

PayPoint Plc
Trading update for the three months ended 30 June 2023¹

28 July 2023

A positive quarter across the PayPoint Group with further revenue growth and strategic progress delivered

Nick Wiles, Chief Executive of PayPoint Plc, said:

“This has been another positive quarter for the PayPoint Group where we have delivered further net revenue growth across the Group and continued the strong performance seen in FY23. Our enhanced platform and expanded capabilities across the Group, combined with our business-wide partnership philosophy and intensity of execution, give the Board confidence in delivering further progress in the year and meeting expectations.

In Shopping, our enhanced retailer proposition has continued to drive further value and opportunities to earn for our retailer partners, with more FMCG campaigns delivered, the further rollout of Counter Cash and our Net Promoter Score moving from negative to positive. Our sales momentum across the Group has also continued to grow in the quarter across both Handepay and PayPoint, with strong site growth in our EVO card processing estate driven by further proposition enhancements, including EPoS and loyalty, and supported by positive results from our increased focus on customer retention.

In E-commerce, the positive momentum built in FY23 has continued, with strong volumes delivered over the quarter and detailed plans in place with all our carrier partners to drive further growth. We have seen excellent volumes in Vinted parcels, which is being supported by the expansion of Zebra printers into more stores and the launch of our new Store to Store service in partnership with Yodel.

In Payments and Banking, our integrated digital payments platform, MultiPay, continues to deliver positive revenue and transaction growth, with two major new clients in Housing launched in the quarter. Our Open Banking solutions continue to attract strong demand, delivered in partnership with OBConnect, with 13 clients signed for Confirmation of Payee services, Ovo becoming our first client live for Payment Information Services (PISP) and both Ovo and Citizens Advice signed up for Account Information Services (AIS).

In Love2shop, there has been growing momentum over the quarter in Love2shop Business, with a strong pipeline of new clients and a positive performance and retention of existing clients delivered. Park Christmas Savings is on track for a return to growth this year, supported by an enhanced proposition, increased agent engagement and reinforcing the important role this service can play in helping consumers budget during the current economic challenges. We were also delighted to launch our partnership with The Fed (Federation of Independent Retailers) to create a network of 1,500 Super Agents over the coming months for the Christmas 2024 savings season.

Our compelling characteristics of strong cash flow and resilient earnings remain constant, and our materially enhanced platform is positioned to deliver sustainable and profitable growth for our shareholders, and further progress in the delivery of these objectives in the current year.”

HIGHLIGHTS

Positive performance across the Group

PayPoint Group

Group net revenue increased by 19.7% in the quarter to £35.8 million (Q1 FY23: £29.9 million)

Shopping

Shopping divisional net revenue increased by 3.4% to £15.8 million (Q1 FY23: £15.3 million), driven by the growth of our PayPoint One estate, the annual RPI increase and further enhancements to our retailer and SME propositions.

- Retail services net revenue increased by 5.3% to £7.8 million (Q1 FY23: £7.4 million), reflecting growth in the number of revenue-generating PayPoint One sites to 18,612 (31 March 2023: 18,453) and the impact of the annual RPI increase
- Card payment net revenue increased by 1.5% to £8.0 million (Q1 FY23: £7.8m), with further enhancements to our Handepay proposition delivered, including EPoS, loyalty and legal support, as well as positive results from our increased focus on customer retention driven by AI and data analytics

¹ PayPoint's auditors have not been requested to review the performance

- Card payment sites in the Handepay EVO estate grew strongly to 18,941 (31 March 2023: 18,397) driven by the enhanced proposition, expanded range of features delivered via our Android terminal and the increased optimisation of our sales and retention efforts
- Strong quarter of FMCG activity, leveraging our consumer engagement solution, PayPoint Engage, and partnering with Coca-Cola, Amazon, AG Barr and JTI
- Positive progress on retailer partner Net Promoter Score, moving from negative to positive, driven by our enhanced proposition and additional value and opportunities to earn delivered over the past year
- UK retail network increased to 28,489 sites (31 March 2023: 28,478), with 70.0% in independent retailer partners and 30.0% in multiple retail groups

E-commerce

E-commerce divisional net revenue increased strongly by 65.9% to £2.4 million (Q1 FY23: £1.4 million) and transactions grew by 68.4% to 19.2 million (Q1 FY23: 11.4 million) through our e-commerce technology platform, Collect+.

- Excellent transaction volumes driven by continued growth in Vinted, the launch of Consumer Send for FedEx and an increase in Amazon sites to 7,109 in time for Prime Day 2023
- Store to store service launched for Yodel/Vinted, averaging circa 100k parcels per week
- New partnership launched with OOHPod in Northern Ireland, enabling Yodel Click & Collect customers to have their parcels delivered to secure lockers when checking out online
- Zebra printer expansion plans underway to rollout a further 2,000 devices ahead of Christmas Peak 2023

Payments & Banking

Payments & Banking divisional net revenue decreased by 5.8% to £12.4 million (Q1 FY23: £13.1 million), driven by continued growth in digital transactions, but offset by a reduction in cash bill payments as consumer behaviour has adjusted following the end of government support schemes.

- Continued digital payments growth to 12.3 million transactions (Q1 FY23: 11.0 million) and net revenue increasing by 14.7% to £3.4 million (Q1 FY23: £2.9 million)
- Further client wins for our integrated digital payments platform, MultiPay, and Open Banking services: 2 major new clients in Housing (Network Homes and POBL), first Open Banking client live for PISP (Ovo), 2 clients signed for AIS services (Ovo and Citizens Advice) and 13 clients signed for Confirmation of Payee. In addition, we successfully tendered for the new government framework (DPS) through the Crown Commercial Service.
- Over £263 million of Energy Bills Support Scheme vouchers were redeemed across PayPoint's extensive network of over 28,000 retailer partners by the end of the government support scheme in June 2023, providing a £400 payment to households across the UK, leveraging our Cash Out digital capability
- Cash through to digital net revenue decreased slightly by 4.5% to £1.7 million (Q1 FY23: £1.8 million) and transactions decreased to 2.1 million (Q1 FY23: 2.2 million). In addition to the range of digital brands we work with, we are launching new partnerships with neo-banks, including JPMorgan Chase, enabling withdrawals and deposits across our extensive network of retailer partners
- Cash payments net revenue decreased by 13.2% to £7.3 million (Q1 FY23: £8.4 million) and transactions decreasing by 17.1% to 35.8 million (Q1 FY23: 43.2 million), with growth seen in housing and a stable performance in mobile top ups, but offset by a reduction in energy transactions

Love2shop

Love2shop divisional net revenue of £5.2 million, driven by positive performance in Love2shop Business and continued momentum in Park Christmas Savings as it returns to growth.

- Love2shop Business growing momentum over the quarter, with building pipeline of new clients, strong retention and performance of existing clients and reshaped Business Development team to focus on small/medium accounts and drive opportunities ahead of seasonal peak
- Park Christmas Savings on track to return to growth for first time since 2018, with an enhanced proposition bringing more choice, partner offers and value for customers and increased engagement activity with Agents leading to improved saver retention
- Partnership launched with the Fed (Federation of Independent Retailers) to create a Super Agent network of 1,500 stores within the PayPoint retailer partner network, with pilot launched in June 2023 to test appetite, review tools and best practices ahead of rollout over the summer
- 8 new partners onboarded to our multi-retailer products to ensure our products continue to offer choice and flexibility, including B&Q, WHSmith, Robert Dyas and Matalan

BALANCE SHEET AS AT 30 JUNE 2023

The Group had net corporate debt of £74.8 million (31 March 2023: £72.4 million) comprising cash balances of £14.7 million (31 March 2023: £22.0 million), less loans and borrowings of £89.5 million (31 March 2023: £94.4 million).

DIVIDEND

The Board have declared an increased dividend of 18.6 pence per share, consistent with our progressive dividend policy, and representing an increase of 3.3% vs the final dividend declared on 26 May 2022 of 18.0 pence per share. The dividend is payable in equal instalments of 9.3 pence per share on 1 September 2023 and 22 September 2023

Enquiries

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ABOUT PAYPOINT GROUP

For tens of thousands of businesses and millions of consumers, we deliver innovative technology and services that make life a little easier.

The PayPoint Group serves a diverse range of organisations, from SME and convenience retailer partners, to local authorities, government, multinational service providers and e-commerce brands. Our products are split across four core business divisions:

- In Shopping, we enhance retailer propositions and customer experiences through EPoS services via PayPoint One, card payment technology, Counter Cash, ATMs and home delivery technology partnerships in over 60,000 SME and retailer partner locations across multiple sectors. Our retail network of over 28,000 convenience stores is larger than all the banks, supermarkets and Post Offices put together
- In E-commerce, we deliver best-in-class customer journeys through Collect+, a tech-based delivery solution that allows parcels to be picked up, dropped off and sent at thousands of local stores
- In Payments and Banking, we give our clients and their customers choice in how to make and receive payments quickly and conveniently. This includes our channel-agnostic digital payments platform, MultiPay, offering solutions to clients across cash, card payments, direct debit and Open Banking. PayPoint also supports its eMoney clients with purchase and redemption of eMoney across its retail network.
- In Love2shop, we provide gifting, employee engagement, consumer incentive and prepaid savings solutions to thousands of consumers and businesses. Love2shop is the UK's number one multi-retailer gifting provider, offering consumers the choice to spend at more than 140 high-street and online retail partners. Park Christmas Savings is the UK's biggest Christmas savings club, helping over 350,000 families manage the cost of Christmas, by offering a huge range of gift cards and vouchers from some of the biggest high street names.

Together, these solutions enable the PayPoint Group to create long-term value for all stakeholders, including customers, communities and the world we live in.