

PayPoint Plc  
Trading update for the three months ended 31 December 2023<sup>1</sup>

24 January 2024

**A positive quarter with PayPoint Group on track to deliver c. £80m of underlying EBITDA, net debt below £70m and underlying PBT in line with expectations for FY24**

**Nick Wiles, Chief Executive of PayPoint Plc, said:**

*“This has been another positive quarter for the PayPoint Group and we remain on track to deliver c. £80m of underlying EBITDA for the current year, an important milestone on our journey to achieving £100m EBITDA by the end of FY26, ending the year with net debt below £70m and delivering underlying PBT in line with expectations. This performance reflects both the resilience of our businesses and the benefits from the transformation delivered over the past three years as we unlock further opportunities and growth for our enhanced platform and expanded capabilities.*

*In Shopping, the positive momentum in our cards business has continued to grow, with merchant site growth delivered across both our EVO and Lloyds Cardnet estates and a record week delivered in the run up to Christmas with over £150m of processed value. Following the successful launch in November of our next generation device, PayPoint Mini, we have also delivered further site growth across the PayPoint network and continued to enhance our retailer proposition to drive additional value and opportunities to earn for our retailer partners, including the initial rollout of our foreign currency service in partnership with eurochange, strong growth in our FMCG campaigns working with major brands like Coca-Cola, and good progress in our YouLend Business Finance product with over £14m lent in the year to date to our SME and retailer partners.*

*In E-commerce, we have delivered a record quarter, with volumes up 54% against the peak quarter in FY23, driven by the continued growth of our Store to Store service, supporting our significantly expanded partnership with Vinted and Yodel announced in November. This excellent performance has been delivered against the backdrop of a challenging e-commerce market, which was down 1.9% year on year over Black Friday week, with Collect+ benefitting from the continuing consumer channel shift towards Out of Home and greener delivery choices, and strong, established relationships with our carrier partners. We are in advanced discussions with a number of other major carrier partners about long-term contracts to continue to grow volumes into FY25.*

*In Payments and Banking, we are on track to win and onboard a record level of new business as our integrated digital payments platform, MultiPay, continues to establish itself as a comprehensive payment solution for clients across cards, Open Banking, direct debit and cash. We have secured further wins in the Housing sector, with Rooftop and Sovereign, and in the Charity sector with East Anglian Air Ambulance, as well as now having over 21 clients live for our Open Banking services. In Banking, we are in the process of onboarding Chase and Revolut for consumer deposits into our retailer partner network, expanding our local banking provision across the UK and growing our portfolio of neobank clients. We are also pleased to have won the DVLA contract for International Driving Permits, marking another key central government service that will be fulfilled via our extensive retailer partner network. In our legacy energy sector business, the rate of decline moderated from the sharp fall in H1, with net revenue declining 6.1% versus 19.4% in H1 FY24.*

*In Love2shop, Park Christmas Savings has returned to growth this year, delivering £162.6m of billings, supported by an enhanced proposition, strong new customer recruitment and improved retention rates. This again reinforces the enduring appeal and vital role this service plays in helping consumers budget for big occasions and avoid debt. Although early in the Christmas 2024 season, we are seeing an improving quality of saver across the order book to date. In Love2shop Business, the number of retained clients was up 6% but order values were down, resulting in weaker billings than expected in December and reflecting the broader caution from large businesses and the overall challenging economic situation. We have proactive and focused plans in place to end the year strongly.*

*Planning for the 24/25 financial year is well underway to achieve our growth ambitions and build on the strong progress across the business. As we continue towards delivering £100m EBITDA by the end of FY26, our confidence is underpinned for the next financial year by: further growth in our PayPoint One/Mini, card and ATM estates; a strong run rate for won and onboarded new business wins for our digital payments platform across multiple sectors; confidence in sustaining our excellent growth rates in E-commerce; continued innovation and new proposition development into our retailer partner network; and establishing the right organisational structure and cost base to support the delivery of our growth plans.’*

---

<sup>1</sup> PayPoint’s auditors have not been requested to review the performance

## **HIGHLIGHTS**

### **Positive performance across the Group**

#### **PayPoint Group**

Group net revenue increased by 59.8% in the quarter to £52.0 million (Q3 FY23: £32.5 million). PayPoint segment net revenue increased by 2.8% to £33.4 million.

#### **Shopping**

Shopping divisional net revenue increased by 6.0% to £16.4 million (Q3 FY23: £15.4 million), driven by the growth of our PayPoint One/Mini estate and a positive performance in our cards business.

- Service fee net revenue increased by 11.1% to £5.0 million (Q3 FY23: £4.5 million), reflecting growth in the number of PayPoint One/Mini sites to 18,963 (31 March 2023: 18,453) and supported by the launch of our next generation device, PayPoint Mini, in November 2023
- Card payment net revenue increased by 6.6% to £8.3 million (Q3 FY23: £7.8m), driven by a strong sales performance, further enhancements to our Handepay proposition, and a continued focus on proactive churn management driven by AI and analytics
- Delivered a record week for processed value in the EVO and Lloyds Cardnet estates of over £150 million in the week before Christmas, up over 18% year on year, with strong performances from the grocery, food & beverage, auto trade and health & beauty sectors, reinforcing the strength and quality of our merchant network
- Card payment sites in the EVO estate grew to 19,199 (31 March 2023: 18,397) and the Lloyds Cardnet estate grew to 9,907 (31 March 2023: 9,541), driven by the enhanced proposition 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, Philip Morris, Lucozade Energy, Netflix and Xbox
- Positive year on year growth of Business Finance via YouLend with over £14 million lent in the year to date, supporting our retailer and SME partners during the current economic challenges
- Further progress on our retailer proposition development, with the rollout underway of 500 sites for click and collect foreign currency, partnering with eurochange
- UK retail network increased to 28,900 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 34.3% to £3.1 million (Q3 FY23: £2.3million) and transactions grew by 54.3% to 26.2 million (Q3 FY23: 17.0 million) through our e-commerce technology platform, Collect+. This division has now processed over 68.3 million parcel transactions year to date, surpassing the 56.4 million transactions processed over the whole of FY23.

- Excellent transaction volumes driven by continued growth in our Store to Store service and our significantly expanded partnership with Vinted and Yodel. Collect+ outperformed the overall e-commerce market, which experienced a 1.9% decline year on year over Black Friday week<sup>1</sup>
- Collect+ network grew to 11,730 sites (31 March 2023: 10,514)
- DPD Print in Store roll out delivered, increasing overall sites to 3,000, and UPS now launched into 600 sites
- Further expansion of our Collect+ university network to 12 locations, with plans in place to expand to 25 locations in the next six months
- Continue to identify opportunities to expand our carrier partnerships and sustain our volume growth into FY25

#### **Payments & Banking**

Payments & Banking divisional net revenue decreased by 5.5% to £13.9 million (Q3 FY23: £14.7 million): with further growth in our digital payments platform, MultiPay; offset by the expected impact of the Energy Bills Support Scheme (EBSS), which was a one-off activity that ran in the same period last year; and a continued reduction in cash bill payments.

- Continued growth through our MultiPay platform, with net revenue increasing by 33.1% to £1.8 million (Q3 FY23: £1.4 million). Including the one-off impact of the EBSS from the prior year, total digital net revenue decreased by 24.4% to £3.6 million (Q3 FY23: £4.8 million)
- On track for a record year of new business for our integrated digital payments platform, establishing a strong run rate of net revenue as we head into the next financial year: further wins secured in housing with Rooftop and Sovereign and in charities with East Anglian Air Ambulance for our complete range of payments solutions; over 21 clients now signed for Confirmation of Payee services; and with PayPoint establishing as one of the UK's Top 10 leading Open Banking payment processors for PISP

---

<sup>1</sup> IMRG – Black Friday: The Key Findings - <https://www.imrg.org/blog/black-friday-2023-the-key-findings/>

- DVLA contract awarded for providing International Driving Permits via our retailer partner network, adding another important central government service to our portfolio and expected to launch early in the new financial year
- Cash through to digital net revenue was flat year on year at £1.7 million (Q3 FY23: £1.7 million). Our neobank proposition, providing deposits and withdrawals to customers, continued to grow with over £102 million deposited in the quarter (Q3 FY23: £96.7 million). Chase and Revolut are now in the process of being onboarded for consumer deposits into our retailer partner network, expanding this vital service provision into more communities across the UK
- Cash payments net revenue decreased by 2.3% to £8.1 million (Q3 FY23: £8.2 million). In our legacy energy sector business, the rate of decline moderated from the sharp fall in H1, with net revenue declining only 6.1% versus 19.4% in H1 FY24.

### **Love2shop**

Love2shop divisional net revenue of £18.5 million, driven by the positive performance in Park Christmas Savings, which has returned to growth for the first time in six years

- Park Christmas Savings returned to growth, delivering £162.6m of billings for the Christmas 2023 season, an increase of 1.2% versus the prior year (Christmas 2022: £160.7m). New customer recruitment was up 8%, retention rates for direct customers achieved were the highest to date at 79%, and record retention rates of 89% were maintained for agents, reflecting better management and engagement of savers during the year. Although early in the Christmas 2024 season, there are encouraging signs of an improving order book, with customer recruitment ahead of the prior year and a higher rate of successful payment set up delivered
- The positive performance in Park Christmas Savings reinforces the enduring appeal of the service in helping customers budget responsibly for Christmas and avoid high-cost credit and debt. With research showing over 56% of consumers having got into debt at Christmas, a rise in households borrowing from unlicensed lenders and a 17% rise in the use of Buy Now Pay Later products over the past year<sup>1</sup>, Park Christmas Savings provides a structured, supportive and stress-free way to budget whilst delivering over £2.2 million of value back to savers each year
- Love2shop physical gift cards were launched for the first time in over 2,600 locations ahead of the Christmas 2023 gifting season, with a building sales momentum established, partnering with key multiple retailers, including One Stop, MFG, Henderson's Retail and CJ Lang
- Love2shop Business experienced a weaker billings performance than expected in December, with good growth in the number of retained clients up 6% but order values down, particularly in employee rewards, reflecting the broader caution from large businesses and the overall challenging economic situation. New corporate APIs were launched in November, with the first clients onboarded shortly after, and there are focused plans in place for the Love2shop Business team for the final quarter to end the year strongly
- 12 new partners onboarded to our multi-retailer products to continue to expand consumer choice and flexibility, including Currys, Rymans, The Body Shop, Halfords Autocentres and Adidas

### **Costs and organisational structure**

Planning for the 24/25 financial year is well underway to achieve our growth ambitions and build on the strong progress across the business. As we continue towards delivering £100m EBITDA by the end of FY26, we have commenced a thorough review to ensure that the Group has the appropriate organisational structure and cost base to support the delivery of our growth plans. Further details will be provided at our preliminary results for FY24.

### **BALANCE SHEET AS AT 31 DECEMBER 2023**

The Group had net corporate debt of £71.2 million (31 March 2023: £72.4 million), down from £83.2 million at the half year, comprising cash balances of £26.8 million (31 March 2023: £22.0 million), less loans and borrowings of £98.1 million (31 March 2023: £94.4 million).

### **DIVIDEND**

The Board have declared an increased interim dividend of 19.0 pence per share, consistent with our progressive dividend policy, and representing an increase of 2.2% vs the final dividend declared on 26 May 2022 of 18.6 pence per share. The dividend is payable in equal instalments of 9.5 pence per share on 29 December 2023 and 5 March 2024.

### **Enquiries**

<sup>1</sup> Money Expert: Cost of Christmas 2023 - <https://www.moneyexpert.com/news/the-cost-of-christmas-2023/>; FCA – Deferred Payment Credit Research Oct 2023; abrdn Financial Fairness Trust Research – Dec 2023

**PayPoint plc**

*Nick Wiles, Chief Executive (Mobile: 07442 968960)*

*Rob Harding, Chief Financial Officer (Mobile: 07525 707970)*

**FGS Global**

*Rollo Head*

*James Thompson*

*(Telephone: 0207 251 3801)*

*(Email: PayPoint-LON@fgsglobal.com)*

**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 our PayPoint One/Mini devices, card payment technology, Counter Cash, ATMs and FMCG 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 Open Banking, card payments, direct debit and cash. 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.