PayPoint Group

Enhancing future growth

Annual Report 2025

Making people's lives a little easier

Our purpose

We deliver innovative payments solutions and services that make people's lives a little easier every day.

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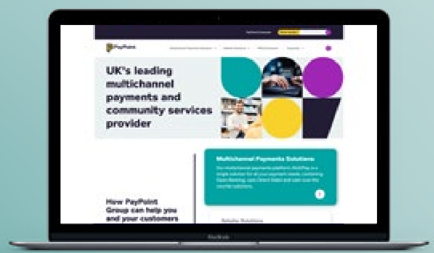
Who we are

The PayPoint Group provides a multichannel payments platform and delivers community services through over 67,000 retailer partner and SME locations.

Our Group serves a diverse range of customers: from leading service organisations like EDF and Monzo; retailers and SMEs from Asda to the best UK independent stores; parcel carriers like Amazon and Royal Mail; to the millions of consumers who pay bills, access cash, make card payments or pick up parcels every day at thousands of locations across the UK.

Contents



For more information go to
paypointbusiness.com/corporate

Financial highlights

Revenue[6]
£310.7m
+1.4%
(FY24: £306.4m)

Net revenue[1]
£187.7m
+3.7%
(FY24: £181.0m)

Underlying EBITDA[2]
£90.0m
+10.7%
(FY24: £81.3m)

Underlying profit before tax[3]
£68.0m
+10.2%
(FY24: £61.7m)

Net corporate debt[4]
£97.4m
+44.2%
(FY24: £67.5m)

Profit before tax
£26.3m
-45.4%
(FY24: £48.2m)

Diluted underlying earnings per share[5]
69.1p
+11.1%
(FY24: 62.6p)

Diluted earnings per share
26.3p
-46.1%
(FY24: 48.8p)

1 Net revenue is an alternative performance measure. Refer to note 4 to the financial statements for a reconciliation to underlying revenue.
2 Underlying EBITDA (EBITDA before exceptional items and net movement in convertible loan notes and other investments) is an alternative performance measure. Refer to the Financial review for a reconciliation to profit before tax.
3 Underlying profit before tax (profit before tax excluding adjusting items) is an alternative performance measure. Refer to the Financial review for a reconciliation to profit before tax.
4 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.
5 Diluted underlying earnings per share is an alternative performance measure. Refer to note 1 and 11 to the financial statements.
6 Current year statutory revenue is reported net of a £14.2 million exceptional deduction related to a claim settlement.

Our growth ambitions

Enhancing future growth

In addition to our existing target of £100m EBITDA for the current year, we have now established new targets for the Group for the next three years to the end of FY28, reflecting our confidence in the growth prospects of the business and our continued commitment to delivering enhanced returns for our shareholders:

1.

Achieving

net revenue growth in the range of 5% to 8% per annum across the Group

Our strategy over the past five years to transform the business and its capabilities from our legacy cash bill payments history has created a more robust and higher organic growth platform. We believe a combination of our business mix today and the opportunities in each of our key building blocks for growth supports a consistent, underlying net revenue growth rate in the range of 5-8% per annum.

2.

Establishing

an organisational framework which will deliver greater automation of processes and greater agility to support the delivery of our plan

An important next step to support the delivery of this growth is to ensure, as a business, we have the necessary organisational framework to deliver better operational performance at a reduced cost and a higher level of customer service and experience. To achieve this, we have sought the support of Nile, an independent consultancy, in a project to review our operational structure and business processes today and develop a plan to deliver greater automation and business agility in the future to support the delivery of our plan.

3.

Delivering

a reduction of at least 20% of our issued share capital, with scope for leverage in the range of 1.2x to 1.5x

The actions we are taking to deliver sustained organic growth across the business in a more efficient and agile business structure will further enhance the core cash generative characteristics of the business, enabling an accelerated share buyback programme over the next three years within a prudent capital structure of leverage in the range of 1.2x to 1.5x.

Our building blocks for growth

In the current financial year, the Group is focused on executing against the seven building blocks for growth to the end of FY28:

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1. Parcels and Network Expansion

Grow parcel transaction volumes through extensive network, particularly through Royal Mail and launch of Chinese marketplaces.

Continue to develop Collect+ network in a targeted manner across a number of new and existing channels, in partnership with our carriers and consistent with developing consumer behaviours and needs in the Out of Home market.

2. Card processing and Lloyds Bank partnership

Leverage strengthened proposition, a more consistent performance from Field Sales aligned to the strong and consistent progress already achieved in the Telesales channel, and a materially enhanced merchant onboarding experience to deliver site growth.

Increase adoption of Merchant Mobile App and Rewards programme to support retention and churn reduction initiatives.

Deliver further growth in Business Finance, expanding marketing and sales channels and piloting new Asset Finance product in H1 FY26.

3. Open Banking and Digital payments

Major focus on increasing opportunities to cross-sell and up-sell payments services within our existing client base and winning new clients in target sectors of Housing and Charities, leveraging our wider multichannel payments platform and Open Banking capabilities.

Continued momentum in Open Banking, with further opportunities delivering payments channels for new and existing clients in PayPoint and delivering data sharing ecosystems for major banks and jurisdictions in obconnect, including Verification of Payee in Europe.

4.

Love2shop and Park Christmas Savings

Deliver continued billings growth in Love2shop Business, supported by restructured team and improved new business pipelines.

Grow Park Christmas Savings billings, through improved new customer acquisition, conversion to paid and better retention initiatives through the year.

Launch new Love2shop e-commerce platform in H1 FY26.

Continue to grow MBL business, providing gift card management services for more clients.

Build on strong start to InComm Payments partnership, expanding presence within major retailer gift card malls.

5.

Access to Cash and Local Banking

Deliver successful launch of Local Banking service, with at least two High St banks due to go live in H1 FY26.

Continue to grow neobank cash deposit volumes, building on the £475 million of consumer deposits processed in FY25.

Improve ATM performance across the PayPoint estate through successful delivery of recovery plan.

6.

Community services for retailer partners

Grow service fee revenue through expanding PayPoint network and RPI increase.

Rollout new Store Growth Specialist team, supporting retailer partners to deliver further revenue growth through store visits driven by targeted data and support.

Deliver further growth in FMCG proposition via PayPoint Engage, building pipeline of major brand campaigns and increasing adoption of Retailer Rewards programme.

7.

Connecting our capabilities to drive further growth

We are now focused on how we connect our enhanced capabilities across the Group to open up further opportunities, providing enterprise solutions to our extensive client base combining multichannel payments solutions, rewards and gifting, loyalty programmes and FMCG relationships, as well as leveraging our leading retailer and SME networks.

Early examples of this include leveraging our Love2shop rewards platform capabilities to power our Handepay merchant rewards programme and our PayPoint OpenPay service, which delivers a secure payout solution to clients combining obconnect's Pay by Bank service, PayPoint's cash out product and Love2shop Essentials vouchers.

Our investment case

Platform for growth

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

New targets established for growth to end of FY28

New targets for the Group for the next three years to the end of FY28, underlining our confidence in the future growth prospects of the business:

- Achieving net revenue growth in the range of 5% to 8% per annum across the Group;
- Establishing an organisational framework which will deliver greater automation of processes and greater agility to support the delivery of our plan; and
- Delivering a reduction of at least 20% of our issued share capital through an enhanced share buyback programme.

Leading multichannel payments platform

We continue to diversify our multichannel payments client base and expand the range of digital solutions that we can deliver to support our clients in multiple sectors, across Open Banking, direct debit, cards, cash, Love2shop vouchers/rewards and prepaid solutions.

Unparalleled retailer & SME networks delivering vital community services

Our expanded proposition helps our SMEs and retailer partners keep pace with changing consumer needs, expectations and demographics. We continue to innovate and increase the range of vital community services provided through our in-store technology to drive retention and deliver more opportunities to earn for our partners, including parcels, local banking and government services.

Organisational framework to deliver greater automation and agility

An important next step to support the delivery of this growth is to ensure as a business we have the necessary organisational framework to deliver better operational performance at a reduced cost and a higher level of customer service and experience.

To achieve this, we have sought the support of Nile, an independent consultancy, in a project to review our operational structure and business processes today and develop a plan to deliver greater automation and business agility in the future to support the delivery of our plan.

Enhanced rewards for shareholders with increased and extended share buyback programme till end of FY28, returning at least £30m pa, and increasing dividend

The Buyback Programme will increase to return at least £30 million per annum to shareholders and will be extended till the end of March 2028, with the target of reducing our equity base by at least 20% over that period. We will continue to review the Buyback Programme based 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 FY28.

PayPoint Group at a glance

Enabling a multichannel payments platform and delivering community services through our retailer partner & SME networks.

Our approach:

Our purpose

Why we exist
We deliver innovative services that make millions of people's lives a little easier every day.

Our values
How we bring our vision to life

- Ambitious
- Results focused
- Accountable
- Collaborative
- Can do
- Good colleague

Our vision

What we aim to achieve

- First-time delivery of outstanding technology and services to our customers.
- Creating a dynamic place to work for our people.
- Delivering positive outcomes for all our stakeholders.

ESG

Creating long-term value for all our stakeholders

We are committed to delivering sustainable, essential services that have a positive impact on our customers, UK communities and the world we live in.

Read more on page 30

Our divisions:

We operate across four divisions:

Shopping

We provide digital solutions, technology and payment services for SMEs and retailers to deliver vital community services.

How we do it

- Retail services – In-store Devices, FMCG, Counter Cash, ATMs.
- Card payments.

Who we work with

Co-op, Costcutter, Booker Group, One Stop, EG Euro Garages, ASDA

Read more on page 20

E-commerce

We provide a technology-based delivery platform to deliver best-in-class customer journeys for e-commerce brands and their customers over the 'first and last mile'.

How we do it

- E-commerce – Collect+ (Parcels Pick Up, Drop Off, Send).

Who we work with

eBay, Amazon, Yodel, Vinted, Royal Mail

Read more on page 22

Payments & Banking

We deliver a channel agnostic payment platform that gives clients and consumers choice.

How we do it

- Digital payments – MultiPay and Open Banking.
- Cash through to digital payments – eMoney.
- Cash payments – bill payments and top-ups.

Who we work with

Monzo, Citizens Advice, BBC, Department for Work & Pensions, E.ON, OVO Energy

Read more on page 24

Love2shop

We provide employee and customer rewards and prepaid savings solutions to thousands of consumers and businesses.

How we do it

- Love2shop – the UK's leading digital platform for employee and customer rewards.
- Park Christmas Savings – the UK's biggest Christmas Savings Club.

Who we work with

ALDI, Boots, Primark, B&Q, Argos, TK Maxx

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PayPoint Group in numbers

PayPoint sites
30,712

Collect+ sites
14,213

Parcel transactions
133.4m

Neobank cash deposit processed value
£475m

Retailer partner and SME locations
67,466

PayPoint Trustpilot score
4.9/5

Chief Executive's review

Delivering growth

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

These results reflect both the resilience of our businesses in the current challenging economic environment and the diversification of our capabilities as we unlock further opportunities and growth across our four business divisions."

Nick Wiles
Chief Executive

Targets for the Group to the end of FY28

While we remain focused on the delivery of our current target of £100m EBITDA by the end of FY26, looking further ahead, we have now established new targets for the Group for the next three years to the end of FY28, reflecting our confidence in the growth prospects of the business and our continued commitment to delivering enhanced returns for our shareholders:

1. Achieving net revenue growth in the range of 5% to 8% per annum across the Group

Our strategy over the past five years to transform the business and its capabilities from our legacy cash bill payments history has created a more robust and higher organic growth platform. We believe a combination of our business mix today and the opportunities in each of our key building blocks for growth supports a consistent, underlying net revenue growth rate in the range of 5-8% per annum.

2. Establishing an organisational framework which will deliver greater automation of processes and greater agility to support the delivery of our plan

An important next step to support the delivery of this growth is to ensure as a business we have the necessary organisational framework to deliver better operational performance at a reduced cost and a higher level of customer service and experience. To achieve this, we have sought the support of Nile, an independent consultancy, in a project to review our operational structure and business processes today and develop a plan to deliver greater automation and business agility in the future to support the delivery of our plan.

3. Delivering a reduction of at least 20% of our issued share capital, with scope for leverage in the range of 1.2x to 1.5x

The actions we are taking to deliver sustained organic growth across the business in a more efficient and agile business structure will further enhance the core cash generative characteristics of the business, enabling an accelerated share buyback programme over the next three years within a prudent capital structure of leverage in the range of 1.2x to 1.5x.

Chief Executive's review continued

Review by Division

Shopping Division

In Retail Services, our core focus is to continue the growth of our retailer estate and to drive a consistently higher level of adoption of our service proposition.

We remain committed to supporting our retailer partners drive more revenue and to maximising the opportunities from our unparalleled portfolio of community services. The next stage of that commitment is the recent rollout of a Store Growth Specialist team, dedicated to supporting retailers to unlocking more commission opportunities and enabled by targeted data and analytics to ensure we are focusing our efforts in the right locations. Early indications from this rollout have been very positive in terms of demonstrable performance optimisation and services adoption. In addition, we continue to drive further engagement with our Retailer Rewards scheme, launched in September 2024, giving retailers additional commission for scanning goods in store. Our next generation device, PayPoint Mini, continues to rollout across our estate with 2,898 now live, along with our integrated third-party EPoS solution, PayPoint Connect. We also now have structured plans in place to support our multiple retailer partners in maximising the value of our wide portfolio of services in their stores, including the rollout of additional Collect+ sites, FMCG campaigns, Love2shop gift cards and our new Local Banking service. Our FMCG consumer engagement proposition, PayPoint Engage, continues to gain good traction delivering campaigns for major consumer brands, leveraging our PayPoint One platform, advertising screens and vouchering capability.

Over 18 campaigns have been delivered in the year, including an award-winning campaign for Spar during Euro 2024, with a building pipeline of further brand campaigns for delivery over the next 12 months.

In Cards, we have focused in the year on delivering a successful transition to Lloyds Bank Cardnet as an acquiring partner across the wider Group, with the partnership launching in December 2024 into our Handepay business. The partnership has enhanced our merchant proposition, including earlier in the day settlement, and delivered an enhanced and faster onboarding for our merchants. Additionally, we have launched our Merchant Mobile App, enabling merchants to access transaction data and insights about their business, with over 3,000 merchants already signed up and plans in place for further growth over the current year. Over the course of the next 12 months, we will be adding further features and functionality to the app, including real-time transaction data and the integration of our Rewards scheme. In the period, we have also improved participation in our Handepay Rewards Scheme, with over 3,500 merchants registered, and continued to drive further enhancements to our core proposition, with the launch of a new AI-driven statement reader to further speed up and enhance the merchant sales experience, strengthened pricing governance and time to transact drastically reduced from 14.7 days to 2.2 days, driven by our welcome call programme and an improved customer onboarding process with the new Lloyds Bank Cardnet partnership. All of these actions are focused on driving an improved retention performance in the current year, with a target reduction of churn to 25%. Our Business Finance product, via YouLend, continues to grow with over £23.8m of funding delivered to merchants across the Group in FY25, an increase of 23% versus the prior year, and with plans in place to pilot an Asset Finance product with merchants in H1 FY26.

In our Community Cash Access and Banking network, while progress continues to be frustrating, a detailed ATM recovery plan is now underway to improve performance in the current year, including the enablement of Mastercard and Visa throughout the network in H1 FY26, an improved support and maintenance model with Notemachine to drive ATM uptime and service, individual site performance optimisation visits and further network expansion opportunities in progress with new partners. Our Counter Cash service, offering withdrawals and balance enquiries over the counter, is now live in 2,993 locations, and we have processed over £475 million of consumer deposits for our neobank clients in the year. We are also well advanced with the launch of the first two major High St Banks delivering consumer deposits across our extensive network in H1 FY26, which will be followed by an SME deposit solution for High St Banks in development for pilot in H2 FY26.

FY25 Highlights

- Service fee net revenue increased by 10.7% to £21.8m
- £23.8m of funding provided to merchants via Business Finance with YouLend
- 18 FMCG brand campaigns delivered in the year for major consumer brands

E-commerce Division

In E-commerce, we have delivered a record year, with net revenue +39.0% at £16.4 million and parcel transactions growing to 133.4 million.

In E-commerce, we have delivered a record year, with net revenue +39.0% at £16.4 million and parcel transactions growing to 133.4 million. This performance reflects the strong positioning of our growing Collect+ network for Out of Home (OOH) fulfilment with both consumers and carriers and a continuing market shift towards OOH delivery. Our partnership with Royal Mail launched earlier in the financial year, with over 7,500 sites rolled out across the UK and store to store and click and collect services now live. Our longstanding Yodel/Vinted partnership has continued to deliver strong volumes through our Store-to-Store service, with growing adoption by consumers and our carrier partners. We have also expanded our Zebra printer technology to over 93% of our network, underlining our continuing commitment to invest in improving the consumer experience in store and driving further adoption of Out of Home (OOH) with our carrier partners.

As referred to in our interim results in November 2024, we made a strategic investment in Yodel alongside other investors, including InPost in June 2024. As we indicated at the time, our investment was in support of the Yodel management team as they planned to further automate and modernise the Yodel business. Since this initial investment, InPost has provided Yodel with significant additional funding and announced their acquisition of Yodel on 17 April 2025, resulting in a significant dilution of our original investment to a 4.5% minority stake in the business and a write down of the investment to £2.2 million. An expansion of InPost PUDO locations has also recently been announced, growing to over 6,000 sites, which harmonises locations, parcel volumes and

FY25 Highlights

- Over 7,500 Royal Mail sites live, with store to store and click and collect services now live
- Chinese marketplaces – initial rollout of 26 stores with SFExpress now live, providing a UK PUDO to China PUDO service

opening up the opportunity for further expansion and parcel volume growth across our extensive network for both InPost and Yodel.

We have now established new partnerships with Chinese and South Asian marketplaces, with the initial rollout of 26 stores with SFExpress, the leading integrated logistics service provider with an extensive PUDO network in China, focused on enabling our services in Chinese communities across the UK. We continue to explore further opportunities to build increased momentum and drive further volume into our network, with the primary focus to establish Collect+ as the first-choice partner for Pick Up Drop Off (PUDO) with these marketplaces.

We have successfully grown the Collect+ network to 14,213 sites in new locations and demographics, including increasing our presence with major multiple retailers like One Stop, Spar NI owned by Henderson Group and a pilot with Asda, rolling out further sites for the Royal Mail, InPost and UPS, and growing our student presence working with 19 of the top universities and student unions across the UK (Strathclyde, Aberdeen, Sunderland and Open University added in the year). We will continue to identify opportunities to grow the Collect+ network across a number of new and existing channels, in partnership with our carriers and consistent with developing consumer behaviours and needs in the Out of Home market.

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, with net revenue growth of 4.5% year on year.

We have secured further strong wins in the Housing sector, with Guinness Housing, Sovereign and Thirteen, and in the Charity sector with several Citizen's Advice regional offices, Alzheimer's Society, Shelter and Wiltshire and Bath Air Ambulance. A major focus for the current year is on increasing opportunities to cross-sell payments services within our existing client base, leveraging our wider multichannel payments platform and Open Banking capabilities. We have also completed our first full year of delivering the DVLA International Driving Permit service, which went live on 1 April 2024, marking another key central government service fulfilled via our extensive retailer network.

In our cash through to digital category, we have made the key decision to build on our success and market positioning in the cash through to digital sector, by combining our leading portfolio of consumer brands, including Amazon, Netflix, Deliveroo and Uber, with physical Love2shop gift cards in store. This creates a strong consumer proposition, offering the choice of specific cash through to digital brands and our Love2shop multi-retailer redemption card, which is expected to generate meaningful additional card load and revenue opportunities for retailer partners. The strength of this proposition is evidenced by the sales momentum built with Love2shop gift cards in over 2,600 multiple retailers in the PayPoint network, establishing an annual run rate of circa £1m of value processed, and the early success of our partnership with InComm Payments offering Love2shop gift cards into a range of major retailers.

Following the completion of our majority investment in obconnect in October 2024, we are now making strong progress executing on our strategy in Open Banking. In PayPoint, we are focused on winning business with both new and existing clients delivering Open Banking services and payments channels, all enabled by obconnect and Aperidata, with 28 further clients live in the year for our services, including the Crown Commercial Service. In the year, the BBC also went live for Confirmation of Payee. In obconnect, the focus is on providing the necessary support and expertise to deliver data sharing ecosystems for major banks and jurisdictions, as demonstrated by the major contract win to deliver the Confirmation of Payee ecosystem for the New Zealand Banking Association which went live successfully in December 2024, including major banks like ANZ, Kiwibank and Westpac. In addition, a major focus for the current year is developing the next generation of Open Banking technology and capability, which will support future pipeline opportunities in this rapidly evolving market.

As we indicated at the time of the announcement of the investment in obconnect on 1 August 2024, we have recognised a modest net revenue contribution in H2 FY25 of £1.8 million, in the expectation of a more meaningful contribution in FY26 and thereafter, driven by further pipeline opportunities in Confirmation of Payee, Verification of Payee in Europe and ecosystems in additional jurisdictions.

In Cash, legacy energy bill payments net revenue decreased by 6.5% for the year consistent with our expectations, with this part of the business continuing to be resilient, both in transaction volumes, rates and the renewal of a number of key contracts including Scottish Power. We expect this pattern and moderation in the rate of decline to continue into the current year. Over the year, the energy price cap, updated by Ofgem on a quarterly basis, was set for pre-pay customers at £1,643 for April to June 2024, £1,522 for July to September 2024, £1,669 for October to December 2024 and £1,690 for January to March 2025. However, the price cap has increased in the current financial year to £1,803 for pre-pay customers for April to June 2025.

FY25 Highlights

- MultiPay – 53 further new client services live, including Peabody, SNG, Thirteen, Guinness and Rooftop in the Housing sector and Alzheimer's Society and several regional Citizen's Advice Bureaus in the Charity sector
- Open Banking – 28 further clients live in FY25 for our services, including Crown Commercial Service, and BBC for Confirmation of Payee

Chief Executive's review continued

Review by Division continued

Love2shop Division

Overall, the Love2shop division had an excellent year, delivering growth in Love2shop Business, a resilient performance in Park Christmas Savings and strong progress in a number of key initiatives to develop new sales channels and partnerships.

In Love2shop Business, we delivered a positive year with £172.2 million of billings delivered (FY24: £162.8 million), benefiting from the excellent planning and preparation by the Love2shop team well in advance of the peak trading period, and the growing benefits from corporate API integrations launched into major clients last year, delivering increased billings and improved customer experience. For our top 10 clients, we saw sales volumes grow by 17% YOY as we continue to develop our relationships, with our managed client portfolio billings retention at 91% and major clients retention at 107%. During our peak trading month of December, we saw a YOY increase in AOV by 11% to £11.5k.

Highstreetvouchers.com performance was strong with billings +12.8% ahead of plan, reflecting the benefits of the actions taken at the beginning of the financial year to our online strategy. This positive outcome has been driven by a more efficient use of paid media spend driving a higher Average Order Value (AOV) of £320 vs £92 previously, improved customer journeys optimised for business customers transacting online or wishing to speak to our sales team, and an improved digital product and participation enabling larger bulk orders which has also increased AOV from £400 to £1500.

Our expanded distribution partnership with InComm Payments launched successfully on 20 October 2024 and has delivered a strong first six months with over £2.9 million of billings. The partnership has seen a significant expansion of physical Love2shop gift cards into major grocers and High St retailers, with plans already underway to build on this positive start and gain further momentum in FY26. Our sales momentum has also continued to build with Love2shop gift cards in over 2,600 multiple retailers in the PayPoint network, establishing an annual run rate of circa £1m of value processed. New redemption partners onboarded in the year for Love2shop included Dobbies Garden Centres, Foyles Bookstores, Blackwells, Frankie & Bennys, Las Iguanas and Wilko. Together these initiatives launched over the year have further enhanced consumer recognition of the Love2shop brand through our online and physical in store channels.

Park Christmas Savings delivered a solid outcome to the Christmas 2024 campaign with final billings of £162.2m, consistent with the previous year, with average saver value increased by 2.5% versus the prior year and customer retention strong at 91% of value retained from the prior season, all against the backdrop of tighter consumer spending and fluctuating consumer confidence over the year.

A key focus in the year has been improving payment to conversion for new customers, which increased by 5% vs prior year delivering an improvement in the number of 'nil paid' and 'off track' customers. All of this has been achieved by focused saver activity and engagement campaigns leveraging Group capabilities via PayPoint's PayByLink payment solution. The 2025 savings season has started positively, with gross accounts +18,000 versus the prior year, and the paid order book and cash collected +2% in the season to date. In addition, a new Agent App was launched to support savers and new digital gift cards added to the extensive product portfolio, with ongoing campaigns focused on driving payment to conversion. 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. We continue to explore new expansion opportunities with a number of potential partners, in which to support further growth of our prepaid savings platform and leverage the strength of this capability.

MBL, the leading gift card technology platform that was acquired by Love2shop in 2022, processed £123.2 million in gift card value in the year (FY24: £59.7 million), reflecting continued momentum as a gift card service provider for Greggs, B&M, New Look, Tapi, and Schuh, and as a key distributor for over 150 UK retailers' gift cards. We continue to expand the range of MBL solutions that we offer to our corporate clients and grow gift card management services with more retailers.

FY25 Highlights

- Love2shop Business – +5.8% vs prior year, driven by excellent Peak planning, better retention and impact of Corporate APIs
- Highstvouchers.com – strong performance, +12.8% ahead of plan, driven by optimised paid media spend, improved customer journeys and adoption of digital product
- InComm Payments – over £2.9m of billings delivered via new sales channel, enabling distribution of Love2shop gift cards into major grocers and High St brands

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.

On 14 May 2025, PayPoint and Utilita came to a settlement such that Utilita has withdrawn its claim against PayPoint. As part of this settlement, the two parties have agreed to a new 5-year contract for over-the-counter prepayment services. PayPoint is looking forward to the opportunity to build a more collaborative and mutually supportive relationship with Utilita going forward.

PayPoint remains confident that it will successfully defend the claim by Global 365 at trial. The claim 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. The trial at the Competition Appeal Tribunal, started on 10 June 2025.

Outlook and Dividend

The continued progress and momentum established across the Group, particularly with the seven key building blocks, underpins our confidence in delivering our newly established targets for the next three year period to the end of FY28: achieving net revenue growth in the range of 5% to 8% per annum across the Group; establishing an organisational framework which will deliver greater automation of processes and greater agility to support the delivery of our plan; and delivering a reduction of at least 20% of our issued share capital through an enhanced share buyback programme, consistent with a prudent capital structure and leverage in the range of 1.2x to 1.5x.

We have had an encouraging start to the current financial year in each of our business divisions and have already secured a number of important new contract wins, particularly within the housing sector. In addition to our focus on the organic building blocks for growth, significant energy is being directed into: building strong new business pipelines, particularly in Love2shop Business, Housing and Charities; successful delivery of our Local Banking service, with at least two banks due to go live in H1; continued parcels growth, driving volume opportunities with each carrier and growing Out of Home consumer adoption; optimising our retailer network performance, through better adoption of services, our new Store Growth Specialist team and further site growth; and the further upselling of our enhanced payment capabilities into our existing client base, including utilities.

Our commitment to an increased and extended share buyback programme will enhance shareholder returns and is reflective of our long-term confidence in the business and our underlying cash flow. The Board has declared a final dividend of 19.6p per share, an increase of 2.1% vs the prior year final dividend of 19.2p 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, meeting expectations and achieving our financial goals to FY28.

Nick Wiles
Chief Executive
11 June 2025

Market overview

Key market insights

Key market insights across our four business divisions.

Shopping

- The UK convenience sector generated over £49.4 billion in sales over the last year, and is forecast to grow to over £54.6 billion by 2027. There are 50,387 convenience stores in the UK, an increase year on year of 999 stores[1].
- In 2023, there were over 24.5 billion debit card payments made in the UK, up from 23 billion the previous year. It is forecast that this will grow to 31.1 billion payments by 2033[2].

Total UK convenience stores

50,387

E-commerce

- Latest available data from Ofcom showed total UK parcel volumes increased by 8.3% in 2023-24[3] to 3.9bn. By contrast, Collect+ delivered a record year in FY25, growing parcel transactions by 33.3% to 133.4 million.
- According to the ONS, internet sales as a percentage of total retail sales grew year on year in 2024 to 27.2%, up from 26.6% in 2023[4].

Total UK parcel volumes

3.9bn

Payments & Banking

- Open Banking payments in the UK grew 72% year on year to 223.9m payments in 2024[5], with over 12 million active users
- The energy price cap, updated by Ofgem on a quarterly basis, was set at £1,690 for pre-pay customers for January to March 2024, decreasing from £1,928 in the same period last year[6]. The price cap has increased in the current financial year to £1,803 for April to June 2025.

UK Open Banking payments

224m

Love2shop

- The strong appeal of Park Christmas Savings in helping consumers avoid high-cost debt was reinforced with research showing over 1 in 6 households having got into debt to pay for Christmas 2024, with more than a fifth going over budget and 29% using credit cards to fund their family's Christmas[7].
- Over £3.7bn[8] worth of gift cards were sold in the UK in 2024, with 61% for B2B and 39% for B2C. Sales of digital gift cards overtook physical gift cards for the first time in 2024, representing over 60% of sales in H2 2024.

Total UK Gift Card sales

£3.7bn

1 ACS Local Shop Report 2024.
2 UK Finance – UK Payments Market Summary 2024.
3 Ofcom Post Monitoring Report 2023-24.
4 https://www.ons.gov.uk/businessindustryandtrade/retailindustry/timeseries/j4mc/drsi.
5 https://www.openbanking.org.uk/insights/open-banking-and-smart-data-expert-predictions-2025.
6 https://www.ofgem.gov.uk/energy-price-cap.
7 https://www.independent.co.uk/money/people-b2685639.html.
8 KPMG GCVA Market Reports – H1 and H2 2024.

Our business model

How we deliver
innovative services

Our purpose is to deliver innovative services that make millions of people's lives a little easier every day.

How we create value

Our four business divisions driving growth in the UK.

Connecting millions of consumers with over 67,000 retailer partner and SME locations.

Shopping

Delivering vital community services

We provide digital solutions to help our retailer and SME partners keep pace with changing shopper needs, service expectations and demographics, offering everything a modern business needs, including parcel services, local banking, card and bill payments and digital vouchering.

Read more on page 20

E-commerce

Enabling great customer experience

We enable the delivery of best-in-class customer journeys for e-commerce brands over the first and last mile in c.14,000 locations through our Collect+ brand, helping consumers pick up and drop off online shopping or send parcels across the UK.

Read more on page 22

Payments & Banking

Innovating in digital payments

We have continued our diversification to digital payments, helping organisations seamlessly and effectively serve their customers. Our market-leading omnichannel solution – MultiPay – is an integrated solution offering a full suite of digital payments.

Read more on page 24

Love2shop

Providing gifting and rewards for the moments that matter

We provide gifting, employee engagement, consumer incentive and prepaid savings solutions to thousands of consumers and businesses.

Read more on page 26

Our drivers of success

What makes our model work

Unparalleled network of retailer partners and SMEs

- The enlarged PayPoint Group now delivers technology and services to a universe of over 67,000 SME and retailer partner locations across multiple sectors, including food services, convenience retail, garages and hospitality.

Leading multichannel payments platform

- Our comprehensive payments platform gives our clients and their customers choice in how to make and receive payments quickly and conveniently. This includes our channel-agnostic digital payments platform, MultiPay, offering solutions to clients across Open Banking, direct debit, card payments and cash, and our Love2shop voucher, rewards and prepaid savings solutions.

A diverse range of clients and brands

- Our Shopping division serves the best SMEs and retailers in the UK, delivering digital solutions and essential services from large retailers, like Asda, The Co-operative Group and EG Group, to the best independent store owners across the country.
- Our E-commerce division enables the delivery of best-in-class customer journeys for e-commerce brands over the first and last mile, including Amazon, eBay, Yodel, Vinted, FedEx, DPD, DHL, UPS, Royal Mail, Wish.com and Parcels2Go.
- Our Payments & Banking division delivers digital payment solutions to clients across diverse sectors, including energy, housing, local authorities and a growing portfolio of digital brands such as Amazon, PlayStation, Xbox and Monzo.
- Our Love2shop division provides gifting and rewards solutions for thousands of consumers and employees, working with the biggest retailers and brands, such as M&S, Primark, Aldi and John Lewis.

Cutting-edge technology

- We pride ourselves on delivering innovative technology and services across the Group, whether through PayPoint Mini, helping our convenience retailer partners run their businesses more efficiently; our leading employee engagement and reward solutions for large corporate clients; or our proprietary parcel software solutions that have a singular focus on the delivery of great consumer experiences and confidence in the crucial first and last mile of parcel journeys.

Talented and committed people

- We have a talented, diverse and committed workforce with years of experience from a wide range of industries.

The value we create

Delivered to our stakeholders

Consumers

We serve millions of consumers every day, online and in-store, helping them make payments and send/pick up parcels through our digital payments platforms and extensive retailer partner network.

Transactions per year

733.9m

Retailers and SMEs

We deliver vital community services that enhance the retailer proposition and consumer experience, driving footfall, and new commission opportunities for thousands of SMEs and retailers across the UK.

Retailer and SME locations

67,466

Employees

We create a dynamic and innovative place to work for our employees across the PayPoint Group.

No. of employees

941

Investors

We aim to deliver a sustainable and rewarding business model and superior returns for our investors.

Final dividend declared

19.6p

Local communities

We provide vital services to hundreds of communities across the UK, at over 30,000 locations, with 99.5% of the population living within one mile of a PayPoint location in urban areas.

Population within one mile

99.5%

Read more on page 30

Our strategy | Shopping

Enabling vital community services

How we deliver

We provide digital solutions, technology and payment services for SMEs and retailers to deliver vital community services.

Estate growth

	31 March 2024	31 March 2025
UK Retail Network	29,149	30,712
PayPoint One/Mini	19,297	20,275
Lloyds Cardnet	10,064	10,552
Evo	19,682	19,475

Divisional Performance

Shopping Division

FY24 Net revenue	FY25 Net revenue	Change
£64.4m	£65.2m	+1.2%

Sub-division performance

Retail Services

PayPoint One and PayPoint Mini, EPoS, Counter Cash, FMCG, ATMs, Business Finance, Home Delivery.

FY24 Net revenue	FY25 Net revenue	Change
£31.7m	£32.8m	+3.5%

Card Payments

PayPoint, Handepay/Merchant Rentals & RSM 2000.

FY24 Net revenue	FY25 Net revenue	Change
£32.7m	£32.4m	-0.9%

Q&A

with Anthony Sappor, Retail Proposition and Partnerships Director

Our portfolio of services continues to grow, and we are now focused on launching our Local Banking service in H1 FY26 with our first two High St Banks."

Anthony Sappor
Retail Proposition and Partnerships Director

What have been the big developments in your retailer proposition this year?

Our portfolio of services continues to grow and is delivering real commission earning opportunities to our retailer partners. We continue to drive further engagement with our Retailer Rewards scheme, launched in September 2024, giving retailers additional commission for scanning goods in store. Our next generation device, PayPoint Mini, continues to rollout across our estate, along with our integrated third-party EPoS solution, PayPoint Connect. We have also made good progress with our FMCG consumer engagement proposition, PayPoint Engage, which continues to gain good traction delivering campaigns for major consumer brands, leveraging our PayPoint One platform, advertising screens and vouchering capability.

What is the focus for the year ahead?

Our core focus is to drive a consistently higher level of adoption of our service proposition and to deliver the successful launch of our Local Banking service for major High St Banks.

We remain committed to supporting our retailer partners drive more revenue and take advantage of our unparalleled portfolio of community services. The next stage of that commitment is the recent rollout of a Store Growth Specialist team, dedicated to helping retailers to unlock more commission opportunities, supported by targeted data and analytics to ensure we are focusing our efforts in the right locations.

We are also well advanced with the launch of the first two major High St Banks delivering consumer deposits across our extensive network in H1 FY26, which will be followed by an SME deposit solution for High St Banks in development for pilot in H2 FY26. This is a vital community service that will provide extensive Access to Cash for consumers across the UK close to where they live.

PayPoint Retailer Network

30,712 sites

Delivering vital community services through our extensive network

Our strategy | E-commerce

Driving growth in Out of Home

How we deliver

We provide a technology-based platform to deliver best-in-class customer journeys for e-commerce brands and their customers over the 'first and last mile', leveraging our proprietary software capability and expertise with continuous investment and innovation in the in-store experience.

- Consumer pick up, drop off and send.
- No.1 carrier-agnostic Out Of Home (OOH) network, with best-in-class technology and consumer experience.
- Leadership in consumer data and insights to drive sector innovation.

Estate growth

31 March 2024	31 March 2025
Collect+ 11,786	14,213

Divisional Performance

FY24	FY25
Net revenue £11.8m	Net revenue £16.4m
	+39.0%

FY24	FY25
Parcels transactions £100.1m	Parcels transactions £133.4m
	+33.3%

Collect+ is our technology-based platform to deliver best-in-class customer journeys for e-commerce brands and their customers over the 'first and last mile'.

Our partners

Q&A

with Nick Williams, Parcel Services Director

We are focused on growing parcel transaction volumes further through our extensive network, particularly through our Royal Mail partnership and the launch of Chinese marketplaces."

Nick Williams
Parcel Services Director

What have been the key factors in the success of parcels over the past 12 months?

We have continued to focus on delivering a seamless consumer experience in store, working closely with our carrier partners and retailers to improve processes and technology across our extensive network. In particular, our incredible retailer partners continue to do a fantastic job of providing this vital and growing service to hundreds of thousands of consumers across the UK every day.

Why do you think the Collect+ proposition is so attractive for your retailer partners?

In short, Collect+ is a must have service for convenience stores, that drives revenue and footfall whilst offering a vital service for consumers in communities across the UK. Our parcel transaction volume growth and new carrier partners mean that we have been able to grow the network further this year and enable more of our retailer partners to benefit from having this service in their stores.

What's your focus for the next 12 months?

We will continue to grow parcel transaction volumes across our network, working closely with our carrier partners, including Royal Mail and our new partnerships with Chinese marketplaces. There will be further expansion of the Collect+ network across a number of new and existing channels, in partnership with our carriers and consistent with developing consumer behaviours and needs in the Out of Home market.

Parcel transactions

133.4m

Enabling best-in-class e-commerce journeys

Our strategy | Payments & Banking

Driving payments innovation

How we deliver

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

Divisional Performance

FY24	FY25
Net revenue £53.5m	Net revenue £54.4m

+1.7%

We deliver a channel-agnostic payment platform that gives clients and consumers choice.

Sub-division Performance

Digital

FY24	FY25
Net revenue £13.8m	Net revenue £15.5m

+12.3%

Drivers – continued MultiPay and Open Banking growth, initial contribution from obconnect

Cash through to digital

	FY24	FY25	Change
Banking	Net revenue £3.2m	Net revenue £3.6m	+12.5%
Gifting	Net revenue £0.5m	Net revenue £0.5m	Flat
Gaming	Net revenue £3.1m	Net revenue £2.7m	-12.9%

Cash

FY24	FY25
Net revenue £32.9m	Net revenue £32.1m

-2.7%

Drivers – cash bill payment and top up decline, SIM card sales

Q&A

with Jo Toolan, Managing Director, Payments

Our major focus is on increasing opportunities to cross-sell and up-sell payments services within our existing client base, as well as continuing our strong momentum in winning new clients within our target sectors of Housing and Charities.”

Jo Toolan
Managing Director, Payments

What progress has been made with PayPoint’s multichannel payments platform over the past 12 months?

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, with net revenue growth delivered of 4.5% year on year. We are delighted to have secured further strong wins in the Housing sector, with Guinness Housing, Sovereign and Thirteen, and in the Charity sector with several Citizen’s Advice regional offices, Alzheimer’s Society, Shelter and Wiltshire and Bath Air Ambulance.

What has your investment in obconnect added to the business?

Open Banking is a fast-growing and rapidly evolving market, and obconnect have been the perfect partners in helping us gain traction quickly, both in delivering payments channels for new and existing clients in PayPoint and within their own business delivering data sharing ecosystems for major banks and jurisdictions, as demonstrated by the major contract win to deliver the Confirmation of Payee ecosystem for the New Zealand Banking Association which went live successfully in December 2024.

A key focus for the current year is to continue this strong momentum, including developing the next generation of Open Banking technology and capability and delivering further opportunities for obconnect in Confirmation of Payee, Verification of Payee in Europe and ecosystems in additional jurisdictions.

Digital transactions

46.9m

Innovating in digital payments solutions

Our strategy | Love2Shop

Delivering growth and channel expansion

How we deliver

We provide gifting, employee engagement, consumer incentive and prepaid savings solutions to thousands of consumers and businesses.

Divisional Performance

FY24
Net revenue
£51.3m

FY25
Net revenue
£51.7m

+0.8%

Love2shop
The UK's leading digital platform for employee and customer rewards.

Park Christmas Savings
The UK's biggest Christmas Savings Club.

Sub-division Performance

Love2shop Business

FY24
Billings
£162.8m

FY25
Billings
£172.2m

+5.8%

Park Christmas Savings

Christmas 2023
Billings
£162.6m

Christmas 2024
Billings
£162.2m

-0.3%

MBL Growth

MBL

FY24
Processed value
£59.7m

FY25
Processed value
£123.2m

+106.3%

Q&A

with Julian Coghlan, Managing Director, Love2shop and Park Christmas Savings

We have had a positive year in Love2shop, with continued momentum in Love2shop Business, a resilient performance in Park Christmas Savings and a great start from our new partnership with InComm Payments."

Julian Coghlan
Managing Director, Love2shop and Park Christmas Savings

How would you summarise the progress in Love2shop over the last 12 months?

We have had an excellent year in Love2shop, delivering growth in Love2shop Business, a resilient performance in Park Christmas Savings and strong progress in a number of key initiatives to develop new sales channels and partnerships. In particular, we were delighted with the early success of our partnership with InComm Payments, significantly expanding the distribution of physical Love2shop gift cards into major grocers and High St retailers. We have plans already underway to build on this positive start and gain further momentum in FY26, along with growing our presence in the PayPoint network of multiple and independent retailers.

What are the main opportunities for Love2shop over the next 12 months?

Aside from the partnership with InComm, we are focused on delivering continued billings growth in Love2shop Business, supported by a restructured team and improved new business pipelines and growing Park Christmas Savings billings, through improved new customer acquisition, conversion to paid and better retention initiatives through the year. In addition to this, we continue to explore new expansion opportunities with a number of potential partners, in which to support further growth of our prepaid savings platform and leverage the strength of this leading capability.

Park Christmas Savings Trustpilot score

4.6/5

Accelerating growth for the UK's leading gifting brand

Key performance indicators

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

NB: FY23 comparatives contained only one-month contribution from Love2shop post acquisition.

Overall performance

Non-financial

Shareholder returns

Net revenue

(£ million)

£187.7m

+3.7%

FY25	187.7
FY24	181.0
FY23	128.9

Description, purpose and reference: 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 – page 67

Underlying profit before tax

(profit before tax excluding adjusting items) (£ million)

£68.0m

+10.2%

FY25	68.0
FY24	61.7
FY23	50.8

Description, purpose and reference: 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 – page 67

Underlying EBITDA

(£ million)

£90.0m

+10.7%

FY25	90.0
FY24	81.3
FY23	61.3

Description, purpose and reference: This measures our earnings before interest, tax, depreciation and amortisation, net movements in convertible loan notes, and exceptional items. Underlying EBITDA is an important measure as it is widely used by investors, analysts and other interested parties to evaluate profitability of companies.

See Financial Review – page 67

Net corporate debt

(£ million)

£97.4m

+44.2%

FY25	97.4
FY24	67.5
FY23	72.4

Description, purpose and reference: 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 is an important measure of how the Group maintains a target leverage ratio of around 1.2 to 1.5 times net debt/EBITDA.

See Financial Review – 'Group statement of financial position' on page 70

ESG

(Tonnes CO_2e)

10.1

+7.4%

FY25	10.1
FY24	9.4
FY23	10.0

Description, purpose and reference: Measures the green house 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).

See page 35 in the Strategic Report

Diluted underlying earnings per share

(pence)

69.1p

+11.1%

FY25	69.1
FY24	62.6
FY23	60.3

Description, purpose and reference: 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.

See note 11 to the financial information on page 147

Responsible business

How we operate efficiently & responsibly

We hold ourselves accountable for delivering positive outcomes for all of our stakeholders through the implementation of a meaningful ESG strategy and measures.

The PayPoint Group has always had ESG at its core, particularly given the diverse range of stakeholders and customers that we serve, as well as the important role that we play at the heart of communities across the UK. Central to this is our purpose of 'making people's lives a little easier' and how we deliver innovative, sustainable services and value for all our stakeholders.

During the year we continued to make progress towards delivering the commitments outlined in last year's report. Our final energy supply contract was switched to a green contract during the year which means that green energy is now used to supply all office locations and we are well on the way to achieving our first objective of net-zero in our own operations by 2030.

Although overall emissions have grown slightly, consistent with business growth plans, we can demonstrate a continued reduction in emissions on a per terminal basis as PayPoint Mini continues to roll out to the estate. PayPoint Mini uses 85% less electricity than its predecessor PayPoint One. In terms of social commitments we have launched four new employee interest groups covering disability, neuro-inclusion, multi-faith and women in addition to our existing LGBTQ+ group. We have also committed to support a new housing client with workshops to help their residents secure employment. Further information regarding our progress along with targets for the current financial year can be found on pages 32 and 33.

The ESG Working Group continues to meet regularly to review progress, consider policies and approaches across the Group, analyse cross-industry best practice, seek feedback from external stakeholders and investors, and recommend workstreams and targets for the business to prioritise for the coming year.

All of our environmental commitments remain aligned with the Task Force on Climate-related Financial Disclosures (TCFD) framework.

Responsible business continued

We commit to:

The PayPoint Group is a low impact, low carbon intensive business. We remain committed to improving what we do, including achieving net-zero in our own operations by 2030 and net-zero across our entire value chain by 2040[1].

We are pleased to report significant progress in terms of implementing actions required to achieve net-zero. As a result of this we have consolidated our environmental commitments from five into three and introduced a new social commitment.

1 Our goal of achieving net-zero in our own operations by 2030, and across our entire value chain by 2040, will be achieved by eliminating where possible GHG emissions as calculated under GHG Protocol emission factors, and offsetting residual GHG emissions that cannot be eliminated.

1.

Achieve net-zero in our own operations (scope 1 and 2 emissions) by 2030. For us, this means reducing CO_2 emissions as much as possible, and then ensuring that any ongoing emissions are balanced by removals.

By

- Moving to carbon-neutral gas and electricity contracts at contract renewal.
- Retiring diesel company cars, and ordering electric vehicles only once we are satisfied that the required charging infrastructure is in place.
- Assessing options to reduce company car mileage.

Delivered in year

- Carbon neutral gas procured for Valley Road – all energy supply contracts are now green.
- Company car fleet remained 100% hybrid with continued use of Salesforce Maps and territory optimisation dashboard to plan routes efficiently.
- Consolidated employees into smaller spaces in Liverpool and Haydock resulting in reduced energy consumption.
- Groupwide ISO 14001 submission prepared ready for audit in May 2025.

25/26 priorities & targets

- Maintain green energy contracts across all sites.
- Take action to minimise/reduce energy consumption where possible including implementation of actions arising from ESOS audit.
- Review electric vehicle charging infrastructure and assess feasibility of implementing commitment to order electric vehicles rather than hybrid vehicles.

2.

Achieve a 30% reduction in emissions generated by use of sold products by 2030, compared to 2022.

By

- Replacing PayPoint One devices with alternatives that are more energy efficient.
- Considering energy consumption in product design.
- Encouraging retailer partners to use renewable energy and minimise consumption.

Delivered in year

- PayPoint Mini roll out continued with 2,898 terminals now live in the estate comprising 9.4% of the PayPoint retailer terminal estate.
- 11% year on year reduction in average emissions per retailer network terminal.

25/26 priorities & targets

- Continue to deliver year on year reductions in average emissions per retailer network terminal.

3.

Achieve net-zero across our entire value chain by 2040.

By

- Identifying additional actions to reduce emissions as our strategy evolves and we benefit from advancements in technology and the transition to renewable energy more generally.

Delivered in year

- Growth in digital product mix in Love2shop Business from 25% in FY24 to 28% in FY25.
- Overall CO_2 equivalent emissions increased from 9,046 tonnes in FY24 to 9,451 tonnes in FY25 driven by business growth.
- Continued to promote green modes of transport and offer electric/hybrid car leasing scheme and Cycle to work scheme.
- Achieved ISO 14001 recertification in Love2shop.
- All employees received ESG training in January 2025.

25/26 priorities & targets

- Demonstrate further progress in transition from board to digital cards in Love2shop.
- Continue to provide training and communication on ESG matters via the Green Team and staff briefings.
- Continue to promote green methods of transport via electric car leasing scheme, cycle to work scheme and promotion of car sharing.
- Successfully achieve ISO 14001 certification across the Group and implement agreed action plan.

4.

Continue to develop an inclusive culture.

By

- Embedding of ‘Welcoming Everyone’ approach to inclusion (see pages 45 and 46).

Delivered in year

- Four new employee interest groups covering disability, neuro-inclusion, multi-faith and women, in addition to our existing LGBTQ+ group.
- Sessions held to recognise International Women’s Day, International Men’s Day, Pride, Neurodiversity Celebration Week.
- Continued membership of Women in Tech Forum participants from a variety of departments including IT, Client and Legal. Membership gives access to monthly events and masterclasses as well as a leadership podcast series.

25/26 priorities & targets

- Continue to support employee groups to achieve their objectives.
- Continue to recognise key events such as Pride, International Women’s Day, Carers Week and Stress Awareness Month.

5.

New Commitment: Grow the support given to members of the community including some of the most vulnerable in society.

By

- Working with central and local government, housing associations and charities to deliver essential services and providing support to local schools and the wider community.

25/26 priorities & targets

- Relaunch charity committee and volunteering scheme.
- Continue to support local schools.
- Support Peabody Housing with sessions to enhance the employability of their residents.
- Roll out of local banking scheme to support FCA’s Access to Cash initiative.
- Continue to provide support to vulnerable members of the community by working with central and local government departments, housing associations and charities to deliver essential services.

Responsible business continued

Environment

PayPoint is a low-impact, low-carbon-intensive business that aims to reduce its environmental impact by reducing carbon emissions, waste and considering environmental and sustainability issues.

Climate change

The PayPoint Group is a low impact, low carbon intensive business. We remain committed to improving our environmental impact as demonstrated by the commitments and actions outlined on pages 32 and 33.

Our GHG emissions

In this section we report on all required GHG emissions in accordance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013. The Streamlined Energy & Carbon Reporting ('SECR') regulations came into effect on 1 April 2019 and we follow the guidelines to comply with these regulations.

We report using a financial-control approach to define our organisational boundary. A range of approaches can be taken to determine the boundaries of an organisation for the purposes of GHG reporting, including financial control, operational control or equity share.

In line with our climate strategy, tonnes CO_2e per employee in our own operations (scope 1 and 2) reduced during the year by a further 50% from 0.08 to 0.04 tonnes CO_2e per employee, demonstrating further significant progress towards our target of achieving net-zero in our own operations by 2030.

All gas and electricity contracts across the Group now supply carbon neutral/renewable energy and all company cars are hybrid. We have installed electric charging points at our offices in Welwyn Garden City and have an electric/hybrid car leasing scheme for employees across the Group. We continue to promote sustainable travel options including cycle to work, car sharing and the use of public transport where viable. Our Salesforce platform optimises the journeys of our field team and we continue to seek options to reduce their CO_2 emissions even further.

Our latest phase 3 Energy Saving Opportunity Scheme assessment was completed in May 2024 and we identified two actions to further enhance energy efficiency within our operations. We are exploring the feasibility of adjusting HVAC control set points to reduce energy usage and conducting thermal imaging surveys to identify heat loss areas.

Energy consumed for the year ended March 2025 under scope 1 was 293k kWh, down from 319k kWh for the year ended March 2024 and under scope 2 was 1,060k kWh down from 1,132k kWh for the year ended March 2024.

GHG emissions	Units	Year ended 31 March 2025	Year ended 31 March 2024	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
Scope 1 (fuel combustion)	tonnes CO_2e	**40**	67	101	151	60
Scope 2 (purchased electricity)	tonnes CO_2e	**0**	13	71	293	320
Total scope 1 & 2	tonnes CO_2e	**40**	80	172	444	380
No. of employees for 31 March 2024		**939**	968	714	670	519
Total scope 1 & 2 per employee	tonnes CO_2e	**0.04**	0.08	0.24	0.66	0.73
Scope 3[1]	tonnes CO_2e	**9,410**	8,966	6,957	9,104	4,740
Total scope 1,2 & 3 per employee	tonnes CO_2e	**10.06**	9.35	10.00	14.25	9.87

1 Scope 3 emissions includes purchased goods and services, waste generated in operations, business travel, employee commuting and use of sold products.

Scope 3 emissions increased by 5% during the year driven primarily by the purchase and use of additional products as we continue to grow our terminal estate. However, we can demonstrate progress in year with an 11% reduction in average energy usage per retailer network terminal following the introduction of PayPoint Mini and we expect to see further reductions in future years as the roll out continues.

We remain confident that we are making the progress necessary to achieve our overall objectives of achieving net-zero in our own operations by 2030 and net-zero across our entire value chain by 2040.

Natural resources

Water

We use water for domestic purposes such as washroom facilities. Our current measures to reduce usage include time-controlled taps and dishwashers and reduced-flush toilets.

Waste management

We recycle wherever possible, including paper, cans, plastic, cardboard, computer equipment and PayPoint terminals.

Redundant equipment is recycled by ISO 27001 accredited firms which are certified by the Asset Disposal and Information Security Alliance ('ADISA'). ADISA recycles as much of the equipment as possible. Any parts which are not recyclable are disposed of in line with the Waste Electric and Electronic Equipment Regulations 2013 ('WEEE'). ATMs which have reached the end of their life are disposed of via Note Machine. All surrounding materials are segregated into four key material types: metal; circuitry boards; wires; and WEEE. Note Machine operates an internal recycling process for all of these materials with the exception of WEEE waste which is collected by their licensed waste carrier.

Innovation

Our innovative digital solutions support a reduction in our environmental impact. Recent examples include:

- Continued growth in our pioneering Counter Cash Service, a 'cashback without purchase' solution that enables cash withdrawals without the need for ATMs. This service is now enabled in 2,993 sites.
- Further expansion of our parcels service which enables carriers to reduce their journeys by delivering multiple parcels to a single store for collection.
- Growth in digital gift card products in Love2shop, replacing paper vouchers and board cards.

Our Green Team of volunteers works with us to identify opportunities and implement sustainability initiatives in our offices. They promote sustainable practice throughout the office including recycling.

Responsible business continued

TCFD

For our TCFD disclosures, we are reporting in line with the FCA listing rule for premium listed companies LR 9.8.6(8), which requires us to report on a 'comply or explain' basis against the TCFD Recommended Disclosures for the year ended 31 March 2025.

We consider our climate-related financial disclosures to be consistent with the TCFD Recommendations and Recommended Disclosures and are therefore consistent with the requirements of Listing Rule 9.8.6(8).

In preparing our disclosures, we have made several judgements, and while we are satisfied that they are consistent with the Recommendations and Recommended Disclosures, we will continue to evaluate our options for future TCFD disclosures.

In addition to developing and embedding our broader ESG strategy across the business, we have complied with the TCFD Recommendations and Recommended disclosures.

Our disclosures have all been made within the 'Responsible Business' section of this annual report, and locations are detailed in the table below. We have considered all relevant material in the TCFD guidance, including Section C of the Annex (Guidance for all Sectors).

PayPoint supports the TCFD recommendations and is committed to implementing them, providing stakeholders with information on our exposure to climate-related risks and opportunities, helping them make informed decisions.

The TCFD framework is as below:

Governance

Describe the Board's oversight of climate-related risks and opportunities

The Board sets the Group's overall strategy and risk appetite incorporating our approach to sustainability, the environment and carbon emissions. The Executive Board recommends and defines actions required to achieve the strategic objectives as set by the Board. This ensures ESG considerations are embedded into our day-to-day strategic decision-making. The ESG Working Group, which includes representatives of the Executive Board, oversees PayPoint's management of environment, climate and TCFD related matters. The Group also provides formal updates of progress of agreed initiatives, priority actions and targets to the Board at least twice a year, thus enabling the Board to provide appropriate oversight and strategic guidance in embedding the agreed corporate approach into our operational activities. The corporate governance framework on page 81 provides more details.

Governance continued

Describe management's role in assessing and managing climate-related risks and opportunities

The CEO and the Executive Board have overall accountability for PayPoint's sustainability, environment and carbon-emission strategy. The ESG Working Group, which includes representatives from both functional business areas as well as senior management and Executive Board members, meet regularly throughout the year to review and discuss priorities and actions as agreed and set by the Executive Board. The ESG working group will also discuss and debate potential new initiatives as developed and defined by ESG members The Group's members are informed about climate related issues through reviews of emerging regulations and trends. See the corporate governance framework chart on page 81 for more details.

Strategy

Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long-term

We have reviewed our business activities and our identified climate related risks and opportunities to support the development of a short-term to long-term plan for the Group. We have defined the short-term to be 0–5 years, the medium-term 5–15 years and the long-term 15–30 years. The risks identified all arise from our business operations within the United Kingdom.

A minority of the bonus award made to Executive Board members, including Executive Directors, may be based on strategic/personal/ESG targets. The ESG target was renewed for the financial year ended March 2025 to reward progress made in the delivery of ESG commitments including climate related commitments.

When risks and opportunities are identified, we assess the impact on our carbon emissions and how these impact our net-zero target by 2040 and also the potential financial impacts see table on pages 40 to 43.

Strategy continued

Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning

Our business is a low-carbon-intensive business, our absolute carbon emissions and our intensity measure per employee are relatively low. Physical climate related risk is also assessed as low. Therefore, our assessment of business activities did not identify significant climate related risks, but did identify potential risks and opportunities as the UK moves towards a Net-zero target by 2050. Accordingly, climate risk is considered an emerging risk rather than a principal risk as detailed on page 63 of the risk management section. Climate and carbon emissions form part of our financial and strategic planning and decision-making process as follows:

- We continue to review our own energy usage and during the year procured carbon neutral gas for our Valley Road offices. All energy supplied to offices in Welwyn Garden City, Haydock and Valley Road, where we can control and measure our usage, is now green. Our offices in Liverpool are serviced offices. We also have installed submetering in our offices in Welwyn Garden City to support reduced energy usage.
- We consider climate impact from our working practices and as a result have increased the number of hybrid vehicles within our fleet, installed car charging points where possible and reviewed our hybrid office and field sales working arrangements.
- We continue to support previously launched climate friendly work schemes, such as the cycle to work scheme and the electric/hybrid car leasing scheme. We have also incorporated a number of initiatives into our business travel policy to encourage a climate friendly approach to business travel.
- We continue to see the benefit of our launch of the PayPoint Mini which now represents 9.4% of the estate and will result in a reduced carbon emission footprint of our retailer network.
- We recognise that income from our energy payments businesses fluctuate with the weather and have, over the last few years, diversified our business to reduce reliance on this sector.

Responsible business continued

Strategy continued

Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

As a low-carbon-intensive business, we consider our organisation to be resilient and have assessed two climate-related scenarios in the financial year:

A rise of up to of up to 2°C, which would create some risks and uncertainties for our business, for example we have a number of clients in the energy sector who may be impacted with potential knock-on impacts for PayPoint. However, we consider the risk is low as there would be sufficient time to evolve our business model and activities to mitigate the risks.

The "BAU" scenario as described in the Representative Concentration Pathway 8.5 which would see global mean temperature to rise by 2.6 to 4.8°C and the global mean sea level to rise by 0.45 to 0.82 metres by the late-21st century was considered. This scenario is now thought to be unlikely but has been modelled as an extreme eventuality. It could impact about 760 (out of over 31,000) of our retailers in our low-lying coastal areas. This would have a small impact on our revenue from terminals. As with the first scenario, some of our clients may be impacted, with knock on impacts for the volume and value of our energy transactions. However, the likelihood is considered low, and we actively monitor changes in this area and include mitigating strategies in our business. Key inputs used to model this scenario were an analysis of the geographical location of our retailer partners, overlaid with a map of areas likely to flood in the event of the aforementioned rise in global temperatures.

Risk management

Describe the organisation's processes for identifying and assessing climate-related risks

In accordance with our current assessment, we still consider climate change as an emerging risk to our business rather an immediate principal risk. Risk management is an integral part of our governance and as part of our governance framework, we identify, assess and seek to mitigate business risks, including climate risks. We identify and assess climate-related risks and opportunities as part of our financial planning processes, business cases and as part of our overall risk identification and management framework. Key inputs into this process are data on our Scope 1–3 emissions, and analyses of new services and products, consumer trends and market changes. These are reviewed by the ESG Working Group.

Describe the organisation's processes for managing climate-related risks

We have an established risk management framework in place to help us capture, document and manage risks facing our business and the Audit Committee oversees the effectiveness of risk management throughout the organisation. The Board are updated on climate risks and set targets to reduce carbon emissions in alignment with stated strategic goals. We have modelled the potential impact on our revenue if climate related risks were to crystallise. As described above, we monitor it closely so that we can amend our strategy as necessary. Climate change could also impact our costs, especially our energy usage and the potential cost of offsetting in order to meet targets. We have implemented several measures to reduce our CO_2 emissions as much as possible. The ESG Working Group continues to monitor this closely and will seek to implement further measures as necessary.

Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management

Risks presented by climate change have been embedded into our risk management framework and material business cases including an assessment of climate-related risks and opportunities. Annual financial plan and strategic review processes include assessments of the impact climate transition and physical risks are expected to have on costs and revenue, and scope 1, 2 and 3 carbon emission reduction targets are set by the Board. The ESG Working Group continue to seek ways to ensure that climate friendly initiatives are considered and embedded in the organisation's cultural framework.

Metrics and targets

Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process

The primary metric we have used to assess climate related risks and opportunities across our value chain is tonnes of CO_2 emitted, in line with the GHG emissions disclosures. We use third party sustainability software to accurately calculate carbon emissions based on input metrics collected from across the Group. In addition to carbon emission metrics, we also use monetary metrics in our financial and strategic planning where climate risk and opportunities across our revenue, costs and balance sheet are attributed with a £ figure.

We have a stated target to achieve a 30% reduction in emissions generated by use of sold products by 2030, when compared to 2022 emissions and we remain confident that this target will be achieved.

Disclose scope 1, scope 2 and, if appropriate, scope 3 greenhouse gas (GHG) emissions and the related risks

Scope 1, 2 and 3 carbon emissions are detailed in the table on page 35. The largest scope 3 areas are Purchased Goods & Services covering terminal and IT purchases and Use of Sold Products covering electricity used by our terminals while at retailers and merchants.

A significant reduction in scope 1 & 2 carbon emissions in the year is evidenced in the table noted above. Scope 3 emissions did increase by 5% in the year primarily driven by our increased terminal estate and associated products

Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets

PayPoint has set two primary targets. Firstly, to achieve Net – zero in our own operations by 2030 and secondly to achieve Net – zero across our entire value chain by 2040. We have set out a number of commitments that demonstrate how we plan to achieve these targets and specific actions and targets as agreed each year. Further information can be found on pages 32 and 33. The ESG Working Group monitors performance against targets throughout the year and reports performance to the Executive Board and the Board.

Responsible business continued

Strategy

As a responsible business, we consider climate-related risks and opportunities across our organisation and embed these into the strategy set by the Board.

We identify risks and opportunities over short-term (0–5 years), medium-term (5–15 years) and long-term (15+years) horizons and incorporate these into our strategy to ensure we operate responsibly and reinforce our commitment to building sustainable growth. These timeframes were selected as they align with our business strategy planning timelines. These timelines differ from those considered in our viability assessment because these are not the most material risks to our viability. Our responsible business strategy is supported by several policies including our Environmental and Sustainability Policy.

Short-term (0–5 years)

In the short-term, we will continue to take a proactive approach in our contribution to climate change and maximising opportunities.

Key risks and opportunities over this time horizon include:

- Increase in climate related regulations and emissions reporting obligations.
- Increased energy prices as we switch to carbon-neutral energy contracts for our offices.
- Substitution of existing products and services with lower emissions options.

Medium-term (5–15 years)

Over the medium-term, we are focused on identifying and further managing financial risks associated with climate change as well as monitoring opportunities. We continually assess market trends and investment opportunities to ensure our business model is sustainable into the future.

Key risks and opportunities over this time horizon include:

- Increased manufacturing costs.
- Lost business opportunities if unable to meet customer and partner climate requirements.
- Changes to markets and consumer trends.

Long-term (over 15 years)

For the long-term, we consider various scenarios across physical climate conditions, market trends and government policy to ensure we provide a resilient and sustainable investment choice for the future.

Key risks and opportunities over this time horizon include:

- Shift in market trends and customer behaviour.
- Changes in precipitation patterns and extreme variability in weather patterns.
- Increased concern from shareholders and other stakeholders.
- Rising temperatures.

Risk Management

We have conducted a comprehensive assessment of climate-related risks and opportunities, including any potential financial impact. The table below lists our most important risks and opportunities. These do not currently have a material financial impact. However, they are closely monitored by our ESG Working Group and mitigations are implemented as described below.

Risks

Transition risks

Governance and regulatory

Risk: Non-compliance with increased emissions regulations and reporting obligations

Potential impact	Mitigation strategy
Potential impact on costs, such as for energy use or replacement of energy inefficient stock or equipment. Revenue may be impacted by changes in customer demand driven by changes in regulations, and business operations may need to be amended to make them more energy efficient. Staff or consultancy costs may increase as reporting obligations increase.	• Annual review of legislative landscape. • Integration of legislative compliance costs into business plans. • Implementation of reporting structures and procedures to manage compliance risk. • Quarterly review of energy and emissions data. • Review of energy contracts when the existing contracts expire to lower carbon but still cost-effective alternatives.

Technology

Risk: Substitution of existing products and services with lower emissions options

Potential impact	Mitigation strategy
Costs to adopt and implement new products and processes.	• Careful management of the roll out of more energy efficient terminals.

Market

Risk: Changes to markets and consumer trends

Potential impact	Mitigation strategy
Some of PayPoint's retailer partners are large forecourt operators and the transition to electric cars may impact these retailers and PayPoint's revenue.	• Ongoing review of our retailer network with new retailers contracted outside the forecourt sector. • Ongoing review of our client portfolio with new clients contracted outside the energy sector.

Risk: Increased manufacturing costs

Potential impact	Mitigation strategy
Increased cost of purchasing terminals and other physical assets.	• Ongoing review of terminal and physical asset requirements. • Transition to smaller terminals and new products like Counter Cash with reduced manufacturing.

Risk: Increased energy prices

Potential impact	Mitigation strategy
Increased operating costs from our own energy usage, and potentially lower demand for our energy related products.	• We keep the amount of office space utilised under close review and close sections of the office where feasible, to reduce heating and cooling requirements. • Ongoing assessment of office gas and electricity usage to identify reduction opportunities. • Ongoing assessment of business travel requirements to minimise car journeys and identify reduction opportunities.

Reputation

Risk: Lost business opportunities if unable to meet customer and partner climate requirements

Potential impact	Mitigation strategy
Reduction in revenue.	• Environmental policy continually assessed and updated to ensure PayPoint meets customer and partner climate requirements.

Risk: Increased concern from shareholders and other stakeholders

Potential impact	Mitigation strategy
Reduction in capital availability.	• Transparency through our annual TCFD disclosures in the annual report.

Responsible business continued

Risk Management continued

Physical risks

Weather	
Risk: Changes in precipitation patterns and extreme variability in weather patterns	
Potential impact	**Mitigation strategy**
Increased costs from damage to buildings.	• Ongoing improvement of our buildings.

Risk: Rising temperatures	
Potential impact	**Mitigation strategy**
Increased cooling costs.	• Switch to renewable electricity contract at our main office. • Assessing air conditioning requirements for our offices.

Opportunities

The table below details the main climate-related opportunities and their potential impact on our business, along with the current status.

Resource efficiency	
Opportunity: Recycling	
Potential impact	**Status**
Reduced construction costs.	• We engage with our electrical waste suppliers to ensure there is a high component of reuse and recycling of our retired terminal and IT equipment.

Opportunity: Office space kept under review	
Potential impact	**Status**
Reduced office costs.	• We keep the amount of office space utilised under close review and close sections of the office where feasible to reduce heating and cooling requirements.

Opportunity: Reduced water consumption	
Potential impact	**Status**
Reduced office costs.	• We keep the amount of water used at our offices under close review and have fitted timed flow taps to ensure taps are not left running.

Opportunity: Terminal economic life	
Potential impact	**Status**
Reduced manufacture, logistics and disposal costs.	• Our terminals have a long economic life and are used for many years, some for over ten years, which reduced manufacturing requirements, transport and disposal costs. • We refurbish all our terminal models to ensure their economic life is maximised.

Energy source

Opportunity: Use of lower-emission energy sources

Potential impact	Status
Increased reputational benefits.	• We have already switched our electricity and gas contracts to carbon neutral contracts and will continue with this policy where possible in the future.

Opportunity: Use of new technologies

Potential impact	Status
Increased reputational benefits. Reduced office costs.	• We encourage the use of more efficient modes of transport through the installation of Electric Vehicle 'EV' charging stations at our offices. We have increased the number of hybrid vehicles in our motor fleet. • We have reused an existing air conditioning system to replace the door cooling system in our server room to reduce emissions. We have also installed a sub-metering solution to identify areas of high energy usage. We will continue to closely review the heating and cooling systems used in our offices. • We have rolled out a territory optimisation dashboard which helps to ensure that field sales journeys are planned efficiently and therefore reduce unnecessary mileage.

Products and services

Opportunity: Development and migration to lower emission products and services

Potential impact	Status
Increased revenue through demand for lower emissions products and services.	• Our Counter Cash product enables cash withdrawals through card payment terminals which use far less energy than ATMs. This product also reduces the level of ATM manufacturing required in the future. • Our latest terminals are far more energy efficient than older terminals. • Our expanding digital proposition enables transactions without the need for physical terminals which require manufacturing, transporting and disposal which all impact the environment. • Ongoing review of our client portfolio with new clients contracted outside the energy sector.

Data storage

Opportunity: Reduced electricity consumption

Potential impact	Status
Reduced operating costs.	• We have reviewed the amount, type, and storage method of our electronic data. By deleting duplicative or obsolete data, we have significantly reduced our stored electronic data and this remains under constant review. We are also migrating from our old server file to Microsoft OneDrive and SharePoint. These measures have contributed to reducing our data centre energy consumption.

Responsible business continued

Social

We hold ourselves accountable for delivering positive and inclusive outcomes for society, including our people, retailer and client partners, consumers and the wider community.

Our people

We aim to create a dynamic environment for our people where we deliver for our customers by collaborating and being good colleagues to each other, creating a positive and inclusive environment where everyone can learn, grow and shine. We employed 941 people across the Group on 31 March 2025.

Engagement

Our employee forum is a key mechanism for engaging with people across the Group. The purpose of the employee forum is to give feedback to the Board and Executive Board about how it feels to work in the business, what is working well and ideas for change, to ensure that the employee voice is considered in decision making. The forum was reformatted in 2024 with meetings now taking place monthly to discuss general engagement, feedback from employees around the business and consider key topics. During the year these included the approach to feedback and performance ratings, charity strategy and an introduction to and overview of the Plc Board.

The forum is chaired by our Chief People Officer, and members of the Plc Board have an open invitation to attend each meeting, enabling different members of the Board to engage with the forum.

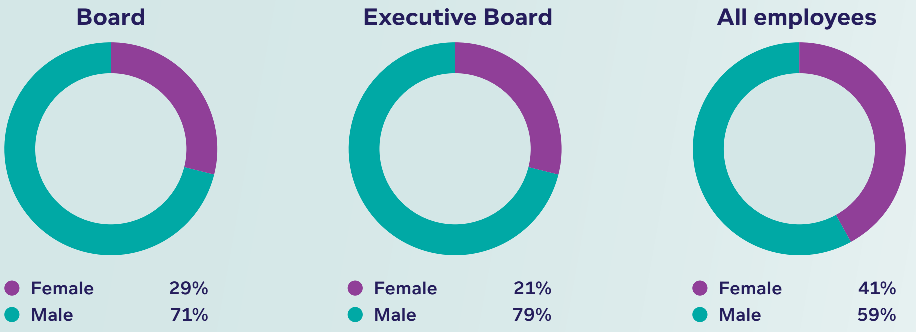
We run annual engagement surveys with the next survey taking place in June 2025. The results of this will be discussed with the employee forum who will be involved in Groupwide action planning activities, in addition to local action planning that will take place in each team/location.

Monthly staff briefings are held as a means of updating all employees of the Group on business performance and priorities, and 'Natter with Nick' sessions run to enable smaller groups to engage with and meet the CEO.

We continue to operate a discretionary all-employee bonus scheme in order to engage all of our people in delivering our objectives for the year.

People and culture

Gender balance as at 31 March 2025



In recognition of the hard work and commitment of all of our people in delivering our performance during the period all eligible employees will receive a bonus of £500 and employees who received the highest performance rating will receive an enhanced bonus of £1,000.

Promoting mental health and wellbeing

Wellbeing at the PayPoint Group provides resources and opportunities to support our people across four key pillars of wellbeing – social, physical, mental and emotional, and financial – enabling them to be their best self and in turn, deliver brilliant results.

We update people regularly with useful resources and awareness events and recognised a number of national events during the year including Mental Health Awareness Week, Cervical Screening Awareness Week and Talk Money Week.

Our Employee Assistance Programme is now available to all employees across the Group, offering support in all areas of wellbeing. We also continue to operate 'My pay my way' with Wagestream, offering further financial wellbeing support to our people.

Developing our people

We continue to be committed to supporting the development of our people through a combination of online courses, apprenticeships, further education and in-house and external courses based on business and individual need. We currently have apprentices studying for a variety of qualifications including Project Management, Data Science, Cyber Security and Team Leading. We continue to be members of the Women in Tech Forum, providing a number of women from across the organisation with access to monthly virtual events, monthly masterclasses with dedicated tracks in Engineering and Sales, a leadership podcast series and in-person networking events.

Supporting human rights

PayPoint supports fundamental human rights, such as the right to privacy, safety and to be treated fairly, with dignity and respect. Our employment standard sets out our commitment to good employment practices and the principles to govern the practices adopted in each of our businesses. All employees have a right to safe working conditions, consideration of their welfare, fair terms of employment, reward and treatment, clarity and openness about what is expected. We have a zero-tolerance approach to modern slavery and we are committed to acting ethically and with integrity in all of our business dealings and relationships. PayPoint's statement on modern slavery can be found on our website[1].

Diversity and inclusion

At PayPoint we are committed to building a diverse and inclusive business where all of our people are treated fairly and with respect, and where the contributions of everyone are recognised and valued. This commitment is captured in our vision to create a dynamic place to work, with a positive and inclusive environment where everyone can learn, grow and shine.

Everyone who works at the PayPoint Group should feel respected and able to give their best, and we embrace people with different backgrounds and identities, valuing their contribution to achieving our strategic priorities. At the PayPoint Group, we call this 'Welcoming Everyone'.

1 https://www.paypoint.com/modern-slavery-act.

Responsible business continued

We aim to achieve our vision by taking three clear actions:

1. Ensuring that all of our people understand what we mean by diversity, equity and inclusion, are supported with training to develop inclusive behaviours and feel confident to challenge any behaviours that they see in the workplace that are not in alignment with this.
2. Supporting the creation and development of forums for people from under-represented communities, enabling them to discuss shared challenges, help educate and raise awareness in the business of issues relevant to the community and implement appropriate actions to increase equity, inclusion and allyship around the business.
3. Building inclusion into our every day by ensuring that we listen to diverse voices and consider diversity, equity and inclusion with regards to our policies and practises, both internally and externally, including the employee lifecycle, product and service design and marketing.

During the year we launched four new employee interest groups for people from underrepresented communities. Disability, neuro-inclusion, multi faith and women's groups were established following feedback from our people. The groups are being led by volunteers within the business, supported by the People Team, and their purpose is to discuss shared challenges, help educate people across the business, raise awareness in the business of issues relevant to the community and implement appropriate actions to increase equity, inclusion and allyship around the business.

We continue to support key events such as Pride, International Women's Day and International Men's Day and in March 2025 we recognised Neurodiversity Celebration Week for the first time led by our Neuro-Inclusion Group.

We also continue to work with local schools to support the development of aspirations in young people (socio-economic diversity).

The overall gender balance across all employees within the business on 31 March 2025 was 41% female and 59% male. We recently published our latest gender pay gap report, which can be found on our website[2].We were pleased to see our gap reduce during the year, however a pay gap persists within the organisation driven by the fact that we have more men than women in higher paid roles such as roles in IT, sales and senior management positions. We have continued with the implementation of initiatives including working with the Women in Tech forum and engaging with our women's group to help drive more diversity and support women within the business to achieve their full potential.

PayPoint is committed to treating applicants with disabilities equally and supporting people who become disabled during their career with the Company. This includes making reasonable adjustments both to the recruitment process for applicants and to the working environment, including offering appropriate training, in order that disabled employees can achieve their full potential.

Principles

Our success is built on a reputation for high standards in all areas of business which we achieve by working in accordance with our ethical principles. These principles apply throughout the PayPoint Group and are used to define the standards and working practices that we adopt.

They guide our day to-day actions and give our people clarity on acceptable behaviour. Our statements on ethical principles and modern slavery can be found on our website3. Our 2025 modern slavery statement will be available on our website in September 2025.

We operate an anti-bribery and corruption policy which was put in place in response to the UK Bribery Act 2010. Further information regarding this can be found on page 93 in the Audit Committee Report.

2 https://corporate.paypoint.com/downloads/csr/gender_pay_report_2020.pdf.

3 https://corporate.paypoint.com/downloads/investorcentre/ethical-principles-2020.pdf.

A strong and supportive proposition for all stakeholders

We provide a broad range of innovative services and technology, connecting millions of consumers with over 67,000 retailer partner and SME locations across multiple sectors.

We provide a leading and differentiated set of services, through highly reliable technology that enables our retailer partners to run their businesses more efficiently as well as generating consumer footfall from their surrounding communities. The breadth of products and services offered by PayPoint is greater than any other provider.

We remain committed to supporting our retailer partners drive more revenue and take advantage of our unparalleled portfolio of community services. The next stage of that commitment is the recent rollout of a Store Growth Specialist team, dedicated to supporting retailers to unlock more commission opportunities. In addition, we continue to drive further engagement with our Retailer Rewards scheme, launched in September 2024, giving retailers additional commission for scanning goods in store. Our next generation device, PayPoint Mini, continues to rollout across our estate with 2,898 now live, along with our integrated third-party EPoS solution, PayPoint Connect. We also now have structured plans in place to support our multiple retailer partners in maximising the value of our wide portfolio of services in their stores, including the rollout of additional Collect+ sites, FMCG campaigns, Love2shop gift cards and our new Local Banking service. Our Business Finance offering via YouLend provides funding to our retailer and SME partners.

The major partnership expansion with Lloyds Bank Cardnet has enhanced our merchant proposition, including earlier in the day settlement, and delivered an enhanced and faster onboarding for our merchants. Additionally, we have launched our Merchant Mobile App, enabling merchants to access transaction data and insights about their business, with over 3,000 merchants already signed up and plans in place to grow that further over the current year. Over the course of the next 12 months, we will be adding further features and functionality to the app, including real-time transaction data and the integration of our Rewards scheme. In the period, we have also improved participation in our Handepay Rewards Scheme, with over 3,500 merchants registered and continued to drive further enhancements to our core proposition, with the launch of a new AI-driven statement reader to further speed up and enhance the merchant sales experience, strengthened pricing governance and time to transact drastically reduced from 14.7 days to 2.2 days, driven by our welcome call programme and an improved customer onboarding process with the new Lloyds Bank Cardnet partnership.

Enabling clients to provide vital services in the community

We partner with over 500 payments and banking clients in the UK, providing omnichannel payment solutions that enable them to seamlessly and effectively serve their customers. Our contracts with clients contain clear obligations with respect to the services being provided, underpinned by measurable service levels which are set to ensure a high standard of delivery across key elements, including system and service availability, file delivery and funds settlement.

We enable the delivery of best-in-class customer journeys for e-commerce brands over the first and last mile in over 14,000 locations through our Collect+ brand, helping consumers pick up and drop off online shopping or send parcels across the UK. Royal Mail is now live in over 7,500 sites, with store to store and click and collect services. We have developed partnerships with Chinese marketplaces, with an initial rollout of 26 stores with SFExpress now live, providing a UK PUDO to China PUDO service to Chinese communities across the UK.· Print in Store service is now available in over 93% of network enabled by the further rollout of Zebra label printers.

During the reporting period, we delivered further expansion of our client relationships. Over 53 new business wins were delivered in FY25 for the MultiPay platform, with a strengthened client base in the Housing and Charity sectors. In addition, 28 further clients were set live for Open Banking services in the year. We continue to have a strong community impact through our work with Citizens Advice, enabling them to support clients in financial distress and we continue to operate the Payment Exception Service, delivered for the Department for Work and Pensions, to serve some of the most vulnerable people in the UK, and the DVLA contract for International Driving Permits, another key central government service that is provided in the community via our extensive retailer partner network.

We continue to have a dedicated Client Management team, enhancing our engagement with clients to ensure we are able to align our strategy and roadmaps to the needs of the clients we partner with.

Enabling consumers, including some of the most vulnerable in society, to access the services they need

Open early until late seven days a week, we serve millions of consumers every day, helping them to make and receive payments and access parcel services conveniently through our retailer partner network and omnichannel payments solutions.

Our UK retail network of more than 30,000 stores is bigger than all banks, supermarkets and post offices together, putting us at the heart of communities nationwide. Our cash bill payment solutions enable less privileged people to access services that may otherwise be unavailable to them and our CashOut service enables the rapid dispersal of funds through secure digital channels and is actively used by local authorities and charities to distribute emergency funds. The Payment Exception Service, run for the Department for Work and Pensions via our i-movo business, further underlines the continuing importance of delivering cash payments to those without access to a standard bank account, and our work with Citizens Advice is having an important impact on the work they do supporting clients in financial distress.

Our Community Cash Access and Banking Network enables access to cash both over the counter and via ATM. The PayPoint Counter Cash service, offering cashback without purchase and balance enquiries over the counter, is now live in over 2,993 stores, providing cash withdrawals at the counter. We are also well advanced with the launch of the first two major High Street Banks delivering consumer deposits across our extensive network in H1 FY26, which will be followed by an SME deposit solution for High Street Banks in development for pilot in H2 FY26.

Responsible business continued

Park Christmas Savings is the UK's biggest Christmas savings club, helping over 350,000 families manage the cost of Christmas, by offering a huge range of gift cards and vouchers from some of the biggest high street names.

Our MultiPay platform is designed to provide a simpler and more convenient way for consumers to pay essential bills such as gas, electricity and rent. We are uniquely placed to be able to provide consumers with complete flexibility to choose to pay using whichever method is most convenient for them.

Over 80% of our ATM network is 'voice guidance enabled', enabling people with visual impairments to withdraw cash independently. Voice activated transactions were enabled on our Saturn card payments terminal in August 24 and will be enabled for the PayPoint Mini this financial year.

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.

Supporting the communities where we live and work

We support the communities where our people live and work by providing them with financial support to serve their causes. During the year a team of PayPoint runners took part in the Rudolph Run for Rennie Grove Peace Hospice who provided amazing care and support to one of our colleagues and their family. The team raised over £5,000 for the charity. We also held a number of events in our offices including bake sales, sports days, fancy dress and a mental fitness event. In total over £20,000 was donated to charity during the year.

In addition, we were pleased to be able to provide payment and advertising services to Children with Cancer, free of charge.

We also continue to offer our network to collect for the BBC's Children in Need telethon free of charge.

Championing employability

Externally we continue to support young people in our community with a commitment to local schools and the continued development of young talent. PayPoint started to work as an enterprise adviser to a local secondary school in 2016, supporting students with the transition from school to the workplace. Our support has since expanded to other schools in the community and our people volunteer in various activities such as mock interviews, careers fairs and careers workshops. We also host an annual Work Experience Week for students from local schools.

In 2025, we will be expanding our support to include residents of one of our housing clients, Peabody, through the provision of workshops to support them with employability and job-seeking.

Purpose, vision & values

In delivering our purpose, we hold ourselves accountable for delivering positive outcomes for all our stakeholders through the implementation of a meaningful ESG strategy and measures. Further information can be found in the Responsible Business section on page 32.

We actively engage with our people to bring our values to life in the work that we do. Our values are incorporated into our recruitment and induction processes, and demonstration of the values forms a key element of our performance reviews. People who role model our values are recognised via our values award programme.

Value award winner: Laura Drury

Laura is a Project Manager in Card Services. She was nominated for the way she collaborated across the business to support the delivery of the transition to Lloyds Bank Cardnet. Laura remained calm in the face of challenges and worked tirelessly to support the sales and support teams through the launch.

Value award winner: Sophie Kearney

Sophie is Operations Change Manager at Love2shop. She was nominated for her can do approach to resolving issues with customer orders and the way that she collaborates with colleagues, sharing knowledge and responding to queries in order to help other teams deliver their objectives.

Responsible business continued

Governance

The Executive Board, as PayPoint's team with responsibility for the day-to-day operational management of the Group, is accountable for the ESG strategy to help drive change and a more sustainable future for PayPoint.

The framework through which PayPoint provides transparency on how it operates its business, which is in line with current regulations, is set out in the Corporate Governance Report on pages 72 to 112 and in the Risk Management Report, on pages 56 to 65. In addition, our anti-bribery and corruption policy is set out in the Audit Committee Report on page 93. The ESG Working Group provides regular updates on progress to the Board. A summary of progress over the past year can be found on pages 32 to 33. Compliance with current mandatory disclosures for our greenhouse gas emissions are detailed on page 36.

PayPoint recognises that driving better corporate behaviours provides improved returns over the longer-term and ESG is therefore a key focus of our Board. We have agreed ESG commitments and metrics which can be found on pages 32 to 33.

Updated disclosures in accordance with TCFD can be found on pages 36 to 39.

Our payment practices are reported on a six-monthly basis and details can be found at www.gov.uk/check-when-businesses-pay-invoices. The Group aims to pays suppliers in less than 30 days (on average) and also pays over 95% of invoices on time.

Finally, the following section sets out our Group Non-Financial and Sustainability Information statement. A description of our business model and strategy, as well as the non-financial KPIs relevant to our business, can be found on pages 18 to 29.

Non-financial and sustainability information statement

The tables below outline where the key content requirements of the non-financial and sustainability information statement can be found within this document (as required by sections 414CA and 414CB of the Companies Act 2006).

Reporting requirement	Where to find further information	Page	Relevant policies if applicable
Environmental matters	Responsible business	34	Environmental
Employees	Responsible business Principal risks Audit Committee Report	45 60 93	Diversity Recruitment and Selection Health and Safety Whistleblowing Code of Ethics
Society and communities	Responsible business	48	Charitable donations
Respect for human rights	Responsible business and https://www.paypoint.com/modern-slavery-act	45	Modern Slavery Statement Human Rights
Anti-bribery and corruption	Audit Committee Report	93	Anti-bribery and Corruption

Companies Act (2006) climate-related financial disclosures

Companies Act climate-related financial disclosure	Location of disclosure	Page
a) a description of the company's governance arrangements in relation to assessing and managing climate-related risks and opportunities;	TCFD – Governance	37
b) a description of how the company identifies, assesses, and manages climate-related risks and opportunities;	TCFD – Governance	37
c) a description of how processes for identifying, assessing, and managing climate-related risks are integrated into the company's overall risk management process;	TCFD – Governance and Strategy	38
d) a description of: a. the principal climate-related risks and opportunities arising in connection with the company's operations, and b. the time periods by reference to which those risks and opportunities are assessed;	TCFD – Risk Management	40
e) a description of the actual and potential impacts of the principal climate-related risks and opportunities on the company's business model and strategy;	TCFD – Strategy TCFD – Risk Management	41 to 43
f) an analysis of the resilience of the company's business model and strategy, taking into consideration different climate-related scenarios;	TCFD – Strategy	42 and 43
g) a description of the targets used by the company to manage climate-related risks and to realise climate-related opportunities and of performance against those targets; and	TCFD – Metrics and Targets	39
h) a description of the key performance indicators used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities and of the calculations on which those key performance indicators are based.	TCFD – Metrics and Targets	39

Responsible business continued

Section 172(1) statement

Board decision-making

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this, section 172 requires directors to have regard to, amongst other matters, the:

- Likely consequences of any decisions in the long-term.
- Interests of the company's employees.
- Need to foster the company's business relationships with suppliers, customers and others.
- Impact of the company's operations on the community and environment.
- Desirability of the company maintaining a reputation for high standards of business conduct.
- Need to act fairly as between members of the company.

In discharging our section 172 duties, we have regard to the factors set out above. In addition, we also have regard to other factors which we consider relevant to the decisions being made. Those factors, for example, include the interest and views of our clients; our retailer partners; regulatory bodies; and our relationship with our lenders.

By considering the Company's purpose, vision and values together with its strategic priorities and having a process in place for decision making, we aim to make sure that our decisions are consistent and appropriate in all circumstances.

We delegate authority for day-to-day management of the Company to the Executive Board and then engage management in setting, approving and overseeing execution of the business strategy and related policies. Board meetings are held periodically at which the Directors consider the Company's activities and make decisions. For example, each year we make an assessment of the strength of the Company's balance sheet and future prospects relative to market uncertainties, assess key investment decisions (e.g. obconnect, Yodel) and make decisions about the payment of dividends. For the year ended 31 March 2025, we are recommending a final dividend of 19.6 pence per share.

How we consider our stakeholders

Engaging regularly with our stakeholders is fundamental to the way we do business, enabling us to consider their needs, concerns and the potential impact on stakeholders when making decisions in the Boardroom.

Employees are consulted via the Employee Forum and further information can be found on page 45. Further information about how the Company engages with all of its stakeholders can be found on pages 53 to 55 of this report.

The Strategic Report was approved by the Board of Directors and signed on its behalf by:

Nick Wiles
Chief Executive
11 June 2025

Engaging with our stakeholders

By understanding our stakeholders we can consider their needs, concerns and the potential impact on stakeholders when making decisions in the Boardroom.

Our stakeholders	How we engage	Key topics discussed	How the Board engages/is kept informed	Key outcomes in 2025
People We have a talented, diverse and committed workforce with experience from a wide range of industries.	Our employee forum is a communication platform attended by employee representatives elected by their colleagues. In addition, we hold regular staff briefings and functions hold their own team meetings and engagement forums (see page 45 for more information on how we engage with our people).	The employee forum discusses the issues raised by the engagement survey and any business-related issues. Key topics discussed included the employee survey, performance ratings, charity strategy and an introduction to and overview of the plc Board.	The employee forum relaunched in January 2025 and Board members have an open invitation to attend. Lan Tu, Rosie Shapland and Giles Kerr have attended meetings to date with other Board members scheduled to attend during the course of the year. The Chief People Officer updates the Board on results of engagement surveys and people matters throughout the year.	The forum provided feedback to help shape the charity strategy, and performance review process. They also were involved in selecting a new provider for our employee survey.
Shareholders We aim to deliver a sustainable and rewarding business model.	Through our investor relations programme, our Annual Report and Accounts and our annual general meeting, we ensure shareholder views are brought into our Boardroom and considered in our decision-making.	Financial performance, strategy and business model, dividend policy and ESG.	The Chief Executive updates the Board on any shareholder feedback received and on investor sentiment following each roadshow. The approach to ongoing shareholder engagement is agreed by the Board. All members of the Board are available for questions by the shareholders at the annual general meeting and Giles Kerr has held several investor meetings.	We have made significant steps to materially enhance our platform and capabilities to deliver sustainable, profitable growth and enhanced rewards for shareholders. A final dividend of 19.6 pence per share has been declared for approval by shareholders, and increased and extended share buyback programme announced.

Responsible business continued

Our stakeholders	How we engage	Key topics discussed	How the Board engages/is kept informed	Key outcomes in 2025
Convenience retailer partners Our retailer partners offer their consumers one or more PayPoint services. Ranging from independent retailer partners with one store to large multiple retailer partners.	An Account Management team develops our relationships with multiple retailer partners, whilst our Retail Services Hub and Retail Relationship Management team supports independent retailer partners. In addition we actively engage with trade bodies including the Association of Convenience Stores 'ACS', Scottish Grocers Federation 'SGF' and National Federation of Retail Newsagents 'The Fed'.	Performance reviews, market trends and insights, sharing best practice, new clients and product development.	The Executive Board keeps the Board informed of our relationships with convenience retailer partners throughout the year.	Rollout of a Store Growth Specialist team underway, dedicated to supporting retailers to unlocking more commission opportunities. Retailer Rewards scheme, launched giving retailers additional commission for scanning goods in store. Structured plans in place to support our multiple retailer partners in maximising the value of our wide portfolio of services in their stores.
SMEs We provide card payments services for over 30,000 SMEs across various sectors.	Our field team is always available to support and engage with business owners across all the sectors we serve. We use a range of channels and methods to communicate with and seek feedback from new and existing customers including social media, customer referrals and case studies.	Performance, support, pricing and service enhancements.	Updates on enhancements to current and future services for SMEs are provided to the Board by the Executive Board.	Card proposition and merchant experience enhanced in the year: new AI-driven statement reader launched to enhance the merchant sales experience; time to transact drastically reduced from 14.7 days to 2.2 days; over 3,500 merchants enrolled on Handepay Rewards programme; new mobile app launched in December 2024 with 3,000+ merchants signed up.
Consumers We serve millions of consumers every day, helping them to make payments and collect parcels conveniently through our retailer partner network and omnichannel payments solutions.	Our communication platforms provide the environment for us to engage with consumers. Through our Retail Services Hub we inform, update and quickly resolve issues with consumers at first-point-of-contact where possible. Feedback, queries and data gathered from surveys are all collated to improve the consumer experience.	Services and partnerships, performance, network expansions, product portfolio, systems and support on customer complaints.	The Executive Board provides updates to the Board on the levels of transactions, performance and overall services provided to our consumers.	Continued evolution of retailer proposition in response to consumer needs including Local Banking, Park Christmas Savings, International Driving Permits, Love2shop physical gift cards and Counter Cash. Our Open Banking services are being used to support consumers in financial distress.

Our stakeholders	How we engage	Key topics discussed	How the Board engages/is kept informed	Key outcomes in 2025
Clients Our client base operates across a broad and diverse range of sectors including commercial, not-for-profit and the public sector. They are critical to our business. Understanding their needs and requirements is essential to retention and development.	Dedicated Account Managers have client review meetings throughout the year to discuss performance and future innovations. We also have daily operational contact where required to resolve business as usual queries. For the larger strategic accounts, we hold a mixture of operational, tactical, and strategic meetings throughout the year.	Service and performance versus key performance indicators, business challenges where we may be able to provide support, short and long-term strategic goals to drive alignment, and PayPoint service evolution to enhance our clients' own service performance to their end users.	The Executive Board provides updates to the Board when required.	Our integrated digital payments platform, MultiPay, continues to provide a comprehensive payment solution for clients across card processing, Open Banking, direct debit and cash. Further wins secured in year in the housing and charity sectors. Open Banking services launched with 28 clients during the period. 58 new client services went live in the year.
Local communities Our network and activities place us at the heart of local communities.	We support fundraising events by providing financial support to causes that are important to employees. We act as an enterprise adviser to a local secondary school, supporting the transition between school and the workplace.	Our Charity Committee agrees which charities we should support.	The Chief People Officer updates the Board.	Page 48 details our charitable work and support provided for young people in the community.
Regulators	We maintain open channels of communication with our regulators, including discharging our reporting and notification requirements under the relevant legislation and regulations that apply to the Group businesses. In addition, we actively support the regulators by providing responses to consultations and surveys.	We have engaged with the Financial Conduct Authority (FCA) on several occasions over the year in relation to variation of permissions for our businesses. In addition, we correspond with the FCA, Payment Systems Regulator (PSR) and other entities designated by the PSR, such as Pay.UK, in relation to operational and regulatory matters. We frequently respond to BAU requests from the FCA and the ICO.	The Board and its Committee receives updates on any engagement activities with the Group's regulators such as the FCA and the PSR. For more information see page 88 of the Audit Committee report.	All regulatory reporting requirements were met during the year, and we have maintained our channels of communication with our regulators during the year. We will continue to engage with regulatory consultations as appropriate to our business.

Risk management

Robust approach to managing risk

Strategy

Strategic and operational benefits of proactively managing risk are achieved when Enterprise Risk Management is aligned with the strategic and operational goals of the organisation, and our process and governance structure achieve this.

Risks are assessed through PayPoint's risk management and internal control framework which is designed to identify and manage risk. Processes apply throughout the Group and are designed to mitigate rather than eliminate risk and provide assurance to stakeholders regarding PayPoint's ability to deliver its objectives and manage risks. The Board is responsible for overseeing risk management and approves levels of acceptable risk. The Board is also responsible for maintaining an appropriate internal control environment to manage risk effectively. The Audit Committee supports the Board in reviewing the effectiveness of risk management and internal controls and performs an annual assessment. The results of this year's assessment are detailed on page 90 of the Audit Committee section.

During the year, to address the new requirements of Section 29 of the UK Corporate Governance Code, the Group has conducted a detailed review of its risk management framework and is making the necessary enhancements to ensure that the requirements of the code are addressed effectively in advance of the required implementation date.

Risk appetite

PayPoint's risk appetite is determined by the Board and aligns the level of risk considered acceptable in achieving our strategic objectives, increasing financial returns and adhering to statutory requirements. The Board and the Executive Board have key roles in ensuring the internal control framework maintains risk within the appetite set. Internal controls are embedded across the Group's core processes including policies and procedures, delegated authorities, PayPoint values and training.

Risk identification and management

The risk management process assesses strategic, financial, IT, regulatory and operational risk across all areas of the business. PayPoint's risk framework includes a bottom-up risk assessment managed through risk and control registers, and a top-down risk assessment and horizon scanning process to identify emerging risks. Risk control registers, at both entity and Group level, are maintained and form an important component of our governance framework. Risks and controls are determined by Senior Management, the Head of Risk, Compliance, and Internal Audit and Executive Board members and are presented to the Audit Committee for review and assessment. Risk and control registers contain risk descriptions, assessment of materiality, probability, material and non-material mitigating controls, residual risk and risk owners.

At least annually, risks identified through the top down and bottom-up risk assessment process are agreed with Executive Board members to determine principal and emerging risks. The Audit Committee receives and reviews information on the risk framework and principal and emerging risks and advises the Board on risks.

Risk Framework

Governance

- Board & Committees
- Delegated Authorities
- Risk Appetite
- Control Functions

Process

- Risk Management Cycle
- Emerging Risks
- Stress/ Scenario Testing

People & Culture

- Roles & Responsibilities
- Culture

1. Risk identification

Identifying risks which may impede achieving objectives.

2. Inherent risk assessment

Assessing the level of inherent risk.

3. Control assessment

Assessing the existence and strength of controls to mitigate risks.

4. Residual risk assessment

Assessing the level of residual risk after mitigation from controls.

5. Risk reporting

Reporting the status of the most significant risks to the Executive Board and Audit Committee.

6. Monitoring and review

Monitoring of risks and controls by the Executive Board and Audit Committee who advise the Board.

Principal risks and uncertainties

Mitigating risk effectively

Like all businesses, we face a number of risks and uncertainties. The successful management of existing and emerging risks is critical to the achievement of strategic objectives and to the long-term success of any business. Therefore, risk management is an integral part of PayPoint's Corporate Governance.

Changes to principal risks

New risks and disclosures

In line with our risk framework and policies, risks are identified and assessed on a Group-wide basis.

Our risk appetite is considered appropriate for the Group and its operations and as such 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

Credit and Liquidity/Treasury Management – The name of this risk has been updated to reflect the increasing importance of Counter Party Risk Management to the Group which is now included within the risk profile. This risk is considered to be increasing following recent investment activities aligned to our strategic objectives.

Operational Model – This risk has been renamed as Client Services to more accurately reflect the composition of this risk and its associated risk management strategy.

Other principal risks have remained similar to last year, although they reflect current trends and our risk appetite for each area.

Receding risks

There were no receding risks. The outlook of all the risks has been reassessed, as shown in the table on the following pages.

Emerging Risks

ESG and Climate Risk remains an emerging risk. We recognise the impact climate change is having globally; however, we are intrinsically a low carbon producing Company and climate change does not pose an immediate risk to our operations. However, 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 this can be found on page 32.

The Task Force on Climate-related Financial Disclosures (TCFD) has been implemented which provides companies with a framework to improve reporting on climate-related risks and opportunities. The risks presented by climate change have been embedded into our enterprise risk management framework including financial planning processes, business cases and our overall risk identification and management processes detailed on page 36.

The table on pages 59 to 63 sets out our principal and emerging risks, including details of the potential impact, mitigation strategies and status. The table also details risk movement during the year and risk appetite. They do not comprise all risks faced by the Group and are not set out in order of priority.

Principal risks

Market

PayPoint risks	Group risks	Mitigation strategies	Status	Change
1. Competition and markets	PayPoint's competitors and the market in which it operates continue to evolve. The decline in the legacy business of cash is expected to continue and is reflected in the continuing need for further business diversification as recognised in our business strategy. The current economic climate of lower levels of consumer spending continues to impact our business, such as the Cards market, where transaction processed volumes remain subdued.	The Executive Board closely monitors consumer trends and spending behaviour, regularly re-assessing our markets and competitor activity, along with any opportunities to further de-risk the 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 stable as cost-of living pressures have continued to affect 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.	Trend = Stable Appetite = High

PayPoint risks	Group risks	Mitigation strategies	Status	Change
2. Emerging technology	As the markets continue to change at a pace, so does the technology supporting the service provision. Pressures to deliver new and innovative products remain with new technologies emerging into the marketplace. Failure to develop in tandem with these changes in technology remains a risk to the Group.	We continually review technological developments, including the evolution of AI, to understand how new technologies can be used to support our service offerings and to keep our products relevant and up to date with technological advances. 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 continuing 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.	Trend = Stable Appetite = Medium

Strategic

PayPoint risks	Group risks	Mitigation strategies	Status	Change
3. Transformation	Several significant IT projects are in our 3-year plan and the delivery of these projects remains key to delivering our business strategy and growth aspirations. Our continued investment programme allows the business to deliver operationally resilient services as well as affording the business the opportunity to capitalise on opportunities for growth.	The Executive Board is accountable for the management and delivery of these projects, with oversight from the Group Board to ensure the Group continues to deliver innovative, robust, and efficient project management of these major programmes.	Risk is increasing as a number of these projects were mobilised in the current year and will be delivered over the course of the next 2–3 years.	Trend = Increased Appetite = Medium

Change in status and trend

Increased Stable Decreased

Principal risks and uncertainties continued

Principal risks

Business

PayPoint risks	Group risks	Mitigation strategies	Status	Change
4. Client Services	Clients continue to have high expectations in terms of service level standards and compliance. This is expected to continue 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.	The Group 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 innovating markets.	Risk is stable. 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 use more than one of our service provisions. Collaborating with our clients to continue to understand their requirements and how best we can meet our clients' needs remains a priority.	Trend = Appetite = Medium

PayPoint risks	Group risks	Mitigation strategies	Status	Change
5. Legal and regulatory	PayPoint is required to conform with numerous legal, contractual and continuously evolving regulatory requirements. Failure to comply and meet our obligations may result in fines, penalties, prosecution, and reputational damage. Increased levels of regulatory supervision, new and changing regulatory requirements 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 enable the business to adopt strategies to ensure PayPoint is appropriately protected and complies with all applicable 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 and operational 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 noted within the annual accounts for year ended 31 March 2024, 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. On 14 May 2025, PayPoint and Utilita came to a settlement such that Utilita has withdrawn its claim against PayPoint. As part of this settlement, the two parties have agreed to a new 5-year contract for over-the-counter prepayment services. PayPoint's position in relation to the claim by Global-365 remains unchanged – it is confident that it will successfully defend the claim at trial. The trial at the Competition Appeal tribunal started 10 June 2025.	Trend = Appetite = Low

PayPoint risks	Group risks	Mitigation strategies	Status	Change
6. People	Maintaining a strong workforce and our ethical and responsible culture is vital to ensuring we continue to deliver our key strategies over the coming years. 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. Key person dependency, at both executive and senior management levels, have been noted as a key risk.	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 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.	Risk is stable. The delivery of £100m EBITDA requires significant revenue growth over 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 employee interaction and flexible working have been implemented.	Trend = Appetite = Low

Principal risks

Operational

PayPoint risks	Group risks	Mitigation strategies	Status	Change
7. Cyber Security	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 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 maintain oversight. Our IT security framework is comprehensive, with multiple security systems and controls deployed across the Group and is continually under review. We are ISO 27001 and PCI DSS Level 1 certified, and systems are constantly monitored for attacks with response plans implemented and evaluated. 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 security monitoring and response capabilities. We regularly engage third parties to assess and assist with our cyber defences and strengthen our controls and have implemented strong monitoring capability across the Group.	Trend = Increased Appetite = Low

PayPoint risks	Group risks	Mitigation strategies	Status	Change
8. Business interruption	Failure to provide a resilient, stable, and reliable infrastructure environment or to promptly recover failed services following an incident can lead to loss of service provision, financial and reputational loss. Interruptions may be caused by system failures, cyber-attack, failure by a third party or failure of an internal process.	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 stable. 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 in our operations. Better staff training and retention has enhanced our ability to detect and recover from service issues.	Trend = Stable Appetite = Low

Change in status and trend

Increased Stable Decreased

Principal risks and uncertainties continued

Principal risks

Operational continued

PayPoint risks	Group risks	Mitigation strategies	Status	Change
9. **Credit and Liquidity/ Treasury Management Incorporating Counter Party Risk Management**	The Group has significant exposures to large clients/retailers, redemption partners and other counterparties. We have invested in a number of strategically important counter party relationships as part of our diversification and operational delivery plan. The Group also operates a number of debt/banking covenants which must be carefully managed. Cashflow management plays an increasingly key role in our Group's operations.	PayPoint has effective credit and operational processes and controls. Ongoing credit reviews, and effective debt management processes have been implemented across the Group. A number of mitigating controls have been implemented to effectively manage counter party risk including Board representation, increased engagement, and active monitoring of our significant counter parties. We have effective governance to manage cashflows through our Treasury Oversight Committee and have implemented detailed and effective cash management control processes to support out operations.	Risk is increasing following recent investment activities aligned to our strategy. Cost of living pressures may impact our client and retail estate. However, we have robust monitoring in place to reduce default rates and impacts. We have enhanced and increased our controls to ensure effective counterparty risk management. The Group has robust financing arrangements in place and our cash generation remains robust.	**Trend =** ↑ **Appetite =** Medium

PayPoint risks	Group risks	Mitigation strategies	Status	Change
10. **Operational delivery**	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. 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 implemented a robust and effective reporting suite to ensure management of BAU 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 BAU management functions. 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 and to develop new services and enhance existing capabilities.	**Trend =** – **Appetite =** Low

Principal risks

Emerging risks

PayPoint risks	Group risks	Mitigation strategies	Status	Change
11. ESG and Climate	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 its stated ESG goals 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 continue to embed low carbon strategies into our working practices and business strategy. The continued roll out of the PayPoint Mini, supports reduction of our carbon footprint through production of lower emissions. We are focused on the move toward electric cars for our company fleet and helping our field team to travel in more environmentally friendly ways. We run an employee forum to encourage open communication channels with our employees and continue to engage with our employees on socially responsible initiatives, such as volunteering, work in the community and school mentoring programmes.	Trend = Stable Appetite = Medium

Change in status and trend

Increased Stable Decreased

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 59 to 63) 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 2029 broadly in line with this period.

Assessment of prospects

The Directors assess the Group's prospects through the annual strategy day in September 2024 and review of the Group's three-year Plan in March 2025. The planning process forecasts the Group's financial performance that include cash flows which allow 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 the e-Commerce division, we continue to extend our network and offer online customers greater convenience driven by the developing partnerships with carriers. In our Shopping division, our partnership with Lloyds Bank is providing a market-leading banking and card services proposition. In Payments and Banking, leveraging our open banking capabilities (obconnect) to cross- and up-sell our multi-channel payment capabilities, bringing innovation to our targeted sectors. In Love2shop, we continue to integrate our products into new channels (Incomm) and extend adoption of the PayPoint OpenPay service enabling consumers the choice of cash or vouchers. Finally, we are expanding our community cash banking solutions across the UK providing much needed access to cash for consumers, through our retailer partners.

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 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 2025, the Group had £105.7 million of net debt, split £8.7 million cash and £114.4 million utilised facilities. Compared to the total facility of £165 million means the group has substantial headroom of £59.3 million. This level of liquidity is sufficient for all viability scenarios. Furthermore, the Group has proven, robust performance and cash generation in previous economic downturns.

Assessment of viability

To assess our viability, we modelled different scenarios identified by considering the potential impact of the principal risks (as shown in the table on pages 59 to 63). Our development of scenarios included reviewing the risks of PayPoint Group, and where appropriate we have made adjustments. 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 over the next three years and there are no indications that impact the Group's longer term prospects.

Scenario modelled	Link to "Principal Risks"	Assumptions
A **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	**Transactions/merchants/estate** Areas of growth have been reduced or held flat and in areas of decline have been assumed to continue or accelerate those declines. **Margins, revenue rates per transaction/merchants or estate** Margins and rates have been held in line with planned levels. **Costs** No cost savings assumed however bonus would not be paid until FY28. All the above are assumed to impact for FY26 with a slow recovery in FY27 back to planned levels in FY28. **Dividends and Share Buy-Back** Dividends are assumed to be paused from FY26 interims through to FY27 final, resuming in FY28 back in line with the dividend policy. Share buy-back is maintained.
B **Our transformation and integration projects do not deliver the planned growth**	Risk (3) Transformation Risk (6) People Risk (10) Operational delivery	**Revenue Growth** Planned transformational revenue growth rates are assumed to halve over the life of the plan. **Costs** 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. **Dividends and Share Buy-Back** Dividends are assumed to be paused from FY26 interims through to FY27 final, resuming in FY28 back in line with the dividend policy. Share buy-back is maintained.
C **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	**Revenue** No impact is assumed as PayPoint would adjust to change or correct any breach so that level of business could continue. **Costs** It is assumed that an average of all possible fines, £30m, is incurred in FY26 but no other associated costs together with a credit risk of £6.2m (equivalent to our largest debtor) totalling £36.2m. **Dividends and Share Buy-Back** Dividends are assumed to be paused from FY26 interims through to FY27 final, resuming in FY28 back in line with the dividend policy. Share buy-back is maintained.
D **Reverse stress test**	N/A	**Test D1:** Adopting the principles of Scenarios A and B a continuously monthly impact has been modelled to understand when our funding limits would be breached. **Test D2:** Similarly to Scenario C (a one-off loss event) – assessing the size of this to breach covenant/ funding limits. For test D1, no dividends are proposed across the 3 years, other than the final dividend in respect of FY25. However, the share-buyback is assumed to continue. For test D2, in this reverse stress test, it is assumed no dividends are paid following the final FY25 dividend until FY28 and therefore from a cash perspective, we save c£37.7m in FY27. For both tests, the share buyback is assumed and therefore remains a management 'lever'.

Financial review

The Group has delivered a resilient financial performance in FY25, with underlying EBITDA of £90.0 million, up 10.7% vs FY24.”

Rob Harding
Chief Financial Officer
11 June 2025

Overview

£m	Year ended 31 March 2025	Year ended 31 March 2024	Change %
PayPoint segment	**163.6**	169.7	(3.6)%
Love2shop segment	**147.1**	136.7	7.6%
Total revenue	**310.7**	306.4	1.4%
PayPoint segment	**136.0**	129.7	4.9%
Love2shop segment	**51.7**	51.3	0.8%
Total net revenue[1]	**187.7**	181.0	3.7%
PayPoint segment	**(82.6)**	(79.2)	4.3%
Love2shop segment	**(37.1)**	(40.1)	(7.5)%
Total costs (excluding adjusting items)	**(119.7)**	(119.3)	0.3%
PayPoint segment	**53.4**	50.5	5.7%
Love2shop segment	**14.6**	11.2	30.4%
Underlying profit before tax[2]	**68.0**	61.7	10.2%
Adjusting items:			
Amortisation of intangible assets arising on acquisition	**(8.7)**	(8.1)	7.4%
Net movement in investments	**(9.6)**	(0.2)	n/m
Exceptional items	**(23.4)**	(5.2)	n/m
Profit before tax	**26.3**	48.2	(45.4)%
Underlying EBITDA[3]	**90.0**	81.3	10.7%
Net corporate debt[4]	**(97.4)**	(67.5)	44.3%

Current year total statutory revenue of £310.7 million is reported after an exceptional deduction of £14.2 million related to a claim settlement. Underlying revenue, excluding this deduction, increased by £18.5 million (6.0%) to £324.9 million. Net revenue increased by £6.7 million (3.7%) to £187.7 million (2024: £181.0 million). Net revenue from the PayPoint segment increased by £6.3 million to £136.0 million (2024: £129.7 million) predominately driven by the growth in e-commerce, with parcel transactions exceeding 130 million in the year, and the 5 months of net revenue contribution from obconnect, partially offset by the cash payments decline in Payments & Banking.

1 Net revenue is an alternative performance measure. Refer to note 4 to the financial statements for a reconciliation to underlying revenue.
2 Underlying profit before tax is an alternative performance measure. Refer to note 1 to the financial statements for its definition.
3 Underlying EBITDA is an alternative performance measure. Refer to page 67 for a reconciliation to profit before tax.
4 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.

Total costs increased by £0.4 million to £119.7 million (2024: £119.3 million). The increase in costs includes £1.5 million additional costs from 5 months of contribution of obconnect, together with increases in transactional costs of revenue and depreciation of terminals and devices used to drive revenue in the business, these increases have been partially offset by savings in overheads following the organisational restructure earlier in the year.

Exceptional costs of £23.4 million, which are one-off, non-recurring and do not reflect current operational performance comprises settlement and legal fees incurred as a result of the Group's defence of claims served against it, costs associated with early exit of a property lease in Love2shop and accelerated amortisation on certain modules of Love2shop ERP systems following the commencement to re-platform key systems. The prior year costs comprise the same legal fees as noted in the current year, restructuring costs and costs associated with refinancing for the Group.

During the year the Group remeasured its investments and convertible loan notes resulting in a net charge of £9.6 million in the Consolidated statement of profit or loss for the current year, reported within adjusting items (see note 14).

The underlying profit before tax for the Group increased by £6.3 million (10.2%) to £68.0 million (2024: £61.7 million).

Profit before tax of £26.3 million (2024: £48.2 million) decreased by £21.9 million (45.4%).

EBITDA / Underlying EBITDA (£m)	Year ended 31 March 2025	Year ended 31 March 2024	Change %
Profit before tax	**26.3**	48.2	(45.4)%
Add back:			
Net interest expense	**7.1**	7.0	1.4%
Depreciation & Amortisation including amortisation of intangible assets arising on acquisition[1]	**23.6**	20.7	14.0%
EBITDA (£m)	**57.0**	75.9	(24.9)%
Exceptional items and net movement in investments	**33.0**	5.4	n/m
Underlying EBITDA (£m)	**90.0**	81.3	10.7%

Underlying EBITDA increased by £8.7 million to £90.0 million (2024: £81.3 million), which comprises £21.0 million for the L2s segment and £69.0 million for the PayPoint segment.

Cash generation increased by £11.1 million to £69.0 million (2024: £57.9 million), delivered from profit before tax of £26.3 million (2024: £48.2 million). There was a net working capital outflow of £10.3 million (2024: £11.8 million) with trade receivables and inventory levels increasing as the Group grows its revenue and supports new revenue generating initiatives which requires increases in working capital.

Net corporate debt increased by £29.9 million to £97.4 million (2024: £67.5 million), with cash generation of £69.0 million offset by tax payments, capital expenditure, share buyback, investments and dividends. At 31 March 2025 loans and borrowings were £102.3 million (2024: £93.9 million).

1 Excludes exceptional depreciation of £0.8 million related to the Chapel St. lease and exceptional amortisation of £0.9 million related to Love2shop's ERP system, both of which are included in the £33.0 million exceptional items

PayPoint Segment

£m	Year ended 31 March 2025	Year ended 31 March 2024	Change %
Revenue	**163.6**	169.7	(3.6)%
Shopping	**65.2**	64.4	1.2%
E-commerce	**16.4**	11.8	39.0%
Payments & Banking	**54.4**	53.5	1.7%
Net revenue	**136.0**	129.7	4.9%
Total costs (excluding adjusting items)	**(82.6)**	(79.2)	4.3%
Underlying profit before tax (excluding adjusting items)	**53.4**	50.5	5.7%

Revenue of £163.6 million includes a £14.2 million exceptional deduction, excluding this underlying revenue increased by £8.1 million to £177.8 million (4.8%).

Shopping net revenue increased by £0.8 million (1.2%) to £65.2 million (2024: £64.4 million). Service fees net revenue increased by £2.1 million (10.7%) driven by the implementation of the annual RPI increase and additional PayPoint sites. Cards net revenue decreased by £0.3 million (0.9%), with site growth delivered in the PayPoint retailer estate and a reduction in the Handepay SME partners as we strengthen the field sales team and align to the strong and consistent progress already achieved in the Telesales teams. Lower than anticipated consumer spending has impacted the total value processed through the network which is down 4.2%. ATM and Counter Cash net revenue decreased by £1.0 million (11.4%) due to a reduction in transactions driven by the continuing trend of reduced demand for cash across the economy.

E-commerce net revenue increased by £4.6 million (39.0%) to £16.4 million (2024: £11.8 million), driven by strong growth in parcel transactions which increased by 33.3%. This was due to the growing strength in partnerships with InPost and Royal Mail, 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 increased by £0.9 million (1.7%) to £54.4 million (2024: £53.5 million). Cash bill payments and top ups revenue decreased by £1.9 million (6.8%) to £25.9 million (2024: £27.8 million) driven by a 18.9% reduction in transactions following the reduced usage of cash and the continued switch to digital payments. Digital net revenue increased by £1.7 million (12.3%) to £15.5 million (2024: £13.8 million) with the current year including 5 months contribution from obconnect partially offset by a reduction in cashout transactions. In addition there was an increase in other Payments & Banking income received from a number of items which are non-recurring in nature.

The cost of commission to PayPoint retailers increased by £1.8 million (4.5%) to £41.7 million (2024: £39.9 million). This increase in payment to our retailer partners reflects an increase in the number of e-commerce transactions processed as well as more with higher commission rates per transaction.

Total costs (excluding adjusting items) increased by £3.4 million (4.3%) to £82.6 million (2024: £79.2 million), primarily as a result of the depreciation and amortisation impact of investment software and devices and the further investment in our people and field sales team to support growth in sales.

Financial review continued

Sector Analysis

Shopping

Shopping consists of services provided to retailer and SME partners, which contain two sub divisions, Card Services and Retail Services. Services include providing the PayPoint terminal to retailer partners, ATMs and Counter Cash and FMCG vouchering.

Net revenue (£m)	Year ended 31 March 2025	Year ended 31 March 2024	Change %
Retailer service fees from PayPoint terminals	21.8	19.7	10.7%
Card Services	32.4	32.7	(0.9)%
ATMs and Counter Cash	7.8	8.8	(11.4)%
Other shopping (includes FMCG)	3.2	3.2	0.0%
Total net revenue (£m)	**65.2**	64.4	1.2%

Net revenue increased by £0.8 million (1.2%) to £65.2 million (2024: £64.4 million) due to the growth in service fees driven by growth in sites and an annual RPI increase. The net revenue of each of our key products is separately addressed below.

Service fees from PayPoint terminals	Year ended 31 March 2025	Year ended 31 March 2024	Change %
Net Revenue (£m)	**21.8**	19.7	10.7%
PayPoint terminal sites (No.)			
PayPoint One Terminals	17,397	18,428	(5.6)%
PayPoint Mini	2,878	869	231.2%
Total PayPoint One / Mini	**20,275**	19,297	5.1%
Legacy (T2)	-	17	n/m
PPoS	9,763	9,164	6.5%
PayPoint One – non-revenue generating	674	671	0.4%
Total terminal sites in PayPoint network	**30,712**	29,149	5.4%
PayPoint One average weekly service fee per independent site (£)	**19.9**	19.1	4.2%

As at 31 March 2025, PayPoint had a live terminal in 30,712 UK sites, an increase of 5.4% primarily as a result of new PayPoint Mini sales.

Service fees: This is a core growth area and consists of service fees from PayPoint terminals. Service fee net revenue increased by £2.1 million (10.7%) to £21.8 million driven by the additional revenue generating sites compared to the prior year.

Card Services	Year ended 31 March 2025	Year ended 31 March 2024	Change %
Net Revenue (£m)			
Acquiring	21.0	23.3	(9.9)%
Rentals	10.6	8.8	20.5%
Business finance and other	0.8	0.6	33.3%
Total Net Revenue	**32.4**	32.7	(0.9)%
Services in Live sites (No.)			
Acquiring – Handepay SME partners	21,435	22,254	(3.7)%
Acquiring – PayPoint retailer partners	10,552	10,064	4.8%
Rentals – Handepay SME terminals	50,012	49,844	0.3%
Transaction value (£m)			
Handepay SME partners	4,569	4,612	(0.9)%
PayPoint retailers partners	2,299	2,561	(10.2)%
Transaction value total	**6,868**	7,173	(4.2)%

Card Services: Card acquiring services generated £21.0 million net revenue in the year, a reduction of £2.3 million from the previous year (2024: £23.3 million). Transaction values overall have decreased by 4.2% to £6,868 million (2024 £7,173 million) following lower than anticipated consumer spending. During the year unprofitable legacy RSM2000 sites have been removed which has reduced revenue and reduced costs.

Revenue from terminal rentals has increased by £1.8 million to £10.6 million (2024: £8.8 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 2025	Year ended 31 March 2024	Change %
Net Revenue (£m)	7.8	8.8	(11.4)%
Services in Live sites (No.)	6,365	9,599	(33.7)%
Transactions (Millions)	24.5	28.5	(14.0)%

ATMs and Counter Cash: Net revenue reduced by £1.0 million (11.4%) to £7.8 million (2024: £8.8 million) as transactions reduced by 14.0% to 24.5 million. This is attributable to the continued reduced demand for cash across the economy. ATM and Counter Cash live sites decreased 33.7% to 6,365 following a review to remove non transacting counter cash sites.

Other: Other shopping services remained flat at £3.2 million (2024: £3.2 million).

E-Commerce

Parcels	Year ended 31 March 2025	Year ended 31 March 2024	Change %
Net Revenue (£m)	**16.4**	11.8	39.0%
Services in Live sites (No.)	**14,213**	11,786	20.6%
Transactions (Millions)	**133.4**	100.1	33.3%

E-commerce net revenue increased by £4.6 million (39.0%) to £16.4 million following a record year for Collect+ as parcel transactions grew strongly by 33.3% to 133.4 million. This was due to the growing strength in partnerships with InPost and Royal Mail, 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 20.6% to 14,213 sites.

Payments & Banking

	Year ended 31 March 2025	Year ended 31 March 2024	Change %
Net revenue (£m)			
Cash	**25.9**	27.8	(6.8)%
Digital	**15.5**	13.8	12.3%
Cash through to digital	**6.8**	6.8	-
Other payments and banking	**6.2**	5.1	21.6%
Total net revenue (£m)	**54.4**	53.5	1.7%

Payments & Banking divisional net revenue increased by 1.7% to £54.4 million following 5 months of contribution from obconnect included within Digital and higher non-recurring other income. This has been partially offset by fewer cash bill payments and top up transactions.

Cash	Year ended 31 March 2025	Year ended 31 March 2024	Change %
Net revenue (£m)	**25.9**	27.8	(6.8)%
Transactions (millions)	**117.8**	145.2	(18.9)%
Transaction value (£m)	**3,448.3**	4,062.0	(15.1)%
Average transaction value (£)	**29.3**	28.0	4.6%
Net revenue per transaction (pence)	**22.0**	19.1	15.2%

Cash net revenue decreased by £1.9 million (6.8%) to £25.9 million. This is due to a reduction in transactions as consumers move to different payment methods.

Digital	Year ended 31 March 2025	Year ended 31 March 2024	Change %
Net revenue (£m)	**15.5**	13.8	12.3%
Transactions (millions)	**45.0**	46.9	(4.1)%
Transaction value (£m)	**999.0**	962.7	3.8%
Average transaction value (£)	**22.2**	20.5	8.3%
Net revenue per transaction (pence)	**34.5**	29.4	17.3%

Digital (obconnect, MultiPay, Cash Out, Open banking) net revenue increased by £1.7 million (12.3%) to £15.5 million. This is mainly due to including £1.8 million revenue from the first 5 months of trading from obconnect. Digital transactions excluding obconnect decreased by 1.9 million (4.1%) to 45.0 million. MultiPay net revenue increased by £0.3 million to £6.7 million (2024: £6.4 million). The DWP Payment Exception Service contributed £3.5 million net revenue in the year (2024: £3.9 million) following the expected decrease in customers. Cashout revenue decreased by £0.4 million (14.0%) to £2.7 million (2024: £3.0 million). Open banking and other revenue increase by £0.3 million (60.0%) to £0.8 million (2024: £0.5 million).

Cash through to digital	Year ended 31 March 2025	Year ended 31 March 2024	Change %
Net revenue (£m)	**6.8**	6.8	–
Transactions (millions)	**7.9**	8.2	(3.7)%
Transaction value (£m)	**568.0**	545.0	4.2%
Average transaction value (£)	**72.3**	66.3	9.0%
Net revenue per transaction (pence)	**86.6**	82.7	4.7%

Cash through to digital (eMoney) net revenue remained flat at £6.8 million (2024: £6.8 million) and transactions decreased by 0.3 million (3.7%) to 7.9 million (2024: 8.2 million).

Other payments & banking net revenue includes interest income from client balances, SIM sales and other ad-hoc items which contributed £6.2 million (2024: £5.1 million) net revenue. The year on year increase is driven by a number of items which are non-recurring in nature.

Financial review continued

Love2shop Segment

£m	Year ended 31 March 2025	Year ended 31 March 2024	Change %
Love2shop billings	**204.5**	196.6	4.0%
Prepaid Christmas Savings billings	**163.0**	162.6	0.2%
Total billings	**367.5**	359.3	2.3%
Revenue	**147.1**	136.7	7.6%
Net revenue	**51.7**	51.3	0.8%
Total costs	**(37.1)**	(40.1)	(7.5)%
Underlying profit before tax (excluding adjusting items)	**14.6**	11.2	30.4%

Love2shop (L2s) Segment has generated £367.5 million of total billings in the year (2024: £359.3 million). Net revenue for the year increased £0.4 million to £51.7 million (2024: £51.3 million) as a result of higher interest income and the product mix, partially offset by changing product mix in Prepaid Christmas Savings to drive customer retention and a reduction in prepaid media on lower margin billings which has led to an increased profit contribution.Love2shop achieved £204.5 million of billings in the period, an increase on prior year of £7.9 million (2024: £196.6 million). This increase reflects improved performance in our corporate area, with our established client base achieving record retention and an increase in client order value of 11% during our key peak trading month of December.

Included in Love2shop are billings from the distribution partnership with Incomm payments, this went live in October 2024 with a phased rollout. During this phased rollout Love2shop gift cards were sold in over 3,100 unique locations, including leading UK grocers and high street stores for the first time. Through this partnership and our distribution across the PayPoint multiple retailer network gift cards were sold in over 6,000 unique locations in FY25.

Park Christmas savings achieved billings of £163.0 million (2024: £162.6 million), building on prior year channel improvements.

Profit Before Tax and Taxation

The income tax charge of £7.0 million (2024: £12.5 million) on profit before tax of £26.3 million (2024: £48.2 million) represents an effective tax rate of 26.6% (2024: 25.9%). This is higher than the UK statutory rate of 25% due mainly to the impact of prior year adjustments.

Group Statement of Financial Position

Net assets of £97.3 million (2024: £121.2 million) decreased by £23.9 million reflecting the first year impact of the share buyback programme, the claim settlement and fair value investment adjustments, partially offset by underlying profit after tax. Current assets decreased by £26.0 million to £270.6 million (2024: £296.6 million) due to a reduction in corporate cash and a decrease in the balance for items in the course of collection, an equal but opposite decrease in the settlement payables is included in current liabilities. Non-current assets of £237.8 million (2024: £222.5 million) increased by £15.3 million reflecting the acquisition of obconnect.

Total liabilities increased by £13.0 million to £411.0 million (2024: £398.0 million) following an increase in loans and borrowings, offset by a reduction in settlement payables, as noted above.

Net corporate debt was £97.4 million (2024: £67.5 million) and has increased by £29.9 million from the previous year. Positive cash generation from trading has been offset by £14.9 million on the share buyback programme, investments in obconnect and Yodel and working capital requirements in the year, along with tax payments, capital expenditure and dividend requirements. Total loans and borrowings were £102.3 million at the year end, increasing by £8.4 million from 31 March 2024. These consisted of a £45.0 million non-amortising term loan, £58.0 million drawdown of the £90.0 million revolving credit facility and £0.3 million of accrued interest less £1.0 million arrangement fees (2024: £36.0 million amortising term loans, £57.5 million drawdown from the revolving credit facility and £0.4 million of 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 2025	Year ended 31 March 2024	Change %
Profit before tax	**26.3**	48.2	(45.4)%
Non cash other exceptional items	**25.0**	0.2	n/m
Depreciation and amortisation	**25.3**	20.7	22.2%
Share-based payments and other items	**2.7**	0.6	350.0%
Working capital changes (corporate)	**(10.3)**	(11.8)	(12.7)%
Cash generation	**69.0**	57.9	19.2%
Taxation payments	**(11.4)**	(8.4)	35.7%
Capital expenditure	**(18.8)**	(16.2)	16.0%
Acquisition of subsidiary net of cash acquired	**(8.9)**	–	n/m
Purchase of convertible loan notes	**(16.2)**	(0.1)	n/m
Payment of leases	**(0.9)**	(1.0)	(10.0)%
Share buyback	**(14.9)**	–	n/m
Dividends paid	**(27.8)**	(27.3)	1.8%
Net (decrease)/increase in net corporate debt	**(29.9)**	4.9	n/m
Net corporate debt at the beginning of the year	**(67.5)**	(72.4)	(6.8)%
Net corporate debt at the end of year	**(97.4)**	(67.5)	44.3%
Comprising:			
Corporate cash less overdraft	**4.9**	26.4	
Loans and borrowings	**(102.3)**	(93.9)	

Cash generation increased £11.1 million to £69.0 million (2024: £57.9 million) delivered from profit before tax of £26.3 million (2024: £48.2 million). There was a net working capital outflow of £10.3 million (2024: £11.8 million) with trade receivables and inventory levels increasing as the Group grows its revenue and supports new revenue generating initiatives which requires increases in working capital.

Taxation payments on account of £11.4 million (2024: £8.4 million) were higher than the prior year, with payments based on a higher estimated profit before tax. 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 2024. The 3-year share buyback programme commenced on 1 July 2024 and returned £14.9 million cash during the year (2024: £nil).

Capital expenditure of £18.7 million (2024: £16.2 million) was £2.5 million higher than the prior year. Capital expenditure primarily consists of payment terminals including Zebra printers, IT hardware, card terminals and other software development. The increase in capital expenditure is primarily the result of software development investment to modernise heritage systems.

Dividends

We have declared an increase of 2.1% in the final dividend to 19.6 pence per share (2024: 19.2 pence per share) payable in equal instalments of 9.8 pence per share (2024: 9.6 pence per share) on 11 August 2025 and 26 September 2025 to shareholders on the register on 4 July 2025 and 29 August 2025 respectively. The final dividend is subject to the approval of shareholders at the Annual General Meeting on 6 August 2025.

The final dividend will result in £13.8 million (2024: £14.0 million) being paid to shareholders from the standalone statement of financial position of the Company which, as at 31 March 2025, had approximately £67.2 million (2024: £102.2 million) of distributable reserves.

Capital Allocation

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 on 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 commenced on 1 July 2024 and will return at least £20 million in Year 1. The Buyback Programme will increase to return at least £30 million per annum to shareholders and will be extended till the end of March 2028, with the target of reducing our equity base by c.20% over that period; and
- Targeting an appropriate leverage ratio of 1.2x to 1.5x 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 64. Our cash and borrowing capacity provides sufficient funds to meet the foreseeable needs of the Group including dividends.

Rob Harding
Chief Financial Officer
11 June 2025

Introduction to the Corporate Governance report from the Chair

This year the Board has overseen several strategic investments and the growth of our partnerships to support the delivery of our newly established targets for the Group to the end of FY28."

Giles Kerr
Chair

Dear Shareholders,

I am pleased to introduce the governance section of this year's Annual Report. This section gives more detail on the governance framework we have in place and how this supports effective decision making and the Board's oversight of the delivery of our strategic plans. Effective governance and the Board's strong leadership has guided the business during the year so that we continue to be well placed to deliver on our ambitions.

Board composition

Following a consultation with shareholders in 2024 on the extension of my appointment for a further three-year term and on the recommendation of the Nomination Committee, I was pleased to be re-elected by shareholders as Chair at the 2024 AGM. The Board remains supportive of this decision, which is consistent with Provision 19 of the UK Corporate Governance Code, which provides for the extension of the normal nine-year limit for a limited period to facilitate effective succession planning and the development of a diverse Board. The extension of my term also enables stability of leadership whilst the business delivers our ambitious strategy.

The following Board changes took place during the year ending 31 March 2025:

- Guy Parsons and Gill Barr retired from the Board at the 2024 General Annual Meeting.
- Ben Wishart succeeded Rakesh Sharma as Chair of the Remuneration Committee, with Rakesh continuing to serve as the Senior Independent Director as well as a member of the Remuneration, Nomination and Audit Committees, and Cyber Security and Information Technology Sub-Committee.

As part of our succession planning, and on the recommendation of the Nomination Committee, Rakesh Sharma will be handing over the role of Senior Independent Director to Lan Tu with effect from the conclusion of this year's AGM. Rakesh will continue to serve as a director for the final year of his third three-year term.

The composition of the Board, including diversity in its widest sense, is constantly kept under review by both the Board and Nomination Committee, to ensure that the right skills and experience are present on the Board. In addition, we continue to consider the size of the Board to ensure that it is reflective of the needs of the organisation and to create an effective working relationship with management to support the delivery of our strategy.

The Board is committed to improving diversity at all levels of the business to ensure we continue to support and enhance our people culture.

As part of our Board succession planning, we take into particular consideration the ambitions set out in the FTSE Women Leaders Review and the Parker Review. It is acknowledged that currently the Board is below the target thresholds set out by the FTSE Women Leaders Review and does not currently meet the UK Listing Rules gender diversity targets.

I am pleased that the appointment of Lan Tu as Senior Independent Director with effect from this year's AGM will support our progress towards better meeting these diversity targets and we will have achieved the target to appoint at least one woman in one of the four key roles of Chair, Senior Independent Director, CEO and Finance Director during 2025.

It is my intention that further time will be spent on Board succession planning during the 2026 financial year, with diversity of the Board's future composition at the forefront of the Nomination Committee's mind. The Committee will carefully balance diversity considerations with making appointments that are based on priority skills, ensuring the most suitable candidates are appointed to promote the long-term success of the business.

Enhancing shareholder returns

In July 2024, the Company commenced a three-year share buyback programme. It was intended that the buyback programme would return £20 million to shareholders over a period of 12 months, with the potential to increase that amount in the following two years depending on business performance, market conditions, cash generation and the overall capital needs of the business. Significant progress was made towards achieving the first £20 million return of capital in the period to 31 March 2025 with almost £15 million returned to shareholders by that date.

The Company has now announced its intention to increase and extend its three-year share buyback programme (the "Buyback Programme"). This enhanced Buyback Programme reflects the strong cash generative nature of the Group, along with the Board's confidence in delivering on our growth targets for FY26-FY28 and in-line with our commitment to enhance shareholder returns.

The Buyback Programme will increase by returning at least £30 million per annum to shareholders and will be extended until the end of March 2028, with the target of reducing our equity base by at least 20% over that period. The Board will continue to review the Buyback Programme based on business performance, market conditions, cash generation and the overall capital needs of the business.

Authority will be sought annually from shareholders to make market purchases of the Company's own shares to complete the Buyback Programme.

Throughout this period, we will continue to increase dividends at a nominal rate and, as a result of our continued financial performance, grow our cover ratio from the current 1.5 to 2.0 times earnings range to over 2.0 times earnings by FY28. Combined with the enhanced Buyback Programme, this dividend policy will enhance shareholder returns and ensure the business continues to maintain an efficient capital structure, balancing an appropriate leverage ratio of around 1.2 to 1.5 times net debt/EBITDA with the overall capital needs of the business. A final dividend of 19.6 pence per share will be recommended to shareholders for approval at the forthcoming AGM.

2025 Annual General Meeting (AGM)

The Company's AGM will be held at PayPoint's registered office on 6 August 2025 at 12 noon where you will have the opportunity to meet the Board. The matters to be approved by shareholders are set out in our Notice of Annual General Meeting which will be posted to shareholders in July 2025.

Stakeholder Engagement

The Board is committed to taking account of the needs and views of our wider stakeholders when making decisions for the long-term success of the business. We recognise the importance of maintaining regular engagement with shareholders outside of formal meetings to address any matters arising in response to any concerns.

On pages 53 to 55 we set out how engagement with different stakeholder groups is reported to the Board so that we can take their needs and views into account in our Board decision-making.

Corporate Governance Code

The FRC UK Corporate Governance Code (the 'Code') was updated in January 2024 following a consultation, which resulted in a limited number of changes. The 2024 Code applies to financial years beginning on or after 1 January 2025, with the exception of Provision 29 on Internal Controls, which will apply from next year. The Board is mindful of the changes to the Code, and in particular Provision 29, and has been receiving regular reports on development of the Group's new risk management framework and risk architecture to support the new Code requirements.

For the financial year ended 31 March 2025, the Company is reporting on our compliance with the 2018 version of the UK Corporate Governance Code and our statement of compliance with the Code can be found on page 73. I'm pleased to report that during the year the Company complied with all applicable principles and provisions of the Code.

Conclusion

During the last year, Nick Wiles and his Executive team have managed the business with vision and skill and their efforts are securing growth for the business and a positive outlook for PayPoint's future. I would like to express my thanks to them, and all my fellow Directors, for their valuable contribution to our ongoing success. I would also like to record the Board's appreciation of Rakesh Sharma for his service as Senior Independent Director over the last five years.

If you wish to discuss any aspect of our governance arrangements, please contact me via our Company Secretary by email CompanySecretary@paypoint.com.

Giles Kerr
Chair
11 June 2025

Corporate Governance statement

For the year ended 31 March 2025, the Board considers that it has complied with all applicable principles and provisions of the UK Corporate Governance Code 2018 (the 'Code'). This governance report and the strategic report set out how PayPoint has applied the principles of the Code throughout the year.

The Board is responsible for ensuring that the Group has appropriate arrangements in place to comply with the Code's requirements. The Board recognises that good corporate governance is essential to achieving the long-term sustainable success of the business. It continues to assess its approach to governance and application of the Code, in particular the changes to the Code published in 2024, which will apply to the financial year ending 31 March 2026 (with the exception of Provision 29, which will apply to our 2027 financial year). During the year, the Board and its Committee has considered the changes to the Code and the Group's preparations in readiness for its implementation.

Further information on the Code can be found on the Financial Reporting Council's website at www.frc.org.uk

Principles of the Code	More information
Board Leadership and Company Purpose	Pages 78, 79
Division of Responsibilities	Pages 82, 83
Composition, Succession and Evaluation	Page 86
Audit, Risk and Internal Control	Page 88
Remuneration	Page 94

Board of Directors

Giles Kerr
Chair

Appointed to the Board in November 2015 as an Independent Non-Executive Director and Chair of the Audit Committee. Assumed the role of Senior Independent Director in May 2017 and became Chair of the Board in May 2020. Following a shareholder consultation, Giles' appointment as Chair has been extended beyond the usual nine year term, as further explained on page 89.

Career
Giles' former roles include chief financial officer at the University of Oxford, Group finance director at Amersham plc and national partner at Arthur Andersen & Co. Former non-executive director roles include: BTG plc, Victrex plc, Elan Corporation Inc, Adaptimmune Therapeutics plc, Abcam plc and Arix Bioscience plc.

Board skills and experience
Giles brings extensive knowledge and experience in corporate finance, accounting and risk management.

Other principal roles
Non-executive director and member of the audit, remuneration and nomination committees of Halma plc.

Committee memberships
Chair of the Nomination Committee and a member of the Remuneration Committee.

Nick Wiles
Chief Executive

Appointed to the Board in October 2009, becoming Chair in May 2015, Executive Chair in December 2019 and Chief Executive in May 2020.

Career
Nick retired from the City in 2012 after more than 25 years in fund management, corporate broking and investment banking. His career started as an analyst and fund manager at Mercury Asset Management before moving to Cazenove, where he spent the majority of his career. Nick was a partner prior to Cazenove's incorporation and a vice chairman of JP Morgan Cazenove. He was also previously a non-executive director of Strutt & Parker and Picton Property Income Limited and senior independent director at Primary Health Properties plc, prior to its merger with MedXplc.

Board skills and experience
Nick brings executive director experience in investment banking, corporate finance, equity markets, investor sentiment and relations.

Committee memberships
Member of the Market Disclosure Committee.

Rob Harding
Chief Financial Officer

Appointed as Chief Financial Officer in August 2023 and appointed to the Board in September 2023.

Career
Rob is a qualified chartered accountant with more than 25 years' experience across financial services with Co-Op Insurance, Swinton Insurance and Aviva plc, professional services with Arthur Andersen and Ernst & Young and chief financial officer at De La Rue Plc.

Board skills and experience
Rob is a chartered accountant and brings extensive experience in professional and financial services, working with multinational companies on strategic change initiatives and efficiency programmes. Having served as a Chief Risk Officer, Rob also brings a deep understanding of risk management and working in a challenging regulatory environment.

Committee memberships
Member of the Market Disclosure Committee.

Rakesh Sharma OBE FREng CPhys
Senior Independent Director

Appointed to the Board in May 2017, becoming Senior Independent Director in May 2020.

Career
Rakesh was chief executive of Ultra Electronics Holdings Plc, having held several senior positions and managed businesses and divisions across the company's wide portfolio, including in the B2B fintech sector.

Board skills and experience
Rakesh brings executive management and cultural change experience to the Board. His long association in the global security sector brings skills in cyber security and information technology.

Other principal roles
Chair of Kromek Group plc; Chair of Horizon Technologies Consultants Limited; Chair of Remuneration Committee at Mony Group plc; Lay member at The University of Nottingham; Non-executive director of Moneysupermarket.com Group plc; Director of the Sidney Stringer Multi Academy Trust and Partner of Sharma Capital Partners Ltd.

Committee memberships
A member of the Audit, Remuneration and Nomination Committees and the Cyber Security & Information Technology Sub-Committee.

Rosie Shapland
Independent Non-Executive Director

Appointed to the Board in October 2020.

Career
Rosie serves as the Senior Independent Director and Chair of the Audit Committee of both Foxtons Group plc and Workspace Group PLC. Rosie is a chartered accountant and was a former audit partner at PwC, with over 30 years of audit experience across multiple sectors.

Board skills and experience
Rosie brings strong financial skills and extensive knowledge of accounting, financial reporting, risk management and governance.

Other principal roles
Senior Independent Director, Audit Committee Chair and member of the Nomination, Remuneration and ESG Committees of Foxtons Group plc and Workspace Group Plc.

Committee memberships
Chair of the Audit Committee and a member of the Remuneration and Nomination Committees.

Lan Tu
Independent Non-Executive Director

Appointed to the Board in March 2024.

Career
Lan was formerly chief executive of Virgin Money Investors, a joint venture between Virgin Money and Standard Life Aberdeen plc (now Aberdeen plc). Previously, Lan served as Chief Strategy Officer for Standard Life Aberdeen and held a number of senior executive roles in American Express. Prior to that, Lan worked at McKinsey & Co. Lan was a Non-Executive Director at Arrow Global Group plc until 2021

Board skills and experience
Lan brings experience in business leadership at scale, and an executive background in the payments industry.

Other principal roles
Senior Independent Director at Shawbrook Group plc and a director of its subsidiary, Shawbrook Bank; Non-Executive director and Chair of the Remuneration Committee of WNS (Holdings) Limited and vice-chair of the College Council at King's College London University.

Committee memberships
A member of the Audit, Remuneration and Nomination Committees and Cyber Security & Information Technology Sub-Committee.

Ben Wishart
Independent Non-Executive Director

Appointed to the Board in November 2019.

Career
Ben has previously served as chief information officer (CIO) of Morrisons plc and Whitbread plc and has held various senior information technology roles at Tesco plc. He is currently global CTO of Ahold Delhaize.

Board skills and experience
Ben brings a deep understanding of technology to the Board. He has proven leadership and governance skills on technology matters within a global business.

Other principal roles
Chief Technology Officer of Ahold Delhaize.

Committee memberships
Chair of the Remuneration Committee and a member of the Audit, Nomination and Remuneration Committees. Chair of the Cyber Security & Information Technology Sub-Committee.

Company Secretary
Indigo Corporate Secretary Limited, part of the specialist corporate governance consultancy, Indigo Independent Governance Limited, is appointed as Company Secretary to the Board. Indigo is represented at all Board and Committee meetings by Julia Herd, FCG, who is a Chartered Governance Professional with significant experience of supporting the governance of listed companies.

Other Directors serving during the year
During the year, Gill Barr and Guy Parsons served as Independent Non-Executive Directors of the Company until the conclusion of the Company's annual general meeting on 1 August 2024.

Executive Board

Nick Wiles
Chief Executive

Rob Harding
Chief Financial Officer

Julian Coghlan
Managing Director, Love2shop & Park Savings

Mark Latham
Managing Director, Card Services

Ben Ford
Customer Experience Director

Jo Toolan
Managing Director, Payments

Nick Williams
Parcels Services Director

Anthony Sappor
Retail Proposition and Partnerships Director

For the Executive Board biographies go to
https://www.paypointbusiness.com/corporate/our-group/executive-board

Simon Coles
Chief Technology Officer

Tanya Murphy
General Counsel

Chris Paul
Corporate Finance Director

Steve O'Neill
Chief Marketing and Corporate Affairs Officer

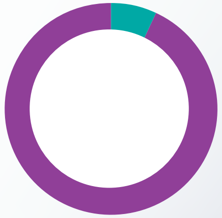
Katy Wilde
Chief People Officer

John Lynch
Data Analytics Director

Executive Board diversity

Gender

Female	21%
Male	79%



Ethnicity

Ethnic minority British	7%
White British	93%

Corporate Governance Report

Membership and attendance at scheduled Board meetings held during the year

The table below shows Directors' attendance at scheduled Board meetings held during the year.

		Attendance at scheduled Board meetings during the year	
Current members	**Role**	**Eligible to attend**	**Attended**
Executive Directors			
Nick Wiles	Chief Executive	6	6
Rob Harding	Chief Financial Officer	6	6
Non-Executive Directors			
Giles Kerr	Chairman	6	6
Gill Barr[1]	Independent Non-Executive Director	2	2
Guy Parsons[2]	Independent Non-Executive Director	2	1
Rosie Shapland	Independent Non-Executive Director	6	6
Rakesh Sharma	Senior Independent Director	6	6
Ben Wishart[3]	Independent Non-Executive Director	6	4
Lan Tu	Independent Non-Executive Director	6	6

1 Gill Barr retired from the Board on 1 August 2024.

2 Guy Parsons retired from the Board on 1 August 2024. Due to other commitments Guy was unable to attend one Board meeting.

3 Due to a period of ill-health Ben Wishart was only available to attend four of the scheduled meetings held during the year.

In addition to the six scheduled Board meetings, the Board met a further seven times during the year to give consideration to, and to approve, ad hoc matters in accordance with the schedule of matters reserved to the Board. The Board also held a dedicated strategy session to review the long term direction and goals of the business.

Board composition

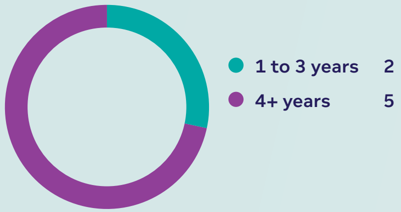
At the date of this report, the Board comprised seven Directors: the Chair; Chief Executive; Chief Financial Officer; Senior Independent Director; and three Independent Non-Executive Directors. The Non-Executive Directors have a broad range of skills and experience bringing balance and diversity to the Board. The biographies, skills and competencies of each of our Directors are set out on pages 74 to 75.

The size and composition of the Board is subject to ongoing review and a key consideration for any new Board appointment will be diversity factors as well as the breadth of knowledge and experience the new Director would bring.

The terms and conditions of appointment of the Non-Executive Directors and the Executive Directors' service contracts are available for inspection at the Company's registered office during normal business hours and at the Annual General Meeting. In accordance with the provisions of the UK Corporate Governance Code, all Directors will submit themselves for re-election at each Annual General Meeting.

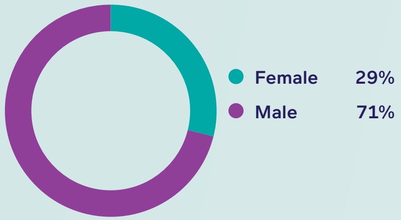
The Board's recommendations in respect of the re-election of each Director, which have been informed by the recommendations of the Nominations Committee, can be found in the Notice of Annual General Meeting.

Tenure of Board (as at 31 March 2025)



Board diversity (as at 31 March 2025)

Gender



Ethnicity

The Directors have disclosed all their significant external commitments. These have been considered by the Board and the Board has confirmed it is satisfied that all the Directors are able to allocate sufficient time to the Company to discharge their responsibilities fully and effectively.

Independence statement

The Board considers its Non-Executive Directors to be independent. The Chair was considered independent on appointment. The Board has determined that each is independent in character and judgement and is free from any business or other relationship which could affect the exercise of his/her judgement.

Following a 2024 consultation with shareholders regarding the possibility of the Chair serving a further three-year term, having first been appointed to the role in May 2020, the Chair was re-elected at last year's AGM. This has taken the Chair's overall Board tenure beyond the normal nine-year limit, having first been appointed to the Board in 2015. The rationale for extending the Chair's tenure was consistent with Provision 19 of the UK Corporate Governance Code to facilitate the effective and orderly succession planning for the role of the Chair and to provide stability in leadership to support with delivery of the Group's ambitious strategy.

Directors’ Remuneration

Details of how the provisions of the Code have been applied in respect of Directors’ remuneration are set out in the Remuneration Committee Report on pages 94 to 108.

Engagement with stakeholders

In its decision-making, the Board has regard to each Director’s duty to promote the success of the Company, taking account of the interests of the Company’s stakeholders. In particular it seeks to foster strong relationships with colleagues, shareholders, convenience retailer partners, SMEs, consumers, clients and local communities and therefore has taken account of the likely effect of the principal decisions taken during the financial year on these stakeholders.

During the year, colleague engagement activities took place which included employee and staff briefings along with informal meetings with the CEO. Following the retirement of the designated Non-Executive Director for employee engagement, Gill Barr, it was agreed that all Non-Executive Directors should be given an opportunity to attend the employee engagement forums on a rotating basis to promote wider engagement with the Board. The meetings were a positive addition to engagement with other stakeholders and were considered to have improved relationships with colleagues in the wider business.

Shareholder relations including retail investors

The Directors consider that the annual report and financial statements, together with other published information on the Company’s financial results and outlook, play an important role in providing shareholders with an evaluation of the Company’s position and prospects. The Board aims to achieve clear reporting of its financial performance and strategic priorities to all shareholders.

The PayPoint investor centre website provides comprehensive information for current and potential shareholders on its governance arrangements and strategic and financial matters.

The Company maintains a full investor relations programme, including formal roadshows following the full and half-year results and regular one-to-one meetings with current and potential institutional investors. Copies of investor presentations are available on our website.

The Board acknowledges the importance of an open dialogue with its institutional shareholders and welcomes engagement from all investors. The Annual General Meeting is a good forum for interaction between the Board and shareholders. Meetings are also held with investors throughout the year, both at their offices and in the form of site visits to PayPoint’s operations. The Chair and Senior Independent Director are available to address any unresolved shareholder concerns.

The Board has proposed resolutions at the forthcoming Annual General Meeting that will enable it to offer opportunities for retail shareholders to participate in any future non-pre-emptive share placings.

Conflicts of interest

In accordance with the Companies Act 2006 and the Articles of Association, Directors are required to report actual or potential conflicts of interest to the Board for consideration and, if appropriate, authorisation. If such conflicts exist, Directors may need to recuse themselves from consideration of the relevant matter. Under the Articles of Association, the Board has authority to approve any conflicts or potential conflicts of interest that are declared by individual Directors prior to and during appointment. Conditions may be attached to such approvals and Directors will generally not be entitled to participate in discussions or vote on matters in which they have or may have a significant conflict of interest.

A register of interests is maintained by the Company Secretary. No material conflicts were reported by the Directors during the year. For further information see the Nomination Committee report on page 88.

Whistleblowing

The Company’s Whistleblowing Policy is reviewed annually by the Audit Committee and any changes are recommended to the Board for approval. Colleagues and others are encouraged to speak up openly and raise any concerns to their line manager in the first instance. In cases where employees feel they need to speak elsewhere, the Whistleblowing Officer, Chief People Officer, Senior Independent Director and General Counsel are additional points of contact. Should colleagues or third parties feel the need to raise concerns which cannot be resolved through the normal channels, the Company offers a third-party anonymous point of contact, Protect, where concerns can be raised in confidence. Information about the whistleblowing service is widely publicised and referred to in policies and training provided to all colleagues. The Whistleblowing Policy was most recently reviewed by the Audit Committee and approved by the Board in September 2024. There have been no instances of whistleblowing reported during the year.

Culture

The Board is responsible for setting the Company’s culture, values and standards and their ongoing review. The Executive Board defines and advocates PayPoint’s purpose, vision and values and ensures there is continuous focus on culture, ethics and diversity. Our Code of Business Conduct defines the behaviours expected by colleagues and is supported by other Group policies and mandatory training. The Board is committed to embedding a ‘Welcoming Everyone’ approach to inclusion and has celebrated various events during the year from Pride month to International Women’s Day. The Board receives updates from the Non-Executive Directors following their attendance at the employee forums, as well as regular feedback on employee matters from the Chief People Officer and CEO.

Consumer Duty Regulations

In line with the introduction of the Consumer Duty regulations by the FCA, a consumer duty champion has been appointed for each of the Group’s regulated entities and each entity has implemented detailed policies and procedures which outline our commitment to the new requirements and our approach to meeting the obligations and the spirit of the Consumer Duty requirements.

Corporate Governance Report continued

Diversity Statement in accordance with UKLR 16.3.29[1]

Board Diversity

As at 31 March 2025 the Board comprises a male Chair, a male Senior Independent Director, one male and two female Non-Executive Directors and two male Executive Directors. None of the four leadership roles specified in the UK Listing Rules are currently held by a woman. Accordingly, the Board has 29% female representation and has not met either of the UK Listing Rules gender diversity targets during the financial period ending 31 March 2025. The Board has two Directors from a minority ethnic background and therefore meets this UK Listing Rules diversity target.

The appointment of Lan Tu as Senior Independent Director with effect from the 2025 AGM will help the Company to meet the target to appoint at least one woman in one of the four key roles of Chair, Senior Independent Director, CEO and Finance Director for the financial period ending 31 March 2026.

As a new constituent of the FTSE 250 in 2024, the Company has been included in the FTSE Women Leaders Review latest report on Board diversity and was reported as a Company that is below the 33% threshold for Women on Boards. The composition of the Board is kept under review by the Nomination Committee to ensure that the Board has an appropriate balance of skills, knowledge and experience to support the business. Further information on the work of the Nomination Committee can be found on page 86.

Diversity is a vital part of the Board composition assessment and the Board recognises the benefits of diversity among its members. The Board has adopted a Board Diversity, Equality and Inclusion Policy, which sets out the Board's commitment to making progress towards achieving the FCA targets in the longer term. The diversity of future Board candidates will be at the forefront of the Nomination Committee's mind when undertaking any future selection processes for new Director appointments, with diversity criteria balanced with making appointments that are based on ensuring the collective skills, knowledge and experience of Board members are appropriate to the needs of the business and to delivery of its strategy.

Business Diversity

In line with our colleague Diversity, Equality and Inclusion Policy, the Board remains committed to improving gender diversity at all levels. Members of the Executive Board comprise three female and eleven male members, representing a gender split of 21% female and 79% male. The senior leadership team (direct reports to the Executive Board) have a gender split of 43% female and 57% male. The gender split for all colleagues is 41% female and 59% male.

In accordance with UK Listing Rule 16.3.29, the prescribed numerical data on the ethnic background and the gender identity of the Board and the Executive Board is set out in the tables opposite. For the purposes of making these disclosures, the Company has collected this data by asking each Director or officer of the Company to confirm their gender identity and ethnic background directly and entering the responses onto the Company's HR system.

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID & Chair)	Number in executive management	Percentage of executive management
Men	5	71%	4	11	79%
Women	2	29%	0	3	21%

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID & Chair)	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	5	71%	3	13	93%
Asian/Asian British	2	28%	1	–	–
Black/African/Caribbean/Black British	–	–	–	1	7%

1 31 March 2025 is the Company's chosen reference date for the purposes of reporting against Listing Rule UKLR 16.3.29.

Corporate Governance Framework

The Board provides effective leadership to the Group through a corporate governance framework which includes the clearly defined roles and responsibilities illustrated below. The governance framework supports the Board's strategic decision-making, scrutiny of performance, risk management, and progress towards objectives, and its role in leading the Group culture and values. The framework ensures there is appropriate accountability for delivery of the Company's strategic aims, taking due account of the interests of shareholders as well as our wider stakeholders.

The Board

The Board is collectively responsible for the long-term success of the Group and is accountable to the Company's shareholders. The Board provides effective leadership by setting the Group's strategic goals and overseeing the efficient implementation of its objective to achieve ambitious but sustainable growth. It monitors operational and financial performance against agreed objectives, whilst ensuring that the appropriate controls and systems exist to manage risk. The Board ensures that the necessary financial resources and people are available within the business to achieve the strategic goals the Board has set, and that the Group's policies and practices are consistent with the culture and values established by the Board. The Nomination, Audit and Remuneration Committees support the Board in carrying out its responsibilities. The Board has approved a schedule of Matters Reserved to the Board, being those decisions that will not be delegated, full details of which can be found on the Company's website www.corporate.paypoint.com.

Audit Committee

The key role of the Committee is to assist the Board in fulfilling its oversight responsibilities by reviewing and monitoring the integrity of the financial statements of the Company and any formal announcements relating to its financial performance, reviewing significant financial reporting judgements contained in them, the system of internal controls and risk management, the internal and external audit process and auditors, and the processes for compliance with laws, regulations and ethical codes of practice. Read more on page 88.

Nomination Committee

The key roles of the Nomination Committee are to ensure there is a formal procedure for appointment to the Board, ensure Board composition is regularly reviewed, in particular taking account of the Group's strategic priorities and commercial needs, ensure plans are in place for orderly and diverse succession for the Board and executive team, and to work with the Remuneration Committee to ensure the appropriate remuneration package is offered to new Board members. Read more on page 86.

Remuneration Committee

The role of the Committee is to ensure that the Group's remuneration policy and practices are designed to support delivery of PayPoint's strategy, promote the Company's long-term sustainable success, and reward fairly and responsibly, with a clear link to corporate and individual performance, having regard to statutory and regulatory requirements. The Committee ensures Executive remuneration is aligned to the Company's purpose and values and linked to delivery of the Company's long-term strategy. The Committee also reviews wider workforce remuneration and related policies and the alignment of incentives and rewards with PayPoint's culture. Read more on page 94.

Market Disclosure Committee

The Market Disclosure Committee oversees the disclosure of information by the Company to ensure that it meets its obligations under the Market Abuse Regulations and the Financial Conduct Authority's UK Listing Rules and Disclosure Guidance and Transparency Rules. Its members are the Chief Executive, Chief Financial Officer, Company Secretary and General Counsel.

Cyber Security & Information Technology Sub-Committee

The Cyber Security & Information Technology Sub-Committee is a sub-committee of the Audit Committee. The role of the Committee is to oversee and enhance the Audit Committee's understanding of the IT systems, policies, controls and procedures which management has put in place to identify, manage and mitigate cyber and information security risks, respond to relevant incidents and protect IT infrastructure assets. Read more on page 92.

Executive Board

The Executive Board is led by the Chief Executive and comprises: the Chief Financial Officer, Managing Director of Card Services, Managing Director of Payments, Managing Director of Love2shop and Park Christmas Savings, Customer Experience Director, General Counsel, Chief Technology Officer, Chief People Officer, Data Analytics Director, Chief Marketing and Corporate Affairs Officer, Corporate Finance Director, Retail Propositions and Partnerships Director, and Parcel Services Director. The Executive Board is responsible for the day-to-day operational management of the Group and supports the Chief Executive in implementing the Group's strategic priorities. The Board oversees the activities of the Executive Board.

Regulated entities within the Group

The Group has five regulated entities as detailed below. The Managing Directors of each of these regulated entities report to the Chief Executive:

- PayPoint Payment Services Limited[1] (FRN: 608277)
- Handepay Limited[2] (FRN: 673564)
- Merchant Rentals Limited[3] (FRN: 720500)
- RSM 2000 Limited[4] (FRN: 729928 & 715057)
- Park Card Services Limited[5] (FRN: 900016)
- obconnect Limited[6] (FRN: 935017)

1 This an authorised payment institution regulated by the FCA with permission to provide regulated payment services (including certain Cash Out services) under the Payment Services Regulations 2017.
2 This is an authorised Consumer Credit (Consumer Hire) company regulated by the FCA with credit broking permissions under the Consumer Credit Act. This is a Limited Permission Consumer Credit firm.
3 This is an authorised Consumer Credit (Consumer Hire) company regulated by the FCA with permission to enter into Regulated Consumer Hire Agreements as owner and to exercise or have the right to exercise the owner's rights and duties under regulated Consumer Hire Agreement permissions. This is a Limited Permission Consumer Credit firm.
4 This is an authorised payment institution regulated by the FCA with permission to provide regulated payment services under the Payment Services Regulations 2017 and is also an authorised Consumer Credit company regulated by the FCA with permissions for credit broking, debt collecting, debt administration, entering into Regulated Consumer Hire Agreements as owner and exercising or having the right to exercise the owner's rights and duties under a regulated Consumer Hire Agreement. This is a Full Permission Consumer Credit Firm.
5 This is an Authorised Electronic Money Institution regulated by the FCA with permissions to issue electronic money (e-money) and provide payment services.
6 This is an authorised payment institution regulated by the FCA with permissions to issue electronic money (e-money) and provide payment services. PayPoint plc became the majority shareholder of obconnect Limited in October 2024.

ESG Working Group

The Board of Directors retains oversight on all issues of ESG including setting strategy and meaningful targets, reporting on TCFD and engagement with key stakeholders.

The Executive Board has overall day-to-day management responsibility for ESG matters and hears progress reports from the ESG Working Group (a working party of the Executive Board comprising the Chief People Officer, the Head of Compliance, Risk and Internal Audit, the Chief Marketing and Corporate Affairs Officer, the Head of Financial Control and others to progress ESG matters and TCFD reporting through regular meetings). The Group met throughout FY25 and progressed various aspects of TCFD reporting and ESG matters that were considered and approved by the Executive Board and Board. The ESG Working Group monitors performance against targets throughout the year and reports performance to the Executive Board and Board. Read more on pages 32 and 33.

Division of roles and responsibilities

There is clear and effective division of roles and responsibilities of the Board as shown below:

Board governance and leadership

Chair – Giles Kerr

Giles Kerr is responsible for the effective leadership, operation and governance of the Board and its Committees. He ensures that the Board as a whole plays a full and constructive part in the development and determination of the Group's strategy and overall commercial objectives. His current responsibilities include:

- setting the Board's agenda and ensuring the Board receives accurate, timely and clear information on all matters reserved to its decision and on the Group's performance and operations and that appropriate time is available to the Board to consider and approve the Group's strategic direction and business model;
- ensuring compliance with the Board's approved procedures;
- arranging informal meetings of the Directors, including meetings of the Non-Executive Directors at which the Executive Directors are not present, as required to ensure that sufficient and timely consideration is given to complex, contentious or sensitive issues;
- chairing the Nomination Committee, and, in that role, initiating change and succession planning to retain and build an effective, diverse and complementary Board and Executive Board memberships, and to facilitate the appointment of effective and suitable members and Chairs of Board Committees;
- ensuring effective dialogue with shareholders, led by the Chief Executive, sharing feedback so that members of the Board develop an understanding of the views of major investors; and
- promoting the highest standards of integrity, probity and corporate governance at Board level and throughout the Group.

Constructive challenge and independent oversight

Senior Independent Director – Rakesh Sharma

Rakesh Sharma supports the Chair in his role by acting as a sounding board for the Chair and a trusted intermediary for other Directors. His other main responsibilities include:

- chairing the Nomination Committee when it is considering succession to the role of Chair of the Board;
- meeting with the Non-Executive Directors at least once a year to appraise the Chair's performance and on such other occasions as are deemed appropriate;
- being available to shareholders if they have concerns which contact through the normal channels of the Chief Executive, Chief Financial Officer or Chair has failed to resolve or for which such contact is inappropriate; and
- having sufficient contact with major shareholders to obtain a balanced understanding of their issues and concerns.

Independent Non-Executive Directors – Rosie Shapland, Lan Tu and Ben Wishart

The Independent Non-Executive Directors bring a strong independent element to the Board and provide constructive challenge and support on strategic and governance matters. They are expected to attend all scheduled Board and Committee meetings, and to devote such time as is necessary f or the proper performance of their duties.

During the year, the Chair held meetings with the Non-Executive Directors without the presence of the Executive Directors. There were no unresolved concerns about the running of the business.

Running the business

Chief Executive – Nick Wiles

Nick Wiles is responsible for managing the Group's business and for proposing and developing the Group's strategy and overall commercial objectives. He leads the Executive Board, the members of which are set out on pages 76 to 77. His other main responsibilities include:

- providing input to the Board's agenda and ensuring that the Executive Board provides timely reports to the Board that contain clear, accurate and adequate information to inform the Board's discussions and decision-making;
- implementing the Board's agreed strategy with the support of the Executive Board;
- ensuring that the Chair is alerted to forthcoming complex, contentious or sensitive issues affecting the Group;
- providing information and advice to the Chair and Nominations Committee in respect of succession planning for membership of the Executive Board;
- leading investor dialogue activities; and
- acting as director of various subsidiaries of the Group.

Chief Financial Officer – Rob Harding

Rob Harding is responsible for all financial reporting, tax, treasury and financial control aspects of the Group. As a member of the Executive Board, he also provides support to the Chief Executive in the development and implementation of the strategy, and in the wider activities of the Group as required. Rob is also a chair and director of various subsidiaries of the Group and acts as Consumer Duty Champion.

Executive Board

The Executive Board comprises the MD of each division and the heads of each enabling function. The Executive Board's members are identified on pages 76 to 77. The Board's approved Delegation of Authorities sets out the Executive Board's responsibilities which include:

- preparing the annual business plan and forecasts in conjunction with the Chief Executive and Chief Financial Officer;
- approving the entering into of significant contracts consistent with the limits set out in the Delegation of Authority;
- management of divisional/functional headcount and employment costs, in line with the approved financial plan and in conjunction with Finance and HR partners; and
- assessing employee performance and awarding bonuses in accordance with scheme rules and in conjunction with the Chief People Officer.

Board activities

Board support

Indigo Corporate Secretary Limited was appointed as Company Secretary to the Board and all its Committees in December 2023. Julia Herd, FCG, on behalf of Indigo, provides advice and assistance to the Board to ensure good governance practices, compliance with company law, UK Listing Rules, Disclosure Guidance and Transparency Rules and the Market Abuse Regulations, and the smooth running of the Board and its Committees. Her other responsibilities include:

- supporting the Board and Committee Chairs in setting meeting agendas and ensuring appropriate and sufficient information is made available to the Board members in a timely fashion;
- arranging the induction of new Directors and coordinating training requirements for the Board as required;
- organising an annual internal Board and Committee evaluation or facilitating an external review as appropriate;
- membership of the Market Disclosure Committee of the Board; and
- acting as secretary to the Group's subsidiaries.

The Board and its Committees meet regularly throughout the year with meetings scheduled around key dates in the Company's corporate calendar, and when necessary to consider key corporate transactions or events.

A Board strategy session was also held in September 2024.

The Board is updated on progress against the strategic plan and any new initiatives to grow and develop the PayPoint Group, challenges that could threaten achievement of the Group's key ambitions and other material matters.

The Chair sets the agenda for each Board meeting and ensures that adequate time is available for discussion of all agenda items. He ensures decisions are reached in an effective manner by facilitating open discussion and debate of agenda items by Board members which are well informed by appropriate information and reports. The Non-Executive Directors meet ahead of each Board meeting to discuss the business of the meeting and any related issues. Consultations with management and with external advisers are held when necessary to aid the Board's decision-making process. The table that follows shows the key areas of Board activity during the year ended 31 March 2025.

1. Strategy and business review

- Held a scheduled strategy session followed by progress reviews throughout the year.
- Agreed the new targets set for the Group for the next three years to the end of FY28 as set out on page 02.
- Received regular business and performance updates across all divisions.

2. Internal control and risk management

- Assessed the IT infrastructure and cyber risks generally and specifically.
- Assessed the effectiveness of the internal controls and risk management process within the Group.
- Received the Executive Team's annual attestation that all risks and that all controls have been operating during the year.
- Carried out a robust assessment of the nature and extent of emerging and principal risks and uncertainties facing the Group and how these risks could affect the business, financial condition or operations of the Group.

3. Financial

- Approved half-year and full-year financial statements and quarterly trading updates.
- Approved interim dividends and recommended the final dividend to be paid to shareholders during the financial year ended 31 March 2025.
- Reviewed management presentations to analysts for the full and half-year results.
- Considered and approved the three-year plan for the financial years ending 31 March 2026–28.
- Reviewed Group forecasts and scrutinised the built-in risks and opportunities.
- Received monthly management accounts.
- Received management reports.
- Approved the refinancing facility with Barclays Bank PLC, The Governor and Company of the Bank of Ireland, Lloyds Bank plc Allied Irish Banks P.L.C. and ABN AMRO Bank N.V. as arrangers and original lenders, Lloyds Bank plc as documentation coordinator and The Governor and Company of the Bank of Ireland as agent and security agent.
- Approved investments by the Company into AperiData by way of a £1m investment in convertible loan notes and the subscription for 19.9% of the share capital.
- Approved the purchase of a 55.3% stake in obconnect.
- Approved an investment of £15 million in convertible loan notes in Judge Logistics, the parent company of Yodel.
- Approved the Company's share buyback programme.

Board activities continued

4. Governance

- Approved the increase of fees for the Non-Executive Directors by 2%.
- Approved the 2024 Notice of Annual General Meeting.
- Reviewed and approved the Board policy on Diversity, Equality and Inclusion.
- Reviewed investor feedback from the full and half-year roadshows.
- Approved the Modern Slavery Statement.
- Discussed feedback from the internal board effectiveness review to identify priority actions to enhance the Board's effectiveness.
- Carried out a performance evaluation of the Board and its Committees.
- Approved revisions to the terms of reference of the Audit, Remuneration and Nomination Committees and the Cyber Security and IT Sub-Committee.
- Approved revisions to various policies and the Board's Matters Reserved for the Board.
- Considered shareholder analysis reports.
- Undertook Director training on regulatory requirements and on cyber-security.

5. People

- Reviewed Group health and safety reports.
- Discussed the composition of the Executive Board and reviewed succession planning.
- Received updates on employee forum matters and agreed a new approach for rotating Non-Executive Director engagement at the employee forum.

Induction and training

On joining the Board, all new Directors receive a full, formal and tailored induction. Meetings are held with each member of the Executive Board and other senior management in the business and external advisers as appropriate. The induction includes the provision of relevant current and historical information about the Company together with applicable business policies. In addition, as part of their induction, new Directors undertake a number of retail site visits to better acquaint themselves with PayPoint products and services and to receive first hand customer feedback. The Company Secretary assists in the induction of new Directors and undertakes a review with new Directors post induction to consider any initiatives which would improve the process. There were no inductions undertaken during the year.

Training and support

Directors are provided with clear and accurate information on matters to be considered at the Board and its Committee meetings. This information is provided in a timely manner to ensure an appropriate level of review by each Director ahead of the meetings.

In the course of the year, the Board is briefed on any significant changes in the law, regulations, governance, best practice or developments within PayPoint which affect their roles both on the Board and on the Board Committees. Experts and advisers are brought in as necessary to present to the Board or its Committees on technical subject matters. During the year, the Board received compliance training which was facilitated internally, as well as a cyber security training session undertaken by an external provider and a regulatory legal briefing provided by an external law firm.

To support the transition of the new Remuneration Committee Chair, a bespoke training session was provided by the Company's independent external remuneration adviser, as well as one to one meetings with the Chief People Officer.

The Directors have access to the Company Secretary as well as members of the Executive Board and senior management, and they can also seek independent professional advice if this is deemed necessary for the proper performance of their duties.

Performance evaluation of the PayPoint Board and its Committees

In accordance with the Code, there should be a formal and rigorous annual review of the performance of the board, its committees, the chair and individual directors. Following the external review conducted by Fidelio Partners Board Development & Executive Search Ltd ('Fidelio') in 2024, this year's performance review was undertaken by Indigo Independent Governance Limited using an online survey to collect feedback from the board on its performance and the performance of its Committees.

The survey review consisted of 16 questions covering areas including: strategy, governance, board composition, stakeholders and risk. Based on the outcomes of this exercise, the Board confirmed it considered its performance to be strong and effective, with a high level of transparency and openness and a clear view of the business and challenges it has encountered.

The survey questions were consistent with those used by Fidelio in 2024 to aid evaluation of the Board's progress. In comparison to the average ratings from last year, there had been an improvement in average scores across most points raised in the 2024 review. A number of recommendations were put forward to further enhance the effectiveness of the Board relating to alignment with the Group's short-term and long-term goals and promotion of the Group's strategy.

The review concluded that the Board and its Committees continue to be effective. A discussion of the Board effectiveness review report and its recommendations, as well as the Board's current strengths and challenges took place at the March 2025 Board meeting.

Following the Board's discussion, a detailed action plan was developed and was agreed to cover the following themes:

1. Ensure that regular updates from the Chief People Officer are provided to the Board;
2. Continue to promote NED attendance at Executive meetings between the Board and executive leadership team;
3. Encourage NED attendance at Employee Forums;
4. Consider inviting external speakers to address knowledge gaps aligned with the skills matrix of the Board;
5. Ensure that time is dedicated at future Nomination Committee meetings to discuss succession planning; and
6. Ensure that the Board receive reports on engagement survey results and targeted culture reviews.

Progress against the action plan will be reviewed by the Nomination Committee on a regular basis throughout the year.

Chair's Performance Review

In accordance with the UK Corporate Governance Code, Rakesh Sharma, as Senior Independent Director, led a review of the Chair's performance by the Directors. The review concluded that the Directors were satisfied with the Chair's performance and that he continues to operate effectively.

Individual Directors' Performance Reviews

Individual Directors' performance reviews were carried out by the Chair during the year through a continual review process, which included having individual conversations with the Directors on their performance and contribution to the Board.

Progress against the 2024 external evaluation output

Last year, the annual Board performance review was facilitated externally by Fidelio, an independent specialist consultancy. Set out below is the progress made against the actions identified through this external effectiveness review of the Board and its Committee undertaken by Fidelio, via a questionnaire circulated to each Director for their views on the performance of the Board and its Committees.

Key issues identified	Progress during the year ended 31 March 2025
Ensuring effective, well considered Board discussion on key issues	A review was undertaken to align the Board meeting cadence with business reporting and activities to support provision of information to the Board in a timely and effective manner to inform effective and considered Board discussions.
Continue to align Board composition to the needs of PayPoint	A Board skills assessment and matrix was completed during the year which has been used to support training needs and to assist with orderly succession planning.
Director confidence in discussing risk and strategy could be improved	The Board has discussed the Group's newly adopted risk management framework and risk architecture throughout the year in preparation for Provision 29 of the UK Corporate Governance Code (2024). The Board had an open and meaningful discussion at an off-site strategy session in September 2024 covering longer term strategy and key risks.
Oversight of stakeholder and shareholder engagement	Regular feedback on shareholder and stakeholder matters was reported to the Board by the Chief Executive. The Board also approved a new format for the results presentation to better support stakeholders' understanding of the business.
Continue focus and guidance on the People agenda	Updates were provided throughout the year to the Board on the People agenda by the Chief Executive and the Chief People Officer.
Provide a focused Board learning programme	A training programme was developed, including external speakers and internal speakers on business areas, to improve knowledge in areas identified in the skills assessment.

Nomination Committee Report

We are focused on ensuring the Board has the right skills and experience to support the business to deliver our strategy. Board composition and succession planning will continue to be an important focus area for the Committee in the year ahead."

Giles Kerr
Chair, Nomination Committee

Nomination Committee responsibilities

The Committee's key role is to ensure that the Board has the appropriate skills, knowledge and experience to operate effectively and deliver our strategy. It is responsible for regularly reviewing the size, structure and composition of both the Board and its Committees, taking into account the challenges, opportunities and strategic priorities of the business.

The Committee identifies, and recommends to the Board, candidates to fill Board vacancies based on merit and objective criteria, including diversity factors, and ensures that appointment processes are formal, rigorous and transparent. The Committee also oversees the development of a diverse pipeline for executive succession. The Chair invites the Chief Executive to attend the Committee's meetings, together with the Chief People Officer, as and when required. The Company Secretary acts as secretary to the Committee. Further details of the Committee's responsibilities can be found in its terms of reference, on the Company's website www.corporate.paypoint.com.

Membership and attendance

Giles Kerr (Chair)
Appointed: 20 November 2015, becoming Chair in May 2020
3/3

Rakesh Sharma
Appointed: 12 May 2017
3/3

Rosie Shapland
Appointed: 2 October 2020
3/3

Lan Tu
Appointed: 15 March 2024
3/3

Ben Wishart
Appointed: 14 November 2019
1/3

Gill Barr
Appointed: 1 June 2015
1/1

Guy Parsons
Appointed: 23 March 2023
0/1

Dear Shareholders,

On behalf of the members of the Nomination Committee, I am pleased to present the Nomination Committee Report for the year ended 31 March 2025.

The Committee met three times during the year. The key areas of focus included:

- the retirement of Guy Parsons and Gill Barr from the Board, and specifically the decision that no further appointments were currently required as a result;
- the change of Remuneration Committee Chair;
- Directors' suitability for re-election, including an assessment of their independence, their contribution to the Board and the time they commit to their duties in accordance with the requirements set out in the Code;
- the output from the annual Board effectiveness review that was conducted internally for FY25; and
- the annual review of the Committee's effectiveness and terms of reference.

The Committee also met on 5 June 2025 to discuss succession planning for the role of the Senior Independent Director.

Following each Committee meeting, a summary of the Committee's activity is provided to the Board together with any recommendations.

Board changes

During the year, Non-Executive Directors Guy Parsons and Gill Barr retired from the Board. The composition of the remaining Board was reviewed and it was recommended that no further changes be made. However Board composition will be kept under review by the Committee during this year.

During the year, Ben Wishart took over as Chair of the Remuneration Committee. Rakesh continued to serve as the Senior Independent Director as well as a member of the Remuneration Committee, Nomination Committee, Audit Committee and the Cyber Security and Information Technology Sub-Committee.

Diversity

The Board's policy on diversity, equity and inclusion (DE&I), which is reviewed annually by the Committee, sits alongside PayPoint's employee policy, which sets out the Company's commitments to create a positive and inclusive environment. The Board policy addresses the specific requirements of the UK Corporate Governance Code in relation to the Board and its Committees and the recommended targets set out by the FTSE Women Leaders Review, the Parker Review and the UK Listing Rules.

All Board appointments are made on merit, in the context of the balance of skills, experience, independence and knowledge which the Board as a whole requires to be effective, taking account of diversity factors.

Responsibility has been delegated to the Chief People Officer for the operation of the diversity and inclusion policy across the wider workforce and for ensuring its maintenance and review. Efforts to increase diversity in the senior management pipeline for Executive Board positions continue to be supported, and greater diversity in senior management roles across the Group is encouraged.

As at 31 March 2025, the Company had only two female members on the Board, representing 29% of Directors, and no women in any of the senior Board positions (CEO, CFO, Chair or SID). Therefore the Company did not meet the targets on gender diversity set out by the FTSE Women Leaders Review and UK Listing Rules.

As at the date of this report, it has been agreed by the Board, on the recommendation of the Committee, that Lan Tu should succeed Rakesh Sharma as Senior Independent Director with effect from the 2025 AGM. The Company will therefore meet the target to appoint at least one woman in one of the four key roles of Chair, Senior Independent Director, CEO and Finance Director for the financial period ending 31 March 2026.

During the year the Board reduced in size with two directors retiring at the 2024 AGM and there were no new appointments during the year. As part of our ongoing succession planning, including reviewing the size of the Board, the Committee will consider diversity amongst other factors, such as priority skills and experience, when looking to make future appointments to the Board at the next available opportunity.

PayPoint Plc meets the targets set out in the Parker Review and the UK Listing Rules in respect of ethnic diversity on UK boards.

For more information on our diversity, equity and inclusion policy please refer to page 80.

Directors' time commitment and length of service

All Directors are aware of the need to allocate sufficient time to their Board role in order to discharge their responsibilities effectively. The Nomination Committee monitors meeting attendance, length of service and the extent of each Director's external commitments on an ongoing basis.

All Directors will be offering themselves for re-election at the Annual General Meeting on 6 August 2025.

The terms and conditions of appointment of Non-Executive Directors and the service contracts of Executive Directors will be made available for inspection at the Annual General Meeting.

Directors' conflicts of interest

The Nomination Committee annually reviews and considers the interests and other external appointments held by the members of the Board. External interests that have been declared are recorded in our register of interests and this was reviewed and approved by the Committee at its meeting in March 2025. The Directors have a continuing duty to inform the Board of any potential conflicts immediately so that such conflicts may be considered and, if authorised, included within the register of interests. We recognise that the Non-Executive Directors have other business interests outside of PayPoint Plc and that their experience with other directorships brings significant benefits to the Board. All key external roles are set out within the Directors' biographies on pages 74 to 75. Non-Executive Directors are required to obtain the approval of the Chair before accepting any further appointments.

A register of related parties is also maintained and updated by the Company Secretary in order that any related party transactions are identified and the necessary disclosures made.

This Nomination Committee Report was approved by the Committee.

Giles Kerr
Chair, Nomination Committee
11 June 2025

Chair succession planning

During the year, the Chair continued to demonstrate strong leadership and commitment and promoted a culture of inclusivity and openness, encouraging robust debate amongst the Board. The Chair has established a strong working relationship with the Chief Executive and management, which the Committee considers to be of particular value as management continues to focus on achieving the Group's £100m EBITDA target by the end of FY26 and the new targets set for the Group for the next three years as detailed on page 02.

Following a consultation with shareholders in 2024, it was agreed that the Chair should serve a further three-year term as Chair, having first been appointed to the role in May 2020. The Chair's re-election was approved by shareholders at the 2024 Annual General Meeting notwithstanding that this approach took the Chair's overall Board tenure beyond the normal nine-year limit.

The rationale for extending the Chair's tenure was carefully considered by the Nomination Committee during 2024 and was considered to be consistent with Provision 19 of the UK Corporate Governance Code in that the extension would support the facilitation of an effective and orderly succession plan for the role of the Chair and be in the best interests of the Company by providing leadership stability to support the delivery of the Group's strategy.

The Chair's re-election will be proposed to shareholders again at this year's AGM.

Audit Committee Report

The Committee has focused on a review of the risk management framework and revisions to the risk architecture within the Group in preparation for the introduction into the UK Governance Code of the new provision 29 requirements relating to the effectiveness of material internal controls."

Rosie Shapland
Chair, Audit Committee

Audit Committee responsibilities

The Committee's key role is to support the Board in fulfilling its responsibility for oversight of the integrity of the Company's financial reporting to shareholders and any formal announcements relating to the Company's financial performance. Significant financial reporting issues and judgements, together with any changes in accounting principles and policies, and any material control recommendations are reviewed by the Committee and reported through to the Board.

As requested by the Board, the Committee reviews the content of the annual report and financial statements and advises the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy. The Committee also supports the Board in assessing the relationship with the external auditor and their effectiveness, as well as reviewing the effectiveness of the internal control and risk management framework of the business. Taking account of the principal risks facing the business, the Committee assesses the on-going viability of the Company, and also monitors its processes for compliance with laws, regulations and the Group's ethical practices.

Further details of the Committee's responsibilities can be found in its terms of reference, on the Company's website https://paypointbusiness.com/corporate.

Membership and attendance

Rosie Shapland (Chair)
Appointed: 2 October 2020, becoming Chair in December 2020
5/5

Rakesh Sharma
Appointed: 12 May 2017
5/5

Lan Tu
Appointed: 15 March 2024
5/5

Ben Wishart
Appointed: 14 November 2019
2/5

The Audit Committee invites the external auditor to attend each meeting, along with the Chief Executive, Chief Financial Officer and Chair of the Board. Other members of management attend as and when requested. The Company Secretary acts as secretary to the Committee.

Guy Parsons
Appointed: 23 March 2023
0/2

Gill Barr
Appointed: 1 June 2015
2/2

Dear Shareholders,

As Chair of the Audit Committee (the 'Committee') I am pleased to present the Audit Committee Report for the year ended 31 March 2025. The report sets out the remit of the Committee, its areas of focus for this financial year and the Company's relationship with its external auditor, PricewaterhouseCoopers LLP ("PwC").

The Committee held five scheduled meetings during the year, with meetings timed to coincide with the financial and reporting cycles of the Company. The Committee reviewed and discussed the final report from the external auditor and recommended the 2024 annual report and financial statements to the Board prior to their approval. In addition, the Committee met with the Company's external auditor during the year without management being present.

The Committee also met on 5 June 2025 to review the 31 March 2025 annual report and financial statements and the findings of the external auditor and to receive the auditor's final report.

In the period since our previous report, the work undertaken by the Audit Committee was as follows:

Financial reporting and policies

- Reviewed the annual and interim financial statements and, having considered the Group's ongoing viability, recommended to the Board the going concern basis for preparation of the financial statements. In doing so, the Committee had regard to an assessment which modelled the possible occurrence of significant risks and events, and which showed that the Group would continue to be viable and profitable over a three-year period.
- Considered significant accounting policies, financial reporting issues, judgements and estimates. In particular the Committee scrutinised the obconnect acquisition accounting, in particular the fair values of intangible assets, the valuation of the Yodel convertible loan notes, the accounting for the settlement of the claim by Utilita and, for the parent company only, the valuation of the investment in Merchant Rentals Limited.

- Further information about which significant financial judgements and estimates and other financial reporting matters the Committee addressed, and the proposals and assurance they reviewed, is provided on pages 92 to 94.
- Considered the findings set out in the reports from the external auditor, including recommendations on the Group's IT general controls (ITGCs), management's agreed actions to enhance and strengthen them and progress against those actions.
- Reviewed and approved the external audit fees, and received assurance on the external auditor's independence. The Group's policy on non-audit services was also reviewed.
- Considered and made recommendations to the Board regarding proposed dividend payments.
- Reviewed the Group's treasury policy.
- Approved the Group's tax strategy for the year and reviewed the approach to certain tax matters.

Internal audit

- Assessed the audit universe and audit cycle, approved the annual internal audit plan and resources for FY25.
- Monitored progress against the year's audit plan and internal audit team resourcing.
- Received internal audit reports and assessed key findings and monitored the Group's progress in implementing control recommendations.
- Approved the Group's internal audit policy.

Risk management and internal controls

- Reviewed the Company's risk management framework and any changes thereto prior to recommending the principal and emerging risks for approval and discussion at the Board.
- Reviewed the effectiveness of internal controls, including but not limited to financial controls, and the Group's risk management systems. The Committee also considered the risk management framework and revisions to the risk architecture in preparation for the introduction of provision 29 of the UK Corporate Governance Code 2024, relating to the effectiveness of material controls.
- Considered quarterly updates from the Head of Risk, Compliance and Internal Audit on the Group risks.
- Considered quarterly updates from the Head of Risk, Compliance and Internal Audit which provided an overview of compliance within the Group's regulated entities.
- Received reports from the Chair of the Cyber Security and Information Technology Sub-Committee. The work of this Sub-Committee is described on page 94, with further information on its role set out on page 81.
- Reviewed the Group's insurance coverage and approved amendments to include obconnect.
- Considered fraud, anti-bribery and whistleblowing matters, including reviewing the Company's whistleblowing and anti-bribery and corruption policies.
- Reviewed the results of the annual safeguarding audit for Love2shop.

Governance

- Carried out an annual review of the Committee's terms of reference.
- Reviewed and approved Group policies including the new Risk Management Policy, which has been enhanced to support the requirements of the UK Corporate Governance Code 2024 and defines a group of 20 core policies to support the risk management framework.
- Remained up to date with developments, including the FRC's Audit Committees and the External Audit: Minimum Standard and the changes to the UK Corporate Governance Code.

Review of risk management framework and internal controls

The Board, via the Committee, has carried out a robust assessment of the principal and emerging risks facing the Group, including those that could threaten its business model, future performance, solvency or liquidity. This is more fully described on pages 56 to 63.

For the Group the following key procedures and monitoring processes are in place to provide effective internal control:

- The Board approves key Group policies and the authorities delegated to the Executive Board and senior management. Internal audits assess adherence and exceptions are reported in internal audit reports which are made available to the Audit Committee.
- There is an ongoing process to identify, evaluate and manage risks via functional and entity Risk and Control registers and significant risks are reported to the Board and Audit Committee. The Group's risk architecture has been revised during the year.
- The Committee reviews risk appetite for principal risks and compliance with risk appetite is monitored through the Group's risk assessment processes.
- The Committee reviews key risks presented by the Head of Risk, Compliance and Internal Audit at each meeting to ensure management effectively implements preventative and detective controls to monitor and mitigate risk.
- The Group's Risk and Compliance teams continuously monitor that processes have been correctly followed across the Group. Exceptions are reported to the Committee and Cyber Security and IT Sub-Committee.
- Executive and Finance management annually attest that to their knowledge they and their teams adhered to Group policies, delegated authorities and year-end procedures; and that relevant Risk and Controls registers are a fair representation of risks, and the controls listed operated effectively during the year. Attestation details are reported to the Committee.
- On behalf of the Board, the Committee reviews fraud, anti-bribery and whistleblowing – there were no instances of significant fraud, whistleblowing or identified instances of bribery or corruption within the Group during the year.
- The ESG Working Group oversees the Group's environmental and social related risks and makes recommendations to the Board, as well as reviewing the TCFD disclosures in the annual report and financial statements.
- The Cyber Security and IT Sub-Committee reviews key IT and cyber risks to ensure the Group's IT function effectively implements preventative and detective controls to monitor and mitigate risk.
- The Chair of the Sub-Committee reports to the Committee after each of the Sub-Committee meetings.

On the basis of the above procedures and monitoring processes, the Board, supported by the Audit Committee, has reviewed the effectiveness of the Group's risk management framework and internal control systems. The Directors confirm that the processes described have been in place during the financial year and up to the date of the approval of the annual report and financial statements.

During the year, the Group's risk management processes and framework have been under review with a new risk management framework embedded into the business and a revision of the risk architecture in preparation for the introduction of provision 29 of the Corporate Governance Code 2024 relating to the effectiveness of material internal controls, which will be reported on in the FY27 annual report and financial statements.
As part of the review of risk management during the year, the Group completed an organisational restructure, which included the merger of the risk and internal audit and compliance functions and a new Head of Risk, Compliance and Internal Audit being appointed. This has provided an opportunity to enhance the internal audit function's understanding of the Group's regulatory requirements, whilst providing the knowledge and expertise to support the audit review process, enabling a more integrated approach to internal audit. Oversight of the implementation of the new risk management reporting framework will be a key activity for the Audit Committee during the year ahead.

Audit Committee Report continued

Review of effectiveness of internal controls and risk management

The Committee and Cyber Security and IT Sub-Committee support the Board with monitoring risk management and internal control systems and reviewing their effectiveness. The Committee seeks assurance on the effectiveness of the risk management and internal control framework by receiving regular and comprehensive reports and information from the Group's risk, internal audit and compliance teams. The Board has defined its risk appetite for all principal risks, as described on page 58. A standard risk assessment methodology is applied across the Group to evaluate gross and residual risk and compare residual risk against risk appetite.

External audit

In relation to the Group's external audit, the Committee carried out the following activities during the year:

- Agreed the scope of the 2025 audit together with the external auditor's fees and terms of engagement. Details of the amounts paid to the external auditor for the audit and other services for FY25 are given on page 146.
- Received the external auditor's plan for the financial year, reviewing materiality thresholds and areas of risk where the auditor would focus their work.
- Reviewed the effectiveness of the external audit process by discussing the results of the auditor's work and their views on material accounting issues, the challenges they have raised with management on key judgements and estimates and feedback from the Chief Financial Officer and other senior members of the finance team.
- Reviewed and monitored the independence of the external auditor and approved their provision of non-audit services.

Significant judgements and critical estimates in relation to the financial statements for the year ended 31 March 2025

In preparing the financial statements for 2025, there were several areas requiring the exercise by management of judgement or a high degree of estimation. Throughout the year, the finance team worked closely with the external auditor to ensure the Company provided the required level of disclosure. The tables below outline the significant areas of judgement and estimation together with other financial reporting matters that have been considered by the Committee in discussion with management and the external auditor.

Significant financial judgements and critical estimates for the year ended 31 March 2025	How the Audit Committee addressed these significant financial judgements and critical estimates
Recognition of cash and cash equivalents and restricted funds held on deposit (Critical judgement) 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. For Love2shop, 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 in 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 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; and (d) whether the Group bears the credit risk.	The Committee reviewed and approved the accounting policy on cash and cash equivalents and considered management's approach to the treatment of restricted funds held on deposit. 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 and the related liability are not included in the statement of financial position. For restricted funds held on deposit, the Committee reviewed and agreed with management's decision to categorise cash and cash equivalents and restricted funds held on deposit separately. This was after considering the legal status of the trust, who has access to the interest and the terms and conditions around movement of funds.

Significant financial judgements and critical estimates for the year ended 31 March 2025	How the Audit Committee addressed these significant financial judgements and critical estimates
Business combinations: recognition of goodwill and intangible assets (Critical estimate) During the year, PayPoint acquired a controlling stake in obconnect. Accounting for each business acquisition requires an assessment of the existence, fair value and expected useful economic lives of separable intangible assets such as brands, customer relationships and developed technology assets at the date of acquisition. The fair value attributed to intangible assets arising on acquisition is recognised in accordance with IAS 38 Intangible Assets and is based on a number of estimates, including the long-term revenue growth rate of the related business and the discount rate applied to future forecast cash flows. In forecasting future revenues, management have considered the accounting policy for revenue recognition for each of the relevant revenue streams. Management have assessed the useful economic lives of each asset based on a number of factors including the expected usage of the asset, typical product life cycles for the asset, technical, technological, commercial or other types of obsolescence, expected actions by competitors and the period of the contractual or other legal rights over which the entity expects to use the asset including renewal.	As a result of the acquisition the Group identified £6.6 million of acquired intangible assets (net of deferred tax) and £12.2 million of goodwill. The Committee reviewed and approved management's paper on the acquisition accounting supported by a report from a third-party valuation specialist. The Committee considered and discussed the valuation methodology for the acquired assets, with particular focus on the intangible assets arising on acquisition including brands, customer relationships and developed technology. The Committee challenged management on the key assumptions that drive the valuation of acquired assets; for customer relationships, the expected future income streams and discount rate; for brands, the royalty rate and for developed software, the cost to recreate. The Committee have also reviewed and challenged management's assessment of useful economic lives. The Committee is satisfied that the acquisition accounting and related disclosures are appropriate.
Fair Valuation of Convertible Loan Notes – Judge Logistics Ltd (Parent company of Yodel Ltd) (Critical estimate) During the year, PayPoint acquired £15 million convertible loan notes in Judge Logistics Ltd, the parent company of Yodel Ltd. This was initially recorded at the transaction price at 30 September 2024. This financial instrument is considered as an investment in an equity instrument and is required to be remeasured at fair value at each reporting period. The valuation of this instrument is complex and requires significant estimates with respect to the future performance of Yodel along with estimates of other key factors including time to conversion and taking into account the acquisition of Yodel by InPost in April 2025.	The Group identified a reduction in fair value of £12.8 million for the convertible loan notes. The Committee reviewed and approved management's paper on the valuation supported by a report from a third-party valuation specialist. The Committee considered and discussed the valuation methodology for the convertible loan notes, focusing on the various conversion scenarios and expected performance of Yodel. The Committee also considered the impact the acquisition of Yodel by InPost in April 2025 has had on the fair value, challenging the basis management have used in the fair value exercise. The Committee is satisfied that the fair value accounting and related disclosures are appropriate.

Other financial reporting matters for the year ended 31 March 2025	How the Audit Committee addressed these financial reporting matters
Accounting for the settlement of the claim by Utilita On 14 May 2025, PayPoint and Utilita came to a settlement such that Utilita has withdrawn its claim against PayPoint. As part of this settlement, the two parties have agreed to a new 5-year contract for over-the-counter prepayment services.	The Committee challenged management on the accounting treatment of the settlement including the period in which it should be recognised and where in the statement of profit or loss the settlement should be reflected. The Committee is satisfied the exceptional nature of the settlement and the related disclosures are appropriate.
Parent Company investment in subsidiary Merchant Rentals Ltd The Parent company holds an investment in subsidiary, relating to Merchant Rentals Ltd amounting to £15.5m as of 31 March 2025. Management identified a risk of impairment related to this investment and prepared an impairment assessment to consider recoverability The carrying value of the investment in Merchant Rentals Ltd is supported by the recoverable amount which has been calculated on a value in use basis.	The Committee has challenged the key assumptions that drive the model for the impairment test including specific growth drivers for Merchant Rentals, discount rates applied and long-term growth rates. Having challenged and discussed the methodology and assumptions set out in the impairment test, the Committee is satisfied that the recoverable amount shows headroom compared to the carrying value of the investment.

Audit Committee Report continued

Other financial reporting matters for the year ended 31 March 2025	How the Audit Committee addressed these financial reporting matters
Distributions and return of capital to shareholders For the year ended 31 March 2025 management presented proposals for distributions (dividends and share buy-backs).	Having regard to the distributable reserves available to the Company, the Committee reviewed and reported to the Board on management's proposals for a final dividend for the financial year ended 31 March 2025 of 19.6p per share along with a share buyback programme of £30m over the next 12 months. The Committee assessed the level of distributable reserves along with the impact of a stress test. The Committee made a recommendation to the Board to approve management's proposals.
Items that were to be presented as adjusting items Adjusting items consist of exceptional items, amortisation of intangible assets arising on acquisition and movements on convertible loan notes. Management proposed to treat these items as adjusting items in the consolidated statement of profit or loss, as they do not reflect the underlying operational performance of the Group.	The Committee assessed whether the reporting of those items as adjusting, was in line with the Group's accounting policy, and that sufficient disclosure was provided in the financial statements. The Committee concurs with management's view and considered the disclosures to be appropriate and clear.
Viability and going concern Each year the Directors consider the Group's viability over a three-year period. This is consistent with the Group's strategic planning period. Additionally, management carry out an assessment of the principal risks and uncertainties. For the purposes of assessing the going concern assumption, cash flow forecast scenarios are prepared by management for a period of at least 12 months from the date of approval of these financial statements, taking into account the Group's current financial and trading position, the principal risks and uncertainties and the strategic plans. The Group's viability has been further tested by applying a number of severe but plausible downside scenarios, performing a reverse stress test and considering mitigating actions and the impact of such scenarios on the Group's future financial position. Based on a satisfactory assessment management has concluded that it is appropriate to prepare the financial statements on a going concern basis and that they have a reasonable expectation the Group will be able to continue in operation over the three-year assessment period.	The Committee reviewed management's assessment of going concern, the viability statement and the proposed disclosures for the annual report and financial statements. The review included consideration of forecast cash flows, relevant sensitivities and the impacts of these on the Group's cash position while also taking into account the Group's financing facilities. The Committee reviewed and discussed the various scenarios and the potential mitigations and considered the results of the reverse stress tests. The Committee reviewed the disclosures for both going concern and viability to ensure they are in line with the FRC recommendations. The Committee concurs with management's conclusion that they have a reasonable expectation that the Group will be able to continue in operation over the next three years and there are no indications that impact the Group's longer term prospects. The Committee made a recommendation to the Board to approve the going concern basis of accounting for the financial statements and the viability statement drafted by management.

Cyber Security & Information Technology Sub-Committee

The Cyber Security & Information Technology Sub-Committee ('Sub-Committee') is a sub-committee of the Audit Committee overseeing Group cyber security and IT matters. Its key responsibilities include:

- advising the Committee on cyber and information security risks faced by the Group.
- assessing the adequacy of policies, resources and funding for cyber and information security.
- reviewing the Group's cyber and information security breach response plan.
- reviewing cyber incident reports and assessing the adequacy of proposed actions.
- ensuring effective business continuity plans are in place.
- overseeing cyber security training and awareness.

The Sub-Committee comprises: three Non-Executive Directors (Rakesh Sharma, Lan Tu and Ben Wishart as Chair of the Sub-Committee), Chief Financial Officer and Chief Technology Officer (who is a member of the Executive Board). The Company Secretary is the secretary to the Sub-Committee.

During the year, the Sub-Committee held two meetings at which the Head of IT Risk, the Head of Risk, Compliance and Internal Audit and the Chair of the Committee were also in attendance by invitation. The matters considered by the Sub-Committee during the year included: the Love2shop transformation programme; the heritage PayPoint app modernisation programme; assessment of the Group's security controls and overall IT governance, risk & control framework; monitoring of cyber security issues and vulnerabilities and implementation of remediation and improvements as required; review of results of IT audits carried out by Internal Audit and implementation of improvements that were recommended; review and adoption of a new Group cyber insurance policy; and the annual review of both the cyber security policy and the Sub-Committee's terms of reference and membership.

External audit

The Committee is mindful of the requirements of the FRC's Audit Committees and the External Audit: Minimum Standard (the 'FRC Minimum Standard') as published in May 2023. During the year the Committee has assessed PwC's performance and effectiveness, including discussing the risks to audit quality identified by the auditor and how these have been addressed, as well as receiving and reviewing the auditor's annual transparency report on their system of quality control over audits.

The effectiveness of the audit process is underpinned by appropriate audit planning and risk identification at the outset of the audit cycle. The auditor provides a detailed audit plan identifying their assessment of the risks and other key matters for review. No changes were made to this plan during the course of the audit. For the year ended 31 March 2025, the significant audit risks identified for the Group included the valuations of the obconnect acquired intangible assets and the Yodel convertible loan notes. For the Company the significant audit risk was in respect of the carrying value of its investment in Merchant Rentals Limited. No elevated risks were identified.

The Committee reviews and challenges the work undertaken by the auditor on these matters, understanding how the auditor has challenged management's key assumptions and judgements such as the fair valuation of the Yodel convertible loan notes. An assessment of the effectiveness of the audit process in addressing these items is based on the auditor's reports for the half-year and full year and discussions at the Committee meetings. The Chair of the Committee meets regularly with the auditor throughout the audit process and during the year, the auditor attends all Committee meetings to present their audit plan and the results of their work, and the Committee seeks feedback from management on the effectiveness of the audit process.

No significant issues were raised with respect to the audit process for the period and the quality of the audit process was assessed to be good.

In accordance with its policy on auditor independence and the provision of non-audit services by the external auditor, the Committee reviews and monitors the auditor's independence and objectivity.

No non-audit services were provided by the external auditor during the year beyond the performance of a review of the Group's interim financial statements. The Committee's opinion on auditor independence is informed by the auditor's statement of confirmation of independence, discussing any identified threats to independence and the safeguards applied to mitigate those threats. The Committee also considers all relationships between the Company and the audit firm, including their network firms, and whether those relationships appear to impair the auditor's independence and objectivity.

As part of the audit planning process and again at the conclusion of the audit, the auditor provided a statement of confirmation of independence to the Board and the Audit Committee, which confirmed that in their professional judgement PwC was independent within the meaning of regulatory and professional requirements and the objectivity of the partner and audit staff remained unimpaired.

During FY25, David Beer continued in his role as audit partner for PayPoint Plc, an office he has held since the appointment of PwC as the Company's auditor in September 2023. The Committee reviews each year the reappointment of the current external auditor and makes a recommendation to the Board. Based on the performance of the auditor, the Committee believes that it is in the best interests of shareholders to continue to recommend PwC as the external auditor and a resolution for PwC's reappointment will, accordingly, be proposed to shareholders at the forthcoming annual general meeting.

Non-audit services

In accordance with the FRC's Revised Ethical Standard, the Committee has a policy on auditor independence and the provision of non-audit services by the external auditor. This policy is a guide to the types of work that are acceptable for the external auditor to undertake, and provides clarity on the process to be followed for approval of the provision of non-audit services by the external auditor.

The ratio of non-audit fees to audit fees paid to the auditor for the year was 3.9%, with non-audit services limited to assurance services for the half year review. Details of the auditor's remuneration for the statutory audit and non-audit services are set out in note 8 to the financial statements.

Internal audit

Internal audit is an independent assurance function providing services to the Committee and all levels of management. Internal audit helps the Group accomplish its objectives by bringing a systematic, disciplined approach to risk management. Its remit is to provide independent and objective assurance, assist management in implementing effective controls and help protect the Group's assets. Internal audit's responsibilities include delivering the annual internal audit plan, driving remediation of audit issues, assessing effectiveness of internal controls, the prevention and detection of fraud, and supporting management in assessing and mitigating risks. The Committee is responsible for ensuring the Group has a rigorous internal audit programme covering all business areas and risks.

Whistleblowing

PayPoint continuously seeks to prevent malpractice in its business. However, if it occurs, whistleblowing processes have been implemented to provide employees with guidance and ensure concerns raised are appropriately addressed.

Our whistleblowing policy ensures colleagues are encouraged to speak up in confidence about the conduct of others, breaches and irregularities, without fear of reprisal. Whistleblowing is discussed at each Committee meeting and all whistleblowing occurrences are reported to the Committee together with details of investigations and any corrective action necessary. There were no whistleblowing incidents during the year.

Anti-bribery and corruption

PayPoint has a zero-tolerance approach to bribery and has an anti-bribery and corruption policy detailing employee responsibilities to ensure the Group and its employees remain compliant with anti-bribery and corruption laws. All employees undertake anti-bribery and corruption training at induction and ongoing role-based training is also provided. Anti-bribery and corruption risk management is discussed at Committee meetings and the Group's anti-bribery and corruption policy was reviewed by the Committee during the year.

Fair, balanced and understandable

The Committee has satisfied itself that the PayPoint Plc 2025 annual report and financial statements is fair and balanced. The Board has sought to make the annual report as clear, understandable and informative as possible to provide the information necessary for shareholders to assess the Company's performance, business model and strategy. The Committee therefore supports the Board in making its formal statement on page 115.

The Audit Committee Report was approved by the Committee and the Board.

Rosie Shapland
Chair, Audit Committee
11 June 2025

Directors' Remuneration Report

The Committee continues to ensure the clear linkage of Executive Directors' pay and performance to the strategy and enhancement of shareholder value."

Ben Wishart
Chair, Remuneration Committee

Remuneration Committee responsibilities

The Committee's key roles are to ensure that the Remuneration Policy and practices of the Company are aligned with the Company's purpose and business strategy, promote long-term sustainable success and reward fairly and responsibly with a clear link to corporate and individual performance. The Committee's decision-making process takes account of legislation, regulation, corporate governance standards, guidance issued by regulators, shareholders and shareholder representative bodies and has access to the advice of independent remuneration consultants. To avoid conflicts of interest, no Committee member or attendee is present when matters relating to his or her own remuneration are discussed. Full terms of reference for the Committee are available on the Company's website.

The members of the Committee and their attendance at meetings are set out in the table below.

In addition to the members of the Committee, the Chief People Officer and the Company's independent adviser from FIT Remuneration Consultants LLP ('FIT'), may attend and receive papers for each meeting. The Company Secretary acts as secretary of the Committee. After each meeting, the Chairman of the Committee reports to the Board on the matters discussed and recommendations and/or actions to be taken.

Membership and attendance

Ben Wishart (Chair)
Appointed: 14 November 2019
Committee Chair from 1 August 2024
2/4

Lan Tu
Appointed: 15 March 2024
4/4

Rosie Shapland
Appointed: 2 October 2020
4/4

Giles Kerr
Appointed: 20 November 2015
4/4

Rakesh Sharma
Appointed: 12 May 2017
Committee Chair to 1 August 2024
4/4

Gill Barr
Appointed: 1 June 2015
1/1

Guy Parsons
Appointed: 23 March 2023
0/1

Annual Statement

Dear Shareholders,

Following my appointment as Chair of the Remuneration Committee in August 2024, I am pleased to present our Directors' Remuneration Report for the financial year ended 31 March 2025 which has been prepared in accordance with Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, the Listing Rules of the UK Listing Authority and the prevailing UK Corporate Governance Code (the 'Code'). I would like to acknowledge my predecessor Rakesh Sharma and his expert chairing of the Committee over the previous eight years.

The report is divided into three sections:

- This Annual Statement of the Remuneration Committee Chair for the year ended 31 March 2025, which summarises remuneration outcomes for the year ended 31 March 2025 and the Committee's proposed approach for the year ending 31 March 2026.
- The Directors' Remuneration Policy – (the "Policy") – at a glance – which sets out the key elements of our Policy which was last approved by shareholders at the 2024 Annual General Meeting on 1 August 2024. Full details of our current policy can be found within our 2024 annual report on our website.
- The annual Report on Remuneration, which provides details on how the Policy was implemented in the year ended 31 March 2025.

Committee activities during the year

The Committee met four times during 2024/25. The main Committee activities during the year (full details of which are set out in the relevant sections of this report) included:

- Approving the 2023/24 Directors' Remuneration Report.
- Agreeing Executive Director base salary increases from July 2024.

- Reviewing and the average salary increases applied to the workforce below Board level and agreeing the increases applied to the Executive Board.
- Approving the vesting of the 2020 Restricted Share Awards (RSAs) for the CEO.
- Approving the vesting of the 2021 RSAs for the Executive Board.
- Approving the vesting of the below Board 2021 and 2022 RSAs.
- Agreeing the 2024 RSAs.
- Agreeing the performance against targets and payout for the 2023/24 annual bonus.
- Setting the performance targets for the 2024/25 annual bonus and bonus deferral levels.
- Approving the grant of a one-off LTIP award for the CEO over shares equal to 150% of salary.
- Approving the introduction of an additional bonus opportunity for the CFO in respect of year ending 31 March 2026.
- Approving leaver treatments for relevant senior executives.
- Carrying out an internal evaluation of its performance and reviewing its terms of reference.

Pay and performance for the year ended 31 March 2025

In accordance with its terms of reference, the Committee continues to ensure the clear linkage of Executive Directors' pay and performance to the strategy and enhancement of shareholder value.

In assessing the performance of the 2024/25 annual bonus, the Committee considered the financial and operational performance of the Group as well as the progress made in the continuing delivery of the strategy. An assessment of performance against bonus targets indicated a bonus award for the year of 84% of maximum, reflecting the delivery of a resilient financial performance delivered in the current challenging economic environment, a continued focus on the building blocks for growth with the delivery of strategic initiatives including continued growth in the key PayPoint estates, further growth in Open Banking and Digital Payments, growth in Love2shop and Park Christmas Savings and progress in the delivery of key ESG commitments.

The third tranche of the RSA awards granted in July 2020 will vest in July 2025, the second tranche of the RSA awards granted in 2021 will vest in August 2025 and the first tranche of the RSA awards granted in 2022 will vest in June 2025, subject to the Committee being satisfied in respect of performance against the discretionary underpin.

The Committee is comfortable that remuneration for the year ended 31 March 2025 is appropriately aligned to the Company's performance.

Discretion

No discretion has been exercised by the Committee in respect of the year ended 31 March 2025.

Policy Implementation for the year ending 31 March 2026

Details of how the Committee intends to implement the Remuneration Policy for the year ending 31 March 2026 is as follows:

- **Salary –** the salaries of the Chief Executive and Chief Financial Officer will be increased by 3% which is consistent with the increase applied to the general workforce. Current base salary levels, and those from 1 July 2025 (the normal salary review date), are as follows:

	From 1 July 2025	From 1 July 2024	% increase
Nick Wiles	**£523,853**	£508,595	3%
Rob Harding	**£336,192**	£326,400	3%

- **Benefits –** No changes will be made to benefits provision which will be in line with the Policy.
- **Pension –** Executive Directors will continue to receive a 5% of salary workforce-aligned pension contribution.
- **Annual bonus –** The maximum annual bonus opportunity for the CEO will remain at 106% of base salary, with the majority of the bonus opportunity based on a profit measure and a minority based on the achievement of net revenue and strategic/ESG-based targets. Bonus deferral, at 25% of any award for three years, will continue to operate. To ensure consistency in respect of the bonus arrangements operated across the Executive Board (with the exception of the CEO who has chosen not to participate), the Committee has approved an additional bonus opportunity for the CFO for the year ending 31 March 2026 (noting that the maximum potential under the Policy is capped at 150% of salary). Bonus opportunity in respect of the year ending 31 March 2027 (and annually thereafter) is expected to revert to 106% of salary. For the year ending 31 March 2026, the CFO will be able to earn up to 106% of salary based on targets aligned to the CEO, and an additional amount (no more than 44% of salary although to the extent payable, any award is likely to be less than this) based on challenging EBITDA targets. Full retrospective disclosure of the performance metrics, targets (which are currently considered to be commercially sensitive) and outturns will be provided in the Directors' Remuneration Report for the year ending 31 March 2026.
- **RSAs –** The Committee intends to grant the 2025 RSAs at 75% of salary for Nick Wiles and 62.5% of salary for Rob Harding. Awards will normally vest after three years from the grant date, subject to continued employment, satisfactory individual performance and a positive assessment of performance against the discretionary underpin (i.e. the Committee must be satisfied that PayPoint's underlying performance and delivery against its strategy and plans are sufficient to justify the level of vesting, having regard to such factors as the Committee considers to be appropriate in the round (including revenue, earnings and share price performance and the delivery of the Company's ESG strategy) and the shareholder experience more generally (including the risk of windfall gains). No shares may be sold until at least five years from grant, other than those required to settle any taxes.
- **Chairman and Non-Executive Fees –** A 3% increase in Non-Executive Director fees has been agreed in line with the increase being applied to the general workforce. As such, from 1 July 2025, the Non-Executive Director base fee will be £54,057, additional fees for Chairing the Audit and Remuneration Committee will be £10,253 and additional fees for acting as Senior Independent Director will be £6,798. Similarly, the Remuneration Committee agreed a 3% fee increase for the Chairman from 1 July 2025 to £183,906.

Conclusion

I hope you are supportive of our approach to Policy implementation for the year ending 31 March 2026 which is a continuation of our considered approach to remuneration at PayPoint, and that you will therefore vote in favour of the remuneration-related resolutions that will be tabled at the forthcoming AGM.

Ben Wishart
Chair, Remuneration Committee
11 June 2025

Directors' Remuneration Report continued

The Directors' Remuneration Policy – At a glance

Our Remuneration Policy, for which shareholder approval was last obtained at the 2024 Annual General Meeting will continue to apply without amendment for the forthcoming year. The Policy applies to the Chairman, Executive Directors and Non–Executive Directors and full details of this Policy can be found in the 2024 annual report and accounts which are available on the Company's website.

Executive Directors' remuneration

The table below gives an overview of the remuneration package for Executive Directors:

Fixed pay	Short-term incentives	Long-term incentives
Base salary – normal salary increases should be broadly in line with general workforce	**Annual bonus and Deferred Annual Bonus Scheme ('DABS') –** maximum opportunity 150% of salary	**Restricted Share Awards ('RSAs') –** maximum opportunity 75% of salary
Benefits – maximum 15% of salary		**Shareholding guidelines –** 200% of salary
Pension – aligned with general workforce as a % of salary		**All-employee share plans –** HMRC approved

Non-Executive Directors' remuneration

Remuneration is set within the limits set by the Articles of Association. Non-Executive Directors are not entitled to pension contributions or other benefits provided by the Company and do not participate in any bonus plan or share incentive programme operated by the Company. A Non-Executive Director fee is paid with additional fees payable for roles with additional responsibilities.

Remuneration policy for other employees

PayPoint's approach to annual salary reviews is consistent across the Group, with consideration given to the level of experience, responsibility, individual performance and salary levels in comparable companies. All UK employees are eligible to participate in the Company's SIP. Senior managers participate in the annual bonus scheme with the same profit measure as is set for the Executive Directors. Members of the Executive Board and senior managers (c.15 individuals) are eligible to receive RSAs as part of their reward package. Performance conditions are consistent for all participants, while award sizes vary by organisational level. One-off RSA awards are made to other employees below the Executive Board who are critical to the success of the business.

Annual Report on Remuneration

The following section provides details of how PayPoint's Remuneration Policy was implemented during the financial year ended 31 March 2025 and how it will be implemented for the year ending 31 March 2026. The following pages contain information that is required to be audited in compliance with the Directors' remuneration requirements of the Companies Act 2006. All narrative and quantitative tables are unaudited, unless otherwise stated.

Role of the Remuneration Committee

The Remuneration Committee is responsible for developing policy on remuneration for Executive Directors, the Executive Board and senior managers, and for determining specific remuneration packages for each of the Executive Directors. The Committee also reviews workforce remuneration and related policies and the alignment of incentives and rewards with culture. The Remuneration Committee is formally constituted with written terms of reference which set out the full remit of the Committee. The terms of reference are also available on the Company's website at www.paypointbusiness.com.

During the year, the Committee sought internal support from the Chief Executive and the Chief People Officer, who attended Committee meetings by invitation from the Chair, to advise on specific questions raised by the Committee and on matters relating to the performance and remuneration of the Executive Board and senior managers. Neither of the above were present for any discussions that related directly to their own remuneration. The Company Secretary attended each meeting as secretary to the Committee.

In undertaking its responsibilities, the Committee seeks independent external advice as necessary. To this end, the Committee continued to retain the services of FIT Remuneration Consultants LLP as the principal external advisers to the Committee during the financial year. FIT were appointed by the Committee following a competitive tender process. The Committee is comfortable that the FIT team provide independent remuneration advice to the Committee and do not have any other connections with PayPoint that may impair their independence.

FIT is a founding member and signatory of the Code of Conduct for Remuneration Consultants, details of which can be found at www.remunerationconsultantsgroup.com.

During the year, FIT provided independent advice on a range of remuneration matters including changes to the Remuneration Policy in 2024 and the introduction of a one-off LTIP award to the CEO, remuneration benchmarking and advice on share awards. FIT provides no other services to the Company. The fees paid to FIT (on the basis of time and materials) in respect of work carried out for the year under review were £63,189 (excluding VAT).

Summary of shareholder voting

The following table shows the results of the binding vote on the Remuneration Policy Report and the advisory vote on the 2024 Annual Report on Remuneration at the 1 August 2024 AGM:

	Remuneration Policy		Remuneration Report	
	Total number of votes	% of votes cast	Total number of votes	% of votes cast
For	49,492,408	89.9%	54,592,183	99.2%
Against	5,566,013	10.1%	463,434	0.8%
Total votes cast (excluding withheld votes)	55,016,315		55,010,707	
Total votes withheld[1]	42,106		44,910	
Total votes cast (including withheld votes)	55,058,421		55,055,617	

1 A withheld vote is not a vote in law and is not counted in the calculation of the proportion of votes cast for and against a resolution.

Single total figure of remuneration for Executive Directors (audited)

The table below sets out a single figure for the total remuneration received by each Executive Director for the year ended 31 March 2025 and the prior year:

	Nick Wiles £'000		Rob Harding £'000	
	2025	2024	2025	2024
Base salary[1]	**506**	495	**325**	213
Taxable benefits[2]	**50**	54	**41**	22
Pension[3]	**25**	25	**16**	11
Total fixed pay	**581**	574	**382**	246
Annual bonus[4]	**453**	424	**291**	182
Long-term incentives[5]	**482**	258	**–**	–
Other[6]	**2**	2	**1**	24[7]
Total variable pay	**937**	684	**292**	207
Total remuneration	**1,518**	1,258	**674**	453

1 A base salary increase of 2% was awarded to the Chief Executive and Finance Director in July 2024, in line with the minimum increase awarded to the general workforce.

2 Taxable value of benefits received in the year by Executive Directors relates to a benefits allowance and hotel costs (Chief Executive), car allowance, medical insurance, life assurance, permanent health insurance and hotel costs (Chief Financial Officer).

3 Pension: the pension for Executive Directors was 5% of base salary in line with the rate offered to the wider workforce. Nick Wiles received a cash allowance. Rob Harding received a combination of contribution to his pension and cash allowance.

4 Annual bonus: this is the total bonus earned in respect of performance during the relevant year, including any deferred amounts (25% of the annual bonus is normally deferred into shares under the DABS. Awards vest after three years subject to continued employment).

5 Long-term incentives reflects the value of the third tranche of Restricted Share Awards granted in 2020 which are due to vest in July 2025, the second tranche of the Restricted Share Awards granted in 2021 which are due to vest in August 2025 and the first tranche of the Restricted Share Awards granted in 2022 which are due to vest in June 2025, subject to an assessment of the discretionary underpin. The value of the awards has been calculated based on the three month average share price to 31 March 2025 (£6.71) and an estimated number of dividend equivalent shares. 2024 numbers have been restated to include dividend equivalent shares.

6 SIP matching and dividend shares awarded in the period valued at the average share price calculated over three months to 31 March 2025 of £6.71 (2024: £5.07). The SIP is an HMRC-approved plan that allows participants to purchase shares using gross salary and receive matching awards from the Company. There are no performance conditions.

7 Restated for the face value of Rob Harding's buyout award (4,506 shares granted) as at the 1 August 2023 grant date valued at the grant price of £5.34.

Single total figure of remuneration for the Chairman and Non-Executive Directors (audited)

The table below sets out a single figure for the total remuneration received by the Chairman and each Non-Executive Director for the year ended 31 March 2025 and the prior year:

	Base fee £'000		Committee Chair fees £'000		Senior Independent Director Fees £'000		Total Fees[1] £'000		Total Variable Remuneration £'000	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Chairman										
Giles Kerr	**178**	174	**–**	–	**–**	–	**178**	174	**–**	–
Non-Executive Directors										
Gill Barr[2]	**17**	51	**–**	–	**–**	–	**18**	51	**–**	–
Guy Parsons[2]	**17**	51	**–**	–	**–**	–	**17**	51	**–**	–
Rosie Shapland[3]	**52**	51	**10**	20	**–**	–	**62**	71	**–**	–
Rakesh Sharma	**52**	51	**3**	10	**7**	6	**63**	67	**–**	–
Lan Tu	**52**	2		–	**–**	–	**52**	2	**–**	–
Ben Wishart	**52**	51	**7**	–	**–**	–	**59**	51	**–**	–
Total	**420**	431	**20**	20	**7**	6	**449**	467	**–**	–

1 Total fees include travel expenses for attendance at meetings which have been grossed up for tax.

2 Gill Barr and Guy Parsons resigned from the Board on 1 August 2024.

3 Rosie Shapland's chair fee was supplemented by an additional fee of £10,000 in 2024 in respect of significant additional time that was spent closing the 2022/23 audit.

Fees paid to Non-Executive Directors were increased by 2% from 1 July 2024 consistent with the minimum increase applied to the general workforce. Non-Executive Directors do not receive any variable remuneration.

Directors' Remuneration Report continued

Incentive outcomes for the year ended 31 March 2025

Annual bonus in respect of 2024/2025 performance (audited)

The annual bonus for the year ended 31 March 2025 was based on a combination of PayPoint segment profit before tax excluding adjusting items ('PBT'), net revenue and strategic targets.

Details of the performance against the underlying profit before tax, net revenue and strategic targets are set out below.

Profit before tax and net revenue targets:

Measure	Maximum value	Threshold (20% of max) £'000	Target (80% of max) £'000	Stretch (100% of max) £'000	Actual achieved £'000	Payout
Underlying Profit Before Tax[1]	64% of salary	64,500 (97.0% of target)	66,500 (100% of target)	68,500 (103% of target)	68,000 (102.3% of target)[1]	**60.6% of salary (95% of max)**
Net revenue	16% of salary	186,000 (97.9% of target)	190,000 (100% of target)	194,000 (102.1% of target)	187,700 (98.8% of target)	**7% of salary (45% of max)**

1 Underlying Profit Before Tax excluding adjusting items. Adjusting items consist of exceptional items and amortisation of intangible assets arising on acquisition.

Strategic targets: (audited)

Strategic targets for the annual bonus are set each year based on the Company's prevailing strategic objectives at that time. Targets are set on a measurable, quantifiable basis where possible, but due to the nature of the objective, may require some subjective assessment.

Target	Performance and bonus earned
Estate Growth Maximum value 4.4% of salary	Demonstrate continued growth in the key PayPoint estates. Delivered: Expanded parcel network to new sectors and locations with the rollout of 26 stores with SFExpress and four new university locations added in year, Zebra printers rolled out to 93% of the network and delivery of Store Growth Specialists rollout to increase revenue per retailer. Assessment: Growth delivered with steps taken to deliver further growth in the next financial year. **Payout 3.54% of salary (80% of maximum)**.
ESG Maximum value 4.4% of salary	Demonstrate progress in delivery of ESG commitments. Delivered: The Committee noted further strong progress in year with the elimination of all scope 1 and 2 emissions other than hybrid company cars and an 11% reduction in emissions per retailer terminal achieved year on year as a result of the continued roll out of the PayPoint Mini to the estate See pages 32 to 35 for more information. Assessment: Continued ESG progress delivered. **Payout 3.54% of salary (80% of maximum)**.
Open Banking and Digital Payments Maximum value 4.4% of salary	Deliver Open Banking and Digital Payments Growth. Delivered: Further expansion of Open Banking services with 33 clients live for CoP, 12 Citizens Advice Bureaus using the AIS service and three clients signed for PIS. Significant housing clients have gone live with MultiPay including Sovereign, Thirteen and Guinness and good pipeline in place. Assessment: Growth delivered in year with good pipeline in place for next financial year. **Payout 3.54% of salary (80% of maximum)**.

Target	Performance and bonus earned
Cards Estate Maximum value 4.4% of salary	Deliver initiatives to drive merchant site growth across both EVO and Lloyds Cardnet estates. Delivered: Lloyds Cardnet became the main acquirer across the Group in November 2024 and now represents 70% of new business volume, Handepay Mobile Merchant App launched across the Lloyds, PayPoint and EVO estates with over 3,000 registered users, over 3,500 merchants enrolled in Love2shop loyalty programme. Assessment: Initiatives delivered with progress demonstrated in year and plans in place to drive future growth. **Payout 3.54% of salary (80% of maximum)**.
Love2shop and Park Christmas Savings Maximum value 4.4 % of salary	Deliver growth in Love2shop and Park Christmas Savings. Delivered: Love2shop Business billings grew 5.8% in year with improved retention of major clients, strong Highstreetvouchers.com performance was 12.8% ahead of plan driven by more efficient use of paid media and MBL added four high quality national retailers to its already strong client base. Park Christmas Savings delivered a resilient outcome to the Christmas 2024 campaign with final billings of £162.2m, consistent with the previous year, with average saver value increased by 2.5% versus the prior year and strong saver retention rates ahead of the key Christmas 2025 savings season. Assessment: Strong performance achieved across Love2shop and Park Christmas Savings. Payout 3.54% of salary **(80% of maximum)**.
IT Technical Debt Maximum value 4.4 % of salary	Demonstrate progress in reducing IT technical debt. Delivered: Love2shop transformation programme initiated with first phase of restructure completed. Work to replace the existing Love2shop purchasing websites is well advanced and due to go live in summer 2025. PayPoint heritage application modernisation programme underway. Assessment: Good progress made in year with clear plan to future delivery. Payout 3.54% of salary **(80% of maximum).**
Maximum value	26.6% of salary.
% of potential award	80% of max.
% of salary award	21.3% of salary.

Given the progress made across all objectives, they have been assessed as achieved and the Remuneration Committee approved a payout of 80% of maximum of this part of the bonus award.

Directors' Remuneration Report continued

Total bonus awards

The above performance resulted in the following bonus awards for the year:

	% of award	% of max
PBT	60%	95%
Net Revenue	15%	45%
Strategic Targets	25%	80%
Total	100%	84%

	% of award	Maximum	Actual	Nick Wiles	Rob Harding
PBT	60%	64% of salary	60.6% of salary	£308,018	£197,676
Net revenue	15%	16% of salary	7% of salary	£36,881	£23,669
Strategic targets	25%	26% of salary	21.3% of salary	£108,077	£69,360
Total	100%	106% of salary	89% of salary	£452,976	£290,705
			(84% of max)		

Bonus payments are calculated based on 1 July 2024 salary.

25% of the total bonus awarded to Nick Wiles and Rob Harding will be deferred into shares which will vest after three years from grant, subject to continued employment, in line with the Directors' Remuneration Policy.

2020, 2021 and 2022 RSA awards vesting (audited)

With respect to the RSA awards granted on:

- 27 July 2020, 50% of the awards made to Nick Wiles vested in July 2023, 25% vested in July 2024 and 25% are due to vest on 27 July 2025.
- 13 August 2021 to Nick Wiles, 50% of the awards vested in August 2024, 25% are due to vest four years from grant on 13 August 2025 and 25% after five years from grant.
- 10 June 2022 to Nick Wiles, 50% of the awards are due to vest on 10 June 2025, 25% are due to vest four years from grant and 25% after five years from grant.

RSAs made to Executive Directors once vested may not be sold until at least five years from grant date other than to settle any tax due.

Details of awards due to vest in 2025 can be found in the table below:

		Interests held in RSA	Vesting % of interests held	Number of shares due to vest	Value[1]	Face Value of Shares at Grant	Value Change Linked to Share Price Movement[5]
Nick Wiles	RSA 2020[2]	14,861	100%	14,861	£99,717	£88,126	£11,591
	RSA 2021[3]	27,932	50%	13,966	£93,712	£88,126	£5,586
	RSA 2022[4]	61,842	50%	30,921	£207,480	£176,250	£31,230
Total		104,635		59,748	£400,909	£354,502	£48,407

1 Based on the three-month average share price to 31 March 2025 of £6.71. In addition to this, dividend equivalents will be credited to shares under award to the extent they vest.
2 Of the 59,443 RSAs originally granted in July 2020, 29,721 (50% of awards) vested in July 2023 and 14861 (25% of awards) vested in July 2024.
3 Of the 55,863 RSAs originally granted in August 2021, 27,931 (50% of awards) vested in August 2024 and the remaining 25% will vest in August 2026.
4 Of the 61,842 RSAs originally granted in June 2022 a further 25% will vest in June 2026 and the remaining 25% will vest in June 2027.
5 Based on the estimated value of shares vesting in 2025 and a share price at grant of £5.93 for the 2020 RSAs, £6.31 for the 2021 RSAs and £5.70 for the 2022 RSAs.

Vesting is subject to continued service, satisfactory individual performance and a positive assessment of performance against the following underpin:

For RSAs granted to Executive Directors to vest, in addition to continued service, the Committee must be satisfied that PayPoint's underlying performance and delivery against its strategy and plans are sufficient to justify the level of vesting, having regard to such factors as the Committee considers to be appropriate in the round (including revenue, earnings and share price performance) and the shareholder experience more generally (including the risk of windfall gains).

The Committee considered a near-final assessment of the underpins as at 31 March 2025 in respect of the 25% of the CEO's July 2020 grant which is expected to vest in July 2025, the 25% of the CEO and FD's July 2021 grant which is expected to vest in August 2024, and the 50% of the CEO and FD's June 2022 grant which is expected to vest in June 2025 and found no cause to reduce the vesting outcome. Details of the Committee's assessment (which will be revisited just prior to vesting) are as follows:

PayPoint has continued to deliver a resilient financial performance, making good progress towards delivering £100m EBITDA by the end of FY26. This reflects both the resilience of the business and the transformation delivered over the past three years to unlock further opportunities and growth against its four business divisions.

- Over the relevant five (2020 RSA), four (2021 RSA) and three (2022 RSA) years ending 31 March 2025, PayPoint's:
  - Net revenue has increased by c.76%, c. 93% and c.63% respectively with revenue growth across all three business divisions.
  - PBT from continuing operations (excluding exceptional items) has grown by c.24%, c. 75% and c.36% respectively.
  - The business has executed a significant transformation to deliver a rapid transition from the legacy cash business towards a broader digital payments and services business supporting a wider range of client sectors and strengthened retailer proposition.
  - Total Shareholder Return (i.e. share price plus dividends) was 30%, 35% and 57% respectively.

- In addition, PayPoint's ordinary reported dividend per share has grown from 32.2p to 39p since 2021 following the end of the additional dividend programme in March 2020.
- The share price at the date this report was signed was higher than the 2020 grant price (£5.93), 2021 grant price (£6.31), and 2022 grant price (£5.70). This is considered to be reflective of the performance of the business during the period and is not considered to constitute a windfall gain.

Scheme interests awarded in the year ended 31 March 2025 (audited)

RSAs

In the year under review, RSAs were granted on 14 June 2024 with a face value of 75% of salary for the Chief Executive and 62.5% of salary for the Chief Financial Officer. The RSAs made to Executive Directors once vested may not be sold until at least five years from grant date other than to settle any tax due.

Executive Director	Basis of award	Number of shares	Face value[1]	Vesting profile	Performance measures
Nick Wiles	75% of salary	62,790	£381,447	100% after three years from grant	(a) continued service (b) satisfactory individual performance (c) a positive assessment of performance against the underpin[2]
Rob Harding	62.5% of salary	33,580	£204,000		

1 Face value is based on the middle market quotation of a share in the capital of the Company on the preceding dealing day of award of £6.075.

2 Underpin: The Committee must be satisfied that PayPoint's underlying performance and delivery against its strategy and plans are sufficient to justify the level of vesting, having regard to such factors as the Committee considers to be appropriate in the round (including revenue, earnings and share price performance and the delivery of the Company's ESG strategy) and the shareholder experience more generally (including the risk of windfall gains).

Directors' Remuneration Report continued

CEO LTIP Award

As noted in last year's report, a one-off performance-based Long Term Incentive award over conditional shares equal in value to 150% of annual salary was granted to the CEO on 2 August 2024. Post vesting, a two year holding period will apply.

Executive Director	Basis of award	Number of shares	Face value[1]	Vesting profile	Performance measures
Nick Wiles	150% of salary	109,375	£762,893	100% after three years from grant	(a) continued service (b) EBITDA performance[2] (b) satisfactory individual performance (c) a positive assessment of performance against the underpin[2]

1 Face value is based on the middle market quotation of a share in the capital of the Company on the preceding dealing day of award of £6.98.

2 EBITDA performance in respect of the year ending 31 March 2027:

FY27 EBITDA	Vesting %
£100m	0% of awards vest
Between £100m and £107m	Pro-rata between 0% and 100% of awards vest
£107m or above	100% of awards vest

Payments to past Directors (audited)

Alan Dale stepped down from his position as Finance Director on 7th September 2023, continuing as an employee until 31 December 2023 to ensure a thorough transition and handover.

Unvested deferred annual bonus and retained pro-rated RSA awards detailed on page 117 of last year's report continue to vest at the normal vesting dates and in respect of the RSA awards, vesting will be subject to a positive assessment of performance against the discretionary underpin. Vested RSA awards may not be sold until at least five years from the relevant grant date. On 13 August 2024 his deferred bonus awards granted in 2021 vested with a gross value of £58,288 and his RSA awards granted in 2021 vested with a gross value of £84,047.

PayPoint's post-employment shareholding guideline (outlined in last year's annual report on page 103) will apply for two years post cessation of employment.

No other payments or awards have been made.

Payments in respect of Loss of Office (audited)

No payments were made in respect of loss of office.

CEO pay ratio

The data shows how the Chief Executive's single figure remuneration for the year ended 31 March 2025 (as taken from the single figure remuneration table) compares to the equivalent single figure remuneration for full-time equivalent UK employees, on a Group basis, ranked at the 25th, 50th and 75th percentiles.

The increase in the ratio compared to the prior year reflects the fact that the CEO waived bonus in excess of target in 2024 and therefore the bonus received in respect of the year ended 2025 was higher than in 2024, and a greater number of shares vested in 2025 with the vesting of the first tranche of the 2022 RSA award in addition to the second tranche of the 2021 award and the final tranche of the 2020 award.

CEO single figure: £1,518,211

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2025	**Option B**	**49:1**	**33:1**	**21:1**
2024	Option B	39:1	27:1	18:1
2023	Option A	44:1	29:1	18:1
2022	Option A	34:1	23:1	15:1
2021	Option A	42:1	29:1	17:1
2020	Option A	21:1	14:1	9:1

No components of pay and benefits have been omitted for the purpose of the above calculations. Option B was selected in order to use the same data as used to calculate the gender pay gap. The colleagues at the 25th, 50th and 75th percentiles were identified as at 5 April 2025 and their salary and total remuneration were calculated in respect of the 12 months ended 31 March 2025. All were employed on a permanent full time basis and received standard remuneration packages.

The underlying quartiles for salary and total remuneration numbers for full-time equivalent UK employees are set out below.

	Salary			Total pay and benefits		
Year	25th percentile	Median	75th percentile	25th percentile	Median	75th percentile
2025	**£26,826**	**£41,737**	**£64,638**	**£31,112**	**£46,528**	**£73,531**
2024	£27,863	£41,364	£62,250	£30,885	£44,467	£67,091
2023	£24,783	£35,732	£30,675	£26,564	£40,514	£64,339
2022	£22,255	£30,000	£51,587	£27,073	£39,138	£60,798
2021	£21,935	£30,000	£53,321	£23,663	£34,977	£59,399
2020	£22,440	£30,251	£53,674	£24,484	£37,352	£59,603

The data for the three employees identified has been considered and fairly reflects pay at the relevant quartiles amongst the employee population. The Remuneration Committee considers the median pay ratio to be representative of pay and progression policies at the Company.

Directors' Remuneration Report continued

Annual percentage change in remuneration of Directors and employees

The table below shows the percentage change in Director remuneration, comprising salary, taxable benefits and annual bonus, and comparable data for all employees within the Group[1]. The data in this table has been calculated based on the data disclosed in the single total figure tables on page 107.

	2020–2021			2021–2022			2022–2023			2023–2024			2024–2025		
	Base salary/Fee	Benefits[2]	Annual bonus	Base salary/Fee	Benefits[2]	Annual bonus	Base salary/Fee	Benefits[2]	Annual bonus	Base salary/Fee	Benefits[2]	Annual bonus	Base salary/Fee	Benefits[2]	Annual bonus
Executive Directors															
Nick Wiles							2.3%	-1.33%	21.1%	3%	-6.5%	-7.4%	**2%**	**-8%**	**7%**
Non-Executive Directors															
Gill Barr (former director)	0%			0%			2.3%			3%			–	–	–
Giles Kerr	0%			0%			2.3%			3%			**2%**	–	–
Rosie Shapland							2.3%			3%			**2%**	–	–
Rakesh Sharma	0%			0%			2.3%			3%			–	–	–
Ben Wishart				0%			2.3%			3%			–	–	–
Employee population	0.5%	-6.5%	100%	6.2%	-3.3%	-0.3%	6.1%	5.3%	37.1%	7%	7.2%	0.0%	**6%**	**-11%**	**0%**

Fields are blank where there is no comparator data due to new appointment, changes in responsibility or departures from the Board. Directors and Non-Executive Directors feature in the table following completion of two full years of service. Guy Parsons was appointed to the Board on 23 March 2023 and resigned 1 August 2024. Gill Barr resigned 1 August 2024 so her current year figure reflects pro-rated fees. Lan Tu was appointed to the Board on 15th March 2024 and Rob Harding was appointed to the Board on 5th September 2023, therefore they do not feature. Ben Wishart replaced Rakesh Sharma as Remuneration Committee Chair so no comparator is available, however all fees to NEDs were increased by 2% for July 2024 as noted in the 2024 report.

1 Group has been selected as the comparator due to the fact that only the Executive Board and Non-Executive Directors are employed by the parent company.

2 Non-Executive Directors receive fixed fees rather than salary and do not receive any variable pay or benefits.

Relative importance of spend on pay

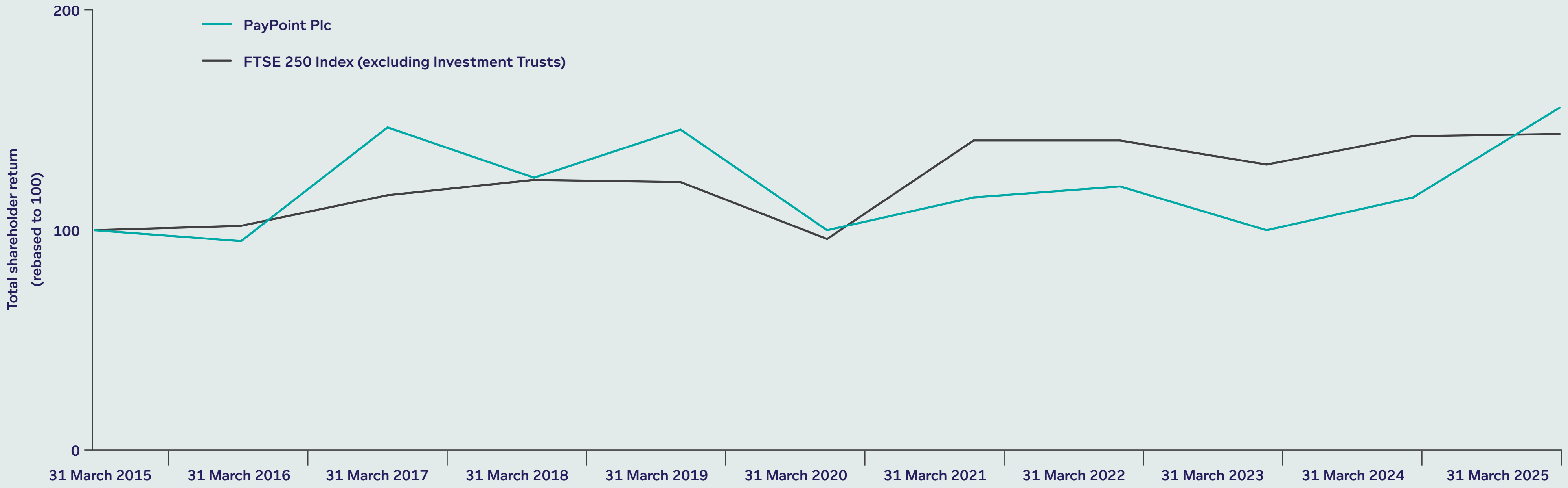
The table below shows the Company's actual expenditure on shareholder distributions (including dividends and share buybacks) and total employee pay expenditure for the financial years ended 31 March 2024 and 31 March 2025. Total distributions to shareholders include a £20m commitment to share buybacks (of which £14,914m has been executed in the financial year to 31 March 2025).

	Total employee pay expenditure £'000	Distributions to shareholders £'000
2025	**57,431**	**47,777**
2024	56,937	27,325
% change	0.8%	74.8%

Pay for performance

The graph below compares the value of £100 invested in PayPoint shares, including reinvested dividends, with the FTSE 250 Index (excluding investment trusts) over the last ten years. This index was selected because it is considered to be the most appropriate index against which the Total Shareholder Return of PayPoint could be measured.

Total Shareholder Return ('TSR') (rebased to 100)



This Graph shows the value, by 31 March 2025, of £100 invested in Paypoint plc on 31 March 2015, compared with the value of £100 invested in the FTSE 250 Index (Ex Investment Trusts) Index on the same date.

Source: Datastream (a LSEG product)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Chief Executive	Dominic Taylor	Dominic Taylor	Dominic Taylor	Dominic Taylor	Dominic Taylor	Patrick Headon/ Nick Wiles	Nick Wiles	Nick Wiles	Nick Wiles	Nick Wiles	**Nick Wiles**
Single figure of remuneration (£'000)	1,215	911	1,121	1,280	1,803	510	1,001	911	1,174	1,258	**1,518**
Annual bonus payout (as % of maximum)	88%	31%	64%	66%	71%	0%	100%	76%	89%	80%	**84%**
LTIP vesting (as % of maximum)	0%	0%	0%	30%	100%	32%	0%	0%	–	–	**–**
RSA vesting (as % of maximum)	–	–	–	–	–	–	–	–	100%	100%	**100%**

Directors' Remuneration Report continued

Directors' shareholdings (audited)

The shareholdings of the Directors and their connected persons in the ordinary shares of the Company against their respective shareholding requirement as at 31 March 2025:

	Shares held				Shareholding guidelines			
	Owned outright or vested[1]	Unvested SIP awards[2]	Unvested DABS awards[3]	Unvested RSA and LTIP awards subject to underpin[4]	Current shareholding[5]	Guideline % of salary	Guideline number of shares[6]	Met
Rob Harding	1,613	605	9,399	69,454	6,915	200	97,288	No
Giles Kerr	7,500	–	–	–	–	–	–	–
Rosie Shapland	–	–	–	–	–	–	–	–
Rakesh Sharma	4,270	–	–	–	–	–	–	–
Lan Tu	–	–	–	–	–	–	–	–
Nick Wiles	198,320	1,136	57,584	343,879	229,442	200	151,593	Yes
Ben Wishart	3,500	–	–	–	–	–	–	–
Gill Barr[7] (former Director)	2,595	–	–	–	–	–	–	–
Guy Parsons[7] (former Director)	5,136	–	–	–	–	–	–	–

1 Includes SIP shares other than SIP matching shares and SIP dividend shares subject to a holding period.

2 SIP matching shares and SIP dividend shares subject to a holding period and continued employment.

3 Includes unvested DABS shares (awarded as nil cost options) subject to continued employment. In respect of Rob Harding this includes 50% of the buyout award of 4,506 shares (awarded as nil cost options) granted in August 2023 that are due to vest in August 2025, subject to continued employment. The other 50% of this awards was exercised in August 2024 with 2,253 shares plus 194 shares as dividend equivalents being received at a share price of £6.975. The net of withholding taxes shares are now held and included in those shares owned outright.

4 Includes Nick Wiles unvested LTIP award subject to a holding period and performance conditions. RSA and LTIP awards are granted as conditional share awards.

5 Current shareholding includes unvested deferred bonus shares and SIP shares not subject to a holding period, on a net of tax basis.

6 A three-month average share price to 31 March 2025 of £6.71 has been used to calculate the holding relative to this guideline.

7 Shareholdings for Gill Barr and Guy Parsons reflect the number of shares owned at the date they stepped down from the Board on 1 August 2024.

The market price of the Company's shares on 31 March 2025 was £6.27 per share (31 March 2024: £4.86 per share).

There have been no changes to shareholdings between 31 March 2025 and 31 May 2025 other than the purchase of 38 Partnership Shares (and the award of 38 Matching Shares on a 1:1 ratio) by both Nick Wiles and Rob Harding in connection with the SIP.

Directors’ interests in shares in PayPoint long-term incentive plans and all-employee plans

Long-Term Incentive Awards and Restricted Share Awards (audited)

Name	Type of awards	Number of shares at 31 March 2024	Number of shares awarded during the period	Number of shares released during the period[1]	Number of shares lapsed during the period	Number of shares at 31 March 2025	Share price at grant £	Value of shares awarded £	Date of grant	Lapse/Release
Nick Wiles	RSA 2020	29,722	–	14,861	–	**14,861**	5.93	176,251	27.07.20	27.07.23 – 27.07.25
Nick Wiles	RSA 2020 (Div Equiv)		3,375	3,375	–	**–**	5.93	20,014	27.07.20	27.07.24
Nick Wiles	RSA 2021	55,863	–	27,931	–	**27,932**	6.31	352,496	13.08.21	13.08.24 – 13.08.26
Nick Wiles	RSA 2021 (Div Equiv)		4,915	4,915		**–**	6.31	31,014	13.08.21	13.08.25
Nick Wiles	RSA 2022	61,842	–	–	–	**61,842**	5.70	352,499	10.06.22	10.06.25 – 10.06.27
Nick Wiles	RSA 2023	67,079		–	–	**67,079**	5.575	373,965	08.09.23	08.09.26
Nick Wiles	RSA 2024		62,790			**62,790**	6.075	381,449	14.06.24	14.06.27
Nick Wiles	ESP 2024		109,375			**109,375**	6.975	762,891	02.08.24	02.08.27
Rob Harding	2023 Buyout	4,506		2,253	–	**2,253**	5.34	24,062	01.08.23	01.08.24 – 01.08.25
Rob Harding	2023 Buyout (Div Equiv)		194	194			5.34	1,036	01.08.23	01.08.24
Rob Harding	RSA 2023	35,874	–	–	–	**35,874**	5.575	199,998	08.09.23	08.09.26
Rob Harding	RSA 2024		33,580			**33,580**	6.075	203,999	14.06.24	14.06.27

1 For RSAs to vest the Committee must be satisfied that PayPoint’s underlying performance and delivery against its strategy and plans are sufficient to justify the level of vesting having regard to such factors as the Committee considers to be appropriate in the round (including revenue, earnings and share price performance) and the shareholder experience more generally (including the risk of windfall gains).

Deferred Annual Bonus Scheme[1] (audited)

Name	Number of shares at 31 March 2024	Number of shares awarded during the period	Number of shares released during the period[1]	Number of shares lapsed during the period	Number of shares at 31 March 2025	Share price at grant £	Value of shares awarded £	Date of grant	Lapse/Release
Nick Wiles	19,785	–	19,785	–	**–**	6.31	124,843	13.08.21	13.08.24
Nick Wiles (Div Equiv)		3,479	3,479	–	**–**	6.31	21,952	13.08.24	13.08.24
Nick Wiles	16,645	–	–	–	**16,645**	5.70	94,877	10.06.22	10.06.25
Nick Wiles	23,498	–	–	–	**23,498**	4.89	114,846	31.07.23	31.07.26
Nick Wiles	–	17,441	–	–	**17,441**	6.08	105,957	14.06.24	14.06.27
Rob Harding		7,491			**7,491**	6.08	45,508	14.06.24	14.06.27

1 The release of shares is dependent upon continuous employment for a period of three years from the date of grant.

Directors' Remuneration Report continued

Share Incentive Plan (audited)

Name	Number of partnership shares purchased at 31 March 2024	Number of matching shares awarded at 31 March 2024	Number of dividend Shares1 acquired at 31 March 2024	Total shares at 31 March 2024	Number of partnership shares[2] purchased during the period	Number of matching Shares[3] awarded during the period	Number of dividend Shares acquired during the period	Dates of release of matching and dividend Shares[4]	Total Shares at 31 March 2025
Nick Wiles	938	938	229	2,105	225	225	137	22.04.2026 – 22.03.2028	**2,692**
Rob Harding	169	169	7	345	225	225	35	22.09.2026 – 22.03.2028	**830**

1 Dividend shares are ordinary shares of the Company purchased with the value of dividends paid in respect of all other shares held in the plan.

2 Partnership shares are ordinary shares of the Company purchased on a monthly basis during the period (at prices from £5.31 to £7.92).

3 Matching shares are ordinary shares of the Company awarded conditionally on a monthly basis during the period (at prices from £5.31 to £7.92).

4 The dates used are based on the earliest allocation of the matching shares.

Implementation of Remuneration Policy for year ending 31 March 2026

Details of how the Committee intends to implement the remainder of the Remuneration Policy for the year ending 31 March 2026 is set out in the Annual Statement.

This Report covers the remuneration of all Directors who served during the period and was approved by the Board on 2025.

Ben Wishart
Chair, Remuneration Committee
11 June 2025

Directors' Report

The Directors present their report, together with the audited financial statements of the Group for the financial year ended 31 March 2025.

PayPoint Plc (the 'Company') is a public limited company limited by shares incorporated in England and Wales, registration number 3581541. The Company is a holding company and its subsidiaries (a complete list of which can be found in note 14 on pages 150 and 151) are engaged in providing innovative services and technology connecting millions of consumers with over 67,000 retailer partner and SME locations across multiple sectors.

Directors' Report content

As required by the Companies Act 2006 and the FCA's Disclosure Guidance and Transparency Rule 4.1.8.R, the management report comprises the relevant parts of the Directors' Report together with information in the Strategic Report and the following sections of the annual report and financial statements, all of which are incorporated into this Directors' Report by reference:

Information	Location in annual report
Review of the business, principal risks and uncertainties, emerging risks and KPIs	Chief Executive's Review; Our Business Model; Our Strategy; Key Performance Indicators, Financial Review and Principal Risks and Uncertainties (includes emerging risks)
Strategy and business model	Our Strategy; Our Business model
Future business developments	Our Strategy
GHG emissions and non-financial reporting: Environmental matters Anti-corruption and anti-bribery	Responsible Business and Audit Committee Report
Employment for disabled persons Employee engagement throughout the workforce	Responsible Business; Corporate Governance Report; S.172(1) Statement
Gender diversity	Responsible Business; Corporate Governance Report
Business relationships, stakeholders and their effect on decisions	S.172(1) Statement
Use of financial instruments and credit	Financial Review and note 29.
Statement of compliance with the UK Corporate Governance Code	Page 73
Post balance sheet events	Note 33

Disclosures required pursuant to UK Listing Rule 6.6.1R can be found on the following pages:

Information	Location in annual report
Statement of capitalised interest	n/a
Allotment for cash of equity securities	Note 26
Waiver of dividends	Page 115

The Company has chosen, in accordance with Section 414C(11) of the Companies Act 2006, and as noted in this Directors' Report, to include certain matters in its Strategic Report that would otherwise be required to be disclosed in this Directors' Report. The Strategic Report on pages 1 to 71 provides a review of the business, the Group's trading for the period ended 31 March 2025, key performance indicators and an indication of future developments.

This annual report has been prepared for, and only for, the members of the Company, as a body, and no other persons. The Company, its Directors, employees, agents or advisers do not accept or assume responsibility to any other person to whom this document is shown or into whose hands it may come and any such responsibility or liability is expressly disclaimed.

By their nature, the statements concerning the risks and uncertainties facing the Group in this annual report involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this annual report and financial statements the Company undertakes no obligation to update these forward-looking statements. Nothing in this annual report should be construed as a profit forecast.

Substantial shareholdings

As at 31 March 2025, the Company had been notified of the following disclosable interests in the voting rights of the Company as required by DTR 5 of the FCA's Disclosure Guidance and Transparency Rules (DTR). There had been three further notifications received under Rule 5 of the DTR in respect of major shareholdings in PayPoint Plc.

As at 31 March 2025:

Name of holder	Percentage of total voting rights[1]
Asteriscos Patrimonial SLU	30.0
Ameriprise Financial, Inc	4.4
BlackRock Inc.	5.0
Harwood Capital	3.0

1 Percentages are shown as a percentage of the Company's total voting rights as at the date the Company was notified of the change in holding.

All notifications made to the Company under DTR 5 are published via a Regulatory Information Service and made available on the Company's website.

Directors' Report continued

Share capital

As at 31 March 2025, the Company's share capital consisted of 70,834,160 ordinary shares of 1/3 pence each, all of which were issued and fully paid-up and are quoted on the London Stock Exchange. During the year ended 31 March 2025, 169,785 ordinary shares were issued under the Company's share schemes. The rights and obligations attaching to the Company's ordinary shares, as well as the powers of the Company's Directors are set out in the Company's Articles of Association, copies of which can be obtained from Companies House or by writing to the Company Secretary.

There are no restrictions on the voting rights attaching to the ordinary shares or on the transfer of securities in the Company. No person holds securities in the Company carrying special rights with regards to control of the Company. The Company is not aware of any agreements between holders of securities that may result in restrictions on the transfer of securities or on voting rights.

As at 31 March 2025, the PayPoint Employee's Share Trust (the 'Trust') held 3,977 ordinary shares in the Company for allocation under the Company's share schemes. Any voting or other similar decisions in relation to the shares held by the Trust would be taken by the trustees, who may take account of any recommendations of the Company. The trustees have waived their right to receive dividends of the shares held in the Company.

At the Annual General Meeting on 1 August 2024, the Directors were given authority to: purchase up to: purchase up to 10% of the Company's issued share capital; allot relevant securities up to an aggregate nominal amount of £161,582.90; and to disapply pre-emption rights in respect of allotments of relevant securities up to an aggregate nominal amount of £24,237.44, with a further £24,237.44 for limited purposes. Resolutions to renew these authorities in accordance with the updated Pre-Emption Group guidelines and model provisions will be proposed at the 2025 Annual General Meeting, details of which are set out in the 2025 Notice of Annual General Meeting. A copy of the 2025 Notice of Annual General Meeting can be found on our website at www.corporate.paypoint.com.

Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements were: Nick Wiles, Rob Harding, Giles Kerr, Rakesh Sharma, Rosie Shapland, Lan Tu and Ben Wishart. During the year ended 31 March 2025, Gill Barr and Guy Parsons retired from the Board of PayPoint Plc, bringing the membership of the Board down from nine to seven Directors. The Directors' interests in the ordinary shares of the Company are on page 116. Directors are appointed and replaced in accordance with the Company's Articles of Association, the Companies Act 2006 and the UK Corporate Governance Code 2018. The powers of the Directors are set out in the Articles of Association and the Companies Act 2006.

Results for the year

The consolidated statements of profit or loss, comprehensive income, financial position, changes in equity and cash flows for the year ended 31 March 2025 are set out on pages 123 to 127. An analysis of risk is set out on pages 59 to 63, and of risk management on page 56. The management report contained in the Strategic report and the Directors' report includes a fair review of the development and performance of the business and the position of the Group and the Company together with a description of the principal risks and uncertainties they face.

Research and development activities

During the ordinary course of business, the Group developed new products and services including: the launch of the PayPoint Mini next generation device; the launch of PayPoint Connect; expansion of Open Banking Services including the acquisition of obconnect in October 2024; continuous growth of Collect+ and entering into a major distribution agreement with InComm to expand the availability of Love2shop gift cards into further retail channels.

Indemnity provisions for the benefits of Directors

In addition to the indemnity provisions in the Articles of Association, the Company has entered into direct indemnity agreements with each of the Directors who served during the financial year. These indemnities constitute qualifying indemnities for the purposes of the Companies Act 2006 and remain in force for all current serving Directors at the date of approval of this report without any payment having been made under them. The Company also maintains Directors' and Officers' liability insurance which gives appropriate cover for any legal action brought against its Directors.

Articles of Association

Unless expressly specified to the contrary in the Articles of Association of the Company, the Company's Articles of Association may only be amended by special resolution at a general meeting of the shareholders.

Change of control

All of the Company's share schemes contain provisions relating to a change of control. Outstanding options and awards would be prorated for time and normally vest on a change of control, subject to the satisfaction of any performance conditions at that time.

There are no other significant contracts in place that would take effect, alter or terminate on the change of control of the Company, including compensation for loss of office as a result of a takeover bid.

Suppliers' payment policy

Terms of payment are agreed with individual suppliers prior to supply. The Group aims to pay its creditors promptly, in accordance with terms agreed for payment, provided the supplier has provided the goods or services in accordance with the agreed terms and conditions. Further information on the PayPoint segment can be obtained from the Government's payment practice reporting portal.

Charitable and political donations

The Group made no political donations during the year (2024: nil). Details of the charitable donations policy can be found within the Responsible Business section of the annual report on page 48.

UK Listing Rule UKLR 6.6.6. Compliance Statement

The Company has complied with all of the disclosure requirements of UKLR 6.6.6 by including climate-related financial disclosures which are set out within the Strategic Report on pages 30 to 55 (and in the information available at the locations referenced therein) consistent with the TCFD recommendations.

Related-party transactions

Related-party transactions that took place during the year can be found in note 30.

Dividends

During the period ended 31 March 2025, a final ordinary dividend of 19.2 pence (2023: 18.6 pence) was paid in equal instalments of 9.6 pence on 6 August 2024 and 27 September 2024. The Directors' declared an interim ordinary dividend of 19.4 pence (2023: 19.0 pence) that was paid in equal instalments of 9.7 pence on 20 December 2024 and 28 March 2025.

The Directors have proposed a final dividend of 19.6 pence per share (2024: 19.2 pence per share) payable in equal instalments to shareholders on 11 August 2025 and 26 September 2025 to shareholders on the register on 4 July 2025 and 29 August 2025 respectively. This final dividend is subject to the approval of shareholders at the Annual General Meeting on 6 August 2025.

The dividend policy including all the dividends declared during the year is set out in the Financial Review on page 71.

Share buyback

Significant progress was made towards achieving the first £20 million return of capital in the period to 31 March 2025 with almost £15 million returned to shareholders by that date. The Board intends to enhance the share buyback programme and return at least £30 million per annum over the next three years in respect of the Company's ordinary shares. The next tranche of the share buyback programme is intended to commence as soon as is practicable. Shareholders will be asked to renew this authority at the 2025 AGM.

Going concern

As at 31 March 2025, the Group had corporate cash and cash equivalents of £4.9 million and net debt of £97.4 million. The Group's borrowing facilities consist of £75 million non-amortising term loan and a £90 million unsecured revolving credit facility, each expiring in June 2029. The Group's liquidity review and commentary on the current economic climate are shown on pages 64 and 65 of the Strategic Report and commentary on financial risk management is shown in note 29.

The Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future, a period of not less than 12 months from the date of this report. Therefore, the financial statements have been prepared on a going concern basis.

Independent auditor

A resolution for the re-appointment of PricewaterhouseCoopers LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

Corporate governance statement

The information that fulfils the requirements of the Corporate Governance Statement for the purposes of the FCA's UK Listing Rules and Disclosure Guidance and Transparency Rules can be found in this Directors' Report and in the Corporate Governance section on pages 72 to 116 (which is incorporated into this Directors' Report by reference).

Post balance sheet events

Details of events since the date of the balance sheet are provided in note 33 on page 170.

Statement as to disclosure of information to auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

1) so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
2) the Director has taken all the steps that he/she ought reasonably to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Annual General Meeting

The Annual General Meeting will be held at PayPoint's head office, 1 The Boulevard, Shire Park, Welwyn Garden City, Hertfordshire AL7 1EL on 6 August 2025 at 12 noon.

The Notice of Annual General Meeting and explanatory information on the resolutions to be passed at the Annual General Meeting can be found on our website at www.corporate.paypoint.com. A copy of the Notice of Annual General Meeting has also been sent to all shareholders.

The Directors' Report was approved by the Board and signed on its behalf by:

Rob Harding
Chief Financial Officer
11 June 2025

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under the law Directors have prepared the Group and the Company financial statements in accordance with UK-adopted international accounting standards.

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that its financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

The Directors consider that the Annual Report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Directors' Report confirm that, to the best of their knowledge:

- the Group and Company financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities and financial position of the Group and Company, and of the profit of the group; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

The Statement of Directors' Responsibilities has been approved by the Board of Directors and is signed on their behalf by:

Rob Harding
Chief Financial Officer
11 June 2025

Independent auditors' report to the members of PayPoint Plc

Report on the audit of the financial statements

Opinion

In our opinion, PayPoint Plc's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2025 and of the group's profit and the group's and company's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated statement of financial position and the Company statement of financial position as at 31 March 2025; the Consolidated statement of profit or loss, the Consolidated statement of comprehensive income, the Consolidated statement of cash flows, the Company statement of cash flows, the Consolidated statement of changes in equity and the Company statement of changes in equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in Note 8 to the consolidated financial statements, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope

- The scope of our audit determines where we go and what we do, the best types of audit evidence to obtain, the right areas of operations to focus on and the resources needed to deliver this. As group auditors we are required to obtain sufficient audit evidence from the components of the group. We have determined there are six components for group reporting purposes:
- Love2Shop
- PayPoint Network
- PayPoint Retail Solutions
- PayPoint Collections
- PayPoint Plc
- Handepay
- Further procedures in relation to other areas, including revenue and property, plant and equipment, have been performed over Merchant Rentals.

Key audit matters

- Valuation of Intangible assets from obconnect acquisition (group and parent)
- Valuation of investment in convertible loan notes of Judge Logistics (group and parent)
- Impairment of Investment in Merchant Rentals (parent)

Materiality

- Overall group materiality: £2,640,000 (2024: £2,409,000) based on 5% of adjusted profit before tax (2024: profit before tax)
- Overall company materiality: £2,679,000 (2024: £2,200,000) based on 1% of total assets
- Performance materiality: £1,980,000 (2024: £1,566,000) (group) and £2,009,250 (2024: £1,430,000) (company)

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Independent auditors' report to the members of PayPoint Plc continued

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Valuation of intangible assets from the obconnect acquisition, Valuation of investment in convertible loan notes of Judge Logistics and Impairment of Investment in Merchant Rentals (parent) are new key audit matters this year. Impairment of Handepay (group and parent) and Valuation of pensions liabilities (group), which were key audit matters last year, are no longer included. No issues were noted in the prior year with the assumptions used or controls in place in relation to valuation pension liabilities and a third party expert is used by management to develop these assumptions. In relation to the impairment of Handepay, we consider the risk of impairment to no longer be a significant risk due to the size of the headroom and current performance of the business, mainly due to the new Lloyds Cardnet agreement. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Valuation of Intangible assets from the obconnect acquisition (group and parent) As set out in note 15, the group completed the acquisition of obconnect Ltd on 29 October 2024, acquiring 55.3% of the shares for consideration of £17.1m. Management engaged valuation experts to perform a purchase price allocation ("PPA") exercise. The allocation of the purchase price to acquired intangible assets is considered to be a key audit matter due to the significant judgement and estimates management have applied to determine and measure the identified intangible assets upon acquisition.	We have used our valuations experts to assess management's methodology to identify and value the intangible assets. We obtained the purchase agreement and the report provided by management's expert and evaluated the methodology applied in the valuation and challenged the key assumptions including: – Valuation techniques applied to the intangible assets recognised, noting different valuation techniques were used dependent on the nature of the asset; – Using our internal valuation experts to recalculate the discount rate determined and assess royalty rates applied; – The cash flow forecasts used within the model to determine the overall enterprise value, noting these include significant revenue growth. We assessed the enterprise value calculation, the internal rate of return, the useful economic lives of the intangible assets as well as assessing the consideration as per the underlying agreements and the goodwill recorded as a result of the fair value adjustments recorded. We reviewed the disclosures included within the financial statements. Based on the procedures performed, we noted no material issues in the valuation of the intangible assets.
Valuation of investment in convertible loan notes of Judge Logistics (Yodel) (group and parent) As set out in note 14, the group purchased £15m of convertible loan notes from Judge Logistics during the year. This instrument is held at fair value through profit or loss and is required to be assessed for remeasurement at each reporting period. Management engaged valuation experts to assist with this valuation. The valuation of these convertible loan notes is considered to be a key audit matter due to the size of the investment made and the complexity involved in assessing the fair value of this instrument. Management has applied significant judgement and estimates to measure the fair value of this instrument at 31 March 2025 and a loss on valuation was recorded of £12.8m	We engaged our valuations experts to assess management's methodology of determining the fair value of the loan notes. We obtained the purchase agreement for the loan notes and the report provided by management's expert. We evaluated the methodology applied in the valuation and challenged the key assumptions including: – The assessment included multiple scenarios based on options within the purchase agreement; – The probability applied to these scenarios, noting that management has considered weighted probabilities based on expected outcomes In addition, we reviewed the disclosures included within the financial statements. Based on the procedures performed, we noted no material issues with the valuation of the loan notes.

Key audit matter	How our audit addressed the key audit matter
Impairment of Investment in Merchant Rentals (parent)	
As set out in note 14, the Parent company held an investment in subsidiary, relating to Merchant Rental amounting to £15.5m (2024: £15.5m) as of 31 March 2025. The carrying value of the investment in Merchant Rentals is supported by the recoverable amount which has been calculated on a value in use basis. Management have prepared a value in use model which shows headroom compared to the carrying value of the investment. Judgement is required in this area, and management has applied significant judgement and estimates to assess the recoverable amount for this investment.	The recoverable value of the investment in Merchant Rentals Ltd was assessed using discounted cash flows of the company. We obtained management's value in use impairment assessment and tested that the calculations were mathematically accurate. We evaluated the inputs in the calculation and challenged the key assumptions including: – The profit margins and revenue growth applied in the model, noting the growth within the forecasts were key assumptions in determining the recoverable amount; – Using our internal valuation experts to calculate an independent WACC rate range with reference to comparable businesses, and to assess whether management's rate is within a reasonable range. We verified adjustments made to the value in use in respect of external and intercompany debt within the subsidiaries. Based on our independent assessment we considered that the discount rate adopted was conservative, however given the risk inherent in the cash flows the overall model was assessed as reasonable. We have assessed the disclosures provided and consider them to be appropriate.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The Group is organised into two operating divisions, PayPoint and Love2shop. There are 14 reporting units within the consolidation. We have defined a component as a business unit where legal entities have been grouped together based on the fact they have the same management, the same control environment and also considering the way the component reports to the group. We have determined there are six components in scope for Group reporting as follows: PayPoint Network, PayPoint Retail Solutions, PayPoint Collections, Love2shop, Handepay and PayPoint Plc.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the group's and company's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the group's and company's financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – group	Financial statements – company
Overall materiality	£2,640,000 (2024: £2,409,000).	£2,679,000 (2024: £2,200,000).
How we determined it	5% of adjusted profit before tax (2024: profit before tax)	1% of total assets
Rationale for benchmark applied	Based on the benchmarks used in the financial statements, adjusted profit before tax is a primary measure used by the shareholders in assessing the performance of the Group. Whilst profit before tax is a generally accepted auditing benchmark, we have used an adjusted measure of profit before tax. The reason for this is due to a number of adjustments that have made in the current year that relate to one-off events that distort the statutory profit before tax as a measure for materiality.	PayPoint Plc is a holding company for the Group and therefore the materiality benchmark has been determined to be based on total assets which is a generally accepted auditing benchmark.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £620,000 to £2,500,000. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

Independent auditors' report to the members of PayPoint Plc continued

Materiality continued

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2024: 65%) of overall materiality, amounting to £1,980,000 (2024): £1,566,000) for the group financial statements and £2,009,250 (2024: £1,430,000) for the company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £132,000 (group audit) (2024: £120,500) and £133,950 (company audit) (2024: £110,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- obtaining and agreeing management's going concern assessment to the business's board approved plan and ensuring that the base case scenario indicates that the business generates sufficient cash flows to meets its obligations within the going concern assessment period while complying with covenant arrangements;
- considering the extent to which the group's and company's future cash flows might be adversely affected by the impact of contingent liabilities and other factors such as the impact of the increased cost of living;
- reviewing management's cash flow forecasts, assessing the debt available to the group and considering the overall impact on liquidity;
- testing the mathematical accuracy of the models;
- evaluating management's severe but plausible scenario and ensuring this is appropriately modelled through the cash flows;
- considering the risk of breach of the covenant arrangements in place for external borrowings under the severe but plausible scenario;
- performing further stress tests on the severe but plausible scenario;
- considering the adequacy of the disclosures in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Director's Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Director's Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Director's Report for the year ended 31 March 2025 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Director's Report.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group and company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Director's Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of data protection regulations and employment law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006, the Listing rules and UK tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue and management bias in accounting estimates. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- Enquiries with the directors, the Audit Committee and company General Counsel, review of board meeting minutes and consideration of known or suspected instances of non-compliance with laws, regulations and fraud including discussions with external legal counsel;
- Identifying and testing a sample of journal entries, in particular certain journal entries posted with unusual account combinations which result in an increase in revenue; and
- Challenging assumptions and judgements made by management in determining significant accounting estimates, in particular in relation to the impairment assessment of Merchant Rentals, valuation of intangibles assets from obconnect acquisition and valuation of Yodel convertible loan notes.

Independent auditors' report to the members of PayPoint Plc continued

Responsibilities for the financial statements and the audit continued

Auditors' responsibilities for the audit of the financial statements continued

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 14 September 2023 to audit the financial statements for the year ended 31 March 2024 and subsequent financial periods. The period of total uninterrupted engagement is 2 years, covering the years ended 31 March 2024 to 31 March 2025.

Other matter

The company is required by the Financial Conduct Authority Disclosure Guidance and Transparency Rules to include these financial statements in an annual financial report prepared under the structured digital format required by DTR 4.1.15R – 4.1.18R and filed on the National Storage Mechanism of the Financial Conduct Authority. This auditors' report provides no assurance over whether the structured digital format annual financial report has been prepared in accordance with those requirements.

David Beer (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Watford

11 June 2025

Consolidated statement of profit or loss

	Note	Year ended 31 March 2025 Underlying £'000	Year ended 31 March 2025 Adjusting items £'000	Year ended 31 March 2025 Total £'000	Year ended 31 March 2024 £'000
Revenue	2,3	**294,919**	**(14,205)**	**280,714**	277,816
Other revenue	2,3	**30,000**	**-**	**30,000**	28,551
Total revenue		**324,919**	**(14,205)**	**310,714**	306,367
Cost of revenue	5	**(174,283)**	**-**	**(174,283)**	(158,964)
Gross profit		**150,636**	**(14,205)**	**136,431**	147,403
Administrative expenses – excluding adjusting items		**(75,522)**	**–**	**(75,522)**	(78,722)
Operating profit before adjusting items		**75,114**	**(14,205)**	**60,909**	68,681
Adjusting items:					
Exceptional items – administrative expenses	6	**–**	**(9,229)**	**(9,229)**	(4,120)
Amortisation of acquired intangible assets	13	**–**	**(8,716)**	**(8,716)**	(8,076)
Movement on convertible loan notes	14	**–**	**(10,413)**	**(10,413)**	(186)
Movement on other investments	14	**–**	**805**	**805**	–
Operating profit after adjusting items		**75,114**	**(41,758)**	**33,356**	56,299
Finance income	9	**1,383**	**–**	**1,383**	1,390
Finance costs	9	**(8,448)**	**–**	**(8,448)**	(8,408)
Exceptional item – finance costs	6	**–**	**–**	**–**	(1,099)
Profit before tax		**68,049**	**(41,758)**	**26,291**	48,182
Tax	10	**(17,431)**	**10,440**	**(6,991)**	(12,495)
Profit after tax		**50,618**	**(31,318)**	**19,300**	35,687
Attributable to:					
Owners of the parent		**50,509**	**(31,318)**	**19,191**	35,687
Non-controlling interests		**109**	**–**	**109**	–
		50,618	**(31,318)**	**19,300**	35,687

Earnings per share (pence)	**Year ended 31 March 2025**	**Year ended 31 March 2024**
Basic	**26.6**	49.1
Diluted	**26.3**	48.8

Underlying earnings per share – before adjusting items (pence)	**Year ended 31 March 2025**	**Year ended 31 March 2024**
Basic	**70.1**	63.0
Diluted	**69.1**	62.6

Consolidated statement of comprehensive income

	Note	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Items that will not be reclassified to the consolidated statement of profit or loss:			
Remeasurement of defined benefit pension scheme asset	17	**(230)**	(328)
Deferred tax on remeasurement of defined benefit pension scheme asset	10	**58**	82
Items that may subsequently be reclassified to the consolidated statement of profit or loss:			
Movement on cashflow hedge reserve		**(266)**	–
Other comprehensive expense for the year		**(438)**	(246)
Profit for the year		**19,300**	35,687
Total comprehensive income for the year		**18,862**	35,441
Attributable to:			
Owners of the parent		**18,753**	35,441
Non-controlling interests		**109**	–
		18,862	35,441

Consolidated statement of financial position

	Note	31 March 2025 £'000	31 March 2024 £'000
Non-current assets			
Goodwill	12	**129,633**	117,427
Other intangible assets	13	**71,901**	67,052
Convertible loan notes	14	**3,159**	3,689
Other investment	14	**740**	251
Property, plant and equipment	16	**31,933**	33,292
Net investment in finance lease receivables	24	**189**	512
Retirement benefit asset	17	**224**	286
Total non-current assets		**237,779**	222,509
Current assets			
Inventories	18	**6,162**	3,260
Trade and other receivables	19	**110,010**	122,950
Current tax asset		**9,734**	5,423
Cash and cash equivalents – corporate	20	**4,927**	26,392
Cash and cash equivalents – non-corporate	20	**28,262**	60,378
Restricted funds held on deposit (non-corporate)	20	**111,475**	78,198
Total current assets		**270,570**	296,601
Total assets		**508,349**	519,110
Current liabilities			
Trade and other payables	21	**272,369**	281,864
Lease liabilities	24	**768**	879
Provisions	22	**11,198**	1,850
Loans and borrowings	25	**265**	16,435
Total current liabilities		**284,600**	301,028
Non-current liabilities			
Lease liabilities	24	**2,410**	3,956
Loans and borrowings	25	**102,043**	77,500
Derivative liability		**264**	–
Deferred tax liability	23	**17,559**	15,466
Provisions	22	**4,152**	–
Total non-current liabilities		**126,428**	96,922
Total liabilities		**411,028**	397,950
Net assets		**97,321**	121,160

	Note	31 March 2025 £'000	31 March 2024 £'000
Equity			
Share capital	26	**236**	242
Share premium	26	**1,000**	1,000
Merger reserve	26	**18,243**	18,243
Share-based payment reserve		**3,471**	2,992
Capital redemption reserve	26	**7**	–
Retained earnings		**70,255**	98,683
Total equity attributable to equity holders of the parent		**93,212**	121,160
Non-controlling interests	15	**4,109**	–
Total equity		**97,321**	121,160

These financial statements on pages 119 to 165 were approved by the Board of Directors and authorised for issue on 11 June 2025 and were signed on behalf of the Board of Directors.

Nick Wiles
Chief Executive
11 June 2025

Consolidated statement of changes in equity

	Note	Share capital £'000	Share premium £'000	Merger reserve £'000	Share-based payment reserve £'000	Capital Redemption reserve £'000	Retained earnings £'000	Total £'000	Non-Controlling Interests £'000	Total equity £'000
At 1 April 2023		242	1,000	18,243	2,286	–	89,943	111,714	–	111,714
Profit for the year		–	–	–	–	–	35,687	35,687	–	35,687
Total other comprehensive income		–	–	–	–	–	(246)	(246)	–	(246)
Comprehensive income for the year		–	–	–	–	–	35,441	35,441	–	35,441
Equity-settled share-based payment expense	27	–	–	–	1,669	–	(339)	1,330	–	1,330
Vesting of share scheme	27	–	–	–	(963)	–	963	–	–	–
Dividends	28	–	–	–	–	–	(27,325)	(27,325)	–	(27,325)
At 31 March 2024		**242**	**1,000**	**18,243**	**2,992**	**–**	**98,683**	**121,160**	**–**	**121,160**
Non-controlling interest arising on acquisition		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**4,000**	**4,000**
Profit for the year		**–**	**–**	**–**	**–**	**–**	**19,191**	**19,191**	**109**	**19,300**
Total other comprehensive expense		**–**	**–**	**–**	**–**	**–**	**(438)**	**(438)**	**–**	**(438)**
Comprehensive income for the year		**–**	**–**	**–**	**–**	**–**	**18,753**	**18,753**	**109**	**18,862**
Issue of shares	**26**	**1**	**–**	**–**	**–**	**–**	**–**	**1**	**–**	**1**
Purchase of own shares	**26**	**(7)**	**–**	**–**	**–**	**7**	**(20,129)**	**(20,129)**	**–**	**(20,129)**
Equity-settled share-based payment expense	**27**	**–**	**–**	**–**	**2,018**	**–**	**(814)**	**1,204**	**–**	**1,204**
Vesting of share scheme	**27**	**–**	**–**	**–**	**(1,539)**	**–**	**1,539**	**–**	**–**	**–**
Dividends	**28**	**–**	**–**	**–**	**–**	**–**	**(27,777)**	**(27,777)**	**–**	**(27,777)**
At 31 March 2025		**236**	**1,000**	**18,243**	**3,471**	**7**	**70,255**	**93,212**	**4,109**	**97,321**

Consolidated statement of cash flows

	Note	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Cash flows from operating activities			
Cash generated from operations	31	**74,701**	65,706
Corporation tax paid		**(11,383)**	(8,354)
Interest received		**502**	534
Interest paid		**(7,848)**	(7,609)
Movement in restricted funds held on deposit (non-corporate)		**(33,277)**	3,802
Movement in payables – non-corporate		**1,699**	(91)
Net cash inflow from operating activities		**24,394**	53,988
Investing activities			
Purchases of property, plant and equipment		**(9,248)**	(11,100)
Purchases of intangible assets		**(9,529)**	(5,106)
Acquisitions of subsidiaries net of cash and cash equivalents acquired	15	**(8,919)**	–
Purchase of convertible loan note	14	**(16,000)**	(125)
Purchase of other investment	14	**(200)**	–
Net cash used in investing activities		**(43,896)**	(16,331)
Financing activities			
Dividends paid	28	**(27,777)**	(27,325)
Proceeds from issue of share capital		**1**	–
Payment of lease liabilities	24	**(889)**	(1,008)
Repayments of loans and borrowings	25	**(88,000)**	(44,980)
Proceeds from loans and borrowings	25	**97,500**	44,500
Purchase of own shares	26	**(14,914)**	–
Net cash used in financing activities		**(34,079)**	(28,813)
Net (decrease)/increase in cash and cash equivalents		**(53,581)**	8,844
Cash and cash equivalents at beginning of year		**86,770**	77,926
Cash and cash equivalents at end of year		**33,189**	86,770

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

	Note	31 March 2025 £'000	31 March 2024 £'000
Corporate cash		**4,927**	26,392
Non-corporate cash		**28,262**	60,378
Cash and cash equivalents	20	**33,189**	86,770

Company statement of financial position

	Note	31 March 2025 £'000	31 March 2024 £'000
Non-current assets			
Investments in wholly owned subsidiaries	14	**239,121**	221,837
Convertible loan notes	14	**3,159**	3,689
Other investment	14	**740**	251
Trade and other receivables	19	**9,160**	12,025
Total non-current assets		**252,180**	237,802
Current assets			
Trade and other receivables	19	**39**	75
Current tax asset		**8,989**	7,598
Cash and cash equivalents – corporate		**6,720**	7
Total current assets		**15,748**	7,680
Total assets		**267,928**	245,482
Current liabilities			
Trade and other payables	21	**75,186**	26,622
Loans and borrowings	25	**265**	16,435
Total current liabilities		**75,451**	43,057
Non-current liabilities			
Loans and borrowings	25	**102,043**	77,500
Derivative liability		**264**	–
Provisions	22	**–**	230
Total liabilities		**177,758**	120,787
Net assets		**90,170**	124,695
Equity			
Share capital	26	**236**	242
Share premium	26	**1,000**	1,000
Merger reserve	26	**18,243**	18,243
Share-based payment reserve		**3,471**	2,992
Capital redemption reserve	26	**7**	–
Retained earnings		**67,213**	102,218
Total equity attributable to equity holders of the parent		**90,170**	124,695

The Company has taken advantage of the exemption under section 408 of the Companies Act 2006 and consequently the statement of profit or loss of the Company is not presented as part of these financial statements. The profit of the Company for the financial year was £12.4 million (2024: £84.8 million).

These financial statements on pages 119 to 165 were approved by the Board of Directors and authorised for issue on 11 June 2025 and were signed on behalf of the Board of Directors.

Nick Wiles
Chief Executive
11 June 2025

Company statement of changes in equity

	Note	Share capital £'000	Share premium £'000	Merger reserve £'000	Share-based payment reserve £'000	Capital Redemption Reserve £'000	Retained earnings £'000	Total equity £'000
Opening equity at 1 April 2023		242	1,000	18,243	2,286	–	44,158	65,929
Profit for the year		–	–	–	–	–	84,761	84,761
Equity-settled share-based payment expense	27	–	–	–	1,669	–	(339)	1,330
Vesting of share scheme	27	–	–	–	(963)	–	963	–
Dividends	28	–	–	–	–	–	(27,325)	(27,325)
Closing equity at 31 March 2024		**242**	**1,000**	**18,243**	**2,992**	**–**	**102,218**	**124,695**
Profit for the year		**–**	**–**	**–**	**–**	**–**	**12,442**	**12,442**
Movement on cashflow hedge reserve		**–**	**–**	**–**	**–**	**–**	**(266)**	**(266)**
Comprehensive income for the year		**–**	**–**	**–**	**–**	**–**	**12,176**	**12,176**
Issue of shares	26	**1**	**–**	**–**	**–**	**–**	**–**	**1**
Purchase of own shares	26	**(7)**	**–**	**–**	**–**	**7**	**(20,129)**	**(20,129)**
Equity-settled share-based payment expense	27	**–**	**–**	**–**	**2,018**	**–**	**(814)**	**1,204**
Vesting of share scheme	27	**–**	**–**	**–**	**(1,539)**	**–**	**1,539**	**–**
Dividends	28	**–**	**–**	**–**	**–**	**–**	**(27,777)**	**(27,777)**
Closing equity at 31 March 2025		**236**	**1,000**	**18,243**	**3,471**	**7**	**67,213**	**90,170**

Company statement of cash flows

	Note	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Cash flows from operating activities			
Cash generated from operations	31	**74,215**	33,349
Interest received		**162**	–
Interest paid		**(7,622)**	(7,225)
Net cash inflow from operating activities		**66,755**	26,124
Investing activities			
Acquisition transaction costs	15	**(130)**	–
Acquisitions of subsidiaries	15	**(10,522)**	–
Purchase of convertible loan note	14	**(16,000)**	(125)
Purchase of other investment	14	**(200)**	–
Net cash used in investing activities		**(26,852)**	(125)
Financing activities			
Dividends paid	28	**(27,777)**	(27,325)
Proceeds from issue of share capital		**1**	–
Repayments of loans and borrowings	25	**(88,000)**	(44,353)
Proceeds from loans and borrowings	25	**97,500**	44,500
Purchase of own shares	26	**(14,914)**	–
Net cash used in financing activities		**(33,190)**	(27,178)
Net increase / (decrease) in cash and cash equivalents		**6,713**	(1,179)
Cash and cash equivalents at beginning of year		**7**	1,186
Cash and cash equivalents at end of year		**6,720**	7

Notes to the consolidated financial statements

1. Significant Accounting policies

Basis of preparation

PayPoint Plc ('PayPoint' or the 'Company') is a public limited company limited by shares and is incorporated, domiciled 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 under the historical cost convention except as disclosed, 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.

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

New and amended standards adopted by the Group

The Group has adopted the following amendments to standards for the first time in the year ended 31 March 2025:

- Amendments to IAS1 *Presentation of financial statements – classification of liabilities as current and non-current and non-current liabilities with covenants* (effective date 1 January 2024)
- Amendments to IAS7 *Statement of cash flows* and IFRS7 *Financial instruments: disclosures – supplier finance arrangements* (effective date 1 January 2024)
- Amendments to IFRS16 *Leases – lease liability in sale and leaseback* (effective date 1 January 2024)

The accounting policies adopted by the Group in the financial statements for the year ended 31 March 2025 are otherwise consistent with those applied to all other years set out in these group financial statements.

New and revised IFRS in issue but not yet effective

No new standards or interpretations have been adopted in the Group's accounting policies in the year ended 31 March 2025.

At the date of authorisation of these financial statements, the new and revised standard issued but not yet effective is set out below.

- Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates* (effective date 1 January 2025)
- Amendment to IFRS 7 *Financial instruments: disclosures* – classification and Measurement of Financial Instruments (effective date 1 January 2026)
- IFRS 18 *Presentation and disclosure in financial statements* (effective date 1 January 2027)
- IFRS 19 *Subsidiaries without public accountability: Disclosures* (effective date 1 January 2027)

It is anticipated that the adoption of these standards and interpretations in future years will have no material impact on the financial statements of the Group, with the exception of IFRS18. IFRS18 will replace IAS1 *Presentation of financial statements* and will have an impact on the presentation of the Group's Consolidated statement of profit or loss, with new statutory profit or loss sub-totals and income and expenditure classified into Operating, Investing and Financing categories.

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 2025, the Group had corporate cash of £4.9 million.

The Group carried out a refinancing, completed on 6 June 2024, following which its borrowing facilities consisted 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.

On 11 June 2025, the Group completed an amendment to the above arrangement, to manage its working capital requirements and capital allocation. Its borrowing facilities now consist of:

- a £75.0 million non-amortising term loan expiring in June 2029; and
- a £90.0 million unsecured revolving credit facility expiring in June 2029.

At 31 March 2025, £58.0 million (2024: £57.5 million) was drawn down from the £90.0 million revolving credit facility and the outstanding balance of the non-amortising term loan was £45.0 million.

The Group's statement of financial position shows net assets of £97.3 million as at 31 March 2025 (£121.2 million as at 31 March 2024), having made a profit after tax for the year of £19.3 million (2024: £35.7 million) and generated cash from operations of £74.7 million for the year then ended (2024: £65.7 million). The Group had net current liabilities of £14.0 million (2024: £4.4 million).

The Directors consider the going concern period as twelve months from the date of signing of these financial statements and have reviewed detailed monthly cash flow forecasts from the Group over this period. In this 'base case' scenario, the cash flow forecasts show considerable liquidity headroom and debt covenants will be met throughout the period. In addition, the Directors have considered and confirm there are no significant or material events that have been identified beyond the going concern period that may cast significant doubt upon the continuing use of the going concern basis.

Additionally, the Directors have carried out an assessment of the principal risks and uncertainties and applied severe but plausible scenarios, together with a reverse stress test, 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 19.6 pence per share declared in respect of the financial year ended 31 March 2025. 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.

Notes to the consolidated financial statements continued

1. Significant Accounting policies continued

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 twelve 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 year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

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, and;
(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 2025 are as follows:

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Corporate cash	**4,927**	26,392
Clients' cash	**15,165**	17,276
Gift card voucher cash	**3,030**	9,779
Prepay savers' cash	**4,266**	27,368
Retailer partners' deposits	**5,801**	5,955
Sub-total: non-corporate cash	**28,262**	60,378
Total cash and cash equivalents	**33,189**	86,770
Restricted funds held on deposit (non-corporate)	**111,475**	78,198

Clients' own funds

Clients' cash held in trust off the Consolidated statement of financial position as at 31 March 2025 is £54.2 million (2024: £60.5 million).

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

Management reassessed its CGUs during the prior 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 in the prior period, comprising the former Handepay CGU and Merchant Rentals CGU plus the pre-existing PayPoint cards business.

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

Consequently, the Group now tests for impairment the aggregate goodwill of £45.2 million which arose on the acquisitions of Handepay and Merchant Rentals, by comparing the enlarged Cards CGU's recoverable amount to its carrying value. Prior to this Cards 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 consolidation of the former Handepay CGU, Merchant Rentals CGU and PayPoint cards business CGU into a single Cards CGU remains a critical judgement.

Critical estimate: valuation of acquired intangible assets on acquisition of obconnect Ltd

The fair value of acquired intangible assets (customer relationships, brand and developed technology) recognised on the acquisition of obconnect Ltd amounted to £11.0 million, with a related deferred tax liability of £2.7 million. Together with other assets acquired and liabilities assumed, this resulted in goodwill of £12.2 million. The consideration exceeds the aggregate of the acquired intangible assets and the goodwill due to net other assets having been acquired on acquisition (see note 15). The estimate of fair value measurement of acquired customer relationships is considered by management a critical estimate due to a significant risk of material adjustment in the measurement period. The fair value of customer relationships is derived from assumptions, changes to which would have a material impact on its fair value.

The table below summarises the fair value of customer relationships recognised, the assumptions used in deriving the fair value and the range of fair values obtained by changing one or more of the assumptions:

Fair value	£7.6m
Discount rate assumption	17.1%
Attrition rate	3.0%
Impact of 2%-point change to discount rate	+£1.1 / -£0.9m
Impact of 2%-point change to attrition rate	+£1.4m / -£1.1m
Value with both assumptions at favourable end of range	£10.5m
Value with both assumptions at adverse end of range	£5.9m

Given that the acquired customer relationships were not purchased in separate transactions, but rather as part of the wider obconnect Ltd business combination, the 'market participant' perspective is hypothetical. Therefore, in measuring the acquired customer relationships at fair value, management considered the types of potential market participants (e.g. competitors and comparable companies) to apply assumptions that were consistent with the assumptions that market participants would use when pricing the intangible assets.

Given that the acquired customer relationships are not traded on an active market, have no recent market transactions and are unique to obconnect Ltd, management valued them using a multi-period excess earnings (MEEM) method, which reflects market participant fair value by including forecast lifetime earnings which were specifically attributable only to the customer relationships existing at the acquisition date. The discount rate applied to the MEEM incorporates general market rates of return at the acquisition date as well as industry risks and the risks of the asset to typical market participant, based on an analysis of comparable companies.

The residual £12.2 million goodwill represents the future economic benefits arising from the acquisition that were not individually identified and separately recognised at the acquisition date. The buyer-specific synergies subsumed into goodwill did not exist at the market-participant level at the acquisition date because i) they result from combining PayPoint and obconnect Ltd, enabling PayPoint to cross-sell to the obconnect Ltd customer base and ii) the new customer relationships and sectors are anticipated to arise post-acquisition but were not identifiable at the acquisition date. The workforce and operating expertise are not separately identifiable intangible assets and are also included in goodwill.

Critical estimate: valuation of the investment in Judge Logistics Ltd

Convertible loan note

As explained in note 14, the Company held a convertible loan note in Judge Logistics Ltd ("Judge") at 31 March 2025, which it had purchased for consideration of £15 million during the current period. In accordance with IAS32 *Financial instruments*, the Company is required to re-measure the loan note at fair value at the end of each reporting period, using an appropriate valuation method. Management used the Probability Weighted Expected Return Method ("PWERM"), valuing the instrument under each of the different outcomes it identified, and assigning a relative probability to each such outcome.

Management exercised judgement in assigning the relative probabilities. It assigned the highest probability to the scenario which transpired on 17 April 2025, namely the conversion of the Company's loan note into a 3.6% equity investment in Judge, triggered by InPost spa z.o.o's ("InPost's") acquisition of Judge. Management assigned lower probabilities to other feasible scenarios.

Management also exercised judgement in estimating the fair value of a 3.6% equity investment. The amount paid by InPost to purchase convertible loan notes in Judge, prior to acquiring 95.5% of it, provided management with observable market information to assist in estimating the fair value of a 3.6% share.

The re-measurement of the Company's loan note in Judge, from £15.0 million to £2.2 million, resulted in a charge of £12.8 million in the Consolidated statement of profit or loss, reported within adjusting items (see note 14.)

Equity investment

In addition to the convertible loan note, the Company purchased for £100 an equity investment in Judge in the current period. This investment represented a 0.9% share in Judge following conversion of the Company's and InPost's loan notes on 17 April 2025.

With reference to the valuation of £2.2 million derived by the PWERM method for its loan note and the estimated relative probabilities of the possible scenarios, management re-measured the Company's equity investment in Judge at £0.5 million, resulting in a gain of £0.5 million in the Consolidated statement of profit or loss, reported within adjusting items (see note 14).

Future impact

With the conversion of the Company's loan note into equity on 17 April 2025, the element of uncertainty relating to the relative probabilities of the scenarios existing at 31 March 2025 was removed. However, the fair value attributable to the Company's investments in Judge remains subject to estimation. It is reasonably possible that changes to assumptions used by management to estimate the fair value of its investments could give rise to further material adjusting items in the following financial period.

Notes to the consolidated financial statements continued

1. Significant Accounting policies continued

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.

The adjusting items between the Group's statutory and underlying performance measures are as follows:

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Exceptional item – revenue	**14,205**	–
Exceptional items – legal fees	**6,357**	2,143
Exceptional item – impairment of right of use asset related to Chapel St. lease	**373**	–
Exceptional item – impairment of other Chapel St. assets	**486**	–
Exceptional item – onerous provision for unavoidable Chapel St. costs	**1,145**	–
Sub-total: items related to Chapel St. lease	**2,004**	–
Exceptional item – accelerated amortisation costs	**868**	–
Exceptional items – restructuring costs	**–**	1,977
Sub-total: exceptional items – administrative expenses	**9,229**	4,120
Exceptional items – finance costs	**–**	1,099
Amortisation of intangible assets arising on acquisition	**8,716**	8,076
Net movement on convertible loan note fair values	**10,413**	186
Net movement on other investment fair values	**(805)**	–
Total adjusting items	**41,758**	13,481

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 underlying 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 underlying revenue to net revenue is included in note 4.

Total costs (non-IFRS measure)

Total costs comprise other costs of revenue (note 5), administrative expenses, finance income and finance costs. Total costs exclude adjusting items, being exceptional costs, amortisation of intangible assets arising on acquisition and net movements on investment fair values.

Earnings before interest, tax, depreciation and amortisation (EBITDA) (non-IFRS measure)

The Group 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 67 for a reconciliation from profit before tax to EBITDA.

Adjusted earnings before interest, tax, depreciation and amortisation (Underlying EBITDA) (non-IFRS measure)

The Group also presents adjusted EBITDA, which comprises EBITDA, as defined above, excluding exceptional items and net movements on convertible loan notes and other investments. See page 67 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 adjusting items 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)
Underlying profit before tax represents statutory profit before tax excluding total adjusting items.

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 corporate cash and cash equivalents to net corporate debt is as follows:

	31 March 2025 £'000	31 March 2024 £'000
Cash and cash equivalents – corporate	**4,927**	26,392
Less:		
Loans and borrowings (note 25)	**(102,308)**	(93,935)
Net corporate debt	**(97,381)**	(67,543)

Significant accounting policies

Basis of consolidation
PayPoint Plc (the 'Company') acts as a holding company. The financial statements of the Company and its investments in entities controlled by the Company (its subsidiaries) are consolidated in the Group financial statements. Control is achieved when the Company has power over an entity, exposure to variable returns and the ability to use that power to affect its returns from the entity. The Company reassesses its control over an entity if facts and circumstances indicate that there is a change to any of the three elements of control listed above. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control exists. All intergroup transactions, balances, income and expenses are eliminated on consolidation. All the subsidiaries in the Group, a list of which are presented in note 14 of the financial statements, apply accounting policies which are consistent with those of the Group.

Revenue
Revenue, as reported in the Consolidated statement of profit or loss, is derived from contracts with customers. It represents the value of services and goods delivered or sold to clients, retailer partners and SME partners. It is measured using the fair value of the consideration received or receivable, net of value added tax. Performance obligations are identified at contract inception and the revenue is recognised once the performance obligations are satisfied. Upfront payments for management fees and set-up and development fees in respect of contracts with clients, retailer partners and SME partners are deferred and recognised on a straight-line basis over the contracted period, which appropriately reflects that the clients, retailer partners and SME partners receive and consume the benefits of those performance obligations evenly throughout the contract.

Principal and Agent
Under IFRS15, the Group is a principal (and records revenue on a gross basis) if it controls the promised good or service before transferring it to the customer. The Group is an agent (and records as revenue the net amount that it retains for its agency services) if its role is to arrange for another entity to provide the good or service.

The Group acts as principal for the following Love2shop services:

- Single-retailer redemption products.
- Administrative support for multi-redemption cardholders.
- Multi-redemption non-redemption income

and for the sale of SIM cards and some e-money through PayPoint.

The Group acts as agent for all services provided through PayPoint, other than the sale of SIM cards and some e-money, and for the following multi-retailer Love2shop redemption products:

- Love2shop vouchers.
- Flexecash © cards and e-codes.
- Mastercards.

Timing of revenue recognition
1. Shopping and e-commerce
The Group provides shopping and e-commerce services to retailer partners, which form part of PayPoint's network, and SME partners.

Shopping (retail services) revenue comprises:

- Service fees from retailers that use PayPoint One, legacy terminals and EPoS, all of which are charged for on a weekly or monthly basis and recognised on a straight-line basis over the period of the contract. Retailers simultaneously receive and consume the benefits related to the services fee; therefore, a straight-line approach appropriately reflects the transfer of the service.
- ATM and Counter Cash transaction fees which are recognised when each transaction is processed.
- Fees for receipt advertising and FMCG revenue from digital vouchering, digital screen advertising, sales data, and PayPoint's retailer engagement channels which are recognised over the period of the campaign on a straight-line basis.
- Operating lease income from ATMs which is recognised on a straight-line basis over the expected lease term.
- Other retail services revenue including failed Direct Debits which are recognised at the time the transaction occurs.

Shopping (card payments) revenue comprises:

- Commissions and fees from card payments which are recognised when each transaction is processed.
- Finance lease income from card terminals is recognised over the expected lease term using the sum of digits method.
- Operating lease income from card terminals which is recognised on a straight-line basis over the expected lease term.
- Commissions from PayPoint's Business Finance products in partnership with YouLend which is earned on the loan amounts outstanding from card payment retailers and recognised when the loan is granted to the retailer.

e-commerce revenue comprises:

- Fees earned for processing parcels which are recognised when each parcel has been delivered or returned through the PayPoint network.
- Royalty income from the Collect+ brand which is recognised as the parcels are processed.

Notes to the consolidated financial statements continued

1. Significant Accounting policies continued

2. Payments and banking

Payments and banking revenue is recognised as performance obligations are satisfied which is usually at the point in time each transaction is processed. Other than for the sale of SIM cards as principal, PayPoint is contracted as agent in the supply of payments and banking services and accordingly the commission earned from clients for processing transactions is recognised as revenue when each transaction is processed.

Payments and banking revenue comprises:

- Cash bill payments: customers of PayPoint's clients can pay their bills (due to the client) over-the-counter at any of PayPoint's retailer partners. PayPoint provides the technology for recording the payment of bills and transmission of that payment data to the client. PayPoint then collects bill payment funds from retailer partners and remits those funds to clients.
- Cash top-ups: customers of PayPoint's clients can top up their mobiles over-the-counter at any of PayPoint's retailer partners. This category also includes revenue from the sale of SIM cards which is primarily earned from the mobile operators based on the value of top-ups after the initial activation. This revenue is contingent on the customer actions and is recognised at the point in time when the consumer tops up the SIM card. PayPoint contracts as principal for SIM card sales as it obtains control of the SIM cards before transferring control to the customer, therefore revenue is recognised at the gross sale price and cost of revenue includes the related cost.
- Digital payments (including open banking): MultiPay is an integrated solution offering a full suite of digital payments. It enables transactions online and through smartphone apps and text messages, as well as event payments, over the counter, over the phone and via interactive voice response (IVR) systems. It also supports a full range of Direct Debit options, including scheduling collections, as well as new product developments such as PayByLink, recurring payments and Event Streamer. CashOut enables the rapid dispersal of funds through secure digital channels, including the Payment Exception Service which is run for the Department for Work and Pensions by i-movo, delivering payments to those without access to a standard bank account. i-movo also issues digital newspaper vouchers which enable newspaper publishers to digitise consumer subscription services and home news delivery in local convenience stores.
- Cash through to digital: PayPoint provides the physical network of retail locations for consumers to convert cash into electronic funds with online organisations. Consumers pay for a 'pin on receipt' code in any of PayPoint's retail locations and then can use that value online with their chosen digital brand or service across a comprehensive portfolio of banking, e-commerce, gaming and loyalty card partners.

3. Love2shop

Love2shop revenue comprises:

- Multi-retailer redemption products (Love2shop vouchers, Flexecash® cards and e-codes, and Mastercards). Service fees earned from the retailers are recognised when the products are redeemed.
- Single-retailer redemption products (Third party vouchers, cards and e-codes). Revenue is recognised on despatch.
- Multi-retailer cardholder fees, earned for services provided to cardholders such as issue, dealing with lost, stolen or damaged cards and post-expiry fees. Revenue is recognised when the fees are levied.

Other revenue

Other revenue, as reported in the Consolidated statement of profit or loss, is IFRS9 revenue. It comprises:

1. Payments and Banking
- Interest earned on clients' funds and retailer partners' deposits.

2. Love2shop
- Multi-retailer non-redemption revenue (where the end-user has the right of refund), recognised when the product has expired and the right of refund lapsed.
- Multi-retailer non-redemption revenue (where the end-user has no right of refund), recognised on expiry.
- Interest generated by investing cash received from customers. This applies both to cash received for the Park Christmas Saver business where customers save with the Group throughout the year, and to all other pre-paid products. Funds associated with customers are included in both restricted funds held on deposit and cash and cash equivalents.

Non-redemption income represents the unused amount (i.e. the non-refundable unredeemed or unspent funds) on a voucher, card or e-code at expiry, where there is no right of refund, or on expiry and lapse of the refund period, where there is a right of refund.

Cost of revenue

Cost of revenue primarily consists of expenses related to delivering our services and products. These include retailer commissions, the cost of single-retailer vouchers, cards and codes, SIM cards and e-money (where the Group is principal), depreciation and amortisation of assets used to deliver services, field sales costs, transaction costs, terminal and ATM maintenance costs and telecommunications costs.

Retailer partner commission costs

Retailer partner commission costs represent the fees due to PayPoint's retailer partners for providing PayPoint's services in their store. These costs are recognised as an expense within cost of revenue when the transaction or parcel is processed.

Foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currency are translated at the rates prevailing at the date when fair value was determined. Gains and losses arising on translation are included in net profit or loss for the year.

Pension costs

Defined benefit plan

The fair value of the plan assets less the present value of the defined benefit obligation is recognised in the Consolidated statement of financial position as the retirement benefit asset, after applying the asset ceiling test. The limit on the recognition of a defined benefit pension asset is measured as the value of economic benefit available to the Group in the form of refunds or reductions in future contributions, in accordance with the rules of the pension schemes.

Regular valuations are prepared by independent professionally qualified actuaries on the projected unit credit method. The valuations are carried out every three years and updated on a yearly basis for accounting purposes. These determine the level of contribution required to fund the benefits set out in the rules of the plans and allow for the periodic increase of pensions in payment.

The scheme is closed to future years' service but pensions are still dependent on actual final salaries. Consequently, the Group may have an amendment in future where salary rises differ from those projected. For any related plan amendment, these are recognised immediately in the statement of profit or loss.

Remeasurements comprise actuarial gains and losses on the obligations and the return on scheme assets (excluding interest). They are recognised immediately in other comprehensive income in the Consolidated statement of comprehensive income. Net interest cost is calculated by applying the discount rate on liabilities to the net pension liability or asset (adjusted for cash flows over the accounting period) and is recognised within administrative expenses.

Defined contribution plans

The Group makes payments to a number of defined contribution pension schemes. Pension costs are recognised as an expense when employees have rendered services entitling them to the contributions. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant. The fair value at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period and adjusted for non-market-based conditions where they will not vest (i.e. leavers). The fair value of equity-settled share-based payment arrangements where no market-based vesting conditions exist is based on the share price at the date of the grant.

Cash-settled share-based payments represents PAYE and NI paid by the Group to HMRC on behalf of employees receiving share awards. The number of shares issued by the Group to such employees is correspondingly less than that which would have been issued had the employees settled their income tax liability themselves.

Finance income

Finance income comprises bank deposit interest received on corporate cash and cash equivalents and interest income on defined benefit pension scheme assets. Interest is recognised as earned, which reflects the effective interest rate method.

Finance costs

Finance costs comprises interest costs on loans and borrowings and bank overdrafts and interest expense on the defined benefit pension scheme obligations and leases. Finance costs are recognised as an expense in the period in which they are incurred.

Exceptional items

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 year exceptional items are:

- £20.6 million settlement an legal fees in conjunction with the matter referred to in note 32.
- £2.0 million costs relating to L2s's Chapel St. lease.
- £0.9 million accelerated amortisation costs relating to certain modules of L2s's ERP system

Taxation

The Group's policy is to pay tax when due but to minimise tax payments where practically possible, without engaging in aggressive tax schemes.

The tax expense represents the amount payable in respect of the year under review based on the taxable profit for the year and the provision for deferred tax. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and items that are not taxable or deductible.

The Group's liability for current tax is calculated using tax rates that are applicable to the current year.

Deferred tax is provided in full on taxable temporary differences between the tax bases of assets and liabilities and their carrying amounts. Deferred tax is calculated using tax rates that have been substantively enacted by the balance sheet date. Deferred tax assets are recognised on deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the tax asset will be realised. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is charged or credited in the statement of profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, in which case the deferred tax is recorded in other comprehensive income or equity.

Notes to the consolidated financial statements continued

1. Significant Accounting policies continued

Financial instruments

The financial asset or liability is initially recognised when the Group becomes party to the contractual instrument. The Group classifies its derivative financial instruments, which consist of convertible loan note instruments, as held at fair value through profit or loss.

The Group discloses the fair value measurements of financial assets and liabilities using three levels as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Financial liabilities

Multi-retailer products can be exchanged for goods or services with redemption partners at any point until they are fully utilised or they expire. Redemption partners are paid the value of the product redeemed, less the commission earned by the Group. Multi-retailer products are accounted for as a financial liability under IFRS 9 as there is a contractual obligation to deliver cash to the redemption partners on behalf of the cardholder and there is no unconditional right to avoid delivering cash to settle this contractual obligation.

A financial liability equivalent to the value of the card is recognised at the point of sale. The financial liability is reduced as funds are settled to the redemption partner after the value, part or whole, is spent with the relevant redemption partner. Profits on products that expire without being redeemed are recognised in income after the expiry date of the redemption rights, at which point the financial liability is also derecognised.

Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. Acquisition-related costs are recognised in profit or loss as incurred. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. The acquired identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business Combinations are recognised at their fair value at the acquisition date.

When the initial accounting for a business combination is determined, it is done so on a provisional basis. Measurement period adjustments to these provisional values may be made within 12 months of the acquisition date and are effective as at the acquisition date, if new information about facts and circumstances that existed at the acquisition date is obtained and, if known, would have resulted in the recognition of those assets and liabilities at that date.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition. Goodwill is not amortised and is measured at the amount initially recognised less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units. The cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication of impairment. This is done by determining the recoverable amount. If the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised by first allocating the impairment to goodwill and then to the other assets on a pro-rata basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised immediately in profit or loss and is not reversed in subsequent years.

On disposal of a cash-generating unit, the related goodwill is included in the determination of the profit or loss on disposal.

Intangible assets

Recognition on acquisition

The Group has recognised acquired brands, customer relationships and developed technology intangible assets at fair value in accordance with IAS 38 *Intangible Assets*, which are amortised over their estimated useful economic lives as follows:

Brands and trademarks – 8 to 15 years
Customer relationships – 3 to 13 years
Regulatory licences – 5 years
Software development – 1 to 7 years

Acquired brands are valued using the relief-from-royalty method using an estimation of future revenues and a market-based royalty rate that an acquirer would pay in an arm's length licensing arrangement to secure access to the same rights. The theoretical royalty payments are discounted to obtain the cash flows to determine the present asset value. A tax amortisation benefit is applied to reflect the present value of the expected benefits of amortising the value of the intangible asset over its useful tax life.

Acquired customer relationships are valued using the multi-period excess earnings method ('MEEM approach') by estimating the total expected income streams from customer relationships and deducting portions of the cash flow that can be attributed to supporting or contributory assets (including workforce). The residual income streams are discounted. No tax amortisation benefit is applied.

Acquired developed technology is valued using a depreciated replacement cost method, which requires an estimate of all the costs a typical market participant would incur to generate an exact replica of the intangible asset in the context of the acquired business. The depreciated replacement cost method takes into account factors including economic and technological obsolescence.

The useful life of acquired intangible assets is based on factors including the expected usage of the asset, typical product lifecycles for the asset (reflecting the ability to generate the expected future economic benefits with reasonably low levels of required maintenance expenditure), technical, technological, commercial or other types of obsolescence, expected actions by competitors and the period of the contractual or other legal rights over which the entity expects to use the asset including renewal, which determines future amortisation charges.

Software development
The Group develops software and other intangible assets including EPoS services and the digital payments platform which generate future economic benefits through cost savings or revenue from clients, retailer partners and SME partners. Development expenditure on large projects is recognised as an intangible asset if the product or process is technically and commercially feasible and the Group intends to and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Group can measure reliably the expenditure attributable to the intangible asset during its development. The costs that are capitalised are the directly attributable costs necessary to create and prepare the asset for operations. Development costs recognised as an intangible asset are amortised on a straight-line basis over its useful life, which is between three and ten years. Other software costs are recognised in administrative expenses when incurred.

Costs incurred in the configuration and customisation of cloud-hosted SaaS arrangements are expensed where they do not give rise to an identifiable intangible asset which the Group controls. Amounts paid to the cloud vendor for configuration and customisation that are not distinct from access to the cloud software are expensed over the SaaS contract term. In limited circumstances, configuration and customisation costs may give rise to an identifiable intangible asset, for example, where code is created that is controlled by the Group.

Investments
Investments in subsidiaries in the Company financial statements are stated at cost, including acquisition expenses, less accumulated impairments.

Investments in direct equity investments and in convertible debt instruments in the Group and Company financial statements are stated at fair value.

Property, plant and equipment
Property, plant and equipment are carried at cost less accumulated depreciation and impairment. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life. The estimated useful lives are as follows and are reviewed on an annual basis:

Freehold land – not depreciated
Freehold building – 40 to 50 years
Leasehold improvements – over the lease term or the useful economic life of 3 to 15 years, whichever is lower
PayPoint terminals – 5 to 7 years
Card terminals – 3 to 7 years
Other terminals – 5 years
ATMs – 5 years
Right of use assets – 3 to 15 years
Fixtures, fittings and equipment – 3 to 15 years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment of property, plant and equipment and intangible assets
At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

The reversal of any impairment loss is limited by the net book value to which the relevant asset would have been reduced, had no impairment occurred. A reversal of an impairment loss is recognised as income.

Inventories
Inventories comprises Love2shop cards, stocks of SIM cards and card terminals. These are stated at the lower of cost or net realisable value. Net realisable value is based on estimated selling price in the ordinary course of business less cost of disposal having regard to the age, saleability and condition of the inventory.

Where the Group trades as principal for the sale of Love2shop cards and SIM cards, the cost of these is included in inventories. Where the Group acts as an agent, the cost of these is not included in inventories.

Trade and other receivables
Trade receivables are initially recorded at fair value and represent the amount of commission and fees due from clients, fees from retailers and monies due from entities for card and voucher purchases, for which payment has not been received, less an allowance for doubtful accounts that is estimated based on factors such as the credit rating of the customer, historical trends, the current economic environment and other information.

The Group has used the expected credit loss ('ECL') model and has adopted an allowance matrix for trade receivables, whereby these are segmented according to number of days outstanding and an appropriate probability of impairment is applied to each category based on historical loss experience and adjusted for information about current and reasonable supportable future conditions.

Items in the course of collection represent gross transaction values received by retailer partners for clients which have not yet been collected by the Group, which bears the credit risk for these amounts.

Notes to the consolidated financial statements continued

1. Significant Accounting policies continued

Accrued income
Unbilled revenue is a receivable and is presented as accrued income on the balance sheet.

Cash and cash equivalents
For the purpose of the statement of cash flows and statement of financial position, cash and cash equivalents comprise cash at bank and in hand and short-term deposits with original maturity of less than three months. Cash and cash equivalents are subject to insignificant risk of changes in value.

Cash and cash equivalents subject to trust are recognised on the statement of financial position where the Group:

1. has the ability to control the cash.
2. is entitled to the interest earned on balances; and
3. bears the credit risk.

Where these conditions are not met, the funds are not are recognised on the statement of financial position and are referred to as "clients' own funds".

Cash and cash equivalents are classified as either corporate or non-corporate.

Corporate cash and cash equivalents consists of cash freely available to the Group for use in its daily operations.

Non-corporate cash and cash equivalents consist of cash 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 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.

Restricted funds held on deposit (non-corporate)
These are fixed-term bank deposits with original maturity of more than three months. Such funds are recognised on the statement of financial position as the Group has access to the interest on these monies and can, having met certain conditions, withdraw the funds. However, given the time restrictions over these monies, they are not included in cash and cash equivalents for the purposes of the statement of cash flows and statement of financial position.

Trade and other payables
Trade payables are initially recorded at fair value and represent the value of invoices received from suppliers for purchases of goods and services for which payment has not been made.

Settlement payables represent gross transaction values received by retail agents that have not yet been settled to clients. An equivalent balance "Items in the course of collection" is held within Trade and other receivables.

Provisions
Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Loans and borrowings
Loans and borrowings are initially measured at fair value, net of any attributable transaction costs, and are subsequently measured at amortised cost using the effective interest rate method.

Leases
The Group assesses whether a contract is, or contains, a lease at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component based on their relative standalone price. However, for leases of land and buildings in which it is a lessee, the Group has elected not to segregate non-lease components and account for the lease and non-lease components as a single lease component.

As a lessee
Where the Group is lessee, it recognises a right-of-use asset and a corresponding lease liability, except for short-term leases and leases of low value assets. For these leases, the Group recognises the lease payment as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease and decreased by payments made. The lease liability is presented as a separate line in the consolidated statement of financial position. The Group remeasures the lease liability and makes a corresponding adjustment to the right-of-use asset whenever there has been a lease payment change, the lease contract is modified or any other significant event.

The right-of-use asset is initially measured at cost and subsequently recognised at cost less accumulated depreciation and impairment losses. The right-of-use asset is depreciated using the straight-line method over the shorter of the period of the expected lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use asset is presented within property, plant and equipment. The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified loss as described in the 'Property, plant and equipment' policy.

As a lessor

Where the Group leases assets to a third party as a lessor, the Group assesses whether the contract is a finance lease or operating lease, depending on whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset.

Where the lease is a finance lease, the Group recognises as a receivable an amount equal to the net investment in the finance lease i.e. the minimum lease payments receivable under the lease discounted at the interest rate implicit in the lease. Incremental initial direct costs of obtaining the lease are included in the initial measurement of the net investment in the lease. This receivable is reduced as the lessee makes capital payments over the term of the lease. The terminal lease income is recognised over the expected lease term.

Where the lease is an operating lease, lease payments are recognised as income on a straight-line basis which reflects the pattern in which economic benefits from leasing the underlying asset are derived. The underlying asset is capitalised as property, plant and equipment and costs, including depreciation, incurred in earning the lease income are recognised as an expense. Initial direct costs incurred in obtaining the operating lease are added to the carrying amount of the underlying asset and recognised as an expense over the expected lease term on the same basis as the lease income.

Dividends

Final dividends on ordinary shares are recognised in equity in the year in which they are approved by the Company's shareholders. Interim ordinary dividends are recognised when paid.

In the Company financial statements, dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Merger reserve

Merger reserve represents amounts in excess of the nominal value of shares issued, where shares are issued in part or full consideration of an acquisition.

2. Segmental reporting

Segmental information

The Group considers its Love2shop business to be separate segments from its legacy PayPoint business, since discrete financial information is prepared for Love2shop and PayPoint and they offer different products and services. Furthermore, the chief operating decision maker (CODM) reviews separate monthly internal management reports (including financial information) for 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.
- Open banking services, including confirmation of payee

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 2025	PayPoint £'000	Love2shop £'000	Total £'000
Underlying revenue	176,181	118,738	294,919
Exceptional item – revenue	(14,205)	–	(14,205)
Total revenue	161,976	118,738	280,714
Other revenue	1,601	28,399	30,000
Segment revenue	163,577	147,137	310,714
Segment profit before tax and adjusting items	53,381	14,668	68,049
Exceptional items	(20,562)	(2,872)	(23,434)
Amortisation of intangible assets arising on acquisition	(2,919)	(5,797)	(8,716)
Net movement in convertible loan notes	(10,413)	–	(10,413)
Net movement in other investments	805	–	805
Segment profit before tax	20,292	5,999	26,291
Interest income	342	1,041	1,383
Interest expense	7,466	982	8,448
Depreciation and amortisation	14,952	10,340	25,292
Capital expenditure	14,659	4,118	18,777
Segment assets	333,569	174,780	508,349
Segment liabilities	234,901	176,127	411,028
Segment equity	98,668	(1,347)	97,321

Notes to the consolidated financial statements continued

2. Segmental reporting continued

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 £310.7 million (2024: £306.4 million) total revenue and £237.8 million (2024: £222.5 million) non-current assets at 31 March 2025 are geographically located within the UK.

3. Revenue

Disaggregation of revenue

	Year ended 31 March 2025			
Revenue	Underlying £'000	Adjusting item £'000	Total £'000	Year ended 31 March 2024 £'000
Shopping				
Service fees	**21,754**	**–**	**21,754**	19,653
Card payments	**21,831**	**–**	**21,831**	23,998
Card terminal leases	**10,590**	**–**	**10,590**	8,708
ATMs	**10,395**	**–**	**10,395**	11,805
Other shopping	**3,995**	**–**	**3,995**	4,071
Shopping total	**68,565**	**–**	**68,565**	68,235
e-commerce total	**40,409**	**–**	**40,409**	31,754
Payments and banking				
Cash – bill payments	**26,291**	**(14,205)**	**12,086**	31,264
Cash – top-ups	**10,228**	**–**	**10,228**	11,434
Digital (including obconnect Ltd)	**17,757**	**–**	**17,757**	16,197
Cash through to digital	**7,593**	**–**	**7,593**	7,658
Other payments and banking	**5,338**	**–**	**5,338**	1,175
Payments and banking total	**67,207**	**(14,205)**	**53,002**	67,728
Love2shop total – voucher and card service fee	**118,738**	**–**	**118,738**	110,099
Revenue	**294,919**	**(14,205)**	**280,714**	277,816

Service fee revenue of £21.8 million (2024: £19.7 million) and management fees, set-up fees and upfront lump sum payments of £1.1 million (2024: £1.3 million) are recognised on a straight-line basis over the period of the contract. Card terminal leasing revenue of £10.6 million (2024: £8.7 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 £14.1 million (2024: £13.6 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.

Love2shop revenue is recorded net of corporate discounts.

Other Revenue	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Payments and banking		
Interest revenue	**1,601**	2,013
Love2shop		
Interest revenue	**7,246**	6,453
Non-redemption revenue	**21,153**	20,085
Love2shop total	**28,399**	26,538
Total other revenue	**30,000**	28,551

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.

Contract balances

Group	Notes	31 March 2025 £'000	31 March 2024 £'000
Trade receivables	19	**30,902**	23,666
Net investment in finance lease receivables	24	**1,034**	1,837
Accrued income	19	**3,093**	3,250
Contract assets – capitalisation of fulfilment costs	19	**4,189**	3,446
Contract liabilities – deferral of set-up and development fees	21	**(9)**	(267)
Deferred income	21	**(6,075)**	(3,960)

The Group's balances arise from differences between timing of cash flow and revenue recognition, which is usually at the point in time each transaction is processed or on a straight-line basis over the contracted period for management fees, set-up fees or upfront lump sum payments.

- The trade receivables represent the Group's entitlement to consideration from clients and SME and retailer partners for services and goods delivered and invoiced at the reporting date, where the right to payment is unconditional except for the passage of time. The significant increase in the balance compared with prior year is principally due to the timing of customer billings around the respective year-ends.
- The net investment in finance lease receivables balance represents the total minimum lease payments receivable by PayPoint as lessor under finance leases, adjusted for the incremental initial direct costs of obtaining that lease, discounted at the interest rate implicit in those leases, with corresponding card terminal finance leasing revenue recognised over the expected lease term using the sum of digits method. The significant decrease in the balance compared with prior year is due to the fact that most new sales are now operating leases.
- The accrued income is a receivable which represents the Group's entitlement to consideration from clients and SME and retailer partners for services and goods delivered but not yet invoiced at the reporting date, as well as accrued interest on restricted funds held on deposit.
- The contract assets are mainly capitalised employee costs directly relating to the implementation services which are expected to be recovered from the customer and are amortised on a straight-line basis over the period of the contract. The increase in the balance compared with prior year is due to the continued increase in the portfolio of customers to whom these implementation services are provided.
- The contract liabilities represent set-up and development fees which are released on a straight-line basis over the period of the contract.
- The deferred income is a contract liability which represents advance consideration received at the reporting date, which is released with revenue recognised upon delivery of the performance obligations. The consideration is received from clients, SME and retailer partners. The significant increase in the balance compared with prior year is due to the acquisition of obconnect Ltd during the current period (see note 15).

Notes to the consolidated financial statements continued

4. Alternative performance measures

Net revenue

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

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Service revenue – Shopping	**68,565**	68,235
Service revenue – e-commerce	**31,615**	24,946
Service revenue – Payments and banking	**66,224**	66,579
Service revenue – multi-retailer redemption products	**17,747**	18,145
Service revenue – other	**3,074**	4,281
Sale of goods – single-retailer redemption products	**97,759**	87,554
Sale of goods – other	**1,141**	1,268
Royalties – e-commerce	**8,794**	6,808
Other revenue – multi-retailer non-redemption income	**21,153**	20,085
Other revenue – interest on clients' funds, retailer partners' deposits, gift card cash, prepay savers' cash and restricted funds held on deposit	**8,847**	8,466
Total underlying revenue	**324,919**	306,367
less:		
Retailer partners' commissions	**(43,671)**	(41,829)
Cost of single-retailer cards and vouchers	**(93,476)**	(83,403)
Cost of SIM card and e-money sales as principal	**(51)**	(163)
Total net revenue	**187,721**	180,972

Total costs

Total costs, excluding adjusting items, comprises:

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Other costs of revenue (note 5)	**37,085**	33,569
Administrative expenses – excluding adjusting items	**75,522**	78,722
Finance income (note 9)	**(1,383)**	(1,390)
Finance costs (note 9)	**8,448**	8,408
Total costs	**119,672**	119,309

5. Cost of revenue

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Retailer partners' commissions	**43,671**	41,829
Cost of single-retailer cards and vouchers	**93,476**	83,403
Cost of SIM card and e-money sales as principal	**51**	163
Total cost of revenue deducted for net revenue	**137,198**	125,395
Depreciation and amortisation	**11,553**	9,694
Field sales costs	**13,624**	9,025
Transaction costs	**7,207**	5,062
ATM costs	**955**	1,195
Card fees	**83**	996
Other	**3,663**	7,597
Total other costs of revenue	**37,085**	33,569
Total cost of revenue	**174,283**	158,964

6. Exceptional items

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Claim settlement – revenue	**14,205**	–
Legal fees – administrative expenses	**6,357**	2,143
Impairment of right of use asset related to the Chapel St. lease – administrative expenses	**373**	–
Impairment of other Chapel St. property, plant and equipment – administrative expenses	**486**	–
Onerous provision for unavoidable Chapel St. costs – administrative expenses	**1,145**	–
Sub-total: items related to the Chapel St. lease	**2,004**	–
Accelerated amortisation – administrative expenses	**868**	–
Restructuring costs – administrative expenses	**–**	1,977
Total exceptional items included in administrative expenses	**9,229**	4,120
Refinancing costs expensed – finance costs	**–**	1,099
Total exceptional items included in profit or loss	**23,434**	5,219

The tax impact of the exceptional items is £5,859,000 (2024: £1,305,000).

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.

Claim settlement

The current period deduction against revenue relates to the Group's settlement of a claim brought against it by Utilita, as disclosed in note 32. The claim was settled after the year-end and has been accounted for as an adjusting event in accordance with IAS10 *Events after the reporting period*.

Legal fees

The current period charge relates to the Group's defence of two claims served on a number of its companies in connection with issue disclosed in note 32. The Group remains confident that it will successfully defend the claim served by Global-365.

Chapel St.

The costs arise from the Group's decision to vacate part of its leased Chapel Street, Liverpool premises in February 2025. Following the decision, the Group will continue to pay rent until June 2029, five years short of the original lease termination date. Consequently, the lease liability and associated right of use asset were remeasured in the current period and the reduced right of use asset fully impaired, along with other assets in the vacated space.

In addition, the Group has recognised an onerous contract provision for unavoidable costs related to the vacated space.

ERP system amortisation

The current period accelerated amortisation costs relate to L2s's ERP system. As part of an e-commerce project initiated in the current period, certain modules of that system will be replaced by 31 March 2025, earlier than the previously expected date.

Restructuring costs

The prior period restructuring costs relate to the organizational design of the Group communicated by management to all staff on 6 March 2024.

Refinancing costs

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

7. Employee information

Group	Year ended 31 March 2025 Number	Year ended 31 March 2024 Number
Average number of employees		
Sales, distribution and marketing	**213**	236
Operations and administration	**726**	732
Total	**939**	968

The average number of Company employees in the year ended 31 March 2025 was 19 (31 March 2024: 20)

Group	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Employee costs during the year (including Directors)		
Wages and salaries	**47,200**	47,612
Social security costs	**4,600**	4,767
Pension costs	**3,691**	3,765
Redundancy and termination costs	**404**	957
Total	**55,895**	57,101

Company	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Employee costs during the year (including Directors)		
Wages and salaries	**4,414**	4,620
Social security costs	**400**	440
Pension costs	**230**	264
Redundancy and termination costs	**99**	0
Total	**5,143**	5,324

Directors' emoluments, pension contributions and share options are disclosed in the Remuneration Committee Report on pages 98 to 112. See note 30 for Directors' remuneration costs.

Included within wages and salaries is a share-based payment charge of £2.0 million (2024: £1.7 million.) Refer to note 27 for disclosure of share awards made in the year.

Pension arrangements

The Group administers a number of defined contribution schemes for employees, including those taken on following the acquisition of Appreciate Group PLC. The pension charge for the year for the defined contribution schemes was £3.7 million (2024: £3.6 million).

The accrual for defined contribution pension contributions at the statement of financial position date was £0.3 million (2024: £0.4 million).

The Group also operates a defined benefit scheme at 31 March 2025 (see note 17). The pension charge for the year for the defined benefit scheme was £nil (2024: £0.2 million).

Notes to the consolidated financial statements continued

8. Profit for the year

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Profit is after charging:		
Depreciation on property, plant and equipment – cost of revenue	**(7,381)**	(5,927)
Amortisation of intangible assets – cost of revenue	**(4,172)**	(3,767)
Depreciation of property, plant and equipment – administrative expenses	**(1,415)**	(1,391)
Amortisation of intangible assets – administrative expenses	**(10,597)**	(9,580)
Impairment of Chapel St. right of use asset – exceptional administrative expenses	**(373)**	–
Impairment of other Chapel St. property, plant and equipment – exceptional administrative expenses	**(486)**	–
Impairment of intangible assets – exceptional administrative expenses	**(868)**	–
Onerous provision for unavoidable Chapel St. costs – administrative expenses	**(1,145)**	–
Loss on disposal of property, plant and equipment – administrative expenses	**(187)**	(111)
Research and development costs – administrative expenses	**(205)**	(318)

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Auditor's remuneration:		
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	**300**	300
Fees payable to the Company's auditor for the audit of the Company's subsidiaries	**1,180**	1,290
Total audit fees	**1,480**	1,590
Fees payable to the Group's auditor for the review of the interim results	**60**	60
Audit-related assurance services	**60**	60
Total auditor's remuneration	**1,540**	1,650

A description of the work of the Audit Committee is set out on pages 88 to 93 and includes an explanation of how auditor independence is safeguarded by limitation of non-audit services.

9. Finance income and costs

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Finance income		
Bank interest receivable and other	**595**	554
Interest income on defined benefit pension scheme assets	**788**	836
	1,383	1,390
Finance costs		
Interest on loans	**7,452**	7,228
Bank interest payable	**–**	86
Interest expense on defined benefit pension scheme obligations	**770**	819
Lease and other interest	**226**	275
Total finance costs	**8,448**	8,408

10. Tax

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Current tax		
Charge for current year	**6,406**	9,293
Adjustment in respect of prior years	**904**	(131)
Current tax charge	**7,310**	9,162
Deferred tax		
Charge for current year	**190**	3,083
Adjustment in respect of prior years	**(509)**	250
Deferred tax (credit) / charge	**(319)**	3,333
Total income tax charge	**6,991**	12,495

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Tax charged directly to other comprehensive income		
Deferred tax on movement on defined benefit pension scheme asset	**(58)**	(82)

The income tax charge is based on the UK statutory rate of corporation tax for the year of 25% (2024: 25%). Deferred tax has been calculated using the enacted tax rates that are expected to apply when the liability is settled, or the asset realised. Deferred tax has been calculated based on the rate applicable at the date timing differences are expected to reverse.

The income tax charge of £7.0 million (2024: £12.5 million) on profit before tax of £26.3million (2024: £48.2 million) represents an effective tax rate[1] of 26.6% (2024: 25.9%). This is higher than the UK statutory rate of 25% due to adjustments in respect of disallowable expenses, share-based payments 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 2025 £'000	Year ended 31 March 2024 £'000
Profit before tax	**26,291**	48,182
Tax at the UK corporation tax rate of 25% (2024: 25%)	**6,573**	12,046
Tax effects of:		
Disallowable expense	**186**	138
Adjustments in respect of prior years	**395**	119
Tax impact of share-based payments	**(163)**	192
Actual amount of tax charge	**6,991**	12,495

Given the Group's effective tax rate, its annual revenue and that it has no overseas operations, the Group assesses that the Organisation for Economic Co-operation and Development's Pillar Two tax regime will have no impact on it.

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

11. Earnings per share

Basic and diluted earnings per share are calculated on the following profit and number of shares.

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Basic		
Total profit for basic and diluted earnings per share is the net profit attributable to equity holders of the parent	**19,191**	35,687
Adjusting items (note 1)	**41,758**	13,481
Tax on adjusting items	**(10,440)**	(3,370)
Underlying		
Underlying profit for basic and diluted earnings per share is the net profit before adjusting items attributable to equity holders of the parent	**50,509**	45,798

	31 March 2025 Number of shares Thousands	31 March 2024 Number of shares Thousands
Weighted average number of ordinary shares in issue (for basic earnings per share)	**72,053**	72,642
Potential dilutive ordinary shares:		
Restricted share awards	**743**	670
Deferred annual bonus scheme	**188**	184
SIP and other	**100**	89
Weighted average number of ordinary shares in issue (for diluted earnings per share)	**73,084**	73,585

The SIP and other dilutive shares only have a passage of time restriction on them, hence are included above but not in the total number of outstanding share awards at the end of the year.

Notes to the consolidated financial statements continued

12. Goodwill

The Group tests goodwill for impairment annually and more frequently if there are indicators of impairment as set out in note 1. The Group's cash-generating units ('CGUs') have been assessed based on independently managed cash flows.

In October 2025 the Group acquired obconnect Ltd (see note 15), which created a new CGU and gave rise to goodwill of £12.2 million.

During the prior year management reassessed the composition of CGUs in its Cards division. Handepay and Merchant Rentals had, since their acquisition in February 2021, become increasingly integrated with the Group's pre-existing Cards business. A new partnership with Lloyds Banking Group's "Cardnet" Division, signed in March 2024, cemented the trend. Furthermore, the card acquiring revenue stream of Handepay and terminal rental revenue of Merchant Rentals are inextricably linked, with the same merchant customer base. Management therefore deemed it appropriate to recognise a single Cards CGU with effect from March 2024, covering the activities of Handepay, Merchant Rentals and its pre-existing Cards business.

When testing for impairment, recoverable amounts for the Group's CGUs are measured at their value-in-use by discounting the future expected cash flows from the assets in the CGUs. The Group prepares five-year cash flow forecasts derived from the most recent three-year financial budgets approved by the Board which are extrapolated for a further two years and subsequently extended to perpetuity. One of the sources of estimation in the impairment tests is the short-term growth revenue rates applied within the cash flow forecasts, which are determined using an estimate of future results based on the latest business forecasts and appropriately reflect expected performance of the CGU. The estimates of future cash flows are based on past experience, adjusted for estimates of future performance, including the continued shift from cash to digital payments.

Terminal values are based on long-term growth rates that do not exceed 2%, which appropriately reflects the expected long-term rate of GDP growth in the UK. The pre-tax risk-adjusted discount rates have been used to discount the forecast cash flows calculated by reference to the weighted average cost of capital ('WACC') of each CGU.

All CGUs assessed generate value-in-use in excess of their carrying values. No reasonably possible change in any of the assumptions would cause their carrying values to exceed their recoverable amounts. Management does not consider that climate change factors would adversely impact its goodwill impairment assessments.

Group – goodwill values	Love2shop CGU £'000	i-movo CGU £'000	Handepay CGU £'000	Merchant Rentals CGU £'000	Cards CGU £'000	Digital payments CGU £'000	obconnect CGU £'000	Total CGUs £'000
At 31 March 2023	59,759	6,867	35,632	9,586	–	5,583	–	117,427
Reclassification in the year	–	–	(35,632)	(9,586)	45,218	–	–	–
At 31 March 2024	59,759	6,867	–	–	45,218	5,583	–	117,427
Acquisition of businesses	–	–	–	–	–	–	12,206	12,206
At 31 March 2025	**59,759**	**6,867**	**–**	**–**	**45,218**	**5,583**	**12,206**	**129,633**

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

Assumptions used for annual impairment tests

	Love2shop CGU	i-movo CGU	Cards CGU	Digital Payments CGU	obconnect CGU
At 31 March 2025					
Carrying value of cash generating unit	**£75.5m**	**£9.2m**	**£75.8m**	**£10.9m**	**£21.8m**
Pre-tax risk adjusted discount rate	**20.2%**	**17.2%**	**17.0%**	**16.2%**	**21.4%**
Terminal growth rate	**2.0%**	**2.0%**	**2.0%**	**2.0%**	**2.0%**
At 31 March 2024					
Carrying value of cash generating unit	£68.0m	£9.1m	£72.8m	£11.3m	–
Pre-tax risk adjusted discount rate	17.1%	17.5%	17.6%	17.1%	–
Terminal growth rate	2.0%	2.0%	2.0%	2.0%	–

13. Other intangible assets

Group	Software development £'000	Customer relationships £'000	Brands and trademarks £'000	Regulatory licences £'000	Total £'000
Cost					
At 31 March 2024	41,528	40,256	20,741	236	102,761
Acquisition of business	2,081	7,621	1,255	–	10,957
Additions	9,529	–	–	–	9,529
At 31 March 2025	**53,138**	**47,877**	**21,996**	**236**	**123,247**
Accumulated amortisation					
At 31 March 2024	20,694	11,274	3,669	72	35,709
Charge for the year – acquired intangible assets	–	7,001	1,691	24	8,716
Charge for the year – exceptional	868	–	–	–	868
Charge for the year – other intangible assets	6,053	–	–	–	6,053
At 31 March 2025	**27,615**	**18,275**	**5,360**	**96**	**51,346**
Carrying amount					
At 31 March 2025	**25,523**	**29,602**	**16,636**	**140**	**71,901**
At 31 March 2024	13,228	28,982	17,072	164	67,052

Included within development costs at 31 March 2025 are £5.4 million (2024: £1.7 million) of assets under construction which were not being amortised at 31 March 2025.

At 31 March 2025, the Group had entered into contractual commitments for development cost additions amounting to £0.4 million (2024: £0.6 million).

Group	Software development £'000	Customer relationships £'000	Brands and trademarks £'000	Regulatory licences £'000	Total £'000
Cost					
At 31 March 2023	42,429	40,256	20,741	236	103,662
Additions	5,106	–	–	–	5,106
Disposals	(6,007)	–	–	–	(6,007)
At 31 March 2024	41,528	40,256	20,741	236	102,761
Accumulated amortisation					
At 31 March 2023	21,934	4,345	2,042	48	28,369
Charge for the year – acquired intangible assets	–	6,929	1,123	24	8,076
Charge for the year – other intangible assets	4,767	–	504	–	5,271
Disposals	(6,007)	–	–	–	(6,007)
At 31 March 2024	20,694	11,274	3,669	72	35,709
Carrying amount					
At 31 March 2024	20,834	28,982	17,072	164	67,052
At 31 March 2023	13,404	35,911	18,699	188	75,293

Notes to the consolidated financial statements continued

14. Investments

The Company, a holding company, has investments (directly or indirectly) in wholly owned subsidiaries and convertible loan notes, as follows:

a) Investments in subsidiaries

Active companies

Company name	Direct or indirect investment	Principal activity (registered address)	Country of registration
Appreciate Ltd	Direct	Holding company (Valley Road, Birkenhead, Merseyside, CH41 7ED)	England and Wales
Collect+ Brand Limited	Indirect	Holder of Collect+ brand (1 The Boulevard, Shire Park, Welwyn Garden City, Hertfordshire AL7 1EL)	England and Wales
Collect+ Holdings Limited	Direct	Holding company (1 The Boulevard, Shire Park, Welwyn Garden City, Hertfordshire AL7 1EL)	England and Wales
Handepay Limited	Direct	Sales business in merchant acquiring industry (1 The Boulevard, Shire Park, Welwyn Garden City, Hertfordshire AL7 1EL)	England and Wales
i-movo Holdings Limited	Direct	Holding company (1 The Boulevard, Shire Park, Welwyn Garden City, Hertfordshire AL7 1EL)	England and Wales
i-movo Limited	Indirect	Provision of digital voucher service (1 The Boulevard, Shire Park, Welwyn Garden City, Hertfordshire AL7 1EL)	England and Wales
MBL Holdco Limited	Indirect	Holding company (Valley Road, Birkenhead, Merseyside, CH41 7ED)	England and Wales
MBL Solutions Limited	Indirect	Gift card processing (Valley Road, Birkenhead, Merseyside, CH41 7ED)	England and Wales
Merchant Rentals Limited	Direct	Provision of asset finance and leasing solutions to merchant acquiring industry (1 The Boulevard, Shire Park, Welwyn Garden City, Hertfordshire AL7 1EL)	England and Wales
obconnect Limited	Direct	Provision of open banking services (Unit Wg08 West Building, 1-45 Durham Street, London, England, SE11 5JH)	England and Wales
Park Card Marketing Services Limited	Indirect	Card administration support services (Valley Road, Birkenhead, Merseyside, CH41 7ED)	England and Wales
Park Card Services Limited	Indirect	Electronic money issuer (Valley Road, Birkenhead, Merseyside, CH41 7ED)	England and Wales
Park Direct Credit Limited	Indirect	Debt collection services (Valley Road, Birkenhead, Merseyside, CH41 7ED)	England and Wales
Park Financial Services Limited	Indirect	Insurance broking services (Valley Road, Birkenhead, Merseyside, CH41 7ED)	England and Wales
Park Group UK Limited	Indirect	Holding company (Valley Road, Birkenhead, Merseyside, CH41 7ED)	England and Wales
Park Retail Limited	Indirect	Gifting and prepayment (Valley Road, Birkenhead, Merseyside, CH41 7ED)	England and Wales
PayPoint Collections Limited	Direct	Provision of a payment collection service (1 The Boulevard, Shire Park, Welwyn Garden City, Hertfordshire AL7 1EL)	England and Wales
PayPoint Network Limited	Direct	Management of an electronic payment service (1 The Boulevard, Shire Park, Welwyn Garden City, Hertfordshire AL7 1EL)	England and Wales
PayPoint Payment Services Limited	Direct	Provision of regulated payments services (1 The Boulevard, Shire Park, Welwyn Garden City, Hertfordshire AL7 1EL)	England and Wales
PayPoint Retail Solutions Limited	Direct	Provision of retail services (1 The Boulevard, Shire Park, Welwyn Garden City, Hertfordshire AL7 1EL)	England and Wales
RSM 2000 Limited	Direct	Provision of regulated payments services (1 The Boulevard, Shire Park, Welwyn Garden City, Hertfordshire AL7 1EL)	England and Wales

All the subsidiaries listed above are wholly owned, with the exception of obconnect Ltd, of which the Company owned 55.3% as at 31 March 2025.

The following UK subsidiaries will take advantage of the audit exemption set out within Section 479A of the Companies Act 2006 for the year ended 31 March 2025.

- MBL Holdco Limited
- MBL Solutions Limited
- Park Direct Credit Limited
- Park Financial Services Limited
- Park Group UK Limited

The Company will guarantee the debts and liabilities of the above UK subsidiary undertakings at 31 March 2025 in accordance with Section 479C of the Companies Act 2006. The Company has assessed the probability of loss under the guarantee as remote.

Dormant companies

Company name	Direct or indirect investment	Principal activity (registered address)	Country of registration
Agency Administration Limited	Indirect	Dormant company (Valley Road, Birkenhead, Merseyside, CH41 7ED)	England and Wales
Brightdot Limited	Indirect	Dormant company (Valley Road, Birkenhead, Merseyside, CH41 7ED)	England and Wales
Cheshire Securities Limited	Indirect	Dormant company (Valley Road, Birkenhead, Merseyside, CH41 7ED)	England and Wales
Country Christmas Savings Club Limited	Indirect	Dormant company (Valley Road, Birkenhead, Merseyside, CH41 7ED)	England and Wales
Event Payment Services Limited	Indirect	Dormant company (1 The Boulevard, Shire Park, Welwyn Garden City, Hertfordshire AL7 1EL)	England and Wales
Family Hampers Limited	Indirect	Dormant company (Valley Road, Birkenhead, Merseyside, CH41 7ED)	England and Wales
Handling Solutions Limited	Indirect	Dormant company (Valley Road, Birkenhead, Merseyside, CH41 7ED)	England and Wales
Heritage Hampers Limited	Indirect	Dormant company (Valley Road, Birkenhead, Merseyside, CH41 7ED)	England and Wales
High Street Vouchers Limited	Indirect	Dormant company (Valley Road, Birkenhead, Merseyside, CH41 7ED)	England and Wales
Maxim B2B Limited	Indirect	Dormant company (Valley Road, Birkenhead, Merseyside, CH41 7ED)	England and Wales
Opal Loans Limited	Indirect	Dormant company (Valley Road, Birkenhead, Merseyside, CH41 7ED)	England and Wales
Park Christmas Savings Club Limited	Indirect	Dormant company (Valley Road, Birkenhead, Merseyside, CH41 7ED)	England and Wales
Park.com Limited	Indirect	Dormant company (Valley Road, Birkenhead, Merseyside, CH41 7ED)	England and Wales
Park Connect Limited	Indirect	Dormant company (Valley Road, Birkenhead, Merseyside, CH41 7ED)	England and Wales
Park Food (Warrington) Limited	Indirect	Dormant company (Valley Road, Birkenhead, Merseyside, CH41 7ED)	England and Wales
Park Hamper Company Limited	Indirect	Dormant company (Valley Road, Birkenhead, Merseyside, CH41 7ED)	England and Wales
PayPoint Trust Managers Limited	Indirect	Dormant company (1 The Boulevard, Shire Park, Welwyn Garden City, Hertfordshire AL7 1EL)	England and Wales
The Perfect Hamper Co. Limited	Indirect	Dormant company (Valley Road, Birkenhead, Merseyside, CH41 7ED)	England and Wales
Wirral Cold Store Limited	Indirect	Dormant company (Valley Road, Birkenhead, Merseyside, CH41 7ED)	England and Wales

Notes to the consolidated financial statements continued

14. Investments continued

Movement in investments in subsidiaries

Company	31 March 2025 £'000	31 March 2024 £'000
Balance at the beginning of the year	**221,837**	221,837
Acquisitions of subsidiaries	**17,284**	–
Balance at the end of the year	**239,121**	221,837

In the current year, PayPoint acquired 55.3% of the share capital of obconnect Limited, increasing its shareholding from 2.5%, which it reported as an 'Other investment' in each of the two prior years. The total consideration of £17.2 million comprised cash of £10.5 million plus the fair values of its convertible loan note (£6.1 million) and existing 2.5% equity investment (£0.5 million) and stamp duty of £0.1 million.

An impairment test was performed on the Company's investments in subsidiaries which indicated that no impairment was required. Recoverable amounts for the Company's investments are measured at their value-in-use by discounting the future expected cash flows, derived from the most recent financial budgets approved by the Board which are extended to perpetuity. The estimates of future cash flows are based on past experience adjusted for management's expectations of future performance.

b) Convertible loan notes

The movements in the fair values of the convertible loan note investments in the prior and current years are as follows:

Group and Company	Judge Logistics Ltd £'000	obconnect Ltd £'000	Aperidata Ltd £'000	Optus Homes Ltd £'000	Total £'000
At 31 March 2023	–	3,000	–	750	3,750
Addition in the year	–	–	–	125	125
Fair value gain / (loss) through profit or loss account	–	689	–	(875)	(186)
At 31 March 2024	**–**	**3,689**	**–**	**–**	**3,689**
Additions in the year	15,000	–	1,000	–	16,000
Fair value (loss) / gain through profit or loss account	(12,841)	2,428	–	–	(10,413)
Conversion into equity	–	(6,117)	–	–	(6,117)
At 31 March 2025	**2,159**	**–**	**1,000**	**–**	**3,159**

Judge Logistics Ltd

The Group's £15 million investment in Judge Logistics Ltd was purchased in three stages (£10 million on 21 June 2024, £3 million on 31 July 2024 and £2 million on 30 September 2024). Judge Logistics Ltd is the parent company of Yodel Ltd, a customer in the Group's ecommerce parcel business.

At 31 March 2025 the Company revalued its investment to fair value in accordance with IAS32 *Financial Instruments*. It elected to use the Probability-Weighted Expected Return Method ("PWERM"), under which the Directors identified various future scenarios for its investment and assigned a relative probability and valuation for each such scenario. They considered the most probable outcome to be that which transpired on 17 April 2025, namely the conversion of the Company's loan note into equity, following the acquisition of Judge Logistics Limited by InPost spa z.o.o. The fair value derived from the above valuation method was £2.2 million, with the £12.8 million loss recorded within adjusting items

obconnect Ltd

The Company purchased a convertible loan note of nominal amount £3.0 million on 7 July 2022 from obconnect Ltd, which provides open banking services to banks and other financial institutions. Based on the key terms of the convertible loan note and investment agreement, the investment is recognised at fair value, with any gains or losses recognised through the statement of profit or loss.

The fair value as at 31 March 2024 determined using the discounted cash flow method was £3,689,000. Management therefore recognised a £689,000 gain in the statement of profit or loss in the prior year, reported within adjusting items.

The loan converted into a 22.5% equity stake in obconnect Ltd's ordinary shares on the Company's acquisition of a majority shareholding in obconnect Ltd on 30 October 2024 (see note 15). On that date, the fair value of the convertible loan note was £6,117,000, the increase of £2,428,000 reflecting the continued trading improvements of obconnect Ltd in the seven months since 31 March 2024 and an observable market price provided by the price per share paid by the Company to acquire control of obconnect Ltd.

Aperidata Ltd

The Company purchased a convertible loan note from Aperidata Ltd in May 2024 for consideration of £1.0 million. Aperidata Ltd provides credit reporting and open banking services to consumers and businesses. The loan converts into a 42.0% equity stake in Aperidata Ltd's ordinary shares on 23 May 2027, such that the Company's aggregate stake in Aperidata Ltd following conversion will be 42.97%, including its diluted equity investment referred to in section C) below.

The current year discounted cash flow valuation is based on a 5-year forecast extrapolated to perpetuity, using the following financial assumptions. The discount rate reflects management's view of the level of risk associated with the business:

	31 March 2025
Discount rate	**22.1%**
Corporation tax rate	**25.0%**
Terminal growth rate	**2.0%**

The fair value derived from the above valuation method was £1.0 million.

c) Other investments

The movements in the fair values of the Company's equity investments in the prior and current years are as follows:

Group and Company	Judge Logistics Ltd £'000	obconnect Ltd £'000	Aperidata Ltd £'000	Total £'000
At 31 March 2023	–	–	–	–
Addition in the year	–	251	–	251
At 31 March 2024	**–**	**251**	**–**	**251**
Addition in the year	–	–	200	200
Fair value gain through profit or loss account	540	265	–	805
Conversion into equity	–	(516)	–	(516)
At 31 March 2025	**540**	**–**	**200**	**740**

Judge Logistics Ltd

During the year the Company acquired 17.3% of the ordinary share capital of Judge Logistics Ltd for consideration of £100, in addition to the convertible loan note in Judge Logistics Ltd referred to above.

At 31 March 2025 the Company revalued its investment to fair value in accordance with IAS32 *Financial Instruments*. It elected to use the Probability Weighted Expected Return Method ("PWERM"), under which the Directors identified various future scenarios for its investment and assigned a relative probability and valuation for each such scenario. The fair value derived from the above valuation method was £0.5 million, with the £0.5 million gain recorded within adjusting items.

obconnect Ltd

In the year ended 31 March 2023 the Company acquired 2.5% of the ordinary share capital of obconnect Ltd for consideration of £251,000, in addition to the convertible loan note in obconnect Ltd referred to above. In the current year, the Company increased the fair value of this investment to £516,000, the increase of £265,000 reflecting the continued trading improvements of obconnect Ltd. This 2.5% shareholding ceased to be treated as a separate investment, following the Company's current year acquisition of obconnect Ltd.

Aperidata Ltd

During the year the Company acquired 19.9% of the ordinary share capital of Aperidata Ltd for consideration of £0.2 million, in addition to the convertible loan note in Aperidata Ltd referred to above. The discounted cashflow valuation of this investment at 31 March 2025 is £0.2 million.

15. Acquisition of subsidiary

On 30 October 2024, PayPoint acquired a further 52.8% of the share capital of obconnect Ltd for consideration of £17.2 million, comprising cash of £10.5 million plus the fair values of its convertible loan note (£6.1 million) and existing 2.5% equity investment (£0.5 million) and stamp duty of £0.1 million. The convertible loan note converted into 22.5% equity as part of the acquisition, within the total 55.3% acquired. The acquisition resulted in a net £8.9 million cash outflow (net of cash acquired) in the current year.

The primary reason for the acquisition was to further leverage obconnect Ltd's technology platform, offering its Open Banking services to both new and existing clients.

In accordance with IFRS3 *Business Combinations*, the Group identified and recognised the following intangible assets as part of the fair value exercise. The assets are being amortised over useful lives as shown:

	Fair value £ million	Useful life
Customer relationships	7.6	12 years
Brands	1.3	8 years
Developed technology	2.1	6 years

In the period since acquisition, obconnect Ltd contributed revenue of £1.8 million and profit before tax of £0.3 million to the Group's results. Had the acquisition taken place on the first day of the financial year, obconnect Ltd would have contributed revenue of £4.5 million and profit before tax of £0.2 million.

Acquisition costs incurred in the year in relation to obconnect Ltd totalled £0.1 million, which are reported within administrative expenses in the Consolidated statement of profit or loss.

Notes to the consolidated financial statements continued

15. Acquisition of subsidiary continued

The following table summarises the provisional fair values of the identifiable assets purchased and liabilities assumed at the acquisition date:

	31 October 2024 £'000
Acquired customer relationships	7,621
Acquired brands	1,255
Acquired developed technology	2,081
Property, plant and equipment	4
Trade and other receivables	856
Cash	1,603
Deferred income	(1,513)
Trade and other payables	(488)
Deferred tax liability	(2,470)
Total identifiable net assets acquired at fair value	8,949
55.3% of net asset fair value attributable to PayPoint Plc	4,949
Cash consideration	10,522
Convertible loan note	6,117
Other investment consideration	516
Total consideration	17,155
Goodwill recognised on acquisition	12,206
Cash outflows in respect of acquisition (Group)	
Cash consideration	10,522
Cash acquired	(1,603)
Acquisition of subsidiary net of cash acquired	8,919
Cash outflows in respect of acquisition (Company)	
Cash consideration	10,522
Acquisition costs	130
Acquisition of subsidiary	10,652

The acquired identifiable assets and liabilities have been recognised at their fair values at acquisition date and in accordance with the Group's accounting policies (note 1):

- The acquired customer relationships including order backlogs have been valued using the multi-period excess earnings method ("MEEM approach") by estimating the total expected income streams from the customer relationship and deducting portions of the cash flow that can be attributed to supporting, or contributory, assets (including workforce). The order backlog is estimated based on the expected revenue to be received, less the costs to deliver the service. The residual income streams are discounted. No tax amortisation benefit is applied. The key inputs to this method are the customer churn rate, revenue growth rate and discount rate applied to future forecasts of the businesses.
- Acquired brands have been valued using the relief-from-royalty method.
- Acquired software intangible assets have been valued using the depreciated replacement cost method, considering factors including economic and technological obsolescence.
- Trade receivables and trade payables have been assessed at fair value on the basis of the contractual terms and economic conditions existing at the acquisition date, reflecting the best estimate at the acquisition date of contractual cash flows not expected to be collected.

The following acquired assets and liabilities were valued using management's best estimates based on information available at the acquisition date, which are therefore subject to adjustment within the measurement period if new information about facts and circumstances that existed at the acquisition date is obtained and, if known, would have resulted in the recognition of those assets and liabilities at that date.

- Trade and other receivable
- Trade and other payables
- Intangible assets (and the deferred tax liability thereon)

Of the £12.2 million goodwill acquired during the year, no goodwill is expected to be deductible for tax purposes. The goodwill arising on acquisitions is attributable to workforce, synergies, growth from new customers and other assets not separately recognised.

A non-controlling interest (NCI) of £4.0 million arose on the acquisition, measured as 44.7% of the £8.9 million fair value of net assets acquired. The NCI's share of post-acquisition profit in the current year was £0.1 million, resulting in an NCI balance of £4.1 million reported within total equity in the Consolidated statement of financial position.

16. Property, plant and equipment

	Terminals and ATMs – Operating lease assets £'000	Terminals and ATMs – non-operating lease assets £'000	Fixtures, fittings and equipment £'000	Leasehold improvements £'000	Land and buildings £'000	Right-of-use assets £'000	Total £'000
Cost							
At 31 March 2024	12,610	39,303	4,400	1,169	11,097	4,815	73,394
Additions	5,967	2,850	430	–	–	51	9,298
Acquisition of business	–	–	4	–	–	–	4
Disposals	(119)	(3,025)	(155)	–	–	(17)	(3,316)
Remeasurement of leased asset	–	–	–	–	–	(811)	(811)
At 31 March 2025	**18,458**	**39,128**	**4,679**	**1,169**	**11,097**	**4,038**	**78,569**
Accumulated depreciation							
At 31 March 2024	3,244	29,669	3,296	111	2,565	1,217	40,102
Charge for the year	4,154	3,103	439	94	239	767	8,796
Impairment in the year	–	–	–	486	–	373	859
Sub-total	7,398	32,772	3,735	691	2,804	2,357	49,757
Disposals	(1)	(2,957)	(153)	–	–	(10)	(3,121)
At 31 March 2025	**7,397**	**29,815**	**3,582**	**691**	**2,804**	**2,347**	**46,636**
Carrying amount							
At 31 March 2025	**11,061**	**9,313**	**1,097**	**478**	**8,293**	**1,691**	**31,933**
At 31 March 2024	9,366	9,634	1,104	1,058	8,532	3,598	33,292

The impairment charge and remeasurement of right-of-use assets relate to part of the Chapel St., Liverpool premises in the Love2shop segment. There is a corresponding reduction in the associated lease liability (see note 24).

Included within Terminals and ATMs at 31 March 2025 are £2.0 million (2024: £nil) of assets under construction which were not being depreciated at 31 March 2025.

At 31 March 2025, the Group had entered contractual commitments for the acquisition of property, plant and equipment amounting to £0.2 million (2024: £nil).

	Terminals and ATMs – Operating lease assets £'000	Terminals and ATMs – non-operating lease assets £'000	Fixtures, fittings and equipment £'000	Leasehold improvements £'000	Land and buildings £'000	Right-of-use assets £'000	Total £'000
Cost							
At 31 March 2023	5,139	40,828	4,112	1,169	11,097	4,589	66,934
Additions	7,565	2,818	717	–	–	410	11,510
Disposals	(94)	(4,772)	–	–	–	(138)	(5,004)
Transfer	–	429	(429)	–	–	–	–
Remeasurement of leased asset	–	–	–	–	–	(46)	(46)
At 31 March 2024	12,610	39,303	4,400	1,169	11,097	4,815	73,394
Accumulated depreciation							
At 31 March 2023	806	31,951	2,102	9	2,362	447	37,677
Charge for the year	2,456	3,258	369	102	225	908	7,318
Disposals	(18)	(4,737)	–	–	–	(138)	(4,893)
Transfer	–	(803)	825	–	(22)	–	–
At 31 March 2024	3,244	29,669	3,296	111	2,565	1,217	40,102
Carrying amount							
At 31 March 2024	9,366	9,634	1,104	1,058	8,532	3,598	33,292
At 31 March 2023	4,333	8,877	2,010	1,160	8,735	4,142	29,257

Notes to the consolidated financial statements continued

17. Pensions

Defined benefit plans

Following the acquisition of Love2shop, the Group took on the operation of two defined benefit pension schemes, Park Food Group plc Pension Scheme (PF) and Park Group Pension Scheme (PG). With the exception of £543,000 of assets and £284,000 of winding up lump sum payment liabilities, the PG scheme assets and liabilities were transferred into the PF scheme on 30 March 2023. In the prior year, the assets left behind in the PG scheme were used to pay benefits owed, winding up costs and the winding up lump sums referred to above. The remaining £24,000 cash balance was transferred to the PF scheme on winding up of the PG scheme.

The PF scheme ("the scheme") provides benefits based on final pensionable pay and is closed to future accrual of benefit based on service. The assets of the scheme are held separately from those of Appreciate Group Ltd in trustee-administered funds. Contributions to the scheme are determined by a qualified actuary on the basis of triennial valuations, the most recent being the scheme's statutory funding valuation as at 31 March 2023.

The scheme is subject to the funding legislation which came into force on 30 December 2005, outlined in the Pensions Act 2004. This, together with documents issued by the Pensions Regulator and the Guidance Notes adopted by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension plans in the UK. The trustees of the scheme are required to act in the best interests of the scheme's beneficiaries and are responsible for setting the investment, funding and governance policies of the funds. The scheme is administered by an independent trustee appointed by the Group. Appointment of the trustees is determined by the scheme's trust documentation.

The Group has applied IAS19 *Employee Benefits* (revised 2011) and the following disclosures relate to this standard. The present value of scheme liabilities is measured by discounting the best estimate of future cashflows to be paid out of the schemes using the projected unit credit method. All actuarial gains and losses have been recognised in the year in which they occur in other comprehensive income.

For the purposes of IAS19, the results of the scheme valuation as at 31 March 2023, which was carried out by a qualified independent actuary, have been updated on an approximate basis to 31 March 2025. There have been no changes in the valuation methodology adopted for this year's disclosures compared to the previous year.

The scheme typically exposes the Group to actuarial risks such as investment risk, interest rate risk, salary growth risk, mortality risk and longevity risk.

The amounts recognised in the Statement of financial position are as follows:

	31 March 2025 £'000	31 March 2024 £'000
Fair value of scheme assets	**14,992**	16,224
Present value of pension obligation	**(14,768)**	(15,938)
Net pension surplus	**224**	286
Comprising:		
Schemes in asset surplus	**224**	286

The charges / (credits) recognised in the Consolidated statement of profit or loss are as follows:

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Administrative costs borne by the PG scheme	**–**	164
Net interest credit	**(18)**	(17)
Total	**(18)**	147

The prior year administrative costs borne by the PG scheme related to the merger with the PF scheme referred to above. Those costs, along with the prior year past service cost, are recognised within administration expenses in the Consolidated statement of profit or loss. The net interest credit comprises interest receivable on scheme assets and interest payable on scheme obligations, which are reported within Finance income and Finance costs respectively in the Consolidated statement of profit or loss.

Analysis of amounts recognised in Other comprehensive income:

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Losses on scheme assets	**(1,735)**	(1,519)
Experience (loss) / gain arising on the defined benefit obligation	**(135)**	694
Gains arising from changes in the demographic assumptions underlying the present value of the defined benefit obligation	**24**	416
Gains arising from changes in the financial assumptions underlying the present value of the defined benefit obligation	**1,616**	81
Total	**(230)**	(328)

Scheme assets

It is the policy of the scheme trustees to review the investment strategy at the time of each funding valuation. The trustees' investment objectives and the processes undertaken to measure and manage the risks inherent in the scheme's investment strategy are documented in the scheme's Statement of Investment Principles.

Fair value of scheme assets:

	31 March 2025 £'000	31 March 2024 £'000
Fixed Interest Gilt Fund	**5,076**	1,241
Diversified Growth Assets (DGA)	**2,128**	506
Gilts	**–**	2,264
LDI	**–**	2,149
Loan Fund	**–**	1,984
Multi Asset Credit	**2,254**	2,053
Index Linked Gilts	**4,919**	3,234
Cash and other	**615**	2,793
Total assets	**14,992**	16,224

None of the fair values of the assets shown above includes any of the Group's own financial instruments or any property occupied by, or other assets used by the Group. None of the scheme assets has a quoted market price in an active market.

The movement in the fair value of scheme assets is as follows:

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Balance at the beginning of the year	**16,224**	17,752
Interest income	**788**	836
Return on scheme assets	**(1,735)**	(1,519)
Benefits paid	**(435)**	(1,031)
Administrative costs borne by the PG scheme	**–**	(164)
Employer contributions	**150**	350
Balance at the end of the year	**14,992**	16,224

For the PF scheme, actual return on scheme assets, including interest income, for the year-ended 31 March 2025 was £(947,000) (2024: £(684,000)). For the PG scheme, actual return on scheme assets, including interest income, for the prior year was £1,000.

Present value of obligations

The movement in the present value of the defined benefit obligation is as follows:

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Balance at the beginning of the year	**15,938**	17,341
Interest cost	**770**	819
Actuarial loss / (gain) due to scheme experience	**135**	(694)
Actuarial gains due to changes in demographic assumptions	**(24)**	(416)
Actuarial gains due to changes in financial assumptions	**(1,616)**	(81)
Benefits paid	**(435)**	(1,031)
Balance at the end of the year	**14,768**	15,938

The average duration of the PF scheme defined benefit obligation at 31 March 2025 is 13 years (31 March 2024: 14 years)

Significant actuarial assumptions

The following are the principal actuarial assumptions at the reporting date (expressed as weighted averages):

	31 March 2025 % per annum	31 March 2024 % per annum
Financial and related actuarial assumptions:		
Discount rate	**5.80**	4.90
Inflation (RPI)	**3.15**	3.10
Salary increase rate	**3.40**	3.30

The mortality assumptions adopted for the PF scheme are 108% (males) and 102% (females) of the standard tables S3PxA, year of birth, no age rating for males and females, projected using Continuous Mortality Investigation (CMI)_ 2022 converging to 1.25% pa. These imply the following life expectancies:

	31 March 2025 Years	31 March 2024 Years
Life expectancy at age 65 for:		
Male – retiring in 2025	**20.8**	20.9
Female – retiring in 2025	**23.3**	23.3
Male – retiring in 2045	**22.1**	22.2
Female – retiring in 2045	**24.7**	24.7

Notes to the consolidated financial statements continued

17. Pensions continued

Sensitivity analysis on significant actuarial assumptions:

The following table summarises the impact on the scheme defined benefit obligation at the end of the reporting year, if each of the significant actuarial assumptions above were changed, in isolation. The inflation sensitivity includes the impact of changes to the assumptions for revaluation, pension increases and salary growth. The sensitivities shown below are approximate.

Year ended 31 March 2025	Change in assumption	Change in liabilities
Discount rate	decrease of 0.1% p.a.	increase by 1.2%
Discount rate	increase of 0.1% p.a.	decrease by 1.2%
Rate of inflation	decrease by 0.1% p.a.	decrease by 0.9%
Rate of inflation	increase by 0.1% p.a.	increase by 0.9%
Rate of mortality	decrease in life expectancy of 1 year	decrease by 2.4%
Rate of mortality	increase in life expectancy of 1 year	increase by 2.3%

Year ended 31 March 2024	Change in assumption	Change in liabilities
Discount rate	decrease of 0.5% p.a.	increase by 6.7%
Discount rate	increase of 0.5% p.a.	decrease by 6.1%
Rate of inflation	decrease by 0.25% p.a.	decrease by 2.0%
Rate of inflation	increase by 0.25% p.a.	increase by 2.3%
Rate of mortality	decrease in life expectancy of 1 year	decrease by 2.6%
Rate of mortality	increase in life expectancy of 1 year	increase by 2.4%

The sensitivity assumption used in the year was 0.1% (2024: 0.25%) or the price inflation rate and 0.1% (2024: 0.25%) for the discount rate. This is in line with the standard sensitivity analysis used by pension advice providers in their disclosures to clients.

The scheme typically exposes the Group to actuarial risks such as investment risk, interest rate risk, salary growth risk, mortality risk and longevity risk. A decrease in corporate bond yields, a rise in inflation or an increase in life expectancy would result in an increase to the schemes liabilities. This would detrimentally impact on the Statement of financial position and may give rise to increased charges in future income statements. This effect would be partially offset by an increase in the value of the schemes' bond holdings. Additionally, caps on inflationary increases are in place to protect the scheme against extreme inflation.

Funding

The Group expects to contribute £150,000 to the scheme for the accounting year commencing 1 April 2025. This is based upon the current schedule of contributions following the pension merger and the actuarial valuation carried out as at 31 March 2023.

Impact of Virgin Media pension case

In July 2024, the Court of Appeal handed down its judgement in Virgin Media v NTL Pension Trustees II Ltd. The ruling clarified that any amendments made to contracted-out benefits during that period are void unless accompanied by an appropriate written actuarial confirmation under section 37 of the Pension Schemes Act 1993 and its associated regulations.

Management and the scheme trustees are currently reviewing historic amendments made to the scheme during the relevant period to assess whether the required confirmations were obtained and whether any corrective action is necessary. At this stage, it is too early to determine whether any additional liabilities may arise as a result of this ruling.

No provision has been made in these financial statements in respect of this matter. However, there is a possibility that the Group may be required to fund additional benefits in future, which would give rise to an increase in the scheme's liabilities. The amount, timing and likelihood of any such obligation remains uncertain pending legal clarification and/or potential government intervention.

18. Inventories

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Finished goods – cards and vouchers	**3,451**	2,276
Finished goods – terminals	**2,711**	984
Total	**6,162**	3,260

The cost of inventories recognised as an expense in the year is £93.5 million (2024: £83.6 million).

19. Trade and other receivables

Group	31 March 2025 £'000	31 March 2024 £'000
Items in the course of collection[1]	**62,801**	84,215
Trade receivables	**30,902**	23,666
Revenue allowance for expected credit losses	**(2,910)**	(1,545)
Trade receivables net of revenue allowance for expected credit losses	**27,992**	22,121
Other receivables	**5,428**	4,151
Net investment in finance lease receivables – short-term (note 24)	**845**	1,325
Contract assets – capitalisation of fulfilment costs	**4,189**	3,446
Accrued income	**3,093**	3,250
Prepayments	**5,662**	4,442
Sub-total: trade and other receivables – corporate	**47,209**	38,735
Total	**110,010**	122,950

1 Items in the course of collection represent amounts collected for clients by retailer partners. An equivalent balance is included within trade and other payables (settlement payables). Refer to note 21.

The Group's exposure to the credit risk inherent in its trade and other receivables is discussed in note 29.

The Group reviews trade receivables past due but not impaired on a regular basis and in determining the recoverability of the trade receivables the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date.

Included in trade receivables are past due debtors with a carrying amount of £2.0 million (2024: £2.1 million). The ageing of the trade receivables past due is as follows:

	Less than 1 month £'000	1–2 months £'000	2–3 months £'000	More than 3 months £'000	Total £'000
Carrying value at 31 March 2025	**900**	**598**	**288**	**238**	**2,024**
Carrying value at 31 March 2024	1,241	347	386	175	2,149

The expected credit losses associated with accrued income balances are immaterial based on historical loss experience for those customers, adjusted for information about current and reasonable supportable future conditions.

Movement in the revenue allowance

	31 March 2025 £'000	31 March 2024 £'000
Balance at the beginning of the year	**1,545**	1,058
Amounts utilised in the year	**(761)**	(644)
Increase in allowance	**2,126**	1,131
Balance at the end of the year	**2,910**	1,545

Age of revenue allowance

	Less than 1 month £'000	1-2 months £'000	2-3 months £'000	More than 3 months £'000	Total £'000
Carrying value at 31 March 2025	**230**	**155**	**177**	**2,348**	**2,910**
Carrying value at 31 March 2024	289	120	106	1,030	1,545

The expected credit losses associated with items in the course of collection are immaterial.

Company	31 March 2025 £'000	31 March 2024 £'000
Amounts owed by Group companies (non-current)	**9,160**	12,025
Trade and other receivables (non-current)	**9,160**	12,025
Accrued income	**39**	–
Prepayments	**–**	75
Trade and other receivables (current)	**39**	75
Total	**9,199**	12,100

Amounts owed by subsidiaries are unsecured, have no fixed date of repayment and are repayable on demand. Expected credit losses are immaterial.

Notes to the consolidated financial statements continued

20. Cash and cash equivalents and restricted funds held on deposit (non-corporate)

Cash and cash equivalents

Group	31 March 2025 £'000	31 March 2024 £'000
Corporate cash	**4,927**	26,392
Clients' cash	**15,165**	17,276
Gift card voucher cash	**3,030**	9,779
Prepay savers' cash	**4,266**	27,368
Retailer partners' deposits	**5,801**	5,955
Sub-total: non-corporate cash	**28,262**	60,378
Cash and cash equivalent	**33,189**	86,770

During the year the Group operated cash pooling amongst certain corporate cash accounts, whereby individual accounts could be overdrawn without penalty provided the overall position was in credit.

Restricted funds held on deposit (non-corporate)

	31 March 2025 £'000	31 March 2024 £'000
Prepay savers' cash[1]	**48,254**	23,179
Gift card voucher cash[2]	**63,221**	55,019
Total	**111,475**	78,198

1 On 13 August 2007 a declaration of trust constituted the Park Prepayment Protection Trust (PPPT) to hold customer prepayments. Park Prepayments Trustee Company Limited, as trustee of the trust, holds this money on behalf of the agents.

The conditions of the trust that allow the release of cash to the Group are summarised below:

- Purchase of products to be supplied to customers.
- Supply of products to customers less any amounts already received under condition 1 (above).
- Amounts required as a security deposit to any credit card company or other surety.
- Amounts payable for VAT.
- Amount equal to any bond required by the Christmas Prepayments Association (CPA).
- Residual amounts upon completion of despatch of all orders in full.

Products for this purpose means goods, vouchers, prepaid cards or other products ordered by customers. Prior to any such release of monies under condition 6 above, the trustees of PPPT require a statement of adequacy of working capital from the directors of Park Retail Limited, stating that it will have sufficient working capital for the year. A summary of the main provision of the deeds and a copy of the trust deed is available at www.getpark.co.uk.

2 On 16 February 2010 a declaration of trust constituted the Park Card Services E-money Trust (PCSET) to hold the e-money in accordance with regulatory requirements. The e-money represents the value of the obligations of Love2shop to cardholders and redeemers.

Restricted funds held on deposit (non-corporate) are largely invested in deposit accounts with maturity dates of up to one year. The timing of the release of the monies to the Group from PPPT is as detailed above and is expected to be within 12 months of the year end. The release of monies from the e-money Trust occurs as the obligations fall due.

Clients' own funds

Clients' own funds held in trust but not recognised on the Consolidated statement of financial position amounted to £54.2 million (2024: £60.5 million) and relate to Payments and Banking revenue streams, other than Digital (see note 3).

21. Trade and other payables

Group	31 March 2025 £'000	31 March 2024 £'000
Settlement payables[1]	**62,801**	84,215
Payables in respect of clients' cash and retailer partners' deposits[2]	**20,966**	23,231
Payables in respect of gift card vouchers and prepay savers[3]	**117,793**	113,829
Sub-total: trade payables – non-corporate	**138,759**	137,060
Trade payables – corporate	**36,467**	34,735
Other taxes and social security	**4,503**	3,236
Other payables	**2,658**	4,072
Accruals	**21,097**	14,320
Deferred income	**6,075**	3,959
Contract liabilities – deferral of set-up and development fees	**9**	267
Sub-total: trade and other payables – corporate	**70,809**	60,589
Total	**272,369**	281,864

1 Payable in respect of amounts collected for clients by retailer partners. An equivalent balance is included within trade and other receivables (items in the course of collection). Refer to note 19.

2 Relates to monies collected on behalf of clients where the Group has title to the funds (clients' funds and retailer partners' deposits). An equivalent balance is included within cash and cash equivalents (note 20).

3 Payables in respect of gift card vouchers include balances due to both customers and retailers in respect of flexecash © cards and amounts due to retailers for Love2shop vouchers and cards. Payables in respect of prepay savers include L2s savers' prepayment balances for products that will be supplied prior to Christmas 2024, upon confirmation of order. Until orders are confirmed, savers' prepayments are repayable on demand.

Revenue is deferred for service fees, net of discount.

The movement in deferred income is as follows:

	31 March 2025 £'000	31 March 2024 £'000
Balance at the beginning of the year	**3,959**	3,363
Acquisition of business	**1,513**	–
Revenue deferred in the year	**13,191**	13,427
Revenue recognised in the year	**(12,588)**	(12,831)
Balance at the end of the year	**6,075**	3,959

Company (Current)	31 March 2025 £'000	31 March 2024 £'000
Amounts owed to Group companies	**63,935**	21,893
Other payables	**265**	313
Accruals	**10,986**	4,416
Total	**75,186**	26,622

22. Provisions

Group	31 March 2025 £'000
Balance at the beginning of the year	**1,850**
Provision recognised in relation to Chapel St. lease costs (note 6)	**1,145**
Provision recognised in relation to claim settlement (note 6)	**14,205**
Utilised in the year	**(1,850)**
Balance at the end of the year	**15,350**

	31 March 2025 £'000	31 March 2024 £'000
Disclosed as:		
Current	**11,198**	1,850
Non-current	**4,152**	–
Total	**15,350**	1,850

In February 2025 the Group decided to vacate part of its Chapel St. premises in Liverpool. Consequently, in accordance with IAS37 *Provisions, contingent liabilities and contingent assets*, it has recognised a provision for unavoidable costs related to the lease agreement.

In May 2025 the Group settled a claim which had been served by Utilita in 2023 (see note 32). The claim settlement is treated as an adjusting event in the year ended 31 March 2025 and consequently the Group has recognised a provision at that date for the full £14.2 million settlement amount.

The current year provision utilisation relates to the group-wide review of its organisational structure which PayPoint conducted in the prior year. All related payments were made to the employees impacted by the restructuring between April and October 2024.

Company	31 March 2025 £'000
Balance at the beginning of the year	**230**
Utilised in the year	**(230)**
Balance at the end of the year	**–**

The prior year Company balance was classified as non-current.

23. Deferred tax liability

	31 March 2024 £'000	Acquisition of business £'000	(Charge) / credit to consolidated statement of profit or loss £'000	Credit to OCI £'000	31 March 2025 £'000
Property, plant and equipment	**(2,111)**	**(1)**	**(2,240)**	**–**	**(4,352)**
Intangible assets	**(13,768)**	**(2,781)**	**2,519**	**–**	**(14,030)**
Defined benefit pension scheme	**(58)**	**–**	**(42)**	**58**	**(42)**
Share-based payments	**378**	**–**	**217**	**–**	**595**
Short-term temporary differences	**93**	**312**	**(135)**	**–**	**270**
Total	**(15,466)**	**(2,470)**	**319**	**58**	**(17,559)**

	31 March 2023 £'000	Acquisition of businesses £'000	(Charge) / credit to consolidated statement of profit or loss £'000	Charge to OCI £'000	31 March 2024 £'000
Property, plant and equipment	223	–	(2,334)	–	(2,111)
Intangible assets	(15,676)	–	1,908	–	(13,768)
Defined benefit pension scheme	(89)	–	(51)	82	(58)
Share-based payments	409	–	(31)	–	378
Short-term temporary differences	2,918	–	(2,825)	–	93
Total	(12,215)	–	(3,333)	82	(15,466)

At the statement of financial position date, the Group had recognised unused tax losses of £0.8 million (2024: £nil) from obconnect Ltd.

Deferred tax assets have not been provided on brought forward trading losses of £20.7 million (2024: £20.7 million) arising from the Love2shop acquisition as, at the year end, the Group does not believe it is probable that the entities in which these losses reside will be able to utilise them against future taxable income.

Notes to the consolidated financial statements continued

24. Leases

a) Finance lease liabilities

	Property £'000	Plant and Equipment £'000	Vehicles £'000	Total £'000
At 31 March 2025				
Current balance	**421**	**214**	**133**	**768**
Non-current balance	**2,379**	**9**	**22**	**2,410**
Total lease liabilities	**2,800**	**223**	**155**	**3,178**
Interest charge for the year (note 9)				**226**
At 31 March 2024				
Current balance	438	305	136	879
Non-current balance	3,611	223	122	3,956
Total lease liabilities	4,049	528	258	4,835
Interest charge for the year	230	24	21	275

	31 March 2025 £'000	31 March 2024 £'000
Balance at beginning of year	**4,835**	5,479
Additions in the year	**51**	410
Disposals in the year	**(8)**	–
Payment of lease liabilities (financing cash flows) – principal	**(889)**	(1,008)
Payment of lease liabilities – interest	**(226)**	(275)
Interest on unwind of lease liabilities	**226**	275
Remeasurement in the year	**(811)**	(46)
Balance at end of year	**3,178**	4,835

The remeasurement in the current year relates to the Group's decision to vacate its Chapel Street premises (see note 16). In the prior year it relates to hosting services in the Love2shop segment (see note 16).

b) Right-of-use assets

	Property £'000	Plant and equipment £'000	Vehicles £'000	Total £'000
At 31 March 2025	**1,265**	**236**	**190**	**1,691**
Depreciation charge for the year ended 31 March 2025	**316**	**306**	**145**	**767**
At 31 March 2024	2,799	526	273	3,598
Depreciation charge for the year ended 31 March 2024	(401)	(370)	(137)	(908)

The right of use assets are shown within Property and Plant and equipment in note 16.

c) Net investment in finance lease receivables

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Current balance	**845**	1,325
Non-current balance	**189**	512
Total net investment in finance lease receivables	**1,034**	1,837
Interest income (revenue) on net investment in finance lease receivables	**293**	1,059

The decrease in the net investment in finance lease receivables and interest income on net investment in finance lease receivables in the current year is because most new sales are now operating leases.

Age of allowance for net investment in finance lease receivables

	Less than 1 month £'000	1–3 months £'000	3–6 months £'000	More than 6 months £'000	Total £'000
Carrying value at 31 March 2025	**5**	**21**	**17**	**613**	**656**
Carrying value at 31 March 2024	67	128	180	522	897

Contractual undiscounted cash flows for net investment in finance lease receivables

	Unearned	Undiscounted lease receivables							
	finance income £'000	Less than 1 month £'000	1–3 months £'000	3–6 months £'000	6 months –1 year £'000	1–3 years £'000	3–5 years £'000	More than 5 years £'000	Total £'000
31 March 2025	**(224)**	**122**	**224**	**291**	**391**	**223**	**7**	**–**	**1,034**
31 March 2024	(469)	172	330	462	699	616	27	–	1,837

d) Operating lease receivables

Contractual undiscounted cash flows for operating lease receivables

	Undiscounted lease receivables		
	Less than 1 year £'000	1–2 years £'000	Total £'000
31 March 2025	**2,619**	**570**	**3,189**
31 March 2024	2,329	794	3,123

25. Loans and borrowings

Group	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Balance at the start of the year	**93,935**	94,415
Drawdowns on revolving credit facility	**97,500**	44,500
Repayments of revolving credit facility	**(84,000)**	(33,500)
Term loans	**(4,000)**	(10,833)
Repayment of block loan	**–**	(627)
Sub-total: repayments	**(88,000)**	(44,960)
Interest charge	**7,452**	7,228
Interest paid	**(7,622)**	(7,248)
Unamortised refinancing balance	**(957)**	–
Balance at the end of the year	**102,308**	**93,935**
Disclosed as:		
Current		
Term loan	**–**	16,000
Accrued interest	**265**	435
Total – current	**265**	16,435
Non-current		
Revolving credit facility	**58,000**	57,500
Term loans	**45,000**	20,000
Unamortised refinancing balance	**(957)**	–
Total – non-current	**102,043**	77,500
Total	**102,308**	**93,935**
Other liability-related changes		
Interest paid	**(7,622)**	**(7,248)**

Company	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Balance at the beginning of the year	**93,935**	93,788
Drawdowns on revolving credit facility	**97,500**	44,500
Repayments of revolving credit facility	**(84,000)**	(33,500)
Repayment of term loans	**(4,000)**	(10,833)
Sub-total: repayments	**(88,000)**	(44,333)
Interest charge	**7,452**	7,205
Interest paid	**(7,622)**	(7,225)
Unamortised refinancing balance	**(957)**	–
Balance at the end of the year	**102,308**	93,935
Disclosed as:		
Current		
Term loan	**–**	16,000
Accrued interest	**265**	435
Total – current	**265**	16,435
Non-current		
Revolving credit facility	**58,000**	57,500
Term loans	**45,000**	20,000
Unamortised refinancing balance	**(957)**	–
Total – non-current	**102,043**	77,500
Total	**102,308**	93,935
Other liability-related changes		
Interest paid	**(7,622)**	(7,225)

Notes to the consolidated financial statements continued

26. Share capital, share premium and merger reserve

	31 March 2025 £'000	31 March 2024 £'000
Called up, allotted and fully paid share capital		
70,834,160 (2024: 72,693,673) ordinary shares of 1/3p each	**236**	242

On 13 June 2024, the Group announced a share buy-back programme of at least £20.0 million over a 12-month period. In accordance with IFRS9, the Group recognised an initial liability for the full £20.0 million, with a corresponding reduction in retained earnings. The £14.9 million cost of shares purchased under the programme to 31 March 2025 is recorded against the liability. A total of 2,031,817 shares were purchased, with a nominal value of £6,773 This resulted in a reduction in Share capital of £6,773 and the creation of a corresponding Capital redemption reserve balance.

Partly offsetting the impact of the share buy-back programme, 146,394 shares (of 1/3p each) were issued in the current year for share awards which vested in the year and 25,910 matching shares (of 1/3p each) were issued under the Employee Share Incentive Plan.

The share premium of £1.0 million (2024: £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 (2024: £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 Love2shop acquisition.

27. Share-based payments

The Group's share schemes are described in the Directors' Remuneration Report on pages 94 to 108 and consist of the LTIP, DABS and RSA equity-settled share schemes.

235,354 share awards were issued under the RSA scheme in the year (2024: 284,735), vesting over two to three years, between 14 June 2026 and 14 June 2027 subject to continued employment. The RSAs do not contain any performance conditions other than to complete the required period of service.

64,509 share awards were issued under the DABS scheme in the year (2024: 84,649), vesting over three years to 14 June 2027 subject to continued employment. The DABS do not contain any performance conditions other than to complete the required period of service.

The share-based payments charge in the statement of profit or loss in the year was £2.0 million (2024: £1.7 million). Of this, £0.2 million (2024: £0.2 million) related to the Employee Share Incentive Plan. For each share purchased by the employee under the Employee Share Incentive Plan, the Company issues a free matching share which will vest subject to the employee remaining employed with the Group for three years from the date each share was purchased by the employee.

A total charge of £1.5 million (2024: £1.0 million), which was previously recognised directly in equity, for schemes which have now lapsed or vested, was transferred from the share-based payments reserve to retained earnings during the year. Of this, £0.2 million (2024: £0.1 million) related to shares which vested under the Employee Share Incentive Plan.

Share awards movement during the year

	Number of shares 31 March 2025	Number of shares 31 March 2024
Outstanding at the beginning of the year	**853,786**	691,326
Granted	**409,238**	369,384
Exercised	**(222,982)**	(67,361)
Forfeited	**(28,212)**	(139,563)
Outstanding at end of the year	**1,011,830**	853,786

Remaining vesting period of outstanding share awards	Number of shares 31 March 2025	Number of shares 31 March 2024
Within one year	**244,305**	278,838
One to two years	**364,520**	195,835
Two to three years	**403,005**	361,544
Three years or more	**–**	17,569
Outstanding at end of the year	**1,011,830**	853,786

The fair value of the equity instruments granted during the year was determined based on the share price on the date of the grant. All awards granted and in issue are for free shares and therefore the weighted average exercise price for all outstanding schemes is £nil.

Awards	Grant date	Number of shares	Fair value (£)	Vesting date
RSA – 2 years	14 June 2024	15,640	6.08	14 June 2026
RSA – 3 years (one-off CEO award)	1 April 2024	109,375	6.98	1 April 2027
RSA – 3 years	14 June 2024	219,714	6.08	14 June 2027
DABS	14 June 2024	64,509	6.08	14 June 2027

28. Dividends

	Year ended 31 March 2025		Year ended 31 March 2024	
	£'000	Pence per share	£'000	Pence per share
Dividends paid on ordinary shares:				
Final ordinary dividend for the prior year	**13,924**	**19.2**	13,516	18.6
Interim dividend for the current year	**13,853**	**19.4**	13,809	19.0
Total ordinary dividends paid (financing cash flows)	**27,777**	**38.6**	27,325	37.6
Number of shares in issue used for proposed final ordinary dividend per share calculation	**70,834,160**		72,693,673	

The proposed final ordinary dividend of 19.6 pence per share is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

29. Financial instruments and risk

The Group's financial instruments comprise cash and cash equivalents, monies held in trust, trade and other receivables, convertible loan notes, net investment in finance lease receivables, trade and other payables, payables in respect of cards and vouchers, loans and borrowings and lease liabilities which arise directly from the Group's operations. The Group's policy is not to undertake speculative trading in financial instruments.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and foreign exchange. The Directors review and agree policies for managing each of these risks which are summarised below. These policies have remained unchanged during the year. The Group uses hedges to manage the foreign exchange risk of purchasing PayPoint One terminals and card terminals.

The financial assets and liabilities of the Group and Company are detailed below:

Group	Note	31 March 2025 £'000	31 March 2024 £'000
Financial assets			
Net investment in finance lease	24	**189**	512
Financial assets (non-current)		**189**	512
Restricted funds held on deposit (non-corporate)	20	**111,475**	78,198
Cash and cash equivalents	20	**33,189**	86,770
Net investment in finance lease	24	**845**	1,837
Convertible loan notes	14	**3,159**	3,689
Items in the course of collection	19	**62,801**	84,215
Trade receivables net of revenue allowance for expected credit losses	19	**27,992**	22,121
Contract assets	19	**4,189**	3,446
Other receivables	19	**5,428**	4,151
Financial assets (current)		**249,078**	283,915
Total		**249,267**	284,427

Group	Note	31 March 2025 £'000	31 March 2024 £'000
Financial liabilities			
Revolving credit facility	25	**58,000**	57,500
Term loans	25	**45,000**	20,000
Unamortised refinancing balance	25	**(957)**	–
Loans and borrowings (non-current)		**102,043**	77,500
Revolvoing credit facility	25	**113**	297
Term loans		**152**	16,138
Loans and borrowings (current)		**265**	16,435
Payables in respect of clients' cash and retailer partners' deposits	21	**20,966**	23,231
Payables in respect of gift card vouchers and prepay savers	21	**117,793**	113,829
Trade payables – corporate	21	**36,467**	34,735
Other payables	21	**2,658**	4,071
Lease liabilities	24	**3,178**	4,835
Financial liabilities (current)		**181,327**	197,136
Total		**283,370**	274,636

Company	Note	31 March 2025 £'000	31 March 2024 £'000
Financial assets			
Amounts owed by group companies (non-current)	19	**9,160**	12,025
Financial assets (non-current)		**9,160**	12,025
Convertible loan notes	14	**3,159**	3,689
Cash and cash equivalents		**6,720**	7
Financial assets (current)		**9,879**	3,696
Total		**19,039**	15,721

Notes to the consolidated financial statements continued

29. Financial instruments and risk continued

Company	Note	31 March 2025 £'000	31 March 2024 £'000
Financial liabilities			
Revolving credit facility	25	**58,000**	57,500
Term loan	25	**45,000**	20,000
Unamortised refinancing balance	25	**(957)**	–
Loans and borrowings (non-current)		**102,043**	77,500
Revolving credit facility – current	25	**113**	297
Term loan	25	**152**	16,138
Loans and borrowings (current)		**265**	16,435
Amounts owed to group companies – current	21	**63,935**	21,893
Financial liabilities (current)		**64,200**	38,328
Total		**166,243**	115,828

(a) Credit risk

The Group's financial assets are cash and cash equivalents, monies held in trust, trade and other receivables, convertible loan notes and net investment in finance lease receivables. The Group's credit risk is primarily attributable to its trade and other receivables and net investment in finance lease receivables. To mitigate against credit risk, PayPoint credit checks clients, SME and retailer partners, holds retailer security deposits, operates terminal limits, monitors clients and retailer partners for changes in payment profiles and in certain circumstances, has the right to set-off monies due against funds collected. Additionally, the majority of Love2shop's trade receivables are subject to credit insurance, further reducing the Group's risk. The Group's maximum exposure, at 31 March 2025, was £249.3 million (2024: £284.4 million).

The Group has treasury policies in place which manage the concentration of risk with individual bank counterparties. Each counterparty has an individual limit determined by their credit ratings. In accordance with the Group's treasury policies and exposure management practices, counterparty credit exposure limits are monitored and no individual exposure is considered significant in the ordinary course of treasury management activity. The Company does not expect any significant losses from non-performance by these counterparties.

The Company, PayPoint Plc, has issued parental guarantees in favour of clients of its subsidiaries under which it has guaranteed amounts due to clients, by the subsidiaries, for settlement of funds collected by retailer partners.

(b) Liquidity risk

The Group's policy throughout the year ended 31 March 2025 regarding funds placed on deposit has been to maximise the return on funds whilst minimising the associated risk.

Refer to part (e) of this note for details of the Group's borrowing facilities. The following shows the exposure to liquidity risk. The amounts are gross and undiscounted, and include contractual interest payments:

31 March 2025 £'000	Carrying amount	Contractual cash flows Total	2 months or less	2–12 months	1–2 years	2–5 years	5 years or more
Non-derivative financial liabilities							
Revolving credit facility	**57,156**	**73,434**	**714**	**3,004**	**3,605**	**66,111**	**–**
Term loan	**45,152**	**57,039**	**618**	**2,331**	**2,797**	**51,293**	**–**
Lease liabilities	**3,178**	**3,802**	**105**	**820**	**568**	**1,216**	**1,093**
Payables in respect of clients' cash and retailer partners' deposits	**20,966**	**20,966**	**20,966**	**–**	**–**	**–**	**–**
Payables In respect of gift card vouchers and prepay savers	**117,793**	**117,793**	**117,793**	**–**	**–**	**–**	**–**
Trade payables – corporate	**36,467**	**36,467**	**36,467**	**–**	**–**	**–**	**–**
Other payables	**2,658**	**2,658**	**2,658**	**–**	**–**	**–**	**–**

31 March 2024 £'000	Carrying amount	Contractual cash flows Total	2 months or less	2–12 months	1–2 years	2–5 years	5 years or more
Non-derivative financial liabilities							
Revolving credit facility	57,797	65,679	968	3,354	61,357	–	–
Amortising term loan	36,138	38,723	4,535	13,517	20,671	–	–
Lease liabilities	4,835	6,047	128	977	912	1,606	2,424
Payables in respect of clients' cash and retailer partners' deposits	23,231	23,231	23,231	–	–	–	–
Payables In respect of gift cards vouchers and prepay savers	113,829	113,829	113,829	–	–	–	–
Trade payables – corporate	34,735	34,735	34,735	–	–	–	–
Other payables	4,071	4,071	4,071	–	–	–	–

(c) Foreign exchange risk

The Group's currency exposures comprise those transactional exposures that give rise to the net currency gains and losses recognised in the statement of profit or loss. Such exposures comprise the monetary assets and monetary liabilities of the Group that are not denominated in the operating (or functional) currency of the operating unit involved. At 31 March 2025, these exposures were £nil (2024: £nil).

The Group uses hedges to manage the foreign exchange risk related to PayPoint One terminal and card terminal purchases.

(d) Interest rate risk

The Group's interest-bearing financial assets at 31 March 2025 comprised cash and cash equivalents which totalled £33.2 million (2024: £86.8 million) and restricted funds held on deposit (non-corporate) £111.5 million (2024: £78.2 million). The Group is also exposed to interest rate risk through use of its financing facility which incurs interest charges based on SONIA plus 1.75% (2024: SONIA plus 1.75%).

All funds earn interest at the prevailing rate. Cash and cash equivalents are deposited on short-term deposits (normally weekly or monthly) or held in current accounts. Most restricted funds held on deposit (non-corporate) are held in deposit accounts. The Group seeks to maximise interest receipts within these parameters. The Group also minimises interest cost by effective central management of cash resources to minimise the need for utilisation of the financing facility.

(e) Borrowing facilities

The Group carried out a refinancing, completed on 6 June 2024, following which its borrowing facilities consisted 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.

On 11 June 2025 the Group completed an amendment to the above arrangement, following which its borrowing facilities consist of:

- a £75.0 million non-amortising term loan expiring in June 2029; and
- a £90.0 million unsecured revolving credit facility expiring in June 2029

At 31 March 2025, £58.0 million (2024: £57.8 million) was drawn down from the £90.0 million revolving credit facility, plus accrued interest of £0.1 million. The outstanding balance of the amortising term loan was £45.0 million, plus accrued interest at the year-end of £0.3million.

Interest is payable at SONIA plus 1.75% (2024: SONIA plus 1.75%). The Group has the ability to roll over the revolving credit facility drawdown for an additional period between one and six months.

The Group is required to adhere to a net debt leverage of no more than three times EBITDA and an interest cover of no less than four times. The Group operated within these limits during the financial year ended 31 March 2025.

(f) Fair value of financial assets and liabilities

The following financial assets/liabilities are measured at fair value through profit or loss: convertible loan note instruments purchased from Judge Logistics Ltd Logistics and Aperidata Ltd (classified as Level 3). The fair value of the Judge Logistics Ltd Logistics convertible loan note instrument was measured using the Probability Weighted Expected Returns Methodology ("PWERM"). The fair value of the Aperidata Ltd convertible loan note instrument was measured using the income approach (discounted cash flow) – see note 14. There have been no transfers between Level 1, 2 or 3 in the current year or prior year.

Love2shop offers discounts on the face value of cards, vouchers and e-codes to corporate customers. Such 'day one discounts' are initially offset against the corresponding gross liability payable to the retailer, such that the net transaction price differs from the fair value of the gross liability. The day one discount is released to the consolidated statement of profit or loss when the card, voucher or e-code is redeemed. The aggregate amount of the Group's day one discounts yet to be recognised in the Statement of consolidated profit or loss is £2.7 million, comprising £2.5 million at 31 March 2024, £7.9 million generated in the year, less £7.7 million released in the year.

The Directors consider there to be no material difference between the book value and the fair value of the Group's financial instruments at 31 March 2025, or 31 March 2024.

(g) Market price risk

The Group's exposure to market price risk comprises interest rate and currency market exposure. Excess Group funds are invested in money market cash deposits with the objective of maintaining a balance between accessibility of funds and competitive rates of return.

(h) Capital risk management

The Group's objectives when managing capital (the definition of which is consistent with prior year and is the Group's assets and liabilities including cash) are to safeguard the Group's ability to continue as a going concern to provide returns for shareholders and benefits for other stakeholders. The Group manages its capital by continued focus on free cash flow generation and managing the level of capital investment in the business. The final dividend for the year ensures a prudent level of earnings coverage for the dividend and that leverage is not substantially increased.

(i) Financial instrument sensitivities

Financial instruments affected by market risk include deposits, hedges, trade receivables and trade payables. Any changes in market variables (exchange rates and interest rates) will have an immaterial effect on these instruments.

Notes to the consolidated financial statements continued

30. Related-party transactions

Remuneration of the Executive Directors, who are the key management of the Group, was as follows during the year:

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Short-term benefits and bonus[1]	**1,656**	1,647
Pension costs[2]	**41**	43
Long-term incentives[3]	**917**	658
Other	**4**	4
Total	**2,618**	2,352

1 Includes salary, taxable benefits and annual bonus award.

2 Pension contributions.

3 Long-term incentives represents the current year charge to the Statement of profit or loss.

Directors' remuneration is disclosed on page 97 of the Directors' Remuneration Report.

Company related-party transactions

The following balances existed between the Company and its wholly owned subsidiaries:

	31 March 2025 £'000	31 March 2024 £'000
Amounts owed by subsidiaries	**9,160**	12,025
Amounts owed to subsidiaries	**(63,935)**	(21,893)
Interest paid to subsidiaries	**(2,644)**	(4,837)
Interest received from subsidiaries	**99**	383
Cash dividends received from subsidiaries	**3,500**	3,500

31. Notes to the statements of cash flow

Group	Note	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Profit before tax		**26,291**	48,182
Adjustments for:			
Depreciation of property, plant and equipment	16	**9,655**	7,318
Amortisation of intangible assets	13	**15,637**	13,347
Exceptional item – non-cash provision	6	**15,350**	–
Adjusting item – non-cash movement on convertible loan note	14	**10,413**	186
Adjusting item – non-cash movement on other investments	14	**(805)**	–
Loss on disposal of fixed assets		**187**	111
Finance income	9	**(1,383)**	(1,390)
Finance costs	9	**8,448**	8,408
Share-based payment charge	27	**2,018**	1,669
Cash-settled share-based remuneration		**(814)**	(339)
Operating cash flows before movements in working capital		**84,997**	77,492
Movement in inventories		**(2,902)**	(108)
Movement in trade and other receivables		**(8,536)**	(4,638)
Movement in finance lease receivables		**803**	2,018
Movement in contract assets		**(743)**	(536)
Movement in contract liabilities		**(258)**	(443)
Movement in provisions		**(1,850)**	1,850
Movement in trade and other payables – corporate		**3,190**	(9,929)
Movement in working capital – corporate		**(10,296)**	(11,786)
Cash generated from operations		**74,701**	65,706

Company	Note	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
(Loss) / profit before tax		**3,984**	79,148
Adjustments for:			
Adjusting item – non-cash movement on convertible loan note	14	**10,413**	186
Adjusting item – non-cash movement on other investments	14	**(805)**	–
Non-cash dividends from subsidiaries		**(38,041)**	(98,000)
Finance income		**(261)**	(383)
Finance costs		**10,096**	12,043
Share-based payment charge		**1,407**	1,112
Cash-settled share-based remuneration		**(641)**	–
Operating cash movement before movements in working capital		**(13,848)**	(5,894)
Movement in receivables		**18,755**	2,561
Movement in payables		**69,538**	36,452
Movement in provisions		**(230)**	230
Cash generated from operations		**74,215**	33,349

32. 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.

On 14 May 2025, PayPoint and Utilita came to a settlement such that Utilita has withdrawn its claim against PayPoint. As part of this settlement, the two parties have agreed to a new 5-year contract for over-the-counter prepayment services. PayPoint is looking forward to the opportunity to build a more collaborative and mutually supportive relationship with Utilita going forward.

PayPoint remains confident that it will successfully defend the claim by Global 365 at trial. The claim 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. The trial at the Competition Appeal Tribunal started on 10 June 2025.

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.

33. Events after the reporting date

Conversion of loan note investment in Judge Logistics Ltd

On 17 April 2025 the Company's £15.0 million convertible loan note investment in Judge Logistics Ltd converted to a 3.6% equity share. The conversion was triggered by InPost spa z.o.o. acquiring a controlling equity share in Judge Logistics Ltd by converting its loan note investment into equity. See note 14.

Share buy-back

On 12 June 2025 the Group announced that the share buy-back programme, which it began on 1 July 2024 for an initial 12-month period, would be extended until the end of March 2028. The Group plans to purchase at least £30 million of shares per annum. It will continue to review the programme based on business performance, market conditions, cash generation and the overall capital needs of the business. This is a non-adjusting event, having no impact on the current year financial statements.

Settlement of legal claim

On 13 May 2025 the Group settled the legal claim with Utilita referred to in note 32. The total settlement amount was £14.2 million, recorded in the current year as an exceptional revenue deduction and a provision. See notes 6 and 22.

Officers and professional advisers

Directors

G Kerr[1] (Chairman)
N Wiles
R Harding
R Sharma[1]
R Shapland[1]
L Tu[1]
B Wishart[1]

Company Secretary

Julia Herd, on behalf of Indigo Corporate Secretary Limited

Registered Office

1 The Boulevard
Shire Park
Welwyn Garden City
Hertfordshire AL7 1EL
United Kingdom

Registered in England and Wales

Company number 03581541

Independent auditor

Pricewaterhouse Coopers LLP

1 Embankment Place
London WC2N 6RH
United Kingdom

Registrar

Equiniti Limited

Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
United Kingdom

1 Non-Executive Directors

Designed and produced by emperor
Visit us at emperor.works

PayPoint Group

1 The Boulevard
Shire Park
Welwyn Garden City
Hertfordshire AL7 1EL
United Kingdom

Tel +44 (0)1707 600 300
Fax +44 (0)1707 600 333

www.paypoint.com