

30 September 2025

PayPoint Plc

Strategic Investment in Collect+ by International Distribution Services

Proposed Special Dividend and associated Share Consolidation

Publication of Circular and Notice of General Meeting

PayPoint Plc and International Distribution Services (IDS), owner of Royal Mail, are pleased to announce the next stage in their partnership through a strategic investment in Collect+ to take a 49% ownership, with an investment of £43.9 million, valuing the Collect+ business at £90 million.

Currently, Collect+ has a network of over 14,000 Out of Home locations in the UK, of which almost 8,000 offer Royal Mail collect, send and return parcel services today. As part of the next stage in this partnership, an initial 500 of these sites have been upgraded to deliver Royal Mail over the counter services, enabling customers to buy postage in store from today, as part of almost 8,000 sites which will have Royal Mail Shop branding rolled out from October. Over the next 12 months, the intention is to expand the rollout of Royal Mail over the counter services through the network, including the launch of self-service kiosks during Q1 2026.

The establishing of this partnership is important to the next stage of growth for Collect+ and its positioning as the leading OOH store network in the UK. As an open network, Collect+ will continue to work closely with the carrier partners with whom it has well-established relationships to support the increasing consumer adoption of OOH services across the UK.

As a result of this transaction, PayPoint is today announcing a special dividend of 50.0p per share combined with a share consolidation of 12 for 13 to be proposed for shareholder approval at a Special General Meeting on 17 October 2025. The Board anticipates the transaction as a whole to be EPS enhancing in the first full year to March 2027, through a combination of the special dividend, share consolidation and expected growth in volumes from the Royal Mail services through the Collect+ network. The detailed financial impact of the transaction will be included in PayPoint's interim results due to be announced on 20 November 2025. In the meantime, current trading remains in line with expectations ahead of the business moving into the important peak trading period.

Nick Wiles, Chief Executive of PayPoint, said:

"We are delighted that Royal Mail has invested into the Collect+ business, which has seen strong growth over the past 5 years as we have established it as the leading open OOH store network in the UK. The addition of Royal Mail over the counter services and Royal Mail Shop branding is an exciting development for our retailer network and is another example of how we deliver vital community services across the UK, including local banking, parcels and broader access to cash services. We are also pleased today to be announcing a proposed special dividend and share consolidation, which combined with our ordinary dividend and continuing in year share buyback, will result in over £90 million of returns to shareholders in the current financial year."

Alistair Cochrane, interim Chief Executive of Royal Mail, said:

"The launch of the Royal Mail Shop brand creates a new and improved high street destination for all of our customers' parcel needs in one location. With postage available to buy in store, and opening hours including evening and weekends, the shops are giving customers greater flexibility in how they collect, send and return their parcels."

"This investment is one of the ways we're making Royal Mail more convenient. We have the UK's largest network of out-of-home parcel points — from lockers to solar-powered postboxes — and we're focused on being the nearest and simplest choice for our customers."

Following completion of the Investment, PayPoint is pleased to announce that a circular setting out details of a proposed special dividend and associated share consolidation, as well as incorporating a notice of General Meeting (the "**Circular**") has been published today.

The Circular outlines that, in line with the Company's capital allocation policy and ongoing commitment to enhance shareholder returns, PayPoint intends to return approximately £34.5 million to Shareholders by way of a special dividend of 50.0 pence per Existing Ordinary Share. In addition, and to maintain comparability, so far as possible, of the Company's share price before and after the Special Dividend, the Company also proposes to undertake a Share Consolidation of its Existing Ordinary Shares, resulting in Ordinary Shareholders receiving 12 New Ordinary Shares with a nominal value of 0.3611 pence each for every 13 Existing Ordinary Shares held.

The Circular contains further details of these matters as well as a notice convening a General Meeting of Shareholders to be held at the Company's head office, 1 The Boulevard, Shire Park, Welwyn Garden City, Hertfordshire AL7 1EL at 11.00 a.m. on 17 October 2025 to propose the Resolutions seeking Shareholder approval of, amongst other things, the Special Dividend and the Share Consolidation.

Special Dividend

As noted above, the Special Dividend is subject to the approval of Shareholders at the General Meeting. It is also conditional on: (i) the approval by the Shareholders of the Share Consolidation; and (ii) Admission in respect of the New Ordinary Shares becoming effective at 8.00 a.m. on 20 October 2025 (or such later time and / or date as the Directors may in their absolute discretion determine).

Assuming these conditions are satisfied, the Board is proposing to pay the Special Dividend to Shareholders on the register of members of the Company as at 6.00 p.m. on 17 October 2025. The Special Dividend is expected to be paid to such Shareholders on 31 October 2025.

Share Consolidation

As is common for UK companies with shares admitted to listing and trading on the London Stock Exchange, when an amount representing a significant proportion of the market capitalisation of a company is returned to shareholders, the Board recommends that the Special Dividend be combined with an associated Share Consolidation.

The effect of the Share Consolidation will be to reduce the number of Ordinary Shares in issue to reflect the amount of cash to be returned to Shareholders (approximately 7.5 per cent as at the Latest Practicable Date), but Shareholders will, immediately following the Share Consolidation, own the same proportion of the ordinary share capital of PayPoint as they did previously (subject to adjustment for any fractional entitlements which shall be dealt with in accordance with the process outlined in the Circular). As such, the market price of each Ordinary Share in PayPoint is intended to remain at a broadly similar level following the Special Dividend and the Share Consolidation.

Although New Ordinary Shares will have a different nominal value (being 0.3611 pence each) to the Existing Ordinary Shares as a result of the Share Consolidation, each New Ordinary Share will be equivalent in all respects to the Existing Ordinary Shares, including their dividend, voting and other rights, and will be admitted to listing and trading in the same way as the Existing Ordinary Shares

The Share Consolidation will apply to Shareholders on the register of members of the Company as at 6.00 p.m. on 17 October 2025 and is subject to Shareholder approval at the General Meeting. It is also conditional on Admission becoming effective at 8.00 a.m. on 20 October 2025 (or such later time and / or date as the Directors may in their absolute discretion determine).

Additional resolutions

At the General Meeting, approval by Shareholders will also be sought to renew the annual authorities to enable PayPoint to make market purchases of its own shares, as well as to allot Ordinary Shares and to disapply pre-emption rights, to cover the period between the date of the General Meeting and the annual general meeting of the Company to be held in 2026. These resolutions are conditional on the approval of the Shareholders of the Special Dividend and the Share Consolidation. Further details of these additional resolutions are set out in the Circular.

Expected Timetable

The expected timetable for the General Meeting, the Special Dividend and Share Consolidation is set out below:

Latest time and date for receipt of proxy appointments via Proximity, Forms of Proxy, CREST Proxy instructions and electronic registrations of proxy appointment	11.00 a.m. on 15 October 2025
Record time and date for entitlement to vote at the General Meeting	6.30 p.m. on 15 October 2025
General Meeting	11.00 a.m. on 17 October 2025
Latest time and date for dealings in Existing Ordinary Shares	4.30 p.m. on 17 October 2025
Record time and date for entitlement to the Special Dividend and to determine the Existing Ordinary Shares subject to the Share Consolidation (Existing Ordinary Share register closed and Existing Ordinary Shares disabled in CREST)	6.00 p.m. on 17 October 2025

Existing Ordinary Shares marked ex-Special Dividend	8.00 a.m. on 20 October 2025
Effective time and date for the Share Consolidation	8.00 a.m. on 20 October 2025
Admission of the New Ordinary Shares	8.00 a.m. on 20 October 2025
Dealings in the New Ordinary Shares commence (after Share Consolidation)	8.00 a.m. on 20 October 2025
CREST accounts credited with New Ordinary Shares (after Share Consolidation)	20 October 2025
Dispatch of share certificates in respect of certificated New Ordinary Shares	31 October 2025
Payment of Special Dividend to Shareholders (by CREST payment or by cheque)	31 October 2025

References to time in this announcement are to London time. All dates are subject to change. If any of the above times or dates change, the revised times and/or dates will be notified to Shareholders by an announcement on a Regulatory Information Service.

Availability of the Circular

Printed copies of the Circular will be posted today to Shareholders and any other person entitled to receive a copy (other than those who have elected for, or who have been deemed to have elected for, notification by electronic communication).

A copy of the Circular and certain other documents in relation to the Special Dividend and Share Consolidation are available for inspection on PayPoint's website at <https://www.paypointbusiness.com/corporate/investor-centre>.

A copy of the Circular (containing the Notice of General Meeting) has been submitted to the National Storage Mechanism (<https://data.fca.org.uk/#/nsm/nationalstoragemechanism>), where it will shortly be available for inspection.

Capitalised terms used but not otherwise defined in this announcement have the same meaning given to them in the Circular.

Enquiries

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Important notices

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Shareholders are advised to carefully read the Circular. Any response to the Special Dividend and Share Consolidation should be made only on the basis of the information in the Circular. If you are in any doubt as to what action you should take in relation to this announcement or the Circular, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000, or from another appropriately authorised independent financial adviser.

The distribution of this announcement in or into jurisdictions other than the United Kingdom may be restricted by local law and therefore persons into whose possession this announcement comes should inform themselves about and observe such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This announcement has been prepared for the purposes of complying with the applicable law and regulation of the United Kingdom (including the Listing Rules and the Disclosure Guidance and Transparency Rules of the FCA) and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws and regulations of any jurisdiction outside of the United Kingdom.

Forward-looking statements

This announcement contains statements which are, or may be deemed to be, “forward-looking statements” which are prospective in nature. All statements other than statements of historical fact are forward-looking statements. They are based on intentions, beliefs or current expectations and projections about future events, and concerning, among other things, the business, results of operations, prospects, growth and strategies of, the Company and the Group, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as “plans”, “expects”, “is expected”, “is subject to”, “budget”, “scheduled”, “estimates”, “forecasts”, “goals”, “intends”, “anticipates”, “believes”, “targets”, “aims”, “hopes”, “continues” or “projects”. Words or terms of similar substance or the negative thereof, are forward-looking statements, as well as variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “should”, “would”, “might” or “will” be taken, occur or be achieved. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations.

Forward-looking statements include statements relating to: (a) future capital expenditures, expenses, revenues, earnings, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (b) business and management strategies and the expansion and growth of the Company’s or the Group’s operations; and (c) the effects of economic conditions on the Company’s or the Group’s business.

Such forward-looking statements involve known and unknown risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors may cause actual results, performance or achievements of the Company or the Group to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Important factors that could cause actual results, performance or achievements of the Company or the Group to differ materially from the expectations of the Company or the Group include, among other things, general political, business and economic conditions, industry and market trends, competition, changes in government and changes in law, regulation and policy, including in relation to taxation as well as political and economic uncertainty, stakeholder perception of the Company or the Group and/or the sectors or markets in which it operates. Such forward-looking statements should therefore be construed in light of such factors. Any information contained in this announcement on the price at which shares or other securities in the Company have been bought or sold in the past, or on the yield on such shares or other securities, should not be relied upon as a guide to future performance.

Neither the Company nor any of its Directors, officers or advisers provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as at the date of this announcement.