

HPS /



Earnings Presentation

First Half 2022

September 30, 2022

Business & Strategy update

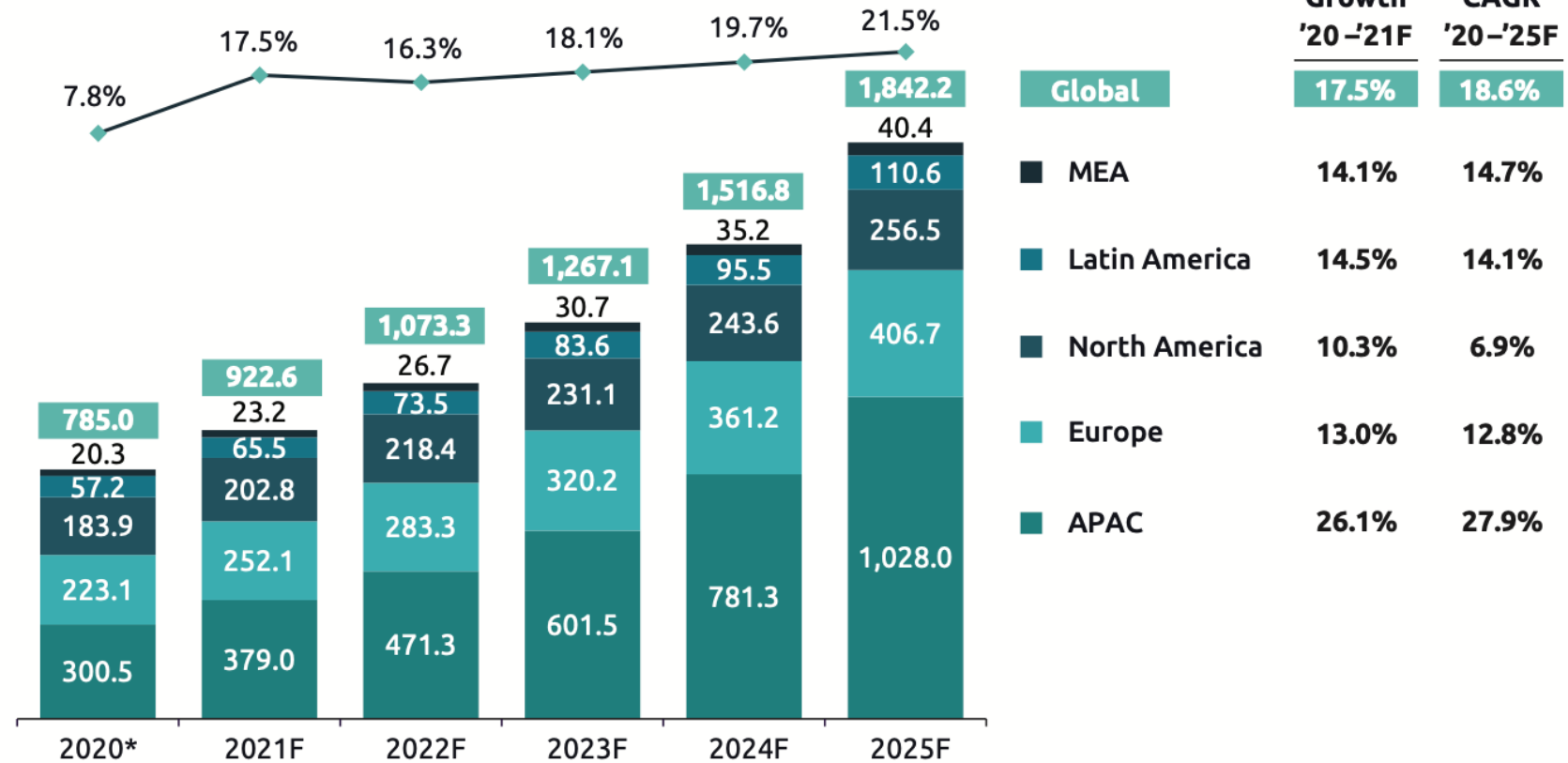


Abdeslam Alaoui, CEO

Industry trends

Acceleration of non-cash payments (in Billion USD)

Source:
Capgemini
World Payment Reports 2021

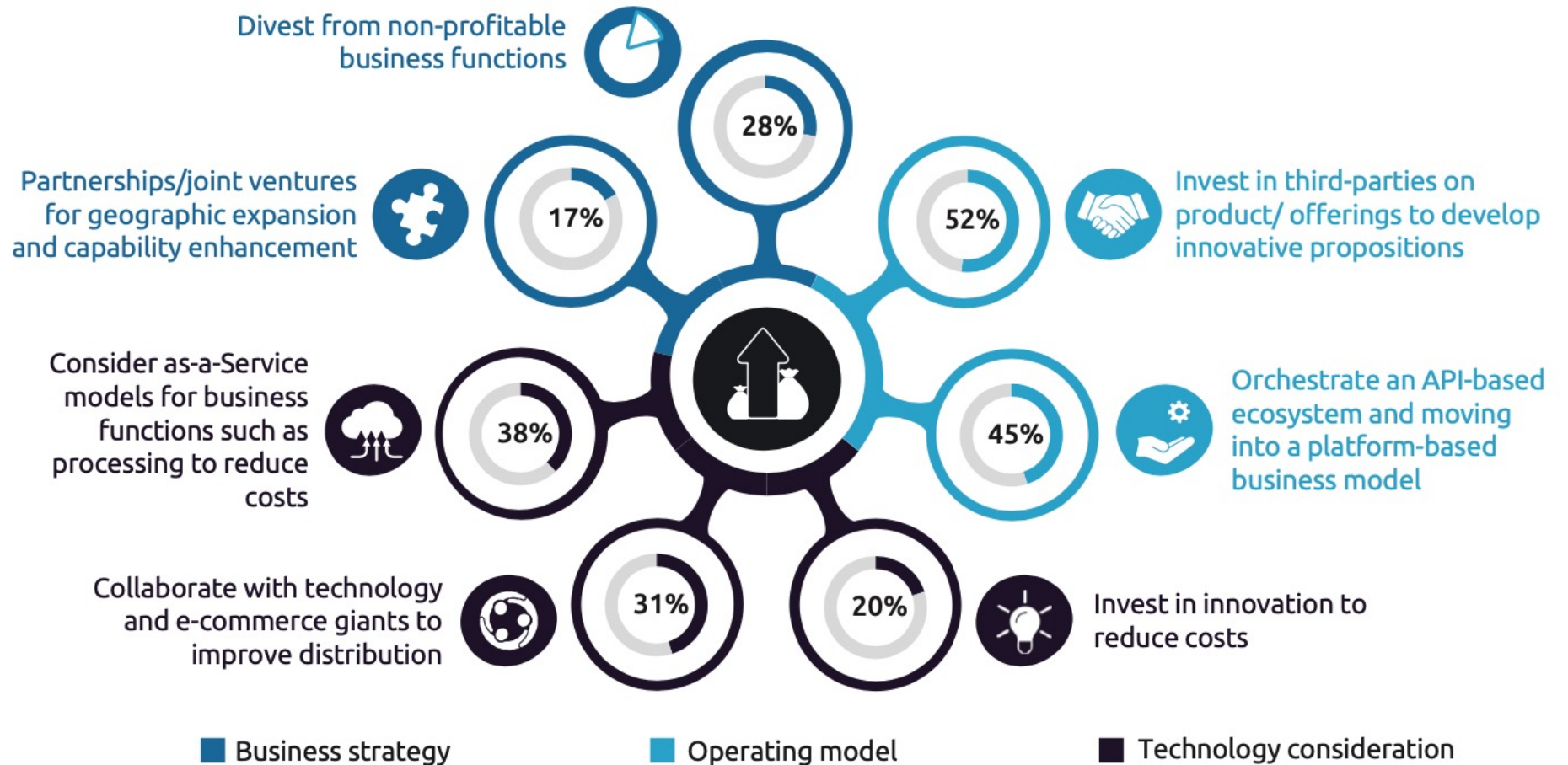


Note: *Non-cash transactions data for 2020 is sourced from the countries' central banks. In case of data unavailability, forecasted figures are used.

Industry trends

How banks plan to boost payments profitability

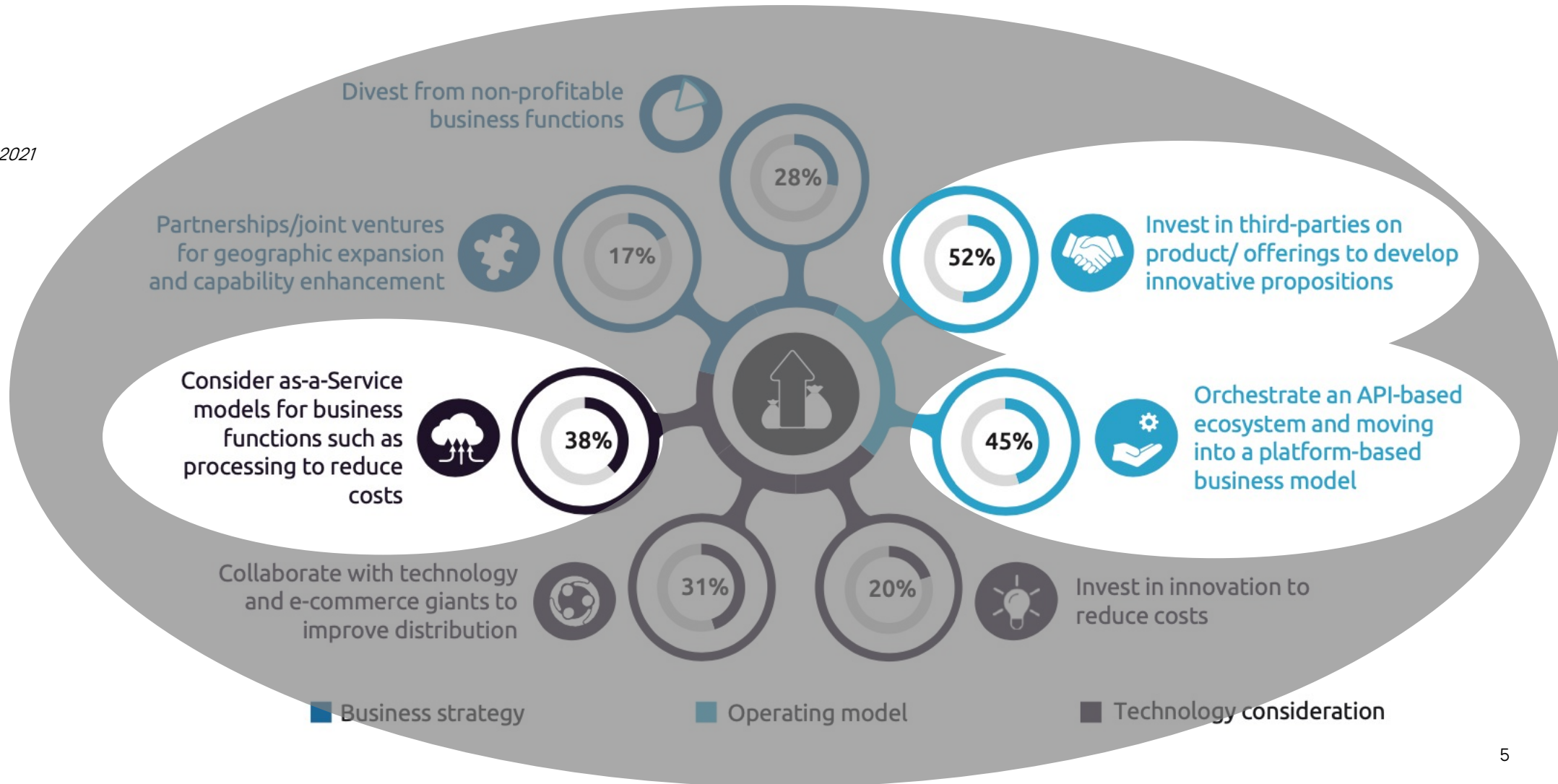
Source:
Capgemini
World Payment Reports 2021



Industry trends

How banks plan to boost payments profitability

Source:
Capgemini
World Payment Reports 2021



Sustainable growth strategy

	CORE BUSINESS			DIVERSIFICATION	OPERATIONAL EFFICIENCY
	REGIONAL	BUSINESS MODEL	SEGMENTS		
Priority ↑ + +	1 Software provider in Europe	5 SaaS provider in Africa 6 SaaS provider in Middle East	10 PowerCARD for FinTech players	13 Switching in Morocco	17 Versions Consolidation 18 Data centre Consolidation
	2 Software provider in South East Asia	7 SaaS provider in South East Asia	11 PowerCARD for retailers	14 B2B2C	
	3 Software provider in North America	8 SaaS provider in North America	12 PowerCARD for mobile money players	15 New payment means	
	4 Software provider in Latin America	9 SaaS provider in Latin America		16 Switching in other countries	
Supportive actions	<ul style="list-style-type: none"> Partnerships Local Delivery centres R&D investments M&A 	<ul style="list-style-type: none"> Partnerships R&D investments M&A 	<ul style="list-style-type: none"> R&D investments M&A 	<ul style="list-style-type: none"> Partnerships M&A 	<ul style="list-style-type: none"> R&D investments
Achievements	<ul style="list-style-type: none"> Delivery centres: Johannesburg, Athens, Singapore, Mauritius Partnership with Capgemini, IBM V4 in progress 	<ul style="list-style-type: none"> Launch of SaaS offer in 2017 Acquisition of ICPS in 2021 	<ul style="list-style-type: none"> PowerCARD roadmap 	<ul style="list-style-type: none"> Acquisition of Switching activity in Morocco Acquisition of IPRC BIN sponsoring with Visa 	<ul style="list-style-type: none"> R&D investments

Operating & Financial performance



Sustainable financial performance

REVENUE

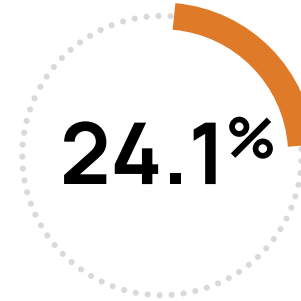
481 MMAD

↑ **+22.6%** Growth
+18.3% Proforma

EBITDA / MARGIN

116 MMAD

↑ **+40.5%** Growth



EPS

96.2 MAD

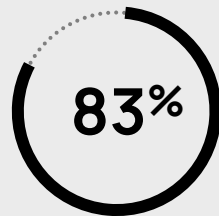
↑ **+83.8%** Growth

SEGMENT PERFORMANCE

PAYMENT ACTIVITY

388 MMAD

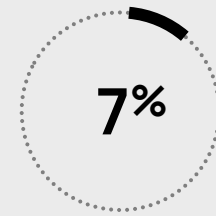
↑ **+35.7%** Growth
+29.5% Proforma



SWITCHING ACTIVITY

35 MMAD

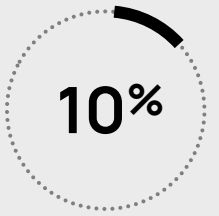
↑ **+9.3%** Growth



TESTING ACTIVITY

45 MMAD

↓ **-6.2%** Growth



Sustainable Business Model

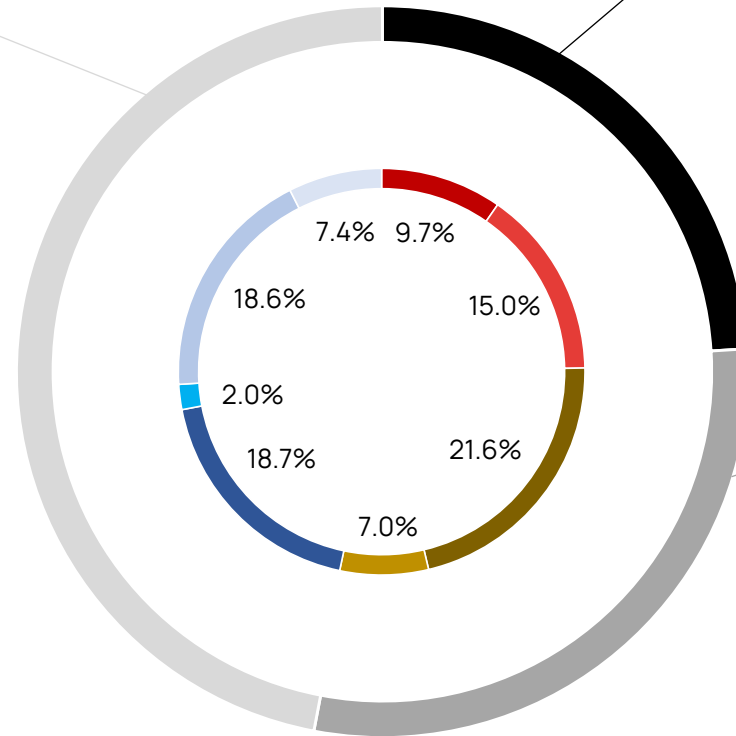
RECURRING

47%

- Maintenance ↑ **+14.7%** Growth
- Processing fees ↑ **+66.6%** Growth
- Click fees ↑ **+9.9%** Growth
- Switching fees ↑ **+9.3%** Growth

Growth drivers

- New SaaS deals
- Volume growth for existing SaaS customers
- New License customers for maintenance
- Payment transactions growth in Morocco for Switching



NON RECURRING

24%

- License model ↓ **-1.2%** Growth
 - License fee
 - PS fee
- Testing ↓ **-6.2%** Growth

Growth drivers

- New License deals
- New Testing contracts

REGULAR

29%

- Upselling ↑ **+37.8%** Growth
- License upgrades ↑ **+656%** Growth

Growth drivers

- New customers
- Volume growth for existing License customers
- Business, tech. & reg. evolutions

Payment activity

License Model

- ▶ Continued Rollout of PowerCARD to **one of the largest banks worldwide** for the Debit Card module: UK, Hong Kong and Mexico
- ▶ Successful Go-live for the 1st country of **one of the largest bank in Asia**. Rollout of the full project will continue over the next 4 years
- ▶ New contract to implement PowerCARD for the **National Switch in Gambia**
- ▶ Successful Go-live for Credit cards module for **Capitec in South Africa**
- ▶ Continued migration of existing customers from V2 and V3.2 to V3.5
- ▶ Strong activity with our existing customers and growth of Upselling by 38%

Outlook

- ▶ LOI received to implement Credit Card module and new countries for the **Tier 1 bank** using the Debit Card module
- ▶ LOI received of implement PowerCARD in 29 countries for **one of the largest oil company worldwide**.
- ▶ All the LOI received represent a potential of new sales of more than **200 MMAD** for H2

Share in Consolidated Revenues

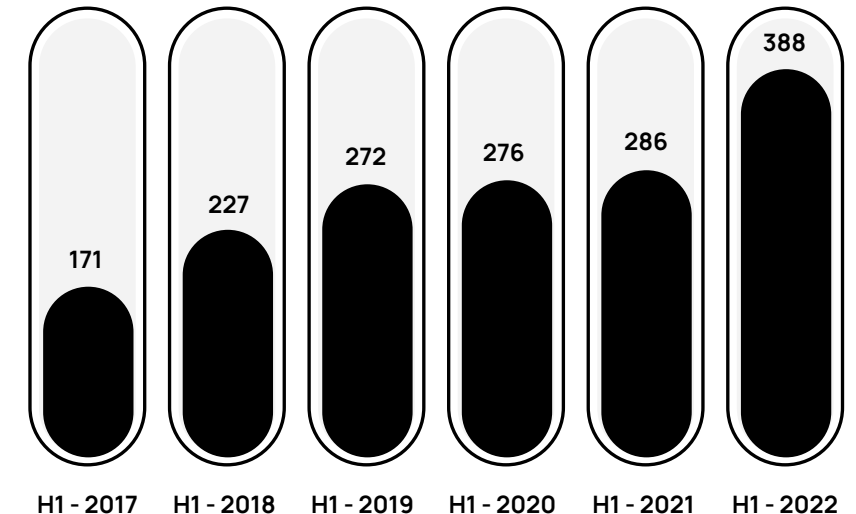
388.1 MMAD

+35.7% growth

+29.5% proforma

83%

Revenues in MMAD - CAGR 18%



Payment activity

SaaS Model

- ▶ Continued Rollout of PowerCARD on the Amazon Cloud for **Uno Bank** in Philippines
- ▶ Signature of our 1st contract in SaaS in **Saudi Arabia**
- ▶ Rollout of all **Société Générale** subsidiaries on HPS platform
- ▶ Internal project launched to consolidate platforms and PowerCARD versions used on SaaS model
- ▶ New monitoring contract with **BOA** for all its African ATM business
- ▶ Business extension with **Loomis** (France and Belgium). 100 ATMs on HPS platform

Outlook

- ▶ LOI received to deploy PowerCARD on SaaS model for our 1st reference in **Australia**
- ▶ LOI received to implement PowerCARD on SaaS model for **one of the largest banks in Canada**.
- ▶ LOI received to implement PowerCARD on SaaS model for our 1st reference in **Jamaica**
- ▶ All LOI received represent a potential annual Processing more than **20 MMAD**

Share in Consolidated Revenues

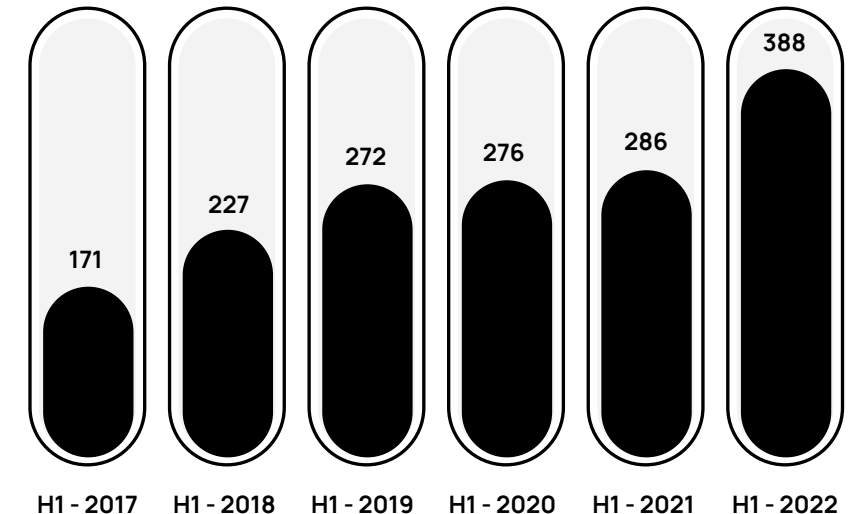
388.1 MMAD

+35.7% growth

+29.5% proforma

83%

Revenues in MMAD - CAGR 18%



Switching activity

Cards Switching

- ▶ Full business recovery after the Covid period. Return in 2022 to a normalized situation
- ▶ Strong acceleration of cards payments and e-commerce transactions after the Covid
- ▶ Internal project launched to build an Active-Active platform for the Switch
- ▶ PCI-DSS and ISO 27001 certifications renewed

Mobile Switching

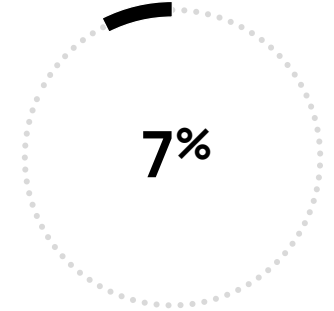
- ▶ 6 millions of Mobile wallets at end H1 2022
- ▶ 1,1 billion MAD of transactions on Wallets, 1% interoperable

Outlook

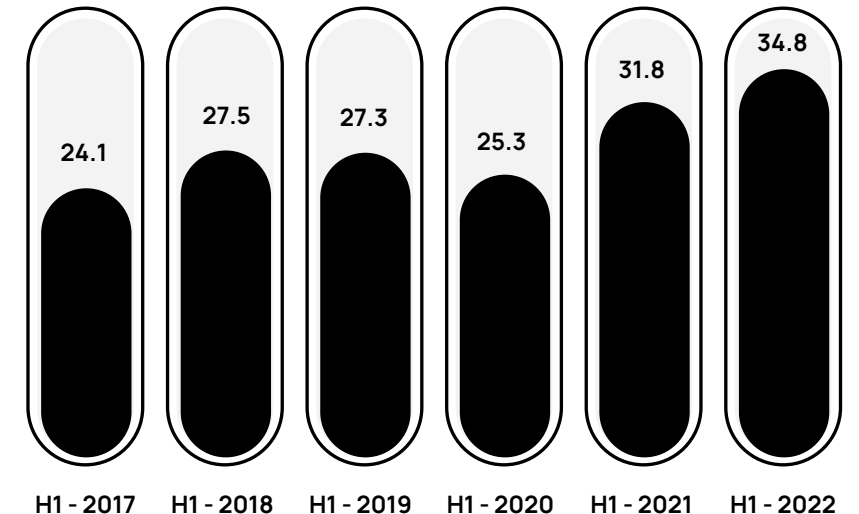
- ▶ Advanced discussions with Visa to propose new added value services on our Switching platform
- ▶ Huge potential growth for Cards Switching business due to the low use of cards today and the low development of merchants
- ▶ Mobile Switching business start to grow, but need standardization and structuration to accelerate the growth in the future.

Share in Consolidated Revenues

34.8 MMAD
+9.3% growth



Revenues in MMAD - CAGR 7.6%



Switching activity

Total Cards Outstanding

18.6 million cards
+0.7 million vs. 2021

Transactions

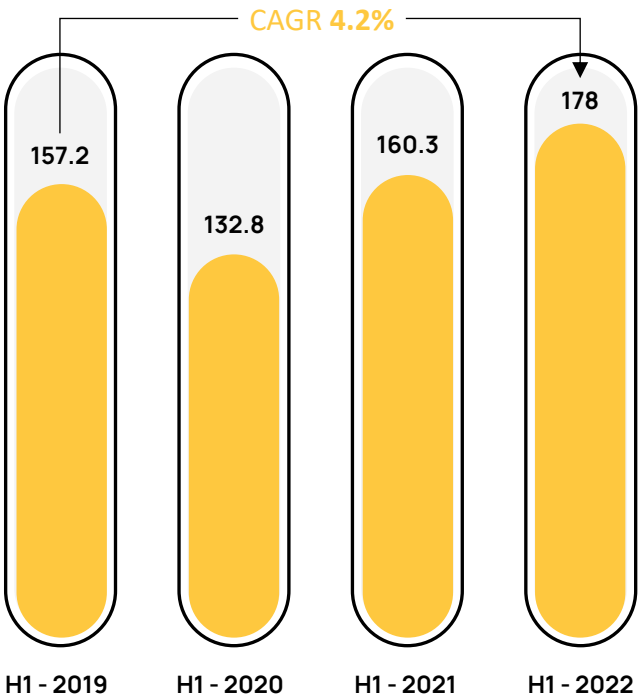
245.5 million transactions
+16.0% vs. H1 2021

ATM Network

8,017 units (March 2022)
+77 installations vs. 2021

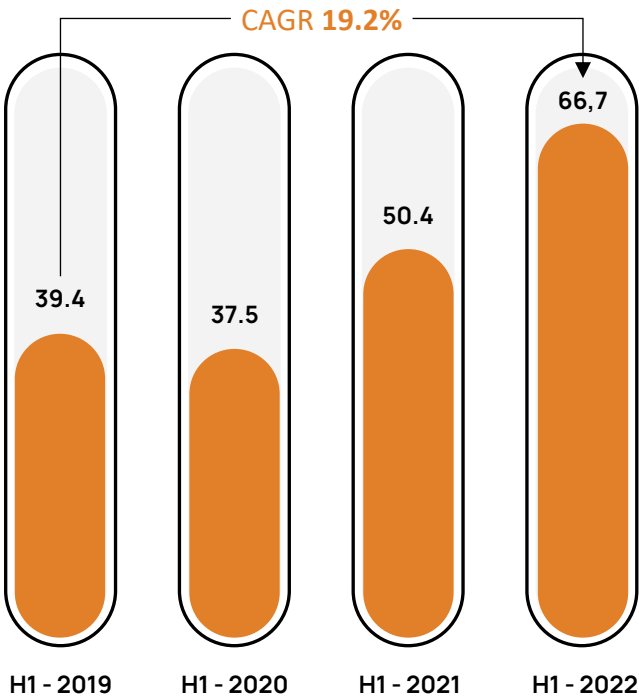
Withdrawal

Number of transactions in Millions



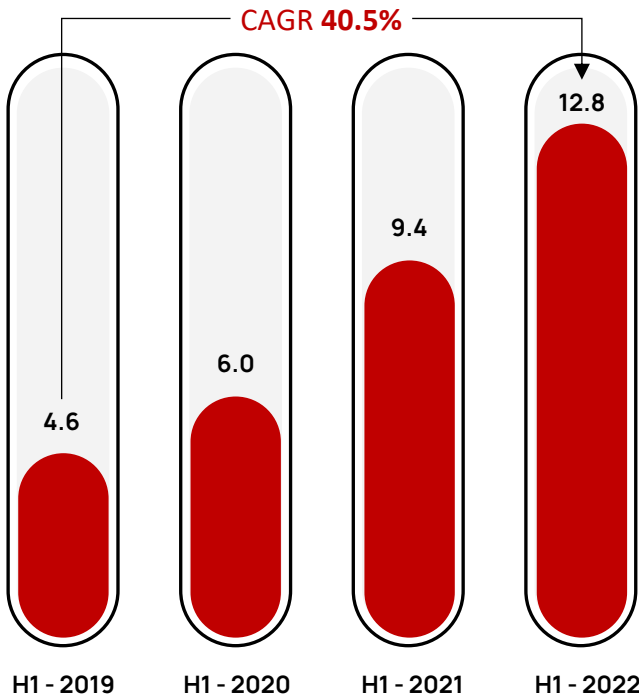
Payment

Number of transactions in Millions



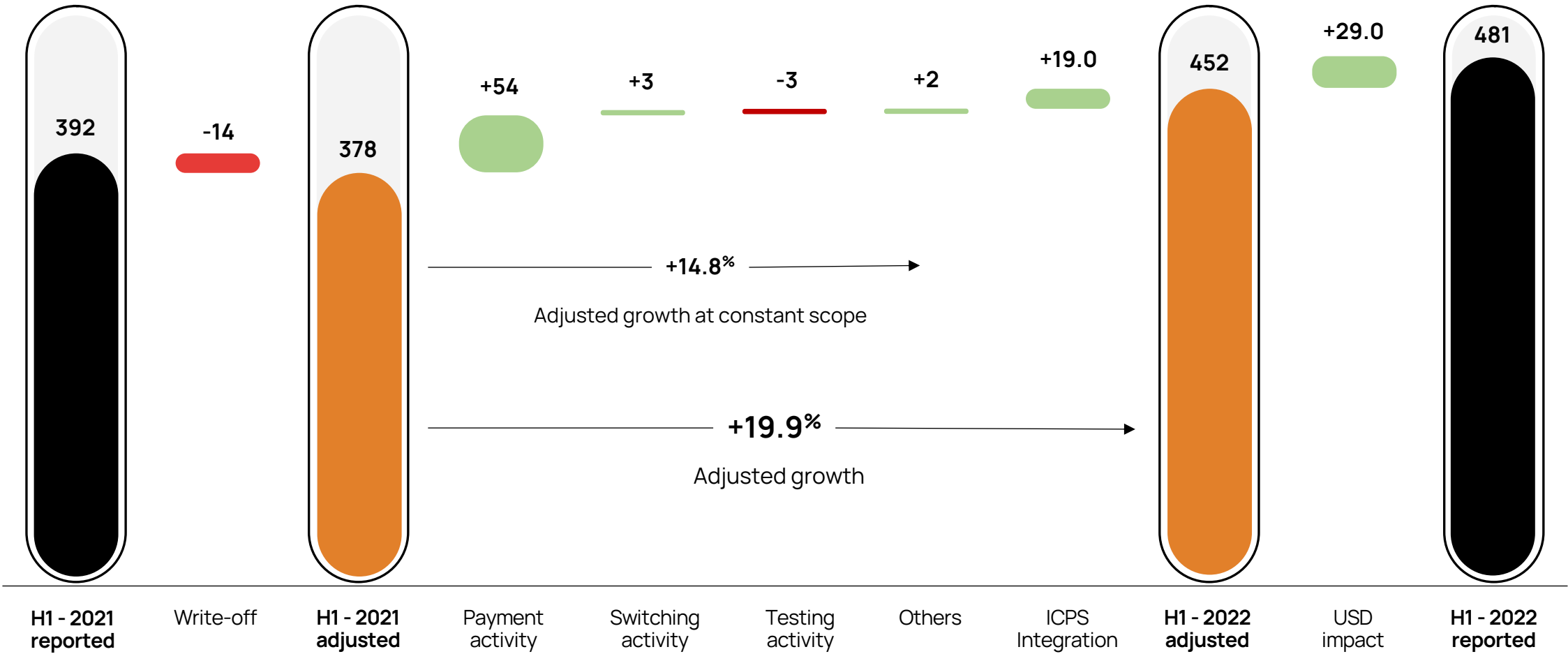
E-Commerce

Number of transactions in Millions



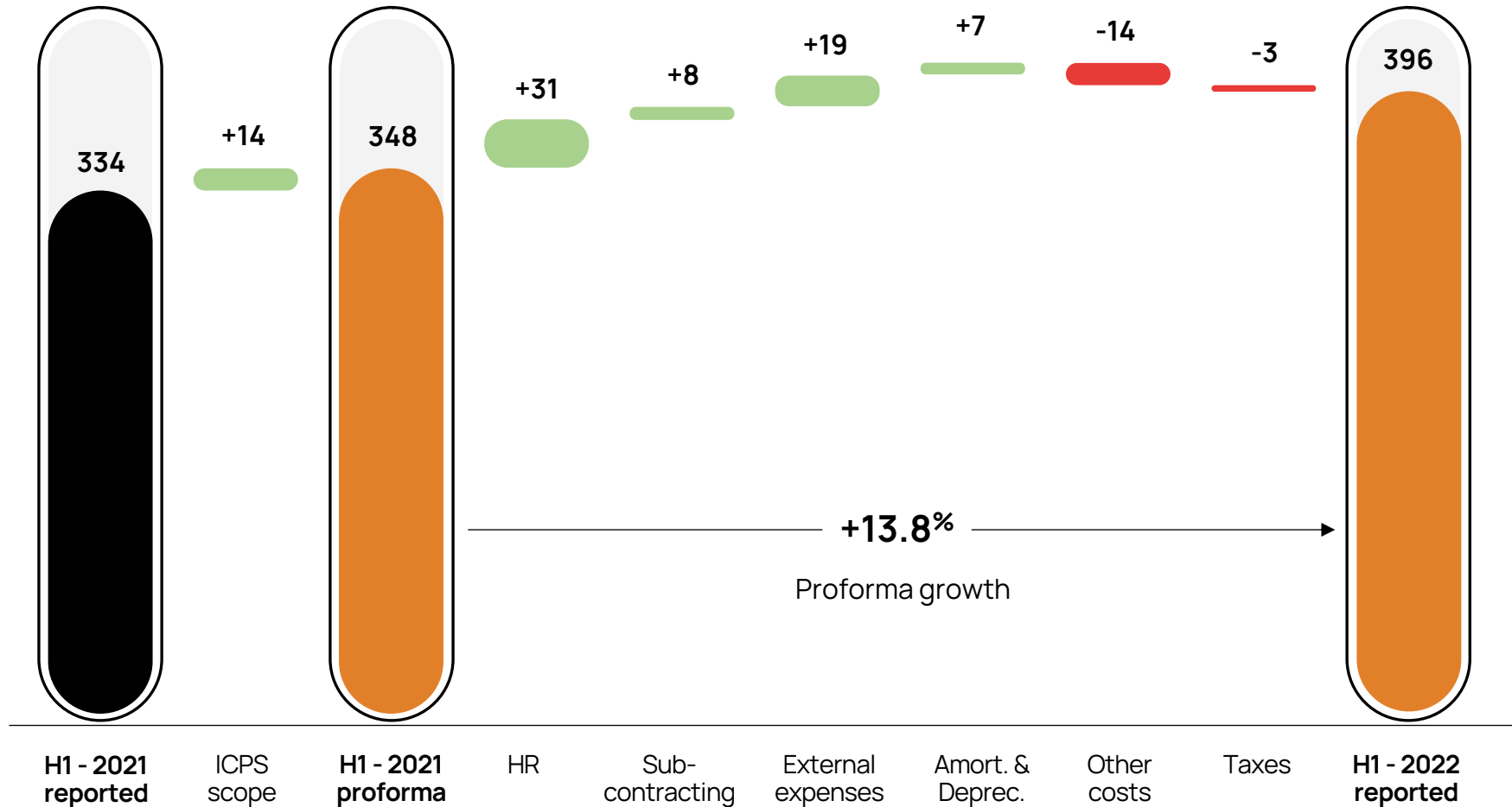
Adjusted Revenue growth

Amounts in MMAD



Operating costs

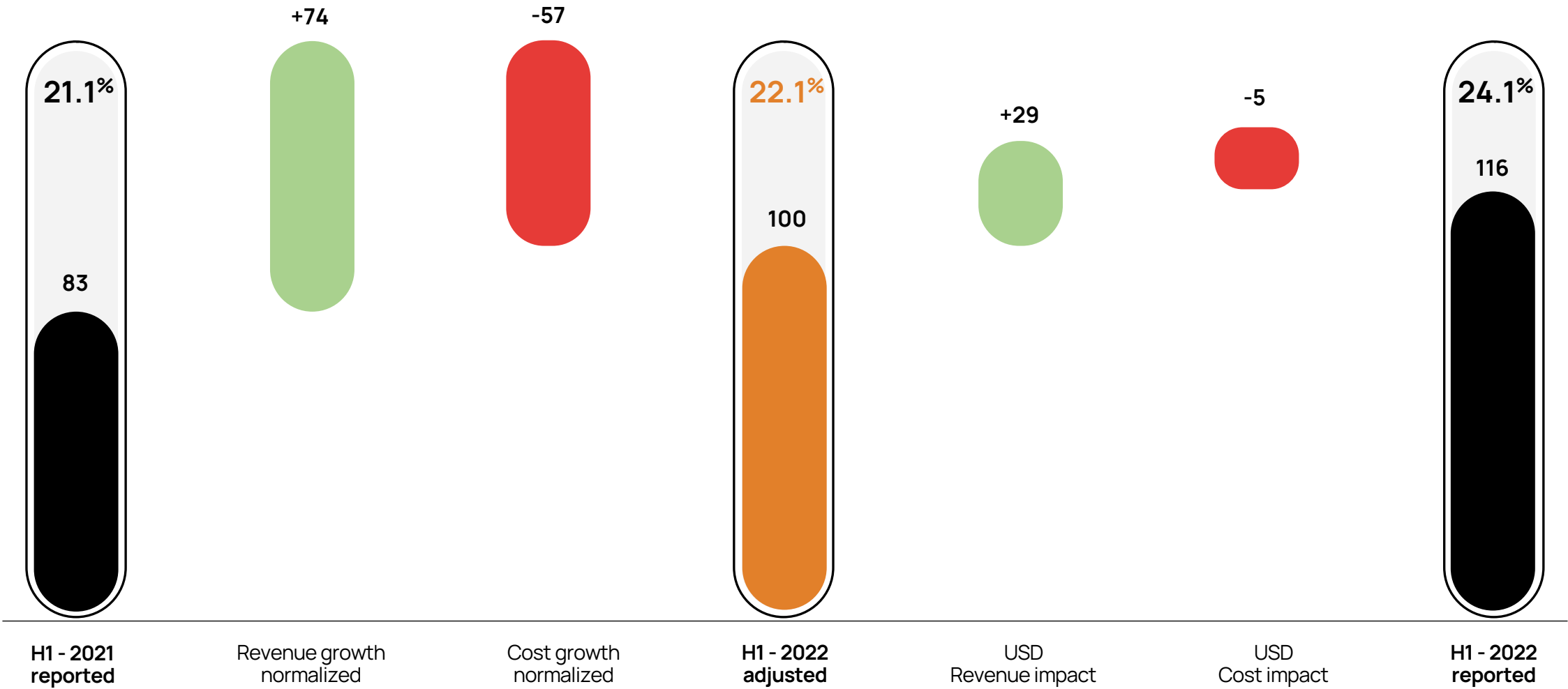
Amounts in MMAD



- ▶ **HR Costs : 209.4 MMAD vs. 171.6 MMAD**
Growth linked to the increase in headcount, change in scope and global increase to face inflation
- ▶ **Subcontracting: 64.9 MMAD**
Growth linked to the R&D investment for the development of PowerCARD V4
- ▶ **Other purchases & external expenses: 31.5 MMAD**
Increase in expenses related to regular commercial activities
- ▶ **Taxes: 5,9 MMAD**
Increase in taxes paid locally and reimbursed by customers
- ▶ **Impact of the scope of consolidation**
14 MMAD increase due to the change in the scope of consolidation, mainly related to HR

Adjusted EBITDA growth

Amounts in MMAD



R&D activity



On-Premise and Cloud-enabled: Hybrid Cloud



Micro-services & Composable Technology



Limitless scalability



Works on all database systems

Version 4 progress

- ▶ PowerCARD-Switch, PowerCARD-xPOS, PowerCARD-ATM and PowerCARD-Fraud ready
- ▶ New features to be integrated by end 2022
- ▶ Certification PCI PA-DSS in progress

Outlook

- ▶ Certification to be finalized by end 2022 for ready-modules
- ▶ PowerCARD-Issuing for Debit cards back-office ready by end 2022
- ▶ PowerCARD-eSecure ready by end 2022

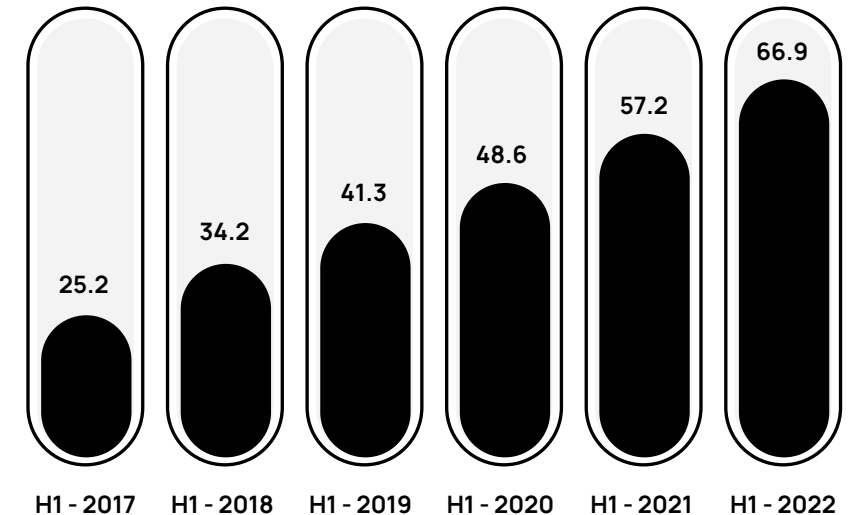
Share in Consolidated Revenues

66.9 MMAD

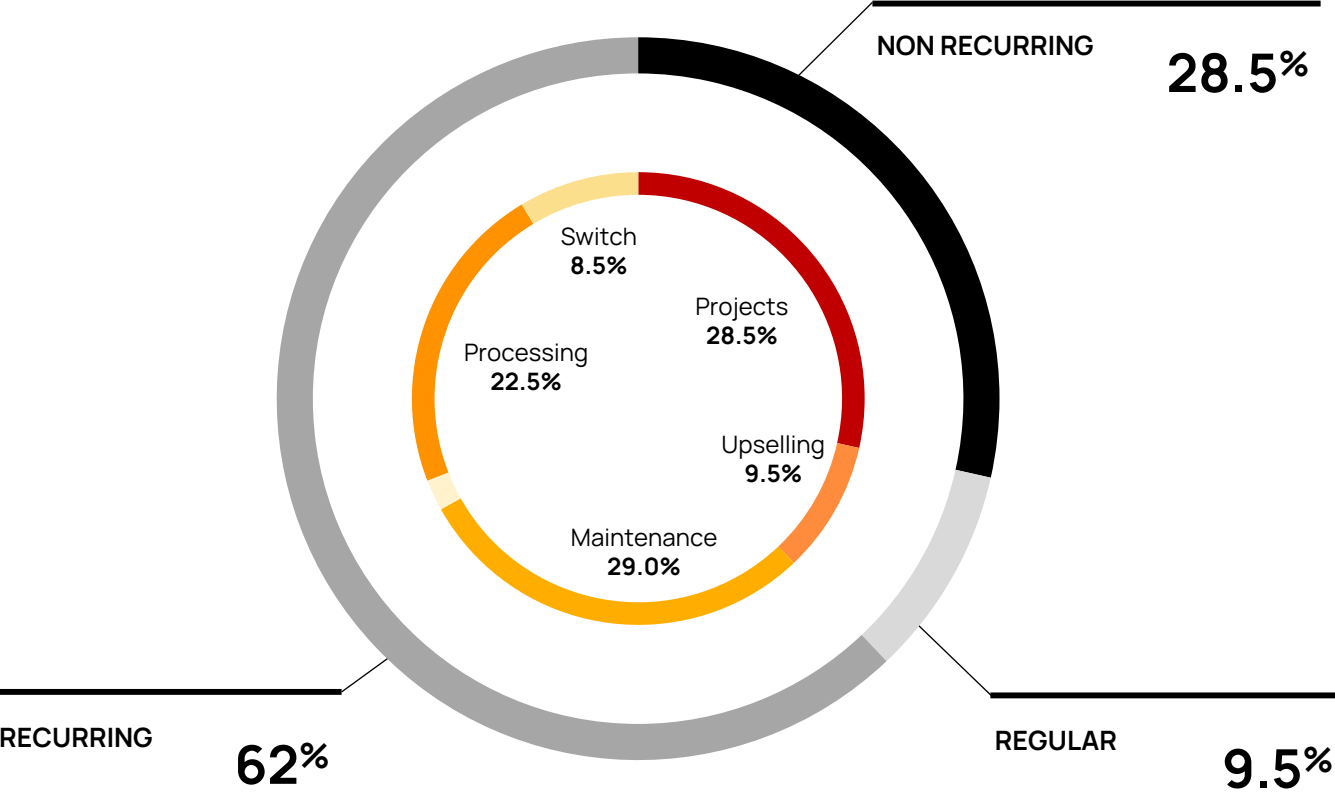
+17.0% growth

13.9%

R&D in MMAD - CAGR 21.6%

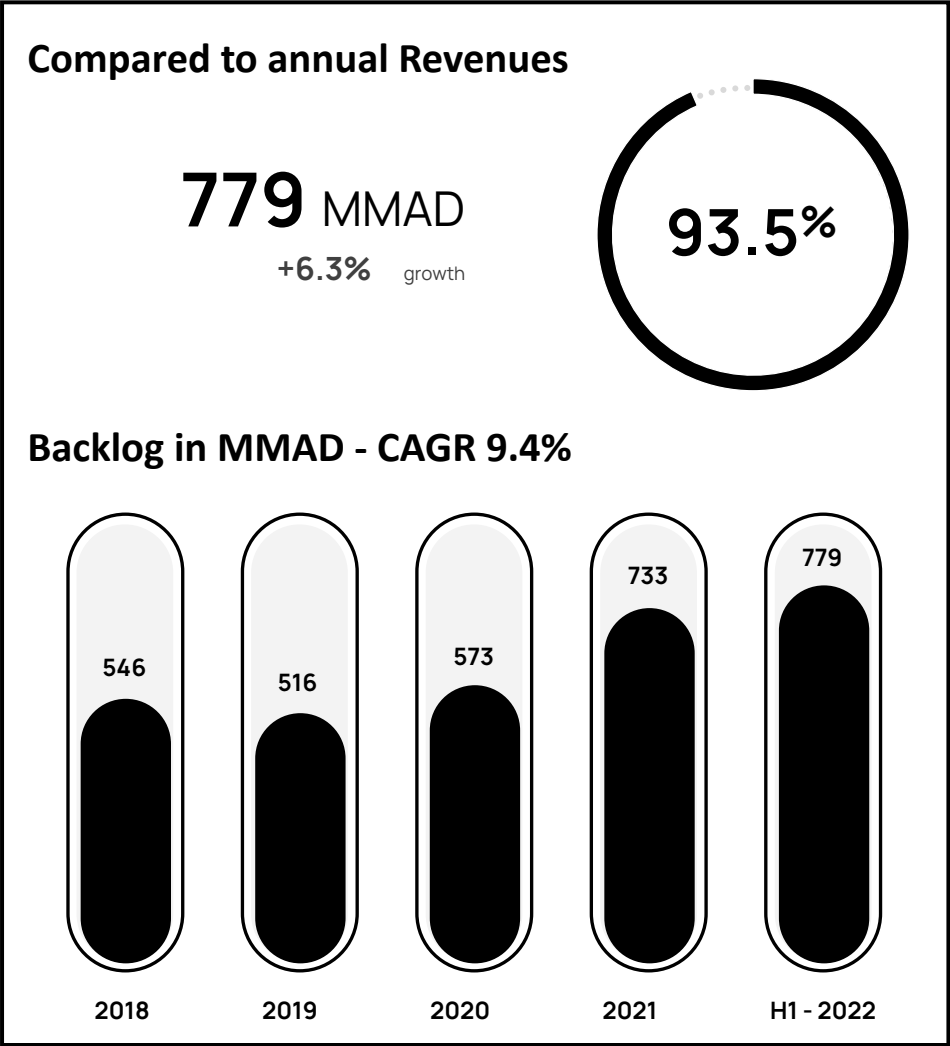


Backlog



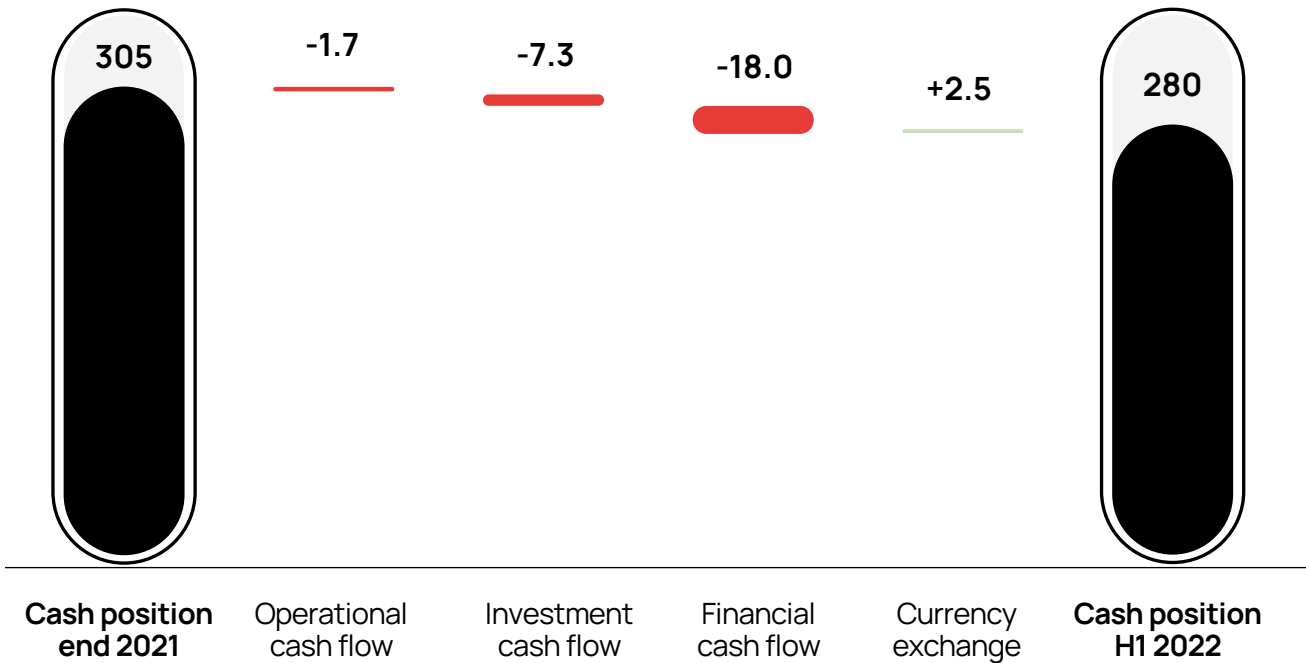
Outlook

- ▶ Several LOI received, representing **more than 200 MMAD** of sales that will fall into the backlog by end 2022



Net cash

Amounts in MMAD

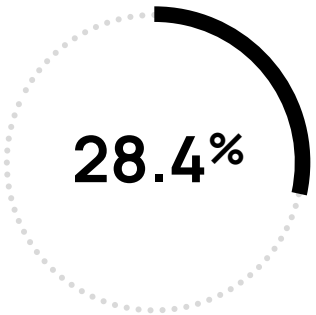


Outlook

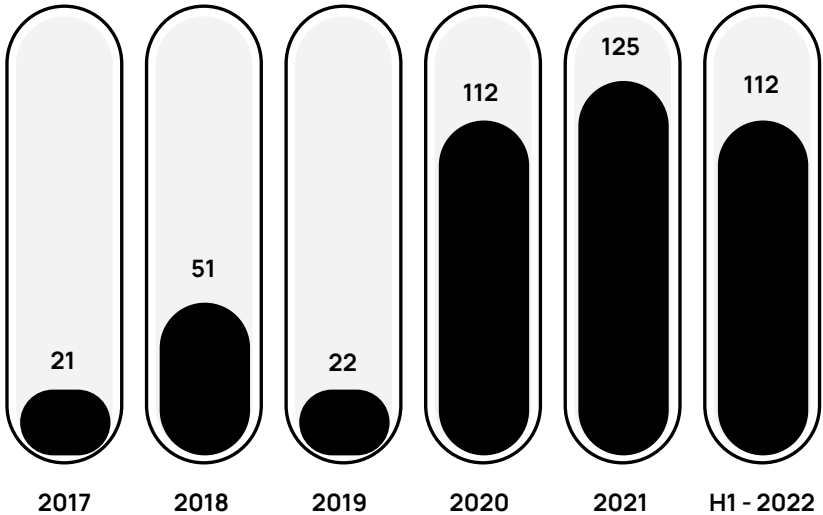
► Rollout of major projects will allow invoicing and resumption of cash flow growth

LT Debt compared to equity

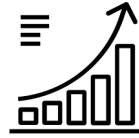
168.7 MMAD
-6.3% growth



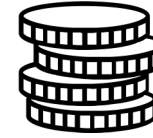
Net cash in MMAD - CAGR 39.8%



Key takeaways



Growth trends will be maintained for H2-2022



Profitability trends maintained for 2022 and objective of an **EBITDA comprised between 25% and 30%** by 2025



Backlog will be **reinforced** giving strong visibility for 2023 and beyond



Continuation of our **M&A strategy** to support our sustainable growth

Q&A session

Annexes - Financial statements

Balance Sheet - Assets

	30/06/22	31/12/21
Fixed Assets	292 634 503	293 636 527
Goodwill	97 955 512	103 589 946
Intangible assets	89 213 100	89 980 610
Property, plant and equipment	40 178 539	38 175 789
Financial assets	5 055 239	3 863 551
Investments in equity affiliates	60 232 114	58 026 630
Current Assets	1 235 487 418	1 072 019 170
Inventories and work in progress	80 854 282	73 786 898
Trade receivables and related accounts	746 487 910	609 663 322
Deferred tax assets	4 993 851	5 067 906
Other receivables and accruals	122 417 475	77 715 988
Cash	280 733 899	305 785 055
Total Assets	1 528 121 921	1 365 655 697

Balance Sheet - Liabilities

	30/06/22	31/12/21
Shareholders' Equity	594 043 434	556 582 145
- Capital	70 359 900	70 359 900
- Share premium	31 623 410	31 623 410
- Consolidated reserves	424 342 345	355 745 559
- Consolidated results	67 717 779	98 853 277
Shareholders' Equity, Group Share	594 043 434	556 582 145
Minority interests	-	-
Total Shareholders' Equity	594 043 434	556 582 145
Long-term Liabilities	175 073 708	185 492 666
Long-term financial liabilities	168 680 455	179 938 745
Provisions for liabilities and charges	6 393 253	5 553 921
Current Liabilities	759 004 779	623 580 886
Account payable and related accounts	73 031 283	66 298 856
Other liabilities and accruals	683 928 933	554 717 641
Deferred tax liabilities	2 044 563	1 951 177
Cash and cash equivalents	-	613 213
Total Liabilities	1 528 121 921	1 365 655 697

P&L statements

	30/06/22	30/06/21	30/06/2021 proforma
Turnover	467 774 909	366 729 188	382 576 293
Change in product inventories	1 364 567	- 453 281	- 2 408 117
Production immobilisée	-	-	-
Other operating income	11 823 271	26 137 321	26 270 256
Operating Expenses	480 962 747	392 413 228	406 438 432
Purchases of Goods resold	- 2 671 918	- 28 485	28 485
Purchases consumed	- 77 100 162	- 63 691 753	68 989 641
External expenses	- 68 123 282	- 49 574 460	51 140 965
Personnel expenses	- 209 365 459	- 171 594 640	178 435 147
Other operating expenses	- 1 655 021	- 15 636 280	15 636 280
Taxes and duties	- 5 914 273	- 9 256 442	9 259 471
Operating allowances	- 30 838 161	- 23 812 174	24 187 874
Operating expenses	- 395 668 276	- 333 594 233	- 347 677 863
Operating income	85 294 472	58 818 995	58 760 569
<i>Operating margin</i>	<i>17.7%</i>	<i>15.0%</i>	<i>14.5%</i>
Financial income and expenses	14 905 020	- 2 826 664	848 982
Current result of integrated companies	100 199 492	55 992 331	57 911 587
Non-current income and expenses	- 3 422 417	- 1 171 611	1 171 611
Income taxes	- 29 596 333	- 20 295 839	20 939 225
Net income of integrated companies	67 180 742	34 524 880	35 800 751
Share in the results of companies accounted for by the equity method	6 171 472	5 736 518	5 440 494
Amortization of goodwill	5 634 434	3 426 190	5 634 434
Net income of the consolidated group	67 717 779	36 835 208	35 606 810
Minority interests	-	-	-
Net Income (Group Share)	67 717 779	36 835 208	35 606 810
<i>EPS</i>	<i>96.24</i>	<i>52.35</i>	<i>50.61</i>
<i>Net margin</i>	<i>14.1%</i>	<i>9.4%</i>	<i>8.8%</i>

Cash flow statements

	31/12/2021
Net Income	67 717 779
Elimination of net non-cash income and expenses	
- Depreciation and amortization	17 353 450
- Change in deferred taxes	269 129
- Capital gain or loss on disposal	-
- Other non-cash income (expense), net	204 626
- Share in the result of companies accounted for by the equity method, net of dividends received	3 464 812
Cash flow of integrated companies	89 009 796
Dividends received from companies accounted for by the equity method	-
Change in working capital requirements related to operations	- 52 015 742
Net cash flow from operating activities	36 994 054
Acquisition of tangible and intangible assets	- 7 280 054
Disposal of fixed assets net of tax	-
Disposal of shares in companies accounted for by the equity method	-
Net acquisition of shares of consolidated companies	-
Cash flows from investing activities	- 7 280 054
Dividends paid to shareholders of the parent company	- 38 697 945
Capital increase in cash	-
Other	- 1 191 687
Changes in borrowings	- 16 793 600
Cash flows from financing activities	- 56 683 233
Translation movements	2 531 289
Change (decrease) in cash position	- 24 437 943
Cash and cash equivalents at the beginning of the year	305 171 842
Cash and cash equivalents at the end of the year	280 733 899

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invest@hps-worldwide.com