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Aix-en-Provence, 22 April 2020 (6.00 p.m.)

## **HIGHCO: FIRST QUARTER DOWN 10.3% (GP) IMPACTED BY COVID-19**

### **Update on current situation: Impacts of the pandemic on Group businesses**

#### **Business decline in Q1 2020 despite a position of slight growth at end-February (GP)**

- Q1 2020<sup>1</sup> gross profit of €20.79 M, down 10.3% on a reported basis and LFL<sup>2</sup>.
- Better resilience of digital businesses: Q1 LFL down 7.8%.
- Strong decline in France: Q1 LFL down 13.6%.
- Stability in International business: Q1 LFL up 0.5%.

#### **More pronounced decline expected in Q2 2020 than in Q1**

#### **COVID-19: Update of measures taken by the Group**

- Gross cash of €7.8 M at end-March 2020.
- Request granted for a €30 M government-backed loan.

#### **Annual General Meeting of 11 May 2020 under closed session**

<b>in € M</b>	<b>2020</b>	<b>2019 reported</b>	<b>2019 LFL<sup>2</sup></b>	<b>2020/2019 Reported change</b>	<b>2020/2019 LFL<sup>2</sup> change</b>
Q1 Gross Profit <sup>1</sup>	20.79	23.17	23.17	-10.3%	-10.3%

<sup>1</sup> Unaudited data.

<sup>2</sup> 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).

Didier Chabassieu, Chairman of the Management Board, stated, “After seven consecutive years of growth, and despite a good start to 2020, the Group’s performance has come to an abrupt halt with the COVID-19 health crisis. Given this unprecedented health and economic crisis, I’m proud of our managers and employees who have shown their great ability to adapt and respond to change. I’m confident in the organisational structure implemented that will enable us to continue supporting our clients. In this year of its 30<sup>th</sup> anniversary, HighCo has grown into a healthy group, prepared to overcome this challenge.”



## UPDATE ON CURRENT BUSINESS ENVIRONMENT

The pandemic is having a significant impact on the Group's businesses, mainly due to:

- Closure of large non-food retailers, which account for approximately 20% of the Group's business;
- The following factors affecting Group businesses that work directly or indirectly with large food retailers:
  - o Decrease in brand promotions, and chain seasonal event campaigns postponed or cancelled, impacting drive to store businesses;
  - o Difficulty for merchandisers to access stores and shutdown of printing services, limiting in-store media activities;
  - o Saturation of click & collect and food e-commerce sites, causing a sharp decline in display media, which limits the better resilience expected from the Group's digital businesses;
  - o Relative good performance of the Group's mobile businesses (push SMS, development of mobile apps).

The Group is maintaining the ad hoc organisational structure implemented at each subsidiary to continue supporting its clients in the best possible way.

## BUSINESS DECLINE IN Q1 2020 DESPITE A POSITION OF SLIGHT GROWTH AT END-FEBRUARY

After slight business growth in line with the budget at the beginning of the year, the measures taken to limit the spread of the COVID-19 pandemic began impacting all the businesses of our clients, brands and retailers, in March. As a result, HighCo registered a 27.4% decline in March alone. **This led to a 10.3% drop in the Group's gross profit to €20.79 M in Q1 2020.**

**Digital held up better, posting a decline limited to 7.8% like for like. The segment was driven by Mobile businesses, which grew in the first quarter.** The share of Digital in total Group business continued to rise, up from the reported figure of 53.4% in Q1 2019 to 54.9% in Q1 2020.

### Strong decline in France

FRANCE	Gross Profit (in € M)		2020/2019 Change		% Total gross profit
	2020	2019 reported	Reported	LFL	
Q1	15.30	17.70	-13.6%	-13.6%	73.6%

**Down 13.6%, France posted gross profit of €15.3 M in Q1 2020**, representing 73.6% of the Group's gross profit. Excluding Mobile businesses, which showed slight growth over the quarter, all other businesses recorded steep declines in March.

### Stability in International business

INTERNATIONAL	Gross Profit (in € M)		2020/2019 Change		% Total gross profit
	2020	2019 reported	Reported	LFL	
Q1	5.49	5.47	+0.5%	+0.5%	26.4%
<i>o/w Benelux</i>	<i>5.18</i>	<i>5.18</i>	<i>+0.0%</i>	<i>+0.0%</i>	<i>24.9%</i>



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**International gross profit rose slightly by 0.5% like for like to €5.49 M in Q1 2020**, representing 26.4% of the Group's gross profit. In Benelux, gross profit remained stable at €5.18 M for the quarter, benefiting from the later implementation of strict lockdown measures (early April) in Luxembourg. Showing growth of 9.8%, business in Southern Europe is on an upward trend and accounts for 1.5% of the Group's gross profit.

## **MORE PRONOUNCED DECLINE EXPECTED IN Q2 2020 THAN IN Q1**

As anticipated at the end of March and following the extension of lockdown restrictions, **Q2 2020 is expected to be impacted even harder by government measures and to show a significant decline** both in and outside France.

All business activities will be impacted due to the following factors:

- Q2 is a period of high seasonal activity (Easter, Mother's Day and Father's Day) for the Group;
- Numerous sports events featuring as a basis for special event campaigns launched by large retail chains have been postponed (rescheduling of the UEFA's Euro 2020 football championship and Summer Olympic Games for 2021 and of the Tour de France for August 2020, etc.).

## **COVID-19: UPDATE OF MEASURES TAKEN BY THE GROUP**

### **Employees**

HighCo has taken all necessary measures to limit the effects of the pandemic on its employees:

- Dissemination/reminder of "social distancing" on various communication media and stricter health protection measures as of the first announcements from the authorities;
- Closure of Group sites and rollout of measures to ensure business continuity (teleworking);
- Group cohesion maintained with the implementation of various collaborative tools.

### **Cash position and action plan**

**At end-March, gross cash** (excluding operating working capital) **totalled €7.8 M** (€10.56 M at 31 December 2019).

The Group has taken the following measures in response to the drop in business activity and to protect its cash position:

- Use of programmes implemented by the government to reduce the impact of the situation (postponed payment of taxes and social security charges, **partial unemployment for approximately 35% of payroll**, etc.), and, especially, the **request granted by its long-standing banking pool for a €30 M government-backed loan**, with the aim of rapid repayment;
- Syndicated loan agreement signed in 2015: payment of the January 2020 instalment (€2.25 M€) and request granted to postpone repayment of the principal initially scheduled for July 2020 (€2.25 M) and January 2021 (€2.25 M) by six months;
- Savings plan for previously provisioned overhead charges (spending on sales and communication, etc.);
- Suspension of the share buyback programme;
- Suspension of non-priority investments (CAPEX);
- Proposal to allocate all 2019 earnings to reserves, to be put forward at the next Annual General Meeting.

## **2019 ANNUAL FINANCIAL REPORT AND 2020 ANNUAL GENERAL MEETING**

**HighCo's 2019 Universal Registration Document** was filed with the *Autorité des Marchés Financiers* (French financial markets authority) on 16 April 2020 under No. D20-0300. The document contains the annual financial report and is available on HighCo's website ([www.highco.com](http://www.highco.com)), under Investors>Annual Report.



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Given the current COVID-19 pandemic and government measures taken to limit gatherings, the Company has announced that the **Annual General Meeting will be held exceptionally under closed session on 11 May 2020**. The notice of convocation, published in the journal for the publication of official legal notices (*BALO*) of 20 April 2020 and on the Company's website [www.highco.com](http://www.highco.com) (under Investors > Annual General Meetings) explains **how to register to participate in the meeting**. The Company also indicates that it has extended the deadline for submitting written questions, which shareholders can send by email to [comfi@highco.com](mailto:comfi@highco.com) along with their certificate of registration, to Wednesday, 6 May 2020 at 6 p.m.

### **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 750 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**.

Q2 and H1 2020 Gross Profit: Thursday 16 July 2020  
2020 Half-year Earnings: Wednesday 26 August 2020  
Conference call on 2020 half-year earnings: Thursday 27 August 2020  
Q3 and 9-month YTD 2020 Gross Profit: Wednesday 14 October 2020  
Q4 and FY 2020 Gross Profit: Wednesday 20 January 2021



HighCo is a component stock of the indices CAC® Small (CACs), CAC® Mid&Small (CACMS) and CAC® All-Tradable (CACT) and Euronext® Tech Croissance (FRTPR).

ISIN: FR0000054231

Reuters: HIGH.PA

Bloomberg: HCO FP

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

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