

Aix-en-Provence, 16 July 2020 (6.00 p.m.)

HIGHCO: Q2 2020 DOWN 21.6%; H2 2020 EXPECTED TO SHOW A DECLINE OF MORE THAN 5% (GP)

Update on current situation: Impacts of the pandemic on Group businesses

Business decline in Q2 less steep than expected thanks to a recovery of 2.7% in June (GP)

- Q2 2020¹ gross profit (GP) of €19.63 M, down 21.6% on a reported basis and LFL².
- H1 2020¹ gross profit of €40.42 M, a decrease of 16.1% on a reported basis and LFL².
- Better resilience of Digital, especially Mobile: Q2 down 10.8% LFL; H1 down 9.4% LFL.
- Decline in France less steep than expected (7% rebound in June): Q2 down 15.9% LFL; H1 down 14.8% LFL.
- Sharp decline in International business: Q2 down 38% LFL; H1 down 20.3% LFL.

2020 half-year earnings

- Drop expected in adjusted headline PBIT³ with adjusted operating margin³ of about 17%.
- €30 M government-backed loan raised, unused to date.
- Gross cash excluding the government-backed loan and operating working capital of around €10 M at 30 June 2020, compared with €7.8 M at end-March 2020 (€10.6 M at 31 December 2019).

H2 2020 expected to show a business decline of more than 5%

Gross Profit (in € M) ¹	2020	2019 reported	2019 LFL ²	2020/2019 Reported change	2020/2019 LFL ² change
Q1	20.79	23.17	23.17	-10.3%	-10.3%
Q2	19.63	25.03	25.03	-21.6%	-21.6%
Total H1	40.42	48.20	48.20	-16.1%	-16.1%

¹ Limited audit by the Statutory Auditors currently in progress.

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).

³ Adjusted headline profit before interest and tax: Recurring operating income before restructuring costs and excluding the cost of performance share plans. Adjusted operating margin: Adjusted headline PBIT/Gross profit.

Didier Chabassieu, Chairman of the Management Board, stated, *“After the strong impact in April and May due to the unprecedented health and economic crisis, the Group’s businesses benefited from a recovery after the easing of lockdown restrictions, enabling HighCo to post Q2 figures down less than expected. I am proud of our managers and employees, who responded with agility to continue supporting our client through the new challenges they face. Impacted by the crisis and faced with deep changes in consumer habits, brands and retailers will have to reduce and redirect their communication budgets. This will impact our business in the second half of the year. Given this market environment, the Group is accelerating the development of its digital promotional solutions.”*

UPDATE ON CURRENT BUSINESS ENVIRONMENT: IMPACTS OF THE PANDEMIC ON GROUP BUSINESSES

The pandemic has had a significant impact on all Group clients, which affected its businesses in H1 2020:

- Large non-food retailers, approximately 20% of the Group’s business:
 - o Communication or in-store activation campaigns cancelled or postponed due to store closures throughout the lockdown.
- Large food retailers and consumer goods brands:
 - o concentration of investments and resources on business fundamentals: supply of goods, logistics, and management of store employees;
 - o store traffic influenced by geographical proximity and range of selection, leading shoppers to make fewer trips to the store.

In this environment:

- o decrease in communication campaigns and in-store and drive-to-store promotional campaigns, with difficulty for merchandisers to access stores and shutdown of printing services, thus limiting in-store media activities;
- o very strong increase in use of click & collect food sites, which became saturated and temporarily removed or limited display media;
- o development of mobile digital solutions, improving the resilience of businesses involved in mobile apps and SMS push notifications.

BUSINESS DECLINE IN Q2 LESS STEEP THAN EXPECTED THANKS TO A RECOVERY IN JUNE

As anticipated, the government measures taken to limit the spread of the COVID-19 pandemic heavily impacted our business in April (down 41.9%) and May (down 31.4%). However, the decline seen in Q2 was less steep than expected thanks to a recovery in June after lockdown restrictions were eased (up 2.7%). **The Group’s gross profit fell 21.6% to €19.63 M in Q2 2020.**

Digital continued to hold up better, posting a decline limited to 10.8% like for like. The share of Digital in total Group business rose significantly, up from the reported figure of 56.2% in Q2 2019 to 63.9% in Q2 2020.

As a result, **HighCo’s businesses fell by 16.1% in H1 2020 to €40.42 M.**

Group revenue for H1 2020 came out at €73.4 M.

France: Decline less steep than expected

FRANCE	Gross Profit (in € M)		2020/2019 Change		% Total gross profit
	2020	2019 reported	Reported	LFL	
Q1	15.30	17.70	-13.6%	-13.6%	73.6%
Q2	15.66	18.62	-15.9%	-15.9%	79.8%
H1	30.95	36.33	-14.8%	-14.8%	76.6%

Down 15.9% to €15.66 M, France posted better-than-expected gross profit in Q2 2020, as the effects of the crisis on activity were more limited due to a good month in June (up 7%). H1 2020 was down 14.8%, with France accounting for 76.6% of the Group's gross profit in the first half of the year. Although businesses declined across the board, some, such as the Mobile businesses, held up better over the period.

International: Sharp decline in Q2

INTERNATIONAL	Gross Profit (in € M)		2020/2019 Change		% Total gross profit
	2020	2019 reported	Reported	LFL	
Q1	5.49	5.47	+0.5%	+0.5%	26.4%
<i>o/w Benelux</i>	5.18	5.18	+0.0%	+0.0%	24.9%
Q2	3.97	6.41	-38.0%	-38.0%	20.2%
<i>o/w Benelux</i>	3.73	6.14	-39.2%	-39.2%	19.0%
H1	9.47	11.87	-20.3%	-20.3%	23.4%
<i>o/w Benelux</i>	8.91	11.32	-21.3%	-21.3%	22.0%

As anticipated, International business fell sharply, by 38% in Q2 2020. In Benelux, after a stable Q1 due to the later implementation of strict lockdown measures, Q2 showed a very strong decline of 39.2% to €3.73 M, with in-store businesses heavily impacted.

As a result over the first half of the year, International businesses contracted 20.3% to €9.47 M, accounting for 23.4% of the Group's gross profit.

2020 HALF-YEAR EARNINGS

Based on the period closing in progress, the Group anticipates a strong decline in adjusted headline PBIT³ with adjusted operating margin³ of about 17% (adjusted H1 2019 headline PBIT³: €12.72 M; adjusted H1 2019 operating margin³: 26.4%).

At 30 June 2020, estimated gross cash, excluding the government-backed loan and operating working capital, came out at around €10 M, compared with €7.8 M at end-March 2020 (€10.56 M at 31 December 2019). Estimated net cash, including working capital resources from the Data businesses, totalled approximately €72 M at 30 June 2020, versus €62.38 M at 31 December 2019.

The 2020 half-year earnings will be released on Wednesday, 26 August after market close. A conference call with analysts will take place on Thursday, 27 August.

H2 2020 EXPECTED TO SHOW A BUSINESS DECLINE OF MORE THAN 5%

In light of what is currently known about the health and economic situation and based on the forecast business outlook for the months to come, **HighCo expects to be impacted in H2 2020 and to post a business decline of more than 5%**. This impact is likely to affect both France and International businesses, but the extent of the decline may vary depending on the activity. For example, Mobile activities could maintain the positive trend seen in recent weeks.

About HighCo

As an expert in data marketing and communication, HighCo continuously innovates to work with brands and retailers in meeting the retail challenges of tomorrow.

Listed in compartment C of Euronext Paris, and eligible for SME equity savings plans (“PEA-PME”), HighCo has more than 750 employees and since 2010 has been included in the Gaia Index, a selection of 70 responsible Small and Mid Caps.

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Upcoming events

Publications take place **after market close**.

2020 Half-year Earnings: Wednesday, 26 August 2020
Conference call on 2020 half-year earnings: Thursday, 27 August 2020
Q3 and 9-month YTD 2020 Gross Profit: Wednesday, 14 October 2020
Q4 and FY 2020 Gross Profit: Wednesday, 20 January 2021



European Rising Tech
LABEL



HighCo is a component stock of the indices CAC® Small (CACs), CAC® Mid&Small (CACMS) and CAC® All-Tradable (CACT) and Euronext® Tech Croissance (FRTPR).

ISIN: FR0000054231

Reuters: HIGH.PA

Bloomberg: HCO FP

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

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