

# Results for the half year ended 30 September 2023

 | PayPoint Group



# Agenda

1 Overview

2 Financial review

3 Strategy update

4 Divisional review

5 Outlook

6 Q&A

## PayPoint Group

1

Resilient financial performance delivered with significant progress in parcels, card processing, Open Banking and a return to growth in Park Christmas Savings

2

Results testimony to transformation of business over the past 3-4 years, delivered against significant headwinds from economy and legacy energy sector net revenue down 20%

3

Seasonal balance in business is now more weighted to H2, principally reflecting Love2shop business

4

Trading momentum strong into H2 and Board remain confident of delivering further progress and trading in line with expectations

# Resilient financial performance with further strategic progress

## PayPoint Group

	H1 FY23		H1 FY24
Group net revenue <sup>1</sup>	£59.5m	+34.1%	£79.8m
PayPoint segment net revenue <sup>1</sup>	£59.5m	+4.7%	£62.3m
Underlying EBITDA <sup>2</sup>	£28.3m	+9.9%	£31.1m
Underlying PBT <sup>3</sup> (profit before tax exc. adjusting items)	£23.6m	-7.5%	£21.8m
Dividend	18.4p	+3.3%	19.0p

SHOPPING	
H1 FY23	H1 FY24
£30.8m net revenue	£32.1m net revenue (+4.2%)
51.8% of Group	40.2% of Group

E-COMMERCE	
H1 FY23	H1 FY24
£3.0m net revenue	£5.1m net revenue (+71.8%)
5.0% of Group	6.4% of Group

PAYMENTS AND BANKING	
H1 FY23	H1 FY24
£25.7m net revenue	£25.1m net revenue (-2.3%)
44.7% of Group	31.5% of Group

LOVE2SHOP	
H1 FY23	H1 FY24
N/A	£17.5m net revenue (+N/A)
N/A	21.7% of Group

PayPoint One Estate	
31 Mar 2023	30 Sep 2023
18,453	18,786 (+1.8%)

Parcel Transactions	
H1 FY23	H1 FY24
23.0m	42.1m (+83.1%)

Digital	
H1 FY23	H1 FY24
£5.9m net revenue	£6.4m net revenue (+9.1%)

Total Division Billings	
H1 FY24	
£105.1m	

Lloyds Cardnet Estate	
31 Mar 2023	30 Sep 2023
9,541	9,772 (+2.4%)

Collect+ Estate	
31 Mar 2023	30 Sep 2023
10,514	11,263 (+7.1%)

Cash through to Digital	
H1 FY23	H1 FY24
£3.4m net revenue	£3.3m net revenue (-1.2%)

Love2shop Billings	
H1 FY24	
£75.2m	

EVO Merchant Estate	
31 Mar 2023	30 Sep 2023
18,397	19,371 (+5.3%)

Cash	
H1 FY23	H1 FY24
£16.4m net revenue	£15.3m net revenue (-9.3%)

Park Billings	
H1 FY24	
£29.9m	

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

# Financial review

 PayPoint Group

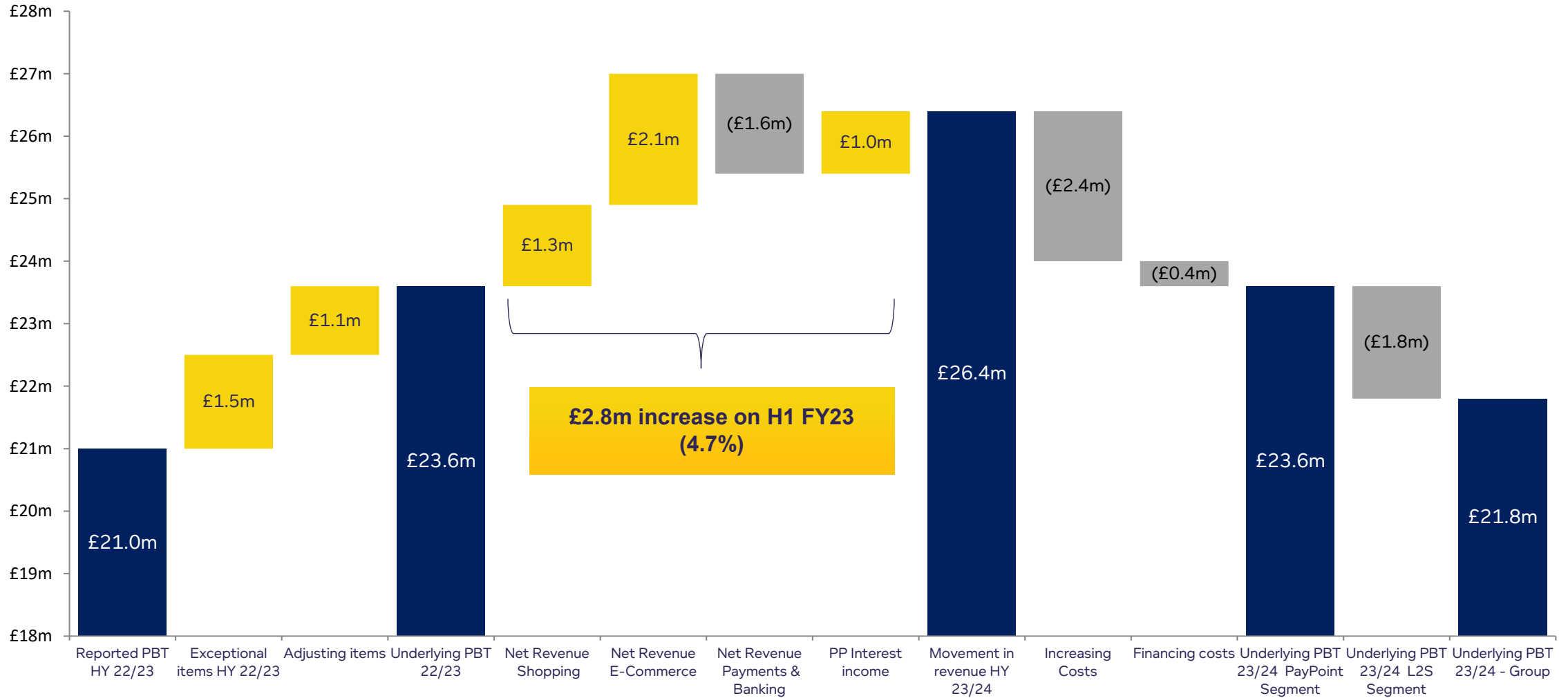


# Financial highlights

Half year ended 30 September	2023 £m	2022 £m	Change	
Revenue	126.5	75.4	67.8%	
Net revenue <sup>1</sup>	79.8	59.5	34.1%	See slide 8
Underlying EBITDA <sup>2</sup>	31.1	28.3	9.9%	
Underlying profit before tax (profit before tax excluding adjusting items) <sup>3</sup>	21.8	23.6	(7.5)%	See slide 7
Adjusting items <sup>4</sup>	(4.6)	(2.6)		
Profit before tax	17.2	21.0	(17.9)%	
Diluted earnings per share excluding adjusted items	22.1p	27.8p	(20.2)%	
Diluted earnings per share	17.4p	24.4p	(28.7)%	
Ordinary paid dividend per share	18.6p	18.0p	3.3%	
Cash generation excluding exceptional items <sup>6</sup>	15.6	28.3	(44.5)%	See slide 10
Net corporate debt <sup>7</sup>	(83.2)	(39.4)	111.1%	See slide 12

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

# Half year Group PBT view vs. previous year



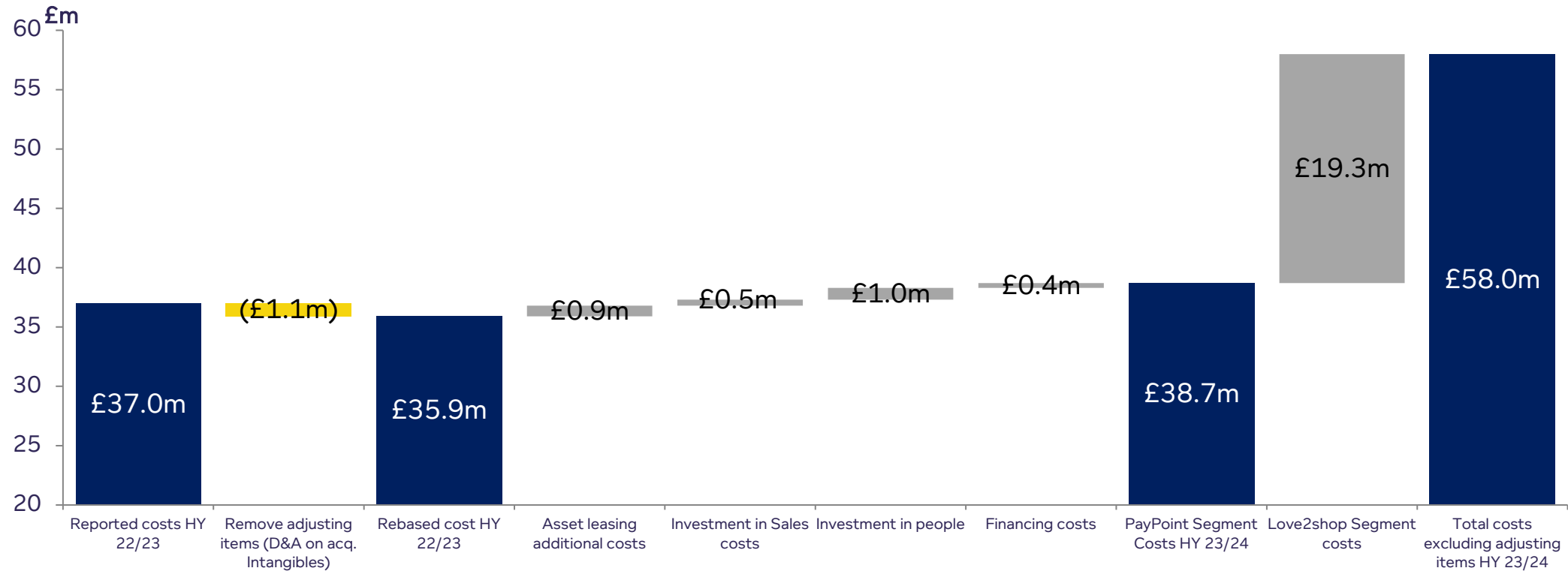
# 4.7% net revenue growth in PayPoint Segment

Half year ended 30 September	2023 £m	2022 £m	Change £m	Change %
<b>Shopping</b>	32.1	30.8	1.3	4.2%
- Service fees	9.7	8.9		
- Card payments	16.4	15.9		
- ATMs & Counter Cash	4.5	4.8		
- Other	1.5	1.2		
<b>E-commerce</b>	5.1	3.0	2.1	71.8%
<b>Payments &amp; Banking</b>	25.1	25.7	(0.6)	(2.3)%
- Digital – PayPoint, i-movo & RSM 2000	6.4	5.9		
- Cash	13.9	16.0		
- Cash through to digital – eMoney	3.3	3.4		
- Other	1.5	0.4		
<b>PayPoint Segment</b>	62.3	59.5	2.8	4.7%
<b>Love2shop Segment</b>	17.5	-	17.5	-
<b>Total net revenue</b>	79.8	59.5	20.3	34.1%





# Cost base to support higher revenue



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



# Cash generation of £15.6m

Half year ended 30 September	2023 £m	2022 £m	Change £m
<b>Profit before tax</b>	<b>17.2</b>	21.0	(3.8)
Exceptional items	0.6	1.5	(0.9)
Depreciation and amortisation	9.7	4.7	5.0
Share based payments / other	0.7	0.3	0.4
Working capital	(12.6)	0.8	(13.4)
<b>Cash generation</b>	<b>15.6</b>	28.3	(12.7)
Tax paid	(5.1)	(1.3)	(3.8)
Capital expenditure and other	(7.8)	(6.1)	(1.7)
Purchase of convertible loan note (OBConnect)	-	(3.0)	3.0
Contingent consideration cash paid (RSM2000)	-	(1.0)	1.0
Dividends paid	(13.5)	(12.4)	(1.1)
Net change in PayPoint's net debt	(10.8)	4.5	(15.3)
Net corporate debt at the beginning of the period	(72.4)	(43.9)	
<b>Net corporate debt at the end of the period</b>	<b>(83.2)</b>	(39.4)	

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



# Balance sheet – reflecting Appreciate acquisition

	Sept 2023 £m	Mar 2023 £m	Change £m
Goodwill	117.3	117.3	-
Other intangible assets	71.2	75.3	(4.1)
Net investment in finance lease receivables	0.9	1.7	(0.8)
Property, plant & equipment	30.7	29.3	1.4
Investments (OBConnect)	0.3	0.3	-
Convertible loan note – (OBConnect/Optus)	3.8	3.8	-
Pension (liability)/asset	(0.4)	0.4	(0.8)
Cash held as clients' funds and retailers' deposits	118.4	55.9	62.5
Monies held in trust	83.0	82.0	1.0
Cash from continuing operations	18.6	22.0	(3.4)
Loans and borrowings	(101.8)	(94.4)	(7.4)
<b>Net debt</b>	<b>(83.2)</b>	<b>(72.4)</b>	<b>(10.8)</b>
Liability clients' funds and retailers' deposits	(118.4)	(55.9)	(62.5)
Working capital	(102.4)	(114.7)	12.3
Lease liability (IFRS16)	(5.3)	(5.5)	0.2
Current and deferred tax	(5.1)	(5.8)	0.7
<b>Net assets</b>	<b>110.8</b>	<b>111.7</b>	<b>(0.9)</b>

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

## Financing & future outflows

- Financing facilities have been renegotiated with existing banks (Barclays, BOI, Lloyds) to facilitate the Appreciate Group acquisition – new term loan of £36 million starting from acquisition and RCF extended to Feb 2026
- £15.6 million cash generated in the period. Major outflows in the future period are £13.8m dividend and c. £10m for the remaining 23/24 capex programme
- We expect to return to a ratio of below 1x Net debt/EBITDA during FY24/25

Funding	Available at 30 September 2023	Utilised at 30 September 2023	Utilised at 31 March 2023
Revolving credit facility	£75.0m	£59.5m	£46.5m
Existing 3 year term loan	£5.4m	£5.4m	£10.8m
New 3 year term loan*	£36.0m	£36.0m	£36.0m
Block loan facility/accrued interest	£0.9m	£0.9m	£1.1m
<b>Total*</b>	<b>£117.3m</b>	<b>£101.8m</b>	<b>£94.4m</b>
UK Corporate cash		£18.6m	£22.0m
<b>Net corporate debt</b>		<b>£83.2m</b>	<b>£72.4m</b>

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

## Dividend declared

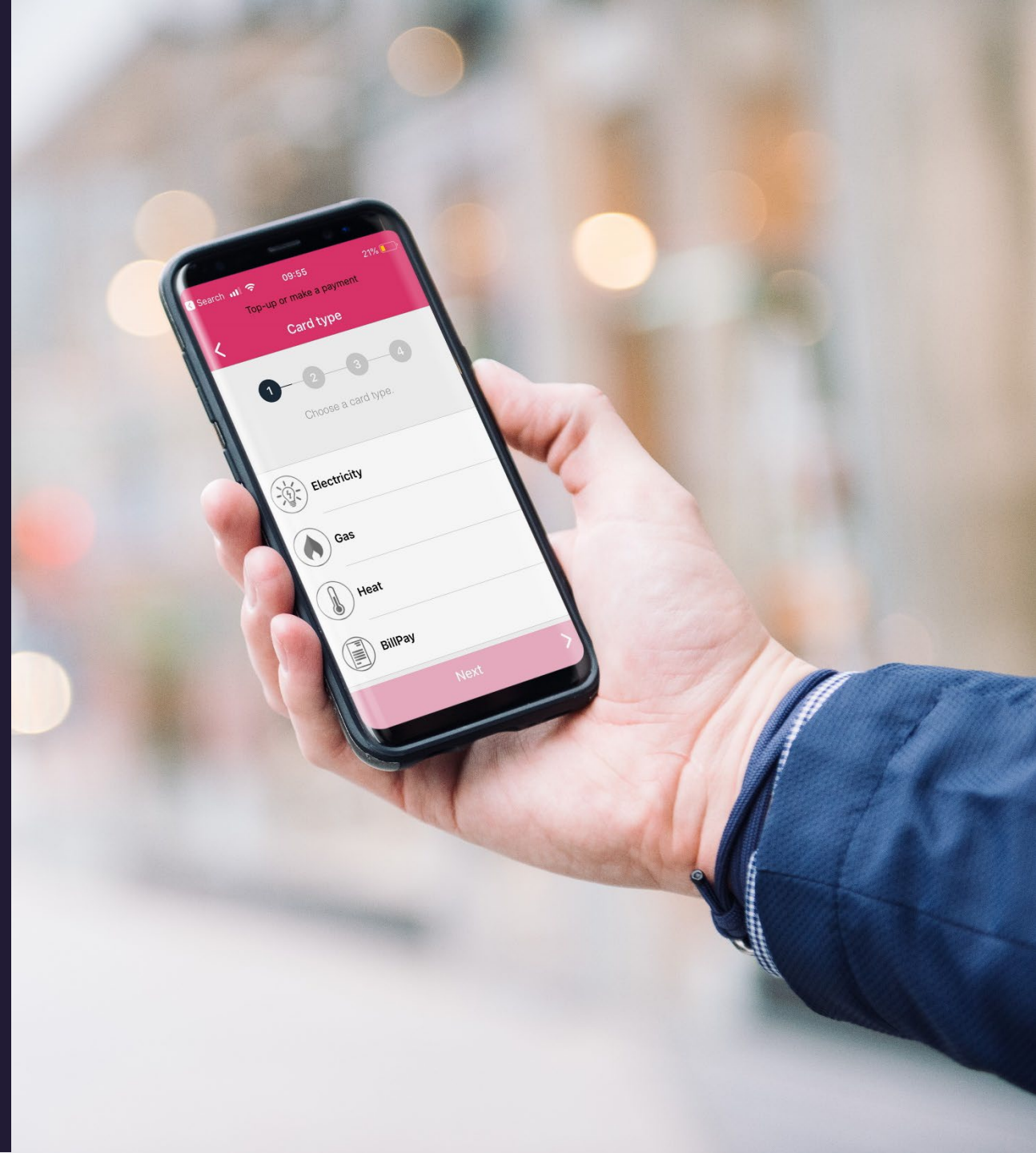
- 19.0p, an increase of 2.2% vs the final dividend declared on of 18.6p per share, consistent with progressive dividend policy
- Payable in equal instalments on 29 December 2023 and 5 March 2024

## Capital allocation policy – increased cover ratio

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

# Strategy update

 | PayPoint Group

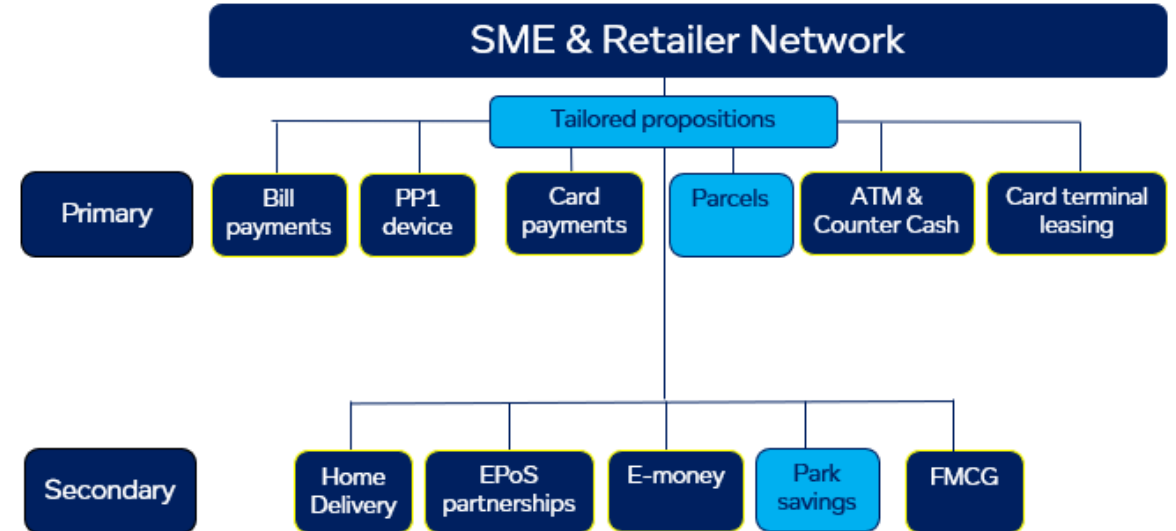
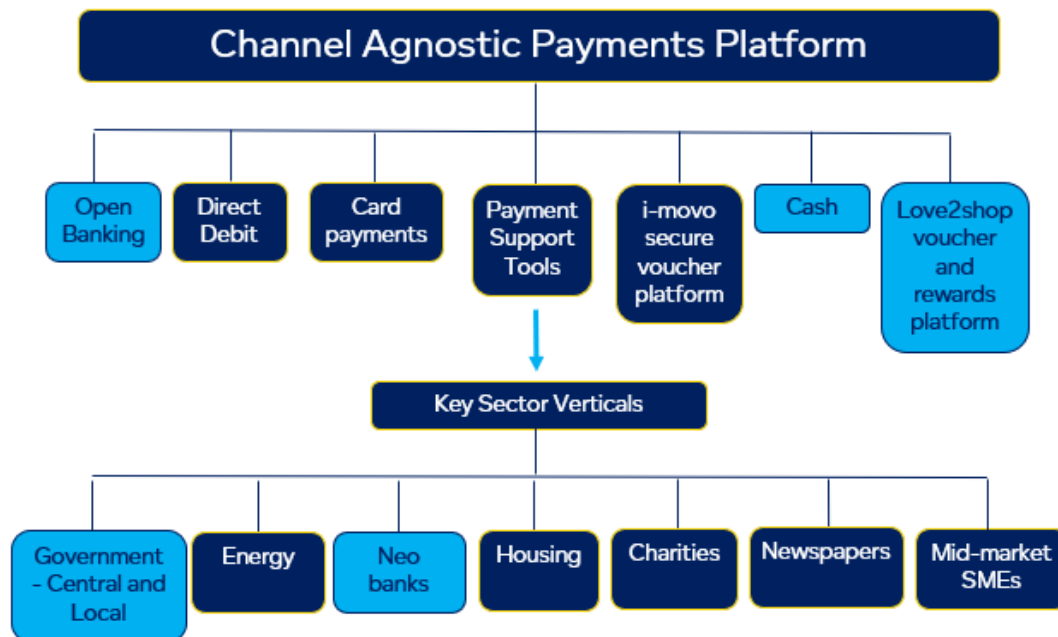


# Unlocking new customers, markets and growth

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



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



 Focus areas for today's update



# Unlocking new customers, markets and growth

Focus on 5 key areas of Group's enhanced platform, driving new opportunities, growth and enabling the delivery of £100m EBITDA in three years (FY26):

- 1 Parcels and Network Expansion
- 2 Open Banking and Digital Payments
- 3 Love2shop and Park Christmas Savings
- 4 Access to Cash and Local Banking
- 5 Community services for retailer partners

 | **PayPoint Group**



# Expanding the Collect+ network to support growth

1

Identifying in-fill opportunities, complementing existing Collect+ network coverage, to strengthen estate and increase convenience for consumers:

## Three expansion areas

1

### Transport locations

leveraging increased commuter traffic in key transport hubs as 'return to office' policies have shifted

2

### Universities

7 locations already live (inc. Cambridge, Durham, Leeds, Liverpool) tapping into new demographic and needs, particularly ESG and pre-loved shopping

3

### Home Hubs

expanding parcels opportunity to existing Park Christmas Savings agent network of over 28k individuals, handling parcels pick up and drop for customers in communities



## Our unique strengths

**Attractiveness of Collect+ for partners**  
due to recent volume growth and commission-earning opportunity

**Excellent consumer experience**  
supported by investment in technology and capabilities

**Broader PayPoint Group services**  
opportunity in new locations wrapping in expanded service proposition

Vinted

collect+

LOVE2SHOP



# New strategic partnership with Yodel and Vinted

1

Multi-year agreement will see significant transaction growth processed through the recently launched Collect+ Store to Store service, as well as Store to Home:

## Growth in Vinted

driven by dramatic rise in popularity of selling and sourcing pre-loved fashion in past 12 months

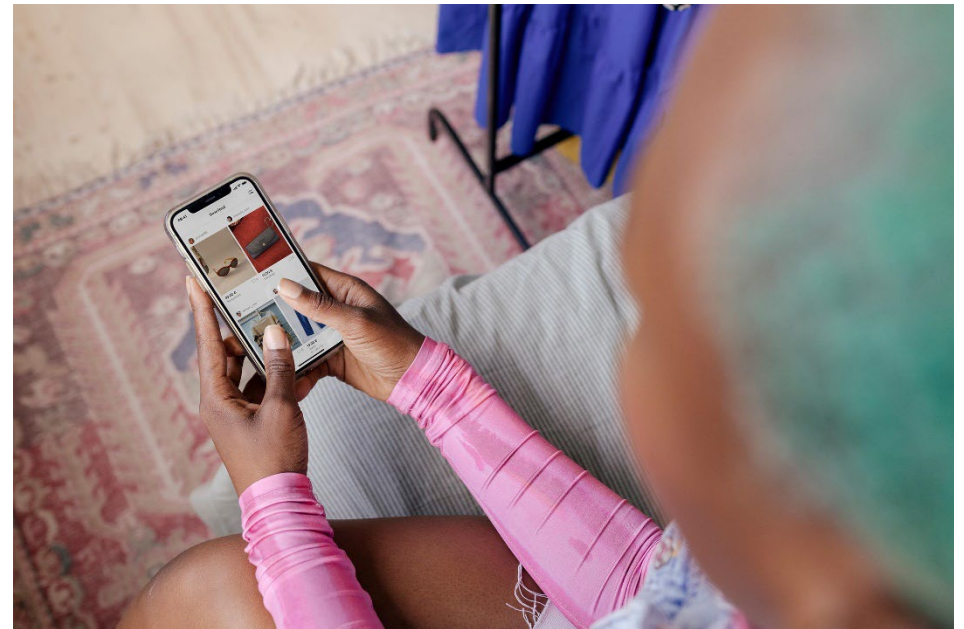
## Extensive Collect+ network

supports consumers making more sustainable choices and demanding more convenient and greener delivery services

## Continued investment in growth

to enhance in-store consumer experience through technology and grow our Collect+ network to service strong volume growth

**YODEL** *Vinted*



# Digital payments acceleration across sectors

2

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

## POBL Housing



- MultiPay solution for leading housing association across direct debit, cards and cash
- Rationalised payment providers from 4 to 1
- Seamless and improved payment journey for customers
- Simplified back-office processes and efficiencies delivered for POBL

## Sheffield City Council



- PayPoint OpenPay solution to distribute Household Support Fund and Local Assistance Scheme funds
- Leveraged Cash Out and L2S Essentials vouchers, removing cheque and BACS
- More convenient and cost-effective way for residents to receive funds quickly

## Department for Energy Security & Net Zero



Department for  
Energy Security  
& Net Zero



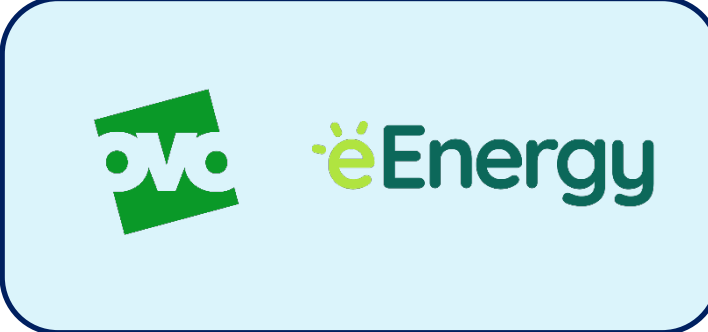
- PayPoint OpenPay solution to distribute £600 Cost of Living support to continuous cruisers
- 40k vouchers issued giving customers option to deposit into bank account (via Open Banking) or redeem in cash
- 97% opted for bank account deposit
- Delivered in 2 weeks from start to finish

# Growth in Open Banking

2

Leading enterprise-level Open Banking solutions, opening up new sectors, revenue streams and enhancing our PayPoint OpenPay proposition:

PayPoint is now one of the UK's Top 10 leading Open Banking payment processors for PISP

	COP (Confirmation of Payee)	AIS (Account Information Service)	PISP (Payment Initiation Service)
What it does	Checks account and payee details when a new payment is set up by an organisation	Enables organisations to access information from a customer's bank account (with consent)	Allows customers to make a payment to an organisation direct from their bank account (Pay By Bank)
Benefits	<ul style="list-style-type: none"> <li>Ensures payment sent to correct account first time</li> <li>Reduces fraud</li> </ul>	<ul style="list-style-type: none"> <li>Supports income and affordability checks/discretionary credit assessments for energy</li> <li>Set up tailored debt repayment plans</li> <li>Optimises direct debit collections</li> </ul>	<ul style="list-style-type: none"> <li>Simple, secure payment journey for consumers</li> <li>Lower cost per transaction for organisations vs. other channels</li> </ul>
Clients			

# Leveraging the PayPoint network to drive new sales channels

3

## LOVE2SHOP

### Love2shop Physical Gift Card Rollout

**2,600+**  
multiple retailer sites now live for  
Christmas 2023

- First ever rollout of physical Love2shop gift cards into 21 key multiple retail groups, inc. One Stop, MFG, Spar, several regional Co-Ops
- Phase 1 of rollout launched in time for key Christmas 2023 period
- Phase 2 expansion into independent retailers scheduled for Q4 FY24

**LOVE2SHOP**  
Gift cards and Digital vouchers  
with a choice for all to enjoy

MATALAN  
RIVER ISLAND

currys  
schuh

wilko  
Waterstones

NEW LOOK  
halfords

GO  
Outdoors

Spend at over 90 brands

### Available in-store

Park  
Christmas  
Savings

### PayPoint Park Super Agent Rollout

**1,500+**  
retailers recruited  
(as of 15 November 2023)

- Exclusive partnership with The Federation of Independent Retailers
- Targeted subset of network in areas strong for Park demographic, complementing existing sales channels
- Retailers recruit savers in local community and earn a £10 fee per saver recruited and commission on savings
- Earning opportunity of c.£1,000 per annum

be an  
*Early Bird*  
for  
**CHRISTMAS**  
2024

Join the thousands of families spreading the cost of Christmas with Park Christmas Savings

Shop 140+ high street & online brands

Scan me

**ASK IN-STORE FOR DETAILS**

# Driving incremental billings growth in Love2shop

3

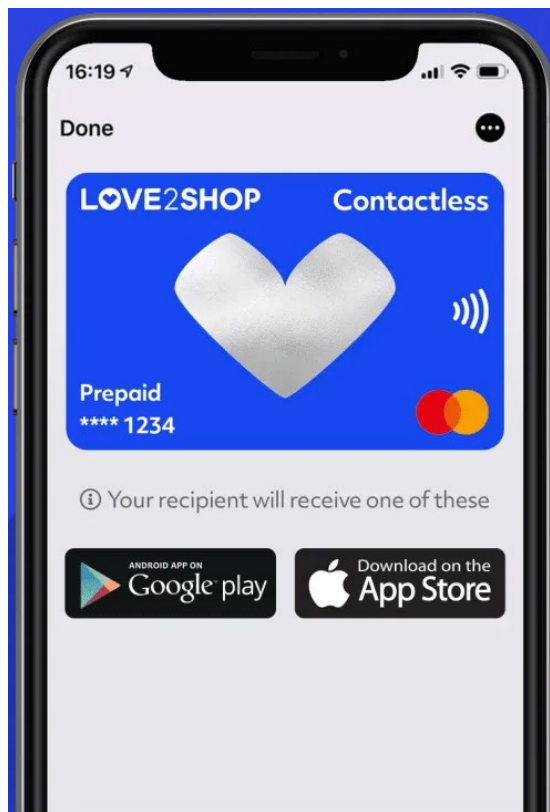
## LOVE2SHOP

### Expansion of Love2shop Essentials and Corporate

#### Now Live

New Corporate API's and Love2shop added to Government Frameworks

- Investment in IT to develop broader range of APIs to unlock further Corporate billings growth in Love2shop
- Love2shop Essentials now added to key government procurement frameworks (CCS and FAADS)
- Love2shop Essentials also added to PayPoint OpenPay proposition



## LOVE2SHOP

### Future Opportunities

#### Card Factory x Love2shop Partnership

- Rollout of joint Greetings Card + Gift Card proposition into PayPoint network

#### Love2shop Physical Gift Card Phase 2

- Rollout of physical gift cards into independent retailer partner network in Q4 FY24



# Continuing importance of access to cash in communities

4

## Cash Usage in the UK\*

- 5.4m adults are still cash dependant
- 1.1m consumers mainly use cash every day
- By 2031, estimated 3bn cash payments per annum in the UK

## Bank Branch Decline\*

- Since 2021, number of bank branches has declined by 40%
- Consumers want access outside of typical bank/Post Office hours – 60% want to bank locally before 9am or after 5pm
- Convenience store banking seen as positive, being convenient to use, less queuing and the ability to bank on a Sunday



PayPoint plays a vital role in delivering innovation and serving community cash access and banking services across the UK:

<b>NeoBanks</b>	<ul style="list-style-type: none"> <li>• Cash deposit and withdrawal services for NeoBank customers</li> <li>• Over £380m deposited in FY23</li> </ul>	
<b>Counter Cash</b>	<ul style="list-style-type: none"> <li>• Cashback without purchase and balance enquiries in over 1,900 stores</li> <li>• Over £42.5m withdrawn in FY23</li> </ul>	
<b>Central and Local Government Cash Out</b>	<ul style="list-style-type: none"> <li>• Digital disbursement of cash via PayPoint network of 28k+ stores</li> <li>• Over £318m redeemed in FY23</li> </ul>	



**Future Expansion Into Banking Services For High St Banks**



# Community service provision to drive value to retailers

5

Vital service provision and commerce enablement for retailer partners, offering technology and choice of customisable services tailored to their business and community:

## FMCG



FMCG brand campaigns delivered into retailer network driving sales and consumer value/engagement (e.g. JTI, Coca-Cola, Suntory)

## Parcel Services



Parcel pick up, drop off and send services, providing a convenient, ESG-friendly service with high consumer satisfaction

## Access to Cash



Cashback without purchase service providing vital Access to Cash in communities across the UK

## Foreign Currency



Foreign currency partnership with services promoted by retailer partners and securely delivered in store for consumers

## Technology



Partnerships integrating into EPoS suppliers to improve retailer experience, speed of delivery and expand cards integration into EPoS

## Local Banking

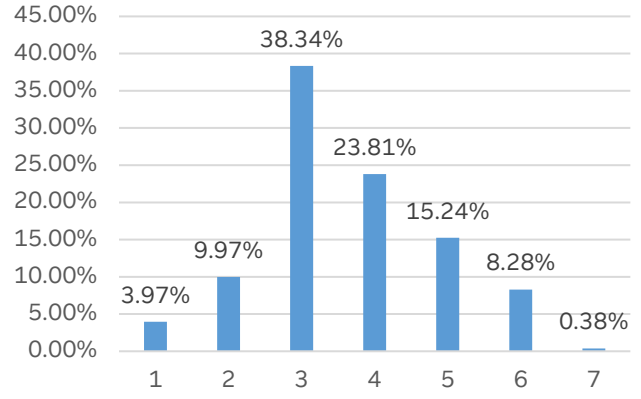


Local banking service enabling customer deposits and withdrawals for range of new and traditional banks

Net Promoter Score +4  
39 point improvement since 2019



Product/service penetration – PayPoint



Number of products/services used



# Divisional review

 | PayPoint Group





# Shopping division: strong performance

Shopping Division

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

### H1 FY23

£30.8m net revenue

51.8% of Group



### H1 FY24

£32.1m net revenue

40.2% of Group

## Sub-division Performance

### RETAIL SERVICES

#### H1 FY23

£15.0m net revenue

25.2% of Group



#### H1 FY24

£15.7m net revenue

19.7% of Group

### CARD PROCESSING

#### H1 FY23

£15.8m net revenue

26.6% of Group



#### H1 FY24

£16.4m net revenue

20.6% of Group

### CARD ESTATE

#### EVO

18,397



19,371

#### LLOYDS CARDNET

9,541



9,772

#### WORLDPAY\*

3,839



3,244

## Key drivers

Growth in PayPoint One and service fee

Strong card payment platform and merchant estate for accelerated growth

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

## 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 FY24 Progress

- Further enhancements delivered to our SME and retailer proposition:
  - good growth in our FMCG consumer engagement proposition, PayPoint Engage, delivering brand campaigns with Coca-Cola, Amazon, AG Barr and JTI;
  - partnership with Eurochange, offering foreign currency click and collect, now in pilot;
  - early rollout of our new technology solution, PayPoint Connect, which integrates with leading, third-party EPOS suppliers including PointFour and the Retail Data Partnership.
- Strong sales performance in card processing business for Handepay and PayPoint:
  - further growth in the EVO merchant book, ending the half year at 19,371 sites, and in the Lloyds Cardnet book, growing to 9,772 sites
  - driven by increased optimisation of our sales efforts, including a new team established in London to capture the regional market opportunity; a strengthening of key areas of business governance to optimise pricing and retention; a new senior hire recruited to lead our sales and retention efforts, supported by better data, AI tools and analytics; and the leverage of our enhanced proposition
- Further expansion of Counter Cash, now enabled in 6,127 sites and with 2,098 sites transacting regularly, and over £32.1 million withdrawn in the half year
- Continued under performance of ATMs, due to broader shifts in consumer cash usage, with net revenue decreased by 9.1% and transaction volumes by 10.5%. Management in this area has been recently strengthened, with a new hire secured to drive tighter operational management of the estate and reduce churn
- Good progress on retailer engagement and service, with our Net Promoter Score moving from negative to positive, a new in-life management programme launched to drive retailer service adoption, and several service improvements launched, including a new Chatbot launched to support retailer partners achieving a 75% first time resolution rate in its first weeks
- Positive year on year growth of Business Finance via YouLend with over £9 million lent in the half year, supporting our retailer and SME partners during the current economic challenges



# E-commerce division: continued momentum

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'

**H1 FY23**£3.0m  
net revenue

+71.8%

**H1 FY24**£5.1m  
net revenue5.0%  
of Group6.4%  
of Group**H1 FY23**23.0m  
parcel  
transactions

+83.1%

**H1 FY24**42.1m  
parcel  
transactions

## Our partners



## Key drivers

Development of e-commerce delivery platform yielding strong year on year transaction growth

Enhancement of Collect+ estate to support growth

Continued investment in technology and in-store experience

Reshaped carrier relationships, expansion of brand portfolio and service provision

## How we deliver

Consumer pick up, drop off and send

No.1 carrier-agnostic Out Of Home (OOH) network, with best-in-class technology and consumer experience

Leadership in consumer data and insights to drive sector innovation

# Strong parcels growth

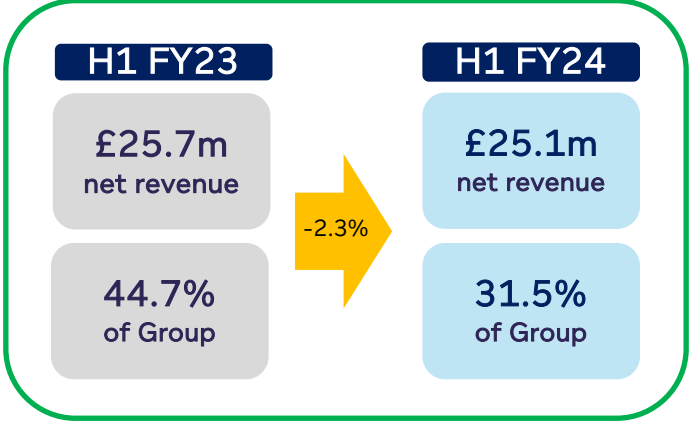
## H1 FY24 Progress

- Excellent transaction volumes, achieving milestone of a 2 million parcels week in August, driven by continued growth in Vinted, the launch of Consumer Send for FedEx and an increase in Amazon sites to 7,698 in time for Prime Day 2023
- Further network expansion to 11,263 sites, including Fed retailer partners as part of Park Christmas Savings Super Agent rollout and additional multiple retailers onboarded, including One Stop
- DPD partnership expanded to 3,000 sites, with API integration into our parcels app and additional Print In Store capability launched
- Store to store service launched for Yodel/Vinted, with strong consumer take up of the service
- New partnership launched with OOHPod in Northern Ireland, enabling Yodel Click & Collect customers to have their parcels delivered to secure lockers in 12 sites when checking out online and returns launched at the end of the half
- Zebra printer expansion plans underway to rollout a further 2,000 devices ahead of Christmas Peak 2023

The Vinted logo is written in a teal, cursive-style font.The Amazon logo consists of the word "amazon" in a bold, black, sans-serif font, with a yellow curved arrow underneath it pointing from the 'a' to the 'z'.The DPD logo features a red 3D cube icon on the left and the lowercase letters "dpd" in a bold, black, sans-serif font on the right.

# Payments & Banking division: digital growth

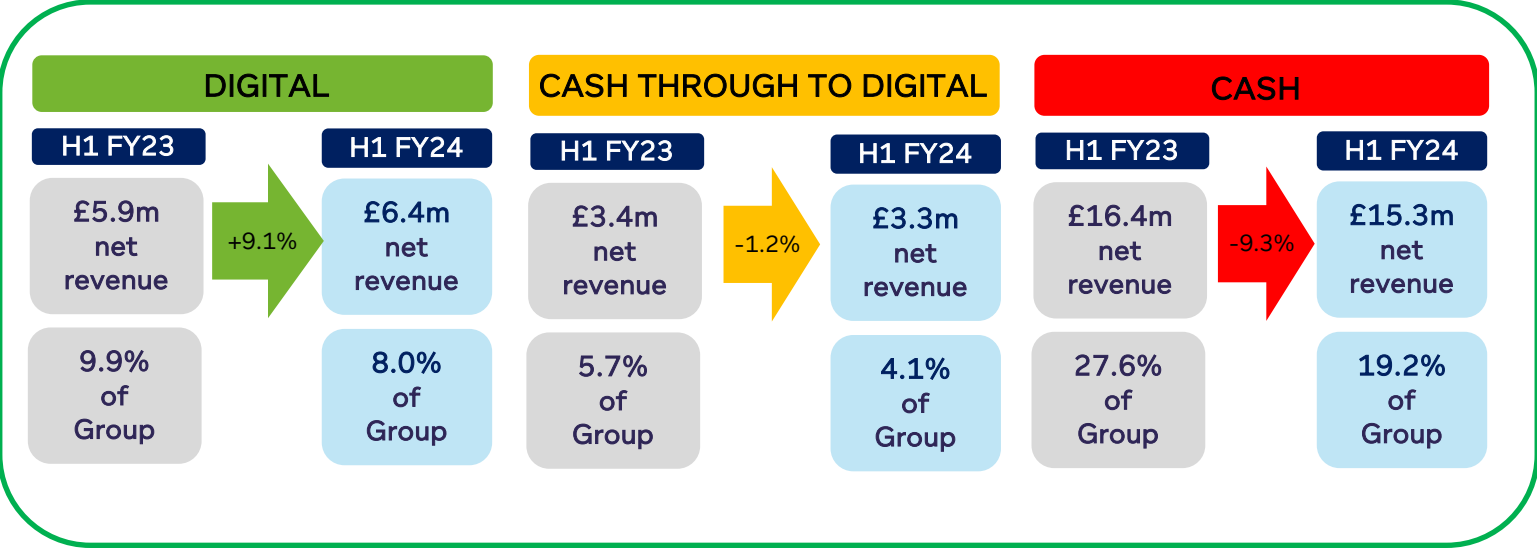
We deliver a channel agnostic payment platform that gives clients and consumers choice



## Key drivers

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

## Sub-division Performance



## How we deliver

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

# Strong digital performance

## H1 FY24 Progress

- Continued progress in digital net revenue, with growth of +9.1% versus H1 FY23
- Further expansion of our client relationships with our enhanced integrated payments platform, including:
  - launching with POBL Housing and Network Homes
  - rolling out our PayPoint OpenPay service to more clients (Sheffield City Council, Ovo, Department for Energy Security and Net Zero)
  - expanding our Confirmation of Payee services with Lexis Nexis, Cardstream, Think Money and the Department for Energy Security and Net Zero
  - established as sole provider of cash disbursement services on Crown Commercial Service, displacing Post Office
- Won award for Best Open Banking Partnership – Consumer at the 2023 Open Banking Awards, in conjunction with obconnect, for our work delivering the Energy Bills Support Scheme
- Strong pipeline of client wins secured, for mobilisation over H2 FY24, including Guinness Housing and East Anglia Air Ambulance for our full suite of integrated payments solutions
- Cash through to digital – strong growth in the banking segment, providing cash deposits and withdrawals to a number of neobanks, with over £210 million deposited in the half year. Further progress in expanding client base and services provided in gifting (Netflix and Google Play) and additional neo banks (Revolut and JP Morgan Chase) being onboarded in H2 FY24, to complement existing gaming portfolio
- Legacy energy sector net revenue decreased by 19.4%, driven by a shift in consumer topping up behaviour due to the Cost of Living challenges and unseasonably warm weather over the period



# Love2shop division: return to growth

We provide employee and customer rewards and prepaid savings solutions to thousands of consumers and businesses



H1 FY24

£17.5m  
net revenue

21.9%  
of Group

## Sub-division Performance

### LOVE2SHOP



H1 FY24

£75.2m  
billings

### PARK CHRISTMAS SAVINGS



H1 FY24

£29.9m  
billings

## Key drivers

Growth and investment in Corporate rewards and engagement platform

Return to growth of Park Christmas Savings

Creation of enterprise solutions to unlock new markets and revenue streams, combined with broader Group capabilities

## How we deliver

- Love2shop  
The UK's leading digital platform for employee and customer rewards
- Park Christmas Savings  
The UK's biggest Christmas Savings Club

## H1 FY24 Progress

- Park Christmas Savings - a return to growth in billings for the first time since 2018, with the best retention rate for direct customers delivered to date of 77.9% and a growth in the agency size to an average of 4.49 savers per agent. In addition, a new closed-loop Mastercard (Purple Card) was launched with 140+ brands, exclusively for Park customers
- Love2shop Business – positive half year with 13 new client wins delivered, including Five Guys, existing managed client accounts ahead of plan, and a restructured business development team now in place, including a new Head of Business Development joining us from Edenred
- First new initiatives launched into the PayPoint retailer partner network following acquisition – over 1,500 Park Super Agents now live to help recruit savers for the Christmas 2024 season and physical Love2shop gift cards now rolled out to over 2,600 multiple retailer sites, including One Stop, Motor Fuels Group and several regional Co-ops
- New redemption partners added ahead of the Christmas peak, including significant brands, such as B&Q, WH Smith, Ryman's, Matalan & Blackwell's. Additionally, a successful refresh of the Love2shop brand was delivered, with brand awareness now at a high of 44.8%





# Building a delivery focused and inclusive organisation

## H1 FY24 Progress

- Good progress against our ESG programme, with new hybrid cars introduced to our fleet in April 2023, replacing diesel company cars and petrol hire cars, and an electric car leasing scheme now launched.
- A number of actions taken to mitigate the impact of the Cost of Living on our people with salaries reviewed again in July, ensuring that all our colleagues are paid in excess of the minimum wage. In addition, we launched 'My Pay, My Way' with Wagestream to offer further financial wellbeing support to our people.
- As part of our 'Welcoming Everyone' programme, we held a series of events to mark Pride Month in June, and Love2shop was recognised as one of the Best Workplaces for Women by Great Place to Work UK in June.
- Integration of Love2shop largely complete, with first business initiatives launched, a new Northern Hub established in Liverpool, investment agreed and delivered in further APIs to open up additional revenue opportunities in the Corporate business, and first phase of organisational changes completed
- Continued focus on improving our IT service delivery through the transformation into cross-functional product engineering teams with full responsibility for service delivery and product development of each service, a continued focus on cybersecurity, and Love2shop IT employees now fully integrated



# Outlook

 | PayPoint Group



- We have delivered strong results in a growing number of key areas in the first half. Our enhanced platform and expanded capabilities across the Group, combined with our business-wide partnership philosophy and intensity of execution, give the Board confidence in delivering a strong second half, further progress for the year and the Group trading in line with expectations.
- Opportunity to deliver enterprise level solutions is significant with existing clients as well as expanding into new verticals.
- Detailed execution plans in place to capitalise on the positive momentum built up in our key growth areas of card processing, Open Banking, parcels, integrated payments and the new Love2shop division.
- Following the acquisition of Love2shop, the seasonal balance to profit and cash generation in our business has also now changed, resulting in a more H2 weighted performance and contribution to the financial year as a whole.
- The trading momentum in the business has remained strong into the second half of the year, as we continue to identify new opportunities to innovate and leverage our platform and the unique strengths of our extensive client base
- Cash usage remains resilient in the UK, particularly for the millions of consumers who rely on it on a daily basis, and we remain committed to providing vital services that maintain access to cash, as well as developing new services to support communities across the UK.
- We remain alert to the potential impact on consumers from the broader economic challenges, including the changes we have seen to behaviours in the energy sector and the weakening consumer confidence reported across the UK, all of which we monitor closely across the business.
- The Board has proposed an interim dividend of 19.0 pence per share, an increase of 2.2% vs the final dividend declared on 28 July 2023 of 18.6 pence per share, consistent with our progressive dividend policy of a target cover range of 1.5 to 2.0 times earnings excluding exceptional items, reflecting our long-term confidence in the business, the strength of our underlying cash flow, and the enhanced growth prospects across the Group.
- Our compelling characteristics of strong cash flow and resilient earnings remain constant, and our materially enhanced platform is positioned to deliver sustainable and profitable growth for our shareholders, and further progress in the delivery of these objectives in the current year.

# Investment case

PayPoint Group

Enabling payments and commerce for the private and public sector

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



# Q&A

# Appendix

# Business division mapping

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

# YOY view across divisions and sub-divisions

## Net revenue

Division	Sub-division	H1 FY24	H1 FY23
Shopping	Retail Services	£15.7m	£15.0m
	Card payments	£16.5m	£15.8m
E-Commerce	E-Commerce	£5.1m	£3.0m
Payments & Banking	Digital	£6.4m	£5.9m
	Cash through to digital	£3.3m	£3.4m
	Cash	£15.3m	£16.4m
TOTAL (PayPoint segment)		£62.3m	£59.5m
TOTAL (Love2shop segment)		£17.5m	-
TOTAL		£79.8m	£59.5m

## Business division mix

Division	Sub-division	H1 FY24	H1 FY23
Shopping	Retail Services	19.7%	25.2%
	Card payments	20.7%	26.6%
E-Commerce	E-Commerce	6.4%	5.0%
Payments & Banking	Digital	8.0%	9.9%
	Cash through to digital	4.1%	5.7%
	Cash	19.2%	27.6%
Love2shop	Love2shop	21.9%	-



EBITDA/Underlying EBITDA (£m)	Half year ended 30 Sept 2023 FY24	Half year ended 30 Sept 2022 FY23
Profit before tax	17.2	21.0
Add back:		
Net interest expense	3.6	1.0
Depreciation & Amortisation – including amortisation on acquired intangible assets	9.7	4.8
EBITDA (£m)	30.5	26.8
Exceptional items	0.6	1.5
Underlying EBITDA (£m)	31.1	28.3