

Aix-en-Provence, 24 January 2024 (6 p.m.)

HIGHCO: BUSINESS DECLINE IN 2023 (GP: Q4 DOWN 10.4% LFL; 12-MONTH DOWN 2.7% LFL); FURTHER GROWTH IN OPERATING MARGIN FORECAST AT 22.1%; UNCERTAIN CONTEXT IN 2024 WITH THE CLIENT CASINO

Business slowdown in Q4 2023 as anticipated

- Q4 2023 gross profit¹ of €17.82 m, down 10.4% LFL².
- FY 2023 gross profit¹ of €74.35 m, down 2.7% LFL².
- Digital businesses holding up well (Q4 down 1.3% LFL; 12-month up 1.2% LFL) and sharp decline in offline businesses (Q4 down 29.3% LFL; 12-month down 10.6% LFL).
- Drop in business in France (Q4 down 11.6% LFL; 12-month down 3% LFL) and less significant decline in International business (Q4 down 0.4% LFL; 12-month down 0.6% LFL), with Belgium holding up well.
- Discontinuation of High Connexion activities in Italy (Mobile).

Growth in 2023 financial performance

- Operating margin (headline PBIT/gross profit)³ forecast at 22.1%.
- Adjusted earnings per share⁴ forecast with double-digit growth.

Casino: uncertain context in 2024

Stock markets: HighCo remains eligible for France's SME equity savings plans ("PEA-PME")

Gross Profit (€ m) ¹	2023	2022 LFL ²	2023/2022 LFL ² change
Q1	18.77	18.63	+0.7%
Q2	19.15	19.28	-0.7%
Q3	18.62	18.62	0%
Q4	17.82	19.88	-10.4%
12-month total	74.35	76.41	-2.7%

¹ Data currently being audited.

² 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). Furthermore, in application of IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations, the activities of High Connexion Italy were reported as discontinued operations as of the fourth quarter of 2023. For reasons of consistency, the data reported for 2022 and for the first nine months of 2023 has been restated to account for the impact of High Connexion Italy. As a result, like-for-like data is equal to restated data in 2022.

³ Headline PBIT: Profit before interest, tax and restructuring costs. Operating margin: Headline PBIT/Gross profit.

⁴ Adjusted earnings per share (EPS): Earnings per share excluding other operating income and expenses and excluding net after-tax income from assets held for sale and discontinued operations based on an average number of shares.

Didier Chabassieu, Chairman of the Management Board, stated, “In 2023, the consumer goods market was impacted by several factors, such as inflation on food products, tension between retailers and brands, and operations under way in the food retail sector. Given this context, the Group’s gross profit fell by 2.7% over the year. However, sound cost control enabled us to maintain high profitability and achieve a further rise in earnings in 2023.

2024 is expected to be even more challenging due to the uncertainty surrounding Casino group, which is likely to have a significant negative impact on performance over the financial year. Through the strength of its teams, HighCo will nevertheless be able to build on its strongest and most successful activities, and on its solid financial position to pursue its development.”

BUSINESS SLOWDOWN IN Q4 2023 AS ANTICIPATED

As announced last October, **HighCo recorded a slowdown in its business in Q4 2023 with gross profit of €17.82 m (down 10.4% LFL)**. This decrease in Q4 is primarily due to the sharp decline in marketing and communication consulting businesses and in multi-retailer ad selling.

In these conditions, **the Group's businesses were down 2.7% in 2023 to €74.35 m**, with:

- Growth in the volumes of **coupons cleared** (up 4%) thanks to the strong growth of this business in France at the end of the year;
- A slight slowdown in **Mobile** businesses (down 1.5% like for like);
- Businesses holding up well in **Belgium** (down 0.9% like for like);
- Sharp decline in marketing and communication consulting businesses and in multi-retailer ad selling.

Digital showed **1.2% growth for the full year 2023**. Its share in total Group gross profit continued to grow, rising from 67% in 2022 (reported) to 69.3% in 2023. Meanwhile, offline businesses fell 10.6% over the financial year.

The Group's revenue for FY 2023 came to €145.4 m.

Business decline in France

FRANCE	Gross Profit (€ m)		2023/2022 LFL change	% Total gross profit
	2023	2022 LFL		
Q1	16.30	16.09	+1.4%	86.9%
Q2	16.87	17.00	-0.7%	88.1%
Q3	16.37	16.41	-0.3%	87.9%
Q4	15.72	17.77	-11.6%	88.2%
12-month total	65.26	67.27	-3.0%	87.8%

In France, Q4 2023 gross profit fell sharply by 11.6% to €15.72 m. This decrease is mainly due to the sharp decline in marketing and communication consulting businesses and in multi-retailer ad selling, which was partly offset by the strong performance of **coupon** clearing at the end of the year.

Digital businesses were down slightly by 0.9% in Q4 2023. Offline businesses posted a sharp decline over the quarter (down 34.4%).

Business fell by 3% for the full year 2023, with France accounting for 87.8% of the Group's gross profit. **Digital businesses were on a positive trend, rising 1.8% over the financial year**, and their share increased significantly to 70.8% of gross profit. Accounting for one-quarter of business activities in France, **Mobile** has tapered slightly since the beginning of the year (down 1.5%) against a challenging 2022 comparative base (double-digit growth in 2022). Offline businesses showed a 13% decline over the year.

Less significant decline in International business, with Belgium holding up well

INTERNATIONAL	Gross Profit (€ m)		2023/2022 LFL change	% Total gross profit
	2023	2022 LFL		
Q1	2.46	2.54	-3.1%	13.1%
Q2	2.28	2.28	-0.3%	11.9%
Q3	2.25	2.21	+1.9%	12.1%
Q4	2.10	2.11	-0.4%	11.8%
12-month total	9.09	9.14	-0.6%	12.2%

International gross profit in Q4 2023 remained virtually stable (down 0.4%) at €2.1 m.

In Belgium, gross profit was stable (down 0.1%) and consolidated its positive pathway in Q3 (up 1.7%) after several quarters of decline, confirming the upward trend of the traditional promotion management business.

For the full year 2023, International business fell slightly by 0.6% to €9.09 m, accounting for 12.2% of the Group's gross profit. Down 3.6% like for like, the share of Digital in International businesses represented 58.7% of gross profit. Business in Spain was positive (up 2.8% like for like) and now accounts for 1.2% of the Group's gross profit, following the discontinuation of operations in Italy (see below).

Discontinuation of High Connexion activities in Italy (Mobile)

After losing the main Mobile client in Italy, HighCo decided to discontinue its operations in the country and redeploy its international SMS push notifications activities directly from France, where HighCo intends to consolidate its position as leader in SMS solutions (nearly 1.4 bn SMS sent in 2023).

As these operations in Italy were discontinued, its subsidiary, which generated €0.57 m in gross profit in 2022 and employed two people, was deconsolidated (IFRS 5 – Discontinued Operations).

GROWTH IN 2023 FINANCIAL PERFORMANCE

Based on the year-end closing in progress, very sound cost control resulted in a further increase in headline PBIT (reported 2022 headline PBIT: €16.22 m). Consequently, the Group forecasts an operating margin of 22.1%, up by more than 100 basis points (reported 2022 operating margin: 21%).

Adjusted earnings per share is expected to show double-digit growth (reported adjusted 2022 EPS: €0.45).

2023 annual earnings will be released on 27 March after market close. A conference call is scheduled for Thursday, 28 March at 10.00 a.m.

CASINO: UNCERTAIN CONTEXT IN 2024

As announced last July, HighCo is carefully watching to see how the situation will play out with its long-standing client Casino.

To date, the Group does not have any information on Casino other than news available from the press: reshuffled share ownership structure, restructured debt, and sales of Casino supermarkets and hypermarkets.

Despite the existing contracts between HighCo and Casino, the announced sales of all the food retailer's supermarkets and hypermarkets could have a significant negative impact on the Group's business in 2024. However, this impact cannot be measured at this stage.

Under these circumstances, performance in recent years cannot be extrapolated to 2024. The uncertainty associated with Casino group's current situation therefore calls for caution. HighCo is nevertheless maintaining its focus on its innovation strategy and continues to develop growth drivers. The Group can also build on its strongest and most successful activities (in particular promotion issuing and clearing, Mobile) and on its solid financial position.

STOCK MARKETS: HIGHCO REMAINS ELIGIBLE FOR FRANCE'S SME EQUITY SAVINGS PLANS

In line with regulations (France's Action Plan for Business Growth and Transformation, or PACTE, of 22 May 2019), **HighCo remains eligible for France's government initiative supporting SME equity savings plans ("PEA-PME")**. Eligibility means that HighCo shares can be included in these individual equity savings plans ("PEA-PME").

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

Publications take place **after market close**.

2023 Annual Earnings: Wednesday, 27 March 2024
Conference call on 2023 annual earnings: Thursday, 28 March 2024 at 10 a.m.
Q1 2024 Gross Profit: Wednesday, 24 April 2024
Q2 and H1 2024 Gross Profit: Thursday, 18 July 2024
2024 Half-year Earnings: Wednesday, 11 September 2024
Conference call on 2024 half-year earnings: Thursday, 12 September 2024 at 10 a.m.
Q3 and 9-month YTD 2024 Gross Profit: Wednesday, 16 October 2024
Q4 and FY 2024 Gross Profit: Wednesday, 22 January 2025



European Rising Tech
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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.