

Results for the half year ended 30 September 2024

 | PayPoint Group



Agenda

1 Overview

2 Financial review

3 Strategy update

4 Business review

5 Outlook

6 Q&A

H1 FY25 Highlights

1 Continued strong performance underpinning our confidence in meeting expectations

Delivered £37.5m of underlying EBITDA and made further progress towards delivering £100m EBITDA by the end of FY26

2 Strategic investments are enablers to further growth

Investments in Yodel and obconnect to drive further opportunities in parcels and Open Banking

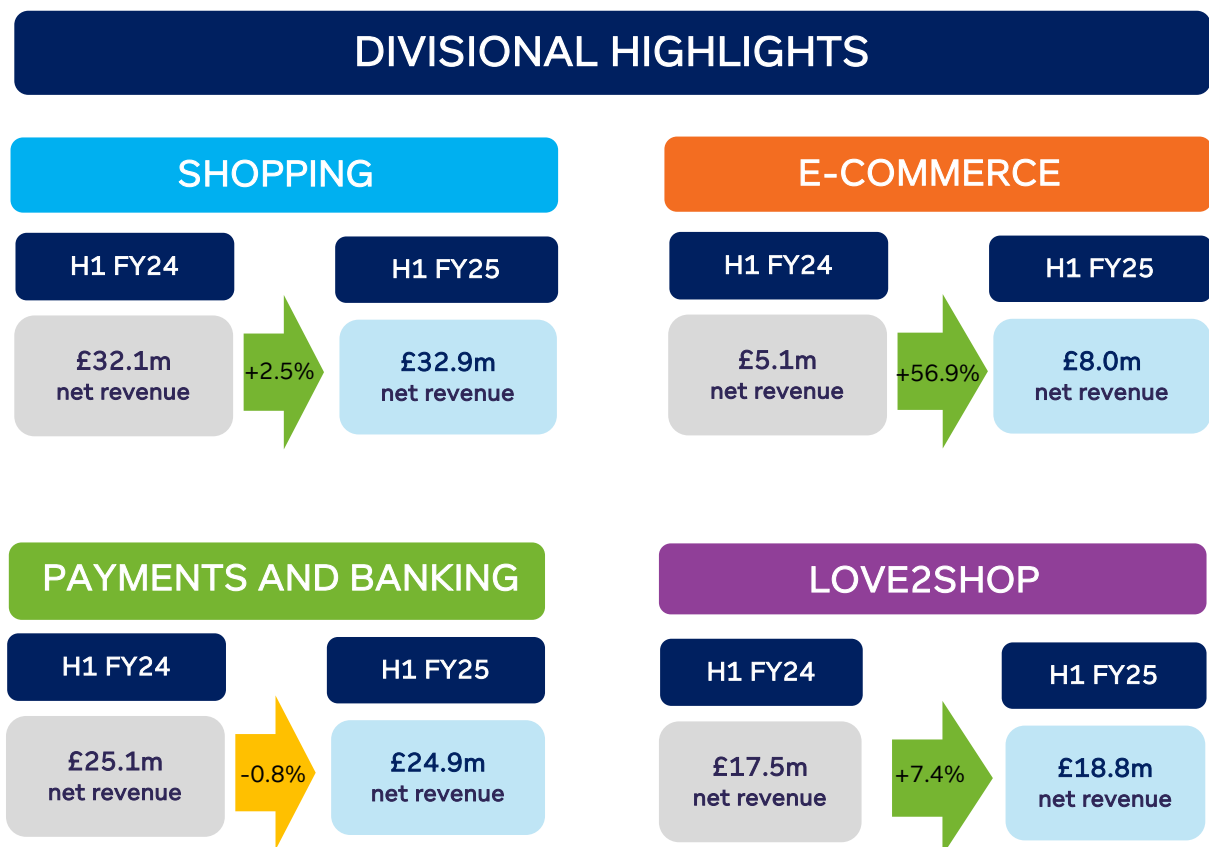
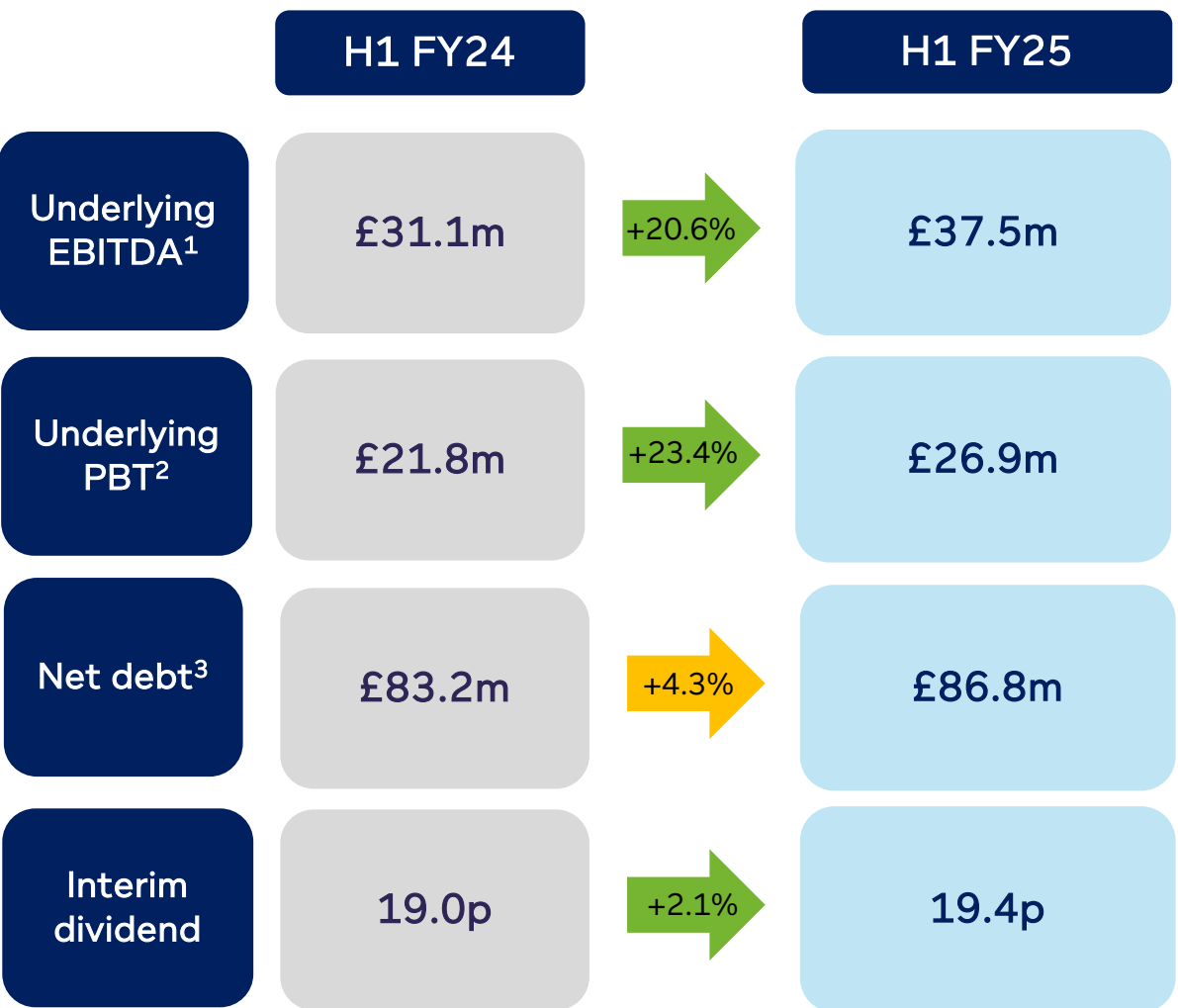
3 Further enhancement and momentum in core propositions

Good momentum in our key growth areas of card processing, Open Banking, retailer community services and Love2shop

4 Capital allocation discipline underpins 3-year share buyback programme

Net debt at around 1 x EBITDA and share buyback programme executing in line with plan

Strong financial performance



1. 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
 2. Underlying profit before tax (profit before tax excluding adjusting items) is an alternative performance measure. Refer to note 1 for a reconciliation
 3. Net corporate debt (excluding IFRS 16 liabilities) is an alternative performance measure. Refer to note 1 to the financial statements for a reconciliation to cash and cash equivalents



Financial review

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Strong financial performance

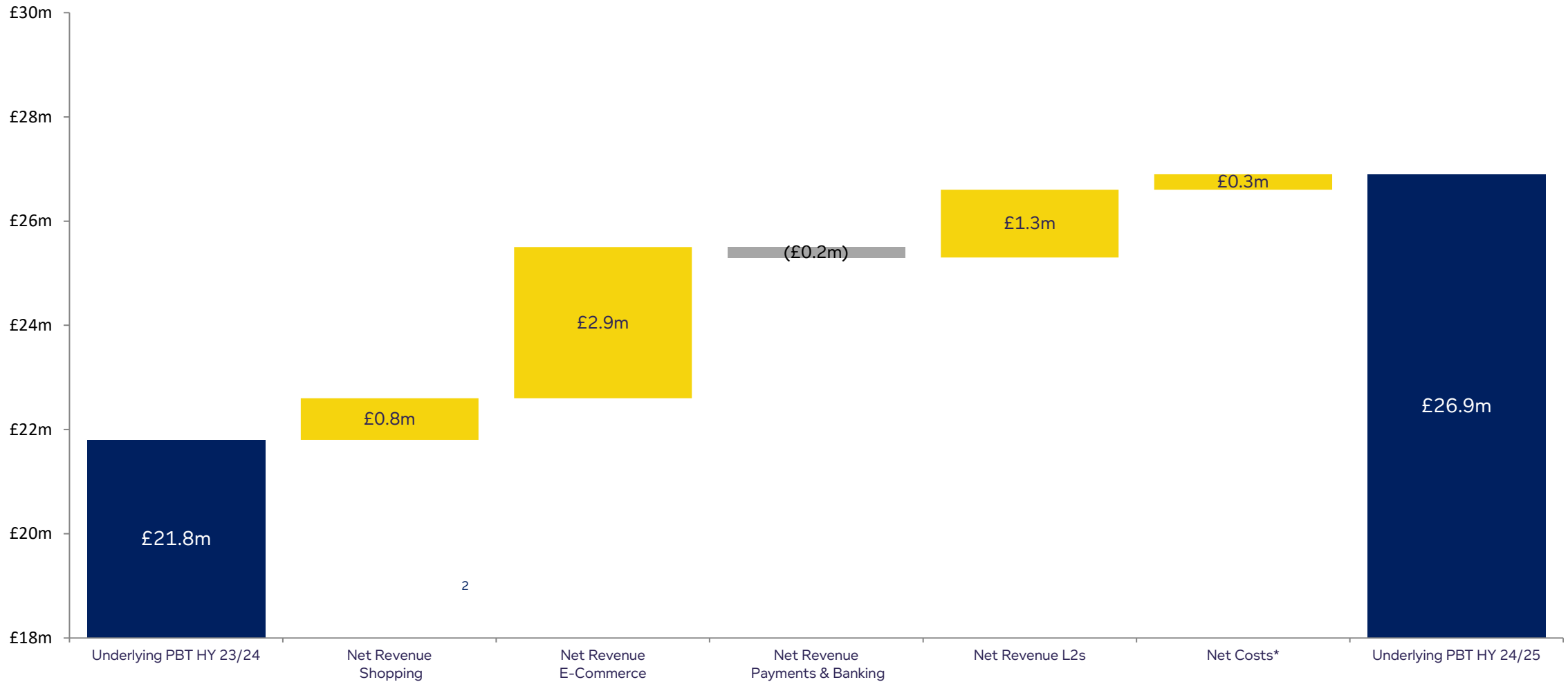
Half year ended 30 September	2024 £m	2023 £m	Change	
Revenue	135.0	126.5	6.7%	
Net revenue ¹	84.6	79.8	6.0%	See slide 7
Underlying EBITDA ²	37.5	31.1	20.6%	
Underlying profit before tax ³	26.9	21.8	23.4%	See slide 8
Adjusting items ⁴	(3.8)	(4.6)	(17.4)%	
Profit before tax	23.1	17.2	34.3%	
Diluted underlying earnings per share	27.4p	22.1p	24.0%	
Diluted earnings per share	23.5p	17.4p	35.1%	
Net corporate debt ⁵	(86.8)	(83.2)	4.3%	See slide 10

1. Net revenue is an alternative performance measure. Refer to note 1 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. Net corporate debt (excluding IFRS16 liabilities) is an alternative performance measure. Refer to note 1 for a reconciliation to cash and cash equivalents

6.0% net revenue growth

Half year ended 30 September	2024 £m	2023 £m	Change £m	Change %
Shopping	32.9	32.1	0.8	2.5%
- Service fees	10.7	9.7		
- Card payments	16.6	16.4		
- ATMs & Counter Cash	4.0	4.5		
- Other	1.6	1.5		
E-commerce	8.0	5.1	2.9	56.9%
Payments & Banking	24.9	25.1	(0.2)	(0.8)%
- Digital	6.3	6.4		
- Cash	12.6	13.1		
- Cash through to digital – eMoney	3.4	3.3		
- Other – Interest on client balances	2.2	1.8		
- Other	0.4	0.5		
PayPoint Segment	65.8	62.3	3.5	5.6%
Love2shop Segment	18.8	17.5	1.3	7.4%
Total net revenue	84.6	79.8	4.8	6.0%

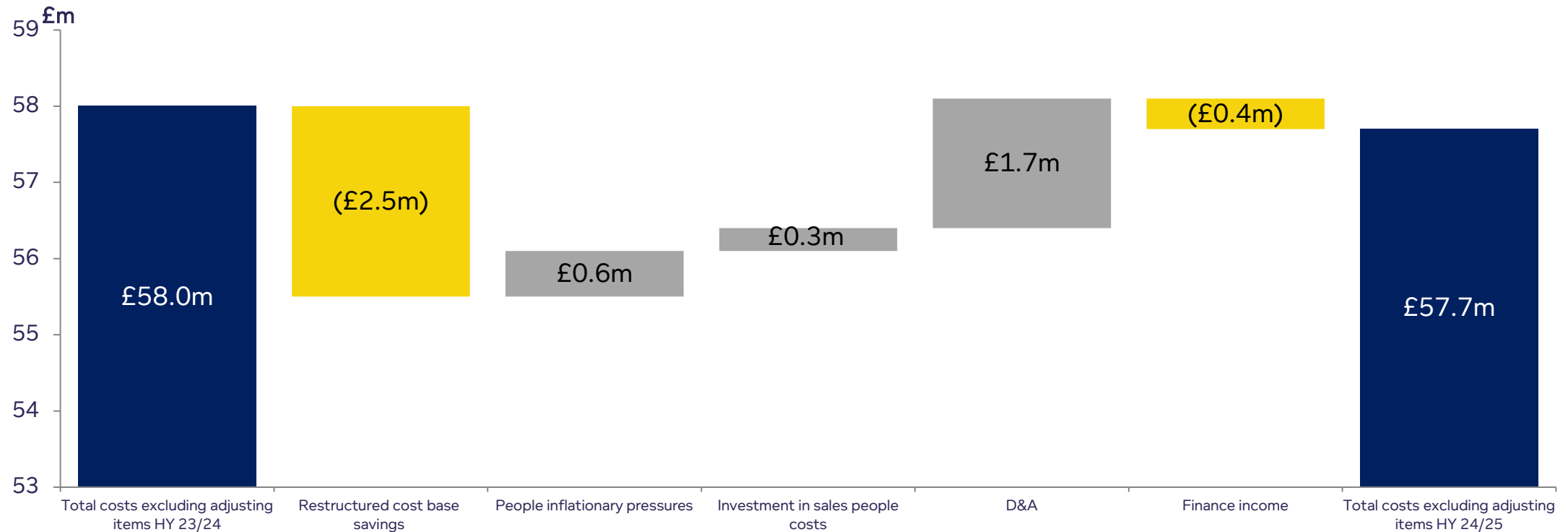
Underlying PBT view vs. previous year



*See slide 9 for full breakdown



Streamlined cost base to support growth



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



Strong cash generation of £30.7m

Half year ended 30 September	2024 £m	2023 £m	Change £m
Profit before tax	23.1	17.2	5.9
Non cash adjusting items	(2.3)	0.6	(2.9)
Depreciation and amortisation	11.4	9.7	1.7
Share based payments / other	0.3	0.7	(0.4)
Working capital (Corporate)	(1.8)	(12.6)	10.8
Cash generation	30.7	15.6	15.1
Tax paid	(6.1)	(5.1)	(1.0)
Capital expenditure and other	(9.4)	(7.8)	(1.6)
Acquisitions & disposals of strategic investments and acquisitions	(16.2)	-	(16.2)
Share buyback	(4.4)		(4.4)
Dividends paid	(13.9)	(13.5)	(0.4)
Net change in PayPoint's net debt	(19.3)	(10.8)	(8.5)
Net corporate debt at the beginning of the period	(67.5)	(72.4)	
Net corporate debt at the end of the period	(86.8)	(83.2)	

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



Balance sheet – includes £20m share buyback

	Sept 2024 £m	Mar 2024 £m	Change £m
Goodwill	117.3	117.3	-
Other intangible assets	63.5	67.1	(3.6)
Property, plant & equipment	33.9	33.3	0.6
Strategic investments and acquisitions (Yodel/obconnect/Aperidata)	22.8	4.0	18.8
Pension (liability)/asset	0.4	0.3	0.1
Cash and cash equivalents – corporate	20.4	26.4	(6.0)
Cash and cash equivalents – non-corporate	131.4	60.4	71.0
Restricted funds held on deposit (non-corporate)	77.0	78.2	(1.2)
Loans and borrowings	(107.2)	(93.9)	(13.3)
Trade payables – non corporate	(187.9)	(137.1)	(50.8)
Working capital - corporate	(38.1)	(20.0)	(18.1)
Share buyback	(15.1)	-	(15.1)
Lease liability (IFRS16)	(4.4)	(4.8)	0.4
Current and deferred tax	(9.8)	(10.0)	0.2
Net assets	104.2	121.2	(17.0)

Dividend declared

- 19.4p, an increase of 2.1% vs the interim dividend declared last year of 19.0p per share, consistent with our dividend policy
- Payable in equal instalments on 20 December 2024 and 28 March 2025

Share buyback programme

- A 3-year share buyback programme commenced on 1 July 2024, returning at least £20 million over the next 12 months, with the potential to increase in years 2 and 3 depending on business performance, market conditions, cash generation and the overall capital needs of the business.

Capital allocation policy

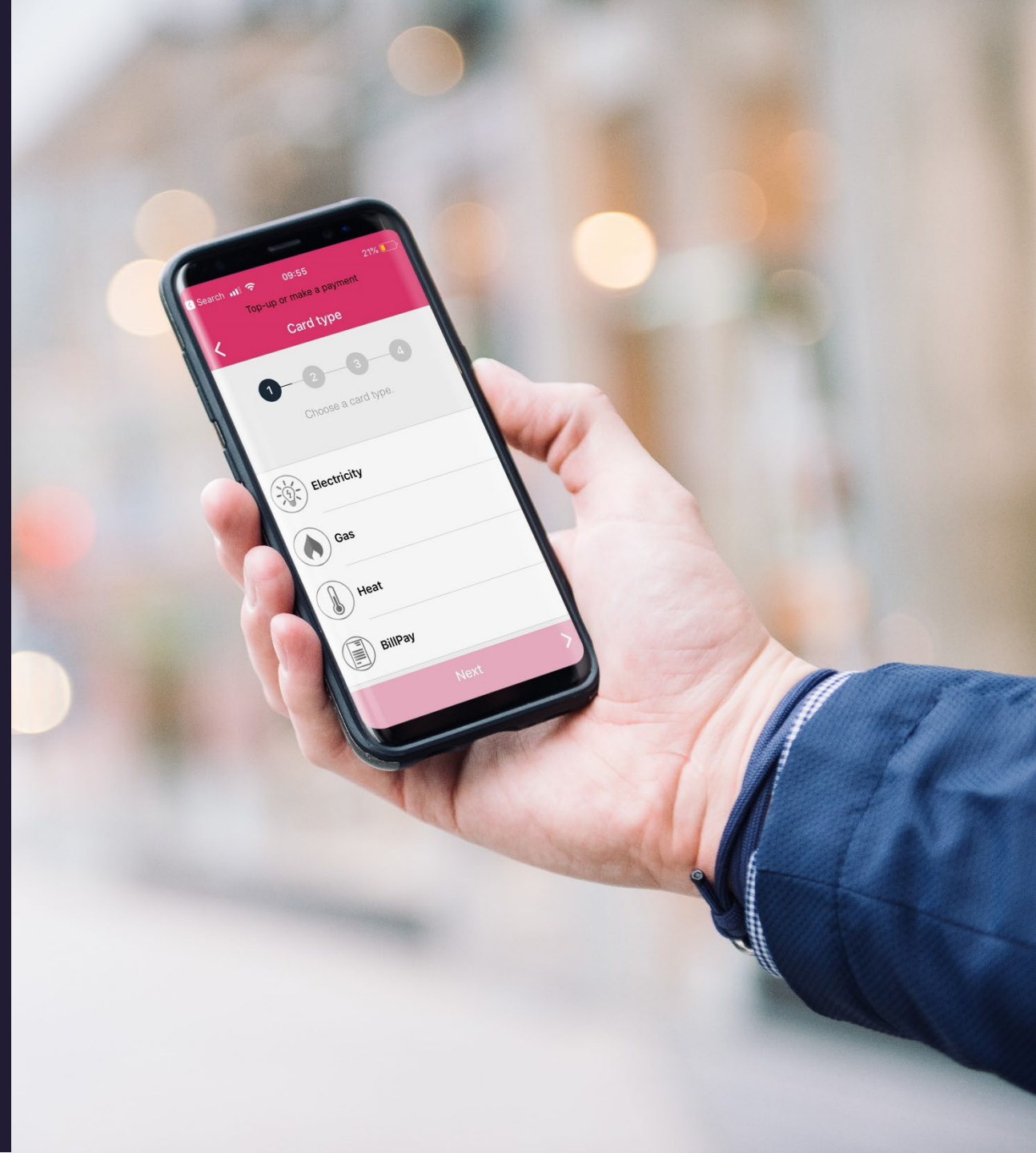
- Investment in the business through small investments and capital expenditure in innovation to drive future revenue streams and improve the resilience and efficiency of our operations;
- Ordinary dividends ratio targeting a growth of our cover ratio from the current 1.5 to 2.0 times earnings range to over 2.0 times earnings by FY27
- Targeting an appropriate leverage ratio of around 1.0 times net debt/EBITDA

Net Corporate debt

- Net corporate debt is £86.8m, driven by investments and share buyback
- Net corporate debt is made up of Cash and cash equivalents (corporate) of £20.4m offset by gross debt of £107.2m
- £30.7m cash generated in the period which have supported the investments made in the first half (Yodel)
- Major cash outflows in the second half of the current financial year include £14m interim dividend, £10m share buyback, £10.5m investment in obconnect and the remaining c£10m for the 24/25 capex programme.

Strategy update

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Progress on delivering £100m EBITDA by end of FY26

Reminder of our 6 key building blocks:

- 1 Parcels and Network Expansion
- 2 Card processing and major partnership expansion with Lloyds Bank
- 3 Open Banking and Digital Payments
- 4 Love2shop and Park Christmas Savings
- 5 Access to Cash and Local Banking
- 6 Community services for retailer partners

Connecting our capabilities across the Group

An additional growth driver leveraging our capabilities and partnerships

7

Connecting our capabilities

SMEs

Helping businesses grow with a comprehensive merchant proposition

handepay



Energy Sector

PayPoint OpenPay service delivering disbursement of Cost-of-Living support for Ovo

PayPoint | OpenPay



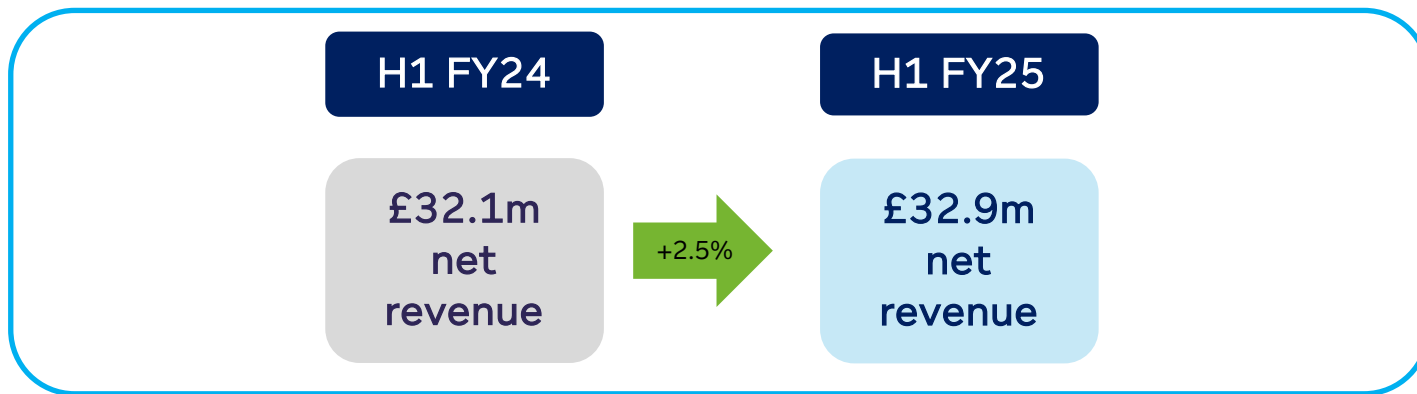
Business review

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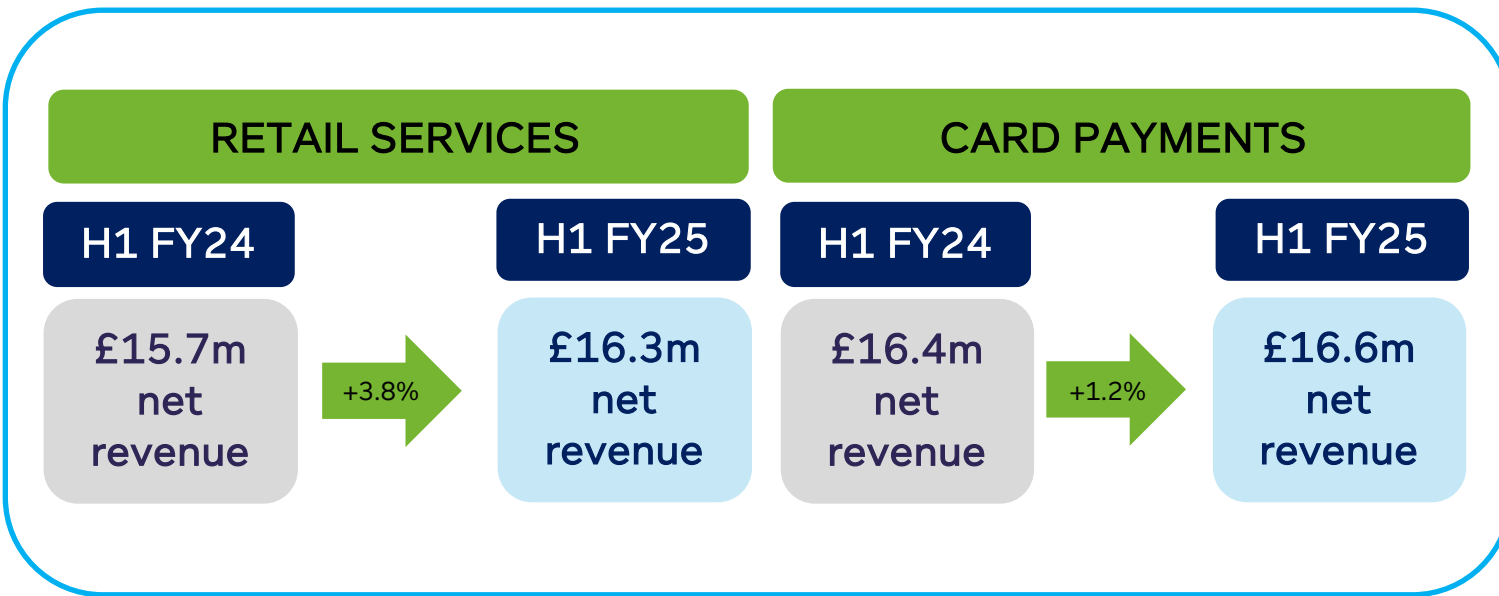


Shopping: positive performance

Shopping Division



Sub-division Performance



How we deliver

Retail Services
PayPoint One/Mini, Counter Cash, FMCG, ATMs

Card payments
Acquiring, terminals and Business Finance

Estate growth

	31 March 2024	30 Sept 2024
UK RETAIL NETWORK	29,149	30,151
PAYPOINT ONE/MINI	19,297	19,855
LLOYDS CARDNET	10,064	10,283
EVO	19,682	19,819

Driving further engagement and revenue

Key focus areas

1

FMCG

£0.6m net revenue, up 45.4% vs H1 FY24, with over 13 campaigns delivered for major brands across our retail network, including award-winning Win With Every Goal campaign for Spar during Euro 2024

2

Retailer Engagement

Revised approach to drive further service adoption, including enhanced terminal messaging and training, high intensity marketing activity (inc. WhatsApp) and targeted Field team visits

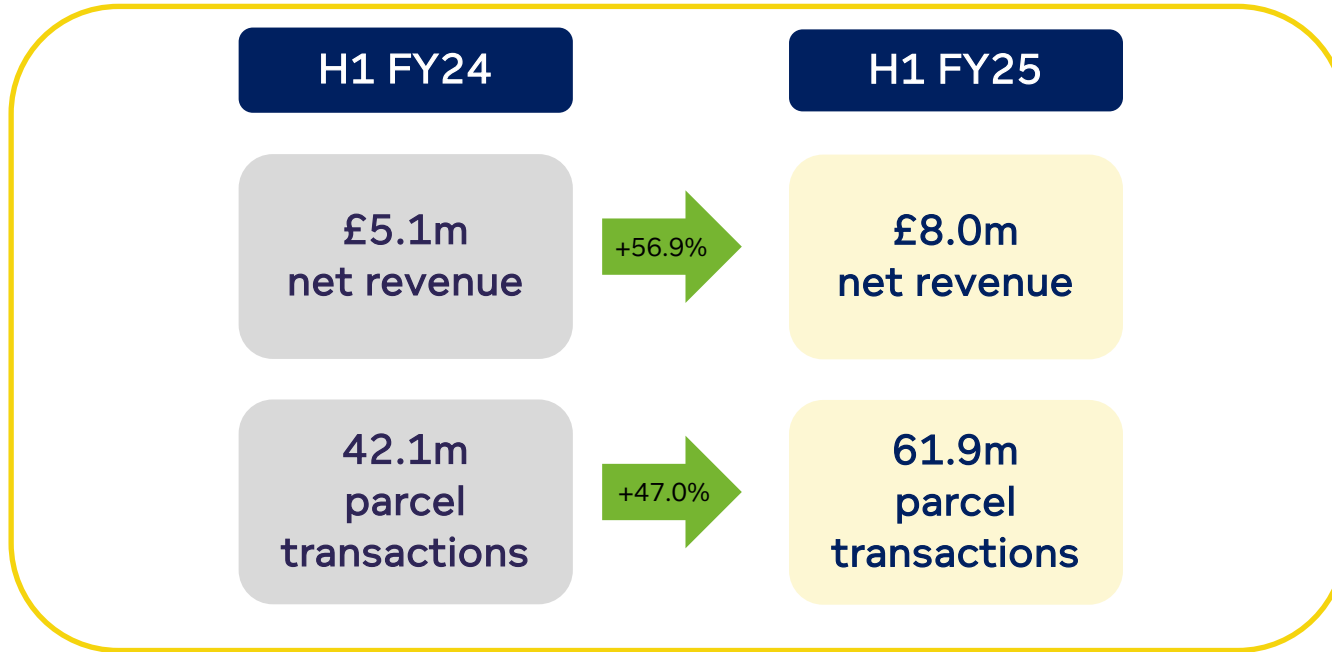
3

ATM Estate Optimisation

Intensive programme underway to address underperformance, including launch of improved support and maintenance model with Notemachine, individual site optimisation visits and further network expansion opportunities in progress



E-commerce: strong performance



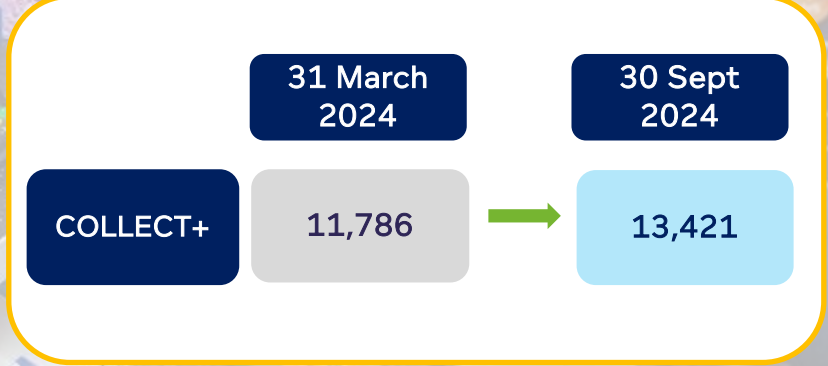
Our partners



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

Estate growth



Parcels and Network Expansion

Key focus areas

1

Maximising carrier relationships

Royal Mail now in 5k sites, with plans to grow further, and major national advertising campaign now live to drive awareness and volumes across TV, Social and Out of Home

2

Accelerating network expansion

Driving further Collect+ site growth to enable additional volume, inc. Royal Mail further site growth and expanding our relationships with leading multiple retailers inc. One Stop and Spar NI owned by Henderson Group

3

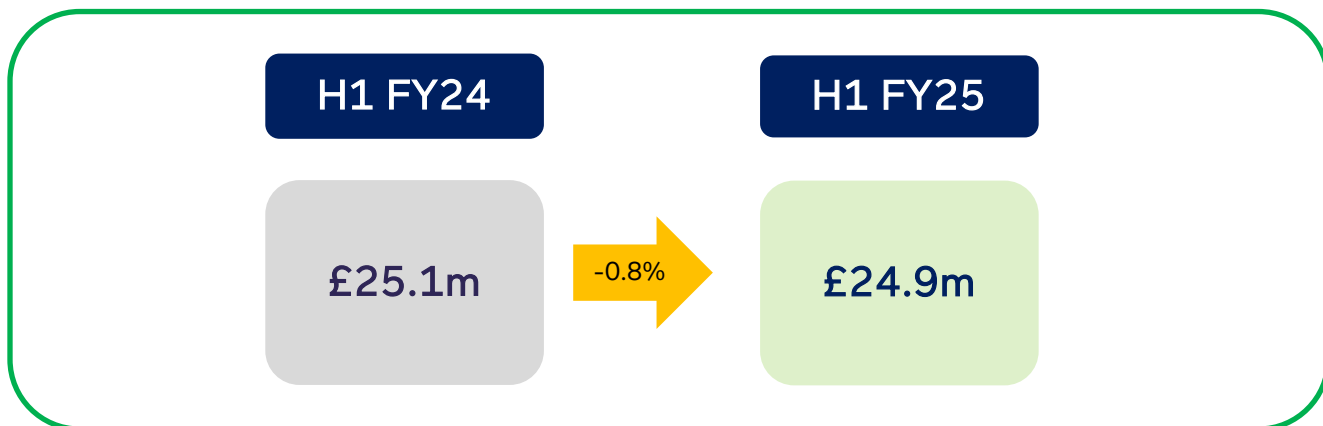
New channels to drive volume

Establishing Collect+ as the first-choice partner for Pick Up Drop Off with Chinese and South Asian marketplaces, including launching international returns proposition in Q3 FY25



Payments & Banking: underlying MultiPay growth

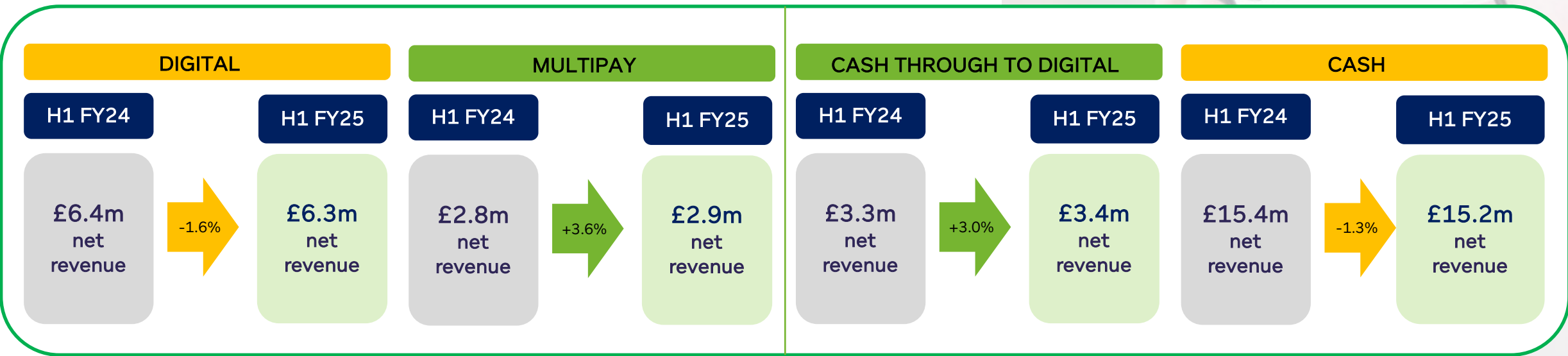
Payments & Banking Division



How we deliver

- Digital**
 - Open Banking and MultiPay digital payments platform
- Cash through to digital**
 - Gifting, gaming and Neobanks
- Cash**
 - Bill payments and top ups

Sub-division Performance



Leveraging our multichannel payments platform

Key focus areas

1

Open Banking growth

UK market grew 90% YOY to 130m payments in 2023, with milestone of 10m active consumer and business users in July 2024. Majority ownership of obconnect now complete and major deal with NZBA announced. PayPoint now has over 40 clients live for Confirmation of Payee and Open Banking services, with a growing pipeline of opportunities

2

Community banking

Building on our existing neobank consumer deposit service, we are developing a consumer deposit solution for 1-2 High St banks (soft launch early 2025) using QR codes and cards, with an SME deposit solution to follow

3

Strengthening PayPoint and Love2shop collaboration

Continuing to develop closer alignment between the corporate sales teams, driving revenue opportunities across both client bases, inc. joint activity to PayPoint clients for Love2shop peak campaigns

ShareCast

PayPoint's Obconnect wins New Zealand banking system contract

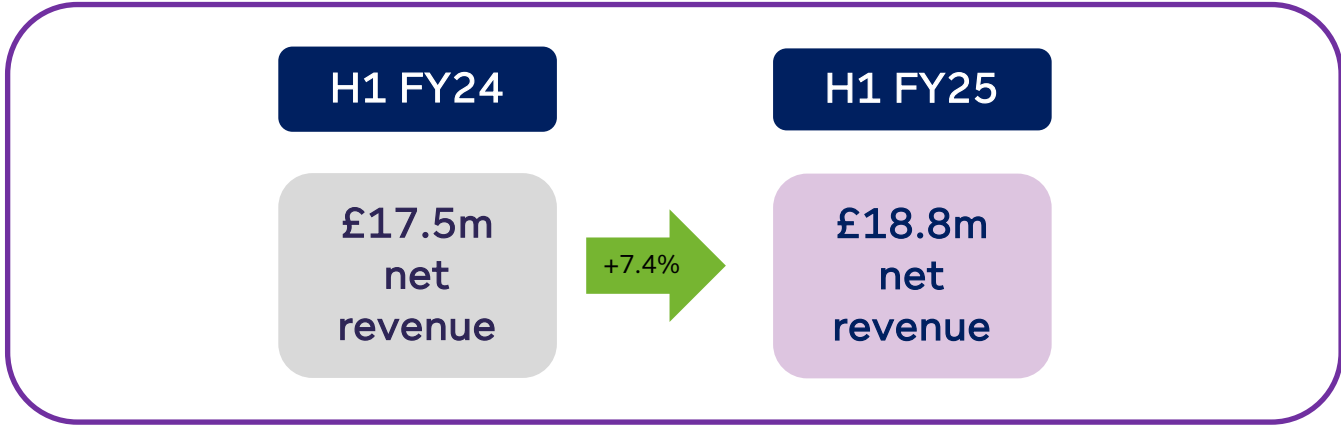
By Sharecast News

Finextra

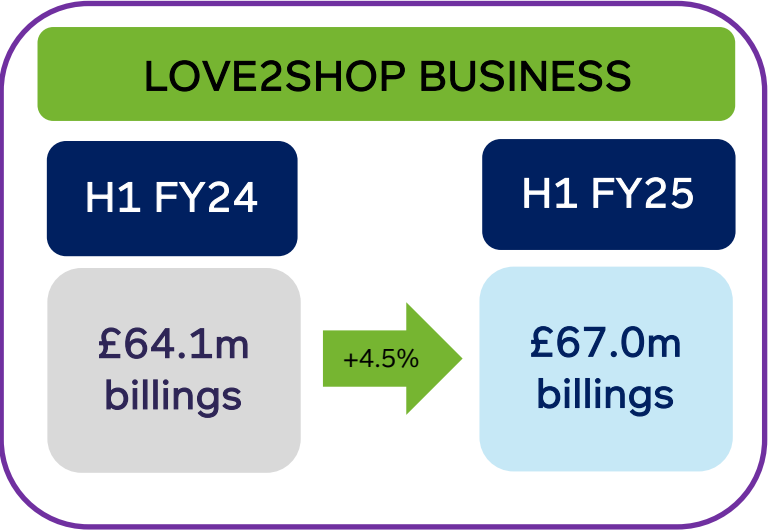
New Zealand banks apply UK tech and experience for roll out of Confirmation of Payee

Banks in New Zealand have begun the phased roll out of Confirmation of Payee, using technology supplied by UK fintech obconnect.

Love2shop: H1 profit delivered



Sub-division Performance



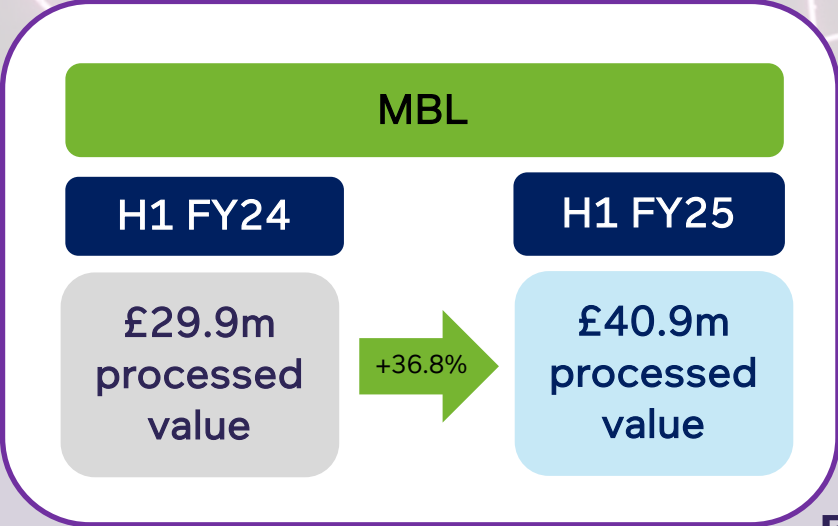
PARK CHRISTMAS SAVINGS

On track to be broadly flat for Christmas 2024 season which ends in December

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

MBL Growth



Channel and partnership expansion

Key focus areas

1

InComm distribution partnership

Multi-year agreement enabling the distribution of Love2shop gift cards for the first time into new retailer channels, including leading UK grocers and High St stores within the InComm Payments retail network. Live from 20 October 2024

2

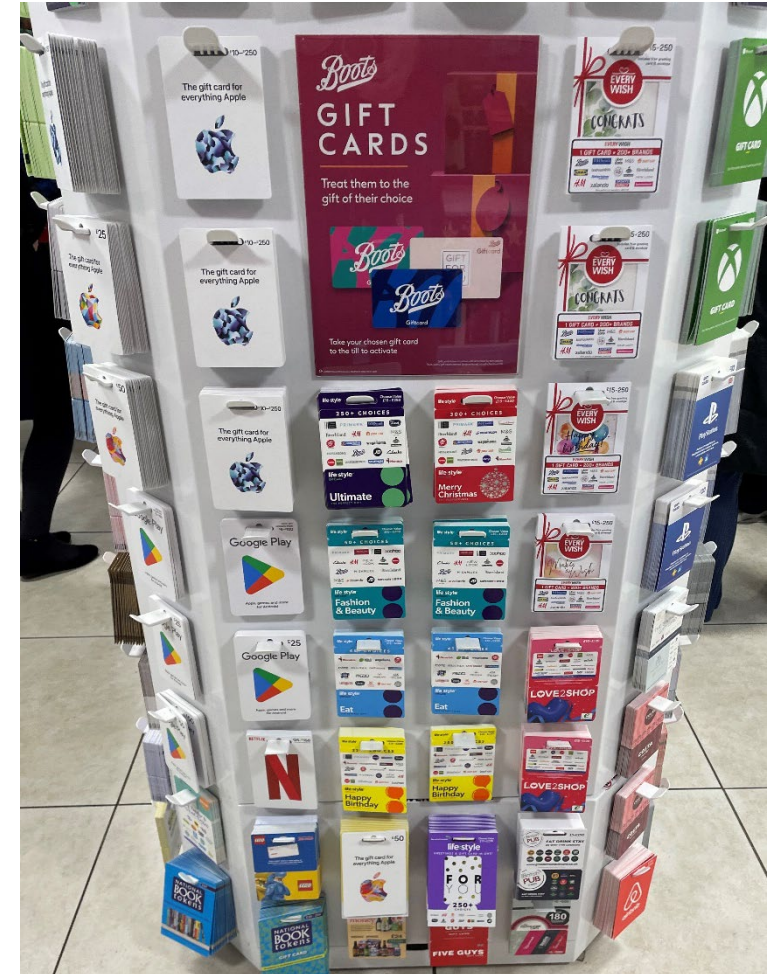
Love2shop channel and partnership expansion

Delivering further growth through new partnerships, expanded provision of gift card management services via MBL and acceleration of Love2shop Business

3

Prepaid savings expansion

Expand into delivering white label prepaid savings schemes for partners and broaden prepaid savings occasions beyond Christmas, leveraging market-leading 'Save Now Buy Later' platform



Outlook

 | **PayPoint Group**



Summary and outlook

1

The continued progress and momentum established across the Group, particularly with our six key building blocks, underpin our confidence in delivering £100 million EBITDA by the end of FY26

2

Whilst there remain challenges in the broader UK economy around consumer confidence and spending, we are well-positioned to deliver further revenue growth and support our customers and clients as we head into the important H2 period for the Group

3

Our confidence in the prospects for the business is underpinned by the actions we are taking in each of our divisions to accelerate performance and identify new opportunities

4

Our commitment to a three-year share buyback programme, which commenced on 1 July 2024 with at least £20 million returned over the next twelve months, will enhance shareholder returns and is reflective of our long-term confidence in the business and our underlying cash flow

5

The Board has declared an interim dividend of 19.4p per share, an increase of 2.1% vs the prior year interim dividend of 19.0p per share, consistent with our dividend policy and target cover range of 1.5 to 2.0 times earnings excluding exceptional items

6

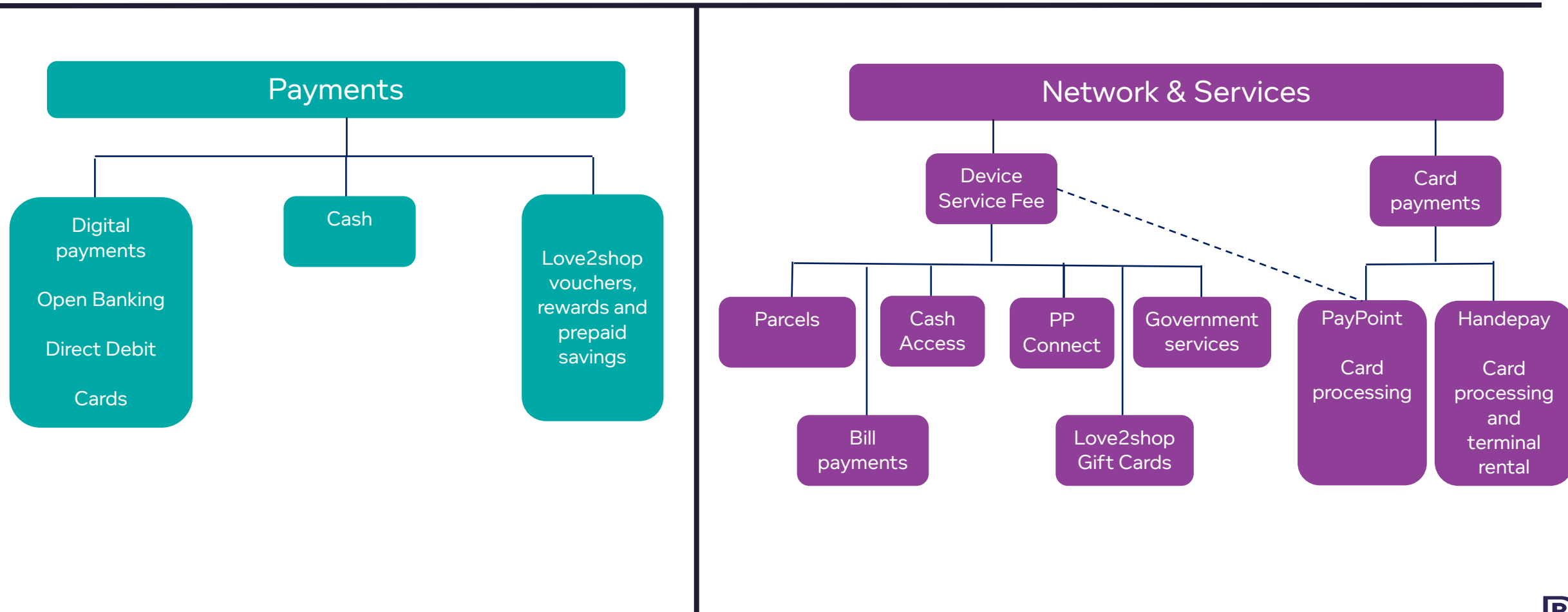
We remain confident in delivering further progress and expectations in the current year and achieving our medium-term financial goals

Q&A

Appendix

Simplified overview of the business

Multichannel payments platform and the delivery of community services through our retailer & SME networks



PayPoint Group

Multichannel payments platform and the delivery of community services through our retailer & SME networks

- 1 Clear path to delivering £100m EBITDA by end of FY26
- 2 Leading multichannel payments platform
- 3 Unparalleled retailer & SME networks delivering vital community services
- 4 Streamlined organisational structure and cost base to deliver growth
- 5 Enhanced rewards for shareholders with 3- year share buyback programme, commencing with at least £20m over next 12 months, and increasing dividend

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
		Business finance
E-Commerce	E-commerce	Collect+ parcels (send, pick up and drop off)
Payments & Banking	Digital	MultiPay
		Direct Debit
		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 FY25	H1 FY24
Shopping	Retail Services	£16.3m	£15.7m
	Card payments	£16.6m	£16.4m
E-Commerce	E-Commerce	£8.0m	£5.1m
Payments & Banking	Digital	£6.3m	£6.4m
	Cash through to digital	£3.4m	£3.3m
	Cash	£15.2m	£15.4m
TOTAL (PayPoint segment)		£65.8m	£62.3m
TOTAL (Love2shop segment)		£18.8m	£17.5m
TOTAL		£84.6m	£79.8m

Business division mix

Division	Sub-division	H1 FY25	H1 FY24
Shopping	Retail Services	19.3%	19.7%
	Card payments	19.6%	20.6%
E-Commerce	E-Commerce	9.5%	6.4%
Payments & Banking	Digital	7.4%	8.0%
	Cash through to digital	4.0%	4.1%
	Cash	18.0%	19.3%
Love2shop	Love2shop	22.2%	21.9%

Adjusting items

Half year ended 30 September 2024	2024	2023
	£m	£m
Exceptional items	2.5	0.6
- Legal fees	2.1	0.6
- Accelerated amortisation (Love2shop)	0.4	-
Adjusting items	1.3	4.0
- Amortisation of intangible assets arising on acquisition	4.0	4.0
- Net movement in convertible loan notes and other investments (obconnect)	(2.7)	-
Total adjusting items	3.8	4.6



obconnect are an Open Banking technology platform with the capabilities to provide complete market ecosystems across Open Banking, Finance, Data, Energy, Confirmation of Payee and Enhanced Fraud Data

They enable the Group's solutions across:

Confirmation of Payee

Enabling clients to avoid making accidental, misdirected or potentially fraudulent payments, and always settling funds to the correct account

Open Banking driven bank-to-bank payments

Accurate, quick and financially inclusive payments direct from a customer's bank account to the client

Account Information Service (AIS)

Support tool that uses real-time data to help organisations make better-informed financial decisions for customers with the

obconnect as a standalone business has made significant progress over the past two years, securing contracts with a number of banks and building societies

This includes the recently announced New Zealand Banking Authority win to provide Confirmation of Payee ecosystem to major banks in New Zealand from November 2024



New Zealand
Banking Association
Te Rangapū Pēke