

21 October 2022

CPPGroup Plc
(“CPP Group”, the “Group” or the “Company”)

Disposal of Mexican legacy business

CPP Group (AIM: CPP), a provider of real-time assistance products and resolution services which reduce disruptions to everyday life for millions of customers across the world, announces that it has disposed of its operations in Mexico.

The Group has completed the sale of its wholly-owned subsidiaries, Servicios de Asistencia a Tarjehabientes CPP Mexico S de RL de CV and Profesionales en Proteccion Individual S de RL de CV (collectively “CPP Mexico”), which together comprise the Group’s legacy business in Mexico, to Rafael Ortiz Moran and Silvia Daniela Rodriguez Gaona (the “Buyers”) for a nominal cash consideration of \$1 (Mexican Peso) (the “Disposal”). As part of the Disposal, CPP Group has left cash balances of circa £280,000 in CPP Mexico to cover initial working capital requirements and other committed liabilities. Rafael Ortiz Moran is the Country Manager of CPP Mexico.

CPP Mexico was established to capitalise on the assumed demand for the Group’s legacy protection and assistance services in that market. However, after a period of limited new business development and operating losses, CPP Mexico was, in early 2021, placed into run-off. The natural decline in the book will again see the business become unprofitable during 2023 and beyond. Consequently, and in line with the Group’s strategy, announced on 19 October 2022, to withdraw from its Legacy Businesses, the Board believed that an exit from the Mexican market was in the best interests of CPP Group.

Following a review of its options in the region, the Board concluded that a sale of the business to the Buyers, rather than a closure, was the least costly option for CPP Group and the best outcome for the Group.

For the 2021 financial year, CPP Mexico contributed EBITDA of £0.1 million to the Groups overall EBITDA from continuing operations of £7.5 million and recorded a loss before tax of £0.3 million. The impact of the Disposal will, therefore, not be material to the Group. As at 31 December 2021, CPP Mexico had net liabilities of £2.6 million.

As Rafael Ortiz Moran is the Country Manager of CPP Mexico, the Disposal constitutes a related party transaction pursuant to AIM Rule 13. The Directors consider, having consulted with the Company’s nominated adviser, Liberum Capital Limited, that the terms of the Disposal are fair and reasonable insofar as the Company’s shareholders are concerned.

Simon Pyper, CEO of CPP Group, commented:

“The disposal of our Mexican business is consistent with the Group’s recently announced strategy to withdraw from its legacy businesses and migrate CPP to an InsurTech business, one with a clear purpose and simplified operating model.”

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About CPP Group:

CPP Group is a technology-driven assistance company that creates embedded and ancillary real-time 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, CPP Group is listed on AIM, operated by the London Stock Exchange.

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

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.