

**HPS /**



# Earnings Presentation

First half 2023

September 25, 2023



# HPS TODAY & GROWTH STRATEGY

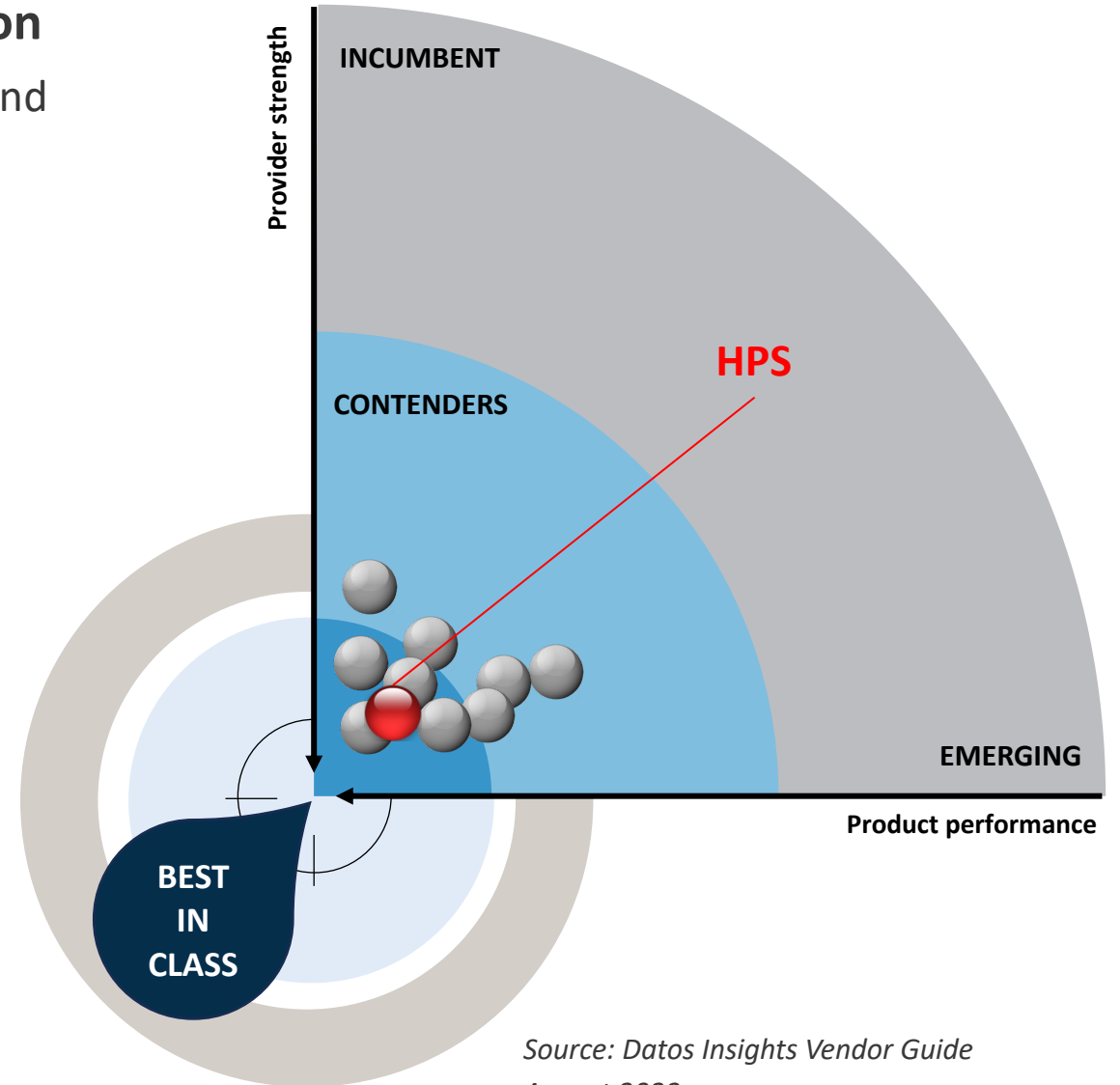


**Abdeslam ALAOUI**

CEO

“ HPS holds a very close second place in this evaluation  
 The company’s PowerCARD platform has robust capabilities and can support various payment product types.  
 It also provides most or all of the additional services to help clients launch and manage a strong card program ”

Vendors	Provider stability	Client strength	Client service	Product features
Confidential	91%	92%	90%	80%
Confidential	87%	91%	92%	91%
Confidential	83%	86%	93%	85%
Confidential	85%	88%	91%	88%
Confidential	91%	92%	88%	89%
HPS	91%	91%	89%	93%
Confidential	91%	90%	90%	91%
Confidential	87%	91%	92%	89%
Confidential	88%	86%	95%	89%
Confidential	94%	92%	92%	88%



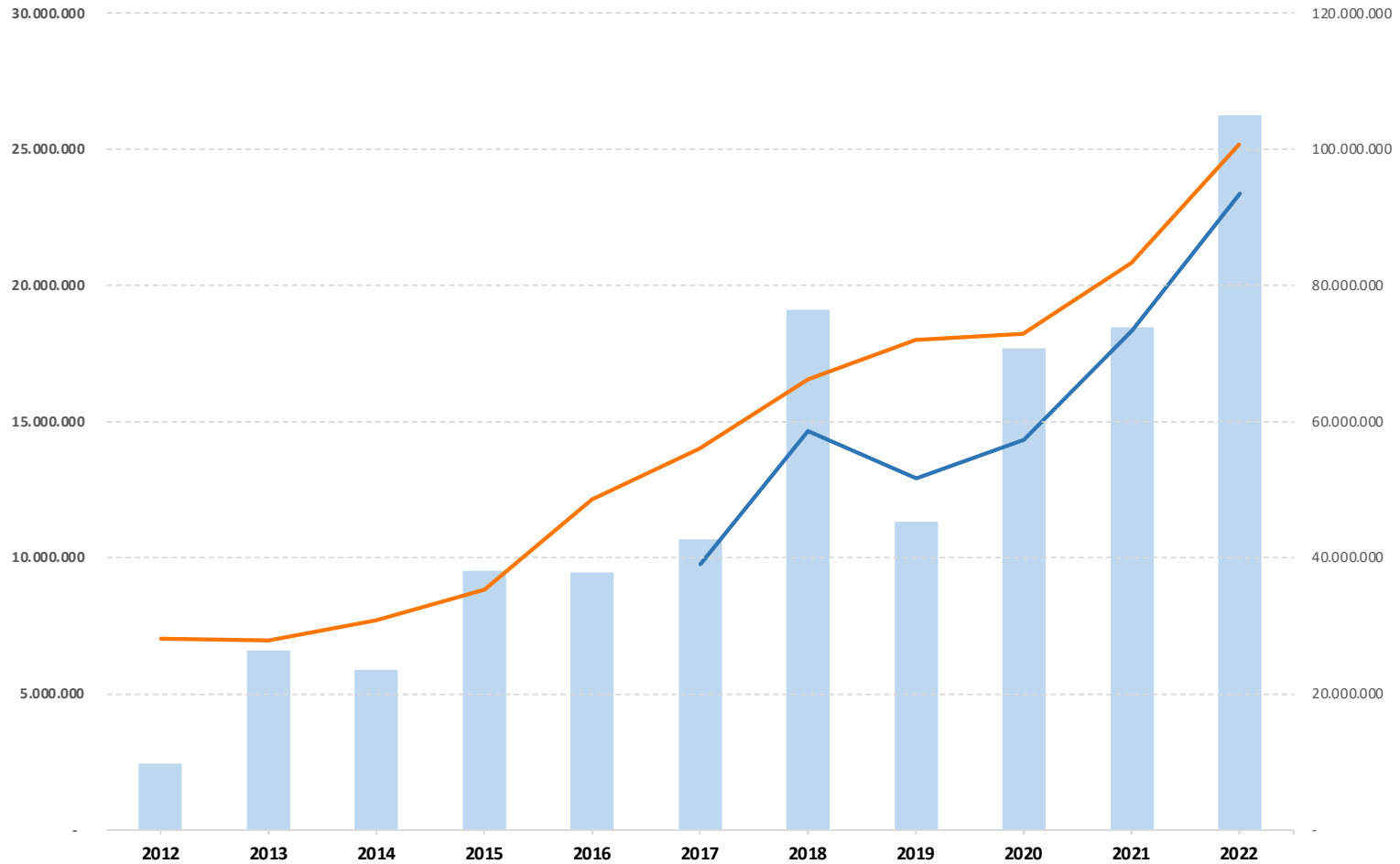
The review includes ACI Worldwide, BPC, Cascade, Enfuce, FIS, HPS, i2c, Paymentology, Solid, Worldline, Galileo, Marqeta, Nium and OpenWay

Source: *Datos Insights Vendor Guide*  
 August 2023

# We delivered long-term operational performance ...

New logos (USD)

Backlog & Revenue (USD)



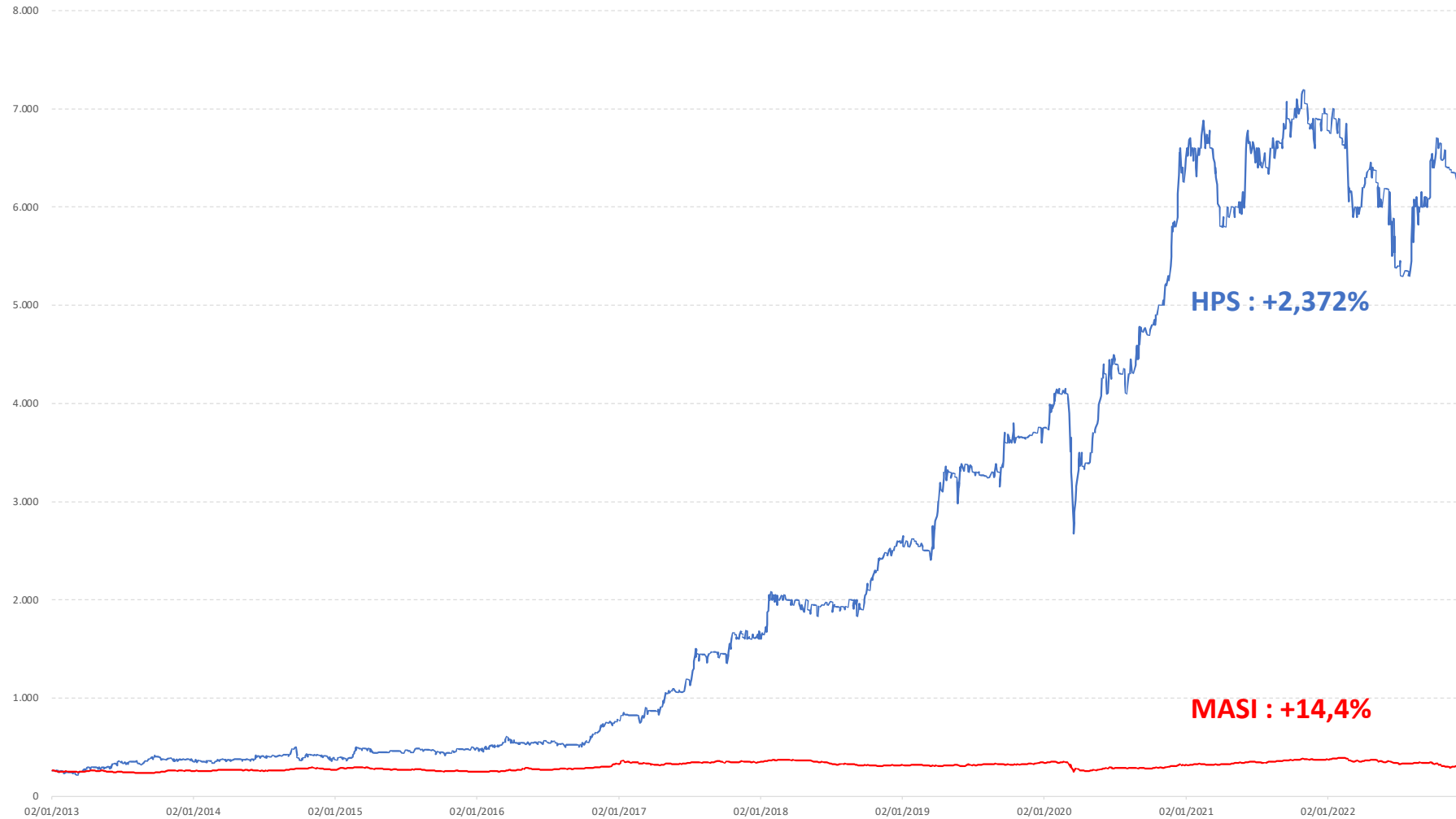
**New logos**  
CAGR of 27% over 10 years

**Revenue**  
CAGR of 14% over 10 years

**Backlog**  
CAGR of 19% over 5 years

- ▶ Recurring & Stable revenues increase from **45% to 71%**
- ▶ **New Tier-1** customers who have adopted PowerCARD technology, including 3 of top 10 banks in the world
- ▶ Diversification of the business model with the **SaaS model**
- ▶ Initialization of **external growth** strategy with Switching, ICPS and IPRC
- ▶ **50%** of the result distributed in **dividends**
- ▶ Investment in **R&D of 50 MUSD** over the last 5 years (14% of the revenue) sustains technological advantage

# ... translated into a strong shareholder value creation

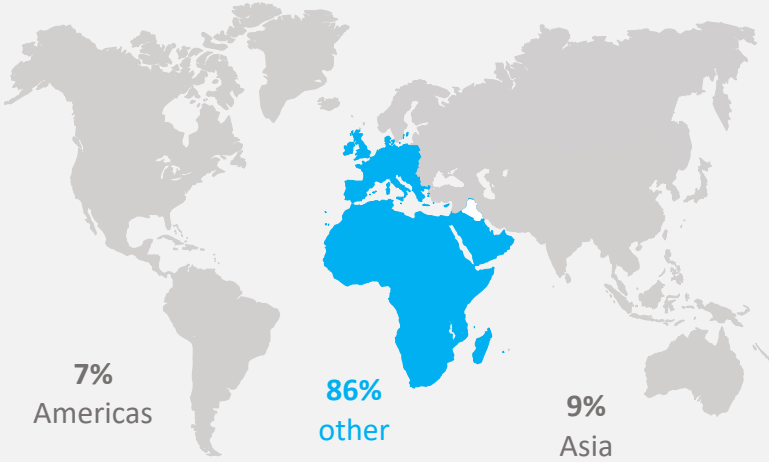
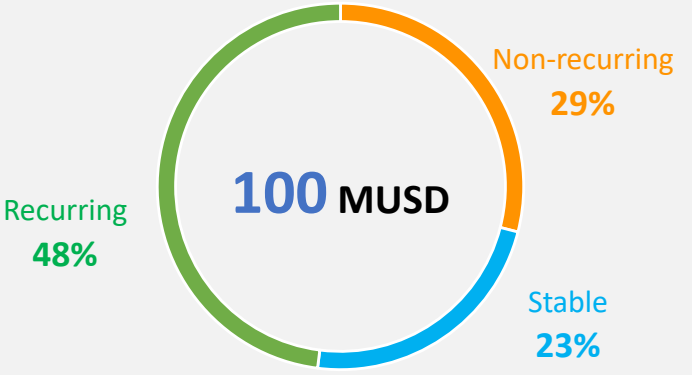


Performance over 3 years  
**+73.3%**

Performance over 5 years  
**+306%**

Performance over 10 years  
**+2,372%**

## HPS in 2022



## ACCELR8

Organic growth  
12% < CAGR < 17%

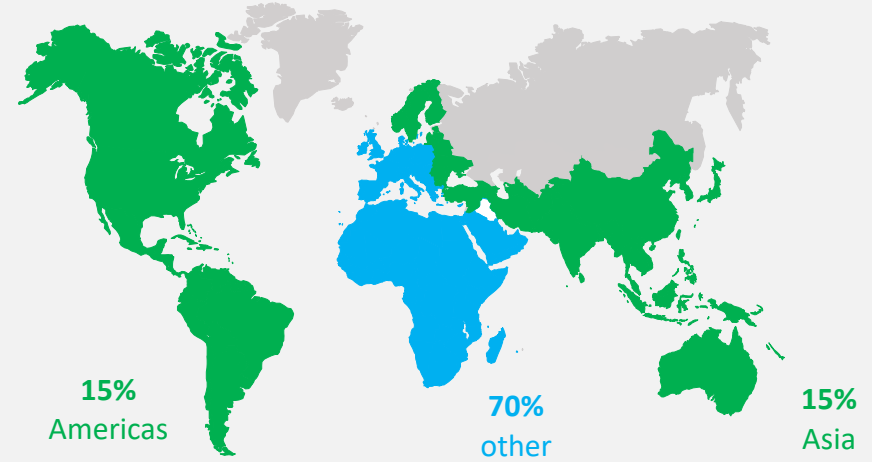
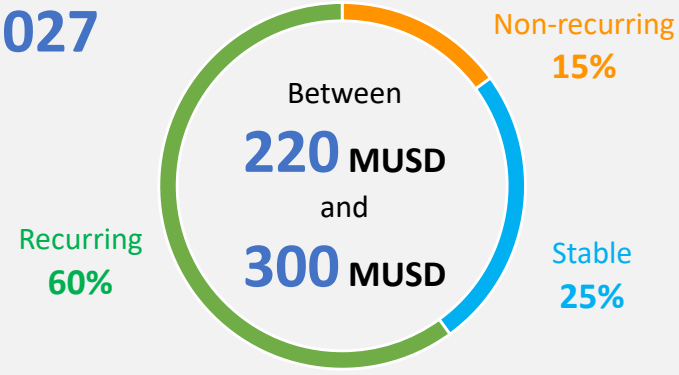
External growth  
Between 40 MUSD and 80 MUSD

EBITDA margin  
25% to 30% in 2027

Resilience  
60% recurring in 2027

Geographical positioning  
Americas & Asia between 80 and 100 MUSD

## HPS in 2027





## Capability to ensure annual organic growth of between 12 and 17%

- **Track Record:** We delivered a strong annual growth of 14% over the last 10 years. We delivered a CAGR of 20% over the 5 years following the launch of a new version of PowerCARD
- **Best in class software:** Technological competitive advantage continues to widen. Version 4 of PowerCARD launched end 2022 and rated best technology worldwide in the latest Datos Insights Vendor Guide
- **Winning business of Tier 1 customers:** Some of the biggest banks and companies in the world including markets like US, India, Australia, UK, Canada & Saudi Arabia
- **Growth Opportunity:** HPS still has important geographic markets for development. HPS opened a new office in Canada as a first step to address North America and a new Delivery Center in India will be opened before end of 2023 to increase our delivery capabilities, particularly in Asia.
- **Visibility:** HPS has succeeded in building up a substantial Backlog, representing more than 80% of its annual revenues, which provides clear visibility on its ability to continue to deliver strong growth over the coming years
- **Investment:** 2022 and 2023 have been investment years to meet this step-up in demand



## Capability to ensure external growth program

- **Track Record:** We have successfully executed and integrated multiple acquisitions over the past 5 years: Switching activity, ICPS and IPRC
- **Financing capacity remains strong:** solid free cash flow, low debt ratio and access to the stock market
- **Capabilities:** HPS has hired one of the most prestigious investment banking advisory firms to help HPS in its M&A and value creation strategy
- **Opportunity:** Rich opportunity set for highly synergistic bolt-on acquisitions





## Capability to improve EBITDA margin to 25% - 30% by 2027

- **Faster development of the SaaS mode:** While degrading margins in the short term, is generating higher margins in the medium and long term
- **Convergence project:** Integral part of AccelR8, Convergence aims to rationalize all PowerCARD versions in production (at our customers' sites and in SaaS mode). This initiative will have a slight impact on our margins in the short term, but will enable us to reduce costs by:
  - Lowering license and infrastructure costs once shared
  - Reducing number of resources due to fewer versions
  - Reducing support and maintenance efforts
  - Mutualizing of skills between different sites
- **Opening of a delivery center in India:** Will enable HPS to increase its delivery capacity while optimizing its costs



## Strong growth, aligned with our long-term objectives

- ▶ 17% revenue growth, despite negative currency impact, and 22% growth at constant exchange rates
- ▶ Major achievements in SaaS mode, including contracts with Tier 1 bank in Canada



## Reported margins impacted by currency, one-off costs and on-going AccelR8 investments

- ▶ 5% fall in the dollar between 2022 and 2023 translated into impact of 2.1% lower EBITDA margin and of 6.7% lower Net margin
- ▶ At constant currency and excluding one-off costs, EBITDA growth of 15%+ despite an “investment year”



## Recurring and regular revenues represent > 70% of HPS revenues



## PowerCARD ranked best technology worldwide and successful roll out of PowerCARD V4 with major contracts won



## Pursuit of strategic direction to grow geographic footprint, focus portfolio and unlock value

- ▶ Hired one of top investment banking advisory firms to help HPS in its M&A and value creation plan



# OPERATING & FINANCIAL REVIEW



**Brahim BERRADA**

Corporate Services Managing Director

# Achievements aligned with AccelR8

## REVENUE

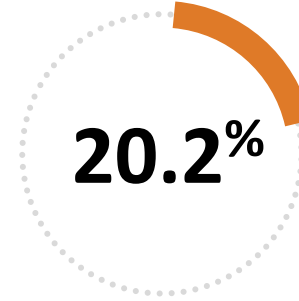
**564** MMAD

↑ **+17.3%** Growth  
**+21.8%** Constant ex. rate

## EBITDA / MARGIN

**114** MMAD

↓ **-1.7%** Growth  
**+14.7%** Constant ex. rate



## BACKLOG

**833** MMAD

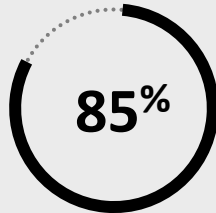
↑ **+6.9%** Growth

## SEGMENT PERFORMANCE

### PAYMENT ACTIVITY

**456** MMAD

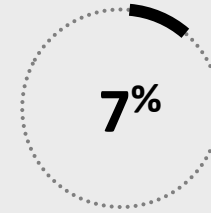
↑ **+17.5%** Growth  
**+23.2%** Constant ex. rate



### SWITCHING ACTIVITY

**38** MMAD

↑ **+10.1%** Growth

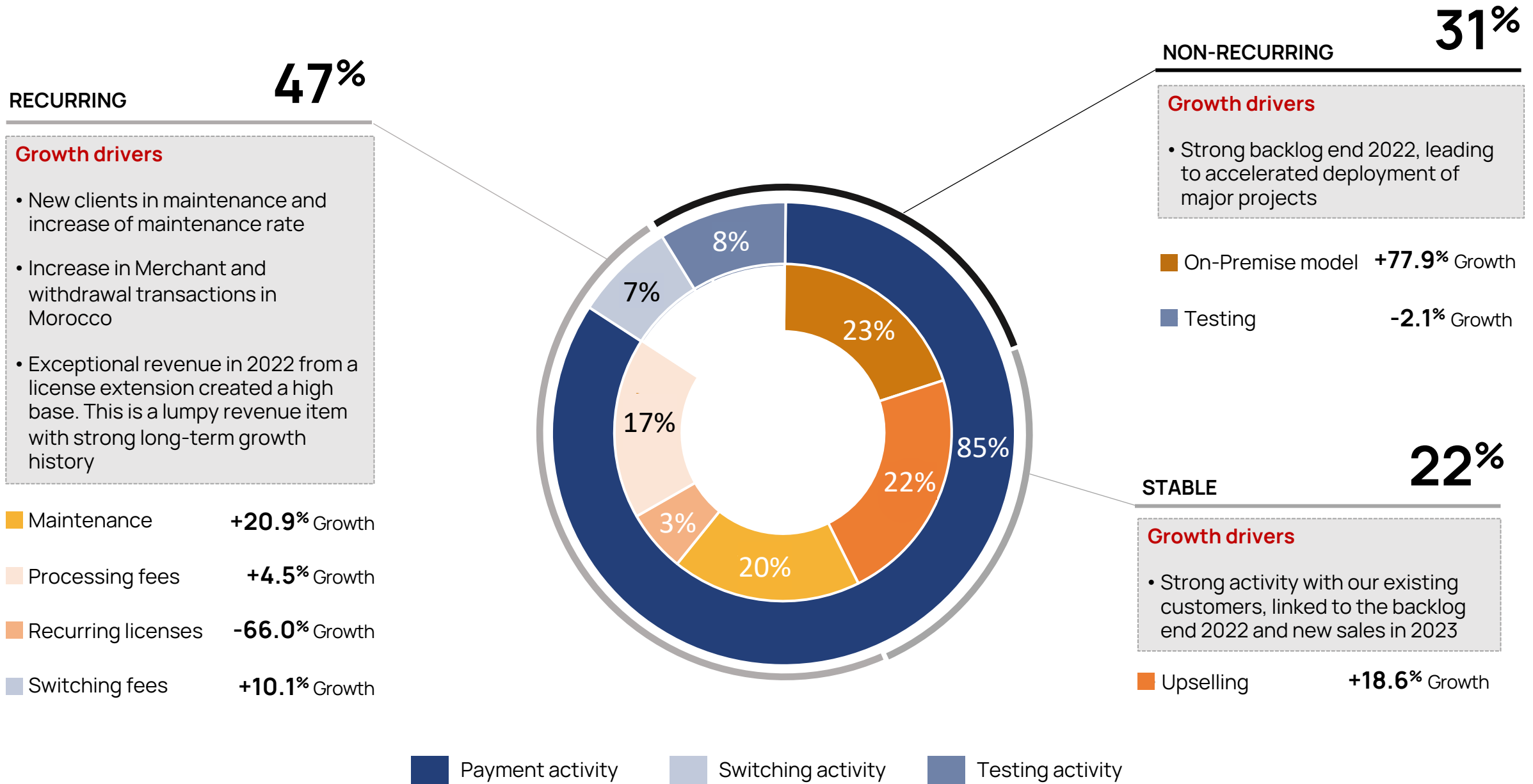


### TESTING ACTIVITY

**44** MMAD

↓ **-2.1%** Growth





## On-Premise Model

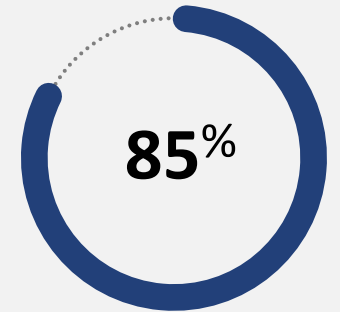
- ▶ After signature with one of the biggest bank is Asia in 2021 and the deployment of the Switch module in 2022, HPS successfully deployed the bank's Acquisition activity, which went live in H1-2023.  
HPS started the deployment for the bank's Issuing business, which will continue in 2023 and 2024
- ▶ Strong effort to accelerate the deployment for one the Tier-1 bank in multiple countries: UK, Hong-Kong, Mexico and India.  
Roll-out has only happened at a fraction of the branches of this bank, one of the largest in the world. There is potential for significant revenue growth as HPS deploys its platform globally
- ▶ Strong activity on Upselling with existing customers to upgrade their platforms, in particular with Crédit Agricole in France, SIA in Italy and FNB in South Africa
- ▶ New sales to Ahly Bank of Qatar for their POS Acquisition business and for their Merchants management

## Outlook

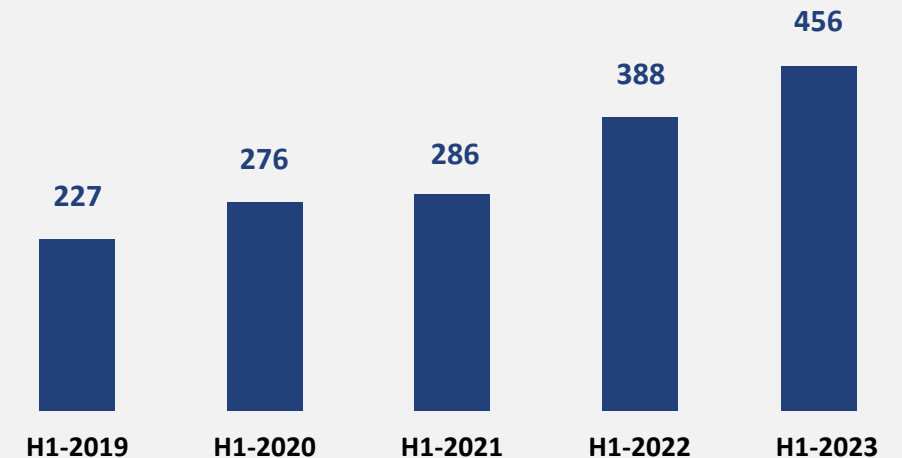
- ▶ The roll-out of major projects should continue at the accelerated same pace.
- ▶ A number of New Logos are under discussion, and some should be finalized by end 2023. Their impact on revenue should not be significant in 2023, but they will strengthen the backlog going into 2024 and beyond

## Share in Consolidated Revenues

**456** MMAD  
+17.5% growth



## Revenues in MMAD - CAGR 19%



## SaaS Model

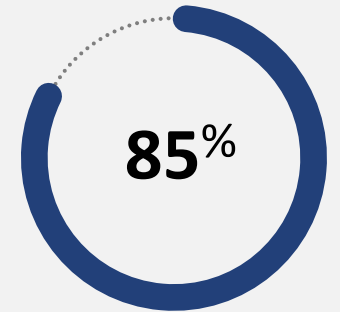
- ▶ Signature of a new SaaS agreement with one of the largest bank in Canada. The platform will be hosted by Amazon in Canada and will be run by HPS team based in Canada
- ▶ Discovery agreement signed with Tier-1 bank in UK for a SaaS agreement. Final agreement is expected to be finalized by the end of 2023 or Q1-2024.
- ▶ 1<sup>st</sup> SaaS contract in Australia being signed. Should be finalized in the next few days. The platform will be hosted by Amazon in Australia and operated by teams in Morocco
- ▶ First SaaS agreement in Oman for a fintech that will use HPS Issuing platform. This agreement is also our first Visa sponsorship agreement
- ▶ Discovery agreement signed with Sagicor in Jamaica for a SaaS agreement. Final agreement expected to be finalized by the end 2023

## Outlook

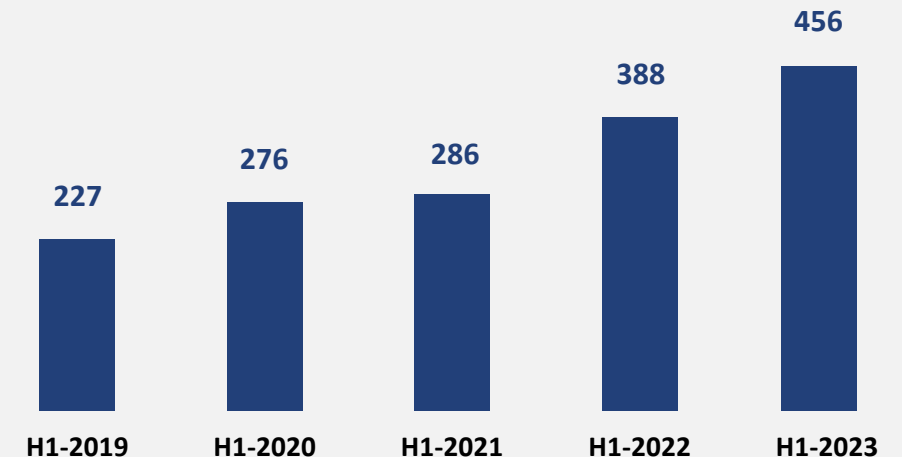
- ▶ The SaaS business continues to enjoy strong momentum.
- ▶ Achievements in H1-2023 and those expected in H2 should significantly strengthen the SaaS Backlog

## Share in Consolidated Revenues

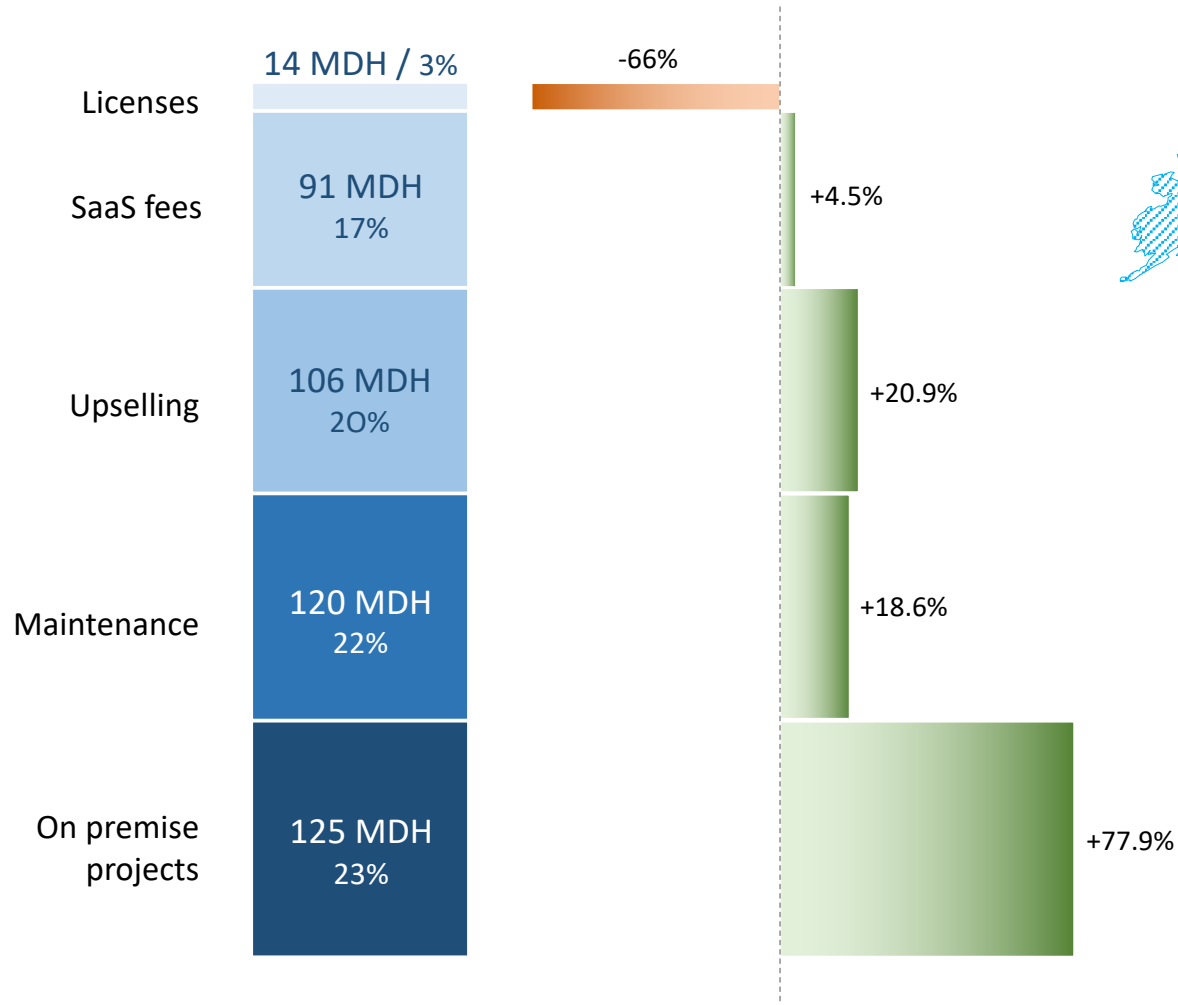
**456** MMAD  
+17.5% growth



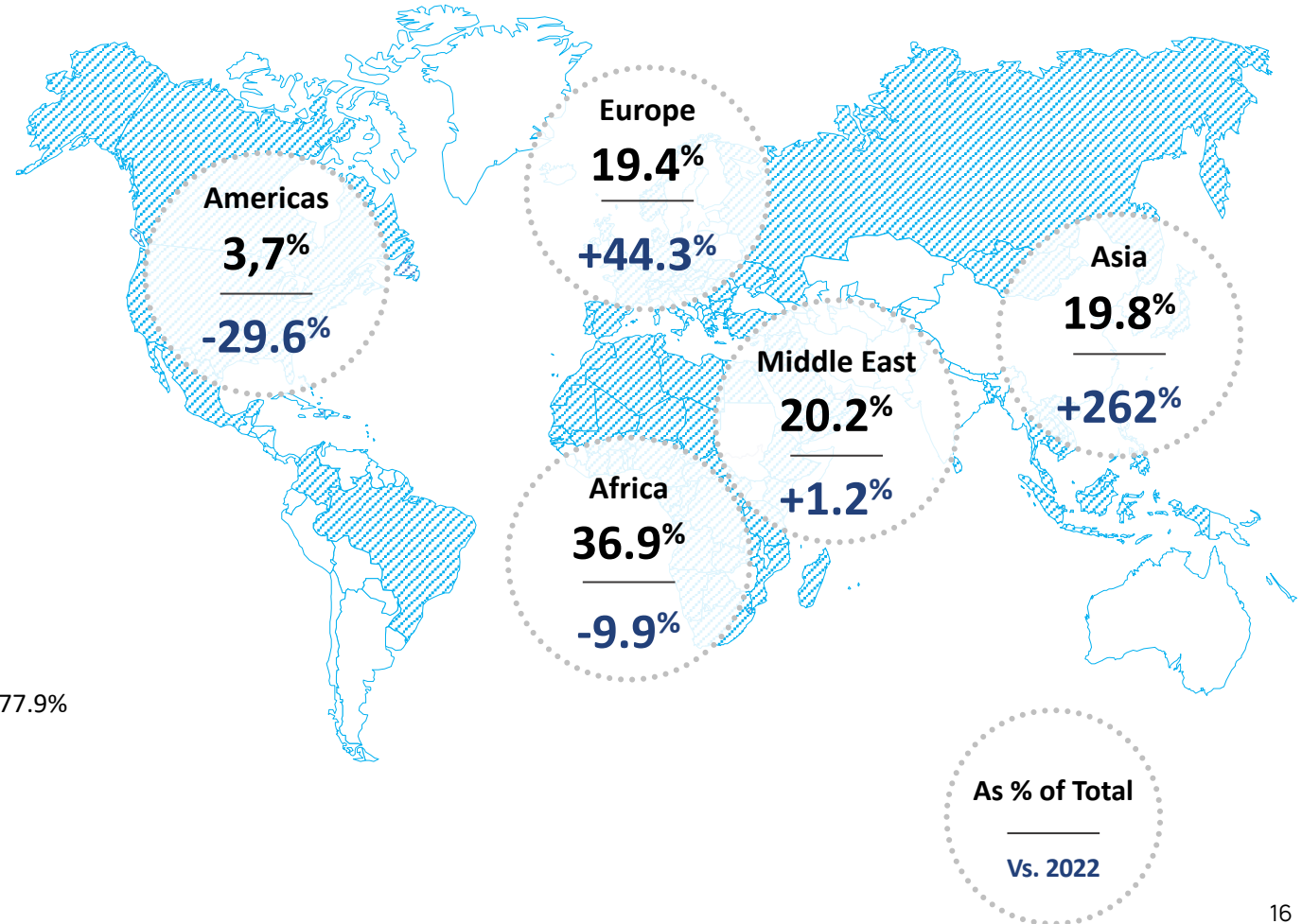
## Revenues in MMAD - CAGR 19%



### Revenues Breakdown & Growth by Sub-activity



### Revenues Breakdown & Growth By Geographic Area





## Platform enhancements

- ▶ Finalization of the new Active-Active architecture, providing high availability for participants
- ▶ Migration of all financial institutions to the new platform
- ▶ Implementation of new Visa tokenization services for some banks

## Cards Switching

- ▶ Payments up 14.7% to 75 million transactions
- ▶ E-commerce continues to grow strongly, at almost 32%.
- ▶ 17.1% growth in interoperable withdrawals

## Mobile Switching

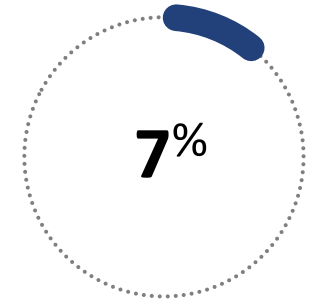
- ▶ Mobile payment continues its breakthrough, with growth of over 150%.
- ▶ Mainly used for transfers and bills payment

## Outlook

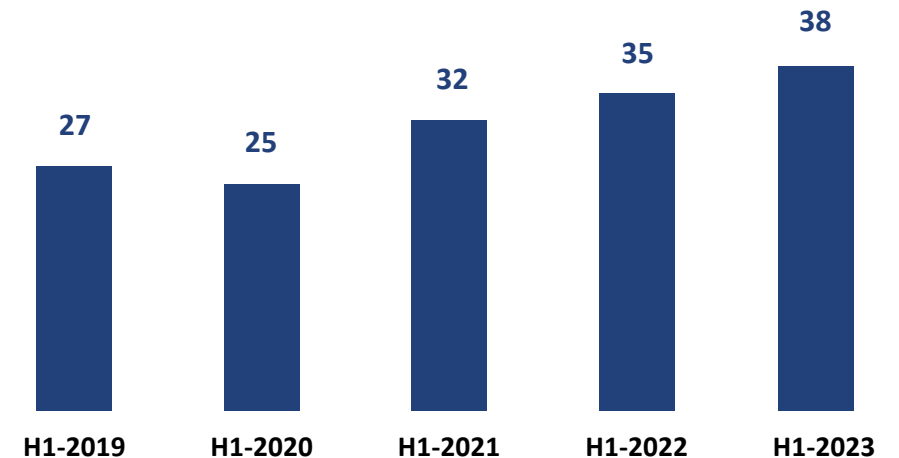
- ▶ Huge growth potential due to the low use of cards and the the limited network of merchants
- ▶ Mobile payment is in its early stages of development, but the ecosystem must undergo further maturation to accelerate its growth

## Share in Consolidated Revenues

**38** MMAD  
+10.1% growth

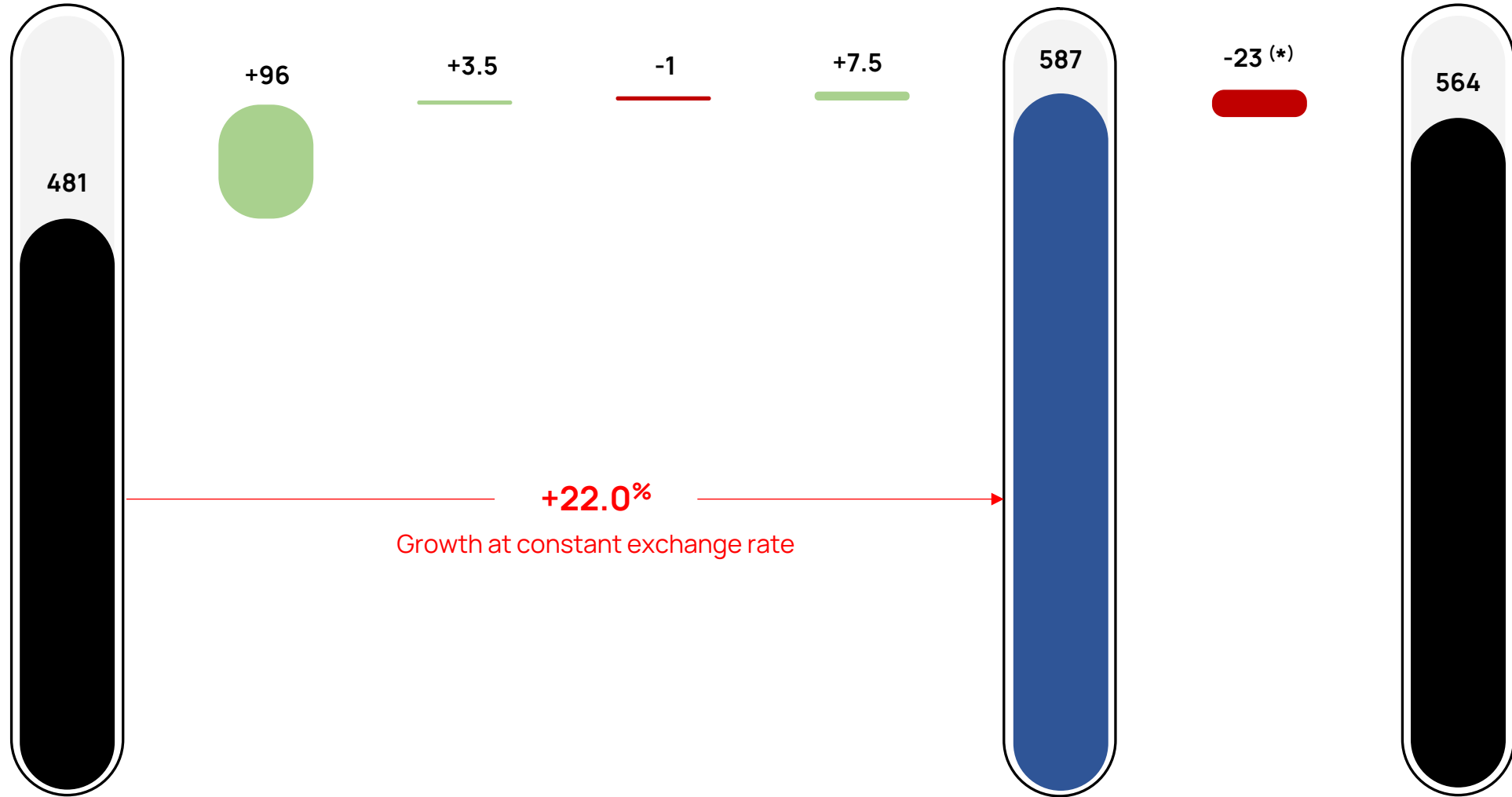


## Revenues in MMAD - CAGR 9%



# Revenue growth *(Amounts in MMAD)*

Reported growth  
**+17.2%**



**(\*) Currency impact**

The impact of exchange rate fluctuations on revenues is linked to the revaluation of work-in-progress inventories at the exchange rate at June 30, 2023, compared with their valuation at the exchange rate at the start of the period

H1-2022 reported

Payment activity

Switching activity

Testing activity

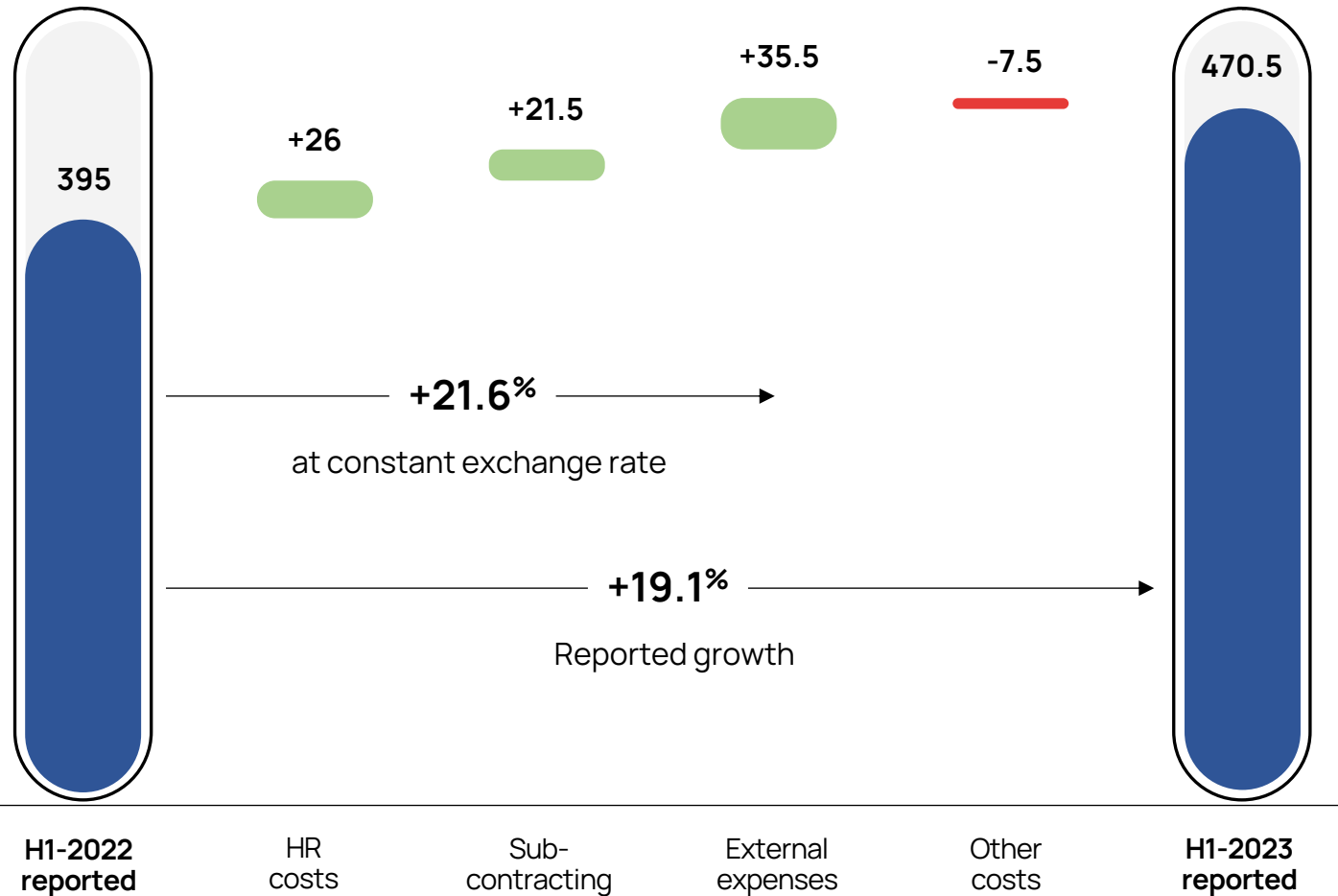
Other revenue

H1-2023 adjusted

Currency impact

H1-2023 reported

# Operating expenses *(Amounts in MMAD)*



- ▶ **HR Costs : 235 MMAD vs. 209 MMAD (+12%)**
  - Strong headcount increase (+20%)
  - Impact of exceptional salaries increases in 2022 (organization alignment)

No additional salary adjustment made in 2023
- ▶ **Subcontracting: 86.5 MMAD vs. 65 MMAD (+33%)**

Strong growth of subcontracting to support the deployment of major projects and the strong R&D dynamic
- ▶ **External expenses: 104 MMAD vs. 68 MMAD (+52%)**

Strong growth due to the recovery of travel linked to the commercial effort and to the travel of our teams in the context of projects deployment  
Impact of the ESOP cost (legal fees)
- ▶ **Currency impact: -8.8 MMAD (expenses -2.2%)**

Expenses fell by 2.2% overall due to currency impact, particularly the USD

# EBITDA and Net profit analysis



Exceptional salary adjustments end 2022: **impact of 1.8% lower EBITDA margins.**  
No additional adjustments in 2023



Exceptional legal fees linked to the execution of our ESOP plan.  
**Impact of 1% lower EBITDA margins**



Dollar down 5% on last year: **impact of 2.1% lower EBITDA margins**



Dollar down 5% on last year lowering financial profit by 36 MDH compared to H1-2022. Financial profit -21 MDH in 2023 vs +15 MDH in 2022



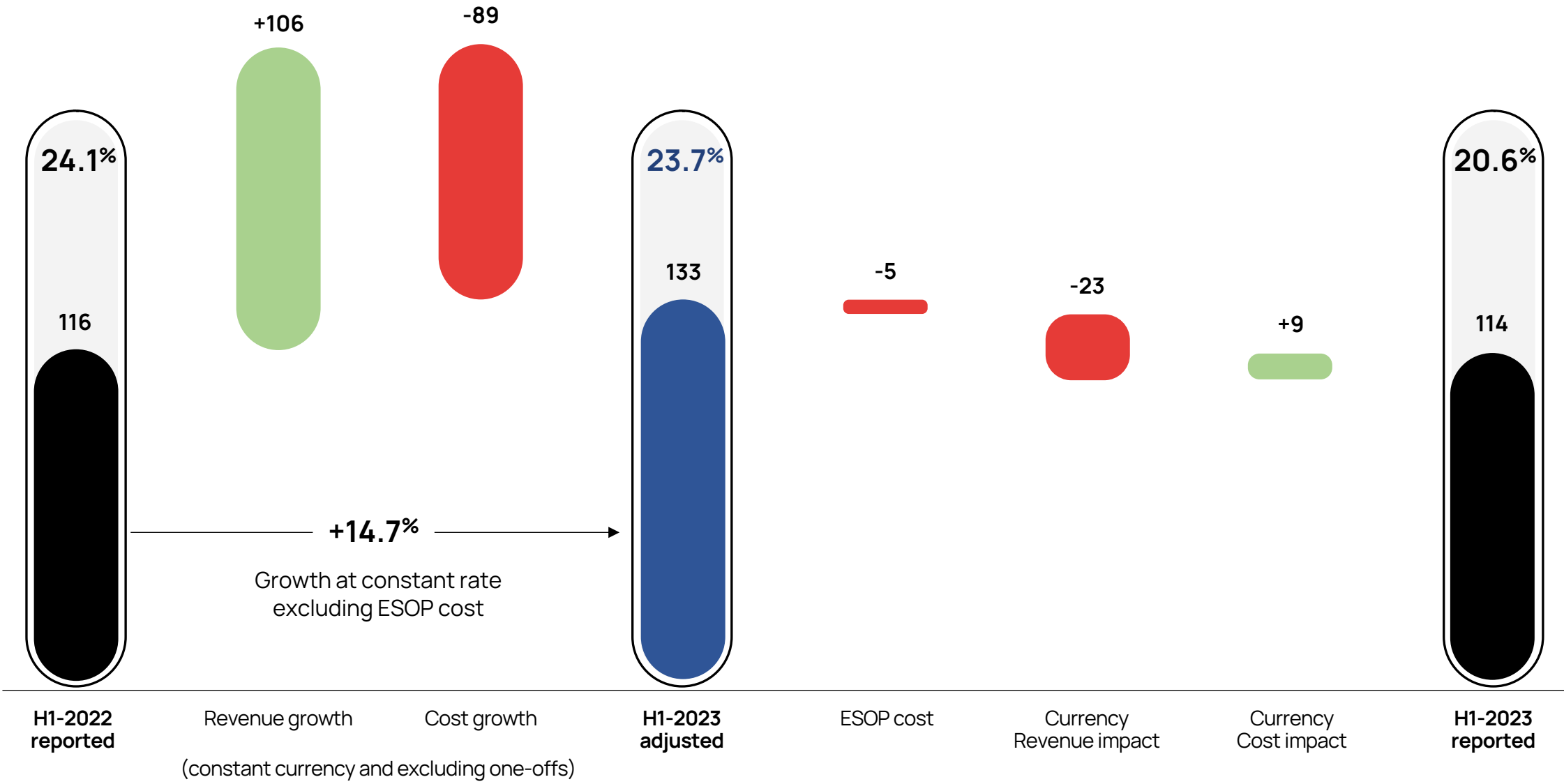
The dollar's recovery in H2 should make it possible to absorb a significant part of H1 deficit

**Impact of 5% lower EBITDA margin compared to H1-2022**

**Impact of 6.7% lower Net margin compared to H1-2022**

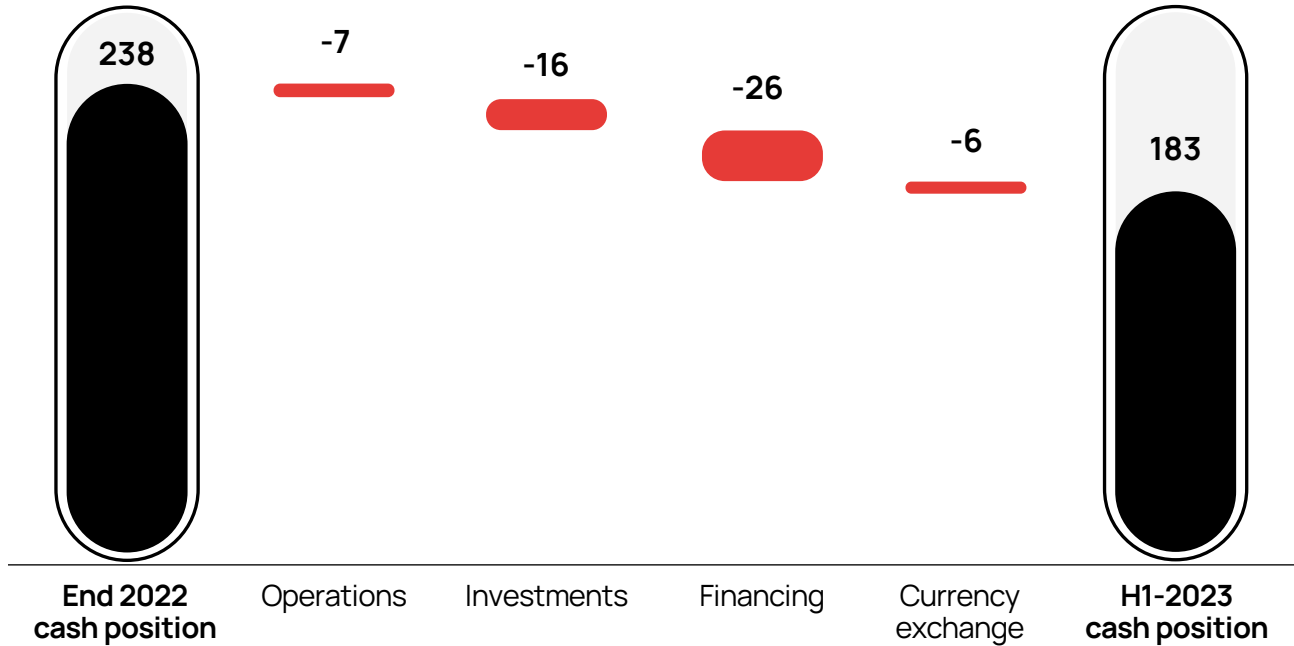
# Adjusted EBITDA growth at constant currency

Amounts in MMAD

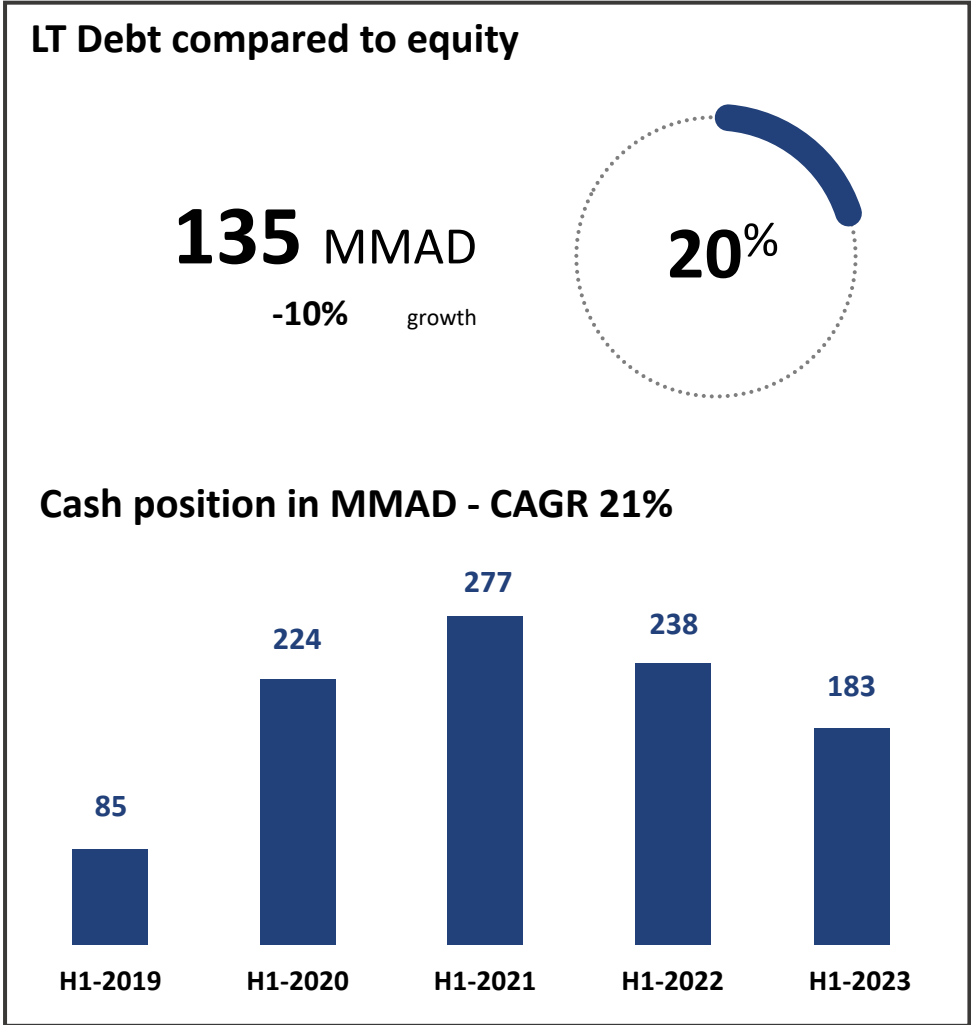


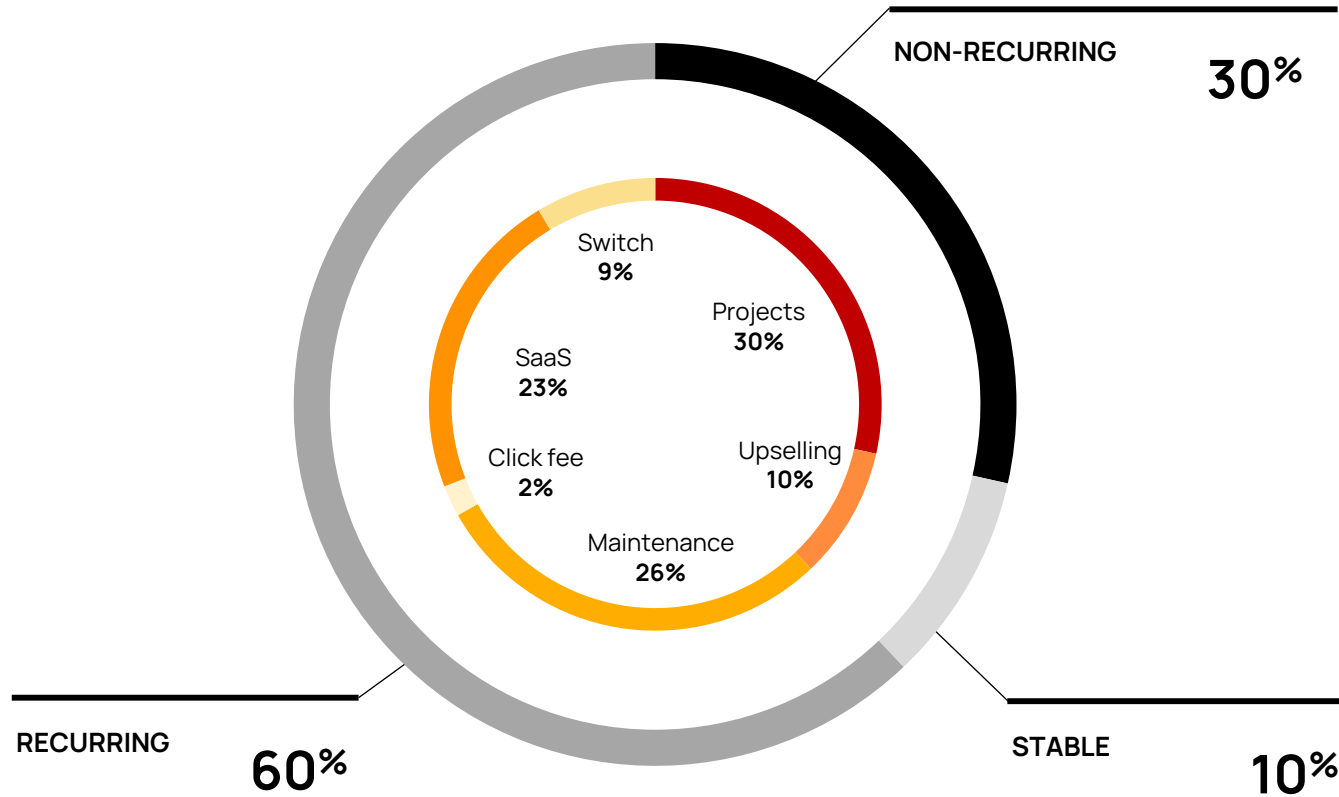
# Cash flow

Amounts in MMAD



- ▶ **Operational cash flow:** Client receivables remains stable compared to 2022, but strong increase of Work in progress in the context of large-scale projects resulting in longer billing terms. These clients are some of the largest banks in the world and Work in progress will mechanically translate into cash when projects are delivered.  
Impact of Users Meeting of 15 MDH and increase of gov. receivables by 8 MDH.
- ▶ **Cash flow from financing:** Repayment of loans to reduce debt ratio from 23% to 20%

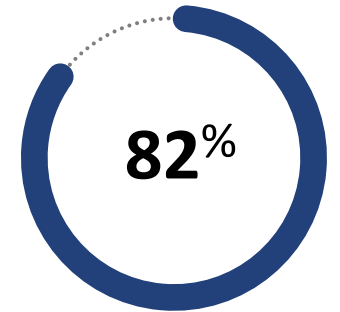




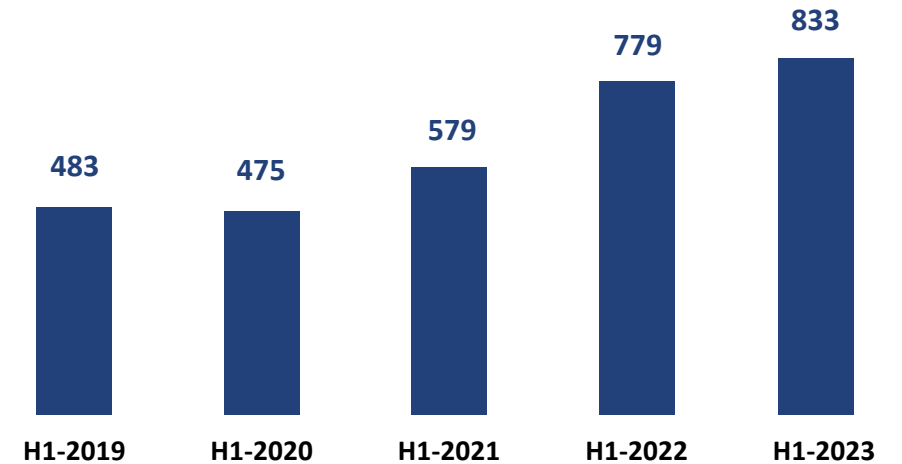
- ▶ High level of sales during the last 12 months contributing to a strong increase in the backlog
- ▶ Accelerated deployment of major projects during H1-2023, contributing to minimize backlog growth
- ▶ Significant contribution from recurring and stable revenues: 70% of the backlog

## Compared to annual Revenues

**833** MMAD  
+6.9% growth



## Backlog in MMAD - CAGR 14.6%





**Reinforced Backlog** mechanically leads to strong visibility for H2-2023 and beyond



Ambitious and realistic **AcceleR8 program** with a slight impact on the margin in the short term



Revenue growth for full 2023 aligned with AcceleR8  
**12% to 17%**



Profitability preserved for 2023  
**EBITDA expected to be in-line with 2022**  
**20% ~ 21%**



## Upcoming meeting for 2023

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**OCTOBER 5 & 6, 2023 - TANGIER**

CFG Bank One-on-One Equity Conference



**NOVEMBER 27, 2023**

Publication of 3<sup>rd</sup> quarter 2023 indicators

## Latest information

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**SEPTEMBER 20, 2023 - EXTERNAL GENERAL ASSEMBLY**

Share split approved by the latest EGM. This should be effective beginning of next week

## IR permanent communication

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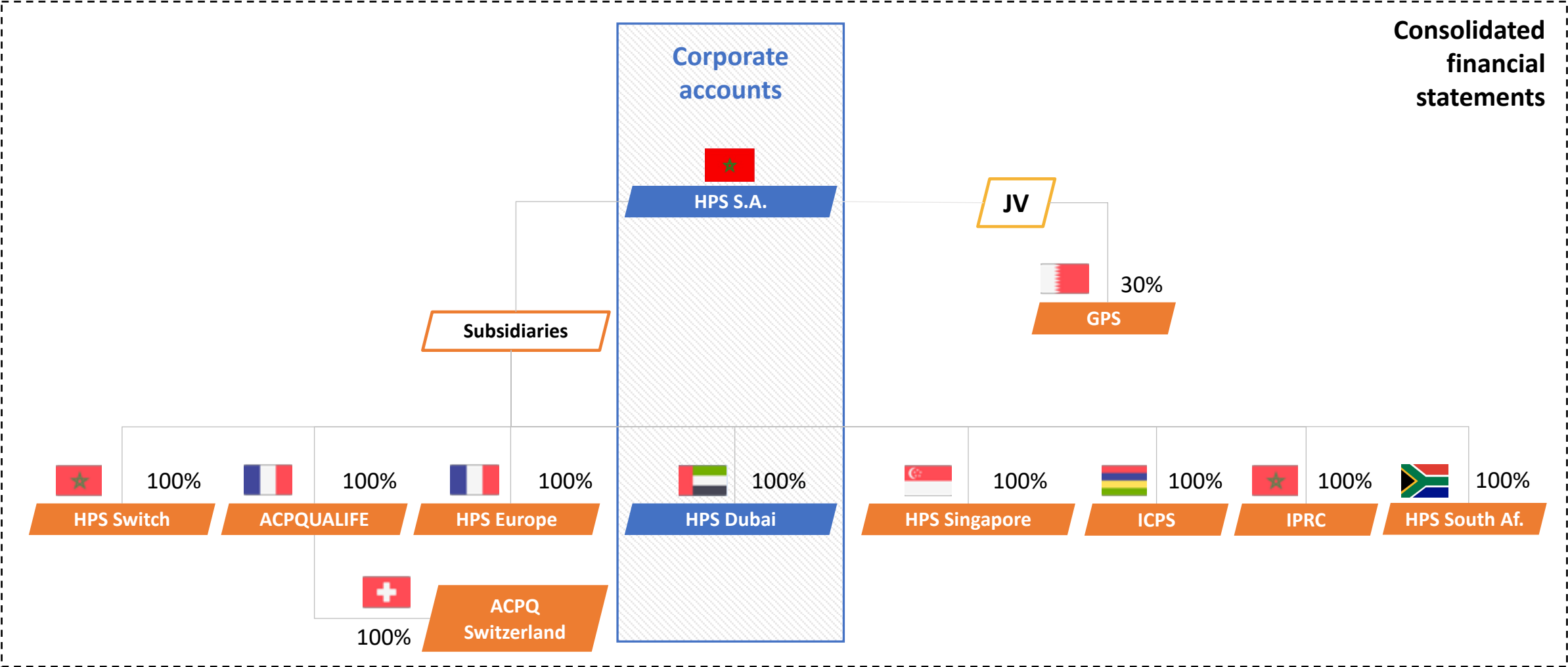
**PERMANENT ACCESS**

Committed to regular dialogue with investors on request at [invest@hps-worldwide.com](mailto:invest@hps-worldwide.com)

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# Annexes

# Scope of consolidation at December 31, 2022



# Consolidated Balance Sheet

*Amounts in MAD*

ASSETS	30/06/2023	31/12/2022
<b>Fixed assets</b>	<b>295 755 014</b>	<b>300 052 568</b>
Goodwill	86 686 643	92 321 077
Intangible assets	89 530 927	88 102 765
Property, plant and equipment	53 467 787	42 480 826
Financial assets	5 378 358	4 987 012
Investments in equity affiliates	60 691 300	72 160 888
<b>Current assets</b>	<b>1 306 958 294</b>	<b>1 253 249 269</b>
Inventories and work in progress	118 732 724	81 515 590
Trade receivables and related accounts	845 134 225	850 584 345
Deferred tax assets	2 759 383	4 163 908
Other receivables and accruals	157 041 472	78 720 759
Availability	183 290 490	238 264 666
<b>Total Assets</b>	<b>1 602 713 308</b>	<b>1 553 301 837</b>

LIABILITIES	30/06/2023	31/12/2022
<b>Shareholders' equity</b>	<b>644 711 875</b>	<b>652 158 218</b>
Capital	70 359 900	70 359 900
Share premium	31 623 410	31 623 410
Consolidated reserves	497 199 091	433 096 313
Consolidated results	45 529 474	117 078 596
<b>Shareholders' equity, Group share</b>	<b>644 711 875</b>	<b>652 158 218</b>
Minority interests	0	0
<b>Total Shareholders' equity</b>	<b>644 711 875</b>	<b>652 158 218</b>
<b>Long-term liabilities</b>	<b>140 436 724</b>	<b>155 123 635</b>
Long-term financial liabilities	134 830 802	149 919 881
Provisions for liabilities and charges	5 605 922	5 203 754
<b>Current liabilities</b>	<b>817 597 933</b>	<b>746 019 984</b>
Accounts payable and related accounts	103 986 059	53 474 136
Other liabilities and accruals	712 198 431	690 996 683
Deferred tax liabilities	1 413 443	1 549 165
Cash and cash equivalents	0	0
<b>Total Liabilities</b>	<b>1 602 713 308</b>	<b>1 553 301 837</b>

# Consolidated P&L

*Amounts in MAD*

	30/06/2023	30/06/2022	Variation
Sales	567 249 927	440 107 095	29%
Change in WIP	-22 734 819	29 032 381	-178%
Other operating income	19 460 808	11 823 271	65%
<b>Operating revenues</b>	<b>563 975 916</b>	<b>480 962 747</b>	<b>17%</b>
Purchases resold of Goods	-	-2 671 918	-100%
Purchases consumed	-100 794 592	-77 100 162	31%
External expenses	-103 868 650	-68 123 282	52%
Personnel costs	-235 180 834	-209 365 459	12%
Other operating expenses	-1 657 854	-1 655 021	0%
Taxes	-8 640 757	-5 914 273	46%
Operating allowances	-20 401 623	-30 838 161	-34%
<b>Operating expenses</b>	<b>-470 544 310</b>	<b>-395 668 276</b>	<b>19%</b>
<b>Operating result</b>	<b>93 431 606</b>	<b>85 294 472</b>	<b>10%</b>
<i>Operating margin</i>	<i>16,6%</i>	<i>17,7%</i>	
Financial income and expenses	-21 045 938	14 905 020	-241%
<b>Current income of integrated companies</b>	<b>72 385 668</b>	<b>100 199 492</b>	<b>-28%</b>
Non-current income and expenses	-3 709 732	-3 422 417	8%
Income taxes	-23 450 122	-29 596 333	-21%
<b>Net income of consolidated companies</b>	<b>45 225 815</b>	<b>67 180 742</b>	<b>-33%</b>
Share in the results of MEE companies	5 938 093	6 171 472	-4%
Amortization of goodwill	-5 634 434	-5 634 434	0%
<b>Net income of the consolidated group</b>	<b>45 529 474</b>	<b>67 717 779</b>	<b>-33%</b>
Minority interests	-	-	
<b>Net income (Group share)</b>	<b>45 529 474</b>	<b>67 717 779</b>	<b>-33%</b>
<i>Net margin</i>	<i>8,1%</i>	<i>14,1%</i>	

# Cash Flow Statement

*Amounts in MAD*

	30/06/2023	31/12/2022
<b>Net income</b>	<b>45 529 474</b>	<b>117 078 596</b>
Elimination of non-cash and non-operating income and expenses		
- Depreciation and amortization	18 605 205	34 700 113
- Change in deferred taxes	698 807	656 307
- Gain or loss on disposal	309 616	-
Other non-cash income (expense), net	-	112 166
- Share of profit of associates, net of dividends received	7 700 782	- 6 743 044
<b>Cash flow from operations of consolidated companies</b>	<b>72 843 885</b>	<b>145 804 138</b>
Dividends received from companies accounted for by the equity method	-	-
Change in working capital requirements related to operations	-80 187 824	- 126.662.493
<b>Net cash flow from operating activities</b>	<b>-7 343 940</b>	<b>19.141.645</b>
Acquisition of tangible and intangible assets	-15 975 359	- 14 516 926
Disposal of fixed assets net of tax	-	-
Disposal of shares in companies accounted for by the equity method	-	-
Net acquisition of shares in consolidated companies	-	-
<b>Cash flows from investing activities</b>	<b>-15 975 359</b>	<b>- 14 516 926</b>
Dividends paid to shareholders of the parent company	-	- 38.697.945
Capital increase in cash	-	-
Other	-391 346	- 1 123 460
Changes in borrowings	-25 399 521	- 42 104 774
<b>Flow of financing operations</b>	<b>-25 790 868</b>	<b>- 81.926.179</b>
Conversion movements	-5 864 009	10 394 284
<b>Increase (decrease) in cash</b>	<b>-54 974 176</b>	<b>- 66 907 177</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>238 264 666</b>	<b>305 171 842</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>183 290 490</b>	<b>238 264 665</b>

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