

2019-20 FULL-YEAR EARNINGS

During the Board meeting on July 30, 2020, the Directors reviewed and approved the annual financial statements for FY 2019-20, ended March 31, 2020.

Consolidated financials

€m	2019-20 (12 months)	2018-19 (12 months)	Change
Revenues	25.5	29.7	(4.2)
Current operating income	(2.9)	0.1	(3.0)
Pre-tax current income	(6.5)	(3.8)	(2.7)
Consolidated net income	(6.9)	(3.8)	(3.1)
Net income (Group share)	(6.4)	(3.0)	(3.4)

Key developments

Following two years of commercial development driven in particular by major investments, GECI International (“the Group”) closed out FY 2019-20 with a significant contraction in revenues, particularly for the Technology Consulting business, compounded by the first consequences of the health crisis.

The subsidiary ETUD Integral was affected by the unfavorable environment for the automotive sector and the shutdown or deferral of certain projects waiting for a recovery to start up from September 2020. However, the Digital Transformation division showed better resilience, with its business maintained at comparable levels to the previous year.

Taking into account the downturn in its business and therefore its profitability, the Group has had to launch a deep reorganization, which began in September 2019 and has been ramped up significantly with the start of the health crisis. This transformation plan is focused in priority on turning around the Group’s financial position through a drastic fixed cost reduction and savings plan (notably reducing overheads and administrative costs, as well as optimizing processes), with its effects to be seen from FY 2020-21.

To support its turnaround, the Group signed a binding letter of intent on July 2, 2020 with Yorkville Advisors (the “Investor”) with a view to setting up a financing agreement for up to €10m¹. The arrangement of this financing is dependent on approval by shareholders during the extraordinary general meeting convened, as well as prior approval of a prospectus by the French financial markets authority (“AMF”). The Company will therefore be inviting its shareholders to an extraordinary general meeting on October 13, 2020 and will shortly be submitting a prospectus to the AMF for approval.

Setting up this new financing would give the Group sufficient financial resources to cover its obligations and its cash requirements over the short and medium term. The Company would therefore have liquidity reserves that would be decisive in order to further strengthen its working capital for the next 12 months and redeem the existing bond financing at maturity (requirements estimated at around one third of the overall total). The Company will also be able to use the

¹ As announced on July 3, 2020, this agreement includes provisions to issue a maximum of 1,000 bonds redeemable in cash or new shares (ORNAN), with a nominal value of €10,000 each. This €10m financing will be able to be used, at the Company’s discretion, in 10 instalments of €1m each over a total period of 30 months, **without any obligation to draw down**.

financing put in place to strengthen its financial structure (by around €1m), to support its redeployment strategy and to capitalize on new development opportunities.

Earnings

The Group's full-year revenues at March 31, 2020 came to €25.5m, down 14% year-on-year. International operations represent 23% of the Group's full-year revenues. The breakdown of the Group's operations between its various markets is as follows: 80% for Digital Transformation and 20% for Technology Consulting.

Current operating income came to -€2.9m, compared with +€0.1m at March 31, 2019. The work launched to reduce operating costs did not make it possible to offset the contraction in the Technology Consulting business.

Net income (Group share) represents -€6.4m, compared with a -€3m loss at March 31, 2019. It includes -€3m of non-current expenses, with losses and provisions relating to the tax inspections concerning the EOLEN Group companies, acquired in 2015 (€0.8m), and the writedown of customer relationships and goodwill (€1.9m).

Financial position

After factoring in earnings for the year, shareholders' equity (Group share) represents €(4.9)m, compared with €(0.2)m at March 31, 2019. This includes a total of €2.2m for the capital increases carried out through (i) the conversion of part of the ORNAN bonds issued on February 13, 2019², (ii) a new share issue linked to compensation for the ORNAN contract³, and (iii) the exercising of the BSAR A redeemable warrants⁴ freely distributed following the general meeting on July 28, 2017.

The Group's net debt came to €(12.6)m at March 31, 2020, compared with €(10.2)m at March 31, 2019. This amount includes the outstanding bonds not yet converted (€1.1m), the advances granted by the factor (€3m) and the restatement of lease charges under IFRS 16 (€3.3m). Bank debt was reduced by €0.9m to €(1.5)m, compared with €(2.4)m at end-March 2019.

Cash and cash equivalents totaled €1.2m, compared with €4.0m the previous year. The use of economic support measures (furlough arrangements, deferral of social security charges, tax and loan instalments, etc.) has enabled the Group to safeguard its cash position in the short term. Negotiations are underway to stagger payments for the deferred social security and tax liabilities. The Company has already obtained moratoriums for its tax liabilities.

The new financing set up would enable the Group to further strengthen its financial resources to cover its obligations and its cash requirements over the short and medium term.

Outlook

The health crisis has accelerated the need for the Group to adopt changes and adapt to the new challenges faced, while enabling it to extend its projects looking into emerging opportunities. The Group is therefore still ambitious to embark on a new development phase, while continuing to adjust its costs, in order to return to a balanced financial position then profitability.

The subsidiaries are optimizing their costs, renewing their processes, repositioning themselves on more sustainable niches with stronger margins, and more generally redeploying their strategy by exploring new opportunities for diversification into promising activities, driven by innovation and strong value-added services. Alongside this, the Group is moving forward with its strategy to develop partnerships with innovative companies to further enhance its range of smart solutions and services, particularly for Cybersecurity and Intelligent Traffic Management Systems, while capitalizing on new development opportunities in a world that is undergoing a transformation.

To finalize its turnaround, the Group needs to return to a healthy financial position by further strengthening its business through financing with ORNAN bonds. This vital operation will enable the Group to consolidate its restructuring and support its redeployment.

² On February 13, 2019, the Company issued 400 ORNAN bonds (unit value of €10,000), without any BSA warrants attached. At March 31, 2020, 232 ORNAN bonds were converted (including 20 from the previous financial year in 2018-19), with 40,580,084 new shares created (including 1,818,181 the previous year).

³ On March 9, 2020, the Company issued 3,000,000 shares to the investment fund Yorkville to pay €93,300 of compensation.

⁴ As authorized by the extraordinary general meeting on July 28, 2017, the Group freely awarded 77,326,418 BSAR A warrants to the Company's shareholders on July 31. During FY 2019-20, 13,412 free BSAR A warrants were exercised, with 3,353 new shares created, for a total of €905.31. The agreement runs through to July 31, 2021. The BSAR A warrants are listed on Euronext.

Proposed transfer to the Euronext Growth market

With regard to the proposal to transfer the listing of GECI International securities to the Euronext Growth market, following a review process lasting several months, Euronext has informed the Group that the timeframe for reviewing its transfer will be extended. This proposed transfer has therefore been deferred to a subsequent date, but is still moving forward, and the market will be informed about its progress.

Next date

- Availability of the 2019-20 annual financial report on July 31, 2020, after close of trading
- General meeting on October 13, 2020

ABOUT GECI INTERNATIONAL

“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

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