

Press release

Half-year results 2022-2023

## First-half results for fiscal year 2022/23

- 6% turnover growth reaching €95.6m thanks to sales momentum, despite a more demanding context.
- Profitability impacted by growth investments and inflation pressures.

## Confirmation of 2022/23 annual objectives

## Mission 2027: A new strategic momentum to support future growth

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Strasbourg (France), November 29, 2022 - 2CRSi (EPA: AL2SI, ISIN code: FR0013341781), a manufacturer of sustainable IT solutions, publishes presents its results for the first half of financial year 2022/23 (from March 1, 2022 to August 31, 2022).

The Board of Directors met on November 29, 2022 to approve the Group's accounts for the period ended August 31, 2022. The half-year financial report will be made available shortly.

### FIRST HALF 2022/23 RESULTS

#### A good sales performance hampered by the supply of components

Over the first half of the 2022/23 financial year, 2CRSi recorded revenue of €95.6m, up 5.9% compared to the first half of 2021/22.

This good performance is driven by the continuation of a strong business dynamic, only slowed down by the time of business completion, related to the electronic component supply situation.

This dynamic is mainly visible in the defense, cloud, research and HPC services sectors.

This is joined with the efforts to continue the diversification of the customer portfolio. Contribution of the first client in terms of revenue has been divided by more than two (5% against 12% a year earlier and 8% in 2021/22), while international activity remains strong at 87% of total sales.

Simplified income statement -	H1 2021/22	H1 2021/22	FY 2020/21
In millions of EUR - IFRS	6 months	6 months	12 months
	1 March 2022 - 31 August 2022	1 March 2021 - 31 August 2021	1 March 2021 - 28 February 2022
<b>Revenue</b>	<b>95,6</b>	<b>90,2</b>	<b>183,6</b>
Other income	(0,4)	(0,1)	1,8
Consumed purchases	(74,6)	(70,2)	(142,5)
<i>Gross margin rate</i>	22,0%	22,2%	22,4%
External expenses	(6,5)	(5,3)	(10,9)
Personnel expenses	(12,4)	(10,4)	(23,6)
Other operating income and expenses	0,4	0,0	(0,1)
<b>EBITDA</b>	<b>2,6</b>	<b>4,3</b>	<b>8,4</b>
<i>EBITDA margin</i>	2,7%	4,7%	4,6%
Other current op. income & expenses	(0,2)	0,1	(0,5)
Depreciation, amortisation & impairment	(2,5)	(2,6)	(6,5)
<b>Current operating income</b>	<b>(0,1)</b>	<b>1,7</b>	<b>1,4</b>
<b>Operating income (expense)</b>	<b>(0,1)</b>	<b>1,7</b>	<b>1,4</b>
Financial income (expense)	(0,8)	(2,8)	(3,0)
<b>Consolidated net income (expense)</b>	<b>(0,8)</b>	<b>(1,0)</b>	<b>(1,1)</b>
<b>Net income (Group share)</b>	<b>(0,4)</b>	<b>(1,1)</b>	<b>(1,1)</b>

### Profitability impacted by the Group's structure reinforcements and the inflationary context

Over the period, 2CRSi's EBITDA amounted to €2.6m compared to €4.3m a year earlier, representing an EBITDA margin of 2.7% of revenue. This change is mainly due to:

- A slight decline in gross margin of 0.2 point to 22.0% is due to a higher contribution of distribution activities in the business mix.
- A cost structure integrating the Group's growth investments:
  - o marketing costs representing nearly half of the increase in external expenses (€6.5m in H1 2022/23 compared to €5.3m in H1 2021/22),
  - o a 19.7% increase in total payroll over the period due to additional staff in the United Kingdom and Germany and a salary revaluation, as a result of inflationary pressures.

After including other operating income and expenses, depreciation charge and provisions, 2CRSi's recurring operating income stands at €(0.1)m, compared to €1.7m for the 1<sup>st</sup> half of 2021/22. The latter is not swayed by any exceptional element impacting the operating result.

The financial result amounts to €(0.8)m, mainly including a revaluation of debts related to the acquisition of Boston Ltd for a negative amount of €2.1m, a variation in the fair value of financial assets of €1m and impacts related to positive exchange rate fluctuations of €0.9m.

Cumulatively over the first half of 2022/23, 2CRSi posted a consolidated net income, Group share, of €0.4m, compared to €1.1m over the comparable period.

## Financial position

Simplified consolidated balance sheet In millions of EUR - IFRS	31 August 2022	28 February 2022
Goodwill	8,4	8,7
Intangible assets	15,8	16,3
Tangible assets	18,0	20,0
Non-current financial receivables	2,5	4,4
Other non-current assets	3,2	3,9
<b>Total non-current assets</b>	<b>49,8</b>	<b>53,3</b>
Inventories	63,6	56,4
Clients	30,6	26,2
Other current assets	13,6	16,8
Current financial receivables	6,7	5,9
Cash and cash equivalents	8,2	4,7
<b>Total current assets</b>	<b>122,6</b>	<b>110,0</b>
<b>TOTAL ASSETS</b>	<b>172,4</b>	<b>163,4</b>
Capital attributable to equity holders of the parent	39,0	40,5
Non-controlling interests	(0,7)	(0,3)
<b>Consolidated capital</b>	<b>38,2</b>	<b>40,3</b>
Borrowings and financial liabilities (including lease liabilities)	33,3	38,8
Other non-current liabilities	4,4	3,1
<b>Total non-current liabilities</b>	<b>37,7</b>	<b>42,0</b>
Trade payables	33,1	24,8
Financial liabilities (including lease liabilities)	43,3	32,8
Other current liabilities	20,3	23,5
<b>Total current liabilities</b>	<b>96,4</b>	<b>81,1</b>
<b>TOTAL LIABILITIES</b>	<b>172,4</b>	<b>163,4</b>

In relation to the activity growth and the supply situation, 2CRSi had to build up larger inventories, the amount of which amounted to €63.6m as at August 31, 2022 compared to €56.4m as at February 28, 2022. Given current orders, 2CRSi's main objective is to reduce the level of inventories to less than €50m by the end of February 2023.

Gross financial debt, excluding the impact of IFRS16, rose to €62.6m as at August 31, compared to €56.3m as at February 28, 2022.

With the net income for the period and the impact of exchange rates, Group's equity fell by €1.6m to €39.0m as at August 31, 2022.



The Group's cash flow generation rose in value with a cash flow generated by operating activities of €2.8m over the half-year, compared to €(0.7)m over the previous half-year.

After considering investment activities (use of €2.1m compared to €1.6m a year earlier) and financing activities (use of €1.8m compared to €2.7m a year earlier), the Group cash flow increased from €2.5m to €5.3m. It is supplemented by unused short-term financing lines of nearly €7m.

## **A STRONG AMBITION: TO BECOME ONE OF THE LEADERS IN OUR MARKETS BY 2027**

Despite a still uncertain context, 2CRSi is taking advantage of this commercial dynamic and a more contributive 2<sup>nd</sup> half to confirm its objectives for the 2022/23 financial year: an EBITDA margin rate of 4.8% and a turnover of €200m.

With its new strategic plan "Mission 2027", presented on November 7, 2CRSi intends to exceed:

- €400m in revenue, thanks to the continuation and strengthening of sales,
- 7% EBITDA margin rate, thanks to the volume effect, the organic optimization of the structure and productivity, product innovation and the development of service activities.

Highlighted by these financial objectives, a strong ambition of the Group: to establish itself by 2027 as one of the worldwide leaders in the computer server market.

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## **About 2CRSi**

Founded in Strasbourg (France), 2CRSi group develops, produces and sells customised, high-performance and environment-friendly servers. In the 2021-22 financial year, the Group generated revenue of €183,6 million. The Group today has around 400 employees and markets its offer of innovative solutions (processing, storage and network) in more than 50 countries. 2CRSi has been listed since June 2018 on the regulated market of Euronext in Paris (ISIN Code: FR0013341781) and its shares were transferred to Euronext Growth on 25 November 2022. For further information please visit: [www.2crsi.com](http://www.2crsi.com).

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