

Aix-en-Provence, 28 March 2023 (6 p.m.)

HIGHCO POSTS STRONG RESULTS FOR 2022: SLIGHT BUSINESS GROWTH, FURTHER RISE IN PROFITABILITY TO 21%; INCREASE IN PROPOSED DIVIDEND TO €0.40 PER SHARE (UP 25%)

Slight business growth in 2022 driven by the strong momentum of Mobile

- Full-year 2022 gross profit of €77.16 m, up 0.8% on a reported basis and LFL¹.
- Slight growth in digital businesses (up 1% LFL) and good resistance of offline businesses (up 0.5% LFL).
- Business growth in France (up 1.5% LFL) and decline in International business (down 3.6% LFL).

Further rise in profitability to 21%

- Headline PBIT² of €16.22 m, up 4.4%.
- Operating margin² of 21%, up 70 basis points.
- Adjusted attributable net income³ of €9.18 m, up 5.4%.
- Adjusted earnings per share (EPS) of €0.45, up 7.2%.

Financial position remains strong

- Operating cash flow of €12.66 m (excluding IFRS 16), down €2.67 m.
- Net cash⁴ excluding operating working capital of €19.05 m at 31 December 2022, representing an increase of €1.13 m compared to 31 December 2021.

Shareholder returns

- Dividend of €0.40 per share to be proposed at the AGM in May 2023, for a 25% increase.
- Share buyback programme continued.

2023 Guidance

- Stable gross profit.
- Operating margin of about 21%.
- Continued investment in projects launched by the startup studio HighCo Venturi.
- Acceleration of the CSR strategy.

(€ m)	2022	2021	2022/2021 Change
Gross profit	77.16	76.52	+0.8%
Headline PBIT²	16.22	15.54	+4.4%
Operating margin² (%)	21.0%	20.3%	+70 bp
Operational income	7.76	17.28	-55.1%
Attributable net income	1.79	11.19	-84.0%
Adjusted attributable net income³	9.18	8.71	+5.4%
Adjusted earnings per share³ (in €)	0.45	0.42	+7.2%
Operating cash flow (excluding IFRS 16)	12.66	15.33	(€2.67 m)
Net cash⁴ excluding operating working capital	19.05	17.92	€1.13 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).

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 (2022: expense of €7.39 m; 2021: income of €2.46 m) and excluding the net after-tax income from assets held for sale and discontinued operations (2022: no impact; 2021: income of €0.02 m); adjusted earnings per share based on an average number of shares of 20,324,535 at 31 December 2022 and of 20,677,545 at 31 December 2021.

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

Didier Chabassieu, Chairman of the Management Board, stated, *“In 2022, HighCo posted a strong financial performance that allowed the Group to propose a dividend of €0.40 per share.*

Despite the complex economic environment, the Group’s expertise and the agility of its staff have helped to strengthen our relations with our main clients.

The Group is positioned as a leading player for brands and retailers that must step up to the challenges of inflation and the gradual phasing-out of paper flyers.

HighCo is moving into 2023 with a fresh governance structure and the ambition to accelerate its CSR strategy.”

2022 FINANCIAL PERFORMANCE

Slight business growth in 2022 driven by the strong momentum of Mobile

The Group's businesses grew slightly in 2022, by 0.8% to €77.16 m, with:

- Double-digit growth in **Mobile** (up 12.2%);
- Good resistance of **coupon clearing** businesses;
- Drop in the business of traditional promotion management;
- Decline in marketing & communication consulting.

With 1% growth, **Digital** accounted for **more than 2/3 of business** (67%), and offline businesses held up well over the year (up 0.5%).

Broken down by region, **business grew in France by 1.5% to €67.44 m in 2022**, representing 87.4% of the Group's gross profit. The main reasons for this growth are: double-digit growth in **Mobile** businesses (**up 11%**), the rise in volumes of **coupons cleared** (up 2%), while traditional promotion management and marketing & communication consulting businesses were down.

Digital businesses grew 1.7% in France over the year, and their share rose slightly to more than two-thirds of gross profit (67.6%). This growth in Digital came directly from Mobile business, which accounts for one-quarter of business in the region (25%). Despite the loss of a marketing & communication consulting client, offline businesses grew 1.1% over the year.

International business fell 3.6% to €9.71 m, accounting for 12.6% of the Group's gross profit for the year.

The share of Digital in International businesses represented 62.8% of gross profit.

In **Belgium**, gross profit retracted 7.3% and was impacted by a sharp drop in the volume of coupons cleared (down 18%) and the significant slowdown in the promotion management business.

With growth in double digits (up 25.8%) and fully digital, business in **other countries (Spain and Italy)** was very strong and now account for 1.9% of the Group's gross profit.

Further rise in profitability to 21%

Business growth, combined with sound cost control, led to a **4.4% rise in headline PBIT in 2022 to €16.22 m**, with:

- A further 3.8% increase in headline PBIT in France to €13.92 m (2021: €13.42 m);
- Growth in International headline PBIT of 8.3% to €2.3 m (2021: €2.12 m) resulting from sound cost control in Belgium and strong business growth in the other countries (Spain and Italy).

2022 operating margin (headline PBIT/gross profit) **rose by 70 basis points to a high level of 21%** compared with 20.3% for 2021.

After deducting restructuring costs (2022: €1.07 m, 2021: €0.71 m), **recurring operating income came out at €15.15 m**, up slightly by 2.2% (2021: €14.82 m).

2022 operating income was down, at €7.76 m, due to another operating expense of €7.36 m involving the goodwill impairment recognised for Belgium. The impairment did not impact the Group's cash flow or net cash surplus. As a reminder, in 2021 other operating income totalling €2.46 m was recognised for the fair value remeasurement of the earn-out recognised as part of the Useradgents acquisition.

The tax expense amounted to at €4.36 m in 2022 (2021: expense of €4.29 m). The effective tax rate fell slightly by 40 basis points to stand at 29.2% for the period.

Adjusted attributable net income rose 5.4% to €9.18 m (2021: €8.71 m), while reported attributable net income was down sharply to €1.79 m (2021: €11.19 m) due to the goodwill impairment for Belgium.

The Group recorded **adjusted EPS of €0.45, up 7.2%** compared with 2021 (€0.42 per share).

Financial position remains strong

Cash flow amounted to €15.85 m, down €2.64 m compared with the figure at 31 December 2021. Excluding the impact of IFRS 16 – Leases, **cash flow amounted to €12.66 m, down by €2.67 m** compared with cash flow at 31 December 2021.

Net cash at 31 December 2022 amounted to €70 m, down €3.71 m compared with 31 December 2021. Excluding operating working capital (€50.95 m at 31 December 2022), **net cash was high, at €19.05 m, up by €1.13 m** with respect to 31 December 2021.

HIGHCO AND THE TRANSFORMATION OF RETAIL

In 2022, two key trends impacted the consumer goods market:

- The return of inflation, which was particularly high for food products (up 14.5%⁵), is shrinking the purchasing power of households;
- Due to France's AGECE law⁶ and consumer expectations concerning environmental protection, the majority of retail food chains have pledged to limit the use of paper and **gradually phase out flyers**.

As a market leader in the transformation of retail, HighCo supports its clients, brands and retailers on all sales channels.

In-store retail remains consumers' preferred shopping channel, especially for food. With the pressure from other distribution channels, physical stores must gradually reinvent themselves to transform their space into places of experience, bring more services and reduce their impact on the environment (especially by reducing the use of paper). That is why HighCo supports retailers like *E.Leclerc* in installing interactive kiosks used to coordinate POS campaigns and to keep its customer base "contactable".

After two years of Covid, **e-commerce** returned to normal business levels (up 13.8%⁷). These days, it is crucial for retailers to turn digital technology into a profitable growth driver. In response to this need, HighCo supported the e-discounter *Le Club Leader Price* in designing its digital communication campaigns and developing its sales campaigns. Useradgents also helped *La Redoute* in embracing its new corporate identity throughout its digital ecosystem.

As 87% of the population now using a smartphone⁸, mobile devices have completely disrupted consumer habits. The Group invested at a very early stage in developing **Mobile** services. Today, HighCo is the third-largest player in the marketing SMS routing market in France. Meanwhile, Useradgents has been supporting *Casino* group chains (in collaboration with RelevanC) for many years and *franprix* in designing, developing and maintaining their mobile-focused digital services.

The development of new behaviours on **social media** and **web3** are stimulating e-commerce sales. In 2022, HighCo worked with *Laboratoires Arkopharma* in coordinating their influence strategy: 400 macro-, micro- and nano-influencers were selected and activated to create regular, creative messages. The Group also launched HighCo Metaland to guide brands and retailers in developing their first web3 experiences.

The gradual phasing-out of flyers presents new opportunities for HighCo. This historical mass media will be replaced with multiple complementary digital solutions. The Group is already building positions in several of these areas: in-store kiosks, mobile coupons, promotion management platform, etc.

⁵ INSEE, February 2023.

⁶ French anti-waste and circular economy law.

⁷ FEVAD, 2022.

⁸ CREDOC, Baromètre du numérique 2022 (2022 Digital Barometer).

GOVERNANCE AND CSR

The Group aims to lead by example in terms of social and environmental performance. This goal has resulted in a fresh governance structure and an acceleration in its CSR strategy.

New members on the governance team

Since **Cyril Tramon** joined the Supervisory Board in 2022 as Vice-Chairman of the Board and Chairman of the Audit and CSR Committee, HighCo has continued to update its governance structure. The Management Board therefore decided to create a **new Management Committee** to get managers involved in the Group's strategic guidelines.

CSR strategy

In 2022, HighCo continued **its actions to improve HR and social performance**, in particular with:

- Balance achieved of women in management (49% at end-2022);
- Average length of service maintained at more than eight years despite a high turnover rate on the job market;
- High rating from EcoVadis maintained (Gold), meaning that the Group is ranked in the top 5% of companies in terms of CSR performance and responsible purchasing;
- Pursuit of the entrepreneurial sponsorship programme (two new startup winners of the Frédéric Chevalier Award in 2022).

2022 also saw the first **acceleration in the Group's CSR strategy**, with:

- **Creation of a dedicated CSR department;**
- **HAGIR, the environmental organisation** created by HighCo employees, launched its first internal campaigns to raise employee awareness about climate change by organising four Climate Fresk workshops.

In 2023, HighCo plans to **strengthen its CSR commitments** by developing its strategy, conducting a **carbon footprint assessment** to define the Group's decarbonisation pathway and continuing its action to increase **employee engagement**.

SHAREHOLDER RETURNS

Increase in dividend

With this healthy financial performance, at the next General Meeting scheduled for 15 May 2023, a **dividend payment of €0.40 per share will be proposed, representing a 25% increase** (€0.32 per share paid in 2022 for 2021).

Share buyback programme continued

The Management Board also plans to continue its **share buyback programme**, authorised at the General Meeting on 16 May 2022 and involving **more than €1.5 m in 2023** (2022: €1.68 m).

2023 GUIDANCE

For 2023, HighCo forecasts:

- **Stable gross profit** (2022 gross profit: €77.16 m);
- **Operating margin** (headline PBIT/gross profit) of **approximately 21%** (2022 operating margin: 21%).

The Group's financial resources will be allocated to:

- Progress on the projects launched by the startup studio HighCo Venturi (operating investments of between €1 m and €2 m);
- **Capital expenditure** of between €1 m and €2 m (2022: €1.16 m);
- Shareholder returns;
- Acceleration of the **CSR strategy**.

ANNUAL GENERAL MEETING OF 15 MAY 2023

HighCo's joint Annual General Meeting will be held at the **head office in Aix-en-Provence on Monday, 15 May 2023 at 10.30 a.m.** (CET). An **increased dividend of €0.40 per share with respect to FY 2022**, will be proposed at the meeting, with the payment date scheduled for 26 May 2023 (ex-dividend date of 24 May 2023).

The Supervisory Board examined the financial statements for the year ended 31 December 2022. 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 Wednesday, 29 March 2023 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 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 more than 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.

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Upcoming events

Publication takes place **after market close.**

Conference call on annual earnings: Wednesday, 29 March 2023 at 11 a.m.

Q1 2023 Gross Profit: Wednesday, 26 April 2023

Q2 and H1 2023 Gross Profit: Wednesday, 19 July 2023

2023 Half-year Earnings: Wednesday, 13 September 2023

Conference call on half-year earnings: Thursday, 14 September 2023 at 11 a.m.

Q3 and 9-month YTD 2023 Gross Profit: Wednesday, 18 October 2023

Q4 2023 Gross Profit: Wednesday, 24 January 2024



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 Euronext® PEA-PME 150 (ENPME).

ISIN: FR0000054231

Reuters: HIGH.PA

Bloomberg: HCO FP

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