

PRESS RELEASE

FY 2021-22

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Digital and Technology for Tomorrow's World

**2021-22 FIRST-HALF EARNINGS:
IMPROVEMENT IN CURRENT OPERATING INCOME AND FINANCIAL STRUCTURE
FURTHER STRENGTHENED**

During the Board meeting on December 16, 2021, the Directors reviewed and approved the half-year financial statements for the period ended September 30, 2021.

€m	2021-22 (6 months)	2020-21 (6 months)	2020-21 (12 months)
Revenues	8.4	8.4	16.7
Current operating income	(0.8)	(1.3)	(1.6)
Pre-tax current income	(1.5)	(1.4)	1.0
Net income from continuing operations	(1.5)	(1.4)	1.4
Net income from discontinued or held-for-sale operations	-	(0.7)	(1.1)
Consolidated net income	(1.5)	(2.1)	0.3
Net income (Group share)	(1.4)	(1.7)	0.7

FIRST-HALF KEY DEVELOPMENTS

Following its withdrawal from the automotive sector in 2020, the GECI International Group decided, in 2021, to redeploy its business around its two longstanding divisions, **DIGITAL** and **TECHNOLOGY**, with a view to consolidating the foundations for its development and rolling out an aggressive commercial development strategy to further strengthen its positions on high-growth markets.

Various initial tangible results of this relaunch were recorded during the first half of the year, with the renewal of client listings and major contracts signed in France and Brazil in particular. Globally, the sustained growth in high performance computing (HPC), the upturn in Finance and the growth in Brazil made it possible to offset the slowdown in the activities affected by the health crisis (more specifically IT infrastructure and telecoms in France). These developments were combined with a year-on-year improvement in current operating income and a strengthening of the financial structure.

The Group plans to continue building on these elements and sign new contracts before the end of the financial year, capitalizing on the investments in research and industry in particular. In a context of industrial and technological renewal supported by the public authorities, more and more opportunities are opening up, and the Group's core pillars - IT development, production and security, telecoms, high performance computing (HPC) or smart products and solutions - are all areas in which the Group intends to set out its ambitions for development.

The financing set up with (i) the issue of ORNAN bonds redeemable in cash and/or new Company shares, and (ii) the launch of a public offering of convertible bonds has been decisive in order to cover the Company's short and medium-term cash requirements, while enabling it to continue improving its financial position.

The Group aims to rapidly return to breaking even and to move forward with its development in line with a new roadmap for sustainable and profitable growth.

FIRST-HALF EARNINGS

The Group's half-year revenues at September 30, 2021 came to €8.4m, stable compared with the first half of the previous year, on account of a negative exchange effect in Brazil (-€0.3m) due to the Brazilian real's devaluation against the euro during the first half of 2021-22. Excluding this exchange effect, the Group's revenues are up 20.8%. The breakdown of the Group's revenues is now as follows: 57.5% for **Digital** and 42.5% for **Technology**, with international operations representing 22.9% of the Group's business.

Current operating income is negative, coming in at €(0.8)m, compared with €(1.3)m for the first half of the previous year. This change is linked primarily to an improvement in the gross margin compared with the previous year. Stronger value-added growth combined with sustained efforts to lower overheads and the reduction in costs for consultants between contracts (periods of inactivity between two missions) are expected to help drive improvements in operational efficiency.

Net income (Group share) came to €(1.4)m at September 30, 2021, compared with €(1.7)m at September 30, 2020. It includes €(0.4)m of non-recurring costs, such as the issue premiums for the convertible bonds issued in July 2021.

FINANCIAL STRUCTURE

After factoring in half-year earnings, shareholders' equity (Group share) is negative at September 30, 2021, with €(0.5)m, versus €(1.0)m at March 31, 2021. This includes a total of €1.7m for the capital increases carried out through (i) the conversion of part of the ORNAN bonds¹ issued in connection with a financing agreement set up on September 30, 2020, and (ii) the bond financing with equitization through a management trust², signed in July 2021.

Thanks to these financing facilities, the Group has been able to cover its short and medium-term obligations, while ensuring the sustainability of its financial position and securing its activities. The Group's net debt totaled €10.1m at the end of the first half of FY 2021-22, compared with €9.6m at March 31, 2021. This change takes into account the remaining convertible bonds issued in July 2021 pending equitization for a total of €2.6m. This amount will further strengthen the Group's equity when the equitization of the remaining bonds is completed. At end-September, cash and cash equivalents totaled €0.8m.

OUTLOOK

The Group aims to further strengthen its revenues and profitability by notably:

- i) Reinforcing its presence alongside its main contracting authorities with a range of stronger value-added solutions;
- ii) Expanding its range of solutions and significantly increasing its average daily billing rate;
- iii) Extending its international alliances and partnerships to further strengthen its range of expertise, its platform of cybersecurity products and solutions, and its technological capabilities.

The Group is continuing to redeploy its business around the high value-added Digital and Technology markets. Already positioned to move forward, the Group is focused on combining growth with its return to a balanced financial position and profitability. Its flagship activities, such as IT infrastructure, telecoms and HPC, are already seeing progress to win back market shares with key accounts. This trend is expected to continue over the second half of the year, confirming the return to competitive growth.

¹ As authorized by the extraordinary general meeting on November 12, 2020, on the same day the Group set up financing for a total net nominal amount of up to €9.3m through the issuing of up to 1,000 ORNAN bonds reserved for YA II PN, Ltd. During the first half of the year, 125 ORNAN bonds were converted, with 91,666,666 new shares created. There are still 600 ORNAN bonds outstanding, representing a gross total of €6m.

² As authorized by the extraordinary general meeting on June 23, 2021, the Group launched a public offering of convertible bonds in June 2021 for a maximum net total of €2,595,000 on the one hand, and on the other hand, set up an equitization mechanism for the convertible bonds, by (i) creating a management trust for the convertible bond holders that transferred their bonds to the trust, and (ii) issuing stock warrants to this trust, with their terms and conditions for exercising enabling the convertible bonds transferred in this way to be transformed into shares. In total, 2,944 convertible bonds were covered by this equitization, with 41,600,957 new shares created during the first half of the year, giving an equitization value of €0.4m.

NEXT DATE

Availability of the Half-Year Financial Report on Friday, December 17, 2021 (after close of trading).

2021-22 full-year revenues on May 16, 2022 (after close of trading).

ABOUT GECI INTERNATIONAL

“Smart Solutions for a Smart World”

Founded in 1980, GECI International is a specialist Digital and Technology group. From the outset, GECI International has innovated alongside major industrial and service companies and provided smart services, solutions and products for its clients, from key accounts to SMEs and startups. With its network of technological partners and expert capabilities worldwide, the Group offers integrated and competitive solutions for Finance, Services, Industry and Research.

GECI International is listed on the Euronext Growth Paris market. ISIN (shares): FR0000079634 – ALGEC.

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