



CPPGroup Plc

Interim Results 2023

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Session Agenda

Highlights

- Financial Highlights
- What We Do
- Where We Operate
- Moving Forward
- CEO Commentary

A little more on Blink Parametric

Financial Results

- Revenue
- EBITDA
- EBITDA Margin
- Cashflow

Highlights

- Financial Highlights
- What We Do
- Where We Operate
- Moving Forward
- CEO Commentary

Financial Highlights

Six Months to 30 June 2023

- Good revenue growth from Core business units despite FX headwinds.
- EBITDA margin adversely impacted by growth of lower margin products in India.
- A weakening of both the Indian rupee and Turkish lira has impacted the reported results (revenue and EBITDA).
- Cash has decreased due to legislative change in India and planned investment in Blink.

Revenue	H1 2023 £m	Vs LYR %
Core	87.0	25%
Legacy	6.5	(17%)
Reported	93.5	21%

EBITDA	H1 2023 £m	Vs LYR %
Core	1.8	(18%)
Legacy	1.1	46%
Reported	2.9	(2%)

Cash	June 2023 £m	June 2022 £m
Available	9.6	11.6
'Restricted	6.4	7.7
Reported	16.0	19.3

EBITDA Margin	H1 2023 %	H1 2022 %
Core	2.1%	3.2%
Legacy	16.4%	9.3%
Reported	3.1%	3.8%

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

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

Reported: Core plus Legacy

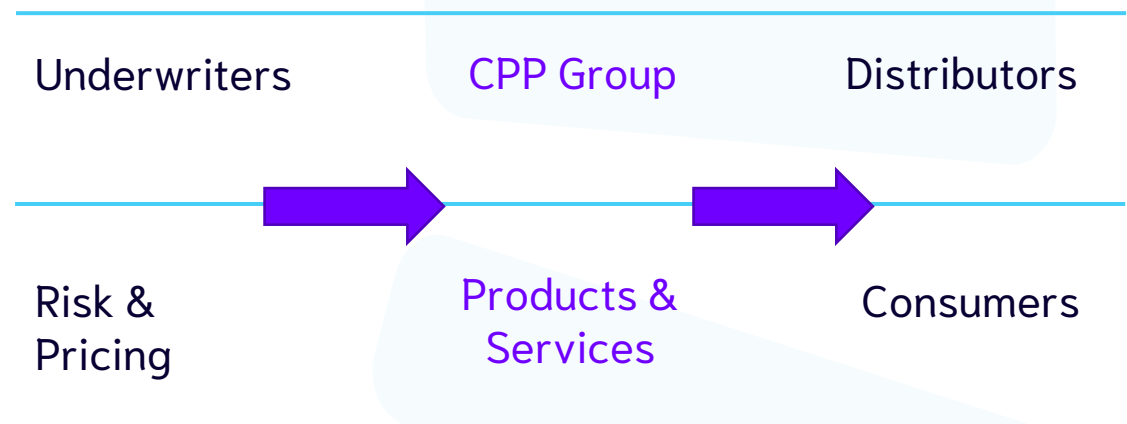
What We Do

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.







Value Chain



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 consumers’ 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 consumers’ 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	Flight Disruption Lost Luggage

What We Do

There has been continued revenue growth in **My Health**, and **My Tech** products. A move to higher value tech devices in India has driven an increase in policy premium, driving higher revenue, but on fewer policies and at a lower margin.

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

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

Product Category	Revenue H1 2023 £m	Vs Lyr %	Policies June 2023 Millions	Vs Lyr %
My Health	30.2	61%	2.4	0%
My Finances	21.7	22%	3.9	(6%)
My Tech	21.5	12%	1.8	(24%)
My Home	9.5	(15%)	2.2	(2%)
My Digital Life	2.8	15%	0.7	9%
My Travel	0.3	41%	0.0*	–
Sub- Total	86.0	24%	11.0	(7%)
Globiva/Other	7.5	(2%)	–	–
Group Total	93.5	21%	11.0	(7%)
Core	87.0	25%	10.4	(7%)

* Blink services were sold to 0.8m end users in H1 2023 (H1 2022: 0.3m). These are not recorded within CPP's live policy base.

Where We Operate

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

1. India, which includes Globiva*;
2. Turkey; and
3. Blink Parametric (global travel disruption market)

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

*Globiva, of which CPP owns 51%, is a Business Process Management company based in India.

Businesses	Revenue H1 2023 £m	EBITDA H1 2023 £m	Revenue H1 2022* £m	EBITDA H1 2022* £m
India	78.0	3.0	60.7	3.1
Globiva	7.2	1.2	7.1	1.2
Turkey	1.4	0.3	1.5	0.2
Blink	0.4	(0.6)	0.2	(0.1)
Central Functions	–	(2.1)	–	(2.3)
Core Business	87.0	1.8	69.5	2.2
Legacy	6.5	1.1	7.8	0.7
Group Total	93.5	2.9	77.3	2.9

* 2022 Restated to reflect Mexico as a discontinued operation

Moving Forward

CPP in 2022

- Legacy business in terminal decline.
- CPP India sole growth vehicle but slim margins.
- Central costs 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.

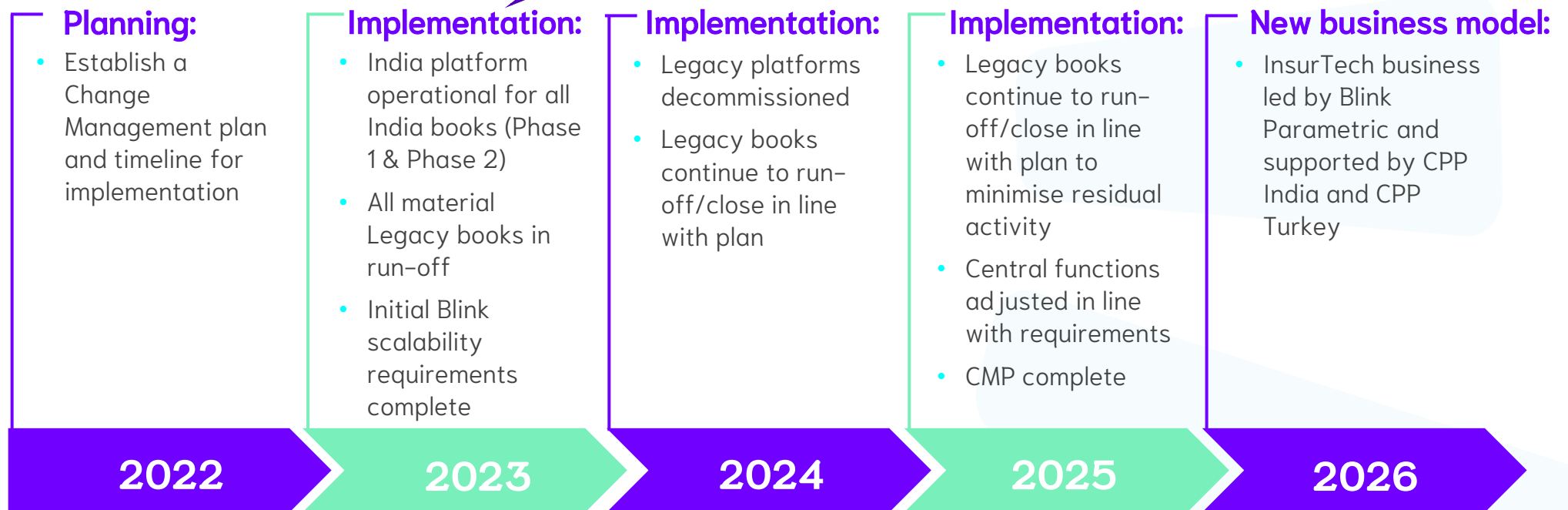
Vs

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.

Moving Forward

First Phase of New India Platform delivered in August 2023



- 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.
- Bajaj renewal (end December 2024) is a major milestone.

CEO Commentary on First Half Performance

Results

- Business performing very much as expected.
- Margin movement (India) and investment in Blink, though planned for, had an adverse impact on profitability.
- FX movements reduced EBITDA in the first half by £0.2m.

Operations

- Change Management Programme progressing well.
- India IT platform (Phase 1.0) delivered in August and performing as expected.
- Blink scalability programme underway and expected to be complete by Q1 2024.

Blink Parametric

- Making good progress, not as fast as I would like but contract renewal rates, new business wins and pipeline provide sufficient validation that the strategy is appropriate and correct.

A little more
on...

...Blink Parametric

Blink Parametric – Make Big Problems Small

Insurtech business operating in the Global Insurance market

- Delivers real-time automated claims decisions and payments to customers at their time of need.
- Proprietary data driven technology solution – designed to scale.
- White labelled solutions with market leading UX.
- Operating in over 10 markets including US, UK, Korea & Canada.
- Significant market opportunity – >£20m in Travel alone.

Distribution strategy

- Focus on large global or regional insurance companies.
- Embed technology into their core policies.
- Leverage insurers sales reach into banking, airlines, online travel agents, aggregators and direct business.

The Value Created



Blink Parametric – Products



Parametric Travel Disruption

- When flights are delayed or cancelled & luggage is delayed or lost...
- **Blink delivers:** immediate access to airport lounges, cash payments, flight rebooking and hotels.



Blink Cyber

- Monitoring for personal data being compromised online.
- **Blink delivers:** immediate notification of breach and digital resolution support.



Product Strategy

Travel

- Ongoing development of quality product.
- Develop range of resolutions available for customers.
- Broaden product range.

Cyber

- Revise User Experience in line with Travel.
- Introduce additional value adding data sets to solution – create differentiation and greater value.

Blink Parametric – First Half Highlights

New Business Wins and Pipeline in H1 2023

- Launches in US, Italy & UK.
- New agreements signed with:
 - Europ Assistance (Italy); Awaycare/TII (US); Get Cover (UK); Assurant (Japan).
- First global agreement with insurer will be signed in September.
- Three new client launches in September as deals flow from pipeline.
- 100% renewal rate with existing clients.
- Pipeline has grown significantly:
 - Due Diligence and contracting in progress with 3 Global Insurers.
 - LOI signed with 2 Insurers in US for launch in 2023/4.
 - Banking sector opportunities developing well in the UK and North America.
 - Pipeline for Cyber solution increased substantially.

Operational Highlights

- Large-scale increase in adoption of Blink's technology:
 - 158% increase in policies sold including Blink's technology
 - 850% increase in flights monitored
 - 250% increase in claims paid

Multiple Award wins in H1



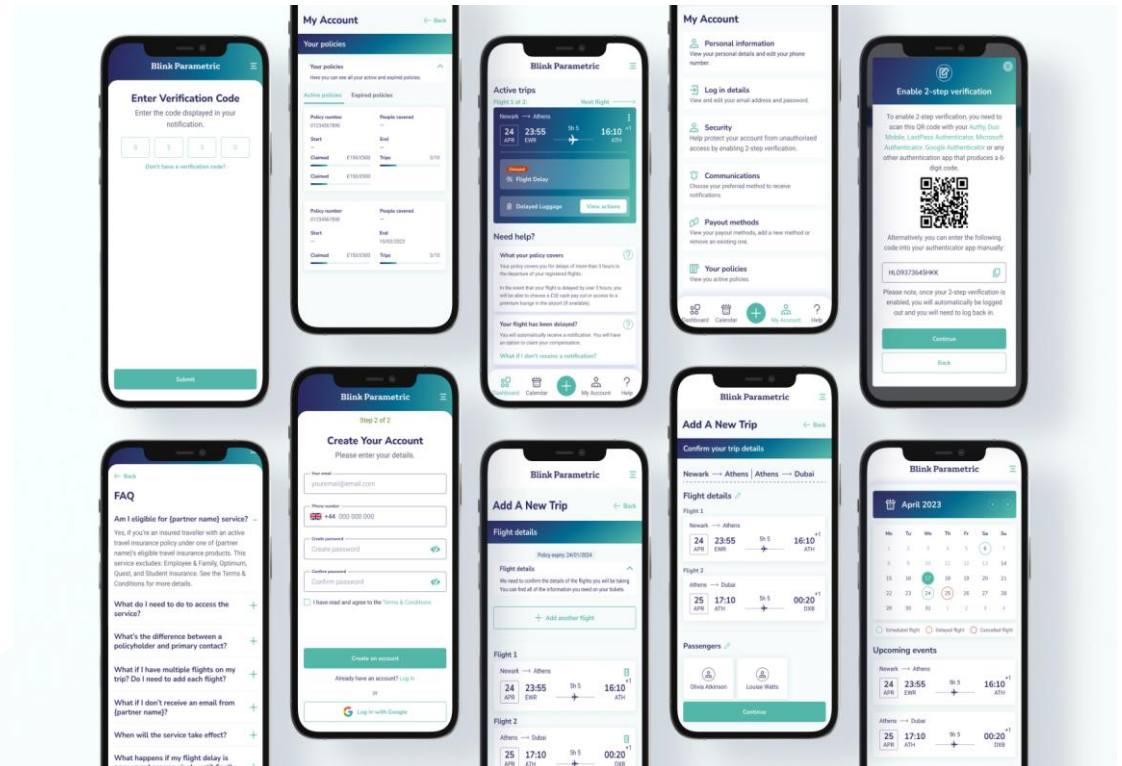
Gold Award 'Claims Product Solution of the Year'
Gold Award 'Customer Care Solution of the Year'

Blink Parametric – Operational Excellence



Continued progress with operational excellence

- Transformational User Experience launched.
- Business is well equipped to scale.
- Global payments provider live and operational.
- New EU HQ in Cork opened.
- Recruitment of key staff progressing well.



Blink Parametric – Summary



H1 Key Highlights

- Pipeline has grown significantly.
- 4 new client contracts in H1.
- Entered US & Italian market.
- Industry recognition – multi-award winning.
- 100% renewal rate with existing clients.
- Market leading User Experience launched.
- Operational resilience significantly enhanced.
- 158% increase in policies sold including Blink's Tech.
- 250% increase in claims paid using Blink Parametric.



2023 H2 & 2024 Outlook

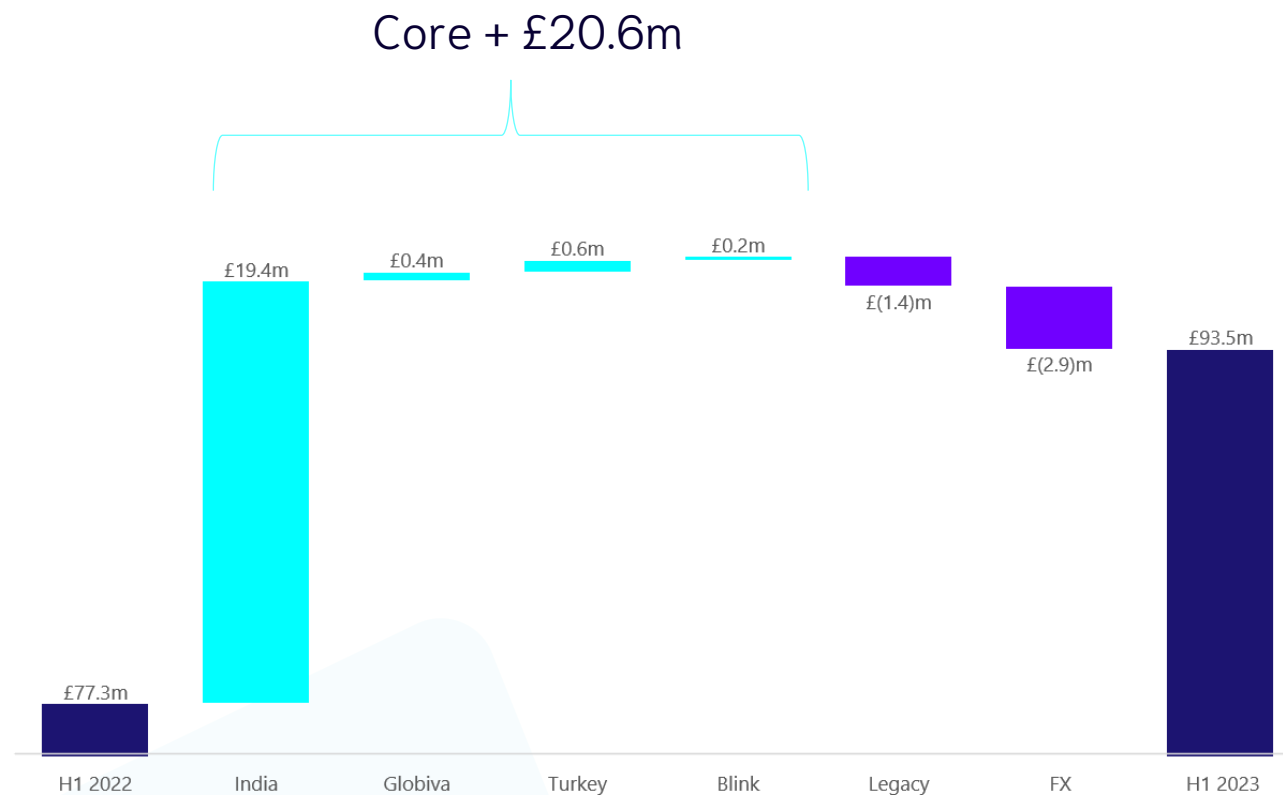
- September alone 3 new client launches.
- First Global Insurer contract will be signed.
- Pipeline built in 2022 / 3 is moving towards closure.
- Opportunity for cyber product looks significant.
- Positive developments from Card & Banking sectors via Insurers are developing well.
- Ongoing focus on developing product quality.
- Scalability programme will complete in Q1 2024.

Financial Results

- Revenue
- EBITDA
- EBITDA Margin
- Cashflow

Revenue

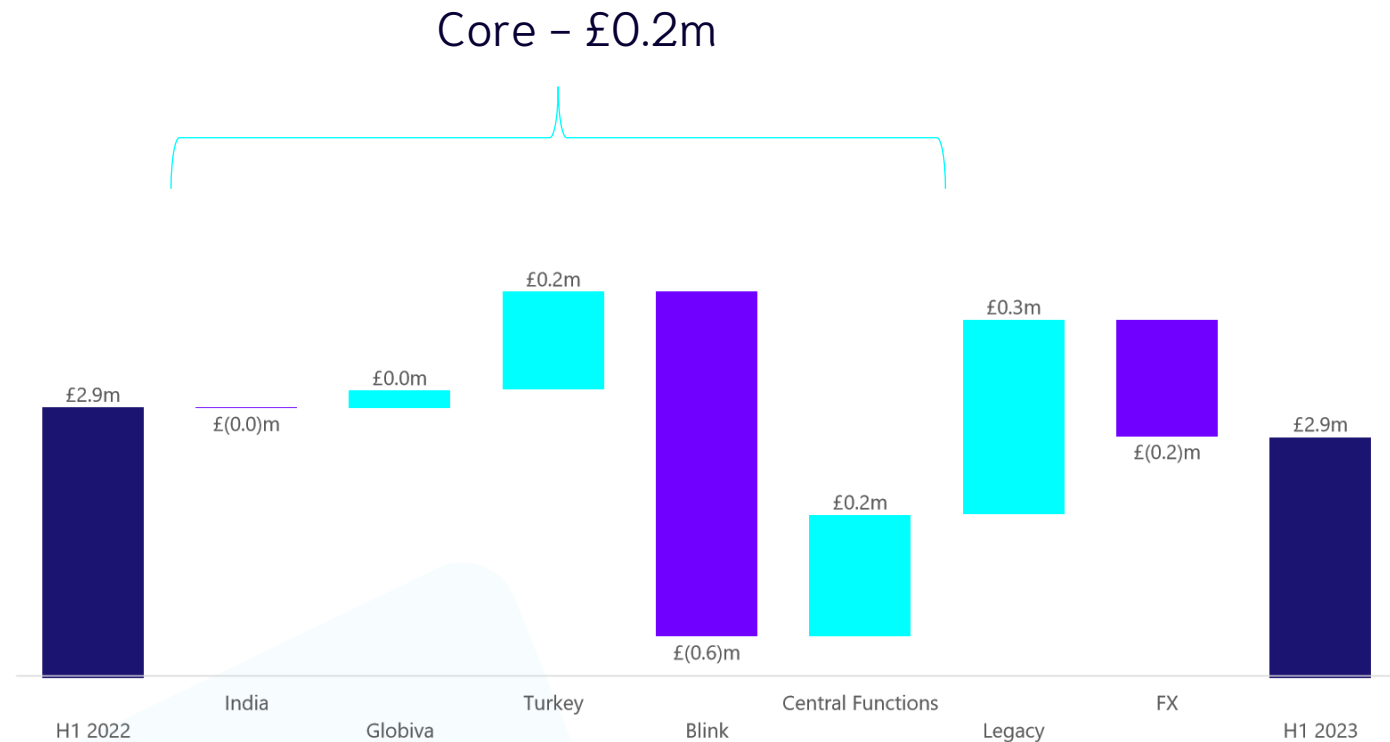
- Revenue growth driven by strong sales performance in India.
- Turkey has performed well on a local level. FX deterioration has nullified this performance on a reported basis
- Blink Annual Recurring Revenues have increased to £0.8m in June 2023, from £0.5m in June 2022.
- Legacy continues to decline as expected.



* 2022 Restated to reflect Mexico as a discontinued operation

EBITDA

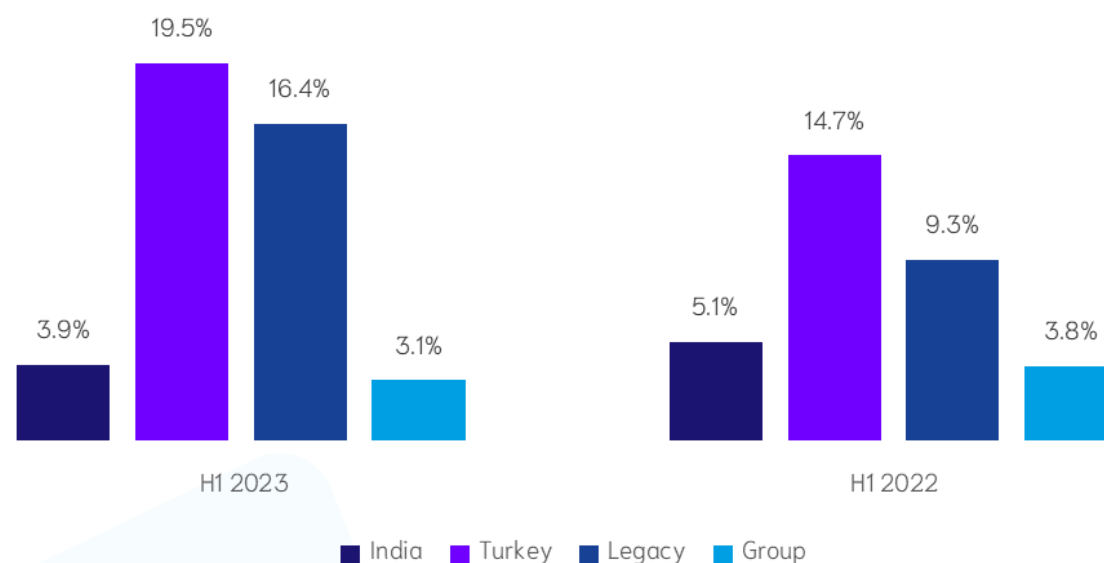
- India's revenue growth not converted into EBITDA as a result of the growth of lower margin products such as LivCare.
- Operational investment into Blink reduces EBITDA as it invests to build capability and scale.
- Central costs continue to reduce.
- Legacy cost base has benefitted from ceasing new business development and preparing for wind-downs.



* 2022 Restated to reflect Mexico as a discontinued operation

EBITDA Margin

- Indian EBITDA margin reduced due to product mix.
 - Increased sales of lower margin Bajaj products, such as LivCare; and
 - increased Card volumes drives a high initial acquisition cost, decreasing margin – but in the longer term gives a larger renewal base at a higher margin.
- Legacy margin has increased as the businesses begin to wind-down.
 - Spain – lower cost base and positive margin impact from the agreement reached with underwriters to transfer business; and
 - UK MGA – substantially lower cost base to run-off the remaining contracts.



* 2022 Restated to reflect Mexico as a discontinued operation

Cash Flow

- Operational cash flows impacted by a legislative change in India affecting the timing of incentive payments with Bajaj.
- Accelerated investment in the India IT platform drives an increase in capital expenditure to £1.8m.
- Approximately 40% of our cash is 'restricted' and not immediately available for utilisation around the Group.
- The CMP is expected to consume cash over the next two years.
- £5m loan facility renewed for a further 3 years to August 2026. The facility is not currently drawn.

EBITDA	
Exceptional items	
Non-cash items	
Working capital movements	
Cash (used in)/generated by operations	
Tax	
Operating cash flow	
Capital expenditure	
Lease repayments	
Disposal of discontinued operations	
Net finance revenues	
Dividends	
Net decrease in cash	
FX	
Opening cash	
Cash balance	

H1 2023	H1 2022
£m	£m
2.9	2.9
(5.8)	(0.5)
0.5	0.1
0.7	(0.6)
(1.7)	1.9
(0.7)	(2.2)
(2.4)	(0.3)
(1.8)	(1.4)
(0.7)	(0.7)
0.0	(0.6)
0.4	0.1
0.0	(0.7)
(4.6)	(3.5)
(0.4)	0.4
21.0	22.4
16.0	19.3

Appendix

Our Partners

CPP India:



CPP Turkey:



Blink Parametric:



Income Statement

	H1 2023			H1 2022		
	Core £m	Legacy £m	Reported £m	Core £m*	Legacy £m*	Reported £m*
<u>Continuing operations</u>						
Revenue	87.0	6.5	93.5	69.5	7.8	77.3
Cost of sales	(76.8)	(1.7)	(78.5)	(59.3)	(2.7)	(62.0)
Gross profit	10.2	4.8	15.0	10.2	5.1	15.3
Administrative expenses **	(8.4)	(3.7)	(12.1)	(8.0)	(4.4)	(12.4)
EBITDA	1.8	1.1	2.9	2.2	0.7	2.9
Depreciation and amortisation	(0.9)	(0.2)	(1.1)	(1.0)	(0.2)	(1.3)
Exceptional items	(0.6)	(5.1)	(5.8)	(0.4)	(0.1)	(0.5)
Operating (Loss)/profit	0.3	(4.3)	(4.0)	0.8	0.4	1.2
Investment revenues	0.3	0.1	0.4	0.2	0.0	0.2
Finance costs	(0.2)	(0.0)	(0.2)	(0.3)	0.0	(0.3)
(Loss)/profit before taxation	0.4	(4.2)	(3.7)	0.7	0.4	1.1
Taxation	(1.3)	(0.1)	(1.3)	(1.4)	(0.1)	(1.4)
(Loss)/profit for the year from continuing operations	(0.9)	(4.2)	(5.1)	(0.7)	0.4	(0.3)
<u>Discontinued operations</u>						
Profit for the year from discontinued operations	–	–	–	–	0.8	0.8
(Loss)/profit for the year	(0.9)	(4.2)	(5.1)	(0.7)	1.1	0.5

* 2022 Restated to reflect Mexico as a discontinued operation

** excluding depreciation, amortisation and exceptional items

Balance Sheet

	Jun-23	Jun-22
	£	£
Goodwill & other intangibles	6.3	5.0
Right of use assets	3.6	4.1
Property, plant & equipment	1.1	1.4
Investments	2.0	1.9
Non-current assets	13.0	12.4
Cash	16.0	19.3
Trade and other receivables	14.8	15.8
Trade and other payables	(19.8)	(21.7)
Working capital	10.9	13.4
Net contract liabilities	(5.6)	(5.8)
Net lease liabilities	(4.3)	(4.9)
Corporation tax	(1.2)	(1.1)
Net deferred assets	0.0	0.1
Net debt	0.1	0.0
Provisions	(3.6)	0.0
Other balances	(14.6)	(11.7)
Net assets	9.3	14.1

Exceptional Items

- Restructuring and closure costs comprise redundancy/settlement costs in Spain, UK Legacy and Central Functions.
- Onerous contract provisions recognised for the closures of UK Legacy, Spain and Portugal, along with provisions for decommissioning the Group's legacy IT systems in Central Functions.
- The Deferred Bonus Plan relates to a share-based payment retention plan put in to retain key executive committee members during the CMP.
- IT asset impairment costs relate to write off of intangible assets held in the UK Legacy business.
- Full year exceptional costs are expected to be in the range £7.5m to £8.5m.

	H1 2023			H1 2022		
	Core £m	Legacy £m	Reported £m	Core £m	Legacy £m	Reported £m
Operating profit	0.3	(4.3)	(4.0)	0.8	0.4	1.2
Restructuring and Closure Costs	0.3	1.6	1.9	0.4	0.1	0.5
Onerous Contracts	-	3.3	3.3	-	-	-
Deferred Bonus Plan	0.4	-	0.4	-	-	-
IT Asset Impairment	-	0.2	0.2	-	-	-
Total exceptionals	0.7	5.1	5.8	0.4	0.1	0.5
Underlying operating profit	1.0	0.8	1.8	1.2	0.5	1.7

Effective Tax Rate (ETR) – Adjusted*

- High ETR of 75% reflects the following factors:
 - Loss-making UK and Blink operations are unable to offset all their losses.
 - 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.
 - Local tax rates in Turkey and Italy are higher than UK.
- 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 -36% compared to +126% in H1 2022. The negative rate reflects:
 - the substantial CMP exceptional charges; and
 - increased operational investment in Blink; and
 - tax payable in India.




* Adjusted to remove the impact of exceptional items



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for your time.**

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