

Aix-en-Provence, 27 March 2024 (6 p.m.)

HIGHCO: GOOD FINANCIAL RESULTS IN 2023 (22.1% OPERATING MARGIN AND EPS OF €0.55) TO TACKLE A MORE CHALLENGING YEAR IN 2024; PROPOSED DIVIDEND OF €0.20 PER SHARE

Business decline in 2023

- 2023 gross profit of €74.35 m, down 2.7% LFL¹.
- Digital businesses holding up well (up 1.2% LFL) and strong decline in offline businesses (down 10.6% LFL).
- Drop in business in France (down 3% LFL) and less significant decline in International business (down 0.6% LFL), with Belgium holding up well.

Sharp rise in profitability and in EPS

- Headline PBIT² of €16.41 m, up 4.2%.
- Operating margin² of 22.1%, with a sharp increase of 150 basis points.
- Recurring operating income of €15.85 m, up 8%.
- Adjusted attributable net income³ of €10.9 m, with a sharp rise of 20.9%.
- Adjusted earnings per share (EPS)³ of €0.55, for a strong increase of 23.1%.

Financial position remains strong

- Operating cash flow of €13.43 m (excluding IFRS 16), up by €0.78 m.
- Net cash⁴ excluding operating working capital of €19.39 m at 31 December 2023, representing a slight increase of €0.34 m compared to 31 December 2022.

2024 Guidance

- Decrease in gross profit of about 10%.
- Operating margin of more than 15%.
- Dividend of €0.20 per share to be proposed at the AGM in May 2024.
- Share buyback programme continued.
- Roll-out of the CSR strategy

(€ m)	2023	2022 restated	2023/2022 Change restated
Gross profit	74.35	76.41	-2.7%
Headline PBIT²	16.41	15.75	+4.2%
Operating margin² (%)	22.1%	20.6%	+150 bp
Recurring operating income	15.85	14.68	+8.0%
Operational income	15.85	7.29	+117.4%
Attributable net income	11.12	1.79	
Adjusted attributable net income³	10.90	9.02	+20.9%
Adjusted earnings per share³ (in €)	0.55	0.44	+23.1%
Operating cash flow (excluding IFRS 16)	13.43	12.66	+€0.78 m
Net cash⁴ excluding operating working capital	19.39	19.05	+€0.34 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). 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.

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 (2023: virtually none; 2022: expense of €7.39 m) and excluding the net after-tax income from assets held for sale and discontinued operations (2023: income of €0.22 m; 2022: income of €0.17 m); adjusted earnings per share based on an average number of shares of 19,963,550 at 31 December 2023 and of 20,324,535 at 31 December 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.

Didier Chabassieu, Chairman of the Management Board, stated, *“HighCo posted good financial results in 2023 with an increase in profitability indicators. However, the Group is preparing for a more challenging year in 2024. Our attention is focused on defining a new framework for collaboration with the Casino group. In parallel, we are working hard to accelerate the business development with our other retailer clients and boosting innovation to build on the Group’s strongest businesses. To achieve these goals, HighCo can count on its sound financial position and the engagement of its employees.”*

2023 FINANCIAL PERFORMANCE

Business decline in 2023

In 2023, the Group's businesses fell 2.7% 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, with an increase in volumes of **9% over the year**;
- A slight slowdown in **Mobile** businesses;
- Businesses holding up well in **Belgium**;
- Strong decline in marketing and communication consulting.

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.

In France, business was down by 3% in 2023. 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. France represented 87.8% of the Group's gross profit over the financial year. **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** tapered slightly in 2023 (down 1.5%) against a high 2022 comparative base (double-digit growth in 2022). Offline businesses showed a 13% decline over the year.

International business held up well and fell slightly by 0.6% to €9.09 m for the 2023 financial year, 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.

In **Belgium, gross profit was down slightly** (0.9%) but showed growth in the second half of the year (0.8%). The strength of the traditional promotion management was confirmed, after several quarters of decline.

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 Mobile operations in Italy.

Sharp rise in profitability and in EPS

Sound cost control resulted in **headline PBIT of €16.41 m for the 2023 financial year, for growth of 4.2%**, both in France (up 3.1% to €14.19 m) and in International business (up 11.5% to €2.23 m).

2023 operating margin (headline PBIT/gross profit) **showed strong growth of 150 basis points to 22.1%**.

After deducting the significantly lower restructuring costs (2023: €0.56 m, 2022: €1.07 m), **recurring operating income came out at €15.85 m**, up by 8% (2022 adjusted: €14.68 m).

2023 operating income also stood at €15.85 m, showing a strong increase compared with the adjusted figure for 2022. As a reminder, other operating income and expenses in 2022 mainly correspond to the partial goodwill impairment of Belgian businesses, totalling €7.36 m.

Financial income in 2023 totalled €1.02 m, up by €1.25 m, mainly due to income from cash (€1.27 m).

The tax expense amounted to €4.72 m in 2023 (2022 adjusted: expense of €4.28 m). The effective tax rate was down by 160 basis points to come out at 28%.

Income from assets held for sale and discontinued operations stood at €0.45 m for 2023 (2022 restated: income of €0.38 m) mainly due to the discontinuation of businesses in Italy.

Adjusted attributable net income rose significantly by 20.9% to €10.9 m (2022 restated: €9.02 m). The reported figure increased considerably to €11.12 m (2022: €1.79 m).

The Group recorded **adjusted EPS of €0.55 for the 2023 financial year, i.e. a substantial 23.1% increase** compared to the 2022 restated figure (€0.44 per share).

Financial position remains strong

Cash flow amounted to €16.52 m, up €0.67 m compared with 2022. Excluding the impact of IFRS 16 – Leases, **cash flow amounted to €13.43 m, higher** than in 2022 (increase of €0.78 m).

Net cash at 31 December 2023 totalled €66.13 m, down €3.87 m since 31 December 2022. Excluding operating working capital (€46.74 m at 31 December 2023), **net cash came to €19.39 m, up €0.34 m** from 31 December 2022, mainly due to high shareholder returns (dividend payout and share buybacks) totalling €11.7 m for the year.

CHANGES IN THE RELATIONSHIP WITH CASINO IN THE CONTEXT OF ITS RESTRUCTURING

Following a conciliation procedure in 2023, which led to an agreement for its takeover by new shareholders (EP Global Commerce a.s., Fimalac and Attestor), the Casino group benefited from accelerated bankruptcy protection measures. Moreover, as part of its takeover deal, Casino announced its plans to sell virtually all of its hypermarkets and supermarkets. On 24 January 2024, Casino then announced that it had signed agreements with Auchan Retail and Groupement Les Mousquetaires (Intermarché) to carry out the official sale in the second quarter of 2024.

Since the announcement, HighCo has been in talks with Casino concerning the impact of the sale of its hypermarkets and supermarkets on its current contracts.

As the main contract with this client is in effect until the end of 2026, current discussions aim to define a new framework for collaboration as of the second half of 2024, in particular with the retailers Franprix and Monoprix.

As negotiations stand, HighCo forecasts **a significant decline in its gross profit from this client as of Q2 2024**.

HIGHCO: ACTOR IN THE TRANSFORMATION OF RETAIL

In continuity with 2022, **the consumer goods market was disrupted by high inflation for food products** in 2023. This increase in prices has had two direct consequences:

- **Strong pressure on purchasing power**, which forced consumers to change their consumption habits;
- **A price war between large retailers**, which accelerated the shift towards concentration at work in this business sector.

In this unique context, HighCo has put all its expertise into meeting the specific needs of brands and retailers to consolidate and develop their market share.

Retailers focus most of their attention on price, but this aspect is not enough to develop their chains effectively. They must also improve their **traffic** generation, both in stores and e-commerce, and collect **data**, as retail chain **E.Leclerc** did with HighCo through its many **gaming** campaigns launched in 2023. Retailers are also careful in their communication to enhance their reputation and build ties with consumers. In 2023, HighCo teamed up with the advertising agency Ogilvy (WPP) and won the bid to handle the **communication** for **Netto**, a retailer in Les Mousquetaires group. Lastly, retailers increasingly need to improve their use of technology to achieve efficiency gains. In this area, **Carrefour** set up the HighCo Merely platform to **manage promotional campaigns** simply and collaboratively.

Meanwhile, **national brands** are trying to move upmarket in response to the drop in their volumes and ramp-up of private label and discount brands. In 2023, manufacturers such as **Kellogg's** enlisted HighCo to support the launch of product innovations with **promotional campaigns**. Others, including **Procter & Gamble**, drew on the Group's expertise

to try to re-establish their relationship with consumers. In its **Mobile** businesses, brands like **Longchamp** called on HighCo subsidiary Useradgents to redesign their website and offer their customers a smoother, more comprehensive **digital experience**.

Brands also increased their communication via **SMS marketing**, as HighCo beat a new record with 1.36 billion messages sent in 2023 (up 95% since 2020).

Brands used **promotions**, and specifically HighCo's know-how, to adapt to market changes. Consumers considerably benefited from promotions managed by HighCo. In 2023, the Group registered a 142% increase in participation in **cashback offers** (refunds, games, gifts).

Discount coupons are also on an upward trend, with an increase in the volume of coupons processed in France of 9% over the year. In coupons, two trends currently stand out for the Group:

- HighCo is fully benefiting from growth in **paperless coupons** and processes 100% of coupon volumes for **E.Leclerc, Carrefour** and **Auchan**;
- **Universal mobile discount coupons** continue to be rolled out in stores; HighCo also signed an agreement with **Monoprix** to enable all of its stores to accept these new coupons as of the second half of 2024.

International business leveraged the effects of two innovations:

- In **Belgium**, HighCo developed a new format for multi-brand promotions by way of **programmatic campaigns**;
- In **Spain**, to enhance the consumer experience, the Group developed **cashback offers** accessible via **chatbot** available online and through WhatsApp.

CSR STRATEGY

In 2023, HighCo **strengthened its CSR commitments** by:

- Defining a new **CSR strategy**,
- Carrying out a **full carbon footprint assessment** to define a decarbonisation pathway, and
- Continuing its actions to create greater **employee engagement**.

This new CSR strategy helped to define the Group's area of engagement: ***"Moving towards more sustainable marketing"***

This area of engagement is structured around three pillars:

- Foster a culture that promotes employee fulfilment and performance;
- Design sustainable marketing and communication solutions;
- Guarantee a high level of data security.

HighCo also continued **its actions to improve HR and social performance**, in particular with:

- Achievement of all its performance indicators;
- Maintained **balance of women in management** (50.7% at end-2023);
- Renewal of the **EcoVadis Gold** rating, placing HighCo in the top 5% of companies in terms of CSR performance and responsible purchasing.

The Group's **climate action** included two new projects in 2023:

- Its first full **carbon footprint assessment** (Scopes 1, 2 and 3), with total greenhouse gas emissions of 7,218 tonnes of CO₂ equivalent in 2023 (down from 2022);
- First submission of the CDP (Carbon Disclosure Project) questionnaire.

Lastly, this year was noteworthy for the **strong engagement of employees** and the **Management Committee** in CSR issues, including:

- **awareness initiatives around climate action** for all Management Committee members through the **2Tonnes** workshop and for employees through France's **"fresk"** workshops (climate, mobility, etc.);
- The first **European Sustainability Week** organised by the Group;
- Ongoing internal events organised by **organisations** promoting the environment, **Hagir**, and sports, **OHC**.

In 2024, HighCo plans to pursue initiatives already under way, while deploying its CSR and decarbonisation action plans to meet its target: "to lead by example in terms of HR, social and environmental performance".

2024 GUIDANCE

Given the current situation with Casino and the information known at this time, HighCo announces the following forecasts for 2024:

- **Decrease in gross profit of about 10%** (2023 gross profit: €74.35 m);
- **Operating margin** (headline PBIT/gross profit) **of more than 15%** (2023 operating margin: 22.1%);

The Group's financial resources will be allocated to:

- Shareholder returns with a **dividend payout of €0.20 per share** (€0.40 per share paid in 2023 in respect of FY 2022) and the continued **share buyback programme** involving approximately €1 m (2023: €2.15 m);
- Capital expenditure, expected at less than €1 m (2023: €1.93 m);
- Acceleration of the **CSR strategy**.

ANNUAL GENERAL MEETING OF 21 MAY 2024

HighCo's joint Annual General Meeting will be held at the **head office in Aix-en-Provence on 21 May 2024 at 11 a.m. (CET)**. **A dividend of €0.20 per share with respect to FY 2023**, will be proposed at the meeting, with the payment date scheduled for 28 May 2024 (ex-dividend date of 24 May 2024).

The Supervisory Board examined the financial statements for the year ended 31 December 2023. At the time of writing, the audit of the consolidated financial statements has been carried out. The certification reports will be issued once the required specific verifications have been finalised in order to file the universal registration document.

A conference call with analysts will take place on 28 March 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) 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

Cécile Collina-Hue
Managing Director
+33 1 77 75 65 06
comfi@highco.com

Nicolas Cassar
Press Relations
+33 4 88 71 35 46
n.cassar@highco.com

Upcoming events

Publications take place **after market close**.

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
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

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

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