

Highlights

- ▶ 14.4% growth in consolidated revenues, of which 64% recurring
- ▶ EBITDA margin of 22.6%, + 60 bps
- ▶ 28.1% increase in backlog, of which 74% recurring revenues
- ▶ Strengthening of the Group's financial structure with a cash position of MAD 306 million, up 36.5%

« 2021 was a year of progress for HPS. With the continued momentum in the Group's development, some significant milestones were passed. HPS's business model was strengthened further, with a notable ramp up in the Processing activity where two major acquisitions were integrated. At the same time, we delivered solid organic growth. Our PowerCARD processing platform now benefits from a geographical footprint across 27 African countries, making HPS the processing leader on the continent. Despite mobility constraints, HPS teams were able to continue to roll out projects around the world and develop our presence in regions with strong growth potential (Asia, South Africa,...). To deliver our future development, HPS has put in place a new organization that will accelerate the roll out of our strategy and at the same time increase our capacity for innovation and R&D. » Mr. Mohamed HORANI – Chairman of the Board

The HPS Board of Directors met on March 16, 2022 under the chairmanship of Mr. Mohamed HORANI, to review the company's activity and approve the accounts as of December 31, 2021.

Business Review

Consolidated Revenues

In 2021, HPS achieved consolidated revenues of MAD 833.3 million, up 14.4%, with an acceleration during the second half of the year, linked in particular to the improvement of the global health situation. This growth is driven mainly by:

- 4.8% organic growth
- 9.6% external growth contribution from new acquisitions

Processing Activity

This activity generated MAD 207.1 million in revenues, up 111.6%, and now represents 26% of consolidated revenues compared to 14% in 2020. This performance was driven essentially by the very strong 40.3% organic growth and by the contribution from the ICPS and IPRC acquisitions. In 2021, the highlights of the Processing activity were:

- The integration of the ICPS and IPRC businesses, which reinforce the Group's position as leader in Payment processing in Africa and strengthen the Processing services offer.
- The strong increase in Switching activity as a direct consequence of the gradual return to normality, after a previous year marked by lockdown measures and health restrictions, which had a major impact on businesses in Morocco.
- Continued growth in the Payment activity with a reinforced presence in Africa, the Middle East and Europe, and the ramping up of the first Payment contracts in Asia-Pacific.

Solutions Activity

Revenues for the Solutions activity totaled MAD 495.8 million, up 3.6% compared with 2020 and 4.6% based on 2020 pro forma figures. With the gradual improvement in the global health situation in the second half of the year, HPS teams were able to return to a normal rhythm of PowerCARD project deployment in the various business areas.

The Solutions activity also delivered a strong commercial performance in 2021, with a significantly stronger pipeline and new contracts from a number of top-tier institutional clients.

Services Activity

After a slow start to the year due to the impact of health restrictions in France on activity levels, their gradual easing enabled performance to recover. The actions taken to generate synergies with other Group activities and the improvement in the health situation from Q4, helped limit the decline in revenues to 5.1%, compared with the 8.1% drop in the first half.

Profitability & Earnings Generation

HPS recorded EBITDA of MAD 188.7 million, with a margin of 22.6%, an improvement of 60 bps compared to 2020. This performance results from effective cost management in parallel to the development of the business during the year:

- 11.3% increase in purchases and external charges, linked to the rise in subcontracting and travel expenses that resumed with the gradual lifting of health restrictions.
- 17.1% increase in personnel costs, linked to the organic increase in headcount (+11.5%) and the integration of new acquisitions.
- Increase in R&D costs, which represent 12.4% of consolidated revenues.

The Group's operating income stood at 144.4 MAD, with an operating margin of 17.3%, up 800bps.

HPS recorded a consolidated net income of 98.8 MAD for the full year, up 17.1% and 10.2% on a pro forma basis. This increase is mainly explained by :

- Improved Financial Results.
- The increase in non-current income linked to non-current expenses related to the new organization (MAD 5.9 million) and to the implementation of the Social Solidarity Contribution in Morocco (MAD 2.5 million).

Backlog

As a result of sustained commercial activity, particularly during the second half of the year, HPS recorded a significant increase in sales and backlog during the year: as at end of 2021, the backlog stood at MAD 733.4 million, compared with MAD 572.8 million, up 28.1%.

This solid growth results from a significant amount of new firm orders in the Solutions and Processing activities, as well as by the significant contribution from the new acquisitions:

- The signing of major deals during H2 2021 with the roll out of several PowerCARD projects (Licensing & SaaS) and maintenance contracts.
- The consolidation of recurring projects and contracts with the integration of ICPS & IPRC.

The continued consolidation of HPS' activities around its PowerCARD platform resulted in an increasing contribution of recurring revenues to the backlog, to represent 74% at the end of 2021, compared to 73% on average during the 2017-2020 period.

Cash Position & Financial Strength

Strict control of project implementation programs, and optimised management of working capital throughout the year have further strengthened the financial soundness of HPS Group. Combined with revenue growth, these efforts resulted in a net operating cash flow of MAD 181.9 million compared to MAD 126.2 million at the end of 2020. This reinforces the Group's capacity to maintain its development momentum going forward.

At the end of the year, the HPS Group had a cash position of MAD 306 million, up 36.5% compared to 2020.

Main achievements

Solutions +3,6% / +4,6%*

2021	495,8 MMAD
2020*	473,9 MMAD
2020	478,6 MMAD

- ▶ Customer base expansion in Asia
- ▶ Solid upselling activity
- ▶ New migrations to PowerCARD version 3.5

*Pro forma figures (2020 including acquisitions)

Processing +111,6% / +18,4%*

2021	207,1 MMAD
2020*	174,9 MMAD
2020	97,9 MMAD

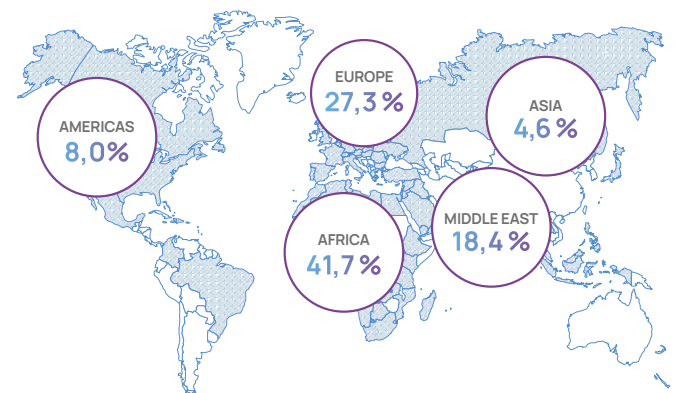
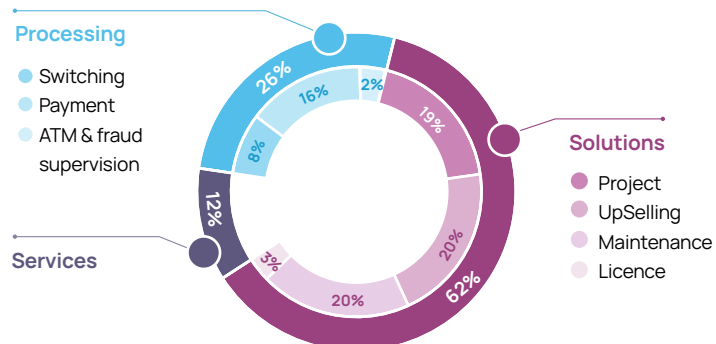
- ▶ Contribution from new acquisitions (IPRC and ICPS)
- ▶ Strengthened portfolio and roll out of new customers
- ▶ Strong recovery in Switching

Services -5,1%

2021	94,5 MMAD
2020*	99,9 MMAD
2020	99,9 MMAD

- ▶ Resumption of projects implementation from Q4 onwards
- ▶ Strengthening of synergies with other Group activities

Revenues Breakdown by Activity and by Geographic Area



Consolidated Key Figures

AMOUNT IN MMAD	2021	2020	CHANGE	2020 PROFORMA	CHANGE
Operating Revenue	833.3	728.5	+ 14.4%	800.5	+ 4.1%
Of which Recurring Revenues	531.1	448.6	18.4%	520.9	2.0%
Operating Income	144.4	120.5	+ 19.8%	140.4	+ 2.9%
Operating Margin	17.3%	16.5%	+ 0.8 pt	17.5%	- 0.2 pt
EBITDA	188.7	160.2	17.8%	183.4	+2.9%
EBITDA Margin	22.6%	22.0%	+ 0.6 pt	22.9%	-0.3 pt
Net income (Group Share)	98.8	84.4	17.1%	89.7	10.2%
Net Margin	11.9%	11.6%	+ 0.3 pt	11.2%	+ 0.7 pt
Earnings per Share	140.5	119.9	17.1%	127.5	10.2%
Research and Development	103.2	92.7	+ 11.3%	-	-
Cash at the End of the Period	305.2	223.6	+ 36.5%	-	-
Backlog	733.4	572.8	+ 28.1%	-	-

Outlook

Thanks to its solid fundamentals, the diversity of its business models and its sustained effort in Research & Development, HPS Group is well positioned to fully leverage the current evolution of the payment industry on a global scale. The new organization, the strategy of strengthening Delivery Centers to be able to support local development of international activities, and the future release of PowerCARD version 4, should continue to drive the Group's organic growth in the coming years and strengthen the contribution of recurring revenues. In addition, after the successful integration of ICPS and IPRC, the Group has the ambition to accelerate its development through external growth.