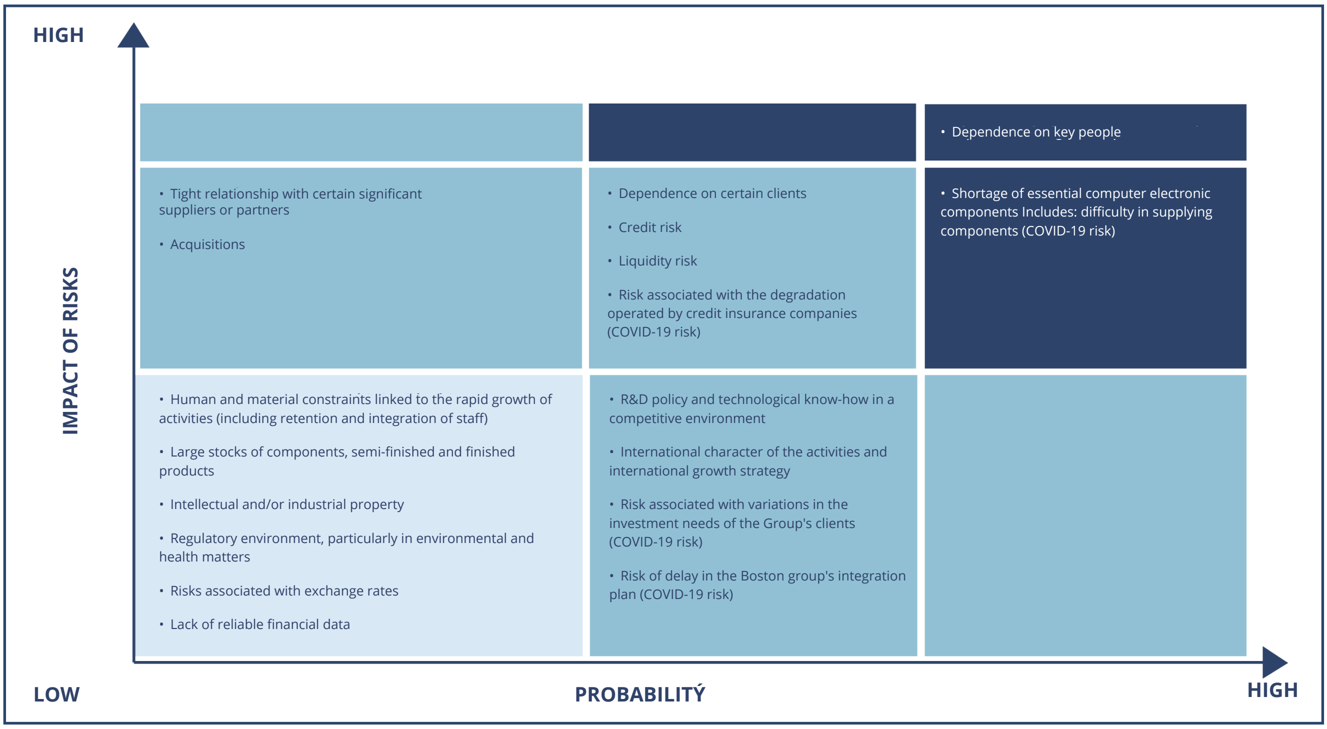
In terms of delegation, the mandate contract specifies the powers delegated by the Chairman and Chief Executive Officer to the Deputy Chief Executive Officer.

Budget control from 2021 at Group level revolves around two axes: the annual budget (re-estimated if necessary during the year) and the monitoring of achievements within the framework of the monthly reports (turnover, cash flow, income statement, investments). It is based on management control teams attached to the Finance Department both at Headquarters and subsidiary levels. It is applied thus:

- the budget is subject to instructions (principles, schedule) issued by head office and communicated to all subsidiaries. The budget is reviewed by General Management before being presented to the Audit and Risks Committee for approval;
- the reporting is prepared on the basis of data transmitted by the subsidiaries according to a schedule communicated at the start of the year and in accordance with the reporting package issued by head office;
- the monthly performance analysis as part of the reporting is presented by the Finance Department to the General Management;
- a multi-year strategic plan will be drawn up every 2 or 3 years and submitted for approval to the Board of Directors.

4.3. MAIN RISK FACTORS

The Group's risk matrix established in 2020/21 is reproduced below.



PRIORITISATION OF RISKS

Risks related to the sector of activity	+++	Shortage of essential computer electronic components
	++	Tight relationship with certain significant suppliers or partners
		R&D policy and technological know-how in a competitive environment
Operational risks or risks related to the Group's activity	+++	Dependence on key people
	++	Dependence on certain clients
		International character of the activities & international growth strategy
	+	Human and material constraints linked to the rapid growth of activities (including retention and integration of staff)
		Large stocks of components, semi-finished and finished products
		Lack of reliable financial data used within the group
Legal and regulatory risks	++	Acquisitions
	+	Regulatory environment, particularly in environmental and health matters
		Intellectual and/or industrial property
Financial risks	++	Liquidity risk
		Credit risk
	+	Exchange rate risk
Risks related to Covid-19	+++	Risk related to component supply difficulties
	++	Risk associated with the degradation operated by credit insurance companies
		Risk linked to variations in the investment needs of the Group's clients
		Risk of delay in the Boston group's integration plan

Level of risk (potential impact x probability) on the value of the company after taking into account the mitigation measures:

low impact: + moderate impact: ++ high impact: +++

Risk factors are presented in a limited number of categories depending on their nature. The most significant risk factors are presented first in each category.

Only moderate and high risks are subjected to a presentation relating to the identification and description of the risk, the potential effects on the group and the control and mitigation measures put in place or planned for the coming financial year.

4.3.1. RISKS RELATED TO THE SECTOR OF ACTIVITY

4.3.1.1. Shortage of essential computer electronic components

IDENTIFICATION AND DESCRIPTION OF THE RISK

The manufacture of the Group's products uses various essential electronic components, such as processors (“Central Processing Unit ” or CPU), graphics cards (“Graphics Processing Unit” or GPU), “Dynamic Random Access Memory” or DRAM), rewritable solid state storage (NAND Flash memory) and hard disks (“magnetic mass memories” or HDD) for which the Group obtains its supplies from third parties.

For several years now, the electronic and computer components market has experienced recurring shortages linked, on the one hand, to difficulties in the supply of rare materials and metals and, on the other hand, to less than full production capacity among manufacturers and finally to diverse causes (earthquake, floods and tsunamis). This causes a disruption in supply chains and speculation on what parts are available. The period of COVID-19 has amplified this phenomenon.

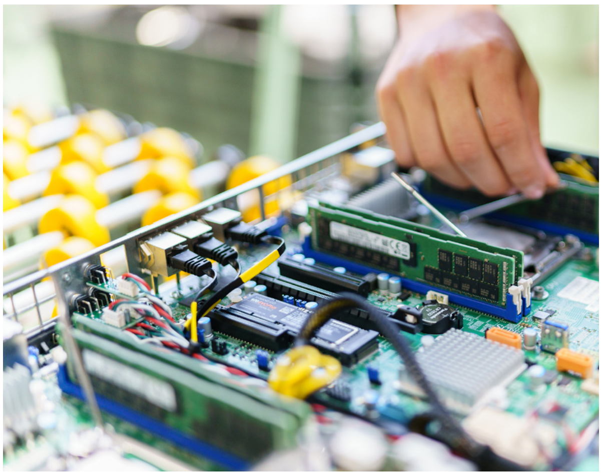
The demand for components is currently very high, given:

a. the increased demand resulting from the new needs generated by the development of teleworking in response to the pandemic,

b. the renewal cycles of current IT equipment and

c. the sharp rise in the price of cryptocurrencies, generating a strong demand for compute servers and more recently for storage necessary for mining these currencies.

Against this backdrop of strong demand there was also reduced supply; the closure of many component factories in Asia alongside climatic constraints (drought in Taiwan, cold snap in the United States, etc.) slowed production. The increase in production capacities is limited to very few industrial players mastering the technology, requiring significant investments and with long production times.



While the shortage affected mostly power supplies, memory modules and graphics cards, it extended in 2021 to all data storage related products (controllers, hard disks, flash) as well as processors.
In addition, the scarcity of transport has had an impact on transport prices as well as an impact on the availability times. At the start of 2021, some “standard” parts have lead times of 30 to 40 weeks.
This shortage generates great volatility in the main components used by 2CRSi and the Group's growth could be affected if the shortage were to continue in the medium term. It is possible that over time, component prices will reduce again, impacting the company's inventory.

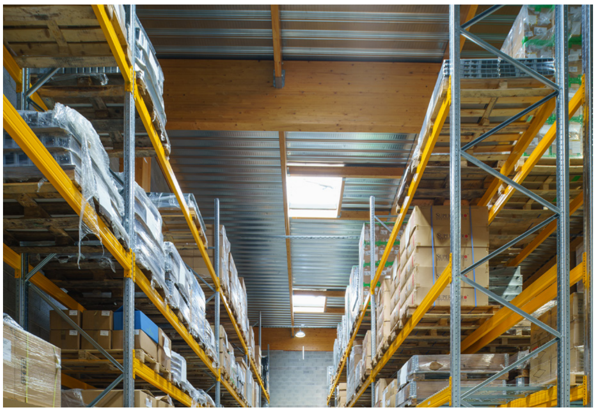
POTENTIAL EFFECTS ON THE GROUP

These shortages can lead to:

- delivery delays with a risk of customers cancelling orders or triggering of penalty payments; these delays in delivery represent shifts in turnover, which are difficult to predict,
- significant variations in the price of components impacting the company's margins,
- an increase in the company's working capital requirement which has a negative impact on the company's cash flow (advances on purchases and demand for prompt payments from suppliers which lead to payment of suppliers before the collection of client receivables).

RISK CONTROL AND MITIGATION

In the short term, 2CRSi has a sufficient level of stock to deliver its customers' orders and to cope with the longer supply times.



These shortages can also represent an opportunity for the Group, which usually orders some of its supplies in advance and, moreover, conveniently has stocks of components or equipment initially planned for Blade.

As the shortage of components is global and generalised, the associated cost increases have so far been passed on through sales prices.

Likewise, the Group's customers have generally agreed to take delivery at a later date than that initially planned given the reasons for the delivery delays are external to the Group.

The company also carries out a component trading activity to a lesser extent, which gives it a presence in this market and is alert to its developments. It can thus anticipate these periods of shortages and build up a sufficient level of stocks to best meet the needs of its customers.

Finally, the company is pursuing its strategy of promoting local production, initiated several years ago. Thus, the sheet metal elements and certain electronic boards are already produced in France, sometimes with German subcontracting. The manufacture of the toughened products of the Tranquil range is carried out in Manchester. The teams are on the lookout for the chance to further expand the number of local suppliers. With the conviction of the need to develop skills and local production capacities, the Group is also participating in a European project aimed at developing, designing and manufacturing 100% European high performance computing (HPC) systems.
In this context, 2CRSi is part of the consortium selected by

the European Commission to design and manufacture 100% European pilot systems based on RISC-V accelerators, a first step towards the realisation of future European “exascale” operating systems.

4.3.1.2. R&D policy and technological know-how in a competitive environment

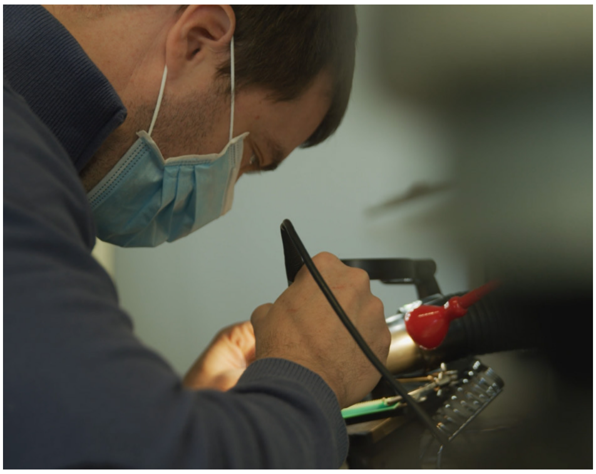
IDENTIFICATION AND DESCRIPTION OF THE RISK

The computer server market is a competitive market, in which solidly established players operate with resources, facilities and experience superior to those of the Group, as well as a stronger reputation. Thus, among the Group's competitors are IBM®, Hewlett Packard Enterprise, Dell EMC, Lenovo, Huawei Technologies, Inspur, SuperMicro®, Fujitsu, QCT, ASUS, GIGABYTE Technology Co., TYAN® Computer, ASRock Rack and CRAY. By comparison, the Group only began marketing its products in 2005 in France, and more recently developed its international presence, in particular by opening subsidiaries in the United States in 2015, in the United Kingdom and in Dubai in 2018 and 2020 in Singapore, Belgium and the Netherlands.

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

- technological know-how enabling it to create innovative, high-performance solutions with optimised costs of ownership;
- an ability to offer tailor-made solutions;
- industrial know-how enabling the implementation of turnkey solutions;
- a loyal and established clientele made up of experts in their field;
- an ambitious and attractive growth path; and
- an expert management team supported by dynamic and cosmopolitan teams.

The Group cannot guarantee that its research and development work will systematically lead to a satisfactory finished product. Furthermore, the Group cannot guarantee that there will be no delay in the development of a product compared to the duration initially planned, nor that the finished product will be financially or commercially viable, as production or distribution costs may prove to be too high.



POTENTIAL EFFECTS ON THE GROUP

Competitors who develop more efficient, more innovative or less expensive technologies than those marketed by the Group could generate:

- a loss of the Group's market share and a doubt about its prospects,
- loss of competitiveness with an unfavourable effect on the profitability and future performance of the Group.

RISK CONTROL AND MITIGATION

The Group has recruited profiles with specific skills and the Research & Development team is working on developing innovative products and systems to save energy and look towards renewable energies. The Group has implemented a procedure for launching projects with preliminary assessment and an industrialisation process to mitigate this risk.

The Marketing, R&D and Sales departments monitor the market and competition on a constant basis.

4.3.1.3. Tight relationship with certain significant suppliers or partners

IDENTIFICATION AND DESCRIPTION OF THE RISK

Most of the markets in which the Group operates are marked by the presence of certain large suppliers, such as Intel Corporation, NVIDIA Corporation, Western Digital, Samsung, Zotac, etc. enjoying significant market share and/or bargaining power. The privileged relationships that the Group has been able to develop with certain dominant suppliers (Intel Corporation for example) are key to its success, in particular through its privileged access to certain technologies or products or to advantageous financial conditions.

The Group's top three suppliers represented 44% of the purchases of goods and raw materials during the fiscal year ended 28 February 2021, of which the Group's leading supplier accounted for 29%.

POTENTIAL EFFECTS ON THE GROUP

These relationships are more complex than simple one-sided dependency relationships and both parties would lose if they deteriorated. However, in many cases, the Group is the “junior partner” and its negotiation margins are more limited than those of its counterpart.
If these partners were to seek to abuse this imbalance in trade negotiations, cause the Group to lose any of the benefits it derives from these relationships, or even terminate its relationships, this could have a significant negative impact on the business, the financial situation, results and outlook of the Group.

RISK CONTROL AND MITIGATION

The partnership relationships that the Group maintains are cultivated by common opportunities. The Group presents certain customer development projects upstream to its suppliers and partners who find it very beneficial to be able to sell components into markets that they do not supply directly, such as OCP and immersion. In addition, this allows the Group to develop by offering its customers a tailor-made and financially advantageous solution.

4.3.2. OPERATIONAL RISKS LINKED TO THE GROUP’S ACTIVITY

4.3.2.1. Dependence on key people

IDENTIFICATION AND DESCRIPTION OF THE RISK

The Group's success has historically been based on Alain Wilmouth, founder, Chairman and CEO of the Company, a well-known figure in the market. He is thus largely responsible for the Group's commercial success with the largest customers. It cannot be guaranteed that these customers will follow the Group once he is less present at the operational level, in particular because of the strengthening of the management team.

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

POTENTIAL EFFECTS ON THE GROUP

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

RISK CONTROL AND MITIGATION

The recruitment of highly experienced people from a technical and commercial standpoint makes it possible to pass on the know-how from Management and to increase the number of people capable of carrying out large-scale projects within the Group.
Adapting the internal organisation and strengthening internal control are also levers for reducing the risk of dependency. The “2CRSindustrie 4.0”[1] project, launched in 2021, includes a review of all the processes in their upstream phase in order to adapt the organisation and tools to the new size of the Group.
Finally, from an HR point of view, the implementation of a monitoring of key people is envisaged in order to identify these people and to follow their career development.

1 More information in the press release of 14 April 2021.

4.3.2.2. Dependence on certain clients

IDENTIFICATION AND DESCRIPTION OF THE RISK

The Group generated 11% of its turnover with its top customer in fiscal year 2020/21. The top ten customers represented nearly 43% of the Group's sales over the same period.

As a reminder, the top customer and the top 10 represented respectively 50.8% and 78% of turnover just two years ago, in 2018.

POTENTIAL EFFECTS ON THE GROUP

The Group may not be able to meet the demand or needs of its main customers, to retain them or to continue to develop its commercial relations with them. The Group could lose one or more of its customers or main contracts, suffer a significant reduction in the volume of its turnover, or even a substantial change in the conditions governing its commercial relations with them. Also, one of its customers may not honour its order or payment commitments, which would have a negative impact on the Group's financial statements.

RISK CONTROL AND MITIGATION

The acquisition of the Boston Limited group at the end of 2019 and the expansion of the sales team greatly reduces this risk by expanding and diversifying the Group's customer portfolio. In fact, the commercial strategy of the new Group makes it possible to meet the needs of a greater number of customers and in particular large accounts that individual companies could not previously reach due to their smaller presence in the market.

4.3.2.3. International character of the activities and international growth strategy

IDENTIFICATION AND DESCRIPTION OF THE RISK

The Group has 21 sales offices (subsidiaries and offices) and aims to expand its operations to other countries. It has thus opened subsidiaries in Singapore, Belgium and the Netherlands in 2020, and plans to open other sales offices or create other subsidiaries in the coming years in Europe, Asia and Africa. The Group would then be exposed to new economic, fiscal, legal, regulatory and political frameworks. This could lead to delays in the marketing of the Group's products on these new markets or even significant costs to ensure compliance with these laws and regulations.
The costs associated with entering and establishing a presence in these markets could be higher than expected, and the Group could be faced with significant competition in these markets.

The Group recognises in particular that its activity could be affected by various risks and difficulties in its target markets, in particular:

- difficulties in managing its operations abroad;
- difficulties and delays in the execution of contracts and in the collection of debts under the legal systems of foreign countries;
- regulatory and legal obligations affecting its ability to enter new markets through partnerships with local entities;
- legislative and regulatory changes;
- divergent business and social practices and procedures;
- export and import restrictions;
- multiple tax regimes (including regulations on transfer pricing, withholding taxes and taxes on transfers of funds and other payments made by subsidiaries);
- restrictions on foreign investment;
- exchange controls and restrictions on the repatriation of funds;
- economic and/or financial sanctions targeting countries under embargo taken in particular by the United Nations, the European Union, France or the United States; and
- potential changes to UK regulations following the UK's exit from the European Union (Brexit), and the trade and cooperation agreement between the EU and the United Kingdom of 30 December 2020.

POTENTIAL EFFECTS ON THE GROUP

If the Group were to be unable to manage the risks associated with its expansion and growth in new foreign markets and, consequently, unable to establish a solid and lasting presence in these markets, its activity, its financial situation, its results and outlook could be negatively and significantly impacted.

RISK CONTROL AND MITIGATION

The Group works with local legal and accounting advisers. In addition, the Group's auditors have a developed international network (EY).
In view of the earnings forecasts released by the British subsidiaries and in the event that British legislation following Brexit turns out to be more restrictive, in particular in terms of taxation of dividend distributions to a foreign parent company, the Group would be exposed to the level of income generated in the UK. In order to limit this possible risk, the Group has decided to set up two holding sub-subsidiaries in the United Kingdom, 2CRSi Ltd and 2CRSi London Ltd. This structuring should enable it to decide on the distribution of the results generated by local companies (with a view to repaying the acquisition debt) without giving rise to cross-border flows.

Finally, the Group is strengthening its support functions which contribute to risk mitigation by organising the monitoring of activities in the various subsidiaries with a view to optimising and harmonising practices.

4.3.3. LEGAL AND REGULATORY RISKS

4.3.3.1. Acquisitions

IDENTIFICATION AND DESCRIPTION OF THE RISK

After the acquisitions of Tranquil PC and the Boston group, the Group could look to study other acquisition opportunities. As was the case with the recent acquisition of Boston Limited, the studies are likely to engage several members of the management team to assess the relevance of the opportunities and to conduct the negotiations in the context of the acquisition. In the event of a significant acquisition, the Group's results will depend in part on its ability to successfully integrate the acquired activities. Such integrations can require the establishment of a complex, long and expensive process and involve a number of risks, including having to bear costs and expenses to deal with unforeseen events, the fact that management diverts its focus from day-to-day operations, increased involvement of management teams due to the increased volume and scope of business following the acquisition.
In addition, the Group cannot guarantee that an acquisition will generate the synergies that may be expected, the cost savings expected, an increase in results and cash flow, better operational efficiency and more generally the benefits which the Group may expect.

POTENTIAL EFFECTS ON THE GROUP

Acquisition opportunities and integration periods involve members of Management and key people who must free up time from operational activities. This acquisition process may have an impact on the Group's activity, its results, its development and its prospects.

The Group may also be exposed to unforeseen liabilities or commitments in connection with such acquisitions. If these responsibilities and commitments are significant or if the Group fails to effectively integrate a new acquisition, this could have a negative effect on its activities, financial position, results, development and prospects.

RISK CONTROL AND MITIGATION

The Group is supported by legal and financial advisers who have already successfully supported it in previous operations.

4.3.4. FINANCIAL RISKS

4.3.4.1. Liquidity risk

IDENTIFICATION AND DESCRIPTION OF THE RISK

Liquidity risk corresponds to the Group's ability to have the financial resources to meet its commitments, i.e. the risk for the Group of not being able to repay its debts.
The Group uses diversified sources of financing, in particular:

- loans from banks;
- financing and guarantees from the BPI;
- refundable advances and subsidies; and
- leasing contracts.

Net financial debt stood at € 69.3 million as of 28 February 2021 and includes € 16.9 million in lease debts (IFRS 16) and € 14.9 million in financial debts linked to the price supplements clauses and put options granted to minority interests in Boston Ltd (€ 11.4 million) as well as to Preference Shares (€ 3.5 million).
The € 15 million loan which made it possible to finance the acquisition of the Boston Ltd shares in December 2019 is subject to covenants relating to the Group's cash level as well as to debt ratios. The repayment of this loan will be made over 5 years; a first payment was made in November 2020.

POTENTIAL EFFECTS ON THE GROUP

The Group's level of net debt could limit its development and growth and have a negative impact on its financial results. A liquidity constraint could lead the Group to refuse or defer orders in the event of difficulty in financing the working capital required to fulfil them.
In addition, if any of the covenants of the financing loan agreement for the acquisition of Boston Limited were to be breached, the bank could demand early repayment of the loan.

RISK CONTROL AND MITIGATION

The Group has entered into a cash flow agreement with its subsidiaries, allowing it to optimise the management of its resources where necessary.
At the end of May, the Group's cash amounted to € 10.9 million to which is added the mobilisable financing lines of € 7.2 million (bank overdraft, undrawn short-term credit lines) as well as an unused BPI advance of € 2 million.
As the historic 2CRSi group did not on 28/02/2021 comply with the agreed cash level and debt ratio in the senior loan contract concluded on 05/12/2019, 2CRSI requested a waiver from its bank. The bank has confirmed that it is waiving the early repayment of the debt.
On the basis of the cash available and the lines that can be mobilised at the date of this document, as well as the financing to be obtained which should allow the Group to cover its forecast cash requirements, the Company considers that it is in a position to meet its due dates for the next 12 months.
The proper management of the receivership procedure for a major client (Blade) is likely to significantly reduce the group's financial mobilisations.

4.3.4.2. Credit risk

IDENTIFICATION AND DESCRIPTION OF THE RISK

The 2CRSi Group works with a large range of customers: its customers are made up of:

- established government entities (e.g. CERN),
- large established groups (e.g. CGG, Dassault, etc.),
- reseller networks and
- also new or recent players in new technologies, which also often experience rapid growth and find it difficult to present a sufficient level of security in terms of credit risk.

The receiverships /chapter 11 of the companies Blade SAS and Blade Global Corp in March 2021 are illustrations of credit risks.

POTENTIAL EFFECTS ON THE GROUP

The Group would need to recognise provisions equal to its exposure (doubtful debts, rental equipment or unrecoverable inventories), and if necessary to recognise losses. The Group may also have to recognise in its income statement the additional costs (legal costs, lawyers and advisers) linked to the management of these risks. The management of these situations is also often time consuming, long, with tight deadlines, and requires the mobilisation of internal resources to the detriment of other actions.

In addition, cash is also impacted due to the non-payment of amounts when due.

RISK CONTROL AND MITIGATION

Controlling customer risk involves various measures:

- 2CRSi has implemented a clientele diversification strategy. These clients include new technology companies as well as players from traditional segments of the economy (financial and banking sector, defence, industries, etc.). 2CRSi also plans to develop partnerships with “integrator” companies of high added value solutions, which often work with companies and groups offering good financial guarantees.
- 2CRSi sells while retaining ownership until final payment for the equipment (retention of title clause in France or other equivalent mechanism depending on the country). 2CRSi also offers the rental of equipment for which it retains full ownership of the goods.
- The Group carefully monitors its work in progress and constantly strengthens their security. It may require some of its customers to pay before delivery.
A customer risk analysis is carried out for new customers and revised regularly for the main work outstanding.
Authorisations for unsecured outstanding items are validated by the Finance Department and by the General Management.
Both 2CRSi and Boston benefit from programmes to cover their outstanding items through credit insurance organisations.
Some of the group's activities are hosting and service contracts, for which, in the event of non-payment, cutting off the service is the most effective measure.

4.3.5. RISKS RELATED TO COVID-19

The Group was affected by the COVID crisis from early in 2020. As was the case for all players in the electronic and IT sectors, the main immediate consequence of the health crisis was the closure or very limited activity of many factories producing electronic components or subassemblies of computer servers, and the sharp reduction of freight supply linked to the cancellation of almost all international flights with China.

The health crisis then spread to Europe and the rest of the world, impacting many economic sectors and deeply and lastingly modifying work practices (application of barrier processes and development of teleworking).

4.3.5.1. Risk related to component supply difficulties

The pandemic caused by Covid-19 has amplified an existing risk, refer to the analysis above (§ 4.3.1.1.)

4.3.5.2. Risk associated with the degradation operated by credit insurance companies

IDENTIFICATION AND DESCRIPTION OF THE RISK

The credit insurance companies have, on the whole, reviewed their position and reduced the outstanding amounts with customers given the increased likelihood of corporate default risks in this unprecedented period of crisis (growing cash flow difficulties certain sectors in particular or disappearance of companies).

POTENTIAL EFFECTS ON THE GROUP

The position of credit insurance companies could have a negative impact on the Group's cash flow due to:

- payment delays for trade receivables and the reduction in cover of trade receivables;

- requests for prepayment on order or before delivery, required by suppliers also due to the reduction in work in progress granted by their credit insurance companies.

RISK CONTROL AND MITIGATION

The Group asks its customers to make a down payment when ordering for the part of the outstanding not covered by its credit insurance companies.

However, through an external company, it offers its customers financing solutions for the purchase of components as well as hosting and maintenance services to minimise treasury certificate cash disbursements (rental of 3 to 5 years).

2CRSi SA obtained a State Guaranteed Loan of € 9.7 million. This device was put in place by the French Government to support French companies impacted by the coronavirus crisis, and in particular to cover short-term cash flow needs. The Group has also benefitted from the support measures put in place by the governments of the various countries, such as the postponement of the payment of employers' social security contributions for 2 months, and the postponement of some leasing deadlines for 6 months.

4.3.5.3. Risk linked to variations in the investment needs of the Group's clients

IDENTIFICATION AND DESCRIPTION OF THE RISK

The Group's customers have themselves been impacted by the Covid-19 crisis and they may decide to postpone or temporarily suspend certain purchases and investments.
The customer sectors most affected are, for example, the automobile, petroleum, audiovisual production and advertising industries.

POTENTIAL EFFECTS ON THE GROUP

This postponement of orders could have a negative impact on the Group's sales and on its cash flow in the short or even medium term.

RISK CONTROL AND MITIGATION

The Group has stepped up its efforts to further expand its customer base and intensify contacts with companies in the sectors coming out on top from the crisis, namely cloud, internet, gaming, telecom, etc.

4.3.5.4. Risk of delay in the Boston group's integration plan

IDENTIFICATION AND DESCRIPTION OF THE RISK

The acquisition of the Boston Limited group took place in November 2019. The onset of the health crisis in early 2020 caused a delay in the implementation of the integration plan, better understanding of the teams and the search for synergies, in particular in the marketing of 2CRSi products by Boston.

POTENTIAL EFFECTS ON THE GROUP

The delays caused by the health crisis had the effect of delaying actions aimed at obtaining the commercial synergies expected from the acquisition.

RISK CONTROL AND MITIGATION

Maintaining historical management in place is important to ensure business continuity, as a priority. In addition, the various means of remote communication have made it possible to maintain links despite the closure of borders, mainly between France and the United Kingdom.

4.4. INSURANCE AND RISK COVERAGE

For 2CRSi, recourse to insurance is a financial solution that transfers the major risks facing the Group.
This transfer is accompanied by a prevention policy aimed at minimising the risk. The Group monitors its risk assessment in order to best adjust the level of coverage to the risks undertaken.

The Group has two types of cover: on the one hand, Group insurance programmes and, on the other hand, policies taken out locally. Group-level programmes are supervised by General Management, which coordinates insurance policy and risk management.

4.4.1. INSURANCE COVER

To cover the main risks, 2CRSi has set up international insurance programmes which are used by certain subsidiaries of the historic 2CRSi group, except where there are regulatory constraints inherent in the country or more attractive conditions offered by the local market. The subsidiaries integrated into the Group in November 2019 (following the acquisition of 70% of the shares in Boston Ltd) benefit from the insurance programme put in place by Boston. These programmes include the following cover:

- Damage to property and consequent operating losses;
- Operational/product civil liability, including the costs and losses of the Group due to accidental or criminal contamination;
- Environmental civil liability in certain cases;
- Civil liability of corporate officers;
- Damage during transport (and on site);
- Business travel;
- Fraud/cybercrime.

In addition, credit insurance programmes are in place aimed at reducing the risks associated with trade receivables.
Some subsidiaries have taken out additional insurance to meet specific needs (e.g. insurance for vehicle fleets; etc.).

4.4.2. COVER

To cover the main risks, 2CRSi has set up international insurance programmes which are used by certain subsidiaries of the historic 2CRSi group, except where there are regulatory constraints inherent in the country or more attractive conditions offered by the local market. The subsidiaries integrated into the Group in November 2019 (following the acquisition of 70% of the shares in Boston Ltd) benefit from the insurance programme put in place by Boston. These programmes include the following cover:

- Damage to property and consequent operating losses;
- Operational/product civil liability, including the costs and losses of the Group due to accidental or criminal contamination;
- Environmental civil liability in certain cases;
- Civil liability of corporate officers;
- Damage during transport (and on site);
- Business travel;

In addition, credit insurance programmes are in place aimed at reducing the risks associated with trade receivables.

Some subsidiaries have taken out additional insurance to meet specific needs (e.g. insurance for vehicle fleets; etc.).

4.4.2.1. For the historic 2CRSi Group

Insurance type	Guarantees and limits of the main policies taken out
Civil Liability Insurance	→ Guarantee of defence costs and pecuniary consequences (damages) of civil liability due to bodily injury, material and immaterial damage caused to third parties during the insured activities. **Guaranteed amounts:** CL Operation (per claim unless otherwise stated): € 10,000,000 CL After delivery (per insurance year): € 5,000,000
Property Damage Insurance	→ Guarantee on movable and immovable property related to professional activity as well as: → Consecutive costs and losses (costs of excavation, demolition, expert fees, fees for architects, decorators, design, control and engineering offices, loss of rent, etc.); → Related responsibilities (building owner civil liability, rental risks, recourse from neighbours and third parties, etc.); → Additional operating costs resulting from damage to guaranteed equipment → Contractual limitation of compensation for damage to property and consequent operating losses, per event: € 19,900,000
Transported Goods Insurance	→ Guarantee of goods, whatever their mode of transport (road, rail, sea, river or air), against risks such as deterioration, missing items or weight loss, resulting from multiple events, including traffic accident, failure to load or unload, fire, theft, natural event, strike, riot, act of terrorism or war, etc. The Transported Goods insurance protects the company from the limits of liability and the causes of exemption that carriers (basically responsible for damages and losses relating to the goods entrusted to them) may place on their customer. This insurance is taken out in the form of an international insurance programme: Master policy in France + 1 local policy (USA). Contractual limitation per means of transport (sea up to € 5,000,000, air € 3,000,000)
Directors' Liability Insurance	Directors' Liability insurance aims to protect the personal assets of directors against the risks of them being linked to their personal liability. It covers, without name, all past, present and future directors, de jure or de facto, of the subscriber company and its subsidiaries. With regard to natural persons, the insurance contract covers: • Defence costs as soon as their responsibility is called into question (both civil and criminal); • The possible payment of damages; • As well as, in particular: reputational costs, crisis management costs, support costs in the event of restrictive property measures, costs in the event of extradition, psychological support, etc... The Company, as a legal entity, also benefits from the status of insured in a certain number of cases, in particular as the ex officio manager of its subsidiaries and holdings or in the event of fault deemed inseparable. This insurance is taken out in the form of an international insurance programme (see below): Master policy in France + 2 local policies (USA and United Arab Emirates) Capital: Master policy € 10,000,000 per insurance year Each of the local policies: USD 1,000,000
Professional Travel Insurance	Coverage for all employees, trainees, corporate officers, directors and managers of the Company travelling for business anywhere in the world: protection during business travel, as well as support and compensation in the event of an incident

4.4.2.2. For subsidiaries of the Boston Ltd sub-group

Insurance type	Guarantees and limits of the main policies taken out
Liability insurance	**Guaranteed amounts:** Professional: £ 5,000,000 Civil: £ 5,000,000 per event Employer: £ 10,000,000 Products: £ 5,000,000 per insurance year
Technology and Communications Insurance	**Guaranteed amounts:** Computer loss or damage: £ 100,000
Goods transport insurance	**Guaranteed amounts:** Ship, aircraft or means of transport: £ 2,000,000 Site during ordinary transit: £ 2,000,000 Exposure risk: £ 50,000

4.4.3. MEANS PROVIDED BY THE GROUP TO MANAGE THE CONSEQUENCES OF A DISASTER, PARTICULARLY IN THE EVENT OF AN INDUSTRIAL ACCIDENT

In the event of an incident affecting 2CRSi or a Group company, and in particular in the event of an industrial accident, it will rely on its brokers and insurers, involving all the stakeholders and service providers necessary in order to ensure the efficient management and resolution of the incident. All these stakeholders have the experience and the means required to manage exceptional situations.

4.5. FINANCIAL RISKS LINKED TO THE EFFECTS OF CLIMATE CHANGE

IDENTIFICATION AND DESCRIPTION OF THE RISK

Climate change has a direct impact on the frequency and severity of natural events, such as earthquakes, landslides, tsunamis and extreme droughts.

These natural hazards can impact the Group's physical infrastructure, but also lead to a scarcity of certain essential resources for the manufacture of electronic components.

2CRSi could thus have to confront sharp increases in supply costs and/or, be temporarily unable to deliver equipment and/or offer its services in compliance with the conditions defined by the contracts.

POTENTIAL EFFECTS ON THE GROUP

The main negative effects of climate change could be:
- Loss of raw material resources necessary for the manufacture of components (water, inert materials, electricity, etc.), leading to a shortage (see "Shortage of essential computer electronic components" in the main risk factors)
  - Interruption of production activities
  - Interruption of services

RISK CONTROL AND MITIGATION

Through its purchase-resale (trading) operations, the Group is able to anticipate periods of shortage to a certain extent and thus, if necessary, build up higher levels of stock in order to best meet client needs. The Group is also keen to maintain a good level of diversification of supply sources.

In the event of a natural event having a direct impact on the production or service activity, the Group can rely on six separate production sites.

4.6. ACQUISITION BY THE COMPANY OF ITS OWN SHARES - DESCRIPTION OF THE SHARE BUYBACK PROGRAMME

4.6.1. SHARE BUYBACK PROGRAMME APPROVED BY THE GENERAL MEETING OF 25 SEPTEMBER 2020

The General Meeting of the Company held 25 September 2020 authorised, for a period of eighteen months from the Meeting, the Board of Directors to implement a Company share repurchase programme within the framework of the provisions of article L. 22-10-62 of the French Commercial Code and in accordance with the General Regulations of the *Autorité des Marchés Financiers* (AMF) under the conditions described below:

- **Securities concerned**: ordinary shares

- **Maximum portion of the capital authorised for repurchase:** 10% of the capital, it being specified that this limit is assessed on the date of the buybacks in order to take into account any operations to increase or reduce the capital that may occur during the duration of the programme. The number of shares taken into account for the calculation of this limit corresponds to the number of shares purchased, less the number of shares sold during the programme within the framework of the liquidity objective.

- **As the Company cannot hold more than 10% of its capital, it must take into account the number of shares already held when the next programme is allocated.**

- **Maximum purchase price:** 20 Euros per share

- **Maximum amount of the programme:** 35,486,860 Euros

- **Objectives:**

  ensure the stimulation of the secondary market, or the liquidity of the 2CRSi share, through an investment service provider, through a liquidity contract, in accordance with market practice accepted by the regulations in force,

  - keep the purchased shares and subsequently deliver them in exchange, or as payment, in the context of any external growth operations, being specified that the shares acquired for this purpose may not exceed 5% of the Company's capital,

  - ensure the coverage of share purchase option schemes and/or free share schemes (or similar schemes) for the benefit of the employees and/or corporate officers of the group, as well as all share allocations, under a company or group savings scheme (or similar scheme), in respect of profit-sharing, and/or all other forms of allocation of shares to employees and/or corporate officers of the group,

  · ensure the coverage of transferable securities giving the right to the allocation of company shares within the framework of the regulations in force,

  · implement any market practice that may come to be accepted by the French Financial Market Authority, and more generally carry out any other transaction in accordance with the regulations in force,

  · proceed with the possible cancellation of the acquired shares,

- **Programme duration:** 18 months from the general meeting of 25 September 2020, i.e. until 25 March 2022.

4.6.2. IMPLEMENTATION OF THE SHARE BUYBACK PROGRAMME

As of 28 February 2021, the following resources appeared in the liquidity account of the share buyback programme agreed with Portzamparc:

- 15,510 Company shares (representing 0.09% of its share capital) with a nominal value of € 0.09 per share and a total book value of € 100,920.16 valued at the closing price on 28 February 2021; and
- 76,697.13 Euros

Reasons for acquisitions	Percentage of programme
Price animation	100%
Employee shareholding	0%
Securities giving right to the allocation of shares	0%
External growth operations	0%
Cancellation	0%

As part of the share buyback programme, between the opening and closing date of the 2020/2021 financial year, the Company carried out the following purchase and sale of its own shares:

Number of shares purchased	414,274
Average purchase price	€ 3.6879
Number of shares sold	435,246
Average sale price	€ 3.6554
Number of shares registered at the end of the financial year	15,510
Value assessed at purchase price	100,920
Value at the end of the financial year	104,847.60
Trading fees	None

With the exception of shares held under the liquidity contract, as of the date of the Universal Registration Document, the Company does not hold any of its own shares and no Company shares are held by any of its subsidiaries or by any third party on its behalf.

The shares held by the company have not been used or reallocated for other purposes since the last authorisation granted by the general meeting.

4.6.3. RENEWAL OF THE SHARE BUYBACK PROGRAMME PROPOSED TO THE GENERAL MEETING OF 31 AUGUST 2021

As of 28 February 2021, the number of shares held directly and indirectly was 15,510, representing 0.09% of the company's capital.

NUMBER OF SHARES HELD BROKEN DOWN BY OBJECTIVES:

- Animation of the price by means of a liquidity contract in accordance with market practice: 15,510
- Coverage of securities giving right to the allocation of shares: 0
- External growth operations: 0
- Cancellation: 0
- Hedging of stock options or other employee shareholding system: 0

THE NEW PROGRAMME IS PROPOSED AS FOLLOWS:

• **Securities concerned:** ordinary shares

• **Maximum portion of the capital authorised for repurchase:**
10% of the capital (i.e. 1,774,343 shares on the date of this document), it being specified that this limit is assessed on the date of the buybacks in order to take into account any operations to increase or reduce the capital that may occur during the duration of the programme. The number of shares taken into account for the calculation of this limit corresponds to the number of shares purchased, less the number of shares sold during the programme within the framework of the liquidity objective.

• **The Company cannot hold more than 10% of its capital,** so the maximum number of shares that can be purchased will be 1,774,343 shares, including shares already held.

• **Maximum purchase price:** 20 Euros

• **Maximum amount of the programme:** 35,486,860 Euros

• **Terms of the buybacks:**
purchases, disposals and transfers may be carried out by any means on the market or over-the-counter, including by transactions on blocks of shares, it being specified that the resolution put to the vote of the shareholders does not limit the part of the programme that can be carried out by purchasing blocks of shares. These operations cannot be carried out during a public offer period. The Company does not intend to use option mechanisms or derivative instruments.

• **Objectives:**

· ensure the stimulation of the secondary market, or the liquidity of the 2CRSi share, through an investment service provider, through a liquidity contract, in accordance with market practice accepted by the regulations in force,

· keep the purchased shares and subsequently deliver them in exchange, or as payment, in the context of any external growth operations, being specified that the shares acquired for this purpose may not exceed 5% of the Company's capital,

· ensure the coverage of share purchase option schemes and/or free share schemes (or similar schemes) for the benefit of the employees and/or corporate officers of the group, as well as all share allocations, under a company or group savings scheme (or similar scheme), in respect of profit-sharing, and/or all other forms of allocation of shares to employees and/or corporate officers of the group,

· ensure the coverage of transferable securities giving the right to the allocation of company shares within the framework of the regulations in force,

· implement any market practice that may come to be accepted by the French Financial Market Authority, and more generally carry out any other transaction in accordance with the regulations in force

· proceed with the possible cancellation of the shares acquired, subject to authorisation being granted by the General Meeting of shareholders of 31 August 2021.

• **Programme duration:** 18 months from the general meeting of 31 August 2021, i.e. until 28 February 2023.

DECLARATION OF THE PERSON RESPONSIBLE FOR THE ANNUAL FINANCIAL REPORT

I certify that to the best of my knowledge, the accounts are drawn up in accordance with applicable accounting standards and give a true and fair view of the assets, financial situation and results of the company and of all the companies included in the consolidation, and that the management report appearing on page 99 presents a faithful picture of the development of the business, results and financial situation of the company and of all the companies included in the consolidation and describes the main risks and uncertainties they face.

Mr. Alain Wilmouth
Chairman and CEO

Annual Financial Report

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