

PayPoint Plc FY23 Post-close Trading Update¹

20 April 2023

A positive year across the PayPoint Group with continued revenue growth across all three divisions and profit before tax at top end of range of market expectations

PayPoint Plc today issues an unaudited post-close trading update for the financial year ended 31 March 2023.

TRADING UPDATE

Group net revenue² for the financial year ended 31 March 2023, excluding Appreciate Group, is expected to be around £125m (FY22: £115.1m), with accelerated revenue growth across all three business divisions. The Group anticipates that profit before tax will be at the top end of the range of market expectations, excluding exceptional items and Appreciate Group impacts since completion of the acquisition, with a continuation of the overall trends across the business outlined in our Q3 trading update issued on 19 Jan 2023.

In our Shopping division, we have continued to grow our retailer estate as we enhance our retailer partner proposition, including the continued rollout of Counter Cash, now enabled in 5,680 sites and with 1,930 sites transacting regularly in the year, and a number of FMCG brand campaigns delivered in the second half. We also delivered a strong performance in Business Finance via YouLend with over £12.5 million lent, supporting our retailer and SME partners during the current economic challenges. We have ended the year with our strongest ever sales performance and a largely full-strength sales team across Handepay and PayPoint. This positive momentum has been supported by our most competitive and attractive proposition ever and allied with a more detailed focus on customer service and retention, leveraging our AI and data analytics capabilities.

In E-commerce, we have delivered excellent volumes supporting our carrier relationships through our technology platform, Collect+. This has been driven by our strength in clothing/fashion categories and the growth in print-in-store transactions, enabled by the in-store experience investments made in Zebra label printers over the past two years. In each of our carrier relationships, we have developed plans for the year ahead to grow volumes further through our network and to continue enhancing the in-store customer experience.

In Payments & Banking, net revenue growth has been driven by a continued strong progress in digital transactions and a resilient energy sector performance, comprising cash and digital bill payments and £246 million of Energy Bills Support Scheme vouchers redeemed across our extensive network of over 28,000 retailer partners. We have also further expanded our client relationships with our enhanced integrated payments platform, including launching direct debit with POBL Housing, our new PayPoint OpenPay service with Ovo to support Alternative Fuel Payments, and rolling out our Confirmation of Payee service with the Department of Energy Security and Net Zero, leveraging our Open Banking capability. Our Payment Exception Service, delivered for the Department for Work and Pensions, received three industry accolades for Social Inclusion in Financial Services at the recent Payment Awards, FSTech Awards and Card and Payments Awards, underlining the vital role our solutions play in serving some of the most vulnerable people in the UK. In the year ahead, we see significant opportunity to leverage further our integrated payments platform, MultiPay, for our clients, with a particular emphasis in Open Banking, direct debit and prepayment solutions.

In Appreciate Group (now known as Love2shop), following completion of the acquisition on 28 February 2023, trading has been in line with expectations across all channels, in Park Christmas Savings, Appreciate Business Services and High Street Vouchers. Integration work is already well underway, building on the strong momentum in both businesses, unlocking commercial revenue enhancements and continuing our focus on organisational alignment. As expected, a small operating loss was incurred in March 2023, before taking into account any acquisition related amortisation and financing costs. This is due to the seasonal nature of the business where profit is primarily generated in Q3 of the financial year.

Nick Wiles, Chief Executive of PayPoint Plc, said:

"This has been another positive year for the PayPoint Group where net revenue growth has accelerated across all three of our business divisions. We were also delighted to complete the acquisition of Appreciate Group on 28 February 2023, opening up further revenue opportunities and expanding our capabilities in the gifting, rewards and prepaid savings markets.

We are entering the new financial year in a materially enhanced position across the Group: a full-strength sales team delivering high conversion rates; healthy pipelines for our FMCG and integrated payments propositions; a business-wide partnership philosophy yielding further revenue opportunities; and a dynamic platform of innovative technology and solutions enabling integrated payments and commerce for our extensive base of clients, retailer partners and SMEs. We will continue to invest in growth areas across the Group in the coming year, particularly in card processing, Open Banking, digital payments and the Appreciate Group, to enhance our capabilities, unlock opportunities and accelerate our growth.

All of this underlines our confidence in delivering further progress in the new financial year, with the acquisition of Appreciate Group, delivering as indicated at the time of acquisition, an earnings enhancement in our first full year of ownership."

¹ All FY23 figures are subject to audit

² Net revenue is an alternative performance measure

TIMING OF PRELIMINARY RESULTS ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

As indicated in the trading update published on 19 January 2023, it has been necessary to implement a short delay to our preliminary results announcement in order to complete the statutory accounting and audit work related to the acquisition of Appreciate Group. PayPoint Plc will now announce its preliminary results for the financial year ended 31 March 2023 on 6 July 2023.

Enquiries

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ABOUT PAYPOINT GROUP

For tens of thousands of businesses and millions of consumers, we deliver innovative technology and services that make life a little easier.

The PayPoint Group serves a diverse range of organisations, from SME and convenience retailer partners, to local authorities, government, multinational service providers and e-commerce brands. Our products are split across four core business divisions:

- In Shopping, we enhance retailer propositions and customer experiences through EPoS services via PayPoint One, card payment technology, Counter Cash, ATMs and home delivery technology partnerships in over 60,000 SME and retailer partner locations across multiple sectors. Our retail network of over 28,000 convenience stores is larger than all the banks, supermarkets and Post Offices put together
- In E-commerce, we deliver best-in-class customer journeys through Collect+, a tech-based delivery solution that allows parcels to be picked up, dropped off and sent at thousands of local stores
- In Payments and Banking, we give our clients and their customers choice in how to make and receive payments quickly and conveniently. This includes our channel-agnostic digital payments platform, MultiPay, offering solutions to clients across cash, card payments, direct debit and Open Banking. PayPoint also supports its eMoney clients with purchase and redemption of eMoney across its retail network.
- In Love2shop, we provide gifting, employee engagement, consumer incentive and prepaid savings solutions to thousands of consumers and businesses. Love2shop is the UK's number one multi-retailer gifting provider, offering consumers the choice to spend at more than 140 high-street and online retail partners. Park Christmas Savings is the UK's biggest Christmas savings club, helping over 350,000 families manage the cost of Christmas, by offering a huge range of gift cards and vouchers from some of the biggest high street names.

Together, these solutions enable the PayPoint Group to create long-term value for all stakeholders, including customers, communities and the world we live in.