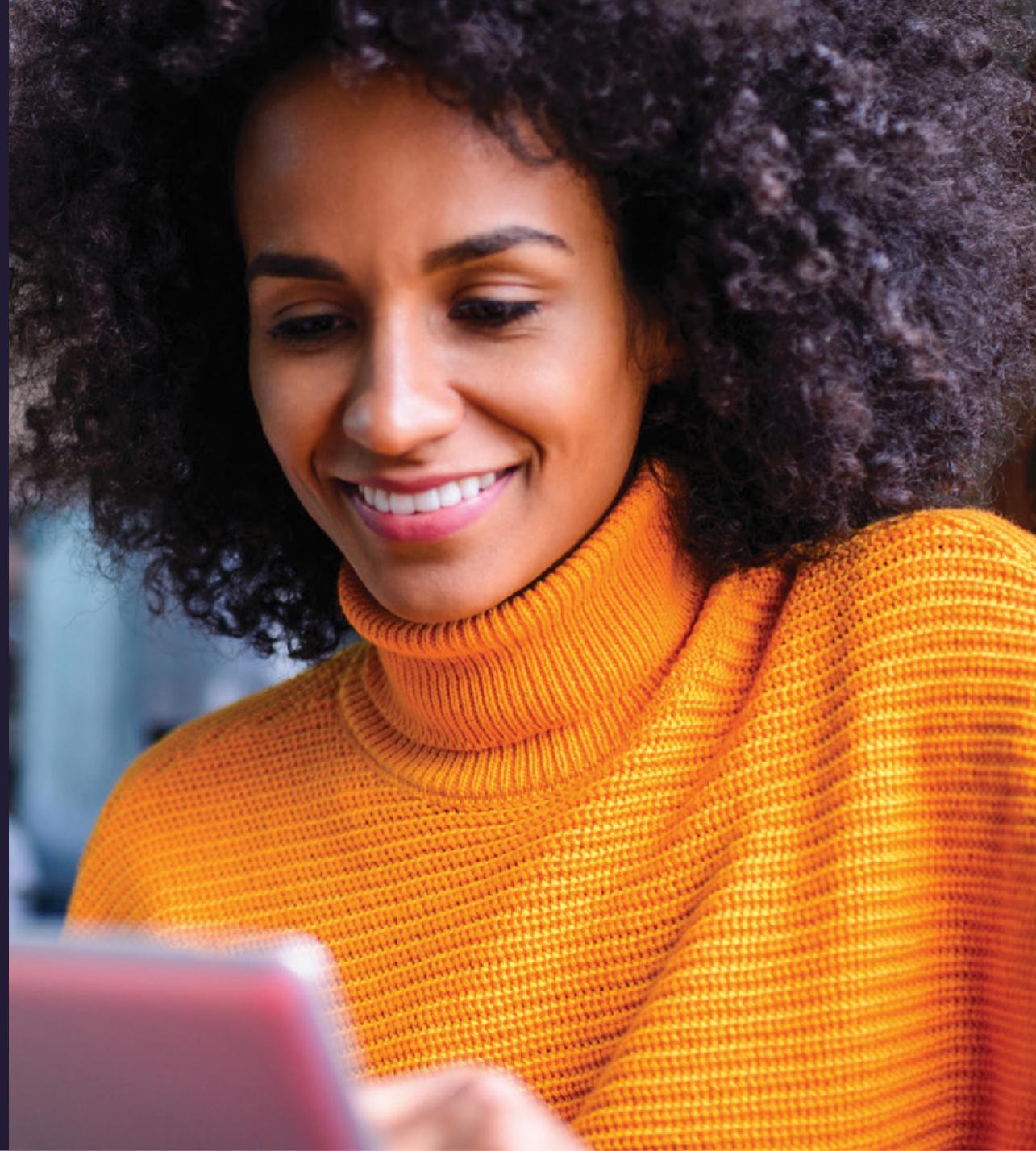


**Results for the  
year ended  
31 March 2023**

**P | PayPoint Group**



# Agenda

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**1 Overview**

**2 Strategy update**

**3 Financial review**

**4 Divisional review**

**5 Outlook**

**6 Q&A**

# Strong financial performance with further strategic progress

## PayPoint Group

	FY22		FY23
Net revenue <sup>1</sup>	£115.1m	+11.9%	£128.9m
Underlying EBITDA <sup>2</sup>	£58.2m	+5.2%	£61.3m
Underlying PBT <sup>3</sup> (profit before tax exc. adjusting items)	£48.0m	+5.8%	£50.8m
Cash generation <sup>4</sup>	£53.9m	+15.6%	£62.3m
Dividend	18.0p	+3.3%	18.6p

## SHOPPING

FY22		FY23
£58.7m net revenue	+5.6%	£62.0m net revenue
51.0% of Group		48.1% of Group

### Overview

- Service fee net revenue increased by 8.3% to £17.9 million, reflecting growth in the number of PayPoint One sites to 18,453 (FY22: 18,120)
- Card payment net revenue increased by 4.3% to £31.8 million, with an enhanced proposition for Handepay and PayPoint customers delivered
- Card payment sites in the Handepay EVO estate grew to 18,397 (31 March 2022: 17,499)
- UK retail network increased to 28,478 sites (31 March 2022: 28,254)
- Positive progress on retailer partner Net Promoter Score, moving from negative to positive
  - FMCG – further partnerships established with Coca Cola, Amazon and JTI with strong pipeline of future activity

## E-COMMERCE

FY22		FY23
£4.9m net revenue	+46.5%	£7.3m net revenue
4.3% of Group		5.6% of Group

### Overview

- E-commerce divisional net revenue increased strongly by 46.5% to £7.3 million (FY22: £4.7 million) and transactions grew by 69.6% to 56.4 million (FY22: 33.3 million)
  - Driven by our strength in clothing/fashion categories, the continued expansion of new services with carrier partners and the investments made in Zebra label printers
- New partnerships launched in Q4 FY23 with Yodel for store-to-store parcels and InPost for locker to store parcels
- Expansion plans delivered for our portfolio of services with carrier partners, including supporting Vinted growth

## PAYMENTS AND BANKING

FY22		FY23
£51.5m net revenue	+9.1%	£56.2m net revenue
44.7% of Group		43.6% of Group

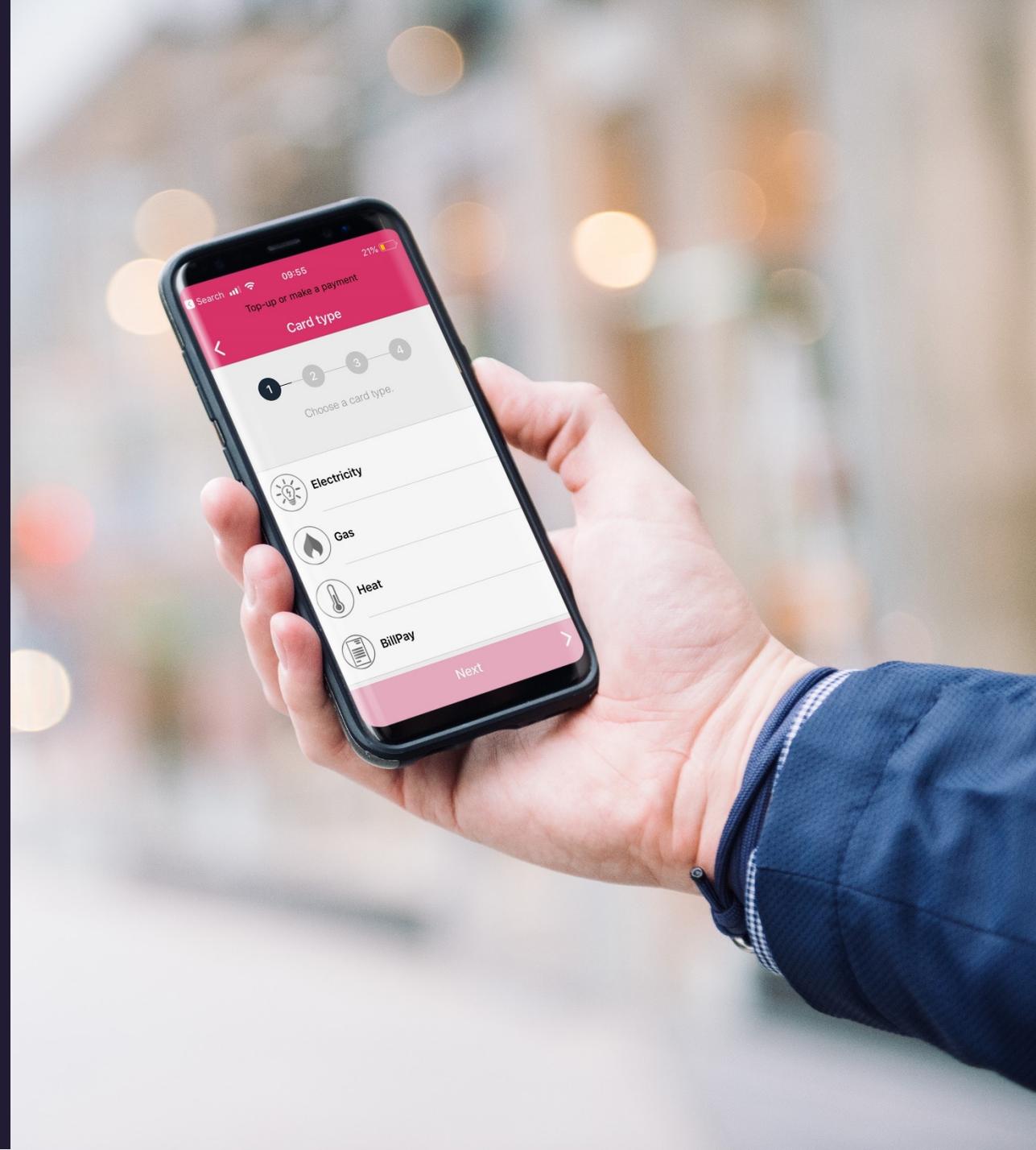
### Overview

- Continued digital payments growth to 52.3 million transactions (FY22: 34.2 million) and net revenue increasing by 102.7% to £15.7 million (FY22: £7.7 million)
- Cash payments net revenue delivered a resilient performance, decreasing by 5.1% to £33.7 million (FY22: £35.5 million) and transactions decreasing by 1.2%
- Cash through to digital net revenue decreased by 16.5% to £6.9 million (FY22: £8.2 million)
- New business growth with direct debit launched for POBL Housing, new PayPoint OpenPay service with Ovo and Confirmation of Payee for the Department for Energy and Net Zero

1. Net revenue is an alternative performance measure. Refer to note 3 for a reconciliation to revenue  
 2. Underlying EBITDA (EBITDA excluding adjusting items) is an alternative performance measure. Refer to note 1 for the definition and the Financial review for a reconciliation  
 3. Underlying profit before tax (profit before tax excluding adjusting items) is an alternative performance measure. Refer to note 1 for a reconciliation  
 4. Cash generation is an alternative performance measure. Refer to the Financial review – cash flow and liquidity for a reconciliation from profit before tax

# Strategy update

 | PayPoint Group



# What are we focused on across the Group?

## PayPoint Group

- 1 Creating value and opportunity from the M&A executed over the past 3 years
- 2 Accelerating the shift from cash to digital payments
- 3 Driving and investing in key growth areas across the Group over the next 3 years
- 4 Reviewing our capital allocation policy to deliver enhanced shareholder returns

# Purposeful execution of a clear strategy focused on growth

1

The Group has materially enhanced its platform, through successful acquisitions and strategic investments. Early M&A and investments (Collect+ and i-movo) are already making a strong contribution to the Group's financial performance

			
<ul style="list-style-type: none"> <li>• Full ownership secured in April 2020</li> <li>• Engine of strong E-commerce division performance and future growth</li> </ul>	<ul style="list-style-type: none"> <li>• Acquired in Nov 2020</li> <li>• Secure digital voucher platform - critical to delivery of DWP Payment Exception Service, Cash Out and FMCG activity</li> </ul>	<ul style="list-style-type: none"> <li>• Acquired in Feb 2021</li> <li>• Market leading proposition: multiple sectors, 30k+ merchants, with acceleration plan and expansion to mid-market</li> </ul>	<ul style="list-style-type: none"> <li>• Disposal completed on 8 April 2021</li> <li>• Proceeds of £48 million, including a full year trading performance of £7.6 million PBT</li> </ul>
			
<ul style="list-style-type: none"> <li>• Acquired in April 2021</li> <li>• Enables integrated payments platform, adding Direct Debit to Open Banking, card processing and cash</li> </ul>	<ul style="list-style-type: none"> <li>• Investment of £750k announced in March 2022</li> <li>• Leading app for tenants to manage home rental account, with PayPoint positioned as the preferred payment provider</li> </ul>	<ul style="list-style-type: none"> <li>• Investment of £3m announced in July 2022</li> <li>• Enhanced Open Banking capabilities of integrated payments platform</li> </ul>	<ul style="list-style-type: none"> <li>• Acquisition completed on 28 February 2023</li> <li>• The UK's number one digital platform for employee and consumer rewards</li> </ul>

# Appreciate Group unlocks new markets and growth for PayPoint

- ✓ Customer engagement platform, driving consumer rewards, gifting and retention across multiple channels
- ✓ Employee rewards and engagement platform, helping businesses drive satisfaction, retention and rewards for their people
- ✓ Enterprise solutions enabled with additional capabilities, unlocking new markets, partners and revenue streams
- ✓ Now known as Love2shop division
- ✓ Leading portfolio of brands:



**Core customer**

**Core trading operation**

**KPIs: Weekly Trading Pulse**

**Billings Composition**

**Revenue Streams**

## Love2shop Division



**Corporate and Consumer**

**Consumer**

- Employee rewards and engagement
- Customer rewards, gifting and retention
- Central and local government targeted disbursements

- Prepaid savings solutions for key events
- 330,000 families helped over last two years

**Billings**

FY23 = £207.3m  
Sale and despatch of gift cards/vouchers to customers

FY23 = £160.6m  
Cash collected over savings season from customers

- Retailer service/management fees
- Card fees
- Non-redemption income
- Interest earned on cash balances (held in trust until redemption)

- Retailer service/management fees
- Card fees
- Non-redemption income
- Interest earned on cash balances (held in trust until redemption)



# How the Group makes money in the Love2shop divison

1

In Love2shop, there are four key revenue streams that drive growth. This is equivalent to similar revenue streams across the rest of the Group

	Love2shop Segment	PayPoint Segment		
Division	Love2shop	Shopping	E-Commerce	Payments & Banking
Revenue streams	<ul style="list-style-type: none"> <li>• Retailer service fees/management fees</li> <li>• Card fees</li> <li>• Non-redemption income</li> <li>• Interest on cash balances</li> </ul>	<ul style="list-style-type: none"> <li>• Transaction fees</li> <li>• Service fees</li> <li>• Terminal rental fees</li> </ul>	<ul style="list-style-type: none"> <li>• Transaction fees</li> </ul>	<ul style="list-style-type: none"> <li>• Transaction fees</li> <li>• Management fees</li> <li>• Interest earned on cash balances</li> </ul>

## Love2shop Division Revenue Streams



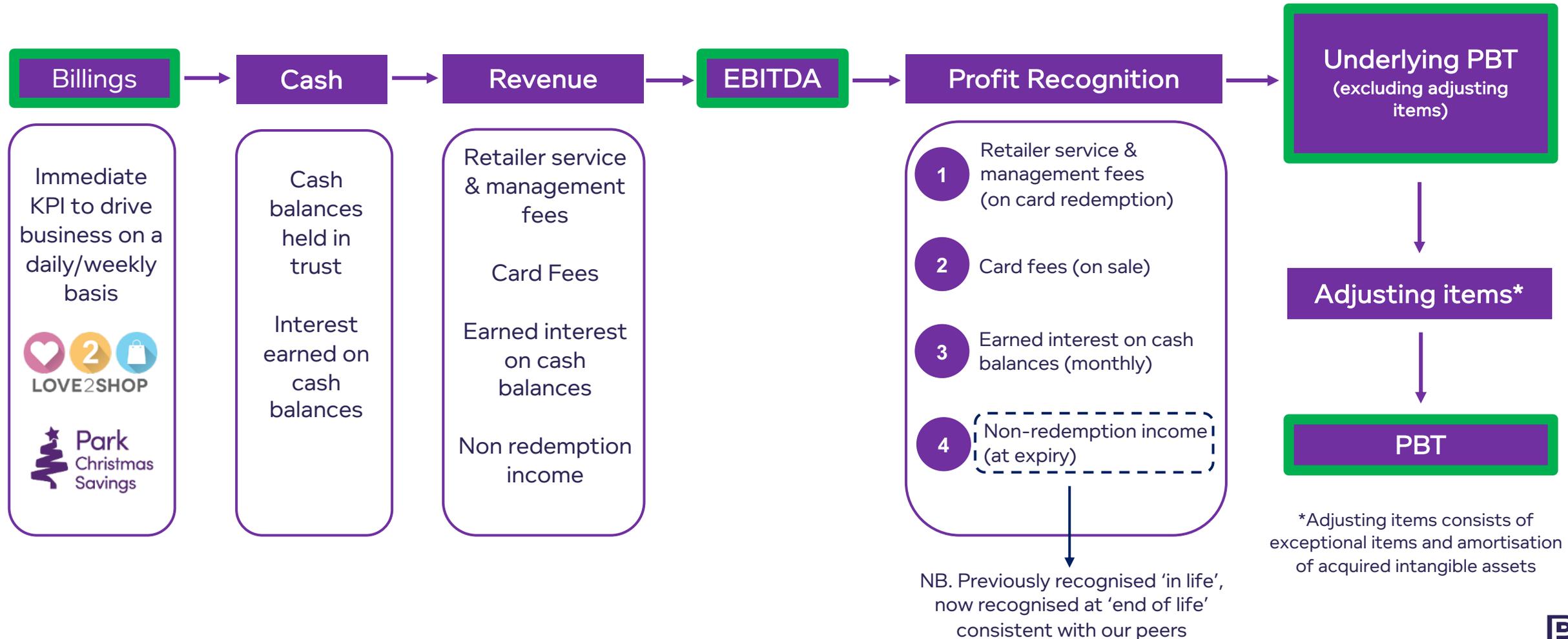
- Retailer service/management fees
- Card fees
- Non-redemption income
- Interest earned on cash balances (held in trust until redemption)



- Retailer service/management fees
- Card fees
- Non-redemption income
- Interest earned on cash balances (held in trust until redemption)

# Love2shop business model summary

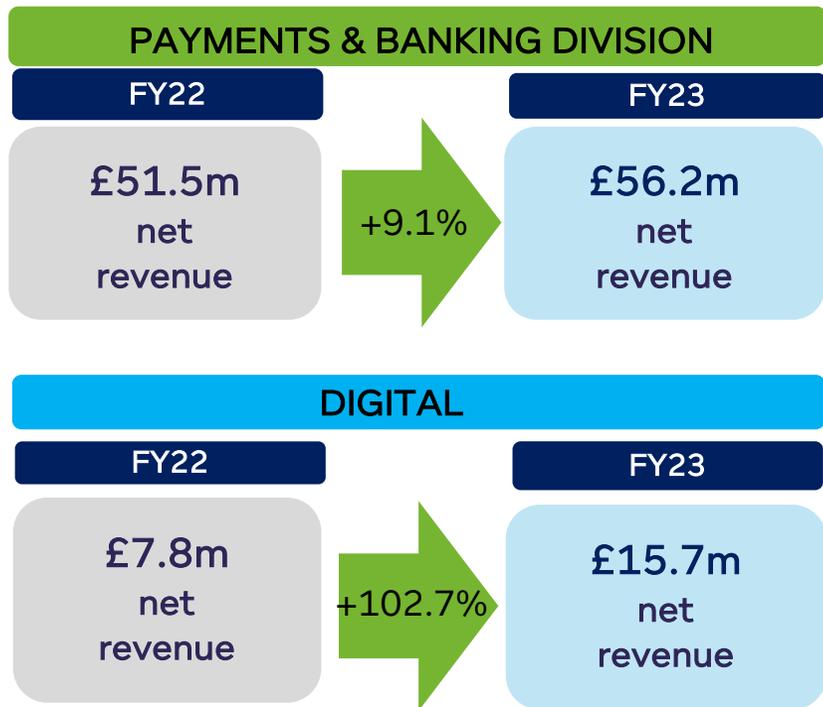
## 1 A strong business model, driving future growth in billings, EBITDA and profit



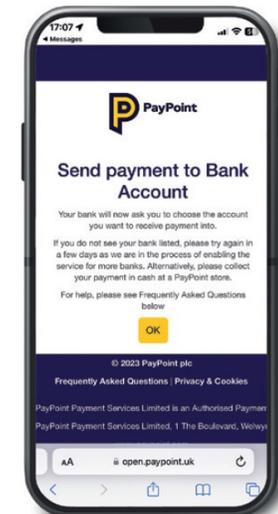
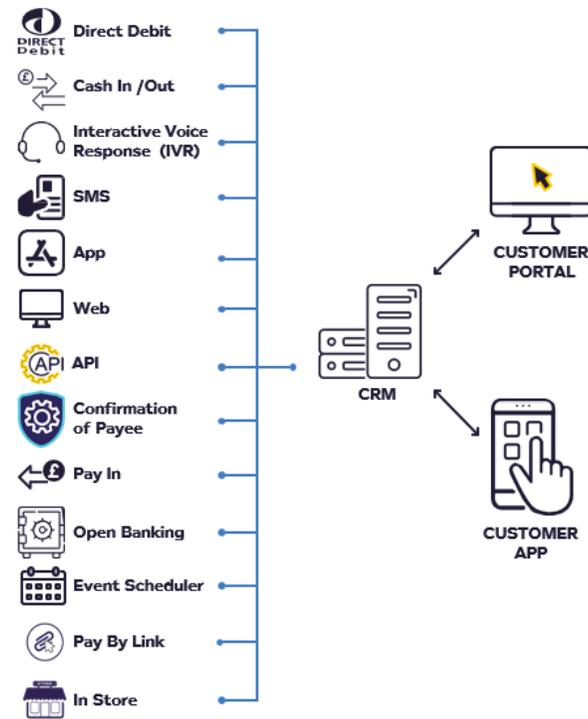
# Accelerating the shift from cash to digital payments

2

Strong net revenue growth in digital payments, with progress driven by MultiPay and i-movo, delivering large government support schemes such as DWP Payment Exception Service



Highly differentiated payments platform (MultiPay), uniquely supporting integrated payments across cash, direct debit, cards, Open Banking and support tools, and driving future growth across multiple sectors:



**Materially enhanced platform for growth**

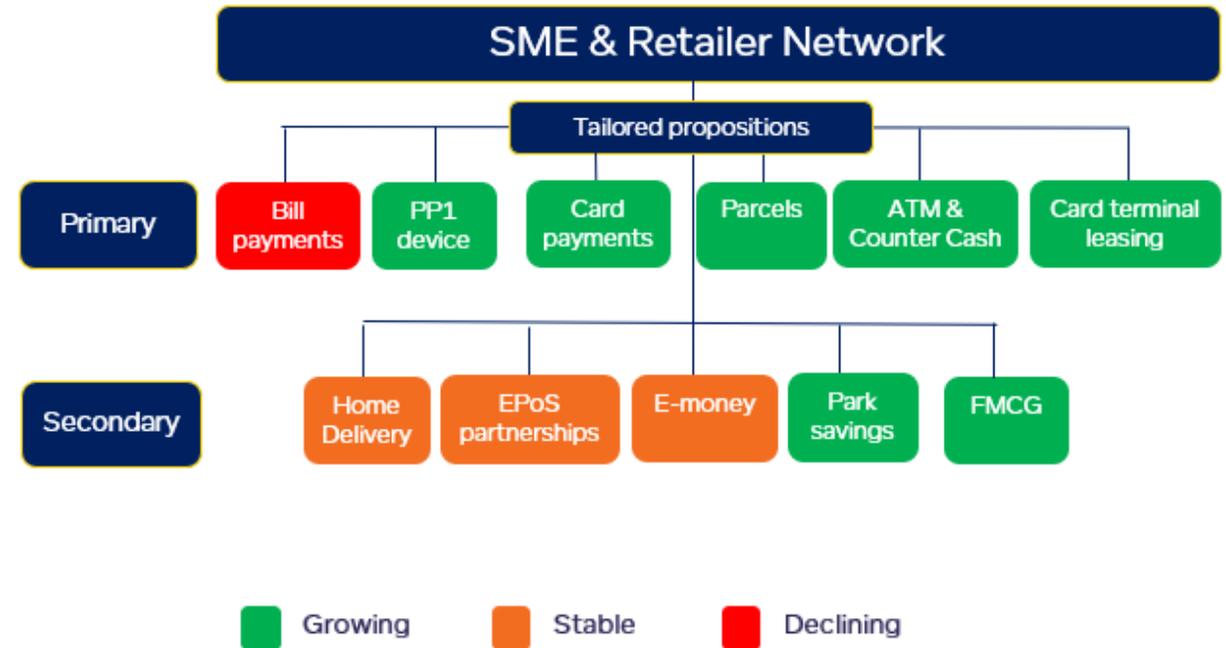
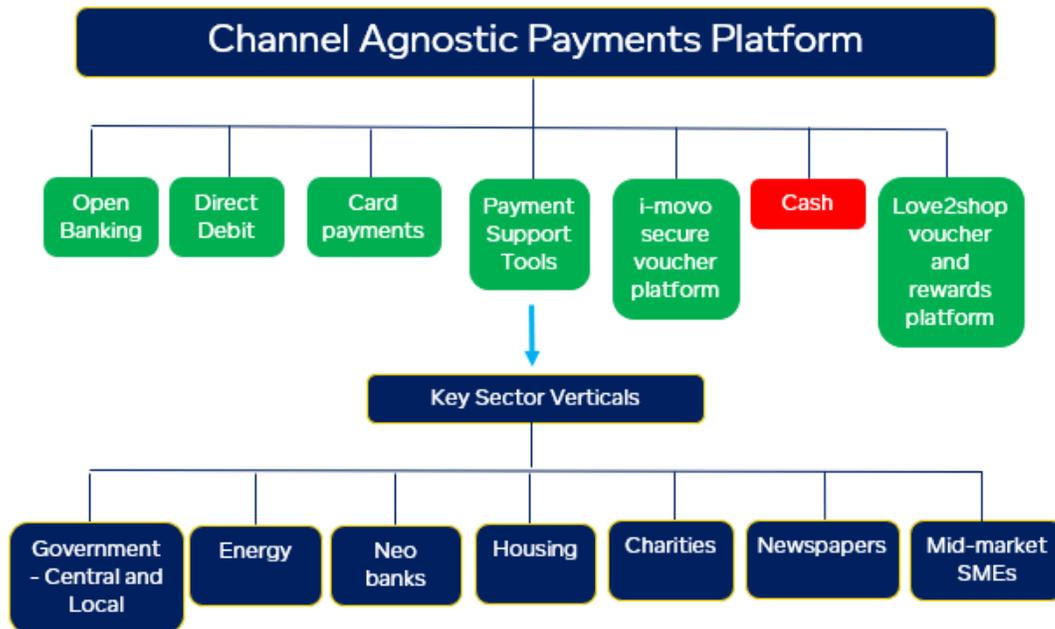


# Unlocking new customers, markets and growth

- 3 The Group's materially enhanced platform leverages new capabilities to unlock new customers, new markets and new growth opportunities

## PayPoint Group

Enabling payments and commerce for the public and private sector, serving millions of consumers across the UK every day



# Ambition to exceed £100m EBITDA in three years (FY25/26)

3

## Do we now have the building blocks in place to exceed £100m EBITDA in three years (FY25/26)?

1. Leveraging our materially enhanced platform, with emphasis and investment in growth areas of integrated payments, cards, retail proposition, parcels and rewards:
  - Further payment transaction growth for integrated payments platform and build on significant momentum in Open Banking and successes in energy, housing, local and central government
  - Enhanced retailer proposition, inc. launch of next generation technology and integrated EPoS solutions and driving multiple services into retailer partners
  - Acceleration plan for cards, launch mid-market proposition and single acquirer, begin journey to become a PayFac
  - Continued momentum in parcels, with plans delivering additional volume from major carriers
  - Employee and customer rewards plan to unlock revenue enhancements and grow Love2shop and Park Savings
2. Unlocking new markets and revenue with enterprise level solutions, combining improved capability from across the business into tailored propositions targeting new sectors
3. Intensity and focus on execution, combined with our partnership philosophy across the Group
4. Tight cost control and management

# Delivering enhanced shareholder returns

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4

Ultimate measure of our success in the execution of our strategy is the delivery of enhanced returns for our shareholders

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Converting a strong and growing cash profit into:

- ✓ Efficiently structured balance sheet
- ✓ Necessary investment to support growth plans
- ✓ Progressive dividend policy
- ✓ Efficient allocation of surplus capital

# Financial review

 PayPoint Group



# Financial highlights

Year ended 31 March	FY23	FY22	
Continuing operations	£m	£m	Change
Revenue	167.7	145.1	15.6%
Net revenue <sup>1</sup>	128.9	115.1	11.9%
Underlying EBITDA <sup>2</sup>	61.3	58.2	5.2%
Underlying profit before tax (profit before tax excluding adjusting items) – PayPoint segment <sup>3</sup>	50.3	48.0	4.8%
Underlying profit before tax (profit before tax excluding adjusting items) – Love2shop segment <sup>3</sup>	0.5	-	-
Underlying profit before tax (profit before tax excluding adjusting items) <sup>3</sup>	50.8	48.0	5.8%
Adjusting items <sup>4</sup>	(8.2)	0.5	n/m
Profit before tax from discontinued operation including exceptional item	-	30.0	n/m
Profit before tax	42.6	78.5	n/m
Diluted earnings per share from continuing operations excluding adjusted items	60.3p	55.4p	8.8%
Ordinary paid dividend per share	34.6p	33.6p	3.0%
Ordinary reported dividend per share	37.0p	35.0p	5.7%
Cash generation from continuing operations excluding exceptional items <sup>6</sup>	62.3	53.9	15.6%
Net corporate debt <sup>7</sup>	(72.4)	(43.9)	65.0%

See slide 17

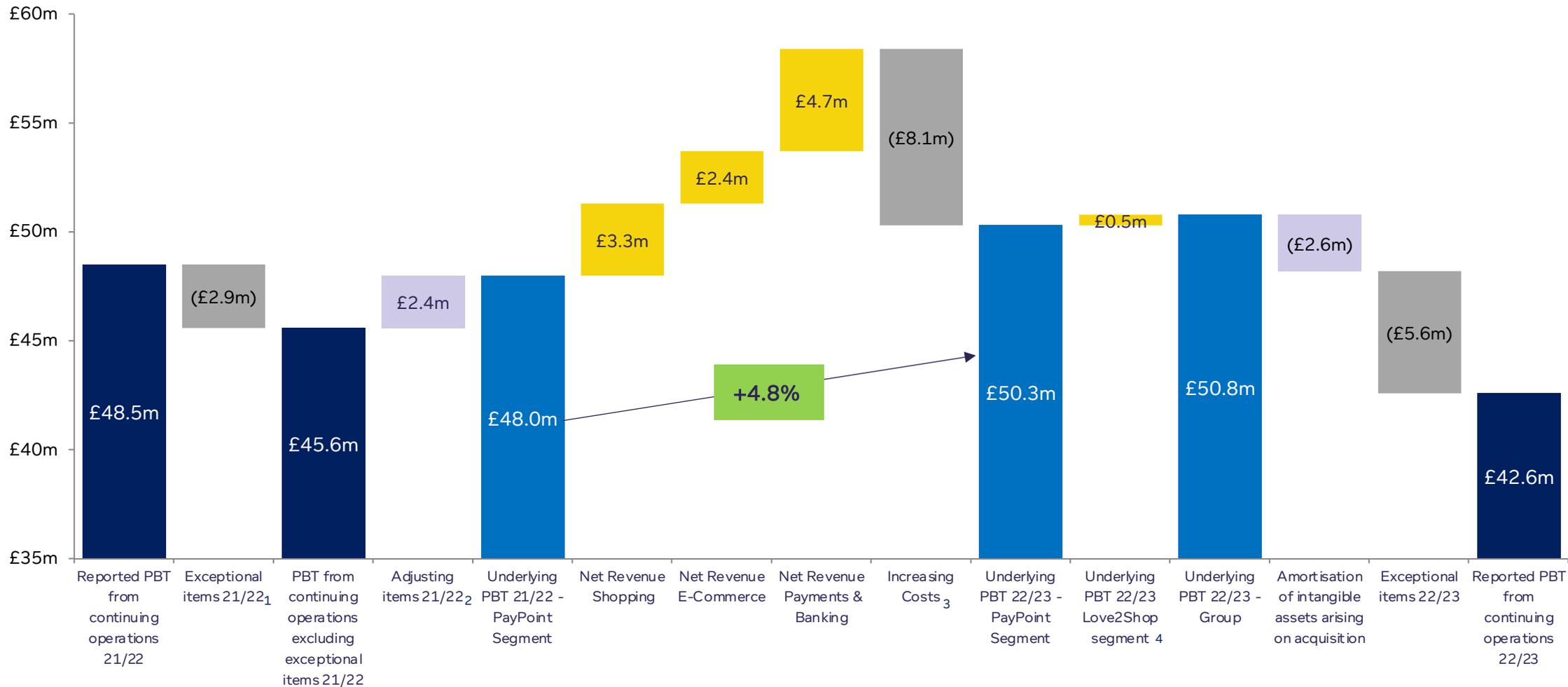
See slide 16

See slide 19

See slide 21

1. Net revenue is an alternative performance measure. Refer to note 3 for a reconciliation to revenue
2. Underlying EBITDA (EBITDA excluding adjusting items) is an alternative performance measure. Refer to note 1 for the definition and the Financial review for a reconciliation
3. Underlying profit before tax (profit before tax excluding adjusting items) is an alternative performance measure. Refer to note 1 for a reconciliation
4. Adjusting items consists of exceptional items and amortisation of acquired intangible assets. Refer to note 1 for a reconciliation
5. Cash generation is an alternative performance measure. Refer to the Financial review – cash flow and liquidity for a reconciliation from profit before tax
6. Net corporate debt (excluding IFRS16 liabilities) is an alternative performance measure. Refer to note 1 for a reconciliation to cash and cash equivalents

# 5.7% increase in underlying PBT for PayPoint segment



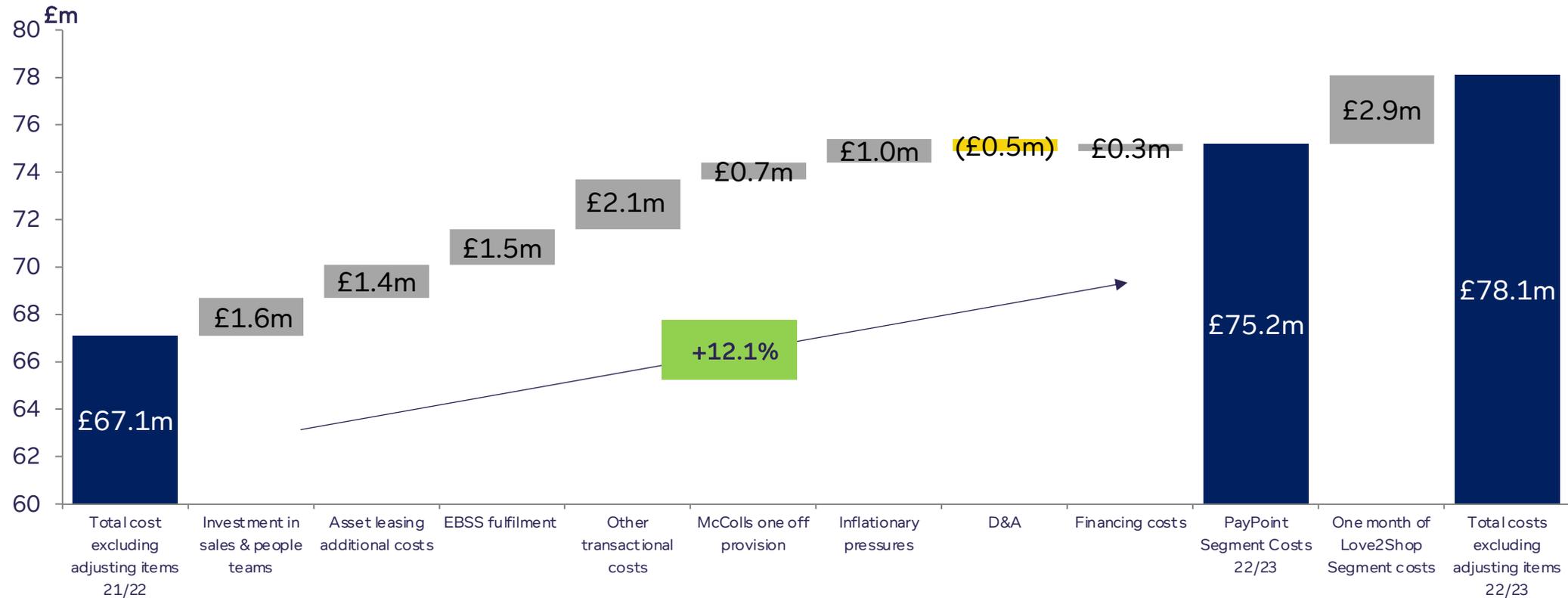
1. The exceptional items in 21/22 reflect the revaluation of the deferred, contingent consideration liability for the i-movo acquisition combined
2. The adjusting items in 21/22 reflect the amortisation on acquired intangible assets. See note 1 in the financial statements for a reconciliation
3. See slide 18 for breakdown of costs
4. 1 month contribution for Love2shop segment post-acquisition

# Net revenue growth in all divisions

Year ended 31 March	FY23 £m	FY22 £m	Change £m	Change %
<b>Shopping</b>	62.0	58.7	3.3	5.6%
- Service fees	17.9	16.6		
- Card payments	31.8	30.4		
- ATMs & Counter Cash	9.4	9.8		
- Other	2.9	1.9		
<b>E-commerce</b>	7.3	4.9	2.4	46.5%
<b>Payments &amp; Banking</b>	56.2	51.5	4.7	9.1%
- Digital – PayPoint, i-movo & RSM 2000	15.7	7.8		
- Cash	32.3	34.5		
- Cash through to digital – eMoney	6.9	8.2		
- Other	1.3	1.0		
<b>PayPoint Segment</b>	125.5	115.1	10.4	9.1%
<b>Love2shop Segment (1 month)</b>	3.4	-	3.4	-
<b>Total net revenue</b>	128.9	115.1	13.8	11.9%



# Cost base to support higher revenue



The above presentation contains minor (£0.1m) roundings to ensure integrity of key numbers with those published in the half year statements.

# Strong cash generation of £62.3m

Year ended 31 March	FY23 (from continuing operations excluding exceptional items) £m	FY22 (from continuing operations excluding exceptional items) £m	FY23 Total £m	FY22 Total £m
Profit before tax	42.6	48.5	42.6	48.5
Exceptional items	5.6	(2.9)	1.3	(15.4)
Depreciation and amortisation	10.5	10.6	10.5	10.6
Share based payments / other	2.4	0.9	2.4	0.9
Working capital	1.2	(3.2)	3.6	(3.2)
<b>Cash generation</b>	<b>62.3</b>	<b>53.9</b>	<b>60.4</b>	<b>41.4</b>
Tax paid			(6.2)	(9.2)
Capital expenditure and other			(12.9)	(11.8)
Acquisitions of subsidiaries net of cash acquired			(45.6)	(4.5)
Sale/(Purchase) of associate (Snappy)			5.5	(6.7)
Purchase of convertible loan note (OBConnect)			(3.3)	-
Contingent consideration cash paid (RSM2000)			(1.0)	(2.0)
Disposals of businesses net of cash disposed			-	20.2
<b>Movement in loans and borrowings</b>			<b>42.4</b>	<b>(35.0)</b>
Dividends paid			(25.1)	(23.1)
Net change in PayPoint's cash			14.2	(30.7)
Clients' funds and retailers' deposits (UK)			39.3	(9.7)
<b>Net cash movement</b>			<b>53.5</b>	<b>(40.4)</b>

The above presentation contains minor (£0.1m) roundings to ensure integrity of key numbers with those published in the half year statements.

# Balance sheet – reflecting Appreciate acquisition

	Mar 2023 £m	Mar 2022 £m	Change £m	Appreciate Mar 2023 £m
Goodwill	117.3	57.7	59.6	59.6
Other intangible assets	75.3	36.0	38.5	40.2
Net investment in finance lease receivables	1.7	4.4	(2.7)	-
Property, plant & equipment	29.3	21.8	7.5	5.6
Investments (Snappy/OBConnect)	0.3	6.7	(6.4)	-
Convertible loan note – (OBConnect/Optus)	3.8	0.8	3.0	-
Pension asset	0.4	-	0.4	0.4
Cash held as clients' funds and retailers' deposits	55.9	16.6	39.3	37.7
Monies held in trust	82.0	-	82.0	82.0
Cash from continuing operations	22.0	7.7	14.3	16.7
Loans and borrowings	(94.4)	(51.6)	(42.8)	-
<b>Net debt</b>	<b>(72.4)</b>	<b>(43.9)</b>	<b>(28.5)</b>	<b>16.7</b>
Liability clients' funds and retailers' deposits	(55.9)	(16.6)	(39.3)	(37.7)
Working capital	(114.7)	0.6	(115.3)	(113.9)
Deferred, consideration liability (RSM2000)	-	(1.0)	1.0	-
Lease liability (IFRS16)	(5.5)	(0.3)	(5.2)	(5.4)
Current and deferred tax	(5.8)	0.5	(6.3)	(5.4)
<b>Net assets</b>	<b>111.7</b>	<b>83.3</b>	<b>28.4</b>	<b>79.7</b>

1. Comparative information has been restated for the retrospective application of the Group's change in accounting policy on intangible assets. Refer to Note 1 and Note 18. The above presentation contains minor (£0.1m) roundings to ensure integrity of key numbers with those published in the half year statements.

## Financing & future outflows

- Financing facilities have been renegotiated with existing banks (Barclays, BOI, Lloyds) to facilitate the Appreciate Group acquisition – new term loan of £36 million starting from acquisition and RCF extended to Feb 2026
- £60.4 million cash generated in the year. Major outflows in the future period are £13.5m dividend and c. £18m for the 23/24 capex programme
- We expect to return to a ratio of below 1x Net debt/EBITDA during FY24/25

Funding	Available at 31 March 2023	Utilised at 31 March 2023	Utilised at 31 March 2022
Revolving credit facility	£75.0m	£46.5m	£27.0m
Existing 3 year term loan	£10.8m	£10.8m	£21.7m
New 3 year term loan*	£36.0m	£36.0m	
Block loan facility/accrued interest	£1.1m	£1.1m	£2.9m
<b>Total*</b>	<b>£127.3m</b>	<b>£94.4m</b>	<b>£51.6m</b>
UK Corporate cash		£22.0m	£7.7m
<b>Net corporate debt</b>		<b>£72.4m</b>	<b>£43.9m</b>

\*Potential accordion of £30m (subject to approval by lender's)

## Dividend declared

- 18.6p, an increase of 3.3% vs the final dividend declared on 26 May 2022 of 18p per share, consistent with progressive dividend policy
- Payable in equal instalments on 1 September 2023 and 22 September 2023

## Capital allocation policy – increased cover ratio

- Investment in the business through capital expenditure in innovation to drive future revenue streams and improve the resilience and efficiency of our operations
- Investment in opportunities such as the purchase of Appreciate Group, and investment in OBConnect.
- Progressive ordinary dividends targeting a cover ratio of 1.5 to 2.0 times earnings from continuing operations excluding exceptional items
- Authority in place, and to be renewed at AGM on 7 September 2023, for any future share buyback programme

# Divisional review

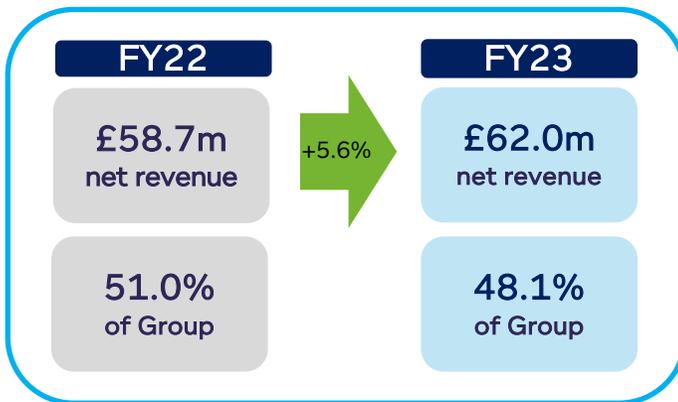
 | PayPoint Group



# Shopping division: strong performance

Shopping Division

Provision of digital solutions, technology and payment services for SMEs and retailers to deliver vital community services



## Sub-division Performance

### RETAIL SERVICES



### CARD PROCESSING



### CARD ESTATE

	31 March 2022		31 March 2023
EVO	17,499	→	18,397
LLOYDS CARDNET	9,666	→	9,541
WORLDPAY*	5,297	→	3,839

## Key drivers

Growth in PayPoint One and service fee

Strong card payment platform and merchant estate for accelerated growth

Enhancement of retailer proposition and engagement, inc. Counter Cash, Business Finance, MyStore+

## How we deliver

### Retail Services

PayPoint One, EPoS, Counter Cash, FMCG, ATMs, Business Finance, Home Delivery

### Card payments

Handepay/Merchant Rentals, PayPoint & RSM 2000



# Enhancing our retailer & SME proposition

## FY23 Progress

- SME and retailer proposition enhanced across Handepay and PayPoint card services: new Android terminal launched in Handepay, supported by one-month contracts and next day settlement delivered in FY23; improved pricing and next day settlement launched for new PayPoint card payment merchants
- Strongest ever sales performance delivered in H2 FY23 and a largely full-strength sales team recruited across Handepay and PayPoint, supported by our most competitive and attractive proposition ever
- Further expansion of Counter Cash, now enabled in 5,680 sites and with 1,930 sites transacting regularly in the year, with over £42.9 million withdrawn in the financial year
- Positive performance of Business Finance via YouLend with over £12.5 million lent, supporting our retailer and SME partners during the current economic challenges
- FMCG - good progress with a number of brand campaigns delivered in the second half and strong pipeline of future activity, partnering with Coca-Cola, Amazon, AG Barr and JTI
- Retailer engagement - positive progress made on retailer partner Net Promoter Score and satisfaction, supported by regular engagement with key trade associations

## FY24 Priorities

- Continue to enhance the retailer proposition, driving retention and delivering more opportunities to earn for retailer partners
- Launch next generation retail technology into PayPoint network
- Build on the strong momentum in Cards business, with a continued focus on sales and retention and the development of our SME proposition
- Begin the process to become a Payment Facilitator, bringing all new business under a single acquirer



Payments



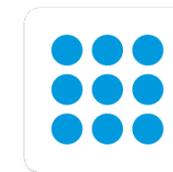
EPoS



Collect+ Send



YouLend



Loyalty



Lawbite



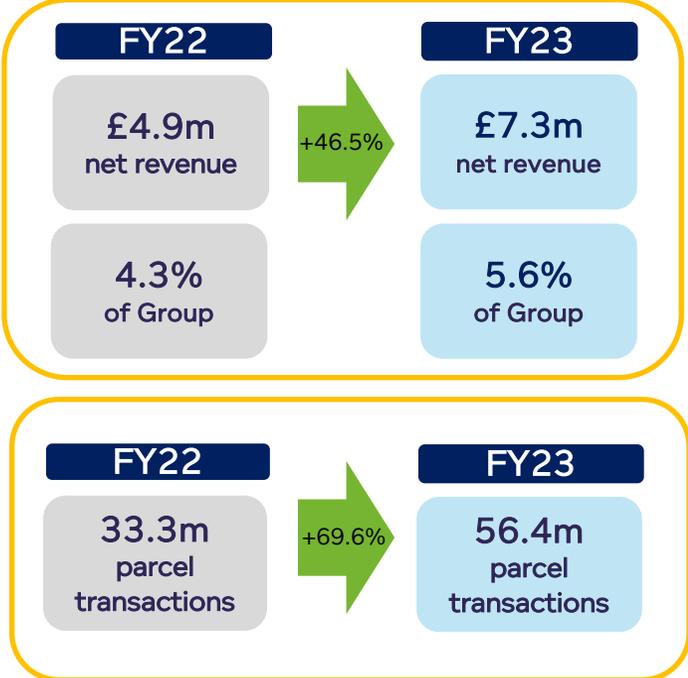
Help & Support



# E-commerce division: continued momentum

E-Commerce Division

Collect+ is our technology-based platform to deliver best-in-class customer journeys for e-commerce brands and their customers over the 'first and last mile'



## Our partners



## Key drivers

- Development of e-commerce delivery platform yielding strong year on year transaction growth
- Continued investment in technology and in-store experience, inc. label printers and app
- Reshaped carrier relationships, expansion of brand portfolio and service provision

## How we deliver

- Consumer pick up, drop off and send
- No.1 carrier-agnostic Out Of Home (OOH) network, with best-in-class technology and consumer experience
- Leadership in consumer data and insights to drive sector innovation



# Strong parcels growth

## FY23 Progress

- New partnerships launched in Q4 FY23 with Yodel for store-to-store parcels and InPost for locker to store parcels
- Partnership launched with Wish.com in H1 FY23, one of the largest ecommerce marketplaces in the world, enabling consumers to click-and-collect at over 1,600 Collect+ sites
- Amazon returns rollout expanded to over 2,000 sites and further integrations rolled out for Print In Store, which saw significant growth in H2 FY23
- Rapid rollout of 1,455 Collect+ sites in September and October to support Royal Mail business customers, helping keep mail moving during industrial action

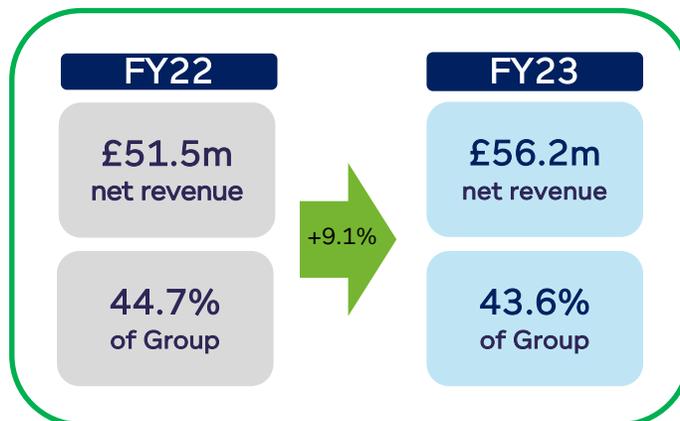
## FY24 Priorities

- Deliver carrier expansion plans ahead of peak 2023 trading, including rolling out additional sites and volume for Amazon, DPD and Yodel
- Expand successful print in-store service to entire Collect+ store network
- Launch new Yodel Store to Store service for Vinted, building on excellent volume growth over last 12 months

The logo for Wish, featuring the word "wish" in a lowercase, bold, black sans-serif font.The logo for Amazon, featuring the word "amazon" in a lowercase, bold, black sans-serif font with a curved orange arrow underneath.The logo for Vinted, featuring the word "Vinted" in a teal, lowercase, cursive-style font.

# Payments & Banking division: digital growth

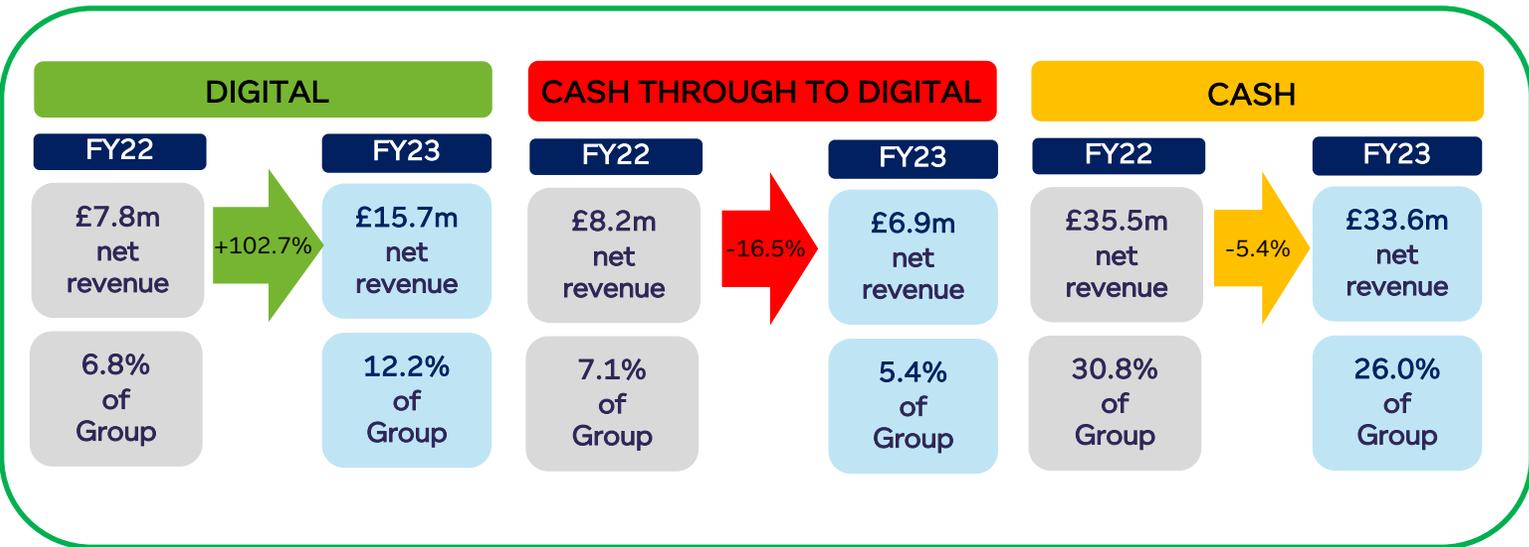
We deliver a channel agnostic payment platform that gives clients and consumers choice



## Key drivers

- Built payment channel agnostic platform, supporting diversification to digital
- Investment in capabilities to secure business in new sectors, inc. local and central government, housing and charities
- Further strengthen relationships and new service adoption in energy and existing clients
- Moderation in decline of cash in legacy business

## Sub-division Performance



## How we deliver

- Digital
  - MultiPay, Open Banking, RSM 2000 and i-movo (DWP & Cash Out)
- Cash through to digital
  - Gifting, gaming and Neobanks
- Cash
  - Bill payments and top ups

# Strong digital performance

## FY23 Progress

- Continued strong progress in digital transactions, and further expansion of our client relationships, including launching direct debit with POBL Housing, our new PayPoint OpenPay service with Ovo and our Confirmation of Payee service with the Department of Energy Security and Net Zero
- Our Payment Exception Service, delivered for the Department for Work and Pensions, recorded significant growth year on year with net revenue +179% to £4.4m (FY22: £1.6m) and transactions +317% to 12.5m (FY22: 3.0m)
- Over £246 million of Energy Bills Support Scheme vouchers redeemed across our extensive network of over 28,000 retailer partners from October 2022 to March 2023
- Cash through to digital – good progress in expanding client base and services provided in gifting (Netflix and Google Play) and neo banks (Monzo and JP Morgan Chase), to complement existing gaming portfolio
- Cash through to digital - consumer awareness campaign for gifting expanded with over 10,000 display units rolled out to stores across the UK

## FY24 Priorities

- Drive further growth in our integrated payments platform, MultiPay, with a continued sector focus on housing, charities and local government
- Build on the strong momentum in Open Banking, working with OBConnect, to expand services for existing and new clients
- Reinforce PayPoint's position as the leader in disbursement services for central and local government



Department  
for Work &  
Pensions



## FY23 Progress\*

- Park Christmas Savings completed fulfilment of its Christmas 2022 order book - this was 2% lower than prior year, a significant improvement on recent trends and ahead of expectations, underpinned by record levels of retention and conversion
- Love2shop Business saw strong levels of new business growth in client numbers, increasing by 19% on prior year
- 49 new retail partners added across the Love2shop platforms, including Sports Direct, The Entertainer and B&M, and Trustpilot score increased to 4.8/5
- A small profit was generated in March 2023, before taking into account any acquisition related amortisation and financing costs. This is due to the seasonal nature of the business where profit is primarily generated in Q3 of the financial year

## FY24 Priorities

- Strengthen Love2shop's position as the market-leading, multi-retailer gifting provider
- Grow Park Christmas Savings billings, through enhanced marketing activity and launch of Super-Agent network across PayPoint retailer base
- Unlock further growth in Corporate business for Love2shop, leveraging the client base across PayPoint Group
- Accelerate technology development plans to enhance client integrations and capabilities



Park Christmas Savings PayPoint

**Spread the cost of Christmas**

**Ask in-store today**

# Building a delivery focused and inclusive organisation

## FY23 Progress

- Good progress against our ESG programme, including all employees paid a minimum of the Real Living Wage delivered in July 2022, and Diversity, Equity and Inclusion training delivered in January 2023
- Delivered a comprehensive programme of 'Welcoming Everyone' activities, building on our commitments to diversity, equity and inclusion
- Love2shop (formerly known as Appreciate Group) recognized as one of the UK's Best Workplaces™ 2023 by Great Place to Work® UK
- Partnered with Citizens Advice and Advice Scotland to support important Cost of Living targeted consumer campaigns across our network
- Continued progress on improving our IT service delivery through the transformation into cross-functional product engineering teams, the highest levels of service availability delivered with 100% uptime achieved on core processing systems and a continued focus on cyber-security, with the launch of a Bug Bounty programme

## FY24 Priorities

- Complete successful integration of Appreciate Group and launch of Northern Hub
- Deliver secure and resilient technology platform and services to all partners and launch improvements to core billing/settlement systems
- Make further progress on our ESG approach across the enlarged business to deliver responsible and sustainable value for shareholders
- Continue our 'Welcoming Everyone' programme
- Execute with intensity and accountability

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# Outlook

 | PayPoint Group



- 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 current financial year and meeting expectations.
- The opportunity to deliver enterprise level solutions, combining our extensive capabilities, is significant and enables us to deepen our relationships with existing clients as well as expanding into new verticals.
- **Trading early in the current financial year has been positive, as we have confirmed in our Q1 FY24 trading update, continuing the performance seen in FY23. We have detailed execution plans in place to capitalise on the positive momentum built up in our key growth areas of card processing, Open Banking, parcels, integrated payments and the new Love2shop division, delivering profitable growth in our retail and card estates, further enhancements to our proposition and positive new business growth in key target sectors.**
- As we continue to integrate the Appreciate Group into our business, we have been giving careful thought as to the key performance metrics for the L2S activities, considering the importance of growing billings as an early indicator of progress, strong cash generation and its contribution to the EBITDA of the business as a whole and the recognition of profit from a business model which incorporates, management / service fees, interest on cash balances and revenue from non-redemption income. In the current year we are focused on driving the immediate key performance indicator of billings in Park Christmas Savings and Love2shop through our extensive plans to grow the core business, expand areas of cooperation across the business and unlock new revenue opportunities as we leverage the expanded capabilities of the wider Group.
- In confirming our own positive trading outlook, we are alert to the potential impact on consumers from the broader economic challenges, including any changes to consumer behaviours in the energy sector, all of which we monitor closely across the business
- The Board has proposed a dividend of 18.6p per share, an increase of 3.3% vs the final dividend declared on 26 May 2022 of 18.0 pence per share, consistent with our progressive dividend policy of a target cover range of 1.5 to 2.0 times earnings excluding exceptional items, reflecting our long-term confidence in the business, the strength of our underlying cash flow, and the enhanced growth prospects across the Group.
- 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

# Investment case

PayPoint Group

Enabling payments and commerce for the private and public sector

- 1 Materially enhanced platform and capabilities, underpinned by partnership philosophy
- 2 Strong SME and retailer partner proposition
- 3 Expanded integrated payments platform
- 4 Excellence in e-commerce customer experience and technology
- 5 Enterprise platform for future growth in new and existing markets
- 6 Growth-focused deployment of financial resources

# Q&A

# Appendix

# Business division mapping

Division	Sub-division	Lower level
Shopping	Retail Services	PayPoint One/EPoS
		Counter Cash/ATMs
	Card payments	Handepay/Merchant Rentals card payments and leasing
		PayPoint card payments
		RSM 2000 card payments
E-Commerce	E-Commerce	Collect+ parcels (send, pick up and drop off)
Payments & Banking	Digital	MultiPay
		RSM 2000
		Cash Out/i-movo
	Cash through to digital	EMoney/Digital Vouchers
	Cash	Bill payments
		Top ups
		SIMs
Love2shop	Love2shop	Love2shop and Park Christmas Savings

# YOY view across divisions and sub-divisions

## Net revenue

Division	Sub-division	FY23	FY22
Shopping	Retail Services	£30.2m	£28.3m
	Card payments	£31.8m	£30.4m
E-Commerce	E-Commerce	£7.3m	£4.9m
Payments & Banking	Digital	£15.7m	£7.8m
	Cash through to digital	£6.9m	£8.2m
	Cash	£33.6m	£35.5m
TOTAL (PayPoint segment)		£125.5m	£115.1m
TOTAL (Appreciate segment)		£3.4m	N/A
TOTAL		£128.9m	£115.1m

## Business division mix

Division	Sub-division	FY23	FY22
Shopping	Retail Services	23.4%	24.6%
	Card payments	24.7%	26.4%
E-Commerce	E-Commerce	5.6%	4.3%
Payments & Banking	Digital	12.2%	6.8%
	Cash through to digital	5.4%	7.1%
	Cash	26.0%	30.8%
Appreciate/Love2shop	Appreciate/Love2shop	2.7%	N/A

EBITDA/Underlying EBITDA (£m)	Year ended 31 March 2023	Year ended 31 March 2022
Profit before tax	42.6	48.5
Add back:		
Net interest expense	2.6	2.0
Depreciation	4.9	4.8
Amortisation – including amortisation on acquired intangible assets	5.6	5.8
EBITDA (£m)	55.7	61.1
Exceptional items	5.6	(2.9)
Underlying EBITDA (£m)	61.3	58.2