

Aix-en-Provence, 26 August 2020 (6.00 p.m.)

HIGHCO: HEALTHY RESULTS IN H1 2020 DESPITE THE COVID-19 PANDEMIC

Decline less steep than expected

- H1 2020 gross profit of €40.42 M, down 16.1% on a reported basis and LFL¹.
- Better resilience of digital businesses: decline limited to 9.4% LFL, i.e. 59.3% of the Group's total business in H1 2020.

Drop in earnings but healthy profitability

- Adjusted headline PBIT² of €7.03 M, down 44.7%.
- Adjusted operating margin² of 17.4% (H1 2019: 26.4%).
- Recurring operating income of €7.63 M, down 36.4%.
- Attributable net income of €4.13 M, down 37%.

Cash generation

- Net cash³ of €71.49 M at 30 June 2020, up €8.96 M compared with 31 December 2019.
- Net cash excluding operating working capital of €8.01 M at 30 June 2020, for an increase of €4.75 M compared to 31 December 2019.
- €30 M government-backed loan, unused to date.

Guidance: Business decline of more than 5% expected for H2 2020 and 2020 adjusted operating margin forecast at over 10%.

(€ M)	H1 2020	H1 2019	H1 2020/H1 2019 Change
Gross profit	40.42	48.20	-16.1% (-16.1 LFL ¹)
Adjusted headline PBIT ²	7.03	12.72	-44.7%
Adjusted operating margin ² (%)	17.4%	26.4%	-900 bp
Recurring operating income	7.63	12.00	-36.4%
Attributable net income	4.13	6.56	-37.0%
Net cash ³	71.49	62.54 ⁴	+€8.96 M
Net cash ³ excluding operating working capital	8.01	3.25 ⁴	+€4.75 M

Didier Chabassieu, Chairman of the Management Board, stated, *“In this unprecedented health and economic crisis, HighCo has shown sound financial performance in the first half of 2020, mainly due to the strong resilience of its digital businesses. COVID-19 has significantly influenced the digital transformations under way. To help our clients navigate these major changes, the Group will accelerate its innovation policy, primarily by investing in its startup studio HighCo Venturi.”*

FINANCIAL PERFORMANCE IN H1 2020

Decline less steep than expected

H1 2020 gross profit amounted to €40.42 M, down 16.1% on a reported basis and like for like. The decline was less steep than expected thanks to a recovery in June after lockdown restrictions were eased (up 2.7% like for like). Digital continued to hold up better, posting a decline limited to 9.4% like for like. The share of **Digital** in total Group business **rose significantly to 59.3%** in H1 2020 (54.8% on a reported basis in H1 2019).

In France, with the 7% upturn in business in June, **the business decline in H1 2020 was limited to 14.8% like for like, for gross profit of €30.95 M**, or 76.6% of the Group's total gross profit. **Digital business held up well (down 6.9% like for like)**, with its share of total French business at **67.4% in H1 2020**.

After a stable first quarter, **International business fell sharply by 20.3% like for like in H1 2020 to €9.47 M**, with Benelux showing a decline of 21.3% and Southern Europe (Spain and Italy) remaining stable.

Drop in earnings but healthy profitability

The business decline resulted in a **44.7% drop in adjusted headline PBIT to €7.03 M in H1 2020** with:

- France: Down 41.8% to €6.48 M (H1 2019: €11.13 M), with adjusted operating margin holding strong at 20.9%;
- International business: Down 65.7% to €0.55 M (H1 2019: €1.59 M), with adjusted operating margin remaining positive at 5.8%.

Adjusted operating margin (adjusted headline PBIT/gross profit) **came to 17.4%**, down 900 basis points compared with H1 2019 (26.4%).

The drop in adjusted headline PBIT was partly offset by the write-back of the provision on performance share plans (H1 2020: income of €0.78 M; H1 2019: expense of €0.55 M). This resulted in a **less steep decline in recurring operating income** and operating income of **36.4% to €7.63 M** (H1 2019: €12 M). Restructuring costs remained stable (H1 2020: €0.18 M; H1 2019: €0.17 M).

The tax expense decreased 38.4%, totalling €2.78 M in H1 2020 (H1 2019: expense of €4.52 M).

Adjusted attributable net income fell 48.7% to €3.57 M (H1 2019: €6.96 M). On a **reported basis, the figure stood at €4.13 M, down 37%** (H1 2019: €6.56 M).

The Group recorded EPS in H1 2020 of €0.20, down 36.5% compared with H1 2019 (€0.31).

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 Adjusted headline profit before interest and tax: Recurring operating income before restructuring costs (H1 2020: €0.18 M; H1 2019: €0.17 M) and excluding the impact of performance share plans (H1 2020: income of €0.78 M; H1 2019: expense of €0.55 M). Adjusted operating margin: Adjusted headline PBIT/Gross profit.

³ Net cash (or net cash surplus): Cash and cash equivalents less gross current and non-current financial debt, excluding finance lease debt.

⁴ At 31 December 2019, excluding finance lease debt.