

Aix-en-Provence, 11 September 2024 (6 p.m.)

## **HIGHCO: STABLE BUSINESS ACTIVITY, EARNINGS AND PROFITABILITY IN H1 2024; GUIDANCE ADJUSTED FOR 2024 WITH EXPECTED DECLINE IN H2, AS FORECAST**

### **H1 2024 business volumes in line with expectations**

- H1 2024 gross profit of €37.7 m, with a slight decline of 0.6% LFL<sup>1</sup>.
- Strong growth in the Activation division (up 10.9% LFL), decline in the Mobile (down 7.4% LFL) and Consulting & Advertising (down 14.2% LFL) businesses.
- Businesses in France stable (0.0% change LFL) and decline in International business (down 4.7% LFL).

### **Stable earnings and profitability**

- Headline PBIT<sup>2</sup> stable at €9.6 m (down 0.2%).
- Operating margin<sup>2</sup> of 25.5% (up 10 basis points).
- Recurring operating income of €8.99 m, with a slight decrease of 1.2%.
- Stable adjusted attributable net income<sup>3</sup> at €6.22 m (up 0.9%).
- Adjusted earnings per share (EPS)<sup>3</sup> of €0.32, up 2.7%.

### **Solid financial position**

- Operating cash flow of €8.59 m (excluding IFRS 16), up by €1.45 m.
- Net cash<sup>4</sup> excluding operating working capital of €21.38 m at 30 June 2024, representing an increase of €1.98 m compared to 31 December 2023.

### **Adjusted guidance for 2024**

- Decrease in gross profit of about 9%.
- Operating margin of more than 16%.

(€ m)	H1 2024	H1 2023 restated	H1 2024 / H1 2023 restated Change
Gross profit	37.70	37.92	-0.6%
<b>Headline PBIT<sup>2</sup></b>	<b>9.60</b>	<b>9.62</b>	<b>-0.2%</b>
<b>Operating margin<sup>2</sup> (%)</b>	<b>25.5%</b>	<b>25.4%</b>	<b>+10 bp</b>
Recurring operating income	8.99	9.11	-1.2%
Operational income	9.23	9.13	+1.1%
Attributable net income	6.36	6.34	+0.3%
<b>Adjusted attributable net income<sup>3</sup></b>	<b>6.22</b>	<b>6.16</b>	<b>+0.9%</b>
<b>Adjusted earnings per share<sup>3</sup> (in €)</b>	<b>0.32</b>	<b>0.31</b>	<b>+2.7%</b>
Operating cash flow (excluding IFRS 16)	8.59	7.13	+€1.45 m
<b>Net cash<sup>4</sup> excluding operating working capital</b>	<b>21.38</b>	<b>19.39</b>	<b>+€1.98 m</b>

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). 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 the first half 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 2023.

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 2024: income of € 0.24 m; H1 2023: income of € 0.03 m) and excluding the net after-tax income from assets held for sale and discontinued operations (H1 2024: loss of € 0.10 m; H1 2023: profit of € 0.16 m); Adjusted earnings per share based on an average number of shares of 19,736,546 at 30 June 2024 and 20,084,698 at 30 June 2023.

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.

Didier Chabassieu, Chairman of the Management Board, stated, “*HighCo is posting solid half-year results in line with expectations, thanks to the strength of the Activation division. The Group will maintain profitability of more than 16% in 2024, despite the decline in business due to Casino in the second half.*”

## FINANCIAL PERFORMANCE IN H1 2024

### Business volumes in line with expectations

In the first half of 2024, the Group's businesses fell slightly by 0.6% to €37.7 m, with:

- Sharp growth in the **Activation** division (**up 10.9% LFL**; 53.8% of the Group's gross profit) due to the significant increase in the number of coupons processed in France (up 28%) and the very positive trend in promotion management;
- Decline in the **Mobile** division (**down 7.4% LFL**; 20.8% of the Group's gross profit), with growth in the share of SMS push notifications and a slowdown in Mobile consulting businesses;
- Decline of the **Consulting & Advertising** division as forecast (**down 14.2% LFL**; 25.5% of the Group's gross profit).

**In France, H1 2024 gross profit remained stable at €33.18 m.** France represented 88% of the Group's gross profit over the first half of the year. This performance is the result of strong processing activities for **coupons** and other **promotional offers** but was counter-balanced by the decline, as anticipated, in the **Mobile consulting and Consulting & Advertising divisions**.

**In International businesses, H1 2024 gross profit was down 4.7% LFL to €4.52 m.** International activity accounted for 12% of the Group's gross profit over the first half of the year.

In **Belgium, gross profit fell by 5.3%** to €4.02 m due to the decline in coupon processing, which was partially offset by the positive trend in traditional promotion management.

Businesses in **Spain** showed slight growth of 0.7% to €0.50 m and accounted for 1.3% of the Group's gross profit.

### Stable earnings and profitability

**Headline PBIT was stable at €9.6 m in H1 2024** (down 0.2%), with growth in France (up 3% to €8.93 m) through sound cost control and a decline in International business (down 29.6% to €0.67 m).

**H1 2024 operating margin** (headline PBIT/gross profit) **showed slight growth** of 10 basis points **to 25.5%**.

After deducting restructuring costs, which were slightly higher (H1 2024: €0.6 m; H1 2023 restated: €0.51 m), **recurring operating income amounted to €8.99 m**, representing a slight decrease of 1.2% (H1 2023 restated: €9.11 m).

H1 2024 **operating income** rose slightly **by 1.1% to €9.23 m** (H1 2023 restated: €9.13 m). This increase is attributable to other operating income and expenses totalling €0.24 m, mainly as a result of the fair value remeasurement of the 29.2% stake previously owned in RetailTech, set at €0.18 m.

**Financial income in H1 2024 totalled €0.87 m**, amounting to a strong increase of €0.51 m, mainly due to income from cash (€0.99 m).

The tax expense remained stable at €2.66 m in H1 2024, coming out to an effective tax rate of 26.9%. This equals a decrease of 130 basis points compared with the restated figure for H1 2023.

Assets held for sale and discontinued operations showed a loss of €0.27 m in the first half of the year (H1 2023 restated: profit of €0.34 m) mainly due of the discontinuation of businesses in Italy.

**Adjusted attributable net income rose slightly by 0.9% to €6.22 m** (H1 2023 restated: €6.16 m). The reported figure emerged stable at €6.36 m (H1 2023: €6.34 m).

The Group recorded **adjusted EPS of €0.32 for the half-year, up 2.7%** from the restated figure for H1 2023 (€0.31 per share).

## Solid financial position

Cash flow amounted to €10.26 m, up €1.61 m from H1 2023. Excluding the impact of IFRS 16 – Leases, **cash flow amounted to €8.59 m, up €1.45 m** from H1 2023.

Net cash at 30 June 2024 amounted to €68.68 m, up €2.55 m since 31 December 2023. Excluding operating working capital (€47.3 m at 30 June 2024), **net cash came to €21.38 m, up by €1.98 m** with respect to 31 December 2023.

## H1 2024 HIGHLIGHTS

### Market changes and impacts for HighCo, partner to brands and retailers

After two years of high **inflation**, price remains a critical factor in consumers' purchasing decisions. The deflation recorded on food products since May (Circana – August 2024) has not been enough to change the **behaviour** of consumers, who have kept their reduced spending habits.

They choose retailers that offer the most aggressive pricing policies and the best **deals**. In fact, 71% of the French population say that they buy more products at reduced prices (Ipsos study – June 2024). The situation is driving the growth of HighCo's promotions businesses in France.

As a result, the promotions businesses within the **Activation** division show a strong 28% increase in the volume of **discount coupons** processed in the first half of 2024.

HighCo supports brands, in particular its client Procter & Gamble, which is highly active in **cashback offers** and enhancing its "**consumer knowledge**".

With the HighCo Merely platform, the Group also **manages personalised promotions** for Carrefour. The promising results of this programme are opening new possibilities for collaboration.

In digital discount coupons, HighCo's innovations also contribute to the strong performance of the Activation division:

- The volume of **retailer e-coupons** processed by HighCo in the first half of 2024 increased by 110% compared with H1 2023;
- The implementation of **universal mobile discount coupons** at Monoprix stores is confirmed before the end of the second half of the year.

In addition, following the sale of its hypermarkets and supermarkets, **Casino** group is refocusing on convenience retail and has announced a stimulus plan structured around three main actions:

- reduced prices
- improved services
- renovated stores.

As expected, the reduced number of Casino group stores will significantly impact HighCo's business in the second half of the year. HighCo is continuing its discussions initiated with Casino group's new executive management to define a new scope of collaboration for 2025 and 2026.

### CSR strategy: EcoVadis Gold medal renewed

HighCo announced that its "**Gold**" ranking, awarded by EcoVadis for its **CSR performance and responsible purchasing**, was renewed in July 2024 with an overall score of 73 out of 100. This detailed assessment measures the maturity of CSR policies and actions taken based on 21 criteria grouped into four themes: **Environment, Labour and Human Rights, Ethics, and Sustainable Procurement**. The renewed Gold medal means that **HighCo remains among the leading 5%** of top-performing companies assessed using the new, stricter EcoVadis methodology.

The Group is committed to continuing its sustainability actions, with the development of its new strategic roadmap to 2030: "**Impact 2030**".

## ADJUSTED GUIDANCE FOR 2024

Based on its results reported for H1 2024 and forecast decline in business activity in H2 2024, the Group has adjusted its **2024 guidance** as follows:

- **Gross profit** revised from “a decline of about 10%” to “**a decline of about 9%**” (2023 gross profit: €74.35 m);
- **Operating margin** (headline PBIT/gross profit) revised from “more than 15%” to “**more than 16%**” (2023 operating margin: 22.1%).

**A conference call with analysts will take place on 12 September 2024 at 10:00 a.m. (CET).** The presentation will be available at the beginning of the meeting on the Company’s website ([www.highco.com](http://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.**

## Your contacts

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## Upcoming events

Publications take place **after market close**.

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



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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 Euronext® PEA-PME 150 (ENPME).

ISIN: FR0000054231

Reuters: HIGH.PA

Bloomberg: HCO FP

For further financial information and press releases, go to [www.highco.com](http://www.highco.com).