PayPoint Plc
Results for the year ended 31 March 2024

Further progress towards £100m EBITDA by end of FY26

Three-year share buyback programme commencing with at least £20m over the next 12 months

GROUP FINANCIAL HIGHLIGHTS

- **Underlying EBITDA[1] of £81.3 million** (FY23: £61.3 million) increased by £20.0 million (32.6%)
- **Underlying profit before tax[2] of £61.7 million** (FY23: £50.8 million) increased by £10.9 million (21.5%)
- **Net corporate debt[7] of £67.5 million** reduced by £4.9 million from opening position of £72.4 million
- **Final dividend of 19.2 pence per share** declared vs the final dividend for the year ended 31 March 2023 of 18.6 pence per share

Year ended 31 March 2024	FY24	FY23[3]	Change
Revenue	**£306.4m**	£167.7m	82.7%
Net revenue[4]	**£181.0m**	£128.9m	40.4%
Underlying EBITDA[1]	**£81.3m**	£61.3m	32.6%
Underlying profit before tax[2]	**£61.7m**	£50.8m	21.5%
Adjusting items[5]	**£(13.5)m**	£(8.2)m	64.6%
Profit before tax	**£48.2m**	£42.6m	13.1%
Diluted underlying earnings per share[6]	**62.6p**	60.3p	3.8%
Diluted earnings per share	**48.8p**	49.6p	(1.6)%
Net corporate debt[7]	**£(67.5)m**	£(72.4)m	(6.8)%

Nick Wiles, Chief Executive of PayPoint Plc, said:

"This has been another year of progress for PayPoint where we have delivered a robust financial performance and made further progress towards delivering £100m EBITDA by the end of FY26. These results reflect both the resilience of our businesses and the transformation delivered over the past three years as we unlock further opportunities and growth across our four business divisions.

In the current year, consumer behaviour across a number of our businesses remains subdued, reflecting continued tighter family budgets and a generally flat economy. Our expectation is that the consumer outlook will improve during the course of the year.

Against this background, our streamlined organisational structure and cost base will support the delivery of our medium-term growth plans. Strong earnings growth and cash flow generation, combined with a sustainable dividend policy provide a robust platform for the Board to propose further steps to enhance shareholder returns through a share buyback programme of at least £20 million over the next 12 months, all underpinned by the delivery of further progress in the current year."

SHARE BUYBACK PROGRAMME

Today the Group announces its intention to commence a 3-year share buyback programme (the "**Buyback Programme**"). This Buyback Programme reflects the strong cash generative nature of the Group, along with the Board's confidence in delivering on our growth targets for FY25-FY27 and in-line with our commitment to enhance shareholder returns.

The Buyback Programme will return at least £20 million to shareholders 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.

Throughout this period, we will continue to increase dividends at a nominal rate and grow our cover ratio from the current 1.5 to 2.0 times earnings range to over 2.0 times earnings by FY27. Combined with the Buyback Programme, this will enhance shareholder returns and ensure the business continues to maintain an efficient capital structure, balancing an appropriate leverage ratio of around 1.0 times net debt/EBITDA with the overall capital needs of the business.

[1] Underlying EBITDA (EBITDA excluding adjusting items) is an alternative performance measure. Refer to note 1 to the financial information for the definition and the Financial review for a reconciliation to profit before tax.
[2] Underlying profit before tax (profit before tax excluding adjusting items) is an alternative performance measure. Refer to note 1 to the financial information for a reconciliation.
[3] FY23 comparatives contain only one month contribution from Love2shop business post-acquisition
[4] Net revenue is an alternative performance measure. Refer to note 4 to the financial information for a reconciliation to revenue.
[5] Adjusting items comprises exceptional items (£2.1 million for legal costs related to claims against PayPoint, £1.1 million of refinancing fees and £2.0 million of restructure costs), £0.2 million for the net fair value adjustment to the convertible loan note (OBConnect and Optus), and amortisation of intangible assets arising on acquisition (£6.0m for Love2shop and £2.1 million for PayPoint's previous acquisitions). Refer to note 1 for a reconciliation.
[6] Diluted underlying earnings per share is an alternative performance measure, Refer to note 1 to the financial information.
[7] 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

OPERATIONAL HIGHLIGHTS

The Group has delivered significant progress in the year in a number of key growth areas:

- **Parcels and Network Expansion** – positive momentum on journey to achieving a 250m+ parcel network. New strategic partnerships agreed with Royal Mail and Yodel/Vinted; further network site growth to 11,786 sites and expansion into new locations, including 15 student union sites now live
- **Card processing and Lloyds Bank partnership** – further estate growth delivered in EVO and Lloyds Cardnet estates, underpinned by strengthened proposition, pricing governance and focus on retention; major strategic partnership with Lloyds Cardnet announced, launching in Autumn 2024
- **Open Banking and Digital payments** – 25 clients live for Open Banking services, including the Department for Energy and Net Zero, Citizens Advice, and AMEX for Confirmation of Payee, in addition to a record year of new business wins (over 70 new client services) delivered in FY24 for MultiPay platform, with a strengthened client base in Housing and Charities, including POBL Housing and East Anglian Air Ambulance
- **Love2shop and Park Christmas Savings** – Love2shop Essentials added to key government procurement frameworks and integrated into our PayPoint OpenPay service; strengthened Love2shop Business sales team now in place; return to billings growth for Park Christmas Savings for first time in six years
- **Access to Cash and Local Banking** – growth in ATM sites to 3,485 and active Counter Cash sites to 2,150, providing cash withdrawals at the counter; over £430 million of consumer deposits processed for neobanks in the year through our extensive network
- **Community services for retailer partners** – launched next generation device, PayPoint Mini; our FMCG consumer engagement solution, PayPoint Engage, has delivered over £1m of net revenue, partnering with major brands; DVLA International Driving Permit service launched on 1st April 2024; continued growth in Business Finance, with over £19m lent to our SME and retailer partners, partnering with YouLend
- **Integration of Love2shop** – successfully completed in the year, with positive progress made in enhancing the core business performance and launching new initiatives which leverage our enhanced capabilities across the Group
- **Streamlined organisational structure** – steps taken in March 2024 to simplify structure, enhance cross company collaboration and deliver efficiencies to enable future reinvestment in the business and mitigate inflationary cost pressures, representing a gross cost saving of circa £4 million for FY25.

DIVISIONAL HIGHLIGHTS

Shopping divisional net revenue increased by 3.9% to £64.4 million (FY23: £62.0 million)

- Service fee net revenue increased by 10.1% to £19.7million, reflecting growth in the number of revenue-generating PayPoint One/Mini sites to 19,297 (31 March 2023: 18,453 sites)
- Card payment net revenue increased by 2.8% to £32.7 million, with further site growth in the EVO estate to 19,682 (31 March 2023: 18,397) and in the Lloyds Cardnet estate to 10,064 (31 March 2023: 9,541)
- UK retail network increased to 29,149 sites (31 March 2023: 28,478), with 70.0% in independent retailer partners and 30.0% in multiple retail groups

E-commerce divisional net revenue increased strongly by 61.6% to £11.8 million (FY23: £7.3 million)

- Record year for Collect+ as parcel transactions grew strongly by 77.5% to 100.1 million (FY23: 56.4 million), including regularly achieving over 2 million parcels processed per week
- Collect+ network increased to 11,786 (31 March 2023: 10,514), with further expansion to support volume growth
- Print in Store service now available in over 80% of network across circa 9,100 sites, enabled by the further rollout of Zebra label printers

Payments & Banking divisional net revenue decreased by 4.8% to £53.5 million (FY23: £56.2 million)

- Continued growth through our MultiPay platform, with underlying net revenue increasing by 29.3% to £5.3 million (FY23: £4.1 million). Total digital net revenue decreased by 12.7% to £13.8 million (FY23: £15.8 million), with the prior year including the one-off benefit of £3.5 million from the Energy Bills Support Scheme
- Cash through to digital net revenue now stabilised to £6.8 million in the year (FY23: £6.9 million), with a new baseline set for the category and continued growth in banking with over £430 million of deposits processed for neobanks
- Cash payments net revenue decreased by 2.5% to £32.8 million (FY23: £33.6 million). Legacy energy sector net revenue decreased by 10.6% for the full year, the rate of decline moderating in H2 FY24 to -2.6% versus the sharp fall of -19.2% in H1 FY24.

Love2shop divisional net revenue was £51.3 million (FY23 – one month only post-acquisition: £3.4 million)

- Park Christmas Savings returned to growth, delivering £162.6 million of billings for the Christmas 2023 season, an

increase of 1.2% versus the prior year (Christmas 2022[1]: £160.7 million). The Christmas 2024 season has started positively, with payment rates +5% versus the prior year and a reduction in the number of 'nil paid' customers of 21%, driven by a proactive plan to improve conversion and completion of savings targets
- Love2shop Business experienced a weaker billings performance than expected in H2, as indicated in our Q3 trading update, with £162.8 million delivered in FY24 (FY23[2]: £170.3 million). This was seen particularly in employee rewards, reflecting the broader caution from large businesses and the overall challenging economic situation. New corporate APIs were launched in November 2023, with the first clients onboarded shortly after, and a restructured corporate sales team now in place
- MBL, the leading gift card technology platform acquired by Love2shop in June 2022, processed £59.7 million of gift card value in the year (FY23: £43.6 million) for its extensive client base, including Greggs, B&M and Argos.

RECONCILIATION OF REPORTED NUMBERS

£m	FY24	FY23
Reported profit before tax	**48.2**	42.6
Exceptional items[3]	**5.2**	5.6
Profit before tax excluding exceptional items	**53.4**	**48.2**
Net movement on convertible loan notes – OBConnect and Optus	**0.2**	-
Amortisation of intangible assets arising on acquisition – PayPoint (previous acquisitions)	**2.1**	2.1
Amortisation of intangible assets arising on acquisition – Love2shop	**6.0**	0.5
Underlying profit before tax (profit before tax excluding adjusting items)	**61.7**	**50.8**
Underlying EBITDA	**81.3**	**61.3**

BUSINESS DIVISION NET REVENUE AND MIX

Net revenue by business division (£m)	FY24	FY23	FY22
Shopping	**64.4**	62.0	58.7
E-commerce	**11.8**	7.3	4.9
Payments & Banking	**53.5**	56.2	51.5
PayPoint Segment Total	**129.7**	125.5	115.1
Love2shop Segment Total	**51.3**	3.4	N/A
PayPoint Group Total	**181.0**	128.9	115.1
Business division mix	**FY24**	**FY23**	**FY22**
Shopping	**35.6%**	48.1%	51.0%
E-commerce	**6.5%**	5.6%	4.3%
Payments & Banking	**29.6%**	43.6%	44.7%
Love2shop	**28.3%**	2.7%	N/A

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A presentation for analysts is being held at 9.30am today (13 June 2024) via webcast. This announcement, along with details for the webcast, is available on the PayPoint plc website: corporate.paypoint.com

[1] NB. Full year number is shown for comparison. Only 1 month of contribution in FY23 from Love2shop following completion of acquisition
[2] NB. Full year number is shown for comparison. Only 1 month of contribution in FY23 from Love2shop following completion of acquisition
[3] Exceptional items comprises £2.1 million for legal costs related to claims against PayPoint, £1.1 million of refinancing fees and £2.0 million of restructure costs

CHIEF EXECUTIVE'S REVIEW

GROUP UPDATE

Robust financial performance with further progress towards delivering £100m EBITDA by the end of FY26

This has been another year of progress for the PayPoint Group where we have delivered a robust financial performance and made further progress towards delivering £100m EBITDA by the end of FY26. These results reflect both the resilience of our businesses and the transformation delivered over the past three years as we unlock further opportunities and growth across our four business divisions.

Partnership philosophy opening up new revenue opportunities

Our partnership philosophy across the Group, combined with an intensity and focus on execution, is already unlocking new markets and revenue opportunities for us. This includes the recently announced partnerships with Royal Mail, Lloyds Bank and DVLA, our success in Open Banking working with Ovo and the Department for Energy Security and Net Zero, and the continued focus on our convenience retail sector relationships, working closely with our retailer partners and the key retail trade associations. This approach underpins our delivery across every business division, in addition to our growth building blocks in digital payments, card payments, parcels, community cash access, retailer services and our Love2shop business.

Streamlined organisational structure and cost base to deliver medium-term growth

During H2 FY24, we announced that we had commenced a thorough review to ensure we had the appropriate organisational structure and cost base to underpin our growth ambitions and, in part, mitigate inflationary cost pressures. Like many organisations in the UK, we are trading in a challenging economic climate and facing significant inflationary cost pressures, and need to be proactive in order to mitigate these pressures and maintain a strong business platform. The review concluded in March 2024 and a number of changes were implemented in April 2024 to simplify the structure, enhance cross company collaboration and deliver efficiencies to enable future reinvestment in the business, representing a gross cost saving of circa £4 million for FY25.

REVIEW BY DIVISION

SHOPPING DIVISION

In Retail Services, we have further enhanced our retailer propositions, with positive feedback from our partners and additional value delivered to our retailers through a 21.5% increase in commission paid year on year. In November 2023, our next generation device, PayPoint Mini, was launched and our integrated third-party EPoS solution, PayPoint Connect, is now rolling out across our estate, working in partnership initially with the Retail Data Partnership and iPosG. Our FMCG consumer engagement proposition, PayPoint Engage, has delivered its first seven figure net revenue contribution, delivering brand campaigns for major consumer brands, leveraging our PayPoint One platform, advertising screens and vouchering capability. In addition, we launched Love2shop physical gift cards for the first time in over 2,600 locations for the Christmas 2023 gifting season, partnering with key multiple retailers, including One Stop, MFG, Henderson's Retail and CJ Lang, with a further rollout to independent retailers underway in the current year.

In Cards, the positive momentum has continued to grow, driven by further improvements to our merchant proposition, including our recently launched Handepay Rewards scheme, a strengthened pricing governance approach and a continued focus on proactive churn management driven by AI and analytics. Our recently announced major partnership expansion with Lloyds Bank will enhance our proposition further, strengthening our market position, accelerating growth across our merchant estates and delivering better tools, support and experience for our SME and retailer partners. The expanded partnership, starting with an initial phase in Q2 FY25, followed by a full launch expected in Q3 FY25 (subject to regulatory approval), will offer merchants a market-leading banking and card services proposition combining card payments, a 12-month fee-free Lloyds bank business account and a connected competitive commercial card offering. Lloyds Bank Cardnet will be investing significantly into their business to enhance product development and data analytics for merchants.

In our building Community Cash Access and Banking network, ATM performance has been disappointing, with net revenue decreasing by 8.2% year on year. Management in this area has been strengthened, with a new hire secured to drive tighter operational management of the estate and to win new estate growth opportunities. Our Counter Cash service, offering withdrawals and balance enquiries over the counter, has grown to 2,150 locations, and, we have processed over £430 million of consumer deposits for our neobank clients in the year. We are now actively exploring how we support High Street Bank customers with cash access for consumer and SME deposits and withdrawals across our extensive network.

We have continued to strengthen our retailer partner relationships and service, including a refreshed approach to the 'early life' support provided to our retailer partners to drive adoption of new services, the launch of a new chatbot and automated services for day-to-day queries, more direct communications and our strengthened relationships with the key retail trade associations. Our broader commitment to our retailer partners to deliver further value and opportunities to earn has delivered an increase to a positive NPS score for the first time in six years. As more critical services continue to withdraw from communities and High Streets across the UK, we are more focused than ever on working closely with our retailer and industry partners to evolve our service provision and ensure we can leverage our extensive network to provide vital infrastructure and accessibility to individuals close to where they live.

EMERGING OPPORTUNITIES

- FMCG – further growth from our consumer engagement platform, PayPoint Engage
- Foreign Currency – development of our partnership with eurochange in circa 500 stores
- Park Christmas Savings – optimisation of our network of Super Agents for recruiting savers

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E-COMMERCE DIVISION

In E-commerce, it has been a landmark year for Collect+, with net revenue of £11.8 million delivered and parcel transactions exceeding 100 million for the first time. This excellent performance has been delivered against the backdrop of an increasingly challenged UK online retail market, with total market parcel volumes down in each year since the recent peak of 2021 and a number of major brands failing in the year. Our partnership with Yodel/Vinted has delivered strong growth in our new Store to Store service, which has been quickly adopted by consumers and our carrier partners. We have also expanded our Amazon network to over 7,000 stores and a further rollout of Zebra printer technology has also been completed in the year, underlining our continuing commitment to invest in improving the consumer experience in store.

Importantly, we have announced new and expanded partnerships with Royal Mail and Yodel, particularly via their relationship with Vinted, reinforcing the quality and attractiveness of our leading Out of Home network and ensuring that we continue to deliver positive volume growth over the current financial year. We have also successfully expanded the Collect+ network into new locations and demographics, including our growing student presence working with 15 of the top universities and student unions.

EMERGING OPPORTUNITIES

- Expanded carrier relationships – broadening range of services offered to each of our carrier partners, leveraging our superior in-store technology and network to drive further volume growth
- Network expansion – expanding from extensive convenience retail network into new sectors and locations, including student unions, transport hubs and hospitals
- Print In Store – further rollout of circa 2,000 additional Zebra label printers to widen access to service and support new partnerships, including Royal Mail

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PAYMENTS & BANKING DIVISION

In Payments & Banking, our integrated digital payments platform, MultiPay, continues to establish itself as a comprehensive payment solution for clients across card processing, Open Banking, direct debit and cash. We have secured further wins in the Housing sector, with Rooftop and Sovereign Network Group, and in the Charity sector with East Anglian Air Ambulance. We have processed over £430 million of neobank consumer deposits through our retailer partner network and are expanding our community cash banking solutions across the UK. We were also pleased to have won the DVLA contract for International Driving Permits, which went live on 1 April 2024, marking another key central government service that will be fulfilled via our extensive retailer network.

Our Open Banking services continue to go from strength to strength, supported by our partner, OB Connect, with 25 clients live for our services, including Ovo and AMEX for Confirmation of Payee. In particular, our work with Citizens Advice in Stevenage, and a growing number of Citizens Advice offices nationally, utilising our FIS (Financial Information Service) support tool, is having an important impact on the work they do supporting clients in financial distress – debt caseworkers are now able to get an up to date, accurate and holistic view of someone’s finances in minutes, when it used to take weeks or even months. As a result, they can provide advice and information faster, reducing the risk of debts becoming even greater or more serious throughout the advice process. Open Banking payments in the UK grew 90% year on year to 130m payments in 2023 and PayPoint is now one of the leading Payment Initiation Service Providers (PISP) in the UK. This is an important demonstration of how our digital payments solutions are having a strong community impact, which is underpinned by our continuing engagement with key senior stakeholders across the sectors we operate in, including Ofgem, UK Finance, Pay.UK and the Department of Energy Security and Net Zero.

In Cash, legacy energy bill payments net revenue decreased by 10.6% for the full year, with the rate of decline year on year moderating in H2 FY24 to -2.6% versus the sharp fall of -19.2% in H1 FY24. The decreased H1 FY24 performance was driven by several factors, including a shift in consumer topping up behaviour due to the Cost of Living challenges, unseasonably warm weather over the period and the impact of customers still using credit from the Energy Bills Support Scheme (EBSS) up until the end of the half year. In H2, energy sector performance recovered as the EBSS scheme ended, with the rate of decline moderating versus the prior year. In addition, the energy price cap, updated by Ofgem on a quarterly basis, was set at £1,928 for pre-pay customers for January to March 2024, decreasing over the course of FY24 from £4,358 in the same period last year. The impact of this reduction in our consumer energy top up frequency and volumes is not yet clear in the current financial year.

EMERGING OPPORTUNITIES

- New business growth – build a more systematic approach to growing our client base in target sectors of Housing and Charities for our MultiPay platform

- Strengthening PayPoint and Love2shop collaboration – develop closer alignment between the corporate sales teams, driving revenue opportunities across both client bases and leveraging the Group's comprehensive payments solutions
- Open Banking growth – further expansion of our Open Banking services to new and existing sectors, leveraging CCS/DPS frameworks and working in partnership with OBConnect and Aperidata, an innovative consumer and business credit reporting and Open Banking platform
- Government services – expand range of services provided for central and local government, building on the DVLA International Driving Permit service win and the existing DWP Payment Exception Service

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LOVE2SHOP DIVISION

In Park Christmas Savings, it was particularly pleasing to see a return to growth in the Christmas 2023 season, with conversion to paid for new customers up 5%, retention rates for direct customers the highest to date at 77%, and agency size maintained at 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. The 2024 savings season has started positively, with payment rates +5% versus the prior year, cash collected +1% versus the prior year and a reduction in the number of 'nil paid' customers of 21%, driven by a proactive plan to improve conversion and encouraging savers to stay on track with payments, leveraging PayPoint's Pay By Link service for when a payment has been missed. This again reinforces the enduring appeal and vital role this service plays in helping consumers budget for big occasions and avoid debt, with a Trustpilot rating of 4.6/5 and over £2 million of value delivered to savers each year. In our first year, we have established a Park Super Agent network of circa 1,700 PayPoint retailer partners, with a modest number of savers recruited and with plans underway to improve on this early success in the 2025 season.

In Love2shop Business, we experienced a more challenging H2, with billings down year on year due to the broader caution from large businesses, particularly with employee rewards. We have now taken steps in the year to address this, investing in additional APIs to unlock further sales growth and establishing a restructured corporate sales team to better manage our existing relationships and drive new business, with some early success already evident in Q4 FY24. There is now a strong pipeline of new business building into the current financial year and much closer alignment with the business development team in PayPoint, driving revenue opportunities within both client bases. On highstreetvouchers.com, a key acquisition channel for B2B sales, we made important changes in Q4 FY24 to the product mix and focus of the site, prioritising corporate sales and digital products, which has resulted in improved margin and profitability for billings generated via this channel and where we will continue to optimise activity into the current financial year.

In addition, we are well-positioned to leverage the technology platform and capabilities of MBL, which was acquired by Love2shop in 2022, to expand the range of products that we offer to our corporate clients and grow gift card management services with more retailers. This will build on the £59.7 million of gift card value processed in FY24 and a strong client base including Greggs, Argos and Pizza Express. A number of major brands were also added in the year to Love2shop as redemption partners, including B&Q, Currys, Adidas, WH Smith, Matalan & Blackwell's and a successful refresh of the Love2shop brand was delivered.

EMERGING OPPORTUNITIES

- Love2shop channel and partnership expansion - delivering further growth through new partnerships, expanded provision of gift card management services and acceleration of Love2shop Business
- Love2shop Gift Cards – grow sales within multiple retailer network of circa 2,600 stores
- Park Christmas Savings – expand into delivering white label savings schemes for partners and broaden prepaid savings occasions beyond Christmas

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UPDATE ON CLAIMS AGAINST PAYPOINT

In FY24, a number of companies in the PayPoint Group, including PayPoint Plc, received two claims relating to issues addressed by commitments accepted by Ofgem in November 2021 as a resolution of Ofgem's concerns raised in its Statement of Objections received by the PayPoint Group in September 2020. The Ofgem resolution did not include any infringement findings.

The first claim was served by Utilita Energy Limited and Utilita Services Limited (subsequently renamed Luxion Sales Limited) ("Utilita") on 16 June 2023. The second claim was served by Global-365 plc and Global Prepaid Solution Limited ("Global 365") on 18 July 2023. Paypoint can confirm that a first Case Management Conference (CMC) was held on 31 October 2023 at the Competition Appeal Tribunal relating to these claims. The focus of the first CMC was to agree disclosure and a timetable for proceedings. PayPoint can also confirm that a second CMC was held on 26 April 2024 to agree further disclosure and the appointment of expert witnesses for all parties. A provisional date for a third CMC was set for 28 October 2024. Both claims have been listed for a joint trial at the Competition Appeal Tribunal starting on 10 June 2025.

The Group's position remains unchanged: it is confident that it will successfully defend the claim by Utilita, which does not provide any clear evidence to support the cause of action or the amount claimed, and also that it will successfully defend the claim by Global 365, which fundamentally misunderstands the energy market and the relationships between the relevant Group companies and the major energy providers, whilst also over-estimating the opportunity available, if any, for the products offered by Global 365. Consequently, no accounting provision has been made for these claims.

The Group will continue to update the market on a quarterly basis as part of its financial reporting cycle.

OUTLOOK AND DIVIDEND

The streamlining of our organisational structure and delivery of our FY24 financial performance are important building blocks to achieving our financial targets, including the delivery of £100 million EBITDA by the end of FY26.

In the current year, consumer behaviour across a number of our businesses remains subdued, reflecting continued tighter family budgets and a generally flat economy. Our expectation is that this consumer outlook will improve during the course of the year.

Against this background, 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. In addition, our commitment today to a three-year share buyback programme, commencing with at least £20 million 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. The Board has proposed an ordinary final dividend of 19.2p per share, an increase of 3.2% vs the prior year final dividend of 18.6p per share, consistent with our dividend policy and target cover range of 1.5 to 2.0 times earnings excluding exceptional items.

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

Nick Wiles
Chief Executive
12 June 2024

KEY PERFORMANCE INDICATORS

PayPoint Group has identified the following KPIs to measure progress of business performance:

	KPI	Description, purpose and reference	FY24	FY23[1]	FY22
Overall performance	Net revenue (£ million)	Revenue from continuing operations less commissions paid to retailers and Park Christmas Savings agents and costs where the Group is principal for SIM cards and single retailer vouchers. This reflects the benefit attributable to the Group's performance eliminating pass-through costs and is an important measure of the overall success of our strategy. (See Financial review – 'Overview' on page 9)	**181.0**	128.9	115.1
	Underlying EBITDA (£ million)	This measures our earnings before interest, tax, depreciation and amortisation, net movements in convertible loan notes and exceptional items. This is an important measure as it is widely used by investors, analysts and other interested parties to evaluate profitability of companies. (See Financial review – 'Overview' on page 10)	**81.3**	61.3	58.2
	Underlying profit before tax (profit before tax excluding adjusting items) (£ million)	Underlying profit before tax (profit before tax excluding adjusting items), provides a measure of the operational performance of the Group. This reflects the rebalancing of the business towards growth opportunities, the shift away from our legacy cash payments business and is an important measure of the overall success of our strategy. (See Financial review – 'Overview' on page 9)	**61.7**	50.8	48.0
	Net corporate debt (£ million)	Net corporate debt represents cash and cash equivalents excluding cash recognised as clients' funds, retailer partners' deposits, and card and voucher deposits, less amounts borrowed under financing facilities (excluding IFRS 16 liabilities). This shows how the Group is utilising its finance facilities to invest in growth and will be an important measure of how the Group intends to maintain a target leverage ratio of around 1.0 times net debt/EBITDA. (See Financial review – 'Group statement of financial position' on page 14)	**67.5**	72.4	43.9
Shareholder returns	Diluted underlying earnings per share (Pence)	Diluted underlying earnings per share (earnings from continuing operations excluding adjusting items) divided by the weighted average number of ordinary shares in issue during the year (including potentially dilutive ordinary shares). Earnings per share is a measure of the profit attributable to each share.	**62.6**	60.3	55.4
Non-financial	Employee engagement (%)	Measures the overall employee engagement, calculated by our survey provider. The survey provides insight into the health of our organisation, enabling the identification of what is important to our people so that appropriate action can be taken.	**73**	71	72
	ESG (Tonnes CO2e)	Measures the greenhouse gas (GHG) emission for scope 1, 2 and 3 per employee. This is recorded in accordance with the Companies Act 2006 (Strategic Report and Directors Report Regulations 2013)	**9.4**	10.0	14.3

[1] FY23 contained only one month contribution from Love2shop business post-acquisition

FINANCIAL REVIEW

OVERVIEW

£m	Year ended 31 March 2024	Year ended 31 March 2023	Change %
PayPoint segment	**169.8**	160.1	6.0%
Love2shop segment	**136.6**	7.6	n/m
Total revenue	**306.4**	167.7	82.7%
PayPoint segment	**129.7**	125.5	3.3%
Love2shop segment	**51.3**	3.4	n/m
Total net revenue[1]	**181.0**	128.9	40.4%
PayPoint segment	**(79.2)**	(75.2)	5.3%
Love2shop segment	**(40.1)**	(2.9)	n/m
Total costs (excluding adjusting items)	**(119.3)**	(78.1)	52.8%
PayPoint segment	**50.5**	50.3	0.4%
Love2shop segment	**11.2**	0.5	n/m
Underlying profit before tax[2]	**61.7**	50.8	21.5%
Adjusting items:			
Amortisation of intangible assets arising on acquisition	**(8.1)**	(2.6)	n/m
Net movement in convertible loan notes	**(0.2)**	-	-
Exceptional items	**(5.2)**	(5.6)	7.1%
Profit before tax	**48.2**	42.6	13.1%
Underlying EBITDA[3]	**81.3**	61.3	32.6%
Net corporate debt[4]	**(67.5)**	(72.4)	6.8%

Total revenue increased by £138.7 million (82.7%) to £306.4 million (2023: £167.7 million). Net revenue increased by £52.1 million (40.4%) to £181.0 million (2023: £128.9 million), with the Love2shop (L2s) segment contributing an increase of £47.9 million with a full year of revenue compared to one month in the previous year. Revenue from the PayPoint segment increased by £9.7 million to £169.8 million (2023: £160.1 million) predominately driven by the growth in e-commerce, with parcel transactions exceeding 100 million in the year, partially offset by the cash payments decline in Payments & Banking.

Total costs increased by £41.2 million to £119.3 million (2023: £78.1 million). The increase in costs was driven by the £37.2 million additional costs from a full year of L2s compared to one month in the previous year, together with increases in transactional costs of revenue and depreciation of terminals and devices used to drive revenue in the business. Exceptional costs of £5.2 million, which are one-off, non-recurring and do not reflect current operational performance, consisted of £2.0 million restructuring costs, £2.1 million in relation to legal fees incurred as a result of the Group's defence of claims served against it and £1.1m in relation to costs associated with refinancing for the Group.

The underlying profit before tax for the Group increased by £10.9 million (21.5%) to £61.7 million (2023: £50.8 million). This result includes 12 months of contribution from L2s leading to an increase of £10.7 million in underlying profit before tax.

Profit before tax of £48.2 million (2023: £42.6 million) increased by £5.6 million (13.1%). The increase reflects a full year of profit contribution from the L2s segment compared to the prior year which only included one month.

[1] Net revenue is an alternative performance measure. Refer to note 4 to the financial information for a reconciliation to revenue.
[2] Underlying profit before tax is an alternative performance measure. Refer to note 1 to the financial information for a reconciliation
[3] Underlying EBITDA is an alternative performance measure. Refer to note 1 to the financial information for a reconciliation.
[4] Net corporate debt (excluding IFRS 16 liabilities) is an alternative performance measure. Refer to note 1 to the financial information for a reconciliation to cash and cash equivalents.

EBITDA / Underlying EBITDA (£m)	Year ended 31 March 2024	Year ended 31 March 2023
Profit before tax	**48.2**	42.6
Add back:		
Net interest expense	**7.0**	2.6
Depreciation & Amortisation - including amortisation of intangible assets arising on acquisition	**20.7**	10.5
EBITDA (£m)	**75.9**	55.7
Exceptional items and net movement in convertible loan notes	**5.4**	5.6
Underlying EBITDA (£m)	**81.3**	61.3

Underlying EBITDA increased by £20.0 million to £81.3 million (2023: £61.3 million), which comprises £17.8 million for the L2s segment and £63.5 million for the PayPoint segment.

Cash generation reduced by £2.5 million to £57.9 million (2023: £60.4 million), delivered from profit before tax of £48.2 million (2023: £42.6 million). There was a net working capital outflow of £11.8 million, of this £3.2 million related to payment of costs accrued for the Appreciate acquisition at the prior year end, £3.7 million for the extension of payment terms with a key customer, £3.0 million following an exceptionally high year of non-redemption income releases in L2s and £2.8 million resulting from the timing of redemption and expiry of various types of L2s products.

Net corporate debt decreased by £4.9 million to £67.5 million (2022: £72.4 million) following cash generation of £57.9 million partially offset by tax, capital expenditure and dividends. At 31 March 2024 loans and borrowings were £93.9 million (2023: £94.4 million)

PAYPOINT SEGMENT

£m	Year ended 31 March 2024	Year ended 31 March 2023	Change %
Revenue	**169.7**	160.1	6.0%
Shopping	**64.4**	62.0	3.9%
E-commerce	**11.8**	7.3	61.6%
Payments & Banking	**53.5**	56.2	(4.8)%
Net revenue	**129.7**	125.5	3.3%
Other costs of revenue	**(16.9)**	(17.6)	(4.0)%
Depreciation and amortisation (costs of revenue)	**(9.7)**	(7.2)	34.7%
Depreciation and amortisation (administrative expenses) excluding amortisation of intangible assets arising on acquisition	**(0.4)**	(0.4)	-
Other administrative costs – excluding exceptional items	**(49.3)**	(47.7)	3.4%
Net finance costs – excluding exceptional costs	**(2.9)**	(2.3)	26.1%
Total costs	**(79.2)**	(75.2)	5.3%
Underlying profit before tax (excluding adjusting items)	**50.5**	50.3	0.4%

Shopping net revenue increased by £2.4 million (3.9%) to £64.4 million (2023: £62.0 million). Service fees net revenue increased by £1.8 million (10.1%) driven by the implementation of the annual RPI increase and additional PayPoint sites. Cards net revenue increased by £0.9 million (2.8%), with site growth delivered in the Handepay EVO and PayPoint Lloyds Cardnet estates. ATM and Counter Cash net revenue decreased by £0.6 million (6.4%) due to a reduction in transactions driven by the continuing trend of reduced demand for cash across the economy. FMCG voucher revenue increased by £0.5 million (75.4%) to £1.1 million (2023: £0.6 million) following further campaigns run in the year.

E-commerce net revenue increased by £4.5 million (61.6%) to £11.8 million (2023: £7.3 million), driven by strong growth in total transactions which increased by 77.5%. This was due to our strength in clothing/fashion categories, the investment in the in-store experience with Zebra label printers over the past 18 months and the continued expansion from new services and carrier partners.

Payments & Banking net revenue decreased by £2.7 million (4.8%) to £53.5 million (2023: £56.2 million). Cash bill payments and top ups revenue decreased by £2.2 million (7.3%) to £27.8 million (2023: £30.0 million) driven by a 12.2% reduction in transactions following the reduced usage of cash and the continued switch to digital payments. Digital net revenue decreased by £2.0 million (12.7%) to £13.8 million (2023: £15.8 million) as a result of the EBSS scheme which benefited the previous year by £3.0 million. This was partially offset by an increase in interest income received on client balances resulting from the increase in interest rates.

The cost of commission to retailers increased by £7.4 million (21.5%) to £41.8 million (2023: £34.4 million). This increase in payment to our retailer partners reflects an increase in the number of transactions processed as well as more with higher commission rates per transaction

Total costs (excluding adjusting items) increased by £4.0 million (5.3%) to £79.2 million (2023: £75.2 million), primarily as a result of further investment in our people and field sales team to support growth in sales.

SECTOR ANALYSIS

SHOPPING

Shopping consists of services PayPoint provides to retailer partners, which form part of PayPoint's network, and SME partners. Services include providing the PayPoint One platform (which has a basic till application), EPoS, card payments, terminal leasing, ATMs, Counter Cash and FMCG vouchering.

Net revenue (£m)	**Year ended 31 March 2024**	Year ended 31 March 2023	Change %
Service fees	**19.7**	17.9	10.1%
Card payments	**32.7**	31.8	2.8%
ATMs and Counter Cash	**8.8**	9.4	(6.4)%
Other shopping	**3.2**	2.9	10.3%
Total net revenue (£m)	**64.4**	62.0	3.9%

Net revenue increased by £2.4 million (3.9%) to £64.4 million (2023: £62.0 million) primarily due to the growth in service fees and Handepay/Merchant Rentals card payments. The net revenue of each of our key products is separately addressed below.

Service fees from terminals	**Year ended 31 March 2024**	Year ended 31 March 2023	Change %
Net Revenue (£m)	**19.7**	17.9	10.1%
PayPoint terminal sites (No.)			
PayPoint One Terminals	**18,428**	18,453	(0.1)%
PayPoint Mini	**869**	-	-
Total PayPoint One / Mini	**19,297**	18,453	4.6%
Legacy (T2)	**17**	142	(88.0)%
PPoS	**9,164**	9,174	(0.1)%
PayPoint One – non-revenue generating	**671**	709	(5.4)%
Total terminal sites in PayPoint network	**29,149**	28,478	2.4%
PayPoint One average weekly service fee per site (£)	**19.1**	17.8	7.3%

As at 31 March 2024, PayPoint had a live terminal in 29,149 UK sites, an increase of 2.4% primarily as a result of new PayPoint mini sales.

Service fees: This is a core growth area and consists of service fees from PayPoint One, PayPoint mini and our legacy terminals. Service fee net revenue increased by £1.8 million (10.1%) to £19.7 million driven by the additional revenue generating sites compared to the prior year.

The PayPoint One average weekly service fee per site increased by 7.3% to £19.1, following an annual RPI increase.

Card Payments and leases	Year ended 31 March 2024	Re-presented[1] Year ended 31 March 2023	Change %
Net Revenue (£m)			
Card payments – Acquiring	**23.3**	23.5	(0.9)%
Card payments – Rentals	**8.8**	7.8	12.8%
Card payments – Lending and other	**0.6**	0.5	20.0%
Services in Live sites (No.)			
Card payments – Handepay - EVO	**19,682**	18,397	7.0%
Card payments – Handepay - Worldpay	**2,572**	3,839	(33.0)%
Card payments – PayPoint	**10,064**	9,541	5.5%
Card terminals – Merchant Rentals	**49,844**	47,085	5.9%
Transaction value (£m)			
Card payments – Handepay	**4,612**	4,421	4.3%
Card payments – PayPoint	**2,561**	2,457	4.2%

Card payments: Card payments acquiring services generated £23.3 million net revenue in the year, a reduction of £0.2 million from the previous year (2023: £23.5 million). Transaction values overall have increased by 4.3% to £7,173 million (2023 £6,878 million) and Handepay new site sales increased in the year supported by an improved proposition, but sites have been impacted by higher churn, particularly in our Worldpay back book in this very competitive market.

Card payment terminal rentals have increased by £1.0 million (2023: £7.8 million) mainly as a result of a change in the sales mix of operating leases compared to finance leases. Operating leases also have associated costs included in the profit and loss account.

ATMs and Counter Cash	Year ended 31 March 2024	Year ended 31 March 2023	Change %
Net Revenue (£m)	**8.8**	9.4	(6.4)%
Services in Live sites (No.)	**9,599**	9,150	4.9%
Active sites (No.)	**5,635**	5,400	4.4%
Transactions (Millions)	**28.5**	30.1	(5.3)%

ATMs and Counter Cash: Net revenue reduced by £0.6 million (6.4%) to £8.8 million (2023: £9.4 million) as transactions reduced by 5.3% to 28.5 million. This is attributable to the continued reduced demand for cash across the economy, although our new product, Counter Cash, continues to grow. ATM and Counter Cash active sites increased 4.4% to 5,635 mainly as a result of the continued roll out of Counter Cash sites and PayPoint continued to optimise its ATM network by relocating existing machines to better performing locations.

Other: Other shopping services increased by £0.3 million (10.3%) to £3.2 million (2023: £2.9 million) this includes FMCG voucher campaigns which have increased by 75.4%.

E-COMMERCE

Parcels	Year ended 31 March 2024	Year ended 31 March 2023	Change %
Net Revenue (£m)	**11.8**	7.3	61.6%
Services in Live sites (No.)	**11,786**	10,514	12.1%
Transactions (Millions)	**100.1**	56.4	77.5%

E-commerce net revenue increased by £4.5 million (61.6%) to £11.8 million following a record year for Collect+ as parcel transactions grew strongly by 77.5% to 100.1 million. This was driven by our strength in clothing/fashion categories and the investment in the in-store experience with Zebra label printers over the past 18 months. There has been continued expansion from new services, Yodel store to store and Amazon returns, and new carrier partnerships with Royal Mail. Parcel sites increased by 12.1% to 11,786 sites.

[1] Card payment and leases analysis has been re-presented to better aggregate revenue streams and key KPIs

PAYMENTS & BANKING

	Year ended 31 March 2024	Re-presented[1] Year ended 31 March 2023	Change %
Net revenue (£m)			
Cash – bill payments & top ups	**27.8**	30.0	(7.3)%
Digital	**13.8**	15.8	(12.7)%
Cash through to digital	**6.8**	6.9	(1.4)%
Other payments and banking	**5.1**	3.5	45.7%
Total net revenue (£m)	**53.5**	56.2	(4.8)%

Payments & Banking divisional net revenue decreased by 4.8% to £53.5 million mainly as a result of the Energy Bills Support Scheme impacting the previous year, fewer cash bill payments and top up transactions and margin erosion, this has been partially offset by continued growth in digital transactions and higher interest received on customer balances.

Cash – bill payments & top ups	**Year ended 31 March 2024**	Re-presented[1] Year ended 31 March 2023	Change %
Net revenue (£m)	**27.8**	30.0	(7.3)%
Transactions (millions)	**145.2**	165.4	(12.2)%
Transaction value (£m)	**4,062**	4,483	(9.4)%
Average transaction value (£)	**28.0**	27.1	3.3%
Net revenue per transaction (pence)	**19.1**	18.1	5.5%

Cash - bill payments & top ups net revenue decreased by £2.2 million (7.3%) to £27.8 million. The year on year decrease in energy transactions was 6.8% however, the Government's EBSS reduced the number of top ups in H2 FY23, and without this impact in the prior year, the rate of decrease in energy transactions and net revenue year on year would have been greater.

Digital	**Year ended 31 March 2024**	Re-presented[1] Year ended 31 March 2023	Change %
Net revenue (£m)	**13.8**	15.8	(12.7)%
Transactions (millions)	**46.9**	52.3	(10.3)%
Transaction value (£m)	**962.7**	1,307.6	(26.3)%
Average transaction value (£)	**20.5**	25.0	(18.0)%
Net revenue per transaction (pence)	**29.4**	30.4	(3.3)%

Digital (MultiPay, Cash Out, COP and Direct Debits) net revenue decreased by £2.0 million (12.7%) to £13.8 million and digital transactions decreased by 5.4 million (10.3%) to 46.9 million. MultiPay net revenue increased by £1.2 million to £5.3 million (2023: £4.1 million) with transactions growing by 2.5 million to 36.1 million. The DWP Payment Exception Service contributed £3.9 million net revenue in the year (2023: £4.4 million) following the expected decrease in customers. Cashout revenue decreased by £2.9 million (49.1%) to £3.0 million (2023: £5.9 million) with prior year including the one off benefit of £3.5 million from the Energy Bills Support Scheme.

Cash through to digital	**Year ended 31 March 2024**	Year ended 31 March 2023	Change %
Net revenue (£m)	**6.8**	6.9	(1.4)%
Transactions (millions)	**8.2**	8.5	(3.5)%
Transaction value (£m)	**545.0**	496.3	9.8%
Average transaction value (£)	**66.3**	58.1	14.1%
Net revenue per transaction (pence)	**82.7**	81.2	1.8%

[1] Payments & Banking analysis has been re-presented to better aggregate revenue streams and key KPIs

Cash through to digital (eMoney) net revenue decreased by £0.1 million (1.4%) to £6.8 million (2023: £6.9 million) and transactions decreased by 0.3 million (3.5%) to 8.2 million (2023: 8.5 million) with volumes returning to pre-Covid-19 levels and a new baseline set for the category. eMoney transactions derive a substantially higher fee per transaction than traditional top-up transactions as they are more complex to process.

Other payments & banking net revenue includes interest income from client balances, SIM sales and other ad-hoc items which contributed £5.1 million (2023: £3.5 million) net revenue. The year on year increase is driven by the impact of increased interest rates on our client cash balances.

LOVE2SHOP SEGMENT

£m	Year ended 31 March 2024	One month in the Year ended 31 March 2023
Billings	**359.3**	14.8
Revenue	**136.6**	7.6
Net revenue	**51.3**	3.4
Other costs of revenue	**(7.0)**	(0.6)
Depreciation and amortisation (administrative expenses) excluding amortisation on intangible assets arising on acquisition	**(2.5)**	(0.2)
Other administrative costs	**(26.5)**	(1.8)
Net finance costs	**(4.1)**	(0.3)
Total costs	**(40.1)**	(2.9)
Underlying profit before tax (excluding adjusting items)	**11.2**	0.5

L2s has generated £359.3 million of total billings in the year. The primary focus of the business is the sale of multi-retailer redemption products. Revenue from these products is largely service fee received from retail partners when the products are spent, non-redemption income when the product expires, and interest income earned on prepaid funds. L2s also sells cards and vouchers that can only be redeemed at a single retailer, effectively acting as a reseller. For these products, L2s acts as the principal, and revenue is recognised at the full value of billings at the time of dispatch. Net revenue however is stated after deducting the costs for the single retailer product, reflecting the actual income generated from the sale. Net revenue for the year was £51.3 million with the previous period only including one month of contribution following the acquisition.

The business is seasonal in nature, and profit is primarily generated in the second half of the financial year, which represents the peak trading period for L2s corporate business and the dispatch of Park Christmas Savings prepaid products around Christmas.

PROFIT BEFORE TAX AND TAXATION

The income tax charge of £12.5 million (2023: £7.9 million) on profit before tax of £48.2 million (2023: £42.6 million) represents an effective tax rate of 25.9% (2023: 18.5%). This is higher than the UK statutory rate of 25% mainly due to adjustments in respect of share based payments. The effective tax rate is higher than the prior year primarily as a result of the UK statutory rate of tax increasing from 19% to 25%.

GROUP STATEMENT OF FINANCIAL POSITION

Net assets of £121.2 million (2023: £111.7 million) increased by £9.5 million reflecting the growth in retained earnings. Current assets increased by £44.7 million to £296.6 million (2023: £251.9 million) due to an increase in the balance for items in the course of collection, an equal but opposite increase in the settlement payables is included in current liabilities. Non-current assets of £222.5 million (2023: £228.1 million) decreased by £5.6 million due amortisation of intangible assets partially offset by additional investment in terminals.

Total liabilities increased by £29.7 million to £398.0 million (2023: £368.3 million) due to an increase in settlement payables, as noted above.

Net corporate debt was £67.5 million (2023: £72.4 million) and has decreased by £4.9 million from the previous year. Positive cash generation from trading has been offset by working capital requirements in the year along with tax payments, capital expenditure and dividend requirements. Total loans and borrowings were £93.9 million at the year end, reducing by £0.5 million from 31 March

2023. These consisted of a £36.0 million amortising term loan, £57.5 million drawdown of the £90.0 million revolving credit facility and £0.4 million of accrued interest (2023: £46.5 million drawdown from the revolving credit facility, £46.8 million of amortising term loans and £1.1 million of asset financing balances and accrued interest).

GROUP CASH FLOW AND LIQUIDITY

The following table summarises the cash flow and net debt movements during the year.

£m	Year ended 31 March 2024	Year ended 31 March 2023	Change %
Profit before tax	**48.2**	42.6	13.1%
Non cash other exceptional items	**0.2**	1.3	(84.6)%
Depreciation and amortisation	**20.7**	10.5	97.1%
Share-based payments and other items	**0.6**	2.4	(75.0)%
Working capital changes (corporate)	**(11.8)**	3.6	n/m
Cash generation	**57.9**	60.4	(4.1)%
Taxation payments	**(8.4)**	(6.2)	35.5%
Capital expenditure	**(16.2)**	(13.0)	24.6%
Acquisitions & disposals of strategic investments and acquisitions	**(0.1)**	(44.4)	n/m
Payment of leases	**(1.0)**	(0.2)	n/m
Dividends paid	**(27.3)**	(25.1)	8.8%
Net increase/(decrease) in net corporate	**4.9**	(28.5)	n/m
Net corporate debt at the beginning of the year	**(72.4)**	(43.9)	64.9%
Net corporate debt at the end of year	**(67.5)**	(72.4)	(6.8)%
Comprising:			
Corporate cash less overdraft	**26.4**	22.0	
Loans and borrowings	**(93.9)**	(94.4)	

Cash generation reduced £2.5 million to £57.9 million (2023: £60.4 million) delivered from profit before tax of £48.2 million (2023: £42.6 million). There was a net working capital outflow of £11.8 million, of this £3.2 million related to payment of costs accrued for the Appreciate acquisition at the prior year end, £3.7m for the extension of payment terms with a key customer, £3.0 million following an exceptionally high year of non redemption income releases in L2s and £2.8 million resulting from the timing of redemption and expiry of various types of L2s products.

Taxation payments on account of £8.4 million (2023: £6.2 million) were higher compared to the prior period, with the increase in the rate in corporation tax rate from 19% to 25%. Dividend payments were higher compared to the prior period following an increased interim and final ordinary dividend per share from the prior year ended 31 March 2023.

Capital expenditure of £16.2 million (2023: £13.0 million) was £3.2 million higher than the prior year. Capital expenditure primarily consists of PayPoint One and card terminals, terminal development, the enhancement to the Direct Debit platform and IT hardware. The increase in capital expenditure is primarily the result of the inclusion of L2s, which accounts for £2.2 million of the £3.2 million.

DIVIDENDS

We have declared an increase of 3.2% in the final dividend to 19.2 pence per share (2023: 18.6 pence per share) payable in equal instalments of 9.6 pence per share (2023: 9.3 pence per share) on 6 August 2024 and 27 September 2024 to shareholders on the register on 5 July 2024 and 30 August 2024 respectively. The final dividend is subject to the approval of shareholders at the annual general meeting on 1 August 2024.

The final dividend will result in £14.0 million (2023: £13.5 million) being paid to shareholders from the standalone statement of financial position of the Company which, as at 31 March 2024, had approximately £102.2 million (2023: £44.2 million) of distributable reserves.

CAPITAL ALLOCATION

The Board’s immediate priority is to continue to preserve PayPoint’s balance sheet strength. The Group maintains a capital structure appropriate for current and prospective trading over the medium term that allows a healthy mix of returns to shareholders and cash for investments. The Group’s capital allocation priorities have been updated as follows:

- 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;
- Progressive ordinary dividends targeting a growth of our earnings cover ratio from the current 1.5 to 2.0 times range to over 2.0 times by FY27

- A 3-year share buyback programme, 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.
- Targeting an appropriate leverage ratio of around 1.0 times net debt/EBITDA

GOING CONCERN

The financial statements have been prepared on a going concern basis having regard to the identified principal risks and uncertainties and the viability statement on page 21. Our cash and borrowing capacity provides sufficient funds to meet the foreseeable needs of the Group including dividends.

Rob Harding
Chief Financial Officer
12 June 2024

PRINCIPAL RISKS AND UNCERTAINTIES

Continuous development and review, whilst maintaining a dynamic and effective risk management process, is vital to support the business in achievement of its strategy and business objectives. Risk management continues to be an essential part of PayPoint's Corporate Governance.

Changes to principal risks

New risks and disclosures

The integration of Love2shop into the wider PayPoint Group has continued over the financial year, including the roll-out of PayPoint's risk management framework into Love2shop. Our risk appetite remains the same as last year.

It is defined as:

Risk appetite	Impact on profit before tax
Low	Under £2 million
Medium	Under £5 million
High	Over £5 million

Changing risks

Competition & Markets – Recognising the increased importance of consumer behaviours and their impact on our business model, this risk has been relabelled as "Consumer Behaviours and Markets" to reflect the composition of this risk more fully. The appetite for this risk has been assigned as "high" to reflect the relationship between this risk and value creation / reward.

Operating Model– This risk has now been renamed as "Client Services" to reflect clients becoming increasingly demanding in terms of need and service expectations, along with the compliance requirements accompanying those services.

Emerging Risks

ESG and Climate Risk remains an emerging risk. Whilst we recognise the impact climate change is having globally, we continue to be a low-carbon producing company and, as such, these risks do not pose an immediate risk to our operations. We have embedded a strategy of reducing our carbon emissions, with a goal of becoming fully net-zero by 2040 (2030 for our own operations). Details of how we plan to achieve are set out in our annual report.

In 2022 we implemented The Task Force on Climate-related Financial Disclosures (TCFD) which provides companies with a framework to improve reporting on climate-related risks and opportunities. Risks caused by climate change have been embedded into our enterprise risk management framework including our financial planning processes, business case development and our overall risk identification and management processes are set out in our annual report.

The table on pages 17 to 20 sets out our principal and emerging risks and includes: details of the potential impact; mitigation strategies; status of each risk; risk appetite; and exposure trend. They do not comprise all risks faced by the Group and are not set out in order of priority.

	Risk Trend & Appetite	Potential Impact	Mitigation Strategies	Status
Principal Risks				
1	**Consumer Behaviours and Markets** Trend = Increasing Appetite = High	PayPoint's markets and competitors continue to evolve. The decline in legacy business cash usage is expected to continue prompting the need for further business diversification. The current economic climate, of continually rising prices and lower spend levels by consumers, has continued from the previous financial year. The impact in particular markets, such as the Cards market, has been noticeable with transaction process volumes remaining subdued.	The Executive Board closely monitors consumer trends and spending behaviour, regularly re-assessing our markets, competitor activity, along with any opportunities to further de-risk its legacy business. We continue to develop our service offerings and to adapt to changes in consumer needs and behaviours, including strategic acquisitions or investments, where appropriate.	Risk is increasing as cost of living pressures have continued in the year, causing changes in consumer activities, particularly in spending behaviours. This, along with the continued decline in cash legacy business has impacted income streams for certain parts of the business.

2	**Emerging Technology** Trend = Stable Appetite = Medium	As our markets continue to evolve, so does the technology supporting the service provision. Pressures to deliver new and innovative products remain and failure to keep pace with this technological change is a risk for the Group.	We continually review technological developments (including the evolution of AI) to understand how new technologies can be used to support and enhance our service offerings. The Executive Board closely monitors emerging technologies and the impact they may have on the Group. We also develop and implement our own innovative technology, where appropriate.	Risk is stable as Group acquisitions, investments and partnerships have helped to mitigate risks associated with emerging technologies. The ongoing programme of re-platforming our digital proposition will facilitate the further expansion of our presence in digital payment markets. We continue to roll out the new, updated version of our retailer terminal – the PayPoint Mini.
3	**IT Transformation** Trend = Increasing Appetite = Medium	Several significant IT projects are in our 3-year plan and the delivery of these projects will be key to delivering our business strategy and growth aspirations, along with platform resilience.	The Executive Board is accountable for the management and delivery of these projects, with oversight from the Group Board.	Risk is increasing as several of these projects have been mobilised after the FY24 year end and will be delivered over the course of the next 2 – 3 years.
4	**Client Services** Trend = Increasing Appetite = Medium	Clients' expectations in terms of service level standards and compliance are increasing as the business diversifies into new products/ channels (such as community banking). Client retention and the exposure to clients developing in house solutions as an alternative to our services remains an ongoing risk, along with customer concentration risk, such as in Parcels.	PayPoint builds and carefully manages strategic relationships with key clients, retailers, redemption partners and suppliers. We continually seek to improve and diversify services through new initiatives, products and technology and our involvement in new and innovative markets.	Risk is increasing. We continue to renew contracts and onboard new retailers, clients, merchants and redemption partners in line with expectations. We have built on our services and continue to encourage our clients to diversify and utilise more than one of our service provisions. Working with our clients to continue to understand their requirements and how best we can meet our clients needs remains a priority for the Group.
5	**Legal and Regulatory** Trend = Stable Appetite = Low	PayPoint is required to comply with numerous contractual, legal, and continuously evolving regulatory requirements. Failure to anticipate and meet obligations may result in fines, penalties, prosecution and reputational damage. Increased levels of regulatory supervision, the implementation of consumer duty and the addition of new service offerings, such as open banking and PISP, have all increased the complexity of the regulatory environment in which we operate.	Our Legal and Compliance teams work closely with the business on all legal and regulatory matters and adopt strategies to ensure PayPoint is appropriately protected and complies with regulatory requirements. The teams advise on all key contracts and legal matters and oversee regulatory compliance, monitoring and reporting. Emerging regulations are incorporated into strategic planning, and we engage with regulators to ensure our frameworks are appropriate to support new products and initiatives.	Risk is stable. We continue to manage new legal and regulatory exposures through our risk management framework and this framework has been rolled out across our Love2shop business following its acquisition in 2023. As referenced in Note 11, the two claims served on a number of companies in the Group in relation to the matters addressed by commitments made to Ofgem in 2021 in resolution of Ofgem's competition concerns are still ongoing. The Group's position remains unchanged and we are confident that we will successfully defend these claims.
6	**People** Trend = Increasing Appetite = Low	Failure to retain and attract key talent impacts many areas of our business. A key element of the 3 year plan is revenue growth, and we need to be confident we can attract/ retain those individuals who are instrumental in driving top line growth, along with individuals who will support the operational transformation of our business.	The Executive Board continues to monitor this risk, with oversight from the Remuneration Committee. We continue to invest in our people, with a clear focus on retaining talent and key person dependency. PayPoint's purpose, vision and values, are defined and embedded	Risk is increasing. The delivery of £100m EBITDA requires significant revenue growth over FY25 and FY26 and a key element of this is retaining and attracting key talent to support delivery of this growth. Employee engagement surveys remain positive and key actions around cost-of-living support, better

		Key person dependencies, at both executive and senior management levels, have been noted as a key risk.	within the business, our expected behaviours and our review and monitoring processes. An employee forum comprising employees from across the business engages directly with the Executive Board on employee matters.	employee interaction and flexible working have been implemented.
7	**Cyber Security** Trend = Increasing Appetite = Low	Cyber security risk continues to grow due to the growing volume and ever-increasing sophistication of the nature of these attacks and our expanding digital footprint. Such attacks may significantly impact service delivery and data protection causing harm to PayPoint, our customers and stakeholders. As the geographical instability has continued and increased over the last year, cyber-crime and its potential impact on our Group continues to increase as do our efforts to mitigate the likelihood of such an attack and in monitoring activities for potential instances of attack.	Recognising the importance and potential impact this risk poses to our business, the Executive Board regularly assesses PayPoint's cyber security and data protection framework, and the Cyber Security and IT Sub-Committee of the Audit Committee maintains oversight. Our IT security framework is comprehensive, with multiple security systems and controls deployed across the Group. We are ISO27001 and PCI DSS Level 1 certified, and systems are constantly monitored for attacks with response plans implemented and tested. Employees receive regular cyber security training, and awareness is promoted through phishing simulations and other initiatives. We have implemented tools to assist in quick identification of potential threats. We operate a robust incident response framework to address potential and actual breaches in our estate or within our supply chain. We engage with stakeholders, including suppliers on cyber-crime and proactively manage adherence with data protection requirements.	Risk is increasing because of the growing volume and sophistication of cyber-attacks, coupled with our expanding digital footprint. We continue to enhance our architecture, systems, processes and cyber monitoring and response capabilities. We regularly engage third parties to assess and assist on our cyber defences and strengthen our controls and have implemented strong monitoring capability across the Group.
8	**Business Interruption** Trend = Increasing Appetite = Low	Failure to provide a stable infrastructure environment or to promptly recover failed services following an incident can lead to loss of service provision and financial and reputational loss. Interruptions may be caused by system failures, cyber-attack, failure by a third party or failure of an internal process. Recovery of the service can be hampered by lack of appropriate resilience levels.	PayPoint has developed a comprehensive and robust business continuity framework. This is reviewed by the Executive Board and the Cyber Security and IT Sub-Committee of the Audit Committee maintains oversight of the framework and its implementation. Business continuity, disaster recovery and major incident response plans are maintained and tested with failover capabilities across third party data centres and the cloud. Systems are routinely upgraded. With numerous change management processes deployed and resilience embedded where possible. Risk from supplier failure is managed through contractual arrangements, alternative supplier arrangements and business continuity plans.	Risk is increasing. System disruption is an inherent business risk. However, we recognise that the acquisition of Love2shop, our IT transformation projects and our expansion into different products contribute to an increasing complexity of our operations. Better staff training and retention has enhanced our ability to detect and recover from service issues.
9	**Credit and Liquidity/**	The Group has significant exposures to large clients/retailers, redemption	PayPoint has effective credit and operational processes and controls.	Risk is stable. Cost of living pressures may impact our client and retail estate. However, we

	Treasury Management Trend = Stable Appetite = Low	partners and other counterparties. We process high volumes of payments which are dependent upon effective operational controls. The Group also operates a number of debt/banking covenants and interest expenses which must be carefully managed. Cash flow management plays an increasingly important role in the Group's operations.	Retailers and counterparties are subject to ongoing credit reviews, and effective debt management processes are implemented. Settlement systems and controls are continually assessed and enhanced with new technology. We have effective governance with oversight committees, delegated authorities and policies for key processes. Segregation of duties and approvals are implemented for all areas where fraud or material error may occur. Residual risk associated with potential default of gift card providers is mitigated through insurance.	have robust monitoring and an increase in support payment processing in place to reduce default rates and impacts. The risk profile of our business operations remains stable. We continue to review and enhance our operational processes and controls, and relationships with our funding partners. We successfully refinanced to support the acquisition of Love2shop and our cash generation remains robust. We also successfully refinanced our facility in June 2024. Liquidity targets as planned for the year have been met.
10	**Operational Delivery** Trend = Stable Appetite = Low	Delivery of key initiatives and strategic objectives, including sales and service delivery growth, is key to achieving the desired success levels anticipated for the group. Successful planning, forecasting and successful execution of all business function areas are key to ensuring operational delivery. Supply chain management is also a key factor in delivering our operational targets. Failure to manage this risk would hamper our business performance, impact our stakeholders, and may lead to regulatory or legal sanctions.	The Executive Board has overall responsibility for delivering key initiatives implementing a robust control framework. The Executive Board has implemented a robust and effective reporting suite to ensure management of BAU activity is supported by timely and accurate business analysis. We continue to develop our Business Intelligence and Management information reporting capabilities to enhance, support and develop our management functions. Our project management methodology ensures projects are prioritised and governed effectively. Our existing processes are continuously reviewed to make sure they are efficient and well controlled.	Risk is stable. We continue to focus on effective integration of Love2shop into our business. We continue to develop new services and enhance existing capabilities.
Emerging Risk				
1	ESG and Climate Trend = Stable Appetite = Medium	We continue to focus on environmental, social and governance matters and recognise that our business needs to be environmentally responsible to create shared value for all stakeholders. PayPoint continues to seek ways to reduce carbon emissions and its environmental impact. We continue to closely monitor the impacts on our business to ensure our revenue streams remain sustainable.	The CEO and the Executive Board have overall accountability for PayPoint's climate and social responsibility agendas, and they recommend strategy to the Board. PayPoint aligns its business with reducing carbon emissions, and continually assesses its approach to environmental risk and social responsibility, which are embedded in our decision-making processes. We have multiple policies and processes governing our social responsibility strategy and we continually assess and evolve our strategy and working practices to ensure the best outcomes for stakeholders and the environment.	Our ESG working group has implemented various measures as we embed low carbon strategies into our working practices and business strategy. The roll out of the PayPoint Mini, our new terminal, supports reduction of our carbon footprint through production of lower emissions. We continue the move toward electric cars for our company fleet helping our field team to travel in more environmentally friendly ways. We run an employee forum and have implemented various measures as a result, such as cost of living support.

VIABILITY STATEMENT

In accordance with the 2018 UK Corporate Governance Code, The Directors have assessed the viability of the Group over a three-year period, taking account of the Group's current financial and trading position, the principal risks and uncertainties (as set out on pages 17 to 20) and the strategic plans that are reviewed at least annually by the Board.

Assessment period
The Directors have determined that the Group's strategic planning period of three years remains an appropriate timeframe over which to assess viability. This broadly aligns to average client renewal terms, new client prospecting and onboarding cycles and the development-through-to-maturity evolution of new products and service lines. The current financing facilities are in place until June 2028, broadly in line with this period.

Assessment of prospects
The Directors assess the Group's prospects through the annual strategy day, held this year in November 2023, and review of the Group's three-year Plan, which was most recently in March 2024. The planning process forecasts the Group's financial performance that include cash flows, allowing the Directors to assess both the Group's liquidity and adequacy of funding. In its assessment of the Group's prospects, the Directors have considered the following: —

The Group's strategy and how it addresses changing economic environments in the context of our clients, parcel partnerships, merchants, prepay savers and retailer requirements.

In each of our business divisions we evolve our proposition to specifically address the requirements of our clients and merchants. In our Shopping division, our partnership with Lloyds Bank will provide a market-leading banking and card services proposition. In the e-Commerce division, the new partnerships with Royal Mail and Yodel/Vinted, together with new locations in Student unions creates additional convenience for online shoppers. In Payments and Banking, we are expanding our community cash banking solutions across the UK providing much needed access to cash for consumers. In Love2shop, we have added the 'Essentials' product to key government procurement frameworks and integrated this product into our PayPoint OpenPay service enabling consumers choice of cash or vouchers.

The Group's inherent resilience to risk.

The Group has an inherent resilience to risk from its diversified proposition across many sectors. This means there are substantial opportunities to continue to provide more key services across all our customers (Retailers, SMEs, Clients, prepay savers and Parcel partnerships). This will ensure we are more integral to all of our customers. The business remains highly cash generative, enabling continued investment in key areas of growth to support the Group's longer-term viability.

Expectations of the future economic environment.

The economic environment remains uncertain. Higher inflation and cost of borrowing have and continue to impact consumer behaviours and confidence. The diversity and necessity of our proposition ensures the business can adapt to ongoing and unexpected changes. A good example of this is the Yodel/Vinted partnership which supports many value seeking consumers with purchases in the previously loved clothing market.

The Group's financial position.

As at 31 May 2024 the Group had £66.2 million of net debt, split £11.6 million cash and £77.8 million utilised facilities. Compared to the total committed facilities of £135m means the group has substantial headroom of £68.8 million. This level of liquidity is sufficient for all viability scenarios.

Assessment of viability
To assess our viability, we modelled different scenarios by considering the potential impact of the principal risks (as shown in the table on pages 17 to 20). Risks are broadly unchanged, the additional investments required to realise our integration and plan targets are included in the plan financial projections. We have reassessed the group's scenarios to reflect the progress made in delivering our strategy. All ten principal risks were used in our modelling. They were chosen because they combine to represent plausible scenarios covering a range of different operational and financial impacts on the business.

In total, three severe but plausible individual scenarios have been modelled, with a fourth reverse stress test scenario. These scenarios and the assumptions within are detailed in the table below. Theoretically all these scenarios, with differing causes could occur together, with varying levels of impact. However, we have not included a combined scenario of scenarios A to C.

None of the separate scenarios modelled was found to impact the long-term viability of the Group over the assessment period. In assessing each of the scenarios, we have taken account of the mitigating actions available to us, including, but not limited to reducing discretionary operating spend, reducing non-committed capital expenditure, repricing our products and services, freezing recruitment, reducing variable incentives and temporary suspension of dividend payments.

Conclusion

Having assessed the Group's current position, potential impacts of principal risks, managing adverse conditions in the past, potential mitigating actions and prospects of the Group, the Directors confirm they have a reasonable expectation that the Group will be able to continue in operation, remain solvent and meet its liabilities as they fall due over the three-year assessment period.

Scenario modelled	Linked to principal risks	Assumptions
<u>Scenario A</u> A sharp economic decline in the economy and our markets causes material divergence on planned product growth rates or accelerated declines	*Risk (1) Competition and markets,* *Risk (2) Emerging technology,* *Risk (4) Operating model* *Risk (10) Operational delivery*	<u>Transactions/merchants/estate</u> Areas of growth have been reduced or held flat and in areas of decline have been assumed to continue or accelerate those declines. <u>Margins, revenue rates per transaction/merchants or estate</u> Margins and rates have been held in line with planned levels <u>Costs</u> No cost savings assumed however bonus would not be paid. All of the above are assumed to impact for FY24/25 with a slow recovery in FY25/26 back to planned levels in FY26/27. <u>Dividends and Share Buy-Back</u> Dividends are unchanged as per the dividend policy. Share buy-back is maintained.
<u>Scenario B</u> Our transformation and integration projects do not deliver the planned growth	*Risk (3) Transformation* *Risk (6) People*	<u>Revenue Growth</u> Planned transformational revenue growth rates are assumed to halve over the life of the plan. <u>Costs</u> Costs, linked to transformational revenue growth are assumed to increase by 5% p.a. above planned levels to achieve transformational execution and cover retention issues or unforeseen skills gaps. <u>Dividends and Share Buy-Back</u> Dividends are unchanged as per the dividend policy. Share buy-back is maintained.
<u>Scenario C</u> A one-off event, such as a legal, regulatory, cyber security or a significant credit loss event	*Risk (5) Regulatory and legal (grouping all the one-off hits together)* *Risk (7) Cyber security,* *Risk (8) Business interruption* *Risk (9) Credit and liquidity/Treasury Management*	<u>Revenue</u> No impact is assumed as PayPoint would adjust to change or correct any breach so that level of business could continue <u>Costs</u> It is assumed that an average of all possible maximum fines, £26.9m, is incurred in FY24/25 but no other associated costs together with a credit risk of £12.1m totalling £39m. <u>Dividends and Share Buy-Back</u> No interim dividend would be paid in FY26, the year impacted. Otherwise, dividends are unchanged as per the dividend policy. Share buy-back is maintained.
<u>Scenario D</u> Two reverse stress tests scenario were undertaken <u>The first:</u> adopting the principles of Scenarios A and B where a continuously monthly impact has been modelled to understand when our funding limits would be breached. <u>The second:</u> adopting the principles of Scenario C to determine the quantum of a one-off impact to breach covenants or exceed funding availability.	*Risk (1) Competition and markets,* *Risk (2) Emerging technology,* *Risk (3) Transformation* *Risk (4) Operating model* *Risk (6) People* *Risk (10) Operational delivery*	For the first scenario, no dividends paid across the three years, other than the final dividend in respect of FY24. The share-buyback is assumed to continue. For the second scenario, In this reverse stress test, it is assumed no dividends are paid in the year of the event and therefore from a cash perspective, we save c£13m in FY26 and FY27. For both tests, the share buyback is assumed and therefore remains a management 'lever'.

Consolidated statement of profit or loss

	Note	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Revenue	2,3	**277,816**	165,220
Other revenue	2,3	**28,551**	2,503
Total revenue		**306,367**	167,723
Cost of revenue		**(158,964)**	(64,257)
Gross profit		**147,403**	103,466
Administrative expenses - excluding adjusting items		**(78,722)**	(50,083)
Operating profit before adjusting items		**68,681**	53,383
Adjusting items:			
Exceptional items - administrative expenses	5	**(4,120)**	(5,317)
Amortisation of acquired intangible assets		**(8,076)**	(2,574)
Movement on convertible loan notes		**(186)**	-
Operating profit after adjusting items		**56,299**	45,492
Finance income		**1,390**	87
Finance costs		**(8,408)**	(2,718)
Exceptional item – finance costs	5	**(1,099)**	(287)
Profit before tax		**48,182**	42,574
Tax	6	**(12,495)**	(7,864)
Profit after tax		**35,687**	34,710

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Earnings per share (pence)	Year ended 31 March 2024	Year ended 31 March 2023
Basic	**49.1**	50.1
Diluted	**48.8**	49.6

Underlying earnings per share – before adjusting items (pence)	Year ended 31 March 2024	Year ended 31 March 2023
Basic	**63.0**	61.0
Diluted	**62.6**	60.3

Consolidated statement of comprehensive income

		Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Items that will not be reclassified to the consolidated statement of profit or loss:			
Remeasurement of defined benefit pension scheme asset		**(328)**	353
Deferred tax on remeasurement of defined benefit pension scheme asset	6	**82**	(86)
Other comprehensive (expense) / income for the year		**(246)**	267
Profit for the year		**35,687**	34,710
Total comprehensive income for the year attributable to equity holders of the parent		**35,441**	34,977

Consolidated statement of financial position

	Note	31 March 2024 £'000	Re-presented[1] 31 March 2023 £'000
Non-current assets			
Goodwill		**117,427**	117,427
Other intangible assets		**67,052**	75,293
Convertible loan notes		**3,689**	3,750
Other investment		**251**	251
Property, plant and equipment		**33,292**	29,257
Net investment in finance lease receivables		**512**	1,711
Retirement benefit asset		**286**	411
Total non-current assets		**222,509**	228,100
Current assets			
Inventories		**3,260**	3,152
Trade and other receivables		**122,950**	82,055
Current tax asset		**5,423**	6,231
Cash and cash equivalents – corporate		**26,392**	22,546
Cash and cash equivalents – non-corporate		**60,378**	55,905
Restricted funds held on deposit (non-corporate)		**78,198**	82,000
Total current assets		**296,601**	251,889
Total assets		**519,110**	479,989
Current liabilities			
Trade and other payables		**281,864**	255,526
Lease liabilities		**879**	862
Provisions	7	**1,850**	-
Loans and borrowings		**16,435**	11,745
Bank overdraft		**-**	525
Total current liabilities		**301,028**	268,658
Non-current liabilities			
Trade and other payables		**-**	115
Lease liabilities		**3,956**	4,617
Loans and borrowings		**77,500**	82,670
Deferred tax liability		**15,466**	12,215
Total non-current liabilities		**96,922**	99,617
Total liabilities		**397,950**	368,275
Net assets		**121,160**	111,714
Equity			
Share capital	8	**242**	242
Share premium	8	**1,000**	1,000
Merger reserve	8	**18,243**	18,243
Share-based payment reserve		**2,992**	2,286
Retained earnings		**98,683**	89,943
Total equity attributable to equity holders of the parent		**121,160**	111,714

[1]See note 1 for an explanation of the re-presentation.

These financial statements were approved by the Board of Directors and authorised for issue on 12 June 2024 and were signed on behalf of the Board of Directors.

Nick Wiles
Chief Executive

12 June 2024

Consolidated statement of changes in equity

	Note	Share capital £'000	Share premium £'000	Merger reserve £'000	Share-based payment reserve £'000	Retained earnings £'000	Total equity £'000
Opening equity at 1 April 2022		230	1,000	999	1,570	79,459	83,258
Profit for the year		-	-	-	-	34,710	34,710
Total other comprehensive income		-	-	-	-	267	267
Comprehensive income for the year		-	-	-	-	34,977	34,977
Issue of shares	8	12	-	17,244	-	-	17,256
Equity-settled share-based payment expense		-	-	-	1,330	-	1,330
Vesting of share scheme		-	-	-	(614)	614	-
Dividends		-	-	-	-	(25,107)	(25,107)
Closing equity at 31 March 2023		**242**	**1,000**	**18,243**	**2,286**	**89,943**	**111,714**
Profit for the year		**-**	**-**	**-**	**-**	**35,687**	**35,687**
Total other comprehensive expense		**-**	**-**	**-**	**-**	**(246)**	**(246)**
Comprehensive income for the year		**-**	**-**	**-**	**-**	**35,441**	**35,441**
Equity-settled share-based payment expense		**-**	**-**	**-**	**1,669**	**(339)**	**1,330**
Vesting of share scheme		**-**	**-**	**-**	**(963)**	**963**	**-**
Dividends		**-**	**-**	**-**	**-**	**(27,325)**	**(27,325)**
Closing equity at 31 March 2024		**242**	**1,000**	**18,243**	**2,992**	**98,683**	**121,160**

Consolidated statement of cash flows

	Note	Year ended 31 March 2024 £'000	Restated and re-presented[1] Year ended 31 March 2023 £'000
Cash flows from operating activities			
Cash generated from operations	9	**65,706**	62,923
Corporation tax paid		**(8,354)**	(6,204)
Interest received		**534**	609
Interest paid		**(7,609)**	(2,973)
Movement in restricted funds held on deposit (non-corporate)		**3,802**	(35,000)
Movement in payables – non-corporate		**(91)**	9,299
Net cash inflow from operating activities		**53,988**	28,654
Investing activities			
Purchases of property, plant and equipment		**(11,100)**	(7,802)
Purchases of intangible assets		**(5,106)**	(4,900)
Acquisitions of subsidiaries net of cash and cash equivalents acquired		**-**	19,380
Contingent consideration cash paid		**-**	(1,000)
Disposal of investment in associate		**-**	5,487
Purchase of convertible loan note		**(125)**	(3,000)
Purchase of other investment		**-**	(251)
Net cash (used in) / generated from investing activities		**(16,331)**	7,914
Financing activities			
Dividends paid		**(27,325)**	(25,107)
Proceeds from issue of share capital		**-**	1
Payment of lease liabilities		**(1,008)**	(261)
Repayments of loans and borrowings		**(44,980)**	(22,074)
Proceeds from loans and borrowings		**44,500**	64,500
Net cash (used in) / generated from financing activities		**(28,813)**	17,059
Net increase in cash and cash equivalents		**8,844**	53,627
Cash and cash equivalents at beginning of year		**77,926**	24,299
Cash and cash equivalents at end of year		**86,770**	77,926

[1]See note 1 for explanations of the restatement and re-presentation.

Note to the consolidated statement of cash flows - reconciliation of cash and cash equivalents

	31 March 2024 £'000	31 March 2023 £'000
Corporate cash	**26,392**	22,546
Non-corporate cash	**60,378**	55,905
Bank overdraft	**-**	(525)
Cash and cash equivalents	**86,770**	77,926

Notes to the consolidated financial statements

1. Significant Accounting policies

Basis of preparation

PayPoint Plc ('PayPoint' or the 'Company') is a public limited company and is incorporated and registered in England in the UK under the Companies Act 2006. The Company's ordinary shares are traded on the London Stock Exchange. The Group and Company financial statements have been prepared in accordance with UK-adopted International Accounting Standards ("UK-adopted IFRS") and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The financial information for the year ended 31 March 2024 set out in this document does not constitute the Group's financial statements for that financial year but is derived from those financial statements. Those financial statements have been reported on by the Group's auditor, PricewaterhouseCoopers LLP, and will be delivered to the Registrar of Companies in due course. The report of the auditor (i) was unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

These financial statements are presented in Pounds Sterling rounded to thousands (£'000). The Pound Sterling is the currency of the primary economic environment in which the Group operates.

Adoption of standards and policies

The accounting policies adopted by the Group in the financial statements for the year ended 31 March 2024 have been applied consistently to all periods set out in these group financial statements.

Restatement of comparative figures in the Consolidated statement of cash flows, and the related note, for the recognition of acquired cash and cash equivalents in Appreciate Group PLC

On 28 February 2023 the Group acquired Appreciate Group PLC for consideration of £79,181,000, comprising cash of £61,925,000 plus equity of £17,256,000. In its Consolidated statement of cash flows for the year ended 31 March 2023, the Group reported a net cash and cash equivalent outflow of £(45,580,000) for Acquisitions of subsidiaries net of cash acquired. This figure was the net of the cash outflow of the £61,925,000 referred to above less £16,345,000 corporate cash and bank overdraft acquired from Appreciate.

The acquired cash and cash equivalents should also have included £64,960,000 of Appreciate's non-corporate cash and cash equivalents, comprising Gift card voucher cash and Prepay savers' cash. The total cash and cash equivalents acquired should therefore have been £81,305,000, and the Acquisitions of subsidiaries net of cash acquired a net inflow of £19,380,000, rather than a net outflow of £(45,580,000). The Movement in clients' funds, retailer partners' deposits and card and voucher deposits in the prior year note to the Consolidated statement of cash flows should have excluded the £64,960,000 of acquired non-corporate cash and cash equivalents and should therefore have been reported as an outflow of £(25,701,000) rather than an inflow of £39,259,000.

The restatement of the comparative figures in the Group's Consolidated statement of cash flows and the related note reduces Cash generated from operations by £64,960,000. It has no impact on the Group's opening cash and cash equivalents, net assets or retained earnings.
The re-presentation of the comparative figures in the Group Consolidated statement of cash flows and the related note, arising from the changes explained below to the treatment of the movements in Restricted funds held on deposit (non-corporate) and in Payables – non-corporate, increases Cash generated from operations by £25,701,000. The net impact of the restatement and the re-presentation is therefore a reduction of £39,259,000, from the inflow of £102,182,000 reported in the prior year financial statements, to the inflow of £62,923,000 reported as the comparative figure in the current year financial statements.

Re-presentation of comparative figures

<u>Consolidated statement of financial position</u>
In its financial statements for the year ended 31 March 2023, the Group classified its revolving credit facility as a current liability. The Group reclassified the liability to non-current as at 31 March 2024, having adopted early the International Accounting Standard Board's *Non-current Liabilities with Covenants*, which amended IAS 1 *Presentation of Financial Statements*.

<u>Consolidated statement of cash flows and Note to consolidated statement of cash flows</u>
In its financial statements for the year ended 31 March 2023, the Group did not show separately Movement in Restricted funds held on deposit (non-corporate) and in Movement in payables – non-corporate. Their inclusion in the current year improves the year-on-year comparability of Cash generated from operations by excluding movements in Cash and cash equivalents – non-corporate and in Restricted funds held on deposit (non-corporate).

Going concern

The financial statements have been prepared on a going concern basis. The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt-to-equity balance. The capital structure of the Group consists of debt, cash and cash equivalents, restricted funds held on deposit and equity attributable to equity holders of the parent company comprising capital, reserves and retained earnings.

The Group's policy is to borrow centrally to meet anticipated funding requirements. Our cash and borrowing capacity provides sufficient funds to meet the foreseeable needs of the Group. At 31 March 2024, the Group had corporate cash of £26.4 million.

The Group carried out a refinancing, completed on 6 June 2024, following which its borrowing facilities consist of:

- a £45.0 million non-amortising term loan expiring in June 2028
- a £90.0 million unsecured revolving credit facility expiring in June 2028; and
- a £30.0 million accordion facility (uncommitted) expiring in June 2028 with an option, subject to lender approval, to extend by a further year.

At 31 March 2024, £57.5 million (2023: £46.5 million) was drawn down from the previous £90.0 million revolving credit facility and the outstanding balance of the previous amortising term loan was £36.0 million.

The Group has a strengthened statement of financial position, with net assets of £121.2 million as at 31 March 2024 (£111.7 million as at 31 March 2023), having made a profit for the year of £35.7 million (2023: £34.7 million) and generated cash from operations of £65.7 million for the year then ended (2023: £62.9 million). The Group had net current liabilities of £4.4 million (2023: £16.8 million).

The Directors have prepared cash flow forecast scenarios for a period of 3 years from the date of approval of these financial statements, which take into account the Group's current financial and trading position, the principal risks and uncertainties and the strategic plans that are reviewed at least annually by the Board. In this 'base case' scenario, the cash flow forecasts show considerable liquidity headroom and debt covenants will be met throughout the period.

Additionally, the Directors have carried out an assessment of the principal risks and uncertainties and applied severe but plausible scenarios to test further the Group going concern assumption. These scenarios included a reduction in the volume of transactions caused by a severe economic downturn, transformation and growth plans not delivering intended benefits and material one-off impacts of regulatory, IT or credit loss events. As mitigating actions, we have assumed achievable reductions in expenditure and a reduction in the level of future dividends following the payment of the final dividend of 19.2 pence per share declared in respect of the financial year ended 31 March 2024. The cash flow forecasts included an analysis and stress test for the above scenarios to ensure working capital movements within a reporting period do not trigger a covenant breach.

Based on this assessment, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of not less than 12 months from the date of approval of these financial statements and therefore have prepared the financial statements on a going concern basis.

Use of judgements and estimates

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgement: recognition of cash and cash equivalents and restricted funds held on deposit

The nature of payments and banking services means that PayPoint collects and holds funds on behalf of clients as those funds pass through the settlement process and retains retailer partners' deposits as security for those collections. Following the Appreciate acquisition, it also holds, in trust, gift card voucher deposits on behalf of agents, cardholders and redeemers and prepay savers' cash on behalf of savers.

A critical judgement in this area is whether each of the above categories of funds, and restricted funds held on deposit, are recognised on the consolidated statement of financial position, and whether they are included in cash and cash equivalents for the purpose of the Statement of consolidated cash flows. This includes evaluating:

(a) the existence of a binding agreement, such as a legal trust, clearly identifying the beneficiary of the funds;
(b) the identification of funds, ability to allocate and separability of funds;
(c) the identification of the holder of those funds at any point in time;
(d) whether the Group bears the credit risk.

Where there is a binding agreement specifying that PayPoint holds funds on behalf of the client (i.e. acting in the capacity of a trustee) and those funds have been separately identified as belonging to that beneficiary, the cash (referred to as 'Clients' own funds') and the related liability are not included on the consolidated statement of financial position.

In all other cases, the Group has access to the interest on such monies and can, having met certain conditions, withdraw the funds. The cash and corresponding liability are therefore recognised on the consolidated statement of financial position. Corporate cash and cash equivalents consists of cash freely available to the Group for use in its daily operations and is presented as a separate line item on the consolidated statement of financial position from non-corporate cash and cash equivalents, which is not freely available to the Group, either because of self-regulation and segregation or due to contractual or regulatory requirements. Non-corporate cash and cash equivalents comprises:

- Clients' cash – cash collected on behalf of clients from retailer partners but not yet transferred to clients. Clients' cash is held in PayPoint's bank accounts
- Gift card voucher cash – cash collected on the issue of gift card vouchers which have not yet expired or been redeemed
- Prepay savers' cash - cash received from customers under a prepayment scheme accumulating towards their selected savings target. It is converted to gift card vouchers once the target is reached

- Retailer partners' deposits – cash received from retailers held as security against their default

Both corporate cash and non-corporate cash are included within cash and cash equivalents on the Consolidated statement of cash flows.

Restricted funds held on deposit (non-corporate), comprises gift card voucher cash and prepay savers' cash. However, unlike the gift card voucher cash and prepay savers' cash included in non-corporate cash and cash equivalents, restricted funds held on deposit (non-corporate) may only be accessed after a minimum of three months. Consequently, they are excluded from cash and cash equivalents on the Consolidated statement of financial position and the Consolidated statement of cash flows.

The amounts recognised on the Consolidated statement of financial position as at 31 March 2024 are as follows:

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Corporate cash	**26,392**	22,546
Bank overdraft	**-**	(525)
Clients' cash	**17,276**	12,041
Gift card voucher cash	**9,779**	29,527
Prepay savers' cash	**27,368**	8,181
Retailer partners' deposits	**5,955**	6,156
Sub-total: non-corporate cash	**60,378**	55,905
Total cash and cash equivalents	**86,770**	77,926
Restricted funds held on deposit (non-corporate)	**78,198**	82,000

Clients' own funds

Clients' cash held in trust off the Consolidated statement of financial position as at 31 March 2024 is £60.5 million (2023: £124.3 million).

Critical judgement: reassessment of the Group's Cards division cash generating units (CGUs)

Management reassessed its CGUs during the current period, prompted by the signing of a new partnership with Lloyds Banking Group's "Cardnet" division in March 2024. This resulted in the creation of a new Cards CGU, comprising the former Handepay CGU and Merchant Rentals CGU plus the pre-existing PayPoint cards business.

Consequently, at 31 March 2024, the Group tested for impairment the aggregate goodwill of £45.2 million which arose on the acquisitions of Handepay and Merchant Rentals, by comparing the new, enlarged Cards CGU's recoverable amount to its carrying value. That impairment test gave significant headroom, with no reasonably possible changes in any of the discounted cash flow assumptions causing the Cards CGU's carrying value to exceed its recoverable amount.

At 31 March 2023, prior to this CGU reassessment, the Group performed separate impairment tests on the goodwill which arose on the Handepay and Merchant Rentals acquisitions (£35.6 million and £9.6 million respectively) by comparing the recoverable amounts to the carrying values for each of the Handepay and Merchant Rentals CGUs. The valuation of the goodwill relating to the Handepay CGU was a critical estimate in the financial year ended 31 March 2023, given that reasonably possible changes in the key assumptions used to calculate the Handepay CGU's recoverable amount could have resulted in goodwill impairment.

Critical estimate: valuation of defined benefit pension scheme obligations

The Group has an obligation to pay pension benefits to members of the defined benefit pension scheme in its Love2shop segment. The present value of the obligations associated with these future benefits depends on the assumptions selected for several factors, including the following:

- Discount rate
- Rate of inflation
- Life expectancy

At each reporting period, management selects appropriate actuarial assumptions for each factor, based on historical and current trends and with input from a qualified actuary. Using the set of assumptions selected by management at 31 March 2024, the net defined benefit pension scheme asset is £286,000 (31 March 2023: £411,000). This comprises scheme assets with a fair value of £16,224,000 less obligations of £15,938,000 (31 March 2023: assets of £17,752,000 less obligations of £17,341,000).

Relatively small changes to one or more of the above assumptions could result in significant changes to the fair value of the scheme obligations and hence the net scheme asset or liability, as follows:

PF scheme	Change in assumption	Change in liabilities
Discount rate	decrease of 0.50% p.a.	increase by £1,068,000
Discount rate	increase of 0.50% p.a.	decrease by £972,000
Rate of inflation	decrease by 0.25% p.a.	decrease by £319,000
Rate of inflation	increase by 0.25% p.a.	increase by £367,000
Rate of mortality	decrease in life expectancy of 1 year	increase by £414,000
Rate of mortality	increase in life expectancy of 1 year	decrease by £383,000

Prior year critical judgements and estimates

As explained above, the impact of the Group's reassessment of its Cards CGUs is that the valuation of the goodwill relating to the Handepay CGU, which was a critical estimate in the financial year ended 31 March 2023, is no longer considered a critical estimate at 31 March 2024.

Alternative performance measures

Non-IFRS measures or alternative performance measures are used by the Directors and management for performance analysis, planning, reporting and incentive-setting purposes. They have remained consistent with the prior year. These measures are included in these financial statements to provide additional useful information on performance and trends to shareholders.

These measures are not defined terms under IFRS and therefore they may not be comparable with similarly titled measures reported by other companies. They are not intended to be a substitute for IFRS measures.

Underlying performance measures (non-IFRS measures)

Underlying performance measures allow shareholders to understand the operational performance in the year, to facilitate comparison with prior years and to assess trends in financial performance. They usually exclude the impact of one-off, non-recurring and exceptional items and the amortisation of intangible assets arising on acquisition, such as brands and customer relationships.

Love2shop billings (non-IFRS measure relating solely to the Love2shop segment)

Billings represents the value of goods and services shipped and invoiced to customers during the year and is recorded net of VAT, rebates and discounts. Billings is an alternative performance measure, which the directors believe provides an additional measure of the level of activity other than total revenue. This is due to revenue from multi-retailer redemption products being reported on a 'net' basis, whilst revenue from single-retailer redemption products and other goods are reported on a 'gross' basis.

Net revenue (non-IFRS measure)

Net revenue is total revenue less commissions paid (to retailer partners and Park Christmas agents) and the cost of revenue for items where the Group acts in the capacity as principal (including single-retailer vouchers and SIM cards). This reflects the benefit attributable to the Group's performance, eliminating pass-through costs to create comparability of performance under both the agent and principal revenue models. It is a key consistent measure of the overall success of the Group's strategy. A reconciliation from total revenue to net revenue is included in note 4.

Adjusting items (non-IFRS measure)

Adjusting items consist of exceptional items, amortisation of intangible assets arising on acquisition and movements on convertible loan notes. These items are presented as adjusting items in the consolidated statement of profit or loss, as they do not reflect the operational performance of the Group.

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Exceptional items – legal fees	**2,143**	-
Exceptional items – restructuring costs	**1,977**	-
Exceptional items – acquisition costs expensed	**-**	4,065
Exceptional items – impairment loss on reclassification of investment in associate to asset held for sale	**-**	1,252
Sub-total: exceptional items – administrative expenses	**4,120**	5,317
Exceptional items – finance costs	**1,099**	287
Amortisation of intangible assets arising on acquisition	**8,076**	2,574
Net movement on convertible loan notes	**186**	-
Total adjusting items	**13,481**	8,178

Total costs (non-IFRS measure)

Total costs comprise other costs of revenue, administrative expenses, finance income and finance costs. Total costs exclude adjusting items, being exceptional costs and amortisation of intangible assets arising on acquisition.

Earnings before interest, tax, depreciation and amortisation (EBITDA) (non-IFRS measure)
The Group now presents EBITDA as it is widely used by investors, analysts and other interested parties to evaluate profitability of companies. This measures earnings before interest, tax, depreciation and amortisation. See page 10 for a reconciliation from profit before tax to EBITDA.

Adjusted earnings before interest, tax, depreciation and amortisation (Adjusted EBITDA) (non-IFRS measure)
The Group also now presents adjusted EBITDA, which comprises EBITDA, as defined above, excluding exceptional items. See page 10 for a reconciliation from profit before tax to adjusted EBITDA.

Underlying earnings per share (non-IFRS measure)
Underlying earnings per share is calculated by dividing the net profit before exceptional items, amortisation of intangible assets arising on acquisition and movement on convertible loan notes attributable to equity holders of the parent by the basic or diluted weighted average number of ordinary shares in issue.

Underlying profit before tax (non-IFRS measure)
The calculation of underlying profit before tax is as follows:

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Profit before tax	**48,182**	42,574
Total adjusting items	**13,481**	8,178
Underlying profit before tax	**61,663**	50,752

Underlying profit after tax (non-IFRS measure)
The calculation of underlying profit after tax is as follows:

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Profit after tax	**35,687**	34,710
Total adjusting items	**13,481**	8,178
Tax on adjusting items	**(3,370)**	(644)
Underlying profit after tax	**45,798**	42,244

Net corporate debt (non-IFRS measure)
Net corporate debt represents corporate cash and cash equivalents less bank overdraft and amounts borrowed under financing facilities (excluding IFRS 16 liabilities). The reconciliation of cash and cash equivalents to net corporate debt is as follows:

	31 March 2024 £'000	31 March 2023 £'000
Cash and cash equivalents – corporate	**26,392**	22,546
Less:		
Bank overdraft	**-**	(525)
Loans and borrowings	**(93,935)**	(94,415)
Net corporate debt	**(67,543)**	(72,394)

2. Segmental reporting
Segmental information

The Group considers its Love2shop business to be a separate segment from its legacy PayPoint business, since discrete financial information is prepared for Love2shop and it offers different products and services. Furthermore, the chief operating decision maker (CODM) reviews separate monthly internal management reports (including financial information) for both Love2shop and PayPoint to allocate resources and assess performance.

The material products and services offered by each segment are as follows:

PayPoint
- Card payment services to retailers, including leased payment devices.

- ATM cash machines.
- Bill payment services and cash top-ups to individual consumers, through a network of retailers.
- Parcel delivery and collection.
- Retailer service fees.
- Digital payments.

Love2shop

- Shopping vouchers, cards and e-codes which customers may redeem with participating retailers. These are either ‘single-retailer’ or ‘multi-retailer’. The former may only be used at the specified retailer, whilst the latter may be redeemed at one or more of over 200 retailers.
- Christmas savings club, to which customers make regular payments throughout the year to help spread the cost of Christmas, before converting to a voucher.

Information related to each reportable segment is set out below. Segment profit / (loss) before tax and adjusting items is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

Year-ended 31 March 2024	**PayPoint £’000**	**Love2shop £’000**	**Total £’000**
Revenue	167,717	110,099	277,816
Other revenue	2,013	26,538	28,551
Segment revenue	**169,730**	**136,637**	**306,367**
Segment profit before tax and adjusting items	50,487	11,176	61,663
Exceptional items	(4,369)	(850)	(5,219)
Amortisation of intangible assets arising on acquisition	(2,137)	(5,939)	(8,076)
Net movement in convertible loan notes	(186)	-	(186)
Segment profit before tax	**43,795**	**4,387**	**48,182**
Interest income	163	1,227	1,390
Interest expense	3,065	5,343	8,408
Depreciation and amortisation	12,206	8,459	20,665
Capital expenditure	13,628	2,578	16,206
Segment assets	**271,068**	**248,042**	**519,110**
Segment liabilities	**173,280**	**224,670**	**397,950**
Segment equity	**97,788**	**23,372**	**121,160**

A business division analysis of revenue has been provided in note 3.

The £306.4 million (2023: £167.7 million) total revenue and £222.5 million (2023: £228.1 million) non-current assets at 31 March 2024 are geographically located within the UK.

3. Revenue

Disaggregation of revenue

Revenue	**Year ended 31 March 2024 £’000**	Year ended 31 March 2023 £’000
Shopping		
Service fees	**19,653**	17,947
Card payments	**23,998**	24,293
Card terminal leases	**8,708**	7,542
ATMs	**11,805**	12,920
Other shopping	**4,071**	3,355
Shopping total	**68,235**	66,057
e-commerce total	**31,754**	20,183
Payments and banking		
Cash – bill payments	**31,264**	34,135
Cash – top-ups	**11,434**	11,959

Digital	**16,197**	18,081
Cash through to digital	**7,658**	7,769
Other payments and banking	**1,175**	1,347
Payments and banking total	**67,728**	73,291
Love2shop total – voucher and card service fee	**110,099**	5,689
Revenue	**277,816**	165,220

Service fee revenue of £19.7 million (2023: £17.9 million) and management fees, set-up fees and upfront lump sum payments of £1.3 million (2023: £0.7 million) are recognised on a straight-line basis over the period of the contract. Card terminal leasing revenue of £8.7 million (2023: £7.5 million) is recognised over the expected lease term using the sum of digits method for finance leases and on a straight-line basis for operating leases. Multi-retailer voucher, card and e-code service fee revenue is recognised on redemption by the customer. The remainder of revenue is recognised at the point in time when each transaction is processed. The usual timing of payment by PayPoint customers is on 14-day terms. The usual timing of Love2shop's corporate customers is 15-day terms; its consumer customers pay on ordering.

Revenue subject to variable consideration of £13.6 million (2023: £13.5 million) exists where the consideration to which the Group is entitled varies according to transaction volumes processed and rate per transaction. Management estimates the total transaction price using the expected value method at contract inception, which is reassessed at the end of each reporting period, by applying a blended rate per transaction to estimated transaction volumes. Any required adjustment is made against the transaction price in the period to which it relates. The revenue is recognised at the constrained amount to the extent that it is highly probable that the inclusion will not result in a significant revenue reversal in the future, with the estimates based on projected transaction volumes and historical experience. The potential range in outcomes for revenue subject to variable consideration resulting from changes in these estimates is not material.

Other Revenue	**Year ended 31 March 2024 £'000**	Year ended 31 March 2023 £'000
Payments and banking		
Interest revenue	**2,013**	575
Love2shop		
Interest revenue	**6,453**	325
Non-redemption revenue	**20,085**	1,603
Love2shop total	**26,538**	1,928
Total other revenue	**28,551**	2,503

Other revenue comprises:

- Multi-retailer voucher and card non-redemption revenue is recognised on expiry (where the customer has no right of refund) or on expiry and lapse of the refund period (where the customer has a right of refund).
- Interest revenue generated by investing clients' funds, retailer partners' deposits, gift card cash, prepay savers' cash and restricted funds held on deposit.

4. Alternative performance measures

Net Revenue

The reconciliation between total revenue and net revenue is as follows:

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Service revenue - Shopping	**68,235**	66,057
Service revenue – e-commerce	**24,946**	16,085
Service revenue – Payments and banking	**66,579**	71,994
Service revenue – multi-retailer redemption products	**18,145**	1,217
Service revenue - other	**4,281**	128
Sale of goods – single-retailer redemption products	**87,554**	4,325
Sale of goods - other	**1,268**	1,316

Royalties - e-commerce	**6,808**	4,098
Other revenue – multi-retailer non-redemption income	**20,085**	1,603
Other revenue – interest on clients' funds, retailer partners' deposits, gift card cash, prepay savers' cash and restricted funds held on deposit	**8,466**	900
Total revenue	**306,367**	167,723

less:		
Retailer partners' commissions	**(41,829)**	(34,369)
Cost of single-retailer cards and vouchers	**(83,403)**	(4,208)
Cost of SIM card and e-money sales as principal	**(163)**	(199)
Total net revenue	**180,972**	128,947

Total Costs

Total costs, excluding adjusting items, comprises:

	Year ended 31 March 2024 £'000	**Year ended 31 March 2023 £'000**
Other costs of revenue	**33,569**	25,481
Administrative expenses – excluding adjusting items	**78,722**	50,083
Finance income	**(1,390)**	(87)
Finance costs	**8,408**	2,718
Total costs	**119,309**	78,195

5. Exceptional items

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Legal fees - administrative expenses	**2,143**	-
Restructuring costs - administrative expenses	**1,977**	-
Acquisition costs expensed - administrative expenses	**-**	4,065
Impairment loss on reclassification of investment in associate to asset held for sale	**-**	1,252
Total exceptional items included in operating profit	**4,120**	5,317
Refinancing costs expensed – finance costs	**1,099**	287
Total exceptional items included in profit or loss	**5,219**	5,604

The tax impact of the exceptional items is £1,305,000 (2023: £nil).

Exceptional items are those which are considered significant by virtue of their nature, size or incidence. These items are presented as exceptional within their relevant income statement categories to assist in the understanding of the performance and financial results of the Group, as they do not form part of the underlying business.

The current period legal fees relate to the Group's defence of two claims served on a number of its companies in connection with issues addressed by commitments accepted by Ofgem as a resolution of its concerns raised in Ofgem's Statement of Objections received by the Group in September 2020. The Group remains confident that it will successfully defend both claims. See note 10.

The current period restructuring costs relate to the organisational design of the Group communicated by management to all staff on 6 March 2024. See note 7.

The current period refinancing costs comprise legal and professional fees incurred by the Group in respect of its new borrowing facilities referred to in note 1, and the write-off of the unamortised balance of capitalised costs arising on the previous refinancing exercise.

6. Tax

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Current tax		
Charge for current year	**9,293**	7,829
Adjustment in respect of prior years	**(131)**	(806)
Current tax charge	**9,162**	7,023
Deferred tax		
Charge for current year	**3,083**	1,144
Adjustment in respect of prior years	**250**	(303)

Deferred tax charge	**3,333**	841
Total income tax charge	**12,495**	7,864

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Tax charged directly to other comprehensive income		
Deferred tax on movement on defined benefit pension scheme asset	**(82)**	86

The income tax charge is based on the UK statutory rate of corporation tax for the year of 25% (2023: 19%). Deferred tax has been calculated using the enacted tax rates that are expected to apply when the liability is settled, or the asset realised. During the prior financial year, an increase in the main rate of UK corporation tax from 19% to 25% with effect from 1 April 2023 was enacted. Deferred tax has been calculated based on the rate applicable at the date timing differences are expected to reverse.

The income tax charge of £12.5 million (2023: £7.9 million) on profit before tax of £48.2 million (2023: £42.6 million) represents an effective tax rate[1] of 25.9% (2023: 18.5%). This is higher than the UK statutory rate of 25% due to adjustments in respect of share-based payments, disallowable expenses and prior year adjustments.

The tax charge for the year is reconciled to profit before tax, as set out in the consolidated statement of profit or loss, as follows:

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Profit before tax	**48,182**	42,574
Tax at the UK corporation tax rate of 25% (2023: 19%)	**12,046**	8,089
Tax effects of:		
Disallowable expense - exceptional items	**-**	1,119
Disallowable expense – other	**138**	1
Adjustments in respect of prior years	**119**	(1,109)
Capital allowance super deduction	**-**	(390)
Tax impact of share-based payments	**192**	(121)
Revaluation of deferred tax liability	**-**	275
Actual amount of tax charge	**12,495**	7,864

[1]Effective tax rate is the tax cost as a percentage of profit before tax.

7. Provisions

	31 March 2024 £'000
Balance at the beginning of the year	-
Provision recognised in relation to the group restructuring	1,850
Balance at the end of the year	**1,850**

During the year PayPoint conducted a group-wide review of its organisational structure to identify efficiencies which will enable future reinvestment in the business. The review resulted in the redundancy of 75 roles across both segments, announced to employees on 8 March 2024. Following this, the Group initiated, on 15 March, a 1-month consultation period for employees impacted by the restructuring. All related payments are to be made to those employees between April and October 2024.

8. Share capital, share premium and merger reserve

	31 March 2024 £'000	31 March 2023 £'000
Called up, allotted and fully paid share capital		
72,693,673 (2023: 72,563,234) ordinary shares of 1/3p each	**242**	242

The increase in share capital in the current year resulted from 95,854 shares issued (of 1/3p each) for share awards which vested in the year and 34,585 matching shares issued (of 1/3p each) under the Employee Share Incentive Plan.

The share premium of £1.0 million (2023: £1.0 million) represents the payment of deferred, contingent share consideration in excess of the nominal value of shares issued in relation to the i-movo acquisition.

The merger reserve of £18.2 million (2023: £18.2 million) comprises £1.0 million initial share consideration in excess of the nominal value of shares issued on the initial acquisition of i-movo and £17.2 million share consideration in excess of the nominal value of shares issued in relation to the Appreciate acquisition.

9. Note to the Consolidated statement of cash flows

	Note	Year ended 31 March 2024 £'000	Restated[1] Year ended 31 March 2023 £'000
Profit before tax		**48,182**	42,574
Adjustments for:			
Depreciation of property, plant and equipment		**7,318**	4,922
Amortisation of intangible assets		**13,347**	5,555
Exceptional item – non-cash movement on convertible loan note		**186**	-
Exceptional item – non-cash impairment loss on reclassification of investment in associate to asset held for sale	**5**	**-**	1,252
Loss on disposal of fixed assets		**111**	1,090
Finance income		**(1,390)**	(987)
Finance costs		**8,408**	2,718
Share-based payment charge		**1,669**	1,330
Cash-settled share-based remuneration		**(339)**	-
Operating cash flows before movements in working capital		**77,492**	58,454
Movement in inventories		**(108)**	737
Movement in trade and other receivables		**(4,638)**	(1,301)
Movement in finance lease receivables		**2,018**	2,366
Movement in contract assets		**(536)**	(853)
Movement in contract liabilities		**(443)**	(78)
Movement in provisions		**1,850**	-
Movement in trade and other payables - corporate		**(9,929)**	3,688
Movement in lease liabilities		**-**	(90)
Movement in working capital - corporate		**(11,786)**	4,469
Cash generated from operations		**65,706**	62,923

[1] See note 1 for an explanation of the restatement.

10. Contingent liability

Ofgem's Statement of Objections
In FY24, a number of companies in the PayPoint Group, including PayPoint Plc, received two claims relating to issues addressed by commitments accepted by Ofgem in November 2021 as a resolution of Ofgem's concerns raised in its Statement of Objections received by the PayPoint Group in September 2020. The Ofgem resolution did not include any infringement findings.

The first claim was served by Utilita Energy Limited and Utilita Services Limited (subsequently renamed Luxion Sales Limited) ("Utilita") on 16 June 2023. The second claim was served by Global-365 plc and Global Prepaid Solution Limited ("Global 365") on 18 July 2023. PayPoint can confirm that a first Case Management Conference (CMC) was held on 31 October 2023 at the Competition Appeal Tribunal relating to these claims. The focus of the first CMC was to agree disclosure and a timetable for proceedings. PayPoint can also confirm that a second CMC was held on 26 April 2024 to agree further disclosure and the appointment of expert witnesses for all parties. A provisional date for a third CMC was set for 28 October 2024. Both claims have been listed for a joint trial at the Competition Appeal Tribunal starting on 10 June 2025.

The Group's position remains unchanged: it is confident that it will successfully defend the claim by Utilita, which does not provide any clear evidence to support the cause of action or the amount claimed, and also that it will successfully defend the claim by Global 365, which fundamentally misunderstands the energy market and the relationships between the relevant Group companies and the major energy providers, whilst also over-estimating the opportunity available, if any, for the products offered by Global 365. As a result, no accounting provision has been made for these claims.

The Group will continue to update the market on a quarterly basis as part of its financial reporting cycle.

HMRC assessment
In February 2024, HMRC raised an assessment on the Group's tax position for the accounting period ended 31 March 2021. The Group has appealed the assessment on the grounds that it is not valid from a tax technical and administrative perspective and no provision has therefore been recognised.

11. Events after the reporting date

Share buy-back

On 12 June 2024 the Group approved a share buy-back programme of up to £20 million over the next 12 months. See page 1 for details of the programme. This is a non-adjusting event, having no impact on the current period financial statements.

Investment in Aperidata Limited

On 20 May 2024, the Group acquired, for consideration of £0.2 million, a 19.9% equity stake in the ordinary shares of Aperidata Limited, which provides its customers with credit rating and open banking services. On 23 May 2024 the Group purchased a convertible loan note of nominal amount £1.0 million from Aperidata Limited. The loan note has the option to convert into ordinary shares on 23 May 2027, increasing the Group's stake to 42.8%. The May 2024 transactions referred to above are non-adjusting events, having no impact on the current period financial statements.

Refinancing

On 6 June 2024 the Group completed a refinancing, which provides total financing facilities of £135 million. Details of the facility are set out in note 1.