

Aix-en-Provence, 22 March 2022 (6.00 p.m.)

HIGHCO POSTS EXCELLENT RESULTS FOR 2021: RETURN TO BUSINESS GROWTH, SHARP RISE IN PROFITABILITY (>20%) AND STRONG INCREASE IN PROPOSED DIVIDEND

Return to business growth

- Full-year 2021 gross profit of €76.52 M, up 3.2% on a reported basis and LFL¹.

Strong growth in results and profitability

- Adjusted headline PBIT² of €15.54 M, for a strong rise of 27.6%.
- Adjusted operating margin² of 20.3%, with a sharp increase of 390 basis points.
- Adjusted attributable net income³ of €8.71 M, for a sharp rise of 50.9%.

Strong cash generation

- Operating cash flow of €15.33 M (excluding IFRS 16), up €2.33 M or 17.9%.
- Net cash excluding operating working capital of €17.92 M at 31 December 2021, representing an increase of €4.5 M compared to 31 December 2020.

High shareholder returns

- Dividend of €0.32 per share to be proposed at the AGM in May 2022, for a sharp 18.5% increase.
- Proposal to cancel around 8% of treasury shares.

2022 Guidance

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

(€ M)	2021	2020	2021/2020 Change
Gross profit	76.52	74.16	+3.2%
Adjusted headline PBIT²	15.54	12.18	+27.6%
Adjusted operating margin² (%)	20.3%	16.4%	+390 bps
Recurring operating income	14.82	12.18	+21.7%
Attributable net income	11.19	4.27	+161.9%
Adjusted attributable net income³	8.71	5.77	+50.9%
Adjusted earnings per share ³ (in €)	0.42	0.28	+51.4%
Net cash⁴ excluding operating working capital	17.92	13.42	+4.50 M€
Operating cash flow (excluding IFRS 16)	15.33	13.00	+17.9%

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 and excluding the impact of performance share plans. Adjusted operating margin: Adjusted headline PBIT/Gross profit.

3 Adjusted attributable net income: Attributable net income excluding the net after-tax impact of performance share plans (2021: no impact; 2020: income of €0.56 M), excluding other operating income and expenses (2021: income of €2.46 M; 2020: no impact) and excluding net income or loss from assets held for sale and discontinued operations (2021: income of €0.02 M; 2020: loss of €2.06 M); adjusted earnings per share based on an average number of shares of 20,677,545 at 31 December 2021 and of 20,738,470 at 31 December 2020.

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

Didier Chabassieu, Chairman of the Management Board, stated, “After two years of operating in a complex environment, I’m proud of the work accomplished by our teams, which has enabled us to post a very good financial performance in 2021. The Group registered a return to growth (up 3.2%) driven by the growth in its digital businesses (two-thirds of gross profit), especially Mobile activities (up 6.8%). This growth comes with a significant rise in headline PBIT and profitability. These very good results have led HighCo to propose high shareholder returns and continue investing in innovation. HighCo confirms its goal: being the key partner for brands and retailers and leading by example in accelerating the transformation of retail.”

2021 FINANCIAL PERFORMANCE

Return to business growth

The Group's gross profit grew 3.2% to €76.52 M for FY 2021.

This business growth was mainly driven by:

- **Digital**, up 2.6%, which now accounts for more than two-thirds of business, especially with the strong performance of **Mobile** businesses (up 6.8%);
- Good performance in offline businesses (up 4.5%), benefiting from a favourable comparison base.

Broken down by region, **France posted gross profit of €66.45 M, up 3.3% in 2021**, representing 86.8% of the Group's gross profit for the full year 2021. **Driven by Mobile (up 7.2%)**, digital businesses grew 2.4%, and their share represented 67.4% of gross profit. Thanks to an extremely favourable comparison base, mainly in Q2 (up 25.3%) offline businesses grew 5.1% for the financial year.

International business also grew, 2.3% to €10.07 M, accounting for 13.2% of the Group's gross profit. This business growth came both from **Belgium (up 2.1%)** and from other countries (up 4.3%). Digital grew 3.3% for FY 2021 and accounted for 63.1% of gross profit.

Strong growth in results and profitability

Business growth, combined with sound cost control, led to a **sharp 27.6% rise in adjusted headline PBIT** compared with 2020, **at €15.54 M in 2021**, with:

- A strong 34.1% increase in adjusted headline PBIT in France to €13.42 M (2020: €10.01 M);
- Virtually stable adjusted headline PBIT for International businesses, at €2.12 M (2020: €2.18 M).

Adjusted operating margin (adjusted headline PBIT/gross profit) **rose substantially by 390 basis points to 20.3%** compared with 16.4% for 2020.

Growth in adjusted headline PBIT and stable restructuring costs (2021: €0.71 M; 2020: €0.78 M) led to a **sharp increase of 21.7% in recurring operating income to €14.82 M** (2020: €12.18 M).

Given other operating income of €2.46 M due to the fair value remeasurement of the earn-out recognised as part of the Useradgents acquisition in 2018, **2021 operating income came to €17.28 M**, rising sharply by 41.9%.

The tax expense remained stable at €4.29 M in 2021 (2020: expense of €4.24 M). The effective tax rate fell considerably by 660 basis points to stand at 29.6% for the period.

Adjusted attributable net income rose very sharply by 50.9% to €8.71 M (2020: €5.77 M). This led to reported attributable net income of €11.19 M, also showing a very strong increase of 161.9% (2020 reported: €4.27 M).

The Group recorded **adjusted EPS of €0.42, for very sharp growth of 51.4%** compared with 2020.

Strong cash generation

Cash flow amounted to €18.48 M, up 13.6% compared with the figure as at 31 December 2020.

Excluding the impact of IFRS 16 – Leases, **cash flow amounted to €15.33 M, up 17.9%** compared with the figure as at 31 December 2020.

Net cash at 31 December 2021 amounted to €73.71 M, down €3.25 M compared with 31 December 2020. Excluding operating working capital (€55.79 M at 31 December 2021), **net cash came to €17.92 M, up by €4.5 M** with respect to 31 December 2020.

HIGH SHAREHOLDER RETURNS

Strong rise in dividends

With this healthy financial performance, at the next General Meeting scheduled for 16 May 2022, **a dividend payment of €0.32 per share will be proposed, representing a sharp 18.5% increase** (€0.27 per share paid in 2021 for 2020).

Proposal to cancel around 8% of treasury shares

HighCo announces that it **plans to cancel 8% of its share capital by the end of June 2022**, through the cancellation of treasury shares (excluding liquidity contract).

As part of its policy on shareholder returns, and as it is approaching the legal 10% limit on treasury shares, the Management Board presented to the Supervisory Board its plan to reduce the share capital by at least 8%, through the cancellation of treasury shares acquired under share buyback programmes. As announced above, in 2021 the Group recorded strong growth in its profitability and posted a sound financial position with a high net cash surplus. These factors support the grounds for this decision.

The Supervisory Board, which met today, authorised the Management Board to proceed with the operation.

The Management Board intends to implement this authorisation by the end of June 2022, subject to the following conditions:

- vote in favour of a resolution authorising the cancellation of treasury shares within legal limits at the Annual General Meeting to be held on 16 May;
- AMF's decision to grant the request of WPP (majority shareholder holding 34% of HighCo's share capital) for an exemption from the requirement to file a public offering; and
- that there will be no future legal recourse to challenge this decision.

It should be noted that WPP will refrain from voting on the resolution to cancel treasury shares that will be submitted at the Annual General Meeting.

HIGHCO AND THE TRANSFORMATION OF RETAIL

With the growth in e-commerce, development of m-commerce and social media, and the emergence of Web3, the retail industry continues to transform. Consumers are massively shifting towards these new shopping formats. By moving forward with its innovation strategy, HighCo is developing new offers and solutions to be the **key partner of choice for brands and retailers in the transformation of the retail industry**.

- **In-store retail** remains where consumers prefer to shop, especially for food shopping. But the channel must reinvent itself to transform stores into spaces of experience, facilitate transactions and provide access to promotions. With **two new startups**, HighCo invents **smart coupons** (HighCo Coupon[AI]) and develops **universal mobile discount coupons** to deliver seamless access to brand generosity (HighCo Nifty).
- In 2022, **food e-commerce** is expected to grow to nearly 10% of market share⁵, with the emergence of a plethora of new businesses to cover delivery needs. That is why HighCo supports retailers like Leclerc, in **adapting in-store events and promotions to online channels**, and Franprix, in **developing shopping apps** including "quick commerce" features.

- With **23% growth** since 2020⁶ **mobile retail** accounts for **50% of e-commerce worldwide**⁷. The development of **e-commerce apps that HighCo develops** for brands, especially digitally native vertical brands (DNVB) such as État Pur, to help them design direct-to-consumer strategies. HighCo has also adapted its expertise in SMS communication to offer a new mobile commerce solution: **SMS payment**. This secure, easy solution enables public transport users in large cities to buy their tickets via SMS.
- **Social media** have now moved into the retail sphere. Studies predict that spending via social media will triple by 2025, from \$490 billion to \$1,200 billion, and account for 17% of e-commerce worldwide⁸. HighCo helps brands such as Arkopharma to deploy their influence strategy by bringing in **influencers and creating storytelling**. Still nascent just a few years ago, **livestream shopping** is used to boost sales (up to 35% of conversion rates⁹ vs. 1.5% on e-commerce) and showcase a brand's products, such as in the weekly livestream shopping events that HighCo organises for Casino. Organising livestream events requires comprehensive expertise that ranges from recruiting influencers to broadcasting, storytelling, video production, and moderating content.
- Lastly, the emergence of Web3 and the metaverse enables brands and retailers to explore new forms of virtual retail. For example, the Group worked with the department store chain Printemps to create an immersive shop and non-fungible token (NFT). Through its startup studio, HighCo is building a comprehensive offering to support its partners in this new form of retail: **creating a collection of NFTs, buying lands in the metaverse and building buildings, developing interfaces with e-commerce to enable transactions**, etc. These are the first technical building blocks in shaping the future of retail.

HIGHCO AND CSR

Since its creation in 1990, HighCo has made social and employee-related issues a central focus in its development, especially its strong involvement in regions where it operates. Innovation is part of the Group's DNA. Society and regulations have accelerated awareness of the role companies can play on these issues.

The Group therefore aims to lead by example in terms of social and environmental performance.

This goal addresses three main challenges:

- encourage employees to buy in to the company purpose;
- attract new talent;
- meet growing expectations from our clients.

HighCo also plans to **continue employee related and social actions already in place**, namely:

- maintaining the balance of women in management (48% at end-2021);
- keeping the Platinum rating from EcoVadis, meaning that the Group is ranked in the top 1% of companies in terms of CSR performance and responsible purchasing;
- developing the HighCo Fund for Entrepreneurship (skills sponsorship and financial aid);
- organising entrepreneurial sponsorship (two startup winners of the Frédéric Chevalier Award).

5 Kantar Consumers Day – Le e-commerce devrait dépasser 10% en 2023 sur les PGC-FLS – Dec. 2021.

6 Fevad – Bilan du e-commerce en France en 2021 – Feb. 2022.

7 PayPlug Study – Mobile trends and uses in 2021 – Jan. 2018 to May 2021.

8 Accenture Research, Social Commerce – 2021.

9 Emarketing.fr – iResearch, Gartner or Deloitte benchmarks – 2021.

2022 GUIDANCE

This guidance was established on information available, in a complex and rapidly changing environment due to the war in Ukraine and ongoing Covid-19 pandemic.

As such, the Group points out that it is not directly or indirectly active in the regions in conflict and confirms that its business has not been impacted as at end-February 2022.

Under these conditions, HighCo forecasts for 2022:

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

The Group's financial resources will be allocated to:

- Innovation with the startup studio HighCo Venturi (operating investments of more than €4 M);
- Capital expenditure of between €2 M and €3 M (€1.06 M in 2021);
- Acquisitions and investments;
- Shareholder returns with the payment of a much higher dividend (about €6.6 M) and continuation of the share buyback programme, which will involve more than €1 M (€1.31 million in 2021).

ANNUAL GENERAL MEETING OF 16 MAY 2022

HighCo's joint Annual General Meeting will be held **at the head office in Aix-en-Provence on 16 May 2022 at 10.30 a.m. (CET)**.

In the health context due to the Covid-19 pandemic, the rules and conditions for attending this meeting may change depending how the situation develops and in line with regulations.

The Supervisory Board examined the financial statements for the year ended 31 December 2021. 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 23 March 2022 at 11:00 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 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 Platinum status from EcoVadis, meaning that the Group is ranked in the top 1% 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 2021 annual earnings: Wednesday, 23 March 2022 – 11:00 am

Q1 2022 Gross Profit: Tuesday, 26 April 2022

Q2 and H1 2022 Gross Profit: Thursday, 21 July 2022

2022 Half-year Earnings: Wednesday, 24 August 2022

Conference call on 2022 half-year earnings: Thursday, 25 August 2022

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

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



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