29 March 2022

CPPGroup Plc

("CPP", "the Group" or "the Company")

FULL YEAR RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

A year of financial and operational progress as we refocus the business

CPP Group (AIM: CPP), a provider of assistance and insurance products which reduce disruptions to everyday life for millions of customers across the world, is pleased to announce its full year results for the 12 months ended 31 December 2021.

Financial highlights

- Group revenue from continuing operations increased by 5% to £143.6 million (2020 restated: £136.5 million)
- EBITDA from continuing operations increased by 29% to £7.5 million (2020 restated: £5.8 million).
- Profit before tax increased to £4.2 million (2020 restated: £0.9 million).
- Cash balance of £22.3 million as at 31 December 2021 (2020: £21.9 million).
- Final dividend proposed of 7.5 pence per share which will represent a full year dividend of 12.5 pence per share (2020: 25.0 pence per share).

Operational progress

- Strong recovery in our Indian market with CPP India growing revenue by 7% and Globiva widening its client base with revenue increasing by 51%.
- Expanded partner base and product innovation in Turkey with revenue growing 28% on a local currency basis.
- Making progress in the integration of Blink to strengthen the Group's ability to deliver innovative parametric and digital solutions.
- Simplification of the Group to focus on key growth areas through:
    - disposal of German card protection legacy business for £2.4 million;
    - disposal of our historically loss-making China business in January 2022;
    - restructure of Mexico and closure of the legacy Malaysia business; and
    - post period, we have commenced the wind down of the UK MGA and Bangladesh.
- New Board and Executive team in place to provide strategic focus and drive the business forward sustainably.

Financial and non-financial highlights – continuing operations

£ millions	31 December 2021	31 December 2020 (restated[1])	Change
Financial highlights:			
Group			
Revenue	143.6	136.5	5%
EBITDA[2]	7.5	5.8	29%
Operating profit	2.9	2.3	27%
Profit before tax	4.2	0.9	374%
Profit/(loss) after tax	0.5	(2.5)	120%
Profit/(loss) for the year[3]	3.0	(1.6)	288%
Basic earnings/(loss) per share (pence)	0.85	(30.21)	103%
Dividend per share (pence)[4]	12.5	25.0	(50)%
Cash and cash equivalents	22.3	21.9	2%
Segmental revenue			
Ongoing Operations	134.8	125.5	8%
Restricted Operations	8.8	11.0	(21)%
Non-financial highlights:			
Customer numbers (millions)	11.4	11.3	1%

1. Restated to reflect Germany and China as discontinued operations.
2. EBITDA represents earnings before interest, taxation, depreciation, amortisation and exceptional items.
3. Profit/(loss) for the year includes continuing and discontinued operations.
4. Comprises final dividend of 7.5 pence per share (2020: 25.0 pence per share) and interim dividend paid of 5.0 pence per share (2020: nil) paid in September 2021.

Simon Pyper, CEO of CPP Group, commented:

“Despite the COVID-19 related headwinds which have challenged us all, the Group not only delivered a solid set of financial results but also made progress in simplifying and refocusing its operations through the sale of its German Card Protection business, the restructure of its operations in Mexico and the closure of its operations in Malaysia. Whilst there is still much to do, the changes introduced in 2021 have allowed the Group to refocus on its core operations in India and Turkey, and on its digital rich, Blink parametric business.

The Group is now focused on optimising the allocation of human, intellectual and financial capital to where it can better achieve commercial advantage and attractive returns. To that end, and post the reporting period, the Group has exited from its underperforming China, Bangladesh, and UK MGA operations. Additionally, the Board is evaluating the change management programme, introduced by the previous management team, to ensure that the various projects are consistent with the Group’s new ‘direction of travel’ and moreover, that the benefits assumed are realisable.

I am determined to re-energise CPP, to simplify its business model and to improve returns to shareholders.”

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About CPP Group:

CPP Group is technology-driven assistance company that creates embedded and ancillary assistance products and resolution services that reduce disruption to everyday life for millions of people across, at the time and place they are needed. These products are provided through partnerships with leading insurance, banking and finance companies as either as embedded solutions or as relevant add-ons to enhance their core offering and deliver additional revenue streams. CPP is listed on AIM, operated by the London Stock Exchange.

For more information on CPP visit https://international.cppgroup.com

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Chairman's Statement

In spite of the challenges to the business of a second year of disruption brought about by the COVID-19 pandemic, I am pleased to report that the Group continued with important initiatives to refocus its operations, both domestically and in its key overseas markets of India and Turkey. Additionally, the Group made progress in streamlining its operations, exiting from underperforming geographies and closing down unprofitable products.

Streamlining Operations

During the year the Group shut down its loss-making operation in Malaysia, disposed of its legacy German Card Protection business and restructured its EU operation. After the reporting period, the Group has also announced the winding down of its operations in Bangladesh and its UK MGA business, and the disposal of the Chinese operations, all of which were considered unable to deliver profitable growth in the foreseeable future. Additionally, detailed plans have been developed for the migration of the Group's remaining legacy operations into a single, standalone business unit, which, once completed, should facilitate a more profitable and disciplined run-off of the Group's UK and non-UK back books.

Refocusing our Business

The business is now organised along geographic lines with in-country CEOs for India, Turkey and our UK-based, parametric-technology business, each of whom have prime responsibility for delivering growth in their regions. Furthermore, the Group is in the process of developing a new IT platform which will facilitate new product development and delivery throughout the Group. The platform will initially launch in India in late 2022 with plans to roll-out across other markets in the Group in 2023 and 2024. This will ultimately lead to cost reductions as legacy systems are decommissioned.

Financial Results

Despite continued COVID-19 headwinds and the strengthening of sterling relative to other currencies in which the Group operates, the Group delivered growth over the prior year. Group revenues from continuing operations increased by 5% to £143.6 million, whilst EBITDA from continuing operations increased by £1.7 million to £7.5 million, inclusive of a one-time benefit from the release of a third-party commission provision relating to the Group's legacy card and identity products. Our balance sheet shows net cash of £22.3 million (2020: £21.9 million), which will allow the Group to fund further investment in its technology platform and, if appropriate, to fund acquisitions.

People

Unsurprisingly our top priority in 2021 has been to support our colleagues, not just in terms of creating COVID-safe office and home-working conditions, but also to sustain their overall well-being. We actively seek their engagement and participation, and the achievements of the past year are a testament to their hard work and dedication. On behalf of the Board, I offer my thanks to them.

Board Changes

We were pleased to announce on 1 December 2021 the appointment of Jeremy Miller as an independent Non-Executive Director, succeeding Timothy Elliott, who stepped down from the Board at the end of November 2021. Mark Hamlin also retired from the Board at the end of November and stood down as Chairman of Globiva, in which the Group holds a 51% shareholding, at the end of December. Mark and Tim had been on the Board since 2016 and 2017 respectively and I would like to thank them both for their years of service to the Group. It is our objective to add one additional independent Non-Executive Director to the Board during the current year, who will, ideally, have specific operational experience in that part of the insurance and assistance sectors in which the Group operates.

Early in the year, Justine Shaw, Head of Culture and HR, left the Group, with her responsibilities being distributed to existing members of the management team, and, in particular, Paula Cartwright, who was promoted to lead our HR function. In October 2021, Oliver Laird, our CFO, resigned from the business. We were pleased to be able to announce in December the appointment of Simon Pyper to succeed him. Simon brings with him many years of experience, both as CFO and CEO, of growth companies in the services sector.

Subsequent to the financial year end, Jason Walsh (announced on 8 February 2022) stood down as Chief Executive Officer, after six years in the role and twenty years of service to the Group. I would like to thank Jason for his many years of service and the contribution he has made. He took the reins as Chief Executive Officer of the Group at a difficult time, after several years of financial and regulatory challenges had almost brought it to its knees and he leaves a stable organisation with considerable potential for growth.

Jason has been succeeded as CEO by Simon Pyper and, the Group announced, on the 8 February 2022, the appointment of David Bowling, an internal candidate with ten years' service to the Group, as Chief Financial Officer. I have utmost confidence that both Simon and David will make a substantial contribution to the success of the Group in the next few years, and I congratulate them on their appointments.

Extensive board and senior personnel changes in a short period are inevitably unsettling for all stakeholders in the Company, but particularly the members of the management team. I would particularly like to recognise the commitment and fortitude of all those members of the team who have participated in and enabled these changes to take place in a committed and professional manner.

I would also like to add my specific thanks to Deepak Matai, who leads our largest operating entity in India, and his colleagues, who have been able to deliver strong growth in spite of the impact of COVID-19 in his country, as well as to Selnur Guzel, whose management of our business in Turkey, along with her team, has been even more forceful than the hurricane-force economic and currency turbulence in which she and her colleagues have had to operate.

Outlook and Dividend

In our pre-close trading update of 19 January 2022, we reset the Group's earnings expectations for the current financial year, reflecting in part, the delayed benefits and additional costs brought about by the revision to the scope and consequent implementation timetable for the Group's new IT platform.

Along with revising the Group's earnings expectations, we are resetting our dividend guidance. The revised guidance on dividends will better reflect the Groups earnings expectations, cash requirements and prospects. Consequently, the Board is pleased to announce a final dividend of 7.5 pence per share giving a full year dividend of 12.5 pence (2020: 25.0 pence).

The proposed final dividend will be paid on 17 May 2022 to shareholders on the register at the close of business on 19 April 2022. The ex-dividend date will be on 14 April 2022.

Whilst it is always disappointing to re-set market expectations, the business continues to make good progress and is, I believe, notwithstanding heightened levels of uncertainty globally as a result of the tragic events in the Ukraine, increasingly well positioned for profitable and sustainable growth.

David Morrison
Chairman
28 March 2022

Chief Executive Officer's Statement

A second year of challenges created by COVID-19 has obliged our customers, our partners and our people to adapt, often at pace, to the ever changing and often disrupted circumstances in which they live, work and conduct business. Our Company's performance has been remarkably resilient, thanks to the efforts of our people and the demonstrable value of what we do for our customers and partners.

While revenues were impacted by COVID-19 and associated Government imposed restrictions, particularly in our key Indian market, our performance exceeded our own expectations and I am pleased to report that revenues from continuing operations grew by 5%, and, on a constant currency basis, by 11%, to £143.6 million (2020 restated: £136.5 million). Additionally, the actions commenced in 2020 and 2021 to streamline the business, exit unprofitable markets and reduce costs, in combination with the one-time commission provision release in the UK, led to an improvement in EBITDA from continuing operations of 29% to £7.5 million (2020 restated: £5.8 million) for the year.

We have also had a positive year in terms of client retention and business development and have increased our customer base from 11.3 million to 11.4 million and, whilst our renewal rate has reduced to 63.6% (2020 restated: 68.5%), this is principally due to market mix with the renewal base further shifting towards India and Turkey.

A Refocused Business

We have over the past year re-organised our operating business and management structures to reflect how we see and manage the business. We start 2022 with a leaner organisational structure, one which is designed to meet the expectations of our growing client base. The new structure reflects our geographic bias, our strategic intent to grow our technology business Blink, and to exit from the predominately European low growth, regulatory-intensive markets, where declining customer numbers with a relatively fixed cost base are eroding margin.

A Resilient Financial Performance

Group revenue grew by 5% on a reported basis and by 11% on a constant currency basis. Ongoing revenues, which exclude revenues relating to our Restricted Operations (legacy UK back books), grew by 8% on a reported basis and by 14% on a constant currency basis. Group EBITDA grew by 29% to £7.5m.

India: Revenue £119.3 million (2020: £108.4 million) and EBITDA £7.8 million (2020: £7.7 million)

India is the Group's largest operating business, generating 83% of total revenues. The business performed well, despite a circa 7% weakening of the Indian rupee over the year, with absolute revenue growth for 2021 of +10% (constant currency +17%). EBITDA growth was subdued due to reduced sales efficiency associated with COVID-19, with some modest margin erosion due to local regulatory changes.

There are two constituent businesses:

1. CPP India: Reported 2021 +7% to £109.0 million (2020: £101.6 million), constant currency growth of +14%.

   CPP India works closely with its business partners to drive value by growing customer loyalty through the design and delivery of simple and innovative products which fit seamlessly into the everyday life of consumers; and

2. Globiva: Reported 2021 +51% to £10.3 million (2020: £6.8 million), constant currency growth of +57%.

   Globiva is 51% owned by the Group and is one of India's fastest growing Business Process Management (BPM) companies providing outsourced customer relationship management, back-office functionality and automated human resource services to a growing roll of clients.

Turkey: Revenue £3.6 million (2020: £3.8 million) and EBITDA £0.9 million (2020: £0.9 million)

CPP Turkey is, in many respects, the most developed and most balanced of our businesses, with a broad and well-established partnership base coupled with a diverse mix of revenues. Despite difficult economic conditions our Turkish business delivered the highest EBITDA margin and achieved revenue and EBITDA growth, on a constant currency basis, of +28% and +53% respectively.

Blink: Revenue £0.3 million (2020: £0.2 million) and EBITDA loss £0.2 million (2020: £1.3 million)

Blink (CPP Innovation Limited) is a technology and software platform focused on providing innovative insurance solutions for the global travel sector. Blink has also designed and deployed a parametric business interruption solution and has an active product pipeline to enter other sectors. Blink leverages CPP's technology platforms to deliver bespoke plug-and-play 'white label' solutions for our partners, typically travel insurance providers.

Legacy and Restricted Operations: Revenue £20.4 million (2020: £24.1 million) and EBITDA £3.4 million (2020: £3.5 million)

Our 'legacy and restricted' business comprises our UK and European operations which have historically focused on the Group's legacy Card and Identity Protection products. The UK business continues to operate under a variation of permissions with the FCA which does not permit new sales, however, moreover the market for these products is in decline, which coupled with ongoing regulatory scrutiny and a high fixed cost base, means that these books of business will reach an inflexion point in future years where they will be unprofitable to maintain.

Central Costs: £4.2 million (2020: £4.7 million)

Central costs before appropriate recharge to business units are £10.4 million (2020: £11.6 million) of which £4.0 million relates to the cost of the Group's IT operations. The majority of the IT costs, which are recharged to the Group's operating businesses, represent costs associated with maintaining regulatory compliant, consumer data, in multiple geographies.

The Group is developing a new IT platform which is expected, once deployed, to deliver significant efficiencies from late 2024.

Whilst IT costs have remained flat, other central costs have decreased by 17% compared to the prior year.

Strategic Priorities

Fundamentally, we are a business which provides products and solutions which assist and protect the daily lives, be it online or real world, of millions of customers of major brands and financial institutions.

Our strategy must reflect the regulatory, economic and market nuances of the geographies in which we operate. Consequently, and save for our new IT platform and the introduction of our Blink proposition, there are few other scale benefits to be had, as all our products and services are, to some degree, bespoke. However, the lack of scale benefits does not equate to a lack of opportunity.

Our key strategic priorities are to simplify our business, to reduce costs and to build a platform which focuses on innovation in each of our key geographies and organic growth which may be supported, where appropriate, by acquisitions and strategic investments. We have a clear approach for growing our Indian and Turkish businesses and to wind down our legacy and restricted operations in a disciplined and profitable manner. We also intend to invest and grow our Blink business and to build and implement a new Group-wide IT platform, both of which should provide some scale efficiencies over the medium-term.

As, over time, we manage down our Legacy and Restricted operations we are, save for Blink, in need of a coherent long-term strategy for our UK and European markets. Whilst we have yet to set a definitive plan for these markets our initial conclusions suggest a move away from the traditional consumer focused products of the Group, which are highly regulated and carry a high overhead requirement. We are instead considering a move toward either a technology-led strategy, or a move into the business-to-business sector, which has more attractive economics and is less regulated, or both. We will update on our strategy once determined.

Whichever strategy we pursue for our important UK and European markets, implementation will require careful planning, will leverage our current infrastructure, and where appropriate, will include acquisitions.

STRATEGIC PRIORITIES	INDIA	TURKEY	UK & EUROPE	BLINK
Organic Growth	Yes	Yes	No	Yes
Acquisitive Growth	No	Yes	Yes	Yes
New IT Platform	Yes	Yes	Yes	Yes

India

Our growth will be organic led, with a focus on developing multi-product strategic partnerships across the financial services and technology sectors. We will focus on:

1. Introducing higher margin products which augment our partners proposition, and which generate repeatable ancillary revenues.
2. Implementing our new technology platform which will widen the range of mobile-first and digital sales channels which we can serve and, moreover, open access to new partner channels and new customer segments.

Even though we have experienced high growth over the past few years, we remain confident of further profitable growth over the long-term.

Turkey

We will have an organic led strategy focused on entrenching relationships and winning new partners in the mobile, digital and financial services sectors. We will continue to innovate and deliver services and products which improve the day-to-day lives of consumers whilst improving revenues for both our partners and the Group.

At the same time, acquisitions to accelerate growth are becoming more attractive, as they would provide both a natural exchange rate hedge and, moreover, accelerate client acquisition.

Blink

Blink is our newest business, with similar attributes to a start-up software business. Leveraging the Group's existing product set, Blink is focused on delivering differentiated 'white-label', technology led services for insurance companies operating in the Travel and Digital sectors.

We will focus on organic growth led by additional account management and technology headcount. In the longer-term, we will develop new products and solutions for other digital intensive sectors.

Legacy & Restricted Operations (UK & Europe)

CPP's original strategy was one of volume, based on selling as many of the Group's products, such as Card Protection and Identity Protection in multiple geographies. As regulatory frameworks tightened, and consumer buying patterns changed, the demand and margin associated with our more traditional products started to decline. Our approach is to manage the decline in a disciplined and profitable manner.

Technology

We are developing a new digital cloud-based IT platform which we expect to start rolling out in India towards the final quarter of 2022. Group-wide implementation is expected to complete during 2024. The new platform, once fully operational, will allow the Group to lower costs, improve efficiencies in each geography and moreover, accelerate the development and introduction of new and complementary products and services

Specifically, the new platform is a hybrid, flexible and cloud-first approach to managing our product proposition, CRM, and subscription platforms. Utilising technologies which are both scalable and adaptive, the new platform can be re-deployed to any market and hosted in multiple countries to meet strict data residency requirements. Moreover, the platform draws on the strengths of Amazon Web Services to provide a secure, scalable, and redundancy-free global infrastructure that enables the business to 'Plug & Play' third party solutions without affecting the core platform

People

I want to thank all my CPP colleagues for their dedication, hard work and commitment while simultaneously responding and adapting to the effects of a global pandemic. It is a measure of the quality of our people that our entire business pivoted seamlessly to homeworking with no interruption to the support we give our partners and customers.

We look forward with cautious optimism to a gradual return to normal working patterns over the course of 2022.

Outlook

I have only been involved in the business for a short while, but my initial impressions are unreservedly positive. We have excellent businesses in India and Turkey where we expect further strong underlying growth. We are building what I believe to be a compelling proposition for the travel sector with our embryonic Blink platform and are exiting underperforming operations both in the UK and abroad. As if this were not enough, we are developing and will later this year start to introduce our new, digital cloud-based IT platform. We are, as we exit from the UK MGA and as the renewal book continues to run-down, in need of a clear and executable strategy for the UK, and this is something that the Board and I will address during 2022.

We are now focused on optimising the allocation of our human, intellectual and financial capital to where we are can better achieve commercial advantage and attractive returns. To that end, and post the reporting period, we further simplified the Group through the exit from our underperforming China, Bangladesh, and UK MGA operations. Additionally, the Board is evaluating the change management programme, introduced by the previous management team, to ensure that the various projects are consistent with the Group's new 'direction of travel' and moreover, that the benefits assumed are realisable.

At the time of writing the Group is in discussions with its largest partner, Bajaj Finance Limited, to early renew and extend current arrangements. While there is likely to be some commercial trade-off between securing higher volume (revenue) and pricing we will have stronger visibility over a substantial amount of forward revenue.

I am determined to re-energise CPP Group, to simplify its business model and to improve outcomes for all stakeholders and in particular for our shareholders.

Simon Pyper
Chief Executive Officer
28 March 2022

Financial and Operational Review

Overview

The Group has continued to make solid financial progress in 2021 in the face of continued disruption in our markets from the pandemic as we re-focus resources on the key markets which provide the best opportunity for sustainable growth. As expected, this has improved profitable performance and reduced the cash draw on the business.

This strategy has led to the sale of our legacy German Card Protection business and the exit from the Chinese market which completed in January 2022. As a result, these businesses are presented as discontinued operations with this review focusing on the performance of the Group's continuing operations.

Group revenue has increased by 5% (11% constant currency) to £143.6 million (2020 restated: £136.5 million) with the growth continuing to be driven by our Indian market. EBITDA has also improved to £7.5 million (2020 restated: £5.8 million) which is a 29% (54% constant currency) increase. The EBITDA improvement reflects the benefit of restructuring initiatives to reduce our geographical footprint or streamline operations to focus resources on the markets with the strongest prospects along with careful control of the central cost base. EBITDA includes a one-time benefit of £1.1 million from the release of a commission provision in the UK. Excluding this factor EBITDA would have been £6.4 million which is 9% higher than in 2020.

Continuing Operations	**2021 £'m**	2020 (restated[1]) £'m
Revenue	**143.6**	136.5
Gross profit	**32.9**	34.1
EBITDA[2]	**7.5**	5.8
Operating profit	**2.9**	2.3
Profit before tax	**4.2**	0.9
Taxation	**(3.7)**	(3.4)
Profit/(loss) for the year	**0.5**	(2.5)
Basic earnings/(loss) per share (pence)	**0.85**	(30.21)
Cash generated by operations[3]	**7.4**	6.2
Dividends (pence)[4]	**12.5**	**25.0**

1. Restated to reflect Germany and China as discontinued operations.
2. Excluding depreciation, amortisation and exceptional items.
3. Includes cash generated from continuing and discontinued operations.
4. Interim dividend paid and final dividend proposed

Gross profit has reduced by 4% (1% constant currency increase) to £32.9 million (2020 restated: £34.1 million). This results in a reduction in the gross profit margin to 22.9% (2020 restated: 25.0%) reflecting the continued growth in our Indian business which has higher costs of acquisition associated with sales than the UK and EU renewal books it is replacing. In addition, whilst gross profit in India is increasing this is at a lower margin year-on-year as an increasing share of revenue and customer growth comes from lower margin product variants. Gross profit has also benefitted from the £1.1 million commission provision release in the UK and therefore would have been 7% lower than the prior year at £31.8 million at a margin of 22.1% without it. We expect our gross profit margins to continue to reduce in the medium-term whilst growth is predominantly driven by India and the legacy renewal books diminish. Longer-term margin improvement will be driven by product diversification in India and growth in technology-led product and distribution.

We are pleased that EBITDA has increased to £7.5 million (2020 restated: £5.8 million) which reflects the one-time £1.1 million commission provision release alongside a reduction in the cost base with administrative expenses, before depreciation and exceptional items, reducing by 10% in the year. The reducing cost base demonstrates the expected savings from restructuring exercises across the Group to address loss-making operations and available operational efficiencies.

Depreciation and amortisation charges have decreased marginally to £3.0 million (2020 restated: £3.2 million). The Group's depreciation charges are expected to increase in the medium-term as the new technology platform is launched in India during Q4 2022 and Globiva increases its operational capacity to facilitate growth.

Exceptional items charged to operating profit total £1.6 million (2020: £0.4 million) as the Group continues to focus its resources on its key markets. Restructuring activities in the year have included the realisation of operational efficiencies in Spain, new business activities being halted in Mexico, the closure of Malaysia and a reduction in central Board costs. In addition, Blink, the parametric platform, was brought under central management.

The growth in EBITDA, in conjunction with the exceptional items and depreciation charges, results in operating profit increasing by 27% to £2.9 million (2020 restated: £2.3 million).

Other gains and losses comprise a gain of £1.5 million (2020: £1.3 million loss) which reflects a fair value gain on our investment in KYND. In December 2021, following a funding round by KYND, our holding was diluted to 14.7% (2020: 20.0%), consequently we no longer recognise the investment as a joint venture and have ceased equity accounting. Our reduced share of the holding in KYND has a fair value of £1.9 million which is in excess of the £1.4 million invested by the Group to date. Due to the one-off nature this gain has been treated as an exceptional item outside of operating profit.

As a result, the Group's profit before tax was £4.2 million (2020 restated: £0.9 million) and we have a profit after tax of £0.5 million (2020 restated: £2.5 million loss).

<u>Tax</u>

The tax charge from continuing operations was £3.7 million (2020 restated: £3.4 million) which constitutes an effective tax rate (ETR) of 88% (2020 restated: 386%). The ETR is impacted by withholding taxes arising on dividend repatriations of £1.2 million (2020: £0.8 million) as cash increasingly generated in our overseas markets is repatriated to the UK.

The local tax rates applying to our profitable countries which are higher than the UK corporate income tax of 19% is also a contributor to the high ETR. India, the most profitable of our markets, has a local tax rate of 25.2%. In total, the tax charge includes £2.0 million of Indian tax (2020: £1.7 million). The tax rates in Turkey, Spain and Italy are also higher than the UK statutory rate which adversely impacts our ETR.

Whilst the ETR is high, the overarching trend is a reduction in ETR as savings from operational efficiencies, market exits and restructuring exercises are reducing the number of loss-making entities in the Group.

Adjusted ETR

	2021			2020		
	Reported – continuing operations £'m	**Exceptional items and one-offs[1] £'m**	**Adjusted £'m**	Reported – continuing operations £'m	Exceptional items[1] £'m	Adjusted £'m
Profit before tax	**4.2**	**(0.9)**	**3.3**	0.9	1.7	2.5
Tax	**3.7**	**0.2**	**3.9**	3.4	-	3.4
ETR	**88%**	**(18)%**	**119%**	386%	-	135%

1. Comprises exceptional items of £0.2 million (2020: £1.7 million) and one-time benefit from the commission provision release in the UK of £1.1 million (2020: £nil). Further detail of exceptional items is provided in note 5.

The exceptional items and one-offs in the year have increased profit by £0.9 million whilst there has been a reduction in tax of £0.2 million. Without the exceptional items and one-offs, the Group's ETR would increase to 119% (2020 restated: 135%).

As the UK statutory rate of tax increases to 25% on the 1 April 2023, the ETR is expected to become closer aligned to the UK statutory tax rate as the difference between the UK and the tax rates in the overseas territories in which we make profits align. But, the ETR will remain higher in future years as we provide for withholding taxes on overseas distributions and continue to generate losses in developing markets against which we are not able to recognise deferred tax assets.

Overall, we expect a progressive reduction in our ETR as our loss-making operations reduce, distributions from overseas countries stabilise and volatility arising from one-off charges declines.

Dividend

Last year we were pleased to confirm the recommencement of a dividend. The Board remains committed to providing sustainable returns to shareholders at a level that reflects the Group's cash requirements and progress.

As a result, the Directors have proposed a final dividend of 7.5 pence per ordinary share giving a full year dividend of 12.5 pence (2020: 25.0 pence). The proposed final dividend is subject to approval by shareholders at the AGM and is expected to be paid on 17 May 2022 to all shareholders on the Register of Members on 19 April 2022 with the ex-dividend date being 14 April 2022.

Discontinued operations

The Group has classified its German and Chinese businesses as discontinued in the current year. The total profit after tax from discontinued operations of £2.5 million comprises £3.3 million profit in relation to Germany and £0.8 million loss from China.

	2021 £'m	2020 £'m
Revenue	**2.5**	4.7
EBITDA	**0.3**	1.3
Operating (loss)/profit	**(0.2)**	1.0
(Loss)/profit after tax	**(0.1)**	0.9
Profit on disposal	**2.6**	-
Profit for the year	**2.5**	0.9
Net liabilities held for sale	**(0.1)**	-

On 17 May 2021, the Group completed the sale of its German business for a final cash consideration of £2.4 million to Deutsche Schutzbriefgesellschaft GmbH (Mehrwerk). The proceeds, together with the carrying value of net liabilities on disposal, generated a profit on disposal of £2.7 million. Germany also generated trading profits after tax of £0.6 million up to the disposal date (2020: £1.5 million for a full year of trading)

Our China business was held for sale at the balance sheet date with the transaction subsequently completing on 27 January 2022 with T-Link Holdings Limited (T-Link) for a nominal consideration of HK$ 1. The terms of the transaction included a working capital cash injection of £0.5 million immediately prior to completion. The Group expects that the transaction together with trading losses will generate a profit of approximately £0.6 million in 2022. China contributed trading losses of £0.8 million (2020: £0.6 million) in the 2021 financial year.

Cash flow and net funds

	2021 **£'m**	2020 £'m
EBITDA	**7.7**	7.2
Exceptional items[1]	**(1.6)**	(0.3)
Non-cash items	**0.1**	1.5
Working capital movements	**1.2**	(2.2)
Cash generated by operations	**7.4**	6.2
Tax	**(2.8)**	(3.0)
Operating cash flow	**4.6**	3.2
Capital expenditure (including intangibles)	**(1.9)**	(1.8)
Lease repayments	**(1.5)**	(1.7)
Net proceeds from disposals	**2.3**	0.3
Net finance revenues	**0.1**	0.4
Dividends	**(2.6)**	-
Costs of refinancing	**-**	(0.1)
Net movement in cash[3]	**1.0**	0.3
Net funds[4]	**16.4**	15.3

1. Exceptional items represent cash costs relating to restructuring.
2. Net proceeds from disposals comprises cash proceeds from disposals of £2.4 million (2020: £0.3 million) less cash disposed with the business £0.1 million (2020: £nil).
3. Excluding the effect of exchange rates.
4. Net funds comprise cash and cash equivalents of £22.4 million (2020: £21.9 million) and a borrowing asset of £nil (2020: £0.1 million) less lease liabilities of £6.0 million (2020: £6.7 million).

The net funds position has increased to £16.4 million (2020: £15.3 million), which includes cash of £22.4 million (2020: £21.9 million). The Group has generated additional cash of £0.5 million in the year with increasing cash generated by operations and cash proceeds from the sale of Germany being largely offset by dividend payments, one-time restructuring costs and adverse foreign exchange movements.

Cash generated by operations has increased to £7.4 million (2020: £6.2 million) reflecting a working capital benefit mainly driven by India. Tax paid has remained broadly stable at £2.8 million (2020: £3.0 million) which is a combination of taxes payable on profits in our markets and withholding taxes on overseas dividends to the UK.

Proceeds from disposal relate to the net £2.3 million received on the sale of Germany. The proceeds have been more than offset by the reintroduction of the dividend with £2.6 million paid in the year in the form of a 2020 final dividend and 2021 interim dividend.

As the Group's growth has shifted to overseas markets a material amount of the cash balance is generated in India and Turkey along with cash generated by the EU renewal books. These markets are profitable which enables repatriation of funds to the UK. There are tax costs associated with returning these funds to the UK with our blended cost being approximately 10%. As a result of accounting recognition principles, cash generated in India exceeds the profits generated and available to distribute and therefore cash planning continues to be important. This along with our regulatory requirements in the UK, result in £1.5 million (2020: £2.1 million) cash not being immediately available to the Group, albeit the Indian funds are fully available for use by the Indian business.

The Group has a £5.0 million revolving credit facility (RCF) which is in place until August 2023. The RCF is not currently drawn.

Events after the balance sheet date

The Group completed the sale of China on 27 January 2022 with T-Link.

The Group is in the process of remodelling its operating structure as a greater focus is placed on the distribution of technology-led propositions into the UK and Europe. These technology-led solutions will lead to a simplified UK-based operating model. This in conjunction with a smaller geographic footprint has led to a restructuring process commencing in the UK, which will see a redundancy programme in

2022. Exceptional restructuring costs in 2022 are expected to be in the range £0.2 million to £0.3 million which is anticipated to generate annualised savings of approximately £1.0 million.

Foreign exchange

The sustained strengthening of sterling through 2021 has led to exchange rate movements continuing to work against the Group. The primary impacts on our results have been in our Indian and Turkish businesses where exchange rates have depreciated by approximately 7% and 37% (2020: 6% and 29%) respectively over the year. This has adversely impacted reported results when comparing to the prior year. We are pleased to observe that the volatile Turkish lira, led by economic policy, seems to have stabilised in recent weeks and we continue to manage as much as possible against a devaluation of surplus cash balances in the market.

The reported results compared to 2020 include the following adverse foreign exchange movements: £7.4 million (2020 restated: £6.8 million) within revenue; and £0.9 million (2020 restated: £0.6 million) at an EBITDA level.

Segmental performance

REVENUE	**2021 £'m**	2020 (restated)[1] £'m	Change	Constant currency change
Ongoing Operations				
India	**119.3**	108.4	10%	17%
Turkey	**3.6**	3.8	(5)%	28%
Blink	**0.3**	0.2	84%	88%
UK & Rest of World[2]	**11.6**	13.1	(11)%	(8)%
Total Ongoing Operations	**134.8**	125.5	8%	14%
Restricted Operations	**8.8**	11.0	(21)%	(22)%
Group revenue	**143.6**	136.5	5%	11%

EBITDA	**2021 £'m**	2020 (restated)[1] £'m	Change	Constant currency change
Ongoing Operations				
India	**7.8**	7.7	2%	11%
Turkey	**0.9**	0.9	(4)%	53%
Blink	**(0.2)**	(1.3)	80%	80%
UK & Rest of World[2]	**0.2**	(0.3)	188%	171%
Total Ongoing Operations	**8.7**	7.0	27%	43%
Restricted Operations	**3.2**	3.8	(14)%	(14)%
Central Functions	**(4.2)**	(4.7)	11%	11%
Segmental EBITDA	**7.7**	6.1	26%	50%
Share of loss in joint venture	**(0.2)**	(0.3)	28%	28%
Group EBITDA	**7.5**	5.8	29%	54%

1. Restated to reflect Germany and China as discontinued operations.
2. UK & Rest of World comprises UK, Spain, Italy, Portugal, Mexico, Bangladesh, Malaysia and Southeast Asia (2020 only).

All percentage change figures in the segmental operating report below are stated on a constant currency basis to eliminate the effects of foreign exchange to enable better year-on-year comparison.

Ongoing Operations (94% of Group revenue):

Revenue increased by 14% to £134.8 million (2020 restated: £125.5 million) and EBITDA increased to £8.7 million (2020 restated: £7.0 million). The growth and improvement in EBITDA performance in our Ongoing Operations segment continues to be an important demonstration of the necessary shift from our naturally declining legacy businesses to the key growth markets in the Group.

Our Indian business, which includes Globiva, has had another strong year and continues to drive the growth in this segment with revenue increasing by 17% to £119.3 million (2020: £108.4 million). COVID-19 continued to cause some disruption particularly during the well documented second wave in Q2 which the business was able to withstand well following the learnings of 2020. The growth has been fuelled by our relationship with Bajaj with a strong increase in FoneSafe (mobile phone protection product) and LivPlus (life assistance, health and wellness product). In Q4, the Indian regulator introduced the requirement for second factor authentication on recurring credit card transactions. It has taken time for our banking partners to understand their position on this change and to agree the sales and renewal processes for Card Protection with CPP. We expect this additional regulatory requirement to impact our renewal rate in 2022. The new IT platform is progressing to plan and is expected to go live in Q4 2022. This IT platform will be transformational for both the Indian business, and the Group as whole, in providing additional operating efficiencies and improved digital capability.

Globiva was not greatly impacted by the second wave of COVID-19 which is testament to the stronger operating model that it has implemented since the initial outbreak of the pandemic. Revenue in Globiva has grown 57% to £10.3 million (2020: £6.8 million) with EBITDA similarly showing strong progress at £2.5 million (2020: £1.3 million). This performance has been built on expansion of its partner base with over ten new partners onboarded during the year. Globiva is one of India's fastest growing BPMs and we will continue to support the business to realise the full potential.

Turkey has had another extremely strong year at a local currency level growing revenue by 28% and EBITDA by 53%. This has been achieved through growth in our partnerships with Turkiye Sigorta and AkBank as the relationships have deepened over time. Turkey continues to be a key market for the Group and a great example of the success that comes from a multi-partner, multi-product approach. Unfortunately, on a reported basis this excellent local performance has been completely negated by the ongoing devaluation in the Turkish lira with reported revenue 5% lower in the year and EBITDA down 4%.

Blink has increased revenues by 88% to £0.3 million (2020: £0.2 million) and reduced losses to £0.2 million (2020: £1.3 million). Blink's progress was severely hampered by the impact the pandemic had on the travel industry and whilst that sector is still far behind pre-pandemic levels there has been an increase in travel in 2021. This improving trend in conjunction with greater digital demand will place Blink in a strong position to capitalise on its opportunity. In addition, Blink has added a further two products to its portfolio in the year: Lost Luggage, which will complement travel delay; and Blink Interruption, which enhances business interruption claims processes and is currently in pilot phase with a global insurer. The business has been brought under central management which has both focused the sales effort leading to an acceleration in pipeline conversion along with a streamlining of costs.

In other markets, the UK has increased revenues by 39% and reduced EBITDA losses by 21%, albeit this progress was at a slower pace than expected, in part due to market sentiment following UK lockdowns in Q1 2021. In addition, a major motor ancillary partner which accounted for approximately 48% of revenue in the year, decided to take its offering in-house and therefore this business will not recur in 2022. The renewal books in Spain, Italy and Portugal have been well managed and performed in line with expectations. Sustainable new business progress through the traditional distribution channels has continued to be difficult in both Spain and Italy.

Restricted Operations (6% of Group revenue)

Revenue decreased by 22% to £8.8 million (2020: £11.0 million) reflecting the natural decline in the historic renewal books of Card Protection Plan Limited (CPPL) and Homecare Insurance Limited (HIL) and the closure of Malaysia which had become uneconomic to maintain. The UK is now the only operation remaining in this segment. EBITDA fell by 14% to £3.2 million (2020: £3.8 million) which reflects the lost profit from the revenue decline partly offset by a one-time benefit of £1.1 million from the release of a commission provision. Excluding the commission provision, EBITDA would have been £2.1 million which is a reduction of 44% (2020: 42%). The underlying margin in the UK book is falling due to a relatively fixed cost base to service the remaining customer book and high IT costs associated with the legacy platform. The Group expects to commence work on migrating the UK back book from its legacy platforms to a UK-version of the new India platform in late 2023 or early 2024 with completion during 2024. Implementation of the new platform will enable legacy systems to be decommissioned which will unlock significant savings in IT running costs for both the UK and the Group.

UK renewal rates have reduced to 67.6% (2020: 81.3%) due to the planned changes in the renewal process for an additional number of vulnerable customers and a switch in collections provider. We continue to prioritise the best outcomes and experience for our customers. Renewal rates are expected to stabilise and improve in 2022 as the vulnerable customer impact will reduce in subsequent renewal cycles.

David Bowling
Chief Financial Officer
28 March 2022

Consolidated income statement

For the year ended 31 December 2021

	Note	**2021** £'000	2020 (restated*) £'000
Continuing operations			
Revenue	4	**143,625**	136,464
Cost of sales		**(110,708)**	(102,317)
Gross profit		**32,917**	34,147
Administrative expenses		**(29,827)**	(31,597)
Share of loss of joint venture		**(189)**	(264)
Operating profit		**2,901**	2,286
Analysed as:			
EBITDA	4	**7,524**	5,838
Depreciation and amortisation		**(2,995)**	(3,196)
Exceptional items	5	**(1,628)**	(356)
Investment revenues		**223**	412
Finance costs		**(358)**	(512)
Other gains and losses	5	**1,459**	(1,294)
Profit before taxation		**4,225**	892
Taxation	6	**(3,707)**	(3,441)
Profit/(loss) for the year from continuing operations		**518**	(2,549)
Discontinued operations			
Profit for the year from discontinued operations	9	**2,490**	952
Profit/(loss) for the year		**3,008**	(1,597)

Attributable to:			
Equity holders of the Company		**2,565**	(1,680)
Non-controlling interests		**443**	83
		3,008	(1,597)

Basic earnings/(loss) per share		**Pence**	Pence (restated*)
Continuing operations	8	**0.85**	(30.21)
Discontinued operations	8	**28.31**	10.93
		29.16	(19.28)

Diluted earnings/(loss) per share		**Pence**	Pence (restated*)
Continuing operations	8	**0.83**	(30.21)
Discontinued operations	8	**27.60**	10.93
		28.43	(19.28)

*Restated to reflect Germany and China as discontinued operations. See note 2.

Consolidated statement of comprehensive income

For the year ended 31 December 2021

	2021	2020
	£'000	£'000
Profit/(loss) for the year	**3,008**	(1,597)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**(695)**	(809)
Exchange differences reclassified on disposal of foreign operations	**(4)**	1,294
Other comprehensive (expense)/income for the year net of taxation	**(699)**	485
Total comprehensive income/(expense) for the year	**2,309**	(1,112)

Attributable to:		
Equity holders of the Company	**1,867**	(1,145)
Non-controlling interests	**442**	33
	2,309	(1,112)

Consolidated balance sheet

As at 31 December 2021

	Note	**2021 £'000**	2020 £'000
Non-current assets			
Goodwill		**540**	612
Other intangible assets	10	**3,603**	3,741
Property, plant and equipment		**1,335**	1,670
Right-of-use assets		**5,109**	6,097
Equity investment	11	**1,889**	—
Investment in joint venture	11	**—**	450
Deferred tax assets		**396**	858
Contract assets		**564**	426
		13,436	13,854
Current assets			
Insurance assets		**—**	46
Inventories		**102**	145
Contract assets		**4,020**	4,853
Trade and other receivables		**13,605**	16,379
Cash and cash equivalents		**22,319**	21,856
		40,046	43,279
Assets classified as held for sale	9	**478**	—
		40,524	43,279
Total assets		**53,960**	57,133
Current liabilities			
Insurance liabilities		**(82)**	(935)
Income tax liabilities		**(1,362)**	(974)
Trade and other payables		**(19,462)**	(20,387)
Lease liabilities		**(937)**	(882)
Contract liabilities		**(9,190)**	(10,889)
		(31,033)	(34,067)
Liabilities classified as held for sale	9	**(550)**	—
		(31,583)	(34,067)
Net current assets		**8,941**	9,212
Non-current liabilities			
Borrowings		**58**	98
Deferred tax liabilities		**(927)**	(579)
Lease liabilities		**(4,936)**	(5,756)
Contract liabilities		**(1,200)**	(1,094)
		(7,005)	(7,331)
Total liabilities		**(38,588)**	(41,398)
Net assets		**15,372**	15,735
Equity			
Share capital	12	**24,243**	24,153
Share premium account		**45,225**	45,225
Merger reserve		**(100,399)**	(100,399)
Translation reserve		**136**	834
ESOP reserve		**17,418**	17,490
Retained earnings		**27,202**	27,327
Equity attributable to equity holders of the Company		**13,825**	14,630
Non-controlling interests		**1,547**	1,105
Total equity		**15,372**	15,735

Consolidated statement of changes in equity

For the year ended 31 December 2021

	Note	Share capital £'000	Share premium account £'000	Merger reserve £'000	Translation reserve £'000	ESOP reserve £'000	Retained earnings £'000	Total £'000	Non-controlling interests £'000	Total equity £'000
At 1 January 2020		24,056	45,225	(100,399)	299	16,999	28,928	15,108	884	15,992
Loss for the year		—	—	—	—	—	(1,680)	(1,680)	83	(1,597)
Other comprehensive income for the year		—	—	—	535	—	—	535	(50)	485
Total comprehensive expense for the year		—	—	—	535	—	(1,680)	(1,145)	33	(1,112)
Equity-settled share-based payment charge	13	—	—	—	—	491	—	491	—	491
Deferred tax on intangible asset	6	—	—	—	—	—	58	58	—	58
Exercise of share options		97	—	—	—	—	(97)	—	—	—
Movement in non-controlling interests		—	—	—	—	—	118	118	188	306
At 31 December 2020		24,153	45,225	(100,399)	834	17,490	27,327	14,630	1,105	15,735
Profit for the year		—	—	—	—	—	**2,565**	**2,565**	**443**	**3,008**
Other comprehensive expense for the year		—	—	—	**(698)**	—	—	**(698)**	**(1)**	**(699)**
Total comprehensive income for the year		—	—	—	**(698)**	—	**2,565**	**1,867**	**442**	**2,309**
Equity-settled share-based payment credit	13	—	—	—	—	**(72)**	—	**(72)**	—	**(72)**
Exercise of share options	12	**90**	—	—	—	—	**(70)**	**20**	—	**20**
Deferred tax on share options	6	—	—	—	—	—	**9**	**9**	—	**9**
Dividends paid	7	—	—	—	—	—	**(2,629)**	**(2,629)**	—	**(2,629)**
At 31 December 2021		**24,243**	**45,225**	**(100,399)**	**136**	**17,418**	**27,202**	**13,825**	**1,547**	**15,372**

Consolidated cash flow statement

For the year ended 31 December 2021

	Note	**2021 £'000**	2020 £'000
Net cash from operating activities	14	**4,562**	3,162
Investing activities			
Interest received		**224**	410
Purchases of property, plant and equipment		**(525)**	(356)
Purchases of intangible assets	10	**(1,370)**	(1,408)
Cash consideration in respect of sale of discontinued operations	9	**2,366**	—
Cash disposed of with discontinued operations		**(112)**	—
Receipts from net investment lease assets		**—**	117
Net cash from/(used in) investing activities		**583**	(1,237)
Financing activities			
Dividends paid	7	**(2,629)**	—
Costs of refinancing the bank facility		**—**	(110)
Repayment of the lease liabilities		**(1,507)**	(1,783)
Proceeds on disposal of partial interest in subsidiary		**—**	329
Interest paid		**(76)**	(60)
Issue of ordinary share capital	12	**20**	—
Net cash used in financing activities		**(4,192)**	(1,624)
Net increase in cash and cash equivalents		**953**	301
Effect of foreign exchange rate changes		**(400)**	(402)
Cash and cash equivalents at 1 January		**21,856**	21,957
Cash and cash equivalents at 31 December		**22,409**	21,856

Analysed as:

Continuing operations		**22,319**	21,856
Discontinued operations	9	**90**	—
		22,409	21,856

Notes to condensed financial statements

1. General information

While the financial information included in this annual results announcement has been computed in accordance with the recognition and measurement criteria in conformity with UK-adopted International Accounting Standards (‘UK IAS’) and with those parts of the Companies Act 2006 applicable to companies reporting under UK IAS, this announcement does not itself contain sufficient information to comply with UK IAS. The Company will publish full financial statements that comply with UK IAS in April 2022.

The financial information set out above does not constitute the Company's statutory financial statements for the years ended 31 December 2021 or 31 December 2020, but is derived from the 2021 financial statements. Statutory financial statements for 2020 for the Company prepared in conformity with EU-endorsed International Financial Reporting Standards have been delivered to the Registrar of Companies and those under UK IAS for 2021 for the Company will be delivered following the Company's Annual General Meeting. The Auditor, PKF Littlejohn LLP, has reported on these financial statements; their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain statements under s498 (2) or (3) of the Companies Act 2006. These 2021 financial statements were approved by the Board of Directors on 28 March 2022.

2. Accounting policies

The same accounting policies, presentation and methods of computation are followed in the condensed financial statements as were applied in the Group’s audited financial statements for the year ended 31 December 2020. The following Standards and Interpretations have become effective and have been adopted in these condensed financial statements. The IFRS 16 practical expedient is effective for periods beginning on or after 1 June 2020 and was early adopted by the Group in the prior year. No other Standards or Interpretations have been adopted early in these condensed financial statements.

Standard/Interpretation	Subject
IFRS 9/ IAS 39/ IFRS 7/ IFRS 4/ IFRS 16	Interest rate benchmark reform

Restatement of disclosures

On 17 May 2021, the Group completed the sale of its 100% shareholding in CPP Creating Profitable Partnerships GmbH (‘Germany’).

As at 31 December 2021, the Board was committed to the disposal of CPP Asia Limited and its wholly owned subsidiary CPP Technology Services (Shanghai) Co. Ltd (together ‘China’). A sale process was well underway as at the balance sheet date which subsequently completed on 27 January 2022.

In accordance with IFRS 5 *Non-current assets held for sale and discontinued operations*, Germany and China have been classified as discontinued within these financial statements. Accordingly, the comparative consolidated income statement information and appropriate disclosure notes have been restated and China has also been classified as held for sale as at 31 December 2021. See note 9 for further details.

Going concern

In reaching their view on the preparation of the Group’s financial statements on a going concern basis, the Directors are required to consider whether the Group can continue in operational existence for a period of at least 12 months from the date of this report.

The Group has a formalised process of budgeting, reporting and review along with procedures to forecast its profitability and cash flows. The plans provide information to the Directors which are used to ensure the adequacy of resources available for the Group to meet its business objectives, both in the short-term and in relation to its strategic priorities. The Group’s revenue, profit and cash flow forecasts are subject to robust downside stress testing which involves modelling the impact of a combination of plausible adverse scenarios focused on crystallisation of the Group’s key operational risks. The assessment considers the Group’s modelling of the ongoing risks associated with COVID-19, This is done to identify risks to liquidity and covenant compliance and enable management to formulate appropriate and timely mitigation strategies. The Group’s operations do not have a material direct exposure to the conflict in the Ukraine.

Taking the analysis into consideration, the Directors are satisfied that the Group has the necessary resources to continue in operational existence for a period of at least 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

3. Critical accounting judgements and key sources of estimation uncertainty

Critical judgements

Revenue recognition

The Group recognises revenue either immediately on inception of a policy or over the duration of a policy where there are ongoing obligations to fulfil to a customer. Certain of the Group's contractual structures relating to product features require judgement in determining whether the Group carries an obligation to the customer over the term of the policy or if the exposure to that obligation has been transferred to a third party on inception. This judgement determines when the Group has completed the performance obligation to the customer and can recognise revenue.

The Group allocates revenue on a cost plus margin basis. The cost base may vary over time as product features are enhanced, suppliers changed or underlying costs move. Judgement is applied in determining if the resulting changes to the cost base represent a temporary or permanent adjustment in the allocation of revenue to performance obligations. If a change is considered temporary, or within a materiality threshold, revenue recognition principles are not amended to aid consistency.

Classification of exceptional items

Exceptional items are those items that are required to be separately disclosed by virtue of their size or incidence or have been separately disclosed on the income statement in order to improve a reader's understanding of the financial statements. Consideration of what should be included as exceptional requires judgement to be applied. Exceptional items are considered to be ones which are material and outside of the normal operating practice of the Group. Items which are in other gains or losses and exceptional from their size or nature are identified in the exceptional note.

Assumptions and estimation uncertainties

Current tax

The Group operates in countries with complex tax regulations, where filed tax positions may remain open to challenge by local tax authorities for several years. Corporation taxes are recognised by assessment of the specific tax law and likelihood of settlement. Where the Group has uncertain tax treatments it has recognised appropriate provisions reflecting the expected value calculated by the sum of the probability-weighted amounts in a range of possible outcomes.

Changes to the Group's assessment of uncertain tax treatments would be reflected through the consolidated income statement.

4. Segmental analysis

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board of Directors to allocate resources to the segments and to assess their performance. The Group's operating segments are:

Ongoing Operations: India, Turkey, Spain, Portugal, Italy, Mexico, Malaysia, the UK, Bangladesh and Blink. These businesses have no regulatory restrictions on new sales activity. These markets represent a combination of businesses in which we continue to invest and drive new opportunities as well as ones that have been strategically assessed and wound down or exited.

- **Restricted Operations:** historic renewal books of our UK regulated entities; CPPL, including its overseas branch in Malaysia; and HIL. As a result of regulatory restrictions we are not permitted to undertake new sales in these businesses.
- **Central Functions:** central cost base required to provide expertise and operate a listed group. Central Functions is stated after the recharge of certain central costs that are appropriate to transfer to both Ongoing Operations and Restricted Operations for statutory purposes.

As at December 2021, the German and Chinese operations were reclassified as discontinued operations, having previously been part of Ongoing Operations, accordingly the comparatives have been restated. See note 2.

Segment revenue and performance for the current and comparative periods are presented below:

	Ongoing Operations 2021 £'000	Restricted Operations 2021 £'000	Central Functions 2021 £'000	Total 2021 £'000
Year ended 31 December 2021				
Continuing operations				
Revenue – external sales	**134,837**	**8,788**	**—**	**143,625**
Cost of sales	**(110,044)**	**(664)**	**—**	**(110,708)**
Gross profit	**24,793**	**8,124**	**—**	**32,917**
Administrative expenses excluding depreciation, amortisation and exceptional items	**(16,146)**	**(4,866)**	**(4,192)**	**(25,204)**
Segmental EBITDA	**8,647**	**3,258**	**(4,192)**	**7,713**
Share of loss of joint venture				**(189)**
EBITDA				**7,524**
Depreciation and amortisation				**(2,995)**
Exceptional items (note 5)				**(1,628)**
Operating profit				**2,901**
Investment revenues				**223**
Finance costs				**(358)**
Other gains or losses (note 5)				**1,459**
Profit before taxation				**4,225**
Taxation				**(3,707)**
Profit for the year from continuing operations				**518**
Discontinued operations				
Profit for the year from discontinued operations				**2,490**
Profit for the year				**3,008**

	Ongoing Operations (restated*) 2020 £'000	Restricted Operations 2020 £'000	Central Functions (restated*) 2020 £'000	Total (restated*) 2020 £'000
Year ended 31 December 2020				
Continuing operations				
Revenue – external sales	125,396	11,068	—	136,464
Cost of sales	(100,942)	(1,375)	—	(102,317)
Gross profit	24,454	9,693	—	34,147
Administrative expenses excluding depreciation, amortisation and exceptional items	(17,454)	(5,887)	(4,704)	(28,045)
Segmental EBITDA	7,000	3,806	(4,704)	6,102
Share of loss of joint venture				(264)
EBITDA				5,838
Depreciation and amortisation				(3,196)
Exceptional items (note 5)				(356)
Operating profit				2,286
Investment revenues				412
Finance costs				(512)
Other gains and losses (note 5)				(1,294)
Profit before taxation				892
Taxation				(3,441)
Loss for the year from continuing operations				(2,549)
Discontinued operations				
Profit for the year from discontinued operations				952
Loss for the year				(1,597)

* Restated to reflect Germany and China as discontinued operations. See note 2.

Segment assets

	2021 £'000	2020 (restated*) £'000
Ongoing Operations	**36,947**	40,677
Restricted Operations	**7,392**	7,564
Central Functions	**6,318**	5,113
Total segment assets	**50,657**	53,354
Unallocated assets	**2,825**	1,920
Assets relating to discontinued operations	**478**	1,859
Consolidated total assets	**53,960**	57,133

* Restated to reflect Germany and China as discontinued operations. See note 2.

Goodwill, deferred tax, equity investment and investment in joint venture are not allocated to segments.

Capital expenditure

	Intangible assets		Property, plant and equipment		Right-of-use assets	
	2021 £'000	2020 £'000	**2021 £'000**	2020 (restated*) £'000	**2021 £'000**	2020 (restated*) £'000
Continuing operations						
Ongoing Operations	**979**	1,055	**512**	254	**493**	1,565
Restricted Operations	**344**	352	**5**	18	**—**	—
Central Functions	**47**	1	**8**	83	**6**	523
Additions from continuing operations	**1,370**	1,408	**525**	355	**499**	2,088
Discontinued operations						
Additions for discontinued operations	**—**	—	**—**	1	**250**	3
Consolidated total additions	**1,370**	1,408	**525**	356	**749**	2,091

* Restated to reflect Germany and China as discontinued operations. See note 2.

Revenues from major products

	2021 £'000	2020 (restated*) £'000
Continuing operations		
Retail assistance policies	**128,982**	126,531
Retail insurance policies	**—**	85
Wholesale policies	**2,705**	2,549
Non-policy revenue	**11,938**	7,299
Revenue from continuing operations	**143,625**	136,464
Discontinued operations		
Retail assistance policies	**2,152**	4,491
Wholesale policies	**312**	189
Revenue from discontinued operations	**2,464**	4,680
Total revenue	**146,089**	141,144

* Restated to reflect Germany and China as discontinued operations. See note 2.

Major product streams are disclosed on the basis monitored by senior management. For the purpose of this product analysis, 'retail assistance policies' are those which may be insurance backed but contain a bundle of assistance and other benefits; 'retail insurance policies' are those which protect against a single insurance risk; 'wholesale policies' are those which are provided by business partners to their customers in relation to an ongoing product or service which is provided for a specified period of time; and 'non-policy revenue' is that which is not in connection with providing an ongoing service to policyholders for a specified period of time. The Group derives its revenue from contracts with customers for the transfer of goods and services which is consistent with the revenue information that is disclosed for each reportable segment under IFRS 8.

Timing of revenue recognition

The Group derives revenue from the transfer of goods and services over time and at a point in time as follows:

	2021 £'000	2020 (restated*) £'000
Continuing operations		
At a point in time	**126,606**	116,296
Over time	**17,019**	20,168
Revenue from continuing operations	**143,625**	136,464
Discontinued operations		
At a point in time	**1,496**	1,606
Over time	**968**	3,074
Revenue from discontinued operations	**2,464**	4,680
Total revenue	**146,089**	141,144

* Restated to reflect Germany and China as discontinued operations. See note 2.

Geographical information

The Group operates across a wide number of territories, of which India, the UK and Spain are considered individually material. Revenue from external customers and non-current assets (excluding equity investment, investment in joint venture and deferred tax) by geographical location are detailed below:

	External revenues		**Non-current assets**	
	2021 £'000	2020 (restated*) £'000	**2021 £'000**	2020 (restated*) £'000
India	**119,273**	108,406	**7,721**	8,071
UK	**10,750**	12,082	**1,585**	2,062
Spain	**6,341**	7,538	**323**	256
Turkey	**3,568**	3,768	**249**	370
Other	**3,693**	4,670	**1,273**	1,423
	143,625	136,464	**11,151**	12,182
Discontinued operations	**2,464**	4,680	**—**	364
	146,089	141,144	**11,151**	12,546

* Restated to reflect Germany and China as discontinued operations. See note 2.

Information about major customers

Revenue from the customers of one business partner in the Group's Ongoing Operations segment represented approximately £84,159,000 (2019: £73,739,000) of the Group's total revenue.

5. Exceptional items

Exceptional items included in the table below details all exceptional items, which are included in operating profit, other gains and losses and discontinued operations, as well as the associated taxation.

	Note	**2021 £'000**	2020 £'000
Continuing operations			
Exceptional items included within operating profit			
Restructuring costs		**1,628**	161
Impairment of goodwill		**—**	880
Customer redress and associated costs		**—**	(685)
Exceptional charge included in operating profit		**1,628**	356
Exceptional items included within other gains and losses			
Other gains and losses – gain on reclassification of investment		**(1,459)**	—
Other gains and losses – foreign exchange reclassification		**—**	1,294
Exceptional (gain)/charge included in other gains and losses		**(1,459)**	1,294
Total exceptional charge included in profit before tax		**169**	1,650
Tax on exceptional items		**(171)**	—
Exceptional (gain)/charge after tax for continuing operations	8	**(2)**	1,650
Discontinued operations			
Exceptional gain from discontinued operations	8, 9	**(2,399)**	—
		(2,401)	1,650

Restructuring costs of £1,628,000 relate to the Group's commitment to focus on the areas of the business that have the strongest prospects for delivering sustainable and profitable medium to long-term growth. This has included redundancy programmes in Spain, Blink and Mexico, as well as closure of the Malaysian operation and head office operational restructuring. The prior year restructuring of £161,000 related to redundancy costs and onerous leases associated with the closure of the Southeast Asia operation.

Other gains and losses in the year, reflects the gain on reclassification of the investment in KYND Limited (KYND) from a joint venture to an equity investment of £1,459,000 (2020: £nil). This is following a dilution of the Group's shareholding, after additional investment into KYND from the BGF Investment Management Limited (BGF). As a result, the investment no longer meets the criteria for to be held as a joint venture and is instead reclassified as an equity investment and held at fair value (See note 11). In the prior year, the foreign exchange reclassification of £1,294,000 related to a reclassification of cumulative foreign translation adjustments on the closure of the overseas branches in Hong Kong and Italy.

6. Taxation

	2021 £'000	2020 (restated*) £'000
Continuing operations		
Current tax charge:		
UK corporation tax	**142**	156
Foreign tax	**3,386**	2,895
Adjustments in respect of prior years	**(42)**	(29)
Current tax relating to continuing operations	**3,486**	3,022
Deferred tax charge:		
Origination and reversal of timing differences	**304**	409
Impact of change in tax rates	**(37)**	10
Adjustments in respect of prior years	**(46)**	—
Deferred tax relating to continuing operations	**221**	419
Tax charge relating to continuing operations	**3,707**	3,441
Discontinued operations		
Tax charge relating to discontinued operations	**30**	168
Total tax charge	**3,737**	3,609

* Restated to reflect Germany and China as discontinued operations. See note 2.

The following is a segmental review of the tax charge, in which withholding taxes arising on distributions are attributed to the country paying the distribution:

	2021 £'000	2020 (restated*) £'000
Continuing operations		
Ongoing Operations:		
India	**2,889**	2,428
Turkey	**554**	340
Blink	**—**	—
UK and Rest of World	**107**	423
Total Ongoing Operations	**3,550**	3,191
Restricted Operations	**—**	—
Central Functions	**157**	250
Tax charge for continuing operations	**3,707**	3,441
Discontinued operations		
Tax charge for discontinued operations	**30**	168
	3,737	3,609

* Restated to reflect Germany and China as discontinued operations. See note 2.

Overall, UK profits chargeable to corporation tax are offset by group relief surrendered from fellow UK entities.

UK corporation tax is calculated at 19% (2020: 19%) of the estimated assessable profit for the year. The March 2021 Budget announced an increase to the main rate of corporation tax to 25% from April 2023 and this rate has been substantively enacted at the balance sheet date. Deferred tax is provided at the rate which it is expected to reverse.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions - India 25.2% inclusive of surcharges (2020: 25.2%), Spain 25% (2020: 25%), Turkey 25% for 2021, which is reducing to 23% in 2022 (2020: 22%), and Italy 27.5% (2020: 27.5%). Non-UK deferred tax is provided at the local prevailing tax rate which is expected to apply to the reversal of the timing difference.

The charge for the year can be reconciled to the profit per the consolidated income statement as follows:

	2021 £'000	2020 (restated*) £'000
Profit before tax from continuing operations	**4,225**	892
Effects of:		
Tax at the UK corporation tax rate of 19% (2020: 19%)	**803**	170
Unprovided deferred tax arising on losses[1]	**792**	804
Other movement in unprovided deferred tax	**164**	185
Recurring expenses not deductible for tax	**409**	243
One-off costs not deductible for tax[2]	**(259)**	395
Provision for withholding tax on future distributions[3]	**1,217**	789
Other expense not chargeable for tax purposes	**250**	171
Higher tax rates on overseas earnings[4]	**471**	552
Adjustments in respect of prior years	**(88)**	(29)
Impact of change in future tax rates on deferred tax	**(36)**	10
(Deficit)/ surplus of share option charge compared to tax allowable amount	**(16)**	151
Tax charged to income statement for continuing operations	**3,707**	3,441
Tax charged to the income statement for discontinued operations	**30**	168
	3,737	3,609

* Restated to reflect Germany and China as discontinued operations. See note 2

Effective tax charge

The net tax charge of £3,707,000 on a profit before tax from continuing operations of £4,225,000 results in an effective tax rate of 88% which is higher than the UK standard rate of 19%. Additional information is provided below:

1. Deferred tax has not been recognised on the losses arising in developing markets as the short-term profit expectations do not support the recognition of deferred tax assets in these areas.
2. There is a one-off profit arising on KYND which is not taxable and therefore reduces the tax charge. In the prior year there were one-off consolidation adjustments which were not tax deductible and therefore increased the tax charge, such as the impairment of Blink goodwill and foreign exchange losses arising on branch closures.
3. There is a withholding tax burden arising on repatriation of funds from overseas countries which is included in the tax charge.
4. Tax is chargeable at the local statutory rate in our profitable countries, which are higher than the UK corporate income tax rate of 19%.

The Group's effective tax rate is expected to be considerably higher than the UK statutory tax rate in future years as withholding taxes are provided on overseas distributions and deferred tax credits are not taken on losses in markets that are currently not profitable. The Group expects the rate to reduce from the current level. The Group maintains appropriate provisions in respect of tax uncertainties arising from operating in multiple overseas jurisdictions.

Income tax credited to reserves during the year was as follows:

	2021 £'000	2020 £'000
Deferred tax credit		
Timing differences on business partner intangible	**—**	58
Timing differences of equity-settled share-based charge	**9**	—
Total deferred tax credit and total tax credited to reserves	**9**	58

7. Dividends

	2021 £'000	2020 £'000
Final dividend paid for the year ended 31 December 2020 of 25 pence per share (2019: nil pence per share)	**2,188**	—
Interim dividend paid for the year ended 31 December 2021 of 5 pence per share (2020: nil pence per share)	**44**1	—
Amounts recognised as distributions to equity holders in the year	**2,629**	—

After 31 December 2021, the Directors have proposed a final dividend of 7.5 pence (2020: 25.0 pence) per ordinary share. The proposed final dividend is subject to approval by shareholders at the AGM and has not been included as a liability in these financial statements. The proposed dividend is expected to be paid on 17 May 2022 to all shareholders on the Register of Members on 19 April 2022 with the ex-dividend date being 14 April 2022. This has not been accrued as a liability as at 31 December 2021, consistent with the prior year, in accordance with IAS 8.

8. Earnings/(loss) per share

Basic and diluted earnings/(loss) per share have been calculated in accordance with IAS 33 *Earnings per Share*. Underlying earnings/(loss) per share have also been presented in order to give a better understanding of the performance of the business. In accordance with IAS 33, potential ordinary shares are only considered dilutive when their conversion would decrease the earnings per share or increase the loss per share attributable to equity holders.

Profit/(loss)

	Continuing operations		**Discontinued operations**		**Total**	
	2021 £'000	2020 (restated*) £'000	**2021 £'000**	2020 (restated*) £'000	**2021 £'000**	2020 £'000
Profit/(loss) for the purposes of basic and diluted earnings/(loss) per share	**75**	(2,632)	**2,490**	952	**2,565**	(1,680)
Exceptional items (net of tax)	**(2)**	1,650	**(2,399)**	—	**(2,401)**	1,650
Profit/(loss) for the purposes of underlying basic and diluted earnings/(loss) per share	**73**	(982)	**91**	952	**164**	(30)

Number of shares

	2021 Number (thousands)	2020 Number (thousands)
Weighted average number of ordinary shares for the purposes of basic earnings/(loss) per share and basic underlying earnings/(loss) per share	**8,796**	8,713
Effect of dilutive ordinary shares: share options	**225**	—
Weighted average number of ordinary shares for the purposes of diluted earnings/(loss) per share and diluted underlying earnings/ (loss) per share	**9,021**	8,713

	Continuing operations		Discontinued operations		Total	
	2021 Pence	2020 (restated*) Pence	**2021 Pence**	2020 (restated*) Pence	**2021 Pence**	2020 Pence
Basic earnings/(loss) per share	**0.85**	(30.21)	**28.31**	10.93	**29.16**	(19.28)
Diluted earnings/(loss) per share	**0.83**	(30.21)	**27.60**	10.93	**28.43**	(19.28)
Basic underlying earnings/(loss) per share	**0.83**	(11.27)	**1.03**	10.93	**1.86**	(0.34)
Diluted underlying earnings/(loss) per share	**0.81**	(11.27)	**1.01**	10.93	**1.82**	(0.34)

* Restated to reflect Germany and China as discontinued operations. See note 2.

The Group has 171,650,000 (2020: 171,650,000) deferred shares which have no rights to receive dividends and only very limited rights on a return of capital. The deferred shares have not been admitted to trading on AIM or any other stock exchange. Accordingly, these shares have not been considered in the calculation of earnings/ loss per share.

9. Discontinued operations and assets and liabilities classified as held for sale

On 17 May 2021, the Group completed the sale of its 100% shareholding in CPP Creating Profitable Partnerships GmbH (‘Germany’). The gross consideration on disposal was £2,366,000 (€2,744,000).

As at 31 December 2021, the Board was committed to the disposal of CPP Asia Limited and its wholly owned subsidiary (together ‘China’). A sale process was well underway as at the year end. Subsequent to year end on 27 January 2022, the sale was completed.

In accordance with IFRS 5 *Non-current assets held for sale and discontinued operations*, Germany and China have been presented as discontinued operations, and the China assets and liabilities have been reclassified as held for sale.

Operating results for year ended 31 December 2021 reflect the trading performance of Germany up to the date of disposal on 17 May 2021 and China for the full year. Comparative information reflects a complete year. Both Germany and China were part of the Ongoing Operations segment.

(i) Income statement

	Note	**Germany 2021 £’000**	**China 2021 £’000**	**Total 2021 £’000**	Germany 2020 £’000	China 2020 £’000	Total 2020 £’000
Revenue		**1,062**	**1,402**	**2,464**	3,003	1,677	4,680
Cost of sales		**(430)**	**(547)**	**(977)**	(1,127)	(746)	(1,873)
Gross profit		**632**	**855**	**1,487**	1,876	931	2,807
Administrative expenses		**2,654**	**(1,721)**	**933**	(172)	(1,612)	(1,784)
Operating profit/(loss)		**3,286**	**(866)**	**2,420**	1,704	(681)	1,023
Analysed as:							
EBITDA		**628**	**(322)**	**306**	1,704	(382)	1,322
Depreciation and amortisation		**—**	**(285)**	**(285)**	—	(299)	(299)
Exceptional items		**2,658**	**(259)**	**2,399**	—	—	—
Investment revenues		**—**	**1**	**1**	—	—	—
Finance costs		**33**	**66**	**99**	1	96	97
Profit/(loss) before taxation		**3,319**	**(799)**	**2,520**	1,705	(585)	1,120
Taxation		**(30)**	**—**	**(30)**	(168)	—	(168)
Profit/(loss) for the year		**3,289**	**(799)**	**2,490**	1,537	(585)	952

(ii) Exceptional items

	Note	**Germany 2021 £'000**	**China 2021 £'000**	**Total 2021 £'000**	Germany 2020 £'000	China 2020 £'000	Total 2020 £'000
Profit on disposal		**2,654**	**(72)**	**2,582**	—	—	—
Write down of assets on reclassification as held for sale		**—**	**(113)**	**(113)**	—	—	—
Restructuring costs		**4**	**(74)**	**(70)**	—	—	—
Exceptional items included in operating profit		**2,658**	**(259)**	**2,399**	—	—	—
Tax on exceptional items		**—**	**—**	**—**	—	—	—
Exceptional items after tax		**2,658**	**(259)**	**2,399**	—	—	—

(iii) Profit on disposal

The Group has recognised a profit on disposal as follows, this includes a working capital adjustment for Germany, which was not finalised at the half year:

	Germany 2021 £'000	**China 2021 £'000**	**Total 2021 £'000**
Proceeds	**2,366**	**—**	**2,366**
Net liabilities sold	**284**	**—**	**284**
Costs associated with disposal	**—**	**(72)**	**(72)**
Currency translation differences on disposal	**4**	**—**	**4**
Profit on disposal	**2,654**	**(72)**	**2,582**

(iv) Summary of cash flows

	Germany 2021 £'000	**China 2021 £'000**	**Total 2021 £'000**	Germany 2020 £'000	China 2020 £'000	Total 2020 £'000
Net cash flows from operating activity	**(7,765)**	**54**	**(7,711)**	1,265	(500)	765
Net cash flows from investing activity	**—**	**2**	**2**	(894)	(80)	(974)
Net cash flows from financing activity	**7,357**	**(85)**	**7,272**	(132)	640	508
Net cash (outflow)/inflow	**(408)**	**(29)**	**(437)**	239	60	299

(v) Assets and liabilities classified as held for sale

	2021 £'000
Current assets	
Other intangible assets	**98**
Property, plant and equipment	**10**
Right-of-use asset	**138**
Trade and other receivables	**142**
Cash and cash equivalents	**90**
Total assets held for sale	**478**
Current liabilities	
Trade and other payables	**(333)**
Contract liabilities	**(68)**
Leases liabilities	**(149)**
Total liabilities held for sale	**(550)**

Following reclassification to held for sale, other intangible assets, property, plant and equipment, and right-of-use assets were impaired by £58,000 in total. The impairment charge is included within the exceptional charge on write down of assets on reclassification as held for sale.

10. Other intangible assets

	Business partner relationships £'000	Internally generated software £'000	Externally acquired software £'000	Total £'000
Cost:				
At 1 January 2020	644	2,761	3,796	7,201
Additions	—	1,267	141	1,408
Disposals	—	—	(265)	(265)
Exchange adjustments	—	(79)	(23)	(102)
At 1 January 2021	644	3,949	3,649	8,242
Additions	**—**	**1,192**	**178**	**1,370**
Exchange adjustments	**—**	**(55)**	**(144)**	**(199)**
Transfer of assets held for sale	**—**	**—**	**(792)**	**(792)**
At 31 December 2021	**644**	**5,086**	**2,891**	**8,621**
Accumulated amortisation:				
At 1 January 2020	87	837	2,744	3,668
Provided during the year	142	501	428	1,071
Disposals	—	—	(211)	(211)
Exchange adjustments	(6)	(4)	(17)	(27)
At 1 January 2021	223	1,334	2,944	4,501
Provided during the year	**125**	**705**	**325**	**1,155**
Impairment	**122**	**—**	**47**	**169**
Exchange adjustments	**—**	**(20)**	**(100)**	**(120)**
Transfer of assets held for sale	**—**	**—**	**(687)**	**(687)**
At 31 December 2021	**470**	**2,019**	**2,529**	**5,018**
Carrying amount:				
At 31 December 2020	421	2,615	705	3,741
At 31 December 2021	**174**	**3,067**	**362**	**3,603**

Amortisation of intangible assets totalling £1,195,000 (2020: £1,071,000) is recognised through administrative expenses in the consolidated income statement.

Internally generated software additions of £1,192,000 (2020: £1,237,000) reflect the capitalisation of staff costs in IT development projects.

Internally generated software includes £1,956,000 (2020: £622,000) relating to assets in development which are not yet operational and are not amortised. The assets held at 31 December 2021 are expected to become operational in Q4 2022.

11. Investment in joint venture and equity investment

Movement in the Group's share in joint ventures is as follows:

	2021 £'000	2020 £'000
Carrying amount at 1 January	**450**	714
Acquisitions	**168**	—
Share of losses in the year	**(189)**	(264)
Disposals	**(429)**	—
Carrying amount at 31 December	**—**	450

Up to 23 December 2021, the Group held a 20% share of KYND Limited (KYND), whose registered office is International House, Canterbury Crescent, London, SW9 7QD. The Group's shareholding was in the form of preference and deferred shares. KYND incurred losses of £943,000 (2020: £1,316,000) during the year. The Group's share of loss in the joint venture is £189,000 (2020: £264,000), which has been recognised in the consolidated income statement. The carrying value of the investment has been adjusted for these losses. In the year, a loan to KYND was converted into equity, which has been recognised as an addition to the joint venture carrying amount.

The summarised financial information of KYND, is as follows:

	2021 £'000	2020 £'000
Revenue	**846**	171
Expenses	**(1,789)**	(1,487)
Loss for the period	**(943)**	(1,316)
Group's share of loss for the period	**(189)**	(264)

On 23 December 2021, KYND received additional investment from BGF, which diluted the Group's shareholding to 14.7% in the form of A and B shares. Taking into account share options within KYND on a fully diluted basis the Group's holding will be 13.3%. Following the investment, the Group could not demonstrate significant influence and joint control and the investment could no longer be equity accounted as a joint venture. Therefore, the investment in joint venture was derecognised and accounted for as an equity investment. As detailed in the table below:

	2021 £'000
Carrying amount at 1 January	**–**
Acquisitions	**1,889**
Carrying amount at 31 December	**1,889**

The equity investment in KYND is accounted for as a non-current asset investment, under IFRS 9. The initial recognition of the equity investment in KYND is at fair value at the date of acquisition. This will be subsequently revalued at the accounting dates and an election has been made for any movements in fair value to go through other comprehensive income.

In the year, £1,459,000 (2020: £nil) was recognised as a fair value gain through other gains and losses (note 5) which reflected the net impact of the disposal of the joint venture and the recognition of the equity investment at fair value.

There have been no dividends received in the year (2020: £nil) from the KYND equity investment.

12. Share capital

	Ordinary shares of £1 each (thousands)	Deferred shares of 9 pence each (thousands)	Total (thousands)
Called-up and allotted			
At 1 January 2021	8,743	171,650	180,393
Issue of shares in connection with:			
Exercise of share options	**90**	**—**	**90**
At 31 December 2021	**8,833**	**171,650**	**180,483**

	Ordinary shares of £1 each £'000	Deferred shares of 9 pence each £'000	Total £'000
Called-up and allotted			
At 1 January 2021	8,740	15,413	24,153
Issue of shares in connection with:			
Exercise of share options	**90**	**—**	**90**
At 31 December 2021	**8,830**	**15,413**	**24,243**

Share capital at 31 December 2021 is £24,243,000 (2020: £24,153,000). To satisfy share option exercises in the year the Company has issued 89,735 £1 ordinary shares for a total equity value of £90,000 and cash consideration of £20,000.

13. Share-based payment

Equity-settled share-based payments

Share-based payments comprise a credit relating to the 2016 LTIP of £72,000 (2019: £491,000 charge) which are disclosed within administrative expenses. No options have been granted in the current year or the prior year as part of the 2016 LTIP.

	2021		2020	
	Number of share options (thousands)	Weighted average exercise price (£)	Number of share options (thousands)	Weighted average exercise price (£)
2016 LTIP				
Outstanding at 1 January	**329**	**—**	44,187	—
Exercised during the year	**(70)**	**—**	(9,487)	—
Lapsed during the year	**(69)**	**—**	(1,602)	—
Forfeited during the year	**(52)**	**—**	—	—
Share consolidation in the year	**—**	**—**	(32,769)	—
Outstanding at 31 December	**138**	**—**	329	—
Exercisable at 31 December	**9**	**—**	14	—

Nil-cost options and conditional shares granted under the 2016 LTIP normally vest after three years, lapse if not exercised within ten years of grant and will lapse if option holders cease to be employed by the Group. Vesting of 2016 LTIP options and shares are also subject to achievement of certain performance criteria including Group financial targets and non-financial events measured within the vesting period.

The options outstanding at 31 December 2021 had no remaining contractual life of (2020: one year weighted average) in the 2016 LTIP.

Cash-settled share-based payments

The Group granted certain employees with notional share options that require the Group to pay the intrinsic value of the notional share to the employee at the date of exercise. The notional share options have the same requirements and conditions as the 2016 LTIP. There have been no similar awards in 2021. The Group has recorded a total expense in relation to cash-settled awards in 2021 of £8,000 (2020: £8,000) which is disclosed within administrative expenses. The Group has recorded liabilities for its cash-settled awards of £137,000 (2020: £129,000) which are included in trade creditors and accruals.

14. Reconciliation of operating cash flows

	2021 £'000	2020 £'000
Profit/(loss) for the year	**3,008**	(1,597)
Adjustments for:		
Depreciation and amortisation	**3,111**	3,454
Share-based payment (credit)/charge	**(64)**	499
Impairment loss on goodwill	**—**	880
Impairment loss on intangible assets	**176**	—
Impairment loss on property, plant and equipment	**3**	—
Impairment loss on right-of-use assets	**48**	41
Loss on disposal of intangible assets	**—**	54
Loss on disposal of property, plant and equipment	**26**	30
Share of loss in joint venture	**189**	264
Lease concessions	**—**	(86)
Profit from discontinued operations	**(2,582)**	—
Investment revenues	**(224)**	(412)
Finance costs	**259**	415
Other gains and losses	**(1,459)**	1,294
Income tax charge	**3,737**	3,609
Operating cash flows before movements in working capital	**6,228**	8,445
Decrease/(increase) in inventories	**40**	(58)
Decrease in contract assets	**354**	1,272
Decrease in receivables	**1,626**	663
Decrease/(increase) in insurance assets	**46**	(4)
Increase/(decrease) in payables	**217**	(3,049)
Decrease in contract liabilities	**(276)**	(953)
(Decrease)/increase in insurance liabilities	**(853)**	179
Decrease in provisions	**—**	(309)
Cash from operations	**7,382**	6,186
Income taxes paid	**(2,820)**	(3,024)
Net cash from operating activities	**4,562**	3,162

Reconciliation of net funds

	At 1 January 2021 £'000	Cash flow £'000	Foreign exchange and other non-cash movements £'000	At 31 December 2021 £'000
Net cash per cash flow statement	21,856	**953**	**(400)**	**22,409**
Financing activities:				
Lease liabilities	(6,638)	**1,507**	**(892)**	**(6,023)**
Borrowings due outside of one year				
- Unamortised issue costs	98	**—**	**(40)**	**58**
Total movement from financing activities	(6,540)	**1,507**	**(932)**	**(5,965)**
Total net funds	15,316	**2,460**	**(1,332)**	**16,444**

15. Related party transactions

Transactions with associated parties

The Group has a balance receivable from its joint venture, KYND, in the amount of £nil (2020: £150,000). This was converted to equity in the year (Note 11).

In the year, the Group incurred fees of £8,000 plus VAT (2020: £nil) for services rendered from KYND, which was payable under 14 day credit terms. The creditor balance at the year end was £1,000 (2020: £nil).

Transactions with related parties

ORConsulting Limited (ORCL) is an organisation used by the Group for consulting services in relation to leadership coaching. Organisation Resource Limited (ORL), a company owned by Mark Hamlin, who was the Senior Independent Director in the Group, retains intellectual property in ORCL for which it is paid a licence fee. The fee paid to ORCL by the Group in 2021 was £81,000 plus VAT (2020: £63,000) and was payable under 30-day credit terms.

Mark Hamlin was the Chairman of Globiva until 31 December 2021. The fees for this role are paid to his consultancy company, ORL. The fee paid to ORL by the Group in 2021 was £71,000 (2020: £73,000) and was payable under 25-day credit terms.

The Group paid £166,800 to Sosafe Limited (Sosafe) in February 2021 pursuant to a settlement agreement with Sosafe and Mr Hamish Ogston dated 23 February 2021 (the Settlement). Mr Ogston is a director and majority shareholder of Sosafe and a substantial shareholder in the Group and therefore the Settlement constituted a related party transaction pursuant to AIM Rule 13. The Settlement was made in connection with claims for certain legal and professional costs incurred by Sosafe and Mr Ogston and represents full and final settlement of such claims, which date back several years and have been fully provided for since 2016. With the exception of David Morrison, the Company's non-executive Chairman and a representative of Mr Ogston, the independent Directors of the Company consider, having consulted with Liberum, the Company's nominated adviser, that the terms of the transaction were fair and reasonable insofar as its shareholders are concerned.

Remuneration of key management personnel

The remuneration of the Directors and senior management team, who are the key management personnel of the Group and Company, is set out below:

	2020 £'000	2019 £'000
Short-term employee benefits	**1,788**	2,442
Post-employment benefits	**74**	89
Termination benefits	**203**	—
Share-based payments	**(65)**	423
	2,000	2,954

16. Events after the balance sheet date

The Group completed the sale of China on 27 January 2022 with T-Link for a nominal consideration of HK$1. The terms of the transaction included a working capital cash injection of £0.5 million immediately prior to completion. The Group expects that the transaction together with trading losses and a reclassification of cumulative translation adjustments will contribute a profit of approximately £0.6 million in 2022.

The Group is in the process of remodelling its operating structure as a greater focus is placed on the distribution of technology-led propositions into the UK and Europe. These technology-led solutions will lead to a simplified UK-based operating model. This in conjunction with a smaller geographic footprint has led to a restructuring process commencing in the UK, which will see a redundancy programme in 2022. The total costs associated with the restructuring is expected to be in the range £0.2 million to £0.3 million.

Cautionary statement

This announcement has been prepared solely to provide additional information to shareholders as a body to meet the relevant requirements of the UK Listing Authority. The announcement should not be relied on by any other party or for any other purpose.

The announcement contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of approval of the announcement but such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information. Subject to the requirements of the UK Listing Authority, CPP undertakes no obligation to update these forward-looking statements and it will not publicly release any revisions it may make to these forward-looking statements that may result from events or circumstances arising after the date of this announcement.