

PayPoint Plc

30 March 2026

FY26 Update, Business Reorganisation and FY27 Outlook

FY26 Update

PayPoint Plc (“PayPoint” or the “Group”) today issues an unaudited trading update for the financial year ended 31 March 2026.

The Group anticipates it will deliver a record financial performance for FY26, broadly in line with expectations. Consistent with the extended and increased buyback programme announced on 1 July 2025, as of market close on 25 March 2026, a total of 3,957,613 shares have been purchased at a total value of £23.8 million. The Group remains on course to reduce its issued share capital by circa 30% in the three years to FY28 while continuing to grow the ordinary dividend, with share capital already reduced by circa 15% in the current year.

Business Reorganisation

The Board also today announces that it has taken the decision to simplify the business through a reorganisation into four business units: Network Services, Digital Payments and Open Banking, Love2shop and Merchant Services. This will result in a better integrated and more transparent business with a simpler investment case.

This reorganisation will establish four business units of scale, with clearly defined operating structures, a greater focus on growth opportunities with a more accountable operating culture. This will enable a more focused portfolio of businesses and lead to a better harnessing of the Group’s collective capabilities, strengthen execution and go-to-market strategy with better defined areas of co-operation, cost savings, synergy and opportunity between business units to drive growth. Consistent with this reorganisation is a fundamental review of the Group cost base which will lead to an unlocking of cost savings and enable reallocation of investment with a renewed focus on driving enhanced shareholder returns.

The Group has made significant progress on its transformation journey over the past five years, assembling additional capabilities and opening up a range of new opportunities. The next stage now is to convert these gains into meaningful and sustained growth through strong operational delivery – realising the full potential of the Group.

Consistent with the more transparent and accountable operating culture underpinning this reorganisation, each of the four business units will have clearly defined financial metrics and KPIs. The Group will also provide investors with enhanced insight from the wealth of data available particularly with respect to Network Services. Further details will be provided at the preliminary results in June 2026.

The four business units will be:

1. Network Services (estimated FY26 net revenue: £91.3 million)

The reorganisation will enable Network Services to better support our UK-wide estate of over 30,000 convenience stores, delivering key essential community services and enabling stronger performance through better compliance, improved service delivery and adoption of the full range of PayPoint services.

Today, PayPoint operates the leading UK network delivering essential community services, including cash bill payments and government services, an open parcel carrier collect and drop off network (branded as Royal Mail Shops and Collect+), local cash banking for both consumers and, in future, small and medium-sized enterprises (SMEs), and top ups for a wide range of digital and physical gift cards and experiences.

Having established the highest quality and most comprehensive network in the UK, our future strategy will be to drive network performance through better store compliance and service delivery, driving higher consumer footfall and adoption of the full range of PayPoint services across our retailer estate. This will reduce the emphasis on estate growth and place a greater focus on network performance and services adoption.

To achieve this, the Network Services unit will move to a unified, geographically aligned operating model to enhance estate quality, strengthen commercial and operational consistency and deliver material efficiency savings. The business will be organised into Field Services and a Retail Service Hub, operating in a truly integrated structure across four geographical regions. This will deliver clearer ownership, improved coordination between field and hub, and a more efficient operating model. This approach will underpin a ‘growing retailer value’ strategy focused on increasing revenue per store, improving compliance, widening product penetration and strengthening retailer capability, supported by increasingly sophisticated data analytics.

2. Digital Payments and Open Banking (estimated FY26 net revenue: £13.4 million)

The reorganisation will bring together PayPoint's Digital Payments, Open Banking and real-time credit bureau capabilities under a single management and operating structure. This will create a more coherent platform for product development, accelerate new business wins and support closer integration across the Group.

Today, the Digital Payments and Open Banking business is a technology-led suite of complementary services consisting of:

- **Digital payments platform** – enabling secure payment and funds disbursement journeys for major organisations across housing, government, utilities and financial services with multiple payment methods (Open Banking, cards, direct debit and cash) and with multiple channels (web, app, voice, messaging and embedded/API).
- **SaaS data-sharing platform** – providing a secure and resilient network for national operators, regulated firms and corporates for Open Banking, Confirmation of Payee and other open data sharing initiatives. This technology powers GetVerified's CoP ecosystem in New Zealand and has enabled over 50 organisations to participate in Open Banking, CoP and VoP in the UK, Europe and New Zealand.
- **Real-time credit reference and transaction analytics** – powered by Open Banking and AI, to deliver instant high-quality credit, lending and vulnerability assessments for regulated firms.

A unified business structure will better enable the future development of these products and an acceleration of new business growth, through cross-selling into the existing PayPoint client base, leveraging frameworks such as the Crown Commercial Service and both scaling and integrating obconnect into the PayPoint business, while retaining and deepening relationships with an extensive payment services client portfolio.

3. Love2shop (estimated FY26 net revenue: £53.2 million)

Since acquisition in 2023, the Love2shop leadership team has made considerable progress in upgrading and enhancing the technology platform and its product capabilities, broadening the Love2shop product distribution channels and delivering an improved financial performance from a refined commercial model, delivering an improving blended margin through maximising the lifetime value of billings from each channel. Love2shop offers consumers and corporates the widest choice of both digital and physical gift card products and the largest range of redemption partners.

Love2shop is now the UK-leading rewards, engagement and prepaid savings platform, serving corporates, public sector organisations and consumers with the widest range of multi-retailer gift cards and vouchers in both digital and physical formats. Its services support employee reward and recognition, customer acquisition and government support programs, as well as direct-to-consumer gifting and savings solutions.

The reorganisation will enable an improved focus on new business growth and on maximising opportunities across Love2shop's distribution channels. Continued investment in our technology platform, ongoing product enhancement and leveraging AI to improve marketing insight will strengthen our go-to-market strategy and support accelerated new business growth across Love2shop Business, the expansion of our prepaid savings proposition and growth of our consumer channels, including through our Incomm Payments partnership. There also remain significant opportunities to integrate Love2shop more efficiently across the wider PayPoint Group and client base.

4. Merchant Services (estimated FY26 net revenue: £31.5 million)

The reorganisation will drive a fundamental reset of the strategy and organisational structure of the Merchant Services business.

Today, the business delivers in-store and online card acquiring, terminal rental and business finance solutions to more than 30,000 UK SMEs across the PayPoint and Handepay estates, supporting around 10,000 retailers within the PayPoint network and a further 20,000 through Handepay.

In the merchant card acquiring business, our strategy needs to adapt and respond to the changes in a highly competitive card processing market. The business has a strong merchant network, and a fundamental action in the business reset will be to make the investment required to deliver better merchant support and significantly improve merchant retention. Plans are already underway to bring retention and estate management activities for the entire estate into a single management structure. This will also require further leverage and utilisation of our data analytics capability to better anticipate merchant behaviours and support retention conversations.

In addition, we are planning a significant shift in our merchant acquiring new business go-to-market strategy. In the PayPoint estate, we will continue to target growth, with greater emphasis on supporting the onboarding and in life management of the network, to ensure new PayPoint merchants become high transacting and profitable additions to the estate. In Handepay, we will refocus our future sales resource at growing in the higher value segment where we believe our product and broader range of payment capabilities better positions the business for longer term profitable growth. As a result, we will stop targeting low value, high-churn merchants in a market segment that has become increasingly competitive and purely price focused. This will also drive a fundamental reorganisation of the current Handepay sales teams as we introduce the necessary skills into the business to succeed in a mid-market growth strategy.

Execution of this strategy shift will deliver a higher quality merchant acquiring estate, a focus on net revenue, improved profitability and a merchant estate managed for value rather than a focus on merchant estate growth.

In Merchant Rentals, the leading provider of flexible financing and rental options for payment terminals, we are targeting further growth driven by major partnerships with FreedomPay and Lloyds Bank. In particular, the new agreement with FreedomPay, signed in December 2025, underscores Merchant Rentals' commitment to supporting introducers and their clients with innovative financing solutions. The partnership is already delivering positive results, with the first joint client now live across more than 1,000 terminals. This relationship represents significant growth for Merchant Rentals and reinforces its position as a trusted provider of flexible payment technology solutions.

In Business Finance, delivered in partnership with YouLend, we continue to deliver strong results with over £28 million in funding provided to businesses over the past year and strong growth demonstrated across the PayPoint and Handepay estates. Plans are well underway to continue this momentum and grow further in FY27.

FY27 Outlook

The business reorganisation will drive significant change in the Group during FY27 and beyond. The actions we are taking to simplify and optimise the business structure will better position PayPoint to prioritise resources and focus towards areas which will deliver growth for the long term despite structural change in a number of our key markets and a slower than expected pace in the roll out of some of our key growth initiatives. The Board believes these actions are fundamental to the next steps in the development of the PayPoint business and will establish a stronger foundation for future growth.

Entering into the new financial year, in a challenging trading environment, our business reorganisation will ensure there are a number of important changes in priority and emphasis across the business. At a headline level, the focus across each of our four business units and their respective channels to market is to harness our capabilities to deliver a higher quality of earnings and greater adoption of our products and services.

In terms of trading, our outlook for the year ahead is balanced between the continued growth across the Group, further cost efficiency initiatives and recent trends in certain of our business units, in particular our parcels business. Overall, this indicates the business is likely to exceed the underlying profits delivered in FY26 and within the range of market expectations.

Capital allocation policy

The Board believes the current capital allocation and dividend policies continue to be appropriate and key elements to the value proposition for shareholders. In FY26, in total through a combination of share buybacks, ordinary and special dividends, the Group will have returned more than £90 million in value to shareholders in the year. The business remains on course to reduce its issued share capital by circa 30% in the three years to FY28 while continuing to grow the ordinary dividend, with share capital already reduced by c.15% in the current year.

FY26 preliminary results and Capital Markets Day

PayPoint Plc's preliminary results for the financial year ended 31 March 2026 will be announced on 11 June 2026, along with further detail on the business reorganization, the Group's strategy and medium-term outlook for the new business units. This will be ahead of a Capital Markets Day planned for September 2026.

Enquiries

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