

Aix-en-Provence, 14 October 2020 (6.00 p.m.)

## HIGHCO: Q3 2020 BETTER THAN EXPECTED WITH A DECLINE LIMITED TO 2.1% (GP)

### Q3 Business activity higher than expected (GP)

- Q3 2020<sup>1</sup> gross profit of €21.83 M, down 2.1% on a reported basis and LFL<sup>2</sup>.
- 9-month 2020<sup>1</sup> gross profit of €62.24 M, a decrease of 11.7% on a reported basis and LFL<sup>2</sup>.
- Slight growth in Digital: Q3 up 1.1% LFL, 9-month YTD down 6% LFL.
- Decline in France less steep than expected: Q3 down 4.2% LFL, 9-month YTD down 11.4% LFL.
- Growth in International business: Q3 up 4.7% LFL, 9-month YTD down 12.5% LFL.

### Net cash of €6 M at end-September 2020; €30 M government-backed loan unused

### Adjusted guidance

- Business decline expected between 5% and 7% for H2 2020.
- 2020 adjusted operating margin<sup>3</sup> forecast at more than 12%.

Gross Profit (in € M)	2020	2019 reported	2019 LFL <sup>2</sup>	2020/2019 Reported change	2020/2019 LFL <sup>2</sup> change
Q1	20.79	23.17	23.17	-10.3%	-10.3%
Q2	19.63	25.03	25.03	-21.6%	-21.6%
Q3 <sup>1</sup>	21.83	22.28	22.28	-2.1%	-2.1%
9-month total <sup>1</sup>	62.24	70.48	70.48	-11.7%	-11.7%

<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).

<sup>3</sup> Adjusted headline profit before interest and tax: Recurring operating income before restructuring costs and excluding the cost of performance share plans. Adjusted operating margin: Adjusted headline PBIT/Gross profit.

Didier Chabassieu, Chairman of the Management Board, stated, "HighCo posted a better third quarter than expected in terms of both business activity, thanks to Digital businesses, and profitability. This good performance has enabled us to raise our guidance for 2020 operating margin.

In the current health and economic environment, in which the retail industry is increasingly shifting towards digital technology, our clients face new challenges. Through its startup studio HighCo Venturi, the Group is accelerating its innovation policy around digital promotional solutions."

## Q3 BUSINESS ACTIVITY HIGHER THAN EXPECTED

With a decline limited to 2.1% in Q3 2020, the Group posted better-than-expected business activity (Q1 2020: down 10.3%; Q2 2020: down 21.6%) and reached quarterly gross profit of €21.83 M.

Digital performed well, with like-for-like growth of 1.1%, mainly driven by click & collect. The share of Digital in total Group business continued to rise, up from the reported figure of 56.2% in Q3 2019 to 58% in Q3 2020.

As a result, HighCo's businesses were down 11.7% for the first nine months of 2020, with gross profit of €62.24 M. At end-September 2020, the share of Digital in total Group business came in at 58.8%, up from the reported figure of 55.3% at end-September 2019.

### France: Decline less steep than expected

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%
Q2	15.66	18.62	-15.9%	-15.9%	79.8%
Q3	16.21	16.92	-4.2%	-4.2%	74.3%
<b>9-month total</b>	<b>47.16</b>	<b>53.25</b>	<b>-11.4%</b>	<b>-11.4%</b>	<b>75.8%</b>

Although down 4.2% to €16.21 M, France posted better-than-expected gross profit in Q3 2020, as the effects of the crisis on activity were offset by the good performance of digital businesses (up 2.8% in Q3 2020). For the first nine months of 2020, business was down 11.4%, with France accounting for 75.8% of the Group's gross profit.

### International: Growth in Q3

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>	5.18	5.18	+0.0%	+0.0%	24.9%
Q2	3.97	6.41	-38.0%	-38.0%	20.2%
<i>o/w Benelux</i>	3.73	6.14	-39.2%	-39.2%	19.0%
Q3	5.62	5.37	+4.7%	+4.7%	25.7%
<i>o/w Benelux</i>	5.40	5.10	+5.8%	+5.8%	24.7%
<b>9-month total</b>	<b>15.09</b>	<b>17.24</b>	<b>-12.5%</b>	<b>-12.5%</b>	<b>24.2%</b>
<i>o/w Benelux</i>	14.31	16.42	-12.9%	-12.9%	23.0%

With gross profit of €5.62 M, International businesses grew 4.7% in Q3 2020. In Benelux, after a stable Q1 due to the later implementation of strict lockdown measures, and a very strong decline in Q2 (down 39.2%) with in-store businesses heavily impacted, business grew 5.8% in Q3 following a "technical" recovery in July.

For the first nine months of the year, International businesses fell 12.5% to €15.09 M, accounting for 24.2% of the Group's gross profit.

## Accelerating the digitisation of promotions

The COVID-19 health and economic situation has profoundly impacted **retail** and significantly **influenced the digital transformations** under way.

To help its clients navigate these major changes and create growth drivers for the future, HighCo is accelerating its innovation policy primarily through **its startup studio HighCo Venturi**.

The Group has set its priority on **digitising** two main promotional tools, **discount coupons** and **flyers**:

- For discount coupons, issuance and clearing remain for the most part physical. The Group aims to **dematerialise** issuance and acquisition (e-commerce websites, mobile apps, digital wallets), as well as clearing, especially with solutions to log in to retailer checkout systems;
- As HighCo estimates that €1 billion is invested annually in France, flyers represent an important tool in the retail industry. The Group aims to offer a **100% digital alternative to paper flyers**.

## CASH POSITION AT END-SEPTEMBER

**At end-September 2020, estimated gross cash**, excluding the government-backed loan and operating working capital, **came out around €11 M**, compared with €13.02 M at 30 June 2020 (€10.56 M at 31 December 2019). **Net cash totalled approximately €6 M** versus €8.01 M at 30 June 2020. The change between 30 June and 30 September 2020 is mainly due to payments in July and August of social contributions previously postponed.

Given positive headline PBIT<sup>3</sup> in Q3, the absence of a dividend payment and ongoing suspension of the share buyback programme, the €30 M government-backed loan has not been used to date.

## ADJUSTED GUIDANCE

As its businesses have held up better than expected with costs kept under control in Q3 2020, the Group has adjusted its previously announced guidance as follows:

- **Decline in gross profit of between 5% and 7% in H2 2020** (H1 2020: down 16.1%);
- **2020 adjusted operating margin** (adjusted headline PBIT/gross profit) raised from over 10% to **over 12%** (2019 adjusted operating margin: 18.5%).

### **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 700 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 event**

Publication takes place **after market close**.

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), 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](http://www.highco.com).*