

Aix-en-Provence, 13 September 2023 (6 p.m.)

HIGHCO: H1 2023 BUSINESS ACTIVITY, EARNINGS AND PROFITABILITY IN LINE WITH EXPECTATIONS; ADJUSTED GUIDANCE FOR 2023

H1 2023 business volumes in line with expectations

- H1 2023 gross profit of €38.43 m, up 0.3% on a reported basis and LFL¹.
- Growth in digital businesses (H1 up 3.4% LFL) and decline in offline businesses (H1 down 5.5% LFL).
- Slight business growth in France (H1 up 0.6% LFL) and less significant decline in International business (H1 down 1.7% LFL).

Slight increase in first-half results

- Headline PBIT² of €10 m, up slightly by 0.4%.
- Operating margin² of 26%, stable.
- Operating income of €9.52 M, up 1.7%.
- Adjusted attributable net income³ of €6.32 m, up 6.9%.
- Adjusted earnings per share (EPS)³ of €0.31, up 9%.

Financial position remains strong

- Operating cash flow of €7.48 m (excluding IFRS 16), stable (down €0.08 m).
- Net cash⁴ excluding operating working capital of €14.58 m at 30 June 2023, representing a decrease of €4.47 m compared to 31 December 2022.

Adjusted guidance for 2023

- Gross profit revised from “stable” to “slight decrease”.
- Operating margin revised from “stable” to “slight increase”.
- Increase in adjusted earnings per share.

(€ m)	H1 2023	H1 2022	H1 2023/H1 2022 Change
Gross profit	38.43	38.31	+0.3%
Headline PBIT²	10.00	9.97	+0.4%
Operating margin² (%)	26.0%	26.0%	-
Operational income	9.52	9.36	+1.7%
Attributable net income	6.34	5.91	+7.4%
Adjusted attributable net income³	6.32	5.91	+6.9%
Adjusted earnings per share³ (in €)	0.31	0.29	+9.0%
Operating cash flow (excluding IFRS 16)	7.48	7.56	(€0.08 m)
Net cash⁴ excluding operating working capital	14.58	19.05⁵	(€4.47 m)

1 Like for like: Based on a comparable scope and at constant exchange rates (i.e. applying the average exchange rate over the period to data from the compared period).

2 Headline PBIT: Profit before interest, tax and restructuring costs. Operating margin: Headline PBIT/Gross profit.

3 Adjusted attributable net income: Attributable net income excluding other operating income and expenses (H1 2023: income of €0.03 m; H1 2022: virtually none) and excluding the net after-tax income from assets held for sale and discontinued operations (no impact); adjusted earnings per share based on an average number of shares of 20,084,698 at 30 June 2023 and of 20,471,028 at 30 June 2022.

4 Net cash (or net cash surplus): Cash and cash equivalents less gross current and non-current financial debt at the end of the period.

5 At 31 December 2022.

Didier Chabassieu, Chairman of the Management Board, stated, *“HighCo posted a first half of the year in line with expectations both in terms of business activity and profitability. The French retail market is currently impacted by inflation, which remains at record-high levels for food products, and by exceptional M&A activity. In these unprecedented circumstances, the Group, building on its sound financial structure and the expertise of its staff, continues to support brands and retailers in accelerating the transformation of retail.”*

FINANCIAL PERFORMANCE IN H1 2023

H1 2023 business volumes in line with expectations

As expected, **HighCo posted business growth of 0.3% for H1 2023, with gross profit of €38.43 m.**

With growth of 3.4% over the first half of the year, Digital benefited especially from the strength of SMS and push notification activities (up 24% in volume). The share of digital businesses in the Group's total gross profit increased from 65.3% in H1 2022 to 67.3% in H1 2023.

Meanwhile, offline businesses fell 5.5% over the first half of the year.

In France, gross profit rose slightly, by 0.6%, to €33.4 m in H1 2023. In the first half of the year, France accounted for 86.9% of the Group's total gross profit. **Digital businesses grew 4.6% over the first six months of 2023**, and their share increased significantly to 68.5% of gross profit. Accounting for more than one-quarter of business in France, Mobile activities remained stable over the first half of the year (down 0.5%), against a challenging 2022 comparative base (up 19.7% in H1 2022). Offline businesses fell 7% in France in H1 2023.

International business fell 1.7% in H1 2023 to €5.03 m and accounted for 13.1% of the Group's gross profit. Down 4.5%, the share of Digital in International businesses represented 59.3% of gross profit. In **Belgium**, as anticipated, gross profit fell slightly by 2.5%. After several years of decline, the traditional promotion management business grew in Q2.

Business in **Other countries (Spain and Italy)** continues to hold up (up 3.1% against a comparative base of 33.1% in H1 2022) and accounts for 2% of the Group's gross profit.

Slight increase in first-half results

Slight business growth combined with sound cost control resulted in **headline PBIT of €10 m for H1 2023, up slightly by 0.4%**, both in France (up 0.4% to €8.89 m) and in International business (up 0.4% to €1.11 m).

Operating margin in H1 2023 (headline PBIT/gross profit) **remained stable at 26%.**

After deducting restructuring costs (H1 2023: €0.51 m, H1 2022: €0.6 m), **recurring operating income came out at €9.49 m**, up slightly by 1.4% (H1 2022: €9.36 m).

Operating income in H1 2023 amounted to €9.52 m, for a slight increase of 1.7%.

Financial income totalled €0.36 m, up by €0.53 m, mainly due to income from cash.

The tax expense stood at €2.71 m in H1 2023 (H1 2022: expense of €2.49 m). The effective tax rate rose by 50 basis points to come out at 27.6% for the period.

Adjusted attributable net income rose by 6.9% to €6.32 m (H1 2022: €5.91 m). The reported figure also increased by 7.4% to €6.34 m (H1 2022: €5.91 m).

The Group recorded **adjusted EPS of €0.31 in H1 2023, up 9%** compared to H1 2022 (€0.29 per share).

Financial position remains strong

Cash flow amounted to €9 m, a slight decrease of €0.15 m from H1 2022. Excluding the impact of IFRS 16 – Leases, **cash flow amounted to €7.48 m, virtually stable** compared with H1 2022 (down €0.08 m).

Net cash at 30 June 2023 amounted to €47.91 m, down €22.09 m since 31 December 2022. Excluding operating working capital (€33.33 m at 30 June 2023), **net cash came to €14.58 m, down €4.47 m** from 31 December 2022, mainly due to high shareholder returns (dividend payout and share buybacks) totalling €10.97 m in the first half.

H1 2023 HIGHLIGHTS

In the first half of 2023, unprecedented changes took place on the market for **large French food retailers**:

- Inflation, which remains particularly high for food products (up 11.1% year on year according to the INSEE), is shrinking the purchasing power of French consumers. Households have adapted their spending habits, and in 18 months, the consumption of food items has plummeted by 12% (INSEE – 2023).
- Large food retailers have started a price war, which has benefited two chains in particular: E.Leclerc and Lidl.
- The market is consolidating, with Carrefour's recent takeover of the Cora and Match chains.
- Casino group is restructuring as part of a reshuffle in its share ownership structure and its debt refinancing plan.
- The market is moving towards concentration. The top two retail groups in France (E.Leclerc and Carrefour) are on their way to accounting for half of the market.

In these unprecedented circumstances, HighCo supports its clients, brands and retailers on all sales channels.

Physical **stores**, which remain the main sales channel for food items, are faced with two key challenges:

- bring real solutions to solve the problem of **purchasing power** with impactful promotions, and
- **collect data** to be able to communicate with customers after the distribution of paper flyers is phased out.

At points of sale, HighCo allows big manufacturers such as P&G to create large-scale **promotional offers**. The Group also supports retail chains including E.Leclerc in developing promotional campaigns designed to boost store revenue while collecting customer data.

Meanwhile, the Group continues to roll out its **mobile discount coupon** solution. In addition to the pharmacy network, which covers 14,000 connected locations, the Group announces the first two chains that are currently working on integrating this innovation into their check-out systems: Franprix and Casino.

French **e-commerce** continues to grow with revenue of €147 bn in 2022 (FEVAD – 2022), a 13.8% increase from the previous year. The goal for online stores is to create attractive promotional offers while developing **high value-added digital experiences**.

On this digital sales channel, HighCo supports companies such as Mondelez in implementing promotional offers that highlight its new products on Intermarché's **click-and-collect website**. Useradgents, a HighCo Group subsidiary, also developed an **immersive universe** on the retail website of its client Printemps to boost sales and collect customer data.

ADJUSTED GUIDANCE FOR 2023

Based on its results reported for H1 2023 and forecast business activity in H2 2023, the Group has adjusted its **2023 guidance** as follows:

- **Gross profit** revised from “stable” to “**slight decrease**” (2022 GP: €77.16 m);
- **Operating margin** (headline PBIT/gross profit) revised from “stable” to “**slight increase**” (2022 operating margin: 21%);
- **Increase in adjusted earnings per share** (2022 adjusted EPS: €0.45).

The Group’s financial resources will mainly be allocated to:

- Progress on the projects launched by the startup studio HighCo Venturi (operating investments of between €1 m and €2 m);
- **Capital expenditure** of between €1 m and €2 m (H1 2023: €1.04 m; 2022: €1.16 m);
- The share buyback programme, more than €1.5 m (H1 2023: €1.42 m; 2022: €1.68 m);
- Acceleration of its **CSR strategy**.

A conference call with analysts will take place on 14 September 2023 at 11:00 a.m. (CET). The presentation will be available at the beginning of the meeting on the Company’s website (www.highco.com) under Investors > Financial Information > Financial analysts meetings.

About HighCo

As an expert marketing and communication, HighCo supports brands and retailers in accelerating the transformation of retail.

Listed in compartment C of Euronext Paris, and eligible for SME equity savings plans (“PEA-PME”), HighCo has nearly 500 employees.

HighCo has achieved a Gold rating from EcoVadis, meaning that the Group is ranked in the top 5% of companies in terms of CSR performance and responsible purchasing.

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Upcoming events

Publication takes place **after market close**.

Conference call on half-year earnings: Thursday, 14 September 2023 at 11 a.m.

Q3 and 9-month YTD 2023 Gross Profit: Wednesday, 18 October 2023

Q4 2023 Gross Profit: Wednesday, 24 January 2024



European Rising Tech
LABEL



HighCo is a component stock of the indices CAC® Small (CACS), CAC® Mid&Small (CACMS), CAC® All-Tradable (CACT), Euronext® Tech Croissance (FRTPR) and Enternext® PEA-PME 150 (ENPME).

ISIN: FR0000054231

Reuters: HIGH.PA

Bloomberg: HCO FP

For further financial information and press releases, go to www.highco.com.