

*Aix-en-Provence, 24 August 2022 (6 p.m.)*

## **HIGHCO: GROWTH IN HALF-YEAR EARNINGS AND PROFITABILITY; 2022 GUIDANCE REITERATED**

### **H1 2022 business growth in line with expectations**

- H1 2022 gross profit of €38.31 m, up 1.3% on a reported basis and LFL<sup>1</sup>.
- Growth in digital businesses (H1 up 2.8% LFL) with offline businesses holding up well (H1 down 1.3% LFL).
- Healthy business growth in France (H1 up 2.2% LFL) and decline in International business (H1 down 3.9% LFL).

### **Increase in earnings and profitability**

- Headline PBIT<sup>2</sup> of €9.97 m, up 4.9%.
- Operating margin<sup>2</sup> of 26%, up 90 basis points.
- Adjusted attributable net income<sup>3</sup> of €5.91 m, up slightly by 0.7%.

### **Financial position remains strong**

- Operating cash flow of €7.56 m (excluding IFRS 16), for a slight drop of €0.4 m.
- Net cash excluding operating working capital of €15.34 m at 30 June 2022, down €2.58 m compared to 31 December 2021.

### **2022 Guidance reiterated**

- Slight business growth and increase in operating margin of 50 basis points.
- Continued investment in the startup studio HighCo Venturi; acquisitions and/or investments.

### **Strengthened governance with new members**

(€ m)	H1 2022	H1 2021	H1 2022/H1 2021 Change
Gross profit	38.31	37.80	+1.3%
<b>Headline PBIT<sup>2</sup></b>	<b>9.97</b>	<b>9.50</b>	<b>+4.9%</b>
<b>Operating margin<sup>2</sup> (%)</b>	<b>26.0%</b>	<b>25.1%</b>	<b>+90 bp</b>
Recurring operating income/Operating income	9.36	9.28	+0.8%
Attributable net income	5.91	5.89	+0.2%
<b>Adjusted attributable net income<sup>3</sup></b>	<b>5.91</b>	<b>5.87</b>	<b>+0.7%</b>
Adjusted earnings per share <sup>3</sup> (in €)	0.29	0.28	+2.0%
Operating cash flow (excluding IFRS 16)	7.56	7.97	(€0.4 m)
<b>Net cash<sup>4</sup> excluding operating working capital</b>	<b>15.34</b>	<b>17.92<sup>(5)</sup></b>	<b>(€2.58 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).

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 2022: virtually none; H1 2021: no impact) and excluding the net after-tax income from assets held for sale and discontinued operations (H1 2022: no impact; H1 2021: income of €0.02 m); adjusted earnings per share based on an average number of shares of 20,471,028 at 30 June 2022 and of 20,751,387 at 30 June 2021.

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

5 At 31 December 2021.

Didier Chabassieu, Chairman of the Management Board, stated, *“HighCo posted a sound financial position for the first half of 2022 with business growth in line with expectations and further growth in its profitability. Driven by a governance team with new members, the Group continues to develop its growth drivers by drawing on the expertise of its teams, the innovation strength of its startup studio and its high investment capacity.”*

## FINANCIAL PERFORMANCE IN H1 2022

### H1 2022 business growth in line with expectations

**The Group's gross profit grew 1.3% to €38.31 m in the first half of 2022.**

This business growth is mainly due to:

- Double-digit growth in **Mobile** (up 21.1%);
- Strong performance of **coupon clearing** with increasing volumes (up 8%);
- Drop in the business of traditional promotion management;
- Decline in marketing & communication consulting.

With 2.8% growth, **Digital** accounted for **nearly 2/3 of business** (65.3%), and offline businesses held up well (down 1.3%).

Broken down by region, **France posted gross profit of €33.19 m, up 2.2% in H1 2022**, representing 86.6% of the Group's gross profit for the half year. The main reasons for this growth are: double-digit growth in **Mobile** businesses (up 19.7%), the substantial rise in volumes of coupons cleared (up 14%), while traditional promotion management and marketing & communication consulting businesses were down. Digital businesses, **driven by Mobile**, which now accounts for more than one quarter of business in France (26.2%), grew 4.1%, as did their share to represent 65.9% of gross profit. Impacted by the loss of a marketing & communication consulting client, offline businesses showed resistance with a 1.2% decrease over the half year.

**International business fell 3.9% to €5.11 m**, accounting for 13.3% of the Group's gross profit. The share of Digital in International businesses represented 61.1% of gross profit.

In **Belgium**, gross profit decreased 8.4% due to the drop in the volume of discount coupons cleared and continued slowdown in the promotion management business.

With double-digit growth (up 33.1%), business in **other countries** (Spain and Italy) was very strong and now accounts for 2% of the Group's gross profit.

### Increase in earnings and profitability

Business growth, combined with sound cost control, led to a **4.9% rise in headline PBIT** compared with H1 2021, to **€9.97 m in H1 2022**, with:

- A strong 10.4% increase in headline PBIT in France to €8.86 m (H1 2021: €8.03 m);
- A €0.36 m decrease in headline PBIT for International businesses to €1.11 m (H1 2021: €1.47 m).

**Half-year operating margin** (headline PBIT/gross profit) **rose by 90 basis points to 26%** compared with 25.1% for H1 2021.

After deducting restructuring costs (H1 2022: €0.6 m, H1 2021: €0.22 m), with virtually no other operating income and expenses, **recurring operating income and operating income came out at €9.36 m**, up 0.8% (H1 2021: €9.28 m).

The tax expense decreased to €2.49 m in H1 2022 (H1 2021: expense of €2.72 m). The effective tax rate fell considerably by 270 basis points to stand at 27.1% for the period.

**Adjusted attributable net income rose slightly by 0.7% to €5.91 m** (H1 2021: €5.87 m). The reported figure remained almost unchanged, also amounting to €5.91 m (H1 2021: €5.89 m).

The Group recorded **adjusted EPS of €0.29, up 2.0%** compared with H1 2021 (€0.28).

## Financial position remains strong

Cash flow amounted to €9.14 m, down 4.4% compared with the figure at 30 June 2021. Excluding the impact of IFRS 16 – Leases, **cash flow amounted to €7.56 m, down slightly by €0.4 m** compared with the figure at 30 June 2021.

Net cash at 30 June 2022 amounted to €59.56 m, down €14.15 m compared with 31 December 2021.

Excluding operating working capital (€44.22 m at 30 June 2022), **net cash came to €15.34 m, down by €2.58 m** with respect to 31 December 2021.

## HIGHLIGHTS

In H1 2022, three trends directly related to the accelerated retail transformation were confirmed and gained strength: development of mobile activities, central role of promotions in purchasing power and the emergence of Web3.

### Mobile, a central role in retail

In stores, mobile activity continues to change consumers' shopping habits. **Used at points of sale by 48% of French people<sup>6</sup>**, mobile devices have become a real shopping assistant. In France, 9 million buyers in France now use contactless payment via mobile at check-out<sup>7</sup>.

In online commerce, mobile business is steadily picking up. Currently, **M-commerce accounts for 48% of e-commerce sales in France** (up 23%)<sup>8</sup>.

HighCo guides its clients in creating new ways of using mobile solutions in retail:

- HighCo subsidiary UserAdgents has developed **one of the first mini apps in France** for Lacoste's new flagship store. Halfway between a digital and an in-store solution, the app aims to **improve the in-store experience**, for example by enabling them to find product information and making it easier to try products on during peak times, **without having to download the app**.
- Launched by the startup studio HighCo Venturi, the startup HighCo Nifty, which developed the technology used to create the **Universal Mobile Discount Coupon**, accelerated its growth. Since July, **nearly 4,000 pharmacies have been connected to the solution**. The startup also signed **new agreements** with pharmacy industry leaders, enabling it to **significantly increase the number of connected points of sale** within the next few months. Negotiations are also under way with several large food retail chains.

### Promotions, a central role in the issue of purchasing power

France is experiencing inflation that it has not seen in 30 years: up 6.1% in July 2022<sup>9</sup>. Against this backdrop, promotions on consumer goods are on the rise in stores and online<sup>10</sup>.

HighCo brings its clients new promotion solutions:

- HighCo Shopper is currently producing the 49 **live shopping** sessions planned for 2022 to support Casino products. The editorial position of these weekly events is **gradually giving more importance to promotions**, in response to the current economic environment.
- Also launched by the startup studio HighCo Venturi, the startup HighCo Coupon[AI] is a SaaS platform that brands can use to manage their **smart coupon campaigns**. It has showed a good performance. The solution based on **first-party data collection and activation** appeals to brands that want alternatives to offset the disappearance of third-party cookies. The latest campaigns led to an **average opt-in rate of 70%**.
- Unipromo, a platform 30% owned by HighCo (total investment commitment €0.5 m), develops a SaaS solution used by retailers to **oversee all promotional actions from a single system**.

## Web3, the future of retail

The market expects Web3 to play a key role in the future of retail. **Brands and retailers are ramping up their involvement.**

In this environment, the HighCo Venturi startup studio has launched two new projects:

- The Metaland offering was created **for brands and retailers taking their first steps in Web3**. Metaland experts teach staff and guide clients in developing and implementing their strategy (buying land in the metaverse, creating NFTs, building audiences, etc.).
- HighCo invested €0.65 m for a 65% stake in the startup FDBK. This new solution puts influencers in contact with their audience. The system provides influencers with an additional revenue stream and brings consumers advice from recognised experts. Advertisers can also tap into the FDBK community to carry out special campaigns.

## 2022 GUIDANCE REITERATED

Based on its reported business growth in H1 2022 and the increase in half-year earnings, the Group **reiterates its guidance for 2022:**

- **Slight growth in gross profit** (2021 gross profit: €76.52 m);
- **Rise in operating margin** (headline PBIT/gross profit) of 50 basis points (2021 operating margin: 20.3%).

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

- Innovation with the **startup studio HighCo Venturi** (operating investments of more than €4 m);
- **Capital expenditure** of between €1 m and €2 m, down from the initially projected €2 m to €3 m (H1 2022: €0.44 m; 2021: €1.06 m);
- **Acquisitions and investments;**
- The share buyback programme, for more than €1 m (H1 2022: €0.93 m; 2021: €1.31 m).

## SHAREHOLDER RETURNS: CANCELLATION OF 8.77% OF THE SHARE CAPITAL

As part of its shareholder return policy, on 2 July HighCo **reduced its capital** by €982,964.50 with the cancellation of 1,965,929 treasury shares, representing **8.77% of the share capital**. The operation was carried out after the AMF granted WPP an exemption from the requirement to file a public offering. Since then, **HighCo's share capital has stood at €10,227,701.50**, divided into 20,455,403 shares. WPP, HighCo's leading shareholder, now owns 37.4% of HighCo's share capital and 33.3% of the company's voting rights (at end-July 2022).

6 OpinionWay study for Proximis – *Les Français et le commerce sur mobile* » – February 2021.

7 Médiamétrie – « *L'année internet 2021* » – February 2022.

8 Fevad – iCM (Mobile Commerce Index) of February 2022; 2021 data, change from 2020.

9 INSEE – Year-on-year interest rate measured in July 2022.

10 Kantar – Average growth in Hypermarkets/Supermarkets (1.9%) and online (2%) for FMCG in 2021.

## STRENGTHENED GOVERNANCE WITH NEW MEMBERS

HighCo is currently bringing new members onto its governance team, which is expected to enable HighCo to support its clients through the accelerated retail transformation:

- On 2 August, following the review of several candidates, **Cyril Tramon (51)** was proposed for appointment as a **new independent member to the Supervisory Board**. This recommendation comes after Nicolas Butin resigned from his duties as member of HighCo's Supervisory Board on 16 May 2022. Mr Tramon is Chairman and co-founder of the fintech company WeShareBonds (digital lending platform) and asset management firm Phillimore. This appointment will be submitted for ratification at the next General Meeting to be held in 2023. HighCo's Supervisory Board now has five members.
- As Céline Dargent left the Group on 30 June, the **Management Board** is now composed of two members: **Didier Chabassieu**, Chairman, and **Cécile Collina-Hue**, Managing Director. It will be supported by the Executive Committee, which is reviewing candidates for new members.
- As a result, two new members have joined HighCo's Executive Committee: **Nicolas Cassar (41)** and **Thibault Lecerf (33)**. Nicolas Cassar has been with HighCo since 2017, where he notably co-led the startup HighCo Nifty. He will become the **Group's Marketing and Communications Director**. Spearhead of innovation at HighCo since 2017, Thibault Lecerf **currently leads the startup studio HighCo Venturi** specialised in Web3 solutions.

**A conference call with analysts will take place on 25 August 2022 at 11 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 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 500 employees and has achieved Gold status 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**.

Conference call on 2022 half-year earnings: Thursday, 25 August 2022 at 11 a.m.

Q3 and 9-month YTD 2022 Gross Profit: Wednesday, 19 October 2022

Q4 and FY 2022 Gross Profit: Wednesday, 25 January 2023



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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

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