

28 March 2023

**CPPGroup Plc**  
("CPP", "the Group" or "the Company")

**FULL YEAR RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022**

**A RESILIENT FINANCIAL PERFORMANCE AND CHANGE MANAGEMENT PROGRAMME COMMENCED**

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 2022.

**Financial highlights**

- Group revenue from continuing operations increased by 19% to £169.8 million (2021 restated: £142.8 million)
- EBITDA<sup>2</sup> from continuing operations decreased by 5% to £6.9 million (2021 restated: £7.2 million).
- Core revenues<sup>4</sup> increased by 25% to £154.3 million (2021: £123.2 million) and Core EBITDA<sup>4</sup> increased by 20% to £5.0 million (2021: £4.1 million)
- Central overheads reduced to £3.3 million (2021 restated: £4.3 million)
- Profit before tax from continuing operations decreased to £2.4 million (2021 restated: £4.3 million). On an underlying basis<sup>3</sup>, profit before tax increased to £4.1 million (2021 restated: £3.1 million)
- Profit after tax from continuing operations reduced to £0.1 million (2021 restated: £0.6 million)
- Cash balance of £21.0 million at 31 December 2022 (2021: £22.3 million)

**Operational progress**

- Simplified structure focused on four Core business units (Blink Parametric; CPP India; CPP Turkey; and Globiva)
- Strategy in place to migrate to a product-led global InsurTech business
- Simplified the management and operational structures
- Core business<sup>4</sup> performing well, growing revenues and EBITDA
- Major partner renewals for CPP India, and new partner wins for both CPP Turkey and Blink Parametric
- Legacy business<sup>5</sup> revenues and EBITDA continue to decline year-on-year
- Change management programme progressing well and to plan:
  - Disposal of China and Mexico and withdrawal from Bangladesh;
  - Terms agreed with underwriters to exit from Spain and Portugal over the next 12 months; and
  - Blink Parametric scalability project well advanced during the year and completed post period.

## Financial and non-financial highlights – continuing operations

£ millions	31 December 2022	31 December 2021 (Restated <sup>1</sup> )	Change
<b>Financial highlights:</b>			
<b>Group</b>			
Revenue	169.8	142.8	19%
EBITDA <sup>2</sup>	6.9	7.2	(5)%
Operating profit	2.6	3.0	(12)%
Profit before tax			
- Reported	2.4	4.3	(43)%
- Underlying <sup>3</sup>	4.1	3.1	38%
Profit/(loss) for the year			
- Reported	0.1	0.6	(82)%
- Underlying <sup>3</sup>	1.6	(0.8)	294%
Basic (loss)/earnings per share (pence)	(1.73)	1.51	(215)%
Cash and cash equivalents	21.0	22.3	(6)%
<b>Segmental</b>			
Revenue			
- Core <sup>4</sup>	154.3	123.2	25%
- Legacy <sup>5</sup>	15.5	19.6	(21)%
EBITDA <sup>2</sup>			
- Core <sup>4</sup>	5.0	4.1	20%
- Legacy <sup>5</sup>	1.9	3.1	(39)%
<b>Non-financial highlights:</b>			
Customer numbers (millions)	11.4	11.4	0%

1. Restated to reflect Mexico as a discontinued operation.
2. EBITDA represents earnings before interest, taxation, depreciation, amortisation and exceptional items.
3. Underlying profit before tax excludes exceptional items of £1.7 million (2021 restated: £1.2 million credit, comprising an exceptional credit of £0.1 million and a one-time benefit from the release of a commission provision of £1.1 million). The tax effect of the exceptional items is £0.2 million (2021: £0.2 million). Further detail of exceptional items is provided in note 5 of the condensed consolidated financial statements.
4. Core business revenue comprises CPP India, CPP Turkey, Blink Parametric and Globiva. In addition to these business units Core EBITDA includes central costs.
5. Legacy business primarily comprises the UK and European renewal books of business, which are principally Card Protection and Identity Protection policies.

### Simon Pyper, CEO of CPP Group, commented:

“In many respects, the results for the 2022 financial year are the last set of results for the Group as historically constituted. Our new strategy and accompanying change management programme, published in October of last year, sets a new course for the business which will see the Group exit from its Legacy businesses, address critical IT infrastructure requirements, and migrate towards an InsurTech business led by Blink Parametric and supported by CPP India and CPP Turkey.

We have already made some good progress with regards to our Legacy businesses, withdrawing from China, Bangladesh, and Mexico. Additionally, in the fourth quarter of last year, we agreed terms to dispose of our legacy Spanish and Portuguese operations which included the transfer of some business to a third-party underwriter. Despite the progress thus far, the change management programme, a complex set of eight inter-dependent

projects, is not expected to fully conclude before the end of the 2025 financial year. The size and scope of the change being implemented is profound and challenging, but I remain firmly of the view, that we have set the right course for the business, which, over time, will deliver satisfactory returns for shareholders and other stakeholders.

From a trading perspective our Core businesses are performing very much in line with expectations. From an operational point of view, we continue to make good progress in implementing the change management programme and expect to deliver on the objectives we have set ourselves for the 2023 financial year.”

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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 is listed on AIM, operated by the London Stock Exchange.

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

**REGISTERED OFFICE**

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## Chairman's Statement

In October of last year, we set out the conclusions of an extensive strategy review, the future direction of the Group and the accompanying change management programme (CMP). This will see the Group exit from its Legacy operations, address critical IT infrastructure requirements, and migrate the Group towards an InsurTech business led by Blink Parametric (Blink) and supported by CPP India and CPP Turkey. It is a bold and ambitious strategy, and it is certainly not without risk, but I firmly believe that it is the right course, setting a clear framework and direction of travel for the Group, which will improve outcomes for shareholders and other stakeholders.

### Strategy for growth

Our new strategy reflects our starting point. We have two successful businesses in India and Turkey, a sub-scale business with considerable potential in Blink, and a Legacy business in terminal decline. Over a period of three years, the Group will focus on new product and new partner development in India and Turkey, we will seek to build our InsurTech capability, with Blink at its core, whilst we withdraw from the Legacy businesses, and the liabilities associated with them.

The execution of this plan and the operational risks associated with it are not insignificant. Through the CMP we have put in place, which is discussed in more detail in the Chief Executive Officer's statement, we aim both to mitigate the risk and to exceed expectations. However, we are mindful that not all such endeavours proceed exactly as planned and there may be disappointments and delays along the way.

### Financial results

Trading performance from Core operations (Blink, CPP India, CPP Turkey and Globiva) was robust, with revenues increasing by 25% to £154.3 million and EBITDA, which also includes central costs, increasing by £0.9 million to £5.0 million. Group revenues from continuing operations, which include results from our Legacy operations, increased by 19% to £169.8 million whilst EBITDA of £6.9 million was 12% better than the prior year (adjusting for the 2021 £1.1 million commission release in UK Legacy operations). Our balance sheet shows cash of £21.0 million (2021: £22.3 million), which allows the Group to fund its working capital and CMP commitments.

### People

The course we have set ourselves brings uncertainty, the need for adaptability and a willingness to embrace change. It has also led, inevitably, to changes in personnel and to the departure of some colleagues who have served the Group with diligence for many years. It is in that context that I, and my fellow Board members, would like to thank all of our colleagues for their professionalism, hard work and dedication during a year of substantive change.

During the course of the year, we began meeting and considering candidates for appointment to the Board, recognising the benefits brought by independent non-executive directors who can also add value through their knowledge of the sectors in which we operate or their experience of some of the challenges thrown up by the CMP. Whilst that process continues the focus and engagement of the current Non-Executive Directors and their support for and challenges to the executive team has been immensely valuable as the revised strategy was being developed during the course of last year. The Board pays full attention to governance issues and endorses the importance of independent directors as well as the benefits of diversity. However, its primary focus during this period of transformation is on delivering a strategy for growth and returns from which all shareholders and other stakeholders will benefit.

### Outlook

We have had a positive start to the year with trading from continuing operations performing in line with expectations and we are encouraged by the good pipeline of new business within Blink. Additionally, the CMP is being progressed with key milestones either being achieved or on track to being achieved in line with our plans. Nevertheless, we remain cautious and measured, as there is much to do over the course of 2023 and 2024.

**David Morrison**  
**Non-Executive Chairman**  
**27 March 2023**

## Chief Executive Officer's Statement

### Introduction

In many respects, the results for the 2022 financial year are the last set of results for the Group as historically constituted. Our new strategy and accompanying CMP published in October of last year, sets a new course for the business, which will see the Group exit from its Legacy businesses, address critical IT infrastructure requirements, and migrate towards an InsurTech business led by Blink and supported by CPP India and CPP Turkey.

We have already made some good progress with regards to our Legacy business, withdrawing from China, Bangladesh, and Mexico. Additionally, in the fourth quarter of last year, we agreed terms to exit from our legacy Spanish and Portuguese operations which included the transfer of some business to a third-party underwriter. Despite the progress thus far, the CMP, a complex set of eight inter-dependent projects, is not expected fully to conclude before the end of the 2025 financial year.

The size and scope of the change being implemented is profound and challenging, but I remain firmly of the view, that we have set the right course for the business, which, over time, will deliver satisfactory returns for shareholders and other stakeholders.

### A focused business

Our organisational structure reflects our strategic intent, to grow Blink, our InsurTech business, and to grow CPP India and CPP Turkey. Each of these businesses has their own management team with full responsibility for revenue and EBITDA growth. Our Legacy business has its own experienced team which is responsible for the measured wind down and closure now in train. The Centre's role will also change, moving, over time, to a slimmer refocused model, which pressure-tests the businesses' targets and strategies, allocates capital and, where appropriate, actively promotes the sharing of best practice.

### A resilient financial performance

Group revenue from continuing operations grew by 19% on a reported basis and by 15% on a constant currency basis. Revenues from our Core operations, which exclude our Legacy business (UK and European back books), grew by 25% on a reported basis and by 21% on a constant currency basis. Group EBITDA was marginally lower than prior year at £6.9 million (2021 restated: £7.2 million), albeit this is 12% higher when excluding the one-time £1.1 million commission release recognised in the UK in the prior year.

#### **Blink Parametric: Revenue £0.5 million (2021: £0.3 million) and EBITDA loss £0.4 million (2021: loss £0.3 million)**

Blink is a technology and software platform focused on providing innovative Travel Disruption (flight delay and lost luggage) solutions for the global travel sector. Despite being part of CPP Group since 2017, little was done to maximise its potential - it was in many respects an orphaned asset. During the year we set in place, as part of the CMP, two work streams, one focused on building capacity (people; processes; and structures) and the other on growth (new product development; and sales and marketing). The benefits of these two work streams will probably not be seen until the second half of 2023. That said, some of the work we are undertaking has started to be recognised, and in 2022 Blink won several prestigious industry awards including:

- Insurance Times Awards – 'Excellence in Technology - Service Provider'
- ITIJ Awards – 'Outstanding Industry Contribution of the year'
- InsurTech100. Blink Parametric made FinTechGlobal's InsurTech 100 for 2022

#### **India: Revenue £150.6 million (2021: £119.3 million) and EBITDA £8.0 million (2021: £7.8 million)**

India is the Group's largest operating business, generating circa 89% of total revenues. The business performed well, benefiting from both volume growth and favourable exchange rate movement. On a constant currency basis, revenue growth for 2022 was 20%. EBITDA growth was subdued reflecting, in part, a change in revenue mix towards lower margin products, and increased operating costs.

There are two constituent businesses:

1. **CPP India: Reported revenue up 24% to £134.8 million (2021: £109.0 million), constant currency revenue growth of 18%**

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. Revenue growth for 2022 was robust with the number of live policies at year end increasing by 2% to 9.8 million, but with some movement towards lower margin products such as LivCare. Operating costs increased during the year due to additional third-party costs and improved incentives for the in-country executive team.

2. **Globiva: Reported revenue up 54% to £15.8 million (2021: £10.3 million), constant currency growth of 46%.**

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. Revenue growth reflects several new business wins, a favourable exchange rate and, importantly, a full twelve months of trading without any COVID-19 disruption. Like the majority of India-based BPMs, Globiva's largest operating cost relates to seat occupancy (employees), which has increased significantly over the past year which, in turn, had an adverse impact on EBITDA growth.

**Turkey: Revenue £3.2 million (2021: £3.6 million) and EBITDA £0.7 million (2021: £0.8 million)**

CPP Turkey performed well during the year with revenue and EBITDA increasing by 42% and 36% respectively on a constant currency basis. That the business has been able to deliver real growth in such a turbulent economic environment is a testament to the quality and strength of our proposition, of our relationships with our business partners, and of our management team. CPP Turkey ended the year with a live policy count of 1.1 million, a major landmark and a substantial increase on the prior year.

In February 2023, a devastating earthquake hit the southern part of Turkey. Whilst our Turkish office is not located in the disaster area most colleagues have been impacted in some way through family, friends or business connections. We continue to monitor the situation closely and are providing any support that is needed to our colleagues.

**Legacy operations: Revenue £15.5 million (2021 restated: £19.6 million) and EBITDA £1.9 million (2021 restated: £3.3 million)**

Our Legacy operations (UK and European back books) are in terminal decline and will soon become unprofitable. To address this, the Group announced, in October of last year, its plans to exit from its Legacy operations in an orderly manner, effected by the CMP, which will take three years to conclude.

**Live policies: Number of live policies at 31 December 11.4 million (2021 restated: 11.4 million)**

Live policy growth is a good indicator of business performance for CPP India and CPP Turkey. Live policies in our Core businesses have increased to 10.9 million (2021: 10.4 million) whilst, as expected, they have reduced in our Legacy operations to 0.5 million (2021 restated: 1.0 million)

millions	CPP India	CPP Turkey	Legacy	Group
My Finances	3.3	0.3	0.5	4.1
Vs Lyr %	+12%	+16%	-34%	+4%
My Tech	1.8	-	-	1.8
Vs Lyr %	-25%	n/a	n/a	-25%
My Health	2.5	0.1	-	2.6
Vs Lyr %	+23%	>+999%	n/a	+24%
My Home	2.2	-	-	2.2
Vs Lyr %	-2%	n/a	n/a	0%
My Digital Life	-	0.7	-	0.7
Vs Lyr %	n/a	+28%	n/a	+19%
My Travel	-	-	-	-
Vs Lyr %	n/a	n/a	n/a	n/a
<b>Total</b>	<b>9.8</b>	<b>1.1</b>	<b>0.5</b>	<b>11.4</b>
<b>Vs Lyr %</b>	<b>+2%</b>	<b>+27%</b>	<b>-39%</b>	<b>0%</b>

**Central costs: £3.3 million down 22% in the year (2021 restated: £4.3 million)**

Central costs before allocation are £9.0 million (2021: £10.4 million) of which £3.5 million (2021: £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 the second half of 2024.

Net of recharges, central costs have reduced by £1.0 million year-on-year primarily due to a reduction in Board and executive costs along with the cost benefits from a 60% reduction in the Leeds Head Office space which was finalised during Q3.

**A simple strategy we can execute: Group**

The over-arching strategy is to exit the Legacy business and to migrate CPP to an InsurTech business led by Blink and supported by CPP India and CPP Turkey. InsurTech businesses generally have attractive economics, they generate high levels of repeat business, they operate with high margins and are commonly valued more highly than their traditional insurance counterparts. The strategy, if executed correctly, will simplify the business and its operations and, moreover, will set out a clear purpose for the Group, one that leverages the global nature of Blink's parametric propositions.

- 1) **Where we will compete:** The Group will focus on designing innovative assistance products and services which augment and create value (customer satisfaction, customer loyalty and new business) for its growing distribution business partner base.
- 2) **Base of competitive advantage:** Differentiation, with a focus on new product development, product innovation, and quality of service to our current and future business partners.
- 3) **Strategic direction:** Market penetration and development for Blink, CPP India and CPP Turkey.
- 4) **Method of Implementation:** Internal development with product acquisitions which enrich or enhance our proposition. We will, at the same time, withdraw from our Legacy business and dispose of non-core business investments.
- 5) **Constraints:** Management bandwidth as we are going through a period of substantial change. Finding suitable acquisitions at an appropriate price. Moving from an informal approach to a formal approach and structure, with a set of processes for continuous production, innovation, and development.

### Our strategy is in two stages:

Stage one is to migrate away from the regulated Legacy business and to focus on Blink, CPP India and CPP Turkey. Stage two is to develop CPP into a product-led, global InsurTech business (Blink), supported by CPP India and CPP Turkey.



Whilst this is a relatively simple strategy, it will take three years to implement fully.

### A simple strategy we can execute: By business unit

**Blink Parametric:** A differentiated suite of products with a focus on technology and innovation providing the basis for competitive advantage, particularly in the Travel Disruption (flight delay and lost luggage) market over the near to medium term. With regard to Blink's strategic direction, there are opportunities to introduce the suite of Travel Disruption products to new geographies including North and South America, India, and Asia. Product development, either organic or through small bolt on acquisitions, will focus on identifying innovative digital solutions for our distributors and end customers.

The business today is not fully scalable and the ability to execute the strategy is somewhat constrained as there has, since acquisition in 2017, been insufficient investment in people, processes, and structures to facilitate growth. This lack of investment is being addressed as part of the CMP.

We have set out what we believe to be an achievable strategy; one which, post the CMP, we can execute at pace.

**CPP India:** The business will continue with its successful local market strategy, which is focused on providing low-cost innovative product and service solutions to a growing distributor base. The strategic direction for CPP India is one of increasing its distributor footprint and, where appropriate, developing a broader range of online and mobile app products and services, particularly within the Lifestyle and Healthcare markets. While acquisition multiples in India remain beyond our reach, both market and new product development will have to be internally led.

The strategy as set is an achievable one, though it is highly dependent upon the retention and incentivisation of the CPP India management team and the implementation of the new Indian IT platform scheduled for 2023.

From a risk perspective the majority of CPP India's revenues are currently generated from two long-standing distributor relationships, one of which is due for renewal around the end of 2024. Whilst we are confident that these arrangements will be renewed, our strategy, even if successfully implemented, will not materially rebalance this concentration risk in the foreseeable future.

**CPP Turkey:** Similar to CPP India, the business will continue with its successful local market strategy, which is focused on providing innovative products and services to a broad and diversified distributor base. CPP Turkey has an enviable track record of developing products which increase both the perceived and real value of those products offered by its distributors to the end consumer. New product development is a critical part of the strategic process for CPP Turkey and this will continue, albeit via a more formalised process which focuses on shared learning and best practice.



The strategy is in many respects 'more of the same' though, similar to CPP India, it is highly dependent upon the retention and incentivisation of the local management team.

From an execution and delivery perspective, the strategy is an achievable one. The key risk, in terms of outcomes, is continued economic turbulence in Turkey, which may either reduce demand for our products or services, or further weaken exchange rates, or both.

**The Centre:** Where the business units develop their own strategies (CPP India and CPP Turkey) and control many of the resources to execute those plans, the Centre will pressure-test the businesses' targets and strategies, will actively promote the sharing of best practices, and will, where appropriate, provide select expertise or shared services. In general, the business unit CEO's own their profit and loss accounts and make appropriate investment trade-offs. The Centre provides services only where it has better expertise or a lower cost than the businesses can provide on their own.

**Legacy business:** The Legacy UK and European Card Protection business has, since 2012, been in decline and will, if not addressed, become both unprofitable and a significant drain on the Group's resources. Our intention through the CMP is to withdraw from these products and markets.

Withdrawal from the Legacy business will be a long and complex process, one with many regulatory and operational inter-dependencies and is very much dependent upon the goodwill of both our partners and colleagues. As we progress, each decision we make and each action we implement will have due regard to the best interests and well-being of our partners and colleagues.

#### **Change Management Programme (CMP)**

The CMP is the process by which the Group will effect strategic change, exiting from its Legacy operations and building an InsurTech business supported by CPP India and CPP Turkey. The CMP is a complex, inter-dependent set of eight projects which are expected to conclude late 2025.

**The CMP projects are summarised as:**

- **Legacy IT platform and new Indian IT platform development**  
The development of a new customer service platform for CPP India, which will be delivered in two phases (Phase 1 - non-Card products; and Phase 2 - Card products). The new platform will ensure all customer data resides fully in India and that India has an independently managed customer IT infrastructure which enables the decommissioning of the Group's legacy IT platform and improved efficiency to India's operational model.
- **Cessation of UK & European legacy books**  
A complex multi workstream programme which will accelerate the natural cessation of the UK and European back books enabling the decommissioning of the Group's expensive legacy IT platform, the removal of management focus on legacy/run off books and is intended to remove the drag of the Legacy business on the Group's valuation.
- **Blink scalability**  
Currently a sub-scale business which is at an early stage of development, Blink requires a programme of activity to ensure that its operational processes are adequately robust to manage a substantially larger volume of transactions and to become the Groups third business of strategic growth alongside CPP India and CPP Turkey.

#### **Key risks associated with the CMP:**

Each project is supervised by the Executive Management Committee (EMC) and implemented by the Operational Board but, due to size and complexity, there will be some execution risks, namely:

- **People risk**  
Key person dependencies have been considered with supporting plans developed in the event key team members leave the business before the CMP is concluded. Capacity risk is also considerable in many areas, with several colleagues or team members involved in multiple projects. People risk is likely to remain high for the duration of the CMP.
- **Financial risk**  
The complexity and duration of the CMP may lead to cost over runs particularly if key team members exit ahead of programme delivery.
- **Complex interdependencies**  
There are many interdependencies between the projects, with the risk of financial and people impacts disrupting multiple projects. Additionally, the interdependencies have the potential to delay the decommissioning of the legacy IT platform.
- **Third-party dependencies**  
Legacy contracts often involve multiple parties and the agreements with them cannot be dissolved unilaterally by the Group. The pace of change is often adversely impacted by third-parties not operating to CPP's timelines.

#### **Financial implications of the CMP:**

- **Dual running costs**  
As we build out the IT platform for CPP India and migrate from the legacy systems, the Group will have a period of dual running costs whilst we operate both platforms. We expect to suffer these dual running costs until the first quarter of 2025, after which we should be able to realise material cost savings.
- **Restructure and retention costs**  
Costs associated with the CMP will be substantial, as will the redundancy and retention packages which we will need to introduce. We will provide guidance on these costs as we progress.
- **Impact on Group's cash resources and dividend**  
The dual running costs and costs associated with the restructure are material, however we expect to be able to service these costs from existing and forecast resources. Due to the costs and uncertainties associated with the CMP, as previously announced, the Board has taken the decision to suspend dividend payments until further notice. If circumstances change, the Board will review and update shareholders when appropriate to do so.

#### **People**

The size, scope and complexity of our CMP should not be under-estimated. It is a huge undertaking, one which at times can seem somewhat daunting, to re-engineer a business as complex as CPP and in so doing, move from one business model to another. That we can contemplate such an undertaking reflects the quality, dedication, and commitment of my colleagues from across the Group.

Personally, I am humbled by their continued support, in what for some, can only be the most uncertain of times. Their commitment to the task we have set ourselves is exemplary, for us at CPP our 'grasp really does exceed our reach'.

#### **Outlook**

From a trading perspective our Core businesses are performing very much in line with expectations. From an operational point of view, we continue to make good progress in implementing the CMP and expect to deliver on the objectives we have set ourselves for the 2023 financial year.

**Simon Pyper**  
**Chief Executive Officer**  
**27 March 2023**

## Chief Financial Officer's Report

### Overview

The Group made good financial progress in the year, growing revenue and EBITDA in our Core operations. 2022 has been a pivotal year for the Group which announced the decision to exit from our Legacy businesses, which will complete in the medium term, and focus on a simplified proposition in our Core markets. The accelerated withdrawal from the Legacy markets through the CMP will reduce overall profitability and cash over the next two years, however, the Group is in a good financial position with which to embark on this important step which will improve outcomes for all shareholders and other stakeholders in the medium-term.

The strategy reset led to the disposal of our China business in January 2022 and our Mexico businesses in October 2022. As a result, they are presented as discontinued operations, with this review focusing on the performance of the Group's continuing operations.

Group revenue increased by 19% (15% constant currency) to £169.8 million (2021 restated: £142.8 million). Revenue growth was driven by our Core operations which represent 91% of Group revenues and are 25% higher than last year at £154.3 million (2021: £123.2 million). New business has been particularly strong in CPP India and Globiva, both of which were impacted in 2021 by COVID-19. EBITDA has reduced marginally to £6.9 million (2021 restated: £7.2 million), however the comparative figure for 2021 included a one-time release of a commission provision in the UK of £1.1 million, and therefore, when excluding this factor, Group EBITDA is 12% higher than the prior year. The EBITDA improvement reflects good progress in our Core operations with increased profitability in India and a reduced central cost base following the Board and executive changes in 2021 and the early part of 2022.

<b>Continuing operations</b>	<b>2022</b>	<b>2021 (Restated<sup>1</sup>)</b>
Revenue (£ millions)	<b>169.8</b>	142.8
Gross profit (£ millions)	<b>30.8</b>	32.3
EBITDA (£ millions) <sup>2</sup>	<b>6.9</b>	7.2
Operating profit (£ millions)	<b>2.6</b>	3.0
Profit before tax (£ millions)	<b>2.4</b>	4.3
Taxation (£ millions)	<b>(2.3)</b>	(3.7)
Profit for the year (£ millions)	<b>0.1</b>	0.6
Basic (loss)/earnings per share (pence)	<b>(1.73)</b>	1.51
Cash generated by operations (£ millions) <sup>3</sup>	<b>7.3</b>	7.4
Dividends (pence)	—	12.5

1. Restated to reflect Mexico as discontinued operations.

2. Excluding depreciation, amortisation and exceptional items.

3. Includes cash generated from continuing and discontinued operations.

Gross profit reduced by 5% to £30.8 million (2021 restated: £32.3 million). This results in a reduction in the gross profit margin to 18.1% (2021 restated: 22.6%) which is a continuation of the change in market mix with 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, a shift to lower margin product variants and inflationary pressures are challenging our margins in India and Globiva. Excluding the aforementioned £1.1 million commission release in the UK, gross profit is just 1% lower than the prior year. We expect our gross profit margins to continue to reduce in the medium-term as withdrawal from the Legacy markets is completed as part of the CMP before stabilising in 2025 and improving incrementally thereafter. The Group's results will remain weighted towards India which operates at a margin of approximately 11%.

EBITDA reduced marginally to £6.9 million (2021 restated: £7.2 million; £6.1 million excluding commission release), however this reflects a 12% increase on a like-for-like basis. The improvement follows a reduction in the cost base with administrative expenses, before depreciation and exceptional items, reducing by 4% in the year. The reducing cost base demonstrates the expected savings from restructuring exercises across our Legacy operations and also cost savings from the Board and executive changes in 2021 and early 2022.

Depreciation and amortisation charges have decreased to £2.5 million (2021 restated: £2.9 million). The Group's depreciation charges are expected to increase in 2023 and beyond as the new technology platform is launched in India during H2 2023 and Globiva increases its operational capacity to facilitate growth.

Exceptional items charged to operating profit total £1.7 million (2021 restated: £1.3 million) which comprises restructuring and closure costs of £1.2 million and a £0.5 million one-time payment to the Globiva Founders to compensate for unfulfilled commitments by CPP in the shareholder agreement. The restructuring and closure costs includes settlement costs relating to the departure of the former CEO; redundancy and onerous contract costs in the UK MGA, which is being wound down, and redundancy costs in Spain as we prepare to withdraw from the market. Restructuring and closure costs will continue to be high in the medium-term as we withdraw from all Legacy markets as part of the CMP.

The marginal reduction in absolute EBITDA, in conjunction with higher exceptional costs, results in operating profit decreasing by 12% to £2.6 million (2021 restated: £3.0 million).

The Group's profit before tax was £2.4 million (2021 restated: £4.3 million), with the comparative benefitting from a one-time fair value gain of £1.5 million on our investment in KYND. Profit after tax is £0.1 million (2021 restated: £0.6 million).

## Core and Legacy

	2022		2021	
	Core £'m	Legacy £'m	Core £'m	Legacy £'m
<b>Continuing operations</b>				
EBITDA	5.0	1.9	4.1	3.1
Profit before tax	1.6	0.8	1.2	3.1
(Loss)/profit after tax	(0.4)	0.5	(2.4)	3.0

Post-tax profitability in Legacy currently exceeds the Core business, however the profit trajectory of the Legacy businesses is in terminal decline and costs have already been cut to a level where they are now essentially fixed, including an expensive central legacy IT estate. Without action being taken, the Legacy businesses were shortly going to be loss-making with no route to a return to profitability.

The Core performance will be impacted in the medium-term by dual IT running costs and investment in Blink capability as the business scales. Upon conclusion of the CMP central costs will reduce allowing the profitable performance of the Core business units to come to the fore.

## Tax

The tax charge from continuing operations was £2.3 million (2021: £3.7 million), which is an effective tax rate (ETR) of 96% (2021 restated: 87%). The ETR includes withholding taxes on dividend repatriations from overseas entities of £0.6 million (2021: £1.2 million).

The local tax rates are higher than the current UK rate of tax of 19%, most notably in India which contributes a large portion of the Group's profits and has a local tax rate of 25.2%. The total tax charge from our Indian operations is £1.6 million (2021: £2.0 million). The profitable operations in Turkey, Spain and Italy also have higher local tax rates. Loss-making operations are unable to offset all of their losses and tax credits are unable to be recognised on these losses.

The CMP is expected to improve the ETR in the medium-term once complete. A high and volatile ETR is expected to persist in the short-term, as the Legacy operations are exited, and additional costs are incurred to facilitate these closures against which it won't be possible to recognise tax credits. The reduction in volatility from one-off costs once the CMP has concluded is expected to result in the ETR stabilising and beginning to reduce towards the UK statutory rate of tax which will increase to 25% on 1 April 2023.

#### Adjusted ETR

2022	Continuing operations			Exceptional items <sup>2</sup>			Adjusted		
	Core £'m	Legacy £'m	Total £'m	Core £'m	Legacy £'m	Total £'m	Core £'m	Legacy £'m	Total £'m
Profit before tax	1.6	0.8	2.4	1.0	0.7	1.7	2.6	1.5	4.1
Tax	(2.0)	(0.3)	(2.3)	(0.1)	(0.1)	(0.2)	(2.1)	(0.4)	(2.5)
ETR	124%	41%	96%	13%	8%	11%	82%	26%	61%

2021 (Restated <sup>1</sup> )	Continuing operations			Exceptional items and one-offs <sup>2</sup>			Adjusted		
	Core £'m	Legacy £'m	Total £'m	Core £'m	Legacy £'m	Total £'m	Core £'m	Legacy £'m	Total £'m
Profit/(loss) before tax	1.2	3.1	4.3	0.6	(1.8)	(1.2)	1.8	1.3	3.1
Tax	(3.6)	(0.1)	(3.7)	-	(0.2)	(0.2)	(3.6)	(0.3)	(3.9)
ETR	314%	3%	87%	0%	(9)%	(14)%	208%	21%	128%

1. Restated to reflect Mexico as discontinued operations.

2. Comprises exceptional items of £1.7 million (2021 restated: £0.1 million credit) and a prior year one-time benefit from a commission provision release in the UK of £1.1 million. Further detail of exceptional items is provided in note 5.

The exceptional items in the year have reduced profit before tax by £1.7 million (2021 restated: £1.2 million increase) whilst there has been an associated reduction in tax of £0.2 million (2021: £0.2 million). Without the exceptional items the Group's ETR would reduce to 61% (2021 restated: 128%).

As the CMP progresses the Core performance of the business will increasingly provide a better indication of future performance. The Core operations adjusted ETR is 82% (2021: 208%), which includes withholding taxes on dividend repatriations from India and Turkey and the loss-making Central Functions. Further details on the Core tax charge by location is provided in note 6.

#### Discontinued operations

The Group's Chinese and Mexican businesses have both been recognised as discontinued following completion of their disposals in the current year. The total profit after tax from discontinued operations of £0.7 million comprises £0.6 million profit in relation to China and a £0.1 million profit from Mexico.

	2022 £'m	2021 (Restated <sup>1</sup> ) £'m
Revenue	0.9	3.3
EBITDA	0.2	0.6
Operating profit/(loss)	0.2	(0.2)
Profit/(loss) after tax	0.2	(0.2)
Profit on disposal	0.5	2.6
Profit for the year	0.7	2.4
Net liabilities held for sale	—	(0.1)

1. Restated to reflect Mexico as discontinued operations.

On 27 January 2022, the Group completed the sale of its China business to 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 transaction generated a profit on disposal of £0.7 million. China also generated trading losses of £0.1 million up to the disposal date (2021: £0.8 million losses representing a full year of trading).

On 20 October 2022, the Group completed the sale of its Mexican business to Rafael Ortiz Moran and Silvia Daniela Rodriguez Gaona for a nominal consideration of \$1 (Mexican peso). As part of the disposal, the Group left cash balances of £0.3 million in the business to cover initial working capital and other committed liabilities. The transaction generated a loss on disposal of £0.1 million which was offset by a trading profit of £0.2 million up to the disposal date (2021: £0.1 million losses representing a full year of trading).

### Cash flow and net funds

	2022 £'m	2021 £'m
EBITDA	7.0	7.7
Exceptional items <sup>1</sup>	(1.7)	(1.6)
Non-cash items	—	0.1
Working capital movements	2.0	1.2
Cash generated by operations	7.3	7.4
Tax	(3.5)	(2.8)
Operating cash flow	3.8	4.6
Capital expenditure (including intangibles)	(2.7)	(1.9)
Lease repayments	(1.4)	(1.5)
Disposal of discontinued operations	(0.9)	2.3
Net finance revenues	0.4	0.1
Dividends	(0.7)	(2.6)
Net movement in cash <sup>2</sup>	(1.5)	1.0
Net funds <sup>3</sup>	16.3	16.4

1. Cash cost of exceptional items.

2. Excluding the effect of exchange rates.

3. Net funds comprise cash and cash equivalents of £21.0 million (2021: £22.4 million) less lease liabilities of £4.7 million (2021: £6.0 million).

The net funds position has decreased marginally to £16.3 million (2021: £16.4 million), which includes cash of £21.0 million (2021: £22.4 million including discontinued operations). The Group had a net cash outflow of £1.5 million in the year which reflects the payment of upfront fees to extend the Bajaj contract and costs to develop the IT platform in India.

Cash generated by operations was broadly flat at £7.3 million (2021: £7.4 million) with a working capital benefit in India being offset by a reduction in operating cash flows. Tax paid has increased to £3.5 million (2021: £2.8 million) which is a combination of taxes payable on profits in our markets and withholding taxes on overseas dividends to the UK.

The Group has a healthy cash balance of £21.0 million, however as the Group's growth has shifted to overseas markets a material amount of the cash balance is generated in India and Turkey. As a result, all our cash resources are not immediately available for distribution or on demand for working capital purposes around the Group. In addition, there are tax costs associated with returning overseas funds to the UK with our blended cost being approximately 10%. At 31 December 2022, approximately 40% of the cash balances were considered 'restricted'. Cash planning is important and will become increasingly crucial as the CMP is executed and previously cash generative businesses in the UK and Europe are wound down.

The Group has a £5.0 million revolving credit facility (RCF) which is in place until August 2023. The RCF is not currently drawn. Discussions are at an advanced stage with the lender to extend the RCF for a further three year term.

### Events after the balance sheet date

On 6 February 2023, Turkey was hit by a devastating earthquake. Turkey is one of the Group's Core markets. New sales activity has been impacted by approximately 50% in February and March following Government guidance on restricting telemarketing activity. This guidance is expected to be relaxed in April. There is currently no evidence of a notable deterioration in renewal rates. The financial impact on the Group from the effects of the earthquake is currently uncertain but is not expected to be material. All colleagues are receiving any support necessary. The Group continues to closely monitor the situation.

### Foreign exchange

The general weakening of Sterling during 2022, particularly against the Indian rupee, has led to a favourable exchange rate movement in the Group's results. The Indian rupee has appreciated by 5% (2021: 7% depreciation) which due to the relative size of our operations in India has more than compensated for the continued weakening in the Turkish lira which depreciated by 63% (2021: 37%).

The reported results compared to 2021 include the following favourable foreign exchange movements: £4.5 million (2021 restated: £7.4 million adverse) within revenue; and £0.1 million (2021 restated: £0.9 million adverse) at an EBITDA level.

### Segmental performance

£ millions	REVENUE				EBITDA			
	2022	2021 (Restated <sup>1</sup> )	Change	Constant currency change	2022	2021 (Restated <sup>1</sup> )	Change	Constant currency change
CPP India	134.8	109.0	24%	18%	5.6	5.4	4%	(1)%
Globiva	15.8	10.3	54%	46%	2.4	2.4	(1)%	(5)%
CPP Turkey	3.2	3.6	(10)%	42%	0.7	0.8	(14)%	36%
Blink	0.5	0.3	38%	39%	(0.4)	(0.3)	(80)%	(76)%
<b>Core business units</b>	<b>154.3</b>	<b>123.2</b>	<b>25%</b>	<b>21%</b>	<b>8.3</b>	<b>8.4</b>	<b>(1)%</b>	<b>(2)%</b>
Central Functions	—	—	n/a	n/a	(3.3)	(4.3)	22%	22%
<b>Core total</b>	<b>154.3</b>	<b>123.2</b>	<b>25%</b>	<b>21%</b>	<b>5.0</b>	<b>4.1</b>	<b>20%</b>	<b>19%</b>
Legacy <sup>2</sup>	15.5	19.6	(21)%	(22)%	1.9	3.3	(42)%	(42)%
Share of loss in joint venture	—	—	n/a	n/a	—	(0.2)	100%	100%
<b>Group total</b>	<b>169.8</b>	<b>142.8</b>	<b>19%</b>	<b>15%</b>	<b>6.9</b>	<b>7.2</b>	<b>(5)%</b>	<b>(6)%</b>

1. Restated to reflect Mexico as discontinued

2. Legacy comprises UK, Spain, Italy, Portugal, Bangladesh and Malaysia.

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.

#### Core businesses (91% of Group revenue):

Revenue increased by 21% to £154.3 million (2021: £123.2 million) and EBITDA increased to £5.0 million (2021 restated: £4.1 million).

Our Indian business had another strong year with revenue increasing by 18% to £134.8 million (2021: £109.0 million), due in small part to the comparatives being impacted by COVID-19. The good performance has been fuelled by growth in LivCare and Asset Secure through Bajaj Finance Limited (Bajaj) along with an encouraging resurgence of Card Protection in Q4 as our banking partners settled on amended processes following the changes to recurring card transactions introduced by the Indian regulator in Q4 2021. During the year, India also agreed contract extensions with its two largest partners, Bajaj and SBI Cards which is expected to drive revenue growth in the coming years. The new IT platform is progressing well with the first phase (non-Card business) expected to go-live in Q3 2023 and the second phase (Card business) set to follow in Q1 2024. The new IT platform will be transformational for the Indian business in providing additional operating efficiencies and improved digital capability.

Globiva, in which we hold a 51% investment, has progressed well widening its partner base which has led to revenue growing by 46% to £15.8 million (2021: £10.3 million). The revenue mix has shifted in the year with Globiva's business through international partners reducing which along with inflationary wage pressures has reduced the EBITDA margin to 16% (2021: 24%). As a result, EBITDA is flat on the prior year at £2.4 million (2021: £2.4 million). Globiva remains one of India's fastest growing BPM's and continues to have a strong proposition engineered on quality.

Turkey has had another excellent year, in the face of an extremely difficult macro-economic environment. At a local performance level revenues have grown by 42% and EBITDA by 36%. This has been achieved through growth in our partnership with Turkiye Sigorta which included the launch of a new Health Protection product. Turkey is a prime example of the success that comes from a multi-partner, multi-product approach. Unfortunately, on a reported basis this very good local performance has been completely negated by the ongoing devaluation in the Turkish lira with reported revenue 10% lower in the year and EBITDA down 14%.

Blink has increased revenues by 39% to £0.5 million (2021: £0.3 million) reflecting four new partner launches, including a large deal in Asia, as well as growth in business through existing partnerships. The prior year benefited from some one-time billing which has not repeated in 2022, therefore this year's revenue is more sustainable and reflects an annual recurring revenue of £0.6 million (2021: £0.2 million). Blink is a cornerstone of the Group's strategy even though at an early stage in its development and during the year a focus was placed on enhancing processes and ensuring a fully scalable proposition. The headcount in Blink has been increased in all areas of the business to accelerate growth. As a result, although revenue has increased, EBITDA losses have increased to £0.4 million (2021: £0.3 million). Investment in operational capability will continue in 2023 to capitalise on Blink's strong pipeline and wider opportunities

Central Functions costs have reduced by 22% to £3.3 million (2021 restated: £4.3 million) due to a significant reduction in Board and executive costs following a change in the composition of both along with a reduction in IT costs. Transfer pricing charges from the Centre to trading business units have reduced in the year as Legacy operations have declined or started to be wound down. This is expected to continue further in 2023 as the first phase of India's IT platform becomes operational whilst the costs associated with the Group's legacy IT platform will remain until a position is reached to decommission the system. The dual IT running costs from India and Legacy are expected to persist until late 2024.

#### **Legacy businesses (9% of Group revenue)**

Revenue decreased by 22% to £15.5 million (2021 restated: £19.6 million), reflecting the natural decline in the historic renewal books in the UK, Spain, Italy and Portugal. EBITDA fell by 42% to £1.9 million (2021 restated: £3.3 million) which reflects the lost profit from the revenue decline, although the like-for-like decline was lower once the £1.1 million release of a commission provision in 2021 is excluded. The Group's strategy is to withdraw from these markets in a sensible and compliant manner which is sensitive to the interests of both our partners and colleagues. Good progress has been made in Spain and Portugal with agreements reached with underwriters during Q4 which will enable our exit from these markets over the next 12 months. In the UK and Italy, we continue to renew policies with withdrawal plans being finalised, which will be communicated to all stakeholders at the appropriate time.

**David Bowling**  
**Chief Financial Officer**  
**27 March 2023**



## Consolidated income statement

For the year ended 31 December 2022

		2022			2021		
	Note	Core £'000	Legacy £'000	Total £'000	Core £'000	Legacy £'000	Total (Restated*) £'000
<b>Continuing operations</b>							
Revenue	4	154,267	15,516	169,783	123,160	19,663	142,823
Cost of sales		(133,924)	(5,087)	(139,011)	(104,319)	(6,160)	(110,479)
<b>Gross profit</b>		<b>20,343</b>	<b>10,429</b>	<b>30,772</b>	<b>18,841</b>	<b>13,503</b>	<b>32,344</b>
Administrative expenses		(18,469)	(9,689)	(28,158)	(17,543)	(11,633)	(29,176)
Share of loss of joint venture		—	—	—	—	(189)	(189)
<b>Operating profit</b>		<b>1,874</b>	<b>740</b>	<b>2,614</b>	<b>1,298</b>	<b>1,681</b>	<b>2,979</b>
<b>Analysed as:</b>							
EBITDA	4	4,928	1,925	6,853	4,105	3,141	7,246
Depreciation and amortisation		(2,055)	(452)	(2,507)	(2,220)	(698)	(2,918)
Exceptional items	5	(999)	(733)	(1,732)	(587)	(762)	(1,349)
Investment revenues		370	116	486	195	16	211
Finance costs		(630)	(26)	(656)	(347)	(19)	(366)
Other gains and losses	5	—	—	—	—	1,459	1,459
<b>Profit before taxation</b>		<b>1,614</b>	<b>830</b>	<b>2,444</b>	<b>1,146</b>	<b>3,137</b>	<b>4,283</b>
Taxation	6	(2,000)	(343)	(2,343)	(3,600)	(107)	(3,707)
<b>Profit/(loss) for the year from continuing operations</b>		<b>(386)</b>	<b>487</b>	<b>101</b>	<b>(2,454)</b>	<b>3,030</b>	<b>576</b>
<b>Discontinued operations</b>							
Profit for the year from discontinued operations	8	—	676	676	—	2,432	2,432
<b>Profit/(loss) for the year</b>		<b>(386)</b>	<b>1,163</b>	<b>777</b>	<b>(2,454)</b>	<b>5,462</b>	<b>3,008</b>
<b>Attributable to:</b>							
Equity holders of the Company		(640)	1,163	523	(2,897)	5,462	2,565
Non-controlling interests		254	—	254	443	—	443
		(386)	1,163	777	(2,454)	5,462	3,008
<b>Basic (loss)/earnings per share</b>							
		Core pence	Legacy pence	Total pence	Core pence	Legacy pence	Total (Restated*) pence
Continuing operations	7	(7.24)	5.51	(1.73)	(32.94)	34.45	1.51
Discontinued operations	7	—	7.64	7.64	—	27.65	27.65
		(7.24)	13.15	5.91	(32.94)	62.10	29.16
<b>Diluted (loss)/earnings per share</b>							
		Core pence	Legacy pence	Total pence	Core pence	Legacy pence	Total (Restated*) pence
Continuing operations	7	(7.24)	5.51	(1.73)	(32.11)	33.58	1.47
Discontinued operations	7	—	7.64	7.64	—	26.96	26.96
		(7.24)	13.15	5.91	(32.11)	60.54	28.43

\*Restated to reflect Mexico as discontinued operations. See note 2.

**Consolidated statement of comprehensive income**

For the year ended 31 December 2022

	<b>2022</b>	2021
	<b>£'000</b>	£'000
Profit for the year	<b>777</b>	3,008
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Fair value gain on equity investment	<b>152</b>	–
Exchange differences on translation of foreign operations	<b>(2,052)</b>	(695)
Exchange differences reclassified on disposal of foreign operations	<b>1,093</b>	(4)
<b>Other comprehensive expense for the year net of taxation</b>	<b>(807)</b>	(699)
<b>Total comprehensive (expense)/income for the year</b>	<b>(30)</b>	2,309
<b>Attributable to:</b>		
Equity holders of the Company	<b>(286)</b>	1,867
Non-controlling interests	<b>256</b>	442
	<b>(30)</b>	2,309

**Consolidated balance sheet**

As at 31 December 2022

	Note	2022 £'000	2021 £'000
<b>Non-current assets</b>			
Goodwill		544	540
Other intangible assets	9	4,710	3,603
Property, plant and equipment		1,243	1,335
Right-of-use assets		3,936	5,109
Equity investment		2,041	1,889
Deferred tax assets		230	396
Contract assets		275	564
		<b>12,979</b>	<b>13,436</b>
<b>Current assets</b>			
Inventories		87	102
Contract assets		5,764	4,020
Trade and other receivables		19,841	13,605
Cash and cash equivalents		20,984	22,319
		<b>46,676</b>	<b>40,046</b>
Assets classified as held for sale		—	478
		<b>46,676</b>	<b>40,524</b>
<b>Total assets</b>		<b>59,655</b>	<b>53,960</b>
<b>Current liabilities</b>			
Borrowings		23	—
Income tax liabilities		(1,195)	(1,362)
Trade and other payables		(26,210)	(19,544)
Provisions		(224)	—
Lease liabilities		(966)	(937)
Contract liabilities		(11,238)	(9,190)
		<b>(39,810)</b>	<b>(31,033)</b>
Liabilities classified as held for sale		—	(550)
		<b>(39,810)</b>	<b>(31,583)</b>
<b>Net current assets</b>		<b>6,866</b>	<b>8,941</b>
<b>Non-current liabilities</b>			
Borrowings		—	58
Deferred tax liabilities		(702)	(927)
Provisions		(145)	—
Lease liabilities		(3,752)	(4,936)
Contract liabilities		(773)	(1,200)
		<b>(5,372)</b>	<b>(7,005)</b>
<b>Total liabilities</b>		<b>(45,182)</b>	<b>(38,588)</b>
<b>Net assets</b>		<b>14,473</b>	<b>15,372</b>
<b>Equity</b>			
Share capital	10	24,256	24,243
Share premium account		45,225	45,225
Merger reserve		(100,399)	(100,399)
Translation reserve		(825)	136
ESOP reserve		17,212	17,418
Retained earnings		27,201	27,202
<b>Equity attributable to equity holders of the Company</b>		<b>12,670</b>	<b>13,825</b>
Non-controlling interests		1,803	1,547
<b>Total equity</b>		<b>14,473</b>	<b>15,372</b>

## Consolidated statement of changes in equity

For the year ended 31 December 2022

	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
<b>At 1 January 2021</b>		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		—	—	—	—	(72)	—	(72)	—	(72)
Exercise of share options		90	—	—	—	—	(70)	20	—	20
Deferred tax on share options	6	—	—	—	—	—	9	9	—	9
Dividends paid		—	—	—	—	—	(2,629)	(2,629)	—	(2,629)
<b>At 31 December 2021</b>		24,243	45,225	(100,399)	136	17,418	27,202	13,825	1,547	15,372
Profit for the year		—	—	—	—	—	523	523	254	777
Other comprehensive expense for the year		—	—	—	(961)	—	152	(809)	2	(807)
Total comprehensive expense for the year		—	—	—	(961)	—	675	(286)	256	(30)
Equity-settled share- based payment credit		—	—	—	—	(206)	—	(206)	—	(206)
Exercise of share options	10	13	—	—	—	—	(7)	6	—	6
Deferred tax on share options	6	—	—	—	—	—	(9)	(9)	—	(9)
Effects of hyperinflation		—	—	—	—	—	3	3	—	3
Dividends paid		—	—	—	—	—	(663)	(663)	—	(663)
<b>At 31 December 2022</b>		24,256	45,225	(100,399)	(825)	17,212	27,201	12,670	1,803	14,473

## Consolidated cash flow statement

For the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
<b>Net cash from operating activities</b>	11	<b>3,822</b>	4,562
<b>Investing activities</b>			
Interest received		490	224
Purchases of property, plant and equipment		(526)	(525)
Purchases of intangible assets	9	(2,194)	(1,370)
Cash consideration in respect of sale of discontinued operations	8	—	2,366
Costs associated with disposal of discontinued operations		(128)	—
Cash disposed of with discontinued operations		(823)	(112)
<b>Net cash (used in)/from investing activities</b>		<b>(3,181)</b>	583
<b>Financing activities</b>			
Dividends paid		(663)	(2,629)
Repayment of the lease liabilities		(1,388)	(1,507)
Interest paid		(75)	(76)
Issue of ordinary share capital	10	6	20
<b>Net cash used in financing activities</b>		<b>(2,120)</b>	(4,192)
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(1,479)</b>	953
Effect of foreign exchange rate changes		54	(400)
Cash and cash equivalents at 1 January		22,409	21,856
<b>Cash and cash equivalents at 31 December</b>		<b>20,984</b>	22,409

Analysed as:

Continuing operations	20,984	22,319
Discontinued operations	—	90
	<b>20,984</b>	22,409

## 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 2023.

The financial information set out above does not constitute the Company's statutory financial statements for the years ended 31 December 2022 or 31 December 2021 but is derived from the 2022 financial statements. Statutory financial statements for 2021 for the Company prepared in conformity with UK-endorsed International Financial Reporting Standards have been delivered to the Registrar of Companies and those under UK IAS for 2022 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 2022 financial statements were approved by the Board of Directors on 27 March 2023.

### 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 2022. The following Standards and Interpretations have become effective and have been adopted in these condensed financial statements. No Standards or Interpretations have been adopted early in these condensed financial statements.

Standard/Interpretation	Subject
IAS 37	Onerous Contracts: directly related costs are considered when determining if a contract is onerous, including incremental costs of fulfilling a contract and allocation of other direct costs.
IFRS 1	Subsidiary as a first time adopter.
IFRS 9	Fees in the 10 per cent test for derecognition of a financial liability.

### Core and Legacy presentation

In October 2022, the Board set out the findings of its strategic review, which will see the Group withdraw from its Legacy businesses and focus resources on its Core growth businesses in India, Turkey and its InsurTech, Blink. In order to aid users of the financial statements, additional columns have been added to the income statement and relevant notes to illustrate the income and cost base of the Core and Legacy businesses. The prior year presentation has also been represented to reflect these changes. This presentation is expected to continue throughout the closure period of the Legacy businesses.

### Restatement of disclosures

On 20 October 2022, the Group 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 (together Mexico).

In accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, Mexico has been classified as discontinued within these financial statements. Accordingly, the comparative consolidated income statement information and appropriate disclosure notes have been restated.

The Group has revised its segmental reporting from 1 January 2022. In accordance with IFRS 8 the operating segments have been changed to reflect the way in which the Group is now managed and how resources are allocated. The Group's operating segments are identified as India, Turkey, Blink, Legacy and Central Functions. These segments replace the Ongoing Operations, Restricted Operations and Central Functions basis that was previously in place. The prior period segmental information has been restated to reflect the change. Further detail is available in note 4.

### 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 inflationary pressures, risks associated with its CMP and the recent devastating earthquake in Turkey. This is done to identify risks to liquidity and covenant compliance and enable management to formulate appropriate and timely mitigation strategies.

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.

### Hyperinflation

The Group has operations in Turkey, which has met the criteria to be classified as a hyperinflationary economy in the year. This is based on the Turkish Statistical Institute published consumer price index, which had cumulative inflation of 109.4% over a three year period as at March 2022. IAS 29 *Financial Reporting in Hyperinflationary Economies* requires that inflation accounting is applied to the financial statements of entities where the cumulative inflation rate in three years approximates or exceeds 100%. Inflation accounting aims to restate the value of the assets, liabilities and income statement items of an entity in terms of the monetary values as at the balance sheet date, to better represent their true and fair value.

This is performed by applying a conversion factor calculated using the reporting date inflation index over the inflation index at the date of recognition to revalue non-monetary balance sheet and all income statement items. The CPI inflation index published by the Turkish Statistical Institute has been used for this calculation. In Turkey's case, this has impacted other intangible assets, property, plant and equipment, right-of-use assets, prepayments, contract liabilities, deferred tax, share capital and all income statement items. Monetary items are not restated as they are already recognised in terms of the monetary unit current at the balance sheet date. The exchange rate then used to retranslate all financial statement line items (including income statement items) is the period end exchange rate, which as at 31 December 2022 was 22.55.

On initial adoption in the year ended 31 December 2022, the impact of inflation to the start of the year is recognised as a movement in retained earnings. Comparative balances are not restated. The inflation impact for the current year has been recognised within finance costs. The annual inflation rate was 64.3% as at 31 December 2022.

The overall impact of inflation accounting in Turkey in the year has been as follows:

	<b>Year ended 31 December 2022 £'000</b>
Net assets	89
Profit before tax	122
Taxation	(36)
Profit after tax	86
Retained earnings	3

### 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 *Operating Segments* 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. As at 1 January 2022, the Group changed the segmental reporting, reflecting how the Core business is now managed on a more geographical basis. Each segment has a distinct owner who is held accountable and expected to report on their segment performance.

The Group is now managed on the basis of five broad business units:

- India (CPP India and Globiva);
- Turkey;
- Blink;
- 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 relevant geographies for statutory purposes; and
- Legacy (UK MGA, UK Legacy, Spain, Portugal, Italy)

This replaces the Group's previous operating segments which were Ongoing Operations and Restricted Operations. The Central Functions segment remains unchanged within the new structure.

The prior period has been restated to reflect the new segmental reporting used by the Group.



During the year, Mexico was reclassified to discontinued operations, having previously been part of Legacy; accordingly, the comparatives have been restated.

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

Year ended 31 December 2022	India £'000	Turkey £'000	Blink £'000	Central Functions £'000	Legacy £'000	Total £'000
<b>Continuing operations</b>						
Revenue – external sales	150,613	3,212	442	—	15,516	169,783
Cost of sales	(132,413)	(1,448)	(63)	—	(5,087)	(139,011)
<b>Gross profit</b>	<b>18,200</b>	<b>1,764</b>	<b>379</b>	<b>—</b>	<b>10,429</b>	<b>30,772</b>
Administrative expenses excluding depreciation, amortisation and exceptional items	(10,168)	(1,038)	(837)	(3,372)	(8,504)	(23,919)
<b>EBITDA</b>	<b>8,032</b>	<b>726</b>	<b>(458)</b>	<b>(3,372)</b>	<b>1,925</b>	<b>6,853</b>
Depreciation and amortisation	(1,305)	(129)	(208)	(413)	(452)	(2,507)
Exceptional items (note 5)	(519)	—	—	(480)	(733)	(1,732)
<b>Operating profit/(loss)</b>	<b>6,208</b>	<b>597</b>	<b>(666)</b>	<b>(4,265)</b>	<b>740</b>	<b>2,614</b>
Investment revenues						486
Finance costs						(656)
<b>Profit before taxation</b>						<b>2,444</b>
Taxation						(2,343)
<b>Profit for the year from continuing operations</b>						<b>101</b>
<b>Discontinued operations</b>						
Profit for the year from discontinued operations						676
<b>Profit for the year</b>						<b>777</b>

<b>Year ended 31 December 2021</b>	India £'000	Turkey £'000	Blink £'000	Central Functions £'000	Legacy £'000	Total (Restated*,**) £'000
<b>Continuing operations</b>						
Revenue – external sales	119,273	3,568	319	—	19,663	142,823
Cost of sales	(102,640)	(1,658)	(21)	—	(6,160)	(110,479)
<b>Gross profit</b>	16,633	1,910	298	—	13,503	32,344
Administrative expenses excluding depreciation, amortisation and exceptional items	(8,803)	(1,062)	(552)	(4,319)	(10,173)	(24,909)
<b>Segmental EBITDA</b>	7,830	848	(254)	(4,319)	3,330	7,435
Share of loss of joint venture	—	—	—	—	(189)	(189)
<b>EBITDA</b>	7,830	848	(254)	(4,319)	3,141	7,246
Depreciation and amortisation	(1,212)	(209)	(223)	(576)	(698)	(2,918)
Exceptional items (note 5)	—	—	(348)	(239)	(762)	(1,349)
<b>Operating profit/(loss)</b>	6,618	639	(825)	(5,134)	1,681	2,979
Investment revenues						211
Finance costs						(366)
Other gains and losses (note 5)						1,459
<b>Profit before taxation</b>						4,283
Taxation						(3,707)
<b>Profit for the year from continuing operations</b>						576
<b>Discontinued operations</b>						
Profit for the year from discontinued operations						2,432
<b>Profit for the year</b>						3,008

\* Restated to reflect Mexico as discontinued operations. See note 2. \*\* Restated for new segmental disclosure. See note 2.

## Segment assets

	2022 £'000	2021 (Restated**) £'000
India	38,613	29,252
Turkey	1,665	1,959
Blink	636	406
Central Functions	5,092	5,840
Legacy	10,834	13,200
<b>Total segment assets</b>	<b>56,840</b>	50,657
Unallocated assets	2,815	2,825
Assets relating to discontinued operations	—	478
<b>Consolidated total assets</b>	<b>59,655</b>	53,960

\*\* Restated for new segmental disclosure. See note 2.

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

## Capital expenditure

	Intangible assets		Property, plant and equipment		Right-of-use assets	
	2022 £'000	2021 (Restated**) £'000	2022 £'000	2021 (Restated**) £'000	2022 £'000	2021 (Restated**) £'000
<b>Continuing operations</b>						
India	1,814	712	277	430	698	—
Turkey	36	—	106	24	98	228
Blink	158	151	3	2	—	—
Central Functions	14	47	140	8	—	6
Legacy	172	460	—	60	13	265
<b>Additions from continuing operations</b>	<b>2,194</b>	1,370	<b>526</b>	524	<b>809</b>	499
<b>Discontinued operations</b>						
Additions for discontinued operations	—	—	—	1	—	250
<b>Consolidated total additions</b>	<b>2,194</b>	1,370	<b>526</b>	525	<b>809</b>	749

\* Restated to reflect Mexico as discontinued operations. See note 2. \*\* Restated for new segmental disclosure. See note 2.

## Revenues from major products

Major product streams are disclosed on the basis monitored by senior management.

The Group has refreshed its product architecture and reporting to the Board has been on the following product categories; My Finances, My Tech, My Health, My Home, My Digital Life, My Travel and Other. The prior period has also been represented to reflect this change.

Previously this was presented as retail assistance policies, retail insurance policies, wholesale policies, and non-policy revenue.

	2022 £'000	2021 (Restated**) £'000
<b>Continuing operations</b>		
My Finances	39,239	41,237
My Tech	39,059	38,964
My Health	46,614	28,065
My Home	22,301	16,859
My Digital Life	5,064	6,116
My Travel	448	224
Other	17,058	11,358
<b>Revenue from continuing operations</b>	<b>169,783</b>	<b>142,823</b>
<b>Revenue from discontinued operations</b>	<b>922</b>	<b>3,266</b>
<b>Total revenue</b>	<b>170,705</b>	<b>146,089</b>

\* Restated to reflect Mexico as discontinued operations. See note 2. \*\* Restated for new segmental disclosure. See note 2.

'Other' revenue predominantly represents revenue from BPM services provided by Globiva.

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:

	2022 £'000	2021 (Restated*) £'000
<b>Continuing operations</b>		
At a point in time	150,266	125,910
Over time	19,517	16,913
<b>Revenue from continuing operations</b>	<b>169,783</b>	<b>142,823</b>
<b>Discontinued operations</b>		
At a point in time	657	2,191
Over time	265	1,075
<b>Revenue from discontinued operations</b>	<b>922</b>	<b>3,266</b>
<b>Total revenue</b>	<b>170,705</b>	<b>146,089</b>

\* Restated to reflect Mexico as discontinued operations. See note 2.

## Geographical information

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

	External revenues		Non-current assets	
	2022 £'000	2021 (Restated*) £'000	2022 £'000	2021 (Restated*) £'000
India	150,613	119,273	9,073	7,721
UK	8,481	10,750	375	1,585
Spain	4,960	6,341	204	323
Turkey	3,212	3,568	244	249
Other	2,517	2,891	812	1,273
	169,783	142,823	10,708	11,151
<b>Discontinued operations</b>	<b>922</b>	<b>3,266</b>	<b>—</b>	<b>—</b>
	<b>170,705</b>	<b>146,089</b>	<b>10,708</b>	<b>11,151</b>

\* Restated to reflect Mexico as discontinued operations. See note 2.

## Information about major customers

Revenue from the customers of one business partner in the Group's Indian segment represented approximately £110,128,000 (2021: £84,159,000) 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	2022			2021		Total (Restated*) £'000
		Core £'000	Legacy £'000	Total £'000	Core £'000	Legacy £'000	
<b>Continuing operations</b>							
<i>Exceptional items included within operating profit</i>							
Restructuring and closure costs		480	580	1,060	587	762	1,349
IT asset impairment		—	153	153	—	—	—
Globiva compensation payment		519	—	519	—	—	—
<b>Exceptional charge included in operating profit</b>		<b>999</b>	<b>733</b>	<b>1,732</b>	587	762	1,349
<i>Exceptional items included within other gains and losses</i>							
Other gains and losses – gain on reclassification of investment		—	—	—	—	(1,459)	(1,459)
<b>Exceptional gain included in other gains and losses</b>		<b>—</b>	<b>—</b>	<b>—</b>	—	(1,459)	(1,459)
<b>Total exceptional charge/(gain) included in profit before tax</b>		<b>999</b>	<b>733</b>	<b>1,732</b>	587	(697)	(110)
Tax on exceptional items		(131)	(61)	(192)	—	(171)	(171)
<b>Exceptional charge/(gain) after tax for continuing operations</b>	7	<b>868</b>	<b>672</b>	<b>1,540</b>	587	(868)	(281)
<b>Discontinued operations</b>							
Exceptional gain from discontinued operations	7, 8	—	(535)	(535)	—	(2,120)	(2,120)
		<b>868</b>	<b>137</b>	<b>1,005</b>	587	(2,988)	(2,401)

\* Restated to reflect Mexico as discontinued operations. See note 2.

Restructuring and closure costs total £1,060,000 (2021: £1,349,000) and primarily relate to action taken to withdraw from Legacy operations. As a result, redundancy and associated costs have been recognised in Spain, UK Legacy, UK MGA and Central Functions. Core restructuring costs also includes settlement costs associated with the departure of the former CEO. In combination these total £812,000 (2021: £nil). Prior year restructuring costs relate to Spain and Blink, as well as closure of the Malaysian operation and head office operational restructuring.

Included within restructuring and closure costs is a provision for Onerous Contracts relating to the UK MGA for £248,000 (2021: £nil), which relates to the costs required to fulfil and exit contractual commitments above the associated revenue receivable. This includes costs to 2025 and is held as a provision at the year end.

The impairment of the IT assets of £153,000 (2021: £nil) relates to the UK MGA. As a result of the decision to exit the UK MGA business, a value in use calculation was performed leading to recognition of an impairment.

The Globiva compensation payment represents a one-time additional management compensation payment to the Globiva founders. This followed a review of the original Shareholder Agreement signed in September 2018, which included commitments for operational seats from the Group that it is unable to fulfil. Further disclosure is provided in note 12.

In the prior year, other gains and losses reflected the gain on reclassification of the investment in KYND Limited (KYND) from a joint venture to an equity investment of £1,459,000.

## 6. Taxation

	2022 £'000	2021 £'000
<b>Continuing operations</b>		
<b>Current tax charge:</b>		
UK corporation tax	—	142
Foreign tax	2,679	3,386
Adjustments in respect of prior years	(140)	(42)
<b>Current tax relating to continuing operations</b>	<b>2,539</b>	<b>3,486</b>
<b>Deferred tax (credit)/charge:</b>		
Origination and reversal of timing differences	94	304
Impact of change in tax rates	(8)	(37)
Adjustments in respect of prior years	(282)	(46)
<b>Deferred tax relating to continuing operations</b>	<b>(196)</b>	<b>221</b>
<b>Tax charge relating to continuing operations</b>	<b>2,343</b>	<b>3,707</b>
<b>Discontinued operations</b>		
Tax charge relating to discontinued operations	—	30
<b>Total tax charge</b>	<b>2,343</b>	<b>3,737</b>

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:

	2022 (Restated**) £'000	2021 £'000
<b>Continuing operations</b>		
<i>Core:</i>		
India	1,888	2,889
Turkey	316	554
Blink	—	—
Central Functions	(204)	157
Total Core	2,000	3,600
Legacy	343	107
<b>Tax charge for continuing operations</b>	<b>2,343</b>	<b>3,707</b>
<b>Discontinued operations</b>		
Tax charge for discontinued operations	—	30
	<b>2,343</b>	<b>3,737</b>

\*\*Restated to reflect the change in segmental reporting in the year. 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% (2021: 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 (2021: 25.2%), Spain 25% (2021: 25%), Turkey 23% (2021: 25%), which is reducing to 20% in 2023, and Italy 27.5% (2021: 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:

	2022 £'000	2021 (Restated*) £'000
<b>Profit before tax from continuing operations</b>	<b>2,444</b>	4,283
<b>Effects of:</b>		
Tax at the UK corporation tax rate of 19% (2021: 19%)	464	814
Unprovided deferred tax arising on losses <sup>1</sup>	796	792
Other movement in unprovided deferred tax	124	153
Recurring expenses not deductible for tax	241	409
One-off costs not deductible for tax	32	(259)
Provision for withholding tax on future distributions <sup>2</sup>	621	1,217
Other expense not chargeable for tax purposes	96	250
Higher tax rates on overseas earnings <sup>3</sup>	403	471
Adjustments in respect of prior years	(422)	(88)
Impact of change in future tax rates on deferred tax	(8)	(36)
Deficit of share option charge compared to tax allowable amount	(4)	(16)
<b>Tax charged to income statement for continuing operations</b>	<b>2,343</b>	3,707
Tax charged to the income statement for discontinued operations	—	30
	<b>2,343</b>	3,737

\* Restated to reflect Mexico as discontinued operations. See note 2

#### *Effective tax charge*

The net tax charge of £2,343,000 on a profit before tax from continuing operations of £2,444,000 gives an effective tax rate of 96% (2021 restated: 87%) which is higher than the standard rate of 19%. Additional information is provided below:

1. Deferred tax has not been recognised on the losses arising in Legacy markets and Blink, as the short-term profit expectations do not support the recognition of deferred tax assets in these areas.
2. There is a withholding tax burden arising on repatriation of funds from overseas countries which is included in the tax charge.
3. Tax is chargeable at the local statutory rates 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 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 not profitable. The withdrawal from the Legacy markets, is expected to result in a high and variable effective tax rate in the medium term. In the longer term, once the CMP has concluded, the Group expects the rate to reduce from its current level. The Group maintains appropriate provisions in respect of tax uncertainties arising from operating in multiple overseas jurisdictions.



Income tax charged/(credited) to reserves during the year was as follows:

	<b>2022</b>	2021
	<b>£'000</b>	£'000
<b>Deferred tax</b>		
Timing differences of equity-settled share-based charge	<b>9</b>	(9)
<b>Total deferred tax charge/(credit) and total tax charged/(credited) to reserves</b>	<b>9</b>	(9)

## 7. Earnings/(loss) per share

Basic and diluted (loss)/earnings 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		2021		2021	
	2022 (Restated*)	2021 (Restated*)	2022 (Restated*)	2021 (Restated*)	2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000
Profit/(loss) for the purposes of basic and diluted (loss)/earnings per share	<b>(153)</b>	133	<b>676</b>	2,432	<b>523</b>	2,565
Exceptional items (net of tax)	<b>1,350</b>	(281)	<b>(535)</b>	(2,120)	<b>815</b>	(2,401)
<b>Profit/(loss) for the purposes of underlying basic and diluted earnings/(loss) per share</b>	<b>1,197</b>	(148)	<b>141</b>	312	<b>1,338</b>	164

\* Restated to reflect Mexico as discontinued operations. See note 2

### Profit/(loss) attributable to Core and Legacy

	2022			2021		
	Core	Legacy	Continuing operations	Core	Legacy	Continuing operations
	£'000	£'000	£'000	£'000	£'000	£'000
(Loss)/profit for the purposes of basic and diluted (loss)/earnings per share	<b>(640)</b>	<b>487</b>	<b>(153)</b>	(2,897)	3,030	133
Exceptional items (net of tax)	<b>678</b>	<b>672</b>	<b>1,350</b>	587	(868)	(281)
<b>Profit/(loss) for the purposes of underlying basic and diluted earnings/(loss) per share</b>	<b>38</b>	<b>1,159</b>	<b>1,197</b>	(2,310)	2,162	(148)

\* Restated to reflect Mexico as discontinued operations. See note 2.

The table above does not include discontinued operations.

## Number of shares

	2022 Number (thousands)	2021 Number (thousands)
Weighted average number of ordinary shares for the purposes of basic (loss)/earnings per share and basic underlying earnings/(loss) per share	8,844	8,796
Effect of dilutive ordinary shares: share options	30	225
Weighted average number of ordinary shares for the purposes of diluted (loss)/earnings per share and diluted underlying earnings/(loss) per share	8,874	9,021

	Continuing operations		Discontinued operations		Total	
	2022 pence	2021 (Restated*) pence	2022 pence	2021 (Restated*) pence	2022 pence	2021 pence
Basic (loss)/earnings per share	(1.73)	1.51	7.64	27.65	5.91	29.16
Diluted (loss)/earnings per share	(1.73)	1.47	7.64	26.96	5.91	28.43
Basic underlying earnings/(loss) per share	13.53	(1.68)	1.59	3.54	15.12	1.86
Diluted underlying earnings/(loss) per share	13.49	(1.68)	1.59	3.54	15.08	1.86

\* Restated to reflect Mexico as discontinued operations. See note 2.

	2022			2021		
	Core pence	Legacy pence	Continuing operations pence	Core pence	Legacy pence	Continuing operations (Restated*) pence
Basic (loss)/earnings per share	(7.24)	5.51	(1.73)	(32.94)	34.45	1.51
Diluted (loss)/earnings per share	(7.24)	5.51	(1.73)	(32.11)	33.58	1.47
Basic underlying earnings/(loss) per share	0.43	13.10	13.53	(26.26)	24.58	(1.68)
Diluted underlying earnings/(loss) per share	0.43	13.06	13.49	(26.26)	24.58	(1.68)

\* Restated to reflect Mexico as discontinued operations. See note 2.

The Group has 171,650,000 (2021: 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.

### 8. Discontinued operations

On 27 January 2022, the Group completed the sale of its 100% shareholding in CPP Asia Limited and its wholly owned subsidiary CPP Technology Services (Shanghai) Co. Ltd (together China). Consideration on disposal was HK\$ 1.

On 20 October 2022, the Group 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 (together Mexico). Consideration on disposal was 1 Mexican peso.

In the prior year, on 17 May 2021, the Group completed the sale of its 100% shareholding in CPP Creating Profitable Partnerships GmbH (Germany). The final consideration on disposal was £2,366,000 (€2,752,000). In addition, the disposal of China was considered highly probable and therefore the assets and liabilities of China were classified as held for sale.

Operating results for the year ended 31 December 2022 reflect the trading performance of China and Mexico up to the respective dates of disposal. The comparative information reflects a full year for China and Mexico, and Germany up to the date of disposal. China, Mexico and Germany were part of the Legacy segment.

(i) Income statement

	Note	2022			Germany £'000	2021		Total (Restated) £'000
		China £'000	Mexico £'000	Total £'000		China £'000	Mexico (Restated) £'000	
<b>Revenue</b>		<b>114</b>	<b>808</b>	<b>922</b>	1,062	1,402	802	3,266
Cost of sales		(33)	(318)	(351)	(430)	(547)	(229)	(1,206)
<b>Gross profit</b>		<b>81</b>	<b>490</b>	<b>571</b>	632	855	573	2,060
Administrative expenses		543	(389)	154	2,654	(1,721)	(651)	282
<b>Operating profit/(loss)</b>		<b>624</b>	<b>101</b>	<b>725</b>	3,286	(866)	(78)	2,342
<b>Analysed as:</b>								
EBITDA		(33)	225	192	628	(322)	279	585
Depreciation and amortisation		—	(2)	(2)	—	(285)	(78)	(363)
Exceptional items	5	657	(122)	535	2,658	(259)	(279)	2,120
Investment revenues		4	—	4	—	1	12	13
Finance costs		(12)	(41)	(53)	33	66	8	107
<b>Profit/(loss) before taxation</b>		<b>616</b>	<b>60</b>	<b>676</b>	3,319	(799)	(58)	2,462
Taxation	6	—	—	—	(30)	—	—	(30)
<b>Profit/(loss) for the year</b>		<b>616</b>	<b>60</b>	<b>676</b>	3,289	(799)	(58)	2,432

(ii) Exceptional items

	2022			Germany £'000	2021		Total (Restated) £'000
	China £'000	Mexico £'000	Total £'000		China £'000	Mexico (Restated) £'000	
Profit/(loss) on disposal	657	(122)	535	2,654	(72)	—	2,582
Write down of assets on reclassification as held for sale	—	—	—	—	(113)	—	(113)
Restructuring costs	—	—	—	4	(74)	(279)	(349)
<b>Exceptional items included in operating profit</b>	<b>657</b>	<b>(122)</b>	<b>535</b>	2,658	(259)	(279)	2,120
Tax on exceptional items	—	—	—	—	—	—	—
<b>Exceptional items after tax</b>	<b>657</b>	<b>(122)</b>	<b>535</b>	2,658	(259)	(279)	2,120

(iii) Profit on disposal

The Group has recognised a profit on disposal as follows:

	2022			2021		
	China £'000	Mexico £'000	Total £'000	Germany £'000	China £'000	Total £'000
Proceeds	—	—	—	2,366	—	2,366
Net (assets)/liabilities sold	(424)	(45)	(469)	284	—	284
Costs associated with disposal	—	(56)	(56)	—	(72)	(72)
Currency translation differences on disposal	1,081	(21)	1,060	4	—	4
<b>Profit/(loss) on disposal</b>	<b>657</b>	<b>(122)</b>	<b>535</b>	<b>2,654</b>	<b>(72)</b>	<b>2,582</b>

(iv) Summary of cash flows

	2022			2021			
	China £'000	Mexico £'000	Total £'000	Germany £'000	China £'000	Mexico £'000	Total £'000
Net cash flows from operating activity	(55)	175	120	(7,765)	54	(151)	(7,862)
Net cash flows from investing activity	4	(1)	3	—	2	12	14
Net cash flows from financing activity	(39)	(523)	(562)	7,357	(85)	320	7,592
<b>Net cash (outflow)/inflow</b>	<b>(90)</b>	<b>(349)</b>	<b>(439)</b>	<b>(408)</b>	<b>(29)</b>	<b>181</b>	<b>(256)</b>

## 9. Other intangible assets

	Business partner relationships £'000	Internally generated software £'000	Externally acquired software £'000	Total £'000
<b>Cost:</b>				
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)
<b>At 1 January 2022</b>	<b>644</b>	<b>5,086</b>	<b>2,891</b>	<b>8,621</b>
Additions	<b>108</b>	<b>1,960</b>	<b>126</b>	<b>2,194</b>
Disposals	<b>(108)</b>	<b>(82)</b>	<b>(54)</b>	<b>(244)</b>
Exchange adjustments	—	<b>18</b>	<b>14</b>	<b>32</b>
<b>At 31 December 2022</b>	<b>644</b>	<b>6,982</b>	<b>2,977</b>	<b>10,603</b>
<b>Accumulated amortisation:</b>				
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)
<b>At 1 January 2022</b>	<b>470</b>	<b>2,019</b>	<b>2,529</b>	<b>5,018</b>
Provided during the year	<b>82</b>	<b>629</b>	<b>158</b>	<b>869</b>
Disposals	<b>(108)</b>	<b>(81)</b>	<b>(50)</b>	<b>(239)</b>
Impairment	<b>101</b>	—	<b>86</b>	<b>187</b>
Exchange adjustments	<b>(1)</b>	<b>50</b>	<b>9</b>	<b>58</b>
<b>At 31 December 2022</b>	<b>544</b>	<b>2,617</b>	<b>2,732</b>	<b>5,893</b>
<b>Carrying amount:</b>				
At 31 December 2021	174	3,067	362	3,603
<b>At 31 December 2022</b>	<b>100</b>	<b>4,365</b>	<b>245</b>	<b>4,710</b>

Amortisation of intangible assets totalling £869,000 (2021: £1,155,000) is recognised through administrative expenses in the consolidated income statement.

Internally generated software additions of £1,960,000 (2021: £1,192,000) reflect the capitalisation of staff and contractor costs in IT development projects.

Internally generated software includes £3,718,000 (2021: £1,956,000) relating to assets in development which are not yet operational and are not amortised. The assets held at 31 December 2022 are expected to become operational in Q3 2023.

## 10. Share capital

	Ordinary shares of £1 each (thousands)	Deferred shares of 9 pence each (thousands)	Total (thousands)
<b>Called-up and allotted</b>			
At 1 January 2022	8,833	171,650	180,483
Issue of shares in connection with:			
Exercise of share options	<b>13</b>	—	<b>13</b>
<b>At 31 December 2022</b>	<b>8,846</b>	<b>171,650</b>	<b>180,496</b>

	Ordinary shares of £1 each £'000	Deferred shares of 9 pence each £'000	Total £'000
<b>Called-up and allotted</b>			
At 1 January 2022	8,830	15,413	24,243
Issue of shares in connection with:			
Exercise of share options	<b>13</b>	—	<b>13</b>
<b>At 31 December 2022</b>	<b>8,843</b>	<b>15,413</b>	<b>24,256</b>

Share capital at 31 December 2022 is £24,256,000 (2021: £24,243,000). To satisfy share option exercises in the year the Company has issued 12,847 £1 ordinary shares for a total equity value of £13,000 and cash consideration of £6,000.

Of the 8,846,045 (2021: 8,833,198) ordinary shares in issue at 31 December 2022, 8,841,045 are fully paid (2021: 8,828,198) and 5,000 (2021: 5,000) are partly paid.

## 11. Reconciliation of operating cash flows

	2022 £'000	2021 £'000
Profit for the year	777	3,008
<b>Adjustments for:</b>		
Depreciation and amortisation	2,509	3,111
Share-based payment credit	(246)	(64)
Impairment loss on intangible assets	187	176
Impairment loss on property, plant and equipment	—	3
Impairment loss on right-of-use assets	—	48
Share of loss in joint venture	—	189
Loss on disposal of property, plant and equipment	15	26
Loss on disposal of intangible assets	5	—
Profit from discontinued operations	(535)	(2,582)
Effects of hyperinflation	86	—
Investment revenues	(490)	(224)
Finance costs	709	259
Other gains and losses	—	(1,459)
Income tax charge	2,343	3,737
<b>Operating cash flows before movements in working capital</b>	<b>5,360</b>	<b>6,228</b>
Decrease in inventories	15	40
(Increase)/decrease in contract assets	(1,481)	354
(Increase)/decrease in receivables	(6,232)	1,626
Decrease in insurance assets	—	46
Increase in payables	7,547	217
Increase/(decrease) in contract liabilities	1,655	(276)
Increase/(decrease) in insurance liabilities	83	(853)
Increase in provisions	369	—
<b>Cash from operations</b>	<b>7,316</b>	<b>7,382</b>
Income taxes paid	(3,494)	(2,820)
<b>Net cash from operating activities</b>	<b>3,822</b>	<b>4,562</b>

### Reconciliation of net funds

	At 1 January 2022 £'000	Cash flow £'000	Foreign exchange and other non-cash movements £'000	At 31 December 2022 £'000
<b>Net cash per cash flow statement</b>	22,409	(1,479)	54	20,984
<b>Financing activities:</b>				
Lease liabilities	(6,023)	1,388	(83)	(4,718)
Borrowings due outside of one year				
- Unamortised issue costs	58	—	(35)	23
Total movement from financing activities	(5,965)	1,388	(118)	(4,695)
<b>Total net funds</b>	<b>16,444</b>	<b>(91)</b>	<b>(64)</b>	<b>16,289</b>

## 12. Related party transactions

### Transactions with associated parties

In the year, the Group incurred fees of £19,000 plus VAT (2021: £8,000) for services rendered from KYND, which was payable under 14-day credit terms. The creditor balance at the year end was £2,000 (2021: £1,000).

### Transactions with related parties

#### *China disposal*

On 27 January 2022, the Group completed the sale of China to T-Link Holdings Limited (T-Link) for nominal cash consideration of HK\$1. As part of the disposal, the Group made a working capital cash injection into China of £0.5 million.

The majority shareholder of T-Link is Wilson Chan, the CEO of China. The terms of the disposal reflect the ongoing cash losses and investment requirements of China. The Board concluded that sale of the business to T-Link rather than a closure was both the least costly for the Group and the right option for all stakeholders, enabling the Group to focus on its core markets while ensuring in China the smooth transition of colleagues and continuity of service to partners and their customers.

As Wilson Chan is CEO of China and a majority shareholder in T-Link, the disposal constitutes a related party transaction. The Directors consider, having consulted with the Company's nominated adviser, Liberum Capital Limited (Liberum), that the terms of the disposal are fair and reasonable insofar as the Company's shareholders are concerned.

#### *Mexico disposal*

On 20 October 2022, the Group completed the sale of Mexico, to Rafael Ortiz Moran and Silvia Daniela Rodriguez Gaona for a nominal cash consideration of \$1 (Mexican peso). As part of the disposal, the Group has left cash balances of circa £280,000 to cover initial working capital requirements and other committed liabilities. Rafael Ortiz Moran is the Country Manager of Mexico. The sale terms reflect the run-off nature of the business which was forecast to become unprofitable again in 2023 and the Group's desire to exit the Legacy markets in the most cost effective manner.

As Rafael Ortiz Moran is the Country Manager of Mexico, the disposal constitutes a related party transaction. The Directors consider, having consulted with the Company's nominated adviser, Liberum, that the terms of the disposal are fair and reasonable insofar as the Company's shareholders are concerned.

#### *Globiva*

In July 2022, the Group agreed to amend the Globiva Shareholder Agreement (SHA) and certain other arrangements. The Group holds a 51% majority interest in Globiva, with the other 49% of shares beneficially owned by the three founders. CPP agreed to provide additional funding of £0.5 million through an existing repayable interest-bearing loan which was utilised to make a one-time compensation payment to the Globiva founders. The SHA further entitled, upon achievement of certain performance targets, the Globiva founders to either a cash payment or to buyback of 10% of the ordinary shares in Globiva from CPP. Under the amended arrangements, the Globiva founders will, on meeting performance targets, buyback 10% of the ordinary shares, however in the normal course of business, this cannot be triggered until 1 January 2026 at the earliest.

The compensation payment to the Globiva founders, who are also Directors of Globiva, along with the other arrangements constitute a related party transaction. The Directors of the Group consider, having consulted with the Company's nominated adviser, Liberum, that the terms of the transaction are fair and reasonable insofar as the Company's 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:

	<b>2022</b>	2021
	<b>£'000</b>	£'000
Short-term employee benefits	<b>1,101</b>	1,788
Post-employment benefits	<b>27</b>	74
Termination benefits	<b>300</b>	203
Share-based payments	<b>(206)</b>	(65)
	<b>1,222</b>	2,000

### 13. Events after the balance sheet date

On 6 February 2023, Turkey was hit by a devastating earthquake. Turkey is one of the Group's Core markets. New sales activity has been impacted by approximately 50% in February and March following Government guidance on restricting telemarketing activity. This guidance is expected to be relaxed in April. There is currently no evidence of a notable deterioration in renewal rates. The financial impact on the Group from the effects of the earthquake is currently uncertain but is not expected to be material. All colleagues are receiving any support necessary. The Group continues to closely monitor the situation.

**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.