

31 May 2022

CPPGroup Plc

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

UPDATE ON CURRENT TRADING AND OUTLOOK, CONTRACT EXTENSION AND CHANGE MANAGEMENT PROGRAMME

CPP Group (AIM: CPP), a provider of assistance products which reduce the disruptions to everyday life for people around the world provides an update on current trading and outlook, specifically regarding the impact of a contract extension in India and its change management programme.

Contract Extension and Change Management Programme:

The Group highlighted in its 2021 Annual Report, that it was in negotiations with its largest business partner, based in India, regarding the early renewal and extension of current commercial arrangements whilst also conducting a review of the change management programme introduced by previous management. Both workstreams have now been concluded.

Business Partner Contract Extension

Negotiations have come to a positive conclusion, however as previously highlighted, there was some expectation that in securing a contract extension there would be a commercial trade-off between revenue and pricing which has proven to be the case. The Group has, by extending the contract to December 2024, improved certainty over a significant proportion of its future revenues whilst our business partner has secured improved commercial terms. Due to the upfront nature of the improved terms, there will be a reduction to this year's EBITDA expectations, albeit this should be recovered in the 2023 and 2024 financial years.

Change Management Programme

The Group in concluding its review of the change management programme, which encompassed the design and build of a new IT platform for the Group's Indian operations, a new IT platform to manage the Group's legacy back book, and the exit from the UK Managing General Agent ("MGA") business, has identified that these projects overall will take longer, cost more to implement, and secure fewer benefits than originally anticipated. In particular, the benefits hitherto anticipated from the migration to new IT platforms are unlikely to materialise until the final quarter of 2024, with the result that IT costs will remain at a significantly higher level than anticipated for the next two years.

Current Trading and Outlook

Trading for the three months to 31 March 2022 is in line with prior expectations, with revenues (unaudited) from continuing operations being some 4% ahead of the prior year.

Whilst the Group expects to recover the 2022 earnings shortfall brought about by the contract extension, the reduced benefits and additional costs associated with the change management programme have resulted in a lowering of expectations for both the 2022 and 2023 financial years. The Board now expects EBITDA from continuing operations for the financial year 2022 to be in the range of £5.8 million to £6.3 million, with a similar expectation for the 2023 financial year outturn.

Simon Pyper, CEO of CPP Group, commented:

"In the 2021 Annual Report I said that *"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 have made good progress, and I expect that we will later this year update shareholders and other stakeholders on our direction of travel and on our plans to build a business which delivers long term profitable growth and increased value to shareholders."

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014 as amended by The Market Abuse (Amendment) (EU Exit) Regulations 2019. Upon the publication of this announcement via the Regulatory Information Service, this inside information is now considered to be in the public domain.

Enquiries:

CPPGroup plc

Simon Pyper, Chief Executive Officer

David Bowling, Chief Financial Officer

via Alma PR

Liberum Capital Limited

(Nominated Adviser and Sole Broker)

Richard Lindley

Lauren Kettle

Tel: +44 (0)20 3100 2000

Alma PR

(Financial PR Adviser)

Josh Royston

David Ison

Kieran Breheny

Tel: +44 (0)20 3405 0205

cpp@almapr.co.uk

About CPP Group:

CPP Group is a 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 the world, at the time and place they are needed. These products are provided through partnerships with leading insurance, banking and finance companies 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/>