

Aix-en-Provence, 25 August 2021 (6.00 p.m.)

HIGHCO: RETURN TO BUSINESS GROWTH IN H1 2021 AND STRONG GROWTH IN HALF-YEAR EARNINGS; 2021 GUIDANCE OF OPERATING MARGIN REVISED UPWARDS (FROM >17% TO >19%)

Return to business growth in H1 2021

- Q2 2021 gross profit of €19.21 M, up 8.1% on a reported basis and LFL¹.
- H1 2021 gross profit of €37.8 M, up 5.1% on a reported basis and LFL¹.
- Business growth in France (H1 up 4.9% LFL) and in International business (H1 up 5.9% LFL).
- Digital businesses grew slightly (H1 up 1.5% LFL) with a very favourable comparative base for offline businesses (H1 up 12.2% LFL).

Earnings and profitability showing strong growth

- Adjusted headline PBIT² of €9.5 M, up 24.1%.
- Adjusted operating margin² of 25.1%, with a sharp increase of 380 basis points.
- Adjusted attributable net income⁴ of €5.87 M, with a sharp rise of 38.5%.

Financial position remains strong

- Operating cash flow of €9.57 M, up 15.1%.
- Net cash excluding operating working capital of €11.14 M at 30 June 2021, down €2.29 M compared to 31 December 2020.

2021 Guidance

- Slight organic growth in H2 2021 gross profit.
- Adjusted operating margin² revised with a significant increase from more than 17% to more than 19%.

(€ M)	H1 2021	H1 2020 restated	H1 2021/ H1 2020 restated Change
Gross profit	37.80	35.98	+5.1%
Adjusted headline PBIT²	9.50	7.65	+24.1%
Adjusted operating margin² (%)	25.1%	21.3%	+380 bp
Adjusted recurring operating income ³	9.28	7.48	+24.2%
Recurring operating income	9.28	8.26	+12.5%
Attributable net income	5.89	4.13	+42.6%
Adjusted attributable net income⁴	5.87	4.24	+38.5%
Adjusted earnings per share ⁴ (in €)	0.28	0.20	+38.0%
Net cash ⁵ excluding operating working capital	11.14	13.42 ⁶	(€2.29 M)
Operating cash flow	9.57	8.31	+15.1%

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, Shelf Service businesses were reported as discontinued operations as of the fourth quarter of 2020. For reasons of consistency, the data reported for H1 2020 has been restated to account for the impact of Shelf Service. As a result, like-for-like data is equal to restated data in H1 2020.

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

3 Adjusted recurring operating income: Recurring operating income excluding the impact of performance share plans.

4 Adjusted attributable net income: Attributable net income excluding the net after-tax impact of performance share plans (H1 2021: none; H1 2020: income of €0.56 M) and excluding net income or loss from assets held for sale and discontinued operations (H1 2021: income of €0.02 M; H1 2020: loss of €0.67 M); adjusted earnings per share based on an average number of shares of 20,751,387 at 30 June 21 and of 20,679,528 at 30 June 2020.

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

6 At 31 December 2020.

Didier Chabassieu, Chairman of the Management Board, stated,

“Thanks to a return to business growth and sound cost control, HighCo posted strong growth in half-year earnings. This good performance enables the Group to continue accelerating its innovation strategy driven by its startup studio HighCo Venturi. Thanks to all its projects, the Group aims to become a leader in the shift towards digital promotions.”

FINANCIAL PERFORMANCE IN H1 2021

Return to business growth in H1 2021

After a healthy Q1 2021 (up 2.2% like for like), **HighCo confirmed its return to growth in Q2 (up 8.1% like for like)**. As a result, **the Group's businesses grew 5.1% in H1 2021 to €37.8 M**.

Digital business, up 1.5% in the first half of the year, was driven by Mobile activities (up 7.3%). Digital accounts for **64.3% of HighCo's total business**. Offline businesses benefited from a very favourable comparative base, posting a strong recovery with growth of 12.2%.

Broken down by region, **France posted gross profit of €32.48 M, up 4.9% in H1 2021**, representing 85.9% of the Group's gross profit for the first half of 2021. Digital businesses grew slightly by 0.8% over the period, and their share represented 64.7% of gross profit.

International business also grew 5.9% to €5.32 M, accounting for 14.1% of the Group's gross profit. Gross margin in Belgium grew 6.3% to €4.75 M. Digital business in the country rose 7.4% compared with H1 2020 on a like-for-like basis, for a share of 57.5% in gross profit. Spain and Italy are fully digital and showed growth of 2.7% to €0.57 M.

Earnings and profitability showing strong growth

Business growth, combined with sound cost control, led to a **sharp 24.1% rise in adjusted headline PBIT** compared with the figures for H1 2020 restated for the sale of HighCo Shelf Service, **at €9.5 M in H1 2021**, with:

- A 25.4% increase in adjusted headline PBIT in France to €8.03 M (H1 2020 restated: €6.4 M);
- Higher adjusted headline PBIT for International businesses, up 17.5% to €1.47 M (H1 2020 restated: €1.25 M).

Adjusted operating margin (adjusted headline PBIT/gross profit) **rose 380 basis points compared with restated figures for H1 2020 (21.3%)**, and 770 basis points compared with the reported figures for H1 2020 (17.4%), **to 25.1%**.

Growth in adjusted headline PBIT and stable restructuring costs (H1 2021: €0.22 M; H1 2020 restated: €0.18 M) led to **a sharp increase of 24.2% in adjusted recurring operating income to €9.28 M** (H1 2020 restated: €7.48 M).

The tax expense remained stable at €2.72 M in H1 2021 (H1 2020 restated: expense of €2.76 M). The effective tax rate fell by more than 400 basis points to stand at 29.8% for the period.

Adjusted attributable net income rose significantly by 38.5% to €5.87 M (H1 2020 restated: €4.24 M). This led to reported attributable net income of €5.89 M, also showing a strong increase of 42.6% (H1 2020 reported: €4.13 M).

The Group reported **adjusted half-year EPS of €0.28, up significantly by 38%** from the restated figure for H1 2020.

Financial position remains strong

Cash flow amounted to €9.57 M, up 15.1% compared with the restated figure as at 30 June 2020.

Net cash at 30 June 2021 **amounted to €62.03 M, down €14.93 M** compared with 31 December 2020.

Excluding operating working capital (€50.89 M at 30 June 2021), **net cash came to €11.14 M, down by €2.29 M** with respect to 31 December 2020.



INTELLIGENT
MARKETING

UPDATE ON CURRENT BUSINESS ENVIRONMENT

Food retail continues to evolve

After 18 months since the beginning of the health crisis, which has disrupted consumer and shopping habits, a few major trends should be noted:

- **Click & collect continues to grow** and currently accounts for nearly 10% of the market¹. **Walk-up click & collect services have emerged**, providing consumers in urban areas with access to a larger variety of products and prices similar to those practised at hypermarkets.
- **Quick commerce** and **dark stores** (small warehouses) have developed, guaranteeing ultra-fast delivery across a limited urban geographical area.

Social media are revolutionising retail

With 75%² of the French population connected every day, social media play an increasingly important role in the daily lives of French people and in the **marketing strategies of brands and retailers**:

- More than 30%³ of French people have already **bought an item** via social media.
- In addition, 20%³ of the French follow **influencers** to benefit from their tips or from promotions (60%⁴ in China).
- And 30%⁴ of French consumers say they are interested in a programme format that has only recently emerged in France: **“live shopping”**.

ACCELERATION OF HIGHCO'S INNOVATION STRATEGY

Through its startup studio HighCo Venturi, HighCo continues to invest with the **goal of creating five startups between now and 2025**:

- Mobilising significant financial and human resources, the Group aims to become a **leader in paperless promotions**.
- With the help of the multi-skilled team 100% dedicated to the HighCo Venturi Startup Studio, the ideas sourced follow an established process to move through the opportunity study, launch and acceleration phases.

Three projects have already been initiated, benefiting from investment in **OPEX over the full year of more than €4 M, of which €2 M in H1 2021, with nearly 40 employees mobilised**.

The projects initiated are:

- **Universal digital discount coupons.**
The startup HighCo Nifty develops technology used for accelerated and secure coupon processing. Implementation and use are smoother (storage on mobile devices, scan at check-out, multi-retailer distribution across all channels, etc.)
- **Smart e-coupons.**
Developed from a SaaS platform, HighCo Coupon[AI] lets brands manage their customised activation strategy independently and efficiently (generosity management, data collection and activation, immediate reporting). For consumers, the shopping experience is enhanced with personalised coupons stored on their mobile device.
- **Paperless flyers.**
HighCo Flowcart is used to create promotional campaigns on social media under a SaaS model. Campaigns are measurable and can be activated on either a local level or nationwide.

In line with the key market trends, especially involving social media, **other projects are also under review** at the startup studio.

Sources: ¹ Online market share in sales of consumer goods/self-service produce, as a % – LSA Expert, April 2021 / ² Wearesocial Hootsuite infographic, moderator blog, January 2021 / ³ Barometer of new consumer trends – Wavestone, April 2021 / ⁴ Quantitative study conducted online for ALTAVIA Shopper mind – OpinionWay, February 2021.

2021 GUIDANCE

With the strong growth in its half-year results, the Group has revised its guidance for 2021 as follows:

- **Slight growth in gross profit in the second half** (H2 2020 gross profit: €38.19 M; FY 2020 gross profit: €74.16 M);
- **Rise in adjusted operating margin** (adjusted headline PBIT/gross profit) revised **from more than 17% to more than 19%** (2020 adjusted operating margin: 16.4%).

A conference call with analysts will take place on 26 August 2021 at 11 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 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 nearly 600 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**.

Conference call on 2021 half-year earnings: Thursday, 26 August 2021 (11.00 a.m. CET)
Q3 and 9-month YTD 2021 Gross Profit: Wednesday, 20 October 2021
Q4 and FY 2021 Gross Profit: Wednesday, 19 January 2022



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

Bloomberg: HCO FP

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

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