

Expected impact of the closure of several Asian factories as a result of COVID-19

Strasbourg (France), 26 February 2020, 5.40pm – Given the changing situation around COVID-19, 2CRSi is providing some information to investors on the impact in the short and medium term on its production capacities and commercial outlook.

As for all players in the electronic and IT sectors, the main immediate consequence of the health crisis is the closure or significant reduction in activity of several factories of electronic components or computer server sub-assemblies. There has also been a sharp reduction in the freight offering due to the cancellation of almost all international flights to China.

2CRSi may be less impacted than other market players for two key reasons:

- Firstly, the company made the strategic choice several years ago to favour local production. Sheet metal elements and certain electronic cards are produced in France, or sometimes involve outsourcing to Germany. The manufacture of rugged products by TranquilPC is carried out in Manchester.
- Secondly, the Group has significant stocks of critical computer components, which it stores each year in case of shortages resulting from the closure of Asian factories during the Chinese New Year.

However, the very long delivery delays caused by the outbreak will nevertheless impact the Group's entire capacity to deliver certain orders scheduled for execution in the first quarter of 2020, which will negatively impact the 2019/20 financial year-end and the start of financial year 2020/21.

In addition, the shortage of supply will naturally lead to an increase in prices on the markets of certain components, in particular memory components (DDR4), data storage components (NAND Flash), graphic processors (GPU) and processors (CPU).

Over and above the situation in Asia, the Group is observing an ever-increasing number of business enquiries in many countries, such as India, France, Germany, Switzerland, Indonesia, Singapore and Australia, as well as in the Middle East.

The Group would like to point out that its sales in China amount to less than one per cent of its annual revenue.

2CRSi Group's new revenue target for financial year 2020/21 is €200m, and its EBITDA margin target is expected at between 6.5% and 7%.

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About 2CRSi

Founded in Strasbourg (France), 2CRSi group develops, produces and sells high-performance customised and environmentally-friendly servers. In 2018, 2CRSi. In November 2019, 2CRSi has partnered with Boston Limited, the British company founded in 1992, which realised turnover of GBP 89.5m for the financial year ended 28 February 2019, while CRSi generated a turnover of €65m on December 31, 2018. The Group today has 330 employees and markets its offer of innovative solutions (processing, storage and network) in more than 45 countries. 2CRSi has been listed since June 2018 on the regulated market of Euronext in Paris (ISIN Code: FR0013341781) and is included in the European Rising Tech label.

For further information please visit: www.2crsi.com

Contacts

2CRSi

Valérie Bouleau
Chief Financial Officer
investors@2crsi.com
+33 (0)3 69 73 81 30

Actifin

Victoire Demeestère
Financial Communication
vdemeestere@actifin.fr
+ 33 (0)1 56 88 11 24

Actifin

Jennifer Jullia
Financial Press Relations
jjullia@actifin.fr
+ 33 (0)1 56 88 11 19