

Statement regarding Collect+

PayPoint plc announces that it has today reached agreement with Yodel Delivery Network Limited (Yodel) for a new arrangement with respect for Collect+, which will put the framework in place for long-term growth in the premier parcels click and collect and returns network.

The key elements of the new arrangement are:

- PayPoint has signed a long term agreement with Yodel, with a shared ambition to substantially increase coverage and volumes, and to provide its convenience network to the existing parcels retail clients
- PayPoint and Yodel will retain 50:50 ownership of the brand through their new joint venture company Collect+ Brand Limited, which has licensed the use of the Collect+ brand to both Yodel and PayPoint and will receive royalties from PayPoint and Yodel for each parcel they introduce. Yodel will take responsibility for the operations and contracts and as a consequence, PayPoint will no longer bear the impact of logistics cost increases;
- PayPoint will be free for the first time to utilise its convenience retail network to sign agreements with other parcel carriers and to open Collect+ access to other carriers, under license;
- In recognition of PayPoint rights to extend network access to other carriers, PayPoint has committed to a progressive reduction in its charges over a two year period the impact which should be mitigated by additional volume growth from existing and new retailers though the continuing relationship with Yodel and additional volume and fees from other carriers;
- PayPoint's share of the result in the joint venture up to completion was a loss of £2 million. This loss includes increased charges from Yodel for the period to completion, which will be booked in the second half of the current financial year. All of the operations and contracts of the previous joint venture are transferring to Yodel for no consideration. The transfer will not result in a gain or loss to PayPoint. The gross assets of the previous joint venture as at 30 September 2016 were £9 million and they delivered a loss before tax of £0.4 million for the year ended 31 March 2016. Under current accounting conventions, PayPoint is not able to record the positive fair value of its 50% share in the valuable new Collect+ Brand Limited. Yodel's supply contract includes a termination option should there be a change of control of PayPoint.

Dominic Taylor, Chief Executive said: "We are pleased to have reached agreement over the new arrangements with Yodel with respect to Collect+. Both companies remain absolutely focused on growing Collect+ as the premier parcels click and collect returns network. The new arrangements allow us to focus on our service offering and cost optimisation and for the first time, to open Collect+ access to other carriers. We also believe that this is good news for consumers as we develop a single network open to all, where eventually consumers can collect and return all their parcels, however carried, at the same convenience store."