

Consolidated fundamentals and strengthened resilience

- ▶ Consolidated revenues up 1.2% and 3.7% at constant exchange rates
- ▶ Strong growth in the Processing Business Unit
- ▶ Strong cash generation and strengthening of the backlog

«The strong diversification of our Group and the relevance of our strategic orientations have contributed to the resilience of all activities during a challenging year 2020. Despite mobility constraints, our teams have shown exemplary commitment that has enabled the successful deployment of major projects and the signing of major new contracts.» Mr. Mohamed HORANI – Chairman HPS

The HPS Board of Directors met on March 17th, 2021 under the chairmanship of Mr. Mohamed HORANI. The Board reviewed the company's activity and approved the accounts for the financial year 2020.

Business review

Growth and strengthening of the contribution from recurring revenues

During 2020, that was marked by the worldwide health crisis, HPS Group's consolidated revenues amounted to 728.5 MMAD, up 1.2%. At constant exchange rates (MAD/USD), consolidated revenues were up 3.7%.

Due to the limited mobility of our teams for the deployment of various projects and the foreign exchange effect on its revenues, the Solutions business experienced a decline of -2.1%.

The Services business was impacted by the health crisis in France, which limited its activity to projects carried out remotely. Thanks to the rise in revenues of the Payment business and the recovery of the Switching business over the second half of the year, revenues from the Processing BU rose sharply by 46.5%.

Recurring revenues increased by 10.8% and increased their share in the consolidated revenues to 62% compared to 57% in 2019.

Good cost control in a context of increased investment

Accompanying the deep transformations of the payment industry and the ever-higher level of digitalized interactions between the various economic actors, HPS Group continues to broaden and further develop its PowerCARD solutions platform. R&D investments in 2020 amounted to 92.7 MMAD, up 14.7%, accounting for 12.7% of consolidated revenues.

The year 2020 also saw the setting up of a Data Center in Europe with a local Business Partner to support the development of the Processing activity in the region.

Impact of the USD on the business

The Group's revenues – both in terms of operating income and financial expenses – were significantly impacted by an adverse trend in the USD/MAD exchange rate (-7.2% between the end of 2019 and the end of 2020).

Strengthening of the liquidity position

By controlling its implementation and collection cycle, HPS has strengthened its liquidity through optimal management of its Working Capital. Despite the tension on cash due to the pandemic, HPS' activities generated a net cash flow of 126.1 MMAD vs. 48.9 MMAD in 2019, bringing the Group's cash position to 223.5 MMAD against 85.4 MMAD in the year before. This performance reinforces the Group's investment and growth capacity to deploy its strategic objectives.

Strengthened backlog

Despite the constraints arising from the limited mobility of the teams, the HPS Group has demonstrated a sustained momentum in sales. Backlog was up 10.9% to 572.8 MMAD at the end of 2020 thanks to a significant number of new orders.

Sustained effort in R&D

HPS is still strongly investing in the development of the version 4 of its PowerCARD solution, which will consolidate the Group's leading position in the Payment Solutions segment worldwide.

These R&D sustained investment efforts will also allow the release of V4 as planned.

Solutions / -2.1%

2020 **485.5**
2019 **495.8**

- ▶ Strengthening of recurring revenues
- ▶ Strong Sales activity : signing of major deals during the 2nd half of the year
- ▶ Sustained investment in R&D
- ▶ Limited impact of mobility restrictions thanks to the Business Continuity Plan

Processing / +46.5%

2020 **98,2**
2019 **67,1**

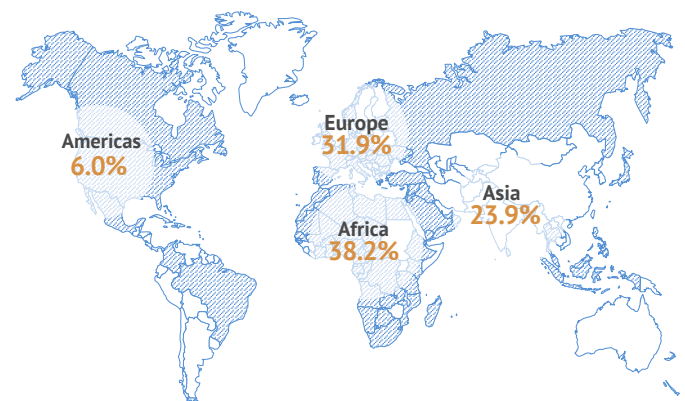
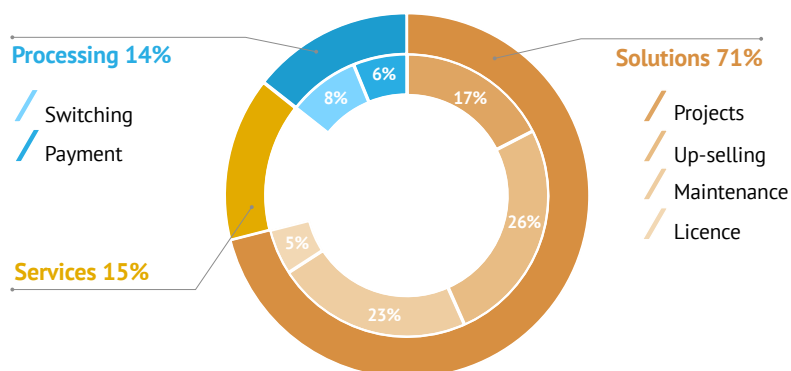
- ▶ Strong increase in the Payment business with the ongoing implementation of major projects
- ▶ Recovery of the Switching activity after the severe impact of the lockdown in Morocco on the segment
- ▶ Renewal of the PCI-DSS certification

Services / -7.9%

2020 **99.6**
2019 **108.2**

- ▶ Impact of the health crisis in France on the activity
- ▶ Synergy with the Group's other activities
- ▶ Strengthening of Client References with the signature of new deals during the 2nd half of 2020 (France Télévision, ARTE France, AGIRC-ARRCO)

Revenue breakdown by activity and by geographical area



Consolidated key figures

Amounts in M MAD	2020	2019	Change
Operating revenues	728.5	719.6	1.2%
Of which Recurring Revenues	453.8	409.7	10.8%
Operating income	120.5	126.9	-4.8%
Operating margin	16.5%	17.6%	-1.0 pt
Net profit (group share)	84.4	93.8	-9.7%
Net margin	11.6%	13.0%	-1.4 pt
Earnings per Share	119.9	133.3	-9.7%
Research and Development	92.7	80.8	14.7%
Cash (end-of-period)	223.6	85.4	162%
Backlog	572.8	516.5	10.9%

Outlook

The COVID-19 crisis has contributed to the acceleration of trends in the payment industry, such as the reduction in the use of cash and the strong development of contactless proximity payments.

Against this backdrop, HPS Group will continue to invest strongly in innovation and R&D to reinforce the position of its PowerCARD platform on a global scale.

Considering the expected improvement in the health situation, HPS intends to continue enhancing its growth and profitability profile, notably through implementing its strategic plan, i.e. develop the «Licensing» offering on the European and Asian markets, consolidate the «Processing» offering on the historical markets in Africa and the Middle East and pursue a targeted external growth strategy.

For the financial year 2020, the Board of Directors will submit to the Ordinary General Meeting's approval the distribution of a dividend of MAD 50 per share.