

## Acquisition of Boston Limited: 2CRSi speeds up its commercial roll-out towards international growth

**Strasbourg (France), 14 November 2019 at 6.30 pm – 2CRSi Group** is announcing the acquisition of Boston Limited, a global player in the integration, sales and marketing of IT equipment that uses the most advanced technology on the market.

Through this transaction, 2CRSi has reached a key milestone in its development and considerably broadened its international operations. In addition to how the two companies will complement each other geographically, the new group will benefit from major commercial synergies and substantial economies of scale. Finally, this merger draws on the long-standing relationship between the two groups and their directors. Beyond that relationship, the complementary expertise between 2CRSi (designer and manufacturer) and Boston Limited (value-added distributor and systems integrator) has been at the center of the operation.

*“We are very pleased and proud to announce the acquisition of Boston Limited and the integration of its teams and management into 2CRSi group. This transaction is the result of a great deal of work together, based on mutual trust, long-standing relationships and shared values based on an unyielding drive to achieve performance and innovation. This acquisition marks a key milestone for our group: today, 2CRSi is changing dimension and is considerably enhancing its development potential!”,* says Alain Wilmoth, Founder, Chairman and CEO of 2CRSi.

### Revenue of GBP 90m and recurring profits

A family group founded in the United Kingdom in 1992, Boston Limited employs 170 staff and generated consolidated revenues<sup>1</sup> of GBP 89.5m, for EBITDA of GBP 2m, in its 2018-2019 financial year (1 March 2018 - 28 February 2019). During the first half of the 2019 financial year (1 March - 31 August 2019), Boston Limited’s revenues was over GBP 41m for EBITDA of GBP 2m.

### International reach extended

Commercializing a wide range of high-end IT equipment, Boston Limited has a local sales force numbering approximately 60 and operating in over 40 countries, including the United Kingdom, Germany, Australia, South Africa, India and Russia. In the 2018-2019 financial year, Boston Limited generated 53% of its revenue in the United Kingdom, 32% in the rest of Europe (mainly in Germany) and 15% in the rest of the world.

Combined with Boston Limited, 2CRSi will now have almost 70 sales associates working across all continents and will benefit from an extensive distribution network that will strengthen its geographic coverage.

### Increased presence on strategic markets and customer diversification

Boston Limited has developed a portfolio of over 1,500 customers across a diverse range of sectors, including high-performance servers (HPC), television and streaming (Broadcasting), special effects (VFX), Artificial Intelligence (AI), Gaming, augmented reality (VR) and more. Recently, the company successfully began to diversify into new high-growth markets that have made a substantial contribution to profitability, such as Genomics, Smart Cities and Telecommunications. As such, this acquisition

<sup>1</sup> Currently being audited, FRS 102

enables 2CRSi to increase its growth potential on new markets and reach a major milestone in its strategy to diversify its customer base.

### **Enriching the product portfolio to drive higher margins**

Boston Limited, which the brand and its business activity will last, will benefit from a more extensive product portfolio that will now include 2CRSi's most innovative products, including Octopus, Atlantis and even the "Tranquil PC" *Embedded Solutions* and *Edge Computers*. This positive shift in the product mix towards more profitable hardware will drive increased margins and will benefit the entire new group.

### **Multiple cost synergies**

The integration of Boston Limited creates a powerhouse of sales, marketing, product sourcing and technical innovation. This will enable the two groups to improve their margins through the pooling of such resources.

### **Founders personally invested in a successful consolidation**

The commitment shown by Boston Limited's managers and teams has made the brand a success worldwide and is therefore an advantage for 2CRSi when it comes to integrating the company. As such, Manoj Nayee and Dev Tyagi, co-founders of Boston Limited, will remain responsible for managing the company's operations in their respective roles of Managing Director and Chief Sales and Marketing Officer. The long-standing relationship between the two groups and their directors will be a key asset in the success of this joint project.

### **Acquisition financing and conditions**

2CRSi becomes a 70% shareholder in Boston Limited for an undisclosed sum and will, according to IFRS rules, exercise full financial control. In addition to the base price, earn outs contingent on achieving EBITDA targets for the 2020 to 2023 financial years will be paid in the future.

The transaction remains subject to prerequisite conditions, including the completion of final documentation.

The agreement provides for 2CRSi an option entitling it to purchase the 30% minority stake in the co-founders; the option can be exercised up to November 2029.

The acquisition will be financed by a medium-term loan that is part of structured financing syndicated by BNP Paribas with a banking pool and, for a marginal part, with equity.

2CRSi will submit a proposal to the Extraordinary General Meeting on 19 December 2019 to change the balance sheet date from 31 December to 28 February. This change would align 2CRSi's balance sheet date with Boston Limited's and would also enable the group to present its activities in a manner that is more in line with the seasonal nature of its business, which is traditionally strong over the final months of the year.

Finally, the next three months will be devoted to sharing expertise among teams, appreciation of the commercial synergies, definition of the common strategic plan and promotion of the newly-formed entity to the customers of both companies. At the beginning of 2020, 2CRSi will be able to communicate a revised roadmap for the new entity as much in terms of level of activity and profitability.

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### About 2CRSi

2CRSi is based in Strasbourg and has subsidiaries in Manchester, Dubai and San Jose in the Silicon Valley. It specialises in the design and manufacturing of very high-performance IT servers. It provides innovative calculation, data storage and data transfer solutions to over 200 clients in 25 countries. In 2018, 2CRSi Group generated consolidated revenues of €65.2m. For further information please visit: [www.2crsi.com](http://www.2crsi.com)

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