

CPP GROUP PLC

2022 ANNUAL RESULTS



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AGENDA

- **Highlights**
 - Financial Highlights 2022
 - What We Do
 - Where We Operate
 - Blink Parametric
- **Financial Results**
 - Highlights
 - Revenue
 - EBITDA
 - EBITDA Margin
 - Effective Tax Rate
 - Cashflow
- **Moving Forward**

FINANCIAL HIGHLIGHTS 2022

- Good revenue growth on a reported and constant currency basis.
- EBITDA margin impacted by mix change within India driven by our largest business partner.
- Central overheads reduced against prior year reflecting lower Board and Executive costs.
- Cash balances static against prior year.



Revenue	2022 £m	Vs LYR %
Core	154.3	25%
Legacy	15.5	(21%)
Reported	169.8	19%

EBITDA	2022 £m	Vs LYR %
Core	5.0	20%
Legacy	1.9	(39%)
Reported	6.9	(5%)

Cash	2022 £m	2021 £m
Available	12.6	13.4
'Restricted'	8.4	8.9
Reported	21.0	22.3

EBITDA Margin	2022 %	2021 %
Core	3.2%	3.3%
Legacy	12.4%	16.0%
Reported	4.0%	5.1%

Core: India, Globiva, Turkey, Blink Parametric and Central Functions

Legacy: UK (Legacy and MGA,) Spain, Italy, Portugal

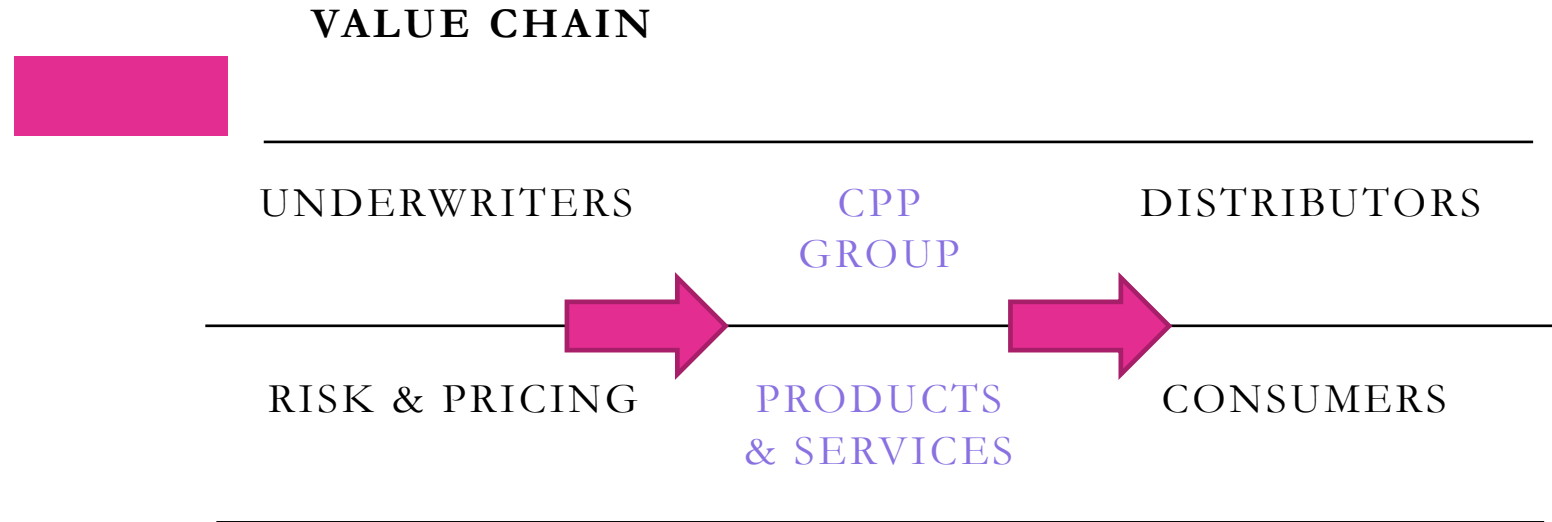
Reported: Core plus Legacy

WHAT WE DO

CPP operates in the “Products and Services” section within the Insurance Industry Value Chain.

We create products and services for distributors which differentiate and augment their consumer proposition. Simply put, we make their products more “sticky” with the end consumer.

We are too small to operate in the underwriting space and so are reliant on third party distribution channels to reach the end consumer.



WHAT WE DO

CPP provides products and services which make “**bad days better**” for millions of consumers who may:

- Have missed their flight;
- Have lost their luggage;
- Have broken their mobile phone;
- Need a doctor’s consultation; or
- Have lost their credit card.....

Product Category	Description	Products
My Health	Utilising technology to care for consumer’s health through quick access to health check assessments, online doctor consultations and discounted medical, pharmacy and dentistry services, and supported with life and critical illness insurance	LivCare Mobile Doctor Services
My Finances	Immediate assistance and financial protection to protect payment cards and mobile banking	Card Protection
My Tech	Keeping consumers connected through theft and damage insurance for phone and gadgets, whilst providing real-time protection through anti-virus software and repair or replacement services in the event of loss, theft or damage	Phone and Gadget Insurance
My Home	Helping consumers look after their homes through preventative maintenance services, extended warranties for appliances, home emergency assistance, combined with entertainment	Extended Warranty Home Emergency
My Digital Life	Safeguarding consumer’s identities online through the monitoring for personal data breaches	Identity Protection Mobile Payments Protection
My Travel	Real-time automated solutions if consumer’s flights are cancelled, delayed or if their luggage is lost	Lost Luggage Flight Disruption

WHAT WE DO

We have seen good growth in My Health, My Home and My Travel.

My Finances (Card Protection) continues to decline, particularly in the UK and Europe. However, My Finances product category remains an attractive segment in both India and Turkey.

My Travel, our Blink proposition, is the only product with global reach. It is a key focus for the Group as we move forward.

Product Category	Revenue 2022 £m	vs Lyr %	Policies 2022 Millions	Policies 2021 Millions
My Health	46.6	66%	2.6	2.1
My Finances	39.2	(5)%	4.1	4.0
My Tech	39.1	0%	1.8	2.4
My Home	22.3	32%	2.2	2.2
My Digital Life	5.1	(18)%	0.7	0.7
My Travel	0.5	106%	0.0*	0.0*
Sub-Total	152.8	17%	11.4	11.4
Globiva / Other	17.0	50%	n/a	n/a
Group Total	169.8	19%	11.4	11.4
Core	154.3	25%	10.9	10.4

* Blink services were available to 0.8m end users (2021: 0.2m). These are not recorded within CPPs live policy base

WHERE WE OPERATE

The Group is focusing on **four core** business units:

1. India,
2. Turkey,
3. Blink (global travel disruption market), and
4. Globiva

By the end of 2025, the Group will have exited from its Legacy businesses.

Globiva, of which CPP owns 51%, is a BPM company based in India.

Business	Revenue 2022	EBITDA 2022	Revenue 2021*	EBITDA 2021*
India	134.8	5.6	109.0	5.4
Globiva	15.8	2.4	10.3	2.4
Turkey	3.2	0.7	3.6	0.8
Blink	0.5	(0.4)	0.3	(0.3)
Central Functions	-	(3.3)	-	(4.3)
Core Business	154.3	5.0	123.2	4.1
Legacy **	15.5	1.9	19.6	3.1
Group Total	169.8	6.9	142.8	7.2

* 2021 Restated to reflect Mexico as discontinued operations

** Net of £0.2m losses from Joint Venture in 2021

BLINK PARAMETRIC – MAKE BIG PROBLEMS SMALL

Insurtech business operating in the Global Insurance market.

- Leverage large global data sets
- Driving claims decisions & payment when the event happens
- Focused within Travel Sector

Products in portfolio

- Flight Disruption
- Lost Luggage
- Cyber Monitoring

Customer numbers increased by 250% in 2022

Recurring revenues increased by 150% in 2022

Existing Clients in UK, Canada, USA, South Korea and Pakistan

- Distribution Strategy
 - Large global or regional Insurance companies
 - Embed technology into the policies of Insurance companies
 - Leverage insurers sales reach
- Product Strategy
 - 2023 - Build out Travel product set – quality and value
 - 2024 – Enter new insurance verticals – broaden product range
- The Value Created
 - Improved sales of the core product – revenue increase
 - Reduces operational costs for the insurer and claims handler
 - Closing the trust gap in insurance – enhancing the insurance brand
 - Differentiation and digital adoption



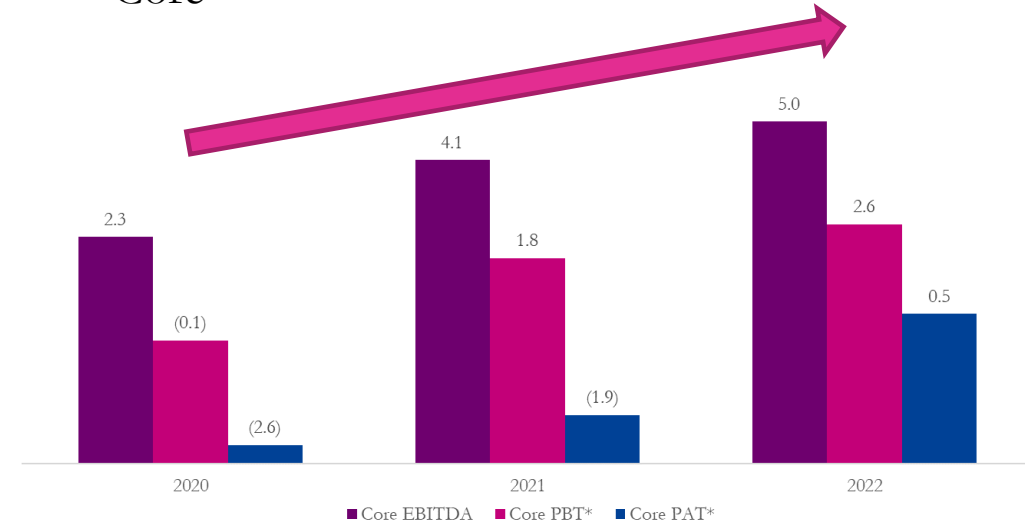
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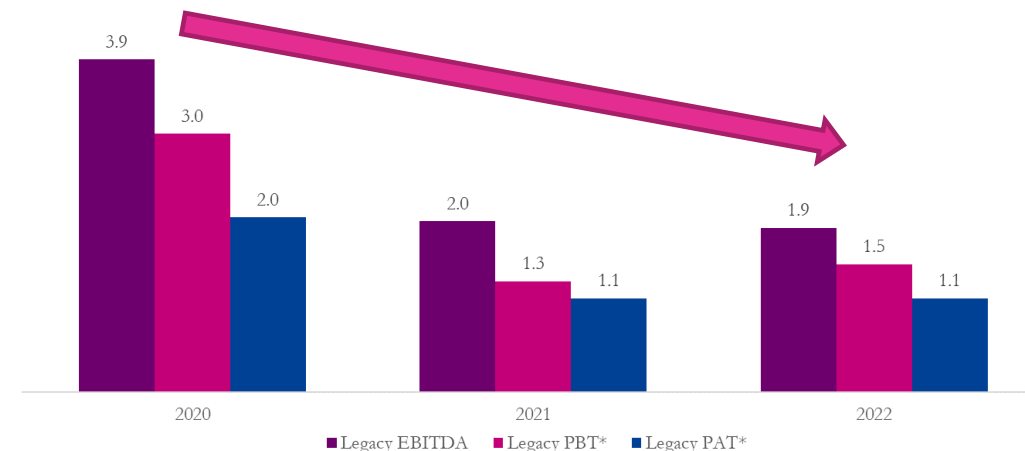
FINANCIAL HIGHLIGHTS

- The **Core** business has shown good growth over the past three years, whilst **Legacy** has continued its expected decline.
- The Core business units are all in growth phases. Profitability will accelerate further once the Change Management Programme (CMP) is complete and central costs (primarily Legacy IT) reduce.
- Whilst Legacy is currently profitable it is in terminal decline and will shortly be loss-making.
- This dynamic is why the CMP is essential – leading to the orderly exit from the Legacy business.

Core*



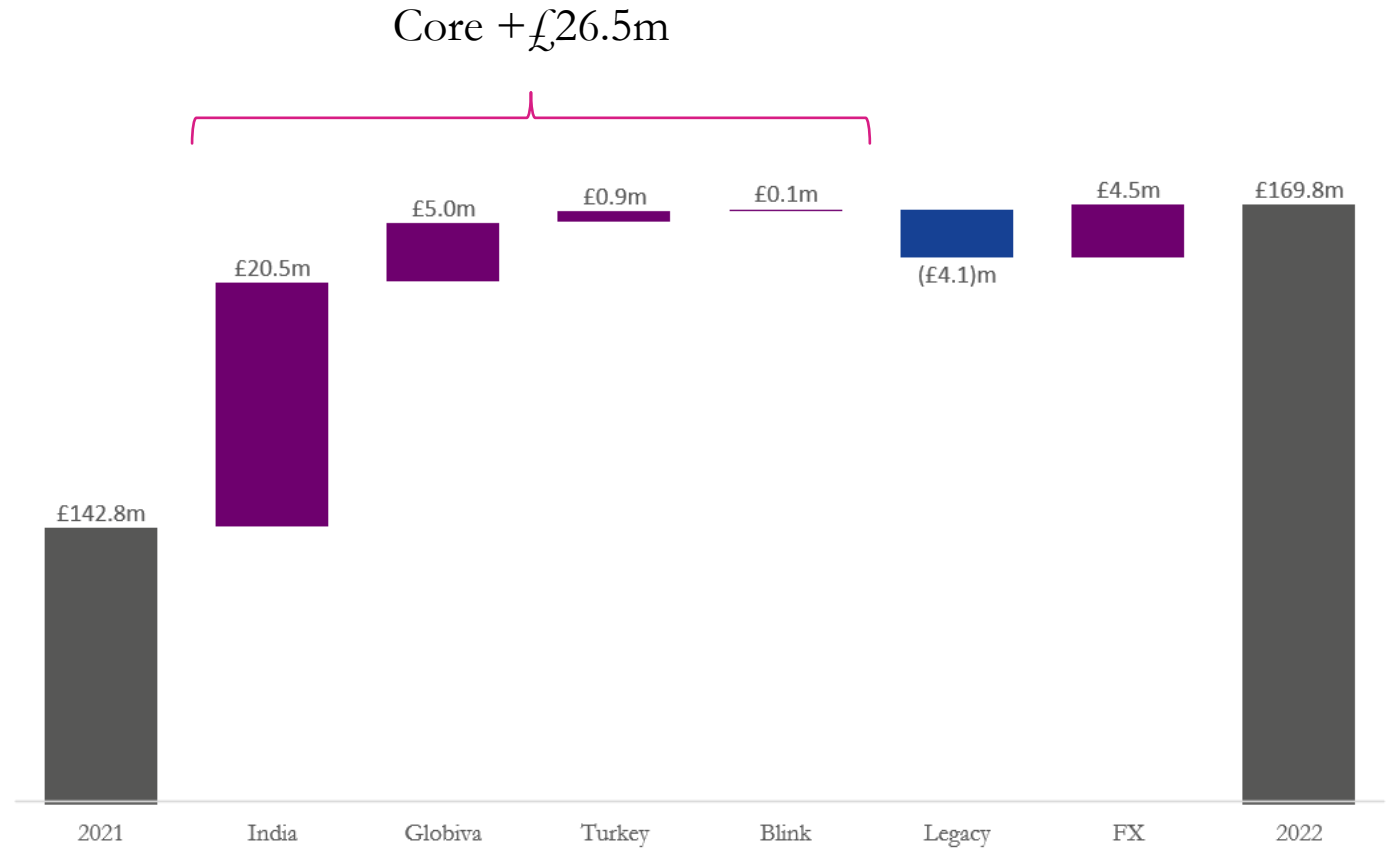
Legacy*



* Underlying position which excludes exceptional items and particular to Legacy 2021 a one-time commission release in the UK and a KYND fair value gain.

REVENUE

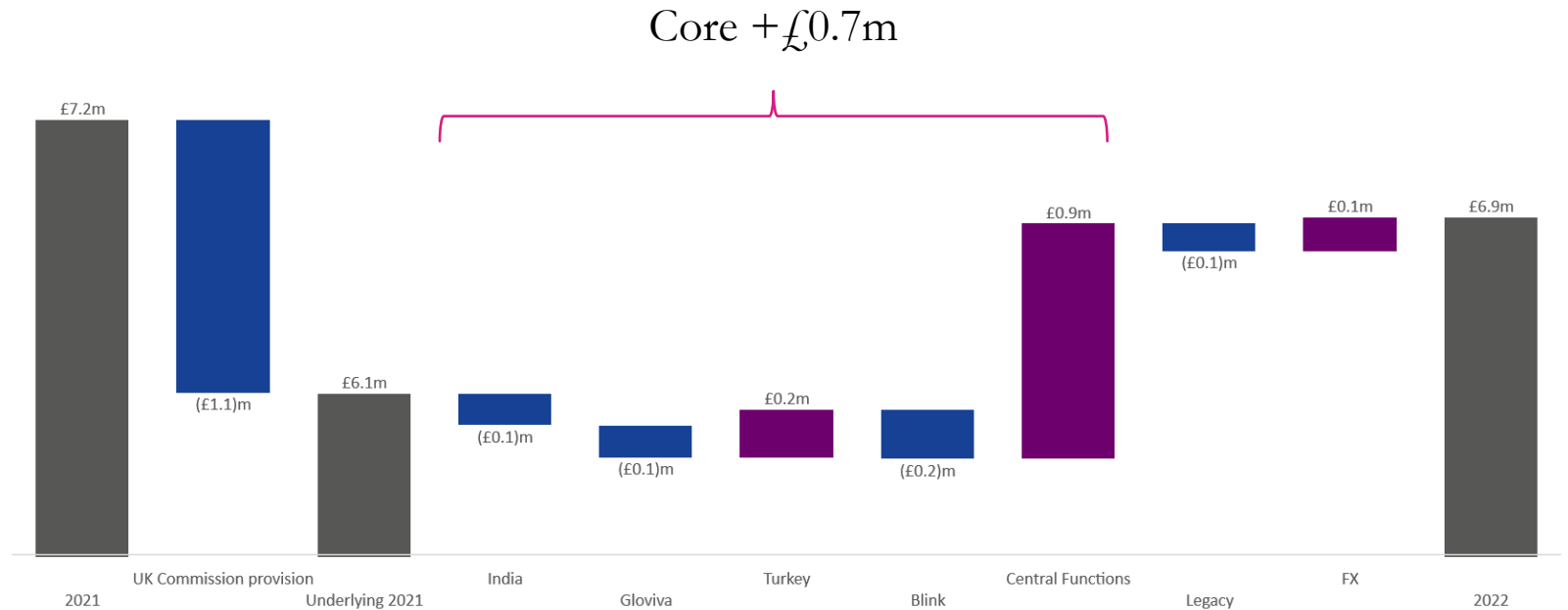
- Revenue growth driven by strong sales performance in India and Globiva.
- Blink Annual Recurring Revenues have increased to £0.6m in 2022, from £0.2m in 2021.
- Legacy continues with expected decline due to run off nature of business in UK, Spain and Portugal.



2021 Restated to reflect Mexico as discontinued operations

EBITDA

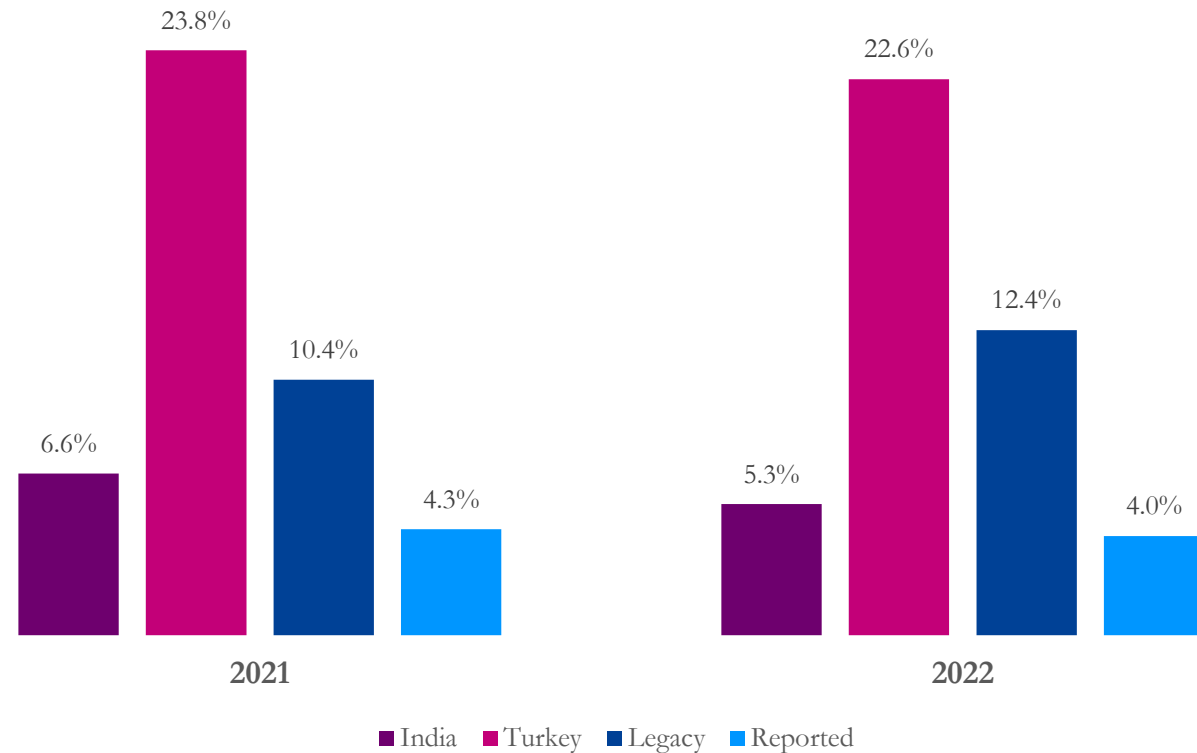
- India's revenue growth not converted into EBITDA growth as a result of change in mix of products, resulting in higher upfront cost, and renewal of Bajaj contract which drives a softening of margin.
- Investment into Blink reduces EBITDA as it invests to build capability and scale.
- Reduction in Executive and Board costs along with lower IT costs drive a reduction in Central costs.
- 2021 benefitted from a one off commission provision release.



2021 restated to reflect Mexico as discontinued operations

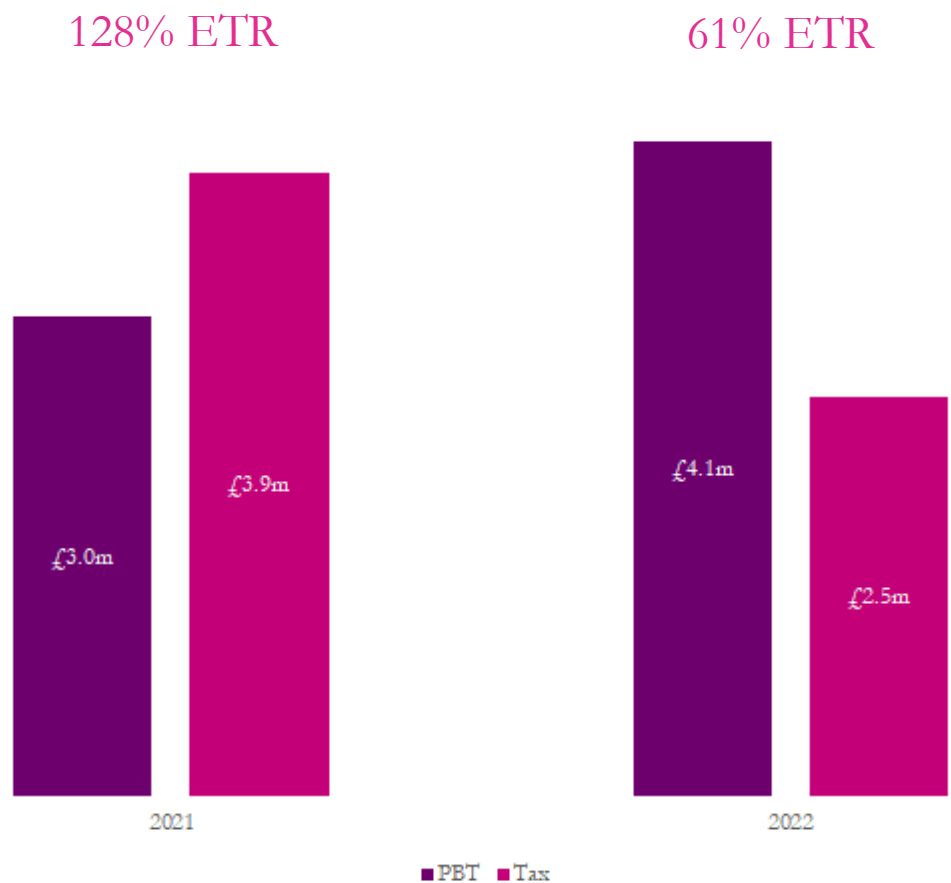
EBITDA MARGIN

- Indian EBITDA margin reduced due to product mix and new Bajaj commercials. Sales of LivCare (India's lowest margin product) increased from 33% to 40% of total sales.
- Legacy in 2021 benefitted from a one-off commission provision release, which is excluded in the chart. Including the one-off Legacy margin was 16.0%, and Reported margin 5.1%.
- Future EBITDA margin increases from:
 - Growth in Blink and tech-led assistance products
 - A slimmer Centre, including savings from closure of Legacy IT platforms



2021 Restated to reflect Mexico as discontinued operations

EFFECTIVE TAX RATE (ETR) – ADJUSTED*



* Adjusted to remove the impact of exceptional items and one-offs (2021 only)

2021 Restated to reflect Mexico as discontinued operations

- A large proportion of the Group's profits are from India, which has a tax rate of 25.2%.
- Tax is payable on dividend repatriations from India and Turkey.
- ETR impacted by operations in Turkey, Spain and Italy, which have higher local tax rates. Loss-making operations are unable to offset all their losses.
- The ETR has decreased following a reduction in:
 - unprovided deferred tax losses; and
 - provision for withholding tax on future distributions from overseas.
- Reported ETR is 96% marginally up from 87% in 2021.

Moving forward:

- In the short term the ETR is expected to remain volatile as the Legacy businesses are exited, and CMP completed.
- Thereafter, the ETR is expected to decrease following the completion of the CMP, and start to move towards the UK statutory rate of 25%.

CASHFLOW

	2022	2021
	£m	£m
EBITDA	7.0	7.7
Exceptional items	(1.7)	(1.6)
Non-cash items	0.0	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	(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 increase in cash	(1.5)	1.0
FX	0.0	(0.4)
Discontinued cash	0.0	(0.1)
Opening cash	22.3	21.9
Cash balance	20.8	22.3

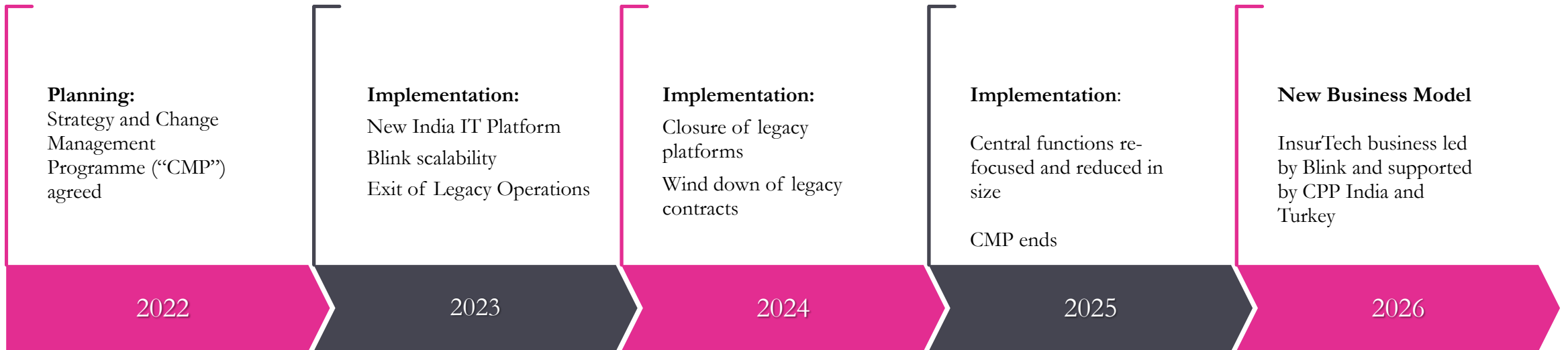
- Cashflow generated from operations remains broadly flat at £7.3m.
- Investment in the India IT platform drives an increase in Capital Expenditure to £2.7m.
- Cash outflow from the disposal of discontinued operations in 2022 relates to cash left in the China and Mexico businesses.
- Approximately 40% of our cash is not immediately available for utilisation around the Group.
- The CMP is expected to consume cash over the next two years.



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MOVING FORWARD



- As we migrate from one business model to another, we will continue to innovate and build and improve upon our set of products and services.
- Major milestones include Bajaj renewal (end December 2024) and possibly liquidity events (Globiva and KYND).

MOVING FORWARD

2022

Key **achievements** in moving to new business model:

1. New strategy set.
2. Change Management Programme set.
3. Withdrawn from China, Bangladesh and Mexico.
4. Agreed terms to exit from Spain and Portugal.
5. Commenced wind down of MGA.

2023

Key **milestones** for 2023 in moving to new business model:

1. New India IT platform (phase 1) delivered - migrate Bajaj contracts.
2. New India IT platform (phase 2) delivered – migrate Card businesses.
3. 1 and 2 above allows for closure of legacy platforms during 2024.
4. Migrate remaining UK and European back book onto a third party platform.
5. Blink scaling project completed – allows growth across multiple geographies (focus on North America, Europe and Far East).

MOVING FORWARD

VS

CPP IN 2022

Legacy business in terminal decline.

CPP India sole growth vehicle but slim margins.

Central costs somewhat bloated due to IT costs associated with legacy platforms, and supporting legacy and UK regulated businesses.

Blink, an orphan business with an infrastructure incapable of supporting growth.

CPP IN 2026

InsurTech business led by Blink and supported by CPP India and CPP Turkey.

Increased visibility on contracted revenues.

Lower central cost model.

Improving EBITDA margins.

Capital efficient.



APPENDIX

OUR PARTNERS

India:



Turkey:



Blink
Parametric:



INCOME STATEMENT

	2022			2021		
	Core £m	Legacy £m	Reported £m	Core £m*	Legacy £m*	Reported £m*
<u>Continuing operations</u>						
Revenue	154.3	15.5	169.8	123.2	19.7	142.8
Cost of sales	(133.9)	(5.1)	(139.0)	(104.3)	(6.2)	(110.5)
Gross profit	20.3	10.4	30.8	18.8	13.5	32.3
Administrative expenses **	(15.3)	(8.5)	(23.9)	(14.7)	(10.2)	(25.0)
Share of loss of joint venture	-	-	-	-	(0.2)	(0.2)
EBITDA	5.0	1.9	6.9	4.1	3.1	7.2
Depreciation and amortisation	(2.1)	(0.5)	(2.5)	(2.2)	(0.7)	(2.9)
Exceptional items	(1.0)	(0.7)	(1.7)	(0.6)	(0.8)	(1.3)
Operating Profit	1.9	0.7	2.7	1.3	1.7	3.0
Investment revenues	0.4	0.1	0.5	0.2	0.0	0.2
Finance costs	(0.6)	(0.0)	(0.7)	(0.3)	(0.0)	(0.4)
Other gains and losses	-	-	-	-	1.5	1.5
Profit before taxation	1.6	0.8	2.4	1.1	3.2	4.3
Taxations	(2.0)	(0.3)	(2.3)	(3.6)	(0.1)	(3.7)
Profit/(Loss) for the year from continuing operations	(0.4)	0.5	0.1	(2.5)	3.0	0.6
<u>Discontinued operations</u>						
Profit for the year from discontinued operations	-	0.7	0.7	-	2.4	2.4
Profit/(loss) for the year	(0.4)	1.2	0.8	(2.5)	5.5	3.0

- Profit from discontinued operations relates to Mexico, Germany and China

* 2021 Restated to reflect Mexico as discontinued operations

** excluding Depreciation and Exceptional Items

BALANCE SHEET

	2022	2021
	£	£
Goodwill & other intangibles	5.3	4.1
Right of use assets	3.9	5.1
Property, plant & equipment	1.2	1.3
Investments	2.0	1.9
Non-current assets	12.5	12.5
Cash	21.0	22.3
Trade and other receivables	19.9	13.7
Trade and other payables	(26.6)	(19.5)
Working capital	14.3	16.5
Net contract liabilities	(6.0)	(5.8)
Net lease liabilities	(4.7)	(5.9)
Corporation tax	(1.2)	(1.4)
Net deferred assets	(0.5)	(0.5)
Net debt	0.0	0.1
Net liabilities held for sale	0.0	(0.1)
Other balances	(12.3)	(13.6)
Net assets	14.5	15.4

■ Leadership Team:



David Morrison
Chairman



Simon Pyper
Chief Executive Officer



David Bowling
Chief Financial Officer

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Thank you