

**PRESS RELEASE**

FY 2020-21

Paris, December 17, 2020 – 6:30pm

**SMART SOLUTIONS FOR A SMART WORLD****2020-21 FIRST-HALF EARNINGS**

At the Board meeting on December 17, 2020, the Directors reviewed and approved the 2020-21 half-year financial statements for the period ended September 30, 2020.

€m	2020-21 (6 months)	2019-20 (6 months)	2019-20 (12 months)
<b>Revenues</b>	<b>8.4</b>	<b>13.0</b>	<b>25.5</b>
<b>Current operating income</b>	<b>(1.3)</b>	<b>(1.6)</b>	<b>(2.9)</b>
Pre-tax current income	(1.4)	(3.0)	(6.5)
<b>Net income from continuing operations</b>	<b>(1.4)</b>	<b>(3.0)</b>	<b>(6.9)</b>
Net income from discontinued or held-for-sale operations	(0.7)		
<b>Consolidated net income</b>	<b>(2.1)</b>	<b>(3.0)</b>	<b>(6.9)</b>
Net income (Group share)	(1.7)	(2.6)	(6.4)

**KEY DEVELOPMENTS**

Business for the first half of 2020-21 was significantly affected by the health crisis. The Digital Transformation division was impacted by the slowdown in client demand, with orders deferred or cancelled, while the Technology Consulting division faced a particularly difficult period, compounded by the automotive sector crisis and the decline in business for the subsidiary ETUD Integral.

In this difficult context, while maintaining a high quality of services for its clients, the Group has limited the impact of the contraction in its activities by making use of the business cash flow support measures introduced by the French government, including furlough arrangements and the deferral and staggering of social security charges and tax payments. Alongside this, the Group has continued rolling out its cost reduction program, focused in priority on turning around the Group's financial position.

The restructuring operations carried out since September 2019 - scaling back premises, optimizing processes and headcounts, outsourcing functions, etc. - are reflected in the accounts for the first half of 2020-21, with a first reduction in the operating loss.

In view of the economic uncertainty, the Group has had to deconsolidate the subsidiary ETUD Integral following the decision by Versailles Commercial Court on December 1, 2020 to open compulsory liquidation proceedings against this company. This deconsolidation will enable the Group to reinforce its financial position, as ETUD Integral represented a significant source of losses and had considerable cash requirements.

The financing agreement set up on November 12 based on issuing ORNAN bonds redeemable in cash and/or new shares has enabled the Group to return to a sound financial position, while securing its stability over the medium and long term.

## FIRST-HALF EARNINGS

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The Group's half-year revenues at September 30, 2020 came to €8.4m, down 26.4% year-on-year on a like-for-like basis. This revenue figure does not take into account the revenues of ETUD Integral: only the impact of its earnings has been isolated under "net income from discontinued or held-for-sale operations". The breakdown of the Group's revenues is now as follows: 89.5% for Digital Transformation and 10.5% for Technology Consulting, with international operations representing 22.5% of the Group's business.

Current operating income is negative, coming in at €(1.3)m, compared with €(1.6)m for the first half of the previous year. This positive change has been supported primarily by the fixed cost reduction and savings plan rolled out over the past year. The Group is moving forward with its policy targeting additional savings.

Net income (Group share) came to €(1.7)m at September 30, 2020, compared with €(2.6)m at September 30, 2019. It includes €(0.7)m for the loss recorded by ETUD Integral, which will be deconsolidated during this financial year.

## FINANCIAL STRUCTURE

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After factoring in half-year earnings, shareholders' equity (Group share) is negative at September 30, 2020, with €(5.9)m, versus €(4.9)m at March 31, 2020. This includes €(2)m for the contribution by the subsidiary ETUD Integral. This also includes a total of €0.7m for the capital increases carried out through (i) the conversion of the outstanding ORNAN bonds issued on February 13, 2019<sup>1</sup> and (ii) the exercising of the BSAR A redeemable warrants freely distributed following the general meeting on July 28, 2017.

The Group's net debt represented €9.96m at the end of the first half of this year, compared with €12.64m at March 31, 2020, and includes €1.3m of bank borrowings, €2.1m of lease commitments and €1.8m of advances granted by the factor.

The cash position was significantly affected by the health crisis during the first half of the year. At end-September, cash and cash equivalents totaled €0.7m and do not include any drawdown on the ORNAN bond issue financing set up on September 30, 2020.

On November 12, the Group also set up the ORNAN bond issue financing, which has been secured for the past few months, in accordance with the delegation of authority granted to the Board of Directors by the extraordinary general shareholders' meeting held on November 12 under the terms of its 21st resolution. Under this delegation, the Board of Directors decided to draw down a first ORNAN bond tranche for €2m to cover its short-term cash requirements and move forward with its business.

## OUTLOOK

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In a difficult economic and health context, the Group, aligned around its two core activities - Digital Transformation and Technology Consulting -, is continuing to move forward with its restructuring and its redeployment focused on returning to a balanced financial position.

The ORNAN bond issue financing set up and the reduction in the operational scope represent an opportunity for the Group to refine its strategy focused on further strengthening the commercial development team and the Group's capacity for innovation in a disruptive context in which new issues are emerging.

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<sup>1</sup> On February 11, 2019, the Group set up financing for a nominal total of €4m by issuing 400 bonds redeemable in cash and/or new Company shares ("ORNAN bonds"), reserved exclusively for YA II PN, LTD, an investment fund managed by the management company Yorkville Advisors Global, LP. During the first half of the financial year (April to September 2020), 73 ORNAN bonds were converted into shares, with 31,833,332 new shares created. Out of the 40 remaining ORNAN bonds, six were converted and the outstanding warrants to be converted were redeemed at par on November 13, 2020, with the drawdown of a new ORNAN bond tranche from the new ORNAN bond financing set up on September 30, 2020.

A table tracking the issues is available on the company's website under Investor Relations / Regulatory Notices.

The Digital Transformation continues to be the Group's priority. Its current activities (Finance, IT Outsourcing, HPC, Telecommunications) are fundamentally buoyant in an increasingly connected world. The Group is also renewing its positions with new smart products and services, including a new ITMS (Intelligent Traffic Management System) solution for optimizing road traffic and cybersecurity solutions developed through partnerships.

## **ADDITIONAL INFORMATION**

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The consolidated half-year financial statements have been subject to a limited review by the statutory auditors, in line with the regulations in force. The half-year financial report will be available, from Friday December 18, 2020, on the Group's site: [www.geci.net](http://www.geci.net).

## **NEXT DATES**

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Publication of the Half-Year Financial Report on Friday December 18, 2020 (after close of trading)

2020-21 full-year revenues on Friday May 14, 2021 (after close of trading)

2020-21 full-year earnings on Friday July 30, 2021 (after close of trading)

## **ABOUT GECI INTERNATIONAL**

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### ***“Smart Solutions for a Smart World”***

The GECI International Group is the Digital Transformation and Technology Consulting specialist, providing its clients, from key accounts to SMEs and startups, with smart solutions and services.

Backed by a network of partner companies and expert capabilities worldwide, GECI International is positioned, with agility, across the entire value chain for projects: consulting, integration, IT outsourcing and training.

The GECI International Group is listed on the regulated market Euronext Paris - Compartment C - and is part of the CAC Small and CAC Technology indices. GECI International is eligible for the SRD long-only deferred settlement service.

ISIN (shares): FR0000079634 – GECP / ISIN (BSAR A warrants): FR0013266764 – GECBT

## **CONTACTS**

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