

## Remarkable revenue growth & successful execution of « AccelR8 » strategic ambitions

HPS Board of Directors met on March 22, 2024 under the chairmanship of Mr. Mohamed HORANI to review the company's operations and approve the accounts at December 31, 2023.

### Key Highlights

- ▶ Significant increase in consolidated revenues, growing by 18.3%. Regular and recurring revenues rose by 16.3%, contributing to 71% of the Group's business-related revenues.
- ▶ Maintained profitability and financial strength in a period of strong growth and considerable development
- ▶ Expanded global presence with the opening of new offices in Canada and India for supporting growth.
- ▶ « AccelR8 » guidance successfully achieved.

Mr. Mohamed HORANI, Chairman of HPS Group, stated: "Our performance in 2023 confirms HPS Group's transition to a new level of development as outlined in the « AccelR8 » plan. The successful launch of PowerCARD version 4 represents a strategic turning point, offering disruptive innovations to our customers and partners. Additionally, our commitment to ESG principles is strengthening, reflecting our dedication to a sustainable and responsible future."

Mr. Abdesselam ALAOUI SMAILI, Chief Executive Officer, added: "In 2023, HPS Group continued to demonstrate strong growth capabilities, underpinned by diversified and resilient business models and appropriate technological choices. The positive reception of PowerCARD version 4 and our PowerCARD Users Meeting event confirms our medium- to long-term growth trajectory. Our geographical expansion underscores our increased presence in markets with high development potential."

### Business Review

#### Significant growth in consolidated revenues confirming the successful execution of « AccelR8 » plan

In 2023, HPS achieved consolidated revenues of MAD 1,191.5 million, up 18.3% (20.0% at constant exchange rates) compared to 2022. This aligns with the deployment of the « AccelR8 » strategic plan, implemented in 2022 to boost the Group's growth, resilience, and diversification.

The strategy's execution is highlighted by the growth in consolidated revenues, meeting the target of 12% to 17%, and an increase in regular and recurring revenues of 16.3% year-on-year to MAD 808.6 million, contributing 71% to business-related revenues.

#### Sharp rise in revenues across major geographic regions propelled by the accelerated rollout of PowerCARD projects

The Payment business reported a 19.1% revenue growth in 2023, it reached MAD 977 million, representing 86% of the Group's consolidated revenues. This was driven by geographic expansion and the accelerated deployment of PowerCARD projects in both SaaS and On-Premise models (up 27.0%). Licensing revenues also recorded strong growth for the year (up 38.8%).

The year was marked by the winning of significant new customers, particularly in Canada and Australia, enabling the Group to considerably broaden its geographical reach into regions with strong development potential. In addition to these achievements, HPS opened two new offices in Canada and India and expanded its office in Singapore to support its development and the growing needs of its customers in North America and Asia.

#### Strong growth of the Switching business thanks to the development of new services and the integration of new customers

Switching revenues grew by a solid 13.0% year-on-year to MAD 77.7 million in 2023. Throughout the year, the Switching business implemented several initiatives to promote the adoption of new electronic payment methods and enhance transaction security. These efforts led to a significant increase in interoperable transactions, with cash withdrawals up 15.5%, payment transactions up 14.7%, and e-commerce transactions up 18.8%.

The development of new value-added services and the surge in mobile payments are poised to drive future business growth.

#### Unfavorable economic & geopolitical environment for Testing business

The Testing business remained affected by the economic and geopolitical conditions in Europe. This situation led to the postponement of several projects. In 2023, the business generated revenues of MAD 83.4 million, down 4.3% from the previous year, while maintaining efforts in terms of customer portfolio consolidation and referencing.

#### Improved profitability in line with the increase in revenues and slight rise in margin despite higher operating costs

In 2023, HPS demonstrated significant financial robustness, with EBITDA growing by 18.8% to reach MAD 246.6 million. The EBITDA margin stood at 20.7%, and 22.6% when excluding exceptional items, a notable increase from 20.6% in the previous year. This financial year witnessed a marked improvement in profitability, particularly in the latter half, with EBITDA surging by 45% after a modest 1.7% decline in the first half. These gains underscore HPS's strong performance in an increasingly competitive landscape. The rise in operating costs, necessary to support the swift expansion in the Payment and Switching activities, didn't hinder the company's profitability. These cost increments were primarily attributed to:

- A 14.3% increase in workforce throughout 2023 to facilitate growth, coupled with increased expenses linked to the stock option plan. This plan is part of HPS's strategic initiatives focusing on sustainability and equitable value distribution.
- A rise in subcontracting costs, driven by the growth in Payment projects and the robust demand for the deployment of the PowerCARD version 4 platform among customers.

Furthermore, external factors like exchange rate fluctuations and the introduction of new corporate income tax regulations under the Moroccan Finance Act also impacted the consolidated net income.

### Major Achievements

#### Payment +19.1%



- ▶ Strong market demand for PowerCARD version 4
- ▶ Sustained growth for projects revenues across all geographical regions

#### Switching +13.0%



- ▶ Notable increase in high-value-added services
- ▶ Significantly strengthened customer portfolio and product catalog

#### Testing -4.3%



- ▶ Challenging economic and industry contexts
- ▶ Postponed deployments of some projects

## Robust backlog composed essentially from recurring and regular revenues, despite contraction

Despite a contraction, the backlog remained solid at the end of 2023, standing at MAD 820.8 million, down by 12.2% from the previous year (11.3% at constant exchange rates). This decrease largely reflects the accelerated completion of several major projects and extended timelines in finalizing key contracts. Importantly, the composition of the backlog has evolved, with 78.5% comprising recurring or regular revenues at year-end, up from 64.4% in 2022, thus enhancing the visibility and stability of future revenues.

## Research & Development

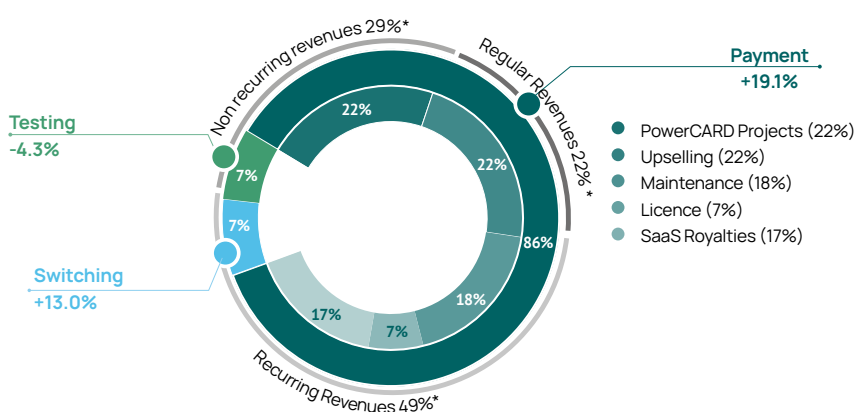
With a steadfast commitment to spearheading innovation and providing the latest in cutting-edge technology, HPS continues to grow its

investment in R&D which increased by 12.2% in 2023, representing 11.5% of consolidated revenues. These strategic investments predominantly targeted the development and enhancement of the PowerCARD version 4 platform.

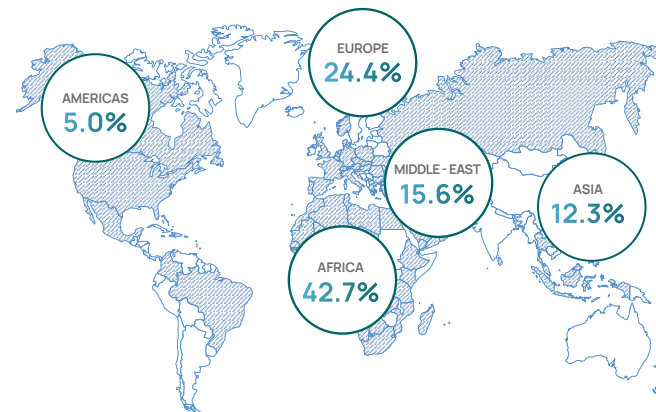
## Cashflow & Financial strength

Amidst robust growth, HPS efficiently managed its cash position in 2023, evidenced by a positive operating cash flow of MAD 43 million, a significant improvement from MAD 19 million in 2022. This financial management facilitated the financing of project roll-outs, regular investments, and continued reduction of debt incurred for external growth initiatives. By year-end, HPS's cash position was at MAD 211.0 million, compared to MAD 238.3 million at the end of 2022.

## Breakdown of Revenues By Business and Geography as of December 31, 2023



\*Based on the sum of revenues from the 3 activities



## Consolidated Key Figures

| IN MAD MILLION                               | DECEMBER 31, 2023 | DECEMBER 31, 2022 | CHANGE        |
|--|-------------------|-------------------|---------------|
| <b>Revenues</b>                              | <b>1,191.5</b>    | <b>1,007.1</b>    | <b>+18.3%</b> |
| Of which Regular & Recurring Revenues        | 808.6             | 695.4             | +16.3%        |
| <b>EBITDA</b>                                | <b>246.6</b>      | <b>207.6</b>      | <b>+18.8%</b> |
| EBITDA Margin                                | 20.7%             | 20.6%             | +0.1 pt       |
| <b>Operating income</b>                      | <b>196.4</b>      | <b>163.5</b>      | <b>+20.1%</b> |
| Operating margin                             | 16.5%             | 16.2%             | +0.3 pt       |
| <b>Net Income (Group share)</b>              | <b>99.9</b>       | <b>117.1</b>      | <b>-14.6%</b> |
| Net Margin                                   | 8.4%              | 11.6%             | - 3.2 pt      |
| <b>Earnings per Share (in MAD)</b>           | <b>13.50*</b>     | <b>16.64**</b>    |               |
| <b>Research &amp; Development</b>            | <b>145.5</b>      | <b>129.7</b>      | <b>+12.2%</b> |
| <b>Cash position as of December 31, 2023</b> | <b>2110</b>       | <b>238.3</b>      | <b>-11.4%</b> |
| <b>Backlog</b>                               | <b>820.8</b>      | <b>934.9</b>      | <b>-12.2%</b> |

\*Based on total number of shares of 7,406,190 following the new shares issue

\*\*Adjusted for the 10-for-1 stock split

## Outlook

Looking forward, HPS Group's leading position in the ever-evolving industry is reaffirmed by its strategic technological decisions, diversified business models, and a culture of innovation. The successful launch of PowerCARD version 4 and achievements throughout the year further bolster the Group's capacity to fulfill the objectives of the "AccelR8" transformation program. These objectives include targeted average annual organic growth of 12% to 17%, with external development contributing to an average annual increase of 10%, and an EBITDA margin objective of 25% to 30% by 2027. Revenue growth in 2024 is expected to be in the range of 12% to 17%, with an EBITDA margin between 20% and 22%, in line with the "AccelR8" plan goals.

In addition to its growth and development goals, HPS is committed to delivering its Corporate Social Responsibility (CSR) strategy. Continuous investments are being channeled into CSR projects that are aligned to the United Nations' Sustainable Development Goals, aiming to positively impact all stakeholders.

For the financial year 2023, the Board of Directors will propose to the Annual General Meeting a dividend distribution of MAD 6.8 per share, reflecting an increase of 13.3% from 2022.

## Disclaimer

This press release contains forward-looking statements which include projections, estimates and assumptions regarding future financial results, plans and objectives, and future events and performance. Actual results and events may differ materially from those projected herein. These statements are not guarantees of future performance and should be evaluated accordingly.

## About HPS

HPS is a worldwide leading provider of payment solutions and services for issuers, acquirers, card processors, independent sales organisations (ISOs), retailers, mobile network operators (MNOs), and national & regional switches around the world. PowerCARD is HPS' comprehensive suite of solutions that covers the entire payment value chain by enabling innovative payments through its open platform that allows the processing of any transaction coming from any channel initiated by any means-of-payment. PowerCARD is used by more than 500 institutions in over 90 countries. HPS has been listed on the Casablanca Stock Exchange since 2006 and has offices located in major business centres (Africa, Europe, Asia, Middle East). For more information: [www.hps-worldwide.com](http://www.hps-worldwide.com)

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