PayPoint Plc
Unaudited Preliminary Results
Year ended 31 March 2022

Positive year for the PayPoint Group delivering a significantly enhanced platform with strong shareholder returns

FINANCIAL HIGHLIGHTS

- Net revenue from continuing operations of £115.1 million (2021: £97.1 million from continuing operations) increased by £18.0 million (18.5%), driven by a strong contribution from Handepay/Merchant Rentals and supported by the acquisitions of i-movo and RSM 2000. Revenue from continuing operations increased by £17.4 million (13.6%) to £145.1 million (2021: £127.7 million)
- Profit before tax from continuing operations excluding exceptional items of £45.6 million (2021: £36.5 million) increased by £9.1 million (25.0%)
- Profit before tax of £78.5 million (2021: £28.0 million) increased by £50.5 million reflecting the exceptional profit of £29.9 million from the disposal of Romania business
- Net corporate debt of £43.9 million (2021: £68.2 million) reduced by £24.3 million primarily as a result of the proceeds received on sale of the Romanian business
- Increased final ordinary dividend of 18.0 pence per share declared, an increase of 8.4% compared to the final ordinary dividend declared on 27 May 2021 of 16.6 pence per share. The dividend will be paid in equal instalments of 9.0 pence per share on 25 July 2022 and 30 September 2022

Year ended 31 March 2022	FY22	FY21 Restated[1]	Change
Revenue from continuing operations	**£145.1m**	£127.7m	13.6%
Net revenue from continuing operations[2]	**£115.1m**	£97.1m	18.5%
Operating margin before exceptional items[3] from continuing operations	**41.4%**	39.0%	2.4ppts
Profit before tax from continuing operations excluding exceptional items	**£45.6m**	£36.5m	25.0%
Exceptional items from continuing operations	**£2.9m**	£(16.1)m	n/m
Profit before tax from discontinued operation excluding exceptional item	**£0.1m**	£7.6m	n/m
Exceptional profit from discontinued operation	**£29.9m**	-	n/m
Profit before tax	**£78.5m**	£28.0m	180.5%
Diluted earnings per share	**100.2p**	32.4p	n/m
Diluted earnings per share from continuing operations	**57.0p**	23.1p	n/m
Diluted earnings per share from continuing operations excluding exceptional items	**52.8p**	42.9p	23.1%
Ordinary paid dividend per share	**33.6p**	31.2p	7.7%
Ordinary reported dividend per share	**35.0p**	32.2p	8.7%
Cash generation[4] from continuing operations excluding exceptional items	**£53.9m**	£46.9m	14.9%
Net corporate debt	**£(43.9)m**	£(68.2)m	(35.7)%

Nick Wiles, Chief Executive of PayPoint Plc, said:

"This has been another positive year for the PayPoint Group as we continue to build on transforming the business to deliver a significantly enhanced platform to drive strong shareholder returns. We opened up further growth opportunities across the business and delivered a broader range of innovative services and technology connecting millions of consumers with an expanded base of over 60,000 retailer partners and SME locations across multiple sectors.

"We have registered a strong financial performance for the year against the backdrop of growing macroeconomic uncertainty, disruption in energy markets and an acceleration of cost pressures. In response, we have been relentlessly focused on operational excellence and the rapid delivery of our strategic priorities.

[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 20.
[2] Net revenue is an alternative performance measure. Refer to note 4 to the financial information for a reconciliation to revenue.
[3] Operating margin before exceptional items % is an alternative performance measure as explained in note 1 to the financial statements and is calculated by dividing operating profit before exceptional items from continuing operations by net revenue from continuing operations
[4] Cash generation is an alternative performance measure. Refer to the Financial review on page 15 – cash flow and liquidity for a reconciliation from profit before tax

“Our new Counter Cash solution is now live in over 2,624 sites, providing vital access to cash in communities across the UK; the home delivery partnership with Snappy Shopper continues to grow with 269 sites live and positive sales growth; and we’ve continued to improve our engagement with retailers and key trade associations to work in partnership to make the most of our enhanced retailer proposition. Similarly, we have supported our broader SME customer base with the launch of one month contracts in Handepay, Business Finance in partnership with YouLend and new terminal technology, giving flexibility, value and a vital boost as sectors have bounced back over the year.

“We’ve also diversified our digital payments client base further with 11 schemes live in the year, are developing new opportunities in Open Banking and have secured our first major housing client with Optivo, a leading UK housing association, for our complete digital payments solution. Furthermore, we enhanced our e-commerce offering, delivering record volume growth and an expansion of our partnership with Randox, providing vital Covid-19 testing services through our Collect+ network, as well as launching new services for our existing carrier partners, leveraging the investment made in print in-store technology and providing industry leadership for driving further innovation and prominence for the out-of-home delivery market.

“We are confident the steps we have taken during the financial year have enhanced the business and better positioned us to deliver growth. As a result, despite some continued headwinds, we are confident of delivering further progress in the year ahead and meeting expectations as we take advantage of the accelerated growth opportunities across our key markets.”

DIVISIONAL HIGHLIGHTS

Strong performance across the Group with continued shift away from legacy bill payment markets

Shopping

Shopping divisional net revenue increased by 46.2% to £58.7 million, driven by the increased net revenue contribution from the Handepay/Merchant Rentals card payments businesses of £16.1 million, the roll out of PayPoint One to additional retailer sites and further enhancements to our retailer proposition, including Counter Cash and Snappy Shopper home delivery.

- Service fee net revenue increased by 13.1% to £16.6 million, with increases in sites from PayPoint One
- Strong card payment volumes continued on the existing book – Handepay business growing to 145.0 million transactions in the year (FY21: 106.4 million), together with the PayPoint card business increasing by 3.5% year on year to 217.8 million transactions, maintaining the strong volumes seen in FY21
- UK retail network increased to 28,254 sites (31 March 2021: 28,067), with 69% in independent retailer partners and 31% in multiple retail groups

E-commerce

E-commerce divisional net revenue increased by 36.2% to £4.9 million (FY21: £3.6m) and transactions grew by 25.2% to 33.3 million (FY21: 26.6 million) through our e-commerce technology platform, Collect+. This was driven by our best ever Peak Christmas performance, a strong Q4 with volume up +38.8% year on year powered by a resurgence in the clothing and footwear categories and continued improvements to the consumer in-store experience, particularly through our investment in ‘print in store’ technology.

Payments & Banking

Payments & Banking divisional net revenue decreased by 3.6% to £51.5 million, as a result of fewer cash bill payments and top up transactions, and margin erosion from client contract renewals, although this was offset by continued growth in digital transactions.

- Good digital payments growth to 34.2 million transactions (FY21: 27.2 million) and net revenue to £7.8 million (FY21: £6.1 million), with a positive contribution from RSM 2000, the successful launch of the Payment Exception Service for the Department for Work and Pensions, and continued demand for cash out services, which provide vital and immediate access to funds for vulnerable consumers driven by ongoing Government meal voucher schemes and hardship funds
- Cash through to digital transactions decreased by 6.9% with a 5.6% decrease in net revenue, reflecting these schemes delivering lower comparative volumes following the strong performance seen during Covid-19. On a two year comparative basis vs FY20, transaction volumes have increased by 16.3% and net revenue by 18.8%, driven by growth in transactions from our challenger bank and gifting partners
- Cash payments net revenue decreased by 7.7%, primarily due to consumers continuing to make fewer, larger bill payments, margin erosion as client contracts have been renewed, and a continued reduction in consumers and topping up mobile phones in store

BUSINESS DIVISION NET REVENUE AND MIX

Net revenue from continuing operations by business division (£m)	FY22	FY21	FY20
Shopping	**58.7**	40.2	35.3
E-commerce	**4.9**	3.6	4.1
Payments & Banking	**51.5**	53.3	65.8
PayPoint Group Total	**115.1**	97.1	106.8
Business division mix	**FY22**	**FY21**	**FY20**
Shopping	**51.0%**	41.4%	33.1%
E-commerce	**4.3%**	3.7%	3.8%
Payments & Banking	**44.7%**	54.9%	63.1%

Enquiries

PayPoint plc
Nick Wiles, Chief Executive (Mobile: 07442 968960)
Alan Dale, Finance Director (Mobile: 07778043962)

Finsbury
Rollo Head
James Thompson
(Telephone: 0207 251 3801)
(Email: Paypoint@finsbury.com)

A *presentation for analysts is being held at 9.30am today (26 May 2022) via webcast. This announcement, along with details for the webcast, is available on the PayPoint plc website: corporate.paypoint.com*

CHAIRMAN'S STATEMENT

This has been another positive year for the PayPoint Group as the business has built on the transformation and strategic step change delivered last year. Over the last two years, the Group has undergone material change and diversified away from legacy business lines, with growth in digital payments, E-commerce and Shopping off-setting the decline in cash payments. I am delighted with the way the management team led by Nick Wiles and all the employees of the Group have responded to the continuing challenges in our markets, enabling us to report a positive financial performance, opening up further growth opportunities across the business and delivering further progress against our strategic objectives.

Governance

I am pleased to report that for the year under review, we have consistently applied the Principles of good governance contained in the 2018 UK Corporate Governance Code. The Board has completed a review of the disclosures and management of climate related risks for the Task Force on Climate-Related Financial Disclosures. Disclosure is provided in our 2022 Annual Report, along with the further progress made on developing our broader ESG strategy.

Executive Board

The Executive Board has also been strengthened in key areas this year to drive growth and accelerate the pace of delivery further. Anna Holness, joined the business as Sales Director in January 2022, after three years as VP, Sales, Merchant International Solutions at Worldpay. In addition, four internal promotions were made to the Executive Board in January 2022 to recognise their critical roles in delivering our growth agenda: Jo Toolan, Head of Client Management; Jay Payne, IT Service and Operations Director; Chris Paul, Head of Corporate Finance; and Steve O'Neill, Corporate Affairs and Marketing Director.

Board Evaluation

Following last year's triennial external evaluation, we have this year conducted an internal evaluation of the Board, its Committees and individual Directors, which confirmed that our Board and Committees continue to operate effectively. More information on the process and results of that evaluation can be found in our Annual Report.

Ofgem

On 23 November 2021, Ofgem, the energy regulator, published a 'Notice of Decision to Accept Binding Commitments', regarding commitments proposed by PayPoint to Ofgem to address the concerns raised in Ofgem's Statement of Objections received on 29 September 2020. Ofgem accepted those commitments as a resolution of its concerns. PayPoint has been implementing the commitments in a timetable agreed with Ofgem, including a £12.5m donation to Ofgem's Energy Industry Voluntary Redress Scheme (currently administered on Ofgem's behalf by the Energy Saving Trust).

Annual General Meeting

The Company's Annual General Meeting will be held at PayPoint's registered office on 20 July 2022 where you will have the opportunity to meet the Board and members of the Executive Board. The matters to be approved by shareholders are set out in our Notice of Annual General Meeting which will be mailed to shareholders towards the end of June.

Giles Kerr
Chairman
25 May 2022

CHIEF EXECUTIVE'S REVIEW

This has been another positive year for the PayPoint Group. We have built on the last two years of transformation, where we have strengthened our capabilities and opened up further growth opportunities, delivering a broader range of innovative services and technology connecting millions of consumers with an expanded universe of over 60,000 retailer partner and SME locations across multiple sectors.

We have delivered a strong financial performance for the year against the backdrop of uncertainty and disruption in our energy and parcels markets and a rebalancing of consumer behaviour as Covid-19 restrictions have eased. Strategically, we have enhanced the Group's capabilities further by completing the acquisition of RSM 2000 and making a strategic £6.7 million investment in Snappy Group, one of the UK's leading local home delivery and click and collect operators. RSM 2000 enhances our digital payments capability, enabling reach into new and existing sectors, including charities, housing, not-for-profit organisations, events and SMEs in the UK. Our investment in Snappy Group builds on our previously announced commercial partnership, enabling the Group and its retailer partners to respond to consumer demand for rapid, local home delivery and remain at the forefront of retail and consumer trends. The acquisitions of Handepay/Merchant Rentals and i-movo in the last financial year are now fully integrated and have made important contributions to our performance and growth this year. As previously reported, we disposed of our Romanian business on 8 April 2021 with proceeds of £48 million, and at a £30 million profit.

The volume of new initiatives delivered across the Group has underlined the need for strong execution and leadership to leverage these opportunities, particularly where we are establishing operations for the first time. We have been relentlessly focused on operational excellence and the rapid delivery of our strategic priorities: embedding PayPoint at the heart of SME and convenience retail businesses; becoming the definitive technology-based e-commerce delivery platform for first and last mile customer journeys; sustaining leadership in 'pay-as-you-go' and growing digital bill payments; building a delivery focused organisation and culture. Our retailer partner proposition has been enhanced further to help respond to consumer trends and drive revenue opportunities in a challenging cost environment: our new Counter Cash solution is now live in 2,624 sites, providing vital access to cash in communities across the UK; the home delivery partnership with Snappy Shopper continues to grow with 269 sites live and positive sales growth; and we've continued to improve our engagement with retailers and key trade associations to work in partnership to make the most of the new opportunities.

We've also diversified our digital payments client base further with 18 schemes live in the year, are developing new opportunities in Open Banking and have secured our first major housing client with Optivo, a leading UK housing association, for our complete digital payments solution. This success has been driven by our focused sector approach to building strong client relationships, developing a deep understanding of their challenges and helping to solve problems for them and their customers. We continue to provide vital support to local authorities in disbursing cash to consumers with our Cash Out service and the new Payment Exception Service for the Department for Work and Pensions, which launched successfully and has exceeded our expectations, as consumers migrate away from Post Office Card Accounts. Furthermore, we enhanced our e-commerce offering further with an expansion of our partnership with Randox, providing vital Covid-19 testing services throughout our Collect+ and multiple retailer network, as well as launching new services for our existing carrier partners and providing industry leadership for driving further innovation and prominence for the out of home delivery market.

Many of these new services launched in the year have underlined the need to grow further consumer awareness for our expanded propositions, whether leveraging our own channels or partnering with clients and carriers on marketing programmes, such as the promising in-store merchandising on our digital voucher category working with brands like Amazon, Paysafe, Playstation and Love2Shop. Equally, we remain focused on ensuring that we continue to deliver an excellent service for our consumers, reflected in our high customer satisfaction score of 89%[1], and to support them through the current energy crisis and economic challenges. This has been backed up by our extensive efforts to strengthen our retailer partner relationships and drive adoption of these new opportunities to earn, including regular 'cash and carry' days, more direct communications and our reinvigorated relationships with the key trade associations, including the Association of Convenience Stores (ACS), the Scottish Grocers' Federation (SGF) and the National Federation of Retail Newsagents (NFRN). The feedback and support received from these organisations has been critical to our continued commitment to support our retailer partners in delivering vital community services across the UK and responding to changing consumer needs in the UK convenience sector.

Like many businesses, we are navigating more challenges from a cost perspective due to inflation, particularly in our supplier base and the increased salary pressures experienced in recruiting and retaining talent that we referenced at the half year. We are also mindful of the impact of these pressures on the consumers, clients and retailers that we serve and have sought to take action where we can to support them, including our decision to absorb 50% of the annual RPI service fee increase for our retailer partners in April 2022. We are continuing our tight cost management and capital discipline to address these challenges.

The Executive Board has also been strengthened in key areas this year to drive growth and accelerate the pace of delivery further. Anna Holness, joined the business as Sales Director in January 2022, after three years as VP, Sales, Merchant International Solutions at Worldpay. In addition, four internal promotions were made to the Executive Board in January 2022 to recognise their critical roles in delivering our growth agenda: Jo Toolan, Head of Client Management; Jay Payne, IT Service and Operations Director; Chris Paul, Head of Corporate Finance; and Steve O'Neill, Corporate Affairs and Marketing Director.

Our Environment, Social and Governance (ESG) strategy has also developed further in the year, as we consider our social responsibility and impact as a management team and business towards each of these key areas. A core ESG Working Group

[1] Opinium PayPoint Brand Tracker Sept 2021, 2,000 UK adults

was formed at the beginning of the financial year to review policies and approaches across the Group, analyse cross-industry best practice, seek feedback from external stakeholders and investors, and recommend workstreams and targets for the business to prioritise. This builds on the work done last year to refresh our purpose, vision and values and now reflects the expanded universe we now inhabit as well as reinforcing the vital role that our services and partners play in communities across the UK.

On 23 November 2021, Ofgem, the energy regulator, published a 'Notice of Decision to Accept Binding Commitments', regarding commitments proposed by PayPoint to Ofgem to address the concerns raised in Ofgem's Statement of Objections received on 29 September 2020. Ofgem accepted those commitments as a resolution of its concerns. PayPoint has been implementing the commitments in a timetable agreed with Ofgem.

Outlook and dividend

The transformation of the business is gathering pace, reflecting a rebalancing towards growth opportunities and delivering improving returns to our shareholders. We continue to demonstrate agility and drive to respond quickly to changing consumer demands and new opportunities in our markets. As a result, we remain well-placed to support our partners in response to the wider trends that have accelerated through the pandemic, including the continued shift from cash to digital payments, the growing demand for online shopping fulfilment and the increase in shopping local.

The Board has proposed a final dividend of 18.0p per share, an increase of 8.4%, consistent with our dividend policy of a target cover range of 1.2 to 1.5 times earnings from continuing operations excluding exceptional items, which reflects our long-term confidence in the business, the strength of our underlying cash flow, the mitigation plans in place for inflationary pressures and the enhanced growth prospects from the steps we have taken in the past year.

The Board remains confident in the delivery of further progress in FY23 and meeting expectations.

Nick Wiles
Chief Executive
25 May 2022

MARKET OVERVIEW

Changing market dynamics are creating significant opportunities for the enlarged PayPoint Group, with the business well placed to take advantage of the continued shift from cash to digital payments, the growing demand for online shopping fulfilment and the increase in shopping local. We equally remain committed to supporting our clients, retailer partners and consumers, helping them solve problems arising from the current macro economic challenges.

Key trends and changes since the end of the FY21 financial year in the UK markets in which PayPoint operates include:

Macro economic factors

- The Consumer Prices Index (CPI)[1] grew to 7.8% in April 2022, driven by increased transport and energy costs
- The GfK UK Consumer Confidence Index[2] fell to -38 in April 2022 (vs -15 in April 2021), with the cost of living crisis hitting UK consumers and the headline confidence score dropping to a near historic low, not seen since the 2008 financial crash and the first few months of the pandemic in 2020
- UK Retail Sales fell by 1.4% in March 2022, with the proportion of retail sales online falling to 26.0%, continuing a broad downward trend since its peak in February 2021 (37.1%).
- The Lumina CTP Price Index[3], tracking shopper price sensitivity, has grown by 5.4% since last year, indicating consumers have already become more price-led, seeking out budget options and reducing spend
- A recent study from Which?[4] has shown that the rising cost of living could mean more people who do not usually use cash turning to it to manage their finances. A fifth (20%) of non-regular cash users said they would start using cash if the cost of living gets worse, with over a third (34%) of respondents whose annual income was lower than £20,000 finding cash easier to budget with, on its own or alongside other payment methods. Around 15 million regular cash users say it helps them to keep track of their spending, underlining its importance for those on tight budgets

Convenience retail

- The UK convenience market grew to £43.2 billion[5] in 2021 as the pandemic-induced boost to market value was retained.
- PayPoint One basket data shows overall convenience store average basket spend in the year has reduced year on year to £8.89 (FY21: £9.86) vs. the highs seen during the Covid-19 affected prior year. However, average basket

[1] https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/april2022
[2] https://www.gfk.com/en-gb/press/uk-consumer-confidence-in-freefall-as-index-crashes-in-april-to-36
[3] Lumina Intelliegence Convenience Strategy Forum March 2022
[4] https://press.which.co.uk/whichpressreleases/cash-a-lifeline-for-keeping-track-of-spending-for-15-million-people-amid-cost-of-living-crisis-which-research-reveals/
[5] Lumina Intelligence Convenience Market Report July 2021

spend has now grown by 9.6% over the past two years (FY20: £8.11), driven by cost inflation and reinforcing continuing consumer demand to shop local after government restrictions have been lifted[1]

- Total UK convenience store numbers remained resilient, with marginal growth of 0.2% to 47,079[2]
- The sector continues to see consolidation, most recently with Morrison's buying the McColl's Retail Group following their administration in May 2022, maintaining over 1,000 stores across the UK
- Local home delivery and click and collect from convenience stores has grown rapidly over the past year, driven by the pandemic. Currently, circa 5% of total convenience missions are driven through these methods and they attract a younger, more affluent consumer, with basket spend being +128% higher than in-store shoppers[3]

Card payments

- Growth has again been driven by the shift from cash to card payments accelerated through Covid-19
- Forecast growth in UK debit card market by 2027 to 19.7 billion payments[4]
- In the financial year, card payment volumes increased by 3.5% year on year in the PayPoint business, against strong volumes in FY21 due to Covid-19
- Latest UK Finance data[5] shows a 44.1% increase in debit card transactions (January 2022 vs January 2021) with 68.8% of transactions now contactless (vs. 56.9% in January 2021) driven by the increase in the contactless limit to £100 in October 2021
- In the SME markets that our Handepay business serves, businesses employing 0-49 people, account for 99.2% (5.5 million) of the total UK business population, with 75% (4.2 million) having no employees and a further 20% (1.1 million) classed as micro-businesses with 0-9 employees[6]. Retail, auto trade and hospitality businesses make up circa 14% of the SME sector[7].

Cash Out

- Despite the shift from cash usage during Covid-19, PayPoint's Cash Out service has grown significantly year on year, driven by ongoing Government meal voucher schemes and Covid-19 related hardship funds. In addition, the launch of the Payment Exception Service, run for the Department for Work and Pensions via our i-movo business, has further underlined the continuing importance of delivering cash payments to those without access to a standard bank account and replaces the Post Office Card Account, which is coming to an end
- Latest data from February 2022[8] showed LINK's ATM transactions were 19% higher year on year (117 million transactions) than February 2021 affected by Covid-19 lockdowns, but 36% down on 2020, which was just before the start of the pandemic. The number of ATMs in the UK reduced by 1.1% year on year to 52,613
- Access to cash remains a key priority in the UK. The Financial Conduct Authority and Payment Systems Regulator are taking a joint approach to maintaining services for the many people who continue to rely on cash as a vital way of making payments. The Access To Cash Action Group, chaired by Natalie Ceeney, has been working on Community Access To Cash pilots, including PayPoint's Counter Cash service, which launched in November 2021 offering cashback without purchase and balance enquiries over the counter

Parcels

- Online retail sales in 2021 were down 5.6% year on year, according to IMRG's Online Retail Performance Report 2021, vs. 2020 which was positively impacted by Covid-19.[9]
- IMRG data shows that click and collect share of the delivery market in Nov 2021 - Jan 2022 dropped year on year to 18% (vs. 20% in the same period last year), but still lower than the high of 35% seen in 2019
- This contrasts with the strong performance seen in the Collect+ network in FY22 as transactions were +25.2% vs. the prior year, outperforming the overall online retail sales market and driven by a resurgence in the clothing and footwear categories, which performed poorly in 2020, and the strength and breadth of carrier relationships and categories handled across the network of over 10,000 locations
- Metapack data[10] shows that 87% of UK consumers have shopped more online during the pandemic, with 71% having returned a product. Delivery preference is key in the e-commerce journey, with 56% considering it the most important factor when shopping online. Home delivery is still the preferred channel for 82% of consumers, with PUDO at 8% and lockers at 2%
- The Out of Home (OOH) market comprises click and collect, returns and send propositions. The click and collect market is 11% of all volumes, c.150 million parcels per year and is expected to double by 2025[11]. Returns and send volumes are estimated at c.185 million and c.380 million parcels per year respectively[12]

Bill payments and top-ups

- The dislocation of the energy market heightened in September 2021, with small operator insolvencies and pressure from rising wholesale prices. A well-established Ofgem process to support and transfer customers to new suppliers

---

[1] PayPoint One Basket Data – April 2019 – March 2022
[2] ACS Local Shop Report 2021
[3] Lumina Intelligence Convenience Market Report July 2021
[4] https://www.ukfinance.org.uk/system/files/Summary-UK-Payment-Markets-2018.pdf
[5] UK Finance Card Spending Update January 2022
[6] https://www.fsb.org.uk/uk-small-business-statistics.html
[7] https://www.gov.uk/government/statistics/business-population-estimates-2021
[8] Link Monthly Report February 2022
[9] IMRG Online Retail Performance Report 2021
[10] Metapack E-Commerce Delivery Benchmark Report 2021
[11] https://www.imrg.org/uploads/media/default/0001/08/2477f50ad2fee946cdf5ed23ebb8df21f2489d09.pdf?st.
[12] OC&C analysis.

was invoked with minimal impact and risk to our business and client base. PayPoint's focus through the period has been on increased client engagement and leveraging the strength and stability of our network to provide an uninterrupted service to consumers

- The price cap for pre-pay customers increased to £1,309[1] for the six months to March 2022, which was 13% higher than the cap of £1,156 in the six months from April 2021 to September 2021. From 1 April 2022, the price cap increased by a further 54% to £2,017 for the six months to September 2022.
- Non-Big Six energy providers combined market share increased marginally to 29.6%[2] at end of January 2022 (29% as of 31 March 2021)
- The rollout of smart meters has regained pace following the impact of Covid-19 in 2020. 4.5m meters were installed in 2021[3] versus 3.2m in 2020. The deadline for completion of the rollout has now been extended to 30 June 2025
- PayPoint data shows average transaction values for dual fuel had grown to £15.66 in March 2022, from £14.10 in the previous year, affecting frequency of visits and transaction volumes
- The number of Pay As You Go mobile subscribers declined to 21.5 million subscribers[4] in April 2022, from 22.2 million in April 2021

PROGRESS AGAINST OUR STRATEGIC PRIORITIES

SHOPPING BUSINESS DIVISION – FY22 net revenue £58.7m (FY21: £40.2m)

PRIORITY 1: EMBED PAYPOINT GROUP AT THE HEART OF SME AND CONVENIENCE RETAIL BUSINESSES

We provide digital solutions, technology and payment services for SMEs and retailers to deliver vital community services

Retail services - we help our retailer and SME partners keep pace with changing shopper needs, service expectations and demographics. Our retail services platform, PayPoint One, is live in 18,120 stores across the UK and offers everything a modern convenience store needs, including EPoS, parcel services, card and bill payments, home delivery and digital vouchering. This empowers our retailer partners to grow their businesses profitably, achieving higher footfall and increased spend. We also provide access to cash solutions via our network of 3,686 ATMs and our pioneering Counter Cash service, offering cashback without purchase and balance enquiries over the counter, is now live in 2,624 sites.

Card payments – we provide card payments services for over 30,000 SMEs and convenience retailers across the hospitality, convenience retail, auto trade, clothing and household goods sectors via our PayPoint, Handepay, Merchant Rentals and RSM 2000 brands

FY22 Progress

- Counter Cash live in 2,624 sites, offering vital access to cash over the counter and complementing existing ATM estate
- SME proposition enhanced, including Handepay one-month contract launched successfully to over 2,300 SMEs, Business Finance via YouLend with over £8.5 million lent across PayPoint and Handepay, and new technology developed
- Snappy Shopper live in 269 sites, helping retailer partners offer local home delivery and click and collect
- Strong sales team delivery across PayPoint and Handepay, with over 6,900 installs across both businesses, increased engagement, visits, training and support for retailers and SMEs and uniting under new Sales Director

FY23 Priorities

- Bring all new card payments business across PayPoint retail and Handepay under a single acquiring service provider
- Expand Counter Cash service across UK retail network
- Build on our reinvigorated retailer engagement programme to drive further consumer and retailer awareness and adoption of new services
- Grow SME and retailer partner lending proposition, developing new commercial partnerships and building on success of YouLend
- Deliver further enhancements to our retailer proposition, including refreshed third party EPoS strategy
- Deliver broader SME proposition across Handepay customer base via rollout of new Android terminal

---

[1] https://www.ofgem.gov.uk/energy-policy-and-regulation/policy-and-regulatory-programmes/default-tariff-cap#:~:text=The%20Prepayment%20Meter%20Price%20Cap%20came%20into%20force,Price%20Cap%20expires%20at%20the%20end%20of%202020
[2] https://www.ofgem.gov.uk/data-portal/retail-market-indicators
[3] https://www.gov.uk/government/statistics/smart-meters-in-great-britain-quarterly-update-december-2021
[4] https://www.ofcom.org.uk/research-and-data/telecoms-research/data-updates/telecommunications-market-data-update-q4-2021

E-COMMERCE BUSINESS DIVISION – FY22 net revenue £4.9m (FY21: £3.6m)

PRIORITY 2: BECOME THE DEFINITIVE TECHNOLOGY-BASED E-COMMERCE DELIVERY PLATFORM FOR FIRST AND LAST MILE CUSTOMER JOURNEYS

We provide a technology-based platform to deliver best-in-class customer journeys for e-commerce brands and their customers over the 'first and last mile', leveraging our proprietary software capability and expertise with continuous investment and innovation in the in-store experience.

E-commerce - we deliver all of this in over 10,000 locations through our Collect+ brand, helping consumers pick up and drop off online shopping or send parcels across the UK. We work with a comprehensive range of partners, including Amazon, eBay, Yodel, Fedex, DPD, DHL, Hubbox, Parcels2Go and Randox. Our proprietary Out of Home (OOH) software solutions are built inhouse, with a singular focus on the delivery of great consumer experiences and confidence in the crucial first and last mile of parcel journeys. These solutions are easily deployable in thousands of diverse locations across multiple sectors through the PayPoint Group. Our unique blend of in-depth parcel operations experience, consumer interaction and agile IT development capability has been built over years of delivering best-in-class customer experiences.

FY22 Progress

- Parcel transaction growth of +25.2% year on year vs FY21, driven by best ever Peak Christmas performance, strong Q4 with transactions +38.8% year on year driven by a resurgence in the clothing and footwear categories and continued improvements to the consumer in-store experience, particularly through our investment in 'print in store' technology
- New partnership launched with Randox, enabling consumers to order tests online for click-and-collect at over 2,000 Collect+ sites
- Expanding services to existing clients with DHL In Store returns and Amazon returns, enabled by further Zebra label printer rollout
- First multi-carrier innovation, trends and future opportunities workshop held in January 2022 to review best practice and performance from the successful peak 2021 period and agree initiatives to drive further excellence

FY23 Priorities

- Deliver Universal Returns proposition for carrier partners to all Collect+ locations
- Expand successful 'in-flight divert' service to more carriers, where parcels are automatically diverted to the nearest pick up point after initial unsuccessful delivery attempt at home
- Explore additional opportunities to expand carrier proposition, including trial of parcel lockers
- Continue to drive leadership for in-store technology and consumer experience within the sector, supporting carrier partners with data, insights and opportunities to expand their customer offering

PAYMENTS & BANKING BUSINESS DIVISION – FY22 net revenue £51.5m (FY21: £53.3m)

PRIORITY 3: SUSTAIN LEADERSHIP IN 'PAY-AS-YOU-GO' AND GROW DIGITAL BILL PAYMENTS

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

Digital - we have continued our diversification to digital payments, helping organisations seamlessly and effectively serve their customers. Our market-leading omnichannel solution – MultiPay – is an integrated solution offering a full suite of digital payments. It enables transactions online and through smartphone apps and text messages, as well as event payments, over the counter, over the phone and via interactive voice response (IVR) systems. It also supports a full range of Direct Debit options, including scheduling collections, as well as new product developments such as Open Banking, PayByLink, recurring payments and Event Streamer. MultiPay customers benefit from real-time visibility of all payments received, through one easy-to-use portal that is fully PCI compliant, and allows visibility of all payment channels - including cash. The platform is used by a growing number of organisations across the UK, including many housing associations, local government authorities and utility providers. Our Cash Out service also enables the rapid dispersal of funds through secure digital channels and is actively used by local authorities and charities to distribute emergency funds. In August 2021, we launched the new Payment Exception Service via i-movo for the Department of Work and Pensions, digitising benefit payments and replacing the Post Office Card Account which is closing.

Cash through to digital – we enable consumers to access digital brands and services through a comprehensive portfolio of gifting, e-banking and gaming partners, including Amazon, Xbox, PlayStation, Paysafe, Monzo and the Appreciate Group. Consumers simply pay for a 'pin on receipt' code in cash in any of our 28,254 retail locations and then can use that value online with the digital brand or service chosen. For our challenger bank partners, consumers can deposit cash into their accounts across our extensive retail network.

Cash - we provide vital access to cash payment services across the UK by helping millions of people every week control their household finances, make essential payments and access in-store services. Our UK retail network of more than 28,000 stores is bigger than all banks, supermarkets and Post Offices together, putting us at the heart of communities nationwide

FY22 Progress

- Continued diversification from cash to digital with 28 new client services now live, 19 coming from non-energy sectors and 18 taking digital payments solutions, supported by development of additional capabilities, including Open Banking and new Direct Debit platform
- New Payment Exception Service launched via i-movo for DWP, contributing £1.6m of net revenue
- First major digital contract now live with Optivo, one of the UK's largest housing associations
- Acquisition of RSM 2000 completed on 12 April 2021 – positive contribution of £1.1m net revenue with charity and housing sector action plan underway to expand digital payments services to new and existing clients

FY23 Priorities

- Create payment channel agnostic platform, including Open Banking, Direct Debit, card processing and real-time cash, creating a strong set of capabilities for each target vertical, particularly housing and charities
- Continue to invest in new verticals and deliver new business wins, particularly within the housing, newspaper, charity and not-for-profit sectors
- Reinforce PayPoint's position as the leader for 'cash out' services for local authorities and housing associations, supporting them in digitally disbursing vital funds to customers in cash
- Grow cash through to digital category further, partnering with major brands to drive greater consumer awareness

PRIORITY 4: BUILDING A DELIVERY FOCUSED ORGANISATION AND CULTURE

PAYPOINT GROUP

Underpinning the PayPoint Group's future success is the continued development and investment in our people, systems and organisation. We aim to create a dynamic place to work for our people, enabling us to deliver for our customers by collaborating and being good colleagues to each other, creating a positive and inclusive environment where everyone can learn, grow and shine.

FY22 Progress

- Anna Holness joined the Executive Board as Sales Director in January 2022, leading the retail and card services sales teams across PayPoint and Handepay
- Four internal promotions made to the Executive Board in January 2022, recognising their critical roles in delivering our growth agenda: Jo Toolan, Head of Client Management; Jay Payne, IT Service and Operations Director; Chris Paul, Head of Corporate Finance; and Steve O'Neill, Corporate Affairs and Marketing Director
- Integration work now complete for acquisitions of Handepay/Merchant Rentals, RSM 2000 and i-movo
- Further development of our ESG approach, with core ESG Working Group formed to analyse cross-industry best practice, seek feedback from external stakeholders and investors, and recommend workstreams and targets for the business to prioritise

FY23 Priorities

- Deliver further growth opportunities and synergies from our acquisitions over the past two years
- Embed our ESG approach across the business to deliver responsible and sustainable value for shareholders
- Expand our 'Welcoming Everyone' programme to build on our commitments to diversity, equity and inclusion and support our vision to create a dynamic place to work
- Invest to build further resilience into our service delivery, including improving quality and speed of agile delivery, reviewing 'heritage' systems and settlement infrastructure and enhancing customer support and collaboration

KEY PERFORMANCE INDICATORS

PayPoint Group has identified the following KPIs to measure progress of business performance:

	KPI	Description, purpose and reference	2021/22	2020/21[1]	2019/20[1 2]
Overall performance	Net revenue from continuing operations (£ million) (UK)	Revenue from continuing operations less commissions paid to retailers and the cost of top-ups and SIM cards where PayPoint is principal. This reflects the benefit attributable to PayPoint's performance eliminating pass-through costs and is an important measure of the overall success of our strategy. (See Financial review – 'Overview' on page 12)	**115.1**	**97.1**	**106.8**
	Profit before tax from continuing operations excluding exceptional items (£ million) (UK)	Profit before tax from continuing operations excluding exceptional items, provides a measure of the performance of the Group over the past few years. This reflects the rebalancing of the business towards growth opportunities, the shift away from our legacy cash payments business and is an important measure of the overall success of our strategy. (See Financial review – 'Overview' on page 12)	**45.6**	**36.5**	**47.8**
	Operating margin from continuing operations before exceptional items (%) (UK)	Operating profit before exceptional items from continuing operations as a percentage of net revenue from continuing operations. Operating margin provides a broad overview of the efficient and effective management of the cost base enabling shareholder returns and investment in the business. (See Financial review – 'Operating margin' on page 17)	**41.4**	**39.0**	**45.2**
	Cash generation from continuing operations excluding exceptional items (£ million) (UK)	Earnings from continuing operations before exceptional items, tax, depreciation and amortisation adjusted for corporate working capital movements (excludes movement in clients' funds and retailers' deposits). This represents the cash generated by operations which is available for investments, capex, taxation and dividend payments. (See Financial review – 'Group Cash flow and liquidity' on page 18)	**53.9**	**46.9**	**55.4**
Shareholder returns	Diluted earnings per share from continuing operations excluding exceptional items (Pence) (UK)	Diluted earnings from continuing operations divided by the weighted average number of ordinary shares in issue during the year (including potentially dilutive ordinary shares). Earnings per share is a measure of the profit attributable to each share. (See note 8 to the financial information on page 41)	**52.8**	**42.9**	**55.0**
	Dividends paid per share (Pence) (Group)	Dividends (ordinary and additional) paid during the financial year divided by number of ordinary shares in issue at reporting date. Dividends paid per share provides a measure of the return to shareholders. (See Financial review – 'Dividends' on page 19)	**33.6**	**31.2**	**84.0**
Non-financial	Network stability one-mile urban population cover (%)	Total urban population covered within a one-mile radius of a PayPoint site. This is monitored to ensure PayPoint are above our minimum SLA of 95%.	**99.2**	**99.4**	**99.5**
	Network stability five-mile rural population cover (%) (UK)	Total rural population covered within a five-mile radius of a PayPoint site. This is monitored to ensure PayPoint are above our minimum SLA of 95%.	**98.2**	**98.3**	**98.3**
	Retailer partner site churn (%) (UK)	The percentage of the retailer partner network, that on an annual basis, exits PayPoint. This is calculated by taking the number of retailers who exited PayPoint in the period (excluding suspended sites), divided by the average number of total UK retailer partner sites for the period. This tracks the movement in total UK retailer partner sites.	**5.3**	**3.6**	**8.4**
	Employee engagement (%) (UK)	Measures the overall employee engagement of our UK population, calculated by our survey provider. The survey provides insight into the health of our organisation, enabling the identification of what is important to our people so that appropriate action can be taken.	**72.0**	**77.0**	**68.0**

[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 20.
[2] Comparative KPIs have been restated for the discontinued operation and has been restated for the retrospective application of the Group's change in accounting policy on intangible assets. Refer to Note 1 and Note 20.

FINANCIAL REVIEW

OVERVIEW OF CONTINUING OPERATIONS

Last year we saw the impact of the Covid-19 pandemic affect a number of our business lines and sectors which drove significant variances. In the current year a number of variances are driven by the impact of our acquisitions as well as a number of those business lines and sectors that have partially recovered. Given the disposal of the Romanian business on 8 April 2021 the focus of this review is primarily on the continuing operations of the Group, the results of Romania have been classified as a discontinued operation and are provided below.

£m	Year ended 31 March 2022	Restated Year ended 31 March 2021	Change %
Revenue			
Revenue from continuing operations	**145.1**	127.7	13.6%
Net revenue[1]			
Continuing operations			
Shopping	**58.7**	40.2	46.2%
E-commerce	**4.9**	3.6	36.2%
Payments & Banking	**51.5**	53.3	(3.6%)
Total net revenue	**115.1**	97.1	18.5%
Total costs from continuing operations (excluding exceptional items)[2]	**(69.5)**	(60.6)	14.7%
Proft before tax from continuing operations (excluding exceptional items)	**45.6**	36.5	25.0%
Exceptional items	**2.9**	(16.1)	n/m
Profit before tax from continuing operations	**48.5**	20.4	137.3%
Profit before tax from discontinued operations	**30.0**	7.6	n/m
Profit before tax	**78.5**	28.0	180.5%
Cash generation from continuing operations excluding exceptional items	**53.9**	46.9	14.9%
Net corporate debt[3]	**(43.9)**	(68.2)	(35.7%)

The above results for continuing operations reflect a number of corporate changes within the Group and the impact of exceptional items. The results of last year's acquisitions, i-movo in December 2020 and Handepay/Merchant Rentals in February 2021, are included for the full year as is the acquisition of RSM 2000 which completed in April 2021.

Profit before tax from continuing operations of £48.5 million (2021: £20.4 million) increased by £28.1 million (137.3%). The current year reflects exceptional income of £2.9 million whilst the prior year reflects exceptional costs of £16.1 million which includes the £12.5 million provision made in relation to the Ofgem Statement of Objections. The profit before tax from continuing operations excluding exceptional items, the underlying profit, increased by £9.1 million (25.0%) to £45.6 million (2021: £36.5 million).

Revenue from continuing operations increased by £17.4 million (13.6%) to £145.1 million (2021: £127.7 million). Net revenue from continuing operations increased by £18.0 million (18.5%) to £115.1 million (2021: £97.1 million). Handepay and Merchant Rentals contributed additional £16.1 million net revenue from a full year compared to two months in 2021. Growth in service fees from additional sites and growth in e-commerce as it recovers from Covid-19 have been partially offset by the headwinds of structural changes and margin pressure on UK bill payments and a continued decline in cash use on UK bill payments, top ups and ATMs.

Shopping net revenue increased by £18.5 million (46.2%) to £58.7 million (2021: £40.2 million). Service fees net revenue increased by £1.9 million (13.1%) driven by additional PayPoint One sites and implementing the annual RPI increase. ATM net revenue decreased by 0.1% due to a reduction in transactions driven by the continuing trend of reduced demand for cash across

[1] Net revenue is an alternative performance measure. Refer to note 4 to the financial information for a reconciliation to revenue.
[2] Total costs is an alternative performance measure as explained in note 1 to the financial information, a reconciliation to costs is included in the Financial review on page 22.
[3] Net corporate debt (excluding IFRS 16 liabilities) is an alternative performance measure. Refer to note 1 to the financial information for a reconciliation to cash and cash equivalents.

the economy. Handepay/Merchant Rentals net revenue increased by £16.1 million (658.4%) as both entities were owned for a full financial year compared to the previous year where they were owned for two months. PayPoint card payments net revenue decreased by £1.1 million (9.4%), maintaining strong transaction volumes seen in prior year but at a lower average transaction value.

E-commerce net revenue increased by £1.3 million (36.2%) to £4.9 million (2021: £3.6 million), driven by strong growth in total transactions which increased by 25.3% with the easing of Covid-19 restrictions in the current year. This facilitated increased Pick Up/Drop Off activity combined with growth in volumes following our investment in thermal instore Zebra printers. During the year a new partnership was launched with Randox providing their Covid-19 testing service in our parcel network, this contributed £0.5 million of revenue (2021: £nil).

Payments & Banking net revenue decreased by £1.8 million (3.6%) to £51.5 million (2021: £53.3 million). Cash bill payments net revenue decreased by £2.3 million (8.1%) to £26.7 million, as a result of a decrease in bill payment transactions from the continued switch to digital payment methods along with the continuing impacts of Covid-19 where consumers are making larger payments, less frequently. Cash top-ups net revenue decreased by £0.5 million (6.2%) to £7.8 million with volumes down 12.6% driven by the continuing structural declines in the prepaid mobile sector. Digital net revenue increased by £1.6 million (27.1%) to £7.7 million driven by the £1.1 million net revenue contribution from RSM 2000 in the year. MultiPay net revenue decreased by £0.9 million to £3.3 million (2021: £4.2 million) and transactions increased 6.7% as a result of more clients taking the digital services and contribution from the new functionalities of Direct Debit and PayByLink although at a lower net revenue per transaction. This has been partially offset by Cash Out net revenue which increased by 75.6%, driven by the new DWP Payment Exception Service launched by the i-movo acquisition. Existing Cashout vouchers decreased by £0.1 million (4.7%) to £1.6 million (2021: £1.7 million) as the demand from local authorities to disperse Covid-19 support schemes has reduced. eMoney net revenue decreased by £0.5 million (5.6%) to £8.2 million (2021: £8.7 million), as a result of a 6.9% decrease in transactions reflecting these schemes delivering lower volumes following the strong performance seen during Covid-19 period.

Total costs from continuing operations excluding exceptional costs increased by £8.9 million to £69.5 million (2021: £60.6 million). The increase in costs was driven by the £12.2m additional cost base in relation to the newly acquired businesses partially offset by £3.3m reduction in operational costs. Prior year costs have been restated and reduced by £1.0 million by the retrospective application of the change in accounting policy on intangible assets following the April 2021 IFRIC agenda decision on costs incurred in implementing cloud computing SaaS arrangements.

Reconciliation from profit before tax from continuing operations to underlying profit before tax from continuing operations

£m	Year ended 31 March 2022	restated Year ended 31 March 2021
Profit before tax from continuing operations	**£48.5m**	£20.4m
Adjusted for:		
Current year exceptional costs – administrative expenses	**(£2.9m)**	-
Prior year exceptional costs – administrative expenses	**-**	£3.1m
Prior year exceptional costs – finance costs	**-**	£0.5m
Prior year provision in relation to the Ofgem Statement of Objections	**-**	£12.5m
Underlying profit before tax from continuing operations	**£45.6m**	£36.5m

Current year exceptional item is a £2.9 million revaluation gain of the i-movo deferred, contingent consideration liability. Prior year exceptional costs of £16.1 million were one-off acquisition and refinancing expenses and a £12.5 million provision in relation to Ofgem's Statement of Objections.

Cash generation from continuing operations excluding exceptional items remained strong with £53.9 million (2021: £46.9 million), delivered from profit before tax excluding exceptional items of £45.6 million (2021: £36.5 million). There was a net working capital outflow of £3.2 million, primarily the VAT deferral offered by HMRC being repaid in the period.

Net corporate debt decreased by £24.3 million to £43.9 million (2021: £68.2 million) due to the benefit from the disposal of the Romanian business partially offset by current year investments in Snappy Shopper and RSM 2000. At 31 March 2022 loans and borrowings were £51.5 million (2021: £86.6 million) which included £2.9 million of asset financing in the Merchant Rentals acquisition.

SECTOR ANALYSIS

SHOPPING

Shopping consists of services PayPoint provides to retailer partners, which form part of PayPoint's network, and SME partners. Services include providing the PayPoint One platform (which has a basic till application), EPoS, card payments, ATMs, Counter Cash and terminal leasing.

Net revenue (£m)	Year ended 31 March 2022	Year ended 31 March 2021	Change %
Service fees	**16.6**	14.6	13.1%
Card payments – PayPoint	**11.0**	12.1	(9.4%)
Card payments – Handepay (two months in 20/21)	**12.8**	1.5	n/m
Card payments – RSM 2000	**0.9**	-	n/m
Card terminal leases – Merchant Rentals (two months in 20/21)	**5.7**	1.0	n/m
ATMs	**9.7**	9.7	-
Other shopping	**2.0**	1.3	56.4%
Total net revenue (£m)	**58.7**	40.2	46.2%

Net revenue increased by £18.5 million (46.2%) to £58.7 million (2021: £40.2 million) primarily due to the inclusion of Handepay and Merchant Rentals revenues for the full year. The net revenue of each of our key products is separately addressed below.

Service fees from terminals	Year ended 31 March 2022	Year ended 31 March 2021	Change %
Net Revenue (£m)	**16.6**	**14.6**	13.1%
PayPoint terminal sites (No.)			
PayPoint One Base	**7,392**	7,915	(6.6%)
PayPoint One EPoS Core	**9,639**	8,307	16.0%
PayPoint One EPoS Pro	**1,089**	1,240	(12.2%)
Total PayPoint One – revenue generating	**18,120**	17,462	3.8%
PayPoint One Base non-revenue generating	**671**	343	95.6%
Total PayPoint One	**18,791**	17,805	5.5%
Legacy (T2)	**214**	1,441	(85.1%)
PPoS	**9,249**	8,821	4.9%
Total terminal sites in PayPoint network	**28,254**	28,067	0.7%
PayPoint One average weekly service fee per site (£)	**17.0**	16.3	4.3%

As at 31 March 2022, PayPoint had a live terminal in 28,254 UK sites, an increase of 0.7% primarily as a result of new sales. PayPoint One sites increased by 5.5% to 18,791 sites due to new sales and the continued migration from the legacy T2 terminal.

Service fees: This is a core growth area and consists of service fees from PayPoint One and our legacy terminals. Service fee net revenue increased by £2.0 million (13.1%) to £16.6 million driven by the additional 658 PayPoint One revenue generating sites compared to 2021. The higher price point EPoS Core sites increased by 1,332 due to new sales and upselling whilst EPOS Pro sites decreased by 151 compared to 2021, which had benefited from our three month try before you buy EPoS Pro offering.

The PayPoint One average weekly service fee per site increased by 4.3% to £17.0, benefiting from the increase in EPoS Core sites which are charged at a higher rate and the annual RPI increase. Retailers taking the Core version of the product represent 51.3% (2021: 46.7%) of all PayPoint One sites and the Pro version represent 5.8% (2021: 7.0%). Legacy terminals now just remain in a few of our multiple retailer partners but are being replaced.

Card Payments and leases	Year ended 31 March 2022	Year ended 31 March 2021	Change %
Net Revenue (£m)			
Card payments – Handepay (two months in 20/21)	**12.8**	1.5	n/m
Card terminal lessees – Merchant Rentals (two months in 20/21)	**5.7**	1.0	n/m
Card payments - PayPoint	**11.0**	12.1	(9.4%)

Card payments – RSM 2000	**0.9**	-	n/m
Services in Live sites (No.)			
Card payments – Handepay	**22,796**	18,805	21.2%
Card terminal lessees – Merchant Rentals	**35,403**	26,017	36.1%
Card payments - PayPoint	**9,666**	9,930	(2.7%)
Card payments – RSM 2000	**147**	-	n/m
Transactions (Millions)			
Card payments – Handepay (two months in 20/21)	**145.0**	14.6	n/m
Card payments – PayPoint	**217.8**	210.4	3.5%
Card payments – RSM 2000	**6.5**	-	n/m

Card payments: Handepay and Merchant Rentals generated £18.5 million net revenue in the year. Handepay contributed £12.8 million card payments net revenue and 145.0 million transactions, benefiting from the reopening of SMEs across key sectors with the easing of government restrictions. Handepay card payment services were live in 22,796 sites at 31 March 2022, an increase of 3,991 sites (21.2%) since 31 March 2021. Merchant Rentals contributed £5.7 million terminal leasing net revenue.

PayPoint card payments transactions increased by 3.5% to 217.8 million and net revenue decreased by 9.4% to £11.0 million maintaining strong transaction volumes seen in FY21 but at a lower average transaction value £11.27 (FY21: £12.40). Across our network there were 9,666 PayPoint card payments sites, a decrease of 264 sites (2.7%) since 31 March 2021.

RSM 2000 card payments reflects a full year's transactions from the new acquisition.

ATMs	**Year ended 31 March 2022**	**Year ended 31 March 2021**	Change %
Net Revenue (£m)	**9.7**	9.7	-
Services in Live sites (No.)	**3,686**	3,626	1.7%
Transactions (Millions)	**30.4**	30.6	(0.8%)

ATMs: Net revenue remained flat at £9.7 million although transactions reduced by 0.8% to 30.4 million. This is attributable to the continued reduced demand for cash across the economy, accentuated by the Covid-19 preference for card use. Sites increased 1.7% to 3,686 and PayPoint continued to optimise its ATM network by relocating existing machines to better performing locations.

Other: Other shopping services increased by £0.7 million (56.4%) to £2.0 million (2021: £1.3 million) this includes the launch of the partnership with Snappy Shopper and the new PayPoint Counter Cash service which was live in 2,624 sites.

E-COMMERCE

Parcels	**Year ended 31 March 2022**	**Year ended 31 March 2021**	Change %
Net Revenue (£m)	**4.9**	3.6	36.2%
Services in Live sites (No.)	**10,049**	10,509	(4.4%)
Transactions (Millions)	**33.3**	26.6	25.2%

E-commerce net revenue increased by £1.3 million (36.2%) to £4.9 million due to the increase in total parcels transactions by 25.2% to 33.3 million with the easing of Covid-19 restrictions in the current period facilitating increased Out of Home activity. The prior period transactions were impacted by Covid-19 restrictions with consumers staying at home. Parcel sites decreased by 4.4% to 10,049 sites due to stores being removed from our network.

PAYMENTS & BANKING

	Year ended 31 March 2022	**Year ended 31 March 2021**	Change %
Net revenue (£m)			
Cash – bill payments	**26.7**	29.0	(8.1%)
Cash – top-ups	**7.8**	8.3	(6.2%)
Digital	**7.8**	6.1	27.1%

Cash through to digital	**8.2**	8.7	(5.6%)
Other payments and banking	**1.0**	1.2	(16.4%)
Total net revenue (£m)	**51.5**	53.3	(3.6%)

Payments & Banking divisional net revenue decreased by 3.6% to £51.5 million, as a result of fewer cash bill payments and top up transactions, and margin erosion from client contract renewals but partly offset by continued growth in digital transactions

Cash – bill payments	**Year ended 31 March 2022**	Year ended 31 March 2021	Change %
Net revenue (£m)	26.7	29.0	(8.1%)
Transactions (millions)	157.2	168.3	(6.6%)
Transaction value (£m)	3,932.3	4,210.1	(6.6%)
Average transaction value (£)	25.0	25.0	-
Net revenue per transaction (pence)	17.0	17.2	(1.4%)

Cash - bill payments net revenue decreased by £2.3 million (8.1%) to £26.7 million primarily as a result of the continued switch to digital payment methods and consumers are continuing to make larger payments, less frequently. Cash bill payments transactions decreased by 11.1 million (6.6%) to 157.2 million. Cash bill payments net revenue per transaction decreased by 0.2 pence (1.4%) due to margin erosion from client contract renewals.

Cash – top-ups	**Year ended 31 March 2022**	Year ended 31 March 2021	Change %
Net revenue (£m)	7.8	8.3	(6.2%)
Transactions (millions)	21.2	24.3	(12.6%)
Transaction value (£m)	257.6	289.1	(10.9%)
Average transaction value (£)	12.1	11.9	1.9%
Net revenue per transaction (pence)	36.8	34.2	7.7%

Cash - top-ups net revenue decreased by £0.5 million (6.2%) to £7.8 million. Cash top-ups transactions decreased by 3.1 million (12.6%) to 21.2 million due to further market declines in the prepaid mobile sector whereby UK direct debit pay monthly options displace UK prepay mobile and Covid-19 impacts where consumers are making larger payments and less frequently.

Digital	**Year ended 31 March 2022**	Year ended 31 March 2021	Change %
Net revenue (£m)	7.8	6.1	27.1%
Transactions (millions)	34.2	27.2	25.6%
Transaction value (£m)	756.6	545.7	38.6%
Average transaction value (£)	22.2	20.1	10.3%
Net revenue per transaction (pence)	22.5	22.4	0.4%

Digital (MultiPay, Cash Out and RSM 2000) net revenue increased by £1.7 million (27.1%) to £7.8 million and digital transactions increased by 7.0 million (25.6%) to 34.2 million driven by the £1.1 million contribution of RSM 2000 to this sector. MultiPay net revenue decreased by £0.9 million to £3.3 million (2021: £4.2 million), this was due to the expected volume reduction from Utilita moving customers to their in-house solutions. This was partially offset by the new DWP Payment Exception Service which contributed £1.6 million net revenue in the period partially offset by Cash Out net revenue which decreased by £0.1 million (4.7%), driven by reduced demand from local authorities seeking to digitise their payments offering and despite Covid-19 meal voucher schemes winding down.

Cash through to digital	Year ended 31 March 2022	Year ended 31 March 2021	Change %
Net revenue (£m)	8.2	8.7	(5.6%)
Transactions (millions)	10.6	11.4	(6.9%)
Transaction value (£m)	505.2	475.0	6.4%
Average transaction value (£)	47.5	41.6	14.3%
Net revenue per transaction (pence)	77.4	76.3	1.4%

Cash through to digital (eMoney) net revenue decreased by £0.5 million (5.6%) to £8.2 million (2021: £8.7 million) and transactions decreased by 0.8 million (6.9%) to 10.6 million (2021: 11.4 million) reflecting these schemes delivering lower volumes following the strong performance seen during Covid-19 period. eMoney transactions derive a substantially higher fee per transaction than traditional top-up transactions.

Other payments & banking net revenue includes SIM sales and other ad-hoc items which contributed £1.0 million (2021: £1.2 million) net revenue. The decrease reflects the continuing decline in SIM sales, accentuated by the impact of Covid-19 on tourism.

TOTAL COSTS

	Year ended 31 March 2022	Restated[1] Year ended 31 March 2021	Change %
Continuing operations excluding exceptional items			
Other costs of revenue	**11.0**	7.0	57.1%
Depreciation and amortisation (costs of revenue)	**7.6**	7.8	(2.6%)
Depreciation and amortisation (administrative expenses)	**2.9**	0.9	222.2%
Other administrative costs (administrative expenses)	**46.0**	43.6	5.7%
Net finance costs	**2.0**	1.3	53.8%
Total costs from continuing operations excluding exceptional items	**69.5**	60.6	14.7%

Total costs from continuing operations increased by £8.9 million (14.7%) to £69.5 million. Prior year costs have been restated and reduced by £1.0 million by the retrospective application of the change in accounting policy on intangible assets following the April 2021 IFRIC agenda decision on costs incurred in implementing cloud computing SaaS arrangements. This is the net impact of reversing amortisation of previously capitalised intangible assets and expensing rather than capitalising SaaS type expenditure in the year.

The increase in costs from continuing operations was primarily driven by the cost base in relation to the newly acquired businesses of £12.2 million, included within this balance is £2.4 million for amortisation on acquired intangibles shown in administrative expenses.

This was partially offset by operational cost reductions made in the group of £3.3 million. This included lower people costs of £1.2 million primarily as a result of higher vacancies this year compared to last year, lower depreciation and amortisation with some legacy assets coming to the end of their life.

OPERATING MARGIN BEFORE EXCEPTIONAL ITEMS[2]

Operating margin from continuing operations before exceptional items of 41.4% (2021: 39.0%) increased by 2.4 ppts due to increases in our shopping sector which carries a higher operating margin.

PROFIT BEFORE TAX AND TAXATION

The tax charge for continuing operations of £9.0 million (2021: £4.5 million) on profit before tax from continuing operations of £48.5 million (2021: £20.4 million) represents an effective tax rate[3] of 18.5% (2021: 22.3%). 3.8ppts lower than prior year due to a decrease in disallowable expenses associated with the one-off acquisition and disposal costs and expenditure qualifying for

[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 20.

[2] Operating margin before exceptional items % is an alternative performance measure and is calculated by dividing operating profit before exceptional items by net revenue.

[3] Effective tax rate is the tax cost as a percentage of profit before tax.

the capital allowances super deduction and non-taxable items, partially offset by the impact of revaluing the deferred tax liability following the enactment of the increased main rate of UK corporation tax from 19% to 25% with effect from 1 April 2023.

DISCONTINUED OPERATION - ROMANIA

	Year ended 31 March 2022	Year ended 31 March 2021	Change %
Revenue from discontinued operation	**1.3**	67.7	n/m
Net profit from discontinued operation	**0.1**	7.5	n/m
Profit on disposal of discontinued operation	**29.9**	-	-
Total profit before tax from discontinued operation	**30.0**	7.5	n/m

The revenues and net profit from the discontinued operation in the current year represents the revenue and costs from the Romanian business between 1 and 8 April 2021 prior to disposal completion.

GROUP STATEMENT OF FINANCIAL POSITION

Net assets of £83.3 million (2021: £33.3 million) increased by £50.0 million. Current assets decreased by £64.4 million to £104.8 million (2021: £169.2 million) with no assets held for sale in the current financial period following the sale of the Romania business in April 2021. Non-current assets of £127.3 million (2021: £115.7 million) increased by £11.6 million mainly due to the additional investments made in RSM 2000 and Snappy Shopper Limited.Current liabilities reduced £88.0 million due to no liabilities relating to assets held for sale, £24.0 million reduction in loans and borrowings from using part of the Romania disposal proceeds and payment in relation to Ofgem.Non-current liabilities of £15.7 million (2021: £30.5 million) decreased mainly by the non-current portion of the 3 year term loan.

GROUP CASH FLOW AND LIQUIDITY

The following table summarises the cash flow movements during the year.

	Year ended 31 March 2022	Restated[1] Year ended 31 March 2021	Change %
Profit before tax from continuing and discontinued operations	**78.5**	28.0	180.4%
Ofgem provision – cash payment/provision reversal	**(12.5)**	12.5	n/m
Other exceptional items	**(2.9)**	-	-
Gain on disposal of investments Romania	**(30.0)**	-	
Depreciation and amortisation	**10.6**	9.1	16.5%
VAT and other non-cash items	**-**	0.1	-
Share-based payments and other items	**0.9**	0.9	-
Working capital changes (corporate)	**(3.2)**	0.8	n/m
Cash generation	**41.4**	51.4	(19.5%)
Taxation payments	**(9.2)**	(8.4)	9.5%
Capital expenditure	**(10.8)**	(5.2)	(28.6%)
Acquisition of Collect+ brand	**-**	(6.0)	-
Acquisitions of subsidiaries net of cash acquired	**(4.5)**	(60.8)	92.6%
Contingent consideration cash paid	**(2.0)**	-	-
Purchase of investment in associate	**(6.7)**	-	-
Purchase of convertible loan note	**(0.8)**	-	-
Disposals of business net of cash disposed	**20.2**	-	-
Movement in loans and borrowings	**(35.0)**	11.3	(409.7%)
Lease payments	**(0.2)**	(0.2)	-
Dividends paid	**(23.1)**	(21.4)	7.9%
Net decrease in corporate cash and cash equivalents	**(30.7)**	(39.3)	(21.9%)
Net change in clients' funds and retailers' deposits	**(9.7)**	11.9	(181.5%)
Net decrease in cash and cash equivalents	**(40.4)**	(27.4)	47.4%
Cash and cash equivalents at the beginning of year	**64.8**	93.8	(30.9%)
Effect of foreign exchange rate changes	**-**	(1.6)	-

[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 20.

Cash and cash equivalents at the end of year	**24.4**	64.8	(62.3%)
Comprising:			
Corporate cash	**7.7**	18.3	(57.9%)
Clients' funds and retailers' deposits	**16.7**	46.5	(64.3%)

The following table summarises the cash generation from continuing operations excluding exceptional items

	Year ended 31 March 2022	Restated[1] Year ended 31 March 2021	Change %
Profit before tax from continuing operations	**48.5**	20.4	137.7%
Provision in relation to the Ofgem Statement of Objections	**-**	12.5	-
Other exceptional items	**(2.9)**	3.6	n/m
Profit before tax from continuing operations excluding exceptional items	**45.6**	36.5	25.0%
Depreciation and amortisation	**10.6**	8.7	21.8%
VAT and other non-cash items	**-**	0.1	-
Share-based payments and other items	**0.9**	0.9	-
Working capital changes (corporate)	**(3.2)**	0.7	n/m
Cash generation from continuing operations excluding exceptional items	**53.9**	46.9	14.9%

Cash generation remained strong with £41.4 million (2021: £51.4 million) delivered from profit before tax from continuing and discontinued operations of £78.5 million (2021: £28.0 million). Current year cash generation was impacted by the £12.5 million payment in relation to the Ofgem Statement of Objections. Adjusting for exceptional items, cash generation from continuing operations improved by 14.9% to 53.9 million. There was a net working capital outflow of £3.2 million primarily from the VAT deferral offered by HMRC now being repaid.

The current period benefited from the £47.6 million cash proceeds received on sale of the Romanian business, net of transaction costs. Taxation payments on account of £9.2 million (2021: £8.4 million) are higher compared to the prior period due to the increased taxable profits earned in the period compared to the prior year. Dividend payments were higher compared to the prior period due to the increase in the interim and final ordinary dividend paid per share for the prior year ended 31 March 2021.

Capital expenditure of £10.8 million (2021: £5.2 million) was £5.6 million higher than the prior year. Capital expenditure primarily consists of IT hardware, PayPoint One terminals, EPoS development and the enhancement to the Direct Debit platform. The increase in capital expenditure is primarily driven by the enhancement to the Direct Debit platform.

At 31 March 2022 net corporate debt was £43.9 million (2021: £68.2 million) and has decreased by £24.3 million from the prior year end position. Total loans and borrowings of £51.6 million which have decreased by £35.0 million consisted of a £21.7 million amortising term loan, £27.0 million drawdown of the £75.0 million revolving credit facility and £2.9 million of asset financing balances (2021: £49.5 million drawdown from the revolving credit facility, £32.5 million amortising term loan and £4.6 million of asset financing balances). The cash proceeds received on sale of the Romanian business in April 2021 were partly used to reduce the revolving credit facility.

DIVIDENDS

	Year ended 31 March 2022	**Year ended 31 March 2021**	Change %
Ordinary reported dividends per share (pence)			
Interim (paid)	**17.0**	**15.6**	9.0%
Final (proposed)	**18.0**	**16.6**	8.4%
Total reported dividend per share (pence)	**35.0**	**32.2**	8.7%
Total dividends paid per share	**33.6**	**31.2**	7.7%
Total dividends paid in year (£m)	**23.1**	**21.4**	7.9%

We have declared an increase of 8.4% in the final dividend of 18.0 pence per share (2021: 16.6 pence per share) payable in equal instalments of 9.0 pence per share (2021: 8.3 pence per share) on 25 July 2022 and 30 September 2022 to shareholders

[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 20.

on the register on 10 June 2022 and 2 September 2022 respectively. The final dividend is subject to the approval of the shareholders at the annual general meeting on 20 July 2022.

The final dividends will result in £12.4 million (2021: £11.4 million) being paid to shareholders from the standalone statement of financial position of the Company which, as at 31 March 2022, had approximately £67.9 million (2021: £58.1 million) of distributable reserves.

CAPITAL ALLOCATION

The Board's immediate priority is to continue to preserve PayPoint's balance sheet strength. The Group maintains a capital structure appropriate for current and prospective trading over the medium term that allows a healthy mix of dividends and cash for investment through capital expenditure and acquisitions. The Board's approach to the setting of the ordinary dividend has not materially changed since the prior year end and follows the following capital allocation priorities:

- 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 acquisitions of i-movo, Handepay/Merchant Rentals and RSM 2000 in November 2020, February 2021 and April 2021 respectively and investment in Snappy Shopper in April 2021;
- Progressive ordinary dividends targeting a cover ratio of 1.2 to 1.5[1] times continuing operations earnings excluding exceptional items.

GOING CONCERN

The financial statements have been prepared on a going concern basis having regard to the identified principal risks and uncertainties and viability statement on page 26. Our cash and borrowing capacity provides sufficient funds to meet the foreseeable needs of the Group including dividends.

Alan Dale
Finance Director
25 May 2022

[1] Dividend cover represents profit after tax divided by reported dividends.

PRINCIPAL RISKS AND UNCERTAINTIES

Like all businesses, we face a number of risks and uncertainties and successful management of existing and emerging risks is critical to the achievement of strategic objectives and to the long-term success of any business. Therefore, risk management is an integral part of PayPoint's Corporate Governance.

Strategy

Strategic and operational benefits of proactively managing risk are achieved when Enterprise Risk Management is aligned with the strategic and operational goals of the organisation, and our process and governance structure achieve this. Risks are assessed through PayPoint's risk management and internal control framework which are designed to identify and manage risk. Processes apply throughout the Group and are designed to mitigate rather than eliminate risk. The Board is responsible for overseeing the risk management process and approves levels of acceptable risk. The Board is also responsible for maintaining an appropriate internal control environment to manage risk effectively. The Audit Committee supports the Board in reviewing the effectiveness of risk management and internal controls. The risk management and internal control framework aims to provide assurance to stakeholders regarding PayPoint's ability to deliver its objectives and manage risks.

Risk appetite

PayPoint's risk appetite is set by the Board and aligns the level of risk considered acceptable in achieving strategic objectives, increasing financial returns and adhering with statutory requirements. The Board and the Executive Board have key roles in ensuring the internal control framework maintains risk within the appetite set. Internal controls are embedded across the Group in core processes including policies and procedures, delegated authorities, PayPoint values and training.

Risk identification and management

The risk management process assesses strategic, financial, IT, regulatory and operational risk across all areas of the business. PayPoint's risk framework includes a bottom-up risk assessment process managed through risk and control registers, and a top-down risk assessment and horizon scanning process to identify emerging risks. Functional and entity risk and control registers are maintained which form an important component of our governance framework. Risks and controls are determined by Executive Board members and senior management, and discussed with the Head of Risk and Internal Audit. Risk and control registers contain a risk description, assessment of materiality, probability, mitigating controls, residual risk and risk owners.
At least annually, risks identified through the top down and bottom up risk assessment processes are agreed with Executive Board members to determine principal and emerging risks. The Audit Committee receives and reviews information on the risk framework and principal and emerging risks and advises the Board on risks.

CHANGES TO PRINCIPAL RISKS

New risks and disclosures

This year Operational Delivery has been elevated to a separate principal risk. Previously it formed part of our Transformation principal risk but now Operational Delivery it is considered a principal risk in its own right, in support of Transformation. This year we have also disclosed Board risk appetite for each principal risk.

Changing risks

People & Culture – This risk has been renamed as People as culture is no longer considered a principal risk following successful integration of the acquisitions made in 2020 and 2021 and switch to hybrid working. Remaining culture risks are included under the People principal risk.
Transformation & Acquisition Integration – Acquisition Integration is no longer considered a principal risk following successful integration of the acquisitions made in 2020 and 2021. Remaining risks are included under the Transformation principal risk.
Cyber Security & Data Protection – This risk has been renamed as cyber security as data protection is now recognised as a key component of cyber security risk. Regulatory risk in relation to data protection is included the Legal & Regulatory principal risk.

Receding risks

Government Policy – Government policy was previously considered an emerging risk due to changes in government policy potentially leading to adverse impacts on our proposition and markets. However policy outcomes during the year, including the Access to Cash Review and the Payment Systems Regulator Market review into the supply of card acquiring services, have reduced this as a standalone risk and remaining risks are included under the Legal & Regulatory principal risk.

Climate risk

PayPoint recognises the impact climate change is having globally and that it presents a risk and uncertainty to our business. As last year, we still consider climate change to be an emerging risk rather an immediate principal risk. During the year we launched our net zero carbon strategy with the goal of becoming net zero in our own operations by 2030 and fully net zero by 2040. Details of how we plan to achieve this can be found in our 2022 Annual Report, which will be published in June 2022. We also implemented The Task Force on Climate-related Financial Disclosures (TCFD) which provides companies with a framework to improve reporting on climate-related risks and opportunities. Risks presented by climate change have been embedded into our enterprise risk management framework including financial planning processes, business cases and our overall risk identification and management processes detailed in the 2022 Annual Report.

The table below sets out our principal and emerging risks including details of the potential impact, mitigation strategies and status. The table also details risk movement during the year and risk appetite. They do not comprise all risks faced by the Group and are not set out in order of priority.

	Risk Trend & Appetite	Potential Impact	Mitigation Strategies	Status
Principal Risks				
Market Risks				
1	**Competition and Markets** Trend = Increasing Appetite = Medium	PayPoint's markets and competitors continue to evolve and failure to deliver effective strategies to respond to market and competitor changes will reduce market share, revenue and profits. The decline in cash usage, accelerated by Covid-19, is expected to continue impacting some of our markets, and further lockdowns would also have an impact. Our business may also be impacted by changing consumer trends, competitor activity and new and alternative payment solutions.	The Executive Board regularly reviews markets, competitor activity, trading opportunities and potential acquisitions, and the Board oversees and challenges strategic direction. We closely monitor consumer and technological trends and engage with clients, retailers and other stakeholders to improve our proposition. We continually develop products, services and systems to adapt to changes in consumer trends and technology, and make strategic acquisitions where appropriate.	Risk is considered increasing as competition is increasing across our business but particularly in bill payment and top up markets which is seeing downward pressure on margins due to competition. However recent acquisitions have diversified our business into new markets and strengthened our card and digital payment businesses as we transition away from cash with our digital strategy.
2	**Emerging Technology** Trend = Stable Appetite = Medium	New and emerging technologies are changing the way consumers pay for goods and services, impacting our products and markets. For many years cash was the principal method for topping up gas and electricity however this is changing and PayPoint needs to evolve its proposition to capitalise on new technology and payment methods. New disruptive fintech products, and large tech companies who are increasingly advancing into payment solutions, have the potential to significantly impact our business. Covid-19 accelerated global digital transformation. There is risk to our business if our digital transformation fails to keep pace and we do not exploit new technologies and markets to evolve our proposition.	We continually develop products with the latest technology and evolve them to take advantage of new and expanding markets. The Executive Board closely monitors emerging technologies and the impact they may have on PayPoint, and mitigating strategies are implemented where possible. Emerging technology is a key component of our acquisition strategy with recent acquisitions focussing on digital products.	Risk is stable as recent acquisitions have accelerated our ability to mitigate the impact of emerging technologies and re-platforming of our digital proposition will better enable us to expand our presence in digital payment markets. We are engaged in various government schemes involving new technology such as our new Department for Work and Pensions cash out product, as well as other technological product advances.
Strategic Risks				
3	**Trans-formation** Trend = Stable Appetite = Medium	Our business relies on continued innovation and implementations and failure to effectively manage our transition from cash to digital would impede business performance and our ability to achieve strategic goals. Continued system infrastructure improvements are essential in providing great products and customer service, and a lack of investment would impact our business.	The Executive Board assesses transformation as part of the strategic planning process and the Board oversee and challenge strategic direction. PayPoint is committed to its transition from cash to digital and we continue to innovate our legacy products. Product and infrastructure reviews are regularly conducted to identify improvements in processes, systems and products.	Risk is considered stable as recent acquisitions have significantly rebalanced our business away from cash to digital channels. Numerous IT infrastructure improvement programmes are underway following recent architecture reviews, including migration to the cloud. Re-platforming of our digital proposition is underway with some elements ready to go live.
Business Risks				
4	**Operating Model** Trend = Stable Appetite = Medium	Our core business relies on an appropriate mix of clients and retailers and failure to maintain attractive client and retailer propositions with relevant products and technology, may cause attrition adversely impacting our business model. Other business areas such as card payments also rely on key	PayPoint builds strategic relationships with key clients and retailers and we continually seek to improve service levels through new initiatives, products and technology. We monitor performance through regular retailer engagement and surveys and are proactive in addressing areas for improvement.	Risk is considered stable as we continue to renew contracts and onboard new retailers, clients and merchants in line with expectations. Our acquisition of Handepay and Merchant Rentals increased our card acquirer partnerships and we are expanding our relationship with LINK through the launch of the new

		partner relationships and it is important strong relationships are maintained to ensure a resilient and sustainable operating model.	New clients, retailers and merchants are routinely onboarded ensuring a sustainable customer across a diversified range of sectors. Where products rely on key partners including our ATM and card payment businesses, we invest in relationships and propositions to ensure sustainable partnerships.	Counter Cash product. We continue to focus on retailer engagement and enhance our proposition with new and varied initiatives such as Randox.
5	**Legal and Regulatory** Trend = Stable Appetite = Low	PayPoint is required to comply with numerous contractual, legal and regulatory requirements and failure to meet obligations may result in fines, penalties, prosecution and reputational damage. Recent acquisitions have increased the number of regulated entities and as regulatory landscapes evolve, there is a risk that changes may adversely impact our business. In November 2021 Ofgem published its decision to accept the commitments proposed by PayPoint to address Ofgem's competition law concerns in relation to our pre-payment energy business. The commitments are being implemented in line with the timetable agreed with Ofgem and PayPoint provides Ofgem with regular updates on progress.	Our Legal and Compliance Teams work closely with management on all legal and regulatory matters, and adopt strategies to ensure PayPoint is appropriately protected and complies with regulatory requirements. The Teams engage on all key contracts and legal matters and oversee regulatory compliance, monitoring and reporting. Emerging regulations are incorporated into strategic planning and we engage with regulators to ensure our frameworks are appropriate to support new products and initiatives. External counsel is engaged where required and we respond promptly and comprehensively to all regulatory enquiries.	Risk is considered stable as recently acquired regulated companies have been integrated into the PayPoint Group, with regulatory compliance requirements harmonised where appropriate. In November 2021, Ofgem accepted PayPoint's commitments to address the concerns raised in Ofgem's Statement of Objections received in September 2020. PayPoint is implementing the commitments in line with the timetable agreed with Ofgem. No other significant legal or regulatory matters occurred during the year. The Payment System Regulator Card Acquiring Market Review presents some regulatory risk to our card business but this is not expected to be significant.
6	**People** Trend = Increasing Appetite = Low	Failure to retain and attract key talent impacts many areas of our business including service delivery and achieving strategic objectives. Maintaining a strong culture of ethical behaviours and employee wellbeing is also vital in ensuring our business, people, customers and other stakeholders are safeguarded. Our transition to a new hybrid working model with increased home working increases the importance of supporting and engaging our people to ensure business objectives are met.	The Executive Board define and advocate PayPoint's purpose, vision and values and an Employee Forum comprising employees from across the business engages directly with the Board on employee matters. We continue to invest in, and support our people, particularly through Covid-19 where numerous steps have been taken to ensure employee wellbeing. We have well established processes for retaining and recruiting key talent and developing our people, and there is continued focus on culture, ethics and diversity.	The UK recruitment market is extremely competitive at present impacting retention and recruitment. PayPoint's staff turnover increased during the year and although retention plans were implemented and vacancies continue to be recruited, risk is considered increasing due to the market conditions. During the year employees from recent acquisitions were successfully integrated and hybrid working embedded. We followed all government guidance on Covid-19 working practices and implemented numerous initiatives to protect our people and ensure their wellbeing. Employee engagement surveys continue to be positive and the Employee Forum continues to play an active role in employee engagement.
Operational Risks				
7	**Cyber Security** Trend = Increasing Appetite = Low	Cyber attacks may significantly impact service delivery and data protection causing harm to PayPoint, our customers and other stakeholders. Globally, criminals continue to exploit vulnerabilities, and recent acquisitions have increased the number of IT environments, products and systems we need to protect. Although PayPoint has multiple cyber security systems, capabilities and controls, ransomware attacks remain a constant threat. Failure to	The Executive Board assesses PayPoint's cyber security and data protection framework and the Cyber Security and IT Sub-Committee of the Audit Committee maintain oversight. Our IT security framework is comprehensive with multiple security systems and controls deployed across the group. We are ISO27001 and PCI DSS Level 1 certified and systems are constantly monitored for attacks with response plans implemented and tested.	PayPoint has not experienced any material attacks or data breaches during the year but cyber security continues to be a key focus and risk is considered increasing because of the external threat which has potentially increased due to the crisis in Ukraine. Group security standards and systems have been applied to acquisition IT environments and we continue to enhance our architecture, systems, processes and cyber monitoring and response capabilities. We

		safeguard systems, networks and data and comply with data protection requirements may result in significant financial loss and reputational damage.	Employees receive regular cyber security training, and awareness is promoted through phishing simulations and other initiatives. We engage with stakeholders on cyber-crime (including clients, suppliers and law enforcement) and proactively manage adherence for all parties with data protection requirements.	regularly engage third parties to assess and assist on our cyber defences and strengthen our controls.
8	**Business Interruption** Trend = Increasing Appetite = Low	Our customers and stakeholders rely on our systems, products and services being resilient with continued service delivery. Failure to maintain resilience or promptly recover services following an outage may result in financial loss, reputational harm and potential regulatory scrutiny. Changes to our infrastructure as we transform our business from cash to digital and transition to the cloud increases the risk of disruptive events and effective IT change processes and controls are vital to avoid disruption. Our infrastructure and service delivery is supported by multiple suppliers and poor supplier performance or supplier failure may adversely impact our business.	The Executive Board reviews PayPoint's business continuity framework and the Cyber Security and IT Sub-Committee of the Audit Committee maintains oversight. Business continuity, disaster recovery and major incident response plans are maintained and tested with failover capabilities across third party data centres and the cloud. Systems are routinely upgraded with numerous change management processes deployed and resilience embedded where possible. Supplier failure can disrupt PayPoint's service delivery and risk is managed through contractual arrangements, alternative supplier arrangements and business continuity plans.	Although we have not suffered any significant outages during the year, risk is considered increasing as we do experience small business interruption events due to supplier performance and internal processes. The crisis in Ukraine also has the potential to cause disruption to our services, suppliers and partners. Although system disruption is an inherent business risk, our incident monitoring and response processes are regularly reviewed and enhanced and we continue to enhance our infrastructure and processes to strengthen continuity controls.
9	**Credit and Operational** Trend = Increasing Appetite = Low	PayPoint has material credit exposures with large retailers and other counterparties and significant financial loss may result in the event of a default. We process large volumes of payments daily therefore effective operational controls are essential to ensure funds are settled accurately, securely and timely. Absent or ineffective processes and controls could result in fraud, liquidity risk, reputational damage or other financial loss.	PayPoint has effective credit and operational processes and controls. Retailers and counterparties are subject to ongoing credit reviews and effective debt management processes are implemented. Settlement systems and controls are continually assessed and enhanced with new systems and technology implemented. We have effective governance with oversight committees, delegated authorities and policies for key processes. Segregation of duties and approvals are implemented for all areas where fraud or material error may occur.	Although credit losses remain low, risk to credit exposures is increasing following the government ending business support for Covid-19, and other impacts on the UK economy from increasing energy prices and inflation. We continue to review and enhance our operational processes and controls and have made good progress during the year aligning processes and controls for the recent acquisitions. No material processing errors or frauds occurred during the year and the risk profile of our business operations remains stable.
10	**Operational Delivery** Trend = Increasing Appetite = Low	Effective operational delivery of key initiatives and strategic objectives is central to achieving our transformation aims. Poor delivery would impede our business performance and impact our stakeholders. Additionally, poor planning and forecasting of business initiatives may impede financial targets and business performance.	The Executive Board has overall responsibility for delivering key initiatives and ensuring effective governance. Larger initiatives have steering groups and project teams with representatives from across the business to ensure all business considerations are included in planning and delivery. We regularly liaise with 3rd party stakeholders throughout implementation to agree and revise objectives and targets as projects progress. Finance teams are actively involved in key projects to ensure cost and revenue considerations are continually reviewed and post project assessments are made to establish lessons for future deliveries.	Risk is considered to be increasing as we are at an important stage in our transformation, and have a number of key initiatives underway to ensure sustainable revenue and growth into the future. During the year we successfully delivered our new Counter Cash product and zebra printer roll out to parcel retailers as well as other new initiatives and products.

Emerging Risks				
1	ESG and Climate	Focus on environmental, social and governance matters continues to increase and our business needs to be environmentally responsible and create shared value for all stakeholders to ensure sustainability and reinforce our values and brand. Climate risk is a key priority for governments and organisations globally, and PayPoint needs to play its part in reducing carbon emissions and its environmental impact. Approximately 17% of our revenue is derived from energy and fuel markets and as the UK transitions to net zero carbon emission economy by 2050, we need to closely monitor the impacts on our business to ensure our revenue streams remain sustainable.	The CEO and the Executive Board have overall accountability for PayPoint’s climate and social responsibility agendas and recommends strategy to the Board. We align our business with reducing carbon emissions, and continually assess our approach to environmental risk and social responsibility which are embedded in our decision-making processes. We have multiple policies and processes governing our social responsibility strategy and we continually assess and evolve our strategy and working practices to ensure the best outcomes for stakeholders and the environment.	During the year we implemented an ESG Working Group comprising Executive Board members and other key stakeholders, which is responsible for overseeing ESG and climate matters and updating the Executive Board and Board. We implemented the new Task Force on Climate-related Financial Disclosures (TCFD), and comprehensively assessed carbon emissions across our value chain. In doing so, we have been able to set net-zero targets and make various carbon emission reductions. We have reviewed and updated many of our environmental and social responsibility policies, which are approved by the Board. ESG and climate were also embedded into our risk management framework.

VIABILITY STATEMENT

In accordance with the 2018 UK Corporate Governance Code, the Directors have assessed the viability of the Group over a three-year period, taking account of the Group's current financial and trading position, the principal risks and uncertainties (as set out in the table above) and the strategic plans that are reviewed at least annually by the Board.

The Directors have determined that the Group's strategic planning period of three years remains an appropriate time frame over which to assess viability. This broadly aligns to average client renewal terms, new client prospecting and onboarding cycles and the development-through-to-maturity evolution of new products and service lines.

The starting point for the viability assessment is the strategic and financial plan which makes assumptions relating to the economic climate, market growth, cost inflation, the prospects of new products and services and past performance. This plan are then subject to a series of stress scenarios using input from business functions based on the potential materialisation of certain principal risks.

All the principal risks identified (which are set in the table above), including ESG, could have an impact on the Group's performance. However, the main specific risks which could potentially and materially impact the Group together with the related scenario assumption are:

Principal risk 1: Competition and Markets:

- Failure to maintain significant client contracts resulting in 20% to 40% reduction in transaction volumes depending on the nature of the clients' contract and
- Inadequate recruitment or excessive churn in the retail network and merchant estate resulting in a net annual churn of 10% in the estate (impacting service fees and card acquiring revenues).

Principal risks 3 and 10: Transformation and Operational Delivery:

- New products or services do not perform as anticipated and/or execution in their delivery limits contribution to 10% of expectations.

Principal risk 5: Legal and Regulatory:

- Fines / reputational damage amounting to £24 million (being 15% of turnover for violation of market abuse regulations)

Principal risks 6 and 7: Cyber Security and Business Interruption:

- The financial impact of technical failure from cyber-attacks resulting in a network outage and loss of revenue for up to seven days

Principal risk 8: Credit and Operational:

- Multiple retailer groups entering receivership assuming a 20% loss of client funds, where PayPoint is liable.

Financing facilities

The impacts of these scenarios were then reviewed against the Group's current and projected future net cash/debt and liquidity position. The Group closed the financial year with net debt of £43.9m of which £21.7m is an amortising loan (repayable in quarterly installments of c£3m).

The Group had £48m of committed and unutilised debt facilities, consisting of a revolving credit facility syndicated across three banks. The Revolving Credit Facility (RCF) has two financial covenants, relating to interest cover and leverage (EBITDA to Net debt). The RCF expires in February 2025, with the assumption we will successfully refinance in advance of that date.

Result of stress tests

In the unusual set of circumstances of all the above significant scenarios occurring together the Group with no cost mitigations would still deliver positive EBITDA and remain within its financing facility covenants. The viability scenario also factors in reductions of taxation and dividends following the payment of the final dividend of 18.0p declared in respect of financial year ended 31 March 2022.

Under a viability scenario the Group would create a committee with a focus to actively preserve viability through containing and limiting further exposure. This committee would engage with key partners and suppliers to ensured continued support of key activities as well as to reduce operational activity and related costs to ensure the longer-term viability of the business.

Conclusion

Taking these results into account together with the Group's current position, the Group's experience of managing adverse conditions in the past and mitigating actions available to the Group, the Directors confirm that they have a reasonable expectation that the Group will be able to continue its operations, remain solvent and meet its liabilities as they fall due over the three-year viability period.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March (£000)	Note	2022	Restated[1] 2021
Continuing operations			
Revenue	3	**145,144**	127,747
Cost of revenue	5	**(48,725)**	(45,485)
Gross profit		**96,419**	82,262
Administrative expenses – excluding exceptional items		**(48,751)**	(44,373)
Operating profit before exceptional items		**47,668**	37,889
Exceptional item – revaluation of deferred, contingent consideration liability	6	**2,880**	–
Exceptional item – administrative expenses	6	**–**	(15,600)
Operating profit		**50,548**	22,289
Finance income		**13**	22
Finance costs		**(2,046)**	(1,409)
Exceptional item – finance costs	6	**–**	(459)
Profit before tax from continuing operations		**48,515**	20,443
Tax on continuing operations	7	**(8,986)**	(4,524)
Profit from continuing operations		**39,529**	15,919
Discontinued operation			
Profit from discontinued operation, net of tax	9	**148**	6,423
Exceptional item – gain on disposal of discontinued operation, net of tax	9	**29,863**	–
Profit for the year attributable to equity holders of the parent		**69,540**	22,342
Earnings per share			
Basic	8	**101.3p**	32.7p
Diluted	8	**100.2p**	32.4p
Earnings per share – continuing operations			
Basic	8	**57.6p**	23.3p
Diluted	8	**57.0p**	23.1p
Earnings per share – continuing operations before exceptional items			
Basic	8	**53.4p**	43.1p
Diluted	8	**52.8p**	42.9p

[1]The prior year comparatives have been restated for the retrospective application of the Group's change in accounting policy on intangible assets. Refer to note 1 and note 20.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March (£000)		2022	Restated[1] 2021
Items that may subsequently be reclassified to the consolidated statement of profit or loss:			
Exchange differences on translation of foreign operation		**–**	(912)
Exchange differences on disposal of discontinued operation reclassified to profit or loss	9	**1,645**	–
Other comprehensive income/(loss) for the year		**1,645**	(912)
Profit for the year		**69,540**	22,342
Total comprehensive income for the year attributable to equity holders of the parent		**71,185**	21,430

[1]The prior year comparatives have been restated for the retrospective application of the Group's change in accounting policy on intangible assets. Refer to note 1 and note 20.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March (£000)	Note	2022	Restated[1] 2021	Restated[1] 2020
Non-current assets				
Goodwill	10	**57,668**	52,085	11,853
Other intangible assets		**35,990**	35,717	10,293
Investment in associate	12	**6,739**	–	–
Convertible loan note		**750**	–	–
Property, plant and equipment		**21,782**	21,379	24,840
Net investment in finance lease receivables		**4,407**	6,511	–
Deferred tax asset		**–**	–	565
Total non-current assets		**127,336**	115,692	47,551
Current assets				
Inventories		**332**	525	214
Trade and other receivables		**75,975**	69,576	108,368
Current tax asset		**4,191**	2,832	1,099
Cash and cash equivalents – clients' funds and retailer partners' deposits	13	**16,646**	28,405	35,739
Cash and cash equivalents – corporate cash	13	**7,653**	10,535	58,035
		104,797	111,873	203,455
Assets held for sale	9	**–**	57,353	–
Total current assets		**104,797**	169,226	203,455
Total assets		**232,133**	284,918	251,006
Current liabilities				
Trade and other payables		**92,375**	102,504	148,621
Provision	14	**–**	12,500	–
Deferred consideration liability	15	**1,000**	1,462	–
Lease liabilities		**200**	194	197
Loans and borrowings	18	**39,643**	63,627	70,000
		133,218	180,287	218,818
Liabilities directly associated with the assets held for sale	9	**–**	40,866	–
Total current liabilities		**133,218**	221,153	218,818
Non-current liabilities				
Trade and other payables		**–**	–	95
Deferred consideration liability	15	**–**	4,285	–
Lease liabilities		**60**	253	744
Loans and borrowings	18	**11,891**	22,956	–
Deferred tax liability		**3,706**	2,971	–
Total non-current liabilities		**15,657**	30,465	839
Total liabilities		**148,875**	251,618	219,657
Net assets		**83,258**	33,300	31,349
Equity				
Share capital	16	**230**	229	228
Share premium	16	**1,000**	4,975	4,485
Merger reserve	16	**999**	999	–
Share–based payment reserve		**1,570**	2,005	1,875
Translation reserve		**–**	(1,645)	(733)
Retained earnings		**79,459**	26,737	25,494
Total equity attributable to equity holders of the parent		**83,258**	33,300	31,349

[1]The prior year comparatives and beginning of the preceding period have been restated for the retrospective application of the Group's change in accounting policy on intangible assets. Refer to note 1 and note 20. The prior year comparatives have also been restated for a retrospective measurement period adjustment to goodwill and inventories. Refer to note 10.

The financial statements were approved by the Board of Directors and authorised for issue on 25 May 2022 and were signed on behalf of the Board of Directors.

Nick Wiles
Chief Executive
25 May 2022

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Share capital £000	Share premium £000	Merger reserve £000	Share–based payment reserve £000	Translation reserve £000	Restated[1] Retained earnings £000	Restated[1] Total equity £000
Opening equity 1 April 2020, previously stated[1]		228	4,485	–	1,875	(733)	32,475	38,330
Reversal of previously capitalised SaaS implementation costs[1]		–	–	–	–	–	(6,981)	(6,981)
Opening equity at 1 April 2020, restated[1]		228	4,485	–	1,875	(733)	25,494	31,349
Profit for the year, restated[1]		–	–	–	–	–	22,342	22,342
Exchange differences on translation of foreign operations		–	–	–	–	(912)	–	(912)
Comprehensive income for the year		–	–	–	–	(912)	22,342	21,430
Issue of shares	16	1	–	999	–	–	–	1,000
Equity–settled share–based payment expense		–	–	–	1,066	–	–	1,066
Vesting of share scheme		–	490	–	(926)	–	286	(150)
Deferred tax on share–based payments		–	–	–	(10)	–	–	(10)
Dividends	17	–	–	–	–	–	(21,385)	(21,385)
Closing equity 31 March 2021, restated[1]		**229**	**4,975**	**999**	**2,005**	**(1,645)**	**26,737**	**33,300**
Profit for the year		–	–	–	–	–	69,540	69,540
Exchange differences on translation of foreign operation	9	–	–	–	–	1,645	–	1,645
Comprehensive income for the year		–	–	–	–	1,645	69,540	71,185
Issue of shares	16	1	1,000	–	–	–	–	1,001
Equity–settled share–based payment expense		–	–	–	868	–	–	868
Vesting of share scheme		–	–	–	(1,303)	–	1,303	–
Reclassification of share premium into retained earnings	1	–	(4,975)	–	–	–	4,975	–
Dividends	17	–	–	–	–	–	(23,096)	(23,096)
Closing equity 31 March 2022		**230**	**1,000**	**999**	**1,570**	**–**	**79,459**	**83,258**

[1]The prior year comparatives have been restated for the retrospective application of the Group's change in accounting policy on intangible assets. Refer to note 1 and note 20.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March (£000)	Note	2022	Restated[1] 2021
Net cash inflow from operating activities	19	**22,552**	54,643
Investing activities			
Investment income		**13**	332
Purchases of property, plant and equipment		**(5,185)**	(3,287)
Purchases of intangible assets		**(5,627)**	(7,950)
Acquisitions of subsidiaries net of cash acquired		**(4,543)**	(60,800)
Contingent consideration cash paid		**(2,000)**	–
Purchase of investment in associate	12	**(6,739)**	–
Purchase of convertible loan note		**(750)**	–
Proceeds from disposal of discontinued operation net of cash disposed	9	**20,159**	21
Net cash used in investing activities		**(4,672)**	(71,684)
Financing activities			
Dividends paid	17	**(23,096)**	(21,385)
Proceeds from issue of share capital		**1**	1
Repayment of loans and borrowings	18	**(61,469)**	(70,000)
Proceeds from loans and borrowings	18	**26,420**	81,259
Payment of lease liabilities		**(243)**	(211)
Net cash used in financing activities		**(58,387)**	(10,336)
Net decrease in cash and cash equivalents		**(40,507)**	(27,377)
Cash and cash equivalents at beginning of year		**64,806**	93,774
Effect of foreign exchange rate changes		**–**	(1,591)
Cash and cash equivalents at end of year		**24,299**	64,806

[1]The prior year comparatives have been restated for the retrospective application of the Group's change in accounting policy on intangible assets. Refer to note 1 and note 20.

Reconciliation of cash and cash equivalents

As at 31 March (£000)	Note	2022	2021
Continuing operations			
Corporate cash		**7,653**	10,535
Clients' funds and retailer partners' deposits		**16,646**	28,405
Cash and cash equivalents on the consolidated statement of financial position	13	**24,299**	38,940
Discontinued operation			
Corporate cash		**–**	7,814
Clients' funds and retailer partners' deposits		**–**	18,052
Cash and cash equivalents (discontinued operation)		**–**	25,866
Cash and cash equivalents (continuing and discontinued operations)		**24,299**	64,806

NOTES TO THE FINANCIAL STATEMENTS

1. Significant accounting policies

Basis of preparation

This preliminary announcement does not constitute the Company's statutory accounts for the years ended 31 March 2022 or 31 March 2021. The statutory accounts have not been finalised but the preliminary announcement has been prepared by the directors, based upon the results and position which they expect will be reflected in the statutory accounts. The 31 March 2021 results are derived from the statutory accounts and comply with International Financial Reporting Standards (IFRS). This announcement does not contain sufficient information to fully comply with IFRS. The Company expects to publish full financial statements that comply with IFRS in due course.

Statutory accounts for 2021 have been delivered to the Registrar of Companies and those for 2022 will be delivered following the Company's annual general meeting. The auditors have reported on the 2021 accounts and the report was unqualified, did not draw attention to any emphasis of matters and did not contain statements under s498(2) or (3) of the Companies Act 2006.

Adoption of standards and policies

This preliminary announcement complies with the recognition and measurement criteria of IFRS, and with the accounting policies of the Group which are set out in the prior year Annual Report. The accounting policies applied by the Group in the financial statements for the year ended 31 March 2022 are the same as those set out in the Group's Annual Report for the year ended 31 March 2021, with the exception of the following policies which are set out below and are applicable for the first time in the year ended 31 March 2022: i) investments in associates and ii) capitalisation of costs incurred in the implementation of cloud computing "Software as a Service" (SaaS) arrangements.

Investments in associates
Investments in associates are accounted for using the equity method and initially recognised at cost. The carrying amounts of the associates are subsequently adjusted where material to recognise the Group's share of the profit or loss after tax, distributions received and any impairment in value of the associates. Where the Group's share of losses in associates exceeds the value of the investment, the Group ceases to recognise further losses because no obligation exists for the Group to fund the losses. Where a change in net assets has been recognised directly in the associate's equity, the Group recognises its share of those changes in the consolidated statement of changes in equity when applicable. Adjustments are made to align the accounting policies of the associates with the Group and to eliminate the Group's share of unrealised gains and losses on transactions between the Group and its associates.

Prior year restatement for implementation costs of cloud computing SaaS arrangements
During the year, the Group updated its accounting policy on intangible assets following the April 2021 International Financial Reporting Interpretations Committee ("IFRIC") agenda decision on the configuration and customisation costs incurred in implementing cloud computing SaaS arrangements. The Group's previously capitalised SaaS related costs primarily relate to the implementation costs for PayPoint's cloud–hosted SaaS CRM platform.

Under the revised accounting policy, costs incurred in the configuration and customisation of cloud–hosted SaaS arrangements are now expensed where they do not give rise to an identifiable intangible asset which the Group controls. Amounts paid to the cloud vendor for configuration and customisation that are not distinct from access to the cloud software are expensed over the SaaS contract term. In limited circumstances, configuration and customisation costs may give rise to an identifiable intangible asset, for example, where code is created that is controlled by the Group. The revision to the accounting policy has been accounted for retrospectively, resulting in a prior year restatement. See note 20 for the impacts of the restatement.

The restatement represents a non-cash adjustment. The Group consolidated prior year comparatives have been restated to derecognise previously capitalised SaaS related costs amounting to £0.8 million in the year ended 31 March 2021 which no longer meet the criteria for recognition as an asset under IAS 38. Also, amortisation on previously capitalised intangible assets of £1.8 million for the prior year ended 31 March 2021 has been reversed and the tax charge for the prior year ended 31 March 2021 has increased by £0.2 million. The impact of the restatements has decreased the restated opening Group retained earnings at 1 April 2020 by £7.0 million, increased the Group's profit for the prior year ended 31 March 2021 by £0.8 million and decreased total Group assets on the prior year balance sheet by £6.2 million.

Reclassification of share premium balance
Management has reviewed the treatment of the share premium balance as at 31 March 2021 and concluded that an amount of £5.0 million should have been presented within retained earnings. This balance was previously presented within share premium on the consolidated and Company statements of financial position and statements of changes in equity, and relates entirely to share awards which have vested and been recycled from the share–based payment reserve.

Management has decided not to re–present the prior year comparatives relating to the above item, as it has no impact on the consolidated statement of profit or loss or the consolidated statement of cash flows for the prior year ended 31 March 2021 and the adjustment is not considered significant compared to the overall amount in the consolidated statement of financial position and/or the captions affected. The revision has not reduced distributable reserves and has not had any impact on operating profit, profit for the year, assets and liabilities or cash flows for the year ended 31 March 2022, where the revised presentation has been adopted, or periods prior to this current year.

Going concern
The financial statements have been prepared on a going concern basis. The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt to equity balance. The capital structure of the Group consists of debt, cash and cash equivalents and equity attributable to equity holders of the parent comprising capital, reserves and retained earnings.

The Group's policy is to borrow centrally to meet anticipated funding requirements. Our cash and borrowing capacity provides sufficient funds to meet the foreseeable needs of the Group. At 31 March 2022, the Group had cash and cash equivalents of £24.3 million, consisting of £7.7 million corporate cash and £16.6 million of clients' funds and retailer partners' deposits. In addition, following the group-wide refinancing in the prior year and a subsequent one-year extension which was secured after the end of the current financial year, the Group's borrowing facilities consist of a £21.7 million amortising term loan which is due to be fully repaid over the next two financial years and an unsecured £75.0 million revolving credit facility with a £30.0 million accordion facility (uncommitted) expiring in February 2025. At 31 March 2022, £27.0 million (2021: £49.5 million) was drawn down from the revolving credit facility. At 31 March 2022 the Group also had £2.9 million (2021: £4.6 million) of block loan balances.

The Group has a strengthened statement of financial position, with net assets of £83.3 million as at 31 March 2022, having made a profit for the year of £69.5 million and delivered net cash flows from operating activities of £22.6 million for the year then ended. During the current year the Group received £48.6 million proceeds from the sale of the Romanian business. The proceeds were used to partly repay the revolving credit facility in April 2021. The Group had net current liabilities of £28.4 million (2021 restated: £51.9 million), with no assets or liabilities held for sale in the current year following the sale of the Romania business in April 2021, partial repayment of the revolving credit facility using proceeds from the sale of the Romania business and full utilisation of the £12.5 million Ofgem provision recognised in the prior year.

The Directors have prepared cash flow forecast scenarios for a period of at least 12 months from the date of this announcement, taking into account the Group's current financial and trading position, the principal risks and uncertainties and the strategic plans that are reviewed at least annually by the Board. Additionally, the Directors have carried out an assessment of the principal risks and uncertainties and applied several severe but plausible scenarios to further test the Group viability, these included a reduction in the volume of transactions, loss of key contracts and under–performance of acquisitions and new products or service lines. As mitigating actions we have assumed achievable reductions in expenditure and a reduction in the level of future dividends following the payment of the final dividend of 18.0 pence per share declared in respect of financial year ended 31 March 2022.

The cash flow forecasts included an analysis and stress test for the above scenarios to ensure working capital movements within a reporting period do not trigger a covenant breach. Based on this assessment, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of not less than 12 months from the date of this announcement and therefore have prepared the financial statements on a going concern basis.

Alternative performance measures
Non-IFRS measures or alternative performance measures are used by the Directors and management for performance analysis, planning, reporting and incentive–setting purposes and have remained consistent with the prior year. These measures are included in these financial statements to provide additional useful information on performance and trends to shareholders.

These measures are not defined terms under IFRS and therefore they may not be comparable with similarly titled measures reported by other companies. They are not intended to be a substitute for, or superior to, IFRS measures.

Underlying performance measures (non-IFRS measures)
Underlying performance measures allow shareholders to better understand the underlying operational performance in the year, to facilitate comparison with prior years and to better assess trends in financial performance. They usually exclude the impact of one–off, non-recurring and exceptional items (exceptional items are disclosed in note 6).

Net revenue (non-IFRS measure)
Net revenue is revenue less commissions paid to retailer partners and the cost of SIM cards where PayPoint is principal. This reflects the benefit attributable to PayPoint's performance eliminating pass–through costs which creates comparability where PayPoint is agent or principal and is an important measure of the overall success of our strategy. A reconciliation from revenue to net revenue is included in note 4.

Effective tax rate (non-IFRS measure)
Effective tax rate (note 7) is the ongoing tax cost as a percentage of the net profit before tax.

Reported dividends (non-IFRS measure)
Reported dividends are based on a financial year's results from which the dividend is declared and consist of the interim dividend paid and final dividend declared (note 17). This is different to statutory dividends where the final dividend on ordinary shares is recognised in the following year when they are approved by the Company's shareholders.

Cash generation (non-IFRS measure)
Cash generation reflects earnings before tax, depreciation, amortisation and exceptional items adjusted for working capital (excluding movement in clients' funds and retailers' deposits) as detailed in note 19. This measures the cash generated which can be used for tax payments, new investments and financing activities.

Total costs (non-IFRS measure)
Total costs comprise other costs of revenue (note 5), administrative expenses, finance income and finance costs. Total costs excludes exceptional costs.

Underlying earnings per share from continuing operations (non-IFRS measure)
Underlying earnings per share from continuing operations (note 8) is calculated by dividing the net profit from continuing operations before exceptional items attributable to equity holders of the parent by the basic or diluted weighted average number of ordinary shares in issue.

Underlying operating margin (non-IFRS measure)
Underlying operating margin is calculated by dividing operating profit from continuing operations before exceptional items by net revenue from continuing operations. This measure reflects the efficiency of converting revenue into profits. The calculation of operating margin before exceptional items is as follows:

Year ended 31 March (£000)	**2022**	Restated[1] 2021
Operating profit from continuing operations	**50,548**	22,289
Adjust for:		
Exceptional items – (administrative income)/expenses	**(2,880)**	15,600
Operating profit from continuing operations before exceptional items	**47,668**	37,889
Net revenue from continuing operations (note 4)	**115,112**	97,138
Underlying operating margin	**41.4%**	39.0%

[1]The prior year comparatives have been restated for the retrospective application of the Group's change in accounting policy on intangible assets. Refer to note 1 and note 20.

Net corporate debt (non-IFRS measure)
Net corporate debt represents cash and cash equivalents excluding cash recognised as clients' funds and retailers' deposits, less amounts borrowed under financing facilities (excluding IFRS 16 liabilities). The reconciliation of cash and cash equivalents to net corporate debt is as follows:

As at 31 March (£000)	**2022**	2021
Cash and cash equivalents – corporate cash from continuing operations	**7,653**	10,535
Cash and cash equivalents – corporate cash from discontinued operation	**–**	7,814
less:		
Loans and borrowings (note 18)	**(51,534)**	(86,583)
Net corporate debt	**(43,881)**	(68,234)

Exceptional items

Exceptional items (note 6) are non-recurring or intermittent, and because of their nature and expected infrequency of the events giving rise to them, do not reflect current operational performance. Examples of exceptional items include, but are not limited to:

- costs incurred as part of the acquisition and integration of acquired businesses as these are non-operational, non-recurring and material (mainly legal, due diligence, valuation and IT integration costs and stamp duty)
- revaluation of the deferred, contingent consideration liability to fair value, as this is material and not a reflection of overall underlying operational performance of the Group
- profit or loss items arising from changes to the Group's capital structure, including significant refinancing, which are non-operational and material (legal and advisory fees and write–off of unamortised arrangement fees on the old facility)
- other one–off profit or loss items which are non-recurring, material and do not reflect underlying operational performance, such as the profit from disposal of the discontinued operation

Use of judgements and estimates

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgement: recognition of cash and cash equivalents
The nature of payments and banking services means that PayPoint collects and holds funds on behalf of clients as those funds pass through the settlement process and also retains retailer partners' deposits as security for those collections.

A critical judgement in this area is whether clients' funds and retailer partners' deposits are recognised in the statement of financial position. This includes evaluating:

(a)the existence of a binding agreement clearly identifying the beneficiary of the funds
(b)the identification of funds, ability to allocate and separability of funds
(c)the identification of the holder of those funds at any point in time
(d)whether PayPoint bears the credit risk

The Group evaluated the April 2022 IFRIC agenda decision on demand deposits with restrictions on use arising from a contract with a third party and concluded that it did not have any impact on the Group's existing accounting policy for cash and cash equivalents. Where there is a binding agreement specifying that PayPoint holds funds on behalf of the client (i.e. acting in the capacity of a trustee) and those funds have been separately identified as belonging to that beneficiary, the cash and the related liability are not included in the statement of financial position. In all other situations the cash and corresponding liability are recognised on the statement of financial position. Corporate cash and clients' funds and retailer partners' deposits are presented as separate line items within cash and cash equivalents on the statement of financial position.

Critical estimate: Valuation of the goodwill relating to cash generating unit
Accounting for goodwill and other intangible assets with an indefinite useful life, requires an annual impairment review. Paypoint has acquired four subsidiaries I-movo, Handepay, Merchant Rentals and RSM 2000. The first three subsidiaries were acquired in the prior year and are distinct Cash Generating Units (CGU) whilst RSM 2000 was acquired in the current year and is now part of the Digital CGU.

When testing for impairment, the recoverable amount of the CGU is measured at its value in use by discounting future expected cash flows from the assets in that CGU. Impairment models have been built which consider expected future cash flows based on the Board approved plan. The Board approved plan forecasts cash flows for three years and then appropriate assumptions were applied to forecast a further two years, before appropriate long term growth rates were applied to the fifth year to calculate terminal values. The discount rate used is built up from the PayPoint WACC and then adjusted for specific risks associated with the CGU's estimated cash flows, in particular for i-movo and Digital, higher small entity risk. Sensitivity analysis has been applied to determine the impacts of reasonably possible changes in the assumptions used for the value-in-use calculations.

The critical estimates when calculating the value-in-use in these impairment models are the timing of key revenue streams and the impact of revenue growth prospects. For some recently acquired businesses, significant Directors' judgement is required in setting these estimates as there is invariably no relevant external or historic benchmark to suggest how well these businesses will perform once integrated as members of the Group. Consequently, in setting estimates of high single or double digit growth in the early years following acquisition for a number of the newly acquired businesses, the Directors are judging that PayPoint's existing infrastructure and capabilities will facilitate such growth rates alongside those of the acquired entities.

The CGUs are different sizes and at different stages of maturity. i-movo is a CGU with considerable growth forecast as its most significant current contract, with DWP, only commenced in August 2021 and is expected to reach maturity for transaction levels in FY 22/23. The model assumes ongoing continuation of this contract, or replacement by other revenue streams. The newspaper and FMCG revenue streams contribute an insignificant amount of revenue but are forecast to grow strongly in the near term, and the Directors have confidence in the viability of the product offering following successful pilots and other proof of concept activities this year.

Handepay and Merchant Rentals CGUs are both mature businesses in the cards sector, a highly competitive marketplace, with growth forecast to come from increased sales activity and changes in Handepay's acquirer relationship.

Digital CGU forecast growth is a mix of organic growth in existing business, DD and Multipay, and growth in the Housing and Charities sectors for the combined proposition.
Prior year critical judgements and estimates

Revenue recognition (agent vs principal) which was a critical judgement in the prior financial year ended 31 March 2021, is no longer considered to be a critical judgement. The Romanian business, which was where most of the Group's revenue as principal was recognised, was disposed of on 8 April 2021. The cost of mobile top–ups and SIM cards as principal was £1.1 million in the current year (2021: £46.9 million), refer to note 5. Therefore, at 31 March 2022, this judgement no longer has a significant risk of resulting in material adjustment to the amount of revenue recognised within the next financial year.

The valuation of the deferred, contingent consideration liability arising from the i-movo acquisition, which was a critical estimate in the prior financial year ended 31 March 2021, is no longer considered to be a critical estimate. The i-movo sale and purchase agreement includes four elements of deferred consideration which are contingent on future performance over the earnout period and are linked to four monthly revenue growth targets on two potential key revenue streams. The £nil valuation of the deferred, contingent consideration liability at 31 March 2022 (31 March 2021: £5.7 million) is based on estimated future performance of the related business over the earnout period using management's latest forecasts and does not have a significant risk of resulting in material adjustment to the carrying amount of the deferred, contingent consideration liability within the next financial year.

2. Segment reporting

Segment information
The Group provides a number of different services and products. However, these do not meet the definition of different segments under IFRS 8, as the chief operating decision maker, the Executive Board, does not review those separately to make decisions about resource allocation and performance. Therefore, the Group has only one operating segment. A business division analysis of revenue has been provided in note 3.

Geographical information

Revenue

Year ended 31 March (£000)	2022	2021
Continuing operations – UK	**145,144**	127,747
Discontinued operation[1] – Romania (note 9)	**1,258**	67,742
Total	**146,402**	195,489

[1]The current year revenue from the discontinued operation represents the revenue from Romania between 1 and 8 April 2021 prior to disposal.

The total £128.0 million (2021 restated: £115.7 million) non-current assets at 31 March 2022 are geographically located within the UK.

3. Revenue

Disaggregation of revenue

Year ended 31 March (£000)	2022	2021
Continuing operations		
Shopping		
Service fees	**16,575**	14,649
Card payments	**24,951**	14,058
Card terminal leases	**5,566**	974
ATMs	**13,858**	13,956
Other shopping	**1,936**	1,219
Shopping total	**62,886**	44,856
e–commerce total	**13,600**	11,074
Payments and banking		
Cash – bill payments	**36,660**	39,889
Cash – top–ups	**12,898**	14,166
Digital	**8,224**	6,050
Cash through to digital	**9,411**	9,983
Other payments and banking	**1,465**	1,729
Payments and banking total	**68,658**	71,817
Total continuing operations	**145,144**	127,747
Discontinued operation		
Romania[1]	**1,258**	67,742
Total	**146,402**	195,489

[1]The current year revenue from the discontinued operation represents the revenue from Romania between 1 and 8 April 2021 prior to disposal.

Service fee revenue of £16.6 million (2021: £14.6 million) and management fees, set-up fees and upfront lump sum payments of £1.2 million (2021: £1.2 million) are recognised on a straight-line basis over the period of the contract. Card terminal leasing revenue of £5.6 million (2021: £1.0 million for the 2 months since the acquisition of Merchant Rentals) is recognised over the expected lease term using the sum of digits method for finance leases and on a straight-line basis for operating leases. The remainder of revenue is recognised at the point in time when each transaction is processed. The usual timing of payment by customers is on fourteen-day terms.

Revenue subject to variable consideration of £10.7 million (2021: £10.3 million) exists where the consideration which PayPoint is entitled to varies according to transaction volumes processed and rate per transaction. Management estimates the total transaction price using the expected value method at contract inception, which is reassessed at the end of each reporting period, by applying a blended rate per transaction to estimated transaction volumes. Any required adjustment is made against the transaction prices in the period to which it relates. The revenue is recognised at the constrained amount to the extent that it is highly probable that the inclusion will not result in a significant revenue reversal in the future, with the estimates based on projected transaction volumes and historical experience. The potential range in outcomes for revenue subject to variable consideration resulting from changes in these estimates is not material.

Contract balances

As at 31 March (£000)	**2022**	2021
Trade receivables	**10,316**	10,772
Net investment in finance lease receivables	**6,221**	10,575
Accrued income	**4,315**	3,320
Contract assets – capitalisation of fulfilment costs	**2,057**	1,889
Contract liabilities – deferral of setup and development fees	**(788)**	(1,472)
Deferred income	**(401)**	(565)

PayPoint's contract balances arise from differences between timing of cash flow and revenue recognition, which is usually at the point in time each transaction is processed or on a straight-line basis over the contracted period for management fees, set-up fees or upfront lump sum payments.
• The trade receivables represent PayPoint's entitlement to consideration from clients and SME and retailer partners for services and goods delivered and invoiced at the reporting date, where the right to payment is unconditional except for the passage of time.
• The net investment in finance lease receivables balance represents the total minimum lease payments receivable to PayPoint as lessor under finance leases, adjusted for the incremental initial direct costs of obtaining that lease, discounted at the interest rate implicit in those leases, with corresponding card terminal finance leasing revenue recognised over the expected lease term using the sum of digits method.
• The accrued income is a receivable which represents PayPoint's entitlement to consideration from clients and SME and retailer partners for services and goods delivered but not yet invoiced at the reporting date.
• The contract assets are mainly capitalised employee costs directly relating to the implementation services which are expected to be recovered from the customer and are amortised on a straight-line basis over the period of the contract.
• The contract liabilities represent set-up and development fees which are released on a straight-line basis over the period of the contract.
• The deferred income is a contract liability which represents advance consideration received from clients and SME and retailer partners at the reporting date, which is released with revenue recognised upon delivery of the performance obligations.

4. Net revenue (alternative performance measure)

Year ended 31 March (£000)	2022	2021
Continuing operations		
Service revenue	**141,310**	123,886
Sale of goods	**1,183**	1,343
Royalties	**2,651**	2,518
Total revenue from continuing operations	**145,144**	127,747
less:		
Retailer partners' commissions	**(29,827)**	(30,272)
Cost of SIM card sales as principal	**(205)**	(337)
Net revenue from continuing operations	**115,112**	97,138
Discontinued operation[1]		
Service revenue	**366**	17,842
Sale of goods	**892**	49,900
Total revenue from continuing operations	**1,258**	67,742
less:		
Retailer partners' commissions	**(101)**	(5,847)
Cost of mobile top–ups and SIM card sales as principal	**(897)**	(46,567)
Net revenue from discontinued operation	**260**	15,328
Total net revenue	**115,372**	112,466

[1]The current year revenue and net revenue from the discontinued operation represents the revenue and net revenue from Romania between 1 and 8 April 2021 prior to disposal.

5. Cost of revenue

Year ended 31 March (£000)	2022	Restated[1] 2021
Continuing operations		
Retailer partners' commissions	**29,827**	30,272
Cost of mobile top–ups and SIM cards as principal	**205**	337
Total cost of revenue deducted for net revenue	**30,032**	30,609
Depreciation and amortisation	**7,626**	7,860
Field sales costs	**7,548**	3,174
Other	**3,519**	3,842
Total other costs of revenue	**18,693**	14,876
Total cost of revenue from continuing operations	**48,725**	45,485
Discontinued operation[2]		
Retailer partners' commissions	**101**	5,847
Cost of mobile top–ups and SIM cards as principal	**897**	46,567
Total cost of revenue deducted for net revenue	**998**	52,414
Depreciation and amortisation	**10**	381
Other	**(10)**	331
Total other costs of revenue	**–**	712
Total cost of revenue from discontinued operation	**998**	53,126
Total cost of revenue	**49,723**	98,611

[1]The prior year comparatives have been restated for the retrospective application of the Group's change in accounting policy on intangible assets. Refer to note 1 and note 20.
[2]The current year cost of revenue from the discontinued operation represents the cost of revenue from Romania between 1 and 8 April 2021 prior to disposal.

6. Exceptional items

Year ended 31 March (£000)	2022	2021
Revaluation of deferred, contingent consideration liability – administrative expenses	2,880	–
Acquisition costs expensed – administrative expenses	–	(2,796)
Provision in relation to Ofgem Statement of Objections – administrative expenses	–	(12,500)
Refinancing costs expensed – administrative expenses	–	(304)
Total exceptional items included in operating profit	**2,880**	(15,600)
Gain on disposal of discontinued operation, net of tax	29,863	–
Refinancing costs expensed – finance costs	–	(459)
Total exceptional items included in profit or loss	**32,743**	(16,059)

Reconciliation of profit before tax from continuing operations to underlying profit before tax from continuing operations

Year ended 31 March (£000)	2022	Restated[1] 2021
Profit before tax from continuing operations	**48,515**	20,443
Exceptional items	(2,880)	16,059
Underlying profit before tax from continuing operations	**45,635**	36,502

[1]The prior year comparatives have been restated for the retrospective application of the Group's change in accounting policy on intangible assets. Refer to note 1 and note 20.

Reconciliation of earnings from continuing operations to underlying earnings from continuing operations

Year ended 31 March (£000)	2022	Restated[1] 2021
Earnings from continuing operations	**39,529**	15,919
Exceptional items	(2,880)	16,059
Tax on exceptional items	–	(2,462)
Underlying earnings from continuing operations	**36,649**	29,516

[1]The prior year comparatives have been restated for the retrospective application of the Group's change in accounting policy on intangible assets. Refer to note 1 and note 20.

7. Tax

Year ended 31 March (£000)	2022	Restated[1] 2021
Continuing operations		
Current tax		
Charge for current year	8,254	4,911
Adjustment in respect of prior years	86	(146)
Current tax charge	8,340	4,765
Deferred tax		
Charge/(credit) for current year	577	(444)
Adjustment in respect of prior years	69	203
Deferred tax charge/(credit)	646	(241)
Total income tax charge on continuing operations	**8,986**	4,524
Discontinued operation		
Current tax		
Charge for current year	–	1,107
Current tax charge	–	1,107
Deferred tax		
Charge for current year	–	21
Deferred tax charge	–	21
Total income tax charge on discontinued operation	**–**	1,128
Total income tax charge	**8,986**	5,652

[1]The prior year comparatives have been restated for the retrospective application of the Group's change in accounting policy on intangible assets. Refer to note 1 and note 20.

The income tax charge on continuing operations is based on the UK statutory rate of corporation tax for the year of 19% (2021:

19%). Temporary differences have been measured using the enacted tax rates that are expected to apply when the liability is settled or the asset realised. During the financial year, an increase in the main rate of UK corporation tax from 19% to 25% with effect from 1 April 2023 was enacted. Deferred tax has been calculated based on the rate applicable at the date timing differences are expected to reverse.

The income tax charge on continuing operations of £9.0 million (2021: £4.5 million) on profit before tax of £48.5 million (2021: £20.4 million) represents an effective tax rate[1] of 18.5% (2021: 22.1%). This is lower than the UK statutory rate of 19% due to expenditure qualifying for the capital allowances super deduction, research and development credits and the non-taxable exceptional item in the current year, partially offset by the impact of revaluing the deferred tax liability following the enactment of the increased main rate of UK corporation tax from 19% to 25% with effect from 1 April 2023. The effective tax rate is lower than the prior year due to the disallowable acquisition and disposal costs in the prior year together with the super deduction, research and development credits and the non-taxable exceptional item in the current year, partially offset by the impact of revaluing the deferred tax liability following the enactment of the increased main rate of UK corporation tax from 19% to 25% with effect from 1 April 2023.

[1]Effective tax rate is the tax cost as a percentage of profit before tax on continuing operations.

The tax charge on continuing operations for the year is reconciled to profit before tax from continuing operations, as set out in the consolidated statement of profit or loss, as follows:

Year ended 31 March (£000)	**2022**	Restated[1] 2021
Profit before tax from continuing operations	**48,515**	20,443
Tax at the UK corporation tax rate of 19% (2021: 19%)	**9,218**	3,884
Tax effects of:		
(Non-taxable income)/disallowable expenses	**(726)**	508
Adjustments in respect of prior years	**155**	57
Tax impact of share–based payments	**(3)**	75
Revaluation of deferred tax liability	**889**	–
Non-taxable exceptional item	**(547)**	–
Actual amount of tax charge on continuing operations	**8,986**	4,524

[1]The prior year comparatives have been restated for the retrospective application of the Group's change in accounting policy on intangible assets. Refer to note 1 and note 20.

The effective tax rate on the discontinued operation was 0.0% (2021: 14.9%) because the gain on disposal of the discontinued operation was exempt from UK corporation tax under the substantial shareholding exemption.

8. Earnings per share

Basic and diluted earnings per share are calculated on the following profit and number of shares:

Year ended 31 March (£000)	2022	Restated[1] 2021
Total profit for basic and diluted earnings per share is the net profit attributable to equity holders of the parent	**69,540**	22,342
Continuing operations		
Profit for basic and diluted earnings per share is the net profit from continuing operations attributable to equity holders of the parent	**39,529**	15,919
Continuing operations – underlying		
Profit for basic and diluted earnings per share is the net profit from continuing operations attributable to equity holders of the parent	**36,649**	29,516
Discontinued operation		
Profit for basic and diluted earnings per share is the net profit from discontinued operation attributable to equity holders of the parent	**30,011**	6,423

As at 31 March (Number of shares)	2022	2021
Weighted average number of ordinary shares in issue (for basic earnings per share)	**68,631**	68,406
Potential dilutive ordinary shares:		
Long–term incentive plan	**164**	164
Restricted share awards	**408**	197
Deferred annual bonus scheme	**108**	62
SIP and other	**58**	50
Weighted average number of ordinary shares in issue (for diluted earnings per share)	**69,369**	68,879

Earnings per share (pence)	2022	Restated[1] 2021
Basic	**101.3**	32.7
Diluted	**100.2**	32.4
Earnings per share – continuing operations (pence)		
Basic	**57.6**	23.3
Diluted	**57.0**	23.1
Underlying earnings per share before exceptional items – continuing operations (pence)		
Basic	**53.4**	43.1
Diluted	**52.8**	42.9
Earnings per share – discontinued operation (pence)		
Basic	**43.7**	9.4
Diluted	**43.2**	9.3

[1]The prior year comparatives have been restated for the retrospective application of the Group's change in accounting policy on intangible assets. Refer to note 1 and note 20.

9. Discontinued operation

The sale of the Romanian business, PayPoint Services SRL, to Innova Capital completed on 8 April 2021 following regulatory and other customary approvals. The sale was consistent with PayPoint's focus on its key strategic priorities and the delivery of enhanced growth and value in its core UK markets.

Cash proceeds of £48.3 million were received in April 2021 and were used to partly repay the revolving credit facility and reduce net corporate debt. A further £0.3m working capital adjustment was received on 2 November 2021. The Group profit from the discontinued operation was £30.0 million:

	31 March 2022 £000
Total disposal proceeds received	**48,585**
Costs of disposal	**(1,010)**
Carrying amount of net assets sold	**(16,067)**
Gain on sale before income tax and reclassification of foreign currency translation reserve	**31,508**
Reclassification of foreign currency translation reserve to profit or loss	**(1,645)**
Tax charge on discontinued operation	**–**
Gain on disposal after tax	**29,863**
Profit up to date of disposal	**148**
Profit from discontinued operation (attributable to owners of the Company)	**30,011**

The gain on disposal of the discontinued operation was exempt from UK corporation tax under the substantial shareholding exemption.

The major classes of assets and liabilities comprising the carrying amount of net assets sold (and classified as held for sale in the prior year) were as follows:

	8 April 2021 £000	31 March 2021 £000
Assets		
Goodwill	**11,149**	11,149
Other intangible assets	**455**	455
Property, plant and equipment	**2,242**	2,242
Deferred tax asset	**–**	–
Inventories	**124**	124
Trade and other receivables	**20,033**	17,517
Corporate cash	**7,814**	7,814
Clients' funds and retailers' deposits	**20,090**	18,052
Total assets of discontinued operation	**61,907**	57,353
Liabilities		
Trade and other payables	**44,928**	39,954
Lease liabilities	**707**	707
Current tax liability	**201**	201
Deferred tax liability	**4**	4
Total liabilities of discontinued operation	**45,840**	40,866
Net assets of discontinued operation	**16,067**	16,487

The net assets of the discontinued operation were assessed to ensure their fair value less costs to sell were greater than their carrying value. The proceeds of the disposal substantially exceeded the carrying amount of the related net assets and accordingly no impairment loss was recognised prior to disposal.

The current year results of the discontinued operation up to the date of disposal and the gain on disposal after tax have been included in the total Group profit for the year as follows:

	Period from 1 to 8 April 2021 £000	Year ebded 31 March 2021 £000
Revenue	**1,258**	67,742
Cost of revenue	**(998)**	(53,126)
Gross profit	**260**	14,616
Expenses	**(112)**	(7,188)
Operating profit	**148**	7,428
Finance income	**–**	311
Finance costs	**–**	(188)
Profit before tax	**148**	7,551
Tax	**–**	(1,128)
Gain on disposal	**29,863**	–
Post-tax profit from discontinued operation attributable to equity holders of the parent	**30,011**	6,423

Net cash flows attributable to discontinued operation

	Period from 1 to 8 April 2021 £000	Year ebded 31 March 2021 £000
Net cash from operations	**2,038**	11,018
Net cash used in investing activities	**–**	(689)
Net cash used in financing activities – dividends paid to parent company	**–**	(7,146)
Net cash disposed as part of discontinued operation	**(27,904)**	–
Net (decrease)/increase in cash and cash equivalents	**(25,866)**	3,183
Cash and cash equivalents at beginning of year	**25,866**	24,328
Effect of foreign exchange rate changes	**–**	(1,645)
Cash and cash equivalents at end of year	**–**	25,866

The Group proceeds from the disposal of the discontinued operation net of cash disposed were £20.2 million:

	Year ended 31 March 2022 £000
Total disposal proceeds received	**48,585**
Costs of disposal	**(522)**
Corporate cash held for sale in the discontinued operation	**(7,814)**
Clients' funds and retailer partners' deposits held for sale in the discontinued operation	**(20,090)**
Proceeds from disposal of the discontinued operation net of cash disposed	**20,159**

10. Goodwill

The Group tests goodwill for impairment annually and more frequently if there are indicators of impairment as set out in note 1. The Group's cash-generating units ('CGUs') have been assessed based on independently managed cash flows. When testing for impairment, recoverable amounts for the Group's CGUs are measured at their value-in-use by discounting the future expected cash flows from the assets in the CGUs. The Board approved plan forecasts cash flows for three years and then appropriate assumptions were applied to forecast a further two years, before appropriate long term growth rates were applied to the fifth year to calculate terminal values. A key estimate in the impairment tests is the short-term growth revenue rates applied within the cash flow forecasts, which are determined using an estimate of future results based on the latest business forecasts and appropriately reflect expected performance of the CGU. The estimates of future cash flows are based on past experience adjusted for estimates of future performance, including the continued shift from cash to digital payments, and for businesses only recently acquired and integrated into the Group, the judgement of the Directors about the level of financial performance achievable by leveraging the Group's existing infrastructure and capabilities alongside those of the acquired entities

Terminal values are based on long-term growth rates that do not exceed 2%, which appropriately reflect the expected long-term rate of GDP growth in the UK. The pre-tax risk adjusted discount rates have been used to discount the forecast cash flows calculated by reference to the weighted average cost of capital ('WACC') of each CGU. The cost of equity is based on the risk-free rate for long-term UK government bonds, which is adjusted for the beta (reflecting the systemic risk of PayPoint relative to the market as a whole), the equity market risk premium (reflecting the required return over and above a risk-free rate by an investor who is investing in the market as a whole) and a CGU specific risk adjustment (reflecting other systemic risks specific to each CGU and the markets in which it operates).

All CGUs assessed generate value-in-use in excess of their carrying values. Sensitivity analysis applied to WACC and gross margin demonstrated that no reasonably possible change in any of the above assumptions would cause the carrying values of the CGUs to exceed their recoverable amounts.

	Romania CGU £'000	**i-movo CGU £'000**	**Handepay CGU £'000**	**Restated Merchant Rentals CGU £'000**	**Digital payments CGU £'000**	**Total CGUs £'000**
At 31 March 2020	11,853	–	–	–	–	11,853
Acquisitions of businesses	–	6,867	35,632	9,052	–	51,551
Exchange rate adjustment	(704)	–	–	–	–	(704)
Balance reclassified as held for sale	(11,149)	–	–	–	–	(11,149)
At 31 March 2021, previously stated	–	6,867	35,632	9,052	–	51,551
Measurement period adjustment – Merchant Rentals	–	–	–	534	–	534
At 31 March 2021, restated	–	6,867	35,632	9,586	–	52,085
Acquisition of business	–	–	–	–	5,583	5,583
At 31 March 2022	**–**	**6,867**	**35,632**	**9,586**	**5,583**	**57,668**

The prior year comparatives have been restated for a retrospective measurement period adjustment which resulted in an increase in the goodwill attributable to the Merchant Rentals acquisition by £0.5 million. New information about facts and circumstances that existed at the acquisition date was obtained within the measurement period which, if known, would have resulted in an adjustment to reduce the fair value of inventories purchased at the acquisition date. There were no other measurement period adjustments to the fair values of the identifiable assets purchased and liabilities assumed as presented for the Handepay and i-movo acquisitions in the financial statements for the year ended 31 March 2021.

Assumptions used for annual impairment tests

	i-movo CGU	Handepay CGU	Merchant Rentals CGU	Digital payments CGU
At 31 March 2022				
Carrying value of cash generating unit	**£8.8m**	**£46.8m**	**£22.6m**	**£10.5m**
Pre-tax risk adjusted discount rate	**15.0%**	**11.8%**	**11.8%**	**15.6%**
Terminal growth rate	**0.0%**	**2.0%**	**(5.0)%-2.0%**	**2.0%**
At 31 March 2021				
Carrying value of cash generating unit	£9.0m	£48.1m	£27.9m	–
Pre-tax risk adjusted discount rate	12.0%	15.1%	15.1%	–
Terminal growth rate	2.0%	2.0%	2.0%	2.0%

Given the proximity of the timing of the acquisitions to the prior year end, fair value less costs of disposal was also considered as an alternative measure of recoverable amount and indicated that no impairment was required at the prior year end.

11. Acquisition of RSM 2000

On 12 April 2021, PayPoint acquired 100% of the share capital of RSM 2000 Limited for initial cash consideration of £5.9 million and deferred consideration of £1.0 million payable in cash on the first anniversary of completion. The deferred consideration is not contingent on future performance. The acquisition resulted in a net £4.5 million cash outflow (net of cash acquired) in the current year.

The primary reasons for the acquisition were to enhance PayPoint's digital payments capability and enable reach into new sectors, including charities, housing, not–for–profit organisations, events and SMEs in the UK.

An RSM 2000 regulatory licences intangible asset of £0.2 million has been recognised and is being amortised over a useful life of 10 years. An RSM 2000 customer relationship intangible asset of £0.2 million has been recognised and is being amortised over a useful life of 12 years.

In the period since acquisition, RSM 2000 earned revenue of £2.1 million and reported profit before tax of £0.1 million. The result for the period from 1 to 12 April 2021 is not considered material so RSM 2000 has been consolidated from 1 April 2021. Therefore, had the acquisition taken place on the first day of the financial year, there would be no change to the revenue and reported profit before tax included in these consolidated financial statements.

The following table summarises the provisional fair values of the identifiable assets purchased and liabilities assumed as at the date of acquisition:

	12 April 2021 £'000
Acquired customer relationship asset	**204**
Acquired regulatory licence asset	**236**
Intangible assets – development costs	**7**
Property, plant and equipment	**12**
Right-of-use assets	**34**
Trade and other receivables	**168**
Cash and cash equivalents	**1,401**
Trade and other payables	**(564)**
Lease liabilities	**(34)**
Current tax liabilities	**(18)**
Deferred tax liabilities	**(85)**
Total identifiable net assets acquired at fair value	**1,361**
Initial cash consideration	**5,944**
Deferred consideration	**1,000**
Total consideration	**6,944**
Goodwill recognised on acquisition	**5,583**
Acquisition of subsidiary net of cash acquired	**(4,543)**

12. Investment in associate

On 7 July 2021, PayPoint Plc subscribed to 9.35% of the ordinary share capital (conferring 13.04% of voting rights) in Snappy Shopper Ltd for total cash consideration of £6.7 million. The investment will enable PayPoint to take advantage of the growth in consumer demand for local home delivery and its convenience retailer partners to remain at the forefront of retail and consumer trends.

An investment is treated as an associate where the investor has significant influence over the investment. Under IAS 28 significant influence may be evidenced by a number of factors, including representation on the Board of Directors of the investee. PayPoint is considered to have significant influence over Snappy Shopper as the Chief Executive of PayPoint, Nick Wiles, joined their Board as a Non-Executive Director. The investment has therefore been treated as an associate and recognised at its cost of £6.7 million under the equity method. PayPoint's share of Snappy Shopper's result was immaterial for the year ended 31 March 2022 and has therefore not been recognised in the consolidated statement of profit or loss or in the consolidated statement of financial position against the carrying value of the investment. The principal place of business for Snappy Shopper Limited is in the United Kingdom.

13. Cash and cash equivalents

Total cash and cash equivalents from continuing operations of £24.3 million (2021: £38.9 million) consists of £7.7 million (2021: £10.5 million) corporate cash and £16.6 million (2021: £28.4 million) relating to funds collected on behalf of clients where PayPoint has title to the funds (clients' funds) and where retailer partners have provided security deposits (retailer partners' deposits). A balance equivalent to the latter amount is included within trade payables. Clients' funds held in trust which are not included in cash and cash equivalents amounted to £58.9 million (2021: £50.3 million).

During the year the Group operated cash pooling amongst most of its bank accounts in the UK whereby individual accounts could be overdrawn without penalties being incurred so long as the overall position is in credit.

14. Provision

As at 31 March (£000)	**2022**	2021
At beginning of year	**12,500**	–
Provision utilised	**(12,500)**	–
Provision recognised in relation to the Ofgem Statement of Objections (current liability)	**–**	12,500
At end of year	**–**	12,500

A £12.5 million donation was made to the Energy Industry Voluntary Redress Scheme as part of the commitments in resolution of the concerns raised in Ofgem's Statement of Objections received on 29 September 2020, resulting in full utilisation of the £12.5 million provision which was previously recognised in the prior year ended 31 March 2021.

15. Deferred consideration liability

The Group and Company have a liability in respect of the deferred consideration under the i-movo and RSM 2000 acquisition contracts (note 11).

	£'000
At 31 March 2020	–
Recognition of discounted deferred, contingent consideration liability on acquisition of i-movo	5,690
Discount unwind on deferred consideration	57
At 31 March 2021	5,747
Recognition of deferred consideration liability on acquisition of RSM 2000	1,000
Revaluation of i-movo deferred, contingent consideration liability	(2,880)
Discount unwind on i-movo deferred, contingent consideration	133
Settlement of i-movo deferred, contingent consideration liability – cash consideration paid in the year	(2,000)
Settlement of i-movo deferred, contingent consideration liability – shares consideration paid in the year	(1,000)
At 31 March 2022	**1,000**

Disclosed as:

As at 31 March (£000)	**2022**	2021
Current	**1,000**	1,462
Non-current	**–**	4,285
Total	**1,000**	5,747

Of the total £1.0 million deferred consideration liability at 31 March 2022, £nil relates to the acquisition of i-movo (2021: £5.7 million) and £1.0 million relates to the acquisition of RSM 2000 (2021: £nil).

i-movo
The £nil (2021: £5.7 million) deferred, contingent consideration liability in relation to the i-movo acquisition represents the discounted fair value of the estimated additional consideration payable at the reporting date. The £nil i-movo deferred, contingent consideration liability was contingent on future performance over the earnout period and was linked to four monthly revenue growth targets on two potential key revenue streams.

The £nil (2021: £5.7 million) carrying amount of the deferred, contingent consideration liability is considered to approximate to its fair value. The fair value of the liability is categorised as Level 3 in the fair value hierarchy. The £2.9 million (2021: £nil) fair value gain recognised in the current year consolidated statement of profit or loss was due to the revaluation of part of the previously recognised liability based on the latest forecasts. The total contingent consideration was capped at £6.0 million (£4.0 million cash and £2.0 million shares), of which £3.0 million (£2.0 million cash and £1.0 million shares) was settled in the current financial year.

The fair value of the expected earnout is measured against the contractually agreed performance targets at each reporting date, determined using a probability–weighted average best estimate of discrete scenarios based on the latest revenue forecasts which are discounted to pre–sent value. The fair value of the discounted deferred, contingent consideration liability is determined using an estimate regarding the future results. Any subsequent revaluations to deferred, contingent consideration as a result of changes in such estimations are recognised in the consolidated statement of profit or loss. The estimation of the liability requires an estimate of future performance of the related business over the earnout period, based on management's latest forecasts. The significant unobservable inputs used in the fair value measurement are the discount rate and the forecast future revenue of the acquired business. Also, the Board have discretion to extend one or more of the earnout periods and also to make the earnout payments (or part of them) should the relevant earnout targets not be met by the target dates.

RSM 2000
The £1.0 million (2021: £nil) RSM 2000 deferred consideration liability was paid out on the first anniversary of completion, after the end of the financial year (refer to note 22). It therefore has not been discounted to present value at 31 March 2022 as the discounting impact would be immaterial. The deferred consideration is not contingent on any factors. It is measured at amortised cost. Refer to note 11 for details of the acquisition of RSM 2000.

16. Share capital, share premium and merger reserve

As at 31 March (£000)	**2022**	2021
Called up, allotted and fully paid share capital		
68,921,442 (2021: 68,656,907) ordinary shares of 1/3p each	**230**	229

The increase in share capital in the current year resulted from 155,311 shares issued (of 1/3p each) for the payment of deferred, contingent share consideration in relation to the i-movo acquisition, 81,177 shares issued (of 1/3p each) for share awards which vested in the year and 22,014 matching shares issued (of 1/3p each) under the Employee Share Incentive Plan.

The share premium of £1.0 million (2021: £5.0 million) represents the payment of deferred, contingent share consideration in excess of the nominal value of shares issued in relation to the i-movo acquisition.

The merger reserve of £1.0 million (2021: £1.0 million) represents initial share consideration in excess of the nominal value of shares issued on the initial acquisition of i-movo.

17. Dividends

Year ended 31 March	2022 £000	2022 pence per share	2021 £000	2021 pence per share
Reported dividends on ordinary shares:				
Interim ordinary dividend	11,687	17.0	10,708	15.6
Proposed final ordinary dividend	12,405	18.0	11,397	16.6
Total reported ordinary dividends (Non-IFRS measure)	24,092	35.0	22,105	32.2
Dividends paid on ordinary shares:				
Final ordinary dividend for the prior year	11,409	16.6	10,676	15.6
Interim dividend for the current year	11,687	17.0	10,709	15.6
Total ordinary dividends paid (financing cash flows)	23,096	33.6	21,385	31.2
Number of shares in issue used for proposed final ordinary dividend per share calculation	**68,915,949**		68,656,907	

The proposed final ordinary dividend is subject to approval by shareholders at the annual general meeting and has not been included as a liability in these financial statements.

18. Loans and borrowings

The following table reconciles the changes in loans and borrowings arising from financing activities:

Year ended 31 March (£000)	2022	2021
Balance at beginning of year	**86,583**	70,000
Changes in financing cash flows		
Repayment of old revolving credit facility	**(47,000)**	(70,000)
Drawdown of new revolving credit facility	**24,500**	82,000
Repayment of amortising term loan	**(10,833)**	–
Repayment of block loans	**(3,636)**	(741)
Funding from block loans	**1,920**	–
Total changes from financing cash flows	**(35,049)**	11,259
Other liability related changes		
Block loans acquired	–	5,274
Interest charge expensed	**1,913**	1,590
Cash interest paid	**(1,913)**	(1,540)
Balance at end of year	**51,534**	86,583
Disclosed as:		
Current	**39,643**	63,627
Non-current	**11,891**	22,956
Total loans and borrowings	**51,534**	86,583

19. Notes to the consolidated statement of cash flows

Year ended 31 March (£000)	Note	2022	Restated[1] 2021
Profit before tax from continuing operations		**48,515**	20,443
Profit before tax from discontinued operation		**30,011**	7,551
Adjustments for:			
Depreciation of property, plant and equipment		**4,768**	4,913
Amortisation of intangible assets		**5,801**	4,185
Profit from discontinued operation	9	**(30,011)**	–
R&D and VAT credits		**(15)**	(54)
Exceptional item – revaluation of deferred, contingent consideration liability	15	**(2,880)**	–
Exceptional item – non-cash provision	14	**–**	12,500
Loss on disposal of fixed assets		**59**	54
Net finance costs		**2,033**	1,265
Share–based payment charge		**868**	1,066
Cash–settled share–based remuneration		**–**	(151)
Operating cash flows before movements in working capital		**59,149**	51,772
Movement in inventories		**70**	(11)
Movement in trade and other receivables		**(526)**	699
Movement in finance lease receivables		**4,354**	593
Movement in contract assets		**(24)**	972
Movement in contract liabilities		**(684)**	(529)
Movement in provision in relation to Ofgem Statement of Objections	14	**(12,500)**	–
Movement in payables		**(6,488)**	(765)
Movement in lease liabilities		**(7)**	22
Cash generated by operations		**43,344**	52,753
Corporation tax paid		**(9,161)**	(8,422)
Finance costs paid		**(1,913)**	(1,540)
Net cash from operating activities (corporate)		**32,270**	42,791
Movement in clients' funds and retailers' deposits		**(9,718)**	11,852
Net cash inflow from operating activities[1]		**22,552**	54,643

[1]The prior year comparatives have been restated for the retrospective application of the Group's change in accounting policy on intangible assets. Refer to note 1 and note 20.

[2] Items in the course of collection and settlement payables are included in this reconciliation on a net basis through the client cash line. The Directors have included these items on a net basis to best reflect the operating cash flows of the business.

20. Prior year restatement for implementation costs of cloud computing SaaS arrangements

The below tables show the impacts of restating the prior year consolidated financial statements for the retrospective application of the change in the Group's accounting policies on intangible assets to derecognise previously capitalised SaaS related costs and amortisation which no longer meet the criteria for recognition as an asset, following the April 2021 IFRIC agenda decision on the configuration and customisation costs incurred in implementing cloud computing SaaS arrangements, as disclosed in note 1.

Prior year consolidated statement of profit or loss

	Previously reported Year ended 31 March 2021 £'000	Restatement £'000	**Restated Year ended 31 March 2021 £'000**
Continuing operations			
Revenue	127,747	–	**127,747**
Cost of revenue	(47,280)	1,795	**(45,485)**
Gross profit	80,467	1,795	**82,262**
Administrative expenses – excluding exceptional items	(43,578)	(795)	**(44,373)**
Operating profit before exceptional items	36,889	1,000	**37,889**
Exceptional item – revaluation of deferred, contingent consideration liability	–	–	**–**
Exceptional item – administrative expenses	(15,600)	–	**(15,600)**
Operating profit	21,289	1,000	**22,289**
Finance income	22	–	**22**
Finance costs – excluding exceptional items	(1,409)	–	**(1,409)**
Exceptional item – finance costs	(459)	–	**(459)**
Profit before tax from continuing operations	19,443	1,000	**20,443**
Tax on continuing operations	(4,335)	(189)	**(4,524)**
Profit from continuing operations	15,108	811	**15,919**
Discontinued operation			
Profit from discontinued operation, net of tax	6,423	–	**6,423**
Profit for the year attributable to equity holders of the parent	21,531	811	**22,342**

	Previously reported Year ended 31 March 2021 £'000	**Restated Year ended 31 March 2021 £'000**
Earnings per share		
Basic	31.5p	**32.7p**
Diluted	31.3p	**32.4p**
Earnings per share – continuing operations		
Basic	22.1p	**23.3p**
Diluted	21.9p	**23.1p**

Selected extracts from the consolidated statement of financial position for the prior year ended 31 March 2021

	Previously reported 31 March 2021 £'000	Restatement £'000	**Restated[1] 31 March 2021 £'000**
Inventories[1]	1,059	(534)	**525**
Current tax asset	3,021	(189)	**2,832**
Total current assets	169,949	(723)	**169,226**
Goodwill[1]	51,551	534	**52,085**
Other intangible assets	41,698	(5,981)	**35,717**
Total non-current assets	121,139	(5,447)	**115,692**
Total assets	291,088	(6,170)	**284,918**
Net assets	39,470	(6,170)	**33,300**
Retained earnings	32,907	(6,170)	**26,737**
Total equity attributable to equity holders of the parent	39,470	(6,170)	**33,300**

[1]The prior year comparatives have been restated for a retrospective measurement period adjustment to goodwill and inventories. Refer to note 10.

Selected extracts from the consolidated statement of financial position for the year ended 31 March 2020

	Previously reported 31 March 2020 £'000	Restatement £'000	**Restated 31 March 2020 £'000**
Other intangible assets	17,274	(6,981)	**10,293**
Total non-current assets	54,532	(6,981)	**47,551**
Total assets	257,987	(6,981)	**251,006**
Net assets	38,330	(6,981)	**31,349**
Retained earnings	32,475	(6,981)	**25 494**
Total equity attributable to equity holders of the parent	38,330	(6,981)	**31,349**

Selected extracts from the prior year consolidated statement of cash flows

	Previously reported Year ended 31 March 2021 £'000	Restatement £'000	**Restated Year ended 31 March 2021 £'000**
Profit before tax from continuing operations	19,443	1,000	20,443
Amortisation of intangible assets	5,980	(1,795)	4,185
Operating cash flows before movements in working capital	52,567	(795)	51,772
Cash generated by operations	53,548	(795)	52,753
Net cash from operating activities (corporate)	43,586	(795)	42,791
Net cash inflow from operating activities	55,438	(795)	54,643
Purchases of intangible assets	(8,745)	795	(7,950)
Net cash used in investing activities	(72,479)	795	(71,684)

21. Subsequent events

The £1.0 million (31 March 2021: £nil) deferred consideration liability recognised on the acquisition of RSM 2000 was paid on 12 April 2022, the first anniversary of completion. On payment the corresponding liability was released which resulted in a £1.0 million financing cash outflow. The deferred consideration was neither contingent on future performance nor remuneration linked i.e. linked to continuing employment of the sellers.