Nick Wiles, Chief Executive
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28 May 2020

Results for the Year Ended 31 March 2020

Agenda – 28 May 2020

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2 Covid-19

3 Financial review

4 Operational review

5 Summary & Outlook

6 Q&A

Introduction

Financial

- Net revenue of £120.7m, up by 3.5%; growth achieved across all divisions
- British Gas contract ended, Q4 net revenue impact £1.4m[1]
- Profit before tax excluding the variable pay benefit[2] and exceptional items of £54.7m up 1.7%
- Strong cash conversion of £66.4m from PBT of £56.8m
- Final ordinary dividend of 15.6p per share

Operational

- 16,098 PayPoint One sites: Original 15,800 target exceeded; revised 16,500 target achieved in February 2020 before the Covid-19 site closure
- CRM launched
- Clients: 19 new clients 22 contract renewals and 7 existing clients taking additional services
- New partners access to the PayPoint parcel network; volumes up 12.7%

Strategic

- Sustain business and support client and retailer network during crisis
- Reorganisation to deliver a more streamlined and accountable structure across the business
- Reiteration of core strategic priorities
- Strengthen and invest in the business to underpin the strategic priorities

1. Estimated net revenue impact is determined by reference to the net revenue earned in Q4 of financial year ended 31 March 2019.
2. Profit before tax excluding the variable pay benefit: Variable pay benefit was £2.1m and is included in reported PBT for the year ended 31 March 2020. Exceptional items of £0.9m and exceptional items. Variable pay benefit of £2.1m is included in the year ended 31 March 2020.

Covid-19: Minimised disruption through a focused approach

- Our people
- Retailer network management
- Retailer support and engagement
- Client support
- Tight operational and financial control

Longer term review of working practices

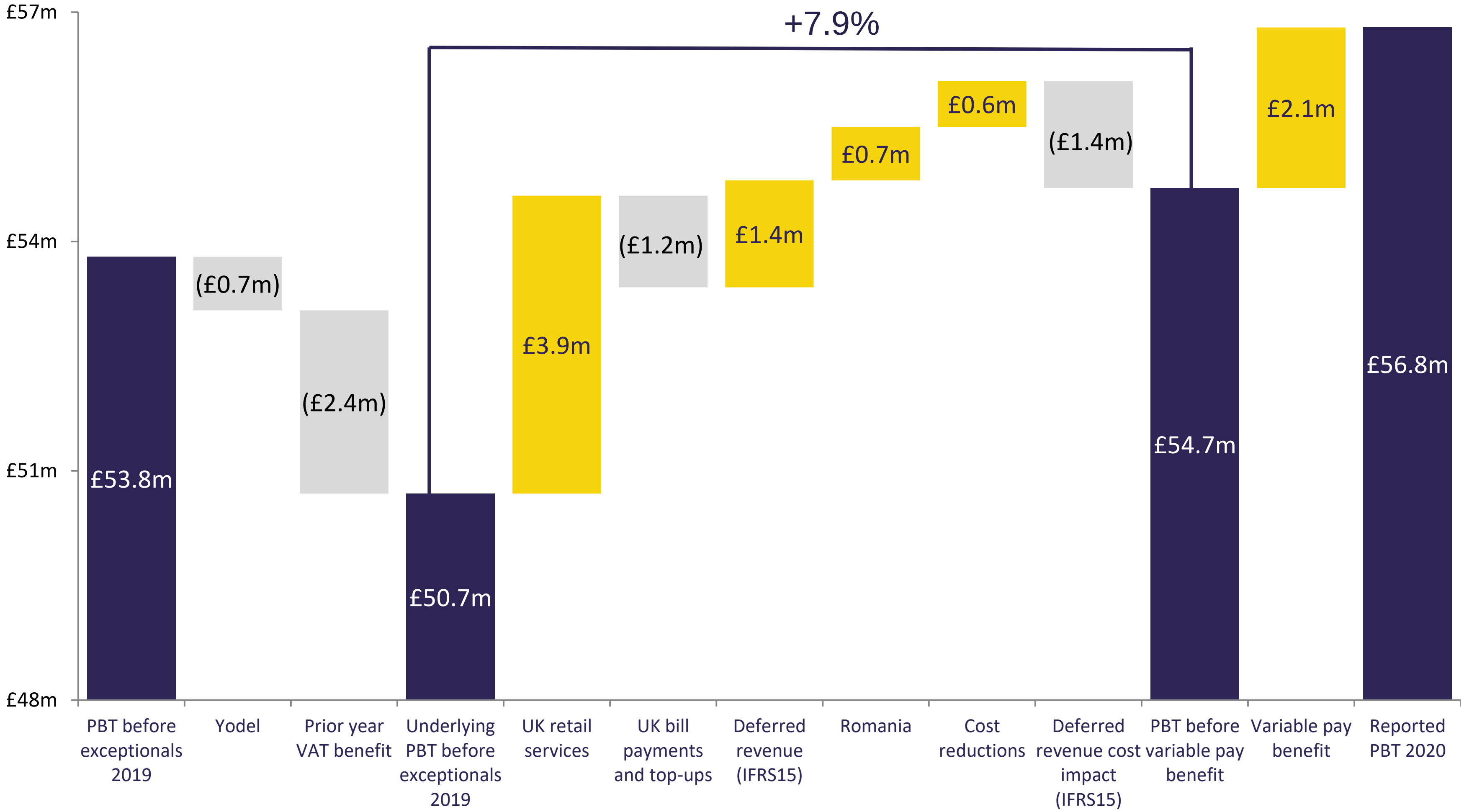
Financial review

Financial results

Year ended 31 March	2020 £m	2019 £m	% change
Gross revenue	213.3	211.6	0.8%
Net revenue	120.7	116.6	3.5%
Third party and people costs[1]	(54.2)	(52.9)	2.5%
EBITDA	**66.5**	**63.7**	**4.4%**
Depreciation and amortisation	(9.5)	(9.8)	(3.1%)
Net financing costs	(0.2)	(0.1)	18.8%
Profit before tax and exceptional item	**56.8**	**53.8**	**5.6%**
Exceptional item	-	0.9	(100.0%)
Profit before tax	56.8	54.7	3.8%
Tax[2]	(11.1)	(10.3)	7.8%
Profit after tax	45.7	44.4	2.9%
Diluted earnings per share	66.3	64.8	2.3%
Ordinary reported dividend per share	39.2	39.2	-
Additional reported dividend per share	18.4	30.6	(40.0%)
Total dividend reported per share	57.6	69.8	(17.5%)

1. Excluding financing costs
2. Effective tax rate of 19.6% is 0.8ppts higher than prior year due to higher adjustments in respect of prior year
3. The above presentation contains minor (£0.1m) rounding's to ensure integrity of key numbers with those published in the annual report.

Profit before tax growth

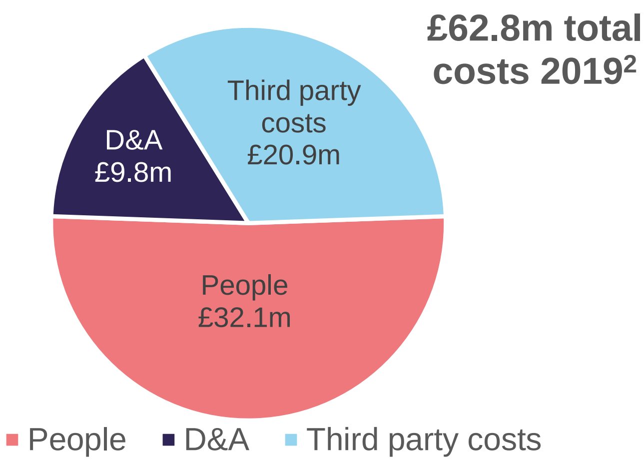


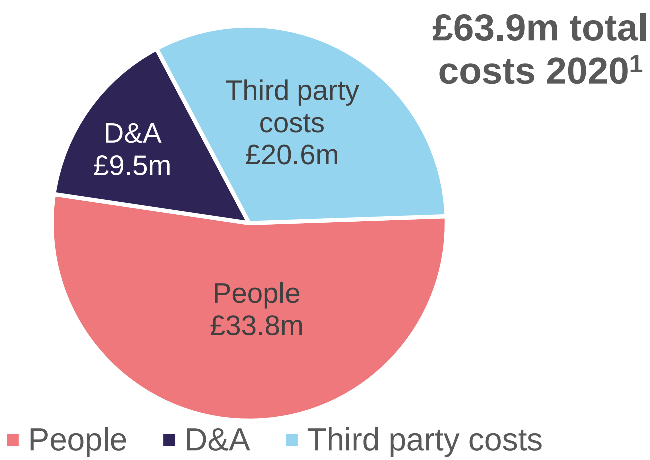
Net revenue up 3.5%

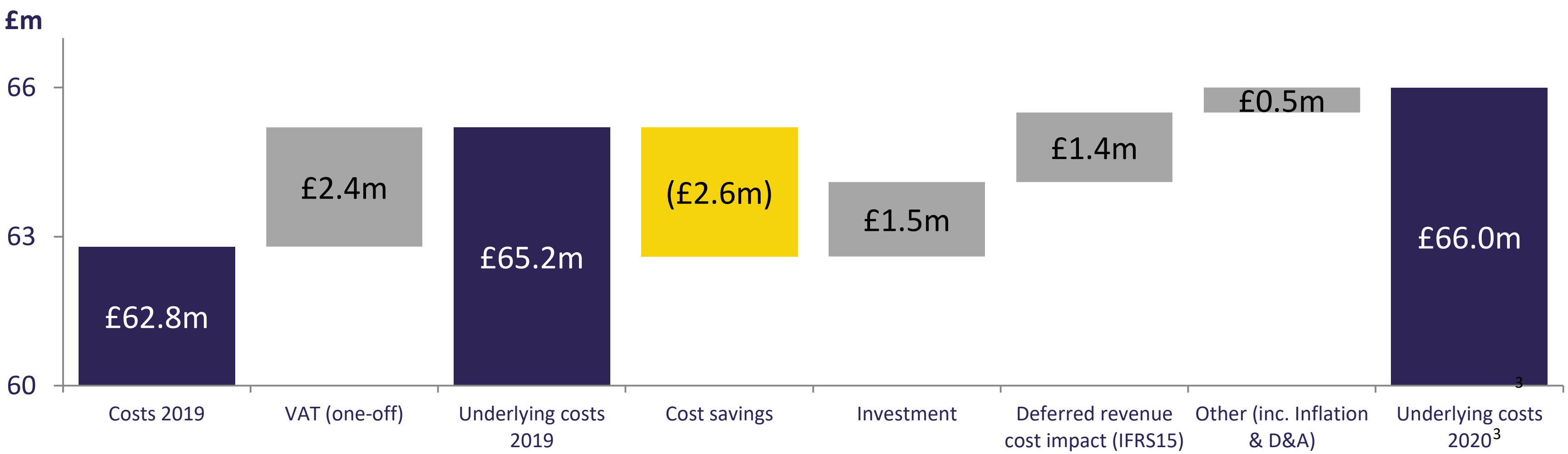
Year ended 31 March	2020 £m	2019 £m	% Change
UK bill payments and top-ups	65.1	64.9	0.3%
- UK bill payments (Excl MultiPay)	43.8	45.0	(2.7%)
- Deferred revenue recognition (IFRS15)	0.7	(0.7)	n.m
- MultiPay	4.4	3.5	25.7%
- UK top-ups (Excl eMoney)	9.3	11.3	(17.7%)
- UK eMoney	6.9	5.8	19.9%
Romania	14.6	13.9	5.5%
UK retail services	41.0	37.1	10.5%
- Service fees	13.1	10.3	28.1%
- Card payments rebate	8.7	7.9	10.9%
- ATMs	11.9	12.3	(3.5%)
- Parcels and other	7.3	6.6	10.6%
Total underlying	120.7	115.9	4.1%
Yodel renegotiation	-	0.7	(100%)
Total	120.7	116.6	3.5%

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

Full year costs



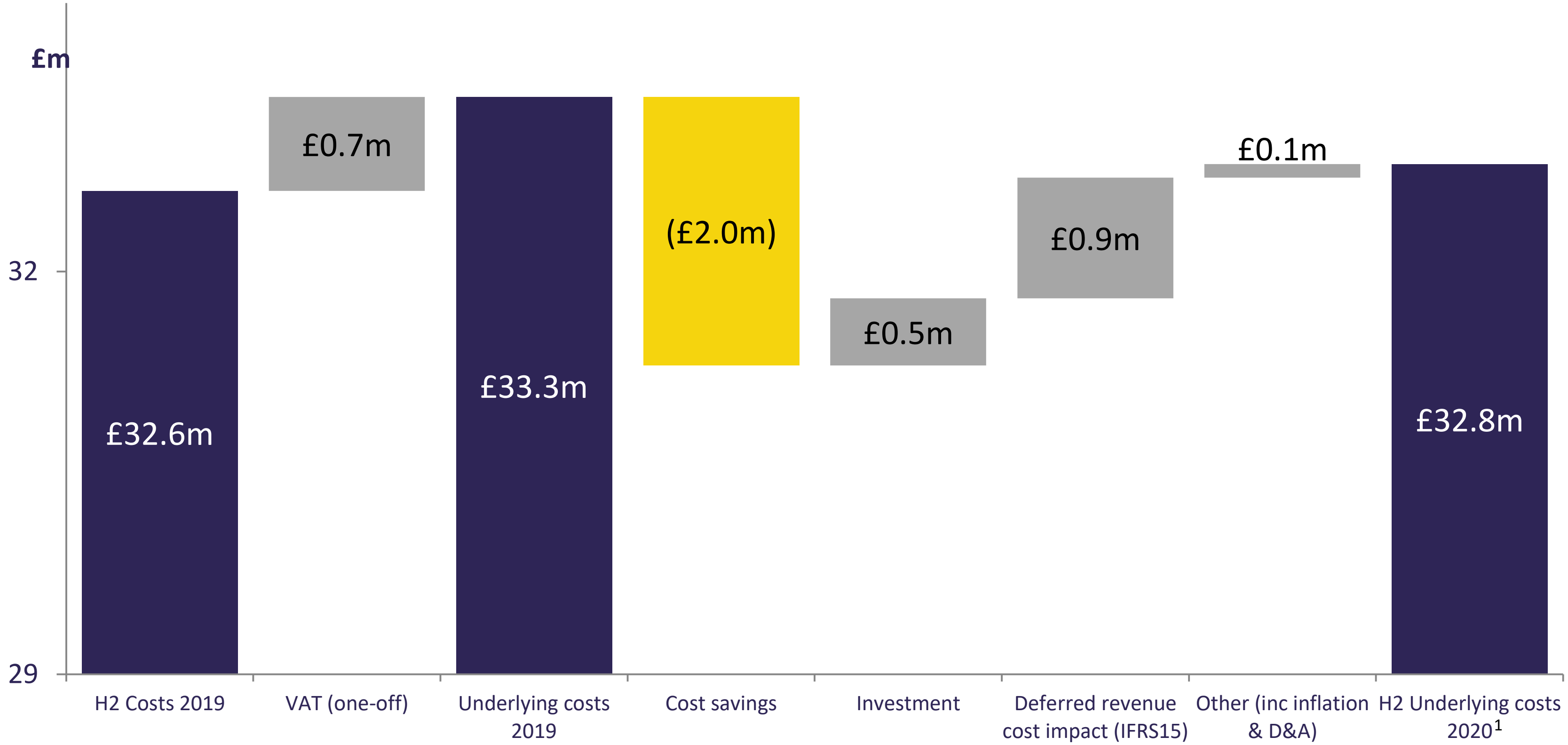




1. Comprises £8.0 million other costs of revenue, administrative expenses £46.2 million, depreciation and amortisation £9.5 million and £0.2 million net financing costs.
2. Comprises £9.0 million other costs of revenue, administrative expenses £43.8 million, depreciation and amortisation £9.8 million and net financing costs of £0.2 million.
3. Excludes £2.1 million variable pay benefit.

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

Setting up for success in 2020/21 - improvement in H2 costs



1. Excludes £2.1 million variable pay benefit.

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

Strong cash generation

Year ended 31 March	2020 £m	2019 £m
Profit before tax	56.8	54.7
Exceptional items	-	(0.9)
Depreciation and amortisation	9.5	9.8
VAT and other non-cash items	0.4	(2.3)
Share based payments / other	(0.4)	1.1
Working capital (Corporate)	0.1	0.4
Cash generation	66.4	62.8
Tax paid	(15.8)	(10.0)
Capital and other expenditure	(8.4)	(11.0)
Dividends paid	(57.4)	(56.6)
Net change in PayPoint's cash	(15.2)	(14.8)
Clients' funds and retailers' deposits	1.4	7.3
Effects of foreign exchange rate changes	0.4	(1.0)
Net cash movement	(13.4)	(8.5)
Corporate cash	58.0	3.5
Revolving financing facility	(70.0)	-
Net corporate (debt) / cash at period end	(12.0)	3.5
Clients' funds and retailers' deposits	35.7	34.0

	2020	2019
EBITDA	66.5	63.7
Net corporate debt/EBITDA	0.2	-

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

Balance sheet remains strong

	Mar 2020 £m	Mar 2019 £m
Goodwill	11.9	11.6
Other intangible assets	17.3	15.9
Property, plant & equipment	24.8	26.7
Cash	58.0	3.5
Revolving financing facility	(70.0)	-
Net debt/(cash)	(12.0)	**3.5**
Cash held as client funds and retailer deposits	35.8	34.0
Liability client funds and retailer deposits	(35.8)	(34.0)
Working capital	(4.4)	(3.8)
Lease liabilities	(0.9)	-
Tax	1.7	(3.7)
Net assets	38.3	50.2

Liquidity and cashflow

Scenario planning:

- **Base** - Trading at last two weeks of April levels for 3 months then a gradual recovery
- **Second wave** - Trading at last two weeks of April levels for 9 months then a gradual recovery
- **Viability** - deep downside scenario – Trading continues at last two weeks of April levels for three years

Conclusions:

- Model is resilient – no covenant breach
- No need for HMG support
- Opportunity as weaker players fail

Actions:

Costs:

- Cost savings of £1.5 million made
- CapEx of £6 million under review
- Continuing to review all areas of the business

Liquidity:

- RCF fully drawn down, corporate cash £58m
- Net corporate debt £12m

£70m RCF plus £5m overdraft facility

- Expires 28 March 2023
- Key covenant requirements
  - Max 3 x Net Debt/EBITDA (19/20: 0.2)
  - Min 4 x interest cover (19/20: n.m)

Capital allocation

Financial year	Investment		Sustainable dividend
	Investment to deliver growth and long-term value		Progressive ordinary dividend cover of 1.2 to 1.5 times
17/18	*Capex*	£13.4m	1.4x Interim 15.3p Final 30.6p
	Acquisition	£2.5m Payzone Romania Acquisition	
18/19	*Capex*	£10.9m	1.4x(2) Interim 15.6p Final 23.6p
	Acquisition	-	
19/20	*Capex*	£8.6m	1.7x Interim 23.6p Final 15.6p
	Acquisition	£6.0m Post year end – Collect+ acquisition	

1. Since commencement of the additional dividend programme and up to 31 March, £83.5m was paid. This was suspended in March 2020 and will not be reinstated.
2. On a like for like basis excluding the impact from transition to quarterly dividend payment profile

Operational review

Two priorities:

1. Sustain business and support client and retailer network during crisis
2. Strengthen and invest in the business to underpin the strategic priorities

How we are running the business trading through the crisis

Focus area	Key actions		
Our people	Remote working	Wellbeing support	No government support
Performance framework	Weekly trading review	Action identification	Action follow up and assessment
Network	Monitoring	Data analytics	Site recovery
Retailer facing resources	Field sales team	Contact centre	Leveraging CRM
New business opportunities	Cash out	PayByLink	Debt management
Risk management	Settlement	Platform resilience	Cyber security
Products Risks and opportunities	Cards	ATMs	Parcels

What we are seeing in terms of trends

Service	Full year 19/20 vs 18/19	1 - 17 April FY20/21 vs FY19/20	18 April - 17 May FY20/21 vs FY19/20
Bill payment transactions (incl MultiPay)[1]	(0.9)%	(31.5)%	(24.8)%
Top-up transactions	(11.2)%	(20.1)%	(19.0)%
ATM transactions	(4.1)%	(39.9)%	(33.1)%
Card payment transactions	20.6%	75.3%	74.4%
Parcels	12.7%	(54.9)%	(22.8)%

Significance of multi-product offering

- Convenience sector sales up 56%
- Cash usage reduced on health concerns
- Card usage in convenience retailers significantly up

- Pressure on clients costs
- Support of the vulnerable
- Debt management

1. Excludes British Gas transactions

Operational review

Two priorities:

1. Sustain business and support client and retailer network during crisis
2. Strengthen and invest in the business to underpin the strategic priorities

Organisational change

Executive Board

Retail Services Director

- Delivery of products and services
- Management of retailer network
- All retailer facing resource

Client Services Director

- Maintain leadership in bill payments
- Grow omni-channel payments (MultiPay)
- Extension into new market segments

Head of Strategic Partners and Products - Parcels

- Multi-carrier parcel proposition
- Customer service and experience

Cultural change

Streamlined and operationally focused to priorities

Clear accountability

PayPoint at the heart of convenience – good progress

Our offering

- Increased footfall for retailers – average basket spend £7.58 (vs. £6.50 average[1])
- £37.2m paid in commissions annually[2]
- Provision of technology and payment services

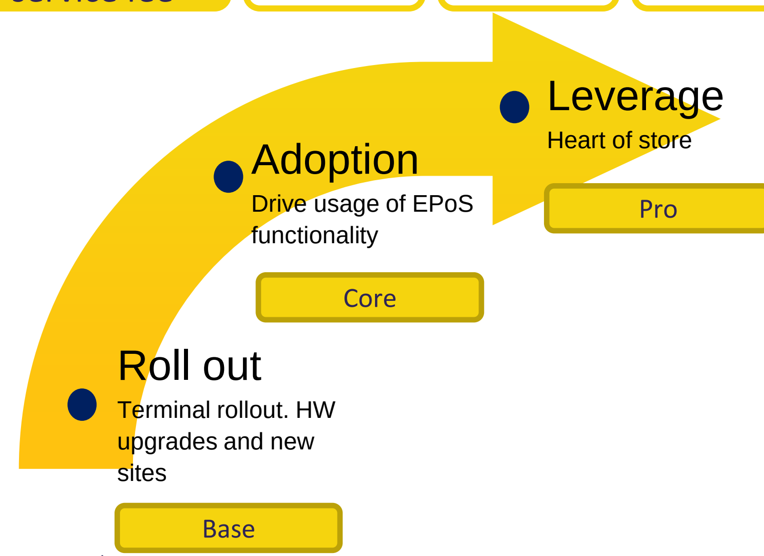
Progress in 2019/20

- 16,098 PayPoint One sites achieved; delivering ahead of original expectations[3], reached revised target of 16,500 in February 2020
- EPoS Booker link now available after successful trial
- Card payment net settlement launched and in c400 sites
- Early-life care initiative
- CRM launched

Ambition for 2020/21

- More ambitious with Card payment, ATM and other service growth plans
- Reorganise retailer facing resource
- Retailer self service portal

	29 Feb 20	31 Mar 20	31 Mar 19
Sites	16,514	16,098	12,881
EPoS Base £10.25/week	8,547	8,304	6,337
EPoS Core £15.38 or £20.50/week	7,113	6,956	5,899
EPoS Pro £30.75/week	854	838	645
Average service fee	£15.4	£15.4	£15.1



1.Understanding the convenience landscape (March 2019 – HIM)
2.Total paid in twelve months ended 31 March 2020
3.At set out in the annual report for the year ended 31 March 2019

Parcels – new partners delivering

Our offering

- Leading pick-up and drop-off network; over 7,000 Collect+ sites
- Strong customer experience TrustPilot 4.6/5
- Recognised partners: eBay, Amazon, Yodel, Fedex and DHL

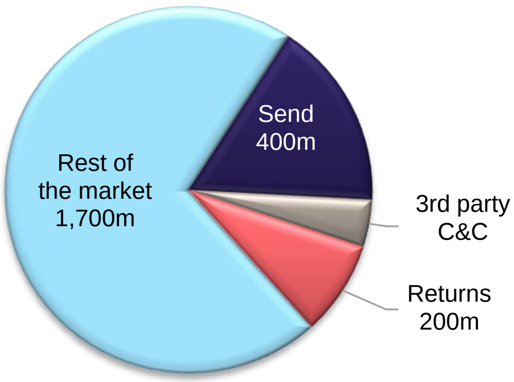
Progress in 2019/20

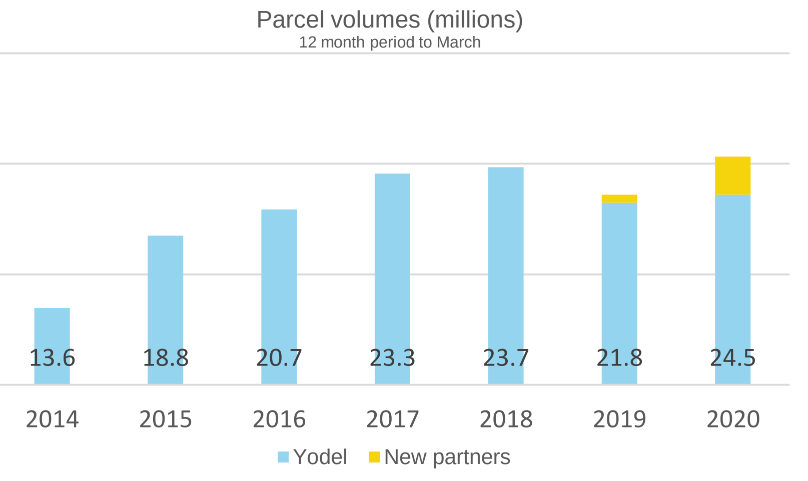
- New partners rolled out into network, minimal disruption
- Volumes grew 12.7%
- Better technology via app – improving service
- Acquired the remaining 50% of the Collect+ brand[1]

Ambition for 2020/21

- Integrate Parcels contact centre into retailer facing activities
- Drive service levels / closer partnerships with carriers
- Continue to scale partners' access into network and drive further volumes
- Leverage Collect+ Brand
- Establish a market attractive send proposition

Market is c2,400m parcels p.a





1.Acquisition was effective post year end.

Bill Payments UK – leading network and service

Our offering

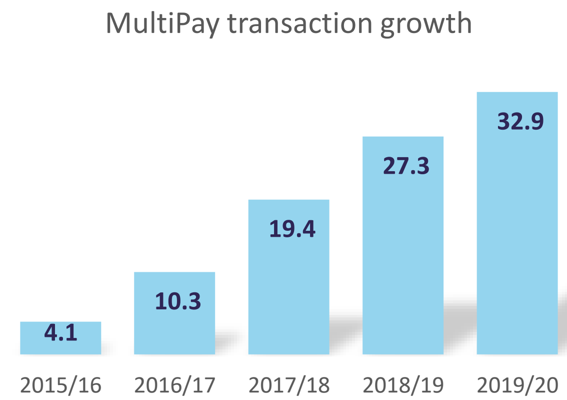
- Largest network of its kind, coverage of 99.5% and 98.3% of urban (within one mile) and rural (within five miles) populations respectively
- Average opening times 100 hour per week and open on Bank holidays
- Growing and robust omni-pay solution, MultiPay

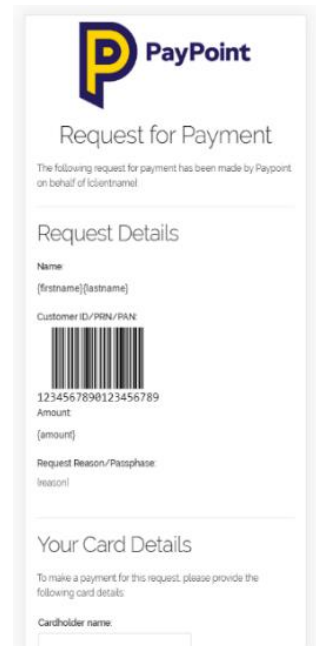
Progress in 2019/20

- 19 new clients, including Monese (eMoney)
- 22 clients renewed (incl. EDF) representing 23.7% net revenue of our bill payments and top-ups
- broadening offering to clients: 7 existing clients took additional services: Shell Energy using MultiPay service.
- Continued strong transaction growth in MultiPay (20.4%) and eMoney (17.3%)
- PayByLink developed

Ambition for 2020/21

- Capture opportunities within other verticals, including Housing Associations and Local Authorities
- Upsell digital offering into existing customer base
- New opportunities
  - PayByLink: debt management
  - CashOut: Providing welfare support in communities





Romania – continued growth

Our offering

- Leading network with over 19,000 sites
- 74% Brand awareness
- 32%[1] Bill payments market share of clients

Progress in 2019/20

- Improved margins by 4.1%
- Card payment sites increased to 1,548.
  - Transactions doubled to over 1.6m
- Launched self serve terminals (AVMs) trial

Ambition for 2020/21

- Consolidate our share of client bill payments
- Secure new clients and offerings
- New terminal rollout
- New AVM rollout
- New consumer mobile app launch

Net revenue year ended 31 March(£m)	2020	2019	% change
Bill payments	9.6	8.8	9.9%
Top-ups	4.0	3.9	3.2%
Other	1.0	1.2	(18.3%)
Total	14.6	13.9	5.5%
Net revenue per txn (pence)	12.8	12.3	4.1%

1. Share of clients’ cash bill payments.

Summary

- A resilient and clear business model
- Adapt our technology and organisation to underpin delivery
- Strong cash generation and balance sheet
- Returns to shareholders

Outlook

At this early stage in the year we are not in a position to predict the full nature, extent and duration of the financial impact of Covid-19 on the business and as a result there is a broad range of potential profit outcomes for both the current year and further into the future.

The core characteristics of the business remain unchanged, with a strong balance sheet, clear business model, a broad and resilient earnings' base with the opportunity to use technology to adapt our business model and strong cash generation which supports the payment of a dividend.

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Ahead of this crisis we had anticipated the ending of the British Gas contract effective from 1 January 2020, this contributed £3.8 million net revenue and contribution for the year ended 31 March 2020. Whilst we have successfully renewed all subsequent contracts, some of these contract renewals have required additional investments. Costs are being tightly managed and we expect operating cost cashflow in the current financial year to remain flat on the prior year, albeit reported costs will rise due to additional depreciation from investment in our back-office systems and the absence of the prior year variable pay benefit.

As a measure of the confidence the Board has in the resilience of PayPoint the Board has proposed a final dividend of 15.6 pence. In determining the level of dividend, the Board has sought to ensure a prudent level of earnings coverage for the dividend within the target cover range of 1.2 to 1.5 times earnings and to ensure that leverage is not substantially increased even in a scenario whereby the trading patterns seen in late April continue until the end of December 2020.