



Nick Wiles, Chief Executive
Alan Dale, Finance Director

24 November 2022

Results for the half year ended 30 September 2022

Agenda – 24 November 2022

1 Overview

2 Strategy update

3 Financial review

4 Divisional review

5 Q&A

Positive half year for the PayPoint Group

Strategic

- Building on the strong momentum across the Group, delivering a significantly enhanced platform with strong returns
- Transformation continues apace, opening up growth opportunities and delivering a broader range of innovative services and technology
- Recommended acquisition of Appreciate Group for £83m announced on 7 November 2022, subject to regulatory and AG shareholder approval
- Acquisition of Appreciate Group is expected to be immediately earnings enhancing in FY24 and will deliver attractive returns for shareholders, with the enlarged Group targeting further growth in three broad areas: prepayment savings, corporate rewards and consumer gifting
- Sale of investment in Snappy Shopper for £5.5m completed on 13 October 2022, maintaining retailer commercial offer and partnership

Operational

Shopping Division

- Further expansion of Counter Cash, now live in 4,563 sites with over £22.8m now withdrawn since launch in November 2021
- SME proposition enhanced in Handepay, with new Saturn Android terminal launched with positive merchant feedback
- Enhancing our retailer proposition – improved pricing and next day settlement launched for new PayPoint card payment merchants
- Strong performance of Business Finance via YouLend with over £5.9 million lent across PayPoint and Handepay in the half year

E-Commerce Division

- Excellent parcel transaction growth of +60.6% year on year, driven by strength in clothing/fashion categories, the continued expansion of new services with carriers and in-store experience investment made in Zebra printers in FY22
- New partnership live with Wish.com, the leading e-commerce marketplace, enabling click-and-collect at over 1,600 Collect+ sites
- Amazon returns rollout expanded to over 2,000 sites and further integrations in progress to expand Universal Print In Store Returns
- Rapid rollout of 1,455 Collect+ sites in September and October to support Royal Mail business customers during industrial action

Payments & Banking Division

- Strong performance in the energy sector, with net revenue +8.1% and transactions +6.0% year on year
- Continued strong performance of Cash Out services and the DWP Payment Exception Service, delivered via i-movo, with over 4.5 million vouchers issued in the half year
- 9 energy providers contracted with PayPoint to deliver the Energy Bills Support Scheme, providing a total of £400 in monthly payments over the winter months to households across the UK.
- 6 clients live on Confirmation of Payee service, via OBConnect, our Open Banking partner, and authorisation recently expanded enabling strong future pipeline of revenue

Financial

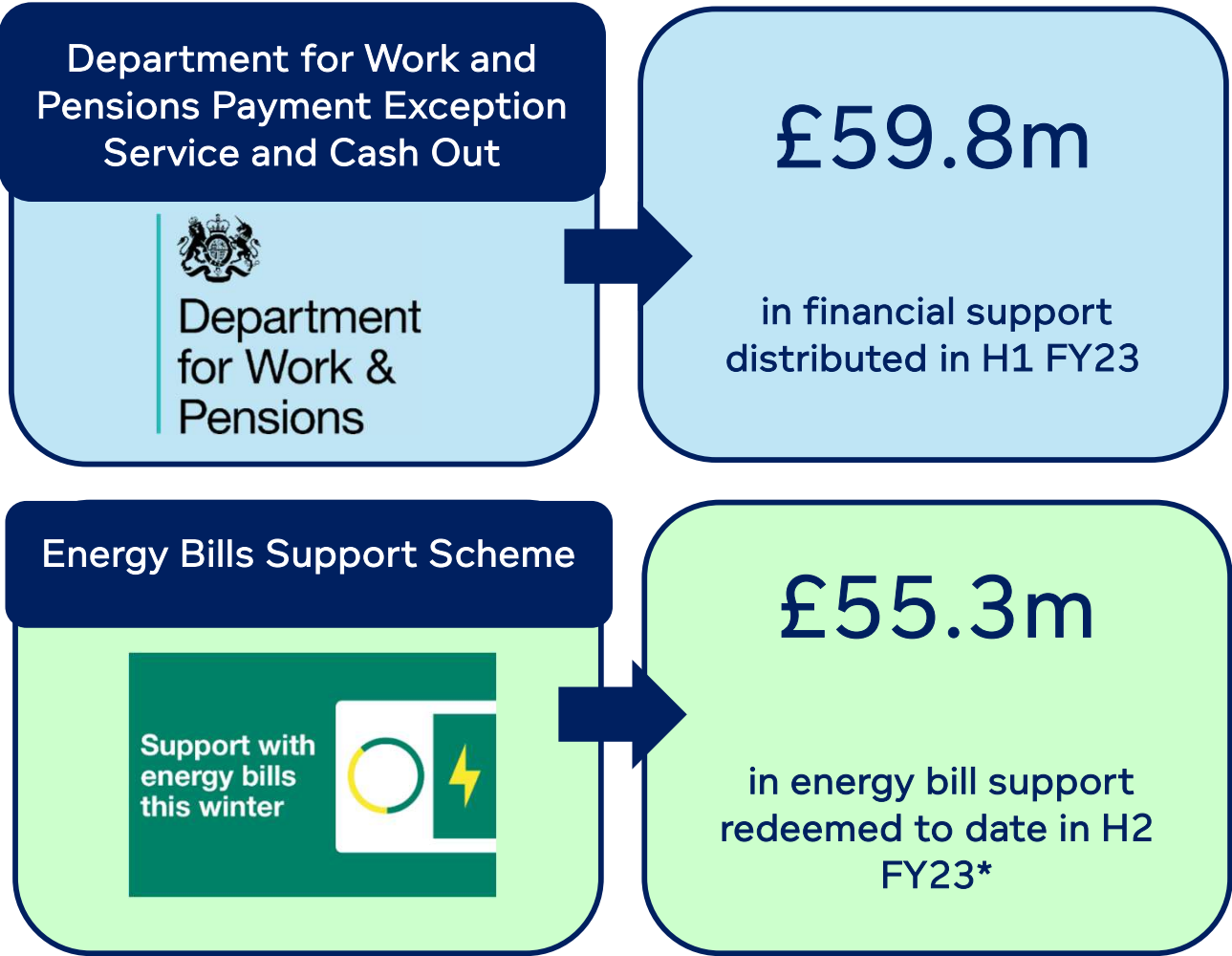
- Net revenue from continuing operations of £59.5m, up 6.0%, driven by a strong E-commerce division performance, continued growth in Cash Out/DWP and further enhancements to retailer and SME propositions
- Profit before tax from continuing operations excluding exceptional items of £22.5m, up 2.1%, inc. £0.7m provision for McColl's outstanding funds
- Net corporate debt of £39.4m, decreased by £4.5m since end of FY22, with strong cash generation of £28.3m
- Increased ordinary interim dividend of 18.4 pence per share declared, an increase of 2.2% compared to the final ordinary dividend declared on 26 May 2022 of 18.0 pence per share
- Confident of the progress we are making in the transformation of our business and delivering expectations for the year



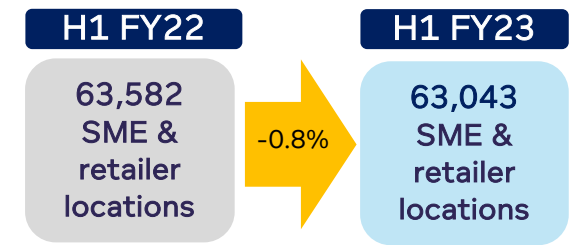
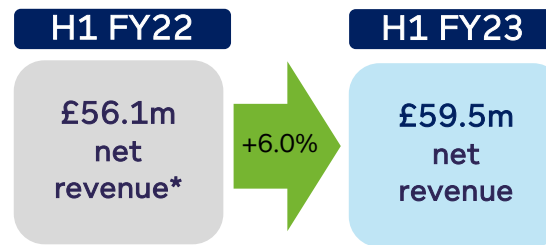
Strategy update

Delivering on our purpose

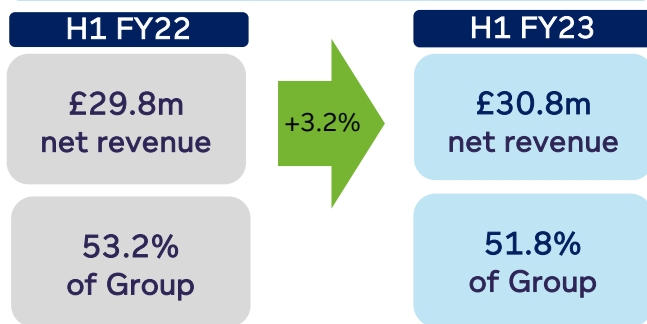
The PayPoint Group has continued to deliver on its purpose of making people's lives easier every day, particularly through the role our retailer partner network of over 28,000 locations plays in supporting their communities and providing a range of government services vital to combatting the current Cost of Living crisis.



Transformation of PayPoint Group continues



SHOPPING



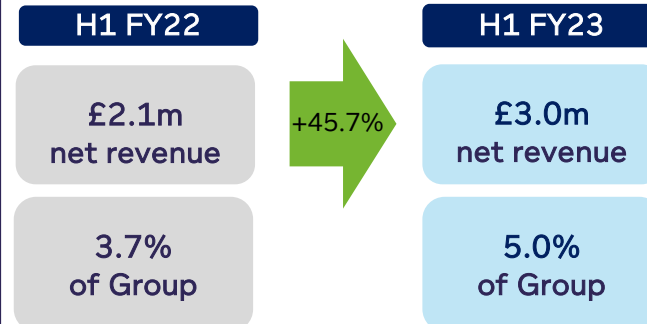
Key drivers

- Growth in PayPoint One rollout and service fee
- Strong card payment platform and merchant estate for accelerated growth
- Enhancement of retailer proposition and engagement, inc. Counter Cash, Snappy Shopper, MyStore+

How we deliver

- Retail Services = PayPoint One, EPoS, Counter Cash, FMCG, ATMs, Business Finance, Home Delivery
- Card payments = Handepay/Merchant Rentals, PayPoint & RSM 2000

E-COMMERCE



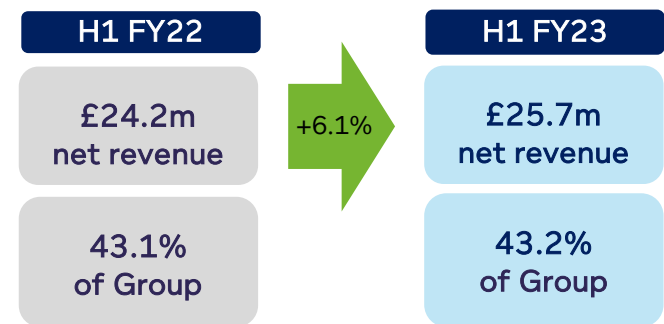
Key drivers

- Development of e-commerce delivery platform to deliver best-in-class customer journeys
- Continued investment in delivery platform, technology and in-store experience, inc. label printers and app
- Reshaped carrier relationships, expansion of brand portfolio and service provision

How we deliver

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

PAYMENTS AND BANKING



Key drivers

- Built payment channel agnostic platform, supporting diversification to digital
- Investment in capabilities to secure business in new sectors, inc. government, housing and charities
- Moderation in decline of cash in legacy business

How we deliver

- Digital = MultiPay, RSM 2000 and i-movo (DWP & Cash Out)
- Cash through to digital = Emoney, Digital Vouchers and Neobanks
- Cash = bill payments and top ups



Transformation enhanced by M&A activity

 **collect+**

- Full ownership secured in April 2020
- Established the leading carrier agnostic out of home delivery network
- Platform for expanding services and enhancing in-store consumer experience

 **i-movo**

- Acquired in Nov 2020
- Leading secure digital voucher platform
- Critical to delivery of DWP Payment Exception Service and Government Cost of Living support

 **handepay**
merchant services

- Acquired in Feb 2021
- Leading card payments business with over 22,000 SME customers in food services, garages and hospitality sectors
- FY22 net revenue of £18.5m

 **P Romania**

- Disposal completed on 8 April 2021
- Proceeds of £48 million, including a full year trading performance of £7.6 million PBT
- Refocus on UK business

  **RSM2000**
payment services

- Acquired in April 2021
- Enhanced digital payments capability, bringing strategic Direct Debit platform and enabling reach into new sectors, including charities
- FY22 net revenue of £2.0m

 **snappyshopper**
Local store to door

- Sale of investment in Snappy Shopper for £5.5m completed on 12 October 2022
- Maintaining commercial partnership and integrations with PayPoint One

 **OptusHomes**

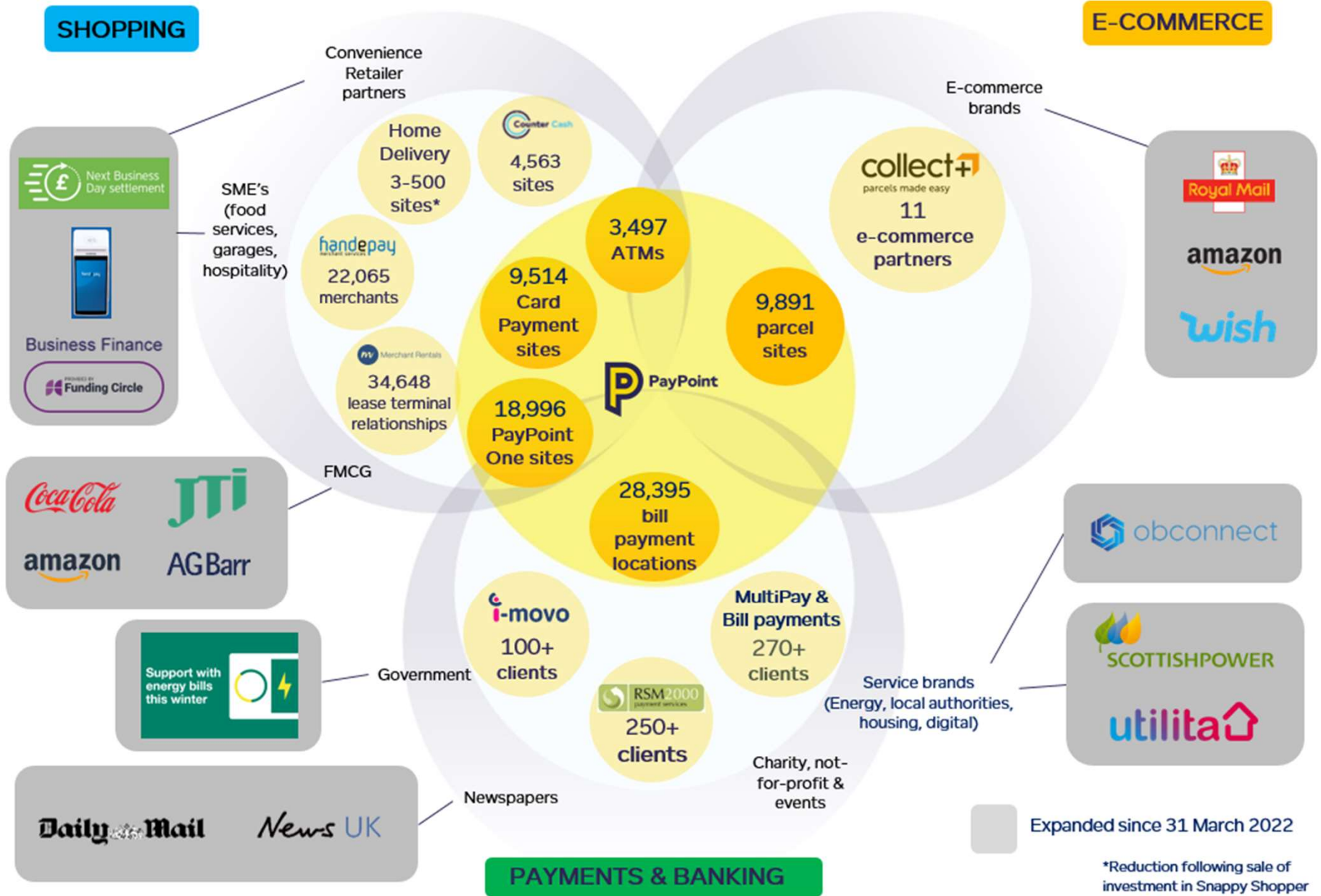
- Investment of £750k announced in March 2022
- Leading app for tenants to manage home rental account, with PayPoint positioned as the preferred native payment provider

  **obconnect**

- Investment of £3m announced in July 2022
- Leading Open Banking 'Software as a Service' business
- Enhances channel-agnostic payments platform





Enhanced platform delivering strong returns

Strengthened portfolio of brands and partnerships within the PayPoint Group, supporting our clients and retailer partners with innovative solutions and product offerings, across different sizes of network



Recommended acquisition of Appreciate Group



Corporate		Consumer	
62.3% of group revenue* for year ended 31 March 2022		37.7% of group revenue* for year ended 31 March 2022	
Trustpilot 'Excellent' – 4.3/5		Trustpilot 'Excellent' – 4.4/5	
 <p>Corporate Appreciate Business Services</p>	 <p>Corporate / Consumer</p>	 <p>Consumer</p>	
Helping businesses incentivise and reward employees and customers		Helping businesses and consumers convert their kind thoughts into joyful gifts	
£186.1m billings*		£163.8m billings*	
Managed Accounts Online self-serve		Network of 30,000 agents 150k Direct Customers	
		In partnership with our redemption partners	
Technology: Flexible component based architecture			
Customers: 400k customers split across B2B and B2C			

Growth Enablers



appreciate group plc

1

Strengthens
PayPoint Group
universe and
proposition

Strengthens and
leverages digital
payments
offering in
Payments &
Banking division
and further
enhances
retailer partner
proposition in
Shopping
division

2

Opens up
growth
opportunities in
new and existing
markets

Established
brands with high
customer
satisfaction,
combined with
opportunity for
growth in a
market with an
estimated value
of over £8
billion*

3

Delivers highly
complementary
capabilities and
operational
efficiencies

Complementary
business that
leverages
PayPoint
payment
channels,
experience and
client bases,
with opportunity
to create
strengthened
presence in
North West

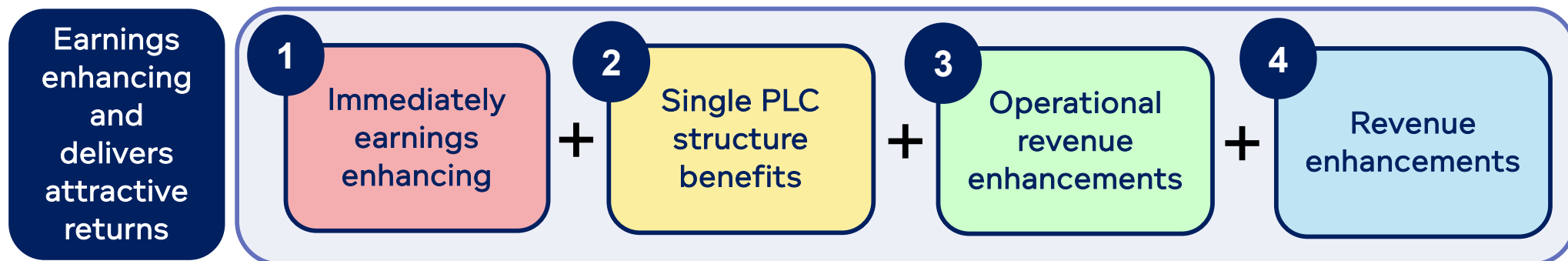
4

Earnings
enhancing and
delivers
attractive
returns

Appreciate
Group is an
earnings
enhancing
acquisition that
is highly
complementary
to our existing
operations

Earnings enhancing in FY24 with clear growth opportunities

There are 4 clear building blocks to unlocking value from the proposed acquisition:



1 Immediately earnings enhancing

The proposed acquisition of Appreciate Group is earnings enhancing in FY24 and is expected to deliver a pre-tax Return on Invested Capital in excess of the Group's cost of capital by the end of FY25

2 Single PLC structure benefits

Following completion, there will be natural post transaction benefits of a single PLC structure, including but not limited to the Appreciate NED's stepping down and only requiring a single PLC audit on the consolidated group

3 Operational revenue enhancements

Leverage PP channel-agnostic payments platform to take on and optimise Appreciate digital payments infrastructure, inc. direct debit and card payments. Circa 2.7m transactions per year via Park regular savers (principally Direct Debit) and High Street Vouchers (online card payments) with opportunity to reduce processing costs

4

Revenue enhancements



Prepayment saving

1. FY24 cycle for Christmas saving – launch of digital tools and proactive support for agents as key to reduce saver churn and improve recruitment
2. Establish third channel of 2-3k PayPoint retailer 'Super Agents' managing 30-50 new savers each, saving c.£400 each, expanding geographical reach through extensive PayPoint network Develop proposition to expand range of budgeting occasions beyond Christmas and offer value back to consumers on redemption, aligning with supermarket schemes
3. Develop proposition to expand range of budgeting occasions beyond Christmas and offer value back to consumers on redemption, aligning with supermarket schemes



Corporate rewards & gifting

1. Continuing Appreciate Business Services team success in broadening out corporate client base and open up opportunities within PayPoint client base for rewards and gifting
2. Develop white-label solutions for corporates in public and private sector e.g. specific use vouchers for credit unions to issue for purchase of white goods
3. Cross-sell of PayPoint channel agnostic payments platform into Appreciate client base



Consumer gifting

1. Expansion of physical gift cards into retailer partner network of over 18,000 independent retailer stores and opportunity to displace incumbents within larger retailers



Financial review

Financial highlights

14

Half year ended 30 September	2022 £m	(Restated) ¹ 2021 £m	Change	
Revenue from continuing operations	75.4	70.2	7.4%	
Net revenue from continuing operations²	59.5	56.1	6.0%	See slide 15
Operating margin before exceptional items ³ from continuing operations	39.7%	41.2%	(1.5)ppts	
Profit before tax from continuing operations excluding exceptional items	22.5	22.1	2.1%	See slide 14
Exceptional items from continuing operations	(1.5)	2.9	n/m	
Result from discontinued operation (Romania)	-	30.0	n/m	
Profit before tax	21.0	55.0	(61.8%)	
Diluted earnings per share	24.4p	72.7p	(66.4%)	
Diluted earnings per share from continuing operations	24.4p	29.4p	(17.0%)	
Diluted earnings per share from continuing operations excluding exceptional items	26.6p	25.3p	5.1%	
Ordinary paid dividend per share	18.0p	16.6p	7.7%	
Ordinary reported dividend per share	18.4p	17.0p	8.2%	
Cash generation⁴ from continuing operations excluding exceptional items	28.3	21.8	29.5%	See slide 17
Net corporate debt	(39.4)	(36.5)	(8.0%)	See slide 19

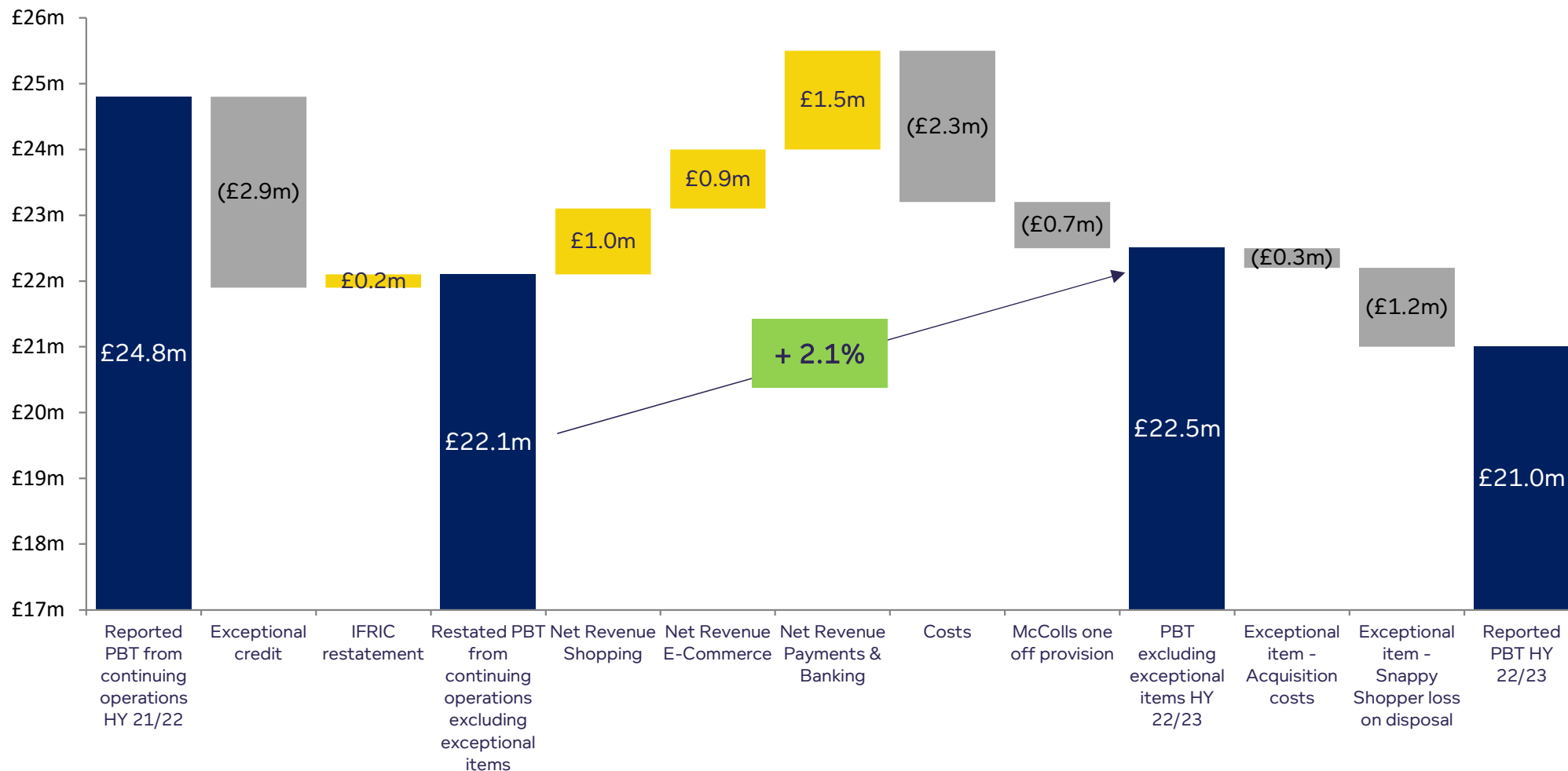
1. Comparative information has been restated for the retrospective application of the Group's change in accounting policy on intangible assets. Refer to Note 1 and Note 18 of the RNS.

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

2.1% increase in PBT



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



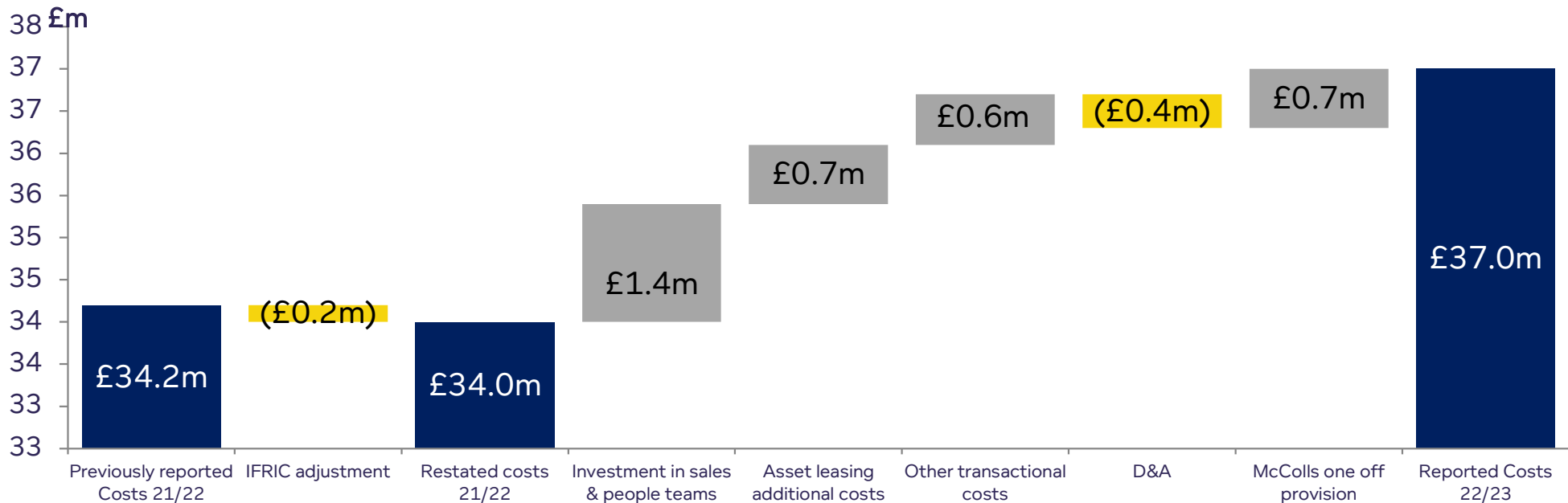
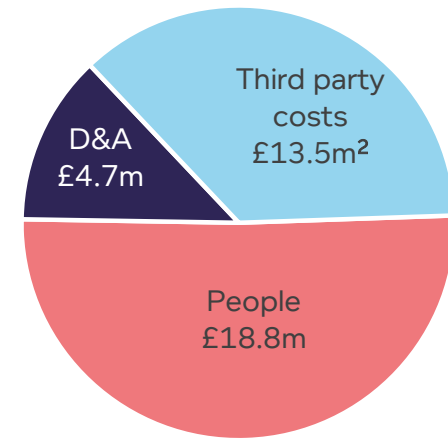
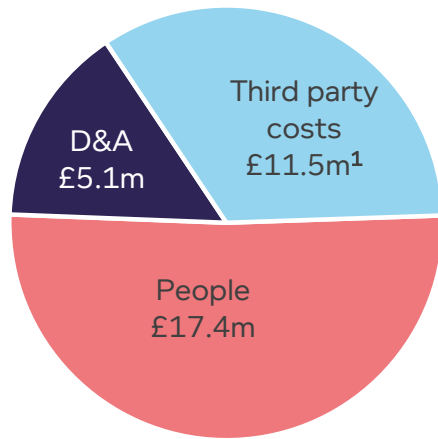
Continued net revenue growth in all divisions

Half year ended 30 September	2022 £m	2021 £m	Change £m	Change %
Shopping	30.8	29.8	1.0	3.2%
- Service fees	8.9	8.2		
- Card payments & terminal lease – Handepay/Merchant Rentals	9.8	9.8		
- Card payments – PayPoint & RSM 2000	6.1	6.2		
- ATMs & Counter Cash	4.8	5.0		
- Other	1.2	0.6		
E-Commerce	3.0	2.1	0.9	45.7%
Payments & Banking	25.7	24.2	1.5	6.1%
- Cash bill payments & top ups	16.0	16.3		
- Digital – PayPoint, i-movo & RSM 2000	5.9	3.0		
- Cash through to digital – eMoney	3.4	4.3		
- Other	0.4	0.6		
Total net revenue	59.5	56.1	3.4	6.0%
Business division mix	H1 FY23	H1 FY22	FY 22	
Shopping	51.8%	52.4%	51.0%	
E-commerce	5.0%	3.6%	4.3%	
Payments & Banking	43.2%	44.0%	44.7%	

The above presentation contains minor (£0.1m) roundings to ensure integrity of key numbers with those published in the half year statements.
Results for the half year ended 30 September 2022



Cost increases from investment in key areas to drive revenues



1. Comprises £3.0 million other costs of revenue, administrative expenses £7.5 million and £1.0 million net financing costs.

2. Comprises £4.3 million other costs of revenue, administrative expenses £7.5 million, £1.0 million net financing costs and £0.7 million McColls one off provision

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



Strong cash generation of £28.3 million

Half year ended 30 September	2022 £m	(Restated) ¹ 2021 £m	Change £m
Profit before tax	21.0	25.0	(4.0)
Exceptional items	1.5	(2.9)	4.4
Depreciation and amortisation	4.7	5.1	(0.4)
Share based payments / other	0.3	0.3	-
Working capital	0.8	(5.7)	6.5
Cash generation	28.3	21.8	6.5
Tax paid	(1.3)	(3.9)	2.6
Capital expenditure and other	(6.1)	(3.7)	(2.4)
Acquisitions of subsidiaries net of cash acquired (RSM2000)	-	(4.6)	4.6
Purchase of associate (Snappy)	-	(6.7)	6.7
Purchase of convertible loan note (OBConnect)	(3.0)	-	(3.0)
Contingent consideration cash paid (RSM2000)	(1.0)	-	(1.0)
Disposals of businesses net of cash disposed (Romania)	-	20.2	(20.2)
Movement in loans and borrowings	(8.4)	(42.9)	34.5
Dividends paid	(12.4)	(11.4)	(1.0)
Net change in PayPoint's cash	(3.9)	(31.2)	27.3
Clients' funds and retailers' deposits (UK)	(0.1)	(10.2)	10.1
Net cash movement	(4.0)	(41.4)	37.4

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

Strengthened balance sheet, net debt reduced by £4.5m

19

	Sept 2022 £m	Mar 2022 £m	Change £m	(Restated) ¹ Sept 2021 £m
Goodwill	57.7	57.7	-	57.7
Other intangible assets	35.9	36.0	(0.1)	35.1
Net investment in finance lease receivables	4.2	4.4	(0.2)	6.4
Property, plant & equipment	22.6	21.8	0.8	20.9
Investment in associate - Snappy	-	6.7	(6.7)	6.7
Convertible loan note - OBConnect	3.8	0.8	3.0	-
Cash held as clients' funds and retailers' deposits	16.6	16.6	-	16.1
Net asset held for sale – Snappy	5.5	-	5.5	-
Cash from continuing operations	3.8	7.7	(3.9)	7.2
Loans and borrowings	(43.2)	(51.6)	8.4	(43.7)
Net debt	(39.4)	(43.9)	4.5	(36.5)
Liability clients' funds and retailers' deposits	(16.6)	(16.6)	-	(16.1)
Working capital	0.4	0.6	(0.2)	1.5
Deferred, consideration liability (RSM2000)	-	(1.0)	1.0	(3.9)
Ofgem liability	-	-	-	(12.5)
Lease liability (IFRS16)	(0.2)	(0.3)	0.1	(0.4)
Current and deferred tax	(2.1)	0.5	(2.6)	(0.7)
Net assets	88.4	83.3	5.1	74.3

1. Comparative information has been restated for the retrospective application of the Group's change in accounting policy on intangible assets. Refer to Note 1 and Note 18.

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

Financing & future outflows

- Financing facilities have been renegotiated with existing banks (Barclays, BOI, Lloyds) to facilitate the Appreciate Group acquisition – new term loan of £36 million starting from acquisition and RCF extended to Feb 2026
- £28.3 million cash generated in the half year with net debt reducing from March 22 by £4.5 million to £39.4 million. Major outflows for remainder of FY23 are £63 million for the cash part of the Appreciate Group acquisition, £12.7 million dividend and £5-£6 million for the remaining 22/23 capex programme
- After the completion of the acquisition of Appreciate Group we expect to return to a ratio of below 1x Net debt/EBITDA during FY24/25

Funding	Available at 30 September 2022	Utilised at 30 September 2022	Utilised at 31 March 2022
Revolving credit facility	£75.0m	£26.0m	£27.0m
Existing 3 year term loan	£16.3m	£16.3m	£21.7m
New 3 year term loan*	£36m		
Block loan facility	-	£0.9m	£2.9m
Total**	£127.3m	£43.2m	£51.6m
UK Corporate cash		£3.8m	£7.7m
Net corporate debt		£39.4m	£43.9m

*New term loan has been agreed to facilitate the acquisition of Appreciate Group and will be available for drawdown upon completion

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

Interim dividend declared

- Ordinary – 18.4p, an increase of 2.2% vs the final dividend declared on 25 May 2022 of 18p per share
- Payable in equal instalments on 30 December 2022 and 6 March 2023

Capital allocation policy – unchanged

- Investment in the business through capital expenditure in innovation to drive future revenue streams and improve the resilience and efficiency of our operations
- Investment in opportunities such as the purchase of Appreciate Group, and investment in OBConnect.
- Ordinary dividends targeting a cover ratio of 1.2 to 1.5 times earnings from continuing operations excluding exceptional items

Acquisition of Appreciate Group

As announced on 7th November, an offer has been made for the purchase of Appreciate Group, an earnings enhancing acquisition in FY24. Financed through combination of new term loan of £36 million and using part of existing RCF of £75 million (extended to Feb 2026)

Disposal of Snappy investment

Sale of investment in Snappy Group completed on 12 October 2022 for £5.5 million



Divisional review

Shopping Division

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

H1 FY22

£29.8m
net revenue

52.4%
of Group

H1 FY23

£30.8m
net revenue

51.8%
of Group

Key drivers

Growth in PayPoint One rollout and service fee

Strong card payment platform and merchant estate for accelerated growth

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

Sub-division Performance

RETAIL SERVICES

H1 FY22

£13.8m
net revenue

30.0%
of Group

H1 FY23

£14.9m
net revenue

25.2%
of Group

CARDS

H1 FY22

£16.0m
net revenue

28.3%
of Group

H1 FY23

£15.9m
net revenue

26.6%
of Group

How we deliver

Retail Services

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

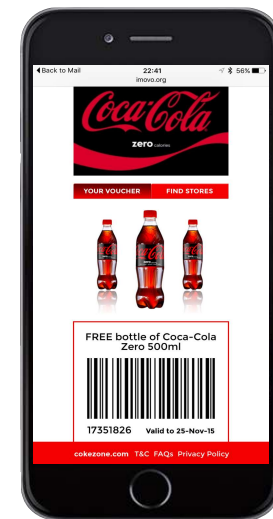
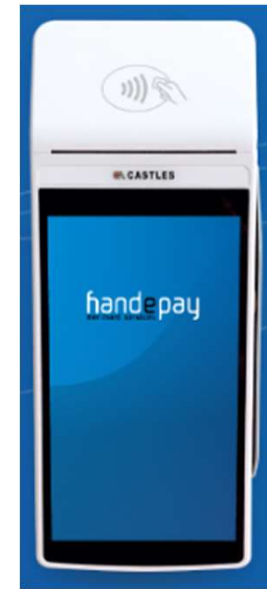
Card payments

Handepay/Merchant Rentals, PayPoint & RSM 2000

Enhancing our retailer & SME proposition

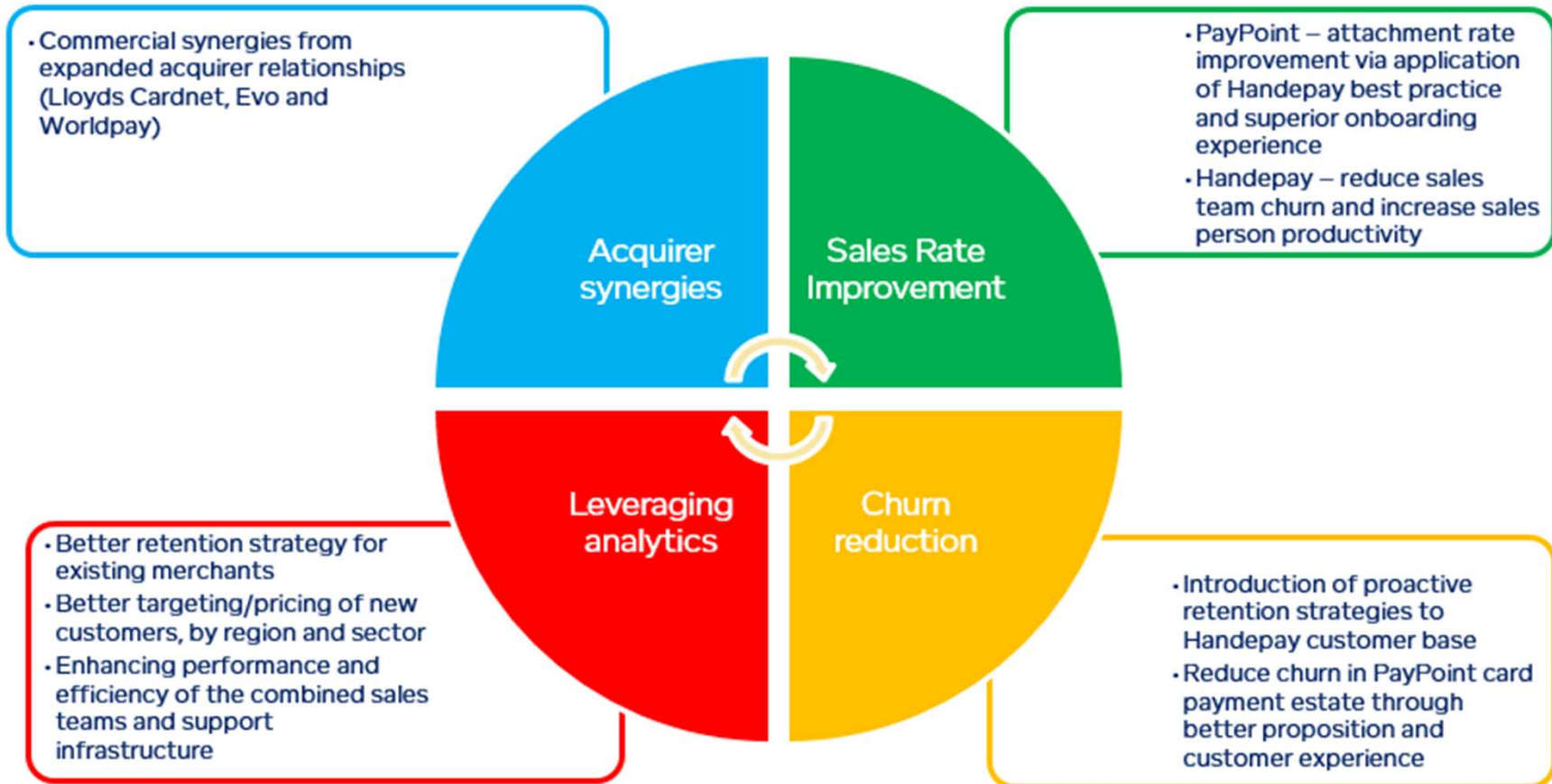
H1 FY23 Progress

- Further expansion of Counter Cash, now live in 4,563 sites with over £22.8m now withdrawn since launch in November 2021
- SME proposition enhanced in Handepay, with new Android terminal launched, supported by one month contracts and next day settlement
- Enhancing our retailer proposition – improved pricing and next day settlement launched for new PayPoint card payment merchants from 1 July 2022 and to existing customers in October 2022
- Optimisation of sales efforts yielding improved conversion rates and customer satisfaction, supported by improved prospect targeting, data, AI tools and analytics to drive quality conversations and a stronger focus on retention across Handepay and PayPoint
- Strong performance of Business Finance via YouLend with over £5.9 million lent across PayPoint and Handepay in the half year and lending proposition expanded with Funding Circle partnership launched in October 2022
- FMCG – good progress with further campaigns live, partnering with Coca-Cola, Amazon, AG Barr and JTI, leveraging our PayPoint One platform, advertising screens and i-movo vouchering capability to help our retailer partners drive sales and engage thousands of consumers across our network, with redemption rates of up to 40%
- Retailer engagement - positive progress made on retailer partner Net Promoter Score and satisfaction, supported by regular engagement with key trade associations, launch of new retailer forums with the Scottish Grocer's Federation and National Federation of Retail Newsagents

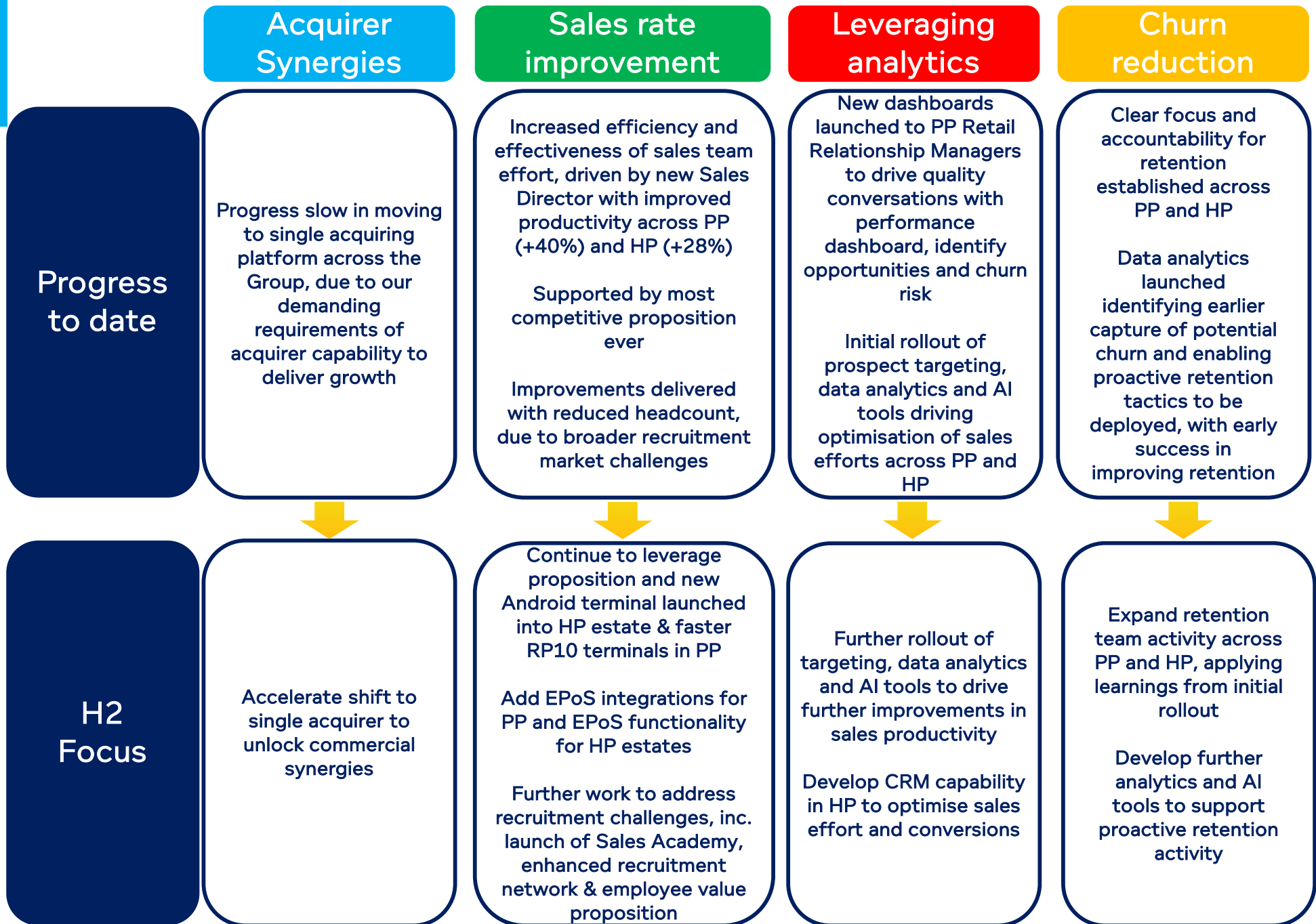


Our strengthened cards proposition

Opportunities outlined in November 2020 following announcement of acquisition of Handepay/Merchant Rentals



Good progress with clear H2 focus areas



Cards sector analysis

Analysis of Handepay and PayPoint book value processed (H1 FY23 vs H1 FY22) shows resilience in grocery/food retail and hospitality, but value of spend reductions in 'big ticket' sectors like building supplies, furniture and flooring

81.7% of Handepay/PayPoint book is weighted to growing, resilient sectors, with smaller exposure to sectors under pressure.



Risers

Food & Beverage +13.3%

Garages/Auto Trade + 4.4%

Grocery & Retail + 1.8%



Fallers

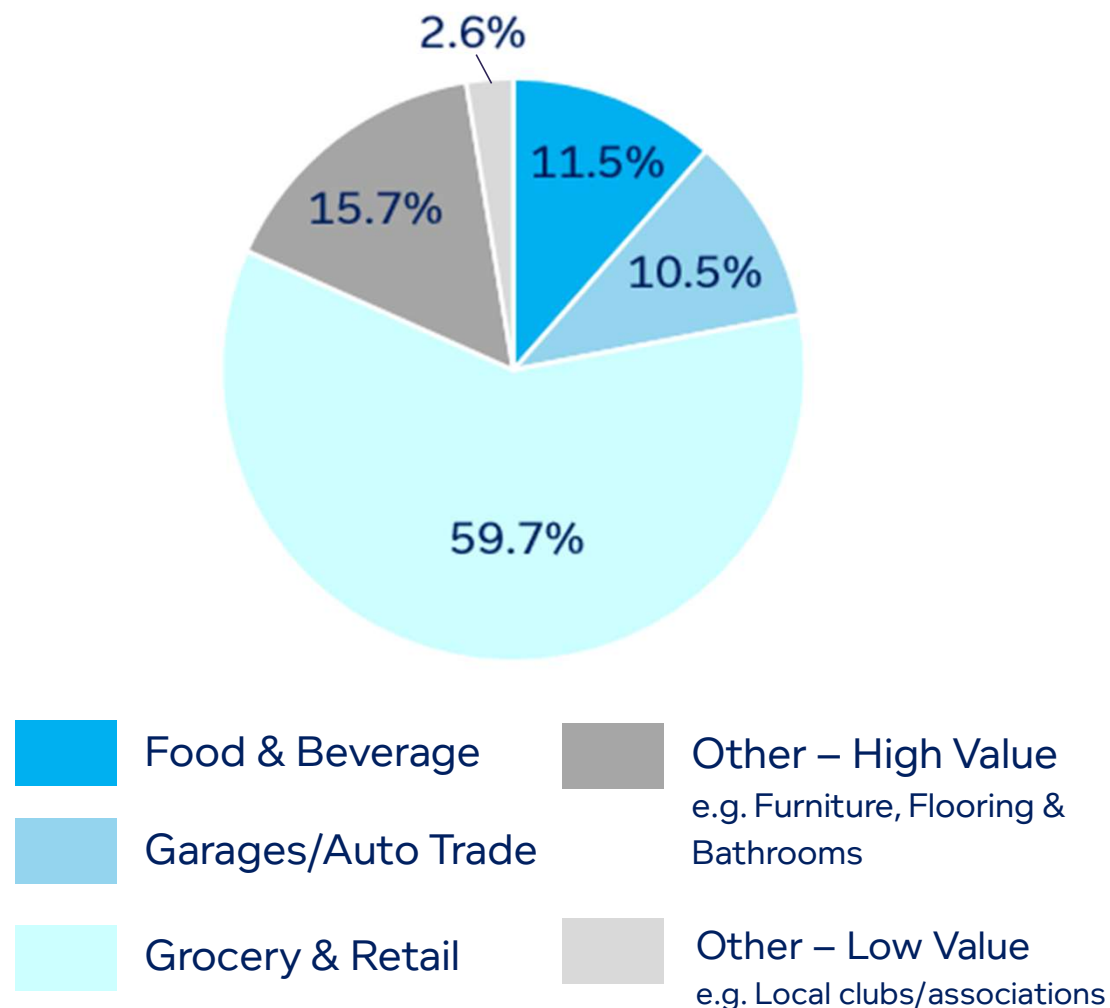
Other – High Value:

- Furniture, Flooring & Bathrooms -6.4%

Other – Low Value:

- Local clubs/associations -4.8%

H1 FY23 Handepay and PayPoint Estate Sector Mix



Strong platform for accelerated growth

- Significant steps forward in product, sales, retention and analytics over the half year to strengthen our position in a competitive market
- Leveraging 'Cards DNA', expertise and experience of talent brought into the Group, including Mark Latham (Banking Services Director, joined via Handepay acquisition) and Anna Holness (Sales Director, joined in Jan 2022 from Worldpay)

1. Most competitive and attractive proposition ever

2. Strong and improving sales team performance

3. Highly attractive and resilient merchant estates

4. Significant steps forward in analytics and retention

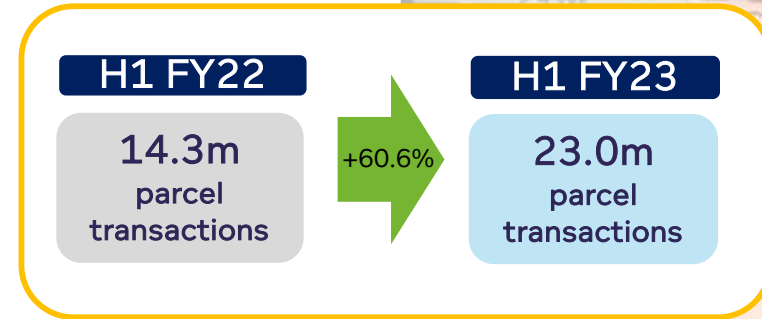
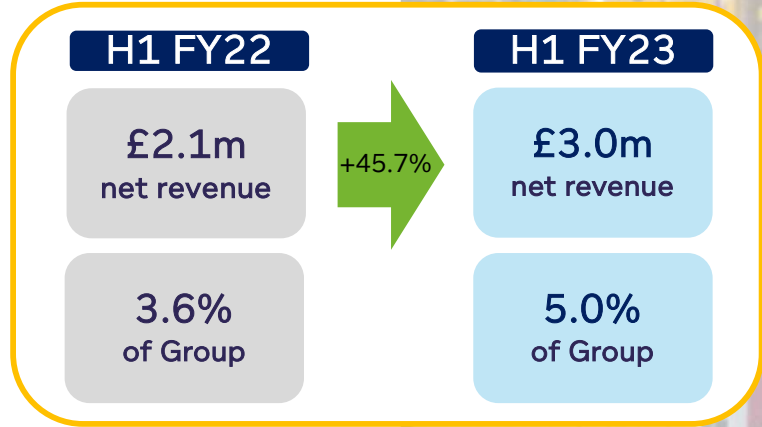
5. Leveraging 'Cards DNA' of talent brought into Group



Accelerated growth in card payments

E-Commerce Division

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



Key drivers

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

How we deliver

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

Our partners

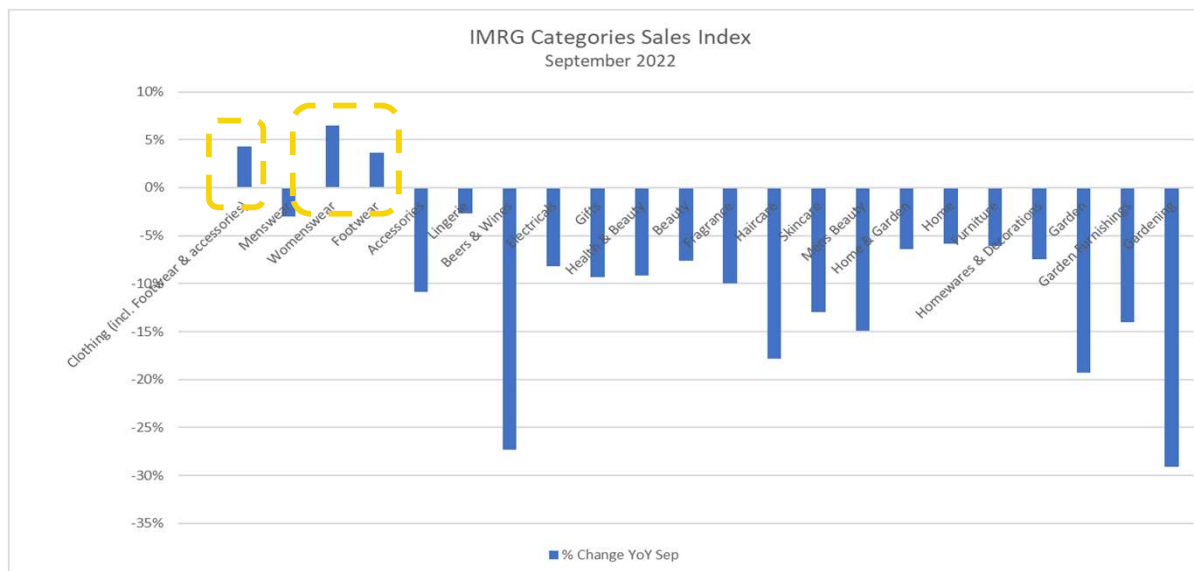


Strong parcels growth and carrier service expansion

H1 FY23 Progress

- Excellent parcel transaction growth of +60.6% year on year, driven by our strength in clothing/fashion categories, the continued expansion of new services with carrier partners and the in-store experience investment made in Zebra label printers in the last 18 months
- New partnership launched with Wish.com, one of the largest ecommerce marketplaces in the world, enabling consumers to click-and-collect initially at over 1,600 Collect+ sites
- Amazon returns rollout expanded to over 2,000 sites and further integrations in progress to expand Universal Print In Store Returns for more carrier partners in H2
- Rapid rollout of 1,455 Collect+ sites in September and October to support Royal Mail business customers, helping keep mail moving during industrial action

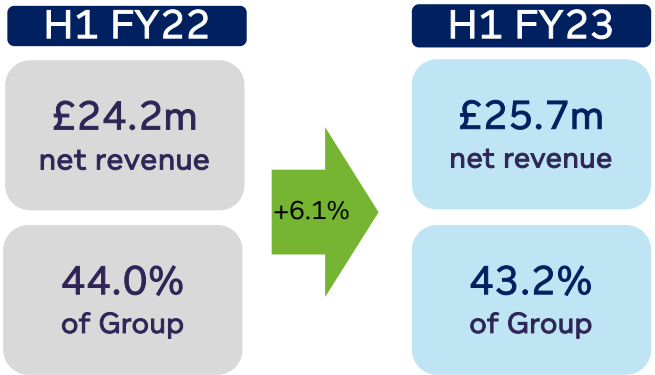




Strong categories
for Collect+

Payments & Banking Division

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



Key drivers

Built payment channel agnostic platform, supporting diversification to digital

Investment in capabilities to secure business in new sectors, inc. government, newspapers, housing and charities

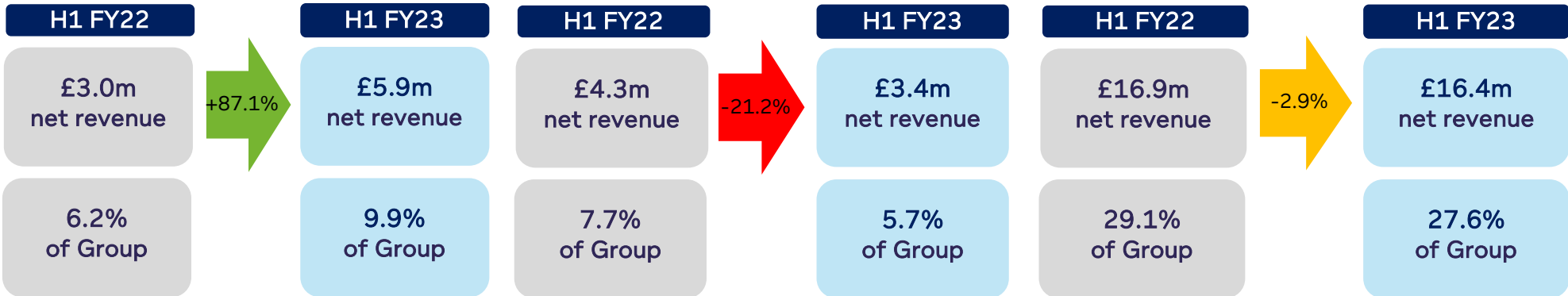
Moderation in decline of cash in legacy business

Sub-division Performance

DIGITAL

CASH THROUGH TO DIGITAL

CASH



How we deliver

Digital
MultiPay, RSM 2000 & i-movo (DWP & Cash Out)

Cash through to digital
Emoney, Digital Vouchers and Neobanks

Cash
Bill payments and top ups

Strong energy and Cash Out performance

H1 FY23 Progress

- Strong performance in the energy sector, with net revenue +8.1% and transactions +6.0% year on year, driven by an increase in frequency and value of consumer transactions
- Continued strong performance of Cash Out services and the DWP Payment Exception Service, delivered via i-movo, with over 4.5 million vouchers issued in the half year, and now established as an important disbursement channel for government support initiatives to financially vulnerable people across the UK, such as council tax rebates and the Energy Bills Support Scheme
- 9 energy providers signed contracts with PayPoint to deliver the Energy Bills Support Scheme, providing a £400 payment over the winter months to households across the UK. This vital support for consumers to help with the Cost of Living leverages our Cash Out digital capability and extensive network of local retailer partners, with an estimated 800,000 vouchers to be issued to customers each month
- 6 clients live on Confirmation of Payee service, via OBConnect, our Open Banking partner, and authorisation recently expanded opening up further opportunities in H2 FY23
- Cash through to digital consumer awareness campaign for gifting expanded with over 9,000 display units rolled out to stores across the UK ahead of key Christmas trading period, including major multiple groups like Midcounties Co-operative, promoting our portfolio including Amazon, Xbox, PlayStation, Paysafe and Love2shop



Department
for Work &
Pensions

Support with
energy bills
this winter



Significant contribution of i-movo acquisition

- Acquisition completed in Nov 2020 and contributed over £2.6m of net revenue in H1 FY23
- Leading secure digital voucher platform, opening up opportunities in FMCG vouchering, newspapers and critical to disbursement of government support initiatives to financially vulnerable people across the UK during Cost of Living crisis



H1 FY23 Delivery

DWP Payment Exception Service

- 3.7m vouchers issued with a value of £14.3m in H1 FY23
- Disbursing government benefits and Cost of Living support
- Replaced Post Office Card Account



Department
for Work &
Pensions

Cash Out Service

- 0.8 million vouchers issued with a value of £45.5m in H1 FY23
- Vital channel for local authorities to disburse Cost of Living support funds, including £150 council tax rebate



Derby City Council

H2 FY23 Opportunities

Energy Bills Support Scheme

- £400 payment over the winter months to UK households for Cost of Living support
- Leverages our Cash Out digital capability and extensive network of local retailer partners
- Estimated 800,000 vouchers to be issued each month from Oct 2022



Newspapers

- Driving digitisation of Home News Delivery and subscriber journey, partnering with PaperRound
- Mail Newspapers launched in Oct 2022, with other titles in pipeline



Building a delivery focused organisation and culture

H1 FY23 Progress

- Good progress against our ESG programme, including commitment to ensure all employees are paid a minimum of the Real Living Wage delivered in July 2022
- Inaugural Pride Month programme launched in June 2022, as part of our 'Welcoming Everyone' activities, building on our commitments to diversity, equity and inclusion and supporting our vision to create a dynamic place to work
- Partnered with Citizens Advice and Advice Scotland to support important Cost of Living targeted consumer campaigns across our network, via receipt advertising, social media and retailer communications
- Continued progress on improving our IT service delivery through increased resilience in our core network services and the deployment of the automation framework, yielding reduced delivery times for CRM developments, reduced manual effort and increased capabilities to deliver more robust change implementation



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- In a challenging and unpredictable economic environment, the transformation of our business continues, reflecting a rebalancing towards growth opportunities and delivering improving returns to shareholders.
- In addition to the progress made in the first half, we have again demonstrated the role our retailer network plays in supporting their communities and providing a range of services vital to combatting the current Cost of Living crisis, including the Energy Bills Support Scheme which is being delivered in the second half.
- As the seasonal balance in our business returns post the impact of Covid-19, in the current financial year we expect a return to our more usual H2 weighted performance and its contribution to the year as a whole.
- The Board has proposed a ordinary interim dividend of 18.4p per share, an increase of 2.2% vs the final dividend declared on 25 May 2022 of 18.0p per share, 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 half year
- Against an uncertain market background in the second half, our compelling characteristics of strong cash flow, resilient earnings and growth mean we remain confident of the progress we are making in the transformation of our business and delivering expectations for the year

Q&A



Appendix

Business division mapping

Division	Sub-division	Lower level
Shopping	Retail Services	PayPoint One/EPoS
		Counter Cash/ATMs
	Card payments	Handepay/Merchant Rentals card payments and leasing
		PayPoint card payments
		RSM 2000 card payments
	E-Commerce	E-Commerce
Payments & Banking	Digital	MultiPay
		RSM 2000
		Cash Out/i-movo
	Cash through to digital	EMoney/Digital Vouchers
	Cash	Bill payments
		Top ups
		SIMs



Year on year view across divisions and sub-divisions

Net revenue

Division	Sub-division	H1 FY23	H1 FY22
Shopping	Retail Services	£14.9m	£13.8m
	Card payments	£15.9m	£16.0m
E-Commerce	E-Commerce	£3.0m	£2.1m
Payments & Banking	Digital	£5.9m	£3.0m
	Cash through to digital	£3.4m	£4.3m
	Cash	£16.4m	£16.9m
TOTAL		£59.5m	£56.1m

Business division mix

Division	Sub-division	H1 FY23	H1 FY22
Shopping	Retail Services	25.0%	24.6%
	Card payments	26.7%	28.5%
E-Commerce	E-Commerce	5.0%	3.7%
Payments & Banking	Digital	9.9%	5.4%
	Cash through to digital	5.7%	7.7%
	Cash	27.6%	30.1%

PayPoint Group

We create innovative services and technology connecting millions of consumers with brands, retailers and SMEs

1

Enlarged network and consumer reach

Our enlarged Group now delivers technology and services to an unparalleled network of over 60,000 retailer partner and SME locations across the UK, including food service, convenience retail, garages and hospitality, serving millions of consumers every day

2

Expanded retailer and consumer proposition

Our expanded proposition helps our retailer partners and SMEs keep pace with changing shopper needs, expectations and demographics. Our retail services platform, PayPoint One, offers everything a modern convenience store needs, including EPoS, parcel services, card and bill payments, Counter Cash, home delivery and digital vouchering

3

Delivered payment channel agnostic platform

We have continued our diversification to digital payments, opening up new sectors like housing and charities and helping organisations seamlessly and effectively serve their customers through all channels. Our market-leading omnichannel solution – MultiPay – is an integrated solution offering a full suite of digital payments

4

Excellence in e-commerce customer experience and technology

We pride ourselves on delivering innovative technology platforms across all our business divisions, whether through PayPoint One, helping our convenience retailer partners digitise their businesses, to our proprietary e-commerce software solutions delivering great consumer experiences for the biggest online brands

5

Growth-focused deployment of financial resources

We remain committed to maintaining our strong capital discipline and cash flow, whilst investing to rebalance our business mix towards growth opportunities and delivering a significantly enhanced platform with strong shareholder returns

6

Talented and committed team

We have a talented, diverse and committed team with years of experience gained from a wide range of industries and disciplines