

Press release
First half 2021-2022 results

First half-year results:

- Revenue growth of 15% to €90.2 million, thanks to strong sales momentum
- EBITDA margin up 3.3 points to 4.7%
- Inventories increased in response to supply difficulties

Full-year 2021-22 expected to show double-digit growth

Strasbourg (France), 30 November 2021 – 2CRSi, a designer and manufacturer of high-performance, energy-efficient servers, has released its results for the first half of 2021-2022 (from 1 March 2021 to 31 August 2021).

The Board of Directors met on 30 November 2021 to approve the Group's financial statements for the period ended on 31 August 2021. A limited review of the consolidated half-year financial statements is being finalised by the statutory auditors. The half-year financial report will be made available very shortly.

FIRST HALF-YEAR 2021-22 RESULTS

Robust and diversified activity

2CRSi made revenue of €90.2 million in the first half of 2021-22, an increase of +15.0% on the period from 1 March to 31 August 2020.

This performance was driven by strong sales momentum, which offset Blade¹ and boosted the Group's client portfolio. The momentum came in particular from the long-term partnerships the Group has been steadfastly building. Over the period, the Group indeed recorded deliveries to CERN², a major player in nuclear research and its biggest customer in H1, and to a long-standing partner in the oil services sector³.

Last, the Group continued to internationalise its business and diversify its client portfolio, with 87% of first-half revenue linked to deliveries outside of France (vs. 84% in the 2020/21 financial year) and its top ten clients representing 45% of revenue compared with 43% in FY 2020/21.

¹ See press releases of 3 and 11 March 2021 and 3 May 2021.

² See press release of 15 February 2021.

³ See press release of 7 July 2021.

Simplified income statement - Limited review being finalised In millions of EUR - IFRS	H1 2021-22 6 months	H1 2020-21 6 months	Change	FY 2020-21 12 months
	1 March 2021 – 31 August 2021	1 March 2020 – 31 August 2020		1 March 2020 – 28 February 2021
Revenue	90.2	78.5	+15.0%	163.3
Other income	(0.1)	1.3		3.9
Consumed purchases	(70.2)	(65.6)	+7.0%	(129.7)
<i>Gross margin rate</i>	22.2%	16.4%	+5.8 pts	20.6%
External expenses	(5.3)	(4.2)	+27.8%	(9.4)
Personnel expenses	(10.4)	(8.5)	+22.7%	(19.5)
Other operating income and expenses	0.0	(0.4)		(1.2)
EBITDA	4.3	1.1	x3.7	7.4
<i>EBITDA margin</i>	4.7%	1.5%	+3.3 pts	4.5%
Other current op. income & expenses	0.1	-		(0.2)
Depreciation, amortisation & impairment	(2.6)	(3.2)	-20.5%	(6.6)
Current operating income	1.7	(2.1)	nm	0.6
<i>Current operating margin</i>	1.9%	nm		0.3%
Operating income (expense)	1.7	(2.1)		0.6
Financial income (expense)	(2.8)	(0.9)	-2.9x	(5.0)
Consolidated net income (expense)	(1.0)	(2.6)	+61.9%	(4.3)
Net income (Group share)	(1.1)	(2.5)	+55.8%	(4.2)

Sharp increase in profitability

In the first half of 2021-22, 2CRSi saw its profitability increase significantly, with EBITDA of €4.3 million, representing a margin of 4.7% compared with 1.5% over the comparable period.

The 3.3-point improvement in EBITDA margin can mainly be attributed to an increase in the gross margin thanks to the supply of services and a favourable environment of shortages: the gross margin rose by 55.6% over the period to €20.1 million, or 22.2% of Group revenue, compared with €12.9 million and 16.4% respectively in H1 2020/21.

Furthermore, the effective management of the Blade situation gave rise to a positive impact on the half-year financial statement of +€0.8 million, thanks in particular to inflows received as part of the company's recovery and takeover procedure.

Growth was accompanied by (i) an increase in external expenses (€5.3 million over the period) of 27.8% versus the previous financial year, which was impacted by the health restrictions, and (ii) ongoing recruitment and an increase in the Group's workforce, with personnel expenses rising by 22.7% to €10.4 million.

Thanks to this good operating performance, the Group generated current operating income of €1.7 million (1.9% of Group revenue), compared with a loss of (€2.1) million over the same period

last year. Since there were no significant exceptional items over the period, operating income mirrored this trend.

Given the strong performance by Boston over the first half-year, the financial debt⁴ linked to the acquisition of Boston Limited was increased by €2.2 million. Financial result hence came out at (€2.8) million in H1 compared with (€0.9) million over the same period last year.

In total, 2CRSi recorded consolidated net income Group share of (€1.1) million, a marked improvement on the first half of the previous financial year.

Financial position

Simplified consolidated balance sheet - Limited review being finalised In millions of EUR - IFRS	31 August 2021	28 February 2021
Goodwill	7.9	7.8
Intangible assets	15.8	15.6
Tangible assets	21.2	22.2
Non-current financial receivables	6.7	7.2
Other non-current assets	4.0	3.2
Total non-current assets	55.6	55.9
Inventories	57.4	32.2
Clients	28.1	28.1
Other current assets	12.0	12.1
Current financial receivables	6.8	28.1
Cash and cash equivalents	5.3	4.5
Total current assets	109.7	105.1
TOTAL ASSETS	165.3	161.0
Capital attributable to equity holders of the parent	40.6	40.7
Non-controlling interests	(0.1)	(0.1)
Consolidated capital	40.5	40.7
Borrowings and financial liabilities (including lease liabilities)	43.6	47.8
Other non-current liabilities	6.4	4.6
Total non-current liabilities	50.0	52.4
Trade payables	24.0	24.1
Financial liabilities (including lease liabilities)	35.9	26.0
Other current liabilities	15.0	17.9
Total current liabilities	74.9	67.9
TOTAL LIABILITIES	165.3	161.0

⁴ This financial debt amounts to the estimated sum of potential future earn-outs and the amount to be paid in the event of the buying-out of minority shareholders; estimates are reviewed twice a year. The total amount is recorded as financial debt in application of IFRS standards, while change in amount is recorded in the period's financial result.

Current financial receivables fell from €28.1 million at 28 February 2021 to €6.8 million at the end of August 2021. This decrease resulted from the collection over the period of €12.6 million and the recovery of equipment as part of the insolvency proceedings related to Blade.

At 31 August 2021, inventories showed a sharp increase to €57.4 million, versus €32.2 million at the end of February. This reflects a combination of factors: (i) on the one hand, the recovery of equipment delivered to Blade for a net amount of €13.1 million as at 31 August 2021, and (ii) on the other hand, the decision to build up larger inventories in response to the increase in activity and pressure on the supply of electronic components.

This significant increase in inventories led to a higher working capital requirement. Therefore, to preserve the Group's cash position, it was partially financed through short-term financing: as a result, gross financial debt excluding lease liabilities (IFRS 16) at 31 August 2021 stood at €64.0 million compared with €57.0 million at end-February 2021. Cash stood at €5.3 million at 31 August 2021, compared with €4.5 million at 28 February 2021.

OUTLOOK

As mentioned above, 2CRSi continues to benefit from strong sales momentum linked to the appeal of its solutions, which meet the market's expectations for high-performance products with lower energy consumption. This is a deep market trend, reinforced by the long-term consequences of the health crisis.

With inventory levels adjusted to the current shortage situation, the Group believes it can continue to meet the growing demand of its customers.

In this context, while being attentive to the evolution of supply conditions, 2CRSi is confident in its ability to continue its development and deliver double-digit growth in the 2021-22 financial year.

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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 2020-21 financial year, the Group generated revenue of €163 million. The Group today has around 389 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 has been awarded the European Rising Tech label. For further information please visit: www.2crsi.com

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